

Data#3

FY15 RESULTS BRIEFING

20 AUGUST 2015

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FY15 SUMMARY



FY15 SUMMARY

*“We built on the strong 1H and finished the year with NPAT 41% ahead of the pcp.
The board is pleased to declare a full year dividend of 6.3 cps,
an increase of 40% on pcp”*

FY15 SUMMARY

Successfully transitioning the business:

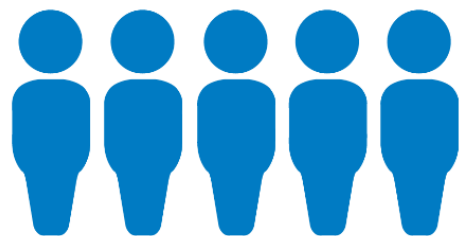
- Transition program
- Solid strategy centred on customers
- Customer satisfaction up
- People satisfaction up
- Acquisitions accretive
- Management strength and depth

Overall a solid and improved performance.

OUR BUSINESS



Data#3



1100+
EMPLOYEES IN 2015



8 OFFICES
3 INTEGRATION CENTRES
3 DATA CENTRES

FOUNDED IN
1977



LISTED ON
ASX
IN 1997

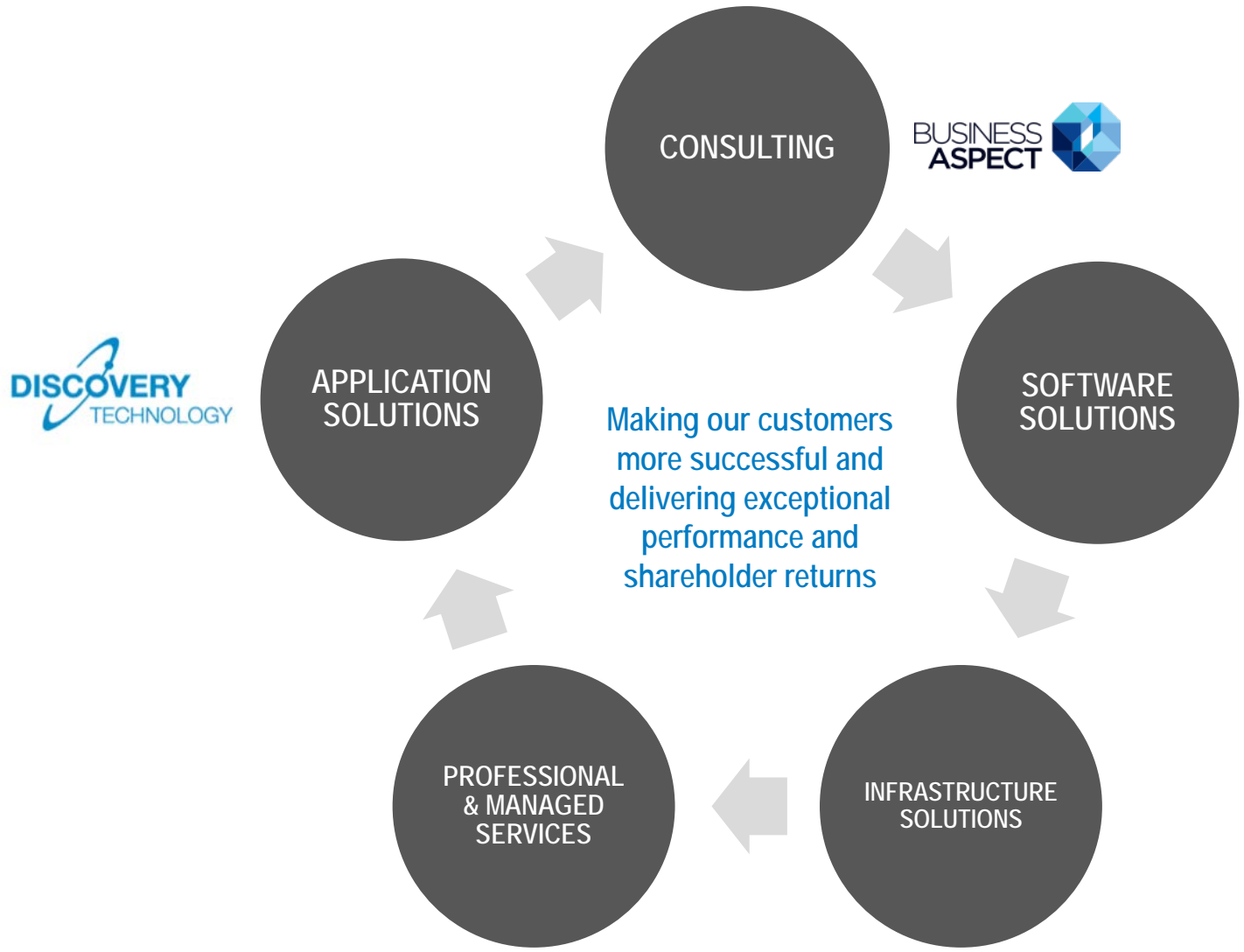
EXPANDING BRAND



870.5 MILLION
DOLLARS
IN REVENUE IN FY15



OUR BUSINESS – WHAT WE DO



OUR BUSINESS – Strategic Partners



Top 10 worldwide, global awards, global advisory role



Top 10 Asia Pacific, advisory board



Top 10 worldwide, global advisory board with CEO

Plus largest partner in Australia for several infrastructure and software suppliers

