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SUMMARY

FORECASTS

Y/e 31 Dec	2014A	2015E	2016E	2017E	2017E
Turnover £000	2,125	3,800	8,600	17,500	17,500
EBITDA £000	(4,384)	(3,465)	324	6,934	6,934
EBIT £000	(4,629)	(3,602)	199	6,793	6,793
PBT £000	(4,625)	(3,600)	200	6,800	6,800
EPS p	(3.6)	(3.0)	0.2	5.6	5.6
Div. p	0.0	0.0	0.0	0.0	0.0

VALUATION

Y/e 31 Dec	2014A	2015E	2016E	2017E	2017E
EV/Sales x	18.8	9.8	4.4	1.8	1.8
EV/EBITDA x	(9.1)	(10.7)	115.8	4.6	4.6
EV/EBIT x	(8.6)	(10.3)	187.8	4.7	4.7
P/E x	(10.9)	(10.6)	190.2	5.6	5.6
PEG x	(0.0)	0.6	(1.8)	0.0	0.0
ROCE/WACC x	(3.1)	(2.7)	0.1	3.9	3.9

SHARE DATA

12m Lo - Hi p	19.75	-	47.00
Mkt Cap. £m			37.5
Issued shares m			121.2
30 Day Ave. Vol, 000			484
30 Day Ave. Value £000			120
Beta			0.80

SHARE PERFORMANCE

	1m	3m	12m
Actual %	55.6	21.2	(12.5)



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Over the last couple of years, cloudBuy has undergone a fundamental transformation and is no longer a UK orientated public sector contractor but is now an emerging global service solutions provider to the public and private sectors.

cloudBuy is unique within the emerging global B2B eCommerce market because it provides eCommerce, eProcurement and eMarketplace within a single integrated end-to-end cloud-based solution that is highly secure, robust, and readily scalable. Neither eBay nor Amazon has been able to provide similar functionality. CloudBuy's technological solutions resulted in Visa Worldwide Pty (Asia Pacific) signing an exclusive agreement and accelerated its pace of globalisation.

In order to support and sustain its Visa AP - driven rapid global expansion cloudBuy has invested heavily in its entire team to ensure that it has either the necessary boots on the ground in key territories, or a strong partner. Additionally, the support and development teams have strengthened to ensure that the group's technical leadership is not only maintained but also extended. Despite the increased operational costs, cloudBuy has maintained a strong balance sheet, which should be sufficient to sustain the group to sustainable cash generation.

cloudBuy has a large, and still growing, pipeline of contracts – 12 at the last count – that will be converted into revenue generating marketplaces over the coming months. The group has three marketplaces already operational in the UK and these are beginning to gain momentum.

Developing forecasts for any fast changing group is extremely difficult, however, in cloudBuy's case, more so, because its revenue model has changed fundamentally. Therefore, we have attempted to low-ball our expectations because the immediate challenge remains precisely when existing contracts and agreements are converted as well as the rate of user activity, as these factors will materially influence the outcome for this and subsequent years.

Applying our potentially very conservative expectations across three valuation approaches generates average valuations that range from as low as 27p to a high of 95.4p or an indicative 68.6p per share. In our view, this still considerably understates the group's long-term potential.

MILESTONES

OPERATIONAL

- Group transformed from a predominantly UK public sector contractor into an international marketplace solutions provider for public and private sectors;
- Revenue model transiting from fixed priced contracts to one related to transaction activity;
- Management, operational and technical teams strengthened to support and sustain rapid global expansion and extend technology lead;
- Exclusive agreement with Visa Worldwide Pty. Limited (Asia Pacific) extended from 3 - 5 years with a broadened scope of service;
- Working with 14 Visa client banks across North America (1), Europe (3), India (4), Singapore (2), Hong Kong (1), Australia (2), and New Zealand (1).

CONTRACT WINS

- Hong Kong financial institution marketplace;
- Sarth Surfacrete (India) marketplace;
- Queensland State Government framework agreement;
- SYNISE (India) procurement marketplace;
- Australian State Government approved procurement solution provider;
- Confederation of Indian Industry global trading marketplace (launch expected 24 April 2015);
- Management of UK's higher education purchasing portal, UniBuy;
- Approved supplier for UK Government's G-Cloud 5 and Local Authority Software Applications;
- Singaporean Industry Association marketplace;
- UAE (Ajman Free [trade] Zone) to develop a company formation portal;
- USA – partnership with a major cloud-based procurement services provider to the public and private sectors;
- Purchasing portal for Indian construction group.

LAUNCHES

- 'Breeze-e' UK care marketplace for Northamptonshire County Council;
- Staffordshire County Council care marketplace;
- @UK Marketplace; first British B2B SME marketplace.

STRATEGIC VISION

The group's strategic vision is to commercialise globally a secure, cloud-based, multi-lingual, multi-currency Marketplace for the US\$109 trillion B2B (Business-to-Business) market that functions with similar ease of use and feel as leading B2C Marketplaces, such as Amazon and eBay.

GROUP STRUCTURE

Over the last two years cloudBuy has transformed itself from a predominantly UK focused public sector orientated contractor into an international group servicing the public and private sectors. The catalyst for this change was the group's deepening relationship with Visa Worldwide Pty(Asia Pacific), which crystallised in October 2013 into an exclusive three-year agreement (exclusivity period extended to 5 years and scope of functionality broadened in late 2014) to commercialise the cloudBuy marketplace and spend analysis capabilities across the Asia/Pacific region. The group now has established teams and/or resellers in Australasia, Singapore, Hong Kong, India, United Arab Emirates, and USA.

