

# **Welcome to Dustin Capital Markets Day.**

**November 2019**

# Leadership Team.



Thomas Ekman  
President & CEO



Alexandra Fürst  
EVP IT & Digitalisation



Johan Karlsson  
CFO & EVP Business Support



Michael Haagen  
EVP LCP Nordic



Jenny Ring  
EVP Supply Chain



Morten Jakobi  
EVP People & Culture



Rebecca Tallmark  
EVP SMB Nordic



Henk Makaske  
EVP LCP & SMB Netherlands



Alexandra Drevenlid  
EVP Services & Solutions Nordic

# Today's agenda

<u>Time</u>	<u>Topic</u>	<u>Speaker</u>
11:00 – 12:00	Introduction	Thomas Ekman
	Strategic update	Thomas Ekman
	Financials	Johan Karlsson
12:00 – 12:30	Lunch	
12:30 – 13:45	LCP	Michael Haagen
	SMB	Rebecca Tallmark
	Services & Solutions	Alexandra Drevenlid
13:45 – 14:00	Coffee break	
14:00 – 15:00	Vincere & Online NL	Henk Makaske & Rebecca Tallmark
	Summary and Q&A	Thomas Ekman & Johan Karlsson
15:00	Optional warehouse tour	

# Strategic update.

**Thomas Ekman**

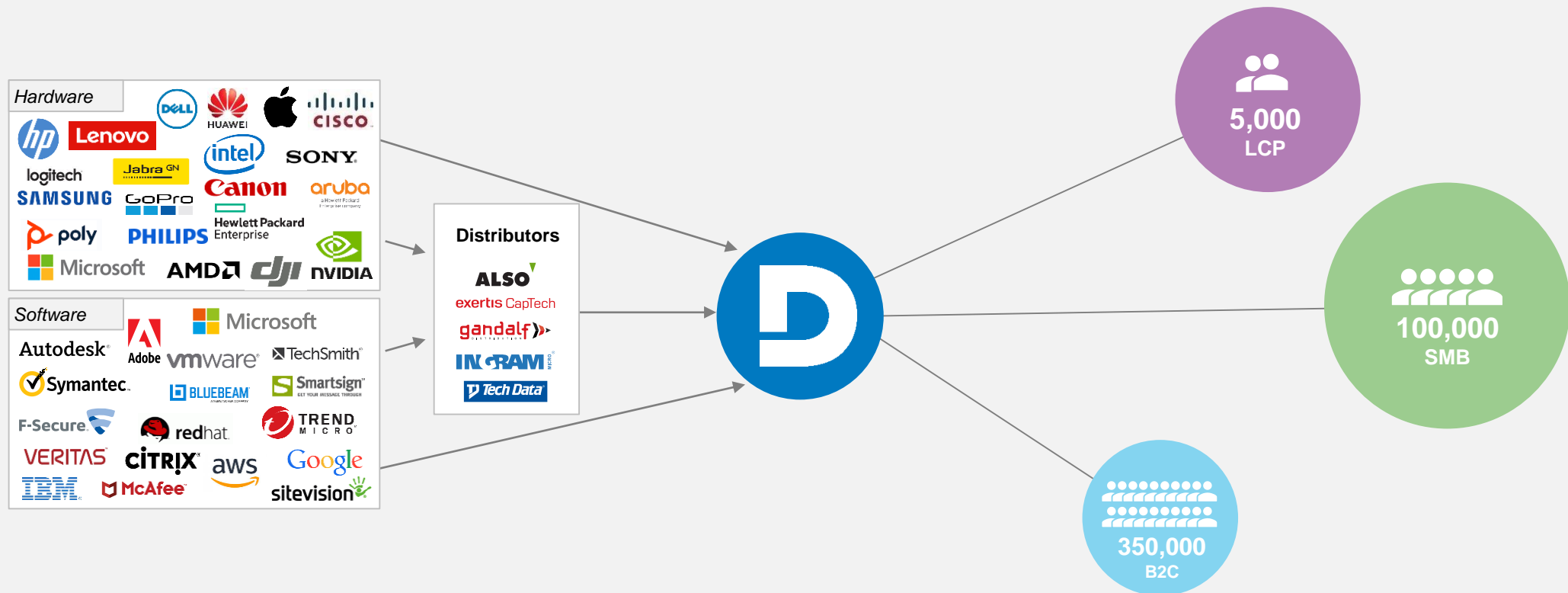
President and CEO







# Dustin – the origin.



A LARGE NUMBER OF SUPPLIERS...

...NEED AN AGGREGATOR TO INTERACT WITH...

...A LARGE NUMBER OF CUSTOMERS

# Five-year plan.

16/17

Net sales

**9.3**

SEK billion

EBITA margin

**4.6%**

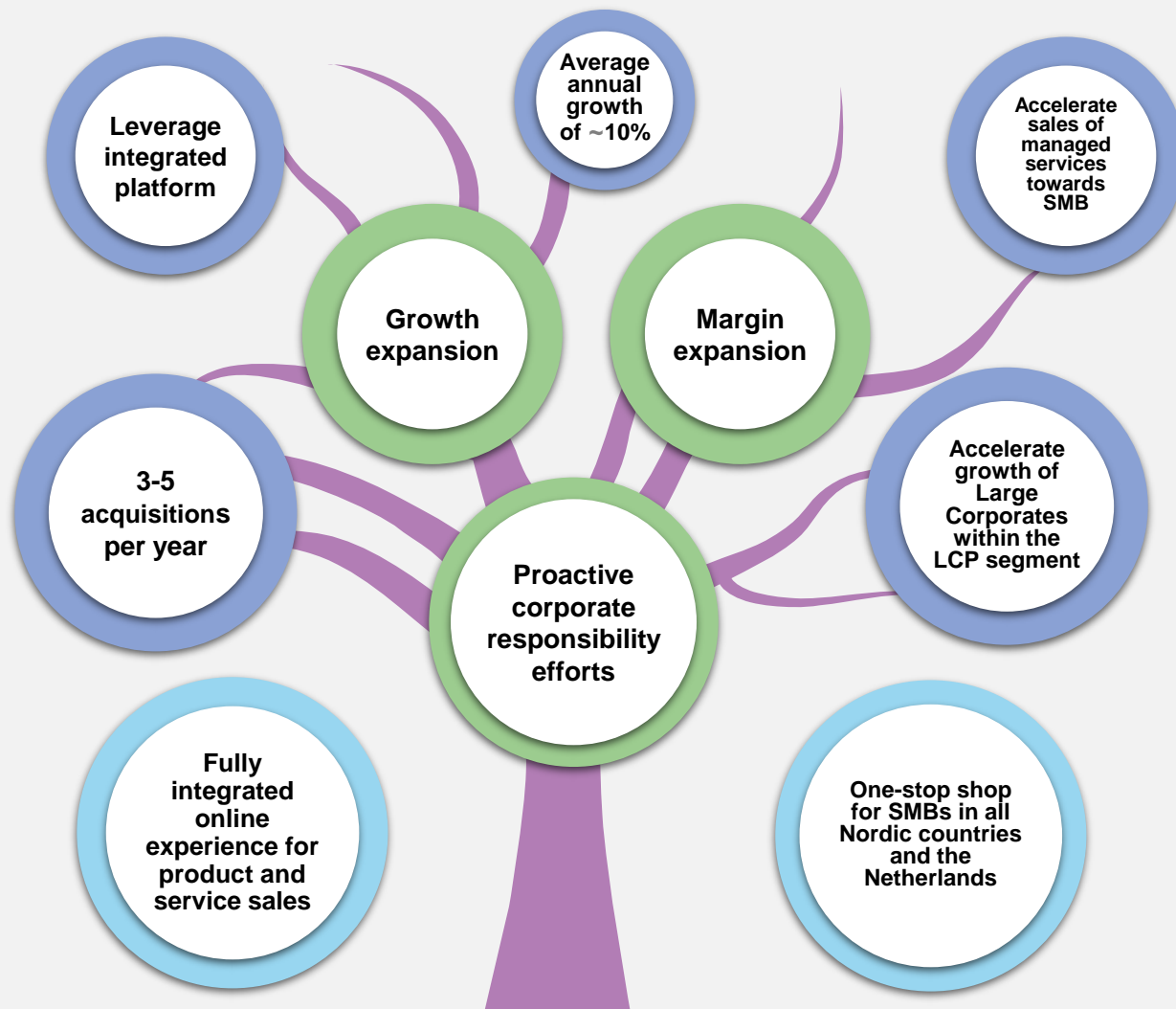
21/22

Net sales

**~15\***

SEK billion

EBITA margin

**5-6%\***

\* based on financial targets

In the presentation all EBITA figures refer to adjusted EBITA

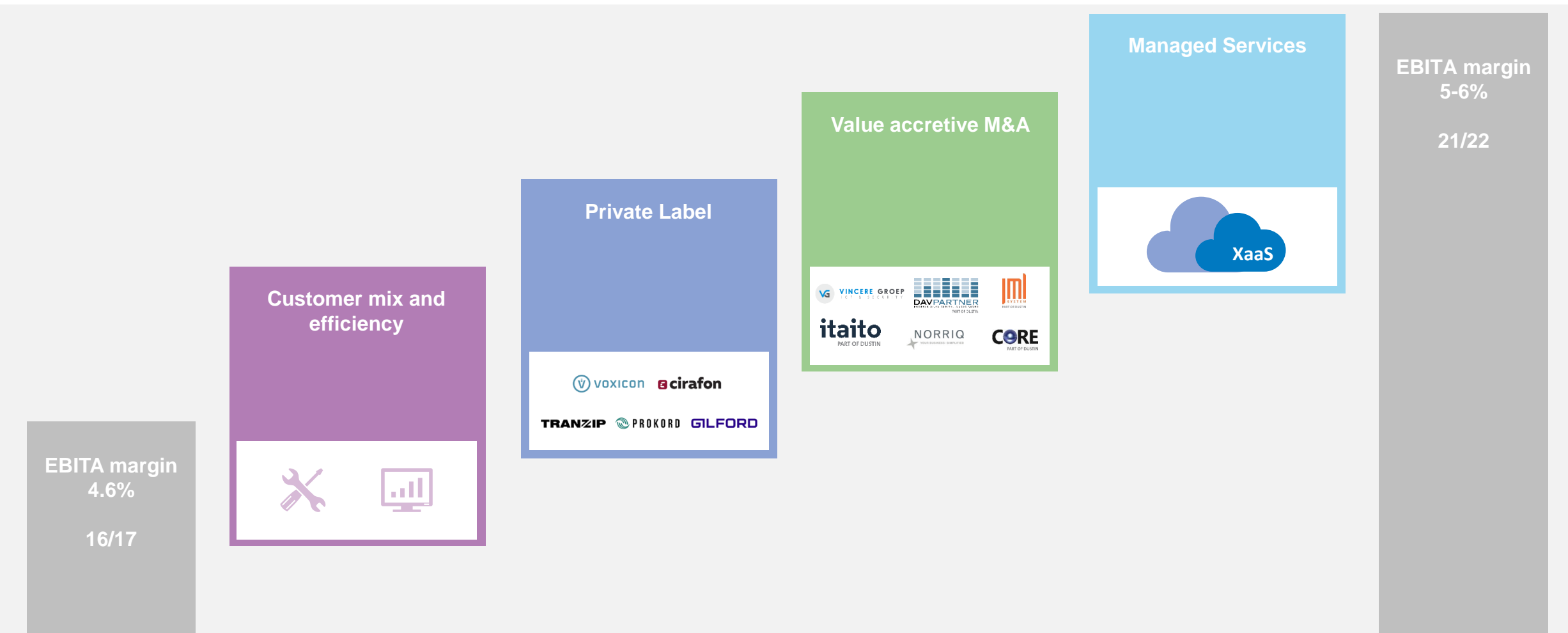
Source: Dustin.

# Five-year plan to increase growth.





# Five-year plan to increase margin.



## Five-year plan to increase sustainability.



**80**  
AUDITS

RESPONSIBLE  
MANUFACTURING



**40%**

REDUCED  
CLIMATE IMPACT



**140,000**

RESPONSIBLE  
USE OF  
RESOURCES



**100%**

BUSINESS ETHICS  
& ANTI-  
CORRUPTION

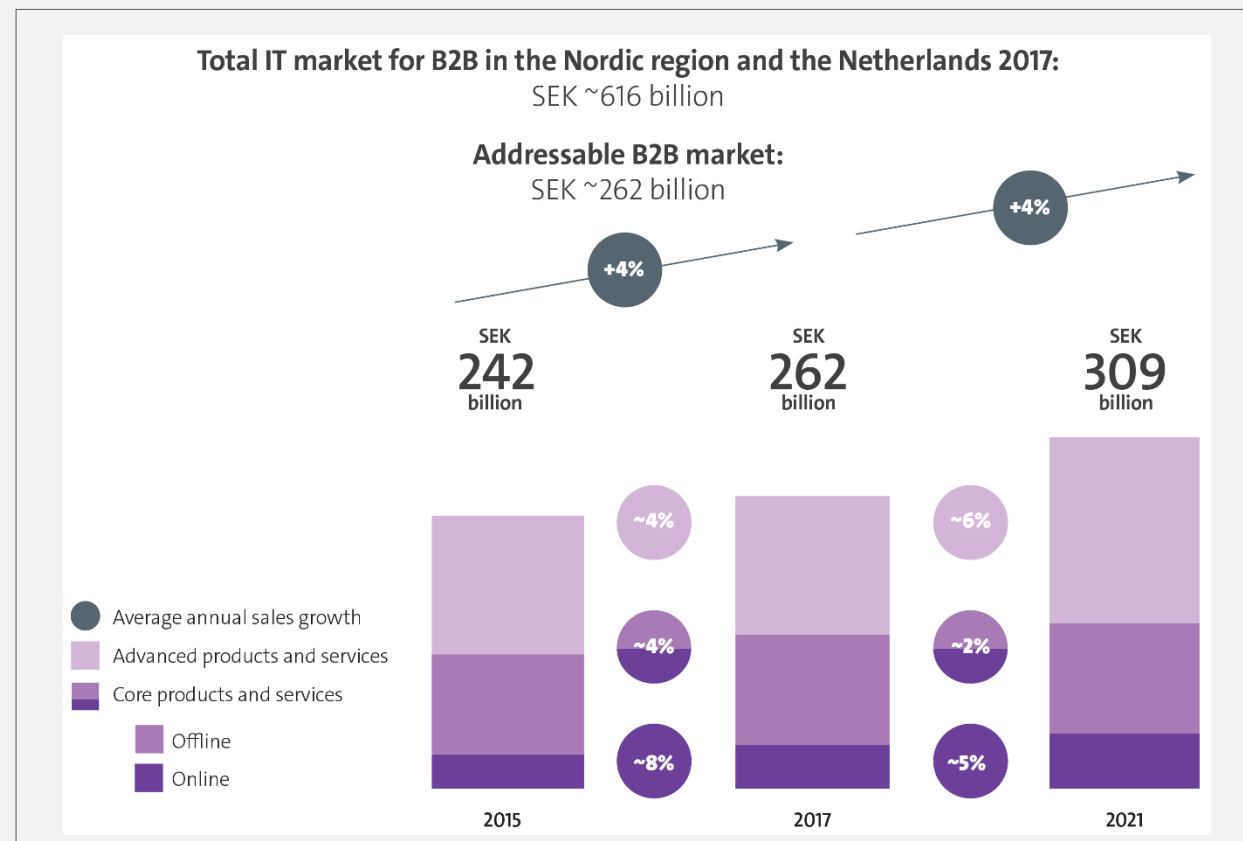


**40/60**

DIVERSITY &  
EQUALITY

# High growth position in a large market.

## Large and fragmented addressable market



## Key market trends

- ✓ Increased share of sales online
- ✓ Increased demand in mobility, cloud and security
- ✓ Rising demand for sustainable IT
- ✓ Digitalisation increases importance of IT in organisations

