



Appen Limited

FY2015 First Half Results Presentation



Appen helps the worlds leading vehicle makers develop hands-free, voice-activated systems for safer driving



Appen helps major ecommerce vendors improve search accuracy to make shopping easier, improve conversion rates and grow businesses

Appen helps leading search and social media companies deliver relevant content and news to their users



Appen's work underpins speech recognition technologies for government and commercial applications such as Skype's translator that connects friends and businesses around the globe



Appen works with gaming console providers for voice activated commands that enhance the player's experience

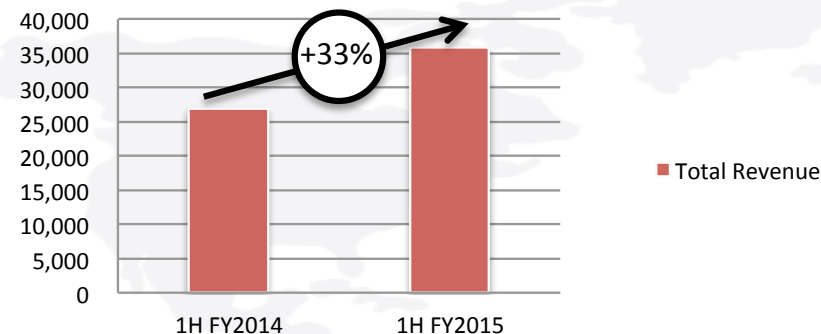




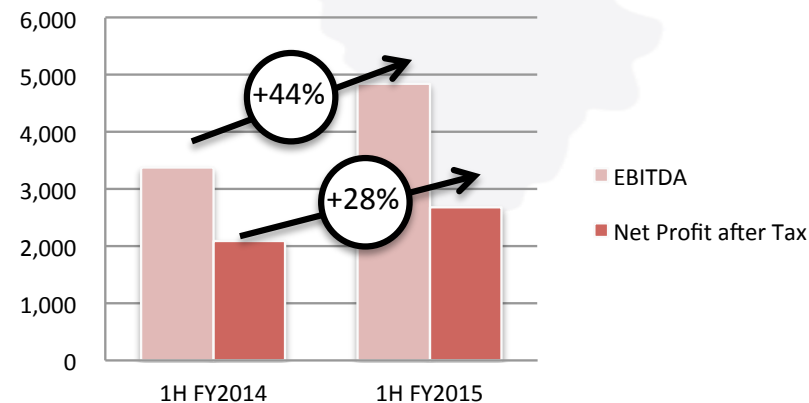
FY2015 1H Highlights

- Revenue up 33% on 1H FY2014
- EBITDA up 44% on 1H FY2014
- NPAT up 28% on 1H FY2014
- Addressing customer concentration
- Entered social media and ecommerce markets
- On track to exceed full year prospectus

1H Revenue Performance



1H Earnings Performance





Company Overview

- Appen founded in 1996. Butler Hill group founded in 1993. Merged in 2011
- Provide high quality language data and services to major technology companies and government agencies worldwide
- Customers include 9 of the top 10 global technology companies
- 140 languages and dialects
- 180 staff globally
- Over 240,000 crowd-sourced on-demand contractors
- Offices in Australia, US and Philippines





FY2015 1H Results

	FY2015 1H	FY2014 1H	% change	% change constant currency
Language Resources*	13,064	11,923	10%	
Content Relevance	22,741	14,978	52%	
Total Revenue	35,804	26,902	33%	15%
Gross Profit	15,738	12,466	26%	
Expenses	11,579	9614	20%	
EBITDA	4,843	3,370	44%	9%
EBITDA Margin	14%	13%	1%	
NPAT	2,678	2,088	28%	7%
Results excluding one-off costs associated with IPO				
EBITDA	5,057	3,370	50%	15%
NPAT	2,828	2,088	35%	15%

- Revenue up 33% on 1H FY2014, mostly due to 52% increase in Content Relevance from new customers and the falling AUD
- NPAT up 28% on 1H FY2014 as revenue growth outpaced expenses supported by lower AUD rates
- Average AUD to USD rate of 0.78 1H FY2015 vs. 0.91 1H FY2014
- Currency corrected revenue growth of 15%, EBITDA of 15% and NPAT of 15% after one-off adjustments

* Formerly Speech and Data Collection. 'Language Resource' is aligned with the Language Technology market and broadens Appen's scope.



