DWS Limited

2016 Full Year Results Presentation

Contents

Results Highlights

- Strong 12 month revenue growth of $49.9 million to $144.5 million (53% on pcp)
- Both Symplicit and Phoenix acquisitions contributed positively in FY16 with combined revenue of approximately $45.5 million adding to organic growth of $4.4 million
- FY16 underlying EBITDA (excluding one-off items) up 63% to $25.8 million
- EPS of 12.74 cents (7.87 cents in pcp) a 62% increase on pcp
- Continued focus on productivity across the Group resulting in an improved EBITDA margin as well as higher EBITDA
- Growing client portfolio across the Eastern seaboard performing strongly with notable highlights in VIC and NSW
- Balance sheet remains sound and liquid with $10.2 million of cash at 30 June 2016
- Final fully franked dividend of 5.0 cents per share up 33% on pcp representing an 80% pay-out ratio for the year after adjusting for one-off and non-recurring income relating to acquisitions

Full Year Results – Summary Review

	30 June 2016 $'000	30 June 2015 $'000	Movement
Operating Revenue	144,494	94,632	49,862
Gross Margin	32.5%	31.6%	0.9%
EBITDA excluding one-off items	25,805	15,865	9,940
EBITDA Margin	17.9%	16.8%	1.1%
Reported EBITDA	25,434	14,902	10,532
Reported EPS	12.74 cents	7.87 cents	4.87 cents

- FY16 revenue $144.5 million up 53% on pcp including contribution from Symplicit and Phoenix
- Average utilisation per consultant increased to 84% from 75% in FY16
- Gross margin increased on the higher revenue base to 32.5% and EBITDA margin increased to 17.9%
- One-off costs of $0.37 million consisting:
  - Bank facility set up costs; and
  - Phoenix transaction costs
- $0.75 million income is non-recurring income relating to the acquisition of Symplicit

Full Year Results - Financial Position

	30 June 2016 $'000	30 June 2015 $'000	Movement
Trade and other debtors	29,078	20,490	8,588
Work in progress	322	502	(180)
Trade creditors and accruals	(9,196)	(6,258)	(2,938)
Working capital	20,204	14,734	5,470
Property, plant & equipment	2,368	2,418	(50)
Intangible assets and DTA	70,846	50,077	20,769
Contingent consideration	(3,894)	(4,428)	534
Other	(10,484)	(8,552)	(1,932)
Total capital employed	79,040	54,249	24,791
Cash	10,164	10,371	(207)
Debt	(24,000)	(5,000)	(19,000)
Net assets	65,204	59,620	5,584

