

# Financial Year 2018 Results


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Investor presentation

22 May 2018



## Agenda

1. FY18 Summary
  2. FY18 Financial results
  3. FY19 Outlook
  4. FY19 Focus areas
  5. Q&A
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# FY18 Summary

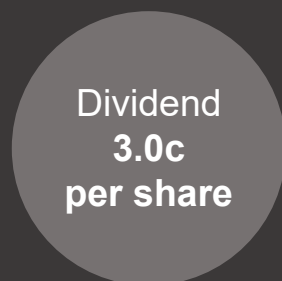
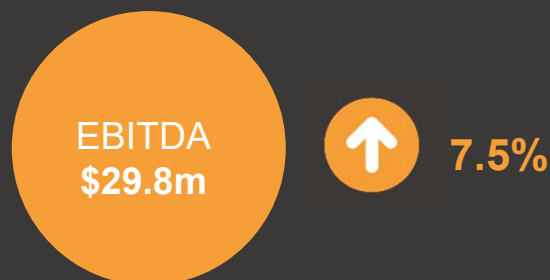
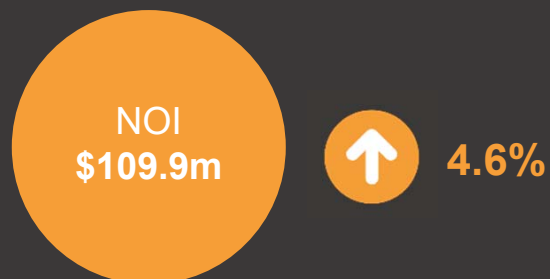
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Skander Malcolm

Chief Executive Officer and Managing Director



# Good outcomes, delivering on commitments



## Grow revenue by driving fundamentals

- Revenue<sup>1</sup> growth: strong momentum in North America and Asia, up 12% and 68% respectively, and Corporate growth of 11%
- Australia up 3.6% in 2H18 vs. 2H17
- Transactions increased 13.1% on FY17
- Stable FY18 NOI margin of 52bps
- Positive operating leverage through disciplined cost management



## Delivering a better client experience

- Driving client engagement, active clients up 3.3% to 161,900
- Re-activating inactive clients, 72% of revenue from returning clients



## Transforming our technical capability

- FY18 included API Developer Portal release, a global website refresh, an app re-brand and continued development of Online Sellers (Global Currency Account)
- Server hosting costs decreased 18.5% in FY18

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

# Fundamentals continue to improve

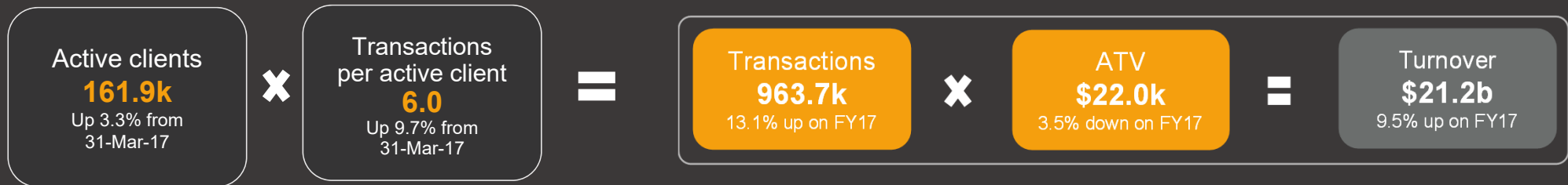
Client retention, targeted marketing and re-activation ...

Significant increase in client activity...

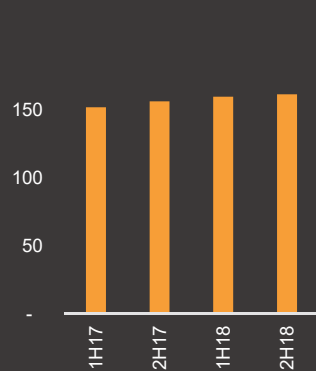
Strong growth in transaction volumes ...

Continue to attract high ATV clients...

