

# **Dicker Data Limited**

ABN: 95 000 969 362

Appendix 4E  
Preliminary Final Report  
Year ended 31 December 2014

# Results for announcement to the market

## Dicker Data Limited

ABN 95 000 969 362

1. **Reporting period:** **Year ended 31 December 2014**  
Previous Corresponding Period: Period ended 31 December 2013

### CHANGE OF FINANCIAL YEAR

On February 2, 2015 it was decided by the Board of Dicker Data Limited to change the Company's financial year end date from 30 June to 31 December. Previously, the Company's financial year commenced on 1 July and ended on 30 June. The change has been made in order to more closely align the financial year with the Company's trading year.

The comparative period represented is based on the comparable 6 month period as it was considered to be most appropriate.

### 2. Results for announcement to the market

#### Operating and financial review on comparative period

	Movement			Dec-14	Dec-13
				(in 000's)	(in 000's)
Revenues from ordinary activities	Up	121.88%	to	\$498,308	\$224,581
Net operating profit before tax	Up	20.22%	to	\$6,306	\$5,246
Net profit before tax	Down	-55.51%	to	\$2,334	\$5,246
Net profit after tax attributable to members	Down	-57.72%	to	\$1,560	\$3,689

#### Dividends paid

Record Date:	Payment Date:	Dividend (in Dollars)	Amount (in 000's)	Type	FY	Amount Franked
01-Aug-14	12-Aug-14	0.0050	\$641	Interim	2014	100%
25-Sep-14	07-Oct-14	0.0185	\$2,376	Final	2014	100%
19-Dec-14	31-Dec-14	0.0200	\$2,594	Interim	2015	100%
	Total	0.0435	\$5,611			

The total dividends declared and/or paid during the financial year were 4.35 cents per share or a total of \$5.611 million, fully franked.

## **BRIEF EXPLANATION OF THE FIGURES REPORTED ABOVE**

### **REVENUE**

The revenue for the consolidated entity for the 6 months to 31 December 2014 was \$498.3m (2013: \$224.5m), up by 121.8% on the same period last year. This is in line with our projections in achieving \$1 billion in annual revenues for a full financial year.

The significant revenue increase from the comparative period was due to the acquisition of Express Data Holdings Pty Ltd on April 1, 2014. The revenue contribution of the newly acquired vendors is approximately \$246m, predominantly from Cisco, software and retail business units. Of the \$246m revenue relating to the Express Data vendors, \$68m was contributed by New Zealand.

Excluding the revenue contributed by the Express Data acquisition, the revenue contribution Dicker Data's existing vendors finalised at was \$252m, up by \$28m compared to same time last year. Under the HP group, our largest vendor pre-acquisition, total revenue was \$139m, (2013: \$132m) up by \$7m largely due to the continued quarter on quarter growth we experienced in the Printing portfolio (IPG). IPG category compliments the PSG (Personal Systems Group) which has traditionally been the best performing category within Dicker Data. However, under HP server and storage product lines, we experienced revenue declines for the period (down by \$3m), as HP appointed another major distributor which had an immediate impact on our revenues. Despite this and that we were working through an integration, Dicker Data still maintains top distribution market share of HP product.

In our volume group of vendors, we increased our revenues by \$8m (\$88m v \$80m). With Lenovo we continued to increase our market share and focus on servicing our small business sectors (up by \$4m), which has helped offset declines on Sony and Samsung, with both vendors withdrawing from the PC market. With new volume vendors being added to our portfolio for the FY15 financial year we anticipate growth in our volume vendor business unit.

In February 2014 we announced our appointment as a Microsoft Authorised Distributor of OEM and Full Packaged Products (FPP). Under this distribution agreement, we were able to expand our offerings within the Microsoft product range. This together with the Microsoft open licensing business coming on board from Express Data has given us more than \$27m uplift in revenues in comparable period (\$38m v \$11m).

### **GROSS PROFIT**

Gross profit for the six months was \$45m (2013: \$18m) an increase of 146.9%, with some of the upside reflected from the Express Data acquisition, this aside Dicker Data maintained strong gross profit margins for period (9.0% v 8.1%). With strong revenues for the first half of December, we were able to receive additional rebate in meeting vendor targets.

