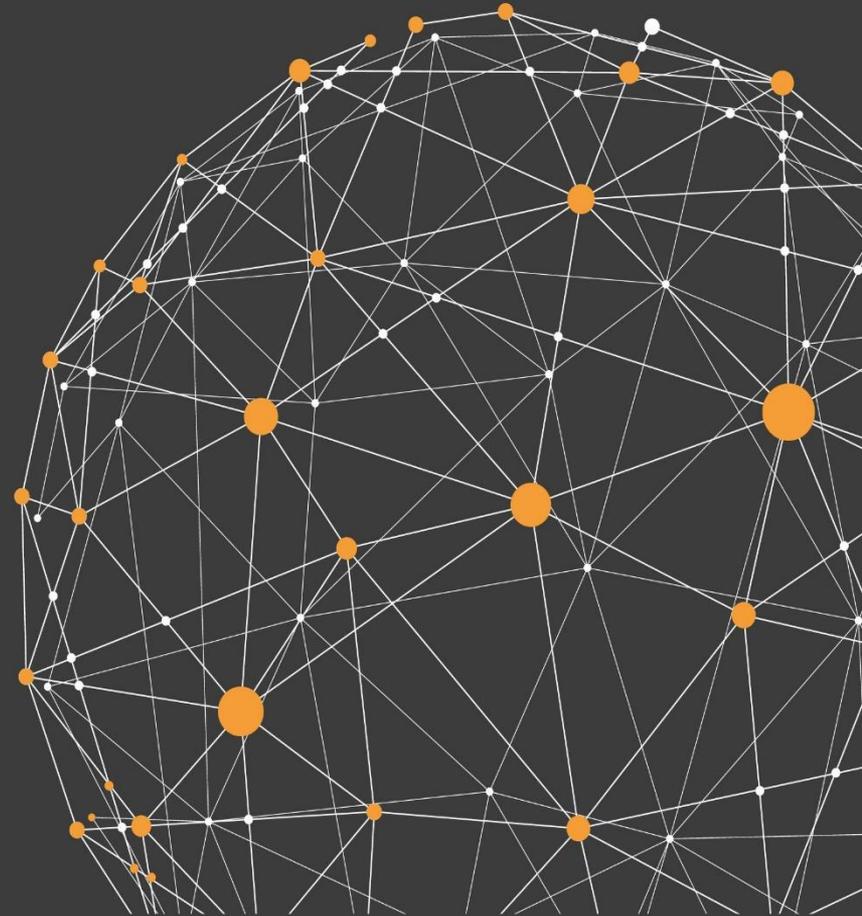


# Investor Day March 2018

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Investor presentation

13 March 2018



## Agenda

1. Chairman's update
2. OFX: an overview
3. OFX in North America
4. Break
5. Marketing, our proposition
6. Technology and user experience
7. Q&A



# Chairman's update



## Working with Management

- New operating mechanism and executives attend all board meetings
- 4 new executives, board members active in each selection
- Board met with top 20 leaders in Oct-17



## Governance

- Developing a culture of transparency, trust, candour, contestability and foresight
- Review of internal audit and AML compliance post CBA breach
- Detailed and frequent capital review and cash evaluation



## Risk Management as a foundation

- Building banking counterparty resilience
- Narrow and deep risk oversight
- Long term sustainability requires sound risk management



# OFX: an overview

---

Skander Malcolm

Chief Executive Officer and Managing Director

# 2H18 Update - continuing to deliver on commitments



- Transaction growth in 1H18 has continued in 2H18
- Fee and commission margin has remained stable
- Average transaction values up from 1H18
- Positive momentum across all geographies



CRM focus unlocking dormant client value

- Automation, sending 90k emails in 2H18
- Several CRM campaigns with 22-35% open rates
- 4 tests generated \$500k revenue in FY18



Continue momentum in North America and Asia

- Strong growth of OLS in Asia
- Good growth across North America
- Nearly 30% of turnover from Asia and North America



Re-activate Australia

- OFX brand awareness is increasing
- Sales hiring complete, strong marketing outcomes
- Positive revenue growth in 2H18



Drive tech execution

- Hosting costs continue to decline
- API Developer portal launch (8 Mar-18)
- Implemented INR and EUR payments upgrade

# OFX in facts



## Who we are



- 80% of funds transferred within 1 day
- Up to 75% cheaper rates than banks\*
- Revenue profile: Individual ~55%, Corporate ~45%
- 24/7 localised client support
- 20 years in business

## How we operate



A client registers and makes a transfer through OFX.com



Funds are transferred from their bank account into an OFX bank account within the same country



OFX transfer funds from our local account in the destination country to the client's bank account

## Global footprint



## Key facts

16 Banking relationships and 153 local banking accounts

\$125b+ and growing of money transferred globally

1m+ OFX clients

55 currencies offered

\*Average savings based on published rates of ANZ, Westpac, NAB and CBA on a single transfer of AUD\$10,000 to USD between 1.9.17 and 5.10.17 excluding weekends.

