



Welcome to the

# HY21 RESULTS PRESENTATION



**AUGUST 2021**

# AGENDA

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- Welcome
- Interim Financial Results
- Business Update
- Questions





# WELCOME

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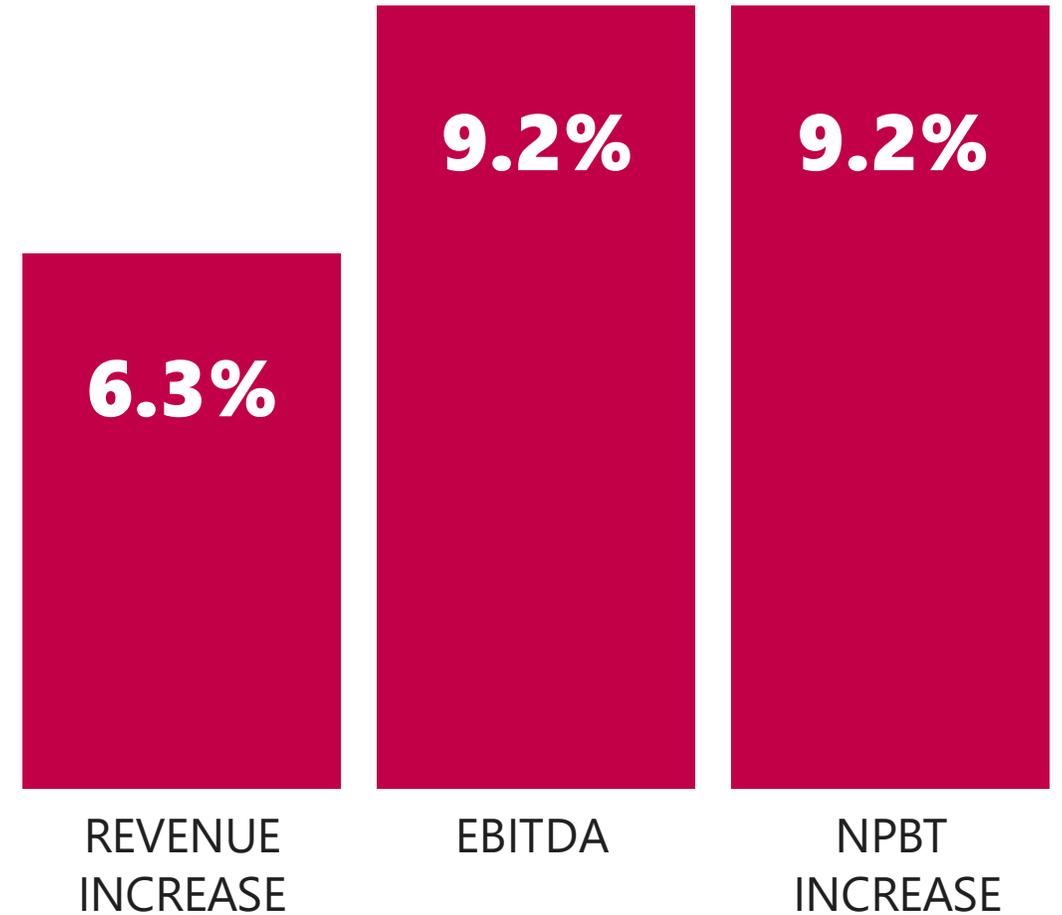
# **INTERIM FINANCIAL RESULTS**

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HY 2021

# RESULTS HIGHLIGHTS

- The company has maintained its revenue growth trajectory, finishing a further 6.3% up on what was a positively disrupted HY20 and despite the supply constraints experienced in HY21.
- At a country level, Australia grew revenues at 5.4% and New Zealand grew revenues at 18.8%.\*
- The 5 new vendors added during HY21 accounted for incremental revenue of \$14.5m in HY21.
- Existing vendors (FY20 and prior) grew 4.6%.
- Overall profitability improved as a result of growth in other income and lower interest costs.
- Basic earnings per share increased to 18.58 cents per share, up 8.8%.