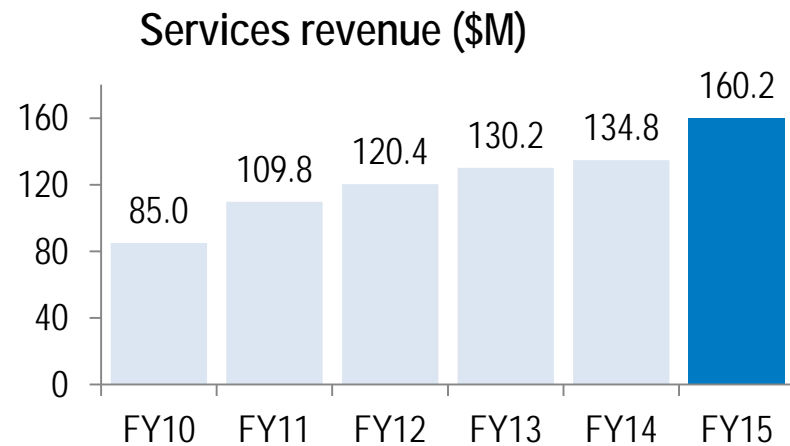
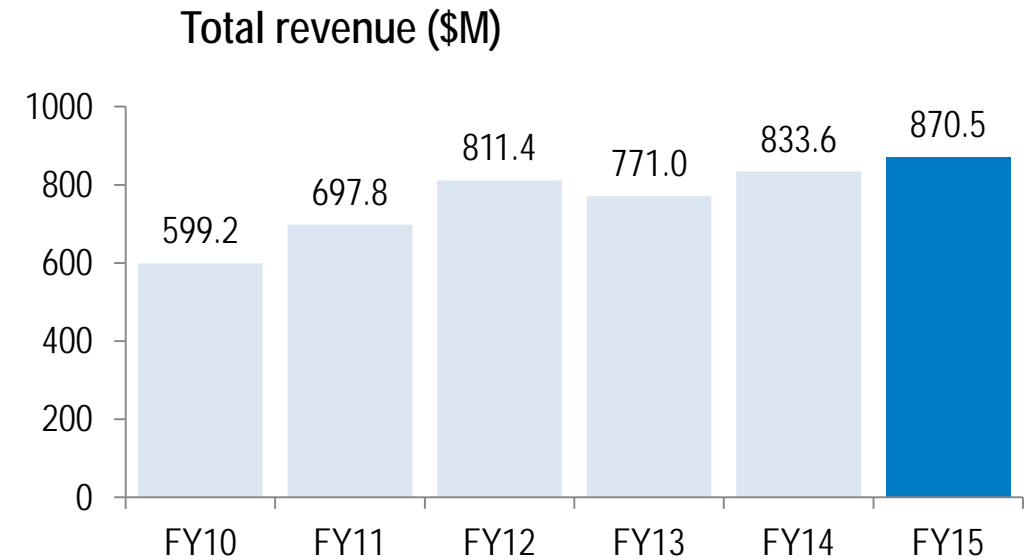
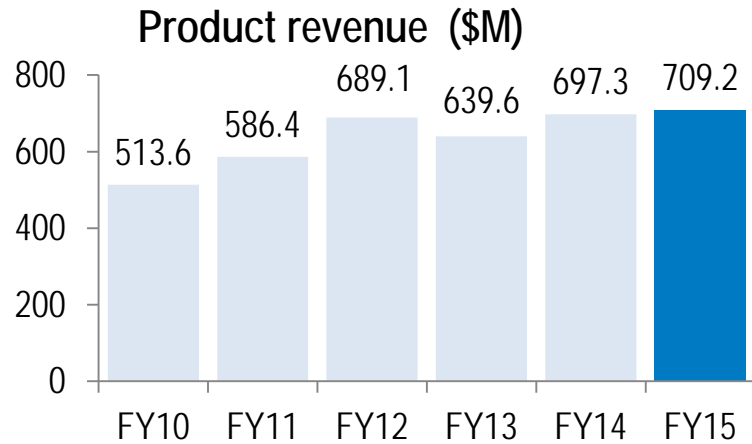
FY15 FINANCIAL PERFORMANCE



