

Analyst Visit to Micro-P
5 September 2013



Agenda

- Introduction

- DCC SerCom

- Micro-P
 - Introduction
 - Business model
 - Value added
 - Vendor strategy
 - Mobile business

- Site Tour

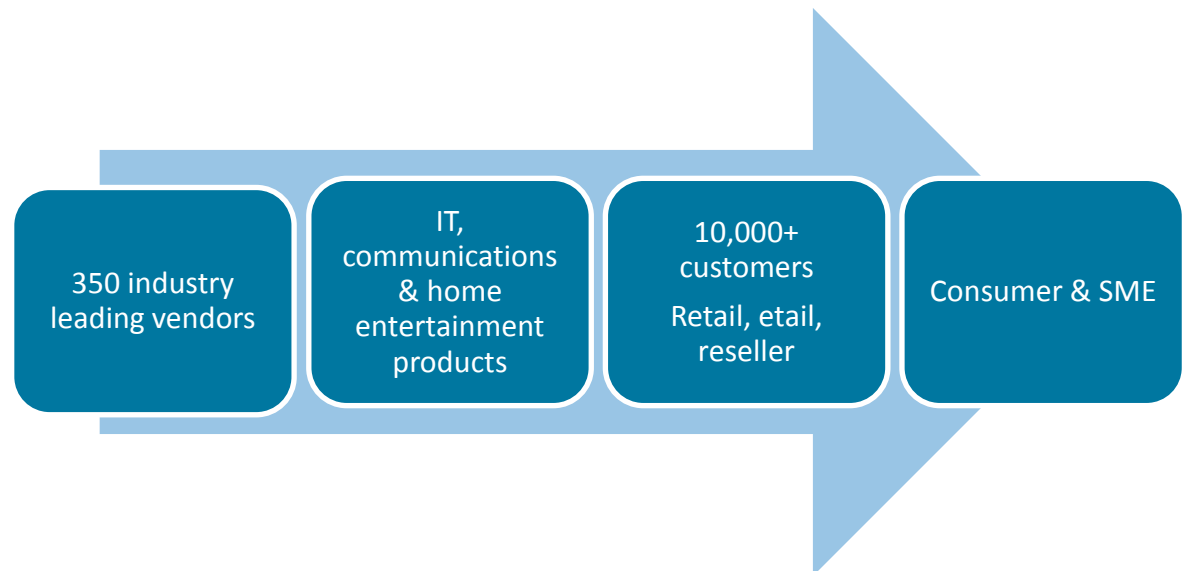
- Strategy and Focus for Growth

- Q&A

DCC SerCom at a glance

The route to market partner for leading global IT, communications and home entertainment brands

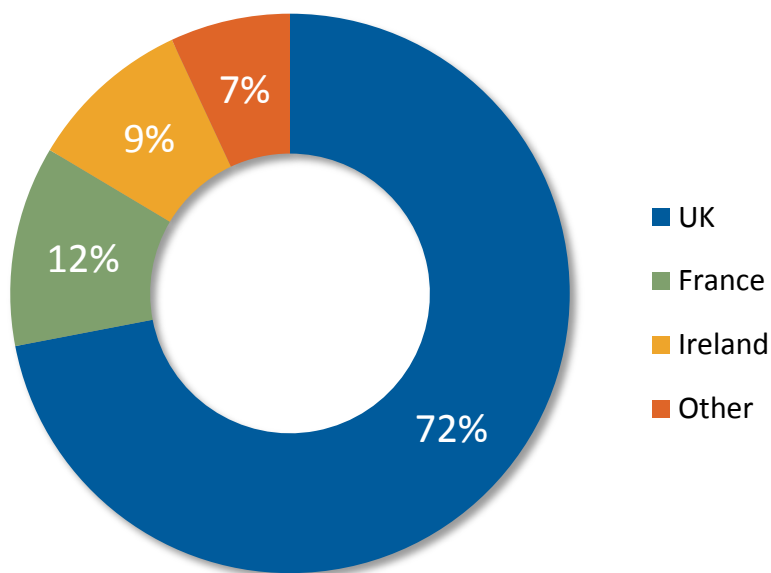
	FY2013
Revenue	£1,850.3m
Operating profit	£41.5m
ROCE	16.4%



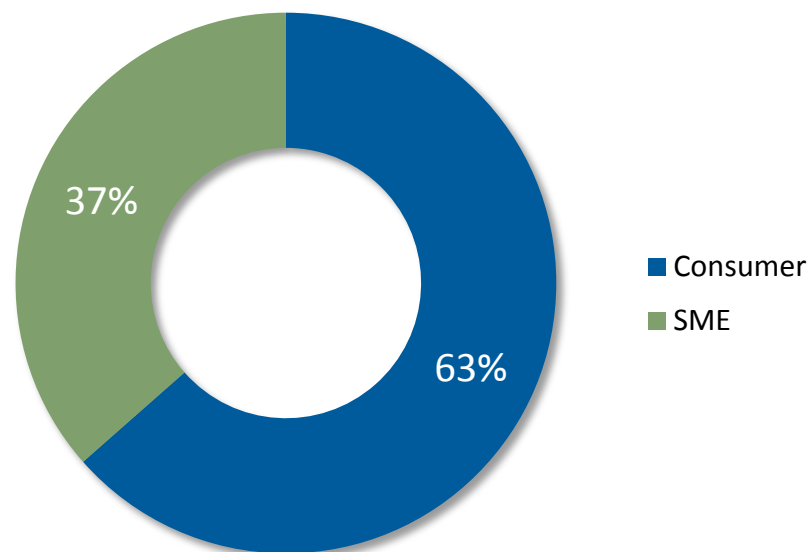
DCC SerCom provides a full range of services to our vendors and customers, delivering an exceptional route to market for a broad range of innovative products

