

Procurri Corporation Limited

Bloomberg: PROC SP | Reuters: PROC.SI

Refer to important disclosures at the end of this report

DBS Group Research . Equity

16 Sep 2016

BUY

(Initiating Coverage)

Last Traded Price (15 Sep 2016): S\$0.53 (STI : 2,805.52)

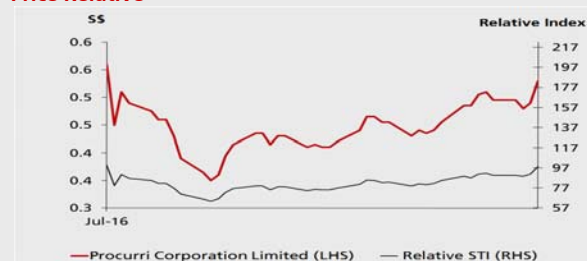
Price Target 12-mth: S\$0.67 (26% upside)

Potential Catalyst: Acquisitions in 4Q16

Analyst

Sachin MITTAL +65 6682 3699 sachinmittal@dbs.com

Price Relative



Forecasts and Valuation

FY Dec (\$m)	2015A	2016F	2017F	2018F
Revenue	123	153	218	263
EBITDA	14.3	18.2	26.4	31.9
Pre-tax Profit	10.0	9.77	19.8	24.0
Net Profit	8.77	7.82	15.8	19.2
Net Pft (Pre Ex.)	9.63	11.7	16.6	20.0
EPS (S cts)	4.43	2.79	5.64	6.85
EPS Pre Ex. (S cts)	4.87	4.17	5.93	7.14
EPS Gth (%)	214	(37)	102	21
EPS Gth Pre Ex (%)	195	(14)	42	20
Diluted EPS (S cts)	4.43	2.79	5.64	6.85
Net DPS (S cts)	0.0	0.70	1.41	1.71
BV Per Share (S cts)	17.3	27.4	31.6	36.7
PE (X)	12.0	19.0	9.4	7.7
PE Pre Ex. (X)	10.9	12.7	8.9	7.4
P/Cash Flow (X)	21.4	14.5	11.6	7.6
EV/EBITDA (X)	8.3	8.4	5.9	4.9
Net Div Yield (%)	0.0	1.3	2.7	3.2
P/Book Value (X)	3.1	1.9	1.7	1.4
Net Debt/Equity (X)	0.4	0.0	0.1	0.1
ROAE (%)	27.5	14.1	19.2	20.1

ICB Industry : Technology

ICB Sector: Software & Computer Services

Principal Business: Procurri Corporation Limited is a Singapore-based provider of data center equipment and lifecycle services. The Company operates through two segments: IT Distribution, which comprises Hardware Resale and Supply Chain Management, and Lifecycle Service

Source of all data on this page: Company, DBS Bank, Bloomberg Finance L.P.

Promising player in a high growth sector

- **Global provider of data centre equipment and maintenance services**
- **Proxy to cloud and data centre markets; offers 25% earnings CAGR over FY15-18**
- **Superior margins due to integrated business model**
- **Initiate with BUY and TP of S\$ 0.67 for 26% potential upside**

Global provider of data centre equipment and independent maintenance services.

Procurri Corporation Limited (Procurri) is able to supply pre-owned hardware in over 80 countries, which is sourced globally. Moreover, it is one of the few players offering both hardware resale and independent maintenance services.

Proxy to growth of cloud services and data centres.

Enterprises and cloud providers are increasingly brand agnostic with preference towards cost-effective, quality hardware. This coupled with independent maintenance services can translate to cost savings of up to 60%. This shift is even more apparent as enterprises want to extend the life of their IT infrastructure before migrating to cloud. Market research company, Frost & Sullivan, projects the hardware resale and independent maintenance services market to grow at 16.9% and 15.7% CAGR respectively over 2015-20.

Initiate with BUY. Procurri is likely to register 25% earnings CAGR over FY15-18F aided by potential acquisitions in 4Q16. We initiate Procurri with TP of S\$0.67 pegged at 11.3x FY17F normalised earnings. Our PE multiple of 11.3x is based on 5% premium to the average PE of comparable companies due to its superior growth prospects.

Key investment risks. (1) Any delay in potential acquisitions could hurt Procurri as we project S\$1m and S\$4m profit contribution in FY16F and FY17F from acquisitions respectively. (2) Rapid technological changes, evolving industry standards, new product and service introductions may render Procurri's products and services obsolete.

At A Glance

Issued Capital (m shrs)	280
Mkt. Cap (S\$m/US\$m)	148 / 109
Major Shareholders (%)	
Declout	47.3
Irrucorp Pte Ltd	12.1
Free Float (%)	40.6
3m Avg. Daily Val (US\$m)	1.0

INVESTMENT THESIS

Profile	Rationale
Procurri is a global provider of pre-owned data centre equipment and independent maintenance services	<p>Increasingly enterprises are extending the life of their IT infrastructure by using pre-owned equipments and independent maintenance service to secure up to 60% cost savings. Market research company, Frost & Sullivan projects hardware resale and independent maintenance services market to grow at 16.9% and 15.7% CAGR respectively over 2015-20.</p> <p>Procurri is amongst the few companies globally that offer both hardware resale and independent maintenance services, also reflected in its healthy gross margins over 33%.</p> <p>Procurri offers 25% earnings CAGR over 2015-18F as it also plans to acquire smaller companies to further strengthen its global footprint.</p>
Valuation	Risks
We initiate Procurri with TP of S\$0.67 pegged at 11.3x FY17F normalised earnings. Our PE multiple of 11.3x is based on 5% premium to the average PE of comparable companies due to its superior growth prospects	<p>Any delay in potential acquisitions could hurt Procurri as we project S\$1m and S\$4m profit contribution in FY16F and FY17F from acquisitions respectively.</p> <p>Rapid technological changes, evolving industry standards, new product and service introductions may render Procurri's products and services obsolete.</p>

Source: DBS Bank

Highlights

Proxy to growth of cloud services and data centres. Enterprises and cloud providers are increasingly brand agnostic with preference towards cost-effective, quality hardware. This coupled with independent maintenance service can translate to cost savings of up to 60%. This shift is even more apparent as enterprises plan to extend the life of their IT infrastructure before migrating to cloud.

Operates in high growth segments. Hardware Resale, independent IT maintenance and IT Asset Disposition segments are set to post high growth according to third party research firm, Frost & Sullivan. The Hardware Resale segment, a key contributor to Procurri's topline, is set to grow at a CAGR of 16.9% from 2015-2020 to reach US\$34.8bn by 2020. Independent IT maintenance is set to outpace the overall IT maintenance market with a CAGR of 15.7% over the next five years.

Integrated business model leads to superior margins. Procurri's Hardware Resale and Lifecycle Services had generated gross margins of 28% and 61% in FY2015 respectively. This compares to lower gross margins of peers ranging from 11%-30%, as they are mainly wholesale distributors which do not have a large services business segment.

We project 29% revenue CAGR over FY15-18. We conservatively project organic revenue CAGR of 15% over FY2015-18, in line with the industry CAGR of 16.9% for Hardware Resale and 15.7% for Independent Maintenance Services over 2015-20. Potential acquisition in 2H16 may boost the revenue further, so we project we project total revenue CAGR of 29% for Procurri over FY15-18.

We project 25% earnings CAGR over FY15-18. We project organic earnings CAGR of 15.7% over FY15-18 in line with the organic revenue growth. In addition, we project S\$1m in FY16 earnings from potential acquisitions in 4Q16 which could contribute S\$4m in FY17 earnings on a full year basis.

SWOT Analysis

Strengths	Weakness
<ul style="list-style-type: none"> Global network in over 80 countries with offices across the US, the UK, Mexico, Singapore and Malaysia A leading integrated player in both hardware resale and independent maintenance services businesses. Only player to emerge as a “Champion” in Frost & Sullivan’s “hardware resale” and “independent maintenance services” matrix. Customised hardware and maintenance solutions, compared to traditional standardised services provided by Original Equipment Manufacturers (OEMs) Strong M&A execution track record since incorporation Experienced management team with average of more than 20 years of industry experience 	<ul style="list-style-type: none"> Risks from integration of acquired businesses Limited operating history as a group (we note that individual entities have considerable operating history) Procurri is exposed to contractual liability risk for issues with Procurri’s products and services which could lead to substantial charges against Procurri
Opportunities	Threats
<ul style="list-style-type: none"> Constantly increasing demand for cloud and data centre resources Changing attitudes towards IT hardware and equipment, i.e. increasingly brand agnostic, shifting focus on quality and cost Uptick in adoption of outsourced data centre services in Asia-Pacific Growth in demand for IT Asset Disposition services 	<ul style="list-style-type: none"> Highly competitive landscape with both international and domestic competitors Obsolescence of IT hardware and equipment i.e. threat of being replaced by a new technology

