



9 February 2016
ASX RELEASE

Mobile Embrace Reports HY FY16 EBITDA of \$4.1* million

- **Revenue \$28 million up 99% on previous corresponding period (PCP)**
- **Second quarter revenue \$16 million up 33% from Q1**
- **NPAT of \$2.6* million – up 73% on PCP**
- **Incremental \$4.2 million invested in global customer acquisition**
- **Global m-commerce operations performing strongly**
- **International Direct carrier billing revenue outperforming – now exceeding \$520,000 per month**
- **Well-funded with strong cash position for continued growth in the second half**

Mobile commerce company Mobile Embrace Limited (**ASX: MBE**) is pleased to announce strong growth in earnings and revenue for the six months ended 31 December 2015. Net profit after tax was up 73% to \$2.6* million (HY1 FY2015: \$1.5 million), and earnings before interest, tax, depreciation and amortisation (EBITDA) was \$4.1* million (HY1 FY2015: \$1.7 million) which was achieved after MBE invested an additional \$4.2 million of free cash driving new customer acquisitions in global markets.

Revenue for the half year FY2016 was \$28 million, a 99% increase on the previous corresponding period (HY1 FY2015: \$14.1 million). The Company is particularly encouraged by the second quarter revenue performance of \$16 million, which reflects the momentum and growth being achieved across all of MBE's operating businesses.

While MBE's domestic operations are performing very well, underpinned by increasing demand for the group's mobile marketing and carrier billing offerings, a significant driver of growth has been the Company's international operations.

Of particular note is the increasing revenue from international direct carrier billing that has now exceeded \$520,000 in January 2016 alone (against circa \$60,000 one year earlier in December 2014). A number of International carrier billing markets are already generating profits. As well, international marketing operations in the UK have experienced excellent growth.

The businesses acquired in the half year, Vizmond Media in July, and Marketing Punch in September, have given MBE a stronger presence in Australia, New Zealand, and also established the Company's m-marketing offering in the UK and France.

** Unaudited financial results for the half year period ending 31 December 2015. No changes are anticipated.*

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Both businesses have increased their performance under MBE's ownership and have accounted for 12% of half-year revenue, demonstrating the strong organic growth MBE is enjoying.

MBE's investment in the increasingly utilised entertainment venue payment App, *Clipp*, has been successful with the *Clipp* business continuing to achieve greater consumer take up with a much advanced consumer value proposition and increased venue penetration. MBE paid a further \$1.2 million to *Clipp* in the half-year via the draw down debt facility put in place in 2015.

Commenting on the half-year performance, Mobile Embrace's Chief Executive Officer, Chris Thorpe said: "By every measure, the first half of FY2016 has been a period of significant progress. We have acquired and integrated two excellent businesses that strengthen our m-marketing operations and geographical footprint, we have delivered very robust organic earnings and revenue growth, and further de-risked and diversified our revenue base.

"The increasing revenue flows from international direct carrier billing is a particular highlight as it demonstrates that our strategy of establishing direct carrier billing operations in Australia and multiple international markets is delivering very meaningful and growing monthly revenue streams. We are actively pursuing new international markets through our partnerships with SingTel, Telenor and now Axiata."

"Our cash position of \$6.5 million as at 8 February 2016 is also noteworthy when considering MBE has paid out \$14.3 million in the half year to December on acquisition payments (\$8.9 million), *Clipp* drawdown (\$1.2 million) and an additional (\$4.2 million) over HY FY2015 on global customer acquisition. MBE has \$3 million of additional capacity from the CBA UK \$8.1million debt facility. We will continue to invest in global customer acquisition to further strengthen the company's long term profitability which in turn delivers shareholder wealth."

Outlook

MBE expects the solid growth in earnings and revenue to continue in the second half with the group benefiting from continuing organic growth across all businesses, growing international operations, and revenue and earnings contributions for the entire second half from Vizmond Media and Marketing Punch.

Chris Thorpe added: "The second half of the financial year has commenced well for MBE and we are well placed to again deliver very strong growth in revenue and earnings. Our focus is now firmly set on significant growth in FY2017."

"While organic growth is our main focus and growth driver, MBE has a very strong track record of acquiring and integrating quality businesses that are complementary, deliver greater scale, and strengthen our mobile marketing and carrier billing capabilities. The company made two acquisitions in FY2015 which are already returning an average of 141% revenue growth and 111% EBITDA growth between them. Price accretive, value adding acquisition opportunities will continue to be reviewed."

"MBE is in excellent shape and well placed to deliver a strong FY2016 result providing solid momentum into FY2017. We expect to report on our operational developments over the coming months and provide more definitive guidance into the current half."

- ENDS -

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For Independent research on MBE: www.mobileembrace.com/investors/

About Mobile Embrace Limited

Mobile Embrace Limited (ASX:MBE) is a mobile commerce company. Through our integrated and award winning mobile marketing and carrier billing infrastructure we enable the reach, engagement, transactions with and embracement of consumers via mobiles and tablets. For more information

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