Principal Markets

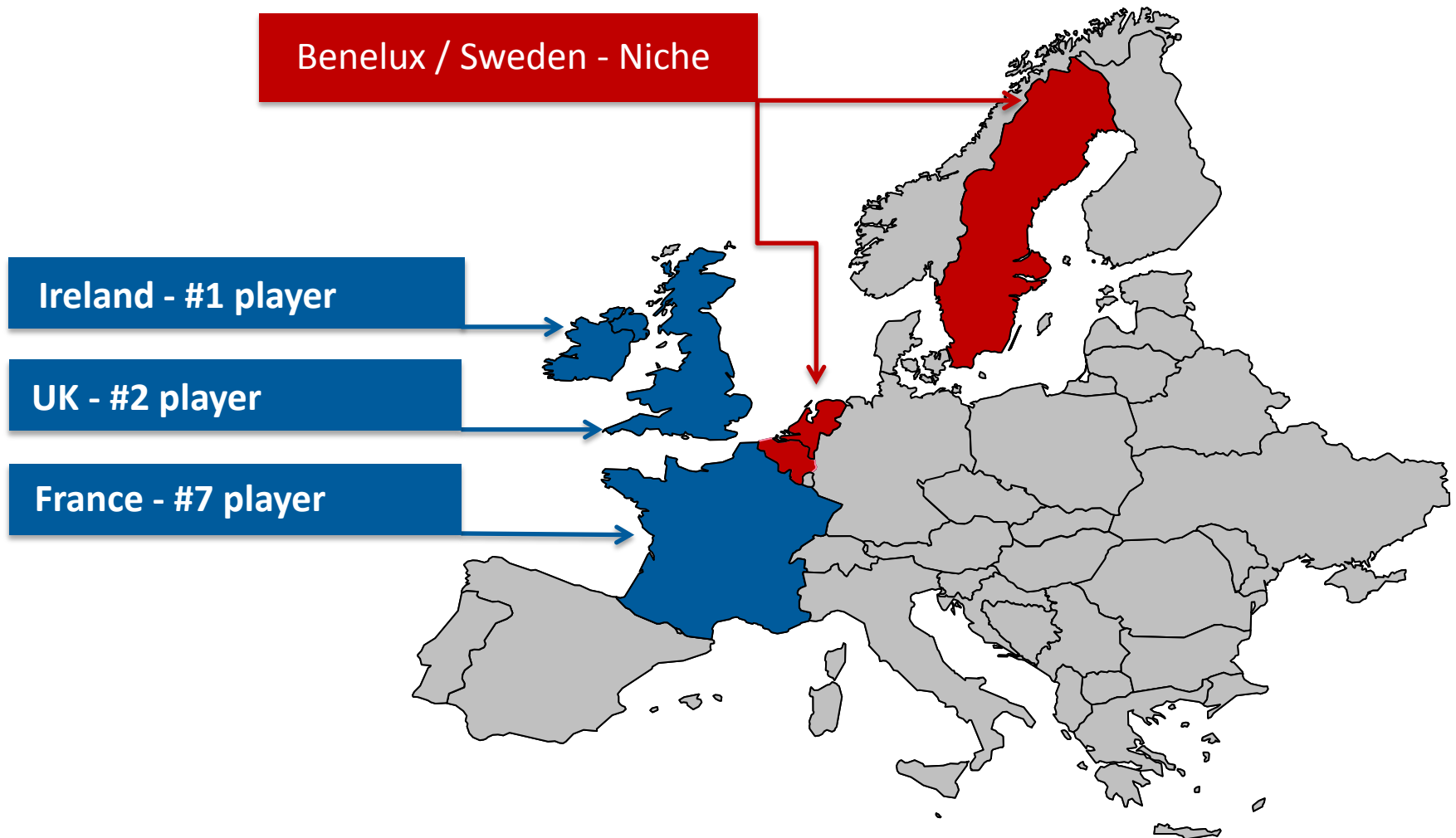
Revenues by Geography FY2013



Revenues by End User FY2013



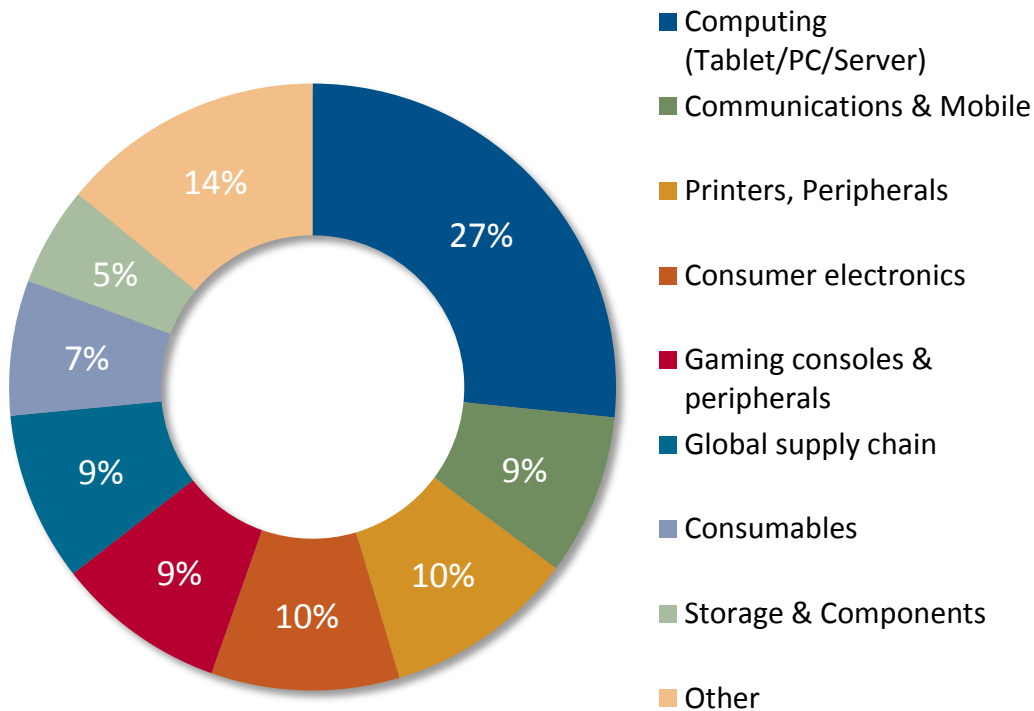
Market Position



Note – Supply Chain Management unit is HQ'd in Dublin with operations in Ireland, Poland, China & USA

Broad Product Portfolio

Revenues by product type – year ended 31 March 2013



Three Product Pillars

IT, Communications and Home Entertainment Products

- Devices to access content – central to product strategy
- Convergence driving innovation & growth
- Unique market position – key differentiator
- Complements our focus on growing sales channels



