



## DICKER DATA LIMITED – ANNUAL RESULTS

### ANOTHER YEAR OF GROWTH DESPITE SOFT MARKET CONDITIONS

Newport Capital produced this report to provide Australian **wholesale clients and sophisticated investors** with an update on Dicker Data (ASX:DDR), a leading Australian wholesaler of IT products. Newport Capital acts as corporate advisors to Dicker Data and has had discussions with the Directors of Dicker Data on various occasions. However, all views and forecasts expressed in this report are based on publicly available information and reflect the analysts' estimates and opinion on Dicker Data. We provide no valuation and investment rating for Dicker Data.

DDR released its annual report for FY2013 to the market on 30th August 2013. Newport Capital's updated view on DDR's performance is as follows:

- **Weak PC sales lead to decline in revenue** – DDR reported revenues of \$452m for the year ending 30 June 2013 which represents a circa 1% decline from FY2012. This was the first time in 7 years the company generated lower sales in a full financial year than in the previous corresponding period. The drop is mainly due to decrease in demand for PCs and the management's conscious strategy to shift the revenue mix towards lower volume and higher margin product groups such as servers, networking and storage.
- **Jump in gross margin** – Gross margin for the year increased 90 basis points to 8.4%. The main driver behind the increase is the favourable changes in the revenue mix. The new inventory purchase finance facility also contributed to the margin improvement by enabling DDR to take better advantage of the settlement discounts available from its major vendors. The extended warehouse capacity allows the company to take advantage of opportunistic buys and thus reducing the cost of inventory and increasing margins. The warehouse extension was finished in February, hence the full upside will be reflected in the FY2014 results.
- **11.7% growth in reported NPAT** – Dicker Data reported net profit after tax of \$9.2 million for FY2013 up from \$8.3 million in the previous year. The growth was primarily driven by the increase in gross profit and the lower effective tax rate (30.3% compared to 32.5% in FY2012).
- **High dividend payout ratio** – Dicker Data paid total dividends of \$7.95 million or 6.2c per share (fully franked) during FY2013. This represents an approximate 85.9% payout ratio. This is in line with the company's dividend payment policy according to which DDR pays dividends of up to 100% of net profit after tax on a quarterly basis.
- **Positive outlook** – We forecast another record year in revenues and profit on the back of the addition of the HP printing products to the portfolio, the extended warehouse capacity and the new purchase finance facility from Macquarie Bank.

#### FY13A Income Statement – Summary

\$m	FY13A	FY12A	Chg. y/y
Revenue	451.6	455.9	-1%
Gross profit	37.7	34.0	11%
EBITDA	17.4	16.1	8%
EBIT	16.7	15.4	8%
NPAT	9.2	8.3	12%
Basic EPS – cents	7.2	6.5	11%

#### Equity Snapshot

A\$0.92

DDR AU, DDR.AX

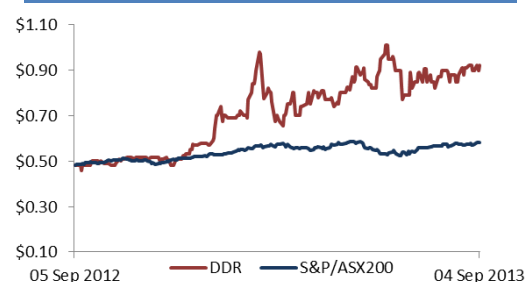
4 September 2013

12-Month High (\$)	1.01
12-Month Low (\$)	0.45
Market Cap (\$m)	117.5
Enterprise Value (\$m)	180.8
Issued Share (m)	127.7
EPS FY2013A (cents)	7.24
Dividend Yield	6.8%
P/E	12.7x
EV/EBITDA	10.4x
P/BV	5.8x
P/OCF	n/a

#### Summary of Financials

\$m	FY11A	FY12A	FY13A	FY14E	FY15E
Revenue	384.7	455.9	451.6	483.2	502.5
EBITDA	13.1	16.1	17.4	19.8	20.6
EBIT	12.4	15.4	16.7	19.1	19.9
NPAT	6.1	8.3	9.2	10.5	11.0
Assets	121.1	127.5	135.1	143.4	147.5
Net Debt	28.6	46.9	63.3	64.1	64.5
Equity	16.8	18.5	20.1	21.7	23.4

#### Share Price Performance



#### Research Analysts

##### David Fulep

Ph: +61 2 8923 6333

Email: [davidf@newportcapital.com.au](mailto:davidf@newportcapital.com.au)

##### Feroz Khan

Ph: +61 2 8923 6387

Email: [ferozk@newportcapital.com.au](mailto:ferozk@newportcapital.com.au)



The Dicker Data management team deserves full credit for delivering a healthy profit growth in a year when the market was characterised by uncertain economic outlook and rapidly declining PC sales.

