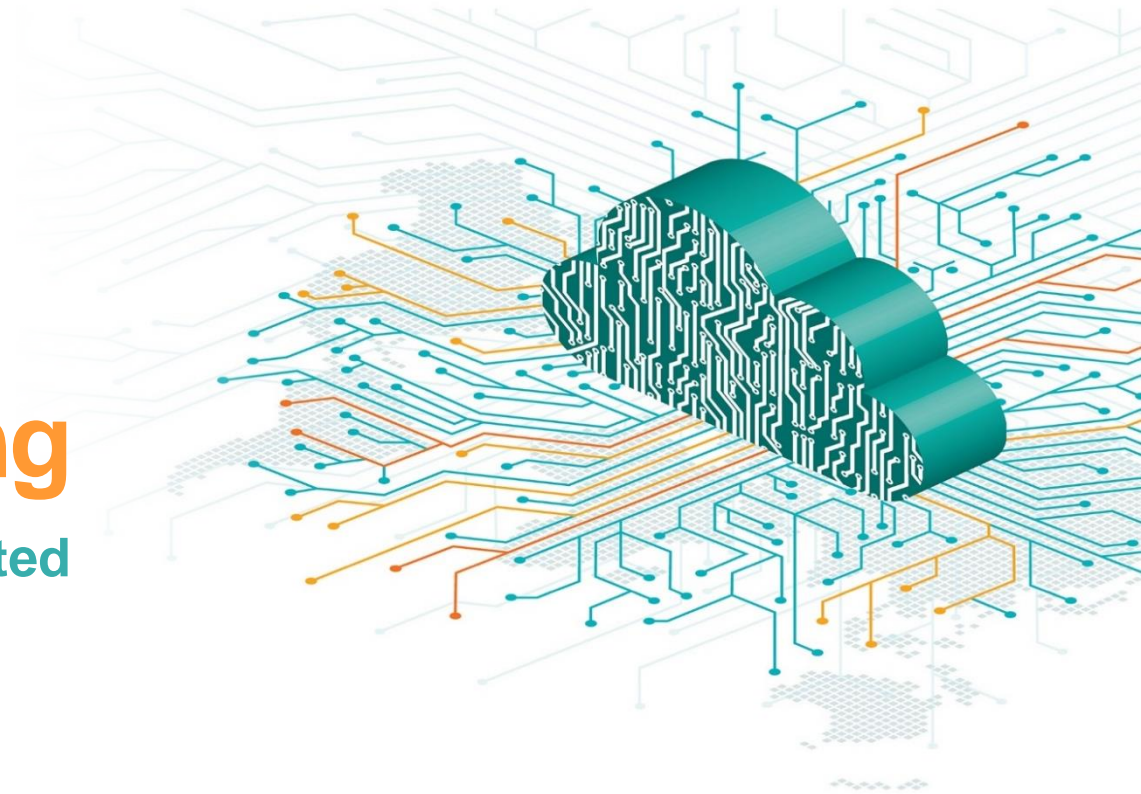




# 1H 2021 Results Briefing

**Procurri Corporation Limited**

5 August 2021



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Please refer to Procurri Corporation Limited’s Financial Results for the Half Year Ended 30 June 2021 available at [www.sgx.com](http://www.sgx.com).

# TODAY'S AGENDA



**Business  
update**



**Financial  
highlights**



**Market  
outlook**



# BUSINESS UPDATE



P R O C U R R I

# THE SHIFT TO SUSTAINABLE IT

## Managing the IT lifecycle sustainably



LOWER  
**COST**

HIGHER  
**UPTIME**

LONGER  
**LIFESPAN**

LESS  
**WASTE**

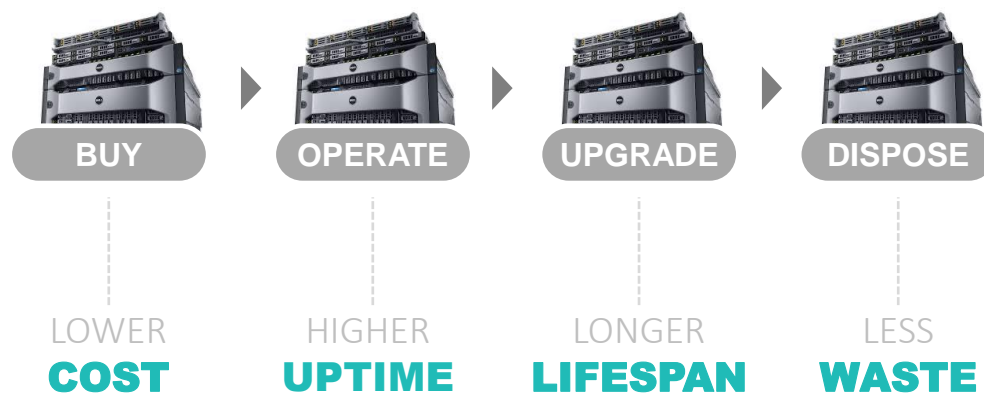


### **CIO perspective**

Not just sustainability:  
cost and uptime too.

# PROCURRI DELIVERS SUSTAINABLE IT

**Procurri = cost, uptime, sustainability**



## *Procurri solutions*

### **Hardware resale**

- Refurbished, warrantied data centre equipment
- Customers save up to 50%

### **Third Party Maintenance**

- Multi-brand maintenance for data centre equipment
- Customer save up to 20%
- Extends equipment life by up to 15 years

