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FY20 Financial Results

Investor presentation

19 May 2020

Agenda

1. FY20 Summary
2. FY20 Financial Results
3. FY21 Outlook
4. Q&A
5. Appendix



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FY20 Summary

Skander Malcolm

Chief Executive Officer and Managing Director

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A strong financial and operating result

NOI
$125.2m
5.4%

6.4%
Underlying EBITDA[1]
$38.2m

Final dividend
2.35c
per share

Good execution underpinning growth in key initiatives

- Revenue[2] up 6.6%, 2H up 12.9%
- Consumer revenue up 5.8%, existing clients up 11.4% 2H vs 1H
- Transactions up 6.2% and transactions per active client[3] up 8.8%
- Cost per registration (CPR) down 11.3%, cost per new dealing client (CPNDC) down 7.4%
- Stable NOI margin[4] ex IPS at 56bps
- Underlying return on invested capital[5] (ROIC) of 31.8%

Delivering on our growth drivers

- North America revenue up 24.1%, US up 30.2%
- Corporate revenue up 10.8%, Online Sellers up 21.0%
- Link Australia partnership live accepting registrations, payments implemented, strong Enterprise pipeline

Human + digital delivers in March volatility

- 1.8x call volumes with 100% system uptime
- 100% of workforce working remotely
- Delivered 104.5k transactions, up 17% PCP

1. Excluding corporate action costs of $1.3m for FY20 and $4.3m for FY19.
2. Revenue represents "Fee and trading income" in the statutory accounts.
3. Active clients are numbers of clients who have transacted at least once in the prior 12 months.
4. NOI margin = Net Operating Income / Turnover
5. ROIC represents Underlying Net Operating Profit After Tax / Invested Capital. Invested Capital = shareholders equity less cash held for own use plus collateral, working capital and fixed assets being property, plant and equipment and intangibles.

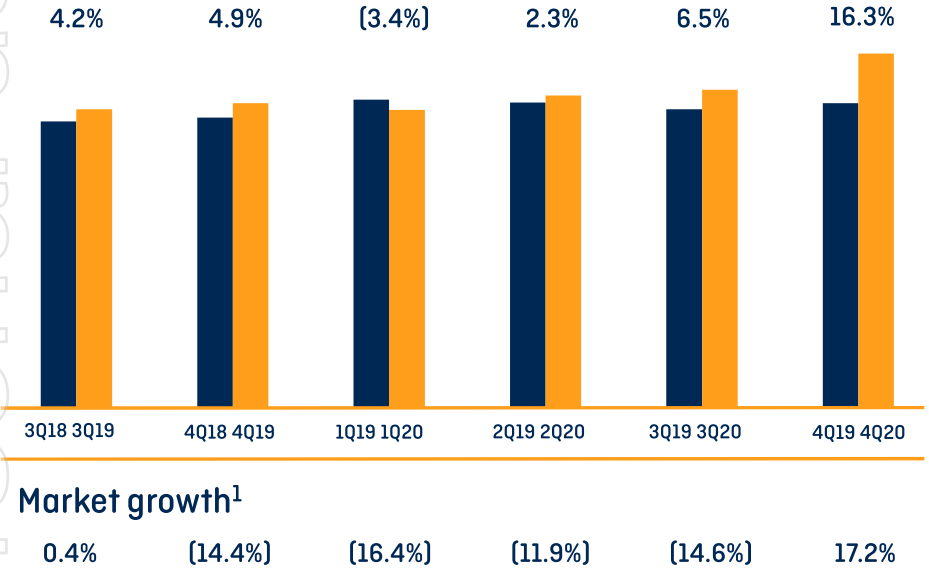
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A more valuable business

High volatility in 4Q20 delivering good quarterly growth

- VIX at a 10 year high on 16th March at 82.69 (10 Yr. Avg: 17.13)
- Period of high volatility (34 days in 4Q20 vs 10 days in 4Q19)[2]
- AUD at an 18 year low vs USD0.56 (19th March)

OFX quarterly NOI growth



Market growth[1]