FY15 PERFORMANCE - GROWTH

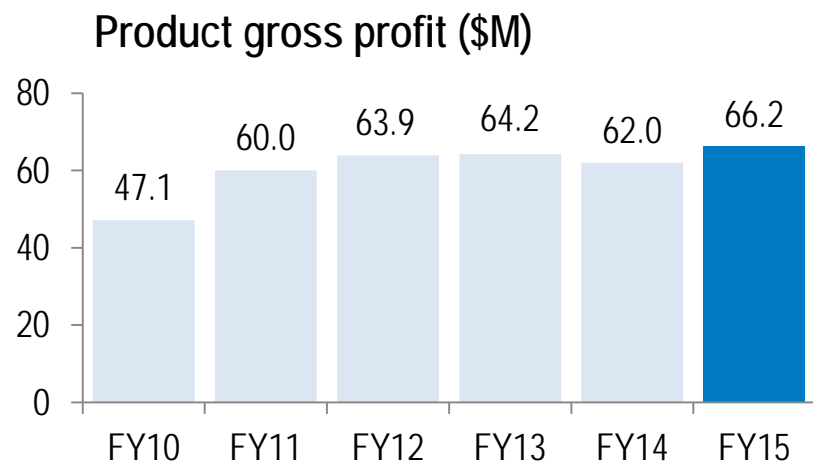
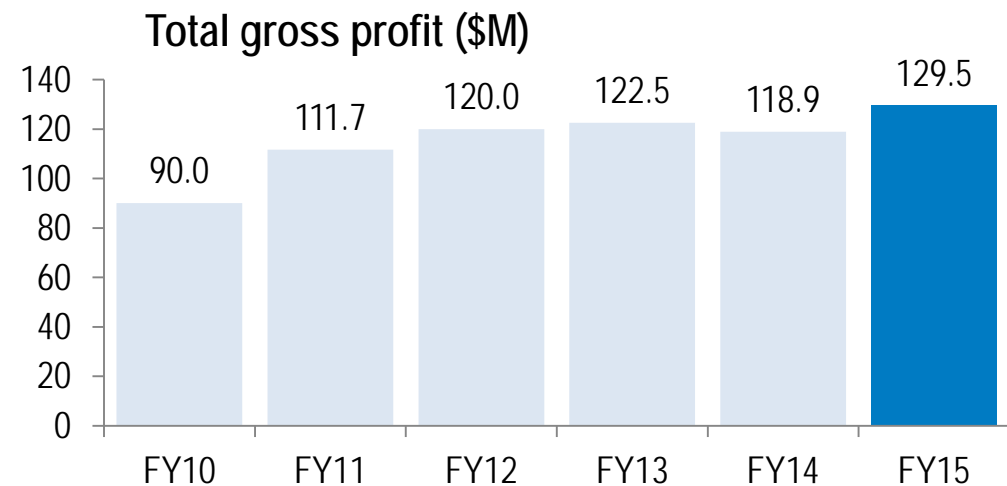
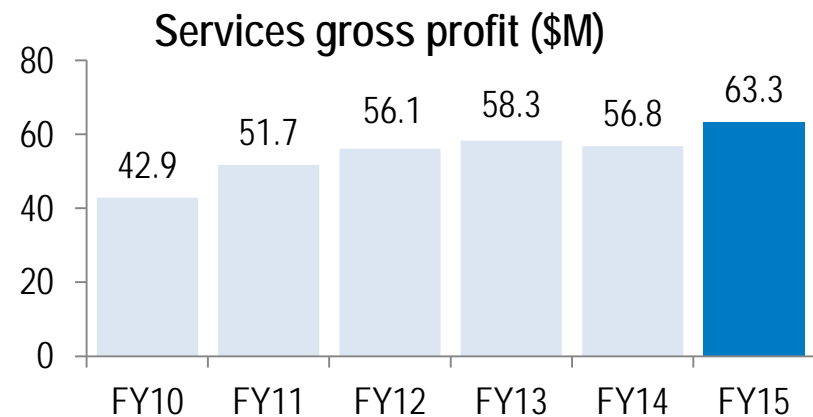
Revenue	Up 4.4%	\$870.5M
Product	Up 1.7%	\$709.2M
Services	Up 18.9%	\$160.2M
<hr/>		
Gross Profit	Up 8.9%	\$129.5M
Product	Up 6.6%	\$66.2M
Services	Up 11.4%	\$63.3M
<hr/>		
Gross margin	Up 0.6 pp	14.9%
Product	Up 0.4 pp	9.3%
Services	Down 2.7 pp	39.5%
<hr/>		
Expenses	Up 5.8%	\$115.9M
People	Up 5.3%	\$97.8M
Opex	Up 8.5%	\$18.1M
<hr/>		
NPBT	Up 40.0%	\$15.2M
NPAT	Up 40.9%	\$10.6M
Dividend	Up 40.0%	6.3 cents

STRATEGIC SHIFT IN BUSINESS MIX



FY15 product revenue included approximately \$47M from reselling vendor cloud subscription services.

