

Pivot Technology Solutions Reports Fourth Quarter 2014 Results and Provides Update on Q1 2015

Carlsbad, California, April 24, 2015

Pivot Technology Solutions, Inc. ("Pivot" or the "Company") (TSX-V: PTG), today publishes its results for the fourth quarter and fiscal year ended December 31, 2014.

Financial highlights Q4 2014

- Revenues of \$377.5 million, up 11.7% compared to Q4 2013, attributable both to increased product sales and continued growth of the services business.
- Product sales of \$331.9 million, up 11.1% compared to Q4 2013, driven in part by the delivery of a one-off larger project at one of the Company's major customers.
- Service revenues of \$42.5 million, up 19.4% compared to Q4 2013.
- Gross profit of \$45.6 million, up \$9.2 million, or 25.3%, from the same period in the prior year.
- Gross margin for the quarter of 12.1%, up from 10.8% for Q4 2013.
- Adjusted EBITDA* of \$11.0 million, up 42.9% from Q4 2013, and up 29.6% from Q3 2014.
- Adjusted for changes in non-cash working capital balances, the Company generated \$6.9 million in cash from operating activities, as compared to \$4.6 million for Q4 2013.

Financial Highlights FY 2014

- Revenues of \$1,359.2 million, up 9.6% compared to FY 2013.
- Services revenues of \$150.4 million represented 11.1% of total revenues, up from 9.4% for FY 2013.
- Gross profit of \$159.4 million, up 13.9% from the prior year, representing a gross margin of 11.7%, up from 11.3% for FY 2013.
- Adjusted EBITDA* up 22.5% to \$33.4 million, as compared to FY 2013.
- Adjusted for changes in non-cash working capital balances, the Company generated \$20.2 million in cash from operating activities, up 44.9% from \$14.0 million for FY 2013.

Events subsequent to year end

- On March 2, 2015, the Company announced that its Board of Directors had approved the initiation of a CAD\$0.03 per share annual dividend and the adoption of a normal course issuer bid (NCIB), subject to regulatory approval, and to convert all Series A Preferred Shares into common shares. Pivot anticipates declaring the initial quarterly dividend of CAD\$0.0075 per share at the time of the publication of the financial results for the second quarter of 2015, with payment in September 2015.
- Conversion of the Series A Preferred Shares into common shares was completed on March 16. Subsequent to the conversion, the Company has 167,719,126 common shares issued and outstanding.

Q1 2015 Update

- First quarter Revenues and adjusted EBITDA* are historically the weakest of the year for Pivot
- Slower than usual activity for first quarter experienced across certain business lines
- Revenues, Gross Profit and Adjusted EBITDA* to fall short of Q1 2014 comparable

Management commentary

“We are pleased with the progress we made as a company in 2014,” stated Warren Barnes, CEO of Pivot. “Our results reflect the continued execution of our strategy, which has enabled us to record solid revenue growth and improving profitability for both the quarter and the year. We strive to exceed our customers’ expectations and build a strong track-record of delivering innovative, results-driven solutions. In an increasing number of our customer interactions, services are an integral part of these solutions. Since 2012, we have doubled the contribution to revenues from this higher-margin business from 5.5% to 11.1%. Operationally, we are making good progress with our integration initiatives and these are continuing into 2015 and beyond.”

Kerri Brass, CFO of Pivot, stated, “This quarter’s revenues and adjusted EBITDA* were the second highest in the Company’s history behind the results for Q2 2012, which were driven by a large data centre infrastructure project at a major customer. Our gross profit growth and margin improvement in 2014 were driven not only by overall higher business activity, but are also a reflection of the increasing share of service revenue. We continue to be encouraged by ongoing revenue growth outside of our major customers, where we realized 7.1% growth for the quarter and 18.5% growth for the year, as compared to the same periods in 2014.”

Mr. Barnes continued, “Looking forward to Q1, a quarter which has historically been the Company’s weakest, we have seen slower than usual activity, which is consistent with general and industry-specific economic data pointing to a Q1 2015 that is expected to be softer than seasonal effects alone would explain. Important Pivot business segments such as storage, and industry verticals such as energy, have been impacted by this slowdown. Additionally, in Q1 2014, we benefited from the delivery of projects that had not been completed in the prior year, making that Q1 2014 a strong comparable. While Q1 2015 results of operations will fall short of Q1 2014, we believe our offerings remain competitive and well-diversified, and we are well positioned to benefit from an improvement in the general economic environment as and when it materializes.”

“For 2015, we will remain focused on expanding our services and international businesses, continued innovation, and capitalizing on all of our strategic initiatives to expand across our business units.”

Q4 2014 Financial Review

Revenues came in at \$377.5 million, up 11.7% from Q4 2013, and up 4.9% from Q3 2014. Revenue growth for the quarter was attributable both to an increase in product sales, up \$33.2 million from Q4 2013, or 11.1%, to \$331.9 million, and continued strength from the Company’s services business, up \$6.9 million from Q4 2013, or 19.4%, to \$42.5 million. The growth in product sales was primarily attributable to increased revenues from major customers of \$27.9 million, driven in part by a large one-off project.