0.4%	(14.4%)	(16.4%)	(11.9%)	(14.6%)	17.2%

Strong improvement over several years

	2H18	2H19	2H20
Days of Volatility	39	25	36
Transactions (# 000's)	493.5	527.8	565.5
Transactions per Client	6.4	7.0	7.3
Net Operating Income	$56.3m	$58.9m	$65.6m
Underlying EBITDA	$14.8m	$16.1m	$21.7m
Underlying EBITDA margin[3]	24.3%	25.2%	30.2%
Net cash held[4]	$57.4m	$58.6m	$61.0m

1. Source: OFX analysis and https://www.thomsonreuters.com/en/resources/fx-volumes.html
2. Based on 14 day moving average of daily % movement in AUD/USD spot price. Number of days when volatility +/- 15ps.
3. Underlying EBITDA margin = Underlying EBITDA / Revenue
4. Net cash held= Cash held for own use + Deposits due from financial institutions

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Strong, sustainable company

Key learnings from March 2020[1]

A very loyal Consumer base

- Revenue from reactivated clients[2] up 132%
- Higher initial value from new clients with first month revenue up 52%

Strong active Corporate portfolio

- Revenue from existing clients[3] up 38%
- Providing a stream of recurring flows with transactions per client up 17%

Global platform to capture FX volatility

- Consumer: up 126% on USD:AUD revenue, down 36% on AUD:USD revenue
- Corporate: up 276% on USD:AUD revenue, up 34% on AUD:USD revenue

Outstanding service

- No interruption in service with access to OFX team 24/7
- Continued support of all currencies with no transaction limits

1 March increases are versus the FY20 Feb YTD average
2 Reactivated clients are clients who have traded in the month and had not traded in the prior 12 months
3 Existing clients are clients who first transacted prior to 1 March 2020

> Wish I knew about OFX long time ago... First class foreign exchange trading company, always at hand when you need them. Thank you guys, you are second to none.

Trustpilot

> This is an excellent company. Reliable, easy to use, very fast transfers. Very helpful on the phone when setting up for the first time. Can't fault them at all.

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Continued transaction growth, improved ATVs delivering record turnover

More targeted acquisition

Active clients
152.7k
Down 2.4% from 31-Mar-19

×

Corporate driving strong activity

Transactions per active client
7.3
Up 8.8% from 31-Mar-19

=

Strong consistent growth in transactions

Transactions
1,113.4k
6.2% up on FY19

×

ATVs improved to $23.2k in 2H20

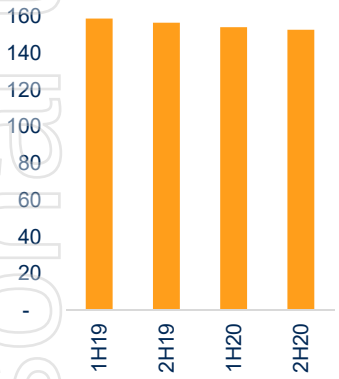
ATV
$22.1k
1.9% down on FY19

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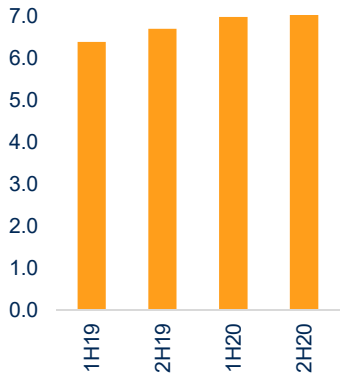
Resulting in strong turnover and a record year

Turnover
$24.7b
4.1% up on FY19

Active clients ('000)

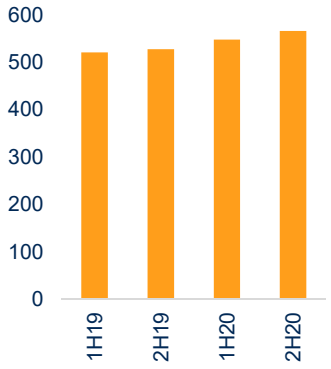


Transactions per active client (LTM)

