



Investor Presentation

March 2015

...experience is the difference

Corporate Snapshot



Capital Structure

Share Price (19 March 2015)	\$1.58
Fully paid ordinary shares	131.1m
Options	0.0m
Market Capitalisation	\$207.2m
Cash (31 Dec 2014)	\$3.7m
Drawn Debt (31 Dec 2014)	\$122.7m

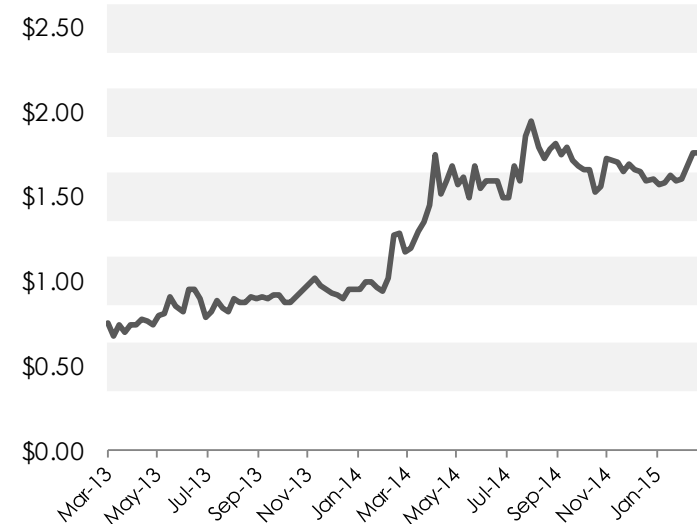
Directors & Senior Management

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)



Company Background



- Dicker Data Ltd (ASX: DDR) is a leading Australian wholesale distributor of computer hardware, software and related products, and also offering related technical services to the reseller community. The Company has been in operation since 1978.
- The company has been operating for 36 years and listed on the ASX in January 2011 at a share price of \$0.20. Current share price is \$1.58 (19 March 2015).
- Following the recent acquisition of Express Data, Dicker Data is now one of the top three IT distribution companies in Australia. We are projecting to achieve annual revenues of over \$1 billion in FY15.
- The Company's financial year end has been changed from a June to December in order to more closely align the financial year with the Company's trading year.
- We distribute to over 5,000 resellers across Australia and New Zealand.
- Our key distribution centre is a 15,000 sqm custom built warehouse and office site in Kurnell, NSW.
- The acquisition of Express Data in April 2014 increased the group's vendor partners to over 40, more than doubling group revenue and giving access to the New Zealand market.
- Dicker Data's product portfolio comprises of leading technology vendors including HP, Cisco, Toshiba, Lenovo, Microsoft, Symantec and other tier 1 global brands.

