



**OFX Group Limited
Annual General Meeting
13 August 2019**

CEO's Address

Thank you, Steve.

Reflections on 2019

Financial year 2019 was a good one for OFX. We doubled our revenue growth rate, whilst delivering positive annual operating leverage on an EBITDA basis. We enhanced our client experience with substantial improvements in our App, our website, our CRM program, and the consistency of our service delivery. Our Net Promoter Score (**NPS**) grew again to an industry leading positive score of 67. Our regional teams delivered well – with North America and Asia again achieving strong double digit growth. We completed several strong hires, particularly in our Group Executive team – our leadership has never been in better shape.

However, the year also brought its challenges. While we achieved strong growth in the first half, the second half saw global markets pare back materially, driven by uncertainty such as Brexit and international trade tension, and our growth rates slowed. We were unsuccessful in completing a transformative acquisition, though we learned a great deal.

The chart covers the update I gave at our full year results in May. In summary:

FY19 was a strong operating result, with Net Operating Income (**NOI**) up 8%, underlying EBITDA up 8.1%, and a final fully franked dividend of 3.28c per share being paid. To put it into perspective, this was OFX's best full year growth in underlying EBITDA since 2015, and the strongest growth in NOI over the last three years. It was a better result than we estimated at our Investor Day in March – driven by a strong finish to the month in terms of revenue, margins, and expense control.

More importantly, the financial fundamentals of the business are in great shape – transactions growing well at 8.8%, costs under control, and we generated cash for own use of \$19M. Our balance sheet is strong, with no debt, and we remain a 'capital light' business. We are a strong, sustainable growth company with an underlying Return on Invested Capital at a very healthy 36.3%.

Further, revenue growth in our targeted high growth geographies – North America & Asia – had another strong performance, up 19.8% and 19.3% respectively and our NOI margin remains stable, ex IPS, at 55bps.

What gives us confidence is that our client metrics – NPS, transactions per active client, and recurring revenue – are all strong and improving. Our Global Currency Account (**GCA**) is a huge hit and growing faster than we anticipated. Ultimately, it's our clients that drive our revenue, so winning and earning their support is vital, and these metrics reflect a healthy client program.

Finally, execution was good – we are delivering our technology and operational agenda, to our clients' standards. As already mentioned, our client experience is better than ever with a new mobile app, improved personalised website, increased GCA functionality and an enhanced API offering. We are investing in reliable, scalable systems with new treasury, transaction monitoring and pricing systems. We have a very clear line of sight to what matters most to our clients and prospects, and clear ways of prioritising and executing to that.

Trading for First Quarter of 2020

Turning to trading for the first quarter, Q1 FY20 Net Operating Income is slightly down on Q1 FY19, which was a record quarterly performance. It was a difficult market, with one index showing the global spot volume market being down 16% vs the prior year. In Q119 the same index suggested the market was up 17% on the prior year. July was strong, everywhere, meaning we are in positive growth for Net Operating Income for FY20 year to date.

North America is the stand out regional performer – up 19% overall, and up in both Consumer and Corporate. July remained very strong there. In terms of business segments, Corporate is again growing well at 6% and



within that, we continue to see strong growth in our GCA. Whilst Consumer overall is down, we are seeing our marketing effectiveness substantially improve – our Cost Per Registration and Cost per New Dealing Client are both more than 25% better than for the same period in 2019.

Transactions grew as did transactions per active client, but Average Transaction Values (**ATVs**) were down slightly across our regions. While it is early in the financial year, we remain on track to deliver positive annual operating leverage on an EBITDA basis.

Our actions are generating sustainable growth. Our growth in Corporate, particularly in growing revenue from our existing clients, is moving in the right direction, everywhere. This is pleasing given the investment we are making in sales people and systems. Our Enterprise prospect pipeline is good, with several opportunities looking better than 3 months ago.

Our foundations remain strong. Through continued focus and rigour we are improving our risk outcomes – for example, we are achieving outstanding results in regulatory exams and banking audits. There has been solid progress on implementing our new transaction monitoring capability – which will be introduced shortly and will give us world class tools and data to continue to ensure we are sustainable, bankable, and secure. We are driving good cost discipline in technology, banking fees, and recruitment. Our team is getting stronger, we have introduced more, higher quality training, and staff turnover has reduced.

Beyond our actions, our opportunities also remain clear. Firstly, we must continue to build partnerships to help us grow, everywhere. Winning a substantial Enterprise client can transform our growth trajectory. Secondly, we must continue to improve our client experience – human and digital – through a better on-boarding experience, better price, and better human service when our clients' need it. Finally, the opportunity to expand in our regions, especially North America, create more headroom to grow.

In summary, whilst markets can be challenging, we are working hard to unlock a range of opportunities which will also diversify the company. We like our Consumer, Corporate and Enterprise businesses, both individually and as a platform that generates reliable and repeatable revenues, as well as benefits of scale. Our balance sheet is strong, and our risk management is exceptional. Our team remains focused, energised, and working hard to deliver.

Thank you, now let me hand back to Steve.

-ENDS-

About OFX Group (ASX: OFX)

OFX Group Limited is a global provider of online international payment services for consumer and business clients. The OFX Group provides services under the single global brand, OFX, using a single domain name, www.ofx.com.