



## LPL Financial Closes Acquisition of Allen & Company

August 1, 2019

### All 33 advisors serving ~\$3 billion of client assets joined LPL

SAN DIEGO, Aug. 01, 2019 (GLOBE NEWSWIRE) -- LPL Financial Holdings Inc. (Nasdaq: LPLA) (collectively with its subsidiaries, LPL) today announced the closing of its acquisition of Allen & Company of Florida (Allen & Company), a broker-dealer and registered investment adviser (RIA) based in Lakeland, Fla. As a result of the transaction, all 33 advisors joined LPL. Approximately \$3 billion of client assets are expected to transfer onto LPL's platform by the end of 2019.

"We are excited to welcome Allen & Company to the LPL family," said Dan Arnold, LPL Financial president and CEO. "While working with them over the past two months, we have experienced their deep commitment to clients, high standard of performance, and the extraordinary caliber of their team. We're honored that this terrific group of advisors joined LPL, and we are committed to providing the capabilities, technology and service to help them succeed in their next phase of growth. We also look forward to collaborating as we innovate on our new model that preserves the principles of independence and wraps them in employee services."

"We pride ourselves on having established a firm that places a high value on employees and empowers them to provide outstanding service to clients," said Ralph Allen, Chairman of Allen & Company. "It is humbling to have retained our entire advisor team and all of our associates through this acquisition. We are a few months into our transition, and our employees appreciate why we thought this was the right move for our firm. LPL shares our focus on people—employees and clients. And the firm's ability to invest in technology, resources and business solutions is an advantage we experience every day, allowing us to be more efficient and have capabilities that enhance our value with clients. We look forward to the opportunities ahead as part of the LPL team."

The purchase agreement was signed on May 17, and the transaction closed on Aug. 1, following receipt of regulatory approval. Under the transaction structure, Allen & Company advisors and staff joined LPL as employees, and Allen & Company will maintain its operations and brand. The Company estimates a transaction multiple of approximately 7x post-synergy EBITDA\*.

Securities and Advisory services offered through LPL Financial, a registered investment advisor. Member FINRA/SIPC.

### Forward-Looking Statements

Statements in this press release regarding LPL's and Allen & Company's future operating results, growth and plans, including the amount and timing of future asset onboarding, future operating models and post-synergy EBITDA\*, as well as any other statements that are not related to present facts or current conditions or that are not purely historical, constitute forward-looking statements. These forward-looking statements are based on the historical performance of LPL and Allen & Company and LPL's plans, estimates and expectations as of August 1, 2019. Forward-looking statements are not guarantees that the future levels of assets serviced, results, plans, intentions or expectations expressed or implied by LPL will be achieved. Matters subject to forward-looking statements involve known and unknown risks and uncertainties, including economic, legislative, regulatory, competitive and other factors, which may cause levels of assets serviced, actual financial or operating results, levels of activity, or the timing of events, to be materially different than those expressed or implied by forward-looking statements. In particular, LPL can provide no assurance that the assets reported as serviced by Allen & Company's financial advisors will translate into assets serviced at LPL, or that Allen & Company's advisors will be retained by LPL. Important factors that could cause or contribute to such differences include: difficulties and delays in onboarding the clients of Allen & Company's advisors, which could negatively affect LPL's ability to realize revenue or expense synergies or other expected benefits of the transaction; the choice by clients of Allen & Company's advisors to terminate their accounts or not to open brokerage and/or advisory accounts at LPL; LPL's success in implementing its employee affiliation model; changes in general economic and financial market conditions, including retail investor sentiment; fluctuations in the value of assets under custody; effects of competition in the financial services industry, including competitors' success in recruiting Allen & Company's advisors and their clients; and the other factors set forth in Part I, "Item 1A. Risk Factors" in LPL's 2018 Annual Report on Form 10-K and any subsequent SEC filing. Except as required by law, LPL specifically disclaims any obligation to update any forward-looking statements as a result of developments occurring after the date of this press release, even if its estimates change, and you should not rely on those statements as representing LPL's views as of any date subsequent to August 1, 2019. Estimated numbers are used for illustrative purpose only, are not forecasts and may not reflect actual results.

### \*Non-GAAP Financial Measures

Management believes that presenting certain non-GAAP measures by excluding or including certain items can be helpful to investors and analysts who may wish to use some or all of this information to analyze LPL's current performance, prospects, and valuation. Management uses this non-GAAP information internally to evaluate operating performance and in formulating the budget for future periods. Management believes that the non-GAAP measures and metrics discussed below are appropriate for evaluating the performance of the Company.

Post-synergy EBITDA is defined as run-rate EBITDA (net income plus interest and other expense, income tax expense, depreciation and amortization, and amortization of intangible assets) derived by the Company from the acquisition of Allen & Company. LPL presents post-synergy EBITDA because management believes that it can be a useful financial metric in understanding LPL's expected run-rate earnings from Allen & Company's operations following the acquisition. Post-synergy EBITDA is not a measure of LPL's or Allen & Company's financial performance under GAAP and should not be considered as an alternative to net income or any other performance measure derived in accordance with GAAP, or as an alternative to cash flows from operating activities as a measure of profitability or liquidity. In addition, LPL's post-synergy EBITDA can differ significantly from EBITDA calculated by other companies, depending on long-term strategic decisions regarding capital structure, the tax jurisdictions in which companies operate, and capital investments. LPL does not provide an outlook for post-synergy EBITDA because it contains certain components, such as taxes, over which LPL cannot exercise control. Because an outlook for post-synergy EBITDA cannot be made available without unreasonable effort by LPL, a reconciliation of LPL's outlook for post-synergy EBITDA to its outlook for net income also cannot be made available without unreasonable effort.

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Source: LPL Financial Holdings, Inc.