

A blurred background image of an office interior, showing desks, computer monitors, and office chairs.

# Presentation – Q3 2014/15

July, 2015

**Dustin**

# Today's presenters

GEORGI GANEV  
CEO

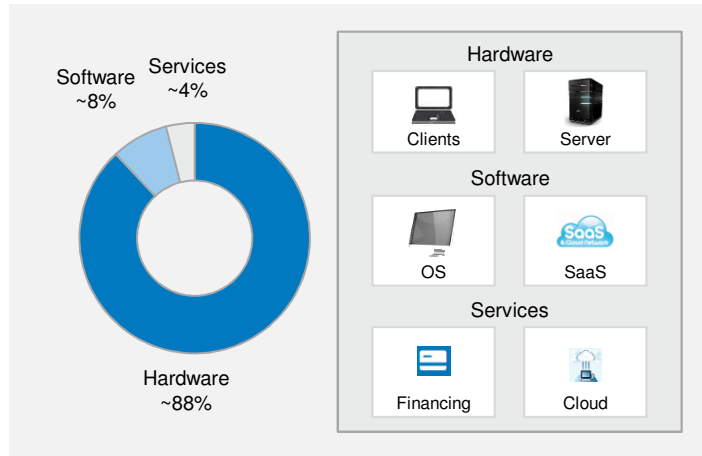


JOHAN KARLSSON  
CFO

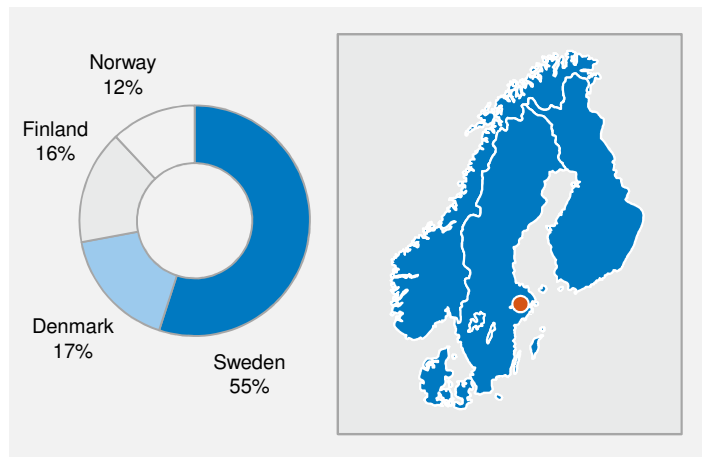


# Dustin at a glance

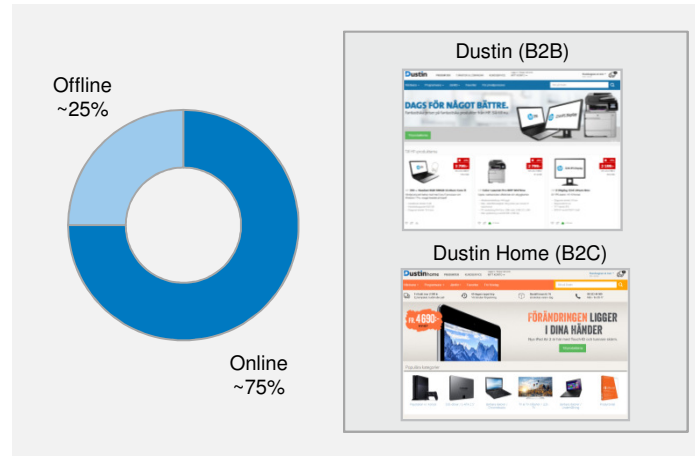
200,000 hardware and software products...



...across the Nordics...



...sold online...

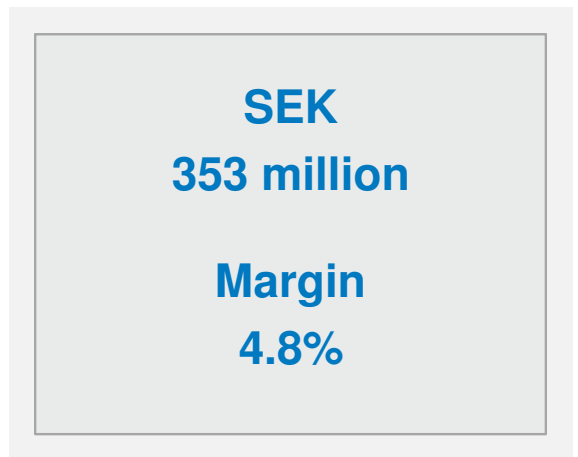


...to B2B customers

Net sales 2013/14



Adj. EBITA and margin 2013/14



% net sales	Customers	Offering	Avg. order
90%	SMB	Full assortment	SEK 6,000
	Public/Large	Replishment IT	SEK 7,000
10%	B2C	IT products	SEK 2,000

