Data#3 2010 1H results briefing

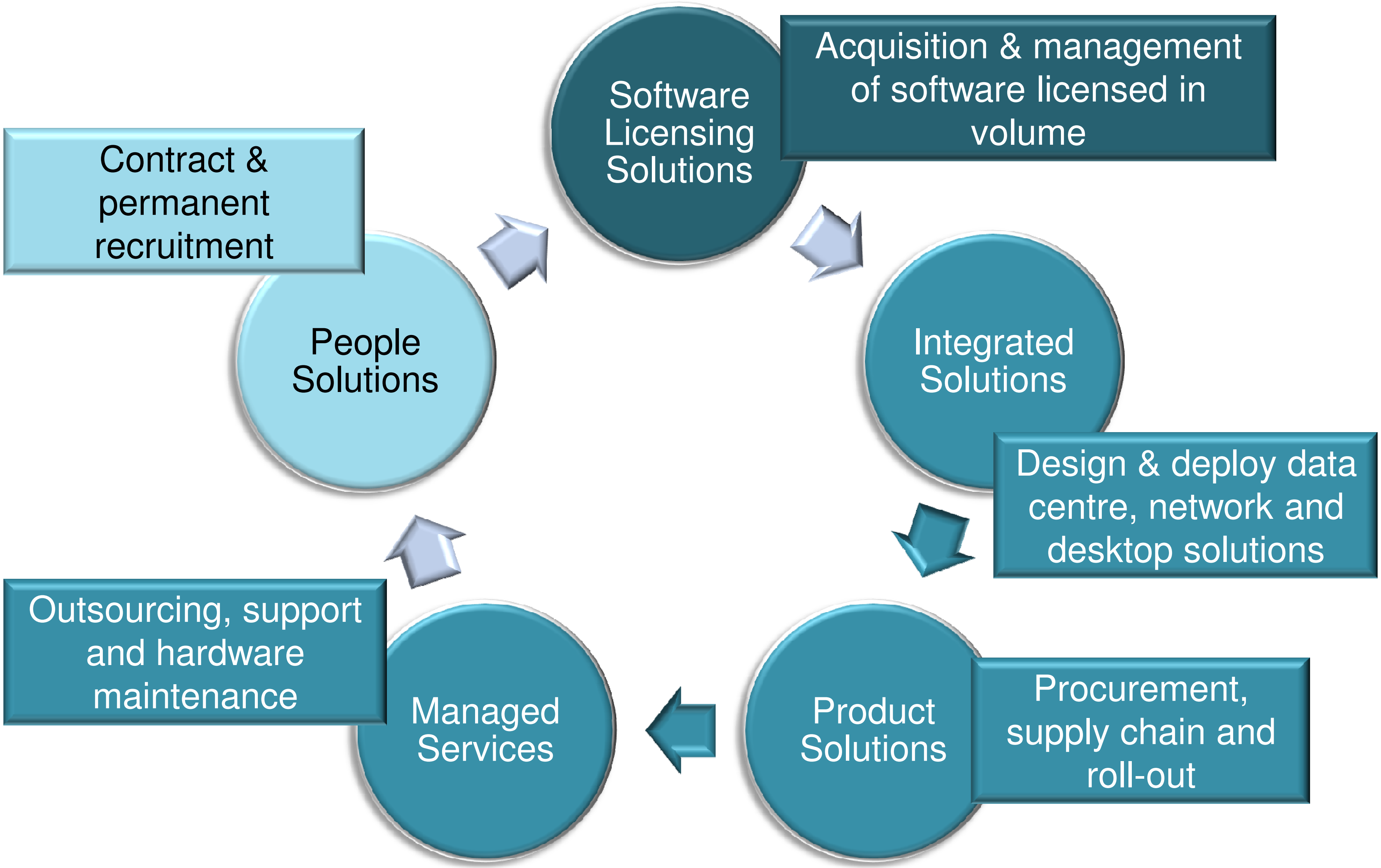
…our vision is to be an exceptional company

John Grant – Managing Director
Brem Hill – Chief Financial Officer
March 2010

Quick refresher on Data#3

- Commenced operations in 1977
- Listed on ASX in 1997
- National ICT solutions company
- $530M revenue in 2008/09
- Approximately 500 staff & 250 contractors
- Mid to large corporate and government customers

Quick refresher on Data#3



….another record interim profit

Interim dividend up 15% to 23 cents per share

"Once again we are delighted to extend the run of 'best ever' performances to seven years. The interim dividend of 23 cents per share is a 15% increase on the previous corresponding period and, in an environment which remains challenging, again is indicative of the solid market positioning and the inherent resilience of our business."

