

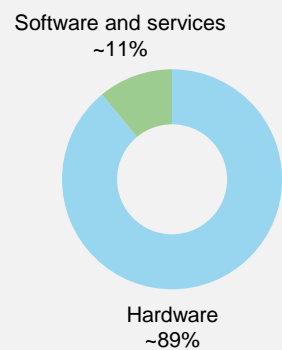
# Presentation – Q1 2017/18

January, 2018

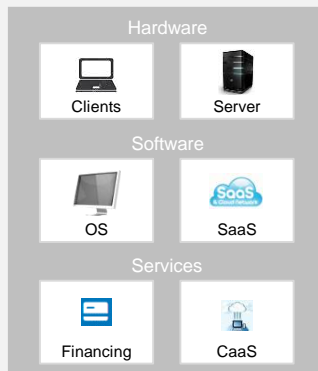


# Dustin at a glance

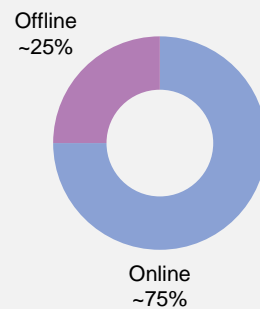
## 250,000 hardware and software products...



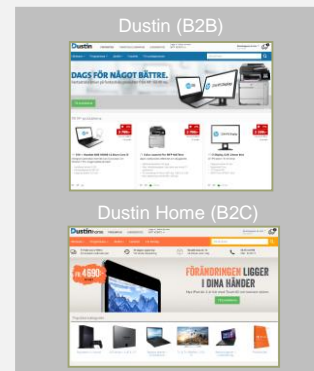
Refers to fiscal year 2016/17



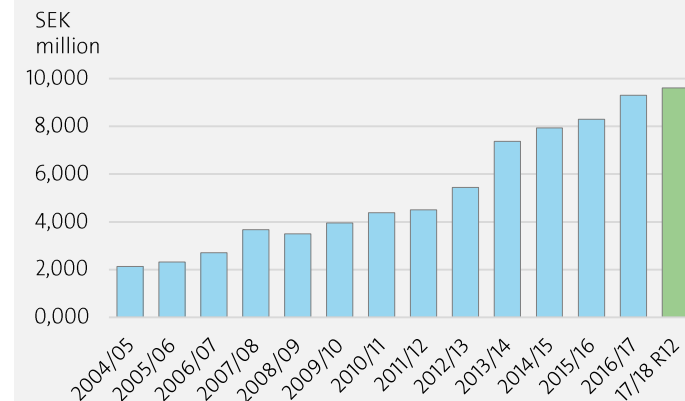
## ...sold online...



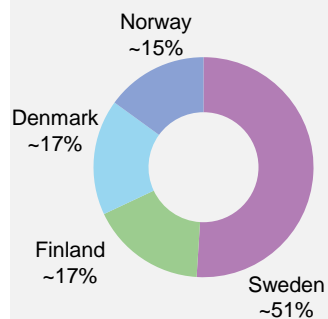
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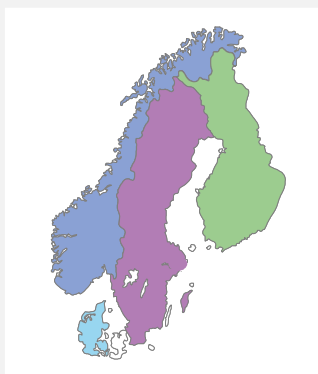
## Net sales



## ...across the Nordics...



Refers to fiscal year 2016/17



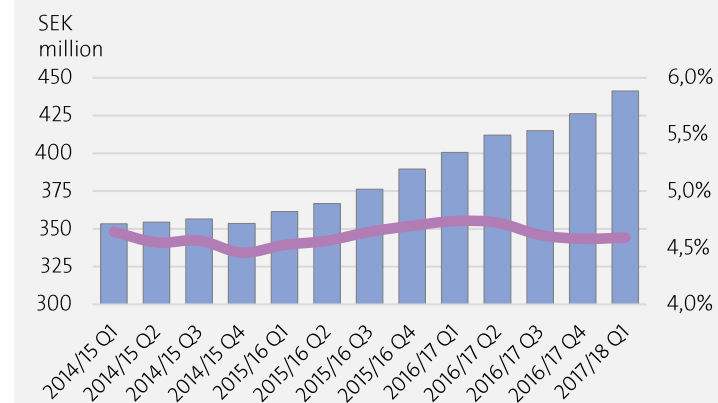
## ...to B2B customers

% net sales	Customers	Offering	Avg. order
94%	SMB	Full assortment	SEK 6,000
	Public/Large	Replenishment IT	SEK 7,000
6%	B2C	IT products	SEK 2,000

1.4 million orders

Refers to fiscal year 2016/17

## Adjusted EBITA and margin



# Q1 17/18 High operational activity in the quarter

## Operational Highlights

- **Acquired Norriq's business area for hosting and outsourcing of IT services in September**
  - Strengthens offering for advanced services and solutions in the Danish market and expands customer base in the core small and medium-sized business segment
- **Acquired Norwegian Core Services in October**
  - Specialized in data room products and solutions, broadens range of more advanced products and services and strengthens position as a turnkey supplier of IT infrastructure
- **Acquired Swedish JML-System**
  - One of Sweden's leading suppliers of audio/video solutions, offering both installation and service, complements offering of advanced solutions for meetings and conferences
- **Thomas Ekman new President and CEO as of January 1, 2018**

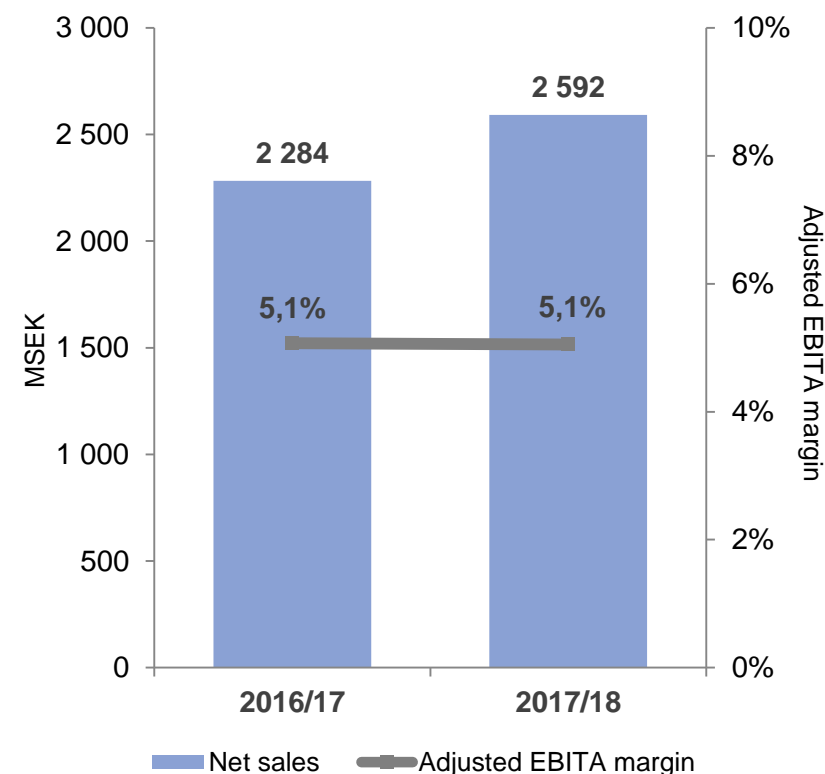


# Q1 17/18 Positive start of the fiscal year

## Financial Highlights

- **Net sales grew by 13.5% to 2,592 (2,284) MSEK**
  - Organic growth of 8.8% in constant currency
- **Gross profit of 404 (341) MSEK**
  - Gross margin of 15.6% (14.9%)
- **Adjusted EBITA of 131 (116) MSEK**
  - Adjusted EBITA margin of 5.1% (5.1%)
- **Items affecting comparability of -3.5 (-2.4) MSEK**
- **Earnings per share increased to 1.00 (0.89) SEK**
- **Cash flow from operating activities of 453 (305) MSEK**
- **Net debt of 920 (576) MSEK**
  - Net debt/adjusted EBITDA of 2.0x (1.4x), down from 2.3x at year end 2016/17

