



# 1H23 Financial Results

8 November 2022



# Agenda

- 1 Performance
- 2 Financials
- 3 Strategy & FY23 Outlook
- 4 Q&A
- 5 Appendix





# Performance

**Skander Malcolm**

Chief Executive Officer and Managing Director



# NOI and margin growth driving record EBITDA



**\$19.9bn**

Turnover up 32.6%  
with ATV's remaining  
elevated

**\$32.3m**

Underlying EBITDA up  
59.4%

Growing  
NOI  
margins at  
**62bps<sup>1</sup>**



**\$105.3m**

NOI up 53.4%

FY23 guidance upgraded

- NOI \$215m - \$222m
- Underlying EBITDA \$62m - \$67m

## Outstanding financial outcomes

- NOI of \$105.3m, up 53.4%, driven by revenue growth in all regions, acquisition of Firma, margin management, and continued discipline on bank fees and commissions
- Continuing to invest: FTE ex Firma up 95 v 1H22 across revenue generating and technology resources
- EBITDA margin of 30.7%, driven by strong NOI margin and discipline in expense control

## Great execution

- Acquisition of Firma completed, integration on track. Strong results with revenue of \$24.5m, up 32.6% vs 1H22<sup>2</sup>
- Strong margin management with NOI margin<sup>1</sup> up 9bps v 2H22. Operational excellence delivering record turnover of \$19.9bn while managing volatility
- Continued strong risk and compliance performance: record fraud prevention, investment in cyber

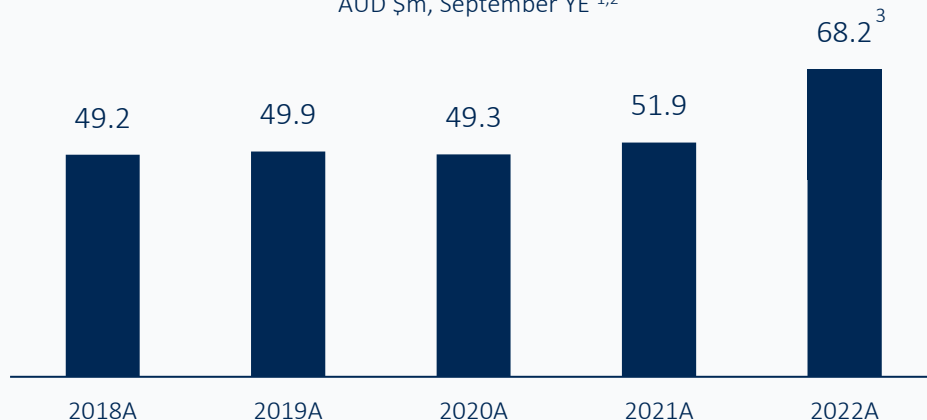
<sup>1</sup> FX transactions only (excluding same currency transactions)

<sup>2</sup> OFX Group results include 5-months of Firma financials (May – September 2022). Firma results prior to May 2022 are not included in the OFX financial statements

# Outstanding Firma result, integration on track

## Fee and Trading Income

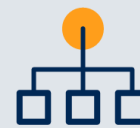
AUD \$m, September YE <sup>1,2</sup>



### Growth drivers<sup>1</sup>

- “Risk-off” environment driving elevated ATVs which creates revenue growth of 31.9%
- Digital adoption growing: up 122.3% v FY21 from \$1.8m to \$4.1m and transactions per active client up 11.2% v FY21
- Excellent commercial team (average tenure 7.8 years) driving strong client retention and healthy NOI margin of 0.75%

## Integration highlights



### People

- Voluntary attrition in sales down in L12TM v PCP
- Excellent engagement across Senior Leadership Teams



### Customer Experience

- Completed product and feature gap analysis
- Improved client retention and platform migration underway



### Business combination synergies

- Synergy execution on track for \$5m+ by FY25
- Bank cost reductions and revenue synergies underway

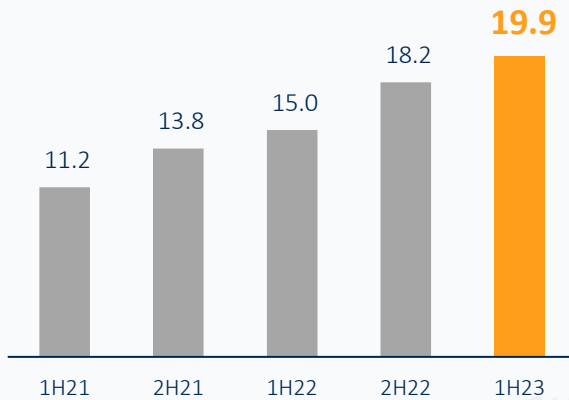
<sup>1</sup> Metrics are based on Firma’s September year-end. Firma financial results prior to May 2022 are not included within the OFX financial statements. Prior periods are included here for comparison purposes only.

<sup>2</sup> 2022A figures are based on AUD/CAD FX rate of 0.885 and prior year figures are based on AUD/CAD FX rate of 0.915

<sup>3</sup> Firma FY22 September year-end result includes \$27.2m since change of ownership and included in OFX results

# Firma adding to strong growth

Turnover (\$bn)



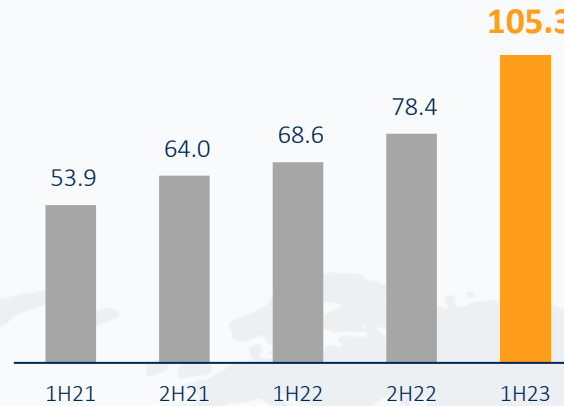
1H23 up 32.6% v 1H22

**\$19.9bn**

Ex Same currency 31.3%

1H23 up 9.5% v 2H22

Net Operating Income (\$m)

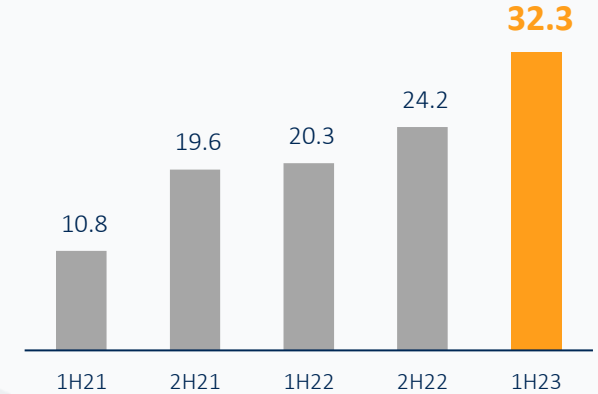


1H23 up 53.4% v 1H22

**\$105.3m**

1H23 up 34.3% v 2H22

Underlying EBITDA (\$m)



