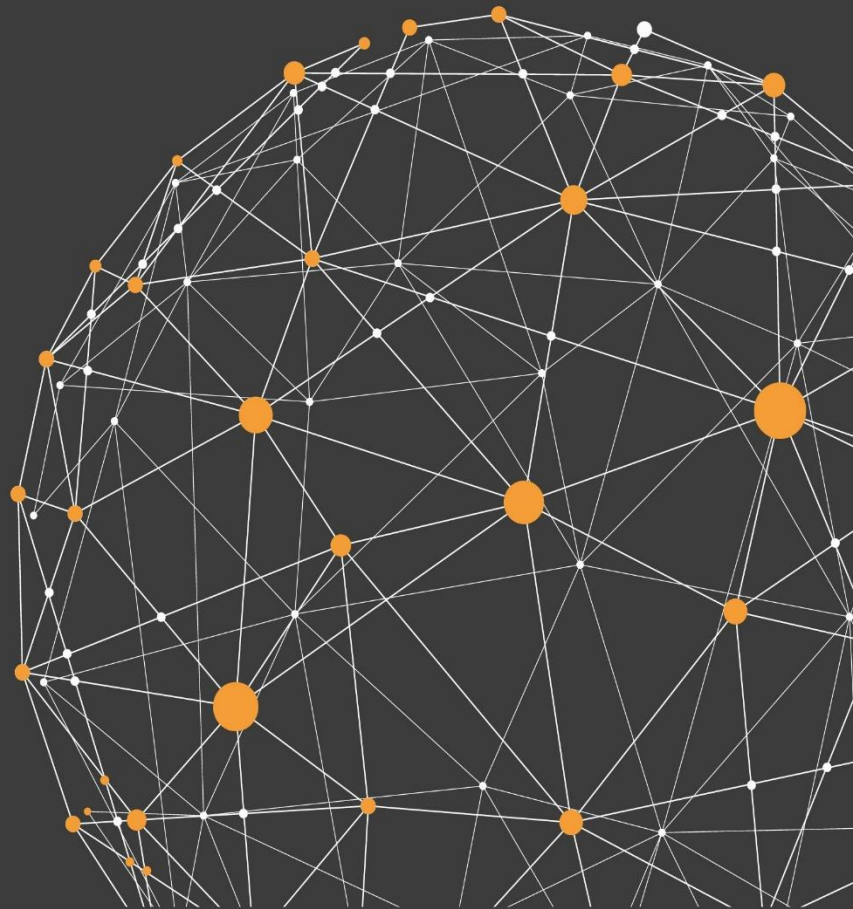


# Financial Year 2019 Results

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Investor presentation

21 May 2019



# Agenda

1. FY19 Summary
2. FY19 Financial results
3. FY20 Outlook
4. Q&A
5. Appendix

# FY19 Summary

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Skander Malcolm

Chief Executive Officer and Managing Director



# Strong operating result



NOI  
\$118.7m



8.0%

Underlying  
EBITDA<sup>1</sup>  
\$32.2m



8.1%

Final  
dividend  
3.28c  
per share

## Results underpinned by good fundamentals

- Underlying EBITDA<sup>1</sup> ahead of range due to strong March, with better than expected margins and benefits of cost actions
- Transactions increased 8.8% and transactions per active client<sup>2</sup> up 12.6%
- Annual positive operating leverage with good cost controls
- Cash generation for own use of \$19.0m
- Underlying return on invested capital<sup>4</sup> (ROIC) of 36.3%

## Continued revenue<sup>3</sup> growth

- Strong momentum in North America and Asia, up 19.8% and 19.3% respectively, and Australia up 5.1%
- Corporate growth of over 10% in all regions
- Stable NOI margin (ex IPS) of 55bps

## Enhanced client experience

- Growth in NPS to 67 from 60
- Delivered new mobile application and website
- Improved functionality for global currency account API offering

1. Excluding corporate action costs of \$4.3m

2. Active clients are numbers of clients who have transacted at least once in the prior 12 months

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

4. ROIC represents Underlying NOPAT / Invested Capital. Invested Capital = shareholders equity less cash held for own use plus collateral, working capital and fixed assets being property, plant and equipment and intangibles

