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August 2014

AGM

# Chief Executive Presentation

*This presentation reflects the financial performance and position of OzForex Limited (formerly OzForex Pty Ltd) (A.C.N. 092 375 703), which was the head of the OzForex Group prior to the interposition of OzForex Group Limited, and the subsequent capital raising, which occurred on 16th October 2013. This presentation is a fair representation of the information that was presented in The Prospectus.*

## Summary

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- On track to meet our 12 month September 14 prospectus financial forecasts
- FY14 result continued historical growth trend
- Q1 FY15 demonstrated growth across all key performance indicators
- US business is building scale with start-up investment period almost complete
- Ongoing growth in revenue and profit will come organically, through partnerships and via strategic acquisitions

# Agenda

- OzForex Background
- FY14 Performance Highlights
- FY15 1st Quarter Performance
- Prospectus Period Performance
- Looking Forward
- US Update



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# OzForex Background

## OzForex Group Overview

- **OzForex was founded in 1998 and listed on the ASX on October 11, 2013**
- **Provides online international payment services for consumer and business clients**
  - Provides clients with a way to transfer funds securely to a bank account in another country at competitive rates
  - Provides a range of services including: direct payments, forward contracts, limit orders, foreign exchange options and travel cards
  - Generates income by taking a foreign exchange spread on each transaction and transaction fees
- **Provides international payment solutions to partner companies (e.g. Travelex)**
  - Enables partners to leverage our technology and infrastructure to offer international payments to their client base
  - Partners receive a share of both the spread and transaction income
- **Headquartered in Sydney with six office locations around the world**
- **What we don't do**
  - Speculate or take positions on the direction of the FX market
  - Margin FX
  - Deal in cash or travellers cheques

## Competitive Advantage

- **We continue to acquire and retain both consumer and business clients on the strength of our service offering**
  - Competitive pricing - a discount to traditional incumbents
  - Speed of delivery – our operating model ensures funds arrive at the destination account quickly
  - Fantastic service - premium client service to both consumers and businesses
- **Our service is supported by a combination of assets, relationships and processes that would be challenging to replicate**
  - Global footprint of licences (50+)
  - Network of local bank accounts to process transactions quickly and at a low cost
  - Scalable proprietary technology platform underpinning key business functions
  - Strong relationships with regulators
  - Multiple marketing channels with a strong focus on client service
  - Effective risk management and compliance management systems and framework
- **Our Executive team has a very strong professional services background and has a collective experience of 35 years with the OzForex business**

# FY14 Performance Highlights

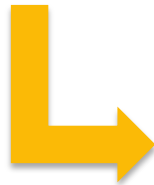


## FY14 Performance – Key Financial Metrics

Net Operating Income

**\$72.5m**

↑ 39% up on FY13



Pro Forma EBTDA

**\$28.3m**

↑ 30% up on FY13



Pro Forma NPAT

**\$20.1m**

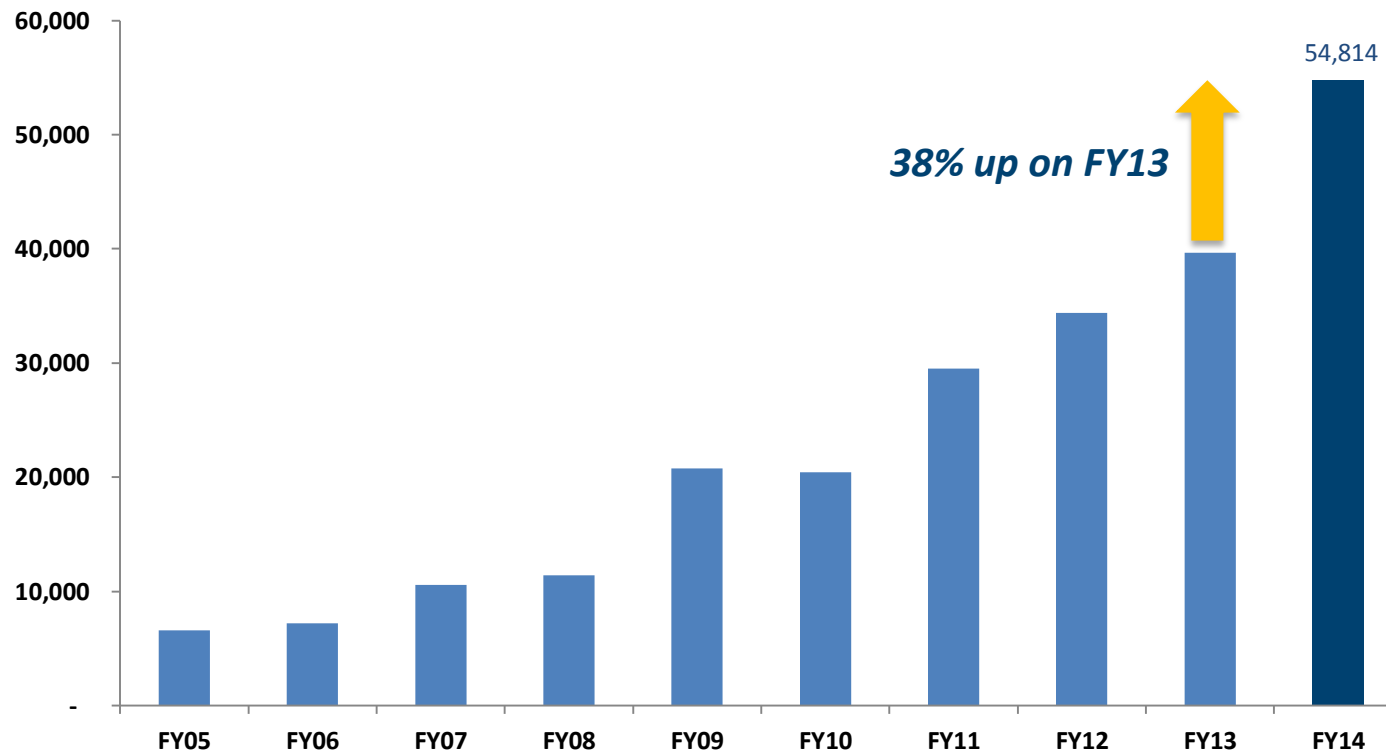
↑ 33% up on FY13



## FY14 Performance – Key Indicators

New Dealing Client performance was built on the growth in existing geographies, new geographies and the rollout of some key branded partnerships