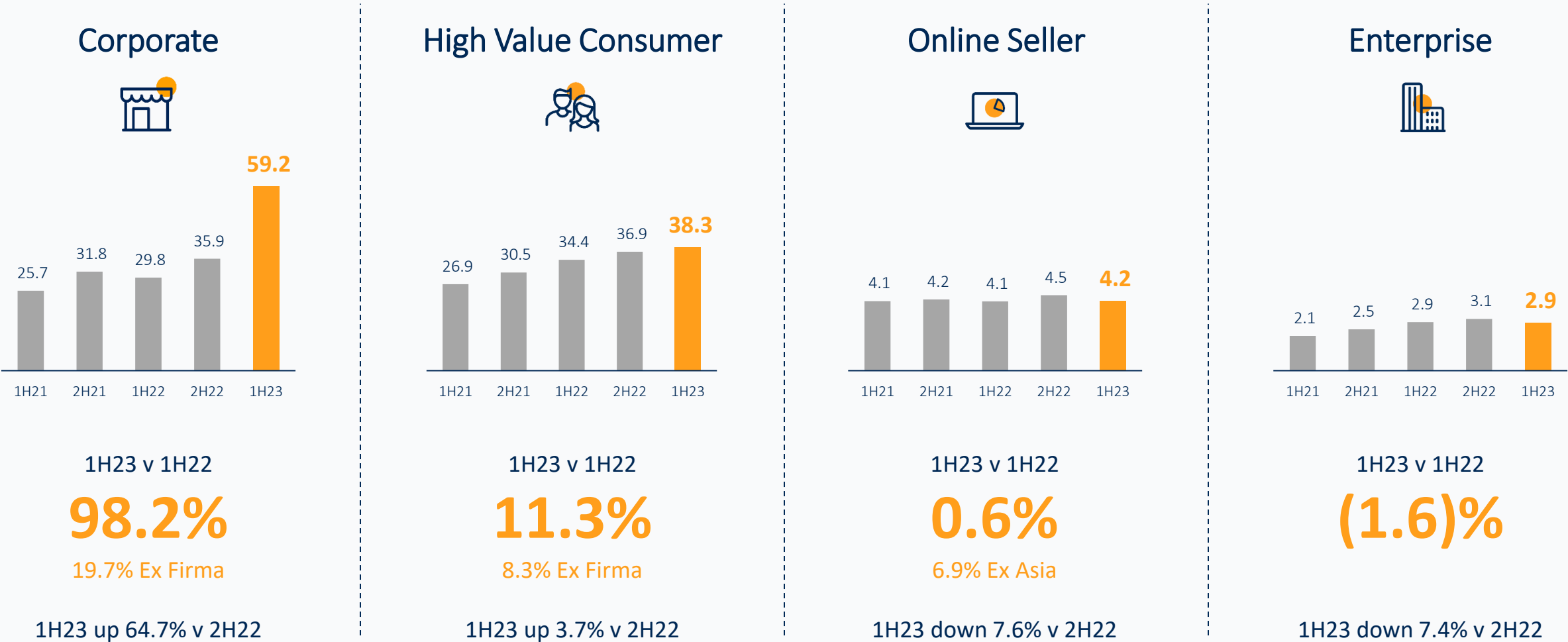
1H23 up 59.4% v 1H22

**\$32.3m**

1H23 up 33.2% v 2H22

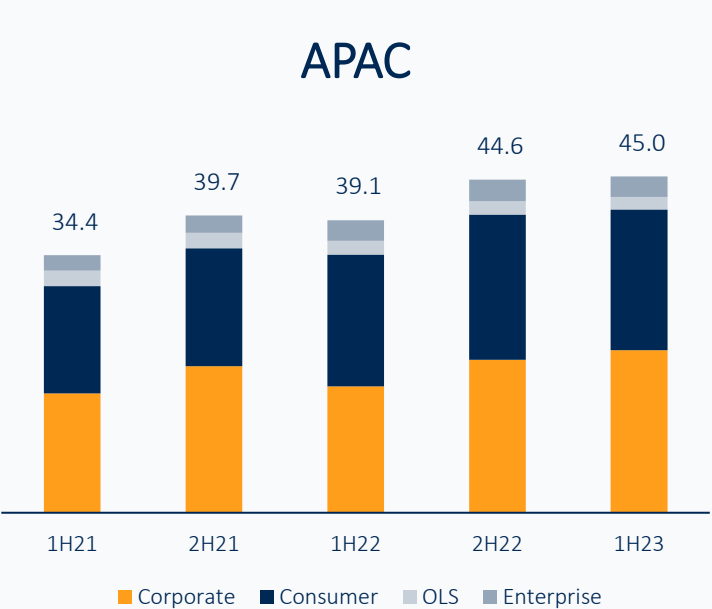
# Growing a valuable portfolio

Revenue \$m



# Excellent revenue growth across all regions

Revenue \$m

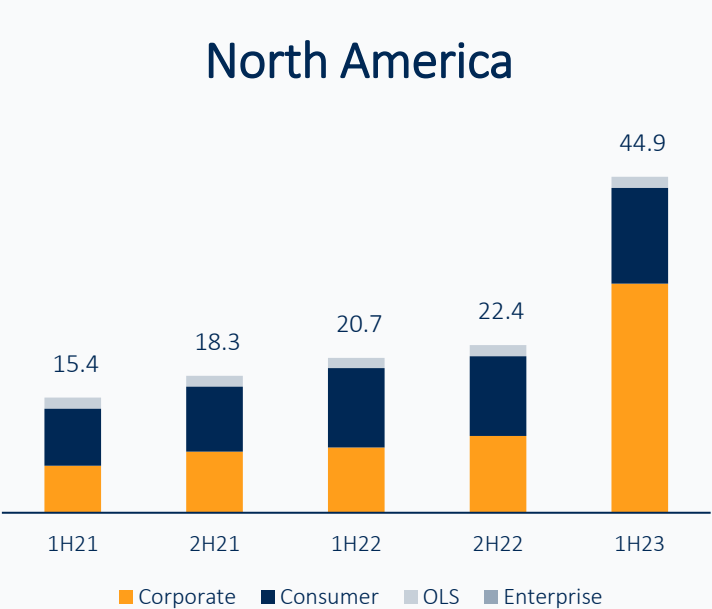


1H23 v 1H22

**15.0%**

7.3% Ex Firma

1H23 up 0.9% v 2H22

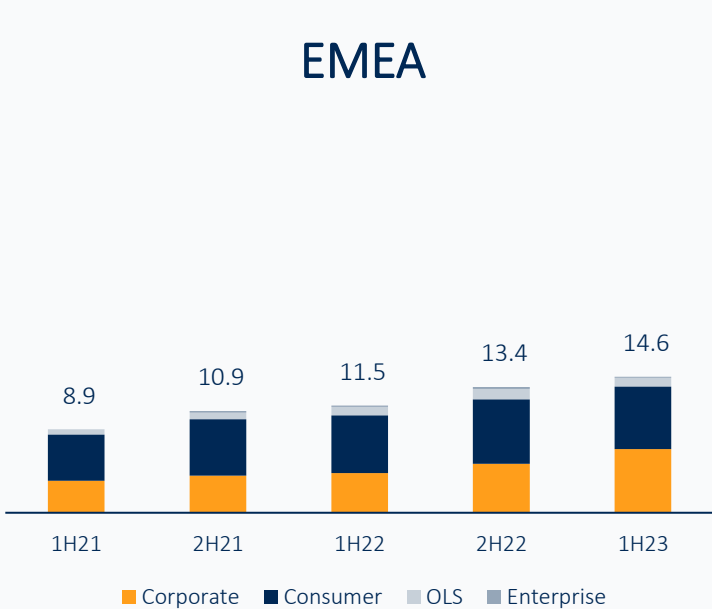


1H23 v 1H22

**117.2%**

17.2% Ex Firma

1H23 up 100.5% v 2H22



1H23 v 1H22

**26.9%**

19.7% Ex Firma

1H23 up 8.3% v 2H22

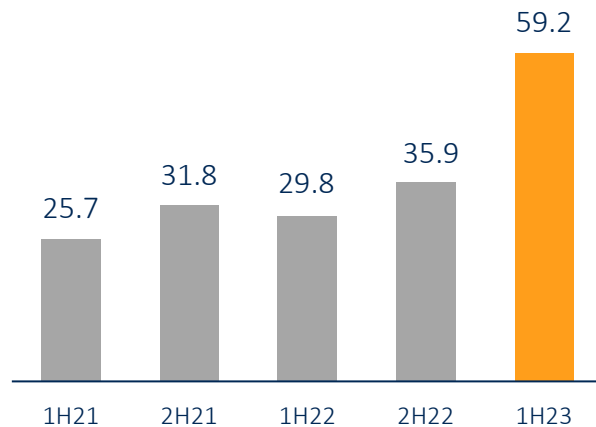


# Corporate performing exceptionally well



## Revenue

**+98.2% v 1H22**



North America **+251.7%**

EMEA **+59.8%**

APAC **+28.7%**

Firma **\$23.4m<sup>2</sup>**

- Diverse portfolio across multiple industries with the largest exposures, based on revenue contribution, in service industries 34%, manufacturing 17% and wholesale trade 15%<sup>1</sup>
- Investing in tools to generate frontline capacity and Salesforce excellence
- 2H22 included non-recurring COVID related revenue. 3-year revenue CAGR, ex Firma, is 12.7%
- Corporate segment now delivering 56.6% of OFX revenue, up from 41.9% in 1H22
- Strong ATVs delivering a turnover of \$11.5bn, up 63.7% v 1H22. ATVs of \$37.4k up 32.4% v 1H22. 2H23 ATVs expected to be at a similar level
- Managing pricing levers, revenue margins up 3bps ex Firma v 2H22