## Dustin share of addressable market

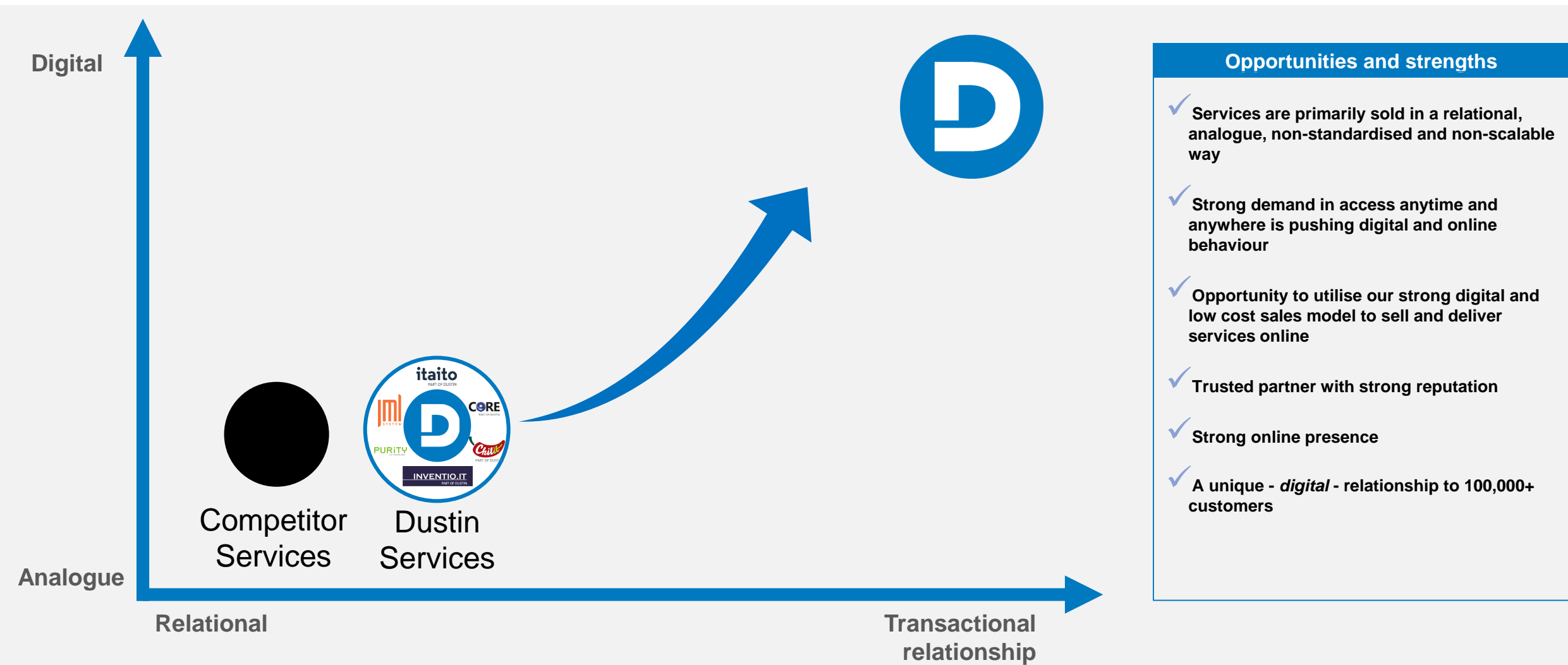
- ✓ Market share Nordics ~7%
- ✓ Market share Netherlands ~1%

\*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's estimates based on market data from IDC and market analysis from a senior advisor.

# Consumerisation is a key driver for change in buying patterns.





## Within hardware, we can easily match customer requirements.



On the service side, we have strong opportunities to further increase our share.



**Personal relation**  
**28%**



**Speaking partner**  
**35%**



**Presence**  
**27%**



**Proactivity**  
**31%**



**Responsibility**  
**62%**



**Knowledge of customers'  
business & industry**  
**30%**



**Long-term relation**  
**47%**



**Added value**  
**28%**



# #1. Online competence. A growing advantage.



## #2. Even greater width.



A photograph of a man with a beard and glasses smiling and talking to a woman in an office setting. A potted plant is visible in the foreground.

**#3. A practical approach,  
unique within services.**

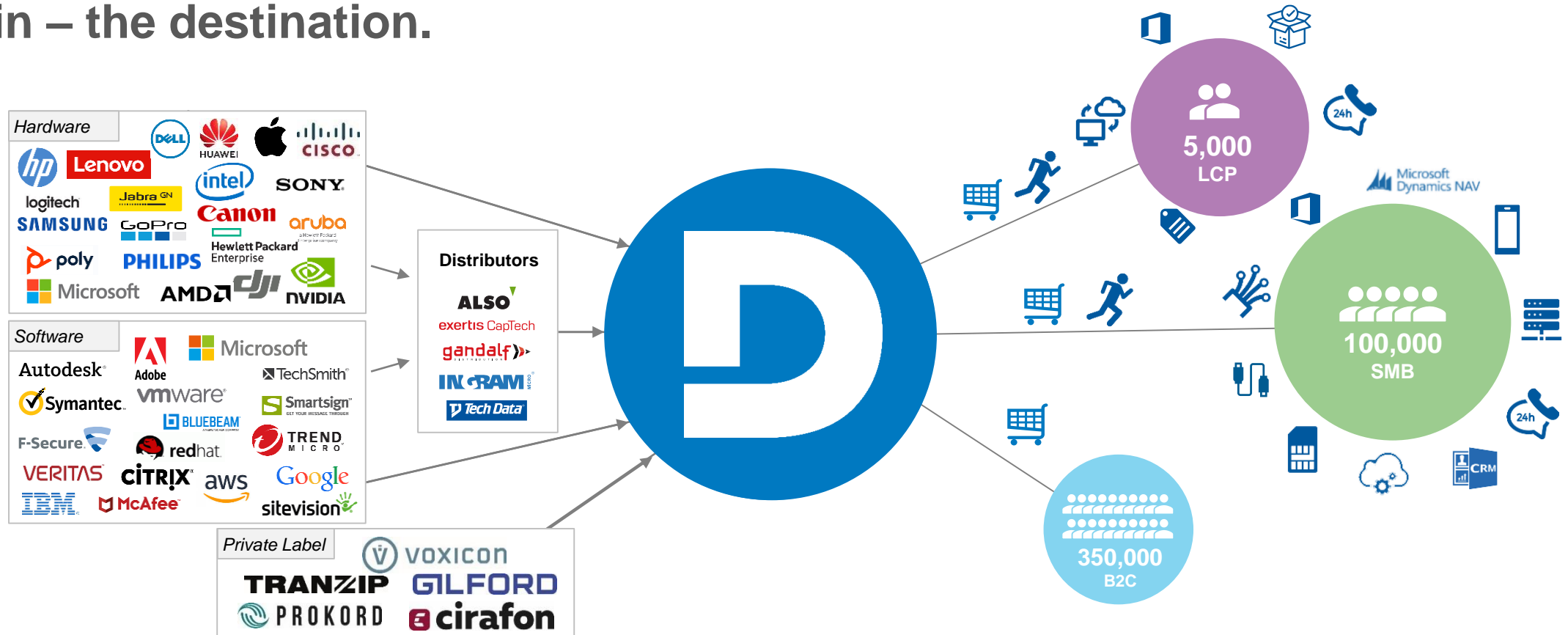
# Standard is the new black.

“Off the shelf – would be a dream come true”

– find, buy and manage at [dustin.se/nl/no/dk/fi/com](https://dustin.se/nl/no/dk/fi/com)



# Dustin – the destination.



A LARGE NUMBER OF SUPPLIERS...

...NEED AN AGGREGATOR TO INTERACT WITH...

...A LARGE NUMBER OF CUSTOMERS

# Development since last Capital Markets Day.

Measure	2016/17	2017/18	2018/19	Since last CMD
Net sales	9.3 BSEK	10.3 BSEK	12.5 BSEK	+ 35%
EBITA	426 MSEK	501 MSEK	560 MSEK	+ 31%
Cash flow from operating activities*	323 MSEK	362 MSEK	390 MSEK	+ 752 MSEK
Dividend	213 MSEK	239 MSEK	266 MSEK**	+ 505 MSEK**
Recovered products per year	15,449	35,342	83,540	+ 118,882 products
Acquisitions	3	6	3	9 acquisitions

\*Cash flow from operating activities before changes in working capital

\*\*Proposed Dividend 2018/19

Source: Dustin



# Financials.

**Johan Karlsson**

CFO & EVP Business Support





# Our financial targets stand firm.

## GROWTH

Dustin's target is an average annual organic growth rate of 8 per cent over a business cycle. In addition to this, Dustin intends to grow through acquisitions.

## MARGIN

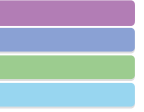
Dustin's target is to increase the adjusted EBITA margin over time, and to achieve an adjusted EBITA margin of between 5 and 6 per cent in the medium term.

## CAPITAL STRUCTURE

Dustin's capital structure should enable a high degree of financial flexibility and provide scope for acquisitions. The company's net debt target is a 2.0-3.0 multiple of adjusted EBITDA for the past 12-month period.

## DIVIDEND POLICY

Dustin's dividend payout target is 70 per cent of net profit. However, the company's financial position, cash flow, acquisition opportunities and future prospects should be taken into consideration.



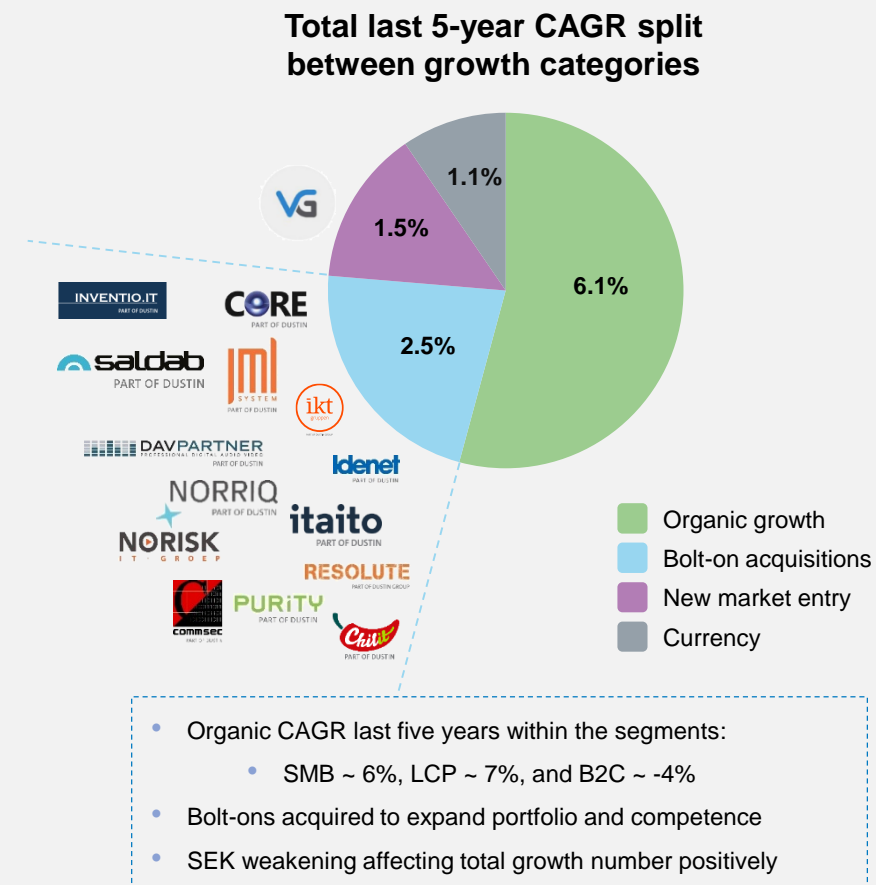
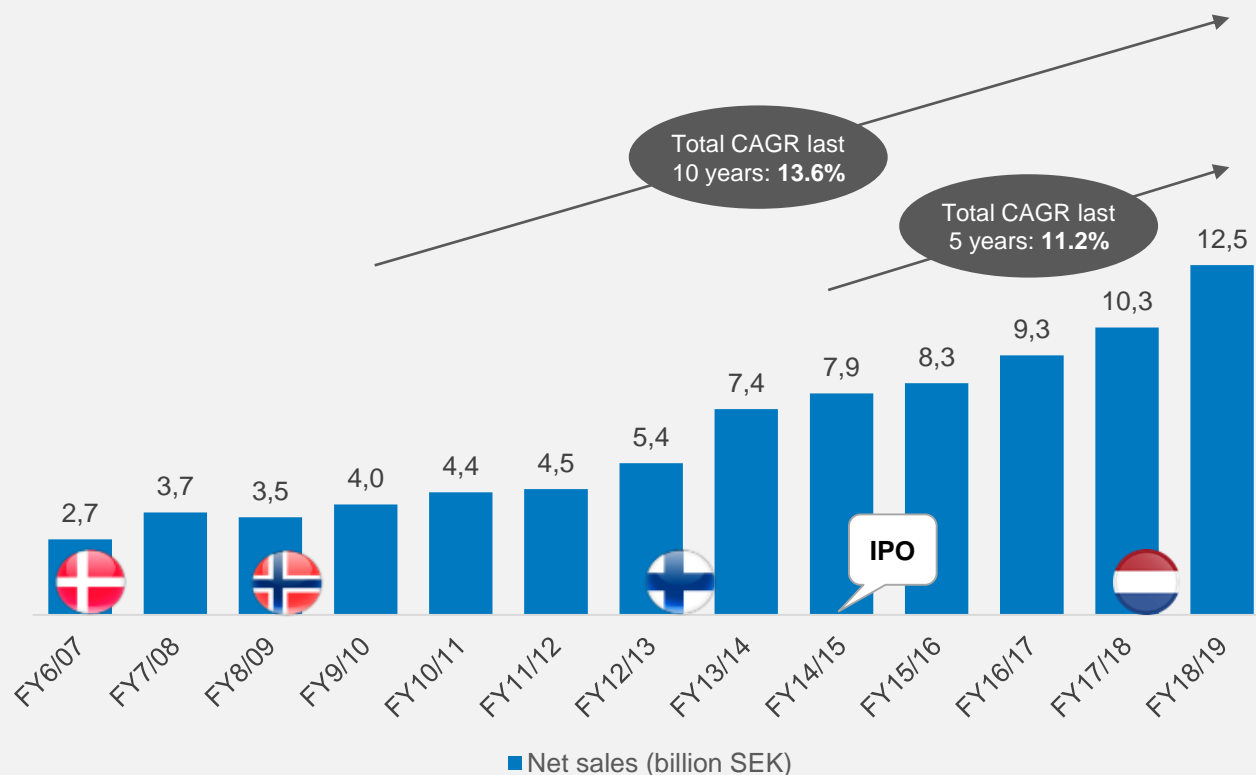
# Our financial targets stand firm.

## GROWTH

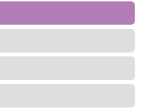
Dustin's target is an average annual organic growth rate of 8 per cent over a business cycle. In addition to this, Dustin intends to grow through acquisitions.

