

PROCURRI CORPORATION LIMITED

3Q2019 RESULTS BRIEFING
05 NOVEMBER 2019



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Please refer to Procurri Corporation Limited’s Financial Results for the Third Quarter Ended 30 September 2019 available at www.sgx.com.

AGENDA

01

***Business
Overview***

02

***Financial
Highlights***

03

***Corporate &
Business
Updates***

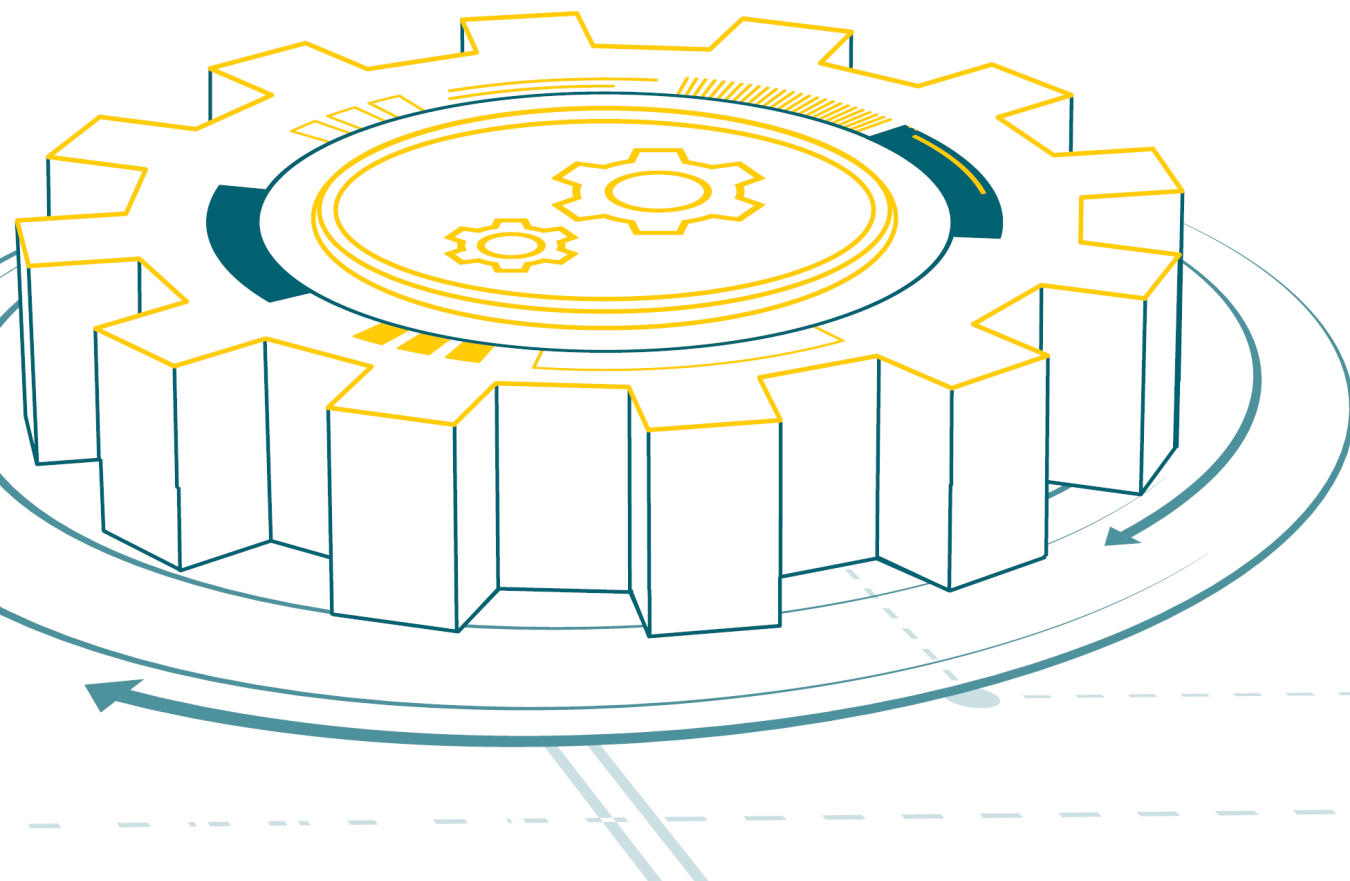
04

***Group Outlook
& Strategies***



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

BUSINESS OVERVIEW



PROCURRI

OUR STORY

Headquartered in Singapore, Procurri is a leading global independent provider of Lifecycle Services and Data centre Equipment that was listed on SGX-ST Mainboard on 20 July 2016

Vision

To unlock opportunities in the IT industry by **changing the way the world buys technology through a shared platform**

Mission

To be the **global aggregator** of IT services and enterprise hardware to our channels, offering a **converged network** that combines **technology, finance** and **logistics domains**



First player in a highly fragmented market to be **publicly listed**



Coverage in more than **100 countries**



Over **400 employees**

INDUSTRY OVERVIEW

Situation

Channel partners source a portion of its data centre equipment and services directly from OEMs and distribution partners

Pain Point

The pain point for channel partners is finding **previous generation** equipment with **customized solutions and services**, which are not readily offered by OEMs and distribution partners

More Demand Drivers

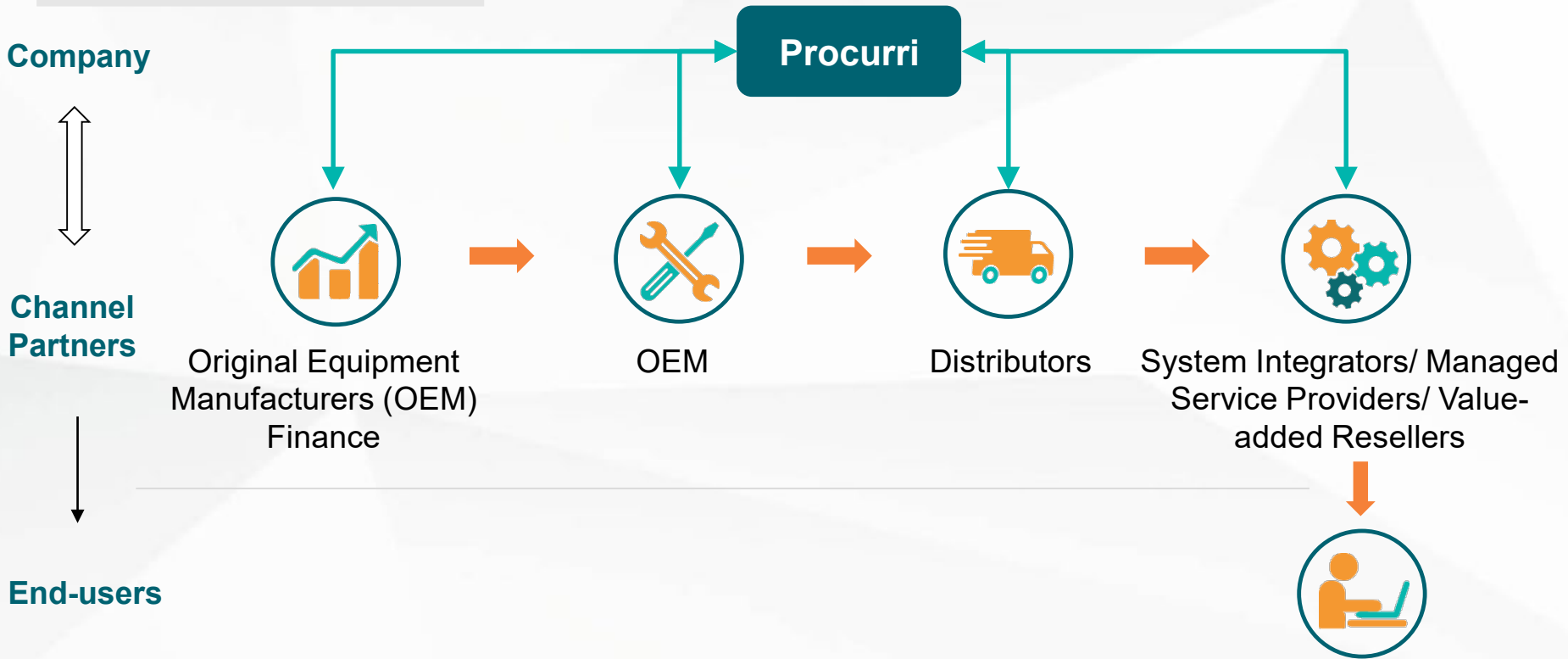
- High growth in cloud services fuels demand for equipment and services during the transition period
- Upgrading works in data centres propel demand for asset disposal, maintenance works and newer equipment

