

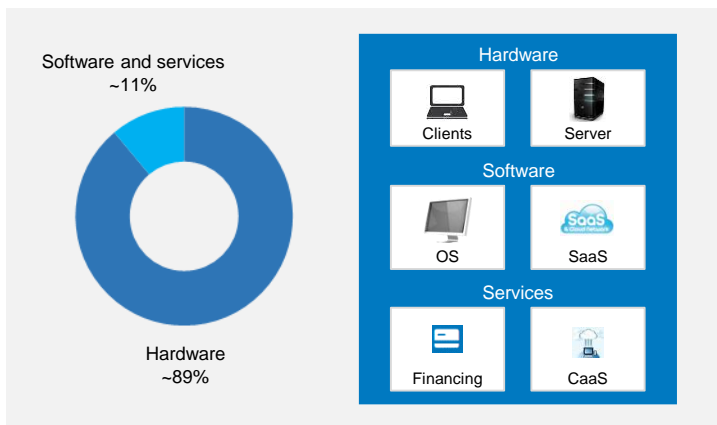
# Presentation – Q1 2016/17

January, 2017

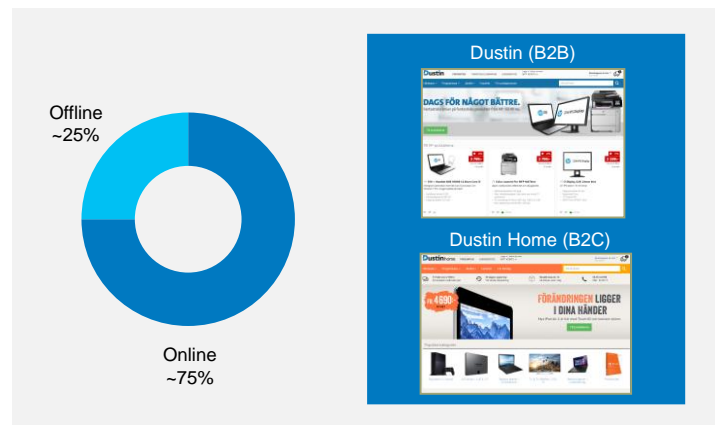


# Dustin at a Glance

## 200,000 hardware and software products...



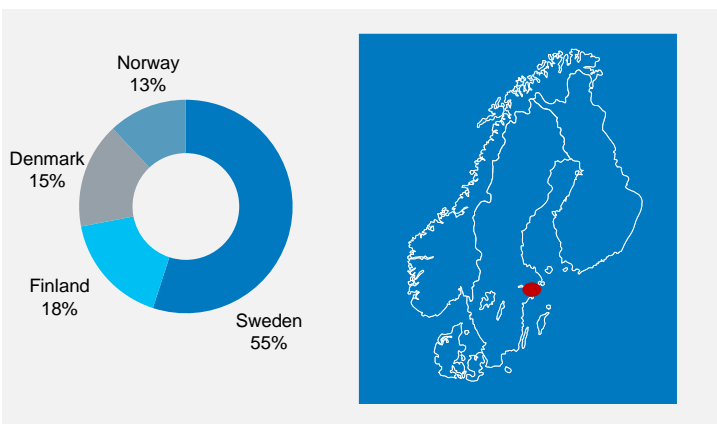
## ...sold online...



## Net sales 2015/16

**SEK 8.3 billion**

## ...across the Nordics...



## ...to B2B customers

% net sales	Customers	Offering	Avg. order
93%	SMB	Full assortment	SEK 6,000
	Public/Large	Replishment IT	SEK 7,000
7%	B2C	IT products	SEK 2,000

**1.4 million orders**

## Adjusted EBITA and margin 2015/16

**SEK 390 million**

**Margin 4.7%**

# Q1 2016/17: Strong online sales and improved margins

## Net sales growth during Q1 2016/17

### Group

- Continued strong growth in core operations
- Further strengthened online position
- Slightly higher gross margin

### B2B

- Solid organic sales growth in the segment
- Strong online sales growth towards SMBs
- Increased sales growth towards large companies and the public sector, but volatility between quarters remain
- Slightly higher gross margin and segment margin

### B2C

- Strong sales growth in the quarter
- Improved segment margin

## Adjusted EBITA margin during Q1 2016/17

### Group

- Adjusted EBITA margin increased to 5.1% (4.9%)
- Positively impacted by strong online performance and a favorable product mix from acquisitions, but counteracted by a somewhat more unfavorable customer mix

