PROCURRI

PROCURRI CORPORATION LIMITED

2Q2018 & 1H2018 RESULTS

06 AUGUST 2018



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Please refer to Procurri Corporation Limited's Financial Results for the Period Ended 30 June 2018 available at www.sgx.com.

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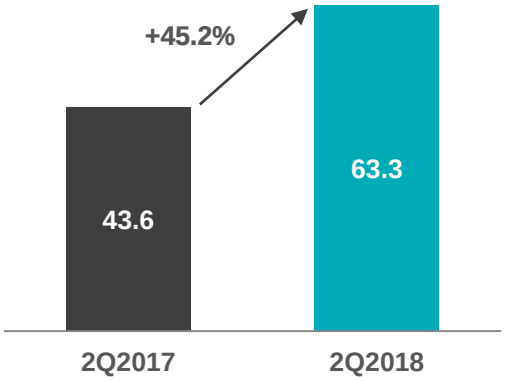
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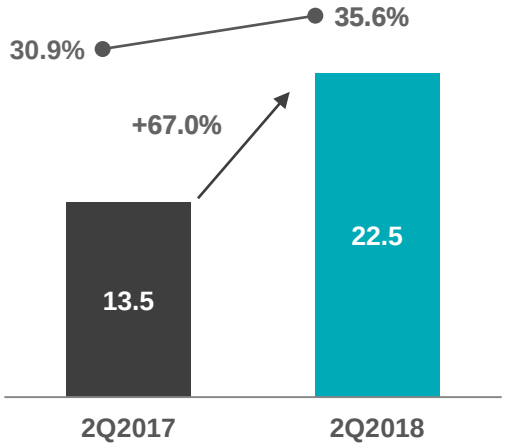
FINANCIAL HIGHLIGHTS

2Q2018 FINANCIAL SNAPSHOT

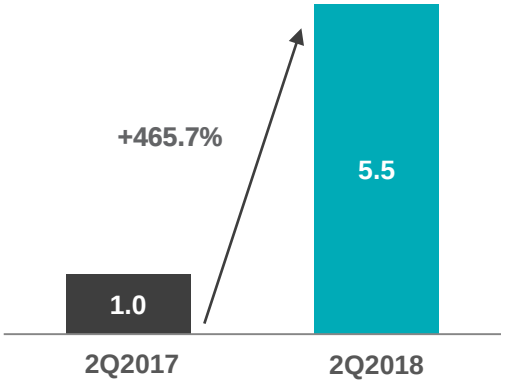
REVENUE (S$M)



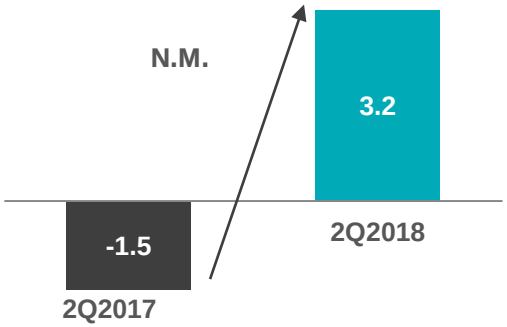
GROSS PROFIT (S$M) & GROSS PROFIT MARGIN (%)



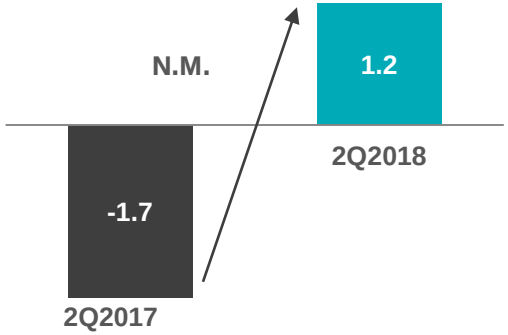
EBITDA (S$M)



PROFIT BEFORE TAX (S$M)



NET PROFIT (S$M)



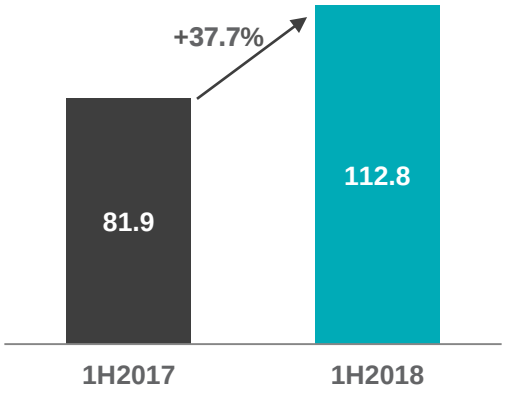
Second-quarter PBT of S$3.2m mainly driven by higher-margin Lifecycle Services business

