

PROCURRI CORPORATION LIMITED

ANNUAL GENERAL MEETING
30 APRIL 2018



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Please refer to Procurri Corporation Limited’s Financial Results for the Full Year Ended 31 December 2017 and First Quarter Ended 31 March 2018 available at www.sgx.com.

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3. Financial Highlights
4. Outlook



PROCURRI

CORPORATE OVERVIEW



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

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.

GLOBAL REACH

LIFECYCLE SERVICES



Independent Maintenance Service



Hardware-as-a-Service



IT Asset Disposition

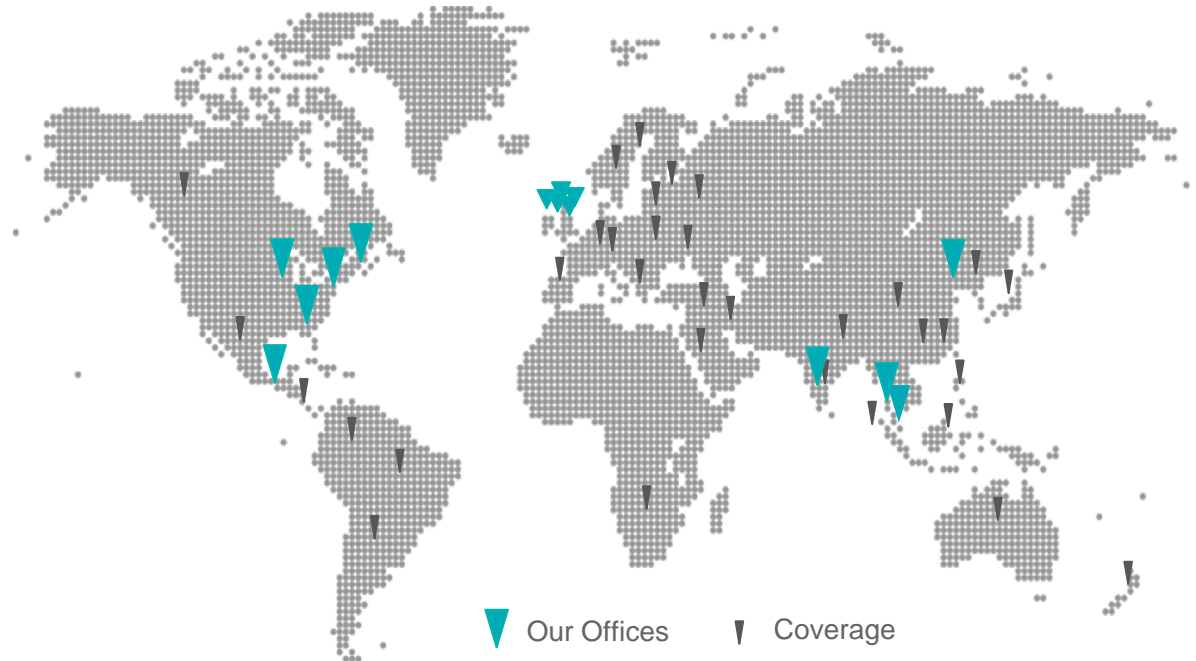
IT DISTRIBUTION



Hardware Resale



Supply Chain Management



TECHNICAL
EXPERTISE



GLOBAL
DISTRIBUTION



SUPPLY
NETWORK

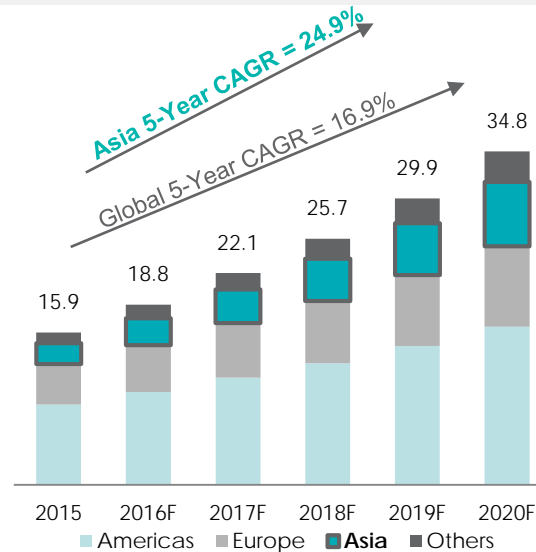
GLOBAL COVERAGE OF >100 COUNTRIES • 3 REGIONAL HUBS IN SINGAPORE, U.S. AND U.K.