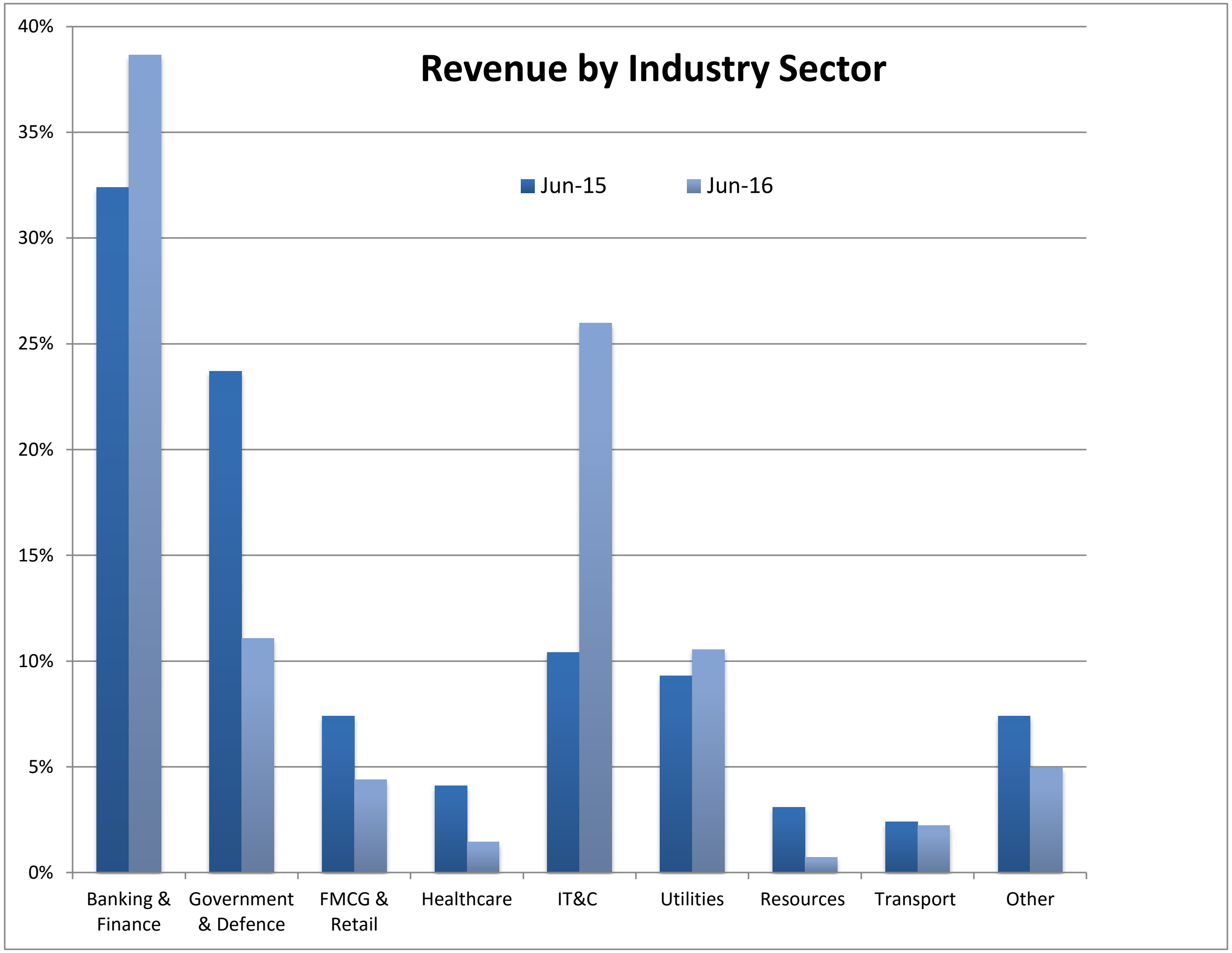
- Debtors increased due to higher revenue and the acquisition of Phoenix during the year
- Working capital increased as a result of the Phoenix acquisition and increased revenue
- Increase in intangibles due to goodwill on acquisition of Phoenix
- Cash has remained in line with pcp
- Debt funding for Symplicit and Phoenix under 3-year interest only bank facility
- Bank debt net increase of $19.0 million due to acquisition of Phoenix (total acquisition cost for Phoenix of $24.2 million)
- Liquidity remains strong with $10.2 million of cash on hand at 30 June 2016 after partial funding of Phoenix acquisition, net repayment of bank debt and payment of interim dividend during the period

Full Year Results - Cash Flow Performance

	30 June 2016 $'000	30 June 2015 $'000	Movement
Opening cash balance	10,371	16,448	(6,077)
Cash flow from operations (before interest & tax)	23,922	15,165	8,757
Tax paid	(7,531)	(4,981)	(2,550)
Capital asset purchases	(205)	(169)	(36)
Intangible asset payments	(68)	(232)	164
Dividends paid	(11,206)	(10,569)	(637)
Share buy-backs	-	(570)	570
Acquisitions	(24,238)	(10,000)	(14,238)
Debt funding	19,000	5,000	14,000
Interest Income & other	119	279	160
Closing cash balance	10,164	10,371	(207)

- FY16 cash flow from operations represents 94% of reported EBITDA (97% of EBITDA adjusted for one-offs and abnormal items relating to acquisitions)
- Tax paid in line with profit before tax
- Intangibles represents capitalised R&D on product software development
- Share buy-back discontinued in favour of recent acquisition activity
- Acquisitions of $24.2 million relates to purchase of Phoenix
- Debt funding increase of $19.0 million for the purchase of Phoenix

