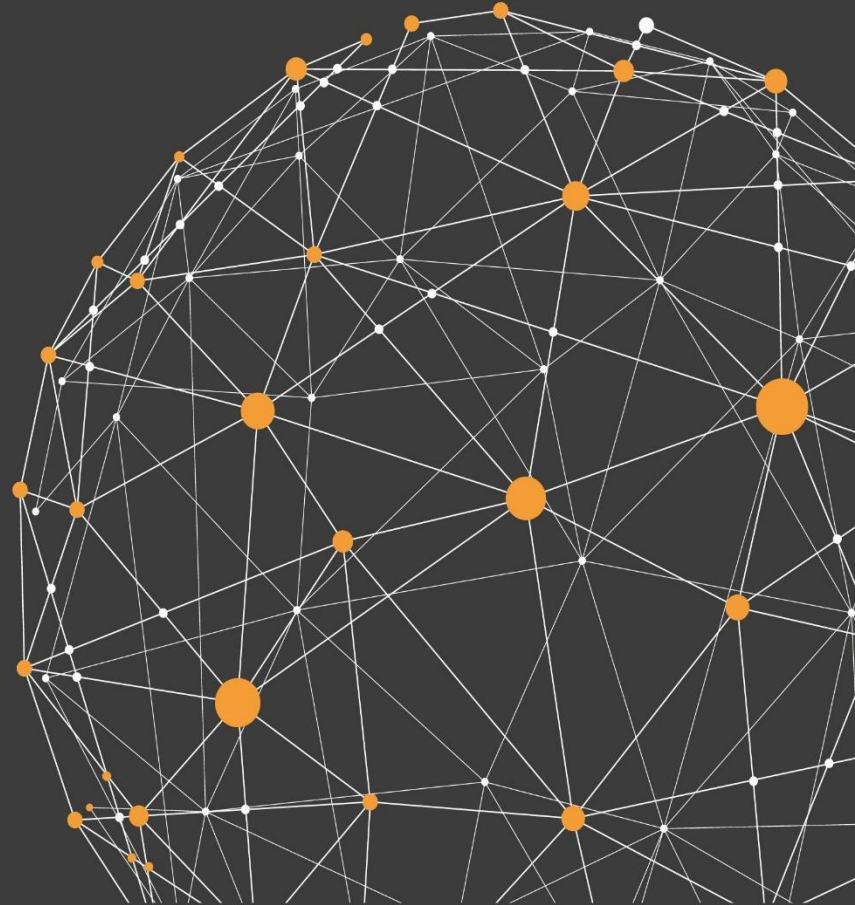


# Investor Day - March 2019

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Investor presentation

20 March 2019



# Agenda



This is OFX

2H update & how we create value

Break

Competitive landscape

Regulatory update

Marketing strategy

OFX around the world

Break

Our client experience & technology demonstration



# This is OFX

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Skander Malcolm

Chief Executive Officer and Managing Director

# OFX at a glance

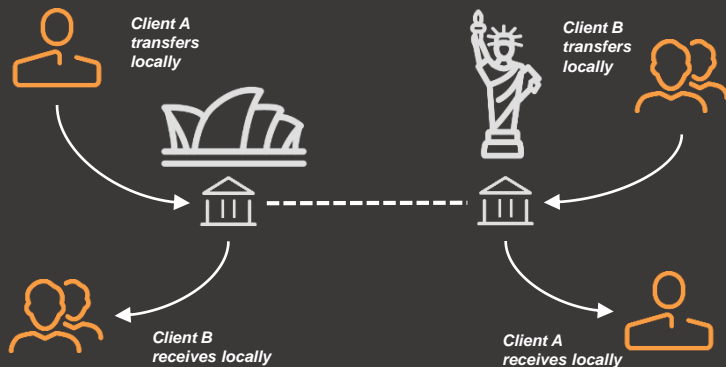


## Who we are



- ASX listed
- Founded in 1998
- 380+ employees over 7 locations
- Servicing Consumers ~50%, Corporates ~45% and Enterprise\* ~5%