# Good execution in a soft market

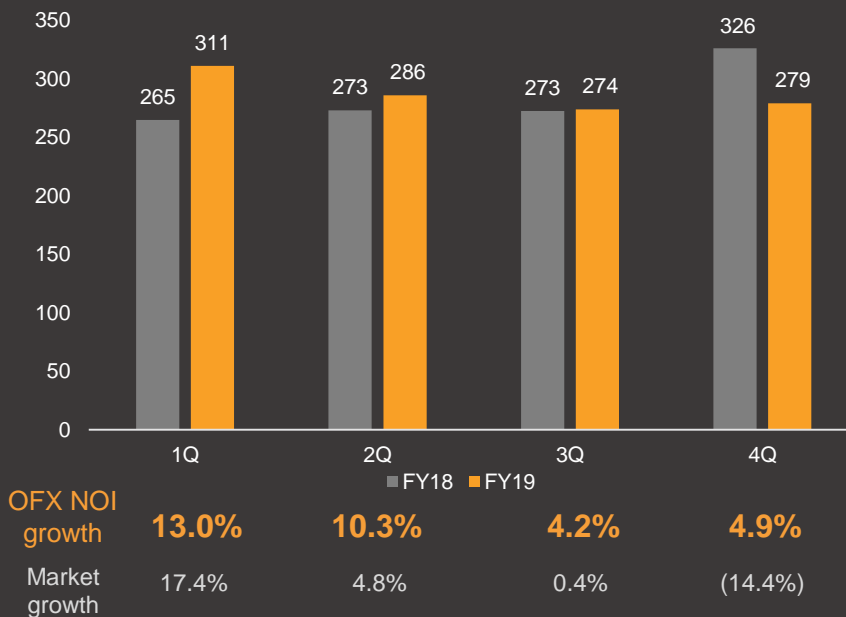
OFX consistently outperforms market volumes

Indexed<sup>1</sup> OFX FY19 NOI vs Thompson Reuters FX volumes (\$bn)

Month	Market	OFX	Var
Index start	100	100	-
1Q19	95	106	+11
2Q19	88	105	+18
3Q19	84	103	+19
4Q19	86	105	+19

Consistent NOI growth despite a lower market - 2H19 total market spot volume down (8)%

Thompson Reuters average daily FX volumes (\$bn)



# Active client engagement increasing



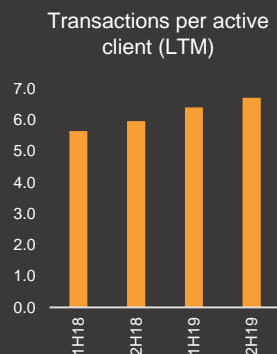
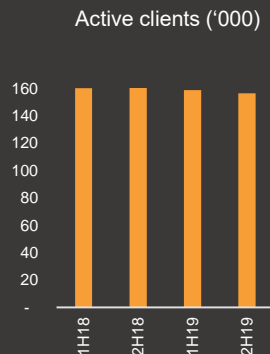
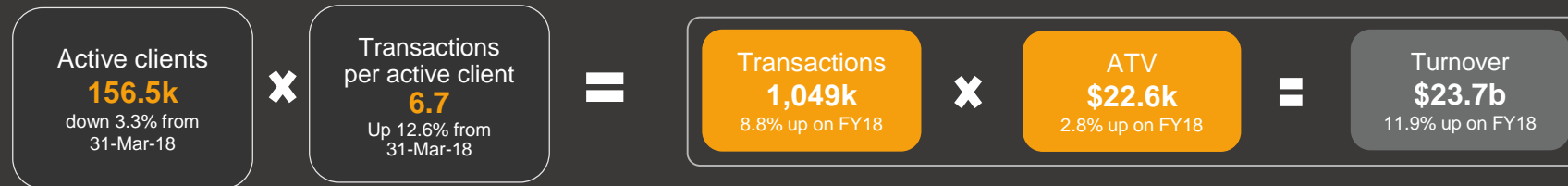
Decline in active clients but increasing lifetime value...

Driven by increasing client engagement...

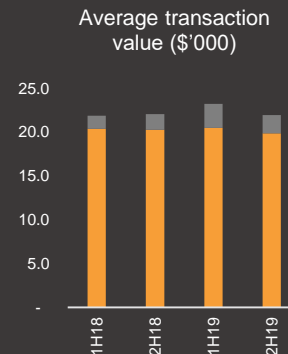
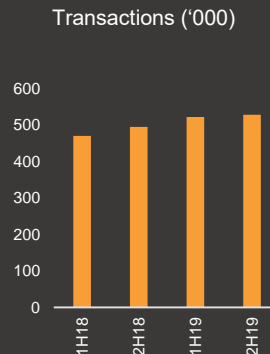
Strong growth in transaction volumes ...