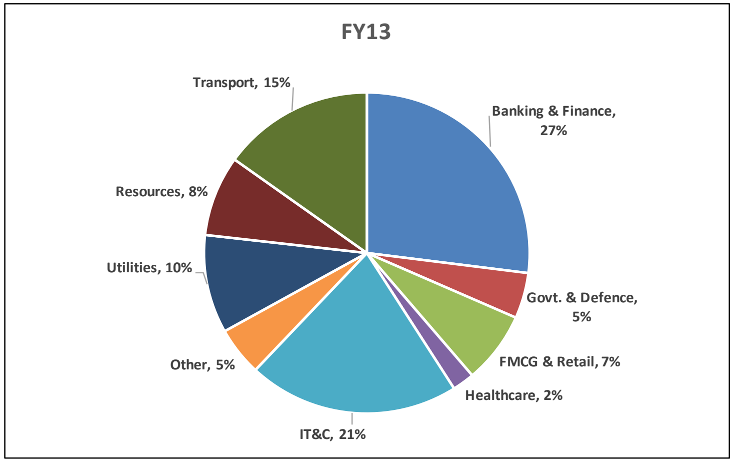
Revenue Breakdown by Industry Sector

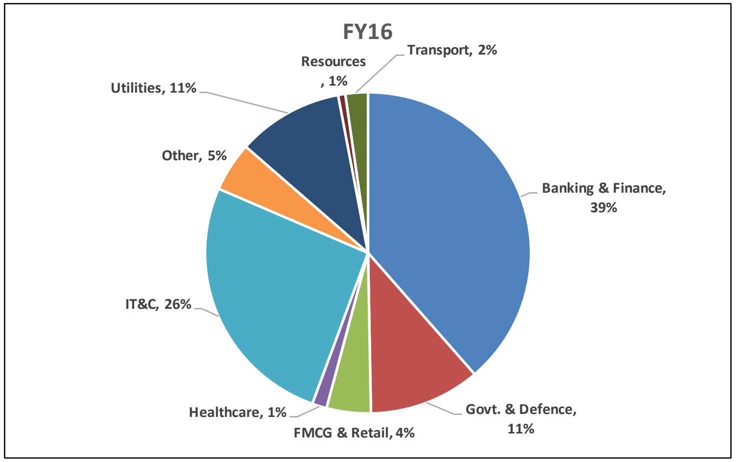


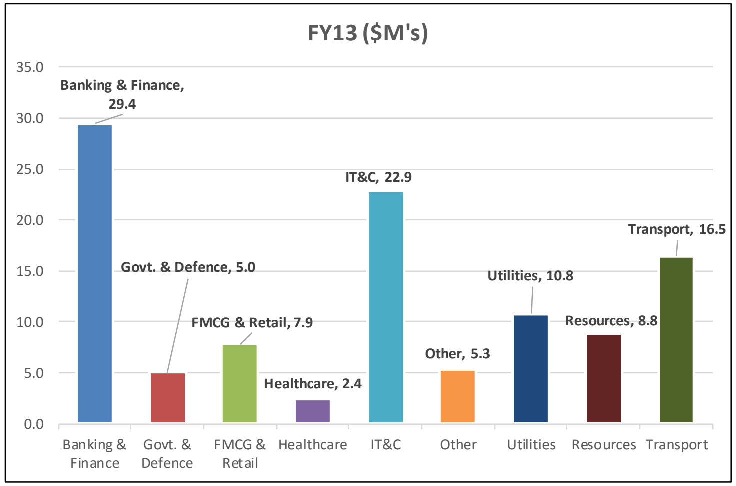
- Continued strong demand for services from Banking & Finance clients underpinned revenue performance
- Increased share of revenue for Banking & Finance and IT&C reflects the addition of the client portfolios of Symplicit and Phoenix
- Govt & Defence sector was lower due to completion of major projects and the portfolios of Symplicit and Phoenix
- Increased share of Utilities reflects winning a new major client in Victoria
- Lower Resources work reflected the downturn in the resources industries

