



Appen Limited

FY2016 Full Year Results Presentation

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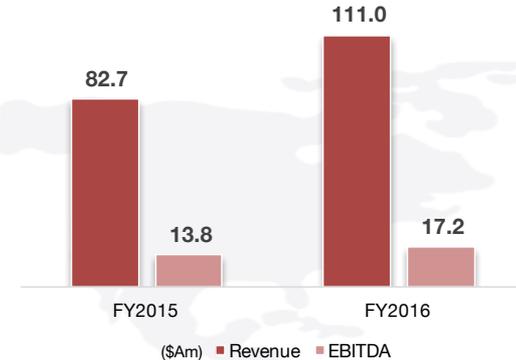
Company snapshot

Appen (APX) is a global language technology company with operations in Australia, the US, the UK and the Philippines

Continuing strong growth in FY2016

Added secure facilities through MMG acquisition September 2016

Opened offices in Beijing, China and Detroit, Michigan



Customers include the world's leading technology companies, automakers and governments

Data and services used in mobile devices, digital assistants, vehicles, security and surveillance, search, social media, ecommerce and consumer electronics

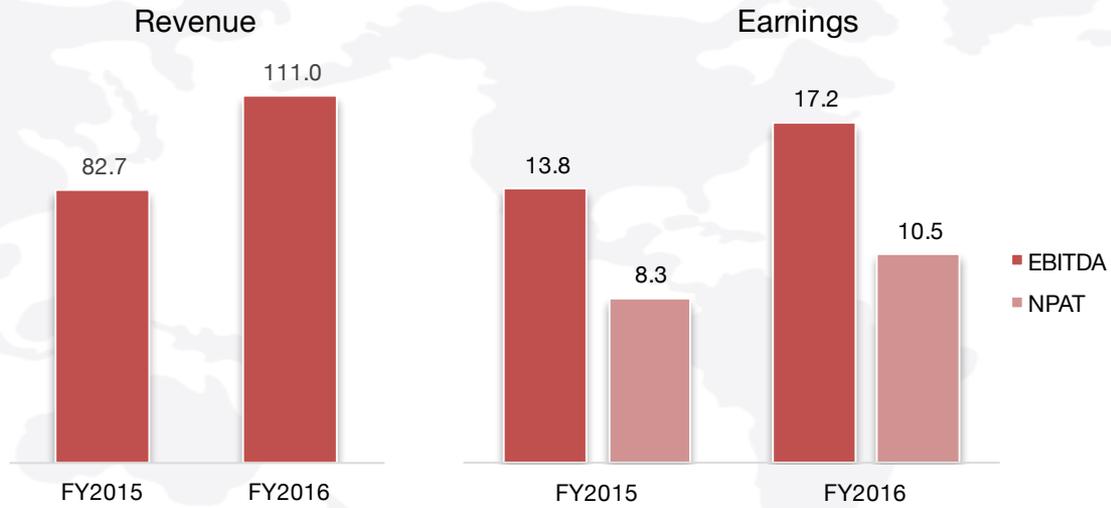
Covering over 130 countries and 180 languages

280 employees and over 400,000 on-demand global crowd

Full year highlights (A\$m)

