PROCURRI

PROCURRI CORPORATION LIMITED

1Q2019 RESULTS

30 APRIL 2019



IMPORTANT NOTICE

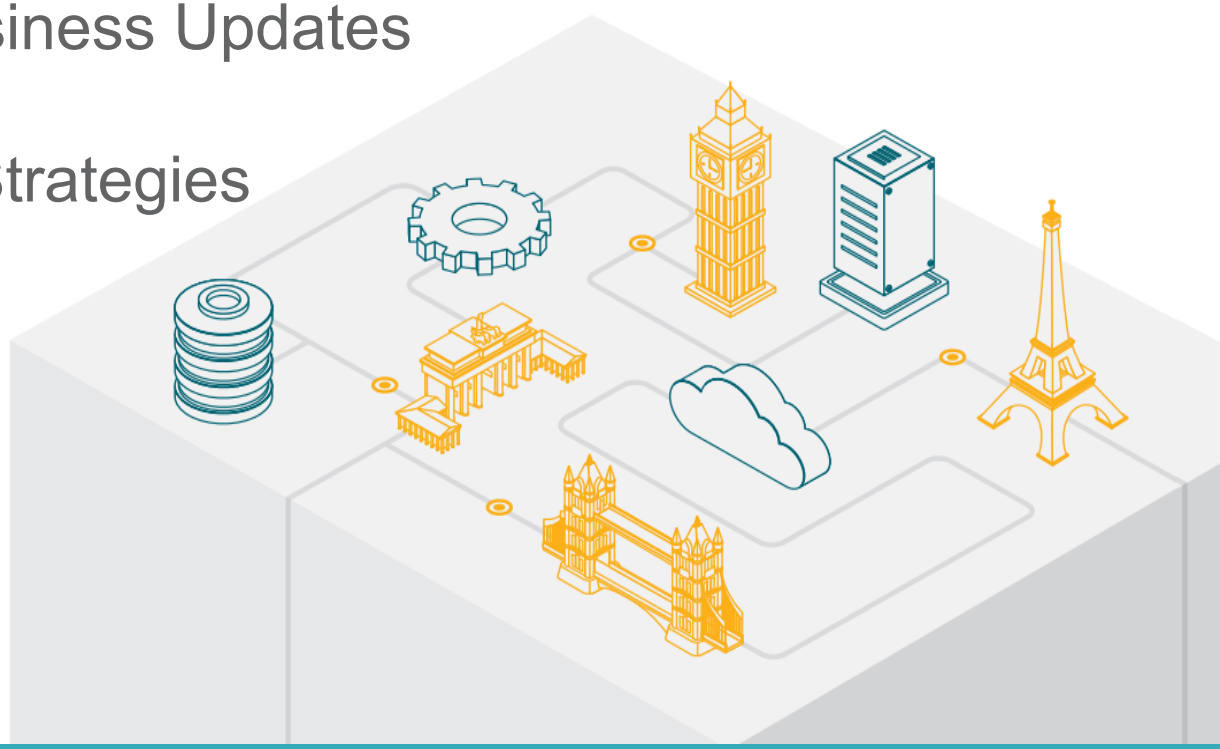
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Please refer to Procurri Corporation Limited's Financial Results for the First Quarter Ended 31 March 2019 available at www.sgx.com.

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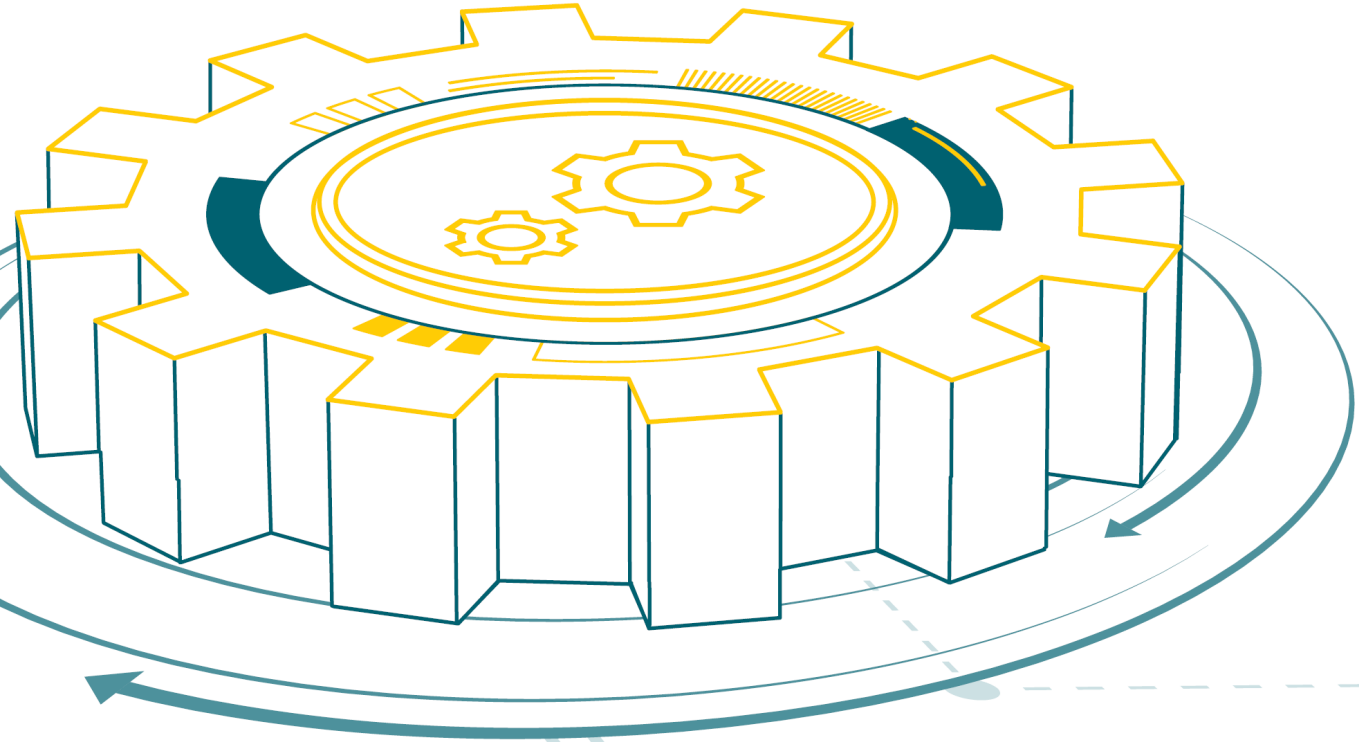
AGENDA