RIDING THE CLOUD WAVE

- 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 27.3% YOY in 4Q17, based on latest data
- 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

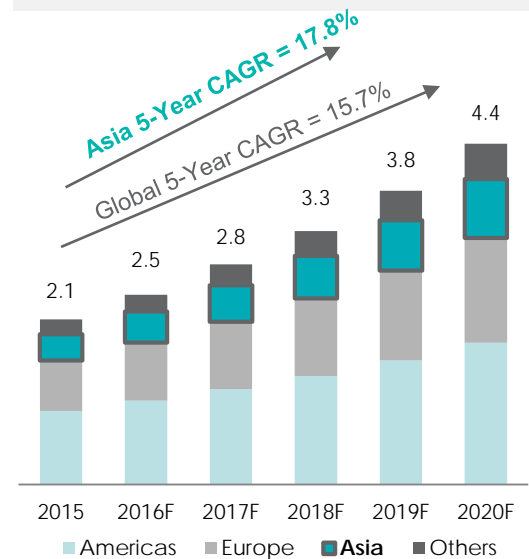
Global Data Centre Hardware Market
5-Year CAGR = 11.7% (2020: US\$293B)

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

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

RECENT 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.

Established a Global Parts Centre in 4Q2016

Apart from standardising service delivery methodology across the Group's international footprint, the GPC will reduce average cost of parts through volume procurement.

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



PROCURRI

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

#1 CEMENT PROCURRI'S CREDIBILITY

ACHIEVEMENTS SINCE IPO



One of nine resellers of Cisco Excess – a programme to sell used Cisco hardware within the secondary market



**Hewlett Packard
Enterprise**

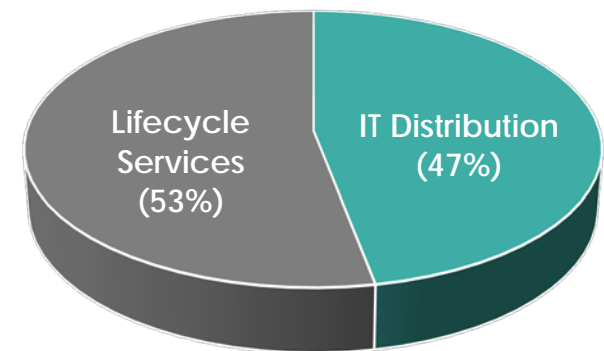
An authorised partner under Hewlett Packard Enterprise's Replacement Parts Business programme for genuine, high-quality spares with manufacturer warranties

- With more enterprises turning to the secondary market for equipment, authorised channels have become the primary source for genuine refurbished, pre-owned or new-in-box products.
- Underscores maturity of Procurri's quality controls as it scales up IT distribution value chain and expands product lines to include new replacement parts
- Positions Procurri as one of a few independent vendors with a global footprint
- Procurri can capitalise on strategic partnerships to cross-sell services

#2 GROW HIGHER-MARGIN LIFECYCLE SERVICES SEGMENT

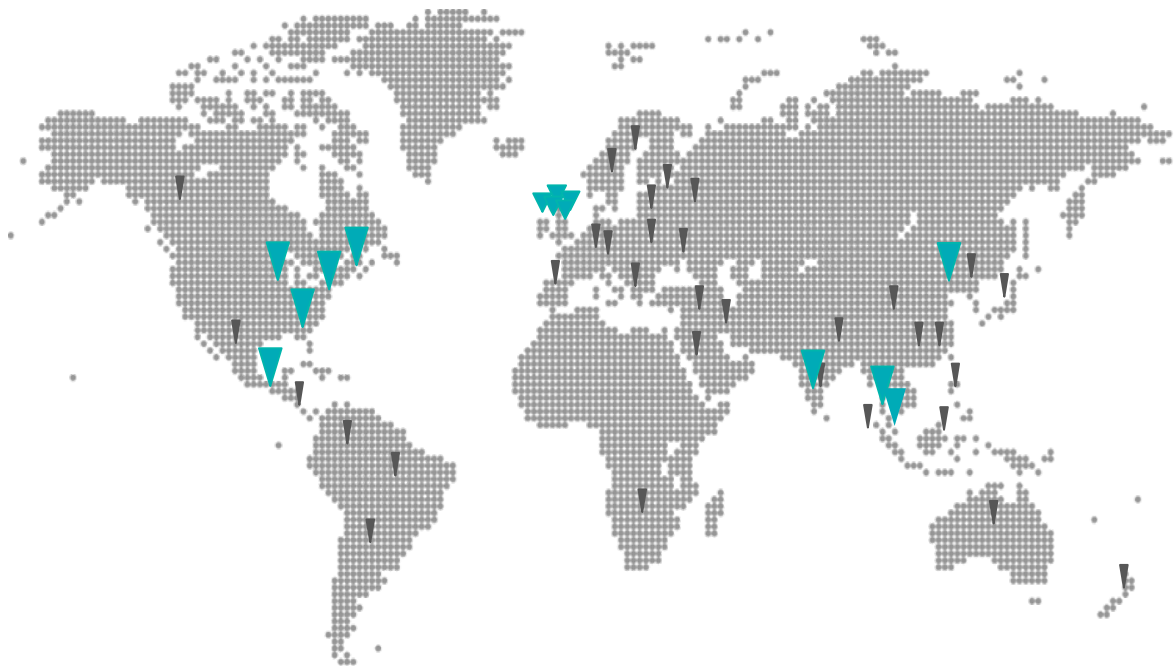
- Expects to secure new contracts in the UK and the USA at a time when the data centre industry is shifting from capex- to opex-based models, resulting in increased need for on-demand computing resources
- Expects improvement in GP margin for maintenance business in FY2018
- Lifecycle Services business segment, which provides predictable and sustainable earnings, to contribute to half of the Group's total GP in five years' time