Continue to attract high ATV clients...

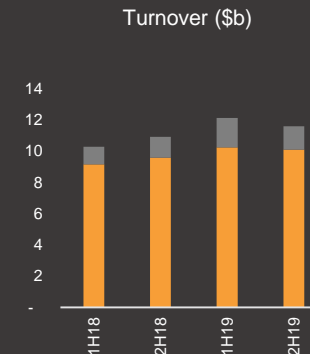
Client value increases turnover across the group



LTM = Last twelve months



ATV = Average transaction value

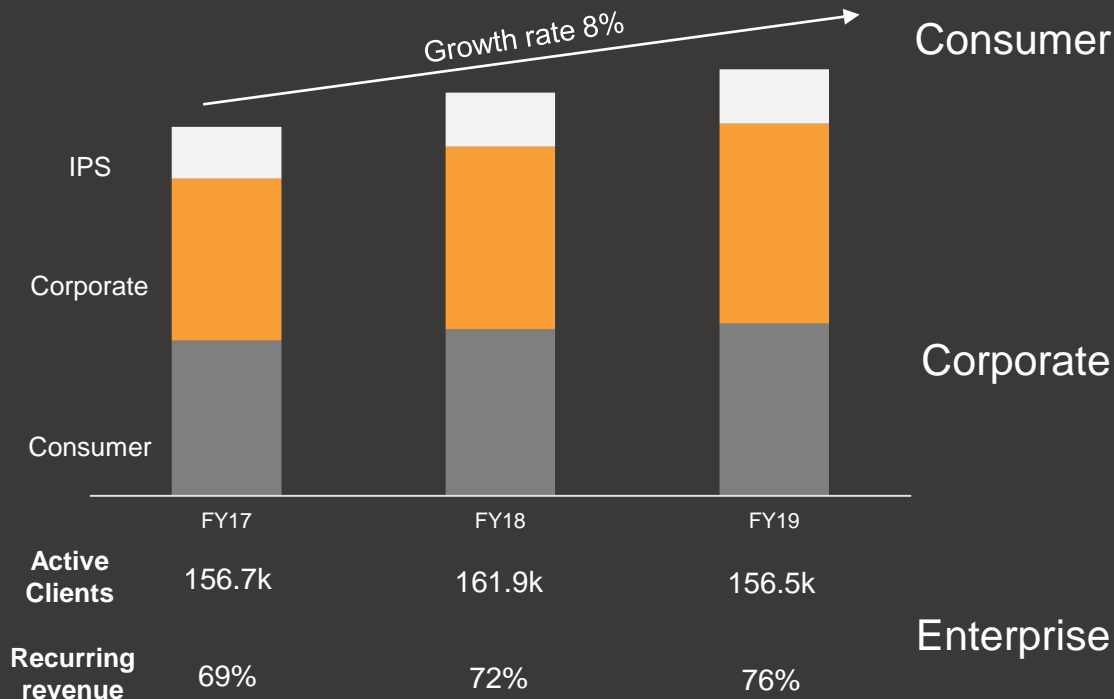


IPS (International Payment solutions)

