

ASX Announcement

6 May 2015

COMPLETION OF REBRANDING AND UPDATE ON KPI PERFORMANCE

Integration and rebranding

Asia Pacific Digital yesterday integrated its operating companies into a single brand, APD. www.apdgroup.com is now live.

The company now operates in eight countries, with a 360 degree digital offering under the single APD brand. Its four divisions are:

- **APD Interact** (strategy and technology);
- **APD Acquire** (market research and performance marketing);
- **APD Engage** (customer communication and retention); and
- **APD Venture** (eCommerce joint ventures).

The rebranding has been accompanied by an intensive integration and culture-building process, introducing standardised business rules and values across the business to ensure that clients receive a high degree of consistency across all locations and service lines.

Appointments

APD has implemented a new matrix management structure in order to operate as a single brand. The appointment of existing senior staff to Country CEO roles provides clear responsibility for the managing of local clients with the complete APD digital offering. Divisional heads will continue to work closely with local management to deliver using regional best practices.

Newton Smith has been appointed Chief Operating Officer and Peter Hynd as Chief Commercial Officer.

The @ccomplice acquisition has been integrated and Tobias Wilson has been appointed CEO, APD Singapore. Janet Teo has been appointed CEO, APD Malaysia and Paul Pritchard has been appointed CEO, APD New Zealand.

The new management matrix will roll out to the remaining countries in 2016, once processes and practices have been established and bedded down.

Regional Agreement for Enterprise Email Marketing and Marketing Automation Solution

APD has agreed in principle, subject to final documentation, to enter a regional partnership with a leading multinational technology provider to roll out its enterprise-level email marketing and marketing automation solution across the region.

The proposed partnership will significantly improve APD's competitiveness with Tier One Enterprise clients. APD's mid-market and SME clients will continue to receive support on APD's proprietary SmartMailPro platform.



The approach is intended to accelerate revenue growth from a materially reduced divisional cost base. APD Engage has restructured its technology and client services support teams in anticipation of the alliance and will incur ~\$250k of one-off restructuring costs during FY15. Further information will be announced on completion of final documentation.

Update on KPI Performance

1. Build Core Capabilities in Asia

APD continues to grow in Asia. The Singapore acquisition has been integrated and APD has relocated the former CEO of dgm, John Matthews, to Singapore to establish our market research and performance marketing capabilities in the region.

2. Earn 50% of revenues outside Australia

As at 31 March 2015, revenues from outside Australia, as a percentage of total revenues, remained consistent with December reporting.

3. Locate 50% of employees in Asia

More than 50% of employees are currently based in Asia.

4. 30% organic growth rate in Asia

In the nine months to 31 March 2015 revenue growth in Asia accelerated to c.75% over PCP.

5. Breakeven EBITDA while expanding

On 26 March APD announced that the business slowed in Q3 due to seasonal factors. The recently completed rebranding has had a compounding effect, temporarily reducing sales velocity and adding one-off costs. As a result, Business Unit EBITDA ran at around breakeven in Q3 and is expected to progressively return to first half FY2015 levels in Q4. The company has incurred ~\$250,000 in one-off rebranding costs and the abovementioned \$250,000 of restructuring costs within APD Engage in anticipation of its new regional partnership.

Against this backdrop, Directors have elected to maintain expenditure on growing in Asia given the strong results being delivered there. This will push the full year result to an EBITDA loss of \$0.7m - \$1.5m.

Directors consider that the company is on track to meet its strategic objectives and that the combination of its single brand, geographic platform and service line capabilities position it very well. Depending on the final result, Directors will consider whether a minor recalibration of the break even EBITDA KPI is appropriate for FY2016, in order to maintain the strong growth rate in Asia.

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