

ASX Announcement

16 February 2018



FY18 First Half Results

SYDNEY, Australia – Bulletproof Group Ltd (ASX: BPF) presents audited results for the period ended 31 December 2017.

FY18 First Half Results

- Revenue of \$23.3m, 5% decrease Year on Year
- Underlying¹ EBITDA \$1.9m and EBIT loss (\$0.2m)
- Underlying¹ NPAT loss (\$0.4m), reported NPAT loss (\$1.3m)
- Positive cash flow of \$1.0m generated by operating activities

Operational Update

- Board refresh completed November 2017 with new chair
- Organisational structure review executed, implementation commenced November 2017 with forward benefits to flow
- Major client project wins through the period, NSW Department of Finance, Services and Innovation and large Global Financial Institution
- Improvement in Customer Churn metric to < 1%

Financial Highlights	FY18 H1	FY17 H1	Change to PCP
Revenue	\$23.3m	\$24.5m	-4.9%
Underlying ¹ EBITDA	\$1.9m	(\$0.4m)	+\$2.3m
Underlying ¹ EBIT (loss)	(\$0.2m)	(\$2.7m)	+\$2.5m
Underlying ¹ NPAT (loss)	(\$0.4m)	(\$1.5m)	+\$1.1m
Reported NPAT (loss)	(\$1.3m)	(\$5.4m)	+\$4.1m

The first half FY18 results reflect the bottom-line impacts of initiatives completed during FY17 delivering a significant turnaround year-on-year. While revenue performance was down by 5% year on year, this reflects recurring revenue churn experienced at the end of 2016, and was offset by 16% growth in Professional Services year on year.

Segmental Analysis	FY18 H1	FY17 H1	Change to PCP
Public Cloud - Recurring			
Revenue	\$11.4m	\$12.4m	-8.1%
Gross Margin	\$2.8m	\$3.7m	-24.3%
Private Cloud - Recurring			
Revenue	\$9.0m	\$9.6m	-6.3%
Gross Margin	\$3.3m	\$3.0m	+10%
Professional Services – Once-off			
Revenue	\$2.9m	\$2.5m	+16.0%
Gross Margin	\$1.5m	\$0.3m	+\$1.2m
Other Costs and Expenses	\$8.9m	\$12.6m	-\$3.7m

¹ Please see reconciliation between IFRS and underlying results at the end of this release

While recurring public cloud margins have come under pressure from external public cloud vendors' activities, private cloud revenues leveraging asset investment continue to track at a higher and more stable margin. Improvements to the governance and delivery of Professional Services projects has improved that business line's gross margin. Meanwhile, other costs have been dramatically reduced, contributing strongly to the underlying operating result for the period.

Reconciliation – Underlying results to IFRS

Please refer below for the reconciliation between underlying and IFRS statutory results:

	EBITDA	EBIT	NPAT
Underlying result	\$1.9m	\$(0.2m)	\$(0.4m)
Restructuring expenses	\$(0.4m)	\$(0.4m)	\$(0.4m)
Write off of non- current assets	\$(0.1m)	\$(0.1m)	\$(0.1m)
M&A and legal costs	\$(0.4m)	\$(0.4m)	\$(0.4m)
Statutory Profit/(loss)	\$1.0m	\$(1.1m)	\$(1.3m)

New Zealand Business Update

The New Zealand business revenues were lower than the same period in FY17, however following management changes earlier in 2017 the business returned a positive margin for the period.

New Zealand Business	FY18 H1	FY17 H1	Change to PCP
Recurring Cloud Revenue	NZ\$0.5m	NZ\$0.7m	-40.0%
Professional Services Revenue	NZ\$0.5m	NZ\$0.8m	-60.0%
Underlying¹ EBIT	NZ\$0.5m	\$0.0m	+\$0.5m

As previously advised, the Company received a claim in relation to the acquisition of Cloud House NZ from the previous founders of the business, which was lodged in the New Zealand High Court. The Directors remain of the view that the claim has no basis and therefore no provision has been made in the financial statements as at 31 December 2017. An estimate of legal costs to defend the case is c.\$450k, should the matter run to trial. The Company's defence to the claim was lodged in the New Zealand High Court on 24 August 2017, and its counter-claim was lodged on 22 October 2017.

Customer and Partner wins

The Company continued to focus on helping customers transform their business utilising cloud technology, including new professional services contracts won with the NSW Department of Finance, Services and Innovation and a large Global Financial Institution.

Along with our market leading partnerships with Amazon Web Services and Microsoft Azure the Company is exploring new partnerships with a range of complementary professional services organisations to grow our professional services revenues and managed service opportunities in future periods.

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About Bulletproof

Founded in 2000, Bulletproof is Australia's leading cloud services company, supporting business, enterprise and government customers across the globe. Bulletproof has consistently been first to market with public and private cloud based services and innovations. With over a decade of experience in cloud, Bulletproof continues to drive industry innovation. Since being the first provider in Australia to launch a VMware public cloud service in 2006 and the first in 2012 to provide Managed AWS services, in 2013 Bulletproof was given the status of the first AWS Premier Consulting Partner in Australia and New Zealand.

in 2014, Bulletproof became Australia's first publicly listed pure play cloud services company, with offices in Sydney, Melbourne, Auckland and Wellington. Bulletproof Group Limited shares are listed on the Australian Securities Exchange (ASX) and are traded under the code BPF.

With the launch in 2016 of Bulletproof Support™ for Microsoft Azure, Bulletproof is now the leading end-to-end multi-cloud services company, guiding customers on their journey to the cloud through consulting, implementation and support services.