



**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

10 November 2015

Dear Sir/Madam

**Re: AGM Address to Shareholders including Trading Update**

Please find attached the DWS Limited Annual General Meeting (AGM) Address to Shareholders for 2015, incorporating the Executive Chairman and Managing Director's address to shareholders that will be delivered at the Company's AGM in Melbourne this morning.

Yours sincerely

James Hatherley  
Company Secretary  
DWS Limited

## **DWS Limited**

**Chairman and Managing Director's proceedings of Annual General Meeting of the Shareholders to be held at the offices of Grant Thornton, The Rialto, Level 30, 530 Collins Street, Melbourne, Vic, 3000 on Tuesday 10 November 2015 at 11am AEDT.**

### **1. Introduction by Executive Chairman**

Good morning ladies and gentlemen. My name is Danny Wallis and I am Executive Chairman, CEO and Managing Director 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.

### **3. Introduction of Directors and Company Secretary**

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

Directors:

Ken Barry;

Martin Ralston;

Gary Ebeyan; and

DWS Company Secretary and CFO, James Hatherley.

### **4. Apologies**

There are no apologies.

### **5. Notice of Meeting**

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

### **6. Executive Chairman and Managing Director's address to shareholders**

#### **6.1 Operating environment and financial performance for 2015**

The 2015 financial year (FY15) was a challenging year for DWS. Business conditions remained generally subdued and financial performance was disappointing, particularly in the first three-quarters of the year, with some improving signs emerging in the last quarter.

Our revenue was flat at \$94.6M and net profit was some 19% lower than the prior year at \$10.4M.

Notwithstanding the decrease in profit, our balance sheet remains sound and this enabled the Board to declare a final fully franked dividend of 3.75 cents. This took total dividends to shareholders to 7.5 cents fully franked for the year – equating to a 90% payout of net profit after tax (excluding one-off items), which is consistent with previous years.

## **6.2 Operational priorities**

As you know, the previous CEO and Managing Director departed in April 2015. When I resumed the position of CEO and Managing Director I spent time reviewing the business operations by meeting with many clients and staff.

I was reassured by the feedback from clients, who generally indicated a solid level of demand. I was also buoyed by the staff reaction and their commitment to DWS. Nevertheless, there was still a need to adjust the level and skill mix of resources to match demand in each state as well as changes in some corporate support functions. This saw a range of restructuring initiatives implemented in May 2015 to increase utilisation, reduce overheads, improve staff engagement and lift sales performance.

These changes resulted in a pick-up in client demand in Victoria, which saw a strong finish to an otherwise disappointing financial year.

As we have entered the new financial year my operational priorities are to:

- liaise with former, current and new clients to create sales opportunities and ensure service levels remain high;
- continue to build the capability and effectiveness of the sales team;
- ensure utilisation is optimised by matching resource levels to client demand;
- realise synergy benefits from the recent acquisitions; and
- ensure staff engagement remains high.

## **6.3 Acquisitions**

In June 2015 DWS acquired Symplicit Pty Ltd (Symplicit), which is one of Australia's leading user experience (UX), digital design and innovation consultancy businesses with around 50 staff. Symplicit provides DWS with the ability to deliver consumer-led innovation and UX solutions to our clients as an integrated package.

In August 2015 we announced the acquisition of 75% of Phoenix IT&T Consulting Pty Ltd (Phoenix), which is a well established IT and business consulting company with approximately 200 staff. The acquisition is expected to provide a range of benefits such as a broadened offering including high-level business consulting services, access to new blue chip clients and a flexible labour model.

Both acquisitions demonstrate our strategy of adding to the breadth and depth of our service offering so we can deliver integrated 'design-build-run' solutions to our clients.

#### **6.4 Trading Update**

By way of a trading update, I am very pleased to confirm that the solid utilisation in July and August previously announced has continued in September and October, particularly in Victoria. This, together with the benefit of restructuring undertaken at the end of last financial year as well as contributions from the recent acquisitions, has combined to deliver a strong increase in earnings.