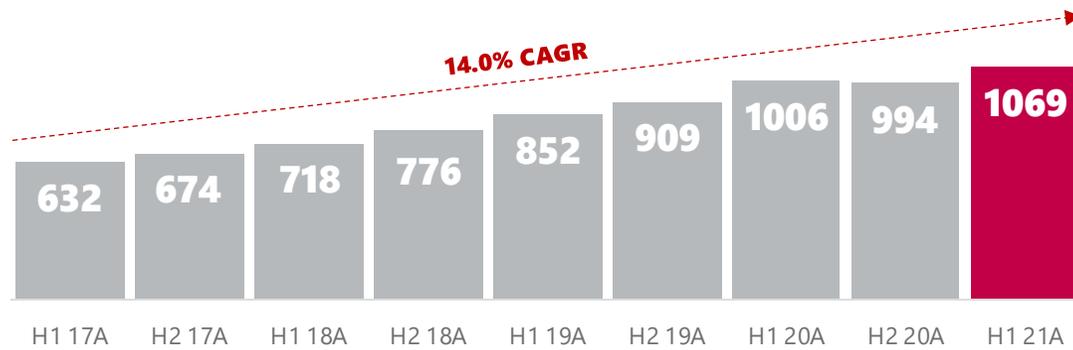


\* In AUD equivalent.