Richard Anderson - Chairman

....reporting in 2010

	Areas of Specialisation	Segments	
		Products	**Services**
	Licensing Solutions	Volume licensed software e.g. MS Office, Symantec anti-virus	Software asset management
Infrastructure Solutions	Integrated Solutions	Cisco, HP, IBM data centre and networking	Consulting; Project design, management and deployment
Infrastructure Solutions	Product Solutions	HP, Lenovo, Toshiba PCs, printers and other devices	Configuration, roll-out, asset management and recycling
Infrastructure Solutions	Managed Services		Outsourcing, support and hardware maintenance
	People Solutions		Contract and permanent recruitment
	Corporate Services	Finance, Legal, Human Resources, Organisational Systems	

...highlights

- **Solid gains in market share in all regions**
  - Revenue up 33% - adjusted for changes in contract timing 10.5%
    - Product revenues up 40% (adjusted 12.5%)
    - Services up 1% (27% decline in contracting revenues offset by strong growth in project and managed services)
  - Revenue under contract stable at 57%
  - Gross margin up 8.5% driven by strong increase in services GM
- **Expenses under control while building for the future**
  - Cost ratio improved from 87.5% to 85.4%
  - Investment in improving business operations up 35%

...highlights

- **Strong increase in profitability from services segment**
  - Product down 8% to $7.82M; services up 400% to $3.53M
- **Strong growth in shareholder returns**
  - NPAT up 17% to $4.73M; earnings per share up 17% to 30.69 cents
  - Dividends up 15% to 23 cents; share price up 80% to $8.55
- **Cash and balance sheet in good shape**
  - Operating net cash outflow of $21.9M consistent with seasonality of previous years
  - Average DSOS at 37 days compared to 39 days in pcp
  - No debt

...financial summary

Consolidated Income Statement	Half-Year 2009/10 $'000		Half-Year 2008/09 $'000		% Change	
	Products	Services	Products	Services	Products	Services
Total revenue by segment	266,753	39,416	190,549	38,926	+ 40%	+ 1%
Other revenue	500		537		- 7%	
Total revenue	306,669		230,012		+ 33%	
Gross margin $ by segment	23,461	19,952	22,772	17,245	+ 3%	+16%
Total gross margin $	43,413		40,017		+ 8.5%	
Gross margin % by segment	8.8%	50.6%	12.0%	44.3%		
Total gross margin %	14.2%		17.4%			
Profit by segment	7,820	3,530	8,501	710	- 8%	+ 397%
Unallocated corporate costs	(4,528)		(3,355)		+35%	
EBITDA [Earnings before interest (net), tax, depreciation and amortisation]	6,803		5,880		+ 16%	
Profit from ordinary activities before income tax expense	6,822		5,856		+ 16.5%	
Net profit after income tax	4,726		4,040		+ 17%	
Earnings per share	30.69 cents		26.16 cents		+ 17%	
Dividends per share	23.0 cents		20.0 cents		+ 15%	

...cashflow summary

Consolidated Cash Flow Statement	Half-Year 2009/10 $'000	Half-Year 2008/09 $'000
Net cash outflow from operating activities	(21,893)	(2,887)
Net cash outflow from investing activities	(167)	(578)
Net cash outflow from financing activities	(4,619)	(4,727)
Net decrease in cash	(26,679)	(8,192)
Cash at end of reporting period	1,278	8,822

The net cash flow from operating activities is historically an outflow in the first half due to high collections pre-30 June from the traditional sales peak in May/June followed by the associated supplier payments post-30 June. The net operating cash outflow of $21.9 million was higher than that of the previous corresponding period due to the substantial post-30 June supplier payments relating to the $22.4 million operating cash inflow in the second half of 2008/09. The average debtors' days sales outstanding (DSOS) was 37 days for the period, an improvement on the 39 days average DSOS of the previous corresponding period.