Improvement attributed to better performance across APAC, the Americas & EMEA

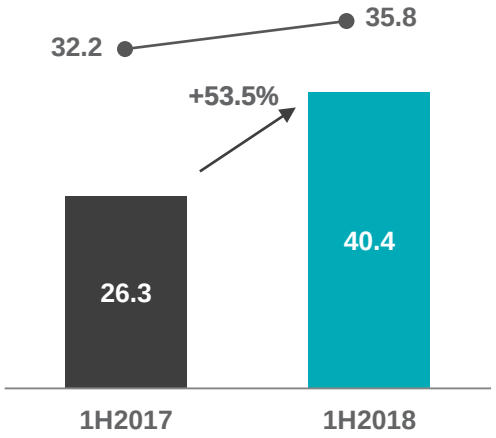
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1H2018 FINANCIAL SNAPSHOT

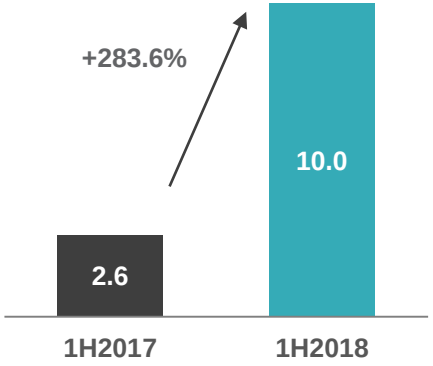
REVENUE (S$M)



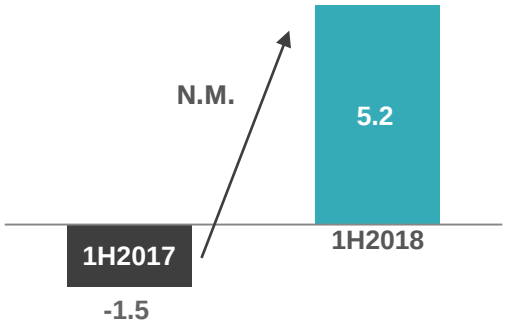
GROSS PROFIT (S$M) & GROSS PROFIT MARGIN (%)



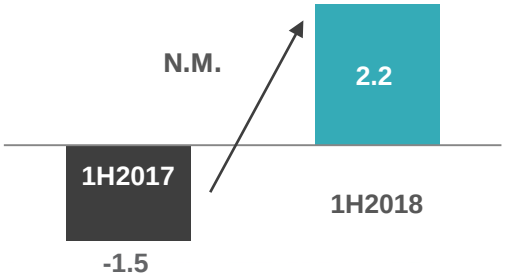
EBITDA (S$M)



PROFIT BEFORE TAX (S$M)



NET PROFIT (S$M)



