



Dicker Data Limited
ABN: 95 000 969 362

Appendix 4E
Preliminary Final Report
Year ended 31 December 2019

Results for announcement to the market

1. REPORTING PERIOD: YEAR ENDED 31 DECEMBER 2019

Previous Corresponding Period: Year ended 31 December 2018

2. RESULTS FOR ANNOUNCEMENT TO THE MARKET

Operating and financial review on comparative period

Results:	Movement			12 Months Dec-19 \$'000	12 Months Dec-18 \$'000
Total revenue	Up	18.7%	to	\$1,773,516	\$1,493,561
Revenue from ordinary activities *	Up	17.9%	to	\$1,761,296	\$1,493,561
Net operating profit before tax **	Up	37.5%	to	\$64,104	\$46,607
Net profit before tax	Up	64.2%	to	\$75,873	\$46,215
Net profit after tax attributable to members	Up	67.3%	to	\$54,311	\$32,467

* Excludes profit on sale of property - \$12.2m

** Excludes profit on sale of property - \$12.2m and cost for Employee Share Scheme - \$450k

Dividends Paid

Record Date:	Payment Date:	Dividend/Share (in Cents)	Amount (in 000's)	Type	FY	Amount Franked
15-Feb-19	01-Mar-19	0.0700	\$11,250	Final	2018	100%
20-May-19	03-Jun-19	0.0500	\$8,041	Interim	2019	100%
21-Aug-19	02-Sep-19	0.0500	\$8,071	Interim	2019	100%
24-Sep-19	04-Oct-19	0.0500	\$8,077	Special Dividend	2019	100%
21-Nov-19	02-Dec-19	0.0500	\$8,079	Interim	2019	100%
Total		0.2700	\$43,518			

The total dividends declared and paid during the financial year were 27.0 cents per share or a total of \$43.5m, fully franked.

A final dividend for FY19 of 13.0 cents per share was declared on 10 February 2020 with a record date of 14 February 2020 and a payment date of 02 March 2019.

BRIEF EXPLANATION OF THE FIGURES REPORTED ABOVE

REVENUE

The revenue for the consolidated entity for the 12 months to 31 December 2019 was \$1,773.5m (2018: \$1,493.6m), up by \$279.9m (+18.7%). Excluding the profit on the sale of the property, revenue from ordinary activities was \$1,761.3m (2018: \$1,493.6m), an increase of \$267.7m or 17.9%. At a country level, Australia grew \$235.6m (+16.8%) and New Zealand grew \$32.1m (+38.4%).

Other revenue was \$14.8m, an increase of \$12.1m, which includes a profit on sale of the property of \$12.2m.

Total revenue from sales of goods and services, excluding other revenue was \$1,758.5m (2018: \$1,490.7m) up by \$267.8m. Dicker Data has continued to add new vendors and increased the breadth of products offered by existing vendors whilst still driving growth. In 2019 a total of 6 new vendors were added, contributing incremental revenue of \$5.9m. The strongest growth came from existing vendors growing \$261.9m (+17.6%) as vendor consolidation provided access to new product sets or as full value was achieved from vendors added to the portfolio over the previous years.

At a sector level, the Company maintained strong growth across all business units, with hardware sales up 12.6% from \$1,173.1m to \$1,321.3m. The software business was the fastest growing sector growing by 38.5% to \$429.1m (2018: \$309.8m) and services business unit increasing to \$8.1m (2018: \$7.7m) an increase of 6%. Within our software business the strongest growth came from our recurring revenue products increasing to \$366.5m (2018: \$247.9m) an increase of 47.9%.

Results for announcement to the market

Continued

GROSS PROFIT

Gross profit for the reporting period was up 19.7% at \$158.4m (2018: \$132.4m). Gross profit margins improved slightly in the current year at 9.0% (2018: 8.9%).

EXPENSES

Operating Expenses

Operating costs for the reporting period were \$86.8m (2018: \$80.4m), an increase of \$6.4m increasing by 8%, but falling significantly as a proportion to revenue at 4.9% (2018: 5.4%).

The increase in costs is attributed to an increase in salary related expenses. Excluding value of Employee Share Scheme costs, salary costs were \$73.0m (2018: \$66.6m) an increase of \$6.4m, falling as a proportion of revenue to 4.1% (2018: 4.5%). The increase in salary costs is attributed to investment in additional headcount as a result of new vendor signings and growth in existing vendors. In addition, with the significant growth experienced through the year, investment in headcount was across all departments. Headcount across the group finished at 485 (2018: 442).