### New Dealing Clients

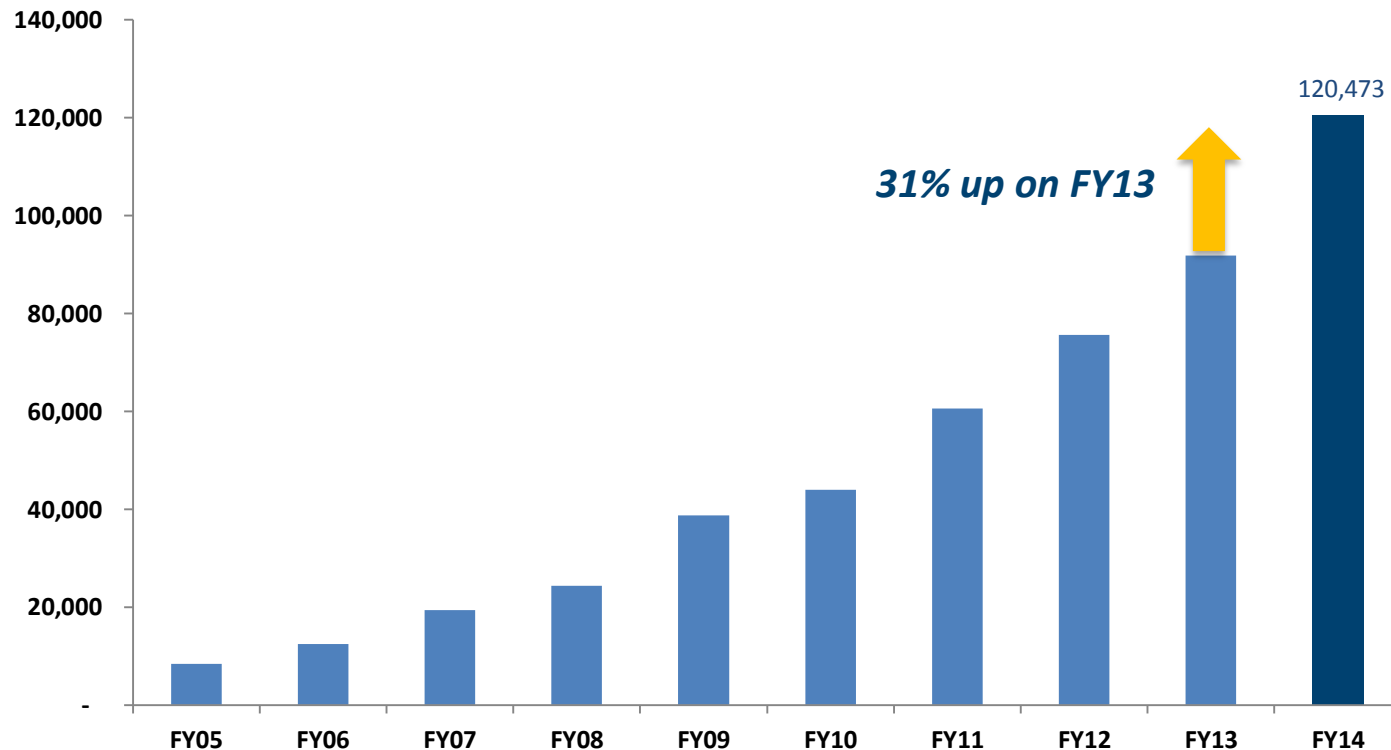


*\*New Dealing Clients are clients that transacted for the first time during that period.*

## FY14 Performance – Key Indicators

Active client growth for FY14 was again strong on the strength of our customer acquisition capabilities and our focus on client on-boarding and client retention

