



**OFX Group Limited
Annual General Meeting
11 August 2020**

CEO Presentation

It's a pleasure to have you all connected to us through technology, and staging this virtual AGM is somewhat analogous to how we are managing the company in this environment generally – finding ways to do what is needed, no matter what the circumstances.

FY20

We delivered a strong financial result – revenue up 6.6%, underlying expenses up 5.0%, and underlying EBITDA up 6.4% - against the backdrop of very mixed trading conditions over the full year.

Whilst the 1H and 3Q were relatively quiet, we saw exceptionally high levels of market volatility in February and March related to COVID-19. This helped drive the EBITDA result of \$38.2m, coming in at the top end of the range we provided in mid-March. Net Operating Income was up 5.4% at \$125.2M, driven by record 4th quarter growth of 16.3%. The final dividend was maintained at 2.35c per share.

The investment we have made in our infrastructure and systems meant we were able to take full advantage of market volatility, remaining open, available, and trading well. Overall revenue was up 6.6% over the year, with a strong 2H result, up 12.9%. Our Consumer segment grew revenue 5.8% as we saw a substantial number of lapsed clients reactivate, at high value ATVs.

We continue to see good key financial and operating metrics – transactions up 6.2%, transactions per active client up 8.8%, and stable Net Operating Income margins ex IPS at 56bps. We continue to improve our marketing, and the client onboarding experience, which drove our Cost per Registration down by 11.3% and our Cost per new Dealing client down by 7.4%.

Our Return on Invested Capital is very healthy at 31.8%. This is against a backdrop of more than doubling CAPEX from \$5.1M in FY18 to \$10.3M this year. The CAPEX was all from the cash flows we generated from operating activities, which in FY20 was \$30.5M. We finished the year in a strong financial position with over \$60M net cash held for our own use.

We delivered on our key growth drivers with North America and our Corporate segment continuing to perform well. North America revenue grew at over 24%, with the US being even stronger at over 30%. Our Corporate business, globally, grew 10.8%, and our Online Sellers business grew at over 21%.

We have previously highlighted that growing through partnerships is a key strategic priority, and the progress we have made is excellent. We previously announced our partnership with Link Australia, and the technology implementation is proceeding to plan, so that we are



already accepting registrations, as well being able to process payments. Aside from Link Australia, there is a strong pipeline of prospects for FY21 also.

The extreme volatility in February and March brought out the best from OFX. By the second week in March we had the entire workforce working from home. We managed over 1.8 times the incoming call volumes and supported 17% growth in transactions, whilst system uptime was flawless. That is why clients remain so loyal to OFX – we deliver when they need it most.

In summary, in FY20 we demonstrated we have an inherently strong business – good cashflows, high ROIC, capital light with no debt, a global platform and exceptionally strong service delivery. Even better, we continue to make it more valuable through investing in healthy, sustainable growth programs and geographic expansion.

Update on Q1 Trading

At the FY20 results update in May we shared with investors that April trading was soft, and that the outlook was uncertain. In Q1 that remained the case, with revenue of \$28.4M being down 11% vs prior corresponding period, and Net Operating Income of \$24.9M being down 14.4% vs prior corresponding period.

This was largely driven by our Consumer segment, where the elevated economic activity in February and March was replaced by caution in April and May, with some recovery in June. We saw declines in revenue in every region over the full quarter, though we saw a recovery in June, that continued in July.

Beyond Consumer, the biggest factor in the overall decline in revenue was lower average transaction values. Over the first quarter they were down 11%, reflecting the economic uncertainty. Higher value consumers are telling us that they are preparing for further volatility, and as such the typical use cases – wealth management, property, and transfers to family – are pending. Small and mid-sized businesses are understandably uncertain about their prospects, and are acting cautiously, though clearly through June and July their confidence is returning.

However, against these challenges, there were some positive signals. Our transactions were up 3%. Transactions per active client were also up, growing 6%. These data points suggest our clients remain loyal, even in challenging times.

We grew new Corporate revenue, excluding ONLINE SELLERS, over 51% vs prior corresponding period. That is the highest growth rate in new Corporate revenue in the last 3 years. We grew our ONLINE SELLERS revenue 12% overall, and the regions ex Asia, grew over 50% in the quarter.

Regionally in July this momentum continued, and in fact North America had their 3rd highest month ever for revenue, across all segments.

Our Enterprise pipeline is healthier than ever, and our program with Link is live and we are sending dividends on behalf of Link's clients.



Those data points suggest to me that we are executing well, and are not being out-competed. It also says that our strategy to focus on Corporate, ONLINE SELLERS, Enterprise, and selective regional growth is the right one.

We remain confident in the strategy, but are realistic that the economic outlook remains uncertain, and therefore we will see unusual trading until things become clearer. As such, we continue to manage the company sustainably – prudent on costs, but investing where we see competitive advantage such as Corporate and Online Sellers. The broader OFX team remains committed, engaged, and focussed on executing well in the environment.

Thank you and now let me hand back to Steve.