



# INVESTOR UPDATE

**Vlad Mitnovetski** COO  
**Mary Stojcevski** CFO

September 2019

**DICKER**  
DATA



# COMPANY OVERVIEW

## NUMBER 1 DISTRIBUTOR



### ASX Listed

Dicker Data listed on the ASX in 2011.



### AUD \$1.4b

Dicker Data is the largest Australian owned distributor with over \$1.4B revenue in 2018



### 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 our ability to adapt and change quickly.



### 470 Staff in ANZ

Dicker Data has a strong focus on people, culture and diversity

# COMPANY HISTORY



**FOUNDED  
JULY 1978**

**1987**

First Toshiba distributor in Australia

**1993**

First Compaq distributor in Australia

**2000**

Annual revenues exceed \$100M

**2010**

Relocated to new custom built facility

**2011**

Listed on the ASX (ASX: DDR)

**2014**

Acquired Express Data Holdings

**2015**

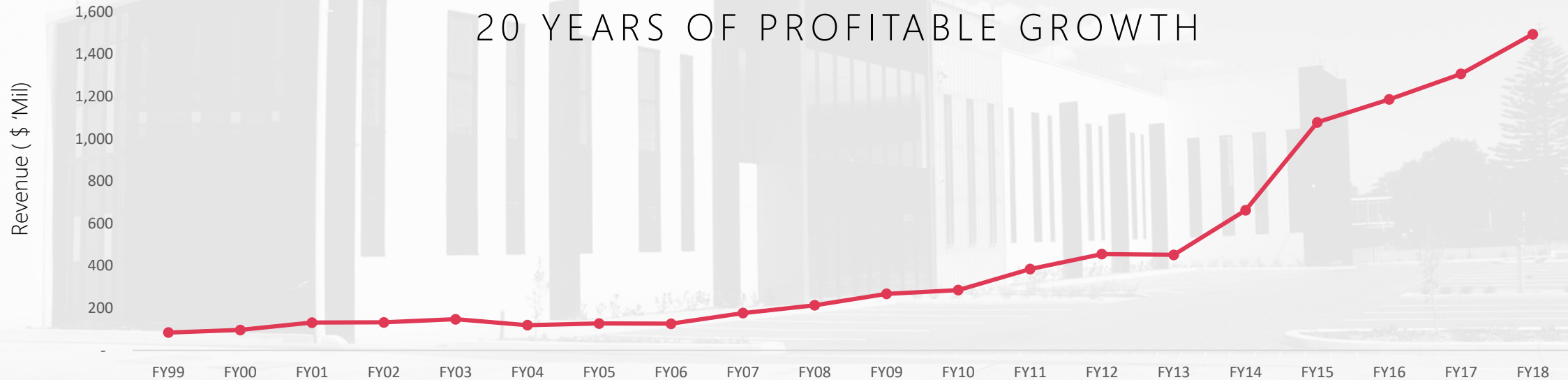
Ann. revenue exceeds \$1B  
Cloud Portal Launched

