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# MACQUARIE GROUP LIMITED

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Equity Analysis (23 October 2023)



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## Introduction

Macquarie Group Limited is an Australian financial services provider with global operations. It has four segments: Macquarie Asset Management, Banking and Financial Services, Commodities and Global Markets, and Macquarie Capital. The company offers a wide range of financial products and services, including personal banking, asset management, and advisory services. Established in 1969, it is headquartered in Sydney, Australia.

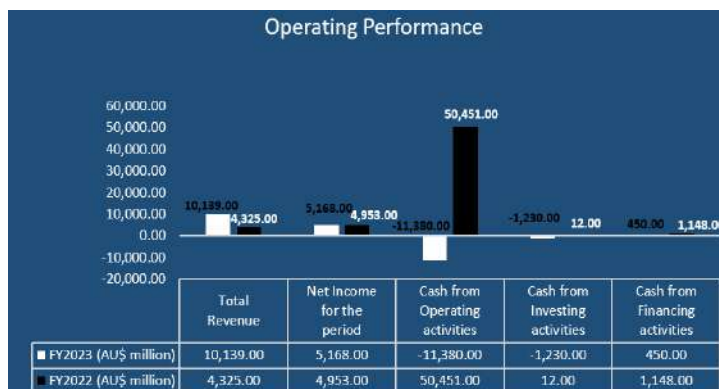
Recommendation	Watch	
Risk Profile	Low	
Current Market Price (AU\$)	162.190	
52 Week Low-High (AU\$)	159.750 – 195.745	
Market Capitalisation (AU\$)	62.45 billion	
Outstanding Shares	386.48 million	
PE (TTM)	12.27x	
EPS (AU\$) (TTM)	13.159	
Dividend Yield/Frinking	4.64% / 40.00%	
Ex-Date/Pay-Date	15 May'23 / 04 Jul' 23	
Enterprise Value (EV)/Sales (LTM)/(FY-1)	-	-
EV/EBITDA (LTM)/(FY-1)	-	-
Price/Book Value (LTM)/(FY-1)	1.8x	2.6x

Performance Chart



	1 month	12 months	36 months
MQG (% Change)	-2.00%	-4.00%	19.00%
ASX Ordinaries Index (% Change)	-3.00%	-5.00%	5.00%
S&P/ASX 200 Financials	-1.00%	-1.00%	12.00%

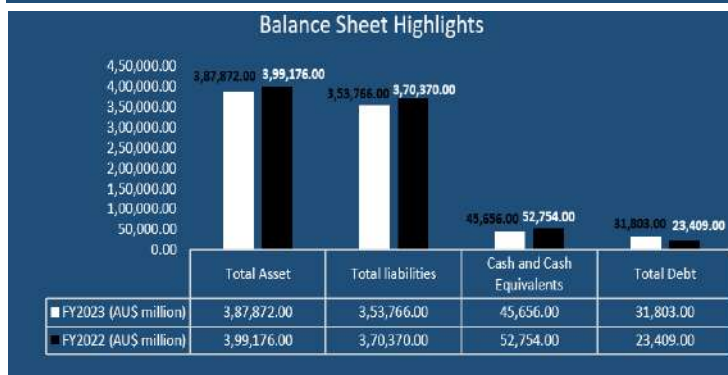
## Operating Performance



Source: Company Reports, Chart Prepared by Kapitaless Research

- In FY23, total revenue was AU\$10,139.00 million against AU\$4,325.00 million in FY22.
- In FY23, the company's net profit was AU\$5,168.00 million against AU\$4,953.00 million in FY22.
- Cash used in operating activities which was AU\$11,380.00 million in FY23 compared to cash from was AU\$50,451.00 million in FY22.
- Cash used in investing activities was AU\$1,230.00 million in FY23 compared to cash from was AU\$12.00 million in FY22.
- Cash from financing activities was AU\$450.00 million in FY23 compared AU\$1,148.00 million in FY22.

## Balance Sheet Highlights



Source: Company Reports, Chart Prepared by Kapitaless Research

### Compared to FY2022, in FY2023:

- Total asset decreased by 2.83% to AU\$3,87,872.00 million.
- Total liabilities decreased to AU\$3,53,766.00 million.
- Cash and Cash Equivalents decreased by 13.45% to AU\$45,656.00 million.
- Total debt increased to AU\$31,803.00 million.

