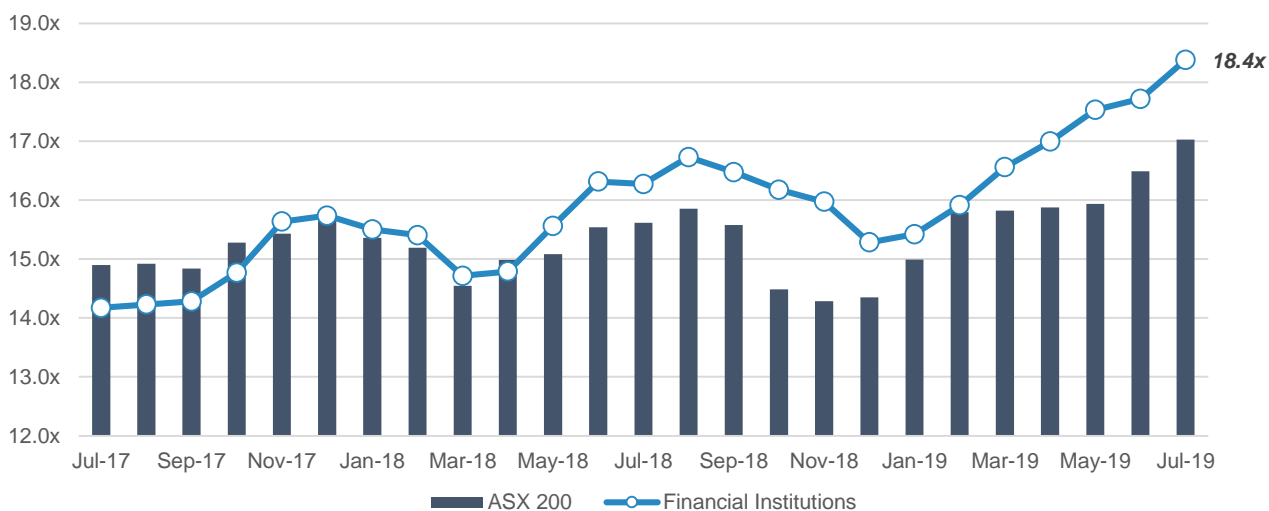


PRICING MULTIPLES

Forward Price Earnings Multiples (monthly to 31/07/2019) Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have increased over the period. At the end of July, the sector traded on a forward Price / Earnings multiple of 18.4x, compared to the ASX200 on 17.0x.



Average Values and Trading Multiples (values as at 21/08/2019) Source: FactSet Research Systems Inc.

Subsector	Market Capitalization	Price / Book Value	Price / Earnings FY2019	EPS Growth
Consumer Credit Businesses	2,090	2.4x	11.4x	9.0%
Financial Services Providers	87,853	4.1x	20.4x	12.5%
Insurance & Mortgage Brokers	4,421	2.8x	17.2x	8.1%
Lending Institutions	478,165	1.4x	13.9x	2.7%
Property Developers	2,102	0.8x	11.3x	4.2%
REIT	142,572	1.3x	19.6x	3.7%
Financial Institutions	717,202	2.3x	18.2x	7.2%

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2019. The constituents have been refreshed this month to ensure the sector groups and companies included are current. Difference in forward EV/EBITDA 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...



Value: Not Disclosed

Arthur J. Gallagher & Co., the Illinois-based insurance brokerage, has acquired Australia-based **Fullerton Health Corporate Services**. **Gallagher** is making the acquisition through its risk management services subsidiary, **Gallagher Bassett Services**. The acquisition will bolster **Gallagher's** Australian claims management operations.



Value: \$69m

Steadfast Group, the Australia-based insurance broker, has agreed to acquire **Insurance Brokers Network Australia (IBNA)**, an Australia-based provider of insurance broker related services, for an equity consideration of approximately \$69m. Under the terms, **Steadfast** will issue of approximately 21.1m shares as consideration to acquire **IBNA**. The transaction will add \$8.2m in the EBITDA of **Steadfast** in FY 2020.