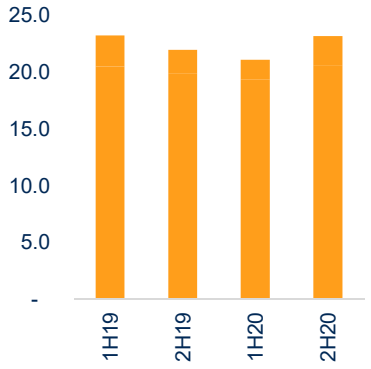


LTM = Last twelve months

Transactions ('000)

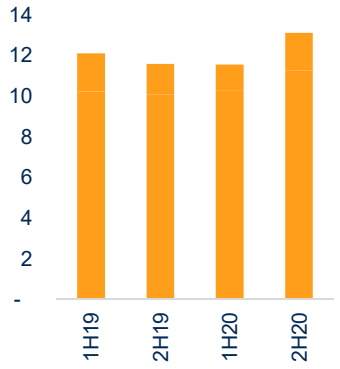


Average transaction value ($'000)



ATV = Average transaction value

Turnover ($b)



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Growing lifetime value with continued strong recurring revenue

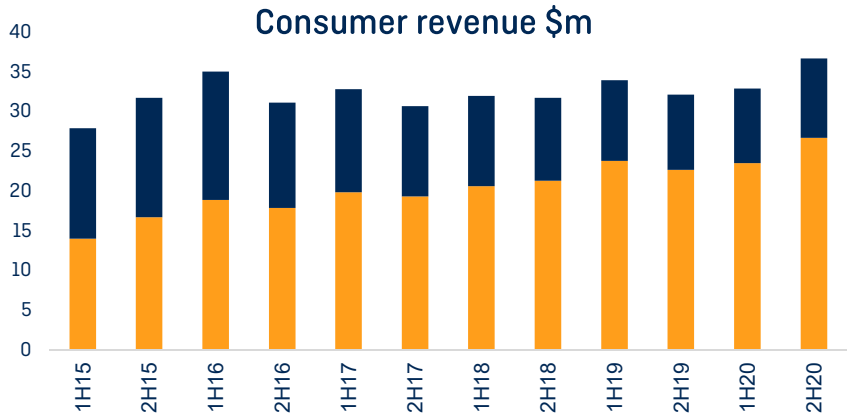
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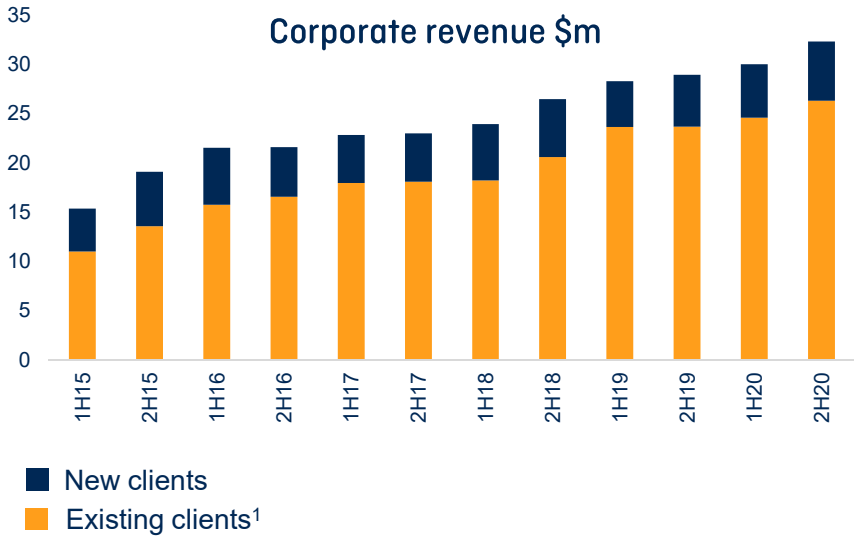
Revenue from existing clients[1]
76%

Stable at 76%

Active clients at 31-Mar-20
152.7k

Down 2.4% from FY19

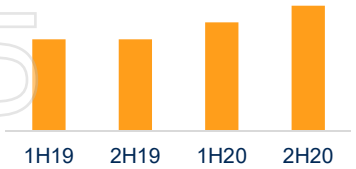




1. Existing clients (previously defined as Returning clients) are active clients who first transacted > 12 months ago

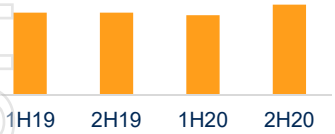
A record second half driving global growth ex Asia