# Strong development through organic and acquired growth.

Total CAGR of 11.2% the last 5 years of which 6.1% organic

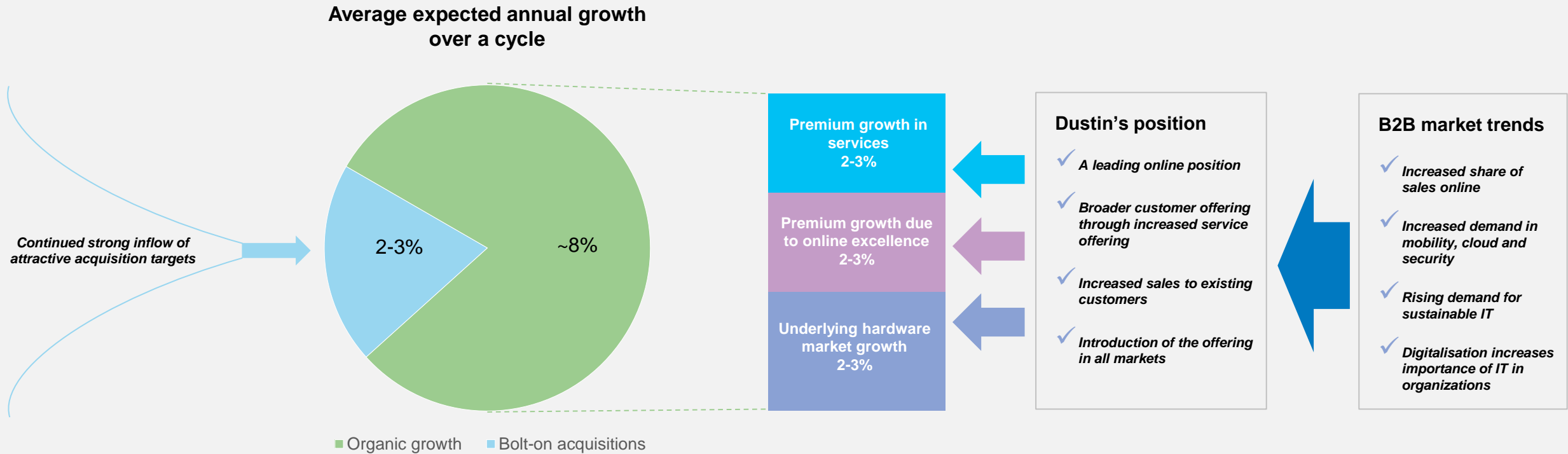


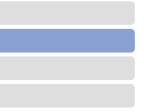




# Positioned to outgrow the market supported by strong market trends.

Total growth over a cycle of ~10% of which organic ~8% and bolt-on acquisitions 2-3%





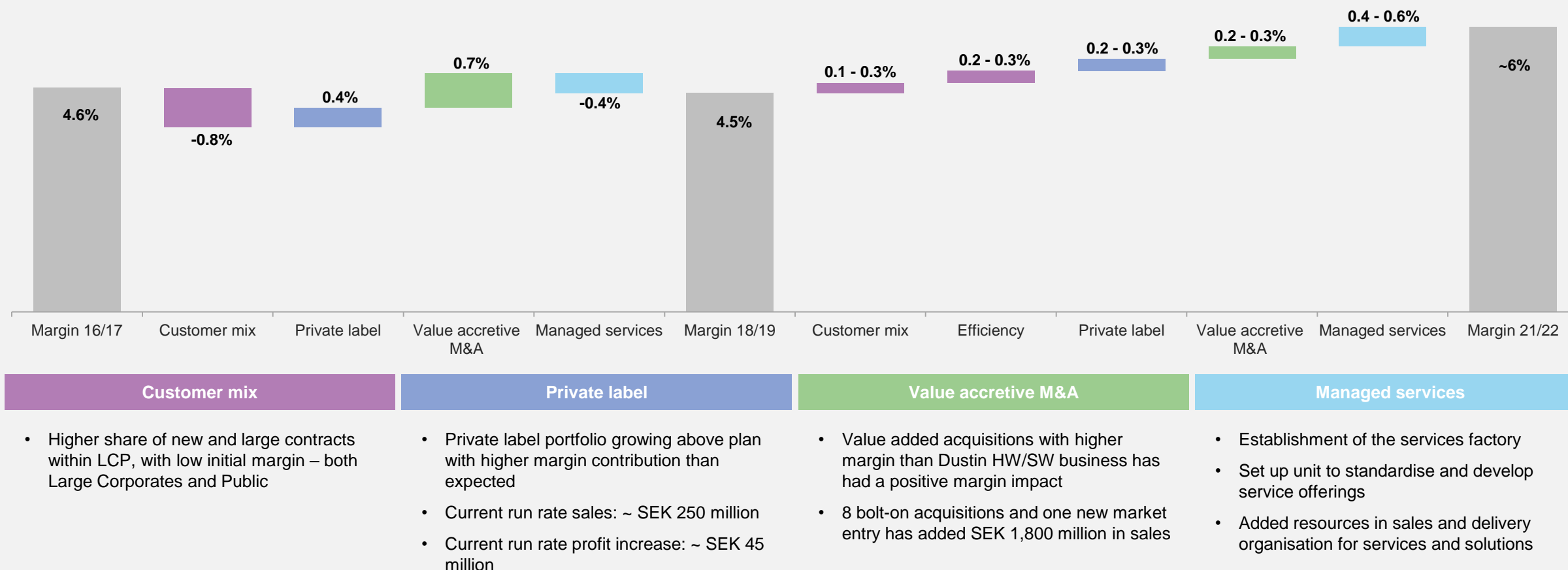
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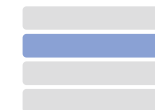
## MARGIN

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# Target of 5-6% EBITA-margin remain with well defined levers.




## Margin journey status FY18/19





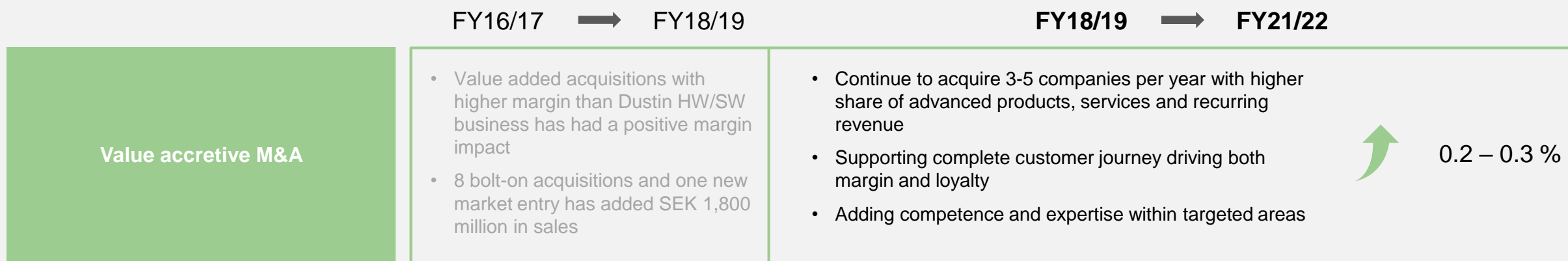
# Customer mix, efficiency measures and private label to enhance margin.

## Margin journey potential 21/22

	FY16/17 → FY18/19	FY18/19 → FY21/22
Customer mix	<ul style="list-style-type: none"> <li>Higher share of new and large contracts within LCP, with low initial margin – both Large Corporates and Public</li> </ul>	<ul style="list-style-type: none"> <li>Margin recovery based on maturity of larger contracts within LCP</li> <li>SMB to maintain solid growth and margins</li> <li>Continued focus on margin over growth within B2C</li> </ul>  0.1 – 0.3 %
Efficiency	<ul style="list-style-type: none"> <li>Continuous efficiency improvements to balance potential margin erosion</li> </ul>	<ul style="list-style-type: none"> <li>Warehouse automation</li> <li>Nordic organisation for operations including inside sales</li> <li>Continuous efficiency improvements, e.g. robotics, self-service portal and the Netherlands organisational structure</li> </ul>  0.2 – 0.3 %
Private label	<ul style="list-style-type: none"> <li>Private label portfolio growing above plan with higher margin contribution than expected</li> <li>Current run rate sales: ~ SEK 250 million</li> <li>Current run rate profit increase: ~ SEK 45 million</li> </ul>	<ul style="list-style-type: none"> <li>Wider portfolio and geographical expansion expected to drive continued positive margin contribution</li> <li>Annual private label sales to reach ~ SEK 500 million within 3 years</li> <li>Annual profit increase to reach ~ SEK 90 million within 3 years</li> </ul>  0.2 – 0.3 %

# M&A has and will play an integral part of our margin journey.

## Margin journey potential FY21/22



Weighted average paid EV/EBITDA multiple: **7.5x**

### Rationale for entrepreneurs to choose Dustin



#### Online excellence

Prosper on Dustin's excellence in online operations and logistics



#### Corporate culture match

Dustin and the entrepreneurs share the same entrepreneurial mindset and drive



#### Customer base

Cross-selling opportunities to Dustin's 105,000 B2B customers



#### One stop shop

Be part of the journey towards a one stop shop



#### Sales and marketing channels

Increase width of offering by lever on Dustin's brand and channels

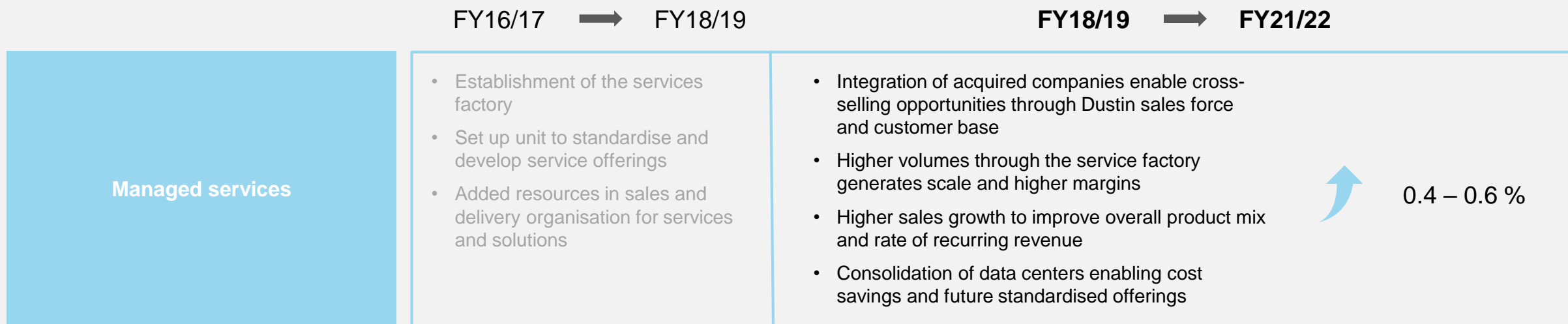


#### Competition

Threat of new competitors in the market which could hurt the business

# Managed services is a key driver for future margin expansion.

## Margin journey potential FY21/22



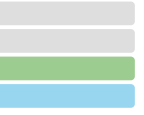
- ✓ Recurring revenues will exceed growth in ordinary business due to:
  - Market dynamics
  - Low market penetration
- ✓ Long term customer relationship
- ✓ Recurring and scalable nature allows strong focus on winning new business
- ✓ Foothold to sell additional services



Note: Dustin defines recurring revenue as either contracted or usage based. Contracted: The recurring revenue is procured for a certain period and is therefore permanent during the period. Usage based: The recurring revenue is not contracted, but still permanent but not on a committed volume during the period.

Source: Dustin





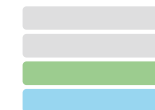
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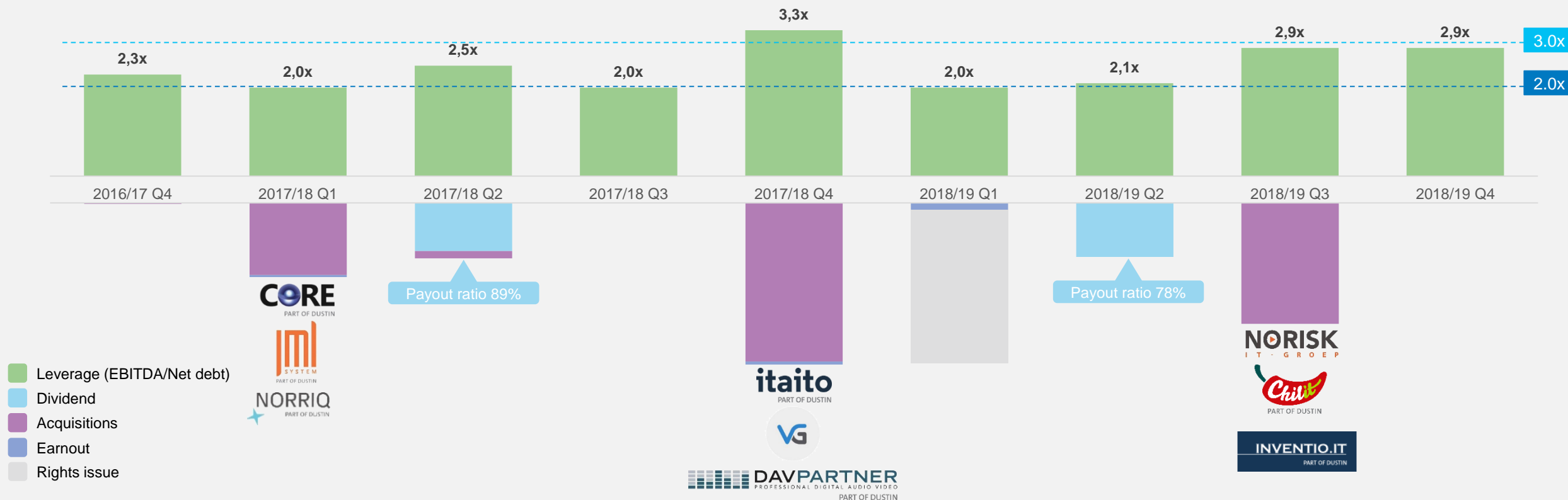
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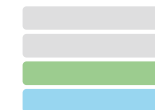


# Leverage within range of financial target despite high activity.

Leverage development the last two years (2016/17 Q4 – 2018/19 Q4)



Source: Dustin

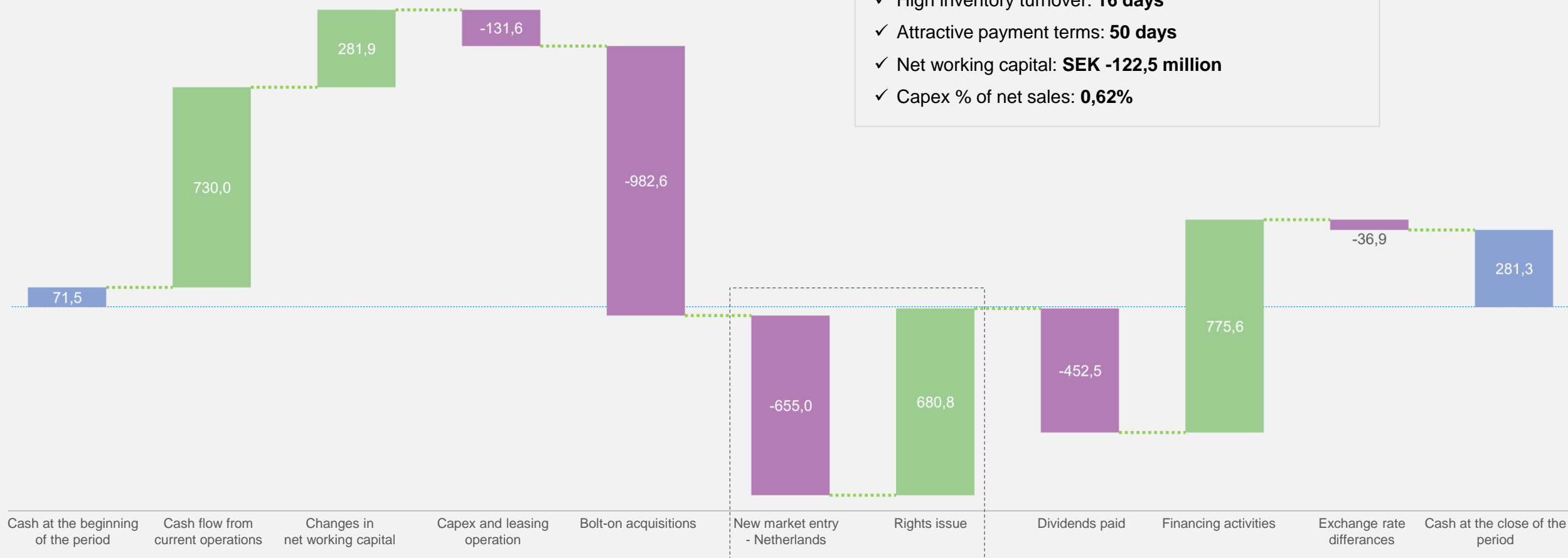


# High cash conversion enables bolt on acquisition strategy and high dividend yield.

Cash flow the last two years (2016/17 Q4 – 2018/19 Q4)

## Asset light business model (average last eight quarters):

- ✓ High inventory turnover: **16 days**
- ✓ Attractive payment terms: **50 days**
- ✓ Net working capital: **SEK -122,5 million**
- ✓ Capex % of net sales: **0,62%**





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# LCP.