Source: DBS Bank

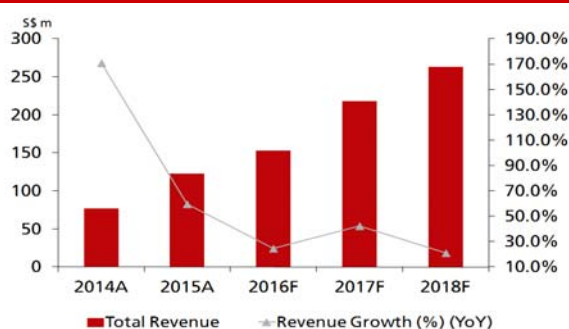
Procurri Corporation Limited

Company Background

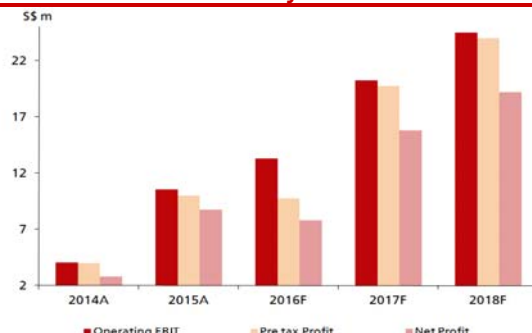
- Procurri’s roots go back to 2009.** Procurri’s history can be traced back to October 2009 when DeClout Limited (“DeClout”), its controlling shareholder, founded ASVIDA Asia Pte Ltd (“ASVIDA Asia”) to supply and provide IT Distribution and Lifecycle Services in the Asia-Pacific. From 2013-2014, ASVIDA Asia expanded its reach to the US and Asia primarily through acquisitions. In 2014, ASVIDA Asia

expanded in to the UK and Europe through the subscription of new shares in Tinglobal Holdings Limited, which was later acquired by the group. In 2015, ASVIDA Asia and Tinglobal Holdings were rebranded as “Procurri”, which continued its expansion streak to Mexico and China. The company was listed on the SGX in July 2016.

Sales Trend



Profitability Trend



Source: Company, DBS Bank

Timeline

October 2009
ASVIDA Asia established in Singapore

April 2013
Expansion into the U.S. via acquisition

June 2014
Expansion into Malaysia via acquisition

March 2015
Incorporation in Mexico

March 2013
Procurri incorporated

May 2014
Expansion into the U.K. via acquisition

January 2015
Launched global brand “Procurri”
Acquisition of Procurri Asia Pacific

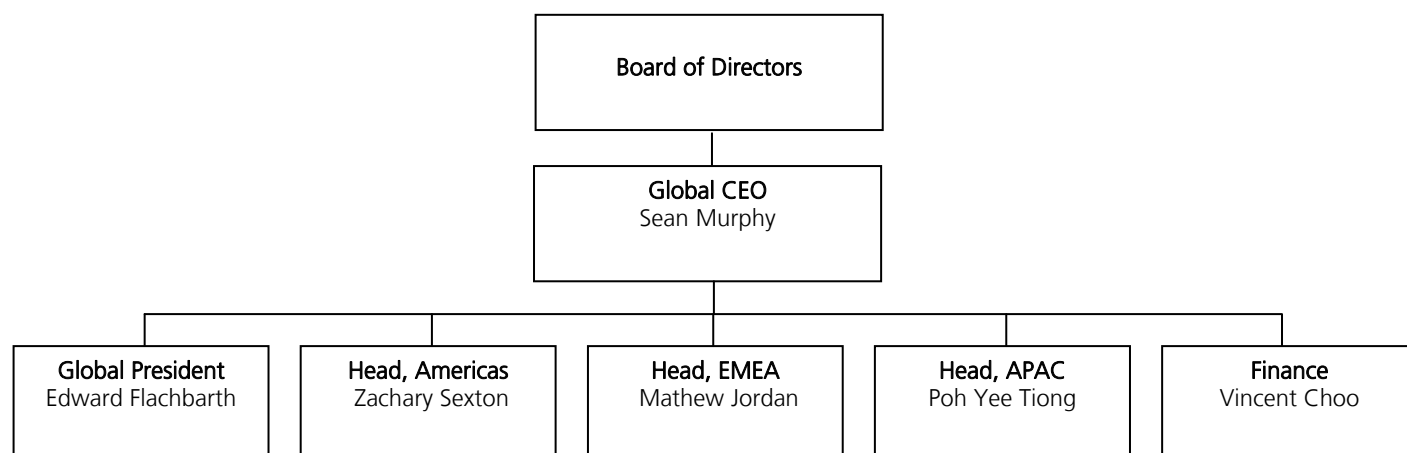
March 2016
Incorporation in China

Source: Company, DBS Bank

- Experienced management team.** Procurri’s top management has extensive managerial and entrepreneurial experience and expertise in related business areas. Executive Director and Global CEO Mr Sean Murphy have more than 25 years of experience in the IT industry. Global President and

the heads of the regions directly report to the Global CEO, who is supervised by the Board of Directors.

Management Reporting Structure



Source: Company, DBS Bank

Key Management Team

Name	Position	Profile
Mr Sean Murphy	Executive Director and Global CEO	<p>Oversees overall management of Procurri Group</p> <ul style="list-style-type: none"> Bachelor of Arts in Economics, Emory University 1988 – 1998: Vice-President, International Wholesale, Sun Data Systems 1998 – 2012: Partner, Sales Management, Canvas Systems LLC 2012 – 2013: Vice-President, Sales Management, Avnet Inc 2013 – Present: Executive Director and Global CEO, Procurri
Mr Edward John Flachbarth	Global President	<p>Responsible for setting the Group's strategic direction with the Board</p> <ul style="list-style-type: none"> Bachelor of Industrial Engineering, Georgia Institute of Technology 1990 – 1998: Wholesale Manager, Sun Data Systems 1998 – 2012: Partner, Channel Sales, Canvas Systems LLC 2012 – 2013: Channels Manager and Operations Manager, Channel Sales, Avnet Inc 2013 – Present: Global President, Procurri
Mr Zachary George Sexton	Head, Americas	<p>Responsible for the Group's operations in the Americas region 15 years of experience in product sales</p> <ul style="list-style-type: none"> Bachelor in Business Administration, University of North Carolina 2001 – 2012: Strategic Account Manager, Canvas Systems LLC 2012 – 2013: Strategic Account Manager, Avnet Inc 2013 – Present: Head, Americas, Procurri
Mr Mathew George Jordan	Head, EMEA	<p>Responsible for the Group's operations in the Europe, Middle East and Asia region Approx. 20 years of experience in product sales</p> <ul style="list-style-type: none"> Bachelor in Business Studies, Southampton Solent University 1997 – 2000: Junior Broker, APEX Computers International Ltd of Global Computer Holdings Ltd Group 2000 – 2005: Sales Director, Tindirect Ltd 2005 – 2014: Owner, Tinglobal Holdings Limited (formerly known as Global Computer Holdings Ltd) 2014 – 2015: Sales Director, Procurri UK Limited 2016 – Present: Head, EMEA, Procurri

Key Management Team (cont'd)

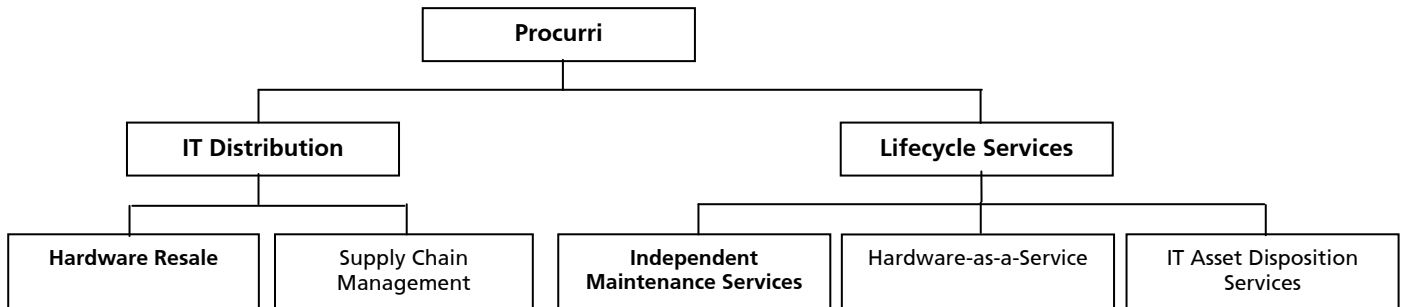
Name	Position	Profile
Mr Poh Yee Tiong	Head, APAC	<p>Responsible for the Group's operations in the Asia-Pacific region More than 25 years of experience in IT industry, experienced across sales, strategy, operations and delivery</p> <ul style="list-style-type: none"> • Bachelor of Computer Science, Open University (Singapore Institute of Management) • 1990 – 2015: Services Delivery Director, Technical Support and Services • 2015 – Present: Head, APAC, Procurri
Mr Vincent Choo	Financial Controller	<p>Responsible for the Group's financial and accounting matters</p> <ul style="list-style-type: none"> • Bachelor of Accountancy (Honours), Nanyang Technological University • 1996 – 1997: Audit Assistant, Deloitte and Touche LLP • 1997 – 2005: Sector/Cost Controller, IBM Singapore Pte Ltd • 2005 – 2012: Finance Director, IMS Health Asia Pte Ltd • 2010 – 2012: Finance Director, IMS Market Research Consulting (Shanghai) Co Ltd • 2013 : Business Controller, Elsevier (Singapore) Pte Ltd • 2013 – Present: Financial Controller, Procurri

Note: Positions listed reflect last position held at the respective company.

