



# Investor Presentation

March 2018

**DICKER**  
D A T A

**40**  
1978-2018



## Company Overview



# Company Snapshot

Dicker Data is the largest Australian owned ICT distributor in Australia and New Zealand



## ASX Listed

Listed in 2011 on the ASX with a current market cap of \$462m



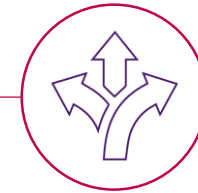
## AUD \$1.3B

Largest Australian owned ICT distributor with \$1.3B revenue in 2017



## Consistent Growth

Dicker Data has achieved consistent top and bottom line growth for 15+ years



## Nimble and Agile

Dicker Data's success is built on its ability to adapt and change quickly

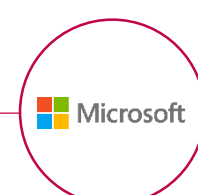


## 410 Staff in ANZ

Strong focus on people, culture and diversity

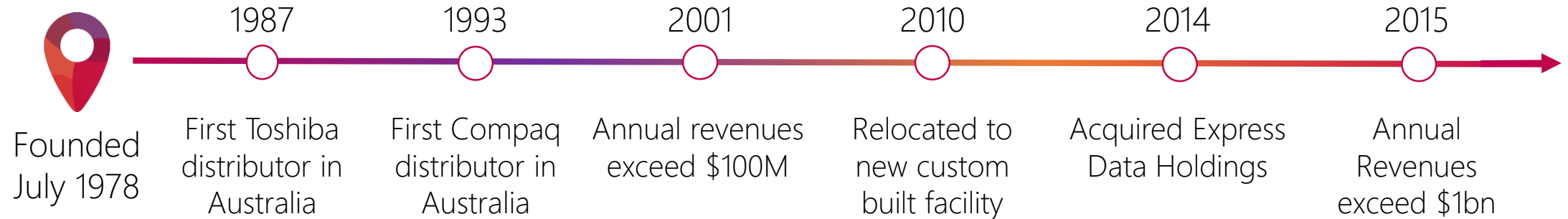


No. 1 Distributor



# Company History

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- In its 40 year history, Dicker Data has evolved from a small family run business to a multidimensional, Trans-Tasman, publicly listed business with strong links to the IT Reseller and Vendor communities
- Dicker Data completed a business transforming acquisition in 2014 when it purchased competitor Express Data Holdings
- The company has been at the forefront of emerging technologies and has expanded its vendor alliances and capabilities to provide an evolving product and services platform from which its reseller partners can grow their business
- Dicker Data's management and product teams comprise a depth of experience, a close connection to the business and the flexibility to uniquely cater for the continuously evolving channel's needs

# Industry Recognition

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ARN Hardware  
Distributor  
of the Year



ARN Homegrown  
Distributor  
of the Year



Aruba  
Top Distributor FY17  
South Pacific



Dell EMC  
Distributor  
of the Year



Veritas  
Distributor of the Year  
Pacific



Intel  
Distributor  
of the Year



Lenovo  
DCG Distributor  
of the Year



Lenovo  
PCG Distributor  
of the Year



RSA  
APJ Distributor  
of the Year

# Proven and Stable Board and Management Team



**David Dicker**

*Chairman and Chief Executive Officer*

- Founded Dicker Data
- Has been director of the company since inception in 1978
- Focuses on business strategy and decision making



**Fiona Brown**

*Non-Executive Director*

- Co-Founder of Dicker Data
- Involved in the business since inception in 1978
- Has over 26 years' of experience in the IT distribution industry



**Mary Stojcevska**

*Executive Director and Chief Financial Officer*

- Joined Dicker Data as Financial Controller in 1999
- Responsibilities include all the financial management, administration and compliance functions of the company
- Has been an Executive Director of the company since August 2010



**Vladimir Mitnovetski**

*Executive Director and Chief Operating Officer*

- Joined Dicker Data as Category Manager in 2010
- Appointed to the board as Executive Director in 2014
- Has over 20 years' of distribution industry experience having previously worked for Tech Pacific and Ingram Micro



**Ian Welch**

*Executive Director and Chief Information Officer*

- Joined Dicker Data in March 2013 as General Manager IT
- Was appointed Executive Director in August 2015
- Responsible for internal IT Systems and processes and working closely with vendors and customers on digital transformation technologies



