

Data#3

FY17 INTERIM RESULTS BRIEFING

22 FEBRUARY 2017

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1H FY17 SUMMARY



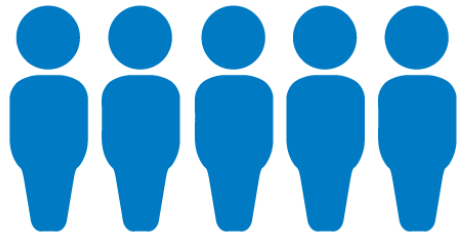
**“We delivered a solid 1H with NPAT and EPS growth of 34%.
The board is pleased to declare an interim dividend of 3.35 cps,
an increase of 34% on the previous 1H”**

OPERATIONAL ACHIEVEMENTS

- Continued strategic shift towards services
- Solid growth in cloud-based revenues to \$58M
- Continued investment in systems and people

OUR BUSINESS

Data#3



1100+
EMPLOYEES IN 2016



8 OFFICES
3 INTEGRATION CENTRES
3 DATA CENTRES

FOUNDED IN
1977



LISTED ON
ASX
IN 1997

SCALE



983.2M
IN REVENUE IN FY16



17.4M
individual products
sold to customers



4,719
transacting
customers



43,120
service desk calls
by customers



2,275
professional
services projects

OUR SOLUTIONS

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



These solutions are delivered using our **Customer Solution Lifecycle (pdo)²**

Position, Plan, Design, Deploy, Operate, Optimise

RECENT CUSTOMER EXAMPLE



VICTORIA STATE EMERGENCY SERVICES

- First Emergency Services Organisation to go to the Public Cloud
- SES criteria included systems availability, scalability and security
- Our solution includes the design, implementation and ongoing support services for Microsoft Azure Public Cloud platform



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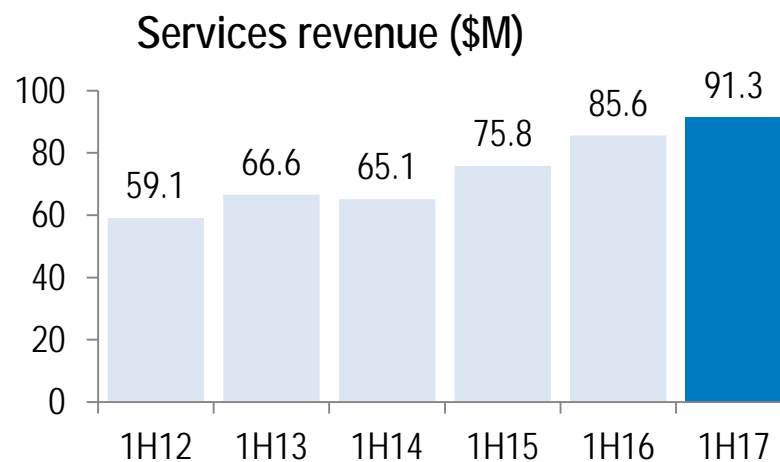
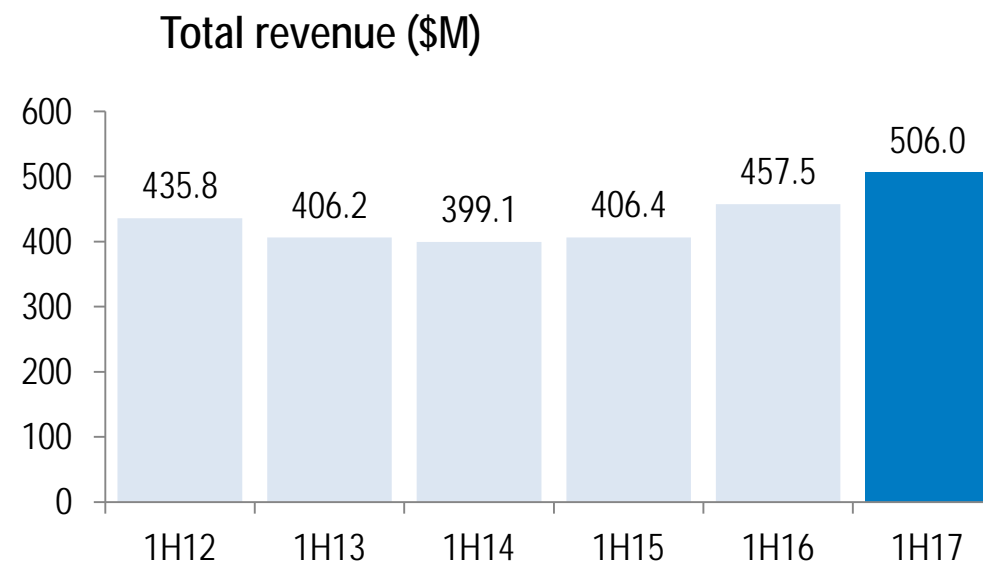
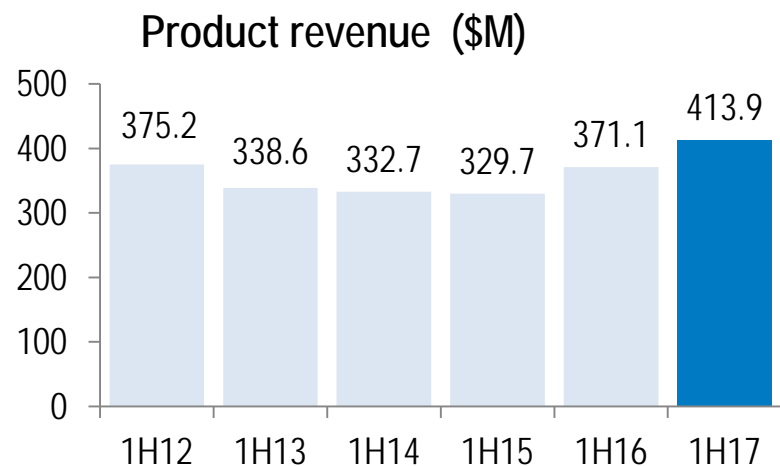
1H FY17 FINANCIAL PERFORMANCE



