

# Procurri Corporation Limited 1H2017 Results

13 August 2017

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Please refer to Procurri Corporation Limited’s Financial Results for the Second Quarter and First Half Ended 30 June 2017 available at [www.sgx.com](http://www.sgx.com).

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## 01 Financials



## 02 Outlook



## 03 Strategy

# 1H2017 FINANCIAL HIGHLIGHTS



Revenue up **32.2%** yoy to **S\$81.9m** as both business segments grew



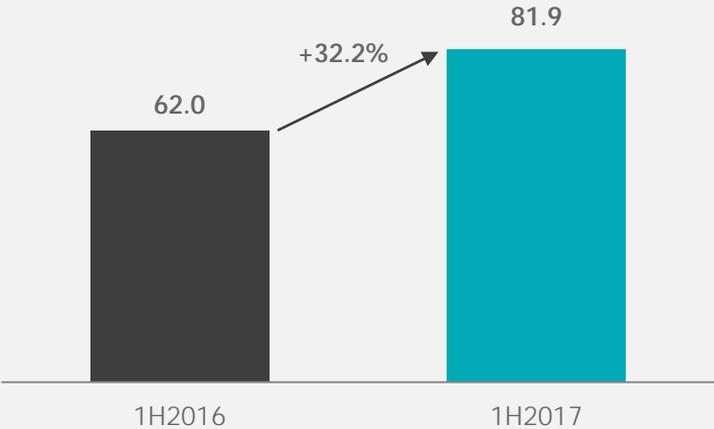
Orderbook strengthened to **S\$20.2m** as at 30 June 2017



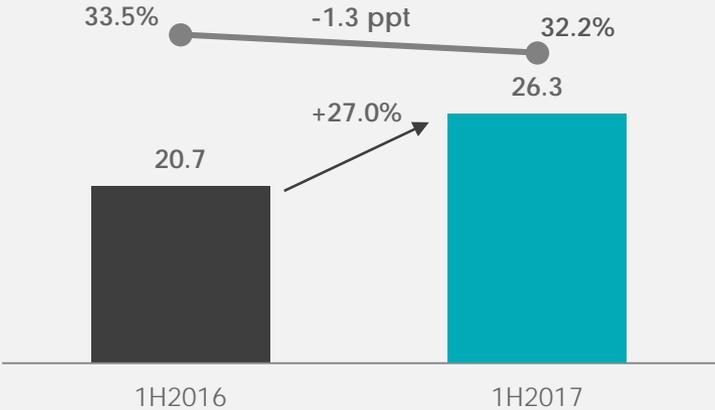
Transition to a **recurring revenue model** for better earnings visibility

# 1H2017 Key Financials

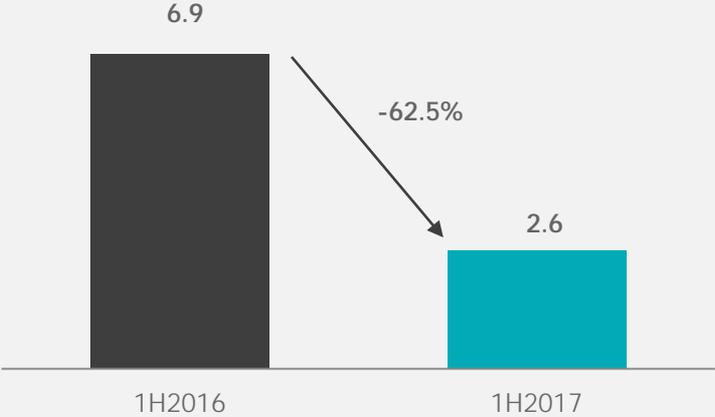
Revenue (\$m)



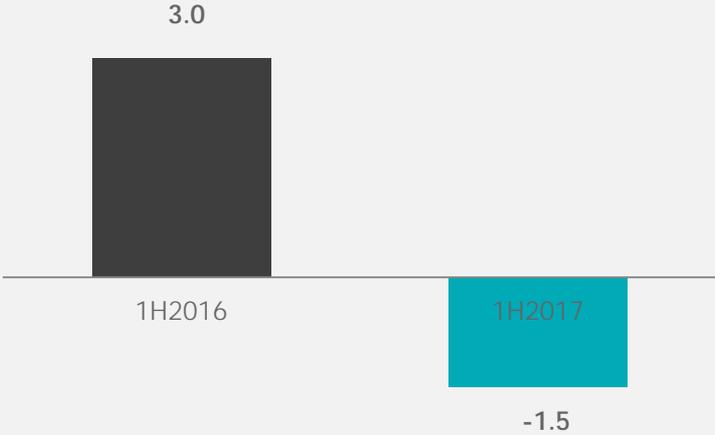
Gross Profit (\$m) and Gross Profit Margin (%)



EBITDA (\$m)

