

PROCURRI CORPORATION LIMITED

2Q2019 RESULTS BRIEFING
06 AUGUST 2019



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

AGENDA

01

***Business
Overview***

02

***Financial
Highlights***

03

***Corporate &
Business
Updates***

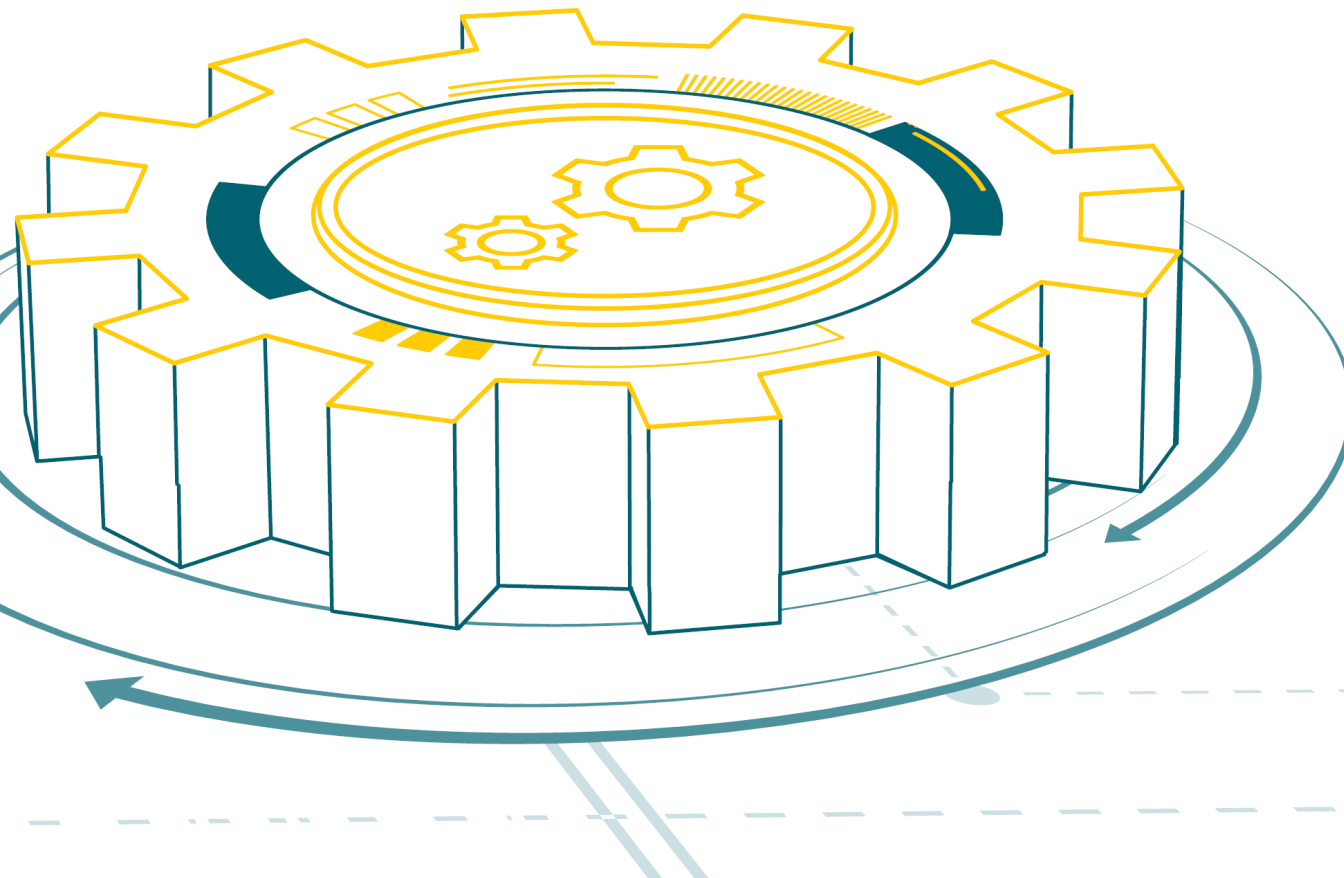
04

***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

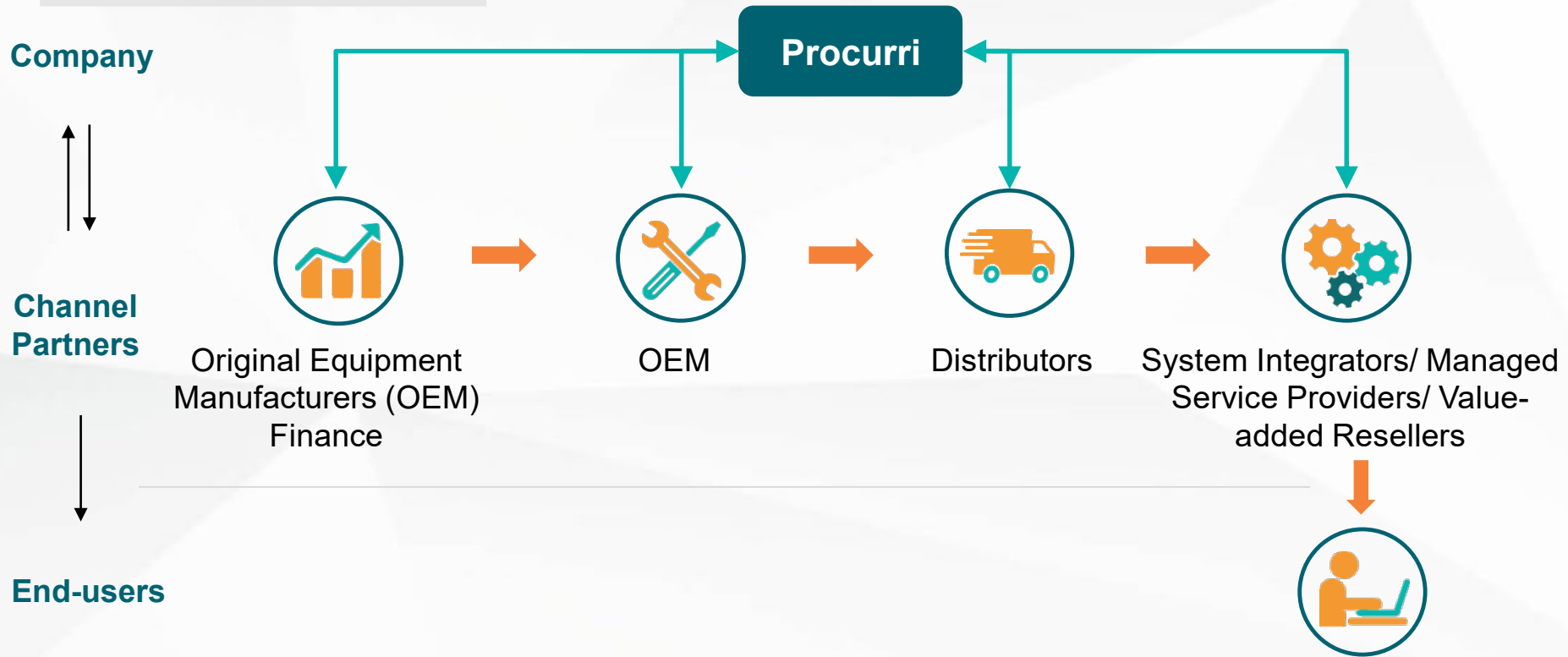
- High growth in cloud services fuels demand for equipment and services during the transition period
- Upgrading works in data centres propel demand for asset disposal, maintenance works and newer equipment

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

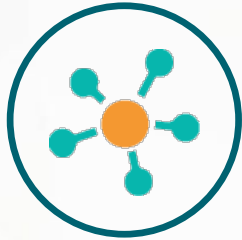
We are both a **supplier and customer** for channel partners – we purchase partners' IT equipment, remarket them, and offer a range of services



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.)