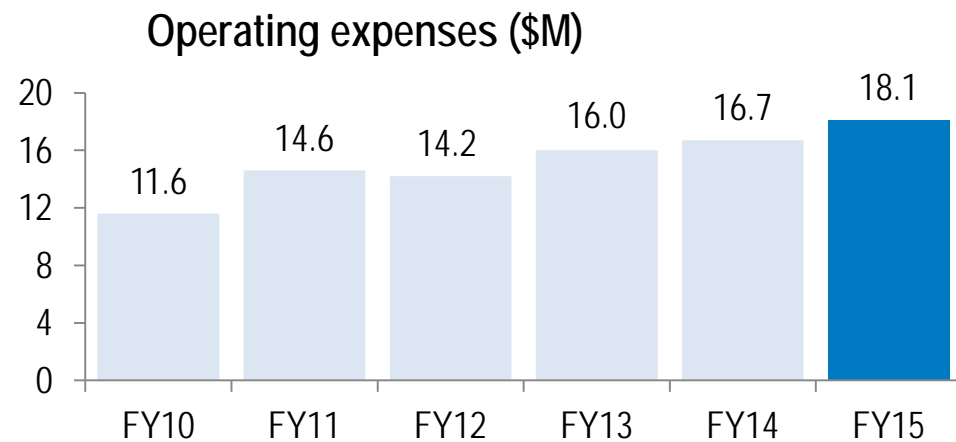
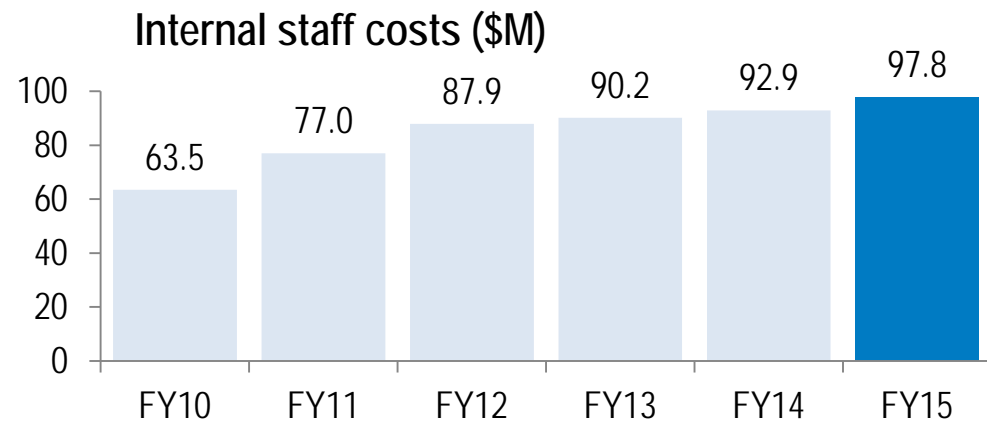
SOLID GROWTH IN GROSS PROFIT



Services gross margin decreased as mix changed but on higher revenues delivered 11.4% increase in services gross profit.

Product gross margin increased driving a 6.6% increase in product gross profit.

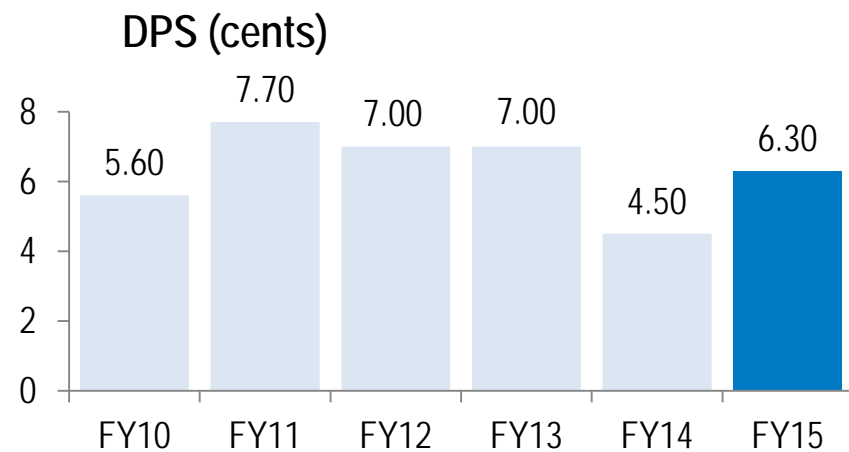
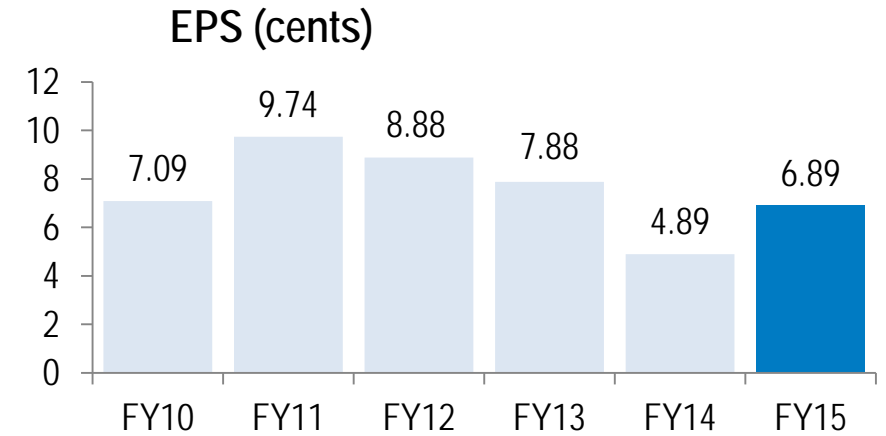
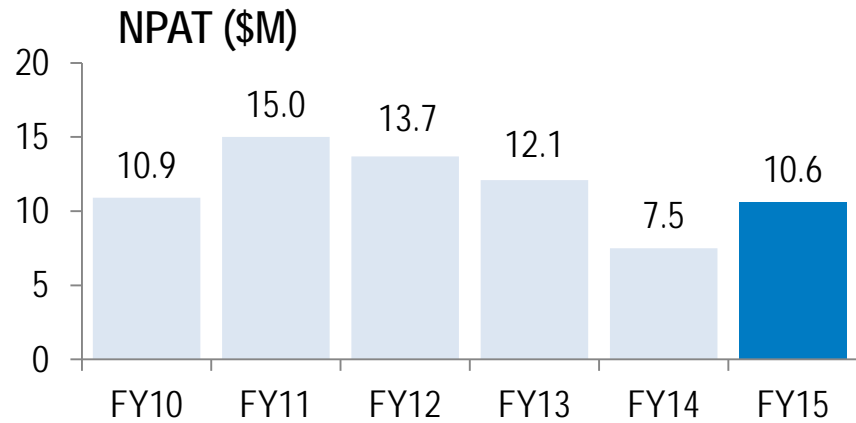
EXPENSES REFLECT GROWTH STRATEGY