**2017**

Launched Australia's first IoT Community

**2019**

Launched Dicker Data Financial Services





**David Dicker**  
Chairman and CEO  
Founder



**Fiona Brown**  
Non-Executive Director  
Founder



**Vlad Mitnovetski**  
COO



**Mary Stojcevska**  
CFO



**Ian Welch**  
CIO



**Michael Demetre**  
Logistics Director

EXECUTIVE  
**TEAM**

# CORPORATE HEADLINES

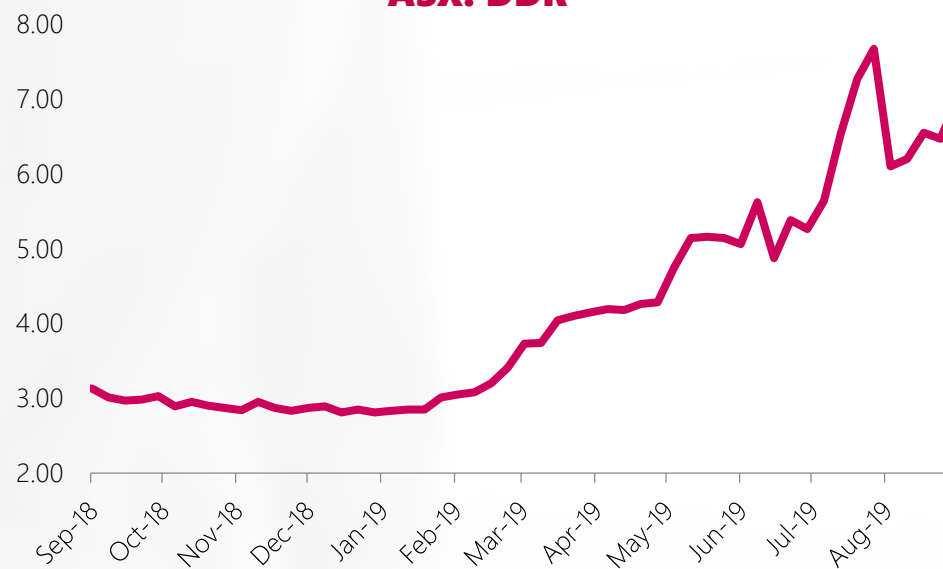
## CAPITAL STRUCTURE

Share Price (6 Sept 2019)	\$6.99
Fully paid ordinary shares	161.5m
Options	0.0m
Market Capitalisation	\$1,129.1m
Cash (30 June 2019)	24.4m
Drawn Debt (30 June 2019)	90.0m

## SHAREHOLDERS

Founder -David Dicker	60.6m	38%
Founder -Fiona Brown	54.0m	34%
Free Float	46.1m	29%

## 1 YEAR SHARE PRICE ASX: DDR



The background features a dark grey grid pattern. On the left, there is a 3D pie chart with several segments, a 3D bar chart with four bars of increasing height, and a hand holding a white pen. Dotted lines with upward-pointing arrows are positioned above the bar chart. On the right, a horizontal red line with a circular endcap is visible.

# **FINANCIAL** **RESULTS** **HY19**

**DICKER**  
**DATA**

# RESULTS HIGHLIGHTS

**18.7%**  
**REVENUE** INCREASE

**51.2%**  
**NPBT** INCREASE

**50.5%**  
**NPAT** INCREASE

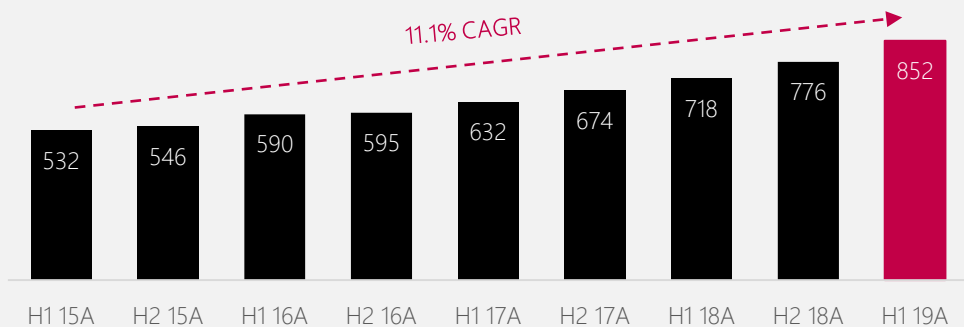
- Strong revenue growth of 18.7%, with total revenue for the half year at \$852.0m.
- At a country level, **Australia** grew revenues at 17.8% and **New Zealand** grew revenues at 36.1%.\*
- The 10 **new vendors** added during the FY18 and HY19 accounted for **incremental revenue of \$18.8m** in HY19.
- **Existing vendors** (FY17 and prior) **grew at 16.2%** on pcp, as existing vendor relationships were leveraged to gain access to new product lines or increased share.
- **Net profit after tax increased by 50.5%** on pcp.