1.4 million orders

# Q3 2014/15 in brief

## Net sales growth during Q3 2014/15

### Dustin Group

- Favourable trend in core operations despite challenging market conditions
- Strengthened position in the market

### B2B

- SMB growth in line with Q2
- Online engine continues to perform
- More selective in regards to new business opportunities within large companies and the public sector

### B2C

- Continued online focus from traditional retailers leads to fierce price competition
- Focus on margin

## Adjusted EBITA margin during Q3 2014/15

### Dustin Group

- Adjusted EBITA margin increased to 4.3% (4.2%)
- Positively impacted by sales mix and gross margin focus

## Operational highlights during Q3 2014/15

### Dustin Group

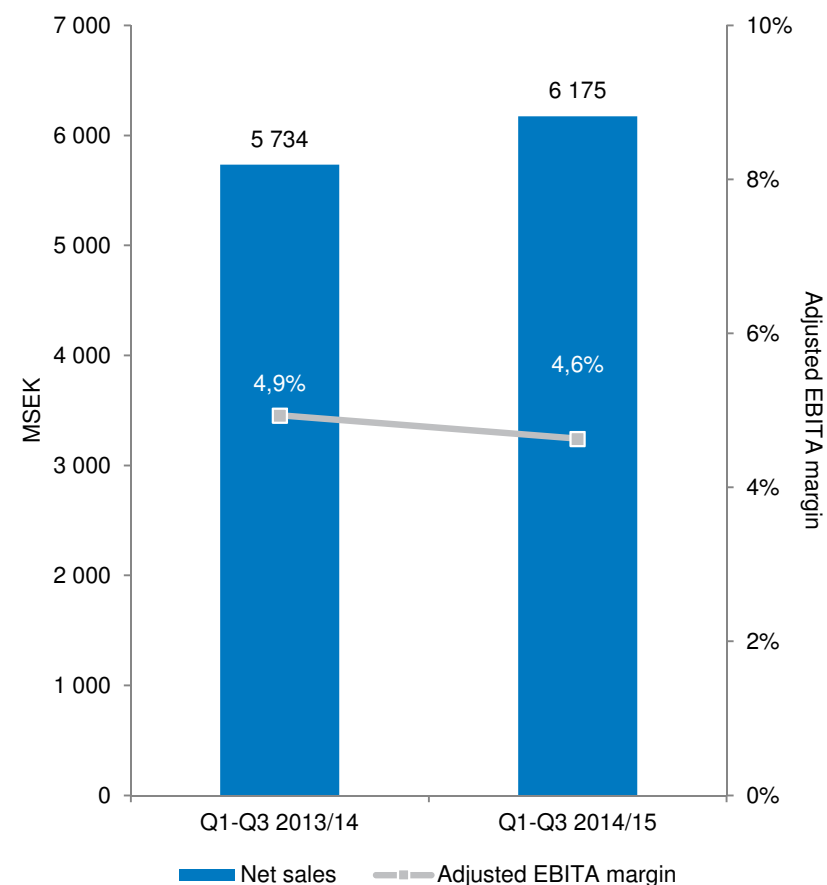
- Continued investments in new IT-platform according to plan
- Acquisition of Resolute
- Net leverage 2.6x (3.2x at year end 2013/14)

# Q3 2014/15 financial highlights

## *Proven business model*

- Net sales of 1,919 (1,902) MSEK
  - Growth by 1%, primarily impacted by a weaker market and selective growth within public and large corporates
  - Organic growth in constant currency decline 1%
- Gross profit of 272 (259) MSEK
  - Gross margin increased to 14.2% (13.6%) and in line with LTM
- Adjusted EBITA of 82 (80) MSEK
  - Adjusted EBITA margin increased to 4.3% (4.2%) and 4.6% LTM
- Items affecting comparability of -15 (100) MSEK
- Earnings per share amounted to 0.51 (2.05) SEK
- Operating cash flow of 14 (120) MSEK mainly due to a difference in net working capital at quarter end
- Net debt of 972 MSEK
  - Net debt/adjusted LTM EBITDA of 2.6x, down from 3.2x at year end 2013/14