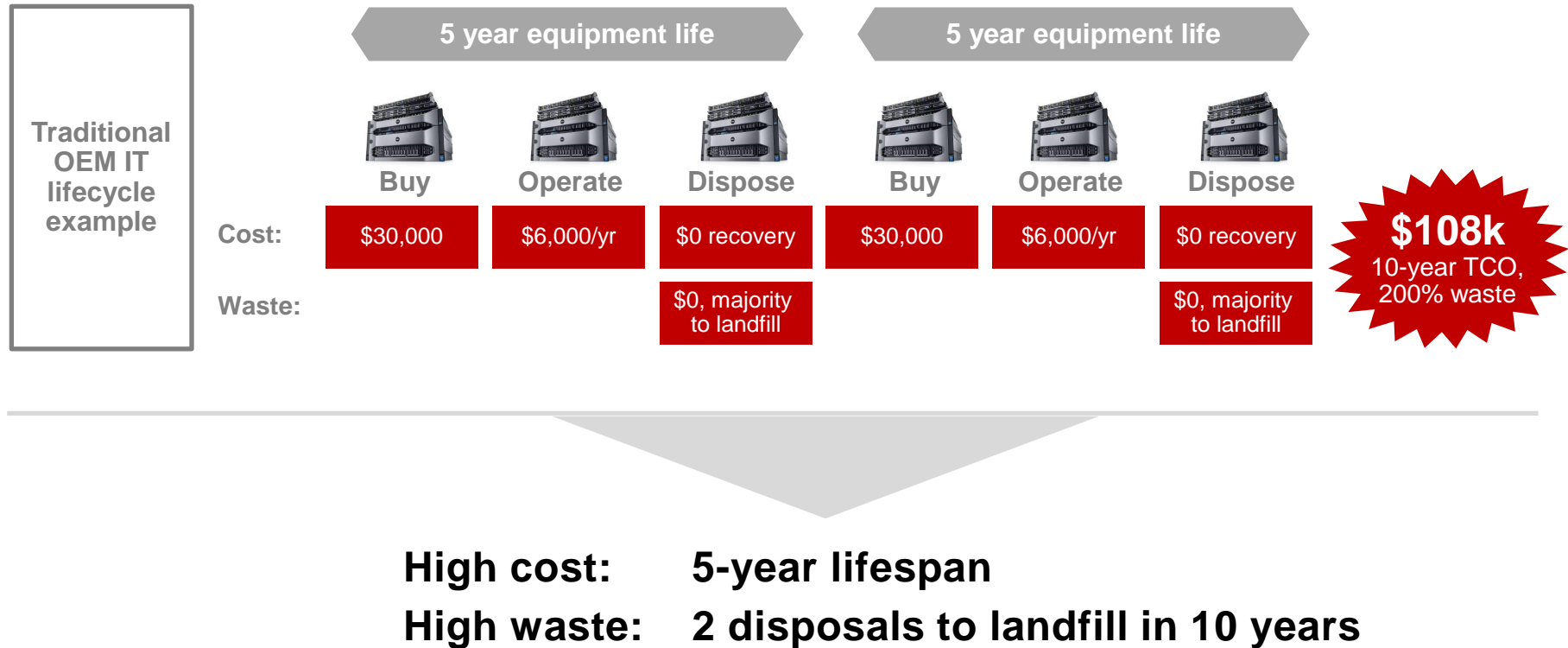
### **Data Centre Services**

- Services to help upgrade or migrate data centres
- Customers save opex and/or increase utilisation

### **IT Asset Disposition (ITAD)**

- Dispose IT equipment sustainably
- Recover value sustainably by recirculating back into the data centre market

# WHAT WE DO: TRADITIONAL IT LIFECYCLE

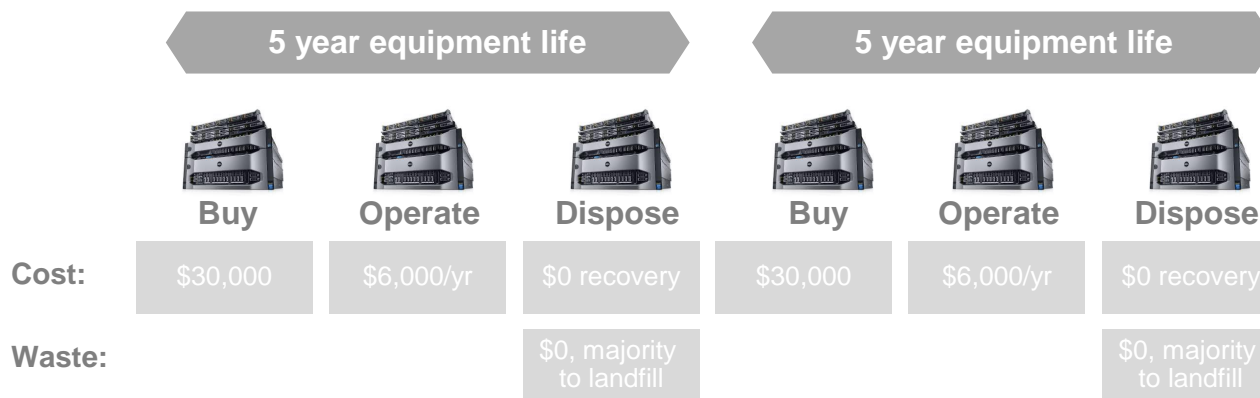


# WHAT WE DO: PROCURRI SUSTAINABLE IT

For customers, longer lifespan, lower cost, more uptime, less waste.

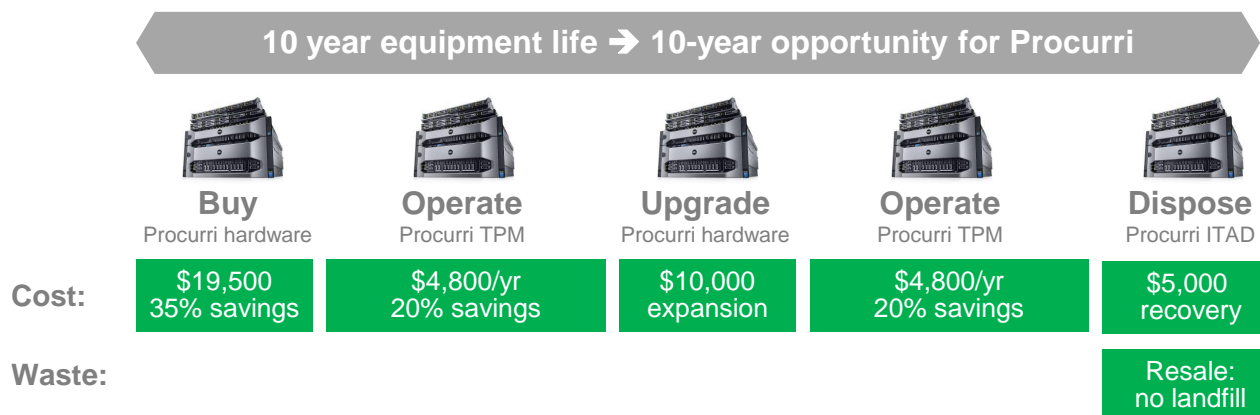
For Procurri, opportunity for up to 10 years of lifecycle revenue.

