

Share price, p

35

Trading Update

FORECASTS

Y/e 31 Dec	2014E	2015E	2016E	2017E
Turnover £000	4,000	7,000	11,600	19,800
EBITDA £000	(1,406)	1,024	4,322	10,345
EBIT £000	(1,603)	748	3,991	9,978
PBT £000	(1,600)	750	4,000	10,000
EPS p	(1.5)	0.7	3.7	9.2
Div. p	0.0	0.0	0.0	0.0

VALUATION

Y/e 31 Dec	2014E	2015E	2016E	2017E
EV/Sales x	9.0	5.1	2.8	1.3
EV/EBITDA x	(25.5)	35.1	7.6	2.4
EV/EBIT x	(22.4)	48.0	8.3	2.5
P/E x	(23.8)	50.8	9.5	3.8
PEG x	(0.2)	(0.3)	0.0	0.0
ROCE/WACC x	(1.2)	0.6	2.7	7.2

SHARE DATA

12m Lo - Hi p	8.83	-	62.00
Mkt Cap. £m			38.1
Issued shares m			108.9
30 Day Ave. Vol, 000			224
30 Day Ave. Value £000			82
Beta			0.77

SHARE PERFORMANCE

	1m	3m	12m
Actual %	(7.9)	(19.5)	280.6

Reporting Calendar

Interim	August
Preliminary	March
AGM	July



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cloudBuy yesterday issued a reassuring trading update ahead of the release of interim results on 21 August 2014. The statement indicated that recognised revenue for the period ended 30 June 2014 would be similar to the comparable period a year earlier (i.e., £1.375m) because a large part of the invoicing was at the end of the period and this invoiced revenue would be recognised in future periods. Importantly, cloudBuy has made the transition from a licenced to a transactional charging model with its new prospects, which longer term will deliver larger and more sustainable revenues. Consequently, cloudBuy anticipates meeting full year market expectations and remains on track to achieve its 2–4 year annual revenue target of £50m.

Spend analysis and eProcurement invoicing increased by 50%, which suggests that Coding International is broadly holding its own at last year's levels. It will have assisted in the analysis of over US\$10bn spend in the Asia Pacific region during the first six months of this year, while Company Formations will have contracted further because of Companies House remaining very active in that market place.

The group confirmed that it is making progress in each of its three key target opportunities of global expansion, social care, and health. As anticipated, the group's upfront investment to support its global expansion is in line with its partners' expectations, particularly those of Visa Asia Pacific, and has resulted in an increased interim pre-tax loss.

cloudBuy's global rollout remains firmly on track with a number of projects underway in Australia and Hong Kong with government agencies and global corporates. New Zealand is gradually building traction while India, following its earlier expansion, is establishing a good pipeline of opportunities with large Indian companies and global corporates. Within India and Hong Kong, the group has identified untapped local opportunities that require its marketplace platform to support local taxation, language and cross border trading in a single solution. The group has received spend analysis and marketplace solutions requests from Middle Eastern and African corporates and government agencies, which may result in a Middle Eastern live project before the year end. In addition, cloudBuy has as yet unsolicited live opportunities in North America.

The group is a recognised market leader in the rapidly growing c£100m Social Care market following a number of important Social Care contract wins earlier this year. Remarkably, over 80% of the available market (90 local authorities) has yet to choose a solution. Additionally, the NHS is implementing personal health budgets and cloudBuy through its existing relationship with NHS Shared Business Services ('NHS SBS') is offering the 211 Clinical Commissioning Groups a solution for this £300m per annum market. Critically, cloudBuy is the only eMarketplace provider that is already integrated into the NHS SBS and accredited by the NHS to hold patient data.

Finally, the NHS has now created its new procurement strategy and cloudBuy through its existing contract with NHS SBS can provide NHS Trusts with immediate access to achieve identified efficiency targets. cloudBuy and NHS SBS have already identified £2bn in potential savings for the NHS.