### Active Clients

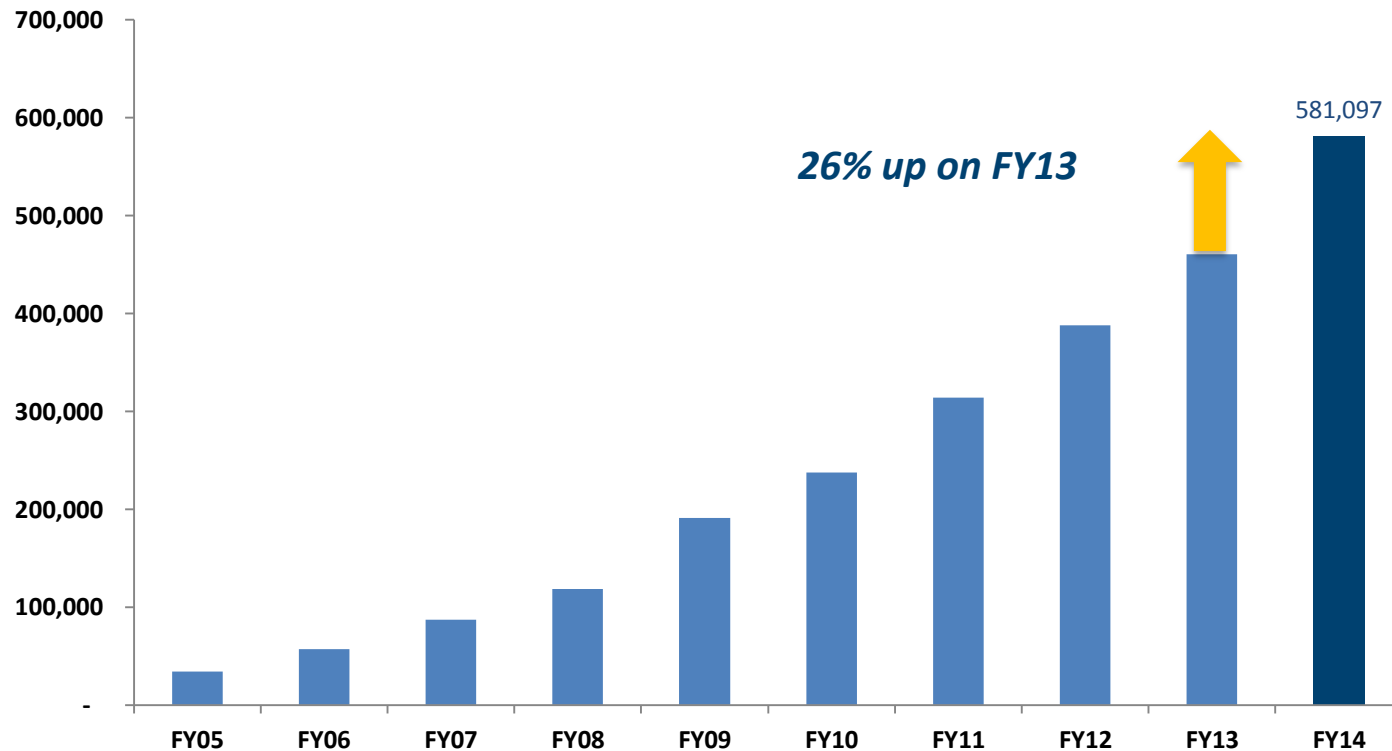


\*Active clients are clients that as at the end of a period have transacted at least once during the previous 12 months

## FY14 Performance – Key Indicators

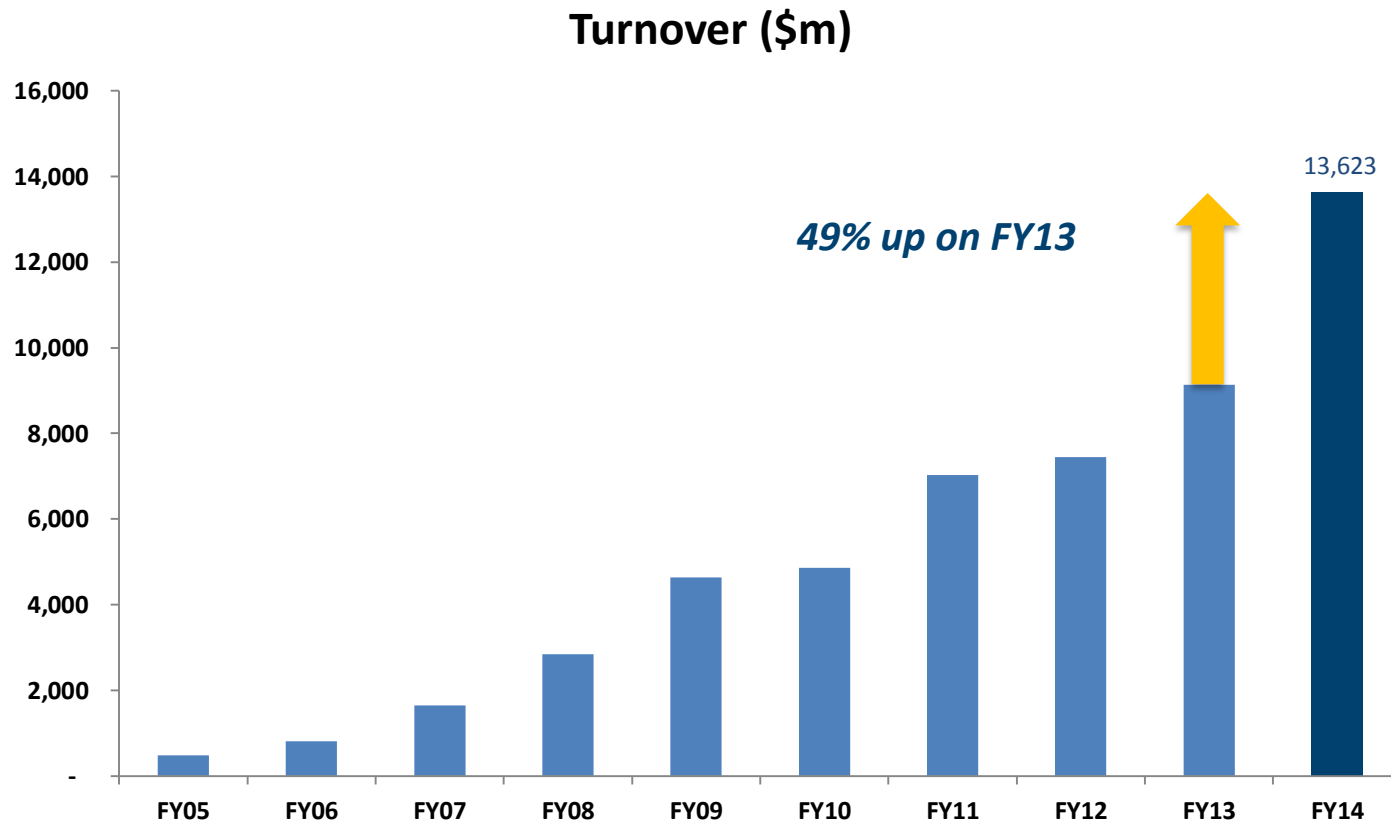
Transaction growth continued historical growth trend