<sup>1</sup> Industry exposure calculated as a percentage of revenue contribution where data is available (86% of portfolio)

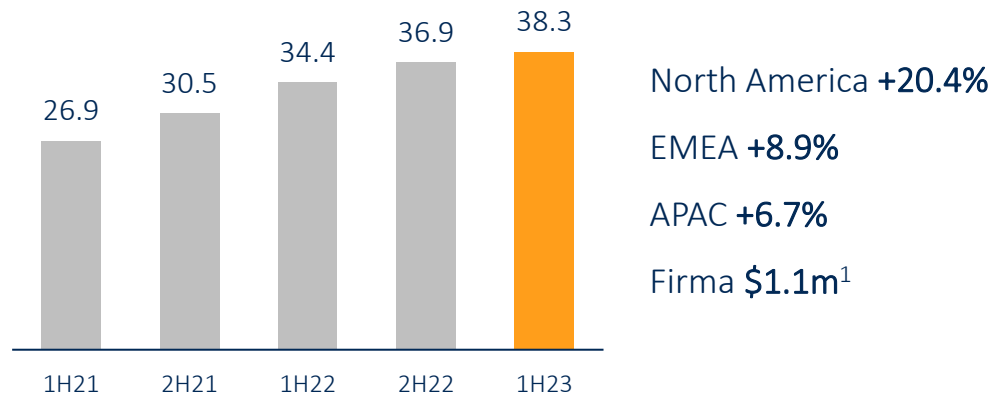
<sup>2</sup> Firma revenue in 1H23 covers the period May - September 2022, with Firma UK included from September 2022

# High Value Consumer benefitting from volatility



## Revenue

**+11.3% v 1H22**



- Steady mix of high value use cases with the largest revenue growth in salary transfers up 16% and mortgage payments up 9% v 1H22
- Improved technologies for customer onboarding and customer management
- Sustained high ATVs delivering a turnover of \$5.1bn, up 3.7% v 1H22. ATVs of \$20.9k down 1.2% v 1H22, however still higher than FY21 levels. 2H23 ATVs expected to be \$19k - \$20k

<sup>1</sup> Firma revenue in 1H23 covers the period May - September 2022, with Firma UK included from September 2022

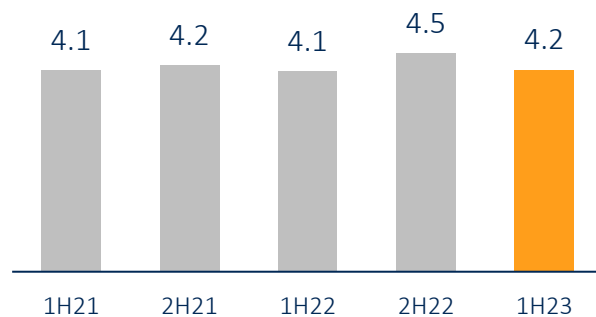
# Online Seller improving, ex Asia



## Revenue

**+0.6% v 1H22**

+6.9% Ex Asia



North America **+12.3%**

EMEA **+5.4%**

APAC **(10.1)%**

+1.8% Ex Asia

- Industry growing however supply chain challenges are impacting revenue performance
- Continued investment in platform, launched JPY and PLN currencies
- ATVs up 2.7% to \$16.1k v 1H22
- Revenue margins up 4bps v 2H22
- Registrations up 29.5% v 1H22, expected to drive revenue growth in 2H23

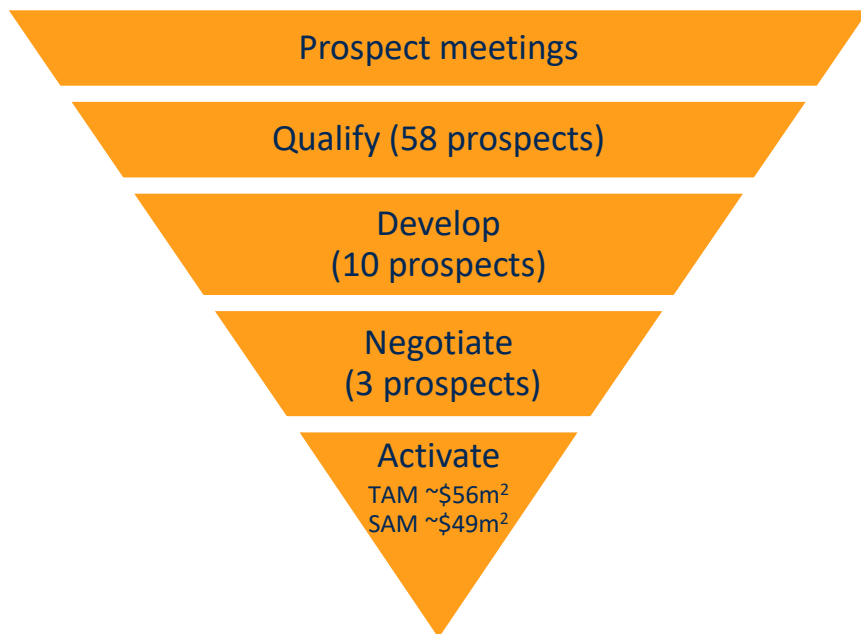
# Enterprise activation slow, but pipeline growing