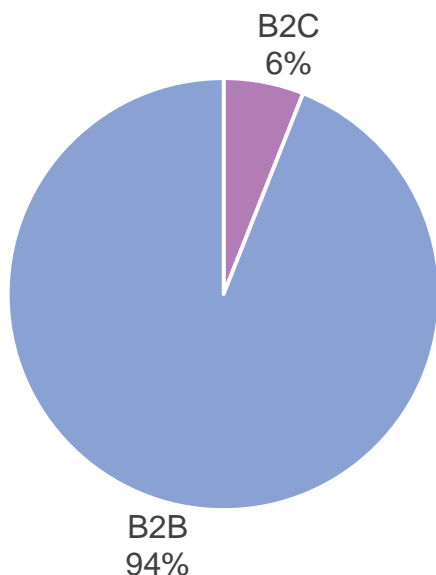
## Net sales and adjusted EBITA margin



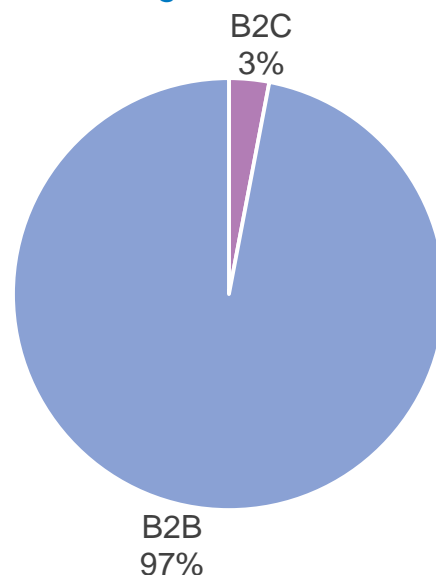
# New segment reporting will assist understanding the business dynamics

## Previous segment reporting

Share of sales



Share of segment results

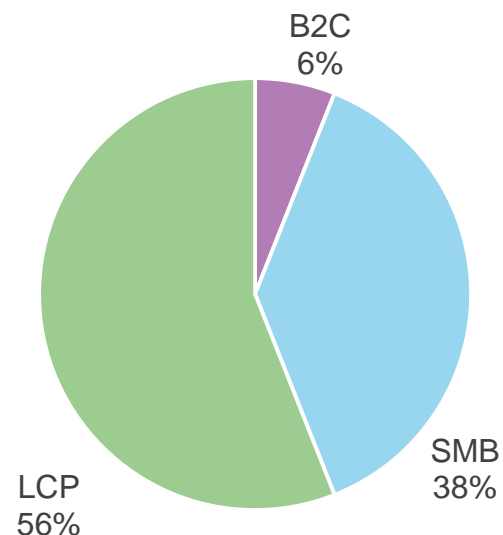


- Volatile sales growth between customer groups and quarters
- Margin development difficult to explain for different customer groups
- Governance model has changed since the IPO

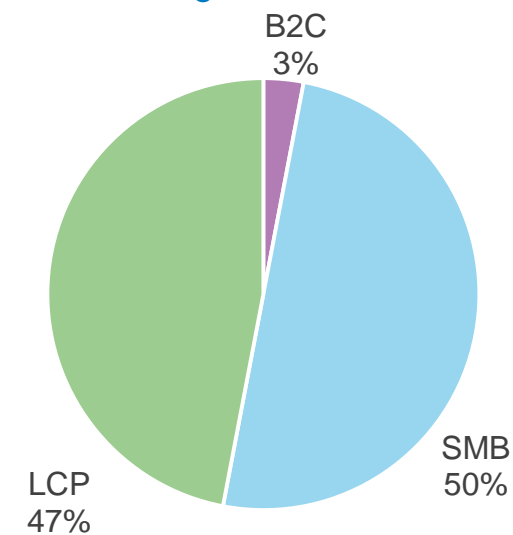
Refers to fiscal year 2016/17

## New segment reporting

Share of sales



Share of segment results



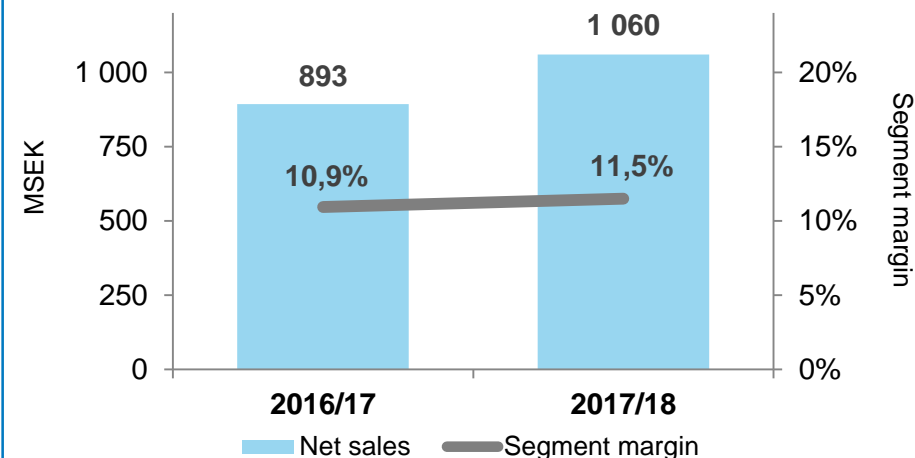
- SMB (Small and Medium-sized Businesses) is defined as companies with <500 employees while LCP (Large Corporate and Public sector) is defined as companies with >500 employees and public
- Different business models for SMB vs. LCP

# Financial Development – SMB

## Continued strong growth in the SMB segment

- **Net sales growth in SMB of 18.7% y/y**
  - Organic growth of 9.5% in constant currency
- **Segment result increased 24.8% to 122 (98) MSEK**
  - Segment margin at 11.5% (10.9%)
- **Strong online performance towards SMBs**
  - Robust sales performance, primarily in Sweden and Norway
  - Norriq's business area for hosting and outsourcing IT services consolidated on October 1
  - JML-System consolidated on November 1
- **Acquisitions drives margin improvement**
  - General improvement in the product mix in comparable units and completed acquisitions drives margin development
  - The customer base for SaaS configurations increased to 1,040 active customers (431), corresponding to 33,400 users (10,241)

### Net sales and segment margin



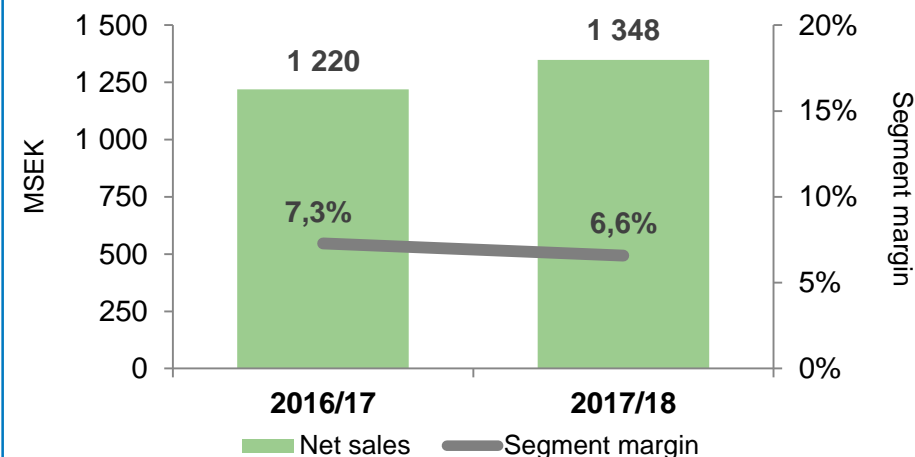
MSEK	Q1 2017/18	Q1 2016/17	Organic growth	Q1 y/y growth
Net sales	1,060	893	9.5%	18.7%
Segment result	122	98	–	24.8%
Segment margin	11.5%	10.9%	–	–

# Financial Development – LCP

## New frame agreements towards Public sector

- **Net sales growth in LCP of 10.5% y/y**
  - Organic growth of 8.3% in constant currency
- **Segment result unchanged at 89 (89) MSEK**
  - Segment margin at 6.6% (7.3%)
- **High sales under new framework agreements**
  - Continued high sales within new framework agreements, primarily towards the public sector (the public sector corresponds to about two-thirds of total net sales in LCP)
  - Strong sales performance in Norway and Finland
  - Core Services was consolidated from November 1
- **Pressure on margins**
  - High share of sales under framework agreements and a changed product mix with a higher proportion of clients pressured margins
  - Segment costs also impacted by continuing investments in the offering of advanced products and services

## Net sales and segment margin



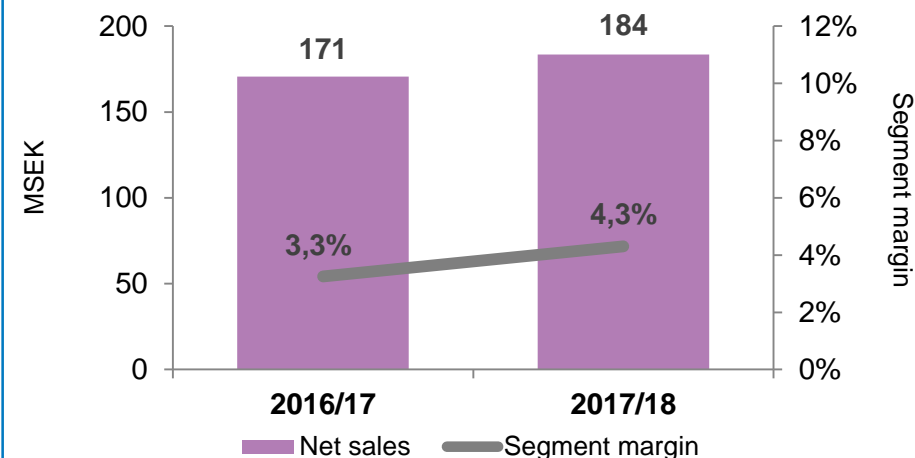
MSEK	Q1 2017/18	Q1 2016/17	Organic growth	Q1 y/y growth
Net sales	1,348	1,220	8.3%	10.5%
Segment result	89	89	–	-0.1%
Segment margin	6.6%	7.3%	–	–

