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## ASX ANNOUNCEMENT

29<sup>th</sup> February 2016

### APPEN ANNOUNCES FULL YEAR 2015 RESULTS

**Appen Limited** ("Appen") (ASX:APX) today announced its Full Year results for the year ended 31<sup>st</sup> December 2015. Appen is a leading global provider of high quality language data and services to major technology companies and government agencies.

A\$m	FY2015	FY2014	% change	% change constant currency
Statutory Results				
Language Resources	31.9	22.5	42%	
Content Relevance	50.7	28.4	78%	
<b>Total Revenue</b>	<b>82.7</b>	<b>51.0</b>	<b>62%</b>	<b>35%</b>
<b>EBITDA</b>	<b>13.8</b>	<b>4.8</b>	<b>189%</b>	<b>85%</b>
EBITDA Margin	17%	9%		
<b>NPAT</b>	<b>8.3</b>	<b>1.6</b>	<b>414%</b>	<b>144%</b>
Pro Forma Results				
<b>EBITDA</b>	<b>14.0</b>	<b>6.7</b>	<b>110%</b>	<b>48%</b>
<b>NPAT</b>	<b>8.5</b>	<b>3.6</b>	<b>136%</b>	<b>38%</b>

The Company's revenue grew 62% on FY2014 to \$82.7m, EBITDA was up 189% to \$13.8m and net profit after tax (NPAT) grew 414% to \$8.3m. Pro forma EBITDA of \$14.0m was up 110% on the prior year, while the pro forma NPAT of \$8.5m exceeded the prior year by 136%. The result exceeds the commitments in the Company's prospectus. Revenue and EBITDA exceeded the statutory prospectus forecast by 54% and 109% respectively.

Growth in the Company's revenue came from search, social and ecommerce customers as successful pilots in FY2014 came to fruition in FY2015, as well as repeat business from many of the Company's longstanding customers. Revenue from new customers



has further diversified the Company's customer base. Appen's customers include nine of the top ten global technology companies.

The Company's earnings result benefited from an increase in high margin revenue delivered by the Language Resources Division. The Content Relevance Division also grew its profit contribution with productivity improvements and globalisation of operations offsetting volume discounts, competitive pressure and investments in ramping up multiple client engagements in parallel.

Appen derives most of its revenue in USD. The relative depreciation of the AUD through the year provided a boost to revenue and earnings. Excluding the impact of foreign currency, revenue growth was up 35%, statutory EBITDA up 85% and statutory NPAT up 144% on the prior year.

Appen's Chairman, Chris Vonwiller, said "This is an outstanding result for our Company. We have exceeded the commitments in our prospectus and achieved our strategic goals of growing the social media sector and further improving our customer diversification."

The Company's CEO, Mark Brayan, added "The result is extremely pleasing and we're especially proud of our talented and dedicated team. There is clearly strong demand for our high quality language data and services and we have demonstrated our ability to scale our operations to translate revenue volume increases into efficient bottom line performance."

Appen is targeting low double-digit revenue and earnings growth in FY2016. Revenue will come from existing customers, the Company has over \$60m in orders in hand at the time of writing, supported by the ongoing acquisition of new customers through the healthy pipeline of pilots. However, we would not expect to repeat the same growth rates as FY2015. We expect margin pressure and product mix changes but the scalability of operations, supported by offshoring and technology, will help operating profits to continue to grow.

Trends within the technology industry of the increasing application of speech recognition technologies in multiple sectors, greater use of machine learning and natural language processing in search and the growing use of crowdsourcing to solve enterprise challenges all combine to make us optimistic about the opportunities and growth ahead of us.

Appen has a strong balance sheet with ample cash reserves and no debt. The Company is well placed to seize opportunities for growth that are consistent with our long-term strategy to be the leading language service provider to major technology and government organisations.

The Board have declared a dividend of 3.0c per share, fully franked. This follows the 1.2c half-year dividend in September 2015. The dividend will be paid on 24<sup>th</sup> March 2015 with a record date of 7<sup>th</sup> March 2015.



**Please contact for more information:**

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**Conference Call**

Mark Brayan (CEO) and Kevin Levine (CFO) will host an investor briefing call today at 11:00am AEDT.

Analysts, investors and media who wish to join the briefing call should dial 1800 123 296 or +61 2 8038 5221 and when prompted input Conference ID 5368 9109.

**About Appen**

*Appen is a language technology and data solutions provider that has a services capability in more than 140 languages and dialects for global technology companies and government agencies.*

*Appen offers large scale training data, linguistic models and consulting services to assist leading technology companies and government agencies in the development of internet and mobile connected products including*

- Content Relevance (e.g. search relevance optimisation);*
- Language Resources (e.g. speech recognition or speech synthesis, security and intelligence)*

*Components of language technology can increasingly be found in modern society including smartphones, social media content analytics software, e-commerce platforms, automobiles and government security and intelligence. Demand for language technology is growing with the development of mobile communications (phones, tablets, laptops), consumer electronics (game and TV consoles), cloud services, search technology and social media that enable communication and intelligent information retrieval across platforms and languages*