

# Results and Outlook Presentation – Full Year FY2017

18 August 2017

**Presented by**

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# Agenda



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# Results Summary

## Operational update

- Growth in Technology as a Subscription with seats increasing to ~27,300 seats as at 30 June 2017, representing organic growth of ~104% (pcp).
- Revenue below expectations due to a shortfall in transactional revenue in Enterprise Solutions of \$7m from contracts not closed in the half.
- Completed restructure of New Zealand and parts of the Australian business during 2H FY2017 with approximately \$1.2 million of associated cost savings (annualised benefit of \$4.4 million).
- Lower than expected sales heads in Business Solutions in 2H FY2017 (average of 114 vs. target of 120) – this will be a key focus in FY2018 to drive revenue growth.

## Change in Management Structure

- Changes made to management structure – Key hires in FY2017 include a Chief Financial Officer, General Counsel & Company Secretary and a Group Treasurer & General Manager Finance Solutions.
- In 1H FY2018, we have the following experienced senior appointments: Chief Sales Officer, General Manager Service Delivery and General Manager Marketing.
- Revised management structure to separate operations and service responsibilities from sales management to enable a greater focus on sales.

## Strategic initiatives

- Amended shareholder and distribution agreements with Konica Minolta Inc. allowing the Company to re-name the business in New Zealand and re-brand as CSG (previously Konica Minolta).
- Soft launch of partnership with Officeworks to provide technology subscription bundles to its customer base in Australia.
- Launched partnership with Bank of New Zealand where CSG will be a member of their Business Essentials Program to recommend Technology as a Subscription to BNZ SME customers.
- Completed the acquisitions of R&G Technologies in Brisbane (Jan 2017) and pcMedia Technologies in New Zealand (Jun 2017).





- Revenue of \$244.5m representing 1% decline (pcp);
- Underlying EBITDA of \$30.3m (before impairment charge of \$55.0m, non-recurring costs<sup>1</sup> of \$2.8m, cost incurred in the Direct Sales team of \$3.0m and non-cash LTIP expense of \$2.0m) representing 21% decline (pcp);
- Underlying NPAT<sup>2</sup> before customer contract amortisation of \$19.4m representing a 24% decline (pcp);
- Reported NPAT of \$(43.7)m, reflecting a non-cash impairment of \$55.0m of intangible assets relating to goodwill associated with the print business<sup>3</sup>;
- Closing cash balance of \$20.3m (including restricted cash of \$8.4m), \$43.0m corporate debt;
- Finance Solutions receivables of \$266.3m (closing), representing 2% growth (pcp); and
- The Board is not declaring a final dividend in order to preserve maximum capital flexibility for growth initiatives.

1. Comprises costs incurred in restructuring the NZ and parts of the Australian business of (\$1.8m) and non-recurring acquisition and legal costs of (\$1.0m).

2. Before impairment charge of \$55.0m, non-recurring costs, non-cash LTIP expense, one-off tax benefit of a favourable tax ruling of LTIP of \$3.6m and customer contract amortisation of \$3.3m (adjusted for tax).

3. Reported NPAT also impacted by a lower tax expense in 1H FY2017 due to a \$3.6m one-off benefit from receipt of a favourable tax ruling of LTIP.

# Revenue Breakdown

## Revenue breakdown over time<sup>1</sup>

Revenue (\$m)	1H FY2016 <sup>2</sup>	2H FY2016 <sup>3</sup>	FY2016	1H FY2017	2H FY2017 <sup>4</sup>	FY2017
<b>TRANSACTIONAL</b>						
Print equipment	43.6	39.5	83.1	38.7	39.3	78.0
Technology equipment	8.4	21.3	29.7	9.2	15.9	25.1
<b>TOTAL TRANSACTIONAL</b>	<b>52.0</b>	<b>60.8</b>	<b>112.8</b>	<b>47.8</b>	<b>55.2</b>	<b>103.0</b>
<b>ANNUITY</b>						
Print Service	42.4	41.5	83.9	42.7	39.8	82.5
Technology Subscription	2.8	5.9	8.7	7.5	9.6	17.2
Finance	13.0	12.8	25.8	13.5	13.2	26.8
<b>TOTAL ANNUITY</b>	<b>58.1</b>	<b>60.2</b>	<b>118.4</b>	<b>63.8</b>	<b>62.7</b>	<b>126.4</b>
Other <sup>5</sup>	6.8	8.5	15.3	9.1	5.9	15.1
<b>TOTAL REVENUE</b>	<b>116.9</b>	<b>129.6</b>	<b>246.6</b>	<b>120.7</b>	<b>123.8</b>	<b>244.5</b>

1. Revenue breakdown has been re-mapped compared to what has been previously provided. The table shown above now reflects the re-mapping of Professional Services revenue related to Print equipment, Print Service, Technology equipment and Technology Subscription into Other revenue.

2. 1H FY2016 only includes 4 months of CodeBlue revenue.

3. 2H FY2016 only includes 1 month of PrintSync revenue.

4. 2H FY2017 includes 5 months of R&G Technologies and negligible revenue from pcMedia Technologies.

5. Other revenue includes professional services / consulting revenue, licensee fees, hedging and vendor marketing contributions.