# Financial Development – B2C

## Positive quarterly growth – focus on margin

- **Net sales growth in B2C of 7.6% y/y**
  - Organic growth of 8.5% in constant currency
- **Segment result improved to 7.9 (5.5) MSEK**
  - Segment margin at 4.3% (3.3%)
- **Complement segment representing around 7% of total sales**
  - Positive sales development in Finland and Denmark
  - “Black Friday” campaign activities impacted positively
  - Pricing discipline and flexible cost base
- **Continued focus on margin**
  - Pricing discipline and flexible cost base
  - Valuable segment to understand market trends and to get access to consumer assortment

## Net sales and segment margin



MSEK	Q1 2017/18	Q1 2016/17	Organic growth	Q1 y/y growth
Net sales	184	171	8.5%	7.6%
Segment result	7.9	5.5	–	42.1%
Segment margin	4.3%	3.3%	–	–



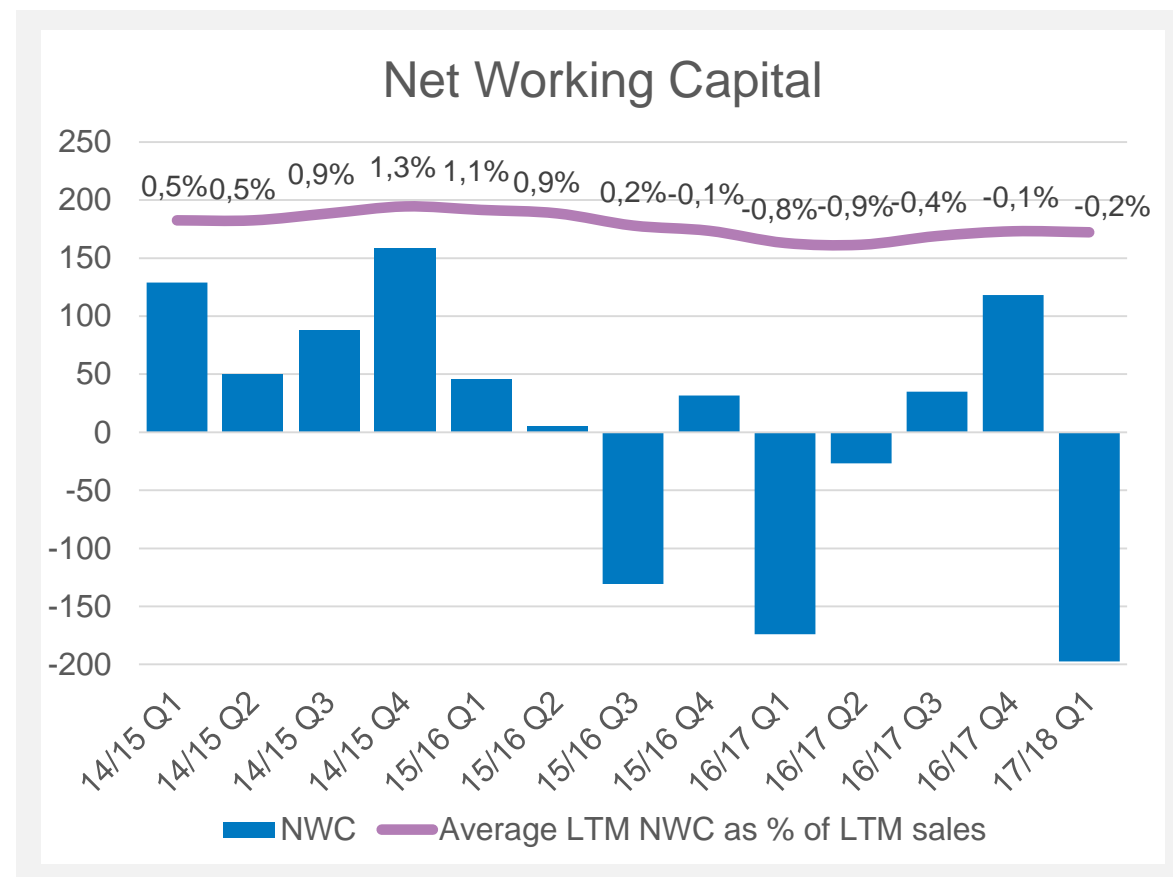
# Net Working Capital and Net debt

## Seasonally low net working capital

- Net working capital was -198 MSEK (-174)
- Account receivables higher than last year primarily as a result of higher sales
- Account payables still affected by favorable credit terms from one distributor and valid until further notice
- Inventory level affected by special customer agreements, larger roll-outs and launch of Dustin private label
- Normalized level of net working capital at approximately 1 percent of net sales

## Stable net debt in relation to adjusted EBITDA

- Net debt of 920 (576) MSEK
- Net debt/adjusted EBITDA of 2.0x (1.4x), down from 2.3x at year end 2016/17



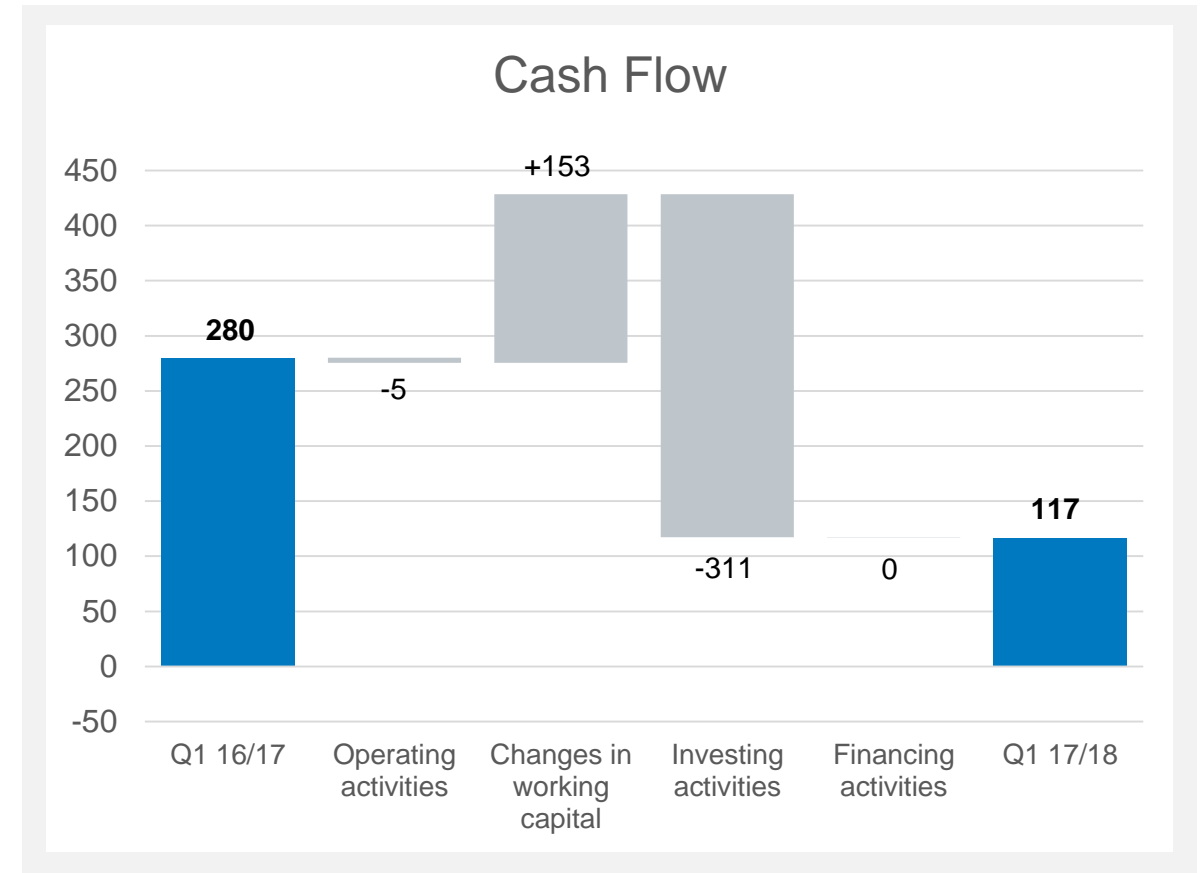
# Cash flow and capex

## Strong cash flow despite several acquisitions

- Cash flow for the quarter was 117 (280) MSEK
- Cash flow from operating activities was stable y/y, negatively affected by higher paid taxes of 42 (22) MSEK
- Changes in working capital was positive by 153 MSEK versus last year mainly as a result of higher account payables
- Cash flow from investing activities affected by the acquisition of Norriq's business area for hosting and outsourcing of IT services, Core Services and JML-System

