DWS Limited

2017 Full Year Results Presentation

Contents

Results Highlights

- Operating revenue of $137.4 million compared to $144.5 million in FY16. Decline in revenue due to a number of factors including a decline in contractor numbers (mainly as a result of a decrease in demand from a large IT&C client)
- Reported EBITDA of $26.2 million a 3.2% increase compared to FY16 reported EBITDA of $25.4 million
- FY17 underlying EBITDA of $26.99 million ($25.80 million pcp) an increase of 4.6%
- EPS of 13.4 cents (12.7 cents in pcp) a 5.5% increase on pcp
- Strong performance across all States and Territories that DWS operates in
- Continued focus on productivity and managing consultant numbers to match client demand resulted in an improved EBITDA margin of 19% (18% pcp) as well as strong underlying EBITDA for the DWS Limited Group
- Balance sheet significantly strengthened with $10.9 million of cash at 30 June 2017 and net debt of $4.1 million ($13.8 million pcp)
- Final fully franked dividend of 5.0 cents per share taking total dividends to 10.0 cents per share for the year representing a 75% pay-out ratio for the year

Full Year Results – Summary Review

	30 June 2017 $'000	30 June 2016 $'000	Movement
Operating Revenue	137,438	144,494	(7,056)
Gross Margin	33.8%	32.5%	1.3%
EBITDA excluding one-off items	26,992	25,805	1,187
EBITDA Margin	19.6%	17.9%	1.7%
Reported EBITDA	26,243	25,434	809
Reported EPS	13.4 cents	12.7 cents	0.7 cents

- FY17 revenue $137.4 million down 4.9% on pcp
- H217 revenue impacted by reduction in demand for contractors with corresponding decrease in contractor costs minimising impact on EBITDA
- Average utilisation per consultant marginally higher at 84.1% (84% in pcp)
- Gross margin increased to 33.8% from 32.5% and underlying EBITDA margin increased to 19.6%
- One-off costs of $0.749 million relating to proposed acquisition of SMS

Full Year Results - Financial Position

	30 June 2017 $'000	30 June 2016 $'000	Movement
Trade and other debtors	21,763	29,078	(7,315)
Work in progress	958	323	636
Trade creditors and accruals	(11,255)	(9,196)	(2,059)
Working Capital	11,466	20,205	(8,738)
Property, plant & equipment	2,253	2,368	(115)
Intangible assets and DTA	70,895	70,846	49
Contingent consideration	(3,143)	(3,895)	752
Other	(7,649)	(10,484)	2,834
Total capital employed	73,822	79,040	(5,218)
Cash	10,868	10,164	704
Debt	(15,000)	(24,000)	9,000
Net assets	69,690	65,204	4,486

