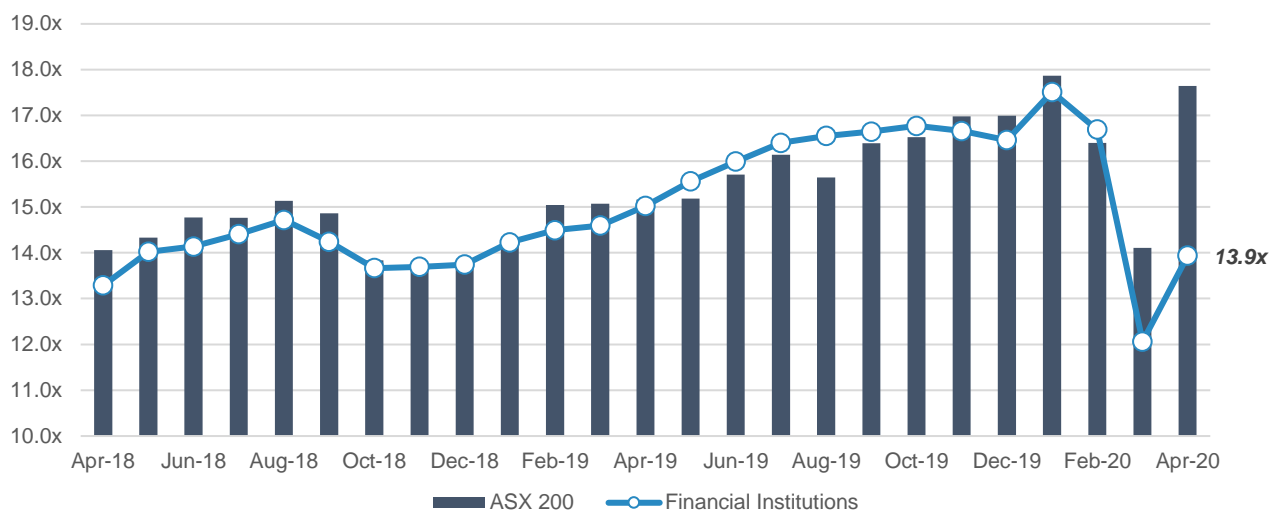


## PRICING MULTIPLES

**Forward Price Earnings Multiples (monthly to 30/4/2020)** Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have increased over the period. At the end of April, the sector traded on a forward Price / Earnings multiple of 13.9x, compared to the ASX200 on 17.6x.



**Average Values and Trading Multiples (values as at 20/05/2020)** Source: FactSet Research Systems Inc.

Subsector	Market Cap (\$ m)	Price / Book Value	Price / Earnings FY2020	EPS Growth
Consumer Credit Businesses	1,937	1.1x	8.2x	4.2%
Financial Services Providers	66,875	3.2x	17.0x	(11.9%)
Insurance & Mortgage Brokers	4,469	2.1x	14.8x	2.5%
Lending Institutions	297,366	0.9x	12.5x	13.5%
Property Developers	1,258	0.6x	9.1x	3.7%
REIT	102,313	0.9x	13.7x	(2.2%)
<b>Financial Institutions</b>	<b>474,219</b>	<b>1.6x</b>	<b>14.0x</b>	<b>(2.2%)</b>

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.

<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...



Value: AUD 85m

**Nomura Research Institute (NRI)** [TYO:4307], a Tokyo-based provider of consulting services and system solutions, will fully acquire **Australian Investment Exchange Limited (AUSIEX)** from **Commonwealth Bank of Australia Limited**. NRI, through its Australia-based subsidiary Nomura Research Institute Australia Pty Ltd, will spend JPY 5.627bn (AUD 85m) to acquire 100% of the shares in AUSIEX. The deal is scheduled to complete by the end of June 2020. AUSIEX is engaged in providing back office services such as securities transaction management and portfolio management.



Value: Undisclosed

**Honan Insurance Group**, an Australia-based leading commercial insurance broker, has signed a definitive agreement to receive a strategic growth investment from US-based PE firm, **TA Associates**. TA Associates usually invests USD 70m to USD 500m in businesses generally valued at USD 100m to USD 3bn. Honan has 51-200 employees, with offices in Singapore, New Zealand and Australia, and generated revenue of AUD 47m and profit of AUD 3m in FY19.