### Transactions



## FY14 Performance – Key Indicators

Turnover is a function of transaction numbers and Average Transaction Value (ATV) with FY14 Turnover performance bolstered by an 18% increase in ATV on FY13



# FY15 1<sup>st</sup> Quarter Performance



## FY15 1<sup>st</sup> Quarter Performance – Key Financial Metrics

Net Operating Income

**\$19.6m**

↑ 15% on 1<sup>st</sup> Quarter FY14



Pro Forma EBTDA

**\$7.8m**

↑ 15% up on 1<sup>st</sup> Quarter FY14



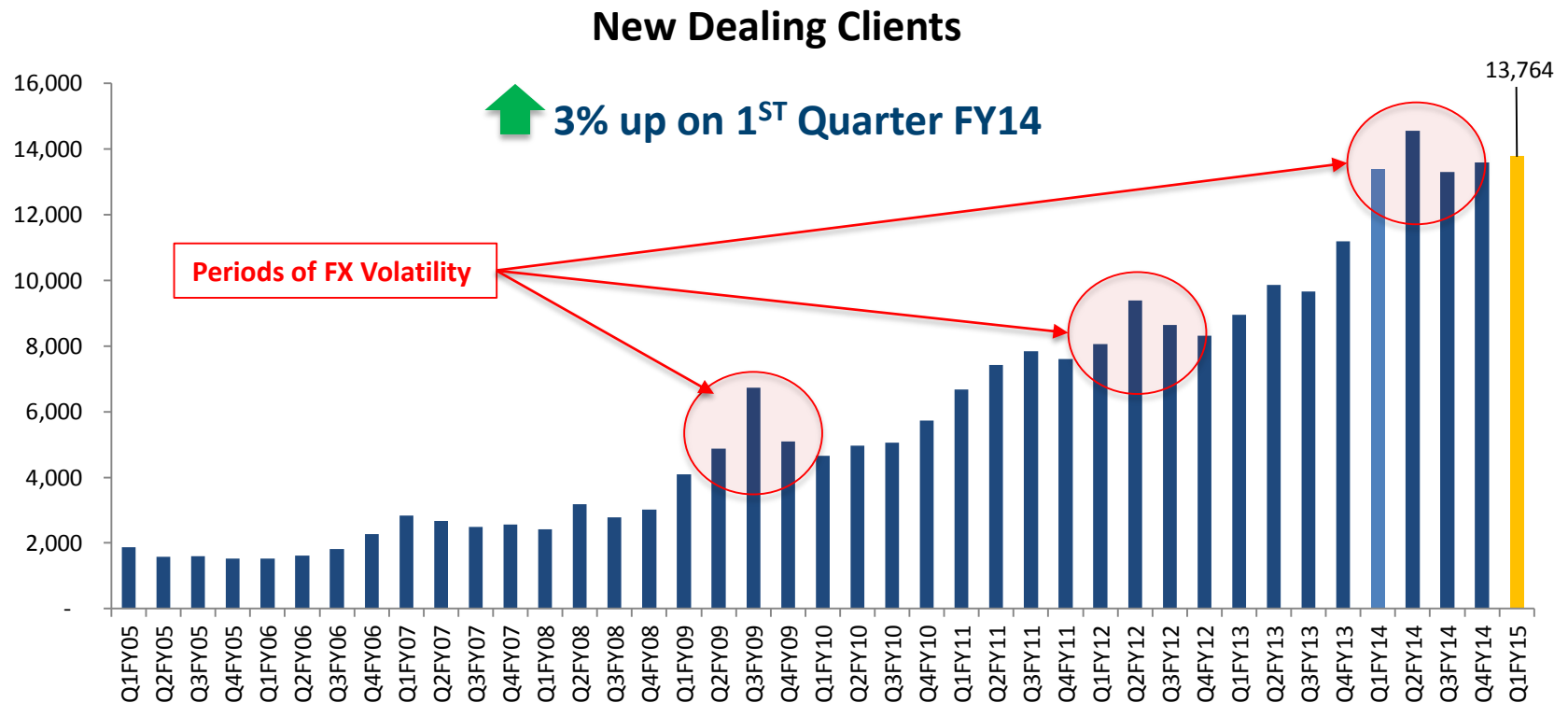
Pro Forma NPAT

**\$5.4m**

↑ 9% on 1<sup>st</sup> Quarter FY14