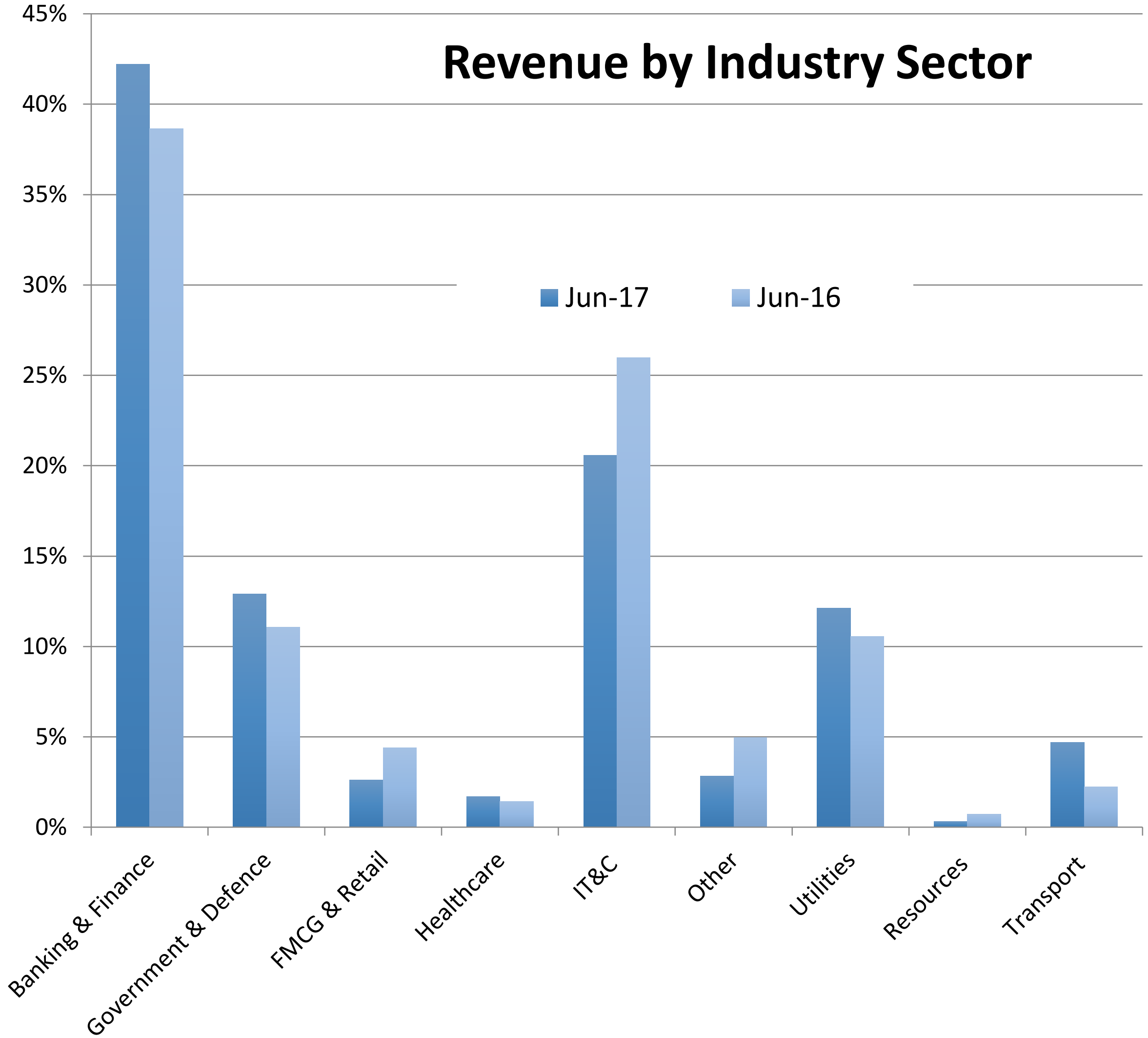
- Working capital decreased as a result of the successful management of the debtor book and lower operating costs
- Reduction in contingent consideration due to payment of Symplicit earn-out
- Cash has remained in line with pcp
- Bank debt decreased by $9.0 million to $15 million. Further reductions planned in the absence of M&A activity
- Liquidity remains strong with $10.9 million of cash on hand at 30 June 2017 after repayment of bank debt of $9 million and payment of final 2016 dividend and 2017 interim dividend during the period

Full Year Results - Cash Flow Performance

	30 June 2017 $'000	30 June 2016 $'000	Movement
Opening cash balance	10,164	10,371	(207)
Cash flow from operations (before interest & tax)	31,621	23,922	7,699
Tax paid	(7,913)	(7,531)	(382)
Capital asset purchases	(124)	(205)	81
Intangible asset payments	(75)	(68)	(7)
Dividends paid	(13,183)	(11,206)	(1,977)
Acquisitions	(800)	(24,238)	23,438
Debt funding	(9,000)	19,000	(28,000)
Interest Income & other	178	119	59
Closing cash balance	10,868	10,164	704

- FY17 cash flow from operations represents 117% of underlying EBITDA and 120% of reported EBITDA
- Tax paid in line with profit before tax
- Intangibles represents capitalised R&D on product software development
- Total dividends of $13.2 million paid during the year representing a 75% payout ratio
- Symplicit earn-out payment of $0.8 million
- Debt reduced by $9.0 million as part of DWS's ongoing commitment to pay down acquisition debt whilst maintaining dividends