MANAGEMENT

In order to support and deliver upon the Visa driven, hectic expansion programme as well as sustain its technological leadership position, cloudBuy recognised that it needed to strengthen its capabilities throughout the group. The quality of the enlarged leadership teams is readily obvious from the following Board and Key Executive Profiles. The strengthened team, sound balance sheet together with an exclusive relationship with Visa provides the

level of credibility expected by clients and prospects. Additionally, they have confidence in cloudBuy's ability to understand fully and deliver the tailored platform solution that they are seeking.

BOARD PROFILE

Ronald Duncan	Executive Chairman & Chief Information Officer	Ronald co-founded cloudBuy plc (formerly @UK plc) in 1999. Prior to cloudBuy, he spent ten years running his own computer software consultancy, servicing projects using a range of languages and platforms. Ronald studied Physics at Cambridge. He is a Chartered Physicist, a Member of the Institution of Analysts and Programmers and a former Olympic downhill skier. Responsible for North America.
Lyn Duncan	Chief Executive Officer	Lyn co-founded cloudBuy plc (formerly @UK plc) in 1999, and has been actively working in the procurement field since the late 1980s when she worked with Henley Management Consultants on a product that integrated purchasing and marketing processes. Lyn's wider interest in technology developed when working for BT as a manager of emerging technologies. Prior to co-founding cloudBuy, she worked as a management consultant gaining over ten years' experience of leading technology-driven change initiatives in the public and private sector. Responsible for India.
Jonathan 'Jonny' Holden	Chief Operating Officer	Jonny is a Director and Chief Operating Officer. He joined cloudBuy in January 2014 from Visa Europe as CEO for the EMEA region with global responsibility for Visa. As Vice President of Commercial Solutions at Visa Europe, Jonny had been involved in Visa's payments, government, and large corporates operations and was Head of Market Development for Commercial Solutions across 34 countries. Prior to that, he was Head of Public Sector across 36 countries and led Visa's participation in the UK Government Procurement Card program. Latterly, he headed up pre-paid for Visa AP (Australia) Pty Ltd in the Australian market and worked with cloudBuy to take the Company into the pre-paid disbursements market for Government, Insurance & Corporate Incentives. Globally responsible for the Visa relationship and the Middle East and Asian territories.
David Holloway	Senior Non-Executive Director	David has over 20 years IT industry experience, including working in successful start-ups. Most recently, David was Chief Executive and co-founder of Codian Limited (established in 2003 and sold to Tandberg ASA in 2007 for \$270m). He then worked as Senior Vice President of Network Products at Tandberg ASA until Cisco Systems acquired it in April 2010.
Patrick (Paddy) Broughton	Non-Executive Director	Paddy, based in Australia, is President of Asia Pacific region. He is a very experienced investment banker who from 1987 to 1995 worked at JP Morgan, rising to European Head of FX Sales, prior to joining SG Warburg in Sydney in 1997. From 1998 until 2009, while at ABN AMRO Rothschild in Sydney, he was promoted to the position of Head of Equity Capital Markets. Following RBS' acquisition of ABN AMRO, Rothschild's global investment banking activities, he was appointed Global Head of Equity Origination and Chief Executive of Hoare Govett in London, a position that he held until 2012. He is currently Chairman of the Investment Committee of Dixon Advisory, a leading independently owned Australian financial advisory firm.
David Chellingsworth	Non-Executive Director	David is a qualified Chartered Accountant and was formerly the Finance Director of cloudBuy plc between 1999 and 2001, before its flotation on AIM. He spent the majority of his career at British Gas. Between 1994 and 1999, he served as Finance Director of Advanced Medical Solutions, where he oversaw its successful flotation on the Official List in 1996. Since leaving cloudBuy, David has acted as Finance Director of private companies, including Cyworks plc and Medtrade Limited and acted as financial consultant at UK Biobank Limited.

Source: cloudBuy plc

KEY EXECUTIVE PROFILES

The following are the key regional Operational Executives - most of whom only joined cloudBuy during 2014 and 2015 - who are building upon and converting the group's burgeoning sales pipeline.

