ASX: DDR

FY16 Results Presentation

March 2017

Corporate Headlines

Capital Structure

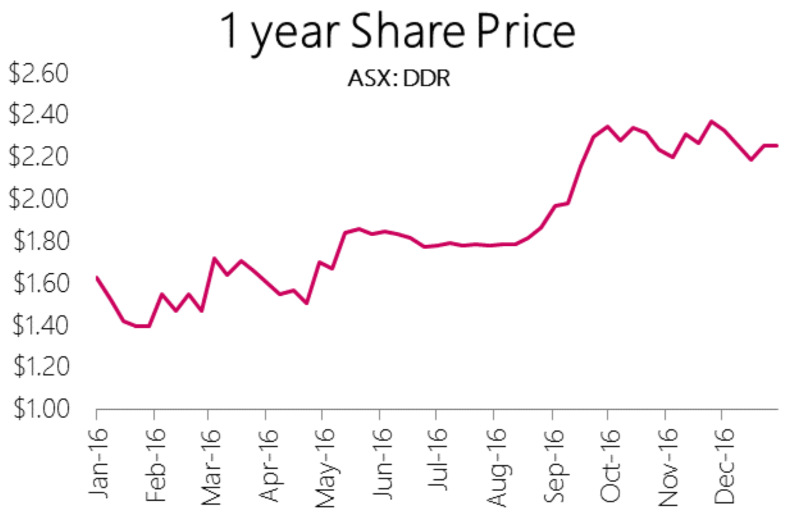
Share Price (24 Mar 2017)	$2.17
Fully paid ordinary shares	160.0m
Options	0.0m
Market Capitalisation	$347.2m
Cash (31 Dec 2016)	$17.5m
Drawn Debt (30 Dec 2016)	$114.1m

Directors & Senior Management

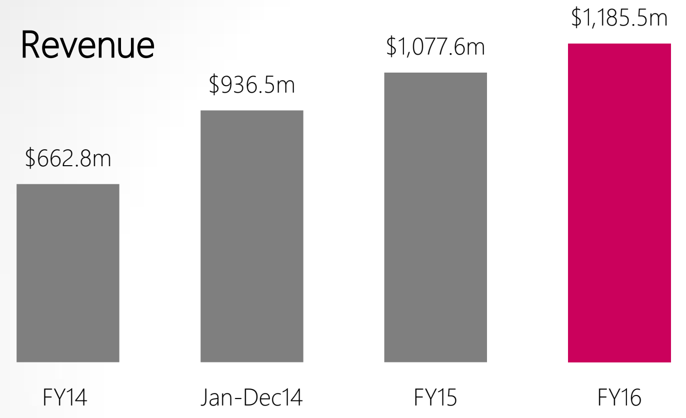
David Dicker	Chairman & CEO
Fiona Brown	Non Exec Director
Mary Stojcevski	CFO & Director
Vlad Mitnovetski	Executive Director
Michael Demetre	Executive Director
Ian Welch	Executive Director