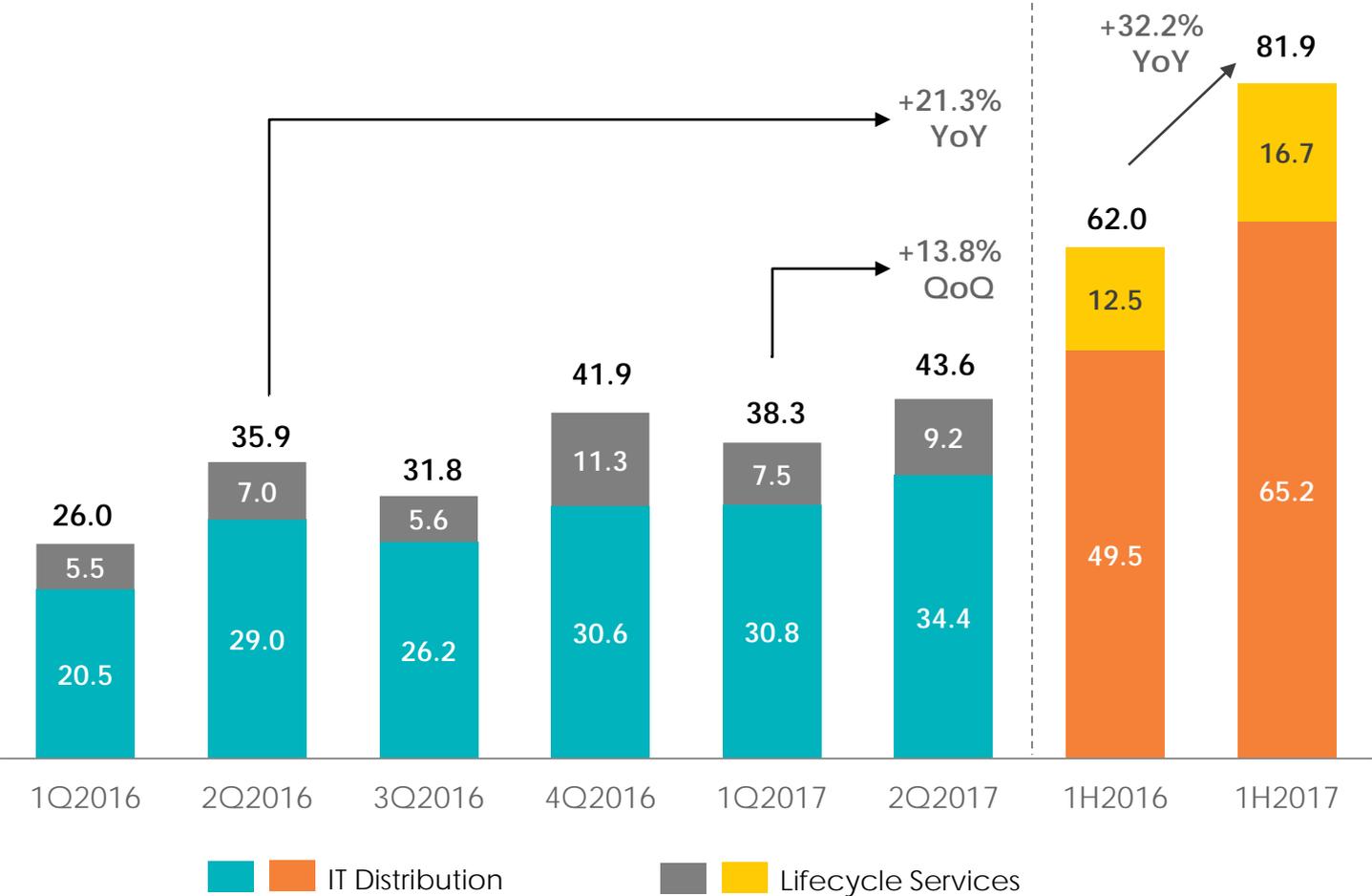


Net Profit (\$m)



# Revenue Overview

## Revenue (\$m)

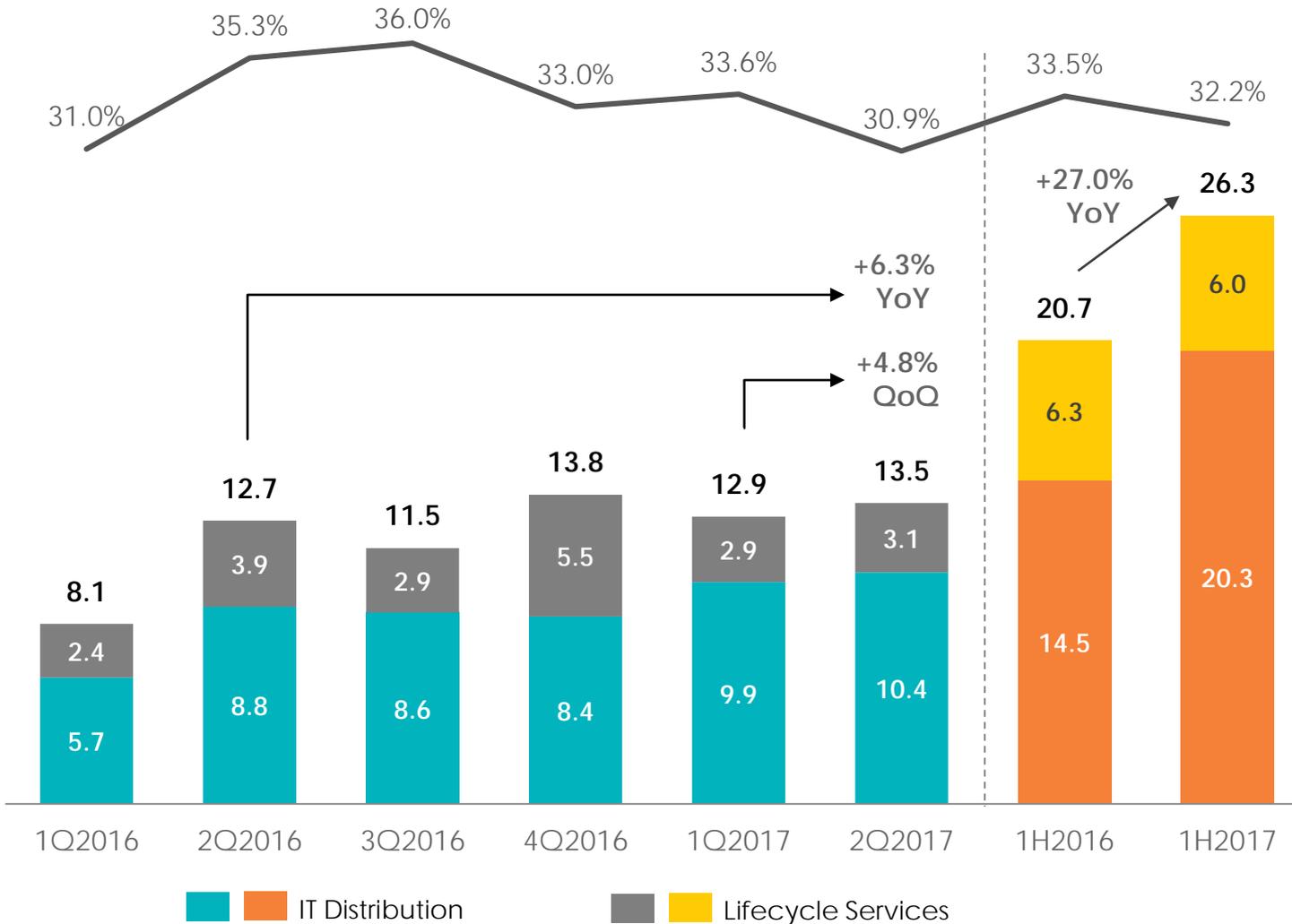


**Lifecycle Services**  
 +34.2% YoY (1H17),  
 mainly from inclusion of  
 EAF and Rockland  
 Congruity, and better  
 performance from EMEA  
 operations

