

Share price: 54.25p

Contract Win – Gears Starting to Mesh**FORECASTS**

Y/e 31 Dec	2012A	2013E	2014E	2015E
Turnover £000	2,219	3,000	4,450	7,000
EBITDA £000	(710)	(723)	(1,342)	1,165
EBIT £000	(848)	(884)	(1,546)	839
PBT £000	(850)	(875)	(1,530)	850
EPS p	(0.8)	(0.8)	(1.3)	0.7
Div. p	0.0	0.0	0.0	0.0

VALUATION

Y/e 31 Dec	2012A	2013E	2014E	2015E
EV/Sales x	3.7	14.5	12.8	8.1
EV/EBITDA x	(11.5)	(60.3)	(42.3)	48.5
EV/EBIT x	(9.6)	(49.4)	(36.7)	67.4
P/E x	(12.2)	(64.7)	(41.0)	73.7
PEG x	(0.0)	45.5	(0.7)	(0.5)
ROCE/WACC x	(2.7)	(0.6)	(2.1)	0.9

SHARE DATA

12m Lo - Hi p	6.05	-	70.10
Mkt Cap. £m			59.1
Issued shares m			88.9
30 Day Ave. Vol, 000			328
30 Day Ave. Value £000			163
Beta			0.54

SHARE PERFORMANCE

	1m	3m	12m
Actual %	(3.1)	1.4	467.5

Reporting Calendar

Interim	Sept.
Preliminary	March
AGM	July

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cloudBuy, the world's only provider of a secure, controlled transactional environment for B2B trading that readily integrates with existing enterprise systems, announced a contract win with a major UK central Government Agency on Thursday 20 February 2014.

The group has been awarded a £0.406m contract to provide an intranet system using cloudBuy's content management technology with scope for additional first year revenue of £0.2m. The contract's service level agreement will result in recurring revenues for subsequent years. An intranet is an internal website or application that enables individuals within an organisation to access and share information or applications.

2013, particularly the second half, was frenetic for the group and the pace has not slowed into the current year. Indeed, it now looks as though the group is starting meaningfully reaping the rewards of all its earlier development work when it was essentially living off development contracts as it established and developed the current integrated multi-level platform.

The group within a few weeks has been awarded two significant contracts from the UK's national and local Government for its content management system, which together may underpin some 15% of the current year's revenue expectations. This latest contract was secured without cloudBuy having to undertake significant pre-tender work.

Critically, these contract wins have not been won at the expense of the global rollout of the eMarkeplace and eProcurement platforms, where cloudBuy continues to focus on supporting its partnership with Visa in Asia Pacific.

Therefore, this latest contract provides further confirmation that it is now only a matter of when, not if, the group's growing global pipeline of prospects converts into long-term revenue. cloudBuy closed its last financial year with its strongest ever pipeline of active prospects, believed to be at least 17 organisations across both the global public and private sectors. Should all or most of these pipeline prospects become commercial agreements then existing expectations will prove entirely conservative.

We will review our forward estimates following the release of the group's preliminary results on Thursday 12 March. In the meantime, we reiterate our view that meaningful bottom line benefits should begin to arise materially during the 2015 financial year.

