



Investor Presentation

July 2014

...experience is the difference

Corporate Snapshot



Capital Structure

| | |
|----------------------------|----------|
| Share Price (21 July 2014) | \$1.60 |
| Fully paid ordinary shares | 128.2m |
| Options | 0.0m |
| Market Capitalisation | \$205.1m |
| Cash (30 June 2014) | \$24.7m |
| Drawn Debt (30 June 2014) | \$118.7m |

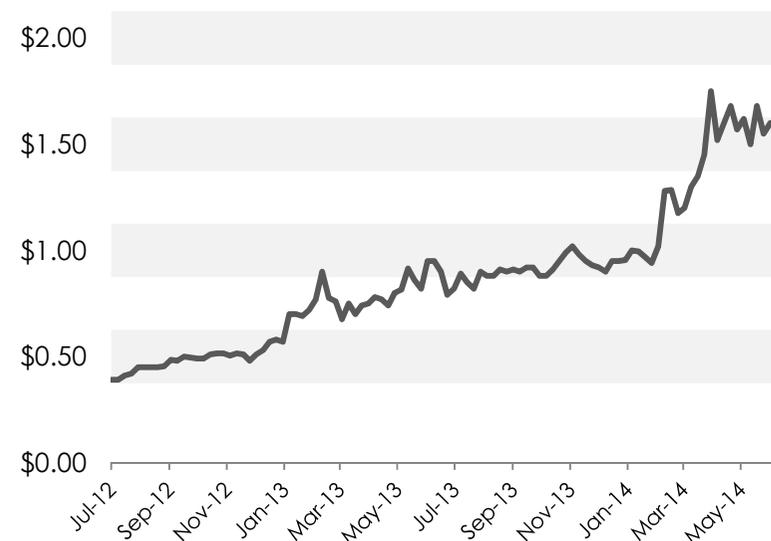
Directors & Senior Management

| | |
|-----------------|--------------------|
| David Dicker | Chairman & CEO |
| Fiona Brown | Non Exec Director |
| Mary Stojcevski | CFO & Director |
| Chris Price | Executive Director |
| Michael Demetre | Executive Director |

Shareholders

| | |
|--------------|-------|
| David Dicker | 64.0m |
| Fiona Brown | 56.5m |

Share price (2 years)

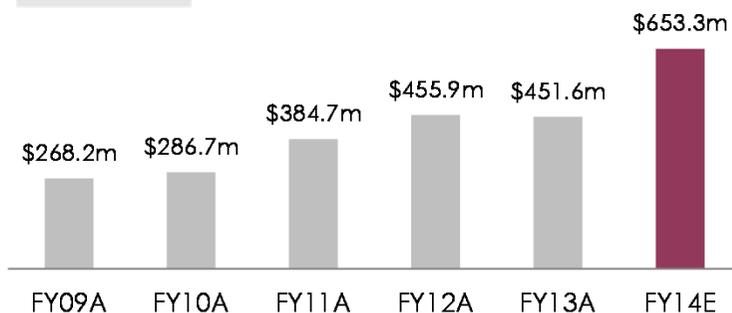


Financial Track Record



- The company will report substantial growth in sales and profitability in FY15 through the full year contribution from Express Data and a partial contribution from merger cost savings