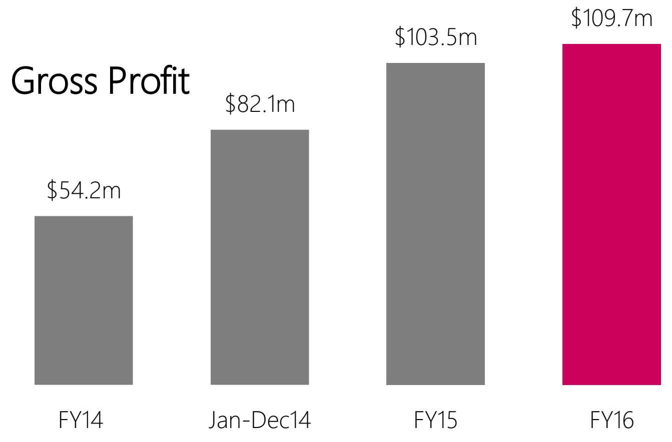
Shareholders

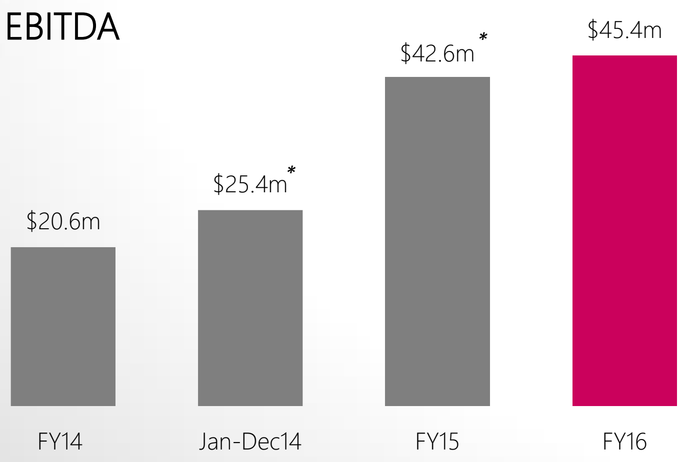
Founder -David Dicker	60.6m	38%
Founder -Fiona Brown	54.0m	34%
Free Float	45.5m	28%

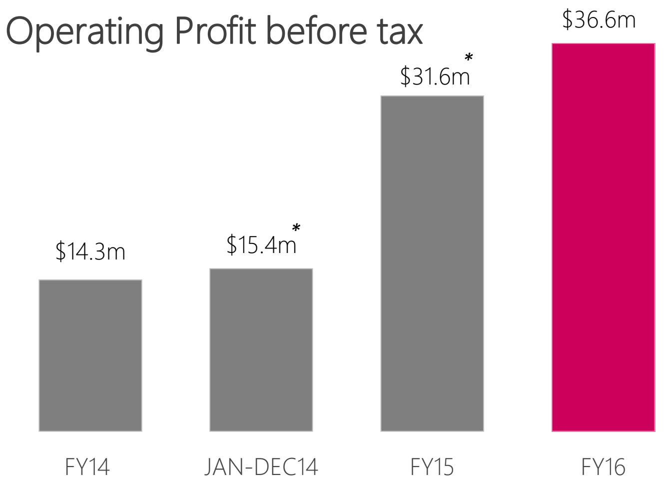


Our Success









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

2016 Results Highlights

GROSS PROFIT
UP
6.0%

REVENUE
UP
10.0%

NET PROFIT BEFORE TAX
UP
24.5%

NET PROFIT AFTER TAX
UP
25.0%

DIVIDENDS PER SHARE
UP
27.5%

2016 Results Highlights

- In 2016 Dicker Data continued its growth story with group revenues growing at 10%. We maintained growth across all sectors and geographies of the business. A total of 8 new vendors were on-boarded during 2016 contributing an incremental $25.1m in revenue.
- Gross profit increased by 6% over 2015, driven by the increased revenue. Profit margins abated slightly in 2016, but remain at historically normal levels.
- The company continued to exercise it's operational leverage with operating costs falling to 5.6% of revenues (2015: 5.9%), with salary related expenses falling to 4.5% of revenues (2015: 4.6%).
- Profit before tax increased by 24.5% and by 15.6% over the normalised 2015 result.
- With a view to expansion, the company purchased the 17.2 hectare parcel of land adjacent to the current warehouse facility in Kurnell NSW for $18.4m.
- During the year the company also reduced it's working capital and debt requirements, resulting in the continued improvement in the company's balance sheet leverage.
- Total dividend paid during the year was $24.8m or 15.55cps, an increase of 27.5% cps over 2015.

