



OFX GROUP LIMITED
FINANCIAL RESULTS FOR THE YEAR ENDED 31 MARCH 2020

19 May 2020 – OFX Group Ltd (ASX: OFX) today announced pleasing full year results for the period ending 31 March 2020, delivering \$38.2M in underlying EBITDA, at the top end of the range provided in mid-March.

All the Company's financial commitments were met including growing EBITDA on an underlying basis, delivering positive annual operating leverage, and maintaining stable Net Operating Income (NOI) margins.

These results reflect good execution, and the sound fundamentals underpinning OFX which are especially valuable in uncertain times – a strong global platform, exceptional service delivery, healthy cashflows and no debt.

Key Financial and Operational Highlights

- Turnover of \$24.7bn, up 4.1% on FY19
- Fee and trading income (Revenue) up 6.6% to \$137.2m
- Net Operating Income up 5.4% to \$125.2m at stable NOI margins
- Underlying EBITDA (ex. corporate action costs) up 6.4% to \$38.2m
- Statutory NPAT up 19.0% to \$20.3m and Underlying NPAT up 4.5% to \$21.4m
- Strong operating cash flows with total cash held for own use of \$61.0m
- Reliable and scalable systems, and strong global operating model which supported 1.8 times normal call volumes and 17% more transactions in March on PCP with a 100% remote workforce
- Final unfranked dividend of 2.35 cents per share

OFX's Chief Executive Officer and Managing Director, Skander Malcolm, said: *"This was a strong financial and operating result for OFX in fluctuating macroeconomic conditions. Revenue was up 6.6% with good growth across our key metrics, and we delivered on our growth drivers with North America up 24.1% and our Corporate segment up 10.8%.*

"The investment we have made in our infrastructure and systems meant we were well prepared for the extreme market volatility we saw in February and March related to COVID-19, which stimulated strong trading activity across both our Consumer and Corporate segments. This delivered a record fourth quarter with net operating income (NOI) up 16.3%, contributing to NOI growth for the year of 5.4%.

"Transaction growth continued, up 6.2% to 1,113.4k with transactions per active client up 8.8% to 7.3 times. This demonstrates that we are winning the types of high-value customers we are targeting. Along with improved ATVs in the second half, this drove turnover growth of 4.1% to \$24.7b. Consumer grew 5.8%, with client reactivations 11.4% higher in the second half demonstrating the value in our Consumer book, especially in volatile markets.

"Notwithstanding the growth in our Corporate segment, we delivered stable NOI margins excluding IPS, and continued to manage our costs well. Underlying EBITDA of \$38.2m was up 6.4%, delivering positive annual operating leverage on an underlying basis. Our underlying EBITDA margin for 2H20 was more than 30%, with strong transaction volumes in February and March on a steady cost base.



“We further improved the client experience, reducing Corporate on-boarding times, cost per registration and cost per new dealing client. We also continued to invest in our reliable, scalable, cloud-based systems such as our payments engine, transaction monitoring and risk management capabilities. Even with this investment, we delivered a return on invested capital (ROIC) of 31.8%.

“In response to COVID-19, we were able to swiftly implement business continuity procedures across our global operations. In March we successfully processed 1.8 times the normal call volumes and a 17% increase in transactions on the same period last year, with 100% of our company working remotely. All while maintaining our exceptional 24/7 customer service.

“And finally, our Enterprise partnership with Link Australia has been launched, and we are now accepting registrations. As previously disclosed, we expect this to generate \$5m in revenue in FY22.”

The Company continues to generate good levels of cash, with net cash flows from operating activities at \$30.5m for FY20, and cash held for own use including deposits with financial institutions of \$61.0m. Capital expenditure in FY20 was \$10.3m, below forecast due to improved efficiencies.

Summary Financial Results

| | FY19 | FY20 | V% |
|--|-------------|-------------|-----------|
| Turnover (\$b) | 23.7 | 24.7 | 4.1% |
| Fee and trading income (\$m) | 128.7 | 137.2 | 6.6% |
| Net operating income (\$m) | 118.7 | 125.2 | 5.4% |
| Underlying operating expenses¹ (\$m) | 82.8 | 86.9 | 5.0% |
| Underlying EBITDA^{1,3} (\$m) | 36.0 | 38.2 | 6.4% |
| Underlying EBT^{1,3} (\$m) | 25.9 | 26.1 | 0.8% |
| Underlying NPAT^{1,3} (\$m) | 20.4 | 21.4 | 4.5% |
| Statutory NPAT³ (\$m) | 17.1 | 20.3 | 19.0% |
| Net cash held⁴ | 58.6 | 61.0 | 4.2% |
| Registrations (000's) | 139.6 | 122.1 | (12.5%) |
| Active clients² (000's) | 156.5 | 152.7 | (2.4%) |
| Transactions (000's) | 1048.7 | 1113.4 | 6.2% |
| Average transaction value (000's) | 22.6 | 22.1 | (1.9%) |

1. Excluding corporate action costs of \$1.3m for FY20 and \$4.3m for FY19

2. Active clients are clients who have transacted at least once in the prior 12 months

3. FY19 restated due to accounting changes for leases (AASB 16)

4. Net cash held is Cash held for own use and deposits due from financial institutions. Note of the \$61.0m we hold \$36.5m as collateral

The OFX Board of Directors has declared an unfranked dividend of 2.35 cents per share for the year ended 31 March 2020, with the dividend to be paid out of free cash flow on the 22 June 2020. This is consistent with the dividend paid for the first half, but below historic dividend guidance. In light of current economic uncertainty, this is a precautionary measure to preserve the company's healthy cash position whilst still providing shareholders with attractive returns.



Group Outlook

OFX will continue to invest in strengthening its reliable and scalable systems, risk management processes and people, as well as investing in the client experience, further expanding geographically, and developing its partnerships.

Skander Malcolm said: *“Going into the year ahead, with market conditions remaining uncertain, our quality of execution will be critical to maintain sound risk management, good cost discipline and healthy cash generation.*

“However, we are also excited by our current growth opportunities, particularly in North America and our Corporate segment, as well as successfully building our Link Australia partnership. Our A&NZ and UK / European businesses have delivered good growth in the second half of FY20 and we will build on that in FY21.

“In addition, we will be stepping up our investment in existing and new Enterprise partnerships, and in Online Sellers, our fastest growing segment. We are particularly well placed to grow here given our strong risk and compliance infrastructure, our banking relationships, and the investment we have made over the last four years to build a leading global E-commerce platform for online sellers.

“With the near-term revenue outlook difficult to predict, we will not be committing to positive operating leverage in FY21. However, the Board has every confidence this investment will enhance the value of the Company and deliver sustainable returns for shareholders over the medium term.”

-ENDS-

Authorised by OFX Group Limited Board of Directors.

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Investor Webcast

An audio webcast of the OFX investor call at 9.30am AEST this morning will be available at:
<https://webcast.openbriefing.com/6087/>

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.