



21 November 2014

**ASX RELEASE**

**Mobile Embrace Acquires The Performance Factory**

- **Acquisition of highly profitable and strategically compelling online/mobile performance marketing business.**
- **Immediately EPS accretive for FY2015 by 22% on a base case and 37% on a target case.**
- **Upfront consideration of \$2.2 million, (funded by existing cash reserves of \$12.4 million), and the issue of 4 million escrowed MBE ordinary shares at 25c, a total upfront consideration of \$3.2 million.**
- **The Performance Factory is on target for FY2015 revenue of \$5 million, \$1 million EBIT and \$1 million NPBT.**

**Strategically Compelling Acquisition**

Mobile Embrace Limited (**ASX: MBE, Mobile Embrace** or the **Company**), a mobile payments and mobile marketing company, has today announced the acquisition of The Performance Factory, a highly profitable and leading online and mobile performance marketing business. The acquisition of The Performance Factory is both complimentary and expansive to Mobile Embrace's 4<sup>th</sup> Screen Advertising Australia m-marketing business as well as deepening the resources and leverage of the Company's media trading desk in its m-payments business, Convey.

The Performance Factory has been acquired by Mobile Embrace for a total consideration of \$3.2 million plus potential contingent consideration of up to a further \$4 million (total potential consideration of \$7.2 million) over two years and subject to profit before tax targets through to 2017. The Performance Factory is on target for FY2015 revenue of \$5 million, \$1 million EBIT and \$1 million NPBT.

Mobile Embrace is also pleased to announce that The Performance Factory's CEO, Mr Andrew Kilday, will also be joining the Company continuing on a three year performance contract aligning himself with Mobile Embrace's strategic growth plan.

The Performance Factory is a leader in the online customer acquisition and lead generation market, making it possible for businesses to improve their return on investment and increase their customer base with automated marketing programs driven by results and scalability. The Performance Factory owns and operates a leading Australian CPA Network and Co-Registration network, which enables all campaigns to be set up, executed and managed in house without the need for brokers or third party intermediaries. There is a very high market demand from any business looking for a better ROI on their advertising spend and this is justified by all clients to date either enquiring direct without any paid marketing, or by referrals/word of mouth from existing and/or past clients.

The Performance Factory was ranked no. 72 on the BRW Fast Starters list in 2014 with solid growth of 96% from 2013 to 2014.

The Performance Factory operates in the relatively deep and specialist digital performance marketing sector focusing on direct response marketing and niche publishing with minimal cross over to Mobile Embrace's current core business, making the acquisition a strong strategic fit that is highly complementary to Mobile Embrace's mobile payments and mobile marketing businesses. Synergies between the businesses will be implemented through a disciplined integration plan.

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In addition to its own growth channels, The Performance Factory enables new revenue generation opportunities for the mobile marketing business 4<sup>th</sup> Screen Advertising Australia that has a more specific focus providing major brand advertising solutions across its mobile advertising premium publisher network. The Performance Factory has synergies that can be leveraged with Mobile Embrace's m-payments business, Convey, as performance marketing is a significant contributor to Convey's customer acquisition volumes driven through its mobile media trading desk.

Speaking about the benefits of the acquisition to Mobile Embrace, the Company's Chief Executive Officer, Chris Thorpe, said:

*"The acquisition delivers on the Company's decision to go to the market earlier this year and raise sufficient funds to be able to strategically grow and deepen its business and profitability in its payment and advertising business as highly beneficial strategic opportunities such as this arise.*

*We are delighted to welcome The Performance Factory and Mr Andrew Kilday to Mobile Embrace. It is rewarding to engage with a similarly minded, growing and profitable business that has a compatible culture, compliments Mobile Embrace's organic growth, and which is also complimentary to our m-payments and m-marketing businesses.*

*In addition to meeting our disciplined strategic acquisition criteria and rigorous due diligence process, our patience has been rewarded with a culturally and strategically compelling business which will be immediately earnings accretive on all measures. Aside from the immediate positive impact on earnings, The Performance Factory boosts our capabilities, scale and customer base and positions us in strong compatible business sectors with leveraging opportunities across the business."*

The acquisition of The Performance Factory is EPS accretive (post acquisition costs but before synergies) as measured compared to statutory 2014 earnings EPS adjusting for any changes to issued capital since 30 June 2014 and for the issuance of a further 4 million shares at 25cents each\*

*\* EPS accretion percentages are relative to historical 2014 EPS adjusted for and changes to issued capital since 30 June 2014 and for new share issuances contemplated in this transaction but DO NOT have regard or project analyst consensus estimated EPS for FY15*

#### **About Mobile Embrace Limited**

Mobile Embrace Limited (ASX:MBE) is a mobile payments and mobile marketing company. We are a Digital Distribution Network for the complete end-to-end mobile customer life-cycle. Through our integrated and award winning mobile marketing, advertising and m-payments infrastructure (including a Tier 1 local/global premium publisher advertising network, mobile media trading desk, m-commerce and mobile marketing platforms and applications) we enable the reach, engagement, transactions with and embracement of consumers via mobiles and tablets. For more information please visit: [www.mobileembrace.com](http://www.mobileembrace.com)

#### **About The Performance Factory**

The Performance Factory Pty Ltd is a performance based online marketing company, focused exclusively on improving clients' return on investment. Strategically placed in the market as customer acquisition experts, we provide a range of services from performance marketing strategy through to multi-channel campaign execution, via our leading in-house cost per acquisition and co-registration networks. Our innovation, utilisation of new technology, and results driven marketing techniques continue to generate record levels of customer acquisition and engagement via online and mobile devices. For more information please visit: [www.theperformancefactory.com.au](http://www.theperformancefactory.com.au)

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