Revenue of \$2.9m in 1H23

(1.6)% v 1H22

## Enterprise Pipeline<sup>1</sup>

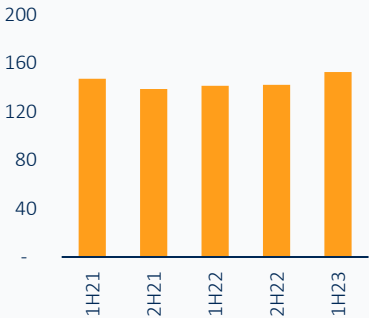


- Grew prospects from 48 to 71, with particular strength in EMEA and North America
- Pipeline shifting to small and mid-size prospects
- Won first Enterprise deal in Asia, launched in 2Q23 and currently activating
- Activation is slower than expected given competing tech priorities for our clients

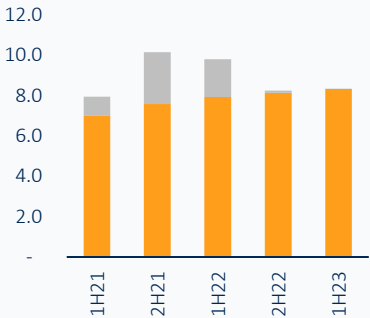
<sup>1</sup> Enterprise Pipeline as at 30 September 2022

# Growth in all underlying metrics resulting in record turnover

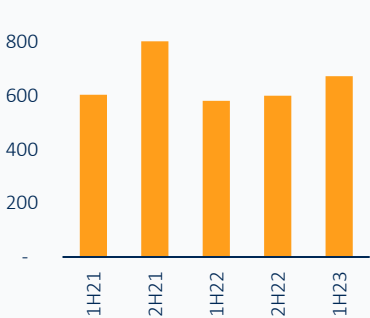
OFX Group <sup>1</sup>	Active clients <b>152.6k</b> 8.2% up from 30-Sep-21 6.7% up from 31-Mar-22	Transactions per active client <b>8.3</b> 14.9% down from 1H22, Core OFX up 7.4% <sup>2</sup> from 1H22	Transactions <b>670.7k</b> 15.8% up on 1H22	ATV <b>\$29.6k</b> 14.5% up on 1H22	Turnover <b>\$19.9bn</b> 32.6% up on 1H22
Consumer	Active clients <b>113.1k</b>	Transactions per active client <b>4.3</b>	Transactions <b>242.0k</b>	ATV <b>\$20.9k</b>	Turnover <b>\$5.1bn</b>
Corporate	Active clients <b>29.4k</b>	Transactions per active client <b>18.8</b>	Transactions <b>307.9k</b>	ATV <b>\$37.4k</b>	Turnover <b>\$11.5bn</b>



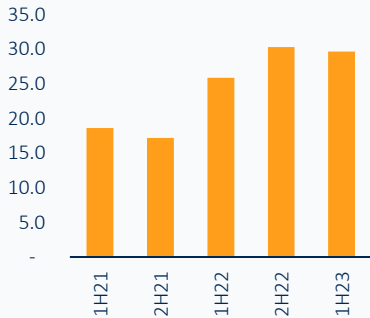
Active clients ('000)



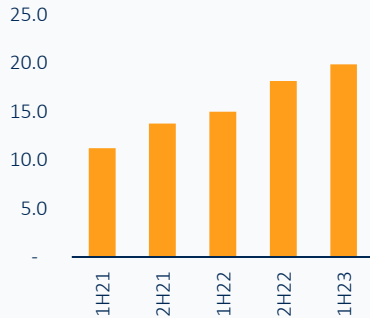
Transactions per active client (LTM)



Transactions ('000)



Average transaction value (\$'000)



Turnover (\$bn)

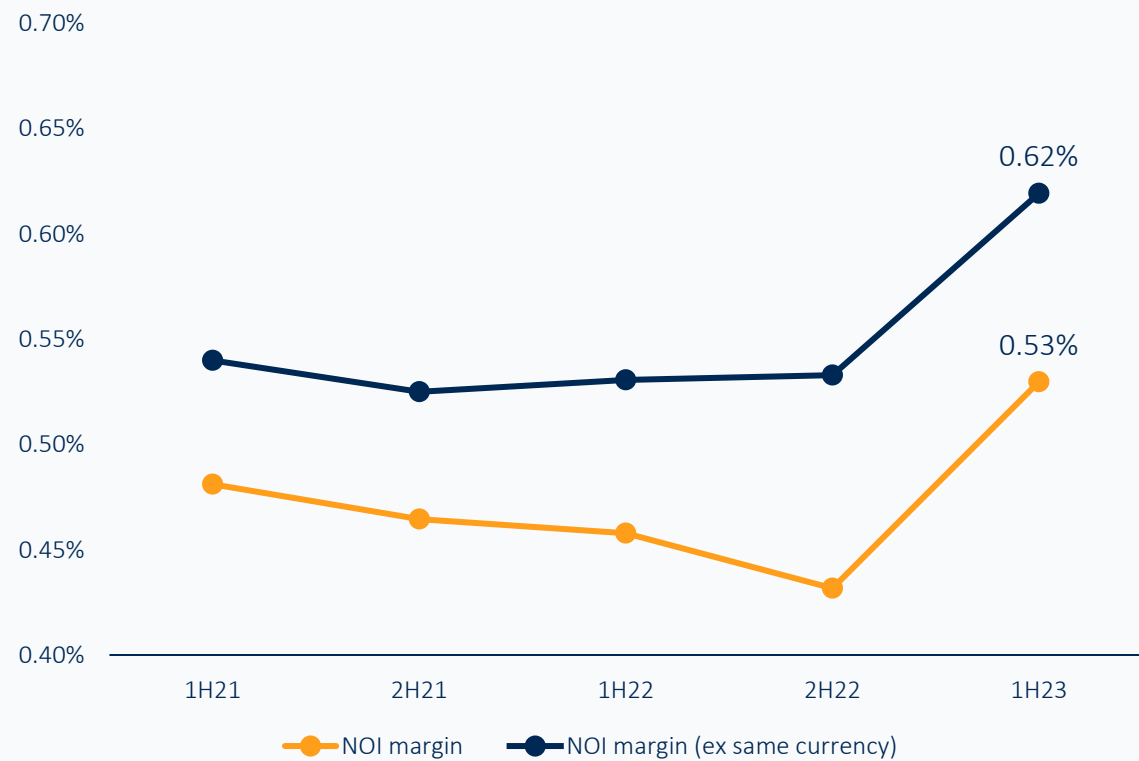
■ Significant volumes in offshore share purchases will not repeat in FY22-23

<sup>1</sup> The OLS and Enterprise segments are included in the total OFX Group however the individual segments are not listed here