## Continued low levels of capex

- Capex at 0.3% (0.2%) of net sales
  - Capex related to IT development (integrated IT-platform and other long term strategic IT-systems) of SEK 3.8 (4.5) million
  - Other capex of SEK 3.8 (0.1) million



# Continue leveraging dynamic market trends and new service offerings

2016/17

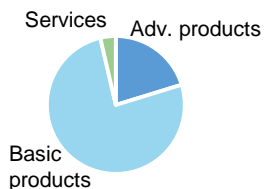
- Pan-Nordic footprint with one common platform supporting product and service offerings
- Nordic governance structure with highly skilled central online team and local sales organization
- +250 sales specialists addressing +10.000 customers with a wide portfolio of IT-solutions
- Cloud portal securing growth in SaaS and managed services

Net sales  
**SEK 9.3 bn**

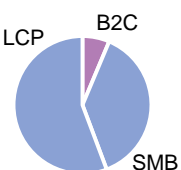
EBITA margin  
**4.6%**

Number of FTEs  
**977**

Product split



Segment split



Recurring revenue

Solution specialists

Online excellence

CAGR:  
~10%

- Based on financial target of 8% organic growth over a cycle
- 3-5 acquisitions per annum
- Leverage integrated platform – infrastructure and customer offerings in all geographies
- Realize sales synergies of newly acquired offerings and expanding customer base
- Accelerate sales of managed services towards SMB to increase recurring revenues and margin expansion
- Continue consolidation of specialized VAR market through M&A

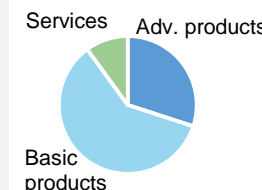
2021/22

- One-stop shop for SMBs in all Nordic countries
- Fully integrated online experience for product and service sales
- +4 bn SEK in advanced products and services sales driven by acquired companies and organic growth
- +1 bn SEK in recurring revenues

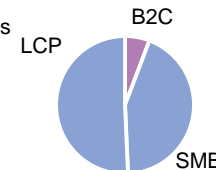
Net sales  
**SEK ~15\* bn**

EBITA margin  
**5-6%\***

Product split



Segment split



Recurring revenue

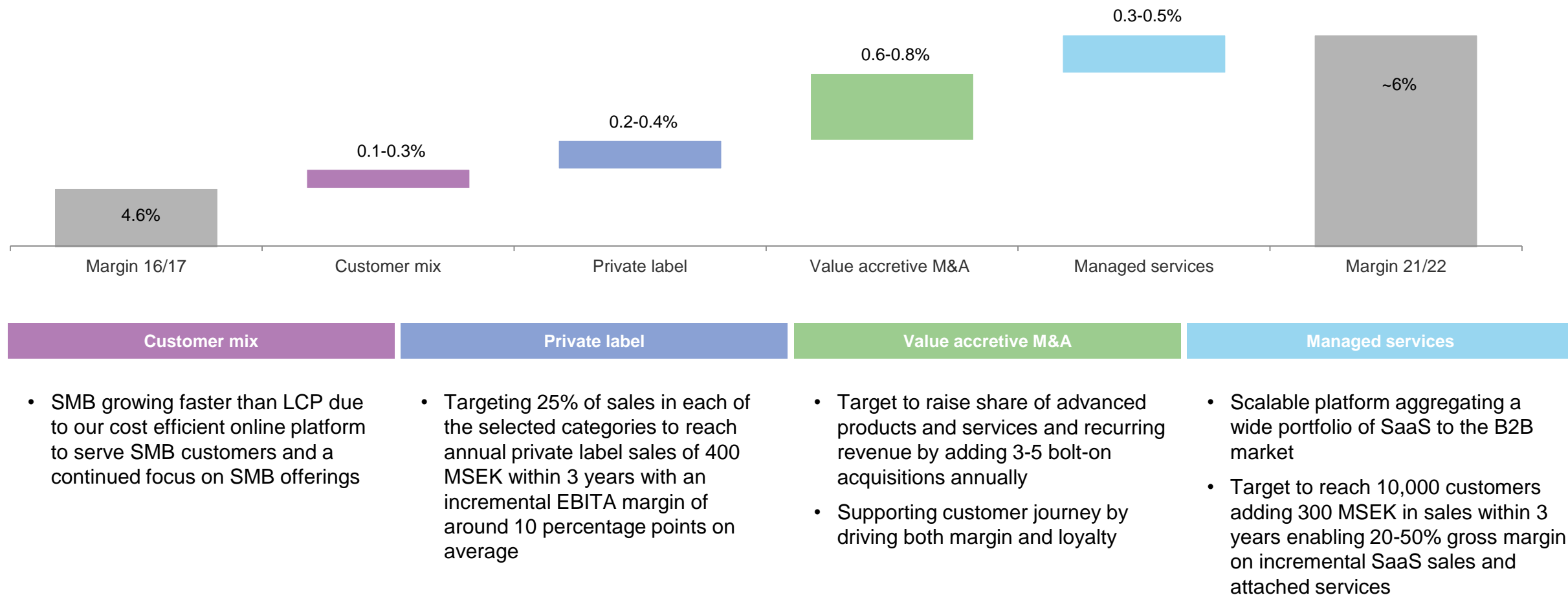
Solution specialists

Online excellence

Source: Dustin. \*based on financial targets

# Well defined levers will contribute to the margin journey

## Margin journey potential FY21/22



Source: Dustin

# Summary

## Positive start of the fiscal year

### Net sales increased by 13.5%

- Organic net sales growth of 8.8% in constant currency
- All segments deliver organic growth in line with or above our financial target

### Gross margin at 15.6% (14.9%)

- Positively affected by a more favorable product mix mainly as a result of acquisitions in the current and past quarters

### Adjusted EBITA margin of 5.1% (5.1%)

- Positively impacted by a higher gross margin, but counteracted by higher share of sales within new frame agreements and continued investments in the service offering and private label products.

### Earnings per share increased to 1.00 (0.89) SEK

**Acquired Norriq's business area for hosting and outsourcing of IT services, Core Services and JML-System**

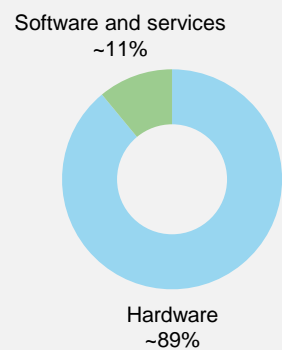
**Thomas Ekman new President and CEO**



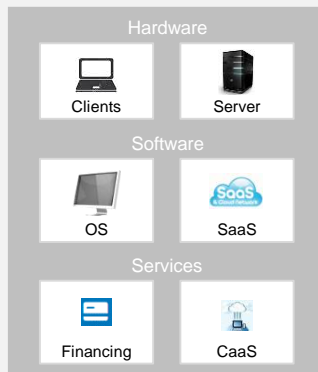
# Corporate presentation

# Dustin at a glance

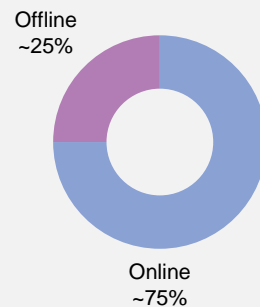
## 250,000 hardware and software products...



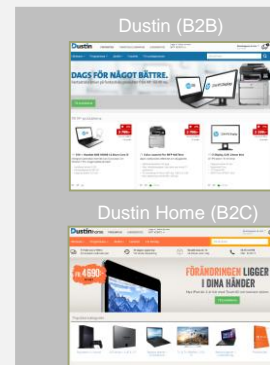
Refers to fiscal year 2016/17



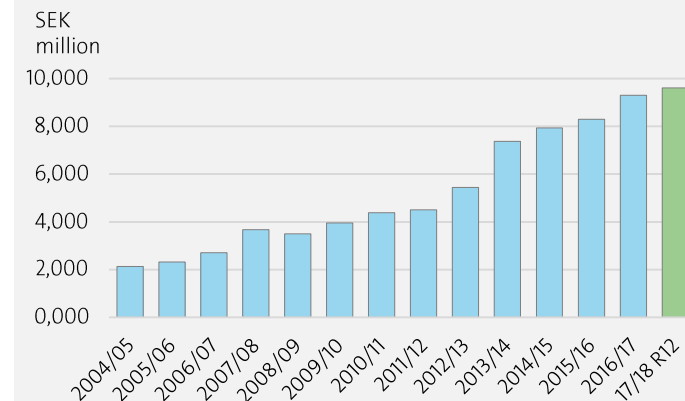
## ...sold online...



