



December 2014 Results Presentation

March 2015

...experience is the difference

Corporate Snapshot



Capital Structure

Share Price (27 February 2015)	\$1.80
Fully paid ordinary shares	131.1m
Options	0.0m
Market Capitalisation	\$236.1m
Cash (31 Dec 2014)	\$3.7m
Drawn Debt (31 Dec 2014)	\$122.7m

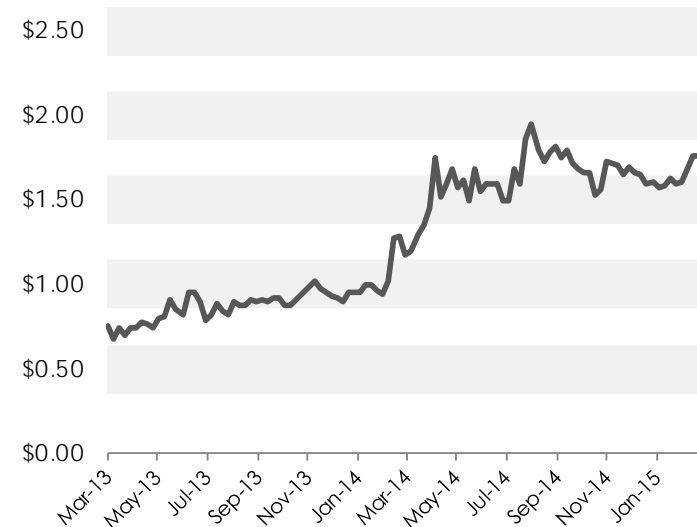
Directors & Senior Management

David Dicker	Chairman & CEO
Fiona Brown	Non Exec Director
Mary Stojcevski	CFO & Director
Vlad Mitnovetski	Executive Director
Michael Demetre	Executive Director

Shareholders

David Dicker	62.5m
Fiona Brown	54.8m

Share price (2 years)

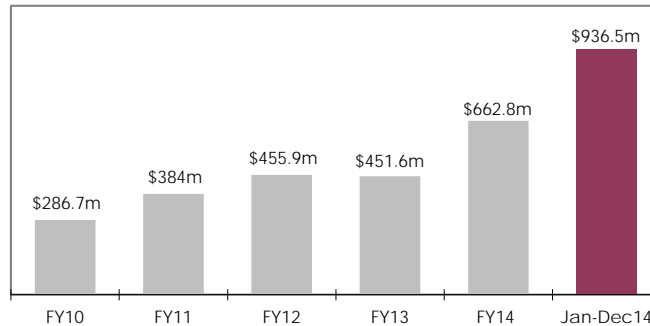


Financial Track Record

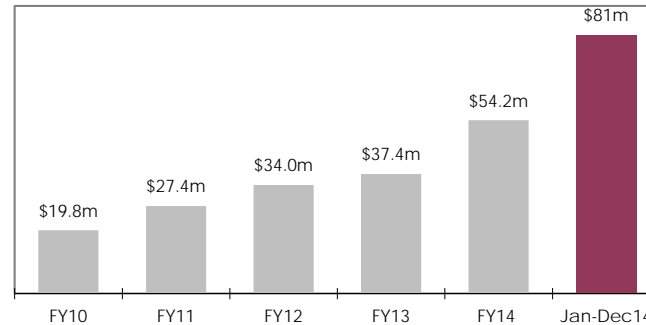


- The Company expects to report substantial growth in sales and profitability in FY15 through the full year contribution from Express Data and from merger cost savings.
- In FY14 the Company changed its year end to December, prior years reflect the June year end.

