

May 17, 2013



# **InterCloud Systems Reports First Quarter 2013 Results**

## **Revenue Totals \$12.4 Million**

BOCA RATON, Fla., May 17, 2013 (GLOBE NEWSWIRE) -- InterCloud Systems Inc. (OTCBB:ICLD) ("InterCloud"), an end-to-end solution provider of professional services and infrastructure services to the telecommunications industry, major corporations and governmental entities, today announced financial results for the first quarter ended March 31, 2013.

"Our first quarter results reflect the integration of the three acquisitions that we completed during 2012," said Mark Munro, Chief Executive Officer of InterCloud Systems. "InterCloud now offers a full set of professional services focused on providing end-to-end network solutions for both carriers and enterprises. We believe that with the cross-selling opportunities arising from the combination of our companies, coupled with our existing longstanding customer relationships, we are well positioned for growth in 2013 and beyond."

The financial results do not include those revenues and earnings associated with InterCloud's recent acquisition of AW Solutions, Inc. which was closed in April, 2013.

## **First Quarter 2013 Financial Results**

Revenue for the first quarter ended March 31, 2013 increased by \$10.9 million, or 716%, to \$12.4 million, compared to \$1.5 million for the first quarter of 2012. The increase in revenue is attributable to the revenue generated by the three companies acquired in 2012.

Gross profit for the first quarter of 2013 totaled \$3.6 million compared to \$0.6 million for the first quarter of 2012. Net loss for the first quarter of 2013 was \$1.05 million, or \$0.50 per share, compared to a net loss of \$0.33 million, or \$.25 per share, in the first quarter of 2012. Adjusted EBITDA for the first quarter of 2013 was \$0.85 million, or \$0.41 per share, compared to \$(0.20) million, or \$(0.15) per share, for the first quarter of 2012.

## **About InterCloud Systems, Inc.**

InterCloud Systems, Inc. is a global single-source provider of value-added services for both corporate enterprises and service providers. InterCloud offers cloud and managed services, professional consulting services and voice, data and optical solutions to assist its customers in meeting their changing technology demands. Its engineering, design, installation and maintenance services support the build-out and operation of some of the most advanced enterprise, fiber optic, Ethernet and wireless networks. Additional

information regarding InterCloud may be found on InterCloud's website at [www.intercloudsys.com](http://www.intercloudsys.com).

## **Non-GAAP Financial Measures**

Investors are cautioned that adjusted EBITDA, or earnings/(loss) before other income/(expense), taxes, depreciation, amortization, stock-based compensation, and other non-cash charges, if any, as used in this press release, is defined as a "non-GAAP financial measure" by the Securities and Exchange Commission. This measure may be different from non-GAAP financial measures used by other companies. The presentation of this financial information, which is not prepared under any comprehensive set of accounting rules or principles, is not intended to be considered in isolation. In addition, although InterCloud's management has provided a reconciliation of this measure to the nearest comparable GAAP measure, it should not be construed as an alternative to any other measure of performance determined in accordance with generally accepted accounting principles, or as an indicator of InterCloud's operating performance, liquidity or cash flows generated by operating, investing and financing activities, as there may be significant factors or trends that it fails to address. InterCloud's management presents this financial information because they believe that it is helpful to some investors as a measure of InterCloud's performance. InterCloud cautions investors that non-GAAP financial information, by its nature, departs from traditional accounting conventions; accordingly, its use can make it difficult to compare InterCloud's current results with the results from other reporting periods and with the results of other companies. Definitions and reconciliations between the non-GAAP measure and relevant GAAP measure are set forth in the tables at the end of this press release.

