

# FY25 Interim Results Briefing

Presented by



Brad Colledge, MD/CEO



Cherie O'Riordan, CFO

# About Data#3

- ASX 200 listed IT Services and Solutions provider in Australia and the Pacific Islands
- Our vision is to harness the power of people and technology for a better future
- 47 years evolving solutions and services to enable customers' success, combined with world-leading vendor technologies
- Delivering the digital future through cloud, modern workplace, security, connectivity, data & analytics solutions, combined with consulting, project and managed services

# Agenda

**1H FY25 Highlights**

**1H FY25 Financial Performance**

**IT Sector Trends**

**FY25 Strategy & Outlook**

**Q&A**

# 1H FY25 Highlights

# 1H FY25 Financial Highlights



**Gross Sales**

**\$1.4B**

Up 7.4%



**Gross Profit**

**\$143.6M**

Up 10.0%



**NPBT\***

**\$32.0M**

Up 4.1%



**EBIT\***

**\$26.0M**

Up 4.6%



**Basic EPS**

**14.43 cents**

Up 4.2%



**Dividends per share**

**13.10 cents**

Up 4.0%

Payout ratio of 90.8%

*\*Underlying NPBT growth of 7.0% and underlying EBIT growth of 8.1% after adding back one-off restructuring costs of \$0.9 million.*

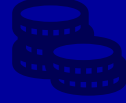
# 1H FY25 Overview

## Gross Sales



**\$1.4B**

## Gross Sales 5-year CAGR



**14.6%**

## Recurring Gross Sales



**70%**

(FY24: 67%)

## People



**1,400+**

- In line with strategy, strong sales growth in Managed and Maintenance Services and Software Solutions, supporting recurring Gross Sales
- Achieved solid top line growth of 7.4% in line with market, and improved overall gross margin in subdued and competitive market
- Profit before tax of \$32.0M up 4.1% on prior corresponding period and in line with AGM guidance of \$31M to \$33M (up 7.0% after adding back one-off restructuring costs of \$0.9M)
- Leading market position, strength of supplier relationships, long-standing customer base

## Key awards + certifications

- HRD Employer of Choice – 9<sup>th</sup> year in a row
- Great Place to Work – Workplaces in Technology
- Cisco APJC Collaboration Partner of the Year
- Dell Technologies Solution Provider Partner of the Year
- Aruba Partnership Excellence Partner of the Year
- HP Amplify Partner of the Year



## ESG update

- Environmental goals - Working towards carbon neutrality by 2032 and development of Net Zero Strategy
- APAC winner of Frost & Sullivan's Enlightened Growth Leadership Best Practices Recognition 2024



# 1H FY25 Operational Highlights



## Cloud Software infused with AI

Cloud is now ubiquitous in our customer solutions



## Services

Maintenance, Professional and Managed Services



## Security Growth

Fastest growing solution and top customer priority  
ISO 27001 certified



## Working Capital

Normalised inventory levels  
Improved DSOS  
Strong cash position



## Customer Experience

↑ Customer Satisfaction ratings  
Investment in systems and people driven by data and analytics



## Global Vendors

Awards, certifications and incentives

# Vendor Awards



**Leading together: Data#3's award-winning partnership with HPE and Aruba**



**Data#3 clinches triple crown at HP Partner Awards: Amplify, Sustainability, and Poly Growth Excellence recognised**



**Data#3 sets the standard in Modern Workplace, securing multiple Cisco awards**



**Data#3 wins Customer Experience Partner of the Year for APJC at Cisco Partner Summit 2024**



**Data#3 receives Dell Technologies award for Workforce Transformation Project**



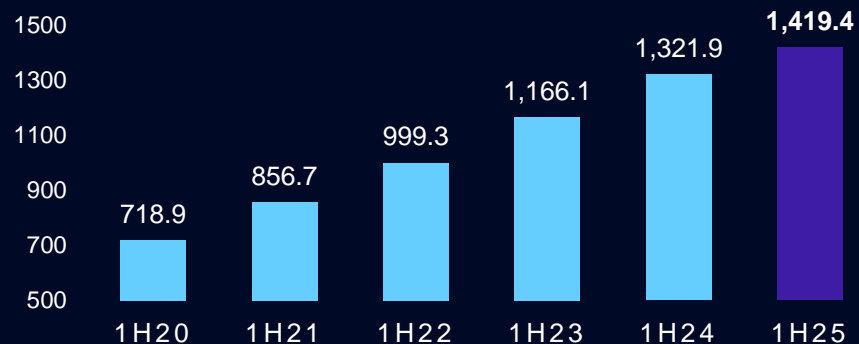
**Data#3 recognised by Lenovo for infrastructure solutions excellence**



