

# First Half FY14 Results Presentation



[bulletproof.net.au](http://bulletproof.net.au)

# Company Overview

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## Financial snapshot

	FY13	H1 FY14	FY14 target
Revenue	\$14.1m	\$8.1m	\$18.5m
EBITDA <sup>1</sup>	\$2.2m	\$0.965m	\$2.890m
NPAT	(\$0.01m)	(\$4.289m)	
Underlying NPAT <sup>1</sup>	(\$0.01m)	(\$0.02m)	

1. Excluding (historic Spencer) goodwill impairment, expensed broker options and deal costs

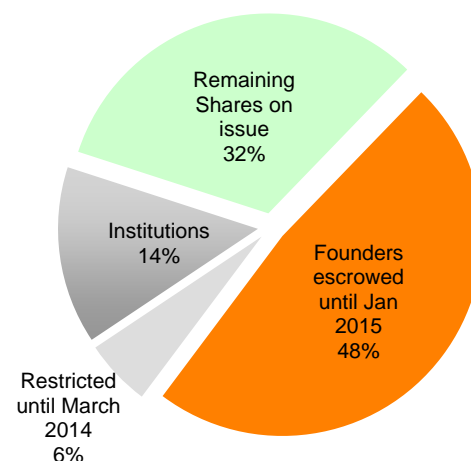
## H1 FY14 Highlights

- Strong recurring revenue growth ahead of targets
- Significant shift to Amazon Web Services-based revenues
- Strong balance sheet post listing

## Background

- Founded in 2000
- Listed in January 2014
- 52 Staff, Sydney based
- Managed Cloud Services for Corporate and Government
- Launched first AU Public Cloud in 2006
- Customers include Movember, Bluescope Steel, Network Ten, Bauer Media and Racing Victoria

## Shareholder Breakdown



## Capital Structure

	Number
Shares on issue <sup>1</sup>	72,524,667
Unlisted Options	9,387,000
Performance Shares <sup>2</sup>	41,666,664
Total fully diluted share capital	123,578,331

1. ASX quoted shares 68,604,667

2. Convert to ordinary shares on FY14 and FY15 EBITDA hurdles

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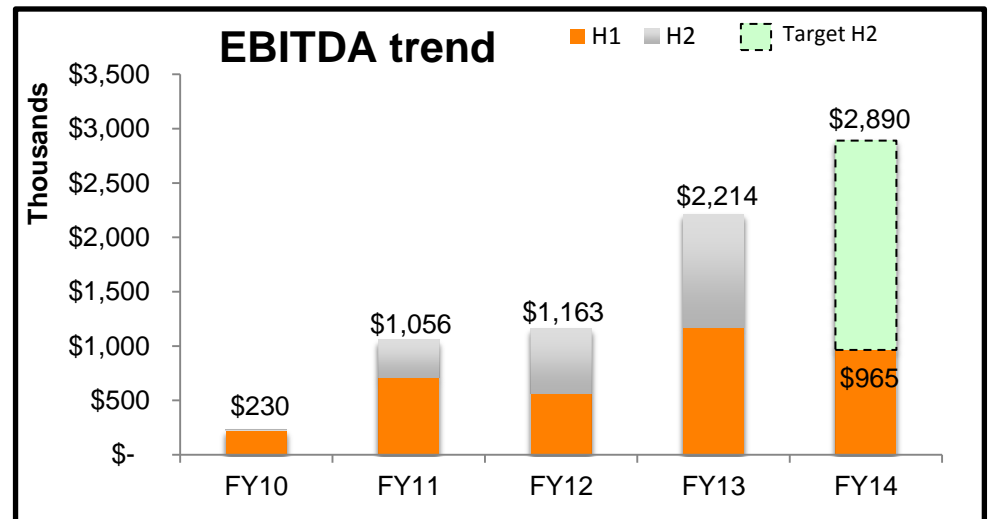
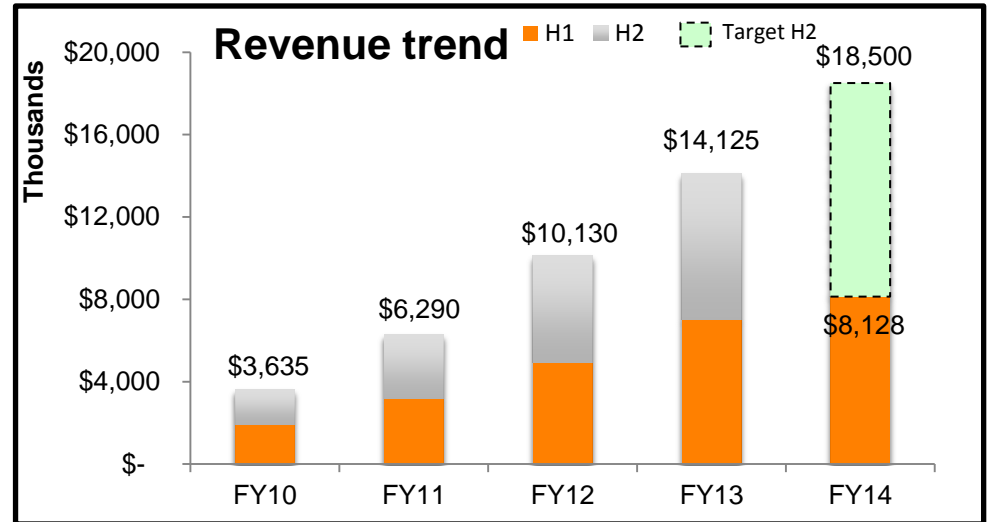
# H1 FY14 Overview