Solution

As an independent provider of IT equipment and solutions, Procurri capitalises on the growing demand by:

- ✓ Acting as a **market maker** for **middle lifecycle** equipment
- ✓ Extending **multi-brand** offerings for **previous generation** equipment and services
- ✓ Offering **customised** solutions and services for unique channel demands
- ✓ Offering **integrated** IT solutions and services at a cost-friendly package
- ✓ Pivoting as a **trusted partner** in an otherwise unregulated market
- ✓ Leveraging on a **global** distribution and services network

OUR ECOSYSTEM



Channel Partners

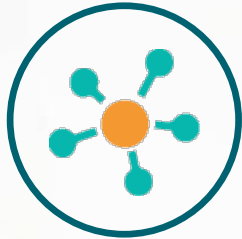
We are both a **supplier and customer** for channel partners – we purchase partners' IT equipment, remarket them, and offer a range of services



Channel Focus

We are the only global player who is channel-dedicated.

OUR VALUE PROPOSITION



1 Strong and Diverse Network of Channel Partners



2 Comprehensive Range of IT Hardware Equipment and Services



3 Synergistic Business Units



4 Global Reach

1 OUR CHANNEL PARTNERS

Procurri's partnership network spans across all levels of the IT supply chain to include **OEMs, resellers, managed serviced providers, and global outsourcers** among others



IBM Silver Business Partner
(Procurri Singapore Pte. Ltd. & Procurri Europe Limited)



Blanco ITAD Partner – Gold Level
(Asia-Pacific Region)



Oracle PartnerNetwork – Gold Level Partner
(Procurri Singapore Pte. Ltd.)



Silver Partner

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)

300

Over 300 customers across all levels of the IT supply chain

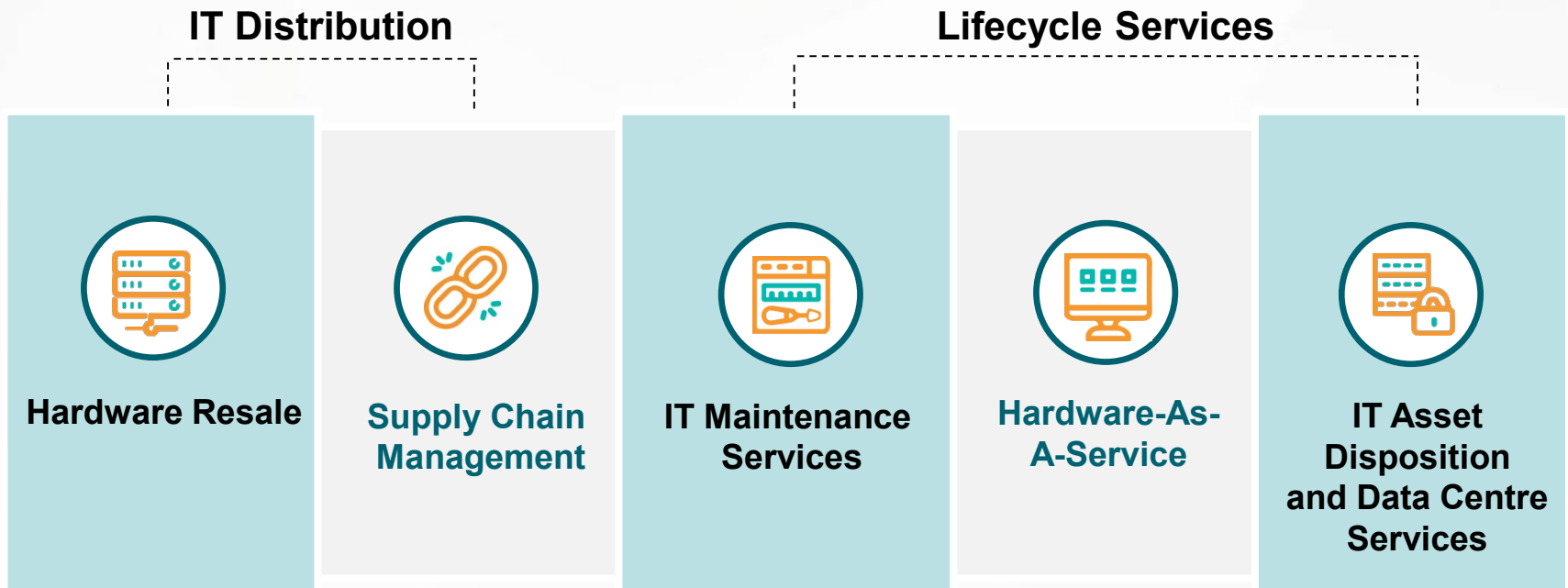
50%

Approx. 50% of CRN500 resellers are Procurri' customers

Diversified

No individual customer accounts for more than 5% of revenue or gross profit

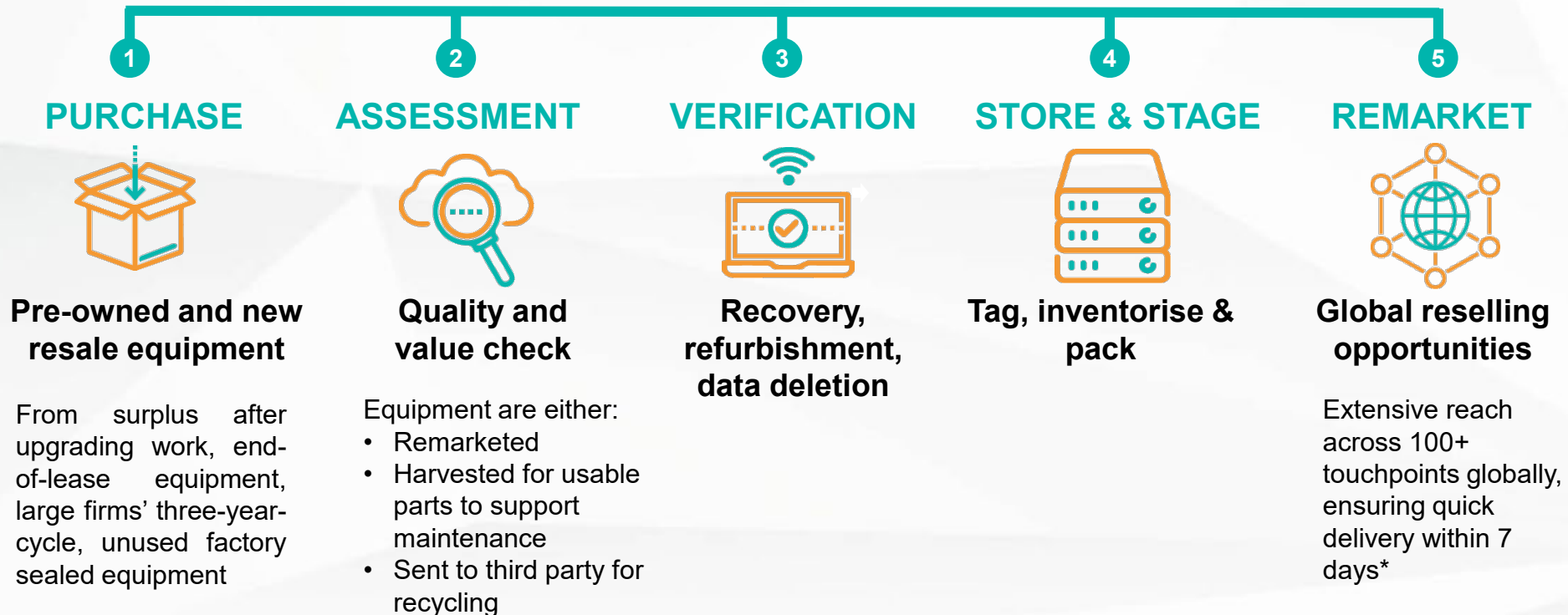
OUR BUSINESS STRUCTURE



No individual customer accounts
50% of revenue

HARDWARE RESALE

The entire value chain of procuring and remarketing IT hardware and equipment



Customers can **sell** or **consign** their hardware through Procurri's **asset trade-in** and **buy-back programme**