**Michael Demetre**

*Executive Director and Logistics Director*

- Joined Dicker Data in 2001
- Responsibilities include all warehouse operations and logistic functions of the company.
- Has been an Executive Director of the company since September 2010

# Corporate Headlines

## Capital Structure

Share Price (28 February 2018)	\$2.88
Fully paid ordinary shares	160.3m
Options	0.0m
Market Capitalisation	\$461.8m
Cash (31 Dec 2017)	\$9.4m
Drawn Debt (31 Dec 2017)	\$94.4m

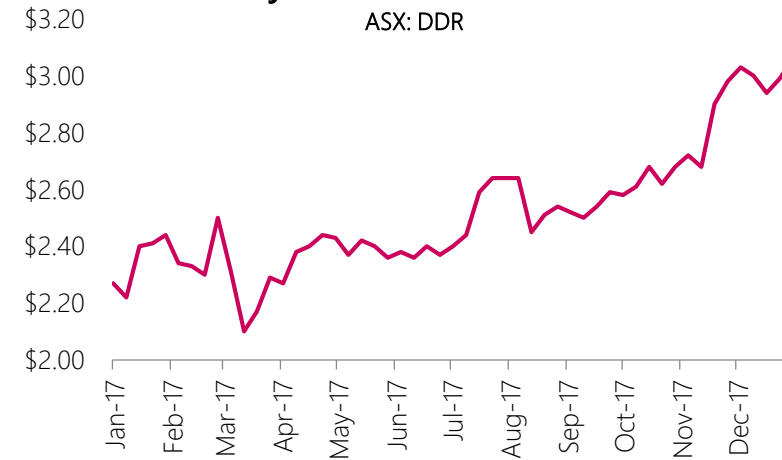
## Directors & Senior Management

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	45.8m	29%

## 1 year Share Price



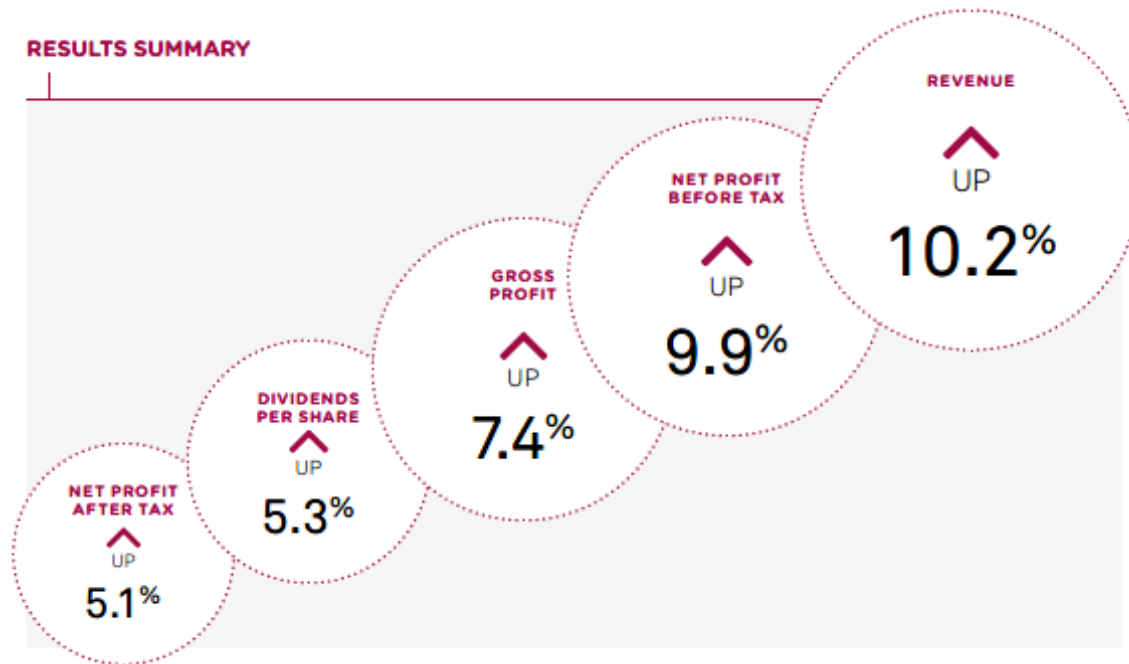




# Financial Results



# Results Highlights

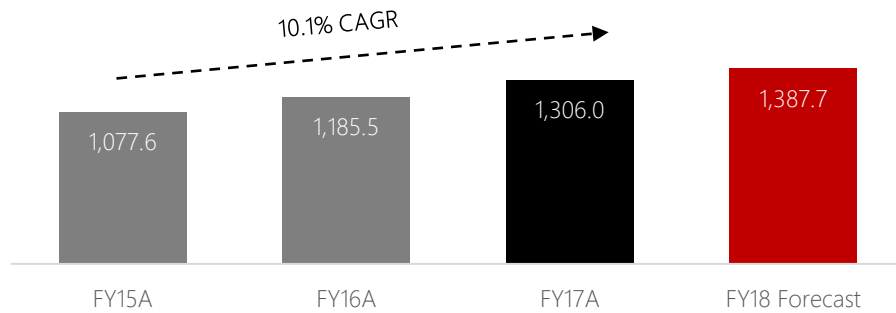