## *Net sales and adjusted EBITA margin*



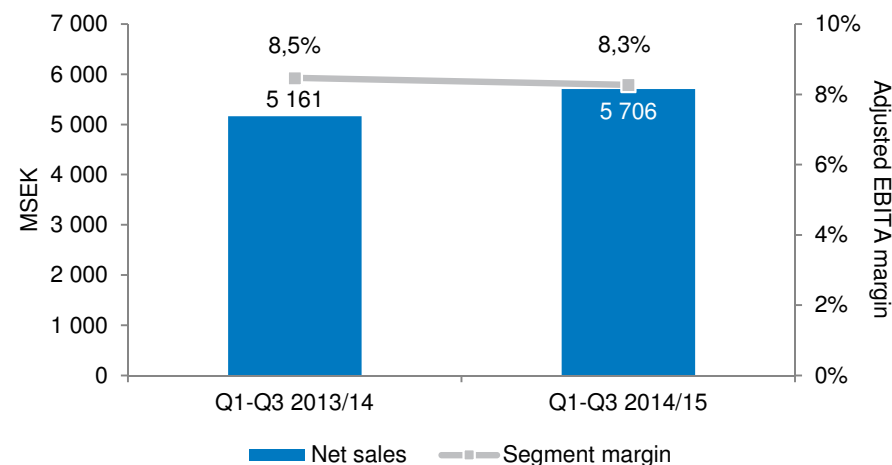
# Financial development – B2B

## *Strengthen position within SMB*

- Total growth in B2B of 3% y/y
  - Organic growth in constant currency of 1%
- Positive trend in SMB
  - Strong online performance in Sweden
- Selective growth within public and large corporates
  - Strong development in Norway due to new public frame agreements
- Management estimates that Dustin strengthens its position in the Nordic B2B IT market

MSEK	Q3 2014/15	Q3 2013/14	Organic growth const. currency	Q3 y/y growth
<b>Net sales</b>	1,779	1,728	+1%	+3%
Adj. EBITA	142	136	-	+4%
- Adj. EBITA margin	8.0%	7.8%	-	-

## *Net sales and adjusted EBITA margin*



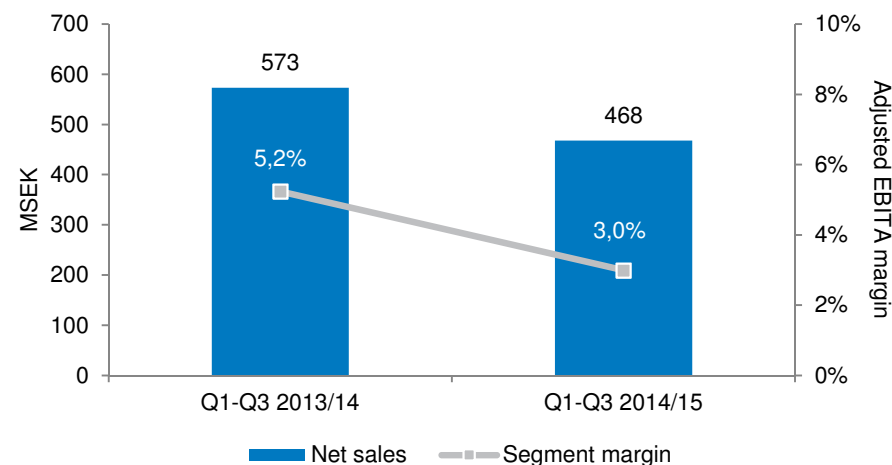
# Financial development – B2C

## *Fierce price competition – focus on margin*

- Net sales in the B2C segment decreased with 20% y/y
  - Organic development in constant currency of -21%
- Dustin continues to focus on margin
  - Adjusted EBITA margin decreased to 4.5% (5.5%) but increased from 3.7% in Q2
- B2C complement segment representing 7% of total sales
  - Valuable to understand market trends and access to consumer assortment

MSEK	Q3 2014/15	Q3 2013/14	Organic dev. const. currency	Q3 y/y growth
<b>Net sales</b>	139	174	-21	-20%
Adj. EBITA	6	10	-	-40%
- Adj. EBITA margin	4.5%	5.5%	-	-

