OFX GROUP LIMITED
FINANCIAL RESULTS FOR THE HALF YEAR ENDED 30 SEPTEMBER 2020

10 November 2020 – OFX Group Ltd (OFX or the Group) (ASX: OFX) today announced half year results for the period ending 30 September 2020. The result reflects a soft 1Q due to the impact of COVID-19, with Consumer clients trading less frequently and unusually low average transaction values. This resulted in revenue being down $3.7m and underlying EBITDA being down $5.7m on 1H20. However, the Group saw strong underlying signals with transactions up 10.1% and a significant recovery across all segments in 2Q, reflecting a sustainable business model and good execution on its strategy.

Financial Highlights

- Turnover of $11.2bn, down 2.7% on 1H20; with:
  - Transactions up 10.1% to 602.8k; and
  - Average Transaction Values (ATVs) down 11.6% to $18.6k
- Fee and trading income (Revenue) down 5.6% ($3.7m) to $61.6m; with:
  - Consumer revenue down 16.3%, Corporate revenue up 2.9%, Online Sellers revenue up 16.4%
  - Strong recurring revenue, increased to 79%
- Net Operating Income down 9.4% to $53.9m
- Underlying EBITDA down 34.8% ($5.7m) to $10.8m
- Statutory NPAT down 65.6% ($5.4m) to $2.9m
- Strong operating cash flows with total net cash held of $52.8m, with Net Available Cash up $3.6m
- Unfranked interim dividend of 0.81 cents per share

Growth investments delivering

- Corporate new dealing clients up 10.6%, with revenue growth of up 33% from new clients
- Online Sellers revenue ex Asia up 52%
- North American revenue up 2.5%, up 14.5% in 2Q
- Link Australia implementation complete and program live; new Enterprise agreement with WiseTech Global signed with a full launch expected in 3Q22; strong Enterprise pipeline

OFX's Chief Executive Officer and Managing Director, Skander Malcolm, said: *"In what has been a highly uncertain macro environment, we saw a soft first quarter driven primarily by cautious Consumer clients and lower average transaction values. Typically more active during periods of currency volatility, Consumer clients were particularly subdued following the exceptionally high levels of trade we saw in February and March.*

"However, the underlying signals across our business were strong with transaction volumes up 10.1% overall and transactions per active client up 13.8%. This reflects a more valuable and loyal client base, with 79% of our revenue now coming from existing clients. In the second quarter we saw a meaningful recovery across every segment, with revenue up 16.6% and NOI up 16.8% on 1Q. Our Corporate segment, which grew 2.9% overall, was up 11.6% quarter on quarter and in North America, our key growth region, revenue was up 30% quarter on quarter.

"It is also very encouraging to see that the investments we are making in our growth drivers is delivering results. Our Corporate segment grew revenue from new clients more than 33%. Our Online Sellers business grew 16.4% overall and excluding Asia, where we have deliberately pivoted away from low margin business, revenue was up 52% as a result of further product, commercial, and marketing investments.

"We have made strong progress in our Enterprise segment. Firstly, we have implemented our program with Link Australia, and are onboarding clients and distributing dividends. Secondly, we are delighted to have signed a new Enterprise agreement with WiseTech Global to allow CargoWise clients to settle invoices requiring cross border payments through OFX. Our service will be integrated with their CargoWise platform, making it easy, convenient, safe, and great value for WiseTech clients. These agreements are an efficient, differentiated, and sustainable way to grow. They draw on our unique advantages – a single global platform, a very strong risk management program, and world class 'human+digital' 24/7 service delivery. Finally, our Enterprise pipeline is strong, reflecting good progress commercially.

"We continued to manage our costs well, with lower underlying operating expenses if we exclude the investment we have made in building out our Online Sellers and Enterprise capability, and flat overall. Underlying EBITDA was down 34.8% in light of the lower NOI and NPAT was $2.9 million. We also continue to improve marketing efficiencies, with a further reduction in the cost per registration while registrations grew 10.1%, and continue to improve the client experience and our reliable, scalable systems."

The Company continues to generate good levels of cash, with net cash flows from operating activities of $8.7 million for the half year, and cash held for own use including deposits with financial institutions increasing to $52.8 million.

Summary Financial Results

	1H20	1H21	V%
Turnover ($b)	11.5	11.2	(2.7)%
Fee and trading income ($m)	65.3	61.6	(5.6)%
Net operating income ($m)	59.5	53.9	(9.4)%
Underlying operating expenses[1] ($m)	43.0	43.2	0.3%
Underlying EBITDA[1] ($m)	16.5	10.8	(34.8)%
Underlying EBT[1] ($m)	10.7	4.1	(61.7)%
Underlying NPAT[1] ($m)	8.6	3.2	(62.6)%
Statutory NPAT ($m)	8.3	2.9	(65.6)%
Net cash held[3]	51.5	52.8	2.6%
Registrations (000's)	61.9	68.0	10.1%
Active clients[2] (000's)	154.0	147.2	(4.4%)
Transactions (000's)	547.9	602.8	10.1%
Average transaction value (000's)	21.1	18.6	(11.6%)

1. *Excluding one-off items of $0.5m for 1H21 and $0.4m for 1H20*
2. *Active clients are clients who have transacted at least once in the prior 12 months*
3. *Net cash held is Cash held for own use and deposits due from financial institutions. Note of the $52.8m we hold $25.6m as collateral and bank guarantees*

Dividend

The OFX Board of Directors has declared an unfranked dividend of 0.81 cents per share for the half year ended 30 September 2020, with the dividend to be paid out of free cash flow on 11 December 2020. This is in line with the historic dividend guidance range and reflects the Board's confidence in the outlook for the business and its healthy cash position.

Group Outlook

OFX will continue to invest in strengthening its reliable and scalable systems, risk management processes and people, as well as investing in the client experience, further expanding geographically, and developing its partnerships.

Skander Malcolm said: *"The investments in our foundations have kept us safe and strong in what has been one of the most uncertain periods for the global cross-border payments industry. We head into the second half with measured confidence as we continue to see progress in our growth investments and a good recovery in Consumer client activity.*

"We will continue to grow our Link Australia partnership, while the new strategic alliance with WiseTech will provide further momentum in our Enterprise segment. These new agreements will progressively contribute to our Enterprise revenues, while we continue advancing the pipeline of opportunities. Our Corporate and Online Seller segments go from strength to strength, and it's particularly pleasing to record our fastest growth in revenue from new Corporate clients FY14.

"With the near-term revenue outlook difficult to predict and continued sensible investment in our growth engines, as previously indicated we will not be targeting positive operating leverage for FY21. That said, we continue to see a good recovery in trading underpinned by strong cash flows, while our growth investments position us well going forward."

-ENDS-

Authorised by OFX Group Limited Board of Directors

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Investor Webcast

An audio webcast of the OFX investor call at 10.00AM AEDT this morning will be available at:
https://webcast.openbriefing.com/6670

About OFX Group (ASX: OFX)

Founded in 1998, OFX is an international money services provider based in Sydney with eight offices across the world and more than 400 staff. It offers money transfers and foreign exchange services for consumer and business clients across 55 different currencies. Through its 'human + digital' business model, OFX provides 24/7 localised client support to complement its global digital platform.

More information, including a downloadable Fact Sheet, is available at https://www.ofx.com/en-au/investors