

Data#3

FY19 Interim Results Briefing

20th February, 2019

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Our Business

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

Data#3 in FY19



1100+
employees



Founded
in **1977**



Listed on the
ASX in **1997**



\$1.2 Billion
in revenue in FY18



9 offices across Australia and Fiji
3 integration centres
3 data centres



17.8M individual products sold to customers in FY18



4,867 transacting customers in FY18



60,950 service desk calls by customers in FY18



2,236 professional services projects in FY18

Our Solutions



Cloud



Mobility



Security



Data & Analytics



**IT Lifecycle
Management**

We work with our customers to enable their business objectives, utilising our technology solution categories.

Delivered under our **PDO2 Customer Solution Lifecycle** methodology:

Position – Plan – Design – Deploy – Operate – Optimise

CONSULTING PROJECT SERVICES SUPPORT SERVICES

Partnering with leading global suppliers



Solving Business Challenges

Melbourne Cricket Club

Customer Story

Data#3 worked with the MCC/MCG on its digital transformation journey to improve customer experience.

- Scalable, secure Wi-Fi infrastructure
- Real time customer information
- Data and analytics to improve service levels inside and outside the stadium



Data#3

1H FY19 Summary

“We are very pleased with the first half performance, delivering a very significant improvement compared to the previous corresponding period (PCP) and returning to the longer term growth trend.

The market is growing as digital transformation fuels the overall information technology spend, and we have experienced an increase in large project activity and a steady pipeline of opportunities. The current period result demonstrates the inherent strength and relevance of our solution offerings in an evolving market, and we are delighted with the rapid growth in our cloud-based business.

NPAT and EPS increased by 126.7% compared to the PCP result.

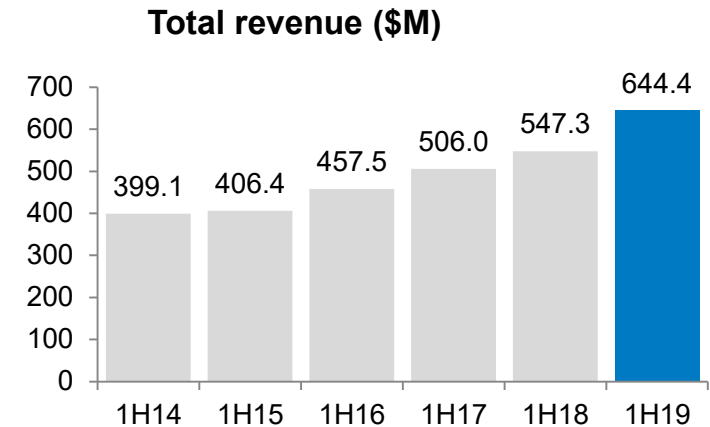
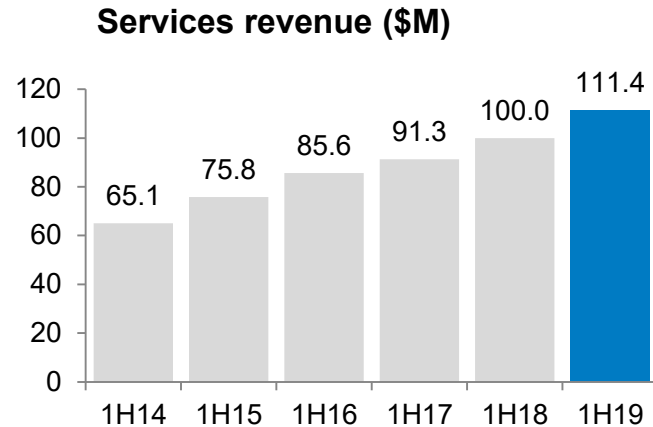
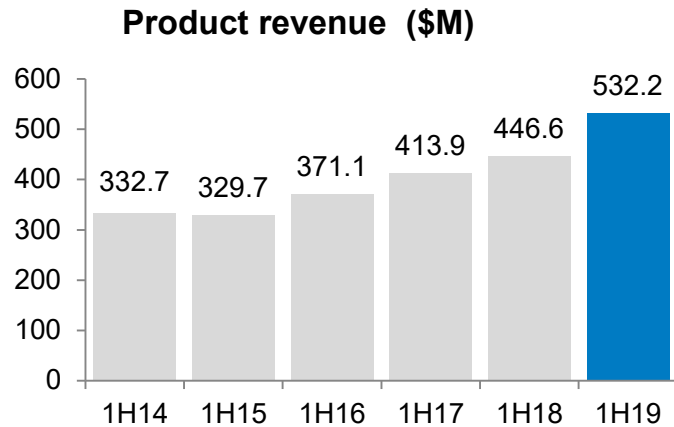
The board declared an interim dividend of 3.6 cents per share, up 125.0% on PCP and representing a 90.2% payout ratio”

