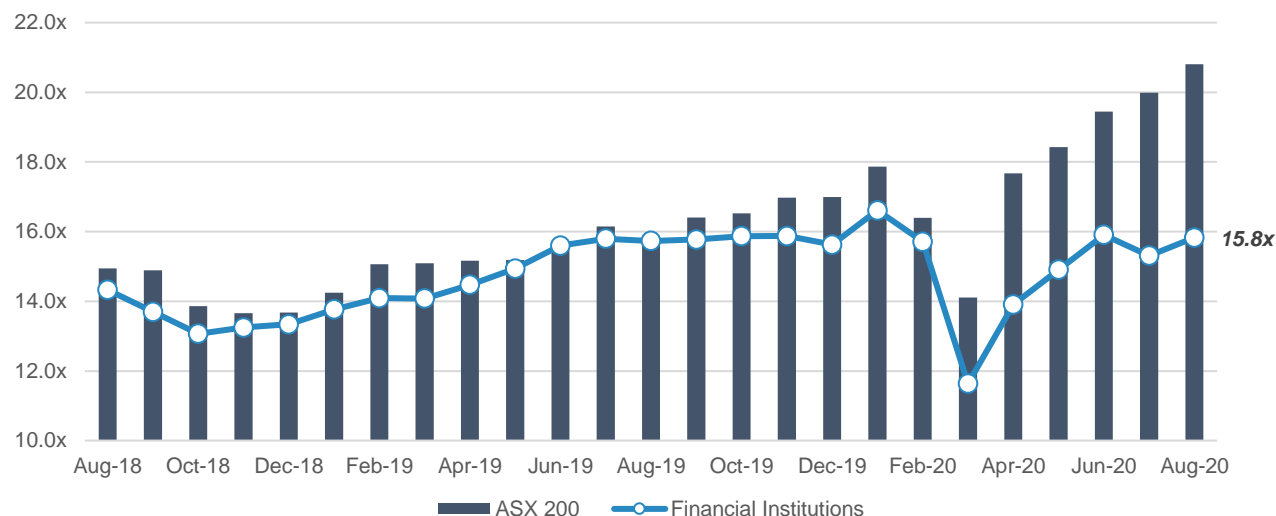


PRICING MULTIPLES

Forward Price Earnings Multiples (monthly to 31/08/2020) Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have increased over the period. At the end of August, the sector traded on a forward Price / Earnings multiple of 15.8x, compared to the ASX200 on 20.8x.



Average Values and Trading Multiples (values as at 21/09/2020) Source: FactSet Research Systems Inc.

Subsector	Market Cap (\$ m)	Price / Book Value	Price / Earnings FY2021	EPS Growth
Consumer Credit Businesses	2,779	1.4x	11.8x	119.8%
Financial Services Providers	66,693	3.6x	18.0x	(44.5%)
Insurance & Mortgage Brokers	5,400	2.3x	16.7x	(48.6%)
Lending Institutions	355,308	1.0x	14.5x	(10.4%)
Property Developers	1,612	0.8x	15.4x	112.7%
REIT	119,101	1.1x	16.2x	(182.7%)
Financial Institutions	550,893	1.8x	16.2x	(68.6%)

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.

MERGER & ACQUISITION NEWS...



Value: Not disclosed

Australian bank **Westpac** has entered into an agreement to sell its Vendor Finance business to **Angle Finance**, the Australian asset finance specialist. The sale represents the first transaction of Westpac's simplification initiatives and is expected to result in the transfer of around AUD 500m of customer loans, with completion of the transaction expected to occur April 2021.



Value: AUD 80m

Xero, the New Zealand online accounting software company, has announced the acquisition of **Waddle**, a cloud-based lending platform that helps small businesses access capital through invoice financing, for AUD 80m. The acquisition is consistent with Xero's strategy to grow the small business platform and to address critical small business financial needs.



Value: AUD 1.44bn

Australia-based wealth manager **IOOF Holdings** will acquire NAB's wealth business, **MLC**, for AUD 1.44bn to reduce costs and expand its reach. IOOF will fund approximately AUD 1.0bn of the deal value through an institutional placement and entitlement offer, with the rest being funded with debt, a loan note issued to NAB, and existing cash.



Value: AUD 7.8m

Change Financial has entered into a binding agreement to acquire all the business assets of **Wirecard** in Australia and New Zealand. The acquisition will provide Change with innovative card management and payment platform solutions which can be offered to banks and financial institution. It will also give Change scale and growth through the addition of 120 customers, capability in more than 35 countries and a global workforce.



Value: Not disclosed

Wameja, an Australia-based software and IT company, has entered into a scheme implementation agreement to be fully acquired by an entity controlled by **Mastercard**. Mastercard will acquire all the issued capital for GBP 0.08 per share, which gives the company a market capitalization of AUD 173.29m.

INSTITUTIONAL INTELLIGENCE...

- **Wilson Asset Management**, an Australian investment company, is said to be looking for opportunities.
- **Pengana Capital**, a Sydney-based Australian investment manager, is said to be on the look out for fund management acquisitions, primarily in Australia but potentially also in the US.
- **WAM Capital** has announced that it intends to acquire 100% of **Concentrated Leaders Fund's** shares through a conditional off-market takeover offer.
- **360 Capital** has purchased Alan Dixon's 16.7% stake in **Evans Dixon**, with the purchase thought to be part of 360 Capital's effort to expand its offering outside of real estate investments.
- **Perpetual**, an Australia-based fund manager, is in advanced discussions regarding other complementary bolt-on acquisitions.
- **Art Money**, an Australia-based buy now, pay later business specializing in artwork, is undertaking a pre-IPO funding round to raise AUD 5m.
- **Affinity Equity Partners**, **Kohlberg Kravis Roberts** and **Shinsei Bank** are considered logical buyers for **Flexigroup's** commercial and leasing business.
- **The Carlyle Group** is believed to be circling **Challenger Limited**, an Australian financial services business.
- Corporate and private equity suitors are actively monitoring **AMP**, an Australia-based financial services business.
- **Johns Lyng Group**, the Australia-based building services company, is assessing additional acquisition opportunities.

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