1Q2018 Gross Profit by Business Segment



#3

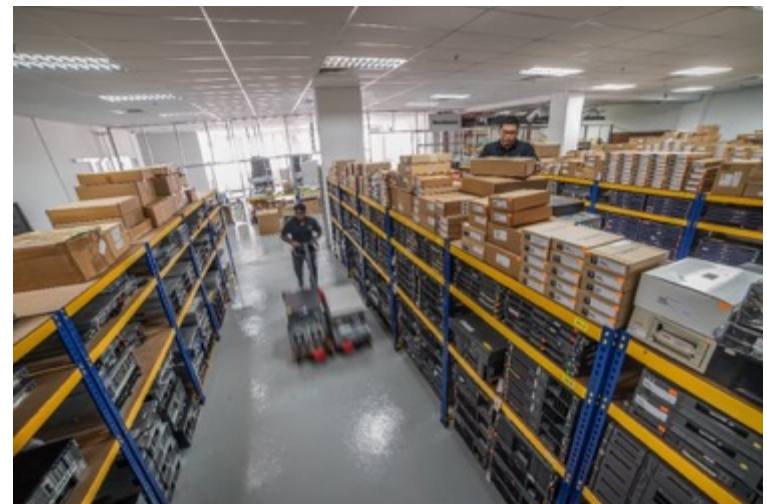
EXPAND MARKETS; ENLARGE CUSTOMER BASE



- One of five independent service providers in the secondary IT equipment market with a global footprint
- Integration of EAF into Procurri Europe allows the Group to expand its suite of services to an enlarged customer base
- In the process of streamlining in the UK into a single entity, strengthening the Procurri brand name in EMEA
- On the look-out for earnings-accretive acquisitions to deepen its presence in major markets, such as Western Europe

#4 IMPROVE INTERNAL EFFICIENCIES; HARNESS ECONOMIES OF SCALE

- Global Parts Centre serves as a think-tank and centre of excellence
- Allows the Group to improve centralised purchasing processes and achieve economies of scale from volume procurement
- Enables more efficient use of warehouse space across the regions
- Having carried out the bulk of near-term expansion through acquisitions, the Group will continue to streamline group-wide internal and operating efficiencies and keep a tight lid on costs