Other operating expenses remained steady but fell as a proportion of sales to 0.8% (2018: 0.9%).

Depreciation, Amortisation and Interest

Depreciation and Amortisation for the reporting period was \$4.6m, an increase of \$2.0m partly due to the adoption of AASB 16 and depreciation on right-of-use assets of \$1.6m on capitalised leases. There was also some increases in plant and equipment depreciation with additional PP&E purchases with increase in additional headcount in the financial year.

Finance costs in the reporting period were \$5.7m, marginally up from the prior year (2018: \$5.7m). The company has significantly increased its working capital investment in 2019, with net average debt increasing by 22.4%, however the company benefited from a lower interest rate environment.

PROFIT

Profit before tax finalised at \$75.9m (2018: \$46.2m) up by 64.2%. Excluding profit on sale of property and costs relating to share issue for Employee Share Scheme, operating profit before tax finalised at \$64.1m, up by 37.5%. Net Profit after tax increased to \$54.3m (2018: \$32.5m), up by 67.3%. Weighted average earnings per share increased to 33.69 cents per share (2018: 20.22 cents), up by 66.6%.

STATEMENT OF FINANCIAL POSITION

Total assets as at 31 December 2019 increased to \$507.5m (2018: \$429.0).

The statement of financial position reflected an increase in working capital investment with working capital finishing higher than the previous period. Total investment in net working capital was \$165.4m, up by \$44.2m from previous year (2018: \$121.2m). Cash finalised at \$22.6m, up by \$16.0m (2018: \$6.6m). Trade and other receivables were up from the previous year to \$295.9m (2018: \$238.7m). The company showed a slight decrease in inventory days with inventories finishing at 120.4m (27.4 days), up from \$105.5m (27.6 days) in 2018. Trade and other payables were up to \$250.9m (2018: \$223.0m).

Property, plant and equipment decreased to \$32.0m during the period (2018: \$46.8m) a decrease of \$14.8m as the company disposed of the existing building and began works on the new distribution centre.

Total liabilities as at 31 December 2019 were \$412.5m, up from the prior period (2018: \$349.0m).

Current borrowings comprising a receivables purchase facility with Westpac was at \$90.0m as at 31 December 2019, \$20.0m higher than prior year (2018: \$70.0m) reflecting increased working capital investment. Current borrowings also now reflect the inclusion of the \$39.9m Corporate Bond which matures in March 2020 (previously Non-Current).

Equity has increased to \$95.1m during the period (2018: \$80.0m).

3. ANNUAL FINANCIAL REPORT

Refer to the attached Annual Report for the audited Financial Statements for the year ended 31 December 2019.

4. DIVIDENDS PAID

Security Type	Security	Dec-19	Dec-18
Final Dividend – Dec 2018	Ordinary	0.0700	0.0480
Interim Dividend – Dec 2019	Ordinary	0.2000	0.1320
Total Dividends for all securities for the year		0.2700	0.1800

Results for announcement to the market

Continued

5. DIVIDEND REINVESTMENT PLANS

The Dividend Reinvestment Plan introduced in March 2014 has been retained for the 2019 year. Of the \$43.5m dividends paid, \$39.4m were paid as cash dividends, \$4.1m participated in the DRP. Total shares issued to staff in August 2019 under the Employee Share Scheme was 67,500 shares at a value of \$450k.

6. NET TANGIBLE ASSETS

Net Tangible Assets	Dec-19 \$	Dec-18 \$
Net tangible asset per ordinary share	0.394*	0.325

* The current period has been impacted by the first time adoption of the new accounting standard AASB 16 Leases but the comparative has not been adjusted.

7. DETAILS OF ENTITIES OVER WHICH CONTROL HAS BEEN GAINED OR LOST

Not Applicable.

8. DETAILS OF ASSOCIATES AND JOINT VENTURE ENTITIES

Not applicable.

9. ANY OTHER SIGNIFICANT INFORMATION

Not applicable.

10. AUDIT

This report is based on the audited financial statements.

Signed:



David Dicker

CEO and Chairman

Sydney, 28 February 2020