

Brewin Dolphin

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Brewin Dolphin in talks to buy Investec's Irish wealth management business

UK investment firm Brewin Dolphin Holdings PLC (LON:BRW) has confirmed it is talking with Investec to buy the South African firm's Irish wealth management business.

Brewin Dolphin said it was in exclusive talks with Investec over a possible acquisition but there can be no certainty that a transaction will be agreed.

READ: Brewin Dolphin weak as first-quarter funds under management decline; Liberum cuts target price

The announcement came after The Sunday Times reported that Brewin Dolphin was competing with Allied Irish Banks to buy Investec's Irish private client stockbroking business for up to €60m.

If the talks result in a deal, it would mark the company's second deal in Ireland in the past eight years, having bought Irish fund manager, Tilman, for about £31m in 2011.

It would also strengthen Brewin Dolphin's asset base during a tough period for wealth managers, which have been hit by investor caution amid Brexit uncertainty.

In January, Brewin Dolphin posted an 8% drop in first-quarter total assets over the previous quarter to £39.5m, blaming "lower market levels and ongoing macro-economic uncertainty".

Liberum said the exclusivity of the deal talks is important given that Allied Irish Banks tried to buy the Investec unit in February.

"A year ago it was reported to have €2.5bn under management and to employ some 40 people directly," the broker said.

"We forecast Brewin Dolphin to have close to £200m of net cash at the September year end.

"The stock trades at 16.3x consensus September 2019 numbers and 15.4x our calendar year 2019 estimates. We believe Brewin should trade at 16x given its delivery of strategic targets and strong organic discretionary flows."

The broker maintained a 'buy' rating and target price of 344p on Brewin Dolphin.

Shares rose 1.1% to 334p in morning trading.

Price: 305.6p

Market Cap: £926.38M

1 Year Share Price Graph



Share Information

Code: BRW

Listing: LSE

52 week High Low
382.20p 288.80p

Sector: General Financials

Website: www.brewindolphin.co.uk

Company Synopsis:

Brewin Dolphin is a private client investment manager with two business segments: investment management and investment banking.

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