1. Corporate Overview
2. Financial Highlights
3. Corporate and Business Updates
4. Group Outlook & Strategies



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CORPORATE OVERVIEW



PROCURRI

GLOBAL REACH

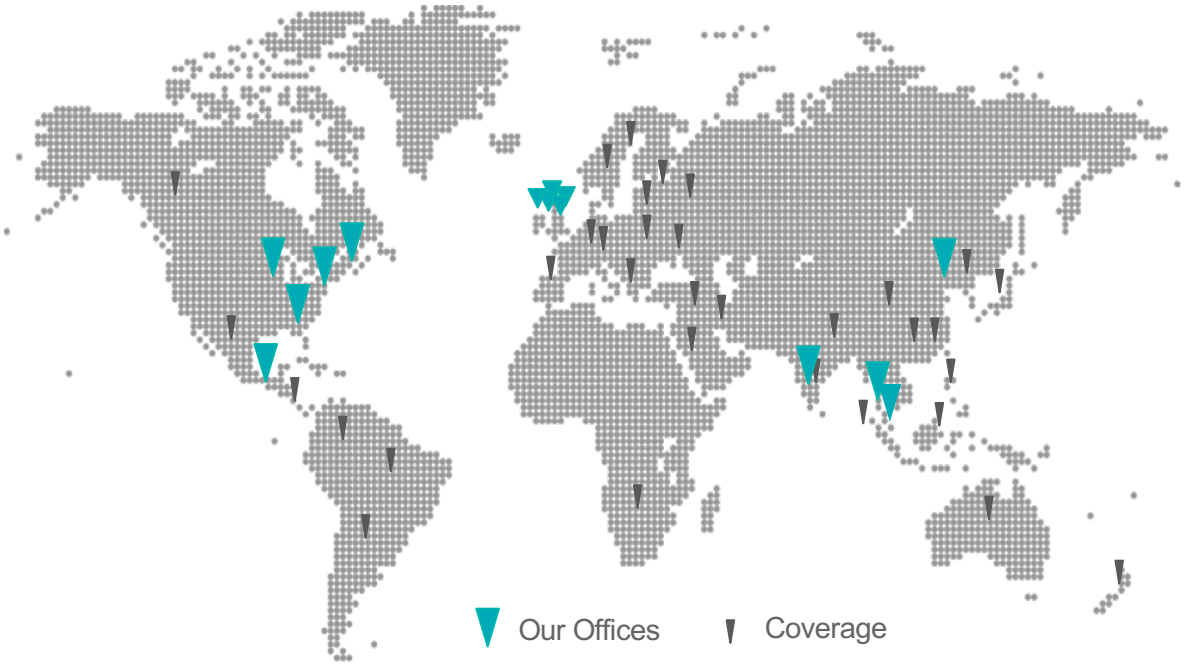
LIFECYCLE SERVICES

Independent Maintenance Services

IT Asset Disposition & Data Centre Services

IT DISTRIBUTION

Hardware Resale



TECHNICAL EXPERTISE

GLOBAL DISTRIBUTION

SUPPLY NETWORK

GLOBAL COVERAGE OF >100 COUNTRIES • 3 REGIONAL HUBS IN SINGAPORE, U.S. AND U.K.

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OUR CHANNEL PARTNERS

Procurri is **a trusted source for independent provider of IT services and enterprise hardware.** Through its partnerships with **leading Tier-1 channels,** Procurri can provide genuine refurbished, certified pre-owned or new-in-box products. Some of our partnerships include:

IBM Silver Business Partner

(Procurri Singapore Pte. Ltd. & Procurri Europe Limited)

Blancco ITAD Partner – Gold Level

(Asia-Pacific Region)

Oracle PartnerNetwork – Gold Level Partner

(Procurri Singapore Pte. Ltd.)

NetApp Silver Partner

(Procurri Europe Limited)

HPE Replacement Parts Business Partner

(the United Kingdom & United States)

Lenovo Data Center Partner – Gold Level

(Procurri Singapore Pte. Ltd.)

Juniper Certified Pre-owned Business Partner

(United States)

Certified Pre-owned Business Partner

(United States)

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ADDRESSABLE MARKET

The markets the Group serve are highly fragmented with the top 4 companies, including Procurri, each holding <u>less than 2 percent market share</u>

LIFECYCLE SERVICES



Independent Maintenance Services

Global Spending on IT Maintenance ***US$41.9 billion*** in 2020*

Global Independent IT Maintenance ***US$4.4 billion*** in 2020*



IT Asset Disposition ("ITAD") & Data Centre Services

Global Demand for ITAD Services ***US$17.1 billion*** in 2020*

IT DISTRIBUTION



Hardware Resale

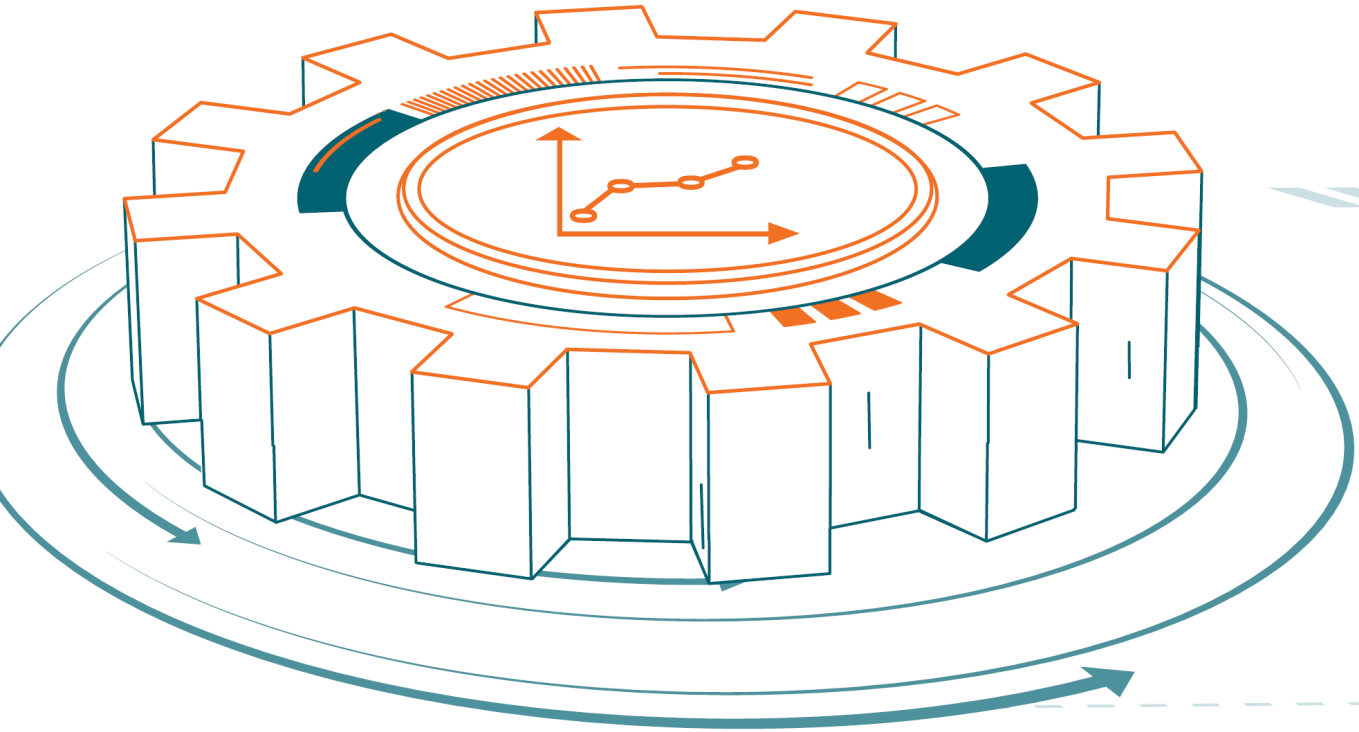
Global Spending on Data Centre Equipment ***US$292.9 billion*** in 2020*

