

The logo for OZFOREX GROUP features the word "OZFOREX" in a white serif font, followed by a stylized circular icon with a yellow-to-white gradient, and the word "GROUP" in a white serif font. The background is a blue-tinted image of a city skyline with the Sydney Opera House on the right and water in the foreground.

OZFOREX GROUP

FY16 Half Year Results Presentation



INTRODUCTION



Agenda

Agenda

- Introduction
- 1H16 Results
- Accelerate Strategy update
- Summary and Outlook

Presenters

- Richard Kimber – *Chief Executive Officer*
- Mark Ledsham – *Chief Financial Officer*



Accelerate Strategy on track

Operational highlights

- Investing for future growth with number of operational milestones achieved during the period
 - Xero partnership
 - Mobile transactional app launched
 - Minimum deal size reduced to \$250 implemented last week
- Investments in People, Technology and Brand to deliver future benefits
- Key Executive Team roles appointed
- Accelerate Strategy launched with positive acceptance from staff and shareholders
 - Global rebrand announced and on track for launch before the end of FY16, starting in Australia in December
 - Weekend trading to be introduced before the end of the financial year



1H16 RESULTS



1H16 Results

Key metrics

- Record turnover in 1H16, up 34% to \$10bn
- Net operating income up 29% to \$53.6 million
- Underlying EBTDA of \$18.1 million, up 14%
- Operating Cash Flow to EBTDA in excess of 125%³ supporting dividend policy of 70-80% of statutory NPAT

Financial summary

	1H16	1H15	% change
Financial Metrics			
Turnover (\$bn's)	10.0	7.5	34%
Net Operating Income ¹ (\$m's)	53.6	41.6	29%
Expenses ^{1,2} (\$m's)	(35.5)	(25.8)	38%
Underlying EBTDA ^{1,2} (\$m's)	18.1	15.8	14%
Underlying NPAT ^{1,2} (\$m's)	12.3	11.0	12%
Operational Metrics			
Active Clients ³ (000's)	151.1	130.0	16%
Transactions (000's)	392.2	336.1	17%
Average Transaction Value (\$000's)	25.6	22.3	15%

1. 1H15 has been adjusted for the LTI and STI scheme that was implemented during 2H15 to reflect as though the scheme had been in place from 1 April 2014. 1H15 has also been adjusted for other income and expenses relating to the IPO
2. 1H16 excludes one off costs associated with M&A activity and CEO succession planning
3. Active clients are clients who have transacted within the past 12 months