## Ratio Analysis

Fiscal Quarters	3Q FY2022	4Q FY2022	1Q FY2023	2Q FY2023	3Q FY2023	4Q FY2023
Return on Assets	1.51%	1.41%	1.04%	0.94%	1.31%	1.48%
Return On Equity %	21.20%	19.59%	15.16%	14.47%	17.48%	16.86%
Return on Total Capital	-	-	-	-	-	-
EBITDA Margin %	-	-	-	-	-	-
Gross Profit Margin %	-	-	-	-	-	-
Net Income Margin %	27.88%	27.88%	26.68%	26.68%	27.40%	27.40%
Asset Turnover	-	-	-	-	-	-
Inventory Turnover (Average Inventory)	-	-	-	-	-	-
Current Ratio	-	-	-	-	-	-
Days Sales Outstanding (Average Receivables)	-	-	-	-	-	-
Days Payable Outstanding (Avg)	-	-	-	-	-	-
Cash Conversion Cycle (Average Days)	-	-	-	-	-	-

Source: Koyfin, Chart Prepared by Kapitaless Research

## Investment Highlight

Macquarie is a global financial services group that operates in 34 markets, offering asset management, banking, advisory, and risk and capital solutions across various sectors. Their business strategy focuses on the medium-term, emphasizing a conservative approach to risk management, maintaining a strong balance sheet, and diversifying funding sources. They combine annuity-style and markets-facing businesses to ensure consistent returns in different market conditions, and their diverse set of services and clients mitigates concentration risk.

Macquarie leverages their proven deep expertise to establish leading market positions, particularly in sectors like renewables, infrastructure, resources, commodities, and energy. They progressively expand through organic opportunities and selective acquisitions, aiming for sustainable growth. Their pursuit of growth opportunities is driven by innovation and entrepreneurial spirit, all within the boundaries of their Risk Appetite Statement approved by the Board.

## Outlook

Macquarie Group's future outlook appears robust across its diverse business segments. In Macquarie Asset Management (MAM), base fees are expected to remain steady, with some decrease in net other operating income due to a shift in investment-related income. Macquarie Capital (MacCap) anticipates increased transaction activity and stable investment-related income, driven by private credit portfolio growth. Banking and Financial Services (BFS) is poised for growth in its loan portfolio, deposits, and platform volumes, though higher expenses will support this expansion.

Commodities and Global Markets (CGM) faces potential volatility in commodities income but expects consistent contributions from trading activities. The short-term outlook factors in global economic conditions, geopolitical events, and tax/regulatory changes. Overall, Macquarie Group's cautious stance, strong balance sheet, and focus on technology and innovation position it for superior performance in the medium term. Its diverse business mix, customer-centric approach, and risk management framework make it well-prepared to navigate future challenges and capitalize on growth opportunities.

## Risks

The company has exposure to the following risks-

- Market Competition
- Operational risk
- Regulatory risk
- Financial risk
- Market volatility risk
- Interest rate risk

## Technical Analysis



Source: TradingView, Analysis by Kapitales Research

Company Name	Ticker	Sector	CMP (AU\$)	Advisory Date	Rating	Target 1 (AU\$)	Target 2 (AU\$)	Stop Loss (AU\$)
Macquarie Group Limited	MQG	Financials	162.190	23 October 2023	Watch	-	-	-

The stock of financial services company MQG settled at AU\$162.190 on 23 October 2023 after a minor gain from the previous day's closing. It is currently trading between its 52-week price levels.

The stock price is trading below the significant exponential moving averages (EMA) of 200, 50, and 200 days on a daily time frame, indicating bearishness for the near term. However, once it closes above these EMA's, we can expect a strong uptrend in the coming time.

It is trading below the central pivot (AU\$177.930), holding a bearish momentum on a daily time frame chart.

RSI (14 days) is at 38, holding a flat momentum in the index.

**Based on these facts, Investors are advised to keep the stock on the watch list and initiate buying positions once the stock closes above all the EMAs.**

## Investment Summary

In Compared to the previous corresponding period, it has shown growth in its total revenue and net income in FY23. The company has increased its cash used in investing activities in FY23, implying that it is increasing its capital expenditure for its future operations. ROE for 4QFY23 was 16.86%, indicating that the company achieved a higher return for its shareholders. The company's stock has outperformed the ASX ordinary and sector indices in three-year timeframe.

Considering all the above factors and the current trading level, we recommend a "Watch" rating on the stock at the current market price of AU\$162.190 as of 23 October 2023 (after-market hours).

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