*\*Enterprise represents International Payment Solutions (IPS)*



*Example of a typical AUD/USD transaction process*

## Operating under our global infrastructure

16

Global banking relationships

55

Licenses

24/7

Localised client service

1

Technology platform



1m+

Clients

\$150bn+

Transferred globally

80%

Transferred in 1 day

68

NPS 1H19

# Our strategic growth pillars remain the same



## 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



WHERE THE  
WORLD'S MOVING

## Strategic growth pillars

### Growth Drivers



Client  
Experience



Geographic  
Expansion



Partnerships

### Foundational Enablers



Technology  
Foundations



Risk  
Management



People

# 2H update & how we create value

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Skander Malcolm

Chief Executive Officer and Managing Director

Selena Verth

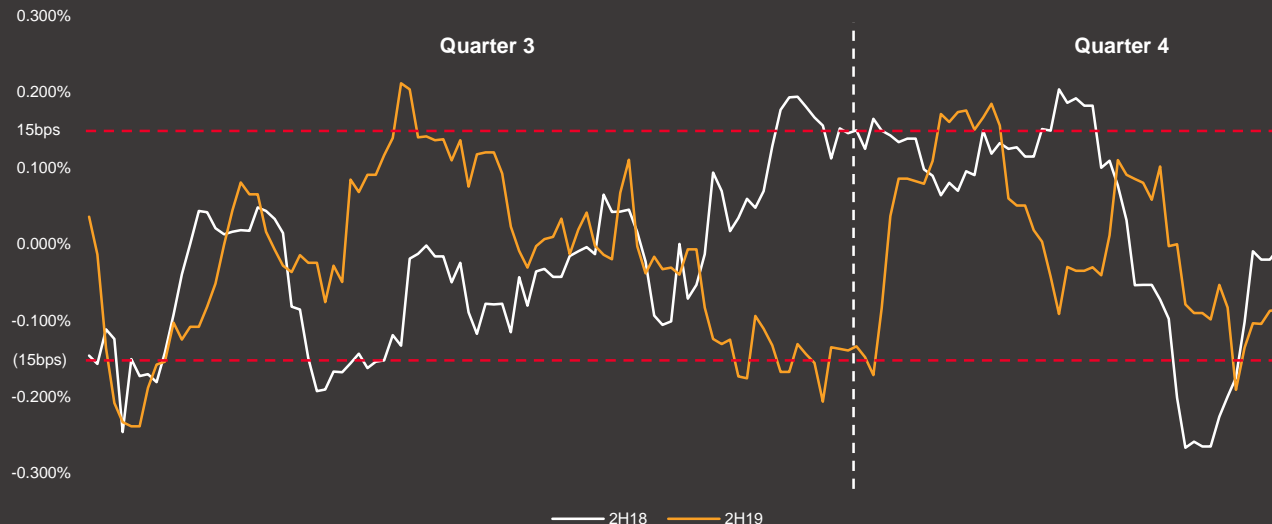
Chief Financial Officer



# Continued decline in market volatility



Volatility in 2H19 YTD vs 2H18 YTD (AUD/USD)\*



\*Represents the 14 day moving average of daily % movement in spot price. AUD/USD is a major trading corridor

Daily volatility outside bands	1H	2H YTD
Volatility +/- 15 bps	Days	
FY17	43	40
FY18	21	36
FY19	30	25

# FX spot market is softer globally in 2H19



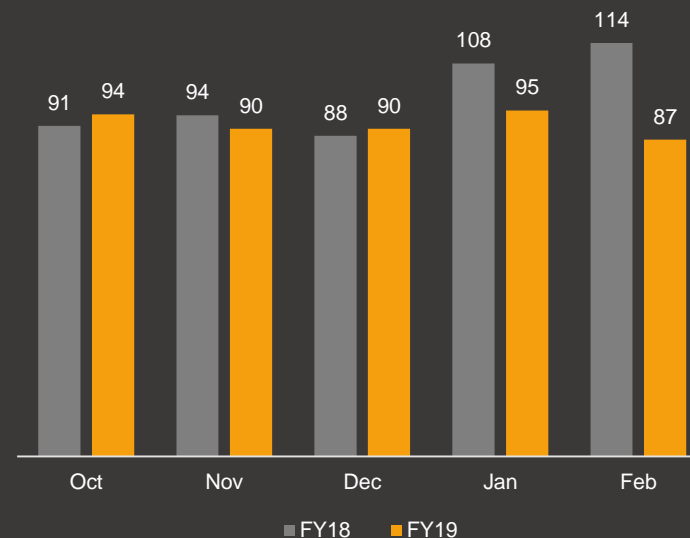
1H19 - OFX consistently outperforms market volumes

Indexed\* OFX 1H19 revenue vs Thompson Reuters FX volumes (\$bn)

Month	Market	OFX	Var
Index start	100	100	-
Apr-18	91	100	+9
May-18	102	107	+5
Jun-18	104	103	-1
Jul-18	90	98	+8
Aug-18	90	109	+19
Sep-18	94	98	+4

2H19 YTD total market spot volume is down (7)% vs 2H18

Thompson Reuters average daily FX volumes (\$bn)





## FY19 YTD

- Corporate growth growing at 10%+ across all markets
- US 2H19 HTD revenue up 20%+
- Stable NOI margins ex-IPS
- Active client growth in February for first time in 10 months
- Targeting annual positive operating leverage\*
- FY19 EBITDA\* between 30.9m and 32.0m

## Opportunities for FY20



### Client Experience

Invest in Corporate client experience

Build Enterprise client experience



### Geographic Expansion

Continued investment for North America and Asia

Corporate in UK & Europe



### Partnerships

Continue to build pipeline

Discovering new use cases

# Strong financial foundations driving sustainable growth



## Financial foundations

**72%**  
recurring revenue  
1H19

**Debt free**  
balance sheet

**\$14.8m - FY18**  
strong cashflow  
generation

**Dedicated treasury**  
management

## Driving a sustainable growth company

**Positive**  
operating leverage\*

**4**  
consecutive halves of  
stable NOI margins

**25% - FY18**  
EBITDA margin

**35+% - FY18**  
ROIC\*\*

**\$8m+**  
FY19 capex investment

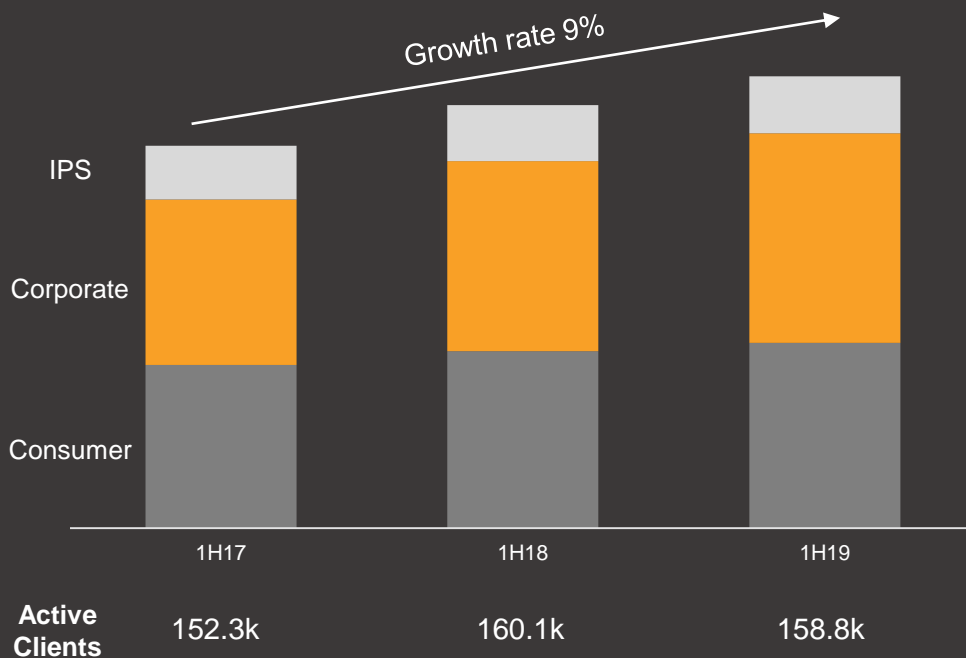
\*Excluding corporate action costs

\*\* Return on invested capital (ROIC) is calculated as NOPAT / invested capital, where invested capital is shareholder's equity less net cash plus collateral, working capital and operating leases

