



Appen Limited

FY2015 Full Year Results Presentation

Disclaimer

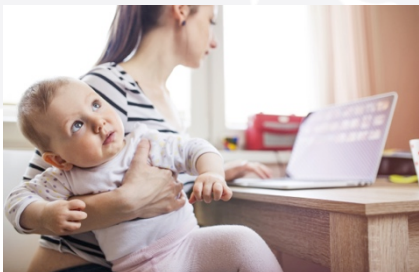
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Appen's work underpins speech recognition technologies for government and commercial applications such as Skype's translator that connects friends and businesses around the globe



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



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



Company overview

Founded in 1996

Providing high quality language data and services to technology companies and government agencies worldwide

Customers include 9 of the top 10 global technology companies

140 languages and dialects

210 staff globally: Australia, US, Philippines, UK and other locations

Over 320,000 crowd-sourced on-demand independent contractors worldwide



Full year results (A\$m)

Revenue up 62%

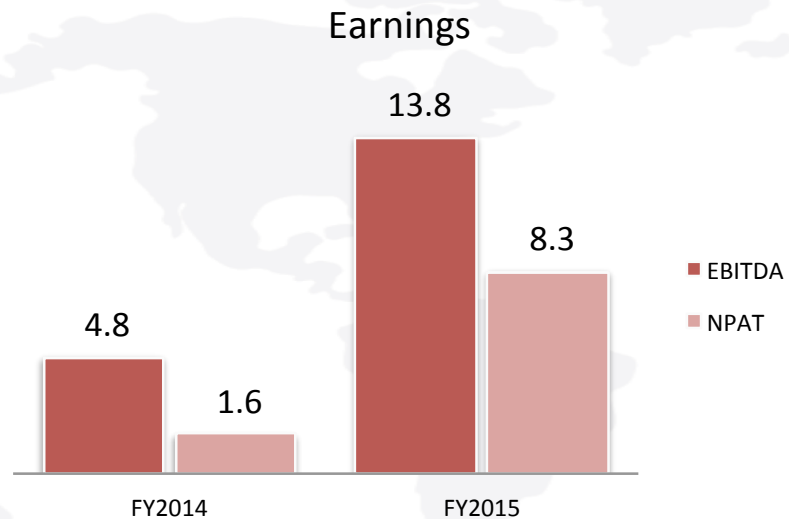
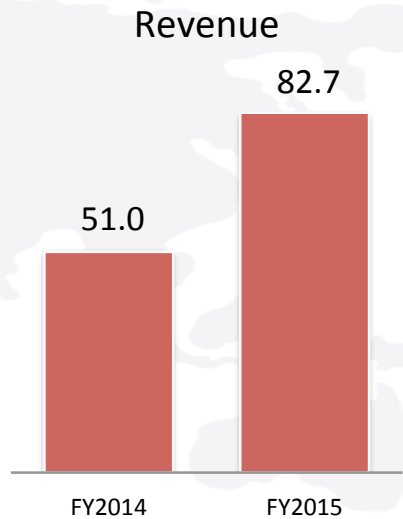
EBITDA up 189%

