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## ASX ANNOUNCEMENT

28<sup>th</sup> August 2017

### APPEN ANNOUNCES HIGH GROWTH FIRST HALF 2017 RESULTS

**Appen Limited** (“Appen”) (**ASX:APX**) a global leader in the development of high-quality, human annotated datasets for machine learning and artificial intelligence, has today announced its First Half results for the half year ended 30 June 2017.

- Total revenue of \$74.1M up 39%<sup>1</sup> or 42% in constant currency<sup>2</sup>
- EBITDA of \$12.8M up 44%
- NPAT of \$8.1M up 50%
- EBITDA margin improvement from 14.5% in 2H 2016 to 17.2% in 1H 2017
- Strong cash conversion (99% of EBITDA)
- Full year EBITDA for financial year ending 31<sup>st</sup> December 2017 trending at the upper end of 40% to 50% above the prior year results (at A\$1 = US\$0.79)

Revenue rose 39% to \$74.1M and earnings before interest, tax, depreciation and amortisation (EBITDA) increased 44% to \$12.8M in the six months to 30<sup>th</sup> June 2017, above analysts’ expectations.

Chief Executive Officer Mark Brayan said that the growth in revenue and EBITDA benefitted from Appen now working in multiple data formats: text, audio, image and video.

“We are now working on projects ranging well beyond Appen’s speech and search data heritage,” Mr Brayan said.

The result was driven by the expansion of existing projects and commencement of new projects for current customers as well as new project wins with new customers.

Machine learning and artificial intelligence rely on very large, high quality data sets. Appen is well positioned to continue to benefit from this trend and the financial results

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<sup>1</sup> All comparisons are half year ended 30 June 2017 to half year ended 30 June 2016 unless stated otherwise.

<sup>2</sup> The company derives the majority of its revenue offshore, mostly in USD, and its results are subject to currency movements. Excluding the impact of foreign currency, revenue growth was up 42%, EBITDA up 48% and NPAT up 57% on the first half of 2016.



demonstrate sound execution. The company will continue to invest in staff and systems to stay at the forefront of this trend.

The company is also seeing an increase in the need to work with secure data.

“Appen’s investment in Mendip Media Group Limited announced in October 2016 has given us secure capabilities that have enabled more secure work and underpin a substantial investment in a secure data annotation facility to benefit from this growth opportunity” said Mr Bryan.

Appen responded well to the impact of volume discounts that dampened margins in the second half of 2016. Productivity improvements and cost management improved margins from 14.5% in 2H 2016 to 17.2% in 1H 2017.

The company expects price and margin pressure to persist, from customers, competitors and relevant macro factors.

Appen’s Chairman, Chris Vonwiller, said “We are very pleased with our performance and another tremendous result for our staff, customers and shareholders. We remain focused on delivering very high volumes of fit-for-purpose data, at speed, to the required quality and at low cost to keep our leading position in the AI market.”

Mr Vonwiller said Appen had a strong balance sheet. With strong cash conversion, cash reserves and no debt, Appen is well positioned to benefit from accelerating growth opportunities that are consistent with the company’s long term strategy to be the global leader in the development of high-quality, human annotated datasets for machine learning and artificial intelligence.

The Board has declared an interim dividend of 3.0c per share, fully franked, up 50% from 2.0c in the first half of last year.

## FINANCIAL SUMMARY

	1H FY2017	1H FY2016	% change	% change constant currency
Statutory Results				
Language Resources	20.7	18.4	13%	17%
Content Relevance	53.3	35.0	52%	56%
Total Revenue	74.1	53.4	39%	42%
EBITDA	12.8	8.8	44%	48%
EBITDA Margin	17.2%	16.6%		
NPAT	8.1	5.4	50%	57%



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***About Appen***

*Appen is a global leader in the development of high-quality, human annotated datasets for machine learning and artificial intelligence. Appen brings over 20 years of experience collecting and enriching a wide variety of data types including speech, text, image and video. With deep expertise in more than 180 languages and access to a global crowd of over 400,000 skilled contractors, Appen partners with leading technology, automotive and eCommerce companies - as well as governments worldwide - to help them develop, enhance and use products that rely on natural languages and machine learning.*