# Key Performance Indicators

## Key performance indicators over time

	1H FY2016	2H FY2016	FY2016	1H FY2017	2H FY2017	FY2017
<b>BUSINESS SOLUTIONS – SALES PRODUCTIVITY</b>						
Total transactions	~2,300	~1,800	~4,200	~1,900	~2,200	~4,100
Average sales staff	116	108	113	110	114	113
Transactions / sales staff	20	17	37	17	20	37
Average equipment revenue per transaction	~\$20,000	~\$28,800	~\$24,000	~\$20,000	~\$20,000	~\$20,000
<b>SUBSCRIPTION SEATS</b>						
High value <sup>1</sup> seats	6,085	7,435	7,435	10,665	15,991	15,991
Low value <sup>2</sup> seats	-	-	-	-	11,288	11,288
<b>TOTAL SEATS</b>	<b>6,085</b>	<b>7,435</b>	<b>7,435</b>	<b>10,665</b>	<b>27,279</b>	<b>27,279</b>
High value <sup>1</sup> seats – Monthly recurring revenue (\$)	nmf	~\$145	nmf	~\$140	~\$120	~\$122
Low value <sup>2</sup> seats – Monthly recurring revenue (\$)	nmf	N/A	N/A	N/A	~\$5	~\$5

1. High value technology subscription seats refers to IT managed services seats incorporating multiple licences per seat relating to cloud communications, Microsoft Office, storage and other services.

2. Low value technology subscription seats refers to IT managed services seats with a single licence per seat e.g. Microsoft Office.













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# Why CSG Is Investing for Growth

## CSG has a highly differentiated customer value proposition

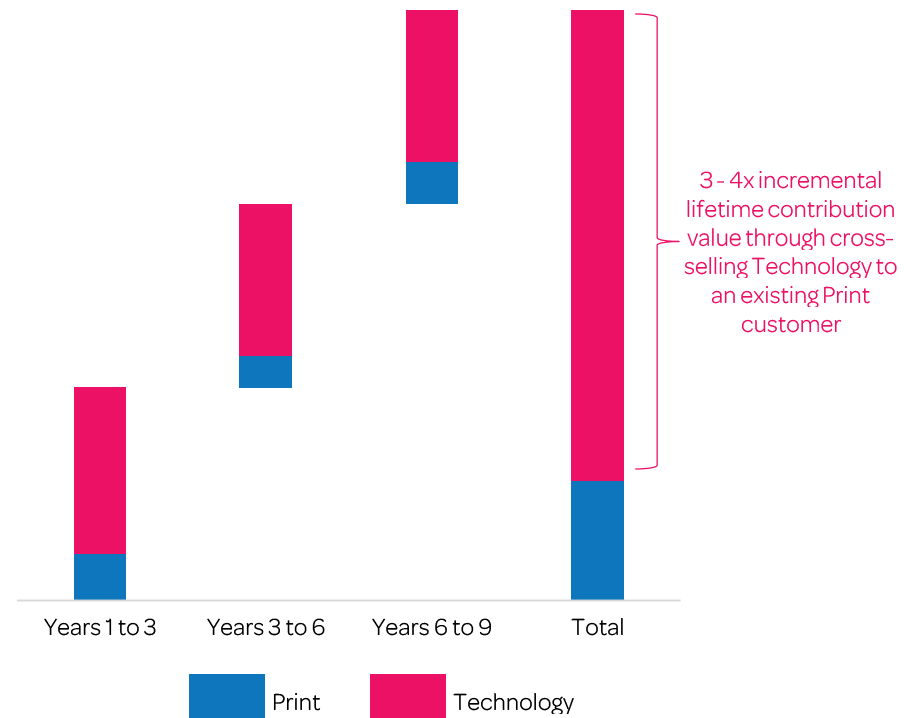
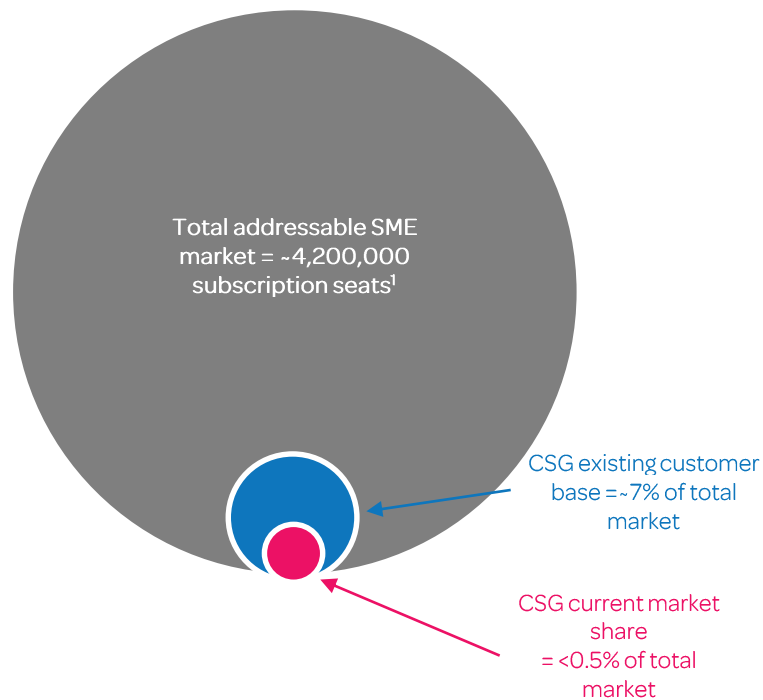
The combination of CSG's broad technology offering, national technical support and finance solutions all on a single bill provides a compelling and unique value proposition.