IT

Computing
Display
Networking
Peripherals
Consumables



Comms

Tablets
Mobile
Accessories
UC



Home Ent

Digital hub
Games
Music / DVD
Digital
Consumer Electronics

UK FY 2013 Revenue

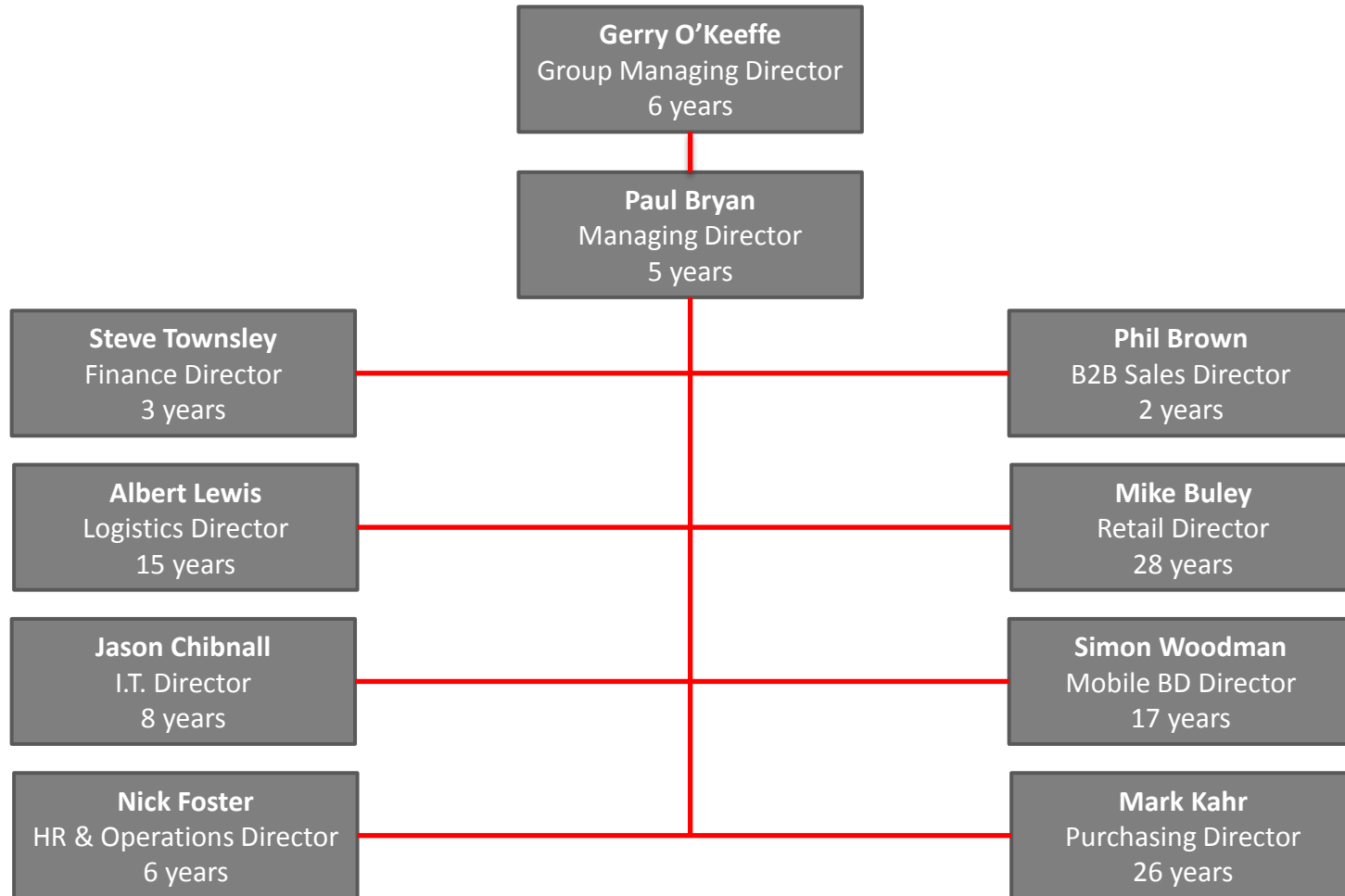
Micro-P 76%

Gem 24%

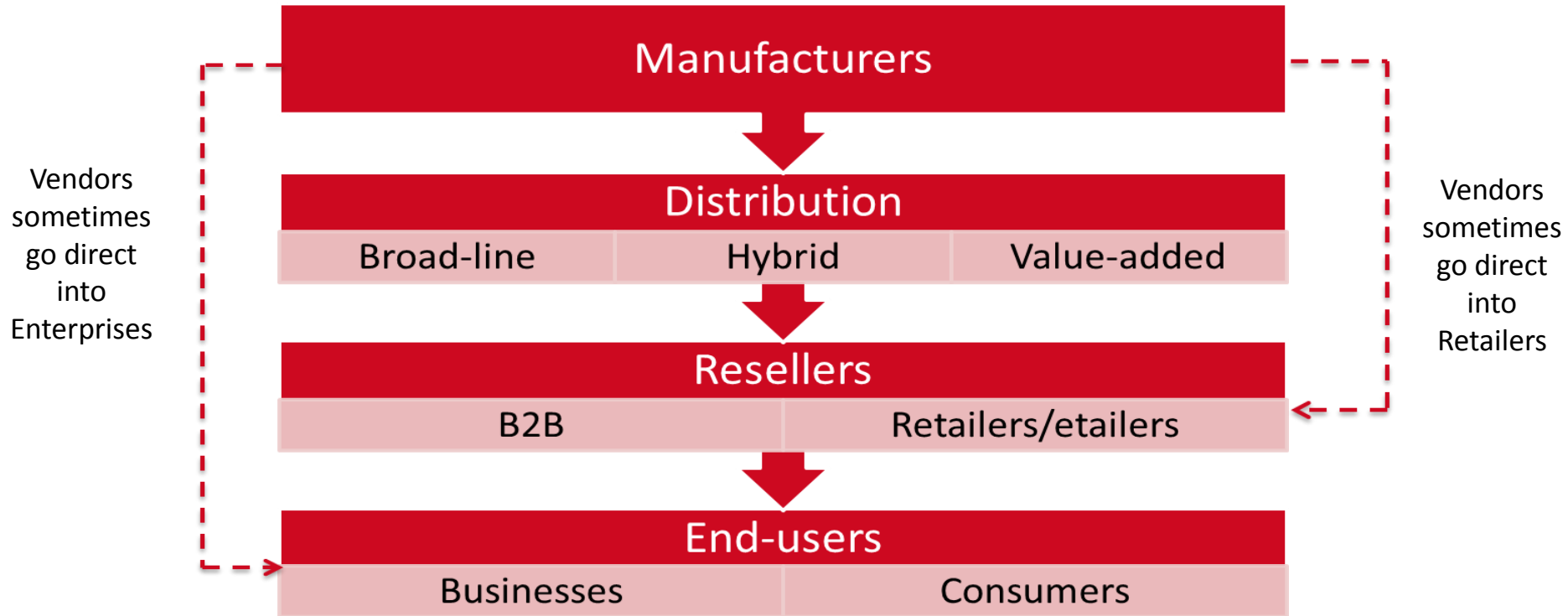
Micro P

Presented by Gerry O'Keeffe

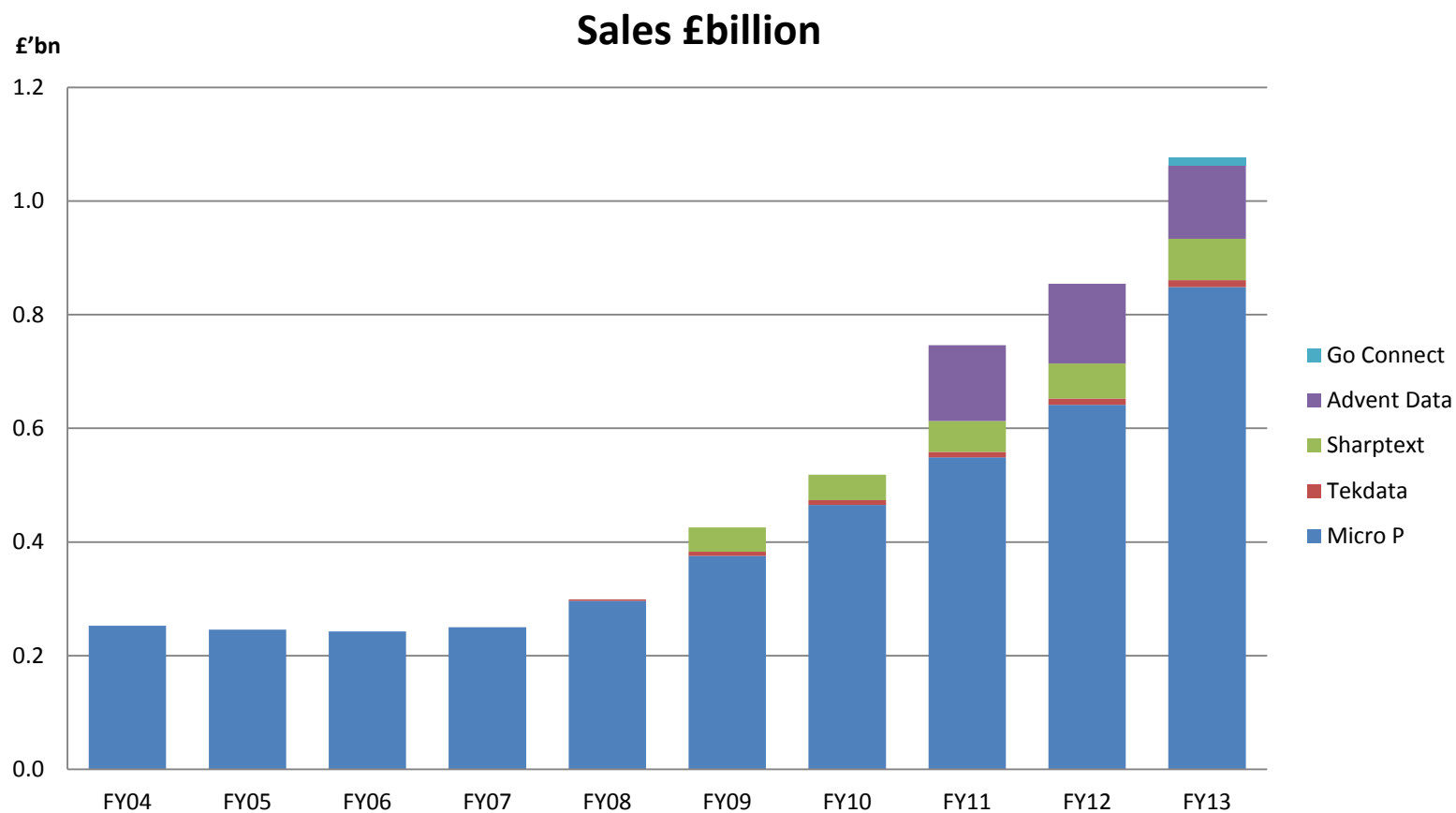
5 September 2013



The IT Channel



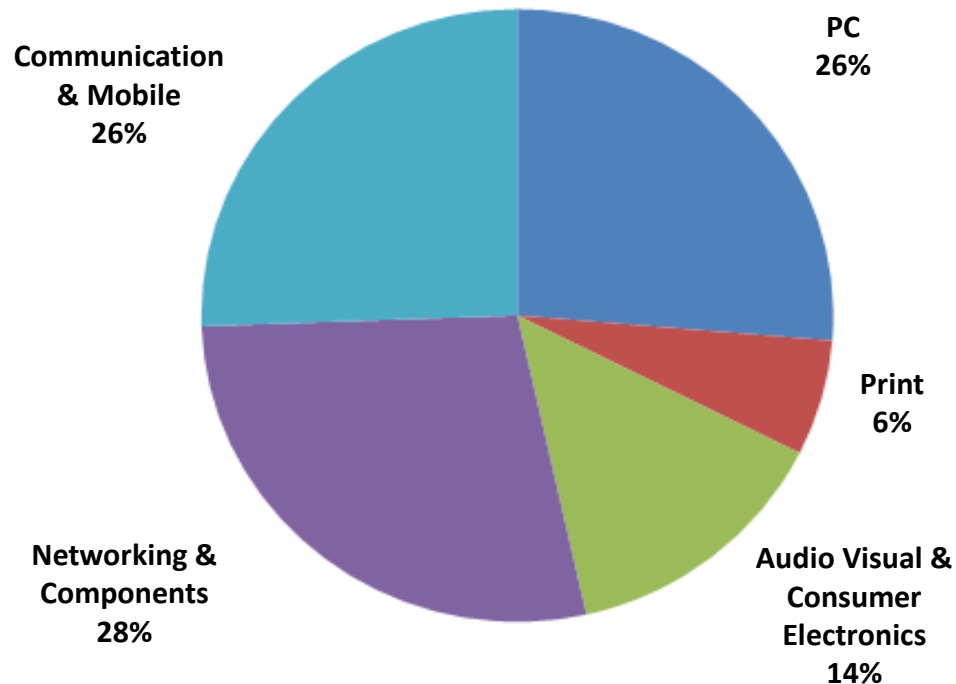
FY2013: Sales



FY2013: GP Split by product mix



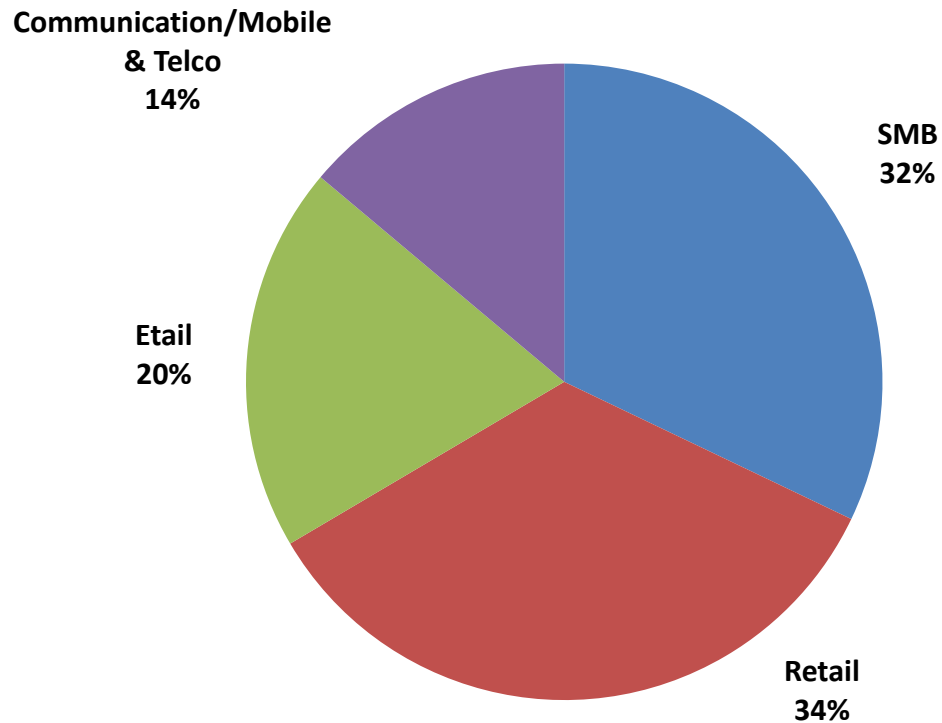
2013 Stats: GP Split by Product Mix



FY2013: GP Split by Channel



2013 Stats: GP Split by Channel



- Stable, experienced management team;
- Relationships, relationships, relationships;
- Can do, will do, make it happen, move on;
- Micro management, reporting and performance management;
- Flexibility, financial strength, commercial acumen;
- Keep moving the goal posts;
- Passion.

- We are a constant in a very variable, highly pressurised, complex supply chain;
- Managing forecasting across the whole retail landscape for multiple vendors;
- Managing price protection, pricing strategy for vendors with multiple retailers, via pass thru;
- Balancing volume requirements with sku/stock turnover for retailers to maximise return per square foot;
- Significantly magnify the reach of retail/etail buying teams by delivering one contact point for all issues;
- Marketing support, pos deployment, plannogramming, category management and merchandising;
- Proactive market reach to broad reseller customer base;
- Technical expertise, project management, product bundling experience;
- Integration to outbound logistics.

- Innovation
 - HCA example – Brought together three vendors, two mobile networks and three retailers to design and implement a programme which captured 40% of the Home Computing Access programme.
- Proactive Marketing Capability
 - Dell example – First Dell distribution partner for print, consumables, PC, security and server. Achieved 70% growth in last 12 months and introduced 200 new partners to Dell.
- Flexible partnership approach to retail and etail