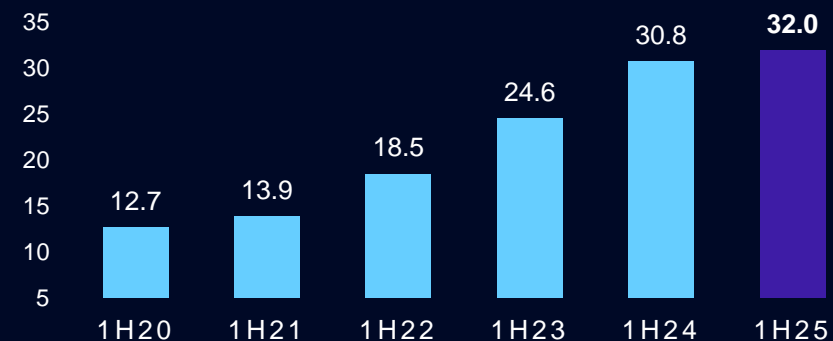
# 1H FY25 Financial Performance

# Sustained growth in earnings and Gross Sales

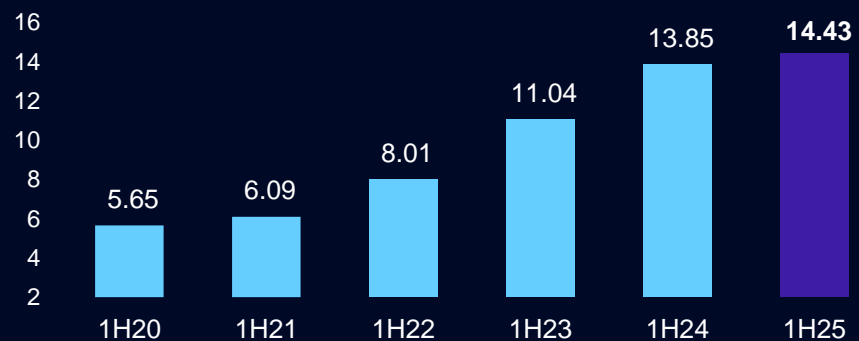
## Total Gross Sales & Other Revenue (\$M)



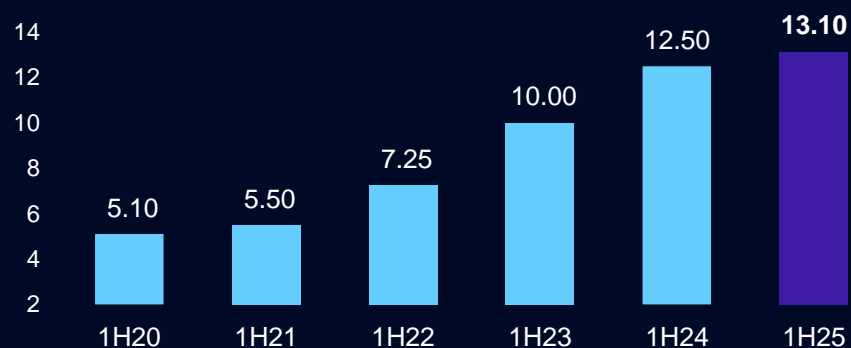
## NPBT (\$M)