HARDWARE PRODUCT LINE

	DELL	HP	IBM	Oracle Sun	CISCO	NetApp	EMC
Servers	<ul style="list-style-type: none"> PowerEdge rack, Blade, Tower 	<ul style="list-style-type: none"> Proliant ML/DL/SL Blade BL 	<ul style="list-style-type: none"> WintelxSeries (Lenovo) Power iSeries & pSeries 	<ul style="list-style-type: none"> Sunfire/ Sunray Sparc/ Ultra Enterprise Netra/ T series Blades M series 	<ul style="list-style-type: none"> B series C series 		
Storage	<ul style="list-style-type: none"> PowerVault MD Series (DAS, NAS, SAS) Equallogic Compellent 	<ul style="list-style-type: none"> StorageWorks MSA range EVA range 	<ul style="list-style-type: none"> FAST range DS range 	<ul style="list-style-type: none"> StorEdge STK series 		<ul style="list-style-type: none"> DMSK series FAST series V-series 	<ul style="list-style-type: none"> CX – Clariion FC series VNX Celerra
NAS	<ul style="list-style-type: none"> PowerVault NX Series 	<ul style="list-style-type: none"> 1000 series 1500 series 2000 series B & DL 	<ul style="list-style-type: none"> 519x N series appliance 				
TAPE	<ul style="list-style-type: none"> All Single drives PowerVault ML & TL ranges 	<ul style="list-style-type: none"> All single drives StorageWorks MSL, EML, ESL 	<ul style="list-style-type: none"> All single drives 3xxx range 4xxx range TS series libraries 	<ul style="list-style-type: none"> All single drives L series SL series StorEdge range 			
Networking equipment	<ul style="list-style-type: none"> Dell PowerConnect 	<ul style="list-style-type: none"> ProCurve FC Switches HP/Brocade MDS/Cisco 	<ul style="list-style-type: none"> 17xx series 2xxx series 3xxx series 5xxx series 8xxx series 			<ul style="list-style-type: none"> Switching products Routing products Security products Wireless products 	

INDEPENDENT MAINTENANCE SERVICES

Multi-brand maintenance provision for new, out-of-warranty, and end-of-life IT equipment

✓ One Touch Point

A single point of contact for customers' set of multi-brand hardware equipment, removing the need to sign maintenance contracts with different OEMs for each component

✓ Customisable SLAs

Solutions with simple price plan tailored to customers' specific requirements

✓ Increase Cost Savings

Perfect for end-of-life/EOSL hardware with savings up to 65% vs OEM



Leverages on **parts** from the Group's Hardware Resale and ITAD unit



Our operations, methodologies and processes are governed by industry standards, exemplified by our **ISO 9001 Quality Management*** certification

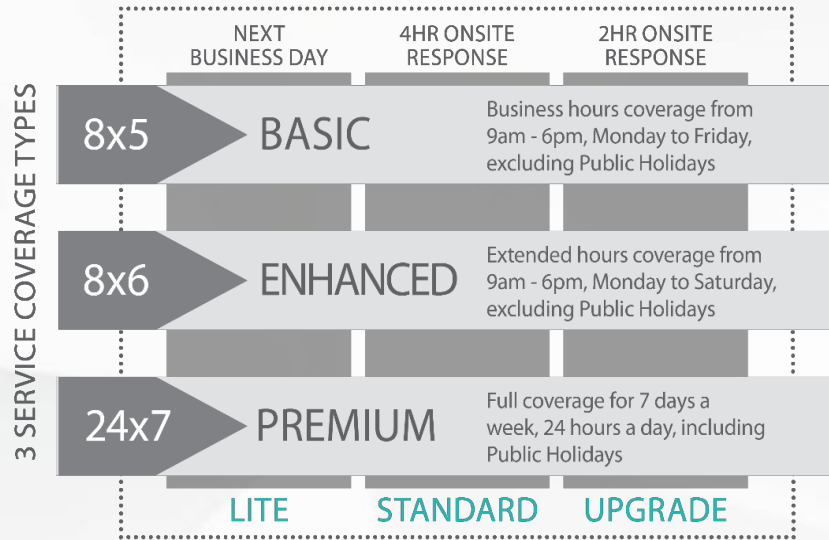


Certified team of engineers trained to maintain a wide range of **multi-brand** equipment



24x7 global helpdesk

MAINTENANCE SERVICE LINES



- A Parts-only Support**
Parts replacement for usage based on the given equipment model
- B Labour-only Support**
Onsite FE support based on the given equipment model
- C Full Support**
End-to-end FE and parts replacement support based on the given equipment model

AMERICAS

- Canada
- Costa Rica
- **Mexico**
(Country Office)
- Puerto Rico
- **United States**
(Country Office)

MIDDLE EAST

- Saudi Arabia
- United Arab Emirates

EUROPE

- Austria
- Belgium
- Croatia
- Czech Republic
- Denmark
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Netherlands
- Norway
- Poland
- Portugal
- Spain
- Sweden
- Switzerland
- Turkey
- **United Kingdom**
(Country Office)

ASIA-PACIFIC

- Australia
- Bangladesh
- Brunei
- **China**
(Country Office)
- Hong Kong
- **India**
(Country Office)
- Indonesia
- Japan
- **Office)**
- **Malaysia**
(Country Office)
- Myanmar
- New Zealand
- Philippines
- **Singapore**
(Global HQ)
- South Korea
- Sri Lanka
- Taiwan
- Thailand
- Vietnam

ITAD AND DATA CENTRE SERVICES

When an equipment is sent to the ITAD unit, it will be stringently assessed for value and quality, with the next course of action either/including:

✓ Data Destruction

Execute and certify deletion of critical enterprise data

✓ Value Recovery

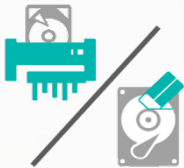
Refurbish IT equipment to extract greater recovery value and prolong lifespan

✓ Remarketing

Refurbish IT equipment or components through Procurri's hardware resale unit, or harvest components to support its maintenance services

✓ Recycling

Assist customers on recycling options following certified deletion

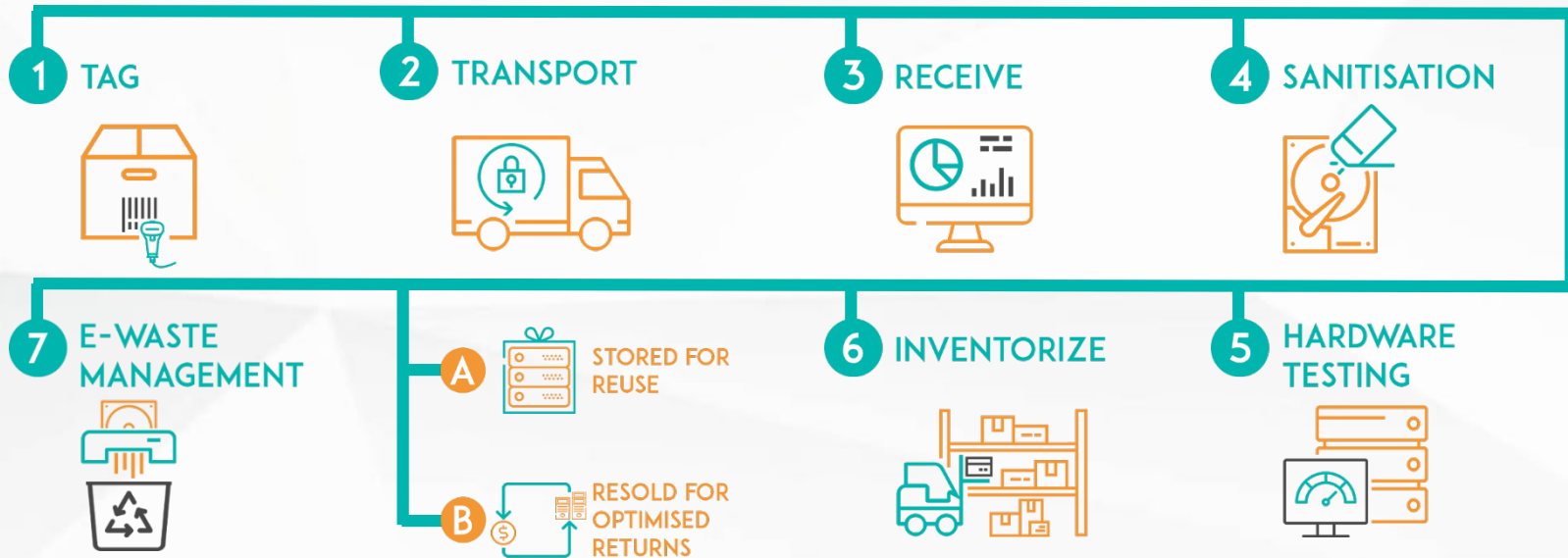


We offer thorough and secure **data disposal and data sanitisation services** (US DoD 5220.22-M (3 and 7 pass)), and provide reports upon completion