NPAT up 414%

Pro forma EBITDA up 110%

Pro forma NPAT up 136%

Benefit from falling AUD



Share price growth

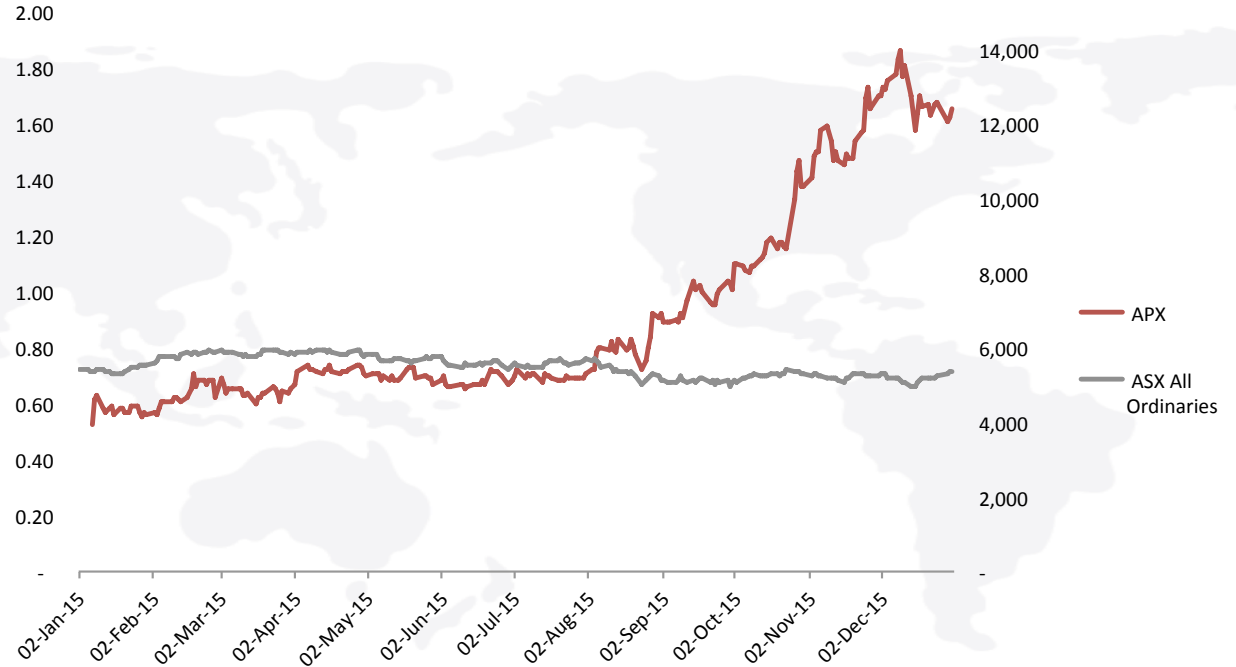
Share price growth:

\$0.50 - \$1.61*

+ 222%

Dividend:

4.2c



* At 31 December 2015

Full year results (A\$m)

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

Revenue up 62% on FY2014

Language Resources up 42%

Content Relevance up 78%

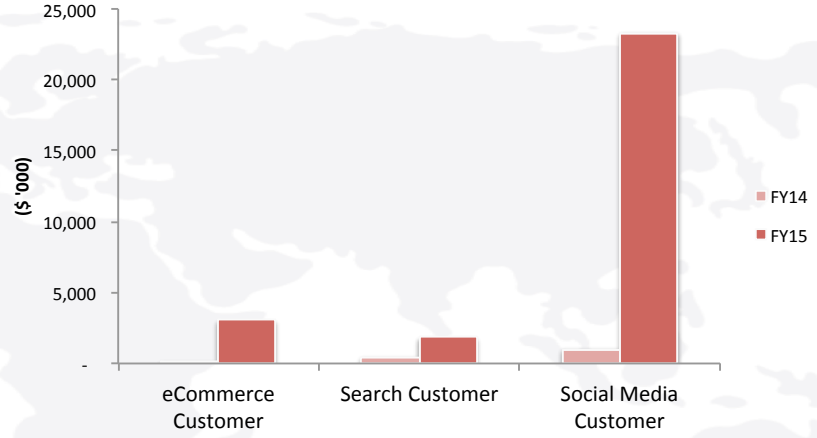
EBITDA up 189% (Pro forma up 110%*)

Margin improvement due to operational scalability underpinned by offshoring and technology

NPAT up 414% (Pro forma up 136%*)

*Pro forma results exclude one-off expenses associated with the IPO and other non-recurring items

New revenue growth



Revenue in FY2015 from customers won after successful pilots in FY2014

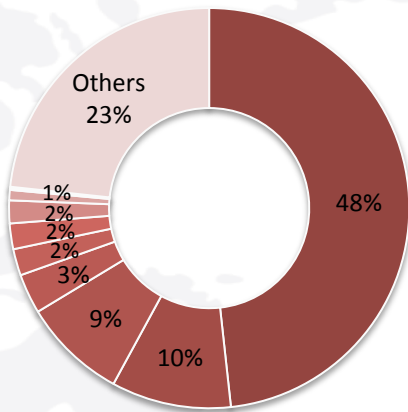
Customers won through successful pilots in FY2014 provided substantial revenue in FY2015

Improved customer diversification

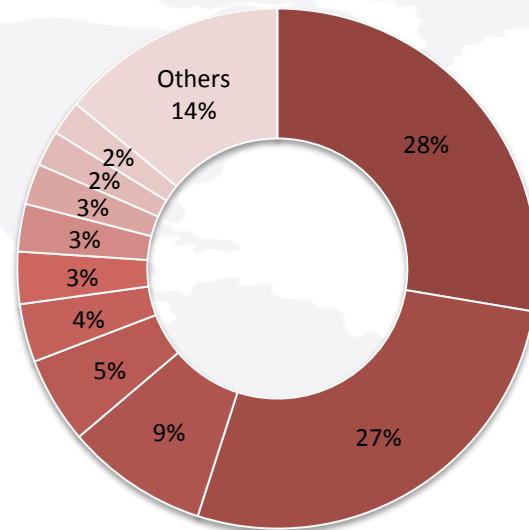
Improved revenue distribution across top ten customers

