

FY21 Results Briefing

19th August 2021

Data#3

**Delivering
the Digital
Future**

Agenda

Data#3 Overview

FY21 Operational Overview

FY21 Financial Performance

FY22 Strategy

Winning New Customers

Summary and Outlook



FY21 Financial Highlights

Revenue
\$1.96B
Up 20.3%

Gross Profit
\$194.7M
Up 3.6%

NPBT
\$36.9M
Up 8.4%

NPAT
\$25.4M
Up 7.5%

Basic EPS
16.51 cents
Up 7.5%

Dividends per share
15.0 cents
Up 7.9%
Payout ratio of 90.9%

Data#3 in FY21

Revenue

\$1.96B

Years in business

40+

People

1,200+

Listed on the ASX

1997



Customers

- **Public Sector and Large Corporate**
- **Health, Education and Resources industries**



Offices across
Australia and Fiji

9



Recurring Revenue

62%

Key awards + certifications

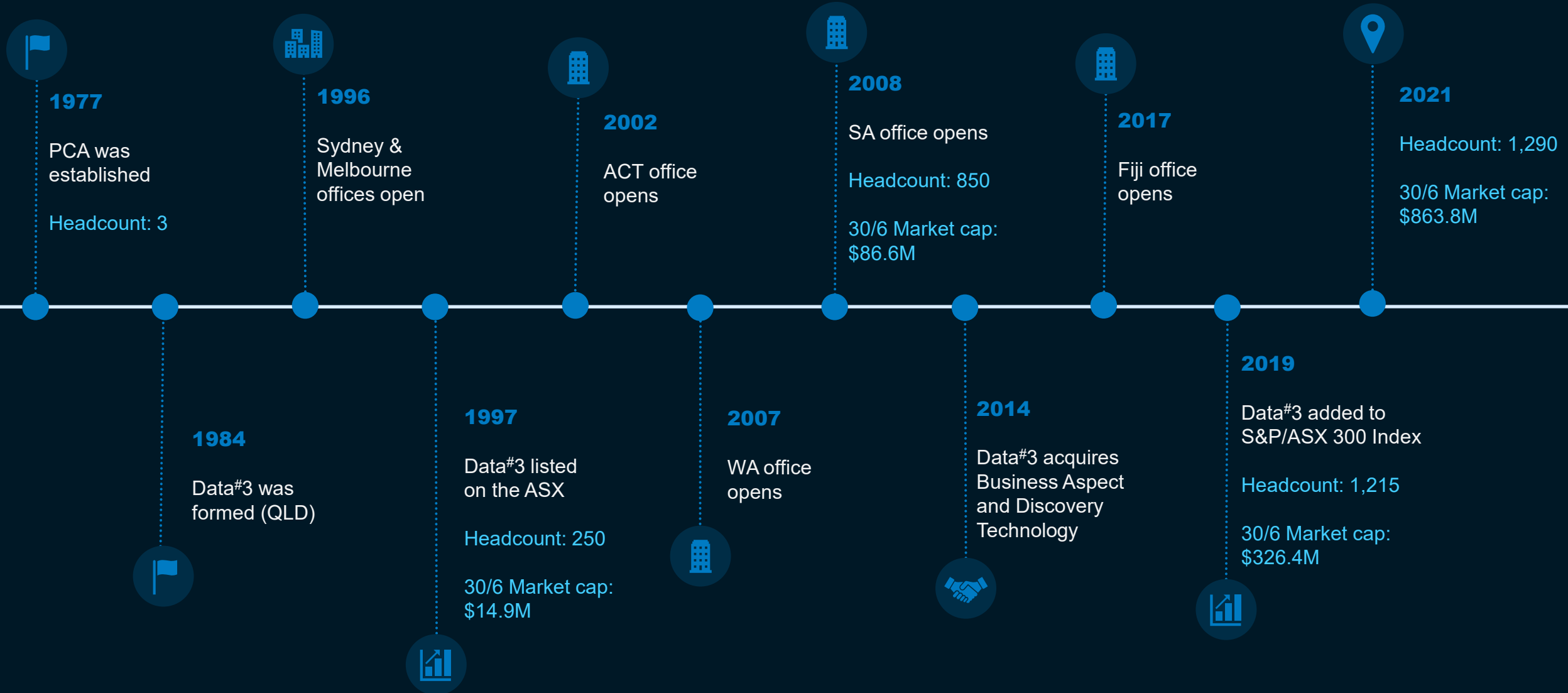
- **HRD Employer of Choice**
- **Microsoft Azure Expert Managed Services Provider Certification**
- **Cisco Global Commercial Partner of the Year**



Average tenure of executive team

28 years

Data#3 Company History



Customer Satisfaction





Digital Transformation



**Artificial
Intelligence**



Internet of Things



3D Printing

Foundation Layer



Multi-cloud



**Modern
Workplace**



Security



Data & Analytics



Connectivity

Integrated Solutions



Multi-cloud

Modern Data Centre
Public Cloud
Private Cloud



Modern Workplace

Collaboration
End User Devices
Printing
Systems Management



Security

Cloud Security
Data Security and Privacy
Identity and Access Management
Infrastructure and Endpoint Security
Security Monitoring and Analytics



Data & Analytics

Business Analytics
Customer Management
Internet of Things
Location-Based Analytics



Connectivity

IT-OT Networking
Software-Defined Networks
Software-Defined WAN
Wireless Networks

