



MACQUARIE

Macquarie Capital

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Macquarie Group Limited

Operational Briefing

5 February 2013 – Presentation to Investors and Analysts



Macquarie Capital at a glance

Playing to our strengths

Macquarie Capital's strategy:

- 1 A tailored approach:**
Focused on regions and sectors where strong specialist capabilities deliver client value and maximum profit potential
- 2 Combining advice with access to capital:**
Risk appetite to deploy capital, ranging from equity to debt, in support of our clients and in response to market opportunities
- 3 An entrepreneurial culture:**
Empowering executives to pursue entrepreneurial ideas that create profit



Overview of Macquarie Capital

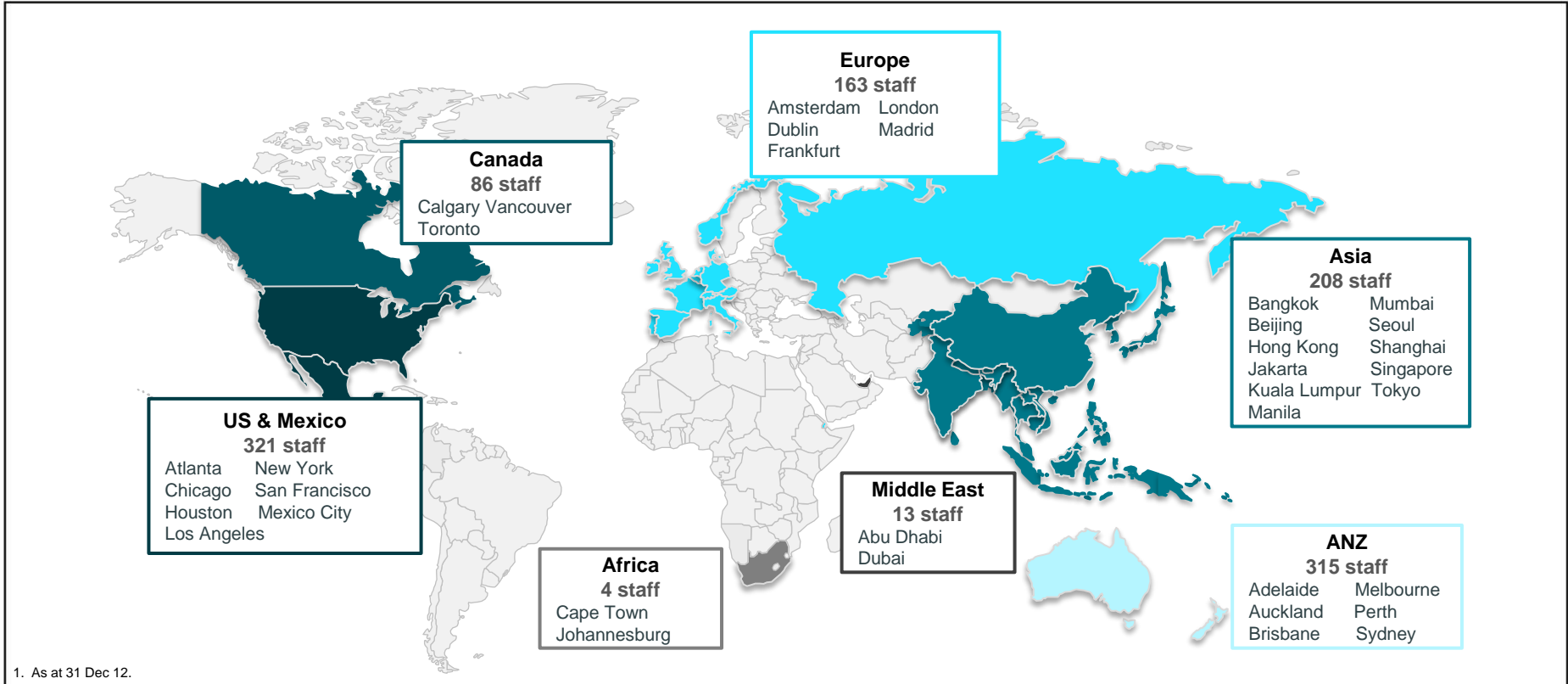
Four core activities across six industry groups

	M&A Advisory	Equity Capital Markets	Debt Capital Markets	Capital Deployment
Infrastructure, Utilities and Renewable Energy	<ul style="list-style-type: none">Merger, acquisition and takeover advice	<ul style="list-style-type: none">Equity underwriting	<ul style="list-style-type: none">Loan and bond underwriting	<ul style="list-style-type: none">Deployment of balance sheet to support clients and capitalise on market opportunities
Resources	<ul style="list-style-type: none">Restructuring advice	<ul style="list-style-type: none">Private equity markets	<ul style="list-style-type: none">Private debt markets	
Real Estate	<ul style="list-style-type: none">Corporate, project, leveraged and asset finance advice	<ul style="list-style-type: none">Structuring and arranging equity and hybrid capital	<ul style="list-style-type: none">Structuring & arranging debt	
Industrials				
Telecommunications, Media, Entertainment & Technology	<ul style="list-style-type: none">Ratings advisory			
Financial Institutions				



