



OFX GROUP LIMITED

FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2018

20 November 2018 – OFX Group Ltd (ASX: OFX) today announced its half year results for the period ending 30 September 2018. The result reflects strong revenue growth across all regions with OFX delivering Net Operating Income (NOI or Revenue) of \$59.9m, Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) of \$14.5m and Net Profit after Tax (NPAT) of \$9.4m.

Key financial and operational highlights include:

- Turnover of \$12.1bn, up 17.9% on 1H18, with:
 - Transactions up 11.0% to 521.2k;
 - Average Transaction Values (ATVs) up 6.2% to \$23.2k; and
 - Active clients of 158.9k and transactions per active client up 13.6%
- Fee and trading income up 11.9% to \$65m with double digit growth across all regions
- Net Operating Income up 11.6% to \$59.9m at stable margins: corporate up 19%, consumer up 8%
- EBITDA up 8.2% to \$14.5m, on track to deliver positive operating leverage on annual basis excluding the non-recurring operating expenses for corporate actions
- NPAT up 13.2% to \$9.4m with R&D benefits reducing the effective tax rate to 19% from 25%
- Interim dividend of 2.64 cents per share fully franked

OFX's Chief Executive Officer and Managing Director, Skander Malcolm, said: *"This was a great half year performance, continuing the momentum from the second half of last year. We delivered a record net operating income, or revenue, up 11.6% to \$59.9m, at stable margins. We saw strong growth in our Corporate business, up 19% and also good growth in our Consumer business, up 8% as we continue to stimulate our back book. What was especially pleasing is that we achieved double digit revenue growth across all of our regions, with A&NZ up 11%, Europe up 13%, North America up 18% and Asia up 29%, while markets were relatively quiet.*

"Active Clients were stable, with transactions per active client up 13.6% to 6.4 times, and transaction volumes up 11% on higher average transaction values (ATVs), demonstrating that we are engaging the right client profiles. During the half we also introduced several product and technology initiatives to drive a better client experience and make it easier to transact, such as the launch of our new website in July and new mobile app in September, which are already resulting in new customer growth.

"We continue managing our costs well, while investing further in headcount to drive growth in our corporate business, and in our marketing program to drive consumer activity, especially in the high growth US market. EBITDA for the half year was up 8.2%."

Cash generation remained strong with \$15.8m cash generated for own use during the six months to 30 September 2018. The OFX Board of Directors has declared a fully franked final dividend of 2.64 cents per share for the six months ended 30 September 2018, with the dividend to be paid out of free cash flow on the 14th December 2018.



	<u>1H18</u>	<u>2H18</u>	<u>1H19</u>	<u>VAR³</u>
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%
Registrations ¹ (000's)	74.7	70.7	70.6	(5.5%)
Active clients ² (000's)	160.1	161.9	158.8	(0.8%)
Turnover (\$b)	10.3	10.9	12.1	17.9%
Transactions (000's)	469.6	494.1	521.2	11.0%
Average transaction value (000's)	21.9	22.1	23.2	6.2%

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

RESIGNATION OF CHIEF OPERATING OFFICER

OFX announces that Mr Adam Smith, Chief Operating Officer, has resigned for personal reasons. Mr Smith has been OFX's Chief Operating Officer since October 2015. Mr Smith will remain employed until the end of his six-month notice period. Mark Shaw, OFX's Chief Risk Officer, will take on the role of Chief Operating Officer effective 1 April 2019. Mark will retain oversight of OFX's risk function as part of his new role.

Skander Malcolm said: *"Adam has been a huge contributor to the turnaround in OFX since he joined in October 2015. In his role as Chief Operating Officer he led commercial, operational, banking, and treasury teams to deliver revenue, growth, margin, and extraordinary service, globally. He leaves with our best wishes, and our thanks."*

FURTHER RESPONSE TO MEDIA SPECULATION

OFX refers to its announcement dated 13 November 2018 and confirms that discussions with Currencies Direct are no longer continuing.

GROUP OUTLOOK

In the second half OFX will continue to deliver on its committed capital expenditure program to improve the client experience and drive client activation as well as new client growth.

Skander Malcolm said: *"The revenue momentum from the first half has continued. We are confident that the initiatives we have introduced will continue to improve conversion rates and see a return to active client growth, while the investment we are making in sales people will drive growth in our corporate business. This will result in stronger EBITDA in the second half compared to the second half of last year, at stable margins, and we remain committed to delivering positive annual operating leverage on an EBITDA basis excluding non-recurring expenses."*



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For all enquiries:

Media
Helen McCombie, Citadel-MAGNUS
+61 0411 756 248

Investors
Matthew Gregorowski, Citadel-MAGNUS
+61 422 534 755

Investor Webcast

OFX is hosting a webcast of its investor call at 9.00am this morning. To register for the webcast, go to <http://webcast.openbriefing.com/4894/>

About OFX Group (ASX: OFX)

OFX Group Limited is a global provider of online international payment services for consumer and business clients. It has offices in 7 locations. The OFX Group provides services under a new single global brand, OFX, using a single domain name, www.ofx.com.