Product & service appeal to SMEs		Product offering					Services		
		Print	Display	Boardroom	Cloud Telephony	Desktop	Support	Finance	Single bill
 More than you expect.		Everything as a Subscription underpinned by a single billing, service and finance relationship							
Small IT Providers				✓	✓	✓	✓		
Telcos				✓	✓	✓	✓		
Print Resellers		✓					✓	✓	
Technology Retailers		✓	✓			✓			
Audio Visual providers			✓				✓		
Finance Providers								✓	

# Technology as a Subscription strategy presents a large market opportunity and strong unit economics

It is estimated that CSG currently has <0.5% of the total addressable SME market<sup>1</sup> for subscription technology seats in ANZ. Additionally, the Company has only penetrated ~5% of its existing customer base

The customer lifetime value from Technology as a Subscription is expected to deliver an additional 3 – 4 times of value compared with a print only customer at similar contribution margin<sup>2</sup>



1. Based on Dun & Bradstreet data extrapolated for New Zealand. Data represents Small to Medium Enterprises within relevant verticals with a range of 5 to 99 seats per customer.

2. Assumes typical Business Solutions customer with 20 seats and 2 Print Multi Function Devices (MFDs). Assumes customer refreshes 1 MFD at year 3 and 6 and that Technology hardware is refreshed every 3 years. Customer lifetime period does not take into account improved retention through adding Technology services.

## Management team with background in scaling technology businesses

CSG has made a number of key changes to our management structure that will strengthen our ability to scale and accelerate the growth in delivering Technology as a Subscription to our customers.

### Key hires during FY2017



#### **Gary Brown, Chief Financial Officer**

- Commenced February 2017
- Held several senior finance executive roles having recently acted as the Head of Finance, Treasury & Risk at Viva Energy Australia (formerly Shell) along with the role of CFO (Acting)

### Key hires commencing in 1H FY2018



#### **Paul Wilson, Chief Sales Officer**

- Commencing September 2017
- Responsible for Enterprise sales
- Previously Managing Director of IBM's digital, cloud and mobile solutions business across ANZ and Managing Director of Gen-I's communications solutions business



#### **Tom Wilcox, General Counsel and Company Secretary**

- Commenced March 2017
- Previously General Counsel and Company Secretary of Rio Tinto's ASX-listed subsidiary, Energy Resources of Australia Limited.
- Corporate experience with Baker & McKenzie and Middletons (now K&L Gates)



#### **Vanessa Harford, General Manager Marketing**

- Commencing September 2017
- Focus on supporting sales activities with a data driven and technology focussed approach
- Previous roles at MYOB and ExactTarget (now Salesforce Marketing Cloud)



#### **Michelle Morrison, Group Treasurer & General Manager Finance Solutions**

- Commenced May 2017
- 16 years' experience in Securitisation and Treasury working across Australia, UK, Europe, USA and South Africa
- Prior to CSG, Michelle was with Eclipx Group



#### **Mark Jobsen, General Manager Service Delivery**

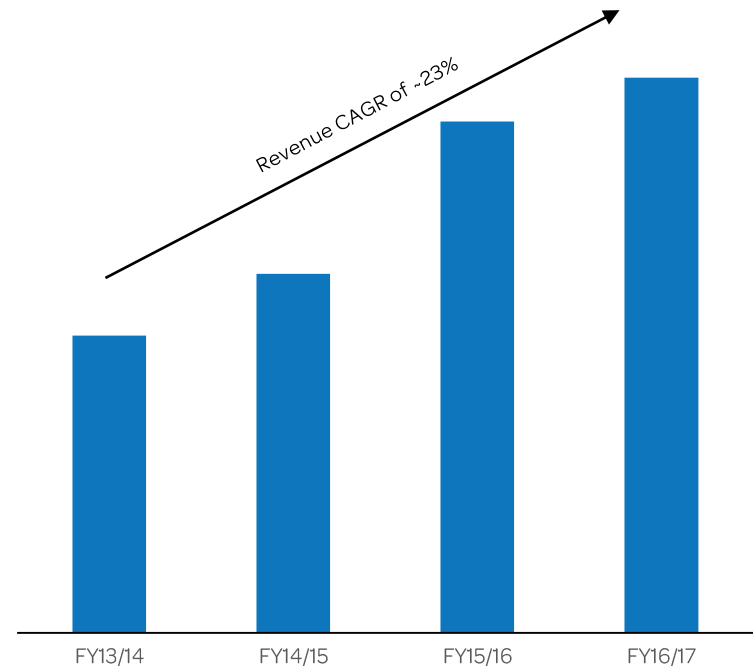
- Commencing August 2017
- Responsible for managing service and deployment activities
- Significant experience at Cisco in Australasia and most recently leading a team of 150 people as National Manager Infrastructure Services at NEC

## Top sales people have successfully transitioned to selling technology

A core group of high performing BSA sales people (representing top 30% of sales heads) have consistently continued to grow revenue over the last 4 years. These same sales people have also successfully transitioned to selling technology, contributing ~58% of total seats added in BSA in FY2017.