\*based on AUD reporting currency

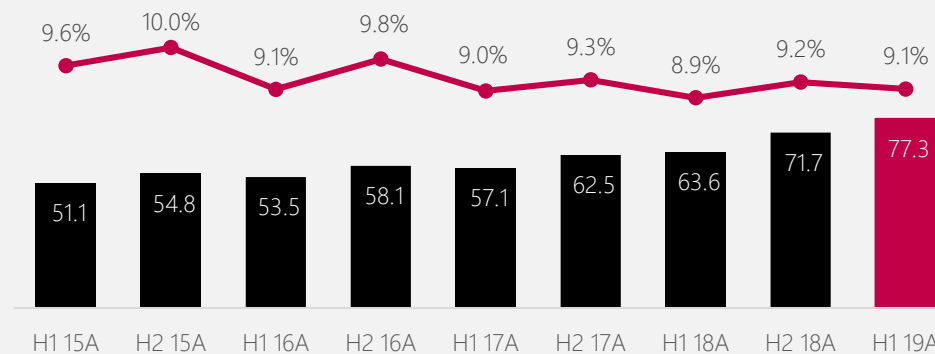
# FINANCIAL TRENDS **HALF YEAR**



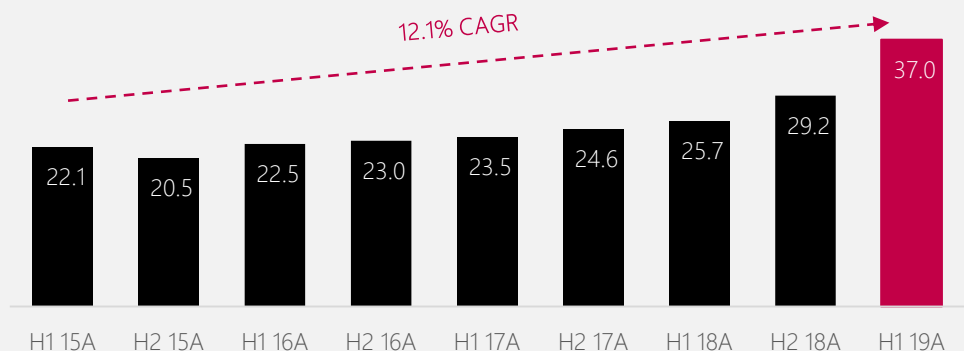
REVENUE (\$M)



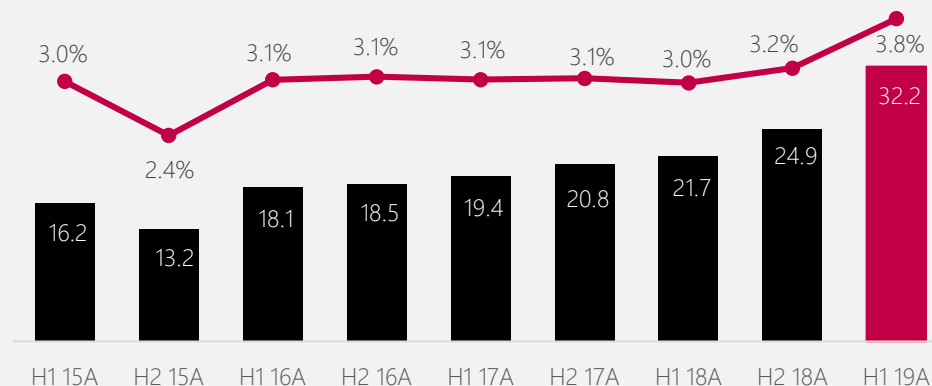
GROSS PROFIT (\$M) AND GROSS PROFIT MARGIN (%)



EBITDA (\$M)



NET PROFIT BEFORE TAX (\$M) AND NPBT MARGIN (%)





# • HY19 RESULTS **GROUP**



<b>6 months to (in \$m):</b>	<b>Jun-19</b>	<b>Jun-18</b>	<b>Variance</b>
Total Revenue	851.9	717.5	18.7%
Gross Profit	77.3	63.6	21.5%
Gross Margin	9.1%	8.9%	
EBITDA	37.0	25.7	43.9%
Profit before tax	32.3	21.4*	51.2%
PBT margin	3.8%	3.0%	
Net profit after tax	23.8	15.8	50.5%

\* Net operating profit before tax excluding one off costs for Employee Share Scheme

- Revenue growth of 18.7% which is tracking ahead of our forecast for the half year.
- Gross profit increased by 21.5% with margins firming back to longer term average levels.
- Operating costs have increased only marginally over the pcp, and **have fallen to 4.9% of revenue**. The company continues to invest in headcount to facilitate growth.
- Operating profit before tax increased by 51.2% over the pcp.
- Net profit after tax increased by 50.5%

# HY19 RESULTS **NEW ZEALAND**

<b>6 months to (in \$NZDm):</b>	<b>Jun-19</b>	<b>Jun-18</b>	<b>Variance</b>
Total Revenue	55.3	41.8	32.4%
Gross Profit	4.9	4.4	11.6%
Gross Margin	8.9%	10.6%	
EBITDA	0.9	0.6	34.1%
Profit before tax	0.5	0.6	-10.4%
PBT margin	1.0%	1.4%	
Net profit after tax	0.4	0.7	-43.8%

- Revenue growth of 32.4% driven by the introduction of new vendors and increases in market share.
- Gross profit increased by 11.6% with margins abating due to competition and product mix.
- EBITDA increased due to change in accounting policy in respect of AASB 16 and capitalisation of leases. Depreciation is now recognised on the Right to Use capitalised lease asset, instead of being reflected as an operating lease expense.
- Whilst revenue has grown, **profit before tax** finalised just short of Jun18, **down by 10.4%**, mainly as a result of lower gross margins