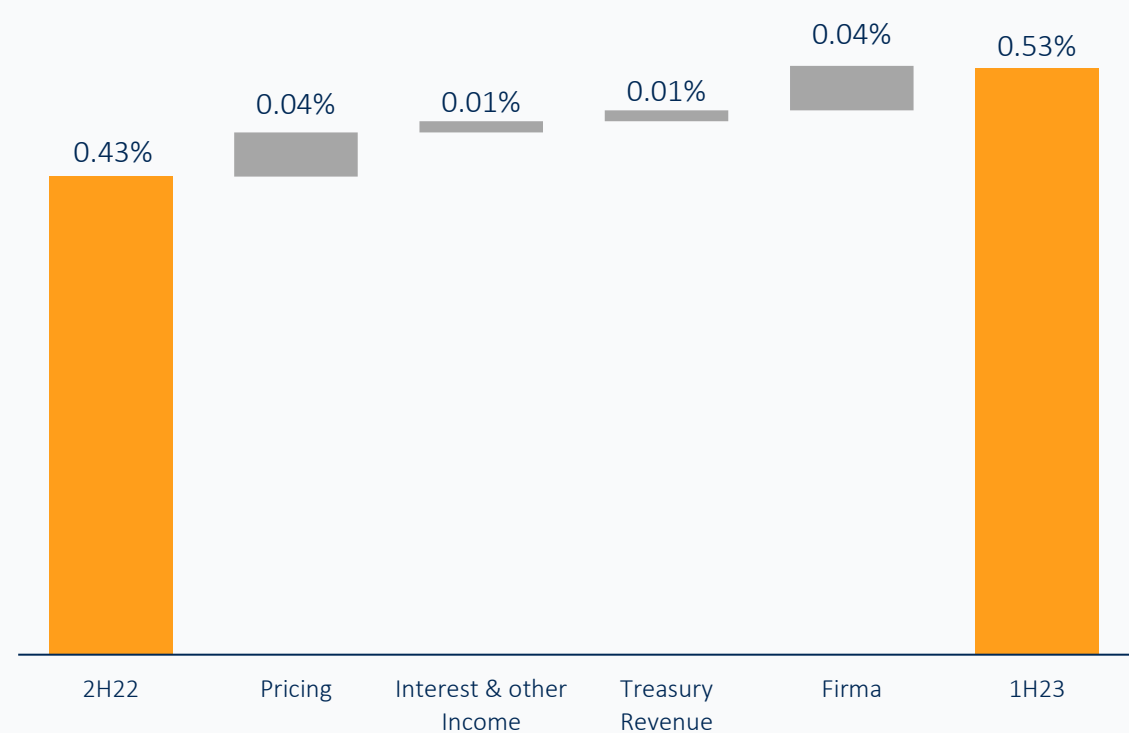
<sup>2</sup> Excluding offshore share purchases and Firma

# Strong margin management

NOI Margin



NOI Margin walk





# Financials

**Selena Verth**

Chief Financial Officer



# Record financial result driven by growth across the portfolio

Financial results	1H22	2H22	1H23	V 1H22
<b>Financial metrics (\$m)</b>				
Fee and trading income (revenue)	74.0	84.1	110.9	49.9%
Net operating income	68.6	78.4	105.3	53.4%
Underlying operating expenses	48.4	54.2	73.0	50.9%
Underlying EBITDA	20.3	24.2	32.3	59.4%
Statutory EBT	14.2	18.0	19.0	33.9%
Underlying NPAT	11.0	14.7	19.9	79.7%
Statutory NPAT	10.9	13.6	14.7	34.7%
Net Cash Held	63.1	84.2	92.9	47.2%
<b>Financial ratios</b>				
NOI margin	0.46%	0.43%	0.53%	7 bps
Underlying EBITDA margin	29.5%	30.9%	30.7%	1.2 pts
Effective tax rate	23.3%	24.2%	23.6%	0.3 pts

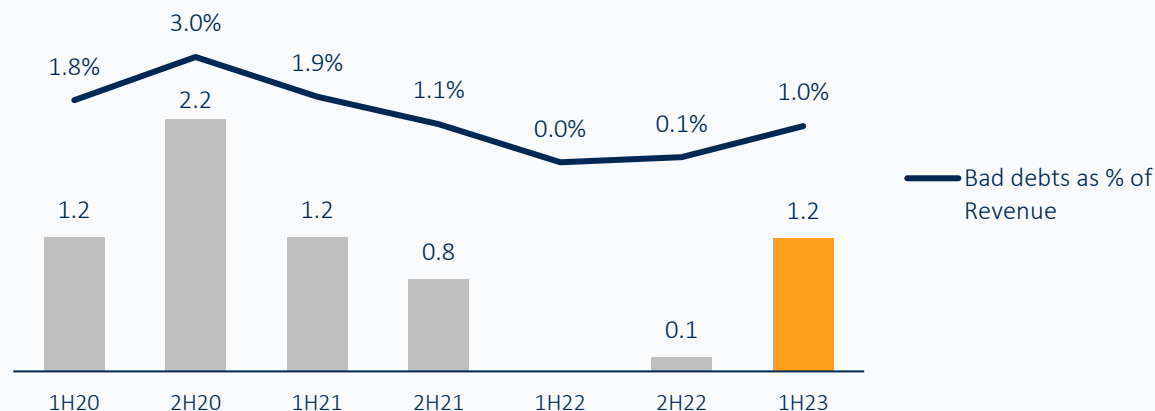
- Fee and trading income up 49.9% (13.2% ex Firma) with strength across all regions
- NOI up 53.4% driven by revenue growth and increasing interest & other income
- Underlying EBITDA \$32.3m, up 59.4%, with EBITDA margin of 30.7%
- Effective tax rate of 23.6%, FY24 expected to be ~ 29%
- Statutory EBT includes \$2.5m of interest expense and \$5.4m of Firma transaction and integration costs
- Statutory NPAT \$14.7m, up 34.7%
- Net cash held \$92.9m, up \$29.8m



# Continuing to invest for growth

Underlying operating expenses (\$m)	1H22	2H22	1H23	V 1H22
Employee expenses	31.6	34.9	49.7	57.1%
Promotional expenses	7.9	8.5	9.0	13.8%
Technology expenses	3.8	4.4	5.2	36.1%
Professional fee expenses	2.8	3.5	3.5	27.3%
Bad and doubtful debts	(0.0)	0.1	1.2	nm
Other expenses	2.3	2.7	4.4	95.3%
<b>Underlying operating expenses</b>	<b>48.4</b>	<b>54.2</b>	<b>73.0</b>	<b>50.9%</b>