- Analysis conducted of the Business Solutions Australia (BSA) sales force since FY2014:
  - A core group of high performing sales people (representing ~30% of BSA sales heads) has been with CSG since FY2014
  - This group has consistently grown revenue over the last 4 years at a CAGR<sup>1</sup> of ~23%
  - This same group has successfully made the transition to technology, adding ~58% of total seat adds in FY2017 within BSA
- Careful management of the Business Solutions sales force will provide an opportunity to materially accelerate our growth into technology.
- Key learnings from developing the technology business over the last two years (including Direct Sales channel) include a clear understanding of the ideal profile for a technology sales person in the SME space.

Total equipment revenue (print & technology) derived from the same group of high performing BSA sales people over time

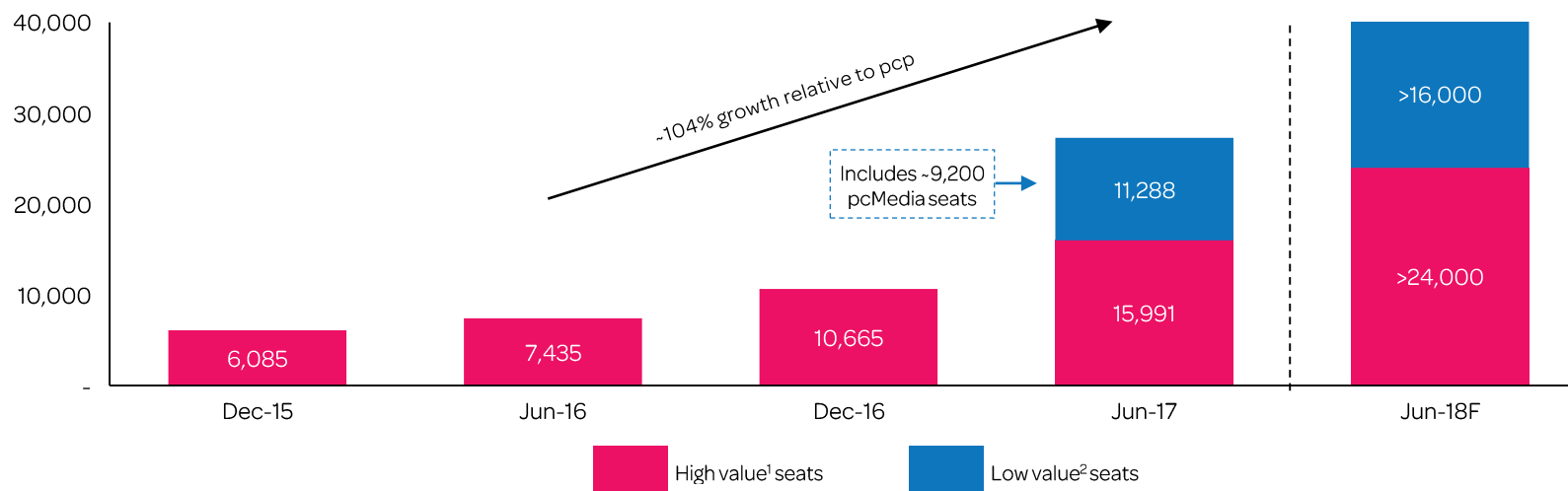


1. CAGR refers to Compound Annual Growth Rate.

## Continued strong growth in technology subscription seats

- Material growth in Technology as a Subscription sales with total contracted subscription seats of ~27,300 as at 30 June 2017 (includes ~9,200 education subscription seats from the pcMedia acquisition completed in June 2017)
  - ~104% growth relative to pcg excluding impact of R&G (~2,900 seats as at 30 June) and pcMedia acquisitions completed during 2H FY2017
  - ~267% growth in subscription seats relative to 30 June 2016
- CSG provides the following guidance in relation to seats as at the end of FY2018:
  - High value subscription seats<sup>1</sup> of more than 24,000
  - Low value subscription seats<sup>2</sup> of more than 16,000
- Subscription seats contract terms are up to 60 months

### Subscription seats<sup>3</sup>



1. High value technology subscription seats refers to IT managed services seats incorporating multiple licences per seat relating to cloud communications, Microsoft Office, storage and other services.

2. Low value technology subscription seats refers to IT managed services seats with a single licence per seat e.g. Microsoft Office.

3. Includes Business Solutions and Enterprise Solutions subscription seats (excludes potential seat wins through the Officeworks partnership).



# Opportunity to accelerate growth and market share

- CSG remains confident in the Company's unique suite of Technology as a Subscription products and the long term growth in the business.
- In July 2015, CSG set out to build an innovative technology business and in FY2017 this business represented approximately 17% of revenue. We expect this to increase to approximately 25% in FY2018.
- In order to achieve the Company's long term growth objectives, there is a need for increased operating expenditure in FY2018.