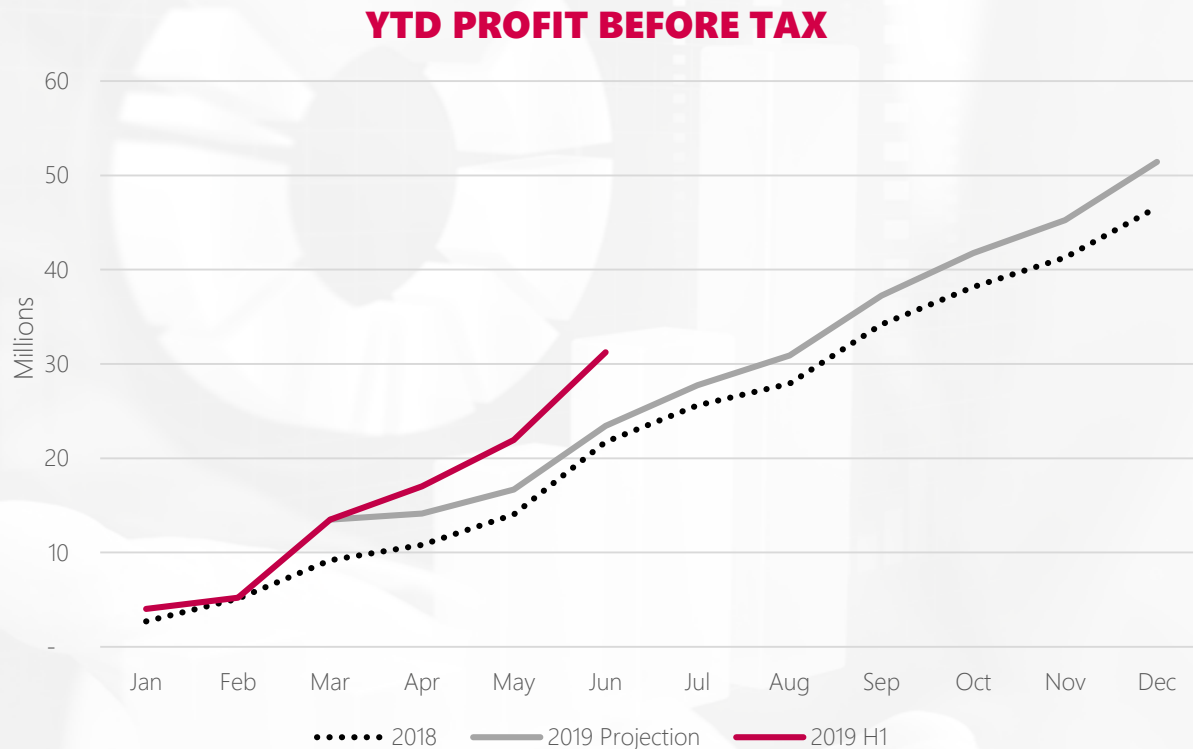
# • HY19 BALANCE SHEET

<b>Net Assets (in \$m)</b>	<b>Jun-19</b>	<b>Dec-18</b>
Cash and equivalents	24.4	6.6
Other current assets	415.3	344.2
Goodwill & Intangibles	27.0	27.7
Other assets	53.4	50.4
<b>Total Assets</b>	<b>520.1</b>	<b>429.0</b>
Borrowings	129.8	70.0
Other current liabilities	294.8	233.1
Borrowings	0.0	39.6
Other long-term liabilities	8.2	6.3
<b>Total liabilities</b>	<b>432.8</b>	<b>349.0</b>
<b>TOTAL NET ASSETS</b>	<b>87.3</b>	<b>80.0</b>
<b>Shareholders' Equity</b>		
Share Capital	61.2	58.0
Reserves	0.6	0.5
Retained earnings	25.5	21.5
<b>TOTAL EQUITY</b>	<b>87.3</b>	<b>80.0</b>

<b>Ratios</b>	<b>Jun-19</b>	<b>Dec-18</b>
Net Working Capital (\$m)	133.8	121.2
Debt to Equity	1.49x	1.37x
Debt Service Cover Ratio	11.03x	9.41x
Net Tangible Assets (\$m)	60.3	52.3

- The company continues to **increase working capital investment** as it onboards new vendors.
- This has resulted in a **cyclical increase in net debt**.
- **Corporate Bond** matures in **March 2020** and is now reflected as part of the current liabilities
- As a result the company's leverage has increased slightly, whilst **continuing to improve ability to service that debt**.