## Operational highlights during Q1 2016/17

### Group

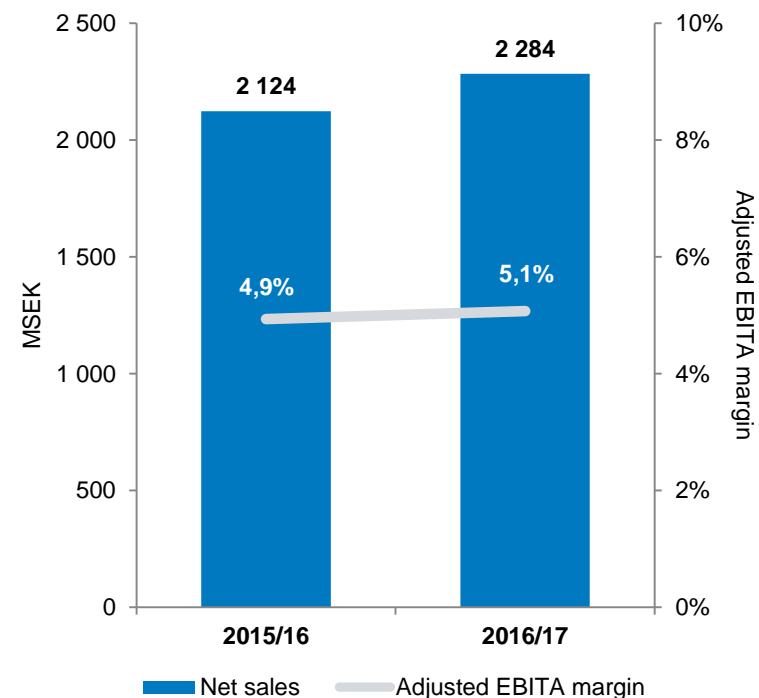
- Launch of private label products
- Acquisition of IKT-Gruppen in Norway
- Businessforum operations fully integrated in Dustin Group

# Q1 2016/17 Financial Highlights

## A Proven Business Model

- **Net sales of 2,284 (2,124) MSEK**
  - Organic growth of 4.4% in constant currency
- **Gross profit of 341 (315) MSEK**
  - Gross margin increased to 14.9% (14.8%)
- **Adjusted EBITA of 116 (105) MSEK**
  - Adjusted EBITA margin increased to 5.1% (4.9%)
  - Items affecting comparability of -2 (-2) MSEK
- **Earnings per share amounted to 0.89 (1.01) SEK**
- **Operating cash flow of 305 (199) MSEK**
- **Net debt of 576 (783) MSEK**
  - Net debt/adjusted EBITDA of 1.4x, down from 2.1x at year end 2015/16

Net sales and adjusted EBITA margin



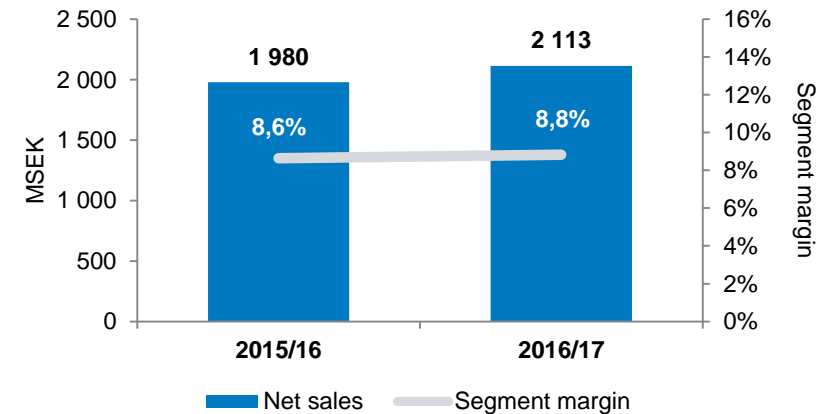
# Financial Development – B2B

## Strengthened online position

- **Net sales growth in B2B of 6.7% y/y**
  - Organic growth of 3.5% in constant currency
- **Strong online growth and continued margin development**
  - Online engine generates continued solid sales performance
  - Leverage on recent acquisitions with higher share of advanced products and services for further margin improvement
  - Finnish operations integrated into Nordic IT platform in October
- **Solid growth to large companies and the public sector**
  - Larger deals within existing frame agreements boosted quarterly sales towards large companies and the public sector
  - Positive product mix from advanced products and services coming from acquisitions
  - Somewhat negative customer mix within large companies and the public sector muted further margin expansion

MSEK	Q1 2016/17	Q1 2015/16	Organic growth const. currency	Q1 y/y growth
<b>Net sales</b>	2,113	1,980	3.5%	6.7%
Segment result	187	171	–	9.0%
<i>Segment margin</i>	8.8%	8.6%	–	–

