

Data#3

FY19 Results Briefing

21st August, 2019

Contents

FY19 Summary	3
IT Sector	5
Our Business	9
Digital Transformation	14
FY19 Financial Performance	16
FY20 Looking Forward	22
Q&A	26

FY19 Summary

“We are delighted with the performance of the consolidated Data#3 business.

The full year result demonstrates the inherent strength and relevance of our solution offerings in a transforming market.

Total revenue increased by 19.8%, and NPAT & EPS increased by 28.7% to record highs.

The board declared a final dividend of 7.1 cents per share, delivering a total fully franked dividend of 10.7 cents, up 30.5% on FY18, and representing a 91.0% payout ratio”



IT Sector

Australian IT market

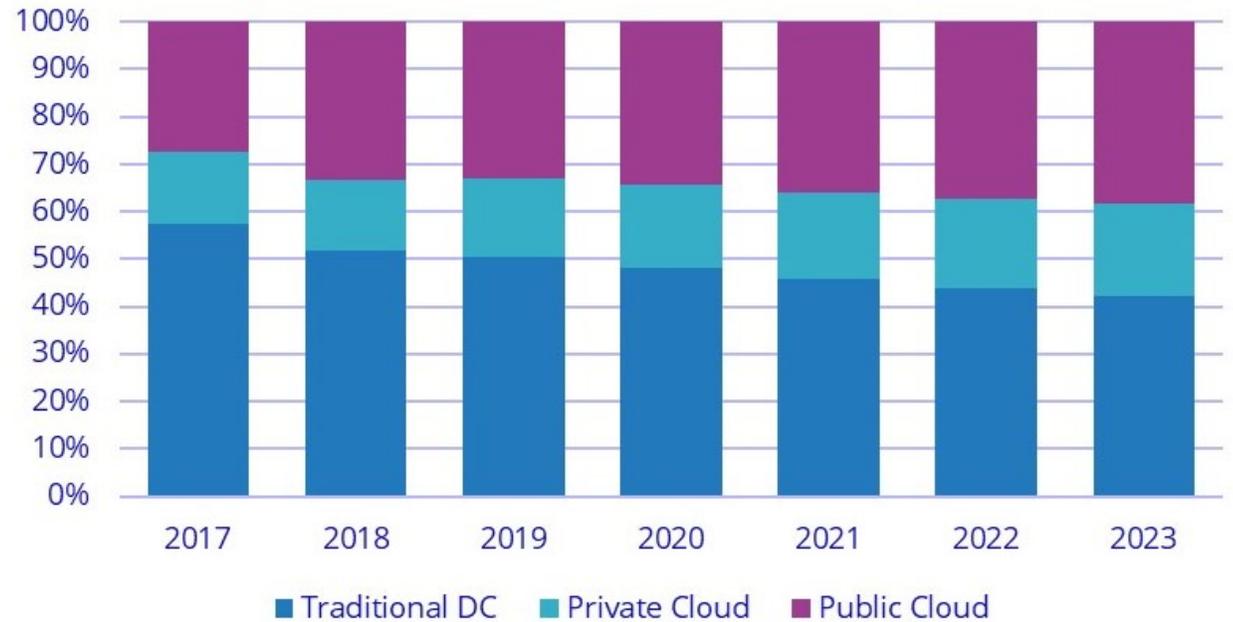


2019 total market
spend **\$94Billion***

Global Cloud Deployment



Worldwide Cloud IT Infrastructure Market Forecast by Deployment Type, 2017- 2023 (shares based on Value)



