

SE **Business**

HD **More for Moore as bank excels**

BY John Durie

WC 1,081 words

PD 3 May 2014

SN The Australian

SC AUSTLN

ED Australian

PG 23

LA English

CY © 2014 News Limited. All rights reserved.

LP

When Nicholas Moore first started at Sydney's Riverview school nearly 40 years ago, Tony Abbott was already a big wheel in the school and the paths of the two barely crossed.

Life is a bit different now. Moore has just received a 49 per cent hike in pay to \$13.1 **million** and another \$3.8m in dividends, on top of the circa 1.5 **million** Sydney Airport shares he and other shareholders picked up this year, after delivering a 49 per cent increase in profit at Macquarie **Group** to \$1.3 **billion**.

TD

Sixty-eight per cent of revenue earnings comes from outside the country and the US investment banking operations are now more profitable than the famed local franchise.

Moore has Macquarie running superbly, but it's a **business** that really excels when the market is hot and, frankly, right now it is a long way short of that, as is **business** confidence with consumers cautious and **business** still unsure how to read the Abbott government.

Moore is quick to praise the work of the Reserve Bank, which he says is managing the economy in transition better than most may have expected, but he won't comment on the government's performance other than to say that **business** confidence is still well down.

ANZ's Mike Smith is happy to damn the government's proposed tax hike but Moore leaves political commentary to others.

Back in 2007, his predecessor Alan Smith picked up a \$33m pay cheque and the bank's profit peaked at \$1.8bn, with return on Continued on Page 31 Continued from Page 23 **equity** regularly topping 20 per cent, against the now still creditable 13.5 per cent.

FICC (fixed income, currencies and commodities) was the headline as the division came to life with a \$726 **million** profit on \$1.7 **billion** in income, but while Macquarie Capital (\$280m) and Macquarie Securities (\$107m) were also in positive territory, they are a fraction of the boomtime earnings.

Given the franchise is still strong in Australia — due to the quality of its people, Moore says — it can expect some increase when deal flow starts to return to the better days.

Moore won't directly attack the regulators and in fact goes out of his way to praise their good work.

As his **commercial** banking comrades let loose, the Macquarie boss simply noted in his presentation that the \$320m spent on compliance, to please the 190 different regulators it works with in 28 countries, was three times the level it was three years ago.

The strength in the franchise is its flexibility, with Greg Ward's banking operations now claiming a \$17bn portfolio, 1 per cent of the Australian home loan market and total retail deposits of \$33.3bn, up 7 per cent on year-ago returns.

That was a **business** shunned post-global financial crisis as being too capital heavy, but now Macquarie is expanding its mainstream banking franchise.

Moore was typically cautious on his outlook and Credit Suisse's James Ellis rightly noted market disappointment that the 68 per cent dividend payout ratio didn't account for the Sydney Airport shares handed out mid-year.

In short, Moore has the machine well-oiled and poised for an upswing, and the question now is whether his old schoolmate can engender some **business** confidence.

Philippines in favour THE Philippines continues to be the favourite base for Australian **company** call centres, with M2's Geoff Horth this week confirming his restructure would involve basing most staff in the country.

The \$11bn **business** process outsourcing market is big **business** in the country and increasingly is being used by Australian financial services and telco companies.

M2 employs about 3000 people in total of whom 2000 are based in The Philippines. Toll is another to tap the country's expertise, in a market that highlights how centres of excellence attract a worldwide audience.

Macquarie Bank has strong securities and banking franchise in the country. The Philippines is also a key hub for information technology and other functions such as accounts payable.

Telstra has 7000 people in the country while Optus and TPG are other big clients.

ANZ has a big contingent and bases its credit card collection work (chasing up bad debts) in the country, among other services.

The ability to expand and contract staff sizes as needed is seen as a big advantage.

In all, an estimated 45,000 Philippine locals are working for Australian companies.

The country's advantages include a well-educated workforce in which working in back office jobs is considered a good career opportunity, and worker pride compares favourably with counterparts in Australia.

The US presence in the country means culturally they are a close fit.

Milking a good story NEVER let it be said that Murray Goulburn's Gary Helou misses a chance to sell a good story, and yesterday it was a plan to invest \$127m in upgrading facilities — much needed value-adding investment in Australian food manufacturing.

He is right and thankfully not the only one in the game, with Bega and Fonterra also investing to boost value-add export opportunities.

MG will be investing \$74m in **cheese** cut and wrap facilities, \$38m on upgrading powder plants in Koroit and Cobram, and another \$14m on new **milk** packaging facilities in Edith **Park** in northwest Tasmania.

The battle locally is to first source supply, hopefully expand the local herd by making Australian **dairy** farms sustainably profitable, and have the offshore base.

That is the selling point stressed by Wilmar and First Pacific in their \$1.8bn bid for Goodman Fielder which, after five days trading, has left local punters not expecting much in the way of an increased bid, given the stock closed at 67c on Friday against a 65c a share offer.

The Bank of Norway has exited the Goodman share register.

Helou will hit the road in a couple of weeks to sell his proposed \$450m capital raising.

The latest investment was financed in part on the back of the **sale** and lease-back of the co-op's logistics centre and the \$50m profit on the **sale** of the its **stake** in Warrnambool **Cheese** and **Butter**. Helou looks at Australian long-life **milk** on the shelf in **China** at \$3.50 a litre against \$1 a litre for pasteurised fresh **milk** in Australia, and he says that is where the market is.

CO mcqbnk : Macquarie Group Limited

IN i814 : Banking | i831 : Financial Investments | i83101 : Investment Banking | ibnk : Banking/Credit | ifinal : Financial Services | iinv : Investing/Securities

NS c151 : Earnings | c1512 : Dividends | c15 : Performance | cactio : Corporate Actions | ccat : Corporate/Industrial News | ncat : Content Types | nfact : Factiva Filters | nfce : FC&E Exclusion Filter | nfcpin : FC&E Industry News Filter

RE austr : Australia | phlins : Philippines | sydney : Sydney | apacz : Asia Pacific | asiaz : Asia | ausnz : Australia/Oceania | devgcoz : Emerging Market Countries | dvpcoz : Developing Economies | nswals : New South Wales | seasiaz : Southeast Asia

PUB News Ltd.

AN Document AUSTLN0020140502ea53000be