

# Data#3

FY16 INTERIM RESULTS BRIEFING

22 FEBRUARY 2016

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# 1H FY16 SUMMARY



**“We delivered a solid 1H with NPAT and EPS growth of 19%.  
The board is pleased to declare an interim dividend of 2.5 cps,  
an increase of 19% on the previous 1H”**

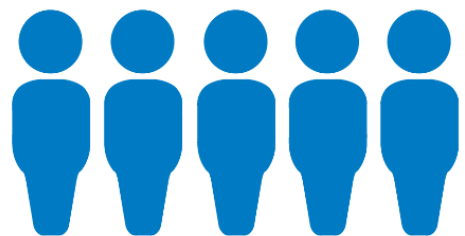
# OPERATIONAL ACHIEVEMENTS

- Continued strategic shift towards services
- Continued investment in systems and people
- Solid growth in public cloud solutions
- Acquired controlling interest in Discovery Technology
- Expanded Business Aspect nationally

# 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 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

These solutions are delivered using our **Customer Solution Lifecycle (pdo)<sup>2</sup>**



# RECENT CUSTOMER EXAMPLE

- National law firm with 1,000 plus staff
- Business need to improve efficiency
- Hybrid IT and mobility solution with voice, video, wireless and BYOD
- Data#3 services – consulting, design and implementation
- Our scalable and robust solution is delivering the customer's business outcomes

# OUR BUSINESS – Strategic Partners



Top 10 worldwide partner, global awards, global advisory role



Top 10 Asia Pacific partner, advisory board



Top 10 worldwide partner, global advisory board with CEO

*Plus largest partner in Australia for several infrastructure and software suppliers*