Internal staff costs up 5.3% as headcount increased with Business Aspect acquisition, and growth to support the sales focused plan.

Operating expenses up 8.5% mostly due to expansion from acquisition and investment activity.

RETURN TO GROWTH

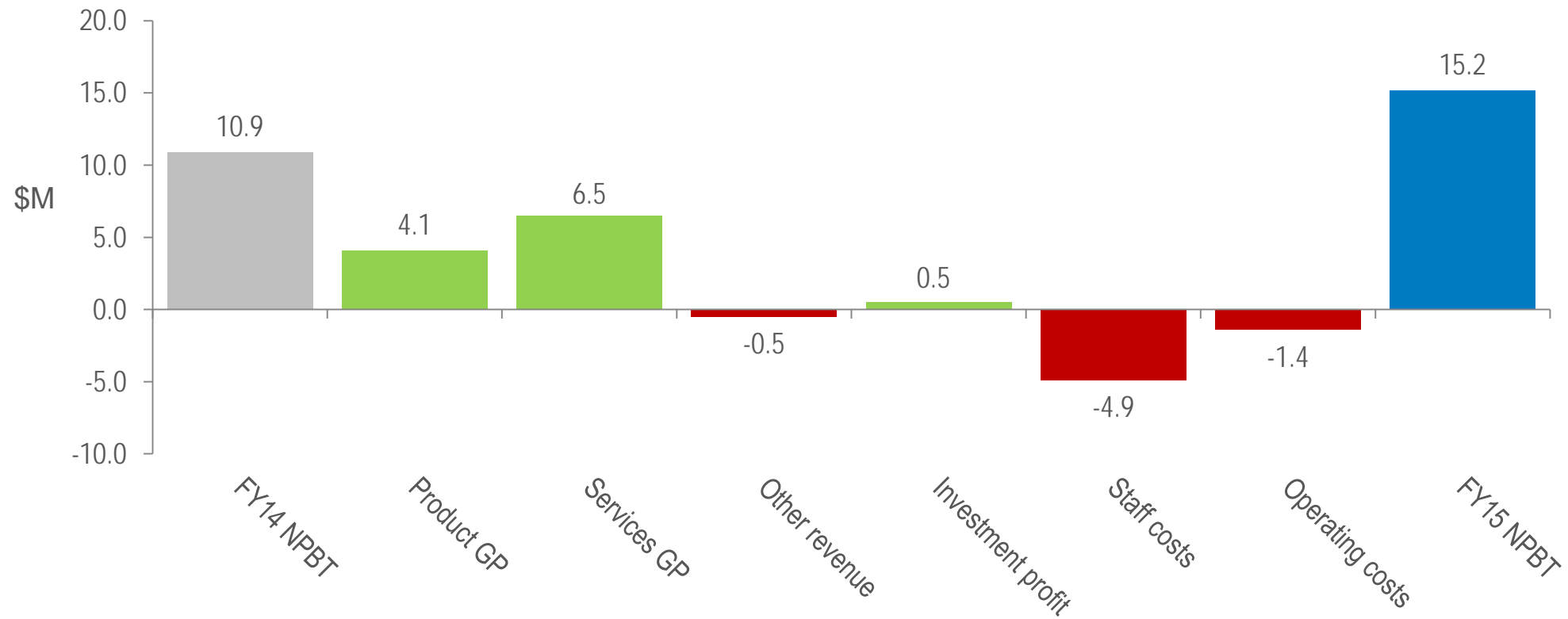


Solid growth in gross profit in line with our sales focused strategy generated a return to growth in profit and earnings, with the dividend up 40%.

Total shareholder return during the year was 24%.