## Our mission

To become the trusted international money services provider by consumers and businesses, who value a seamless digital experience at a competitive price; with a personal, always on support team

## Strategic growth pillars

### Growth Drivers



Client Experience



Geographic Expansion



Partnerships

### Foundational Enablers



Technology Foundations



Risk Management



People



WHERE THE  
WORLD'S MOVING

## Growth drivers



### Client Experience

- Localising the client experience
- Personalising marketing
- Product innovation and operations at scale



### Geographic Expansion

- North America
- Asia / Singapore
- Assessing further geographical expansion



### Partnerships

- Commercial partnerships
- Leveraging cross functional capability
- Collaboration across technology, marketing, risk and analytics

## Foundational Enablers



### Tech Foundations

- Implement technology vision
- Continue core system upgrade
- Security



### Risk Management

- Building banking counterpart resilience
- Narrow and deep risk oversight
- Strong regulatory compliance



### People

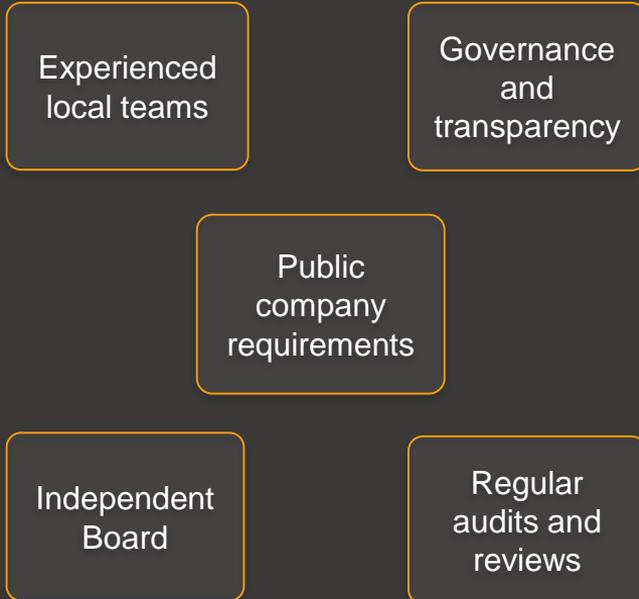
- Clear employee value proposition
- Structured talent development
- Scaling North America

# A history of investment in risk management



## Risk Management at OFX

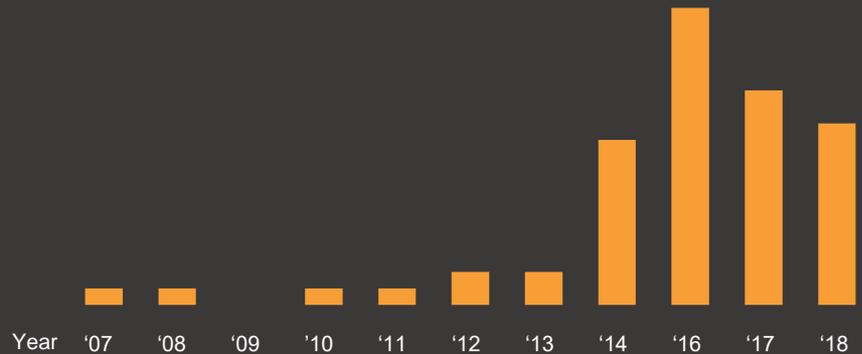
- Operate in a highly regulated industry
- Targets Anti-Money Laundering (AML)



## Outcomes

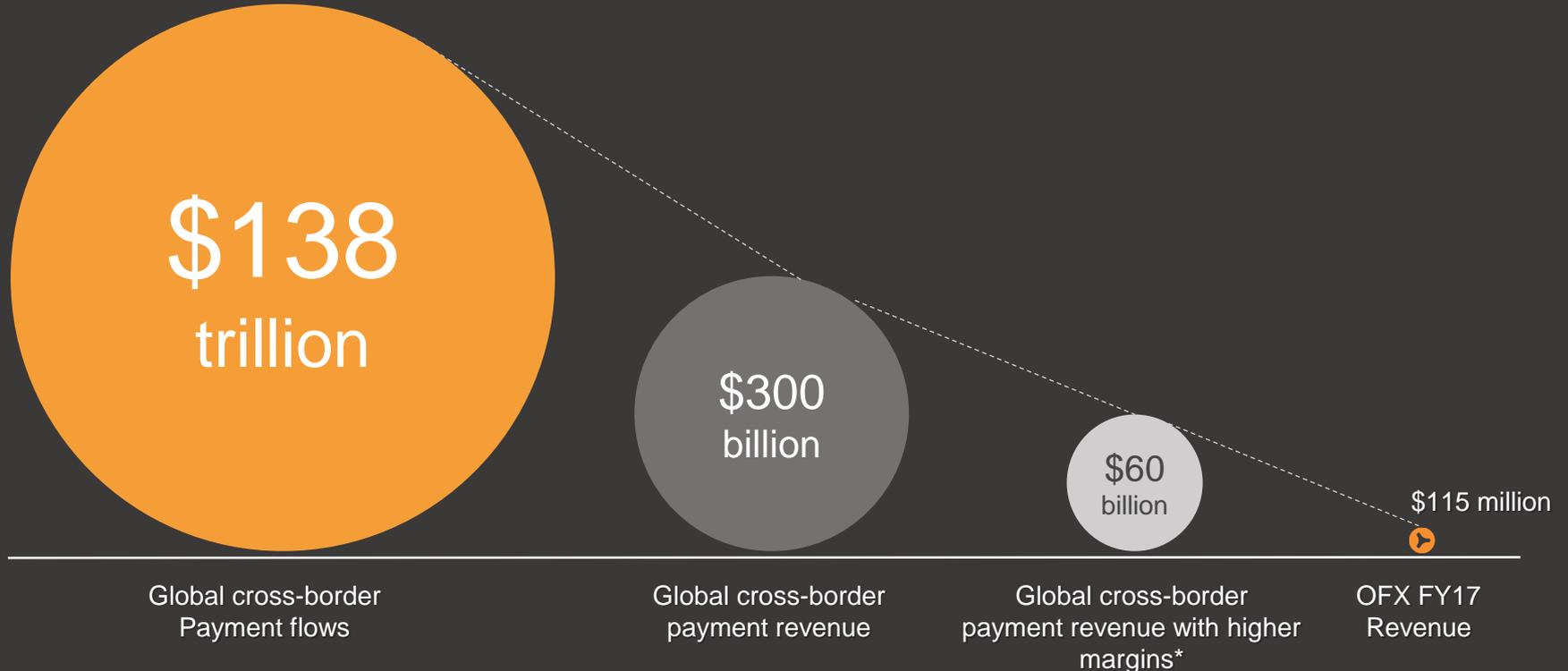
- ✓ Robust track record: no major breaches in 20 years
- ✓ Trusted relationships with 16 banks
- ✓ 51 licenses across the globe
- ✓ 47 licenses across US, 5 year investment; operational in 49 states

