

# Mobile Embrace Limited AGM

The Grace Hotel

Thursday, 7 November 2013

## **Chairman's Address to Shareholders**

I am pleased to report that your Company, Mobile Embrace, has delivered a marked improvement in overall performance over the 2013 financial year. The Company continued to refine its focus on mobile marketing and mobile payments with growth in revenue, EBIT and profit aligned with prudent cost management.

Our senior management team has delivered strong results with 7.6% growth in revenue, 230% growth in EBIT and 250% increase in net profit as well as continuing to strengthen the Company's market position. This trend has continued into the first Quarter of the current financial year as detailed in the Trading Update issued on 14th October. Unaudited EBITDA for the quarter is \$920 thousand dollars; this is near the total EBITDA for the 2013 financial year, a solid foundation for the 2014 financial year.

It is clear from these strong revenues and profits, a trend that we expect to continue, that the business is beginning to realize the benefits that have been brought about by the management team's repositioning of the Company.

Mobile Embrace's revenue comes from two sources: consumers paying via m-payments for products and services on their mobile devices - which accounted for 75% of the revenue for the 2013 financial year; while the balance, 25%, was delivered by m-marketing, mostly m-advertising.

The mobile industry is one of the most exciting, fastest moving industries today. Industry statistics and forecasts show that Australian smartphone penetration is now at 76%, with 81% of smartphone owners accessing the internet daily (Telstra News and Magna Global Research 2013). Research by Morgan and Stanley indicates that, within 12 months, mobile internet access will overtake access via Personal Computers.

Globally it is estimated that by 2017 the total m-payments user-base will climb past 500 million. That will be more than a five-fold increase from the less than 75 million consumers who used mobile payments at the end of 2012. The total value of global offline transactions facilitated by mobile devices will reach about \$1.5 trillion, up from \$120 billion in 2012 (Business Insider Australia 2013).

This brings with it a growing challenge for businesses of all types: how to reach and transact with the large and growing volume of consumer traffic moving to mobile devices and monetise the transactions. To do so consumers must be given relevant products with contextual marketing and easy payment options.

Mobile Embrace acquires, markets and monetises mobile traffic. The growth of consumer transactions on mobile devices is expanding opportunities to increase the Company's performance.

As forecast at the last AGM the Company generated revenue in Australia and New Zealand throughout the financial year, and commenced revenue generation in S.E. Asia.

The announcement last week that the Company's m-payments business, Convey, has launched in the US is very exciting news. Overseas expansion is a significant opportunity for the Company.

Whilst concentrating on, and improving, performance during the financial year the Company was equally focused on operational efficiency with further reductions in operational costs.

The substantial achievements and improved performance for the 2013 financial year were made possible by the passion, dedication and commitment of the staff led by our senior management team. They are best-in-market mobile specialists, having the necessary expertise and experience that are vital to the Company continuing to achieve its goals.

The board would like to thank senior management and the staff for their outstanding efforts and an impressive year-end result. The Board recognizes the commitment of senior management and staff to the growth of the Company and the improvement of its value to shareholders.

On behalf of the Board I thank you, the shareholders, for your continued support as we work towards achieving greater performance and growth in this rapidly expanding market.

David Haines  
Chairman