FY15 PERFORMANCE - NPBT

Change in NPBT elements from FY14 to FY15



FY15 PERFORMANCE – CASHFLOW

- Strong balance sheet with no material debt
- Cash flow 'seasonality' consistent with previous years
- Strong operating cash flow of \$24.3M, with cash flow conversion of 2.3 times
- Payments for acquisitions and investments (net of cash acquired) of \$7.8M
- Year-end net cash of \$27.0M
- Average DSOS of 27 days - industry best practice

GROWTH REFLECTS STRATEGIC SHIFT

SOFTWARE SOLUTIONS

- Licensing revenue matched PCP and with growth in annuity-based subscriptions
- Services up 13%

INFRASTRUCTURE SOLUTIONS

- Revenue up 13% to \$279M
- Products up 12% and services up 20%

MANAGED SOLUTIONS

- Revenue up 4% to \$71M
- Continued investment impacted profitability

APPLICATION SOLUTIONS

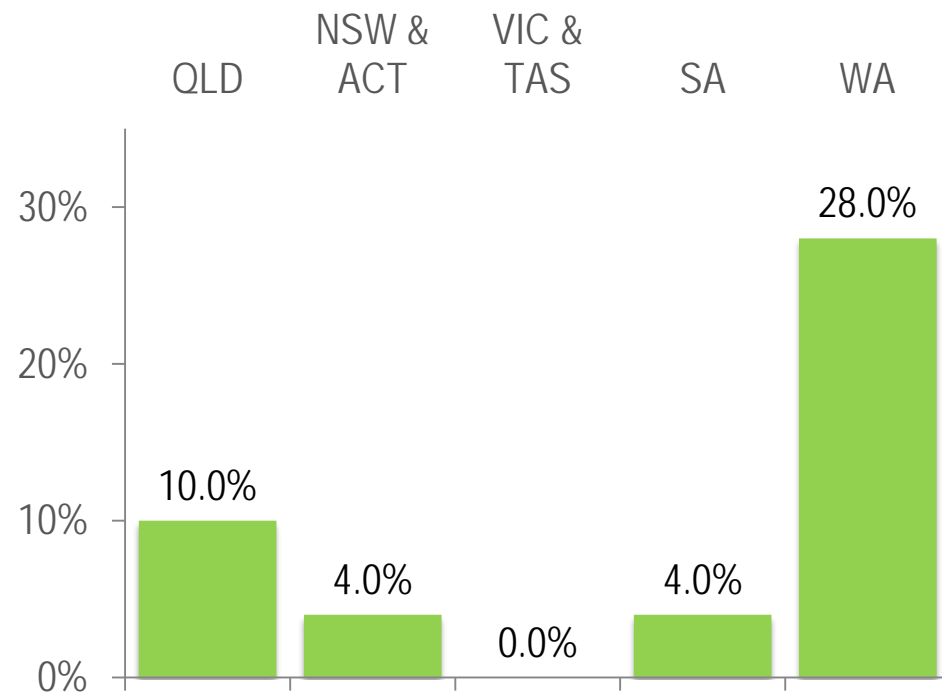
- Revenue up 36% to \$4.1M

CONSULTING

- Revenue \$10.6M, boosted by Business Aspect acquisition

STRONG GROWTH IN QLD & WA

% change in gross profit
FY15 vs. FY14



QLD – largest profit contribution

NSW, ACT & VIC – growth below plan

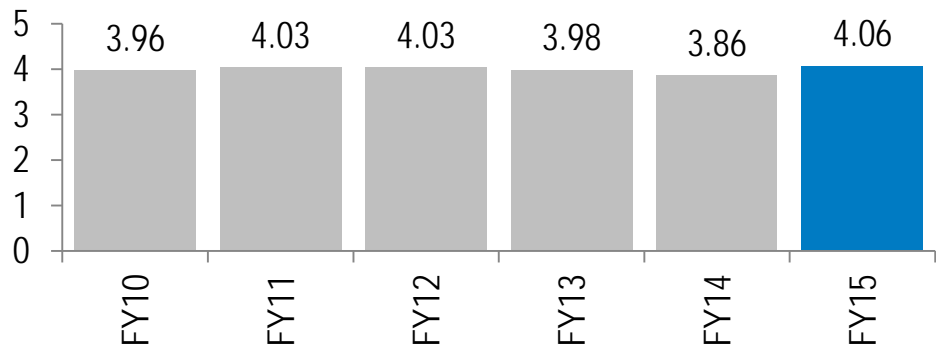
TAS – early days and small

SA – growth in tough market

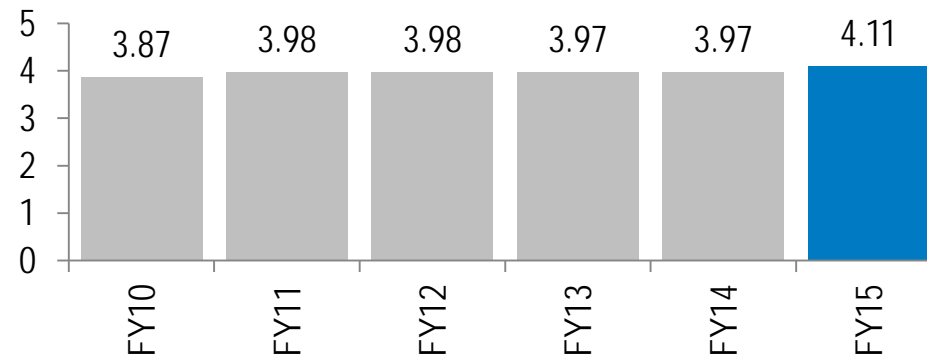
WA – diversified customers and strong growth.