 - Amazon example – First partners in the UK to implement “Vendor Flex” whereby Amazon can pick stock directly from our warehouse for fulfilment to end users. Development of consumables business by preparation and fulfilment of unique Amazon bundles.
- Management Focus and Service Ethos
 - Tesco Mobile Example – On commencement of Tesco Mobile packout and fulfilment business, customer estimated 16 weeks of trail and implementation. Achieved by Micro-P in six weeks.

Receivables

- 95% of debts over £25k are insured
- The first £600k of aggregate losses are self insured
- We have a 100% success rate in recovering claims made
- Robust credit setting and collection procedures in place
- Regular customer visits are conducted

Payables

- All vendors have a predetermined payment profile to maximise our credit terms
- Micro-P raises approx £15m value of claims on our vendors each month for price protection, stock rotation and marketing, which are off set against next payment of supplier

Stock Control

- Terms include price protection to ensure stock values reflect market rates & stock rotation rights
- Ultimately we have a very close working relationship with all the vendors

Micro-P

Business Model



Mark Kahr
Purchasing Director



Dan Lenan
Head of Commercial



Nerissa Tong
Head of Marketing



Value-added solutions

Pre-Sales
Technical helpdesk
Training & Events

Hosted solutions
Airtime
Imaging config

BYOD
Salary Sacrifice
Managed Print

Connected Home
Attach sales
Connect Partners

Video conferencing
VAD
Site Survey

Design
Projects
Consultation

Tender Response
Special Bids
Installations

Finance
Leasing
Credit

Marketing

Bespoke & Targeted campaigns – Business Solutions Guide – Tablets & Mobility – Seasonal Retail – Connected Home – Web & Design

B2C

grocer
catalogue
traditional
specialist
indie
etail



Mike Buley
Retail Director

B2B

top 100
it var
education
av
voice
print
security
public sector
corporate



Phil Brown
B2B Director

Mobile

mobile
telco



Simon Woodman
Mobile Director

Micro-P

Brand Portfolio



Mobile / Tablets	Computing / Tablets	Print	Consumer	Attach	Components	Visual	Unified Comms	Networks	Server & Storage	Security

