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DWS to acquire 75% shareholding in Phoenix IT & T Consulting Pty Limited

DWS Limited ("DWS") today announced that it has entered into a binding agreement to acquire 75% of the issued capital in Phoenix IT & T Consulting Pty Limited ("Phoenix") for \$19.5M in cash, to be funded by debt. The founders of the business, Messrs Hayden Kelly and Andrew Henderson ("Founders") will retain the remaining 25% of the shares in Phoenix and have executed executive services agreements with DWS to continue to provide services to the enlarged group.

Phoenix is a well established IT and business consulting company with over 200 staff across offices in Melbourne and Sydney. The business provides its services predominantly to a large enterprise client base and has long-term relationships with leading companies across a range of industry sectors.

The acquisition of Phoenix is expected to provide DWS with the following key benefits:

- Annual revenue of over \$40 million diversified across industries including telecommunications, financial services, utilities and transport;
- A customer base predominantly contracted under master services agreements;
- A broadened service offering including specialist services in the areas of Productivity & Sourcing and Business Consulting, which complement DWS' focus on IT Consulting;
- The potential to accelerate Phoenix's growth by leveraging DWS' national footprint, consultant resource base and existing client relationships;
- An experienced executive team committed to growing the business within DWS; and
- EPS accretive in FY16.

The business will continue to operate under the Phoenix name as a separate business unit within the DWS group of companies.



In making the announcement, DWS CEO Danny Wallis said:

"The acquisition of Phoenix is a further demonstration of our strategy of adding to the breadth and depth of our services offering so we can deliver integrated solutions to clients. Phoenix provides us with a range of new services that complement DWS' IT focus and longstanding relationships with a number of new blue-chip customers.

We are delighted to welcome Phoenix's talented professionals to DWS as we continue expanding our portfolio of innovative business solutions."

Commenting on behalf of the Founders, Andrew Henderson said:

"Both Hayden and I believe that DWS is an excellent fit for Phoenix in terms of our respective customer bases and service offerings. The combined business will have the scale and breadth of resources to offer compelling value added solutions to our clients."

DWS and the Founders have irrevocable rights to buy and sell respectively the balance of shares in Phoenix. These rights are conditional on retention of certain customer contracts through FY16. The price payable for the remaining 25% if purchased will be \$6.5 million and where the conditions are met, can be purchased at any time between 31 January 2016 and 31 January 2017. The up-front payment (and any subsequent payment) is based on a forward EBITDA multiple of 5.2 times.

The transaction is expected to complete by the end of August 2015. The transaction consideration will be funded entirely by debt under a new bank debt facility, which is sufficient to meet a subsequent purchase of the remaining 25% of shares. On completion, DWS expects to have \$24.5M of debt and cash reserves in excess of \$10M.

About Phoenix

Launched in 1987, Phoenix has achieved double digit growth year on year. Its three core service offerings are:

- Business & IT Consulting including Strategy & Growth Design; Business Transformation; Business Case Development; Project Rescue; Change Management and Process Re-engineering;
- Productivity & Sourcing including Procurement; Productivity Initiatives; Strategic Sourcing; Pre & Post M&A; Business Process Reengineering and Activity Based Costing; and
- Technical Services including Digital Channel Strategy; Web Design & Branding; Software Development; IT Architecture and Application Support.

www.phoenix.com.au

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