

Data#3 restores profit growth

1H FY15 – growth across all key metrics

- Revenue up 1.8% to \$406.4 million
- Gross profit up 8.6% to \$62.4 million
- Gross margin increased from 14.4% to 15.4%
- NPBT up 40.1% to \$5.2 million
- NPAT up 39.2% to \$3.6 million
- Strong balance sheet with no material debt
- Interim fully franked dividend up 40.0% to 2.1 cents per share

BRISBANE, Monday 23 February 2015: Australian business technology solutions leader Data#3 Limited (ASX: DTL) today announced its results for the six months ended 31 December 2014 (1H FY15). These results marked the company's return to profit growth and an increasing strategic shift towards services.

Commenting on the company's 1H FY15 performance, Data#3 Managing Director Mr John Grant said: "We have a significant product business which performed very well in the half. We are also seeing early evidence of our strategic shift to an increasingly service-centric business in the company's return to growth over the past six months. Overall, this solid first half result underpins our full year guidance to improve on last year's net profit before tax of \$10.9 million."

Return to growth in 1H FY15

In 1H FY15, total revenue was up 1.8% to \$406.4 million, with product revenue slightly down by 0.9% to \$329.7 million and services revenue up 16.4% to \$75.8 million.

Reflecting the shift in sales mix, total gross margin increased from 14.4% to 15.4% and total gross profit (excluding other revenue) was up 8.6% to \$62.4 million.

Product gross profit increased by 6.6% to \$30.5 million despite the small decrease in revenue, reflecting a change in mix and changes in some licensing vendor programs. Services gross profit increased by 10.6% to \$31.9 million.

Staff costs increased reflecting the growth in headcount to support the sales focused plan and in line with increases in the broader market. Operating expenses also increased, largely due to professional fees and other costs related to investment and acquisition activities in the first half.

The improvement in margins and solid services growth drove net profit after tax up 39.2% to \$3.6 million.

Interim dividend increased by 40%

Reflecting the positive outlook and the company's strong balance sheet and cash flow, Data#3's directors increased the company's interim fully franked dividend by 40% to 2.1 cents per share. This represents a payout

ratio of 90.4%. The record and payment dates for the interim dividend are 17 March 2015 and 31 March 2015 respectively.

Commenting on the company’s strong cash flow, Data#3’s Chairman Richard Anderson said: “Data#3’s cash flow management continues to be excellent and supports the company funding a 40% increase in dividend for the half to 2.1 cents per share which we’re delighted about. It has also allowed us to fund the investments we’ve made in Discovery Technology and Business Aspect without borrowings.”

Positive outlook; on track to achieve previous guidance to improve on FY14’s net profit before tax

Recently appointed Chief Executive Officer Laurence Baynham commented on the company’s positive outlook saying: “With the changes we’re seeing in the way our customers are choosing to consume and pay for technology, our strategic shift from primarily product centric to increasingly service centric is the right strategy to underpin sustainable growth in long term shareholder returns. At the same time, we are very mindful of optimising our performance in the second half and achieving our full year guidance to improve on FY14’s net profit before tax of \$10.9 million. Data#3’s first half performance and a pipeline that continues to build puts us in a strong position to achieve that goal.”

	1H FY15 \$'000	1H FY14 \$'000	% Change
Revenue by segment:			
Product	329,726	332,747	- 0.9%
Services	75,816	65,113	+ 16.4%
Other revenue	896	1,234	- 27.4%
Total revenue	406,438	399,094	+ 1.8%
Total gross profit	62,411	57,469	+ 8.6%
Total gross margin %	15.4%	14.4%	
Product gross profit	30,547	28,669	+ 6.6%
Product gross margin %	9.3%	8.6%	
Services gross profit	31,864	28,800	+ 10.6%
Services gross margin %	42.0%	44.2%	
Total expenses	58,141	55,016	+ 5.7%
EBITDA	5,761	3,906	+ 47.5%
EBIT	4,487	2,632	+ 70.5%
EBIT margin %	1.1%	0.7%	
NPBT	5,166	3,687	+ 40.1%
NPAT	3,576	2,569	+ 39.2%
	1H FY15	1H FY14	% Change
Earnings per share	2.32 cents	1.67 cents	+ 39.2%
Dividend per share	2.10 cents	1.50 cents	+ 40.0%

ENDS

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

- Software Solutions: for software licensing and deployment; asset management; and business productivity
- Infrastructure Solutions: for hardware lifecycle management; maintenance; and data centre, network and desktop infrastructure
- Managed Solutions: for staffing; outsourcing; essential support; 'as a service'; cloud brokerage; and consulting
- Application Solutions: for enterprise productivity applications and Wi-Fi business analytics.

Data#3 reported revenues of \$833 million in the 2014 financial year, and has over 1,000 employees and contractors. The company 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>