Dicker Data faced two major challenges in FY2013: 1) The main growth drivers from the previous two years – move to larger warehouse, new Tier-1 vendors, new WC finance facility and the one of the main competitors internal turmoil – ran out and the management needed to find new ways and initiatives to spark further growth; 2) How to offset the impact of the dramatically slowing PC sales.

Although sales revenue was 1% down at \$452 million, the company managed to address these challenges with success. The new initiatives not only helped the company to report higher earnings for the 8<sup>th</sup> consecutive year but they also positioned Dicker Data for future growth. The most important changes the management put in place during the financial year are as follows:

- 1) Shift sales focus towards higher margin product groups such as servers, networking and storage products.
- 2) Sign a financing agreement with Macquarie Bank in February 2013 for a \$20 million inventory purchase finance facility that enables the company to pay for HP inventory within 48 hours of the date of the invoice in order to take full advantage of the available early settlement discount from HP, Dicker Data's largest supplier. The limit of the facility was increased to \$25 million in August 2013.
- 3) More than double the warehouse capacity to 9,000 sqm via a cost-effective extension of the existing warehouse. The extra warehouse space enables the company to take advantage of opportunistic buys which drives down the cost of inventory and thus improves gross profit margin. The larger warehouse also allows Dicker Data to add new lines of products from existing and new vendors to its portfolio.
- 4) Get access to HP's printing and supplies products, something the management team has been trying for years. Thus Dicker Data now offers the full range of HP products to its customers. We expect printers and the related consumables to be the primary revenue growth driver in FY2014.

In our view, the most crucial number in the FY2013 results is gross profit margin which increased 90bp to 9.2%. This is a remarkable achievement in a sector where market players have been facing continuous margin pressure for years. As not all of the ingredients that drove gross margin higher were in place for the full financial year, we anticipate further improvement in FY2014.

Although operating expenses have been held under tight control, employee related expenses increased at a higher rate than gross profit. This was mainly due to higher sales commissions and non-cash accounting entries leave provisions.

Dicker Data's bottom line benefited from RBA's rate cuts – 75bp in total during the financial year – which drove interest rates to all time low in Australia.

The company had a lower effective tax rate for the year (30.3% compared to 32.5% in FY2012) which also contributed to the increase in net profit margin (up 0.3% at 2.6%).

During the reporting period Dicker Data declared 6.25c dividend per share or a total of 7.95 million (fully franked). This represents an 85.9% payout ratio which is somewhat higher than 81.9% payout in FY2012.



## Financial Guidance and Outlook

Based on the reported numbers we have revised our FY2014 and FY2015 forecast for the company's financials.

### Revised Earnings Estimates

\$m	FY13A	FY14E	FY14E	FY14E	FY15E	FY15E	FY15E
		Prior	Current	Change	Prior	Current	Change
Total Revenue	451.6	455.3	483.2	6%	469.0	502.5	7%
<b>Gross Profit</b>	<b>37.7</b>	<b>36.4</b>	<b>41.6</b>	<b>14%</b>	<b>37.5</b>	<b>43.2</b>	<b>15%</b>
<b>EBITDA</b>	<b>17.4</b>	<b>17.8</b>	<b>19.8</b>	<b>12%</b>	<b>18.3</b>	<b>20.6</b>	<b>13%</b>
Dep. & Amort.	-0.7	-0.8	-0.8	0%	-0.8	-0.8	0%
EBIT	16.7	17.0	19.1	12%	17.5	19.9	13%
Net Interest Expense	-3.5	-2.9	-4.1	40%	-3.0	-4.1	38%
EBT	13.3	14.1	15.0	6%	14.6	15.8	8%
Tax Expense	-4.0	-4.2	-4.5	6%	-4.4	-4.7	8%
NPAT Before Abs.	9.2	9.9	10.5	6%	10.2	11.0	8%
<b>NPAT After Abs.</b>	<b>9.2</b>	<b>9.9</b>	<b>10.5</b>	<b>6%</b>	<b>10.2</b>	<b>11.0</b>	<b>8%</b>
Basic EPS – cents	7.2	7.7	8.2	6%	8.0	8.6	8%
DPS – cents	6.2	6.2	7.0	13%	6.4	7.3	15%
Dividend Payout Ratio	86%	80%	85%	6%	80%	85%	6%

Dicker Data excelled our latest earnings projections for FY2013. This was due to a stronger than expected second half in revenue terms as well as because the company managed to realise the benefits from the new initiatives faster than we anticipated.

