

For personal use only



MACQUARIE

Operational Briefing

Presentation to
Investors and Analysts

7 February 2017

Disclaimer



The material in this presentation has been prepared by Macquarie Group Limited ABN 94 122 169 279 (“Macquarie”, “the Group”) and is general background information about Macquarie’s activities current as at the date of this presentation. This information is given in summary form and does not purport to be complete. Information in this presentation, including forecast financial information, should not be considered as advice or a recommendation to investors or potential investors in relation to holding, purchasing or selling securities or other financial products or instruments and does not take into account your particular investment objectives, financial situation or needs. Before acting on any information you should consider the appropriateness of the information having regard to these matters, any relevant offer document and in particular, you should seek independent financial advice. All securities and financial product or instrument transactions involve risks, which include (among others) the risk of adverse or unanticipated market, financial or political developments and, in international transactions, currency risk.

This presentation may contain forward looking statements including statements regarding our intent, belief or current expectations with respect to Macquarie’s businesses and operations, market conditions, results of operation and financial condition, capital adequacy, specific provisions and risk management practices. Readers are cautioned not to place undue reliance on these forward looking statements. Macquarie does not undertake any obligation to publicly release the result of any revisions to these forward looking statements to reflect events or circumstances after the date hereof to reflect the occurrence of unanticipated events. While due care has been used in the preparation of forecast information, actual results may vary in a materially positive or negative manner. Forecasts and hypothetical examples are subject to uncertainty and contingencies outside Macquarie’s control. Past performance is not a reliable indication of future performance.

Unless otherwise specified all information is as at 31 December 2016.

Agenda



MACQUARIE

10:05 – 10:10 **Introduction** – Karen Khadi

10:10 – 10:30 **Update since the interim result** – Nicholas Moore

10:30 – 10:50 **Communicating with the investment community** – Patrick Upfold

10:50 – 11:10 **Banking and Financial Services** – Greg Ward

11:10 – 11:30 **Macquarie Capital** – Tim Bishop

11:30 – 11:50 **Asia** – Ben Way



01

Introduction

Karen Khadi – Head of Investor Relations



02

Update since the interim result

Nicholas Moore

Managing Director and Chief Executive Officer

About Macquarie

Building for the long term



For personal use only

Macquarie Asset Management	<ul style="list-style-type: none">• Top 50 global asset manager with \$A501.7b¹ of assets under management• Provides clients with access to a diverse range of capabilities and products, including infrastructure and real asset management, securities investment management and tailored investment solutions over funds and listed equities
Corporate and Asset Finance	<ul style="list-style-type: none">• Global provider of specialist finance and asset management solutions, with a \$A37.9b¹ asset and loan portfolio• Global capability in corporate and real estate credit investing and lending• Expertise in asset finance including aircraft, motor vehicles, technology, healthcare, manufacturing, industrial, energy, rail and mining equipment
Banking and Financial Services	<ul style="list-style-type: none">• Macquarie's retail banking and financial services business• Provides a diverse range of personal banking, wealth management and business banking products and services to retail clients, advisers, brokers and business clients
Commodities and Global Markets (formerly Macquarie Securities Group and Commodities and Financial Markets)	<ul style="list-style-type: none">• Integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange and commodities• Provides clients with access to markets, financing, financial hedging and physical execution• Diverse platform covering more than 25 market segments, with more than 160 products• Growing presence in commodities (natural gas, LNG, NGLs, power, oil, coal, base metals, iron ore, sugar and freight)• Global institutional securities house with strong Asia-Pacific foundations covering sales, research, ECM, execution and derivatives and trading activities
Macquarie Capital	<ul style="list-style-type: none">• Global corporate finance capability, including M&A, debt and equity capital markets, and principal investments• Key specialities in six industry groups: Financial Institutions; Industrials; Infrastructure, Utilities and Renewables; Real Estate; Resources (mining and energy); and TMET

3Q17 Overview



- Satisfactory trading conditions in 3Q17 across the Group
- Macquarie's annuity-style businesses' (Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services) combined 3Q17 net profit contribution¹ up on pcp (3Q16)
 - FY17 YTD² net profit contribution slightly down on FY16 YTD which benefited from strong performance fees in Macquarie Asset Management
- Macquarie's capital markets facing businesses' (Commodities and Global Markets and Macquarie Capital) combined 3Q17 net profit contribution down on pcp largely due to subdued Equity Capital Markets (ECM) activity and the timing of transactions in Macquarie Capital
 - FY17 YTD net profit contribution slightly down on FY16 YTD notwithstanding stronger activity across most of the businesses in Commodities and Global Markets except Securities, which benefited from strong Chinese equity market conditions in the prior corresponding period

3Q17 Overview

Annuity-style businesses



For personal use only

	1H17 contribution ¹	Activity during the quarter
Macquarie Asset Management	37%	<ul style="list-style-type: none"> • AUM of \$A501.7b at Dec 16, up 2% on Sep 16 predominately driven by positive FX and market movements • MIRA: \$A1.4b in new equity raised largely in Australian, Global and European Infrastructure funds; \$A1.9b equity invested including infrastructure in the US, Australia, UK and Mexico; and \$A0.6b asset divestments in Germany and Mexico; \$A11.5b of equity to deploy at Dec 16 • MIM awarded \$A1.6b in new, funded institutional mandates across 10 strategies • MIDIS total third party investor commitments over \$A6.1b; closed a number of investments bringing total AUM to \$A3.5b • Top 50 global asset manager, Australia's largest global asset manager
Corporate and Asset Finance	22%	<ul style="list-style-type: none"> • Asset Finance and Lending portfolio of \$A37.9b at Dec 16, broadly in line with Sep 16 • Certain portfolios impacted by unfavourable FX movements largely due to weakening GBP • AWAS and Esanda continue to perform in line with expectations • \$A2.2b of motor vehicle and equipment leases and loans securitised • Lending portfolio additions of \$A0.6b in 3Q17 across both primary and secondary markets equally • Notable realisations included the exit of a toll road investment in Virginia in the US
Banking and Financial Services	11%	<ul style="list-style-type: none"> • Total BFS deposits² of \$A44.2b at Dec 16, up 5% on Sep 16 • Australian mortgage portfolio of \$A28.6b at Dec 16, in line with Sep 16 • Funds on platform of \$A70.5b at Dec 16, up 14% on Sep 16 largely due to the successful migration of the ANZ Oasis wrap super and investment assets onto Macquarie's platform • Business banking loan portfolio of \$A6.5b at Dec 16, up 2% on Sep 16 • iSelect's Home Loans Partner of the Year 2016 for the third consecutive year³

3Q17 Overview

Capital markets facing businesses



For personal use only

	1H17 contribution ¹	Activity during the quarter
Commodities and Global Markets	21%	<ul style="list-style-type: none"> • Announced the merger of MSG and CFM to create an integrated, end-to-end offering across global markets including equities, fixed income, foreign exchange and commodities; progressing well • Continued strong results across the energy platform, particularly from Global Oil and North American Gas • Increased volatility in agriculture and base metals markets resulted in increased client hedging activity • Strong trading results across financial markets businesses due to volatility associated with macro-economic events • Market conditions continued to impact client volumes in equity markets • Maintained ranking as No.3 US physical gas marketer in North America²
Macquarie Capital	9%	<ul style="list-style-type: none"> • Solid levels of activity, particularly in infrastructure in Australia and the US, with 88 transactions valued at \$A44b completed globally • Exclusive financial advisor on the acquisition of a 50.4% interest in the 99 year lease of Ausgrid for ~\$A16.2b, the largest M&A transaction in ANZ in 2016 and largest infrastructure and utilities M&A transaction in ANZ³ • Advised Capital Stage on the €2b merger with CHORUS Clean Energy, creating one of Europe's largest independent operators of solar and wind parks • Financial advisor, lead left bookrunner and joint lead arranger on acquisition financing for a portfolio of contracted thermal power plants in North America • Sole financial advisor and underwriter on MMG Limited's \$US512m rights issue on the HK Stock Exchange • No.1 in Australia for announced and completed M&A⁴ and No.2 in Australia for ECM deals⁵ • No.1 for Infrastructure/Project Finance advisory in the UK⁶ and No.2 for Infrastructure/Project Finance advisory in Europe and North America⁶

1. Based on 1H17 net profit contribution from operating groups. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax. 2. Platts Q3 CY16. 3. Dealogic (any ANZ involvement, announced Infra transaction) data from 1995. 4. Dealogic & Thomson Reuters CY16 (any Australian involvement, by number and value). 5. Thomson Reuters CY16 (by value). 6. InfraDeals CY16.

For personal use only

13,647 staff in over 27 countries



Europe, Middle East & Africa

Staff: 1,463



Asia

Staff: 3,479



Australia¹

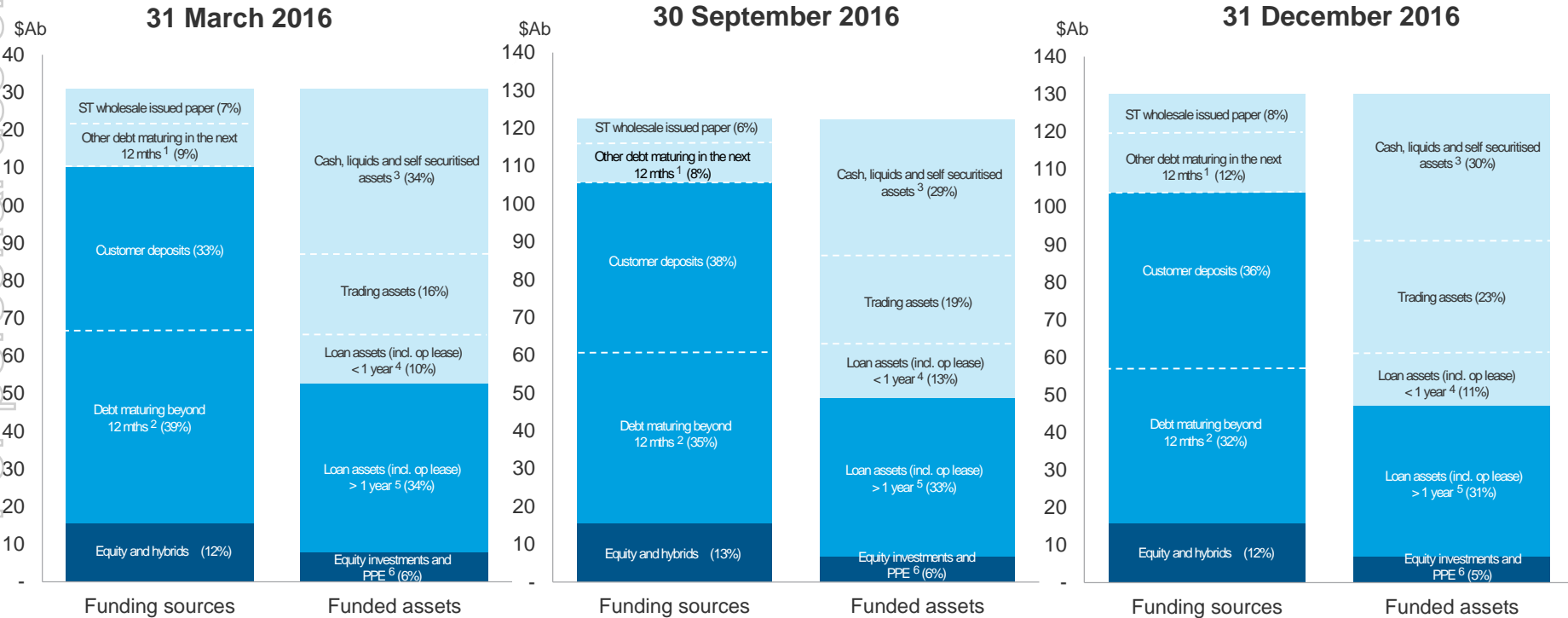
Staff: 6,175

Americas

Staff: 2,530



Funded balance sheet remains strong

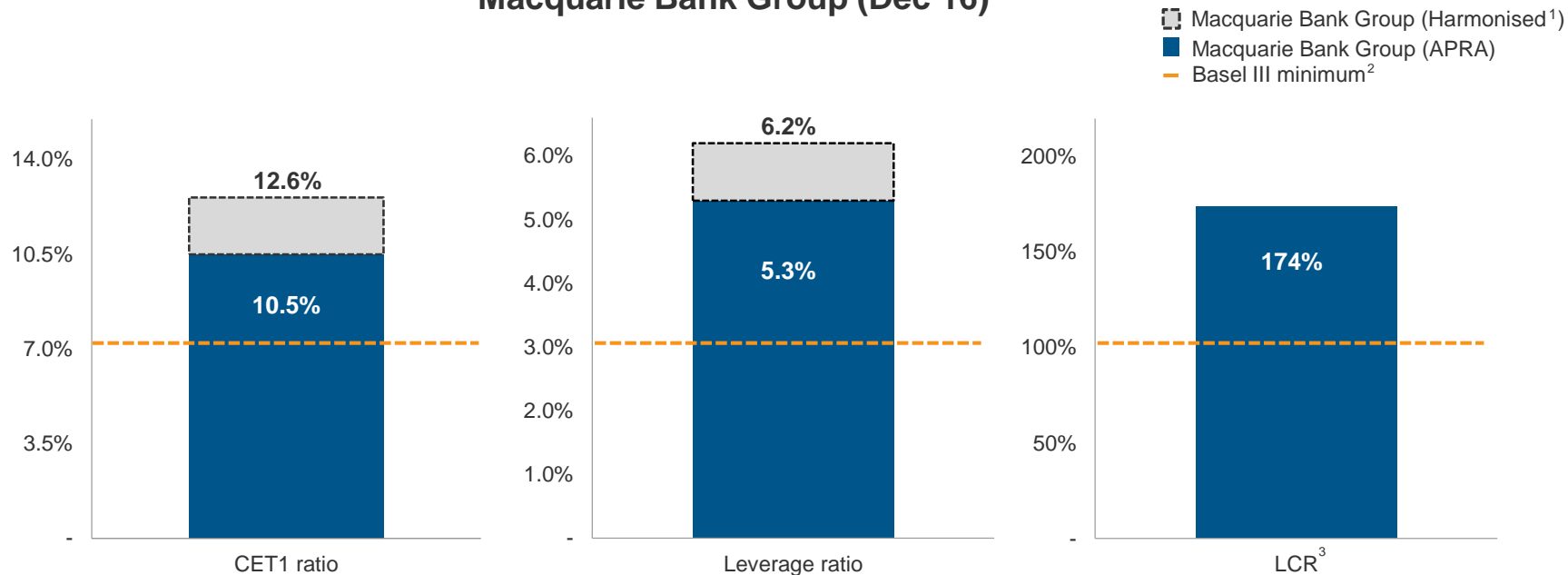


These charts represent Macquarie Group Limited's funded balance sheets at the respective dates noted above. 1. 'Other debt maturing in the next 12 mths' includes Structured Notes, Secured Funding, Bonds, Other Loans, Loan Capital maturing within the next 12 months and Net Trade Creditors. 2. 'Debt maturing beyond 12 mths' includes Loan Capital not maturing within next 12 months. 3. 'Cash, liquids and self securitised assets' includes self securitisation of repo eligible Australian mortgages originated by Macquarie. 4. 'Loan Assets (incl. op lease) < 1 yr' includes Net Trade Debtors. 5. 'Loan Assets (incl. op lease) > 1 yr' includes Debt Investment Securities. 6. 'Equity Investments and PPE' includes the Group's co-investments in Macquarie-managed funds and equity investments.

Strong regulatory ratios



Macquarie Bank Group (Dec 16)



1. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 2. Includes the capital conservation buffer in the minimum CET1 ratio requirement. The minimum Basel III leverage ratio requirement of 3% is effective from 1 Jan 18. 3. Average LCR for Dec 16 quarter includes Oct, Nov & Dec month-end observations.

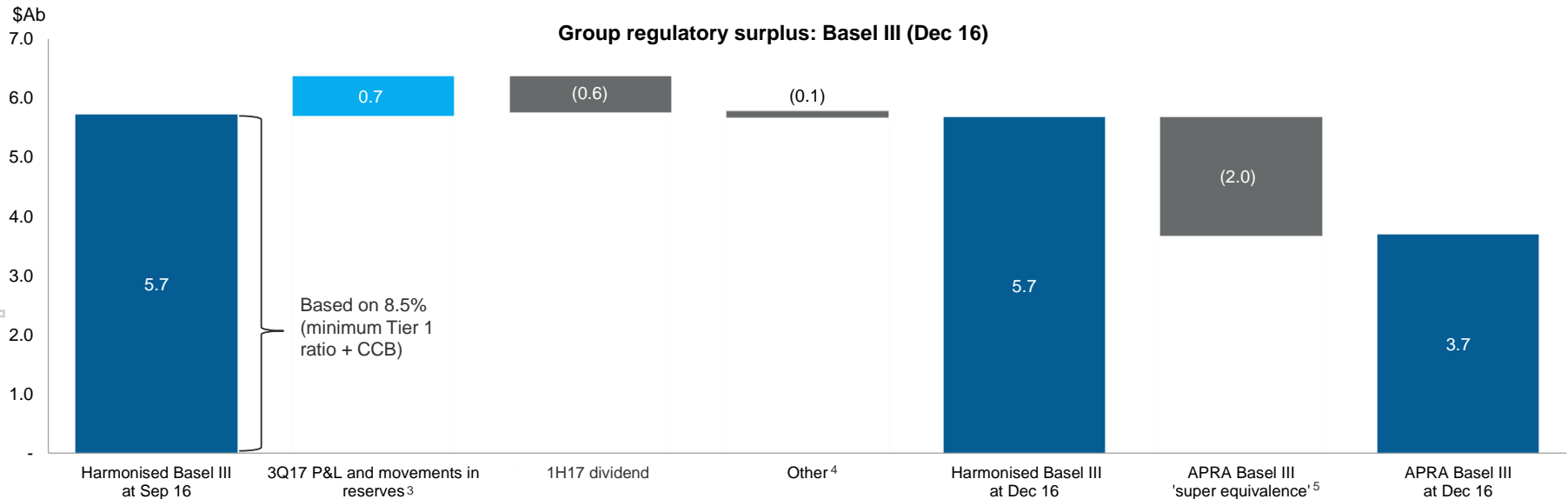
Regulatory update



- Basel Capital Framework
 - The Basel Committee has delayed the finalisation of proposals to amend the calculation of risk weighted assets under Basel III. Any impact on capital will depend upon the final form of the proposals and local implementation by APRA
 - APRA has released a consultation package covering: a new standardised approach for measuring counterparty credit risk exposures on derivatives (SA-CCR); and capital requirements for bank exposures to central counterparties (CCPs)
 - Macquarie is working through the potential capital implications and engaging in APRA's consultation process
- Net Stable Funding Ratio (NSFR)
 - APRA released final NSFR requirements at the end of 2016, however the exact application of certain elements of the standard remains under discussion. The NSFR and associated changes to APRA Prudential Standard 210 will be effective from 1 Jan 18
 - Macquarie continues to expect that it will meet the requirements of the NSFR

Basel III capital position

- APRA Basel III Group capital at Dec 16 of \$A17.5b, Group surplus of \$A3.7b¹
- Bank Group APRA Basel III CET1 ratio: 10.5%; Tier 1 ratio: 11.6%; Leverage ratio: 5.3%
- Bank Group Harmonised Basel III CET1 ratio: 12.6%; Tier 1 ratio: 13.8%; Leverage ratio: 6.2%²



1. Calculated at 8.5% RWA including the capital conservation buffer (CCB), per APRA Prudential Standard 110. The APRA Basel III Group surplus is \$A5.2b calculated at 7% RWA, per the internal minimum Tier 1 ratio of the Bank Group. 2. 'Harmonised' Basel III estimates are calculated in accordance with the BCBS Basel III framework. 3. Excludes foreign currency translation reserve movements. 4. Includes business growth, the net impact of hedging employed to reduce the sensitivity of the Group's capital position to FX translation movements and other movements in capital requirements. 5. APRA Basel III 'super-equivalence' includes the impact of changes in capital requirements in areas where APRA differs from the BCBS Basel III framework and includes full CET1 deductions of equity investments (\$A0.5b); capitalised expenses (\$A0.4b); deconsolidated subsidiaries (\$A0.3b); differences in mortgages treatment (\$A0.5b); DTAs and other impacts (\$A0.3b).