1H FY19 Financial Performance

1H FY19 Performance Summary

Revenue	Up 17.7%	\$644.4M
Product	Up 19.2%	\$532.2M
Services	Up 11.3%	\$111.4M
Public cloud (included in Product & Services above)	Up 65.7%	\$142.7M
Other Revenue		\$0.8M
<hr/>		
Gross Profit (excluding Other Revenue)	Up 14.7%	\$82.3M
Product	Up 36.3%	\$43.2M
Services	Down 2.3%	\$39.1M
Gross Margin	Down 0.3 pp	12.9%
<hr/>		
EBITDA	Up 98.1%	\$9.8M
EBIT	Up 146.7%	\$8.5M
NPBT	Up 123.3%	\$9.0M
NPAT (excluding minority interests)	Up 126.7%	\$6.1M
Earnings per share	Up 126.7%	3.99 cents
Dividend per share	Up 125.0%	3.60 cents

Sustained Revenue Growth



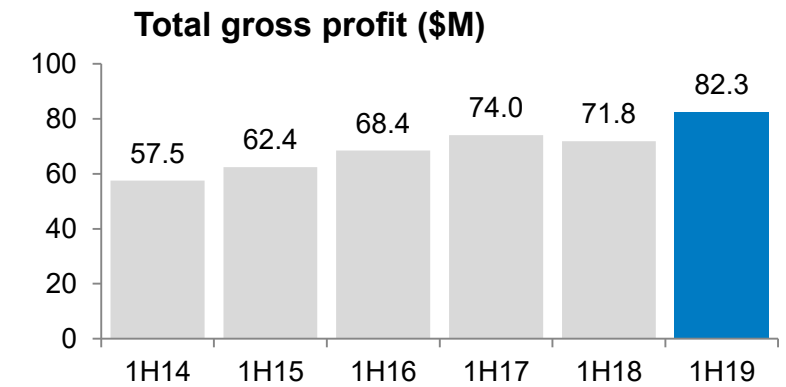
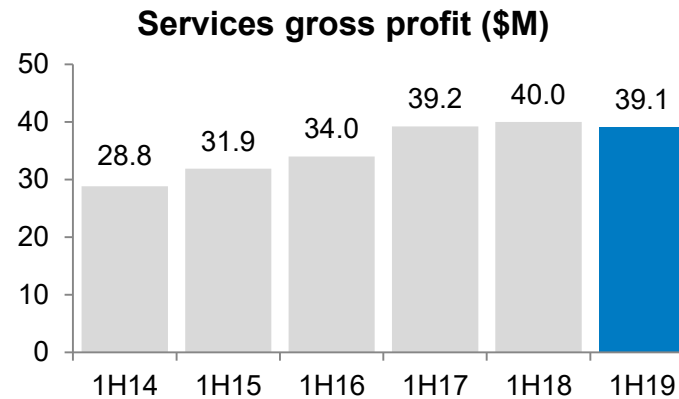
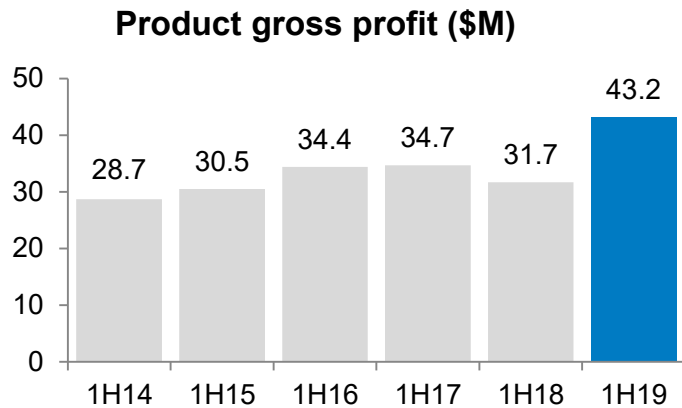
Infrastructure \$172.0M + 34.1%
 Software Licensing \$360.2M + 13.2%

