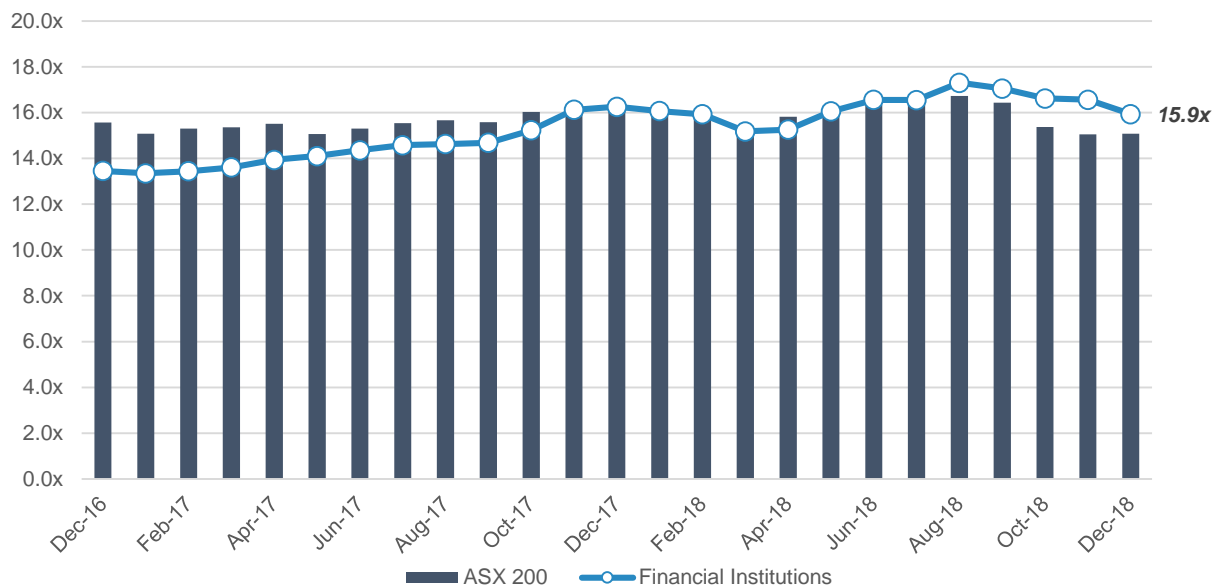


## PRICING MULTIPLES

### Forward Price Earnings Multiples (monthly to 31/12/2018) Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have decreased over the period. At the end of December, the sector traded on a forward Price / Earnings multiple of 15.9x, compared to the ASX200 on 15.1x.



### Average Values and Trading Multiples (values as at 18/01/2019) Source: FactSet Research Systems Inc.

| Subsector                     | Market Cap (\$ m) | Price / Book Value | Price / Earnings FY2019 | EPS Growth   |
|-------------------------------|-------------------|--------------------|-------------------------|--------------|
| Consumer Credit Businesses    | 2,286             | 0.5x               | 9.7x                    | 13.7%        |
| Financial Services Providers  | 72,404            | 3.7x               | 20.1x                   | 18.2%        |
| Insurance & Mortgage Brokers  | 3,509             | 2.3x               | 13.9x                   | 9.2%         |
| Lending Institutions          | 421,739           | 1.3x               | 12.1x                   | 4.6%         |
| Property Developers           | 1,742             | 0.7x               | 7.7x                    | 0.6%         |
| REIT                          | 119,710           | 1.1x               | 16.3x                   | 6.5%         |
| <b>Financial Institutions</b> | <b>621,390</b>    | <b>2.1x</b>        | <b>16.0x</b>            | <b>10.3%</b> |

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2019. Difference in forward PE multiples between Figure and Table are representative of the timing difference between month-end result, and current day result.

<sup>1</sup> The InterFinancial Financial Institutions Index set is an unweighted index comprising Financial Institutions sector related companies trading on the Australian Securities Exchange (ASX). Estimates are sourced from FactSet Research Systems Inc.

## MERGER & ACQUISITION NEWS...

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Value: \$40.0m



**ANZ Banking Group** has acquired a strategic stake in **Lendi**, an Australia-based online home loans broker. **ANZ** is said to have paid nearly \$40m to buy a minority stake in **Lendi** and is now its second largest strategic investor. **Lendi** will continue to operate independently.

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Value: \$6.0m (80%)



**Mobecom** has acquired an 80% stake in **Paid By Coins**, a privately-held Australian owned cryptocurrency exchange platform, from **Lakeba Ventures**, a subsidiary venture of **Lakeba Group** for \$6.0m. The parties have also agreed that **Mobecom** will have an option to acquire, and **Lakeba Ventures** will have an option to sell, the balance of shares in **Paid By Coins**, for up to \$14.0m, depending on the performance of **Paid By Coins** following completion of the acquisition.

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## INSTITUTIONAL INTELLIGENCE...

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- **Kilter Rural**, an Australia-based water rights and farm-asset manager, is believed to have received an investment from **Regal Funds Management**. **Regal** and **Kilter** are anticipated to launch the **Australian Farmlands Fund (AFF)**. **AFF** has already secured \$20m in seed funding and will purchase farmland and water assets. **AFF** will be presented to third party investors as part of a capital raising next month.
  - **Bendigo** and **Adelaide Bank** or **Bank of Queensland** could be targets for **Macquarie Group**. **Macquarie**, which is turning 50 this year, is expected to make a major purchase in the Australian retail banking space. Australia's big four banks are likely to be too large for **Macquarie**, but regional lenders such as **Bendigo** or **BoQ** could be possible targets.
  - **PrimaryMarkets**, an Australia-based investment trading platform, announced on the 20<sup>th</sup> of December that it had received a takeover offer from California-based **Linqto**. The takeover offer values each of **PrimaryMarkets** and **Linqto** at \$16.67m or combined \$AUD 33.34m. All **PrimaryMarkets** Directors have recommended acceptance of the **Linqto** offer.
  - **Aurizon** shareholder **Children's Investment Fund** is believed to have sold its **Aurizon** shareholding worth \$738m, which represents almost 10% of the rail business.
  - **Palisade**, **Infrastructure Capital Group (ICG)**, and **AMP Capital** are expected to bid for **Malakoff's** 50% stake in the **Macarthur** wind farm. The item noted that **Rothschild** has been hired to sell **Malakoff's** 50% stake in **Macarthur** and is expected to send out a teaser document in mid-January.
  - **Connective**, an Australia-based mortgage aggregator, is exploring strategic options following inbound approaches and private equity interest.
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## CONTACT DETAILS

If you are interested in specific information regarding mergers and acquisitions in the Financial Institutions sector, please contact Simon Douglas or Erik Padding.

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