Factors impacting short-term outlook

FY17 combined net profit contribution¹ from operating groups expected to be broadly in line with FY16

Annuity-style businesses

Macquarie Asset Management

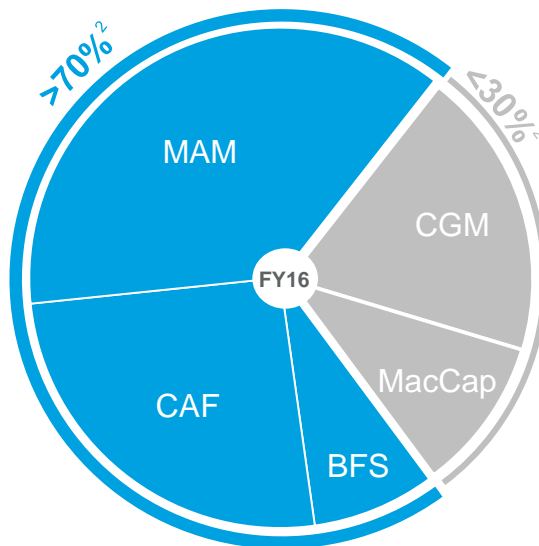
- FY16: \$A1.6b; 1H17 down \$A282m on 1H16
- Lower performance fees expected
- Increased investment-related income expected
- Base fees broadly in line

Corporate and Asset Finance

- FY16: \$A1.1b; 1H17 down \$A90m on 1H16
- First full year contribution from AWAS and Esanda
- Unfavourable FX impact largely due to weakening GBP
- Income from prepayments and realisations in Lending broadly in line with FY16, albeit volumes down

Banking Financial Services

- FY16: \$A0.4b; 1H17 up \$A91m on 1H16
- Growth in Australian mortgage, business banking and deposit books
- Gain on sale of life business partially offset by increased project-related expenses (e.g. Core Banking)



Corporate

- Compensation ratio to be consistent with historical levels
- Based on present mix of income, currently expect FY17 tax rate to be broadly in line with FY16

Capital markets facing businesses

Commodities and Global Markets

- FY16: \$A0.8b; 1H17 down \$A32m on 1H16
- Strong customer base and market volatility expected to drive client flows and revenue across Commodities, Fixed Income and Futures
- Level of impairments expected to fall
- Equity market conditions currently subdued, particularly in Asia

Macquarie Capital

- FY16: \$A0.5b; 1H17 up \$A35m on 1H16
- Market conditions broadly consistent with FY16
- Solid principal realisation pipeline expected
- Level of impairments expected to fall

Short-term outlook

- We currently expect the FY17 combined net profit contribution¹ from operating groups to be broadly in line with FY16
- The FY17 tax rate is currently expected to be broadly in line with FY16
- Accordingly, the Group's result for FY17 is currently expected to be broadly in line with FY16
- Our short-term outlook remains subject to a range of challenges including:
 - Market conditions
 - The impact of foreign exchange
 - Potential regulatory changes and tax uncertainties



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

Medium-term



- Macquarie remains well positioned to deliver superior performance in the medium-term
- Deep expertise in major markets
- Build on our strength in diversity and continue to adapt our portfolio mix to changing market conditions
 - Annuity-style income is provided by three significant businesses which are delivering superior returns following years of investment and recent acquisitions
 - Macquarie Asset Management, Corporate and Asset Finance and Banking and Financial Services
 - Two capital markets facing businesses well positioned to benefit from improvements in market conditions with strong platforms and franchise positions
 - Commodities and Global Markets and Macquarie Capital
- Ongoing benefits of continued cost initiatives
- Strong and conservative balance sheet
 - Well matched funding profile with minimal reliance on short-term wholesale funding
 - Surplus funding and capital available to support growth
- Proven risk management framework and culture

Approximate business Basel III Capital & ROE



MACQUARIE

As at 30 Sep 16

Operating Group	APRA Basel III Capital ¹ @ 8.5% (\$Ab)	Approx. 1H17 Return on Ordinary Equity ²	Approx. 10-Year Average Return on Ordinary Equity ²
Annuity-style businesses	8.4		
Macquarie Asset Management	1.5	22%	20% ³
Corporate and Asset Finance	4.6		
Banking and Financial Services	2.3		
Capital markets facing businesses	4.4		
Commodities and Global Markets	2.8	16%	15% - 20%
Macquarie Capital	1.6		
Corporate and Other	0.4		
Legacy Assets	0.0		
Corporate	0.4		
Total regulatory capital requirement @ 8.5%	13.2		
<i>Comprising: Ordinary Equity</i>	<i>11.0</i>		
<i>Hybrid</i>	<i>2.2</i>		
Add: Surplus Ordinary Equity	3.7		
Total APRA Basel III capital supply	16.9		

1. Business Group capital allocations are indicative and are based on allocations as at 30 Jun 16 adjusted for material movements over the Sep 16 quarter. 2. NPAT used in the calculation of approx. annualised ROE is based on operating group's net profit contribution adjusted for indicative allocations of profit share, tax and other corporate expenses. Accounting equity is attributed to businesses based on regulatory capital requirements. 10-year average covers FY07 to FY16, inclusively. 3. CAF returns prior to FY11 excluded from 10-year average as not meaningful given the significant increase in scale of CAF's platform over this period.

Medium-term



MAM	<ul style="list-style-type: none"> • Annuity-style business that is diversified across regions, products, asset classes and investor types • Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions • Well positioned for organic growth with several strongly performing products and an efficient operating platform
CAF	<ul style="list-style-type: none"> • Leverage deep industry expertise to maximise growth potential in loan and lease portfolios • Anticipate further asset acquisitions and realisations at attractive return levels • Funding from asset securitisation throughout the cycle
BFS	<ul style="list-style-type: none"> • Strong growth opportunities through intermediary distribution, white labelling, platforms and client service • Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments • Modernising technology to improve client experience and support growth
CGM	<ul style="list-style-type: none"> • Opportunities to grow commodities business, both organically and through acquisition • Development of institutional coverage for specialised credit, rates and foreign exchange products • Increase financing activities • Growing the client base across all regions • Well positioned for a recovery in equity market activity levels through both improved market rankings combined with existing strong research platform and strong market position in Asia
MacCap	<ul style="list-style-type: none"> • Can expect to benefit from any improvement in M&A and ECM market activity • Continues to align the business offering to current opportunities and market conditions in each region



03

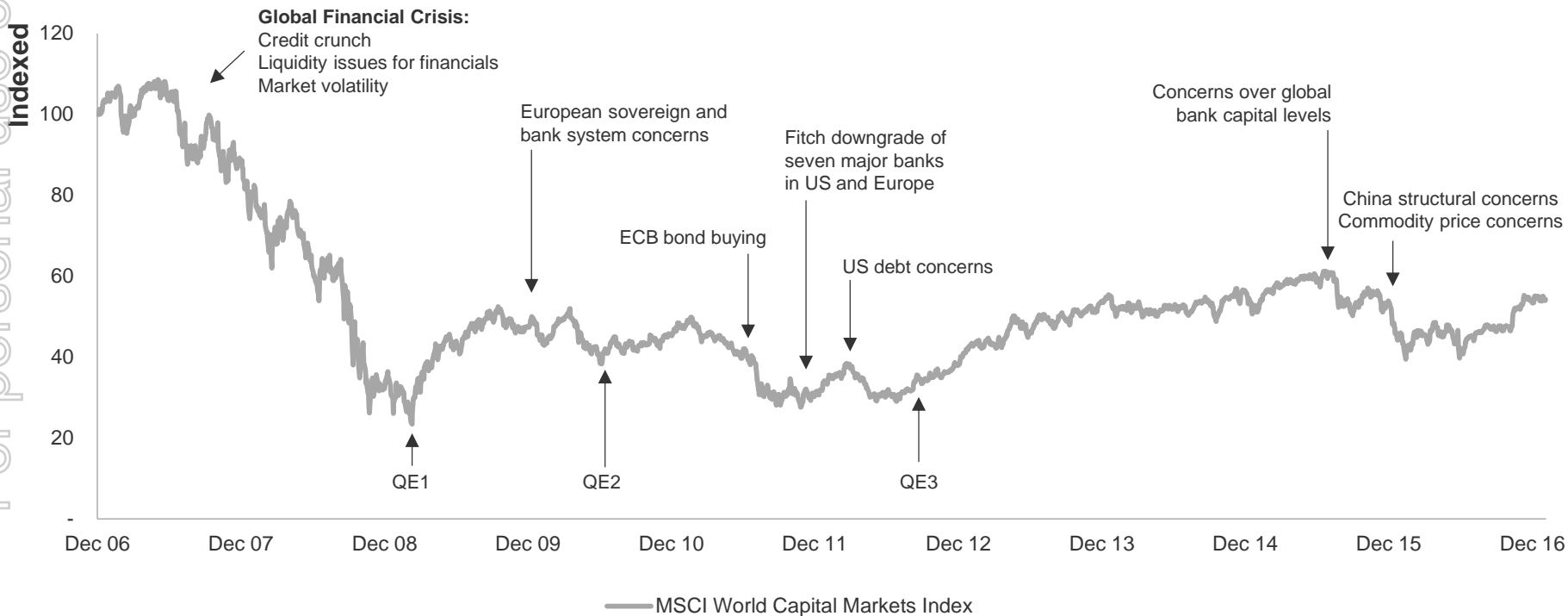
Macquarie – a diversified financial group
Communicating with the investment community
Patrick Upfold, Chief Financial Officer



MACQUARIE

Macro environment for financials

For personal use only



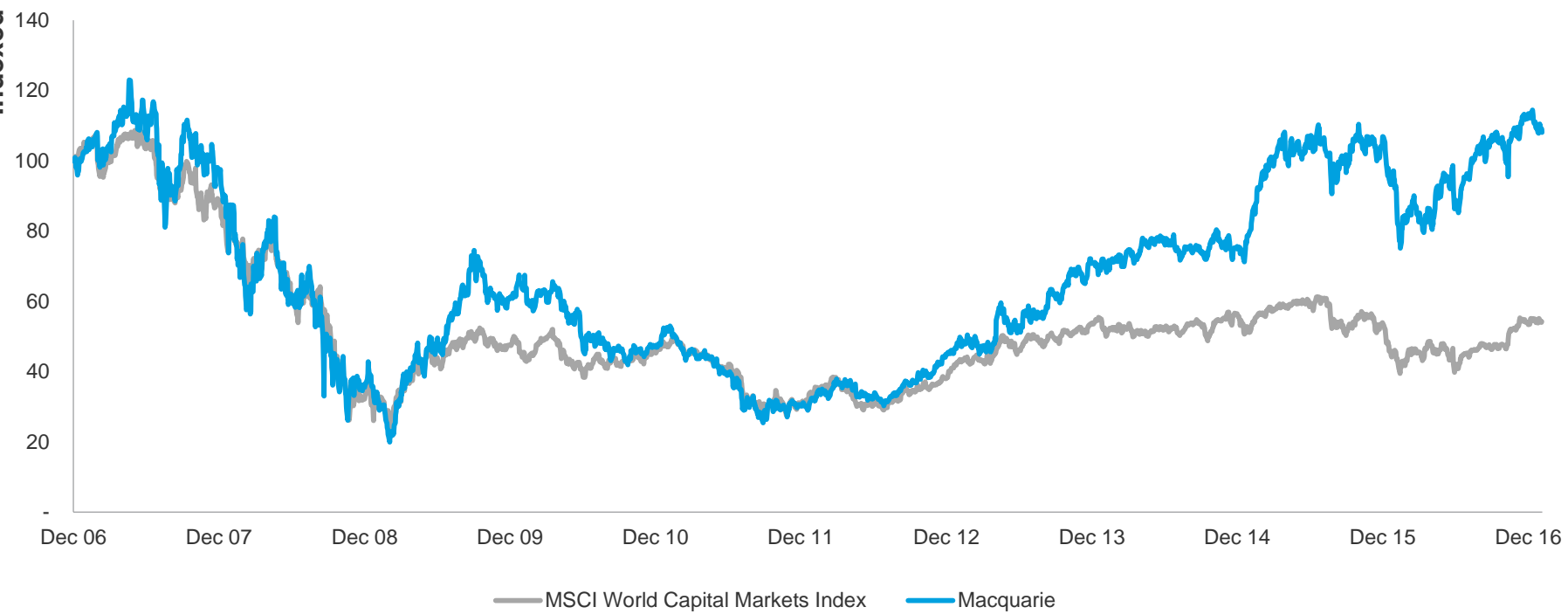
Macquarie has not been immune



- Capital markets facing businesses impacted
- Increased funding costs and capital requirements
- Increased cost of compliance
- Heightened impairments
- Regulatory matters

For personal use only

Macquarie share price vs other financials



For personal use only



Macquarie is a diversified financial group

Macquarie is a diversified financial group providing clients with asset management and finance, banking, advisory and risk and capital solutions across debt, equity and commodities


Stable earnings
Annuity-style businesses represent

>70%
of the operating groups' performance




Geographically diverse

Two-thirds
of income generated outside of Australia²



Strong financial position
Well capitalised with a

strong funded balance sheet




Long term ratings stability

A/A2/A MBL credit rating
'A' rated over 20 years



Strong return on equity
FY16:

14.7%
▲ from 14.0% in prior year



Earnings growth
5yr EPS CAGR:

17%



Consistent dividend growth
5yr CAGR:

23%



Strong shareholder returns
Consistently outperformed major indices since listing

ASX 20³ – 2nd highest returns since listing
Diversified Financials³ – 1st
MSCI World Capital Markets³ – 3rd



Underpinned by a long standing conservative risk management framework

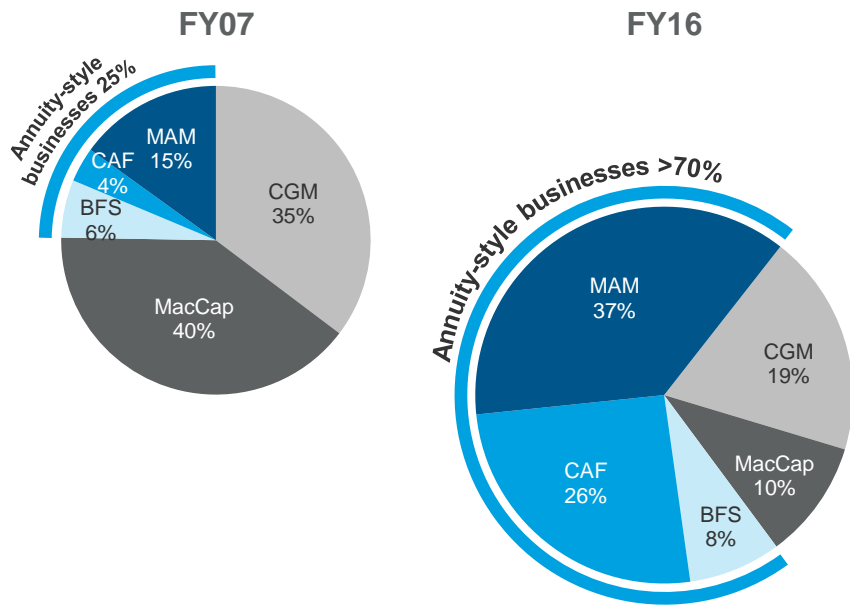
1. Based on FY16 net profit contribution from operating groups. 2. Average over 5 years. 3. Based on companies that have been continuously listed since Macquarie's date of listing (29 Jul 96).



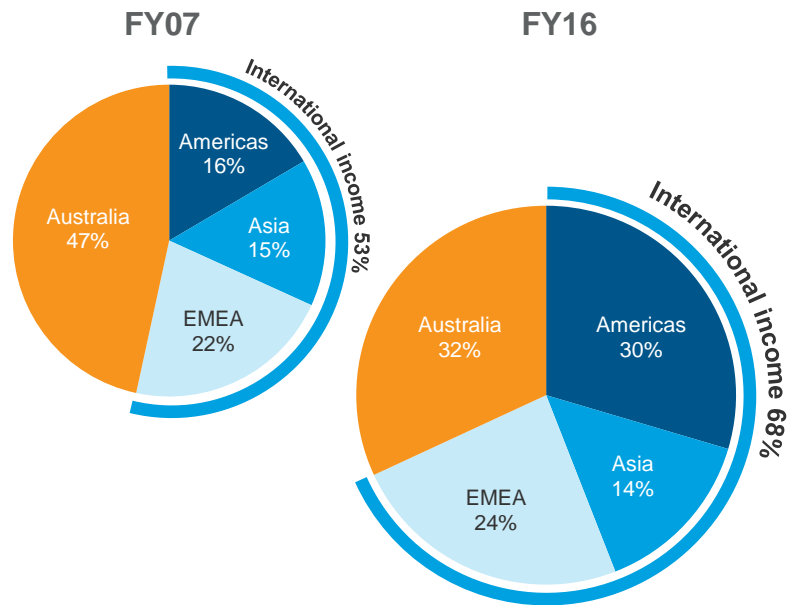
MACQUARIE

The business has evolved

Business mix¹



Geographic mix²



1. Business mix is based on net profit contribution by operating group. Data restated to reflect current business splits. 2. Based on net operating income excluding earnings on capital and other corporate items. Data restated to reflect current regional splits.

