

11/05/2022

## Q1 FY22 Market Update

11 May 2022: Dicker Data Limited (ASX: DDR) (Company), today provides an update on the Company's Q1 2022 earning results, interim dividends and operational trading update.

### Q1 2022 Results

Summary of results and highlights for Q1 2022 are as follows:

3 months to:	\$m Mar-22	\$m Mar-21	\$m Increase	% Increase
<b>Total Revenue</b>	<b>673.6</b>	<b>447.7</b>	<b>225.9</b>	<b>50.5%</b>
<b>Profit Before Tax</b>	<b>23.8</b>	<b>19.4</b>	<b>4.4</b>	<b>22.7%</b>

- Revenue in Q1 2022 finalised at \$673.6m, up by \$225.9m representing an increase of 50.5%
- The revenue split between Australia and New Zealand was \$534.9m and \$138.7m respectively
- The increase in revenue is partly attributed to full quarter contribution from the Exeed acquisition that was not available in the comparative period, with the balance attributable to organic growth
- The revenue contribution from the Exeed business across Australia and New Zealand (ANZ) was \$90.3m in the Q1 2022 period
- Existing and new vendor additions delivered \$135.5m in incremental revenue, driven by increased demand for virtual capabilities and accelerated digital transformation of businesses across ANZ
- In line with the Company's expectations, supply chain disruptions have continued and together with the introduction of the retail business in NZ, gross margins finalised lower for the quarter at 8.6% as a result
- Despite lower margins for the quarter, the Company expects to see margins finalising around 9.0% for the full year ending 31 December 2022
- Net profit before tax for the first quarter was \$23.8m, an increase of 22.7% on the prior corresponding period (pcp)
- Operating expenses increased by 17.5%, finalising at 4.4% of revenue, down from 5.6% in the pcp

David Dicker, Chairman and CEO, commented "The Company's performance in Q1 was outstanding, with revenue growing by more than 50% and profit before tax growing at over 22% year on year. A result that is testament to the great people in our business. Our two recent acquisitions are almost fully integrated into the business and I'm confident that we have the foundations in place to continue delivering the growth our shareholders have come to expect."



“Despite only moving into our new headquarters last year, more than doubling our warehouse capacity at the time, I’m pleased to report that we are already in the advanced planning stages for the expansion of the warehouse in Kurnell which will support the expected growth in the coming years,” Dicker added.

## **Interim Dividends**

In line with the Company’s dividend policy to pay out 100% of after-tax profits, the Company will retain its current policy of paying quarterly dividends. To provide consistency and certainty for investors the Company proposes that each interim dividend will be at an equal rate.

The proposed rate for the interim dividends for FY22 will be 13.0 cents per share fully franked, bringing total proposed dividends to be paid in the FY22 financial year to 54.0 cents per share, an increase of 44.0% from FY21 or 37.5 cents per share.

## **Hills Security and IT (SIT) Division Acquisition**

On 2 May 2022 the Company announced the completion of the acquisition and transition of the of the Hills Security and IT (SIT) division, resulting in the creation of Dicker Data Access and Surveillance (DAS). This marks the dawn of a new era in security technology distribution as Dicker Data enters the market vowing to deliver the highest service levels from highly certified technical pre and post sales teams, providing just-in-time access to a comprehensive range of solutions the Company’s customers are already familiar with.

The acquisition provides the Company with the ability to capitalise on the security, access control and surveillance markets in FY22. Technologies represented by the newly formed DAS business unit, such as security cameras, network video recorders (NVRs), access control panels, and many more, represent a significant untapped opportunity for the Company. We believe this market, similarly to Professional AV two years ago, will converge with the traditional IT distribution channel, presenting an opportunity to not only capture new customers in the security, access control and surveillance markets, but to leverage these security solutions with our extensive existing partner network in Australia.

The purchase price, based on a premium to the net assets sold, is \$19.35M. A final adjustment for balance sheet items will occur before the end of May 2022. Effective Monday, 02 May 2022, the acquisition saw Dicker Data transition more than 100 of the Hills team members and novate over 50 vendor contracts, enabling the business to immediately service customers and deliver the DAS value proposition from day one. Following the Company’s acquisition, the DAS division will operate out of nine specific trade centre locations around Australia, creating a dedicated network of pick-up and trade-only shopfronts to support thousands of existing DAS customers. Additional investments are being made to create a more compelling in-store experience that resonates with more customers and to prepare the branch network to scale up significantly. Dicker Data plans to rapidly scale the business division by introducing its extensive network of existing partners to the new DAS solutions which will in turn create additional revenue streams for their businesses.