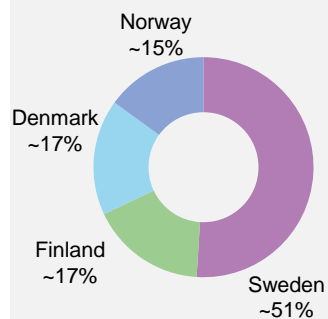
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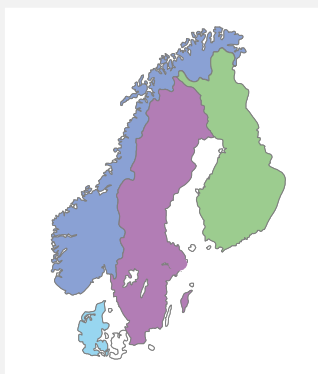
## Net sales



## ...across the Nordics...



Refers to fiscal year 2016/17



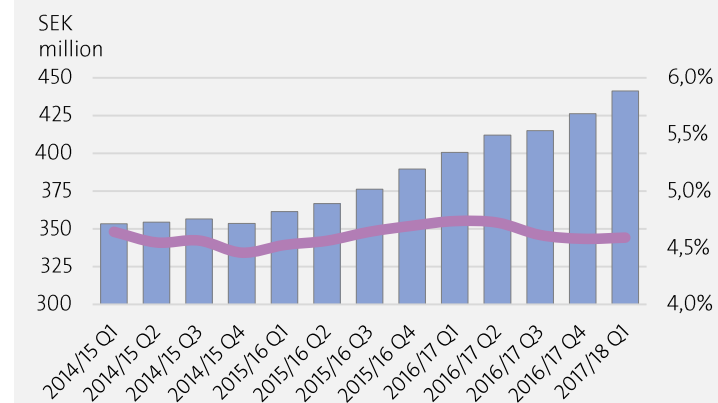
## ...to B2B customers

% net sales	Customers	Offering	Avg. order
94%	SMB	Full assortment	SEK 6,000
	Public/Large	Replenishment IT	SEK 7,000
6%	B2C	IT products	SEK 2,000

1.4 million orders

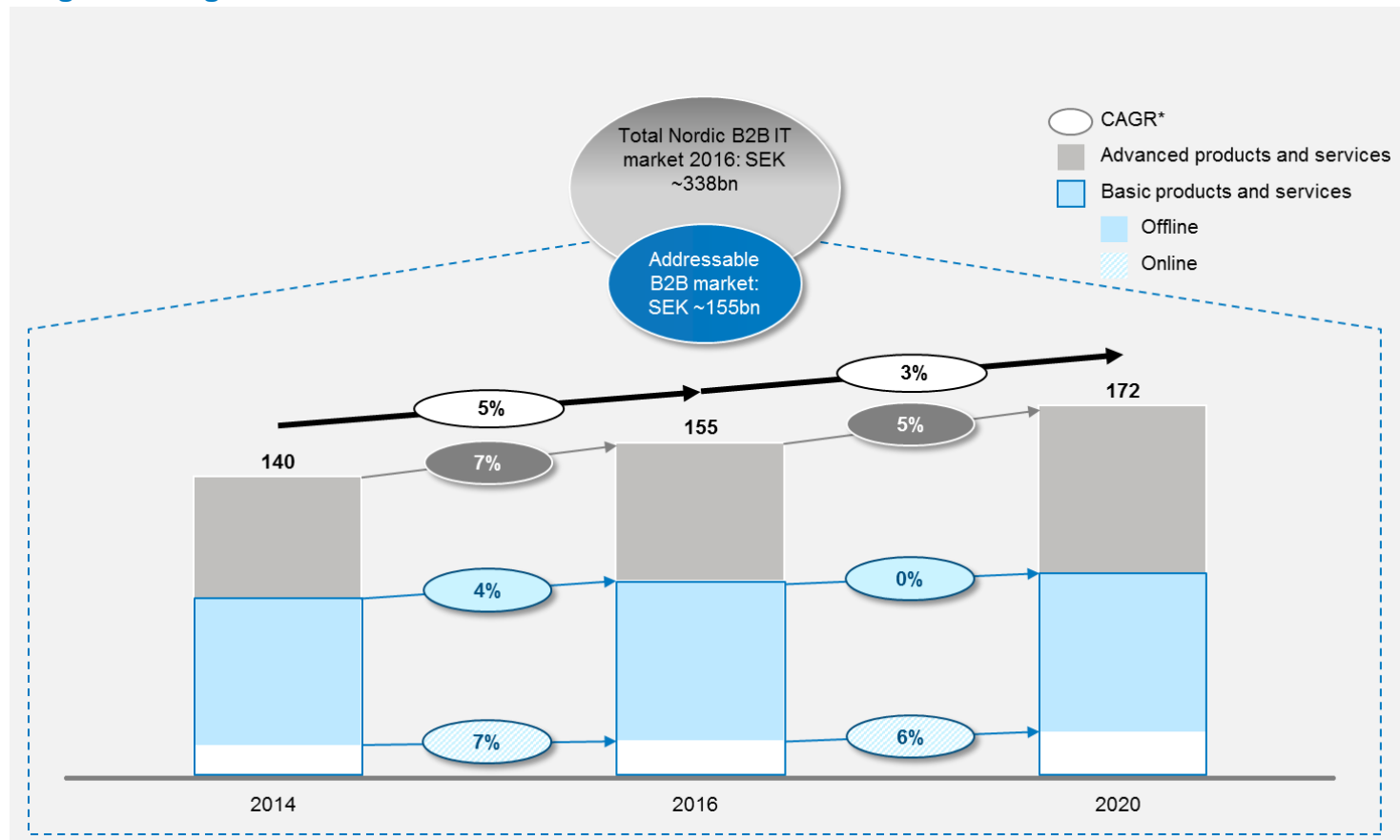
Refers to fiscal year 2016/17

## Adjusted EBITA and margin



# High growth position in a large market

## Large and fragmented addressable market



## 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

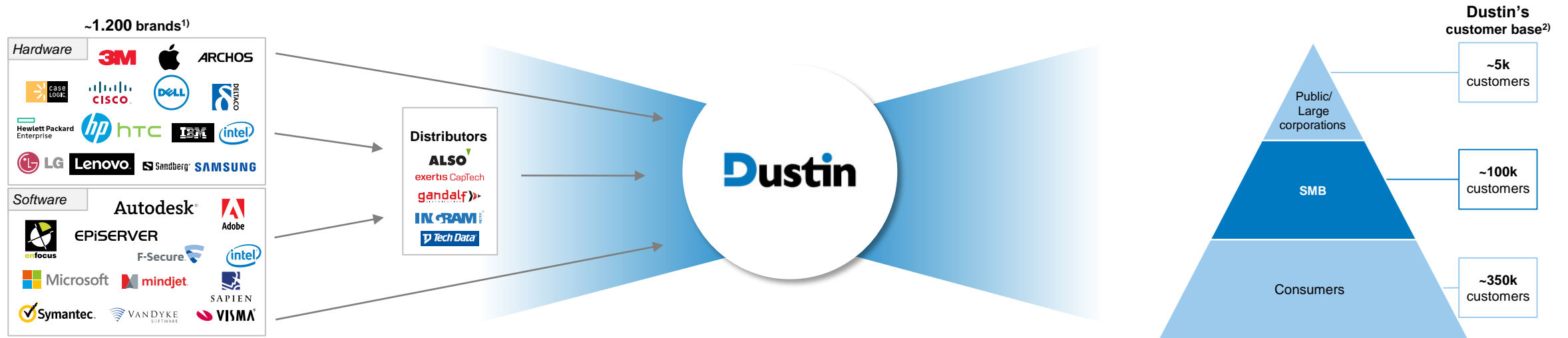
\*Compound Annual Growth Rate

Note: Market data based on calendar year. The addressable market refers to hardware sales to the B2B segment and selected parts of software and services to the customer group small and medium enterprises.

Source: Dustin estimates based on market data from IDC and market analysis from a senior advisor.



# Dustin has a strong position in the value chain



## Value proposition to OEMs and distributors

- Distribution to customers that are difficult to serve
- >100k loyal B2B customers
- Unique partner for campaigns / product launches

## High barriers to entry

- Significant scale
- Long term experience
- Market leading brand

## Value proposition to customers

- Wide product and service offering
- High IT knowledge
- Fast and reliable delivery