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

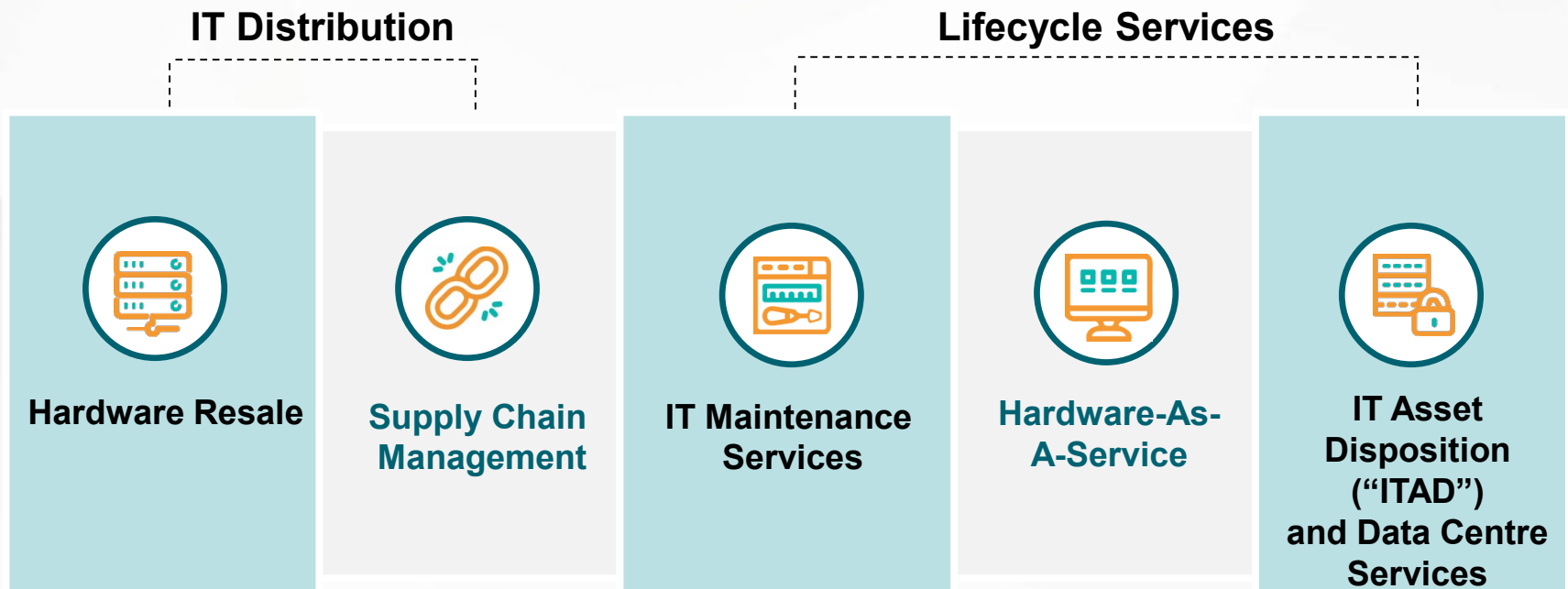
50%

Approx. 50% of CRN500 resellers are Procurri's customers

Diversified

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

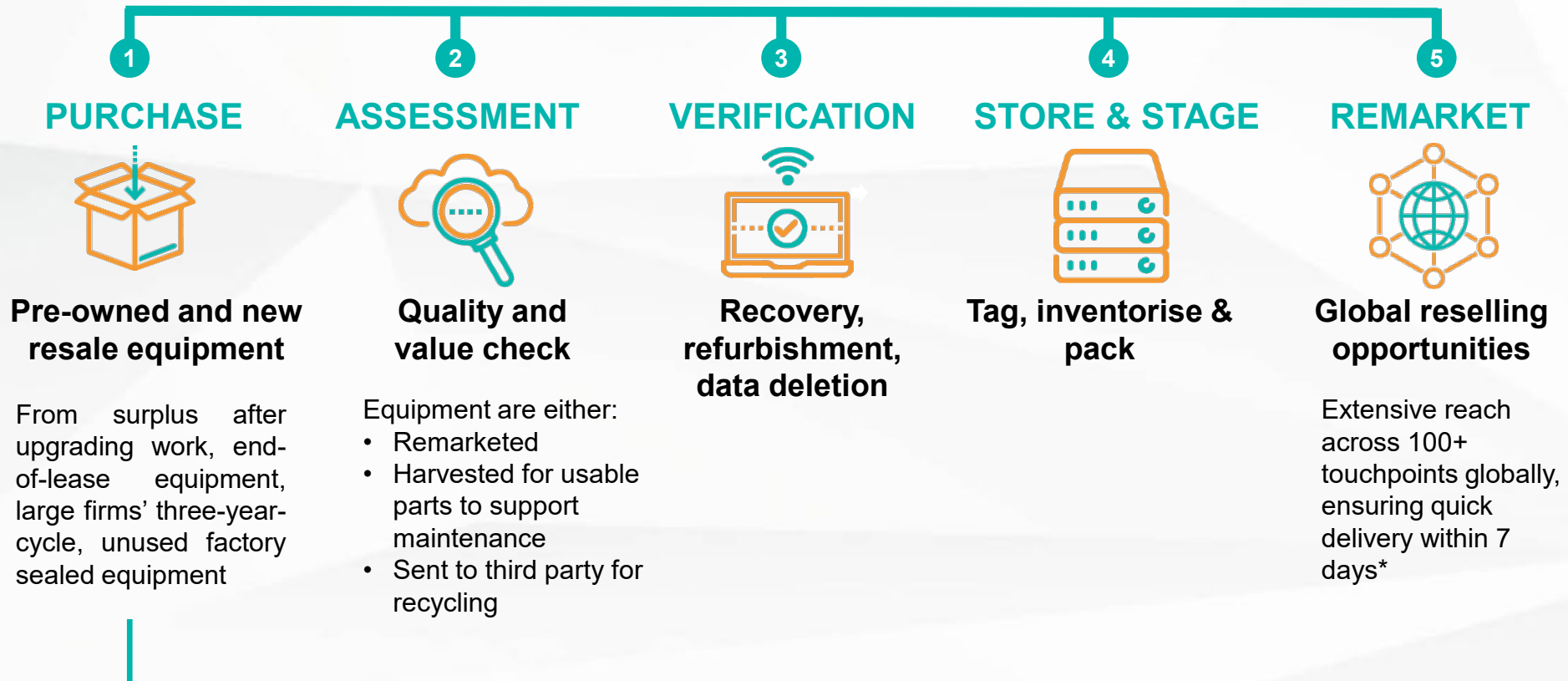
OUR BUSINESS STRUCTURE



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

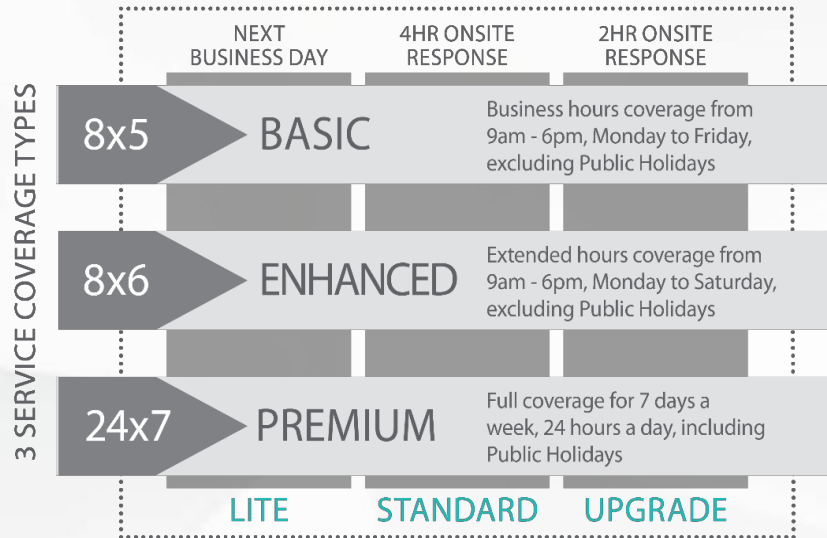


Certified team of engineers trained to maintain a wide range of **multi-brand** equipment



24x7 global helpdesk

MAINTENANCE SERVICE LINES



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
- **Malaysia**
(Country Office)
- Myanmar
- New Zealand
- Philippines
- **Singapore**
(Global HQ)
- South Korea
- Sri Lanka
- Taiwan
- Thailand
- Vietnam

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

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

