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ASX ANNOUNCEMENT

26th August 2016

APPEN ANNOUNCES RECORD HALF YEAR RESULTS

Appen Limited (“Appen”) (ASX:APX) today announced its results for the half year ended 30th June 2016. Appen is a leading global provider of high quality language data and services to major technology companies, automakers and government agencies.

A\$m	1H FY2016	1H FY2015	% change	% change constant currency
Statutory Results				
Language Resources	18.4	13.1	41%	
Content Relevance	35.0	22.7	54%	
Total Revenue	53.4	35.8	49%	41%
EBITDA	8.8	4.8	83%	59%
EBITDA Margin	17%	14%		
NPAT	5.4	2.7	102%	63%
Pro Forma Results				
EBITDA	8.8	5.1	75%	52%
NPAT	5.4	2.8	87%	51%

The Company’s revenue grew 49% on 1H FY2015 to \$53.4m, EBITDA was up 83% to \$8.8m and net profit after tax (NPAT) grew 102% to \$5.4m. Pro forma EBITDA of \$8.8m was up 75% on the prior year, while the pro forma NPAT of \$5.4m exceeded the prior year by 87%.

Growth in the Company’s first half revenue came from strong execution of customer work won in FY2015. Language Resources revenue growth was fuelled by the increasing demand for high quality speech data. Content Relevance revenue benefited from the ongoing need by search, social and ecommerce customers for machine-learning based products with more personal and relevant services.



Appen's customers include nine of the top ten global technology companies, major automakers and government agencies. The Company is well positioned within these customers through high volumes of repeat revenue.

The Company's first half 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 countering volume discounts, competitive pressure and investments in ramping up new client engagements. However, ongoing revenue growth will increase volume discounts adding pressure to future margins. The Company is reviewing and upgrading its IT systems to improve scalability and support future growth.

Appen derives most of its revenue in USD. The relative depreciation of the AUD in the year provided a small boost to revenue and earnings. Excluding the impact of foreign currency, revenue growth was up 41%, statutory EBITDA up 59% and statutory NPAT up 63% on the prior year.

Appen's Chairman, Chris Vonwiller, said "This is another outstanding result for Appen and it's due to our strong position with the world's largest technology companies. We are well placed to benefit from the high growth of exciting new products and services that rely on natural language processing, such as digital assistants."

The Company's CEO, Mark Brayan, added "The result is extremely pleasing and a credit to our talented and dedicated team. Our first half saw strong execution of customer work won in FY2015 and we see an ongoing need for quality language data and services that ensures high growth for the full year."

Appen is well positioned to benefit from a number of industry trends. Speech is growing as a technology interface, particularly for mobile applications, and products that require high volumes of quality multi-lingual, multi-accented data at which Appen excels. Search, social media and ecommerce companies are increasingly turning to machine learning-based products to provide more relevant and personal services and Appen provides the critical, constant flow of training data for these products. The rapid growth of digital assistant and bots that rely on natural language processing is tipped to underpin a wave of automation and Appen is well placed to benefit from this trend.

The Company's 1H revenue plus orders in hand for delivery this year has now grown to approximately \$100m as of August 2016 so full year earnings growth is anticipated to exceed 20% on FY2015.

Appen has a strong balance sheet with ample cash reserves and no debt. The Company is well placed for opportunities for growth that are consistent with our strategy.

The Board has declared a dividend of 2.0c per share, fully franked, compared to 1.2c per share in 1H FY2015. The dividend will be paid on 22nd September 2016 with a record date of 2nd September 2016.



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 558 698 or +61 2 9007 3187 and when prompted input Conference ID 188 540.

About Appen (ASX:APX)

Appen is a global language technology solutions provider that has a services capability in more than 180 languages and 130 countries serving international technology companies, automakers and government agencies.

Appen offers high quality large scale training data, linguistic models and consulting services to assist the development of technology products and services that rely on natural languages, including: smartphones, digital assistants social media, content analytics software, e-commerce platforms, automobiles, government security and intelligence consumer electronics (game and TV consoles), cloud services and search technology.