Continued need for regulatory excellence, \$ of regulatory breaches and fines incurred by industry



# Competitive intensity

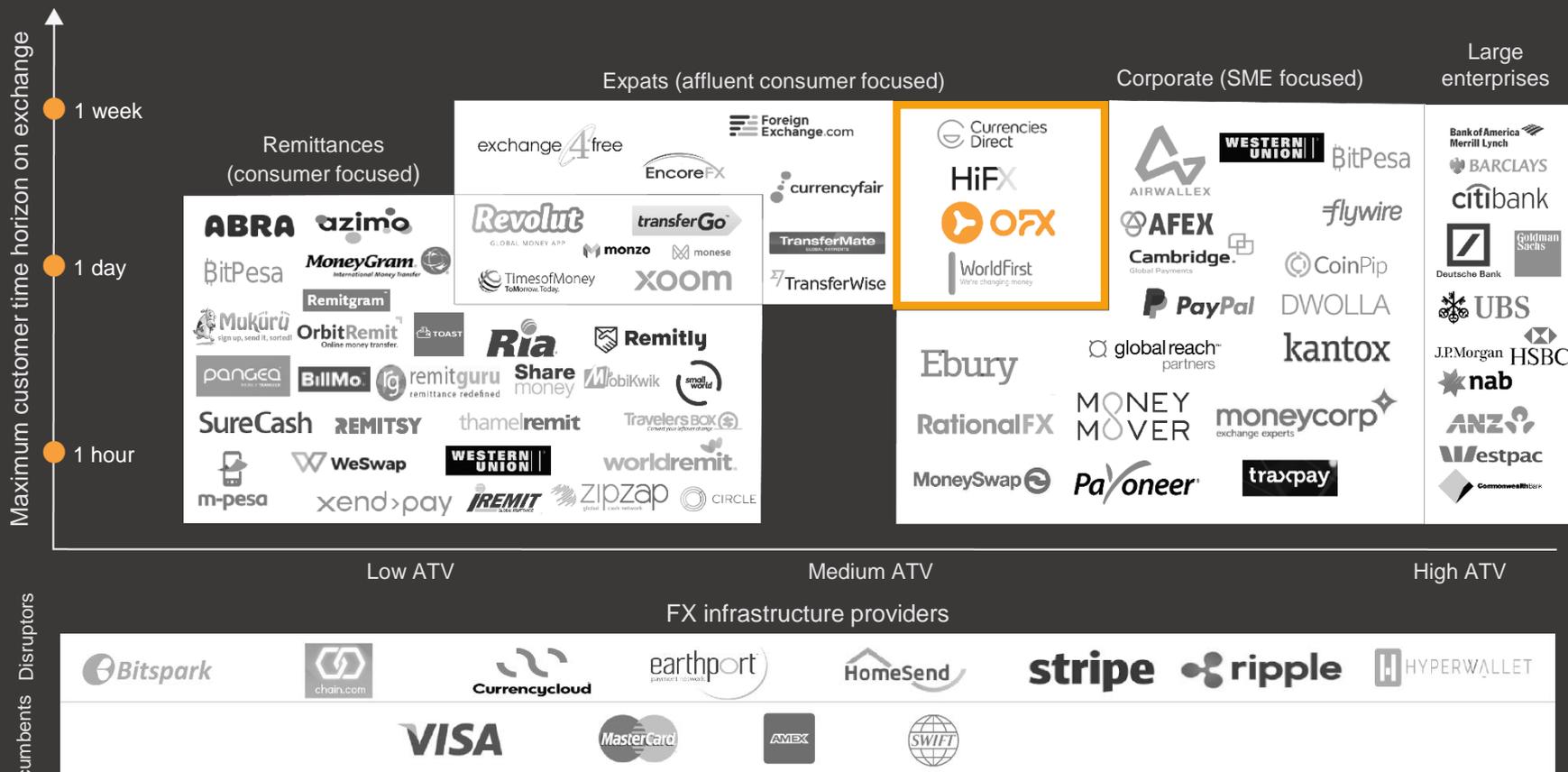
# A significant opportunity



Source: OFX internal analysis based on McKinsey global payments map 2016

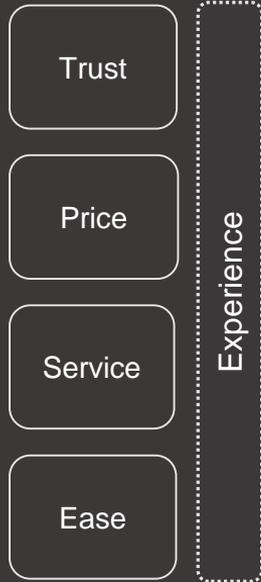
Note: \* Higher margins comprised of non-institutional clients