## Net sales and segment margin

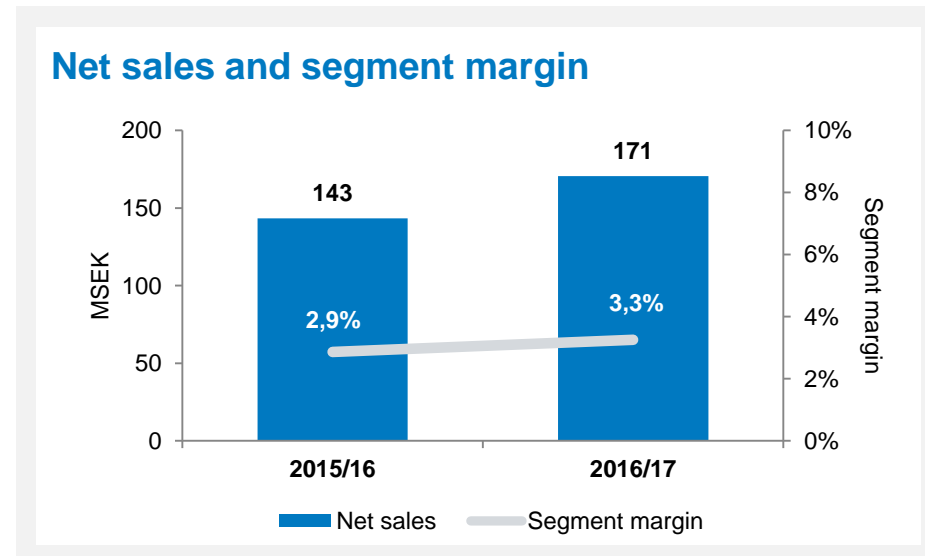


# Financial Development – B2C

## Strong quarterly growth – but focus on margin

- **Net sales growth in B2C by 18.9% y/y**
  - Organic growth of 17.4% in constant currency
  - Strong sales development in Sweden following sales activities
  - Continued good sales trend in Norway
  - Online sales in Finland supported growth
- **Continued focus on margin**
  - Segment margin improved to 3.3% (2.9%)
  - Pricing discipline and flexible cost base
- **Complement segment representing just over 7% of total sales**
  - Valuable segment to understand market trends and to get access to consumer assortment

MSEK	Q1 2016/17	Q1 2015/16	Organic growth const. currency	Q1 y/y growth
Net sales	171	143	17.4%	18.9%
Segment result	5.5	4.1	–	34.6%
Segment margin	3.3%	2.9%	–	–



# Summary of the First Quarter Results

MSEK	Q1 2016/17	Q1 2015/16	FY 2015/16	FY 2014/15
Net sales	2,284	2,124	8,301	7,933
Organic net sales growth	4.4%	2.5%	4.4%	5.7%
Items affecting comparability	-2	-2	-5	-69
Adjusted EBITDA	119	108	400	364
Adjusted EBITA	116	105	390	354
- Adjusted EBITA margin	5.1%	4.9%	4.7%	4.5%
Central costs as % of Net sales	-3.3%	-3.3%	-3.5%	-3.2%
Net debt	576	783	826	937
Net debt / Adjusted EBITDA	-	-	2.1x	2.6x
Net working capital	-174	45	32	158
Return on equity	-	-	15.8%	9.4%
Earnings per share (SEK)	0.89	1.01	2.95	1.75
Equity per share (SEK)	19.71	18.12	18.67	17.38
Cash flow from operating activities per share (SEK)	4.00	2.61	5.87	0.82
Dividend per share (SEK)	-	-	2.40	1.70

# Net working capital

## Temporarily low net working capital

- Net working capital decreased to -174 MSEK (45)
- Inventories and account receivables slightly higher than last year
- Account payables higher this year, as a result of more favorable credit terms from one distributor and valid until further notice
- Normalized level at approximately 1 percent of net sales

MSEK	Q1 2016/17	Q1 2015/16	Q1 y/y growth
Inventories	302	261	15.6%
Account receivables	1,096	939	16.7%
Current tax assets, prepaid expenses and accrued income and other receivables	167	193	-13.1%
<b>Current non-interest bearing assets</b>	<b>1,565</b>	<b>1,393</b>	<b>12.4%</b>
Account payables	1,387	993	39.6%
Current tax liabilities, accrued expenses and deferred income and other liabilities	352	354	-0.4%
<b>Current non-interest bearing liabilities</b>	<b>1,739</b>	<b>1,347</b>	<b>29.1%</b>
<b>Net working capital</b>	<b>-174</b>	<b>45</b>	<b>nm</b>
<i>Net working capital as % of net sales, LTM</i>	<i>-2.1%</i>	<i>0.6%</i>	<i>-</i>



# Investments

## Continued low levels of capex

- **Capex at 0.2% (0.6%) of net sales**

- Capex related to maintenance and development of the IT-platform of SEK 4 (6) million
- Other capex of SEK 0 (7) million.

MSEK	Q1 2016/17	Q1 2015/16
IT platform related capex	4.5	6.3
- as % of net sales	0.2%	0.3%
Other capex	0.1	7.2
- as % of net sales	0.0%	0.3%
<b>Capex</b>	<b>4.6</b>	<b>13.5</b>
- as % of net sales	0.2%	0.6%

# Launch of Private Label Products

## Basic products with good quality

- Alledra - LED lighting
- Cirafon - mobile accessories
- Kivocase - protective laptop cases and bags
- Prokord - cables
- Tranzip – USB sticks

## Close cooperation with manufacturers

- Greater control of product features and quality
- Focus on responsible manufacturing
- Opportunity to improve margins over time