# H1 FY14 Result in context

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Revenue	\$8.1m
Cost of Sales	\$4.0m
Gross Margin	49.8%
Expenses	\$4.0m
NPAT	(\$4.289m)
Underlying NPAT <sup>1</sup>	(\$0.02m)
Underlying EBITDA <sup>1</sup>	\$0.965m

1. Excluding (historic Spencer) goodwill impairment, expensed broker options and deal costs



# H1 FY14 Highlights

- H1 revenue ahead of target at \$8.1m
- Commencement of Mark Randall, CCO
  - ex Country Manager A/NZ Rackspace
  - growth of Sales and Account Management teams
  - new Marketing Manager
- Monthly Recurring Revenue (MRR) focus to yield H2 and long term revenue growth
- Awarded AWS Premier Consulting Partner for 2014 (one of 22 globally, only one in A/NZ)
- Many new customer wins (including Bauer Media, Racing Victoria and Tennis Australia) with increase in New Average Customer MRR
- AWS-based revenue jumped to 11% of Recurring Revenue
- Successful ASX listing to become Bulletproof Group Limited (ASX:BPF)

# Revenue Trends

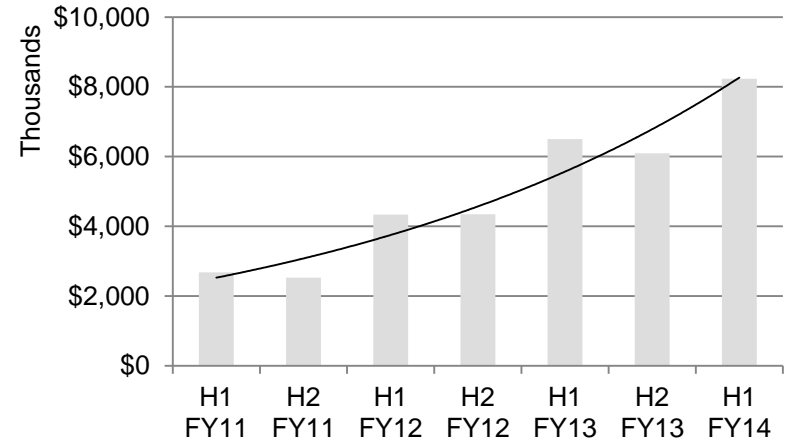
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\$,000	H1 12	H2 12	H1 13	H2 13	H1 14
Revenue	4,947	5,183	7,011	7,113	<b>8,128</b>
Recurring Revenue	4,586	4,094	6,053	5,834	<b>7,573</b>
Recurring revenue component	88%	84%	86%	82%	<b>93%</b>
AWS-based Revenue	-	-	60 (<1%)	123 (2%)	<b>837 (11%)</b>

