Financial Year 1H19 Results

Investor presentation

20 November 2018
Agenda

1. 1H19 Summary
2. 1H19 Financial results
3. FY19 Outlook
4. Q&A
5. Appendix
Strong revenue momentum continues

**Good revenue drivers continue**
- Record half for NOI & revenue\(^1\), corporate up 19%, consumer up 8%
- Double digit revenue growth across all regions: Asia + 29%, North America + 18%, A&NZ +11%, Europe +13%
- Transactions up 11%, transactions per active client up 13.6% to 6.4x
- Active clients stable 1H, growth expected in 2H
- Stable margins ex IPS at 56bps vs 55bps

**Delivering a better client experience**
- New release of Global Currency Account 15 May, transaction growth ahead of plan & delivering process automation
- New website launched 15 July, enhancing user experience by simplifying deal transfer process and optimising navigation
- Mobile app launched 13 Sep, 78%+ adoption rate, positive feedback

**Delivering on commitments**
- NOI up 11.6%, EBITDA up 8.2%, investing for growth
- Cash generated for own use $15.8m
- On track to deliver annual positive operating leverage\(^2\)

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1. Revenue represents “Fee and trading income” in the statutory accounts
2. This excludes the non-recurring operating expenses for corporate actions
Fundamentals continue to improve

Stable active clients with growth expected in 2H

Active clients 158.8k
Down 0.8% from 30-Sep-17

Transactions per active client 6.4
Up 13.6% from 30-Sep-17

Transactions 521.2k
11.0% up on 1H18

ATV $23.2k
6.2% up on 1H18

Turnover $12.1b
17.9% up on 1H18

Strong growth in transaction volumes ...

Continue to attract high ATV clients ...

Client value increases turnover across the group

Active clients (’000) Transactions per active client (LTM)

Transactions per active client 6.4
Up 13.6% from 30-Sep-17

Transactions (’000)

Average transaction value ($’000)

Turnover ($b)

ATV = Average transaction value

LTM = Last twelve months

Strong growth in transaction volumes ...

Continue to attract high ATV clients ...

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Turnover ($b)

ATV = Average transaction value

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Active clients (’000) Transactions per active client (LTM)
Continued revenue momentum despite low volatility

Quarterly NOI growth

Daily volatility outside bands

<table>
<thead>
<tr>
<th>Volatility +/- 15 bps</th>
<th>Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>31</td>
</tr>
<tr>
<td>FY18</td>
<td>9</td>
</tr>
<tr>
<td>FY19</td>
<td>18</td>
</tr>
</tbody>
</table>

Volatility in 1H19 vs 1H18 (AUD/USD)
1H19 Financial results

Selena Verth
Chief Financial Officer
1H19 Financial Results

Financial results | 1H18 | 2H18 | 1H19 | Var %³
---|---|---|---|---
Fee and trading income ($m) | 58.1 | 61.0 | 65.0 | 11.9%
Net operating income ($m) | 53.6 | 56.3 | 59.9 | 11.6%
Operating expenses ($m) | (40.3) | (39.8) | (45.4) | 12.8%
EBITDA ($m) | 13.4 | 16.5 | 14.5 | 8.2%
EBT ($m) | 11.0 | 13.9 | 11.6 | 4.9%
NPAT ($m) | 8.3 | 10.4 | 9.4 | 13.2%
Cash held for own use | 34.8 | 47.3 | 49.5 | 42.2%

Operational Metrics

Registrations¹ (’000s) | 74.7 | 70.7 | 70.6 | (5.5%)
Active clients² (000’s) | 160.1 | 161.9 | 158.8 | (0.8%)
Transactions (000’s) | 469.6 | 494.1 | 521.2 | 11.0%
Average transaction value (000’s) | 21.9 | 22.1 | 23.2 | 6.2%
Turnover ($b) | 10.3 | 10.9 | 12.1 | 17.9%

Heathy financial indicators

• Lead revenue indicators
  • 17.9% growth in turnover and 11.0% increase in transactions
  • Returning client rate 72%, up from 70% as at 1H18
• NOI margin ex-IPS stable at 56bps vs. 55bps, and margin including IPS at 49bps vs. 52bps.
• Costs up 12.8%, investing in growth. On track for annual positive operating leverage on an EBITDA basis¹
• Effective tax rate reduced to 19% from 25% due to R&D benefits
• Corporate registrations up 12.6%, Consumer up 9.0%, IPS down 61.5% vs 2H18
• Interim dividend of 2.64c

1. Invalid registrations have been removed in 1H18. Total registrations including invalid registration in 1H18 were 78.1k
2. Active clients are clients who have transacted in the past 12 months.
3. Comparative period is 1H18.