# Expanding our lifetime revenue

Growing the lifetime revenue of our clients<sup>1</sup>

Growth rate 8%



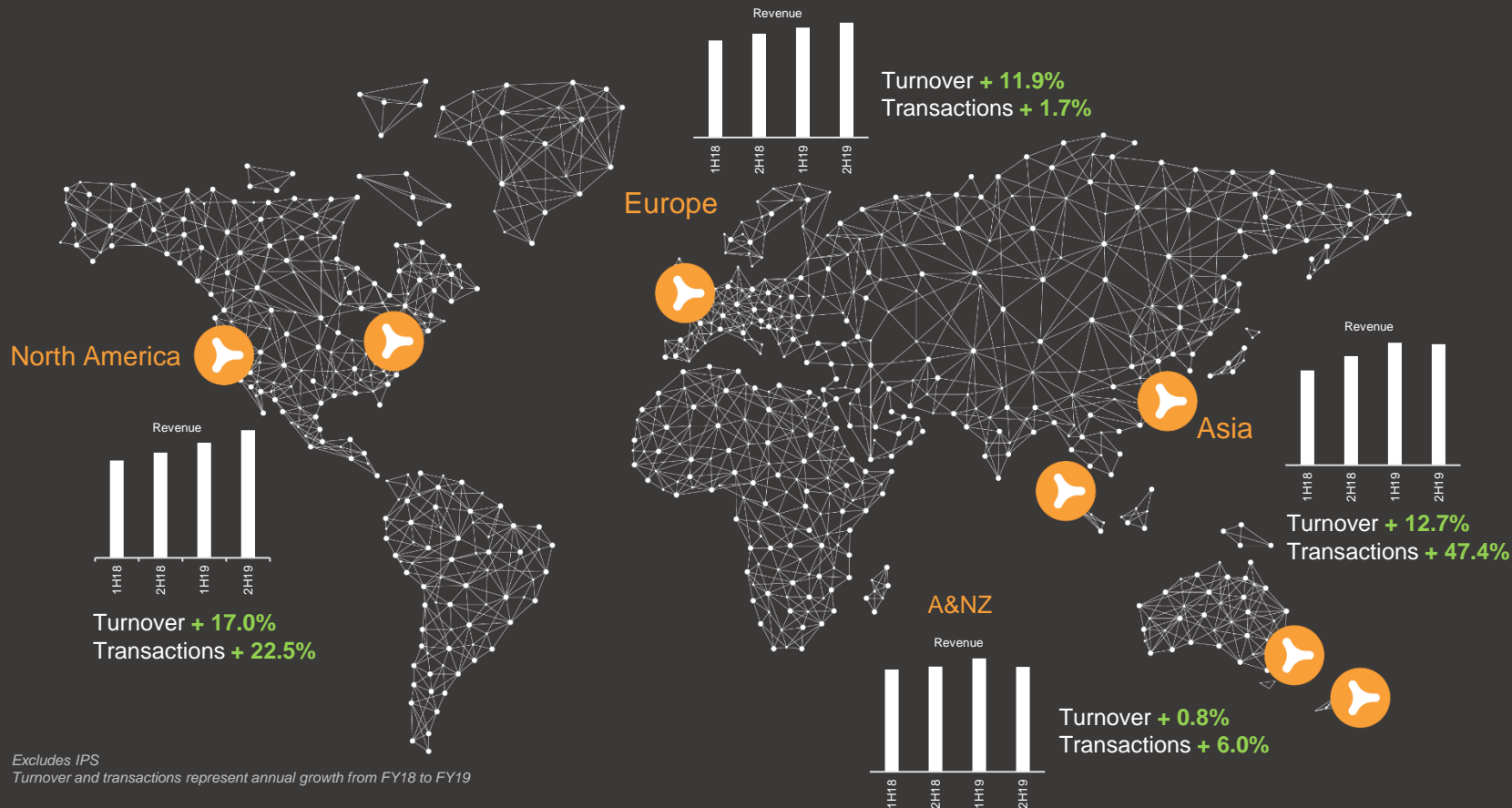
- Very clear targeting of high value consumers
- Strong digital experience:
  - ✓ updated mobile app
  - ✓ new website in all regions
  - ✓ digital KYC refresh
  - ✓ significantly improved North American experience
- Human service delivery, NPS grew 13%

- Targeting clear and specific use cases
- Enhanced digital client experience
- Investment in sales operations globally:
  - ✓ harmonised pipeline management
  - ✓ quarterly pricing reviews
  - ✓ improved portfolio reporting
- Strong corporate NPS, up 10%, valuable personal service
- Implemented multiple GCA improvements

- Investment in:
  - ✓ improved API portal
  - ✓ enhanced risk management
  - ✓ active account management
- Building the enterprise pipeline

1. Discounted lifetime revenue of existing clients in the portfolio. This represents all registered clients that have the ability to transact

# Diverse revenue growth, strong global platform







# FY19 Financial results

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Selena Verth  
Chief Financial Officer