**IT Distribution**  
 +31.2% YoY (1H17),  
 mainly from EAF and  
 Rockland Congruity

# Gross Profit Overview

## Gross Profit (\$m) & Gross Profit Margin (%)

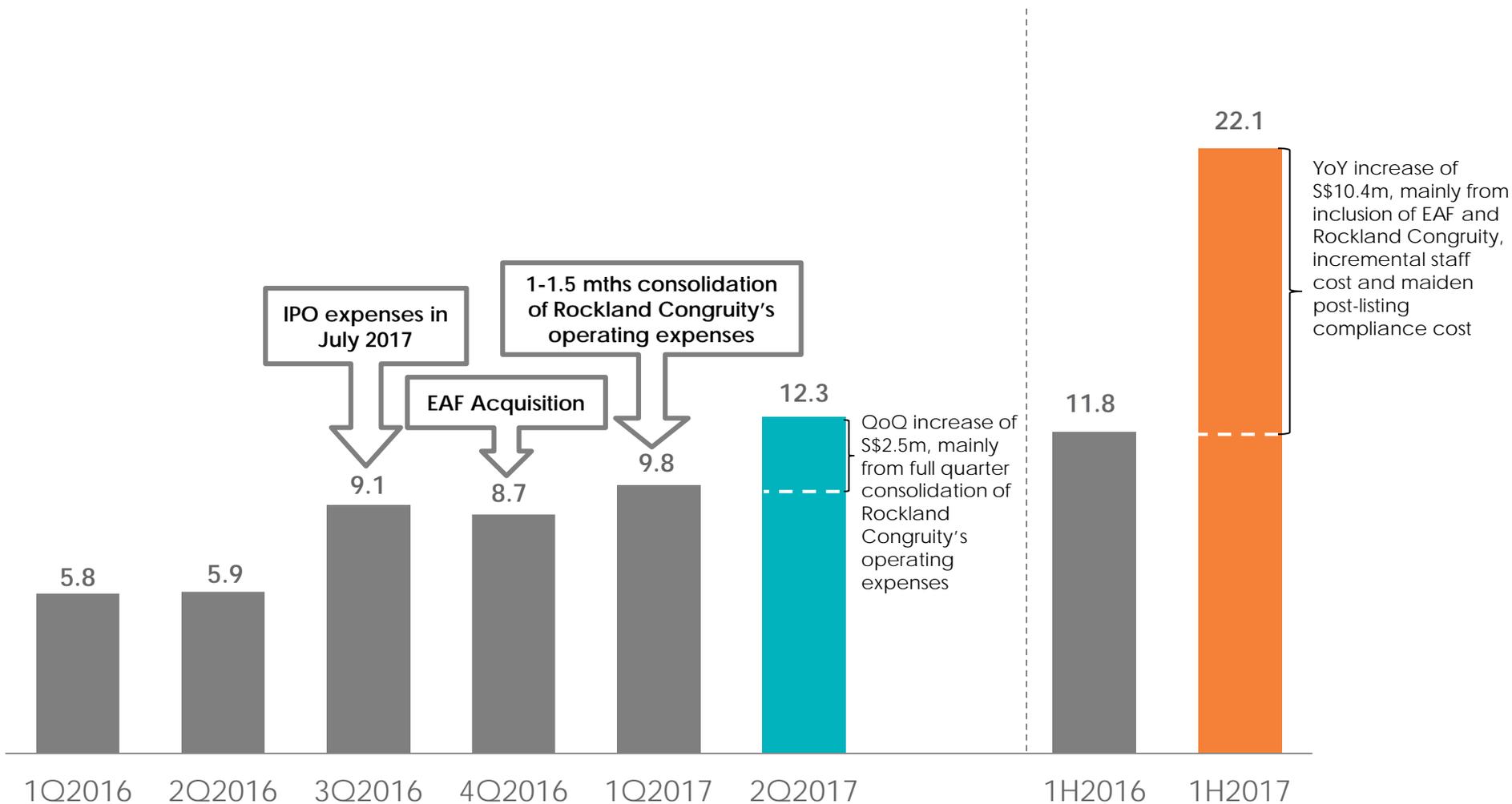


**Lifecycle Services**  
 -3.5% YoY (1H17), mainly due to the straight-lining revenue recognition of in-house maintenance contracts, as well as higher depreciation charges from procured parts to support in-house maintenance

**IT Distribution**  
 +40.2% YoY (1H17), mainly from higher margins in the Americas and EMEA operations

# Administrative Expenses Overview

## Administrative Expenses (\$m)



# 1H2017 Balance Sheet Highlights

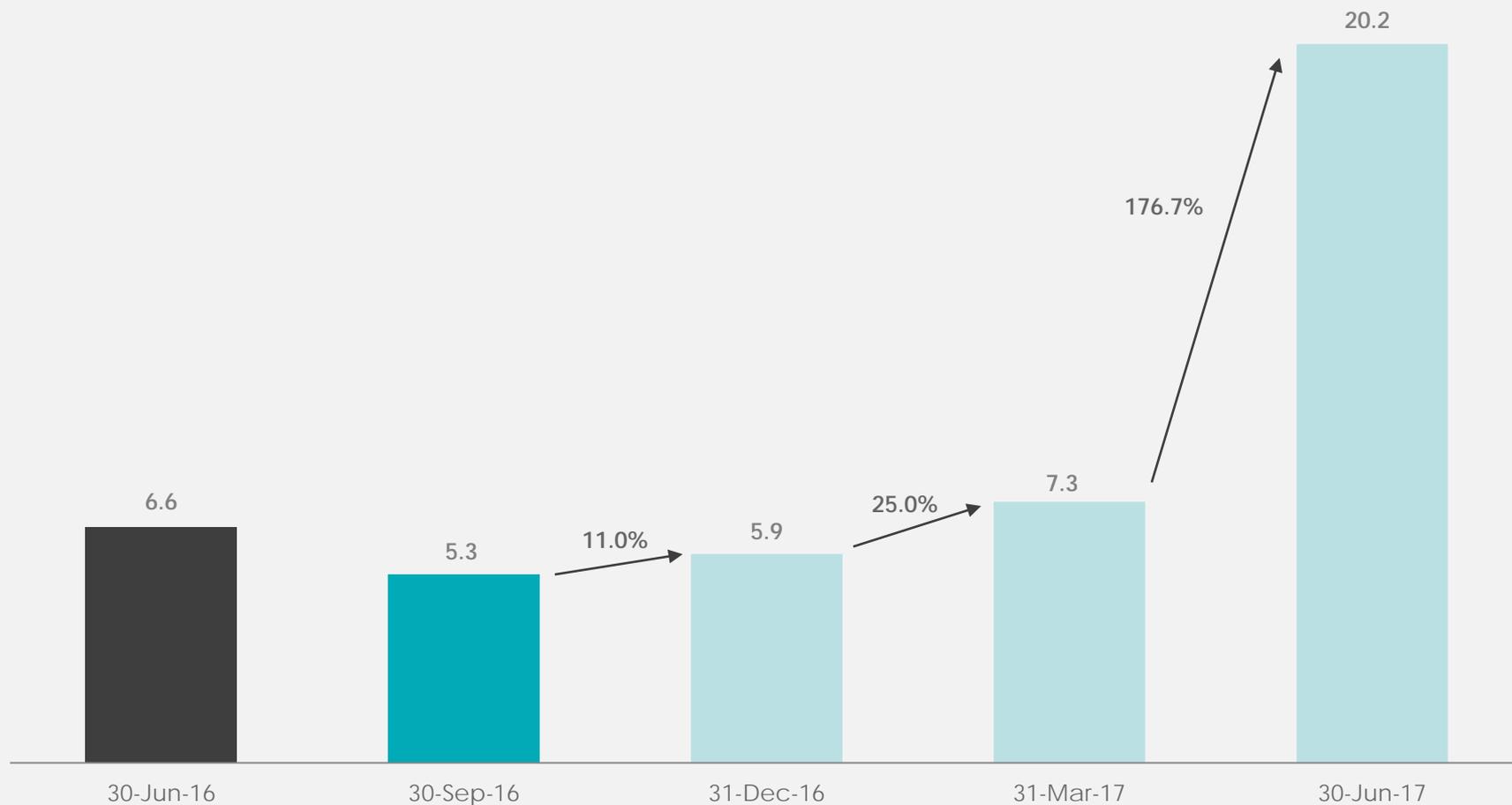
S\$'000	As at 30 Jun 2017
<b>Current Assets</b>	<b>92,386</b>
Inventories	18,798
Trade and other receivables	51,826
Cash and bank balances	15,861
Other Current Assets	5,901
<b>Non-current Assets</b>	<b>43,794</b>
Intangible Assets	14,033
Plant and equipment	27,529
Other Non-current Assets	2,232
<b>Current Liabilities</b>	<b>59,171</b>
Trade and other payables	22,833
Loans and borrowings	18,174
Advance billings	16,756
Other Current Liabilities	1,408
<b>Non-current Liabilities</b>	<b>12,498</b>
<b>Shareholders' Equity</b>	<b>64,511</b>
<b>Total Equity and Liabilities</b>	<b>136,180</b>

Key Ratios	30 Jun 2017
Debt-to-equity ratio	0.19
Current ratio	1.56
NTA per share (cents)*	18.03
NAV per share (cents)*	23.04

\*Based on 280 million number of shares in issue

# BUILDING A STRONG ORDERBOOK

\$m – Deferred services revenue



# TRANSITION TO “STRATEGY COMPLETE”

## SHORT-TERM IMPACT

### Changes to revenue recognition...

- Shift to straight-line revenue recognition, where deferred revenue from maintenance contracts are recognised over contract durations in the Americas
  - For example, a S\$12m contract committed to a 12-month duration equates to a S\$1m revenue recognition each month
- In line with transformation to an in-house service provider instead of outsourcing services
- Leads to build-up of orderbook size, which stood at S\$20.2 million as at 30 June 2017

### ...while strategic investments continue

- Increased emphasis to grow recurring revenue comes at a short-term financial cost for a long-term gain
- Strategic investments, such as procurement of parts and talent acquisition, are booked immediately

## LONG-TERM BENEFITS

### Smoother performance expected in FY2018

- Planned transition as part of “Strategy Complete” to enhance earnings visibility
  - Achieve higher recurring income from Lifecycle Services to lock in a more predictable earnings stream
- Financial impact during transition should smoothen out next year
- Benefits from economies of scale and cross-selling strategies will kick in in the long run



## 01 Financials



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# Gartner on Third-Party Maintenance and IT Asset Disposition

## Third-Party Maintenance (TPM) Trends <sup>(1)</sup>



### Consolidation of TPM providers continues

- actively acquiring complimentary skills, capabilities and access to new geographies, channels or customers.