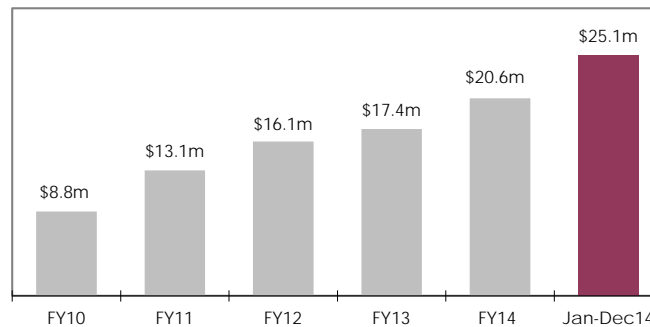
Revenue (\$m)



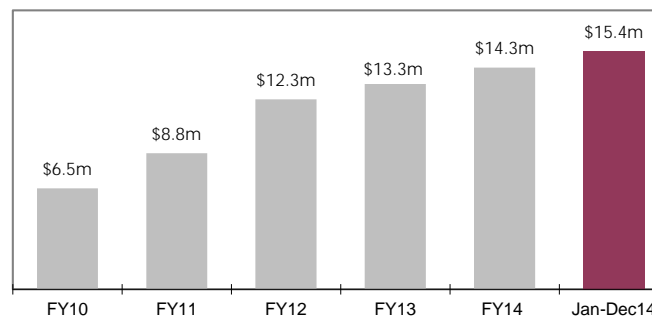
Gross Profit (\$m)



EBITDA (\$m)



Operating Profit (\$m)



* Before tax and one-off integration and share acquisition costs

Results Highlights



- With the acquisition of Express Data, Dicker Data is now one of the top three IT distribution companies in Australasia with annualised revenues expected to be in excess of \$1 billion in FY15.
- The acquisition of Express Data on 1 April 2014 increased the groups vendor partners to over 40, more than doubling group revenue and giving access to the New Zealand market.
- The year end has been changed to December to afford better full year visibility, with the strong quarter traditionally being the three month to 30 June.
- Revenue in 2H14 was 10% ahead of internal projections (\$498m versus \$453) with 17% outperformance in the September quarter and 3% outperformance in the last quarter, due to competitive pressures.
- Gross profit for the six months to December was \$45m (2013: \$18m) an increase of 147%. Excluding Express Data, gross profit margins in the 2H14 expanded to 9.0% vs 8.1% previously, based on maintaining margins due to increased investment in presales capabilities, solution architects and skilled sales force.
- One off expense of \$4.0m were incurred in the period from leased space consolidation, and system integration and redundancy costs.
- To maintain the level of service during the integration period, headcount has been maintained longer than expected and internal projections for synergies have not been met.
- Despite the outperformance in terms of both sales and gross profit, in the six months to December 2014 (now 2H14) internal management projections for profitability were as per forecast with \$6.3m Pre-tax profit in the 2H14 (excluding one-off costs).
- Although continuing to track ahead of forecasts for gross profits, we have yet to finalise adjusting our base cost structure to optimal levels and this has pushed out the time frame to reaching the group's targeted profitability.

Full Year Results to 31Dec 2014



Key Financial Data 12-month to:	Dec-14 (in \$m)	Dec-13 (in \$m)	Variance %
Total revenue	\$936.5	\$462.3	102.6%
Gross Profit	\$82.1	\$40.0	105.4%
Gross Margin	8.77%	8.64%	1.4%
EBITDA (statutory)	\$15.1	\$18.5	-18.3%
One off costs	\$18.2	\$0.0	0.0%
EBITDA (underlying)	\$33.4	\$18.5	80.0%
Profit before tax (underlying)	\$23.1	\$13.8	67.5%
PBT margin	2.47%	2.98%	-17.3%
Net profit after tax (underlying)	\$16.2	\$9.7	67.3%
Earnings cps (underlying)	12.33	7.59	62.6%
Dividends Paid (cps)	5.05	7.00	-27.9%
Dividends per share	4.96	7.00	-29.1%

- The last 12 months include a first time (9 month) contribution from the acquired Express Data.
- Total Revenue increased by \$474.2m which is 10% ahead of projections and the company is tracking to annual revenue in excess of the targeted \$1bn.
- Excluding the Express Data revenue contribution for the period, underlying revenue growth was 12.5%.
- Group underlying EBITDA for the period was \$33.4m which was in line with projections.
- Total dividends paid were lower as result of the one-off acquisition and restructure costs.