# Expanding our lifetime revenue



Growing the lifetime revenue of our clients\*



## Consumer

- ATV of \$16,700 in FY18
- Average 6 transactions over 3 years

## ROI



## Corporate

- ATV of \$24,900 in FY18
- Average 40 transactions over 3 years
- 8x higher lifetime revenue of a Consumer



## Enterprise (IPS)

- Mass acquisition of consumers
- +180x higher lifetime revenue of a Corporate
- Value driven by efficient acquisition and servicing



\* Discounted lifetime revenue of clients

# Competitive landscape

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Skander Malcolm

Chief Executive Officer and Managing Director

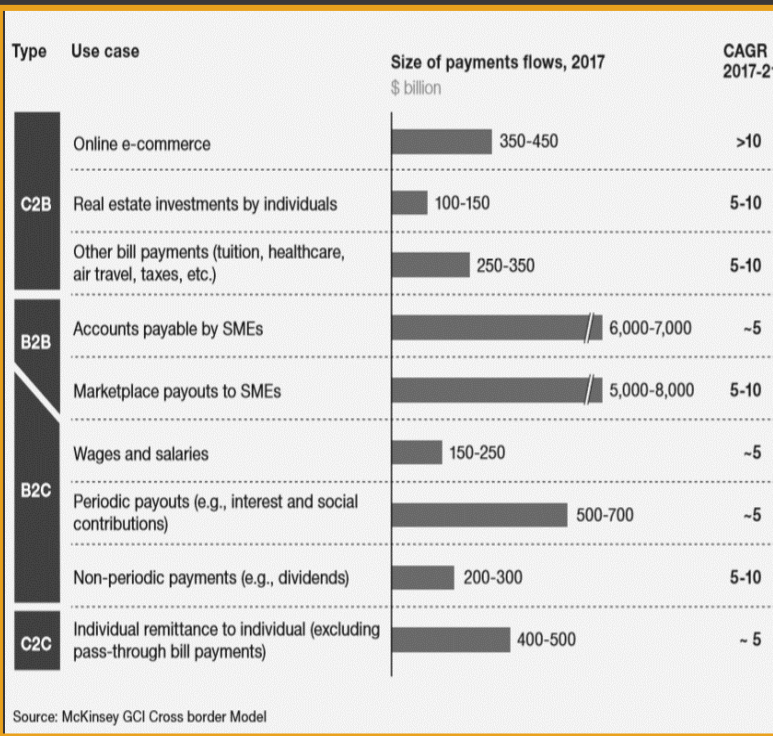
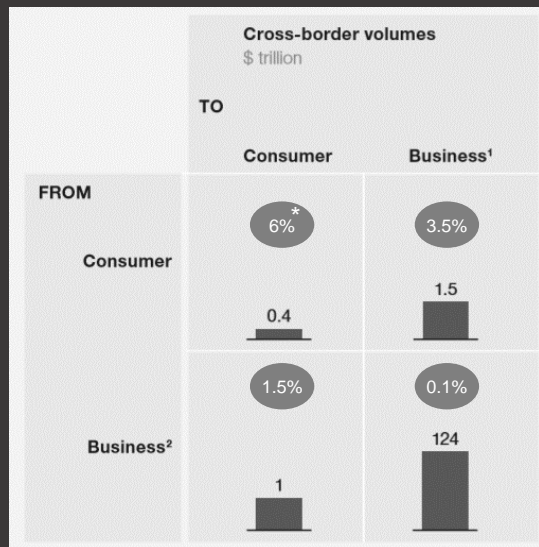


# Huge market, fragmented with specific use cases



## Substantial opportunity for growth

**\$127 trillion** market mostly in B2B



Source: McKinsey GCI Cross border model and McKinsey "A vision for the future of cross-border payments"

\* % represent average margins charged on cross-border payment flow

# OFX well positioned as consolidation underway



Key themes emerging in global payments are supportive of OFX's strategy



API integration / platform enablement



Enhanced corporate offering



Infrastructure connectivity

Relevant completed / announced transactions



# Key trends in the competitive landscape



The investment in Corporate is growing

*PE funding up \$163m in corporate focused vs. reduction of \$274m in consumer remittance and blockchain between 2017 and 2018. Historically consumer-focused players increased their product release and go-to-market to win SMEs*



Some neobanks increasingly compete/partner in consumer FX

*Digital competitors in remittance market emerging from UK/Europe, some with unicorn status (Monzo = \$1.3bn, Revolut = \$1.7bn, N26 = \$2.7bn). Australian neobanks showing early signs of development*