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

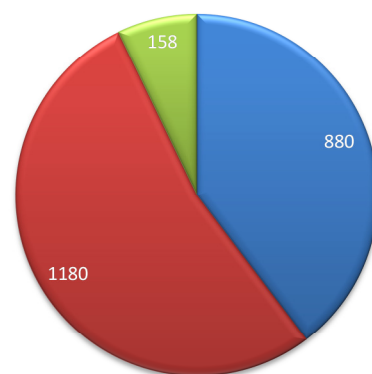
Y/e 31 Dec	2009A	2010A	2011A	2012A
Turnover	2,295.4	2,051.0	2,353.4	2,219.0
Cost of Sales	(623.7)	(673.8)	(551.8)	(468.7)
Gross Profit	1,671.7	1,377.2	1,801.5	1,750.3
Margin	72.8%	67.1%	76.6%	78.9%
Admin. Expenses	(2,152.3)	(1,777.9)	(1,936.9)	(2,430.1)
R&D	(258.8)	(189.5)	(40.9)	(167.8)
Operating Profit	(739.3)	(590.2)	(176.2)	(847.6)
Margin	(32.2%)	(28.8%)	(7.5%)	(38.2%)
Net Interest	10.0	(1.4)	(1.4)	(1.9)
Pre-tax (clean)	(714.2)	(589.8)	(151.1)	(754.0)
Margin	(31.1%)	(28.8%)	(6.4%)	(34.0%)
Exceptionals	(69.2)	0.0	0.0	0.0
Pre-tax (reported)	(798.5)	(591.6)	(177.6)	(849.5)
Margin	(34.8%)	(28.8%)	(7.5%)	(38.3%)
Eps p	(1.2)	(0.8)	(0.1)	(0.8)
Dividend p	0.0	0.0	0.0	0.0
Cover x	NA	NA	NA	NA

Cash Flow Statement, £000

Y/e 31 Dec	2009A	2010A	2011A	2012A
Operating Profit	(808.5)	(590.2)	(176.2)	(847.6)
Depreciation	156.2	56.6	38.2	42.0
Amortisation	15.1	1.8	26.5	95.5
Change in W/cap	(68.3)	174.5	(19.1)	48.4
Other	(9.6)	5.2	16.5	70.2
Operational	(715.2)	(352.1)	(114.2)	(591.4)
Tax	206.1	59.7	63.9	66.2
Financing	10.0	(1.4)	(1.4)	(1.9)
Capex	(16.2)	(5.6)	(309.9)	(307.4)
Free Cash Flow	(515.3)	(299.4)	(361.6)	(834.5)
Net (Acquisitions)/Disposals	0.0	0.0	0.0	0.0
Dividends Paid	0.0	0.0	0.0	0.0
Shares Issued	198.5	115.9	765.3	371.8
Changes in Borrowings	(11.5)	(12.5)	(12.5)	42.4
Other inc FX	0.0	0.0	0.0	0.0
Movement in Cash & Equivalents	(328.2)	(196.1)	391.2	(420.2)

Balance Sheet, £000

as at 31 Dec	2009A	2010A	2011A	2012A
Intangible	1.8	0.0	239.6	358.2
Tangible	88.8	37.8	43.4	94.8
Other	0.0	0.0	0.0	0.0
Fixed Assets	90.5	37.8	283.1	452.9
Stocks	0.0	0.0	0.0	0.0
Trade Debtors	317.6	136.9	211.0	312.6
Other Debtors	164.0	93.8	228.7	130.1
Investments	0.0	0.0	0.0	0.0
Cash	225.1	29.1	420.2	0.0
Current Assets	706.7	259.7	860.0	442.7
Loans	12.5	12.5	12.5	60.8
Trade Creditors	135.9	167.9	181.3	226.4
Other Creditors	411.5	323.0	474.4	485.4
Current Liabilities	559.9	503.5	668.2	772.6
Loans	30.8	18.3	5.8	0.0
Other Debtors	0.0	0.0	0.0	0.0
Non-Current Liabilities	30.8	18.3	5.8	0.0
Net Assets	206.6	(224.2)	469.0	123.0
NAV p	0.4	(0.3)	0.7	0.1
Leverage:				
Net Shareholder %	(88.0)	(0.8)	(85.7)	49.4
Net Cap. Employed %	(72.7)	(0.9)	(82.5)	33.1
Interest Cover x	(269.5)	(411.8)	(128.6)	(452.6)

Group Turnover £000

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

Major Shareholders

RJ & HL Duncan & associated family	19.6%
DJ Holloway	8.2%
ML Pasternak	5.7%
Majedie Asset Management	6.6%
Herald Investment Management	4.6%
Standard Life Investments	5.0%

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