RECORD CUSTOMER & PEOPLE SATISFACTION

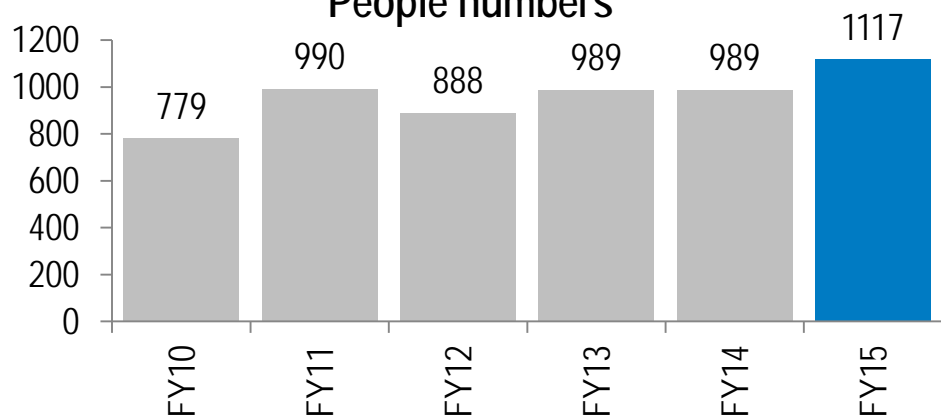
Customer satisfaction /5



People satisfaction /5



People numbers



94.4% of our people recommend Data#3 as employer of choice.

ACQUISITIONS & INVESTMENTS



BUSINESS ASPECT

Acquisition of Business Aspect successfully completed

- Effective date 5th September 2014
- Contributed \$10.4M to revenue
- Fully relocated into Data#3 offices and consulting capability expanded into NSW, ACT and VIC
- Engagement with Data#3 sales force and pipeline and sales now building steadily



DISCOVERY TECHNOLOGY

Fully engaged as reseller with Discovery Technology

- Developer of Wi-Fi content management and analytics application "CCeX" - Connected Customer eXperience
- 46.2% investment effective 1st August 2014, with additional 15.4% acquired on 3rd July 2015
- Data#3's share of FY15 profit was \$0.5M
- Not integrated into Data#3 but fully engaged with Data#3 as a reseller, generating infrastructure business
- Opportunities in retail, airport and education sectors