Gross profit reached \$45.6 million, up \$9.2 million, or 25.3%, from Q4 2013, and up \$5.4 million, or 13.5%, from Q3 2014. The increase was attributable both to higher revenues and a higher gross margin, in part due to continued growth of the Company's higher-margin services business. Gross margin for the quarter came in at 12.1%, up from 10.8% for Q4 2013 and 11.2% for Q3 2014.

The Company recorded adjusted EBITDA* for Q4 2014 of \$11.0 million, up \$3.3 million, or 42.9%, compared to the same period in the prior year and up 29.6% sequentially. The increase was attributable to higher business volume during the quarter, combined with higher gross margin.

Selling and administrative expenses for Q4 2014 increased by \$5.9 million, or 20.6%, to \$34.5 million, as compared to Q4 2013, attributable mainly to increased commissions and bonus payments related to the higher gross profit, as well as lower marketing development funds from vendor partners.

Adjusted for changes in non-cash working capital balances, the Company generated \$6.9 million in cash from operating activities, up 49.2% from \$4.6 million for the same period last year, attributable to higher business volume and improved margins.

As at December 31, 2014, total cash on hand was \$8.5 million, down from \$22.0 million for December 31, 2013, and down from \$9.7 million for September 30, 2014. The changes in cash on hand were related to normal movements in working capital.

FY 2014 Financial Review

Revenues for the full year ended December 31, 2014 increased by \$119.0 million, or 9.6%, to \$1,359.2 million, as compared to the same period last year, driven both by increased product sales and increased revenues from services.

Service revenues for the full year 2014 increased by \$33.5 million, or 28.7%, to \$150.4 million. Relative to total revenues, the contribution from services increased from 9.4% to 11.1%.

Product sales increased by \$86.1 million, or 7.7%, to \$1,198.4 million. The increase was driven by non-major customer growth of \$109.7 million, offset by a decrease in revenues from major customers of \$23.6 million.

Gross profit for the period increased by \$19.5 million, or 13.9%, over the prior year. Growth of revenues from the Company's services business resulted in an increase in gross margin to 11.7% for the full year ended December 31, 2014, compared with 11.3% for the same period in 2013.

Adjusted EBITDA* for FY 2014 was \$33.4 million, up by \$6.1 million, or 22.5%, from the same period last year. Growth in adjusted EBITDA* was driven primarily by higher revenues and higher gross margins, as well as a leveraging of the Company's support organization.

Adjusted for changes in non-cash working capital balances, the Company generated \$20.2 million in cash from operating activities, up 44.9% from \$14.0 million for the same period last year.

Conference Call

Management will host a conference call on April 24, 2015 at 11:00 am ET.

DATE: Friday, April 24, 2015

TIME: 11:00 a.m. ET

DIAL IN NUMBER: +1 647-427-7450
+1 888-231-8191

TAPED REPLAY: +1 416-849-0833
+1 855-859-2056

Reference number: 26393057

Available from April 24, 2015 14:00 ET to May 1, 2015 23:59 ET

Subsequently, a recording of the call will be posted on the Company's website: www.pivotts.com.

Notice of Annual General Meeting of Shareholders

Pivot has called its annual general meeting of shareholders (the "Meeting") to be held on Tuesday, June 16, 2015. The record date for determining shareholders entitled to receive notice of and vote at the Meeting has been set Friday, May 15, 2015. The Company's related meeting materials will be mailed to shareholders of record and filed with SEDAR on May 24, 2015. Details for the meeting are as follows:

Date: Tuesday, June 16, 2015

Time: 10:00 am ET

Address: Offices of Borden Ladner Gervais, Elliot - Room,
Scotia Plaza
40 King Street West, 44th Floor
Toronto, Ontario M5H 3Y4

About Pivot Technology Solutions, Inc.

Together with its portfolio companies and partners, Pivot delivers solutions that enable organizations to design, build, implement and maintain computing and communication infrastructure that addresses their unique business needs. Pivot's approach supports improvement of business performance, helps organizations reduce capital and operating expenses, and accelerates the delivery of new products and services to end-customers. With over 2,000 customers, many of whom are Fortune 1000 companies, Pivot

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extends its value added solutions to help organizations of all sizes improve operating efficiency, reduce complexity and enhance service delivery through virtualization and cloud computing. Pivot enables businesses to extend their enterprise through mobility solutions to better connect business partners and customers. Pivot has offices throughout North America and can be found online at www.pivotts.com.