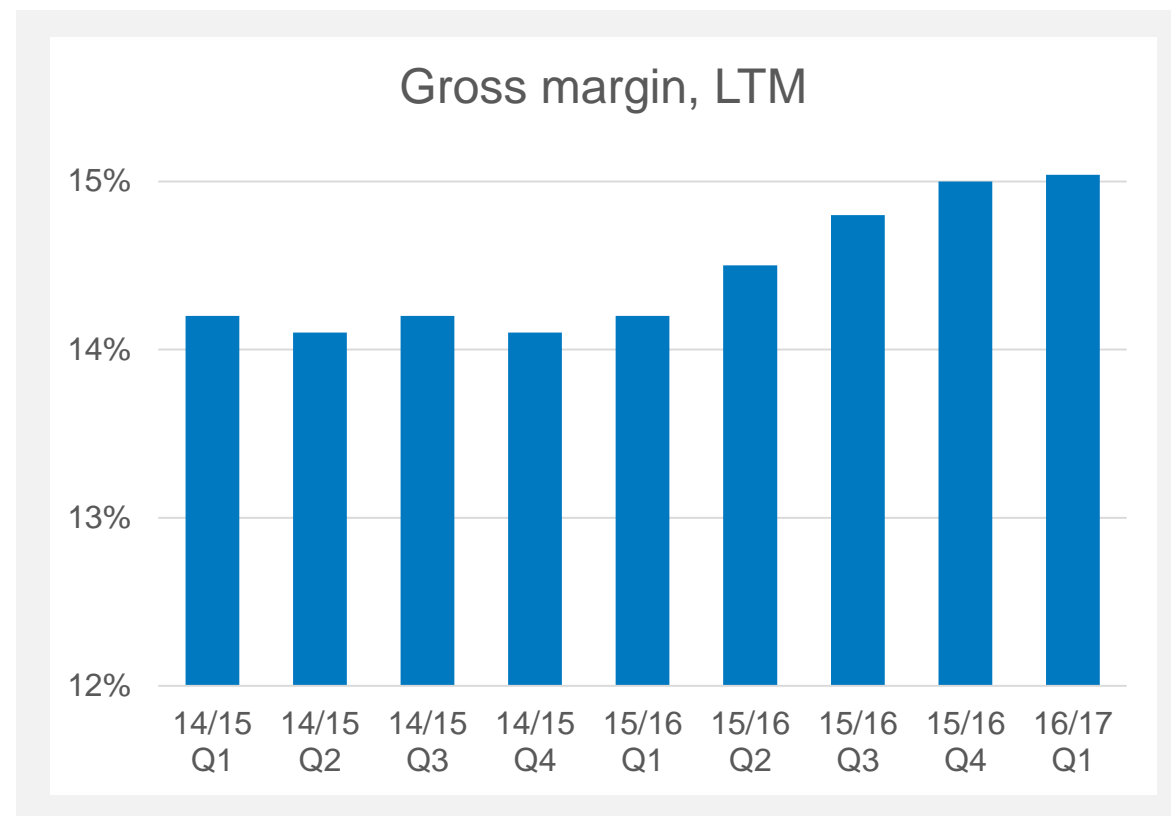
# Strengthened Gross Margin Through Transformation

## Acquisitions empowers transformation

- New bolt-on acquisition of IKT-Gruppen (cloud solutions sales)
- Several acquisitions within advanced products and services
  - Idenet (cloud and hosting)
  - Commsec (networking)
  - Resolute (Networking)

## Several factors behind margin expansion

- Increasing share of advanced products and services
- Higher share of recurring revenues
- Efficient pricing platform



# Summary

## Strong online sales and improved margins

### Organic net sales growth of 4.4% in constant currency

- Strong online growth in the B2B segment
- Very strong growth in the B2C segment
- **Gross margin increased to 14.9% (14.8%)**
  - Favourable product mix
  - Less favorable customer mix in quarter
- **Adjusted EBITA margin increased to 5.1% (4.9%)**
- **Strong financial position**
- **Recent acquisitions creates opportunities**