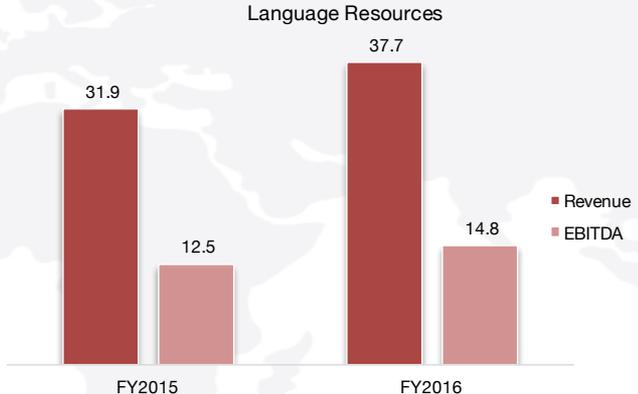
Continuing strong results

- Revenue up 34%
- EBITDA up 24%
- NPAT up 26%



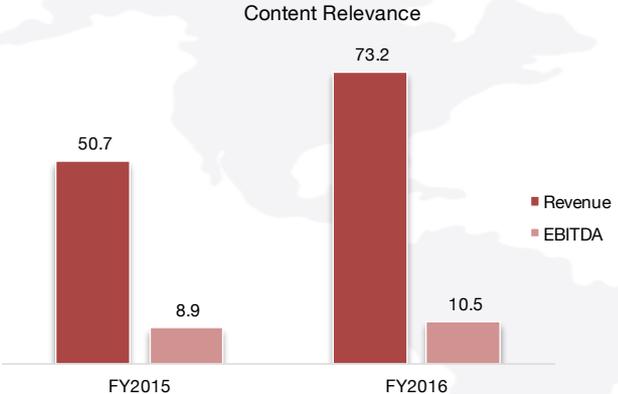
High divisional growth (A\$m)

Language Resources revenue up 18%



Continuing demand for high quality speech data
 Growth in use and reliance on speech recognition is demanding higher word accuracy and this requires more data

Content Relevance revenue up 44%

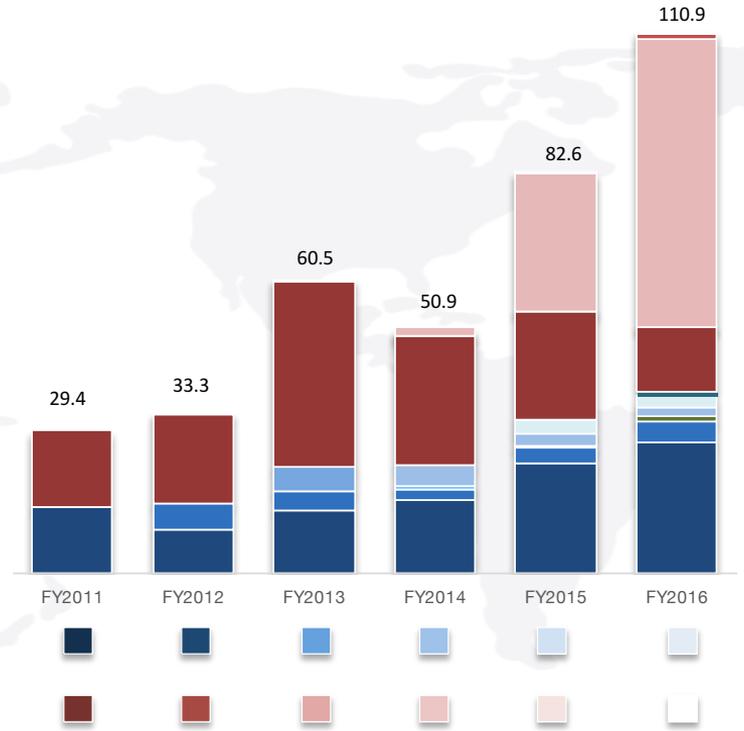


Ongoing delivery of training data for machine learning-based search and social media services

Resilient Revenue (A\$m)

Appen's customers include the world's largest technology companies, automakers and governments

Quality and importance of Appen's data and services drives growing and repeat revenue



Margin Improvement

Volume discounts for major customers dampened margins in 2H

Margin improvements in Q4 2016 and Q1 2017:

- Productivity improvements from updated processes and systems
- Cost control through sourcing crowd contractors at different rates

Expect further improvement through 2017

High growth (A\$m)

	FY2016	FY2015	% change	% change constant currency
Statutory Results				
Language Resources	37.7	31.9	18%	
Content Relevance	73.2	50.7	44%	
Total Revenue	111.0	82.7	34%	33%
EBITDA	17.2	13.8	24%	22%
EBITDA Margin	15.5%	16.7%		
NPAT	10.5	8.3	26%	23%
Underlying Results**				
EBITDA	17.3	14.0	23%	21%
NPAT	10.6	8.5	25%	24%

