

Ladies and gentlemen,

Again, good morning and welcome to the 2019 Annual General Meeting of Data#3 Limited at the company's Brisbane head office.

The opening video shows various Data#3 teams in each of our locations. Our people are key to our success and the video highlights customer and community events during the year.

As previously announced, we are delighted to report a record performance in the 2019 financial year (FY19).

FY19 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 and Services above)	Up 35.3%	\$362.2M
EBITDA	Up 26.1%	\$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

Market conditions in both the public and private sectors remained relatively stable, with digital transformation projects continuing to drive growth in our core infrastructure, software and services businesses. Total revenue increased by 19.8% to \$1.4 billion, with a strong increase in product revenue and a solid increase in services revenues. We are particularly pleased with the continued, significant growth in cloud-based business, with public cloud revenues increasing by 35.3% to \$362.2 million. We consider this an excellent result that clearly demonstrates the Data#3 team is doing a great job in helping customers to leverage technology for business advantage.

More importantly, we delivered strong earnings and dividend growth to reach record highs. The consolidated after-tax profit and earnings per share increased by 28.7% and the directors declared a final fully franked dividend of 7.10 cents per share, bringing the total dividend for the 2019 financial year to 10.70 cents per share fully franked, an increase of 30.5% on the previous year.

The financial position of the company remains strong. We are debt free and continue to optimise working capital effectively.

It was particularly pleasing that at the same time as delivering strong financial performance, we also made steady progress with our long-term strategic plan, and the non-financial measures indicate the underlying health of the business has continued to strengthen. Our staff and customer satisfaction surveys produced record high results, and we have had continued success in winning our fourth annual cross-industry Employer of Choice award.

Whilst reports on economic conditions are mixed, we see ongoing growth in the Australian IT market, and believe we remain well positioned to capitalise on those opportunities. We will continue to build on our strengths and enhance shareholder value. Our overall financial goal remains to deliver sustainable earnings growth.

The board and management acknowledge the contribution of the company's staff who performed exceptionally well across multiple areas of specialisation and across our national market. Likewise, we greatly appreciate the continued support of you, our shareholders.

The remuneration report which is included in the annual report will be put to the meeting for adoption. Within Data#3, as in previous years, targets to produce earnings growth have been established and the management team's remuneration is structured in line with these targets, with a significant proportion comprised of short term and long-term incentives.

We measure remuneration every year against industry benchmarks to ensure it is set competitively and the board believes that both the levels and structure of remuneration are in line with the market and appropriate to produce the results we are targeting.

A key focus of the board has been succession planning - both for the management team and the board itself. In progressing our board succession plan, we were delighted to have had Mark Esler join the board on 30 August 2019. Mark has had a very successful career in the IT industry including previous roles as a senior manager and executive director of Data#3 Limited. In accordance with the constitution, one item for consideration today is Mark's re-election to the board, and I strongly recommend that shareholders vote in favour of that resolution.

Terry Powell is required to retire by rotation at this meeting, and as part of the ongoing plan for board succession and renewal, Terry has decided not to stand for re-election. As one of the founders of the company, and after 42 years of service, this a very significant milestone. We will acknowledge Terry's outstanding contribution to the company in due course.

The final item for consideration is a request to approve the issue of performance rights to the Chief Executive Officer and Managing Director under the Long Term Incentive Plan.

In summing up ladies and gentleman our key objective for the current year is to deliver sustainable earnings growth. With four months of the financial year behind us we are very pleased to have achieved a strong start, and we remain very confident in our strategy.

I will now ask Laurence to the microphone to address operational aspects of the company's FY19 performance and the outlook for the current period in more detail.

Thank you for your continuing interest in the company and your attendance at this 2019 Annual General Meeting.

