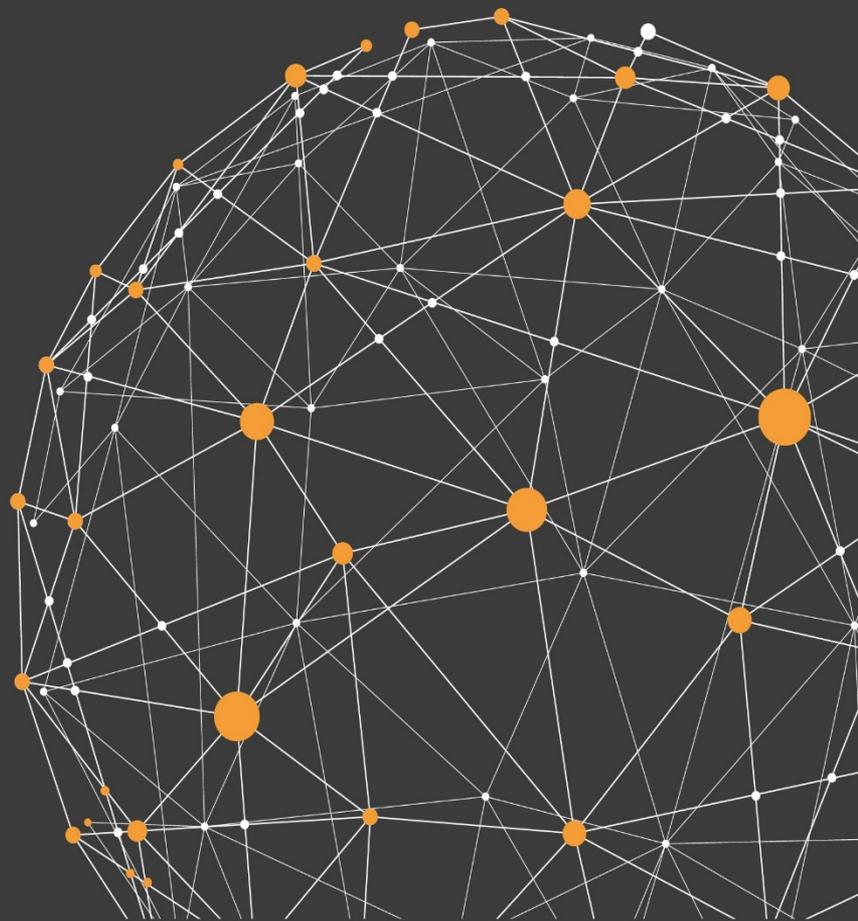


# Financial Year 1H19 Results

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Investor presentation

20 November 2018



## Agenda

1. 1H19 Summary
2. 1H19 Financial results
3. FY19 Outlook
4. Q&A
5. Appendix



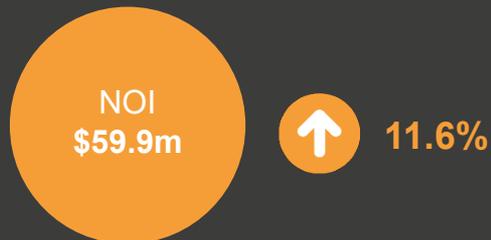
# 1H19 Summary

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Skander Malcolm

Chief Executive Officer and Managing Director

# Strong revenue momentum continues



## Good revenue drivers continue



- Record half for NOI & revenue<sup>1</sup>, corporate up 19%, consumer up 8%
- Double digit revenue growth across all regions: Asia + 29%, North America + 18%, A&NZ +11%, Europe +13%
- Transactions up 11%, transactions per active client up 13.6% to 6.4x
- Active clients stable 1H, growth expected in 2H
- Stable margins ex IPS at 56bps vs 55bps

## Delivering a better client experience



- New release of Global Currency Account 15 May, transaction growth ahead of plan & delivering process automation
- New website launched 15 July, enhancing user experience by simplifying deal transfer process and optimising navigation
- Mobile app launched 13 Sep, 78%+ adoption rate, positive feedback

## Delivering on commitments



- NOI up 11.6%, EBITDA up 8.2%, investing for growth
- Cash generated for own use \$15.8m
- On track to deliver annual positive operating leverage<sup>2</sup>