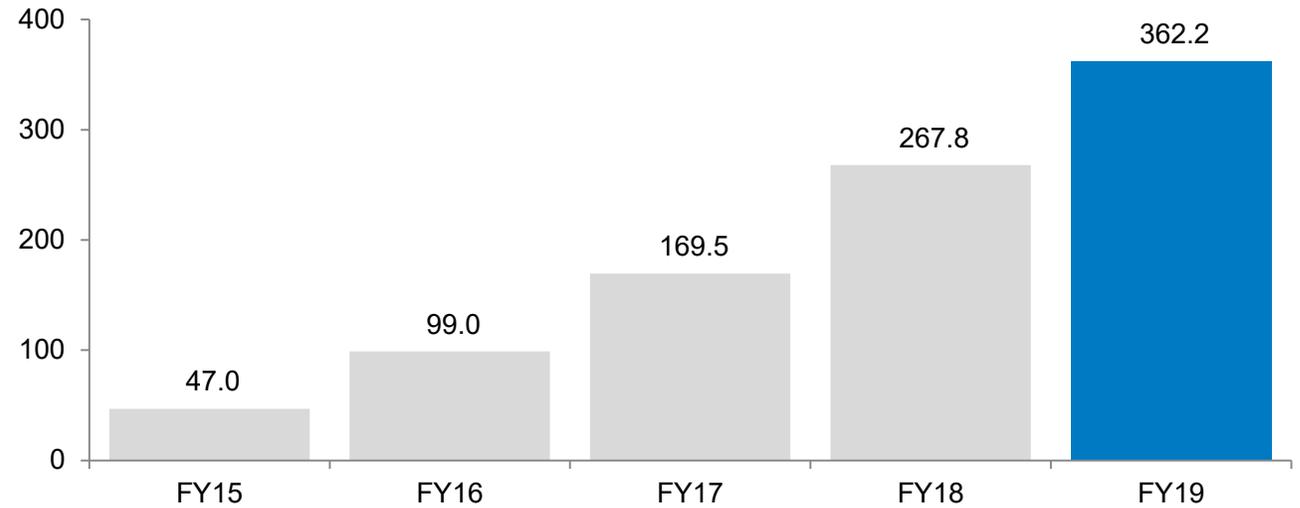
Source: IDC 2019

DTL Cloud Growth

Growth in Public Cloud 35%

Growth in Private Cloud

Public cloud revenue (\$M)



Our Business

Data#3 in FY19



1,200+
staff



Founded
in **1977**



Listed on the
ASX in 1997



\$1.4 Billion
in revenue



9 offices across Australia and Fiji
3 integration centres



55% revenue under contract



4,933 enterprise and government customers



2.5M+ Office 365 licensed users



2,113 services projects

Partnering with leading global suppliers

#1 or #2 in the Australian market

Many national and international awards

Global Cisco software partner award



Our **vision** is to harness the power of people and technology for a better future.

Our Solutions



Cloud



Mobility



Security



Data & Analytics



IT Lifecycle
Management

Consulting

Project Services

Support Services

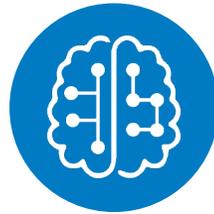
Digital Transformation



Digital Transformation



Data & Analytics



Artificial Intelligence



Internet of Things



3D Printing

FOUNDATION LAYER



Network



**Cloud
(Public & Private)**



Mobility



Security



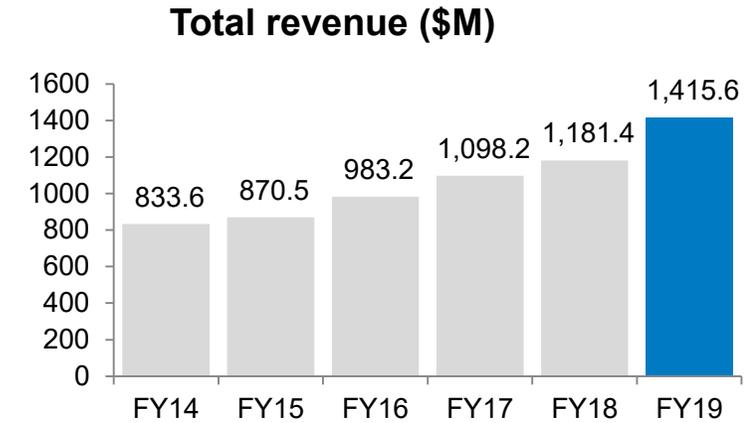
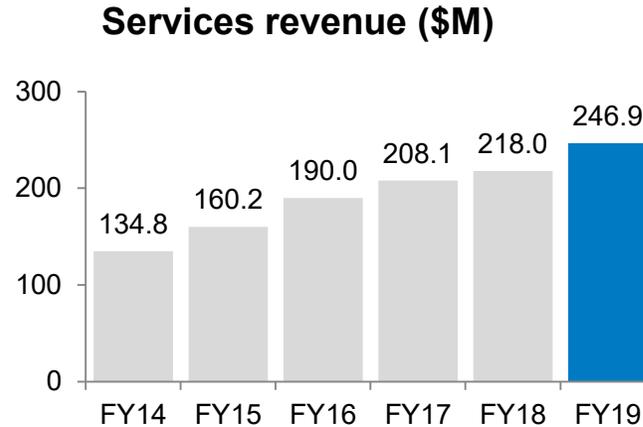
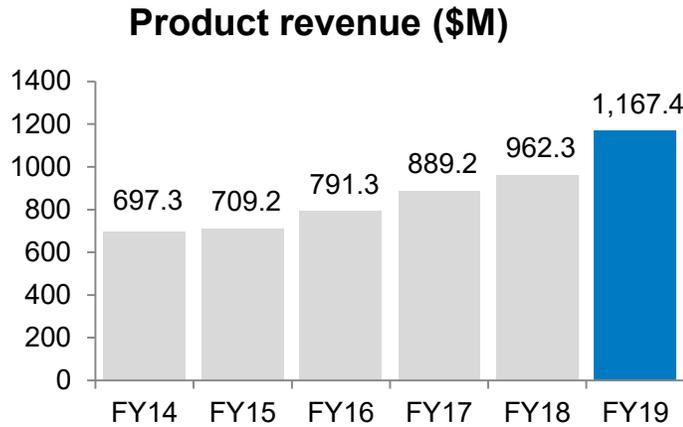
Software