# FY19 GUIDANCE



- HY19 profit before tax finalised at \$32.3m, tracking well ahead of forecast.
- Forecasted profit for FY19 was \$51.4m. Based on results for the half year the Company is confident this **will be achieved**.
- There are additional headcount and other operating cost investments to come in H219. Also with a high representation of US based vendors and some uncertainty in the global economy, profit guidance will be reviewed once Q319 results are finalised.



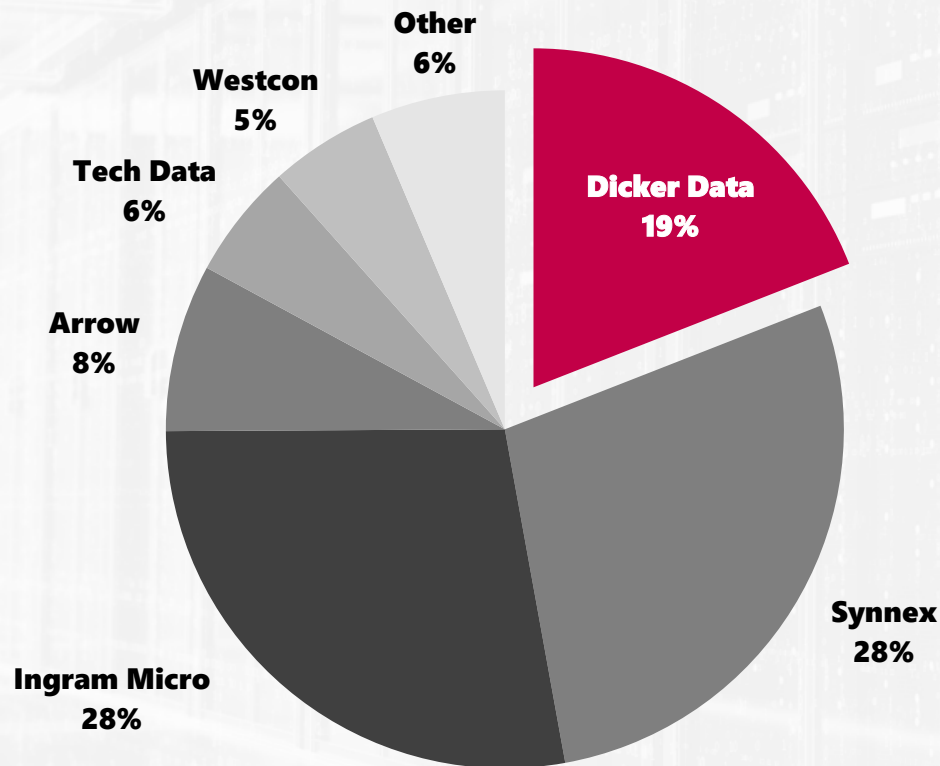
# **BUSINESS**

# **UPDATE**

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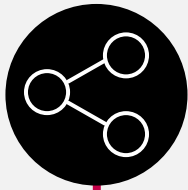
# IT MARKET AND OUR STRATEGY

AUSTRALIAN IT DISTRIBUTION MARKET SHARE



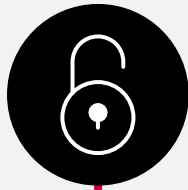
- Dicker Data is a leading Value Added Technology Distributor
- Our speciality is servicing the mid-market and SMB communities with specific focus on pre-sales capabilities, value added services and emerging hybrid end to end technology solutions.
- In recent years targeting distribution agreements in software and high-end enterprise products and those that address the cloud computing environment.
- The industry is going through major transformation and evolving faster than ever, and we need to keep evolving to differentiate and offer a unique value proposition to both vendors and reseller partners.
- Dicker Data is perfectly positioned to assist all of its partners through the journey of digital transformation

# OPPORTUNITIES 2019



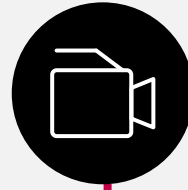
## INTERNET OF THINGS

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.



## EDGE COMPUTING

Delivering technologies that enable intelligent edge computing.



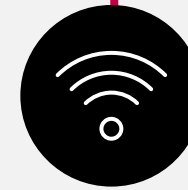
## DATA MANAGEMENT

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



## DATA CENTRE

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



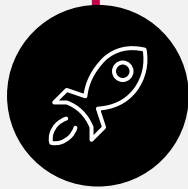
## NETWORKING

Driving continued growth in the wireless and enterprise networking markets.