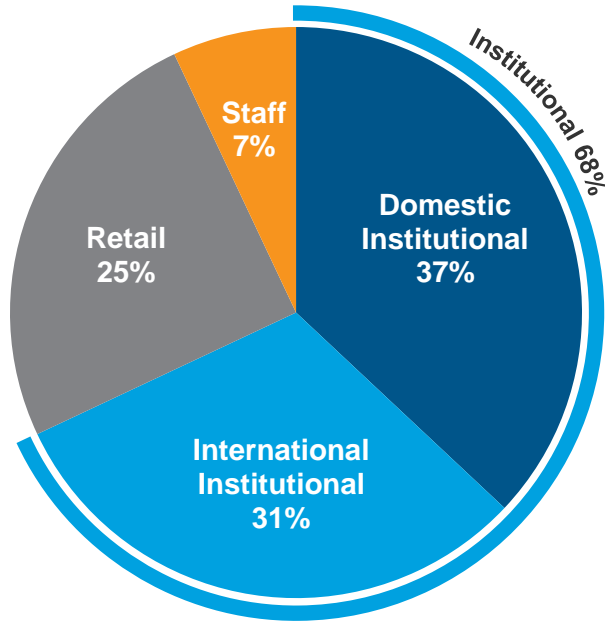
For personal use only

Supported by a diverse investor base

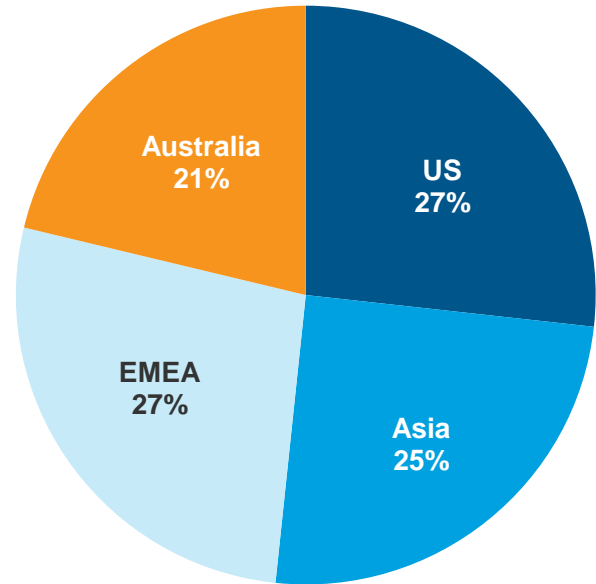


MACQUARIE

Share register by type¹



Funding by region²



1. As at 31 Dec 16. 2. Includes all funding raised during FY16.

Strong financial position

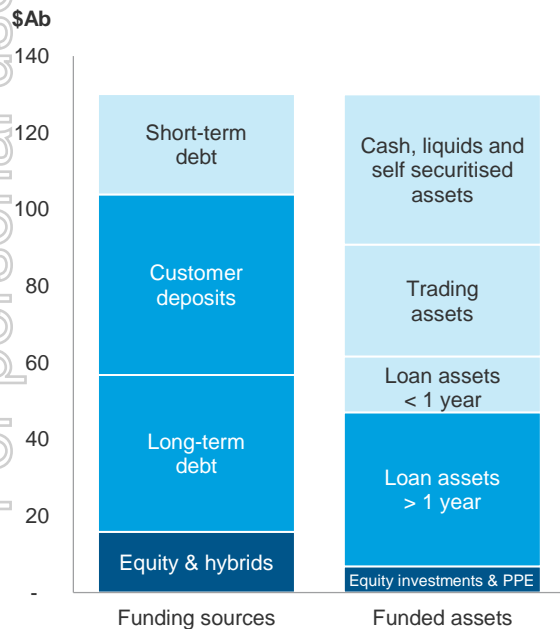


MACQUARIE

For personal use only

Funded Balance Sheet¹

31 December 2016



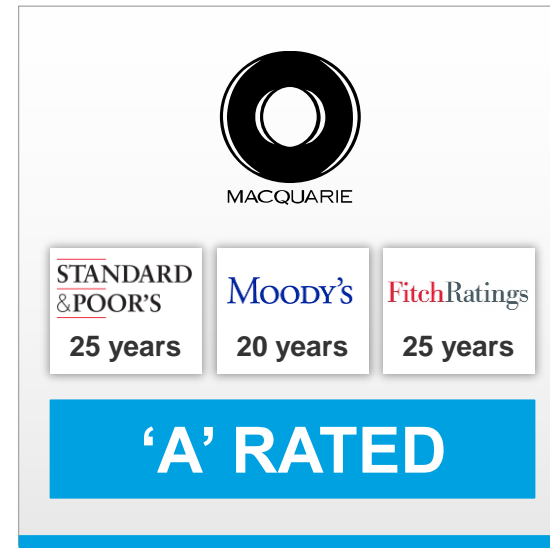
Surplus Capital²

31 December 2016



Credit Ratings

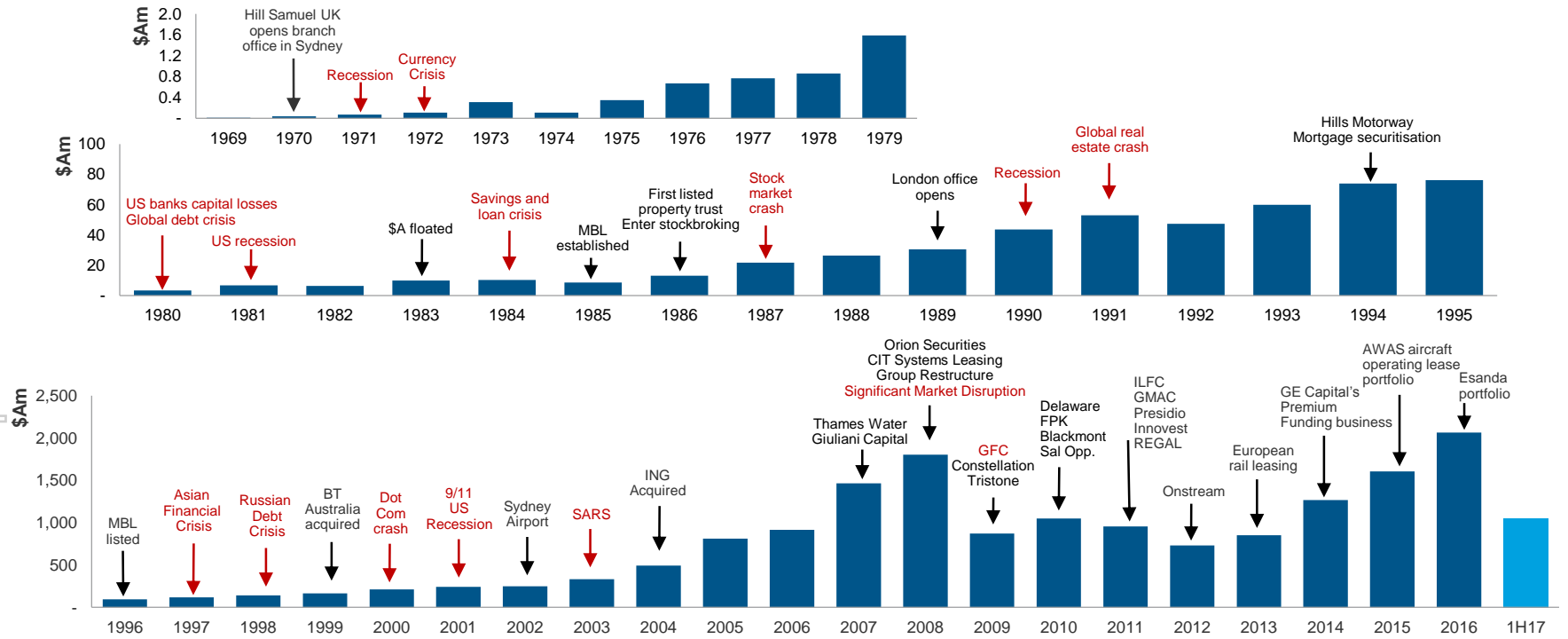
31 December 2016



1. Macquarie Group Limited's funded balance sheet. 2. Calculated at 8.5% RWA including capital conservation buffer (CCB), as per APRA Prudential Standard 110.

For personal use only

Long track record of profitability

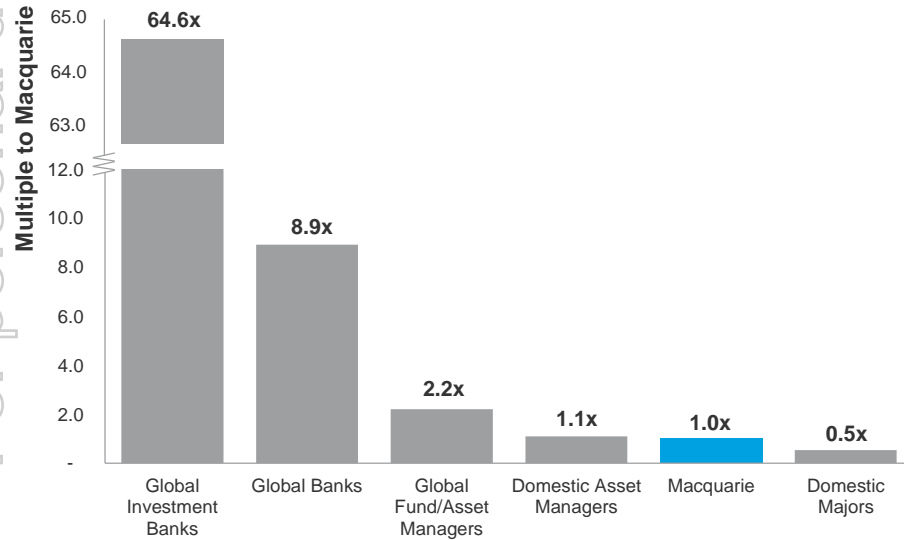




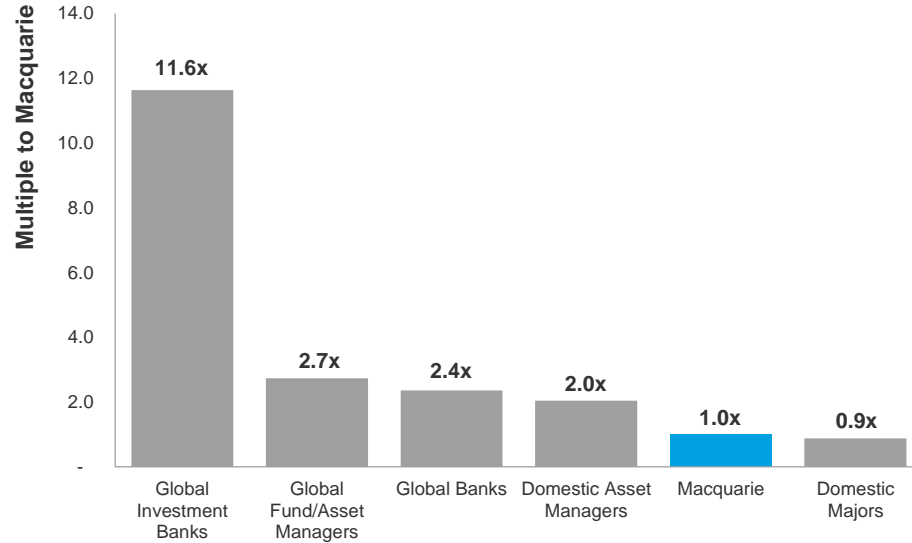
MACQUARIE

Stable earnings

5 year earnings volatility relative to Macquarie (since GFC)



10 year earnings volatility relative to Macquarie (includes GFC)



This page compares the historical earnings volatility among certain firms, and is not intended to represent that Macquarie has a comparable business model, risks or prospects to any other firm mentioned. Volatility of P&L is defined as standard deviation of P&L divided by average P&L (coefficient of variation), based on most recent annual disclosures. Source: Bloomberg.

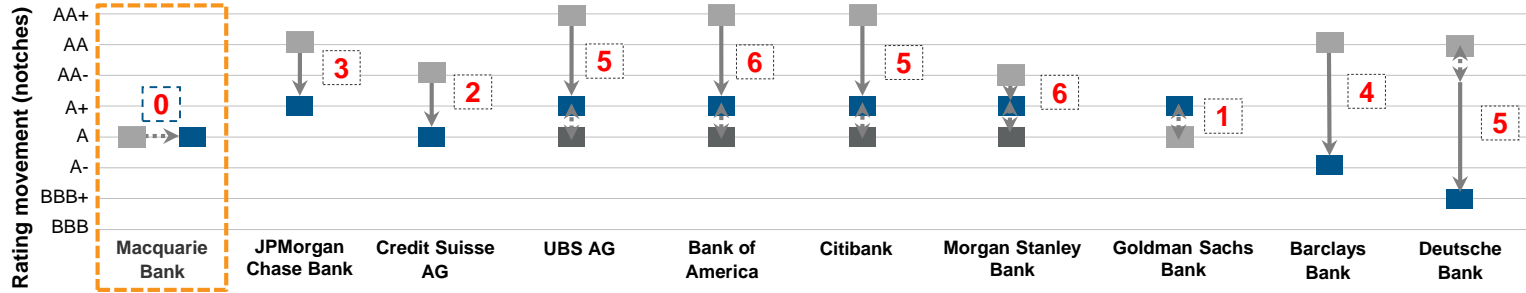
For personal use only



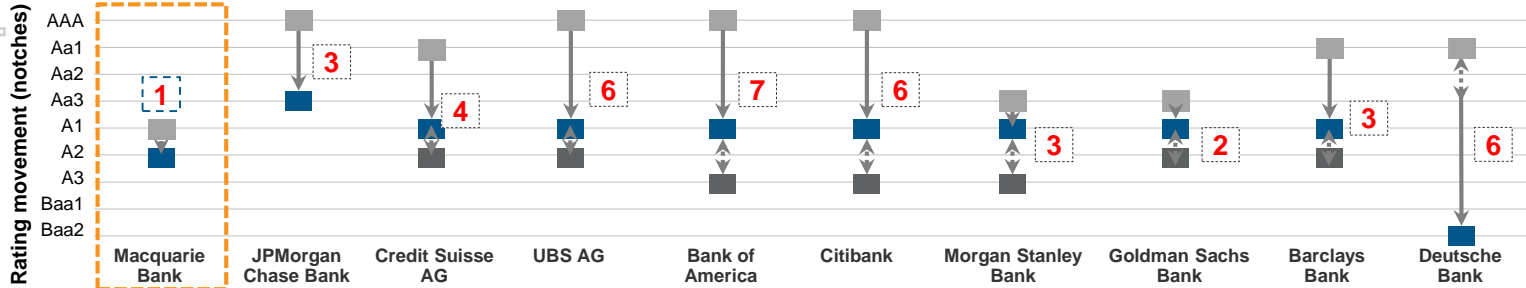
MACQUARIE

Stable credit ratings

Standard & Poor's Ratings Movements from 2007



Moody's Ratings Movements from 2007



■ 2007
 ■ 2017
 ⇄ Intra-period ratings movement
 # No. ratings movements

MBL has maintained its S&P 'A' rating for
25 YEARS

Goldman Sachs bank only rated by Standard & Poor's from 2012.

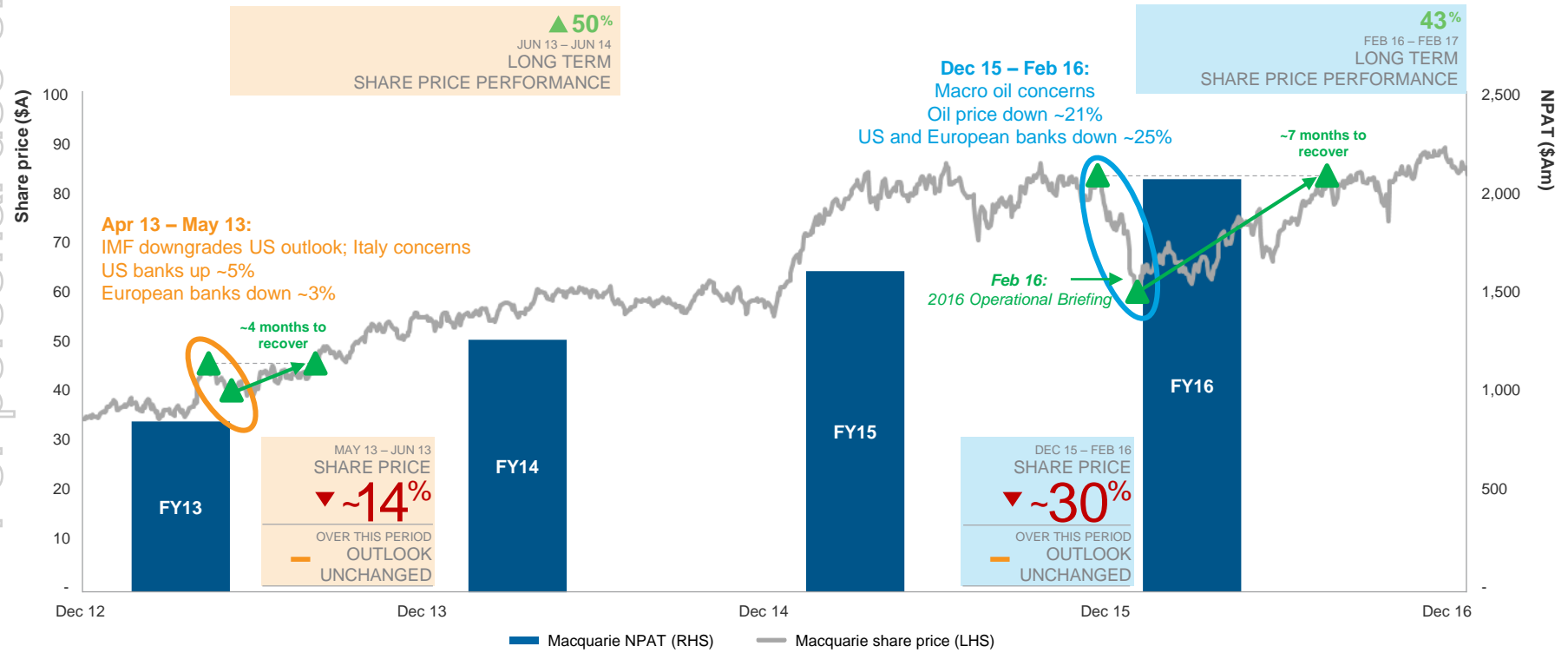
For personal use only

For personal use only

Performance in a changing global environment



MACQUARIE










Our approach to communicating with investors

What we do



How we do it

-  Consistency in approach
-  Timeliness
-  Focus on key business drivers
-  Reinforce key messages
-  Active engagement with investment community

1. Report business performance

“ What is driving the result of the businesses?

Consistency in presentation for 7 years

Macquarie Funds
Operating income of \$A1,410m, down 2% on prior year
Net profit contribution of \$A500m, down 7% on prior year

Macquarie Funds
Operating income of \$A1,385m, up 5% on prior year
Net profit contribution of \$A500m, up 3% on prior year

Macquarie Funds
FY13 Operating income of \$A1,344m, up 7% on prior year
FY13 Net profit contribution of \$A475m, up 17% on prior year

Macquarie Funds
Operating income of \$A1,528m, up 27% on prior year
Net profit contribution of \$A1,051m, up 35% on prior year

Macquarie Asset Management
Operating income of \$A2,101m, up 12% on prior year
Net profit contribution of \$A1,450m, up 3% on prior year

Macquarie Asset Management
Operating income of \$A1,544m, up 13% on prior year
Net profit contribution of \$A1,544m, up 13% on prior year

Macquarie Asset Management
Operating income of \$A1,373m, down 18% on 1H16 and up 32% on 2H16
Net profit contribution of \$A657m, down 25% on 1H16 and up 70% on 2H16

Key Metrics Summary (FY16 Mar 18):

- Operating income: \$A1,373m (-18%)
- Net profit contribution: \$A657m (-25%)
- Operating income: \$A1,544m (+13%)
- Net profit contribution: \$A1,544m (+13%)

Key Metrics Summary (FY17 Mar 18):

- Operating income: \$A1,528m (+27%)
- Net profit contribution: \$A1,051m (+35%)

Macquarie Capital Result

Macquarie Capital Result

Macquarie Capital Result

Macquarie Capital Result

Macquarie Capital Result

Macquarie Capital Result

Macquarie Capital Result

Macquarie Capital Result

Key Metrics Summary (FY16 Mar 18):

- Operating income: \$A1,373m (-18%)
- Net profit contribution: \$A657m (-25%)
- Operating income: \$A1,544m (+13%)
- Net profit contribution: \$A1,544m (+13%)

Key Metrics Summary (FY17 Mar 18):

- Operating income: \$A1,528m (+27%)
- Net profit contribution: \$A1,051m (+35%)





2. Provide detail around individual businesses

Commodities and Global Markets

“ What does this business actually do? ”

Business drivers

We provide products and services to clients exposed to commodities and financial markets

Client need

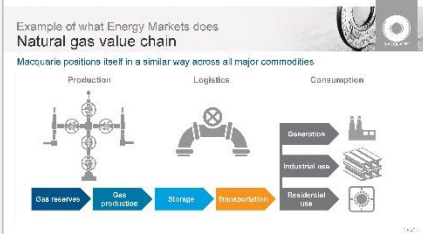
- Price risk management
- Capital
- Commodity supply/Logistics
- Access to markets

Macquarie offering

- Financial hedging
- Private finance
- Physical evacuation
- Access to market pricing

Our customers

- Corporate clients exposed to price changes in commodities, currencies and credit markets.
- Producers, processors and trading companies buying and selling commodities and freight.
- Clients not raising capital through loan facilities and tailored finance solutions.
- Developers and owners of assets seeking project finance and asset management solutions.
- Private funds, hedge funds, trading desks seeking access to markets and prices.



Enhanced disclosures

CFM's commodities income reporting has been enhanced to provide more insight

Item	2012	2014	2014
	(\$m)	(\$m)	(\$m)
Commodities	415	271	241
Risk management	47	37	1%
Lending & financing	111	116	1%
Inventory management, transport & storage	3	106	1%

Risk management products

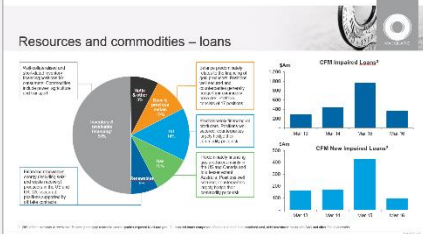
- CFM provides a range of risk management products called "CFM Commodity" by clients who are either and referred by price to utility

Lending & financing

- CFM provides a range of lending and financing products to clients in the commodities and financial markets

Inventory management, transport & storage

- CFM provides a range of inventory management, transport and storage products to clients in the commodities and financial markets



Access to management



2. Provide detail around individual businesses

Corporate and Asset Finance – Leasing



For personal use only

“ How do recent acquisitions improve shareholder returns?

Business drivers

Acquisition of aircraft portfolio from AWAS Aviation Capital Limited

- Macquarie has entered into an agreement to acquire an aircraft operating lease portfolio from AWAS Aviation Capital Limited for a purchase price of \$US4 billion

	AWAS Portfolio	CAF combined aircraft portfolio post acquisition
Value of portfolio (\$A)	5.1	9.5
Aircraft (no)	90	200
Yrs of lease terms and provisions respectively	45 / 28	94 / 48
Average fleet age (yrs)	2.0	5.2
Average remaining lease term (yrs)	6.5	5.2
Narrowbody % total portfolio	>90%	>65%

- Benefits of the acquisition
 - Growing our annuity-style business within a well known asset class
 - Building on our strong track record in aircraft leasing
 - Enhancing our aircraft leasing market position

Acquisition of Esanda dealer finance portfolio

- Macquarie has entered into an agreement to acquire the Esanda dealer finance portfolio (the Portfolio) from Australia and New Zealand Banking Group Limited (ANZ) for approx. \$A2.2 billion
- The Portfolio has net ending assets with a book value of \$A7.8 billion (net of provisions and excluding capitalised origination fees and unearned income), comprising
 - \$A4.3 billion of retail receivables, and
 - \$A3.5 billion of balance and other finance offered to the motor vehicle dealers
- The Portfolio will become part of Macquarie Leasing, the automotive and equipment financing division of Macquarie's Corporate and Asset Finance Group
- Upon completion of the acquisition, the total motor vehicle finance portfolio managed by Macquarie Leasing would increase from \$A0 billion to approx. \$A17 billion
- Benefits of the acquisition include
 - Represents a continuation of Macquarie's growth in annuity-style businesses
 - Portfolio is in a market in which Macquarie has significant expertise and has successfully integrated similar acquisitions such as the GRAC and Ford portfolios.
 - Potential to scale benefits over time through the doubling in size of Macquarie Leasing and
 - Greater penetration in the Australian motor vehicle financing market

Enhanced disclosures

**Transportation
AWAS portfolio acquisition**

In Mar 15, Macquarie signed an agreement to purchase up to 301 aircraft from AWAS for \$US4B
High quality portfolio of predominantly young, narrowbody aircraft with long contracted leases attached providing significant annuity income while reflecting reducing lease
Portfolio currently funded with a three-year external non-course debt facility and internal Macquarie funding

Geared Portfolio by Geography

Geared portfolio by type

Portfolio Segment	AWAS	Geared
Number of aircraft	81	120
Estimated portfolio value	2.8	\$1.1
Average age (years)	2.8	2.1
Average remaining lease term (yrs)	5.1	4.4
Number of airlines	35	34
Jurisdictions of origin	24	34

**Motor Vehicles
Esanda portfolio acquisition**

Step-change in dealer and retail auto finance segments

Portfolio Segment	Esanda	Geared
Number of dealers	201,000	52,000
Retail portfolio value	1.1	1.8
Dealer receivables	1.0	3.7
Unearned income	1.2	1.6
2015 revenue from Esanda	2.4	2.4

- In Oct 15, Macquarie announced the acquisition of the Esanda dealer auto finance portfolio from ANZ Banking Group
- Funded through combination of existing funding sources, new capital raising and 3rd party sources
- Macquarie became a top 3 provider of auto finance to Australian consumers and car dealers
- Retail portfolio acquisition completed 2 Nov 15
 - Increases monthly retail volume of ~\$A200m
 - Dealer facility innovations implemented in Dec 15
 - Anticipate completing onboarding process and retail portfolio migration in 1Q 17
- Staffing and systems to support enlarged customer base

Access to management



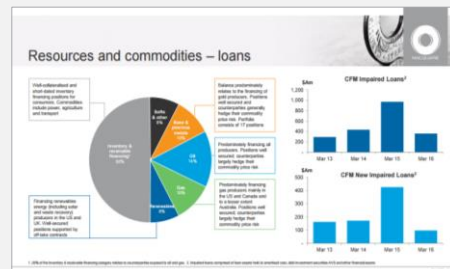


3. Anticipate emerging areas of interest

Impairments and tax

“ What is driving the increase in impairments and the effective tax rate?