## Michael Haagen

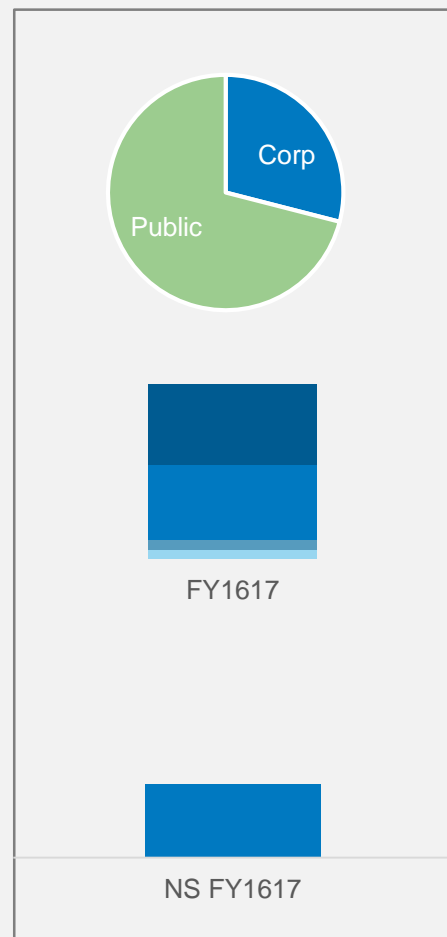
EVP Large Corporate & Public Nordic



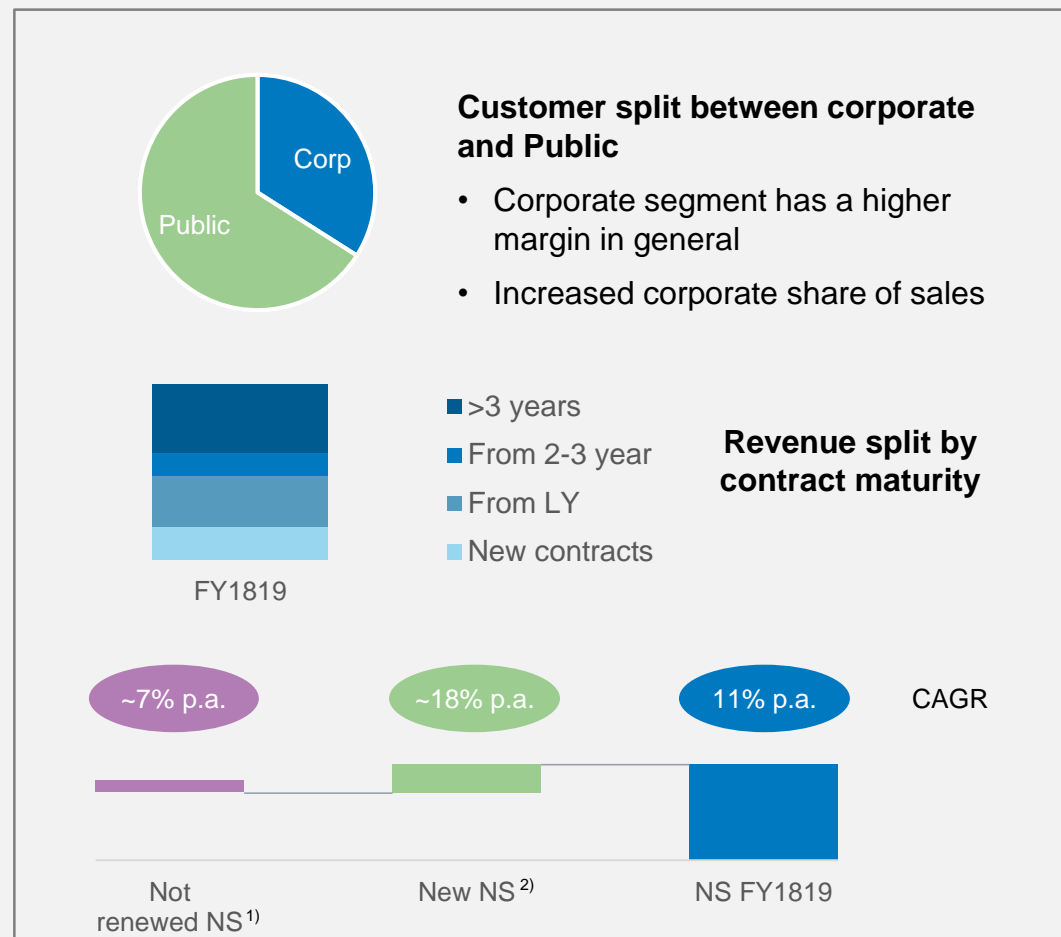


# We have proceeded with the margin journey FY1819.

16/17



18/19



Effect

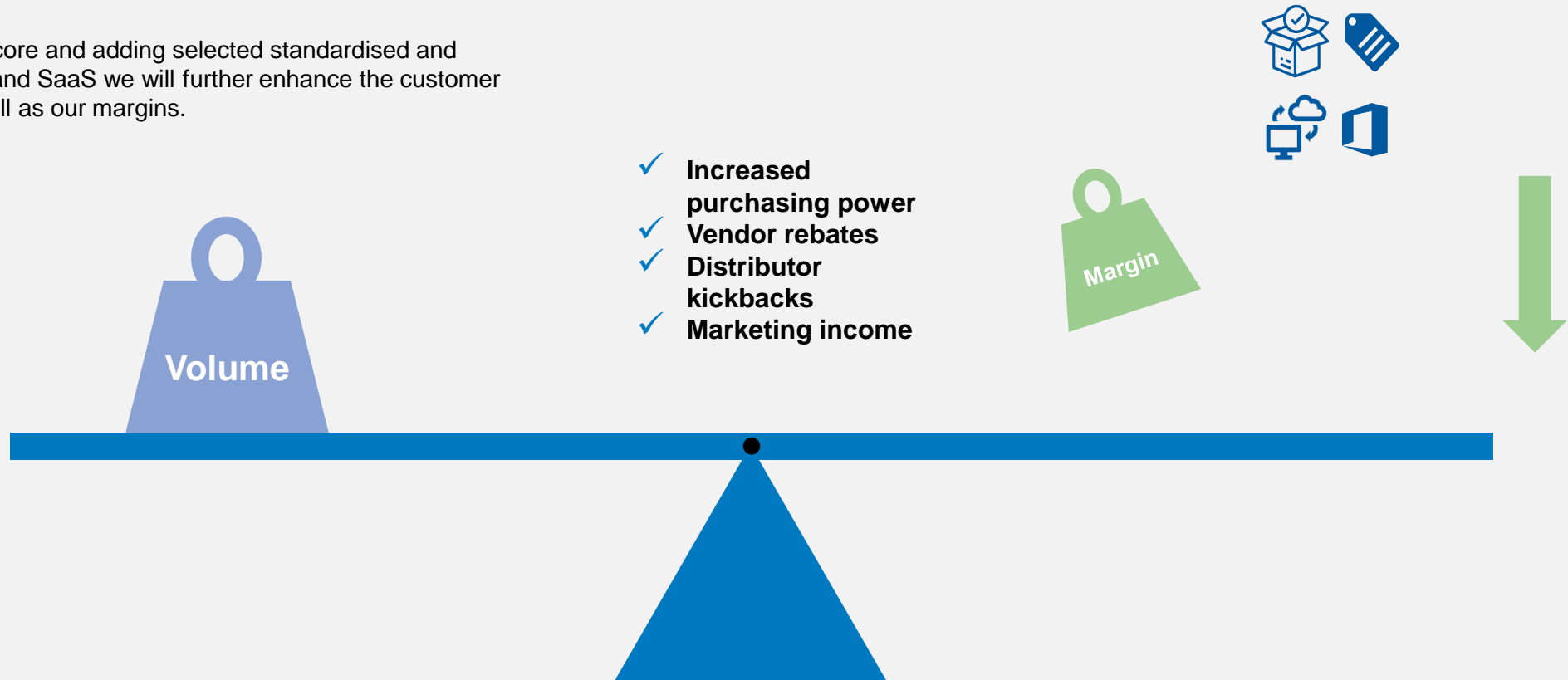
- Increased corporate sales with 40%
- Corporate offers better opportunities with SoW
- Total sales increased 23%
- LCP business increase credibility and purchasing power for Dustin
- High share of new contracts LY
- High growth affects the margin

1) Here defined as decreased sales per company chain (group or tender) and/or one-offs

2) Here defined as increased sales per company chain (group or tender) and/or one-offs

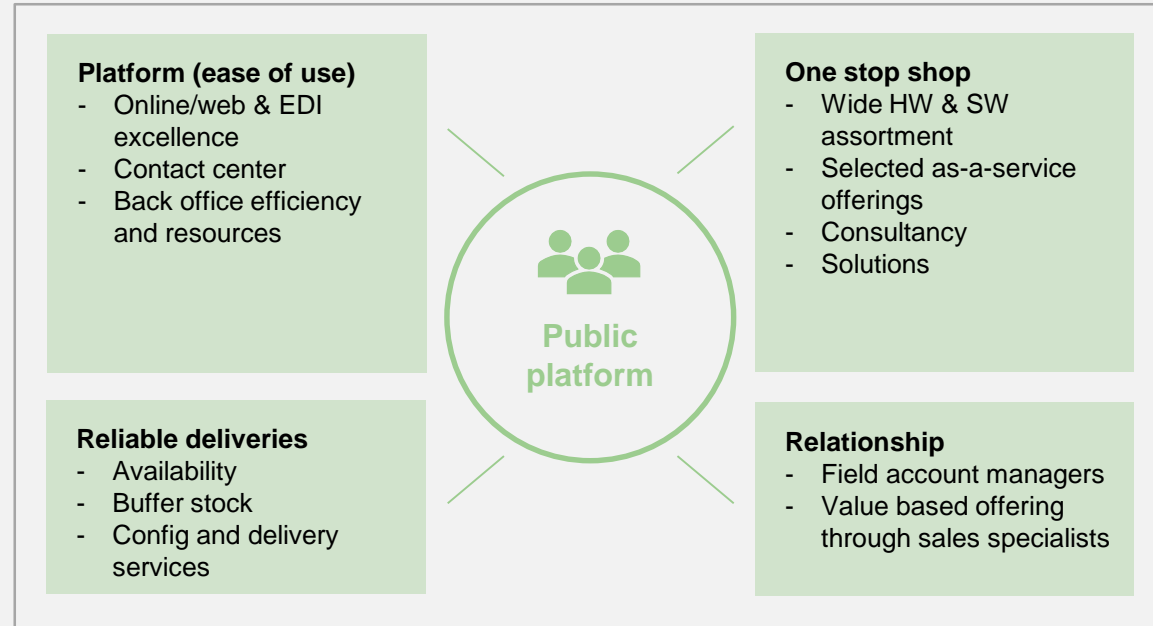
# LCP – a conscious balance between volume and margin.

- ✓ By accelerating the Dustin engine and providing basic and advanced HW & SW to LCP customers we have shown the ability to grow our volume by great figures.
- ✓ By utilising our core and adding selected standardised and predefined PNS and SaaS we will further enhance the customer experience as well as our margins.