We believe there is still upside in the business and Dicker Data has the right vendor mix to remain competitive in the market and achieve both top line and bottom line growth in FY2014.

Revenue growth is projected to come from the HP printing products (printers and supplies). Market sentiment and economic outlook are expected to improve following the federal elections resulting in higher buying activity among businesses. Based on these assumptions, we anticipate FY2014 revenues to be 7.0% higher than in FY2013.

The bottom line (NPAT) is expected to increase by 13.5% in FY2014 (slightly higher than the 11.7% growth rate in FY2013). We do not see any reason for the Board to change the dividend payout ratio, therefore, we are forecasting an 85% payout which equals to a total of 7c per share dividend payment in FY2014.

An important question that still needs to be answered is whether the decline in PC sales can stabilise at a reasonable rate or it continues the quick slide it started in FY2013. In the past PC sales were driven by hardware and software (operating system) innovation. Since the appearance of tablets businesses and consumers not only face the question of upgrading or not but also whether to opt for a tablet or a PC. This is a factor totally out of the management's control. However, the company's vendor alignments ensure that Dicker Data offers competitive tablets (e.g. ASUS, Lenovo) and hybrid laptops (Lenovo, HP, Toshiba, etc.)

In our view the major threat to Dicker Data's business in the coming years is the Bring Your Own Device (BYOD) trend. Dicker Data is not selling to neither the major retailers nor directly to consumers. Hence, if an employee prefers to use his own device that he bought through one of the retail channels, Dicker Data will likely be cut out of the supply chain. It is important to stress that this would only impact the PC part of the business and it is not something that would materially affect the company's performance in FY2014. The management's strategy to decrease Dicker Data's reliance on PC sales seems a sensible and viable strategy to mitigate this risk.



## Income Statement and Ratio Analysis

### Income Statement

\$ in millions	FY12A	FY13A
Revenue	455.9	451.6
Other Income	0.0	0.0
<b>Total Revenue</b>	<b>455.9</b>	<b>451.6</b>
Consumables Used	-423.1	-422.2
Changes in inventory	1.2	8.4
<b>Gross Profit</b>	<b>34.0</b>	<b>37.7</b>
Employee Benefits Expense	-12.8	-15.8
Other Expenses	-5.1	-4.5
<b>Total Operating Expenses</b>	<b>-17.9</b>	<b>-20.3</b>
<b>EBITDA</b>	<b>16.1</b>	<b>17.4</b>
Depreciation and Amortisation	-0.7	-0.7
<b>EBIT</b>	<b>15.4</b>	<b>16.7</b>
Interest Expense	-3.1	-3.5
<b>EBT Before Abs.</b>	<b>12.3</b>	<b>13.3</b>
Income Tax Expense	-4.0	-4.0
<b>NPAT Before Abs</b>	<b>8.3</b>	<b>9.2</b>
Abnormals Before Tax	0.0	0.0
Tax on Abnormals	0.0	0.0
<b>Net Abnormals</b>	<b>0.0</b>	<b>0.0</b>
<b>NPAT After Abs.</b>	<b>8.3</b>	<b>9.2</b>
<b>Balance Sheet</b>		
\$ in millions	FY12A	FY13A
Cash	0.2	0.5
Accounts Receivables	68.7	64.4
Inventories	41.3	49.7
Other CA	0.0	0.0
<b>Total Current Assets</b>	<b>110.2</b>	<b>114.6</b>
PP&E	16.6	19.7
Other NCA	0.6	0.8
<b>Total NCA</b>	<b>17.3</b>	<b>20.5</b>
<b>Total Assets</b>	<b>127.5</b>	<b>135.1</b>
Accounts Payable	58.5	47.2
S/T Debt	46.1	63.2
Other CL	1.9	2.4
<b>Total CL</b>	<b>106.6</b>	<b>112.8</b>
L/T Debt	1.0	0.6
Other NCL	1.4	1.6
<b>Total NCL</b>	<b>2.3</b>	<b>2.2</b>
<b>Total Liabilities</b>	<b>108.9</b>	<b>115.0</b>
<b>Shareholders' Equity</b>	<b>18.5</b>	<b>20.1</b>

