

August 10, 2016



InterCloud Systems Reports Second Quarter Results

- 2nd Quarter Revenue Grew 16% to \$22.6 Million
- 2nd Quarter Gross Profit Increased 19% to \$5.2 Million

SHREWSBURY, N.J., Aug. 10, 2016 (GLOBE NEWSWIRE) -- InterCloud Systems, Inc. (the "Company" or "InterCloud") (Nasdaq:ICLD), a leading provider of cloud networking orchestration and automation solutions and services, today reported financial results for the second quarter 2016.

2nd Quarter and 6 Months Financial Highlights:

- Revenue increased 16% year-over-year to \$22.6 million
- Gross Profit increased 19% year-over-year to \$5.2 million
- Gross Profit Margin at 23% for the 2nd quarter of 2016 compared to 22% in 2015

Mark Munro, Chairman and CEO of InterCloud, stated, "Notwithstanding the sale of our data storage assets during the first quarter of 2016, we experienced revenue growth over the comparable period in 2015. We have also undertaken measures to reduce our operating expenditures, with reductions in SG&A expenses while building on our industry leading automated Software Defined Networking (SDN) solutions and professional services division. Our goal is to continue to cut costs by as much as \$5 million annually, restructure our debt, divest ourselves of non-core assets and develop higher margin revenue around SDN and Network Function Virtualization."

Second Quarter of 2016 Financial Results:

Revenue for the second quarter ended June 30, 2016 increased by 16% to \$22.6 million, compared to \$19.6 million for the second quarter of 2015. This was primarily the result of increased revenue from our professional services operating segment offset by a decrease in our managed services segment.

The gross profit percentage was 23% during the second quarter of 2016, compared to 22% for the comparable period in 2015. Gross profit increased to \$5.2 million in the second quarter of 2016 compared to \$4.4 million in 2015. Increases in gross profit in our professional services segment were offset by decreases in our other segments. The gross profit percentage in the professional services segment was 25% in the second quarter of 2016.

The Company had a net loss attributable to common stockholders of \$(13.4) million for the second quarter of 2016 compared to a net loss of \$(14.5) million for the comparable period of 2015. The decrease in net loss during the second quarter of 2016 compared to

the comparable period of 2015 resulted from an increase in increase in gross profit of \$800 thousand and a decrease in salaries and wages and SG&A expense of \$1.8 million. Additionally, we had a net decrease in losses from derivative instruments, conversion of debt, extinguishment of debt and exchange of shares of \$1.3 million. These decreases were offset by an increase in interest expense of \$1.6 million. Salaries and wages includes non-cash stock compensation expense of \$600 thousand for the second quarter of 2016 compared to \$5.2 million for the comparable period of 2015.

Six Months Ended June 30, 2016 Financial Results:

Revenue for the six months ended June 30, 2016 increased by 6% to \$40.2 million, compared to \$37.8 million for 2015. This was the result of increased revenue from our professional services and application and infrastructure business segments offset by a decline in our managed services segment.

Gross profit was 24% for the six months ended June 30, 2016, compared to 25% for the comparable period in 2015. Gross profit increased to \$9.6 million for the six months ended June 30, 2016 compared to \$9.5 million in 2015. Increases in gross profit in our professional services segment were offset by decreases in our other segments. The gross profit percentage in the professional services segment was 24% for the six months ended June 30, 2016.

The Company had a net loss attributable to common stockholders of \$(17.7) million for the six months ended June 30, 2016 compared to a net loss of \$(24.8) million for the comparable period of 2015. The decrease in net loss during the second quarter of 2016 compared to the comparable period of 2015 resulted from a decrease in salaries and wages and SG&A expense of \$2.3 million. Additionally, we had a net decrease in losses from derivative instruments, conversion of debt, extinguishment of debt, modification of debt and exchange of shares of \$6.9 million. These decreases were offset by an increase in interest expense of \$3.1 million. Salaries and wages includes non-cash stock compensation expense of \$1.3 million for the six months ended June 30, 2016 compared to \$6.4 million for the comparable period of 2015.

About InterCloud Systems, Inc.

InterCloud Systems, Inc. is a cloud computing company which provides end-to-end information technology (IT) and next-generation network solutions including Software Defined Networking (SDN) and Network Function Virtualization (NFV) orchestration to the telecommunications service provider (carrier) and corporate enterprise markets through cloud solutions and professional services. 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.

(Dollar amounts in thousands, except per share data)

	For the 3 months ended June 30,		For the 6 months ended June 30,	
	2016	2015	2016	2015
Revenues	\$ 22,594	\$ 19,559	\$ 40,223	\$ 37,797
Gross Profit	5,219	4,397	9,633	9,463
Operating Expenses	9,537	11,677	17,493	20,181
Loss from operations	(4,318)	(7,280)	(7,860)	(10,718)
Other (expense) income, net	(7,763)	(8,421)	(10,147)	(14,824)
Net loss before provision for (benefit from) income taxes	(12,081)	(15,701)	(18,007)	(25,542)
Provision for (Benefit from) income taxes	56	(1,367)	116	(1,224)
Net loss	(12,137)	(14,334)	(18,123)	(24,318)
Net (loss) income on discontinued operations	(1,198)	(179)	465	(362)
Net loss attributable to InterCloud Systems, Inc.'s common stockholders	\$ (13,416)	\$ (14,476)	\$ (17,724)	\$ (24,830)
Basic and diluted net loss per share	\$ (0.43)	\$ (0.69)	\$ (0.58)	\$ (1.30)
Basic and diluted weighted average common shares outstanding	31,422,412	20,883,458	30,662,143	19,056,275

Selected Balance Sheet Data

(Dollar amounts in thousands, except per share data)

	June 30, 2016	December 31, 2015
Cash	\$ 2,432	\$ 7,944
Accounts receivable, net	18,179	16,616
Total current assets	26,988	28,553
Restricted cash	14,190	-
Goodwill and intangible assets	40,760	40,371
Total assets	83,608	92,231
Total current liabilities	48,811	39,951
Other liabilities, including long-term debt	51,106	56,480
Stockholders' deficit	(16,309)	(4,200)

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Source: InterCloud Systems, Inc.