Regulatory scrutiny strengthens

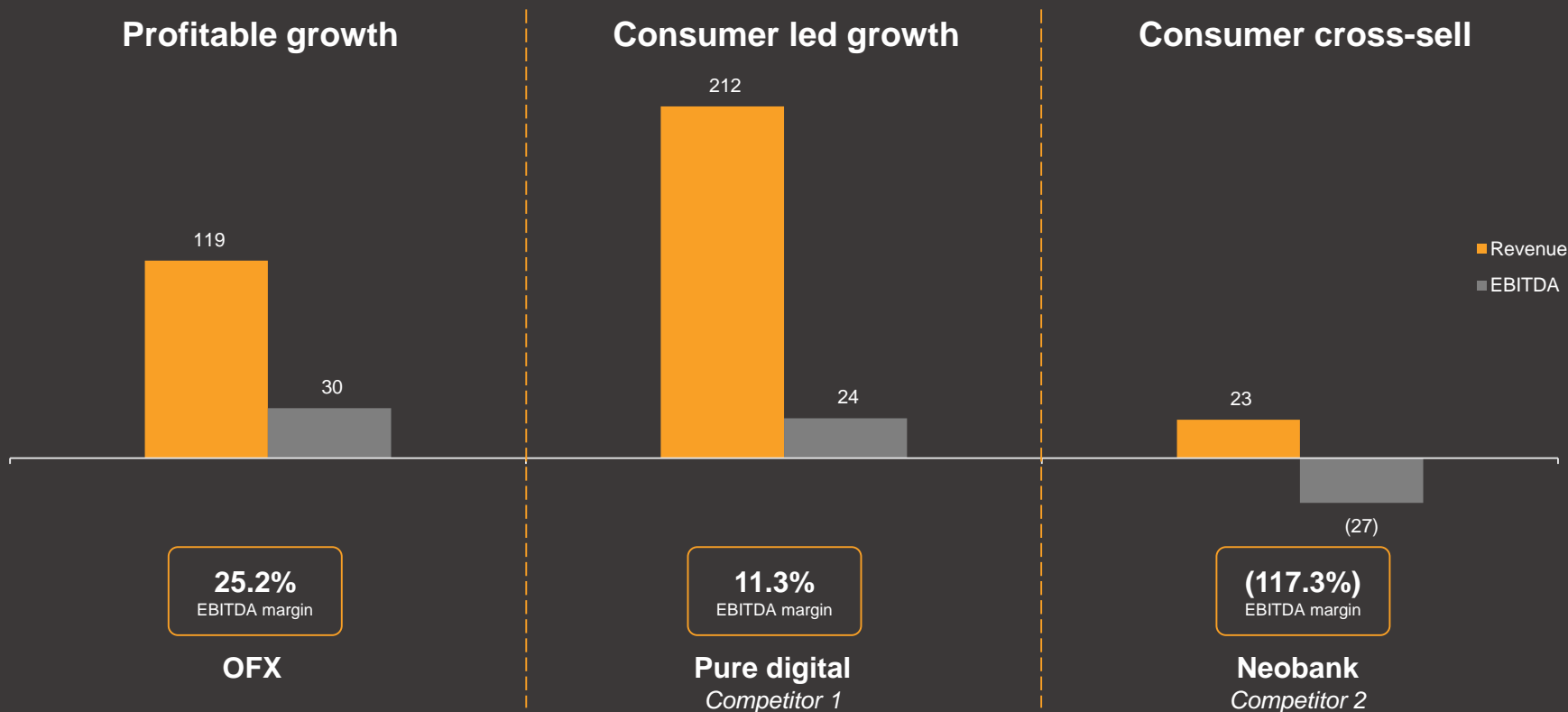
*Fines have continued with banks around the globe being fined from \$15m (UBS) to \$1.4bn (Société Générale) for non-compliance with AML, KYC and other sanctions. In our market, fast growing digital MSBs have encountered challenges to AML requirements.*



Banks remain generalists not specialists

*Banks aren't actively competing on proprietary cross-border FX platforms and price remains significantly higher across the big 4 banks in Australia. Globally, banks have been investing in new technologies e.g. Ripple and Swift GPI.*

# Sustainable leader in cross border payments





# Regulatory update

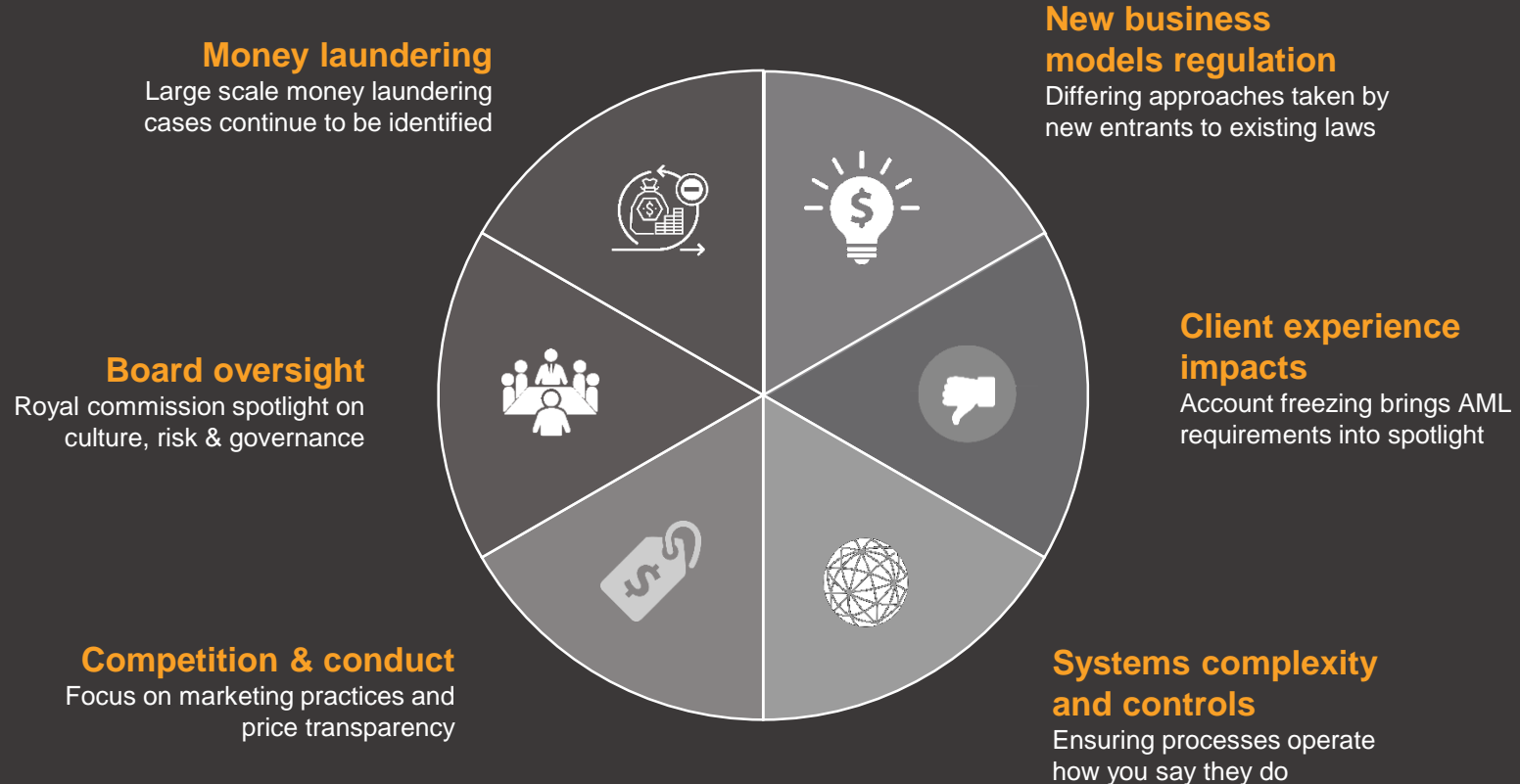
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Mark Shaw