Revenue up 34% on FY2015

Revenue growth from current and new projects with existing customers along with new customer acquisition

EBITDA* up 24%

Volume discounts dampened margins in 2H. Productivity measures and cost control delivering improvements in Q4 16 and Q1 17

NPAT* up 26%

*Refers to Statutory Results

**Underlying results exclude one-off expenses associated with the IPO and transaction costs

Strong Balance Sheet (A\$m)

	FY2016	FY2015
Cash	16.5	12.7
Receivables	21.9	17.3
Other Current Assets	0.4	0.3
Non-Current Assets	15.2	11.7
Total Assets	54.0	42.0
Current Liabilities	15.4	11.5
Non-current Liabilities	3.2	1.8
Total Liabilities	18.6	13.3
Net Assets	35.4	28.7
Total Equity	35.4	28.7

Strong balance sheet. No debt.

Increase in cash reserves and receivables related to increase in revenue volumes

Final dividend of 3.0 cents per share fully franked, in line with prior year.

Total dividend for FY2016 of 5.0 cents up 19% on prior year.

Strong cash conversion (A\$m)

	FY2016	FY2015
Receipts	106.8	72.5
Payments and other	(90.1)	(67.6)
Cash flow from operations before interest and tax	16.7	4.9
Taxes	(4.0)	(0.8)
Total Cashflow from Operations	12.7	4.1
Cashflows - Investment Activities	(4.6)	(0.6)
Cashflows - Financing Activities	(4.4)	(0.6)
Net Cashflows for the period	3.7	2.9
Opening cash balances	12.7	8.6
FX Impact	0.1	1.2
Closing cash balances	16.5	12.7

Cash balance increased by \$3.7m over FY2015

Cash flow from operations significantly improved due to change in payable cycle and improvements in timing of customer receipts

Strong cash flow conversion:

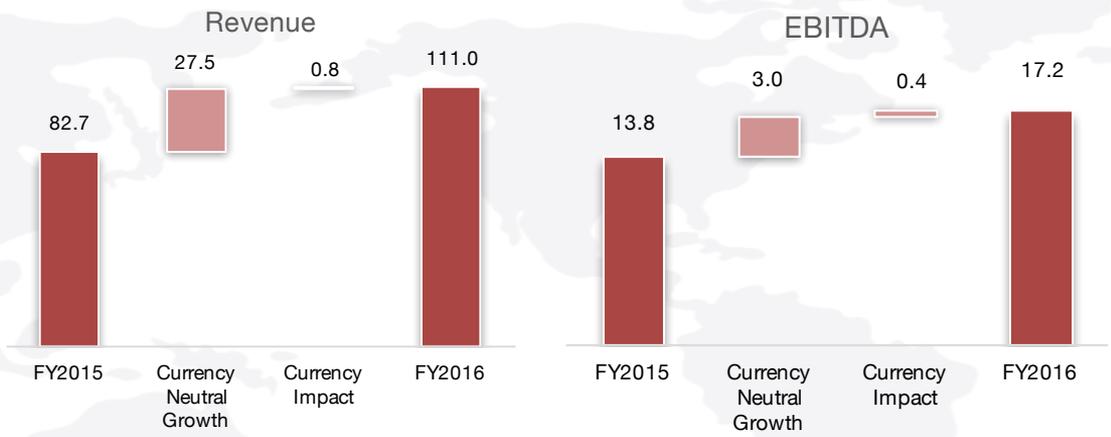
	FY2016	FY2015
EBITDA	17.2	13.8
Working capital	(0.4)	(6.2)
FX impact	(0.1)	(1.2)
Other	-	(0.2)
Payment of IPO costs not going through P&L	-	(1.3)
Cash flow from operations before interest and tax	16.7	4.9

Currency impact (A\$m)

Almost all revenue derived offshore,
most in USD

Currency impact negligible in 2016

Strong underlying growth



Market trends signal need for data

“Widespread adoption of cognitive systems and artificial intelligence (AI) across a broad range of industries will drive worldwide revenues from nearly \$8.0 billion in 2016 to more than \$47 billion in 2020.”