# A more fragmented FX and cross-border market

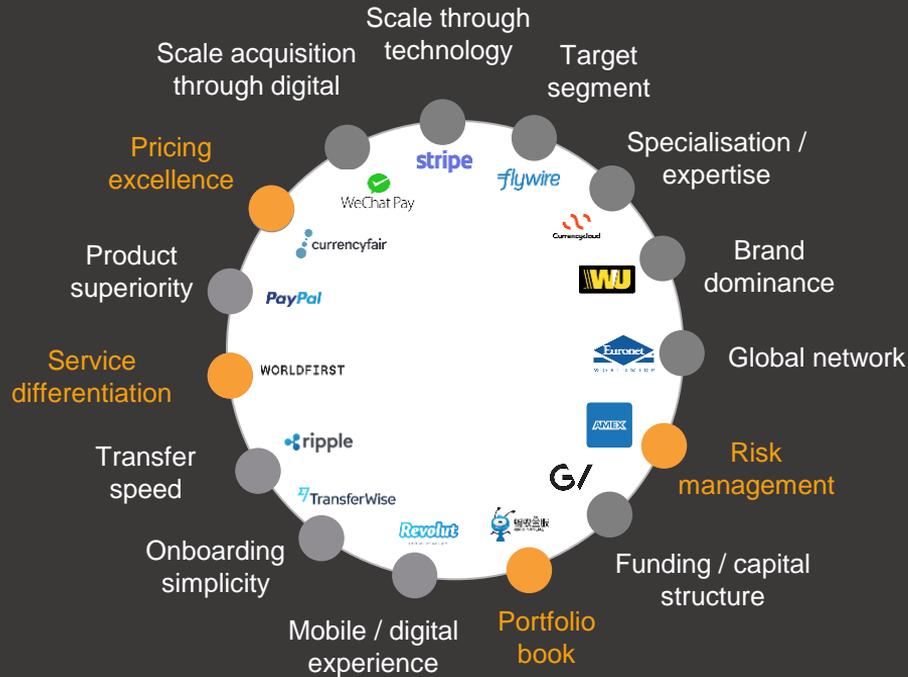


# How we compete

## What clients value

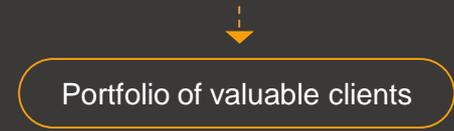


## Competitive advantage in the market



## How OFX competes

Strong risk management		
Banking relationships	Risk oversight	Regulatory investment
Pricing excellence		
Materially better on price		
Service differentiation		
24/7	Global + local	Expertise

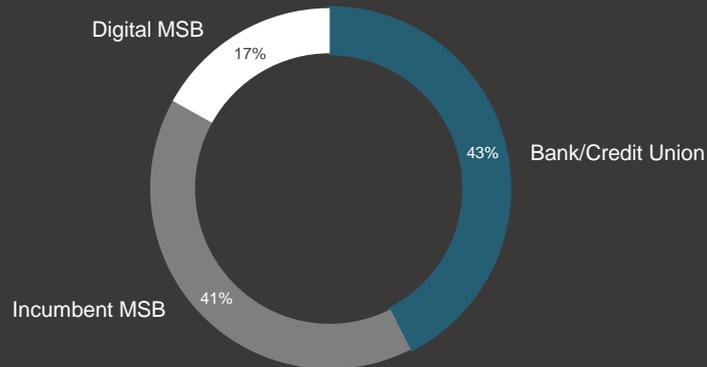


- ✓ Recurring revenue
- ✓ Higher ATV's
- ✓ Stable margins

# Non-bank share of the market in 2017 is an estimated 58%



## Estimated market share in Australia, UK and US in 2017



- Over \$100m per annum in marketing spent by digital and incumbent MSBs has driven market share away from banks
- Across Australia, UK and US, an estimated 58% of market share is no longer with banks
- 48% of market share in the US lies with the banks (38% in Australia and UK)

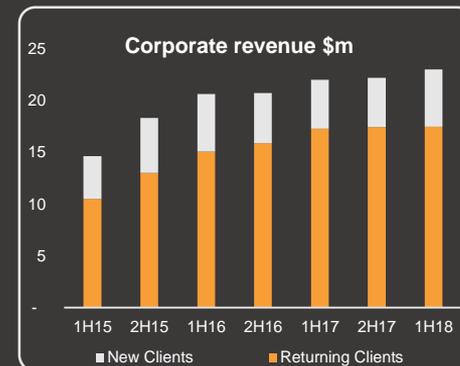


A strong, sustainable business

# Revenue driven by strong portfolio of returning clients



Active Clients  
at 1H18  
**160.1k**  
5.1% up on 1H17

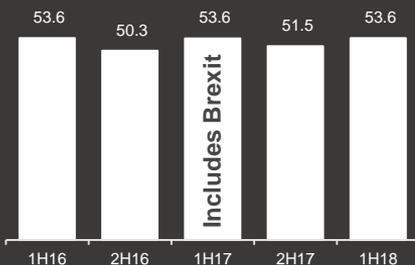


Note: Individual and Corporate revenue excludes International Payment Solution (IPS) clients

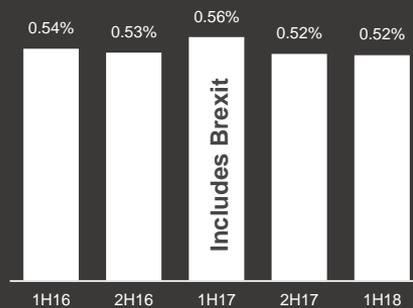
# Our sustainable business model generates cash



### Net Operating Income (NOI) - \$m



### NOI Margin



### Cash Position 1H18 - \$m

Cash and cash equivalents	168
Client liabilities	123
<b>Net cash</b>	<b>45</b>
Collateral held	35
<b>Available cash</b>	<b>10</b>

Strong cash generation

34% return on equity (ROE)

Positive operating leverage

NOI growth with constant margins, generating cash

# Q&A



# OFX in North America

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Mike Kennedy  
President, North America