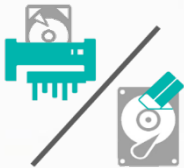
Refurbish IT equipment to extract greater recovery value and prolong lifespan

✓ Remarketing

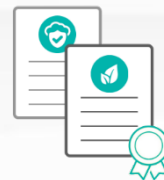
Refurbish IT equipment or components through Procurri's hardware resale unit, or harvest components to support its maintenance services

✓ 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

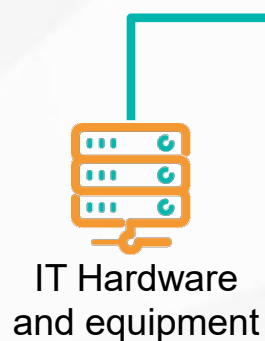
100% tamper-proof audit trail
100% compliant with regulatory standards

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

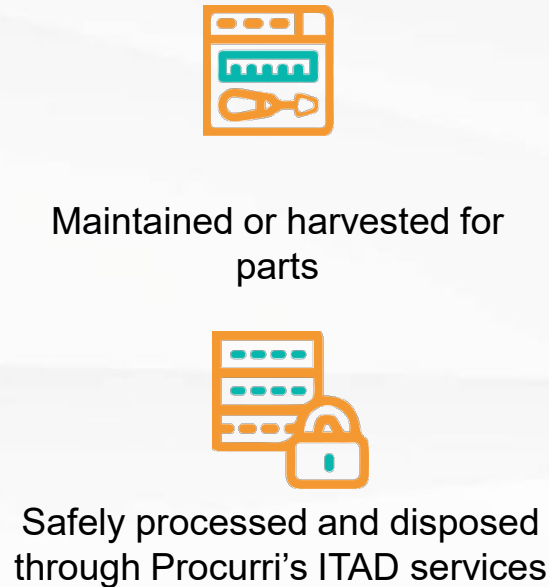
SYNERGISTIC BUSINESS UNITS

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

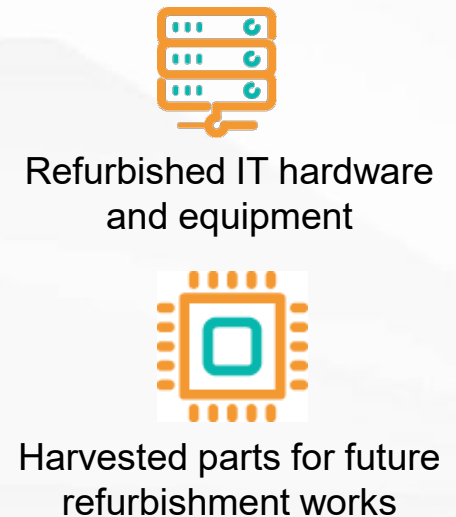
PURCHASE/RECEIVE



LIFECYCLE SERVICES



RESELL/RETURN



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
pieces of
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