## Basic EPS (cents)



## DPS (cents)



# Gross margin and Gross profit

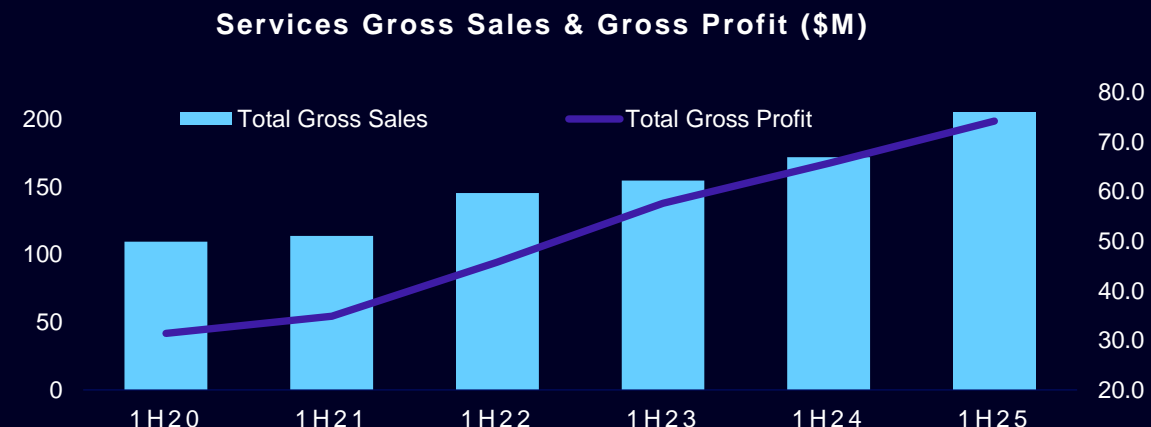
\$M	1H FY25	1H FY24	Growth
Product Gross Sales	1,207.3	1,143.1	5.6%
Product Gross Profit	69.2	64.9	6.7%
Product Margin on Gross Sales	5.7%	5.7%	-
Services Gross Sales	205.4	172.2	19.3%
Services Gross Profit	74.2	65.7	13.0%
Services Margin on Gross Sales	36.1%	38.2%	(2.1pp)
<b>Total Gross Profit</b>	<b>143.6</b>	<b>130.6</b>	<b>10.0%</b>
<b>Total Gross Margin</b>	<b>10.2%</b>	<b>9.9%</b>	<b>0.3pp</b>

Improved overall gross margin in 1H FY25, despite competitive market conditions.

Strong growth in Services and recurring revenue streams, in line with strategy.

# Sales by functional area – Services

Business unit	1H FY25 Gross Sales (\$M)	Change vs. 1H FY24
Business Aspect Consulting	14.7	(8.6%)
Project Services	42.2	9.9%
Maintenance Services	87.3	38.2%
Managed Services	26.7	27.7%
People Solutions (recruitment)	32.2	1.5%
Other Services	2.3	
<b>Total Services</b>	<b>205.4</b>	<b>19.3%</b>

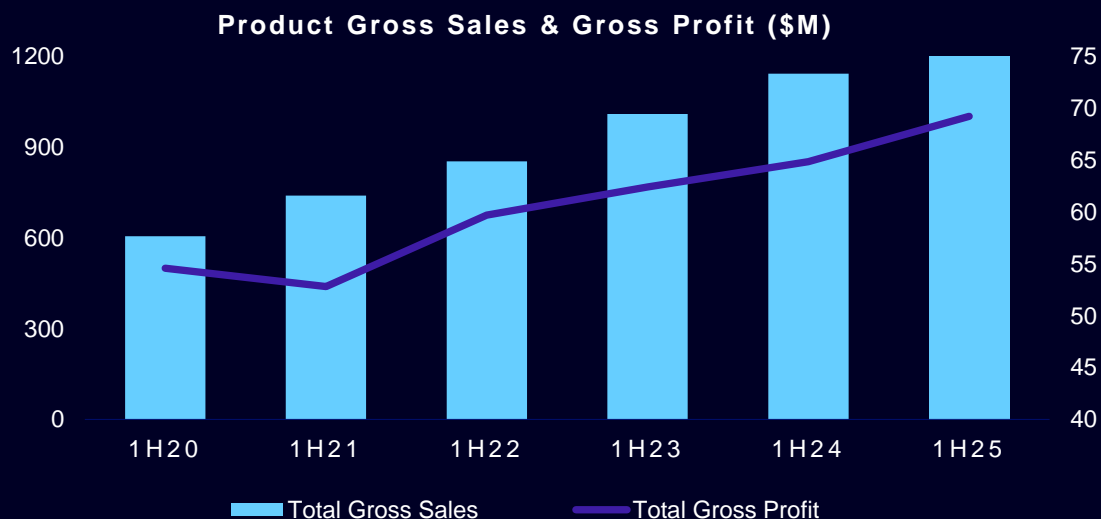


- **Maintenance Services** benefitted from the shift with vendors such as Cisco to multi-year Enterprise Agreements
- **Managed Services** boosted by large contract wins in 2H FY24 and 1H FY25, with ongoing success in the resources sector
- **Project Services** saw steady demand for digital transformation and CoPilot engagements, offset by some customer driven project delays
- **People Solutions** performance reflects stagnant labour market with low unemployment and temporary slow down in Public Sector demand for contingent labour
- **Consulting** impacted by the Queensland State election and challenging economic conditions

# Sales by functional area – Product

Business unit	1H FY25 Gross Sales (\$M)	Change vs. 1H FY24
Infrastructure Solutions	234.0	(12.9%)
Software Solutions	975.6	11.4%
Other Services	(2.3)	
<b>Total Product</b>	<b>1,207.3</b>	<b>5.6%</b>

- **Software Solutions** growth driven by demand for security products, cloud subscriptions and Adobe, particularly in the education and public sectors. Also, higher adoption and services rebates aligned with vendor incentive programs.
- **Infrastructure Solutions** impacted by ongoing delays in customer decision making, the Queensland election and a slower ramp in end user compute sales than anticipated.



