

25 November 2014

FY15 Half Year Result

Chief Executive Officer – Neil Helm
Chief Financial Officer – Mark Ledsham
Chief Commercial Officer - Simon Griffin

AGM
6 August
2014

1H15 Result
25 November 2014

FY15 Result
May 2015

Executive Summary

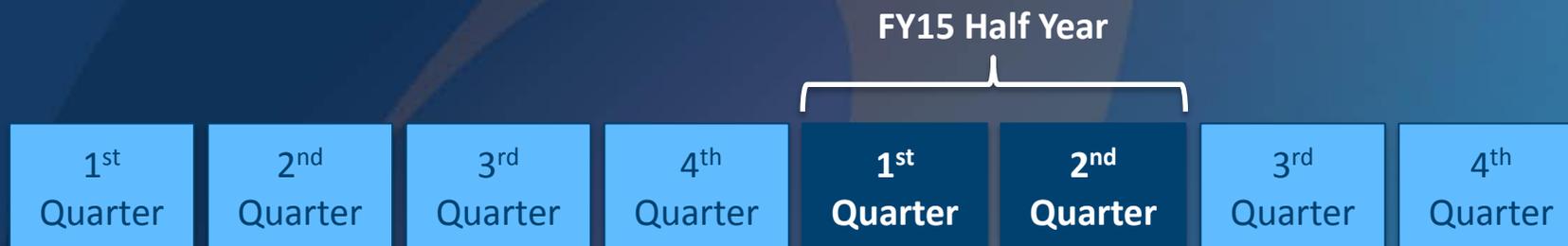
- **Pro forma EBTDA 1H15 \$17.2 million up 28% over 1H14 (on 19% increase in Net Operating Income to \$41.6m)**
- **Interim EPS of 4.99c per share for 1H15, up 19% on 1H14 and fully franked interim dividend of 3.5c per share (70% dividend payout ratio)**
- **Strong underlying business growth**
- **Met 12 month September 14 prospectus financial forecasts**
- **Operational highlights**
 - US business moved into maiden profit
 - Hired experienced Global Head of Product and Marketing
 - Established new key partnerships
- **Strong balance sheet and cash flow conversion**
- **Clear strategy will drive continued growth in existing geographies**

Contents

1. Highlights - FY15 Half Year
2. Highlights - Prospectus Period
3. Growth Strategy
4. Summary and Outlook



Performance - FY15 Half Year (1H15)



FY15 Half Year - Key metrics

- The 1H15 result delivered strong growth on 1H14 across key financial and operational metrics

	1H15	1H14	Growth
<u>Financial Metrics</u> ¹			
Turnover	\$7.5bn	\$6.6bn	14%
Net Operating Income ²	\$41.6m	\$35.0m	19%
Expenses ²	\$24.4m	\$21.6m	13%
Pro Forma EBTDA	\$17.2m	\$13.4m	28%
Pro Forma NPAT	\$12.0m	\$9.6m	25%
<u>Operational Metrics</u>			
Active Clients ³ (000's)	129.9	107.0	21%
Existing Clients (000's)	101.0	79.1	28%
New Dealing Clients (000's)	29.0	27.9	4%
Transactions (000's)	336.1	285.3	18%
Average Transaction Value (\$000's)	\$22.3	\$23.1	(3%)

(1) All the financial metrics presented above are pro forma

(2) Excludes other income and expenses relating to IPO

(3) Active clients are clients who have transacted within the past 12 months. Active clients are made up of "new dealing clients" (clients who first transacted in the past 12 months) and existing clients (clients who first transacted over 12 months ago).

FY15 Half Year - Active Clients

Active Client growth has continued ...

... on the back of strong growth in Existing Clients ...

... and modest growth in NDCs relative to 1H14.

