

ASX Announcement

21 August 2014



FY14 Results: Delivering Leadership in Managed Cloud

Results

- Full year revenues up 29% to \$18.3m
- Underlying EBITDA up 31% to \$2.9m
- Reported NPAT loss of (\$3.1m) after impairment of historic goodwill, and deal costs
- Underlying NPAT of \$450k

Highlights

- Rapid growth in Managed External Cloud to 17% of recurring revenues
- Growing share of Enterprise Managed Cloud market, with significant client wins
- National and international expansion rolling out to plan

Bulletproof Group Limited is pleased to announce its FY14 results, highlighting the Company's continued leadership as the region's premier Managed Cloud services provider.

	FY2013	FY2014 (Actual)	FY2014 (Underlying ¹)	%change (underlying to pcp)
Revenue	\$14.1m	\$18.3m	\$18.3m	29%
EBITDA	\$2.2m	\$2.4m	\$2.9m	31%
NPAT / (loss)	(\$96k)	(\$3.1m)	\$450k	

¹ Given the process associated with the reverse listing of Bulletproof Networks into Bulletproof Group Limited (formerly Spencer Resources) in January 2014, the underlying result excludes elements such as write down of goodwill from discontinued operations, expensed broker options and other associated costs. Please see attached table for detailed breakdown.

Along with strong revenue growth above market trend, the period has seen many new customer wins (including Bauer Media, Racing Victoria, Mazda, Olympus Australia, and Moshtix) for the Company.

Speaking about the results, Bulletproof CEO, Anthony Woodward, said, "The strong result for our first full year as a listed company shows that our Managed Cloud strategy is delivering on our efforts. The Amazon Web Services partnership continues to deliver rapid growth, with AWS-based revenues around 17% of recurring revenues for the period, compared with 1% for FY13. Enterprise customers continue to find public cloud options very attractive, leading them to seek a quality managed services partner to lock in the numerous benefits - such as agility and time to market - to their business."

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Rapid growth in Managed External Cloud

The growth engine for the business in FY14 was the provision of Managed Cloud services on external cloud platforms such as Amazon Web Services (AWS). With AWS being the first global cloud platform to launch in Australia, Bulletproof seized the opportunity to become the first managed services provider in this market to deliver Managed AWS in October 2012. Bulletproof's expertise and capability in managing cloud infrastructure and delivering market-leading customer service saw it awarded as Australia and New Zealand's only AWS Premier Consulting Partner in November 2013.

Significant client growth continues

FY14 saw a strong focus on bringing on new customers, new workloads, and increasing monthly recurring revenues to ensure long term revenue and profitability growth. Recurring revenue continues to remain strong, contributing 85% of total revenues for the FY14 year.

Bulletproof's credentials as the leading Managed Cloud provider resulted in continued growth of corporate, government and enterprise clients, with an increase in new average customer monthly recurring revenue. As customers continue to explore – and then move more workloads to – the cloud, they will also continue to grow their managed cloud services spend.

Operational Excellence continues

Bulletproof further implemented its follow the sun support strategy during the financial year, which enables the company to deliver Bulletproof support from business hours at different global time zones. Recent hires in South Africa and planned hires in the US will round out the strategy.

The Melbourne operation is expanding with a local sales team tapping into Victorian opportunities in particular. Bulletproof's US operation continues to expand, and has already resulted in local sales there through partners.

Performance Shares

The acquisition of Bulletproof Networks by the Company included the issue of Class A and Class B performance shares, which convert to ordinary shares on meeting certain thresholds in FY14 and FY15. The achieved EBITDA net of deal and corporate costs for the purposes of class A performance share conversion was \$3.0m, which exceeded the FY14 target of \$2.89m. Hence, the Board anticipates converting 16,666,667 Class A performance shares to ordinary shares.

We have set out the anticipated capital structure of the Company at the time of issuing those shares (expected to be 1 September 2014) in the attached table.

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FY15 Outlook

Bulletproof expects to continue to grow revenues and profitability over the coming year, and to benefit from the operating leverage afforded by increased scale.

The Company has an outstanding obligation under the reverse listing to deliver performance rights based on the FY15 result (class B performance shares). Those shares may be issued on a sliding scale for EBITDA (net of deal and corporate costs) in the range of \$3.5m to \$5.0m. An EBITDA net of deal and corporate costs of \$4.0m, for example, would represent a 33% increase on FY14 EBITDA and result in the conversion of 10 million class B performance shares to ordinary shares.

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About Bulletproof

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

Reconciliation of Actual, Underlying and Performance Share hurdle results

	30 June 2014	30 June 2013	
Profit / (Loss) before tax	(39,244)	(16,137)	
Income tax (expense)/benefit	<u>95,829</u>	<u>(79,559)</u>	
Profit / (Loss) for the year from continuing operations	56,585	(95,696)	
Loss for the year from discontinued operations	<u>(3,128,064)</u>	-	
Profit / (Loss) for the year	<u>(3,071,479)</u>	<u>(95,696)</u>	
<i>EBITDA</i>	<i>2,433,240</i>	<i>2,214,436</i>	9.9%

Reconciliation to Underlying:

Add back for Goodwill Impairment from acquisition	3,128,064	-	
Add back for share based payment expense	778,924	-	
Removal of gain on revaluation of financial liabilities	(758,289)	-	
Add back for costs associated with acquisition	441,078	-	
Adjust Income tax (expense)/benefit to remove abnormal	<u>(68,327)</u>		
Underlying Profit / (Loss) for the year	<u>449,971</u>	<u>(95,696)</u>	
<i>EBITDA</i>	<i>2,894,953</i>	<i>2,214,436</i>	30.7%

Reconciliation to Performance Hurdle:

Add back for listed company expenses	<u>110,294</u>		
<i>EBITDA</i>	<i>3,005,246</i>	<i>2,214,436</i>	

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Anticipated Capital Structure as at 1 September 2014 (following issue of class A performance shares)

BULLETPROOF GROUP LIMITED

Issued Securities (anticipated) as at 1 September 2014

Issued Ordinary Shares

Security	Issued		Comment / Terms
Ordinary - Prior to re-listing	pre December 2013	20,358,000	
Ordinary - Prospectus 2013	15 January 2014	10,500,000	Issued at \$0.27, see note [1]
Ordinary - Bulletproof Networks Pty Limited consideration	15 January 2014	41,666,667	See note [2]
Ordinary – option exercise	30 June 2014	800,000	25c options exercised
Ordinary – option exercise	15 July 2014	5,000,000	20c options exercised
Ordinary - Class A Performance Shares issued	1 September 2014	16,666,667	See notes [1], [3]
Total Ordinary Shares on Issue		94,991,334	

Unquoted Securities

Security	Issued		Comment / Terms
Class B Performance Shares	15 January 2014	25,000,000	See note [4]
Total Class B Performance Shares		25,000,000	
Options	pre December 2013	250,000	See note [5]
	15 January 2014	3,337,990	See note [6]
Total options on issue		3,587,990	

Notes

1. Prospectus issued as Spencer Resources Limited and dated 12 December 2013
2. 34,816,186 shares subject to voluntary escrow until 22 January 2015
3. 14,222,875 subject to voluntary escrow until 22 January 2015
4. Convert to ordinary shares, no later than 31 Dec 2015 (refer Conversion Events Prospectus 2013 pp 75-77)
5. Exercise price \$0.20, expiry 19 March 2015
6. Issued under Prospectus 2013. Exercise price \$0.20, voluntary escrow until 22 January 2015, expiry 23 January 2017

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