Source: Company data

### Key Ratios

<i>Profitability</i>	FY11A	FY12A	FY13A	FY14E	FY15E
Gross Margin	7.1%	7.5%	8.4%	8.6%	8.6%
EBITDA Margin	3.4%	3.5%	3.9%	4.1%	4.1%
EBIT Margin	3.2%	3.4%	3.7%	3.9%	4.0%
EBT Margin	2.6%	2.7%	2.9%	3.1%	3.1%
NOPAT Margin	2.4%	2.3%	2.6%	2.8%	2.8%
Profit Margin Before Abs.	1.8%	1.8%	2.0%	2.2%	2.2%
Profit Margin After Abs.	1.6%	1.8%	2.0%	2.2%	2.2%
Return on Equity	36.6%	44.6%	45.9%	48.3%	47.2%
Return on Assets	5.8%	6.5%	6.8%	7.3%	7.5%
<b>Growth</b>					
Revenue Growth	34.2%	18.5%	-0.9%	7.0%	4.0%
EBITDA Growth	48.2%	23.3%	8.2%	13.8%	4.0%
EBIT Growth	48.8%	24.8%	8.4%	14.0%	4.2%
EBT Growth	54.6%	21.9%	8.1%	13.1%	5.1%
NPAT Before Abs. Growth	55.2%	17.9%	11.7%	13.5%	5.1%
Reported NPAT Growth	35.6%	35.0%	11.7%	13.5%	5.1%
<b>Leverage</b>					
Debt/Equity	1.7x	2.5x	3.2x	3.0x	2.8x
Debt/Total Capital	0.6x	0.7x	0.8x	0.7x	0.7x
EBIT/Interest	5.4x	4.9x	4.8x	4.7x	4.9x
<b>Asset Utilization</b>					
Days in Receivables	48	53	54	51	52
Payables to COGS	20.4%	13.9%	11.4%	12.0%	12.0%
Days Payable O/s.	55	57	47	41	43
Inventories to COGS	11.2%	9.8%	12.0%	12.0%	12.0%
Inventory Turnover Days	33	35	40	42	43
<b>Liquidity</b>					
Current Ratio	1.0	1.0	1.0	1.0	1.1
Quick Ratio	0.6	0.6	0.6	0.6	0.6

Source: Company data, Newport Capital estimates



## Summary of Financials

Financial year ending June, expressed in Australian Dollars

Income Statement (\$m)	FY11A	FY12A	FY13A	FY14E	FY15E
Total Revenue	384.7	455.9	451.6	483.2	502.5
EBITDA	13.1	16.1	17.4	19.8	20.6
D&A	-0.7	-0.7	-0.7	-0.8	-0.8
EBIT	12.4	15.4	16.7	19.1	19.9
Net Interest Expense	-2.3	-3.1	-3.5	-4.1	-4.1
EBT	10.1	12.3	13.3	15.0	15.8
Tax Expense	-3.0	-4.0	-4.0	-4.5	-4.7
Preference Dividends	0.0	0.0	0.0	0.0	0.0
NPAT Before Abs.	7.0	8.3	9.2	10.5	11.0
Reported NPAT	6.1	8.3	9.2	10.5	11.0
Number of Shares on Issue	125.0	126.5	127.7	127.7	127.7

Source: Company data, Newport Capital estimates

Cash Flow Statement (\$m)	FY11A	FY12A	FY13A	FY14E	FY15E
EBIT(Aft Abs.)	11.1	15.4	16.7	19.1	19.9
Dep. & Amor.	0.7	0.7	0.7	0.8	0.8
Net Interest (Exp.)/Inc.	-2.3	-3.1	-3.5	-4.1	-4.1
Tax (Exp.)	-2.7	-4.0	-4.0	-4.5	-4.7
Change in WC (Inc.)/Dec	-3.4	-20.7	-15.5	-3.1	-2.8
Other Operating Items	1.5	-1.3	0.9	0.0	0.0
<b>Operating Cash Flow</b>	<b>5.0</b>	<b>-13.0</b>	<b>-4.6</b>	<b>8.1</b>	<b>9.0</b>
Cash Paid for PP&E	-2.2	-1.1	-3.7	0.0	0.0
Sale of PP&E	1.8	0.3	0.0	0.0	0.0
Net Capex.	-0.4	-0.7	-3.7	0.0	0.0
Purchase of Subsidiaries	0.0	0.0	0.0	0.0	0.0
Other Investing CF	0.0	0.0	-0.1	0.0	0.0
<b>Investing Cash Flow</b>	<b>-0.4</b>	<b>-0.7</b>	<b>-3.8</b>	<b>0.0</b>	<b>0.0</b>
Proceeds from Issues	0.5	0.3	0.3	0.0	0.0
Dividends Paid	-2.4	-4.9	-8.2	-8.9	-9.4
Inc./(Dec) in Borrowings	-2.7	18.5	16.7	0.8	0.4
Other Financing CF	0.0	0.0	0.0	0.0	0.0
<b>Financing Cash Flow</b>	<b>-4.6</b>	<b>14.0</b>	<b>8.7</b>	<b>-8.1</b>	<b>-9.0</b>
Net Cash Flow	0.0	0.2	0.3	0.0	0.0