## *Net sales and adjusted EBITA margin*



# Summary of financial results for the quarter

MSEK	Q3 2014/15	Q3 2013/14	LTM	FY 2013/14
Net sales	1,919	1,902	7,812	7,371
Organic net sales growth	-1%	25%	-	21%
Items affecting comparability	-15.3	100.1	-110.4	1.1
Adjusted EBITDA	85	82	368	362
Adjusted EBITA	82	80	356	353
- Adjusted EBITA margin	4.3%	4.2%	4.6%	4.8%
Central costs as % of Net sales	-3.4%	-3.4%	-3.2%	-3.2%
Net debt	972	1,231	972	1,166
Net debt / Adjusted EBITDA	-	-	2.6x	3.2x
Net working capital	88	-24	88	7
Return on equity	-	-	13.7%	22.0%
Earnings per share (SEK)	0.51	2.05	1.09	2.48
Equity per share (SEK)	17.03	11.44	17.03	11.24
Cash flow from operating activities per share (SEK)	0.11	1.85	-	3.87



# Net working capital

## *Net working capital at normal level*

- Net working capital increased with 38 MSEK during the quarter to 88 MSEK, including Resolute
- Inventories decreasing with 71 MSEK from Q2, according to plan
- Increase y/y in trade receivables due to higher share of large corporates and public organisations

MSEK	Q3 2014/15	Q3 2013/14	Q3 y/y growth
Inventories	270	216	25%
Trade receivables	855	760	13%
Current tax assets, prepaid expenses and accrued income and other receivables	170	113	50%
<b>Current non-interest bearing assets</b>	<b>1,295</b>	<b>1,089</b>	<b>19%</b>
Trade payables	938	931	1%
Current tax liabilities, accrued expenses and deferred income as well as other liabilities	269	182	48%
<b>Current non-interest bearing liabilities</b>	<b>1,207</b>	<b>1,113</b>	<b>8%</b>
<b>Net working capital</b>	<b>88</b>	<b>-24</b>	
<i>Net working capital as % of net sales, LTM</i>	<i>1.1%</i>	<i>neg</i>	<i>-</i>

# Investments

## *Continued low levels of maintenance capex and project related capex according to plan*

- Maintenance capex amounted to 0.1% (0.1%) of net sales
- 8 MSEK in project related capex in Q3
  - Investments in final steps of the ERP implementation in H2

MSEK	Q3 2014/15	Q3 2013/14
<b>Capex</b>	<b>11</b>	<b>12</b>
Maintenance capex	2	2
- as % of net sales	0.1%	0.1%
Project related capex	8	9
- as % of net sales	0.4%	0.4%
Earn-out	65	-134

# Current trading

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## *Dustin expects to continue to capitalise on strong market position and scalable platform over time*

- Continued slow market
  - Vendors' price increases have impacted the general market demand
  - Last year's Windows XP to Windows 8 migration
  - IDC predicts the weak market demand to continue throughout the year
- Dustin's online position and SMB focus enables further premium growth versus the market
- Continued price competition within B2C
- Finalising optimisation of Nordic ERP system enables further roll-outs



# Q&A

# Growth and margin expansion all about continuation of successful strategy



**Dustin**

**STRATEGY**

Customer acquisition

Increase sales and profitability with existing customers

Harmonised offering across geographies

Realise efficiency improvements and scalability

Selective M&A to support growth and broaden customer offering

# Financial targets

## Financial targets

## Historical performance

<b>Net sales growth</b>	<p>Dustin's target is to achieve average annual organic net sales growth amounting to 8 percent over an economic cycle</p> <p>In addition. Dustin targets to grow through selected acquisitions</p>	<p><b>8% organic growth</b></p> <p>Average per year over a cycle</p>	<p>Period: 2010-2014</p> <p>Average: 9% organic growth per year</p>
<b>Profitability</b>	<p>Dustin's target is to increase adj. EBITA margin over time and in the medium term achieve 5-6 percent adj. EBITA margin</p>	<p><b>5-6%</b></p> <p>Adj. EBITA margin</p>	<p>Period: 2010-2014</p> <p>Average: 4.8%</p>
<b>Capital structure</b>	<p>Dustin's capital structure shall provide a high degree of financial flexibility and allow for acquisitions</p> <p>Dustin targets to have financial debt. over time. amounting to 2-3x adj. EBITDA for the last twelve months</p>	<p><b>2.0-3.0x</b></p> <p>Net debt to adj. EBITDA</p>	<p>Period: Q3 2014/15</p> <p>Actual: 2.6x LTM adj. EBITDA</p>
<b>Dividend policy</b>	<p>Dustin's target is to pay a dividend corresponding to more than 70 percent of net profit</p> <p>The dividend shall take into account acquisitions. the Company's financial position. cash flow and future growth opportunities</p>	<p><b>&gt;70%</b></p> <p>Pay-out ratio</p>	<p>Period: Not applicable</p> <p>Actual: Not applicable</p>

# Strategy positioned towards high growth and profitability