## Key facts

~\$17b of money transferred over 11 years and growing

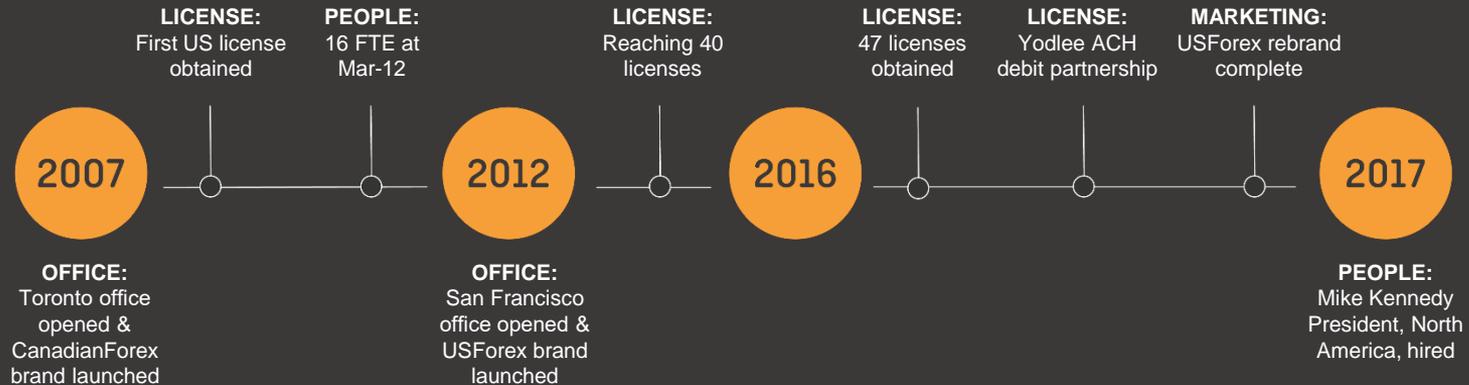
Operational in 49 US states and all of Canada

Double digit revenue growth to 1H18 (pcp\*)

225k+ North American OFX clients

Corporate clients ~44% of the book

64 headcount across US and Canada



Note: \*pcp refers to prior comparative 6 month period to 1H17

# North American market is larger than Australia and UK combined



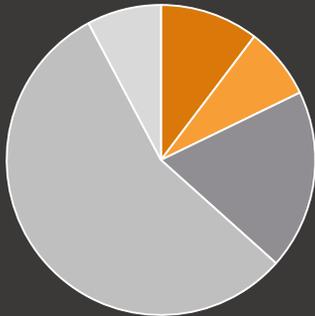
# Significant opportunity in North America



## Current OFX Revenue

OFX FY17 revenue

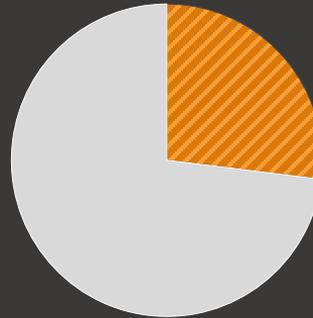
20% from North America



## Overall Market

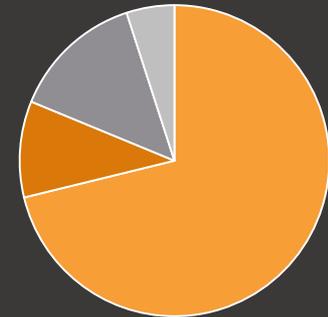
Global 2017 cross-border payments revenue  
(includes markets OFX does not serve)

27% from North America



Global 2017 cross-border payments flows for OFX primary markets

81% from North America



## Strategic growth pillars

### Growth Drivers



Client  
Experience

Client  
journey



Geographic  
Expansion

Marketing



Partnerships

Sales

### Foundational Enablers



Technology  
Foundations

Enhanced  
systems



Risk  
Management

Continued  
focus



People

Hiring,  
training and  
retention

## Critical client imperatives

Delivering cross-border services  
to client who value both:

- ✓ Digital simplicity
- ✓ Expert personal service

# Q&A

Break

# Marketing

---

Rebecca Shears  
Chief Marketing Officer



# Diversified marketing mix with more regionalised activity



## Australia

- Mass awareness via TV, CTV and Online
- Radio partnership for high net worth individual and small businesses
- Online banners to drive conversions

## United States

- Outdoor advertising to launch in May 2018 in San Francisco
- online video, connected TV in key US cities
- Amazon online to support Online Sellers (OLS)

## United Kingdom

- Media partnerships with high profile brands (FT and The Week)
- Content-led to appeal to sophisticated high net worth individual and small businesses

sky NEWS

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We pride ourselves on our ability to deliver your funds around the world quickly. We have a network of 125 bank accounts with some of the largest banks in the world. When you send a transfer with us, we pay your recipient from our reserves in the destination country or the role you located in. That's why your money arrives as quickly when you use us.

At OFX, we offer bank beating rates, and have waived our OFX transfer fee.\* So make a smart move, and save on your international money transfers with OFX.

THE WEEK

MONEYWEEK The UK's best-selling financial magazine

THE WEEK TO WATCH

THE WEEK

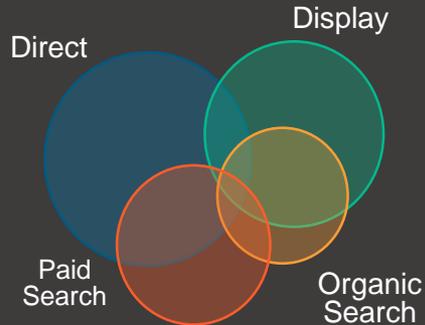
Can small businesses protect themselves from geopolitical currency risk?

Budget 2017: the truth about corporate tax cuts

Can small businesses protect themselves from geopolitical currency risk?

SEE HOW WE'RE HELPING

## Attribution across digital spend & channels:



Providing visibility on our channel relationships and customer path to conversion

## OFX data plus age targeting



We have seen the value of the 1<sup>st</sup> transaction increase

Increased use of Google data across digital spend and the introduction of Smart Display, via Machine Learning.

Consumer Insights

More than 1 billion users each

Intent 3M sites & apps 90% reach

The graphic features a grid of diverse human faces at the top. Below it, a white box contains the logos for Google, Chrome, Gmail, YouTube, Maps, Play Store, and Android. A large plus sign is centered below the logos. At the bottom, the text 'Intent 3M sites & apps 90% reach' is displayed.