Richard Anderson
Chairman
Data#3 Limited

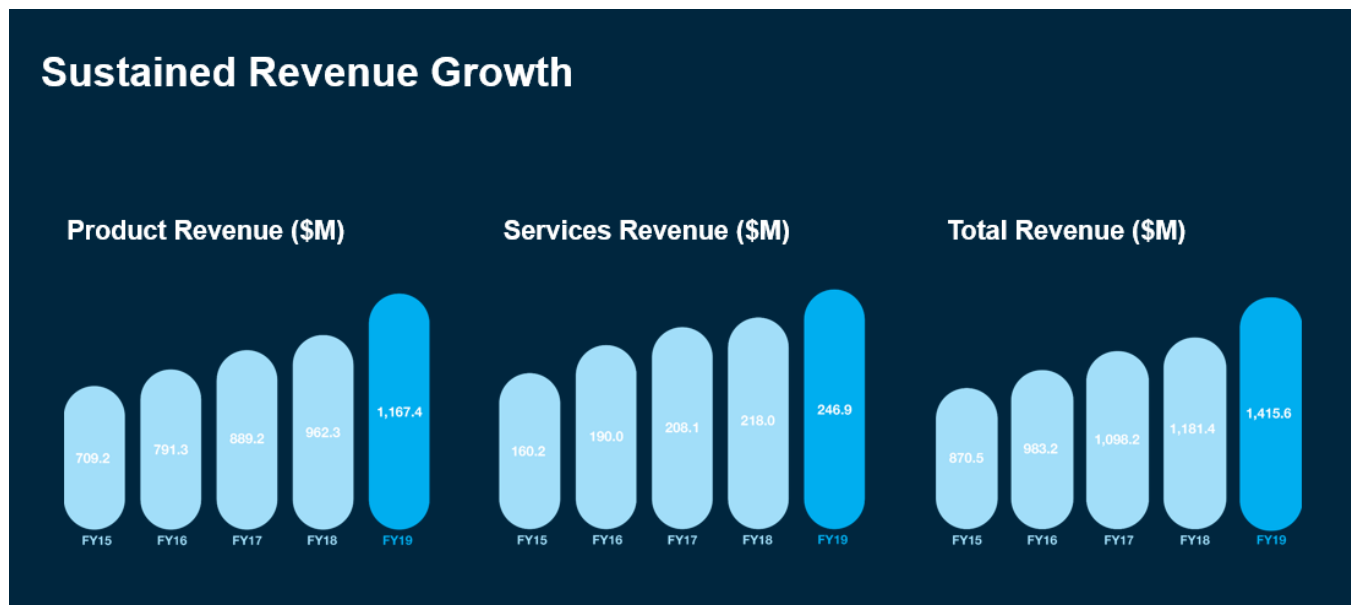
Good morning ladies and gentlemen. Thank you for making the time to be here this morning.

Thank you Richard, for your Chairman's address and high-level commentary. I would like to provide some more information on our operations and strategy.

In doing so, I would like to break this down into three elements:

1. An overview of our FY19 financial and operational performance.
2. A summary of the market in which we operate.
3. Lastly, I will provide our outlook for the first half.

Let us start with a review of FY19. I am pleased to say that it was a record year in many ways. Firstly, let's cover the financial performance. We have delivered sustained revenue growth and we continue to gain market share.



The Data#3 business is structured around three functional areas – Software Solutions, Infrastructure Solutions and Services – operating across eight regions. Our segment reporting currently covers Product and Services. Product includes Infrastructure and Software, and there is an increasing blurring of lines as traditional hardware infrastructure companies becoming software companies. In addition we provide integrated solutions that usually includes software, hardware and services. This trend makes reporting more difficult but it creates more opportunity in the markets in which we operate.

As Richard stated earlier our revenues have increased to \$1.4 billion. I am pleased to say that for FY19 we reported that 55% of our revenue is under contract.

Total product revenue increased by 21% from \$962 million to \$1.167 billion, reflecting strong growth in Infrastructure Solutions sales (up 24% to \$379 million) and strong growth in Software Solutions (up 20% to \$788 million). Infrastructure and Software revenues include the sale of public and private cloud solutions.