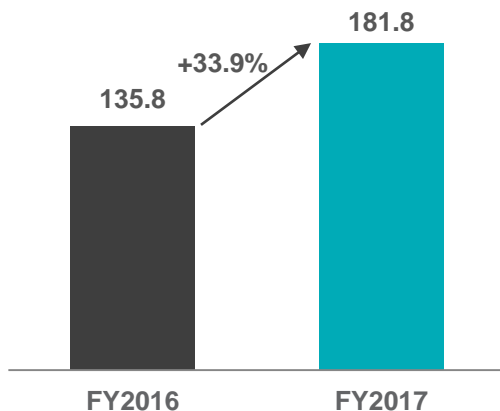


PROCURRI

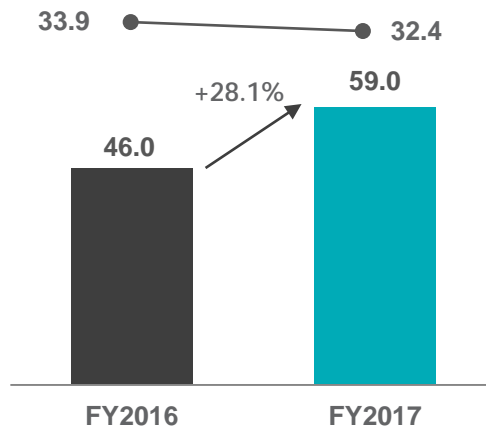
FY2017 FINANCIALS

FY2017 FINANCIAL SNAPSHOT

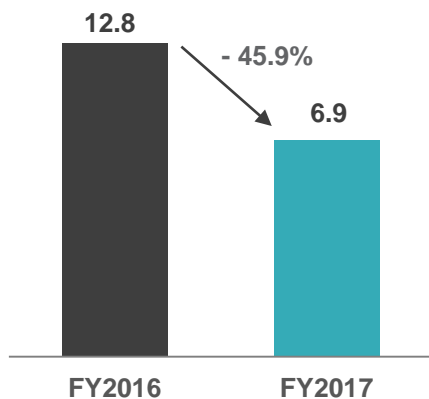
REVENUE (\$M)



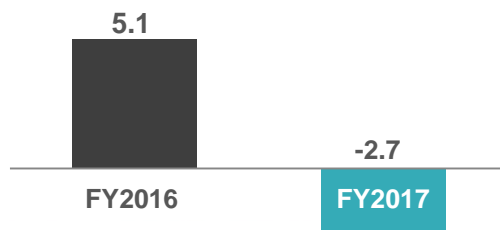
GROSS PROFIT (\$M) &
GROSS PROFIT MARGIN (%)



EBITDA (\$M)



NET PROFIT (\$M)



Revenue up 33.9% yoy
as both business
segments delivered
robust growth



Generated net cash of
S\$13.4m from operating
activities

FY2017

BALANCE SHEET HIGHLIGHTS

| S\$'000 | AS AT 31 DEC 2017 |
|------------------------------|-------------------|
| Current Assets | 96,141 |
| Inventories | 21,424 |
| Trade and other receivables | 48,347 |
| Cash and bank balances | 18,459 |
| Other Current Assets | 7,911 |
| Non-current Assets | 44,430 |
| Intangible Assets | 13,824 |
| Plant and equipment | 27,378 |
| Other Non-current Assets | 3,228 |
| Current Liabilities | 66,310 |
| Trade and other payables | 29,154 |
| Deferred income | 20,527 |
| Loans and borrowings | 13,252 |
| Income tax payable | 3,377 |
| Non-current Liabilities | 10,419 |
| Shareholders' Equity | 63,842 |
| Total Equity and Liabilities | 140,501 |
| KEY RATIOS | 31 DEC 2017 |
| Debt-to-equity ratio | 0.05 |
| Current ratio | 1.45 |
| NTA per share (cents)* | 17.73 |
| NAV per share (cents)* | 22.63 |

*Based on 282,056,600 number of shares in issue as at 31 Dec 2017

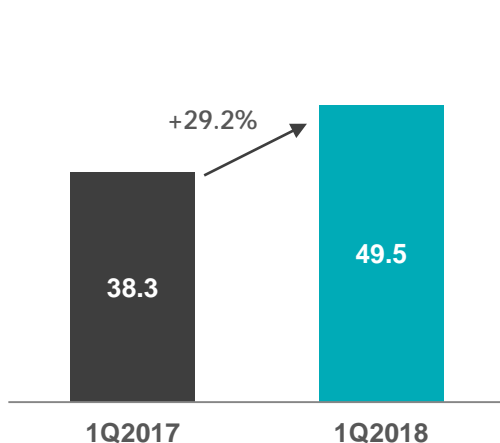


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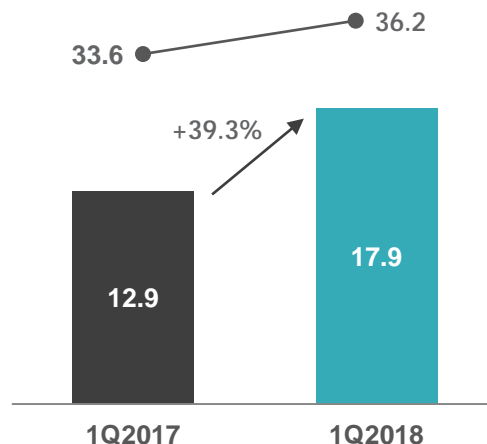
1Q2018 FINANCIALS