# FY19 financial results



## Financial results

FY18 FY19 Var %

### Financial Metrics

Fee and trading income (\$m)	119.0	128.7	8.2%
Net operating income (\$m)	109.9	118.7	8.0%
Underlying Operating expenses <sup>1</sup> (\$m)	(80.1)	(86.5)	8.0%
Underlying EBITDA <sup>1</sup> (\$m)	29.8	32.2	8.1%
Underlying EBT <sup>1</sup> (\$m)	24.9	26.4	6.0%
Statutory NPAT (\$m)	18.7	17.6	(5.8%)
Total cash held for own use <sup>4</sup>	57.5	58.6	1.9%

### Operational Metrics

Registrations <sup>2</sup> ('000s)	145.4	139.6	(4.0%)
Active clients <sup>3</sup> (000's)	161.9	156.5	(3.3%)
Turnover (\$b)	21.2	23.7	11.9%
Transactions (000's)	963.7	1048.7	8.8%
Average transaction value (000's)	22.0	22.6	2.8%

1. Excluding corporate action costs of \$4.3m

2. 4k invalid registrations have been removed in FY18

3. Active clients are clients who have transacted at least once in the prior 12 months

4. Total cash held for own use includes deposits with financial institutions

## Heathy financial indicators

- Lead revenue indicators:
  - Growth in turnover and transactions
  - NOI margin (excluding IPS) stable at 55bps
  - Increasing transactions per client
  - Corporate registration growth of 12.2%
- Investing for growth, revenue generating expenses grew 3x revenue enabling expenses
- Effective tax rate including corporate action costs decreased to 20% due to R&D lower offshore taxes, future tax rate expected to be 25%
- Statutory NPAT decreased 5.8%, due to corporate action costs of \$4.3m. Underlying NPAT increased 12.2% to \$21.0m
- Strong cash generation, cash held for own use of \$58.6m
- Final dividend of 3.28c per share

# Delivered annual positive operating leverage

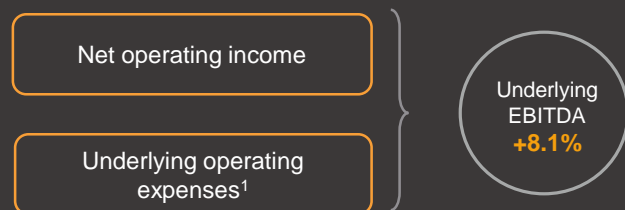
## Underlying operating expenses <sup>1</sup>

\$m	FY18	FY19	Var %
Employee expense	(46.1)	(50.3)	9.0%
Promotional expense	(16.1)	(17.6)	8.8%
Technology infrastructure	(5.2)	(5.1)	(0.8%)
Occupancy expense	(4.0)	(4.4)	10.2%
Other expense	(8.7)	(9.1)	5.5%
<b>Underlying operating expenses</b>	<b>(80.1)</b>	<b>(86.5)</b>	<b>8.0%</b>

## Improved cost management and visibility

- **Employee average** FTEs increased 8.6%, with revenue generating FTEs increasing by 10%
- **Promotional expense** – market spot volumes fell 8% in 2H19 driving 15% lower consumer promotional spend
- **Technology infrastructure** – flat expense whilst transactions up 8.8%
- **Occupancy expense** - investment in Sydney, London and Singapore capacity

## Underlying positive operating leverage



## FY20 expectations

- **Pivot to Corporate** increasing employee expense and a shift in mix for promotional expense
- **Technology infrastructure** will increase as we invest in SaaS initiatives including treasury management and transaction monitoring
- **Occupancy expense** – full year of increased capacity

1. Excluding corporate action costs of \$4.3m

# Infrastructure investment <sup>1</sup> of \$7.7m, driving growth



## Investments

## Impact



### Client experience

- Website
- Mobile application
- North America
- Global Currency Account
- Developer portal and rates API

- Registration completion rate from app up 2x
- NPS up to 67 from 60, every region up 10%+
- Enhanced rate feed to new and existing partners



### Reliable, scalable systems

- Treasury management
- Transaction monitoring
- Pricing

- Pricing improvements increased consumer margins by 3bps
- Best ever regulatory and bank review outcomes
- 7 federal / state regulatory reviews, 12 bank compliance reviews and 5 AML audits
- Reduced banking costs by 1.6% per transaction