Active Clients
130k
21% up on 1H14

Active clients



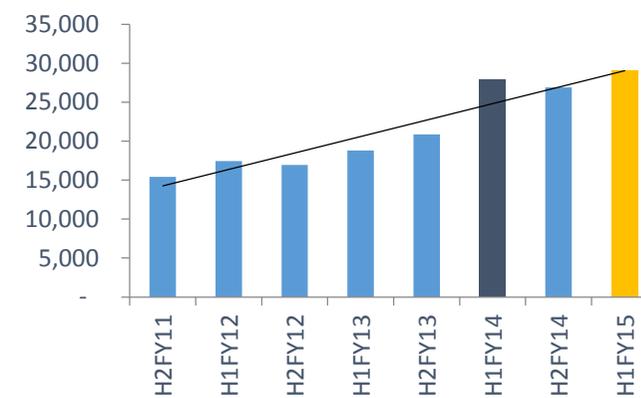
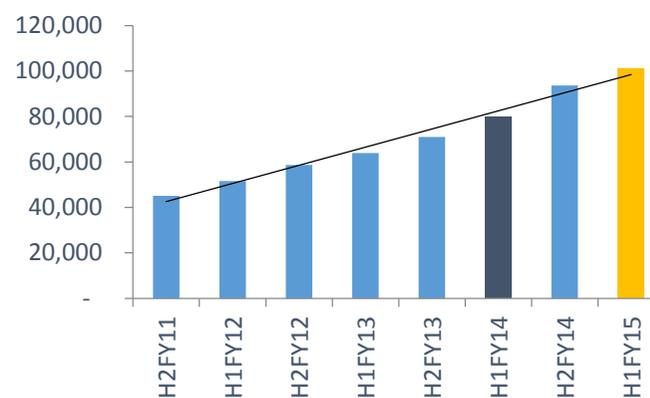
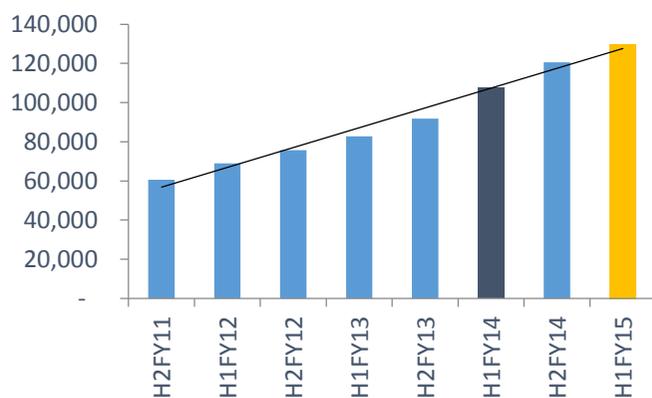
Existing Clients¹
101k
28% up on 1H14

Existing clients



New Dealing Clients
29k
4% up on 1H14

NDCs



¹Existing clients for a half year are Active clients at the period end less New Dealing Clients

FY15 Half Year – Operational Metrics

Transaction numbers have increased in line with Active Client growth which ...

... combined with a slightly lower ATV has driven ...

... continued growth in turnover in 1H15.

Transactions
336K
18% up on 1H14



ATV
\$22.3K
3% down on 1H14

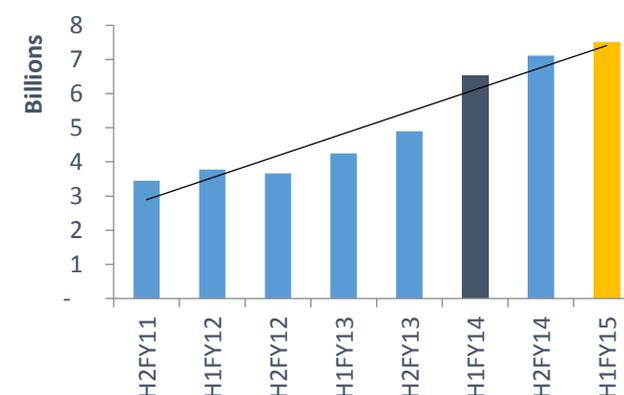
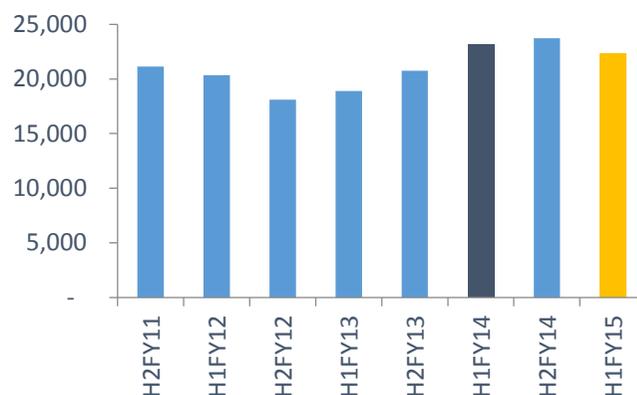
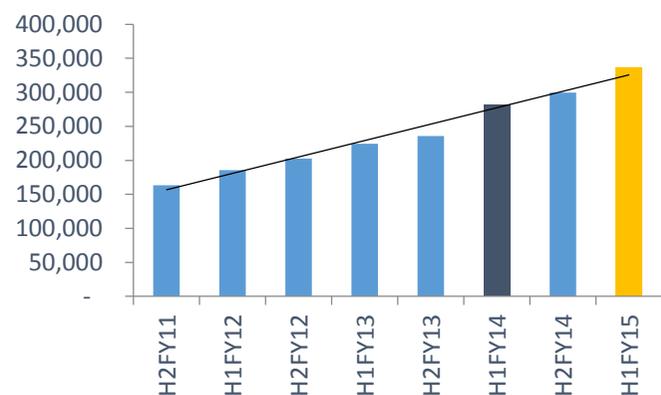