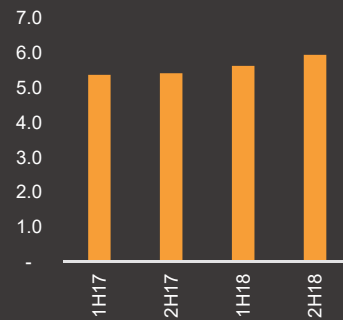
Client value increases turnover across the group



Active clients ('000)

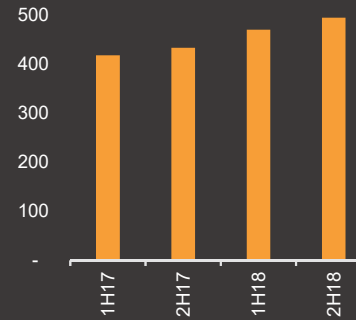


Transactions per active client (LTM)

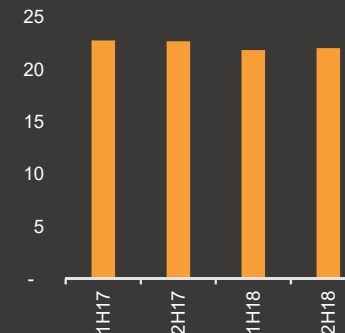


LTM = Last twelve months

Transactions ('000)

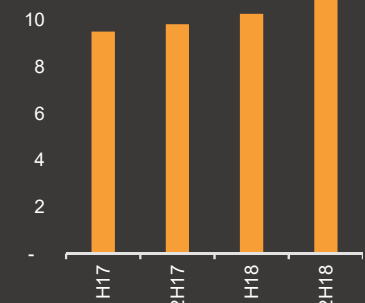


Average transaction value (\$'000)



ATV = Average transaction value

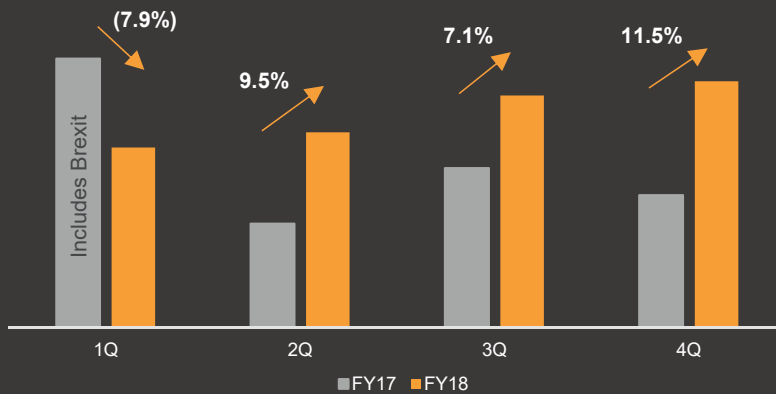
Turnover (\$b)



# Increasing momentum with minimal volatility



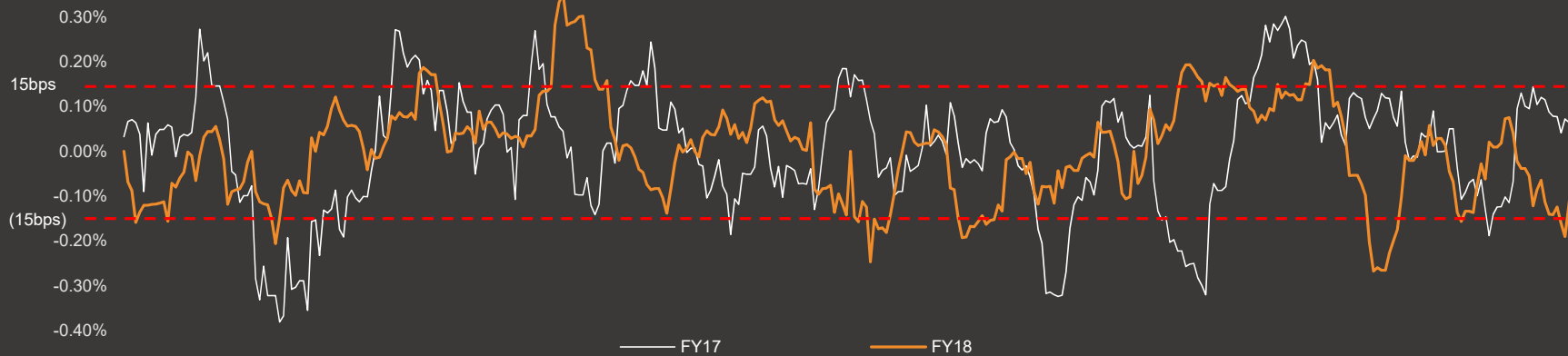
## Quarterly NOI growth



## More focus and better insights driving momentum

- Daily operating rhythm drove execution
- Analytics and insights driving client engagement through:
  - targeted marketing campaigns; and
  - enhanced communications;