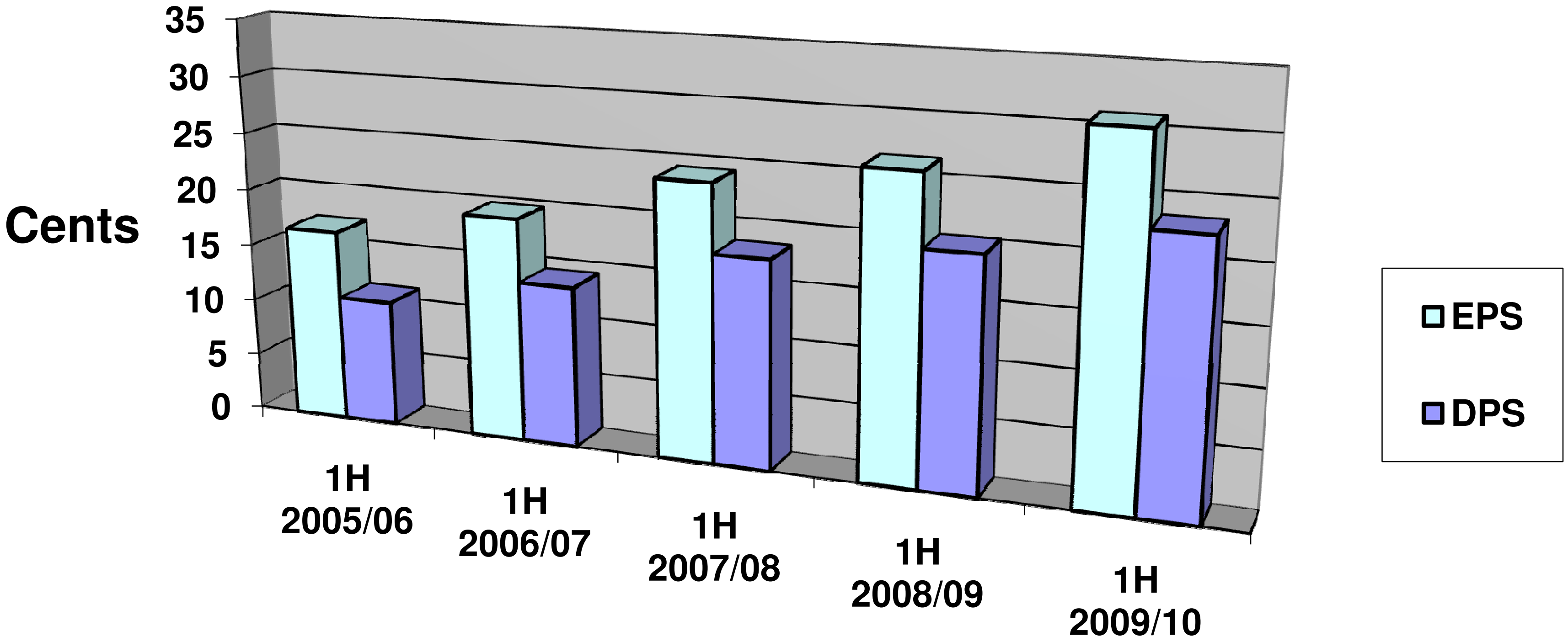
The net cash outflow from investing activities related to payments for plant and equipment and software assets.

The net cash outflow from financing activities related to payment of dividends and payment for buy-back shares in the previous corresponding period. No shares were acquired during the period under the on-market share buy-back and no new shares were issued. The company remained debt free.

....segment revenue summary

Segment Revenue	Areas of Specialisation				
	Licensing Solutions $'000	Infrastructure Solutions			People Solutions $'000
		Integrated Solutions $'000	Product Solutions $'000	Managed Services $'000	
Product - 1H 2009/10	179,438	18,513	68,802	n/a	n/a
Product - 1H 2008/09	116,076	19,326	55,147	n/a	n/a
% Change	*+55%*	*-4%*	*+25%*		
Services - 1H 2009/10	421	9,918	565	13,230	15,282
Services - 1H 2008/09	426	7,904	115	9,426	21,055
% Change	*-1%*	*+25%*	*+390%*	*+40%*	*-27%*
Total - 1H 2009/10	179,859	28,431	69,367	13,230	15,282
Total - 1H 2008/09	116,502	27,230	55,262	9,426	21,055
% Change	*54%*	*+4%*	*+26%*	*+40%*	*-27%*

....earnings and dividends



Earnings to 30.69 cents …………... up 17%
Dividends to 23.0 cents …………... up 15%
Payout ratio ……………………….. at 75%

....business highlights

Licensing Solutions

- A number of new contracts with federal and state governments
- Increase in market share in all commercial sectors – enterprise & SMB
- Solid growth in revenue for all vendors - Microsoft and non-Microsoft
- A number of successful software asset management engagements

Infrastructure Solutions

- Integrated Solutions - strong growth in project services offset by constraint in data centre hardware expenditure and an increasing shift to outsourcing
- Product Solutions - solid revenue from existing procurement contracts in Qld and NSW; appointment as a panelist to new government contracts in the ACT, Qld and Vic; and opening of a new warehouse and configuration centre in Melbourne
- Managed Services - continued growth in new customer outsourcing contracts and solid growth in hardware maintenance revenues following expansion of the sales team

People Solutions

- All locations operating above market average against a declining contractor base
- Strong performance in Qld despite a downturn in the government sector
- Strong profitability driven by reduced costs and improved business systems

....outlook - general

We remain cautious

- Continuing restraint
- Market remains competitive on price and margin
- Customers budgets set in 2009 to do more with less

Factors working in our favour

- Consolidation creating market opportunity
- Invested in building expertise
- Strong balance sheet with no debt

Some challenges

- Our team is a target for recruiters
- Accelerating implementation of new internal systems

….outlook – areas of specialisation

Licensing Solutions

- Decline in revenue due to timing differences
- Constraint in commercial sector
- Margins can improve by increasing sales of non-Microsoft software
- Objective to achieve profit contribution similar to pcp

Infrastructure Solutions

- Solid demand for project services
- Solid growth offset by investment required in the Managed Services business
- Continued constraint in capital investment in the data centre
- Opportunity for improved profit contribution to pcp

People Solutions

- Continuing constraint in Government sector
- New internal systems will further reduce operating costs
- Opportunity for improved profit contribution to pcp

Corporate Services

- Investment ahead of the pcp

….summary

Shareholders well rewarded for continuing support

"This was a very strong result, one of the best in the sector. However while most indicators point to financial conditions improving, we remain cautious and intend to provide greater clarity on our expectations for the full year as the second half progresses."

John Grant - Managing Director

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