Global Hardware Resale Market ***US$34.8 billion*** in 2020*

*Forecast according to Frost & Sullivan

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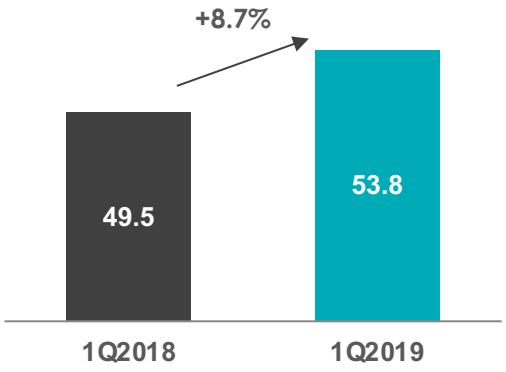
FINANCIAL HIGHLIGHTS



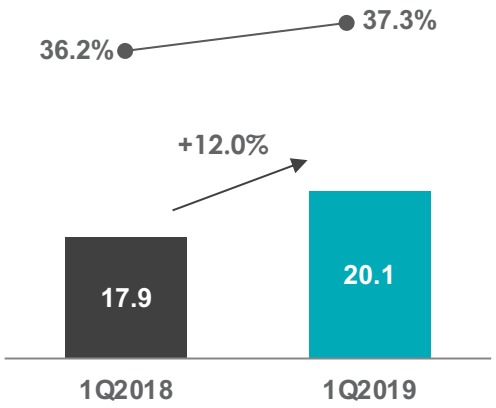
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1Q2019 FINANCIAL SNAPSHOT

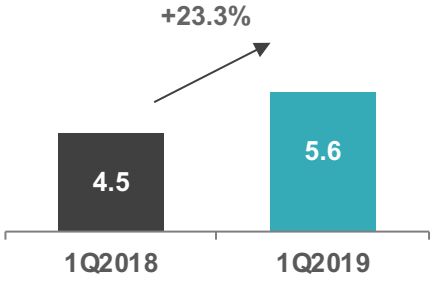
REVENUE (S$M)



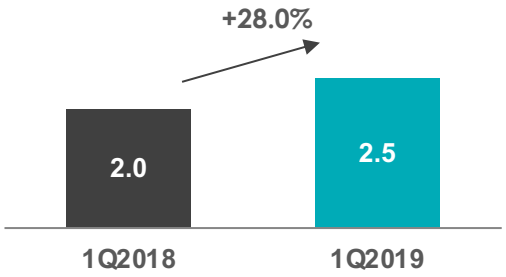
GROSS PROFIT (S$M) & GROSS PROFIT MARGIN (%)



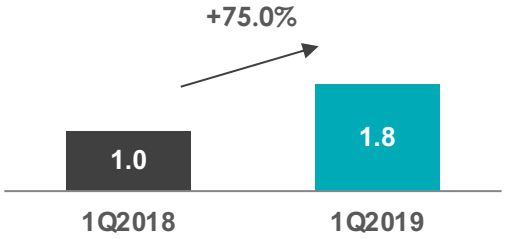
EBITDA (S$M)



PROFIT BEFORE TAX (S$M)



NET PROFIT (S$M)