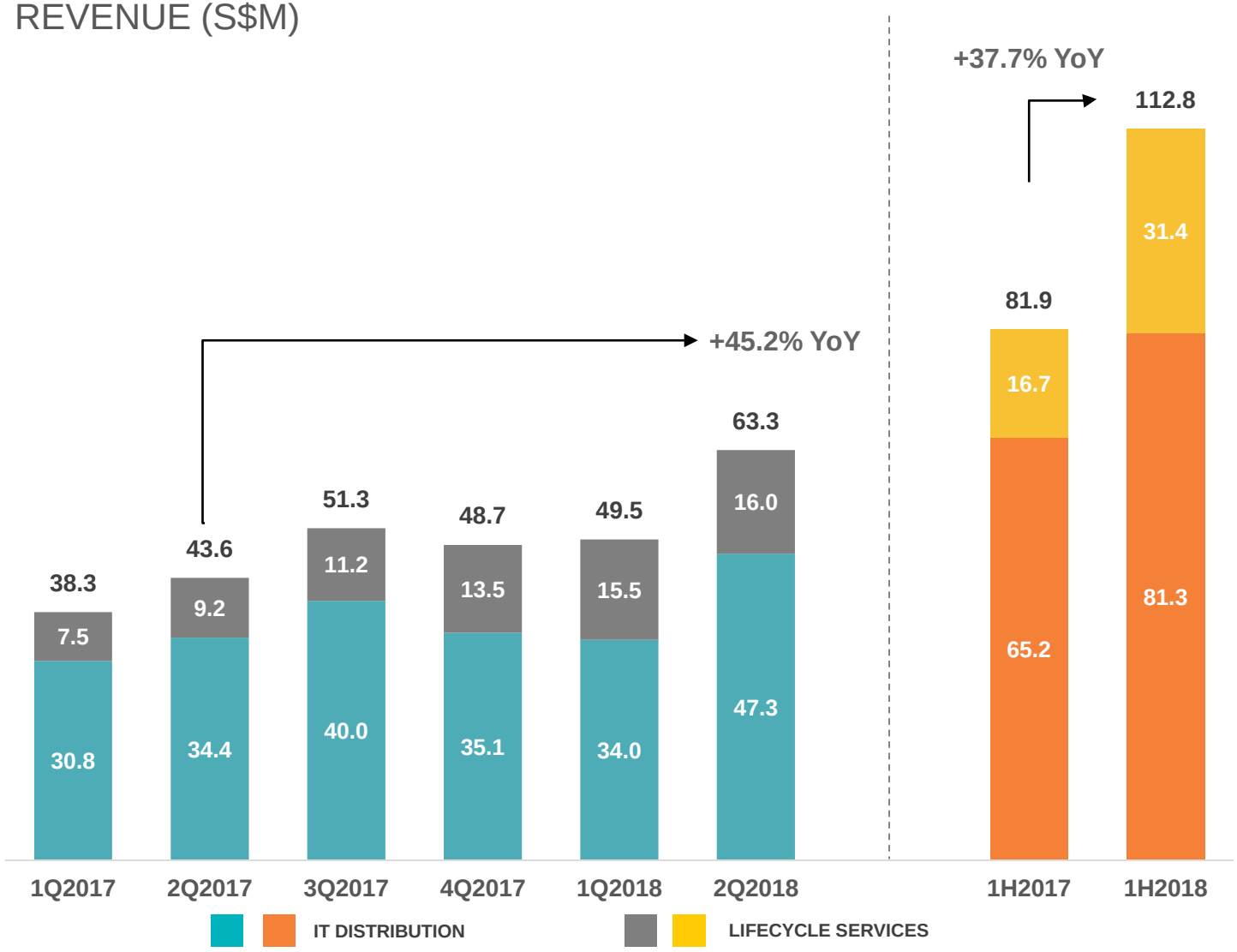
Revenue up 37.7% yoy on robust growth from both business segments

Higher-margin Lifecycle Services accounted for 46.0% of Group GP

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REVENUE OVERVIEW

REVENUE (S$M)



LIFECYCLE SERVICES
+87.8% YoY (1H2018) with improved performance from the Americas and EMEA

