

Media Release

23 June 2015



Kina Securities Launches IPO

- > Leading PNG financial institution launches IPO Prospectus for dual listing on ASX and POMS0X
- > Aims to raise approximately K202 million (A\$97 million) with a market capitalisation on listing of K341 million / A\$164 million
- > Part of the capital raised will be used to fund the acquisition of PNG's fourth largest bank, Maybank PNG
- > Will become one of the largest diversified financial services companies in PNG, post-acquisition
- > Former Suncorp Bank CEO, Mr David Foster, appointed as a Non-Executive Director of Kina.

Leading PNG financial institution, Kina Securities has announced the launch of its Prospectus for an Initial Public Offering (IPO) ahead of the Company's planned dual listing on Australian Securities Exchange (ASX) and Port Moresby Stock Exchange (POMS0X) to raise approximately K202 million (A\$97 million).

Kina Securities is offering approximately 97 million fully paid ordinary shares at a price of K2.08 (A\$1.00) and will have a market capitalisation of approximately K341 million / A\$164 million on listing. The company is expected to list on ASX and POMS0X on 30 July 2015.

The offering comprises approximately 75.6 million new shares to be issued by Kina Securities and the sale of approximately 21.6 million shares held by the Company's major shareholder, who will continue to hold about 35% of the issued share capital in Kina Securities on listing.

The Offer is being conducted in part to raise capital to fund the acquisition of Maybank PNG, which is PNG's fourth largest bank offering a wide range of consumer and corporate banking and finance products. Funds will also be applied to future working capital requirements and funding growth initiatives, in addition to facilitating the partial sell-down of shares held by the major shareholder.

Kina Securities CEO, Mr Syd Yates, said the acquisition of Maybank PNG, creating PNG's largest diversified financial services company, was an important part of the Company's growth and diversification strategy, allowing the Group to offer new financial products, grow its client base and offer cross-selling opportunities.

Kina Securities is currently one of PNG's largest financial institutions, offering services including funds management and advisory, funds administration, stockbroking and corporate advisory, custodian and trustee services, and financial planning. The Company is the largest licensed funds management company in PNG with K5.2 billion of funds under management and is one of PNG's largest fund administrators with K4.7 billion of funds under administration for over 155,000 members. Kina Securities is also a founding member of POMS0X.

The Kina Group achieved NPAT of K44.2 million in FY14 and forecasts NPAT of K45.3 million in FY15 on a proforma basis¹. Mr Yates said the continued growth in operating income was partially offset by costs associated with expanding infrastructure in anticipation of the Maybank PNG acquisition and the transition to a full banking licence over the past 18 months.

"We believe there will be opportunities to achieve synergies post-integration of Maybank PNG in FY16 and FY17, combined with continued growth in our core banking and wealth management businesses, in addition to cross-selling opportunities," he said.

¹ The reference to Kina Group NPAT is to the Group as that will exist following completion of the acquisition of Maybank PNG (being the merged operations of the Kina Group and Maybank PNG).



Following the acquisition, Kina Securities will offer a diverse suite of products and services to new and existing clients, including retail banking, deposit taking, trade financing, lending, funds management, fund administration, custodial services and stockbroking.

The agreement to acquire Maybank PNG was executed in May 2015 and is anticipated to be completed in the coming months.

“Kina Securities provides investors with broad exposure to PNG’s strongly growing economy and its key industry sectors including resources, energy and agriculture,” Mr Yates said.

“PNG is presently experiencing its longest period of economic growth since independence in 1975, with GDP forecast to grow by 15% in 2015, according to the latest Asian Development Bank forecast.

“Kina Securities is also well positioned to capitalise on the strong growth trend for banking and financial services, particularly given the sector’s exposure to multinational corporates, the growth in small to medium enterprises, and the country’s growing middle class.

“Within PNG’s growing financial services sector, Kina Securities stands out with its track record of providing quality financial services over the past 30 years.”

Experienced Board

As part of the IPO process, Kina Securities welcomes a new member to the Board of Directors – former Suncorp Bank CEO, Mr David Foster, as a Non-Executive Director. Mr Foster has a 25-year career in financial services, with experience spanning management, distribution, technology and marketing in retail banking. His time at Suncorp Bank, Australia’s fifth largest listed bank, saw him oversee the bank’s recovery from the global financial crisis. He also played a key role in taking the bank to a position where it subsequently achieved an S&P rating upgrade to A+ and was recognised as *the Australian Banking & Finance Financial Institution of the Year* in 2012 and 2013.

Kina Securities Chairman and former PNG Prime Minister, Sir Rabbie Namaliu, said: “I am pleased to invite investors to become shareholders in Kina Securities as it embarks on this exciting phase of growth.”

“The acquisition of Maybank PNG and our proposed listing on ASX and POMSoX are significant milestones for our Company, which will generate exciting growth opportunities for the business across our wealth management and banking operations.”

This Offer is fully underwritten by Morgans Corporate Limited.

PwC Securities Ltd acted as Kina’s financial adviser and Allens acted as Kina’s legal adviser.

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