Full Year Results to 31 Dec 2016

12 Months Results to 31 December 2016

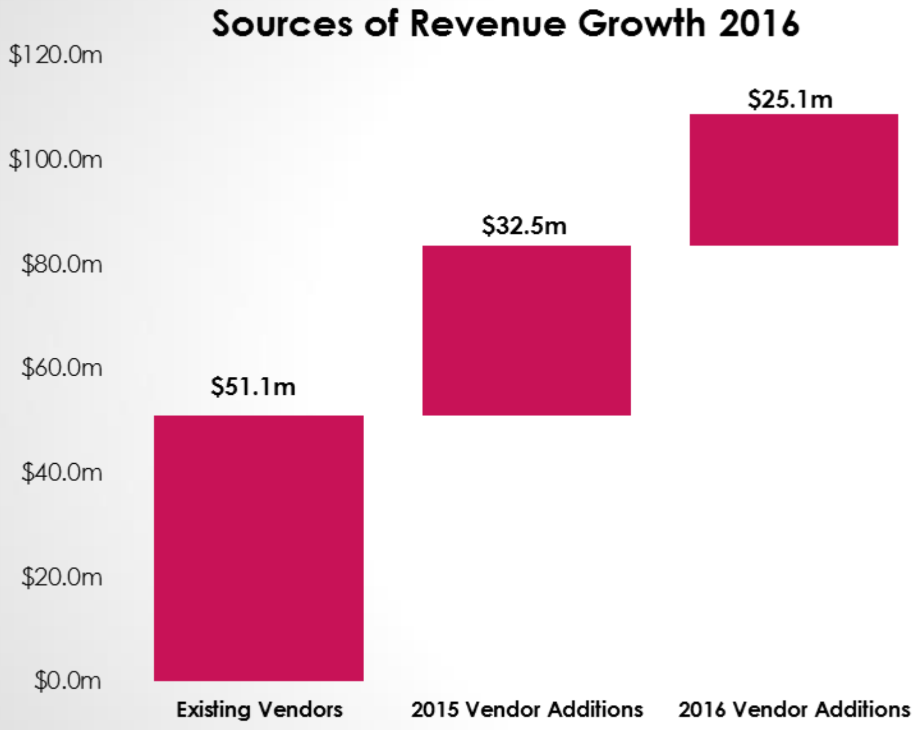
Key Financial Data (in $m)

12 months to:	Dec-16	Dec-15		Variance
Total Revenue	1,185.5	1,077.6		10.0%
Gross Profit	109.7	103.5		6.0%
Gross Margin	9.3%	9.6%		
EBITDA	45.4	40.4		12.4%
One off costs	-	2.2		-100.0%
EBITDA	45.4	42.6	*	6.5%
Net operating profit before tax	36.6	31.6	*	15.6%
NOPBT margin	3.1%	2.9%		
Profit before tax (Statutory)	36.6	29.4		24.5%
PBT margin	3.1%	2.7%		
Net profit after tax (Statutory)	25.6	20.5		25.0%

