OFX Group Limited
Annual General Meeting
2 August 2017

CEO's Address

Thank you Steve.

This is my first AGM, so I want to take the opportunity to thank Steve, the Board, and our Executive Team for welcoming me to OFX. It has been a very busy first 180 days, and a productive time. I thought the best approach for this address was to share with you, our investors, my first impressions of the Company; give you a feel for what we are focused on as an Executive Team in 2018 and beyond; and finally, give you a feel for how we are progressing so far in 2018. The 2017 full year results were covered previously, and all the material is available via the website, so I will not repeat that. However naturally the team and I are happy to field questions on that.

First Impressions of OFX

This is a sound company, with very strong growth prospects. A strong balance sheet, a strong regulatory and compliance track record and culture. A company that is 'capital light' that generates net cash. We have enduring customer relationships – the proportion of our income from customers who have been with us for more than three years is over 45% and growing. We are global, with offices in 6 countries, and teams in place for 5 years or more in most of these. A balanced revenue stream between Individual and Corporate clients. A core product that is considerably better value for our customers than 90% of the competition.

However, we have had a mixed record in the last 2-3 years, particularly in taking advantage of the growth opportunity – why? There is no single easy answer, but there are a couple of areas that have contributed more than most.

Firstly, our execution. All growth companies have choices, some make poor choices and some make good choices. In our case, it's clear that we were trying to do too much at once, and in some ways, avoided making the difficult choices. This meant our teams became very stretched, and as a result, executed poorly. We carried out a global re-brand, invested heavily in our technology platform including migrating to the cloud, and made a number of changes to the Executive Team. All while continuing to expand into our global markets. That is too much at one time, and whilst I couldn't fail the effort, the outcomes were not what we aspire to. In addition, we were working with an unsolicited bid, which took a lot of Executive Team attention.

Secondly, our competitive landscape has been shifting, and crucially, we didn't keep up. New entrants have innovated the on-boarding experience, they have introduced very aggressive pricing, and they have deployed better marketing programs than us. Rather than acknowledging and learning from the dynamic industry we compete in, we turned inward.

There is good news. Balancing the positives and the lessons learned, I am convinced that our opportunity is very much intact. Our balance sheet and regulatory programs mean that our banking partners see us as both bankable and diligent – we never take that for granted but it allows us to deliver more services and expand. In our Executive Team we have a good blend of experience, enthusiasm, and confidence. We are learning from the competition. We know that we must out-compete, out-innovate and out-execute. We must build a career for our future leaders. We must use insight, technology, and process to build a better customer experience.

Our Board is mature and diverse, and having been through a difficult period, wiser and more determined than ever that we succeed. We have a very clear picture of what good execution looks like and what it will deliver, and we have a clear sense of what we need to do to be more competitive, grow faster, and deliver better returns.

Areas of Focus for 2018 and Beyond

I have been asked by several investors whether I see a change of strategy as the way to unlock the opportunity. Right now my sense is that the areas we have been investing in - building a single brand and strong regulatory and compliance framework, and re-establishing our technical edge - are the right ones. I do feel though that if our goal is to get back to strong and consistent revenue growth, we need to have a much stronger customer focus. That means investing in marketing and sales, and data and analytics. Growth will come from increasing our active clients and the number of transactions per active client, expanding our Corporate portfolio, and taking more market share in North America.

So our first area of focus is marketing and sales. I discussed following our 2017 results some of the metrics which demonstrate the progress we are making – active clients were up nearly 4% last year, transactions were up nearly 9%, our cost per registration reduced by 45% last year, and the number of new active clients grew, particularly in North America.

To add to this, in 2018 we are focusing on the following areas:

- building a deep understanding of customer preferences by segment so we can deliver the value proposition they want;
- adding a lifetime value algorithm to our new client marketing;
- building an entirely new and productive customer marketing, or CRM program, targeting our extensive inactive customer base;
- adding sales people to grow our Corporate sales, particularly in the online sellers segment; and
- more than doubling our marketing investment in North America, supported by new Salesforce software to drive individual productivity.

It's a long list, but it represents how dedicated we are to driving a growth agenda. It's also achievable. There were many other initiatives that didn't make the list, but as I have said, our focus is on execution.

The second area of focus is improving our client experience. We were founded on the principles of getting better information to the public, and providing a better deal, with terrific service. So this is no more than getting back to what our people know works. In the last 12 months we have conducted three rounds of net promoter score (NPS) research. The good news is that we have achieved a very good overall NPS score of 46. But we can and must do better.

Our conversion rates – which are the number of registrations that convert into new customers – are a good proxy for the ease and quality of our on-boarding process. Whilst the trend is positive, we feel this can be improved by investing in process improvements like better straight through verification, Know Your Customer (KYC) processes that are more aligned with customers' risk profiles, and re-engineering both the customer experience and the user experience.

In 2017 we did a fair bit of heavy lifting, both technically and operationally, but we are ramping up our efforts in 2018 under a new Commercial Director. We are taking apart the customer journey, introducing Six Sigma resources to eliminate defects, engaging with customers to drive a better online experience, and establishing an altogether more engaging communication approach throughout the client journey. This will translate to better conversion rates, more active clients, and a better cost to revenue outcome.

Finally, our entire team is engaged in supporting our Product & Technology team as they make big inroads to our tech overhaul. This is a 3-year journey that we kicked off in earnest in the 2017 financial year. Again, good progress has been made but there is much more to do. Some of the key delivery items include:

- update to our pricing engine and payments platform;
- implementation of Salesforce as a CRM tool;
- enhancement of our Online Sellers platform; and
- continued modernisation of our core technical platform.

Progress in 2018

We are executing well against our key priorities of improving revenue, delivering a better client experience, and executing on our technology improvement roadmap. In performance, we have seen positive momentum across several metrics. Specifically:

- Active clients continue to grow and, as at 31 July 2017 are at 158,200. Encouragingly our early CRM tests are working well in driving incremental activity.

- In Q1 2017, we experienced Brexit, where volumes in all areas were unusually high. Notwithstanding this, comparing Q1 2018 to Q1 2017:

  - Transactions are up 8%.

  - Our marketing execution has continued to perform well:

    - In North America we have had a significant pick up in registrations (up 27%) and new clients (up 31%); and
    - Our Corporate business continues to grow at a faster pace with strong new customer registration growth, particularly in Europe (up 59%) & North America (up 50%).

  - We have seen better conversion rates in both our North American and ANZ Consumer business having implemented further enhancements to the client experience.

Meanwhile, we continue to vigilantly manage our costs, and remain on track to deliver positive jaws in the first half of FY2018.

In addition, I am very pleased about recruiting Selena Verth as our new Chief Financial Officer effective 1 November 2017. Selena was appointed to the role of Chief Financial Officer following an extensive search and selection process. Selena is a very strong Finance professional, with exceptional operating and analytic skills and will be an excellent addition to the OFX Executive team.

Selena is here with us today and will join me and the Board and Executive Team for refreshments following the closure of the meeting.

In closing, I would like to re-iterate my thanks on behalf of the OFX Executive Team to our shareholders for your ongoing support, to the Board for your support and guidance, and, critically, to OFX customers for your custom.

With that I will 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. It has offices in 6 locations. The OFX Group provides services under the brands OFX, CanadianForex, NZForex, Tranzfers and ClearFX. OFX is part way through its journey of moving to a single global brand, OFX, using a single domain name, www.ofx.com