# Smart Display - constant optimisation



## Headlines:

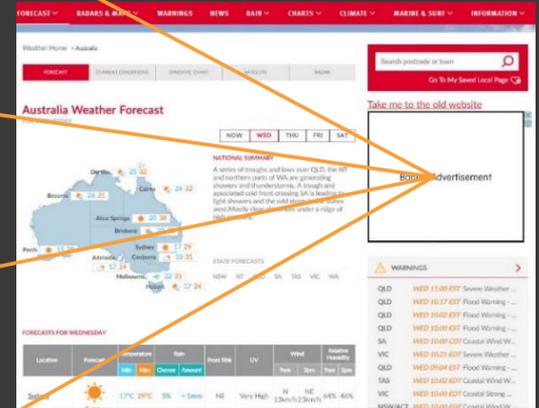
- Cheaper Money Transfer
- Faster Money Transfers
- Global Money Transfers
- OFX Money Transfers
- Better Currency Exchange



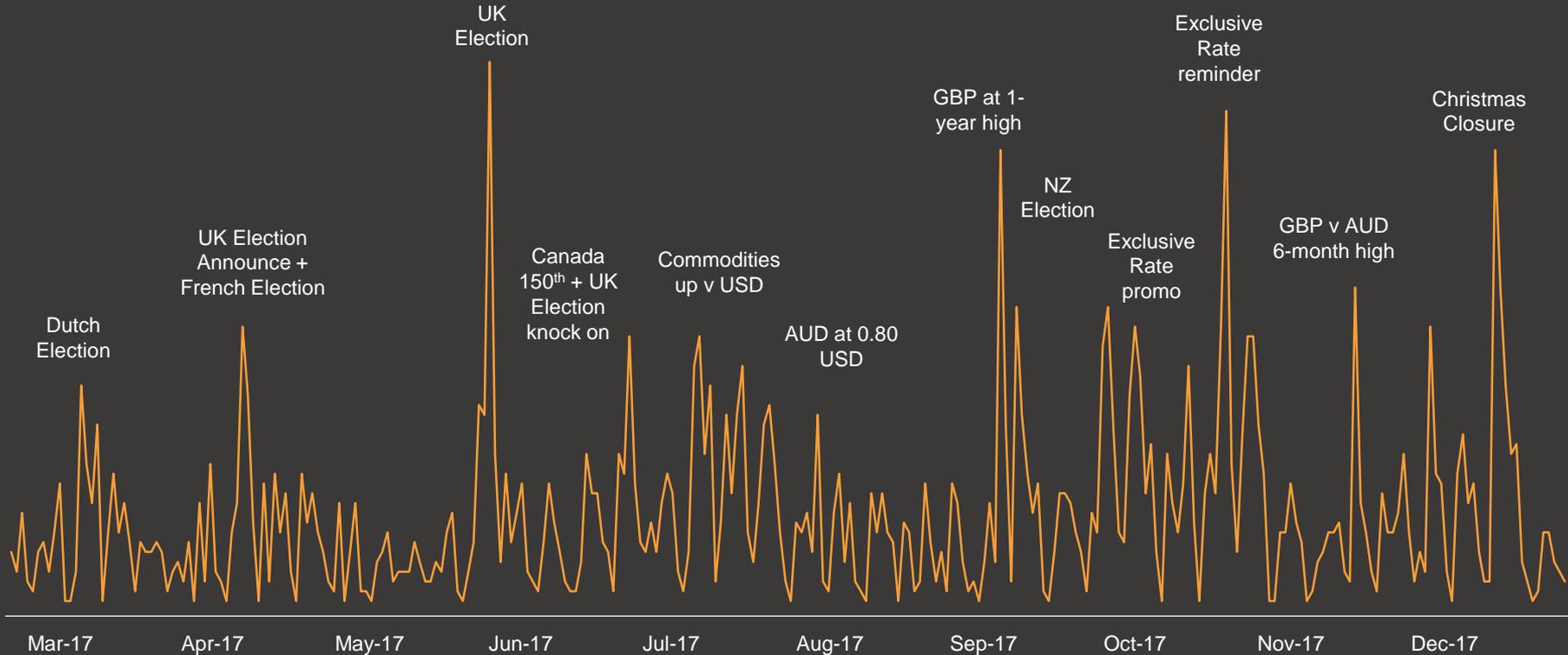
**Result:**  
1 Ad = 4,875 permutations

## Sub Headers:

- People who transfer money world wide are in for a big surprise
- Savvy expats found a better option to transfer money back home
- This is a must read if you want to save money on your global money
- Try an improved way to send money overseas. Some are saving thousands



# CRM campaigns are driving direct click traffic to our deal pages



### Bondi Born



### Dale McCarthy

Uses OFX to pay suppliers and also receive payments from retailers abroad

Has been using OFX since 2016

### Australian Superyachts



### Captain Richard Morris

Uses OFX to repatriate funds from a variety of revenue streams and pay overseas suppliers

