

# FY22 Results Briefing

18<sup>th</sup> August 2022

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# Agenda

**Data#3 Overview**

**FY22 Operational Overview**

**FY22 Financial Performance**

**FY23 Strategy**

**Customer Success**

**Summary and Outlook**

# FY22 Financial Highlights



**Revenue**  
**\$2.2B**  
Up 12.1%



**Gross Profit**  
**\$218.2M**  
Up 12.1%



**NPBT**  
**\$44.1M**  
Up 19.4%



**NPAT**  
**\$30.3M**  
Up 19.1%



**Basic EPS**  
**19.61 cents**  
Up 18.8%



**Dividends per share**  
**17.90 cents**  
Up 19.3%  
Payout ratio of 91.3%

# FY22 Overview

## Revenue

**\$2.2B**

## Public Cloud Revenue

**\$1.0B**

## Recurring Revenue

**66%**

## People

**1,300+**

- Strong result with good contributions across business units and regions, supported by growing pipeline of large integration project opportunities
- In line with strategic focus, increase in software and services revenue driving recurring revenue and margin accretion
- Order backlog from supply chain delays increased from \$3M at end of FY21 to over \$6M at end of FY22 (pre-tax profit). This will be realised in 1H FY23
- Leading market position, strength of supplier relationships, long-term customer base and experienced team underpins positive outlook

## Key awards + certifications

- HRD Employer of Choice – 7th year in a row
- Cisco Global Software Partner of the Year
- Microsoft Worldwide Device Distributor/Reseller Partner of the Year
- Microsoft Worldwide Surface+ Partner of the Year

## ESG update

- Sustainability goals
- Formed Reconciliation Action Plan Working Group
- Ethics global benchmarking



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

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#1 partner in Australia



#1 partner in Australia



#1 partner in Australia



Top five partner in Australia

**Strategic partnerships  
with global leaders**

**Significant investment  
in technical capability  
and certifications**

**400+ other partnerships  
with emerging vendors**

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# FY22 Operational Overview



# FY22 Operational Highlights



## Multi-cloud Growth

\$1.0B in Public Cloud plus, Private Cloud growth



## Security Growth

Fastest growing solution and top customer priority  
ISO 27001 certified



## Services

Strong growth in Consulting and Support Services improving Gross Margin



## Customer Experience

Investment in systems and people driven by data and analytics.  
Global recognition with Cisco.



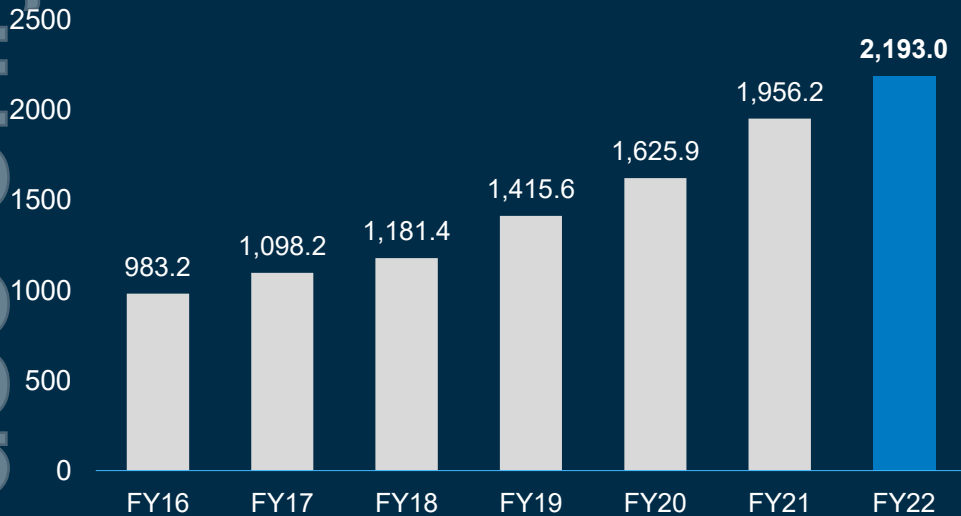
## ERP System

New Microsoft D365 platform (multi-year project & investment, successful 'go-live' in March 2022)

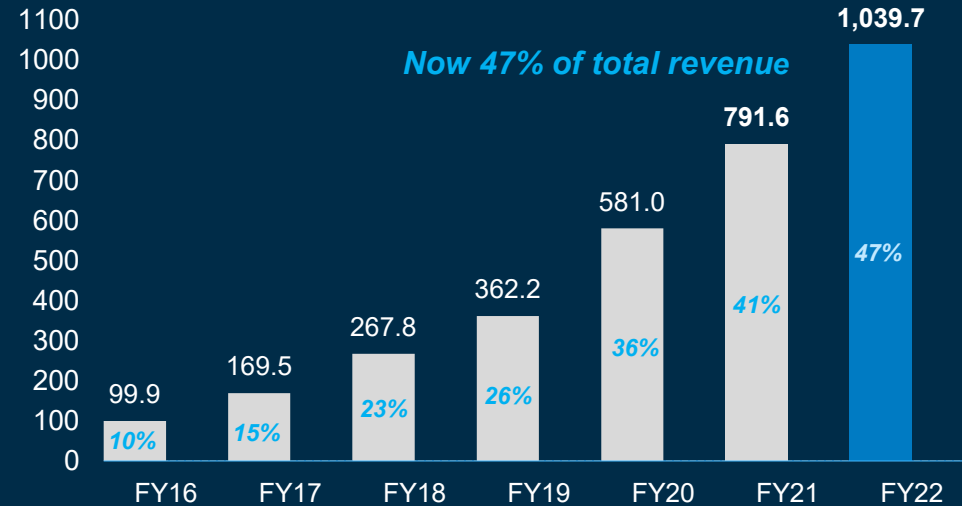
# **FY22 Financial Performance**

# Sustained revenue growth, boosted by cloud

Total revenue (\$M)



Total Public Cloud revenue (\$M)



Strong revenue growth CAGR of 14.3%<sup>1</sup> fuelled by software licensing, cloud-based solutions and services.