Our Vendor Brands

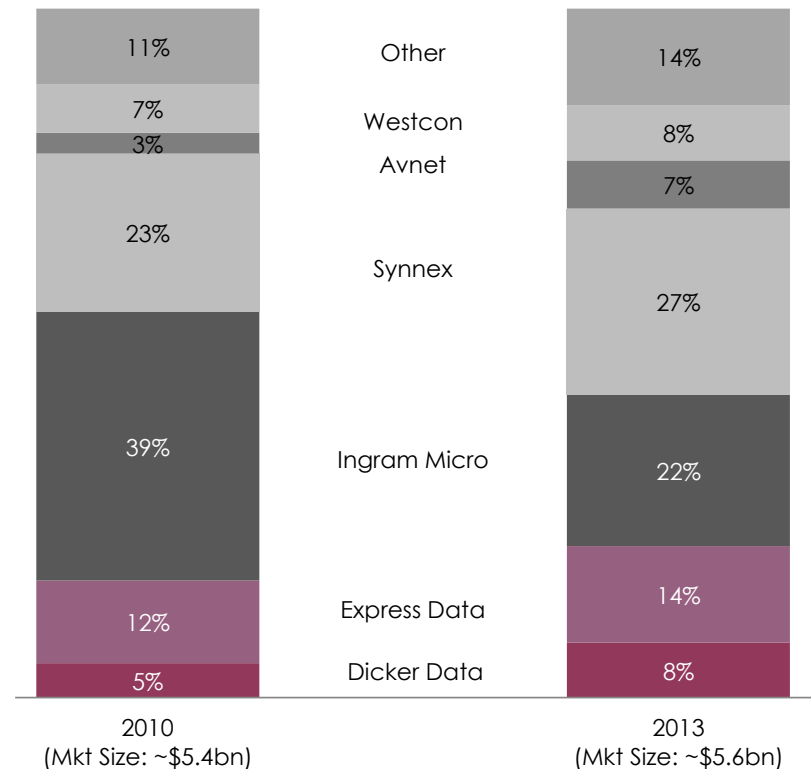


IT market and strategy



- 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, has delivered industry leading sales per employee rates (over \$4m per head historically).
- 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.
- One of our key initiatives for 2015 will be the launch of our Cloud Marketplace to provide a comprehensive portfolio of best in breed cloud services technology and capability for our resellers.
- We are also introducing a components division, with some advanced discussions with new vendors around this product set.

Market share 2010 versus 2013

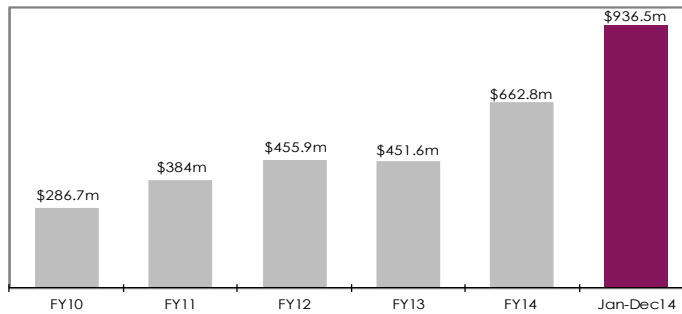


Financial Track Record

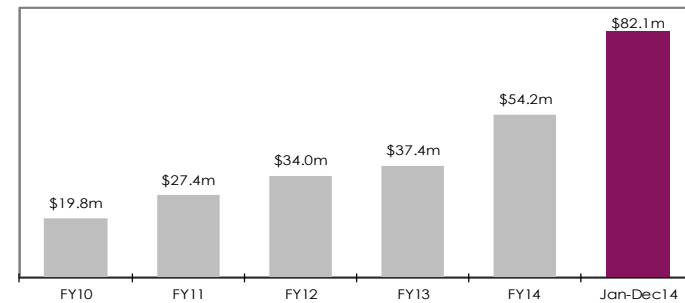


- We expect to report substantial growth in sales and profitability in FY15 through the full year contribution from Express Data and from merger cost savings.
- In FY14 the Company changed its year end to December, prior years reflect the June year end.

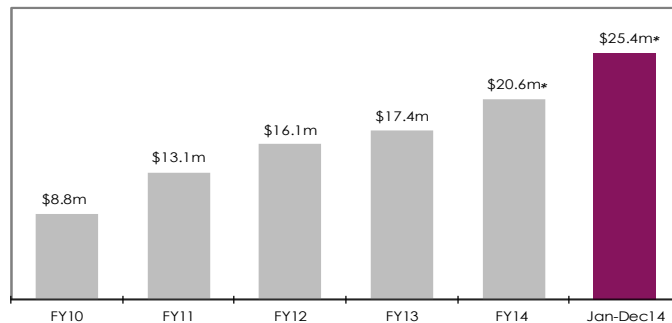
Revenue (\$m)



Gross Profit (\$m)

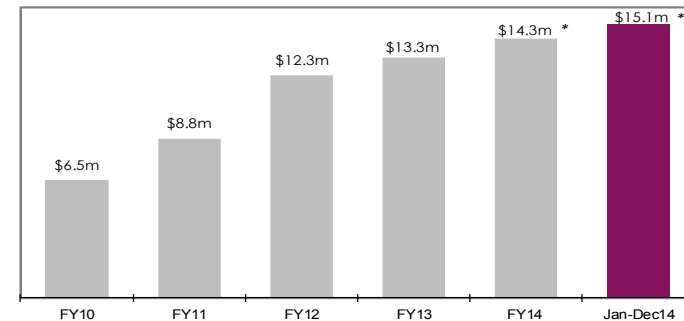


EBITDA (\$m)