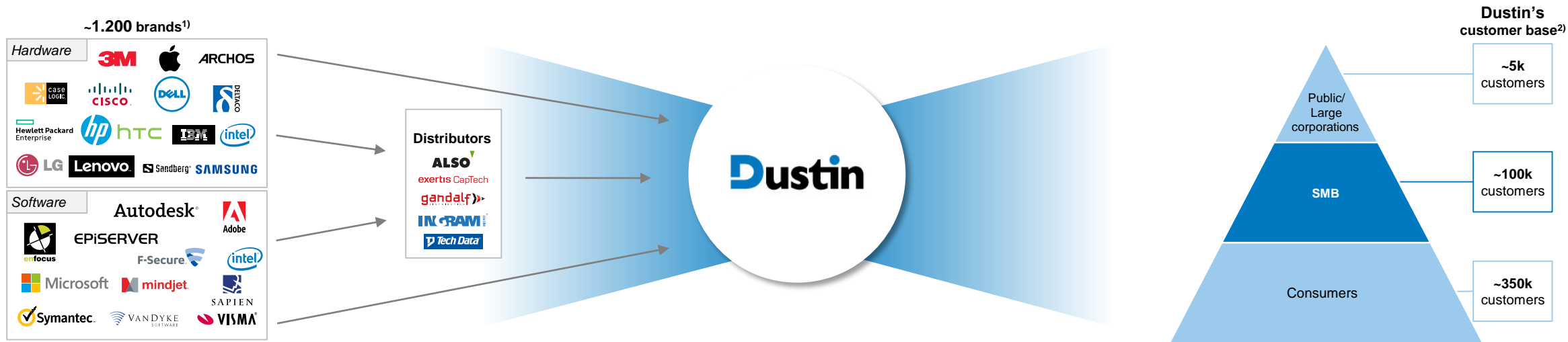
# Appendix

# Quarterly information

## Quarterly sales and segment results

SEK million	2012/13				2013/14				2014/15				2015/16				2016/17
	Q1/13	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17
Net sales	1,186	1,433	1,413	1,406	1,824	2,007	1,902	1,637	2,068	2,188	1,919	1,759	2,124	2,237	1,989	1,952	2,284
Share of net sales for the year (%)	21.8%	26.3%	26.0%	25.8%	24.7%	27.2%	25.8%	22.2%	26.1%	27.6%	24.2%	22.2%	25.6%	26.9%	24.0%	23.5%	-
y/y growth	-2%	14%	29%	47%	54%	40%	35%	16%	13%	9%	1%	7%	3%	2%	4%	11%	8%
Adjusted EBITA	63	63	69	59	97	106	80	70	97	108	82	67	105	113	91	81	116
Adjusted EBITA margin(%)	5.3%	4.4%	4.9%	4.2%	5.3%	5.3%	4.2%	4.3%	4.7%	4.9%	4.3%	3.8%	4.9%	5.0%	4.6%	4.1%	5.1%
Share of adjusted EBITA for the year (%)	28.1%	23.3%	26.1%	22.5%	27.8%	27.7%	21.9%	22.5%	27.4%	30.5%	23.2%	18.9%	26.9%	28.9%	23.5%	20.7%	-
<b>B2B segment</b>																	
Net sales	1,025	1,240	1,270	1,251	1,648	1,784	1,728	1,457	1,915	2,012	1,779	1,621	1,980	2,069	1,848	1,806	2,113
Share of net sales for the year (%)	21%	26%	27%	26%	25%	27%	26%	22%	26.1%	27.5%	24.3%	22.1%	25.7%	26.9%	24.0%	23.4%	-
y/y growth	0%	16%	34%	58%	61%	44%	36%	16%	16%	13%	3%	11%	3%	3%	4%	11%	7%
Segment result	107	109	113	95	147	155	136	116	160	170	142	118	171	183	156	150	186
Segment margin (%)	10.4%	8.8%	8.9%	7.6%	8.9%	8.7%	7.8%	8.0%	8.3%	8.5%	8.0%	7.3%	8.6%	8.9%	8.4%	8.3%	8.8%
<b>B2C segment</b>																	
Net sales	162	192	143	154	176	223	174	180	153	176	139	138	143	167	141	146	171
Share of net sales for the year (%)	25%	30%	22%	24%	23%	30%	23%	24%	25%	29%	23%	23%	24.0%	28.0%	23.6%	24.4%	-
y/y growth	-12%	5%	0%	-6%	9%	16%	21%	17%	-13%	-21%	-20%	-23%	-6%	-5%	1%	5%	19%
Segment result	9.1	8.7	6.3	8.9	7.7	12.5	9.6	8.4	1.4	6.5	6.2	4.8	4.1	6.0	6.7	5.6	5.5
Segment margin (%)	5.6%	4.5%	4.4%	5.8%	4.4%	5.6%	5.5%	4.7%	0.9%	3.7%	4.5%	3.4%	2.9%	3.6%	4.7%	3.8%	3.3%
<b>Central functions</b>																	
Central functions	54	55	50	45	57	61	66	54	64	69	66	55	70	77	71	75	76
Share of full year (%)	26%	27%	25%	22%	24%	26%	28%	23%	25%	27%	26%	22%	24.0%	26.1%	24.2%	25.7%	-
As % of net sales	4.5%	3.8%	3.6%	3.2%	3.1%	3.0%	3.4%	3.3%	3.1%	3.2%	3.4%	3.1%	3.3%	3.4%	3.6%	3.9%	3.3%
<b>Items affecting comparability</b>																	
Items affecting comparability	-2	0	0	-1	-47	-5	100	-46	-11	-38	-15	-5	-2	-	-3	-	-2

# Dustin has a strong position in the value chain



Value proposition to OEMs and distributors	High barriers to entry	Value proposition to customers
<ul style="list-style-type: none"> <li>▪ Distribution to customers that are difficult to serve</li> <li>▪ &gt;100k loyal B2B customers</li> <li>▪ Unique partner for campaigns / product launches</li> </ul>	<ul style="list-style-type: none"> <li>▪ Significant scale</li> <li>▪ Long term experience</li> <li>▪ Market leading brand</li> </ul>	<ul style="list-style-type: none"> <li>▪ Wide product and service offering</li> <li>▪ High IT knowledge</li> <li>▪ Fast and reliable delivery</li> </ul>
A LARGE NUMBER OF SUPPLIERS...	...NEED AGGREGATOR TO INTERACT WITH...	...A LARGE NUMBER OF CUSTOMERS

1) Purchased from ~350 suppliers (OEMs or distributors). 2) Defined as customers that have made at least one purchase during last 18 months. For consumers, the unique identifier is account number rather than personal identification number.