Consulting

Project Services

Support Services

Lifecycle



#1 partner in Australia



#1 partner in Australia



#1 partner in Australia



Top five partner in Australia

400+
other partnerships

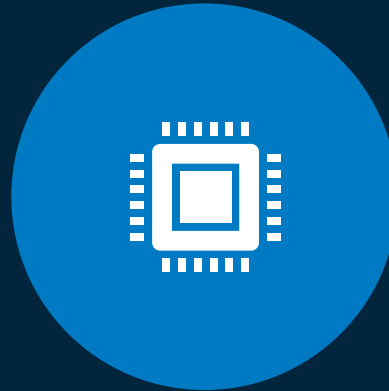


FY21 Operational Overview

FY21 External Factors



**Australian IT
Market – flat or
negative**



**Global chip
shortage**



**COVID-19
Work from home
Collaboration
Vaccine**

FY2021 Operational Highlights



Multi-cloud Growth

\$791M in Public Cloud
Private Cloud growth
Customers have multiple clouds



Security Growth

\$100M+
Combined D3 and BA
Complements all solutions



Services

Reinvention of Managed Services
BA profit turnaround
Improving gross margins



Customer Experience

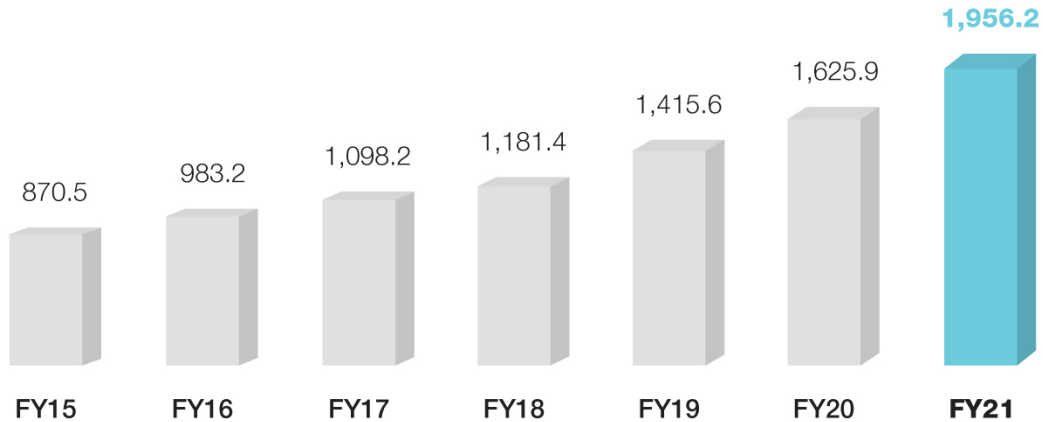
Investment in systems and people
Data and analytics driven
Global Recognition with Cisco



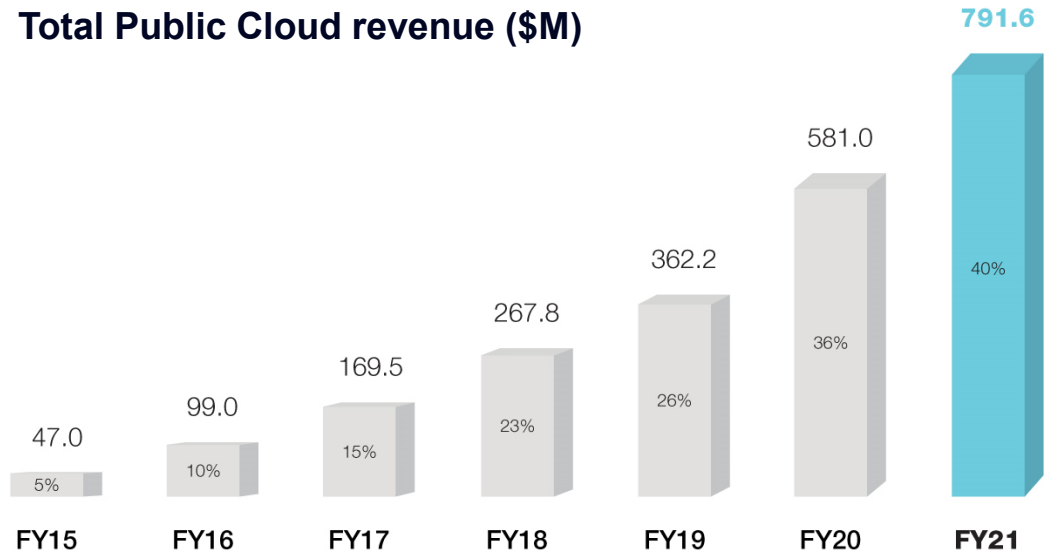
FY21 Financial Performance

Sustained revenue growth, boosted by cloud

Total revenue (\$M)



Total Public Cloud revenue (\$M)