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

2. This excludes the non-recurring operating expenses for corporate actions

# Fundamentals continue to improve



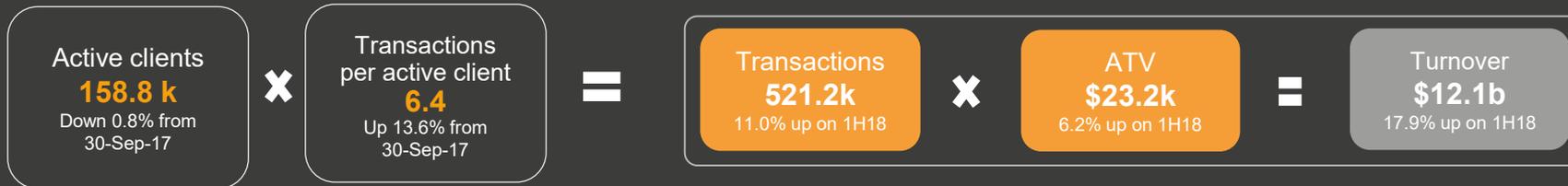
Stable active clients with growth expected in 2H

Significant increase in client activity ...

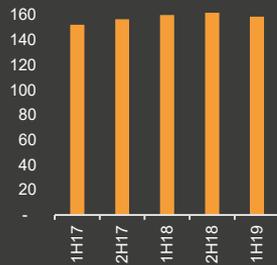
Strong growth in transaction volumes ...

Continue to attract high ATV clients ...

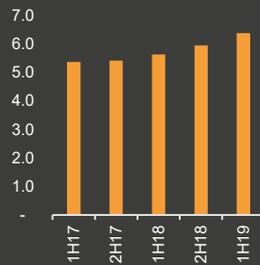
Client value increases turnover across the group



Active clients ('000)



Transactions per active client (LTM)

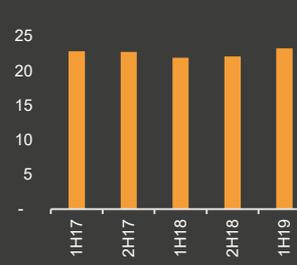


LTM = Last twelve months

Transactions ('000)

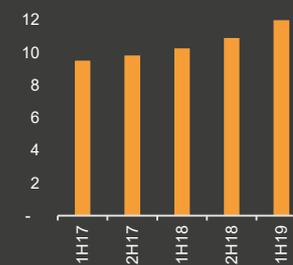


Average transaction value (\$'000)



ATV = Average transaction value

Turnover (\$b)



# Continued revenue momentum despite low volatility

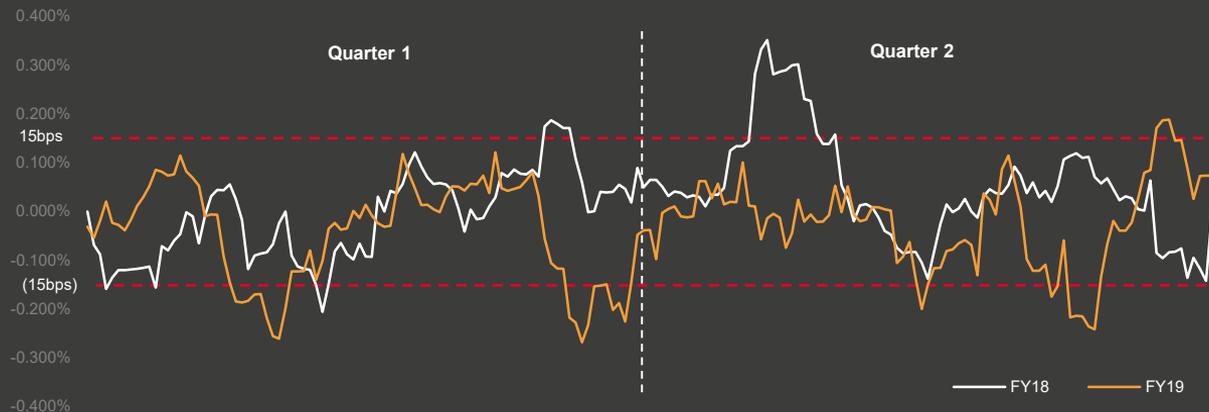


## Quarterly NOI growth



Daily volatility outside bands	1Q	2Q	1H
Volatility +/- 15 bps	Days		
FY17	31	12	43
FY18	9	12	21
FY19	18	12	30