* Underlying

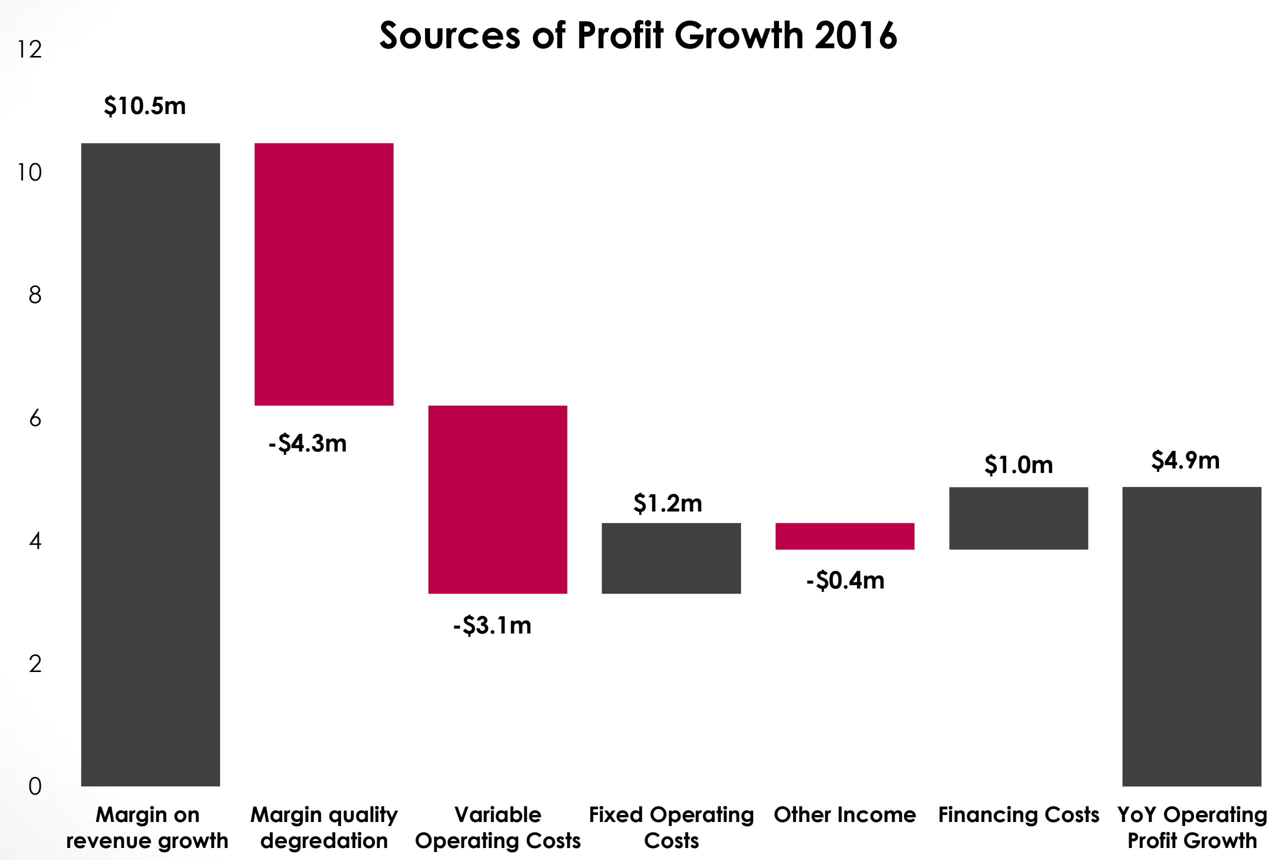
- Organic revenue growth achieved across existing vendors as well as new vendor additions.
- Profit margins have abated slightly after some opportunistic rebate opportunities in 2015 and some increased market competition in 2016, but remain within expectation.
- The company continued to exercise it's operational leverage with operating costs falling to 5.6% of revenues (2015: 5.9%), with salary related expenses falling to 4.5% of revenues (2015: 4.6%).
- Net profit before tax includes $1.5m of amortisation expense relating to customer contracts.

Sources of Revenue Growth 2016



- Dicker Data has continued to add new vendors and increased the breadth of products offered by existing vendors, whilst still driving growth and market share in its existing vendor portfolios.
- 47% of revenue growth came from existing vendors which collectively are continuing to grow at 4.8%.
- 30% of revenue growth came from the first full year of trade for vendor additions made in 2015.
- 23% of revenue growth came from vendor additions made in 2016.
- At a country level (in AUD), Australia grew $105.5m (+11.1%) and New Zealand grew $3m (+3%).

