

ASX Announcement

11 December 2014



Bulletproof acquires Pantha Corp: Significantly boosts Cloud Consulting strategy

- Bulletproof has acquired Pantha Corp business for up to \$3.9m cash and scrip
 - the eps accretive deal represents an initial payment of 2x EBITDA (\$400k EBITDA)
 - rising to a maximum of around 4x EBITDA if all targets met in full
 - significant hurdles to be met for total consideration to be paid
- Pantha Corp founders to play a key role in Consulting and Product Development
- Bulletproof consolidates position as leading Cloud Services company in Australia

Bulletproof (ASX:BPF) is pleased to announce the acquisition of the business assets of Pantha Corp, a leading Cloud Consulting and Professional Services company. Pantha Corp is a major Consulting Partner with Amazon Web Services (AWS), with extensive experience in DevOps and Cloud enablement for major enterprise customers (such as a top 20 ASX listed client).

Bulletproof today paid \$800k cash to Pantha Corp, from existing cash reserves of around \$5m. The acquisition brings approximately \$4.0m of annualised existing revenues to the Company, with \$400k of current run-rate EBITDA (including some initial cost synergies)¹.

The owners may earn further performance-linked payments of up to \$3.1m split between cash and shares - to be paid over the next 18 months (or earlier, if targets are achieved earlier).

The deal further cements Bulletproof's position as the leading listed Cloud Services company in Australia, by bringing far wider capability around cloud consulting to the company's existing, and prospective customers. The acquisition allows the Company to capture more revenue from the Cloud Services budget of corporate, enterprise and government customers. The combined business is expected to yield additional growth in managed services as further application workloads are assessed and migrated to the cloud through the extended service offering.

Pantha Corp's product development capabilities will also accelerate Bulletproof's existing market leadership in bringing more application-specific and complex management services to the market, to meet customers' increasing demands.

¹ The acquired EBITDA will not be counted in determining the FY15 performance hurdles to be met for the conversion of Performance B Shares by the original Bulletproof vendors.

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Bulletproof CEO, Anthony Woodward, said, “We are very excited by the opportunities presented by the established enterprise customer base serviced by the Pantha Corp team, as well as the prospective additional revenues from service offerings we will be able to offer our 600-odd customers.”

“The Pantha Corp team have an established track record in the space. They have been a Bulletproof partner organisation on a number of key clients already, are a highly regarded Amazon Web Services (AWS) partner, and their core DevOps culture is in tune with Bulletproof’s own strength in this area. The Pantha Corp team also has skills in many enterprise web and digital application platforms. We are delighted to have Pantha Corp join us. We expect the sum of the parts to create an extremely valuable, cohesive whole that significantly increases shareholder value.”

Transaction Terms

In addition to the upfront payment of \$800k, the deal includes a number of performance based hurdles to allow the owners to earn up to a further \$3.1m. Those performance-related payments are payable as a 50:50 mix of cash and scrip in the Company. Shares will be issued based on a 30c issue price, with a maximum of 5.2m shares issued if all hurdles are met.

Bulletproof anticipates that the deal will be strongly earnings per share (eps) accretive, with the initial payment representing some 2x EBITDA, and total consideration (if all performance hurdles are achieved) of the order of 4x overall EBITDA growth brought to the Company.

The targets are linked to measures where the Pantha Corp business is expected to bring material additional value to the Company, including acquiring new professional services and consulting customers for the Company - growing profitable revenues.

A material part of the targets is based on the successful release to market of new products, which are expected to significantly bolster recurring earnings with additional operating leverage and scalability.

All the measures are benchmarked over three consecutive half-year periods corresponding with the audited results of the company, and must be achieved by the end of June 2016. Any target not met by that time will have its corresponding payment forfeited.

Pantha Corp Founders to bring significant strategic value

With a background in consulting from the larger-scale European market, the founders of Pantha Corp – Bjorn Schliebitz and Agnes Schliebitz-Ponthus – have a true understanding, vision and passion for the transformative power that cloud can bring to the enterprise. Bjorn Schliebitz will lead Bulletproof’s Professional Services group. Agnes Schliebitz-Ponthus will head up the Company’s recently created Product Development division to accelerate the strategy of delivering high value managed service platform products to the cloud services market.

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Their rigorous approach and professional delivery capability has helped to bring online some of the country's largest cloud deployments, hosting significantly revenue-dependent enterprise workloads. Their demonstrated ability to develop products that have key repeatable components makes them invaluable to the strategic decision-making team at Bulletproof.

In addition, their team of 20 core professional services consultants brings a large increase in cloud consulting capability to bear on the Company's 600 existing managed services customers, and expected 100-per-year new customers. Following the transaction, Bulletproof will have almost 100 staff across the various business groups and geographies.

Pantha Corp founder and CEO, Bjorn Schliebitz said, "We have worked with the Bulletproof team on large scale complex projects such as for Sydney Airport Corporation for a number of years. We are excited by the significant opportunity that matching Pantha Corp's leading consulting and product development capabilities with the industry leader in managed cloud services brings to corporate, enterprise and government customers as they go on the transformative cloud migration and business re-engineering journey. We couldn't be happier about being part of the nation's leading Cloud Services story and we can't wait to add further value to the stellar Bulletproof business."

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About Bulletproof

Bulletproof Group Limited is an Australian-owned, publicly listed company with offices in Sydney and Melbourne, Australia, and California, USA. Bulletproof Group shares are listed on the Australian Securities Exchange (ASX) and are traded under the code BPF.

Founded in 2000, Bulletproof is the leading Australian-owned mission critical cloud provider, providing Managed Cloud services to business, enterprise and government customers. Bulletproof has consistently been first to market with public and private cloud based services and innovations. Bulletproof was the first company in Australia to launch a public cloud service in 2006 and the first to launch a managed Amazon Web Services (AWS) offering in 2012.

Bulletproof's world-class service allows customers to focus on their core business to ensure they have the freedom to be remarkable.

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