## Volatility in 1H19 vs 1H18 (AUD/USD)



# 1H19 Financial results

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Selena Verth

Chief Financial Officer

# 1H19 Financial Results



Financial results	1H18	2H18	1H19	Var % <sup>3</sup>
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## Financial Metrics

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%
Cash held for own use	34.8	47.3	49.5	42.2%

## Operational Metrics

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

1. Invalid registrations have been removed in 1H18. Total registrations including invalid registration in 1H18 were 78.1k

2. Active clients are clients who have transacted in the past 12 months.

3. Comparative period is 1H18.

## Heathy financial indicators

- Lead revenue indicators
  - Active client growth in North America, Asia, and corporate
  - 17.9% growth in turnover and 11.0% increase in transactions
  - Returning client rate 72%, up from 70% as at 1H18
- NOI margin ex-IPS stable at 56bps vs. 55bps, and margin including IPS at 49bps vs. 52bps.
- Costs up 12.8%, investing in growth. On track for annual positive operating leverage on an EBITDA basis<sup>1</sup>
- Effective tax rate reduced to 19% from 25% due to R&D benefits
- Corporate registrations up 12.6%, Consumer up 9.0%, IPS down 61.5% vs 2H18
- Interim dividend of 2.64c

1. This excludes the non-recurring operating expenses for corporate actions

# Good discipline in operating expenses while investing for growth



## Operating expenses

\$m	1H18	2H18	1H19	Var %
Employee expense	(23.6)	(22.5)	(26.7)	13.2%
Promotional expense	(7.8)	(8.3)	(9.5)	21.8%
Technology infrastructure	(2.6)	(2.6)	(2.5)	(2.0%)
Occupancy expense	(1.9)	(2.1)	(2.1)	8.4%
Other expense	(4.4)	(4.2)	(4.6)	5.0%
<b>Operating expenses</b>	<b>(40.3)</b>	<b>(39.7)</b>	<b>(45.4)</b>	<b>12.8%</b>
<b>Capital Expenditure</b>	<b>(2.1)</b>	<b>(3.1)</b>	<b>(4.1)</b>	<b>99.5%</b>

## Focused cost management and visibility

- Employee costs increased 13%, driven by ongoing investment in revenue generating headcount +26%
- Increase in promotional spend of 21.8% with continued investment in North America, US revenue +31% in 1H
- Promotional spend driving increased activity for existing clients with transactions per active client up 13.6%
- Occupancy costs expected to increase in 2H19 with the expansion of Sydney office and re-location in London finalised
- Productivity program well underway, on track to deliver annualised expense savings of \$1.6m
- Capital expenditure on track for \$7m+ focused on customer experience and reliable scalable systems

# FY19 Outlook

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Skander Malcolm

Chief Executive Officer and Managing Director

## Growth drivers



### Client Experience

- New releases of website, app and pipeline of changes underway in 2H
- NPS score up from 59.8 to 67.9 globally, up 10%+ in every region



### Geographic Expansion

- Staff +34% in North America and +64% in Asia
- Promotional expenses +30% in North America
- Investment to deliver in future periods



### Partnerships

- Strong commercial pipeline opportunities in 1H
- Rates API live, building pipeline

## Foundational enablers



### Tech Foundations

- Increased investment in security, cyber and risk
- Continuing to reduce banking costs and server hosting costs



### Risk Management

- Successfully completed all US regulatory exams
- E-money license granted in UK



### People

- Hiring of Chief People & Culture Officer and President, UK & Europe
- Successfully introduced remuneration plans across organisation

## Financial commitments



Continued revenue momentum,  
October trading up 15.5%



Deliver an annual positive  
operating leverage on an  
EBITDA<sup>1</sup> basis



EBITDA<sup>1</sup> in 2H19 to be stronger  
than 2H18 with stable margins



## 2H19 focus areas

- Grow active clients by delivering improvements to customer experience and conversion rates
- Driving our corporate growth