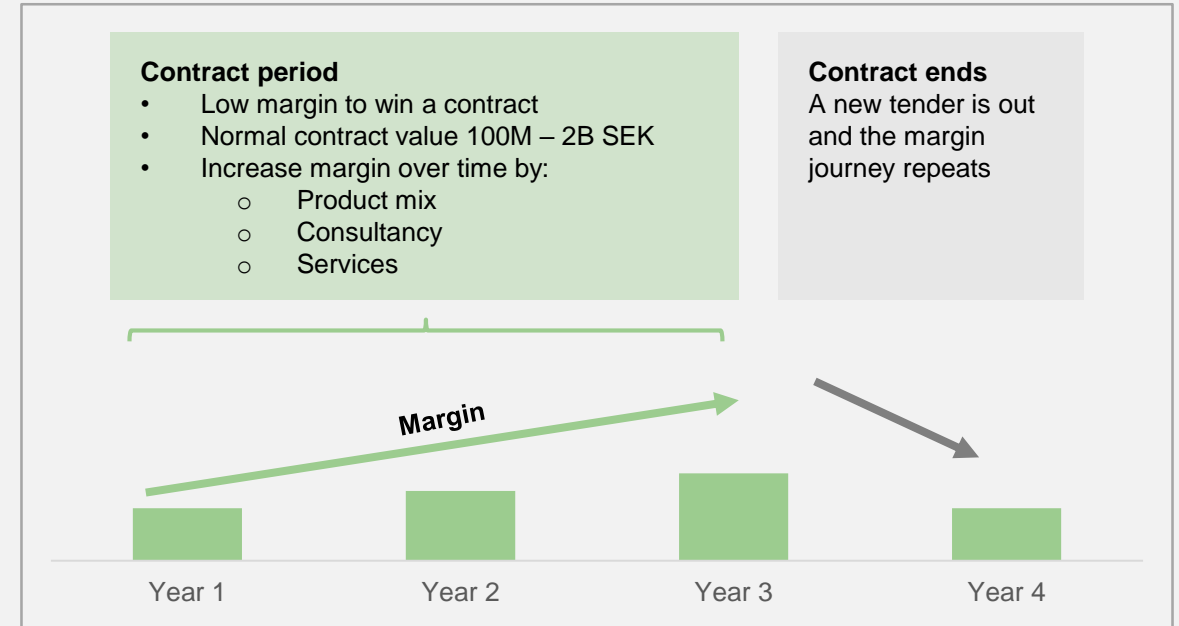


# This is how the public business works.

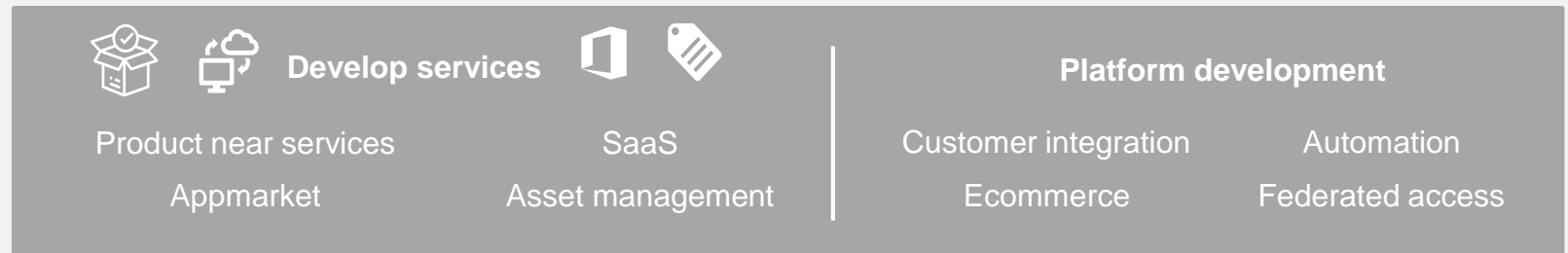
## Protect



## Build

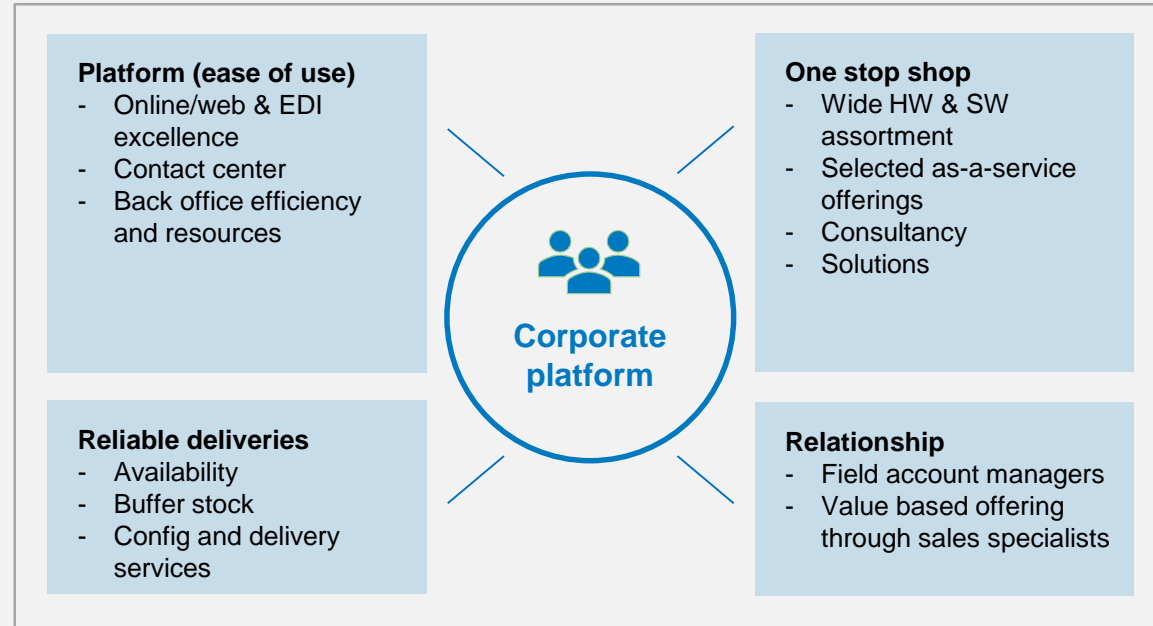


## Invest



# This is how the corporate business works.

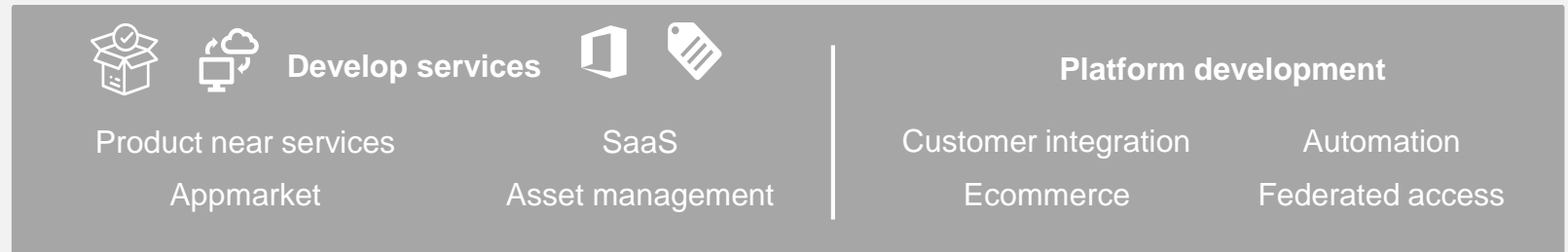
## Protect



## Build

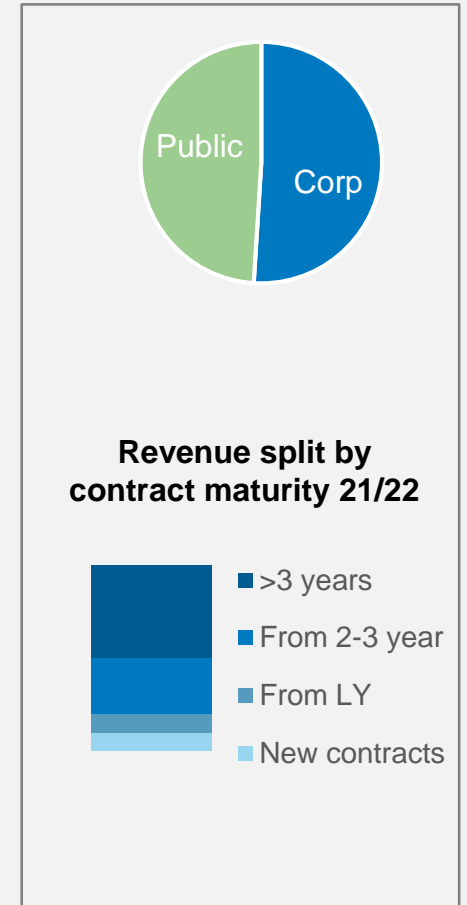
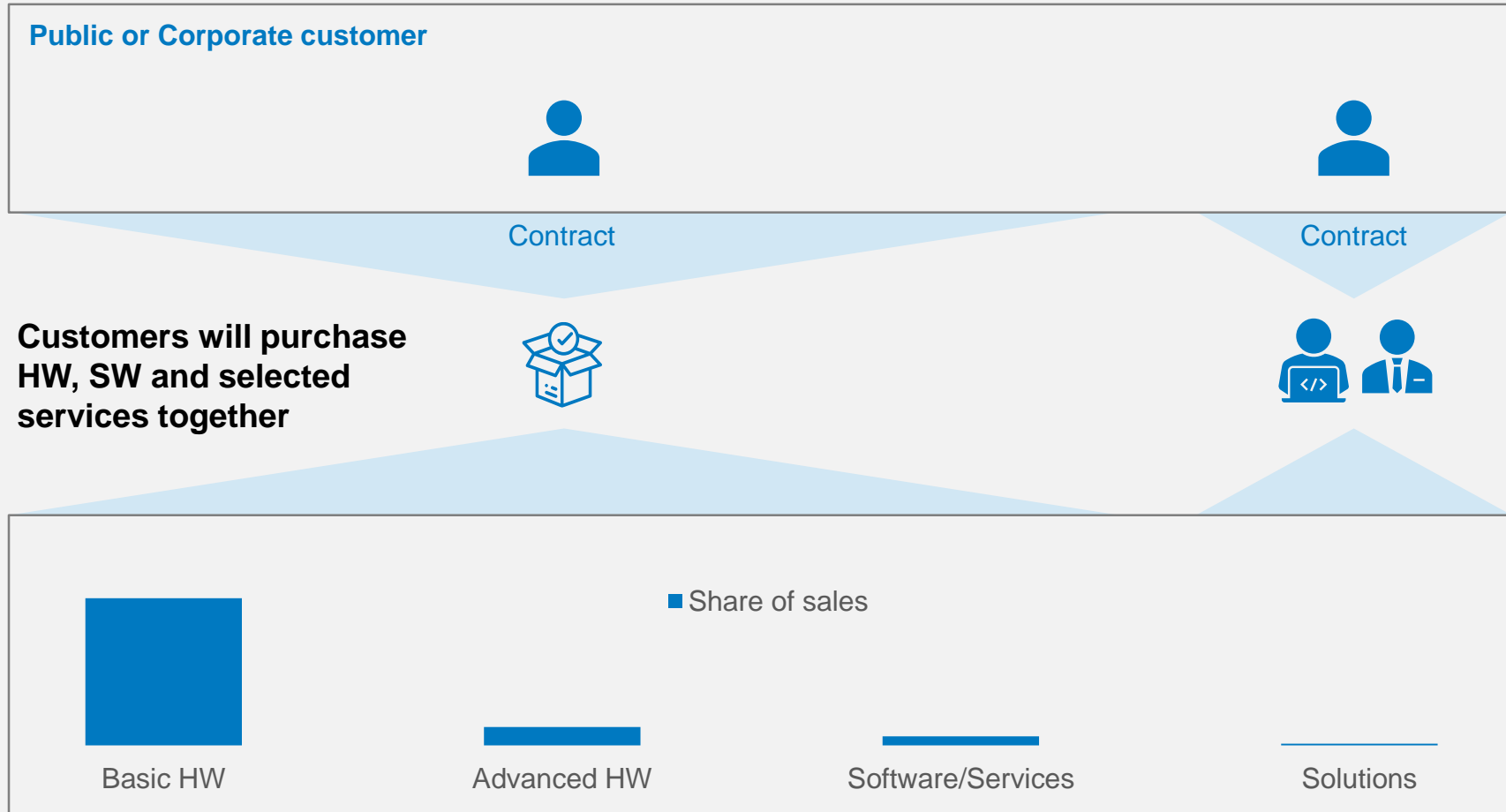


## Invest



# Combined HW, SW and selected services is the margin journey opportunity.

21/22 Potential





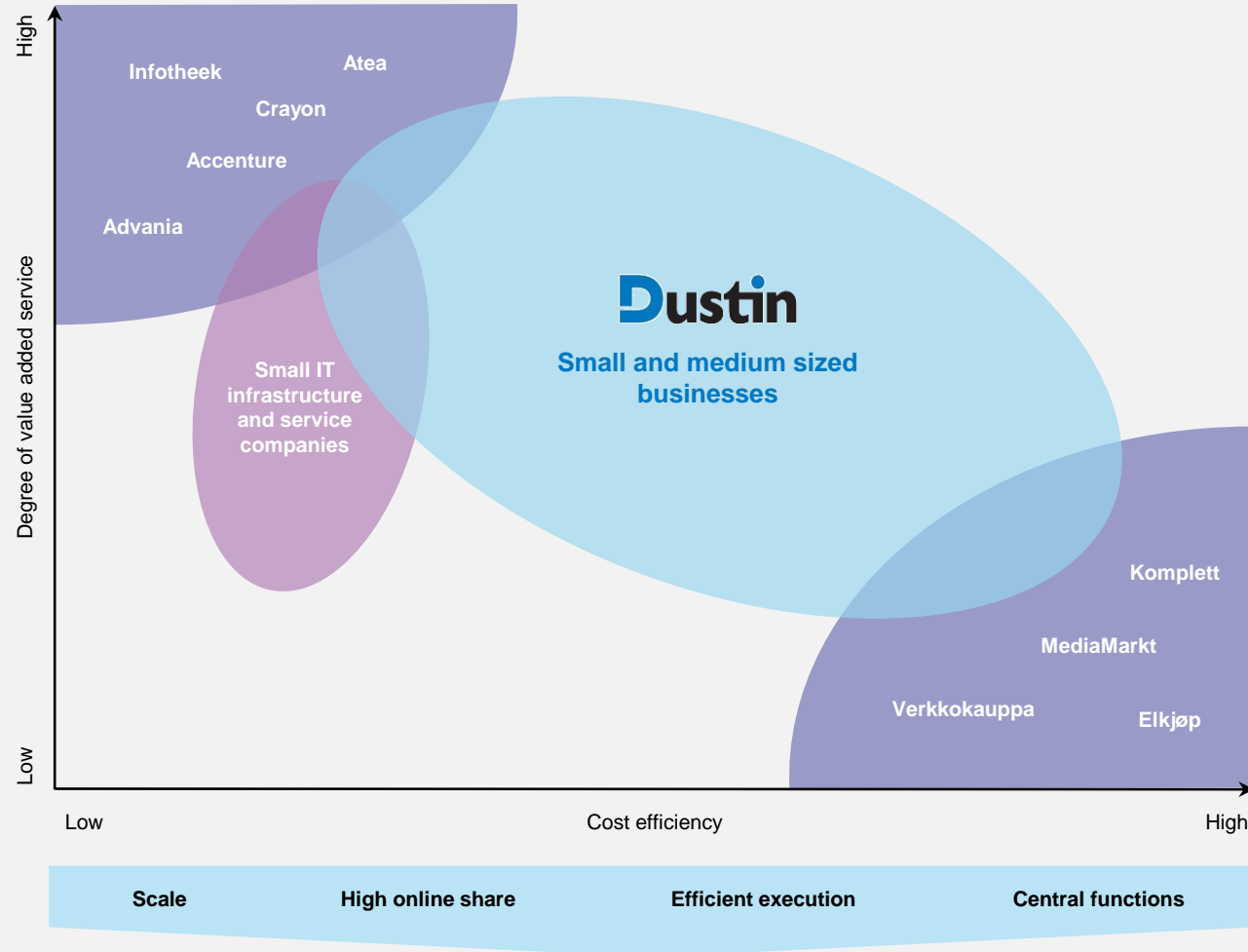
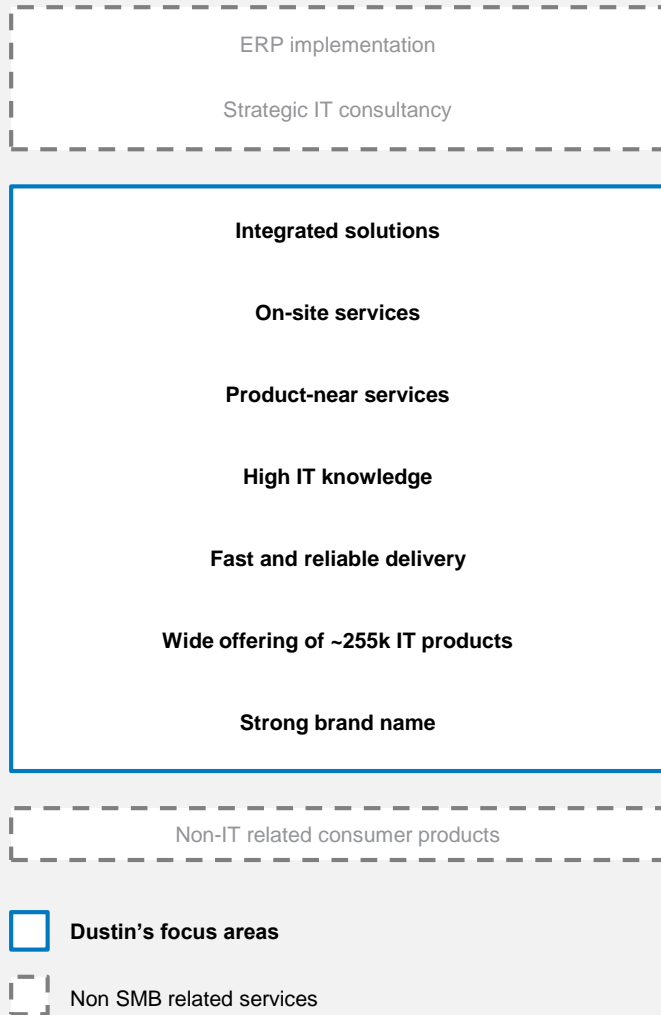
# SMB.