Enhanced disclosures



Income tax expense
Geographic mix of income

	Australia	US	EMEA	Asia
Statutory tax rates*	30%	21% to 45%	21% to 30%	10% to 30%
Impacts on effective tax rate	<ul style="list-style-type: none"> Non-deductible expenses including: <ul style="list-style-type: none"> Interest (on capitalisation) Hybrid capital instruments Offshore Banking Ltd Tax paid in offshore countries is not creditable when Australia is in a current year loss position 	<ul style="list-style-type: none"> State and city tax rates vary Non-deductible expenses including double location in certain circumstances Tax on repatriation of interest to Australia 	<ul style="list-style-type: none"> Australia top-up tax may apply primarily for leasing activities 	<ul style="list-style-type: none"> Tax rate depends on activities and jurisdiction Australia top-up tax applies, primarily for leasing and private activities Capital market timing businesses in certain areas has jurisdiction currently in China. Leases are not deductible in certain circumstances Tax on repatriation of interest and dividends to Australia

* Tax assets are subject to regular review and, where not recoverable, have been written off. Examples include tax losses that can no longer be used or distributed tax credits

* Long term tax rate is expected to be in the mid to low 30s, subject to the loss of tax assets, nature and location of income, permanent differences and provisions for tax uncertainties

Income tax expense
Tax uncertainties

- Macquarie carries a provision for tax uncertainties
- Reviews of the tax uncertainties are conducted periodically and may be adjusted where there is a change in circumstances or disagreement with the relevant revenue authorities arising out of a risk review of audit.

Non-deductible revenue authorities

- Reviews and audits tend to be late and/or periodic
- No significant matters outstanding
- ATO has historically conducted reviews and audits some years after the relevant tax year
- Currently a small number of matters are unresolved or under review from prior years
- For more recent years the ATO has undertaken a process of real time review with any areas of potential uncertainty addressed using the change return process

Australian revenue authorities

- Macquarie has considered its position with respect to unresolved matters and other tax claims, including seeking advice, and considers that it holds appropriate provisions
- Macquarie is seeking to enter into an Advance Pricing Arrangement with various tax authorities in relation to its international income

3. Anticipate emerging areas of interest

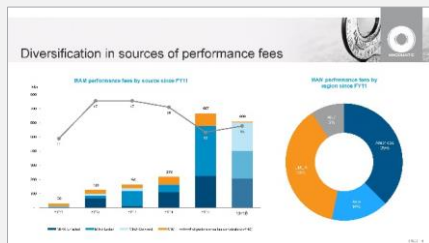
Macquarie Asset Management



For personal use only

“ How to think about performance fees going forward?

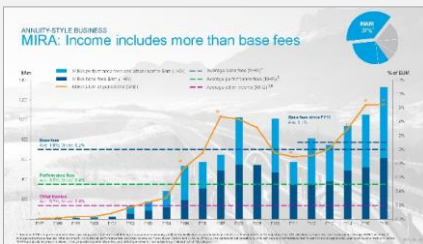
Business drivers



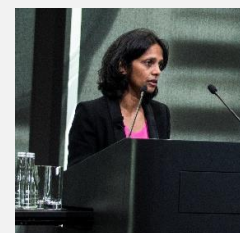
Enhanced disclosures

Recognition of performance fees from unlisted funds

- Macquarie's entitlement to receive performance fees on its unlisted funds typically occurs once investors have received repayment of their initial capital invested as well as their preferential return
- The performance fee structure is typically a percentage of the fund's return once a fund has surpassed the investors' agreed return
- For unlisted funds, Macquarie's policy is to recognise a performance fee only once the fee can be reliably measured and the risk of not receiving the fee is highly improbable. Factors that are taken into consideration when determining the quantum and timing of the performance fee recognised include:
 - The proportion of assets already realised
 - Returns on assets realised to date
 - Downside valuation on remaining assets and reliability of these estimates
 - Nature of investments and volatility of investment returns
- Accordingly, the quantum and timing of performance fees recognised in the income statement require significant judgement and will vary depending on the specific factors relevant for each fund
- As performance fees are recognised, Macquarie will update the market to the extent that they will impact any guidance previously provided



Access to management

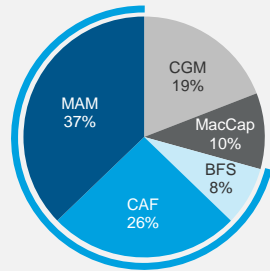


For personal use only

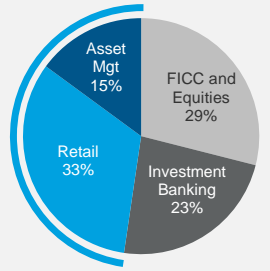
4. Provide context at the Group level



Business mix



Annuity-style income **>70%**¹ of Macquarie's net profit contribution



Annuity-style income **48%** of global investment banks

Consistency

Every presentation starts with this slide

About Macquarie
Building for the long term

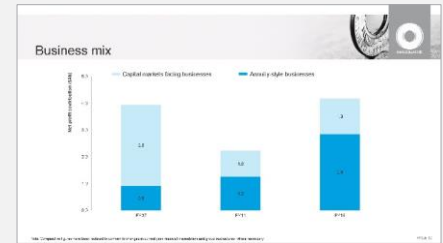
- Investment Asset Management**
 - Top 10 global asset manager with \$4007 bn of assets under management
 - Proven track record across 16 major regions, equities and private, including infrastructure and real asset management, derivatives, essential management and tailored investment solutions over bonds and real estate
- Corporate and Asset Finance**
 - Global provider of capital markets and asset management solutions, with a \$407 bn asset and loan portfolio
 - Global capability in corporate and real estate debt financing, including
 - Optimised asset finance including asset sale, working capital, structured, mezzanine, leveraged, energy, rail and mining equipment
- Shipping and Precious Metals**
 - Specialised in the shipping and precious metals markets
 - Provides a diverse range of financial services, wealth management and business financing products and services to retail clients, corporates, financial and business clients
- Commodities and Power Utilities**
 - Integrated, on-site and off-site energy global markets including equities, fixed income, hedge and exchange and commodities
 - Provides on-site energy, commodity, hedging, financial and physical solutions
 - Commodity solutions covering more than 20 market segments, with full end-to-end product
 - Commodity solutions in commodities operations, LNG, oil & gas, steel, iron-ore, energy, iron, sugar and freight
- Commodities and Precious Metals**
 - Shareholder focused services with strong Asia Pacific, transaction covering sales, research, ECR, acquisition and financing, and hedging advice
- Macquarie Capital**
 - Global corporate finance capability, including M&A, debt and equity underwritten, and general investments
 - Key capabilities include: private equity, financial assistance, structured, distressed, advisory and financing, asset class, structured pricing, real estate, and M&A

Every presentation ends with this slide

Medium-term

- Asset**
 - Annuity-style business that is diversified across regions, products, asset classes and investor types
 - Diversification of capabilities allows for the business to be well placed to grow assets under management in different market conditions
 - Well positioned for organic growth with resilient, performing products and an efficient operating platform
- CAF**
 - Leverage deep industry expertise to maximize growth potential in loan and lease portfolio
 - Advantage for the Asset Solutions group across all global markets
 - Parting in the Asset Solutions group
- BFS**
 - Strong growth opportunities through intermediaries distribution, while leveraging, platform and client service
 - Opportunities to increase financial services engagement with existing business banking clients and extend into adjacent segments
- CGM**
 - Blockchain technology to improve client experience and support growth
 - Opportunities to grow commodities business, both geographic and through acquisition
 - Development of institutional coverage for specialised credit, rates and foreign exchange products
 - Increase financing activities
 - Growing the client base across all regions
 - Well positioned for a recovery in equity market activity levels through both improved market conditions combined with existing strong research platform and strong market position in Asia
 - Can expect to benefit from any improvement in M&A and ECR market activity
 - Continues to align the business offering to current opportunities and market conditions in each region

Enhanced disclosures



Factors impacting short-term outlook
FY17 combined net profit contribution¹ from operating groups expected to be broadly in line with FY16

Business Unit	Percentage
MAM	37%
CGM	19%
MacCap	10%
CAF	26%
BFS	8%

- Commodities and Client Services**
 - FY16 decline, FY17 down \$22m vs FY16
 - Strong quarter for and FY18 likely to improve
 - Fixed income and P&Ls
 - Asset finance and P&Ls
 - Asset finance and P&Ls
 - Asset finance and P&Ls
- Investment Banking**
 - FY16 decline, FY17 down \$12m vs FY16
 - Strong quarter for and FY18 likely to improve
 - Fixed income and P&Ls
 - Asset finance and P&Ls
 - Asset finance and P&Ls
- Asset Management**
 - FY16 decline, FY17 up \$32m vs FY16
 - Strong quarter for and FY18 likely to improve
 - Fixed income and P&Ls
 - Asset finance and P&Ls
 - Asset finance and P&Ls

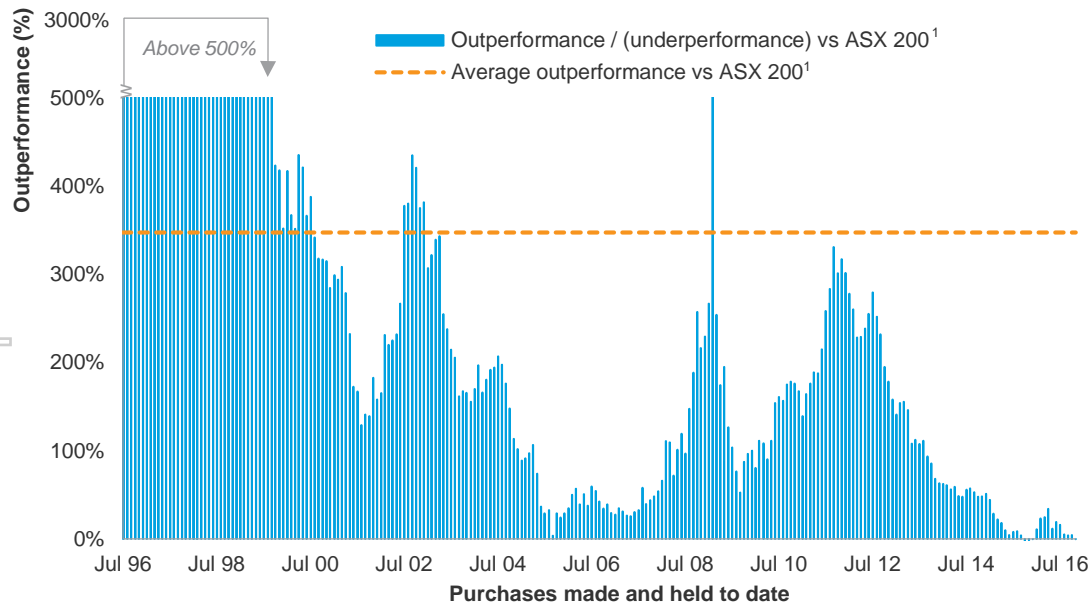
1. Based on FY16 net profit contribution from operating groups. Data restated to reflect current business splits.

4. Provide context at the Group level

Strong shareholder returns



For purchases made at any point in time and held to date, Macquarie has consistently outperformed the ASX 200, Diversified Financials and MSCI World Capital Markets Index



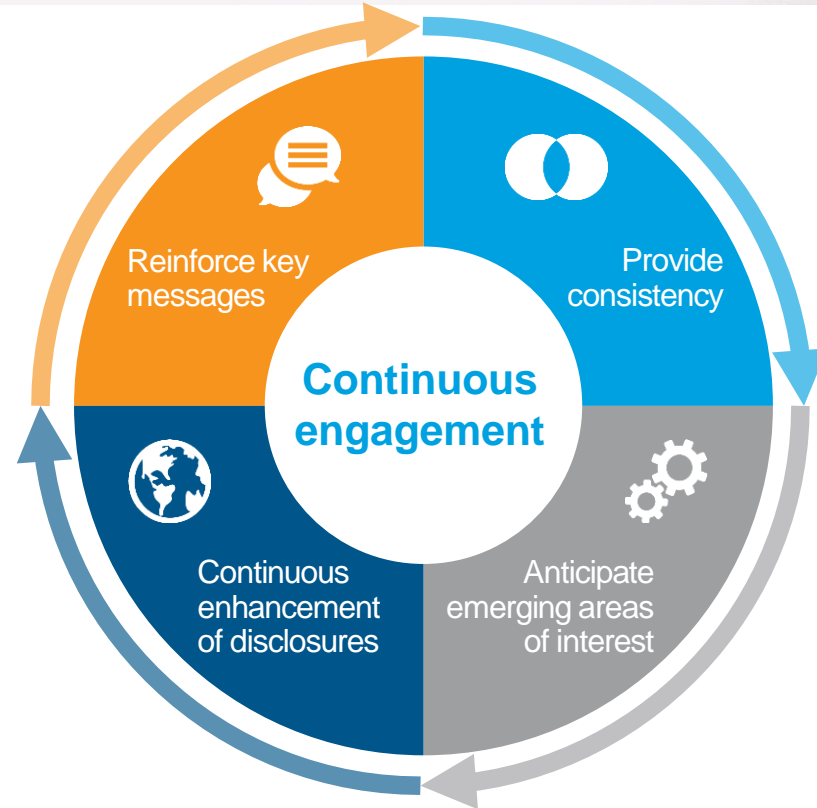
	Outperformance vs ASX 200 ¹	Outperformance vs ASX 200 Diversified Financials ¹	Outperformance vs MSCI World Capital Markets Index ¹
Since listing	2,737%	n/a ²	n/a ²
10 years	29%	45%	123%
5 years	302%	148%	293%
3 years	63%	30%	84%

For personal use only

Communication is continuous



MACQUARIE





04

Banking and Financial Services
Greg Ward, Group Head



MACQUARIE

Banking and Financial Services

Superior services for banking, wealth and business clients, delivered through a leading digital experience and strong intermediary relationships



Personal Banking

- Full retail banking product suite with **mortgages, credit cards, transaction and savings accounts**
- Serves clients through direct Macquarie offerings, a white label personal banking platform and strong **intermediary relationships**
- A leading digital banking experience



1.1 million
AUSTRALIAN
CLIENTS



Wealth Management

- Wide range of **wrap platform and cash management services, investment and superannuation products, financial advice, private banking and stockbroking**
- Delivers products and services through institutional relationships, adviser networks, and dedicated direct relationships with clients
- **Trusted partner to major institutions and boutiques**



Business Banking

- Full range of **deposit, lending and payment solutions**
- Tailored services for a wide range of business clients ranging from sole practitioners to corporate professional firms, delivered by dedicated relationship managers
- **Deep industry expertise and strong understanding of our target segments**

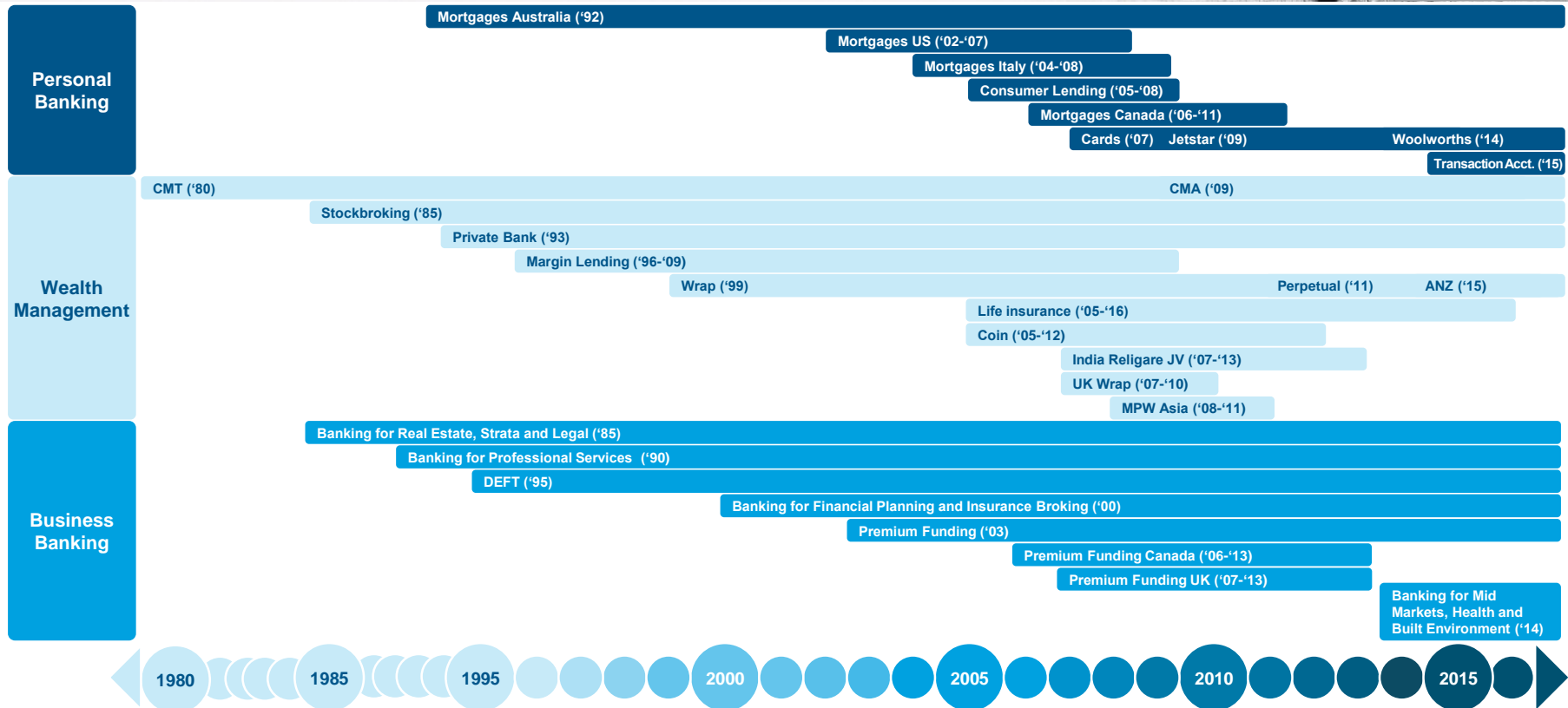
Our history in retail financial services

BFS has evolved to focus on serving the Australian market with leading digital solutions



MACQUARIE

For personal use only

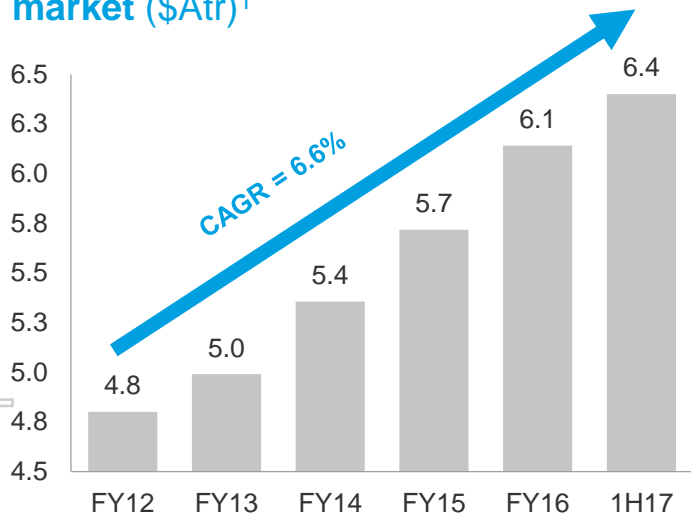


A significant market opportunity in Australia

With a growing digital market

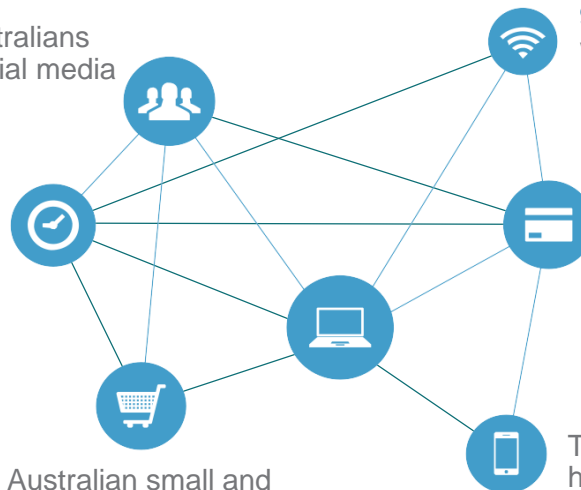


Growing Australian financial services market (\$Atr)¹



A highly connected digital economy

2 in 3 Australians are on social media



90% of Australians will be online in 2017

Most Australians spend **1 day** online per week

84% of Australian small and medium businesses are online

The average Australian household will have **24 devices** by 2019

¹ Market defined as comprising mortgages, business loans, personal loans, credit cards, life insurance premiums, household and business deposits, funds on platform, superannuation, non-super investments and equities. Source: APRA Monthly Banking Statistics, RBA statistics, Strategic Insights, Analyst reports.