### Cross-pollination between TPM & secondary hardware sales

- Third-party data center maintenance, third-party network maintenance and secondary hardware markets are coming together
- Providers want to offer support across servers, storage and network

## IT Asset Disposition (ITAD) Trends <sup>(2)</sup>



### Digitisation trend: Rise of mobile devices & Internet of Things (IoT)

- Rapid growth of mobile devices and the explosion in the volume and variety of connected Internet of Things (IoT) devices are forcing a re-evaluation of traditional ITAD processes by both users and vendors



### ITAD service providers important link in overall lifecycle management

- The number and complexity of legislative mandates for the secure and environmentally friendly disposal of IT equipment

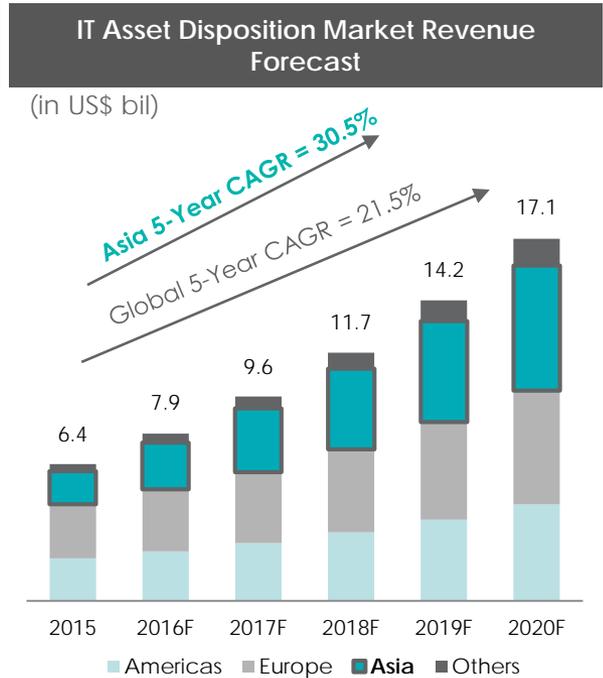
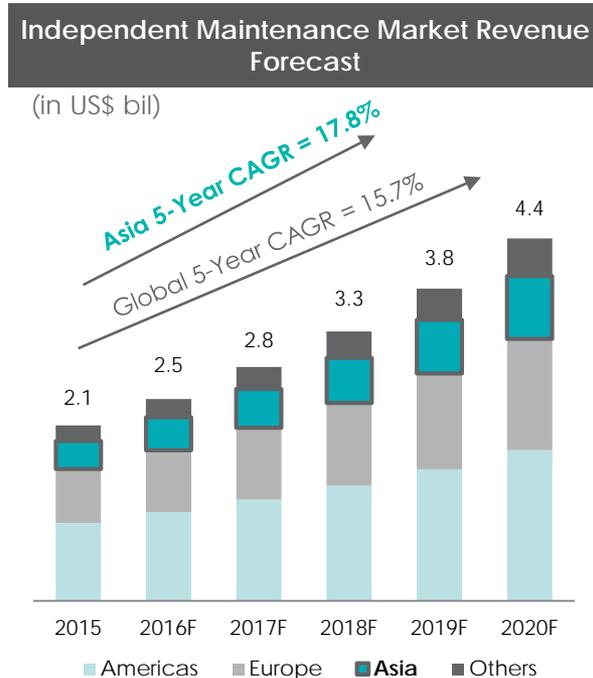
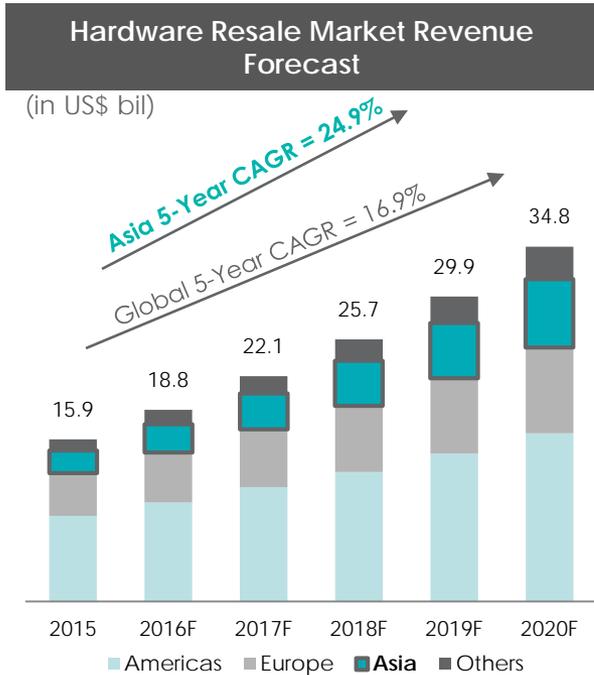
(1) "Competitive Landscape: Partnering with Third-Party Maintenance Providers for Data Center and Network Maintenance Cost Optimization", Christine Tenneson, 7 July 2017, Gartner

(2) "Market Guide for IT Asset Disposition", Rob Schafer, Christopher Dixon, 22 November 2016, Gartner