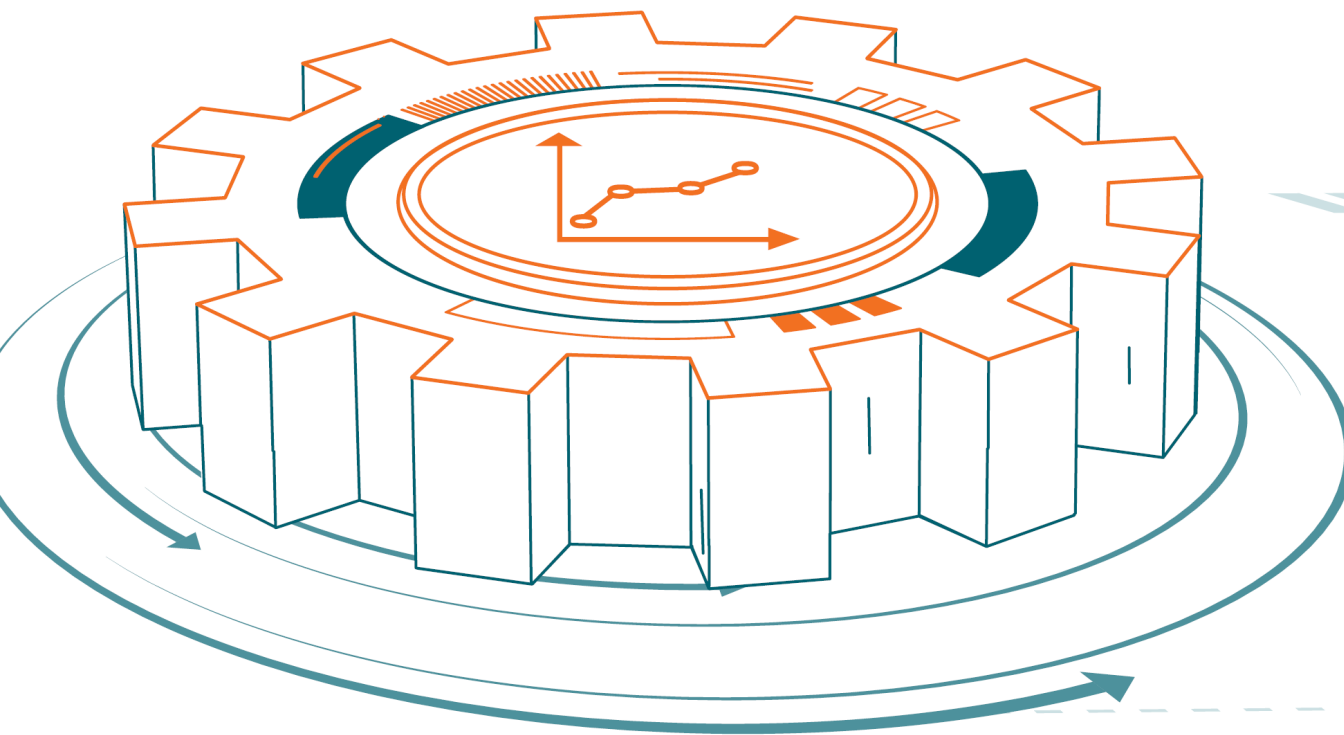
Procurri's Value Proposition

- 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

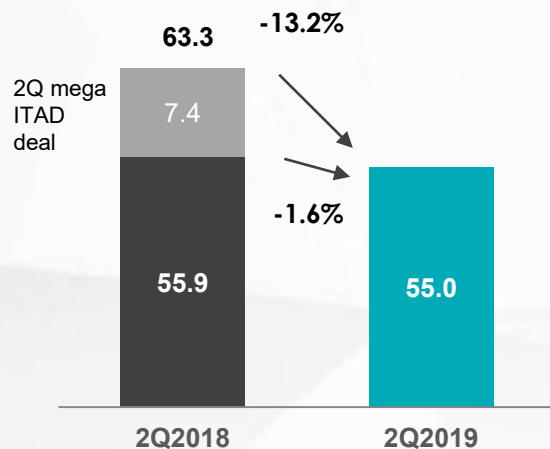
FINANCIAL HIGHLIGHTS



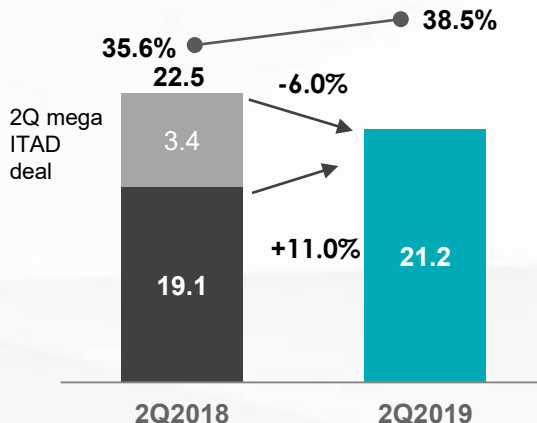
PROCURRI

2Q2019 FINANCIAL SNAPSHOT

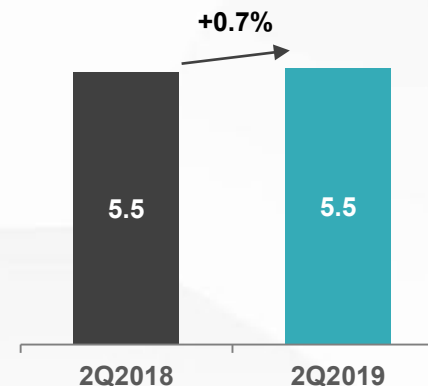
REVENUE (\$M)



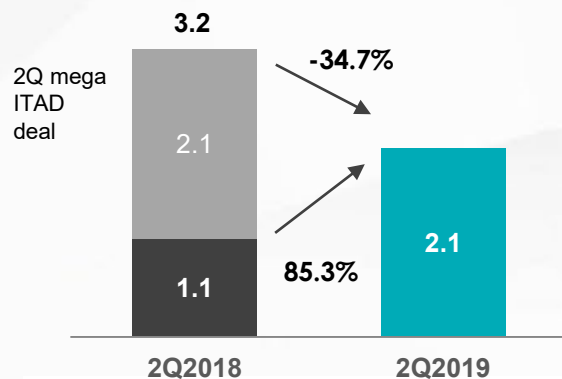
GROSS PROFIT (\$M) & GROSS PROFIT MARGIN (%)



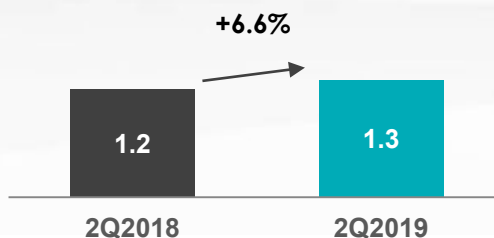
EBITDA (\$M)



PROFIT BEFORE TAX (\$M)



NET PROFIT (\$M)



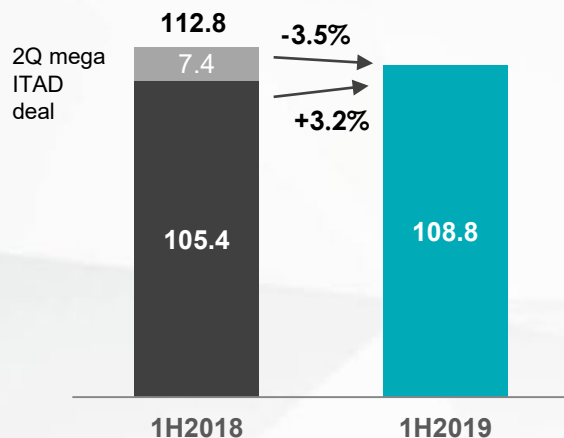
Growth in EBITDA & net profit YoY



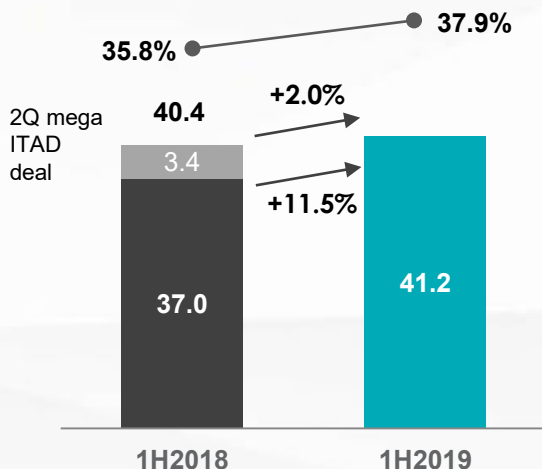
Lifecycle Services accounted for 46.9% of the total gross profit, on track to achieve the Group's target for the high-margin segment to make up half the overall gross profit

