

28/02/2022

FY21 Financial Results

Dicker Data Limited (ASX: DDR) (Company) is pleased to release the Company's financial results for the full year ended 31 December 2021.

In a period of continued uncertainty, Dicker Data demonstrated resilience and ingenuity that allowed the Company to report a 28.6% lift in net profit after tax to \$73.6 million for FY21 off the back of almost \$2.5 billion in revenue.

FY21 Results Highlights

12 months to	DEC-21 \$'000	DEC-20 \$'000	Increase %
Total revenue	\$2,484,459	\$2,000,112	24.2%
Net operating profit before tax*	\$106,075	\$81,859	29.6%
Net profit after tax	\$73,562	\$57,182	28.6%

* excluding one-off acquisition costs

- Total revenue of \$2.48b for the year, representing an increase of 24.2%, or \$484.3m
- Australian revenue grew by \$300.3m, representing an increase of 16.3%
- New Zealand revenue grew by \$184.1m, representing an increase of 128.7%
- Nine new vendors were added in FY21 (excluding Exeed) which contributed an incremental \$54.7m
- Software recurring revenues increased by 19.7% to \$520m
- Statutory net profit before tax increased to \$105.1m, representing an increase of 28.4%
- Earnings per share increased to 42.63 cents per share, an increase of 25.6%

Gross profit for the year was up 20.3% at \$230.3m (2020: \$191.4m). However gross profit margins abated slightly to 9.3% (2020: 9.6%) as the market normalised following the pandemic-induced spike in demand.

Operating costs for the reporting period were \$116.3m (2020: \$101.0m), up by 15.2%, but decreasing as a proportion of revenue to 4.7% (2020: 5.1%), as the company continues to benefit from scale. The increase in costs is attributed primarily to an increase in salary-related expenses as a result of the Exeed acquisition and growth in existing vendors.



Commenting on the result, Chairman and Chief Executive Officer, David Dicker said, "Our FY21 result represents over 43 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 \$14 with a market cap of just under \$2.5 billion. 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 investment in net working capital was \$258.6m, up by \$91.5m on the previous year (2020: \$167.0m)
- Inventory investment increased significantly, finishing at \$201.3m (2020: \$113.2m) and inventory days increased to 32.6 days (2020: 22.8 days)
- Property, plant and equipment increased to \$82.3m (2020: \$78.0m) as the Company completed works on its new distribution facility and took on the assets of the Exeed business
- Current borrowings comprising the drawn amount on the receivables purchase facility with Westpac was at \$140.0m as of 31 December 2021 (2020: \$120.0m)
- A \$70.0m acquisition facility was established for the Exeed acquisition of which \$10.0m is current and \$60m non-current.
- The Exeed business combination also added \$20.2m in debt, funding Exeed's working capital requirements.
- Overall total borrowings were \$230.2m (2020: \$120m)

Cashflow

- Net cash generated from operating activities was \$20.6m, a decrease of \$38.8m due to the cyclical nature of working capital investment.

Commenting on the result, Chief Financial Officer and Executive Director, Mary Stojcevski, said, "The Company finished FY21 in a strong financial position. Our acquisition of the Exeed Group across ANZ will enable the Company to benefit from cost efficiencies as a result of the combined entity's scale, and we expect to realise these gains in this area as the integration of the New Zealand business is completed in the first half of 2022. Furthermore, our acquisition of the Hills Security and Information Technology division represents an opportunity to further diversify the Company's vendor and reseller partner concentration."

Dividend

A final dividend for FY21 of 15.0 cents per share was declared on 9 February 2022 with a payment date of 1 March 2022. This final dividend together with the three interim dividends paid during FY21 will bring total dividends paid for the FY21 year to 42.0 cents per share. This is an increase of 27.3% on FY20 dividend of 33.0 cents per share.

Our dividend policy provides for fully franked dividends to be paid on a quarterly basis, with the intent to payout 100% of the underlying after-tax profits from operations after taking into account projected capital expenditure and cash requirements, with a final dividend for the year paid in the first quarter of the following year.

The total dividends paid during the financial year, which includes the final dividend from FY20 were 37.5 cents per share or a total of \$64.7m, fully franked (2020: 35.5 cents per share, \$59.6m), representing an increase of 5.6%.

The Dividend Reinvestment Plan (DRP) was retained for 2021. Of the \$64.7m dividends paid, \$56.9m were paid as cash dividends and \$7.8m participated in the DRP.