### **OPERATING EXPENSES**

Operating costs for the six months were \$43.1m (2013: \$13.1m), an increase of \$30.0m. This was primarily due to a significant increase in salary and related expenses (\$24.5m v \$8.4m) with the increase in headcount. Pre-acquisition, Dicker Data head count was 100 staff, resulting in industry leading revenue per head metrics. Following the acquisition, headcount increased to 460 staff across Australia and New Zealand. During the last 9 months there has been a progressive reduction in headcount, with gradual redundancies associated with a duplication of functions. Current headcount across Australia and New Zealand is 350. During the 6 month period to 31 December 2014 we incurred additional one-off non-recurring restructure costs of approximately of \$4m. The majority of these costs relate to redundancies. We have incurred a further \$500k in redundancy costs in January 2015.

Excluding the restructure costs, other operating expenses also increased by \$6.2m. Of these, \$2.2m related to non-recurring costs related to Express Data's business. We incurred rental costs associated with the leasing of Botany premises of \$1.0m and \$1.2m under an IT services and transitional agreement with Dimension Data. Both these agreements expired in December 14, which are expected to generate over \$4m in annual savings in

the FY15 financial year. Finance costs increased (\$4m v \$2m) as a result of interest costs associated with funding the acquisition. Increases in depreciation and amortisation were largely a result of amortisation of intangibles relating to customer contracts not in the prior period, and increase in capital expenditure with office and equipment fitout as a result of integrating operations into one location at Kurnell.

## PROFIT

Excluding one-off acquisition and integration costs operating profit before tax finalised at \$6.3m (2013: \$5.2m) up by 20.2%. In addition to the restructure and integration costs, there were also several operating costs which were incurred in the 6 months to 31 December 2014, but will not be incurred in FY15.

Underlying EBITDA for the period was \$16m, reconciled as follows:

<b>Underlying EBITDA</b>		<b>Dec-14</b>	<b>Dec-13</b>
		<b>(In 000's)</b>	<b>(In 000's)</b>
<b>Net Profit before tax</b>		<b>\$2,334</b>	<b>\$5,246</b>
<i>Add: Integration Costs</i>			
Restructure Costs		\$3,944	-
Borrowing Costs		\$29	-
<b>Operating Profit</b>		<b>\$6,307</b>	<b>\$5,246</b>
<i>Add: Non-recurring expenses:</i>			
<i>Other Operating Costs</i>			
IT services agreement	\$1,010		-
Rent for properties since closed	\$955		-
Transitional services agreement	\$200	\$2,165	-
Cost of Wages - Redundant Employees	\$1,549	\$1,549	-
<b>Underlying Operating Profit</b>		<b>\$10,021</b>	<b>\$5,246</b>
<i>Add: Interest</i>		\$4,009	\$1,993
<i>Add: Depreciation and Amortisation</i>		\$1,986	\$358
<b>Underlying EBITDA</b>		<b>\$16,016</b>	<b>\$7,597</b>

Net Profit after tax decreased to \$1.6m (2013: \$3.7m), down by 57.7%.

Earnings per share decreased to 1.20 cents per share (2013: 2.89), down by 58.5%.

## STATEMENT OF FINANCIAL POSITION

Total assets for the financial year ended December 2014 reduced to \$301m for the period (2014: \$327m).

Cash finalised at \$3.7m lower by \$14.5m from prior financial year as \$12.7m of term deposits were reclassified as Other Receivables. Trade and other receivables were down to \$146.1m from \$161.1m. Trade receivables are generally higher end of June with May and June traditionally being high revenue months. Inventories remain marginally lower, down to \$84.6m from \$85m.

Property, plant and equipment increased to \$26.8m from \$23.0m, due to capital works with the extension of the warehouse, office and equipment fitout. With the completion of the warehouse and office expansion we don't anticipate any major capital expenditure planned for the FY15 year.

Total liabilities reduced to \$280m for the period (2014: \$307m).

Trade and other payables reduced to \$145.3m (2014: \$174.9m) as a result of lower purchases of inventories in the period, these generally peak at the beginning of the quarter. Borrowings comprises of receivables and cash advance facility with Westpac used partly to fund the acquisition of Express Data and partly for working capital. Short term provisions increased by \$1m, with increase in employee benefits due to increased headcount in the current period.