Consulting \$13.4M + 17.5%
 Professional Services \$27.7M + 24.1%
 Support Services \$41.4M + 8.1%
 Recruitment / Contracting \$26.9M + 11.6%
 Other Services \$ 2.0M -48.3%

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

Total revenue included \$142.7M of public cloud-based revenues, up 65.7% on PCP.

Strong growth in Product Gross Profit

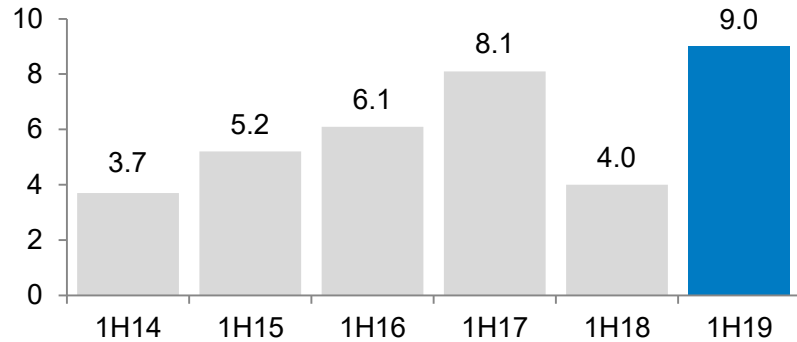


Product gross profit increased by 36.3% compared to relatively weak PCP. Product gross margin increased from 7.1% to 8.1%.

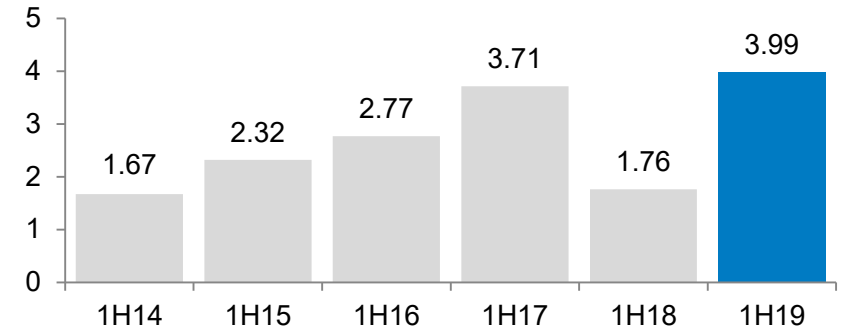
Services gross profit and gross margin decreased with the change in mix from decommissioning the Data#3 Cloud.