# Reconciliation of Gross Sales to Statutory Revenue

Certain revenues are presented on a net basis following a change in revenue accounting policy in FY24.

- Statutory revenue presented includes the reclassification of Software licensing and vendor delivered maintenance support revenues on a net basis

This is a statutory presentation change only, and the Company will continue to measure operational performance on a Gross Sales\* basis.

\$M	1H FY25	1H FY24	Growth
<b>Gross Sales*</b>	1,412.8	1,315.3	7.4%
<b>Gross Profit</b>	143.6	130.6	10.0%
<b>Margin on Gross Sales</b>	10.2%	9.9%	0.3pp
<b>IFRS Adjustments</b>	(1,021.6)	(916.4)	
<b>Statutory Revenue**</b>	391.2	398.9	(1.9%)
<b>Gross Margin (Statutory Revenue)</b>	36.7%	32.7%	3.9pp

\* Gross Sales is non-IFRS financial information and does not represent revenue in accordance with Australian Accounting Standards. This represents gross proceeds from the sale of goods and services, both as agent and principal.

\*\* Including the reclassification of Software licensing and vendor delivered maintenance support revenues on a net basis, and excludes interest and other income. 1H FY24 Statutory Revenue was restated at 30 June 2024.

pp = percentage point

# 1H FY25 Financial Results – Profit and Loss

Consolidated Profit & Loss \$'000's	1H FY25	1H FY24*	Change	Change
Revenue and Other income (ex interest)	391,322	398,876	(7,554)	-1.9%
Cost of goods sold	247,733	268,321	(20,588)	-7.7%
<b>Gross Profit</b>	<b>143,589</b>	<b>130,555</b>	<b>13,034</b>	<b>10.0%</b>
<i>Gross profit margin</i>	36.7%	32.7%		3.9pp
Operating Expenses	114,354	102,536	11,818	11.5%
<b>EBITDA**</b>	<b>29,235</b>	<b>28,019</b>	<b>1,216</b>	<b>4.3%</b>
<i>EBITDA margin</i>	7.5%	7.0%		0.4pp
Depreciation and amortisation	3,216	3,136	80	2.6%
Interest Income	6,532	6,455	77	1.2%
Finance costs	526	577	(51)	-8.8%
<b>Net profit for the period</b>	<b>32,025</b>	<b>30,761</b>	<b>1,264</b>	<b>4.1%</b>
<i>Earnings per Share (cents)</i>	14.43	13.85	0.58	4.2%

Includes Software Solutions & vendor delivered Maintenance Support revenues presented on a net basis

Includes general wage increases of 6%, net headcount increase of 1%, IPT Project investments, increase in billable Services and licensing costs and one-off redundancy costs of \$0.9M.

Earned off strong average cash position and high cash rate

Before one-off redundancy costs, change in PBT was 7.0% and aligns with the Non-IFRS gross sales growth of 7.4%

\*1H FY24 revenue was restated to present vendor delivered maintenance revenues on a net agency basis.

\*\*Earnings before Interest, Tax, Depreciation and Amortisation

pp = percentage point

# 1H FY25 Financial Results – Balance Sheet

## Consolidated Financial Position \$'000's

31 December 2024

30 June 2024

Cash	131,008	276,381
Other current assets	250,772	547,733
Non-current assets	36,474	42,033
<b>Total assets</b>	<b>418,254</b>	<b>866,147</b>
Current liabilities	320,948	770,368
Non-current liabilities	18,928	20,863
<b>Total liabilities</b>	<b>339,876</b>	<b>791,231</b>
<b>Net assets</b>	<b>78,378</b>	<b>74,916</b>
<i>Current ratio</i>	1.2	1.1

Payments relating to May/June 24 sales peak made Q1 FY25

Trade debtors higher in June with EOFY sales peak.  
Average Day Sales Outstanding 25 days  
(June 24: 27 days)