## Where we are today

- Proven strategy with strong growth in subscription seats (organic, year-on-year seat growth of ~107% in last twelve months)
- Established full suite of Technology as a Subscription products
- Acquired strategic capability via bolt on acquisitions (CodeBlue, R&G Technologies and pcMedia Technologies)
- Growing enterprise Managed IT pipeline however require additional key sales heads and improve closure rates
- Opportunity to accelerate technology growth in the New Zealand market
- Initial teething issues with implementation and need for experienced skill base in key markets
- Mixed success with sales team
- Acquired knowledge from developing the technology business over the last two years (including Direct Sales channel) which includes a clear understanding of the ideal profile for a sales person and marketing and sales model for SME space



## Incremental operating expenditure required to accelerate growth in technology

- Addition of sales heads in Business Solutions and technical resources (pre-sales and implementation) in key locations as required (approximately \$1m impact)
- Following a restructure of the Enterprise team, addition of key sales resources (approximately \$1m impact)
- Addition of sales and technical support heads in the New Zealand business (approximately \$1m impact)
- Additional spend on marketing of Technology as a Subscription products, growth in alternate channels (e.g. Officeworks) and operations & technical support roles
- Top performing Direct Sales staff retained and will work directly with regional management to sell technology to both new and existing CSG customers. Some remaining staff retained to create an internal sales function



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# Divisional Update



- Business Solutions sales productivity in 2H FY2017 in line with guidance at 20 transactions per head, however there were lower heads across the period with an average of 114 vs. target of 121 (impact of ~\$3.0m in transactional revenue). Average revenue per transaction of \$20k in line with low end of guidance
  - Restructure will result in new heads focussing on sales
  - 117 sales heads as at 31 July 2017
- Lower than expected large display transactions in FY2017 which resulted in average revenue per transaction of \$20k being at the low end of guidance range
- Direct Sales channel re-organised into Business Solutions
  - Key learnings include a clear understanding of the ideal profile for a sales person and marketing and sales model for Technology as a Subscription services in the SME space
  - Top sales staff retained across Melbourne, Brisbane and Sydney who will work directly with regional management to sell Technology as a Subscription services to both new and existing CSG customers. Some remaining staff retained to create an internal sales function
- New Zealand technology sales (CodeBlue) performed well and meeting expectations
- Continued to deliver high quality Customer Service with an In-field NPS<sup>1</sup> score of 62 across the business

1. Net Promoter Score (NPS) is a method of measuring customer loyalty. To calculate NPS, customers are categorised as "Promoters", "Passives" or "Detractors" based on how likely they would be to recommend CSG to a friend or colleague. The percentage of Detractors is then subtracted from the percentage of Promoters.



- Revenue growth of 3% (pcp) in Enterprise Solutions Australia due to lower contract wins compared with pcp
- Key Enterprise customer wins during 2H FY2017 include:
  - Communications as a Subscription contract with an infrastructure company in Victoria (~150 seats)
  - Communications as a Subscription contract with a domestic retail company (~90 seats)
  - Virtual Contact centre contract with an Australian hotel chain (~70 seats)
  - Three new print contracts with an Australian utility company, a financial services organisation based in Queensland and a South Australian health organisation
  - Additional print sales as part of existing contract with Monash University and Queensland education
- Soft launch of partnership with Officeworks to provide technology subscription bundles to its customer base in Australia. A further update will be provided at the 1H FY2018 results
- Acquired pcMedia Technologies, a New Zealand-based Managed IT services provider in the education sector for a total purchase price of ~NZ\$2.0m, including an upfront payment of ~NZ\$0.3m (payable in the form of cash) and a ~NZ\$1.7m earn-out (payable in the form of cash) component, subject to meeting agreed earn-out objectives over the next 3 years. The acquisition will provide CSG with:
  - Microsoft Cloud Solutions Provider Tier 1 status and an experienced technical team based in New Zealand to deliver cloud services
  - ~9,200 subscription seats in the education sector; and
  - Referenceable customers in the education sector which will help CSG further penetrate this market.
- Early success with cross-sell opportunity through the R&G acquisition – cross-sold Communications as a Subscription to an existing R&G customer with 180 seats increasing the monthly recurring revenue per seat
- Continued investment in private cloud platform
- FY2018 focus will be to grow managed IT services business