## Lower volatility in FY18 vs. FY17 (AUD/USD)



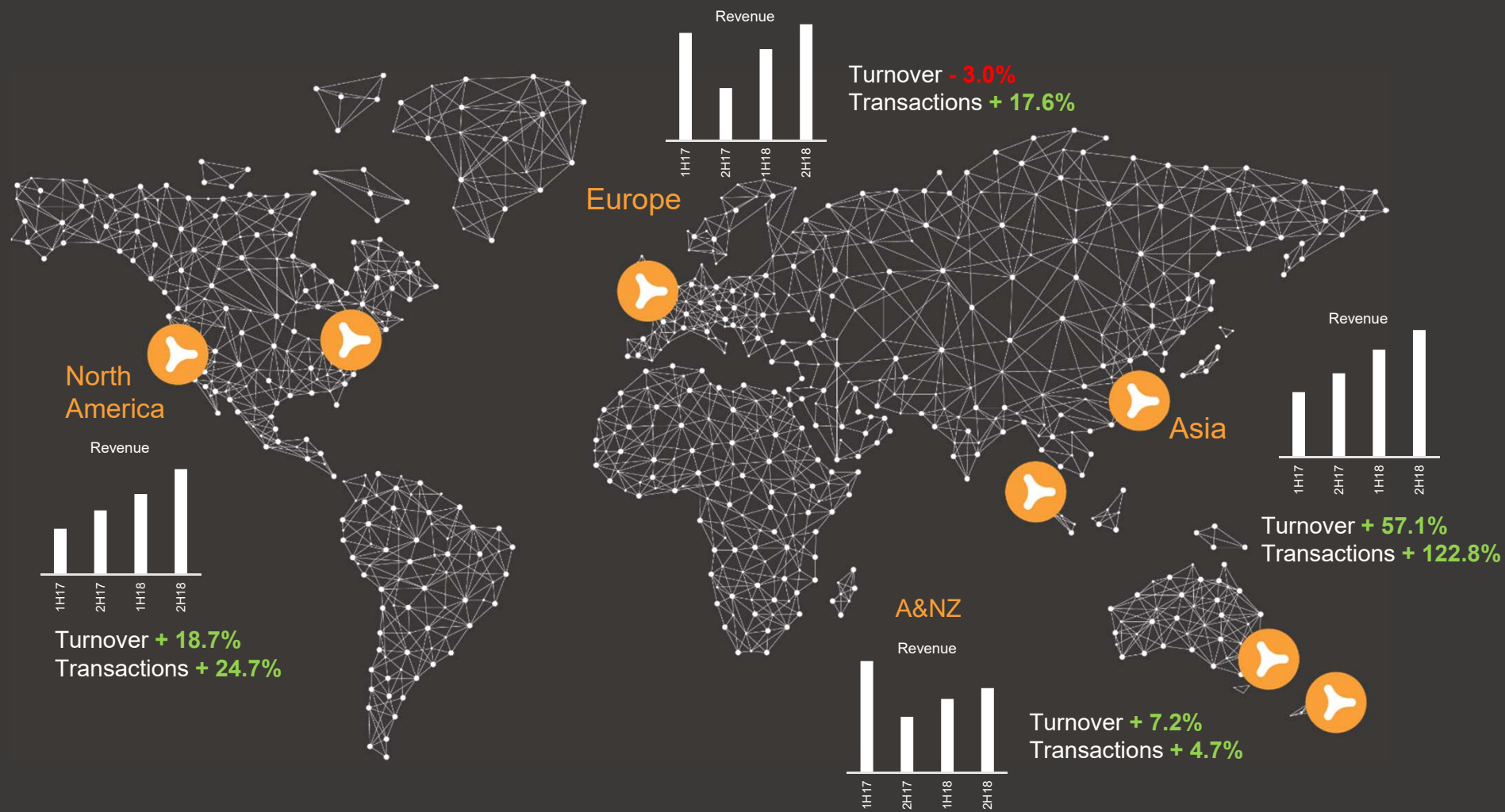
Daily volatility movements outside bands

FY16 = 95 days

FY17 = 84 days

FY18 = 60 days

# Diverse revenue growth, strong global platform



A photograph of the Singapore skyline at dusk. The Esplanade - Theatres on the Bay is prominent in the foreground, illuminated with warm lights. The water of the bay reflects the city lights and the sky. The background shows a dense cluster of skyscrapers, some of which are lit up, against a twilight sky with soft orange and purple hues.