Revised Guidance



Pre-tax profit	Target date	Target date
12-month to:	30-Jun-15	31-Dec-15
Original guidance	\$30.0m	
New guidance		\$30.9m

- The integration of Express Data was expected to be completed by Christmas 2014.
- Due to delays to system integration and back-end system processes, with the need to maintain customer service levels, the group has carried more headcount than expected.
- The company undertook another round of redundancies in January and expect to reach the targeted headcount by the end of the current quarter.
- Due to the stronger than expected top sales and gross margin performance we have increased our guidance to \$30.9m (from \$30m previously). However, this is now expected to be reached in the current year to 31 December.

Balance Sheet



FY14 Balance Sheet (\$m)

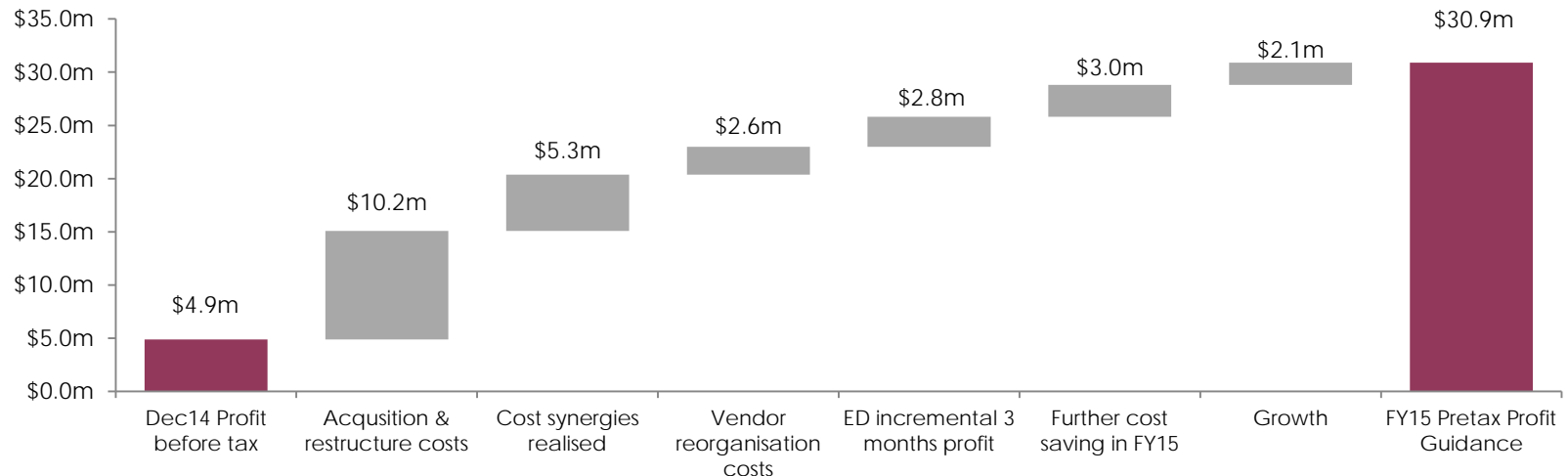
	31-Dec-14	30-Jun-14
Net Assets		
Cash and equivalents	3.7	18.2
Accounts receivable	146.1	161.2
Inventory	84.6	85.1
Other current assets	1.8	0.0
Total current assets	236.2	264.5
PP&E, net	26.8	23.0
Goodwill & Intangibles	34.0	35.1
Other assets	4.5	4.9
Total assets	301.5	327.5
Accounts payable	145.4	174.9
Other current liabilities	127.2	123.5
Total current liabilities	272.6	298.4
Borrowings	0.0	0.3
Other long-term liabilities	7.2	8.4
Total liabilities	279.8	307.1
TOTAL NET ASSETS	21.7	20.4
Shareholders' Equity		
Share Capital	6.9	2.0
Reserves	0.7	0.3
Retained earnings	14.1	18.1
TOTAL EQUITY	21.7	20.4

- The Company finished FY14 with \$3.7m in cash.
- The group debt was \$122.6m.
- We retain the Westpac Receivable Purchase facility of \$122.7m which was used to fund the purchase of Express Data and a \$7.3m Cash Advance facility.
- A further \$25m facility with Macquarie Bank is used for funding HP inventory purchases.
- Property, plant and equipment increased to \$26.8m from \$23.0m, due to capital works with the extension of the warehouse and office and equipment fit out.