North America
Revenue



Turnover +20.7%
Transactions +22.1%

Europe
Revenue



Turnover +5.3%
Transactions +8.2%

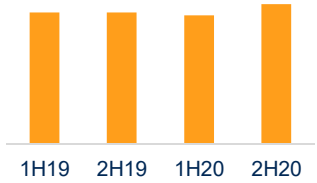


Asia
Revenue



Turnover (18.7)%
Transactions (24.6)%

A&NZ
Revenue



Turnover +5.0%
Transactions +6.1%

- Turnover and transactions represent growth from FY19 to FY20

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FY20 Financial Results

Selena Verth

Chief Financial Officer

Healthy key metrics

Financial results	FY19	FY20	V%
Financial Metrics			
Fee and trading income ($m)	128.7	137.2	6.6%
Net operating income ($m)	118.7	125.2	5.4%
Underlying operating expenses[1] ($m)	82.8	86.9	5.0%
Underlying EBITDA[1,3] ($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 NPAT[3] ($m)	17.1	20.3	19.0%
Net cash held[4]	58.6	61.0	4.2%
Operational Metrics			
Registrations ('000's)	139.6	122.1	(12.5%)
Active clients[2] ('000's)	156.5	152.7	(2.4%)
Turnover ($b)	23.7	24.7	4.1%
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

- Fee and trading income up 6.6%, supported by scaled pricing tests and improved treasury management
- NOI up 5.4%, Transactions up 6.2% (Consumer up 0.4%, Corporate up 12.8%). Continue to drive commission management, bank fee efficiency
- IPS revenue of $4.7m down 24%, EBITDA accretive with a margin of 48.6%
- Taxes at 17.9% due to deferred income tax benefit
- Statutory NPAT up 19.0%, including substantial investments. Underlying NPAT up 4.5% to $21.4m
- Unfranked final dividend of 2.35c per share, consistent with 1H20, below historical guidance given economic uncertainty

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Improved expense management supporting a stronger EBITDA margin

$m	FY19	FY20	V%
Employee expense	50.3	53.4	6.2%
Promotional expense	17.6	13.6	(22.4%)
Technology expenses	5.1	6.3	22.2%
Occupancy expense	0.7	0.7	(0.7%)
Bad and doubtful debts	0.8	3.3	308.2%
Other expense	8.3	9.6	15.7%
Underlying operating expenses[1]	**82.8**	**86.9**	**5.0%**

Underlying operating expenses

- Employee expenses up 6.2%, with revenue generating FTEs up 8.0%
- Increased efficiency of promotional expense, down 22.4%, cost per registration down 11.3%, cost per new dealing client down 7.4%
- Technology expenses up 22.2% due to increase in software as a service as components of our technology stack are purchased versus built
- Occupancy expenses have been restated in line with AASB16

Underlying positive operating leverage

Net operating income
+5.4%

Underlying operating expenses[1]
+5.0%

Underlying EBITDA[1]
+6.4%

Bad & doubtful debts

- Higher loss rates have been experienced in North America due to market payment processes
- 4 incidents generated 27% of losses
- North America contributing to 77% of losses, implemented both face and voice biometrics controls
- March 2020 fraud detection rate 99.3%

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

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Investments delivering improved client experience and scalable systems

Client experience



- Corporate onboarding
- Partnership with Link Australia
- Global Currency Account
- Pricing

- New online forms, onboarding time down 14% in US, 33% in UK
- Link Australia onboarding registrations live
- Online Sellers 52% increase in straight through processing
- Pricing campaigns running at scale, reaching ~300k clients, client offers up 7x in 2H20 v 1H20

Reliable, scalable systems



- Payments engine
- Transaction monitoring
- Risk Management

- Improved USD capability
- Best in class money laundering detection capability
- Continued strong results on audits and exams, 7 US state reviews & 4 independent AML reviews with no significant findings