## FY15 1<sup>st</sup> Quarter Performance – New Dealing Clients

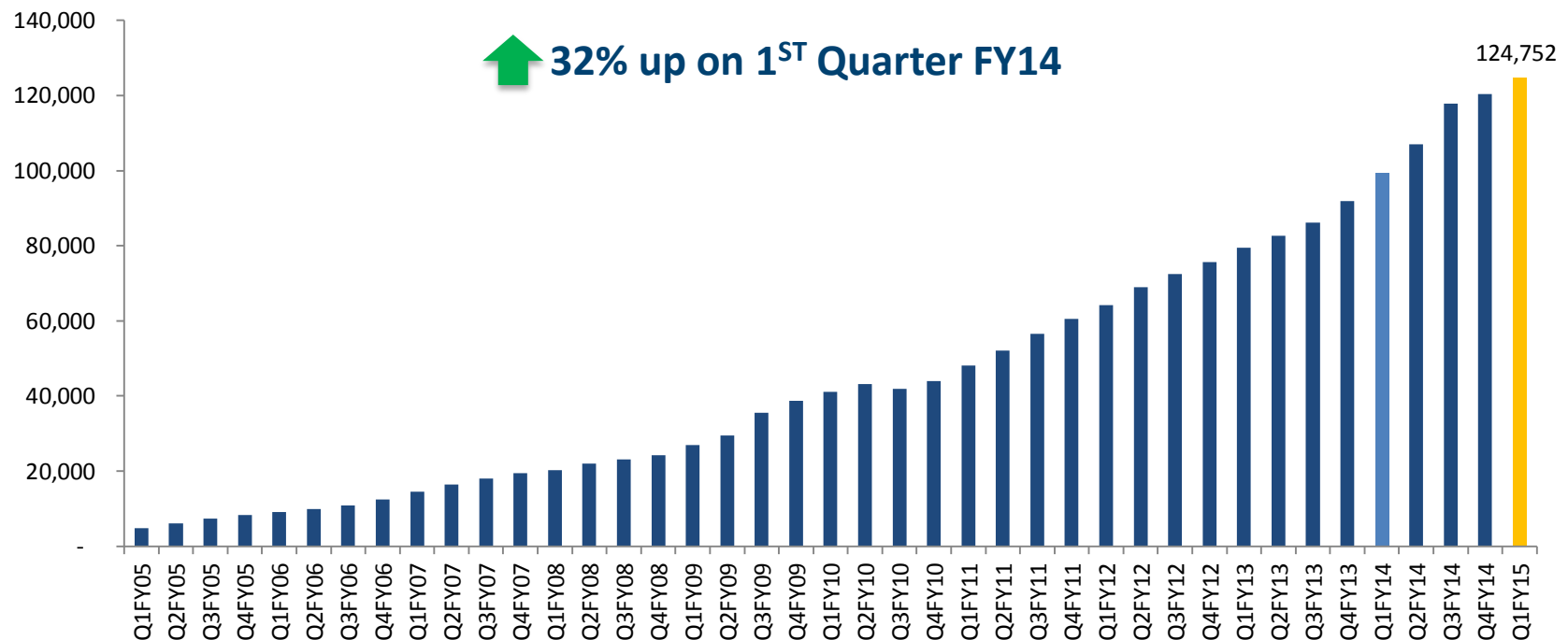
New Dealing Client numbers have an underlying growth rate that sees accelerated growth during periods of FX volatility



## FY15 1<sup>st</sup> Quarter Performance – Active Clients

Active client numbers for 1Q FY15 have grown on the back of improved New Dealing Client numbers and a 4 percentage point improvement to forecast in client retention

### Active Clients





## FY15 1st Quarter Performance - Transactions

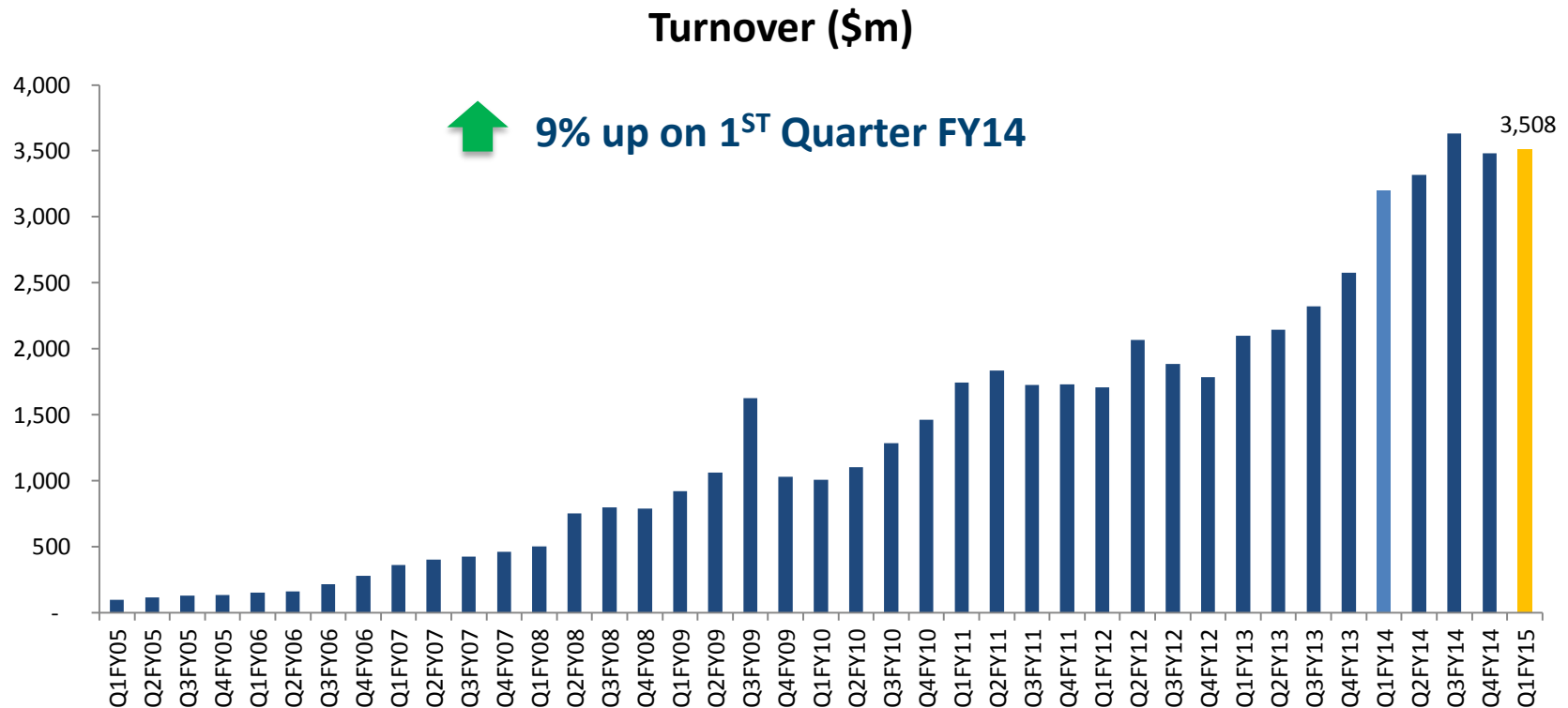
Transaction growth for 1Q FY15 is a continuation of historical quarterly growth