Integration update and outlook



- Site consolidation completed in September 2014. All Dicker Data (and former Express Data) employees now located in Kurnell.
- Integration of workforces has been relatively smooth but with less than expected natural attrition following Botany site closure. However there have been delays in systems integration and streamlining processes and to ensure customer service levels were not affected, more headcount than expected has been carried in the FY14 year.
- Prior to the acquisition Dicker Data's revenue per head was tracking at over \$4.5m. Currently with 350 headcount it is tracking at approximately \$2.6m. The target by the end of FY15 is to be back to Dicker Data's pre acquisition level of revenue per head metrics.



Opportunities



Cloud computing

- One of Dicker Data's top initiatives in 2015 is the launch of our Cloud Market Place.
- We are seeing Cloud becoming mainstream and top of mind when end users are up for an IT refresh or rolling out new applications
- We are working on a 'market place' portal scheduled to be launched mid FY15, to provide a comprehensive portfolio of best in breed cloud services technology and capability for our resellers.
- Our proposed service offering includes an aggregator model where we provide a services catalogue from several different cloud and application vendors, incorporating monthly and annual billing.

New Zealand

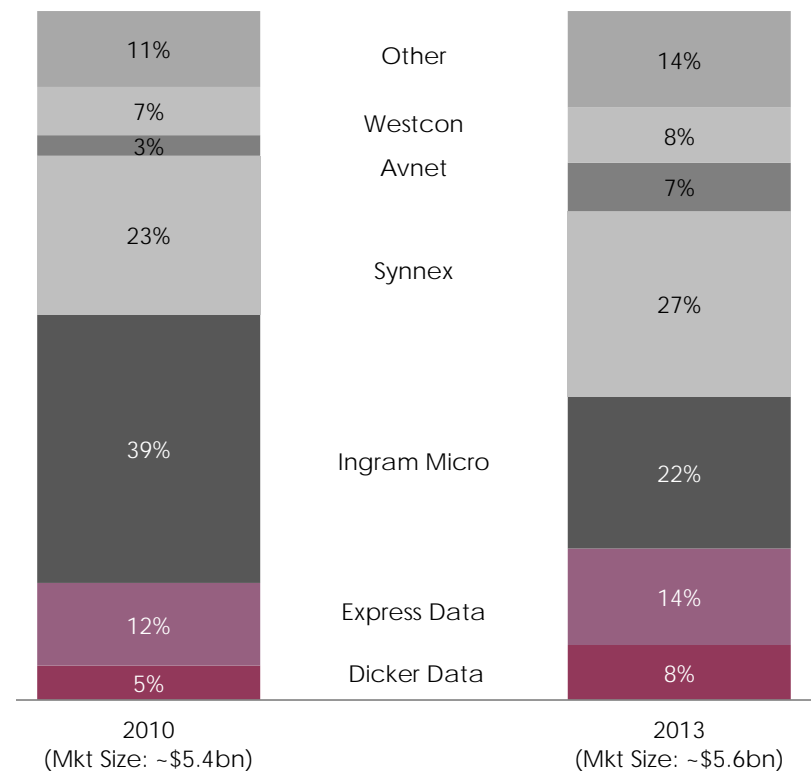
- The acquisition of Express Data has provided us an entry into the New Zealand market.
- The business' head office is in Auckland with branch offices in Wellington and Christchurch.
- Express Data NZ revenue for the 12 months to Dec14 was \$145m AUD
- There is very little vendor product overlap and we will be targeting this cross sell opportunity during FY15.
- First roll out of some of Dicker Data's key volume vendors is scheduled to start in April 15
- System and processes are also scheduled to be integrated by end of June 15.