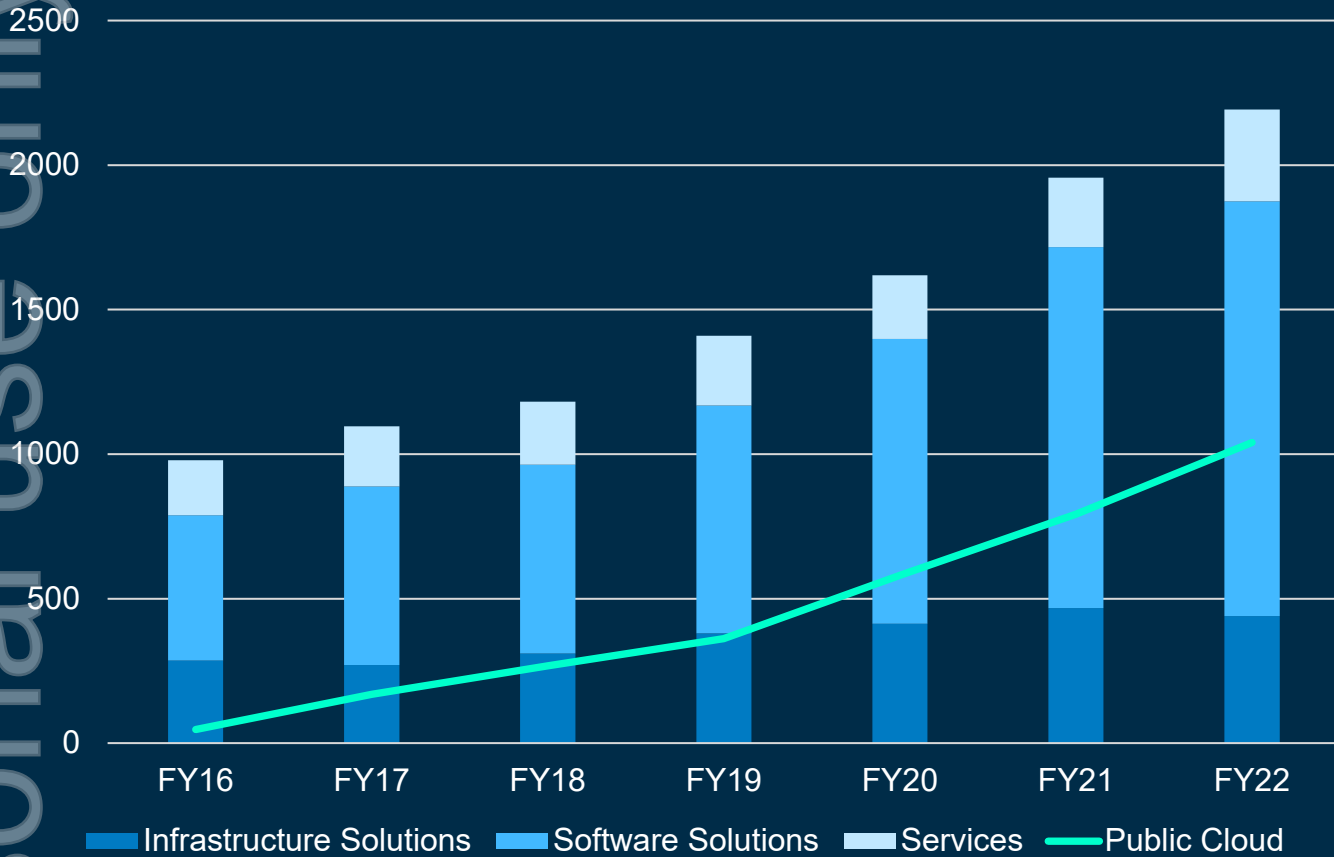
Total revenue includes \$1.04B of public cloud revenues (up 31.3% on PCP), supporting further growth in services.

~66% of revenue is recurring, meaning under term-based contracts (up 62% on PCP).

1. CAGR growth from FY16-FY22

# Changing sales mix

Revenue trend by functional area (\$M)



Business unit	FY22 revenue (\$M)	Change vs. FY21
Business Aspect Consulting	26.6	+ 50.0%
Project Services	66.6	+ 5.0%
Support Services	160.1	+ 66.6%
People Solutions (recruitment)	62.3	+ 8.7%
<b>Total Services</b>	<b>318.4</b>	<b>+ 32.7%</b>
<b>Software Solutions</b>	<b>1,433.7</b>	<b>+ 14.8%</b>
<b>Infrastructure Solutions</b>	<b>440.3</b>	<b>- 5.7%</b>

# Gross margin and Gross profit

Overall Gross Margin % varies with the changing revenue mix.

- Infrastructure Solutions impacted by inflated backlog.
- Strong growth in software licensing and public cloud revenues.
- Accelerated services growth has boosted total Gross Profit \$.

Gross Margin % within each business unit has remained relatively stable.