No single customer > 28%

FY2014



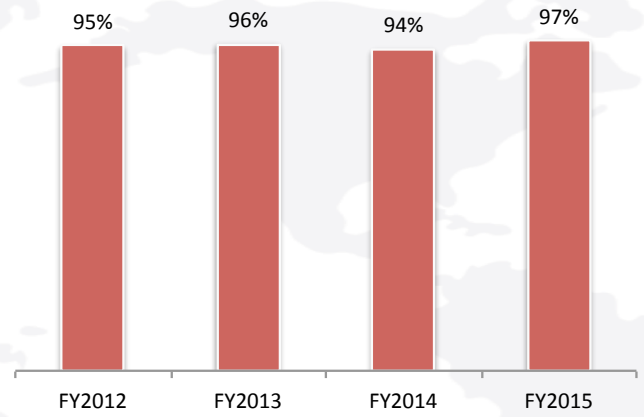
FY2015



Percentage of revenue from top ten customers in FY2014 and FY2015

Repeat revenue

A significant percentage of revenue each year is derived from repeat customers



Percentage of revenue each year from customers that provided revenue in the prior year

Strong growth from both divisions (A\$m)

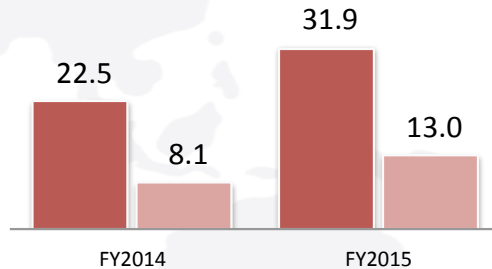
Language Resources
revenue up 42%

Improvement on high margins

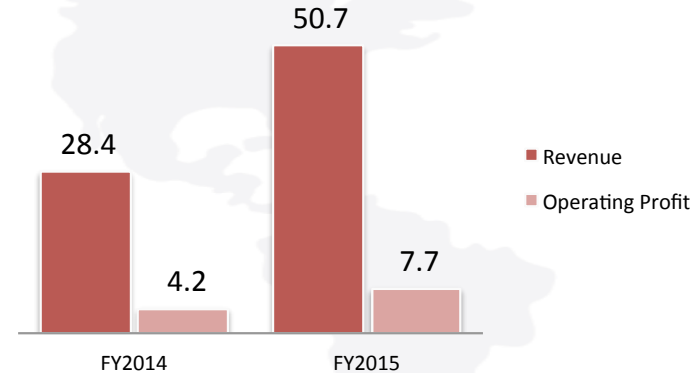
Content Relevance
revenue up 78%

Operational scalability from
offshoring and technology

Language Resources

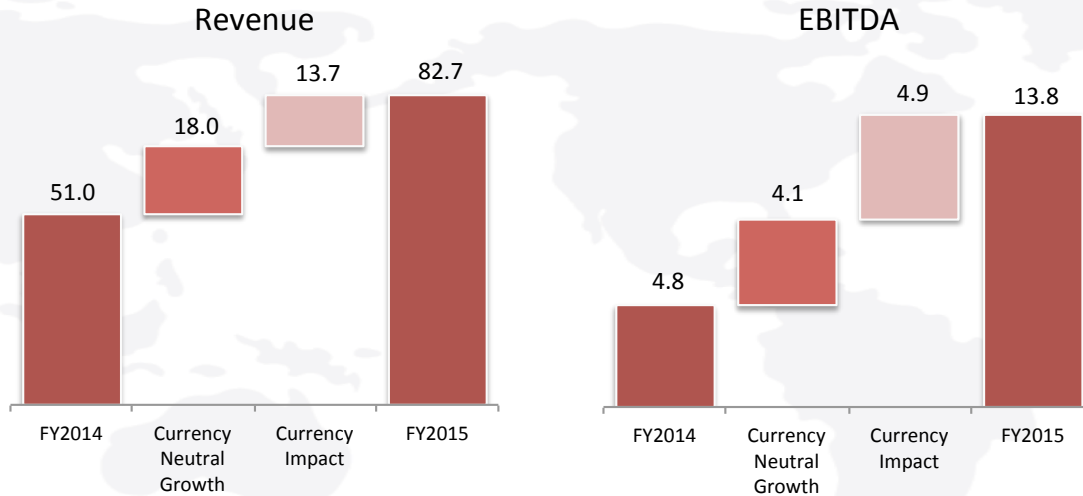


Content Relevance



Currency impact (A\$m)