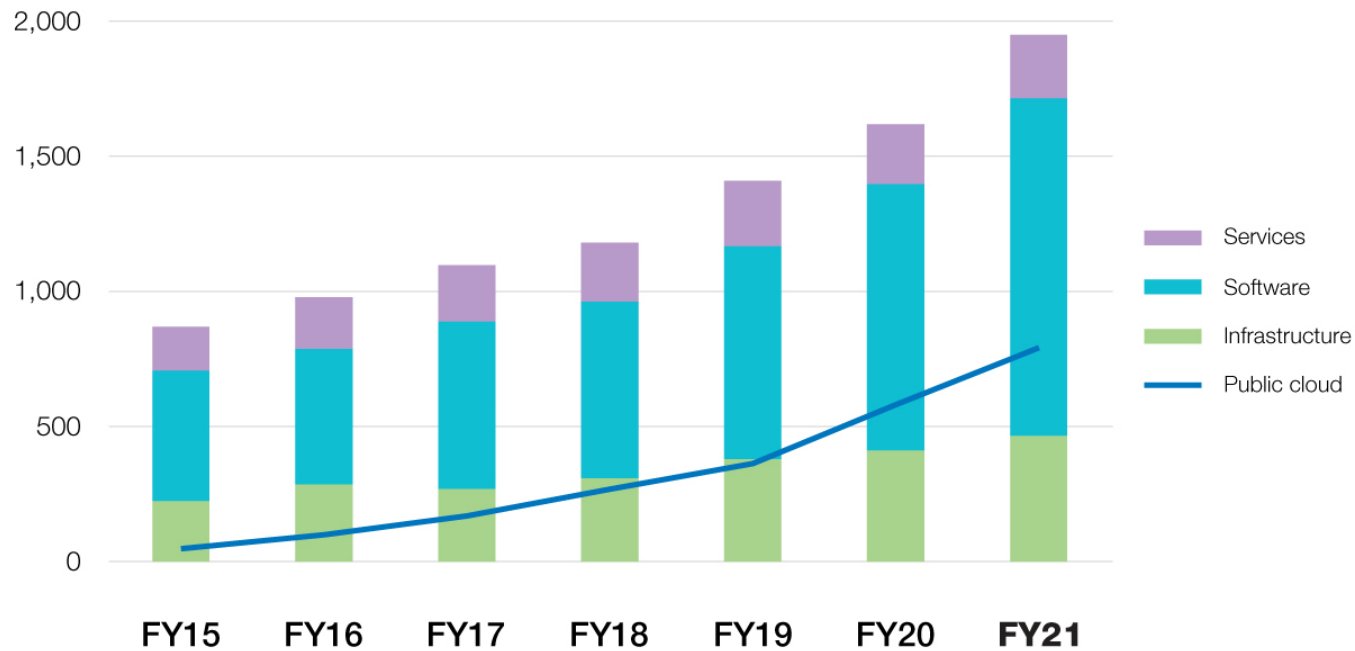
Strong revenue growth fuelled by software licensing and cloud-based solutions.

Total revenue includes \$791.6M of public cloud revenues, up 36.2% on PCP, to 40% of total revenue.

Approximately 62% of revenue is recurring, under term-based contracts.

Changing sales mix

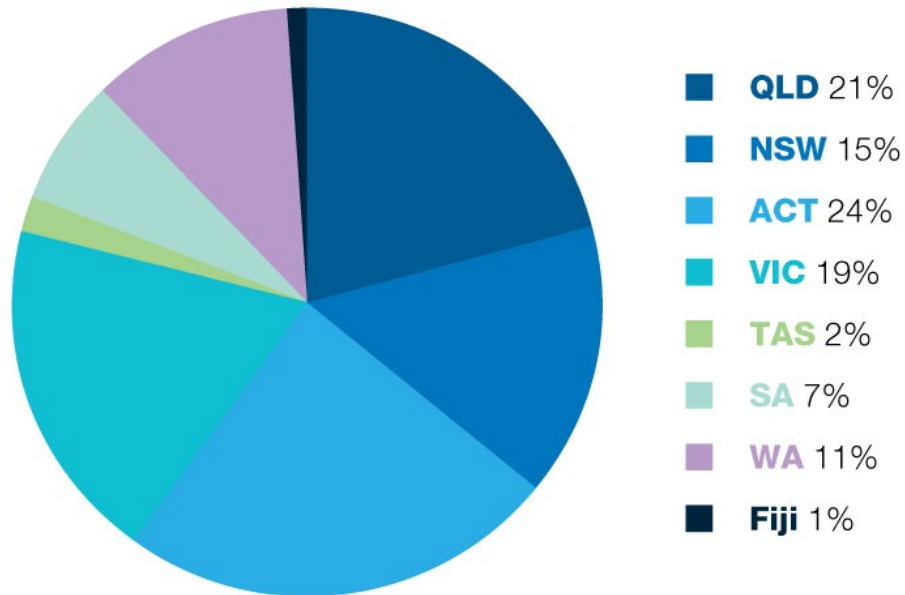
Revenue trend by functional area (\$M)