Source: Company, DBS Bank

Business Model

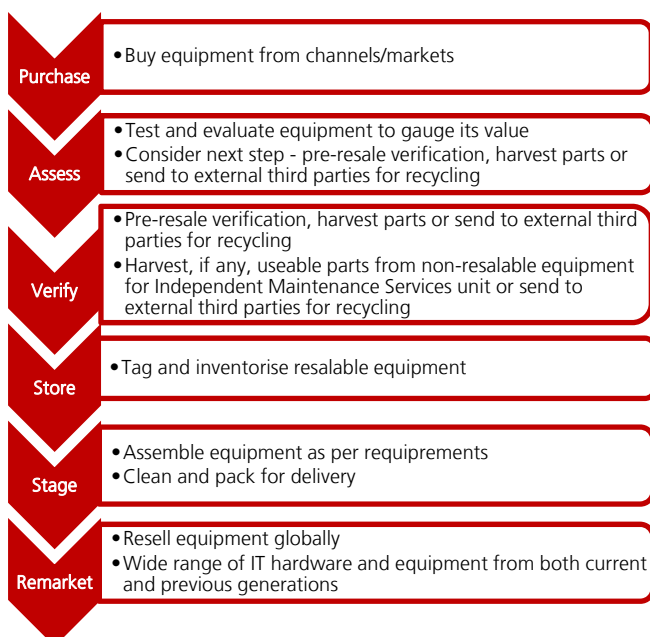
Procurri’s core business segments and business offerings are as follow:



Source: Company, DBS Bank

Hardware Resale

- **Multi-vendor provider of data centre equipment.** Procurri specialises in data centre equipment across major IT brands such as HP, IBM, Lenovo, Dell, Fujitsu, Oracle Sun Systems, NetApp, Cisco, EMC, Quantum, Brocade, Alcatel Lucent, Aten, APC and Juniper.
- **Vendor-agnostic aggregator.** Procurri matches buy and sell opportunities between, amongst others, OEMs, Value added resellers (VARs), hardware brokers, cloud companies, and IT companies.
- **Business offering encompasses entire value chain from procurement to remarketing of IT hardware and equipment.** Procurri’s hardware resale value chain can be divided into six main stages:



Source: Company, DBS Bank

- **Dynamic two-way relationships where customers can be suppliers and vice versa.** For instance, an IBM OEM is the purchaser (i.e. customer) for a specific type of hardware equipment that Procurri is looking to sell. The same IBM OEM may be the supplier of other hardware equipment which it wishes to sell through Procurri.
- **Flexible consignment option for equipment owners.** Equipment owners may also choose to enter into consignment with other equipment owners through Procurri’s asset trade-in and buy-back program, i.e. equipment owners remain as the owner of equipment, and Procurri earns revenue as and when the equipment is sold.

Supply Chain Management

Supply chain management partner to OEMs. Procurri leverages on its global sourcing network, reverse logistics framework, knowledge, experience and capabilities in synchronising supply with demand on a global basis. Procurri is also able to assist with the monitoring, and planning of movement and storage of goods. In essence, Procurri provides logistics and distribution services for OEMs in their supply chain.

Independent Maintenance Services

Maintenance solutions independent of OEM service level agreements. Purchase transactions for IT hardware and equipment are usually supplemented with warranties from the OEMs when companies purchase new equipment from them. Many IT managers will subsequently renew maintenance services with the OEMs upon expiration of existing warranties. Procurri comes into the picture by offering maintenance solutions independent of OEM service level agreements. Typically, independent maintenance services can represent at least 30% cost savings for the companies. Procurri offers various maintenance solutions to suit various needs and budgets, and 24/7 coverage for critical assets, i.e. full coverage seven days a week, twenty-four hours a day.

Procurri Corporation Limited

Extending lifespan of IT assets. Procurri also offers extended maintenance support for products that are out of warranty or are at the end-of-life. Some of the IT hardware and equipment for parts harvested by Procurri’s Hardware Resale business at the verification stage would be used to extend the lifespan of these IT assets.

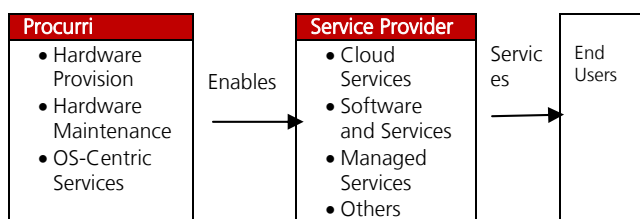
IT Asset Disposition

Disposal of IT equipment. Procurri aids its customers with the assessment, verification, recovery, refurbishment (including data destruction), storage and/or staging process. This helps to extend life of IT hardware and equipment and extract greater value from retiring technology. For hardware and equipment that do not meet quality standards required by Procurri’s customers, Procurri assists with the harvesting and/or sending to third parties for recycling.

Hardware-as-a-Service

On-demand computing resources. Procurri charges its customers on a pay-as-you-use basis, providing flexibility for scaling of IT resources when required. In essence, Procurri leases/rent IT hardware and equipment on a short- or long-term basis to its customers. By enabling customers to convert the cost of ownership from capital expenditure (capex) to operating expenditure (opex) through leasing or rentals, service providers are then able to reduce its cost of services to its end customer.

Bundling Hardware-as-a-Service with Independent Maintenance Services. Procurri’s maintenance solutions can be integrated into the Hardware-as-a-Service solution.



Source: Company, DBS Bank

IT Asset Disposition

Refurbishment, data destruction and asset disposal. Procurri aids its customers with the assessment, verification, recovery, refurbishment (including data destruction), storage and/or staging process. This helps to extend life of IT hardware and equipment and extract greater value from retiring technology.

For hardware and equipment that do not meet quality standards required by Procurri’s customers, Procurri assists with the harvesting and/or sending to third parties for recycling.

Highest standards in the industry. Procurri’s UK operations received ISO 9001 (Quality Management) and ISO 14001 (Environmental Management). Procurri also works with Asset Disposal & Information Security Alliance (ADISA), one of the few organisations working and accrediting companies in the secure disposal and erasure of data.

Profile of Major Customers

IT expenditure is generally needs-based and undertaken in scale on an ad-hoc basis. Hence, Procurri’s customers change from year to year. The customers listed below contributed to 5% or more to the Group’s net revenue in the last three financial years.

Procurri’s Major Customers (FY2013-15)

	FY2013	FY2014	FY2015
	%	%	%
QCM Technologies Inc.	-	-	5.8
Sutherland Asbill & Brennan LLP	8.1	2.3	0.5
Corporate Innovations (S) Pte Ltd	5.7	-	-

Source: Company, DBS Bank

QCM Technologies Inc.

Profile	<ul style="list-style-type: none"> • IBM premier business partner • Largest IBM business partner headquartered in Arizona • Offers various solutions such as Disaster Recovery, Virtualisation, ERP, Hosting, Messaging, Security, Staffing Solutions, Storage Systems, Migrations and Updates etc.
---------	--

Sutherland Asbill & Brennan LLP

Profile	<ul style="list-style-type: none"> • AmLaw 100 American international law firm
---------	---

Corporate Innovations (S) Pte Ltd

Profile	<ul style="list-style-type: none"> • Information Systems distributor in Asia-Pacific incorporated in Singapore • Coverage of 12 countries
---------	---

Source: Companies’ websites, DBS Bank

Profile of Major Suppliers

Procurri's IT hardware and equipment are purchased from diverse channels. The suppliers listed below accounted for 5% or more of the Group's purchases in the last three financial years.

Procurri's Major Suppliers (FY2013-15)

	FY2013	FY2014	FY2015
	%	%	%
IBM DE MEXICO S DE R.L. DE C.V.	-	-	12.2
Compagnie IBM France SAS	-	4.6	7.5
Avago Technologies Limited	-	-	5.3
Cisco Systems Capital Corporation	7.0	0.8	-

Source: Company, DBS Bank

IBM

Profile	<ul style="list-style-type: none"> Multinational technology and consulting corporation, with corporate headquarters in Armonk, New York Manufactures and markets computer hardware, middleware and software, and offers infrastructure, hosting and consulting services in areas ranging from mainframe computers to nanotechnology
---------	---

Avago Technologies Limited

Profile	<ul style="list-style-type: none"> A Broadcom Limited company Four primary end markets: wired infrastructure, wireless communications, enterprise storage and industrial & others
---------	---

Cisco Systems Capital Corporation

Profile	<ul style="list-style-type: none"> Offers financing programs that can help companies acquire the Cisco® technology they need today, without a major capital investment Financing solutions can include hardware, software, and "soft" costs such as services, installation, training, and maintenance not typically covered by other types of financing
---------	---

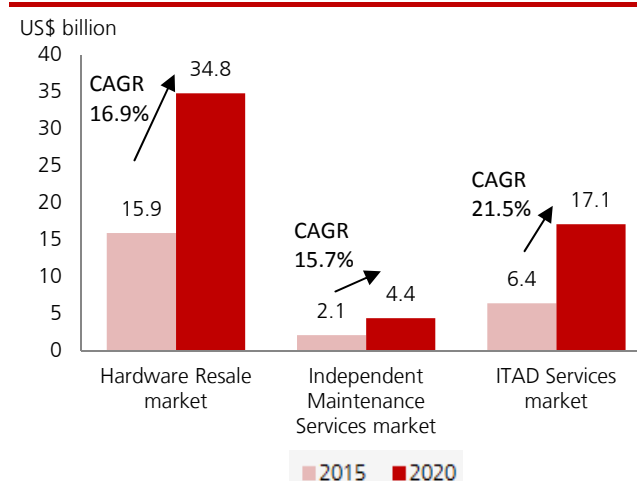
Source: Companies' websites, DBS Bank

Industry Outlook

- Globally, spending on data centre equipment and IT maintenance is expected to increase.** Frost & Sullivan expects global spending on data centre equipment to grow from US\$168.4 billion in 2015 to an estimated US\$292.9 billion in 2020 at a CAGR of 11.7%, while global spending on IT maintenance is expected to grow from US\$26.5 billion in 2015 to an estimated US\$41.9 billion in 2020 at a CAGR of 9.6%. Procurri engages in the Hardware Resale market and Independent Maintenance Services market which is part of the data centre equipment market and IT maintenance market respectively.

