



DWS Limited
ACN 085 656 088

Manager Companies
Company Announcements Office
Australian Securities Exchange Limited
Level 4, Stock Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

15 November 2018

Dear Sir/Madam

AGM Address to Shareholders

Please find attached the DWS Limited Annual General Meeting (AGM) Address to Shareholders for 2018, incorporating the Non-Executive Chairman and Managing Director's address to shareholders that will be delivered at the Company's AGM in Melbourne this morning.

Yours sincerely

Stuart Whipp
Company Secretary
DWS Limited

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DWS Limited

Chairman and Managing Director's proceedings of Annual General Meeting of the Shareholders to be held at the offices of Grant Thornton Australia, Collins Square, Level 6, Tower Two, Business Centre, 727 Collins Street, Melbourne, Vic, 3001 at 11.00am Australian Eastern Daylight Time (AEDT) on Thursday 15th November 2018.

1. Introduction by Non-Executive Chairman

Good morning ladies and Gentlemen. My name is Martin Ralston and I am the Non-Executive Chairman of DWS Limited.

2. Declaration of quorum and opening of meeting

The Secretary has advised that a quorum is present. I therefore declare the meeting open and have pleasure in welcoming you to this Annual General Meeting of DWS Limited ("DWS" or "the Company").

3. Introduction of Directors and Company Secretary

My first duty is to introduce the Directors and Company Secretary.

Directors:
Ken Barry;
Gary Ebeyan;
Hayden Kelly;
Selina Lightfoot;
Danny Wallis, who is Managing Director and CEO of DWS; and
DWS Company Secretary and CFO, Stuart Whipp.

4. Apologies

There are no apologies.

5. Notice of Meeting

As the Notice of Annual General Meeting has been circulated to all shareholders, I propose that the notice convening the meeting be taken as read.

I will now hand over to Danny Wallis, our Managing Director and CEO who will address the meeting.

6. Managing Director's address to shareholders

Good morning everyone and thank you for coming today.

6.1 Operating environment and financial performance for 2018

The 2018 financial year ("FY18") was a challenging year with a focus on costs by clients putting pressure on margins. Client demand increased in the second half of FY18 which enabled the DWS Group to increase the number of IT consultants employed by the DWS Group and mitigate the impact of the downward pressure on rates. However, the increase in IT consultant numbers was not sufficient to fully offset the impact of downward pressure on rates and revenue for FY18 was \$126.1 million compared to \$137.4 million for FY17. EBITDA for FY18 was \$22.86 million compared to \$26.99 million for FY17 and NPAT was \$15.92 million compared to \$17.39 million for FY17. This gave rise to Earnings Per Share ("EPS") of 12.1 cents for the year ended 30 June 2018 compared to 13.2 cents per share for the year ended 30 June 2017.

DWS has maintained its strong balance sheet with net assets of \$72.1 million as at 30 June 2018. Bank debt was \$15.0 million at 30 June 2017 and was reduced by \$5.0 million to \$10.0 million by 30 June 2018. As at 30 June 2018, DWS had net debt of \$1.8 million compared to net debt of \$4.1 million as at 30 June 2017.

Operating cash flow during 2018 of \$21.7 million resulted in a cash balance of \$8.1 million at 30 June 2018 compared to a balance of \$10.9 million at 30 June 2017. Continued strong operating cash flow has enabled the Board to declare a final fully franked dividend of 5.0 cents per share giving total fully franked dividends of 10.0 cents per share for the year ended 30 June 2018. Subject to trading conditions and any potential acquisitions or other appropriate investments that may occur, it is the Board's current intention to maintain dividends around current levels and to continue to pay down bank debt with excess cash over and above that required to pay dividends.

6.2 Acquisitions

Given current conditions in the IT services industry, the DWS Group has focussed on diversifying its earnings and looking to new opportunities with the aim of protecting returns to its shareholders.

As previously announced in June 2018, DWS acquired Projects Assured, a leading Strategic Management and IT consulting business based in Canberra. The acquisition of Projects Assured diversifies the DWS Group earnings, significantly expands our foot print in Canberra and increases our exposure to Federal Government and other Canberra based clients. In the first four months since the acquisition, Projects Assured has successfully won additional work and is on track to continue its growth in Canberra.

In addition, to the acquisition of Projects Assured, DWS has, after a year of research and development activities, become a major shareholder of SiteSupervisor Pty Ltd - a technology start-up company whose core offering is a disruptive and innovative technology platform for the construction industry. DWS's investment in SiteSupervisor to date is approximately \$2 million. SiteSupervisor has only been trading for a relatively short time, however, we are confident that the quality of SiteSupervisor's product will be well received by the construction industry. For further information regarding SiteSupervisor's core offering please visit its website at www.sitesupervisor.com.