# 1H FY16 FINANCIAL PERFORMANCE

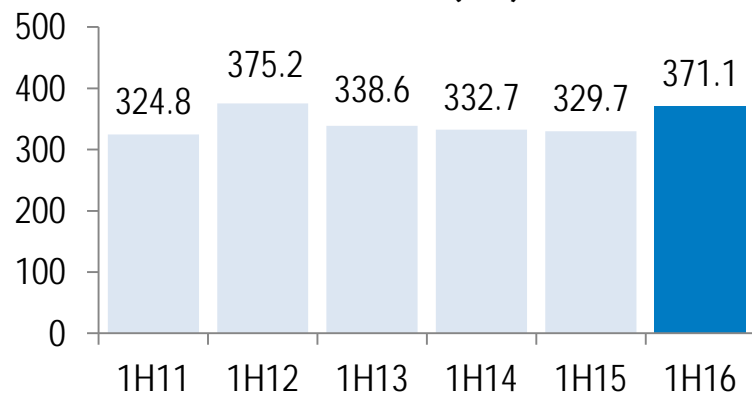


# 1H FY16 PERFORMANCE – GROWTH

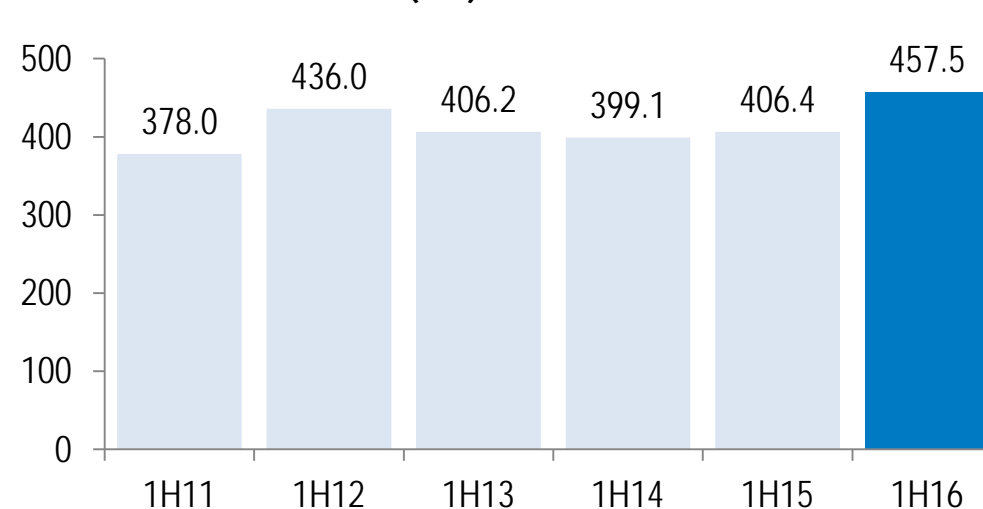
Revenue	Up 12.6%	\$457.5M
Product (on-premise solutions)	Up 10.2%	\$330.9M
Product (public cloud solutions)	Up 36.1%	\$40.2M
Services	Up 12.9%	\$85.6M
<hr/>		
Gross Profit	Up 9.6%	\$68.4M
Product	Up 12.6%	\$34.4M
Services	Up 6.7%	\$34.0M
<hr/>		
Gross margin	Down 0.4 percentage points	15.0%
Product	Unchanged	9.3%
Services	Down 2.3 percentage points	39.7%
<hr/>		
Expenses	Up 8.5%	\$63.1M
People	Up 4.4%	\$51.4M
Opex	Up 31.3%	\$11.7M
<hr/>		
NPBT	Up 17.3%	\$6.1M
NPAT (excluding minority interests)	Up 19.2%	\$4.3M
Dividend	Up 19.0%	2.5 cents

# STRATEGIC SHIFT IN BUSINESS MIX

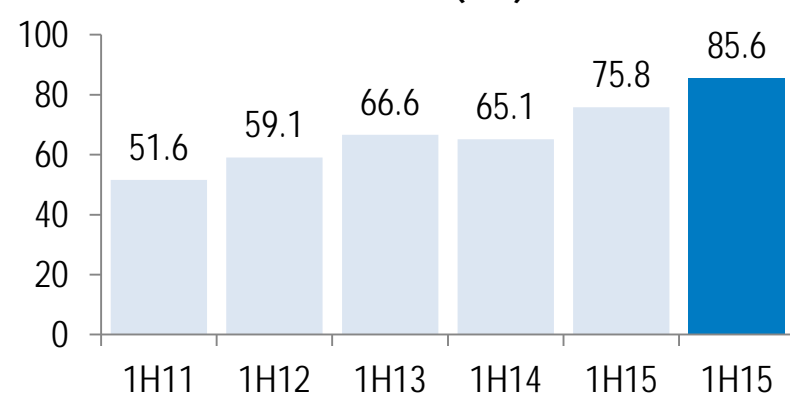
## Product revenue (\$M)