Overview of Macquarie Capital

1,110 staff globally¹



1. As at 31 Dec 12.



Changes since last operations briefing

Cyclical impact on Macquarie Capital in Asia Pacific

Key market data

CY2009 vs CY2012

↓ **71%**

ANZ ECM
deal value

↓ **60%**

ANZ M&A
deal value

↓ **71%**

Hong Kong IPO
deal value



Impact on Macquarie Capital in Asia Pacific

- Revenue has been affected by downturn in Asia Pacific market activity since March 2010
- Proportion of Macquarie Capital global fee revenue contributed by Asia Pacific:

~**75%**
FY10



~**40%**
FY13F

- Proportion of Macquarie Capital global fee revenue contributed by ECM:

~**30%**
FY10



~**10%**
FY13F



Changes since last operations briefing

Structural changes to Macquarie Capital

Cost reduction

- Continued diligence on cost containment
- Total staff numbers reduced from 1,545¹ to 1,110

Industry group revenue distribution

- Revenue distribution broadly consistent with FY10
- Infrastructure remains the biggest group globally

Increased contribution from US & Mexico

- Increased contribution: expected to be in excess of 30% of global fee revenue in FY13, up from 10% in FY10
- Staff numbers and fee revenue comparable to Australia and New Zealand in FY13

1. As at 28 Feb 10, excludes MIRA staff and internal transfers to Central Executive Group; Corporate Operations Group; Legal and Governance; and Risk Management Group.



Macquarie Capital's strategy

Focusing on our strengths

Selected staff metrics reflect tailored approach by region and industry

Percentage of global Macquarie Capital headcount

~65%

of total staff are located in **Australia and New Zealand** and in global **Infrastructure** and **Resources** teams

~10%

of total staff are in the **Real Estate** team, a global leader in Private Capital

~10%

of total staff are in the **US Industrials** and **TMET** teams, with particular emphasis on Financial Sponsors, Media, Gaming and capital deployment

~5%

of total staff are in the **US Financial Institutions** team, with strong capabilities in Insurance



Australia & New Zealand

Full service offering

- Fully integrated offering across all sectors
- Strengthening the team and geographical cover: Western Australia, Queensland, New Zealand
- Reinforced industry-leading client relationships
 - Extensive ASX100 and ASX300 client base
 - Significant number of new clients
- Leading market share for 2012
 - Announced M&A: No. 1¹
 - Completed M&A: No. 2²
 - Equity offerings: No.2³

Selected clients and transactions

APA Group	– Advised on the successful \$A2.9b off-market takeover of Hastings Diversified Utilities Funds
Nine Entertainment Co.	– Advised on the restructuring of its \$A3.4b of outstanding indebtedness and the sale of ACP Magazines to Bauer
Qantas Airways Limited	– Sole financial adviser in relation to the sale of its 50% stake in StarTrack to Australia Post and the acquisition of Australia Post's 50% interest in Australian air Express
Integra Mining Limited	– Financial adviser on its acquisition by Silver Lake Resources Limited, which valued the company at an enterprise value of \$A400m

1. Dealogic , Bloomberg, Thomson. 2. Dealogic. 3. Bloomberg.



Asia

Cyclical downturn

- Wide regional coverage provides competitive advantage
- ECM, particularly HK IPOs, has been a significant component of Asian revenues
 - HK IPO market down 71% on CY09
- Broadening overall offering to clients and focusing increasingly on follow-ons, placements and blocks across Asia as well as HK IPOs
- Push in Greater China, Japan and Korea on capturing a larger share of cross-border opportunities
- Increasing focus on private banks, family offices and Sovereign Wealth Funds through local partnerships (Julius Baer, Sino-Australia Trust Company, KasikornBank Group)

Selected clients and transactions

- | | |
|---------------------------------------|--|
| China Gas Holdings Limited | <ul style="list-style-type: none">– Sole financial adviser to HKSE-listed China Gas Holdings on its successful defence of a \$US2.2b unsolicited offer– <i>FinanceAsia</i> Best Hong Kong Deal |
| Reliance Industries Limited | <ul style="list-style-type: none">– Sole financial adviser to Reliance Exploration & Production DMCC (wholly owned subsidiary of Reliance Industries Limited) on divestment of its 25% working interest in Yemen Block-9 oil asset |
| SM Investments Corporation | <ul style="list-style-type: none">– Sole bookrunner for \$US150m top-up placement |
| Astro Malaysia Holdings Berhad | <ul style="list-style-type: none">– Joint bookrunner for the \$US1.5b IPO |
| SK Telecom | <ul style="list-style-type: none">– Financial adviser on the acquisition of a 21% controlling interest in Hynix Semiconductor for \$US3.0b– <i>FinanceAsia</i> Best Domestic M&A Deal |