- Healthy Double-digit growth rates for Hardware Resale market, Independent Maintenance Services market and ITAD services market.** The three specific business segments which Procurri engages in are interconnected segments which Frost & Sullivan expects healthy double-digit CAGR of 16.9%, 15.7% and 21.5% from 2015 to 2020 respectively.

Projected CAGR for Procurri's Business Segments (FY2015-20)



Source: Frost & Sullivan, DBS Bank

Particularly, growth in the Hardware Resale market is expected to outpace the overall data centre equipment market, and growth in the Independent Maintenance Services market is expected to outpace the overall IT maintenance market.

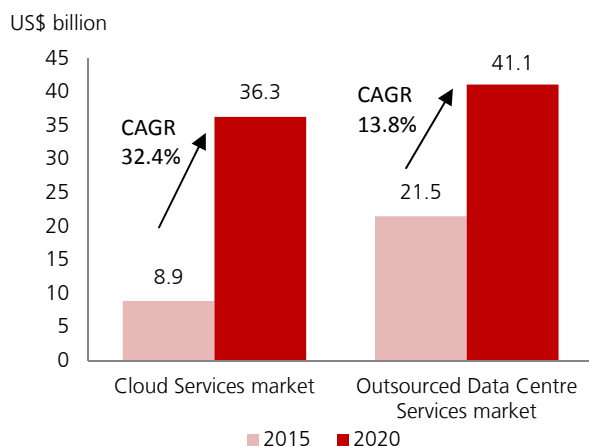
Procurri Corporation Limited

- **Asia-Pacific to grow at the highest rate in the next five years.** Currently, the Americas and Europe are the largest markets for all three segments. However, Frost & Sullivan expects Asia-Pacific to grow at the highest rate in the next five years due to higher rate of growth of outsourced data centre industry in countries such as Singapore, Australia, Japan, Indonesia, India and China and higher adoption of services in Asia-Pacific, which has been experiencing comparatively lower adoption compared to Americas and Europe thus far.

- **Demand drivers of growth in Hardware Resale market, Independent Maintenance Services market and ITAD services market:**

(a) High Growth in Cloud Services and Data Centre Industry.
According to Frost & Sullivan, both the cloud services market and the outsourced data centre services market are expected to experience high growth in the next five years.

Projected CAGR for Cloud Services and Outsourced Data Centre Services Market (FY2015-20)



Source: Frost & Sullivan, DBS Bank

There is growing demand for data centre equipment and services to support the IT infrastructure of cloud and data centre service providers as companies begin to see the value in outsourcing their data centre operations to third parties, at the same time, purchasing new data centre equipment to boost their current data centre capabilities, leading to the decommissioning of their existing data centre infrastructure. Frost & Sullivan expects Asia Pacific to be the fastest growing market in the world.

(b) Changing IT Needs and Priorities of Enterprises.

Enterprises and cloud providers are increasingly brand agnostic, and typically do not require the latest or new original equipment from OEMs. There is a strong preference towards cost-effective, quality hardware.

Similarly, end-users place more emphasis on aspects such as service levels and ability of the providers, over brand or model of IT hardware equipment. At the same time, enterprises are increasingly attracted to independent maintenance providers who represent a single point of contact for both IT hardware services and equipments from multiple OEMs, which could help fulfil their unique requirements which is in contrast to standardised service level agreements provided by OEMs.

Increasingly, many companies have also chosen to outsource their asset disposal services to ITAD vendors who can assist in ensuring confidentiality of their data during data destruction process, to avoid potential dire consequences from inappropriate asset disposal.

(c) Enhanced Cost and Value Propositions of Independent Providers.

As management and IT teams are often pressured to lower their capital expenditure, ITAD vendors, through refurbishment, aid to maximise the recovery of value from surplus and/or unnecessary IT hardware and equipment, improving their customer's asset utilisation rates, thereby inducing cost savings.

Usage of resale hardware can translate into cost savings as attractive terms including extended or limited lifetime warranties, leasing and rental arrangements are offered to encourage enterprises to adopt the use of resale hardware.

In addition, independent vendors provide similar standard of services as unlike OEMs, they do not charge a premium for their service contracts. This can translate into as much as 60% cost savings for the enterprises.

Competition

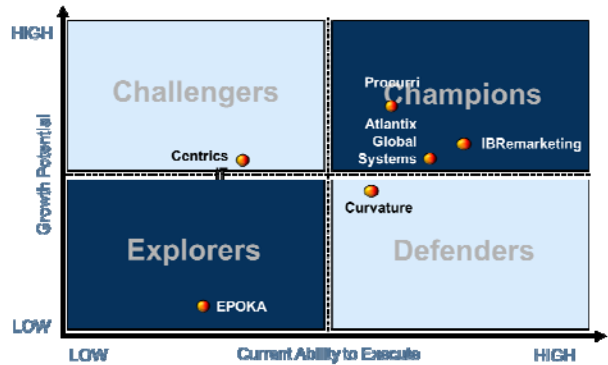
(a) **Hardware Resale market.** The Hardware Resale market for data centre equipment is highly fragmented and many of the vendors are localised. OEMs usually do not place much emphasis on the Hardware Resale market as most of them focus on new equipment sales. They usually outsource or partner with Hardware Resale vendors to refurbish and/or remarket used equipment. There is a limited number of global Hardware Resale vendors who have a combination of key technical expertise, global distribution and supply network to service global customers who require integrated solutions.

(b) **IT hardware Maintenance market.** The market is dominated by OEMs, with a small portion captured by independent hardware maintenance providers, as purchase transactions are usually supplemented with warranties from the OEMs when companies purchase new equipment from them. Many IT managers will subsequently renew maintenance services with the OEMs upon expiration of existing warranties. The Independent Maintenance Services market is very fragmented and no one player has dominance within this market.

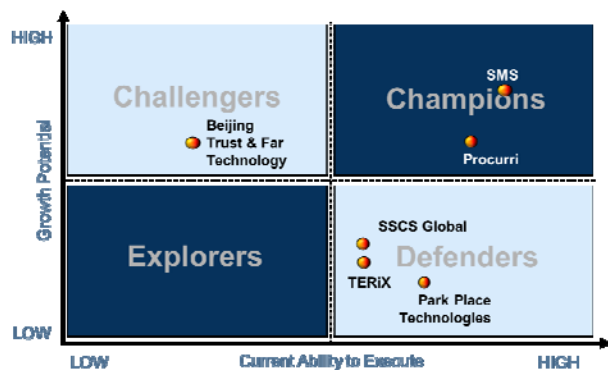
According to Frost & Sullivan, while there is a rapidly increasing demand for resale hardware and an increasing supply of hardware that can potentially be resold, there are a limited number of players who connect these two together and operate from refurbishment of disposed hardware to marketing and supporting such hardware, on a global scale.

(c) **Champion in both Hardware Resale market and Independent Maintenance Services market.** Frost & Sullivan ranked Procurri as "Champions", i.e. high growth potential and high current ability to execute, in both markets.

Key Players in Hardware Resale Market



Key Players in IT Hardware Maintenance Market



Source: Frost & Sullivan

Frost & Sullivan Definitions	
(X) Current Ability to Execute	<ul style="list-style-type: none"> Geographical Presence Breadth of Product/Service
(Y) Growth Potential	<ul style="list-style-type: none"> Presence in High Growth Countries Synergy across Value Chain

Source: Frost & Sullivan

Profile of Procurri's Main Competitors

Competing Service Offerings	Main Competitors	Company Profile
IT Distribution	Curvature LLC	<ul style="list-style-type: none"> • Presence in 9 locations across United States, Europe and Asia-Pacific • More than 600 employees • Carries the market's largest (US\$200 million) hardware inventory
	IB Remarketing SA	<ul style="list-style-type: none"> • More than 20 offices worldwide, with 6 worldwide call centres • More than 300 employees
	Atlantix Global Systems LLC	<ul style="list-style-type: none"> • Presence in more than 44 locations across 17 countries • More than 130 IT professionals • Over US\$100 million in hardware inventory
Lifecycle Services	System Maintenance Services	<ul style="list-style-type: none"> • More than 100 service centres worldwide • More than 1300 employees
	Park Place Technologies	<ul style="list-style-type: none"> • 7 offices across the US, the UK and Canada • More than 370 employees
	SSCS Global IT Services	<ul style="list-style-type: none"> • Offices in 5 countries

Source: Company, Companies' websites, DBS Bank

Competitive Strengths

Global presence. The global Hardware Resale market and Independent Maintenance Services market are highly fragmented and comprise mainly family-owned local players who have limited geographical reach. Procurri, in addition to its three regional hubs in Singapore, the UK and the US, has a global network coverage of more than 80 countries. Procurri's customers are able to deal with multiple OEMs, vendors or intermediaries in multiple geographies for different hardware and services through a single contact point. Procurri is also able to secure cross-border contracts from leading IT vendors, global managed service providers and multinational technology firms, edging over its competitors who are mainly local players.

