

Data#3 delivers strong 1H earnings growth

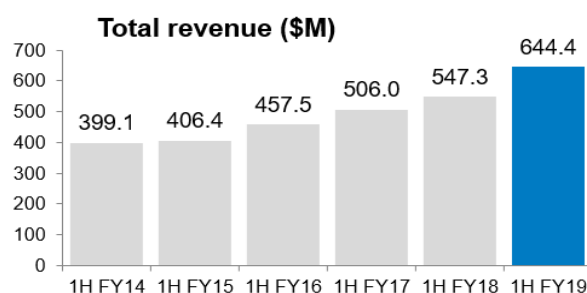
BRISBANE, Wednesday 20 February 2019: Australian business technology solutions leader Data#3 Limited (ASX: DTL) today announced its results for the six months ended 31 December 2018 (1H FY19). These results saw the company deliver solid profit growth, at the top end of the previous guidance range.

1H FY19 – growth across all key metrics

- Total revenue up 17.7% to \$644.4 million, including \$142.7 million of public cloud revenues
- Gross profit up 14.7% to \$82.3 million
- NPBT up 123.3% to \$9.0 million
- NPAT up 126.7% to \$6.1 million
- EPS up 126.7% to 3.99 cents per share
- Interim fully franked dividend up 125.0% to 3.60 cents per share
- Strong balance sheet with no material debt

Commenting on the 1H FY19 result, Data#3 Chief Executive Officer & Managing Director Laurence Baynham said: “We are very pleased with the first half performance, delivering a very significant improvement compared to the previous corresponding period and returning to the longer term growth trend. The market is growing as digital transformation fuels the overall information technology spend, and we have experienced an increase in large project activity and a steady pipeline of opportunities. The current period result demonstrates the inherent strength and relevance of our solution offerings in an evolving market, and we are delighted with the rapid growth in our cloud-based business.”

In 1H FY19, total revenue was up 17.7% to \$644.4 million, with product revenue up 19.2% to \$532.2 million and services revenue up 11.3% to \$111.4 million. This included \$142.7 million of public cloud-based revenues, up 65.7%.

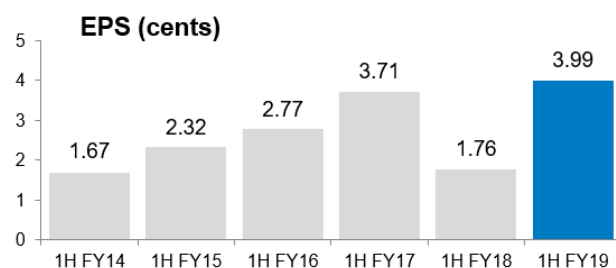


Total gross profit increased by 14.7% to \$82.3 million, and total gross margin decreased slightly from 13.1% to 12.8% reflecting a shift in sales mix. Product gross profit increased by 36.3% to \$43.2 million and services gross profit decreased by 2.3% to \$39.1 million, primarily due to the reduction in Managed Services from the decommissioning of the Data#3 Cloud.

MARKET RELEASE

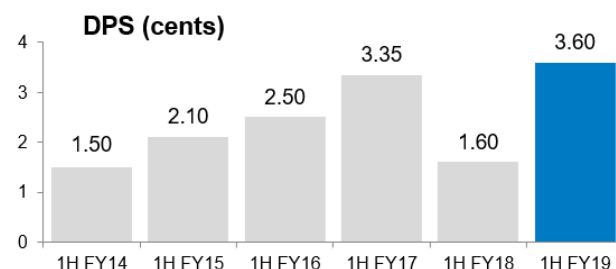
Staff costs grew by 9.4% to \$62.1 million, reflecting headcount growth and market-based increases. Operating expenses increased by 2.8% to \$12.0 million.

Net profit before tax increased by 123.3% to \$9.0 million, and net profit after tax (excluding minority interests) increased by 126.7% to \$6.1 million. Earnings per share also increased by 126.7%, to 3.99 cents.



Reflecting the company's financial performance and strong balance sheet, Data#3's directors declared an interim fully franked dividend of 3.60 cents per share, a 125.0% increase on the prior corresponding period. This represents a payout ratio of 90.2% of net profit after tax. The record and payment dates for the interim dividend are 15 March 2019 and 29 March 2019 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 125% increase in first half dividend to 3.60 cents per share. The board is very pleased with the return to a longer term growth trend."



Mr Baynham added: "The strong first half performance and pipeline of opportunities for the second half give us confidence that we will achieve our full year financial objective, being to deliver earnings growth and improved returns to shareholders."

MARKET RELEASE

	1H FY19 \$'000	% Change	1H FY18 \$'000	1H FY17 \$'000
Revenue by segment:				
Product	532,180	+ 19.2%	446,598	413,948
Services	111,394	+ 11.3%	100,042	91,266
Other revenue	776	+ 9.9%	706	809
Total revenue	644,350	+ 17.7%	547,346	506,023
Total public cloud revenue included above	142,704	+ 65.7%	86,121	57,957
Total gross profit	82,328	+ 14.7%	71,757	73,951
Total gross margin %	12.8%		13.5%	14.6%
Product gross profit	43,231	+ 36.3%	31,720	34,720
Product gross margin %	8.1%		7.1%	8.4%
Services gross profit	39,097	- 2.3%	40,037	39,231
Services gross margin %	35.1%		40.0%	43.0%
Total expenses	74,104	+ 8.3%	68,432	66,670
EBITDA	9,773	+ 98.1%	4,934	9,072
EBIT	8,533	+ 146.7%	3,459	7,442
NPBT	9,000	+ 123.3%	4,031	8,090
NPAT (excluding minority interests)	6,147	+ 126.7%	4,261	5,708
	1H FY19	% Change	1H FY18	1H FY17
Earnings per share	3.99 cents	+ 126.7%	1.76 cents	3.71 cents
Dividend per share	3.60 cents	+ 125.0%	1.60 cents	3.35 cents
Dividend payout ratio	90.2%		90.8%	90.4%

ENDS

For additional information contact:

Laurence Baynham Chief Executive Officer and Managing Director Tel: 1300 23 28 23 Mob: 0413 155 150 Email: laurence_baynham@data3.com.au	Brem Hill Chief Financial Officer Tel: 1300 23 28 23 Mob: 0411 887 182 Email: brem_hill@data3.com.au
--	--

MARKET RELEASE

About Data#3

Data#3 Limited (ASX: DTL) is a leading Australian IT services and solutions provider, focused on helping its customers solve complex business challenges using innovative technology solutions.

Built on a foundation of 40 years' experience, combined with world-leading vendor technologies, Data#3 delivers an integrated array of solutions spanning cloud, mobility, security, data & analytics and IT lifecycle management. These technology solutions are delivered by combining Data#3's services across consulting, project services and support services.

Listed on the ASX in 1997, Data#3 reported revenues of \$1.2 billion in the 2018 financial year and has more than 1,100 employees. Headquartered in Brisbane, it has facilities across 12 locations in Australia and Fiji.

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