Source: Company data, Newport Capital estimates

Per Share Statistics (\$)	FY11A	FY12A	FY13A	FY14E	FY15E
Reported EPS – cents	4.9	6.5	7.2	8.2	8.6
Normalised EPS – cents	5.6	6.5	7.2	8.2	8.6
DPS - Ex. Special – cents	1.0	5.4	6.2	7.0	7.3
DPS – cents	3.3	5.4	6.2	7.0	7.3
Dividend Payout Ratio	58.5%	81.9%	85.9%	85.0%	85.0%
Dividend Yield	3.6%	5.8%	6.8%	7.6%	8.0%
NTA Per Share	0.134	0.147	0.158	0.170	0.183

Source: Company data, Newport Capital estimates

Balance Sheet (\$m)	FY11A	FY12A	FY13A	FY14E	FY15E
Cash	0.0	0.2	0.5	0.5	0.5
Debtors	63.6	68.7	64.4	70.1	72.9
Inventories	40.1	41.3	49.7	53.0	55.1
Curr. Investments	0.0	0.0	0.0	0.0	0.0
Other CA	0.0	0.0	0.0	0.0	0.0
<b>Total Curr. Assets</b>	<b>103.7</b>	<b>110.2</b>	<b>114.6</b>	<b>123.6</b>	<b>128.5</b>
Investments	0.0	0.0	0.0	0.0	0.0
PP&E	16.6	16.6	19.7	19.0	18.2
Goodwill	0.0	0.0	0.0	0.0	0.0
FITB	0.8	0.6	0.8	0.8	0.8
Other NCA	0.0	0.0	0.0	0.0	0.0
<b>Total NCA</b>	<b>17.4</b>	<b>17.3</b>	<b>20.5</b>	<b>19.8</b>	<b>19.0</b>
<b>Total Assets</b>	<b>121.1</b>	<b>127.5</b>	<b>135.1</b>	<b>143.4</b>	<b>147.5</b>
Accounts Payable	0.8	0.6	0.8	0.8	0.8
Current Provisions	0.0	0.0	0.0	0.0	0.0
S/T Debt	17.4	17.3	20.5	19.8	19.0
Other CL	121.1	127.5	135.1	143.4	147.5
<b>Total CL</b>	<b>72.8</b>	<b>58.5</b>	<b>47.2</b>	<b>53.0</b>	<b>55.1</b>
Non-Current A/P	0.4	0.6	0.9	0.9	0.9
L/T Debt	27.6	46.1	63.2	64.0	64.4
Non-Current Provisions	1.2	1.3	1.5	1.5	1.5
Deferred Income Tax	102.1	106.6	112.8	119.5	122.0
Other NCL	0.0	0.0	0.0	0.0	0.0
<b>Total NCL</b>	<b>1.0</b>	<b>1.0</b>	<b>0.6</b>	<b>0.6</b>	<b>0.6</b>
<b>Total Liabilities</b>	<b>0.1</b>	<b>0.2</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>
Share Capital	1.2	1.2	1.3	1.3	1.3
Reserves Ex. SPR	0.0	0.0	0.0	0.0	0.0
Retained Profits	15.8	17.3	18.6	20.2	21.9
Convertible Equity	0.0	0.0	0.0	0.0	0.0
Outside Equity	0.0	0.0	0.0	0.0	0.0
<b>Total Equity</b>	<b>16.8</b>	<b>18.5</b>	<b>20.1</b>	<b>21.7</b>	<b>23.4</b>
ND/(ND+E)	63.0%	71.7%	75.8%	74.7%	73.4%

