Annual General Meeting - 2016
CEO Address
CEO Address
Summary of Year

**Accelerate Strategy**
Announcement of 3 year strategy to strengthen position as Australia’s number 1 non-bank international payments provider, accelerating offshore expansion and doubling revenue

Investment in enablement phase including:
- Brand / Marketing
- Technology
- People

FY16 was defined by investment and change as the Group positioned itself to embark on its next phase of growth

**Brand**
The Group launched OFX.com, the single global brand that will facilitate the investment in raising brand awareness.
## FY16 Underlying Results

<table>
<thead>
<tr>
<th>Financial Metrics</th>
<th>FY16</th>
<th>FY15</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (Sbn’s)</td>
<td>19.6</td>
<td>16.6</td>
<td>18%</td>
</tr>
<tr>
<td>Net Operating Income (Sm’s)</td>
<td>103.9</td>
<td>90.1</td>
<td>15%</td>
</tr>
<tr>
<td>Underlying Expenses 1,2 (Sm’s)</td>
<td>67.8</td>
<td>55.6</td>
<td>22%</td>
</tr>
<tr>
<td>Underlying EBTDA 1,2 (Sm’s)</td>
<td>36.1</td>
<td>34.5</td>
<td>5%</td>
</tr>
<tr>
<td>Underlying EBT 1,2 (Sm’s)</td>
<td>34.8</td>
<td>33.9</td>
<td>3%</td>
</tr>
<tr>
<td>Underlying NPAT 1,2 (Sm’s)</td>
<td>23.9</td>
<td>24.3</td>
<td>-2%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Operational Metrics</th>
<th>FY16</th>
<th>FY15</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Active Clients³ (000’s)</td>
<td>150.9</td>
<td>142.5</td>
<td>6%</td>
</tr>
<tr>
<td>Transactions (000’s)</td>
<td>784.2</td>
<td>702.8</td>
<td>12%</td>
</tr>
<tr>
<td>Average Transaction Value [$000’s]</td>
<td>25.0</td>
<td>23.7</td>
<td>5%</td>
</tr>
</tbody>
</table>

1. FY16 excludes one off costs associated with CEO succession planning and Executive Team restructure, corporate action costs and rebranding costs.
2. FY15 excludes $0.1m of expenses relating to IPO costs.
3. Active clients are clients who have transacted within the past 12 months.

- Double digit revenue growth
- Investment in enablement phase of the Accelerate Strategy
- EBT growth supported by improving margins in the second half
- Predictably the brand transition impacted client acquisition through 3Q16 and into early 4Q16
- Deliberate increases in headcount across technology, product and compliance and risk management
- Strong balance sheet with no debt and continued ability to deliver self-funded organic growth
- Full year dividend payout of 6.7 cents per share fully franked in line with dividend policy of 70-80% payout.
Key Client Metrics Reflect Strong Underlying Customer Base

Continued growth in active clients, with strong growth in existing client cohort base

Corporate clients now account for 12% of active clients up from 10% in FY14

Transactions grew faster than active clients

Corporate clients transact 4.5 times more than an individual

Resulting in turnover increasing to nearly $20bn
OFX is Truly a Global Business With Half of Revenue Generated Offshore

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY16</th>
<th>FY15</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia and New Zealand (ANZ)</td>
<td>60.1</td>
<td>50.7</td>
<td>19%</td>
</tr>
<tr>
<td>Europe</td>
<td>20.9</td>
<td>19.2</td>
<td>9%</td>
</tr>
<tr>
<td>North America</td>
<td>17.6</td>
<td>12.9</td>
<td>36%</td>
</tr>
<tr>
<td>Asia</td>
<td>2.1</td>
<td>1.8</td>
<td>17%</td>
</tr>
<tr>
<td>IPS</td>
<td>10.5</td>
<td>11.0</td>
<td>(5%)</td>
</tr>
<tr>
<td>Fee and Commission Income</td>
<td>111.2</td>
<td>95.6</td>
<td>16%</td>
</tr>
<tr>
<td>Transaction Costs</td>
<td>(9.0)</td>
<td>(7.3)</td>
<td>23%</td>
</tr>
<tr>
<td>Net Fee and Commission Income</td>
<td>102.2</td>
<td>88.3</td>
<td>16%</td>
</tr>
<tr>
<td>Net Interest Income</td>
<td>1.7</td>
<td>1.8</td>
<td>(6%)</td>
</tr>
<tr>
<td>Net Operating Income</td>
<td>103.9</td>
<td>90.1</td>
<td>15%</td>
</tr>
</tbody>
</table>

