

NEWS RELEASE

Procurri Reports Strong Revenue Increase for 3Q2017 and 9M2017 On Broad-based Growth

S\$('000)	3Q2017	3Q2016	Change (%)	9M2017	9M2016	Change (%)
Revenue	51,256	31,849	60.9	133,154	93,814	41.9
Gross Profit	16,094	11,452	40.5	42,432	32,191	31.8
Earnings before interest, taxation, depreciation and amortisation (EBITDA)	2,969	1,136	161.4	5,573	8,074	(31.0)
Net Profit / (Loss)	14	(178)	N.M.	(1,493)	2,839	N.M.

N.M. – Not Meaningful

Singapore, 12 November 2017 – Procurri Corporation Limited (“Procurri” and together with its subsidiaries, the “Group”) reported its highest quarterly revenue to date this year.

Revenue for the three months ended 30 September 2017 (“3Q2017”) rose 60.9% to S\$51.3 million, as compared to S\$31.8 million for the same period last year (“3Q2016”), with strong revenue growth from both the IT Distribution and Lifecycle Services businesses.

The IT Distribution business grew 52.7% from S\$26.2 million in 3Q2016 to S\$40.0 million in 3Q2017. This was mainly due to higher sales volume driven by the Group’s participation in the resale programmes (“Resale Programmes”) of two multi-billion-dollar Original Equipment Manufacturers (“OEMs”). The Resale Programmes are open to only a select few companies, and one of the new sales initiatives positions the Group as such OEM’s first global partner for the distribution of its replacement parts.

The Lifecycle Services business contributed S\$11.2 million in revenue, nearly double the S\$5.6 million it generated in 3Q2016.



The overall revenue improvement for 3Q2017 lifted total revenue for the nine months ended 30 September 2017 to S\$133.2 million. This is a 41.9% increase from the same period last year, and just a shade below the Group's total revenue of S\$135.8 million for the whole of 2016.

The Group's gross profit margin dropped 4.6 percentage points from 36.0% in 3Q2016 to 31.4% in 3Q2017. This was mainly attributable to the temporary gross profit margin pressure experienced by the IT Distribution business in order to capture higher market share in the hardware resale industry, which resulted in the gross profit margin dropping from 32.7% in 3Q2016 to 23.7% in 3Q2017. The Group expects this margin pressure to ease when the economies of scale from the enlarged market share eventually kicks in. The decline in the gross profit margin of the IT Distribution business was partially offset by an improvement in the gross profit margin of the Lifecycle Services business from 51.1% in 3Q2016 to 58.9% in 3Q2017.

Administrative expenses grew in tandem with the year-on-year increase in headcount, mainly from the inclusion of headcount in Rockland Congruity LLC and EAF Supply Chain Holdings Limited. Additional investments were also made into infrastructure to support the Group's growing businesses. Correspondingly, the Group recorded a net profit of S\$14,000 in 3Q2017.

Commented Mr Sean Murphy, the Group's Chairman and Global CEO, "Our focus remains on growing our Lifecycle Services business to create stability and sustainability in our performance, whilst harnessing the deep relationships that we are building with the OEMs in our IT Distribution business. We are starting to see some promising results, and our order book (which consists of deferred revenue from committed maintenance contracts) now stands at S\$21.9 million as at 30 September 2017. We are confident that absolute sales volume from the IT Distribution business will continue to grow with our participation in the Resale Programmes.

While we expect our full year performance to be impacted by the lower margins from the IT Distribution business, the straight-line recognition of the maintenance service revenue in the Americas, and necessary infrastructure investment for the growing business, we believe that this will eventually build up into a stronger stream of predictable and sustainable earnings in the long term. We remain cautiously optimistic that this transitional phase will smoothen out next year, with synergies and long-term benefits being reflected in our future financial performance."



This press release should be read in conjunction with Procurri's Unaudited Financial Statements Announcement for the Period Ended 30 September 2017 available at www.sgx.com.

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About Procurri

Procurri is one of the leading global independent providers of Lifecycle Services and Data Centre Equipment. By offering a converged network that combines the technology, finance and logistics domains, Procurri aims to be a global aggregator of enterprise hardware and services to its channels.

Incorporated in 2013, Procurri has grown rapidly through the years and now has offices across three regional hubs – Asia Pacific, Americas and EMEA – with its global headquarters located in Singapore. Through its direct presence and global network of partners, Procurri's business covers over 100 countries worldwide, providing a single touchpoint for its customers' Lifecycle Services and Data Centre Equipment needs.

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