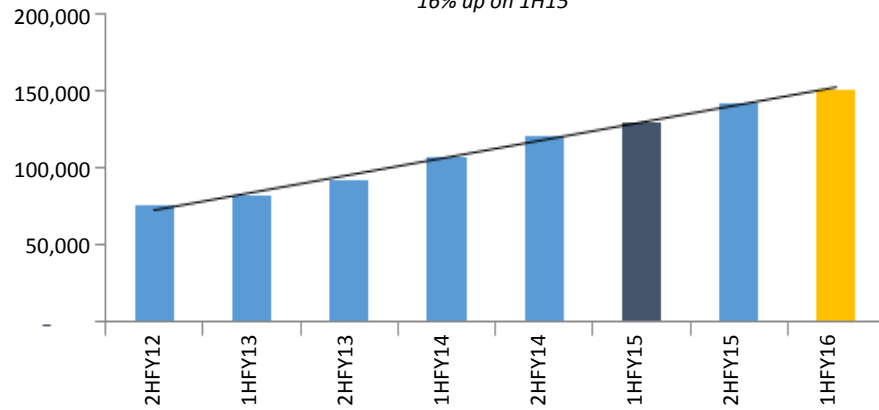


1H16 Results

Strong result in all top line metrics

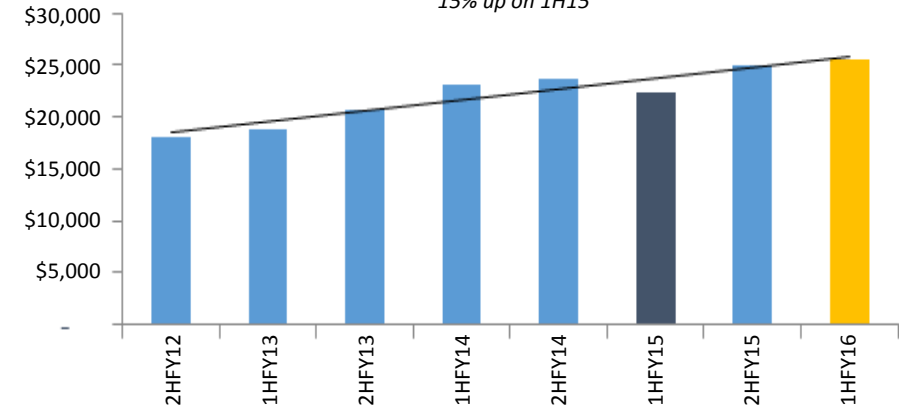
Active Clients: 151k

16% up on 1H15



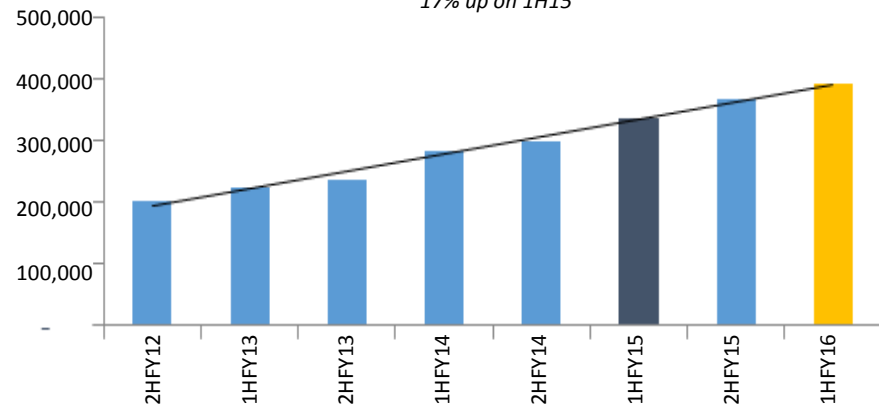
ATV: \$25,582

15% up on 1H15



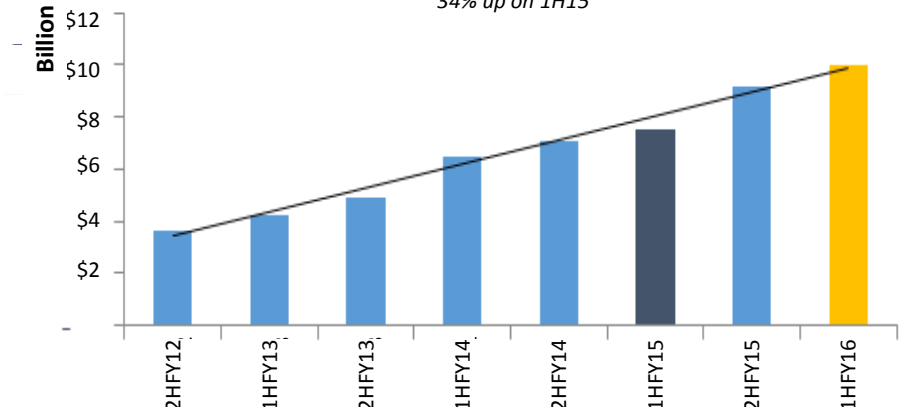
Transactions: 336k

17% up on 1H15