Depreciation of fixed assets

Trade creditors higher in June with EOFY sales peak

Current assets / current liabilities

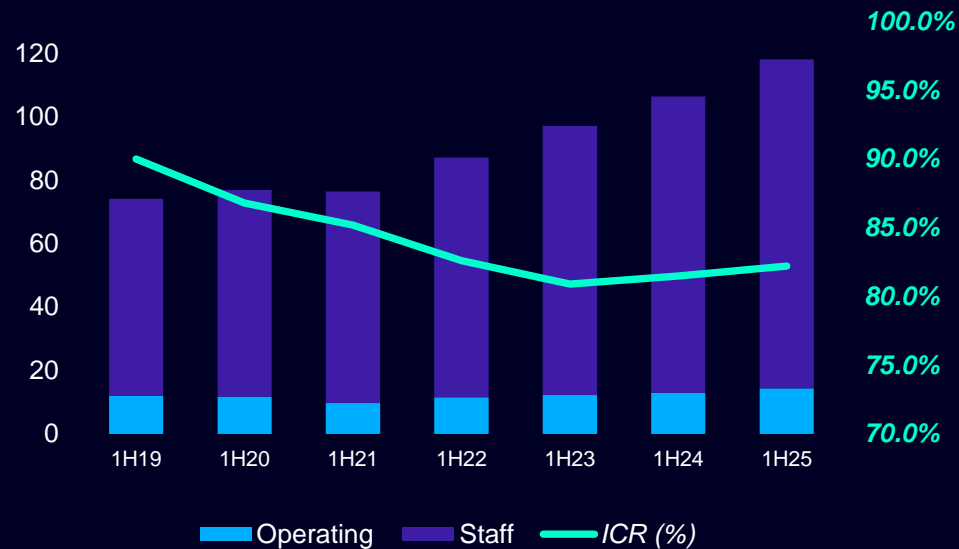


# 1H FY25 Financial Results – Cash Flow

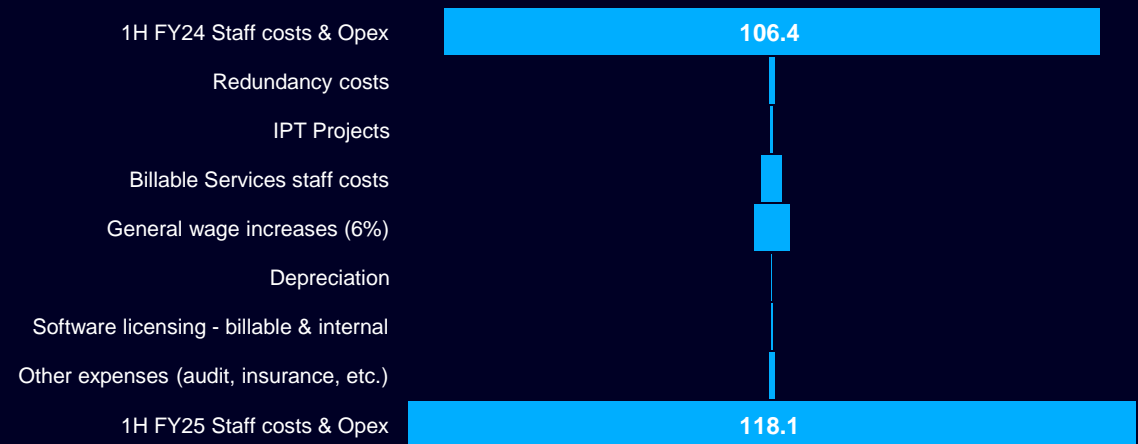
<b>Consolidated Cash Flow \$'000's</b>	<b>1H FY25</b>	<b>1H FY24</b>	<b>Change</b>	<b>Change %</b>	
Cash flows from operating activities	(123,818)	(266,936)	143,118	-53.6%	Operating cash outflows in 1H FY25 returned to more normal levels (1H FY24 outflows abnormally high due to normalisation of post pandemic working capital)
Cash flows from investing activities	(429)	(252)	(177)	70.2%	Property, plant and equipment (predominately internal computer equipment)
Cash flows from financing activities	(21,852)	(20,116)	(1,736)	8.6%	Dividends paid of \$20M (1H FY24: \$18.4M) - 91% payout ratio
<b>Net decrease in cash held</b>	<b>(146,099)</b>	<b>(287,304)</b>	<b>141,205</b>	<b>-49.1%</b>	
Opening cash balance	276,381	404,766	(128,385)	-31.7%	
Effect of FX movements	726	(335)	1,061	-316.7%	
<b>Closing cash balance</b>	<b>131,008</b>	<b>117,127</b>	<b>13,881</b>	<b>11.9%</b>	Average daily cash balance \$284M (1H FY24: \$300M)