Europe, Middle East & Africa

Jonathan 'Jonny' Holden	Chief Operating Officer	Jonny is a Director and Group Chief Operating Officer of cloudBuy plc (see profile above).
Marc Frost	Chief Sales Officer	Marc joined from Cardsave Community (a Worldpay group company), where his role as Chief Executive Officer provided him with extensive experience of the payments business. Marc initially formed the company in early 2009 backed by the Cardsave Group and created the sales and marketing strategy for Cardsave Community with responsibility for running the sales teams for both field and inside sales. Worldpay purchased Cardsave Community, along with the Cardsave Group in December 2010. Prior to joining Cardsave Community, Marc had a long career with Barclays heading up both their Charity and Government and Public Sector teams. Marc also worked for Europe Arab Bank (UK subsidiary of Arab Bank) where he was responsible for sales in various sectors across Europe and the MENA regions.
Russell Darling	Global Solution Director Government and Shared Services	Russell joined from Bristol City Council where he headed up shared services and delivered millions of pounds of savings using the cloudBuy platform. He led the standards work stream for the Government National E.Procurement Programme (NEPP) from its commencement and through this built up invaluable experience of how purchasing and procurement operates across the public sector.
Sharlene Jobson	Global Solution Director Education and Integration	Sharlene brings a wealth of experience in Business and Operations Improvement and Management. She has successfully led major complex technology and systems integration business improvement programmes for public and private sector organisations, such as the UK Borders Agency, the NHS, Norwich City Council, the MoD, AEAT and BT. More recently, she headed up the UK Department for Education's ground breaking GeM project that was delivered by cloudBuy as well as another UK Government business unit tasked with identifying, analysing, and delivering efficiencies to the education sector utilising Service Orientated Architecture technologies, specifically the Jisc Advance Nexus ESB connectors and integration capability. GeM is a major reference site for Visa because it promotes payment by purchasing cards and is the first major system of its kind with this functionality.
Chris Hope	Global Solution Director Health and Business Intelligence	Chris has defined and delivered business intelligence solutions in the public and private sectors for over 20 years. His recent spend intelligence projects in the NHS were instrumental in extending the capability of cloudBuy's SpendInsight solution to deliver high value results from less than ideal data. He has extensive experience with the NHS having worked with NHS SBS, NHS NE, NHS London Procurement Partnership, NHS Midlands and NHS Purchasing and Supplies Agency. This public sector experience complements his extensive business intelligence work for a range of private sector customers, such as NTL, Homebase, Chase Manhattan, SmithKline Beecham, Prudential, Pricewaterhouse Coopers, and Boots.
Lucy Auchincloss	Head of Customer Services	Lucy joined from PAID International (formerly First Stop Money) an online credit provider where she undertook many senior leadership roles for this fast growing business. She has held senior executive positions with other online Asian financial groups including Cash Stop financial Services, ICR Financial, and MEM Consumer Finance.

Peter Robertshaw Head of Marketing

Peter is an experienced marketing director, having worked for leading groups such as SAP, IFS World Operations, Active Risk (formerly Strategic Thought Group) and most recently SAS.

Asia Pacific - Australia

Patrick (Paddy) Broughton President

Patrick is a Non-Executive Director of cloudBuy plc (see profile above).

Tim Boucaut General Manager

Tim was Managing Director of Corporate Prepaid Solutions based in Melbourne, Australia, an innovative leader in the global prepaid market. Prior to that, he was a Founder and Director Cissa Communications, a leading edge Asian IT service provider specialising in managing voice networks and unified communications. Before Cissa, he was a Founder and Director of Cyngus Technologies, a telephony provider that opened up and developed the Malaysian TollFree market.

Jeff Corcoran Sales Executive

Jeff Corcoran joined from Ariba/SAP in Asia Pacific where he was a Business Development Executive. Prior to Ariba/SAP, he was a Global Sales Director for Carlson Wagonlit Travel following IBM and Sabre.

Asia Pacific - India

Nilesh Gopali Country Head

Nilesh Gopali has significant experience in the banking and supply chain sectors having held senior roles at Metro Bank, the Post Office, RBS, Barclays Bank, TfL, and DHL. At Metro Bank, he helped to create the first new high street bank in the UK in 150 years; working from initial concept to launch, he specified, designed, purchased and created Metro Bank's IT systems. His experience at major organisations means that he has a good strategic overview of IT and procurement for both the banking and supply chain sectors.

Asia Pacific – Hong Kong

Emmi Wong General Manager

Emmi brings considerable experience of eBusiness marketing and ecommerce within HK and Greater China acquired while working for global organisations, e.g., RS Components and Reed Elsevier. Emmi will lead the group's partnership/reseller model and revenue management in Hong Kong then into Greater China.

North America – USA

Al Powell Vice President, Sales

Al joined from Serus Corporation where his role as Vice President Worldwide Sales provided him with extensive experience in the supply chain and procurement business for G1000 companies. Previously, Al was Vice President of Worldwide Sales for other enterprise software and SaaS-based companies including Corticon (acquired by Progress Software), Postini (acquired by Google), and Intershop Communications, an ecommerce software company with HQ in San Francisco that Al helped become a public company with a very successful IPO.

Source: cloudBuy plc

GROWTH STRATEGY

cloudBuy's B2B Marketplace solution is a globally disruptive technology; disruptive because it has the potential not only to revolutionise the established way of undertaking business within the B2B market but also in the Government to Business ('G2B'), Government to Consumer ('G2C') and Consumer to Government ('C2G') markets.

CloudBuy's growth strategy is being driven along three inter-related paths, namely:

- Product Development;
- Broadening Market; and
- Partnership Marketing.

Since its inception and, broadly, up to the opening of the Indian and Australian offices in early 2013, the company had been innovating, developing, and proving its B2B marketplace solutions in one of the most demanding end market environments, the (UK) public sector. Throughout this earlier phase, cloudBuy successfully developed fully integrated, robust, end-to-end G2C, G2B, C2G, and B2B solutions, which none of the biggest software companies

have been able to provide. Hence the number of multi-set frameworks where cloudBuy is the only provider, e.g., the UK government's G-Cloud 5 and Local Authority frameworks as well as a framework agreement for Australia's Queensland State Government.