¹. This excludes the non-recurring operating expenses for corporate actions
Good discipline in operating expenses while investing for growth

Operating expenses

<table>
<thead>
<tr>
<th></th>
<th>1H18</th>
<th>2H18</th>
<th>1H19</th>
<th>Var %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee expense</td>
<td>(23.6)</td>
<td>(22.5)</td>
<td>(26.7)</td>
<td>13.2%</td>
</tr>
<tr>
<td>Promotional expense</td>
<td>(7.8)</td>
<td>(8.3)</td>
<td>(9.5)</td>
<td>21.8%</td>
</tr>
<tr>
<td>Technology infrastructure</td>
<td>(2.6)</td>
<td>(2.6)</td>
<td>(2.5)</td>
<td>(2.0%)</td>
</tr>
<tr>
<td>Occupancy expense</td>
<td>(1.9)</td>
<td>(2.1)</td>
<td>(2.1)</td>
<td>8.4%</td>
</tr>
<tr>
<td>Other expense</td>
<td>(4.4)</td>
<td>(4.2)</td>
<td>(4.6)</td>
<td>5.0%</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td><strong>(40.3)</strong></td>
<td><strong>(39.7)</strong></td>
<td><strong>(45.4)</strong></td>
<td><strong>12.8%</strong></td>
</tr>
<tr>
<td>Capital Expenditure</td>
<td>(2.1)</td>
<td>(3.1)</td>
<td>(4.1)</td>
<td>99.5%</td>
</tr>
</tbody>
</table>

Focused cost management and visibility

- Employee costs increased 13%, driven by ongoing investment in revenue generating headcount +26%
- Increase in promotional spend of 21.8% with continued investment in North America, US revenue +31% in 1H
- Promotional spend driving increased activity for existing clients with transactions per active client up 13.6%
- Occupancy costs expected to increase in 2H19 with the expansion of Sydney office and re-location in London finalised
- Productivity program well underway, on track to deliver annualised expense savings of $1.6m
- Capital expenditure on track for $7m+ focused on customer experience and reliable scalable systems
FY19 Outlook

Skander Malcolm
Chief Executive Officer and Managing Director
1H19 strategy update

Growth drivers

Client Experience
- New releases of website, app and pipeline of changes underway in 2H
- NPS score up from 59.8 to 67.9 globally, up 10%+ in every region

Geographic Expansion
- Staff +34% in North America and +64% in Asia
- Promotional expenses +30% in North America
- Investment to deliver in future periods

Partnerships
- Strong commercial pipeline opportunities in 1H
- Rates API live, building pipeline

Foundational enablers

Tech Foundations
- Increased investment in security, cyber and risk
- Continuing to reduce banking costs and server hosting costs

Risk Management
- Successfully completed all US regulatory exams
- E-money license granted in UK

People
- Hiring of Chief People & Culture Officer and President, UK & Europe
- Successfully introduced remuneration plans across organisation
FY19 – Summary outlook

Financial commitments

- Continued revenue momentum, October trading up 15.5%
- Deliver an annual positive operating leverage on an EBITDA\(^1\) basis
- EBITDA\(^1\) in 2H19 to be stronger than 2H18 with stable margins

2H19 focus areas

- Grow active clients by delivering improvements to customer experience and conversion rates
- Driving our corporate growth

1. This excludes the non-recurring operating expenses for corporate actions
1H19 Appendix
Diverse revenue growth, strong global platform

- Turnover + 8.7%
- Transactions + 2.5%
- Turnover + 17.7%
- Transactions + 74.0%
- Turnover + 9.5%
- Transactions + 8.1%

North America: Revenue
- Turnover + 18.5%
- Transactions + 21.4%

Europe

Asia

A&NZ
Revenue driven by strong portfolio of returning clients

New clients 28%
Returning clients 72%
Up from 70% in 1H18

Active Clients at 30-Sep-18
158.8k
Down 0.8% from 30-Sep-17

New Clients Returning clients

Corporate revenue $m

Consumer revenue $m
Strong balance sheet and excellent cash flow generation

• Strong cash generation of $15.8m
• Investment in capex of $4.1m to enhance the customer experience and reliable, scalable systems
• Interim dividend of 2.64c per share will be paid out of free cash flow

<table>
<thead>
<tr>
<th>$m</th>
<th>31-Sep-17</th>
<th>31-Mar-18</th>
<th>30-Sep-18</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash held for own use</td>
<td>34.8</td>
<td>47.3</td>
<td>49.5</td>
</tr>
<tr>
<td>Cash held for settlement of client liabilities</td>
<td>122.7</td>
<td>155.8</td>
<td>158.5</td>
</tr>
<tr>
<td>Deposits with financial institutions</td>
<td>10.1</td>
<td>10.2</td>
<td>17.1</td>
</tr>
<tr>
<td>Derivative financial assets</td>
<td>19.5</td>
<td>12.9</td>
<td>11.5</td>
</tr>
<tr>
<td>Other assets</td>
<td>3.5</td>
<td>4.8</td>
<td>4.2</td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>4.6</td>
<td>3.9</td>
<td>3.4</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>6.0</td>
<td>7.2</td>
<td>9.0</td>
</tr>
<tr>
<td>Deferred and prepaid tax assets</td>
<td>1.1</td>
<td>0.2</td>
<td>0.4</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td>202.3</td>
<td>242.3</td>
<td>253.6</td>
</tr>
<tr>
<td><strong>Liabilities</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Client liabilities</td>
<td>122.7</td>
<td>156.9</td>
<td>159.4</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>9.6</td>
<td>10.7</td>
<td>8.5</td>
</tr>
<tr>
<td>Other liabilities</td>
<td>10.9</td>
<td>11.7</td>
<td>15.0</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td>143.2</td>
<td>179.3</td>
<td>182.9</td>
</tr>
<tr>
<td><strong>Total equity</strong></td>
<td>59.1</td>
<td>63.0</td>
<td>70.7</td>
</tr>
</tbody>
</table>

Cash generated for own use 1H19 vs. 2H18

- $14.5m increase
- $3.8m increase
- $1.8m decrease
- $0.7m decrease
- $15.8m increase
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