1Q2018 FINANCIAL SNAPSHOT

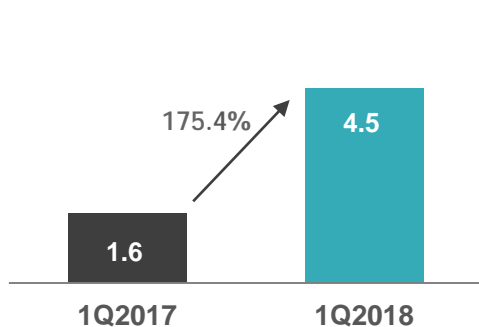
REVENUE (\$M)



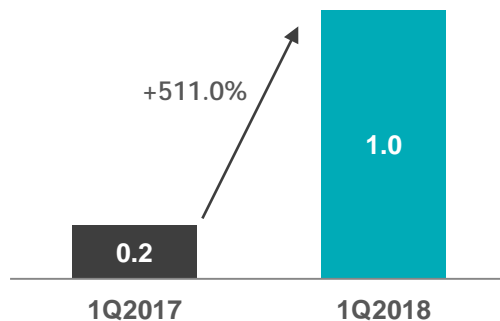
GROSS PROFIT (\$M) &
GROSS PROFIT MARGIN (%)



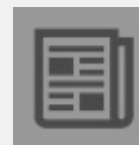
EBITDA (\$M)



NET PROFIT (\$M)



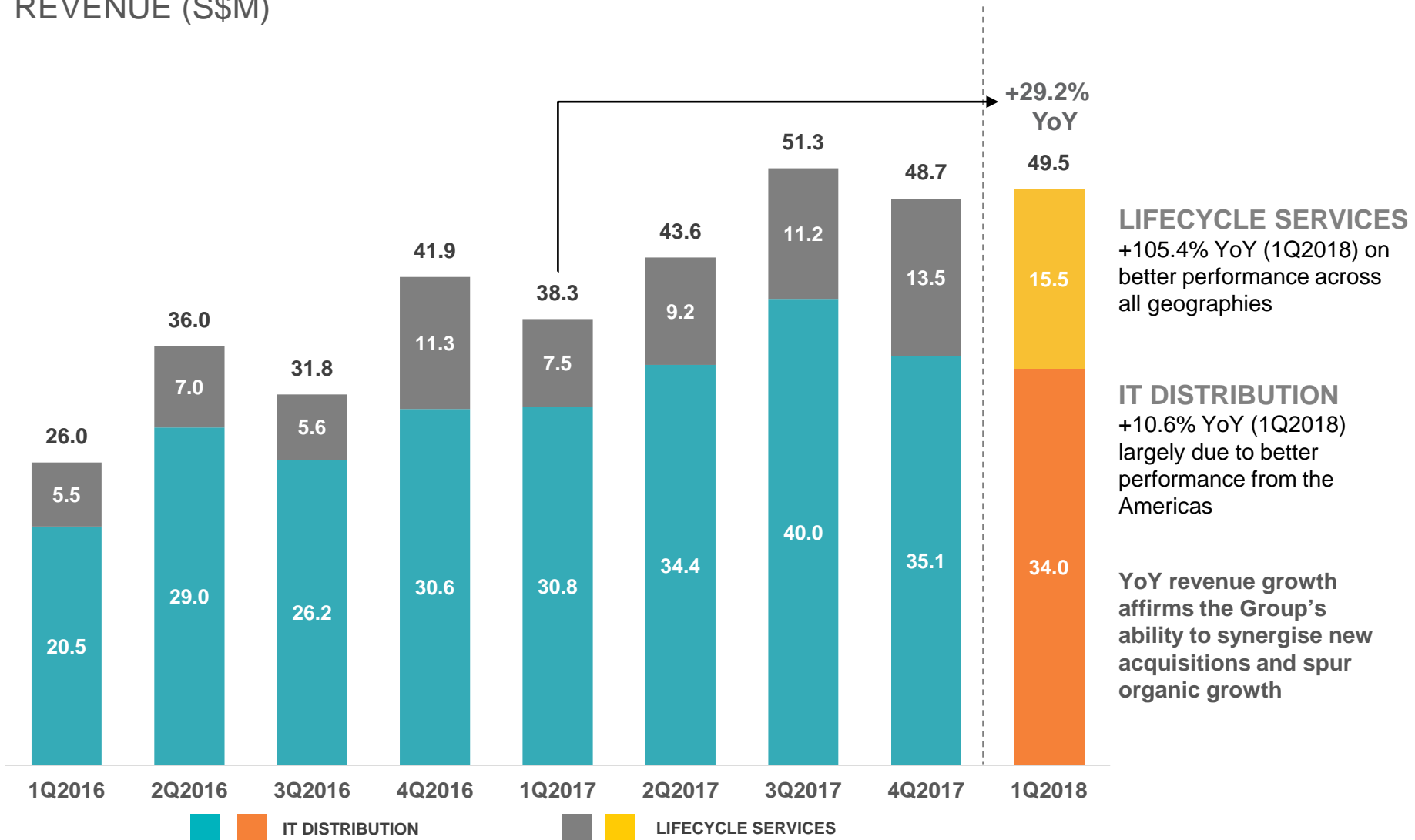
Record first quarter performance of S\$1.0m net profit driven by higher-margin Lifecycle Services business