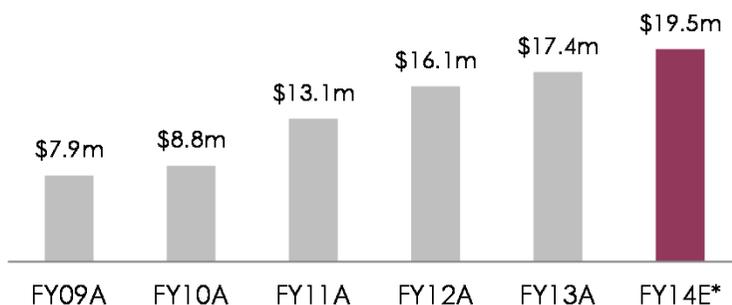
Revenue



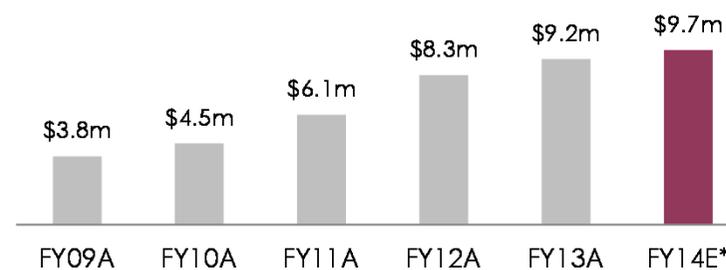
Gross Profit



EBITDA



NPAT



* excluding one-off acquisition and integration costs

Company Background

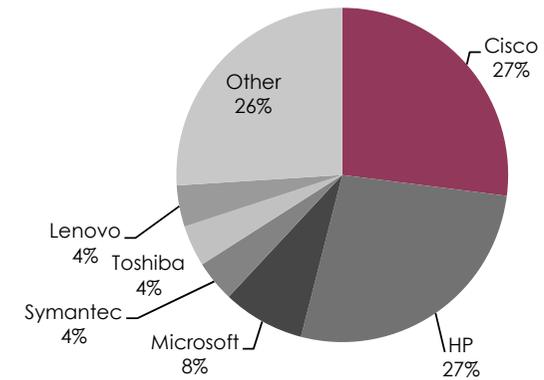


- Following our recent acquisition of Express Data, Dicker Data is now one of the top three IT distribution companies in Australasia and we are projecting to achieve annual revenues of over \$1 billion in FY15.
- The company has been operating for 36 years and listed on the ASX in January 2011 at a share price of \$0.20.
- For the last two years Dicker Data has won the ARN Hardware Distributor of the year, as voted by ICT peers. Express Data has won the Software Distributor award in four of the last five years.
- Dicker Data's product portfolio comprises of leading technology vendors including HP, Cisco, Toshiba, Microsoft, Symantec and other tier 1 global brands.
- We distribute to over 3,500 resellers across Australia and New Zealand.
- Our key distribution centre is a 14,000 sqm warehouse (equivalent to two football pitches) on a 2.6 hectare site in Kurnell, NSW.
- We have grown our net profit every year for a decade and typically distribute almost all of our profits as franked dividends.

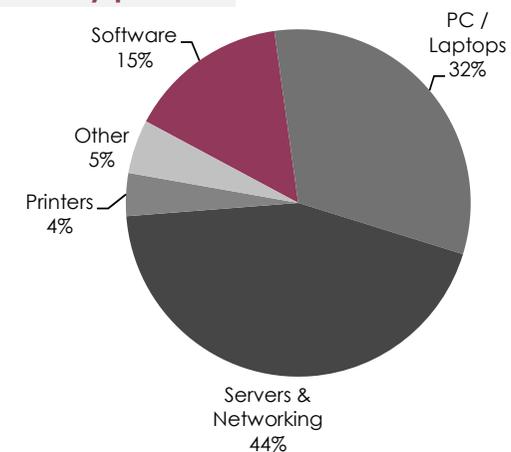
Our Vendor Brands



Top five brands by sales



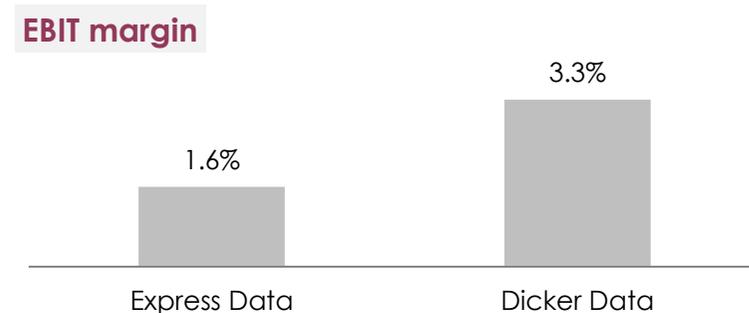
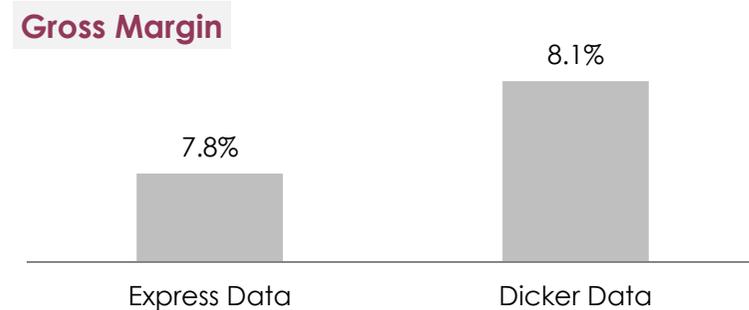
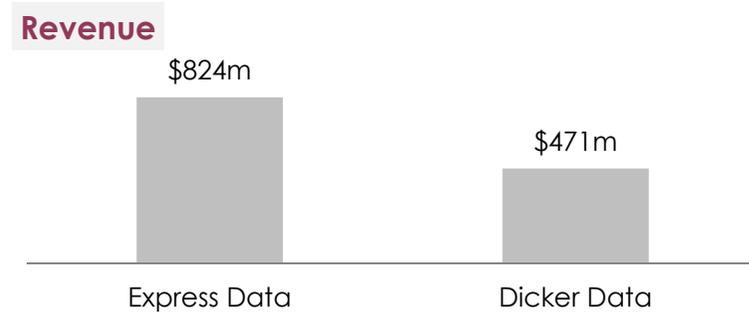
Sales by product