Presence in both Hardware Resale market and Independent Maintenance Services market. Procurri is able to provide substantial cost savings to enterprises and cloud players by providing them multi-vendor hardware and maintenance services.

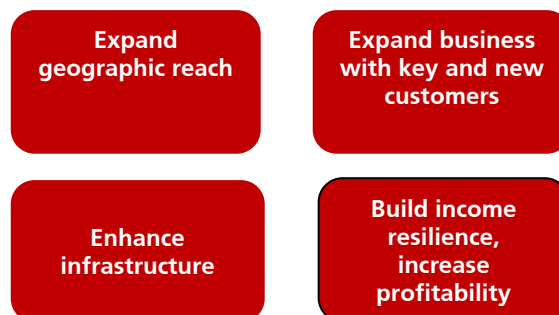
Due to its global sourcing ability, Procurri is able to procure the right hardware and move it across geographies. Some of the key hardware resale competitors, such as IB Remarketing SA and Curvature LLC, do not offer maintenance services, which act as a key differentiator for Procurri. Research firm Frost & Sullivan ranks Procurri as "Champions", i.e. high growth potential and high current ability to execute, in both markets.

Scalable business model. Procurri has expertise across technology, finance and logistics domains which allows it to offer integrated solutions to customers, capturing markets that would have been traditionally served by players who operate in their silo domains. For instance, Procurri is able to assist customers with the refurbishment, storage, delivery, disposal and/or leasing of equipment through a single point of contact. Its customers no longer have to arrange for separate financing or logistics services when buying, leasing or refurbishing IT hardware and equipment. This business model can also be replicated across different geographies, offering Procurri strong potential for growth.

Strong mergers and acquisitions (M&A) and joint venture (JV) execution track record. Procurri has demonstrated ability in identifying appropriate targets and partners with whom it can develop synergistic relationships and execute development and integration. Future plans for global expansions would prove to be lucrative, If Procurri can replicate similar successes as it has in the past in identifying and integrating with partners.

Growth Strategies

Procurri's growth strategies. Procurri has in place a four-pronged strategy to achieve its goal of becoming the global aggregator of enterprise hardware and services to its channels, offering a converged network that combines the technology, finance and logistics domains.



Source: Company, DBS Bank

- (a) **Expand geographic reach and grow business via mergers and acquisitions, joint ventures and partnerships.** Procurri intends to build on its strong M&A execution track record and expand its geographic reach by entering new markets and/or expanding its footprints in the Asia-Pacific, the Americas and Europe, Middle East & Africa (EMEA) through mergers and acquisitions. Procurri also expects to have more joint venture and/or partnership opportunities with non-Asian players who seek to collaborate with Procurri to grow in the Asia-Pacific.

Procurri will look out for acquisition opportunities to grow its Lifecycle Services business in Americas and EMEA where a large majority of revenue is derived mainly from IT Distribution. In a similar fashion, it is targeting to grow its IT Distribution business in Asia-Pacific where a large majority of revenue is derived from Lifecycle Services.

- (b) **Enhance infrastructure to drive business growth.** Procurri intends to acquire and/or lease larger premises in Atlanta, US to establish an operations centre comprising a corporate office, warehouse and engineering facilities. The new operations centre will allow increased flexibility for orders, streamlined processes for increased responsiveness, and better cost savings. Similar centres will be launched in other regions subsequently.

Procurri is currently implementing a single global IT system. Such standardisation on a single platform will allow up-selling and cross-selling across continents, achieving cost rationalisation. Procurri also plans to develop a mobile application and an internet portal which will allow its channels to make purchasing decisions on-the-go, increasing convenience and cementing its strong partnership network, while driving demand for its demand and services.

- (c) **Expand business by pursuing new opportunities with key customers and acquiring new customers.** Procurri plans to build its capabilities in IT distribution in Asia-Pacific through its expertise in IT distribution in Americas and EMEA to expand its product offering to existing customers in Asia-Pacific and acquire new customers in the fast-growing IT distribution market in Asia-Pacific. There are similar plans to cross-sell Lifecycle Services to customers in the Americas and EMEA.

On top of its stronghold IT Distribution and Lifecycle Services, Procurri also intends to grow its ITAD business offering, which is in its infancy. Within each business segment, Procurri also has plans to widen its brand coverage and introduce new premium service level agreements to deepen and widen its reach to customers.

- (d) **Build income resilience and increase profitability.** Procurri intends to grow its Lifecycle Services business which typically enjoys higher margin and recurring revenue streams, to aid in increasing profitability and earnings visibility.

Key Risks

Rapid changes in technology. Hardware Resale business forms a substantial portion of Procurri's revenue. Rapid technological changes, evolving industry standards, new product and service introductions may render Procurri's products and services obsolete, particularly the IT hardware and equipment Procurri had purchased for resale. Procurri's ability to address such disruptions to the market remains key a concern.

Highly competitive landscape. The IT industry is highly competitive. Procurri faces competition from IT hardware and equipment and IT maintenance providers, as well as international and domestic technology consulting firms, captive divisions of large multinational technology firms, infrastructure management services firms, IT firms, software companies and in-house technology departments of large corporations. Increased competition might force Procurri to lower its prices, affecting its financial performance.

Integration of acquired businesses. Procurri has expanded its IT Distribution and Lifecycle Services businesses into the Americas and EMEA through its investments in Procurri LLC and Tinglobal, and the incorporation of Procurri Mexico. The acquisitions in Procurri Malaysia and Procurri Asia Pacific have also allowed Procurri to expand its operational capabilities in the Asia-Pacific, increasing the depth of its offerings. While Procurri intends to further advance its growth by, among others, M&A, JVs and/or strategic partnerships, risks arise from Procurri's ability to effectively integrate and manage the manage, operations, services, products and personnel of acquired businesses. Operational risks may also ensue in connection with the expansion into overseas markets.

Legal risks relating to privacy and data protection. Procurri processes, stores and uses personal information and other data and is subjected to regulations and other legal obligations relating to privacy and data protection. If the security measures of Procurri's designated data centres and networks are compromised, or if Procurri fails to properly destroy assets and erase data in its asset destruction and data erasure/destruction services, legal risks might ensue from misappropriation of customers' proprietary information or customers' information or breach of confidentiality of customer data.

Other risks. Procurri is exposed to liability for issues with its products and services, and generally attempts to limit its contractual liability in the delivery of its products and services. However, these limits may be unenforceable in some cases or insufficient to protect Procurri from liability for damages.

Key Assumptions

FY Dec	2014A	2015A	2016F	2017F	2018F
Organic Rev Growth %	80.0	50.0	14.0	17.0	14.0
Gross Margins %	31.7	33.9	33.9	33.9	33.9

Segmental Breakdown

FY Dec	2013A	2014A	2015A	2016F	2017F	2018F
Revenues (\$m)						
IT distribution	23.2	62.6	99.6	122	174	211
Lifecycle services	5.20	14.3	23.3	30.6	43.5	52.6
Total	28.4	76.9	123	153	218	263
Operating profit (\$m)						
IT distribution	6.61	16.3	27.4	33.7	48.0	58.0
Lifecycle services	2.71	8.10	14.2	18.2	25.8	31.2
Total	9.32	24.4	41.6	51.9	73.8	89.2
Operating profit Margins (%)						
IT distribution	28.5	26.0	27.6	27.5	27.5	27.5
Lifecycle services	52.1	56.7	61.0	59.3	59.3	59.3
Total	32.8	31.7	33.9	33.9	33.9	33.9

Out of S\$30m rise in revenue in FY16, S\$17m rise should come from organic expansion and the rest from the acquisitions

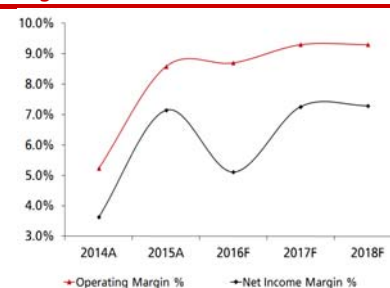
Out of S\$65m rise in revenue in FY17, S\$25m rise from organic expansion and S\$40m rise due to the full year contribution from the companies acquired in 4Q16

Source: Company, DBS Bank

Income Statement (\$m)