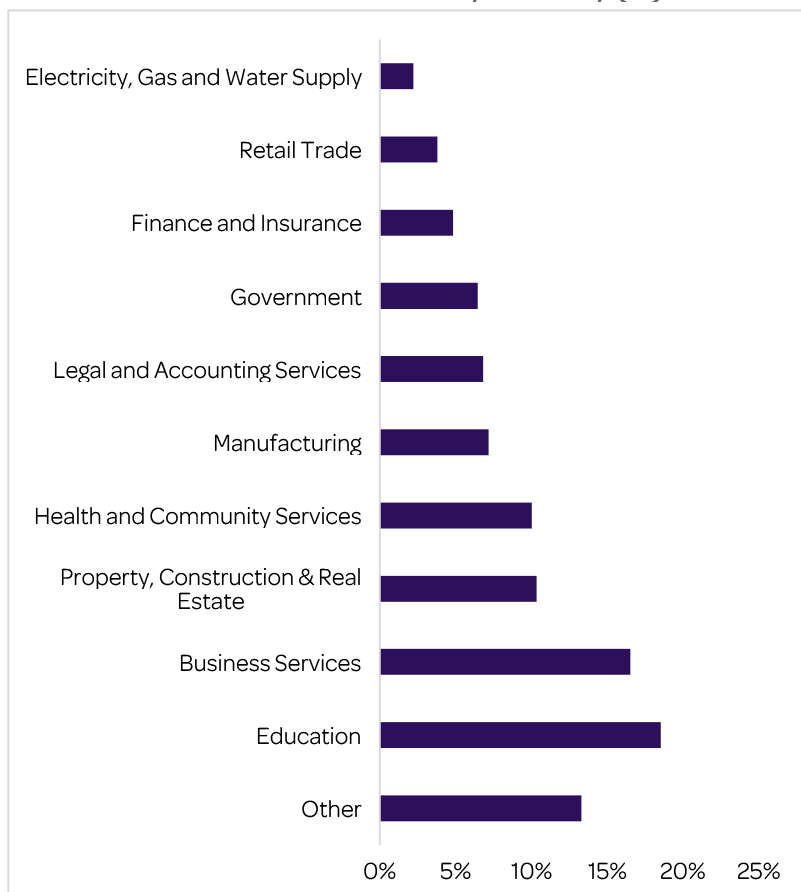
- High quality and stable lease book that returns >45% ROE and contributes \$10.8m PBT
- Lease receivables book of \$266.3m as at 30 June 2017 (2% increase compared to lease receivables book of \$260.8m as at 30 June 2016)
  - Lower than expected growth due to lower equipment sales
- 2H FY17 impacted by IT systems upgrade costs of ~\$250k, bad debt write-offs and higher funding costs from increased headroom in facilities. However, the increased headroom has resulted in lower contributed equity resulting in a higher ROE
- Finance Solutions continues to convert 95% of customers to CSG Finance products
- Diversified industry and geographical exposure
- Residual value as a proportion of total lease book is less than 1%
- Existing facility in Australia and New Zealand have approximately \$100m of additional capacity and facility maturity dates of April 2021 and April 2020, respectively

KEY PERFORMANCE INDICATORS	FY2015		FY2016		FY2017	
	1H	2H	1H	2H	1H	2H
Closing Receivables (A\$m)	188.6	210.0	236.1	260.8	259.7	266.3
Growth - pcg (%)	36%	30%	25%	24%	10%	2%
PBT (A\$m)	4.5	5.0	5.5	5.6	5.8	5.0
Return on Equity (ROE) (%)	37%	47%	46%	44%	43%	52%
Bad Debt (%)	< 0.50%	< 0.50%	< 0.50%	< 0.50%	< 0.50%	< 0.50%

## Finance Solutions: Breakdown of Lease Book

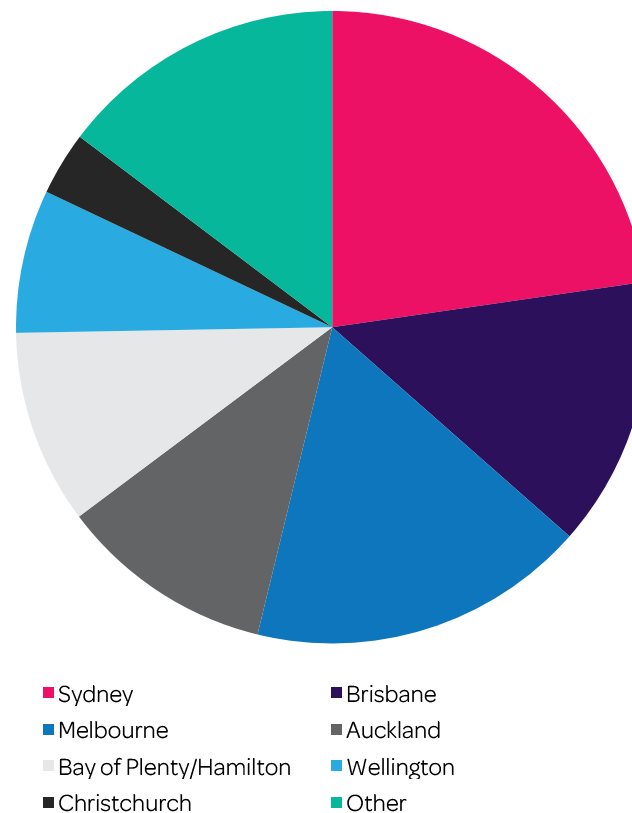
The CSG Finance lease book continues to be well diversified across industries and geographies.