Our high quality and environmental standards are affirmed by international organisations, such as the **ISO 14001 Environment Management System*** certification

ITAD AND DATA CENTRE SERVICES



Certified, approved & recommended by **18 governing bodies** globally

100% tamper-proof audit trail
100% compliant with regulatory standards

Secure erasure for **enterprise storage equipment** and consumer devices like PCs, laptops, phones & tablets

SYNERGISTIC BUSINESS UNITS

Procurri's comprehensive range of IT equipment and services reap synergies across the subsegments, with the units feeding and plugging components and expertise from and onto each other

PURCHASE/RECEIVE



IT Hardware
and equipment

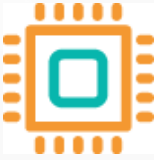
LIFECYCLE SERVICES


Maintained or harvested for
parts


Safely processed and disposed
through Procurri's ITAD services

RESELL/RETURN


Refurbished IT hardware
and equipment


Harvested parts for future
refurbishment works

GLOBAL REACH

GLOBAL COVERAGE OF >100 COUNTRIES • 6 REGIONAL HUBS IN SINGAPORE, U.S. AND U.K.

100+ countries coverage around the world

6 & 800 Regional Local* warehouses governed by our logistics framework

57,000+ equipment supported across 6,650 unique sites globally



19 regional offices across Americas, APAC & EMEA

850,000 assets & parts stocked in global warehouses spanning 153,000 sq. ft.

1,300 tons e-waste saved from landfills with 211,500 equipment refurbished for reuse



TECHNICAL EXPERTISE



GLOBAL DISTRIBUTION



SUPPLY NETWORK

*includes our partners' warehouses, which are stocked with our parts & equipment to serve our maintenance customers globally

CASE STUDY: MAINTENANCE PROJECT

Scope

- Full maintenance support for Cisco equipment in 16 Countries
- Hardware maintained include Cisco 2000 series, 3000 series, and 7000 series

Project Team Structure

- Regional APAC Project Manager
- Centralised CISCO team – 2nd level support
- Local logistics team
- Global 24x7 Helpdesk team

Solution

PROTECT – 8x5xxNBD, 24x7x4

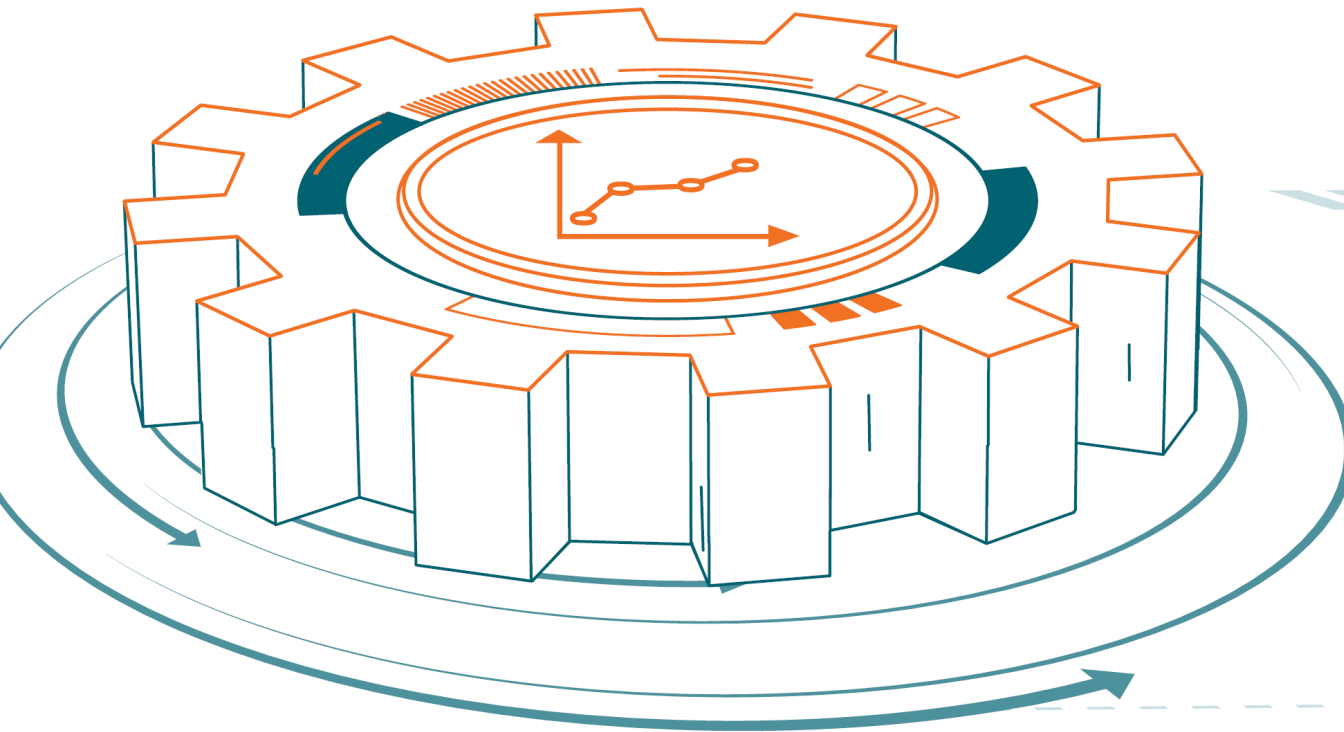
Procurri's Value Proposition

- Multi-country, localised support
- Strategically placed warehouses to adhere to SLA

Locations

- Australia, Bangladesh, Brunei, Cambodia, Hong Kong, India, Indonesia, Korea, Malaysia, the Philippines, Singapore, Sri Lanka, Taiwan, Thailand & Vietnam

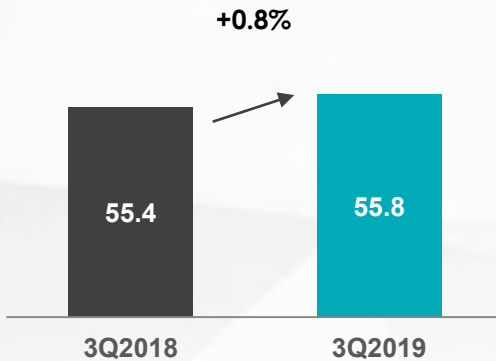
FINANCIAL HIGHLIGHTS



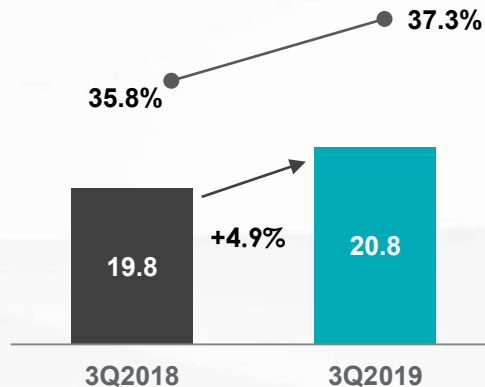
PROCURRI

3Q2019 FINANCIAL SNAPSHOT

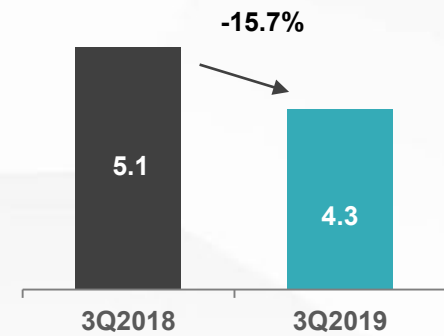
REVENUE (\$M)