FY2015 1H Divisional Results

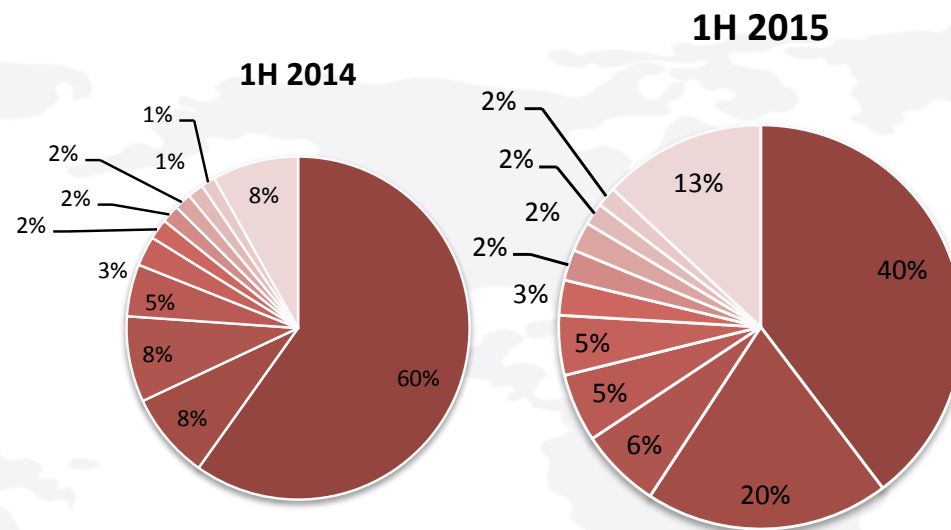
	FY2015 1H	FY2014 1H	% change
Language Resources*			
Revenue	13,064	11,924	10%
Gross Margin	8,147	7407	
Operating Profit	4,958	4,293	15%
Profit Margin	38%	36%	
Content Relevance			
Revenue	22,740	14,978	52%
Gross Margin	7,590	5,059	
Operating Profit	3,313	1,526	117%
Profit Margin	15%	10%	

- Language Resources* revenue up 10% due to ongoing demand from existing customers and the falling AUD
- Language Resources profit up 15% on revenue growth
- Content Relevance revenue up 52% due to new customer acquisition and the falling AUD
- Content Relevance profit up 117% due to revenue growth and economies of scale

* Formerly Speech and Data Collection. 'Language Resource' is aligned with the Language Technology market and broadens Appen's scope.

Customer Concentration

- Substantial new customers in 1H FY2015 have increased revenue and reduced customer concentration risk
- Five largest customers now 75% of revenue vs. 84% in 1HFY2014
- New customers in social media and ecommerce
- Large customers are repeat buyers



Top ten customers by revenue

Lightest shade is all other customers



Balance Sheet

	FY2015 1H	FY2014
Current Assets	21,757	18,922
Non-Current Assets	11,520	11,217
Total Assets	33,277	30,139
Current Liabilities	8,033	9,295
Non-current Liabilities	1,744	1,195
Total Liabilities	9,777	10,490
Net Assets	23,500	19,649
Total Equity	23,500	19,649

- Strong balance sheet. No debt.
- Current assets up due to increase in work-in-progress for Language Resources customers and change in the timing of receipts from our new Content Relevance customers.
- Dividend payout of 1.20 cents per share fully franked
- Dividend within Prospectus range: 43% of NPAT



