

Share price: 42.5p

World Is Their Oyster**FORECASTS**

Y/e 31 Dec	2014E	2015E	2016E	2017E
Turnover £000	4,000	7,000	11,600	19,800
EBITDA £000	(1,344)	1,086	4,384	10,408
EBIT £000	(1,603)	748	3,991	9,978
PBT £000	(1,600)	750	4,000	10,000
EPS p	(1.3)	0.7	3.7	9.2
Div. p	0.0	0.0	0.0	0.0

VALUATION

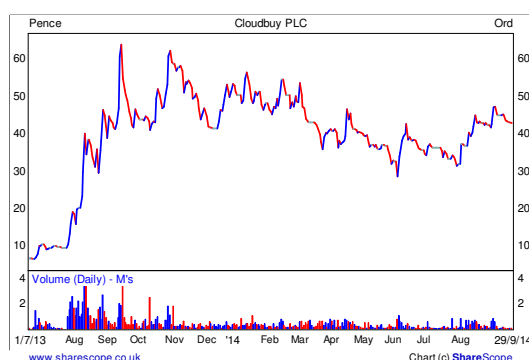
Y/e 31 Dec	2014E	2015E	2016E	2017E
EV/Sales x	11.0	6.3	3.6	1.7
EV/EBITDA x	(32.8)	40.5	9.4	3.2
EV/EBIT x	(27.5)	58.9	10.4	3.4
P/E x	(33.4)	61.7	11.6	4.6
PEG x	(0.4)	(0.4)	0.0	0.0
ROCE/WACC x	(1.0)	0.5	2.1	5.5

SHARE DATA

12m Lo - Hi p	28.25	-	62.00
Mkt Cap. £m			46.3
Issued shares m			108.9
30 Day Ave. Vol, 000			269
30 Day Ave. Value £000			115
Beta			0.77

SHARE PERFORMANCE

	1m	3m	12m
Actual %	(1.2)	11.8	(15.0)

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cloudBuy is the technology leader in the emerging sector of secure end-to-end corporate and public sector marketplaces. Visa Asia Pacific, who are an exclusive partner with cloudBuy, estimate the value of transactions across this growing B2B market to be at least US\$109 trillion per annum.

This morning cloudBuy announced a significant further step in its expansion into the rapidly emerging Indian market. The group has agreed a memorandum of understanding with India's leading procurement service provider SYNISE to provide a B2B marketplace and a Source India project in support of the India Government's "Make in India" Campaign. cloudBuy, under the agreement, will provide the technology and SYNISE the procurement services.

SYNISE is a leading procurement service provider in India and part of the US\$2.5 billion turnover Kalyani group, which provides outsourced procurement services to 80 large Indian corporates and their 15,000 suppliers. cloudBuy through this agreement has instantly become India's largest marketplace provider, leapfrogging flipcart, which recently raised US\$1 billion at a valuation of US\$5 billion with a less sophisticated platform. The cloudBuy/SYNISE marketplace has five times flipcart's suppliers while the anticipated value of transactions will be twice that of flipcart at US\$2 billion p.a.

India's largest trading partners are the Gulf States and a prime focus for the Indian government's Make in India campaign and a region where cloudBuy has growing interest for its marketplace solution through its developing partnership with DUC Consulting International.

Cloudbuy released better than anticipated interim results last August and this morning's announcement provides further evidence that the group's good momentum is being maintained, if not accelerating. We are retaining our current 2014-2017 forecasts for now, but the pressure is building such that an upgrade to our expectations is becoming almost inevitable. We have however updated our valuation approaches (including expanding our peer group with other marketplace groups: Alibaba, Amazon, Basware and eBay), indicating a revised potential upside to 118p.

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

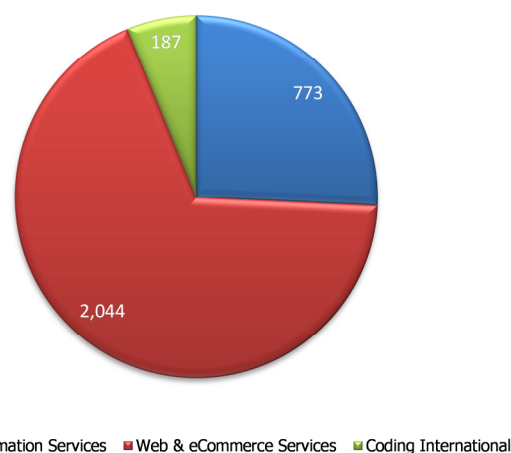
Y/e 31 Dec	2010A	2011A	2012A	2013A
Turnover	2,051.0	2,353.4	2,219.0	3,004.1
Cost of Sales	(673.8)	(551.8)	(468.7)	(443.0)
Gross Profit	1,377.2	1,801.5	1,750.3	2,561.2
Margin	67.1%	76.6%	78.9%	85.3%
Admin. Expenses	(1,777.9)	(1,936.9)	(2,430.1)	(3,166.7)
R&D	(189.5)	(40.9)	(167.8)	(324.7)
Operating Profit	(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**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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