

November 13, 2014



InterCloud Systems Reports Third Quarter 2014 Results

- Revenue Increased 37% to \$20.5 Million
- Gross Profit Increased 17% to \$5.4 Million

SHREWSBURY, N.J., Nov. 13, 2014 (GLOBE NEWSWIRE) -- InterCloud Systems, Inc. (the "Company" or "InterCloud") (Nasdaq:ICLD), 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, today reported financial results for the third quarter 2014.

Third Quarter Financial Highlights:

- Revenue increased 37% year-over-year to \$20.5 million
- Gross profit increased 17% year-over-year to \$5.4 million
- Stockholders' Equity increased to \$30.9 million, from (\$1.7) million at fiscal year-end 2013

Mark Munro, Chairman and CEO of InterCloud, stated, "Our cloud and managed services segment continues to be a strong driver for our overall operational performance. During the third quarter, we achieved record revenues of \$20.5 million. Additionally, we announced our exciting news about our formal roll out of Software Defined Networking (SDN) and Network Function Virtualization (NFV) in our cloud with Juniper Networks."

"We remain excited about the long-term potential of InterCloud and believe the steps we've taken over the past 21 months have positioned the Company to capitalize on the immense opportunities in front of us and creates the necessary foundation for ongoing financial performance. We believe that the current capital commitment of hiring additional sales personnel will provide the basis for continued growth in 2015 and beyond," continued Mr. Munro.

Revenue for the third quarter ended September 30, 2014 increased \$5.5 million, or 37%, to \$20.5 million, as compared to \$15.0 million for the third quarter of 2013. This was the result of increased revenue from our cloud and managed services segment.

The Company had a net loss attributable to common stockholders of \$(8.6) million in the third quarter of 2014 compared to net income of \$1.3 million for the comparable period of 2013. This increase in net loss resulted from non-cash expenses including goodwill and intangible asset impairment charges, changes in the fair value of contingent consideration and derivative instruments and depreciation and amortization totaling \$4.5

million. Additionally, the Company had an increase of \$4.3 million in salaries, wages and SG&A expense resulting from an increase in personnel to implement our aggressive growth strategy.

Also included in SG&A expense is non-cash stock compensation expense of \$0.6 million for the quarter ended September 30, 2014 compared to \$-0- in the third quarter of 2013 and non-cash amortization of debt discount and prepaid loan costs of \$2.1 million, which is included interest expense, in the quarter ended September 30, 2014 compared to \$0.4 million for the comparable period of 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 including Software Defined Networking (SDN) and Network Function Virtualization (NFV) to the telecommunications service provider (carrier) and corporate enterprise markets through cloud solutions and professional services. InterCloud offers cloud and managed services, professional consulting and staffing services, and infrastructure and applications 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. Additional information regarding InterCloud may be found on InterCloud's website at 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.

Forward-looking statements include all statements that do not directly or exclusively relate to historical facts. In some cases, you can identify forward-looking statements by terms such as "may," "will," "should," "could," "would," "expects," "plans," "anticipates," "believes," "estimates," "projects," "forecasts," "predicts," "potential," or the negative of those terms, and similar expressions and comparable terminology. These include, but are not limited to, statements relating to future events or our future financial and operating results, plans, objectives, expectations and intentions. Although we believe that the expectations reflected in these forward-looking statements are reasonable, these expectations may not be achieved. Forward-looking statements represent our intentions, plans, expectations, assumptions and beliefs about future events and are subject to known and unknown risks, uncertainties and other factors outside of our control that could cause our actual results, performance or achievement to differ materially from those expressed or implied by these forward-looking statements. In addition to the risks described above, these risks and uncertainties include: our ability to successfully execute our business strategies, including integration of the recent acquisitions of AW Solutions, Inc., Integration Partners-NY Corporation, RentVM, Inc. and VaultLogix, LLC and the future acquisition of other businesses to grow our company; customers' cancellation on