## NEW WEBSITE

Launching a completely new online experience for our partners.



## AUTOMATED CLOUD

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



## FINANCIAL SERVICES

Introducing Dicker Data Financial Services – in house finance company to support DaaS and IaaS.

# H219 FOCUS



- During H119 the company launched a new division – Dicker Data Financial Services (DDFS). **DDFS is a new business to address the ever growing demand for As-A-Service solutions.** In H219 we will continue to work with our partners to grow this division.
- **Managed Service Providers are our fastest growing partner segment.** We will continue to work with our vendors to address the needs of this partner segment around their storage, hyper converged infrastructures, cloud migrations and software analytics and backup requirements.
- Focusing on device and **PC sales growth with a major refresh cycle** expected in all corporate and commercial devices moving to Windows10 with Microsoft Windows7 support ending in January 2020.





# OUR VENDORS



# 2018 VENDOR **ADDITIONS**



Appointed as Sole Distributor for Citrix Reseller Business (AU)

Appointed as a distributor for Citrix CSP (ANZ)



COMMVault™

Appointed as distributor for the entire Commvault portfolio (AU)



Appointed as distributor for the entire Dell EMC product portfolio (NZ)



Appointed as distributor for the Kyocera A3 and A4 Ecosys Print and Consumables



Appointed as a distributor for LG Commercial Displays (AU)



Appointed as a distributor for the entire Micron Technology range (AU)



Launched our strategic partnership with the NBN Co to acceleration the digital transformation of Australian businesses

# 2019 VENDOR **ADDITIONS**



Appointed as distributor for the complete range of security cameras and devices in AU



Appointed to distribute Automatic Identification and Data Capture range of products for ANZ



Appointed to distribute complete range of Kaspersky Lab products for ANZ



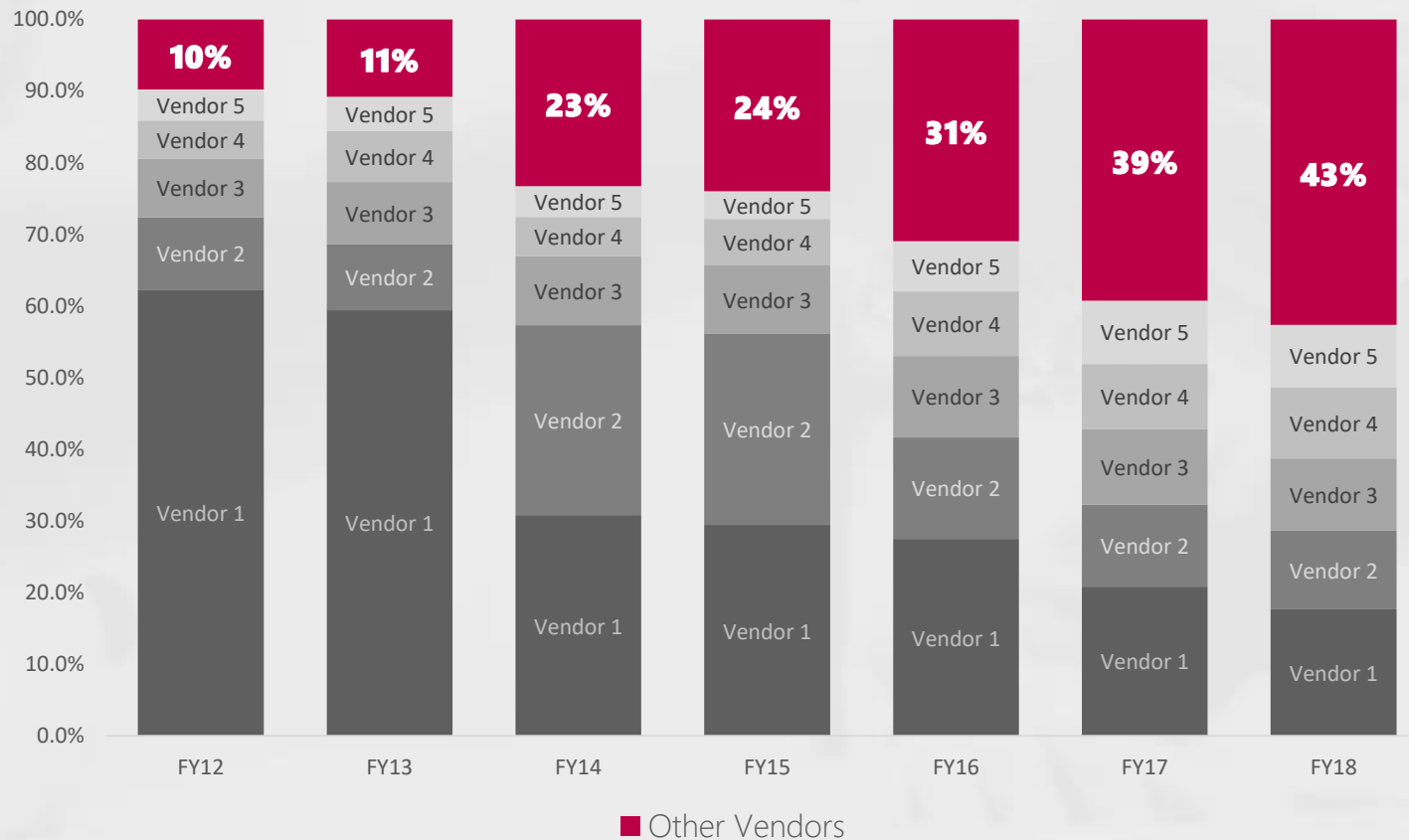
Appointed as distributor Nutanix for ANZ, providing cloud management services and applications