Cash Flow

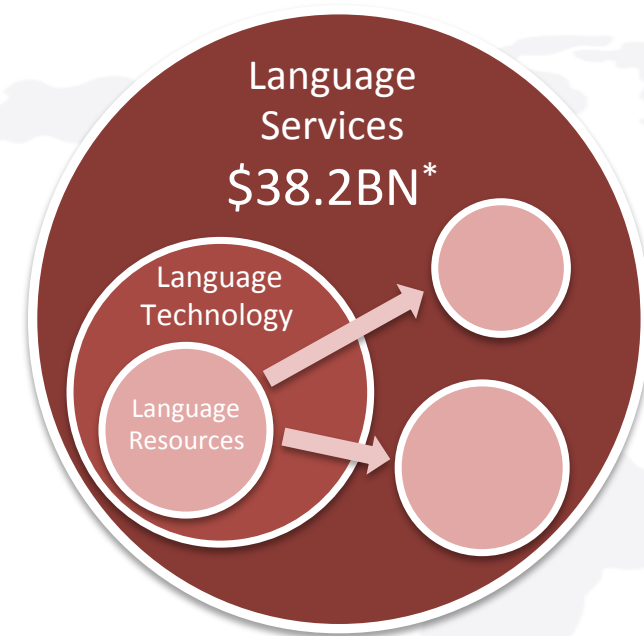
	FY2015 1H	FY2014 1H
Receipts	27,737	28,482
Payments and other	(30,924)	(27,759)
Taxes	(782)	(595)
Total Cashflow from Operations	(3,969)	128
Total Cashflows - Investment Activities	(247)	(2,968)
Cashflows (used in)/from financing Activities	601	1,035
Net Cashflows for the period	(3,615)	(1,805)
Opening cash balances	8,649	5,771
FX Impact	162	(340)
Closing cash balances	5,196	3,626

- Healthy cash position
- Cash receipts lower due to:
 - Early customer receipts of \$3.5m paid in late December 2014
 - Timing of new customer payments
- 1H FY2015 payments includes IPO costs of \$1.5M paid in January
- 1H FY 2014 investment activities includes a \$2.8m deferred payment in consideration of the Butler Hill acquisition in 2011



Growth Opportunities – Language Resources

- Appen provides data and services to the language technology market
- Language technology sits within the \$38.2BN language services market
- Opportunities exist for Appen to break into complex, high-value niches in the language services market
- Further opportunity to benefit from the lower AUD



* Common Sense Advisory, 2015



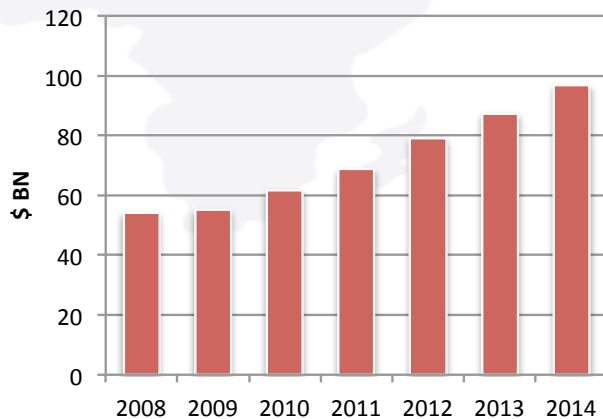
Growth Opportunities – Content Relevance

- **Search** accuracy attracts users and grows advertising revenue
- Appen has added search customers, grown revenue and reduced risk

