

Annual General Meeting

13 August 2019



Welcome

Steven Sargent
Chairman



Agenda



Chairman's Address



CEO's Address



Formal Business



Close

Chairman's Address

Steven Sargent
Chairman



CEO's Address

Skander Malcolm

Chief Executive Officer and Managing Director



FY19: Strong operating result

NOI
\$118.7m



8.0%

Underlying
EBITDA¹
\$32.2m



8.1%

Final
dividend
3.28c
per share

Results underpinned by good fundamentals

- Underlying EBITDA¹ ahead of range due to strong March, with better than expected margins and benefits of cost actions.
- Transactions increased 8.8% and transactions per active client² up 12.6%.
- Annual positive operating leverage with good cost controls.
- Cash generation for own use of \$19.0m.
- Underlying return on invested capital⁴ (ROIC) of 36.3%.

Continued revenue³ growth

- Strong momentum in North America and Asia, up 19.8% and 19.3% respectively, and Australia up 5.1%.
- Corporate growth of over 10% in all regions.
- Stable NOI margin (ex IPS) of 55bps.

Enhanced client experience

- Growth in NPS to 67 from 60.
- Delivered new mobile App and website.
- Improved functionality for Global Currency Account API offering.



1. Excluding corporate action costs of \$4.3m.

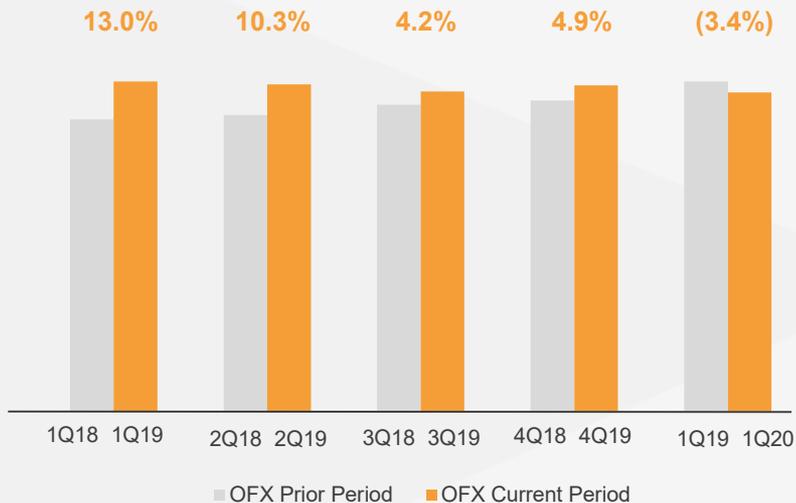
2. Active clients are numbers of clients who have transacted at least once in the prior 12 months.

3. Revenue represents "Fee and trading income" in the statutory accounts.

4. ROIC represents Underlying NOPAT / Invested Capital. Invested Capital = shareholders equity less cash held for own use plus collateral, working capital and fixed assets being property, plant and equipment and intangibles.

1Q20: Strong growth in North America and Corporate globally, despite difficult market

OFX Quarterly NOI Growth



Market growth*	1Q19	2Q19	3Q19	4Q19	1Q20
	17.4%	4.8%	0.4%	(14.4%)	(16.4%)

Source: OFX analysis and <https://www.thomsonreuters.com/en/resources/fx-volumes.html>



- NOI down 3.4% on record 1Q19 result, impacted by Consumer globally. Strong July returning YTD NOI to positive growth.
- Good revenue performance in key growth segments:
 - North America up 15%, US up 19%.
 - Corporate up 6%.
- Stable NOI margin.
- 264.6k transactions, up 2.8%. Transactions per active client up 5.2%, ATVs down \$2.7k on 1Q19.
- Active clients up in Corporate, down in Consumer.
- On track to deliver positive annual operating leverage.
- Doubled conversion rate (globally) of prospects to dealing clients 1Q20 v 1Q19:
 - Simplified on-boarding process: >90% improvement in registration completion rates.
 - Refined marketing approach: cost per registration down 20%, cost per NDC down 26%.
 - New mobile App: 58% increase in transfers made in the App.

Formal Business



Item 1

“To receive and consider the financial statements of the Company and the reports of the Directors and Auditors for the year ended 31 March 2019.”