Has been using OFX since 2011

# Technology and user experience

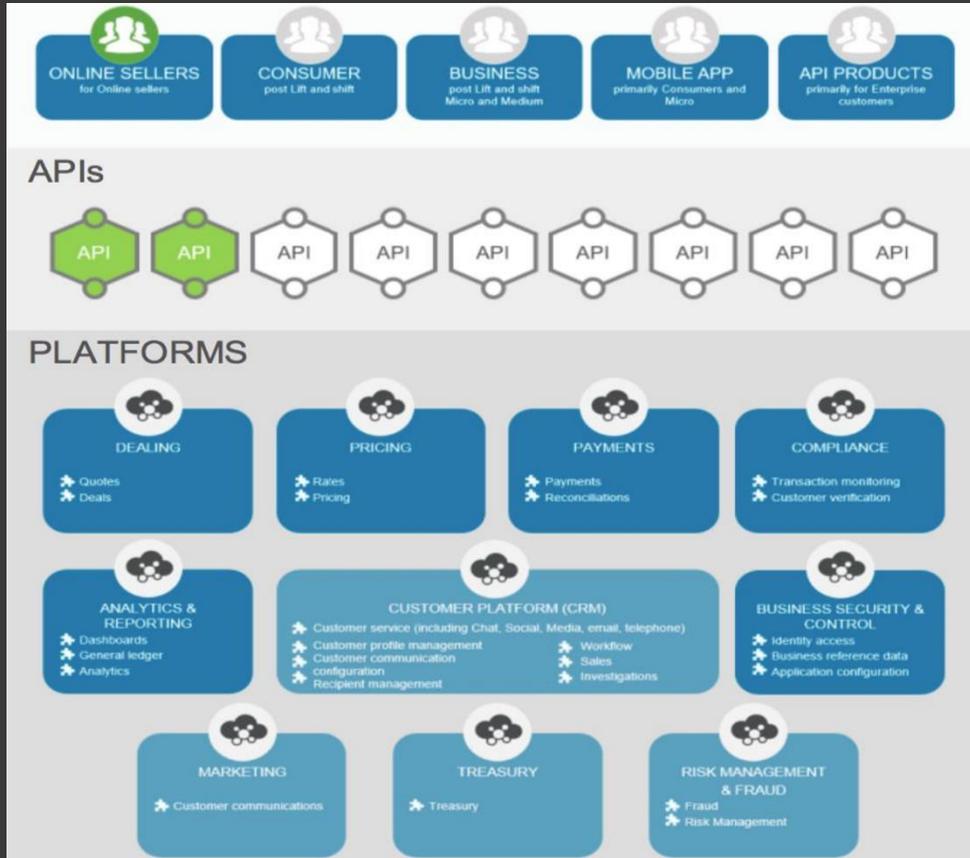
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Skander Malcolm

Chief Executive Officer and Managing Director



# Technology architecture



- Continued execution of technology roadmap
- Fewer and more focused projects
- Technology releases are every 4 weeks (down from every 12 weeks). The aim is a weekly release

## 2H18 key technology releases

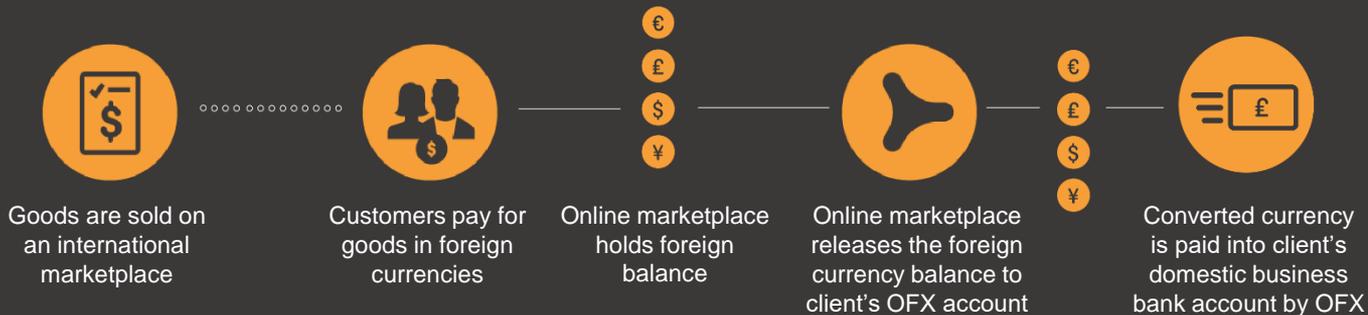
- ✓ Global App and website rebrand
- ✓ Customer rates in application
- ✓ Virtual account management and reporting
- ✓ API Developer Portal launch

## What is the Online Seller solution?

OFX offers clients the equivalent of a local bank account in today's most profitable international markets which enables online sellers that export products through marketplaces and webstores to manage their overseas revenues in the local currency



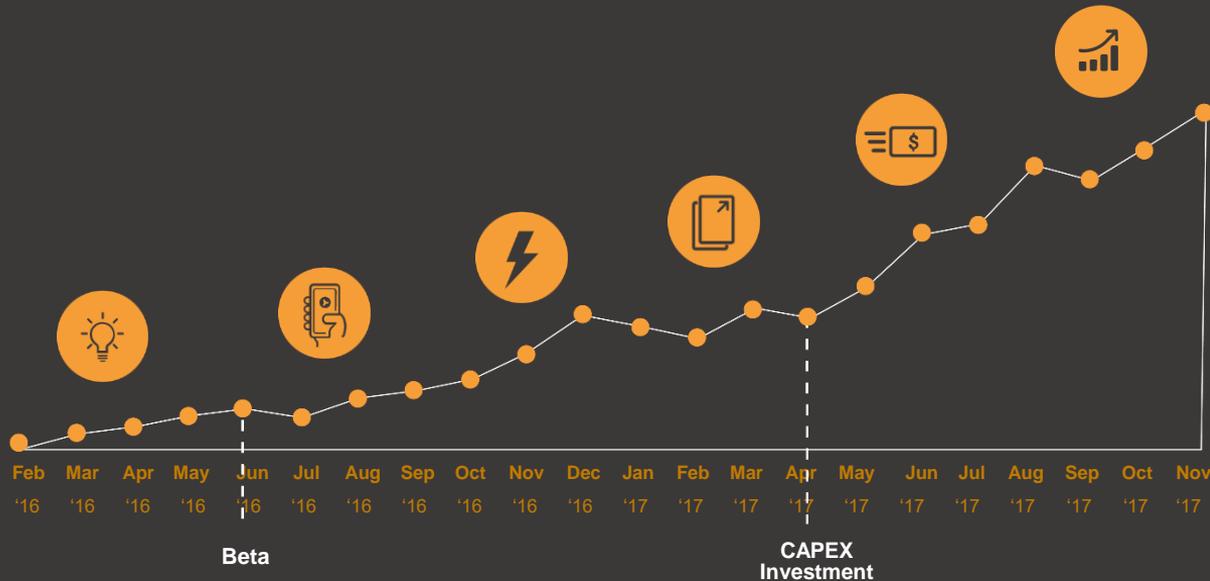
## How OLS works?