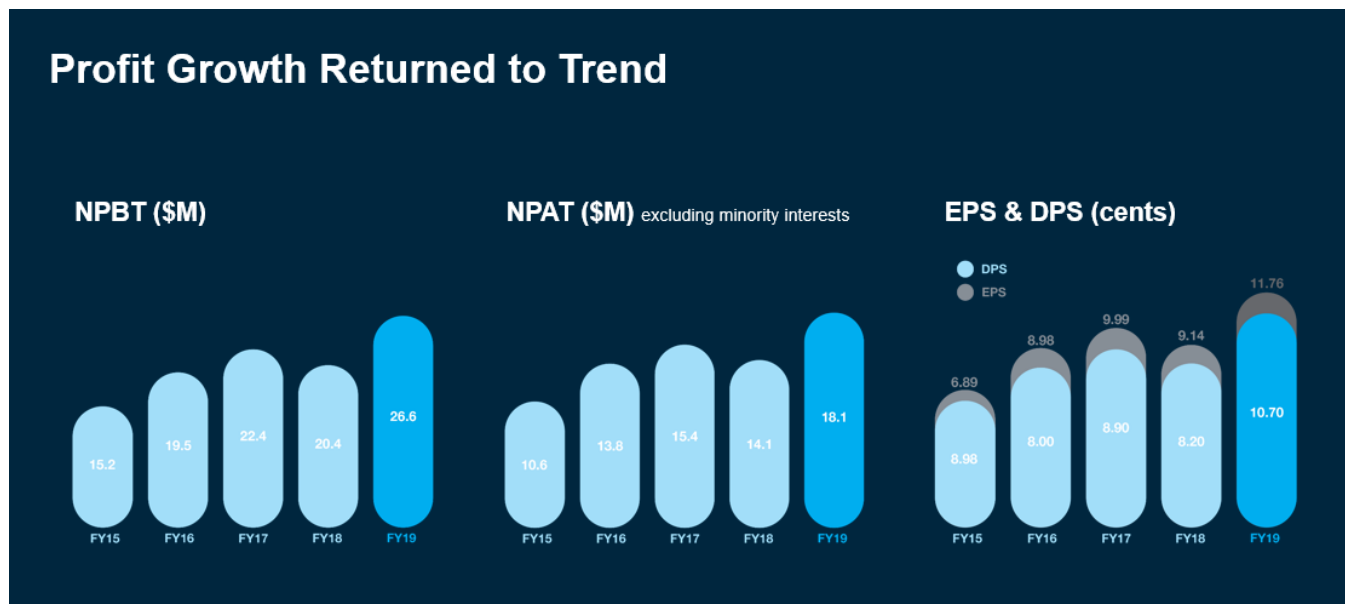
This is another very pleasing result, demonstrating the fundamental strength and resilience of our product businesses.

Total services revenues increased by 13% to \$247 million. This included strong growth in Support Services revenues (up 25% to \$108 million); solid growth in Project Services revenues (up 14% to \$55 million); and modest growth in Recruitment revenues (up 6% to \$53 million) and Business Aspect Consulting revenues (up 5% to \$27 million). Discovery Technology’s services revenue decreased from \$5.1 million to \$3.8 million. The Support Services result reflected very strong growth in Maintenance Services, offsetting a reduction in Managed Service revenues.

In FY18 we started the project to decommission the Data#3 Cloud platform, and this was completed in the first half of FY19. This temporarily reduced the Managed Services revenue and profit contribution in both FY18 and FY19 as we gradually transitioned to a new, public cloud-based offering. Moving forward our Managed Services business is well positioned for improved profitability, and we are making steady progress with our strategy of offering customers public or private cloud solutions from our market-leading, global vendor partners, which include the full range of Data#3 services.

The product and services revenues include \$362 million of public cloud based revenues, which grew by 35% and continues to be one of the fastest growing market segments in the industry.

The FY19 result has seen a return to our longer term earnings growth trend. Our strategy is to improve our overall margins, increase our recurring revenues, and grow market share. We expect that this strategy, combined with keeping a diligent eye on cost control, will maintain earnings growth.



Now, I would like to take some time to reflect on FY19 through the lens of our stakeholders. Data#3 recognises the importance of building and maintaining strong relationships with key stakeholder groups.