Chief Operating Officer



# Risk & compliance landscape



## Empower OFX to grow whilst being the guardian of trust with every stakeholder

### Local leaders, globally respected

- Senior compliance leadership on the ground in each region
- Average 15 years of specialist experience across compliance and risk leadership team

### Regular testing

Over the last 12 months:

- 7 federal or state regulatory reviews
- 12 bank compliance reviews
- 5 independent regional AML program audits
- External cybersecurity review

### Data driven insight

- Investment in next-generation transaction monitoring to detect suspicious activity (10% of FY19 capital expenditure)
- Financial crime control metrics tracked at management, executive & board level

### Empowered accountability

- Client service teams are first line of defense with 25% of investigations generated by staff raised
- >95% global staff received face to face fraud & financial crime training
- Fraud loss rates less than 0.002%

### Real time control environment

- Real time fraud prevention rates over 94%
- Cyber defense
- Ongoing improvements in automated client verification and due diligence capability

# Marketing strategy

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Rebecca Shears  
Chief Marketing Officer



# Our marketing mission



## New revenue

- Targeted acquisition via search and Google display network
  - Smart Display drove registrations and brand advocacy
  - Conversions good in search, however CPA's increasing
- Continued focus on CPA efficiencies. Diversification of media channels
- Increase in Corporate leads (+15% YoY), from industry associations, events and lead generation programs



## Client engagement

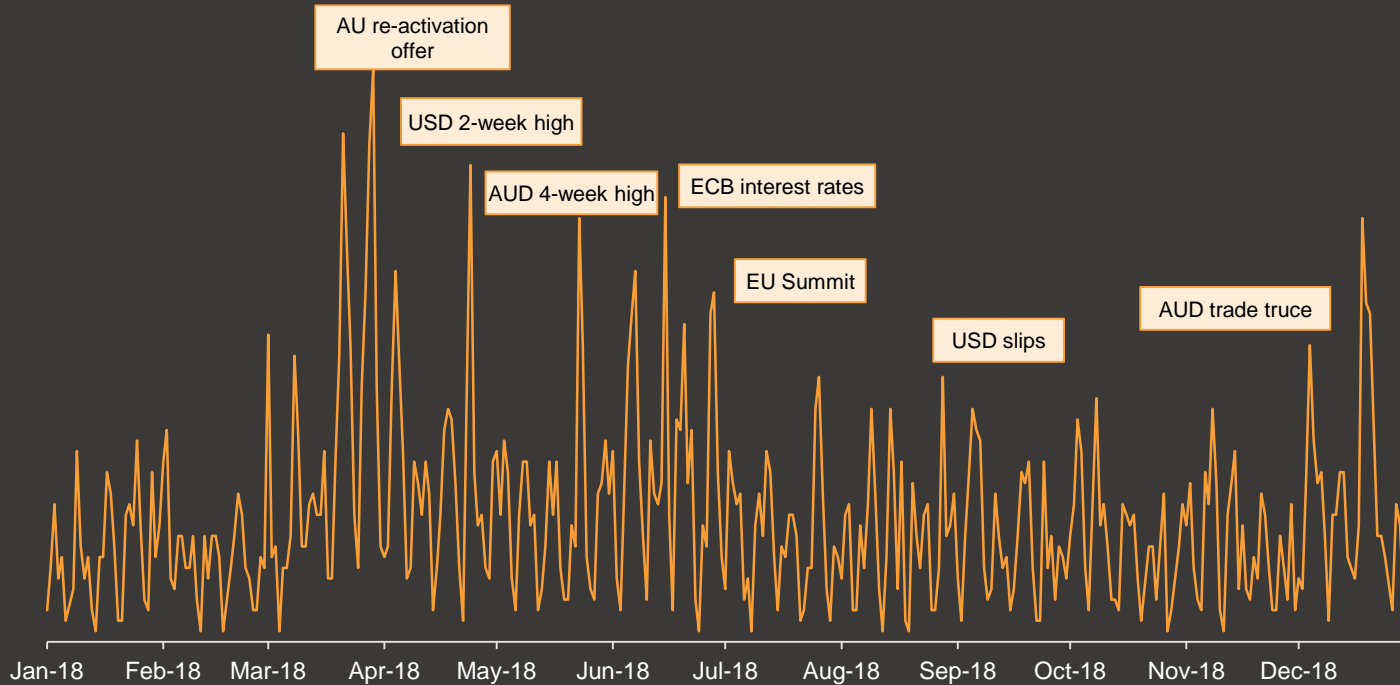
- CRM has delivered in Consumer, increasing transactions and revenue from existing clients (email open rates strong at 35% on average)
- Corporate automated journeys implemented, combining excellent account management with automation, where relevant
- Improved client experience via improvements in website, content and personalisation to be introduced