Return to trend growth

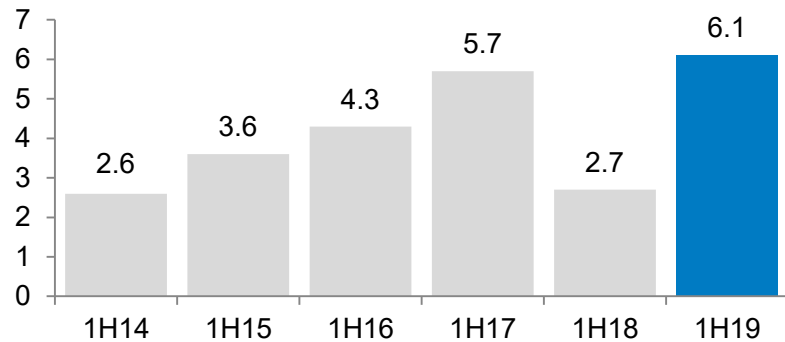
NPBT (\$M)



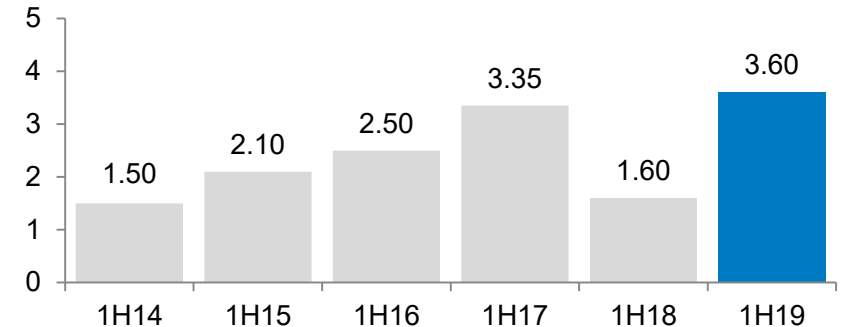
EPS (cents)



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 28.6 days – ahead of target and industry best practice

FY19–21 Trends

Market Trends

- Digital transformation is a high priority in business strategy
- The overall IT market growth is fueled by digital transformation
- Cyber security is our customers' number one priority
- Data and analytics are leading drivers of competitive differentiation
- Cloud provides the platform for automation, artificial intelligence, blockchain and many more innovative technologies
- Skilled resources are becoming more scarce

FY19 Outlook

2H Business Outlook

- Market remaining buoyant
- Solid 2H pipeline with large integration projects (hardware, software and services)
- FY19 result expected to be less heavily skewed to 2H than PCP
- Expected improvement in Discovery Technology's profit contribution, following the loss in 1H

FY19 Outlook

The strong 1H performance and pipeline of opportunities for the 2H give us confidence that we will achieve our full year financial objective, being to deliver earnings growth and improved returns to shareholders.

We are confident that we have the right strategy to underpin sustainable growth in long term shareholder returns.

Q&A

Appendix 1 – Financial Summary

	1H FY19 \$'000	% Change	1H FY18 \$'000	1H FY17 \$'000
Revenue by segment:				
Product	532,180	+ 19.2%	446,598	413,948
Services	111,394	+ 11.3%	100,042	91,266
Other revenue	776	+ 9.9%	706	809
Total revenue	644,350	+ 17.7%	547,346	506,023
Total public cloud revenue included above	142,704	+ 65.7%	86,121	57,957
Total gross profit	82,328	+ 14.7%	71,757	73,951
Total gross margin %	12.8%		13.5%	14.6%
Product gross profit	43,231	+ 36.3%	31,720	34,720
Product gross margin %	8.1%		7.1%	8.4%
Services gross profit	39,097	- 2.3%	40,037	39,231
Services gross margin %	35.1%		40.0%	43.0%
Total expenses	74,104	+ 8.3%	68,432	66,670
EBITDA	9,773	+ 98.1%	4,934	9,072
EBIT	8,533	+ 146.7%	3,459	7,442
NPBT	9,000	+ 123.3%	4,031	8,090
NPAT (excluding minority interests)	6,147	+ 126.7%	4,261	5,708
	1H FY19	% Change	1H FY18	1H FY17
Earnings per share	3.99 cents	+ 126.7%	1.76 cents	3.71 cents
Dividend per share	3.60 cents	+ 125.0%	1.60 cents	3.35 cents
Dividend payout ratio	90.2%		90.8%	90.4%

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