



APPEN LIMITED ANNUAL GENERAL MEETING
22 May 2015
CHAIRMAN'S ADDRESS

On behalf of the Appen board, I welcome to you to this Appen's first Annual General Meeting following our listing on the ASX last January. We are gratified that so many institutional and private shareholders have decided to invest in our company and your board is conscious of the responsibilities with which you have entrusted us.

As you are aware, our first year's results were announced at the end of February and we were pleased that the company's performance was ahead of the forecasts previously given in the prospectus. For 2014:

- Appen's revenue was \$51.0m, up 4.0% vs prospectus forecast of \$49.1m
- Our EBITDA was \$6.7m up 15.2% vs prospectus forecast of \$5.8m
- NPAT was \$3.6m up 5.4% vs prospectus forecast of \$3.4m
- Net cash at 31 December 2014 was \$8.6m.

We enjoy an outstanding set of clients including many of the world's most advanced corporations in the IT, e-commerce and new media domains. Our clients continue to value Appen's unique linguistic technology offerings. It's encouraging to see so many of the world's leading technology companies and agencies deepening their relationships with Appen, and we are grateful for their support.

Our trading performance early in 2015 continues to be strong, and we are on track to achieve our prospectus forecast. Since almost all of Appen's revenues are earned outside Australia, the relative shift of the Australian dollar against other currencies, especially the US Dollar, is positive for Appen. We are focused on our key objectives of broadening our revenue base to reduce the customer concentration which has characterised our business historically, and on improving the repeatability of our revenue streams.

Our Chief Executive Officer Lisa Braden-Harder will expand on this in her presentation later this morning.

I would particularly highlight the exciting opportunities in Content Relevance, especially in the social media and e-commerce sectors. We are implementing our plans and have been successful in generating new revenue capture with several new customers. We are confident of our long term growth opportunities although in the short term the predictability of future revenues and earnings continues to be challenging.

We are pleased that the Appen stock has had a positive acceptance on the market. We believe our company has excellent potential for future growth and we are excited about the future.



Consistent with our prospectus statement, the board has decided not to recommend a dividend for 2014. However, our policy intention remains to target a dividend pay-out ratio between 30% to 50% of Net Profit After Tax subject to the future business conditions and the future cash flow requirements of Appen. Dividends will be franked to the extent possible.

Since our listing on the ASX, we have strengthened the board by the appointment of two new independent non-executive directors.

Stephen Hasker is the Global President of Nielsen and oversees Nielsen's media business as well as the entire global product portfolio across the media and consumer sectors. The board believes that Steve will provide valuable insights into relevant technology and customer developments in our key markets internationally.

In recent days, we have also appointed Ms Deena Shiff as a director. Ms Shiff has enjoyed a distinguished business career, covering senior roles in the legal profession and in corporate positions. She was a partner in the leading law firm Mallesons Stephen Jaques before joining Telstra Corporation where she rose to Group Managing Director. Deena brings deep experience in international business, growth oriented businesses and regulatory frameworks.

As previously flagged, after fulfilling leadership roles in the company over more than 20 years, our Managing Director Lisa Braden-Harder is stepping down at the end of July. Lisa is leaving the company in a strong position. On behalf of the board, I would like to record our appreciation for Lisa's outstanding contributions as one of Appen's founders and her creative leadership over a sustained period.

I am very pleased to advise that our comprehensive search for a new CEO has secured an exceptional candidate in Mark Brayan. He brings to Appen a wealth of international experience in the technology sector, proven leadership of ASX-listed companies and a track record of enhancing shareholder value, people leadership and developing strong customer relationships.

Mark will take up his role in July and will take leadership of a management team which has built an outstanding platform for Appen's next phase of growth. We consider Appen's management to be highly talented and we are keen to retain them and provide appropriate reward for their performance. Commencing this financial year, we are introducing a Long Term Incentive Plan to attract and retain our senior executives. This plan, foreshadowed in our prospectus, aligns the interests of Appen's executives and shareholders and is based upon continuing growth in Earnings Per Share. We believe this plan – coupled with existing Short Term Incentives – will provide a competitive foundation for our senior management and recognise their central role in developing and executing our strategies.



Finally, I would to place on record the board's appreciation for the contributions of our global workforce. Appen is fortunate to have a highly talented team of 150 professional staff, distributed in globally. Our team works seamlessly across national borders, time zones, cultures and languages and continues to deliver world-class services to our customers. Their skills and professionalism, coupled with our crowd resource of some 150,000 accredited workers, is central to Appen's quality and competitiveness.

I now hand over to Lisa for her report.

Chris Vonwiller
Chairman, Appen Limited
22 May 2014