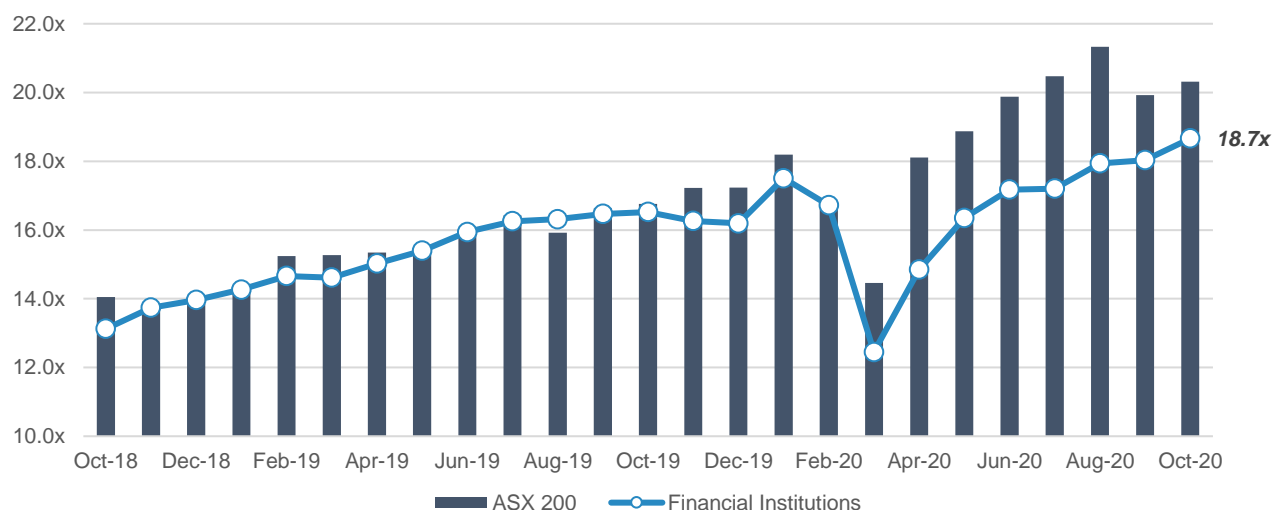


PRICING MULTIPLES

Forward Price Earnings Multiples (monthly to 30/10/2020) Source: FactSet Research Systems Inc.

Multiples in the Financial Institutions sector have increased over the period. At the end of October, the sector traded on a forward Price / Earnings multiple of 18.7x, compared to the ASX200 on 20.3x.



Average Values and Trading Multiples (values as at 27/11/2020) Source: FactSet Research Systems Inc.

Subsector	Market Cap (\$ m)	Price / Book Value	Price / Earnings FY2021	EPS Growth
Consumer Credit Businesses	3,828	2.4x	17.9x	164.9%
Financial Services Providers	75,973	6.1x	30.0x	64.9%
Insurance & Mortgage Brokers	2,947	2.9x	18.7x	31.9%
Lending Institutions	430,875	1.2x	15.3x	36.2%
Property Developers	2,514	0.9x	20.6x	98.4%
REIT	121,192	1.2x	18.3x	19.0%
Financial Institutions	637,329	2.7x	21.2x	51.7%

Note: Multiples are based on the forward year of the unreported period, which for the majority of companies in the sector is FY2021. Difference in forward PE 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: October 2020.

MERGER & ACQUISITION NEWS...



Value: Not disclosed

Australian wealth management group **Ord Minnett** has agreed with **E.L. & C. Baillieu** to acquire 100% of the Australian owned wealth management firm. The acquisition is expected to further strengthen Ord Minnett as one of Australia's highly respected and largest independent private wealth firms.

InterFinancial advised Ord Minnett on the transaction



Value: Not disclosed

Arthur J Gallagher, the Rolling Meadows, Illinois-based insurance brokerage, has acquired Brisbane, Queensland-based **Effectus Consulting**. The move is expected to provide Arthur J Gallagher HR and development strategies, talent diagnostics, culture and engagement surveys, mediation and performance management, and executive coaching services to Australian clients.