Turnover: \$10bn

34% up on 1H15



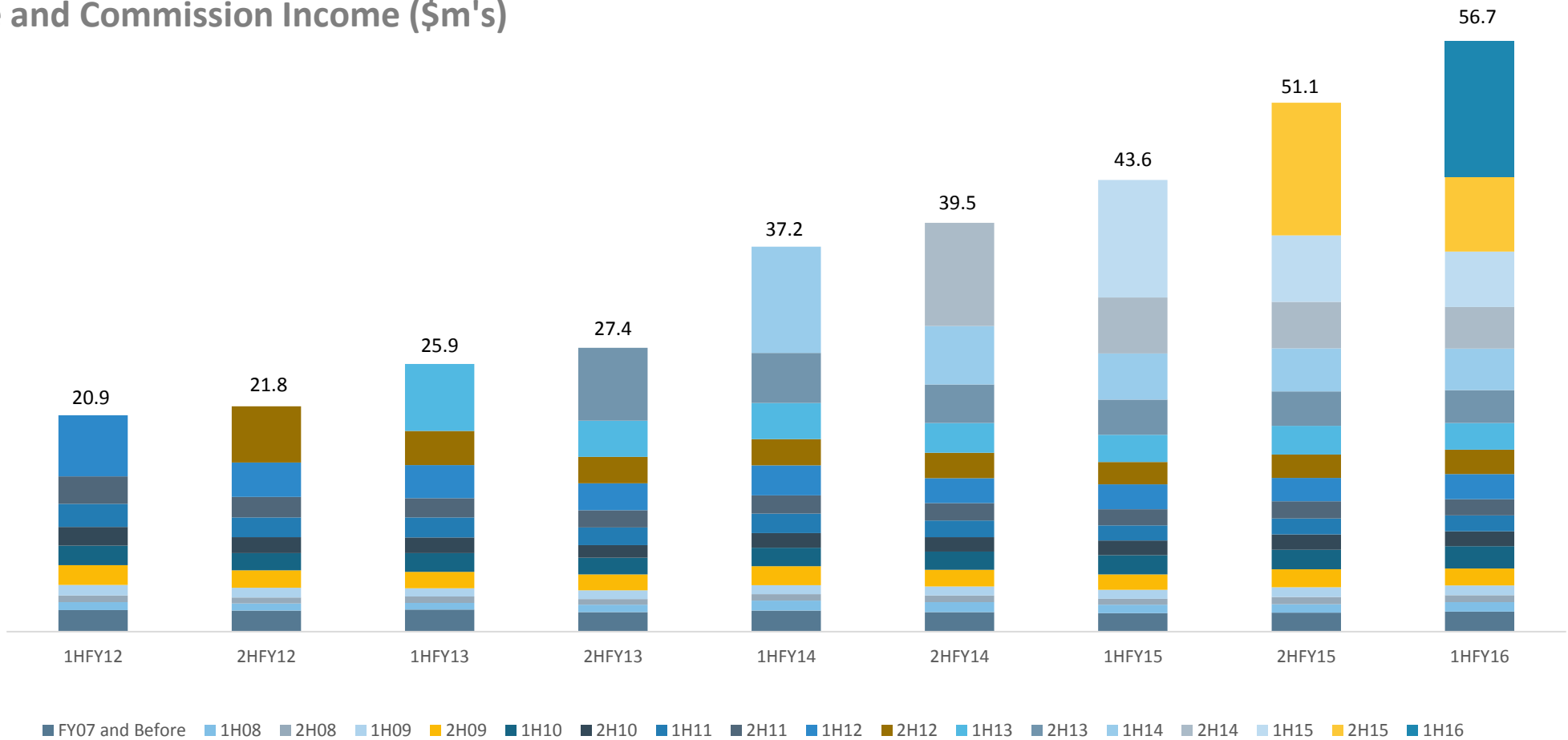


1H16 Results

Satisfied repeat customer base

OzForex's customer base generates recurring revenues, with clients who first traded prior to FY10 still contributing material fee income and record revenue from new clients in 1H16

Fee and Commission Income (\$m's)