Item 2

To consider and, if thought fit, pass the following non-binding resolution as an ordinary resolution:

“That the Remuneration Report for the year ended 31 March 2019 be adopted.”

This is a non-binding advisory vote.

FY19 Remuneration Outcomes

Remuneration Outcomes

Delivery of strong results, including revenue growth above market and performance improvements across key non-financial areas. However, performance was below expectations. Remuneration outcomes were appropriately reflective of this performance including:

- Pay rises for Executive KMP were capped at 2.4% (with the exception of Mark Shaw who was promoted to the role of COO).
- STI was awarded to Executive KMP with 55% funding from the Company performance pool recognising decrease in Active Clients and achievement on Leadership and Culture based on performance in talent management, risk management outcomes, Net Promoter Score (**NPS**) outcomes and employee engagement scores with appropriate reduction in pay out for failure to meet growth targets.
- No increase in fees paid to Non-Executive Directors (remaining fixed since listing in October 2013).

CEO Remuneration outcomes for FY19:

Component	\$AUD	FY19 Outcome
Total fixed remuneration	\$680,531	2.4% increase to base salary
Short Term Incentive	\$765,612 target STI	STI Achievement: 55% (\$421,086) Cash: \$210,543 Deferred:\$210,543 (Subject to shareholder approval per Item 5)
Long Term Incentive (Executive Share Plan)	FY19 Grant	Shareholders approved grant of 691,603 shares at the 2018 AGM

FY19 Changes to Incentive Schemes

Short Term Incentive Scheme (STI)

- Removal of minimum earnings before tax (**EBT**) gateway. Replaced with a Company pool, driven by four Company Performance Measures. All staff, including Executive KMP, also have individual performance measures to be equally weighted.
- Maximum STI opportunity that may be awarded is 132% of target (110% for Company Performance Measures) multiplied by individual performance (120%).
- FY19 Company Performance Measures were:
 - Underlying EBT (40%)
 - NOI (20%)
 - Active Clients (20%)
 - Leadership and Culture (20%)

Long Term Incentive Scheme (LTI)

- Retention of the amended Executive Share Plan (**ESP**) as approved by shareholders at the 2018 AGM. Key elements were redesigned in FY18 (move to Absolute TSR CAGR performance metric with EBITDA gateway) to focus on growth in the Company's share price and to align the interests of Executive KMP with shareholders.

Other

- Introduced a global Employee Share Scheme to encourage greater share ownership across the Company and to align employees at all levels with the shareholder experience.
- Comprehensive review of wider Company incentive schemes, including global commission plans and a review of malus and clawback mechanisms in response to the Hayne Royal Commission.

Votes on Item 2

VOTES	
For*	84.84%
Against	8.30%
Open votes (other than Chairman)	6.86%
Total Votes	156,366,391
Abstain	606,541

Figures relate to proxy votes lodged up to 2:00pm AEST on 11 August 2019.

* Votes in favour consist of direct and open proxies to the Chairman.

Item 3

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

“That Ms Connie Carnabuci, who having been appointed as a Director of the Company on 1 April 2019 in accordance with Article 46(b) of the Company’s Constitution, and being eligible for election, be elected as a Director of the Company.”

Connie Carnabuci



Non-Executive Director – Bachelor of Commerce (Marketing) (with Merit) and Bachelor of Laws. Member of the Remuneration and Nomination Committee, GAICD

Connie has over 30 years' experience in legal practice, management and strategy, including significant private practice advice and deal experience in Asia in the technology, telecoms, new media (digital online), FMCG and renewable energy sectors. Connie is also currently the General Counsel for the ABC. Prior to her role at the ABC, Connie was a Partner at Freshfields Bruckhaus Deringer in Hong Kong leading the firm's IP/TMT practice in Asia. She also served as Co-head of the firm's global technology practice. Before moving to Hong Kong, Connie practiced in Australia for 11 years, including as a Partner at Mallesons Stephen Jacques (now King and Wood Mallesons). She began her career as Associate to the Honourable Justice Wilcox, Federal Court of Australia.

Connie is a Member of the UNSW Business School Advisory Council and a Graduate of the Australian Institute of Company Directors.

Connie resides in Sydney, Australia.

Connie has no other current directorships.