## Operational Update

Dicker Data continued to perform strongly in Q1 FY21, delivering an increase of 50.5% revenue growth year-to-date across Australia and New Zealand. The Company's revenue growth is partly attributed to the full quarter contribution from the Exeed acquisition that was not available in the comparative period, with the balance attributable to organic growth and ongoing new and existing vendor relationships. Delivering an increase of 22.7% on net profit before tax to \$23.8m we have demonstrated consistent growth, outperforming the market and prior corresponding period.

Mary Stojcevski, Executive Director and Chief Financial Officer commented "The Company continues to benefit from increased scale and leverage on its cost base following the integration of both the Exeed and Hills SIT businesses, with costs down as a percentage of revenue in Q1 2022 on the prior corresponding period. However, with the rapid growth the Company continues to experience, there is increased pressure on cash. As such, our team is focused on prudent balance sheet management to ensure there are no finance-related impediments to our future growth."

"With the Hills SIT acquisition completed and now fully integrated and operating as DAS, the contribution from this new business will be first reflected in the Company's half year results," Stojcevski added.

Despite disruptions caused by the ongoing global chip shortage challenging the industry to meet market demand, Dicker Data has maintained and grown its market share across the large majority of vendors. This further demonstrates the success of the Company's strategic and unique operating model. While we expect the chip shortages and global supply chain limitations to continue into the near to medium term, the resiliency in our operations and learnings from the past 24 months continue to place the Company in good stead to navigate with the continued disruption.

The Company continues to add to its growing count of reseller partners who purchase online as further internal digital transformation comes to fruition. Built with a strong focus on partner experience, the Company's online platforms are being recognised as industry-leading by the Company's vendor community, with several thousands of Australian and New Zealand partners choosing to work with Dicker Data due to the ease of use and 24x7x365 nature of the Company's online portals.

Following the recent acquisition of Exeed and the Hills Security and IT (SIT) division, Dicker Data have managed to integrate the teams from both entities into the Company's workforce with limited operational disruption.

Cybersecurity will continue to be a key focus in 2022, with intelligent solutions like Zero Trust enabling secure, compliant, and protected technology environments. We are anticipating a high level of growth in the adoption of automation, machine learning and data capture and analysis tools as businesses and governments prioritise efficiency and productivity within their operations.

Vlad Mitnovetski, Executive Director and Chief Operating Officer commented on the result saying "I'm proud of the way our team continue to adapt to the challenging market conditions and use them to the advantage of both our partners and our shareholders. Whilst we do expect sustained stock and logistical challenges, we have proven systems, processes and people who have shown tremendous resiliency that will enable the Company to continually outperform the technology distribution market across Australia and New Zealand. Our Q1 results set the tone for another successful year and the entire team are committed to delivering the best possible results in our FY22."

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As part of our commitment and role in supporting the Australian and New Zealand (ANZ) technology channel, including our vendors and reseller partner community, Dicker Data will continue to evolve and differentiate its offerings and be the catalyst for the adoption of new, cutting-edge technologies. This has been evident by the recent acquisitions of both the Exeed business and the Hills SIT Distribution business.

The Exeed acquisition was a significant contributor to the revenue growth for the first quarter, accounting for \$90.3m revenue contribution for the first quarter. We expect strong revenue growth in the second half as a result of seasonality relating to the retail business. The integration of the New Zealand business is well advanced with the operations of both the Dicker Data NZ business and the Exeed business expected to be consolidated in one location by the end of May. The Company's new warehouse, located in Manuka's industrial precinct in New Zealand, will provide the consolidated business with 128% more warehouse space, following the carbon-neutral development of the facility. The Company will also relocate its New Zealand office to a state-of-the-art facility in Parnell, Auckland, located in close proximity to a number of key suppliers. The new facility also provides easier access to public transport for staff.

Authorised for release by the Board of Dicker Data Ltd.



David Dicker  
Chairman & CEO

EXPERIENCE  
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## ABOUT DICKER DATA

Dicker Data (ASX: DDR) is an Australian-owned and operated, ASX-listed technology hardware, software, [cloud](#), cybersecurity, [access and surveillance](#) distributor with over 44 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 8,200 resellers across ANZ. 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/>

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