## Bad and doubtful debts \$m



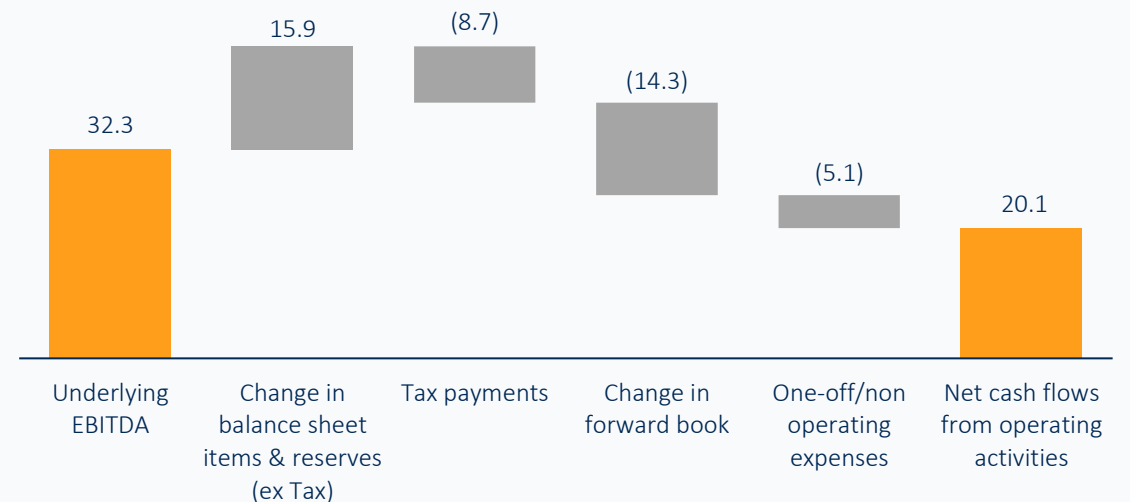
- Employee expenses up 57.1%, 20.3% ex Firma. Overall FTE 712, up 308 v 1H22, driven by Firma +174, technology resources +54 and sales and marketing +40
- Promotional expenses up 13.8% driven by the NHL partnership
- Technology up 36.1% driven by higher investment in cyber, risk management and customer management and onboarding
- Other expenses up 95.3% driven by Firma and return of travel
- Bad and doubtful debts of \$1.2m up from historically low levels in FY22 driven by provisions on smaller transactions in North America. 1H23 includes \$0.3m from Firma

# Strong balance sheet, good cash flow

Balance Sheet (\$m)	30 Sep 21	31 Mar 22	30 Sep 22
Cash held for own use	40.9	59.1	67.2
Cash held for settlement of client liabilities	236.2	242.8	356.0
Deposits due from financial institutions	22.2	25.1	25.7
Equity accounted investees	4.7	4.5	4.2
Derivative financial assets	22.4	34.4	145.8
Other assets	9.6	11.1	17.9
Property, plant and equipment	1.0	1.2	2.5
Intangible assets	19.3	19.9	98.8
Right-of-use assets	6.5	6.4	6.9
Deferred and prepaid tax assets	6.6	-	8.9
<b>Total assets</b>	<b>369.4</b>	<b>404.5</b>	<b>734.0</b>
Client liabilities	238.1	246.6	361.3
Derivative financial liabilities	16.5	27.1	124.2
Lease liabilities	9.2	8.3	8.5
Loan and borrowing	-	-	78.2
Other liabilities	14.2	19.1	34.7
<b>Total liabilities</b>	<b>278.0</b>	<b>301.1</b>	<b>606.8</b>
<b>Total equity</b>	<b>91.4</b>	<b>103.3</b>	<b>127.1</b>

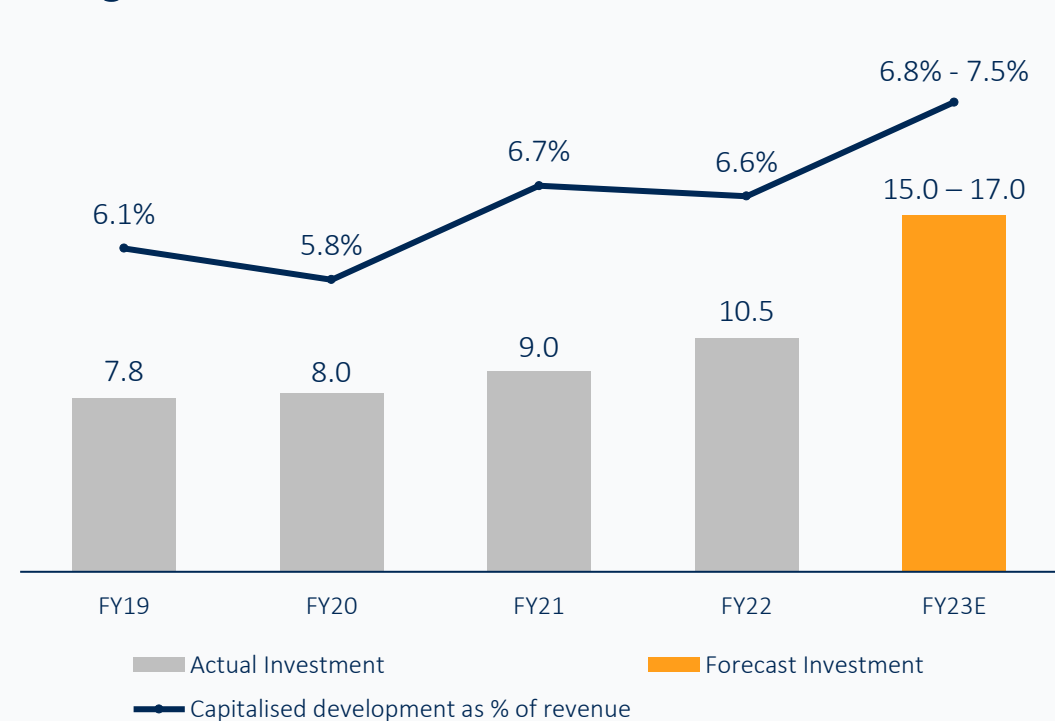
- Net cash held \$92.9m, up \$8.7m from 2H22. Net available cash \$43.9m
- \$32.3m underlying EBITDA delivering \$20.1m net cash flow from operating activities
- \$100m, 5-year Firma loan was drawn-down in 1H23, \$18.5m paid down. Targeting to repay the debt facility in 4 years.

## 1H23 Net cash flows from operating activities (\$m)



# Continued investment in our global operating model

Intangible investments \$m



## Payments Excellence – Fast, transparent & trackable payments

- Two additional currencies added to our Global Currency Account product
- Payments infrastructure - increased automation tools driving faster payments



## Risk Management – Fast, safe & scalable client onboarding

- Improved onboarding software and processes, enhancing risk management and client experience
- Increased investment in cyber risk management



## Customer Service – Single, secure & easy to use client user interface

- Implemented new client relationship management to improve response time and quality of customer service
- Consolidation of client enquiries and internal processes in single platform



# Strategy & FY23 Outlook

**Skander Malcolm**

Chief Executive Officer and Managing Director



# Building the world's leading value-added cross border payments specialist



## Huge opportunity

US\$211bn cross-border payments market which keeps growing<sup>1</sup>

72% market share still with banks and Incumbents

~0.05%<sup>1</sup> OFX market share is still very small

Target customers' consideration for alternatives increasing as they are ready to switch for the right CVP



## Target segments



Corporate ++



Online Seller ++



Enterprise ++



High Value Consumer +



## Competitive positioning

### Distinctive CVP



Digital ease



Human support & expertise

### Global operating model



Payments excellence



Customer service



Single global platform



Risk management



World class team



## More valuable company

- ✓ Healthy revenue growth
- ✓ 80%+ Recurring Revenue
- ✓ Strong EBITDA margins
- ✓ Highly cash generative
- ✓ Capital light
- ✓ Well-positioned to participate in industry consolidation

<sup>1</sup> Global Cross-border payments revenue, 2021 – The 2022 McKinsey Global Payments Report

# OFX well positioned to win in the new economic cycle



<sup>1</sup> US Bureau of Labor Statistics

<sup>2</sup> 2022 McKinsey Global Payments Report

<sup>3</sup> Australian Government Department of Home Affairs - Temporary resident (skilled) report 30 June 2022