Sharp improvement reflects early fruits of strategic shift to support maintenance projects in-house

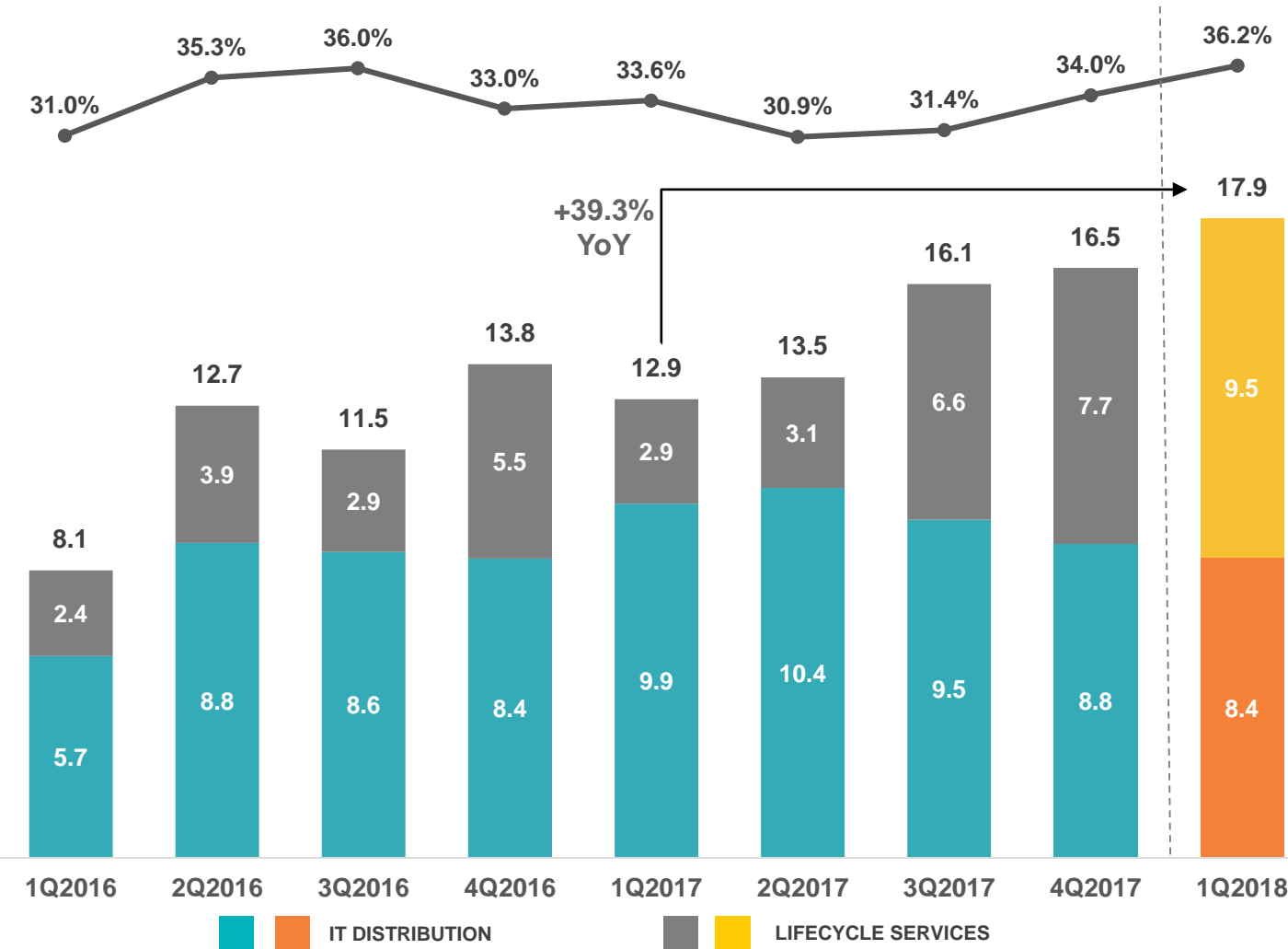
REVENUE OVERVIEW

REVENUE (\$M)



GROSS PROFIT OVERVIEW

GROSS PROFIT (\$M)