### Transactions



## FY15 1<sup>st</sup> Quarter Performance - Turnover

Q1 FY15 Turnover of \$3.5 billion, up 9% on prior corresponding period



# Prospectus Period Performance



## Prospectus Period YTD Performance - Key Financial Metrics

Net Operating Income

**\$57.1m**

↑ 4% on Prospectus

EBTDA

**\$22.7m**

↑ 2% up on Prospectus

Pro Forma NPAT

**\$15.8m**

↑ 3% on Prospectus

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## Prospectus Period YTD Performance – Variance of Key Performance Indicators

We are ahead of our YTD prospectus financial numbers and on track to deliver our 12 month September 14 Prospectus financial forecast

Financial Metric	Number	Variance to Prospectus YTD
<u>Turnover</u>	<u>10.6b</u>	<u>6%</u>
<u>Net Operating Income</u>	<u>\$57.1m</u>	<u>4%</u>
Expenses	(\$40.5m)	(3%)
<u>Pro Forma EBTDA</u>	<u>\$22.7m</u>	<u>2%</u>
<u>Pro Forma NPAT</u>	<u>\$15.8m</u>	<u>3%</u>

Operational Metric	Number	Variance to Prospectus YTD
New Dealing Clients	40,659	(20%)
Existing Clients	84,093	4%
<u>Active Clients</u>	<u>124,752</u>	<u>(5%)</u>
Transactions	458,251	(9%)
Average Transaction Value	\$23.2k	17%

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# Looking Forward

## Strategic Goals

We have three strategic goals that support our aspiration, to be the leading provider of international payments, and are true to our original ethos of being innovative and disruptive

### Expand Geographically



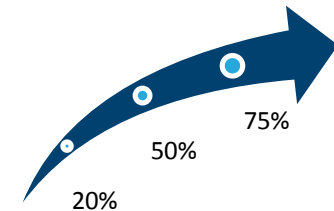
- Ongoing growth in mature markets
- Build scale in existing immature markets
- Enter new targeted markets

### Enhance Product Offering



- Continue to innovate in our “lead-in” product offering
- Roll out payment solutions in established markets (e.g. Travelex to USA and Canada)
- Assess and respond to customer needs

### Further Scale Existing Operations

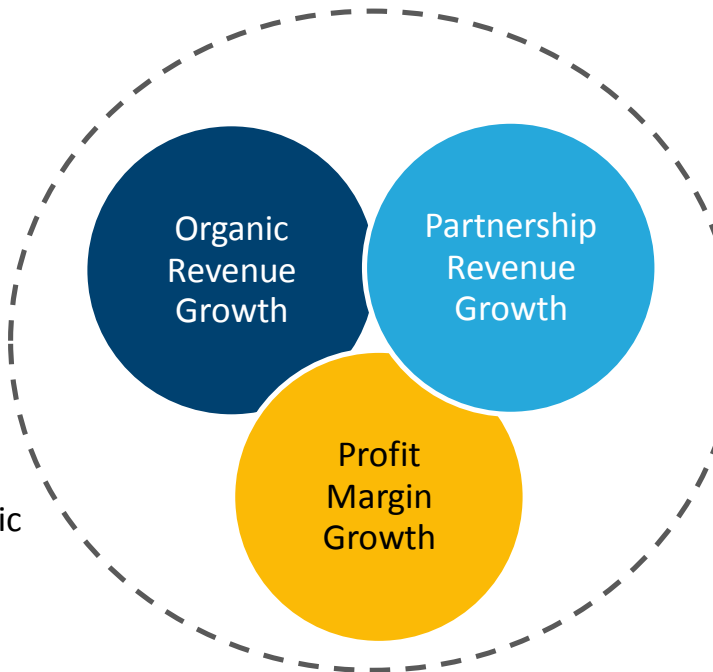


- Replace manual activities with scalable or automated processes
- Continuously improve time to market of all key processes
- Focus efforts on the highest value activities

## Growth Channels

By following our strategy we expect to deliver growth across both revenue and profit, acquisitions will be assessed for their contribution across these growth areas

- Expand geographically
- Broaden product offering



- Deepen and expand existing strategic partner relationships (Macquarie, Travelex, ING Direct, MoneyGram, CCYWare, SAASU)
- Continue discussions with existing prospects
- Continue to build out our Alliance business