FY19 Financial Performance

FY19 Performance Summary

Revenue	Up 19.8%	\$1,415.6M
Product	Up 21.3%	\$1,167.4M
Services	Up 13.3%	\$246.9M
Public cloud (included in Product & Services above)	Up 35.3%	\$362.2M
Other Revenue		\$1.2M
<hr/>		
Gross Profit (excluding Other Revenue)	Up 8.6%	\$173.9M
Product	Up 17.2%	\$90.2M
Services	Up 0.6%	\$83.7M
Gross Margin	Down 1.3 pp	12.3%
<hr/>		
EBITDA	Up 25.8%	\$28.3M
EBIT	Up 32.1%	\$25.8M
NPBT	Up 30.2%	\$26.6M
NPAT (excluding minority interests)	Up 28.7%	\$18.1M
Earnings per share	Up 28.7%	11.76 cents
Dividend per share	Up 30.5%	10.70 cents

Sustained Revenue Growth



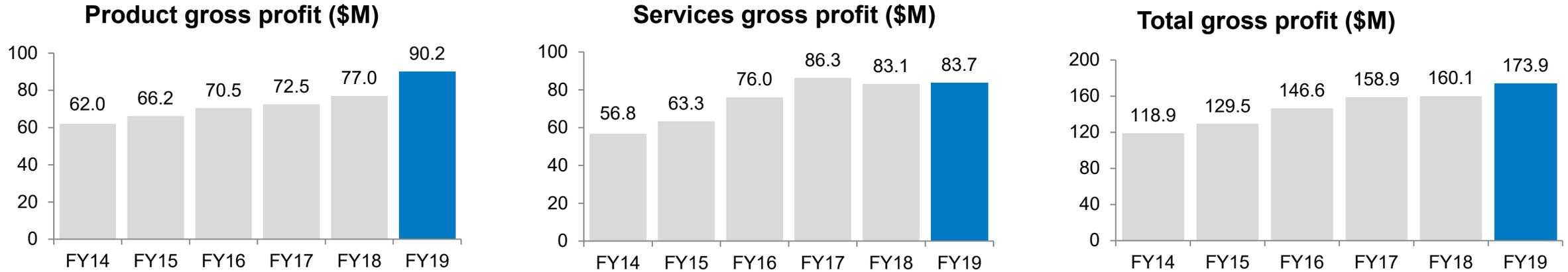
Infrastructure	\$378.8M	+ 24.3%
Software Solutions	\$787.8M	+ 20.3%
Discovery Technology	\$0.8M	- 69.2%

Consulting	\$26.5M	+ 5.2%
Project Services	\$54.8M	+ 14.2%
Support Services	\$108.4M	+ 24.5%
Recruitment	\$53.4M	+ 6.0%
Discovery Technology	\$3.8M	- 26.1%

Strong growth in product revenues and solid growth in services, fuelled by digital transformation projects.

Total revenue included \$362.2M of public cloud-based revenues, up 35.3% on FY18.

