



**OFX Group Limited
Annual General Meeting
7 August 2018**

CEO's Address

Thank you, Steve.

Firstly, let me add my welcome to the welcome from Steve to all investors, analysts and other followers of the company with us today. In addition to the Executive team, it's great to have members of OFX staff with us.

2018 has been a strong year, and I will reflect a little on the progress we have made, as well as share my thoughts on areas of focus for 2019 and beyond. I will also share some brief comments on trading in the first quarter of 2019.

Reflections on 2018

Firstly, reflections on 2018. As we shared in our annual results, 2018 was a solid year for the company.

We grew Net Operating Income, to \$109.9M, up 4.6% for the full year, and gaining in momentum in the second half. In the fourth quarter it grew by 11.5%. We grew our EBITDA to \$29.8M, up 7.5% for the full year. Critically, through disciplined cost control, we delivered positive operating leverage with NOI growing more than operating expenses. And we will deliver shareholders a dividend of 3c per share, fully franked.

Some highlights on our NOI growth included:

- A good re-activation of Australia, our largest and home market, in the second half, as well as continuing strong momentum in North America & Asia.
- We maintained stable NOI margins at 52 basis points.
- Strong momentum in our Corporate portfolio – up 11%.
- Strong growth in transactions, and transactions per active client.

Our clients love us – the NPS scores grew to 59 over the year – but we need to continue to improve the client experience. We have implemented over 50 new features and benefits across the Consumer & Corporate client experience, simplified our customer communications to drive higher engagement, and improved client on-boarding.

Meanwhile our technical delivery continued at good pace and we have a clear path to a more reliable and scalable technical platform. Our server hosting costs continue to decline, the investment in better payments capability has resulted in lower banking costs per transaction, and better analytics tools such as Mouseflow and Firebase are helping us further refine and improve our web, mobile, and app experience for Consumer and Corporate clients.

It was also a very important year for our people. For the first time in three years we were able to pay our short-term incentives, due to our good performance. We also made a number of very strong hires, including Selena Verth as our Chief Financial Officer, Wendy Glasgow as our Chief Technology Officer, Mike Kennedy as our President, North America and Mark Shaw as our Chief Risk Officer. And we promoted Freya Smith, our Company Secretary, to Chief Legal Officer. Through these appointments we have added considerable strength in leadership, commercial acumen, analytics, M&A and operational and risk excellence.

In addition, we promoted several other internal candidates to key roles, including Head of Treasury, VP Commercial Finance, North America, Head of Operations globally, Head of Fraud, and many other important roles. All these appointments position us to be a bigger, more global, and bolder company through stronger leadership and a deeper emphasis on talent management.

The Board and I are delighted with the progress we made in 2018, which showed in our results, particularly in the second half.



Our Focus for 2019 and Beyond

Secondly, let me touch on our focus areas for 2019 and beyond. As we set out at our Investor Day in March, and full year results presentation in May, we have developed a clear strategy to grow OFX. At the heart of the strategy are three 'foundational enablers':

- Reliable and scalable technology.
- Strong risk management.
- Our people.

We continue to invest in these three areas which, we believe, will be the basis of the trust between OFX and our investors, clients, regulators, and partners. It is exceptionally clear that delivery against the standards we set are our 'ticket to compete', and the progress we continue to make in these areas is critical.

However, we must and can do more. As I shared at last year's AGM and we frequently discuss with investors, the market is very competitive. If we don't adapt and invest, we will be left behind. In order to grow, the strategy we outlined is focused on three 'growth pillars':

- Deliver a better client experience.
- Expand geographically.
- Develop new Partnerships.

We will be consistently reporting against these growth pillars and are already making good progress. Our improved web and mobile experience have recently been implemented, and the client response so far has been positive. In May, we implemented enhancements to our Global Currency Account, which has accelerated transaction growth at healthy margins. We continue to see the success of our investment in North America and Asia. Discussions with potential commercial partners continue.

We have committed additional capital expenditure in 2019, most of which will go towards delivering a better client experience by creating a lean, simple, engaging and responsible on-boarding experience for people wanting to use our services.

Our Group Executive has identified clear priorities for us for 2019, including adopting shared accountability via shared KPIs across several key items.

Our Board, as Steve has mentioned, is active. We recently spent a week in San Francisco reviewing the investments we agreed for 2019, meeting clients, bankers, and engaging with our staff. We also spent time looking at emerging technologies that may help or hinder us. This has only further encouraged us that we have a strong value proposition and growth pathway.

Trading for First Quarter of 2019

Finally, let me share a snapshot of trading for the first quarter of this financial year. This slide demonstrates that the strong momentum we built in 2H 2018 has continued.

Our Net Operating Income grew 13.0% vs the prior corresponding period to \$30.1m, our best quarterly NOI ever. We saw NOI growth across all of our regions and across both our Consumer and Corporate businesses.

Our NOI margin remains stable, excluding an unusually high volume in our International Payments Services division which is typically at lower margins. We continue to manage our costs well and remain on track to deliver positive operating leverage for the full year.

Active clients at the end of June were 161k. While we are generating growth in Corporate, consumer has been subdued resulting in slight decline from the full year. This is an area we are focused on and we are confident the investments we continue to make in our client experience will improve active client growth, especially in Consumer, in 2019 and beyond.

Importantly, our transaction growth remains very strong at 13.6% as the number of transactions per active clients continues to improve. This indicates that existing and re-engaged customers find our platform great



value, easy to use, and reliable, supported of course, by great staff, available 24x7, to assist clients where they need it.

In summary, a strong quarter, continuing the momentum of the fourth quarter of 2018.

Conclusion

In closing, the Board, the Executive team and I are pleased with the progress we have made in 2018. We are seeing good momentum across the business, have delivered good operating results by focusing on execution, and have strengthened our talent pool.

We have a clear strategy. 2019 will require us to build on the intensity of our execution, compete hard, and if we do this we will grow sustainably.

Thank you to the Board for your continued support and counsel. Thank you to the Executive team for your leadership, your hard work, and your enthusiasm. Thank you to all OFX employees for executing well, upholding the trust of our shareholders, regulators, clients, and partners through your integrity and consistency. And thank you to you, our shareholders, for your continued support – we don't take it for granted.

And 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.