

FY2016 – H1 Results Presentation

September 2016

DICKER
D A T A

Corporate Headlines

Capital Structure

Share Price (1 Sep 2016)	\$1.97
Fully paid ordinary shares	159.4m
Options	0.0m
Market Capitalisation	\$314.1m
Cash (30 June 2016)	\$21.3m
Drawn Debt (30 June 2016)	\$118.9m

Directors & Senior Management

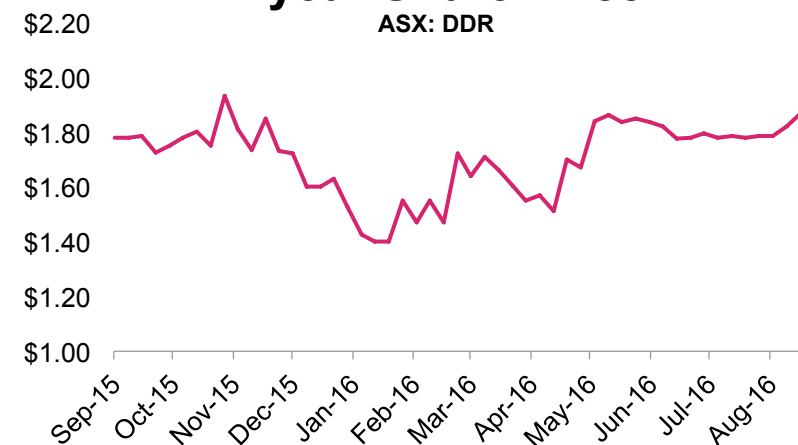
David Dicker	Chairman & CEO
Fiona Brown	Non Exec Director
Mary Stojcevski	CFO & Director
Vlad Mitnovetski	Executive Director
Michael Demetre	Executive Director
Ian Welch	Executive Director

Shareholders

Founder -David Dicker	60.6m	38%
Founder -Fiona Brown	53.9m	34%
Free Float	45.3m	28%

1 year Share Price

ASX: DDR



FY2016 – H1 Results Highlights

Revenue for the consolidated entity continues to grow at double digit pace (+11.1%), inline with our forecast.

The company has on-boarded 13 new vendors since the beginning of 2015, and these vendors have contributed \$24.4m in revenue growth in H1 yoy. Organic (existing) vendors continue to grow at 6.7% yoy.

At a sector level, Hardware continues to grow at +12.3% yoy, Software at +6.5%, and Services at +26.1%.

Operating costs have been managed tightly, with costs growing (+3.7%) at only 1/3 the revenue growth rate. Salary related costs have fallen to 4.3% of revenue versus 4.6% in the corresponding period last year.

The company has delivered an underlying net profit 11.9% better than H1 2015, and slightly ahead of it's forecast.

Our balance sheet position has strengthened since Dec 2015, with working capital falling seasonally over H1 and allowing the company to increase cash levels, reduce debt, and fund the purchase of the adjoining property to allow for expansion.

Half Year Results to 30 June 2016

Key Financial Data (in \$m)

<u>6 months to:</u>	<u>Jun-16</u>	<u>Jun-15</u>	<u>Variance</u>
Total Revenue	590.3	531.5	11.1%
Gross Profit	53.5	51.1	4.8%
Gross Margin	9.1%	9.6%	
EBITDA (Statutory)	22.4	20.5	9.2%
One off costs	0.1	1.5	
EBITDA (underlying)	22.5	22.1	2.0%
Profit before tax (underlying)	18.1	16.2	11.9%
PBT margin	3.1%	3.0%	
Net profit after tax (underlying)	12.6	11.1	13.4%

- Revenue for the consolidated entity has grown \$58.8m, or 11.1% yoy for the first half of the year.
- Profit margins have normalised to 9.1% after being 9.6% for the corresponding period last year – being the result of some strategic enterprise product buy-in in that period.
- Net profit before tax includes \$702k of amortisation expense relating to customer contracts
- Underlying Net profit before tax has increased by 11.9% or 3.1% of revenues.