Value: Not disclosed

National Australia Bank [ASX: NAB] has entered an agreement to sell 100% of its finance broker aggregation businesses, PLAN Australia, Choice and FAST, to **Loan Market Group**. The agreement is in line with NAB's strategy to simplify and focus on its core banking business and follows a strategic review of the broker aggregation businesses, whilst it provides Loan Market Group with leading Australian broker aggregation groups.



Value: Not disclosed

Kudu Investment Management, a New York City-based investment firm, will back a management buyout of **Channel Capital**, an Australian investment management company. The buyout will come from minority equity partner **Highbury Partnership** (Highbury), will sell its minority holding in Channel and exit the firm, subject to customary approvals. The rationale behind the buyout was the requirement for a renewed strategy to both consolidate and capitalize, with the belief that Kudu will greatly enhance the ability to pursue larger growth opportunities both within and outside of Australia.



Indirect Tax Solutions

Value: Not disclosed

Ryan, a Dallas, Texas-based tax services and software provider, has acquired **Indirect Tax Solutions**, an Australian indirect tax services firm. In response to clients' increasing need to demonstrate "justified trust" to the Australian Tax Office (ATO), Ryan has significantly increased its investment in growing onshore advisory capabilities to develop greater comfort and trust between the ATO and companies operating in Australia.

INSTITUTIONAL INTELLIGENCE...

- **The Carlyle Group** is thought to be eyeing **AMP**, having reportedly identified it as a potential opportunity.
- **AMP**, an Australian financial services business, has received an indicative, non-binding, and conditional proposal from California-based private equity group **Ares Management**.
- **Commonwealth Bank of Australia** is said to be in talks to combine the mortgage broker **Aussie Home Loans** with **Lendi**, an Australian mortgage lender.
- **Macquarie Infrastructure and Real Assets** has made an all-cash offer to acquire **Vitalharvest Freehold Trust** for AUD 1.00 cash per unit. If the scheme is not approved by the requisite majority of Vitalharvest Freehold unitholders, MIRA will make a fresh proposal to acquire the assets of the trust for a cash consideration of AUD 300m. Primewest Management [ASX:PWG], which is Vitalharvest Freehold's largest unitholder with a 19.87% stake, has indicated that it intends to vote in favour of MIRA's proposal, subject to no superior proposal emerging.
- **Macquarie Group** is seeking acquisition opportunities around the world, looking to take advantage of the weaker economic growth and financial market dislocation resulting from COVID-19 to find opportunities.
- **Hertz Australia** has attracted interest from **Pacific Equity Partners**, **Anchorage Capital Partners**, **Allegro Funds**, **CPE Capital**, and **Adamantem Capital**.
- **Judo Bank**, an Australia-based neobank, is planning to raise AUD 200m to AUD 300m before the end of the year.
- **Limepay**, an Australian buy now, pay later business is seeking to raise AUD 30m in a pre-funding IPO round.
- **Kohlberg Kravis Roberts (KKR)** is believed to have walked away from a potential offer for **Challenger** [ASX:CGF], an Australia-based investment management business. It is reported that the private equity giant decided against the move, after assessing the deal's value.
- **EL&C Baillieu** have identified that 65% of the retail wealth management market could see ownership changes over the next year, with private equity likely to be involved in buying. EL&C Baillieu suggested the eight key potential targets as **Janus Henderson** [ASX:JHG], **Pendal Group** [ASX:PDL], **Australian Ethical Investment** [ASX:AEF], **Premium** [ASX:PPS], **Class** [ASX:CL1], **Fiducian** [ASX:FID], **Mainstream Group** [ASX:MAI], and **SelfWealth** [ASX:SWF].
- **Worldline** [EPA: WLN], the France-based payments company, is thought to be on the verge of acquiring **Australia and New Zealand Banking Group's** [ASX:ANZ] credit card payments infrastructure, at a value of around AUD 1bn.
- **E&P Financial Group** [ASX: EP1] bidder **360 Capital Group** [ASX: TGP] is considering forming a partnership with other interested parties as an option to proceed with its off-market takeover offer of EP1.
- **Loan Market**, an Australian mortgage broking group, is more likely to invest in or make acquisitions in the fintech space of open banking services and data analytics, instead of buying another broker business, following the acquisition of three broker aggregation businesses from **National Australia Bank** [ASX: NAB].
- **Now Finance**, a Melbourne-based lender, is eyeing M&A opportunities to build scale in Australia and New Zealand to bring its loan book to AUD 1bn.

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