### 3. Annual Financial Report

Refer to the attached Financial Statements for the year ended 31 December 2014. This is a transitional financial year for six months. These are currently in the process of being audited.

Attached are the following reports:

- Statement of profit or loss and other comprehensive income
- Statement of financial position
- Statement of changes in equity
- Statement of cashflows
- Notes to the financial statements

### 4. Dividends

Amount Per Security

Interim and Final Dividend 2014 - Ordinary Shares

Interim Dividend Dec14 - Ordinary Shares

Total Dividends on all securities for the year

Ordinary Shares

	Dec-14	Dec-13
	\$	\$
	0.0235	0.0275
	0.0200	0.0100
	5,611,477	4,788,750

### 5. Dividend Reinvestment Plans

On 10<sup>th</sup> March 2014, Dicker Data was pleased to announce that as part of its capital management strategy the introduction of a Dividend Reinvestment Plan that allows eligible shareholders to reinvest all or part of their dividends into ordinary shares. The company continued to offer participation in the DRP in the reporting period.

### 6. Net Tangible Assets

Net tangible asset per ordinary share

	Dec-14	Dec-13
	\$	\$
	(0.094)	0.15

### 7. Details of entities over which control has been gained or lost

During the reporting period the following non trading New Zealand entity was voluntarily deregistered and is no longer part of the group: Simms International Ltd – Company Number 2257070

### 8. Details of associates and joint venture entities

Not applicable.

### 9. Any other significant information

Not applicable.

## **10. Audit**

This report is based on financial statements that are in the process of being audited.

Signed:

A handwritten signature in black ink, appearing to read "David Dicker". The signature is fluid and cursive, with the first name "David" and last name "Dicker" clearly distinguishable.

**David Dicker**

CEO and Chairman

Sydney, 27 February 2015

# **Dicker Data Limited**

ABN: 95 000 969 362

Annual Financial Statements  
Year ended 31 December 2014

## Statement of Profit and Loss and other Comprehensive Income

	Consolidated	
	31-Dec-14	30-Jun-14
	\$'000	\$'000
<b>REVENUE</b>		
Sales revenue	497,810	662,035
<i>Other revenue:</i>		
Interest received	207	111
Recoveries	3	270
Other revenue	287	350
	<b>498,308</b>	<b>662,766</b>
<b>EXPENSES</b>		
Changes in inventories	(446)	24,375
Purchases of inventories	(452,370)	(632,167)
Employee benefits expense	(24,541)	(26,825)
Depreciation and amortisation	(1,986)	(1,469)
Finance costs	(4,009)	(5,134)
Borrowing Costs	(29)	(1,569)
Share acquisition expenses	-	(1,831)
Integration and restructure costs	(3,944)	(2,868)
Other expenses	(8,648)	(7,485)
	<b>(495,974)</b>	<b>(654,973)</b>
<b>Profit before income tax expense</b>	<b>2,334</b>	<b>7,793</b>
Income tax expense	(774)	(2,608)
<b>Profit after income tax expense for the year</b>	<b>1,560</b>	<b>5,186</b>
Profit attributable to members of the company	<b>1,560</b>	<b>5,186</b>
<b>Other comprehensive income, net of tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period</b>	<b>1,560</b>	<b>5,186</b>
Total comprehensive income attributable to members of the company	<b>1,560</b>	<b>5,186</b>
<b>Earnings per share</b>		
basic earnings per share (cents)	1.20	4.06
diluted earnings per share (cents)	1.20	4.06

*The statement of profit or loss and other comprehensive income is to be read in conjunction with the attached notes.*



