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ASX Release

Market Update

MBE Full Year Unaudited Results Meet Guidance

- **FY 2017 Full year revenue and EBITDA guidance met**
- **MBE continues to invest in and focus on higher EBITDA margin Performance Marketing division which is growing favourably**
- **Balance sheet solid and underpins MBE's operations**

Mobile Embrace Limited (**ASX: MBE**) (**MBE** or **Company**) is pleased to provide this update to shareholders on the Company's unaudited financial results for the 12 months to 30 June 2017, and on its operational focus for the coming year and beyond.

Unaudited results for FY2017

Based on unaudited financials as at 8 August, the Company is pleased to confirm it has met FY2017 guidance with full year revenue of \$52.1M (guidance of \$52M) and EBITDA of \$5.3M (guidance of between \$5M and \$6M).

MBE confirms that its balance sheet and financial position is strong, underpinned by solid cash reserves, positive operating cash flow, and sufficient financial flexibility available through the current CBA facility.

Operations update and growth strategy

Mobile Embrace continues to increase its shift to and focus as a technology-led digital Performance Marketing company that is building out market-leading platforms and infrastructure globally. MBE has created digital Performance Marketing infrastructure from its offices in Australia, New Zealand and the UK so that its clients can utilise its proprietary technology, tools and data assets to seamlessly target and connect consumers to products they value, generating high quality customer acquisitions at scale, on any mobile device.

The group's greater emphasis on its Performance Marketing offering has provided strategic risk mitigation for MBE's broader operations. This transition is providing a stronger platform to drive greater near-term and sustainable returns for shareholders.

The groups EBITDA margin will benefit from the greater focus on Performance Marketing, enabling stronger earnings off a lower revenue base.

Given the external factors that have led MBE to put the marketing of its Carrier Billing operations on hold, revenue-generating transactions will be predominantly Performance Marketing as Carrier Billing transactions reduce. Performance Marketing transactions are already the dominant component of group earnings.

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MBE will continue to increase its focus on the innovation, investment and development of the Performance Marketing division. A number of operational initiatives are in development to reinforce and build on this strategy, and they are well advanced.

With the shift of focus to Performance Marketing Co-Founder and Managing Director Neil Wiles has been appointed CEO and Managing Director. Co-Founder and former CEO Chris Thorpe has moved to a new role consulting to MBE and continues on the Board as a non-executive director.

Divestment of non-core asset

As announced in the February shareholder update the Company has continued reviewing non-core assets. As a component the Eggmobi mobile creative business has been divested. Eggmobi has been sold through a management buyout to one of Eggmobi's founders for the consideration of \$2,029,000 that consists of \$1,630,000 of debt forgiveness and \$399,000 in cash, effective 28 June 2017.

Performance Marketing

Since the April shareholder update, MBE is pleased to confirm that the Performance Marketing business unit continues to perform well and is benefiting from further investment in its underlying proprietary technology.

As advised, a number of new brands and data assets have been successfully launched with customer activity and databases building. Client retention is very strong with live campaigns continuing to exceed 200.

Performance Marketing is a core strength of MBE's which has been bolstered through strategic acquisitions and organic investment, and MBE is intent on capitalising on this well entrenched market position. The superior EBITDA margins provide a stronger platform to deliver improved earnings per share.

Carrier Billing

MBE has previously advised that its Carrier Billing operations were being impacted by external factors, and that in order to better manage future earnings risk, a prudent course of action was to put marketing activities on hold and reduce spend across the division.

This has proven to be the right approach given these external factors are unchanged. While MBE has the option to scale up Carrier Billing in the future should conditions improve, the Company's resources are best deployed on building greater scale into the Performance Marketing division. As well, earnings are better insulated.

The likely outcome of this is that MBE, through its Performance Marketing operations, quickly adapts to being a business generating higher EBITDA margins, delivering improved return on funds employed, and strong group earnings, off a lower revenue base in the near term.

Outlook

Mobile Embrace is well positioned to capitalise on the investment it has made in strengthening and shifting focus to its Performance Marketing business unit, and enabling improved EBITDA margin performance and growth through the scale up of its operations from its offices in Australia, New Zealand and the United Kingdom.



Performance Marketing is growing favourably which is being achieved entirely through organic growth initiatives and in-house technology development which reflects the depth of MBE's intellectual property and talent. The expanding client base covers major industries including utilities, telecommunications, finance, health, travel, insurance, education, entertainment and FMCG (fast moving consumer goods).

MBE's operations have now been significantly de-risked and the Company looks forward to providing shareholders with details on its enhanced digital Performance Marketing offering very shortly. Full year audited results will be reported during August.

About Mobile Embrace Limited

Mobile Embrace Limited (ASX: MBE) is a technology led digital performance marketing company. Through our integrated and award winning digital customer acquisition infrastructure we enable the reach, engagement, transactions with and embracement of consumers at scale. To learn more please visit www.mobileembrace.com.

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Forecasts and estimates may be materially different and may be affected by many factors such as the timely release of products and services, dependencies on third parties, the overall global economy, competition in the industry and other events beyond the control of or unforeseen by Mobile Embrace Limited and its subsidiaries.

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