



DWS

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Manager Companies
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Australian Stock Exchange Limited
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13 November 2012

Dear Sir/Madam

Re: AGM Address to Shareholders including Trading Update

Please find attached the DWS Limited CEO / Managing Director's address to Shareholders including a trading update that will be delivered at the Company's Annual General Meeting in Melbourne this morning.

Yours sincerely

Lachlan Armstrong
Company Secretary
DWS Ltd



Good morning and welcome,

Thank you for attending the DWS Annual General Meeting of shareholders for 2012. DWS was pleased to announce an increase in revenue of 11% to \$109M and an increase in earnings of 5% to \$18.2M. The final dividend of 6.25 cents per share together with an interim of 6.25 cents per share resulted in an overall dividend return to shareholders for the year 2012 financial year of 12.5 cents per share.

The operating environment during the 2012 financial year was challenging as global financial instability continued to adversely impact Australian business sentiment and consumer confidence. In addition, we have seen an increase in the number of off-shore companies competing in the Australian I.T Professional Services market. This is a result of the high Australian Dollar and a reduced demand for these services across both US and European markets.

While these are global pressures, it is clear that the Australian IT Professional Services industry is not immune to the challenges created by globalisation. DWS has seen pressure on prime margins during the year which has been primarily attributable to three main factors:

1. An inability to increase professional fees due to additional competition from off-shore companies who have significant cost price advantage;
2. The increased cost of doing business in Australia;
3. Off-shore companies targeting commodity based work such as support & maintenance projects. This type of work is generally performed by graduate or entry level employees who are less expensive to employ.

Whilst these factors made it another challenging year, DWS was able to deliver an improved financial result partly because of our four year strategy named 'Improve, Extend, Grow' which was initiated in Q3 2010 and continues to be rolled out across the Company. This strategy is providing the management team with a clear vision and a series of quantifiable milestones which we are working towards.

The 'Improve' element has seen a review of all of our operational activities with a focus on improving all facets of our business. One key achievement has been improving our corporate image following an end to end brand refresh, more professional and consistent communications and a focus on presenting DWS as a professional brand that can compete more effectively with our larger competitors.

The 'Extend' component of our strategy has definitely contributed positively to our results. We implemented a strategy to have a minimum of four specialist national practices to complement our existing business. To date we have implemented two national practices. Our "Insight Analytics" practice has been well received by our clients and this practice has continued to grow in both head count and earnings. Importantly this practice is a different, more strategic service offering and is marketed to "C" level executives in our client space.

Our second national practice is our 'iSolutions' business. iSolutions allows the rapid development of web based forms. These web forms are deployed in the cloud and DWS receives recurring revenue whenever a form is completed. The value add to our clients is that we can enforce all business rules as the form is completed and our clients benefit from the guarantee that every form they receive is complete and accurate. This practice



recently signed a multi-year deal with a federal government agency worth in excess of \$1M.

During the year we have enhanced iSolutions to be adaptable on both the web and tablet devices such as smart phones and iPads etc. We see continuing opportunity for iSolutions and expect to see revenue and earnings increase.

Throughout 2012 we continued to develop the relationship with Canadian mining software company Boreal IS (known as Borealis). This relationship has seen the provision of I.T. professional services to implement Borealis software as well as providing ongoing maintenance and support to Australian mining companies. As a direct result of this partnership DWS are currently working with a number of large oil and gas companies, and our portfolio continues to expand.

The 'Grow' component of our strategy has clearly enabled the company to attract revenues that it would otherwise not have received. This has been the result of both geographic expansions and the establishment of our specialist practices. During the year we opened our Perth office which has made a great start in attracting both clients and staff. The Perth office anchor client is a major state government department and business development activity is quickly uncovering further opportunities in that region.

The continued roll-out of our 'Improve, Extend, Grow' strategy has enabled the company to successfully offset some of the reduced demand our traditional lines of business by generating new revenue streams and we are will continue to grow our streams of revenue in other complementary lines of business over the coming years. In addition to our 'Improve, Extend, Grow' strategy we are responding to the current market conditions by addressing the challenges mentioned earlier.

We have introduced a new lower entry level rate for associate or junior/graduate staff. This new rate allows the company to present a lower blended rate which positions us to compete on price more effectively with off-shore companies.

We are investigating incorporating an off-shore capability which will allow us to compete directly with the off-shore competitors. We are currently looking at how this model can complement our existing work, rather than cannibalise it, through the addition of increased scalability for commodity style projects. Done correctly this will increase the work that we do on-shore.

We had expected that FY13 financial performance would be similar to the previous year however we didn't expect the half year result to be as strong as FY12 because of the unusually strong first quarter in 2012.

The first quarter of 2013 was reasonably in line with our expectations. However an unusual and rapid slowdown in October has adversely impacted on trading and will detract from the first half operating result, and in turn the full year result.

Management reacted decisively to the reduced demand we experienced and implemented a variety of initiatives to keep the business right sized. These initiatives included several staff redundancies and cost of these will affect the first half results.

I would expect that our first half NPAT result will be in the range of \$7.75M to \$8.25M - this number is somewhat difficult to accurately predict even at this late stage of the year.

We feel that we are in a strong position to win several projects of varying sizes in the coming months, and we are starting to see more general activity within our client which I expect we will benefit from in the second half.

In finishing I would like to thank all of our stakeholders, our staff for their excellent efforts, our customers for their continued loyalty and our shareholders for their on-going support.