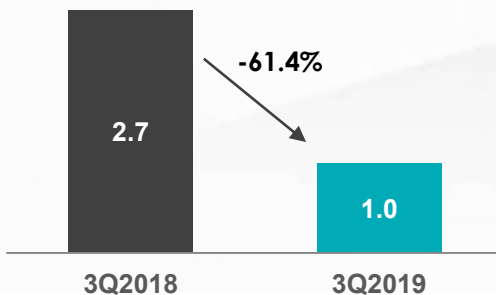
GROSS PROFIT (\$M) & GROSS PROFIT MARGIN (%)



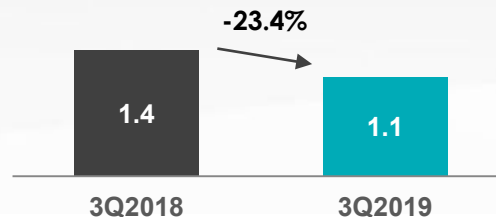
EBITDA (\$M)



PROFIT BEFORE TAX (\$M)



NET PROFIT (\$M)



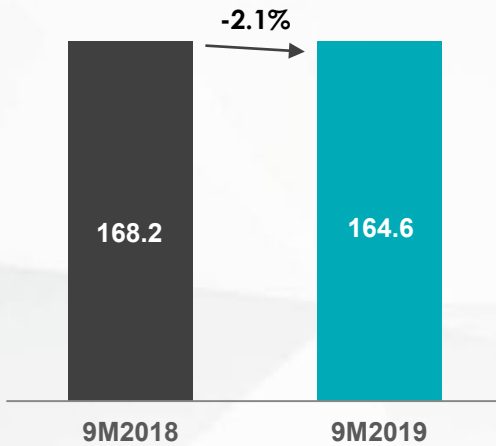
Growth in Revenue & gross profit margins YoY



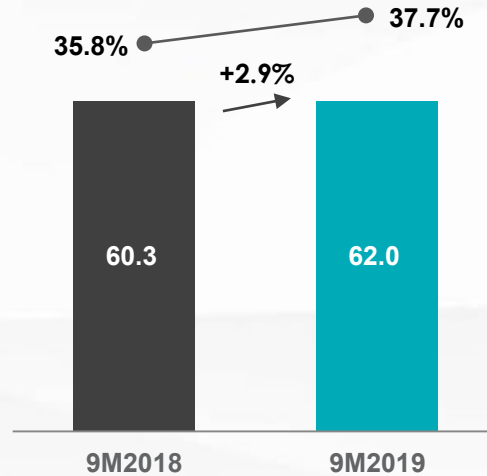
Lifecycle Services accounted for 48.4% of the total gross profit, on track to achieve the Group's target for the high-margin segment to make up half the overall gross profit

9M2019 FINANCIAL SNAPSHOT

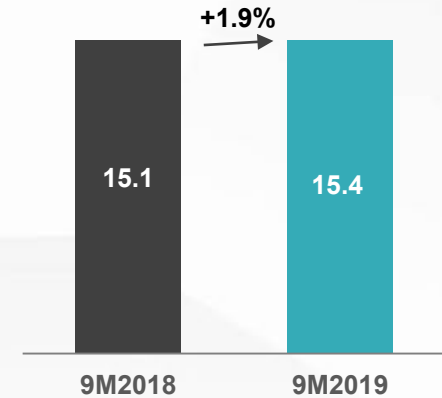
REVENUE (\$M)



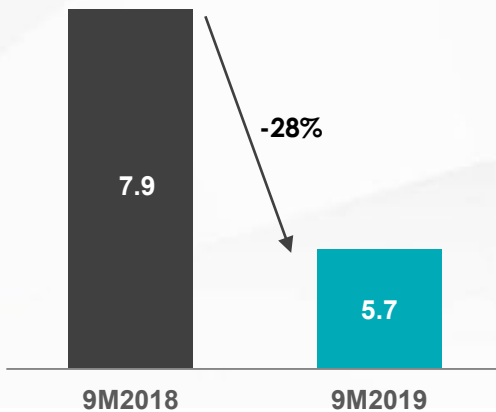
GROSS PROFIT (\$M) & GROSS PROFIT MARGIN (%)



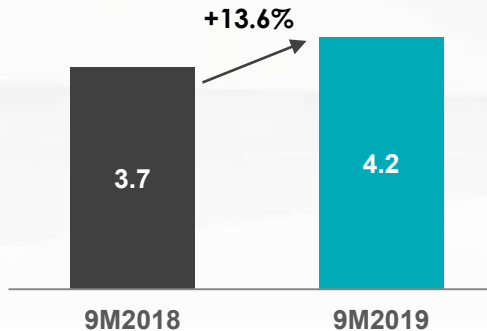
EBITDA (\$M)



PROFIT BEFORE TAX (\$M)



NET PROFIT (\$M)



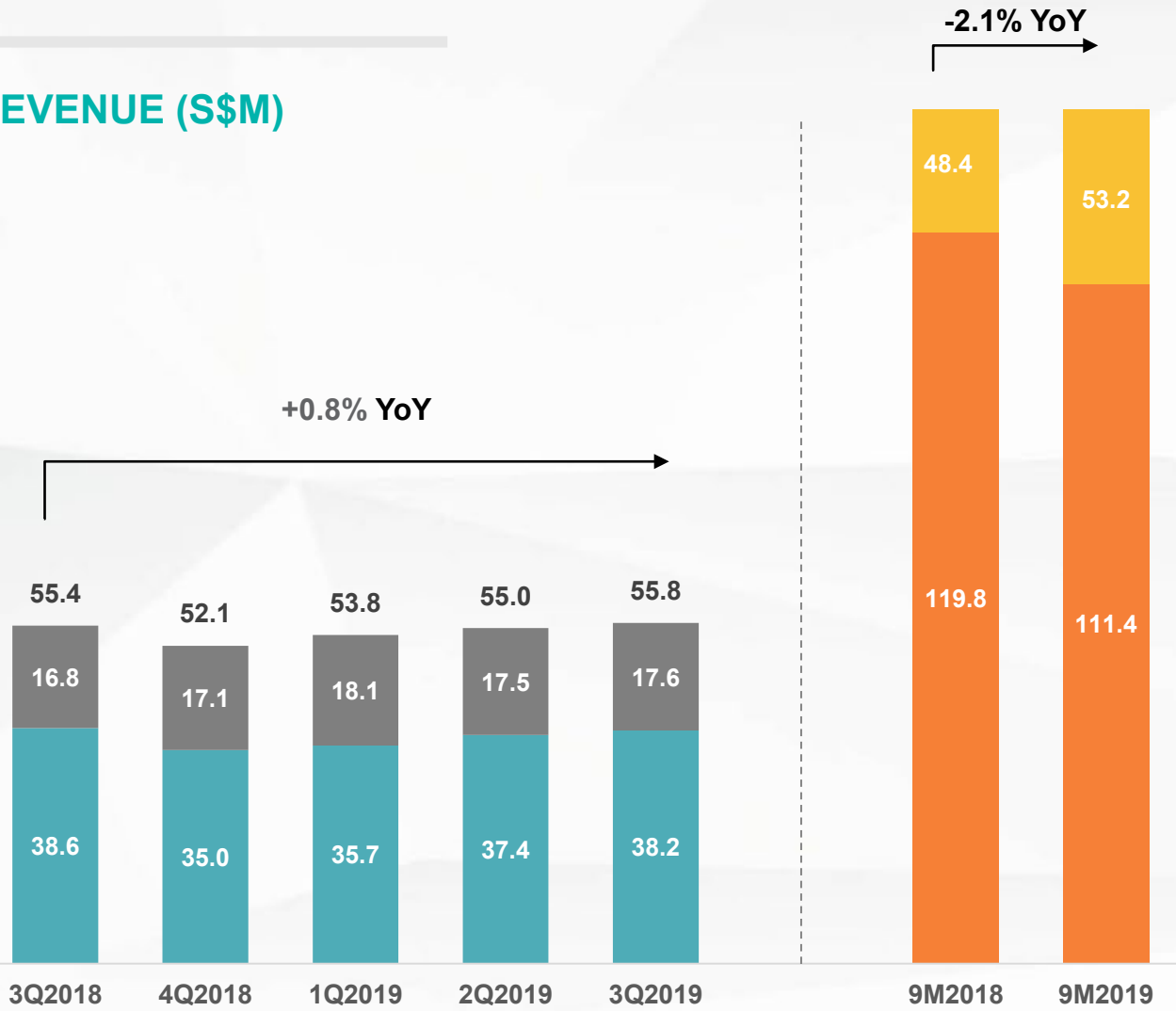
Growth in EBITDA, gross & net profit YoY



