

Data#3 delivers strong earnings growth

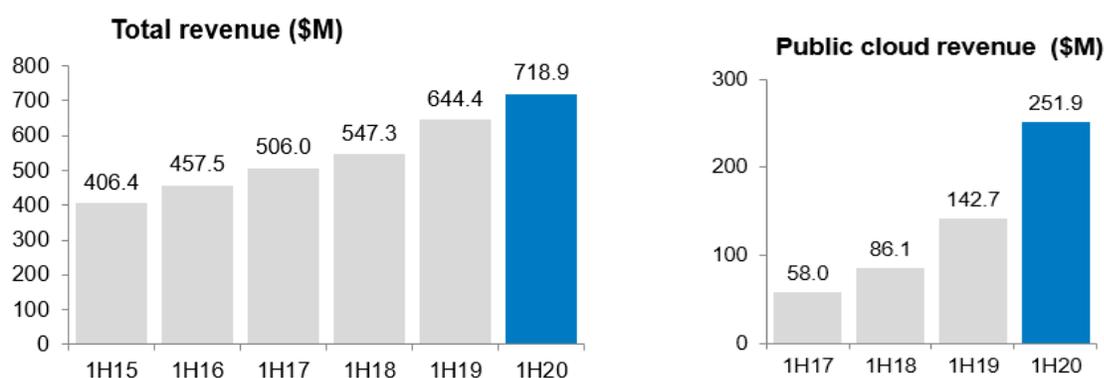
BRISBANE, Wednesday 19 February 2020: Australian business technology solutions leader Data#3 Limited (ASX: DTL) today announced its results for the six months ended 31 December 2019 (1H FY20). These results saw the company deliver strong earnings growth, at the top end of the previous guidance range.

1H FY20 – growth across all key metrics:

- Total revenue up 11.6% to \$718.9 million, including \$251.9 million of public cloud revenues
- NPBT up 40.6% to \$12.7 million
- NPAT (excluding minority interests) up 41.5% to \$8.7 million
- EPS up 41.5% to 5.65 cents per share
- Interim fully franked dividend up 41.7% to 5.10 cents per share
- Strong balance sheet with no material debt

Commenting on the 1H FY20 result, Data#3 Chief Executive Officer & Managing Director Laurence Baynham said: “We are very pleased with the first half performance, maintaining the longer-term growth trend. The market is growing as digital transformation fuels the overall information technology spend, and we have seen sustained large project activity. 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.”

Total revenue was up 11.6% to \$718.9 million, and included \$251.9 million of public cloud-based revenues, up 76.5%.

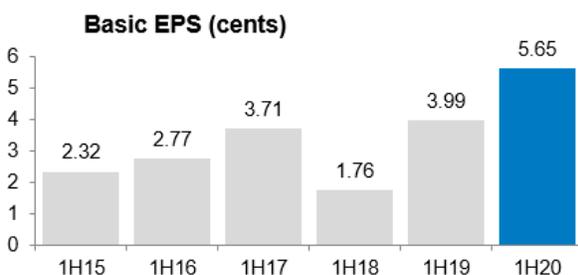


Total gross profit increased by 7.7% to \$88.6 million, and total gross margin decreased slightly from 12.8% to 12.3% reflecting a shift in sales mix, with strong growth in Software Licensing & public cloud revenues, and a decreased in Consulting revenue.

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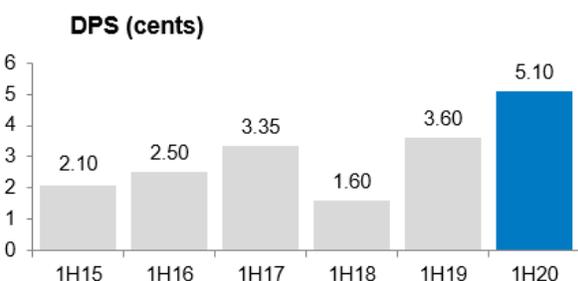
Staff costs increased by 4.7% to \$65.1 million, reflecting headcount growth and market-based increases. Operating expenses decreased by 1.1% to \$11.8 million, with savings from the decommissioning of the Data#3 Cloud platform.

Net profit before tax increased by 40.6% to \$12.7 million, and net profit after tax (excluding minority interests) increased by 41.5% to \$8.7 million. Earnings per share also increased by 41.5% to 5.65 cents.



Reflecting the company's financial performance and strong balance sheet, Data#3's directors declared an interim fully franked dividend of 5.10 cents per share, a 41.7% increase on the prior corresponding period. This represents a payout ratio of 90.3%. The record and payment dates for the interim dividend are 17 March 2020 and 31 March 2020, respectively.

Data#3's Chairman Richard Anderson said: "The results reflect the ongoing successful implementation of the company's strategies over a number of years, supported by a continued positive market environment."



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 sustainable earnings growth over time."

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| | 1H FY20 \$'000 | % Change | 1H FY19 \$'000 |
|--|-------------------|-----------------|-------------------|
| Sales revenue | 717,960 | + 11.6% | 643,574 |
| Other revenue | 909 | + 17.1% | 776 |
| Total revenue | 718,869 | + 11.6% | 644,350 |
| Public cloud revenue included above | 251,853 | + 76.5% | 142,704 |
| | | | |
| Total gross profit (excluding other revenue) | 88,648 | + 7.7% | 82,328 |
| <i>Total gross margin %</i> | <i>12.3%</i> | | <i>12.8%</i> |
| | | | |
| Total expenses | 76,899 | + 3.8% | 74,104 |
| EBIT | 12,335 | + 44.6% | 8,533 |
| <i>EBIT margin %</i> | <i>1.7%</i> | | <i>1.3%</i> |
| NPBT | 12,658 | + 40.6% | 9,000 |
| NPAT (excluding minority interests) | 8,695 | + 41.5% | 6,147 |
| | 1H FY20 | % Change | 1H FY19 |
| Basic earnings per share | 5.65 cents | + 41.5% | 3.99 cents |
| Dividend per share | 5.10 cents | + 41.7% | 3.60 cents |
| Dividend payout ratio | 90.3% | | 90.2% |

Approved for distribution by the Data#3 Limited board.

ENDS

For additional information contact:

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| 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 |
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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 more than 40 years' experience, combined with world-leading vendor technologies, Data#3 delivers an integrated array of solutions spanning cloud, modern workplace, security, data & analytics and connectivity. 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 \$1.4 billion in the 2019 financial year and has more than 1,200 staff. 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>