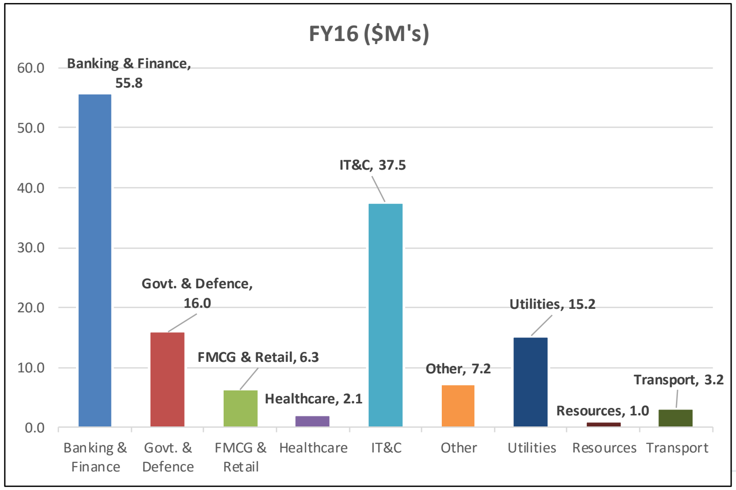
Revenue Breakdown by Industry Sector (cont'd)

DWS industry mix has changed over the last 4 years but Banking and Finance and IT&C remain the largest industries.