## Statement of Financial Position

	Consolidated	
	31-Dec-14	30-Jun-14
	\$'000	\$'000
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	3,703	18,231
Trade and other receivables	146,150	161,180
Inventories	84,614	85,061
Current tax asset	1,757	
<b>Total Current Assets</b>	<b>236,224</b>	<b>264,472</b>
<b>Non-Current Assets</b>		
Property, plant and equipment	26,806	23,021
Intangible assets	33,963	35,089
Deferred tax assets	4,541	4,901
<b>Total Non-Current Assets</b>	<b>65,311</b>	<b>63,010</b>
<b>TOTAL ASSETS</b>	<b>301,535</b>	<b>327,482</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Trade and other payables	145,393	174,892
Borrowings	122,658	118,422
Current tax liabilities	-	1,554
Short-term provisions	4,584	3,517
<b>Total Current Liabilities</b>	<b>272,635</b>	<b>298,385</b>
<b>Non-Current Liabilities</b>		
Borrowings	-	310
Deferred tax liabilities	6,290	6,778
Long-term provisions	908	1,590
<b>Total Non-Current Liabilities</b>	<b>7,198</b>	<b>8,677</b>
<b>TOTAL LIABILITIES</b>	<b>279,833</b>	<b>307,063</b>
<b>NET ASSETS</b>	<b>21,701</b>	<b>20,419</b>
<b>EQUITY</b>		
<b>Equity attributable to Equity Holders</b>		
Issued capital	6,891	1,997
Reserves	725	286
Retained profits	14,085	18,136
<b>TOTAL EQUITY</b>	<b>21,701</b>	<b>20,419</b>

*The statement of financial position is to be read in conjunction with the attached notes*

## Statement of Changes in Equity

<b>Consolidated</b>	<b>Issued Capital \$'000</b>	<b>Retained Profits \$'000</b>	<b>Reserves \$'000</b>	<b>Total Equity \$'000</b>
<b>Balance at 1 July 2013</b>	<b>1,145</b>	<b>18,633</b>	<b>369</b>	<b>20,147</b>
Profit after income tax for the year		5,186		5,186
Other comprehensive income for year net of tax		-		-
<b>Total comprehensive income for the year</b>	<b>1,145</b>	<b>23,819</b>	<b>369</b>	<b>25,333</b>
<i>Transactions with the owners in their capacity as owners:</i>				
Share Issue ( <i>Dividend Reinvestment Plan</i> )	853			853
Translation Reserve			(84)	(84)
Dividends Paid		(5,683)		(5,683)
<b>Balance at 30 June 2014</b>	<b>1,997</b>	<b>18,136</b>	<b>286</b>	<b>20,419</b>
<b>Balance at 1 July 2014</b>	<b>1,997</b>	<b>18,136</b>	<b>286</b>	<b>20,419</b>
Profit after income tax for the year				-
Other comprehensive income for the year net of tax		1,560		1,560
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1,560</b>	<b>-</b>	<b>1,560</b>
<i>Transactions with the owners in their capacity as owners:</i>				
Share Issue ( <i>Dividend Reinvestment Plan</i> )	4,894			4,894
Translation Reserve			440	440
Dividends Paid		(5,611)		(5,611)
<b>Balance at 31 December 2014</b>	<b>6,891</b>	<b>14,085</b>	<b>725</b>	<b>21,701</b>

*The statement of changes in equity is to be read in conjunction with the attached notes.*

## Statement of Cash Flows

	Consolidated	
	31-Dec-14	30-Jun-14
	\$'000	\$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers (inclusive of GST)	565,881	733,597
Payments to suppliers and employees (inclusive of GST)	(570,737)	(707,964)
Interest received	207	111
Interest and other finance costs paid	(4,009)	(5,134)
Income tax paid	(4,180)	(4,779)
<b>NET CASH FROM (USED IN) OPERATING ACTIVITIES</b>	<b>(12,837)</b>	<b>15,831</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for property plant and equipment	(5,005)	(3,319)
Payments for intangibles	(4)	(32)
Payment for subsidiaries net of cash	-	(43,365)
Other	94	66
<b>NET CASH FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(4,915)</b>	<b>(46,650)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from borrowings	3,926	54,957
Payment of dividends	(702)	(6,412)
<b>NET CASH FROM (USED IN) FINANCING ACTIVITIES</b>	<b>3,224</b>	<b>48,544</b>
<b>NET CASH FLOWS</b>	<b>(14,528)</b>	<b>17,726</b>
Cash and cash equivalents at the beginning of the period	18,231	505
<b>CASH AND CASH EQUIVALENTS AT THE END OF PERIOD</b>	<b>3,702</b>	<b>18,231</b>

*The statement of cash flows is to be read in conjunction with the attached notes.*

# NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December, 2014

## 1. Basis of Preparation

The principal accounting policies, estimation methods and measurement basis adopted in the preparation of the financial statements and Appendix 4E are the same as those used in the last Annual Financial Report and the last Interim Financial Report. These policies have been consistently applied to all the years presented, unless otherwise stated.