## Rebecca Tallmark

EVP SMB Nordic



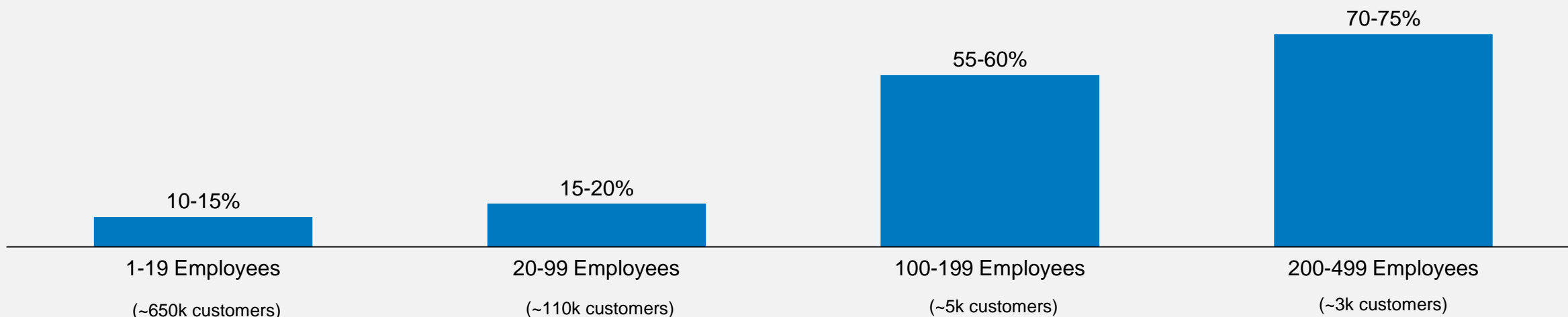
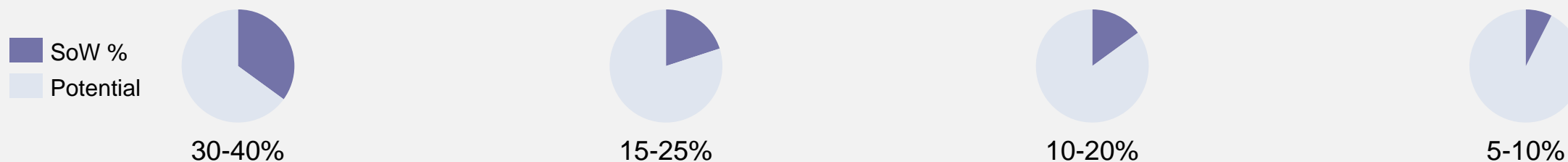
# Dustin has a unique position in the attractive SMB segment.



# Opportunity to continue grow customer base and share of wallet.

Indicative

Nordics

**Large potential for further market reach ...****...as well as increasing share of wallet on existing customers**

Note: Nordic numbers, 2018.

Market reach defined as companies who have purchased from Dustin during the last 12 months compared to total number of companies

Share of wallet defined as current Dustin customers' spend with Dustin as share of their estimated total IT spend (based on number of employees and individual avg spend per industry sector)

Source: Radar, Bisnode, Statistics SE/DK/FI/NO, Team analysis

# Online excellence is our core.

1

## Strong digital platform

1.4 million B2B  
and 3.3 million B2C  
visits  
per month

Unpaid traffic  
> 65% of sales

>2,500 new B2B  
customers acquired  
per month

High stickiness  
~90% of sales from  
returning customers

Proprietary core  
with best of breed  
components

Personalized store  
and marketing  
experience

2

## Great value proposition

Attractive and  
broad IT offering



High IT competence &  
high service levels



Fast and reliable delivery



Ease of doing business

**Nu kan du leasa  
iPad till 0% ränta.**

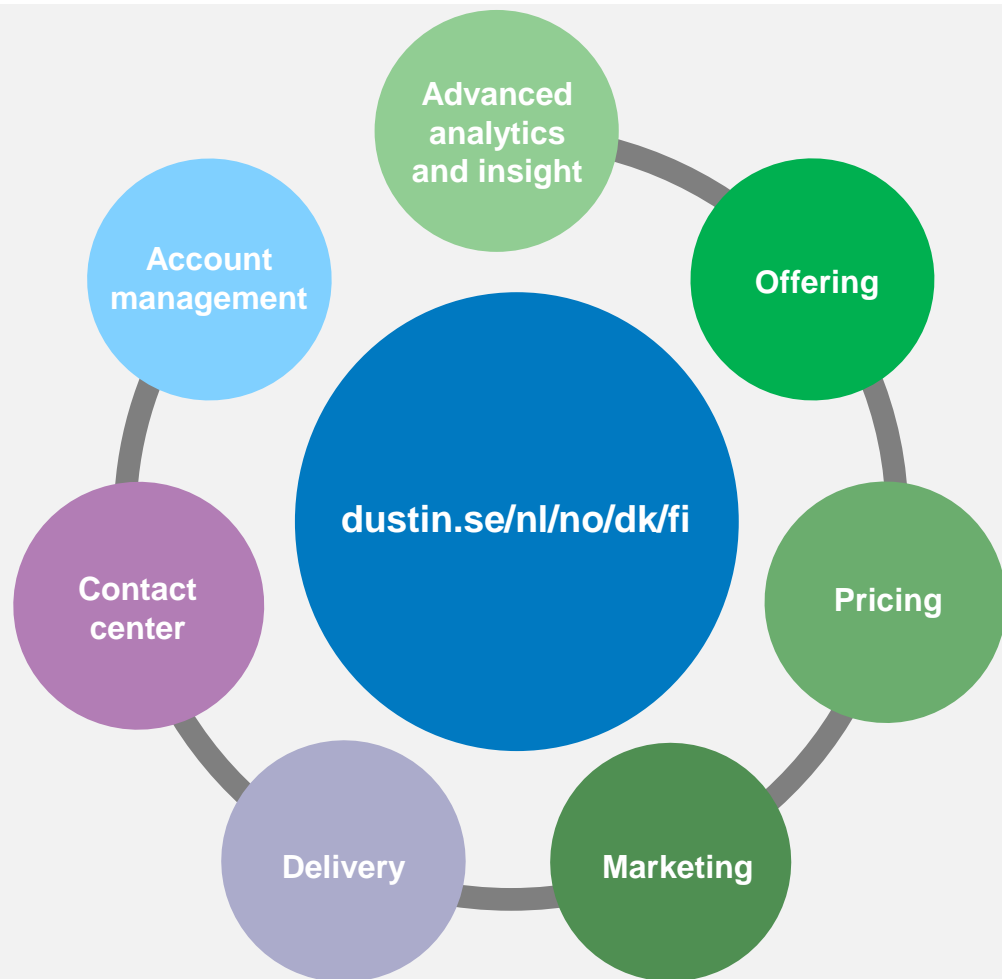


3

## Best practice online operations



We continuously develop our way of working and competence to keep being best practice in online operations.



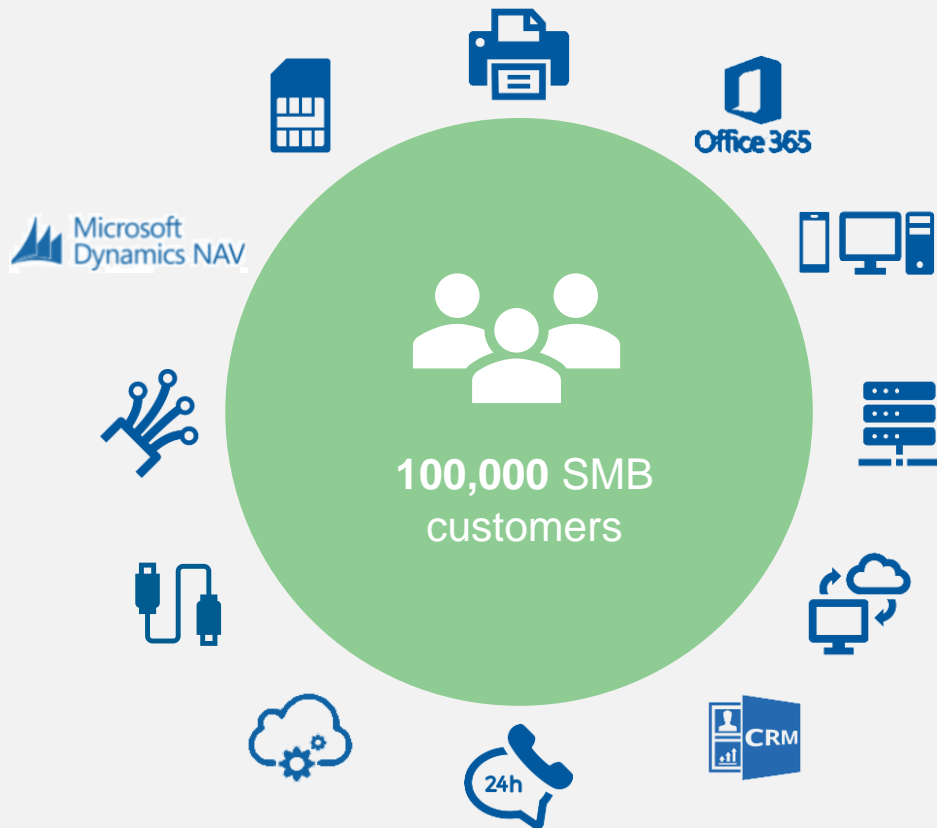
### Examples

- ✓ >15% uplift in revenue per session over the last two years, enabled through continuous site optimization\*
- ✓ Traffic acquisition optimized based on predicted bottom line profit
- ✓ 1.6 million price points set per day thanks to highly developed, automated and scalable pricing function
- ✓ Advanced analytics and modelling key enabler to serve our 100,000 B2B customers efficiently



# Digitalised Managed services presents great opportunities.

## SMB customers have a broad IT demand



## Expanded offering and services online



# Services & Solutions.

**Alexandra Drevenlid**

EVP Services & Solutions, Nordic region

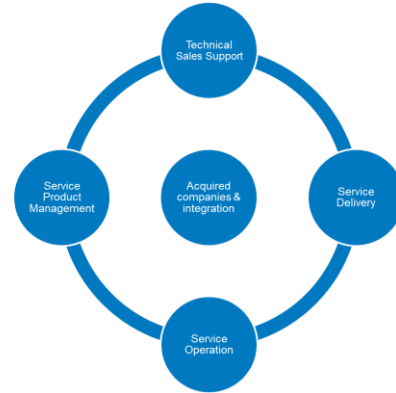


# Our Service journey keeps moving on!

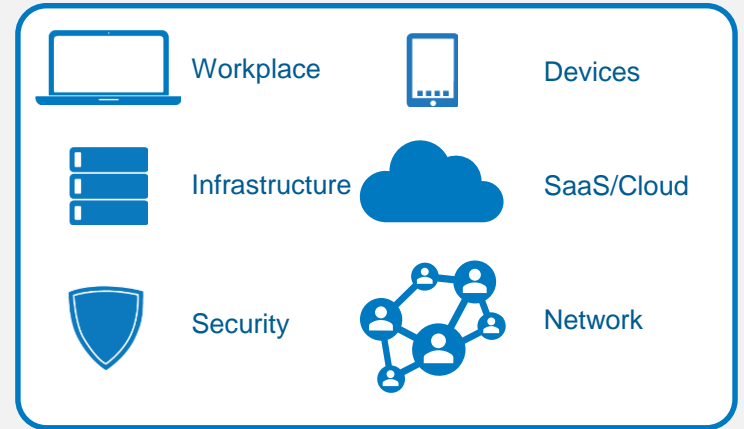
## Wide Geographic Reach



## Nordic Management



## Strong competence



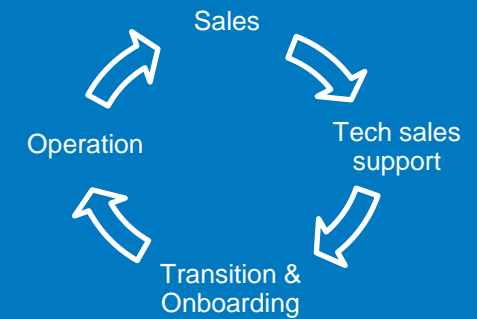
## Acquired companies



## Integration



## Service Factory



# Standard is the new **black**.

To adapt to customer needs with great customer experience, our services & solutions are based on standardised, configurable modules. Processes, SLA levels and tech stack are standardised.

# Customer experience in focus moving forward.



## On-going ...

- Integrated approximately half of the acquired companies since IPO
- Accelerated pace in integration of acquired companies
- Harmonisation and standardisation of the Nordic service offering portfolio
- Consolidation of the datacenters incl implementation of a single technical design and customer migrations
- Consolidation and centralisation of Service Desks in the Nordics

## ...Future

- Establish a cross Dustin way of working
- Harmonised and consolidated technology stack
- Standardised tools & processes based on best practices
- High level of automation within our Service Factory
- Legacy contracts transferred and migrated to standardised offerings.

