



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

23 June 2017

JB Financial Group Ltd update – proposed acquisition of American Express currency exchange assets

Henry Morgan Limited (ASX: HML) (**Company**) refers to previous market announcements regarding JB Financial Group Ltd (**JB Financial**). JB Financial is a financial services company with established and profitable broking and foreign exchange arms, and an expanding FinTech Services division.

JB Financial has advised that it has entered into a non-binding Commercial Term Sheet for the proposed acquisition of specific assets of the retail currency exchange business and the premises of American Express Wholesale Currency Services Pty Limited.

Completion of the proposed acquisition is subject to a number of conditions precedent, including the entry into formal documentation and all relevant approvals being obtained.

Transaction terms

American Express currently operates 64 retail foreign exchange outlets throughout New South Wales, Queensland, Victoria, Western Australia, ACT and the Northern Territory. Part of the proposed acquisition by JB Financial will involve the consent by third parties to the assignment to JB Financial of the rights to operate these retail foreign exchange outlets.

The transaction terms also include JB Financial accepting the assignment of a lease from American Express Wholesale Currency Services Pty Limited over certain secured vault premises as well as the assignment of the rights and obligations attaching to the occupation licences for the 64 retail outlets. In addition, consideration for the transaction involves JB Financial paying an amount equal to the foreign and Australian domestic denominated currency stock held at each of the retail outlets, and must offer employment to approximately 140 employees, being all staff employed by American Express in its retail currency exchange outlets.

The cash funding costs of the proposed transaction are estimated at \$26.9 million with additional lease and HR commitments of approximately \$8.6 million. The business' expected EBIT for FY2016/17 is approximately \$3.1 million after all transition and acquisition costs.

Completion is anticipated to occur in a staged manner from early July 2017.

Complementary acquisition

Subject to the receipt of the consent of third parties, the addition of this foreign exchange retail network would deliver immediate scale to JB Financial's existing retail foreign exchange division, which already has established premises in Queensland and New South Wales.

Management commentary

JB Financial's Group CEO, Stuart McAuliffe, said, "This acquisition is truly transformative and places JB Financial in a market leading position in foreign exchange. Retail shop fronts are critical networks and this is illustrated in the current bidding war for Moneygram by Euronet and Ant Financial. Additionally, real scale needs to be accompanied by wholesale market share and online presence. This acquisition provides scale and a tremendous team of people trained by American Express and possessing many



Henry Morgan

Announcement

Henry Morgan Limited

ACN 602 041 770

years of experience. The acquisition also provides JB Financial with a platform for global expansion and the team to achieve it. I appreciate the efforts of Jim Stewart-Koster, our FX CEO, for his leadership and efforts working on this project and into the future."

Further disclosure will be made as details become more certain.

ENDS

Stuart McAuliffe
Managing Director
Henry Morgan Limited