# Growth Prospects – Riding on Promising Industry Trends

**Global Data Centre Hardware Market**  
5-Year CAGR = 11.7% (US\$293 billion in 2020)

**Global IT Maintenance Market**  
5-Year CAGR = 9.6% (US\$42 billion in 2020)



**Key Drivers**

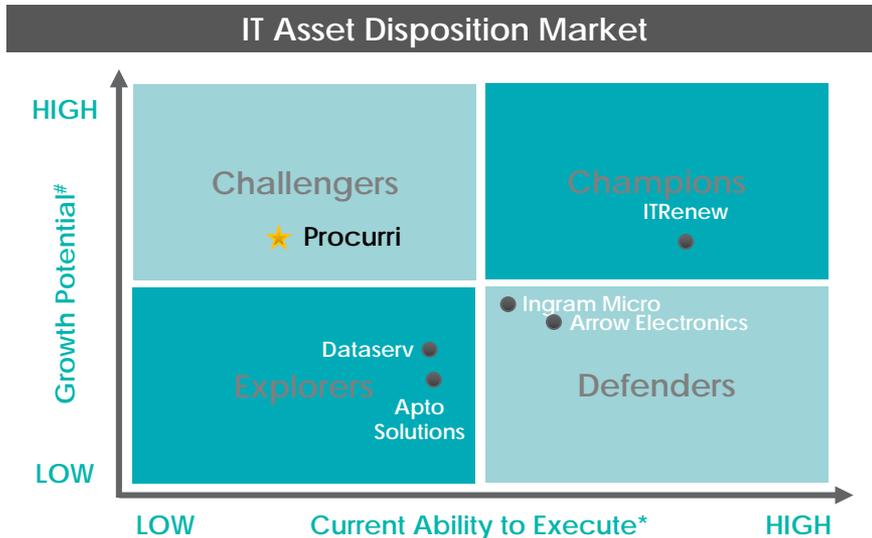
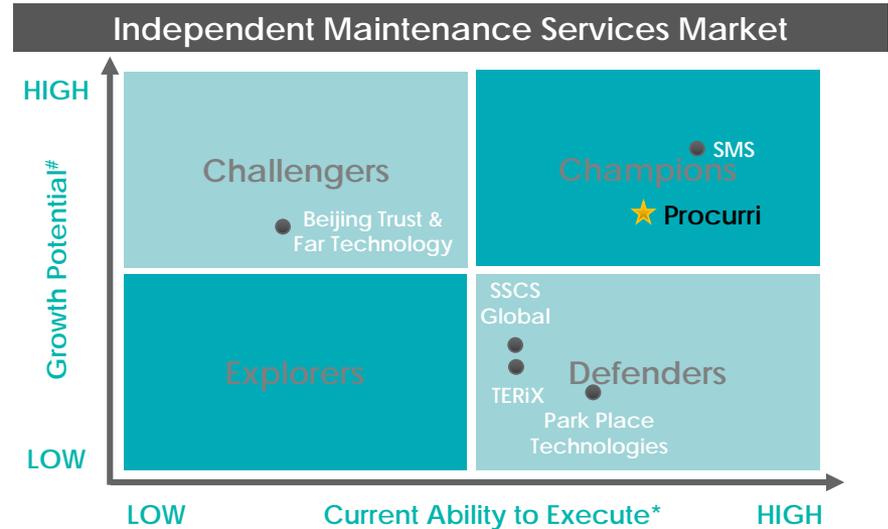
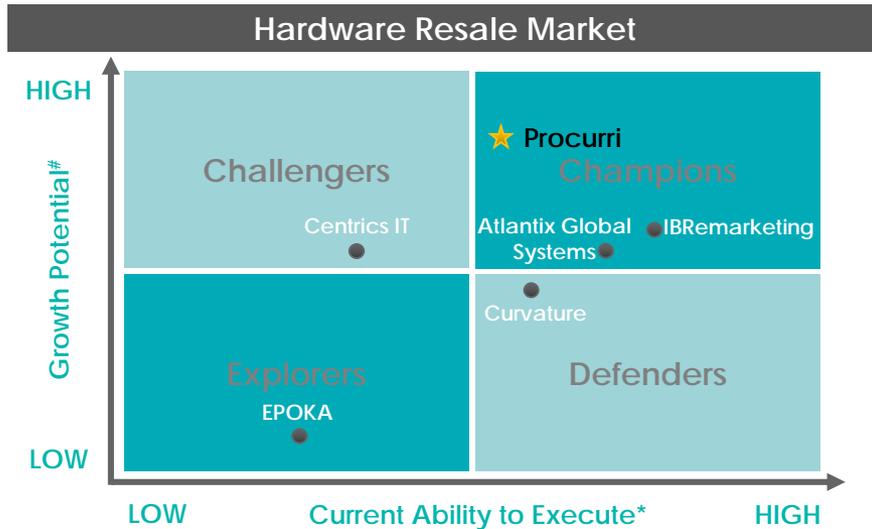
**GROWTH OF CLOUD, E-COMMERCE & BIG DATA**

**CAPEX TO OPEX**

**PAY AS YOU USE, BRAND AGNOSTIC**

Source: Independent Market Research on the Hardware Resale and Independent IT Maintenance Market by Frost & Sullivan, 15 June 2016, as published in Procurri Corporation Limited' IPO Prospectus Appendix I

# Prominence Across Our Businesses



\*Current Ability to Execute includes geographical presence and breadth of product/service  
 #Growth Potential includes presence in high growth countries and synergy across value chain



