Overview: Dicker Data Limited ("Dicker Data", "the Company") is an Australian company focused on the distribution of hardware. Dicker Data acts as a distributor of leading technology brands, selling to over 3000 resellers across Australia. Dicker Data was founded in 1978 and listed on the ASX in 2011.

Catalysts: Dicker Data is experiencing sales growth having doubled revenues over the past three years. Revenue visibility in the medium-term is strong as the company has established long-term relationships with a number of high-profile customers. Dicker Data is scheduled to distribute quarterly fully-franked dividend distributions yielding ~7%. The Company has consistently paid a dividend since listing in 2011.

Hurdles: Even though Dicker Data is posting consistent revenue growth, earnings have historically been volatile which may affect the company’s ability to pay dividends. With balance sheet gearing of 3x EBITDA, Dicker Data may be restricted to fund future growth initiatives. While management controls the majority of stock, the ability for minority shareholders to influence direction of the Company is impaired.

Investment View: Dicker Data offers profitable exposure to the domestic technology industry. We are attracted to its revenue growth trajectory, relationships to vendors and resellers and history of dividend distributions. Primary risks include earnings volatility, corporate structure and balance sheet gearing. While the Company is experiencing organic growth and from its acquisitions, the Company appears well positioned to continue to reward shareholders via dividend distributions. Offering an attractive mix of capital growth and income we initiate coverage with a ‘buy’ recommendation.
GLOSSARY

Buy  Increasing value of established business operations is likely to yield share price appreciation.

Spec Buy  Increasing value of a new or developing business operation is likely to yield share price appreciation.

Hold  There exists an even balance of risks.

Sell  There is elevated risk of share price depreciation.

Stop  Our recommended, pre determined sell price, to be executed if the share price fails to appreciate.

Start Up  The earliest phase of a company’s life cycle, and typically the most risky as new ventures are tested in the market place. These businesses are usually reliant on external capital to fund day to day operations.

Growth  Refers to companies that are seeking to expand their presence after achieving a degree of market success. External capital may be required to fund their expansion.

Maturity  Refers to companies that are well established in their market place with little to no external capital requirements.

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