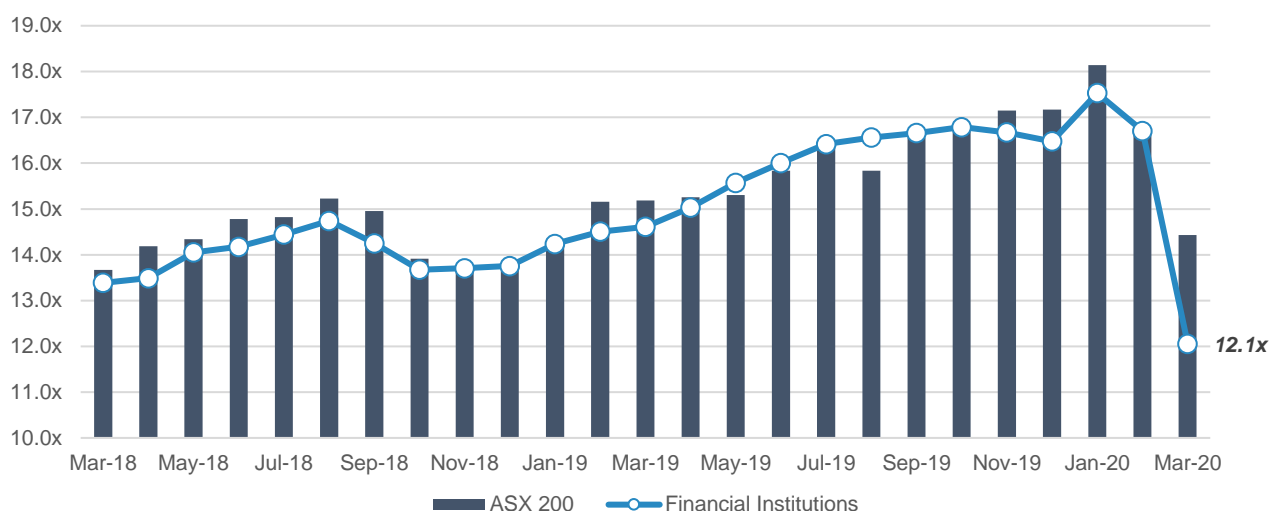


PRICING MULTIPLES

Forward Price Earnings Multiples (monthly to 31/3/2020) Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have decreased over the period. At the end of March, the sector traded on a forward Price / Earnings multiple of 12.1x, compared to the ASX200 on 14.4x.



Average Values and Trading Multiples (values as at 20/04/2020) Source: FactSet Research Systems Inc.

Subsector	Market Cap (\$ m)	Price / Book Value	Price / Earnings FY2020	EPS Growth
Consumer Credit Businesses	1,835	1.5x	8.2x	9.3%
Financial Services Providers	66,005	3.0x	15.7x	5.6%
Insurance & Mortgage Brokers	4,169	2.2x	14.4x	3.4%
Lending Institutions	310,931	0.9x	11.2x	0.3%
Property Developers	1,276	0.6x	10.2x	4.1%
REIT	101,897	0.9x	13.5x	2.5%
Financial Institutions	486,113	1.6x	13.3x	3.8%

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2020. Difference in forward EV/EBITDA multiples between Figure and Table are representative of the timing difference between month-end result, and current day result. Composition of companies in Sector Dashboards are updated every 6 months. Most recent update: February 2020.

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.

INSTITUTIONAL INTELLIGENCE...

- **Airwallex**, an Australia-based payments fintech, has closed a USD 160m funding round which values the business at USD 1.8bn. Investors **ANZi Ventures** and **Salesforce Ventures** joined the group's existing investors, including **DST Global**, **Tencent**, **Sequoia Capital China**, **Hillhouse Capital**, and **Horizons Ventures** on the funding round.
- **Resolution Life's** AUD 2.5bn agreement to purchase **AMP Limited's** life insurance business **AMP Life** could be in jeopardy due to COVID-19 disruptions. Regulators in Australia and New Zealand have not yet approved the transaction and Resolution Life could easily walk away.
- **86 400**, an Australia-based neobank, has raised AUD 34m from a group of new investors. The new investors, which include a superannuation fund, a private equity firm, and other fund managers, have secured a combined 30% stake in the company as part of their investment. Prior to the latest equity investment, **Cuscal** had been 86 400's only shareholder. The raising valued 86 400 at AUD 113m.
- **Madison Financial**, an Australian financial advice business, has invited a number of bidders into the final stage of its auction. The sale has not been delayed by the coronavirus crisis and could be finalised within the month. Madison has around 100 financial advisers in its network and AUD 3.8bn in funds under management. The company has annual revenue of around AUD 34m.
- **Afterpay**, an Australian buy-now, pay-later business, could emerge as a potential takeover target for a global payments company, and may interest groups such as **Mastercard**, **PayPal**, or Sweden's **Klarna**. There is a view in the market that while Afterpay will be hit from the closure of retail outlets, more expensive funding, and defaults by unemployed customers, it could still be a compelling acquisition target for certain parties.
- Australian health insurer **nib Group** could acquire smaller private health insurers (PHIs) in Australia or New Zealand, but is not too optimistic about the prospects of M&A in the space. The Australian Prudential Regulation Authority (APRA) seeks to stir a consolidation in the PHI industry, as it is concerned about sustainability challenges in the segment owing to declining affordability of health insurance.
- **Xinja Bank**, an Australian digital neobank, has announced a AUD 433m investment from UAE-based **World Investments**.
- **Recreo Financial**, an Australia-based superannuation technology platform, is seeking buyers.

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