01 Financials



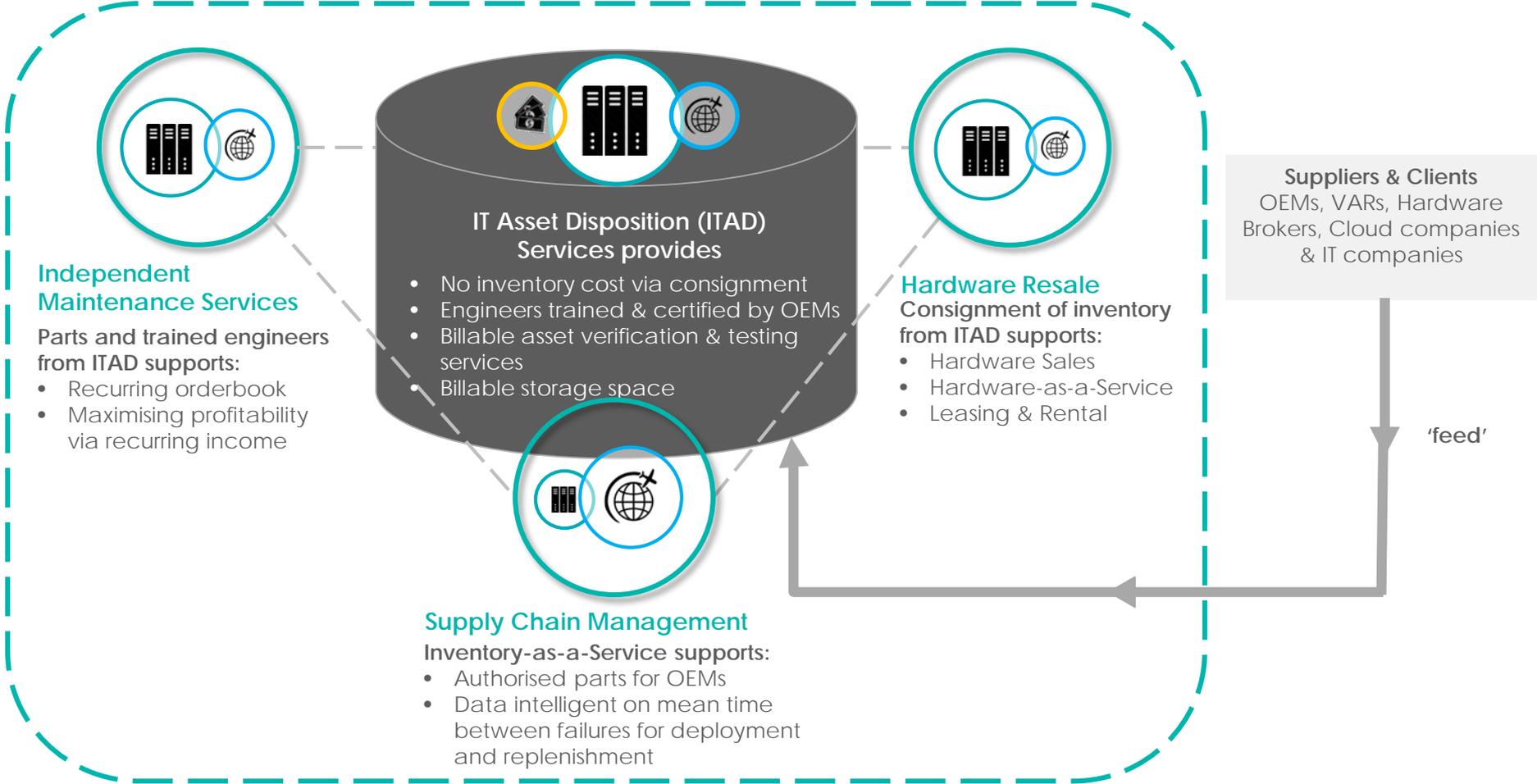
02 Outlook



03 Strategy

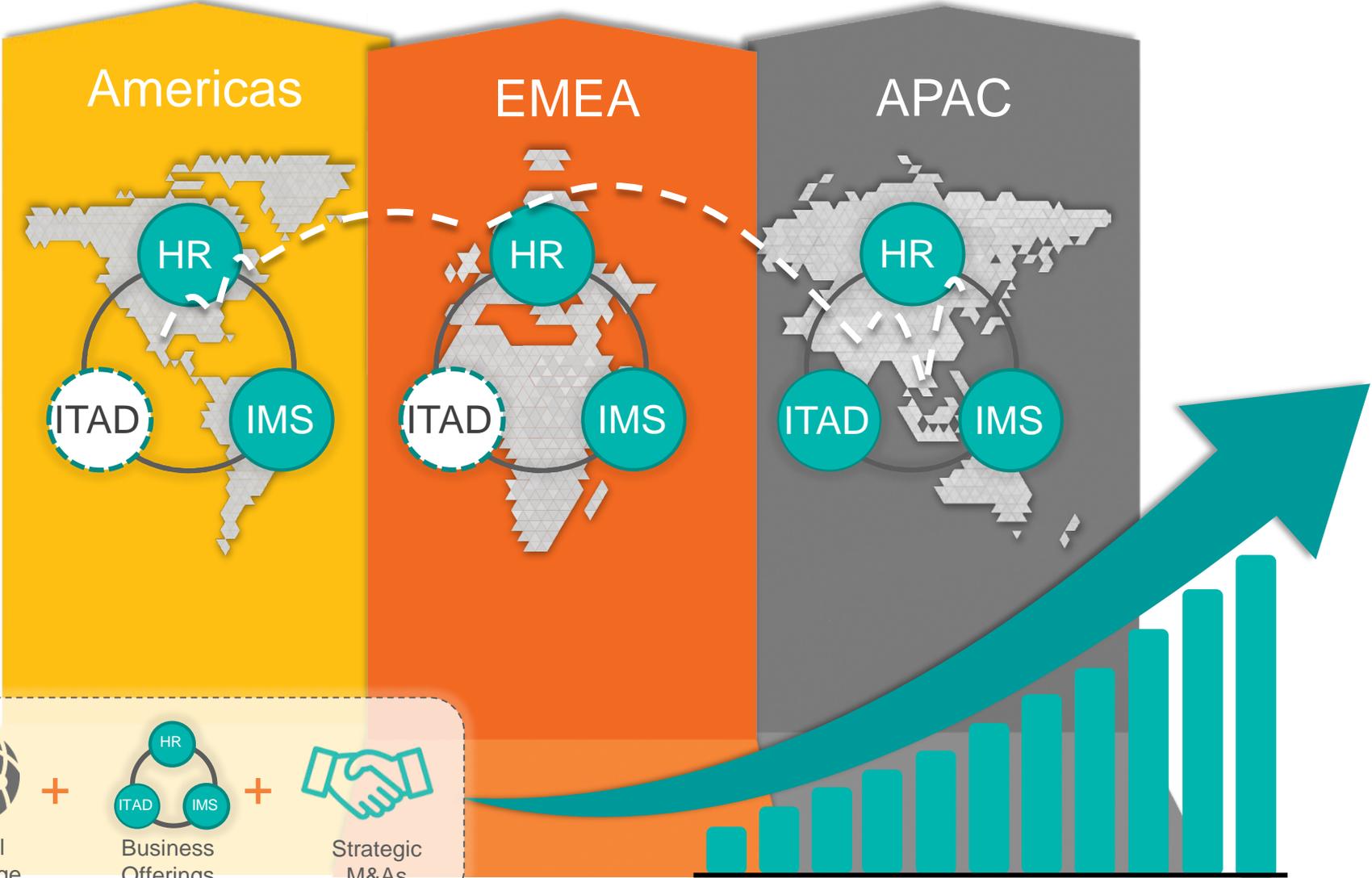
# Harnessing our Synergistic Eco-System

Repeatable and scalable  
across brands, products and regions



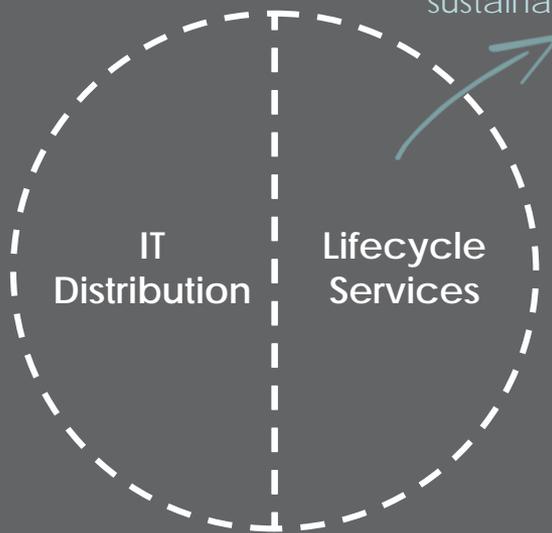
Note:  
OEMs refer to Original Equipment Manufacturers  
VARs refer to Value-Added Resellers

# Strategic Drivers of Core Earnings



# "STRATEGY COMPLETE"

Ramp up to strengthen margins and secure recurring income streams to support sustainable growth



TARGET REVENUE  
BREAKDOWN



## M&As

Selective acquisitions to complete our winning strategy



## Organic Growth

Harness economies of scale and cross-selling opportunities



## Predictable Earnings

Ramp up Lifecycle Services contribution to enhance earnings visibility



# Appendix



04 Profile



05 Portfolio



06 Merits

- **Vision:** To unlock opportunities in the IT industry by **changing the way the world buys technology through a sharing platform**
- **Mission:** To be the **global aggregator** of enterprise hardware and services to our channels, offering a **converged network** that combines the **technology, finance and logistics domains**