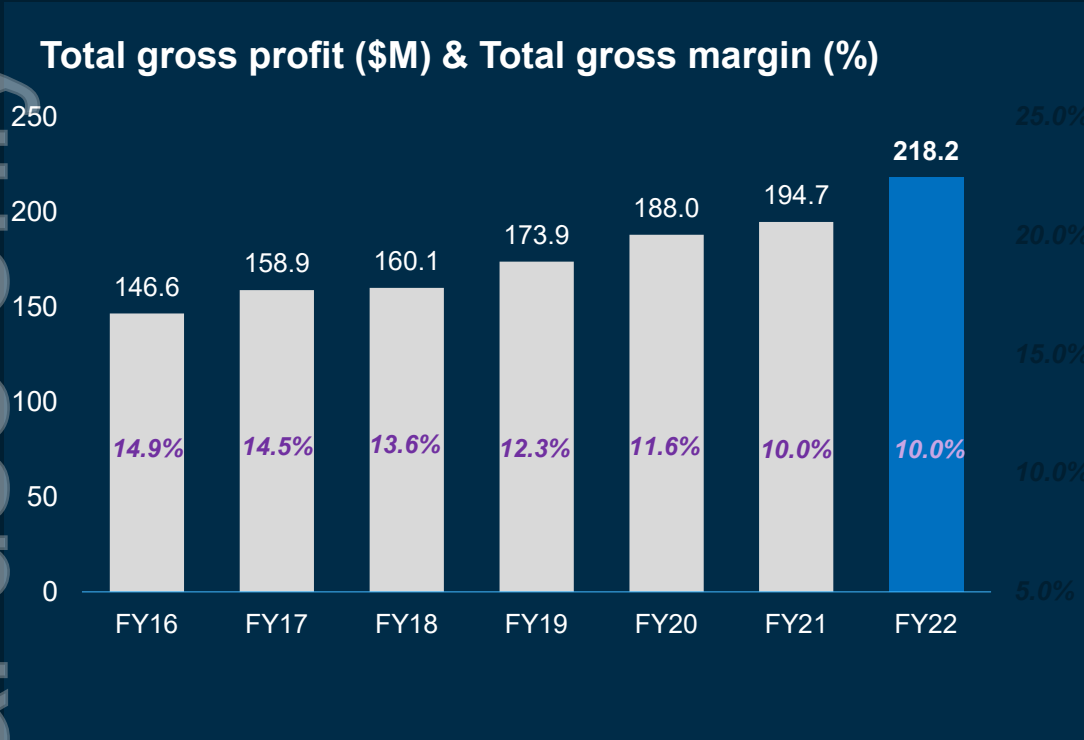
Changing vendor incentive programs will increasingly see rebates shift from product to services.

**Objective is to deliver steady, sustained growth in total Gross Profit \$**

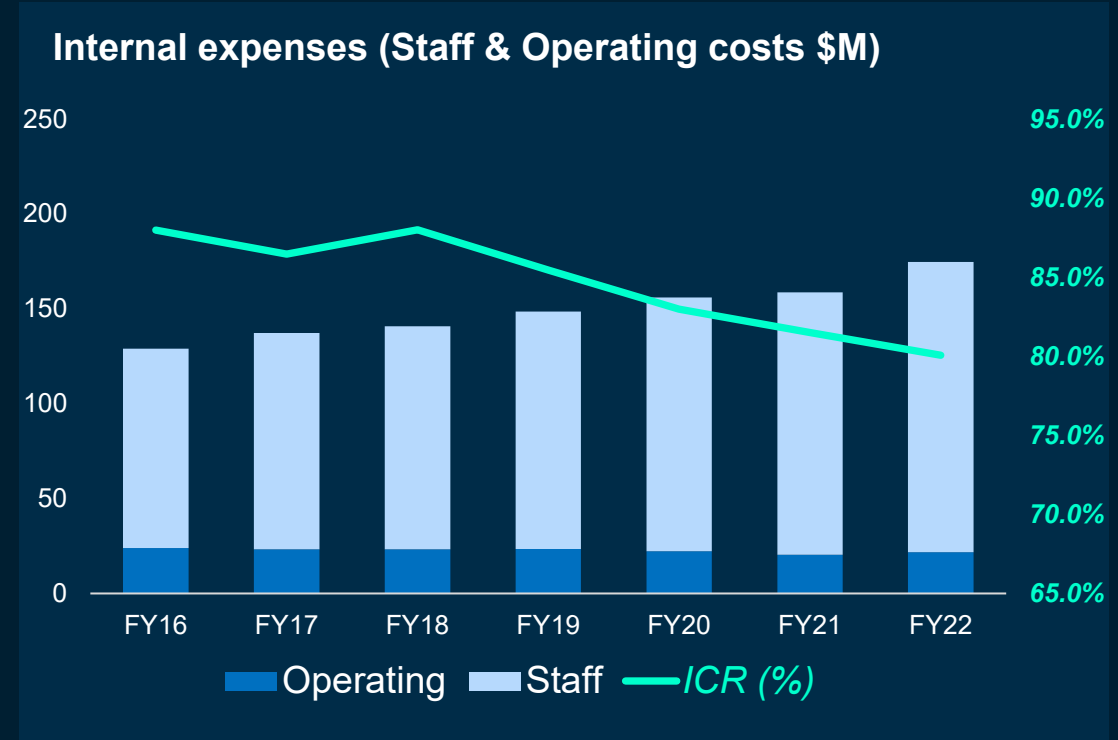
Business unit	FY22 revenue (\$M)	FY22 revenue growth	Relative Gross Margin %		
			LOW	MED	HIGH
Consulting	26.6	+ 50.0%	<b>MED - HIGH</b>		
Project Services	66.6	+ 5.0%	<b>MED</b>		
Support Services	160.1	+ 66.6%	Maintenance Services	<b>LOW - MED</b>	
			Managed Services	<b>HIGH</b>	
People Solutions	62.3	+ 8.7%	<b>LOW - MED</b>		
Software Solutions	1,433.7	+ 14.8%	<b>LOW</b>		
Infrastructure Solutions	440.3	- 5.7%	<b>LOW to MED</b>		

# Steady improvement in operating leverage

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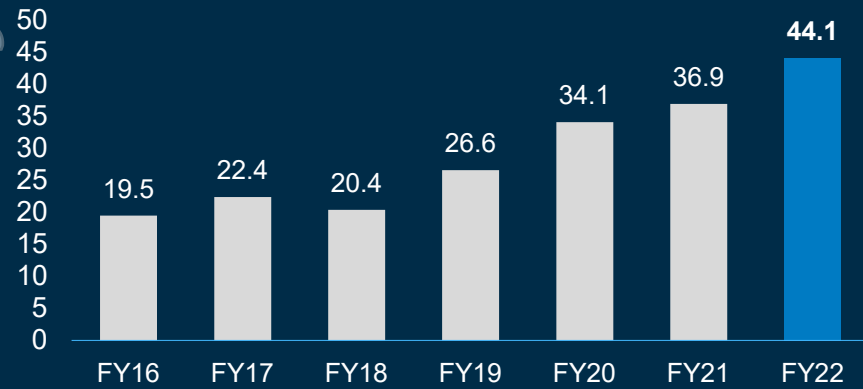
Gross margin % has varied with changing sales mix, and is expected to return to growth as services contribution increases