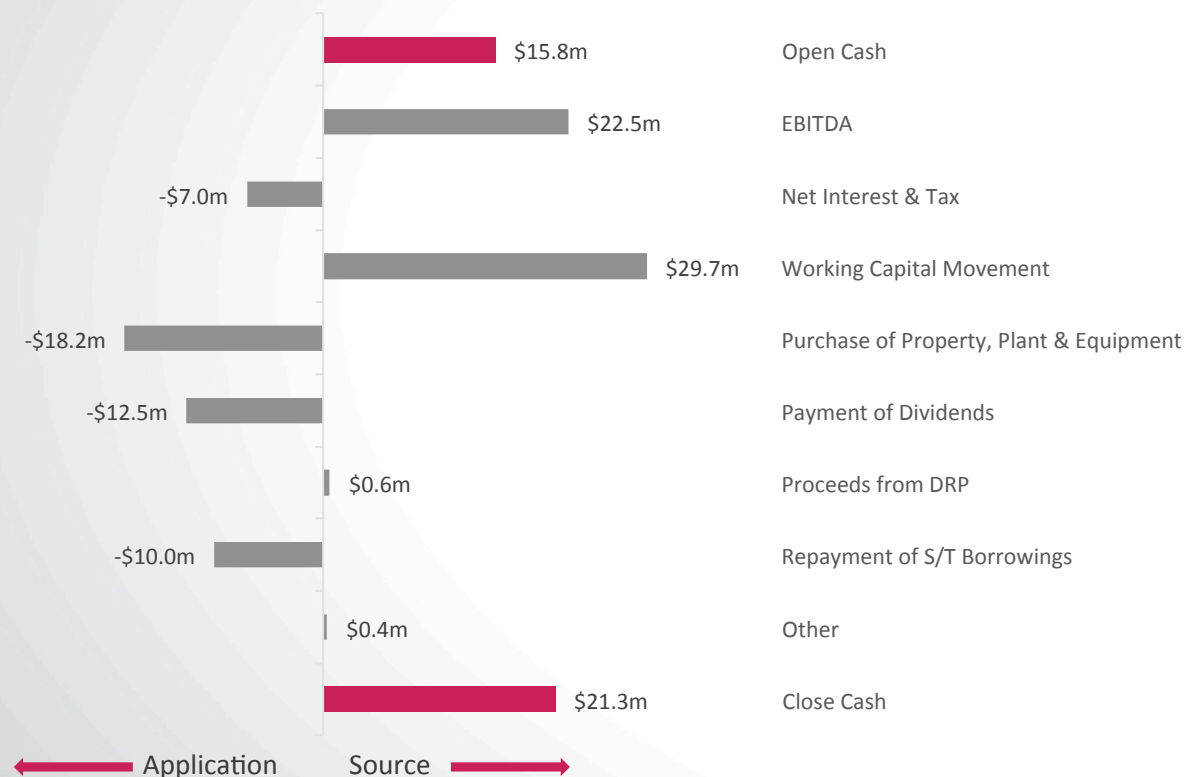
Balance Sheet

Net Assets (in \$m)	Jun-16	Dec-15
Cash and equivalents	21.3	15.8
Accounts receivable	184.9	164.0
Inventory	102.0	116.3
Other current assets	0.0	0.0
Total current assets	308.2	296.1
PP&E, net	44.3	26.1
Goodwill & Intangibles	31.2	31.9
Other assets	4.2	4.2
Total assets	387.9	358.3
Accounts payable	178.9	142.6
Borrowings	80.0	90.0
Other current liabilities	11.0	8.8
Total current liabilities	270.0	241.4
Borrowings	38.9	38.8
Other long-term liabilities	6.3	6.5
Total liabilities	315.2	286.7
TOTAL NET ASSETS	72.7	71.6
Shareholders' Equity		
Share Capital	55.6	55.0
Reserves	0.6	0.4
Retained earnings	16.5	16.2
TOTAL EQUITY	72.7	71.6

- The balance sheet reflects a decreased investment in working capital over the previous period, with receivables increasing, inventories down and payables increasing, we have a net improvement of \$29.7m.
- Property, Plant & Equipment increased during the period, reflecting the purchase of the adjoining property to facilitate the companies expansion plans.
- The company was able to reduce it's debt by \$10m over the previous period finishing June at \$80m.
- The company's share capital increased slightly over the previous period as a result of contributions to the Dividend Reinvestment Policy.