# FY18 Financial results

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Selena Verth  
Chief Financial Officer



# FY18 financial results

Financial results	FY17	FY18	Var %
<b>Financial Metrics</b>			
Fee and trading income (\$m)	114.1	119.0	4.3%
Net operating income (\$m)	105.1	109.9	4.6%
Operating expenses (\$m)	(77.3)	(80.1)	3.5%
EBITDA (\$m)	27.8	29.8	7.5%
EBT (\$m)	24.0	24.9	3.8%
NPAT (\$m)	19.6	18.7	(4.6%)
Cash held for own use	32.5	47.3	45.5%
<b>Operational Metrics</b>			
Registrations <sup>1</sup> ('000s)	137.2	145.4	6.0%
Active clients <sup>2</sup> (000's)	156.7	161.9	3.3%
Transactions (000's)	852.3	963.7	13.1%
Average transaction value (000's)	22.8	22.0	(3.5%)
Turnover (\$b)	19.4	21.2	9.5%

1. 4k invalid registrations have been removed in 1H18. Total registrations excluding invalid registration in 1H18 is 74.1k

2. Active clients are clients who have transacted in the past 12 months.

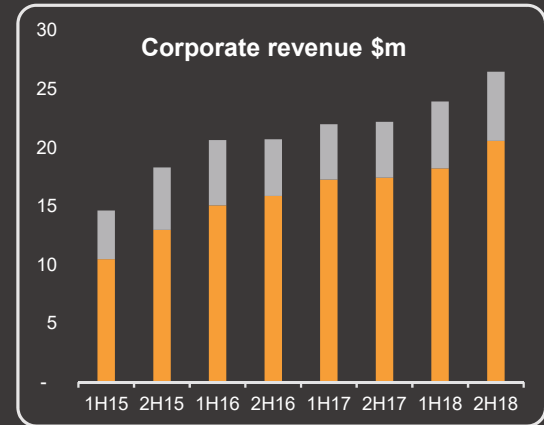
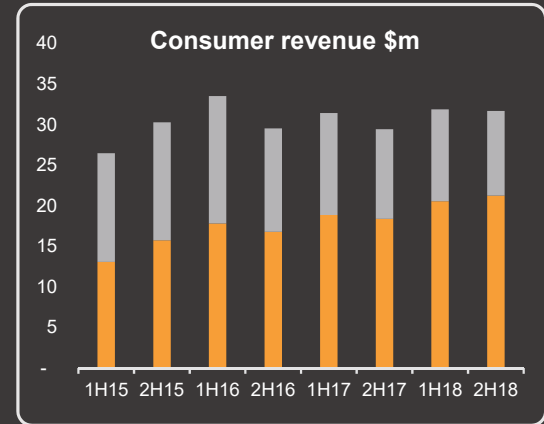
## Healthy financial indicators

- Lead revenue indicators:
  - Growth in active and returning clients;
  - Growth in turnover and transactions; and
  - Increasing number of transactions per client
- NOI margin stable in FY18 at 52bps
- Operating expenses grew at a lower rate of 3.5%, compared to 15.5% in FY17
- Effective tax rate increased to 25% from 18% in FY17, due to R&D and Offshore Banking Unit (OBU) benefits recognised in FY17
- Strong cash generation, with cash held for own use increasing \$14.8m vs. FY17
- Final dividend of 3.0c per share, fully franked. The full year dividend paid for FY18 is 5.4c per share

# Revenue driven by strong portfolio of returning clients



**Active Clients at 31-Mar-18**  
**161.9k**  
Up 3.3% from 31-Mar-17



■ New Clients  
■ Returning clients

Note: Individual and Corporate revenue excludes International Payment Solution (IPS) clients

# Delivered positive operating leverage

## Operating expenses

\$m	FY17	FY18	Var %
Employee expense <sup>1</sup>	(42.8)	(46.1)	7.8%
Promotional expense	(16.3)	(16.1)	(1.2%)
Technology infrastructure	(4.8)	(5.2)	8.0%
Occupancy expense	(4.1)	(4.0)	(1.8%)
Other expense	(9.4)	(8.7)	(7.8%)
<b>Operating expenses</b>	<b>(77.4)</b>	<b>(80.1)</b>	<b>3.5%</b>