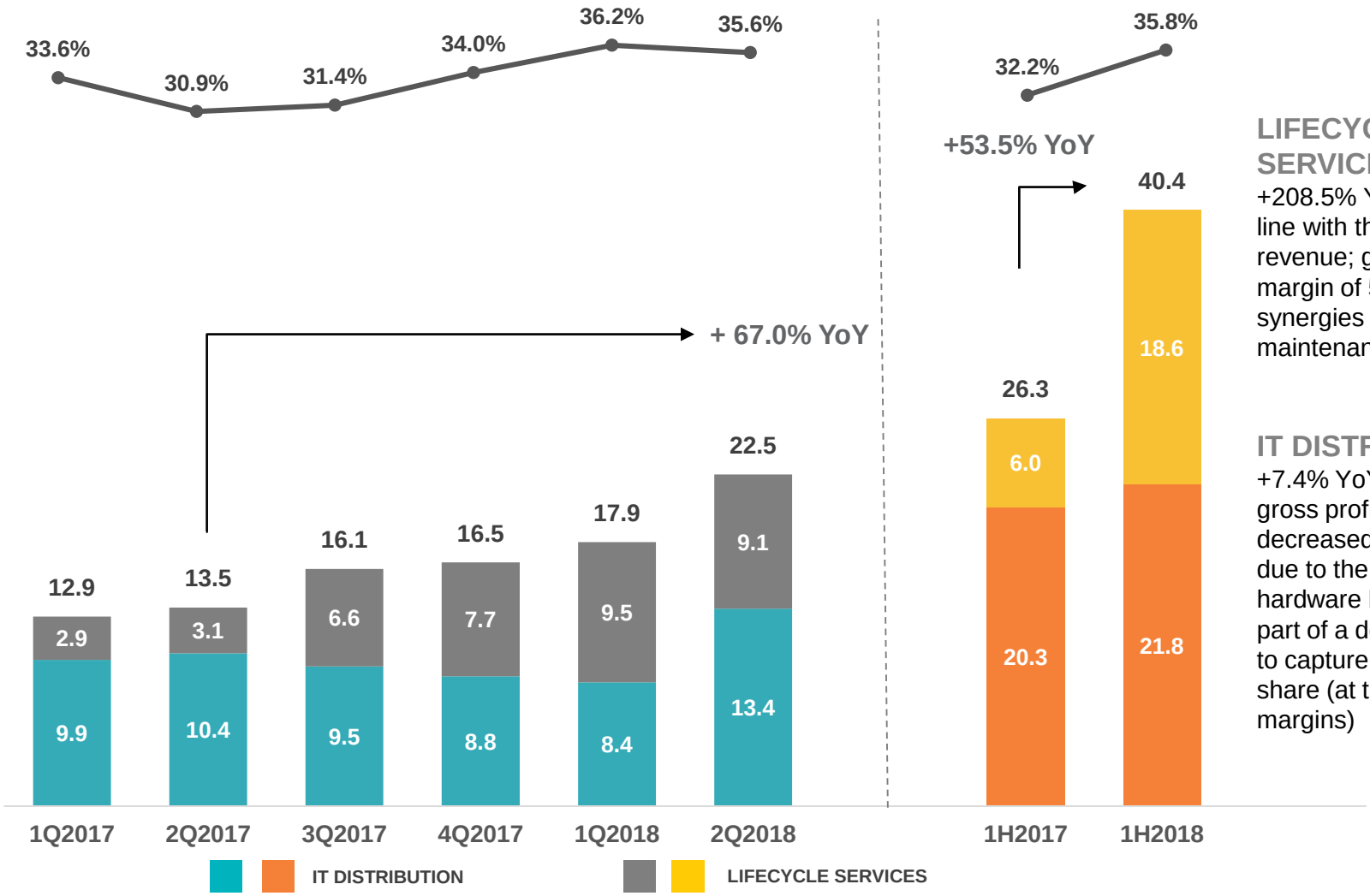
IT DISTRIBUTION
+24.8% YoY (1H2018) largely due to higher contribution from APAC and the Americas

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

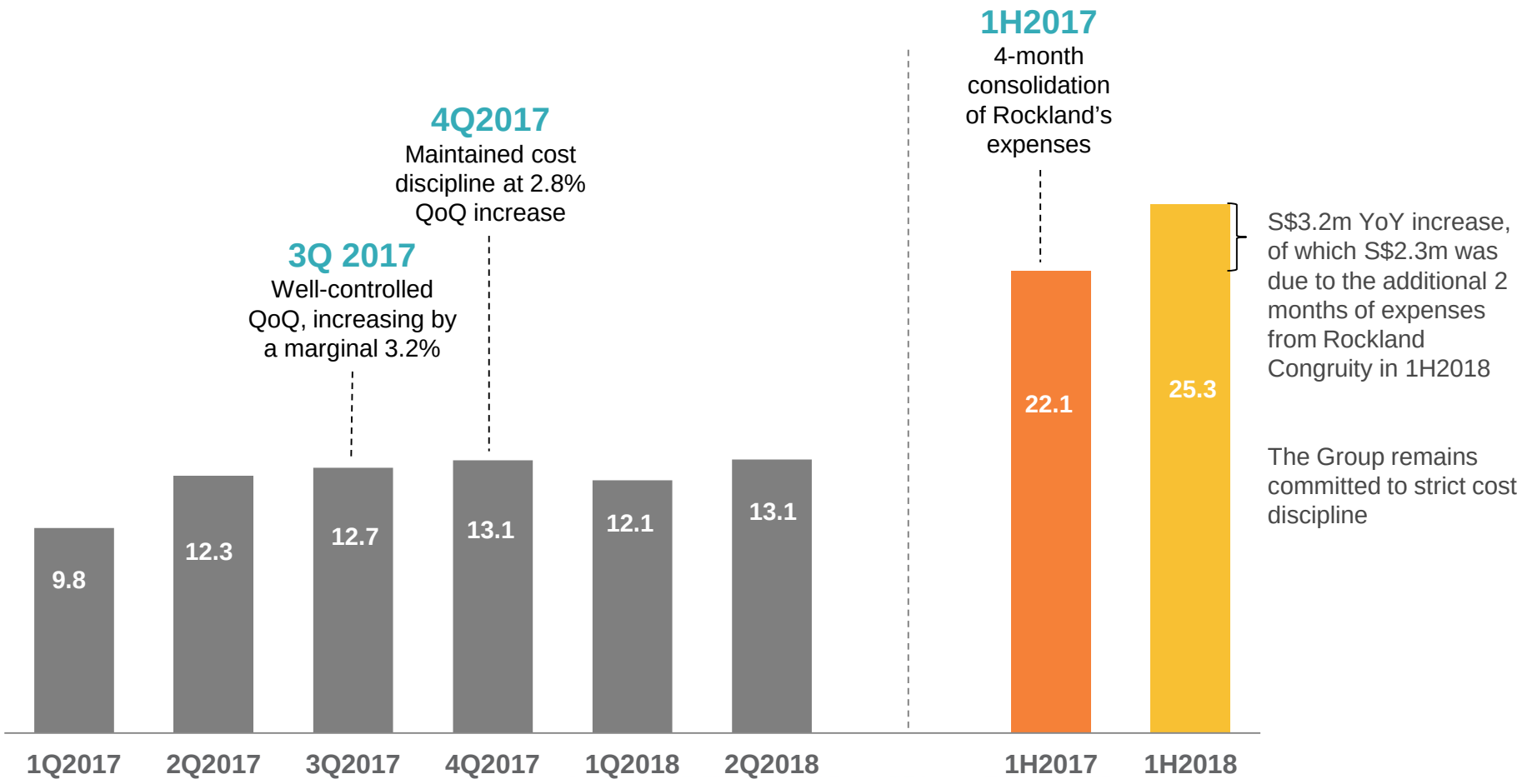
+208.5% YoY (1H2018), in line with the higher revenue; gross profit margin of 59.2% reflects synergies from in-house maintenance capabilities