I will now turn to the operational priorities for FY19.

6.3 Operational priorities

The Australian IT industry continues to evolve with strong demand for customer led innovation and digital design services supplementing demand for more traditional IT services. DWS is well placed to be the partner of choice for many Australian based businesses and we are continually reviewing our services to ensure we are able to meet client demand. As stated earlier, DWS has diversified earnings with the acquisition of Projects Assured and its investment in SiteSupervisor and it will continue to look to support its clients with innovative new services as well as the more traditional IT services it is well known for.

Current market trends have shown a pause and/or slow-down in demand in the financial services and IT&C industry sectors as these industry sectors adapt to their own market conditions and the financial services industry considers the findings and outcomes of the Banking Royal Commission. Given this, DWS expects that its results for FY19 will be skewed to the second half of the year on the basis that the financial services and IT&C industries return to normal demand for IT services in the second half of FY19. As such, we expect that our adjusted EBITDA for the half year ending 31 December 2018 (excluding Projects Assured acquisition costs and other adjustments such as retention payments for Projects Assured consultants) will be above the EBITDA for the second half of FY18 and broadly in line with the adjusted EBITDA of \$11.849 million for the comparative period in 2018. Subject to improved trading conditions, we then expect to see further improvement in the second half of FY19 with EBITDA for the second half of FY19 higher than the EBITDA for the first half of FY19.

In FY19, DWS will continue its strategy of breadth and depth and focus on matching both permanent and contractor staff numbers to our clients' demand providing services in a timely manner and maintaining our industry leading margins. We will focus on increasing work with Federal Government through Projects Assured and increasing the digital services provided to existing and new clients as well as maintaining our presence in the more traditional IT services. Subject to trading conditions and any potential acquisitions or other appropriate investments, we will use DWS's strong cash flow generation to pay down bank debt and to maintain dividends around current levels.

I will now hand back to Martin Ralston.

7. Ordinary Business

Thank you, Danny.

7.1 Financial statements

The first item today is to receive and consider the financial statements, the Directors' Report and the Auditor's Report for DWS Limited for the year ended 30 June 2018.

The financial statements were subject to audit by Grant Thornton who gave an unqualified audit opinion.

The financial statements are required to be audited and lodged prior to the Annual General Meeting and therefore there is no formal resolution required to be put to the meeting. I will however take questions on the financial statements and any other aspects of the business you may want to discuss. The auditors Grant Thornton are represented here today by Mr Simon Trivett, who is available to answer any questions. Questions will only be taken from persons entitled to vote at this meeting.

Are there any questions from the floor regarding the financial statements, the Directors' Report or the Auditor's Report?

I now declare the financial statements, the Directors' Report and the Auditor's Report as duly received and considered.

7.2 Ordinary Resolutions

Ladies and Gentlemen, we have **three** ordinary resolutions to deal with today:

The **first ordinary resolution** is the adoption of the Remuneration Report that is included as part of the Directors' Report in the financial statements. This is a non-binding resolution.

The Remuneration Report, which explains the Board's policies in relation to the nature and level of remuneration paid to Directors and Specified Executives of the Company, forms part of the Directors' Report included in the Annual Report for the financial year ended 30 June 2018 which has been sent to shareholders.

Shareholders should note that, as specified by section 250R of the Corporations Act, the vote on Resolution 1 is advisory only and is not binding on the Board or the Company.

Shareholders should also note that pursuant to the Corporations Act a vote must not be cast (in any capacity) on this resolution by or on behalf of a member of the key management personnel, details of whose remuneration are included in the Remuneration Report or their closely related parties.

However, a vote may be cast by such a person if:

- The vote is cast as a proxy;
- The appointment is in writing and directs the proxy how to vote in respect of this resolution; and
- The vote is not cast on behalf of a KMP or a closely related party of a member of the key management personnel.

As confirmed in the Notice of Meeting, as Chairman of this meeting, I will be voting undirected proxies in favour of this resolution.

The **second and third ordinary resolutions** are for the re-election of Mr Gary Ebeyan, and Mr Hayden Kelly as a Director of DWS Limited. In accordance with the Company's Constitution, both Gary and Hayden are required to retire by rotation and seek re-election. A brief summary of their experience and qualifications was incorporated into both the Notice of Annual General Meeting, and the Company's Annual Report.

8. Special Business

We also have **one** special resolution to deal with today.

The **special resolution** is to approve the giving of financial assistance by Projects Assured in connection with the acquisition of Projects Assured. Under Section 260A (1) of the Corporations Act a company may financially assist a person to acquire shares in the company or a holding company of the company if the assistance is approved by shareholders under section 260B of the Corporations Act.