CSG lease book – Breakdown by industry (%)<sup>1</sup>



1. As at 30 June 2017.

CSG lease book – Breakdown by geography<sup>1</sup>

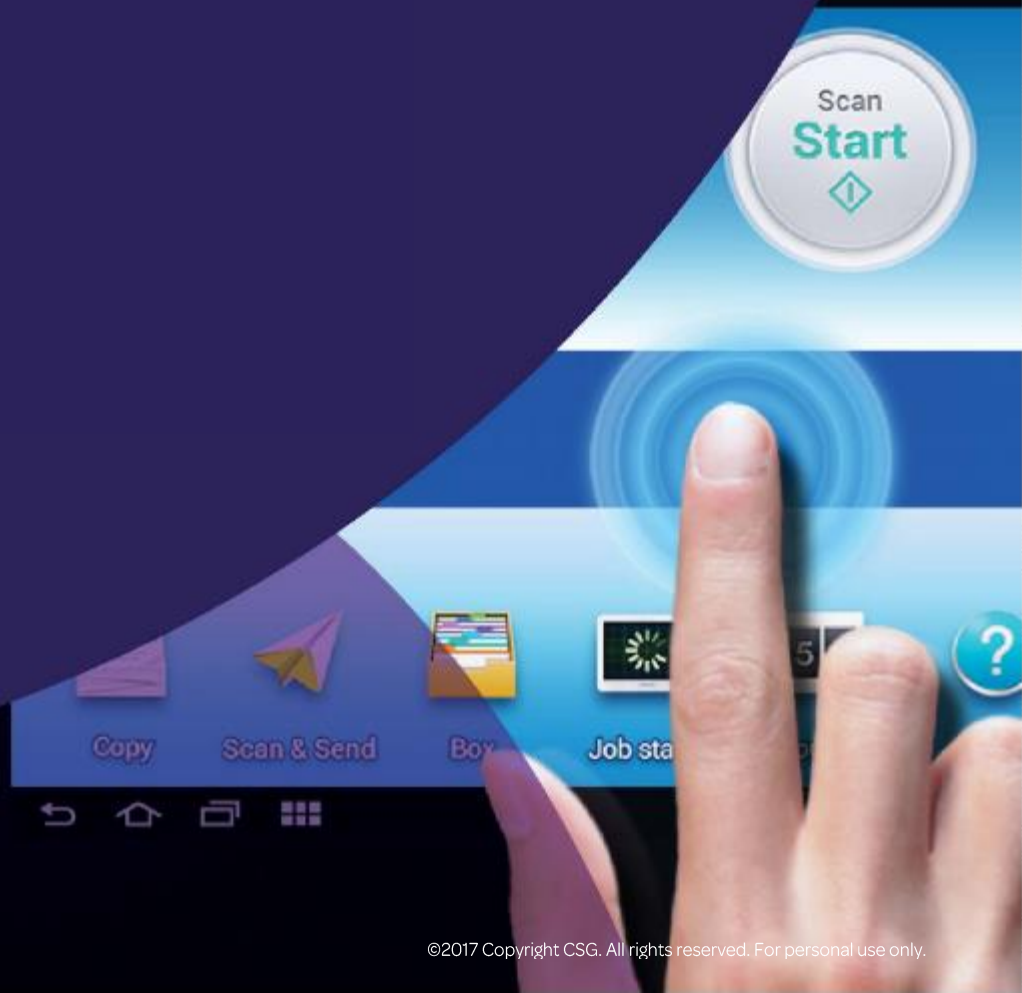






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# Results Detail



# Income statement

	FY2017 \$m	FY2016 \$m	
Revenue	244.5	246.6	▼(1%)
Underlying EBITDA <sup>1</sup>	30.3	38.1	▼(21%)
Non-recurring costs <sup>2</sup>	(60.8)	(3.3)	
Non-cash LTIP	(2.0)	(1.9)	
EBITDA	(32.6)	32.9	
Depreciation & amortisation	(7.1)	(6.1)	
Net interest (expense)/income	(2.4)	(1.5)	
Profit before tax	(42.1)	25.2	
Income tax	(1.6)	(7.1)	
NPAT	(43.7)	18.2	
Underlying NPAT <sup>3</sup>	19.4	25.6	▼(24%)

1. Before non-recurring costs, costs incurred in the Direct Sales team and non-cash LTIP expense.

2. Includes \$55.0m of impairment charge, \$3.0m of costs related to the Direct Sales team and non-recurring costs of \$2.8m.

3. Before impairment, non-recurring costs, non-cash LTIP expense, one-off tax benefit of a favourable tax ruling of LTIP and customer contract amortisation (adjusted for tax).

## Key Insights

- Revenue decline of 1% (pcp)
  - Revenue below expectations due to Enterprise Solutions shortfall in transactional revenue of \$7m from contracts not closed in the half comprising
    - \$4m in transactional equipment revenue from enterprise managed print contract in the education sector; and
    - \$3m from IT managed services contract, which remains in the pipeline
  - Underlying EBITDA of \$30.3m or a 21% decline (pcp)
  - Underlying EBITDA margin of 12.4% in line with market guidance
- Costs excluded from Underlying EBITDA are:
  - \$55.0m relating to the impairment charge;
  - \$1.8m of costs restructuring the NZ and parts of the Australian business;
  - \$1.0m in acquisition and legal costs;
  - \$3.0m of costs related to the Direct Sales team; and
  - \$2.0m for non-cash LTIP/Employee Share Plan
- Depreciation and amortisation includes \$3.8m of customer contract amortisation (up from \$3.1m in FY2016 due to acquisitions)
- Lower tax expense due to a \$3.6m one-off benefit from receipt of a favourable tax ruling of LTIP in 1H FY2017

# Balance sheet

	Jun 17 \$m	Jun 16 \$m
<b>ASSETS</b>		
Cash	20.3	14.5
Receivables	35.8	34.7
Lease receivables	266.3	260.8
Inventory	65.8	50.1
Goodwill & intangibles	175.9	223.0
Other	13.8	10.4
<b>Total Assets</b>	<b>577.8</b>	<b>593.5</b>
<b>LIABILITIES</b>		
Trade & other payables <sup>1</sup>	56.2	52.1
Corporate borrowing	43.0	8.0
Deferred consideration	12.6	9.4
Lease receivable debt	225.4	219.3
Other	12.4	16.0
<b>Total Liabilities</b>	<b>349.5</b>	<b>304.8</b>
<b>EQUITY</b>		
Contributed equity	205.7	207.6
Retained earnings & reserves	7.9	67.1
Minority Interest	14.7	14.0
<b>Total Equity</b>	<b>228.3</b>	<b>288.8</b>

