

Share price: 46p

**First Care Contract Win****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	12.4	10.7	6.8
EV/EBITDA x	(11.5)	(51.4)	(35.6)	40.8
EV/EBIT x	(9.6)	(42.1)	(30.9)	56.7
P/E x	(12.2)	(56.0)	(34.7)	62.5
PEG x	(0.0)	39.4	(0.6)	(0.4)
ROCE/WACC x	(2.7)	(0.7)	(2.4)	1.0

**SHARE DATA**

12m Lo - Hi p	6.05	-	70.10
Mkt Cap. £m			50.1
Issued shares m			88.9
30 Day Ave. Vol, 000			326
30 Day Ave. Value £000			163
Beta			0.54

**SHARE PERFORMANCE**

	1m	3m	12m
Actual %	(9.8)	(12.8)	332.0

**Reporting Calendar**

Interim	Sept.
Preliminary	June
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, in conjunction with Grass Roots Group plc, has won a contract to implement a care marketplace for Northamptonshire County Council.

The care marketplace is a significant emerging market opportunity within the UK and results from the implementation of the UK's Health and Social Care Act 2012, which transferred Public Health duties to local authorities. The primary purpose of the legislation is to make the NHS in England more responsive to patient requirements within their local communities while reducing costs.

The local government budgeted spend on Social Care (£21.3bn) and Public Health (2.7bn) is £24bn for the 2013/14 financial year (*source: 'Local authority revenue expenditure and financing England: 2013 to 2014 budget, 31 July 2013*).

Northamptonshire County Council is regarded as one of the UK's most forward looking local authorities with an impressive track record of designing and implementing successful partnership programmes. Northamptonshire's total care budget is estimated at £250m. A critical factor in securing this care contract was cloudBuy's proven capability in establishing e-marketplaces with integrated e-payment systems.

The care platform is expected to go live by 1 April 2014 and will initially focus on Northamptonshire's managed social care services with plans to enable all of the county's citizens to be fully involved in the selection and management of their care requirements during the following 12 months.

As we have previously commented, and this contract win confirms, 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. Moreover, the group has sufficient capital, following its successful October placing, to fund fully its global development commitments with Visa Inc.

We therefore continue to reiterate our view that meaningful bottom line benefits should begin to arise materially during the 2015 financial year, with the possibility that the strengthened operational and delivery team may prove this timescale to be conservative.

**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**

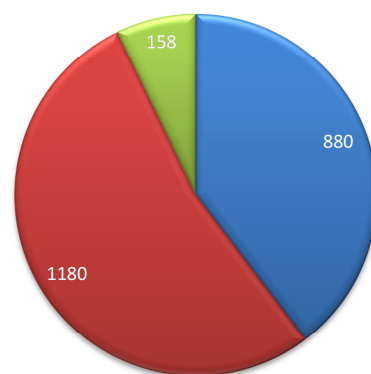
Y/e 31 Dec	2009A	2010A	2011A	2012A
<b>Turnover</b>	<b>2,295.4</b>	<b>2,051.0</b>	<b>2,353.4</b>	<b>2,219.0</b>
Cost of Sales	(623.7)	(673.8)	(551.8)	(468.7)
<b>Gross Profit</b>	<b>1,671.7</b>	<b>1,377.2</b>	<b>1,801.5</b>	<b>1,750.3</b>
Margin	72.8%	67.1%	76.6%	78.9%
Admin. Expenses	(2,152.3)	(1,777.9)	(1,936.9)	(2,430.1)
R&D	(258.8)	(189.5)	(40.9)	(167.8)
<b>Operating Profit</b>	<b>(739.3)</b>	<b>(590.2)</b>	<b>(176.2)</b>	<b>(847.6)</b>
Margin	(32.2%)	(28.8%)	(7.5%)	(38.2%)
Net Interest	10.0	(1.4)	(1.4)	(1.9)
<b>Pre-tax (clean)</b>	<b>(714.2)</b>	<b>(589.8)</b>	<b>(151.1)</b>	<b>(754.0)</b>
Margin	(31.1%)	(28.8%)	(6.4%)	(34.0%)
Exceptionals	(69.2)	0.0	0.0	0.0
<b>Pre-tax (reported)</b>	<b>(798.5)</b>	<b>(591.6)</b>	<b>(177.6)</b>	<b>(849.5)</b>
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
<b>Operational</b>	<b>(715.2)</b>	<b>(352.1)</b>	<b>(114.2)</b>	<b>(591.4)</b>
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)
<b>Free Cash Flow</b>	<b>(515.3)</b>	<b>(299.4)</b>	<b>(361.6)</b>	<b>(834.5)</b>
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
<b>Movement in Cash &amp; Equivalents</b>	<b>(328.2)</b>	<b>(196.1)</b>	<b>391.2</b>	<b>(420.2)</b>

**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
<b>Fixed Assets</b>	<b>90.5</b>	<b>37.8</b>	<b>283.1</b>	<b>452.9</b>
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
<b>Current Assets</b>	<b>706.7</b>	<b>259.7</b>	<b>860.0</b>	<b>442.7</b>
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
<b>Current Liabilities</b>	<b>559.9</b>	<b>503.5</b>	<b>668.2</b>	<b>772.6</b>
Loans	30.8	18.3	5.8	0.0
Other Debtors	0.0	0.0	0.0	0.0
<b>Non-Current Liabilities</b>	<b>30.8</b>	<b>18.3</b>	<b>5.8</b>	<b>0.0</b>
<b>Net Assets</b>	<b>206.6</b>	<b>(224.2)</b>	<b>469.0</b>	<b>123.0</b>
NAV p	0.4	(0.3)	0.7	0.1
<b>Leverage:</b>				
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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