<sup>4</sup> Authorised Push Payments Fraud - UK Payment Systems Regulator

# A mature and integrated risk management program

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# FY23 Outlook

FY23 guidance upgraded to reflect strong performance

NOI (including Firma)  
**\$215m - \$222m**  
Up from \$200m - \$212m

Underlying EBITDA  
**\$62m - \$67m**  
Up from \$55m - \$60m

Firma  
Underlying EPS  
accretion<sup>1</sup> of  
**20%**



Intangible investment  
**\$15m - \$17m**  
Up from \$12m - \$16m



## Potential tailwinds

- FX volatility ↑ ATV / transactions
- High Inflation ↑ ATV / margin
- Lower AUD/USD ↑ revenue



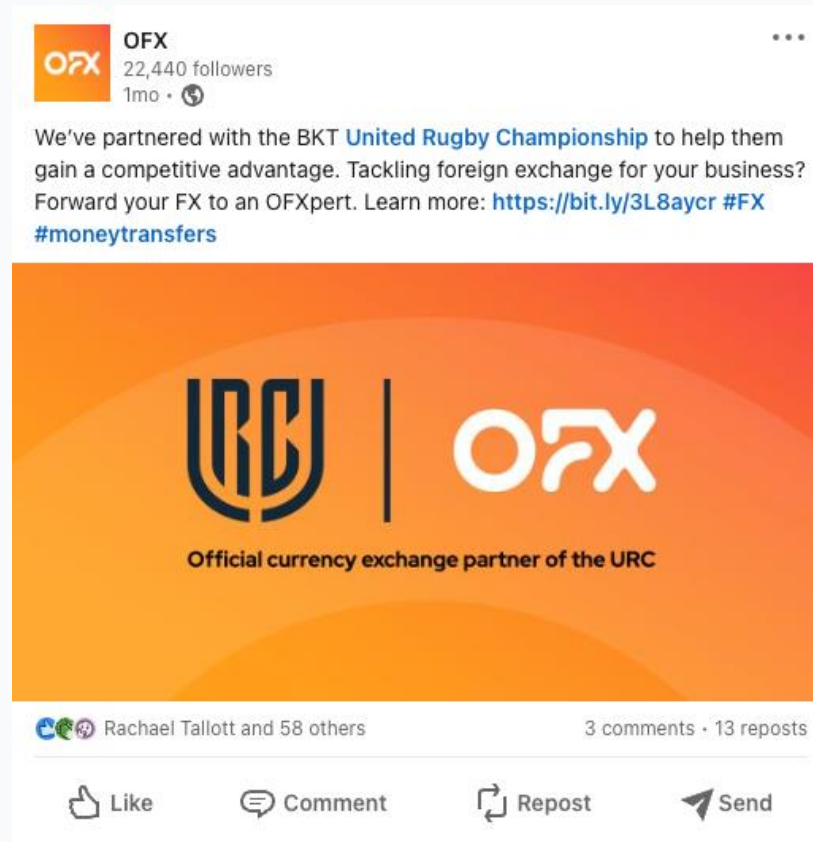
## Potential headwinds

- Unexpected client credit stress ↑ losses
- Cyber / Fraud ↑ losses
- Lower GDP than forecast ↓ transactions/revenue

<sup>1</sup> Underlying EPS: EPS for the ongoing business. For Firma this excludes transaction costs, integration costs and non-cash tax effected amortisation of acquisition of intangibles on an annualised in year basis



OFX is the  
official currency  
exchange  
partner of  
the URC

An advertisement for OFX. At the top, it features the URC and OFX logos with the text 'Official currency exchange partner of the URC'. The main headline asks 'Sending money internationally?' and promises to 'Score game-changing rates every time.' A man in a white shirt, identified as Alex, an OFXpert since 2007, is shown on the right. The ad also includes the text 'From front row to full back, we've got your currency needs covered. Visit [ofx.com/bkturc](https://ofx.com/bkturc) to find out more.' At the bottom, it states 'OFX Payments Ireland Limited trading as OFX is regulated by the Central Bank of Ireland (Firm Ref. No. C190174)'. The background is orange with several currency symbols (Dollar, Euro, Pound) floating around. The image is framed by a blue circle with a yellow Euro symbol at the top right and a blue circle with a yellow Dollar symbol at the bottom right.



# Appendix



# Key Metrics for OFX Group



	OFX Group	OFX	Firma
<b>Key Metrics</b>			
Turnover (\$bn)	19.9	16.3	3.6
- FX	16.7	13.5	3.3
- Same currency	3.1	2.8	0.3
Fee and trading income (\$m)	110.9	83.7	27.2
- Revenue	104.5	80.0	24.5
- Treasury Revenue	6.4	3.7	2.7
Revenue (\$m)	104.5	80.0	24.5
<i>By Segment</i>			
- Corporate	59.2	35.7	23.4
- Online Seller	4.2	4.2	-
- Enterprise	2.9	2.9	-
- Consumer	38.3	37.3	1.1
Revenue (\$m)	104.5	80.0	24.5
<i>By Region</i>			
- APAC	45.0	42.0	3.0
- North America	44.9	24.3	20.7
- EMEA	14.6	13.8	0.8
ATV (\$'000)	29.6	26.6	61.3
Active Clients ('000)	152.6	142.3	10.3
Transactions ('000)	670.7	611.6	59.0

	OFX Group	OFX	Firma
<b>Financial Results</b>			
Net Operating Income (\$m)	105.3	78.6	26.7
NOI Margin	0.53%	0.48%	0.74%