IT DISTRIBUTION

+7.4% YoY (1H2018); gross profit margin decreased slightly to 26.8% due to the diversification of hardware brand mix, as part of a deliberate strategy to capture higher market share (at the expense of margins)

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ADMINISTRATIVE EXPENSES



S$3.2m YoY increase, of which S$2.3m was due to the additional 2 months of expenses from Rockland Congruity in 1H2018

The Group remains committed to strict cost discipline

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1H2018

BALANCE SHEET HIGHLIGHTS

S$'000	AS AT 30 JUN 2018
Current Assets	108,989
Inventories	21,679
Trade and other receivables	57,995
Cash and bank balances	17,032
Other Current Assets	12,283
Non-current Assets	40,883
Intangible Assets	13,489
Plant and equipment	24,609
Other Non-current Assets	2,785
Current Liabilities	73,759
Trade and other payables	33,039
Deferred income	22,462
Loans and borrowings	13,363
Income tax payable	4,895
Non-current Liabilities	9,728
Shareholders' Equity	66,385
Total Equity and Liabilities	149,872

KEY RATIOS	30 JUN 2018
Debt-to-equity ratio	0.03
Current ratio	1.48
NTA per share (cents)*	18.72
NAV per share (cents)*	23.49

*Based on 282,569,100 number of shares in issue as at 30 Jun 2018

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GROUP OUTLOOK

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- Transform the Group into a stronger global player with the aim to capture a meaningful market share of the US$34.8 billion secondary IT equipment market
- Strong 2Q2018 and 1H2018 performance validates the Group's four-pronged strategy to sharpen value proposition and strengthen global market foothold
- On track to growing the higher-margin Lifecycle Services business segment to 50% of the Group's GP
- On track to being profitable for FY2018





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APAC SIGNIFICANCE



- Deepening customer base and capabilities built around a unique eco-system
  - Understanding addressable markets in APAC
  - Identify new potential markets to enter
  - Refine go-to-market strategies and target customer profiling

- Singapore as a HQ remains key to APAC growth
  - IT talent and service delivery
  - Supportive regulatory framework

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CORPORATE OVERVIEW



Link to corporate video: https://www.youtube.com/watch?v=qr5JvDC7YJU&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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GLOBAL REACH