## **Forward Looking Statements**

Statements in this press release regarding InterCloud that are not historical facts are forward- looking statements and are subject to risks and uncertainties that could cause actual future events or results to differ materially from such statements. Any such forward-looking statements, including, but not limited to, financial guidance, are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. It is routine for InterCloud's internal projections and expectations to change as the quarter and year progresses, and therefore it should be clearly understood that the internal projections and beliefs upon which InterCloud bases its expectations may change. Although these expectations may change, InterCloud is under no obligation to inform you if they do. Actual events or results may differ materially from those contained in the projections or forward-looking statements. Some of the factors that could cause actual results to differ materially from the forward-looking statements contained herein include, without limitation: InterCloud's inability to integrate recent and future acquisitions, which would adversely affect InterCloud's business, financial condition, result of operations and prospects; the cancellation of master service agreements, from which InterCloud derives a significant portion of its revenue, which may be cancelled by customers on short notice, or which InterCloud may be unable to renew on favorable terms or at all; the inability of InterCloud to attract and retain key personnel and skilled labor, or if labor difficulties are encountered, InterCloud's ability to bid for and successfully complete contracts may be negatively impacted; risks related to InterCloud's failure to compete effectively within its highly

competitive industry, especially with a variety of larger companies with greater resources, which could reduce the number of new contracts awarded to InterCloud or adversely affect InterCloud's market share and harm InterCloud's financial performance; risks related to InterCloud's history of losses and deficiencies in working capital and stockholders' equity, which may continue in the future, raising substantial doubts about InterCloud's ability to continue as a going concern; risks related to the identification of material weaknesses in InterCloud's internal control over financial reporting, and a lack of assurance that additional material weaknesses or significant deficiencies will not occur in the future, leading to the possibility that InterCloud may not be able to accurately report financial results, prevent fraud, or file periodic reports in a timely manner, which may cause investors to lose confidence in InterCloud's reported financial information and may lead to a decline in InterCloud's stock price; and InterCloud's substantial indebtedness, which could adversely affect its business, financial condition and results of operations and its ability to meet payment obligations. This list is intended to identify only certain of the principal factors that could cause actual results to differ from those discussed in the forward-looking statements. Readers are referred to the reports and documents filed from time to time by us with the Securities and Exchange Commission for a discussion of these and other important risk factors that could cause actual results to differ from those discussed in forward-looking statements.

#### Statement of Operations

	For the three months ended March 31,	
	2013	2012
Revenues	\$ 12,401,933	\$ 1,520,035
Gross Profit	3,635,630	655,355
Operating Expenses	3,030,145	914,389
Income (Loss) from Operations	605,485	259,034
Other expense, net	(1,320,950)	(62,110)
Net loss before benefit for income taxes	(715,465)	(321,144)
Benefit for income taxes	(220,700)	--
Dividends on Preferred Stock	(591,085)	(17,722)
Net loss attributable to InterCloud Systems, Inc. common stockholders	\$ (1,050,868)	\$ (333,815)
Loss per share, basic and diluted	\$ (0.50)	\$ (0.25)
Basic and diluted weighted average shares outstanding	2,103,957	1,341,110

#### Adjusted EBITDA

	For the three months ended March 31,	
	2013	2012
Net loss attributable to InterCloud Systems, Inc. common stockholders	\$ (1,050,868)	\$ (333,815)

**Add Back**

Dividends on Preferred Stock	591,085	17,722
Interest expense	1,336,579	61,330
Depreciation and amortization	197,610	29,730
Stock based compensation	157,100	30,000

Total addbacks	2,282,374	138,782
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**Deduct**

Benefit for income taxes	(220,700)	--
Net loss attributable to non-controlling interest	(34,982)	(5,051)
Change in fair value of derivative instruments	(15,629)	780
Change in fair value of contingent consideration	(105,060)	--

Total deductions	(376,371)	(4,271)
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Adjusted EBITDA	\$ 855,135	\$ (199,304)
Adjusted EBITDA per share	\$ 0.41	\$ (0.15)
Basic weighted average common shares outstanding	2,103,957	1,341,110

**Selected Balance Sheet Data**

	<u>March 31, 2013</u>	<u>December 31, 2012</u>
Cash	\$ 1,267,713	\$ 646,978
Accounts Receivable, net	8,758,086	8,481,999
Total current assets	11,608,425	10,183,971
Goodwill and intangible assets	29,507,991	29,667,823
Total assets	43,043,459	41,866,243
Total current liabilities	14,961,336	13,410,481
Other liabilities, including long term debt	14,494,614	15,159,644
Temporary equity	16,319,044	16,584,704
Stockholders' deficit	(2,731,535)	(3,288,586)

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Source: InterCloud Systems, Inc.