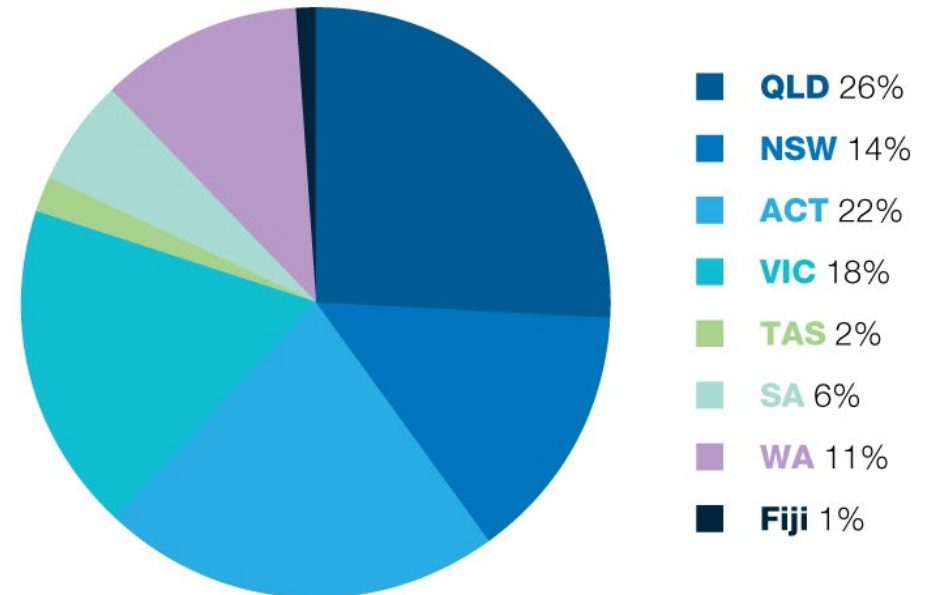
Business unit	FY21 revenue (\$M)	Change vs. FY20
Infrastructure Solutions	466.8	+ 13.0%
Software Solutions	1,248.5	+ 26.8%
Project Services	63.4	+ 6.7%
Support Services	96.1	+ 11.0%
People Solutions (recruitment)	57.3	- 2.7%
Business Aspect (consulting)	17.7	+ 9.3%
Discovery Technology	5.4	+ 6.3%

Regional revenue summary

FY21 Revenue split by region (Total \$1,955M)

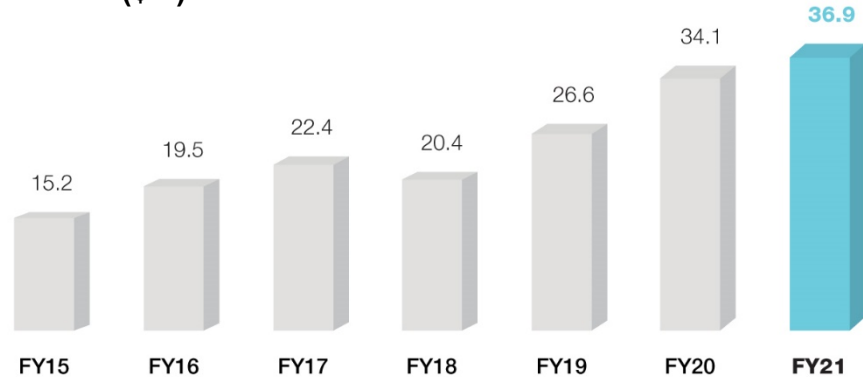


FY20 Revenue split by region (Total \$1,624M)

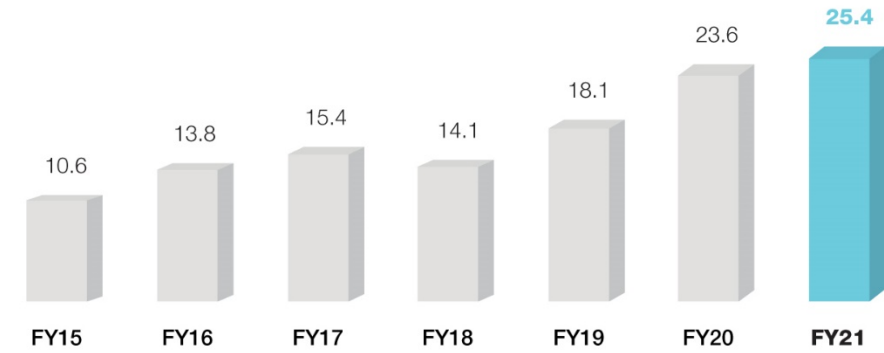


Sustained earnings growth

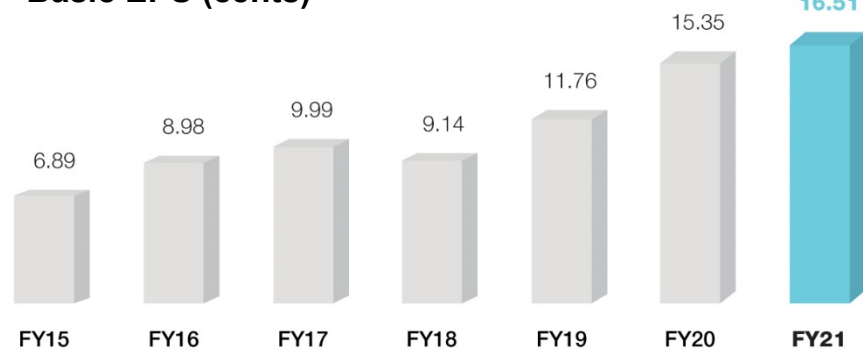
NPBT (\$M)



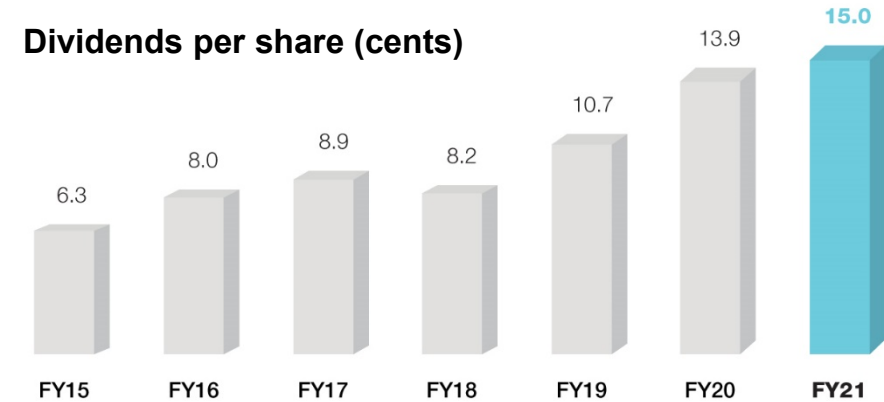
NPAT (\$M) – excl. minority interests



Basic EPS (cents)