An evolving financial services industry

Innovation and digitisation are driving rapid change in financial services



For personal use only



Powering the
connected world

Seamless integration of financial services in daily life as devices, cloud adoption, 'internet of things' and open data contribute to a more connected world



Highly
personalised
experiences

Consumers and businesses expect highly personalised and data driven experiences, products, services and pricing



Embracing
innovation in
technology

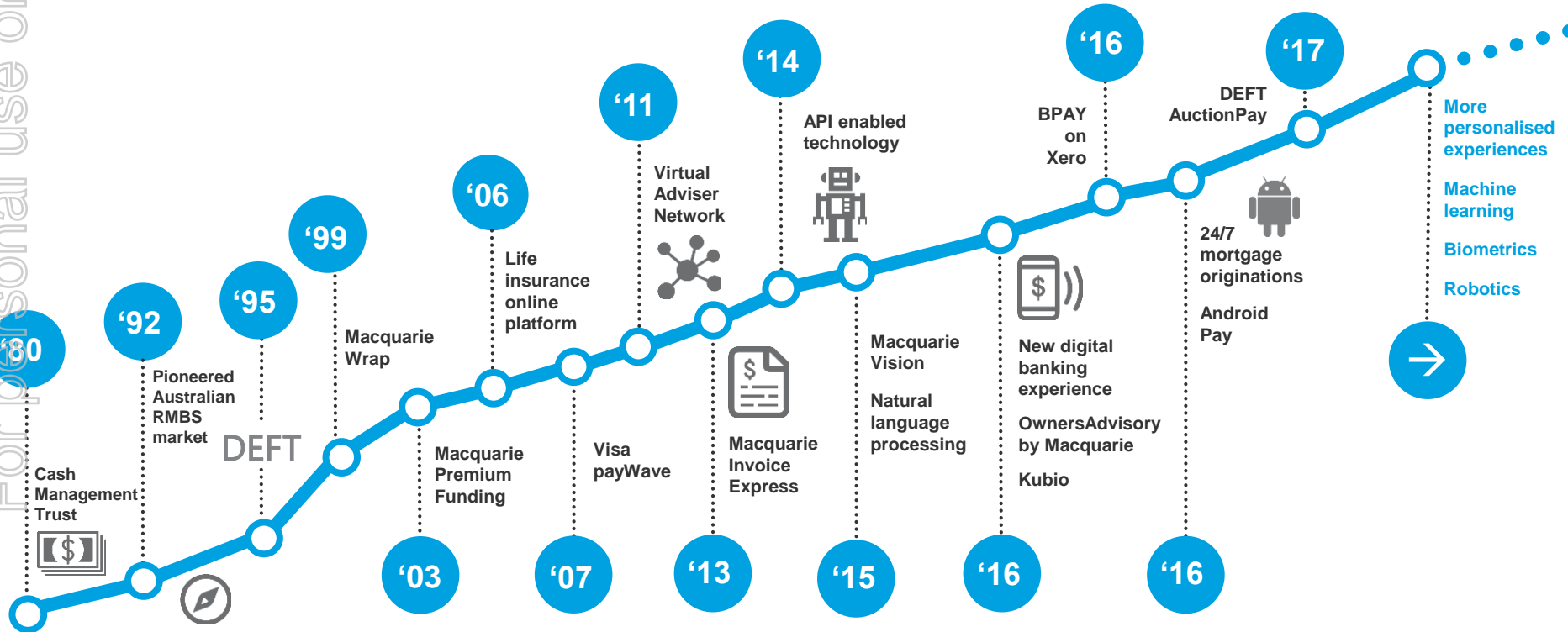
Technology led innovation and advances in artificial intelligence, biometrics, natural language processing, robotics and quantum computing are transforming the way financial services are delivered

Macquarie has a long history of innovation in retail financial services

BFS has a strong track record of successfully adapting to changing market opportunities



For personal use only



- More personalised experiences
- Machine learning
- Biometrics
- Robotics



We are delivering through our key priorities

Well placed to capitalise with a technology led business



MACQUARIE

1



Partnerships

To extend reach



Strong growth opportunities through **new and existing relationships**, intermediary distribution and white labelling

2



Platforms

To support growth



Modernising technology to improve the client experience and support the growth and scalability of our operating model

3



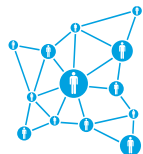
Digital

Client focus



Delivering a **world class digital experience** that will enable us to do business with many more clients in the future

4



People

And right capabilities



High calibre teams and an agile way of working are yielding strategic, efficiency and collaboration benefits. Supported by a deeply experienced executive team with an **average 20 year tenure**

Strategic focus is driving results

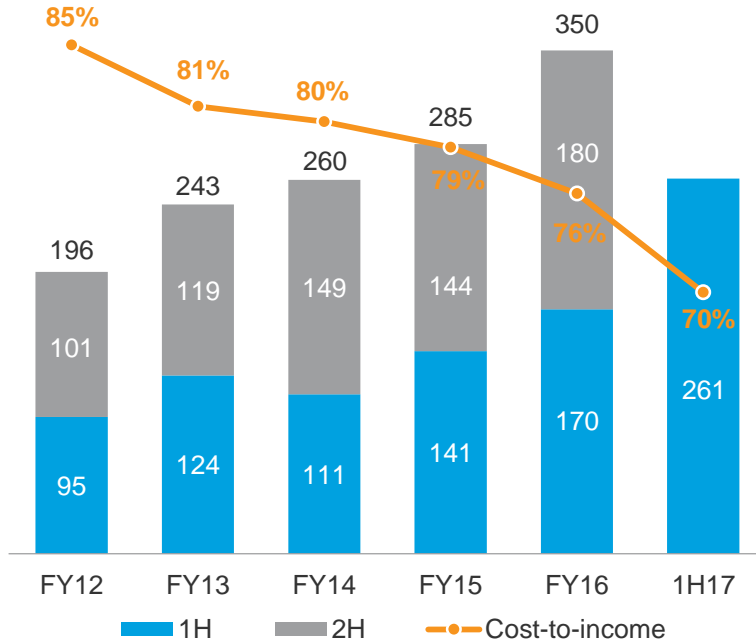
While we continue to invest in platforms for the future



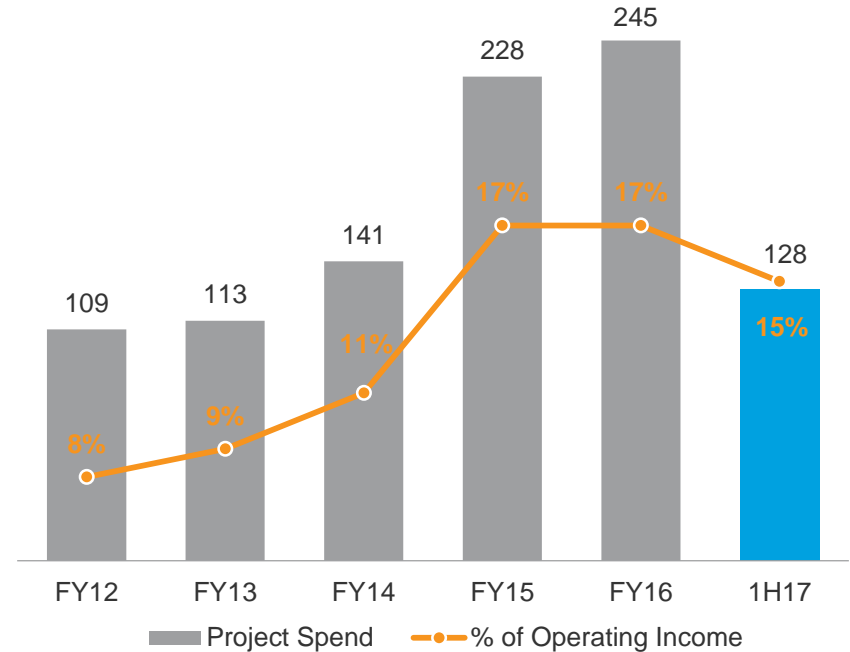
MACQUARIE

For personal use only

Net profit contribution¹ (\$Am)



Project spend (\$Am)



1. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

Personal Banking



Personal Banking

- Full retail banking product suite with **mortgages, credit cards, transaction and savings accounts**
- Serves clients through direct Macquarie offerings, a white label personal banking platform and strong **intermediary relationships**
- **A leading digital banking experience**



1.1 million
AUSTRALIAN
CLIENTS



Wealth Management

- Wide range of **wrap platform and cash management services, investment and superannuation products, financial advice, private banking and stockbroking**
- Delivers products and services through institutional relationships, adviser networks, and dedicated direct relationships with clients
- **Trusted partner to major institutions and boutiques**



Business Banking

- Full range of **deposit, lending and payment solutions**
- Tailored services for a wide range of business clients ranging from sole practitioners to corporate professional firms, delivered by dedicated relationship managers
- **Deep industry expertise and strong understanding of our target segments**

Personal Banking

Strong mortgage intermediary and white label partnerships



Partnerships

- ✓ Strong mortgage intermediary relationships and white label partnerships with some of Australia's leading brands



Platforms

- ✓ First Australian bank with mortgages and retail deposits on a real time banking platform
- ✓ Open API architecture allows us to offer the experience through mortgage intermediary and white label partners



Digital

- ✓ World class digital banking experience for new and existing clients
- ✓ Mortgages and deposit offerings complemented by new transaction and savings accounts



People

New talent hired from the external market including technologists, data scientists and developers to ensure we are building the digital banking capabilities of the future

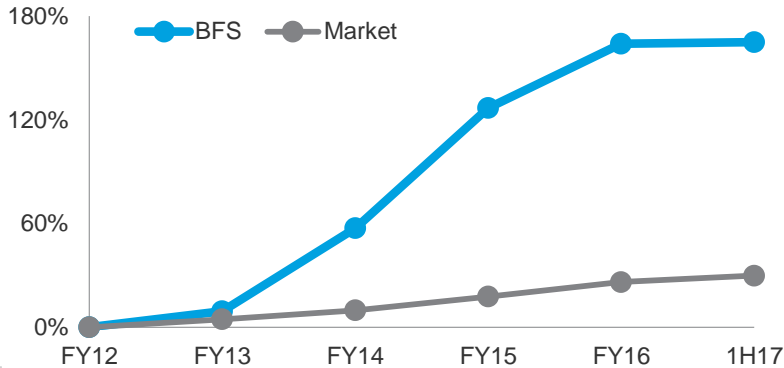
Personal Banking

Rebuilding our mortgage portfolio

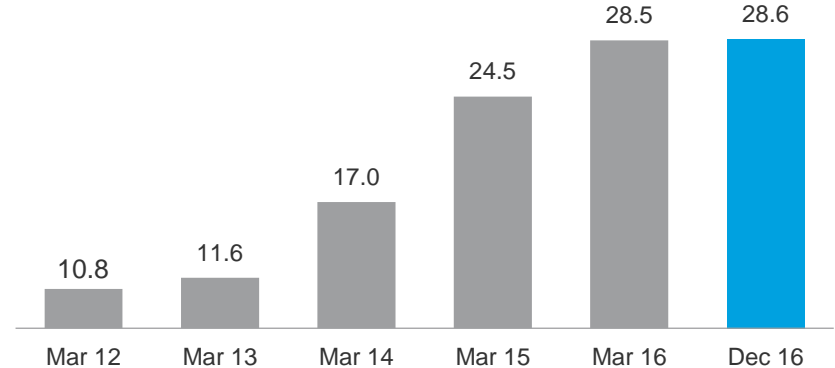


For personal use only

Australian mortgages growth vs market¹ (cumulative %)



Australian mortgages (\$Ab)



Since 1993

\$A91.9b
with 330,000+ mortgages settled



Partner of the Year² (2014, 2015)
Home Loans Partner of the Year
(2014, 2015, 2016)
Innovation Award (2016)



Digital Innovation Award⁴
Red Hat Innovation Awards
APAC 2016



Lender of the Year³
Tier 2, 2013, 2014, 2015, 2016



Lender of the Year⁵
Tier 2, NSW & ACT 2016

1. Source: RBA data. 2. iSelect Partner Awards 2014, 2015, 2016. 3. Mortgage Choice Lender of the Year Awards 2013, 2014, 2015 and 2016. 4. Red Hat APAC Innovation Awards 2016. 5. AFG Lender of the Year Awards 2016.

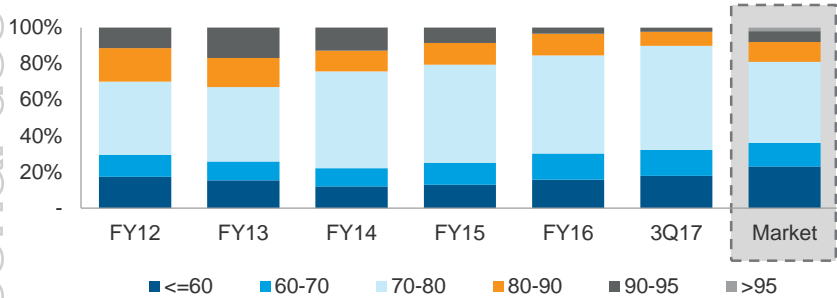
Personal Banking

Prudent approach to credit quality in our mortgage originations

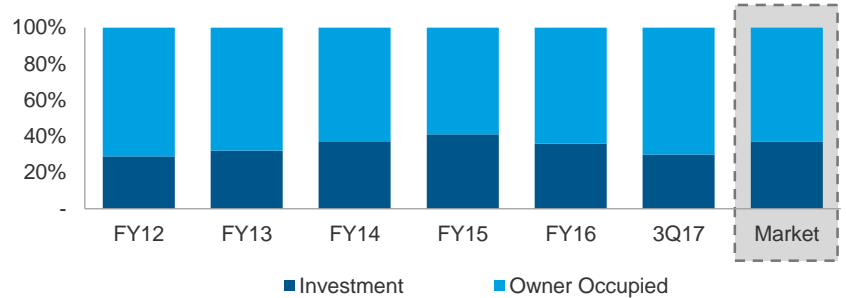


For personal use only

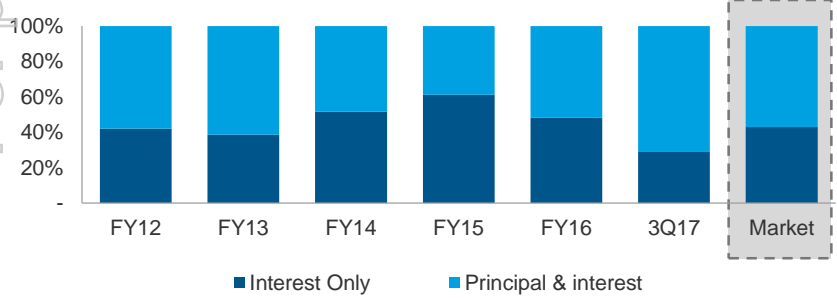
Loan to value ratio (%)



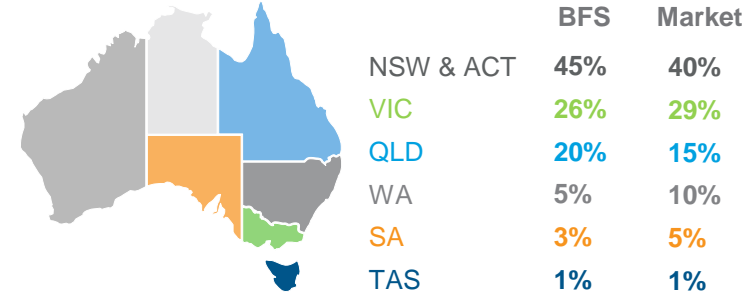
Owner occupier versus investor loans (%)



Repayment split



Geographical split



Source: Comparator Quarterly Market Data, as at quarter ending Sep 16. Data based on origination value.

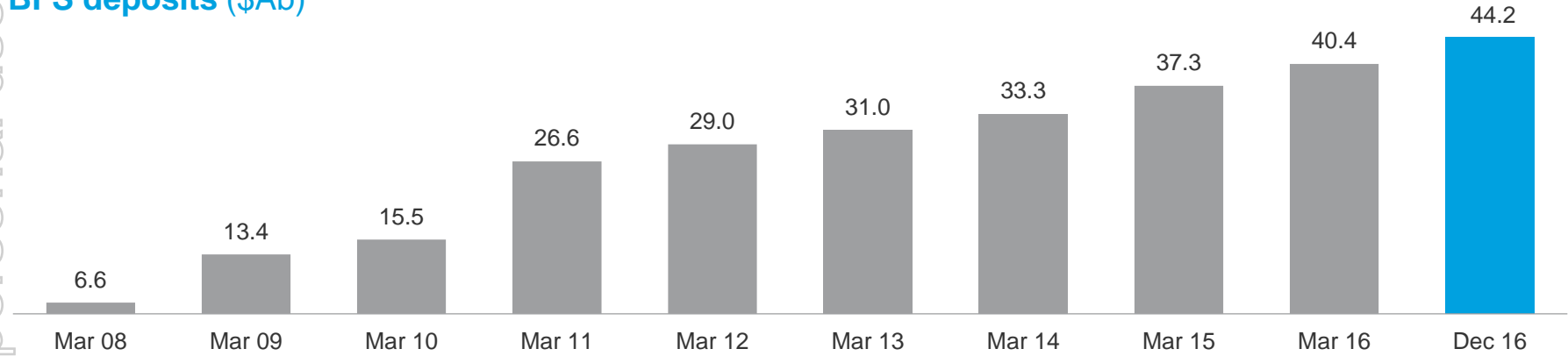
BFS Deposits

Strong history of growth in deposits



MACQUARIE

BFS deposits (\$Ab)



\$A44.2b

in deposits, with the CMA used by 1 in 4 SMSFs



5 Star Canstar Award¹
Outstanding Value for Transaction Account 2016



5 Star Canstar Award²
Outstanding Value for Platinum Transaction Account in Travel Debit 2016



Winner Term Deposit Provider³
SMSF Adviser Awards 2014 & 2016



Cash and Term Deposits Winner⁴
CoreData SMSF Service Provider Awards 2014, 2015 & 2016

Macquarie's new digital banking experience



MACQUARIE



For personal use only

Wealth Management



Personal Banking

- Full retail banking product suite with **mortgages, credit cards, transaction and savings accounts**
- Serves clients through direct Macquarie offerings, a white label personal banking platform and strong **intermediary relationships**
- A leading digital banking experience



1.1 million
AUSTRALIAN
CLIENTS



Wealth Management

- Wide range of **wrap platform and cash management services, investment and superannuation products, financial advice, private banking and stockbroking**
- Delivers products and services through institutional relationships, adviser networks, and dedicated direct relationships with clients
- **Trusted partner to major institutions and boutiques**



Business Banking

- Full range of **deposit, lending and payment solutions**
- Tailored services for a wide range of business clients ranging from sole practitioners to corporate professional firms, delivered by dedicated relationship managers
- **Deep industry expertise and strong understanding of our target segments**

Wealth Management

Innovative and trusted partner of choice for platform administration



For personal use only

Partnerships

- ✓ 22 institutional, white and private label partnerships
- ✓ Significant longstanding partnerships with boutique advisers
- ✓ Sold Macquarie Life to and entered distribution agreement with Zurich

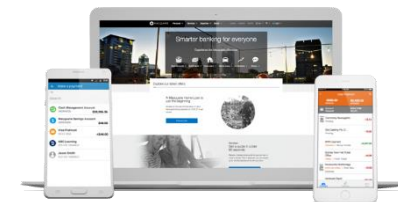


Platforms

- ✓ Leading Macquarie Wrap platform
- ✓ Uniquely positioned to support both boutique and institutional ends of the wealth spectrum
- ✓ Partner of choice for platform administration arrangements
- ✓ Macquarie Vision launched for trading and investment clients

Digital

- ✓ Continuous innovation in digital tools and online experience for advisers and end clients