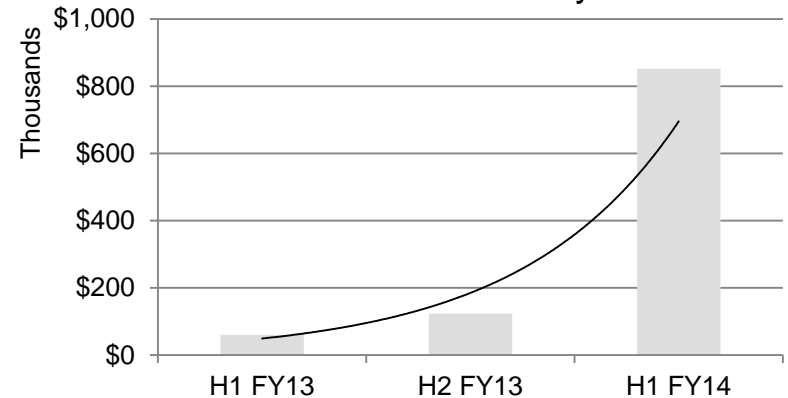
## Changes to Trends

- Continued overall revenue growth
- Growing percentage of recurring revenue to yield higher future revenues
- Shift to Amazon Web Services-based revenues – very fast ramp up
- Higher Monthly Recurring Revenue, increasing profile customer base

### Recurring Revenue Totals by HY



### AWS-based Revenue by HY



# FY14 Full Year Expectations

FY14 on track to meet market guidance:

- \$18.5m revenue (31% YoY growth)
- \$2.89m EBITDA (~15% of revenue)

Profitability of Amazon Web Services (AWS)-based revenue to increase as balance sheet now enables more pre-purchasing and volume-based discounts

Continued strong growth to AWS-based revenue

Smaller increases in staff (headcount end H1 50, up from 43 at end of FY13 due to hiring in sales organisation to push revenue growth; end of FY14 expected to be 54)

MRR realization from H1 bookings leading to increased revenue across H2

Increased sales growth from H1 Sales and Marketing hires coming on stream

Increase in size of customer contract wins due to AWS Premier Partner status

More complex deployments due to additional partnership agreements

# Contacts

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## About Bulletproof

Bulletproof Group Limited is an Australian-owned, publicly listed company with headquarters in Sydney, Australia, and offices in 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.