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

Operating Profit (\$m)



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

Results Highlights

July 2014 – December 2014



- The Company changed its financial year end from June to December to afford better visibility, with the stronger quarter being the three month to June. The period July 2014 to December 2014 is a transitional financial year for reporting purposes.
- Revenue in this period was 10% ahead of internal projections (\$498m versus \$453) with 17% outperformance in the September quarter and 3% outperformance in the December quarter. Revenue growth excluding Express Data was 12.5%.
- Gross profit was \$45m (2013: \$18m) an increase of 147%. Gross profit margins expanded to 9.0% from 8.1% through maintaining increased investment in presales capabilities, solution architects and skilled sales force.
- One off expenses of \$4.0m were incurred in the period for redundancy costs, leased space consolidation and system integration.
- To maintain the level of service during the integration period, a higher headcount was maintained longer than expected whilst systems integration was finalised. This delayed the realisation of some cost synergies into calendar year – 2015 these cost synergies have now been substantially realised.
- Internal management projections for profitability were as per forecast with \$6.3m pre-tax profit in the 2H14 (excluding one-off costs).
- Management guidance is for PBT of \$31M for the 12 months to December 2015.

Full Year Results

January 2014 to December 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%
Add: One off costs	\$10.2	\$0.0	
Add: Realised cost synergies	\$5.4	\$0.0	
Add: Vendor reorganisation costs	\$2.6	\$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 cents per share (underlying)	12.33	7.59	62.6%
Dividends Paid (cents per share)	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 is tracking to annual revenue in excess of the targeted \$1bn for FY15.
- Excluding Express Data revenue, underlying revenue growth was 12.5%.
- Group underlying EBITDA was \$33.4m for the period, up by 80%.
- Underlying EPS rose by 62.6% with only a partial period contribution from synergies.
- Total dividends paid were lower as result of the one-off acquisition and restructure costs.

* Note: The comparative period is for the 12 months from January 2013 to December 2013.

Balance Sheet



FY14 Balance Sheet (\$m)

	31-Dec-14	30-Jun-14
Net Assets		
Cash and equivalents	3.7	18.2
Accounts receivable	147.9	161.2
Inventory	84.6	85.1
Other current assets	0.0	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
Borrowings	122.7	118.4
Other current liabilities	4.5	5.1
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 drawn group debt was \$122.7m.
- Secured debt includes the Westpac Receivable Purchase facility with a limit of \$122.7m which was used to fund the purchase of Express Data and a \$7.3m Westpac 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. No further material capital expenditure is expected.

Pro-forma Balance Sheet



Projected Balance Sheet FY15

	31-Dec-14	31-Dec-15
Net Assets		
Cash and equivalents	3.7	13.7
Accounts receivable	147.9	147.9
Inventory	84.6	84.6
Other current assets	0.0	0.0
Total current assets	236.2	246.2
PP&E, net	26.8	26.8
Goodwill & Intangibles	34.0	34.0
Other assets	4.5	4.5
Total assets	301.5	311.5
Accounts payable	145.4	145.4
Borrowings	122.7	77.7
Other current liabilities	4.5	4.5
Total current liabilities	272.6	227.6
Borrowings Corporate Bonds	0.0	40.0
Other long-term liabilities	7.2	7.2
Total liabilities	279.8	274.8
TOTAL NET ASSETS	21.7	36.7
Shareholders' Equity		
Share Capital	6.9	21.9
Reserves	0.7	0.7
Retained earnings	14.1	14.1
TOTAL EQUITY	21.7	36.7

Capital Structure

- In March 2014 the Company introduced a dividend reinvestment plan. This is part of the capital management strategy to continue to declare quarterly dividends whilst retaining cash to reduce debt, with the two founding shareholders participating in the DRP.
- In March 2015 we announced an Unsecured Corporate Bond issue for \$40m. The bond offering will increase tenure of debt maturity profile and diversify debt funding sources. The net proceeds of the offering will be used to reduce existing bank debt and for general corporate purposes.
- The following assumptions have been made in the projected balance sheet for the financial year ending Dec 15:

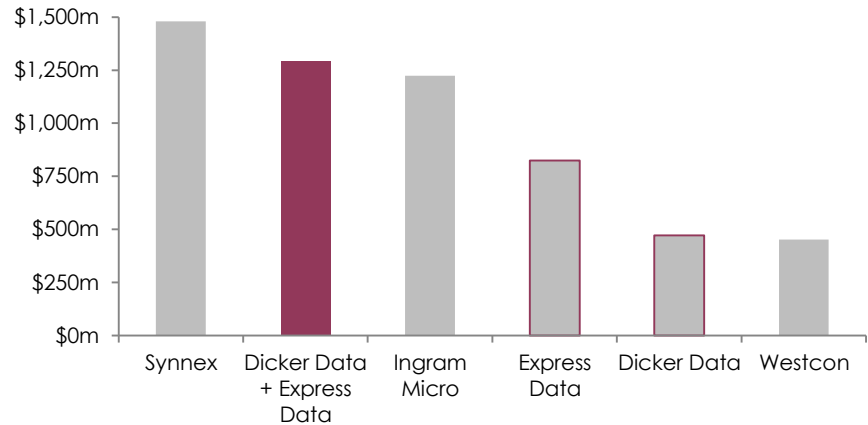
 - An unsecured corporate bond issue for \$40m, \$30m of the bond proceeds applied to current debt.
 - Estimated retained earnings after tax for the FY15 year of \$15m to be used to reduce current debt, assuming 85% participation in the DRP.

Note: The pro-forma Statement of Financial Position is merely indicative and has been provided solely for the purpose of demonstrating what the financial position may look like following issue of the notes.

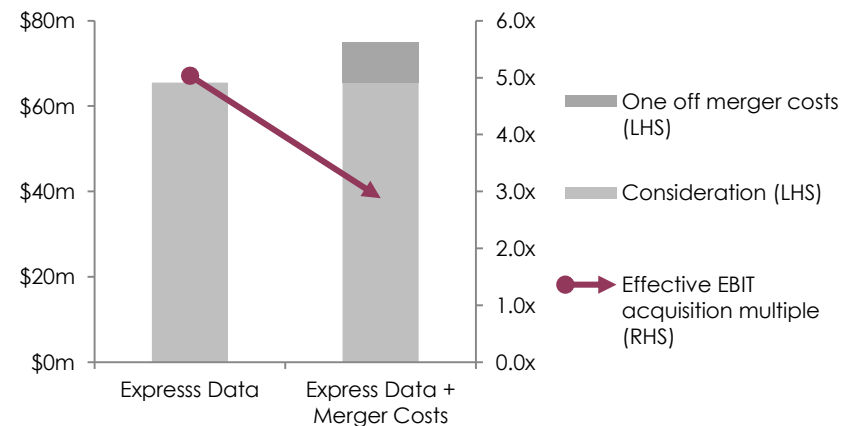
Acquisition of Express Data



- On 10 February 2014 we announced the acquisition of Express Data Holdings.
- The merger of our two businesses 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 after a working capital adjustment final price paid was \$51.1m. We expect to incur one-off acquisition of \$12m of which \$10.5m has been expensed.
- 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.