# Positive Trend in Operating Leverage

Internal expenses (Staff & Operating costs \$M)



Operating and staff cost increases



- Internal Cost Ratio (Internal expenses / Gross profit) or ICR, has improved from 88.0% in FY16 to 82.2% in FY25
- 1H FY25 slightly up vs 1H FY24 (81.5%) due to redundancy costs, increase in billable Services staff costs (net headcount growth of 1%) and IPT project investments (including new payroll system and part implementation of CSP management platform)

- Before the \$0.9M in redundancy costs, the 1H FY25 ICR was relatively flat year on year
- Pleasing considering the ongoing inflationary and competitive economic conditions

# IT Sector Trends

# 2025 Australian Technology Industry Trends<sup>1</sup>



## IT Industry Growth

Spend on IT expected to grow 8.7% in 2025



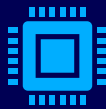
## Software

13.4% growth expected



## Devices

9.1% growth expected



## IT Services

7.2% growth expected  
Organisational efficiency



## Data Centre

11.3% growth expected  
Biggest opportunity for hyper-scalers



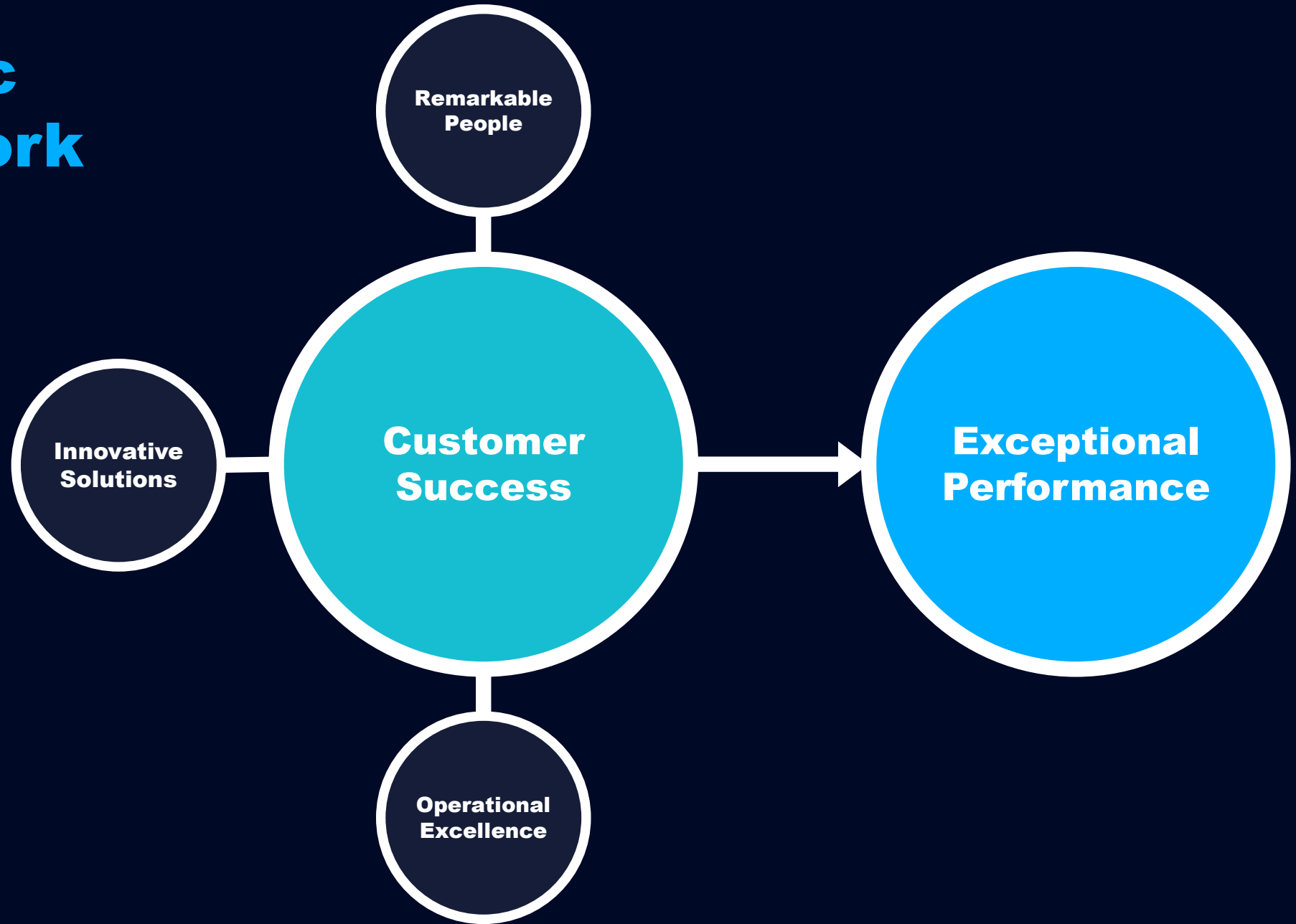
## Communication Services

3.2% growth expected

1. Source: Gartner Forecasts Australian IT Spending to Grow 8.7% in 2025

# FY25 Strategy and Outlook

# Strategic Framework



# Integrated Solutions embedded with AI



## Multi-cloud

Modern Data Centre

Public Cloud

Private Cloud



## Modern Workplace

Collaboration

End User Devices

Printing

Systems Management



## Security

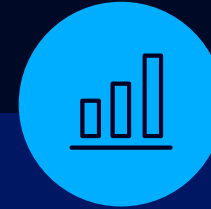