Turnover
\$7.5b
14% up on 1H14

Transactions

ATV

Turnover

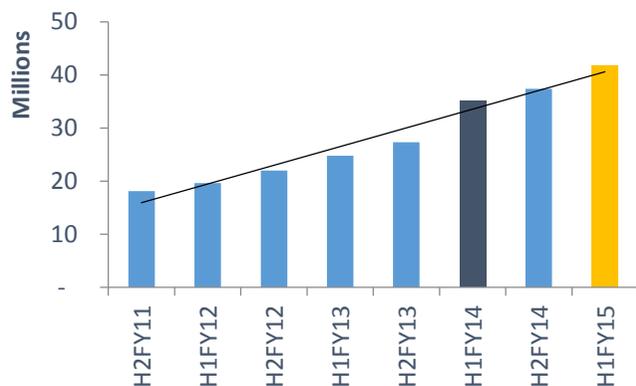


FY15 Half Year – Financial Metrics

Improvements in gross margin delivered Net Operating Income growth ahead of turnover growth.

Net Operating Income
\$41.6m
19% up on 1H14

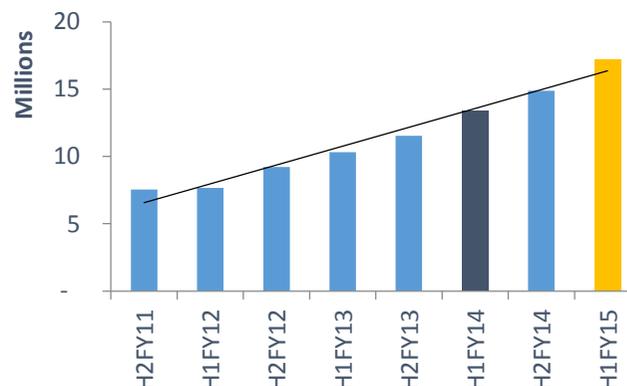
Net Operating Income



Improvements in pro-forma EBTDA margin has delivered strong EBTDA growth ...

Pro Forma EBTDA
\$17.2m
28% up on 1H14

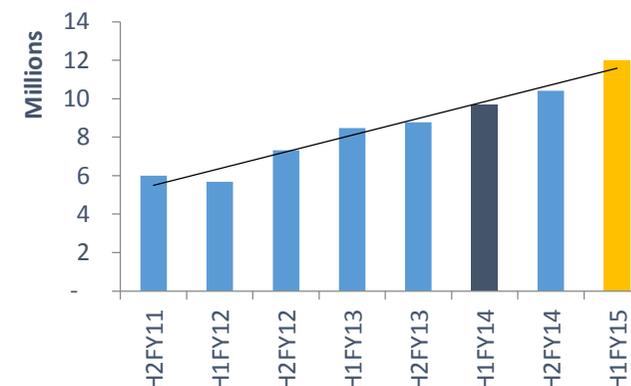
Pro Forma EBTDA



... which has delivered strong growth in NPAT on 1H14 and continues the historical trend.