Express Data Background



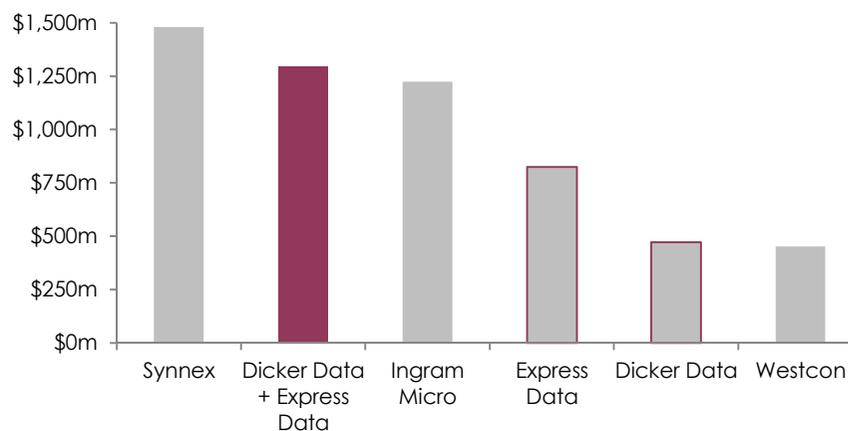
- Express Data (originally part of ComTech) was incorporated on October 1996 and, like Dicker Data, was built with strong philosophy of service.
- In 1998, the business was sold to Dimension Data, which was subsequently acquired by NTT Corp.
- Express Data's head office is in Botany, Sydney and it has branch offices in all major capital cities and in New Zealand.
- Express Data represents technology vendors to both the enterprise and SME markets. It specialises in networking, security, data centre, communications and collaboration infrastructure, software licensing, cloud.
- On acquisition the Company had 366 staff in total throughout Australia and New Zealand.



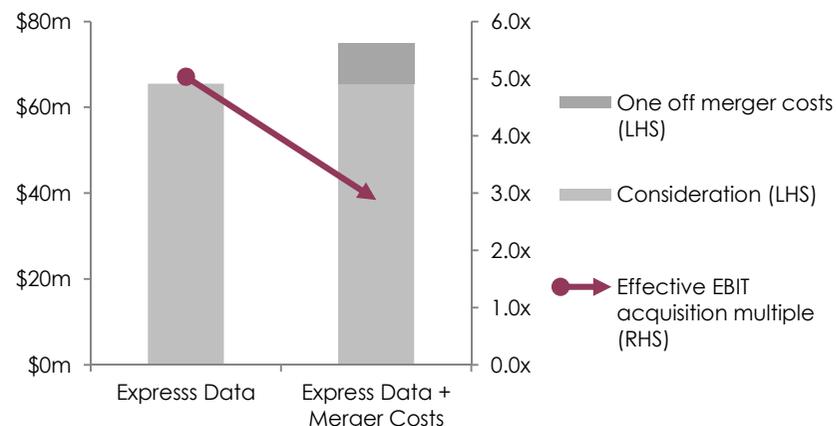
Acquisition of Express Data



- On 10 February 2014 we announced the acquisition of Express Data Holdings.
- The merger of our two business brings together the third and fourth largest IT distributors in Australasia to form a business with similar revenue to the two leading players Synnex and Ingram Micro.
- The acquisition price was \$65.5m, but we expect to spend an additional \$9.0-\$10.0m in one-off acquisition and merger costs.
- On an annualised basis for FY14 Express Data's underlying EBIT was \$13.0m, but we expect to capture an additional \$13.0m in annual cost savings from bringing the two business together.



Synnex, Ingram and Westcon based on ASIC accounts for FY13. Dicker Data and Express Data represents the sales for 12 months to June 2014.