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

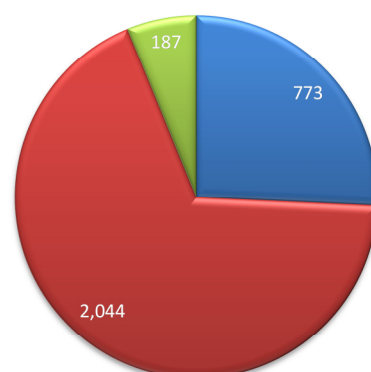
Y/e 31 Dec	2010A	2011A	2012A	2013A
Turnover	2,051.0	2,353.4	2,219.0	3,004.1
Cost of Sales	(673.8)	(551.8)	(468.7)	(443.0)
Gross Profit	1,377.2	1,801.5	1,750.3	2,561.2
Margin	67.1%	76.6%	78.9%	85.3%
Admin. Expenses	(1,777.9)	(1,936.9)	(2,430.1)	(3,166.7)
R&D	(189.5)	(40.9)	(167.8)	(324.7)
Operating Profit	(590.2)	(176.2)	(847.6)	(930.2)
Margin	(28.8%)	(7.5%)	(38.2%)	(31.0%)
Net Interest	(1.4)	(1.4)	(1.9)	(6.2)
Pre-tax (clean)	(589.8)	(151.1)	(754.0)	(768.3)
Margin	(28.8%)	(6.4%)	(34.0%)	(25.6%)
Exceptionals	0.0	0.0	0.0	0.0
Pre-tax (reported)	(591.6)	(177.6)	(849.5)	(936.4)
Margin	(28.8%)	(7.5%)	(38.3%)	(31.2%)
Eps p	(0.9)	(0.1)	(0.9)	(0.7)
Dividend p	0.0	0.0	0.0	0.0
Cover x	NA	NA	NA	NA

Cash Flow Statement, £000

Y/e 31 Dec	2010A	2011A	2012A	2013A
Operating Profit	(590.2)	(176.2)	(847.6)	(930.2)
Depreciation	56.6	38.2	42.0	58.0
Amortisation	1.8	26.5	95.5	168.1
Change in W/cap	174.5	(19.1)	48.4	(369.5)
Other	5.2	16.5	70.2	233.2
Operational	(352.1)	(114.2)	(591.4)	(840.4)
Tax	59.7	63.9	66.2	50.2
Financing	(1.4)	(1.4)	(1.9)	(6.2)
Capex	(5.6)	(309.9)	(307.4)	(90.6)
Free Cash Flow	(299.4)	(361.6)	(834.5)	(887.0)
Net (Acquisitions)/Disposals	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0
Shares Issued	115.9	765.3	371.8	5,105.1
Changes in Borrowings	(12.5)	(12.5)	42.4	(60.7)
Other inc FX	0.0	0.0	0.0	0.0
Movement in Cash & Equivalents	(196.1)	391.2	(420.2)	4,157.4

Balance Sheet, £000

as at 31 Dec	2010A	2011A	2012A	2013A
Intangible	0.0	239.6	358.2	202.6
Tangible	37.8	43.4	94.8	114.8
Other	0.0	0.0	0.0	0.0
Fixed Assets	37.8	283.1	452.9	317.4
Stocks	0.0	0.0	0.0	0.0
Trade Debtors	136.9	211.0	312.6	235.3
Other Debtors	93.8	228.7	130.1	823.8
Investments	0.0	0.0	0.0	0.0
Cash	29.1	420.2	0.0	4,157.3
Current Assets	259.7	860.0	442.7	5,216.4
Loans	12.5	12.5	60.8	0.0
Trade Creditors	167.9	181.3	226.4	270.1
Other Creditors	323.0	474.4	485.4	417.5
Current Liabilities	503.5	668.2	772.6	687.5
Loans	18.3	5.8	0.0	0.0
Other Debtors	0.0	0.0	0.0	0.0
Non-Current Liabilities	18.3	5.8	0.0	0.0
Net Assets	(224.2)	469.0	123.0	4,846.3
NAV p	(0.3)	0.7	0.1	4.4
Leverage:				
Net Shareholder %	(0.8)	(85.7)	49.4	(85.8)
Net Cap. Employed %	(0.9)	(82.5)	33.1	(85.8)
Interest Cover x	(411.8)	(128.6)	(452.6)	(150.0)

Group Turnover £000

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

Major Shareholders

RJ & HL Duncan & associated family	19.3%
DJ Holloway	8.1%
ML Pasternak	7.0%
Majedie Asset Management	6.5%
Standard Life Investments	5.0%
Herald Investment Management	4.6%

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