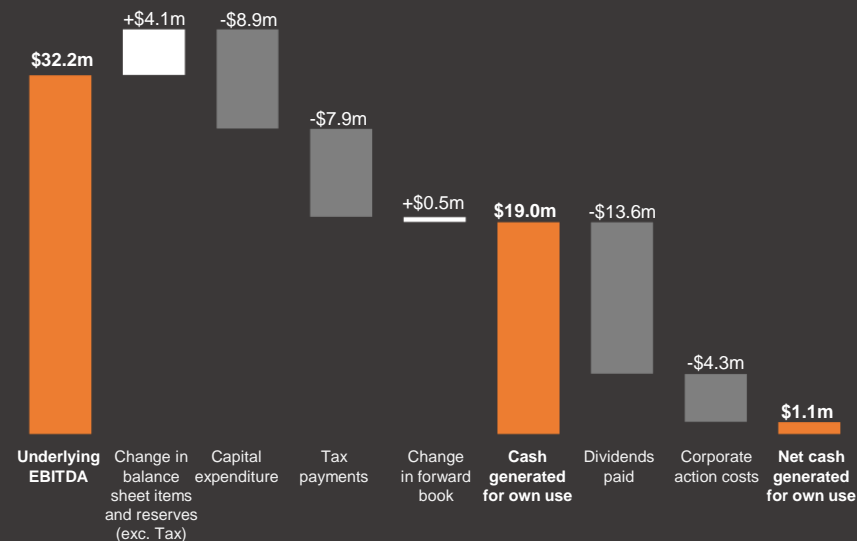
<sup>1</sup>. Infrastructure investment of \$7.7m represents intangible assets only

# No debt, strong cash flow and high returns

\$m	31-Mar-18	31-Mar-19
<b>Assets</b>		
Cash held for own use	47.3	26.1
Deposits with financial institutions	10.2	32.5
Cash held for settlement of client liabilities	155.8	155.2
Derivative financial assets	12.9	9.1
Other assets	4.8	6.9
Property, plant and equipment	3.9	3.2
Intangible assets	7.2	11.0
Deferred and prepaid tax assets	0.2	3.0
<b>Total assets</b>	<b>242.3</b>	<b>247.0</b>
<b>Liabilities</b>		
Client liabilities	156.9	157.2
Derivative financial liabilities	10.7	6.4
Other liabilities	11.7	12.0
<b>Total liabilities</b>	<b>179.3</b>	<b>175.6</b>
<b>Total equity</b>	<b>63.0</b>	<b>71.4</b>

- Cash held for own use including deposits with financial institutions, \$58.6m, up 1.9% from \$57.5m as at 31 March 2018
- Final dividend of 3.28c per share will be paid out of free cash flow
- Future dividends expected to be franked at 70%
- Invested \$8.9m in capex from own cash generation

Cash held for own use FY19 vs. FY18



# FY20 outlook

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Skander Malcolm

Chief Executive Officer and Managing Director





## Growth drivers



### Client Experience

- Substantially improve corporate client onboarding
- Deploy corporate CRM
- Scale pricing improvements



### Geographic Expansion

- Continued strong investment in North America and Asia
- Grow UK Corporate
- Build momentum in A&NZ



### Partnerships

- Secure substantial commercial or enterprise opportunities
- Continue to grow enterprise pipeline
- Invest in enterprise capabilities through API

## Foundational Enablers



### Reliable, scalable systems

- Continue to optimise our reliable, scalable systems
- Reduce unit cost of payments, banking, treasury and service delivery



### Risk Management

- Integrating to improve operational risk execution
- Grow investment in cyber security and risk



### People

- Stronger regional teams
- Invest in world class commercial and marketing capabilities

# Grow investment in corporate marketing & sales

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## OFX - provider of choice for Corporate clients:

- Build and deploy value propositions in corporate to chosen client segments, and communicate our differentiators
- Increase investment in direct marketing channels, and sales people
- Improve sales efficiency via sales operations model and account management process
- Grow investment in industry events and lead generation activities, and quality





# Global Currency Account – transferred \$2.7b in first 3 years

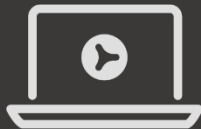


## FY19 highlights



### Scalable foundations

Reduced operational unit economic costs, over 80% automated scalable payments



### Improved Platform

Launched new client experience offering multi-language report, external integrations and features to address the Chinese market



### High Growth

GCA revenue increased by 35% compared to previous year and over 100% increase in new clients on FY18

Transferred over \$1bn through the Global Currency Account Platform in FY19

## What's next in FY20



- 3rd Party integration to GCA
- Expanding payment capabilities
- Exploration on additional high value use cases
- Expanding currency accounts