LIFECYCLE SERVICES

- Independent Maintenance Service
- Hardware-as-a-Service
- IT Asset Disposition

IT DISTRIBUTION

- Hardware Resale
- Supply Chain Management



TECHNICAL EXPERTISE

GLOBAL DISTRIBUTION

SUPPLY NETWORK

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

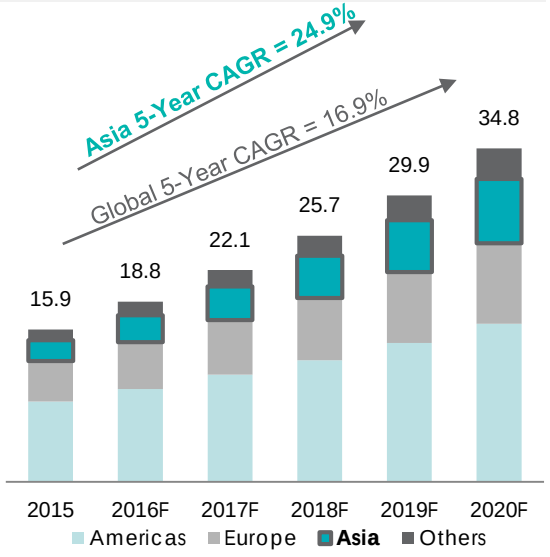
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IT OPERATING LANDSCAPE

- Amidst a proliferation of mobile devices, e-commerce, fintech and Internet of Things, cloud adoption has grown rapidly
- Increasing importance of IT service management in enterprises' cloud computing efforts and big data initiatives
- Sales of infrastructure products for cloud IT, both public and private, has grown 25.5% YOY in 3Q17
- Shift in IT infrastructure investment to an increasing adoption of modular and open server / cloud architecture to cope with fast-paced changes in business needs

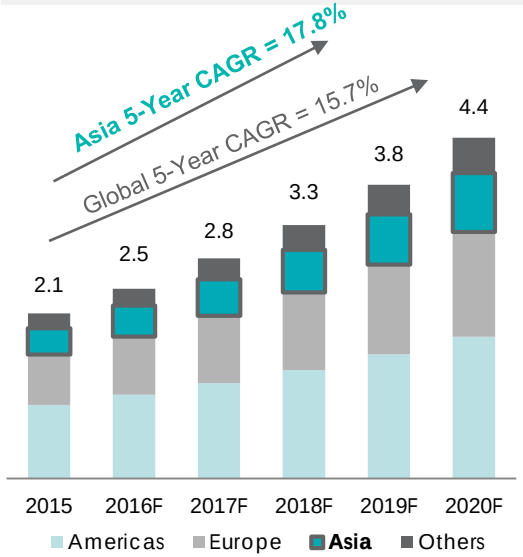
Global Data Centre Hardware Market
5-Year CAGR = 11.7% (2020: US$293B)

Hardware Resale Market Revenue Forecast (US$B)



Global IT Maintenance Market
5-Year CAGR = 9.6% (2020: US$42B)

Independent Maintenance Market Revenue Forecast (US$B)



KEY DRIVERS

Growth of cloud, e-commerce and big data

CAPEX to OPEX

Pay as you use, brand agnostic

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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



Traditional intermediary roles, such as OEMs, VARs and SIs, have changed – leading to industry consolidation



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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SELECT STRATEGIC DEVELOPMENTS

Won contract from pharmaceutical giant	To maintain mission-critical enterprise hardware, including data centre equipment and data storage, for a European pharmaceutical giant in the UK and APAC.
Secured agreements from tech giants	Appointed by Cisco and Hewlett Packard Enterprise as partners in their pre-owned equipment reseller and replacement parts programmes respectively
Formed Rockland Congruity in January 2017	51%-owned US JV spearheading Procurri's global storage maintenance services.
Acquired EAF in November 2016	Deepened UK presence and leveraging EAF's existing strong relationships in Europe with major OEMs to expand these partnerships globally.

Anchors Procurri's position as a trusted global intermediary that is adding on new capabilities and moving up the enterprise equipment market value chain.

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CORPORATE & BUSINESS UPDATE

GO FORWARD STRATEGIES



CEMENTING THE GROUP'S CREDIBILITY

Forge strategic partnerships with OEMs and capitalise on our authorised 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 our Lifecycle Services business to provide greater income predictability and sustainable earnings



EXPANDING MARKETS AND ENLARGING CUSTOMER BASE

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



IMPROVING INTERNAL EFFICIENCIES & HARNESSING ECONOMIES OF SCALE

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

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THANK YOU

INVESTOR RELATIONS ENQUIRIES

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