1H FY17 PERFORMANCE – SUSTAINED GROWTH

Revenue	Up 10.6%	\$506.0M
Product	Up 11.5%	\$413.9M
Services	Up 6.6%	\$91.3M
Public cloud (included in Product & Services above)	Up 44.2%	\$58.0M
Other Revenue	Up 7.4%	\$0.8M
<hr/>		
Gross Profit (excluding Other Revenue)	Up 8.1%	\$74.0M
Product	Up 0.9%	\$34.7M
Services	Up 15.4%	\$39.2M
Gross Margin	Down slightly	14.6%
<hr/>		
EBITDA	Up 25.2%	\$9.1M
EBIT	Up 35.0%	\$7.4M
NPBT	Up 33.5%	\$8.1M
NPAT (excluding minority interests)	Up 34.0%	\$5.7M
Earnings per share	Up 34.0%	3.71 cents
Dividend per share	Up 34.0%	3.35 cents

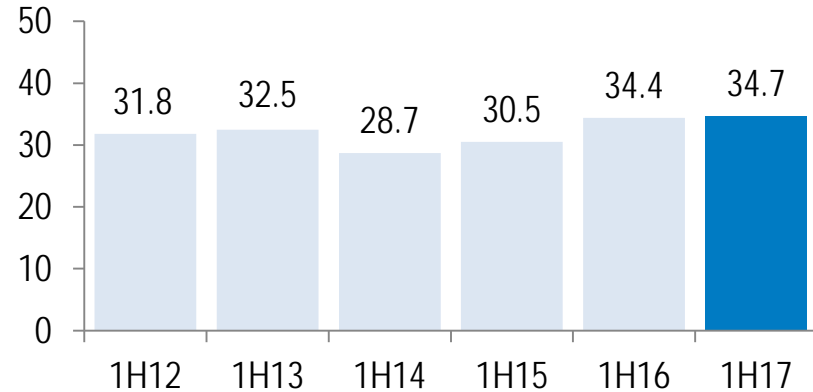
STRATEGIC SHIFT IN BUSINESS MIX



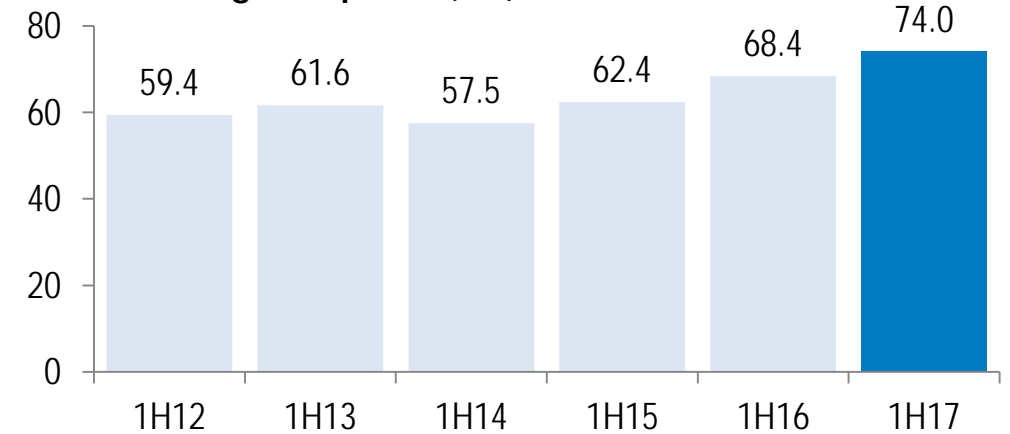
1H FY17 total revenue included \$58.0M of cloud-based revenue

