



29 Tai Seng Avenue #02-01 Natural Cool Lifestyle Hub Singapore 534119 | Tel: (65) 64681300 | Website: <https://www.procurri.com/>

Procurri reported S\$3.1 million net profit for 1H2019, 37.1% YoY increase

NEWS RELEASE

- Gross profit grew 2.0% YoY to S\$41.2 million for 1H2019, with margin increasing by 2.1 percentage points to 37.9% as the company pivots to higher margin Lifecycle Services segment
- Lifecycle Services revenue grew 12.9% YoY to S\$35.6 million for 1H2019, increasing segment's contribution to gross profit to 48.9%
- Effective execution of the Group's strategy resulted in growth in contribution of Lifecycle Services segment and stronger margin and bottom line, as the Group continues to ride on favourable industry prospects with expanded partnership network and enhanced capabilities
- IT Asset Disposition ("ITAD") division is now functional and contributing

Singapore, 5 August 2019 – Procurri Corporation Limited ("Procurri" or "the Group"), a leading global independent provider of Lifecycle Services¹ and Data Centre Equipment², today announced its financial results for the half year ended 30 June 2019 ("1H2019").

FINANCIAL HIGHLIGHTS	2Q2019 (S\$'000)	2Q2018 (S\$'000)	CHG (%)	1H2019 (S\$'000)	1H2018 (S\$'000)	CHG (%)
Total Revenue	54,960	63,288	(13.2)	108,777	112,780	(3.5)
Gross Profit	21,153	22,504	(6.0)	41,223	40,428	2.0
Gross profit margin (%)	38.5	35.6	2.9 ppt	37.9	35.8	2.1 ppt
EBITDA	5,527	5,487	0.7	11,077	9,990	10.9
Profit/ (Loss) Before Tax	2,097	3,212	(34.7)	4,631	5,190	(10.8)
Net Profit	1,325	1,243	6.6	3,078	2,245	37.1

ppt: percentage points

Revenue contribution from the higher margin Lifecycle Services successfully grew by 12.9% year-on-year ("YoY") to S\$35.6 million for 1H2019 from S\$31.5 million for the previous corresponding period ("1H2018"). Revenue contribution from IT Distribution decreased YoY, resulting in a slight decrease of total revenue YoY by 3.5% for 1H2019.

The growth in the higher margin Lifecycle Services resulted in an improved overall gross profit margin (GPM) of 37.9% for 1H2019 from 35.8% for 1H2018. Gross profit from Lifestyle Services increased 7.6% YoY to S\$20.1 million for 1H2019 at 56.6% GPM (1H2018: 59.3% GPM) while gross profit from IT Distribution decreased slightly by 2.9% YoY to S\$21.1 million with improved GPM at 28.8% (1H2018: 26.7% GPM). Lifecycle Services contributed 48.9% of the Group's 1H2019 gross profit, an increase of 2.6 percentage points YoY and on track to achieve the Group's target for the high-margin segment to account for half of the overall gross profit by 2022.

For 1H2019, administrative expenses inched up 4.0% YoY to S\$26.3 million mainly due to higher staff cost in the Americas and Europe (including the UK), the Middle East, and Africa.

¹ Lifecycle Services refers to various services rendered during the lifecycle of IT hardware and equipment

² Data centre equipment refers to servers, storage and networking equipment



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Procurri delivered a 37.1% YoY increase in net profit, posting S\$3.1 million net profit for 1H2019, from S\$2.2 million for 1H2018.

On a quarter basis, the Group reported a revenue of S\$55.0 million for the three months ended 30 June 2019 ("2Q2019"), as compared to S\$63.3 million for the previous corresponding quarter ("2Q2018"), mainly due to a large IT Distribution deal of approximately S\$7.4 million revenue booked in 2Q2018. Consequently, gross profit also decreased 6.0% to S\$21.2 million for 2Q2019 from S\$22.5 million for 2Q2018. However, gross profit margin increased by 2.9 percentage point YoY to 38.5% for 2Q2019, with net profit rising 6.6% YoY to S\$1.3 million for 2Q2019.

Commenting on the Group's financial results, **Mr. Sean Murphy, Procurri's Chairman and Global Chief Executive Officer** said, *"Although our results are encouraging for our first half, we continue to strive to improve and grow our business. Our strengthened margin validates the Group's focused efforts in executing our four-pronged Strategy Complete which, among others, strengthens our group's footprint in the higher margin Lifecycle Services segment, while continuing to recognize and seek to exploit the strong synergies between both segments of our business.*

Our first half has been capped by several milestones in line with our target to further strengthen our leading position and capitalize on the industry's strong prospects. We built a team of experienced ITAD professionals whose early results have shown a strong momentum to drive the exciting potential for future growth. We further bolstered our mix of channel partners by adding hardware platform PureWRX as a partner, and also welcomed as our largest shareholder industrial tech-focused private equity firm Novo Tellus, whose strategic input will aid our expansion plans in the Asia Pacific region.

For the second half of the year, we will continue to execute our strategy, whilst maintaining our focus on growth (both organic and inorganic). We will continuously leverage on our strengthened capabilities and our growing global network of channel partners to cement our position as a leading global independent provider of Lifecycle Services and Data Centre Equipment."

- End -

ABOUT PROCURRI CORPORATION. (BLOOMBERG TICKER PROC:SP)

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

Incorporated in 2013, Procurri has grown rapidly through the years and now has offices across three regional hubs – Asia Pacific, Americas and the Europe (including the UK), Middle East and Africa – 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.

<https://www.procurri.com/>

Issued for and on behalf of Procurri Ltd. by Financial PR

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