Micro-P

Retail/Etail Model

DCC



acer
explore beyond limits™



ASUS
Inspiring Innovation • Persistent Perfection

SONY

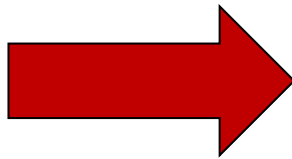
WD Western
Digital

NETGEAR
Connect with Innovation™

PLANTRONICS
SOUND INNOVATION™

NOKIA

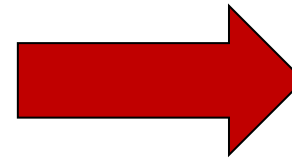
and many others



M MICRO-P

Demand
Management
Price Support
Logistics certainty
W.C Management
End User FF
White Label
Website
Extended Range
220 Vendors
25,000 SKU
Merchandising

Traditional & TV
Catalogue
Grocery
Etail
Independents



amazon.co.uk

TESCO
www.argos.co.uk
Argos

Currys

PC World

shop
direct
group

John Lewis

ASDA

STAPLES

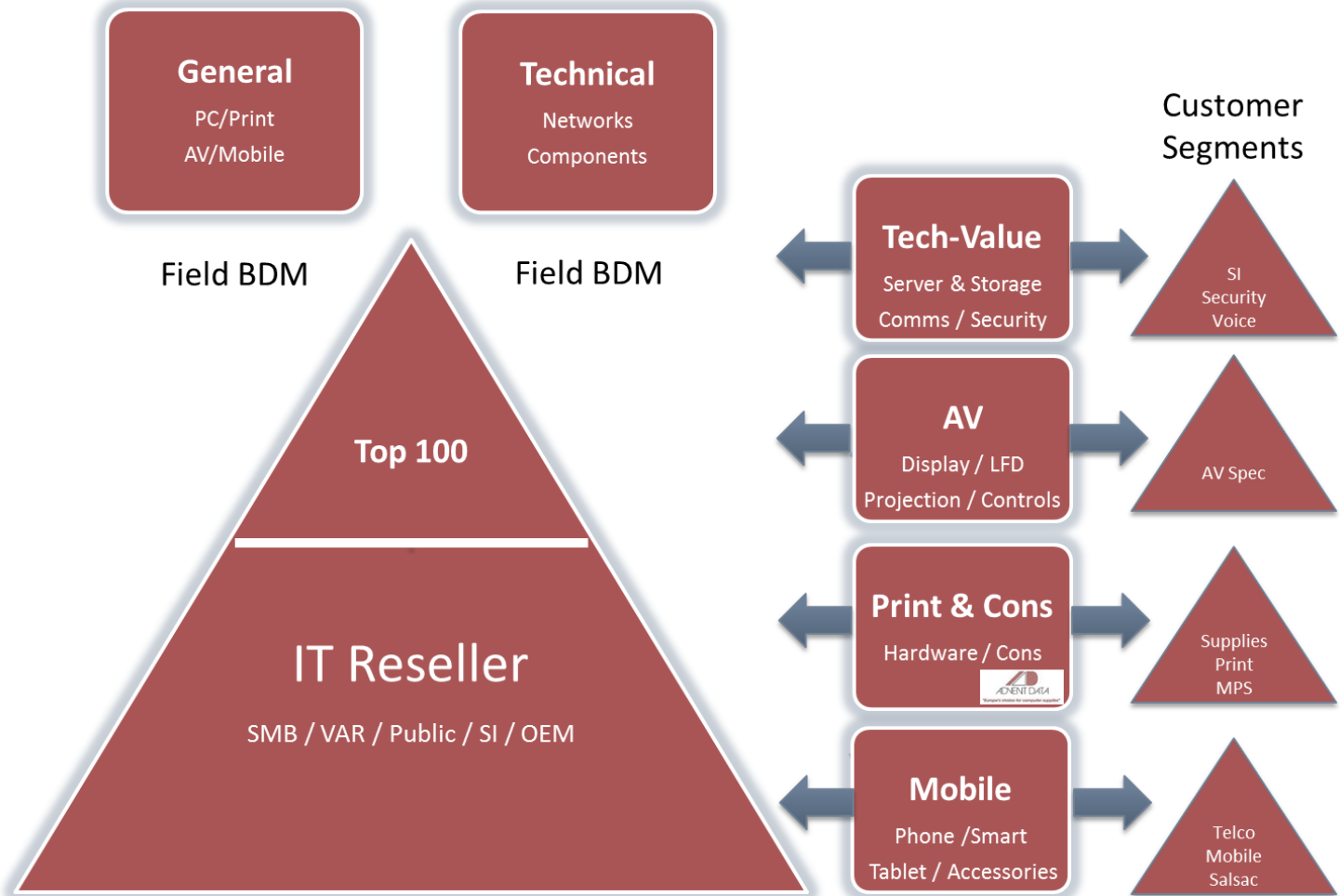
Sainsbury's



and many others

Micro-P

B2B Model



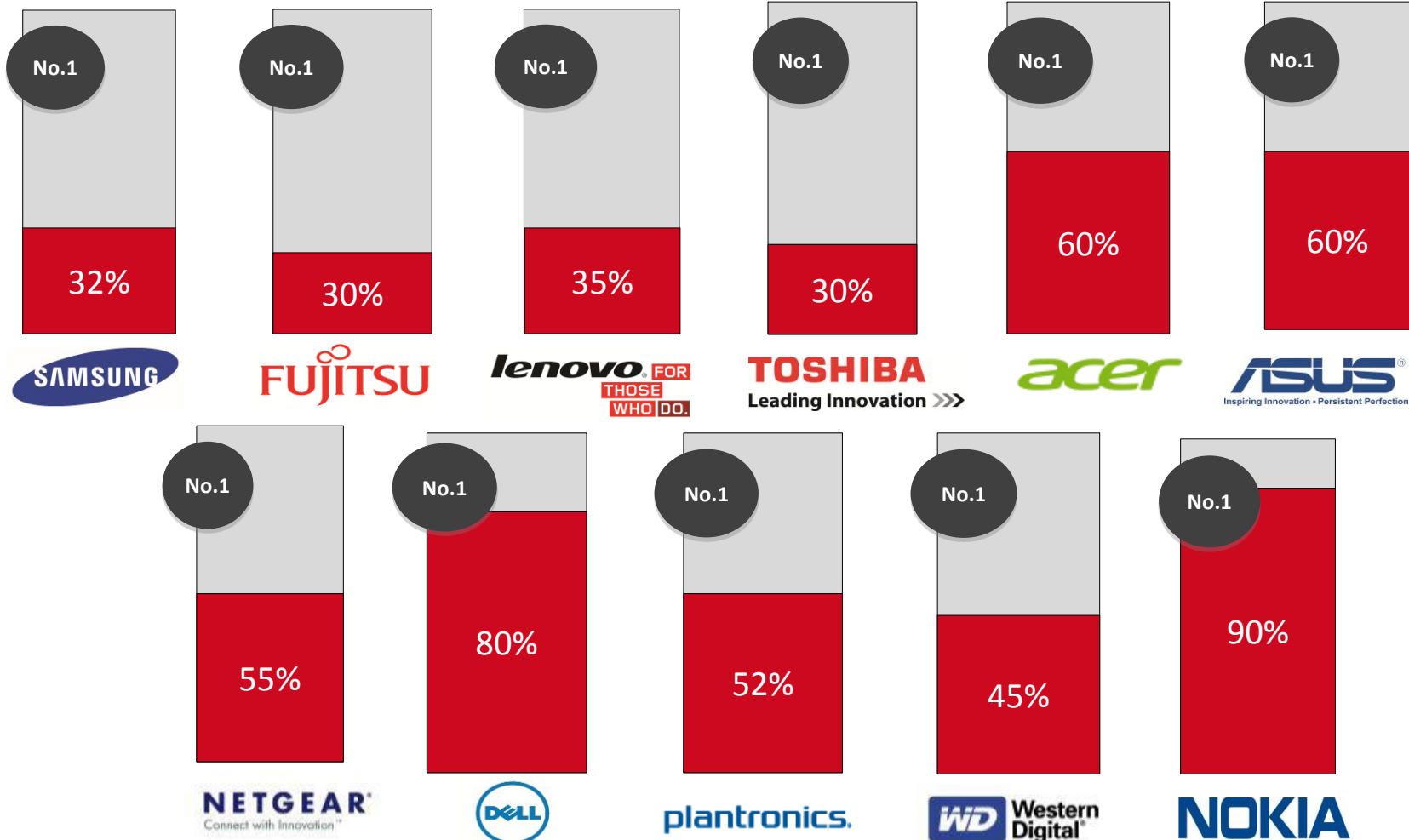
Vendor strategy



- ◆ **We are committed to forming strategic relationships rather than purely transacting relationships.**
- ◆ **Selection of strategic vendors is driven by:**
 - Capacity to lead the market by future innovation;
 - Opportunity to lead us into new markets and customer groups;
 - Willingness to operate in a joined up partner approach.
- ◆ **Our principal strategic vendors are:**
 - Samsung, Lenovo, Dell, Western Digital, Nokia, Plantronics, Xerox, Brother, Asus, Netgear.
- ◆ **Clear 'vision strategy execution' plan agreed between both businesses:**
 - Measured by pre-agreed metrics and reviewed by quarterly QBR's attended by senior directors.



Top 11 partner market share



Micro-P Mobile

Vendor Approach



1. Fulfilment Partner

- Low-margin Vendor/Customer
- Vendor managed customers
- Vendor managed marketing
- Rebate support
- Ratecard Marketing
- Stock Rotation/Terms Support

2. Distribution Partner

- Mid-margin Vendor/Customer
- Tri-Party Customer management
- Vendor managed marketing
- Rebate support
- MSF support
- Stock Rotation

3. Go to Market Partner

- High-margin Vendor/Customer
- Joint Business Planning
- Rebate support
- Marketing Budget + MSF

INCREASING SERVICE LEVEL

- Primary/Master Distribution
- Credit Management
- Logistics Provider
- Marketing investment advice

- Range & Category management
- Extended Range and Tail Management
- Stock Depth/Forecasting
- Showroom Presence
- Product Reworking
- Bundling

- Distie-managed
- B2B / B2C / Retail Marketing (Pass thru funds and budget)
- White label offering
- Instore theatre & display
- Bundle design & creation
- POS and packaging
- Media Buying and campaign management