People

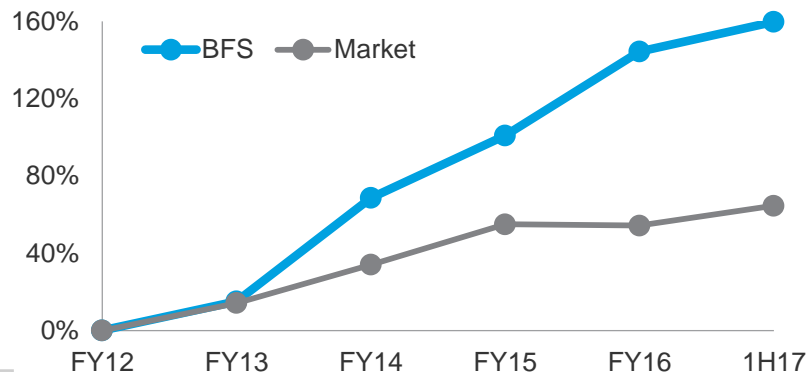
Experienced and stable senior management team with **13 year average staff tenure** leading our platforms business and significant relationships with institutional partnerships

Wealth Management

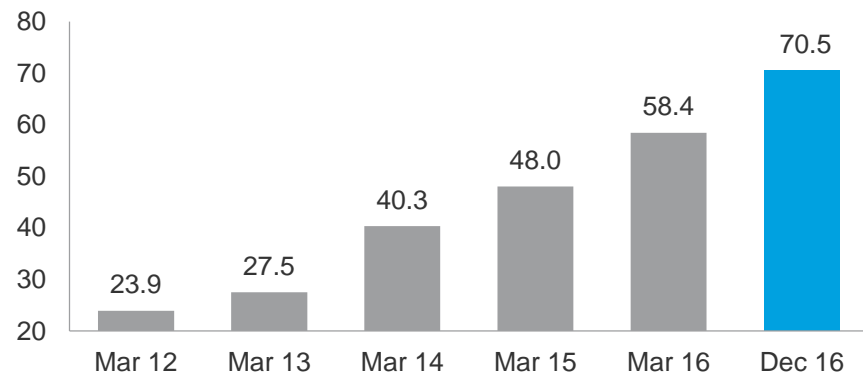
Strong funds on platform growth



Funds on platform growth vs market¹ (cumulative %)



Funds on platform (\$Ab)



\$A70.5b

funds on platform



2nd largest Wrap platform in Australia²



Used by almost **7,000 advisers**



Over 1 million online **investment transactions** per year³



1st in the Wealth Insights Platform Service Level Report 2015⁴

Business Banking



MACQUARIE



Personal Banking

- Full retail banking product suite with **mortgages, credit cards, transaction and savings accounts**
- Serves clients through direct Macquarie offerings, a white label personal banking platform and strong **intermediary relationships**
- A **leading digital banking experience**



1.1 million
AUSTRALIAN
CLIENTS



Wealth Management

- Wide range of **wrap platform and cash management services, investment and superannuation products, financial advice, private banking and stockbroking**
- Delivers products and services through institutional relationships, adviser networks, and dedicated direct relationships with clients
- **Trusted partner to major institutions and boutiques**



Business Banking

- Full range of **deposit, lending and payment solutions**
- Tailored services for a wide range of business clients ranging from sole practitioners to corporate professional firms, delivered by dedicated relationship managers
- **Deep industry expertise and strong understanding of our target segments**

Business Banking

Tailored and sophisticated solutions for business banking target segments



MACQUARIE

Partnerships

- ✓ Forming innovative partnerships to enhance the client experience
- ✓ DEFT delivering BPAY payments through the Xero platform



Platforms

- ✓ Delivering efficiencies and simplifying workflows through integrations with leading business management systems



Digital

- ✓ Launched Kubio, a cloud based CRM and loan origination software platform for commercial brokers
- ✓ Launched DEFT AuctionPay to replace the need for cheques at auction



People

More than half of Business Banking directors have over ten years' experience with Macquarie, delivering strong continuity and deep industry experience for business clients

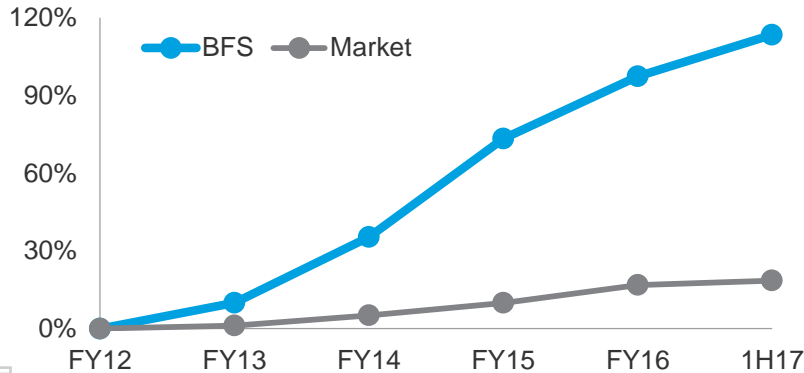
For personal use only

Business Banking

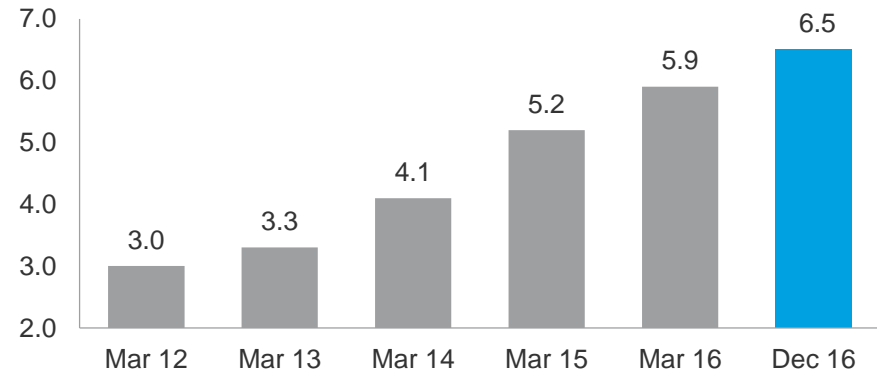
Growing faster than the market through our targeted segments



Business lending growth vs market¹ (cumulative %)



Business lending (\$Ab)



\$A6.5b

loans to SME and mid market segment



SME clients up 5%²



Client retention rate of 92%³



Best Non-Major Business Bank⁴
AB+F Awards 2014, 2015 & 2016

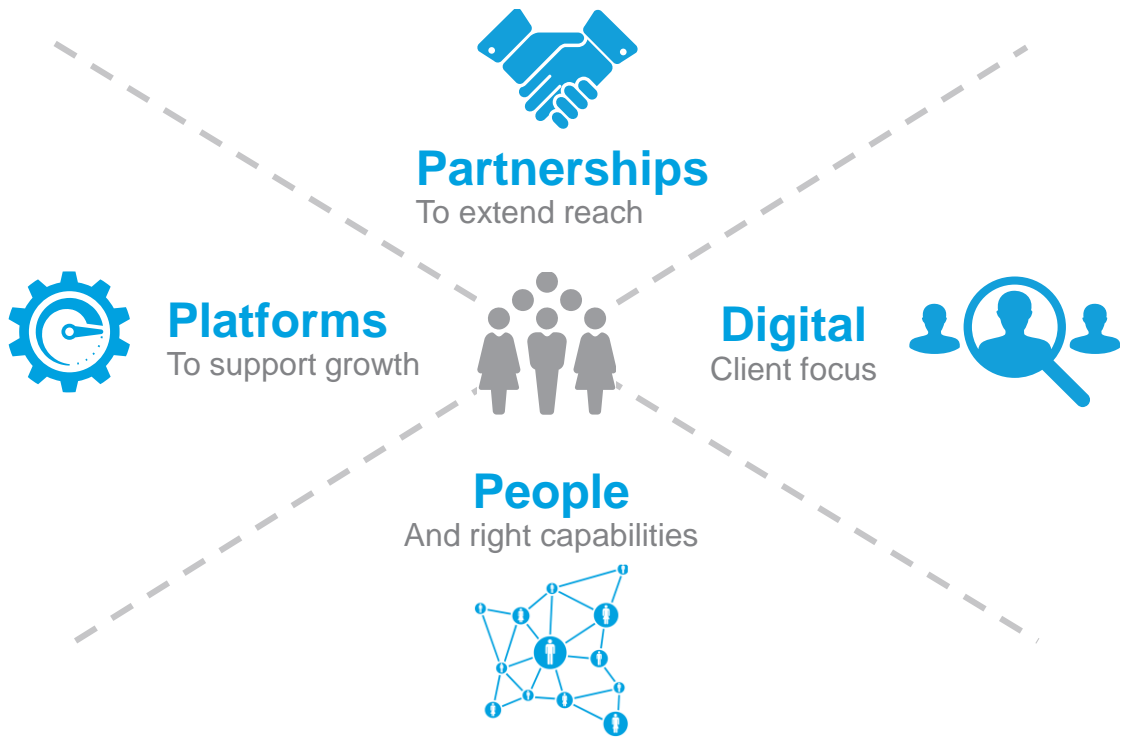
Most Innovative Business Bank Product or Service⁵
AB+F Awards 2016

Well positioned for the future

Driving results through our four key priorities, centred around our clients



For personal use only



For personal use only



05

Macquarie Capital
Tim Bishop, Group Head

Overview of Macquarie Capital



M&A Advisory

- Merger, acquisition, divestiture and takeover advice
- Corporate, project, leveraged and asset finance advice
- Restructuring advice
- Ratings advisory

ECM

- Equity underwriting
- Private equity markets
- Structuring and arranging equity and hybrid capital



Principal Investments

- Deploy balance sheet to support clients
- Focus on areas where we have deep expertise

DCM

- Loan and bond underwriting
- Private debt markets
- Structuring and arranging debt

Clients are at the core of our business

We tailor our offering in each region to play to our strengths



For personal use only

	ANZ	EMEA	Americas	Asia
Infrastructure	●	●	●	●
Real Estate	●	●	●	●
TMET	●	●	●	●
Resources	●	●	●	●
Industrials	●	● Focus on Germany	●	●
FIG	●	●	●	●

● } > **75%**
of revenue¹

● Strong focus ● Targeted focus



Focus on areas where we have **deep expertise**



Combine advice with **access to capital**



Foster an **entrepreneurial culture**

HOW WE DO IT

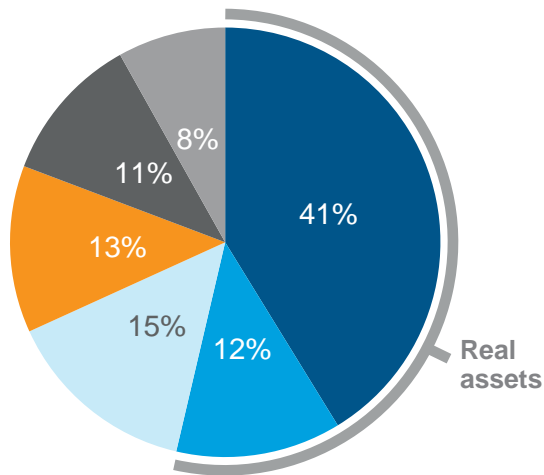
1. Average for FY14, FY15 and FY16. Revenue is fee income, and principal income (including income from DCM positions) net of funding costs and NCI.

We are globally diversified with a core strength in real assets

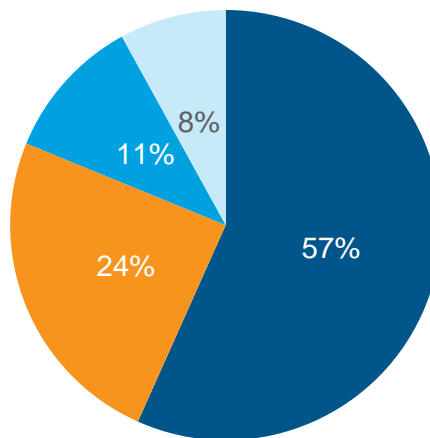


For personal use only

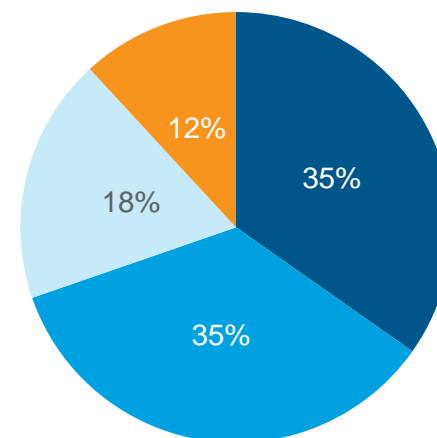
Revenue by sector¹



Revenue by product¹



Revenue by region¹



- Infrastructure
- TMET
- Industrials

- Real Estate
- Resources
- FIG

- M&A Advisory
- ECM

- Principal Investments
- DCM

- ANZ
- EMEA
- Americas
- Asia

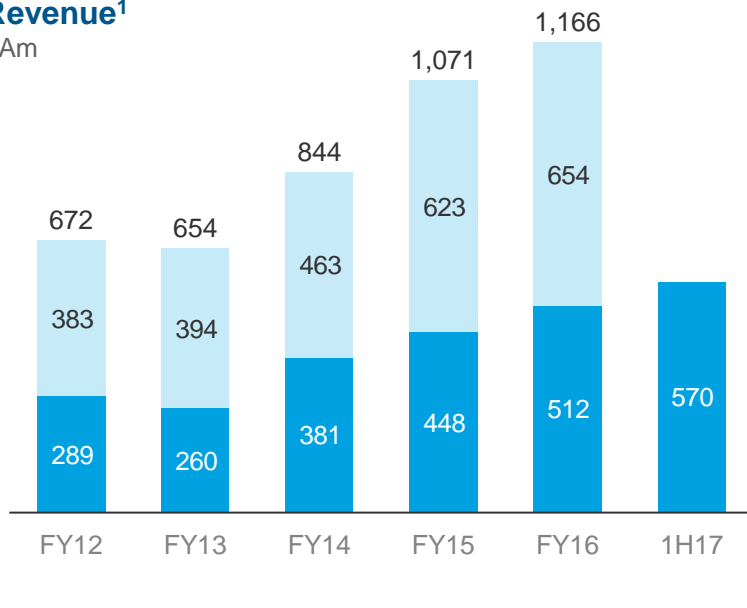
1. Average for FY14, FY15 and FY16. Revenue is fee income, and principal income (including income from DCM positions) net of funding costs and NCI. Revenue by product for ECM and DCM relates to fee revenue only.

Over the last five years our revenue and profit contribution has grown

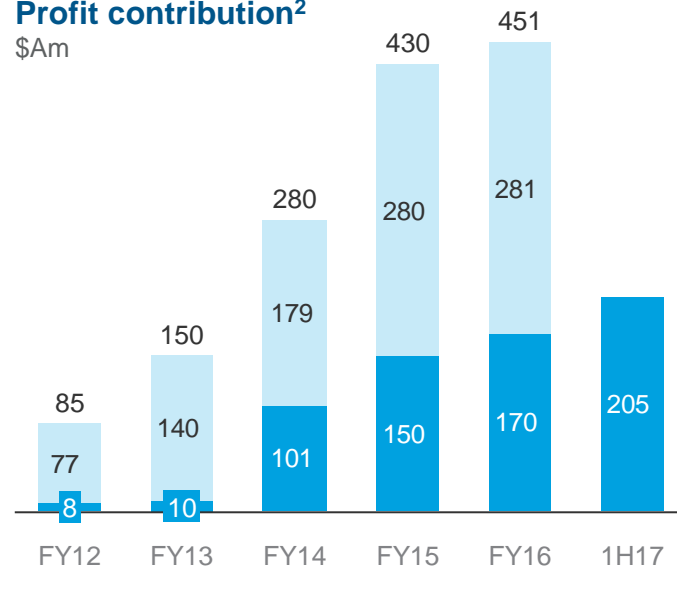


For personal use only

Revenue¹
\$Am



Profit contribution²
\$Am

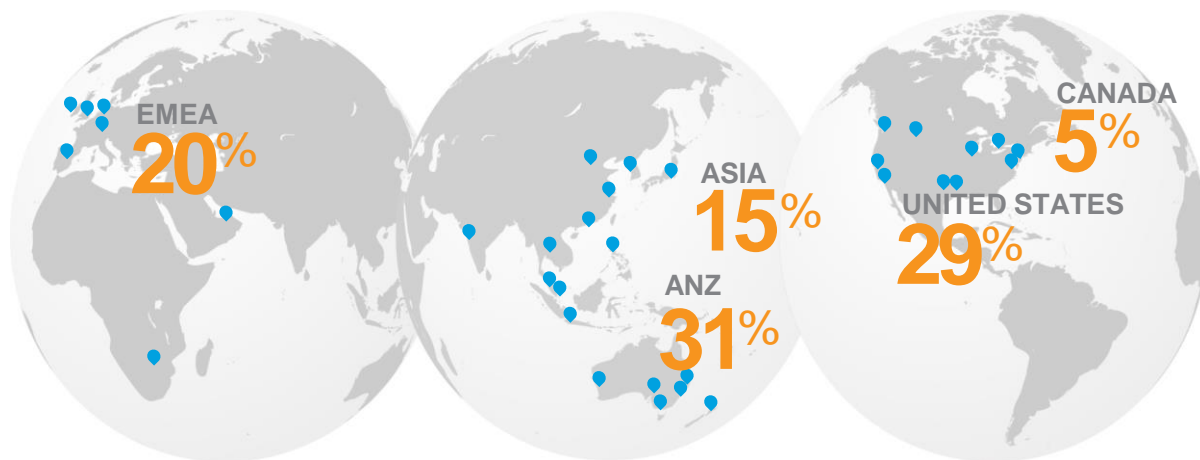


1. Revenue is fee income, and principal income (including income from DCM positions) net of funding costs and NCI. 2. Net profit contribution is management accounting profit before unallocated corporate costs, profit share and income tax.

We operate globally
with ~1,100 staff serving our clients in key locations



MACQUARIE



~1,100
total staff

800+
transaction executives

WORLDWIDE

What makes us unique



Strong expertise achieved through **deep** and **stable** leadership team – average tenure of **13 years** for our **Executive Directors**



Market leading position in Australia & New Zealand across M&A Advisory and IPOs¹



Number one globally in Infrastructure², with brand, history, deep M&A Advisory expertise coupled with operational, technical and Principal expertise



A world leader in global real estate **Private Capital Markets**³



Track record in partnering with technology entrepreneurs



Ability to **invest alongside** our clients by deploying our balance sheet flexibly

1. Dealogic, by deal value (announced), CY07-CY16. 2. Infradeals, by deal value (M&A Advisory, announced), CY16. 3. Preqin.