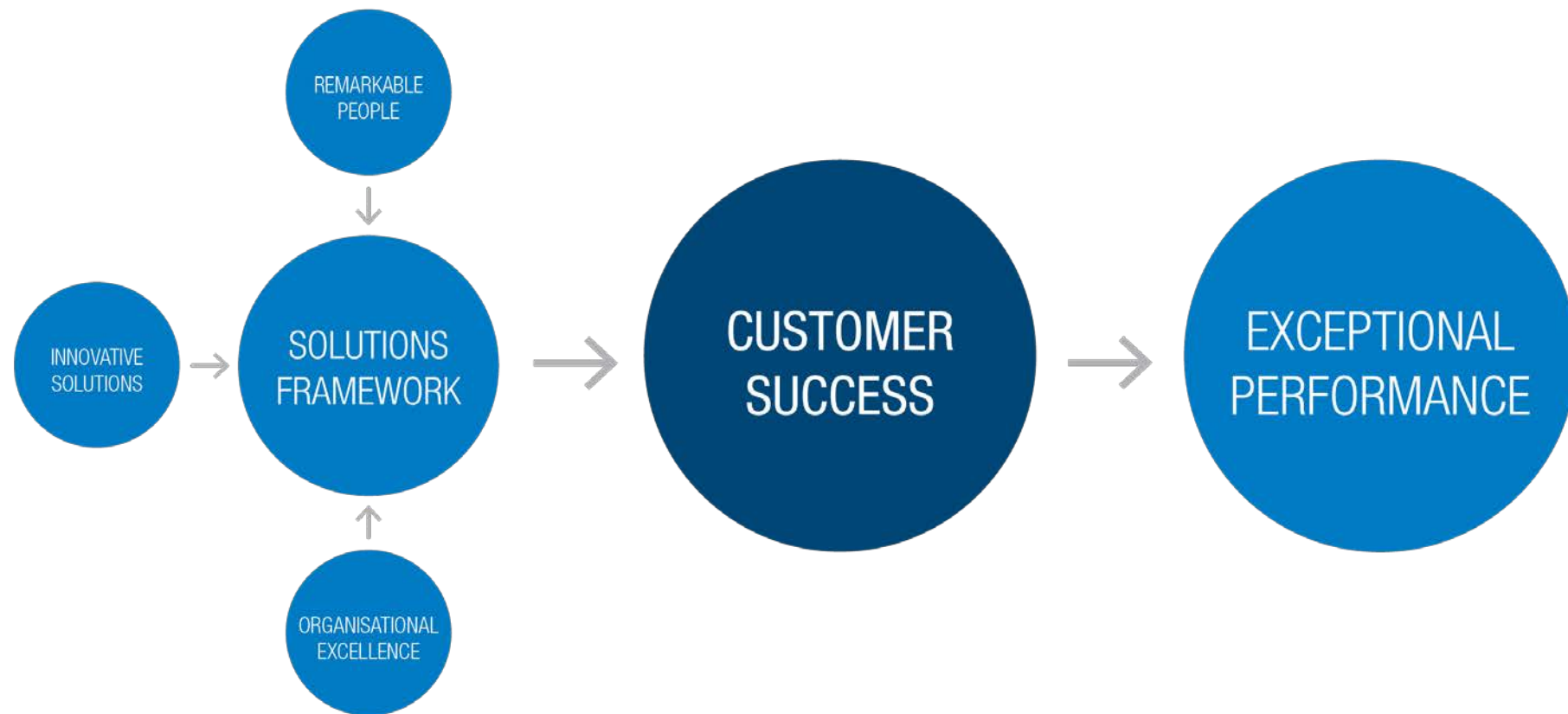
FY16-18 STRATEGY



UNDERLYING FUNDAMENTALS INFLUENCING SECTOR GROWTH

- Economic outlook is neutral and similar to FY15
- Education and health sectors will continue to grow
- A rapid shift to consumption based and cloud services
- Global Public Clouds will dominate
- Security as the number one priority
- Digital solutions will increasingly drive new business models
- Increased IT spend outside of Business IT

FY16-18 HIGH LEVEL STRATEGY



Our strategy is the pathway to enable our **Customers' Success**.

It unites **Innovative Solutions**, **Remarkable People** and **Organisational Excellence** through our Solutions Framework.

We believe that making our customers more successful consistently over time will deliver **Exceptional Performance** for Data#3.

PRIORITIES UNDERPINNING STRATEGIC GROWTH

Strategic priorities for FY16

- **Customer Success** by enabling business and technology outcomes
- **Innovative Solutions** that are increasingly service centric in a Hybrid IT world
- **Remarkable People** who are high performing, evolving and valued
- **Organisational Excellence** through optimisation, alignment and planned transformation
- **Exceptional Performance** that delivers sustainable value for our shareholders and other stakeholders

OUR SOLUTIONS

We offer a range of technology solutions to help customers achieve their business objectives.



HYBRID
CLOUD / IT



MOBILITY



IT LIFECYCLE
MANAGEMENT



SECURITY



BIG DATA &
ANALYTICS

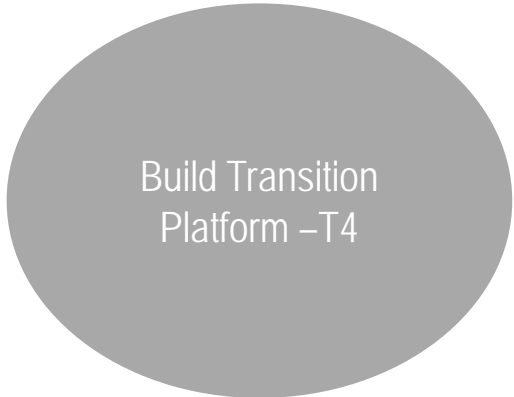


BUSINESS
CONSULTING



INDUSTRY
SOLUTIONS

THE PATH TO OUR FUTURE



Our core consists primarily of software licenses and on premise infrastructure solutions

T4
People
Solutions
Marketing
Sales
Services
Processes

Services Revenue consists of all services provided by Data#3 and vendor partners including cloud services.

OUR TRANSITION STRATEGY

Our transition strategy is to:

1. Grow and transform the core
2. Build specialist business units to address new market demands
3. Partner or acquire to address new market opportunity

ACTIONS IN PROGRESS FOR FY16

1. Establish new **security** practice
2. Expand partnerships in **education** sector
3. Accelerate **public cloud** opportunities
4. Deliver **sales development** programs to support the transition strategy
5. Leverage Business Aspect & Discovery Technology

FY16 OUTLOOK

FY16 OUTLOOK

Our overall financial goal for FY16 is to improve on FY15's result

Q&A



APPENDIX 1 – FINANCIAL SUMMARY

	FY15 \$'000	FY14 \$'000	% Change
Product revenue	709,196	697,319	+1.7%
Services revenue	160,247	134,776	+18.9%
Other revenue	1,027	1,500	-31.5%
Total revenue	870,470	833,595	+4.4%
Total gross profit (excluding other revenue)	129,484	118,869	+8.9%
Total gross margin %	14.9%	14.3%	
Total expenses	115,866	109,517	+5.8%
EBITDA	17,021	12,219	+39.3%
EBIT	14,377	9,703	+48.2%
EBIT margin %	1.7%	1.2%	
NPBT	15,193	10,852	+40.0%
NPAT	10,604	7,524	+40.9%
Net operating cash flow	24,262	29,419	-17.5%
	FY15	FY14	% Change
Earnings per share	6.89 cents	4.89 cents	+40.9%
Dividend per share	6.30 cents	4.50 cents	+40.0%
Dividend payout ratio	91.5%	92.1%	
Return on equity %	29.2%	22.4%	

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