Integrity

Innovation

Expertise

Excellence

The Procurri *Promise*

## IT DISTRIBUTION



Hardware Resale



Supply Chain Management

# GLOBAL INDEPENDENT PROVIDER

IT Asset Disposition



Hardware-as-a-Service



Independent Maintenance Service



## LIFECYCLE SERVICES

# MILESTONES



# Global Coverage of more than 100 Countries and 3 Regional Hubs in Singapore, U.S., and U.K.



TECHNICAL  
EXPERTISE



GLOBAL  
DISTRIBUTION



SUPPLY  
NETWORK



**Sean Murphy**  
Chairman & Global CEO

**AMERICAS**



**Ed Flachbarth**  
Executive Director & Global President



**Zack Sexton**  
Head, Americas

**EMEA**



**Mat Jordan**  
Head, EMEA

**APAC**



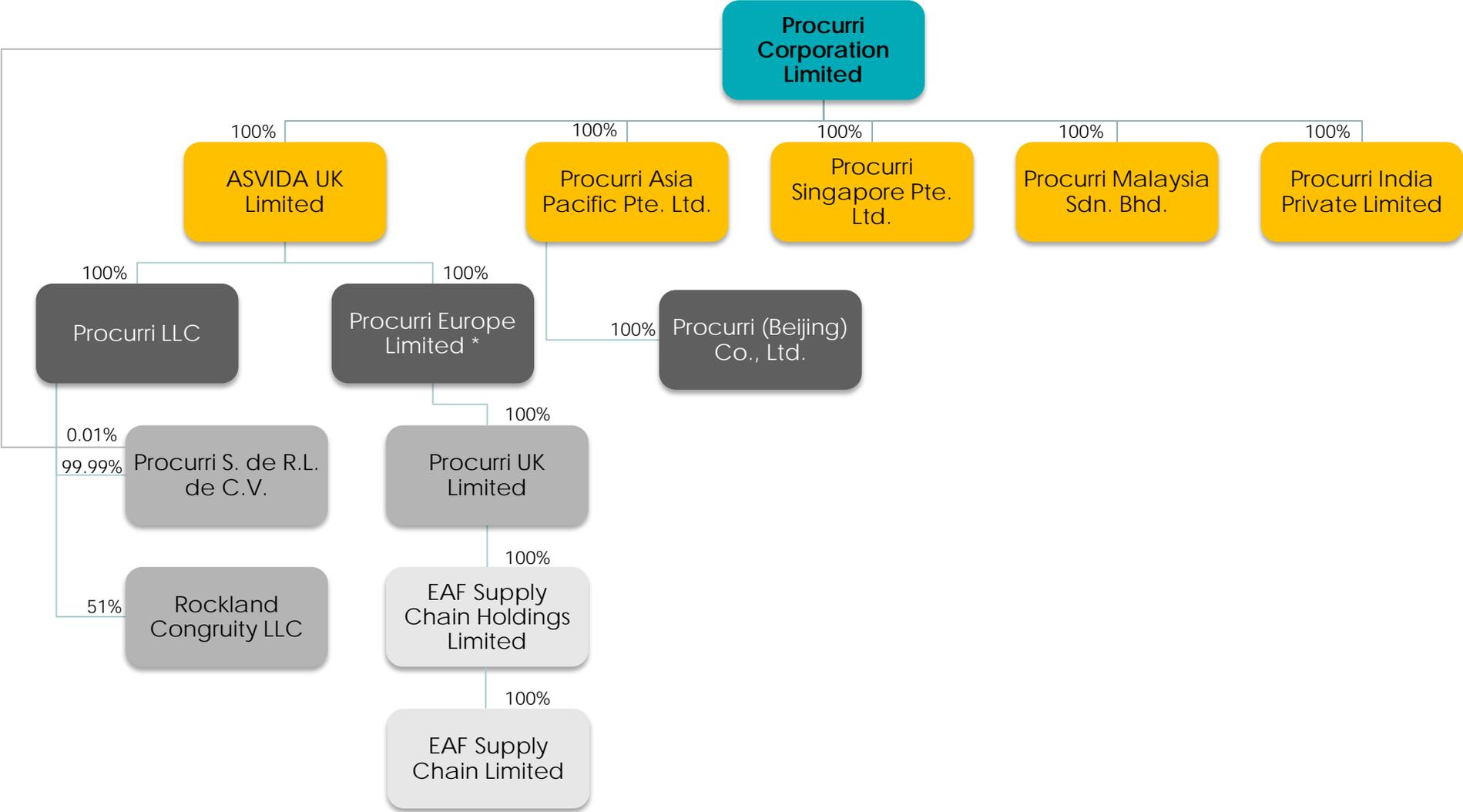
**Poh Yee Tiong**  
Head, APAC



**Vincent Choo**  
Group CFO

Average 20+ years of industry experience

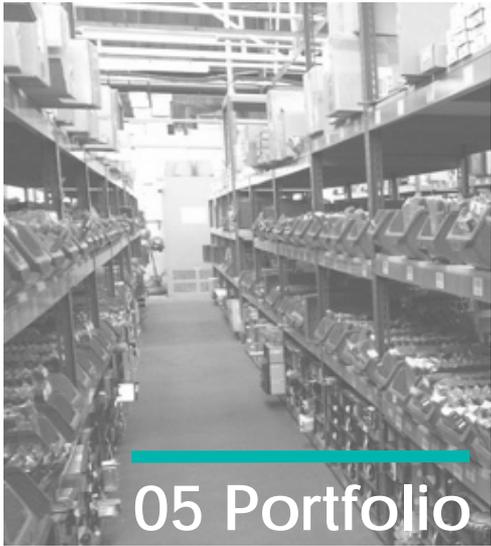
# Our Group Structure



\*Tinglobal Holdings Limited has been renamed to Procurri Europe Limited with effect from 12 June 2017



04 Profile



05 Portfolio



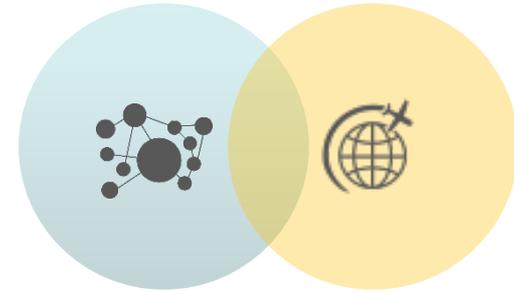
06 Merits

IT DISTRIBUTION

# HARDWARE RESALE

across all major IT brands:  
HP, IBM, Lenovo, Dell, Fujitsu,  
Oracle Sun, NetApp, Cisco,  
EMC, Quantum, Brocade,  
Alcatel Lucent, APC, Juniper  
& more.

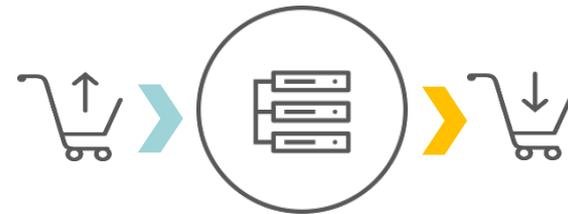
Convergence of  
technology and  
logistics