## Brand distinctiveness

- New brand platform – Where the Worlds Moving – is increasing our brand distinctiveness, in a category of functional competitors
- Traffic to site has increased from content and media partnerships with strong brands (+13% increase in social traffic)
- Brand advocacy increasing (68% of our clients recommend OFX to friends/family)

# CRM adds value – tactical campaigns combined with automation



Tactical campaigns and automation driving up consumer back book revenue

Corporate automation has launched to add revenue from existing clients

# Corporate client insights

## Stage 1

Desk Research



## Stage 2

Qualitative Research



## Stage 3

CVP Development



## Stage 4

GTM Strategy



### Quantitative research

- Primary or secondary research specific to each geography
  - FX usage, market size, key requirements, frequency

### Qualitative research

- Conducted by research agency in panels + interviews
- 2 groups of business clients with influence
  - < 5 million annual FX turnover
  - > 5 million and < 10 million FX turnover
- Global across 3 regions

### Findings from prospects:

- Active and tapped into the FX category
- Aware of their FX knowledge gaps
- Expert advice is considered important
- Focused on managing FX exposure risk/cashflow

### However:

- Will re-evaluate if price or service is not right

*Planning around the rate is essential to make sure our **cashflow is as expected***  
(higher \$5-10m, NZ)

*We don't have an account manager and it **would be useful to have one** to build up the relationship/**strategy***  
(lower £1-5m, UK)

*The key thing for advice is **knowing what's going on** in the markets and the currency volatility*  
(higher \$5-10m, AU)

## OFX - provider of choice for Corporate clients:

- Build value propositions in Corporate to chosen client segments, and communicate our differentiators
- Develop and communicate our risk management tools and expert advice
- Improve sales efficiency via sales operations model and account management process
- Increase marketing and sales focus to build the OFX value proposition awareness, drive lead generation opportunities, and support sales teams





<https://www.youtube.com/watch?v=pdpDvPjDYzQ&feature=youtu.be>

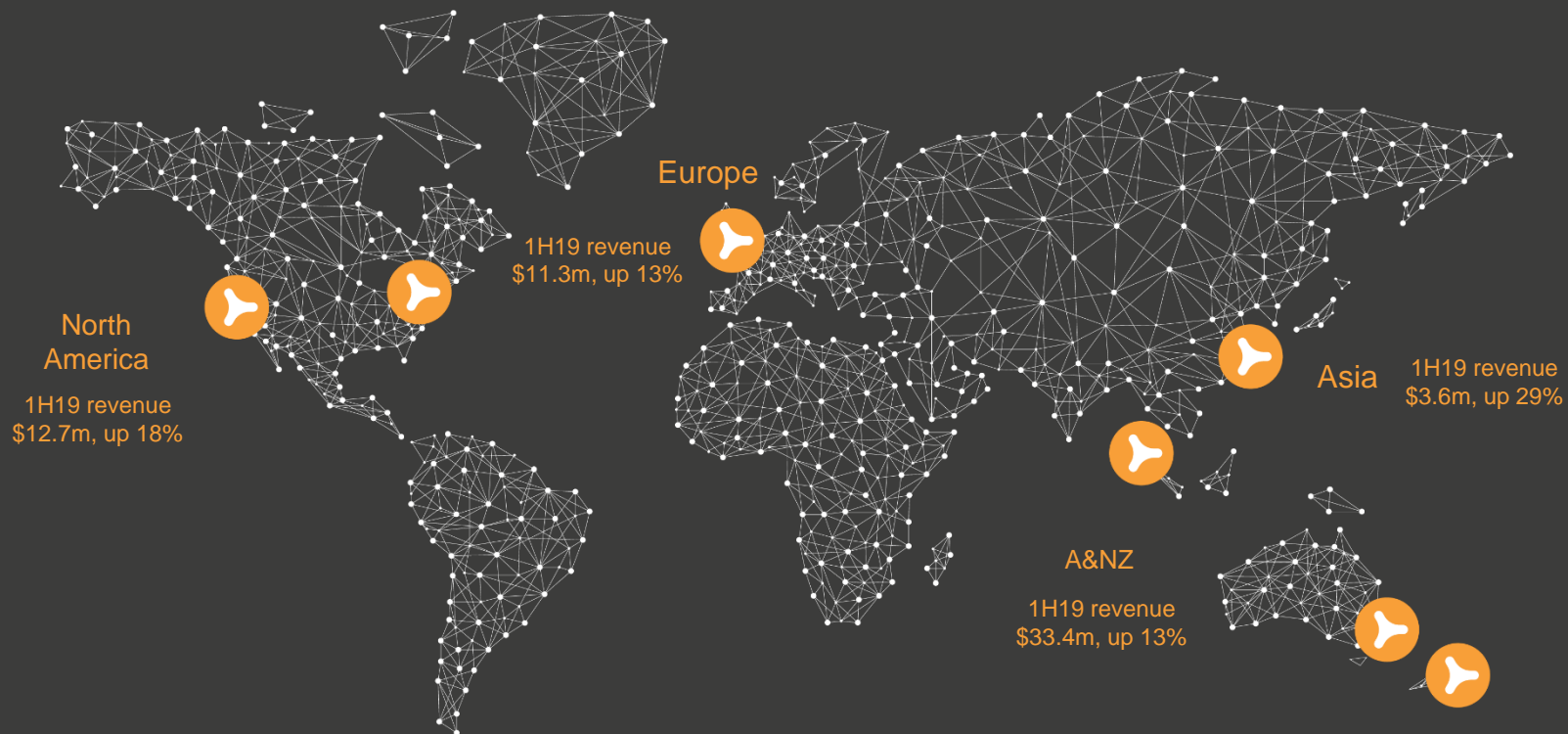
# OFX around the world

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Skander Malcolm  
Chief Executive Officer and Managing Director  
Mike Kennedy  
President North America  
Sarah Webb  
President UK/Europe