- Dicker Data has continued its recent pattern of growth in 2017, maintaining revenue growth across all business sectors and geographies.
- A total of 18 new vendors were added during the year accounting for an incremental \$86m in revenue.
- Revenue increased by 10.2% just ahead of guidance.
- The company continued to reduce its working capital and debt requirements, resulting in further improvements in the company's balance sheet leverage.
- The total dividend paid during the year was \$26.3m or 16.4cps, an increase of 5.5%.

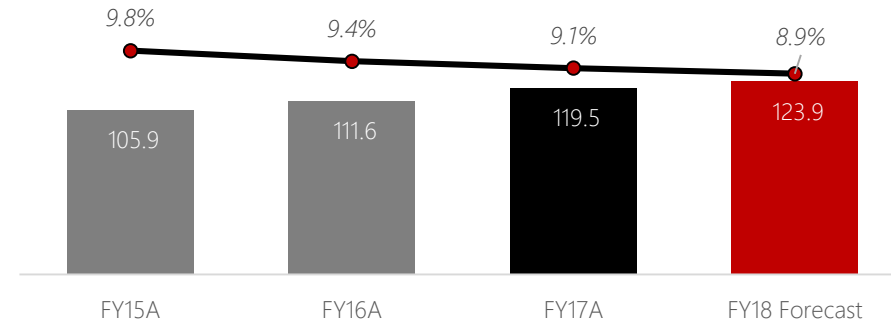
# Financial Summary

## Financial Full Year Trends

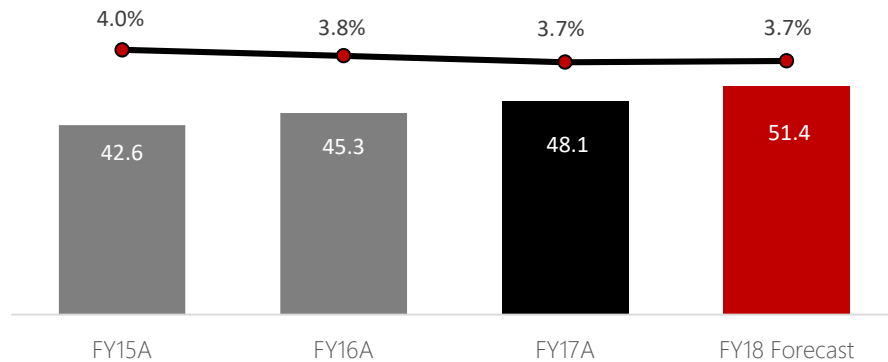
### Revenue (\$m)



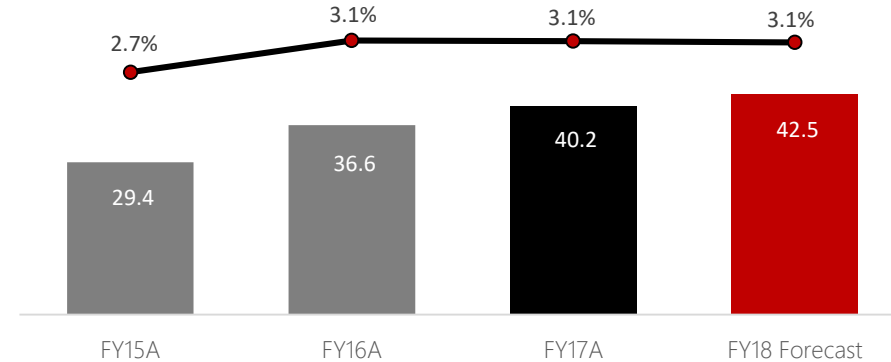
### Gross Profit (\$m) and Gross Profit Margin (%)