## Total revenue (\$M)

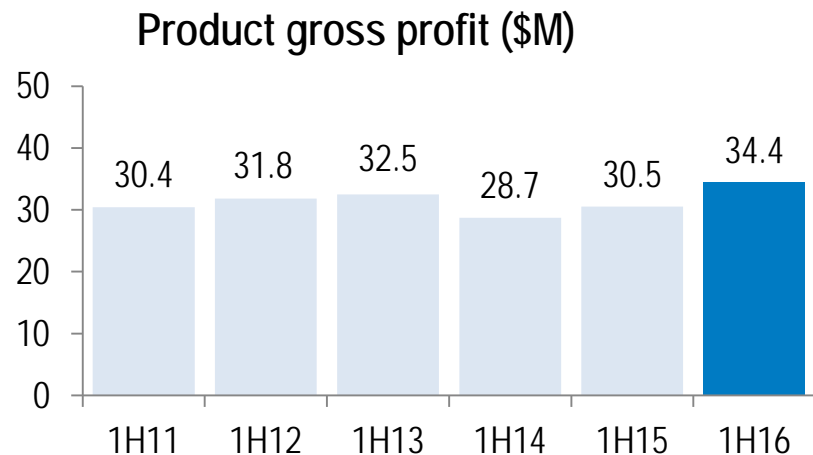
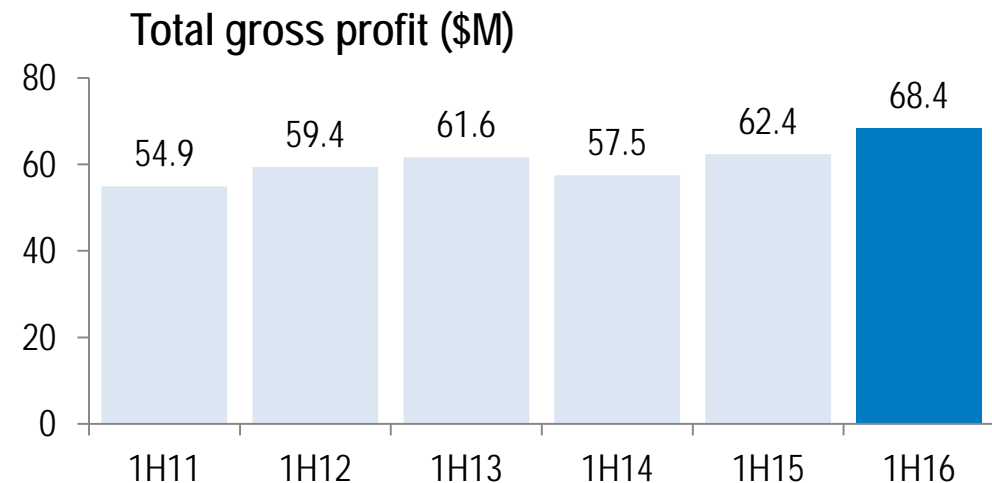
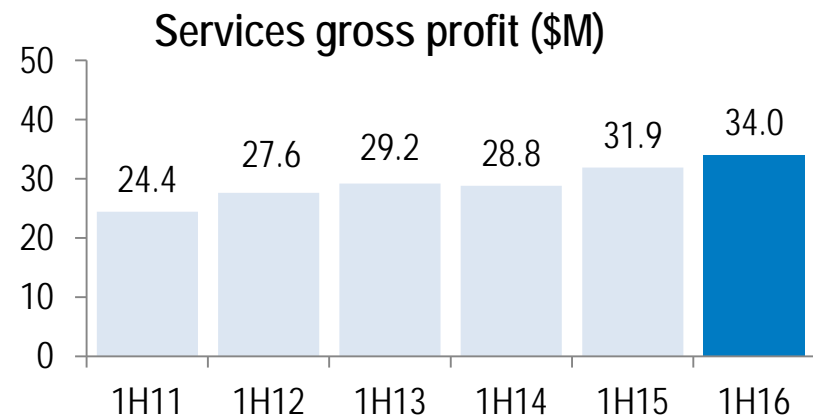


## Services revenue (\$M)



1H FY16 product revenue included \$40.2M from reselling public cloud solutions, an increase of \$10.7M over PCP.

# SOLID GROWTH IN GROSS PROFIT

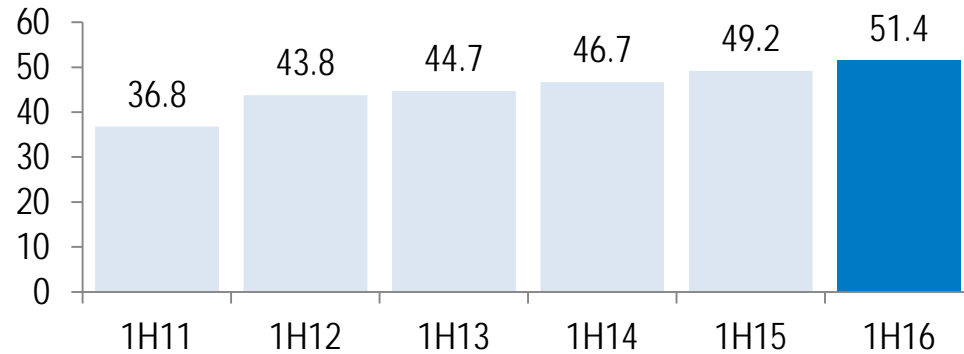


Services gross margin decreased as mix changed but on higher revenues delivered 6.7% increase in services gross profit.