Infrastructure

41% of global revenue¹



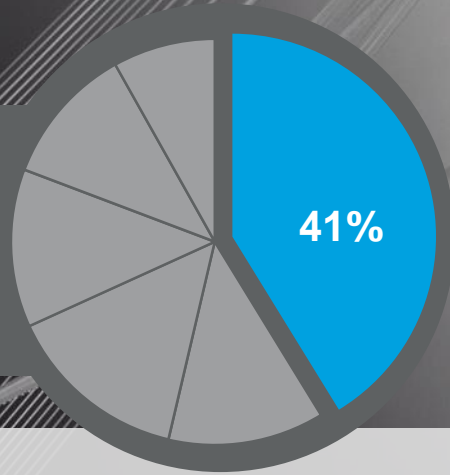
M&A Advisory



Asset creation



Green energy asset creation



Why we are successful



250+ transaction staff globally specialising in infrastructure M&A Advisory and Principal investing



In-house **operational and technical expertise**



Relationships with **infrastructure focused external capital** providers



Established track record, long history and global brand in infrastructure

1. Revenue relates to the average for FY14, FY15 and FY16.

For personal use only

Grow our leading global infrastructure M&A Advisory business



Continue to focus and maximise opportunities for clients in our key markets through our deep infrastructure M&A Advisory capabilities and expertise

No.1 adviser for infrastructure globally¹

Selected transactions



nationalgrid



SELECTED HIGHLIGHTS



Airports Deal of the Year²



American Deal of the Year³



Financial Sponsor of the Year

The Banker

Most innovative investment bank for Infrastructure and Project Finance⁴

1. Infradeal, CY16, by deal value, (M&A Advisory, announced). 2. Budapest Airport 2014. 3. Freeport LNG 2014. 4. CY14.

Leverage our M&A Advisory expertise into infrastructure asset creation and platforms



MACQUARIE

For personal use only



Leverage our deep infrastructure M&A Advisory, project finance, PPPs expertise to create infrastructure assets and platforms

Selected highlights



D4R7



SELECTED HIGHLIGHTS

Infrastructure Partnerships Australia Advisory Excellence Award¹



Infrastructure deal of the Year²

Partnerships Awards

Best Road Project³

1. For Northern Beaches Hospital PPP. 2. For LRT1 Cavite 2016. 3. For the Mersey Gateway PPP 2015.

Lead the market in creating green energy assets



MACQUARIE



Utilise our deep infrastructure M&A Advisory, Principal investment, technical and operational expertise, coupled with our balance sheet to create green energy assets

Selected transactions



SELECTED HIGHLIGHTS



Power Deal of the Year²

The Banker
Infrastructure and Project Finance winner³

1. For Galoper Wind Farm 2015. 2. For MGT Power 2016. 3. Deals of the Year for Baltic 2 2016.

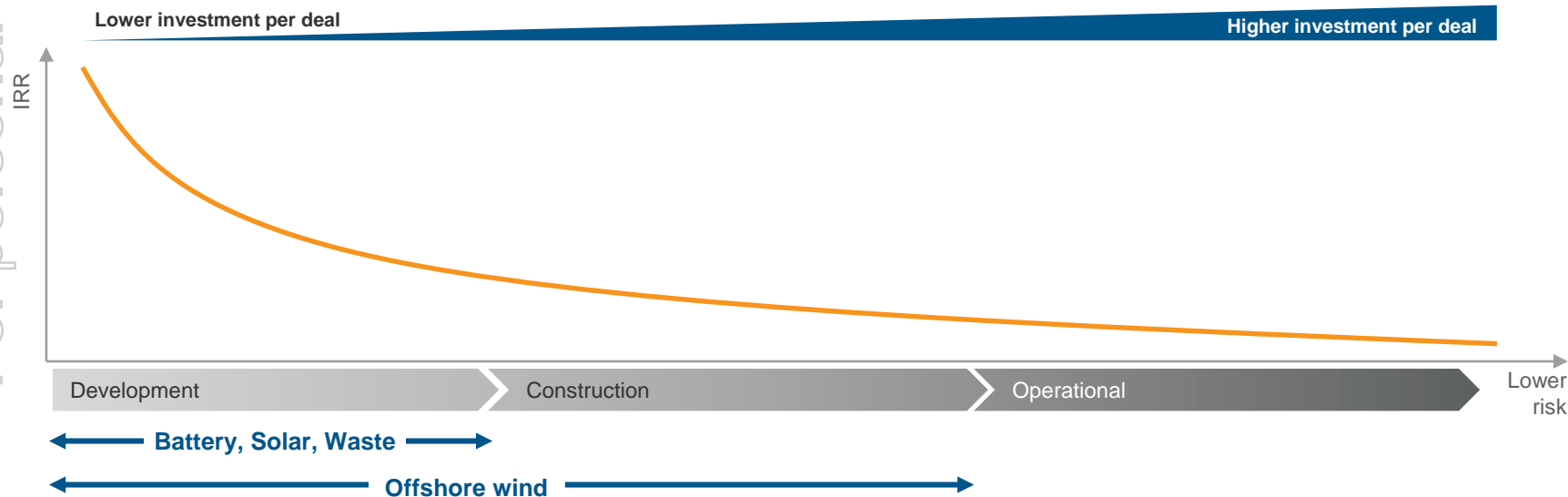
We are focusing on developing and constructing green energy assets



MACQUARIE



Deep dive: Green energy asset creation





We have deep technical and operational expertise



Deep dive: Green energy asset creation

Critical success factors

Expertise in green energy technologies

Deep understanding of leading solar, wind, waste and battery technologies

Development and construction expertise

Ability to create assets through the development curve

Operational and asset management expertise

Ability to operate and manage renewable energy assets

Examples of in-house specialists



Civil engineers



Green energy operational specialists



Geologists



Green energy commercial managers



Project managers



Electrical engineers



Surveyors



Procurement specialists

Our technical and operational expertise, combined with capital, gives us a competitive advantage



Green energy is a global story



Deep dive:
Green energy asset creation

Market opportunity:

Green energy investment expected over next five years¹



Our track record



Leverage capabilities and expertise globally

1. Bloomberg New Energy Finance (BNEF).

For personal use only



Real Estate

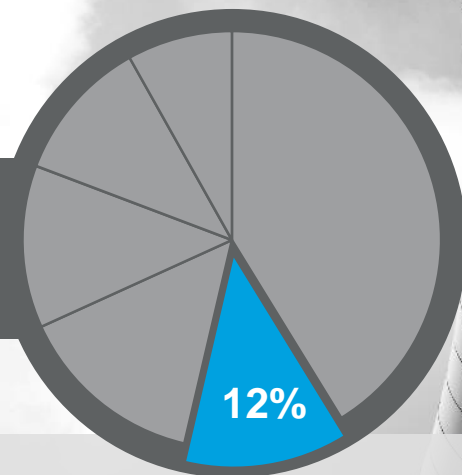
12% of global revenue¹



Partnering unlisted capital



Investing in real estate specialists



12%

Why we are successful



M&A capability
to build scale



A world leader in global real estate **Private Capital Markets**²



Deep and longstanding **institutional capital relationships**



Track record of sourcing bespoke **'off-market' opportunities**



Investment providing **alignment** with platforms and investors

1. Revenue relates to the average for FY14, FY15 and FY16. 2. Preqin.

For personal use only

We are a global leader in partnering unlisted institutional capital for real estate



MACQUARIE

Partner unlisted institutional capital with specialist real estate operators

Leverage our global relationships to source unlisted capital from leading institutional investors and partner with specialist real estate operators to create bespoke opportunities

Committed private capital

\$US57b
since 2003



Advise and invest alongside real estate operators to help them grow into leading global sector specialists

Advise specialist real estate operators, use our superior access to unlisted institutional capital and invest alongside to grow these operators into leading global real estate groups

Platforms with

\$US5b
in AUM

Development pipeline increasing AUM to

\$US10b+



TMET

15% of global revenue¹

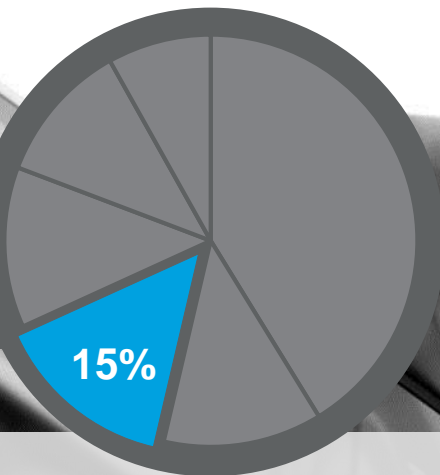
TECHNOLOGY:



Partner with entrepreneurs



Investing alongside financial sponsors



Why we are successful



Deep, longstanding **relationships** with clients and entrepreneurs



Strong understanding and **market insights** in technology across M&A Advisory, ECM and DCM



Flexible
Principal capital



Availability of **long-term growth capital**

1. Revenue relates to the average for FY14, FY15 and FY16.

We partner with entrepreneurs and provide long-term growth capital to technology companies



MACQUARIE

For personal use only

Partner with entrepreneurs and founders, with a focus on online, software and data businesses across Australia, China, Europe and the US

Work actively with management teams to drive growth

Selected highlights



Takeaway.com



NINTEX

PLUTORA

20 years experience investing long-term growth capital

We drive M&A deals by investing alongside financial sponsors to facilitate transactions



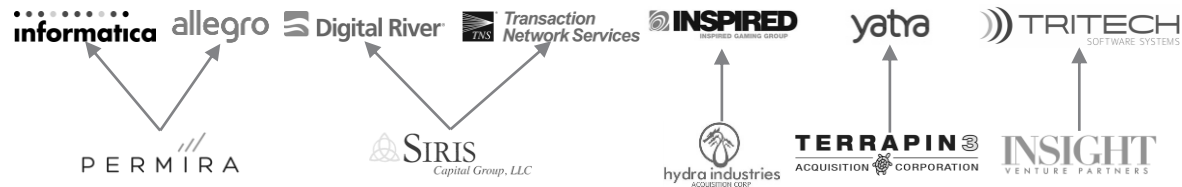
For personal use only

Drive M&A Advisory deal flow and transactions by providing flexible capital rapidly to financial sponsors

As technology increasingly impacts all sectors, leverage our deep capabilities and expertise in our other key sectors to capture the opportunities

Selected highlights

TECHNOLOGY INVESTMENTS



No.1 in US technology LBOs in 2016¹

1. Bloomberg, US in CY16, by deal value for the technology sector.

Resources, Industrials and Financial Institutions

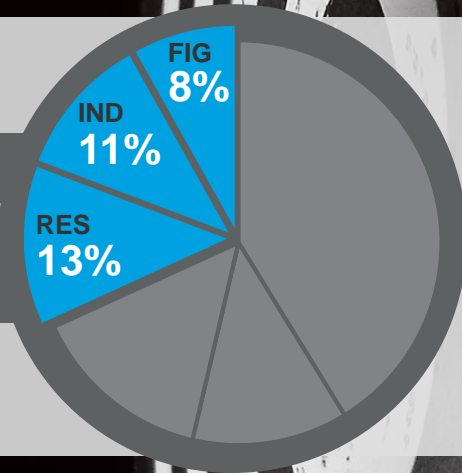
32% of global revenue¹



Full service in ANZ



Targeted approach offshore



LEGEND

FIG Financial Institutions Group

IND Industrials

RES Resources

For personal use only

For personal use only

We focus on targeted opportunities in Resources, FIG and Industrials



For personal use only

	ANZ	EMEA	Americas	Asia
Resources				
Industrials		Focus on Germany 		
FIG				

Strong focus
 Targeted focus

Selected highlights

No.1 in M&A Advisory and IPOs in Australia and New Zealand¹



MAHLE



SILVER WHEATON



Provide a full service offering in ANZ, with a targeted offering in niche segments overseas

1. Dealogic, by value (announced), CY07-CY16.

For personal use only

We are well positioned for growth



Stable
senior team



Market leading
position in **ANZ**¹



Number one
in Infrastructure
globally²



A world leader
in **Private Capital
Markets** for
Real Estate³



Track record
in **technology**



Investing
alongside
our **clients**

1. Dealogic, by deal value (announced), CY07-CY16.
2. Infradeals, by deal value (M&A Advisory, announced) CY16.
3. Preqin.

For personal use only



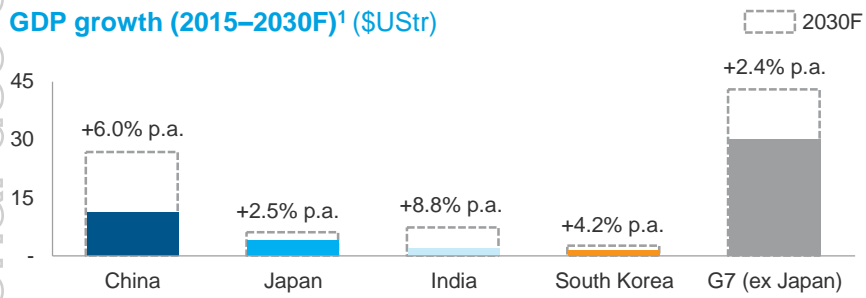
06

Macquarie in Asia

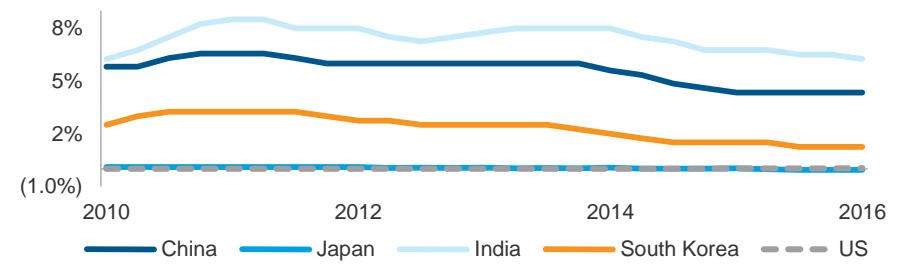
Ben Way, Regional Head – Asia

Asia's market conditions

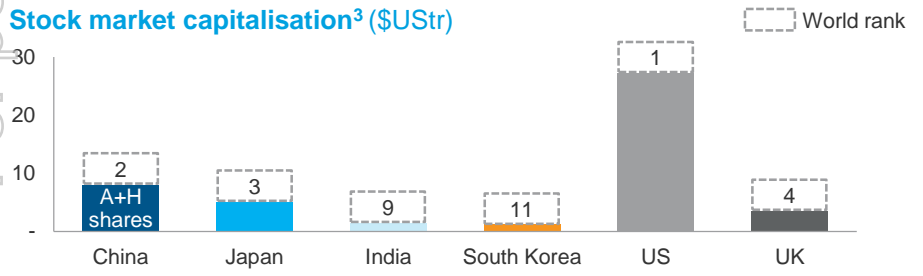
GDP growth (2015–2030F)¹ (\$UStr)



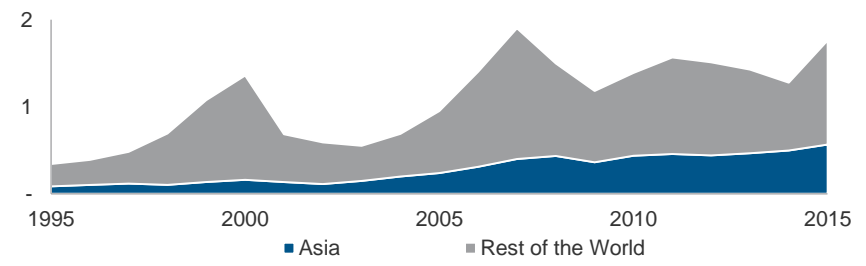
Central bank interest rates²



Stock market capitalisation³ (\$UStr)



Net foreign direct investment inflows⁴ (\$UStr)

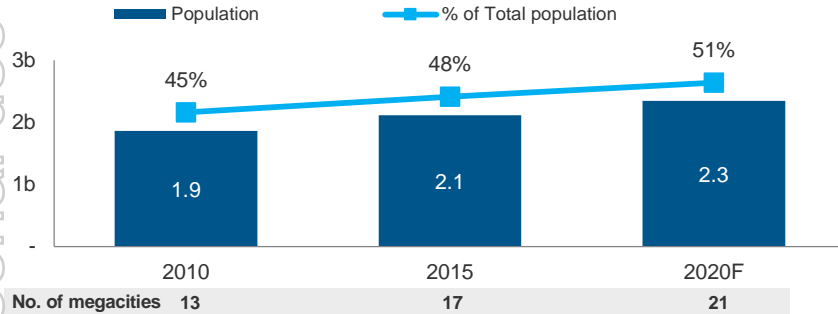


1. International Monetary Fund WEO Database as at 4 Oct 16; PwC, 'World in 2050', Feb 15 (GDP projections using real market exchange rates in \$US terms). 2. Macquarie Research as at 11 Jan 16. 3. World Federation of Exchanges as at 31 Dec 16. 4. UNCTAD, Division on Investment and Enterprise, 'World Investment Report', Statistical Annex.

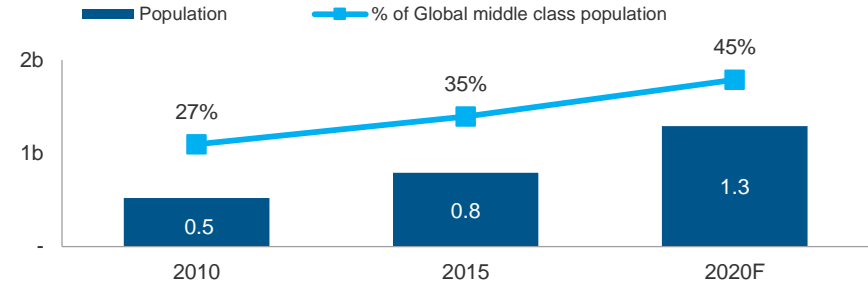
For personal use only

Asia's growth drivers

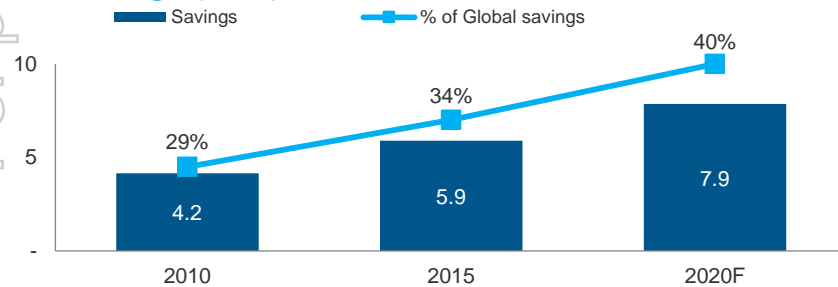
Urban population¹



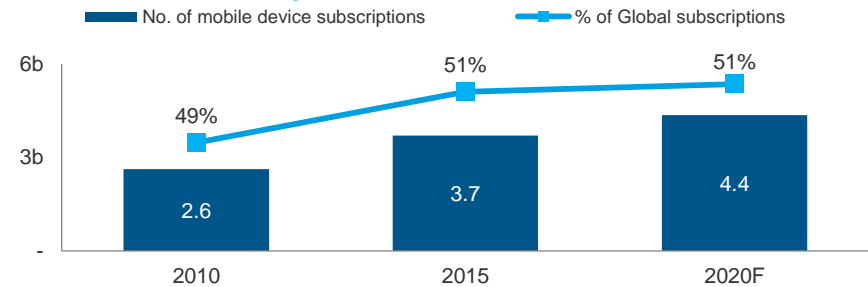
Middle class population²



Total savings³ (\$UStr)



Mobile device subscriptions⁴

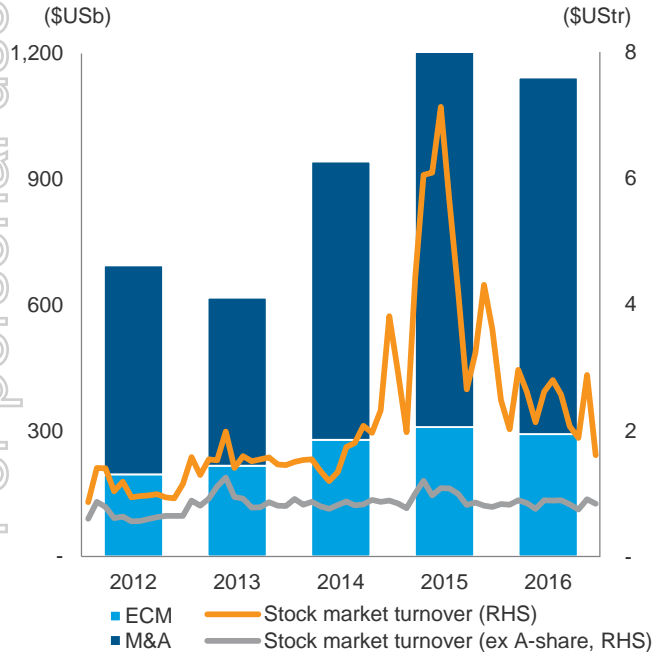


1. United Nations Department of Economic and Social Affairs, 'World Urbanization Prospects: The 2014 Revision'. 2. Brookings Institute, 'The Emerging Middle Class in Developing Countries' (Middle class defined as \$US10-\$US100 earnings per person per day). 3. World Bank, 'Capital for the Future', May 13. 4. Ericsson, Mobility Report Nov 16, Asia-Pacific.

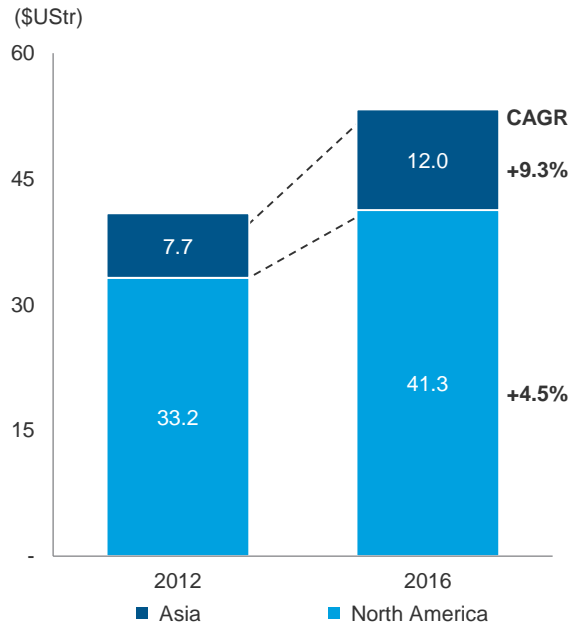
For personal use only

Asia's operating environment

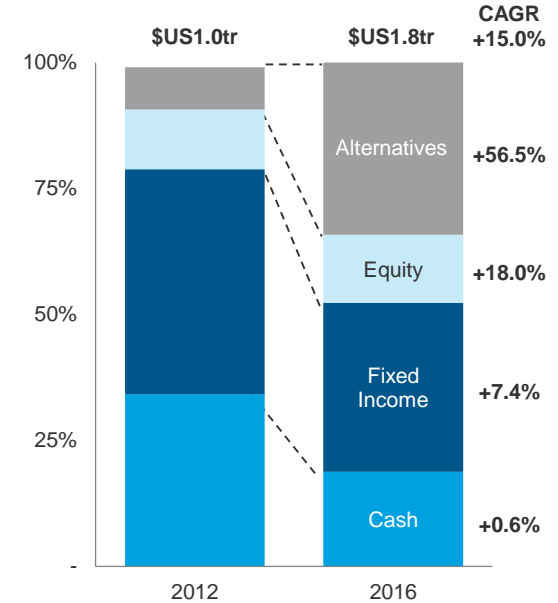
Asia's capital market and M&A activity¹



Assets under management (AUM)²



Chinese insurers' asset allocation³



1. Deal value per Dealogic as at 31 Dec 16; monthly stock market turnover per World Federation of Exchanges as at 31 Dec 16. 2. Asset management industry AUM estimates per PwC, 'Asset Management 2020 – A Brave New World'. 3. China Insurance Regulatory Commission as at 30 Jun 16.