1H2019 FINANCIAL SNAPSHOT

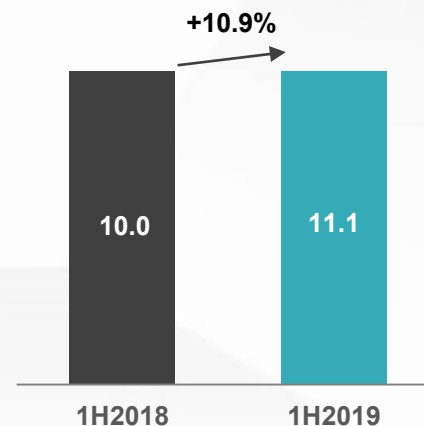
REVENUE (\$M)



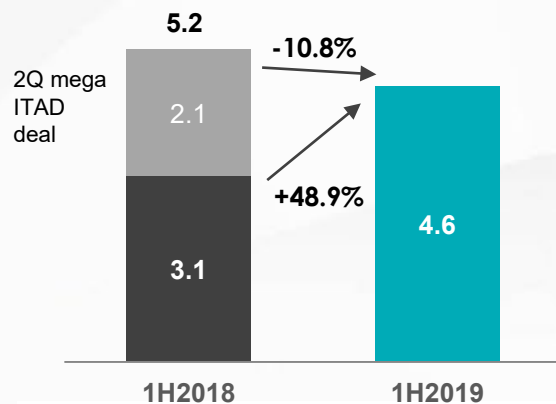
GROSS PROFIT (\$M) & GROSS PROFIT MARGIN (%)



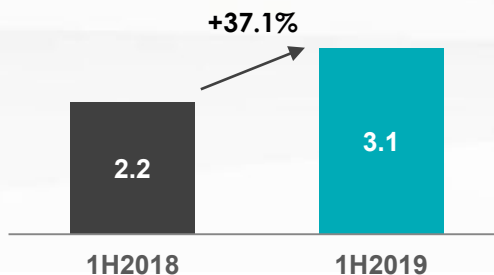
EBITDA (\$M)



PROFIT BEFORE TAX (\$M)



NET PROFIT (\$M)



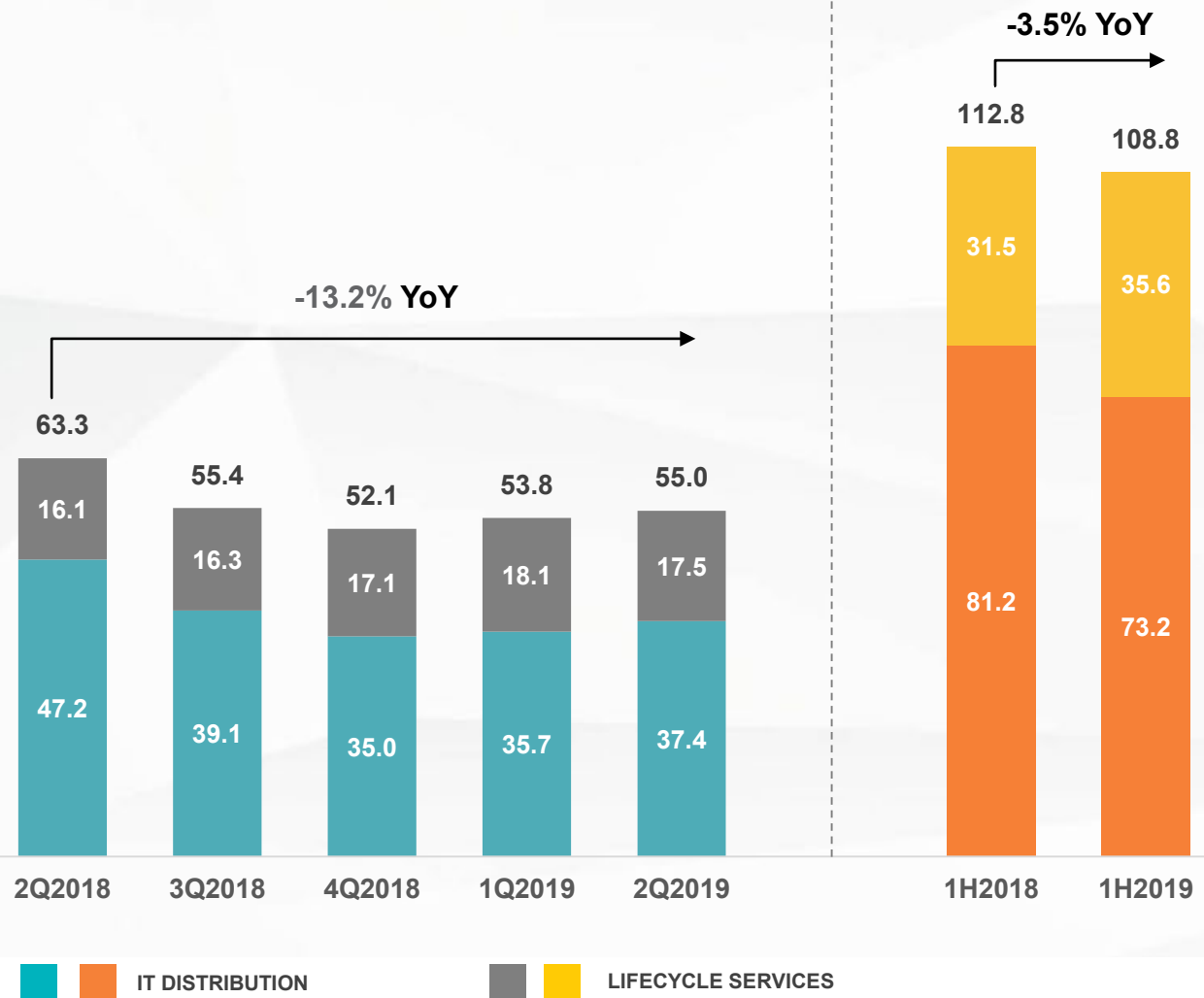
Growth in EBITDA, gross & net profit YoY



Lifecycle Services accounted for 48.9% 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 (\$M)