During its lengthy development phase, cloudBuy secured some critical partnerships, the most important being early adopter Barclaycard Commercial, who subsequently opened the door to Visa Asia Pacific. Both of these organisations separately identified that cloudBuy is unique within the emerging global B2B eCommerce market because it provides eCommerce, eProcurement and eMarketplace within a single integrated end-to-end cloud-based solution, which is highly secure, robust, and readily scalable. Neither eBay nor Amazon has been able to provide similar functionality. eBay purchased Magento to plug this gap, and then had to abandon the integrated Magento GO product. Amazon has recently announced that they are withdrawing the Amazon storefront. In the B2B space, the providers have fewer resources than Amazon and eBay and thus were unable to even try to enter the ecommerce space given the historically lower expectations of B2B customers.

Following the signing of an exclusive three-year global marketing agreement with Visa Worldwide Pty (Asia Pacific) in September 2013 (since broadened in scope and extended to 5-years), cloudBuy's product development efforts moved from an essentially innovative Research & Development approach to one of Technical & Commercial Development, i.e., continuous functionality enhancement including multilingual and multi-currency capabilities and solution modifications to expand and monetise its growing market opportunities. In addition, the group, in partnership with Visa Asia Pacific and its relationship banks, has broadened its end market emphasis from the public sector to include the private sector. The first fruits of this relationship have already begun to appear as can be seen from the following table of Agreements, Contract Wins, and Key Announcements.

Table: Agreements, Contract Wins & Key Announcements

Date	Announcement
2014	
6 February 2014	Northamptonshire County Council jointly contracted cloudBuy and The Grass Roots Group PLC to implement a consumer led care marketplace that went live on 1 April 2014.
20 February 2014	Contracted by a major UK central Government Agency to provide an intranet system using cloudBuy's content management technology.
4 March 2014	Awarded a Care Marketplace contract by Staffordshire County Council.
11 March 2014	Awarded its first eProcurement contract in Mumbai, India, by Sarth Surfacrete, to implement a cloudBuy private purchasing portal that features integrated electronic payment as standard.
7 April 2014	Contracted by a major UK multi-billion dollar private sector care organisation to provide an integrated ecommerce and eprocurement system to automate its sales to individual consumers of care as well as NHS and Local Government purchasers while automating simultaneous purchases from downstream providers and suppliers.
29 April 2014	cloudBuy and Worldpay, the UK leader in payments, agreed a partnership that will enable cloudBuy customers to access a new fast-track service for merchant accounts.
21 May 2014	Parliament's Royal Assent for the Care Act 2014, a landmark piece of legislation that will lead to the most significant changes to the health and social care system in more than 60 years. For individuals it gives greater power to improve social care delivery and helps vulnerable people and their carers to source equivalent services at the best price.
23 May 2014	Approved supplier for the UK Government's £200m G-Cloud 5, in each of the four lots of the framework: <ul style="list-style-type: none"> • Infrastructure as a Service (IaaS), • Platform as a Service (PaaS), • Software as a Service (SaaS) and • Specialist Cloud Services (SCS) cloudBuy has benefited from inclusion in the previous iterations of the G-Cloud, with approximately £600k of business being generated through the SaaS lot this year. In particular, the Company has a strong offering in the eCommerce area where there are very few competitors.
4 August 2014	Approved supplier for Queensland Local Government's Local Buy vendor panel for Council Business Systems for business and financial management information systems; Local Buy provides a pre-tendered list of 77 supplier organisations for Queensland Local Government.
12 August 2014	Contract win with an Australian State Government to provide an eprocurement marketplace. Phase 1 will implement an end-to-end procurement marketplace for the Treasury department and all IT purchasing. It is estimated that this contract could generate a fee of approximately A\$0.9m pa that could in due course rise to a maximum of A\$7.2m pa.
18 August 2014	Partnered with DUC Consulting International, an innovative IT consultancy practice with expertise and a strong network of contacts across the Middle East and North Africa, to expand cloudBuy's operations throughout the Middle East.
19 August 2014	Appointed to the UK's Local Authority Software Applications (LASA) framework. The market for software as a service for local government is currently worth around £500 million per year and the bulk

	of these services may be provided through the LASA framework, which is complementary to the G-Cloud framework. Whereas G-Cloud services are commodity-based (contract lengths of up to two years, LASA contracts are business-critical and have contract lengths of more than three years.
3 September 2014	cloudBuy's Chairman, gave a keynote speech along with Health Minister, Dr. Daniel Poulter MP at the "Citizen Engagement and The Care Act" summit. CloudBuy partners NHS Shared Business Services, Northamptonshire County Council, and Grassroots PLC supported the summit. The conference focused on the integration of Health and Social Care and featured sessions on 'Breeze-e', cloudBuy's innovative new marketplace for Northamptonshire County Council, as well as an update on progress on Personal Health Budgets from NHS Shared Business Service.
15 September 2014	Visa Asia Pacific contract extended for a further five years and scope of work covered under the agreement broadened.
30 September 2014	MOU with SYNISE to provide both a B2B marketplace and a Source India project in support of the Indian Government's 'Make in India' campaign.
2 October 2014	Agreement reached with a global financial institution in Hong Kong to provide it with an own-label branded ecommerce marketplace.
14 October 2014	cloudBuy & Apsiz launch British B2B marketplace for SMEs.
3 November 2014	Contract with Hong Kong financial institution signed and scope of agreement expanded.
5 December 2014	Signed an agreement with the Confederation of Indian Industry to develop a global trading platform; platform should go live on 24 April 2015.
2015	
6 January 2015	Agreement with a Singaporean Industry Association to provide an own-label branded ecommerce marketplace and ecommerce websites for its 7,000 members.
26 March 2015	Agreement with Venture Consulting representing Ajman Free Zone and DUC International Consulting to provide a portal to automate company formations in the region.
27 March 2015	Partnered with a US major cloud-based procurement services provider to public and private sector organisations to establish a platform that allows end users to buy from successful tender while improving throughput visibility and savings achieved.
1 April 2015	Secured a 3-year contract to provide a purchasing portal to an Indian construction company that should generate £40,000 pa of base revenues as well as a transaction fee derived from site activity.