# Unique position combining cost efficiency with high service level

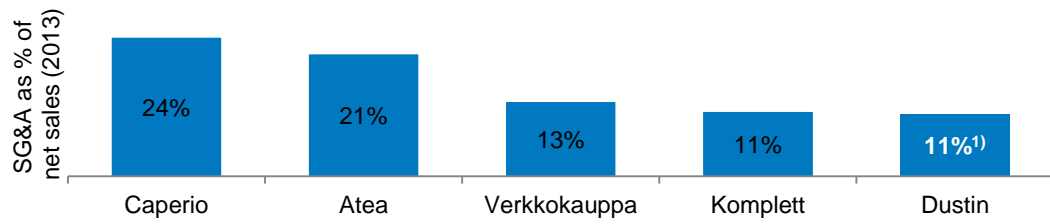
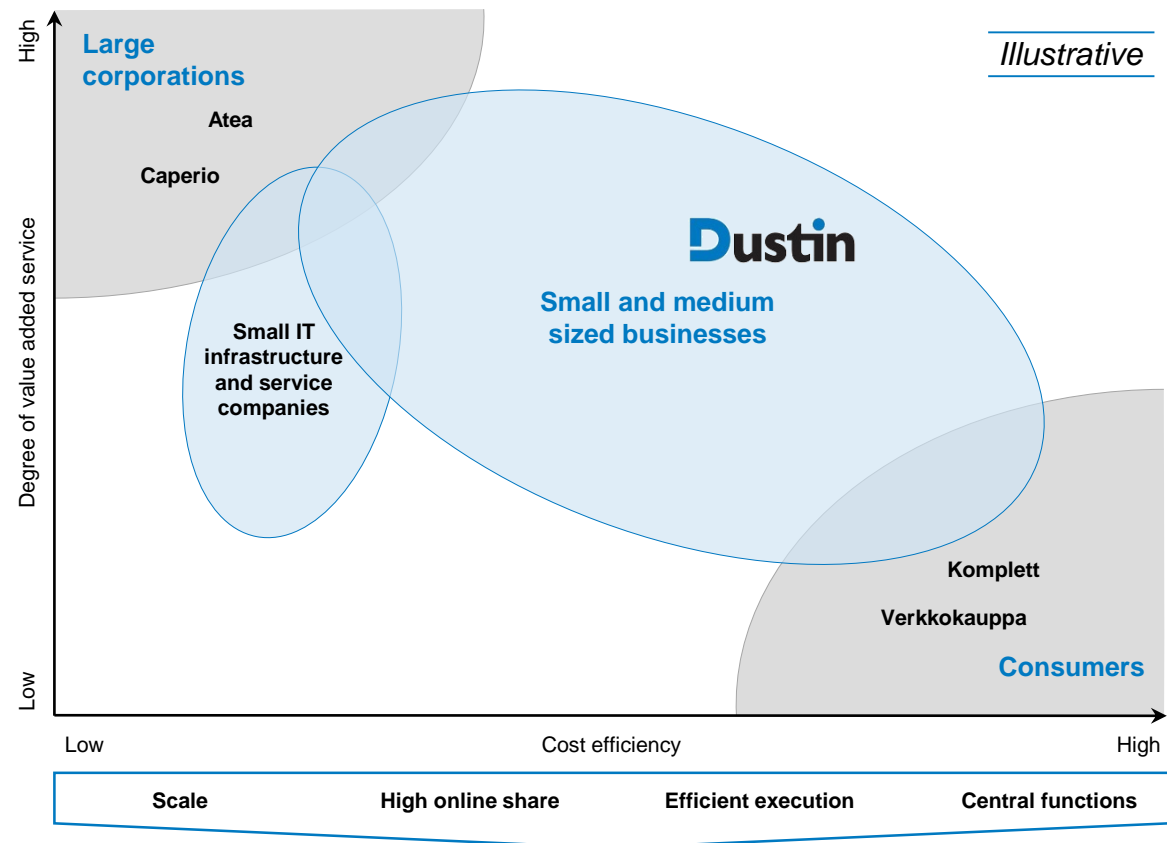
ERP implementation  
Strategic IT consultancy

- Integrated solutions
- On-site services
- Product-near services
- High IT knowledge
- Fast delivery
- Wide offering of ~200k IT products
- Strong brand name