Appointed as distributor the Enterprise Information Management solutions for ANZ

# DIVERSE LONG-TERM **VENDOR RELATIONSHIPS**

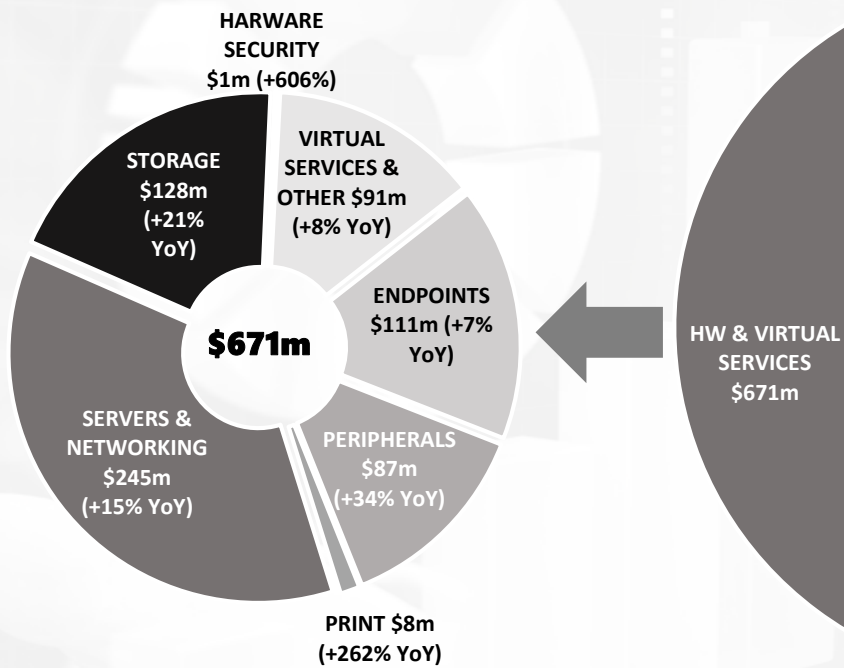
## MAJOR VENDORS OVER TIME (% OF SALES)