Recognised as a Deloitte Fast 50 Technology company every year since 2010, 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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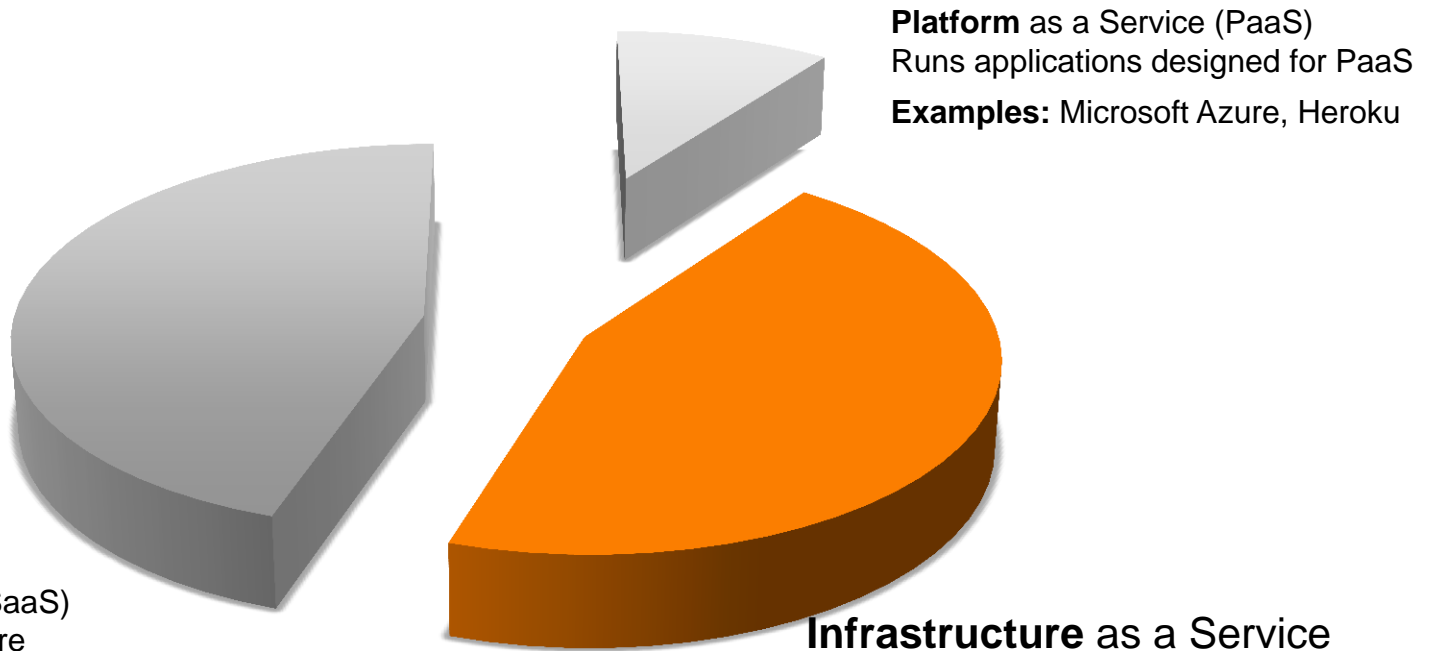
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# About Cloud

# Cloud Opportunity

- Australia's total cloud market to reach >\$2 billion in 2016
- Australia is leading cloud adoption in the Asia-Pacific region
- Analyst firm IDC: *Australian Cloud Services 2011-2016 Forecast and Analysis*
- Cloud Infrastructure Services growing at 25.4 percent 2012 – 2017
- 70 percent of CIOs surveyed plan to use IaaS for production < 3yrs
- Analyst firm Gartner: *Gartner Symposium/ITexpo 2013*

# Cloud Market Segments



**Bulletproof manages this**

# Managed Cloud Services

- **Managed** component of Infrastructure as a Service in AU will grow to approximately \$350m by 2016 (25% CAGR)
- The market is moving from the early adopter to the early majority phase
- **Managed cloud** is characterised by high margins, recurring revenues, low churn rates
- Represents a **high value, long term** opportunity
- *Value is in the management (initial design, deployment, ongoing uptime), and not in the underlying infrastructure*
- **Ownership of the customer remains with Bulletproof**

