ASX ANNOUNCEMENT

21st February 2018

APPEN ANNOUNCES CONTINUING HIGH GROWTH FULL YEAR 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 Full Year results for the year ended 31st December 2017.

- Total revenue of $166.6M up 50%[1] or 55% in constant currency[2]
- Underlying EBITDA of $28.1M up 62%, statutory EBITDA of $22.2M up 29%[3]
- Underlying NPAT of $19.7M up 86%, statutory NPAT of $14.3M up 36%[4]
- Underlying EBITDA margin improvement from 15.6% in 2016 to 16.9% in 2017
- Strong cash conversion (75% of EBITDA)[5]
- Full year underlying EBITDA for the financial year 2018, ending December 31st 2018, is currently forecast in the range of $50M - $55M (at A$1 = US$0.80)

Revenue rose 50% to $166.6M, underlying earnings before interest, tax, depreciation and amortisation (EBITDA) increased 62% to $28.1M and underlying net profit after tax (NPAT) increased 86% to $19.7M in the full year to 31 December 2017.

Chief Executive Officer Mark Brayan said that the high growth of revenue and EBITDA benefitted from new customer acquisition, projects in multiple data formats such as text, audio, image and video and secure annotation work.

"In addition to new customer wins, we are seeing a richer variety of work in many data formats that add to our foundation speech and search projects," Mr Brayan said.

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[1] All comparisons are full year ended 31st December 2017 to full year ended 31st December 2016 unless stated otherwise.

[2] 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 55%, statutory EBITDA up 38% and statutory NPAT up 51% on the full year of 2016.

[3] Underlying EBITDA excludes transaction costs of $5.9m from the acquisition of Leapforce. Constant currency growth was 73%.

[4] Underlying NPAT excludes after tax impact of transaction costs of $5.5m. Constant currency growth was 87%.

[5] Includes increase in Leapforce working capital from acquisition date to year end of $1.8m. Excluding this, cash conversion is 78%.

The result was underpinned by the expansion of existing projects and commencement of new projects for current customers.

Machine learning and artificial intelligence (AI) are enjoying enormous investment, particularly in the technology sector and their success relies on very large, high quality data sets. Appen, in combination with Leapforce, is the leading global provider in the provision of data for machine learning and AI is well positioned to continue to benefit from this trend.

"The acquisition of Leapforce late in 2017 gives us the bulk and scale to win in the market for machine learning data. Leapforce's expert staff, technology driven automated operations and seasoned crowd make us a clear leader in our space.

The investment in our secure data annotation facility is paying off. The facility is live and active with large scale customer projects. This gives us a competitive advantage in the growing need for secure work" said Mr Brayan.

Appen continues to execute well with underlying EBITDA margins improving from 15.6% in 2016 to 16.9% in 2017. The company expects price and margin pressure to persist, from customers, competitors and relevant macro factors and continues to focus on operational efficiency and economies of scale to maintain and grow bottom line margins.

Appen's Chairman, Chris Vonwiller, said "We are very pleased with this result and our position at the forefront of the growing and dynamic market of data for machine learning. The market and our customers are demanding though, so we remain focused on delivering the variety, volume and quality of data that our customers require to maintain our growth."

Mr Vonwiller said Appen had a strong and efficient balance sheet with acceptable gearing levels of less than one times forecast EBITDA. With strong cash conversion and cash reserves, Appen is well positioned to benefit from 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 a final dividend of 3.0c per share, fully franked. This results in full year dividends of 6.0c, up 20% from 5.0c last year.

FINANCIAL SUMMARY ($Am)

	FY2017	FY2016	% change	% change constant currency
Statutory Results				
Language Resources	40.4	37.7	7%	11%
Content Relevance	120.2	73.2	64%	69%
Leapforce	6.0	-	N/A	N/A
Total Revenue	**166.6**	**111.0**	**50%**	**55%**
Statutory EBITDA	**22.2**	**17.2**	**29%**	**38%**
Underlying EBITDA	**28.1**	**17.3**	**62%**	**73%**
EBITDA Margin	17%	16%		
Statutory NPAT	**14.3**	**10.5**	**36%**	**51%**
Underlying NPAT	**19.7**	**10.6**	**86%**	**87%**

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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.