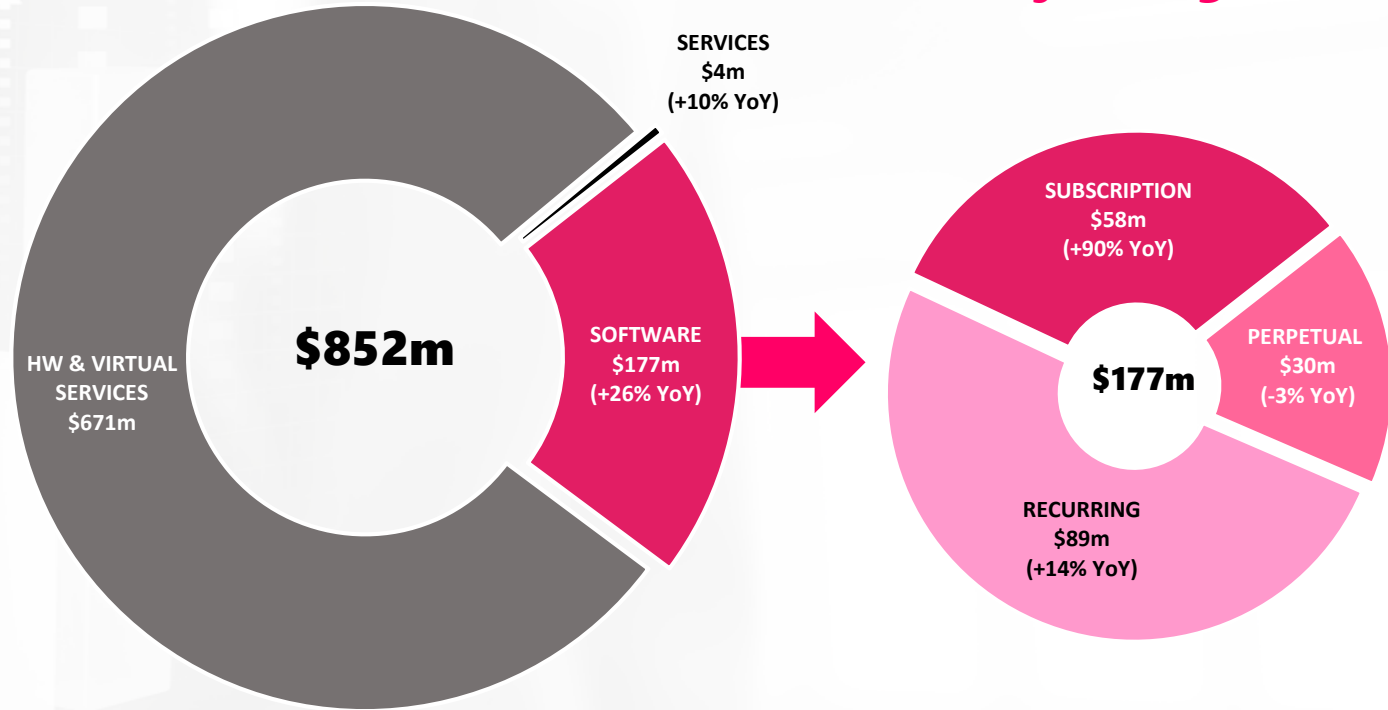
- Dicker Data has continued to introduce new vendors to **reduce reliance on any single vendor**
- **6 new vendors** in key strategic segments were added in FY18
- Top 5 vendors overall contribution has reduced from 90% in FY12 to 57% in FY18
- A key objective for FY19 is to **continue to diversify vendor concentration.**

# REVENUE CATEGORY SPLITS AND GROWTH

## Hardware by Product Category



## Software by Billing Method



**\$852m**

HW & VIRTUAL SERVICES  
\$671m

SOFTWARE  
\$177m  
(+26% YoY)

SERVICES  
\$4m  
(+10% YoY)

- Revenues are growing strongly across all categories

- Software growth being driven by ever increasing subscription and recurring product lines

# INDUSTRY RECOGNITION



ARN Hardware  
Distributor of the Year



ARN Homegrown  
Distributor of the Year



Aruba Top Distributor  
Asia Pacific  
FY16, FY17 and FY18



Citrix APJ and ANZ  
Distributor of the Year  
  
Citrix APJ Operational  
Excellence & Partnership



Dell EMC  
Distributor of the Year  
& Special Contribution



Fujitsu Distributor  
Of the Year 2018



HPE APAC Top  
SMB/Mid-Market  
Growth Distributor



Intel Distributor  
of the Year



Lenovo PCG  
Lenovo DCG  
Distributor of the Year



Microsoft NZ Channel  
Develop. Partner 2018



Reseller News  
Software  
Distributor of the Year



RSA APJ  
Distributor of the Year



StorageCraft ANZ  
Distributor of the Year



Seagate APJ NAS  
Distributor of the Year



Telstra Enterprise  
Distributor of the Year



Veritas Pacific  
Distributor of the Year



# SALE OF EXISTING BUILDING



- The Company sold its distribution centre at 230 Captain Cook Drive Kurnell on 15 August 2019.
- Total consideration for the sale was \$36m, and the expected profit on the sale of this asset is approximately \$12m.
- The Company has entered into a 2 year lease with the new owners. There is an option to extend the lease if required.
- The business will continue to operate out of this location whilst in process of building its new custom designed distribution centre next door at 238 Captain Cook Drive Kurnell.

# NEW BUILDING UPDATE



- Sale of existing building comes on back of DA approval for new distribution centre.
- Construction tender process is underway with panel of builders invited to bid for the construction project.
- Once a builder has been appointed, costs and expected timeline for capital commitments will be firmed up. Expected cost for the build is estimated to be approximately \$55m.
- Size of distribution centre will increase from existing location of 15,000 sqm to 29,000 sqm once the facility has been completed





**THANK YOU**

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