Lifecycle Services accounted for 48.7% of the total gross profit, on track to achieve the Group's target for the high-margin segment to make up half the overall gross profit

REVENUE OVERVIEW

REVENUE (S\$M)



LIFECYCLE SERVICES

11.5% increase YOY on the back of better performance for the segment from the Americas, Europe (including the UK), Middle East, Africa, and Asia Pacific

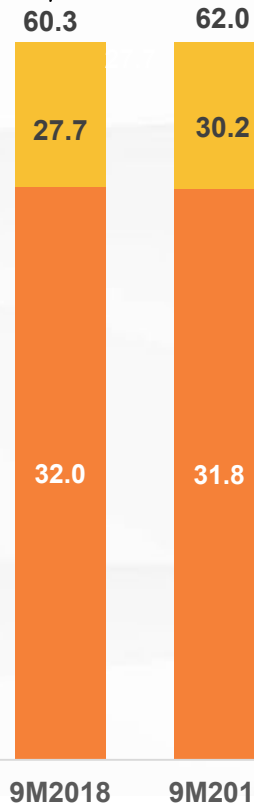
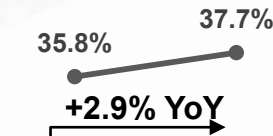
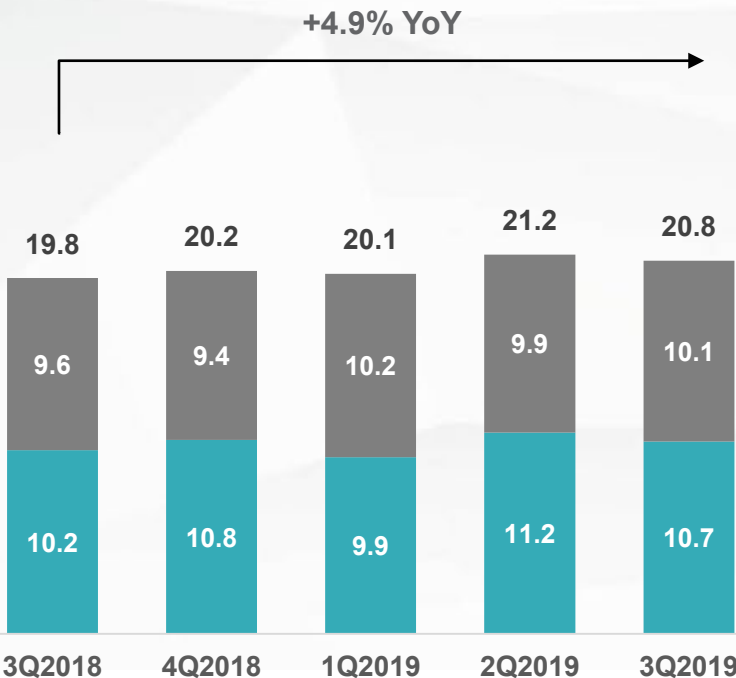
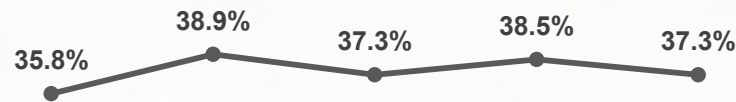
IT DISTRIBUTION

7.5% decrease YoY (9M2019) due to lower contribution from the Asia Pacific



GROSS PROFIT OVERVIEW

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



LIFECYCLE SERVICES

+10.0% YoY (9M2019), in line with higher revenue; high gross profit margin of 56.8% reflects synergies from in-house maintenance capabilities