Source: cloudBuy plc

The strengthening of the entire team has enabled cloudBuy to review and hone its sales strategies according to the type of market. This more targeted approach should assist in sales opportunity identification and, more importantly, conversion to revenue.

Table: e-Commerce Marketing Approach

Home Market	Mature Market	Growth Market
Exploit opportunities from complete product set of cloudBuy, cloudSell, marketplaces & portals	Sell cloudBuy e-procurement to large organisations	Power high profile branded marketplaces and procurement portals
On-board suppliers to existing marketplaces, e.g., Care, Further Education, and upsell cloudSell e-commerce capabilities	Sell Spend Insight to large organisations	On-board suppliers to marketplaces and upsell cloudSell e-commerce capabilities
Upsell cloudSell to company formation customers		Upsell enhanced e-commerce websites using resellers such as web design agencies

Source: cloudBuy plc

Notes:

Home Market = UK

Mature Market = North America

Growth Market = India, Asia, Middle East, Australia & New Zealand.

B2B MARKET

There are varying estimates for the value of the global B2B transactions market, ranging from US\$109 trillion ('tn') to around US\$300tn, with only about US\$2tn being fully conducted over an integrated secure transactions platform. Despite significant advances in corporate operational and production processes and technology over recent years, the supporting financial systems of accounts payable/accounts receivable and to a lesser extent procurement seem to have remained largely unchanged since the 1980's with daily reconciliations remaining largely people and paper based, and as such, they act as a significant drag upon overall corporate efficiency. Indeed, one of the more costly

processes remains the corporate use of cheques for transactional payments; a payment mechanism that has almost disappeared from the B2C markets of most countries with the exception of the USA due to consumer adoption of other primary payment mechanisms, such as debit cards.

However, over the last 3, possibly 5, years this began to change with strategic partnerships being established (e.g., cloudBuy/Visa, Ariba/Discover, Basware/MasterCard, etc.) and new entrants (such as Google Shopping, Amazon Supply and Traxpay) all vying to provide a secure end to end electronic B2B solution. Their respective solutions are being progressively rolled out globally to an audience that is now more receptive than has been the case historically.

It has been estimated by RPMG Research (*Source: Purchasing Card Benchmarking Report, 2006*) that the potential savings for those public and private sector organisations migrating their B2B process from a cheques and paper based system to a fully automated electronic payments card based platform could amount to US\$67.38 per payment on a fully-allocated cost basis across the organisation. This figure is probably now closer US\$94.34 per payment when adjusted for global inflation, so bottom line benefits for corporates (and Governments) moving to one of these platforms will be significant.

cloudBuy plc appears to be the only PCI/DSS Level 1 (**P**ayment **C**ard **I**ndustry/**D**ata **S**ecurity **S**tandard – highest level) compliant and scalable B2B eCommerce platform with line level detailed Spend Analysis anywhere in the world (those that claim this expertise are probably licensees of cloudBuy, e.g., Tungsten Corporation), which leaves it well positioned through its strategic partners to capture a significant share of this rapidly emerging global market, especially in the advanced banking economies of the Asia Pacific region.

Additionally, the cloudBuy solution appears more advanced than other competitor offerings. For example, its marketplace solutions can uniquely provide users with a detailed carbon foot print analysis, are multi-currency enabled, structured to handle variations in local and national sales taxes and come with multi-lingual capabilities as local markets require. This latter capability was identified as a significant competitive advantage from the company's growing experience of marketing within the wider Asian market but particularly India and China.

FORECASTS

The structure of cloudBuy's contract wins since partnering with Visa Asia Pacific means that revenue impacts are inevitably time delayed until the appropriate client infrastructure is fully installed and operational, i.e., suggesting a timing gap of several weeks or months between an announcement and a contract becoming revenue generating. For a group that is still immature, it makes revenue estimating extremely difficult and, for the present, estimates should be regarded as base case indications of growth potential. Nonetheless, the direction of revenue trajectory (see *Table: Agreements, Contract Wins & Key Announcements* earlier) should be upwards with the rate of growth obviously dependent upon transactional usage. cloudBuy have indicated that three previously announced marketplaces should, subject to unforeseen circumstances, go live during April 2015.