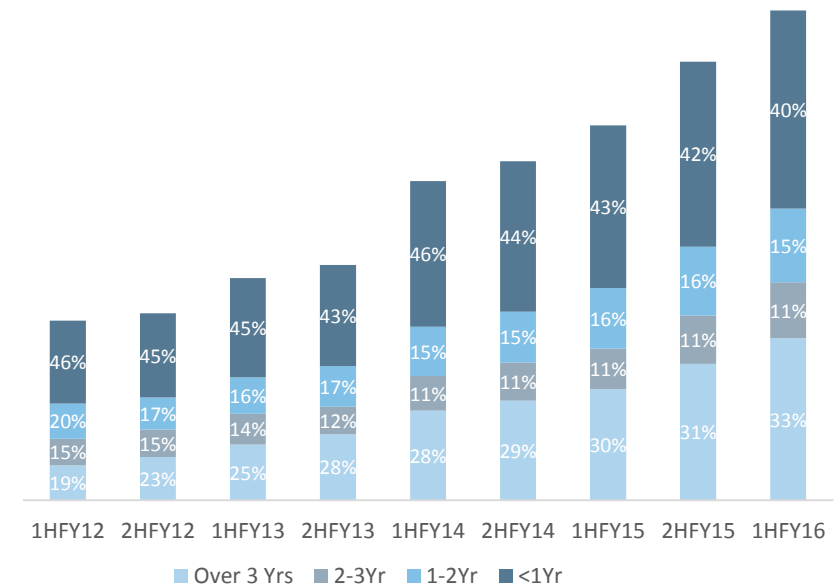
1H16 Results

Net operating income

Segment Net Operating Income

\$m	1H16	1H15	% change
Australia and New Zealand	30.5	23.6	29%
Europe	11.2	9.0	25%
North America	8.7	5.6	57%
Asia	1.1	0.8	35%
Wholesale	5.8	5.0	15%
Fee and commission income	57.3	43.9	30%
Transaction costs	(4.5)	(3.2)	41%
Net fee and commission income	52.8	40.7	30%
Net interest income	0.8	0.9	(2%)
Net operating income	53.6	41.6	29%

Fee and Commission Income (\$m's)



- The Group continued to see strong revenue growth across all segments, with particularly strong growth in Australia and New Zealand, and North America
- The continued strong retention and growth in SME's has helped the Group generate a third of its revenue from customers older than three years



1H16 Results

Operating expenses

Underlying Operating Expenses

\$m	Underlying			Constant currency ⁵	
	1H16	1H15	% change	1H15	% change
Employee costs ^{1,2}	20.7	15.6	32.6%	16.3	27.1%
Promotional costs	7.8	5.8	33.3%	7.0	10.8%
Occupancy costs	1.2	0.9	41.9%	1.0	30.8%
Other costs ^{2,3,4}	5.9	3.5	68.6%	3.9	51.2%
Total operating costs	35.6	25.8	37.7%	28.2	26.2%

1. Employee costs were adjusted upwards by \$1.4m in 1H15 as though the LTI and STI scheme introduced in 2H15 had been in place for the full year
2. The costs associated with CEO succession and restructuring of the executive team were adjusted in 1H16 expenses, reducing Employee costs by \$0.4m and Other costs by \$0.2m
3. Other costs were adjusted downwards by \$0.9m in 1H16 for the one time costs associated with corporate activity and rebrand to OFX
4. Other costs were adjusted downwards by \$0.1m in 1H15 for one time costs associated with the IPO
5. Prior period costs were retranslated using current period average exchange rates. These impacts are not reflected in the above Underlying Operating Expenses table