Dividends per share (cents)



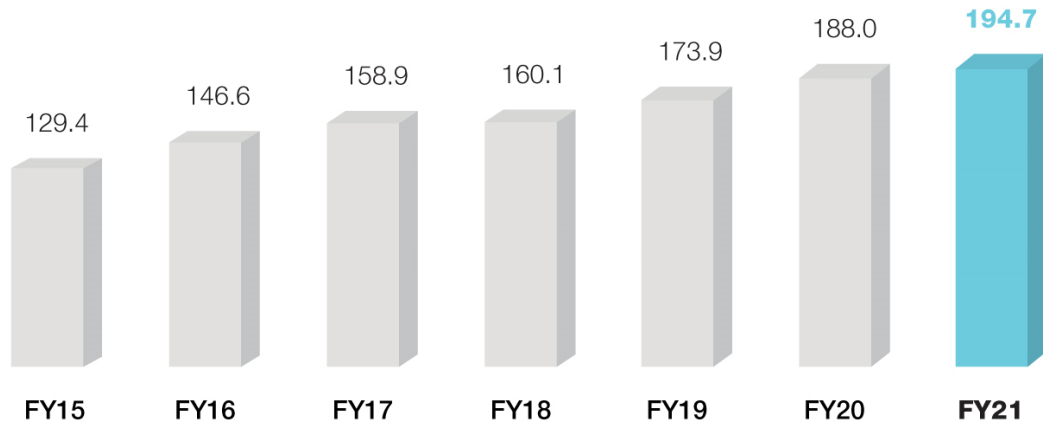
Statement of profit or loss

	2021 \$'000	2020 \$'000
Revenue		
Revenue from contracts with customers	1,955,247	1,623,841
Other revenue	941	2,100
	1,956,188	1,625,941
Expenses		
Change in inventory	(7,286)	14,245
Purchase of goods	(1,593,258)	(1,295,148)
Employee and contractor costs on-charged	(74,629)	(75,484)
Other cost of sales on services	(85,328)	(79,475)
Internal employee and contractor costs	(138,346)	(133,821)
Telecommunications	(2,287)	(2,259)
Rent	(2,033)	(2,933)
Travel	(180)	(1,460)
Professional fees	(1,028)	(858)
Depreciation and amortisation	(5,172)	(4,905)
Finance costs	(1,444)	(1,146)
Other	(8,254)	(8,631)
	(1,919,245)	(1,591,875)
Profit before income tax expense	36,943	34,066
Income tax expense	(11,540)	(10,338)
Profit for the year	25,403	23,728
Profit for the year is attributable to:		
Owners of Data#3 Limited	25,414	23,636
Non-controlling interests	(11)	92
	25,403	23,728
Earnings per share for profit attributable to ordinary equity holders:	Cents	Cents
Basic earnings per share	16.51	15.35
Diluted earnings per share	16.43	15.30

- Revenue increased by 20.3%
- Gross profit increased by 3.6% (from \$188.0M to \$194.7M) and total gross margin decreased from 11.6% to 10.0% due to changes in the revenue mix
- Internal staff costs increased by 3.4% (from \$133.8M to \$138.3M) due to headcount growth
- Other operating expenses decreased by 8.1% (from \$22.2M to \$20.4M)
 - ✓ Travel savings
 - ✓ Rent savings
- Return on equity 45.1% (FY20 45.2%).

Steady improvement in operating leverage

Total gross profit (\$M)



Internal expenses (Staff & Operating exp \$M)



Gross margin % has varied with changing sales mix.