# On-going consolidation and standardisation initiatives.

## Accelerated pace in integration

- ✓ Cross selling opportunities through Dustin customer base
- ✓ Generates economies of scale in sales and delivery organisation
- ✓ Incorporate acquired expertise to continue to develop offerings



## One Dustin Service Desk

- ✓ Harmonised process for Service Desk operations
- ✓ One country-based contact number
- ✓ Secure SLA fulfillment
- ✓ Improved customer experience through captured synergies and scale via cross country operations

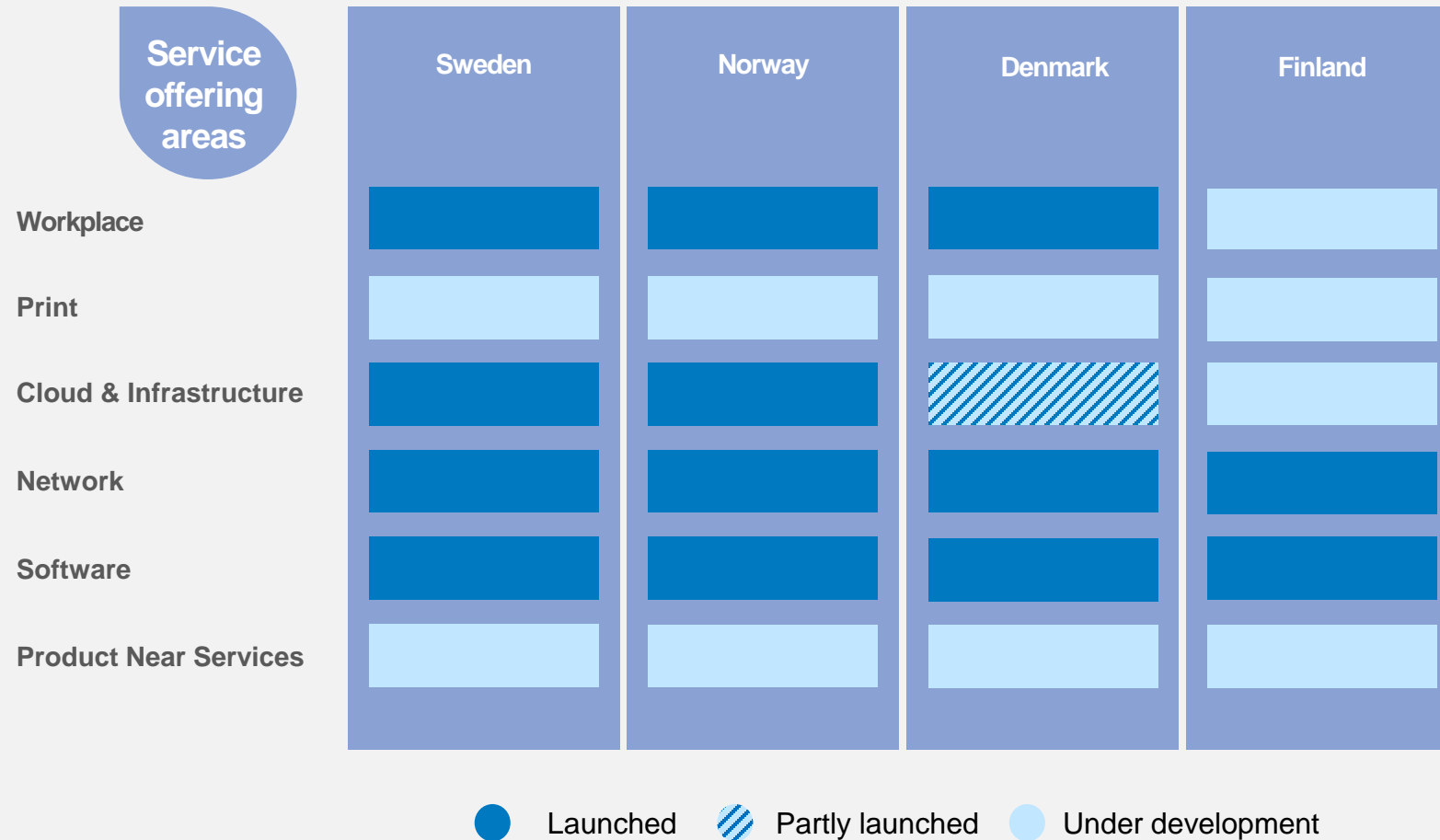


## Data Center Consolidation

- ✓ The Data Center Strategy comprises all datacenters being integrated into Dustin
- ✓ Expected cost of around SEK 20 million generating annual savings of SEK 10 million. Reduce number of locations from 14 to 4
- ✓ Consolidation and implementation of a single design, procurement of hardware, configuration, installation and commissioning
- ✓ Migration of existing customer VMs and decommission of old platforms and datacenters
- ✓ Increased efficiency in onboarding of new customers and service operation through a higher degree of automation and standardisation



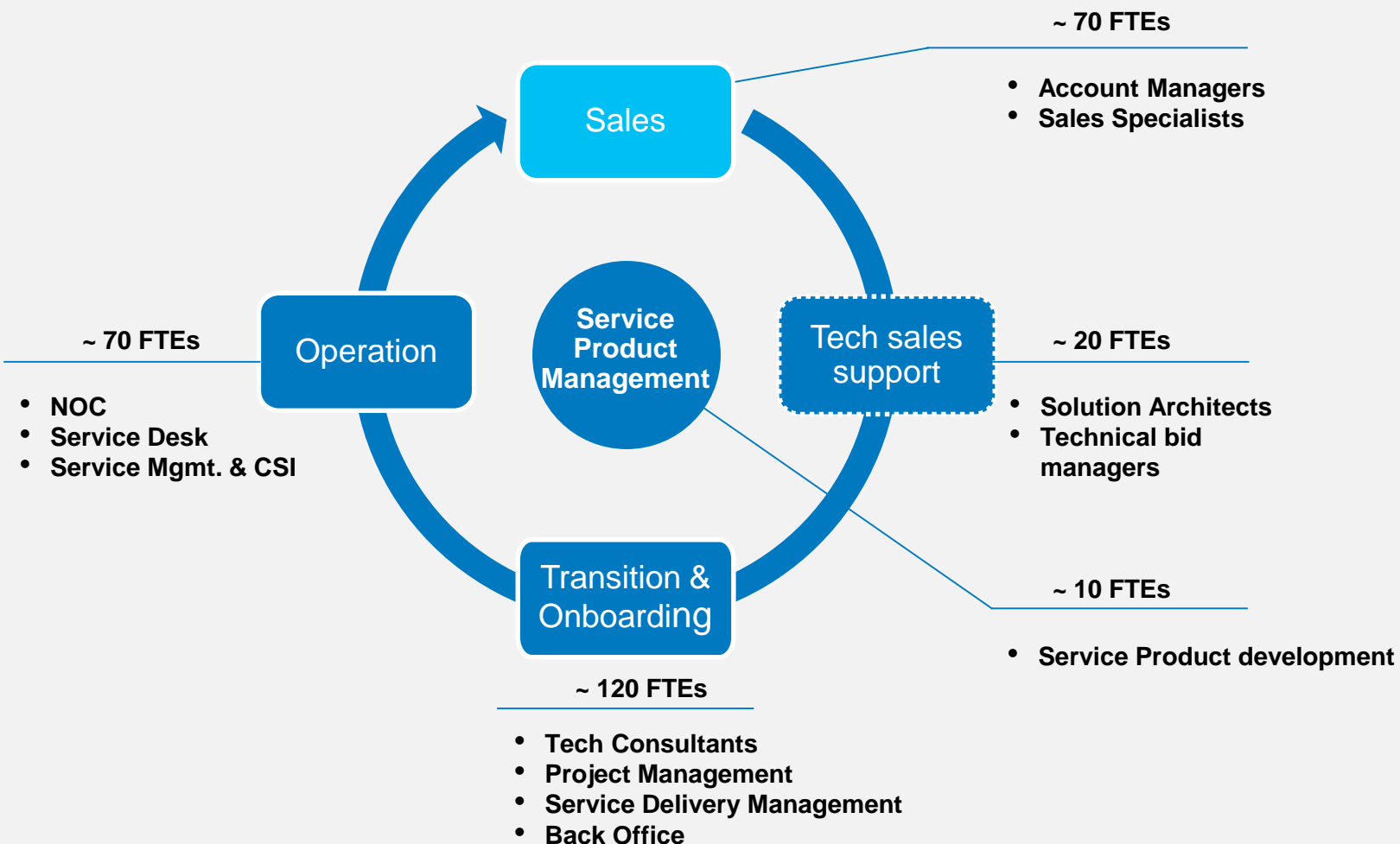
# Our standardised service offering portfolio.



## Keep it simple!

- ✓ Harmonisation and standardisation of new offerings and offerings from integrated companies
- ✓ Sales force should find the complete offering portfolio in one place
- ✓ Manage the service product portfolio from a Dustin perspective instead from a country per country perspective

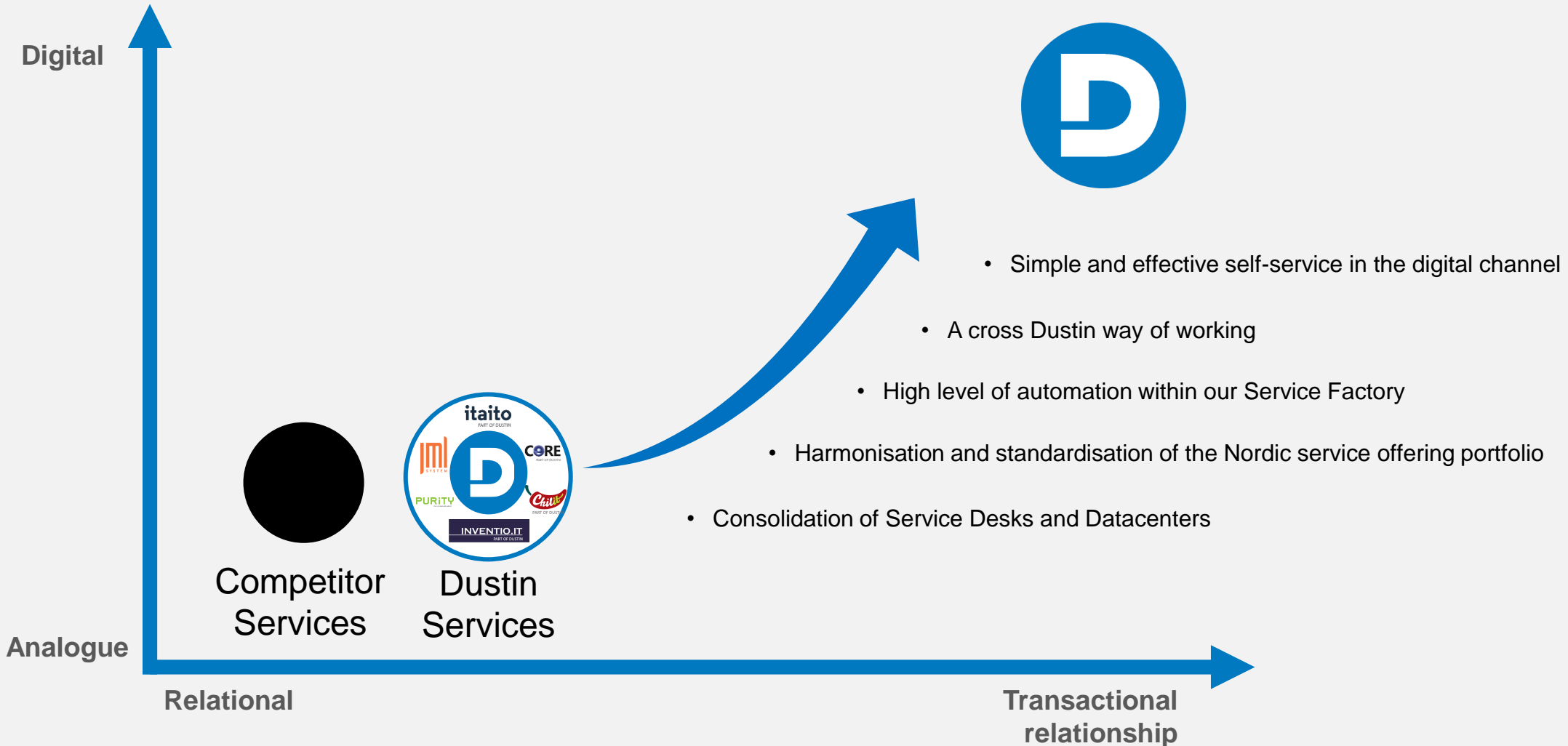
# The customer journey in our service factory.



## Investments during 2018/19

- ✓ Established Dustin service factory to enable scalable and cost-efficient sales through standardisation and harmonised processes
- ✓ Establishment of Service Product Management to standardise and develop the service offerings
- ✓ Established a cross Nordic service delivery organisation to secure qualitative customer transition and onboarding
- ✓ Centralised operation to ensure scalability and unified customer experience

# From an analogue relationship to a digital transactional relationship.



# Vincere.

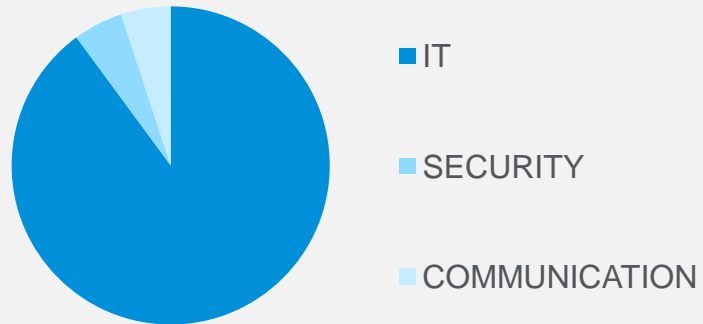
## Henk Makaske

EVP Large Corporate Public & SMB Netherlands

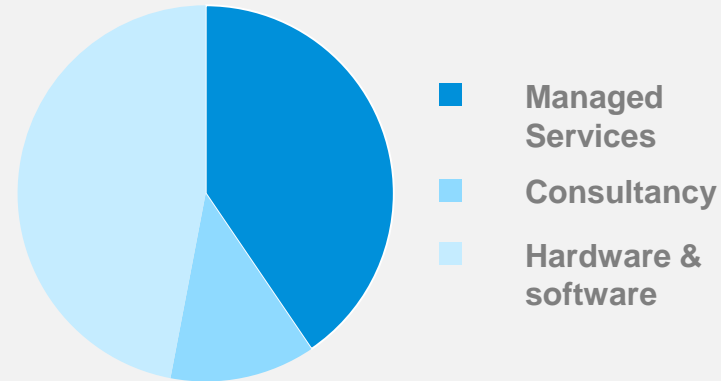


# Vincere Groep at a glance.

## Revenue by solution



## Revenue by service



## Customers



**25 – 1,000**

Targeted  
seats/users  
per client



**>250,000**

Users on a  
daily basis

## FTEs



**391**

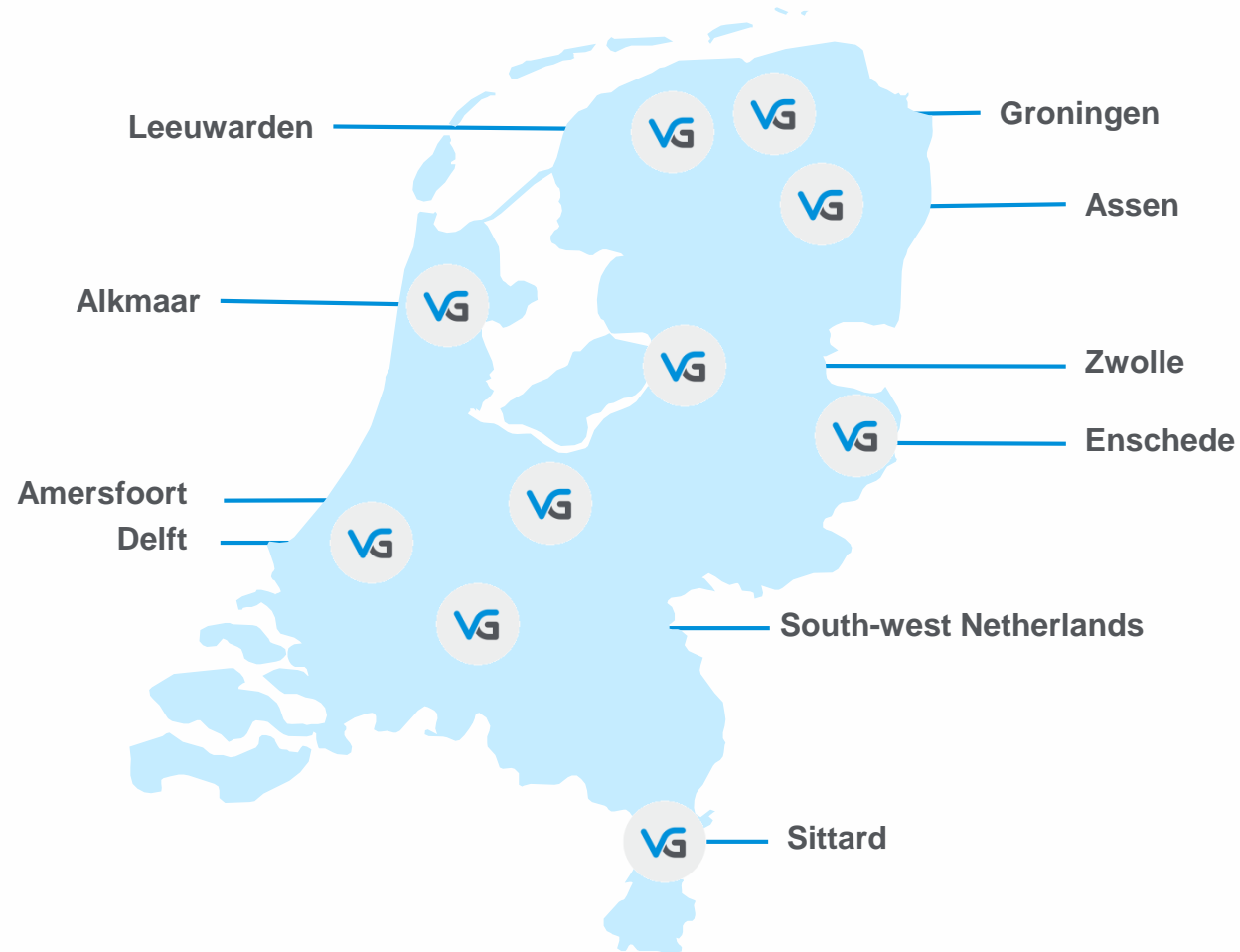


## Well positioned to reach a market leading position within SMB.





## Trusted regional partner with nationwide scale.



# Disciplined buy & build based on clear criteria.

## Buy-and-build criteria













Mid-market customer base	Customers in focus verticals
Complementary service offering	Complementary geographical coverage