LIFECYCLE SERVICES

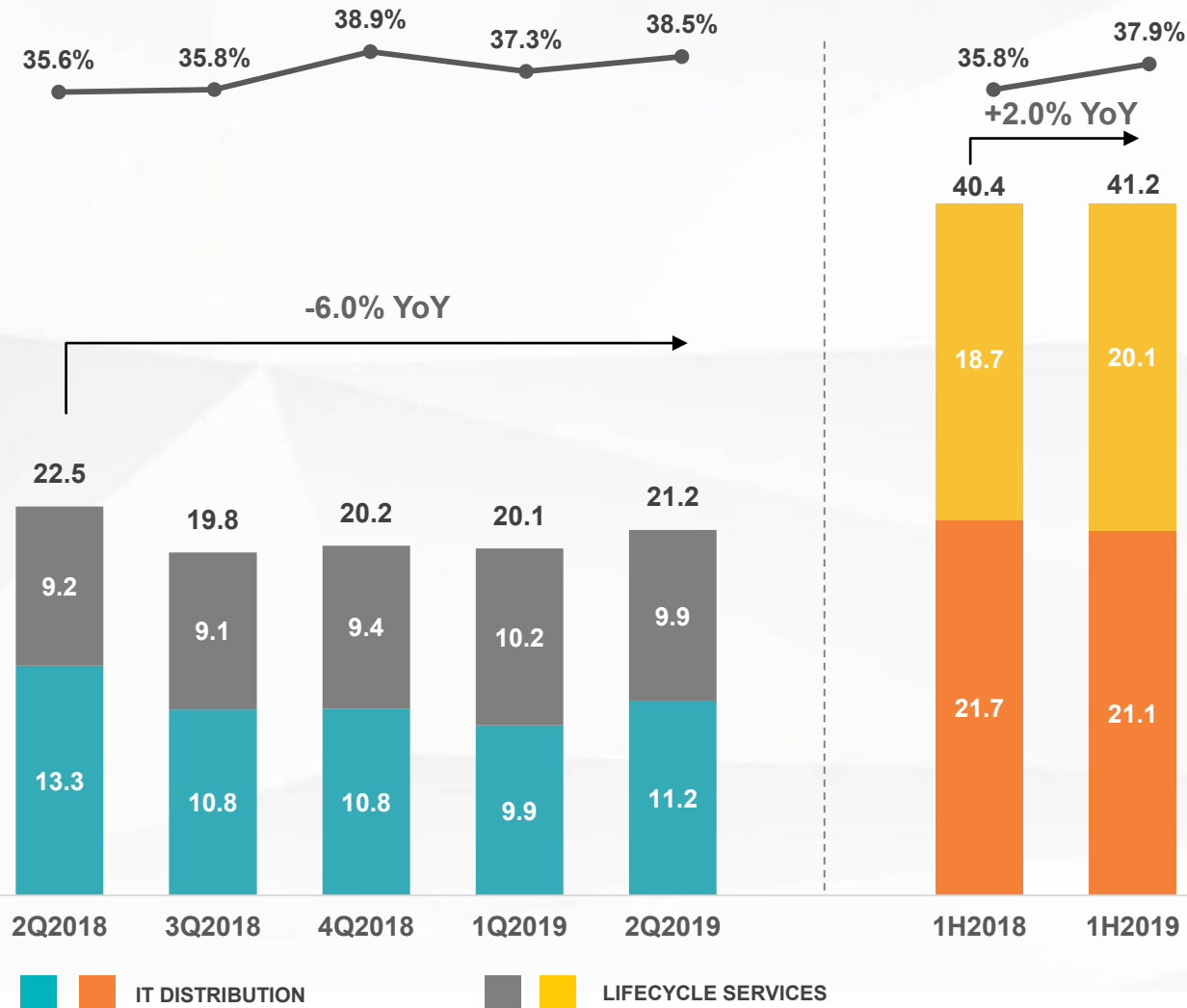
12.9% increase YOY on the back of better performance for the segment from all regions

IT DISTRIBUTION

9.9% decrease YoY (1H2019) due to lower contribution from the Asia Pacific

GROSS PROFIT OVERVIEW

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



LIFECYCLE SERVICES

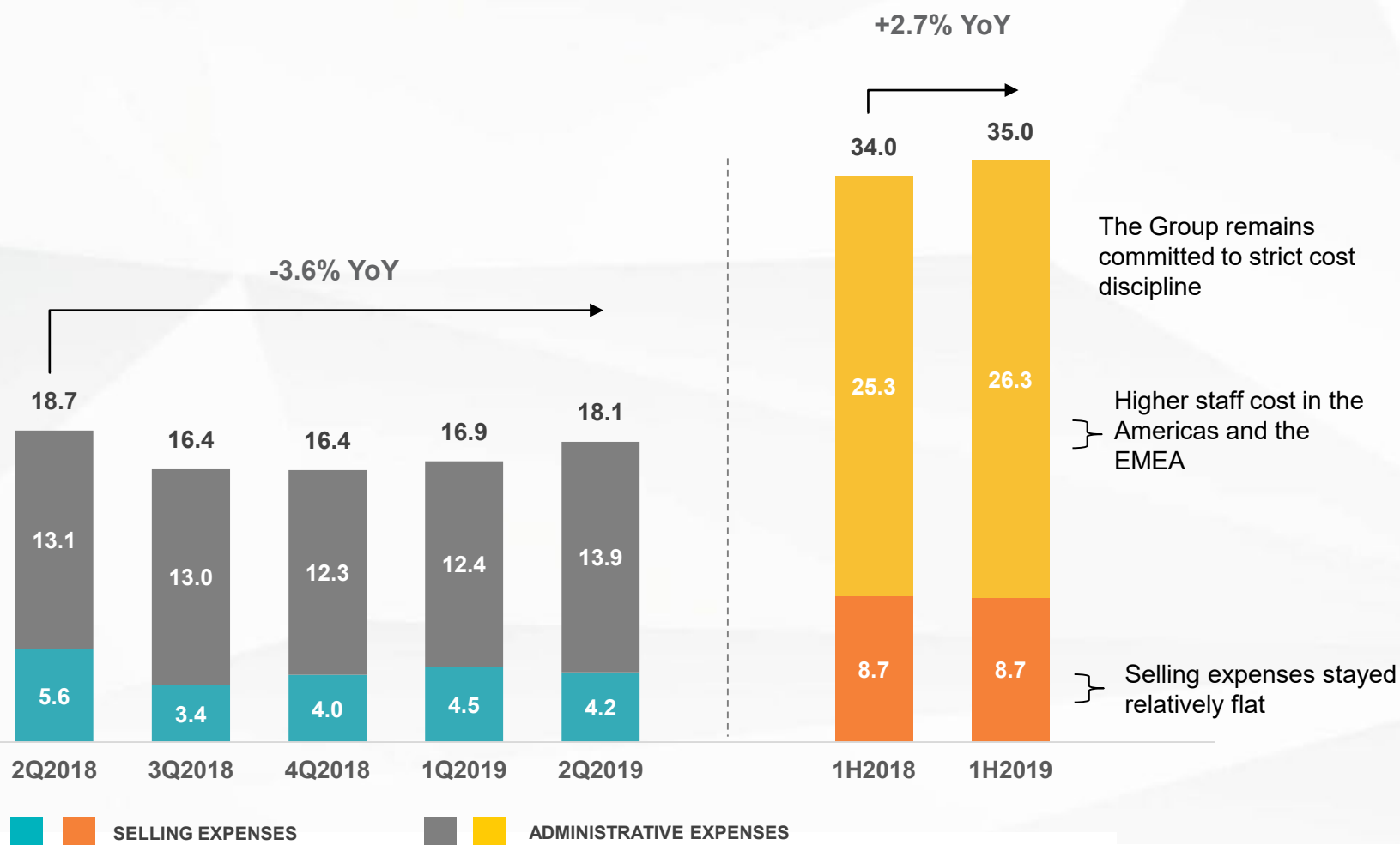
+7.6% YoY (1H2019), in line with higher revenue; high gross profit margin of 56.6% reflects synergies from in-house maintenance capabilities