FY Dec	2013A	2014A	2015A	2016F	2017F	2018F
Revenue	28.4	76.9	123	153	218	263
Cost of Goods Sold	(19.1)	(52.5)	(81.2)	(101)	(144)	(174)
Gross Profit	9.32	24.4	41.6	51.9	73.8	89.2
Other Opng (Exp)/Inc	(8.0)	(20.3)	(31.1)	(38.6)	(53.6)	(64.7)
Operating Profit	1.35	4.03	10.5	13.3	20.3	24.5
Other Non Opg (Exp)/Inc	0.23	0.97	0.73	0.73	0.73	0.73
Associates & JV Inc	0.0	0.0	0.0	0.0	0.0	0.0
Net Interest (Exp)/Inc	(0.1)	(0.5)	(0.4)	(0.4)	(0.4)	(0.4)
Exceptional Gain/(Loss)	0.19	(0.5)	(0.9)	(3.9)	(0.8)	(0.8)
Pre-tax Profit	1.66	4.01	10.0	9.77	19.8	24.0
Tax	0.30	(0.7)	(1.2)	(2.0)	(4.0)	(4.8)
Minority Interest	0.02	(0.5)	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0	0.0
Net Profit	1.98	2.79	8.77	7.82	15.8	19.2
Net Profit before Except.	1.79	3.26	9.63	11.7	16.6	20.0
EBITDA	2.74	7.24	14.3	18.2	26.4	31.9
Growth						
Revenue Gth (%)	nm	170.8	59.7	24.6	42.2	20.9
EBITDA Gth (%)	nm	164.2	97.8	27.2	45.1	20.8
Opg Profit Gth (%)	nm	199.4	161.6	26.3	52.1	20.9
Net Profit Gth (Pre-ex) (%)	nm	82.5	194.8	21.2	42.3	20.4
Margins & Ratio						
Gross Margins (%)	32.8	31.7	33.9	33.9	33.9	33.9
Opg Profit Margin (%)	4.7	5.2	8.6	8.7	9.3	9.3
Net Profit Margin (%)	7.0	3.6	7.1	5.1	7.3	7.3
ROAE (%)	59.8	15.4	27.5	14.1	19.2	20.1
ROA (%)	23.7	5.6	10.6	7.2	10.5	10.8
ROCE (%)	30.2	9.3	18.2	15.1	15.9	17.1
Div Payout Ratio (%)	0.0	0.0	0.0	25.0	25.0	25.0
Net Interest Cover (x)	12.3	7.9	25.1	31.7	48.2	58.3

Margins Trend



Assumed S\$3m in IPO related expenses in FY16, which is non-recurring in nature. Assumed S\$0.9m in forex losses and inventory write-offs generally

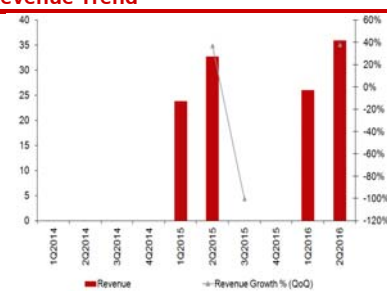
Out of the S\$4.9m rise in net profit in FY17, S\$1.9m rise from organic expansion and S\$3m rise due to full year contribution from the companies acquired in 4Q16

Source: Company, DBS Bank

Quarterly / Interim Income Statement (S\$m)

FY Dec	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016	2Q2016
Revenue	23.8	32.7	N/A	N/A	26.0	35.9
Cost of Goods Sold	(16.7)	(22.9)	N/A	N/A	(18.0)	(23.3)
Gross Profit	7.10	9.75	N/A	N/A	8.06	12.7
Other Oper. (Exp)/Inc	(6.6)	(6.9)	N/A	N/A	(7.5)	(8.0)
Operating Profit	0.50	2.86	N/A	N/A	0.53	4.73
Other Non Opg (Exp)/Inc	0.0	0.0	N/A	N/A	0.0	0.0
Associates & JV Inc	0.0	0.0	N/A	N/A	0.0	0.0
Net Interest (Exp)/Inc	(0.1)	(0.1)	N/A	N/A	(0.2)	(0.2)
Exceptional Gain/(Loss)	(0.1)	(0.2)	N/A	N/A	0.11	(0.6)
Pre-tax Profit	0.26	2.55	N/A	N/A	0.45	4.01
Tax	(0.1)	(0.7)	N/A	N/A	(0.4)	(1.1)
Minority Interest	0.0	0.04	N/A	N/A	0.0	0.0
Net Profit	0.07	1.93	N/A	N/A	0.10	2.92
Net profit bef Except.	0.22	2.13	N/A	N/A	0.0	3.49
EBITDA	1.21	3.73	N/A	N/A	1.59	5.80

Revenue Trend



Seasonally, 1Q is quite weak, 2Q and 3Q are decent quarters while 4Q tends to be the strongest quarter

Growth

Revenue Gth (%)	nm	37.3	N/A	N/A	N/A	38.1
EBITDA Gth (%)	nm	209.2	nm	nm	nm	265.1
Opg Profit Gth (%)	nm	475.3	nm	nm	nm	791.3
Net Profit Gth (Pre-ex)	nm	886.1	nm	nm	nm	nm

Margins

Gross Margins (%)	29.8	29.8	N/A	N/A	31.0	35.3
Opg Profit Margins (%)	2.1	8.7	N/A	N/A	2.0	13.2
Net Profit Margins (%)	0.3	5.9	N/A	N/A	0.4	8.1

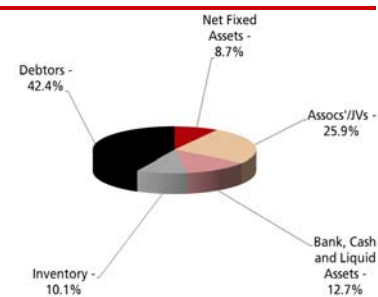
Margin improvement due to more contribution from services business

Source: Company, DBS Bank

Balance Sheet (\$m)

FY Dec	2013A	2014A	2015A	2016F	2017F	2018F
Net Fixed Assets	4.11	7.19	9.02	10.1	9.89	8.41
Invt in Associates & JVs	0.0	0.0	0.0	30.0	38.5	47.0
Other LT Assets	0.64	16.2	18.2	18.0	17.8	17.5
Cash & ST Invt	1.94	6.88	4.93	14.7	10.1	11.2
Inventory	3.26	7.65	11.2	11.7	16.7	20.2
Debtors	5.69	43.4	35.4	49.1	69.8	84.4
Other Current Assets	1.00	2.13	2.63	2.63	2.63	2.63
Total Assets	16.6	83.4	81.4	136	165	191
ST Debt	2.30	13.3	13.9	13.9	13.9	13.9
Creditor	4.64	33.0	25.0	36.1	51.4	62.1
Other Current Liab	0.89	2.59	3.04	4.43	6.42	7.27
LT Debt	0.80	3.29	4.65	4.65	4.65	4.65
Other LT Liabilities	0.07	0.44	0.50	0.50	0.50	0.50
Shareholder's Equity	6.61	29.6	34.2	76.6	88.4	103
Minority Interests	1.33	1.17	0.10	0.10	0.10	0.10
Total Cap. & Liab.	16.6	83.4	81.4	136	165	191
Non-Cash Wkg. Capital	4.42	17.6	21.1	22.9	31.3	37.8
Net Cash/(Debt)	(1.2)	(9.8)	(13.6)	(3.8)	(8.4)	(7.3)
Debtors Turn (avg days)	36.6	116.5	117.0	100.7	99.7	106.9
Creditors Turn (avg days)	47.3	136.6	135.4	115.0	115.3	123.9
Inventory Turn (avg days)	33.2	39.6	43.9	43.1	37.4	40.2
Asset Turnover (x)	3.4	1.5	1.5	1.4	1.4	1.5
Current Ratio (x)	1.5	1.2	1.3	1.4	1.4	1.4
Quick Ratio (x)	1.0	1.0	1.0	1.2	1.1	1.1
Net Debt/Equity (X)	0.1	0.3	0.4	0.0	0.1	0.1
Net Debt/Equity ex MI (X)	0.2	0.3	0.4	0.0	0.1	0.1
Capex to Debt (%)	9.1	17.9	15.5	27.0	27.0	27.0

Source: Company, DBS Bank

Asset Breakdown

Cash Flow Statement (\$m)

FY Dec	2013A	2014A	2015A	2016F	2017F	2018F
Pre-Tax Profit	1.66	4.01	10.0	9.77	19.8	24.0
Dep. & Amort.	1.16	2.24	3.04	4.16	5.44	6.72
Tax Paid	0.0	0.27	(1.6)	(0.6)	(2.0)	(4.0)
Assoc. & JV Inc/(loss)	0.0	0.0	0.0	0.0	0.0	0.0
Chg in Wkg.Cap.	(3.9)	(5.4)	(6.7)	(3.1)	(10.4)	(7.3)
Other Operating CF	(0.1)	1.43	0.18	0.0	0.0	0.0
Net Operating CF	(1.2)	2.57	4.90	10.2	12.8	19.4
Capital Exp.(net)	(0.3)	(3.0)	(2.9)	(5.0)	(5.0)	(5.0)
Other Invt.(net)	0.0	0.0	0.0	0.0	0.0	0.0
Invt in Assoc. & JV	0.66	(12.4)	0.10	(30.0)	(8.5)	(8.5)
Div from Assoc & JV	0.0	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.04	(5.7)	(5.8)	0.0	0.0	0.0
Net Investing CF	0.42	(21.1)	(8.6)	(35.0)	(13.5)	(13.5)
Div Paid	0.0	0.0	0.0	(2.0)	(4.0)	(4.8)
Chg in Gross Debt	(0.9)	8.54	1.11	0.0	0.0	0.0
Capital Issues	1.26	17.2	3.66	36.5	0.0	0.0
Other Financing CF	1.01	(2.2)	(3.1)	0.0	0.0	0.0
Net Financing CF	1.36	23.5	1.67	34.6	(4.0)	(4.8)
Currency Adjustments	0.0	0.0	0.06	0.0	0.0	0.0
Chg in Cash	0.56	4.94	(2.0)	9.79	(4.6)	1.12
Opg CFPS (S cts)	1.36	4.02	5.86	4.77	8.30	9.55
Free CFPS (S cts)	(0.8)	(0.2)	1.03	1.87	2.79	5.15

Source: Company, DBS Bank

Capital Expenditure

We expect acquisitions in 4Q16 using the proceeds from the public listing of the company

Valuation

Initiate with BUY. We initiate Procurri with TP of S\$0.67 pegged at 11.3x FY17F normalised earnings. Our PE multiple of 11.3x is based on 5% premium to the average PE of comparable companies due to its superior growth prospects and the premium can be revised up once Procurri delivers the projected growth.