- Investments in People, Technology and Brand to deliver future benefits:
 - Group wide LTI and STI Scheme implemented in 2H15;
 - Increased headcount in Technology by 32%;
 - Increased headcount in Risk Management and Compliance by 100%;
 - New US offices to accommodate increased headcount; and
 - Licensing, AML compliance, and fraud and risk management costs (excluding headcount) increased by 86%
- 50% of the Group's operating expenses denominated in non AUD
 - Adjusting 1H15 in constant currency impacts would have resulted in \$2.4 million of additional AUD equivalent expenditure
 - Promotional costs are disproportionately impacted as only 96% of promotional expenses were denominated in USD in 1H15



1H16 Results

Performance was strong across the Group

- Quality of client base demonstrated in momentum in top line earnings and growth in new markets
- Continued growth in home market
- Strong penetration into the US resulted in strong revenue growth in North America (key to Accelerate Strategy)
- Good growth in Asia off low base
- Profitable growth in Wholesale as we change focus to USA for partnerships

Group	Australia/ New Zealand	North America	UK/Europe	Asia	Wholesale
Fee and Commission Income \$57.3m 30% up on 1H15	Fee and Commission Income \$30.5m 29% up on 1H15	Fee and Commission Income \$8.7m 57% up on 1H15	Fee and Commission Income \$11.2m 25% up on 1H15	Fee and Commission Income \$1.1m 35% up on 1H15	Fee and Commission Income \$5.8m 15% up on 1H15
EBITDA pre Corporate Costs \$20.2m 23% up on 1H15	EBITDA pre Corporate Costs \$12.5m 15% up on 1H15	EBITDA pre Corporate Costs \$0.7m 41% up on 1H15	EBITDA pre Corporate Costs \$4.5m 35% up on 1H15	EBITDA pre Corporate Costs \$0.3m 65% up on 1H15	EBITDA pre Corporate Costs \$2.2m 44% up on 1H15
Corporate Expenses \$2.9m 101% up on 1H15	Corporate Expenses \$2.9m 101% up on 1H15				
Interest Income \$0.8m 2% down on 1H15					
Underlying EBTDA \$18.1m 15% up on 1H15	Underlying EBTDA \$9.6m 1% up on 1H15	Underlying EBTDA \$0.7m 41% up on 1H15	Underlying EBTDA \$4.5m 35% up on 1H15	Underlying EBTDA \$0.3m 65% up on 1H15	Underlying EBTDA \$2.2m 44% up on 1H15



1H16 Results

Balance sheet

- The Group remained debt free
- Net cash¹ (including term deposits) of \$48.3 million as at 30 September 2015
- The Group has increased its use of term deposits in order to maximise interest yield
- During the 1H16 period the Group had a prepaid tax balance of \$3.0 million (which will reverse in 2H16)

Group Balance Sheet

\$m	1H16	2H15
Assets		
Cash and receivables from financial institutions	175.7	174.0
Derivative financial instruments	17.4	10.3
Other assets	10.5	7.0
Property, plant and equipment and intangibles	3.0	1.2
Total Assets	206.6	192.5
Liabilities		
Derivative financial instruments	19.2	10.3
Client liabilities	127.4	124.6
Other liabilities	8.9	10.0
Total Liabilities	155.5	144.9
Net assets	51.1	47.6
Equity		
Ordinary share capital	24.4	24.4
Reserves	2.3	1.5
Retained earnings	24.3	21.7
Total equity	51.1	47.6