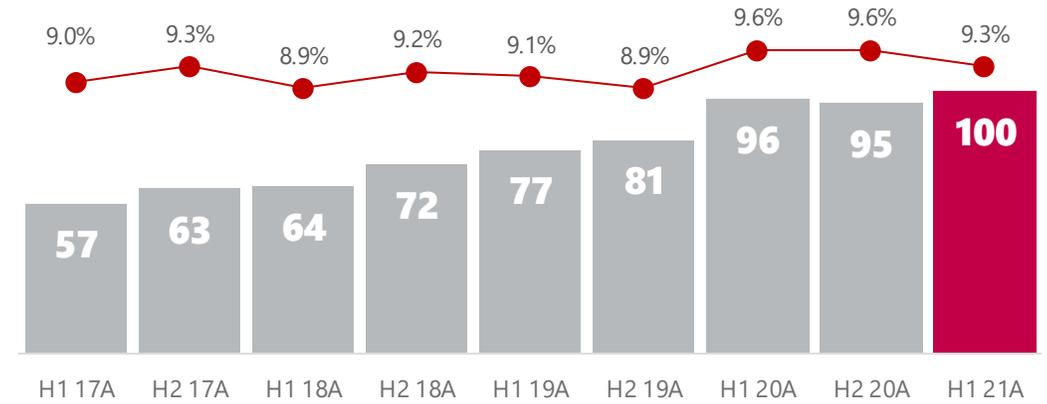
# FINANCIAL TRENDS

HY 2021

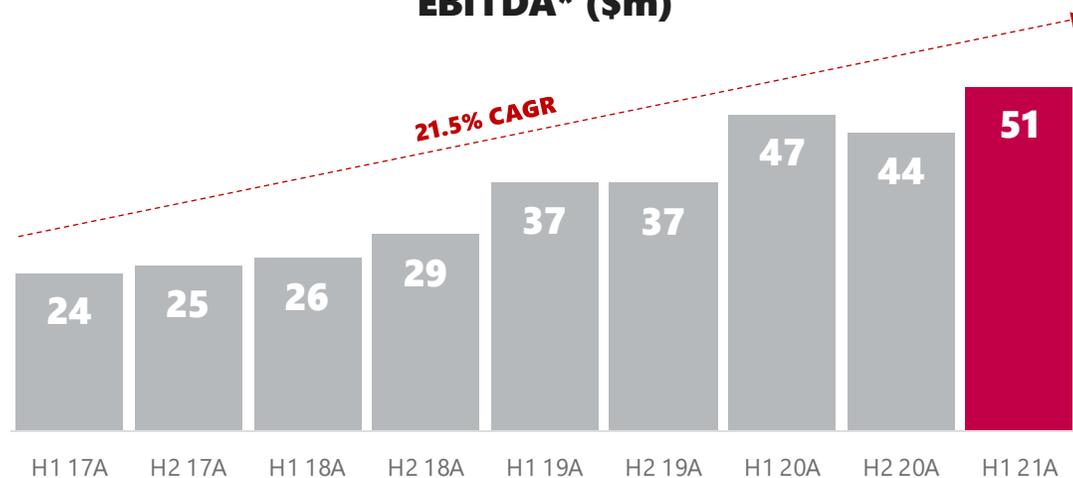
## REVENUE (\$m)\*



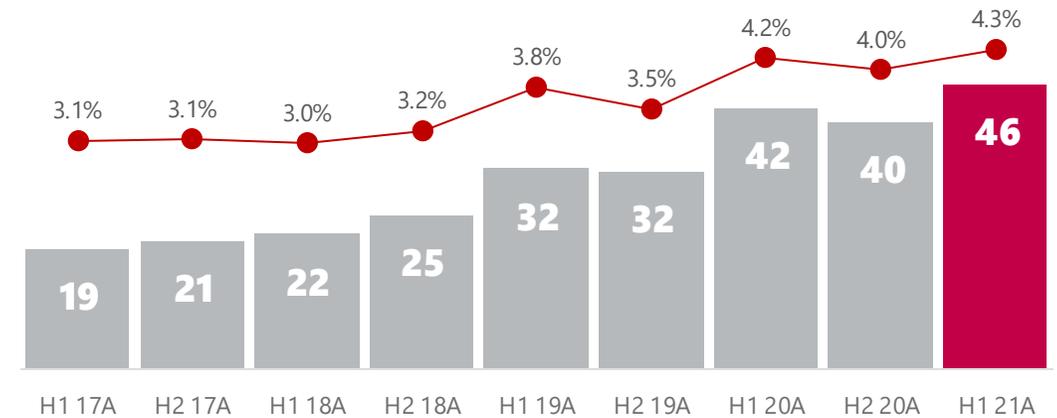
## GROSS PROFIT (\$m) & GROSS PROFIT MARGIN (%)



## EBITDA\* (\$m)



## NET PROFIT BEFORE TAX\*\* (\$m) & NPBT MARGIN (%)



\*Excludes profit on sale of property in 2019

\*\*Excludes profit on sale of property and cost of the employee share scheme in 2019

# HY21 GROUP RESULTS

6 months (\$m)	Jun-21	Jun-20	Increase
Total Revenue	1,069.3	1,006.1	6.3%
Gross Profit	99.6	96.5	3.3%
Gross Margin	9.3%	9.6%	
EBITDA	51.2	47.1	8.6%
Profit Before Tax	45.9	42.0	9.2%
PBT Margin	4.3%	4.2%	
Net Profit After Tax	32.1	29.4	9.2%

- Revenue growth for the group of 6.3%.
- Gross profit increased by 3.3% as margins, although tracking above longer-term averages, have reduced to 9.3% after the enhanced margin opportunities in HY20.
- Operating costs have been maintained as a proportion of revenue, improving slightly to 4.8% of revenues.
- Other income and interest costs improved over HY20.
- Profit before tax increased by 9.2% over HY20 result.
- Net profit after tax increased by 9.2%.

# HY21 RESULTS NZ

6 months (\$NZDm)	Jun-21	Jun-20	Increase
Total Revenue	88.4	72.9	21.3%
Gross Profit	7.0	6.8	3.3%
Gross Margin	7.9%	9.3%	
EBITDA	1.8	1.5	25.3%
Profit Before Tax	1.4	1.1	25.0%
PBT Margin	1.6%	1.4%	
Net Profit After Tax	1.0	1.3	-22.4%

- Revenue growth of 21.3% as new vendor relationships continue to develop.
- Gross profit increased by 3.3% with margin quality falling due to product mix and competition.
- The company has exercised operational efficiency and scale in growing revenues whilst holding operating costs at the same level as HY20.
- Net profit after tax declined after the company took advantage of carried forward tax adjustments in HY20.

# HY21 BALANCE SHEET

The company continues to maintain strict working capital discipline despite the market uncertainty and continues to onboard new vendors and develop new business.

Index	Jun-21	Dec-20
Net Working Capital (\$m)	165.9	167.0
Net Working Capital Days	26.7	27.3
Debt to Equity	0.8x	0.7x
Debt Service Cover Ratio	31.6x	27.1x
Net Tangible Assets (\$m)	142.0	136.7