We have identified listed comparables in the hardware and maintenance space: Avnet Inc, Ingram Micro, and Arrow Electronics, Beijing Trust & Far Technology Co Ltd.

Valuation

Companies	Market Cap (US\$b)	TTM Revenue (US\$b)	FY15 Net Income (US\$m)	Debt-to-Equity Ratio	Forward P/E	P/B	Forward EV to EBITDA	TTM EPS	EPS growth	ROA	ROE
Avnet, Inc	5.1	26.2	632.1	0.5	9.6	1.0	6.6	4.21	-6.2%	5.9%	10.9%
Ingram Micro	5.2	41.3	411.5	0.3	13.3	1.2	6.9	2.64	2.3%	3.0%	7.3%
Arrow Electronics	5.8	23.9	592.3	0.6	9.5	1.3	7.2	6.42	4.6%	5.4%	13.5%
BJTFT	1.0	0.1	12.5	0.6	53.3	10.4	N/A	0.04	42.8%	N/A	19.8%

Source: Reuters (Accessed 13 Sep 2016), DBS Bank

Avnet Inc, Ingram Micro, and Arrow Electronics are involved in the IT distribution business (to be distinguished from Procurri's primary Hardware Resale business) but are quite limited in their maintenance service offerings. Beijing Trust & Far Technology Co Ltd, a comparable in the Independent Maintenance business, is also being considered. As the company is listed on Shenzhen Stock Exchange and has considerably high multiples compared to the other comparables, we have excluded it from the computation of comparables' multiples.

Comparables' Company Background

Comparables	Company Background
Avnet, Inc (NYSE)	Distributes computer products and semiconductors, as well as interconnect, passive, and electromechanical components. The company markets and distributes these products and provides supply-chain integration, engineering design, and technical services. Avnet serves customers in countries around the world.
Ingram Micro (NYSE)	A wholesale distributor of IT products and services. The company also markets computer hardware, networking equipment, and software products. Ingram Micro provides supply chain optimisation services to suppliers and reseller customers.

Source: Bloomberg Finance L.P., DBS Bank

Comparables	Company Background
Arrow Electronics (NYSE)	Distributes electronic components and computer products to industrial and commercial customers. The company distributes a variety of products including computer systems, peripherals, software, and mass storage products to original equipment manufacturers and commercial customers worldwide.
Beijing Trust & Far Technology Co Ltd ("BJTFT") (SZSE)	Provides IT operational and maintenance services. The company's main products include IT infrastructure services, development and sales of IT infrastructure management software, and integration systems and services.

Source: Bloomberg Finance L.P., DBS Bank

- **Procurri has superior margins over its comparables due to its integrated business model with both hardware resale and independent maintenance services business.** There are distinctions between the comparables' IT Distribution business and that of Procurri's business offerings. Procurri's Hardware Resale and Lifecycle Services commanded gross margins of 28% and 61% respectively in FY2015. This compares to the comparables' lower gross margins as they are mainly wholesale distributors which do not have a large Lifecycle Services business segment. Comparatively, BJTFT has higher net margins than Procurri as it is mainly a service company.

Comparison of Comparables' Historical Margins

Comparables	Gross Margin - 3Y Average (%)	Operating Margin - 3Y Average (%)	Net Margin - 3Y Average (%)
Avnet, Inc	11.6	3.4	2.2
Ingram Micro	6.0	1.5	0.9
Arrow Electronics	13.1	4.0	2.5
BJTFT	31.1	13.8	12.2
Procurri	32.8	6.2	5.9

Source: Reuters (Accessed 13 Sep 2016), DBS Bank

- Procurri's historical and expected growth rates compares favourably over its comparables. This is attributable to Procurri's niche business segments which, according to Frost & Sullivan, will see high growth rates outpacing the industry's in the next five years. Procurri's ROE also far exceeds the comparables'.

Comparison of Comparables' Net Income and EBITDA Growth

Comparables	5Y Historical Net Income Growth (%)	CAGR EBITDA Growth (%)	CAGR FY15-17 Net Income Growth (%)	CAGR FY15-17 EBITDA Growth (%)
Avnet, Inc	-3.4	-1.3	37	-24
Ingram Micro	5.8	7.7	3	5
Arrow Electronics	3.7	4.0	5	6
BJTFT	N/A	N/A	47	N/A
Procurri*	22.5	132.8	27.2	36.0

*Last 3 years

Source: Reuters (Accessed 13 Sep 2016), DBS Bank

Appendices – Details of Past Acquisitions

Name of Company	Country of Incorporation	Date of Acquisition	Acquired Stake	Amount Paid	Impact on Revenue (Year)
Procurri LLC	Georgia, US	Jan-14	Remaining 49.9% stake	Consideration of S\$1.3 million: Allotment and issue of 4,990 shares by Procurri, at an issue price of S\$251 per share	
Procurri Singapore	Singapore	Apr-14	100%	Consideration of S\$6.4 million: Allotment and issuance of 11,790 ordinary shares of Procurri at an issue price of approx S\$544.53 per share	
Procurri Malaysia Sdn Bhd	Malaysia	Jun-14	100%	Consideration of S\$3.5 million: Allotment and issue of 7.3 million ordinary shares of immediate holdco (DeClout) at an issue price of \$0.2055 per share Allotment and issue of 1,890 ordinary shares of Procurri at an issue price of \$1,079.31 per share	S\$2.7 million increase (FY2014) S\$1.7 million increase (FY2015) due to additional 5 months contribution
Procurri Asia Pacific Pte Ltd	Singapore	Jan-15	51% stake	Consideration of \$2.7 million: Allotment and issue of 12 million shares of immediate holdco (DeClout) at an issue price of \$0.225 per share	S\$4.6 million increase (FY2015)
		Feb-16	Remaining 49% stake	Consideration of S\$7 million: Allotment and issue of 34.113060 million fully paid ordinary shares in capital of DeClout, at an issue price of S\$0.2052 per share (part of "DeClout Loan")	
Tinglobal Holdings Limited	UK	May-14	51% stake	Cash consideration of GBP 6.1 million (approx S\$12.9 million)	S\$23.2 million increase (FY2014)
		Sep-15	Remaining 49% stake	Consideration of S\$9.4 million: a) cash payment of GBP 3.41 million (approx S\$7.3315 million) b) cash payment of S\$0.5 million (part of "DeClout Loan") c) Allotment and issue of 600 new shares by Procurri, at an issue price of S\$2,539 per share	S\$12.5 million increase (FY2015) due to additional 4 months contribution

Source: Company, DBS Bank

DBS Bank recommendations are based on an Absolute Total Return* Rating system, defined as follows:

STRONG BUY (>20% total return over the next 3 months, with identifiable share price catalysts within this time frame)

BUY (>15% total return over the next 12 months for small caps, >10% for large caps)

HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)

FULLY VALUED (negative total return i.e. > -10% over the next 12 months)

SELL (negative total return of > -20% over the next 3 months, with identifiable catalysts within this time frame)

Share price appreciation + dividends

Completed Date: 16 Sep 2016 16:19:24

Dissemination Date: 16 Sep 2016 17:51:43

GENERAL DISCLOSURE/DISCLAIMER

This report is prepared by DBS Bank Ltd. This report is solely intended for the clients of DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBS Bank Ltd.

The research set out in this report is based on information obtained from sources believed to be reliable, but we (which collectively refers to DBS Bank Ltd, its respective connected and associated corporations, affiliates and their respective directors, officers, employees and agents (collectively, the "DBS Group")) do not make any representation or warranty as to its accuracy, completeness or correctness. Opinions expressed are subject to change without notice. This document is prepared for general circulation. Any recommendation contained in this document does not have regard to the specific investment objectives, financial situation and the particular needs of any specific addressee. This document is for the information of addressees only and is not to be taken in substitution for the exercise of judgement by addressees, who should obtain separate independent legal or financial advice. The DBS Group accepts no liability whatsoever for any direct, indirect and/or consequential loss (including any claims for loss of profit) arising from any use of and/or reliance upon this document and/or further communication given in relation to this document. This document is not to be construed as an offer or a solicitation of an offer to buy or sell any securities. The DBS Group, along with its affiliates and/or persons associated with any of them may from time to time have interests in the securities mentioned in this document. The DBS Group may have positions in, and may effect transactions in securities mentioned herein and may also perform or seek to perform broking, investment banking and other banking services for these companies.