# Q&A

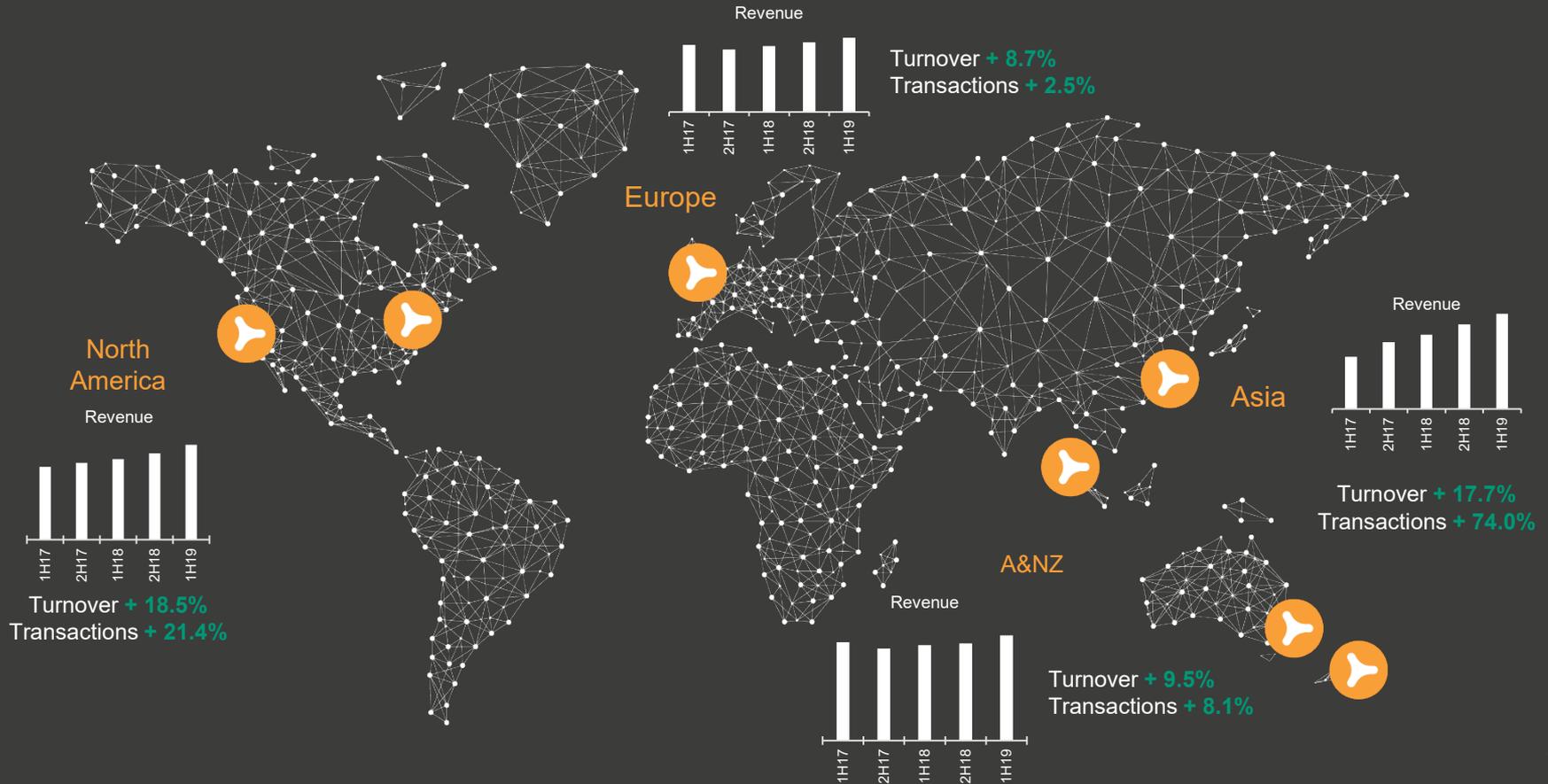
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# 1H19 Appendix

