

Data#3 continues profit growth

BRISBANE, Monday 22 February 2016: Australian business technology solutions leader Data#3 Limited (ASX: DTL) today announced its results for the six months ended 31 December 2015 (1H FY16). These results saw the company deliver continued sustainable profit growth and a further strategic shift towards services.

1H FY16 – growth across all key metrics

- Revenue up 12.6% to \$457.5 million
- Gross profit up 9.6% to \$68.4 million
- NPBT up 17.3% to \$6.1 million
- NPAT up 19.2% to \$4.3 million
- EPS up 19.2% to 2.77 cents per share
- Strong balance sheet with no debt
- Interim fully franked dividend up 19.0% on PCP to 2.5 cents per share

Commenting on the 1H FY16 result, Data#3 Chief Executive Officer Laurence Baynham said: “We are delighted to report continuing solid revenue and profit growth over the first half of the 2016 financial year. We continue to see a trend to move to cloud-based solutions and I am confident that we are well positioned to fulfil our customers’ current and future requirements.”

Continued sustainable growth in 1H FY16

In 1H FY16, total revenue was up 12.6% to \$457.5 million, with product revenue up 12.6% to \$371.1 million and services revenue up 12.9% to \$85.6 million.

Total gross profit (excluding other revenue) increased 9.6% to \$68.4 million. Total gross margin decreased from 15.4% to 15.0% reflecting a shift in sales mix in Data#3’s services business.

Product gross profit increased by 12.6% to \$34.4 million and services gross profit increased by 6.7% to \$34.0 million.

Staff costs increased largely due to the growth in head count from the inclusion for the first time of Discovery Technology on a consolidated basis. Operating expenses also increased, mostly due to higher rent, depreciation and amortisation costs.

The revenue and gross profit growth drove net profit after tax (excluding minority interests) up 19.2% to \$4.3 million.

Interim dividend increased by 19%

Reflecting the company’s financial performance and strong balance sheet, Data#3’s directors declared an interim fully franked dividend of 2.5 cents per share, a 19% increase on the prior corresponding period. This represents a payout ratio of 90.3% of net profit after tax. The record and payment dates for the interim dividend are 17 March 2016 and 31 March 2016 respectively.

Data#3's Chairman Richard Anderson said: "Data#3's performance both in increased profit and continuing strong cash flow allowed a 19% increase in first half dividend to 2.5 cents per share, and provides shareholders with a growing dividend return as part of overall shareholder value. It has also allowed us to fund the investment we have made in Discovery Technology without requiring borrowings."

Positive outlook; on track to improve on FY15's profit

Mr Baynham added: "We are confident that we have the right strategy to underpin sustainable growth in long term shareholder returns. Our first half performance and pipeline of opportunities provides a solid foundation to achieve our objective of improving on the company's 2015 full year profit."

	1H FY16 \$'000	1H FY15 \$'000	% Change
Revenue by segment:			
Product (on-premise solutions)	330,929	300,195	+ 10.2%
Product (cloud solutions)	40,195	29,531	+ 36.1%
Services	85,631	75,816	+ 12.9%
Other revenue	753	896	- 16.0%
Total revenue	457,508	406,438	+ 12.6%
Total gross profit	68,408	62,411	+ 9.6%
Total gross margin %	15.0%	15.4%	
Product gross profit	34,403	30,547	+ 12.6%
Product gross margin %	9.3%	9.3%	
Services gross profit	34,005	31,864	+ 6.7%
Services gross margin %	39.7%	42.0%	
Total expenses	63,099	58,141	+ 8.5%
EBITDA	7,245	5,761	+ 25.8%
EBIT	5,513	4,487	+ 22.9%
EBIT margin %	1.2%	1.1%	
NPBT	6,062	5,166	+ 17.3%
NPAT (excluding minority interests)	4,261	3,576	+ 19.2%
	1H FY16	1H FY15	% Change
Earnings per share	2.77 cents	2.32 cents	+ 19.2%
Dividend per share	2.50 cents	2.10 cents	+ 19.0%

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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 provides the following solutions: Hybrid IT and Cloud, Big Data and Analytics, Mobility, Business Consulting, Security and IT Lifecycle Management. 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.

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>