# Lean and agile delivery of OLS product

## Revenue Growth

Steady growth since February 2016 due to a significant global effort and a dedicated cross-functional team



## Timeline

A brief history of the Online Seller product timeline

- FEB 2016 ● Virtual accounts
- JUN 2016 ● OLS desktop & mobile optimised website
- AUG 2016 ● Deal automation
- JAN 2017 ● New site and multiple same currency accounts
- APR 2017 - Present ● Accounts receivable foundations
- AUG 2017 ● Virtual account management
- Work in Progress ● Multi-currency account

# Technology demonstration

## Continuing to deliver on commitments



Grow revenue by driving fundamentals

- Grow active clients
- Grow transaction volume
- Geographic expansion



Delivering a better client experience

- Use NPS to drive improvements
- Client experience mapping
- Conversion rates



Transforming our technical capability

- Features
- Scalability
- Modernisation

## 2H18 focus areas

- CRM focus unlocking dormant client value
- Continue momentum in US and Asia
- Re-activate Australia
- Drive tech execution

# Q&A

# Global executive team

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**Skander Malcolm**  
**Chief Executive Officer and Managing Director**

Skander Malcolm joined OFX in February 2017 as CEO and has more than 23 years' experience in financial services including payments technology platforms in both established and emerging markets. As President and CEO of GE Capital (ANZ), Skander led a team of more than 4,500 employees with an emphasis on delivering sustainable growth and operational excellence.

Skander holds a Bachelor of Economics from University of Sydney and was selected by the Chairman for GE's most senior Executive Development Program.



**Adam Smith**  
**Chief Operating Officer**

Adam Smith commenced his role as Chief Operating Officer at OFX in October 2015 and Director of UKForex Limited from July 2017. Adam has more than 20 years of experience in top tier financial institutions, most recently as Co-Head of ANZ ETFs. Prior to his current role, Adam has held a number of commercial and operational positions within ANZ Global Markets, Macquarie Group and Deutsche Bank.

Adam has a Bachelor of Economics from the University of Sydney and a Master of Business (Finance) from the University of Technology (Sydney).



**Selena Verth**  
**Chief Financial Officer**

Selena Verth joined OFX in October 2017 as Chief Financial Officer. Selena has more than 17 years of experience in finance, analytics, M&A and risk across various roles. Selena's most recent role was Head of Finance – Platforms, Superannuation and Investments and Head of Wealth Analytics and Insight at BT Financial Group Australia.

Selena has a Bachelor of Commerce and an Executive MBA from the Australian Graduate School of Management and is a Certified Practicing Accountant.

# Global executive team

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**Rebecca Shears**  
**Chief Marketing Officer**

Rebecca Shears commenced her role as Chief Marketing Officer at OFX in August 2016. Rebecca has more than 20 years experience in marketing roles both in the UK and Australia. Rebecca's most recent role was Head of Marketing for the UK and Ireland at HP Inc. focusing on increasing brand consideration, market share and driving digital transformation for their e-commerce business across Europe.

Rebecca graduated from Nottingham Trent University, where she studied Business and Commerce and gained the Chartered Institute of Marketing Postgraduate Diploma.



**Mike Kennedy**  
**President, North America**

Mike Kennedy joined OFX in October 2017 as President, North America. With 20 years' Financial Services and Payments experience, Mike is an accomplished executive in both large corporate environments and early stage start-ups. Most recently, Mike was the co-founder and CEO of the high growth digital payments company, ClearXchange - the largest bank focused digital P2P payments network in the USA.

Mike has a Master of Business Administration, with distinction, from Harvard Business School and a Master of Science, Industrial Engineering and Bachelor of Science, Industrial Engineering, with distinction from Stanford University.



**Wendy Glasgow**  
**Chief Technology Officer**

Wendy joined OFX in February 2018. Wendy has over 15 years experience in the technology industry, leading teams to deliver business critical online products to Australian and international markets.

Most recently, Wendy spent several years at Google, leading Data Platforms and Consulting across APAC markets. This included launching Google's advanced data product Google's Ads Data Hub and working with top partners developing and implementing integrated data, analytics and marketing strategies to drive business growth.

Wendy also holds a Bachelor and Graduate Certificate in Law from the Queensland University of Technology.

# Global executive team

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**Mark Shaw**  
**Chief Risk Officer**

Mark Shaw joined OFX in January 2018 as Chief Risk Officer. Mark brings with him a solid track record in senior risk, compliance and regulatory affairs roles, gained at leading Australian and New Zealand banks over the past 15 years. Most recently he led the Operational Risk & Compliance function for Australia Division at ANZ.

Mark holds Bachelor's degrees in Law and Computer Science from the University of Queensland and has also completed all three levels of the Chartered Financial Analyst (CFA) program.



**Freya Smith**  
**Chief Legal Officer**

Freya Smith joined OFX in September 2015 and is the Chief Legal Officer and Company Secretary for OFX Group.

Freya holds a Bachelor of Commerce and a Bachelor of Laws (Hons); a Master of Laws (High Distinction); and a Graduate Diploma of Applied Corporate Governance from the Governance Institute of Australia. Freya is admitted in the High Court of Australia, the Federal Court of Australia and the Supreme Court of New South Wales and is a member of the Association of Corporate Counsel and an Associate of the Governance Institute of Australia. Freya is also Chair and a Non-Executive Director of the Sydney Fringe Festival.

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