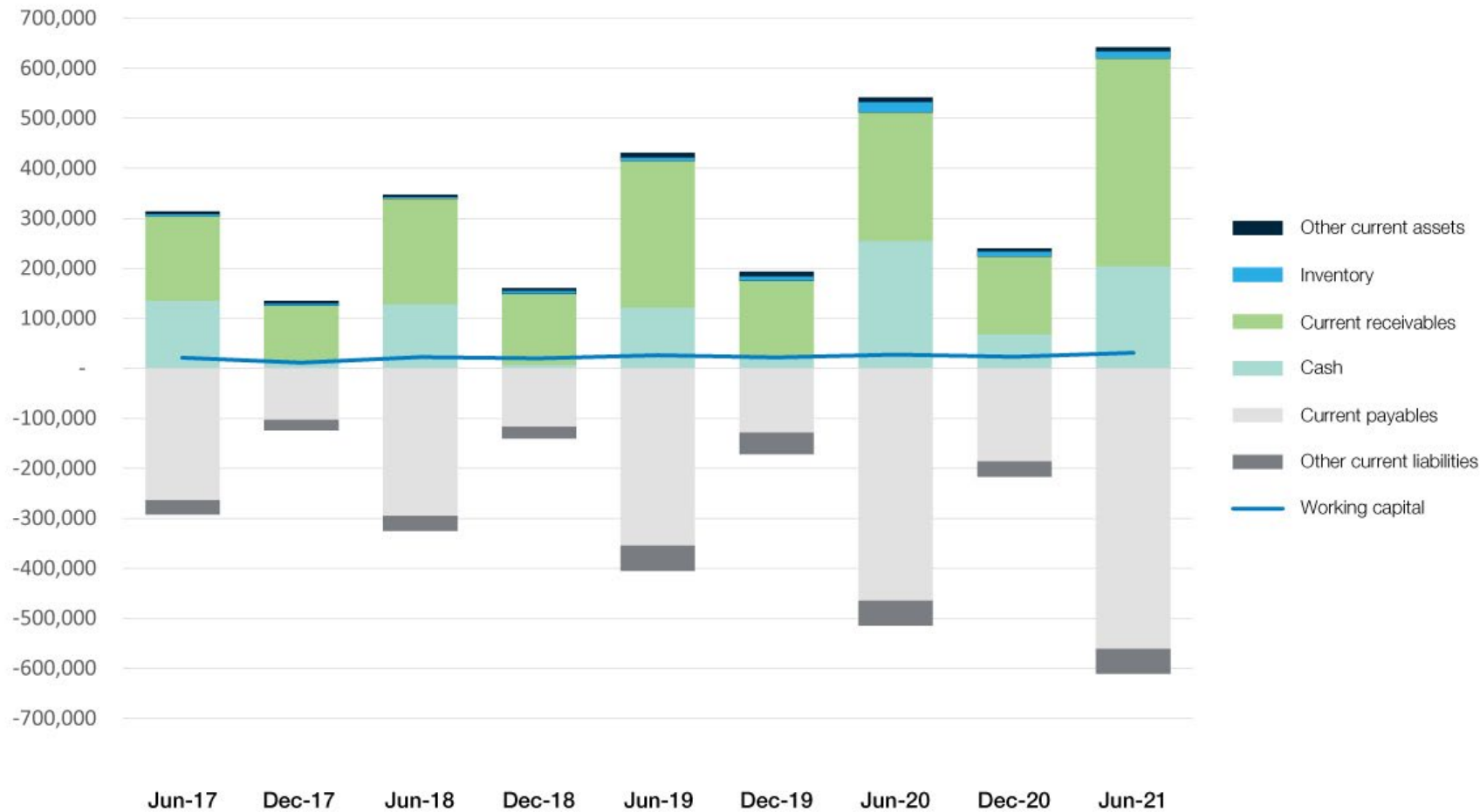
Internal Cost Ratio (ICR) = Internal expenses / Gross profit.
The ratio has improved from 89% to 81.5% over this period.

Balance sheet

	2021 \$'000	2020 \$'000
Current assets		
Cash and cash equivalents	204,323	255,147
Trade and other receivables	415,991	256,247
Contract assets	3,355	4,856
Inventories	13,872	21,158
Other	4,018	4,462
Total current assets	641,559	541,870
Non-current assets		
Trade and other receivables	2,336	3,686
Property and equipment	3,375	4,495
Right-of-use assets	25,698	17,533
Deferred tax assets	5,898	4,632
Intangible assets	15,959	15,222
Total non-current assets	53,266	45,568
Total assets	694,825	587,438
Current liabilities		
Trade and other payables	560,865	464,911
Contract liabilities	39,312	36,455
Lease liabilities	2,761	2,396
Current tax liabilities	1,327	4,652
Provisions	6,095	6,025
Total current liabilities	610,360	514,439
Non-current liabilities		
Trade and other payables	614	1,415
Lease liabilities	24,105	15,857
Provisions	3,441	3,017
Total non-current liabilities	28,160	20,289
Total liabilities	638,520	534,728
Net assets	56,305	52,710
Equity		
Contributed equity	8,278	8,278
Share-based payments reserve	1,825	606
Foreign currency translation reserve	(657)	202
Retained earnings	46,859	43,151
Equity attributable to owners of Data#3 Limited	56,305	52,237
Non-controlling interests	-	473
Total equity	56,305	52,710

- Strong balance sheet with no borrowings
- 4th quarter revenue spike inflates Trade receivables and Trade payables at year end
- Large temporary cash surpluses at 30 June
- FY21 average cash balance \$126.6M (FY20 = \$81.3M)
- Average DSOS of 27.7 days (FY20 = 29.7 days)
- Low inventory holdings, comprising product allocated to customer orders or projects in progress at period end.

Working capital analysis



- Efficient working capital model
- Short or negative working capital cycles underpin self-funding business model

- Low inventory, all allocated to customer orders or projects
- Average collection cycle 28 days
- Favourable trade terms with suppliers