Exeed Acquisition

The acquisition of the Exeed Group across Australia and New Zealand was announced on 30 July 2021. The \$68m purchase has propelled Dicker Data to become the second largest technology distributor in New Zealand and brings a significant level of operational experience and expertise in retail distribution; a segment which Dicker Data has not traditionally sold into. The Australian Exeed business was fully integrated into Dicker Data by 31 December 2021 and the integration of the New Zealand business is expected to be completed within the first half of 2022.

Outlook

Companies have engaged in Digital Transformation for more than a decade; however, the last two years have accelerated the adoption of technology as businesses experienced a changing work environment with global and national lockdowns. Businesses, communities and individuals embraced the new digital wave and harnessed the power of technology and its potential to keep businesses open and communities and teams connected. This exposure and adoption of new technology saw the world embrace a new digital era and it's clear Australia's digital evolution has only just begun. Dicker Data has worked closely with the world's leading vendors to ensure business continuity for our reseller partners and their customers. As this next phase of digital transformation evolves, the role of IT distribution will be an essential component for every business, be it directly with our partners or indirectly via other means. Dicker Data is well-positioned to capitalise on the opportunity ahead as it continues to work as strategic partners with resellers and be the vital link to the technology value and supply chain.

Software is the highest growth opportunity for the Company in FY22. Context Research is predicting over 25% year-on-year growth in software for all distributors globally, driven predominantly by hybrid cloud adoption. Our software

portfolio continues to go from strength to strength and we believe it is now the second largest, if not the largest, software distribution business by revenue in the ANZ region. Fuelled by growth in cloud, security, collaboration and productivity, software continues to play a key role in increasing the Company's annual recurring revenues (ARR), with more customers than ever before opting for Operational Expenditure (OPEX) procurement over the traditional Capital Expenditure (CAPEX) model. Furthermore, some of the most significant operational gains made by the Company in the last 12 months have come from our digital transformation, led by investment into software development to streamline processes and increase overall efficiencies.

The work from anywhere trend (WFA) will continue to drive demand for devices, particularly as product refresh cycles are accelerated in light of distributed workforces meeting increased security threats. The release of Windows 11 in October 2021 was met with positive reviews and is yet another key driver for accelerated device refresh as organisations look to leverage the latest technology to further their competitive edge whilst addressing security concerns in the process. Further to this, we believe demand for devices will continue to increase as employers use technology as their main tool in combatting the "Great Resignation." Employee experience is a key factor in attracting and retaining top talent and the technology provided to employees is now seen as a reflection of a company's investment in their employee's ability to succeed.

Professional Audio Visual (AV) is forecasted to continue delivering strong double-digit growth in FY22, particularly with many businesses welcoming staff back into their offices. Demand for smart office technology, large format displays for shared spaces and meeting rooms along with the associated peripheral devices, such as Unified Communications (UC) headsets, will underpin the growth. In addition, the homogenisation of collaboration platforms has begun with key technology partnerships forming between some of the major vendors we represent. This is in turn further democratising collaboration solutions for all organisations, resulting in even small businesses justifying the investment into meeting room solutions to give their employees a similar experience whether they're physically present or joining remotely.

We are forecasting another strong year for our infrastructure business. 5G adoption has significantly accelerated in the last 12 months which is leading to increased demand for networking products to harness the full capabilities of 5G, and a boost in demand for storage solutions to help organisations cope with the exponential growth in their data. As more people, businesses and systems are connected, the need for increased compute power, storage, network throughput and analytics to distil the data will continue to grow. We have been focused on ensuring we represent the vendors with the leading technology solutions to support our network of partners to capitalise on the infrastructure opportunity from the edge, to the core, to the cloud.

Supply constraints are expected to continue until at least mid-2022, however, this is not of significant concern. We have demonstrated a strong level of resilience over the last two years and are well-versed in navigating and performing in this disruptive environment, all whilst maximising the available opportunities.

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Hills Acquisition

We will launch our first concerted attempt to capitalise on the physical security market in FY22, with the acquisition of the Hills Security and IT division being a key part of this strategy. Physical security, such as security cameras, network video recorders (NVRs) and many more technologies 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 channel that we service, presenting an opportunity to not only capture new customers in the physical security market, but to open physical security solutions to our extensive existing partner network across Australia and New Zealand.

Webcast

Shareholders are reminded that the Company will host a teleconference and webcast of its FY21 results on Monday, 28 February 2022 at 11:00am AEDT. The teleconference and webcast will be hosted by the following members of the Dicker Data Board:

- David Dicker, Chairman and Chief Executive Officer
- Mary Stojcevski, Executive Director and Chief Financial Officer
- Vlad Mitnovetski, Executive Director and Chief Operating Officer

To view the webcast please visit the following link: <https://webcast.openbriefing.com/8410/>

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, and [cloud](#) 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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