Any valuations, opinions, estimates, forecasts, ratings or risk assessments herein constitutes a judgment as of the date of this report, and there can be no assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments. The information in this document is subject to change without notice, its accuracy is not guaranteed, it may be incomplete or condensed and it may not contain all material information concerning the company (or companies) referred to in this report and the DBS Group is under no obligation to update the information in this report.

This publication has not been reviewed or authorized by any regulatory authority in Singapore, Hong Kong or elsewhere. There is no planned schedule or frequency for updating research publication relating to any issuer.

The valuations, opinions, estimates, forecasts, ratings or risk assessments described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. It can be expected that one or more of the estimates on which the valuations, opinions, estimates, forecasts, ratings or risk assessments were based will not materialize or will vary significantly from actual results. Therefore, the inclusion of the valuations, opinions, estimates, forecasts, ratings or risk assessments described herein IS NOT TO BE RELIED UPON as a representation and/or warranty by the DBS Group (and/or any persons associated with the aforesaid entities), that:

- (a) such valuations, opinions, estimates, forecasts, ratings or risk assessments or their underlying assumptions will be achieved, and
- (b) there is any assurance that future results or events will be consistent with any such valuations, opinions, estimates, forecasts, ratings or risk assessments stated therein.

Please contact the primary analyst for valuation methodologies and assumptions associated with the covered companies or price targets.

Any assumptions made in this report that refers to commodities, are for the purposes of making forecasts for the company (or companies) mentioned herein. They are not to be construed as recommendations to trade in the physical commodity or in the futures contract relating to the commodity referred to in this report.

DBS Vickers Securities (USA) Inc ("DBSVUSA"), a U.S.-registered broker-dealer, does not have its own investment banking or research department, has not participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months and does not engage in market-making.

ANALYST CERTIFICATION

The research analyst(s) primarily responsible for the content of this research report, in part or in whole, certifies that the views about the companies and their securities expressed in this report accurately reflect his/her personal views. The analyst(s) also certifies that no part of his/her compensation was, is, or will be, directly, or indirectly, related to specific recommendations or views expressed in the report. The DBS Group has procedures in place to eliminate, avoid and manage any potential conflicts of interests that may arise in connection with the production of research reports. As of 16 Sep 2016, the analyst(s) and his/her spouse and/or relatives who are financially dependent on the analyst(s), do not hold interests in the securities recommended in this report ("interest" includes direct or indirect ownership of securities). The research analyst(s) responsible for this report operates as part of a separate and independent team to the investment banking function of the DBS Group and procedures are in place to ensure that confidential information held by either the research or investment banking function is handled appropriately.


COMPANY-SPECIFIC / REGULATORY DISCLOSURES

1. DBS Bank Ltd, DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), their subsidiaries and/or other affiliates do not have a proprietary position in the securities recommended in this report as of 31 Aug 2016.
2. DBS Bank Ltd does not market make in equity securities of the issuer(s) or company(ies) mentioned in this Research Report.

Compensation for investment banking services:

3. DBS Bank Ltd, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have received compensation, within the past 12 months for investment banking services from Procurri Corporation as of 31 Aug 2016.
4. DBS Bank Ltd, DBSVS, their subsidiaries and/or other affiliates of DBSVUSA have managed or co-managed a public offering of securities for Procurri Corporation in the past 12 months, as of 31 Aug 2016.
5. DBSVUSA does not have its own investment banking or research department, nor has it participated in any public offering of securities as a manager or co-manager or in any other investment banking transaction in the past twelve months. Any US persons wishing to obtain further information, including any clarification on disclosures in this disclaimer, or to effect a transaction in any security discussed in this document should contact DBSVUSA exclusively.

RESTRICTIONS ON DISTRIBUTION

General	This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation.
Australia	This report is being distributed in Australia by DBS Bank Ltd. ("DBS") or DBS Vickers Securities (Singapore) Pte Ltd ("DBSVS"), both of which are exempted from the requirement to hold an Australian Financial Services Licence under the Corporation Act 2001 ("CA") in respect of financial services provided to the recipients. Both DBS and DBSVS are regulated by the Monetary Authority of Singapore under the laws of Singapore, which differ from Australian laws. Distribution of this report is intended only for "wholesale investors" within the meaning of the CA.
Hong Kong	This report is being distributed in Hong Kong by or on behalf of, and is attributable to DBS Vickers (Hong Kong) Limited which is licensed and regulated by the Hong Kong Securities and Futures Commission and/or by DBS Bank (Hong Kong) Limited which is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission. Where this publication relates to a research report, unless otherwise stated in the research report(s), DBS Bank (Hong Kong) Limited is not the issuer of the research report(s). This publication including any research report(s) is/are distributed on the express understanding that, whilst the information contained within is believed to be reliable, the information has not been independently verified by DBS Bank (Hong Kong) Limited. This report is intended for distribution in Hong Kong only to professional investors (as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) and any rules promulgated thereunder.) For any query regarding the materials herein, please contact Paul Yong (CE. No. ASE988) at equityresearch@dbs.com.
Indonesia	This report is being distributed in Indonesia by PT DBS Vickers Securities Indonesia.
Malaysia	This report is distributed in Malaysia by AllianceDBS Research Sdn Bhd ("ADBSR"). Recipients of this report, received from ADBSR are to contact the undersigned at 603-2604 3333 in respect of any matters arising from or in connection with this report. In addition to the General Disclosure/Disclaimer found at the preceding page, recipients of this report are advised that ADBSR (the preparer of this report), its holding company Alliance Investment Bank Berhad, their respective connected and associated corporations, affiliates, their directors, officers, employees, agents and parties related or associated with any of them may have positions in, and may effect transactions in the securities mentioned herein and may also perform or seek to perform broking, investment banking/corporate advisory and other services for the subject companies. They may also have received compensation and/or seek to obtain compensation for broking, investment banking/corporate advisory and other services from the subject companies.  Wong Ming Tek, Executive Director, ADBSR

Singapore	This report is distributed in Singapore by DBS Bank Ltd (Company Regn. No. 196800306E) or DBSVS (Company Regn No. 198600294G), both of which are Exempt Financial Advisers as defined in the Financial Advisers Act and regulated by the Monetary Authority of Singapore. DBS Bank Ltd and/or DBSVS, may distribute reports produced by its respective foreign entities, affiliates or other foreign research houses pursuant to an arrangement under Regulation 32C of the Financial Advisers Regulations. Where the report is distributed in Singapore to a person who is not an Accredited Investor, Expert Investor or an Institutional Investor, DBS Bank Ltd accepts legal responsibility for the contents of the report to such persons only to the extent required by law. Singapore recipients should contact DBS Bank Ltd at 6327 2288 for matters arising from, or in connection with the report.
Thailand	This report is being distributed in Thailand by DBS Vickers Securities (Thailand) Co Ltd. Research reports distributed are only intended for institutional clients only and no other person may act upon it.
United Kingdom	<p>This report is produced by DBS Bank Ltd which is regulated by the Monetary Authority of Singapore.</p> <p>This report is disseminated in the United Kingdom by DBS Vickers Securities (UK) Ltd, ("DBSVUK"). DBSVUK is authorised and regulated by the Financial Conduct Authority in the United Kingdom.</p> <p>In respect of the United Kingdom, this report is solely intended for the clients of DBSVUK, its respective connected and associated corporations and affiliates only and no part of this document may be (i) copied, photocopied or duplicated in any form or by any means or (ii) redistributed without the prior written consent of DBSVUK. This communication is directed at persons having professional experience in matters relating to investments. Any investment activity following from this communication will only be engaged in with such persons. Persons who do not have professional experience in matters relating to investments should not rely on this communication.</p>
Dubai	This research report is being distributed in The Dubai International Financial Centre ("DIFC") by DBS Bank Ltd., (DIFC Branch) having its office at PO Box 506538, 3 rd Floor, Building 3, East Wing, Gate Precinct, Dubai International Financial Centre (DIFC), Dubai, United Arab Emirates. DBS Bank Ltd., (DIFC Branch) is regulated by The Dubai Financial Services Authority. This research report is intended only for professional clients (as defined in the DFSA rulebook) and no other person may act upon it.
United States	This report was prepared by DBS Bank Ltd. DBSVUSA did not participate in its preparation. The research analyst(s) named on this report are not registered as research analysts with FINRA and are not associated persons of DBSVUSA. The research analyst(s) are not subject to FINRA Rule 2241 restrictions on analyst compensation, communications with a subject company, public appearances and trading securities held by a research analyst. This report is being distributed in the United States by DBSVUSA, which accepts responsibility for its contents. This report may only be distributed to Major U.S. Institutional Investors (as defined in SEC Rule 15a-6) and to such other institutional investors and qualified persons as DBSVUSA may authorize. Any U.S. person receiving this report who wishes to effect transactions in any securities referred to herein should contact DBSVUSA directly and not its affiliate.
Other jurisdictions	In any other jurisdictions, except if otherwise restricted by laws or regulations, this report is intended only for qualified, professional, institutional or sophisticated investors as defined in the laws and regulations of such jurisdictions.

DBS Bank Ltd

12 Marina Boulevard, Marina Bay Financial Centre Tower 3

Singapore 018982

Tel. 65-6878 8888

e-mail: equityresearch@dbs.com

Company Regn. No. 196800306E