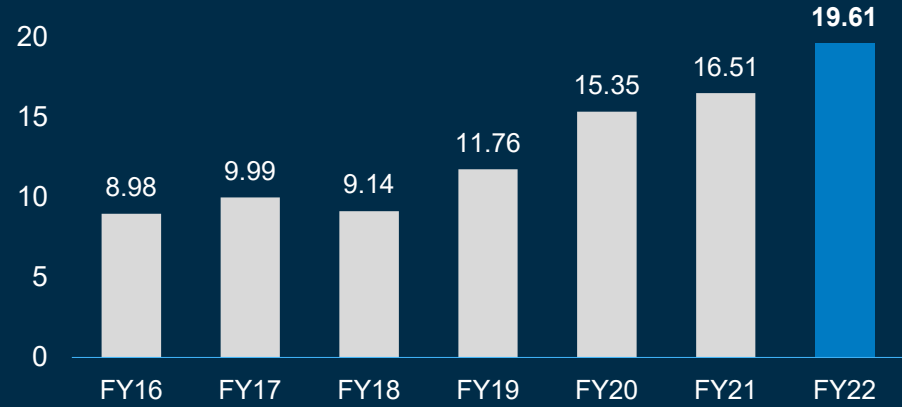
Internal Cost Ratio (Internal expenses / Gross profit) has improved from 88.0% in FY16 to 80.1% in FY22 (FY21: 81.5%)

# Sustained earnings growth

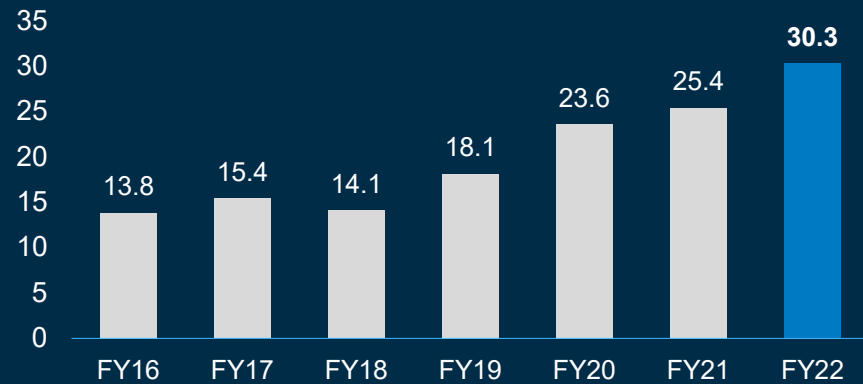
## NPBT (\$M)



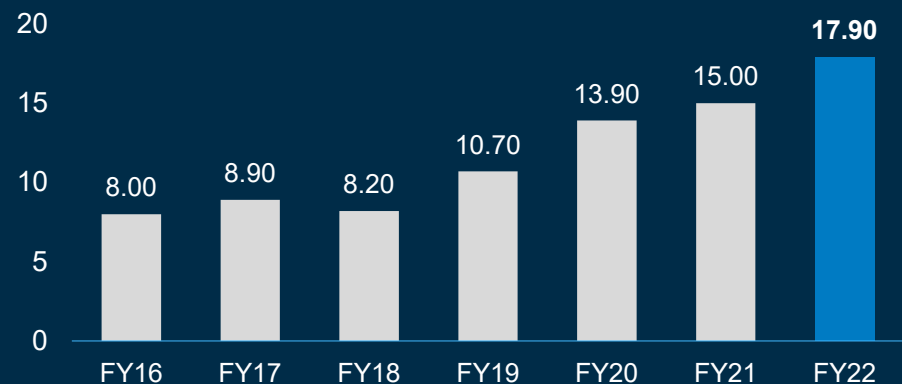
## Basic EPS (cents)



## NPAT (\$M) - excluding minority interests



## DPS (cents)



# Statement of profit or loss

	2022 \$'000	2021 \$'000	Change %
<b>Revenue</b>			
Revenue from contracts with customers	2,192,421	1,955,247	+12.1
Other revenue	576	941	-38.8
	2,192,997	1,956,188	+12.1
<b>Expenses</b>			
Change in inventory	19,206	(7,286)	
Purchase of goods	(1,774,938)	(1,593,258)	+11.4
Employee and contractor costs directly on-charged (cost of sales on services)	(88,789)	(74,629)	+19.0
Other cost of sales on services	(129,682)	(85,328)	+52.0
Internal employee and contractor costs	(152,996)	(138,346)	+10.6
Telecommunications	(2,216)	(2,287)	-3.1
Rent	(1,717)	(2,033)	-15.5
Travel	(258)	(180)	+43.3
Professional fees	(1,023)	(1,028)	-0.5
Depreciation and amortisation	(5,288)	(5,172)	+2.2
Finance costs	(1,376)	(1,444)	-4.7
Other	(9,827)	(8,254)	+19.1
	(2,148,904)	(1,919,245)	+12.0
<b>Profit before income tax expense</b>	44,093	36,943	+19.4
Income tax expense	(13,831)	(11,540)	+19.9
<b>Profit for the year</b>	30,262	25,403	+19.1
Profit for the year is attributable to			
Owners of Data#3 Limited	30,262	25,414	+19.1
Non-controlling interests	-	(11)	
	30,262	25,403	+19.1
Earnings per share for profit attributable to the ordinary equity holders of the company:	<b>Cents</b>	<b>Cents</b>	
Basic earnings per share	19.61	16.51	+18.8
Diluted earnings per share	19.55	16.43	+19.0

- Revenue increased by 12.1%
- Gross profit increased by 12.1% (from \$194.7M to \$218.2M) and total gross margin remained stable at 10.0%
- Internal staff costs increased by 10.6% (from \$138.3 million to \$153.0 million) reflecting 6.6% headcount growth (predominantly in Services) and general remuneration increases
- Other operating expenses increased by 6.4% (from \$20.4 million to \$21.7 million)
  - ✓ Dynamics 365 ERP project costs
  - ✓ Small increase in Travel costs
  - ✓ Reduction in Rent expense
- Basic EPS increased by 18.8%
- Return on equity 49.0% (FY21 45.1%)