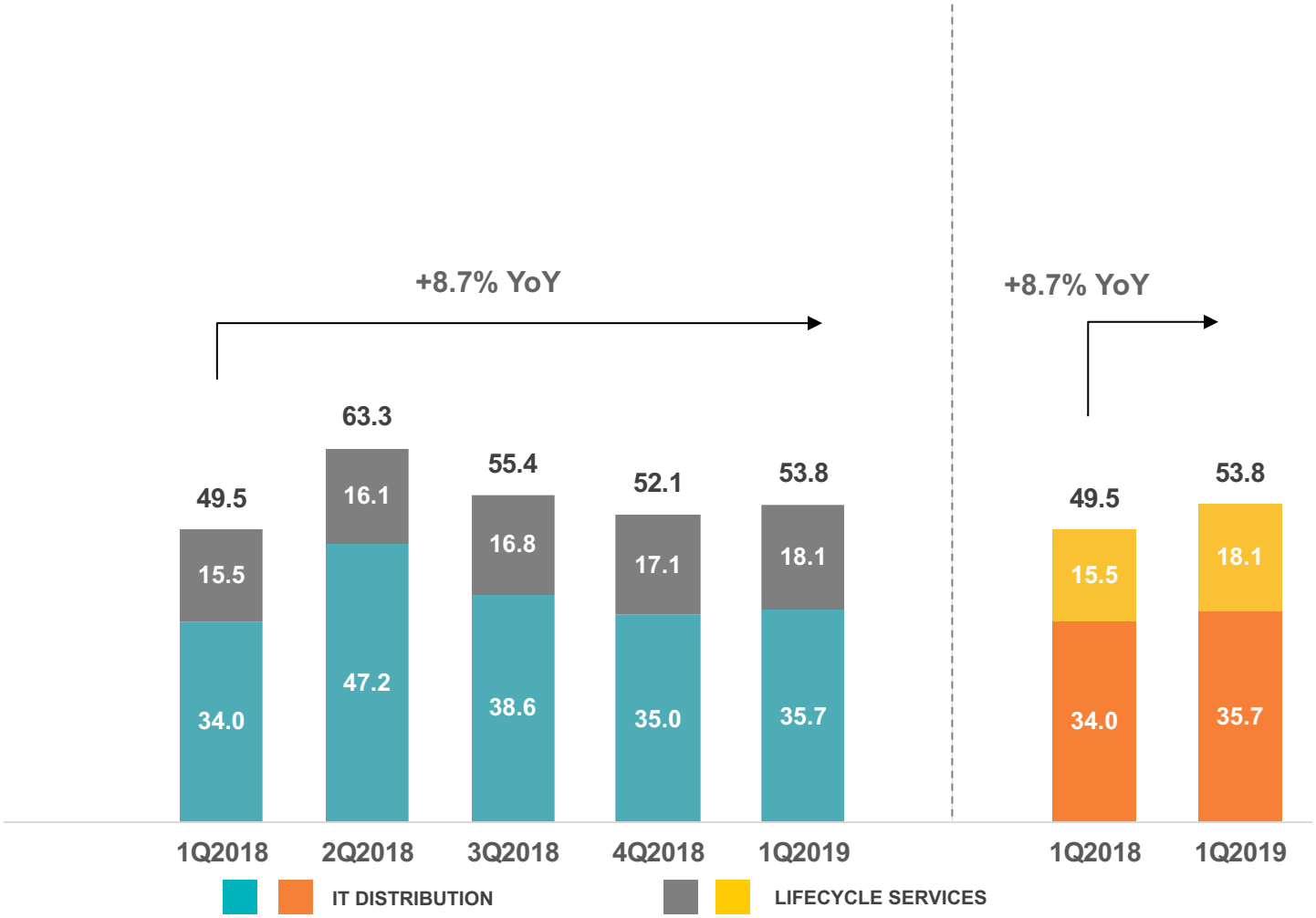
Gross profit from both segments grew

Higher-margin Lifecycle Services accounted for 50.9% of overall gross profit

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REVENUE OVERVIEW

REVENUE (S$M)



LIFECYCLE SERVICES
+16.8% increase YoY (1Q2019) due to better performance from the Americas and EMEA

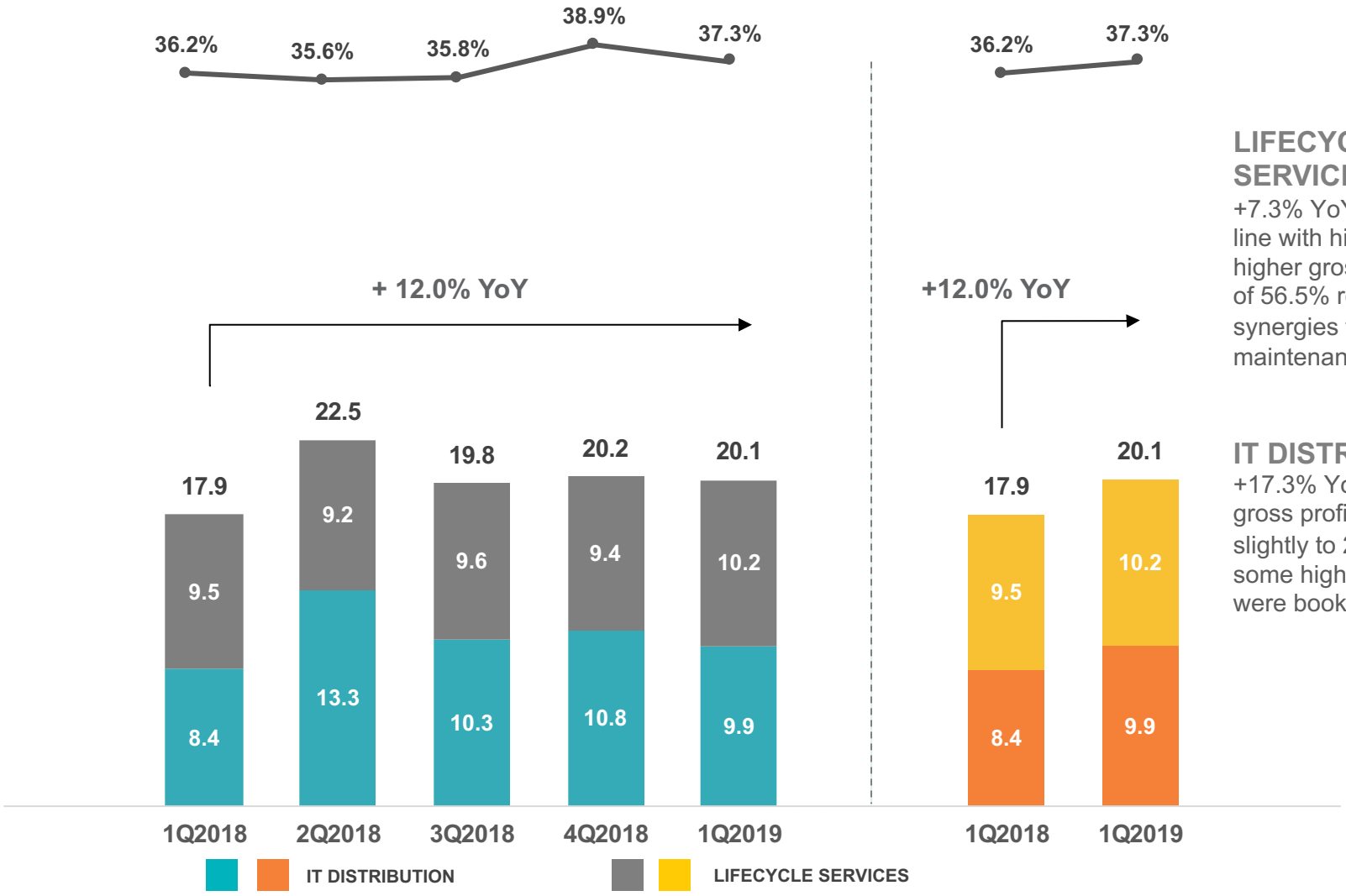
IT DISTRIBUTION
+5.1% YoY (1Q2019) largely due to higher contributions the Americas

Consistent revenue growth underpins the strong fundamentals of the Group's business model and operations

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GROSS PROFIT OVERVIEW

GROSS PROFIT (S$M) & GROSS PROFIT MARGIN (%)



LIFECYCLE SERVICES

+7.3% YoY (1Q2019), in line with higher revenue; higher gross profit margin of 56.5% reflects synergies from in-house maintenance capabilities