Micro-P Mobile

Mobile Customers

DCC

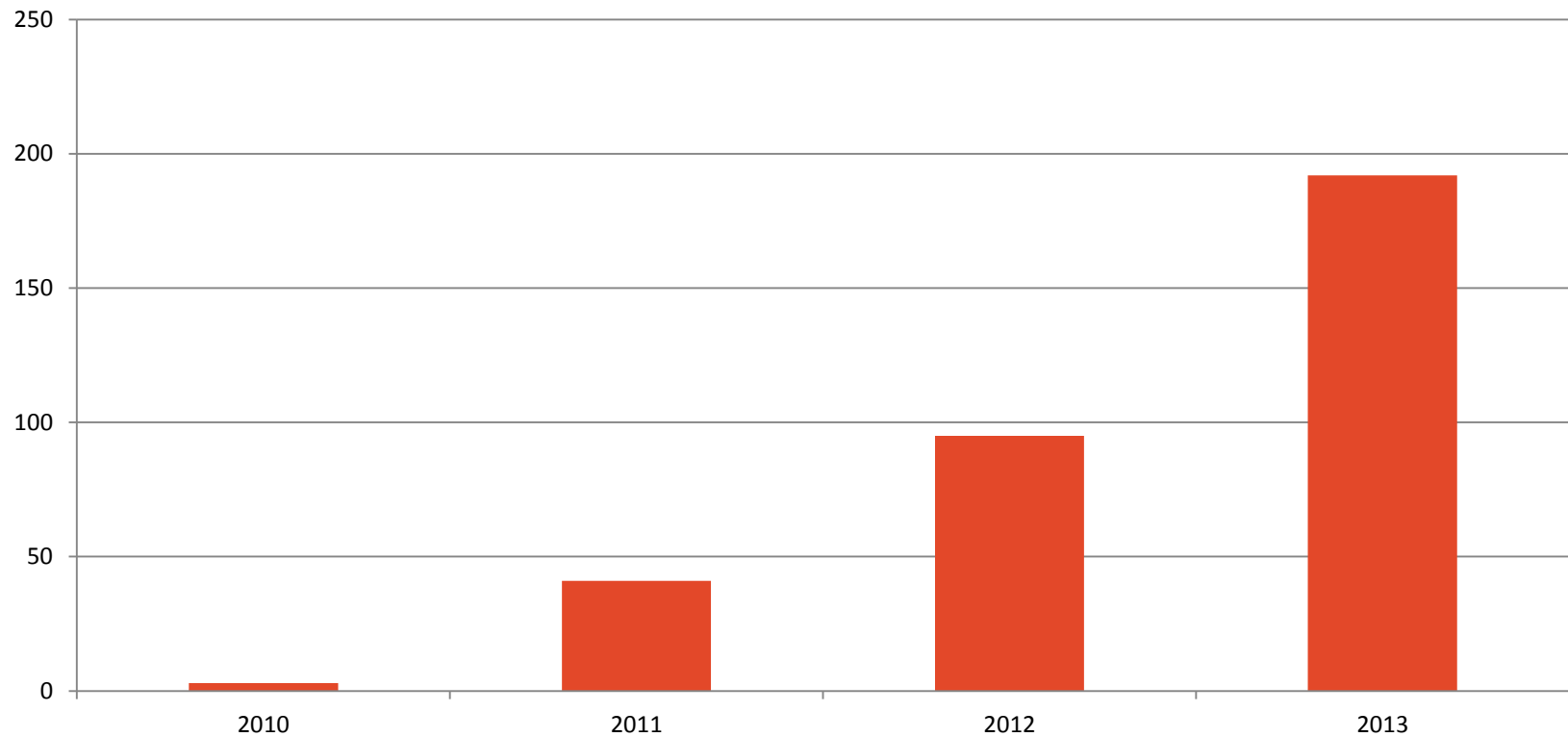


Micro-P Handsets

Financial Results



Sales £m

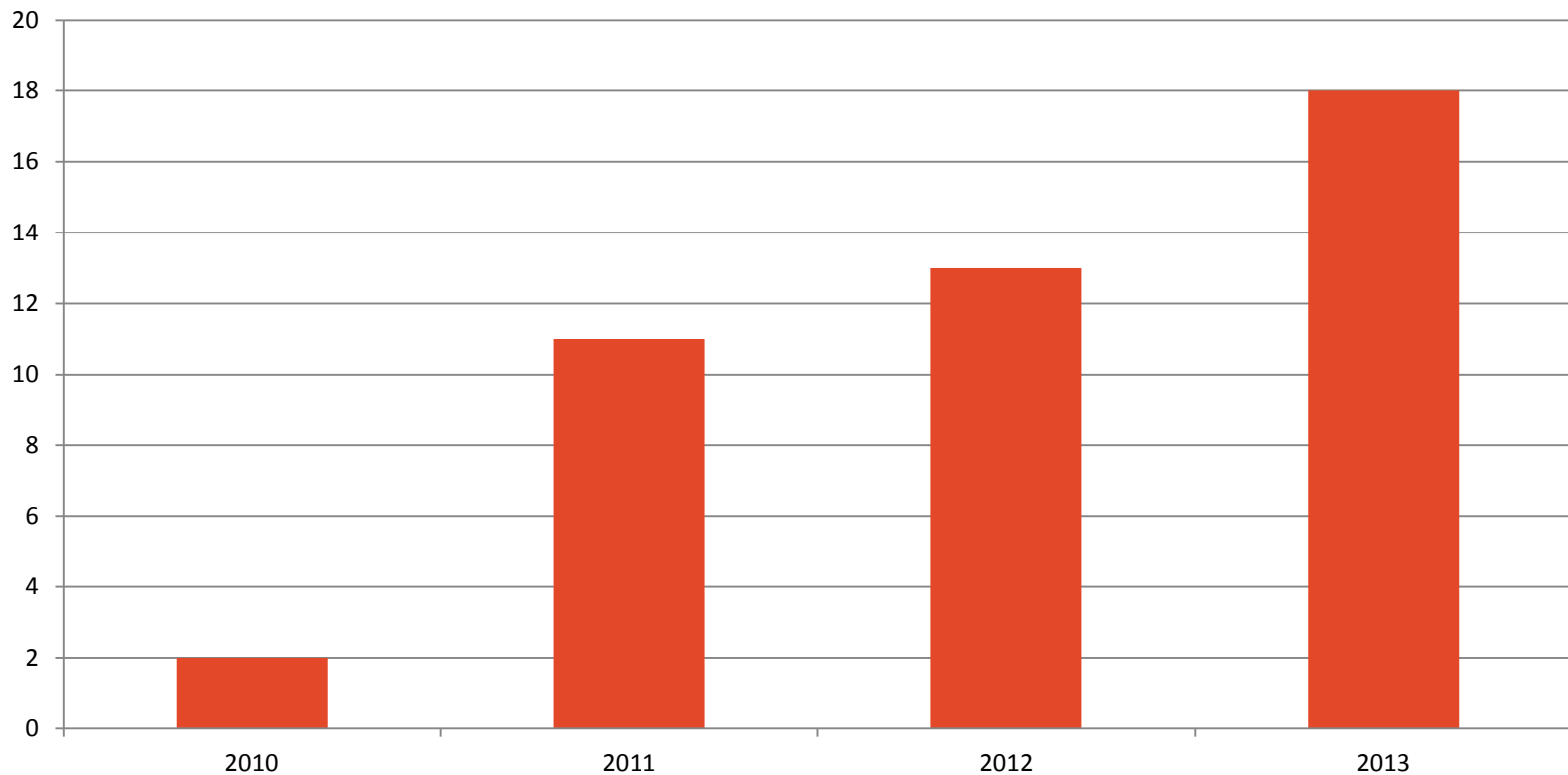


Micro-P Accessories

Financial Results



Sales £m



Micro-P Mobile

Hardware Division Growth Plans



FY14 Hardware Objectives

1. No.1 SIM Free Supplier across customer type
2. No.1 Tablet Distributor in Retail and B2B
3. Maintain position as Distributor of choice for Windows Phone

NOKIA



SONY

Brand & Product Portfolio Mix

- Nokia
- Samsung
- LG
- Sony
- Smart phones
- Feature Phones
- Tablets

Value Added Services

- Marketing services
- Incentive schemes
- Training and Accreditations
- Loan devices
- Roadmap Events
- EDI feeds
- Try me Buy me Programmes

Commercial Services

- Lease / Finance options
- 24 month 24 hour swap out
- Network Contingency Stock
- Fulfilment Services
- Attach at purchase
- BYOD / Sal Sac
- White label web options
- In device app purchase
- Product Exclusivity
- Trade-in schemes

Customer Segments

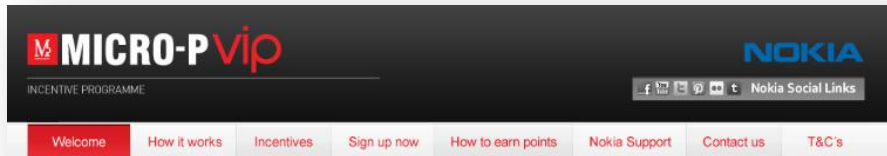
- Mobile B2B