Value: AUD 1.7bn (55% stake)

**Commonwealth Bank of Australia** (ASX:CBA) has entered into an agreement to sell a 55% interest in **Colonial First State** (CFS) to **KKR** for about AUD 1.7bn. The transaction implies a total valuation for CFS on a 100% basis of AUD 3.3bn. The sale price represents a multiple of 15.5x CFS's pro forma net profit after tax of approximately AUD 200 million. The transaction is consistent with CBA's strategy to focus on its core banking businesses and to create a simpler and better bank, while allowing CFS to become a more focused standalone business.



Value: Undisclosed

**Foster Stockbroking**, an Australia-based broker, will acquire **Ashanti Capital's stockbroking unit**. Ashanti's brokers are anticipated to transfer to Foster under the transaction, which could be finalised this week. The deal is part of a move by Ashanti Capital to partner with **Sternship Advisers**. The parties are expected to form a new strategic alliance.



Value: AUD 25m

**TradeFloor**, an Australian software developer, has acquired a controlling stake in **OpenMarkets**, an Australian retail stockbroker. Tradefloor bought half of OpenMarkets for AUD 25m after the businesses entered a strategic partnership in December to work on a transformation process. OpenMarkets, which was founded in 2013, is one of Australia's largest independent retail brokers with nearly 60,000 clients, but the group required an overhaul due to intense competition in the space. TradeFloor has also acquired **CCUBE**, an Australia-based provider of software for financial planners, after entering administration in April.

## INSTITUTIONAL INTELLIGENCE...

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- **CML Group** [ASX:GGR], a Sydney-headquartered Australian debtor finance provider, has returned its focus to acquisitions to accelerate organic growth. This follows the termination by mutual agreement of the unsolicited proposed acquisition by **Affinity Equity Partners**-owned **Scottish Pacific Group**, which valued the company at AUD 130m. CML Group, which will now continue to execute its strategy as an independent company, is resuming its hunt for acquisitions in its core debtor finance and equipment finance businesses to support organic growth.
- Australian debt collector **Credit Corp's** [ASX:CCP] AUD 150m capital raising has led to speculation that it could pursue acquisitions. Credit Corp said in its equity raising presentation that funds raised would provide it with the flexibility to take advantage of one-off opportunities to buy loan books from rivals. The comment led to speculation that Credit Corp could pursue assets from its competitors **Pioneer Credit** [ASX:PNC] and **Collection House** [ASX:CLH].
- **Volt Bank** has cancelled a Series D funding round to raise AUD 50m due to economic uncertainties related to the coronavirus pandemic. The company is instead pursuing an AUD 15m rights issue to its existing shareholders. To date Volt has raised over AUD 100m from local investors.
- **Resolution Life** could buy **Westpac's** [ASX:WBC] **life insurance business**. Recently, Resolution Life agreed to pay AUD 2.5bn for **AMP's** [ASX:AMP] **life insurance business**, although the sale has not yet been finalised.
- **Verteva**, the Australian fintech start-up, has closed a AUD 33m Series A funding round, entirely raised from **Bolton Equities**, a private investment vehicle of Murray Bolton. The funding will be used for developing and launching the company, which provides digital home loans.
- **Clime Investment Management Limited** [ASX:CIW] is in talks to acquire all the shares of the **Madison Financial Group** of companies, a national wealth management business that provides licensing, compliance, technology and support to financial advisory firms.
- **EL&C Baillieu**, an Australia-based stockbroker, is rumored to have received takeover approaches from at least five parties. The company, which is mainly owned by its staff and **Credit Suisse**, is undergoing an internal review to determine whether it should sell or remain independent. EL&C Baillieu generated revenue of AUD 46.7m in FY19.
- **Judo Bank**, an Australian small business lender, has closed its third funding round to raise AUD 230m, pushing Judo's valuation beyond AUD 1bn. No new shareholders were brought into Judo in the raising due to uncertainty related to COVID-19. Existing investors include **Bain Capital Credit**, **Myer Family Investments**, **Ironbridge** and **Abu Dhabi Capital Group**.
- **Tencent Holdings Limited** [HKG:00700] was confirmed as a substantial shareholder of **Afterpay Ltd** [ASX:APT]. Afterpay has a market capitalisation of AUD 11.5bn, as of 20 May.
- **BNY Mellon** is considering selling the clearing house **Pershing Australia**.

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