## Traditional OEM IT lifecycle example



**\$108k**  
10-year TCO,  
200% waste

## Procurri solutions lifecycle example



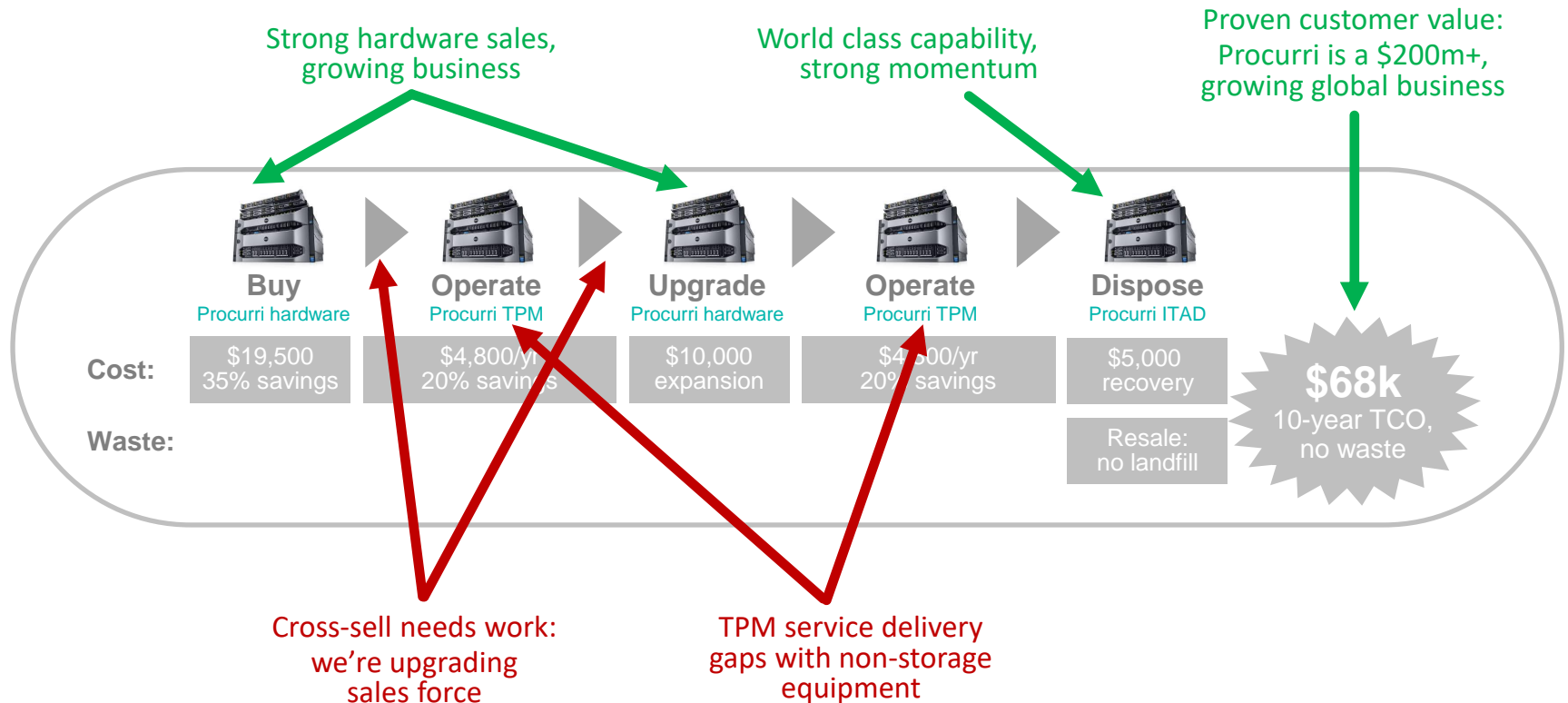
**\$68k**  
10-year TCO,  
no waste



# WE'RE IN A TRANSFORMATIVE YEAR

We've proven our value to customers and Procurri is growing. We're investing to close gaps & accelerate.