Results Guidance



FY14 Guidance

- Dicker Data will report FY14 result in the last week of August.
- Our statutory results for the year to 30 June 2014 will include a three month contribution from Express Data.
- We expect to report statutory pre-tax profit of \$7.5m, after expensing one off acquisition and integration costs of \$6.5m in the period.
- Excluding these one off costs, underlying pre-tax profit is expected to be \$14.0m (FY13: \$13.2m).
- We will declare a quarterly dividend of 0.5¢ps (fully franked) this week.
- A final dividend for FY14 will be declared in September, returning to our 100% payout ratio.

FY15 Guidance

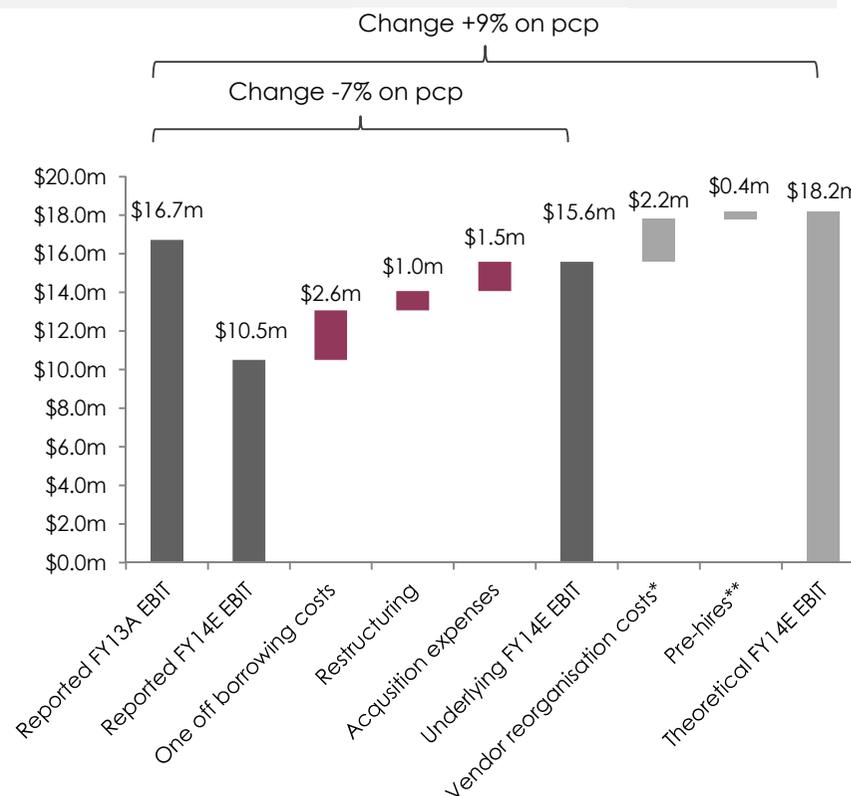
- We expect to incur \$3.0m of additional one-off merger pre-tax costs in FY15.
- We expect to generate approximately \$13.0m of pre-tax recurring merger cost savings.
- We hope to capture approximately 50% of these synergies in FY15.
- We expect to report pre-tax profit of \$30.0m in FY15.
- In FY15 the Company will declare dividends of 15¢ps (fully franked), to be paid over four quarters.
- The Company will maintain its policy of offering shareholders the chance to participate in the Company's Dividend Reinvestment Plan.

Dicker Data FY14 Highlights



- The single most important highlight was the acquisition of Express Data, which made a three month contribution in FY14.
- We are pleased to report that the following brands have elected to work with us for the first time: HP Printers, Microsoft (direct distribution), Storagecraft, Tandberg, Watchguard, APC and Western Digital
- We have undertaken a 55% expansion of our Kurnell disruption warehouse to 14,000sqm.
- In line with our targeted strategy, we maintained our gross margin at +8.1% despite the impact of one off acquisition costs.
- We have expanded our operations into New Zealand through the Express Data acquisition.

Dicker Data FY14 EBIT (ex Express Data)



* Adding back the impact of revenue and margin forgone in executing the Express Data acquisition.

