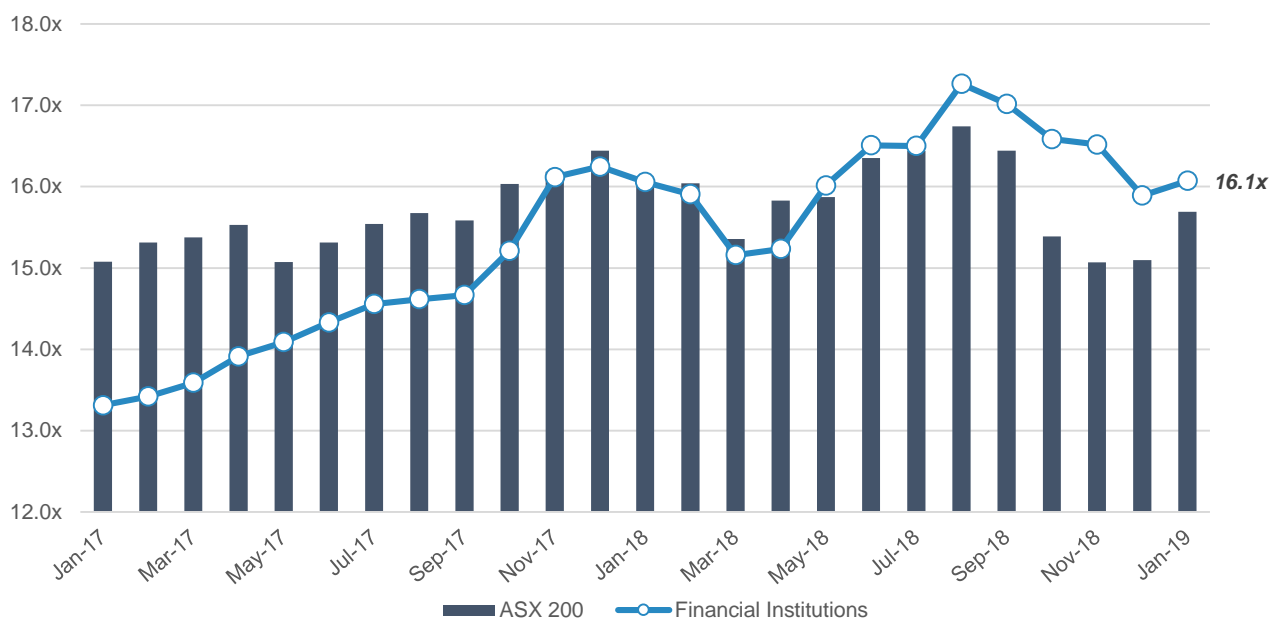


PRICING MULTIPLES

Forward Price Earnings Multiples (monthly to 31/01/2019) Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have increased over the period. At the end of January, the sector traded on a forward Price / Earnings multiple of 16.1x, compared to the ASX200 on 15.7x.



Average Values and Trading Multiples (values as at 21/02/2019) Source: FactSet Research Systems Inc.

Subsector	Market Cap (\$ m)	Price / Book Value	Price / Earnings FY2019	EPS Growth
Consumer Credit Businesses	1,835	3.3x	13.0x	13.4%
Financial Services Providers	75,328	3.7x	20.5x	15.0%
Insurance & Mortgage Brokers	3,595	2.1x	13.2x	7.3%
Lending Institutions	435,738	1.4x	12.7x	4.5%
Property Developers	1,805	0.8x	8.1x	(1.7%)
REIT	125,344	1.2x	17.3x	5.1%
Financial Institutions	643,646	2.1x	16.7x	8.5%

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.

¹ 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...

Brookfield



Value: \$4.375bn

Healthscope has entered into an Implementation Deed with **Brookfield** to be fully acquired for an implied equity value of \$4.375bn. Under the scheme, **Brookfield** is offering to acquire 100% of **Healthscope** at \$2.50 per share. **Brookfield** will also launch a simultaneous off-market takeover offer for \$2.40 per share. The 14.7x EBITDA multiple that **Brookfield** is paying is said to be the highest ever in the sector.

BREVET CAPITAL



Value: \$7m (35% stake) with the remaining 15% not disclosed

Brevet Capital Management, the US-based company engaged in asset-based financing, has acquired a 50% stake in **Radium Capital**, an Australia-based company engaged in providing R&D tax incentive advances. The initial 35% stake was acquired for an estimated consideration of \$7m whereas the value of the subsequent deal for a further 15% stake was not disclosed. The enterprise value of the initial \$7m transaction was \$20m. The transaction will enable **Radium** to increase its offering of quarterly advances to companies.

INSTITUTIONAL INTELLIGENCE...

- **Westpac** is thought to be preparing small parts of its business for sale. **Westpac's St George vendor finance unit** could be put on the market for between \$50m and \$100m. Potential buyers include **Eclipx**, **Flexigroup**, **Latitude Financial**, **Bendigo and Adelaide Bank**, **Bank of Queensland** and private equity players.
- **Mortgage Choice** and **Australian Finance Group** could be potential merger partners. Speculation is mounting among bankers that consolidation could take place in the Australian mortgage sector as fallout continues from the Hayne royal commission into the financial services sector's findings.
- **Insurance Australia Group** is believed to have shown interest in **Commonwealth Bank of Australia's** general insurance operations.
- **Medibank Private** is facing the threat of potential takeovers due to the expiry of existing listing rules limiting ownership to 15% by any single shareholder. There are reports that an offshore group has quietly built an approximate 5% stake in **Medibank Private** that could portend a larger transaction.
- **Apollo Global Management** is said to be eying **National Australia Bank's** financial advice, asset management and corporate superannuation business **MLC**. **Apollo** is believed to be among other private equity players interested in **MLC** such as **BGH Capital**, **Permira**, **The Carlyle Group** and **JC Flowers**. **MLC** could be valued at more than \$3bn.
- **Consolidated Operations Group**, a Sydney, Australia-based asset-finance broker, is believed to have attracted interest from an overseas buyer. It is thought that interest in **COG** had surfaced over the last three months notably among non-Australian companies aiming to gain a foothold in Australia.
- **Bank of Queensland** is expected to revive efforts to sell its **St Andrew's Life Insurance** business this year. **BoQ** had signed a deal last year to sell **St Andrew's** to **Freedom Insurance** for \$65m. That deal fell through last month and **BoQ** is now expected to try to locate a new buyer.
- Rumour has it that **RRJ Capital**, an Asia-based private equity group, was interested in buying **AMP's** life insurance business. **AMP** announced the sale of its life insurance assets to **Resolution Life** for \$3.3bn several months ago, but apparently **RRJ Capital** was once eager to buy the assets. This suggests that that **RRJ** may be looking at other Australian assets.
- **Australia's Regal Funds Management** is said to have suspended plans for the \$500m IPO of its **Regal Listed Investment Company**. It is thought that sub-optimal market conditions are the reason behind the float's suspension.
- **Quadrant Private Equity** is believed to have considered an offer for **Right2Drive**, a vehicle rental business.

CONTACT DETAILS

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