### EBITDA (\$m) and EBITDA Margin (%)



### Net Profit before Tax (\$m) and NPBT Margin (%)



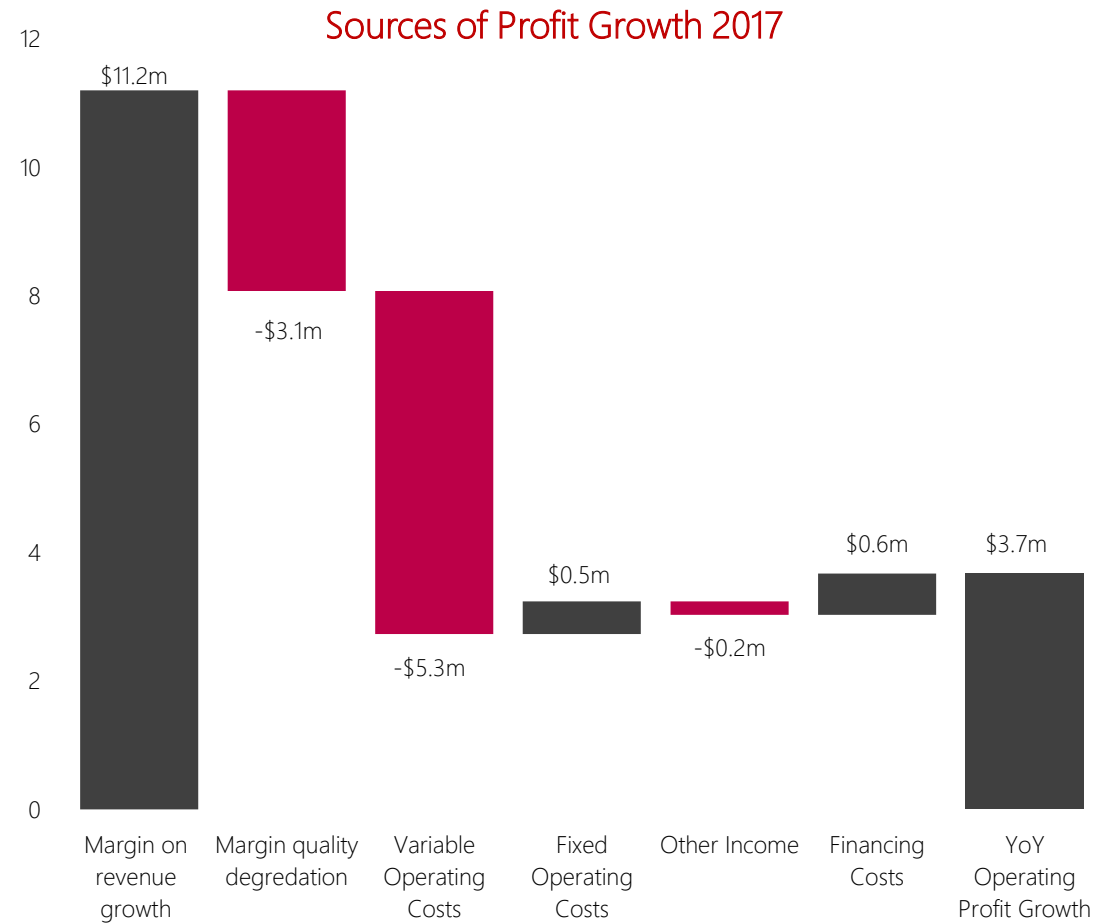
# Full Year Results to 31 Dec 2017

## Key Financial Data (in \$m)

12 months to:	Dec-17	Dec-16	Variance
Total Revenue	1,306.0	1,185.5	10.2%
Gross Profit	117.8	109.7	7.4%
Gross Margin	9.0%	9.3%	
EBITDA	48.1	45.4	5.8%
Profit before tax	40.2	36.6	9.9%
PBT margin	3.1%	3.1%	
Net profit after tax	26.9	25.6	5.1%