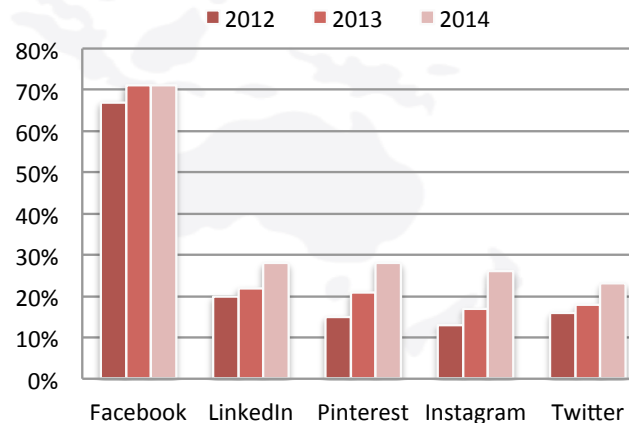
- **Social media** content and news relevance retains and adds users
- Appen works with leading providers to improve service to their users

- **eCommerce** conversion rates improve with effective search
- Appen has beachhead customers in ecommerce

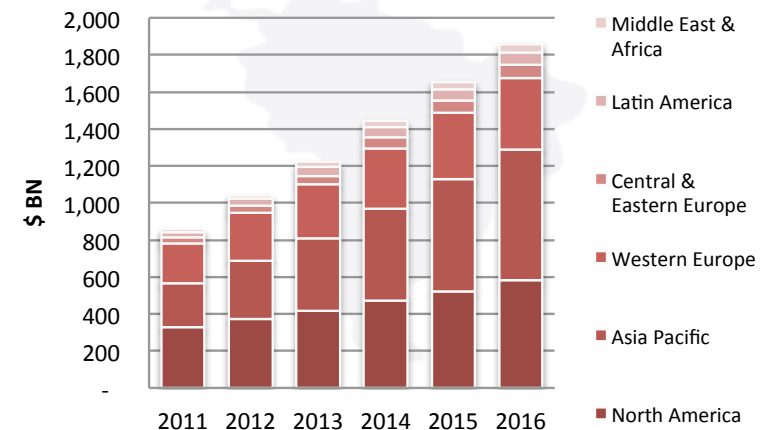
Online Advertising Spend



Social Media Growth 2012 - 2014
% of online adults per site



Ecommerce Revenue by Region

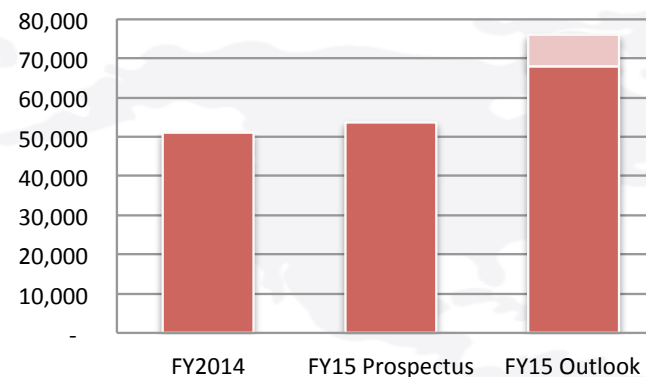




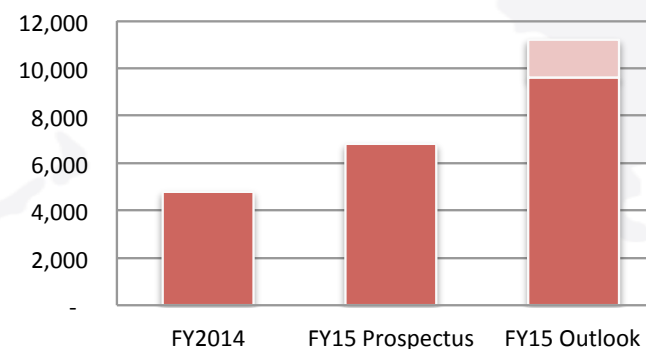
Outlook

- Full year FY2015 guidance:
 - Revenue: \$68M to \$76M
 - EBITDA: \$9.6M to \$11.2M
 - Exceeding prospectus
 - Guidance AUD at \$0.73

FY2015 Full Year Revenue Outlook



FY2015 Full Year EBITDA Outlook



A light gray world map is centered in the background of the slide.

Thank you

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