** Adding back the employees hired ahead of the Express Data acquisition in anticipation of the deal being finalised.

Balance Sheet



Balance sheet (FY14 proforma)

| | 2013 | 2014E* |
|----------------------------------|--------------|--------------|
| Net Assets | | |
| Cash and equivalents | 0.5 | 24.7 |
| Accounts receivable | 64.4 | 136.6 |
| Inventory | 49.7 | 88.1 |
| Other current assets | 0.0 | 7.0 |
| Total current assets | 114.6 | 256.4 |
| PP&E, net | 19.6 | 23.7 |
| Goodwill & Intangibles | 0.2 | 26.9 |
| Other assets | 0.8 | 3.6 |
| Total assets | 135.1 | 310.6 |
| Accounts payable | 47.2 | 156.6 |
| Other current liabilities | 2.4 | 10.8 |
| Total current liabilities | 49.6 | 167.4 |
| Borrowings | 63.8 | 118.1 |
| Other long-term liabilities | 1.6 | 4.5 |
| Total liabilities | 115.0 | 290.0 |
| TOTAL NET ASSETS | 20.1 | 20.6 |
| Shareholders' Equity | | |
| Share Capital | 1.1 | 2.0 |
| Reserves | 0.4 | 0.4 |
| Retained earnings | 18.6 | 18.2 |
| TOTAL EQUITY | 20.1 | 20.6 |

* Estimated unaudited balances

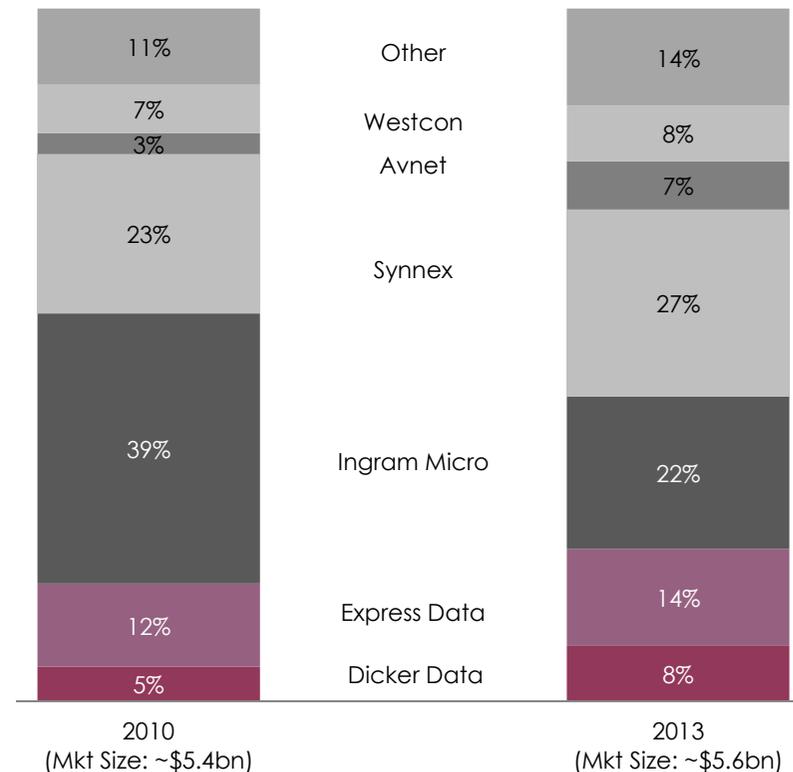
- We will finish FY14E with \$24.7m in cash and \$118.7m in debt (unaudited estimates).
- We have a \$130m Receivable Purchase Facility with Westpac, which was used to fund the purchase of Express Data.
- In addition, we have a \$25m facility with Macquarie Bank, which is used for funding HP inventory purchases.
- Following the completion of the Kurnell warehouse and office expansion, we have no major capex requirements in FY15.

IT market and strategy



- Our strategy has been to focus on delivering excellent service through technical sales expertise developed through specialisation in a limited vendor range.
- This focus and an aligned employee incentives programme, is delivering industry leading sales per employee rates.
- In recent years, the Company has targeted distribution agreements in software, high-end products and those that address the cloud computing environment.
- The acquisition of Express Data is core to this strategy.

Market share 2010 versus 2013



Opportunities



Cloud computing

- With the increased adoption of cloud computing amongst SME's, our distribution expertise in the smaller company channel combined with our increased range of products in networking, positions us well.
- In Australia, there are over 200,000 small businesses (employing more than four people).
- Increasingly their data and applications are moving off-site.
- This will require ongoing investment in datacentres and new networking equipment on the SME premises.

New Zealand

- The acquisition of Express Data has provided us an entry into the New Zealand market.
- The business' head office is in Auckland with branch offices in Wellington and Christchurch.
- Express Data enjoyed record sales last year with NZ\$139m turnover in the 12 months to September.
- We have 590 customers in New Zealand and estimate our market share is 8-9%.
- There is very little vendor product overlap and we will be targeting this cross sell opportunity.

Thank you



Questions?

Contact Information

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