Non-IT related consumer products

  Dustin's focus areas

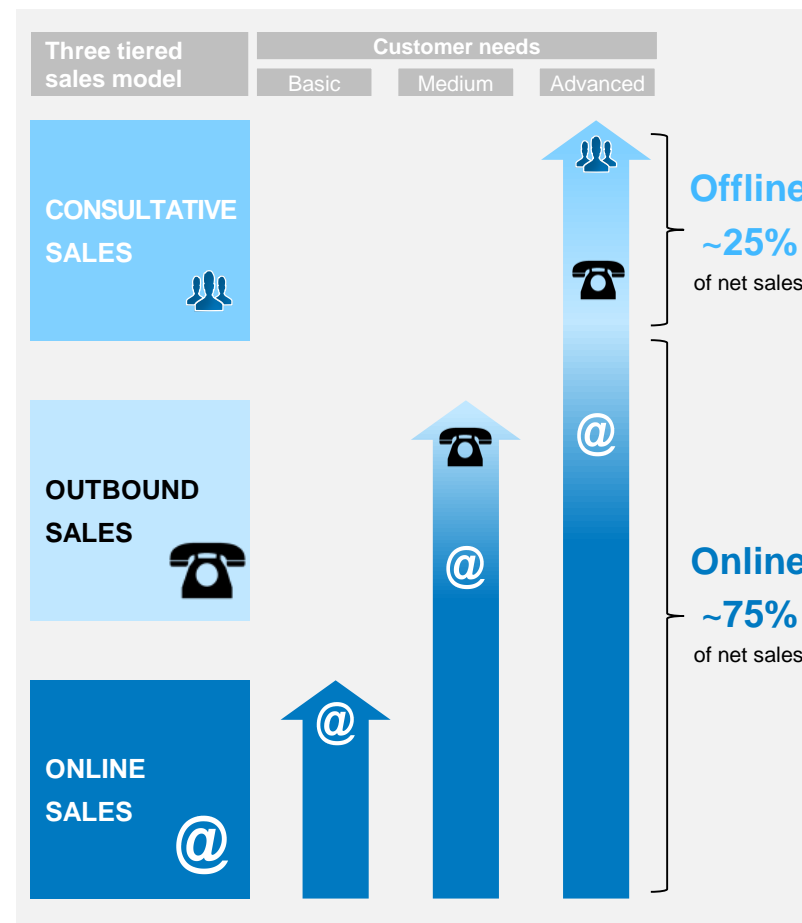
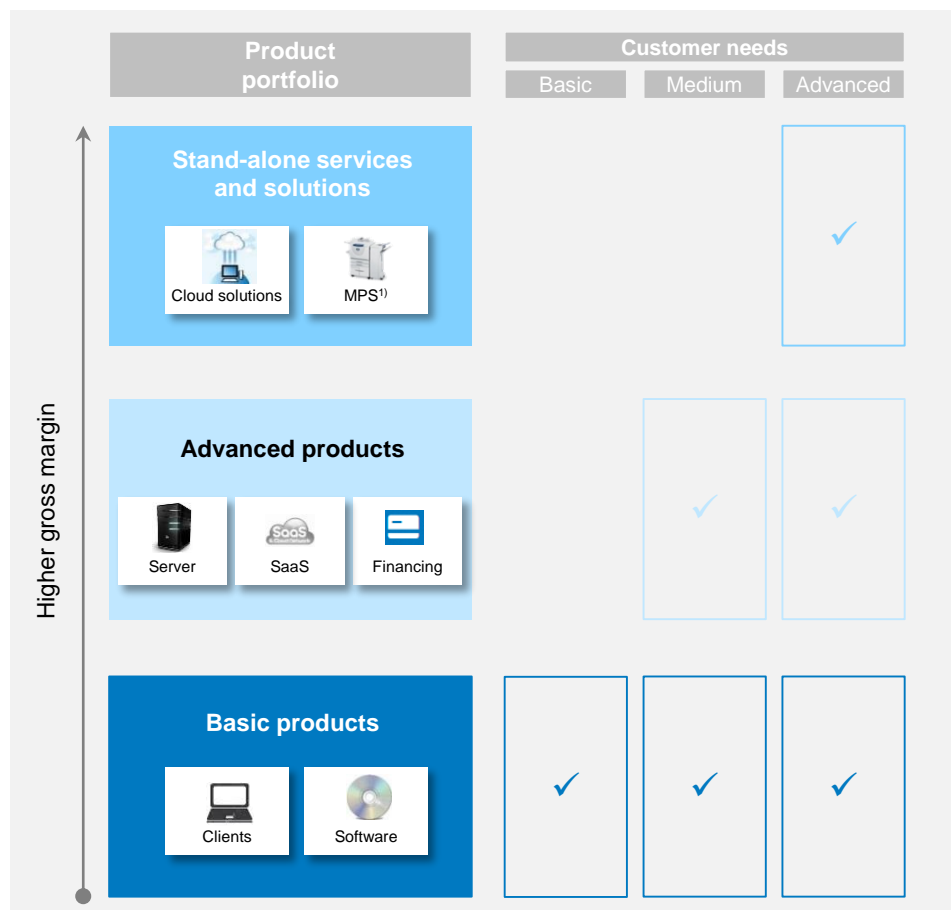
  Non SMB related services



1) 2014. Refer to the financial year ended 31 August, 2014.  
Source: Annual reports, industry analysis and management analysis.