Pro Forma NPAT
\$12.0m
25% up on 1H14

Pro Forma NPAT



FY15 Half Year - Net operating income

- **All segments performed well delivering 19% fee and commission income growth**
 - Strong US growth helped the North American region deliver 40% growth.

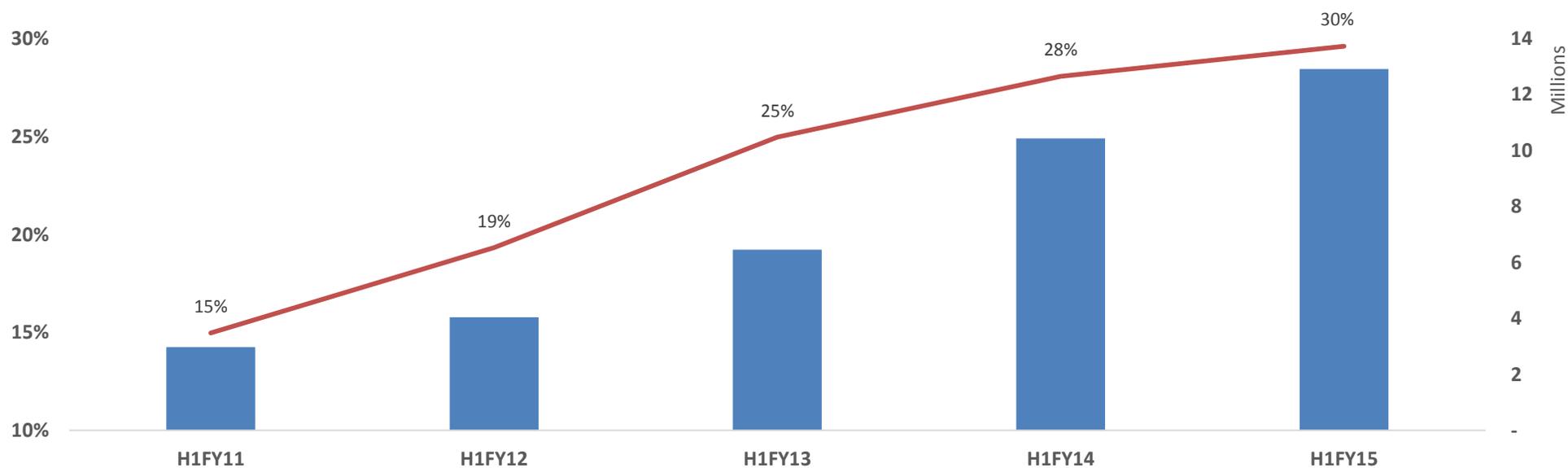
Segment	Actuals		Growth
	1H15	1H14	
\$m			
Australia and New Zealand ¹	23.6	20.5	15%
Europe	8.9	7.5	19%
North America	5.6	4.0	40%
Asia	0.8	0.7	14%
International payment solutions	5.0	4.3	16%
Fee and commission income	43.9	37.0	19%
Transaction costs	(3.2)	(2.7)	
Net fee and commission income	40.7	34.3	
Net interest income	0.9	0.8	
Net operating income	41.6	35.1	
Pro forma adjustment to interest earned	-	(0.1)	
Pro forma net operating income	41.6	35.0	19%

¹ Australia and New Zealand now includes other geographies, previously disclosed separately.

Strong client retention outcome

- Retention drives client lifetime value and adds operating leverage
- Percentage of fee and commission income attributable to clients older than 3 years continues to increase

Fee and commission income from clients older than 3 years (rhs) and percentage of total revenue (lhs)



FY15 Half Year - Operating Expenses

- **Increased expenditure incurred to support growth**
- **Notwithstanding this investment, pro forma EBTDA margin improved from 38.3% to 41.3% as the US business began to have a positive contribution**
- **Pro forma employee costs increased by 20%**
 - FTEs finished the period up 13% on 1H14 to 215 employees.
- **Increasing NDC numbers resulted in Pro forma promotional costs being 9% higher than 1H14.**
- **Approximately 50% of the expense base is denominated in non AUD. A weakening AUD results an increased cost base.**