Forward Looking Statement

This news release contains statements that, to the extent they are not recitations of historical fact, may constitute "forward-looking statements" within the meaning of applicable Canadian securities laws. Forward-looking statements include statements regarding the continued integration initiatives, Q1 2015 results of operations, competitiveness, diversity of our product offerings and benefit from an improvement in the general economic environment, payment of a dividend commencing in Q2 2015 and proposed NCIB and the assumptions underlying any of the foregoing. Pivot uses words such as "may", "would", "could", "will", "likely", "expect", "believe", "intend" and similar expressions to identify forward-looking statements. Any such forward-looking statements are based on assumptions and analyses made by Pivot in light of its experience and its perception of historical trends, current conditions and expected future developments, including the assumption that opportunities identified by Pivot may lead to growth of its platform, that the general business climate will improve in 2015 and our product offerings will continue to remain competitive and diverse, the Company will be in a financial position to declare and pay a dividend in Q2 2015 and subsequent periods, and all approvals will be obtained for an NCIB as well as other factors Pivot believes are appropriate under the relevant circumstances. However, whether actual results and developments will conform to Pivot's expectations and predictions is subject to any number of risks, assumptions and uncertainties. Many factors could cause Pivot's actual results, to differ materially from those expressed or implied by the forward-looking statements contained in this news release. These factors include, without limitation: uncertainty in the global economic environment; delays in the purchasing decisions of Pivot's customers; the competition Pivot faces in its industry and/or marketplace; the possibility of technical, logistical or planning issues in connection with the deployment of Pivot's products or services; the possibility that Pivot will not be able to further align its support functions with the selling and delivery arms of the business; and the possibility that Pivot will be unable to capitalize on opportunities it has identified in the manner and timeframe anticipated and uncertainty with respect to the ability of the Company to pay a quarterly dividend commencing in Q2 2015 and to obtain approval for an NCIB. The "forward-looking statements" contained herein speak only as of the date of this press release and, unless required by applicable law, the Company undertakes no obligation to publicly update or revise such information, whether as a result of new information, future events or otherwise.

Neither the TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.

Pivot Technology Solutions

SELECTED FINANCIAL INFORMATION

Full financial statements and related Management Discussion and Analysis can be found on SEDAR and the Company's website www.pivotts.com

All figures are in US \$ '000s

	Three months ended December 31, (unaudited)		Twelve months ended December 31,	
	2014	2013	2014	2013
Revenues	377,478	338,004	1,359,229	1,240,222
Cost of sales	331,925	301,656	1,199,871	1,100,354
Gross profit	45,553	36,348	159,358	139,868
Selling and administrative expenses	34,521	28,629	125,925	112,580
Adjusted EBITDA*	11,032	7,719	33,433	27,288
Depreciation and amortization	3,239	2,950	12,067	11,375
Transaction costs	37	140	246	2,229
Interest expense	1,987	3,580	6,777	9,190
Goodwill impairment	-	-	-	11,000
Change in fair value of liabilities	729	14	5,965	(9,394)
Other (income) expense	(44)	(26)	(256)	6
Income before income taxes	5,084	1,061	8,634	2,882
Provision for income taxes	2,115	313	4,378	4,639
Net and comprehensive income (loss)	2,969	748	4,256	(1,757)

*Non-IFRS Financial Measures

The Company internally measures its performance and results of initiatives through a number of measures that are not recognized under IFRS and may not be comparable to similar measures used by other companies.

*Adjusted EBITDA

In the Company's financial reporting, adjusted EBITDA is a non-IFRS measure which is defined as gross profit less selling and administrative expenses, and corresponds to income before income taxes, depreciation and amortization, transaction costs, interest expense, change in fair value of liabilities and other income or expense. Management believes this is an important indicator as adjusted EBITDA excludes items that are either non-cash expenses, items that cannot be influenced by management in the short term, and items that do not impact core operating performance, demonstrating the Company's ability to generate liquidity through operating cash flow to fund working capital needs, service outstanding debt and fund future capital expenditures. Adjusted EBITDA is also used by investors and analysts for the purposes of valuing an issuer. The intent of adjusted EBITDA is to provide additional useful information to investors and analysts and is also used by management as an internal performance measurement. Adjusted EBITDA is not a recognized measure under IFRS, has no standardized meaning and is therefore unlikely to be comparable to similar measures used by other companies. Readers are cautioned that this term should not be construed as an alternative to net income determined in accordance with IFRS.

The following provides a reconciliation of adjusted EBITDA* to income before income taxes:

	Three months ended December 31, (unaudited)		Twelve months ended December 31, (unaudited)	
	2014	2013	2014	2013
Income (loss) before income taxes	5,084	1,061	8,634	2,882
Depreciation and amortization	3,239	2,950	12,067	11,375
Transaction costs	37	140	246	2,229
Interest expense	1,987	3,580	6,777	9,190
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Change in fair value of liabilities	729	14	5,965	(9,394)
Other (income) expense	(44)	(26)	(256)	6
Adjusted EBITDA*	11,032	7,719	33,433	27,288

For more information, please contact:

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