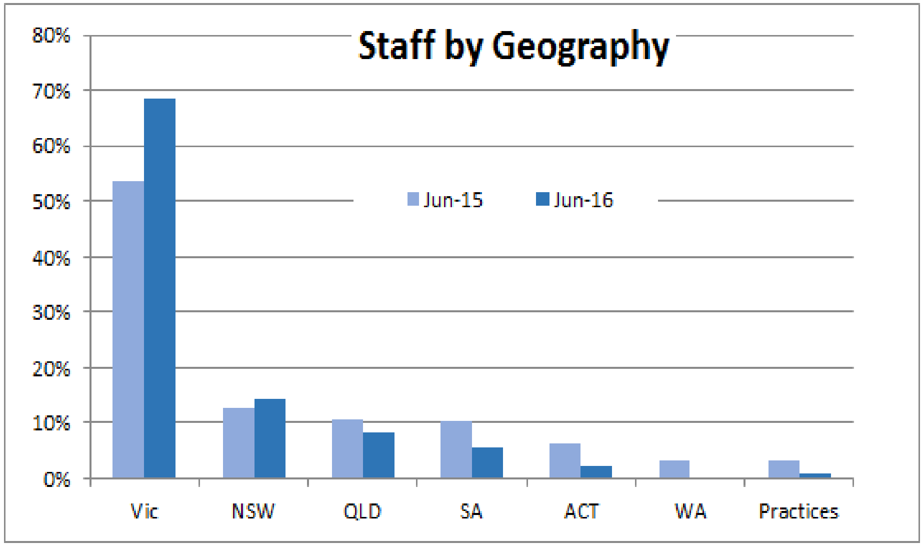


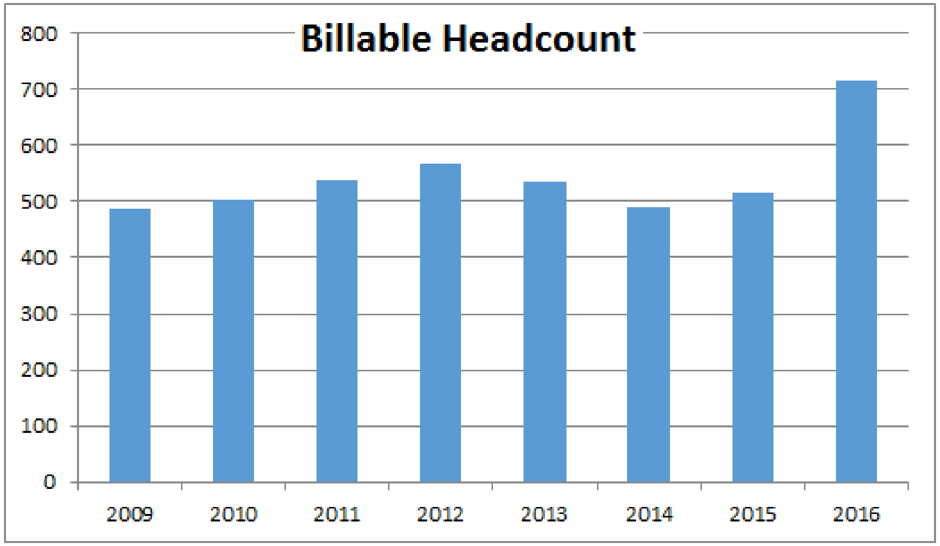


Revenue Breakdown – Billable Headcount

		30 June 2016	30 June 2015
Consulting Staff	Total chargeable	**715**	517
Office Staff	Management	**12**	14
	BD/Sales	**21**	15
	Admin	**17**	14
Grand Total		**765**	560

- Chargeable Staff headcount growth of 38% following the acquisition of Phoenix
- DWS headcount reductions in SA, ACT and WA, via natural attrition and restructuring offset by increases in VIC and NSW





Capital Management

Final Dividend

	FY16	FY15
Interim Dividend	4.75 cents	3.75 cents
Final Dividend	5.00 cents	3.75 cents
Total Dividend	9.75 cents	7.50 cents
Payout Ratio on Adjusted Reported NPAT	80%	95%
Record Date for Final Dividend	2 September 2016	4 September 2015
Expected Payment Date for Final Dividend	4 October 2016	2 October 2015

- Dividend payout ratio of 80% for the year (adjusted for one-offs and non-recurring income relating to acquisitions)
- Net repayment of $7.0 million of bank debt during the period
- 100% franking for Australian shareholders at 30% tax rate

Bank debt

- Following the acquisitions of Symplicit and Phoenix DWS holds a 3-year, $31 million bank facility replacing original bank debt of $5 million
- As at 30 June 2016 $24.0 million of the facility was drawn with $7.0 million undrawn
- Net increase of drawn bank facilities of $19.0 million, represented by purchase of Phoenix and repayment of some debt during the year
- DWS will seek to maintain a high dividend payout ratio and use surplus cash generated to repay debt

Operations Update

- A strong financial performance in FY16 due to:
    - High demand across a number of regions; and
    - Continued focus on productivity and margins;
- Symplicit and Phoenix acquisitions made a positive contribution (NB: Phoenix results for ten months)
- Total consulting staff numbers increased to 715 as at 30 June 2016 an increase of 38% mainly as a result of the Phoenix acquisition
- DWS will continue to leverage recent acquisitions and focus on productivity and margins into FY17
    - 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 industry remains highly competitive as larger customers seek to refresh contracts. This is offset by increased demand due to new projects.

Operations Update - Symplicit and Phoenix

Symplicit:

- Continued strong demand for Symplicit's customer led innovation and digital design services
- Focus on cross-selling and delivering a larger footprint at existing clients of both DWS and Symplicit and new clients for the DWS Group