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

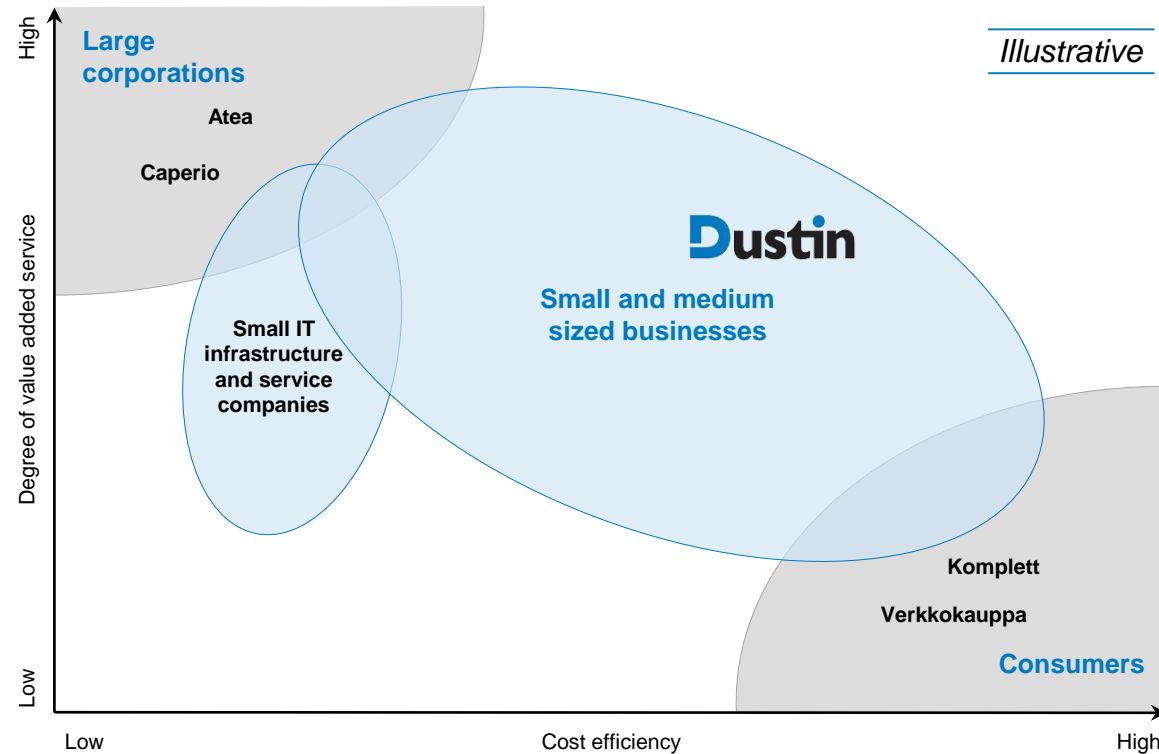
ERP implementation  
Strategic IT consultancy

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

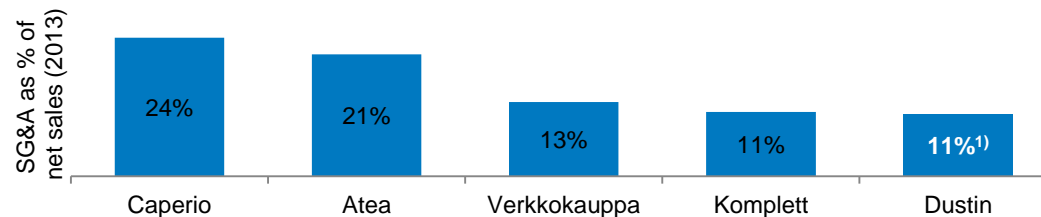
Non-IT related consumer products

☐ Dustin's focus areas

☐ Non SMB related services

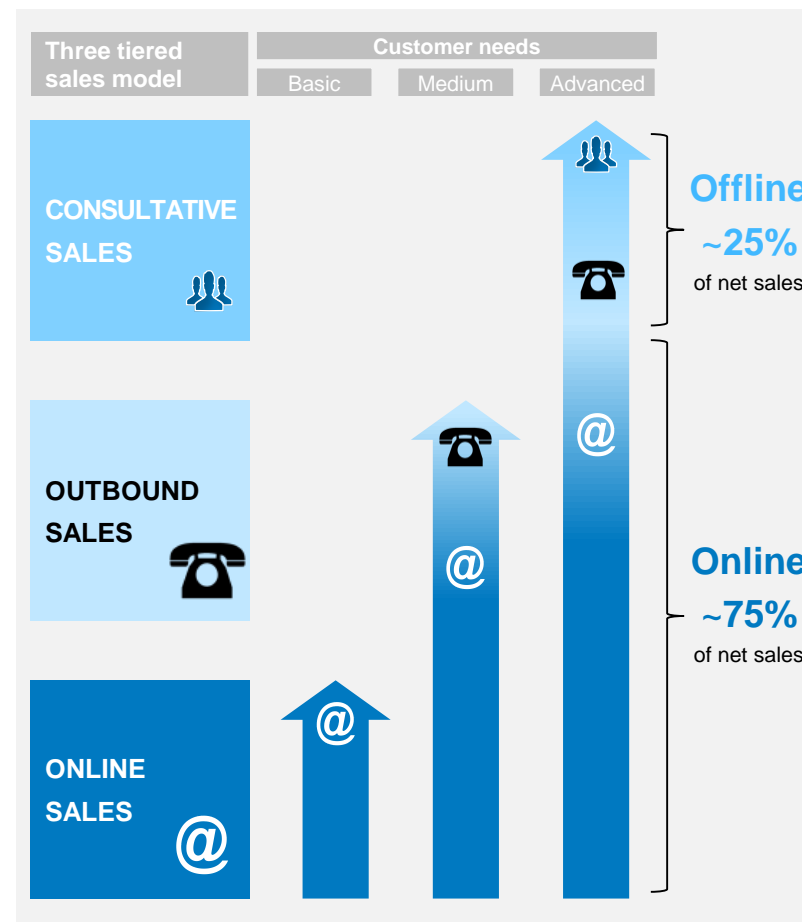
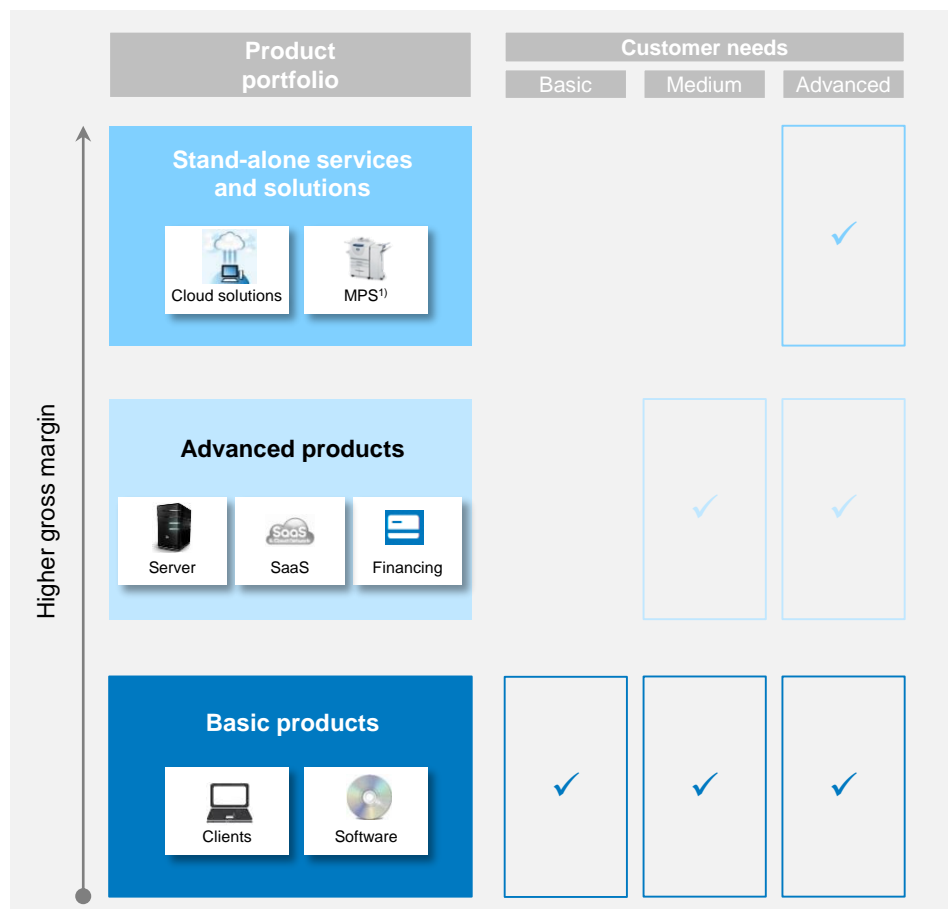


Scale      High online share      Efficient execution      Central functions



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



# 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: 2012/13 – 2016/17

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: 2012/13 – 2016/17

Average: 4.6%

### Capital structure

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

Dustin targets to have a net 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: 2016/17

Actual: 2.3x 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: 2016/17

Actual: 87% of adj. net profit, corresponding to SEK 2.80 per share

# Continue leveraging dynamic market trends and new service offerings

2016/17

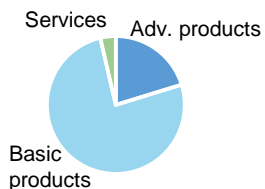
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- Nordic governance structure with highly skilled central online team and local sales organization
- +250 sales specialists addressing +10.000 customers with a wide portfolio of IT-solutions
- Cloud portal securing growth in SaaS and managed services

Net sales  
**SEK 9.3 bn**

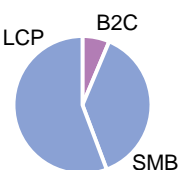
EBITA margin  
**4.6%**

Number of FTEs  
**977**

Product split



Segment split



Recurring revenue

Solution specialists

Online excellence

CAGR:  
~10%

- Based on financial target of 8% organic growth over a cycle
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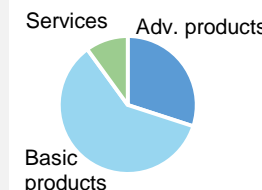
2021/22