1. Employee expense includes short & long term incentives of \$0.2m in FY17 and \$(2.6) in FY18



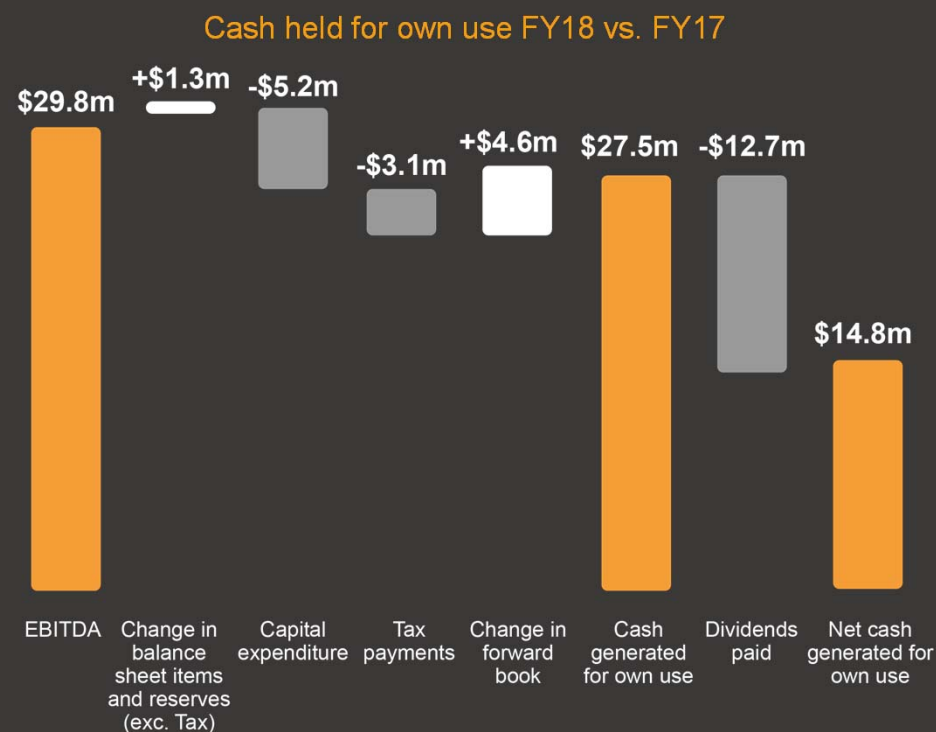
## Focused cost management and visibility

- Employee average FTEs increased 11.6%, whilst employee expenses grew 7.7%
- Revenue generating FTEs increased by 16% in FY18
- Increase in promotional spend of 7.4% in 2H18 vs. 1H18 and drove better outcomes with cost per registration decreasing 7% in FY18
- Technology creating operational efficiencies with costs growing at 8.0%, lower than our transactional growth rate of 13.1%
- Server hosting costs declined 18.5% in FY18
- Occupancy expense remained flat. Investing in capacity in FY19

## No debt, and strong cash flow generation

\$m	31-Mar-17	31-Mar-18
<b>Assets</b>		
Cash held for own use	32.5	47.3
Cash held for settlement of client liabilities	115.9	155.8
Deposits with financial institutions	10.1	10.2
Derivative financial assets	14.2	12.9
Other assets	4.5	4.8
Property, plant and equipment	5.5	3.9
Intangible assets	5.5	7.2
Deferred and prepaid tax assets	2.5	0.2
<b>Total assets</b>	<b>190.7</b>	<b>242.3</b>
<b>Liabilities</b>		
Client liabilities	116.9	156.9
Derivative financial liabilities	7.4	10.7
Other liabilities	8.9	11.7
<b>Total liabilities</b>	<b>133.2</b>	<b>179.3</b>
<b>Total equity</b>	<b>57.5</b>	<b>63.0</b>

- Cash held for own use, \$47.3m, up 45.2% from \$32.5m as at 31 March 2017
- Final dividend of 3.0c per share will be paid out of free cash flow
- Investment in capex, funded through own cash generation, will increase to \$7m+ in FY19



# FY19 outlook

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Skander Malcolm

Chief Executive Officer and Managing Director



# Trusted international money services provider



## 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

## Growth drivers



Client Experience



Geographic Expansion



Partnerships

## Foundational enablers



Technology Foundations



Risk Management



People



WHERE THE  
WORLD'S MOVING

# Continued geographic expansion



## North America



- Increased sales and marketing investment
- Localising the client experience
- Scaling North America team