## What's working at Procurri

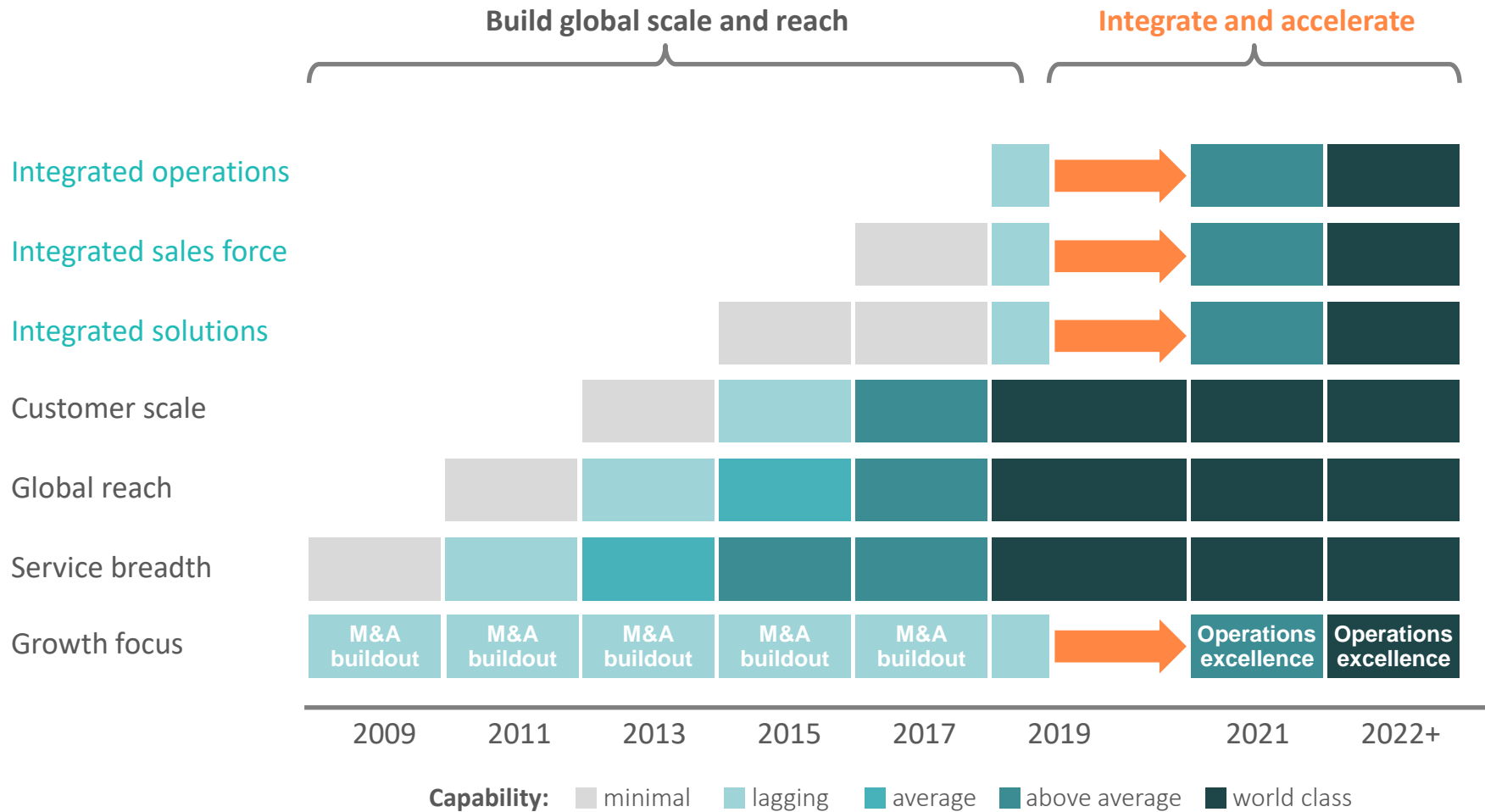


## Key gaps we are filling in

# INVESTING TO BUILD LONG TERM GROWTH

We spent years building valuable scale and global reach.

We're now integrating our platform and accelerating growth.



# PROGRESS WITH STRATEGIC TRANSFORMATION

We're building a strategic transformation at Procurri, with good early results. We continue to deepen our operations while also building growth momentum behind the global market for sustainable IT

## Strategic focus

Accelerate ITAD growth, deepen TPM capabilities, expand global accounts, growing operating productivity.

## Deepen operations

Reorganised corporation into growth business units; Expanded team with strategic industry hires; integrating global operations.

## Expand capability

Invested in automation to grow TPM service capability; Invested in ITAD to support large-scale global partners.

## Build IT

Build IT systems for global finance, business intelligence, sales force automation, and inventory management: global rollout now past the 50% mark.

## Improve reporting

Upgrades underway include shifting to global business intelligence reporting in addition to higher-resolution financial reporting.

## Results already visible in the business

- **Expanded leadership** with top-notch new industry talent
- **Record growth in ITAD**, with new global Tier 1 customers
- **Significant TPM service** quality improvements delivered
- **IT systems and business intelligence** significantly improved

# 1H2021 FINANCIAL PERFORMANCE

Results reflect continued strategic growth. Profits are in transition as we complete our transformation.

1

## Revenue growth continues.

+13.9% YoY growth to S\$125.9 million. Driven by the strong growth in ITAD and good performance from hardware sales. Multi-year market growth continues in (1) cloud computing; and (2) shift towards sustainable IT.

2

## Gross profit decline on mix shift and working capital optimisation

–10.2% YoY decline to S\$29.6 million as (1) TPM growth flattened (while we upgrade service infrastructure) resulting in gross margin decline through mix shifted towards hardware; (2) increased allowance for stock obsolescence as we are in the process of improving working capital efficiency.

3

## Increased productivity in operating expenses

Strategic transformation drove a 10.3% YoY reduction in operating expenses to S\$30.8 million. Staff cost excluding sales commission decreased 15.9% YoY to S\$16.2 million

4

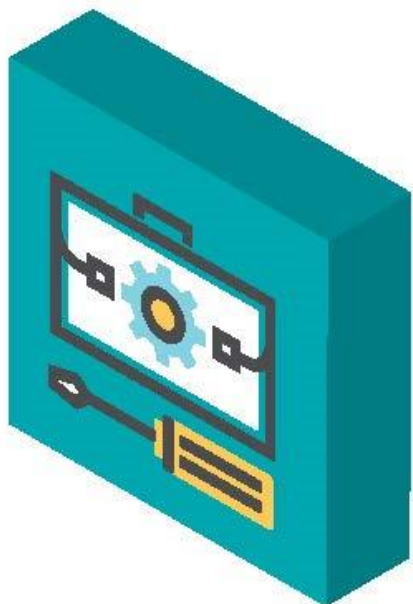
## PBT (excluding COVID-19 relief) declined 3.7%

Positive cost efficiencies offset gross margin erosion to drive a modest decline in pre-tax loss of S\$992K million as we continue investing in the business. Including COVID-19 relief, profit declined –15.1% to S\$2.3m (Procurri received less COVID-19 subsidies in 2021).

5

## Balance sheet remains strong

+156% YoY growth in net cash to S\$12.5 million as of 30 June 2021.



# FINANCIAL HIGHLIGHTS

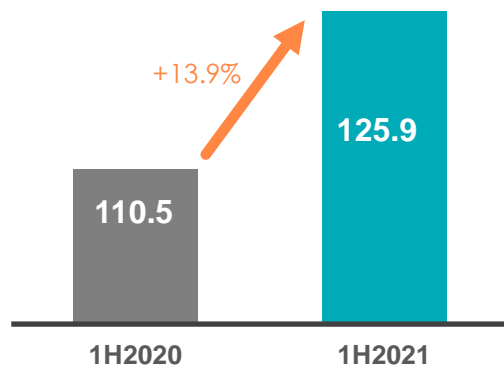


P R O C U R R I

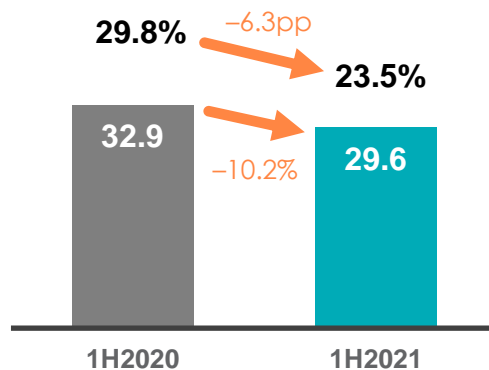
# 1H2021 FINANCIAL SNAPSHOT

Results reflect continued strategic growth. Profits are in transition as we complete our transformation.