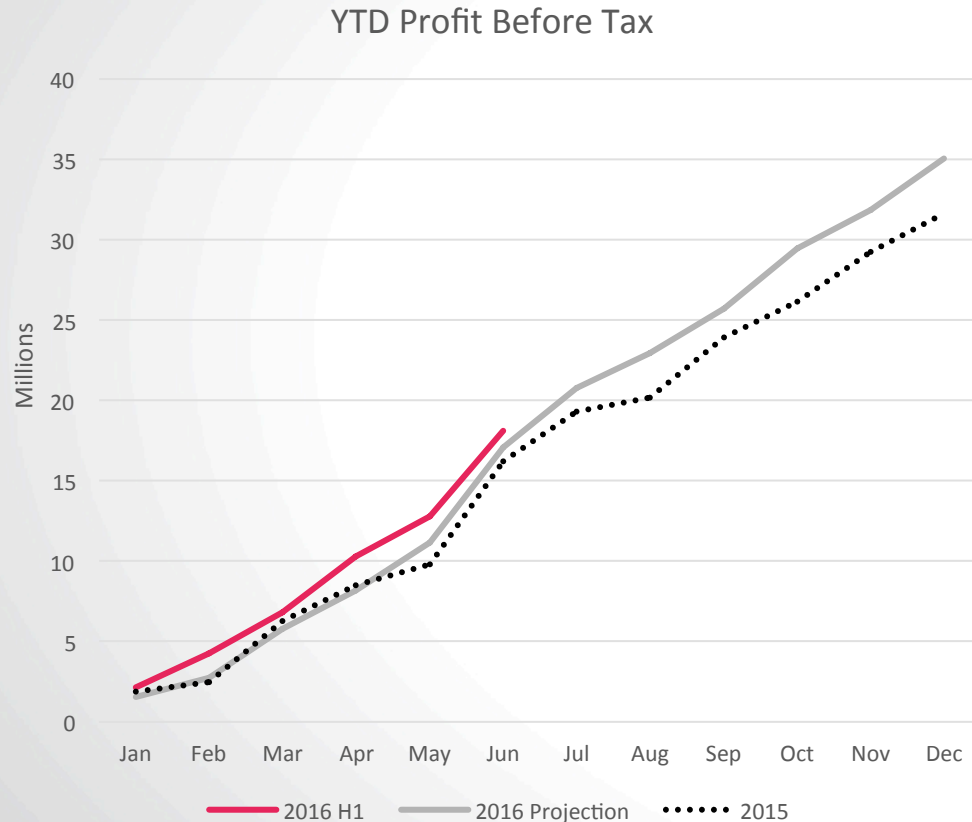
Cash Flows

Source and Application of Cash



- The company's cash flow benefited from the improved working capital position since the last reporting period, generating \$29.7m in cash.
- Working capital days improved by 12.6 days over the previous period. The improvement in working capital days is a normal part of the cyclical nature of the company's working capital requirements and does not reflect a permanent reduction in working capital needs.
- The cash flow generated funded the purchase of the adjoining property to facilitate the company's expansion plans and reduction in short term debt of \$10m.
- The company also finished with an increased cash holding of \$21.3m, an increase of \$5.5m over the previous period.

2016 Guidance



- Forecasted revenue growth of over 10% was achieved for the half year and we expect this growth rate to be sustained in H2.
- As per our previous guidance and expectations gross margins have contracted. Gross margin results achieved in H1 are in line with margin expectation for H2.
- The company will continue to seek operational leverage when executing it's revenue growth objectives.
- Based on profit results to date previous profit guidance of \$35m in pre-tax operating profit is expected to be achieved.
- Assuming an average tax rate of 30% NPAT is forecasted at \$24.5m, equating to 11% growth on the underlying result achieved in 2015.

FY2016 – H2 Initiatives

New Zealand

- Target growth of the mid-market and SMB business in New Zealand with the recent creation and investment in Volume Business Unit in New Zealand.