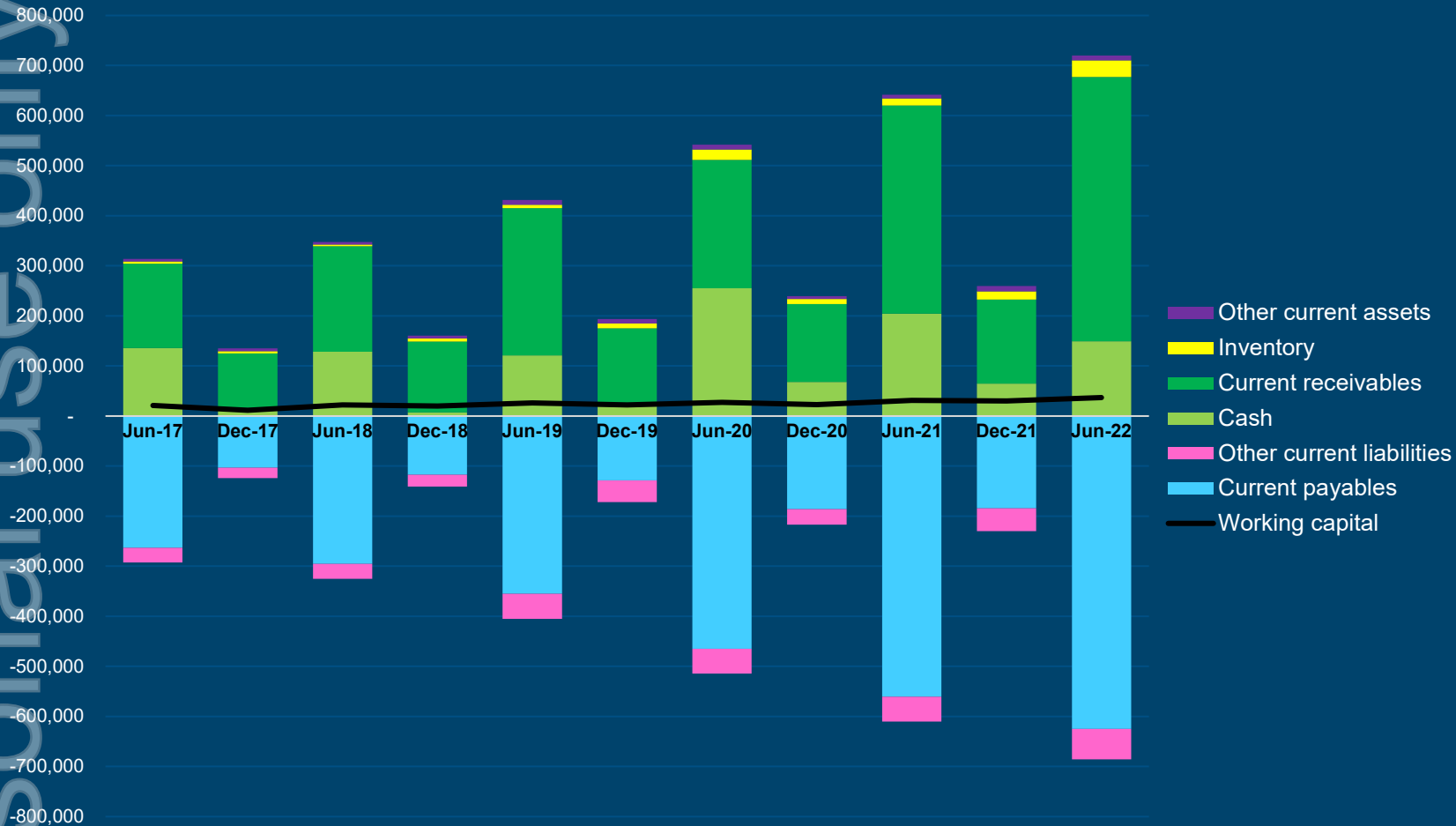
# Balance sheet

	2022 \$'000	2021 \$'000	Change %
<b>Current assets</b>			
Cash and cash equivalents	149,459	204,323	-26.9
Trade and other receivables	527,888	415,991	+26.9
Contract assets	5,776	3,355	+72.2
Inventories	33,078	13,872	+138.5
Other	3,955	4,018	-1.6
<b>Total current assets</b>	<b>720,156</b>	<b>641,559</b>	<b>+12.3</b>
<b>Non-current assets</b>			
Trade and other receivables	1,072	2,336	-54.1
Property and equipment	3,388	3,375	+0.4
Right-of-use assets	23,585	25,698	-8.2
Deferred tax assets	5,292	5,898	-10.3
Intangible assets	17,394	15,959	+9.0
<b>Total non-current assets</b>	<b>50,731</b>	<b>53,266</b>	<b>-4.8</b>
<b>Total assets</b>	<b>770,887</b>	<b>694,825</b>	<b>+10.9</b>
<b>Current liabilities</b>			
Trade and other payables	622,698	560,865	+11.0
Contract liabilities	49,710	39,312	+26.4
Lease liabilities	3,002	2,761	+8.7
Current tax liabilities	705	1,327	-46.9
Provisions	7,236	6,095	+18.7
<b>Total current liabilities</b>	<b>683,351</b>	<b>610,360</b>	<b>+12.0</b>
<b>Non-current liabilities</b>			
Trade and other payables	-	614	-100.0
Lease liabilities	22,643	24,105	-6.1
Provisions	3,196	3,441	-7.1
<b>Total non-current liabilities</b>	<b>25,839</b>	<b>28,160</b>	<b>-8.2</b>
<b>Total liabilities</b>	<b>709,190</b>	<b>638,520</b>	<b>+11.1</b>
<b>Net assets</b>	<b>61,697</b>	<b>56,305</b>	<b>+9.6</b>
<b>Equity</b>			
Contributed equity	10,313	8,278	+24.6
Share-based payments reserve	559	1,825	-69.4
Foreign currency translation reserve	(443)	(657)	-32.6
Retained earnings	51,268	46,859	+9.4
<b>Total equity</b>	<b>61,697</b>	<b>56,305</b>	<b>+9.6</b>

- Strong balance sheet with no borrowings
- 4Q revenue spike (in line with normal customer spend patterns) inflated Trade receivables and Trade payables at year end
- As in prior periods, this created a large temporary cash surplus at 30 June
- Average DSOS of 28.1 days (FY21 = 27.7 days)
- Inflated inventory holdings due to supply chain delays and partial deliveries, however all inventory is allocated to non-cancellable customer orders

# Working capital analysis

## Working capital components



Efficient working capital model.