short notice of master service agreements from which we derive a significant portion of our revenue or our failure to renew such master service agreements on favorable terms or at all; our ability to attract and retain key personnel and skilled labor to meet the requirements of our labor-intensive business or labor difficulties which could have an effect on our ability to bid for and successfully complete contracts; our failure to compete effectively in our highly competitive industry could reduce the number of new contracts awarded to us or adversely affect our market share and harm our financial performance; our ability to adopt and master new technologies and adjust certain fixed costs and expenses to adapt to our industry's and customers' evolving demands; our history of losses, deficiency in working capital and a stockholders' deficit and our ability to achieve sustained profitability; material weaknesses in our internal control over financial reporting and our ability to maintain effective controls over financial reporting in the future; our substantial indebtedness could adversely affect our business, financial condition and results of operations and our ability to meet our payment obligations; the impact of new or changed laws, regulations or other industry standards that could adversely affect our ability to conduct our business; and changes in general market, economic and political conditions in the United States and global economies or financial markets, including those resulting from natural or man-made disasters.

These forward-looking statements represent our estimates and assumptions only as of the date of this release and, except as required by law, we undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events or otherwise after the date of this release. Given these uncertainties, you should not place undue reliance on these forward-looking statements and should consider various factors, including the risks described, among other places, in our most recent Annual Report on Form 10-K and in our Quarterly Reports on Form 10-Q, as well as any amendments thereto, filed with the SEC.

Condensed Consolidated Statements of Operations
(Dollar amounts in thousands, except per share data)
(Unaudited)

	For the three months ended	
	September 30,	
	2014	2013
Revenues	\$20,548	\$15,009
Gross Profit	5,433	4,655
Operating Expenses	13,026	3,195
Income (loss) from Operations	(7,593)	1,460
Other expense, net	(938)	(578)
Net income (loss) before benefit for income taxes	(8,531)	882
Provision (benefit) for income taxes	127	(225)
Income (loss) from continuing operations	(8,658)	1,107
Income from discontinued operations, net of taxes	--	404
Dividends on Preferred Stock	--	(167)

Net income (loss) attributable to InterCloud Systems, Inc. common stockholders	\$ (8,642)	\$1,299
Basic income (loss) per share from continuing operations, basic and diluted	\$ (0.65)	\$0.18
Income per share, from discontinued operations, basic and diluted	\$ --	\$ 0.08
Basic net income (loss) per share	\$ (0.65)	\$0.26
Net income (loss) per diluted share	\$ (0.81)	\$0.12
Basic weighted average shares outstanding	13,313,973	4,947,737
Diluted weighted average shares outstanding	13,376,539	6,852,448

	For the nine months ended September 30,	
	2014	2013
Revenues	\$52,461	\$39,564
Gross Profit	15,037	11,443
Operating Expenses	27,696	9,261
Income (Loss) from Operations	(12,659)	2,182
Other income (expense), net	1,217	(3,441)
Net loss before benefit for income taxes	(11,442)	(1,259)
Provision (benefit) for income taxes	454	(632)
Income (loss) from continuing operations	(11,896)	(627)
Income from discontinued operations, net of taxes	--	638
Dividends on Preferred Stock	--	(1,021)
Net loss attributable to InterCloud Systems, Inc. common stockholders	\$ (11,952)	\$ (1,067)
Basic income (loss) per share from continuing operations, basic and diluted	\$ (1.03)	\$ (0.78)
Income per share, from discontinued operations, basic and diluted	--	\$ 0.29
Basic net income (loss) per share	\$ (1.03)	\$ (0.49)
Net loss per diluted share	\$ (3.03)	\$ (0.49)
Basic weighted average shares outstanding	11,554,715	2,197,700
Diluted weighted average shares outstanding	12,154,769	2,197,700

Selected Balance Sheet Data
(Dollar amounts in thousands, except per share data)
(Unaudited)

	September 30, 2014	December 31, 2013
Cash	\$2,586	\$17,867
Accounts Receivable, net	14,939	7,822
Total current assets	20,836	28,308
Goodwill and intangible assets	56,535	29,846

Total assets	79,451	60,690
Total current liabilities	34,273	24,111
Other liabilities, including long term debt	14,326	38,255
Stockholders' equity (deficit)	30,852	(1,676)

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Source: InterCloud Systems, Inc.