- One-stop shop for SMBs in all Nordic countries
- Fully integrated online experience for product and service sales
- +4 bn SEK in advanced products and services sales driven by acquired companies and organic growth
- +1 bn SEK in recurring revenues

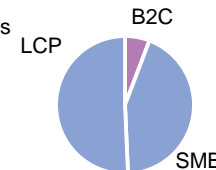
Net sales  
**SEK ~15\* bn**

EBITA margin  
**5-6%\***

Product split



Segment split



Recurring revenue

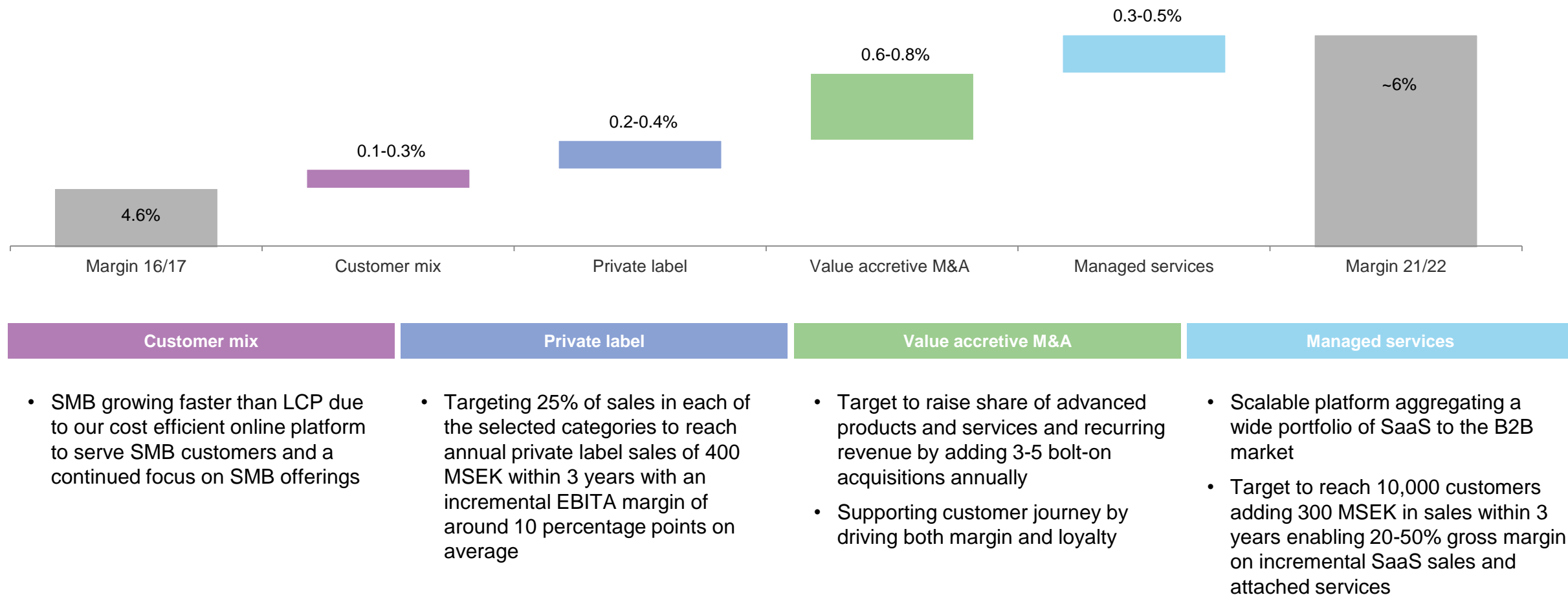
Solution specialists

Online excellence

Source: Dustin. \*based on financial targets

# Well defined levers will contribute to the margin journey

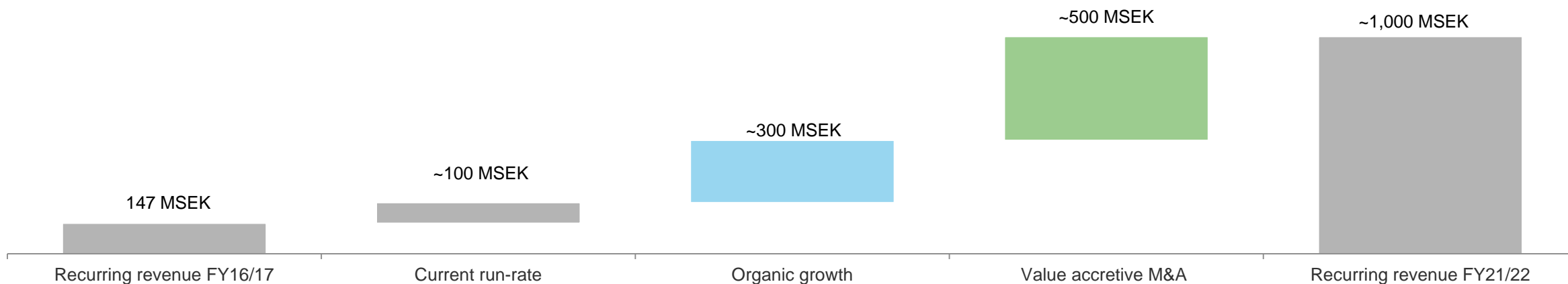
## Margin journey potential FY21/22



Source: Dustin

# Higher share of recurring revenue increases loyalty and margin

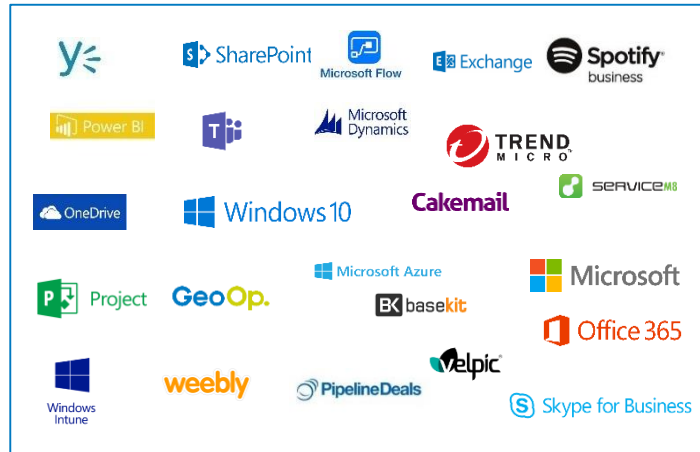
## Recurring revenue potential FY21/22



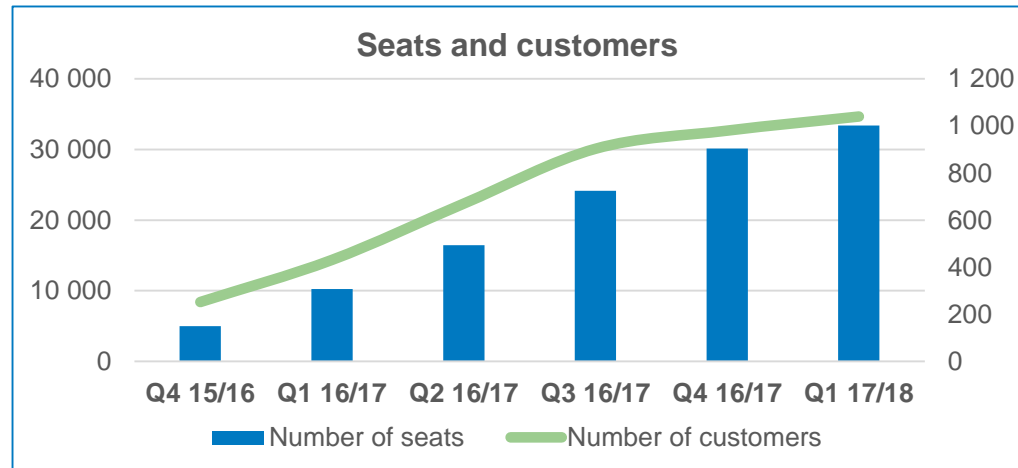
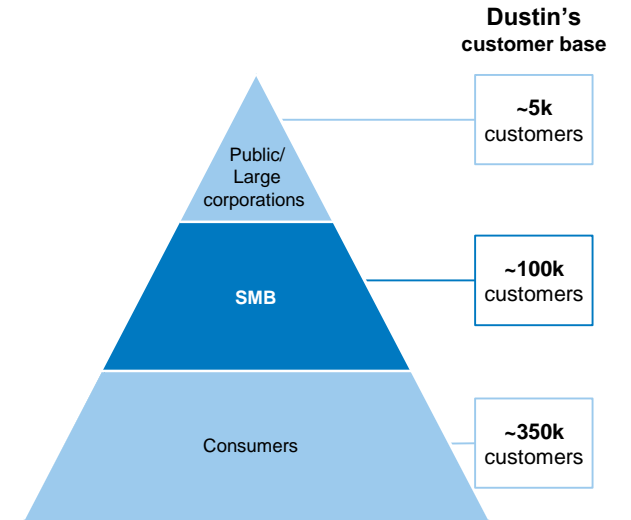
Current run-rate	Organic growth	Value accretive M&A
<ul style="list-style-type: none"> <li>Acquisition of IKT, Purity and Saldab in FY16/17</li> <li>Acquisition of Norriq ICS, Core Services and JML System in Q1 17/18</li> </ul>	<ul style="list-style-type: none"> <li>Recurring revenues will exceed growth of ordinary business due to market dynamics</li> <li>Increased investments in managed services</li> </ul>	<ul style="list-style-type: none"> <li>Further acquisitions will be focused in areas with recurring revenue as a standard</li> </ul>