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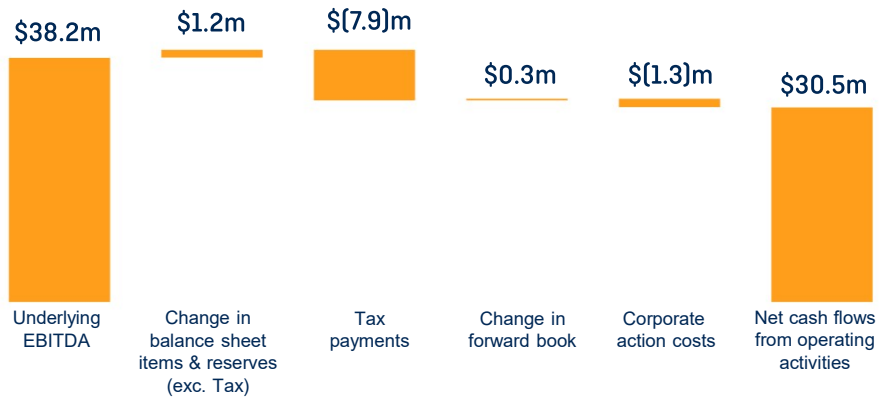
No debt and strong cash flow; a differentiator

$m	31-Mar-19	31-Mar-20
Assets		
Cash held for own use	26.1	28.8
Deposits due from financial institutions	32.5	32.3
Cash held for settlement of client liabilities	155.2	207.0
Derivative financial assets	9.1	35.1
Right-of-use assets[1]	15.5	17.2
Other assets	6.4	10.2
Property, plant and equipment	3.2	2.3
Intangible assets	11.0	14.8
Deferred and prepaid tax assets	3.0	6.1
Total assets[1]	**262.0**	**353.8**
Client liabilities	157.2	211.9
Derivative financial liabilities	6.4	32.7
Lease liabilities[1]	18.0	21.1
Other liabilities	10.7	12.1
Total liabilities[1]	**192.3**	**277.8**
Total equity[1]	**69.6**	**76.0**

1. Right-of-use assets and Lease liabilities for 31-Mar-19 restated due to accounting changes for leases (AASB 16)

- Net cash held $61.0m, up $2.5m, net available cash $24.5m
- Strong credit processes, daily forward margin calls
- Net derivative position stable as $2.4m
- Tax payments of $7.9m, 1H instalments of $7.9m, offset by 2H refunds
- Unfranked final dividend of 2.35c per share

FY20 net cash flows from operating activities



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FY21 Outlook

Skander Malcolm

Chief Executive Officer and Managing Director

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Accelerating growth drivers through Online Sellers and Enterprise



Online Sellers

- $3.3 T[1] turnover in cross border ecommerce, expected to grow strongly
- OFX well established growing to $1.6bn turnover in FY20 through our Global Currency Account
- Development of an Online Sellers vertical with dedicated business development, sales, marketing, product and support teams
- OFX's core strengths in banking partnerships, licensing, and compliance provide a competitive advantage to execute successfully

Leveraging internal assets in a growing market



Enterprise

- New enterprise partnerships can create a step change in revenue with accretive EBITDA margins, FY20 Enterprise underlying EBITDA margin 49% v OFX 28%
- Announced Link Australia partnership with $5m revenue in FY22
- Strong and growing pipeline, global uncertainty encourages clients to look at better cost and service solutions
- Expansion of sales and pre sales support resources

Faster build and execution of the pipeline globally

1. Frost & Sullivan, Accenture-Aliresearch forecasts

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FY21 focus areas

Growth drivers

Client Experience

- Substantially improve Corporate client onboarding
- Scale Corporate CRM
- Expand Online Sellers banking and enhance reporting

Geographic Expansion

- Continue investment in North America
- Accelerate Corporate growth in UK & A&NZ
- Complete Asia pivot to accelerate Corporate

Partnerships

- Scale Link Australia partnership
- Scale API solutions in line with partner opportunities
- Grow partnerships across Online Sellers globally

Foundational enablers

Reliable, Scalable Systems

- Deliver low cost and faster delivery for USD
- Implement new Data Strategy to support scaled Marketing, Operational and Treasury effectiveness

Risk Management

- Scale enhanced Transaction Monitoring program in Online Sellers
- Deliver improved Fraud controls globally
- Deploy case management to support enhanced quality assurance program

