

H1 FY17 results – transformation for sustainable growth

SYDNEY, Australia – Bulletproof Group Ltd (ASX: BPF) provides financial results for the half year ended 31 December 2016, which are in line with recent guidance issued in December 2016, and confirms guidance for full year ending 30 June 2017.

H1 FY17 Results

- Half year revenue \$24.5m, up 13% on H1 FY16
- Underlying¹ EBITDA loss of (\$0.4m), EBIT loss of (\$2.7m)
- Underlying^{1,2} NPAT loss of (\$1.5m), reported NPAT loss of (\$5.4m)
- Sustainable operating cash flows of (\$576k) with closing cash balance of \$2.8m
- Strong focus to consolidate teams and reduce costs, with c.\$4.5m run-rate savings to the bottom line

Operational Highlights

- Continued growth of recurring revenues at c.16% year on year, reflecting strong demand
- AWS Premier Consulting Partner status confirmed for 4th year running
- Launched Microsoft Azure-based services as part of multi-cloud offering
- New DevOps-oriented Consulting and Recurring revenue products released
- Key customer wins including Department of Environment, Land, Water and Planning (Victoria), Ubank and LJ Hooker

FY17 Full Year Results Guidance Confirmed

- Underlying¹ profit guidance is re-affirmed, with EBITDA c.\$6.0m, and EBIT of c.\$1.5m
- Second half FY17 strong underlying¹ profitability turn-around to reflect restructuring and cost savings from H1
- Full year revenues expected to be c.\$54.0m, up 14% on FY16

Commenting on the results, Bulletproof CEO Anthony Woodward said, “Despite some headwinds in the first half of FY17, as a carry over from the second half of FY16, Management have worked hard to transform the Company’s bottom line performance through consolidation, right-sizing and cost reductions in the order of \$4.5m per annum. Our new service and product offerings are expected to see a return to sustainable revenue growth performance, with the company even better positioned to take advantage of market demand for our services going forward.”

H1 FY17 Summary Results

	FY16	H1 FY16	H1 FY17	Variance
Revenue	\$47.2m	\$21.6m	\$24.5m	↑ 13%
Underlying EBITDA ¹	\$4.7m	\$2.1m	(\$0.4m)	↓ (118.3%)
Underlying EBIT ¹	\$0.9m	\$0.1m	(\$2.7m)	
NPAT	\$1.8m	\$1.1m	(\$5.4m)	↓ (600.9%)
Underlying NPAT ^{1,2}	\$0.8m	\$60k	(\$1.5m)	

¹ Excluding capitalised development cost write-downs, and restructuring costs.

² Excluding deferred tax benefit on write-downs.

Transformation to Cost and Skill base

During the first half of FY17, Management have been working on a number of initiatives to consolidate, right-size and re-skill engineering and administration teams. Headcount has reduced by c.30 on FY16, to better position capability for customer needs, improve operating efficiency and drive underlying profitability. Re-structuring costs of \$809k have been incurred in H1 of FY17. These initiatives, combined with other cost savings, are now delivering c.\$4.5m in underlying¹ EBIT and EBITDA benefits on an annualised basis.

Continued Recurring revenue focus

Recurring revenues, which represent managed and re-billed private and public cloud services, grew 16% on pcp, reflecting ongoing take-up of cloud services by customers as they expand and migrate more workloads to the cloud, and as new customers continue to be on-boarded. This result also reflects the full period effect of the Infoplex acquisition that was completed in October 2015.

Strategic acquisitions continue to drive growth

The Infoplex platform, that now forms the core of the Private Cloud offering, continues to see growth in customers and revenue, following the renewal of Genworth on the platform in July 2016. The New Zealand business continues to improve on prior periods, with recent integration of the sales function and engineering teams into the wider business expected to drive growth in future periods.

Blue chip customer wins

Customer wins during the period included Department of Environment, Land, Water and Planning (Victoria), Ubank, and L J Hooker, who were provided services around public cloud migration, DevOps consulting and enablement.

Write down of Capitalised Development costs

As part of the re-structure and refocus of the business, the board resolved to write off in full all capitalised product development costs relating to non-recurring revenues, to the value of \$3.6m in the first half of FY17. These products continue to benefit the professional services business and our market offerings, but not through a recurring revenue basis model.

CFO Update

The Company is in the latter stages of qualification of a shortlist of quality candidates. Kylie Turner has agreed to continue her CFO and Company Secretary roles for the Company in the near term while the appointment of a new CFO is finalised.

For further details contact:

Anthony Woodward
Chief Executive Officer
Tel: +61 414 565 061
<http://www.bulletproof.net.au>

Orla Keegan
Market Eye
+61 406 991 840
<http://www.marketeye.com.au>

Reconciliation of Actual to Underlying Results

	31 December 2016	31 December 2015
	\$	\$
(Loss)/Profit for the period	(5,368,756)	1,071,905
(Gain) / loss on revaluation of financial liabilities	-	1,464,273
Write back of financial liabilities	-	(997,777)
Gain from a bargain purchase in business combination	-	(1,888,497)
Acquisition costs	-	410,246
Write off of capitalised development costs	3,655,190	-
Restructuring costs	809,007	-
Deferred tax adjustment for capitalised development costs	(591,644)	-
Underlying (Loss)/Profit for the period	(1,496,203)	60,150
Net Interest	102,426	51,023
Depreciation and amortisation expense	2,307,977	1,975,940
Current Tax Expense	307,530	(291)
Deferred Tax Expense / (Benefit)	(1,606,111)	18,414
Underlying EBITDA for the period	(384,381)	2,105,236

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.