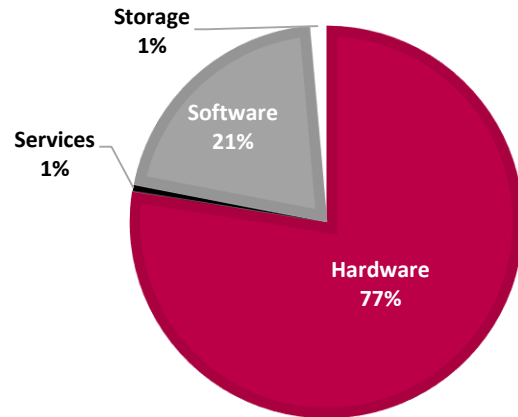
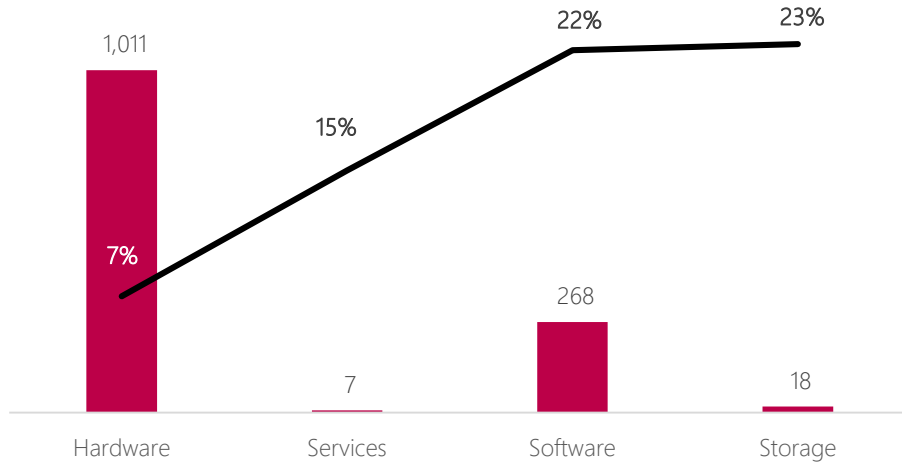
- Revenue finalised at \$1.3 billion and in line with our guidance, an increase of 10.2%
- Gross profit increased by 7.4% as product mix and market competition saw our profit margins abate slightly.
- Operating costs fell from 5.6% to 5.5% of revenues, with salary related expenses remaining steady at 4.5% of revenues.
- Profit before tax increased by 9.9% of the 2016 result.
- Net profit after tax increased by 5.1% which include tax expense currently under objection with the ATO.

# Sources of Profit Growth



# Revenue Summary

Segment Size (\$m) and Growth Rate (%)