Cloud Strategy

- Launched Microsoft CSP in Australia.
- On boarding more vendors with unique IP cloud offering to be integrated into our Cloud Portal.
- Continue to enable our customers in their journey to build profitable and predictable subscription revenue streams via our Cloud Portal.
- Launched Autodesk subscription services – Australian first.

Operational

- Investing in dedicated resourcing to drive growth in cross vendor complex solution selling.
- Wider offering of deployment and configuration services to our customers.
- Further advance the planning for the development of new distribution centre.

New Zealand Trading Results

Key Financial Data (in \$NZm)

6 months to:	Jun-16	Jun-15	Variance
Product Revenue	66.5	60.9	9.1%
Gross Profit	6.1	6.4	-3.8%
Gross Margin	9.2%	10.5%	
Other Revenue	0.1	1.0	-88.0%
Operating Expenses	4.2	4.3	-3.2%
	6.3%	7.1%	
EBITDA	1.9	2.9	-33.1%
Profit before tax	1.8	2.8	-36.5%
PBT margin	2.7%	4.7%	
Net profit after tax	1.3	2.0	-36.4%

- The company's New Zealand operations have continued to grow and revenues are yoy 9.1% ahead.
- Profit margins have moderated from 10.5% to 9.2%, as we continue to target further market share growth in a competitive market.
- H1 2015 benefited from FX gains and other revenues that have largely not occurred 2016.
- Operating costs have fallen from 7.1% to 6.3% in the current period as a result of stringent cost management.
- Net profit before tax is at 2.7% of revenue compared to the prior period of 4.7%

Cloud Strategy

- Launched Microsoft CSP in Australia in Sep16
- Have been transacting Microsoft CSP in New Zealand since Jun15
- Announced new distribution partnership agreements to enable customers to transform their businesses to cloud:



Migration Tools
Migration Services
Professional Services



Cloud
Communication
Cloud Collaboration



Secure File Storage
Secure Collaboration



Cloud Development
App Development



Migration Services
Professional Services



Migration Tools
Migration Services
Back-up Services



CRM Online
Templates
Professional Services



Azure Migration Tools
Professional Services

Cloud Revenue

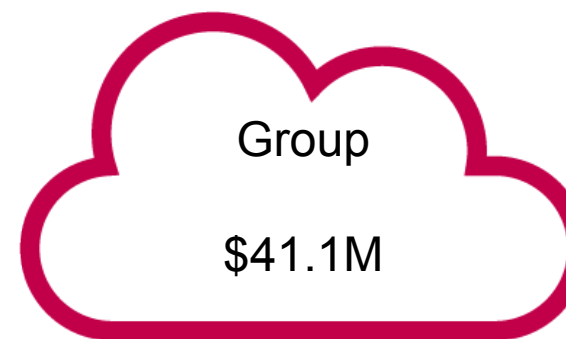
- Total subscription and renewable based Cloud Revenue for H116 was:



6.1% of Revenue



14.7% of Revenue



7.0% of Revenue


- We have categorised Cloud Revenue as revenue derived from non-physical products and services that facilitate “as a Service” (aaS) solutions.
- The above revenues exclude revenues derived from product and services that support cloud related business that are not purchased on a subscription or renewable basis.

Operational Expansion

- On 25 Feb 2016, Dicker Data announced the land purchase of the 17.2 hectare site adjacent to its existing premises, in preparation for expansion to a new distribution centre.
- Settlement was on 13 May 2016 and included a price adjustment \$1m in Dicker Data's favour. Final purchase price was \$17m. With stamp duty and legals total investment to date is \$18.2m
- We are currently working through next steps in the planning process for the new distribution centre which will provide increased operational capacity for the future.



H1 2016 Recognition and Awards

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- APC Distributor of the Year
 - Cisco ANZ Distribution Partner of the Year 2016
 - Watchguard Australian Distributor of the Year
 - Lenovo Distributor of the Year 2016
 - Veritas Distributor of the Year
 - Qnap Top Growth Distributor APAC

Further Information

Contact Information

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