

May 15, 2014



# InterCloud Systems Reports First Quarter 2014 Results

Revenue Increased 25% Year-Over-Year to \$14.1 Million; Gross Profit Increased 33% to \$3.9 Million

Net Income \$6.7 Million

SHREWSBURY, N.J., May 15, 2014 (GLOBE NEWSWIRE) -- InterCloud Systems, Inc. (the "Company" or "InterCloud") (Nasdaq:ICLD), a single source provider of end-to-end IT technology and next-generation network solutions to the service provider and corporate enterprise markets through professional services and cloud platforms, today reported financial results for the first quarter ended March 31, 2014.

InterCloud reported first quarter 2014 revenues of \$14.1 million and net income of \$6.7 million. Basic Earnings per share for the first quarter ended March 31, 2014 was \$0.70 per share. On a fully diluted basis, excluding any derivative gains, the loss per share was (\$1.52).

The \$14.1 million in gross revenues for InterCloud was contributed by our three reporting segments: Cloud and Managed Services; Applications and Infrastructure; and Professional Services; Our Cloud and Managed Services revenue totaled \$5.3 million; Applications and Infrastructure revenue totaled \$3.9 million; and Professional Services revenue totaled \$4.9 million for the quarter.

Mark Munro, Chairman and CEO of InterCloud, stated, "Our first quarter results reflect the integration of our recently completed IPC-NY and RentVM acquisitions. InterCloud now offers a broad range of professional engineering and IT services, as well as cloud and managed services, which was our largest segment of operational revenues for the first quarter."

Mr. Munro continued, "We are experiencing significant growth opportunities across our segments as we continue to cross sell and take advantage of our end-to-end solutions capabilities. As we grow, our corporate cost of operations will become a smaller percentage of our revenues. We are very excited about the future for InterCloud."

## First Quarter 2014 Financial Results

Revenue for the first quarter ended March 31, 2014 increased by \$2.8 million, or 25%, to \$14.0 million, as compared to \$11.2 million for the first quarter of 2013.

Gross profit for the first quarter of 2014 increased 33% to \$3.9 million, compared to \$3.0 million for the first quarter of 2013. Overall gross margins increased to 28% from 26% for

the same period last year.

Net income for the quarter ended March 31, 2014 was \$6.7 million, or a net income of \$0.70 basic earnings per share. The net income includes gains resulting from the change in the fair value of derivative instruments of \$21.0 million. On a fully diluted basis, excluding any derivative gains, the loss per share was (\$1.52) compared to a net loss of \$0.5 million, or \$0.50 per share, for the quarter ended March 31, 2013.

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

InterCloud Systems, Inc. is a single-source provider of end-to-end information technology (IT) and next-generation network solutions to the telecommunications service provider (carrier) and corporate enterprise markets through cloud platforms and professional services. InterCloud offers cloud and managed services, professional consulting and staffing services, and voice, data and optical solutions to assist its customers in meeting their changing technology demands. InterCloud's cloud solutions offer enterprise and service-provider customers the opportunity to adopt an operational expense model by outsourcing to InterCloud rather than the capital expense model that has dominated in recent decades in IT infrastructure management. InterCloud's telecommunications staffing group offers a broad range of solutions to enterprise and service provider customers, including application development teams, analytics, project management, program management, unified communications, network management and field support services on a short and long-term basis. InterCloud's specialty contracting division offers enterprise and service provider customers engineering, design, installation and maintenance services that support the build-out and operation of some of the most advanced small cell, WiFi and distributed antenna system (DAS) networks. Additional information regarding InterCloud may be found on InterCloud's website at [www.intercloudsys.com](http://www.intercloudsys.com).

### **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 InterCloud 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

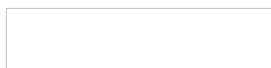
	For the three months ended	
	March 31,	
	2014	2013
Revenues	\$ 14,075	\$ 11,243
Gross Profit	3,934	2,966
Operating Expenses	6,665	2,663
(Loss) income from Operations	(2,731)	303
Other income (expense), net	9,576	(1,278)
Net income (loss) before benefit for income taxes	6,845	(975)
Provision (benefit) for income taxes	137	(317)
Income (loss) from continuing operations	6,708	(658)
Income from discontinued operations, net of taxes	--	164
Dividends on Preferred Stock	--	(591)
Net income (loss) attributable to InterCloud Systems, Inc. common stockholders	\$ 6,655	\$ (1,050)
Basic income (loss) per share from continuing operations, basic and diluted	\$ 0.70	\$ (0.58)
Income per share, from discontinued operations, basic and diluted	\$ --	\$ 0.08
Basic net income ( loss) per share	\$ 0.70	\$ (0.50)
Diluted (loss) per share from continuing operations	\$ (1.52)	\$ (0.58)
Diluted income per share from discontinued operations	\$ --	\$ 0.08

Net loss per diluted share	\$ (1.52)	\$ (0.50)
Basic weighted average shares outstanding	9,449,622	2,103,957

#### **Selected Balance Sheet Data**

	<u>March 31, 2014</u>	<u>December 31, 2013</u>
Cash	\$ 3,956	\$ 17,867
Accounts Receivable, net	10,874	7,822
Total current assets	18,047	28,308
Goodwill and intangible assets	60,849	29,846
Total assets	79,894	60,690
Total current liabilities	29,762	24,111
Other liabilities, including long term debt	19,287	38,255
Stockholders' equity (deficit)	30,845	(1,676)

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Source: InterCloud Systems, Inc.