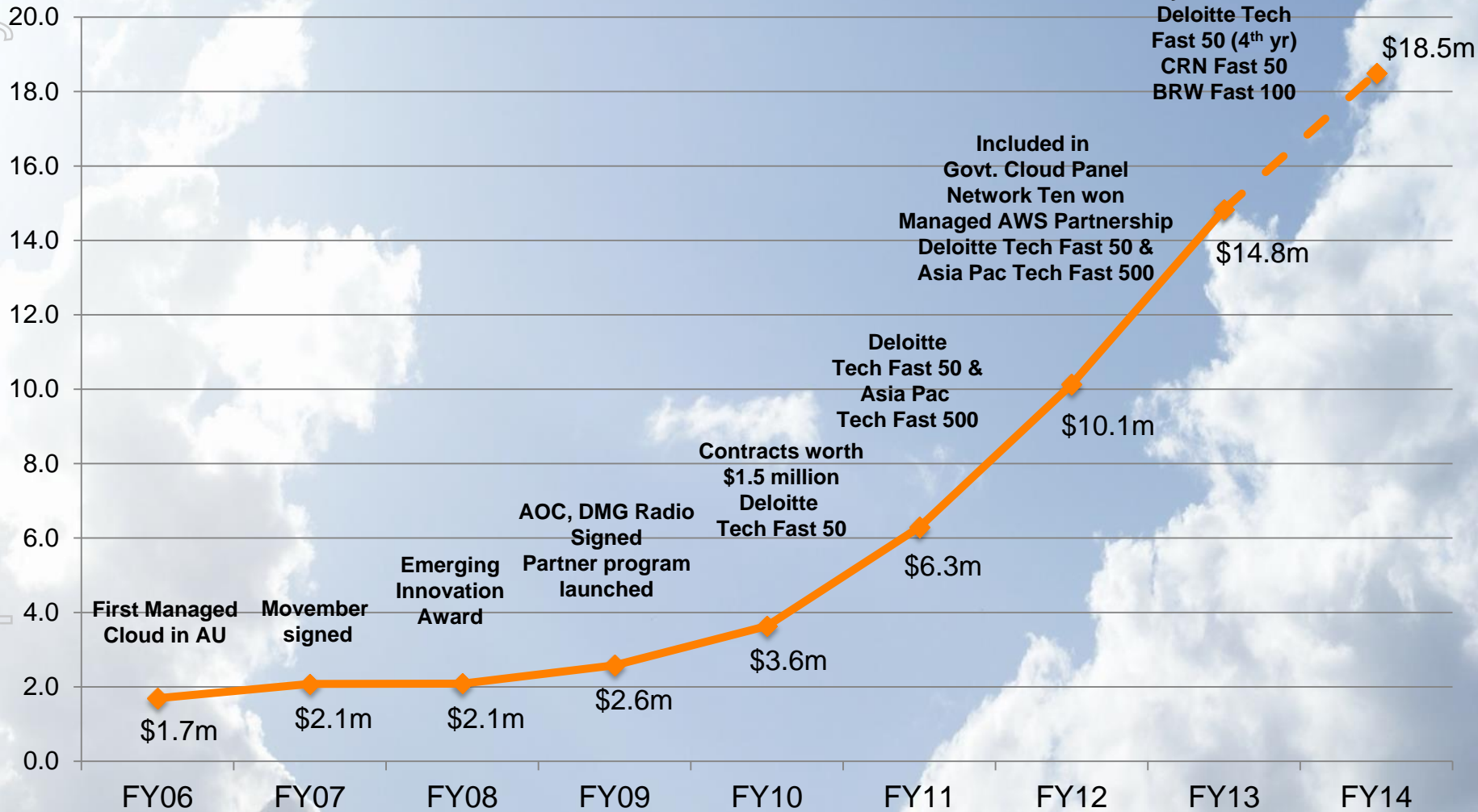
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# About Bulletproof

# Bulletproof Timeline

Millions

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# Key Personnel



## **Stephe Wilks, 50, non-executive chairman**

Over 20 years' experience in the telecommunications industry both within Australia and overseas. CxO and senior executive positions with BT Asia Pacific, Optus, Hong Kong Telecom, Nextgen Networks and Personal Broadband Australia. Chairman of Eftel Limited until June 2013 when the company was sold. Non-Executive Director of Service Stream Limited, Tel.Pacific Limited and 3Q Holdings Limited. On the advisory board of the Network Insight Group.



## **Anthony Woodward, 45, co-founder and CEO, executive director**

Background in Software Engineering, co-founder and CTO of ZipWorld, an internet access provider successfully sold to Pacific Internet in 1999. After a short stint as CTO with Pacific Internet, co-founded Bulletproof in 2000. Development of business and key clients such as Bluescope.



## **Lorenzo Modesto Director, 44, co-founder and COO, executive director**

Background in Sales and Marketing, co-founder of ZipWorld and responsible for growing product, promotion & sales at ~120% YoY until the company sale. Oversaw Pacific Internet's development of the first business ADSL service in Australia before co-founding Bulletproof. Development of major Bulletproof clients, marketing and PR programs, and service level programs.