# OFX around the world, a strong global platform



# North America focus areas result in strong growth



## Value proposition / differentiation

- Trusted international payments provider with streamlined digital experience and expert personal service focused on high dollar transactions for consumers and small to medium sized businesses



## Client experience

- Improved website experience
- New app with increased functionality and ability to add funding bank account



## Marketing

- Forbes brand alignment through joint campaign
- More focus on social network advertising – 13% increase in social traffic
- Restructured and optimised paid search, increasing search volumes ~50% YoY



## Sales

- Hired 6 additional sales people to bring team to 20
- Improved sales operations

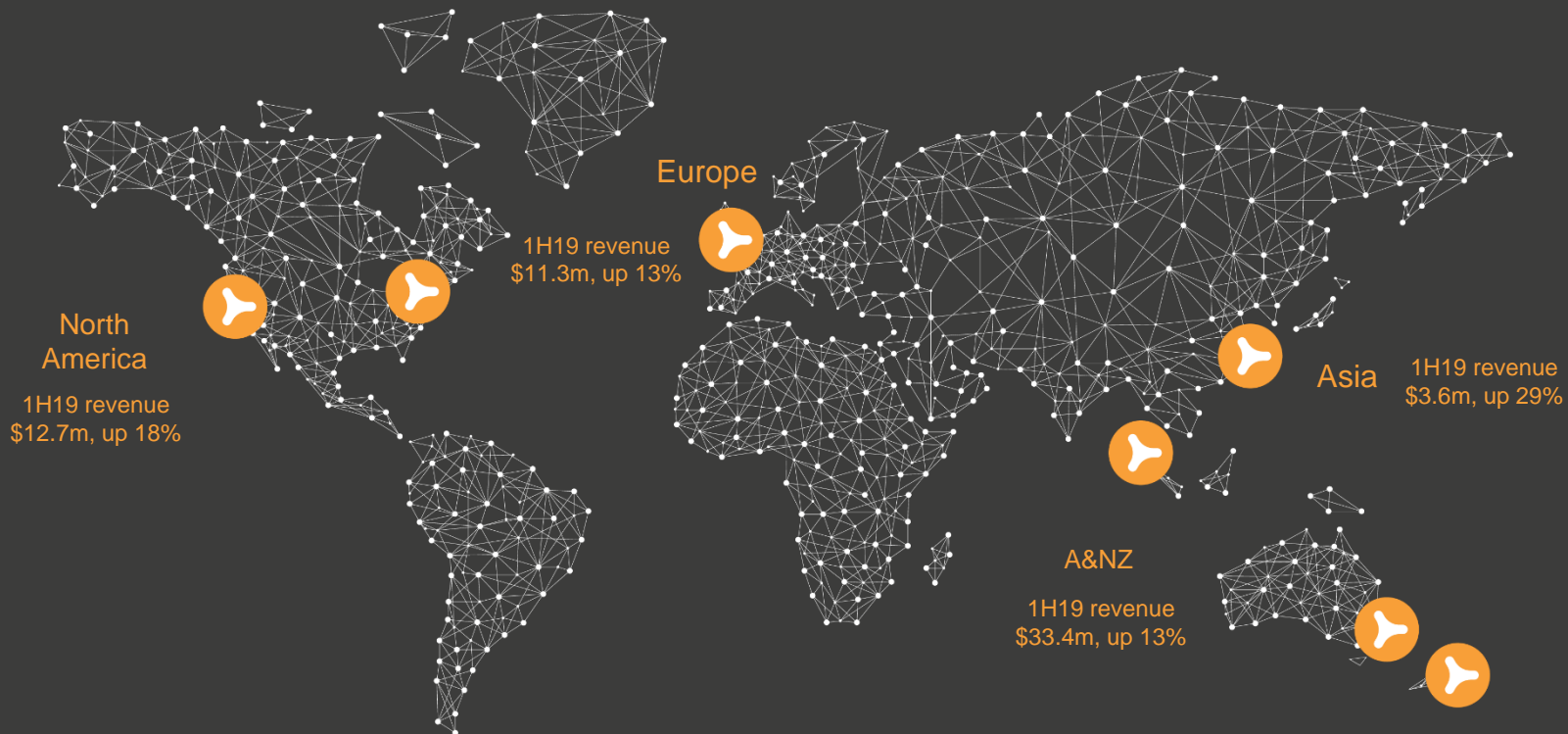


## Service

- Hired additional service staff to deal with increased volume
- Increasing already high NPS scores

- Strong revenue growth across consumer and corporate businesses
- Robust active client growth in both consumer and corporate
- US leading the way up 20%+ in 2H19 HTD, with Canada improving

# OFX around the world, a strong global platform



# Our client experience

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Skander Malcolm

Chief Executive Officer and Managing Director



# Client experience matters: examples of competitor experience



We're having an issue which is causing most features in the app to fail. Our engineers are on the case and we'll let you know as soon as everything is back up and running again. We're really sorry about this. 😞

While some features in the app are still not working, please note that you can still make payments with your cards

😊 You have all been incredibly patient, and we so lucky to have the best customers in the world. On the plus side, everything should be working normally again in the app.