1. Includes provisions.

## Key Insights

- Cash balance of \$20.3m (\$8.4m is restricted)
- Corporate debt of \$43.0m (\$32.2m at 31 December 2016)
- Goodwill & intangibles balance of \$175.9m reflects the non-cash impairment of \$55.0m of intangible assets impairment relating to goodwill associated with the print business. The impairment will not impact CSG's debt facilities, compliance with banking covenants or trading terms
- Increase in lease receivables at \$266.3m (\$259.7m at 31 December 2016)
- Higher inventory balance of \$65.8m as a result of lower print sales and increased investment in print consumables in the field (toner) related to Enterprise Solutions print contracts
- Deferred consideration includes:
  - CodeBlue (\$10.0m) payable in 50% cash & 50% scrip;
  - R&G Technologies (\$1.5m) payable in scrip;
  - pcMedia Technologies (\$0.8m) payable in cash; and
  - PrintSync (\$0.3m) payable in 50% cash & 50% scrip.

# Cash flow

	FY2017 \$m	FY2016 \$m
Opening cash	14.5	24.8
Net cash flow (from)/to business	8.7	21.1
Net interest and tax paid	(6.1)	(4.9)
<b>Operating cash flows</b>	<b>2.6</b>	<b>16.2</b>
Net investment in lease receivables	-	(16.5)
Capex	(6.5)	(4.9)
Proceeds/(payments) for business	(3.6)	(17.0)
<b>Investing cash flows</b>	<b>(10.2)</b>	<b>(38.4)</b>
Shareholder distributions	(21.1)	(27.0)
Capital raising	-	39.1
Movement in debt	34.6	(1.4)
<b>Financing cash flows</b>	<b>13.5</b>	<b>10.7</b>
Other	-	1.2
Closing cash	20.3	14.5

## Key Insights

- Cash flow conversion<sup>1</sup> at 51% of Underlying EBITDA to ungeared pre-tax cash flow (53% in 2H FY2017) was disappointing. It was impacted by:
  - Higher than expected inventory levels as a result of lower print sales and increased investment in print consumables in the field (toner) related to Enterprise Solutions print contracts; and
  - Signed deals not yet financed were higher than anticipated and expected to unwind in 1H FY2018
- Capital expenditure of \$6.5m was within guidance and primarily related to growth capex
- Total shareholder returns of \$21.1m includes on market buyback of 4.1m shares during 1H FY2017

1. Cash flow conversion calculated as Adjusted pre-tax operating cash flow / underlying EBITDA. Adjusted pre-tax operating cash flow calculated as Reported operating cash flow adjusted for tax paid, net interest paid, non-recurring cash items and change in lease receivables.



More than you expect.

# Growth Opportunities & Outlook

## Priorities for Growth: FY2018 and Beyond

### FY2018

- Cross-sell Technology as a Subscription bundles to existing SME customer base – total addressable opportunity of ~300,000 seats
- Focus Enterprise Solutions sales team on converting IT managed services pipeline and reduce focus on transactional print revenue
- Add additional sales heads to the Business Solutions sales force
- Support channel partners (Officeworks, BNZ) with the roll-out of Technology as a Subscription bundles into their customers
- Implement a revised approach to stock management and distribution with the objective of reducing inventory balance
- Invest in sales and implementation resources to support accelerated seat growth
- Cross-sell CSG technology offerings to R&G customer base
- Grow seats in pcMedia to become primary Microsoft Cloud Solutions provider to the education sector in New Zealand
- Re-brand in New Zealand from Konica Minolta to CSG
- Develop partnership with HP across ANZ
- Seek new channels to white label Technology as a Subscription solutions under a formal channel program
- Improve forecasting and data driven decision making processes through business analytics
- Launch Cloud based business application suite in CSG Cloud Marketplace

### FY2019 and Beyond

- Seek out additional partnerships with global software vendors to add to CSG Cloud Marketplace
- Improve customer interaction through rolling out online experience and self service
- Explore new geographic territories
- Evolve Customer Hub platform to deliver increased productivity and innovation in customer service
- Grow contact centre practice to be a leader across Australia and New Zealand
- Grow partnership channel particularly in large regional areas by partnering with local IT services providers
- Investigate adding mobile and other add-ons to core bundles
- Develop partnerships with key systems integrators to grow managed services business in government and larger enterprise
- Grow Business Solutions sales team
- Develop inside sales function to guide smaller customers through transaction online
- Automate finance approval process
- Explore opportunities to sell subscription bundles on online marketplaces





For the FY2018 period, CSG provides the following guidance<sup>1</sup>:

- Revenue growth of approximately 10%;
- EBITDA (before non-cash LTIP expense) to be approximately \$30 million;
- High value technology subscription seats of more than 24,000 up from 16,000, representing growth of over 50%;
- Low value technology subscription seats of 16,000 up from 11,300, representing growth of over 45%;
- Pre-tax underlying cash flow conversion of > 100%; and
- Capital expenditure of \$7.5 million reflecting increased investment in platforms to accelerate technology growth.

1. The FY2018 guidance provided excludes any impact on earnings from the Officeworks partnership.



More than you expect.

# Thank You