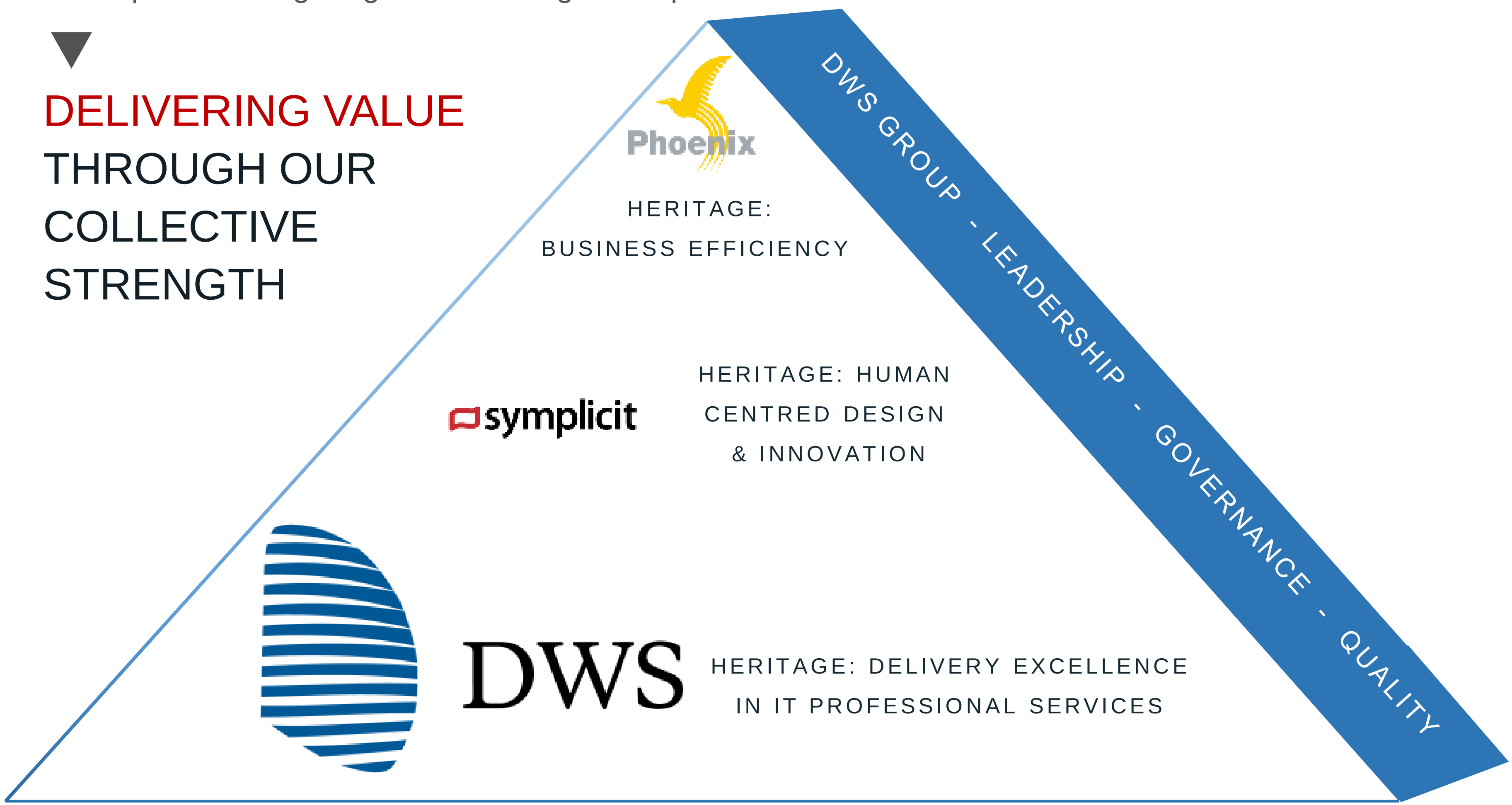
Phoenix:

- Fully integrated into DWS
- Combined business development group for all permanent and contractor consultants
- Integration benefits through the back office operations being absorbed by DWS