IT DISTRIBUTION

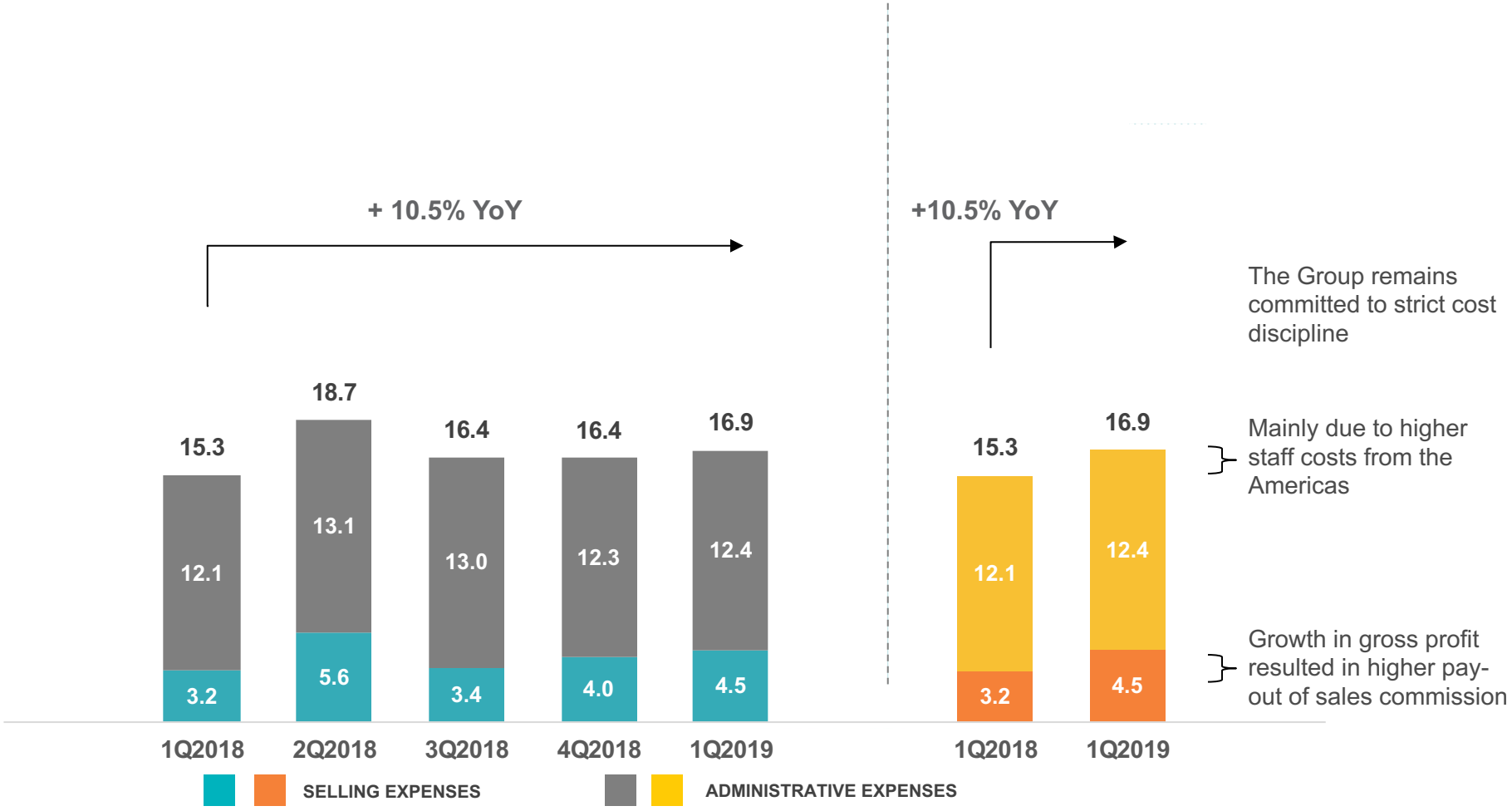
+17.3% YoY (1Q2019); gross profit margin up slightly to 27.6%, as some high-margin deals were booked

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OPERATING EXPENSES

OPERATING EXPENSES (S$M)

[1]Operating expenses comprise Selling expenses and Administrative expenses



The Group remains committed to strict cost discipline

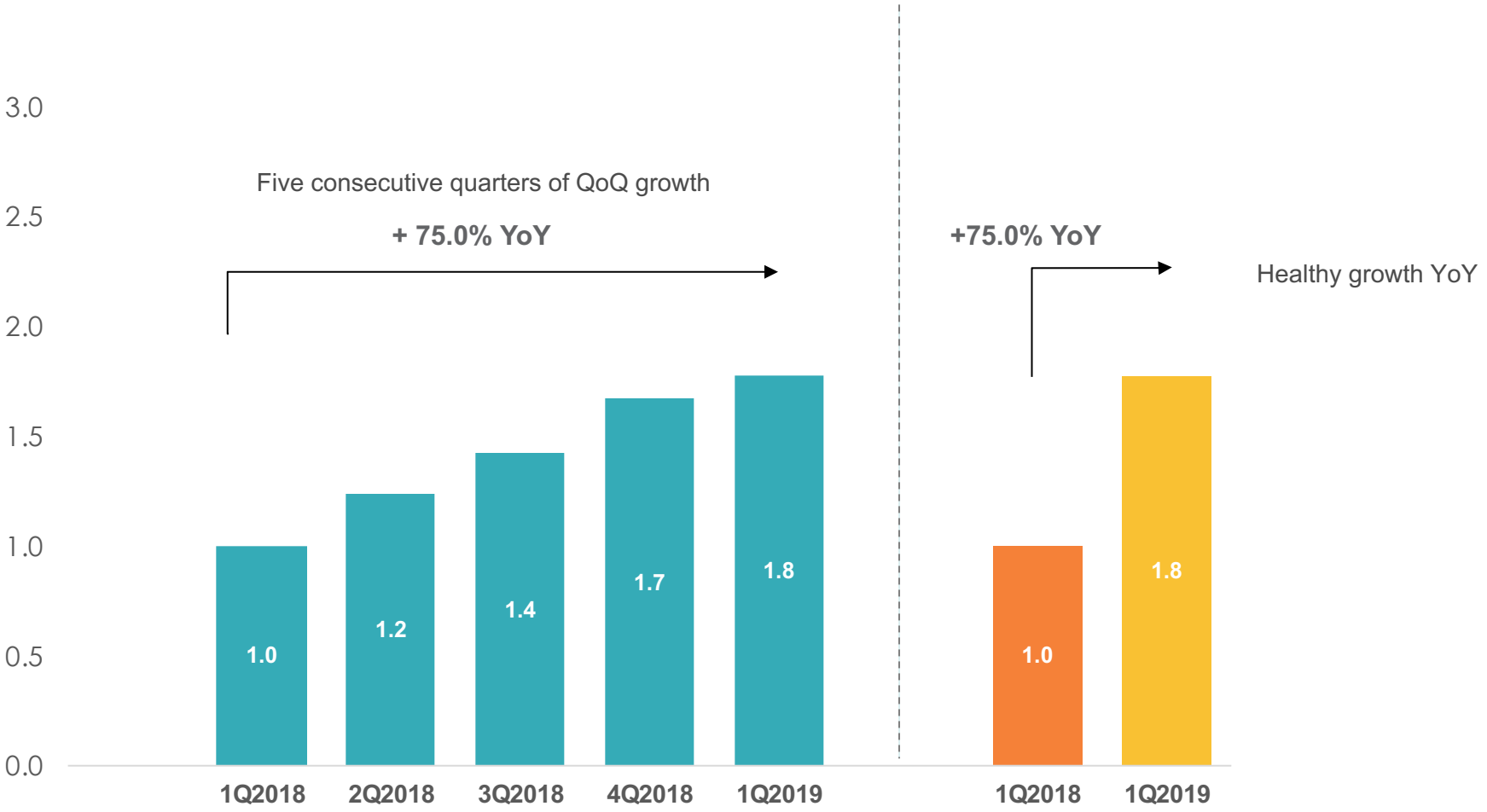
Mainly due to higher staff costs from the Americas