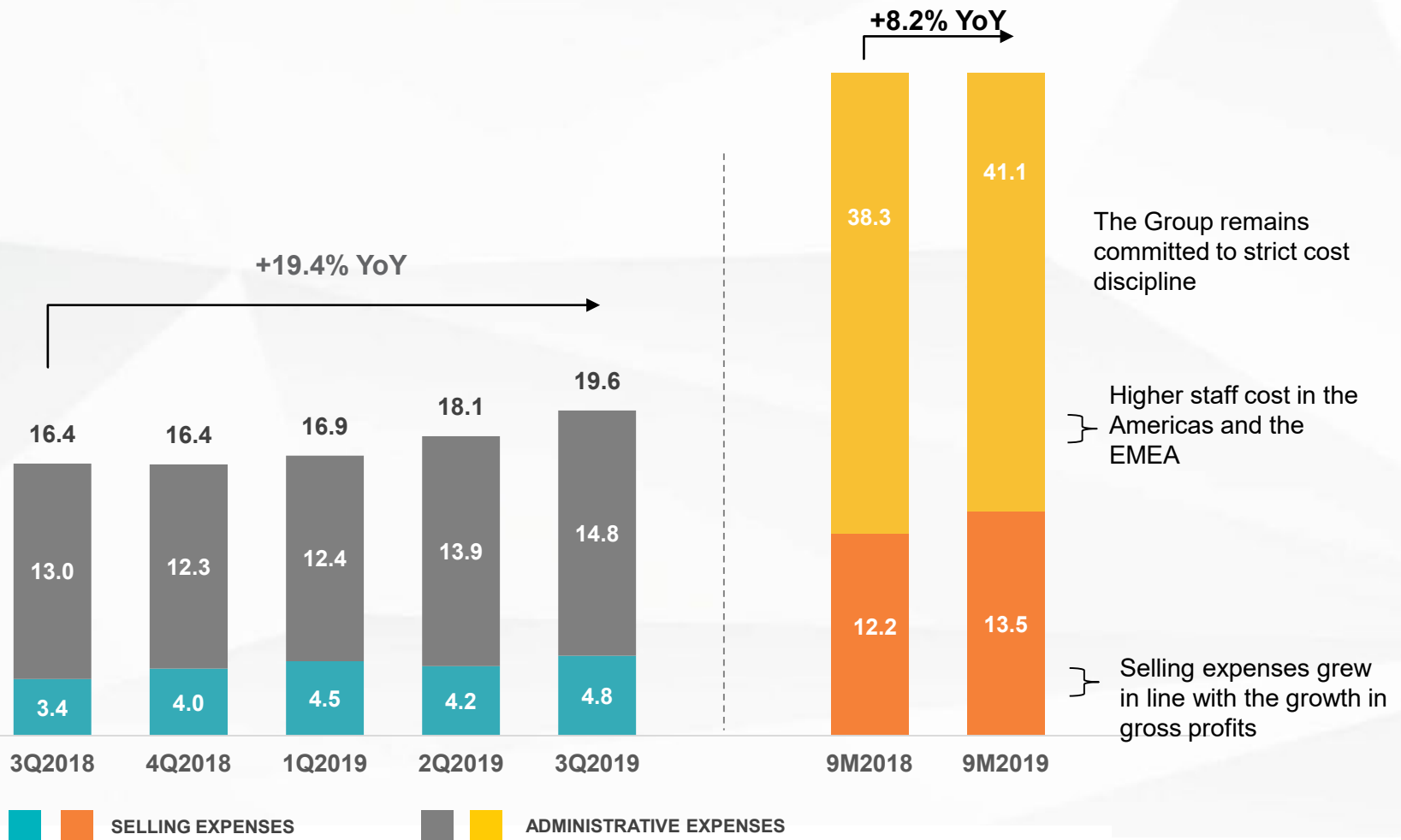
IT DISTRIBUTION

-7.0% YoY (9M2019); gross profit margin up slightly to 37.7%

IT DISTRIBUTION LIFECYCLE SERVICES

OPERATING EXPENSES

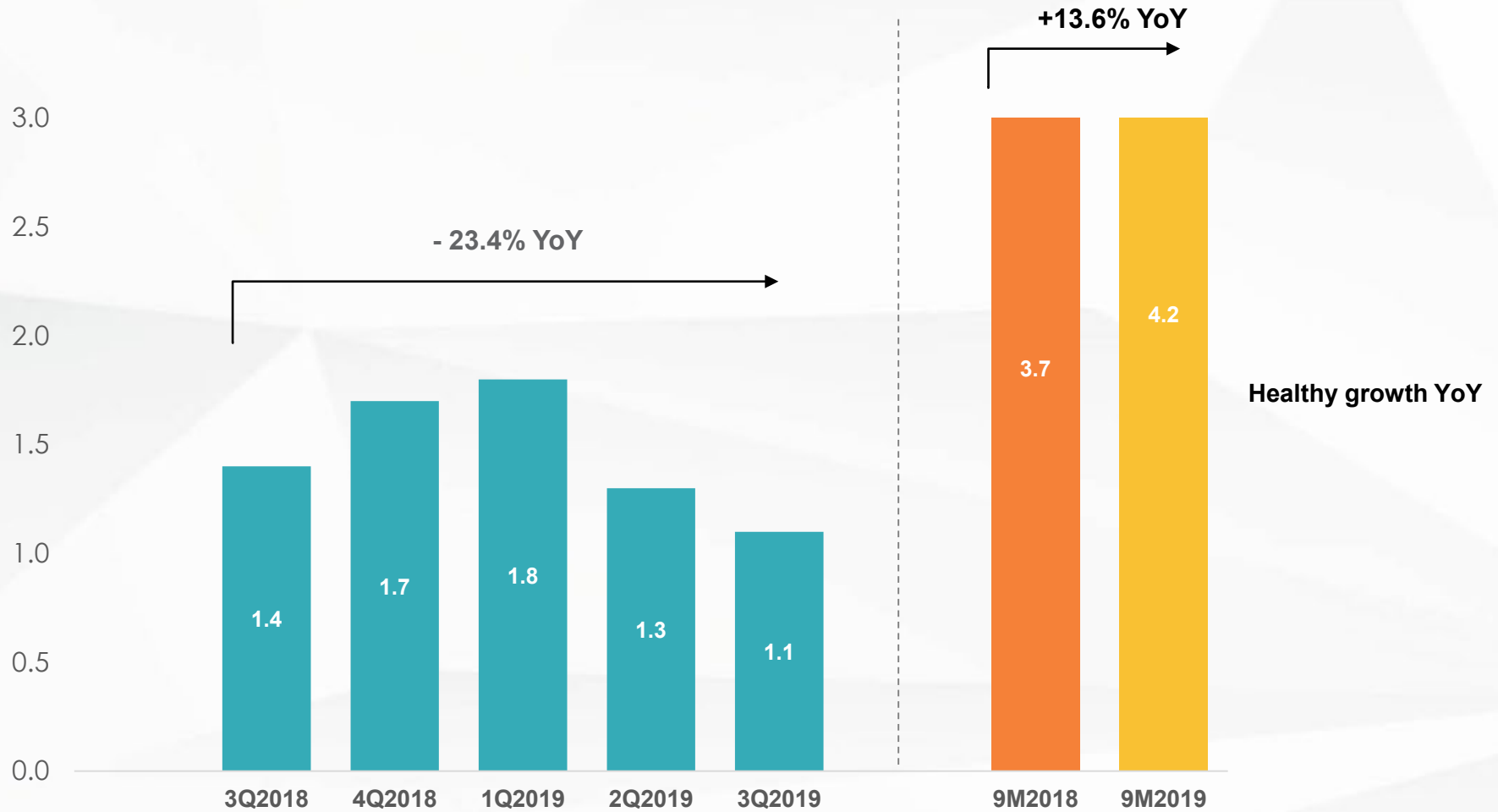
OPERATING EXPENSES¹ (S\$M)



¹Operating expenses comprise Selling expenses and Administrative expenses

NET PROFIT AFTER TAX OVERVIEW

NET PROFIT AFTER TAX (\$M)



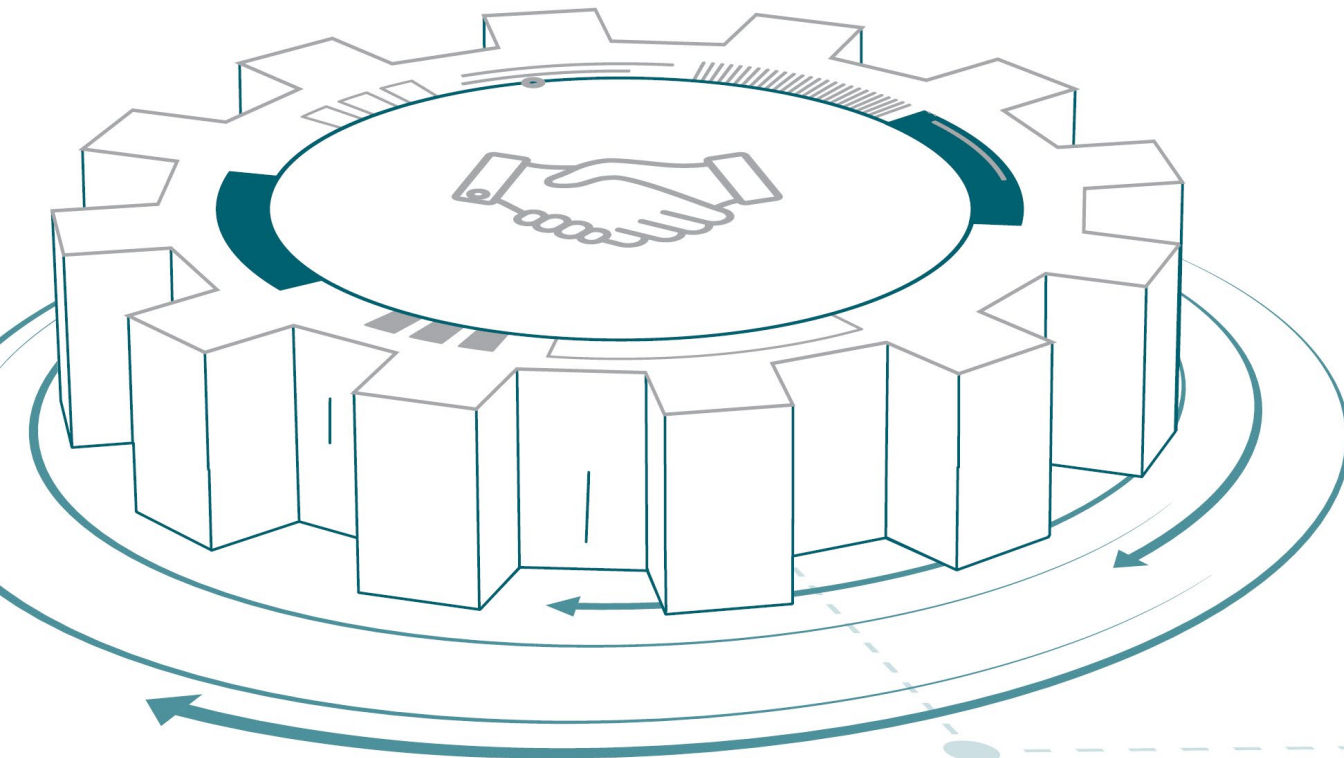
3Q2019

BALANCE SHEET HIGHLIGHTS

S\$'000	AS AT 30 SEP 2019	AS AT 31 DEC 2018
Current Assets	102,287	103,493
Inventories	22,472	21,816
Trade and other receivables	46,277	53,365
Cash and bank balances	18,892	18,082
Other current Assets	14,646	10,230
Non-current Assets	43,349	37,833
Intangible assets	13,540	12,854
Plant and equipment	17,923	22,054
Other Non-current assets	11,886	2,925
Current Liabilities	84,520	65,954
Trade and other payables	43,877	32,246
Deferred income	26,073	18,831
Loans and borrowings	10,542	9,993
Other current liabilities	4,028	4,884
Non-current Liabilities	17,281	6,331
Shareholders' Equity	43,835	69,041
Total Equity and Liabilities	145,636	141,326
KEY RATIOS	30 SEP 2019	31 DEC 2018
Debt-to-equity ratio	2.32	1.05
Current ratio	1.21	1.57
NTA per share (cents)*	10.64	19.74
NAV per share (cents)*	15.40	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