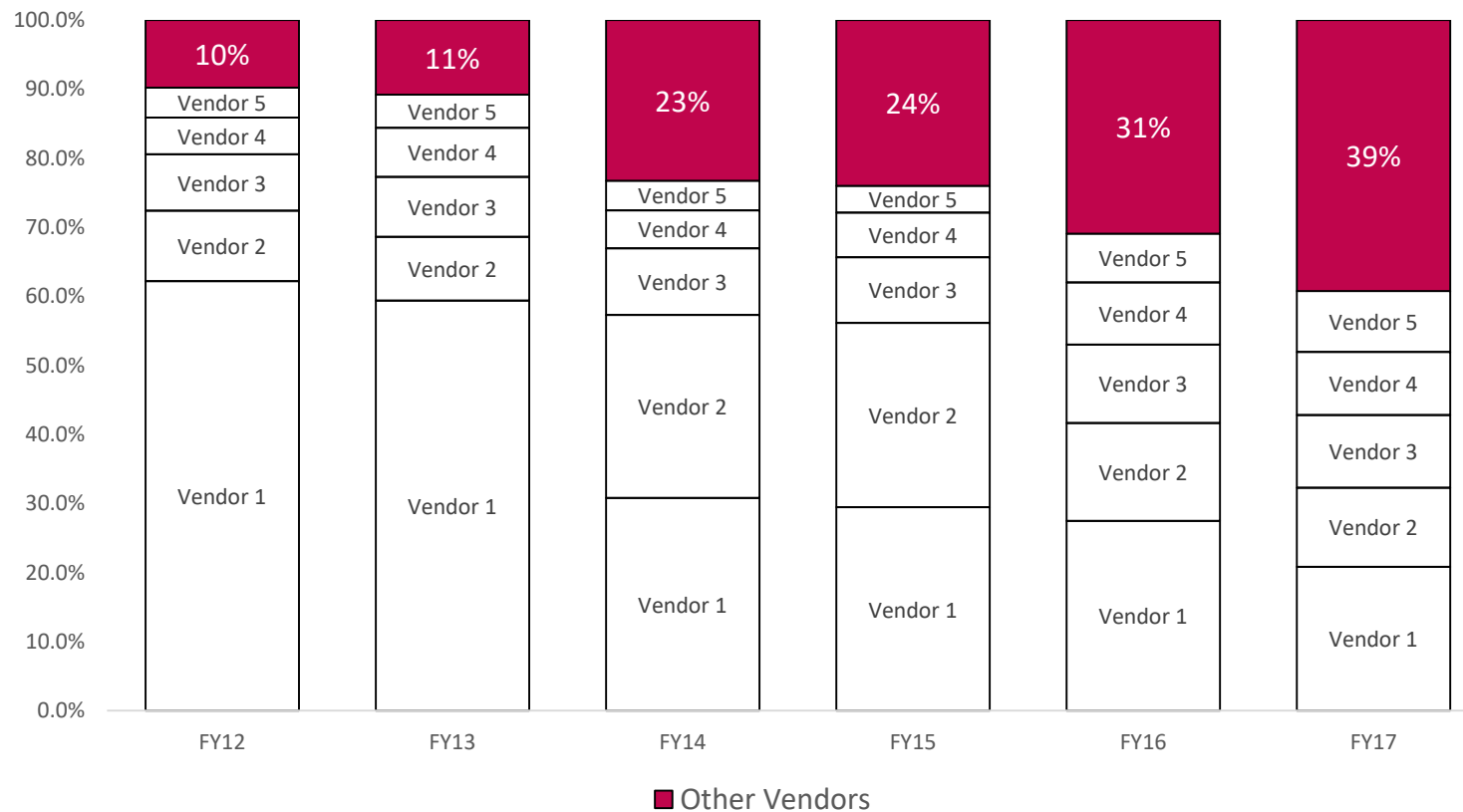
- Hardware continues to be our largest revenue category, growing steadily at 7%.
- Services revenue growth remains strong at 15%.
- Storage as a category continues to grow organically and as we add new vendor partners.
- Our Software business has continued to grow and increased by 22%



# Diverse Long-Term Vendor Relationships

Dicker Data continues to grow and diversify its vendor relationships

Major Vendors over time (% of sales)



- Dicker Data has continued to introduce new vendors and reduce its reliance on any single vendor
- 18 new vendors, in key strategic segments were added in FY18
- Top 5 vendors overall contribution has reduced from 90% in FY12 to 61% in FY17
- A key objective for FY18 is to continue to diversify vendor concentration.

# New Zealand Results

## Key Financial Data (in \$NZm)

<u>12 months to:</u>	<u>Dec-17</u>	<u>Dec-16</u>	<u>Variance</u>
Total Revenue	141.4	135.5	4.3%
Gross Profit	12.1	12.2	-0.9%
Gross Margin	8.5%	9.0%	
EBITDA	3.4	3.8	-9.4%
Profit before tax	3.4	3.6	-5.0%
PBT margin	2.4%	2.6%	
Net profit after tax	2.2	2.6	-13.1%

