



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

Procurri delivers stable revenue and gross profit for FY2019

NEWS RELEASE

- Revenue grows 0.5% year-on-year [“YoY”] to S\$221.3 million in FY2019 on the back of a 9.3% increase in revenue contribution from Lifecycle Services
- Gross profit tapers from S\$80.5 million in FY2018 to S\$80.1 million in FY2019 due to a dip in margins in IT Distribution deals
- Scaling up Procurri’s IT asset disposition (ITAD) capabilities impacts net profit, decreasing to S\$3.8 million in FY2019 due to increasing operational expenses

Singapore, 26 February 2020 – 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 full year ended 31 December 2019 (“FY2019”).

FINANCIAL HIGHLIGHTS	4Q2019 (S\$'000)	4Q2018 (S\$'000)	CHG (%)	FY2019 (S\$'000)	FY2018 (S\$'000)	CHG (%)
Total Revenue	56,709	52,073	8.9	221,289	220,236	0.5
Gross Profit	18,901	20,236	(6.6)	80,103	80,503	(0.5)
Gross profit margin (%)	33.3	38.9	(5.6ppt)	36.2	36.6	(0.4ppt)
EBITDA	2,597	4,646	(44.1)	17,345	19,739	(12.1)
Profit/ (Loss) Before Tax	(301)	2,204	N.M	4,737	10,077	(53.0)
Net Profit	68	1,670	(95.9)	3,775	5,337	(29.3)

ppt: percentage points

The Group reported a revenue of S\$56.7 million for the three months ended 31 December 2019 (“4Q2019”), as compared to S\$52.1 million for the previous corresponding quarter (“4Q2018”). Gross profit, however, decreased 6.6% YoY to S\$18.9 million due primarily to several low margin enterprise hardware sales to move aged stock and the increased expenditures to grow the ITAD business in Americas. Net profit decreased from S\$1.7 million in 4Q2018 to S\$68,000 in 4Q2019.

Gartner³ projects the global data centre systems market to expand from US\$205 billion in 2019 to US\$212 billion in 2021, with the public cloud market being the core driver. The resale, maintenance and disposition of equipment within the data centre market holds significant potential. In anticipation of growing opportunities as corporations switch to the cloud and the Group’s partnership with Ingram, the Group embarked on a scale-up strategy phase, making heavy investments to boost its ITAD in-house capabilities. These expansionary efforts coupled with several low margin IT Distribution deals in 4Q2019 to move aged inventories and avoid stock write-down created temporary pressure on margins for 4Q2019, thus impacting Procurri’s bottom line in the short term, with gross profit dipping 0.5% YoY to S\$80.1 million in FY2019 amid stable revenues.

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

³ <https://www.gartner.com/en/newsroom/press-releases/2019-10-23-gartner-says-global-it-spending-to-grow-3point7-percent-in-2020>



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While IT Distribution saw a 3.3% YoY decline in revenue to S\$149.8 million in FY2019 due to lower revenue contributions from the Asia Pacific region, Lifecycle Services segment continued its upward trajectory in all regions, achieving a 9.3% growth YoY to S\$71.5 million for FY2019. Overall, the Group's total revenue increased by 0.5% YoY to S\$221.3 million in FY2019.

Administrative expenses rose by S\$4.5 million to S\$54.4 million for FY2019, 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 by S\$1.8 million to S\$18.0 million in FY2019 following the higher pay-outs in the Americas and EMEA. Management is continuing to closely monitor the costs and exercise prudent control measures.

As a result of the above, Procurri recorded S\$3.8 million in net profits for FY2019, compared with S\$5.3 million for FY2018.

Commenting on the Group's financial results, **Mr Sean Murphy, Procurri's Chairman and Global Chief Executive Officer** said, *"It has been a scale-up year for us as the cloud gets more mainstream. In December 2019, we clinched a partnership deal with Ingram Micro to fortify our growing ITAD services. Additionally, we made the necessary investments to build our own ITAD in-house capabilities to place Procurri in the best possible position for these opportunities.*

Looking ahead, in 2020, we expect to solidify and strengthen our existing infrastructure, and fine-tune our internal systems to enhance our three complementary world class businesses of third-party maintenance, IT asset disposition, and infrastructure resale under one efficient and robust platform to extend our competitive advantage as a global aggregator of IT services and enterprise hardware."

- End -

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 UK), Middle East and Africa ("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.

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

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

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