Value: \$249m

Hap Seng Consolidated, a Malaysian conglomerate, is selling off **HS Credit Melbourne (HCML)**, an Australian based financial services company, to **Lei Shing Hong Capital (LSHC)**, a unit of **Lei Shing Hong**, the Hong Kong based conglomerate, for \$249m.



Value: \$120m

Australian Finance Group announced that it has agreed to acquire the mortgage aggregation business of **Connective Group**. The combined group will create a significant national mortgage distribution network, with more than 6,575 brokers and combined mortgage settlements of \$76 billion in FY19.



Value: \$65m

Credit Corp Group Limited has acquired **Baycorp Holdings** and its associated entities (collectively **Baycorp**) from **Encore Capital Group**. **Baycorp** is a large and well-established debt purchasing and debt collection operator across Australia and New Zealand.

INSTITUTIONAL INTELLIGENCE...

- **BetaShares**, an Australian private manager of exchange-traded products (ETPs) on the Australian Securities Exchange (ASX), has been regularly approached by private equity firms and strategic buyers for takeovers, as well as brokers suggesting an IPO. **BetaShare's** co-founder and Head of Strategy has confirmed that the company is focused on "long-term growth" independently.
- **Fidelity Life** and **Partners Life** (backed by **Blackstone**) are thought to be interested in buying **AMP's** New Zealand wealth unit.
- **Westpac** is looking into strategic options for its life insurance operations.
- **Heritage Bank**, the Queensland-based mutual bank, is on the lookout for M&A opportunities to expand interstate.
- **VicSuper** and **First State Super** have started due diligence for their merger and entered a binding heads of agreement.
- **OneVue**, an Australian provider of wholesale services to the wealth management industry, is looking for "immediately accretive" acquisitions.
- **Next Payments**, an Australian payments company, is looking at potential acquisitions and will consider taking in capital to finance these. The company is looking at three targets at a total cost of around \$150m.
- **CBA** is expected to complete the sale of **Count Financial** to **CountPlus** in October 2019. It intends to sell its 35.9% shareholding in **CountPlus** in an orderly manner.
- **Aussie Home Loans** founder John Symond is interested in buying back the business. **Commonwealth Bank of Australia** bought the company from Symond in various transactions over the last ten years for \$660m in cash and shares. The report noted CBA bought the remaining 20% in Aussie Home Loans two years ago.
- **Caleb & Brown**, a privately held Australian cryptocurrency brokerage, is looking to enter Singapore in the next six months to accelerate growth and expand its customer base in Asia. The Melbourne-based company assists individuals, trust, companies and self-managed superannuation funds to buy and sell digital currencies including Bitcoin, Ethereum and Ripple.
- **Cover Genius**, a privately held Australian insurance fintech company, will consider raising "significant" capital in 2020 to accelerate growth in the US. The Sydney-headquartered company sells insurance products to e-commerce companies in more than 60 countries. They will likely raise capital towards the end of 2020.
- **Australian Finance Group (AFG)** is anticipated to take full ownership of **Thinktank**, an Australian-based property lender. **AFG** has acquired 30.4% of **Thinktank** last year for nearly \$11m and moving to full ownership is believed to make sense for the company.
- **AUB Group**, Australasia's largest equity-based insurance broker network, has announced that it intends to acquire 100% of **Coverforce Holdings**, Australia's largest privately-owned insurance broker. **Coverforce** was established in 1994 and is the largest privately-owned insurance broker in Australia providing insurance solutions and risk advice to SME, mid-market and large corporate clients.
- **86400**, an Australian-based bank startup, is seeking to raise \$250m in a private funding round. The company is being pitched to potential investors, including domestic and overseas institutions, wealthy families and high net work investors. The equity raise is to cover its first three years of operations.

CONTACT DETAILS

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