IT DISTRIBUTION

-2.9% YoY (1H2019); gross profit margin up slightly to 28.8%, with some high-margin deals booked during the period

OPERATING EXPENSES

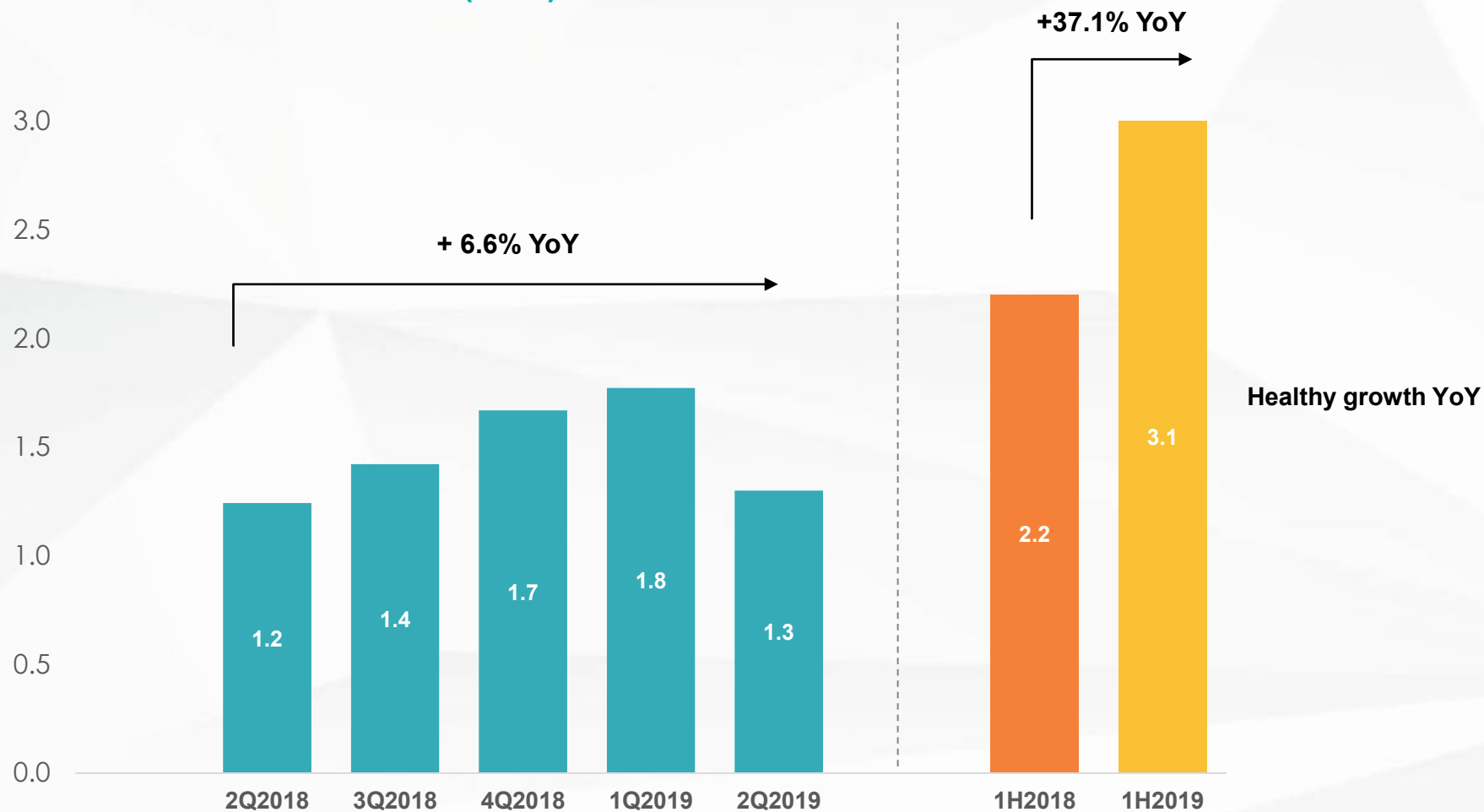
OPERATING EXPENSES¹ (S\$M)



¹Operating expenses comprise Selling expenses and Administrative expenses

NET PROFIT AFTER TAX OVERVIEW

NET PROFIT AFTER TAX (\$M)