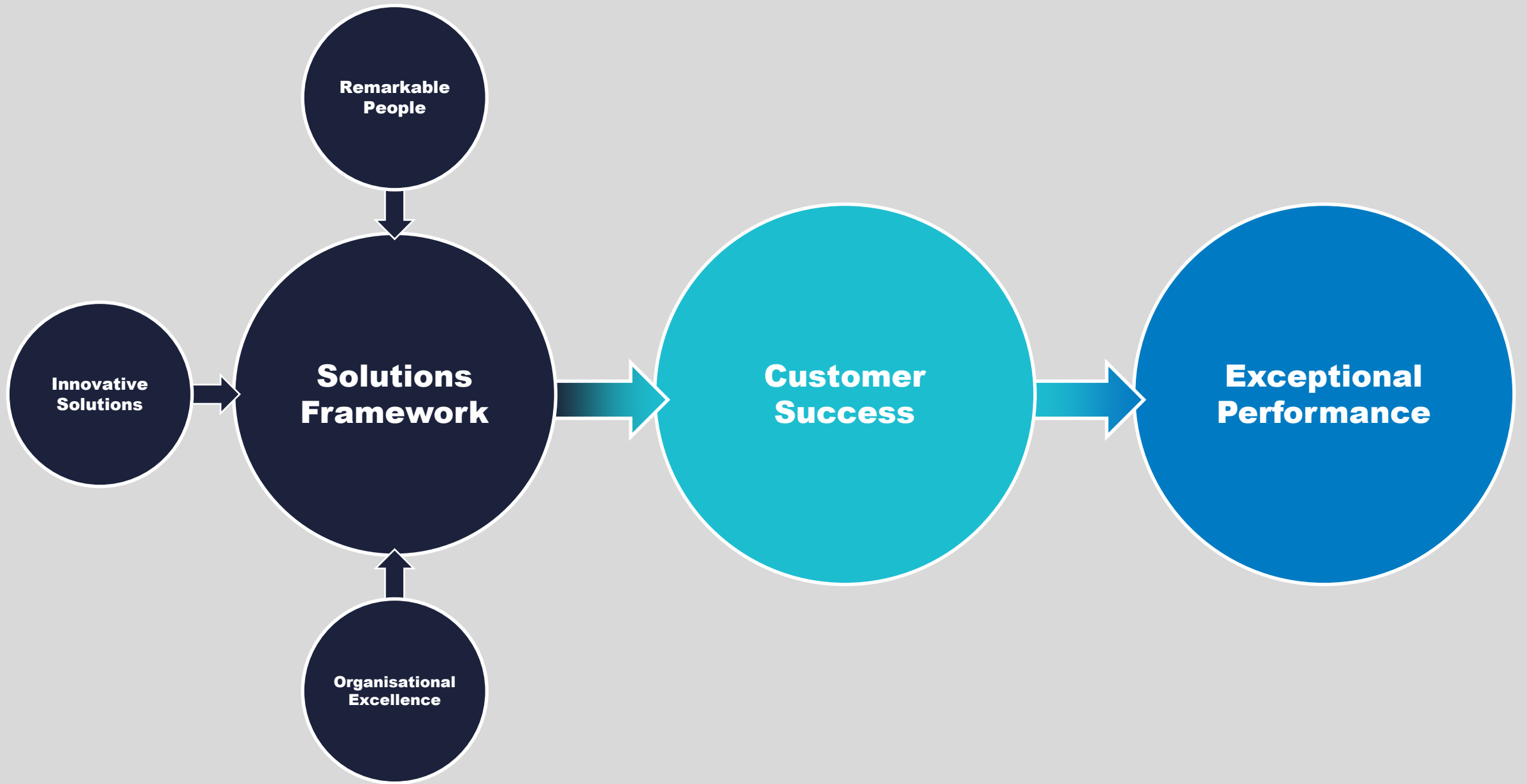
- Stable working capital position, despite significant seasonal fluctuation at period end

Statement of cash flows

	2021 \$'000	2020 \$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	2,013,332	1,806,975
Payments to suppliers and employees (inclusive of GST)	(2,002,883)	(1,606,196)
GST paid	(16,972)	(30,742)
Interest received	762	1,153
Interest and other borrowing costs paid	(1,400)	(1,067)
Income tax paid (net of refunds)	(15,530)	(9,909)
Net cash inflow (outflow) from operating activities	(22,691)	160,214
Cash flows from investing activities		
Payments for property and equipment	(18)	(3,090)
Payments for software assets	(1,904)	(846)
Payment for purchase of minority interest	(150)	-
Net cash (outflow) from investing activities	(2,072)	(3,936)
Cash flows from financing activities		
Payment of dividends	(22,018)	(18,785)
Lease liability payments	(3,190)	(3,746)
Net cash (outflow) from financing activities	(25,208)	(22,531)
Net increase/(decrease) in cash and cash equivalents	(49,971)	133,747
Cash and cash equivalents, beginning of financial year	255,147	121,198
Effect of exchange rate changes	(853)	202
Cash and cash equivalents, end of financial year	204,323	255,147

- Cash flow 'seasonality' consistent with previous years.
- Timing differences in the collections from customers and payments to suppliers around 30 June generate temporary cash surpluses.
- The 30 June 2020 surplus was unusually inflated by sizeable, early customer receipts prior to year end. This caused the operating cash inflow to outflow swing from FY20 to FY21.
- Cash conversion of 182%[#] for 7 year period FY15 to FY21
[# Total Free Cash Flow \$221M / Total NPAT \$121M]
- Low capital expenditure
- High dividend (payout ratio approx. 90%)