# Attractive Recurring Revenue



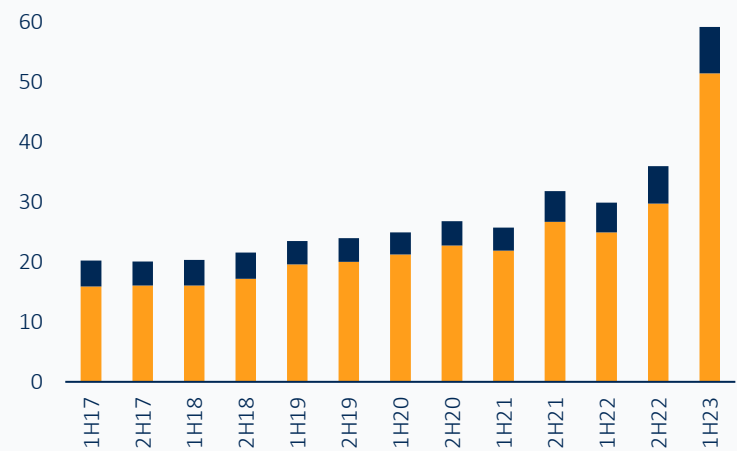
## Revenue from Existing Clients

82%

increase from 77% in 1H22

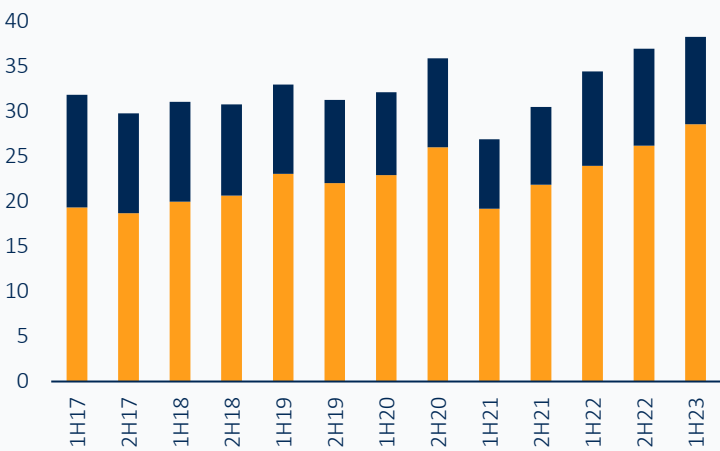
87%

### Corporate Revenue \$m



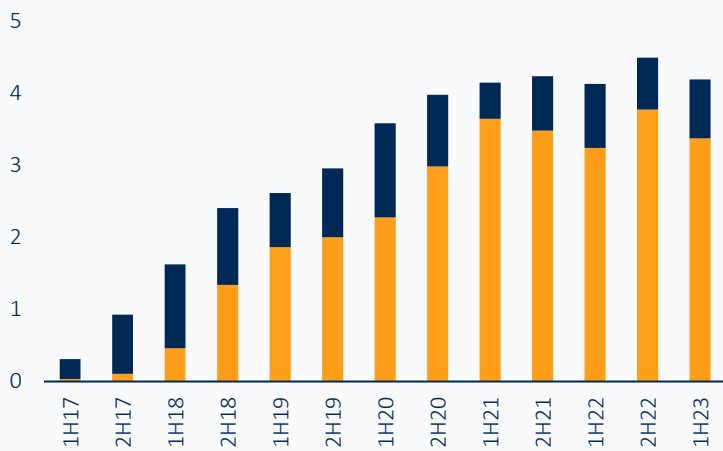
75%

### High Value Consumer Revenue \$m



80%

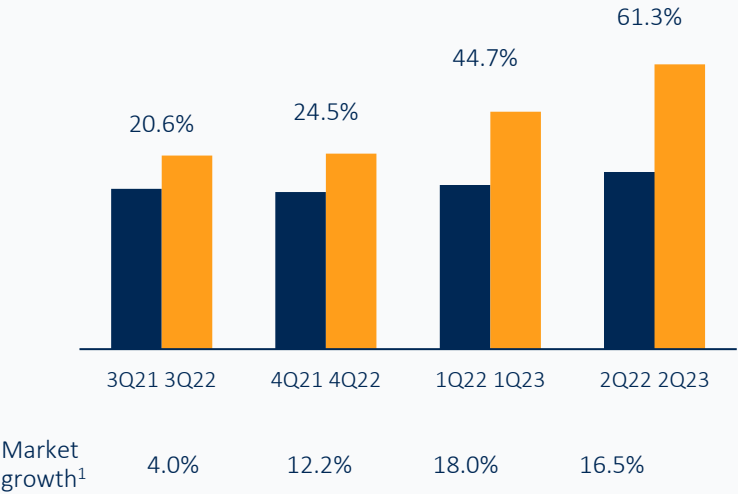
### Online Seller Revenue \$m



■ New clients within the last 12 months  
■ Existing clients

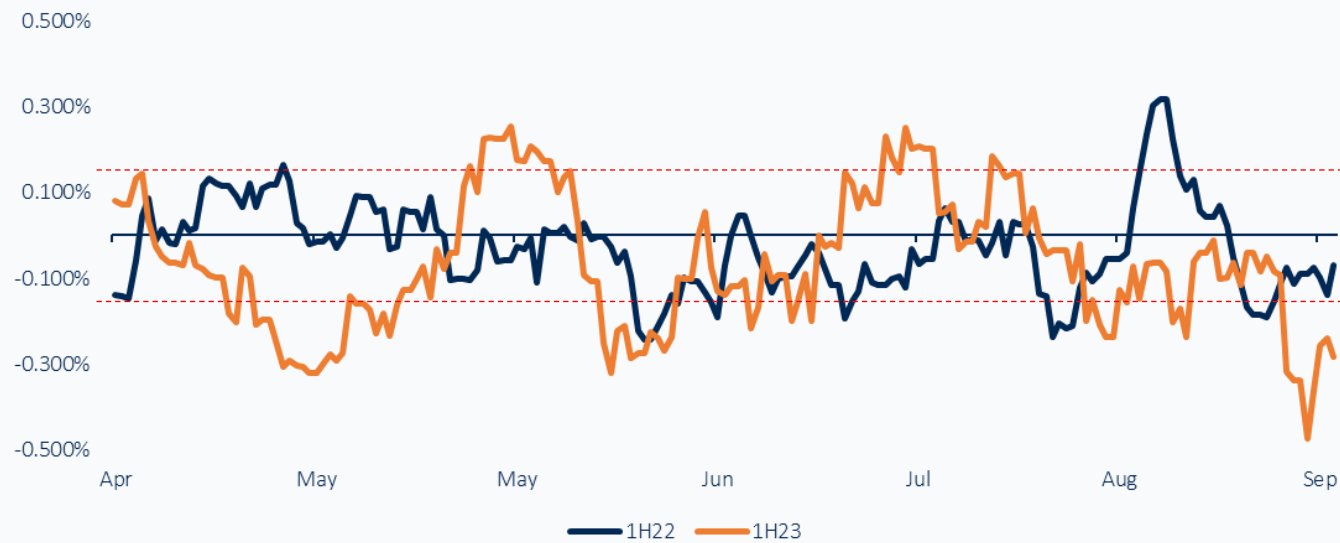
# Strong quarter on quarter NOI growth

OFX quarterly NOI growth



- Strong and consistent NOI growth across last four reporting periods, up 20%+ every quarter
- OFX significantly outperforming the market benchmark throughout 1H23

14 day moving average of daily % movement in spot price (AUD/USD) <sup>2</sup>



	1H21	2H21	1H22	2H22	1H23
Days of Volatility	69	44	25	51	77

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

2. AUD/USD is a major trading corridor within the portfolio

# Definitions

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- **Active Client:** Number of clients that entered into a Transaction with OFX during the immediately preceding 12-month period
- **ATV:** Average transaction value
- **Corporate:** As of 1H21, Corporate excludes OLS; OLS is reported separately
- **Enterprise:** International Payment Solutions in the segment reporting
- **Existing Clients:** (previously defined as Returning clients) are active clients who first transacted > 12 months ago
- **LTM:** Last twelve months
- **Net Available Cash:** Net cash held less Collateral and Bank Guarantees
- **Net Cash Held:** Cash held for own use + Deposits due from financial institutions
- **New Revenue:** Revenue from clients that register within the current financial year
- **NOI:** Net Operating Income
- **NOI margin:** Net Operating Income / Turnover
- **OLS:** Online sellers, business clients who sell online via marketplaces or digital platforms
- **Recurring Revenue:** Revenue generated from Existing Clients
- **Registrations:** Number of clients that have successfully registered or signed up with OFX in the period
- **Revenue:** represents “Fee and trading income” in the statutory accounts excluding Treasury Revenue
- **Transactions:** Number of transfers or exchange of funds pursuant to instructions or in line with a request
- **Underlying EPS:** EPS for the ongoing business. For Firma this excludes transaction costs, integration costs and non-cash tax effected amortisation of acquisition of intangibles

# Thank you



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