To provide an order of magnitude, unaudited EBITDA for the first four months of this financial year was \$8.15 million, which is 71% higher than EBITDA for the same period last year, which was only \$4.77 million. Obviously holiday periods and other factors need to be included when considering the potential earnings for the full financial year. However, the year to date results certainly show that earnings growth is now being achieved.

#### **6.5 Board Composition**

I am also pleased to announce today some important changes to the DWS Board.

Firstly, at the next Board meeting I intend to resign as Executive Chairman and the Board intends to appoint Martin Ralston as non-executive Chairman of DWS. Of course, I will be continuing as Managing Director and Chief Executive Officer. Martin was elected as a non-executive director of DWS in November 2008 and has made a significant contribution to the Company. With over 30 years' experience in the IT sector at large corporates and as a senior partner of Accenture, as well as around 15 years' experience as a director of listed and unlisted companies, Martin is eminently qualified to become Chairman of DWS.

I am delighted to announce the Board also intends to appoint Jodie Moule as an executive director at its next meeting. Jodie co-founded Symplicit in 2002 and continues to lead the company. Jodie is qualified as a psychologist and will bring to the Board not only a proven track record of building a leading digital consultancy business, but also valuable experience in the areas of digital strategy and customer led innovation.

I am delighted to announce that the Board intends to appoint Hayden Kelly as an executive director at its next meeting. Hayden is a co-founder of Phoenix and continues to lead its business development activities. Hayden previously spent 33 years in the telecommunications industry where he held a number of executive positions across a wide variety of disciplines. Hayden's specialist skills include process improvement, procurement and M&A integration.

As previously announced, the Board also intends to appoint a new non-executive director to serve as an additional independent director.

As required under our constitution, all new directors will stand for election at the AGM next year.

On behalf of the Board I would like to take this opportunity to sincerely thank all of our staff for their continued commitment and contribution to DWS.

I would also like to thank our loyal shareholders for your continued support of DWS.

## **7. Ordinary Business**

### **7.1 Financial statements**

The first item on the agenda is to receive and consider the financial statements, the Directors' Report and the Auditor's Report for the year ended 30 June 2015.

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 Brad Taylor, 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 gentleman, we have **two** 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 2015 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 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 not be voting undirected proxies in favour of this resolution.

The **second ordinary resolution** is for the re-election of Mr Ken Barry, as a Director. Mr Barry is required to retire by rotation in accordance with the Company's Constitution. A brief summary of Mr Barry's experience and qualifications were incorporated into both the Notice of 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 certain of the Company's subsidiaries in connection with the Symplicit and Phoenix acquisitions. 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 Meeting detail the two acquisitions and the Facility Agreement with the National Australia Bank used to fund the investments. 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.

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, yellow or white 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.

### **Ordinary Business**

#### **Resolution 1: 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 2015 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 9,261,129 proxy votes in favour of the resolution, 914,887 against 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 Ken Barry**

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

I move the following ordinary resolution:

*'That Mr Ken Barry, who retires by rotation 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?

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Are there any questions from the floor on this resolution?

I advise that the Company has received 9,575,143 proxy votes in favour of the resolution, 190,832 against the resolution and 1,114,274 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.

### **Special Business**

#### **Resolution 3: Approval of financial assistance by certain of the Company's subsidiaries in connection with the Symplicit and Phoenix Acquisitions**

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 the following subsidiaries of the Company:*

- (a) *Symplicit Pty Ltd ACN 103 134 087 in connection with the Symplicit Acquisition\**
- (b) *Phoenix IT & T Consulting Pty Ltd ACN 090 249 255 in connection with the Phoenix Acquisition\**

*Each as described in the Explanatory Notes the Notice of Meeting.*

*\* Defined in the Explanatory Notes to the Notice of 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 9,431,477 proxy votes in favour of the resolution, 268,426 against the resolution and 1,137,324 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.