

25 February 2021

FY20 Financial Results

Dicker Data Limited (**ASX: DDR**) is pleased to release the Company's FY20 results for the full year ended 31 December 2020.

Adding to a long track record of strong performance, Dicker Data finished the FY20 year with revenues over \$2bn. Since listing on the ASX in January 2011, Dicker Data has delivered consistently profitable results for shareholders whilst maintaining a 100% dividend payout policy.

FY20 Results Key Highlights

12 months to:	Dec-20 \$'000	Dec-19 \$'000	Increase
Total revenue	2,000,112	1,773,516	12.8%
Revenues from ordinary activities *	2,000,112	1,761,295	13.6%
Net operating profit before tax **	81,859	64,104	27.7%
Net Profit Before Tax	81,859	75,873	7.9%
Net profit after tax attributable to members	57,182	54,311	5.3%

* FY19 Comparative - Excludes profit of sale of property of \$12.2m

** FY19 Comparative - Excludes profit of sale of property of \$12.2m and cost for Employee Share Scheme of \$450k

- Total revenue surpassed \$2.0b for the year, an increase of 13.6% on a comparable basis
- Revenue from sales of goods and services, excluding other revenue was \$1,998.8m (2019: \$1,758.5m) up by \$240.3m, representing increase of 13.7%
- Incremental revenue growth of \$9.8m from 8 new vendors added in 2020, while existing vendor business grew \$230.5m, up 13.1%
- Net operating profit before tax increased to \$81.9m, an increase of 27.7%
- Gross profit for the reporting period was up 20.8% at \$191.4m (2019: \$158.4m)
- Gross profit margins improved significantly at 9.6% (2019: 9.0%)
- Dividends declared and paid were 35.5 cents per share or a total of \$59.5m, fully franked
- The business proved it is resilient to the negative economic impacts of COVID-19 and was included in the S&P/ASX 300 and S&P/ASX All Technology Indexes effective 21 September 2020



Commenting on the result, Chief Executive Officer and Chairman, Mr David Dicker said, "Our FY20 result represents over 42 years of experience and a significant growth trajectory. Since being listed on the ASX on 24 January 2011 at an initial market cap of \$25 million, today shares have recently traded around \$12 with a market cap of just under \$2 billion. Over a decade, an original shareholder's stake of 10,000 shares at \$2,000 would now be worth around \$120,000. This solidifies the company's status as a true Australian success story and a fast growing and high-returning stock. The commitment of our people and the focus of the company over the last twelve months has demonstrated the flexibility of our business. We continue to excel in a challenging environment and deliver a service to our vendors and reseller partner community that they value and is unmatched in the local market."

Balance Sheet

- Total assets as at 31 December 2020 increased to \$581.9m (2019: \$507.5m)
- Total investment in net working capital was \$167.0m, up by \$1.6m from previous year (2019: \$165.4m)
- Measured decrease in inventory with inventory finishing at \$113.2m (2019: \$120.4m) and inventory days down to 22.8 days (2019: 27.4 days)
- Property, plant and equipment increased to \$78.0m during the period (2019: \$32.0m) an increase of \$46.0m as the company completed works on the new distribution centre and office complex
- Current borrowings comprising a receivables purchase facility with Westpac was at \$120.0m, lower than FY19 total debt of \$129.9m, reflecting the net impact of the \$40m corporate bond repayment and overall debt reduction
- Equity has increased to \$161.6m during the year (2019: \$95.1m) primarily due to the impact of the capital raising in May and Share Purchase Plan in June, with some contribution from DRP

Cashflow

- Net cash generated from operating activities was \$59.4m, an increase of \$47.8m

Commenting on the result, Mary Stojcevski, Chief Financial Officer said, "At a sector level, the Company maintained strong growth across all business units, with hardware and support sales up \$170.3m (+12.9%), software sales up \$66.8m (+15.6%) and the services business unit up \$3.1m (+38.7%). Within our software business the strongest growth came from our recurring revenue products, increasing to \$434.9m (2019: \$366.5m) or 18.7%."

Gross profit for the reporting period was up 20.8% at \$191.4m (2019: \$158.4m). Gross profit margins improved significantly in the current year at 9.6% (2019: 9.0%), driven by increased focus on mid-market and SMB business.

Operating costs for the reporting period were \$101.0m (2019: \$86.8m), increasing as a proportion to revenue at 5.1% (2019: 4.9%), primarily attributable to increase in salary related expenses. Strong performance-based remuneration packages increased salary costs, driven by strong revenue and operating profit growth. Headcount across the group finished at 525 (+8.2%) (2019: 485).

Other operating expenses increased by \$1.3m, down as a proportion of sales to 0.7% (2019: 0.8%).

Dividend

The total dividends declared and paid during the financial year were 35.5 cents per share or a total of \$59.5m, fully franked (2019: 27.0 cents per share, \$43.5m), representing an increase of 31.5%. A final dividend for FY20 of 10.5 cents per share will be fully franked and paid on 1 March 2021 to shareholders on the register as at 15 February 2021.