Growth in gross profit resulted in higher pay-out of sales commission

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NET PROFIT AFTER TAX OVERVIEW

NET PROFIT AFTER TAX (S$M)



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1Q2019

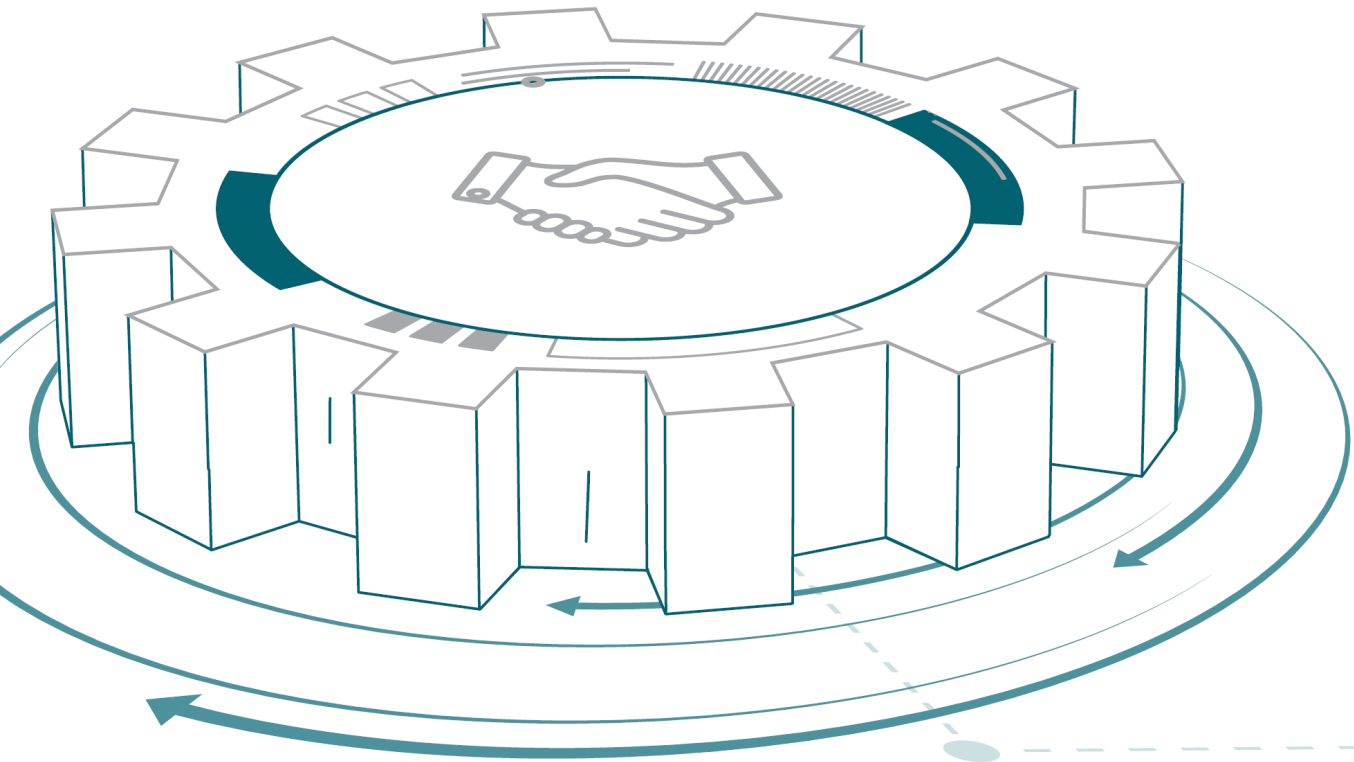
BALANCE SHEET HIGHLIGHTS

S$'000	AS AT 31 MAR 2019	AS AT 31 DEC 2018
Current Assets	**100,143**	**103,493**
Inventories	22,634	21,816
Trade and other receivables	47,153	53,365
Cash and bank balances	18,684	18,082
Other Current Assets	11,672	10,230
Non-current Assets	**44,304**	**37,833**
Intangible Assets	14,329	12,853
Plant and equipment	20,493	22,054
Other Non-current Assets	9,482	2,926
Current Liabilities	**86,894**	**65,954**
Trade and other payables	43,212	32,246
Deferred income	25,772	18,831
Loans and borrowings	12,025	9,993
Other Current Liabilities	5,885	4,884
Non-current Liabilities	**15,299**	**6,331**
Shareholders' Equity	**42,254**	**69,041**
Total Equity and Liabilities	144,447	141,326

KEY RATIOS	31 MAR 2019	31 DEC 2018
Debt-to-equity ratio	0.04	Net cash
Current ratio	1.15	1.57
NTA per share (cents)*	9.81	19.74
NAV per share (cents)*	14.84	24.25

*The decline in NTA per share and NAV per share was due to the acquisition of 49% equity interest in Rockland

CORPORATE & BUSINESS UPDATES



PROCURRI

RECENT DEVELOPMENTS

Procurri continues to forge partnerships, extend its capabilities and move up the value chain

Acquired Remaining 49% Stake in Rockland	**March 2019** Increases competitive edge in global storage maintenance services and enhance synergies to benefit long-term profitability
Welcomed Novo Tellus as Largest Shareholder	**March 2019** Aid in enhancing Asian presence and deepen penetration in the Americas and Europe
Partnership with PureWRX	**February 2019** Top OEM-certified pre-owned IT hardware platform which opens opportunities to expand on ITAD services
Partnership with Nutanix	**December 2018** Joint buyback program for legacy IT infrastructure increasing maintenance, migration and ITAD opportunities

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RECENT DEVELOPMENTS

Further access into the maintenance business continues to bolster Procurri's ITAD penetration potential as more companies move to the cloud

Lifecycle Services

APAC

- Outperformed key objective for 2018 of expanding presence in India – *Obtained largest-ever hardware maintenance contract from an international telecommunications services company*

EMEA

- Strengthening relationships with channel partners to secure recurring business – *23-month deal worth approximately £1 million for National Building Society and new maintenance contract with a British pharmaceutical multinational first won in 2016*

The Americas

- Strengthening relationships with channel partners to secure recurring business – *Clinched major contracts with revenue for lifecycle services almost doubling to S$43.7 million for FY2018 (FY2017: S$21.9 million)*

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RECENT DEVELOPMENTS

Procurri remains in position as a trusted global intermediary in the enterprise equipment market