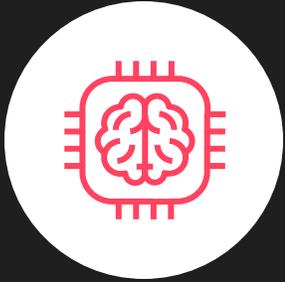
Net Assets (in \$m)	Jun-21	Dec-20
Cash and equivalents	45.2	30.4
Accounts receivable	372.8	327.0
Inventory	110.3	113.2
<b>Total current assets</b>	<b>528.3</b>	<b>470.6</b>
PP&E, net	81.0	78.0
Goodwill & intangibles	24.3	24.9
Other assets	5.8	8.4
<b>Total assets</b>	<b>639.4</b>	<b>581.9</b>
Accounts payable	317.3	273.2
Borrowings	130.0	120.0
Other current liabilities	20.3	20.5
<b>Total current liabilities</b>	<b>467.6</b>	<b>413.7</b>
Other long-term liabilities	5.6	6.6
<b>Total liabilities</b>	<b>473.2</b>	<b>420.3</b>
<b>TOTAL NET ASSETS</b>	<b>166.2</b>	<b>161.6</b>
Shareholders' equity		
Share capital	138.0	131.8
Reserves	0.2	0.3
Retained earnings	28.0	29.5
<b>TOTAL EQUITY</b>	<b>166.2</b>	<b>161.6</b>

# EXEED ACQUISITION

- On 30 July 2021 Dicker Data announced that it had entered into a Sale and Purchase agreement to acquire the Exeed Group business operating across Australia and New Zealand.
- Purchase price was AUD\$68m on a cash free, debt free basis other than the existing working capital debt, which was assumed by Dicker Data on completion.
- The transaction completed 6 August 2021 with an effective date 31 July 2021, with 5 months of earnings to contribute to Dicker Data's FY21 results.
- Exeed Group represents combined annual revenues of approximately NZD\$380m and NZD\$15m in EBITDA.
- The acquisition will propel Dicker Data NZ to become the 2nd largest IT distributor in NZ with estimated annual revenue of NZD\$500m.



# ABOUT EXEED



**19 YEARS  
IT INDUSTRY  
EXPERIENCE**



**2nd LARGEST NZ  
IT DISTRIBUTOR**



**REVENUE  
NZD\$380M  
\$70M in Australia**



**ESTABLISHED  
RETAIL  
DISTRIBUTION**



**119 STAFF**  
95 NZ and 24 AU



**1,200 NZ  
RESELLER  
PARTNERS**

## VENDOR ALLIANCES

Exeed represents numerous major vendors across the commercial and retail technology sectors





# **BUSINESS UPDATE**

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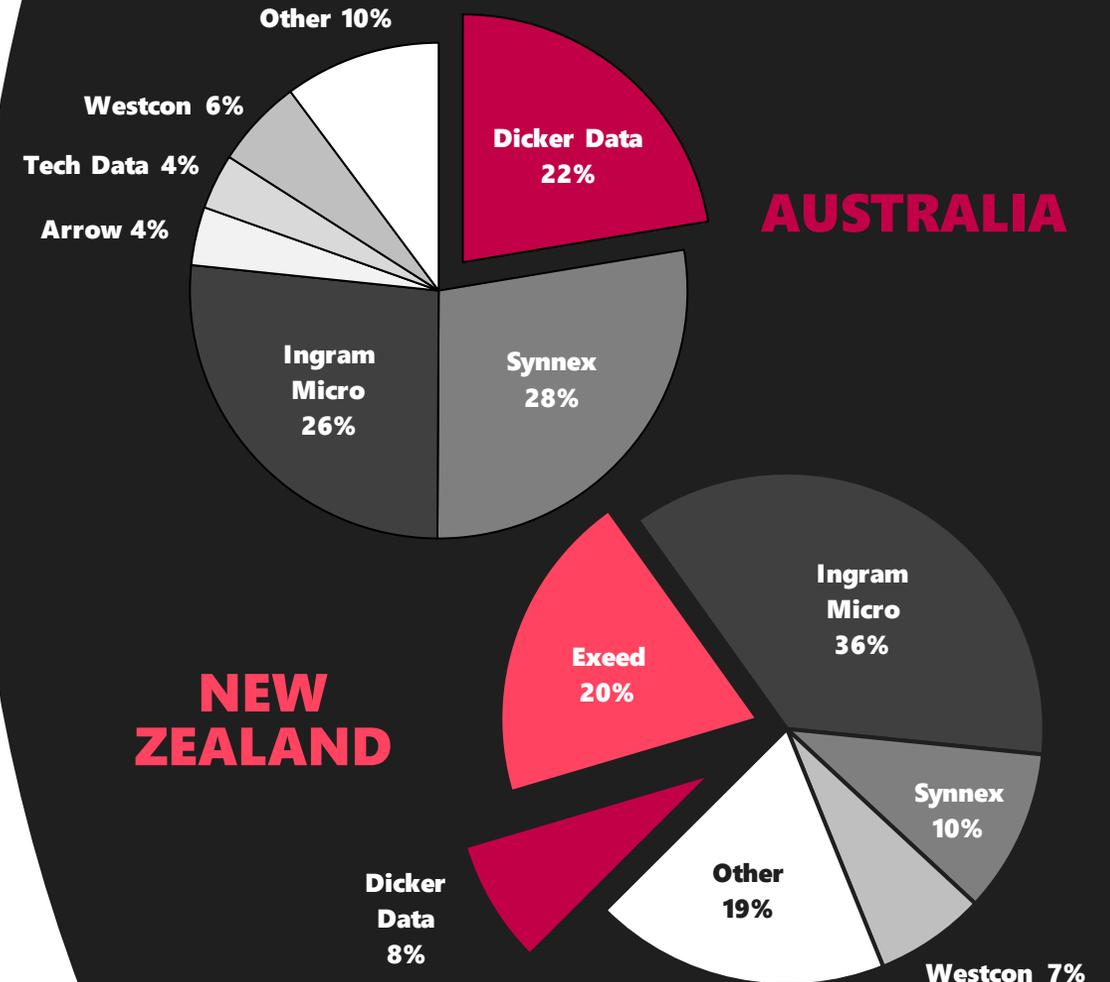
# IT MARKET AND OUR STRATEGY