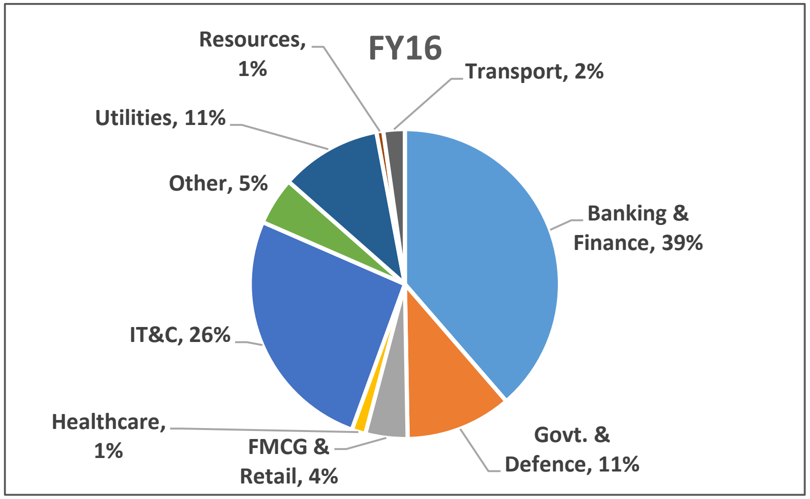
Revenue Breakdown by Industry Sector

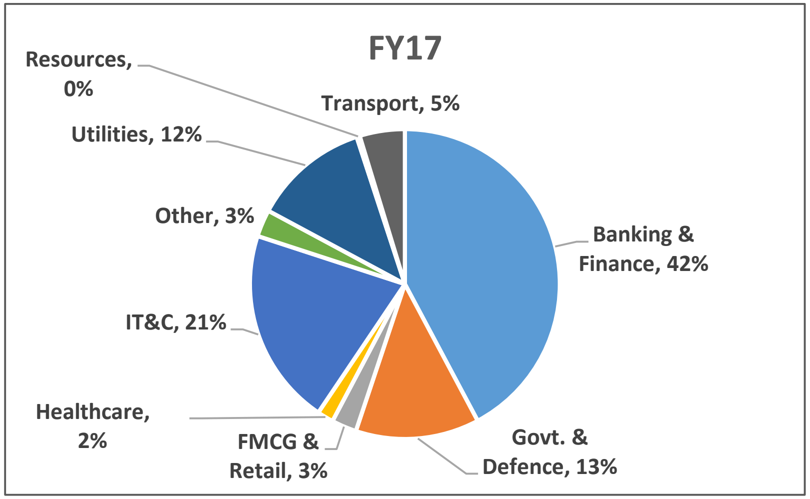


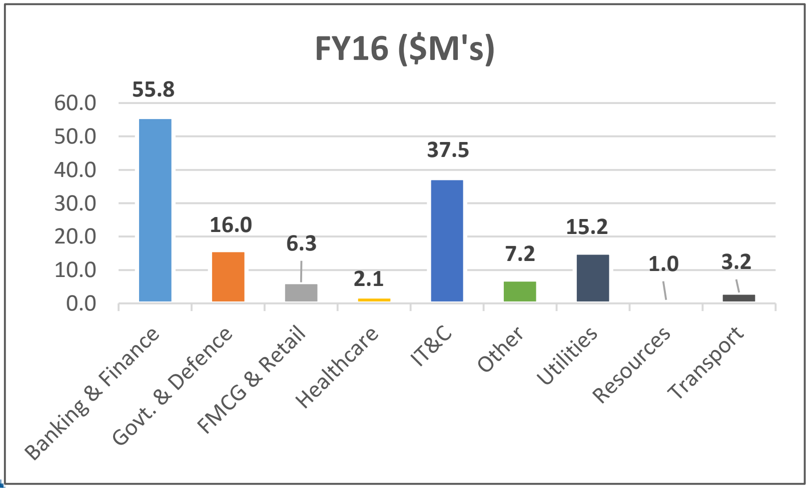
- Banking & Finance relative share of total revenue increased as a result of lower IT&C revenue and continued strength in this industry sector
- Lower IT&C share mainly due to reduced contractor demand at major IT&C client
- Govt & Defence share higher due to winning new projects and increased footprint at State Governments
- Increased share of Utilities reflects strength in Victoria and South Australia
- Increase in Transport share of revenue due to significant project work wins from private and State Government entities