Short or negative working capital cycles underpin self-funding of business.

Inventory inflated due to backlog, but allocated to non-cancellable customer orders.

Average collection cycle approx. 28 days.

Favourable trade terms with suppliers.

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

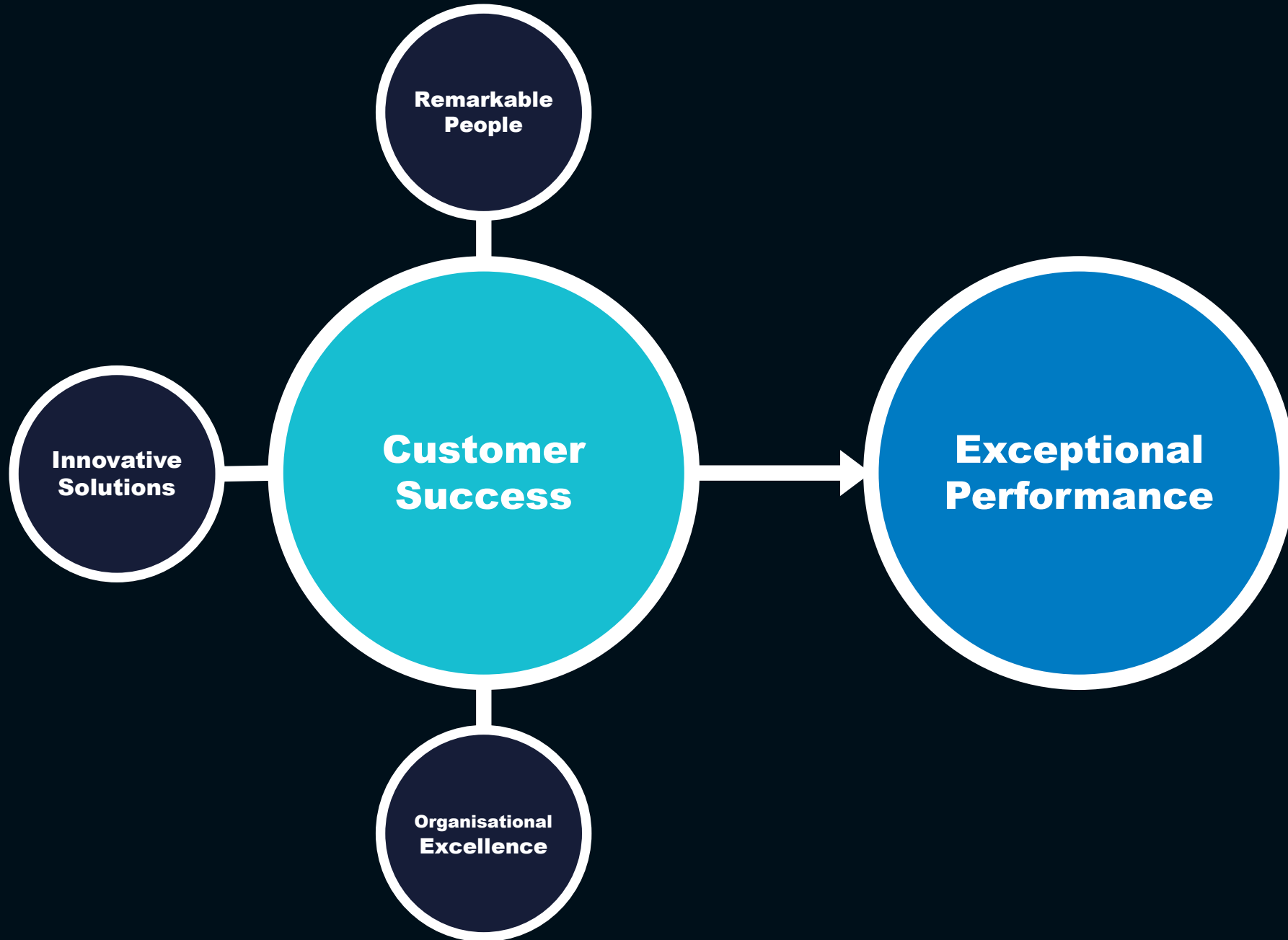
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# Statement of cash flows

	2022 \$'000	2021 \$'000	Change %
<b>Cash flows from operating activities</b>			
Receipts from customers (inclusive of GST)	2,313,048	2,013,332	+14.9
Payments to suppliers and employees (inclusive of GST)	(2,291,312)	(2,002,883)	+14.4
GST paid	(29,364)	(16,972)	+73.0
Interest received	245	762	-67.8
Interest and other borrowing costs paid	(1,334)	(1,400)	-4.7
Income tax paid (net of refunds)	(13,906)	(15,530)	-10.5
Net cash (outflow) from operating activities	(22,623)	(22,691)	-0.3
<b>Cash flows from investing activities</b>			
Payments for property and equipment	(997)	(18)	
Payments for software assets	(2,878)	(1,904)	+51.2
Payment for purchase of minority interest	-	(150)	
Net cash (outflow) from investing activities	(3,875)	(2,072)	+87.0
<b>Cash flows from financing activities</b>			
Payment of dividends	(25,853)	(22,018)	+17.4
Proceeds from issue of shares	2,035	-	
Payments for shares acquired by the Data#3 Employee Share Trust	(2,035)	-	
Lease liability payments	(2,727)	(3,190)	-14.5
Net cash (outflow) from financing activities	(28,580)	(25,208)	+13.4
<b>Net (decrease) in cash and cash equivalents held</b>	(55,078)	(49,971)	+10.2
Cash and cash equivalents, beginning of financial year	204,323	255,147	-19.9
Effect of exchange rate changes on cash and cash equivalents	214	(853)	
<b>Cash and cash equivalents, end of financial year</b>	149,459	204,323	-26.9