Let's start with you – our shareholders. Record profits have translated into record dividends at high pay-out ratios. This combined with share price appreciation has seen a total shareholder return of 38.9% to 30 June 2019. Since year end, we have entered the ASX 300 index and we have seen significant further share price appreciation.

From our people's perspective, Richard mentioned that we have the highest levels of people satisfaction. One of the key benchmarks we measure each year is the response to the statement "Data#3 is an excellent company to work for, and I would recommend working at Data#3 to others in the industry". This year staff indicated higher satisfaction with the result increasing from 95% to 96%. Additionally, our staff's overall satisfaction rating of our organisation reached another record high.

For the fourth consecutive year we have an Employer of Choice award for organisations above 500 employees awarded by HRD. This is across all sectors, not just IT, and provides independent, external confirmation that Data#3 is considered a desirable place to work.

Vendors are an important stakeholder group for Data#3. Our focus and investment is primarily with four global vendors who account for approximately 70% of the total market. These are Microsoft, Cisco, HP and Dell.



Last year, we were particularly honoured to win the global Cisco software award. I am pleased to say that we have followed this up with another most prestigious award. Last week I attended the Cisco Global Partner Summit where 19 awards were announced from a pool of over 60,000 partners. We are delighted that Data#3 achieved global recognition by receiving the Enterprise Networking Partner of the Year award. Enterprise networking, by the way, is the largest part of Cisco's business. It is the foundation of the internet, and the foundation for digital transformation.

The communities in which we operate are increasingly important stakeholder group. Earlier this calendar year we announced Lifeline as our national charity. Lifeline was selected by our Corporate Social Responsibility team and this is the first time we have had national support for a mental health organisation. We encourage our people to play an active role in helping the communities in which we live. We also supported a broad range of other fund raising initiatives including The Leukaemia Foundation, Movember, The Smith Family, Save the Children, Drought Angels and Rural Aid. Many studies show that greater community involvement increases staff satisfaction and also improves company performance. If we can do good in the community, and improve our business, that's a definite win/win!

The last stakeholder, but certainly not the least, is our customer base. Last financial year, the success that we had with customers provided the impetus for our record financial performance. The Data#3 team works tirelessly to help our customers achieve their business outcomes through the use of our technology solutions.

We have many examples of great work with our customers. In the annual report we have summarised our managed services contract with McGrath Real Estate, and a mobility and collaboration project at the Victorian Office of Public Prosecutions.

Let's now look at two recent customer announcements.

IoT Solution for Refrigeration

Sanitarium™
The Health Food Company

Microsoft Azure platform
Australian Industry award winner

The advertisement features a blue background with the Sanitarium logo on the left. On the right, there are images of various Sanitarium products: a row of six UP:GO yogurt pouches at the top, a box of Weet-Bix cereal in the middle, and a row of six Soylent soy milk cartons at the bottom.

Firstly, we completed an 'Internet of Things' project with Sanitarium, the well-known health food company. We utilised the Microsoft Azure platform combined with sensor technology in the industrial refrigeration units, and optimised the production environment. This is a great example of how digital transformation is expanding the IT market into what was traditionally an industrial controls market.

iNova
pharmaceuticals

Difflam®

DURO-TUSS®

Demazin®

"From Frustrating to Fantastic"

The Mobility and Cloud Solution
Modernising the iNova Workspace

The advertisement features a dark background with a blurred image of three people in business attire. On the left is the iNova pharmaceuticals logo. On the right are three logos for pharmaceutical products: Difflam, DURO-TUSS, and Demazin. At the bottom left, there is a quote and a description of the solution.

The second example is iNova Pharmaceuticals whose brands include Difflam, Duro-Tuss and Nyal. We provided a cloud roadmap and implemented a modern mobility and cloud solution to improve overall company productivity. I particularly liked a quote from the iNova director who stated that we took their IT environment from 'frustrating to fantastic'.