\$m	Pro forma 1HFY15	Pro forma 1HFY141	FY14 Variance
Employee costs	14.2	11.8	20%
Promotional costs	5.8	5.3	9%
Occupancy costs	0.9	0.7	29%
Other costs	3.5	3.8	(8%)
Total operating expenses	24.4	21.6	13.0%

1. *The expenses after adjusting for one off bonuses and on costs accrued as a result of the IPO and trade sale process and ongoing public company costs not incurred in the 6 months prior to IPO, but expected to be incurred on an ongoing basis*

FY15 Half Year - Reconciliation of underlying earnings

- **Pro forma NPAT increased by 25% to \$12.0m from 1H14 (as adjusted for items detailed in table)**
 - Pro forma NPAT margin increased by 140 basis points to 28.8% due to the US business becoming profitable after 2 years of loss making operations.
- **Statutory NPAT result of \$12.0m was 26.3% up on 1H14**

A\$000's	1HFY15	1HFY14	Growth
Statutory EBTDA	17.2	13.2	30.3%
<i>Statutory EBTDA margin</i>	<i>41.3%</i>	<i>37.6%</i>	
Annualisation of ongoing IPO costs ²	-	(1.0)	
Adjustment to interest	-	0.1	
IPO process related bonuses	-	1.1	
Pro forma EBTDA	17.2	13.4	28.4%
<i>Pro forma EBTDA margin¹</i>	<i>41.3%</i>	<i>38.3%</i>	
Depreciation	0.3	0.3	
Tax	4.9	3.4	
Tax impact of adjustments		0.1	
Pro forma NPAT	12.0	9.6	25.0%
<i>Pro forma NPAT margin¹</i>	<i>28.8%</i>	<i>27.4%</i>	
Statutory NPAT	12.0	9.5	26.3%
<i>Statutory NPAT margin¹</i>	<i>28.7%</i>	<i>27.1%</i>	
EPS (cents per share)	4.99	4.18	19%
Pro forma EPS (cents per share)	4.99	4.18	19%

(1) Margins are calculated with reference to net operating income.

(2) These relate to ongoing public company costs that were not incurred prior to listing on the ASX, but can be expected to be incurred moving forward. The adjustment has been made to allow for comparison to pro-forma prospectus forecast and future years.

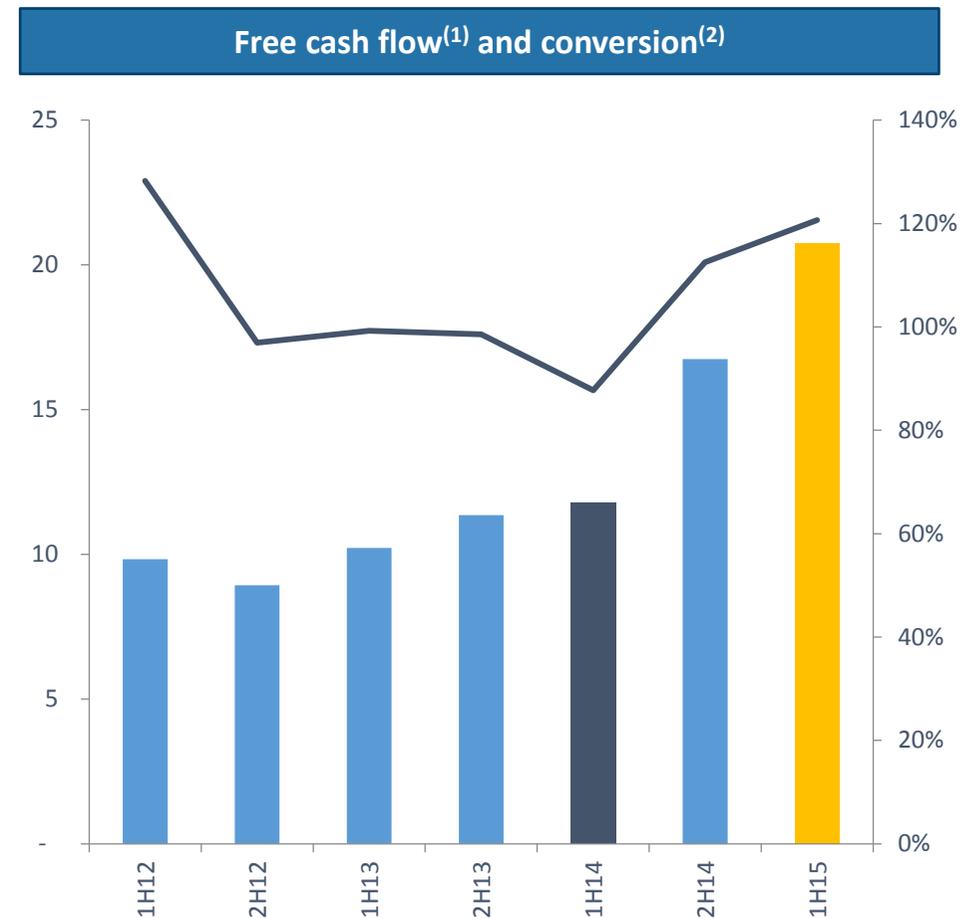
FY15 Half Year - Balance sheet as at 30 September 2014 (\$Am)