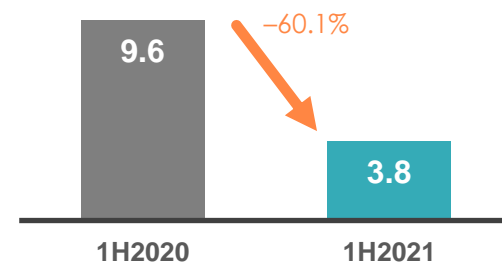
## REVENUE (\$M)



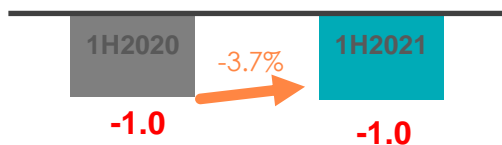
## GROSS PROFIT (\$M) & GROSS PROFIT MARGIN (%)



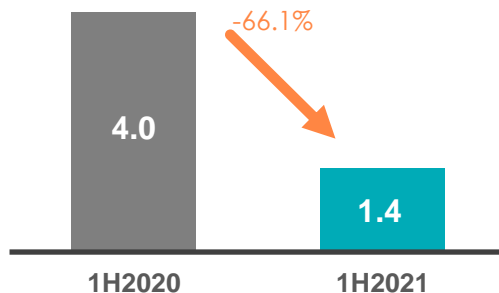
## EBITDA (\$M)



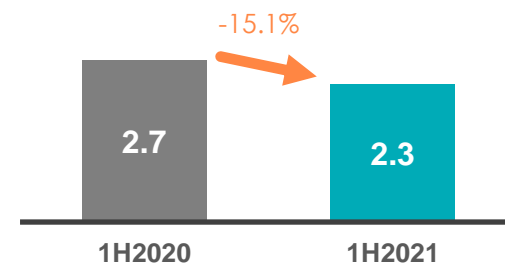
## PROFIT BEFORE TAX EXCL. COVID-19 RELIEF (\$M)



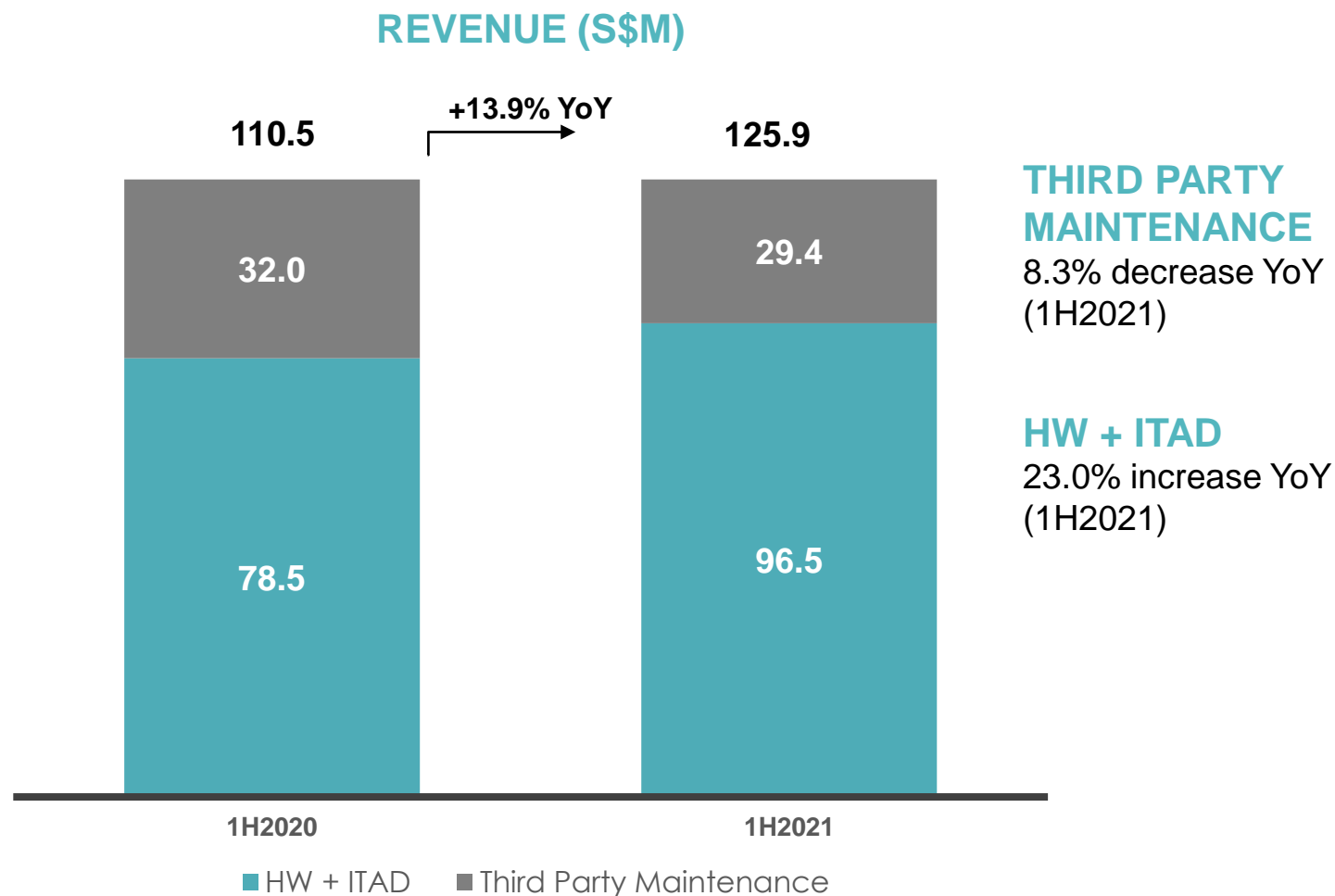
## PROFIT BEFORE TAX (\$M)