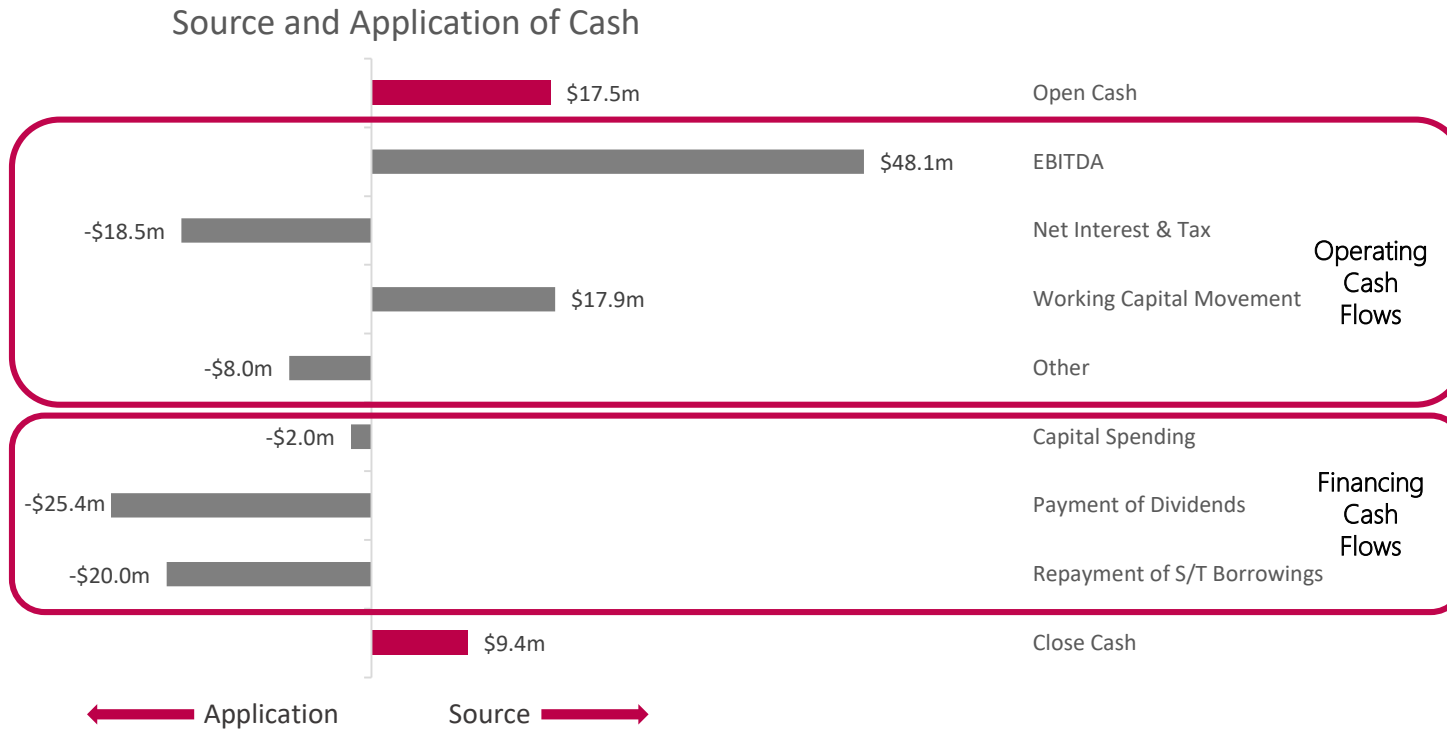
- Revenue finalised at \$141m an increase of 4.3%, which included Cisco revenue until end of October.
- With market competition and a lengthy distributor review process with Cisco, profit margins abated during the year, resulting in slightly lower gross profit year on year.
- With the loss of Cisco announced in August, there was an immediate restructure of costs resulting in costs savings.
- The focus for New Zealand in FY18 is to expand the vendor alliances, providing the foundation for this segment to produce same growth metrics as the Australian business.

# Balance Sheet

<u>Net Assets (in \$m)</u>	<u>Dec-17</u>	<u>Dec-16</u>	<u>Dec-15</u>	<u>Dec-14</u>
Cash and equivalents	9.4	17.5	15.8	16.4
Other current assets	295.6	269.7	280.3	215.6
Goodwill & Intangibles	29.1	30.5	31.9	34.0
Other assets	50.2	48.0	30.2	31.3
<b>Total Assets</b>	<b>384.3</b>	<b>365.7</b>	<b>358.3</b>	<b>297.3</b>
Borrowings	55.0	75.0	90.0	119.9
Other current liabilities	208.9	171.2	151.4	145.8
Borrowings	39.4	39.1	38.8	2.7
Other long-term liabilities	6.1	6.5	6.5	7.2
<b>Total liabilities</b>	<b>309.4</b>	<b>291.7</b>	<b>286.7</b>	<b>275.6</b>
<b>TOTAL NET ASSETS</b>	<b>74.9</b>	<b>74.0</b>	<b>71.6</b>	<b>21.7</b>
<b>Shareholders' Equity</b>				
Share Capital	56.9	56.0	55.0	6.9
Reserves	0.1	0.7	0.4	0.7
Retained earnings	17.9	17.2	16.2	14.1
<b>TOTAL EQUITY</b>	<b>74.9</b>	<b>74.0</b>	<b>71.6</b>	<b>21.7</b>
<b>Ratios</b>				
Debt to Equity	1.26	1.54	1.80	5.65
Net Tangible Assets (\$m)	45.7	43.5	39.7	-12.3
Debt Service Cover ratio	8.6	7.2	5.6	3.3

