

Data#3 delivers record profit with revenues over \$1 billion

BRISBANE, Wednesday 23 August 2017: Australian business technology solutions leader Data#3 Limited (ASX: DTL) today announced record results for the year ended 30 June 2017 (FY17), with the company delivering sustained profit growth and a further strategic shift towards services.

FY17 – growth across all key metrics

- Revenue up 11.7% to \$1.1 billion
- Gross profit up 8.4 % to \$158.9 million
- NPBT up 15.0% to \$22.4 million
- NPAT up 11.2% to \$15.4 million
- EPS up 11.2% to 9.99 cents per share
- Strong balance sheet with minimal debt
- Total dividend up 11.3% to 8.90 cents per share, fully franked
- Total shareholder return of 72.7%

Commenting on the FY17 result, Data#3 Chief Executive Officer and Managing Director Laurence Baynham said: “We are very pleased to report another year of solid revenue growth and record profit in our 40th year of operation. We have now delivered six consecutive half year reporting periods of growth. In addition to delivering strong financial results, we are also pleased with our progress against our strategic objective to increase our services related business.”

Continued sustainable growth in FY17

In FY17, total revenue was up 11.7% to \$1,098.2 million, with product revenue up 12.4% to \$889.2 million and services revenue up 9.5% to \$208.1 million. Total cloud-based revenues increased by 71.3% from \$99.0 million to \$169.5 million.

Total gross profit (excluding other revenue) increased 8.4% to \$158.9 million, and total gross margin decreased marginally from 14.9% to 14.5%.

Product gross profit increased by 2.8% to \$72.5 million and services gross profit increased by 13.6% to \$86.3 million.

The revenue and gross profit growth drove consolidated NPBT up 15.0% to \$15.4 million, and NPAT (excluding minority interests) up 11.2% to \$15.4 million.

Total dividend increased by 11.3%

Reflecting the company’s financial performance and strong balance sheet, Data#3’s directors declared a final fully franked dividend of 5.55 cents per share, bringing the total dividend for FY17 to 8.90 cents per share fully franked. This represents a payout ratio of 89.1%. The final dividend will be paid on 29 September 2017, with a record date of 15 September 2017.

Data#3's Chairman Richard Anderson said: "Data#3's performance both in increased profit and solid underlying cash flow has allowed an increase in total dividend to 8.90 cents per share. Combined with a very strong share price performance, this provides shareholders with an outstanding return for the year."

Delivering key operational milestones

Commenting on the company's FY17 performance, Mr Baynham said: "The FY17 results reflect the company's ongoing 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.

"2017 represents several milestones for Data#3, including 40 years in business and 20 years on the ASX. I am therefore pleased to add to these milestones our achievement of \$1 billion in revenue and a record profit," he said.

Long term objectives on track

Mr Baynham confirmed: "We are currently on track with our strategic plan which contains three long-term objectives, being to deliver sustained profit growth; to grow services revenue with an increase in annuity and an increase in margin; and to grow cloud services revenues."

Outlook for FY18

Mr Baynham added: "We see economic conditions remaining relatively stable in FY18, with traditional technology investments remaining flat. However, we are seeing digital technologies continuing to lead business transformation in both commercial and public sector organisations. Data#3, together with the consulting team at Business Aspect, are well positioned to enable this transformation and capture new investment."

"Our overall financial goal for FY18 is to continue to deliver earnings growth and returns to shareholders," he said.

	FY17 \$'000	FY16 \$'000	% Change
Revenue by segment:			
Product (including cloud solutions)	889,204	791,334	+ 12.4%
Services (including cloud services)	208,088	189,981	+ 9.5%
Other revenue	929	1,908	
Total revenue	1,098,221	983,223	+ 11.7%
Total cloud-based revenues included above	169,480	98,953	+ 71.3%
Total gross profit	158,879	146,574	+ 8.4%
Total gross margin %	14.5%	14.9%	
Product gross profit	72,539	70,544	+ 2.8%
Product gross margin %	8.2%	8.9%	
Services gross profit	86,340	76,030	+ 13.6%
Services gross margin %	41.5%	40.0%	
Total expenses	137,406	129,000	+ 6.5%
EBITDA	24,730	22,407	+ 10.4%
EBIT	21,665	18,869	+ 14.8%
EBIT margin %	2.0%	1.9%	
NPBT	22,402	19,482	+ 15.0%
NPAT (excluding minority interests)	15,375	13,830	+ 11.2%
Return on equity %	36.0%	34.0%	
	FY17	FY16	% Change
Earnings per share	9.99 cents	8.98 cents	+ 11.2%
Dividend per share	8.90 cents	8.00 cents	+ 11.3%
Dividend payout ratio	89.1%	89.1%	
Total shareholder return (based on dividends received)	72.7%	41.4%	

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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.

Business technology solutions from Data#3 are underpinned by market-leading expertise in technologies from global vendors. The specialised solution categories include Cloud, Data and Analytics, Mobility, Security and IT Lifecycle Management. Through the use of these solutions, Data#3 helps its customers to achieve:

- access anywhere anytime,
- increased productivity, organisational agility and enterprise growth,
- enterprise cost control,
- IT systems, applications and infrastructure optimisation,
- security, integrity, compliance and risk management, and innovation.

Data#3 has more than 1,100 employees and contractors and is headquartered in Brisbane with offices, data centres, and configuration and warehousing facilities across Australia.

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