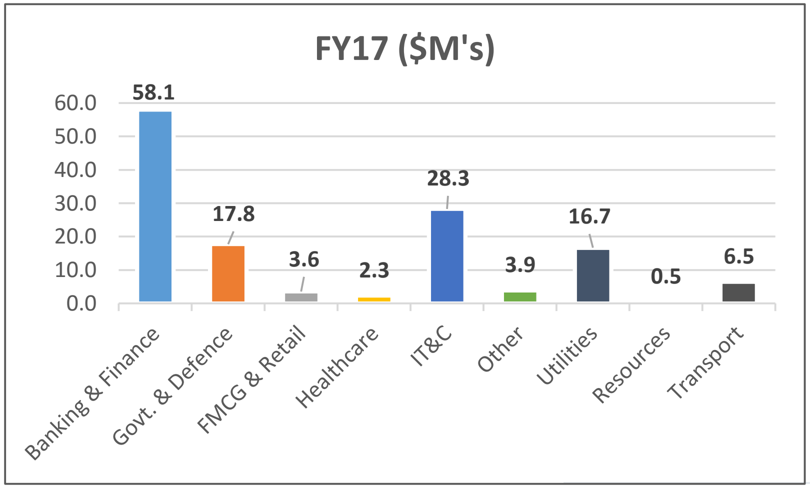
Revenue Breakdown by Industry Sector (cont'd)

DWS industry mix has remained similar to FY16 with the main change the reduction in contractor demand from IT&C and a fall in demand from the FMCG & Retail industry sector





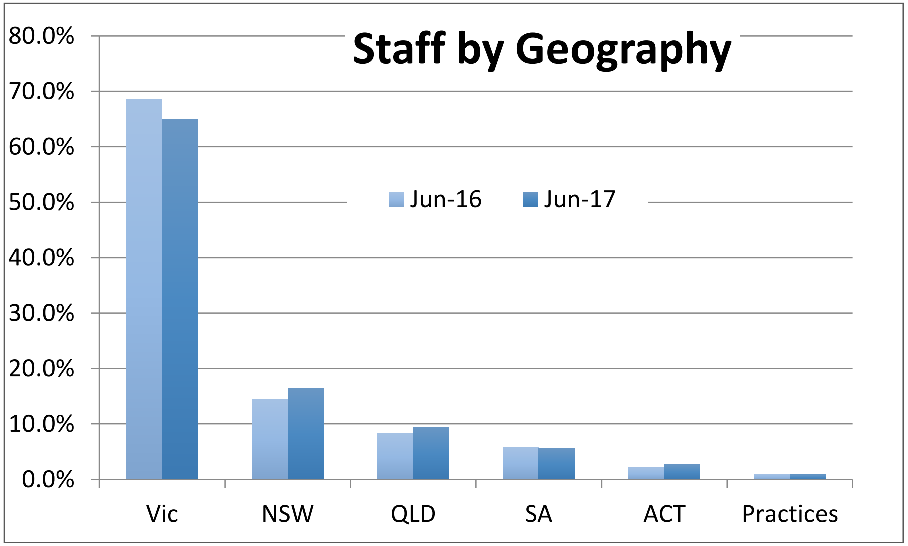


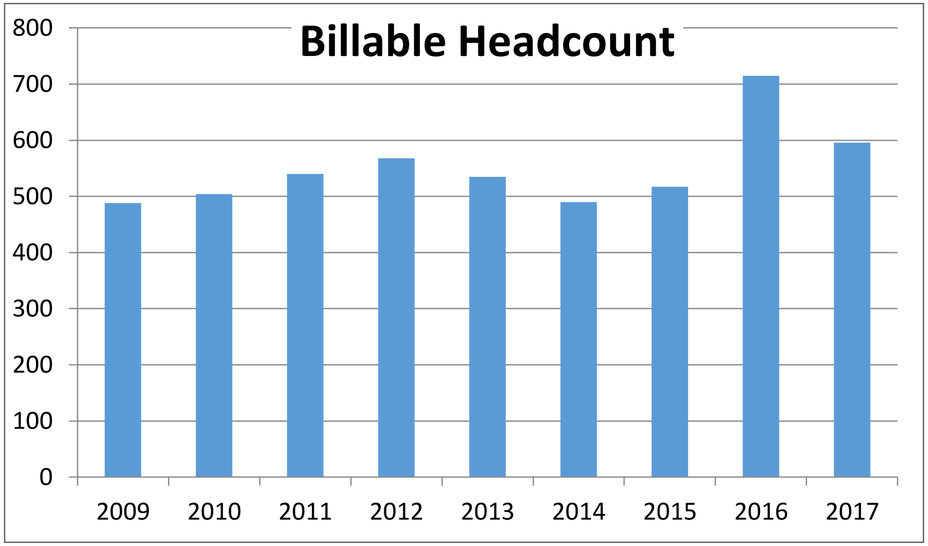


Revenue Breakdown – Billable Headcount

		30 June 2017	30 June 2016
Consulting Staff	Total chargeable	596	715
Office Staff	Management	11	12
	BD/Sales	18	21
	Admin	18	17
Grand Total		643	765