GROSS PROFIT MARGIN (%)



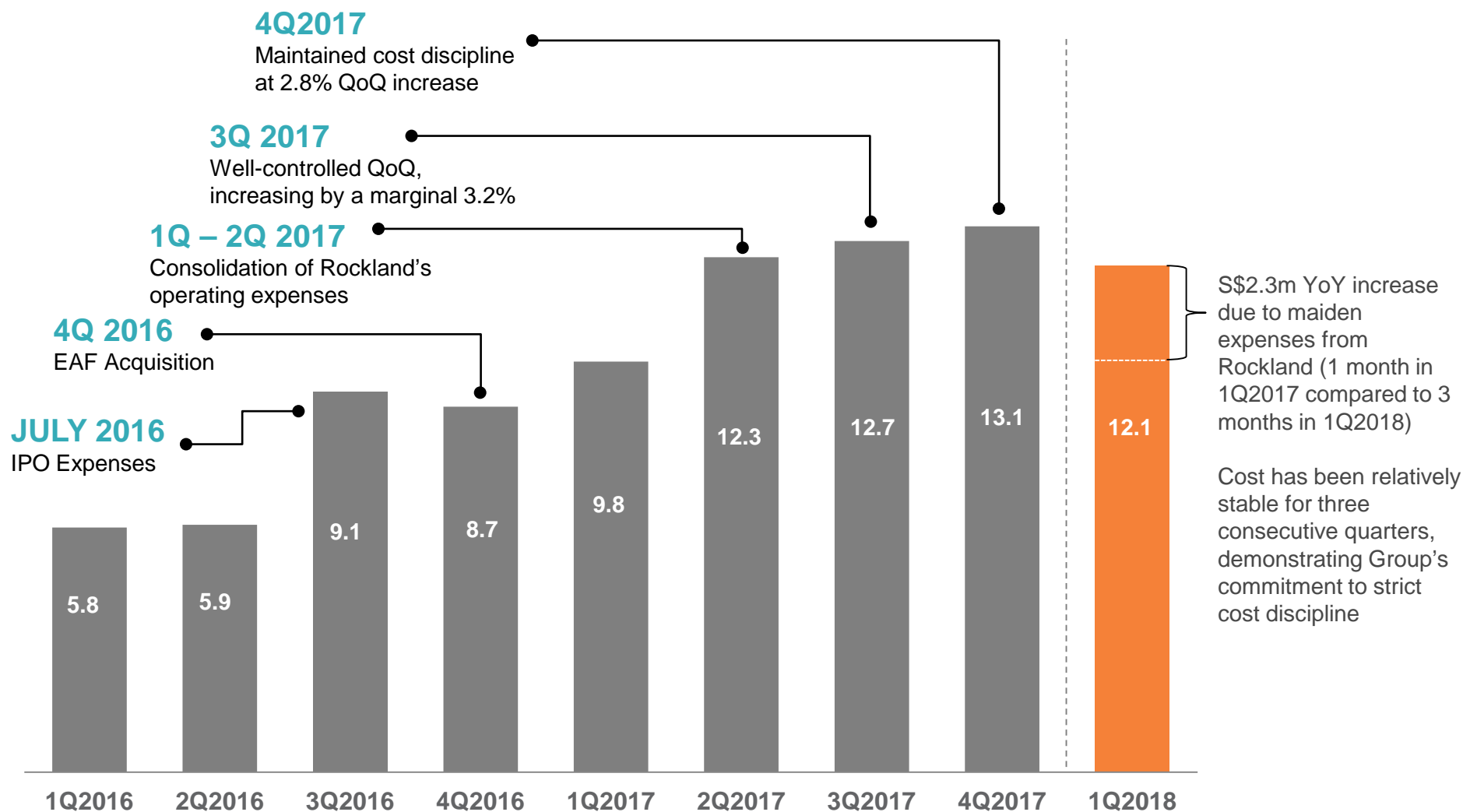
LIFECYCLE SERVICES

+224.7% in line with the higher revenue; gross profit margin of 61.5% as the Group shifted from outsourcing maintenance services to in-house capabilities