Segment Revenue Velocity
Key Achievements

We have achieved a great deal over the last year.

Launch of the Accelerate Strategy

- April 2015: Mobile app launch.
- October 2015: Xero integration.
- March 2016: Big data warehouse.

**Technology**
- Toronto network upgrade.
- Sydney network upgrade.
- OFX.com Website launch.
- Partner currency widgets.
- OFX.com running on Amazon Web Services.

**Marketing**
- Weekday trading.
- Proprietary quantitative study in field to determine market sizing and consumer need.
- Refreshed consumer focused PR.
- Internal roll-out of brand.
- Re-brand to OFX in Australia.

**People**
- Richard Kimber, CEO.
- Karin Visnick, Head of North America.
- Kirsten Pollard, Head of People Culture.
- Maria Loyez, CMO.
- Adam Smith, COO.
- Ken Wills, Head of Canada.
- Neville Lacey, Head of UK & Europe.
- Craig Pendleton, CTO.
- Karin Visnick, Head of North America.
- Kirsten Pollard, Head of People Culture.
- Maria Loyez, CMO.
- Adam Smith, COO.
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- Craig Pendleton, CTO.
Strategy Update
Accelerate Strategy

Double revenues by FY2019

Enablement & Execution

AUD
Brand & Marketing

NON-AUD
Technology

TARGET ADJACENCIES
People

Timeline
Growth Engine

CREATIVE MARKETING

GROWTH ENGINE

EXPERIMENTS + DATA

AUTOMATION + ENGINEERING
The ATL Strategy Has Focused on Awareness and an Effective Customer Journey

<table>
<thead>
<tr>
<th>BEFORE</th>
<th>AFTER</th>
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<tbody>
<tr>
<td>Radio sponsorship, word of mouth and PR</td>
<td>Targeted comms telling people who and what we are</td>
</tr>
<tr>
<td>Google Paid Search, organic search and affiliates</td>
<td>Call to action making it easy and clear how to find us</td>
</tr>
<tr>
<td>Local websites</td>
<td>Landing pages speaking to segments &amp; relevant differentiators</td>
</tr>
<tr>
<td>Local websites</td>
<td>Simple registration and dealing processes</td>
</tr>
<tr>
<td>N/A</td>
<td>Great customer experience on and offline which builds the brand</td>
</tr>
<tr>
<td>Refer-a-Friend</td>
<td>Refer-a-Friend and shareable content to make it easy to advocate OFX</td>
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</tbody>
</table>
Global Brand Launch

Single differentiated brand building value which attracts and returns beyond price
More identifiable to customers moving markets
More team productivity and media diversity
Cost effective - economies of scale and scope
Brand Search Impressions

OFX and OzForex Search

- Eurozone crisis
- Post Eurozone crisis pre brand launch
- Brand change
- ATL Marketing

Source: Google Trends search term index for "OFX" and "OzForex" in Australia from 5/4/15 to 23/6/16
Establish OFX Brand Outside of Australia