Change in Gross Profit mix

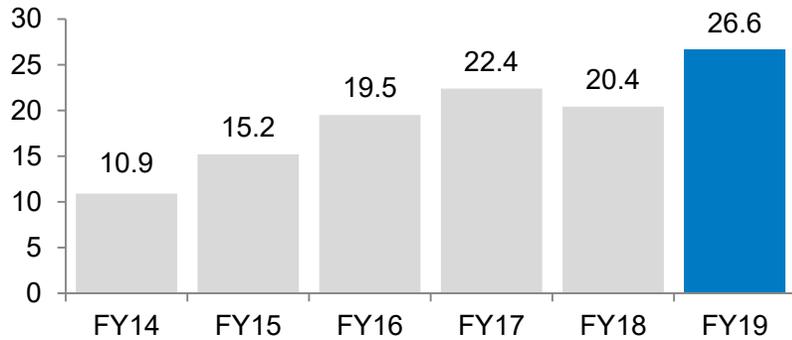


Product gross profit increased by 17.2% and gross margin decreased from 8.0% to 7.7%.

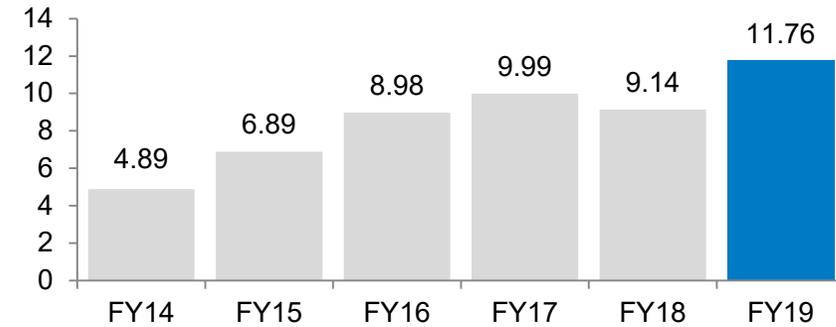
Services gross profit increased by 0.6% and gross margin decreased from 38.1% to 33.9%, reflecting the change in Support Services mix due to decommissioning of the Data#3 Cloud in FY18 & FY19.

Return to trend growth

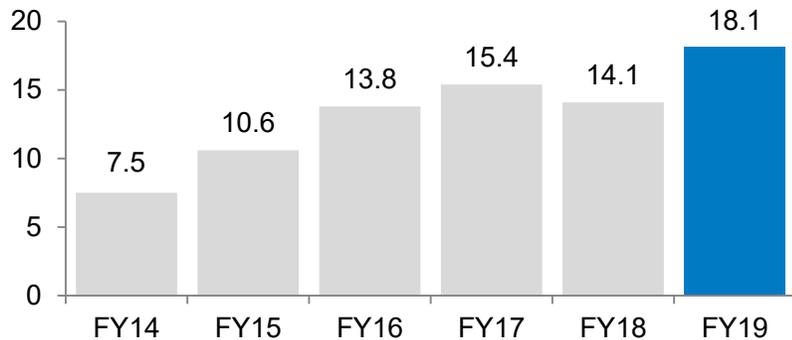
NPBT (\$M)



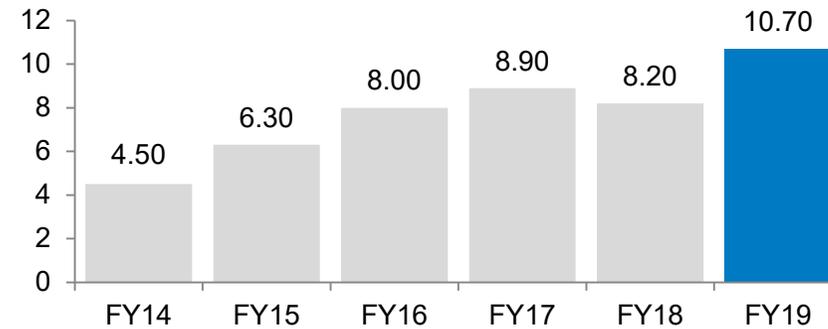
EPS (cents)



NPAT (\$M) excluding minority interests



DPS (cents)