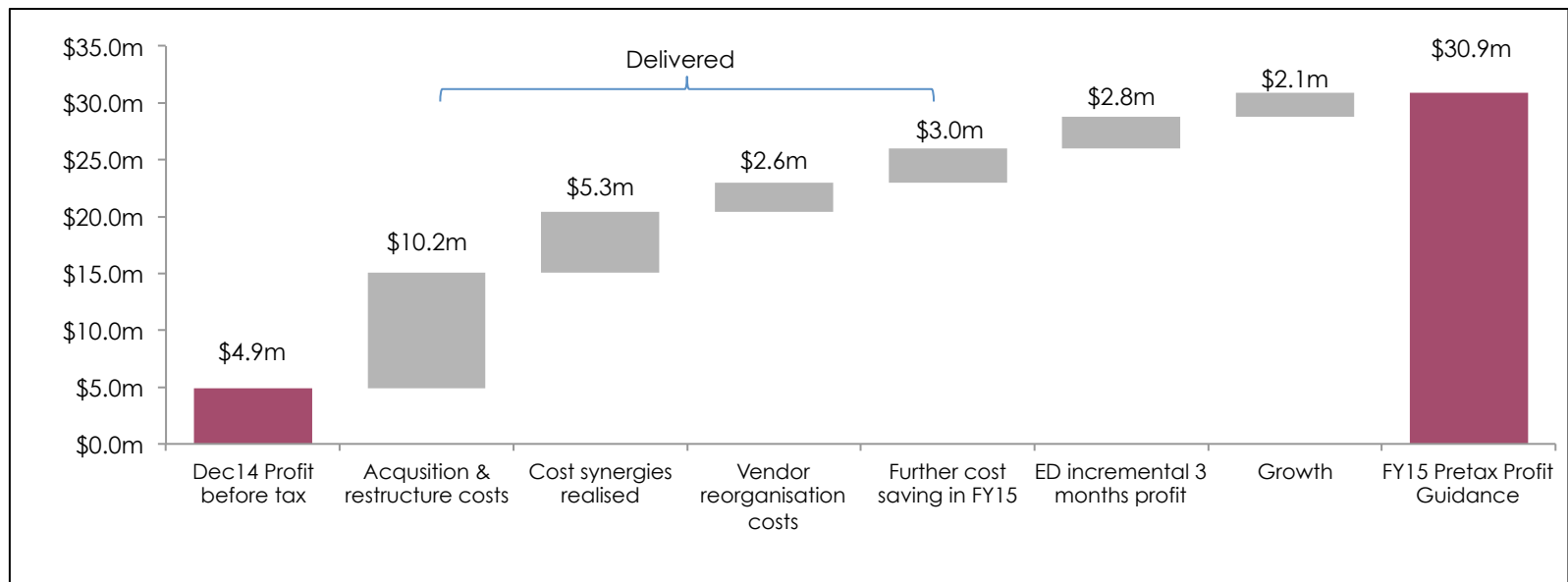
Synnex, Ingram and Westcon based on ASIC accounts for FY13. Dicker Data and Express Data represents the sales for 12 months to June 2014.



Integration update and outlook



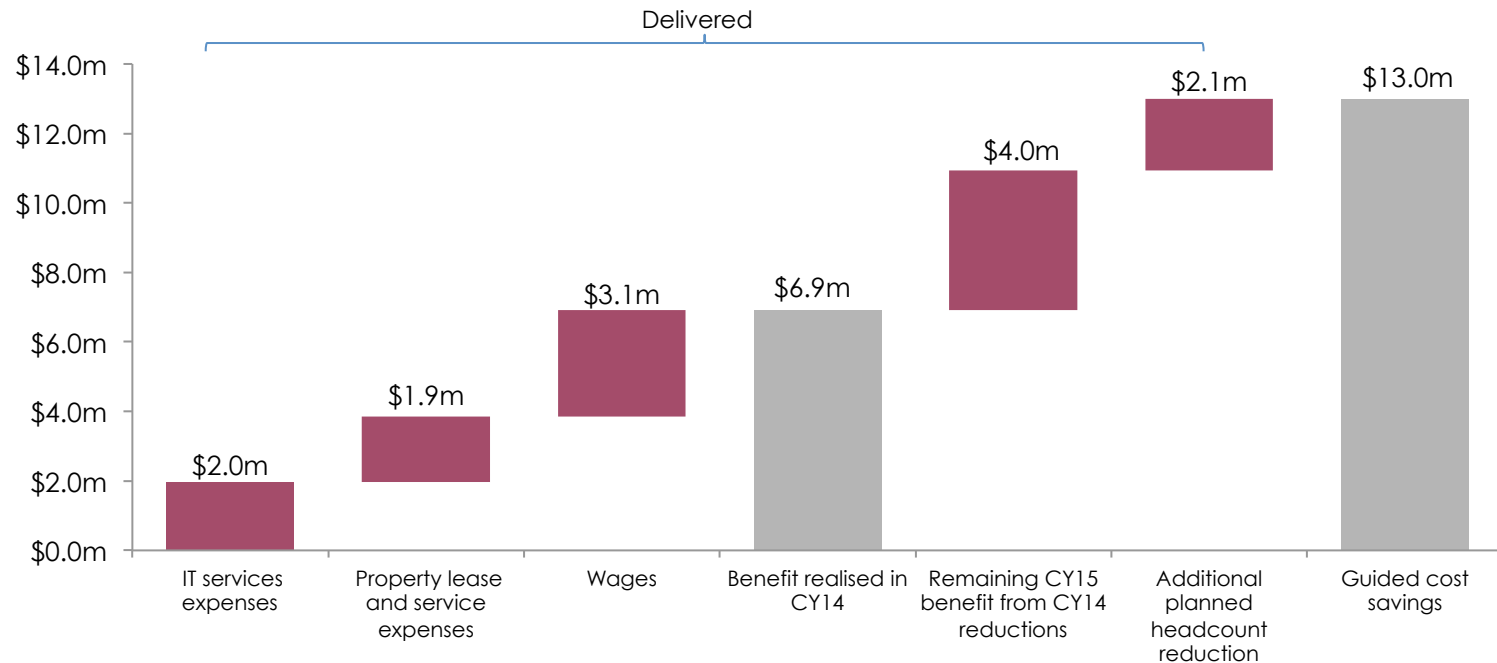
- Site consolidation completed in September 2014. All Dicker Data (and former Express Data) employees are now located in Kurnell.
- Integration of workforces has been relatively smooth but the Company made the decision to temporarily carry extra head count into FY15 to ensure maintenance of customer service levels through systems integration and streamlining processes. This extra headcount has now been reduced with further redundancies in this first quarter.
- The profit guidance is provided based on a combination of adding back the one-off non-recurring costs, realised cost synergies and further costs savings delivered and an additional 3 month contribution from Express Data.



