



**OzForex Group Limited
Annual General Meeting
3 August 2016
Chairman's address**

Reflecting on the past year

This has been a year of change for the business with the appointment of Richard Kimber as our new CEO in May last year and then very soon after that, the appointment of a number of other key executives, including Adam Smith as Chief Operating Officer and Craige Pendleton-Browne as Chief Technology Officer. The Board is very pleased to see how well the new Executive Team is working together. I would like to acknowledge the work of Richard and the Executive Team over the past year. Richard announced the Accelerate Strategy at the AGM last year and the Company's goal to double its revenue by 2019.

The Executive Team has been focused in the past year on putting in place the foundations to begin to implement the Accelerate Strategy. A great deal has been achieved in a very short space of time, which is commendable.

These achievements have included:

- A new technology strategy covering both hardware infrastructure and application development;
- A new global telephone system to improve efficiency and customer service;
- New global marketing and branding strategies;
- Moving out of the old cramped offices in 3 of our sites and into modern, efficient fit-for -purpose accommodation; and
- The introduction of weekend trading and other improved additions to our customer service proposition.

While this was taking place customer numbers, numbers of transactions, turnovers and revenues continued to grow. Particularly pleasing was the growth in corporate and repeat business customers and our growth in the US albeit from a smaller base. Richard will speak further about the Company's performance in his address shortly. In November last year, the Company was faced with an unsolicited takeover bid in the form a preliminary, non-binding, indicative conditional proposal from Western Union. After careful consideration and not without some misgivings, the Board agreed to grant Western Union access to exclusive due diligence.

For a Board, making these decisions is never an easy one, however it has an obligation to consider such offers and whether they are in the best interests of shareholders. The Board believed Western Union's approach to be a genuine one. Unfortunately, the process took a great deal longer than expected - almost 3 months in the end, and it did not result in a successful transaction. Regrettably, we still do not have any definitive reasons as to why Western Union did not proceed with the transaction that they initiated. The investment of time and the significant



distraction to the Board and management created by this process cannot be underestimated.

The timing of this process also unfortunately coincided with the new brand launch in Australia and a quieter period in the markets. These and other factors, both within and outside our control led to a much softer third quarter than we had expected. Unfortunately, this meant we had to provide a trading update in February and ultimately resulted in the company not achieving its target year end profit number by more than 10%. This further resulted in the financial hurdle for the STI scheme not being achieved and thus the Executive Team missing out on their year-end bonuses. From the Board's perspective this was disappointing given the considerable work load that had been carried, and results achieved, by the Executive Team during the period.

As we indicated last year, during the past few months, the Board has been working with external consultants to design a new remuneration structure for key executives to ensure clear alignment to the Accelerate Strategy. I will speak to that further later in the meeting.

Capital Management

The Company continues to have a robust balance sheet with no external interest bearing debt. Strong cash flow conversion also continues to be a key positive feature of the business. This strong financial position allows the Company to confidently invest in the business to execute its Accelerate Strategy.

The Board was pleased to announce a final dividend of 3.1 cents per share fully franked bringing the total dividend for the year to 6.7 per cents per share fully franked, a total of \$16.1m paid out to shareholders. The Company's dividend policy of a pay out of approximately 70-80% of NPAT per annum remains unchanged since IPO.

Board composition

Last week we announced that Steven Sargent would be joining the Board as a non-executive director from tomorrow and will then take over as Chairman of the Board following the half year results announcement in mid-November. I will be introducing Steve to you shortly.

We would have liked to have Steve's appointment to the board voted on at this AGM. Unfortunately, we were not quite advanced enough in the appointment process before the Notice of Meeting had to be printed and posted. Steve's appointment will be voted on at next year's AGM.

As this is my last AGM, I would like to take this opportunity to reflect on the past 2 ½ years. OFX is now 18 years old. The transition from a private company to a listed company is a major milestone in any company's history, particularly after a long period as a private company. The transparency required and regular reporting demands of public company life can be punishing at times, especially for growth



companies. The public market can also be a harsh judge of a company's short term performance. Whilst OFX has hit the occasional bump in the road in its journey over the past couple of years, OFX has continued to grow and deliver significant returns to our shareholders since listing and I am confident that it will deliver the goals it has set. OFX is a credible player in the global international payments market and I look forward to watching it build on that position over the next few years.

I remain very optimistic about OFX's future. I think that the market is huge and that OFX's share is small. The world will continue to shrink and cross border commerce will continue to grow providing OFX further opportunity to provide great solutions to customers. The important ingredients will continue to be an entrepreneurial culture, clever people coming up with clever, problem-solving ideas and great digital solutions delivered quickly.

The great thing for an agile company like OFX is that the market need continues to evolve and change – as do the potential solutions and demands of customers. I have been honored to serve as Chairman of the Company. Whilst there have been plenty of challenges and ups and downs along the way, I have learnt a lot and I have enjoyed my time on the Board immensely.

I know Steve is looking forward to taking over as Chairman in November and I am sure that he will serve shareholders very well.

Thanks

In closing, may I again thank the members of the Board and particularly all of the Executive Team for their dedication, commitment and hard work over the past year. They have coped well with the challenges that they have faced and their focus has ensured that the business has continued to grow in all regions.

I would also like to thank you, our more than 8000 shareholders for their continued support. I am sure many of you decided to become shareholders because you were customers first and were so impressed with the service and value you received you decided to invest in the company. If you did, please continue to tell your friends and associates about it – word of mouth is still our best marketing.

If you are a shareholder and not a customer - well you should be – you don't know what you are missing out on until you have used our great service.

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About OzForex Group (ASX:OFX)

OzForex Group Limited is a global provider of online international payment services for consumer and business clients. It has offices in 6 locations. The OzForex Group provides services under the brands OFX, UKForex, CanadianForex, USForex, NZForex, Tranzfers and ClearFX. To support our increased focus on marketing and people, we have launch a new single global brand in December, OFX, using a single domain name,



www.OFX.com. From December 2015, OFX began progressively rolled out across all geographies starting in Australia and most recently in the United States.