SOLID GROWTH IN SERVICES GROSS PROFIT

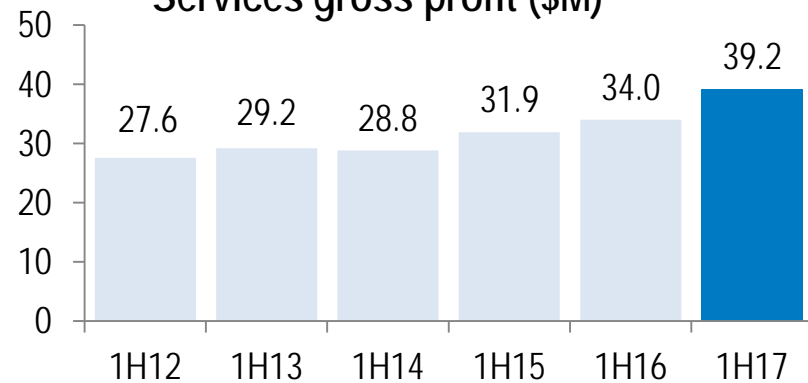
Product gross profit (\$M)



Total gross profit (\$M)



Services gross profit (\$M)

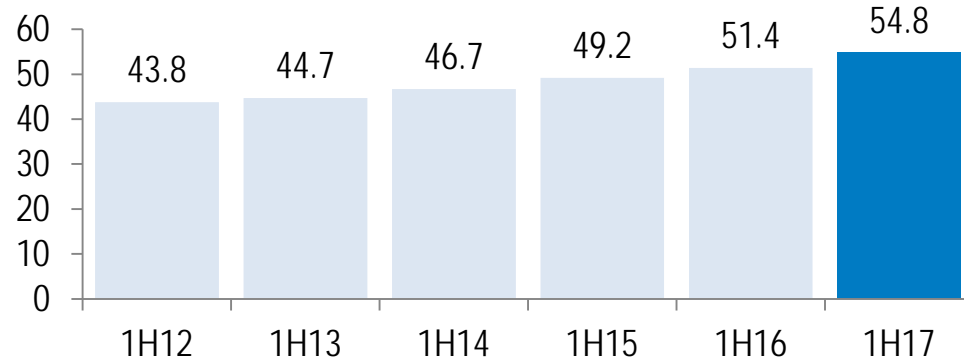


Product gross margin decreased as mix changed, and total product gross profit increased by 0.9%.

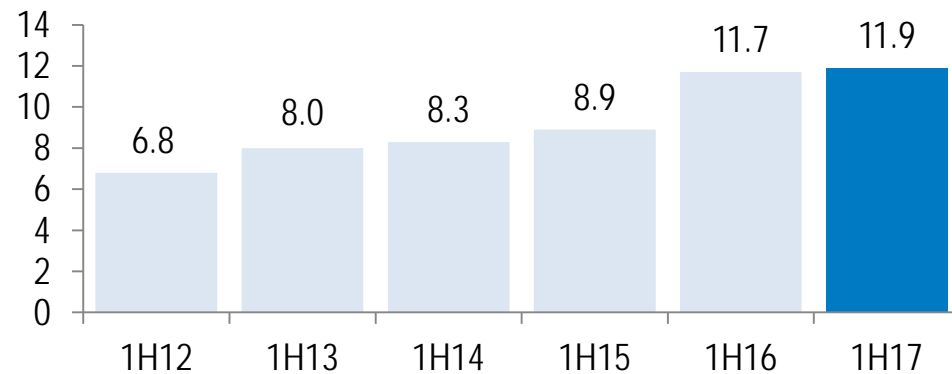
Services gross margin improved with a change in mix, and services gross profit increased by 15.4%.

EXPENSES REFLECT GROWTH STRATEGY

Internal staff costs (\$M)



Operating expenses (\$M)

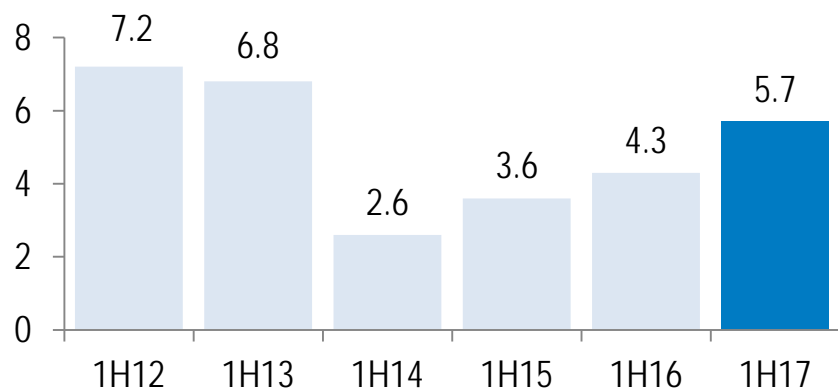


Internal staff costs up 6.6% with market-based increases and headcount growth in Business Aspect consulting.