Table: 2015 Web & e-Commerce Services Revenues

Region	Month Site Live	Annualised Revenues £m ¹	FY2015 Revenues £m ^{1,2}
UK ³	n/a	1.0	1.0
Hong Kong ⁴	July	4.0	0.8
India	June	6.0	1.2
USA ⁴	June	0.4	0.1
Total		11.4	3.1

Source: Intellisys Intelligent Analysis Limited

Notes:

¹ Indicative

² Assumes modest adoption and growing site usage, i.e., heavily second half biased

³ Booked revenues from earlier work

⁴ US\$/£ rate = 0.67160

An additional but positive complication is that the group is receiving increasing numbers of sales enquiries that are outside of its previously disclosed scheduled rollout programme. cloudBuy is responding to this by either establishing a direct local presence or partnership agreements. Meanwhile Visa Asia Pacific's extension and broadening of its exclusive global agreement provides comfort that the group is maintaining, possibly extending, its technical market lead, which should ensure that it captures a meaningful share of this emerging global market, especially in the technically advanced banking countries of Asia Pacific.

In building our forecasts, we have assumed that Company Formation Services in the UK continues to lose market share to Companies House but this revenue and profit attrition is offset by growth from the portal set up in the Ajman Free Zone of the United Arab Emirates, i.e., broadly flat line. In the case of Coding International, we have conservatively assumed that this operation will flat line also at about £0.1m pa only throughout the forecasting period. Our forecasts for Web & e-Commerce Services are deliberately conservatively based as can be seen from the above table (*2015 Web & e-Commerce Services Revenues*) for the current year. In the case of the 2016 financial year, it is equally conservatively based because it excludes probable contributions from already announced agreements and assumes that those sites launched have not achieved their indicative annualised revenue potential. Although toward the latter part of the year, usage activity does build strongly, implying significant growth from 2017. Again, no additional sites have been assumed to go live within our assumptions.

Table: Consolidated Income Statement, £000

Year ended 31 December	2012A	2013A	2014A	2015E	2016E	2017E
Company Formation Services	880	773	649	600	600	600
Web & eCommerce Services	1,180	2,044	1,370	3,100	7,900	16,800
Coding International Ltd	158	187	105	100	100	100
Turnover	2,219	3,004	2,125	3,800	8,600	17,500
Company Formation Services	492	427	340	340	340	340
Web & eCommerce Services	1,100	1,947	1,281	2,635	6,715	14,280
Coding International Ltd	158	187	105	100	100	100
Gross profit	1,750	2,561	1,727	3,075	7,155	14,720
<i>Company Formation Services</i>	<i>55.9%</i>	<i>55.3%</i>	<i>52.4%</i>	<i>56.7%</i>	<i>56.7%</i>	<i>56.7%</i>
<i>Web & eCommerce Services</i>	<i>93.2%</i>	<i>95.2%</i>	<i>93.5%</i>	<i>85.0%</i>	<i>85.0%</i>	<i>85.0%</i>
<i>Coding International Ltd</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>	<i>100.0%</i>
<i>Margin</i>	<i>78.9%</i>	<i>85.3%</i>	<i>81.3%</i>	<i>80.9%</i>	<i>83.2%</i>	<i>84.1%</i>
Amortisation	(96)	(168)	(164)	(38)	0	0
Administration costs ¹	(2,335)	(3,105)	(4,629)	(5,974)	(6,096)	(6,702)
R & D	(168)	(325)	(475)	(665)	(860)	(1,225)
Operating profit	(848)	(930)	(4,629)	(3,602)	199	6,793
<i>Margin</i>	<i>(38.2%)</i>	<i>(31.0%)</i>	<i>(217.9%)</i>	<i>(94.8%)</i>	<i>2.3%</i>	<i>38.8%</i>
Interest paid	(2)	(6)	0	0	0	0
Interest receivable	0	0	4	2	1	7
Pre-tax profit	(850)	(936)	(4,625)	(3,600)	200	6,800
<i>Margin</i>	<i>(38.3%)</i>	<i>(31.2%)</i>	<i>(217.7%)</i>	<i>(94.7%)</i>	<i>2.3%</i>	<i>38.9%</i>
EPS (reported) (p)	(0.91)	(0.73)	(3.6)	(3.0)	0.2	5.6

Source: Intellisys Intelligent Analysis Limited

Note: ¹ includes share-based payments

VALUATION

As mentioned previously, cloudBuy has entered a new and dynamic growth phase catalysed by its strengthening relationship with Visa in the Australasia region. The initial joint marketing led by Visa's issuing banks has been very encouraging with a strong pipeline already developed. The issue is not if, but when, this burgeoning interest converts into sales and the revenues begin to flow.

Valuing any emergent growth company is relatively imprecise at the best of times; it is more so when the enterprise has a potentially disruptive global product suite and significant partners dictating the pace of expansion. We have attempted to capture the upside potential through application of three valuation approaches:

1. Peer Group;
2. Exit Multiple; and
3. Economic Profit.

PEER GROUP ANALYSIS

The company appears to have limited direct competitors but it does compete against most, if not all, of the companies in the following non-exhaustive peer group. It is apparent from the diversity of the multiples that the companies comprising the peer group are at varying stages of their development cycle.

