

ASX Announcement

24 August 2016



BULLETPROOF DELIVERS RECORD GROWTH

SYDNEY, Australia – Bulletproof Group Ltd (ASX: BPF) is pleased to announce its results for the 12 months ended 30 June 2016 (FY16) that saw the Company deliver record growth in revenue and solid profit performance.

FY16 Results

- Full year revenues \$47.2m, up 69% on FY15, 31% organic growth
- Underlying¹ EBITDA \$4.7m, up 13% on FY15
- Underlying¹ EBIT \$0.9m, up 2% on FY15
- Underlying¹ NPAT \$0.8m, up 51% on FY15
- Operating cash flow \$5.1m, up 49% on FY15

Highlights

- Successful integration of professional services acquisition, providing strong revenue growth
- Completed acquisitions of Infoplex and Cloud House
- Successful deployment of Sell Anywhere product with major retailer
- Significant new blue chip customer wins, with over 750 customers now in the portfolio

Commenting on the FY16 results, Bulletproof Group's CEO Anthony Woodward said:

"We are pleased to have been able to deliver another year of strong organic growth. When combined with our acquisitions, it has been a record year for overall revenue growth, which was up 69 per cent to \$47.2 million, as a result. This reaffirms that our strategy is delivering responsible growth, product superiority and service excellence from a commanding, market-leading position."

FY16 Summary Results

	FY15	FY16		Variance
Revenue	\$28.0m	\$47.2m	↑	69%
Underlying EBITDA ¹	\$4.2m	\$4.7m	↑	13%
Underlying EBIT ¹	\$0.9m	\$0.9m	↑	2%
NPAT ²	\$4.4m	\$1.8m	↓	(60.1%)
Underlying NPAT ¹	\$0.5m	\$0.8m	↑	51%

¹ Net of Acquisition costs, Financial liabilities re-valuation and Bargain purchase on business combination.

² Refer appendix 4E for a full reconciliation between reported and underlying results.

Recurring Cloud Services revenues, including managed public, private and hybrid cloud, and representing 79 per cent of company revenue, were up 65 per cent to \$37.1 million. Professional Services revenues were up 86 per cent to \$6.5 million, as customers' focus continues to move towards business outcomes as they transition new workloads to the cloud. Commenting further on the strong Professional Services growth, Woodward said:

"Our strong Professional Services revenue growth reflects customers' growing demand for our help migrating them to the cloud, and transform their business to be more agile and competitive."

The underlying EBIT was relatively flat at \$0.9m, impacted in part by some customer-side delays on project work towards the end of the period, and a trend for some more advanced customers to reduce holistic managed services on their recurring cloud revenues as they seek specific value addition, which impacts recurring margins. The underlying net profit after tax of \$0.8m, is up 51 per cent from \$0.5m in the previous year.

Strategic acquisitions continue to drive growth

The Infoplex acquisition, completed in October 2015, is now fully integrated, with the launch of Bulletproof's new Private Cloud offering. The additional revenues from this initiative continue to build. Revenue contribution from the Infoplex platform is expected to be in excess of \$8.0 million in FY17. The majority of existing customer recurring revenues from the acquisition have been renewed for an additional 2-3 years, including Genworth, which is now one of the Company's largest customers.

The acquisition of Cloud House, a leading New Zealand Advanced Consulting partner with AWS, was successfully completed in February 2016. This strategic acquisition has provided access to the rapidly-growing New Zealand Cloud Services market and blue chip enterprise client base, including Xero. While some customer-side delays affected project revenues towards the end of FY16, overall revenue continues to build as cross-synergies are realised and the cross-Tasman relationship drives new customer and product wins. With the delays in mind now starting to resolve, the Company expects the revenue contribution from this business to be in excess of NZ\$3.5 million for FY17.

Blue chip customer wins

Reflecting the market leading position the Company enjoys, the period saw Bulletproof increase its customer count to over 750, with blue chip wins such as Xero, Adairs and Genworth (via acquisition, recently renewed) among those added.

Investment in Products

The company is pleased to have a cornerstone large retail customer in production on its Sell Anywhere retail integration platform. The digital application product platform base has also been extensively developed through FY16, with a strong basis for innovative products into the future, and internal efficiencies being driven from the common platform are starting to build.

Strategy to Maintain Leadership in a rapidly changing market

Bulletproof is proud to have won the 2015 Frost & Sullivan Managed Cloud Provider of the year award, recognising the Company's longstanding record of success, experience and industry leadership. As customers move their focus towards delivering business outcomes such as agility, transformation and lowering IT operating costs, some seek specific value additions to their cloud services, rather than an all-encompassing traditional managed service.

Reacting to this market trend, the Company continues to innovate next generation product and service solutions and provide superior customer value, delivered by its world class team. This will ensure the Company retains its market leadership position as the market continues to change rapidly.

Focus on improving underlying profitability

With the Company now the largest pure-play end to end cloud services player in Australia and New Zealand, a focus on consolidation of acquired assets, and ongoing product development to address changing market needs, Bulletproof is well placed to focus on sustainable and profitable revenue growth to deliver long term shareholder value.

Management Update

To execute on the strategic and profitability focus of the business, the following structural and management changes have been put in place:

Mr Lorenzo Modesto has been appointed Director of Strategy, to ensure delivery of the Company's strategic initiatives, commencing 1 September 2016.

Mr Mark Rainbird has been appointed as the new Chief Operating Officer (COO), commencing 1 September 2016. Mr Rainbird has an extensive background in CEO/COO roles in public technology services companies such as AWA, Austral Refrigeration, and Plessey Asia Pacific. He will focus on driving delivery of strategic profitability-aligned improvements across the business.

The Professional Services function is now centralised under the COO role, with a new Professional Services Operations Manager in place to drive excellence, best practice and improve profitability. The Product Development function is now centralised under the Sales & Marketing and CTO roles.

Outlook

The company maintains a long-term focus and is confident that its strategy to lead the market with innovative offerings that meet changing customer demands, consolidating acquisitions and driving margins across the business, is the right one. For FY17, the Company expects to generate revenue of c.\$60 million, c.30 per cent increase on FY16, and expects an underlying EBIT of c.\$1.5 million, reflecting a c.82% increase on FY16, however expects to see the underlying EBIT result for 1H17 to be below that of 1H16 as the transition to different product offerings and improved professional services business performance take some time to deliver.

Commenting on Bulletproof's outlook, Mr Woodward said:

"Following the successful execution of our strategy to position the Company favourably as the region's leading cloud services company, we are now focused on meeting market demands with new ways to deliver value addition to customers' cloud journey. As we consolidate our acquired assets and drive margins from the wider business, we expect to see better profitability growth into future periods. We believe Bulletproof remains well positioned as the market leader for future growth."

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About Bulletproof

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

Founded in 2000, Bulletproof is Australia's leading end-to-end mission critical Cloud Services provider, providing Cloud Services to business, enterprise and government customers. Bulletproof has consistently been first to market with public and private cloud based services and innovations. With over 14 years of experience in managed hosting and Cloud Services, Bulletproof continues to drive industry innovation since being the first provider in Australia to launch a VMware public cloud service in 2006, the first in 2012 to provide Managed AWS services and in 2013, Bulletproof was given the status of the first and leading AWS Premier Consulting Partner in Australia and New Zealand.

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