- IT Majors
- IT Breadth
- Retail
- Etail
- Comms / Voice Resellers
- Direct Vendor customers (Fulfilment)

Case Study

Managing the B2B Channel - Nokia



NOKIA

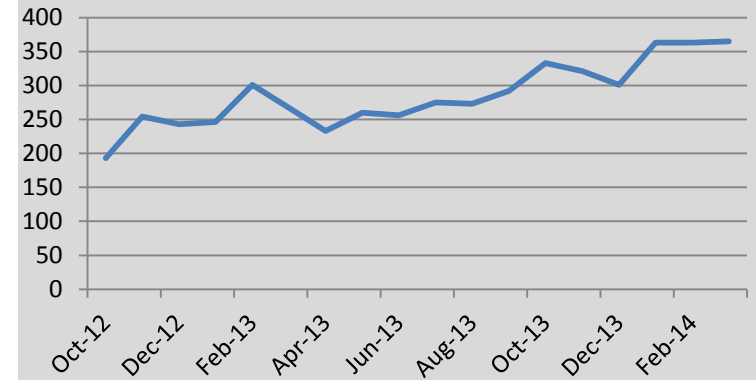


Welcome to the Ultimate VIP incentive, Micro-P and Nokia together.

This unique incentive program is designed to help you maximize your team's performance and loyalty.



NOKIA Traded Accounts



Award-winning Distributor

11 awards in 9 months

PCR
awards winner 2013

- Microscope Aces Hardware Distributor of the Year 2013
- Mobile Distributor of the year 2013 (Second year running)
- PC Retail: Retail Distributor of the year 2013
- PC Retail: Consumer Electronics Distributor of the Year 2013
- Plantronics Partner Smarter Award: Largest Distributor 2013
- Plantronics Partner Smart award: Smartest Operations Collaborator 2013
- CRN's Visual & Print Distributor of the year 2012
- NEC Fastest growing Distributor 2012 – 2013
- Dell Print Distributor of the Year 2012
- Mobile magazine 'Best Accessories Distributer' 2013
- NBG 2013 – Distributor of the Year