The Company's dividend policy provides for fully franked dividends to be paid on a quarterly basis, with the intent to pay out 100% of the underlying after-tax profits from operations after taking into account projected capital expenditure and cash requirements. The Dividend Reinvestment Plan (DRP) introduced in March 2014 has been retained for the 2020 year. Of the \$59.5m dividends paid, \$53.9m were paid as cash dividends and \$5.6m participated in the DRP.

With the three interim dividends paid during FY20, this will bring total dividends paid for the FY20 year to 33.0 cents per share. This is equal to the total dividend paid for the FY19 year which also included an additional special interim dividend paid for the realised profit on the sale of the building at 230 Captain Cook Drive, Kurnell. Excluding the FY19 special dividend, the FY20 dividend paid represents an increase over FY19 of 17.9%.

Outlook

The COVID-19 pandemic posed extraordinary global health, business, and economic challenges in 2020. While the business to date has proved its resilience to local and global economic impacts, the priority for Dicker Data over the last 12 months was to ensure continuity of services to our reseller partners and be a reliable partner to our vendors.

One of the reasons Dicker Data was able to maintain business continuity amid COVID-19 and maintain profitability and growth was the ability to quickly adapt to remote working conditions and mobilise warehouse staff. While there continues to be uncertainty in the economy and SMB market due to Government grants like Job Keeper offboarding, IT hardware, software and internet will continue to be business critical services for today's remote and digital workforce.

The construction of the new distribution centre at 238 Captain Cook Drive Kurnell was completed at the end of 2020. The new Dicker Data headquarters and distribution centre comprises a 22,965 sqm warehouse and office and amenities space 5,960 sqm representing almost 80% increase in warehouse capacity. An additional 18,620 sqm has been approved by Development Application as part of a second stage opportunity for future expansion options. The large-scale expansion will pave the way for substantial inventory growth and technology portfolio diversification to meet emerging and evolving needs of the Australian market.

Moving into the new year, 2021 presents significant opportunity for the technology sector with digital transformation accelerating, businesses becoming digital natives and the evolving hybrid workforce driving the need for smarter, faster and collaborative technology solutions.



Working with over 6,900 resellers and managed service providers across ANZ, global vendors and in turn impacting hundreds of thousands of businesses – large and small, we see 5G connectivity playing a tremendous role across Governments, Enterprise, and Education sectors, as well as communities and individuals as we move into an always-on, connect-from-anywhere society. We are seeing Everything-as-a-Service (XaaS) gain commercial confidence in the adoption of technology via subscription models, an area that supported many businesses throughout the pandemic as they scaled their subscription commitments to meet the changing needs of their business.

There is no doubt cybersecurity will continue to be a key focus for all sectors in 2021, with intelligent solutions like Zero Trust enabling secure, compliant, and protected technology environments. We saw an unprecedented spike in demand for devices throughout 2020 and expect this to continue this year. We are anticipating a high level of growth in automation, machine learning and data capture and analysis tools as businesses and governments prioritise efficiency and productivity within their operations.

Another key catalyst for growth in the next 12 months, is the Company's recent partnership with VMware (NYSE: VMW). Not only will this unlock the direct VMware business, but an entire ecosystem of market-leading technology solutions through the large number of VMware's strategic and technology alliance vendors we already work with.

Dicker Data will continue to evolve and differentiate its offerings and be the catalyst for the adoption of new, cutting edge technologies, as part of our commitment and role supporting the Australian and New Zealand technology channel, including our vendors and reseller partner community.

Authorised for release by the board of Dicker Data Ltd.

A handwritten signature in black ink, appearing to read "David Dicker".

David Dicker
Chairman & CEO

EXPERIENCE
is the difference

PH: 1800 688 586
www.dickerdata.com.au
investors@dickerdata.com.au



ABOUT DICKER DATA

Dicker Data (ASX: DDR) is an Australian-owned and operated, ASX-listed technology hardware, software, and [cloud](#) distributor with over 42 years of experience. Our sales and [presales](#) teams are experienced product specialists who are dedicated to helping you tailor solutions to suit your client's needs.

As a distributor, we sell exclusively to our valued partner base of over 6,000 resellers. We pride ourselves on developing strong long-term relationships with our customers, and [helping them grow](#). This customer-first approach means we are proactive in engaging with our resellers and allows us to dynamically shift with changing market conditions, in turn helping to [increase profitability](#).

Dicker Data distributes a [wide portfolio of products](#) from the world's leading technology vendors, including [Cisco](#), [Citrix](#), [Dell Technologies](#), [Hewlett Packard Enterprise](#), [HP](#), [Lenovo](#), [Microsoft](#), and other Tier 1 global brands. As the leading Australian distributor for many of these vendors, Dicker Data is dedicated to helping our partners deliver industry-leading [solutions](#) built on the world's best technologies. <https://www.dickerdata.com.au/>

EXPERIENCE
is the difference

PH: 1800 688 586
www.dickerdata.com.au
investors@dickerdata.com.au