

Data#3 continues to deliver substantial earnings growth

BRISBANE, Tuesday 22 August 2023: Australia's leading IT services and solutions provider, Data#3 Limited (ASX: DTL) today announces its results for the financial year ended 30 June 2023 (FY23).

FY23 Highlights

- Revenue up 16.9% to \$2.5 billion
- NPBT up 20.7% to \$53.2 million
- NPAT up 22.4% to \$37.0 million
- Basic EPS up 22.2% to 23.96 cents per share
- Total fully franked dividend up 22.3% to 21.90 cents per share
- Strong balance sheet with no borrowings

Data#3 CEO and Managing Director Laurence Baynham said: "FY23 was another strong year for Data#3, demonstrated by the record result in what was a challenging economic environment. Our revenue growth was three times greater than the wider IT sector as we continue to capture market share, a testament to our market leading position, full lifecycle service offering, the strength of our vendor relationships and track record in delivering large scale infrastructure and digital transformation projects. We made excellent progress in delivering against our key strategic priorities including growing services, growing vendor incentives, and growing security solutions.

"Meanwhile we are seeing new solutions emerging in artificial intelligence (AI) which is creating substantial opportunities across our customer solutions. As we enter this new era of generative AI, we are already seeing rapid product development incorporating cloud, hybrid work, security, connectivity and data analytics. Microsoft is the global industry leader and as their leading partner in the region we are at the forefront of this change as our customers' enabling technology is increasingly AI-driven."

This result was underpinned by Data#3's long-standing supplier relationships and customer base as demonstrated by national and international awards from several of its vendor partners. The company is seeing growing demand for its solutions especially for large infrastructure and digital transformation projects as businesses continue to prioritise technology as part of their central decision-making. The Australian IT market is predicted to grow to almost \$118 billion in 2023 and Data#3 is well placed to continue benefiting from this digital transformation trend.

Revenue and earnings growth in FY23

Total revenue increased by 16.9% to \$2.5 billion fuelled by the continued strong growth in multi-cloud revenue and revenue from the sale of products that facilitate its customers' investments in cloud solutions, such as storage and networks. It also saw strong revenue growth across most of its Services business, as it continued to drive its Services growth strategy.

The company's consolidated net profit before tax increased by 20.7% to \$53.2 million. The consolidated net profit after tax increased by 22.4% to \$37.0 million. Basic earnings per share increased by 22.2% to 23.96 cents.

Financial results summary

	FY23 \$'000	FY22 \$'000	% Change
Sales revenue	2,560,700	2,192,421	+ 16.9%
Other revenue	3,870	576	+ 571.9%
Total revenue	2,564,570	2,192,997	+ 16.9%
Total gross profit (excluding other revenue)	250,651	218,217	+ 14.9%
<i>Total gross margin</i>	<i>9.8%</i>	<i>10.0%</i>	
Total staff & operating expenses	201,287	174,700	+ 15.2%
NPBT	53,234	44,093	+ 20.7%
NPAT (excluding minority interests)	37,030	30,262	+ 22.4%
<i>Return on equity</i>	<i>54.2%</i>	<i>49.0%</i>	
	FY23	FY22	% Change
Basic earnings per share	23.96 cents	19.61 cents	+ 22.2%
Dividend per share	21.90 cents	17.90 cents	+22.3 %
<i>Dividend payout ratio</i>	<i>91.4%</i>	<i>91.3%</i>	

Dividend

The directors declared a final dividend of 11.90 cents per share, bringing the total fully franked dividend for FY23 to 21.90 cents per share. This represents an increase of 22.3% and a payout ratio of 91.4%. The final dividend will be paid on 29 September 2023, with a record date of 15 September 2023.

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.

Mr Baynham said: "We expect technology, and specifically digital transformation, to play a leading role in Australia's economic future, underpinned by growing demand for security, multi-cloud and AI services.

"We continue to experience a steady increase in the pipeline of large integration project opportunities across our corporate and public sector customers and are seeing strong revenue growth in our high margin Managed Services and Consulting businesses, complementing our growing Software and Infrastructure business units.

"With our leading market position, strong supplier relationships, long-term customer base and experienced team we are confident in our outlook as we enter FY24, despite some expected slowdown in general economic activity. The industry is rapidly progressing, and we are well positioned to benefit. "

Investor briefing

The company will present a market briefing on the results starting at 10:00am (AEST) on 22 August 2023.

The following URL will provide access to the live event, and to an archived webcast following the event:
<https://webcast.openbriefing.com/dtl-fyr-2023/>

Approved for distribution by the Data#3 Limited board.

ENDS

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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 45 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 \$2.5 billion in FY23. Headquartered in Brisbane, it has more than 1,400 staff, and facilities across 12 locations in Australia and Fiji.

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