- Further scale existing operations
- Execute on current change program

- Selectively assess M&A opportunities against strategic priorities

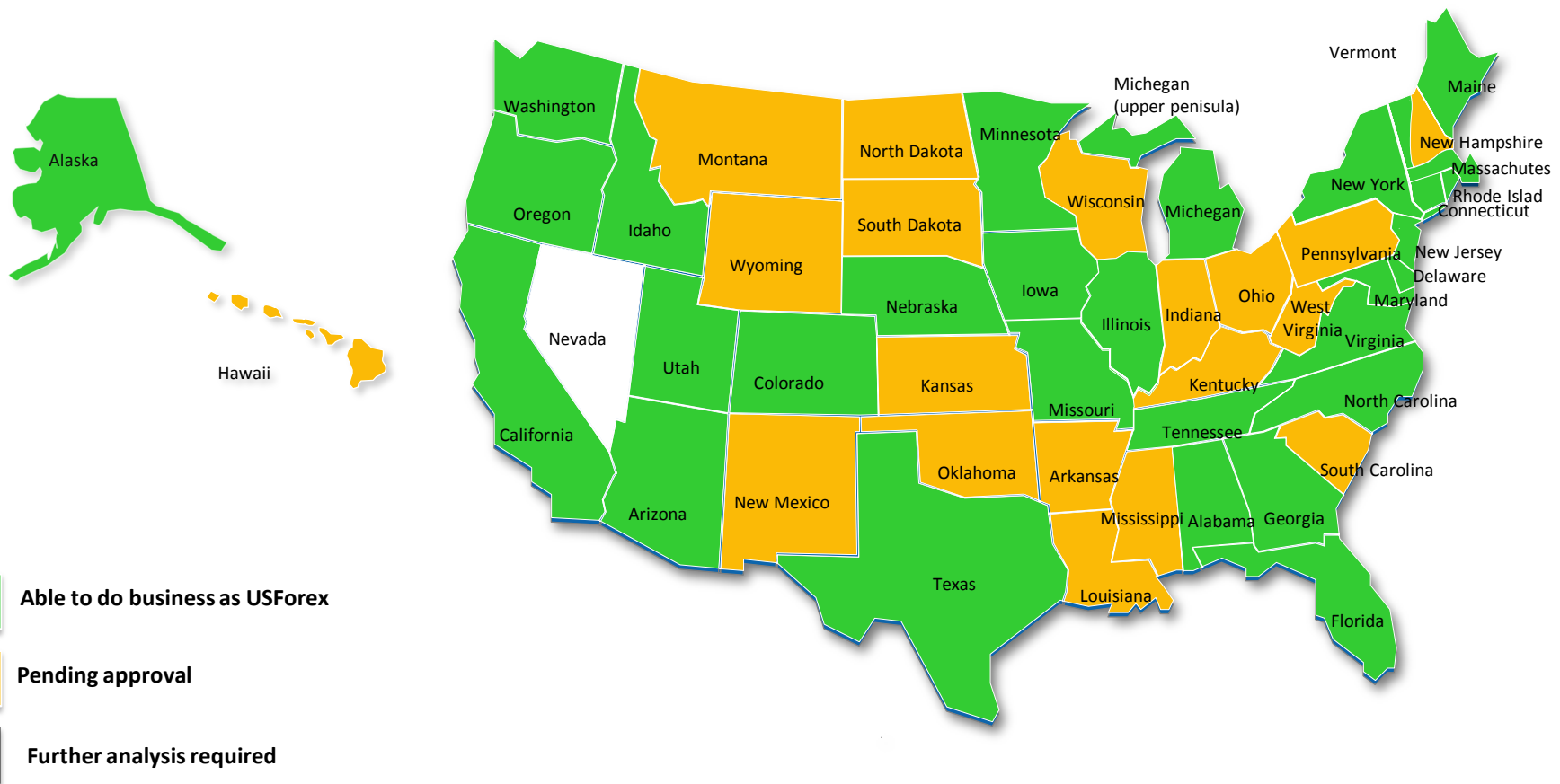


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## US Update

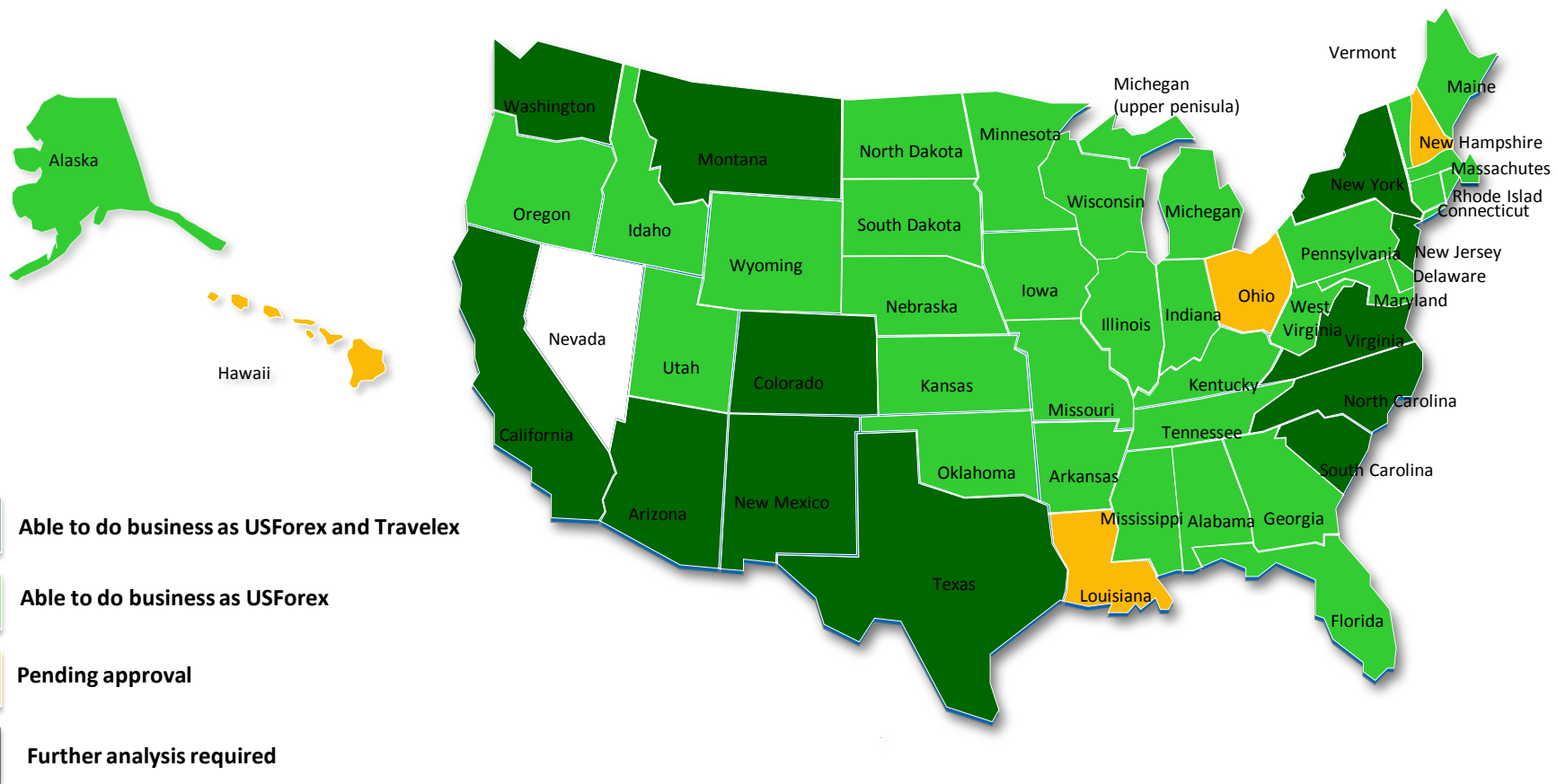
## US - License Footprint as at 3Q FY14

At the time of our ASX Listing we were able to service customers in 28 states under our USForex brand



## US - License Footprint at 1Q FY15

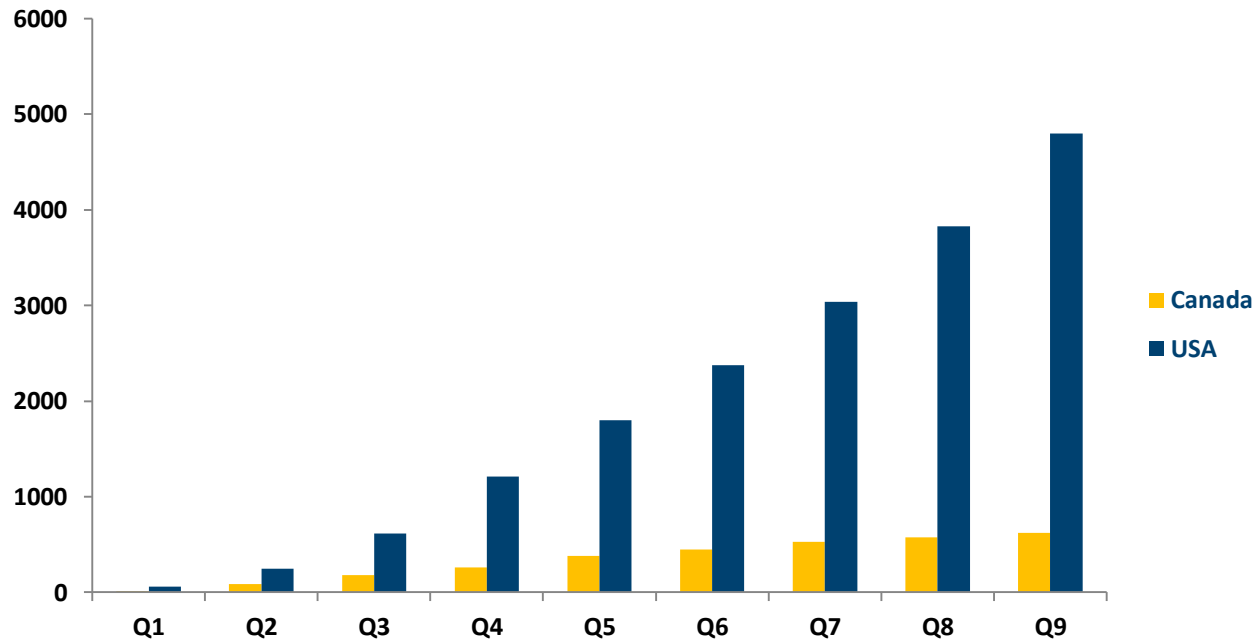
As at the end of the 1st Quarter FY15 we can now service customer from all but 5 US states and we can also service customers under the Travelex brand in 12 US states



## US Relative Performance

Growth in the US has been strong on the back of ongoing improvements in digital marketing and the introduction of new channels such as direct sales and alliance partnerships

### Active clients from launch



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## Group Executive Team

## Group Executive Team



**Neil Helm**  
**Chief Executive Officer**  
**7 years**



**Simon Griffin**  
**Chief Commercial Officer**  
**5 years**



**Mark Ledsham**  
**Chief Financial Officer**  
**6 years**



**Jacquie Davidson**  
**Head of Human Resources**  
**9 months**



**Jason Rohloff**  
**Head of Compliance**  
**7 years**



**Jeff Parker**  
**Chief Operating Officer**  
**1 Year**



**Linda Cox**  
**Company Secretary / IR**  
**9 months**



**David Higgins**  
**Chief Technology Officer**  
**11 years**

## Summary

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Thank you