Solid Balance Sheet & Cash Flow

- Strong balance sheet with no material borrowings
- Any borrowings are back-to-back with customer contracts
- Cash flow 'seasonality' consistent with previous years
- Average DSOS of 28.7 days – ahead of target and industry best practice



FY20 Looking Forward

Market Trends



Digital transformation is a high priority in business strategy



The overall **IT market growth** is fuelled by digital transformation



A convergence of **Information Technology (IT) & Operational Technology (OT)** is creating opportunity



Cybersecurity poses increasingly larger threats and continues to grow



Artificial intelligence & robotics are in early adoption phase



Data analytics are increasingly mainstream



Superior **customer service** remains a key differentiator



Attracting and retaining **skilled resources** is increasingly competitive



Vendor channel models are changing with a greater emphasis on adoption and **customer experience**

Key Priorities in FY20



Services –
improving margins



Digital Enablement –
helping our customers
succeed in their digital
transformation



Customer Experience –
unifying every customer
touchpoint across our
company to improve the
overall customer
experience



Vendor Relationships –
investing with the right
vendors, and working
their channel plans to our
mutual benefit

FY20 Outlook

We see ongoing growth in the Australian IT market, with digital technologies leading business transformation in both the commercial and public sectors, and we believe we remain well positioned to capitalise on these opportunities.

We will continue to build on our strengths and enhance shareholder value.

Our overall financial goal remains to deliver sustainable earnings growth.



Q&A

Appendix 1 – Financial Summary

	FY19 \$'000	FY18 \$'000	% Change
Revenue by segment:			
Product	1,167,446	962,336	+ 21.3%
Services	246,906	217,965	+ 13.3%
Other revenue	1,217	1,110	
Total revenue	1,415,569	1,181,411	+ 19.8%
Public cloud revenues included above	362,212	267,780	+ 35.3%
Total gross profit (excluding Other revenue)	173,907	160,112	+ 8.6%
Total gross margin %	12.3%	13.6%	
Product gross profit	90,232	76,965	+ 17.2%
Product gross margin %	7.7%	8.0%	
Services gross profit	83,675	83,147	+ 0.6%
Services gross margin %	33.9%	38.1%	
Total staff & operating expenses	148,560	140,823	+ 5.5%
EBITDA	28,285	22,492	+ 25.8%
EBIT	25,758	19,498	+ 32.1%
EBIT margin %	1.82%	1.65%	
NPBT	26,564	20,399	+ 30.2%
NPAT (excluding minority interests)	18,112	14,078	+ 28.7%
Return on equity %	38.5%	31.6%	
	FY19	FY18	% Change
Earnings per share	11.76 cents	9.14 cents	+ 28.7%
Dividend per share	10.70 cents	8.20 cents	+ 30.5%
Dividend payout ratio	91.0%	89.7%	

Disclaimer

This presentation has been prepared by Data#3 Limited (“the Company”). It contains general background information about the Company’s activities current as at the date of the presentation. It is information given in summary form and does not purport to be complete. The distribution of this presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions.

This presentation is not (and nothing in it should be construed as) an offer, invitation, solicitation or recommendation with respect to the subscription for, purchase or sale of any security in any jurisdiction, and neither this document nor anything in it shall form the basis of any contract or commitment. The presentation is not intended to be relied upon as advice to investors or potential investors and does not take into account the investment objectives, financial situation or needs of any particular investor. These should be considered, with or without professional advice, when deciding if an investment is appropriate.

The Company has prepared this presentation based on information available to it, including information derived from publicly available sources that have not been independently verified. No representation or warranty, express or implied, is made as to the fairness, accuracy, completeness, correctness or reliability of the information, opinions and conclusions expressed.

Any statements or assumptions in this presentation as to future matters may prove to be incorrect and differences may be material. To the maximum extent permitted by law, none of the Company, its directors, employees or agents, nor any other person accepts any liability, including, without limitation, any liability arising from fault or negligence on the part of any of them or any other person, for any loss arising from the use of this presentation or its contents or otherwise arising in connection with it.

Data#3



www.data3.com.au



1300 23 28 23



[Linkedin.com/company/data3](https://www.linkedin.com/company/data3)



[Twitter.com/data3limited](https://twitter.com/data3limited)



[Facebook.com/data3limited](https://www.facebook.com/data3limited)



[YouTube.com/data3limited](https://www.youtube.com/data3limited)