Sources of Profit Growth



New Zealand Trading Results

Key Financial Data (in $NZm)

12 months to:	Dec-16	Dec-15	Variance
Total Revenue	135.5	133.5	1.5%
Gross Profit	12.2	13.8	-11.5%
Gross Margin	9.0%	10.3%	
EBITDA	3.8	5.5	-30.7%
Profit before tax	3.6	5.4	-33.3%
PBT margin	2.6%	4.0%	
Net profit after tax	2.6	3.8	-32.6%

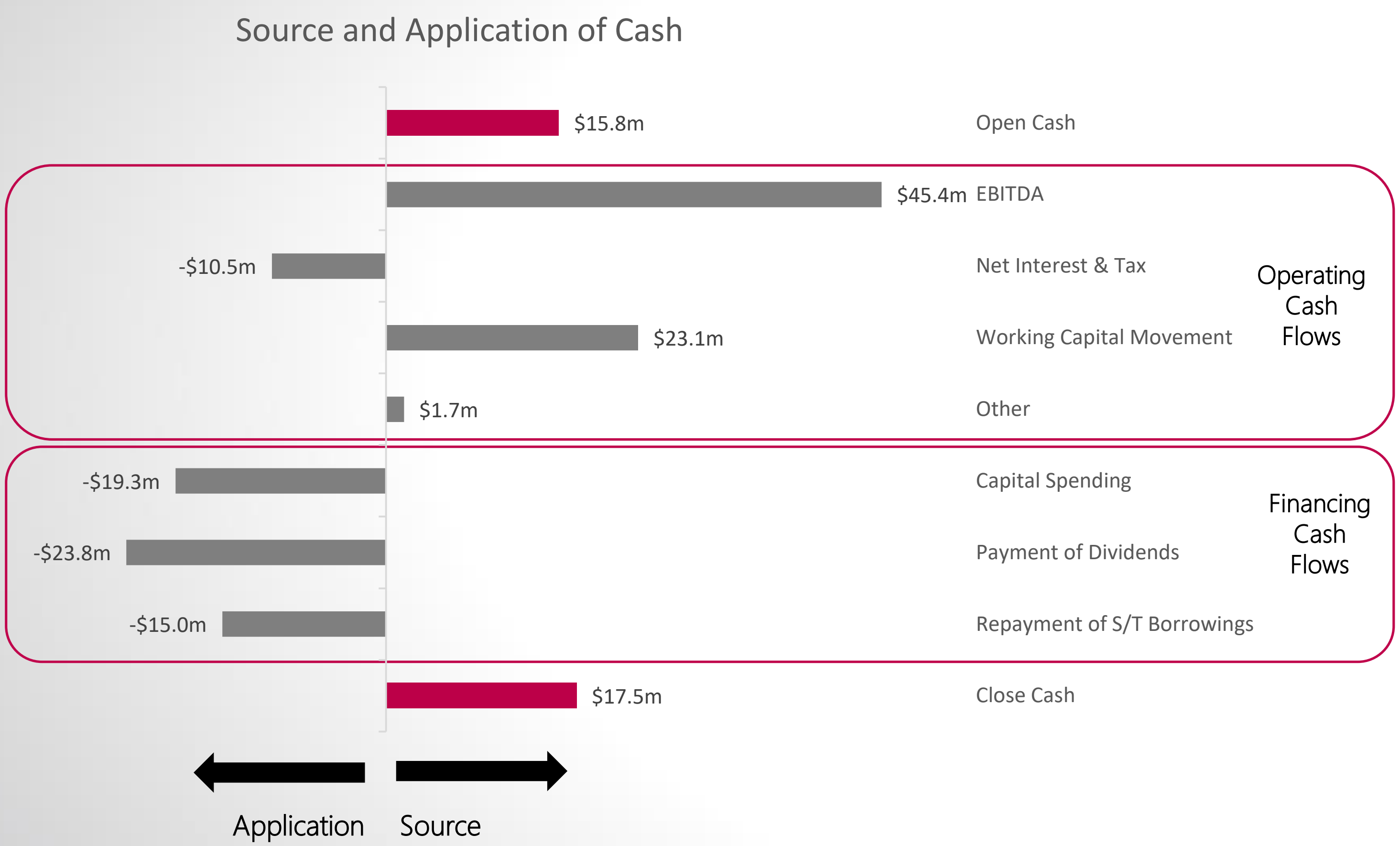
- In NZ we saw slight growth in revenue of 1.5% in local currency, with strong gains in our volume and software business, but offset by a further decline in our networking business.
- During 2016, our largest Cisco partner continued to purchase Cisco product directly – negatively impacting the volumes and timing of Cisco related product in the channel.
- This also had the effect of creating heavy competition for the rest of the Cisco channel business and negatively impacted margins.
- Operating costs have increased only slightly in absolute terms and remain at 6.2% of revenue, with salary related expenses falling from 4.9% to 4.8% of revenue.

