

Data#3 delivers sustained earnings growth

BRISBANE, Wednesday 22 February 2017: Australian business technology solutions leader Data#3 Limited (ASX: DTL) today announced its results for the six months ended 31 December 2016 (1H FY17). These results saw the company deliver continued profit growth and a further strategic shift towards services.

1H FY17 – growth across all key metrics

- Total revenue up 10.6% to \$506.0 million, including \$58.0 million of cloud-based revenues
- Gross profit up 8.1% to \$74.0 million
- NPBT up 33.5% to \$8.1 million
- NPAT up 34.0% to \$5.7 million
- EPS up 34.0% to 3.71 cents per share
- Strong balance sheet with no material debt
- Interim fully franked dividend up 34.0% on PCP to 3.35 cents per share

Commenting on the 1H FY17 result, Data#3 Chief Executive Officer & Managing Director Laurence Baynham said: “The solid financial and operational results reported today reflect our strategic and increasing focus on growing our portfolio of services. This includes the rapidly growing cloud services market and I am confident that we are well positioned to satisfy market demand.”

Continued growth in 1H FY17

In 1H FY17, total revenue was up 10.6% to \$506.0 million, with product revenue up 11.5% to \$413.9 million and services revenue up 6.6% to \$91.3 million. This included \$58.0 million of cloud-based revenues.

Total gross profit (excluding other revenue) increased 8.1% to \$74.0 million. Total gross margin decreased from 15.0% to 14.6% reflecting a shift in sales mix.

Product gross profit increased by 0.9% to \$34.7 million and services gross profit increased by 15.4% to \$39.2 million.

Staff costs increased by 6.6% with market-based increases and headcount growth in Business Aspect consulting. Operating expenses stabilised after the acquisitions in FY15 & FY16, increasing 1.6% on PCP.

The revenue and gross profit growth drove net profit after tax (excluding minority interests) up 34.0% to \$5.7 million.

Interim dividend increased by 34%

Reflecting the company’s financial performance and strong balance sheet, Data#3’s directors declared an interim fully franked dividend of 3.35 cents per share, a 34.0% increase on the prior corresponding period. This represents a payout ratio of 90.4% of net profit after tax. The record and payment dates for the interim dividend are 17 March 2017 and 31 March 2017 respectively.

Data#3’s Chairman Richard Anderson said: “Data#3’s performance both in increased profit and continuing strong cash flow allowed the board to declare a 34% increase in first half dividend to 3.35 cents per share. The board is very pleased with the sustained growth in profit.”

Positive outlook; on track to improve on FY16’s result

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 2016 full year profit.”

| | 1H FY17 \$'000 | 1H FY16 \$'000 | % Change |
|------------------------------------------|---------------------------|---------------------------|-----------------|
| Revenue by segment: | | | |
| Product (including cloud solutions) | 413,948 | 371,124 | + 11.5% |
| Services (including cloud services) | 91,266 | 85,631 | + 6.6% |
| Other revenue | 809 | 753 | + 7.4% |
| Total revenue | 506,023 | 457,508 | + 10.6% |
| Total cloud-based revenue included above | 57,957 | 40,195 | + 44.2% |
| Total gross profit | 73,951 | 68,408 | + 8.1% |
| Total gross margin % | 14.6% | 15.0% | |
| Product gross profit | 34,720 | 34,403 | + 0.9% |
| Product gross margin % | 8.4% | 9.3% | |
| Services gross profit | 39,231 | 34,005 | + 15.4% |
| Services gross margin % | 43.0% | 39.7% | |
| Total expenses | 66,670 | 63,099 | + 5.7% |
| EBITDA | 9,072 | 7,245 | + 25.2% |
| EBIT | 7,442 | 5,513 | + 35.0% |
| EBIT margin % | 1.5% | 1.2% | |
| NPBT | 8,090 | 6,062 | + 33.5% |
| NPAT (excluding minority interests) | 5,708 | 4,261 | + 34.0% |
| | 1H FY17 | 1H FY16 | % Change |
| Earnings per share | 3.71 cents | 2.77 cents | + 34.0% |
| Dividend per share | 3.35 cents | 2.50 cents | + 34.0% |
| Dividend payout ratio | 90.4% | 90.3% | |

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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, Consulting, 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 reported revenues of \$983.2 million in FY16. The company 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>