## Heads-up 📢

On 15th Jan, we're limiting transfers to and from the UK to £10,000. The exchange rate may be volatile during tomorrow's vote on the Brexit deal.

We expect to remove the limit on 16th Jan. If you need to send over £10,000, you can do so until tomorrow at 9am.

Today, we're limiting transfers to and from the UK to £10,000, due to the higher likelihood of exchange rate volatility.

We expect to remove this limit on the 16th of January. We'll let you know once we do.

Shareholders have taken the decision to discontinue with the US operations. As such, we will no longer be able to offer our products and services to you.

The closure is to take immediate effect; you will no longer be able to transact with... from 4:00pm February 20th, 2019 and this is therefore notice that the agreement between us is being terminated.

We would like to assure you that any money you have on account with us, if applicable, is completely safe and secure. We will be contacting all customers with balances on their accounts to assist with processing those funds.

If you have balances on your account, you will be able to make payments from these balances using your online account as usual, up until 5:00pm January 30, 2019

## Our Clients

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- 10 years with OFX
- Payment and trade finance provider
- **Michael Rom** – Chief Operating and Chief Technology Officer



- Almost 2 years with OFX
- Engineering start-up, specialising in a robotic flight forming machine
- **Hayel Smair** – Founder & Chief Executive Officer



# Technology and client experience

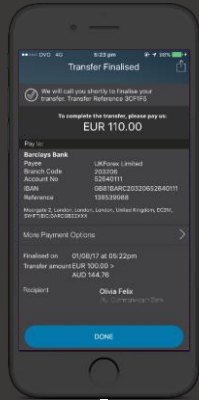
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Vipin Vijayan

Product Owner App, OFX



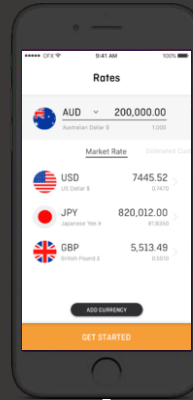
# We have completely transformed the app in the last 12 months



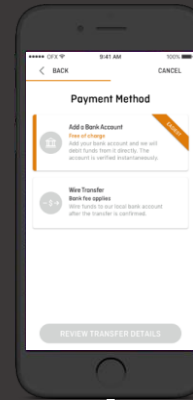
Original app



Apr-18  
Beta launch



Sep-18  
New app launch



Dec-18  
North America  
payments

Frequent incremental  
updates

# The new app is easy-to-use and quick



25  
fields before

A screenshot of a mobile app interface titled 'New Recipient'. The form is dark-themed and contains several input fields. At the top, it asks 'The recipient is \*' with two radio button options: 'Me' and 'Someone else (3rd party)'. Below this is a 'Nickname' field with '(optional)' in small text. The next section is 'Bank Account Details' with a warning: 'Please ensure details are entered correctly. Incorrect information may delay the payment.' This section includes a 'Bank account is in \*' dropdown menu (set to 'Australia'), an 'Account Currency \*' dropdown menu (set to 'AUD (Australian Dollar)'), a 'Recipient Type \*' dropdown menu (set to '--Recipient Type--'), and a 'Name on the account \*' text field. At the bottom, there is a partially visible 'Account details \*' section.

7  
fields now

A screenshot of a mobile app interface titled 'New AUD Recipient'. The form is light-themed and more streamlined. It starts with two toggle buttons: 'Myself' (selected) and 'Someone else'. Below are three input fields: 'Country where account is held' (a dropdown menu), 'Name on the account' (a text field), and 'BSB' (a text field with a magnifying glass icon). The next section is 'Account number' (a text field) with a note below it: 'Ensure this is correct to avoid delay in transfer'. The final section is 'Recipient Details', which includes 'Country recipient lives in' (a text field with a magnifying glass icon) and 'Recipient address' (a text field with a magnifying glass icon).

# We have seen a big improvement in key business metrics



>2x

Registration  
completion rate

+49%

Transfers made in the  
app in the US



# 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.



**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.



**Mark Shaw**

**Chief Operating 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.

# Global executive team

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**Yung Ngo**  
**President, Asia Pacific**

Yung joined OFX in March 2019 as President, Asia Pacific. Yung has over 20 years financial services experience having held senior management positions at Westpac, St George Bank and GE Capital leading large scale operations across retail banking, home lending and commercial finance. He has extensive experience driving growth across multiple channels including direct to consumer and businesses, business partnerships, third party as well as call centre distribution.

Prior to joining OFX, Yung lead Westpac Premium's business in NSW, UK and Asia. He is also a Non Executive Director of Settlement Services International Limited. Yung holds a Bachelor of Jurisprudence and a Bachelor of Laws from UNSW and also a graduate of the AICD.



**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, Zelle - 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.



**Sarah Webb**  
**President UK and Europe**

Sarah Webb joined OFX in December 2018 as President UK and Europe

Sarah joins OFX from Barclays where she held the role of Managing Director, Global Payments Networks, Barclaycard and led a team responsible for managing the commercial relationships with the card payment networks across Barclays's credit and debit portfolios globally as well as leading the Barclaycard PSD2 programme

# Global executive team

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## **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.



## **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.

# Global executive team

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**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.



**Jill Rezsдовics**  
**Chief People & Culture Officer**

Jill Rezsдовics joined OFX in October 2018 as Chief People and Culture Officer.

Jill has over 20 years experience in financial services leading cross functional teams globally. Jill has deep expertise in human resources – including talent, organisational design, development, remuneration and culture. She is skilled in driving people strategies through all business lifecycles including business transformations, acquisitions, divestitures and integrations.

Prior to joining OFX, Jill was the General Manager Human Resources Wealth at the Commonwealth Bank of Australia. Prior to this, Jill spent over 16 years at Morgan Stanley in various roles across 4 continents. Jill holds a Master of Commerce (advanced specialisation in HR) from the University of New South Wales and a Bachelor of Commerce from the University of Newcastle



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