- Cash flow 'seasonality' consistent with previous years
- Timing differences in collections from customers and payments to suppliers around 30 June generate temporary cash surpluses
- FY22 average daily cash balance \$117.2M (FY21 = \$126.6M)
- Underlying 'free cash' is typically \$15M - \$20M but has been reduced in FY22 due to inflated inventory position at year-end. This is expected to normalise in 1H FY23 as the backlog unwinds
- Cash conversion of 123%# for 7-year period (FY16 to FY22)  
*[# Total Free Cash Flow \$173M / Total NPAT \$141M]*
- Low capital expenditure
- High dividend payout ratio of ~90%

# FY23 Strategy and Outlook



# FY22 Customer stories

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**NEWS**

**Data#3 set to deliver the digital future at Queen's Wharf Brisbane**



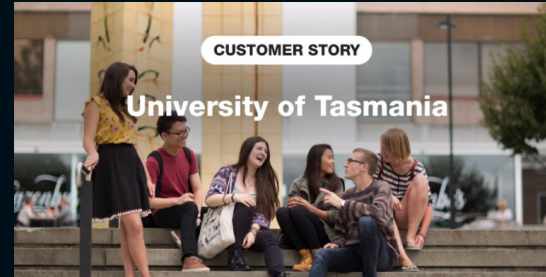
**CUSTOMER STORY**

**St Peter's College Adelaide**



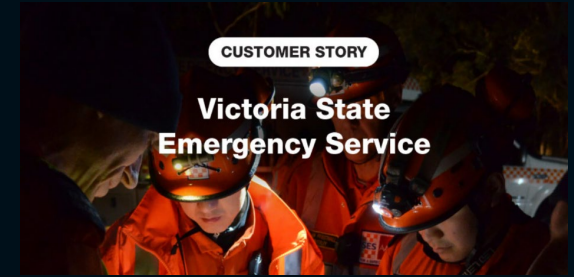
**CUSTOMER STORY**

**University of Tasmania**



**CUSTOMER STORY**

**Victoria State Emergency Service**



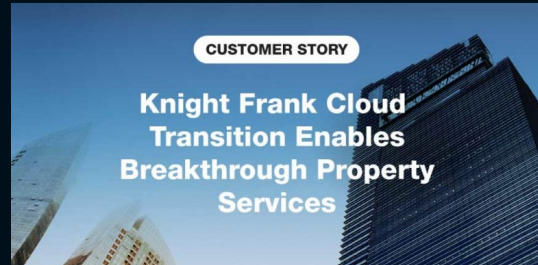
**CUSTOMER STORY**

**Fiona Stanley Hospital Aids Clinical Efficiency with Post-COVID Login Solution**



**CUSTOMER STORY**

**Knight Frank Cloud Transition Enables Breakthrough Property Services**



**CUSTOMER STORY**

**BTC Markets**



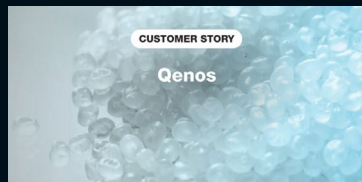
**CUSTOMER STORY**

**SeaRoad Holdings**



**CUSTOMER STORY**

**Qenos**



**CUSTOMER STORY**

**Credit Corporation (PNG)**



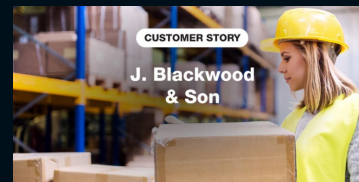
**CUSTOMER STORY**

**Vision Super**



**CUSTOMER STORY**

**J. Blackwood & Son**



**CUSTOMER STORY**

**ElectraNet**



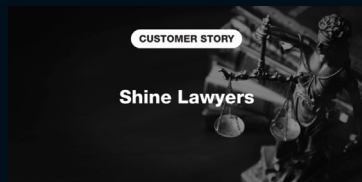
**CUSTOMER STORY**

**Cisco Duo for TechnoPro**



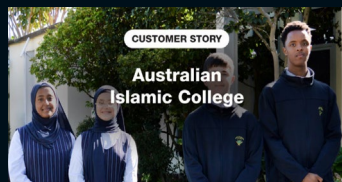
**CUSTOMER STORY**

**Shine Lawyers**



**CUSTOMER STORY**

**Australian Islamic College**



**CUSTOMER STORY**

**Cisco ACI Solution Supports the Future of Business in Engineering Industry**



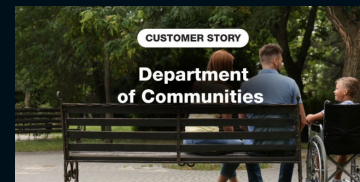
**NEWS**

**Data#3's Managed Services to Bolster Digital Transformation at the Department for Education in SA**



**CUSTOMER STORY**

**Department of Communities**



**CUSTOMER STORY**

**Bega Valley Shire Council Ensures Compliance and Value with Data#3 Software Asset Management**



# Delivering the digital future in South Australia

- Last year we announced a multi-year managed services contract with Department for Education
- Since then we have succeeded in winning more managed services contracts in SA. These include:
  - Attorney Generals Department and Public Trustee
  - Department for Environment and Water
  - Department for Human Services
  - Department of Treasury and Finance
- SA Government previously had a single large outsource
- Breaking down large contracts is becoming a trend



