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OFX GROUP LIMITED

HALF YEAR RESULTS FOR THE SIX MONTHS ENDED 30 SEPTEMBER 2016

STRATEGIC INVESTMENT IN TECHNOLOGY & MARKETING TO DRIVE GROWTH

Sydney, 15 November 2016: OFX Group Ltd (ASX: OFX), today announced its half year results for the six months ended 30 September 2016, reflecting the significant investment made in support of the Company's growth strategy as well as a stronger AUD and reduced GBP flows following Brexit.

Key metrics include:

- Half year turnover of \$9.6 billion, down 4% on 1H16 but in line with 2H16, driven by:
 - Growing portfolio of active clients, up to 151,700;
 - Transaction volumes up 7% to 419,300; and
 - Average Transaction Value down 11% to \$22,800
- Net Operating Income of \$53.6 million was flat against 1H16 but up 7% on 2H16
- Underlying EBTDA of \$13.5 million was down 25% on 1H16
- Underlying NPAT of \$9.7 million was down 21% on 1H16
- Significant investment in Technology, Marketing & People provides platform for revenue ramp up and margin growth through 2H17 and beyond
- US go to market strategy finalised for 2H17 launch
- Interim dividend of 2.8 cents per share fully franked
- FY17 Underlying NPAT expected to be slightly up on FY16

OFX Chief Executive Officer, Richard Kimber, said: *"OFX's underlying operating metrics continue to be driven by a very high quality portfolio of active clients, across both personal and corporate accounts. We have seen a return to modest revenue growth despite unfavourable market conditions post Brexit, with an increase in transaction volumes from both existing and new clients. Net operating income was up by a similar amount from the second half of FY16.*

"As we have said previously, as part of our three year Accelerate Strategy the first half saw a step change in investment in our proprietary technology platform, key personnel hires, and in our rebranding and marketing program. While along with a stronger AUD and lower value GBP transaction flows this investment has resulted in reduced earnings, it provides a strong platform for growth and will accelerate margin growth as we scale the business."



OFX's balance sheet remains strong with the cash position of the Group net of client liabilities of \$41.5 million (pre-dividend) as at 30 September 2016. The Company remains debt free.

RESULTS SUMMARY

	1H17	2H16	1H16
Financial Metrics			
Turnover (\$bn's)	9.6	9.6	10.0
Net Operating Income (\$m's)	53.6	50.3	53.6
Underlying EBTDA (\$m's)	13.5	18.0	18.1
Underlying NPAT (\$m's)	9.7	11.6	12.3
Statutory NPAT (\$m's)	9.7	10.6	11.2
Operational Metrics			
Active Clients ¹ (000's)	151.7	150.9	151.1
Transactions (000's)	419.3	392.0	392.2
Average Transaction Value (\$000's)	22.8	24.4	25.6

KEY INITIATIVES

OFX Chief Executive Officer, Richard Kimber, commented:

"We believe the growth opportunity for our business is substantial. With our proprietary platform and extensive banking network we are one of the most compelling alternate foreign exchange providers to the banks globally, and continue to attract and disrupt both their personal and corporate customers."

"Our rebranding and marketing strategy in ANZ is targeting a much larger cohort of customers, and while still at an early stage, is starting to see positive results. As we look to broaden our non-AUD revenue base, the size of the opportunity in the US market alone makes it a compelling component of our growth plans. We have licences in place and are able to operate in 49 States, our re-branding is on track for the end of this year and our marketing program is set to roll-out early in 2017."

"Meanwhile, transferring our platform to the cloud has significantly enhanced productivity and ensured our business is highly scalable as we continue to expand globally and target adjacencies such as third party online sellers, a highly attractive growth area."

DIVIDENDS

The OFX Board of Directors have declared a fully franked interim dividend of 2.80 cents per share which will be distributed in January 2017. This is in line with the Board's policy to maintain a payout ratio of 70-80% NPAT.

¹ Active clients are clients who have transacted within the past 12 months



GROUP OUTLOOK

The Group will continue to acquire quality clients with a growing focus on corporate clients, building on current cohorts, and maintaining the momentum in transactional growth.

Assuming the AUD continues to trade within current ranges against USD, GBP, EUR, CAD and NZD we expect the transactional growth will translate into equivalent revenue growth.

At the start of FY17 the Group made a step change investment in marketing and technology. Whilst this investment is now embedded within the cost base, the future growth in expenses is expected to be at a lower growth rate.

Combined with the revenue growth, the group expects to experience positive jaws with the second half margins expanding, resulting in a lower full year EBTDA, whilst NPAT is expected to be slightly up.

RESIGNATION AND APPOINTMENT OF NON-EXECUTIVE CHAIRMAN

As previously announced at the Group's AGM in August 2016, OFX advises that its Non-Executive Chairman, Mr Peter Warne, has tendered his resignation from the Board of Directors effective 14 November 2016.

Mr Warne was the founding Chairman of OFX when it listed on the ASX in October 2013.

The Board expresses its gratitude for his service as Chairman and his service to shareholders as a Director.

OFX Chief Executive Officer, Richard Kimber, said: *'Peter's wisdom and experience has been valuable for the Board and especially for my introduction to the Company. The Board and I am grateful for his contribution and we wish him the very best for his future endeavours.'*

The Board wishes to announce that Mr Steven Sargent is appointed as Non-Executive Chairman effective 14 November 2016.

-ENDS-

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Investor webcast

OFX is hosting a webcast of its investor call at 10.00am this morning. To register for the webcast, go to <http://webcast.openbriefing.com/3108>

CEO HY17 Results Interview

A Video Link of CEO Richard Kimber discussing OFX's HY17 Result is available at:

<https://www.ofx.com/en-au/investors/>