Table: Peer Group Multiples

Company	Price	Mkt. Cap.	P/E (x)		EV/EBITDA (x)		EV/EBIT (x)		EV/Sales (x)	
			2014E	2015E	2014E	2015E	2014E	2015E	2014E	2015E
Alibaba Group	\$84.49	\$210,477.3m	38.5	29.7	(3677.3)	(19,687.7)	(2,649.0)	(5,852.5)	17.1	12.6
Amazon Inc.	\$384.55	\$178,578.9m	1,066.4	182.6	21.2	16.3	266.3	85.5	1.7	1.5
Basware Oyj	€43.02	€611.8m	54.0	22.8	27.6	14.2	40.4	17.2	4.2	3.5
eBay Inc.	\$57.17	\$69,327.3m	18.4	16.8	9.5	8.8	12.1	11.0	3.0	2.7
Monitise plc	£0.14	£295.6m	(0.0)	(0.1)	(3.7)	(19.9)	(2.7)	(5.9)	2.2	1.7
Netsuite Inc.	\$96.62	\$7,469.6m	294.3	203.6	120.2	89.9	237.7	164.2	10.1	7.9
Oracle Corp Inc.	\$43.96	\$191,954.6m	15.2	14.5	8.6	8.7	10.0	9.7	4.6	4.5
Salesforce.com Inc.	\$67.43	\$42,550.4m	98.2	73.6	35.6	28.6	56.2	41.8	6.7	5.5
SAP AG	€66.67	€84,357.7m	18.9	17.6	12.7	12.0	14.0	13.02	4.3	4.1
SciQuest Inc.	\$16.00	\$44.6m	52.3	40.3	17.7	15.3	29.6	23.0	3.8	3.4
Tribal Group plc	£1.46	£138.7m	0.1	0.1	6.0	5.5	7.8	7.2	1.1	1.1
Tungsten Group plc	£1.92	£198.5m	(0.1)	(1.9)	(5.3)	66.9	(4.9)	(153.8)	6.8	2.8
Weighted Average¹			29.9	24.8	14.5	13.0	20.0	16.7	4.6	4.3

Source: Intellisys Intelligent Analysis Limited; priced at 15 April 2015

Notes: ¹Weighted by market capitalisation; ²Exchange rates US\$/£ = 1.4837 & €/£ = 1.3898, source: www.ft.com

In order to provide an indicative valuation that attempts to capture cloudBuy's medium term potential, we have used weighted average multiples. In the process, we have assumed that all the individual multiples represent fair value for each company within the peer group and, adopting a very simplified private equity approach used during an auction, we have assumed that the current multiples will represent the likely best multiple ranges at the end of an investment period. Applying this approach suggests a price range of 65.2p – 117.5p or an average of **95.4p**.

Table: Peer Group Valuation Analysis

Year ending 31 December	Peer Group Range		Implied cloudBuy share price (p)		
	Lo ¹	Hi ¹	Lo	Hi	Average
EV/Sales x ¹	4.26	4.56	65.2	69.6	67.4
EV/EBITDA x ¹	12.99	14.54	78.3	87.3	82.8
EV/EBIT x ¹	16.73	20.01	98.4	117.5	107.9
Average					95.4

Source: Intellisys Intelligent Analysis Limited

Note: ¹weighted average multiple

EXIT MULTIPLE ANALYSIS

This is a limited (three companies) but illustrative exercise. However, it should be noted that, in the case of Spendvision, Hogg Robinson took an initial strategic investment in 2004 and acquired the outstanding 42% that it did not own in 2012, so this results in a nominally low EV/Sales multiple.

Table: Exit Multiple Analysis

Company	EV/Sales, x	EV	Turnover
Ariba	9.7	US\$ 4,300.0m	US\$ 444.0m
Spendvision	2.1	£ 31.9m	£ 15.2m
Successfactors	10.4	US\$ 3,400.0m	US\$ 328.0m
Weighted Average	9.9		

Source: Companies, Intellisys Intelligent Analysis Limited

Applying the weighted average EV/Sales exit multiple of 9.9 times to our 2015 – 2017 cloudBuy estimates suggests a price range of 31.5p – 148.0p or an average of **83.3p**.

Table: Exit Multiple Valuation Analysis

EV/Sales x	Implied cloudBuy Share Price			Average
	FY2015E	FY2016E	FY2017E	
9.9	31.5p	70.5p	148.0p	83.3p

Source: Intellisys Intelligent Analysis Limited

ECONOMIC PROFIT ANALYSIS

This valuation model, predicated upon our updated base case assumptions, generates a range of implied per share equity valuations for the financial years ended 2015 – 2017 of (71.0p) – 132.5p or an average of **27.0p**.

Table: Economic Profit Analysis, £000

Year ended 31 December, £000	2015E	2016E	2017E
NOPAT, £000	(2882.9)	1,056.5	7,916.2
Capital Employed	703.0	(828.0)	2,666.0
WACC	3.4%	4.6%	4.9%
Capital Charge	23.5	(37.7)	131.4
Economic Profit (EP)	(2,906.4)	1,094.2	7,784.8
EP/Capital Charge ~ perpetuity	(86,803.1)	24,012.4	157,979.7
plus Capital Employed	703.0	(828.0)	2,666.0
plus LT Investments	0.0	0.0	0.0
Enterprise Value, £000	(86,100.1)	23,184.4	160,645.7
less Total Borrowings	0.0	0.0	0.0
Implied Equity Value	(86,100.1)	23,184.4	160,645.7
Implied share price, p	(71.0)	19.1	132.5

Source: Companies, Intellisys Intelligent Analysis Limited

Obviously, investment potential is highly dependent upon the skills of the management team in converting the growing opportunities as well as the pace of adoption by the B2B market of marketplace platforms. The three valuation approaches, which are predicated only on one, very conservatively based modelling scenario, clearly demonstrate the difficulty in fully capturing the upside share price potential for a business that has recently entered a new and dynamic growth phase while transiting to a new activity-based revenue model. Nevertheless, these approaches have generated a spread of average valuations per share that range from 27.0p to 95.4p or a combined average of **68.6p**.