IT market and strategy



- Our strategy has been to focus on delivering excellent service through technical sales expertise developed through specialisation in a limited vendor range.
- This focus and an aligned employee incentives programme, is delivering industry leading sales per employee rates.
- In recent years, the Company has targeted distribution agreements in software, high-end products and those that address the cloud computing environment.
- The acquisition of Express Data is core to this strategy.
- We are also introducing a components division with some advanced discussions with new vendors around this product set.

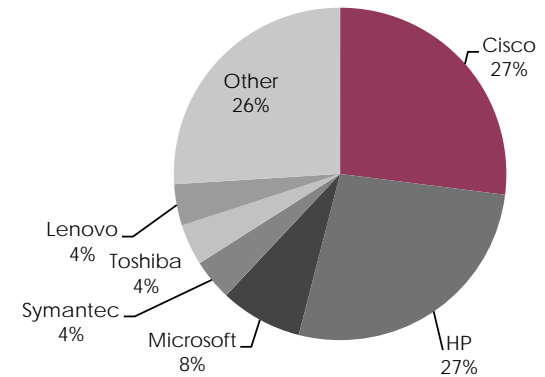
Market share 2010 versus 2013



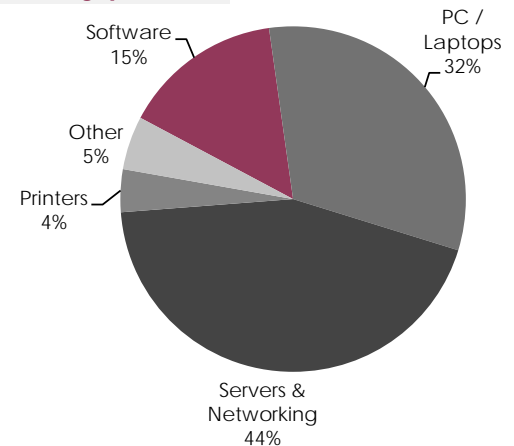
Our Vendor Brands



Top five brands by sales



Sales by product



Appendix



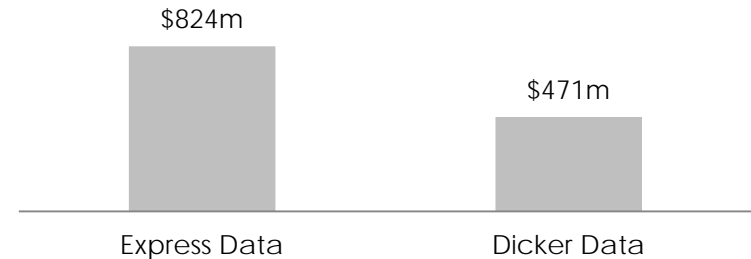
Background to Express Data

Express Data Background

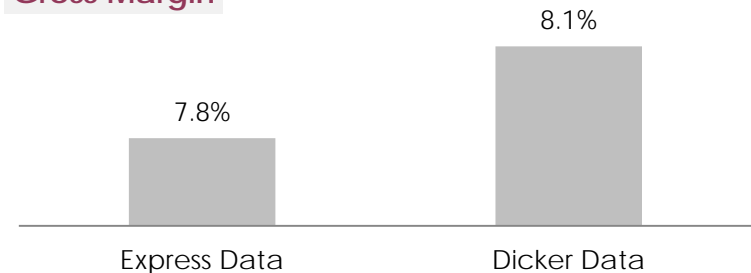


- Express Data (originally part of ComTech) was incorporated on October 1996 and, like Dicker Data, was built with strong philosophy of service.
- In 1998, the business was sold to Dimension Data, which was subsequently acquired by NTT Corp.
- Express Data's head office is in Botany, Sydney and it has branch offices in all major capital cities and in New Zealand.
- Express Data represents technology vendors to both the enterprise and SME markets. It specialises in networking, security, data centre, communications and collaboration infrastructure, software licensing, cloud.
- On acquisition the Company had 366 staff in total throughout Australia and New Zealand.