- DWS headcount reduction in VIC as a result of reduced contractor numbers from a large IT&C client
- Increase in Chargeable Staff headcount in NSW and QLD and in permanent staff numbers in VIC





Capital Management

Final Dividend

	FY17	FY16
Interim Dividend	5.00 cents	4.75 cents
Final Dividend	5.00 cents	5.00 cents
Total Dividend	10.00 cents	9.75 cents
Payout Ratio on Adjusted Reported NPAT	75%	80%
Record Date for Final Dividend	4 September 2017	2 September 2016
Expected Payment Date for Final Dividend	2 October 2017	4 October 2016

- Dividend payout ratio of 75% for the year
- Net repayment of $9.0 million of bank debt during the period
- 100% franking for Australian shareholders at 30% tax rate

Bank debt

- As at 30 June 2017 DWS held bank facilities of $25.0 million
- $15.0 million of DWS's bank facility was drawn with $10.0 million undrawn
- DWS will look to maintain a high dividend payout ratio and use surplus cash generated to repay debt in the absence of any M&A activity

Operations Update

- Strong financial performance in FY17 due to:
  - Managing consultant numbers to match client demand; and
  - Continued focus on productivity and margins
- Symplicit continues to make a positive contribution to the DWS Limited Group and was successful in selling into DWS long term clients
- Total staff numbers decreased to 643 as at 30 June 2017 mainly as a result of a reduction in contractor numbers at a major IT&C client
- DWS will continue to focus on productivity and margins in FY18
  - Promotion of enhanced service offering; and
  - Cross-selling by sales teams
- DWS will continue to vary its workforce to match the specific needs of DWS' clients
- The IT industry remains highly competitive as large organisations seek to refresh IT contracts. This is offset by increased demand due to new projects

DWS Model

DWS' growth strategy is aimed at leveraging its enhanced service offerings and expanding customer touch points through organic and inorganic expansion

DELIVERING VALUE
THROUGH OUR COLLECTIVE STRENGTH

DWS Model (cont'd)

THE DWS GROUP MODEL FOR DELIVERING VALUE

DWS Group Client Engagement

- Relationship
- Commercial Alignment
- Delivery Oversight
- Quality Control
- Access to DWS Expert Network

DWS Group Service Offerings

Execution

- P/PM
- PMO Services
- Governance
- Quality Assurance Reviews
- Strategic Delivery Partner

Customer

- Experience Strategy
- UX Design
- Service Design
- Social Innovation

Business

- Business Analysis
- M & A
- Process Optimisation
- Productivity
- Strategy Roadmap
- Strategic Sourcing
- Change Management
- Procurement Optimisation

Technology

- System Integration
- DevOps
- Architecture
- Analytics / Big Data
- Digital
- Enterprise Testing
- Cloud
- Managed Services