US & Mexico

Upside potential

- Fully integrated product offering targeting emerging leaders in the mid-cap space and financial sponsors
- Strengths in DCM and capital deployment demonstrated through successful sponsor engagements
- Specialised sector knowledge – particular strengths in Infrastructure, Media, Gaming and Insurance
- The business continues to build scale:

	FY10		FY13 YTD ¹
No. deals ¹	40	↑	99
No. bookrun deals	3	↑	35
Avg. transaction size	\$US413m	↑	\$US904m

- Upside opportunity, as total fee pool is over 10x that of ANZ

Selected clients and transactions

- | | |
|--|---|
| Elizabeth River Crossings OpCo, LLC | – Co-sponsor of, and exclusive financial adviser on the \$US2.1b Downtown Tunnel / Midtown Tunnel / MLK Extension Project |
| Tokio Marine Holdings, Inc. | – M&A adviser on \$US2.7b acquisition of Delphi Financial Group |
| M*Modal IP LLC | – Lead financial adviser on \$US1.1b sale to One Equity Partners |
| New Mountain Capital, LLC | – Financial adviser on the \$US1.3b recapitalisation of AmWINS Group, Inc.
– Small equity investment |
| Kelso & Company | – Financial adviser on acquisition of Swank
– Joint bookrunner and joint lead arranger on \$US495m of senior secured credit facilities, as well as preferred equity investor |

1. To 31 Dec 13. 2. Different product components of deals counted separately.



EMEA and Canada

Selective focus

EMEA

- Infrastructure business and strong German country coverage are key strengths
- Growing presence in Resources - Oil & Gas; Metals & Mining
- Entrepreneurial approach to balance sheet investing across all sectors
- Launching a new advisory platform in the Middle East, headquartered in the UAE - pending final regulatory approval, will service government clients, Sovereign Wealth Funds and family offices in the region

Selected clients

- | | |
|--|------------------------|
| ▪ Mainstream Renewable Power | ▪ HgCapital |
| ▪ Gold One International Limited | ▪ Firstextile |
| ▪ Industrial Development Corporation of South Africa Limited | ▪ Hannover Finanz GmbH |

Canada

- Infrastructure and Resources (Oil & Gas and Metals & Mining) are two key pillars of business
- Targeted strategy in other sectors
- Key focus to deploy the balance sheet across the capital structure

Selected clients

- Renegade Petroleum Limited
- Gold One International Limited
- American Manufactured Communities REIT
- TORC Oil & Gas Limited
- Viterro, Inc.
- B2Gold Corp.
- Crew Energy Inc.
- Vero Energy Inc.



Infrastructure

Strongest global industry group

- Market leader in all key markets
- Acted on 7 of last 9 public private partnerships in the US to reach financial close¹
- M&A market expected to remain strong given low interest rate environment and constrained government balance sheets
- Fully utilising DCM platform and deploying capital alongside developers in areas such as energy and renewables and getting access to development pipeline
- Proportion of revenue from external clients has increased and is expected to be ~90% of total Infrastructure fee revenue in FY13

Selected clients and transactions

Highstar Capital LLC	<ul style="list-style-type: none"> – Joint financial adviser on \$US1.9b acquisition of Veolia ES Solid Waste – Joint arranger and joint bookrunner on \$US2.65b acquisition financing
Open Grid Europe	<ul style="list-style-type: none"> – Lead financial adviser to a consortium on the acquisition of Open Grid Europe from E.ON AG for approximately €3.2b
Building Energy	<ul style="list-style-type: none"> – Financial adviser on both debt and equity aspects of one of the largest Solar PV projects in the first round of the South African Renewable Energy IPP Program
Livan Infrastructure NV	<ul style="list-style-type: none"> – Financial adviser on the €100m Livan 1 Tramline PPP for the Design, Build, Finance and Maintenance Contract tendered by the Flemish Transport Company De Lijn
Sydney Airport Corporation Limited	<ul style="list-style-type: none"> – Strategic financial adviser and senior bank debt arranger to Sydney Airport's \$A1.1b debt raising