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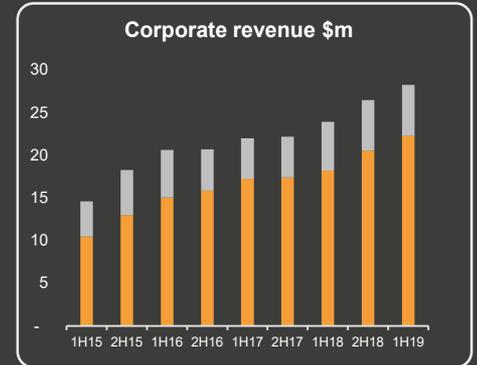
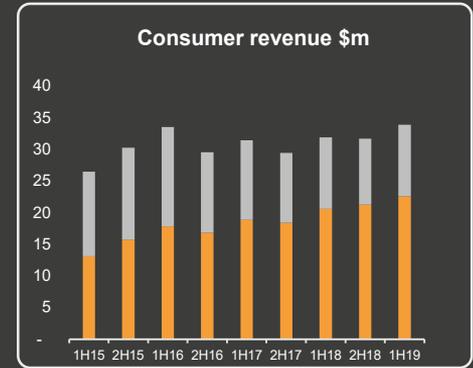
# Diverse revenue growth, strong global platform



# Revenue driven by strong portfolio of returning clients



**Active Clients at 30-Sep-18**  
**158.8k**  
Down 0.8% from 30-Sep-17



■ New Clients  
■ Returning clients

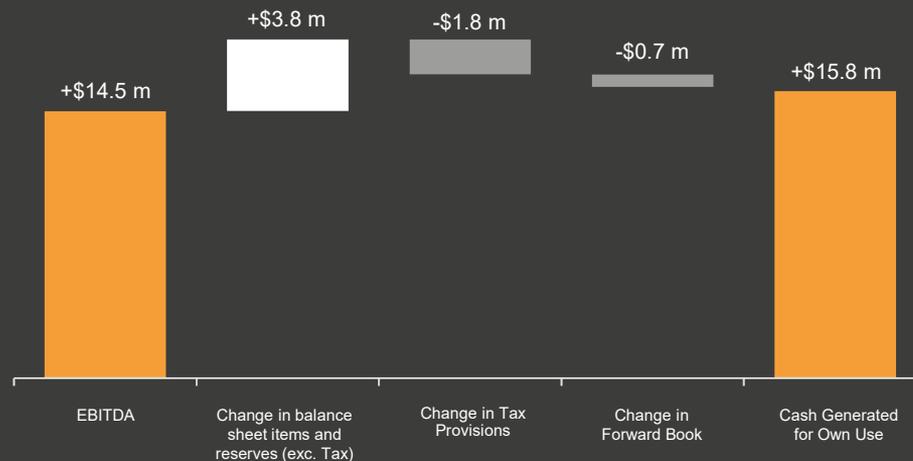
# Strong balance sheet and excellent cash flow generation



\$m	31-Sep-17	31-Mar-18	30-Sep-18
<b>Assets</b>			
Cash held for own use	34.8	47.3	49.5
Cash held for settlement of client liabilities	122.7	155.8	158.5
Deposits with financial institutions	10.1	10.2	17.1
Derivative financial assets	19.5	12.9	11.5
Other assets	3.5	4.8	4.2
Property, plant and equipment	4.6	3.9	3.4
Intangible assets	6.0	7.2	9.0
Deferred and prepaid tax assets	1.1	0.2	0.4
<b>Total assets</b>	<b>202.3</b>	<b>242.3</b>	<b>253.6</b>
<b>Liabilities</b>			
Client liabilities	122.7	156.9	159.4
Derivative financial liabilities	9.6	10.7	8.5
Other liabilities	10.9	11.7	15.0
<b>Total liabilities</b>	<b>143.2</b>	<b>179.3</b>	<b>182.9</b>
<b>Total equity</b>	<b>59.1</b>	<b>63.0</b>	<b>70.7</b>

- Strong cash generation of \$15.8m
- Investment in capex of \$4.1m to enhance the customer experience and reliable, scalable systems
- Interim dividend of 2.64c per share will be paid out of free cash flow

## Cash generated for own use 1H19 vs. 2H18



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