Cost Rationalisation Update



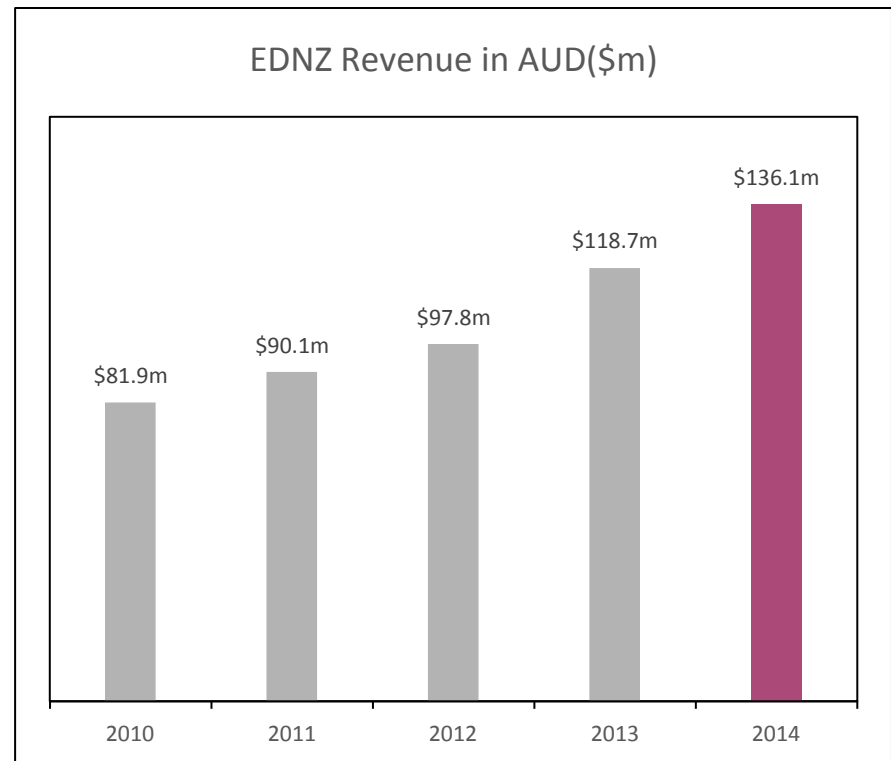
- We had identified annual cost savings of \$13.0m from bringing the two businesses together. During the calendar year 2014 we have realised \$6.9m of these savings, annualising of which will see a further \$4m cost benefits in CY15.
- Actions have been put in place to realise the balance of anticipated cost synergies
- With the closure of the branch offices and primary distribution centre in Botany and the termination of the IT Services and Transitional agreement with the seller we have realised \$3.8m saving. The balance of the realised cost saving is in relation to headcount reduction of duplicate functions.