Business: cloudBuy provides the only integrated and secure (PCI/DSS compliant) cloud B2B eCommerce platform with embedded electronic payment solutions for all sizes of public and private sector organisation. Also a leading UK company formation specialist.

Profit & Loss, £000

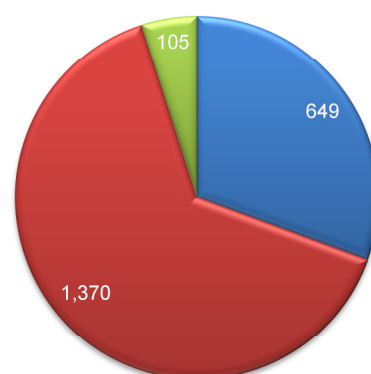
Y/e 31 Dec	2011A	2012A	2013A	2014A
Turnover	2,353.4	2,219.0	3,004.1	2,124.7
Cost of Sales	(551.8)	(468.7)	(443.0)	(397.5)
Gross Profit	1,801.5	1,750.3	2,561.2	1,727.2
Margin	76.6%	78.9%	85.3%	81.3%
Admin. Expenses	(3,714.8)	(4,367.0)	(5,596.8)	(9,048.0)
R&D	(40.9)	(167.8)	(324.7)	(475.4)
Operating Profit	(176.2)	(847.6)	(930.2)	(4,629.5)
Margin	(7.5%)	(38.2%)	(31.0%)	(217.9%)
Net Interest	(2.8)	(3.2)	(8.1)	(2.0)
Pre-tax (clean)	(151.1)	(754.0)	(768.3)	(4,461.0)
Margin	(6.4%)	(34.0%)	(25.6%)	(210.0%)
Exceptionals	0.0	0.0	0.0	0.0
Pre-tax (reported)	(177.6)	(849.5)	(936.4)	(4,625.3)
Margin	(7.5%)	(38.3%)	(31.2%)	(217.7%)
Eps p	(0.1)	(0.9)	(0.7)	(3.6)
Dividend p	0.0	0.0	0.0	0.0
Cover x	NA	NA	NA	NA

Cash Flow Statement, £000

Y/e 31 Dec	2011A	2012A	2013A	2014A
Operating Profit	(176.2)	(847.6)	(930.2)	(4,629.5)
Depreciation	38.2	42.0	58.0	81.7
Amortisation	26.5	95.5	168.1	164.2
Change in W/cap	(19.1)	48.4	(369.5)	254.2
Other	16.5	70.2	233.2	507.7
Operational	(114.2)	(591.4)	(840.4)	(3,621.6)
Tax	63.9	66.2	50.2	(0.6)
Financing	(1.4)	(1.9)	(6.2)	4.2
Capex	(309.9)	(307.4)	(90.6)	(88.4)
Free Cash Flow	(361.6)	(834.5)	(887.0)	(3,706.4)
Net (Acquisitions)/Disposals	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0
Shares Issued	765.3	371.8	5,105.1	4,094.8
Changes in Borrowings	(12.5)	42.4	(60.7)	0.0
Other inc FX	0.0	0.0	0.0	0.0
Movement in Cash & Equivalents	391.2	(420.2)	4,157.4	388.4

Balance Sheet, £000

as at 31 Dec	2011A	2012A	2013A	2014A
Intangible	239.6	358.2	202.6	38.4
Tangible	43.4	94.8	114.8	121.4
Other	0.0	0.0	0.0	0.0
Fixed Assets	283.1	452.9	317.4	159.9
Stocks	0.0	0.0	0.0	0.0
Trade Debtors	211.0	312.6	235.3	635.7
Other Debtors	228.7	130.1	823.8	647.3
Investments	0.0	0.0	0.0	0.0
Cash	420.2	0.0	4,157.3	4,545.7
Current Assets	860.0	442.7	5,216.4	5,828.7
Loans	12.5	60.8	0.0	0.0
Trade Creditors	181.3	226.4	270.1	307.2
Other Creditors	797.5	959.9	902.9	1,215.9
Current Liabilities	668.2	772.6	687.5	1,105.7
Loans	24.2	5.8	0.0	0.0
Other Debtors	0.0	0.0	0.0	0.0
Non-Current Liabilities	5.8	0.0	0.0	0.0
Net Assets	469.0	123.0	4,846.3	4,882.9
NAV p	0.7	0.1	4.4	4.0
Leverage:				
Net Shareholder %	(85.7)	49.4	(85.8)	(93.1)
Net Cap. Employed %	(82.5)	33.1	(85.8)	(93.1)
Interest Cover x	(128.6)	(452.6)	(150.0)	n/a

Group Turnover £000

■ Company Formation Services ■ Web & eCommerce Services ■ Coding International

Major Shareholders

RJ & HL Duncan & associated family	17.4%
DJ Holloway	7.4%
ML Pasternak	5.8%
Majedie Asset Management	5.9%
Standard Life Investments	4.5%
Herald Investment Management	3.7%

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