FY22 Strategy



FY22 Strategic Highlights



Customer Experience

Long term view,
not transactional

Lifecycle approach

Joint investments with
global vendors



Security

Protecting our business

Market opportunity

Executive leadership

GTM with BA



Accelerating Services

Completed rebuild of
Managed Services

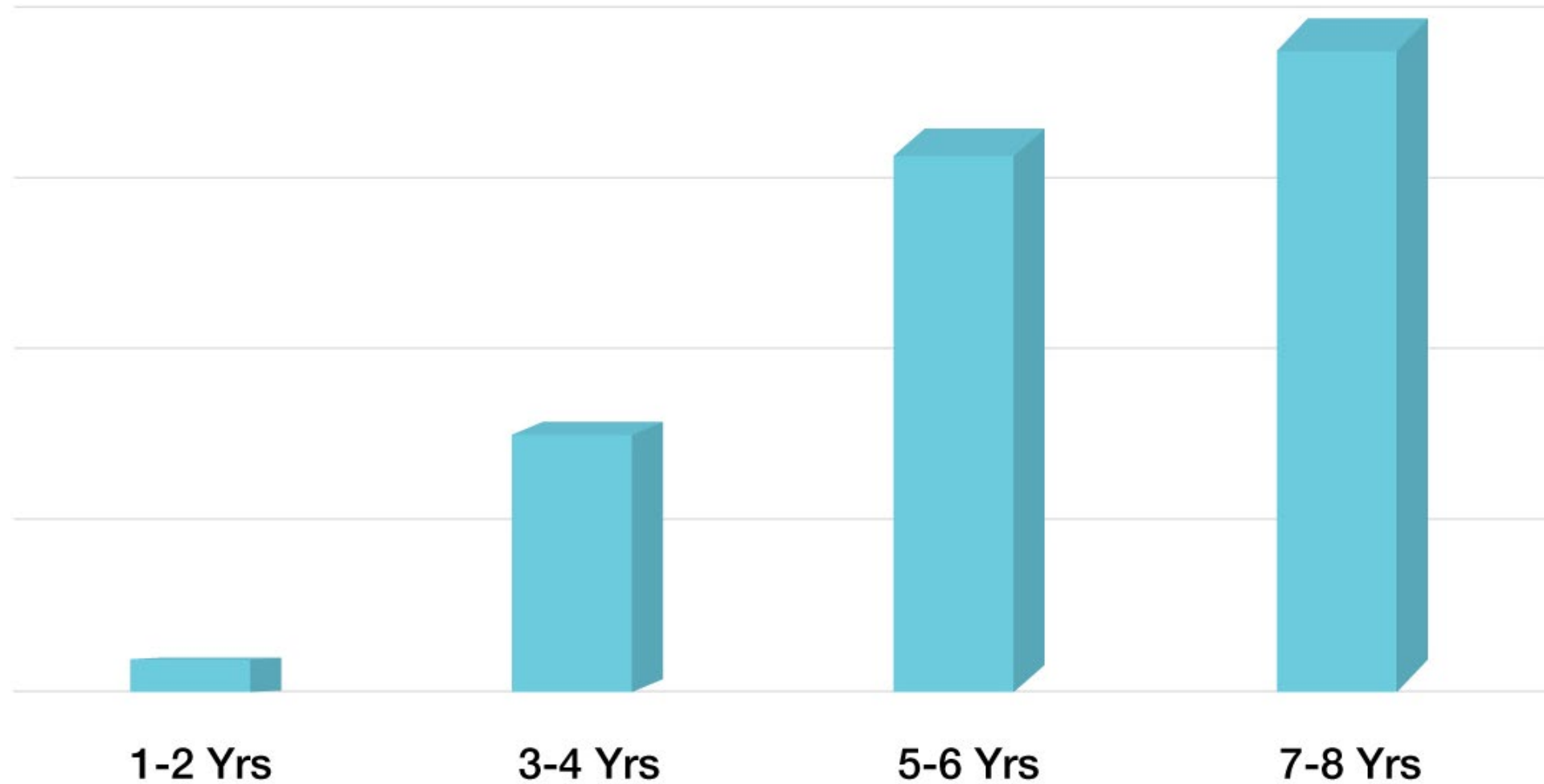
Profit turnaround for
Business Aspect

Complementing vendor
incentive programs



Winning New Customers

Average Customer Revenue by Years Active



Summary and Outlook



COVID and supply chain

Will continue to be managed effectively by working closely with customers and vendors



Fast start

FY21 \$3M backlog will be realised in FY22



IT outlook

Gartner predict Australian IT market to grow by 4% to over \$100 billion



Position in the market

Positioned to capitalise on growth opportunities.



Accelerating Services

Services growth and strategic focus will improve gross margins

"The backlog from FY21 has provided a fast start to FY22 and we are well positioned to capitalise on a growing market. At this stage we are unable to provide specific guidance or commentary on the FY22 outlook, however our goal remains to deliver sustainable earnings growth."





Q&A

Appendix

Data#3: Delivering The Digital Future (Company Video)



Data#3 is
delivering the
digital future

<https://youtu.be/nU6bOYVrekg>

Recent Awards

**Cisco Global Commercial
Partner of the Year**

**Women in
Technology
Partner of
Choice**

**HP PC Partner
of the Year**

**Employer of
Choice, HRD
Magazine**

**Lenovo
Platinum
Reseller of the
Year in the Data
Centre Group
Category**

**Dell
Technologies
Cloud Platform
Certification,
first in ANZ**

**Lenovo
Technical
Excellence for
Australia**

**ARN Partner
Value -
Enterprise**

**Veeam Platinum
Partner of the
Year**

**Dell
Transformational
Partner of the
Year for the APJ
Region**

**Dell ANZ 2019-
2020 Server
Partner of the
Year**

**HRD Magazine
Global 100,
Tash Macknish**

**ARN Emerging
Technologies -
Digital
Transformation**

**Cisco Marketing
Partner of the
Year**

**Palo Alto
Networks
Growth Partner
of the Year**

**Microsoft Azure Expert
Managed Services Provider
Certification**

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