IDC, October 2016

“By 2018, Gartner expects most of the world's largest 200 companies to exploit intelligent apps and utilize the full toolkit of big data and analytics tools to refine their offer and improve customer experience.”

Gartner, October 2016

“Cognitive technologies such as robots, artificial intelligence (AI), machine learning and automation will replace 7% of US jobs by 2025.”

Forrester Research, June 2016

Appen positioned for growth

Proven Provider

- Founded in 1996
- Trusted partner to 8 of 10 largest global tech companies

Scalable operations

- 280 staff worldwide
- High engagement, low turnover
- 400,000+ on-demand global crowd
- Providing data for an increasing range of AI applications

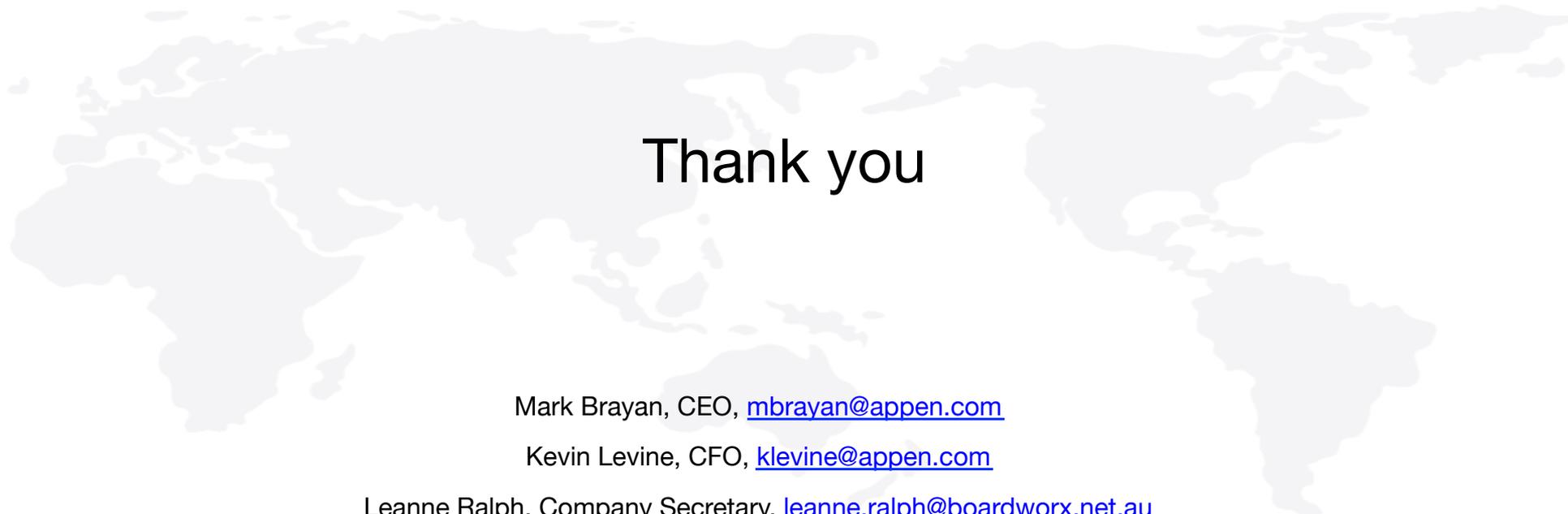
Global presence



YTD revenue plus orders in hand for delivery in FY2017 ~\$70m at February 2017

Full year outlook for EBITDA growth at mid-to-high teen percentages

Outlook susceptible to upside or downside from factors including timing of work from major customers and Australian dollar fluctuations (outlook at A\$1 = US\$0.76)

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

Thank you

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