Results have benefited from the falling AUD



People and culture

Employee satisfaction high at 90%

Turnover low at 13%

210 employees, up from 150 in FY2014

Over 320,000 crowd-sourced on-demand independent contractors worldwide

140 languages and dialects

Rated in Flexjobs Top 100 companies for remote work

Active in-house Corporate Social Responsibility program



Balance Sheet (A\$m)

	FY2015	FY2014
Current Assets	30.3	18.9
Non-Current Assets	11.7	11.2
Total Assets	42.0	30.1
Current Liabilities	11.4	9.3
Non-current Liabilities	1.9	1.2
Total Liabilities	13.3	10.5
Net Assets	28.7	19.6
Total Equity	28.7	19.6

Strong balance sheet. No debt.

Current assets up due to increase in cash reserves and receivables related to increase in revenue volumes

Interim dividend of 1.2 cents per share fully franked

Final dividend of 3.0 cents per share fully franked

Total dividend for year of 4.2 cents

Cash Flow (A\$m)

	FY2015	FY2014
Receipts	72.5	58.8
Payments and other	(67.6)	(49.6)
Cash flow from operations before interest and tax	4.9	9.2
Taxes	(0.9)	(0.9)
Total Cash flow from Operations	4.0	8.3
Cash flows - Investment Activities	(0.6)	(11.4)
Cash flows - Financing Activities	(0.5)	5.3
Net Cash flow for the period	2.9	2.2
Opening cash balances	8.6	5.8
FX Impact	1.2	0.6
Closing cash balances	12.7	8.6

Cash balance increased by \$4.1m

Cash flow from operations impacted by:

Working capital investment relating to increased sales volume

IPO payment of \$1.3m

Cash flow reconciliation (\$m):

EBITDA	13.8
Working capital (Balance Sheet movement)	(6.2)
Payment of IPO costs not going through P&L	(1.3)
FX impact	(1.2)
Other	(0.2)
Cash flow from operations before interest and tax	4.9

Outlook - Markets

Major technology companies continue to invest in speech recognition

Increasing use of speech recognition technology in multiple verticals including automotive, healthcare, military, gaming and call centres

Search leaders continue to invest in relevance services

Facebook and Amazon emerging as 'go to' destinations for search and ads

Growing importance of search for eCommerce and mobile

Automotive speech market forecast at 10.6% CAGR

Large government investments in intelligence gathering



Source: Appen analysis and multiple public sources.

Outlook - Pipeline

Over \$60m orders in hand for FY2016

Healthy pipeline of 19 pilots (commenced in FY15)

- 5 pilots now in production. Delivered FY2015 revenue

- 7 pilots with existing customers

- 3 pilots with a large, potential new customer

- 4 pilots with three potential new customers

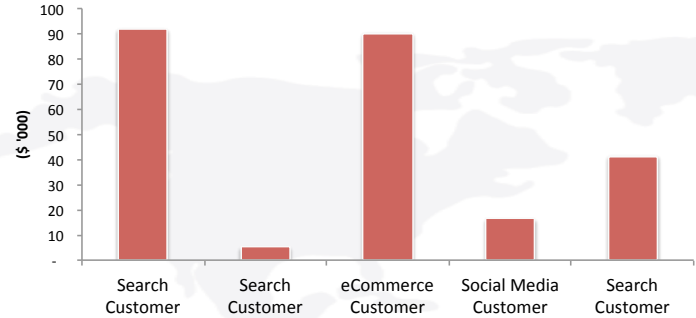
Pilots span focus areas

- 7 search pilots

- 8 social pilots

- 4 eCommerce pilots

End of FY2014 – 2 pilots underway, 6 in pipeline



Revenue from FY2015 pilots

Outlook - Targets

Targeting low double digit revenue growth in FY2016

Revenue growth through orders in hand and pilot pipeline

Growth will be strong but unlikely at FY2015 rate

Cyclicalities may impact level of revenue growth

Currency movements will influence results

Targeting low double digit earnings growth in FY2016

Solid earnings growth but not to FY2015 levels

Anticipate continuing margin pressure from competitors and project ramp ups

Managing margins with offshoring and technology

Strong platform for FY2016 and beyond

A light gray world map is centered in the background of the slide, showing the outlines of the continents.

Thank you

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