IT Distribution

APAC

- Building stronger relationships with OEMs and value-added resellers – *Secured significant contract to decommission a number of data centres*

EMEA

- Working closely with OEMs to prevent any major disruption to business and to secure more hardware deals – *Undertook a joint marketing campaign with Hewlett Packard Enterprises ("HPE"), revenue from HPE rose to £3.3 million FY2018 (£2.5 million FY2017)*

The Americas

- Cross-selling and upselling hardware – *Rockland won a global integrator account to supply refurbished Vblock equipment which was subsequently expanded to include the provision of lifecycle services*

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GROUP OUTLOOK & STRATEGIES

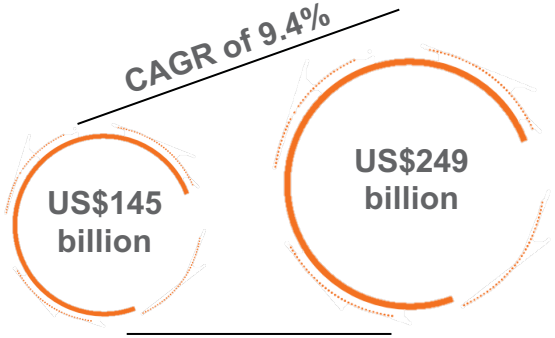


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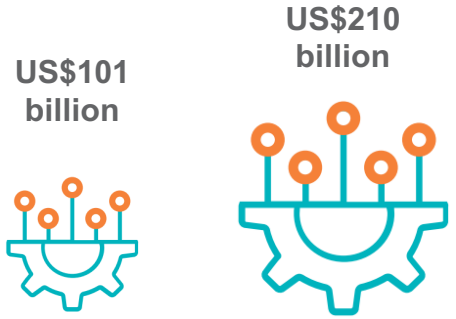
IT LANDSCAPE

Amidst a proliferation of mobile devices, e-commerce, fintech and Internet of Things, cloud adoption has grown rapidly. Cloud infrastructure investment on the whole continues to rise and also an increasing importance of IT service management and ITAD.

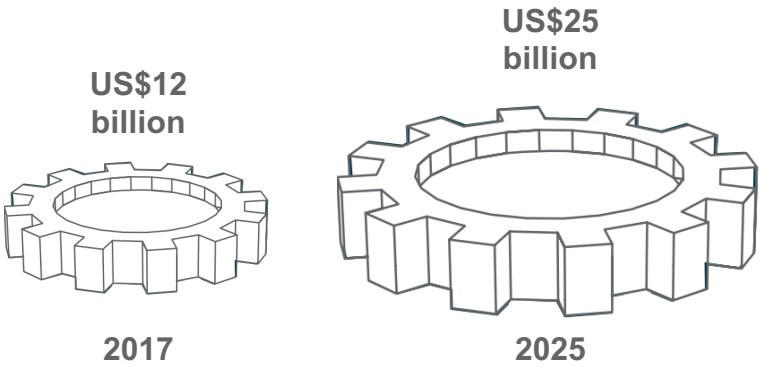
Global Managed IT Services Market[1]



Global Cloud Infrastructure Market[2]



IT Asset Disposition Market[3]



1. Global IT Managed Services Market Outlook 2024: Global Opportunity and Demand Analysis, Market Forecast, 2016-2024 – Goldstein Research
2. Cloud Infrastructure Market by Type, End-User Industry & Geography, Global Forecast to 2022 – MarketsandMarkets
3. Global IT Asset Disposition (ITAD) Market Size and Forecast to 2025 – Verified Market Intelligence

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EMERGING TRENDS



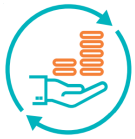
Increasing acceptance of the secondary IT market with more OEMs endorsing the sale of certified refurbished or excess equipment



Emphasis on use of certified genuine replacement parts to prevent equipment failure and data centre downtime



Strong shift towards open server architecture with a preference for **vendor-agnostic service providers**



Increased importance of return on investment and impact of depreciation from IT infrastructure, driving the shift from **capex to opex models**



Cloud migration fuelling demand for third-party maintenance services for IT hardware during the transition to the cloud and driving the need for data sanitisation and hardware disposal services as legacy IT assets are rendered obsolete by cloud computing.



Industry consolidation caused by change in traditional intermediary roles of OEMs, value-added resellers and system integrators



Shift in industry dynamics where only players with operation size and geographical reach can compete effectively to capture a meaningful market share

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STRATEGY COMPLETE

EXPANDING MARKETS AND ENLARGING CUSTOMER BASE

Tap on newly-acquired capabilities to strengthen Procurri's brand name, suite of services and enlarge customer base, while exploring potential earnings-accretive acquisition opportunities

CEMENTING THE GROUP'S CREDIBILITY

Forge strategic partnerships with OEMs and capitalise on authorized partner statuses to expand the Group's product lines and unlock cross-selling opportunities

GROWING HIGHER-MARGIN LIFECYCLE SERVICES SEGMENT

Leverage the "as-a-service" trend and ramp up Lifecycle Services business to provide greater income predictability and sustainable earnings

IMPROVING INTERNAL EFFICIENCIES & HARNESSING ECONOMIES OF SCALE

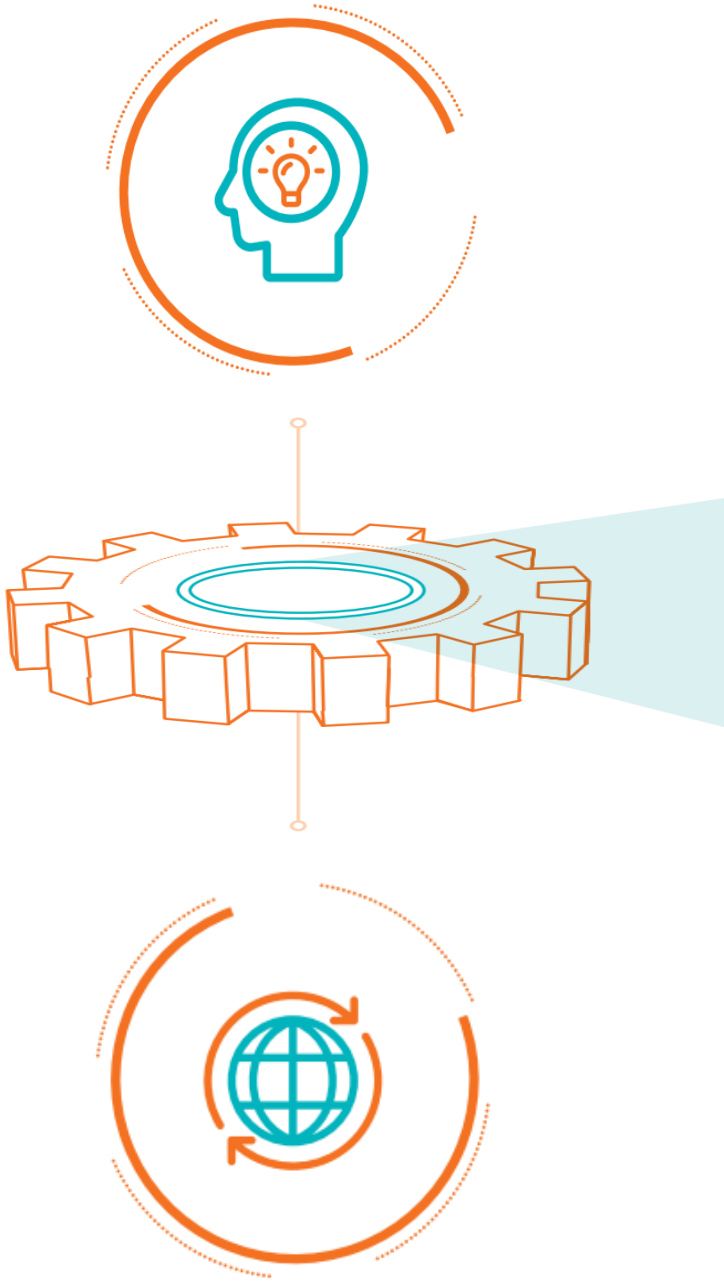
Continue rigorous cost control efforts and harness economies of scale from the improved centralized purchasing processes