- The cash position net of client liabilities was up 24% to \$50.7m (pre dividend) from \$41m at 31 March 14
- The balance sheet remains free from gearing and is well positioned to support future organic and acquisitive growth

ASSETS	1H15	FY14
Cash	156.8	148.8
Derivative financial instruments	10.4	8.6
Other assets	2.6	3.6
Property, plant and equipment	1.2	1.0
Deferred income tax asset	2.6	2.3
Total assets	173.6	164.3
Liabilities		
Client liabilities	106.1	107.8
Derivative financial instruments	9.4	5.6
Other liabilities	3.7	3.9
Income tax liability	3.4	1.8
Provisions	8.3	9.2
Deferred income tax liabilities	-	-
Total liabilities	130.9	128.3
Net assets	42.7	36.0
EQUITY		
Ordinary share capital	24.4	24.4
Foreign currency translation reserve	0.1	0.0
Share Option Reserve	0.4	0.1
Retained earnings	17.8	11.5
Total equity	42.7	36.0

FY15 Half Year - Strong cash flow generation

- Strong free cash flow conversion continues to be a feature of the business
- \$20.7m Operating cash flow before tax and client liabilities
- Free cash flow to EBTDA ratios in excess of 100%
- Free cash flow generation supporting dividend policy of 70–80% of statutory NPAT
- Interim fully franked dividend of 3.5 cents per share to be paid
 - 3rd December 2014 – Ex Dividend date
 - 5th December 2014 – Record date
 - 19th December 2014 – Payment date



Note: Forecast financial information is presented on a pro forma basis.

(1) Operating cash flow before tax and client liabilities

(2) % of EBTDA.

Highlights – Prospectus Period

Prospectus Period (October 2013 to September 2014)



Prospectus Period Performance – Key Metrics

- Due to very strong growth in the 12 months to September 2014, we met our financial metrics for the prospectus period

	6 months to September 14 1H15	12 months to September 14 (Prospectus Period)	Growth on PCP (12 months to September 13)	Variance to Prospectus	
				1H15	12 months to September 14
Financial Metrics					
Turnover	\$7.5bn	\$14.6b	28%	(3%)	4%
Net Operating Income	\$41.6m	\$79.1m	27%	(1%)	3%
Expenses	\$24.4m	\$47.0m	25%	(2%)	(4%)
Pro Forma EBTDA	\$17.2m	\$32.1m	29%	(5%)	0%
Pro Forma NPAT	\$12.0m	\$22.4m	26%	(3%)	2%
Operational Metrics					
Active Clients ¹	129.9	129.9	21%	(7%)	(7%)
Existing Clients	101.0	74.1	26%		7%
New Dealing Clients	29.0	55.9	15%	(22%)	(20%)
Transactions	336.1	631.9	23%	(13%)	(10%)
Average Transaction Value	\$22.3k	\$23.1k	5%	12%	16%

(1) Active clients are clients who have transacted within the past 12 months. Active clients are made up of “new dealing clients” (clients who first transacted in the past 12 months) and existing clients (clients who first transacted over 12 months ago).