- Dicker Data is the leading Value-Added Technology Distributor, selling to over 6,900 active reseller partners and MSPs who are supporting hundreds of thousands of ANZ businesses.
- Our specialty is servicing the mid-market and SMB communities with a specific focus on pre-sales capabilities, value-added services and emerging hybrid end-to-end technology solutions.
- In recent years the company has targeted distribution agreements in software, high-end enterprise products and those that address the cloud computing environment.
- The industry is going through major transformation and evolving faster than ever. We are evolving to differentiate and offer a unique value proposition to both vendors and reseller partners.
- Dicker Data is perfectly positioned to assist all of our partners through the journey of digital transformation.
- Our acquisition of the Exeed Group grows our presence in NZ and brings expertise in servicing the retail segment, a market Dicker Data has not traditionally participated in.

Source: Publicly available 2019 and 2020 financial statements and company estimates.

## IT DISTRIBUTION MARKET SHARE

Consumer, Large National Retail, Corporate, Commercial, Enterprise



# Dicker Data ANZ VENDOR PORTFOLIO



# 2021 VENDOR ADDITIONS



Forcepoint

**ForcePoint**



**HP Large Format Print**



**Microsoft Surface Hub**



**NVIDIA Mellanox**



**Jabra**



**One Identity**



**StarTech.com**



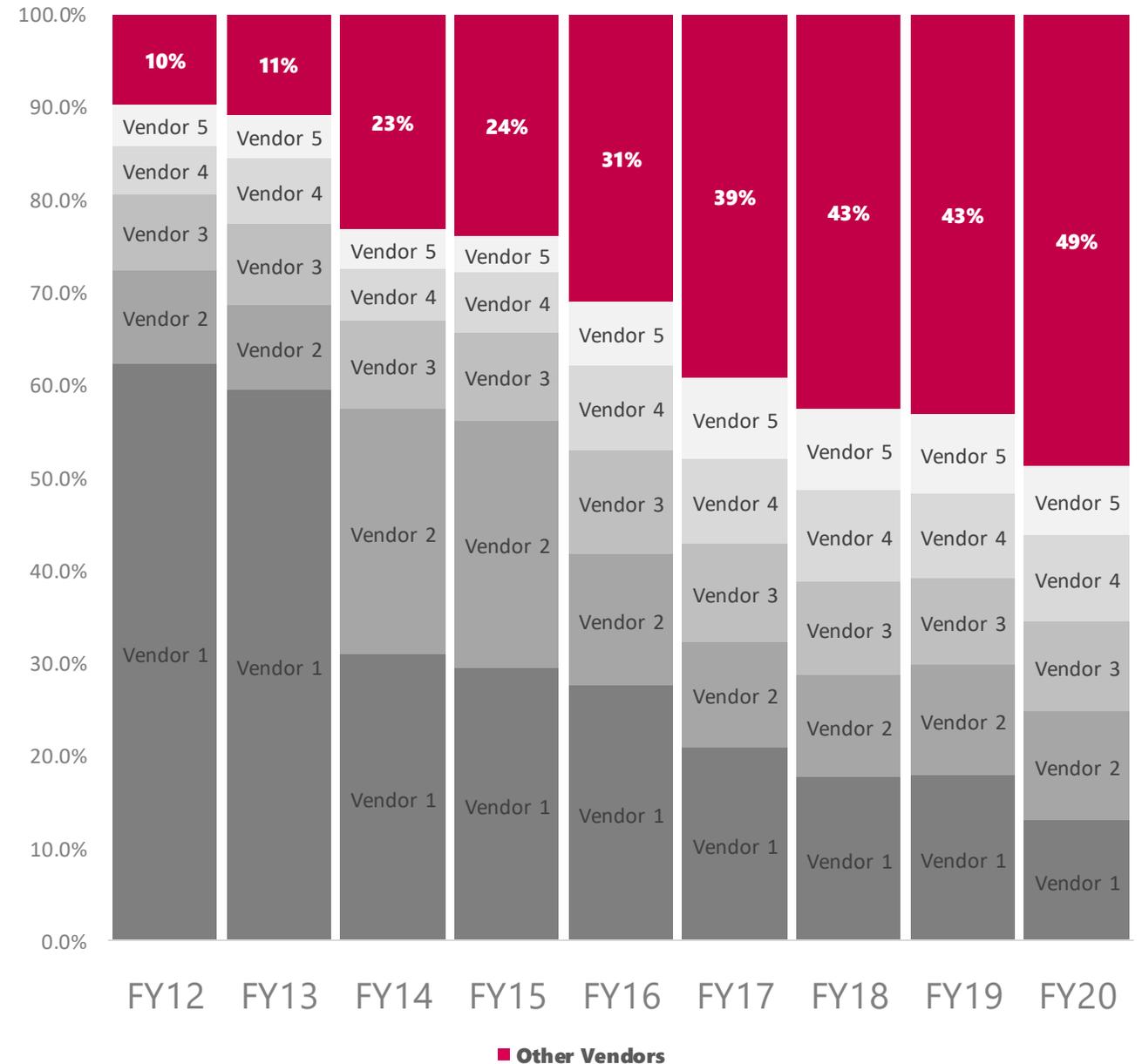
**Vmware**



**Zoom**

# LONG-TERM VENDOR RELATIONSHIPS

- Dicker Data has continued to introduce new vendors to reduce reliance on any single vendor.
- 5 new vendors in key strategic segments have been added in HY21.
- Top 5 vendors overall contribution has reduced from 90% in FY12 to 51% in FY20.
- Dicker Data will continue to assess technology channel market trends and derive growth through strategic partnerships with new and existing vendors.



# REVENUE CATEGORY

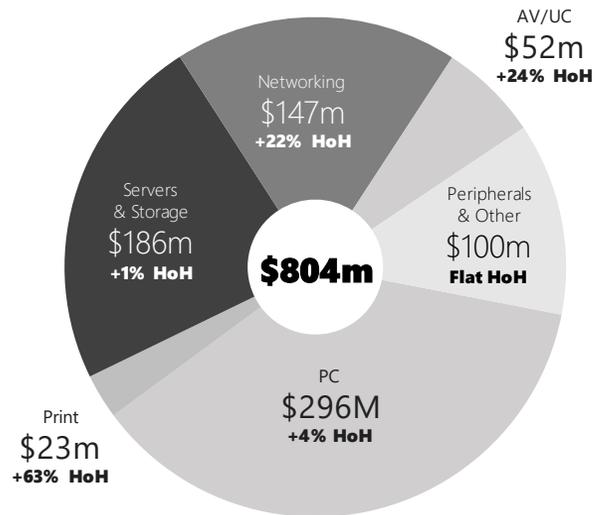
## SPLITS AND GROWTH

The Company's strategy of diversification has shielded the business from changing market dynamics