Before I close off on FY19, I would like to say that even in a record year there were some things that did not go according to plan. Across a wide \$1.4 billion portfolio it is probable that not all our business units and geographies are firing on all cylinders, at the same time. In FY19 we had a challenging year with our 77% owned subsidiary Discovery Technology, which largely operated independently of Data#3, and which generated a pre-tax loss of approximately \$1 million. This resulted in a goodwill write-down of \$1.2 million, so the combined impact was a \$2.2 million cost to Data#3. For the latter part of FY19 and into this year, we have taken steps to further integrate the Discovery business into Data#3. We are starting to see improved joint selling activities, which are translating into improved financial performance.

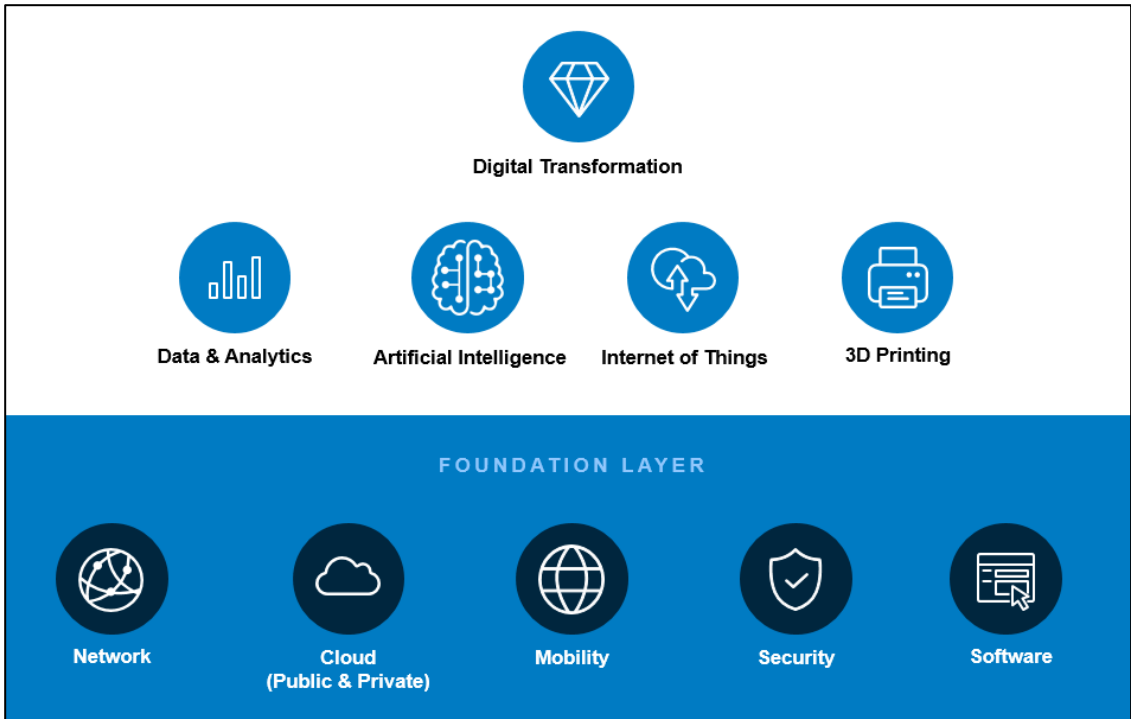
FY19 contained many fantastic achievements, and I'd now like to summarise our forward looking thinking.