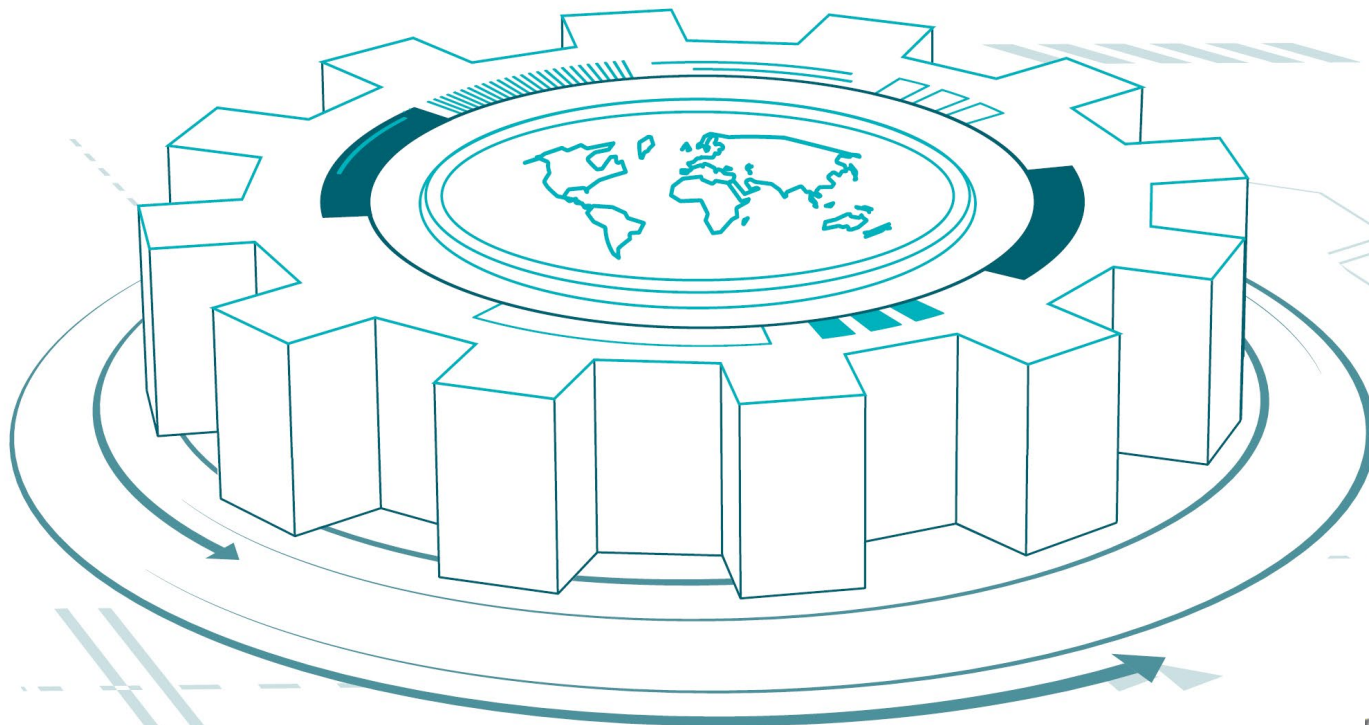
Top OEM-certified pre-owned IT hardware platform which opens opportunities to expand on ITAD services

Partnership with Nutanix

December 2018

Joint buyback program for legacy IT infrastructure increasing maintenance, migration and ITAD opportunities

GROUP OUTLOOK & STRATEGIES

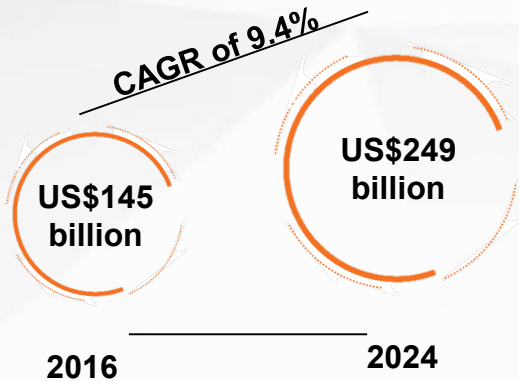


PROCURRI

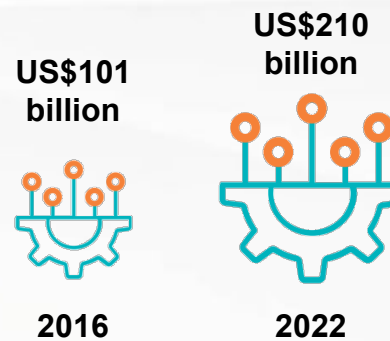
IT LANDSCAPE

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.

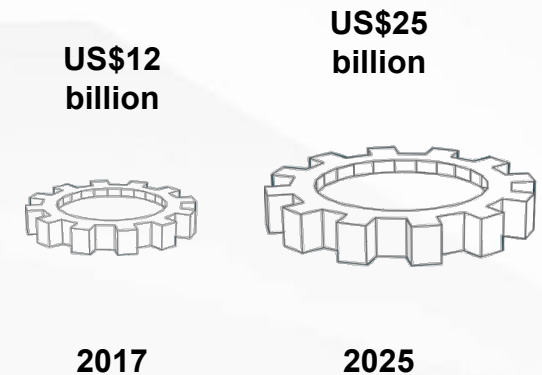
Global Managed IT Services Market¹



Global Cloud Infrastructure Market²



IT Asset Disposition Market³



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

ADDRESSABLE MARKET

The markets the Group serve are highly fragmented with the top 5 companies, including Procurri. No one holds significant market share.

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

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

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

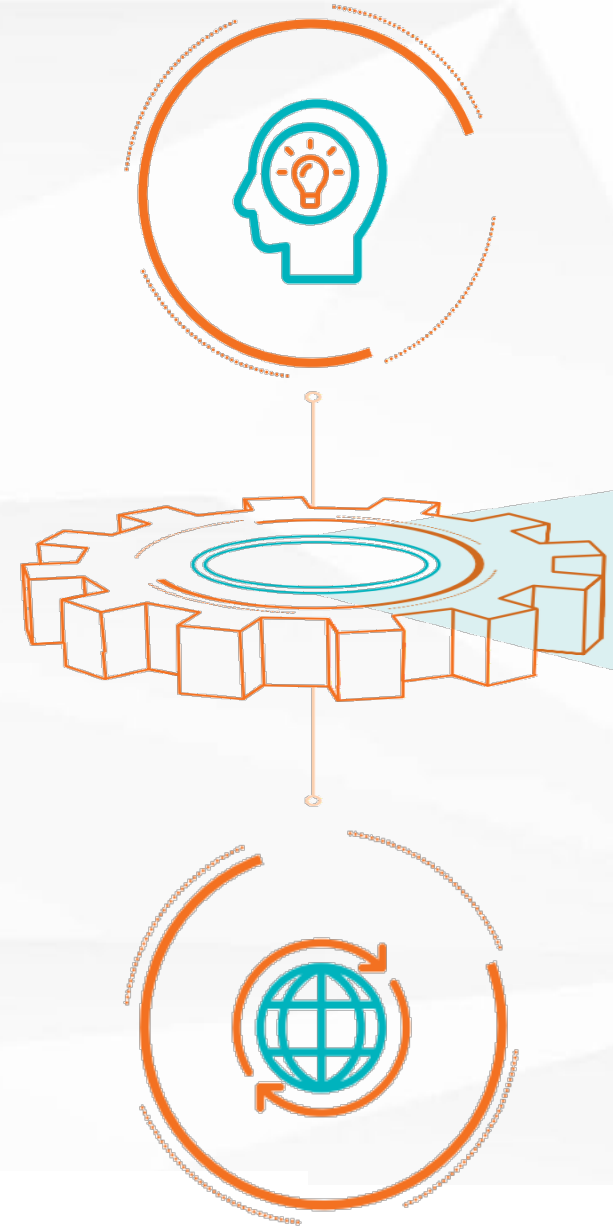
IMPROVING INTERNAL EFFICIENCIES & HARNESSING ECONOMIES OF SCALE

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



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.**





THANK YOU

INVESTOR RELATIONS

Romil Singh / Ralph Chen Qihang / Roin Moh

Financial PR

+65 6438 2990

romil@financialpr.com.sg /

qihang@financialpr.com.sg/

robin@financialpr.com.sg

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.