

March 14, 2017



InterCloud Systems Reports Full Year 2016 Results

- Long term debt reduced by \$27.4 million since June 2016
- 2016 Revenue of \$78.0 Million Compared to \$74.1 Million in 2015
- 2016 Operating Expenses reduced by \$7.8 million

SHREWSBURY, N.J., March 14, 2017 (GLOBE NEWSWIRE) -- InterCloud Systems, Inc. (the "Company" or "InterCloud") (OTC:ICLD), a leading provider of networking orchestration and automation solutions for IOT, SDN and NFV and services, today reported financial results for the full year 2016.

Full Year 2016 Financial Highlights:

Mark Munro, Chairman and CEO of InterCloud, stated, "In 2016, the Company began a systematic restructuring. The changes included the sale of certain assets to generate cash and reduce senior debt. Our senior debt now totals only \$5.7 Million; which is down from \$25.7 Million in June of 2016. The senior debt reduction along with the subordinated debt reductions since June 2016 now total over \$27.4 Million. This is a significant and important reversal. Our team remains focused on eliminating or restructuring the remaining subordinated debt in order to reduce interest expense and increase the shareholder equity of the Company."

In addition, Mark Munro, Chairman and CEO of InterCloud stated, "InterCloud will continue to deleverage, sell assets that do not have significant upside for the long term and focus on deeper cost cutting measures to achieve positive cash flow. Our focus is on driving our cost of goods sold down as well as reducing future operating expenses. Corporate costs are also being reduced as our employees are focused on achieving more with less overhead."

"In 2016, InterCloud's SDN and NFV related revenue increased from zero in 2015 to almost \$5 million in 2016. This market has been slower to adopt than most experts predicted but clearly the virtualization of the network has begun and future opportunities remain robust and exciting for InterCloud. Our team has focused on several highly remarkable use cases in healthcare security and analytics, tier two carrier orchestration and automation, and deep machine learning analytics and automation for IOT applications. Recently, two companies with similar software platforms to InterCloud's have sold for over \$100 million each. These events give us even more confidence we are in the right space at the right time. We have streamlined costs but our platform remains robust and the team continues to develop use cases with near term revenue opportunities. We have focused on strategic partnerships to help lower our costs of sales and deliver our solutions into large enterprise customers that already have existing relationships with our

brand name partners. I look forward to reporting news around this market during 2017."

In conclusion, Mark Munro, Chairman and CEO stated, "2016 was a solid growth year for InterCloud. Revenue increased, costs lowered and debt was significantly reduced. We look forward to driving efficiencies deeper in 2017 and the continued growth and maturity in the new markets of IOT, SDN and NFV."

Full Year 2016 Financial Results:

Revenue for the year ended December 31, 2016 increased by 5% to \$78.0 million, compared to \$74.1 million for 2015. This was the result of increased revenue from our professional services business segment offset by a decline in our managed services segment.

Gross profit was 25% for the year ended December 31, 2016 and 27% for 2015. Gross profit stayed relatively flat at \$19.8 million for 2016 compared to \$20.2 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 28% for the year ended December 31, 2016.

The Company had a net loss attributable to common stockholders of \$(26.5) million for the year ended December 31, 2016 compared to a net loss of \$(65.8) million for the comparable period of 2015. The decrease in net loss during the year ended December 31, 2016 compared to the comparable period of 2015 resulted from an increase in the gain from the change in derivative instruments of \$26.9 million, an increase in the gain on discontinued operations of \$15.6 million, a decrease in goodwill impairment expense of \$9.8 million and a reduction in salaries and wages expense of \$5.0 million. This reduction in net loss was offset by an increase in interest expense of \$4.4 million and an increase in SG&A expense of \$3.3 million. Additionally, offsetting the decrease, the net losses from conversion and extinguishment of debt had a net increase of \$4.3 million. Salaries and wages includes non-cash stock compensation expense of \$3.3 million for the year ended December 31, 2016 compared to \$8.6 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.

Consolidated Statement of Operations
(Dollar amounts in thousands, except per share data)

	For the year ended December 31,	
	2016	2015
Revenues	\$ 78,000	\$ 74,108
Gross Profit	19,805	20,244
Operating Expenses	38,429	46,190
Loss from operations	(18,624)	(25,946)
Other expense, net	(8,106)	(25,934)
Loss from continuing operations before income taxes	(26,730)	(51,880)
Provision for (benefit from) income taxes	207	(1,345)
Net loss from continuing operations	(26,937)	(50,535)
Gain (loss) from discontinued operations, net of tax	465	(15,124)
Net (income) loss attributable to non-controlling interest	11	103
Net loss attributable to InterCloud Systems, Inc.'s common stockholders	\$ (26,483)	\$ (65,762)
Basic net loss per share	\$ (0.63)	\$ (3.05)
Diluted net loss per share	\$ (0.63)	\$ (3.05)
Basic weighted average common shares outstanding	41,946,410	21,520,885
Diluted weighted average common shares outstanding	41,946,410	21,520,885

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

	December 31, 2016	December 31, 2015
Cash	\$ 1,790	\$ 7,944
Accounts receivable, net	13,952	16,616
Total current assets	19,389	28,553
Goodwill and intangible assets	35,391	40,371
Total assets	54,569	92,231
Total current liabilities	57,802	39,951
Other liabilities, including long-term debt	12,810	56,480
Stockholders' deficit	(16,043)	(4,200)

Consolidated Statement of Operations

CONTACT: Investor Relations
InterCloud Systems, Inc.
561.988.1988



Source: InterCloud Systems, Inc.