## Asia



- Expansion of sales team and marketing resources
- Expansion of Online Sellers (Global Currency Account)
- Opened our Singapore office on 1 April 2018

## UK & Europe



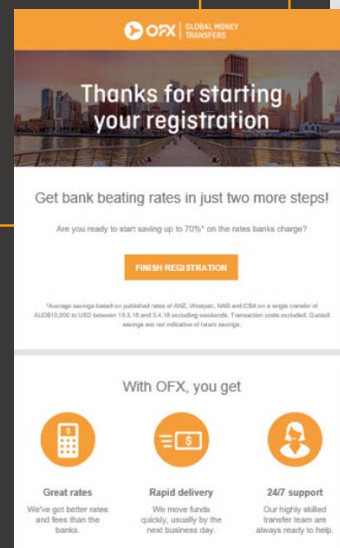
- Continue to grow Consumer and Corporate
- Localising the client experience
- Evaluation of UK & Europe investment case underway

# Improving client experience



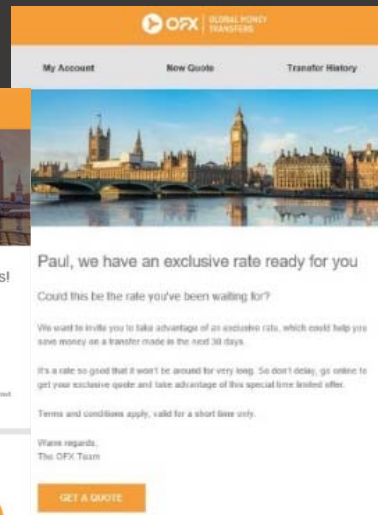
## Streamline on-boarding across regions

- Localise the client experience
- Improving the registration process



## Further invest in CRM

- Complete client journeys by segment
- Develop Corporate CRM campaigns in more depth



## Enhance service delivery

- New mobile application and website rollout
- Global Currency Account
- Speed





# Leveraging partner strengths in a connected eco-system



## Commercial opportunities driving growth

- Alliance partnerships
- Enterprise
- Online Sellers (Global Currency Account)



## Partnering to deliver operational excellence

- Amazon Web Services
- Salesforce
- Banking panel



## Embedding client analytics and insights

- Google relationship
- Brand elevation & evolution
- Corporate enhancements



# FY19 – Focus areas



## Growth drivers



### Client Experience

- Streamline and localise client journey
- Further investment in CRM
- Enhance service delivery



### Geographic Expansion

- Growth of North America
- Growth of Asia and Online Sellers
- UK & Europe expansion



### Partnerships

- Commercial opportunities
- Operational excellence
- Analytics and insights

## Foundational Enablers



### Tech Foundations

- Reliable, secure & scalable systems
- Implement technology vision



### Risk Management

- Strong regulatory compliance
- Invest in analytics



### People

- Structured talent development
- Scaling of North America

# FY19 – Summary outlook



**Growth drivers**

<b>Client Experience</b> <ul style="list-style-type: none"><li>Streamline and localise client journey</li><li>Further investment in CRM</li><li>Enhance service delivery</li></ul>	<b>Geographic Expansion</b> <ul style="list-style-type: none"><li>Growth of North America</li><li>Growth of Asia and Online Sellers</li><li>UK &amp; Europe expansion</li></ul>	<b>Partnerships</b> <ul style="list-style-type: none"><li>Commercial opportunities</li><li>Operational excellence</li><li>Analytics and insights</li></ul>
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**Foundational Enablers**

<b>Tech Foundations</b> <ul style="list-style-type: none"><li>Reliable, secure &amp; scalable systems</li><li>Implement technology vision</li></ul>	<b>Risk Management</b> <ul style="list-style-type: none"><li>Strong regulatory compliance</li><li>Invest in analytics</li></ul>	<b>People</b> <ul style="list-style-type: none"><li>Structured talent development</li><li>Scaling of North America</li></ul>
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## Financial commitments



Deliver an annual positive operating leverage on an EBITDA basis



Maintain stable NOI margin



Investing in growth, operating expenses and capex to increase

# Q&A

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OFX Group Limited (ABN 12 165 602 273)  
Level 19, 60 Margaret Street, Sydney NSW 2000 Australia. [www.ofx.com](http://www.ofx.com)