Balance Sheet

Net Assets (in $m)	Dec-16	Dec-15	Dec-14	Dec-13
Cash and equivalents	17.5	15.8	16.4	0.2
Other current assets	269.7	280.3	215.6	98.1
Goodwill & Intangibles	30.5	31.9	34.0	0.0
Other assets	48.0	30.2	31.3	21.0
Total Assets	365.7	358.3	297.3	119.2
Borrowings	75.0	90.0	119.9	49.9
Other current liabilities	171.2	151.4	145.8	48.0
Borrowings	39.1	38.8	2.7	0.0
Other long-term liabilities	6.5	6.5	7.2	2.3
Total liabilities	291.7	286.7	275.6	100.2
TOTAL NET ASSETS	74.0	71.6	21.7	19.0
Shareholders' Equity				
Share Capital	56.0	55.0	6.9	1.1
Reserves	0.7	0.4	0.7	0.4
Retained earnings	17.2	16.2	14.1	17.5
TOTAL EQUITY	74.0	71.6	21.7	19.0
Ratios				
Debt to Equity	1.54	1.80	5.65	2.62
Net Tangible Assets ($m)	43.5	39.7	-12.3	19.0
Debt Service Cover ratio	7.2	5.6	3.3	4.4

- Investment in working capital has decreased as at Dec 16 with reductions in inventory holdings and accounts receivable, and increases in accounts payable.
- Current debt reduced from $90.0m to $75.0m.
- Debt to Equity leverage ratio improved from 1.80x to 1.54x.
- Net Tangible Assets improved from $39.7m to $43.5m during the year.
- Debt Service Cover Ratio has improved from 5.6x to 7.2x.

Cash Flow



- The company finished the trading year with $17.5m in cash.
- At the end of 2016 the company's investment in working capital decreased to $114.6m , representing an decrement in working capital of $23.1m or 11.7 working capital days.
- Capital spending included the investment in land adjacent to our existing premises for $18.4m to allow for our future expansion.
- The company's trading performance and it's improved working capital allowed the payment of dividends, investment in our future, repayment of debt and an increase in our cash holdings.

