PROCURRI

NEWS RELEASE

PROCURRI REPORTS 47.2% REVENUE SURGE IN 1Q2017, POWERED BY ITS INORGANIC GROWTH INITIATIVES

- Efforts to strengthen recurring income stream showing results, with Lifecycle Services contribution up 36.9% year-on-year ("**yoy**") to S$7.5 million

- Maiden consolidation of joint venture, Rockland Congruity LLC, lifts gross profit by 59.6% yoy

- Race to "Strategy Complete" remains a priority in FY2017, with expanded capabilities in Lifecycle Services segment expected to drive future growth

Key Financial Highlights

S$'000	1Q2017	1Q2016	Change
Revenue	38,303	26,028	+47.2%
Gross Profit	12,863	8,059	+59.6%
Gross Profit Margin	33.6%	31.0%	+2.6 ppt
Earnings Before Interest, Tax, Depreciation & Amortisation (EBITDA)	1,635	1,699	-3.8%
Net Profit	164	94	+74.5%

Singapore, 12 May 2017 – Procurri Corporation Limited ("**Procurri**" and together with its subsidiaries, the "**Group**"), a leading global independent provider of Data Centre Equipment[1] and Lifecycle Services[2], today announced its financial results for the first quarter ended 31 March 2017 ("**1Q2017**").

The Group's inorganic growth initiatives have begun to bear fruit, as evidenced in the revenue surge to S$38.3 million in 1Q2017 from S$26.0 million in the first quarter ended 31 March 2016 ("**1Q2016**"). EAF Supply Chain Holdings Ltd ("**EAF**"), acquired in November 2016 and Rockland Congruity LLC ("**Rockland**"), incorporated in January 2017, both contributed to the revenue boost.

The Group's gross profit exhibited a similar upward trend, growing 59.6% from S$8.1 million in 1Q2016 to S$12.9 million in 1Q2017. Correspondingly, gross profit margin increased by 2.6 percentage points to 33.6% in 1Q2017. Net profit also rose 74.5% to S$0.2 million in 1Q2017.

[1] Data Centre Equipment refers to servers, storage, and other networking equipment
[2] Lifecycle Services refers to various information technology hardware, equipment, and software services rendered during the lifecycle of information technology hardware and equipment

On the Group's 1Q2017 performance, **Mr Sean Murphy, Procurri's Chairman and Global Chief Executive Officer**, opined, "The strategic EAF acquisition and Rockland joint venture has proven our execution prowess and commitment to augment recurring revenue and gain market share. In a consolidating industry such as ours, being self-reliant with a complete suite of in-house capabilities will allow us to position ourselves as a market-maker and differentiate us from industry peers.

Furthermore, the unprecedented acceleration of cloud migration[3] sets a perfect backdrop for our expansion plans, particularly for the Independent Maintenance Services and IT Asset Disposition businesses. Accordingly, we have made additional cost outlays towards beefing up staff strength and procurement of maintenance parts as investments to reap long-term predictable returns from the Lifecycle Services segment."

Revenue from the Lifecycle Services segment swung to S$7.5 million in 1Q2017, reflecting a 36.9% yoy growth. Although the segment's gross profit improved 22.0% yoy, its gross profit margin slid by 4.8 percentage points as an expansion of its offerings and in-house capabilities entailed a hike in cost of sales.

The Group recorded a 49.9% yoy boost in revenue from the IT Distribution segment, from S$20.5 million in 1Q2016 to S$30.8 million in 1Q2017. The segment also contributed S$9.9 million in gross profit in 1Q2017, up from S$5.7 million in 1Q2016. Correspondingly, gross profit margin climbed 4.7 percentage points to 32.3% in 1Q2017, stemming from higher sales to value-added retailers from Rockland and in Europe, Middle East and Africa ("**EMEA**").

Primarily attributable to the maiden consolidation of Rockland, the Group's business model has since transitioned from being predominantly dependent on outsourcing to one which is integrated with in-house maintenance servicing capabilities. As such, the Group will now recognise revenue from the Americas' maintenance business across the stipulated contract's duration, typically over a 12-month period, instead of an upfront revenue recognition as the contractual obligation was passed on to the outsourced vendor previously. This change will also align revenue recognition for maintenance contracts to be consistent across the Group's operations in the Americas, EMEA and Asia-Pacific.

Given that market activity in the first quarter is traditionally slower due to seasonality, the impact of this change in revenue recognition is immaterial in 1Q2017, but will likely become more pronounced over the next few quarters as market activity ramps up.

Mr Sean Murphy concluded, "This is a painful but necessary transitional phase we have to endure in our shift to secure greater recurring income streams for better earnings visibility. The financial impact from this change should smoothen out from FY2018 onwards, as we expect economies of scale and cross-selling synergies arising from our inorganic growth initiatives to gradually kick in.

[3] While nearly 77% companies relied on traditional IT infrastructure in 2015, this number is likely to drop down to 43% in 2018 as large businesses increasingly adopt cloud-based infrastructure, according to a Mckinsey report titled, "IT as a service: From build to consume" - http://www.mckinsey.com/industries/high-tech/our-insights/IT-as-a-service-From-build-to-consume

We are confident that in the long run, the successes of our strategy will outshine this momentary impact as we continue to fortify our strong fundamentals with strategic additions to our in-house capabilities, in order to reach our “Strategy Complete” vision.”

This press release should be read in conjunction with Procurri Corporation Limited’s Unaudited Financial Statements Announcement for the First Quarter ended 31 March 2017 available at www.sgx.com.

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About Procurri

Procurri is one of the leading global independent providers of Data Centre Equipment and Lifecycle Services. By offering a converged network that combines the technology, finance and logistics domains, Procurri aims to be a global aggregator of enterprise hardware and services to its channels.

Since its incorporation in 2013, Procurri has grown rapidly through the years and now operates offices across three regional hubs – Asia Pacific, Americas and EMEA – with its global headquarters located in Singapore. Through its direct presence and global network of partners, Procurri’s business covers over 100 countries worldwide, providing a single touchpoint for its customers’ Data Centre Equipment and Lifecycle Services needs.

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*DBS Bank Ltd. was the issue manager and underwriter (the “**Issue Manager and Underwriter**”) for the initial public offering of shares in, and listing of, Procurri Corporation Limited on the Main Board of the Singapore Exchange Securities Trading Limited. The Issue Manager and Underwriter assumes no responsibility for the contents of this news release.*