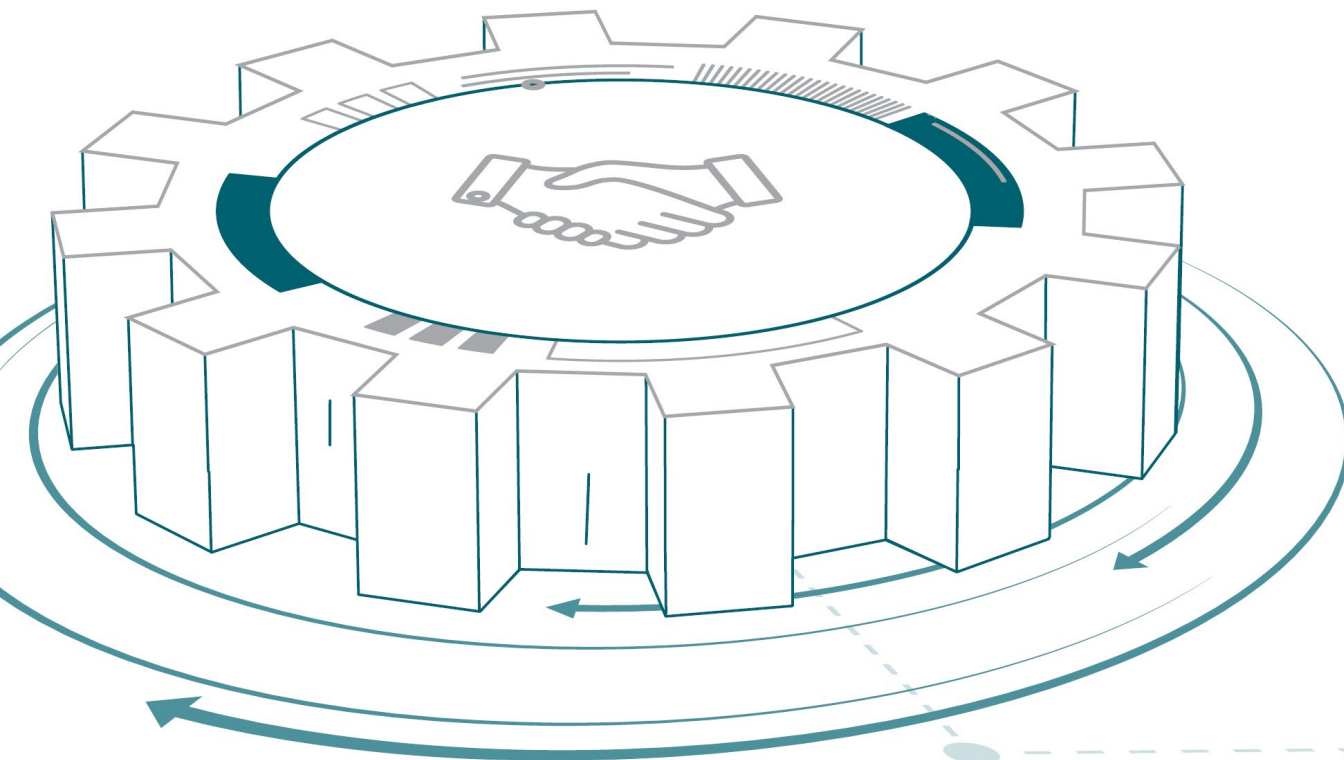
2Q2019

BALANCE SHEET HIGHLIGHTS

S\$'000	AS AT 30 JUNE 2019	AS AT 31 DEC 2018
Current Assets	99,062	103,493
Inventories	21,642	21,816
Trade and other receivables	46,971	53,365
Cash and bank balances	16,373	18,082
Other current Assets	14,076	10,230
Non-current Assets	45,537	37,833
Intangible assets	13,786	12,854
Plant and equipment	19,211	22,054
Other Non-current assets	12,540	2,925
Current Liabilities	82,642	65,954
Trade and other payables	43,776	32,246
Deferred income	24,419	18,831
Loans and borrowings	10,289	9,993
Other current liabilities	4,158	4,884
Non-current Liabilities	19,038	6,331
Loans and borrowings	7,799	4,094
Others	11,239	2,237
Shareholders' Equity	42,919	69,041
KEY RATIOS	30 JUNE 2019	31 DEC 2018
Debt-to-equity ratio	2.37	1.05
Current ratio	1.20	1.57
NTA per share (cents)*	10.23	19.74
NAV per share (cents)*	15.08	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 2019 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

New ITAD team

March 2019

Team of experienced ITAD professionals whose early results have shown a strong momentum to drive the exciting potential for future growth.

Partnership with PureWRX

February 2019

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

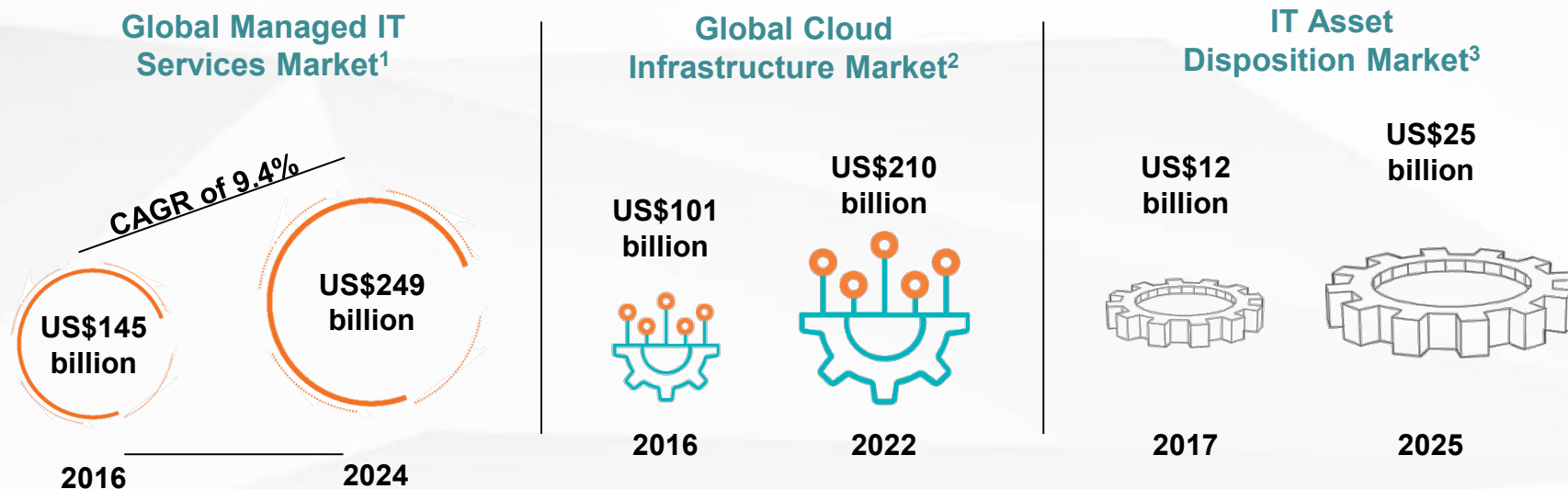
GROUP OUTLOOK & STRATEGIES



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.



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 4 companies, including Procurri, each holding **less than 2 percent 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

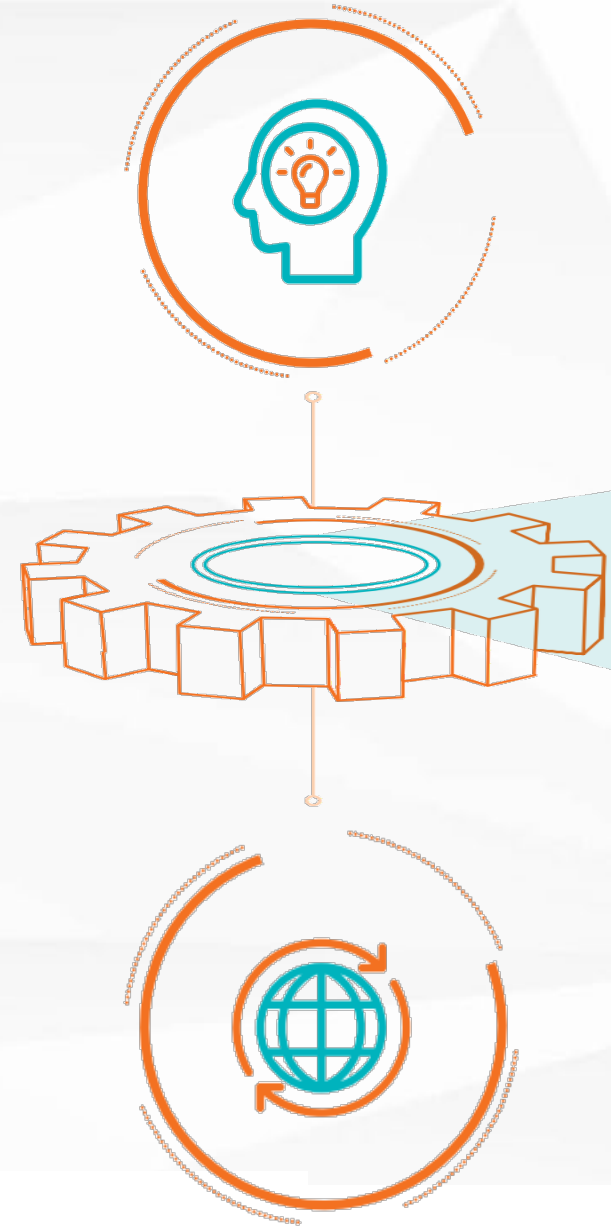
IMPROVING INTERNAL EFFICIENCIES & HARNESSING ECONOMIES OF SCALE

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 largest 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

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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.