Cloud Security

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

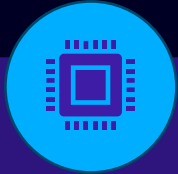
**Consulting**

**Project Services**

**Managed Services**

**Lifecycle**

# The Opportunity



**\$500Bn<sup>1</sup>**  
in global AI-driven  
infrastructure by 2027



**91%<sup>2</sup>**  
facing the challenge of  
building a multi-cloud strategy



**73%<sup>3</sup>**  
becoming a “truly sustainable  
and responsible business”  
is a top priority



**73%<sup>4</sup>**  
expect a cyber security incident in next  
12-24 months and only 4% are ready



**Millions<sup>5</sup>**  
Windows 10 end of Life,  
AI PC and refresh

1. IDC FutureScape report 2024  
2. Innovation Catalysts, Dell Technologies, February 2024  
3. Accenture analysis of executive and employee/consumer/citizen survey 2022  
4. 2024 Cisco Cybersecurity Readiness Index  
5. Data#3 vendor partners and customer surveys



# Glencore Technology

## Business Problem

- Legacy disparate systems
- End of support
- Time consuming data gathering and reporting

## IT Outcome

- Modern and flexible cloud-based solution with Microsoft Dynamics 365 and power apps

## Business Outcome

- Automated processes
- Increased efficiency, less errors
- Quality and timeliness of information



The IT industry is evolving at such a pace that it's hard to stay current on emerging trends and technologies, so having experts in this field and being able to get trusted advice is a wonderful part of the relationship with Data#3.