Source: Company data, Newport Capital estimates

Multiples	FY11A	FY12A	FY13A	FY14E	FY15E
EV/Sales	0.4x	0.4x	0.4x	0.4x	0.4x
EV/EBITDA	10.8x	10.0x	10.2x	9.0x	8.7x
EV/EBIT	11.4x	10.4x	10.7x	9.4x	9.0x
P/E	18.3x	13.8x	12.4x	10.9x	10.4x
P/E (Before Abs.)	16.0x	13.8x	12.4x	10.9x	10.4x
P/BV	6.7x	6.1x	5.7x	5.3x	4.9x
P/OCF	22.5x	n/a	-24.9x	14.2x	12.8x

Source: Company Data, Newport Capital estimates



## Peer Comparison

Company Name	Ticker	LCY	EV (m)	EV/EBITDA	EV/EBIT	P/BV	Dividend	EPS CAGR	Collection	Inventory	Payable	
				(x)	(x)	P/E (x)	(x) Payout Ratio	2010-12	Period (Days)	Turnover (Days)	o/s. (Days)	
Ingram Micro	IM	USD	3,605	6.45	7.38	11.34	0.94	0.00%	1.3%	47.5	37.2	61.0
Synnex	SNX	USD	1,850	6.61	7.25	11.64	1.32	0.00%	6.8%	47.0	35.4	43.2
Avnet	AVT	USD	6,505	8.37	9.90	12.42	1.28	0.00%	-14.0%	67.9	37.8	58.6
Tech Data	TECD	USD	1,761	4.38	5.10	10.55	1.01	0.00%	3.4%	38.9	27.8	48.2
VST Holdings	856	HKD	3,533	5.61	5.78	4.11	0.68	22.22%	11.4%	46.0	24.8	37.6
Digital China	861	HKD	10,273	7.06	7.96	6.90	1.10	30.95%	14.6%	53.1	29.3	62.1
Synnex Tech	2347	TWD	93,345	19.43	20.87	12.87	1.72	108.13%	0.1%	52.9	69.5	40.6
Also Holding	ALSN	EUR	580	5.27	6.89	10.22	1.22	33.24%	-7.9%	33.6	55.2	59.4
Arrow	ARW	USD	6,465	7.28	8.37	10.32	1.23	0.00%	6.6%	86.3	85.9	137.8
Median			n/a	6.61	7.38	10.55	1.22		3.4%	47.5	37.2	58.6
Mean			n/a	7.83	8.84	10.04	1.16		2.5%	52.6	44.8	60.9
Dicker Data	DDR	AUD	180	10.32	10.75	12.64	5.78	86.11%	21.1%	53.8	40.1	46.6

Source: Company data, Bloomberg, Newport Capital estimates

### Disclaimer

This report has been prepared by Newport Capital Pty Ltd (AFSL 262 001) for the distribution to Australian sophisticated investors and wholesale clients. The views and opinions expressed in this research report are the personal opinions of the analyst(s) about the shares and issuers covered in this report. These views are not necessarily shared by the company covered in this document. The analyst(s) remuneration is neither directly nor indirectly linked to the performance of the securities covered in this report. The information or opinions are provided as at the date of this report and are subject to change without notice.

The publication does not represent to be, nor can it be construed as being, an offer or solicitation to buy, subscribe or sell any securities or instruments referred to herein. Therefore, Newport Capital and/or the author(s) of this report cannot in anyway be held liable for any losses, damage or lower earnings that the party using this report or its content might suffer following execution of transactions on the basis of the information contained therein.

While this document is based on information sources which are considered reliable there is no guarantee that the information and data provided in this report is accurate or complete. This report contains statements, assumptions and estimates in relation to the company's future operations and financial performance. Such statements are only predictions and subject to numerous risks therefore actual events or results may differ materially.

This research report has been prepared without consideration of investors' specific investment objectives, financial situation or needs, so investors should carry out their own analysis or seek professional investment advice before an investment decision is made.

Should you require additional information please contact the author(s) of this report.

### Disclosure of interest

A number of Newport Capital's executives own shares in Dicker Data as at the date of this document. Furthermore, Newport Capital advises that it has received fees from Dicker Data in relation to advice on various corporate and strategic matters. Also, Newport Capital seeks or intends to maintain its business relationship with the company covered in this report. Therefore, investors should be aware that Newport Capital may be conflicted which may have an impact on the objectivity of this report.

Newport Capital or its employees or affiliates may execute transactions in securities covered in this report that may not be consistent with the report's conclusions.