People

- Implement enhanced leadership & development program globally
- Scale commercial excellence
- Grow regional headcount and strengthen presence

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FY21 outlook



Uncertain economic conditions

- GDP expected to shrink worldwide
- April revenue subdued, new revenue growth encouraging in Corporate
- Not targeting positive operating leverage in FY21[1]
- Dividend payout to remain under review



Maintain financial discipline

- Continue to manage our expenses while maintaining flexibility to grow
- Disciplined investment where there is competitive differentiation and opportunity
- Maintain stable NOI margin



Build a more valuable business

- Continued focus on North America and Corporate growth globally
- Scale Link Australia partnership and win new partnerships globally
- Accelerate Online Sellers

1. Positive operating leverage: NOI is growing at a faster rate than underlying operating expenses.

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Questions ?

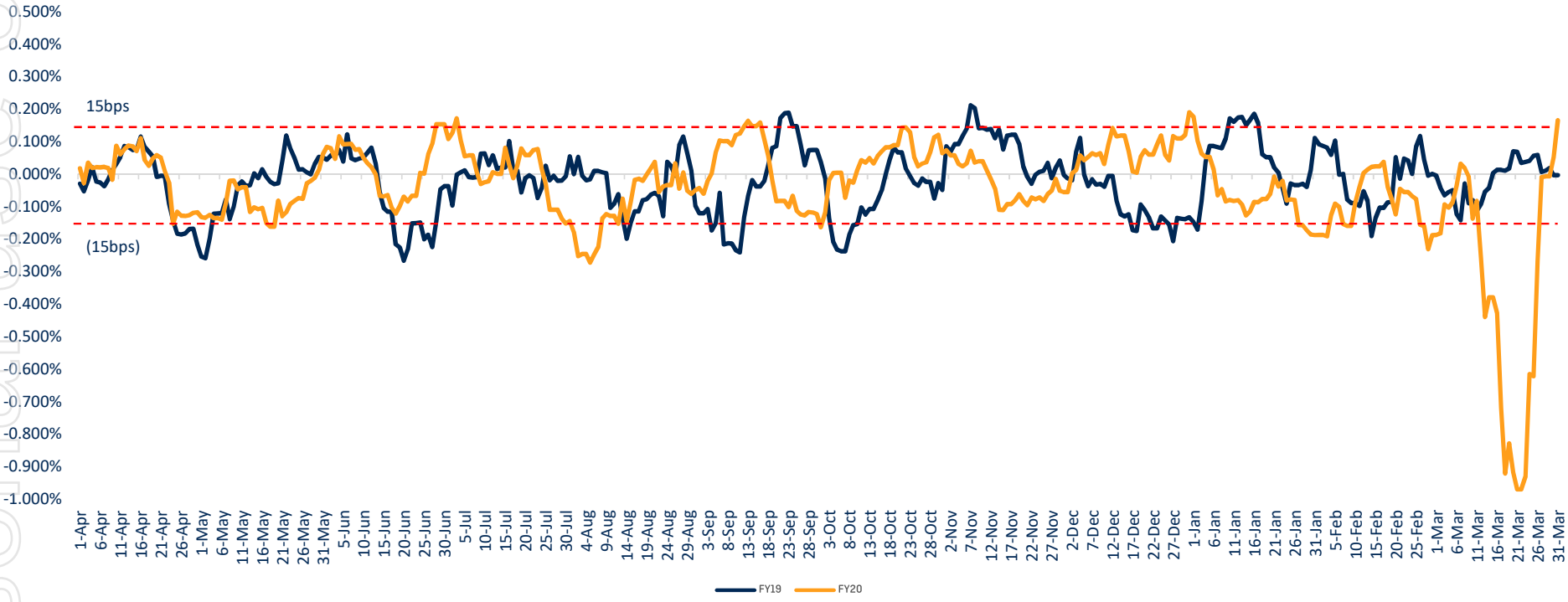


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Appendix

High volatility in 4Q20

14 day moving average of daily % movement in spot price (AUD/USD)[1]



1. AUD/USD is a major trading corridor within the portfolio

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Thank you

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