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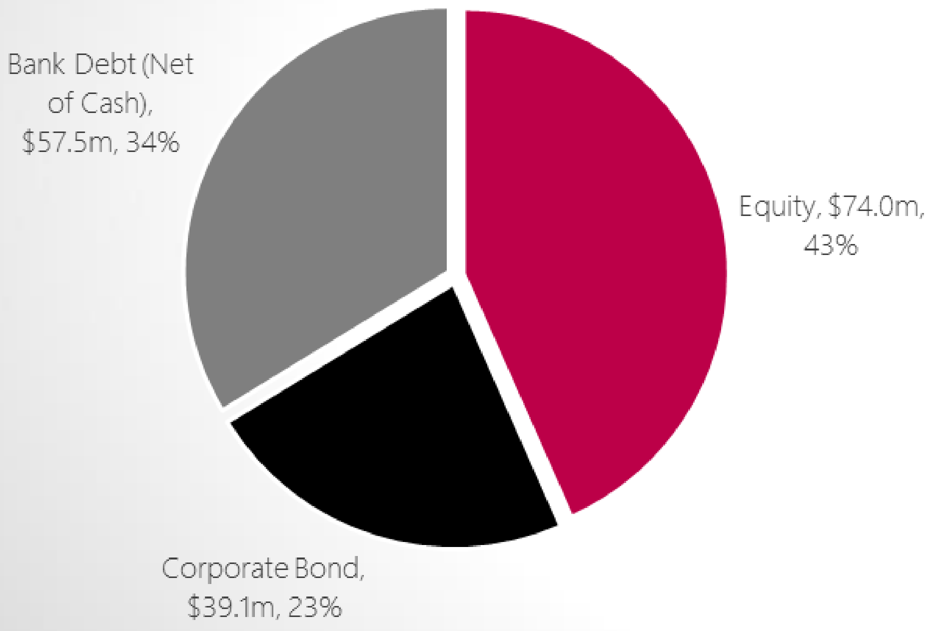
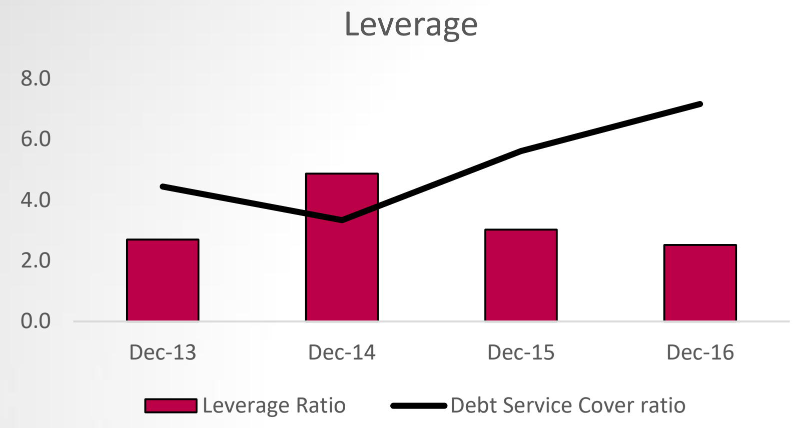
Capital Management

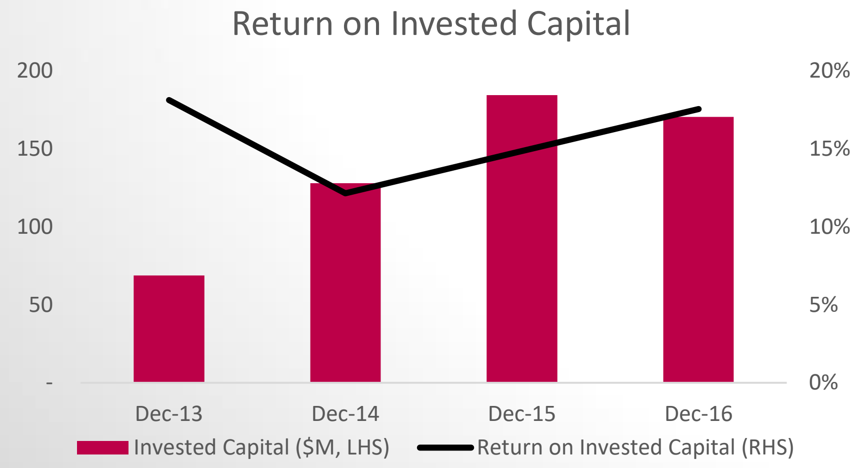
Source of Capital December 2016



- The company maintains an active approach to capital management with varied sources and tenure in it's debt and equity profile.
- In 2015 a 5 year unsecured corporate bond was issued, contributing $39.1m net of transaction costs in long term debt.
- The company continues to offer a Dividend Reinvestment Plan (DRP) which raised a further $1.0m during the year.
- During 2015 the company participated in a capital raising, issuing 23 million shares to institutional investors and a further 3 million shares to existing shareholders under a Share Purchase Plan, injecting some liquidity into the stock and increasing the public float to 28%.
- The company maintains a secured Receivables Purchase Facility with Westpac with a maturity in November 2017.