The explanatory notes provided with the Notice of Annual General Meeting detail the acquisition of Projects Assured and the Facility Agreement with the National Australia Bank used to fund the acquisition. The explanatory notes also set out the reasons for giving financial assistance and its effect as well as the advantages and disadvantages of the financial assistance.

The special resolution will be passed if 75% of the votes cast by shareholders are in favour of the resolution.

9. Voting procedures

Ladies and Gentlemen, I would first like to remind you of the voting procedures to be followed where the vote is to be decided by a show of hands.

The cards being used today, one of which you would have received at the registration desk, are:

GREEN	held by Shareholders eligible to vote today;
YELLOW	held by Non-Voting Shareholders (those who have already submitted a proxy form prior to the meeting); and
WHITE	Visitors.

Before the motion is put to the vote there will be an opportunity for shareholders to ask questions. Kindly ensure that only questions relating to the relevant resolution are asked.

Questions will only be taken from persons who are entitled to vote at this meeting.

If you wish to ask a question or make a comment I ask that you stand and state your name and show your green or yellow card before proceeding with the question.

I remind you that visitors are not permitted to vote or ask questions.

When a vote is called for would all voting shareholders and proxies raise the appropriate voting card to indicate whether they are voting for or against the motion.

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Ordinary Business

Resolution 1: Adoption of the Remuneration Report (Non-binding Resolution)

I move the following ordinary resolution:

'That the Remuneration Report forming part of the Directors' Report for the year ended 30 June 2018 be adopted.'

Is there a seconder to this resolution?

Are there any questions from the floor on this resolution?

I advise that the Company has received 11,399,077 proxy votes in favour of the resolution, 1,316,383 against the resolution and 947,890 open votes to be cast by the Directors as proxies and which will be cast in favour of the resolution.

I put the matter to the vote. Those in favour? Those against?

I declare the resolution passed / not passed.

Resolution 2: Re-election of Mr Gary Ebeyan as a Director

As a member of the Board, Mr Gary Ebeyan is required to retire by rotation. Mr Ebeyan is eligible and has offered himself for re-election.

I move the following ordinary resolution:

'That Mr Gary Ebeyan, who retires as a Director pursuant to clause 15.3 of the Company's Constitution, be re-elected as a Director of the Company.'

Is there a seconder to this resolution?

Are there any questions from the floor on this resolution?

I advise that the Company has received 12,681,296 proxy votes in favour of the resolution, 195,551 against the resolution and 1,074,051 open votes to be cast by the Directors as proxies and which will be cast in favour of the resolution.

I put the matter to the vote. Those in favour? Those against?

I declare the resolution passed / not passed.

Resolution 3: Re-election of Mr Hayden Kelly as a Director

As a member of the Board, Mr Hayden Kelly is required to retire by rotation. Mr Kelly is eligible and has offered himself for re-election.

I move the following ordinary resolution:

'That Mr Hayden Kelly, who retires as a Director pursuant to clause 15.3 of the Company's Constitution, be re-elected as a Director of the Company.'

Is there a seconder to this resolution?

Are there any questions from the floor on this resolution?

I advise that the Company has received 9,444,056 proxy votes in favour of the resolution, 3,432,791 against the resolution and 1,074,051 open votes to be cast by the Directors as proxies and which will be cast in favour of the resolution.

I put the matter to the vote. Those in favour? Those against?

I declare the resolution passed / not passed.

Resolution 4: Approval of financial assistance by Projects Assured Pty Ltd

We now move to Resolution 4 which is a special resolution regarding the approval of financial assistance by Projects Assured Pty Ltd with regard to the acquisition of Projects Assured by the DWS Group. Further information is provided in the Explanatory notes to the Notice of Annual General Meeting which I will take as read.

I move the following special resolution:

"That, for the purposes of sections 260A and 260B (2) of the Corporations Act 2001 (Cth) and for all other purposes, shareholder approval is given for the financial assistance to be provided, from time to time, by Projects Assured Pty Ltd in connection with the Projects Assured Acquisition.'*

**As that term is defined in the Explanatory Notes to the Notice of Annual General Meeting.*

Is there a seconder to this resolution?

Are there any questions from the floor on this resolution?

I advise that the Company has received 12,264,574 proxy votes in favour of the resolution, 279,728 against the resolution and 1,105,930 open votes to be cast by the Directors as proxies and which will be cast in favour of the resolution.

I put the matter to the vote. Those in favour? Those against?

I declare the special resolution passed / not passed.

10. Conclusion

Ladies and Gentlemen, that concludes the business of the meeting. Thank you for your participation and if there are no further questions I now declare the meeting closed.

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