### HARDWARE

by product category

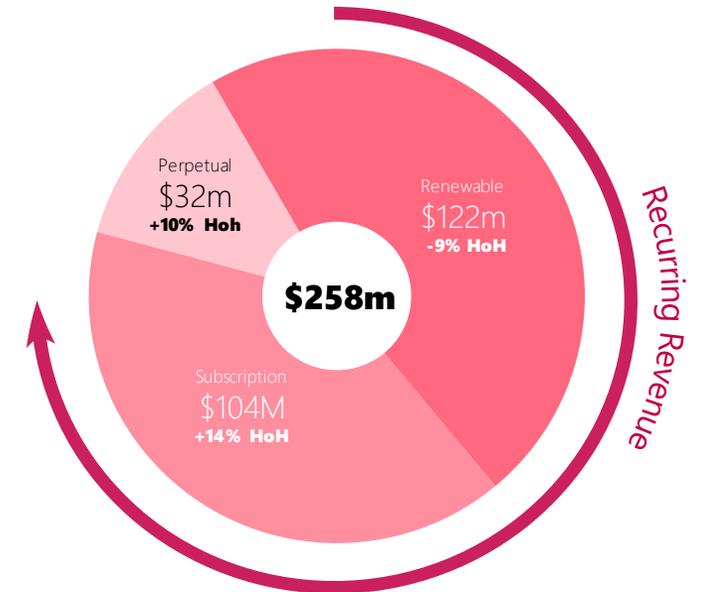
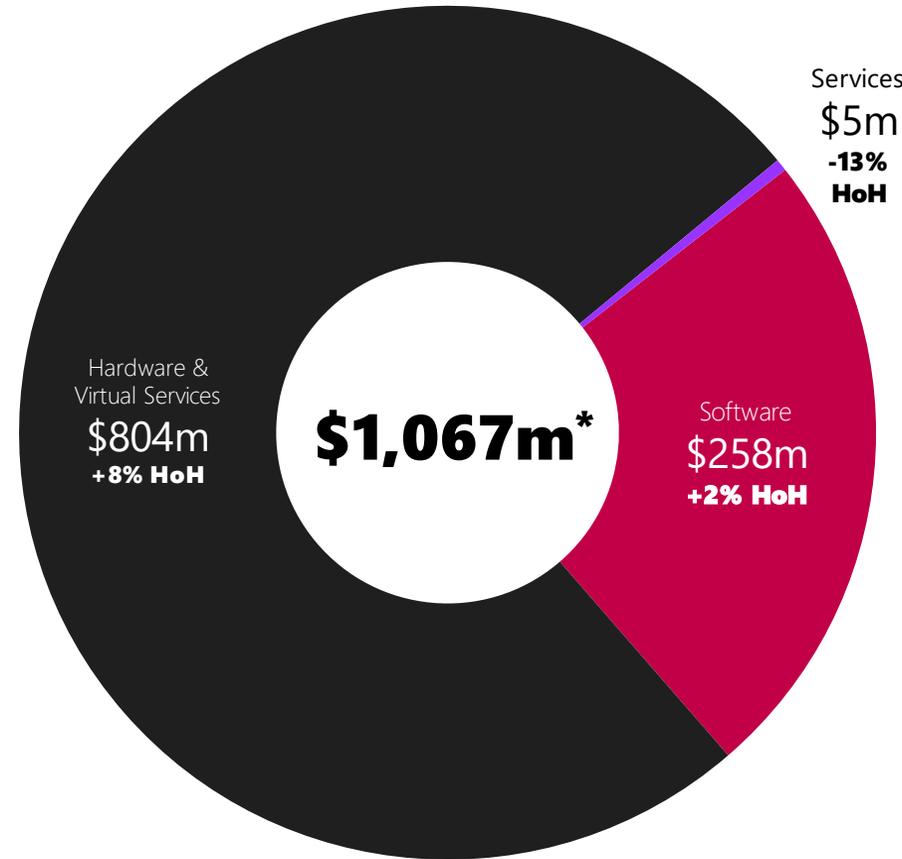
Networking has made a strong resurgence while PC and AV continue to deliver growth. Decline in Services revenue is a direct impact of large infrastructure projects being placed on hold as a result of lockdowns.



### SOFTWARE

by billing method

Renewable revenue decline attributed to a one-off large deal in HY20 and the spike in security related products to support the work from home movement in 2020.



\*Revenue from the sale of goods and services

# COPING WITH MARKET DISRUPTION

## RESILIENCE

- Long term vendor and category diversity strategies are proven successful during disruption events such as what we have been through in FY20/21.
- World's largest WFH movement in HY20 drove huge spikes in device, peripherals and security software sales > compensating for slowdowns in Networking infrastructure investment.
- In HY21 we have seen the green shoots of recovery in the networking sector, despite chip shortages, helping to compensate for the slowdown in renewable software revenues that tend to operate on multi-year tenure cycles and are down from the surge we saw in HY20.
- The company also benefits from its new market diversity strategies in emerging technologies and new business streams such as AV/UC and Print.