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FUTURE PLANS

- **Increase focus on APAC region**, leveraging on the Singapore headquarters, and expertise and network of new major shareholder, Novo Tellus.
- New sales office in Germany cushions the Group from potential disruptions due to Brexit. It also provides **additional coverage in Europe for the Group to deepen its customer base and expand its reach**.
- Sales office in Atlanta was expanded and a new engineering facility was established to handle same-day inbound and outbound hardware delivery, providing added support in the Americas. Coupled with full control of Rockland and further ongoing integration, the **prospects are bright for the Group's global storage maintenance portfolio**.
- **Increase emphasis on prospects of the ITAD division** as more companies migrate to the cloud.
- The Group continues to look out for **viable partnerships and acquisition opportunities**.



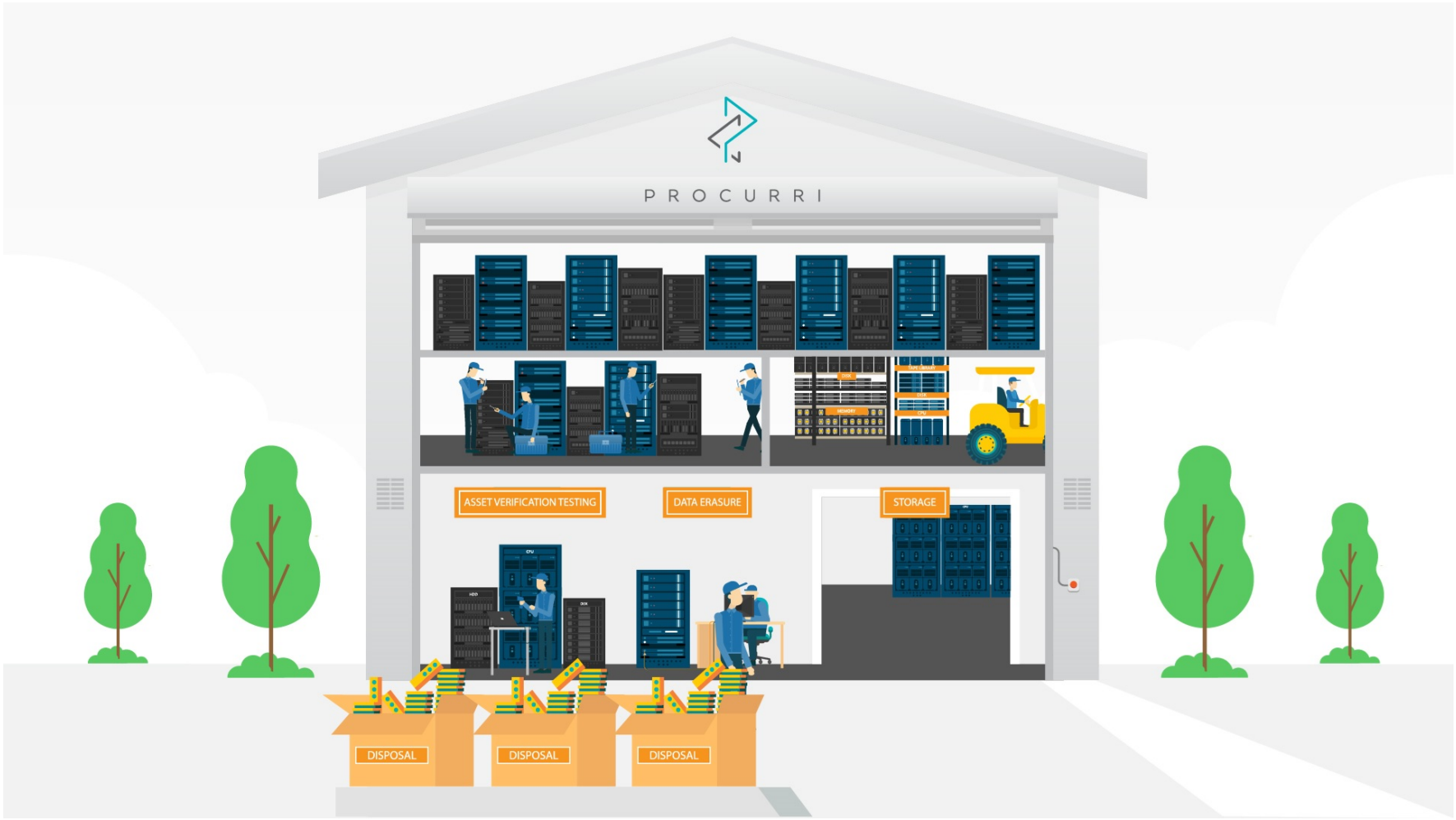
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THANK YOU

INVESTOR RELATIONS

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Link to corporate video: https://www.youtube.com/watch?v=829YukAZc48&feature=youtu.be

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THE PROCURRI PROMISE

INTEGRITY, INNOVATION, EXPERTISE & EXCELLENCE.



Listed on the Main Board of the Singapore Exchange Securities Trading Limited on 20 July 2016, Procurri is an independent provider of IT lifecycle services and data centre equipment, such as servers, storage and networking products.

The Group's platform acts as a global aggregator for businesses to purchase, dispose and manage the lifecycle of enterprise hardware, including related services such as maintenance, leasing and rental, in over 100 countries through its global network of 14 offices and extensive partner locations.

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