Opportunities: 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.
- NZ revenue for the 12 months to Dec 14 was A\$136m. There has been organic year on year growth in NZ for the last 5 years.
- There is very little vendor product overlap and we will be targeting this cross sell opportunity during FY15.
- System and processes are also scheduled to be integrated by end of June 15.



New Zealand Expansion

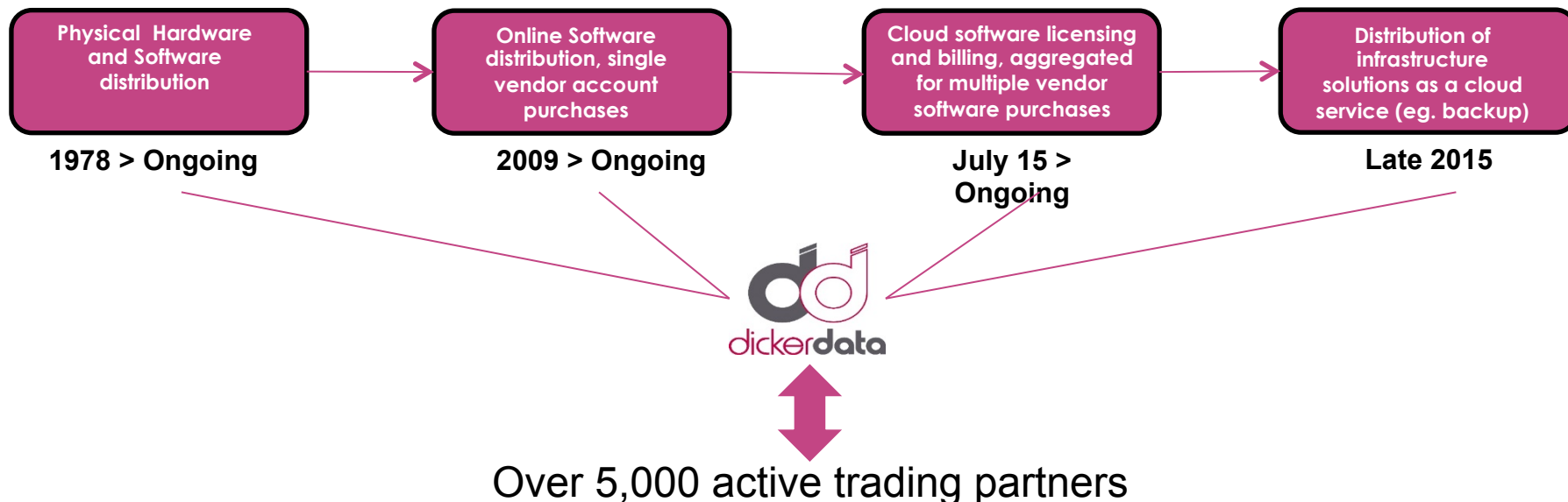


- We are launching our first volume vendors in April 15, starting with Toshiba, Kingston and subsequently Targus.
- We will also be the first distributor to have a cloud platform in NZ featuring multiple tier-one global vendors.
- Dicker Data NZ holds dominant share in its two key partners Cisco and Microsoft and currently has over 90% share in selected software vendors who are moving to a cloud sales model (e.g. Autodesk).
- NZ typically returns a higher margin on comparable products to Australia resulting in high returns on the investment being made.

Opportunities: Cloud Computing



- One of Dicker Data's top initiatives in 2015 is the launch of our **Cloud Marketplace**.
- Cloud distribution is increasing for end users considering an IT refresh or accessing new applications.
- We are working on a 'market place' portal scheduled to be launched mid calendar year 2015, 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.