## **Mark Randall, 39, Chief Customer Officer (CCO)**

Background in managed services and telecommunications businesses across Australia and the UK. After two years with Rackspace in the UK, founded its Australian operations and as Country Manager grew revenue to \$30M. Recently chose to join Bulletproof as the leading player in the AU market to help take it to the next stage.



## **Kylie Turner, Secretary, 37, CFO, Company co-secretary**

Background in senior finance roles (including CFO) at various businesses including Managed Hosting provider Hostworks. Worked with Bulletproof since 2010 on finance management, and improving key financial reporting and forecasting tools, implementation of key HR policies and Company Secretarial duties



# Key Customers

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**mazda**



**Australian Government**

**The Treasury**



**MOVEMBER**  
CHANGING THE FACE OF MEN'S HEALTH



*Tourism Victoria*





# Financial Strengths

- **Self-funded** business since inception
- Cash-flow **positive**
- 40% CAGR revenue history over 5 years
- **Revenue outlook** at or above market growth rates
- **Recurring** revenue > **85%**
- **Low churn** rate – industry leading

# Growth Drivers

- Current Cloud Adoption moving to early majority
- Bulletproof's Successful AWS Partnership (first of many)
  - 15% AWS customer growth per month due to partnership
- Churn from low value providers – growing market share
- Continuous product and service innovation
- Additional Value-added Services to existing customers
- “Any customer” reference policy

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# Appendix 1

# Capital Structure Detail (1)

## Issued Securities as at 20 January 2014

### Issued Ordinary Shares

Security	Issued	Unrestricted	Comment / Terms	Restricted	Release Date
Ordinary FP pre BPN [1]	pre 17-Dec-13	16,438,000	See note [3]	3,920,000	28-Mar-14
Ordinary FP Prospectus 2013 [2]	15-Jan-14	10,500,000	Issued at \$0.27 = \$2.835m	nil	n/a
Ordinary FP BPN Consideration	15-Jan-14	41,666,667	See note [4]	nil	n/a
<b>Sub-total</b>		68,604,667		3,920,000	
<b>Total Ordinary Shares on Issue</b>		<b>72,524,667</b>			
<b>Tradeable Shares at readmission</b>		<b>33,788,481</b>			

#### Notes

1. BPN = Bulletproof Networks Pty Ltd
2. Prospectus 2013 = Prospectus issued as Spencer Resources Limited and dated 12 December 2013
3. ASX imposed restriction related to initial IPO in March 2012
4. 34,816,186 shares subject to voluntary escrow until 22 January 2015
5. 14,222,875 subject to voluntary escrow until 22 January 2015 (when converted)
6. Convert to ordinary shares, no later than 31 Dec 2015 (refer Conversion Events Prospectus 2013 pp 75-77)
7. Exercise price \$0.25, expiry 30 June 2014
8. Exercise price \$0.20, expiry 15 Sept 2014
9. Exercise price \$0.20, expiry 28 March 2015
10. Issued under Prospectus 2013. Exercise price \$0.20, voluntary escrow until 22 January 2015, expiry 21 January 2017

# Capital Structure Detail (2)

## Issued Securities as at 20 January 2014 (cont'd)

### Unquoted Securities

Security	Issued	Unrestricted	Comment / Terms	Restricted	Release Date
Class A Performance Shares	15-Jan-14	16,666,664	See notes [5], [6]	nil	n/a
<b>Total Class A Performance Shares</b>		<b>16,666,664</b>			
Class B Performance Shares	15-Jan-14	25,000,000	See notes [6]	nil	n/a
<b>Total Class B Performance Shares</b>		<b>25,000,000</b>			
<b>Options</b>	pre 17-Dec-13	nil	See notes [3], [7]	800,000	28-Mar-14
	pre 17-Dec-13	nil	See notes [3], [8]	5,000,000	28-Mar-14
				nil	n/a
	pre 17-Dec-13	250,000	See note [9]		
	15-Jan-14	3,337,990	See note [10]	nil	n/a
<b>Sub-total</b>		<b>3,587,990</b>		<b>5,800,000</b>	
<b>Total Options on issue</b>		<b>9,387,990</b>	Total issued at re-admission		

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