1. Net cash is the total of cash and receivables due from financial institutions, less client liabilities

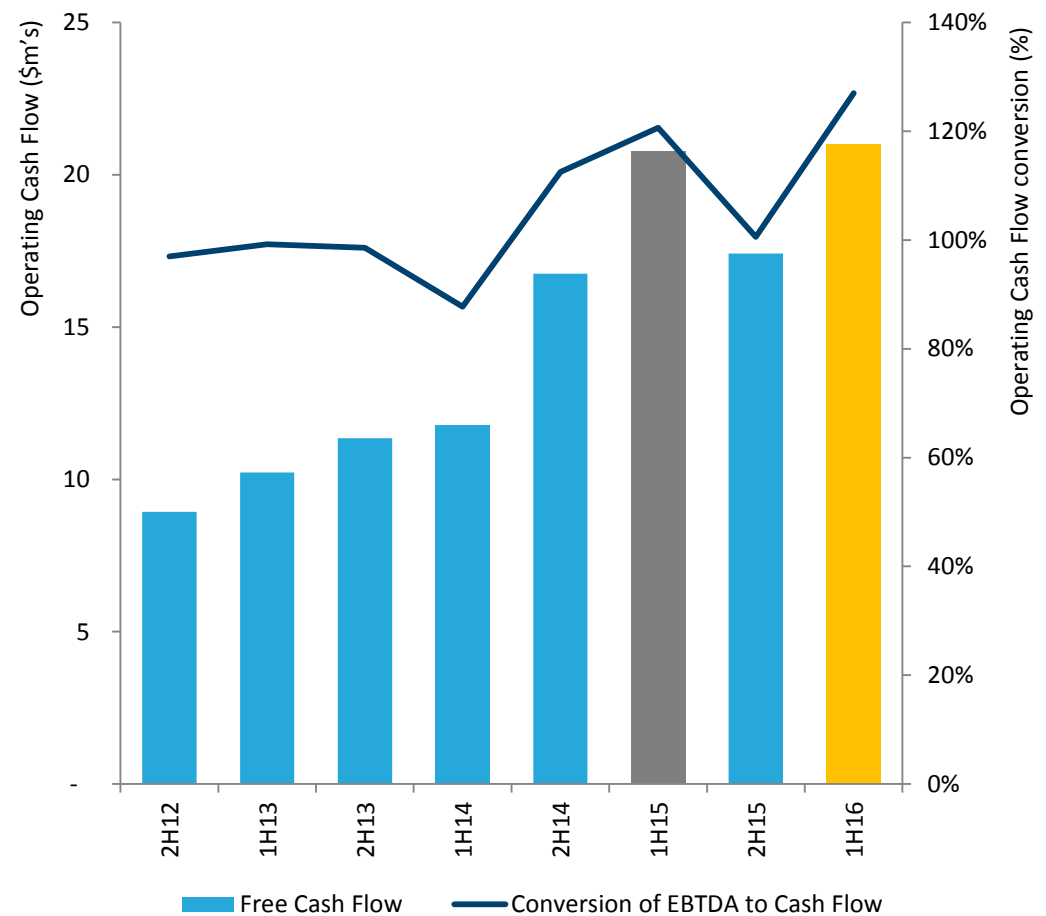


1H16 Results

Strong cash flow generation

- Strong operating cash flow conversion continues to be a feature of the business
- 1H16 operating cash flow before tax and client liabilities of \$21.0 million (1H15: \$20.8 million)
- Operating cash flow to EBTDA ratios in excess of 125% as a result of an increased level of provisions based on the recently introduced LTI and STI schemes
- 2H15 cash flow impacted by distribution of the Post-IPO Completion and Retention Bonus (accrued September 2013)
- Operating cash flow generation supporting dividend policy of 70–80% of NPAT
- Fully franked dividend of 3.6 cents per ordinary share to be paid in 2H16
 - 2 December 2015 – Ex Dividend date
 - 4 December 2015 – Record date
 - 18 December 2015 – Payment date