## Growth drivers



### **Accelerate corporate growth**

Increase investment in corporate sales and marketing



### **Client Experience**

Increase investment in APIs to support enterprise clients and substantially invest in corporate onboarding



### **Geographic Expansion**

Continue to invest in North America, Asia and UK corporate

## Financial commitments

Annual positive operating leverage on an EBITDA basis

Maintain stable NOI margins

Capex investment stable, pre-enterprise investments

# Q&A

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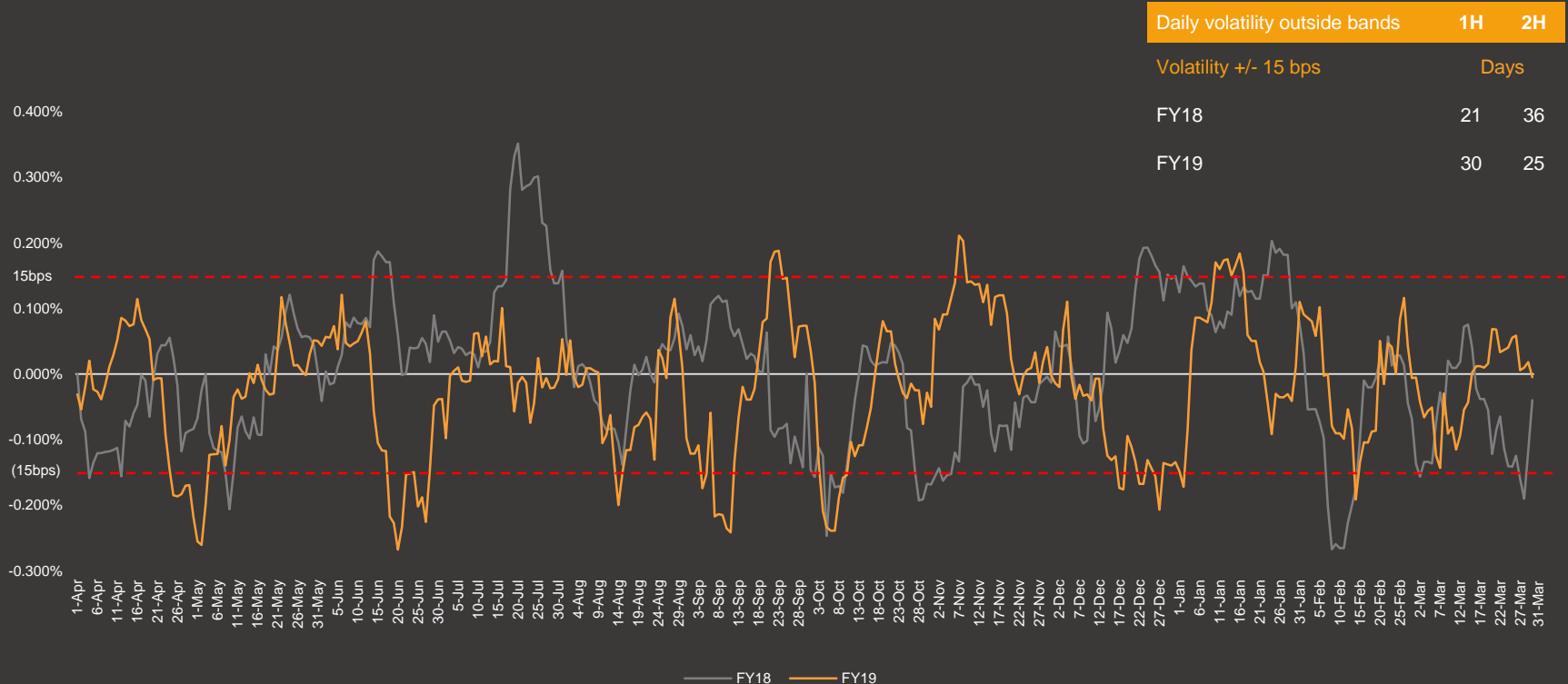
# Appendix

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# Lower volatility in FY19 vs. FY18



14 day moving average of daily % movement in spot price (AUD/USD)<sup>1</sup>



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

# Strong recurring revenue



Active Clients at  
31-Mar-19  
**156.5k**  
Down 3.3% from 31-Mar-18

■ New Clients  
■ Returning clients