**Jo Hardie,**  
Senior Business Analyst,  
Glencore Technology.

# Microsoft Channel Incentives



**Cloud Solution Provider (CSP)**  
Small Medium and Corporate  
With Scale and Automation



**Copilot**



**Security**



**Azure  
Migrations**

## Vendor Partners

**Adobe**

**VEEAM**

**mimecast™**

**TREND**  
MICRO™

**tenable™**

# Data#3 Competitive Advantages



## Our People

Ability to attract and retain the best people



## Our Partners

Partnerships with leading global vendors



## Our Expertise

Expertise and breadth of solutions across the customer lifecycle



## Our Innovation

At the forefront of industry change



## Our Agility

Agility internally and externally to respond to changing market dynamics



## Our Financial Stability

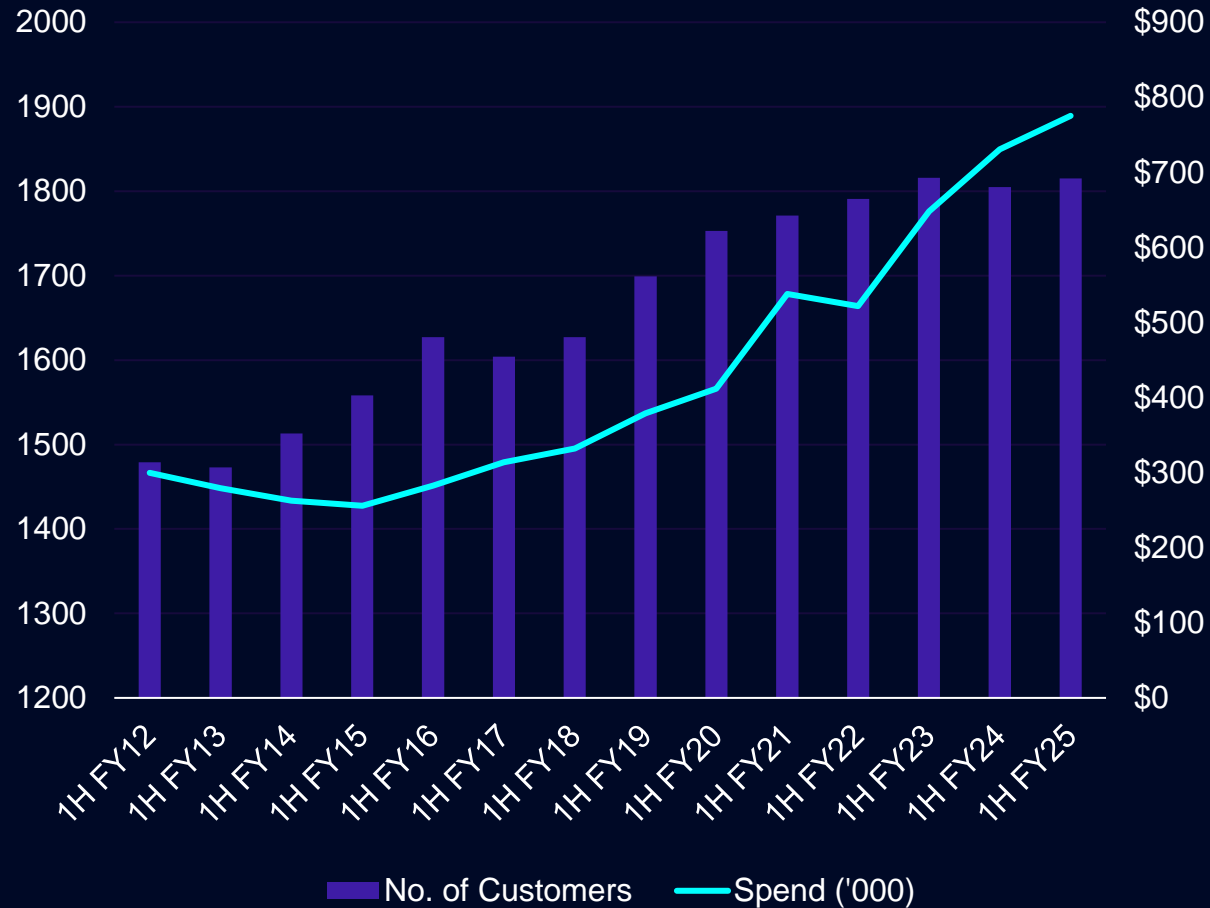
Financial stability with strong balance sheet



## Our Brand

Market-leading brand and reputation

# Long term customer relationships



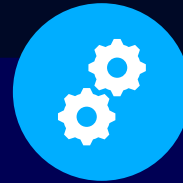
- Number of aggregated customer groups by length of tenure over a 14-year period
- Average spend has increased significantly over time
- Over 300 customer groups with tenure of over 14 years a testament to Data#3's customer service and value proposition

# Outlook



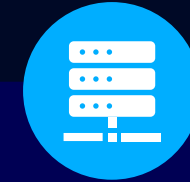
## Maintain Software Profitability

Focus on CSP, Copilot, Azure and growth in vendor partners



## Services Growth

Accelerated by Generative AI. Continued interest in Managed Services



## Security Multi-cloud and Device Growth

Multi-cloud, Networking, and Devices



**Our Services businesses continue to grow faster than the market with Security solutions leading the way.**

**Data#3 is well placed to deliver sustainable growth in FY25. We have a growing market, pent up demand for devices, and increased interest in multi-cloud solutions and AI.**

**Brad Colledge**  
**MD and CEO, Data#3**

# Outlook

Consistent with previous practice, we do not intend to provide specific FY25 guidance.

In line with previous years, we continue to expect a sales peak in the months of May and June, and our goal remains to continue to deliver sustainable earnings growth for our shareholders.

# Q&A



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A photograph of a modern white building with a large glass facade. The 'Data#3' logo is mounted on the building's exterior in large, blue, 3D letters. The sky is clear and blue.

**Data#3**