1. InfraAmericas as at Jan 13.



Resources

Key strength and clients recognise our ability in the space

- Strong specialist Resources team in Australia
- Additional senior hires internationally such that we have strong leadership in North America, Europe and Asia
- One global team approach, which is critical given the global nature of the resources business
- Better use of Macquarie's existing networks:
 - Improved integration with FICC's Energy Markets Division, and Metals and Energy Capital
 - Better utilisation of our Asian country coverage network
 - Integration with Infrastructure to form a new Resources Infrastructure group

Selected clients and transactions

Fortescue Metals Group Limited	– Advised on sale and purchase agreement with TransAlta Corporation
Ivanplats Limited	– Joint bookrunner for the largest TSX Mining IPO since 2010, raising \$C301m
B2Gold Corp.	– Financial adviser in relation to acquisition of Auryx Gold, at a transaction value of \$C160m
TORC Oil & Gas Limited	– Financial adviser with respect to the reverse takeover of Vero Energy Inc – Lead underwriter and sole bookrunner on \$C125m private placement



Real Estate

A leader in Real Estate Private Capital Markets

- Primary focus on growing global capabilities in private equity capital, including forming and advising buy-side consortiums and deployment of Macquarie Capital balance sheet alongside clients
- No.1 adviser globally in real estate private capital¹
 - \$A37b raised since 2003, including \$A4.1b in 2012 across 10 deals in Australia, US, UK, Japan and China
 - Strong pipeline of deals given global demand for real estate from pensions and sovereign funds
- In addition, have advised a number of clients on significant listed equity raisings

Selected clients and transactions

AMP Capital Investors	– \$A1.75b shopping centre transaction with Westfield and associated \$A872m equity raising
Charter Hall	– \$A1.9b Office REIT privatisation
Goodman Group	– Sole lead manager to Goodman Group's ASX \$A400m equity raising – \$A1.3b of private capital raised for ventures in Australia and Japan
American Manufactured Communities REIT	– Acted as adviser to a consortium of investors, as well as an equity participant, in the acquisition of a manufactured housing business
Macquarie Mexico Real Estate Management SA	– \$US1.0b IPO, the largest real estate IPO in Latin American history
AIMS AMP Capital Industrial REIT	– Sole bookrunner for SGX placement

1. Preqin; Nov 12; PERE.



Industrials, TMET and FIG

Selective focus

Industrials

- Strength of Asia Pacific franchise provides point of differentiation in US
- Particular strength driven by ability to fill capital gaps with equity, mezzanine, etc.
- Growing global strength in financial sponsors - the continuing to grow in Australia, US and Germany

Selected clients

- One Equity Partners LLC
- Fletcher Building Limited
- Industrial Development Corporation of South Africa Limited
- Fortis Healthcare International Pte Ltd
- DuluxGroup Limited

Telecommunications, Media, Entertainment & Technology

- Increased share and activity in ANZ
- Emerging strength in US
 - Specialised sector knowledge in Gaming recognised - a leading adviser in the sector
 - Organic build of Media business has been successful

Selected clients

- Telstra Corporation Limited
- M*Modal IP LLC
- Carmike Cinemas, Inc.
- Echo Entertainment Group Limited
- Aristocrat Leisure Limited
- Amaya Gaming Group

Financial Institutions

- Focus on cross border and complex transactions, and principal opportunities
- US - developing capability across Insurance, Specialty Finance and Banks
- ANZ - strong hybrid capital capability

Selected clients

- QBE Insurance Group Limited
- Tokio Marine Holdings, Inc.
- Bendigo and Adelaide Bank Limited
- Commonwealth Bank of Australia
- Insurance Australia Group Limited
- Axis Bank Limited



Balance sheet activity

Recent highlights

- Invest across the capital structure, from equity to debt
- Capital deployment is a competitive advantage and a core strength
- Activity levels have picked up over the last two years
- 16 realisations and 46 separate investments made over the last two years
- Average duration of investments is 3-5 years

Selected clients and transactions

Audio Visual Services Corporation	– Commitment of preferred equity plus warrants to support Kelso & Co's bid to acquire Swank
Advantage Rent-A-Car	– Invested in a transformational transaction for Franchise Services of North America Inc. - the acquisition of Advantage Rent-A-Car from Hertz Global Holdings
Mine Site Technologies	– Invested in Mine Site Technologies to support the company's significant expansion in the global Mining and Resources markets
Macquarie Infrastructure Partners II	– Provided a bridge finance facility to support the acquisition of Leaf River
Mainstream Renewable Power	– Subordinated debt investment with attached warrants in Mainstream Renewable Power



Summary

Macquarie Capital's approach: Playing to our strengths

- A tailored approach by region and industry group focused on relative strengths
- Combining advice with our ability to deploy capital, ranging from equity to debt, enables us to deliver client value and maximum profit potential
- An entrepreneurial culture that enables executives to pursue market opportunities