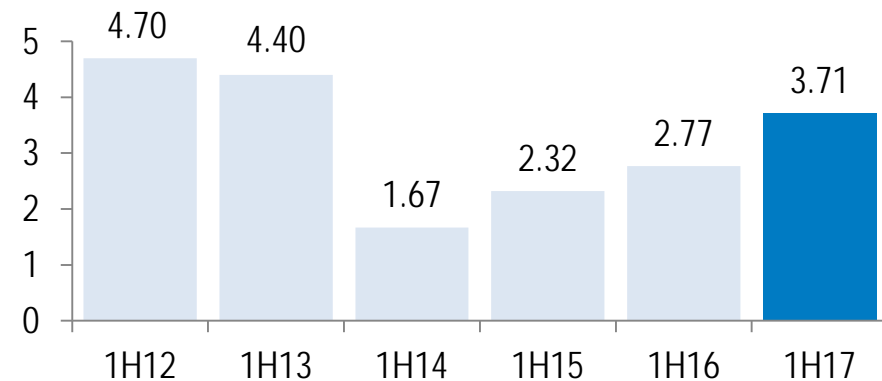
Operating expenses stabilized following acquisitions in FY15 & FY16.

SUSTAINED EARNINGS GROWTH

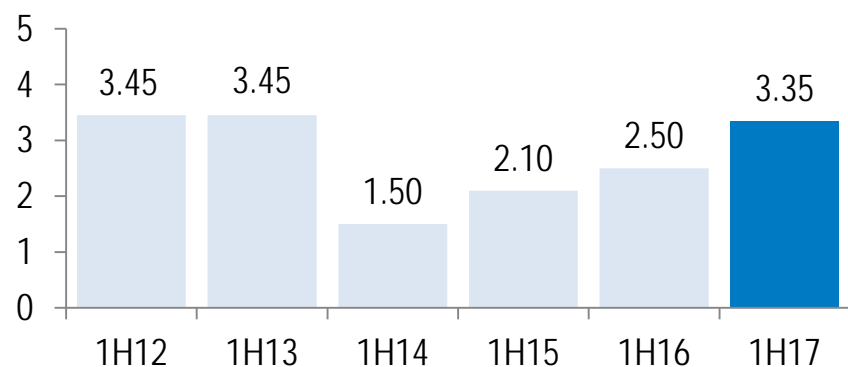
NPAT (\$M)



EPS (cents)



DPS (cents)



Solid growth in revenue and gross profit generated steady growth in profit, with earnings per share and interim dividend up 34%.

SOLID BALANCE SHEET & CASHFLOW

- Strong balance sheet with no material borrowings
- Any borrowings are back-to-back with customer contracts
- Cash flow 'seasonality' consistent with previous years
- Average DSOS of 27 days - industry best practice and consistent with PCP

FY17–19 STRATEGY



UNDERLYING FUNDAMENTALS INFLUENCING SECTOR GROWTH

- Economic outlook is mixed but overall neutral for commercial customers
- Education and health sectors will continue to grow
- A rapid shift to consumption-based and service-centric solutions is occurring
- Digital solutions will increasingly transform business models
- Security is the number one priority
- Public cloud usage will become mainstream

LONG TERM OBJECTIVES

1. Deliver sustained profit growth
2. Grow services revenue with an increase in annuity and an increase in margin
3. Grow cloud services revenues

KEY PRIORITIES IN FY17

1. Investing in sales enablement to better position ourselves with our customer's digital transformation
 - Progressing well, using Corporate Executive Board methodologies
2. Growing our Business Aspect consulting business and leveraging Data#3 where appropriate
 - Strong revenue growth with further investment in geographic expansion
3. Improving contribution from Discovery Technology
 - Returned to modest profit contribution
4. Establishing a health sector practice and emulating the success we have seen with our sector investment in education
 - Solid progress, on plan
5. Investing in new internal systems to improve operational efficiency
 - Ongoing program of work; making steady progress with planning for new ERP system

FY17 OUTLOOK

FY17 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 of delivering earnings growth and returns to shareholders.

Q&A

APPENDIX 1 – FINANCIAL SUMMARY

	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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