Starting point

Add-ons

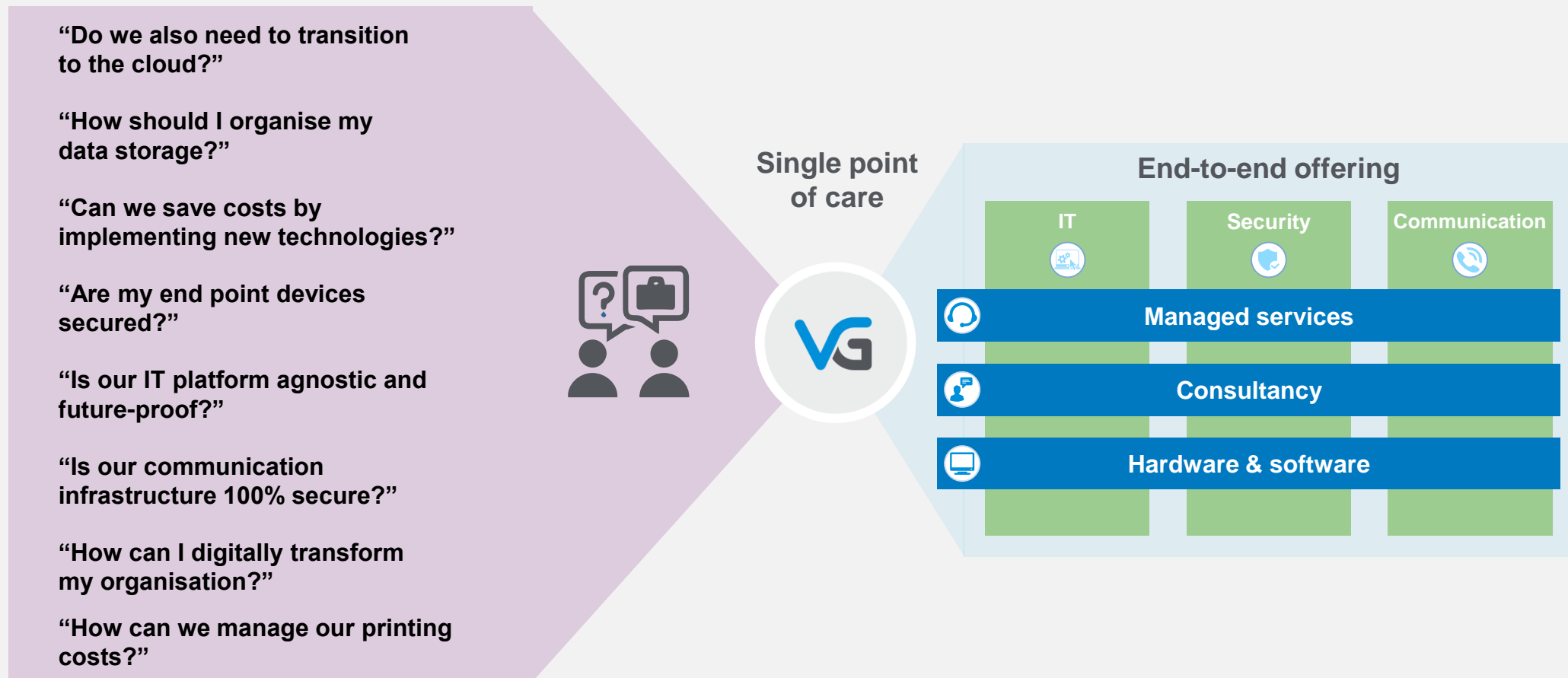
Acquisition	Year	Addition to the portfolio
	2013	Cloud-based IT solutions / VA hardware & software
	2014	Cloud-based IT solutions / Software development
	2014	Security solutions
	2014	Cloud-based IT solutions / Connectivity solutions
	2016	IT solutions / Communication solutions
	2017	IT solutions / Networking solutions
	2018	IT solutions / Document solutions
	2019	IT solutions / software

# Attractive mid-market customers can primarily be found across four large verticals.

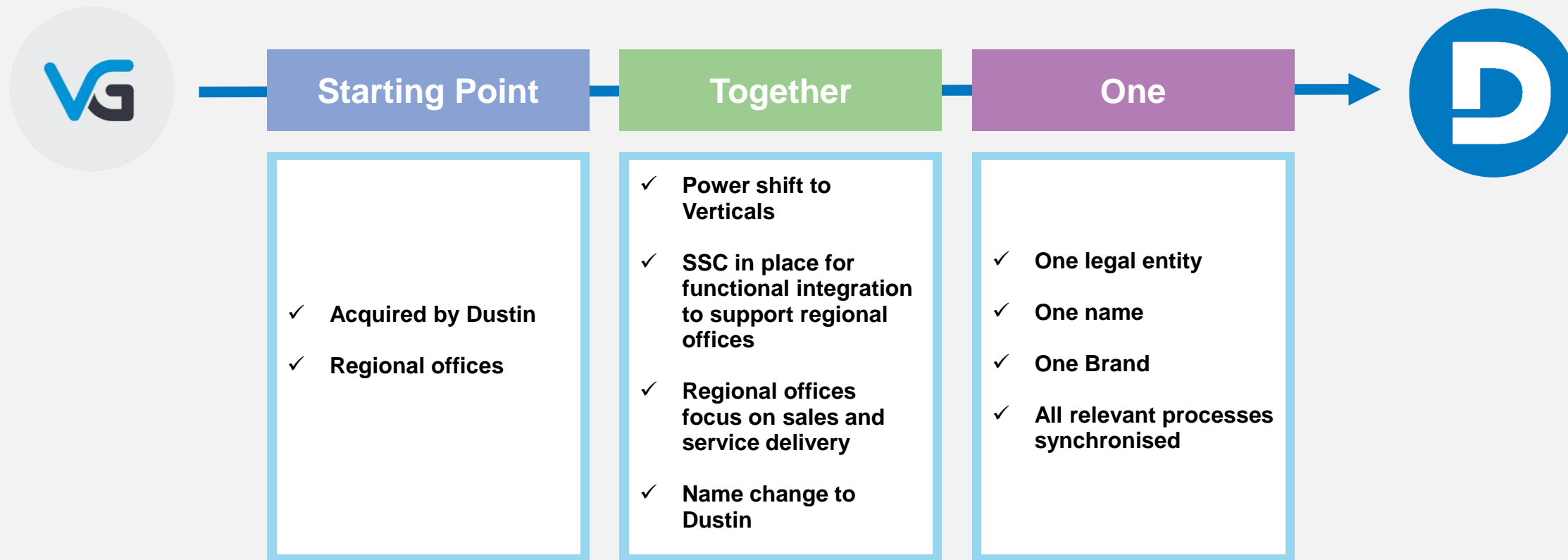
	 Education	 Healthcare	 Business	 Government
Description	<p>Mid-market education organizations include primary, secondary and vocational (i.e. "MBO") education</p> <p>Educational institutions in these segments are often organized as a group consisting of multiple locations with varying levels of independence</p>	<p>Mid-market organizations particularly found in care instead of cure segment of the market (examples include elderly care and mental health institutions)</p> <p>Care organizations are most open to outsource ICT</p>	<p>Large market segment where attractive mid-market customers typically include business with large workspace environment (examples include business services, logistics and building industries)</p>	<p>Mid-sized organizations primarily consist of municipalities and other decentralized government organizations</p>
Addressable market* in 2017 (EURm)	279	518	3,744	1,090
Fragmentation of competitive landscape	Medium	High	High	Medium
Growth potential				
 Highly attractive  Attractive  Somewhat attractive  Not attractive				

\* The addressable market is defined as the part of the Dutch mid-market in which VG is active  
 Source: Gartner ITC spending forecast Q3 2017; IDC's Western European SMB IT Spending Pivot Table, 1Q July 2017 IDC Western Europe IT Spending, 2017; KPMG analysis.

# Trusted partner with an end-to-end offering in IT, Security and Communication.



# Transforming Vincere Groep into one entity.



# Example of functional integration: Central tender desk.

## Features of VG's tender approach



Strong tender capabilities in three of four target verticals



Two specialised tender desks

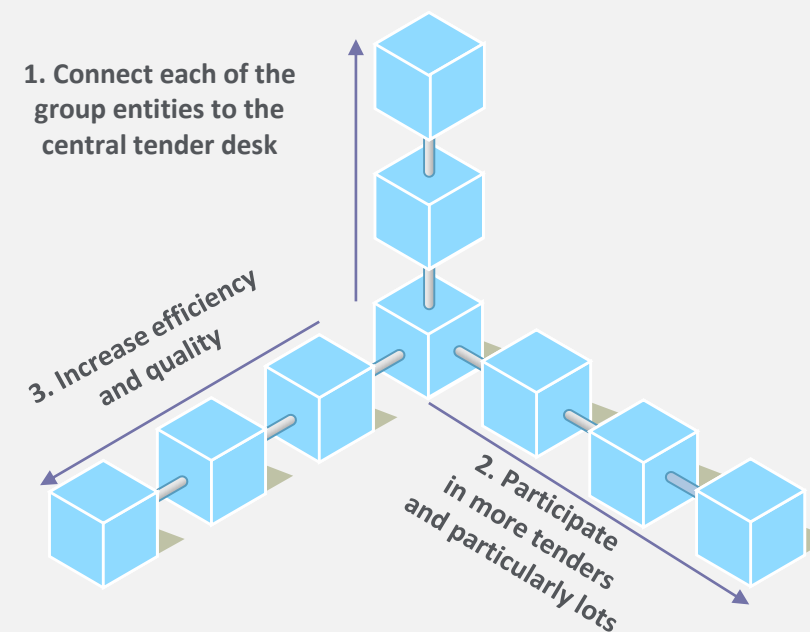


Strong experience due to high number of tenders in which VG participates



Disciplined review of which tenders to participate in

## Roll-out strategy tender desks



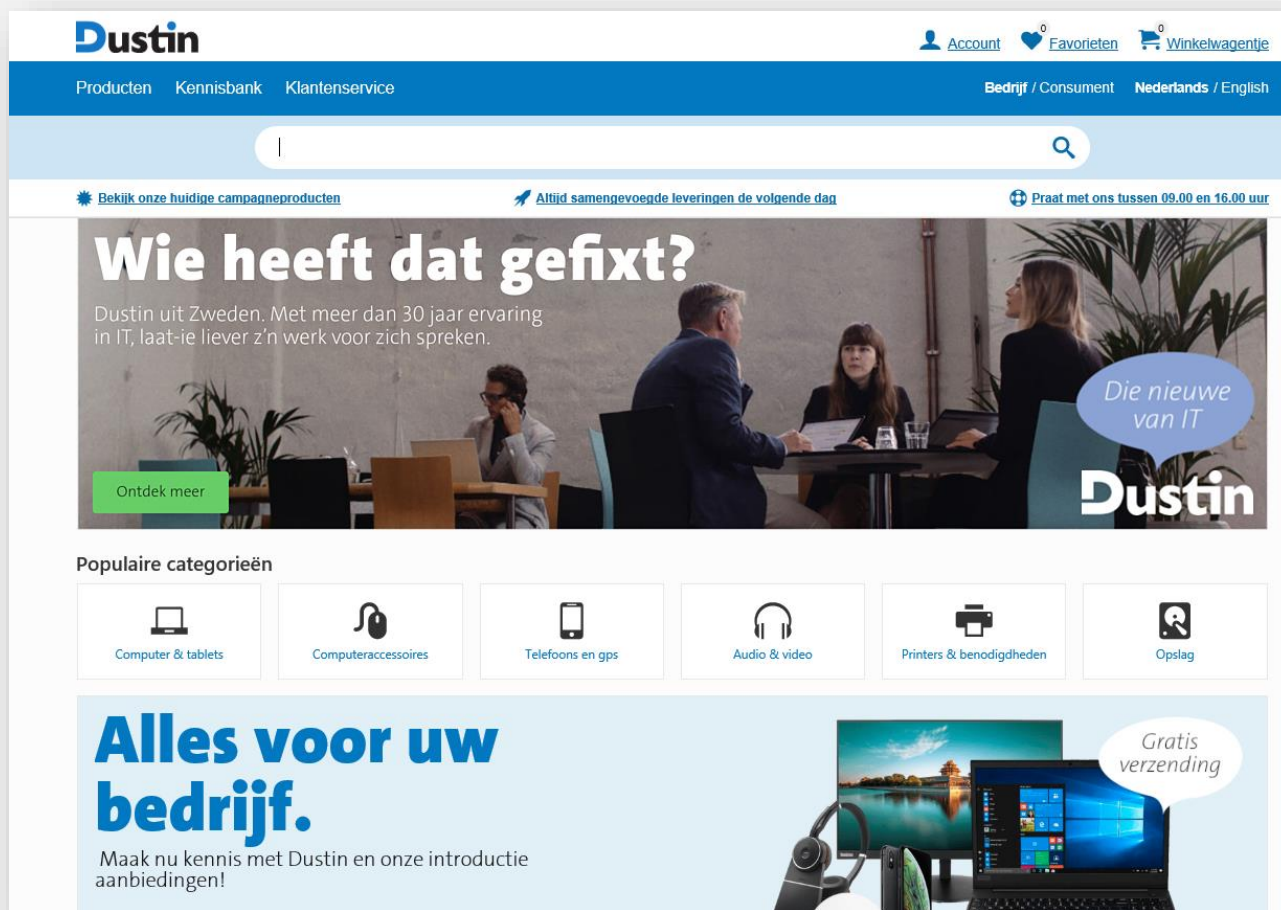


## Vincere summary.

- ✓ **Well positioned with a wide portfolio and geographical reach**
- ✓ **Market dynamics similar to the Nordic market**
- ✓ **Considerable online opportunities**
- ✓ **Large underserved SMB market**
- ✓ **Perfect fit for Dustin**



# Transactional sales launched successfully in the Netherlands.



- ✓ Build upon our proven value proposition, scaling our online operating model, but with a local supply chain and logistics center to provide right customer value
- ✓ New region has pushed platform development that will benefit total Group
- ✓ Start small - aim big
  - Initial focus on small SMB segment (and consumers for scalability)
  - Allow time to build a loyal customer base
  - At start operated separately from Vincere but over time merged.

~4 500 daily  
site visits

# Full integration of Dustin Netherlands over time.