## 2. Change in Financial Year

On February 2, 2015 it was decided by the Board of Dicker Data Limited to change the Company's financial year end date from 30 June to 31 December. Previously, the Company's financial year commenced on 1 July and ended on 30 June. The change has been made in order to more closely align the financial year with the Company's trading year.

As the current reporting period is a transitional financial year the numbers presented are for the transitional financial year ending being 6 months from July14 to December 14. The comparative period represented is for the last financial year being the 12 months ended to 30 June14.

	Consolidated	
	Dec-14	Jun-14
	\$'000	\$'000
<b>3. Revenue</b>		
Sales Revenue	497,810	662,035
<i>Other revenue:</i>		
Interest	207	111
Recoveries	3	270
Other revenue	287	350
	497	730
Total Revenue	498,308	662,766
<b>4. Expenses</b>		
Cost of sales	452,816	607,792
<i>Depreciation</i>		
Building	195	305
Plant and equipment	619	543
Total depreciation	813	847
<i>Amortisation</i>		
Development	20	47
Software	31	13
Customer Contracts	1,122	561
Total amortisation	1,173	622
Total depreciation and amortisation	1,986	1,469
<i>Finance costs</i>		
Interest and finance charges paid / payable	4,009	5,134

	<b>Consolidated</b>	
	<b>Dec-14</b>	<b>Jun-14</b>
	<b>\$'000</b>	<b>\$'000</b>
<i>Superannuation expense</i>		
Defined contribution superannuation expense	1,912	1,985

## **8. Current Assets - Inventories**

Finished Goods	86,787	87,759
Less: Provision for Impairment	(2,173)	(2,698)
	<u>84,614</u>	<u>85,061</u>

## **9. Non Current Assets – Property, Plant and Equipment**

Freehold land	6,904	6,904
Building - at cost	17,702	14,092
Less accumulated depreciation	(1,074)	(853)
	<u>16,628</u>	<u>13,238</u>
Total land and buildings	23,532	20,142
Fitout & Leasehold improvements - at cost	2,671	2,035
Less accumulated depreciation	(767)	(506)
	<u>1,904</u>	<u>1,529</u>
Plant and equipment - at cost	2,636	2,112
Less accumulated depreciation	(1,313)	(1,019)
	<u>1,323</u>	<u>1,093</u>
Motor vehicles	252	594
Less accumulated depreciation	(205)	(337)
	<u>47</u>	<u>256</u>
Total plant and equipment	3,274	2,879
Total property, plant and equipment	26,806	23,021

## **10. Non Current Assets - Intangibles**

Goodwill	17,799	17,799
Customer Contracts	17,657	17,657
Less: Accumulated amortisation	(1,683)	(561)
Software - at cost	62	50
Less: Accumulated amortisation	(12)	(13)
Website - at cost	231	227
Less: Accumulated amortisation	(90)	(70)
	<u>33,963</u>	<u>35,089</u>

### Business Combination – Goodwill Adjustment

In accordance with AASB3: *Business Combinations*, initial provisional accounting for the Express Data Holdings acquisition disclosed in the 30 June 2014 financial report have been recognised as if the final accounting for the business combination had been completed at the acquisition date.

Comparative information for 30 June 2014 has therefore been adjusted. The consequence of the finalisation of the acquisition accounting is the recognition of a deferred tax liability of \$5.3 million and a corresponding increase in goodwill.

	Consolidated	
	Dec-14	Jun-14
	\$'000	\$'000
<b>11. Current Liabilities – Trade and Other Payables</b>		
Trade payables	132,114	154,079
Other payables	13,280	20,813
	<u>145,393</u>	<u>174,892</u>
<b>12. Borrowings</b>		
<b>Current</b>		
Debtor Finance	111,850	99,170
Purchase finance facility	8,060	18,974
Lease liability	247	278
Loan from Director	2,500	-
	<u>122,658</u>	<u>118,422</u>
<b>Non-Current</b>		
Lease Liability	-	310
<b>13. Current Tax Liability</b>		
Provision for income tax	-	1,554
<b>14. Provisions</b>		
<b>Current</b>		
Employee Benefits	4,225	2,558
Lease makegood	359	959
	<u>4,584</u>	<u>3,517</u>
<b>Non-Current</b>		
Employee Benefits	908	1,590