DWS Growth Strategy

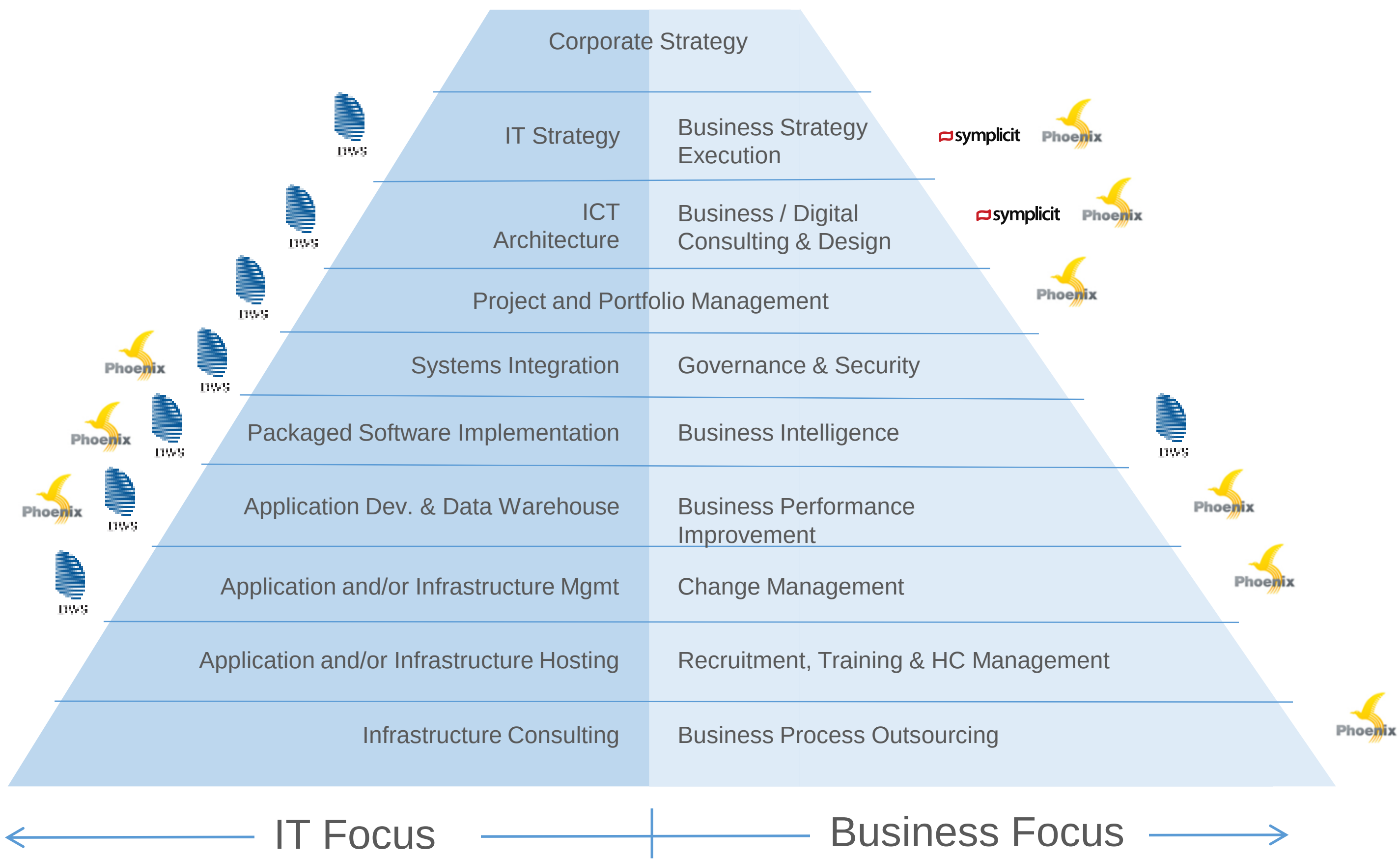
DWS' growth strategy is aimed at leveraging its enhanced service offerings and expanding customer touch points through organic and inorganic expansion

DELIVERING VALUE
THROUGH OUR
COLLECTIVE
STRENGTH



DWS Growth Strategy (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 integrated its acquisitions and is leveraging its enhanced service offering with a focus on high value-add solutions
- DWS will continue to focus on client service, growing revenue and margins
- Symplicit and Phoenix acquisitions contributed positively
- DWS' financial position remains sound with conservative levels of debt and strong cash flow generation

Outlook

- Subject to market conditions, FY17 performance expected to reflect:
  - Maintaining productivity, particularly in Victoria, NSW and QLD; and
  - Continued focus on margins
- FY17 demand from Banking and Finance expected to remain steady. IT&C demand reliant on DWS' larger clients
- The industry remains highly competitive as larger customers seek to refresh contracts. This is offset by increased demand due to new projects
- DWS expects to see continued success in leveraging the benefits of its broader service offering and will focus on shareholder returns and paying down debt with surplus cash generated

Questions?

Q & A

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