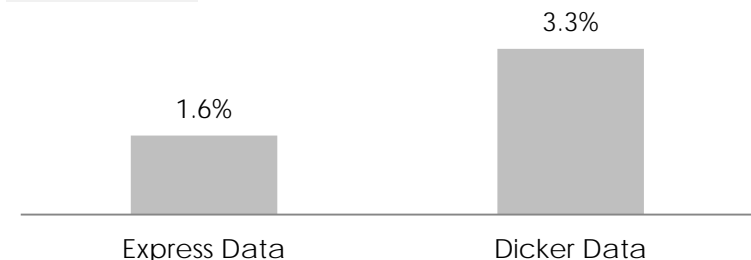
Revenue



Gross Margin



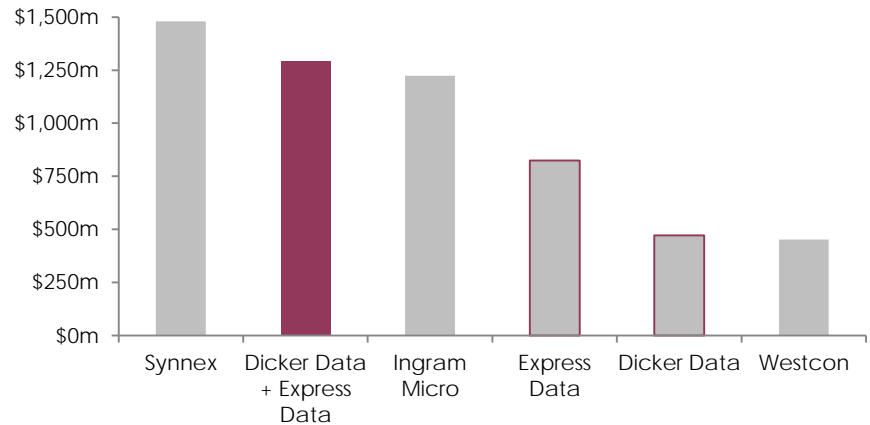
EBIT margin



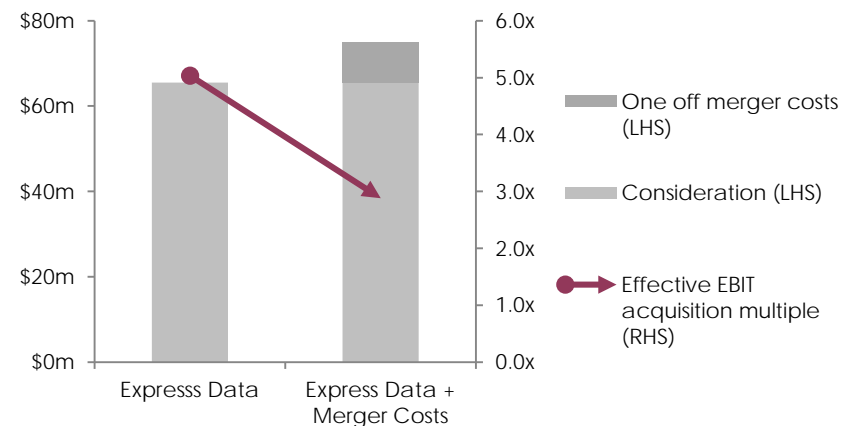
Acquisition of Express Data



- On 10 February 2014 we announced the acquisition of Express Data Holdings.
- The merger of our two business brings together the third and fourth largest IT distributors in Australasia to form a business with similar revenue to the two leading players Synnex and Ingram Micro.
- The acquisition price was \$65.5m, but we expect to spend an additional \$9.0-\$10.0m in one-off acquisition and merger costs.
- On an annualised basis for FY14 Express Data's underlying EBIT was \$13.0m.
- In FY15 we expect to capture most of the \$13.0m in annual cost savings from bringing the two business together.



Synnex, Ingram and Westcon based on ASIC accounts for FY13. Dicker Data and Express Data represents the sales for 12 months to June 2014.



Thank you



Questions?

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Disclaimer



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