Growth Strategy

including North America and IPS highlights

Industry Trends - International Payment Specialists

- **International Payments Specialists operate in fast growing industry segment**
 - Provide solutions to businesses and consumers with international payment needs
 - Disrupting the offerings of traditional banks by leveraging technology to provide a more cost effective and improved customer experience
 - Demand driven by increased movement of financial services online, more mobile consumers, heightened global trade and increasingly volatile currency movements
 - A number of recent corporate transactions has highlighted the interest in this segment
- **The International Payments Specialists segment is not to be confused with the Consumer Remittance segment which is mature and under threat from new entrants**
 - Focused on international transfers, primarily by migrant workers sending money home
 - Industry is mature and consolidated among Western Union, MoneyGram and to a lesser extent Ria
 - New entrants are leading with lower pricing and online/mobile models such as Xoom

Strategic Goals

- **In the short to medium term we have clear growth strategies that support our aspiration to be a leading provider of international payments**
 - Continue to drive scale in our core business
 - Leverage our position in our chosen geographies
 - Drive further market penetration with our payments solutions
- **By following our strategy we expect to deliver continued growth across both revenue and profit**

North America

Active Clients

14.4k

56% up on 1H14

Fee and Commission Income

\$5.5m

39% up on 1H14

Pro Forma EBTDA

\$0.59m

128% up on 1H14

Market Overview

- OzForex presence: USA - 2 years, Canada - 7+ years
- Maturity of non-bank international payments market: USA – Low, Canada – Medium
- Key Competitors: Banks, Commonwealth, Cambridge Mercantile, World First, Western Union Business Solutions

Challenges

- Limited brand awareness of USForex/CanadianForex
- Local banking systems add complexity for customers making payments to USForex
- Regulatory burden high specifically in US

H1 FY15 Achievements

- EBTDA margins in North America improved from 3% to 11% with US business now profitable
- Established alliance business in North America with some high profile partners signed up
- Significant improvements in quality and therefore conversion of newly registering clients in North America

Short and Long Term Growth Actions

- Move from a broad approach to marketing to focus on smaller number of states and industry verticals
- Increase size of US based sales team
- Continue to build out US licence footprint (Only 4 outstanding licenses)

International Payment Solutions

Active Clients
13.2k
25% up on 1H14

Fee and Commission Income
\$5.0m
16% up on 1H14

Pro Forma EBTDA
\$1.62m
60% up on 1H14

Market Overview

- Present in wholesale market: 7 years
- Key partnerships: Macquarie, ING Direct, Travelex, MoneyGram, Saasu, CYMONZ
- Key competitors: Currency Cloud, Western Union Business Solutions, AMEX

Challenges

- Limited brand awareness as wholesale provider
- MoneyGram and Travelex relationships still behind initial expectations

H1 FY15 Achievements

- New partnership signed with Richardson GMP in Canada
- LOI signed with Yodlee to incorporate payment solutions into the Yodlee platform
- Solution with Cloud accounting company Saasu scheduled for launch in February 2015

Short and Long Term Growth Actions

- Increase focus on partners with extensive sales reach (example, cloud accounting providers)
- Increase focus on driving more value from existing relationships

Capability platform improvements

- In the medium to long term we are improving our capability platform with a focus on:
 - Scalability, flexibility and speed to market
 - Customer acquisition, service and retention



Summary and Outlook

Summary and Outlook

- **Pro forma EBTDA 1H15 \$17.2 million up 28% over 1H14 (on 19% increase in Net Operating Income to \$41.6m)**
- **Interim EPS of 4.99c per share for 1H15, up 19% on 1H14 and fully franked interim dividend of 3.5c per share (70% dividend payout ratio)**
- **Strong underlying business growth**
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 - US business moved into maiden profit
 - Hired experienced Global Head of Product and Marketing
 - Established new key partnerships
- **Strong balance sheet and cash flow conversion**
- **Clear strategy will drive continued growth in existing geographies**

The material contained in this document is a presentation of general information about the ASX Group's activities current as at the date of this presentation (25 November 2014). It is provided in summary and does not purport to be complete. You should not rely upon it as advice for investment purposes as it does not take into account your investment objectives, financial position or needs. These factors should be considered, with or without professional advice, when deciding if an investment is appropriate. To the extent permitted by law, no responsibility for any loss arising in any way (including by way of negligence) from anyone acting or refraining from acting as a result of this material is accepted by the ASX Group, including any of its related bodies corporate.