

## Data#3 returns to strong growth with profit up 41%

**BRISBANE, Thursday 20 August 2015:** Australian business technology solutions leader Data#3 Limited (ASX: DTL) is pleased to announce its results for the year ended 30 June 2015 (FY15), that saw the company deliver:

- Revenue up 4.4% to \$870.5 million
- Gross profit up 8.9% to \$129.5 million, with gross margin up from 14.3% to 14.9%
- EBITDA up 39.3% to \$17.0 million
- NPAT up 40.9% to \$10.6 million
- Strong balance sheet with no material debt, and operating cash flow of \$24.3 million
- Total dividend up 40.0% to 6.3 cents per share fully franked

Commenting on Data#3's FY15 results, Chairman Richard Anderson said: "The past year has been a period of transition across Data#3's businesses. In a highly competitive and transforming technology market, Data#3 has not only been able to increase revenues, but has delivered much stronger growth in earnings. With the company having grown across all key financial metrics, and a strong balance sheet, the board has increased the total dividend payable to shareholders by 40%."

### Strong financial performance over FY15

Total revenue was up 4.4% to \$870.5 million reflecting increases in both product and services revenues. The continuing transition of the business to a more service centric model has meant services revenue has achieved solid growth of 18.9%.

The changes in sales mix within the product and services segments saw total gross margin increase from 14.3% to 14.9%, driving total gross profit (excluding other revenue) up 8.9% to \$129.5 million.

EBITDA increased by 39.3% to \$17.0 million. Staff costs increased by 5.3% to \$97.8 million as the company added 128 staff, including 74 through the Business Aspect acquisition. The strong EBITDA growth is a result of the improved gross margins and the company's ability to leverage cost efficiencies.

NPAT increased by 40.9% to \$10.6 million representing basic earnings per share of 6.89 cents. Given the challenging and relatively flat market conditions over the past 12 months, Data#3's success in increasing revenue and profit reflects the strategic decision taken to increase the company's sales and services capability to drive market share growth.

Cash flow conversion continued to remain very high at 2.3 times, with operating cash flows of \$24.3 million generated over FY15. The company's balance sheet remained strong with no material debt and a net cash position of \$27.0 million. Return on equity increased to 29.2% from 22.4% in the prior year.

Given the company's strong balance sheet and cash flow, Data#3's directors declared a final fully franked dividend of 4.2 cents per share, bringing the total dividend for FY15 to 6.3 cents per share fully franked. This represents a payout ratio of 91.5%. The final dividend will be paid on 30 September 2015, with a record date of 16 September 2015.

**Delivering key operational milestones**

FY15 was a transitional year for Data#3. The company has successfully completed the succession from its long serving Managing Director, John Grant, to its new Chief Executive Officer Laurence Baynham. Prior to his appointment as CEO in November 2014, Mr Baynham was Group General Manager for 10 years and has been a key member of Data#3's team for 21 years.

Commenting on the company's FY15 performance, Mr Baynham said: "The FY15 results reflect the company's strategy of transitioning from primarily a product centric approach to an increasingly service centric approach in a rapidly changing IT environment. These results are also a testament to the very dedicated and skilled team of people we're proud to have at Data#3."

"We are very pleased to have returned the business to solid growth through diligently managing our cost base while building market share. We have repositioned the business to take advantage of our global partners' investments in public cloud. In FY15 this represented significant growth with public cloud revenues exceeding \$47 million.

"In line with our service centric strategy, we made direct investments in consulting through the acquisition of Business Aspect, and in Wi-Fi and analytics through the investment in Discovery Technology. On balance, we see our result as a strong outcome given the environment in which we're operating," he said.

**Positive outlook for FY16**

Commenting on the outlook for Data#3, Mr Baynham said: "We see economic conditions remaining challenging in FY16 with traditional technology investments remaining flat. However, we are seeing digital disruption as a high priority for commercial and public sector organisations, and this is attracting increased investment. Data#3 has access to a very large marketplace and is well positioned to address these emerging opportunities."

"Our overall financial goal for FY16 is to improve on FY15's result. As we continue to grow organically, we will also remain watchful for further acquisitions that can add value to the business and to shareholders," added Mr Baynham.

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**For additional information contact:**

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## Key financial metrics

	FY15 \$'000	FY14 \$'000	% Change
Product revenue	709,196	697,319	+1.7%
Services revenue	160,247	134,776	+18.9%
Other revenue	1,027	1,500	-31.5%
Total revenue	870,470	833,595	+4.4%
Total gross profit (excluding other revenue)	129,484	118,869	+8.9%
Total gross margin %	14.9%	14.3%	
Total expenses	115,866	109,517	+5.8%
EBITDA	17,021	12,219	+39.3%
EBIT	14,377	9,703	+48.2%
EBIT margin %	1.7%	1.2%	
NPBT	15,193	10,852	+40.0%
NPAT	10,604	7,524	+40.9%
Net operating cash flow	24,262	29,419	-17.5%
	FY15	FY14	% Change
Earnings per share	6.89 cents	4.89 cents	+40.9%
Dividend per share	6.30 cents	4.50 cents	+40.0%
Dividend payout ratio	91.5%	92.1%	
Return on equity %	29.2%	22.4%	

## About Data#3

Data#3 Limited (ASX: DTL) is one of Australia's leading business technology solutions companies servicing customers across a wide range of industries throughout Australia and the Asia Pacific. The company was established in 1977 and listed on the ASX in 1997.

Working with customer's business and technology teams, Data#3 addresses the **Hybrid IT** environment from **on-premise to outsourced to cloud**, through its consulting, software, infrastructure and managed solutions. These solutions leverage market-leading technologies from global vendors and Data#3's intellectual property, knowledge, expertise and experience to accelerate the achievement of customer business objectives:

- Consulting: for a fresh perspective to digital transformation through Business Aspect <http://www.businessaspect.com.au>
- Software Solutions: for software licensing and deployment; asset management; and business productivity
- Infrastructure Solutions: for hardware lifecycle management; maintenance; and datacentre, network and desktop infrastructure
- Managed Solutions: for staffing; outsourcing; essential support; 'as a service' and cloud brokerage
- Application Solutions: for enterprise productivity solutions and Wi-Fi business analytics.

Data#3 reported revenues of \$870.5 million in FY15. The company has over 1,100 employees and contractors, is headquartered in Brisbane, and operates from 12 locations across Australia.

More information about Data#3 and its solution offerings is available at <http://www.data3.com.au>