- Investment in working capital has decreased further during 2017, falling 9.8 days YoY to \$96.7m.
- Inventory holdings fell significantly (-17%) YoY to \$88.6m, with increases in both receivables and payables.
- Current debt reduced from \$75.0m to \$55.0m.
- Debt to Equity leverage ratio improved from 1.54x to 1.26x.
- Net Tangible Assets improved from \$43.5m to \$45.7m during the year.
- Debt Service Cover Ratio has improved from 7.2x to 8.6x.

# Cash Flow



- The company finished the trading year with \$9.4m in cash.
- At the end of 2017 the company's investment in working capital decreased to \$96.7m , representing an decrement in working capital of \$17.9m or 9.8 working capital days.
- Capital spending included some preliminary costs incurred in the planning for our new warehouse.
- The company's trading performance and it's improved working capital allowed the payment of dividends, investment in our future and repayment of debt.

# Dividends

Record Date	Payment Date	Dividend (CPS)	Type	Amount Franked
26-May-17	9-Jun-17	0.0400	Interim	100%
21-Aug-17	1-Sep-17	0.0400	Interim	100%
20-Nov-17	1-Dec-17	0.0400	Interim	100%
19-Feb-18	1-Mar-18	0.0480	Final	100%
	<b>Total</b>	<b>0.1680</b>		

- Total dividends declared for FY17 were 16.8cps with a final dividend for FY17 paid 2 March 2018 at 4.8cps.
- In FY18 the company intends to continue to streamline it's dividend payment policy by paying equal quarterly dividend instalments at 4.4 cps per quarter, subject to the company tracking to forecast.
- Including the final FY17 dividend, the total proposed dividend to be paid in FY18 is 18.0cps.
- The DRP will be retained for FY18.
- The Company announced a bonus share plan for all staff to be issued shares up to a value of \$1,000. It is expected the shares will be issued by 28<sup>th</sup> March 2018



# 2018 Guidance and Outlook

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- Projected revenue for FY18 is \$1.39 billion and forecasted net profit before tax is \$42.5 million
- Whilst the consolidated revenue and profit growth is expected to be at 6%, the projected growth for the Australian business is maintained at over 10%.
- The growth in the Australian business is expected to be achieved through organic growth and full year contribution from new vendors.
- With the loss of Cisco business in NZ late last year, the focus for New Zealand in FY18 is to expand the vendor alliances, and be able to achieve the same growth metrics as the Australian business going forward. There was a positive start to this objective with the recent signing of Hewlett Packard Enterprise for Networking.
- Our current bank debt facility was recently renegotiated for a further 3 years with an increase in the limit to \$130m.

# 2018 Opportunities



## IoT

Our Australian-first IoT Community now has 150+ members.



## Security

Continuing to capitalise on the security opportunity e.g. NDBS.



## Physical Security

Moving into the surveillance camera market which aligns to electrical market play.



## Electrical Trade

Continuing to build new channels – e.g. electricians becoming partners.



## Data Management

Helping our partners analyse and get the most out of the data their customers generate.



## Datacentre

Continuing our push to distribute top to bottom of rack solutions.



## Networking

Driving continued growth in the wireless and enterprise networking markets.



## Client Computing

Driving continued growth in our devices business across all market segments.



## Automated Cloud

Delivering pre-packaged cloud based solutions to enable ease of deployment.



## Services

Continued focus in driving our Services business into as many opportunities as we can.

# New Building Update



- The development application for our new distribution centre was lodged 28 February 2018 and expected to be approved within 6 months. We therefore do not anticipate any material capital expenditure until much later in the year.
- With continued focus and improvement in our working capital investment and increased limit in our debt facility we are well placed to fund the shorter term capital expenditure requirements for this year.



Thank You!



# Further Information

## Contact Information

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