



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

13.6% YoY increase in Net Profit to S\$4.2 million for 9M2019

NEWS RELEASE

- Lifecycle Services revenue increased 10.0% YoY for 9M2019
- Successful execution of strategy to capture higher margin opportunities, increasing gross profit by 2.9% YoY for 9M2019, contributed by improved margin from IT Distribution and higher revenue from Lifecycle Services
- Strengthened ITAD service capabilities positions the Group as an efficient solution provider as more businesses move onto the cloud platform
- Investing in infrastructure and systems for Rockland Congruity LLC to support future growth

Singapore, 4 November 2019 – Procurri Corporation Limited (“Procurri” and, together with its subsidiaries, the **“Group”**), a leading global independent provider of Lifecycle Services¹ and Data Centre Equipment², today announced its financial results for the nine months ended 30 September 2019 (“9M2019”).

FINANCIAL HIGHLIGHTS	3Q2019 (S\$'000)	3Q2018 (S\$'000)	CHG (%)	9M2019 (S\$'000)	9M2018 (S\$'000)	CHG (%)
Total Revenue	55,803	55,382	0.8	164,580	168,163	(2.1)
Gross Profit	20,804	19,839	4.9	62,026	60,267	2.9
Gross profit margin (%)	37.3	35.8	1.5ppt	37.7	35.8	1.9ppt
EBITDA	4,297	5,100	(15.7)	15,375	15,092	1.9
Profit/ (Loss) Before Tax	1,035	2,682	(61.4)	5,666	7,873	(28.0)
Net Profit	1,089	1,422	(23.4)	4,166	3,667	13.6

ppt: percentage points

The Group’s higher margin Lifecycle Services segment saw a better performance from all regions, achieving a 10.0% growth year-on-year (“YoY”) to S\$53.2 million for 9M2019 from S\$48.4 million for the previous corresponding period (“9M2018”). The improved performance in Lifecycle Services was offset by a 7.0% decrease in revenue YoY from IT Distribution segment to S\$111.4 million for 9M2019. As a result, the Group recorded a total revenue of S\$164.6 million for 9M2019, a slight decrease YoY of 2.1%.

An improvement in margin from the IT Distribution segment and the increased revenue from the Lifecycle Services segment resulted in an increase in the Group’s gross profit margin to 37.7% in 9M2019 from 35.8% in 9M2018. Gross profit from IT Distribution registered a higher margin of 28.6% (9M2018: 26.7%) with a decrease by 0.5% YoY to S\$31.8 million for 9M2019. Gross profit from Lifecycle Services increased by 6.7% YoY to S\$30.2 million for 9M2019 with a slightly lower margin of 56.8% (9M2018: 58.5%). The margin from Lifecycle Services continues to be in line with the Company’s expectations.

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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For 9M2019, administrative expenses edged up S\$2.8 million to S\$41.1 million for 9M2019, mainly due to an increase in staff cost, depreciation of right-of-use assets and reclassification of indirect tax expenses from income tax expenses to administrative expenses. Selling expenses also increased 11% YoY to S\$13.5 million for 9M2019, attributable to higher pay-out commission due to the increase in gross profit.

Overall, Procurri delivered a 13.6% increase in net profit YoY and recorded S\$4.2 million net profit for 9M2019.

On a quarterly basis, the Group reported a revenue of S\$55.8 million for the three months ended 30 September 2019 (“3Q2019”), as compared to S\$55.4 million for the previous corresponding quarter (“3Q2018”). Gross profit increased 4.9% to S\$20.8 million for 3Q2019 from S\$19.8 million for 3Q2018, accompanied by a 1.5 percentage point increase in gross profit margin YoY to 37.3% for 3Q2019. Net profit for 3Q2019 decreased 23.4% YoY to S\$1.1 million for 3Q2019, mainly due to our investment in infrastructure and systems for Rockland Congruity LLC to support future growth.

Commenting on the Group’s financial results, **Mr Sean Murphy, Procurri’s Chairman and Global Chief Executive Officer** said, *“In line with our strategy to pivot towards the higher margin Lifecycle Services segment, we are pleased to achieve increased gross profit margins on a year-on-year basis over the past three quarters. We have been making the long term investments to strengthen the foundation and continue to grow our in-house service capabilities this year for the increasing cloud-driven opportunity in Lifecycle Services and Data Centre Equipment. As we head into the last quarter of the year, we continue to be optimistic about the opportunity in our space and look to continue forging partnerships, extending our enhanced capabilities, and moving up the value chain as a global aggregator of IT services and enterprise hardware. At the same time, we will continue to leverage on Novo Tellus’ wide network and insights into the industry, as well as strategic input, to position ourselves for our next arc of growth.”*

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ABOUT PROCURRI CORPORATION. (BLOOMBERG TICKER PROC:SP)

Procurri is one of the leading global independent providers 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 United Kingdom), the 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**

For more information, please contact:

Romil SINGH / Robin Moh /Ralph Chen Qihang

romil@financialpr.com.sg / robin@financialpr.com.sg / qihang@financialpr.com

Tel: (65) 6438 2990, Fax: (65) 6438 0064