Winner
Hardware
Distributor
of the Year



plantronics.
Simply Smarter Communications™



WINNER
NEC EMEA Partner Awards 2012-2013
Fastest growing Distributor



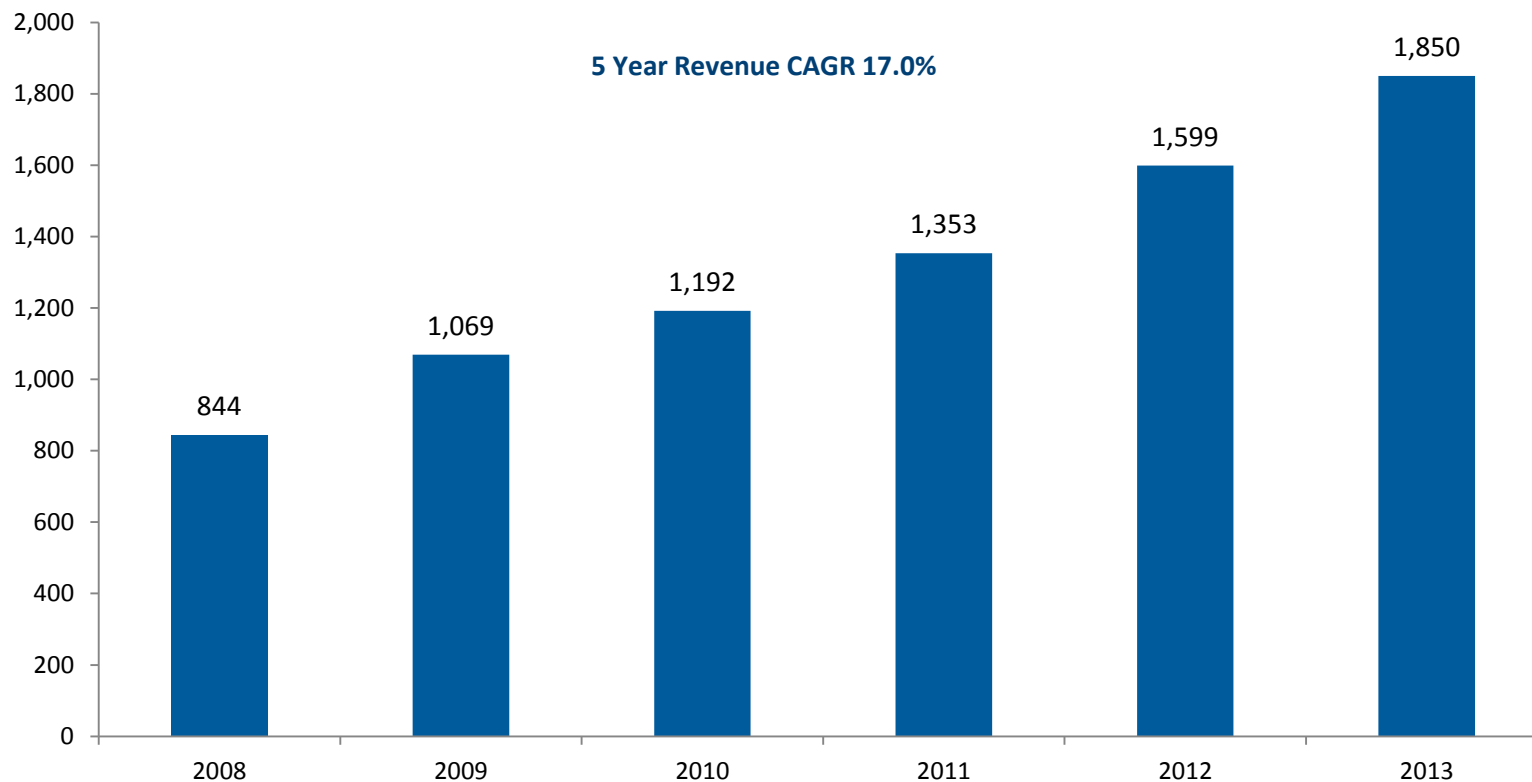


Conclusion and Growth Ambitions

DCC SerCom - Track Record

5 Year Revenue Growth

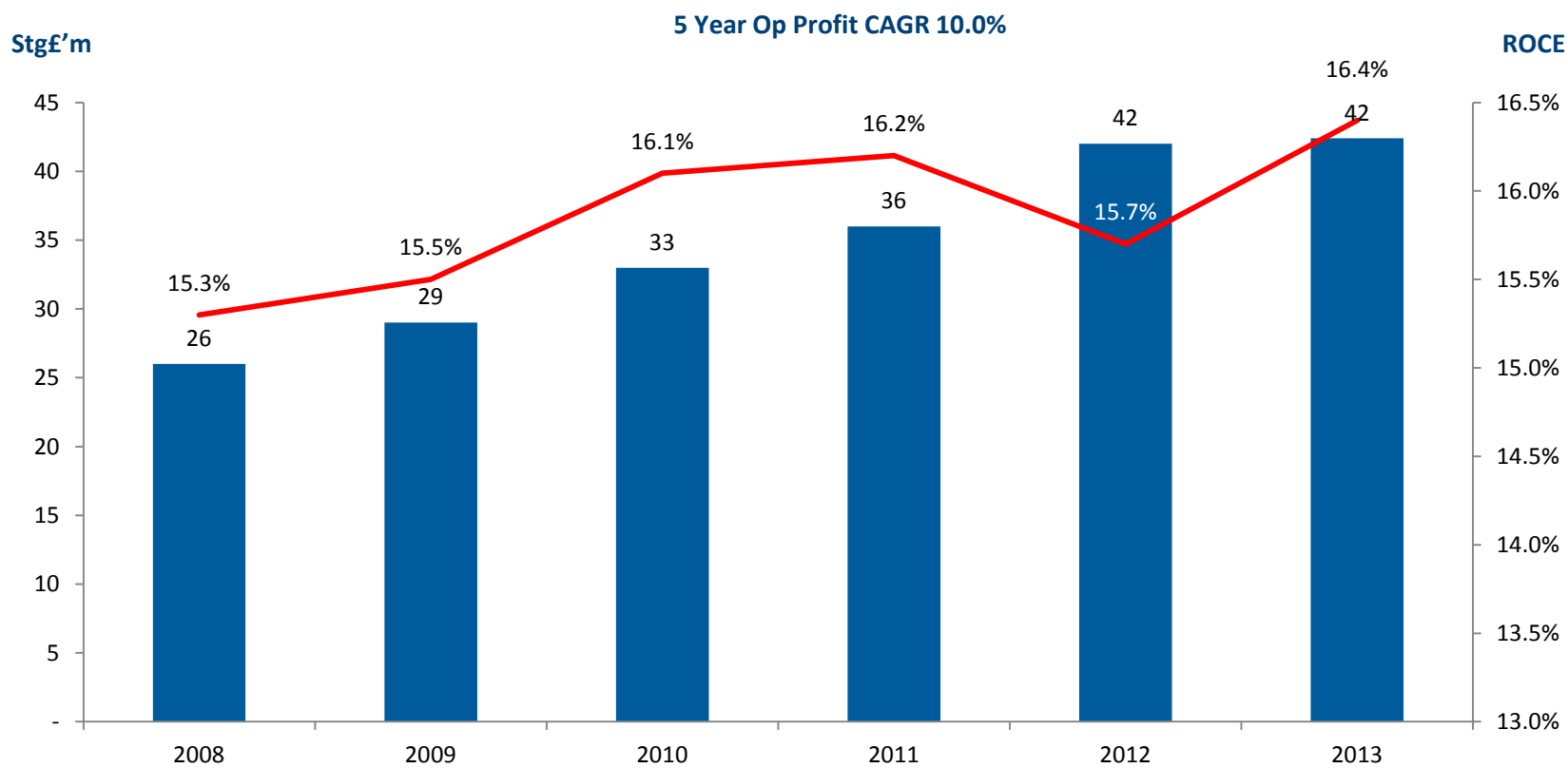
Stg£'m



Figures shown are reported euro numbers translated into sterling at the average fx rate for each year

PBIT & ROCE track record

5 Year Operating Profit Growth and ROCE



Figures shown are reported euro numbers translated into sterling at the average fx rate for each year

DCC SerCom - Vision & Strategy

DCC SerCom's vision is to be the leading specialist consumer and SME IT distribution business in Western Europe

- With strong local market shares
- Generating high levels of ROCE
- Expanding into new geographies
- The obvious partner for a new vendor to access European retail and SME markets



Strategy

- Grow market position in converging mobile telephony / IT market
- Further organic growth with complementary acquisitions in Britain and Europe in Audio Visual, Mobile and Accessories, Unified Communications
- Service expansion – white label, vendor shops, employee programmes, third party logistics, category management
- Acquisition and organic expansion into new geographies

DCC SerCom - Areas of Focus for Future Growth

- **Convergence: Be the leading distributor of converged devices in our core markets**
 - Handsets – expand vendor set, continue market share gains
 - Accessories – first party, white label proposition – higher margin
 - Home Ent – Xbox One – digital hub
 - Services – BYOD management, virtual MVNO, employee benefit, reverse logistics
- **SME: Continue to gain market share in SME market through product and service development**
 - Unified communications
 - Education & Professional AV
 - Managed services for SMB Resellers – recurring revenues
- **Geographic expansion: Establish SerCom as leading regional European player**
 - Complementary acquisitions
 - Strategic vendor partnerships
 - Northern Europe initial focus