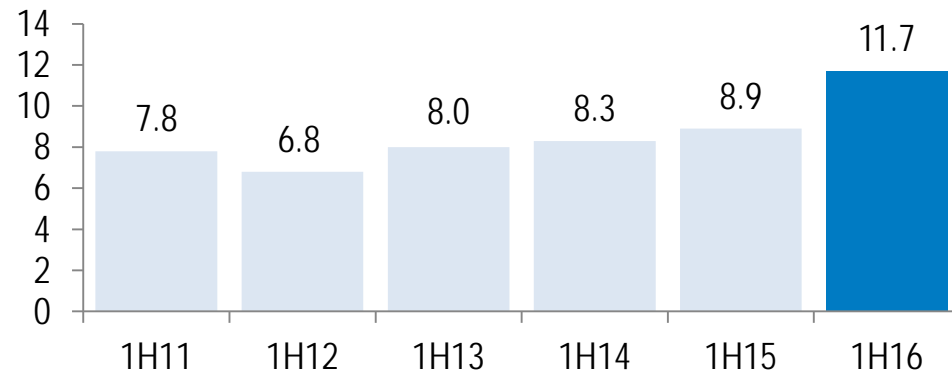
Product gross margin remained steady driving a 12.6% increase in product gross profit.

# EXPENSES REFLECT GROWTH STRATEGY

## Internal staff costs (\$M)



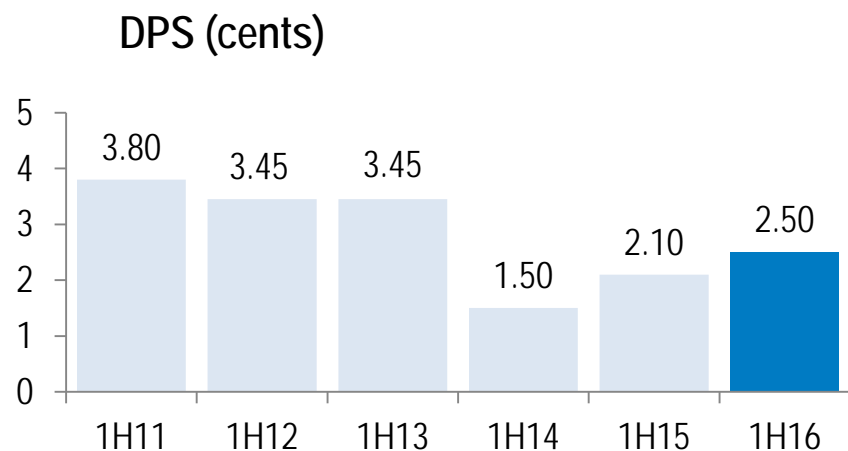
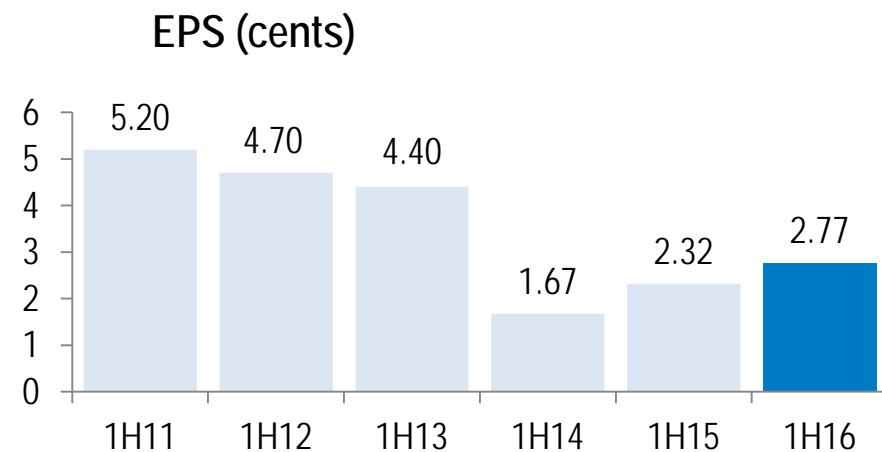
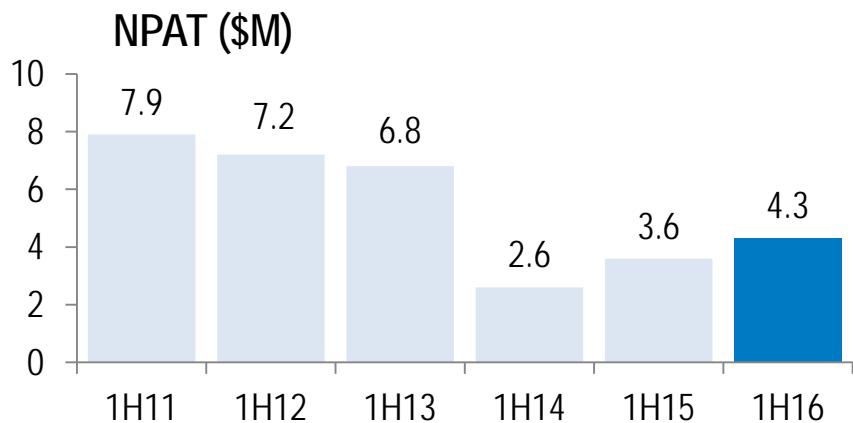
## Operating expenses (\$M)