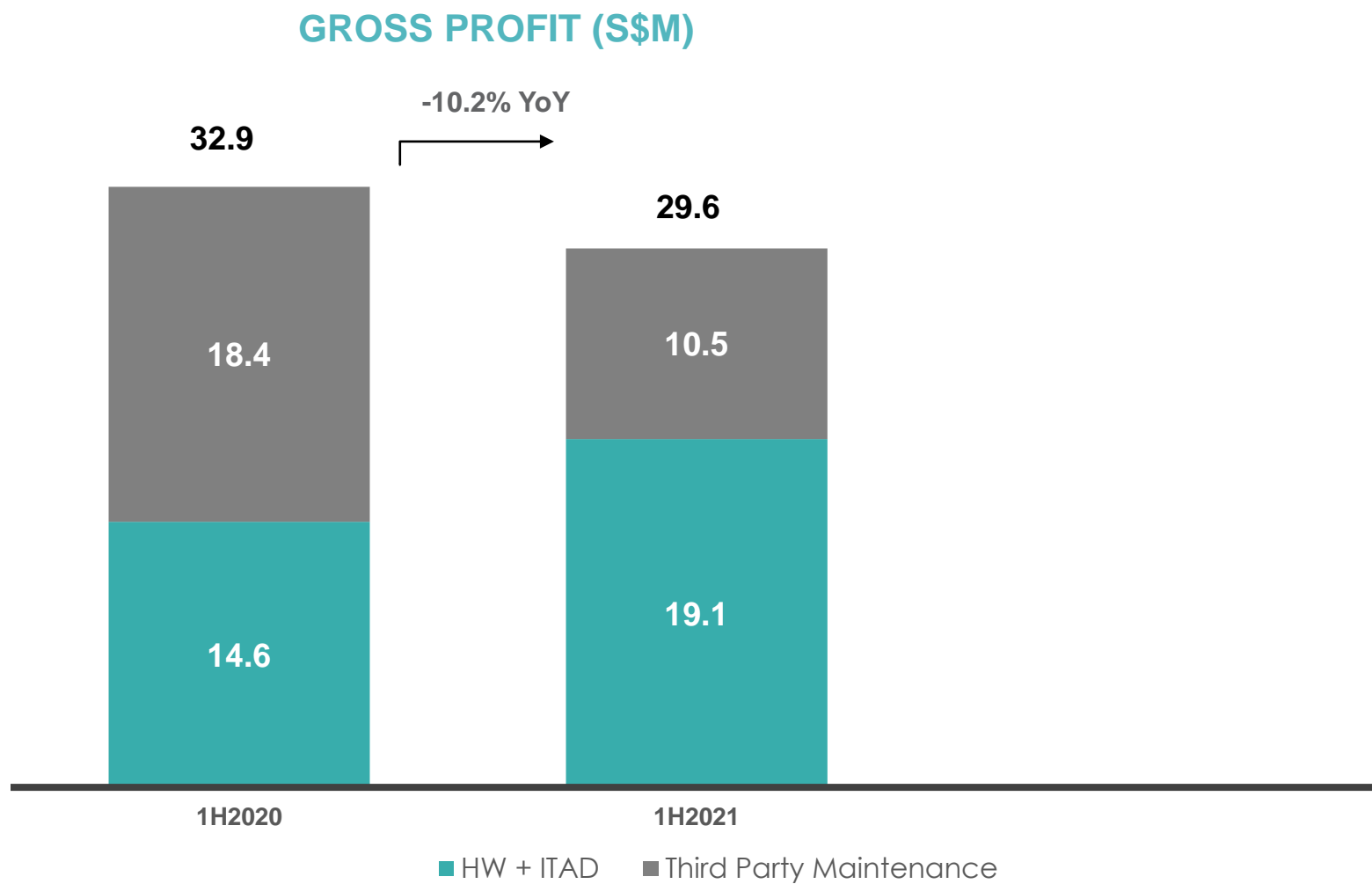
## NET PROFIT (\$M)