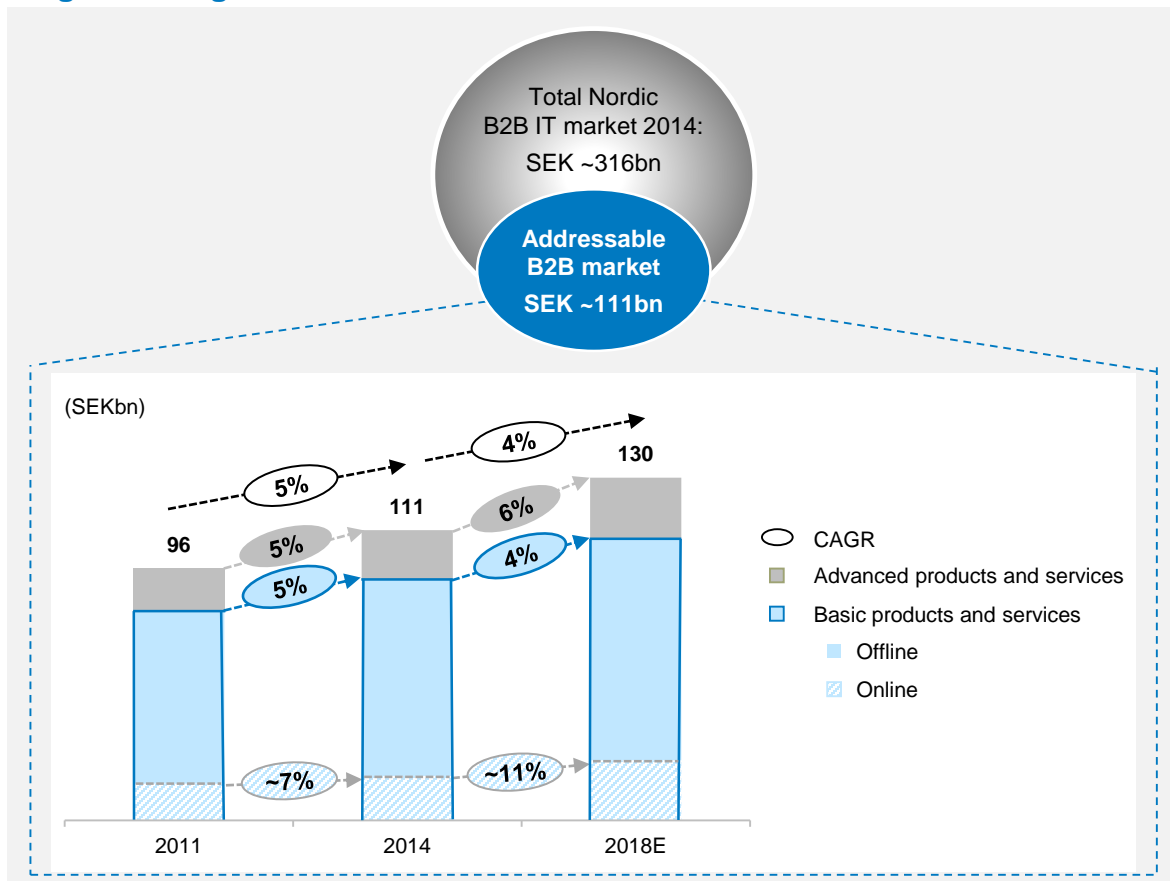


# Multi-channel approach to drive growth and margins



# High growth position in a large market

## Large and fragmented addressable market



Note: Market data based on calendar years. Addressable market includes all B2B hardware and selected SMB specific software and services. Source: Dustin estimates based on market analysis from a leading professional advisor including market information from IDC.

## Key trends driving Dustin's underlying growth

- ✓ Channel shift from offline to online
- ✓ Growth pockets within advanced products and services
- ✓ Higher growth for smaller companies

# Financial targets

## Financial targets

## Historical performance

### Net sales growth

Dustin's target is to achieve average annual organic net sales growth amounting to 8 percent over an economic cycle

In addition, Dustin targets to grow through acquisitions

### 8% organic growth

Average per year over a cycle

Period: 2011/12 – 2015/16

Average: ~8% organic growth per year

### Profitability

Dustin's target is to increase adjusted EBITA margin over time and in the medium term achieve 5–6 percent adjusted EBITA margin

### 5–6%

Adj. EBITA margin

Period: 2011/12 – 2015/16

Average: 4.7%

### Capital structure

Dustin's capital structure shall provide a high degree of financial flexibility and allow for acquisitions

Dustin targets to have financial debt, over time, amounting to a multiple of 2–3 times adjusted EBITDA for the last twelve months

### 2.0–3.0x

Net debt to adj. EBITDA

Period: 2015/16

Actual: 2.1x adjusted EBITDA

### Dividend policy

Dustin's target is to pay a dividend corresponding to more than 70 percent of net profit

The dividend shall take into account acquisitions, the Company's financial position, cash flow and future growth opportunities

### >70%

Pay-out ratio

Period: 2015/16

Actual: 81 percent, corresponding to SEK 2.40 per share

# Growth and margin expansion all about continuation of successful 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