IT DISTRIBUTION

-15.3% YoY; gross profit margin decreased 7.6 ppt to 24.7% as the Group diversified brand mix of hardware sales, as part of a strategy to capture higher market share at the expense of margins

ADMINISTRATIVE EXPENSES



1Q2018

BALANCE SHEET HIGHLIGHTS

| S\$'000 | AS AT 31 MAR 2018 |
|------------------------------|-------------------|
| Current Assets | 97,557 |
| Inventories | 19,456 |
| Trade and other receivables | 51,564 |
| Cash and bank balances | 14,376 |
| Other Current Assets | 12,161 |
| Non-current Assets | 42,680 |
| Intangible Assets | 13,948 |
| Plant and equipment | 25,661 |
| Other Non-current Assets | 3,071 |
| Current Liabilities | 64,682 |
| Trade and other payables | 24,766 |
| Deferred income | 23,716 |
| Loans and borrowings | 11,479 |
| Income tax payable | 4,721 |
| Non-current Liabilities | 10,364 |
| Shareholders' Equity | 65,191 |
| Total Equity and Liabilities | 140,237 |
| KEY RATIOS | 31 MAR 2018 |
| Debt-to-equity ratio | 0.06 |
| Current ratio | 1.51 |
| NTA per share (cents)* | 18.13 |
| NAV per share (cents)* | 23.07 |

*Based on 282,569,100 number of shares in issue as at 31 Mar 2018

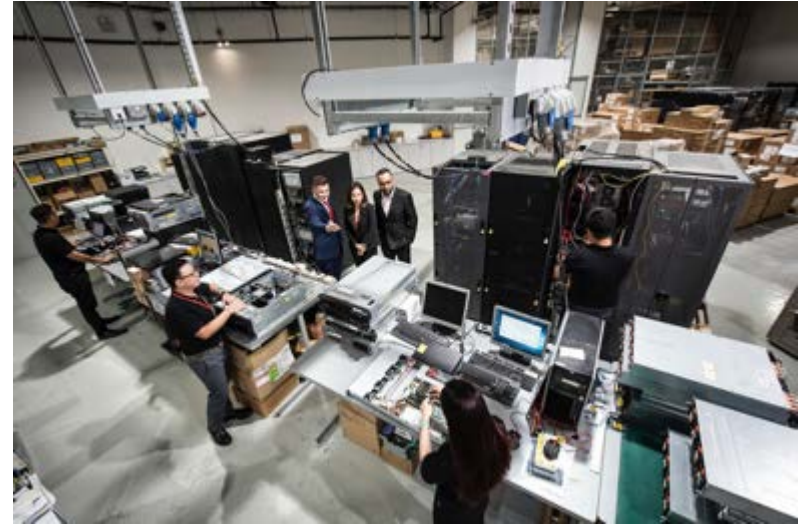


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GROUP OUTLOOK

GROUP OUTLOOK

- 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
- Reduce increase in administrative expenses in FY2018
- Improve Lifecycle Services' GP margin in FY2018
- Increase contribution of higher margin Lifecycle Services business segment to 50% of the Group's GP in five years' time
- The Group will make further inroads to the broader data centre equipment market by securing more authorised partnerships with OEMs
- Return the Group to profitability in FY2018
- 2Q2018 to be profitable, barring unforeseen circumstances



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- How IT Service Management Delivers Value To The Digital Enterprise, Forbes Insight 2017
- Public Cloud Expansion Drives Double-Digit Growth of Worldwide Cloud IT Infrastructure Revenues in the Fourth Quarter of 2017, According to IDC, International Data Corporation (IDC), 29 March 2018
- Modular Data Center Market to Triple its Size by 2020, DatacenterDynamics, 16 January 2018
- Worldwide IT Spending Forecast to Sustain Growth of More Than 3% Through 2020 Led by Financial Services and Manufacturing Industries, According to IDC, International Data Corporation (IDC), 8 February 2017



THANK YOU

INVESTOR RELATIONS ENQUIRIES

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