Strong operating cash flow generation¹ and conversion²



1. Operating cash flow before tax and client liabilities (LHS)
2. % of Reported EBTDA (RHS)



ACCELERATE STRATEGY UPDATE



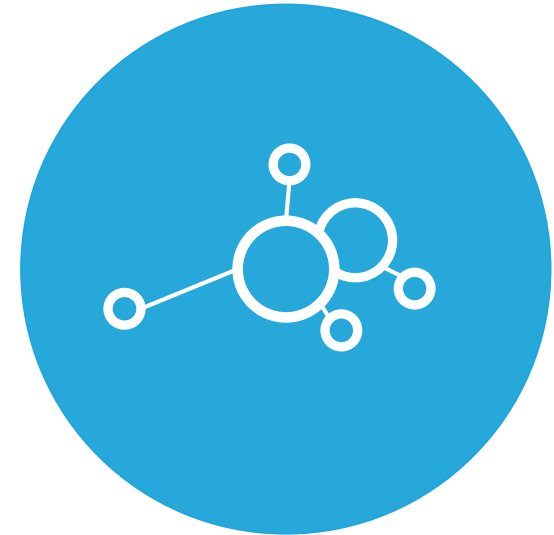
Growth opportunities



**Increase penetration
in Australian market**



**Increase penetration
in non-AUD**



Target adjacencies

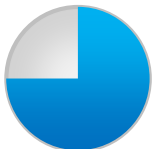


Core enablers supporting Accelerate Strategy

People



TALENT DEVELOPMENT
CAPABILITY
 CHIEF WHOLESALE OFFICER
CULTURE
 CHIEF MARKETING OFFICER
 RETENTION & ATTRACTION
 UPDATED OFFICES
 ALIGN INCENTIVES



Technology



AGILE
 ARCHITECTURE EVOLUTION
MODULARISATION
 CUSTOMER EXPERIENCE SIMPLIFY
AUTOMATION



Brand & marketing



MARKETING LED
 DIVERSITY LEVERAGE BIG DATA
 RETENTION & ADVOCACY **EXPAND**
ONE GLOBAL BRAND
 TAILORED GEOGRAPHIC
CUSTOMER FOCUS
 MARKETING



Progress:



Positioning for growth

People progress

- Key Executive Team roles now in place with several new senior executives in place
 - Appointment of new talent to Chief Technology Officer, Chief Operating Officer, and Head of People and Culture
 - Additional Executive Team roles including Chief Marketing Officer and Chief Wholesale Officer
- Head of People and Culture has projects underway in culture, strategy, talent management to ensure improved retention and alignment of staff
- Excellent acceptance and support from staff of Accelerate strategy
- Global head office relocation to 20 Margaret Street Sydney in 2H16 to allow for future growth.





Positioning for growth

Technology progress

- Chief Technology Officer, Craig Pendleton-Brown, who commences on 16 November 2015
- **Customer driven improvements**
 - Refreshed web site offering contextual marketing, ‘omni-channel’ interactions and new languages
 - Enhanced messaging infrastructure
- **Process driven improvements**
 - New compliance tools for Electronic Verification and transaction monitoring
- **Infrastructure and scalability**
 - Ongoing architectural API development
 - Increased speed of deployment of upgrades and new releases
 - Maintain focus on scalability and throughput of core data and payment engines





Positioning for growth

Brand and marketing progress

- Global launch of OFX brand on track by end of FY16
- Roll out and implementation of new brand on track to commence with Australia in December 2015, followed by the US and other geographies
- Chief Marketing Officer developing plans, with global centre of excellence model for marketing team in place
- Customer segmentation analytics under development



Current brands



One Global Brand





SUMMARY AND OUTLOOK



Summary and Outlook

- Strong result in 1H16
 - Record turnover in 1H16 of \$10bn, up 34% on 1H15
 - Net Operating Income in 1H16 of \$53.6m, up 29% on 1H15
 - 1H16 Underlying EPS of 5.1 cents per share for, up 12% on 1H15
 - Interim dividend increased to 3.6 cents per share fully franked
- Reconfirm AGM guidance of \$38.5 – \$40.5m underlying EBTDA in FY16
- Our three year Accelerate strategy is on track with all enablers underway and gathering pace
- OzForex has a strong international footprint and is well positioned to deliver continued growth

We are accelerating our plans for the future in the geographies and channels where the best opportunities are available.

“A 3 year
ACCELERATE
strategy”



Summary and Outlook

One Global Platform
One Global Team
One Global Brand



*Look out for our OFX Australian website launch in December
www.ofx.com*

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