# REVENUE OVERVIEW

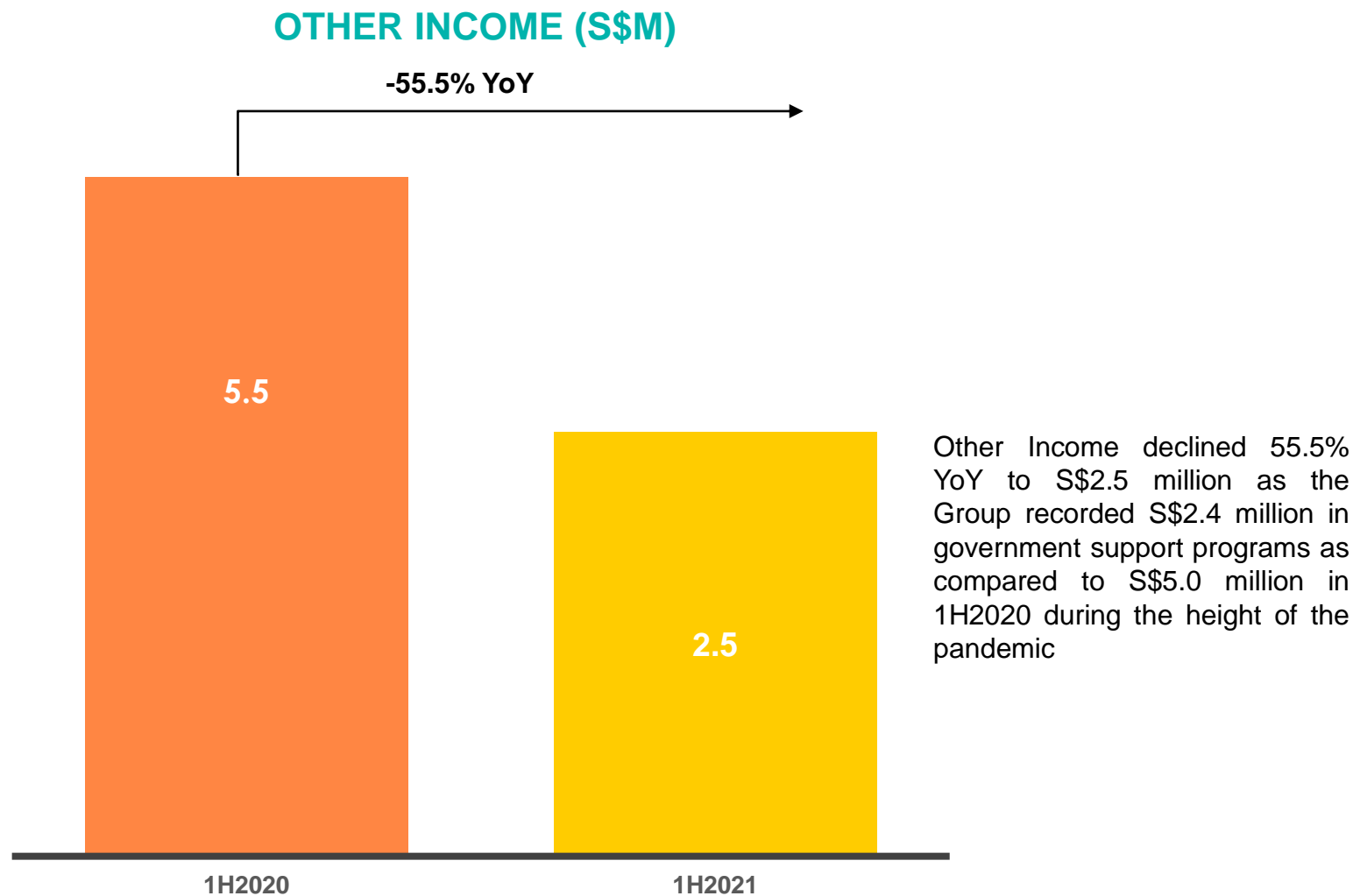


# GROSS PROFIT OVERVIEW





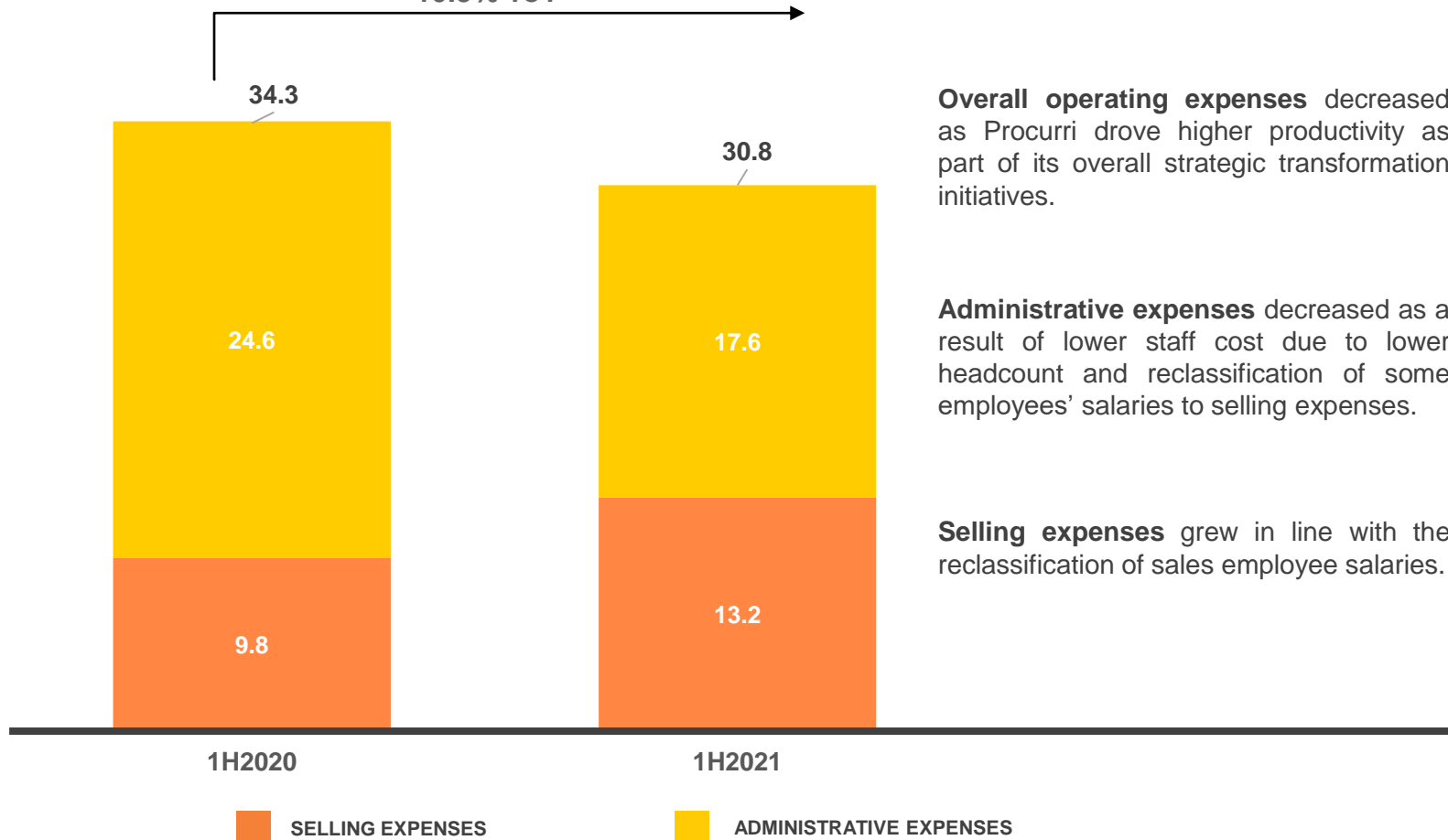
# OTHER INCOME OVERVIEW



# OPERATING EXPENSES

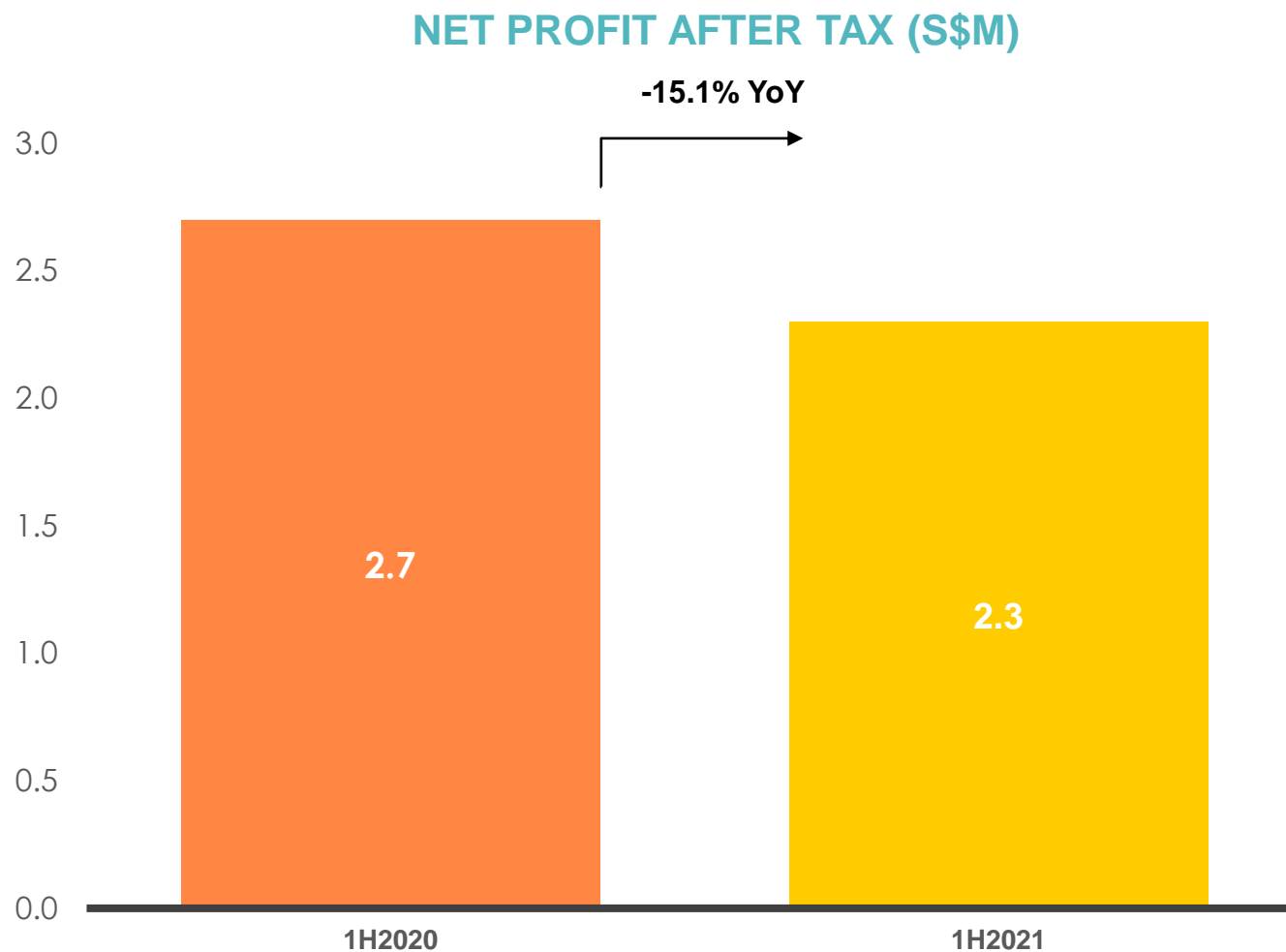
## OPERATING EXPENSES<sup>1</sup> (\$M)