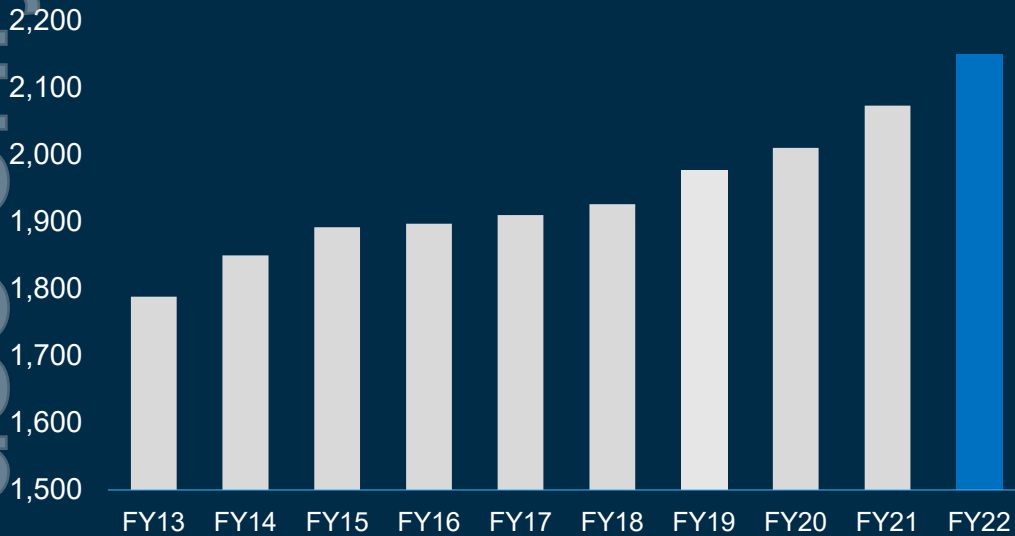
**Data#3**



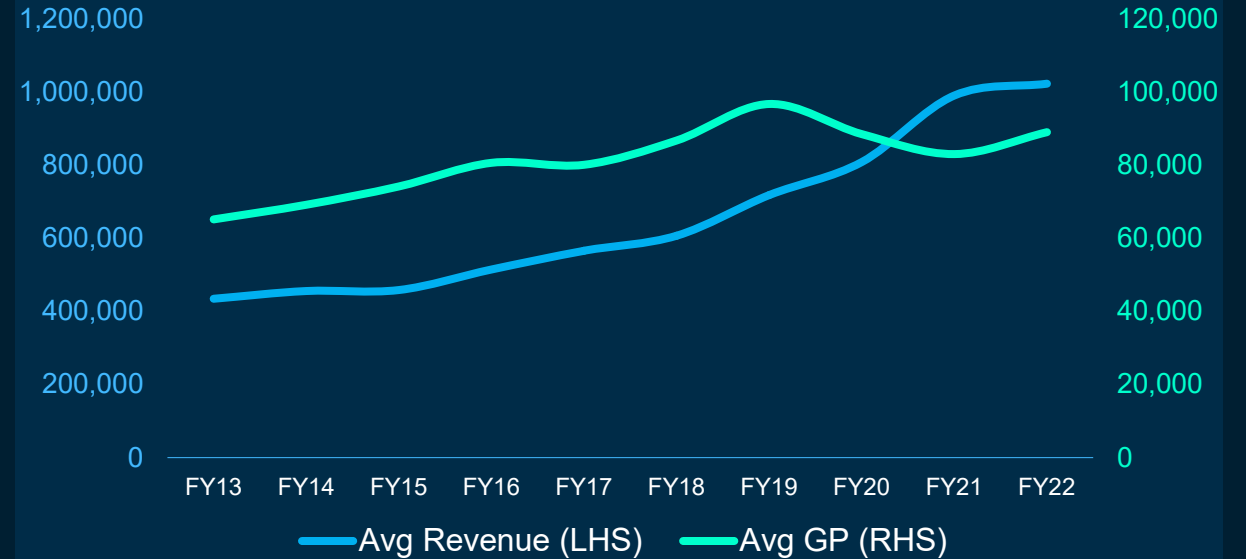
Government  
of South Australia  
Department for Education

# Increasing customer engagement

## Number of Customers



## Average Revenue & Average Gross Profit per Customer



Steady growth in customer base, with over 5,000 active accounts across 2,150 customer groups.

The largest customer groups are in the education sector.

Average revenue per customer group has increased as we extend engagement across our portfolio of solutions.

Average GP per customer group decreased in FY20 & FY21 due to pandemic spend shift toward lower margin product. FY22 has seen a return to a more normal mix of solutions.



# Strategic Focus Areas



## Customer Experience

Long-term view, not transactional

Lifecycle approach

Joint investments with  
global vendors



## Security

Protecting our business

Market opportunity

Executive leadership

Go to market with  
Business Aspect



## Accelerating Services

Completed rebuild of  
Managed Services

Strong growth in Consulting  
& Support Services

Complementing vendor  
incentive programs

We will continue to focus on driving growth in our services and software businesses to increase recurring revenues and improve margins

# Outlook



Services growth will continue to complement software and infrastructure divisions, while improving recurring revenue and margins



Growth in cloud business provides data and insights to enhance lifecycle services



Supply constraints set to continue into FY23; well placed to grow market share by leveraging market leading relationships



Strong pipeline of major integration project opportunities as large corporates and government drive transformation agendas

**“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.”**

**We remain committed to delivering sustainable earnings growth, underpinned by our leading market position, unrivalled vendor relationships, long-term customer base and highly experienced and committed team.”**

**- Laurence Baynham, CEO**

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# Q&A

# Appendix

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



Data#3 is  
delivering the  
digital future

<https://youtu.be/nU6bOYVrekg>

# Recent Awards

**Microsoft Worldwide  
Surface+ Partner of the  
Year**

**Cisco Global  
Software  
Partner of  
the Year**

**Aruba As a  
Service Partner  
of the Year**

**Employer of  
Choice, HRD  
Magazine**

**Cisco ANZ  
Partner of  
the Year**

**Cisco APJC  
Security  
Partner of the  
Year**

**Dell  
Technologies  
Solution  
Provider of the  
Year**

**Dell  
Technologies  
Channel  
Excellence in  
Cloud Sales  
Asia Pacific  
Japan**

**Dell  
Technologies  
Channel  
Services  
Delivery  
Excellence  
Partner 2022**

**Hewlett  
Packard  
Enterprise  
Greenlake  
Partner of the  
Year**

**Trend Micro  
Security  
Partner of  
the Year**

**Employer of  
Choice, HRD  
Magazine**

**Poly Hybrid  
Solutions  
Partner 2021  
ANZ**

**Veeam Pro  
Partner of  
the Year  
ANZ**

**Aruba National  
Partner of the  
Year**

**Microsoft Worldwide  
Device Distributor/Reseller  
Partner of the Year**

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