Benefits of a Cloud Strategy

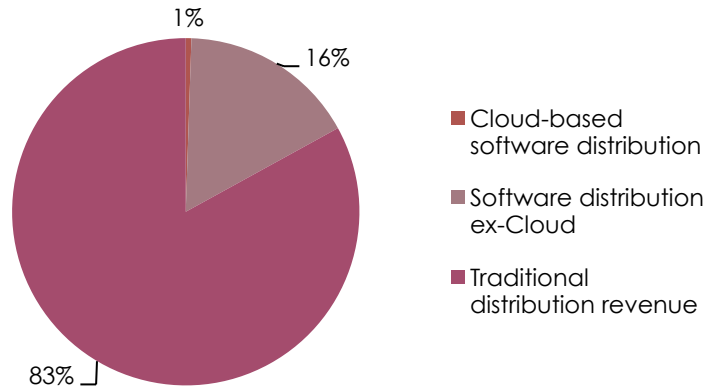


- Businesses are moving towards recurring consumption based models to lower their capex costs and convert opex to variable costs
- Vendor partners are now driving end-user purchasing behaviour towards consumption based products to secure long-term, recurring revenue for their businesses.
- We are expanding our capabilities to support offerings in the cloud space due to market and vendor demand. As vendors continue to move their products to subscription/ consumption models, we must have a platform to sell these products and remain relevant to the existing customer base
- We see a significant opportunity to secure long-term customers based on the sale of contractually based products. We believe that customers who are on our platform will be less likely to move off it for reasons of convenience and ease of management.

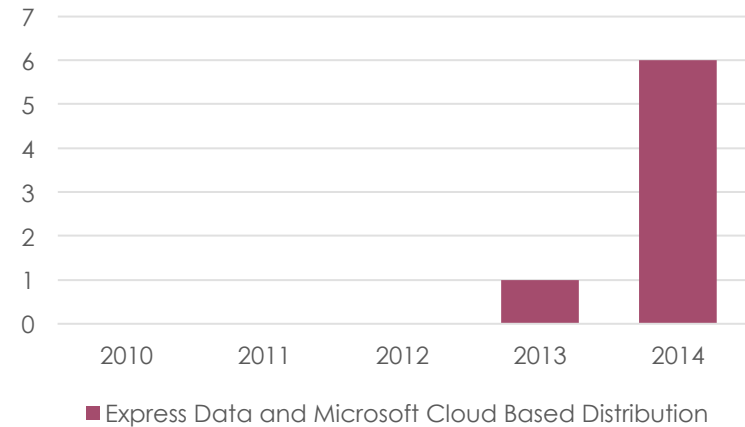
Evolution of Products



(A\$M rev)



(A\$M rev)



DDR's Legacy distribution business

- Over 40 vendor partners
- Traditionally, 100% hardware distribution, but with Microsoft and Express Data acquisition total software revenue now at 17%
- DDR's current share of distribution business in vendor markets:
 - HP 55%
 - Cisco 52%
 - Microsoft 42%

DDR's Cloud-based distribution

- Existing revenue from Cloud Distribution, ~A\$6M in 2014
- Over 1,300 active partners buying cloud product today
- Ability to leverage hardware relationships to grow
- Actively approaching "as-a-service" vendors today to form new relationships to offer a wider product set via the cloud
- Create new and varied recurring revenue streams

Existing Capabilities



- We have substantial existing capabilities and demand to support a **Cloud Marketplace** strategy.
- Existing vendor distribution agreements are over 40 vendors, with currently 13 vendors where we are distributing cloud-based solutions.

Existing Capabilities Supporting Cloud Market Place Strategy

Vendor distribution agreements for hardware and software	Over 40
Vendor partners currently distributing via the Cloud with DDR	13
Existing vendor partners with products to distribute via the Cloud	Microsoft, Citrix, HP, Trustwave, Arcserve, SAP and ShoreTel
Number of global tier-one vendors represented	Over 40
Dedicated vendor sales specialists	✓
Certified end-to-end solution architects	✓
Over 5,000 active trading partners in 12 months	✓
Over 3,600 active trading partners each month	✓

Cloud Subscription Aggregator



- We are developing the infrastructure to both sell and aggregate subscription licensing to service providers for global vendors and leverage our position as one of the largest regional IT distributors to rapidly grow.
- Key vendor relationships underwriting the launch will include Microsoft, HP, Cisco and Citrix

Competency

Online ordering	✓
Platform to support recursive billing	In development for 01/07/15
Automated invoicing based on commitments	In development for 01/07/15
Platform to track historical orders for trends	✓
Live pricing and stock availability online	✓
Customer engagement and enablement events	✓

Thank you



Questions?

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