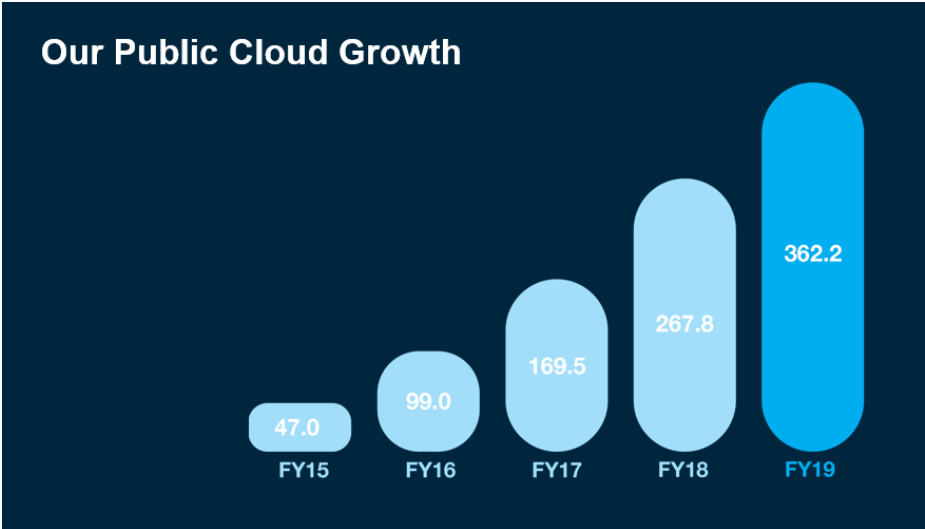
For the IT sector, Gartner is the world's leading research and advisory company and the IT industry takes notice when they predict future technology trends and analyse market movements. Gartner predicted the Australian IT market would increase by 3.5% to \$94 billion in the 2019 calendar year, and increased their global growth prediction to 3.7% in 2020.

So, what does this mean for Data#3? One of our greatest strengths is our ability to adapt and keep evolving with customer demands. As we have heard previously, digital transformation is fuelling IT spend and has become our customer's leading business driver. Irrespective of sector, commercial, enterprise or public sector, every organisation has a digital transformation agenda.

Data#3's role in this market growth is to provide the foundation layer which includes various forms of cloud, scalable networks, and mobility solutions, all embedded with robust security and management software. The foundation layer enables the cool digital technologies like artificial intelligence, internet of things (as we saw with Sanitarium), 3D printing and many more. In many cases we will partner with specialist organisations in these new technologies.



To round out on market growth trends, it would be remiss to not cover the significant growth in Public Cloud. Data#3 has followed global growth trends and has provided our own five year performance in this important market sector. The Data#3 public cloud revenues of \$362 million were largely Microsoft based.



Data#3 is Microsoft’s largest reseller in the region, and our cloud services strategy contains major elements of Microsoft’s product offerings such as Azure, Office 365 and Dynamics 365. Microsoft is taking the lead in public cloud globally and locally, and we are in a prime position to capitalise on market growth. At the base level, cloud services annuity revenue with Microsoft subscription licenses is a substitute for our traditional license business. Our intent and focus is to help our customers migrate applications to the most appropriate cloud solution. An ideal engagement would see us provide services at every stage of our solution life cycle: consulting, design and implementation, and managed or support services.



FY20 Looking Forward

Now, let's look at FY20.

I am pleased to say that we have made a strong start to the financial year. With 55% of our business under contract, we have carried forward the momentum from last financial year, and continued to secure major new contracts and projects. We expect to improve on last year's first half pre-tax profit of \$9 million. To what extent we can do this remains dependent on opportunities that need to be realised through November and December. Our current first half projection is for pre-tax profit in the range of \$11.0 million to \$12.5 million. This is in line with our full year objective to deliver sustainable earnings growth. We still have a skew to the second half and our fourth quarter, and in particular, June is again expected to contribute significantly to our annual profit.

The FY20 first half results and interim dividend will be announced on 19 February 2020. It is also our intention to maintain our usual dividend practice.

I want to personally acknowledge and thank the entire Data#3 team for their skilled work, and dedication over the past year. I am confident that our great team will continue to outperform the Australian IT market.

I am proud of our past achievements, but there is no room for complacency in a fast changing market. We have plenty of opportunity ahead, and I look forward to updating you on our progress during the year.

I would also like to personally acknowledge Terry Powell and thank him for his service, guidance, and stewardship since the formation of the company.

Going forward, we are confident about delivery of the company's longer-term strategy. We have a robust business, no material debt, solid long-term customer relationships, committed supplier partnerships, and a highly experienced and productive team.

We see ongoing growth in the Australian IT market, and believe we remain well positioned to capitalise on those opportunities. We will continue to build on our strengths and enhance shareholder value. Our overall financial goal remains to deliver sustainable earnings growth.

Thank you.

Laurence Baynham
Chief Executive Officer and Managing Director
Data#3 Limited