Votes on Item 3

VOTES	
For*	93.48%
Against	5.27%
Open votes (other than Chairman)	1.25%
Total Votes	156,348,577
Abstain	624,355

Figures relate to proxy votes lodged up to 2:00pm AEST on 11 August 2019.

* Votes in favour consist of direct and open proxies to the Chairman.

Item 4

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14; sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for:

- a) the issue to Mr John Alexander Malcolm of 801,763 ordinary shares under the OFX Group Limited Executive Share Plan as described in the Explanatory Memorandum; and*
- b) the provision of a loan to Mr John Alexander Malcolm to assist him to acquire the shares under the OFX Group Limited Executive Share Plan as described in the Explanatory Memorandum.”*

Issue of Shares and Loan to Mr Malcolm

Shareholder approval is being sought for an FY20 LTI grant to Mr Malcolm under the ESP at 92% of his fixed remuneration, being \$680,531, under the Company's Executive Share Plan.

- **Vesting condition:** Underlying EBITDA "Gateway" where EBITDA over the 3-year performance period commencing 1 April 2019 (**Performance Period**) must be accretive for shares to vest.
- **Performance condition:** Absolute Total Shareholder Return (**TSR**) Compound Annual Growth Rate (**CAGR**). Loan forgiveness is then granted as follows (capped at 30%):
 - 10% forgiveness for 10% TSR CAGR;
 - 20% forgiveness for 15% TSR CAGR; and
 - 30% forgiveness for 20% TSR CAGR.
- **Number of shares:**
Fixed Remuneration x Grant % x Gross-up Factor (2) divided by the share acquisition price (being the five day VWAP for the period prior to but not including 11 June 2019)

$$\begin{aligned} &= (\$680,531 \times 92\% \times 2) / \$1.5618 \\ &= \text{maximum of } \mathbf{801,763} \text{ shares} \end{aligned}$$

A Gross-up Factor of 2 has been used for simplification and transparency.

Votes on Item 4

VOTES	
For*	98.04%
Against	0.32%
Open votes (other than Chairman)	1.63%
Total Votes	156,417,688
Abstain	555,244

Figures relate to proxy votes lodged up to 2:00pm AEST on 11 August 2019.

* Votes in favour consist of direct and open proxies to the Chairman.

Item 5

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the issue to Mr John Alexander Malcolm of 134,810 performance rights under the OFX Group Limited Global Equity Plan as described in the Explanatory Memorandum.”

Issue of Performance Rights to Mr Malcolm

Shareholder approval is being sought for the granting of performance rights to Mr Malcolm pursuant to Mr Malcolm's achievement of STI for FY19 under the Company's Global Equity Plan.

- FY2019 Company Performance Measures were set at (refer slide 12):
 - Underlying EBT (40%);
 - NOI (20%);
 - Active Clients (20%); and
 - Leadership and Culture (20%).
- Mr Malcolm's FY19 STI target was AU\$765,612 and his STI achievement, as assessed by the Board was 55%. This was calculated based on a 55% funding from the Company Performance Measures and an individual performance of "Meets Expectations".
- Mr Malcolm's STI equity grant for FY19 is \$210,543 equating to a **maximum of 134,810 Performance Rights** rounded to the nearest whole performance right.
- The number of Performance Rights that Mr Malcolm will be granted has been determined as at 11 June 2019 by dividing the dollar value of Mr Malcolm's grant by the fair value of a Performance Right using the volume weighted average price of the ordinary shares of the Company during the five trading days prior to but not including 11 June 2019, being \$1.5618.

Votes on Item 5

VOTES	
For*	98.19%
Against	0.32%
Open votes (other than Chairman)	1.49%
Total Votes	156,417,688
Abstain	555,244

Figures relate to proxy votes lodged up to 2:00pm AEST on 11 August 2019.

* Votes in favour consist of direct and open proxies to the Chairman.

Questions



Thank you

The material contained in this document is a presentation of general information about OFX Group Limited (**Company**) and its activities current as at 13 August 2019. Material is provided in summary only and does not purport to be complete. The material contained in this document has been prepared without taking into account the investment objectives, financial situation and particular needs of any particular person and should not be taken as advice for investment purposes or a recommendation in relation to the Company.

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