Macquarie in Asia

Operating platform



MACQUARIE

An established presence since 1995

13 locations
across **11** markets

- **Localised** platform
- **Shared Services** hubs
- Leading **infrastructure** business
- Broad **equities** and **commodities** footprint



3,479 employees

~50% global shared services

4 key business lines

MAM, CAF, CGM, MacCap

15 regional stock exchanges

membership licences

\$A568 million

1H17 operating income;

11% of Group income

\$A46 billion

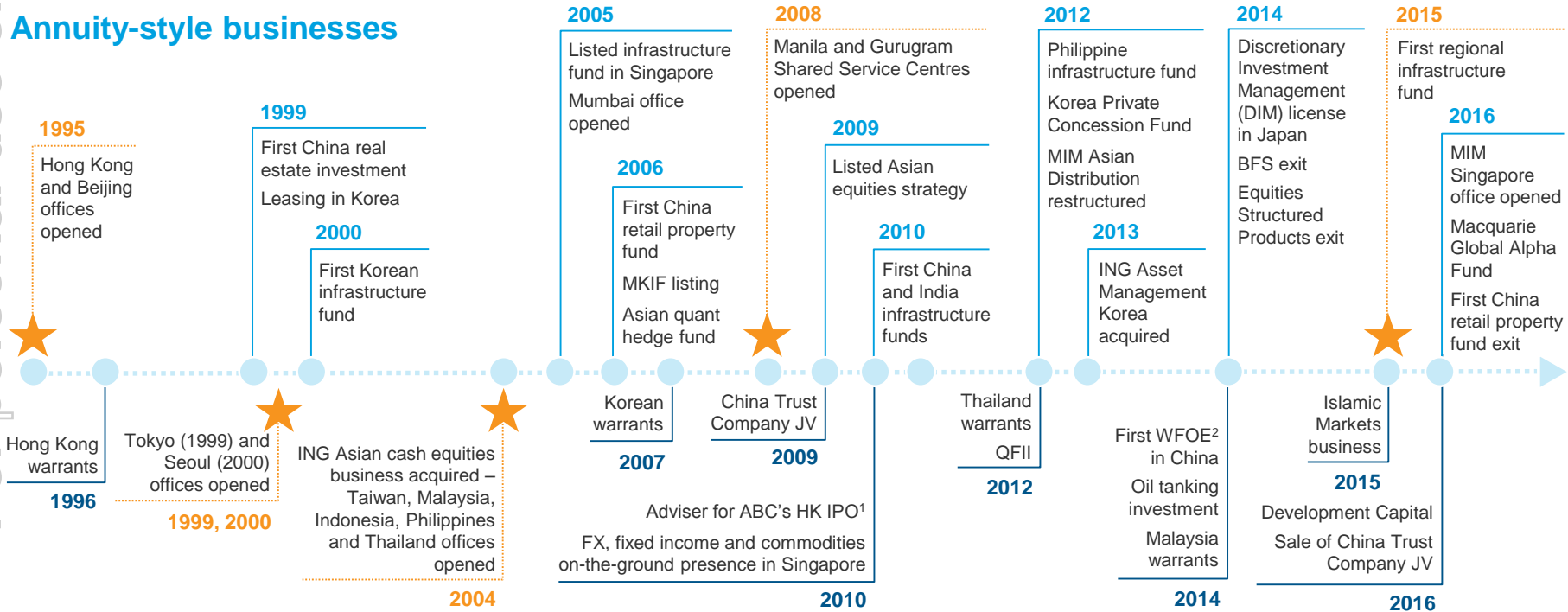
assets under management

Macquarie in Asia

Platform evolution



Annuity-style businesses



Capital markets facing businesses

1. Hong Kong IPO of the Agricultural Bank of China (\$US22.1b), at the time the world's largest IPO. 2. Wholly-Foreign Owned Enterprise.

Macquarie in Asia

Operating groups



MACQUARIE

Annuity-style businesses

Macquarie Asset Management

MIRA manages **\$A16.2b** across **60** infrastructure and real estate assets across **7** countries

MIM has **4** investment teams managing **\$A30.1b** across Asian equities, fixed income and hedge fund strategies

Raised **\$A5.3b** Asian capital in the last 12 months

Macquarie Asia Infrastructure Fund
Largest Asia-focused fund in the market¹

MIM continued **regional build-out** with Singapore office opening

Corporate and Asset Finance

Asset Finance and **Lending** business: Aircraft, Technology and Manufacturing

Pan-Asia **customer base**

Funded **\$A200m+** leases across Asia in the last 12 months

Semiconductor leasing and trading expertise

Asian partners **funding** global CAF transactions

Macquarie in Asia

Operating groups



MACQUARIE

Capital markets facing businesses

Commodities and Global Markets

Risk and capital solutions across **financial** and **physical** markets

Integrated end-to-end offering across **commodities, equities, fixed income** and **FX**

Extensive regional footprint with equities execution across **15** exchanges and **950+** stocks under coverage

Access to **physical** and **financial** commodity markets, including physical oil & products, coal, base metals, iron ore and dairy

G10 and Asian currencies and **rates** specialist

Macquarie Capital

Corporate finance franchise focused on **infrastructure, real estate, principal** and **Greater China**

Growing **development capital** pipeline in renewable energy

Advised on **2 of first 3** infrastructure privatisation deals in Japan

ECM transactions raised **\$A10.3b** for clients in the last 12 months

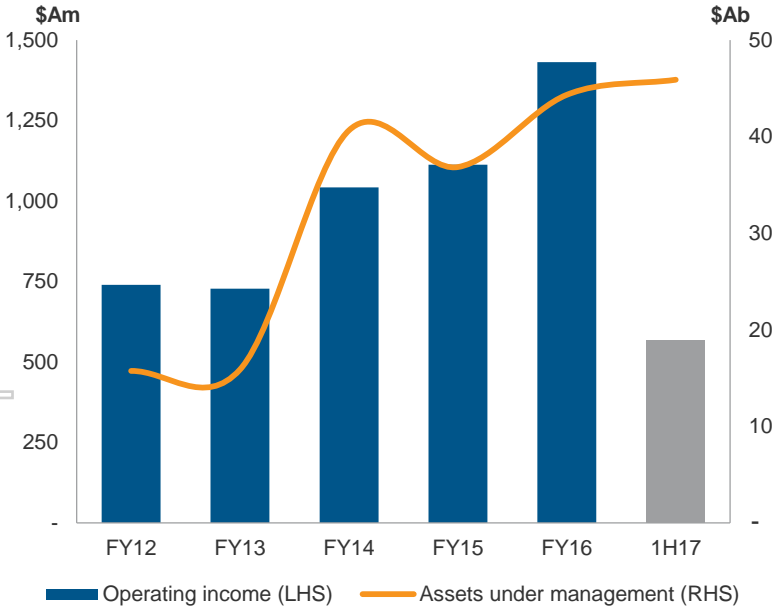
Real estate platforms in Greater China, ASEAN and Japan

Macquarie in Asia

Performance

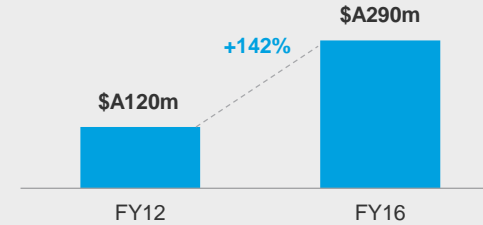


Asia operating income¹

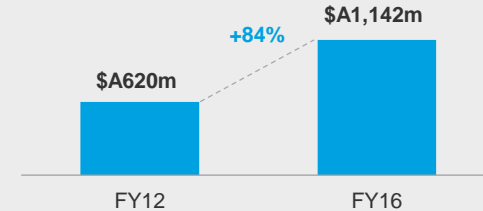


1. Represents net operating income excluding earnings on capital and other corporate items for Asia.

Annuity-style businesses



Capital markets facing businesses



Steady performance
1H17 operating income

28% from annuity-style businesses
1H17 operating income
(16% in FY12)

Capital markets facing businesses
Well positioned to capture opportunity

Operating efficiency
Continuing focus on costs

Macquarie in Asia

People and culture



Staff profile

	31 Dec 11	31 Dec 16	Change
Staff	2,818	3,479	↑
Female staff	39%	43%	↑
Local staff	94%	98%	↑
Local directors	82%	91%	↑
Multilingual	n/a ¹	94%	
Average tenure – all staff	3.2 years	4.3 years	↑
Average tenure – directors	5.4 years	7.6 years	↑

Staff engagement and enablement



Workplace recognition



1. Data not available.

For personal use only

Macquarie in Asia

Risk management framework



For personal use only

Globally consistent risk focus and approach

Asia regulatory themes

- Market reform
- Information security
- Conduct risk
- Enforcement
- Financial crime



Global risk management framework with a strong risk culture

- Ownership of risk at the business level
- Understanding worst case outcomes
- Requirement for independent sign-off by Risk Management

Local presence and expertise

Agile and robust response to regulatory changes and business opportunities

For personal use only

Macquarie in Asia

Medium term focus



MACQUARIE

Focus on key markets

Realise significant opportunities in scale markets



Leverage areas of expertise

Focus on infrastructure, real estate, securities and commodities



Drive cross-border flows

Facilitate the flow of capital and ideas between Asia and the world



One firm approach

collaborative and empowered local teams



For personal use only



Focus on key markets

China example

Market opportunity

<p>Population</p> <p>No.1 1,382m people (2016)</p>	<p>GDP / growth</p> <p>No.2 global economy (2nd fastest growing G20 economy)</p>	<p>Cities</p> <p>No.1¹ 100+ cities with 1 million people or more</p>
<p>Outbound M&A</p> <p>\$US225b² (No.2 globally)</p>	<p>Stock market</p> <p>No.2 globally</p>	<p>Commodities</p> <p>No.1 commodity consumer³</p>
<p>Urbanisation</p> <p>56% ~220m people moving to urban centres over the next 15 years⁴</p>		

Macquarie platform

Leading foreign fund manager for domestic real assets
\$A2.3b AUM, 12 assets

China M&A outbound advisory (last 3 years)
\$A12.4b

Broad securities platform
Trading, research and corporate access

Outbound capital under management
\$A1.6b

Domestic commodities WFOE⁵
Physical and financial

Equities research coverage of HK/China-listed companies
299 shares (98 A-shares)

As at 31 Dec 16 unless otherwise stated. 1. United Nations Department of Economic and Social Affairs: World Urbanization Prospects: The 2014 Revision. 2. Dealogic, 'Global M&A Review Full Year 2016'. 3. Bloomberg at 18 Apr 16. 4. United Nations Department of Economic and Social Affairs: World Urbanization Prospects: The 2014 Revision. 5. Wholly-Foreign Owned Enterprise.

For personal use only



Leverage area of expertise

Renewables infrastructure

Expertise

Renewables specialist in Asia

- One of the **Largest** renewable investors in the Philippines
- No.2** Windfarm operator in South Korea
- Growing** Solar power capacity across Asia

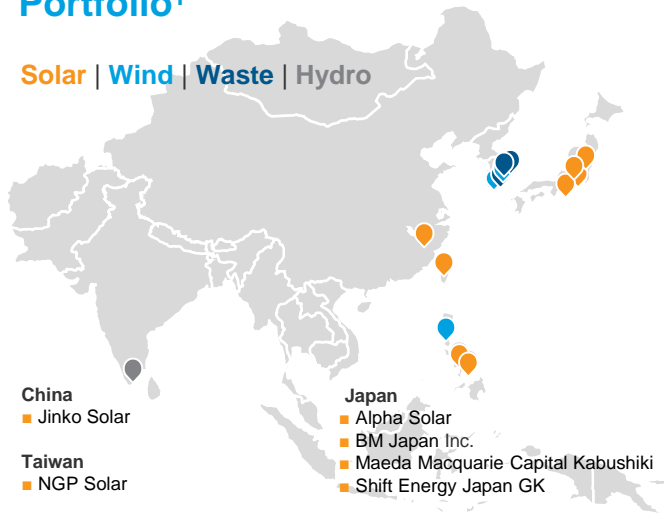
Fund investments
2.4GW invested throughout Asia

Development capital
Deep pipeline across main sectors in Japan, South Korea and Taiwan

Research analysis
Of listed companies across the renewable and clean energy sectors in Asia

Portfolio¹

Solar | Wind | Waste | Hydro



- China**
 - Jinko Solar
- Taiwan**
 - NGP Solar
- South Korea**
 - Youngduk Wind Power
 - Yeongyang Wind Power
 - Jinju Industry
 - M-Icheon
 - Re-clean Co.
- Japan**
 - Alpha Solar
 - BM Japan Inc.
 - Maeda Macquarie Capital Kabushiki
 - Shift Energy Japan GK
- India**
 - Soham Renewable (Hydro)
- Philippines**
 - San Carlos Solar Energy
 - Negros Island Solar Power
 - North Luzon Renewables Wind Farm

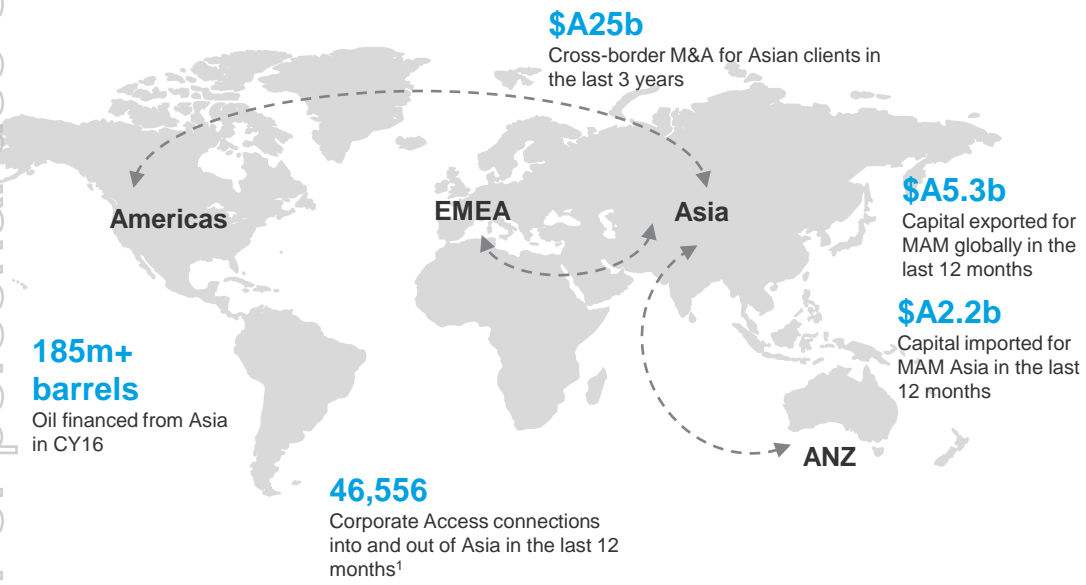
Pipeline

~7.5GW pipeline

	Development / Greenfield	Brownfield
Solar	China, Japan, Taiwan, India	China, Japan, Philippines, India
Wind	Japan, Taiwan	China, Japan, Philippines, India
Waste	South Korea, Japan	South Korea

1. MIRA and MacCap investments.

Drive cross-border flows



MAM

Macquarie European Infrastructure Fund 5 capital raising from Asia

€1.1b
2016

Asset manager

MACQUARIE

CGM

Distribution of trade-related assets to Asian institutions²

\$US7.9b
2016

MACQUARIE

CAF

Cross-border funding of semiconductor leases

~\$US450m
2014-2016

MACQUARIE

MacCap

Acquisition of stake in Genesis Care alongside China Resources

\$A850.2m
2016

Financial Adviser

MACQUARIE

As at 31 Dec 16. 1. Based on the number of investors connected via corporate days, non-deal road shows and conferences. 2. In relation to commodities and trade finance.



One firm approach

Platinum clients



Relationship lead



Map the opportunity



Present one Macquarie



Full-service relationship



Track and drive results






+32%YoY

Revenues FY17 YTD

+45%YoY

Capital managed

Platinum client case study

-  One of Asia's **largest** insurers
-  **Repeat** and **growing** revenue and pipeline across **CGM, MAM** and **MacCap**
-  Managing **\$A2.7b** of client's capital across a broad range of asset classes
-  Key counterparty for **cash brokerage, equity finance, fixed income** and **FX trading**
-  Delivering **unique** and **tailored** service offering including Macquarie Investment Seminars

For personal use only

Macquarie in Asia

Well positioned for the future



Macro

A white magnifying glass icon on a grey background.

Connectivity

A white icon representing a network of interconnected nodes on a blue background.

Opportunity

A white lightbulb icon on an orange background.

Focus

A white share icon on a dark grey background.



A

Glossary

Glossary



MACQUARIE

\$A / AUD	Australian Dollar
\$C / CAD	Canadian Dollar
\$US / USD	United States Dollar
£ / GBP	British Pound
€	Euro
1H16	Half-Year ended 30 September 2015
1H17	Half-Year ended 30 September 2016
3Q16	Quarter ended 31 December 2015
3Q17	Quarter ended 31 December 2016
ABN	Australian Business Number
ANZ	Australia and New Zealand
Approx.	Approximately
APRA	Australian Prudential Regulation Authority
ASEAN	Association of Southeast Asian Nations
AUM	Assets Under Management
b	Billion
BAML	Bank of America Merrill Lynch
BCBS	Basel Committee on Banking Supervision
BFS	Banking and Financial Services
CAF	Corporate and Asset Finance

CAGR	Compound Annual Growth Rate
CCB	Capital Conversion Buffer
CCP	Central Counterparties
CET1	Common Equity Tier 1
CFM	Commodities and Financial Markets
CGM	Commodities and Global Markets
CHF	Swiss franc
CMA	Cash Management Account
CMT	Cash Management Trust
CY07	Calendar Year ending 31 December 2007
CY16	Calendar Year ending 31 December 2016
DCM	Debt Capital Markets
DPS	Dividend Per Share
DTA	Deferred Tax Asset
ECB	European Central Bank
ECM	Equity Capital Markets
EMEA	Europe, Middle East and Africa
EPS	Earnings Per Share
EU	European Union
FUM	Funds Under Management

Glossary



MACQUARIE

FX	Foreign Exchange
FY07	Full Year ended 31 March 2007
FY08	Full Year ended 31 March 2008
FY09	Full Year ended 31 March 2009
FY10	Full Year ended 31 March 2010
FY11	Full Year ended 31 March 2011
FY13	Full Year ended 31 March 2013
FY14	Full Year ended 31 March 2014
FY15	Full Year ended 31 March 2015
FY16	Full Year ended 31 March 2016
FY17	Full Year ending 31 March 2017
FY18	Full Year ending 31 March 2018
G10	Belgium, Canada, France, Germany, Italy, Japan, Netherlands, Sweden, Switzerland, UK and USA
G7	Canada, France, Germany, Italy, Japan, UK and USA
GDP	Gross Domestic Product
GFC	Global Financial Crisis
GMAC	General Motors Acceptance Corporation
GW	Gigawatt
HK	Hong Kong

ILFC	International Lease Finance Corporation
IMF	International Monetary Fund
IPO	Initial Public Offering
IT	Information Technology
JPY	Japanese Yen
JV	Joint Venture
KM	Kilometre
LBO	Leveraged Buyout
LCR	Liquidity Coverage Ratio
LHS	Left Hand Side
LIBOR	London Interbank Offered Rate
LLC	Limited liability company
LNG	Liquefied Natural Gas
Ltd	Limited
m	Million
M&A	Mergers and Acquisitions
MacCap	Macquarie Capital
MAM	Macquarie Asset Management
MBL	Macquarie Bank Limited
MEIF	Macquarie European Infrastructure Fund

Glossary



MACQUARIE

MIC	Macquarie Infrastructure Corporation
MIDIS	Macquarie Infrastructure Debt Investment Solutions
MIM	Macquarie Investment Management
MIRA	Macquarie Infrastructure and Real Assets
MQG	Macquarie Group Limited
MSG	Macquarie Securities Group
Mths	Months
MW	Megawatt
NCI	Non Controlling Interests
NGLs	Natural gas liquids
No.	Number
NPAT	Net Profit After Tax
NSFR	Net Stable Funding Ratio
P&L	Profit and Loss Statement
p.a.	Per annum
PCP	Prior Corresponding Period
PPE	Property, Plant and Equipment
PPP	Public-Private Partnership
QE	Quantitative Easing
RBA	Reserve Bank of Australia

RHS	Right Hand Side
ROE	Return on Equity
RWA	Risk Weighted Assets
S&P	Standard & Poor's
SME	Small and Medium Enterprise
t / tr	Trillion
TMET	Telecommunications, Media, Entertainment and Technology
UK	United Kingdom
US / USA	United States of America
YoY	Year on Year
yr	Year
YTD	Year To Date

For personal use only



MACQUARIE

Operational Briefing

Presentation to
Investors and Analysts

7 February 2017