Internal staff costs up 4.4% as headcount increased taking into account the acquisition of Discovery Technology on a consolidated basis.

Operating expenses up 31.3% mostly due to increased rent, depreciation and amortization.

# RETURN TO GROWTH



Solid growth in revenue and gross profit generated steady growth in profit, with earnings per share and interim dividend up 19%.



# 1H FY16 PERFORMANCE – CASHFLOW

- Strong balance sheet with no borrowings
- Cash flow 'seasonality' consistent with previous years
- Average DSOS of 26 days - industry best practice and lower than PCP

# ACQUISITION





# DISCOVERY TECHNOLOGY

- Developer of Wi-Fi content management and analytics application “CCeX” - Connected Customer eXperience
- Initial 46.2% investment effective 1 August 2014, with additional 15.4% acquired on 3 July 2015
- Fully consolidated into Data#3's 1H result, but has not had a material impact on profit
- Not integrated into Data#3 but engaged with Data#3 as a reseller, generating infrastructure business
- Opportunities in retail, airport, education & local government sectors have created a substantial pipeline, however sales cycle is proving to be lengthy

**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 the IT department

# OUR TRANSITION STRATEGY

Our transition strategy is to:

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

# KEY PRIORITIES IN FY16

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

# FY16 OUTLOOK



# FY16 OUTLOOK

We are confident that we have the right strategy to underpin sustainable growth in long term shareholder returns.

Our first half performance and current pipeline provides a solid foundation to achieve our full year objective to improve on FY15's result.

Q&A

# APPENDIX 1 – FINANCIAL SUMMARY

	1H FY16 \$'000	1H FY15 \$'000	% Change
Revenue by segment:			
Product (on-premise solutions)	330,929	300,195	+ 10.2%
Product (cloud solutions)	40,195	29,531	+ 36.1%
Services	85,631	75,816	+ 12.9%
Other revenue	753	896	- 16.0%
Total revenue	457,508	406,438	+ 12.6%
Total gross profit	68,408	62,411	+ 9.6%
Total gross margin %	15.0%	15.4%	
Product gross profit	34,403	30,547	+ 12.6%
Product gross margin %	9.3%	9.3%	
Services gross profit	34,005	31,864	+ 6.7%
Services gross margin %	39.7%	42.0%	
Total expenses	63,099	58,141	+ 8.5%
EBITDA	7,245	5,761	+ 25.8%
EBIT	5,513	4,487	+ 22.9%
EBIT margin %	1.2%	1.1%	
NPBT	6,062	5,166	+ 17.3%
NPAT (excluding minority interests)	4,261	3,576	+ 19.2%
	<b>1H FY16</b>	<b>1H FY15</b>	<b>% Change</b>
Earnings per share	2.77 cents	2.32 cents	+ 19.2%
Dividend per share	2.50 cents	2.10 cents	+ 19.0%

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