**OBJECTIVE**
- Build OFX brand in Australia
- Launch new Secure Site globally
- Build OFX brand outside Australia

**TIMING**
- Q1, FY17
- Q2/3, FY17
- Q4, FY17
- Q1, FY18

**Regain prompted brand awareness of - 25%**

**Enhance OFX organic SEO ranking outside Australia**

**Improve customer conversion rate by at least 5%**

**Build brand awareness in regional markets (US, UK)**
Creative Has Moved Towards Direct Response

AUD $427 saved on average for a AUD $10k transfer to USD

Global money transfer specialists

ofx.com/switch

Average savings based on a sample of customer deals between 7-23 June 2016 of AUD$5,000 to USD single transfers against published rates of ANZ, Westpac, NAB and CBA for the same period. Transaction fees included. Further savings may be achieved through early selection of future savings. Please consider OFX’s TOS and FCA. OFX Limited (ABN 46 102 986 124) holds AFSL 288 684.
AGILE IS NOT A THING YOU BUY.
AGILE IS A THING YOU ARE.
Becoming Cloud Native

COST EFFECTIVE
GLOBAL SCALE

High Quality
Constant Innovation
Variable Cost
Infinite Scale
Building A High Velocity & Agile Technology Environment

Last 6 months
- Stabilised development environments
- Created dedicated product teams
- Implemented tech infrastructure
- Brought product and tech under CTO
- Created dedicated Impact team

Next 12 months
- Become cloud native - move to AWS
- Create space for innovation
- Embrace Agile across the business
- Product aligned development teams
- Fully connect Fin-Tech

Velocity of features delivered

Illustrative only.
First Quarter 2017 Highlights

Brexit

Weekend trading

Online Sellers Solution

US update

HK office
Competitor website: “About GBP transfers; to protect your money around the UK EU referendum, on Thursday 23rd June we won’t offer transfers to GBP after 7am, or from GBP after 6pm (no deposits after 8pm).

“Australians overseas were stranded without cash for up to six hours after [2 of the big 4 banks] suspended foreign exchange of the British pound following the Brexit referendum.” - Courier Mail
We are now open on the weekend!
Online Sellers

Once an online seller has registered and been approved for an account, they can add their new bank account details into their international marketplace to start saving and sending money immediately.

**OFX Online Seller Transfer Example**

- Goods are sold on the international marketplace.
- Customers pay for goods in foreign currencies.
- Online marketplace holds foreign currency balance.
- Online marketplace releases foreign currency balance to OFX collection account.
- Converted at a rate under 1.5%. Save up to 60% through the exchange rate & pay no outgoing OFX fees.*
- Converted currency is paid into the online sellers domestic business bank account by OFX.

*Please note that the intermediary and/or receiving bank may assess a fee.
US Update

Strengthening our proposition

Pursuing strategic partnerships

Designing our expansion strategy
Expanded HK office will be in place by end of August recognising the strategic location of HK in Asia. New Global Head of Sales to be based in HK and to be appointed by end of Q3.
Q1 Update
Consistent Underlying Growth

Underlying NOI

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Q1FY13</th>
<th>Q2FY13</th>
<th>Q3FY13</th>
<th>Q4FY13</th>
<th>Q1FY14</th>
<th>Q2FY14</th>
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<th>Q4FY14</th>
<th>Q1FY15</th>
<th>Q2FY15</th>
<th>Q3FY15</th>
<th>Q4FY15</th>
<th>Q1FY16</th>
<th>Q2FY16</th>
<th>Q3FY16</th>
<th>Q4FY16</th>
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Transaction volumes and NPAT has recovered since abnormally low volumes in Q3 F16
Outlook Unchanged

We currently expect the FY17 result to be characterised by

Strong revenue growth driven by increasing active client numbers as above the line strategy becomes effective

Lower 1H17 EBTDA margins as above the line marketing expenditure is refined and economics improved, leading to improving margins in 2H17

Investment in client acquisition and product development
  • $5m of above the line spend all expensed
  • Continued increase in Technology headcount growing at a similar rate to FY16
  • $5m of capitalised platform development costs as the platform is moved into the cloud and updated

FY17 earnings to be up on FY16 with accelerating growth into FY18 based on current market conditions
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