Leverage and Performance





- In 2014, the company acquired Express Data Holdings Limited for $65.5m which was funded by an increase in debt facilities -significantly increasing the company's invested capital and balance sheet leverage.
- After the successful integration of the Express Data business, the company has reduced it's leverage in successive years, whilst still maintaining a 100% dividend for shareholders. As at Dec 2016 the company's leverage ratio is sitting at 2.5x EBITDA.
- In parallel, the company's ability to service it's debt has more than doubled in the past 2 years and at Dec 2016 sits at 7.2x.
- Since the combination of the two entities, the company has exercised it's operational expertise to continue to grow, but also derived operational efficiencies to again achieve Returns on Invested Capital (ROIC) of 17.5%.

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2017 Guidance

- The company remains well placed for FY17 to achieve both revenue and profit growth.
- We are forecasting revenue growth at just under 10% which is expected to be as a result of organic growth and full year contribution from 2016 vendor additions, plus partial contribution of new vendor alignments recently announced.
- Our margin assumptions assume the current competitive environment being experienced continues into 2017.
- Wage costs have been in a steady state in 2016 although we continue to invest to grow sectors of the business such as our Volume, Cloud and Software portfolios. With remuneration strongly tied to performance outcomes we are expecting some increase in wages costs during FY17.
- We are not anticipating any material capital costs relating to the construction of our new premises within the 2017 year, other than site clearing, planning and DA approval costs.
- Our current bank debt facility is due to be renegotiated by November 2017, and we anticipate we will be able maintain finance pricing at or near the current interest cost levels.
- Based on all the above assumptions for FY17 we expect to generate pre-tax profit of $40.0m.
- Assuming an average tax rate of 30% NPAT is forecasted at $28m, equating to 9.5% growth on the result achieved in 2016.

Dividends

Record Date	Payment Date	Dividend (CPS)	Type	Amount Franked
8-Jun-16	16-Jun-16	0.0385	Interim	100%
7-Sep-16	16-Sep-16	0.0385	Interim	100%
7-Dec-16	15-Dec-16	0.0385	Interim	100%
9-Mar-17	17-Mar-17	0.0440	Final	100%
	Total	0.1595		

- Total dividends declared for FY16 were 15.95 cps with a final dividend for FY16 payable 17 March 2017 at 4.4 cps.
- In FY17 the company intends to continue to streamline it's dividend payment policy by paying equal quarterly dividend instalments based on it's annual profit guidance.
- Total proposed dividend for FY17 is 16.4 cps paid at 4.0 cps per quarter, subject to the company tracking to forecast.
- The DRP will be retained for FY17.

2017 Opportunities

- We will continue strengthening our enterprise and midmarket capabilities across ANZ, leveraging our existing and newly on boarded vendors to drive new market opportunities and innovation for our customers.
- Market trends such as cloud, digital transformation and Internet of Things (IOT) continue to present new market opportunities and new revenue streams for Dicker Data and our customers.
- We are seeing convergence of traditional Telco channel and IT which represents great cross sell opportunities for our ecosystem partners. This is driven by customers implementing hybrid IT strategies across their organization. Leveraging Dicker Data's strengths and capabilities, we are well positioned to support and grow this partner community.
- We are continuing to invest in our rapidly growing "as a service" recurring revenue streams. Dicker Data's stated position as a leading cloud aggregator continues to gain momentum in driving cloud adoption.
- After establishing a net new Volume Group within the NZ structure in mid 2016, our focus for 2017 is to continue to expand this division by adding more strong Tier 1 vendors to both the volume and enterprise portfolio. In addition our focus will be to grow the SMB customer base. Even though we are forecasting modest growth for NZ in 2017 the strategy now being put in place for vendor and SMB reseller expansion will form very solid platform for accelerated growth in 2018.

Further Information

Contact Information

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