## OUR ESSENTIAL SERVICE

- Despite countrywide lockdowns, Dicker Data has remained fully operational as an essential service.
- We continue to be at the heart of Australia's digital transformation with our partners.
- The importance of technology in keeping people, businesses, governments and communities connected continues to grow every day.



## THE DELTA IMPACT

- Second wave of COVID driven digital transformation as a result of lockdowns.
- Every business must have a digital strategy to survive the pandemic and thrive in the future.
- Preparing for a potential second-wave of Delta.



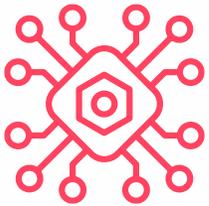
## A VACCINATED WORLD

- Further technological advancements to enhance the new hybrid working environment.
- Technology more engrained in daily life than ever before.
- The importance of the IT Channel is cemented in history. We are the industry that kept people connected, enabled businesses to remain open and supported the government in delivering mission-critical services to keep Australia going.

# NAVIGATING THE PANDEMIC



# 2021 OPPORTUNITIES



**INTERNET  
OF THINGS**



**DATA  
MANAGEMENT**



**DATA  
SECURITY**



**DATACENTRE**



**PHYSICAL  
SECURITY**



**WFH  
MOVEMENT**



**NETWORKING**



**EDGE COMPUTING**



**PRO AV**



**AUTOMATED CLOUD**



**FINANCIAL SERVICES**



**SELECTED RETAIL**

# 2021 FOCUS



## 5G



The rollout of 5G networking is accelerating the proliferation of compute technology at the Edge, or endpoint. This is driving the next wave of data creation and presents an opportunity for the company to capitalise on the new devices and infrastructure required. The company is also well-positioned to assist its customers in managing, protecting and analysing this data. 5G will usher in the next era of cloud solutions that enable real-time decision making at the Edge, further driving the consumption of cloud and the Company's recurring revenues.

## Hybrid Cloud



Organisations are adapting multi-cloud and embracing hybrid IT strategies to enable them to move applications between public, private and on-premise environments to increase scalability and resiliency. However, multi-cloud, automation and AI are complex and many of our customers will leverage our expertise to support their projects.

# 2021 FOCUS



## Managed Service Providers (MSPs)

MSPs are our fastest growing partner segment. We will continue to work with our vendors to address the needs of these partners through the delivery of cloud, storage, infrastructure, migration, analytics and backup solutions that suit their cyclical billing arrangements. Our role is to enable them to own more of their customers' IT environment and deliver tangible business outcomes through digital transformation.



## Unified Communication/Audio Visual

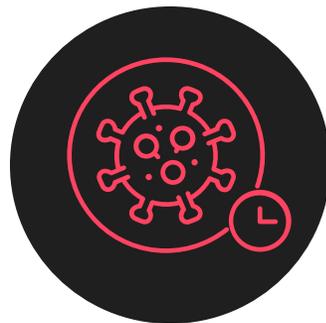
Established a new division to become the leading distributor for the unified communications (UC), audio visual (AV), automatic identification and data capture (AIDC), electrical and physical security markets. Digital signage, digital workspaces, smart offices, collaboration and video conferencing solutions are all areas that intersect with IT, presenting cross-selling opportunities into these markets.

# 2021 FOCUS



## Selected Retail

Dicker Data's success has traditionally been anchored in the corporate and commercial market. The company's recent acquisition of the Exeed Group brings a wealth of experience in how to profitably service retailers with a mixture of traditional and non-traditional IT products. The retail market represents a multi-billion-dollar revenue opportunity for the company and will be an area of focus in 2021 and beyond. Many of the company's existing vendor line-up have large established retail businesses that Dicker Data is well-positioned to capitalise on.



## The Vaccinated World

As vaccination rates across ANZ accelerate and the Federal Government's Roadmap to a COVIDsafe Australia comes into effect, we anticipate the next wave of Digital Transformation will occur as businesses adapt to hybrid working environments. Technology will play an ever-increasing role in developing competitive advantages that enable business success in highly concentrated markets.



# QUESTIONS?

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**DICKER**  
D A T A



**THANK YOU**

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