-10.3% YoY



<sup>1</sup>Operating expenses comprise Selling expenses and Administrative expenses

# NET PROFIT AFTER TAX OVERVIEW



# BALANCE SHEET HIGHLIGHTS

S\$'000	AS AT 30 JUN 2021	AS AT 31 DEC 2020
<b>Current Assets</b>	<b>105,364</b>	<b>102,784</b>
Inventories	24,914	26,035
Trade and other receivables	46,762	34,564
Cash and bank balances	22,997	32,700
Other current Assets	10,691	9,485
<b>Non-current Assets</b>	<b>24,514</b>	<b>26,932</b>
Intangible assets	12,863	12,528
Plant and equipment	2,573	2,957
Other Non-current assets	9,078	11,447
<b>Current Liabilities</b>	<b>62,852</b>	<b>63,665</b>
Trade and other payables	30,584	27,206
Deferred income	21,159	16,197
Loans and borrowings	7,257	16,232
Other current liabilities	3,852	4,030
<b>Non-current Liabilities</b>	<b>11,271</b>	<b>13,548</b>
<b>Shareholders' Equity</b>	<b>55,755</b>	<b>52,503</b>
Total Equity and Liabilities	129,878	129,716
<b>KEY RATIOS</b>	<b>30 JUN 2021</b>	<b>31 DEC 2020</b>
Debt-to-equity ratio	Net cash	Net cash
Current ratio	1.68	1.61
NTA per share (cents)*	14.58	13.61
NAV per share (cents)*	18.95	17.88



# GROUP MARKET OUTLOOK

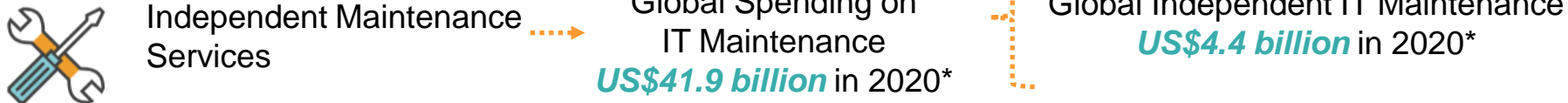


P R O C U R R I

# LARGE ADDRESSABLE MARKET

The markets the Group serve are highly fragmented with the top 4 companies, including Procurri, each holding **less than 2 percent market share**

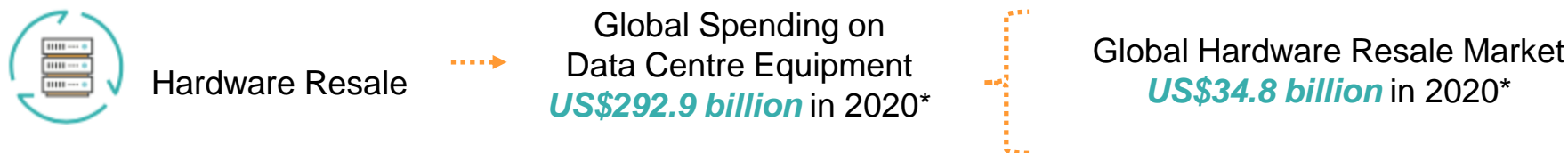
## IT MAINTENANCE



## ITAD & DATA CENTRE SERVICES



## IT DISTRIBUTION



\*Forecast according to Frost & Sullivan

\*\*Forecast according to Acumen Research and Consulting

# GLOBAL SHIFTS DRIVING MARKET GROWTH



**Increasing acceptance of the secondary IT market** with more OEMs endorsing the sale of certified refurbished or excess equipment

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**Emphasis on use of certified genuine replacement** parts to prevent equipment failure and data centre downtime

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Strong shift towards open server architecture with a preference for **vendor-agnostic service providers**

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Increased importance of return on investment and impact of depreciation from IT infrastructure, driving the shift from **capex to opex models**

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**Cloud migration fuelling demand for third-party maintenance services** for IT hardware during the transition to the cloud and driving the need for data sanitisation and hardware disposal services as legacy IT assets are rendered obsolete by cloud computing.

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**Industry consolidation** caused by change in traditional intermediary roles of OEMs, value-added resellers and system integrators

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**Shift in industry dynamics** where only players with operation size and geographical reach can compete effectively to capture a meaningful market share

# 1H2021 RECAP

Continued growth, with solid progress on strategic transformation.  
Our global market continues to grow, and we remain optimistic as we build long-term growth.

## 1 Strong multi-year growth market

Global shift to cloud/edge computing and sustainable IT. \$20+ billion market opportunity.

## 2 Disruptive business model

Unique end-to-end sustainable IT solutions. Global scale & reach.

## 3 Revenue growth continues

+13.9% YoY growth to S\$125.9 million in 1H 2021.

## 4 Solid progress on transformation

Team is more focused, early results are favourable.

## 5 Balance sheet remains strong

+155% YoY growth in net cash to S\$12.5 million.





# THANK YOU

## INVESTOR RELATIONS

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