DWS Group Foundation

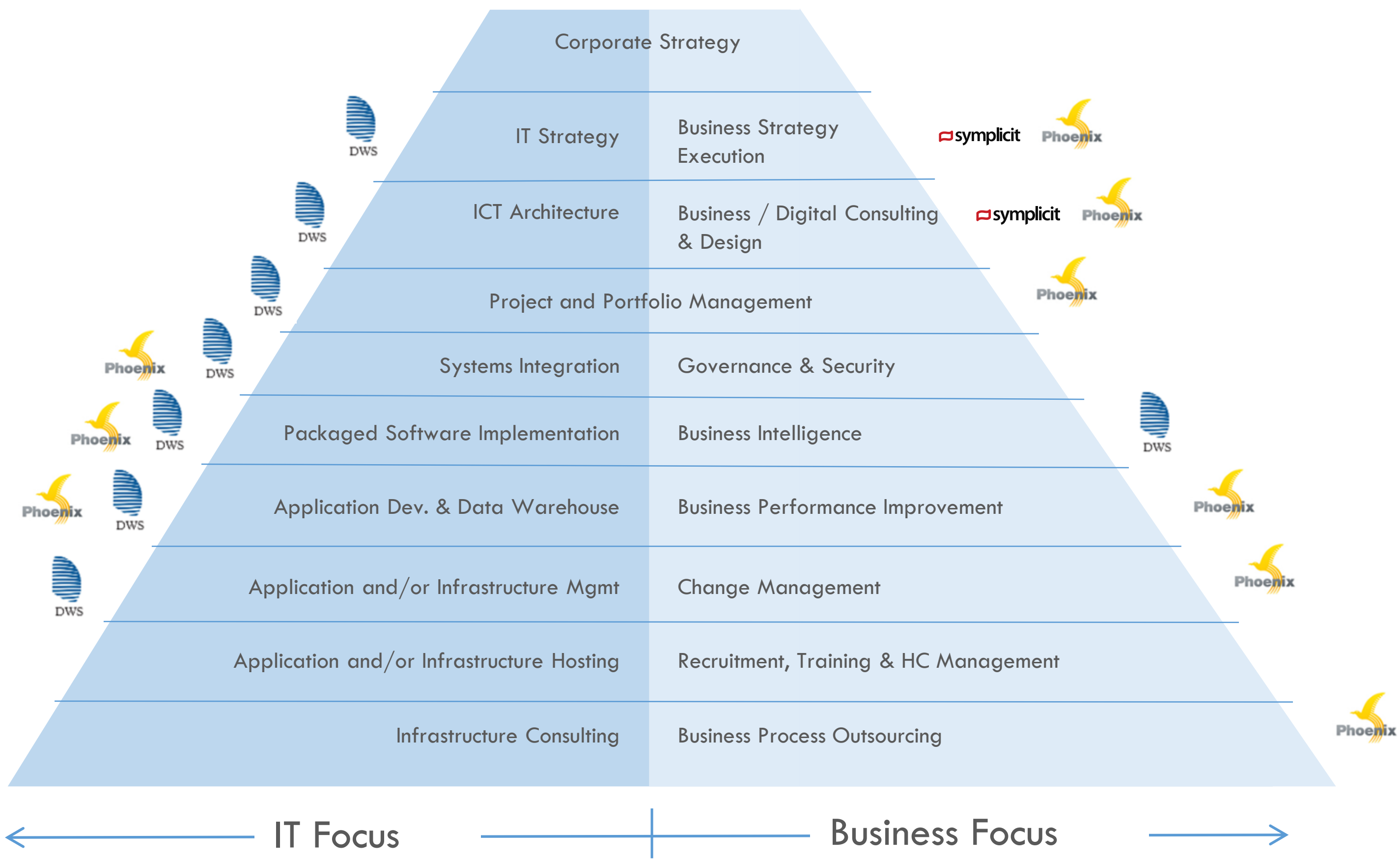
- Experienced Leadership
- Dedicated Recruitment
- Engaged Consultant Culture
- Training Framework
- SpinnakerOne

DWS Group Core Values

HONESTY - INTEGRITY - TRANSPARENCY

DWS Model (cont'd)

- DWS has a total service offering that can assist clients with their business and IT needs.
- DWS aligns service to clients' commercial outcomes offering a quality control function and delivery oversight as part of the service



Summary and Outlook

Summary

- DWS has performed strongly in FY17 and is continuing to leverage its enhanced service offering with a focus on high value-add solutions
- DWS will continue to focus on productivity and margins in FY18
- DWS' financial position strengthened with further $9.0 million reduction of bank debt on the back of strong cash flow generation
- DWS has maintained strong financial discipline regarding ongoing operations and potential acquisitions
- Service offering constantly reviewed to ensure client needs are being met and suitable earnings accretive acquisitions considered where appropriate

Outlook

- Subject to market conditions, FY18 performance expected to reflect:
  - Growth in revenue from selling enhanced service offering to existing and new clients; and
  - Continued focus on productivity and margins
- Demand from Banking and Finance expected to remain steady. IT&C demand reliant on DWS' larger clients but expected to be maintained or increased from FY17 levels
- The industry remains highly competitive as larger customers seek to refresh contracts. This is offset by increased demand due to new projects
- In the absence of M&A activity or other appropriate investments, DWS will continue to focus on shareholder returns and paying down debt with surplus cash generated

Questions?

Q & A

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