Source: Dustin. Note: Recurring revenue is defined as services which are automatically renewed and billed on a regular basis where Dustin plays an active part in the delivery/handling. Warranties, financing and traditional software agreements (e.g OVS) are not included

# Dustin's Cloud Platform - The one-stop-shop targeting SMBs



**Dustin**



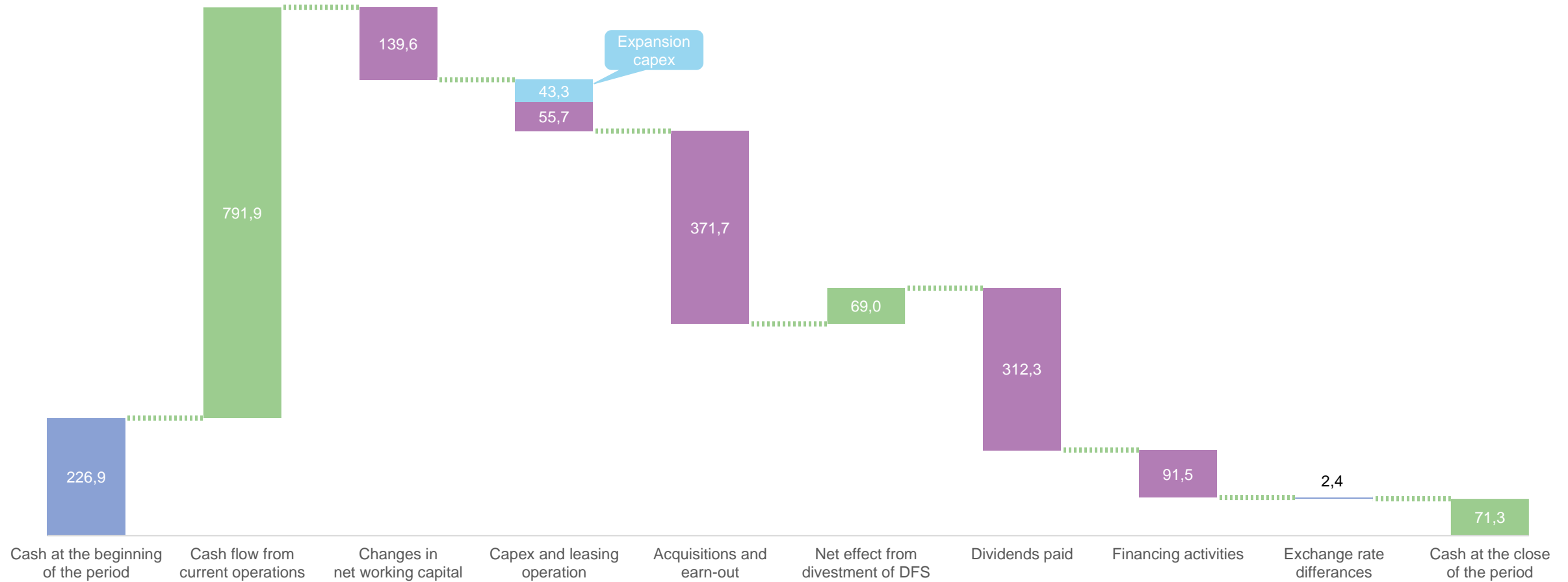
## Increasing share of high-margin recurring revenue

- Scalable platform aggregating a wide portfolio of SaaS to the Nordic B2B market
- Launch being Microsoft centric due to strong legacy and cloud services brand recognition
- Fast growth within Dustin's SMB customer base and significant cross-selling opportunities
- SaaS bundled with in-house Dustin solutions. e.g. Office 365 migration and Helpdesk
- Ease of use to order and manage subscriptions
- Dustin's multi-channel sales model ideal to convert and migrate transactional HW customers



# High cash conversion enables bolt on acquisition strategy and high dividend yield

Cash flow since IPO (2014/15 Q3 – 2016/17 Q4)



# Appendix

# Summary of the First Quarter Results

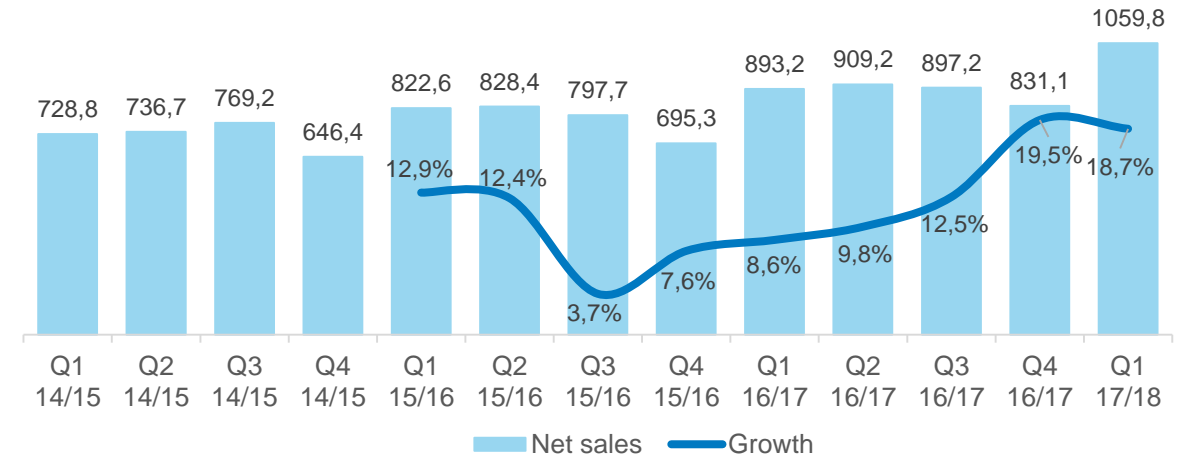
MSEK	Q1 2017/18	Q1 2016/17	Rolling 12 months	FY 2016/17
Net sales	2,592	2,284	9,614	9,306
Reported net sales growth	13.5%	7.5%	13.6%	12.1%
Organic net sales growth	8.8%	4.4%	9.7%	8.6%
Items affecting comparability	-3.5	-2.4	-8.4	-7.3
Adjusted EBITDA	134	118	454	438
Adjusted EBITA	131	116	441	426
- Adjusted EBITA margin	5.1%	5.1%	4.6%	4.6%
Central costs as % of Net sales	-3.4%	-3.3%	-3.6%	-3.6%
Net debt	920	576	920	998
Net debt / Adjusted EBITDA	-	-	2.0x	2.3x
Net working capital	-198	-174	-198	118
Return on equity	-	-	15.8%	16.1%
Earnings per share (SEK)	1.00	0.89	3.24	3.14
Equity per share (SEK)	20.60	19.71	20.60	19.50
Cash flow from operating activities per share (SEK)	5.95	4.00	4.75	2.80
Dividend per share (SEK)	-	-	-	2.80

## Historical development shows quarterly fluctuations difficult to explain with previous segments

	Q1 16/17	Q2 16/17	Q3 16/17	Q4 16/17	Q1 17/18
<b>SMB</b>					
Net sales	893.2	909.2	897.2	831.1	<b>1,059.8</b>
Segment result	97.6	97.0	92.3	90.6	<b>121.8</b>
Segment margin %	10.9%	10.7%	10.3%	10.9%	<b>11.5%</b>
<b>LCP</b>					
Net sales	1,219.8	1,440.7	1,228.0	1,296.1	<b>1,348.4</b>
Segment result	88.9	106.1	83.9	76.5	<b>88.8</b>
Segment margin %	7.3%	7.4%	6.8%	5.9%	<b>6.6%</b>
<b>B2B</b>					
Net sales	2,113.0	2,349.9	2,125.3	2,127.2	-
Segment result	186.5	203.1	176.2	167.1	-
Segment margin %	8.8%	8.6%	8.3%	7.9%	-
<b>B2C</b>					
Net sales	170.6	153.0	132.0	135.2	<b>183.5</b>
Segment result	5.5	5.9	4.9	8.1	<b>7.9</b>
Segment margin %	3.3%	3.9%	3.7%	6.0%	<b>4.3%</b>
<b>Total</b>					
Net sales	2,283.6	2,502.9	2,257.4	2,262.4	<b>2,591.8</b>
Central cost	-76.2	-84.9	-86.8	-83.3	<b>-87.5</b>
	-3.3%	-3.4%	-3.8%	-3.7%	<b>-3.4%</b>
<b>EBITA</b>					
	<b>115.8</b>	<b>124.1</b>	<b>94.3</b>	<b>91.9</b>	<b>130.9</b>

New segments reported

SMB – quarterly development



LCP – quarterly development