6 regional  
warehouses



Offers flexible  
options to buy,  
sell and consign  
data centre  
equipment



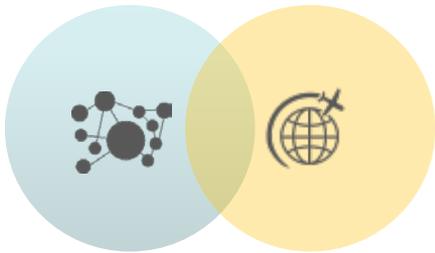
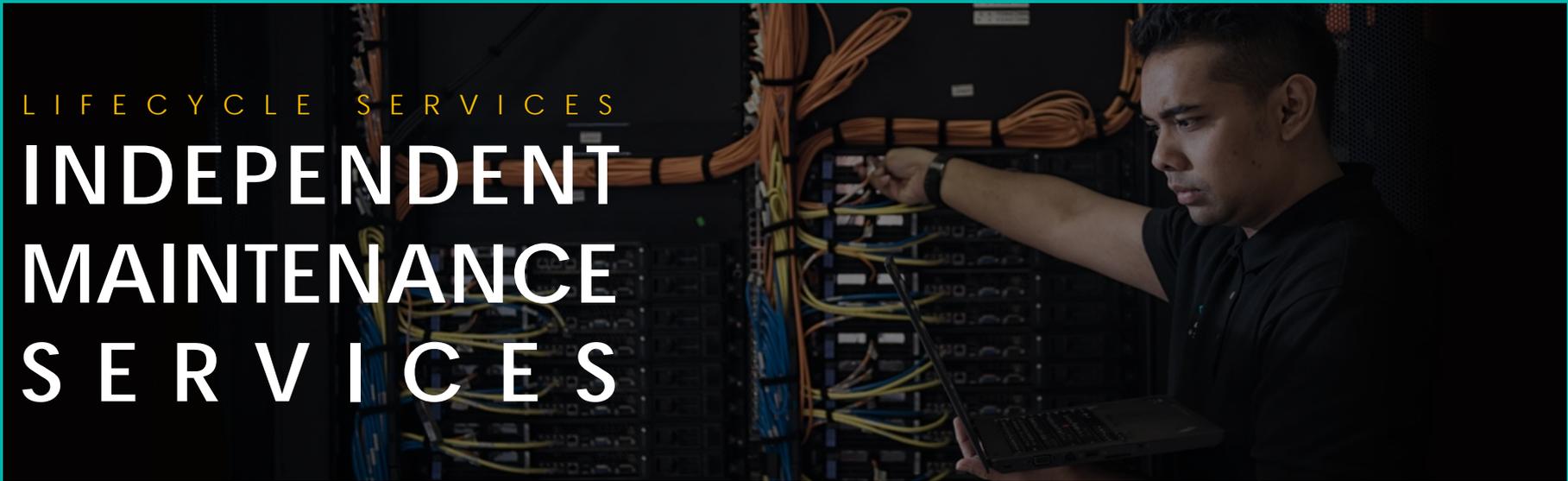
Strategies  
include:

[ Global aggregator:  
↑ consignment,  
↓ inventory ]

[ Premium channel  
partners  
(e.g. VARs, SIs) ]

LIFECYCLE SERVICES

# INDEPENDENT MAINTENANCE SERVICES



Integrating technology and logistics to provide vendor-neutral maintenance support for IT equipment across key industries from both private and public sectors



24x7 global helpdesk and technical teams covering

**90+** countries

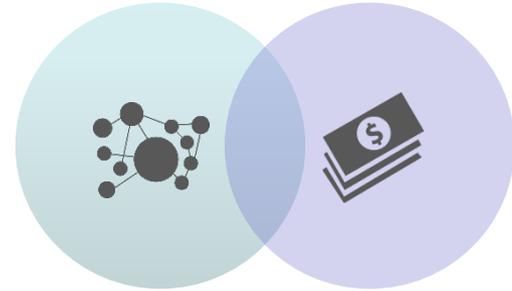


Customised service level agreements and multi-year contracts

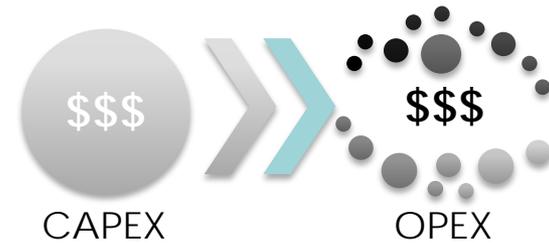
Provides a stream of recurring and predictable income

# HARDWARE-AS-A-SERVICE

Convergence of technology and finance



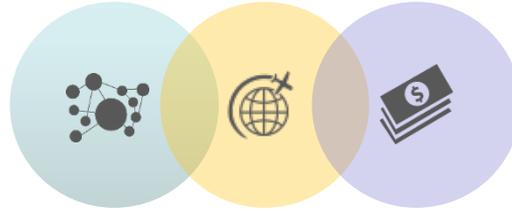
Provides on-demand computing resources through leasing or renting



Extensive global inventory of multi-vendor equipment



Through a convergence of technology, logistics and finance,



we provide

LIFECYCLE SERVICES

# IT ASSET DISPOSITION

## Reuse

Recovery and refurbishment of IT equipment to enable extended utility

## Recycle

Reconfiguration and remarketing of IT equipment through our Hardware Resale line of business

## Disposal

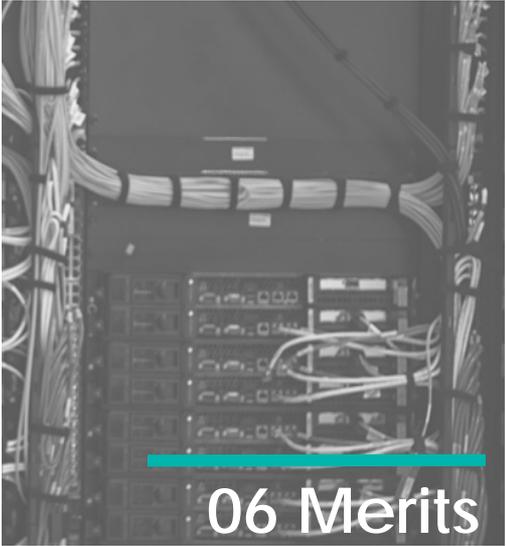
Provision of secure onsite and offsite data erasure services



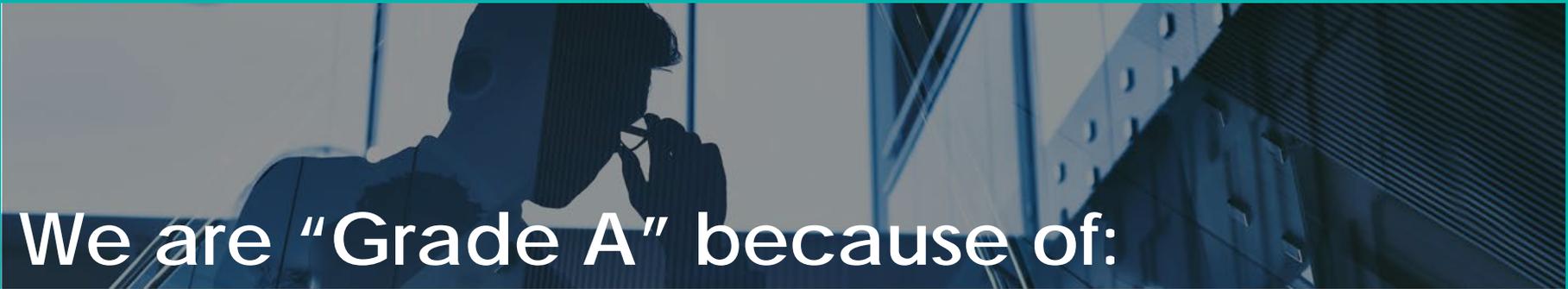
04 Profile



05 Portfolio



06 Merits



# We are “Grade A” because of:

**B**

## Our Brand

As the **only listed company** with a **global foothold** in all three markets and geographical regions, we can leverage on our brand presence to secure **bigger customers and partners**.

**C**

## Cross-selling Opportunities

As our products & services form their own **ecosystem** by covering every stage of the IT equipment’s lifecycle, we create cross-selling opportunities through **value propositions** to our customers.

**D**

## Dual-income, dual-growth strategy

Through pursuing **organic and inorganic growth** opportunities in our **Lifecycle Services and IT Distribution segments**, we are able to build **income resilience** while prospecting for even greater growth.

# Thank You

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For enquiries, please contact:

Karin XIAO

Investor Relations

Procurri Corporation Limited

Tel: +65 6486 1318

[karin.xiao@procurri.com](mailto:karin.xiao@procurri.com)

Chong Yap TOK / James BYWATER

Investor Relations

Financial PR

Tel: +65 6438 2990

[procurri@financialpr.com.sg](mailto:procurri@financialpr.com.sg)