

Data#3 continues to deliver substantial earnings growth

BRISBANE, Thursday 18 August 2022: Australian business technology solutions leader Data#3 Limited (ASX: DTL) today announces its results for the financial year ended 30 June 2022 (FY22).

FY22 Highlights

- Revenue up 12.1% to \$2.2 billion, with public cloud revenue up 31.3 % to \$1.0 billion
- NPBT up 19.4% to \$44.1 million
- NPAT up 19.1% to \$30.3 million
- Basic EPS up 18.8% to 19.61 cents per share
- Total fully franked dividend up 19.3% to 17.90 cents per share
- Strong balance sheet with no borrowings

Commenting on the FY22 result, Data#3 Chairman Richard Anderson said: “We are pleased to deliver another record result, underpinned by our leading market position built up over 45 years, the strength of our supplier relationships and customer base, and our exceptional team. In line with our strategy, it reflects the growing contribution from our higher-value services offerings, demonstrating the growing demand for our solutions especially for large infrastructure and digital transformation projects. The result would have been even stronger were it not for a significant order backlog as global supply chain delays persist, although this gives us a fast start to FY23.”

Revenue and earnings growth in FY22

Total revenue increased by 12.1% to \$2.2 billion reflecting growing demand for Data#3’s solutions in a rapidly evolving market. This included strong growth in public cloud revenues, up 31.3% to \$1.0 billion as major organisations and Government departments accelerate migration to cloud-based infrastructure. The consolidated net profit before tax increased by 19.4% to \$44.1 million, consistent with the guidance provided on 14 July 2022.

The FY22 result was impacted by extensive product delivery delays related to continued supply chain constraints, as has been experienced across the industry, particularly for major infrastructure projects. This resulted in a significant backlog of orders that could not be delivered or invoiced at year end. The pre-tax profit associated with this backlog is at least \$6 million, which is expected to be realised in the first half of FY23. This compares to the \$3 million backorder at the end of FY21.

Through excellent working relationships with its global vendor partners, Data#3 has secured critical deliveries for customers, thereby mitigating some of these supply chain delays. Supply constraints for various product sets are expected to continue well into FY23, and Data#3 is well placed to manage the best possible outcome for its customers.

The consolidated net profit after tax increased by 19.1% to \$30.3 million. Basic earnings per share increased by 18.8% to 19.61 cents.

Financial results summary

	FY22 \$'000	FY21 \$'000	% Change
Sales revenue	2,192,421	1,955,247	+ 12.1%
Other revenue	576	941	- 38.8%
Total revenue	2,192,997	1,956,188	+ 12.1%
Public cloud revenue included above	1,039,722	791,586	+ 31.3%
Total gross profit (excluding other revenue)	218,217	194,746	+ 12.1%
<i>Total gross margin</i>	<i>10.0%</i>	<i>10.0%</i>	
Total staff & operating expenses	174,700	158,744	+ 10.1%
NPBT	44,093	36,943	+ 19.4%
NPAT (excluding minority interests)	30,262	25,414	+ 19.1%
<i>Return on equity</i>	<i>49.0%</i>	<i>45.1%</i>	
	FY22	FY21	% Change
Basic earnings per share	19.61 cents	16.51 cents	+ 18.8%
Dividend per share	17.90 cents	15.00 cents	+ 19.3%
<i>Dividend payout ratio</i>	<i>91.3%</i>	<i>90.9%</i>	

The company's non-financial measures indicate the underlying health of the business has continued to strengthen. Staff and customer satisfaction surveys produced record high results, and Data#3 succeeded in winning a cross-industry Employer of Choice award for the seventh year in a row. The company has continued to be recognised by many of its global partners with national and international awards.

Dividend

The directors declared a final dividend of 10.65 cents per share, bringing the total fully franked dividend for FY22 to 17.90 cents per share. This represents an increase of 19.3% and a payout ratio of 91.3%. The final dividend will be paid on 30 September 2022, with a record date of 16 September 2022.

CFO transition

Brem Hill has advised the board of his intention to retire as CFO at the end of calendar year 2023, having been with the company since 1991 and serving as CFO since 1999. This will allow for a candidate search and selection process to commence immediately and provide a period during which he will support an orderly transition to the new CFO.

Data#3 Chairman Richard Anderson said: "Brem has been with the business over 30 years during which time he has provided sound financial leadership while Data#3 has evolved from a small private company to a successful public company. On behalf of the board, we thank Brem for his outstanding commitment, loyalty and contribution."

Outlook

The group's performance continues to be underpinned by its leading market position, unrivalled vendor relationships, large and long-term customer base and highly experienced and committed team.

Data#3 Chief Executive Officer and Managing Director Mr Baynham said: "We expect technology, and specifically digital transformation, to play a leading role in Australia's economic future, irrespective of any ongoing impacts of the pandemic.

We continue to experience a steady increase in the pipeline of large integration project opportunities across our corporate and public sector customers, and our services growth strategy will improve our overall margin profile while complementing our growing software and infrastructure business units.

The backlog from FY22 has again provided a fast start to the current year, and we are well positioned to capitalise on opportunities this provides. In line with previous years, we continue to expect to deliver sustainable earnings growth."

Investor briefing

The company will present a market briefing on the results starting at 10:30am (AEST) on 18 August 2022.

The following URL will provide access to the live event, and to an archived webcast following the event:
<https://webcast.openbriefing.com/8846/>

Approved for distribution by the Data#3 Limited board.

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About Data#3

Data#3 Limited (ASX: DTL) is a leading Australian IT services and solutions provider, focused on helping its customers solve complex business challenges using innovative technology solutions.

Built on a foundation of more than 40 years' experience, combined with world-leading vendor technologies, Data#3 delivers an integrated array of solutions spanning cloud, modern workplace, security, data & analytics and connectivity. These technology solutions are delivered by combining Data#3's services across consulting, project services and support services.

Listed on the ASX in 1997, Data#3 reported revenues of \$2.2 billion in FY22. Headquartered in Brisbane, it has more than 1,300 staff, and facilities across 12 locations in Australia and Fiji.

For more information about Data#3 visit <http://www.data3.com.au>