FY2018 Trading Update & FY2019 Outlook

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Business Technology Made Easy

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Strategic review and initiatives for FY2019

Strategic initiatives for FY2019	As announced on 9 February 2018, the Board appointed Morgan Stanley to assist it in reviewing strategic options available to the Company in order to maximise value for shareholders. The strategic review remains ongoing • A key outcome of the strategic review is to cease further investment in the enterprise segment. This segment has been a significant investment in FY2018 and impacted company earnings by approximately $6.0m. In addition the segment has consumed considerable management time and focus • Simplify the business model and re-align SME business to a product-led-go-to-market model to create three distinct operating businesses – print, technology and finance • Major restructure of both the Australian and New Zealand businesses within sales, service and operations. Additional cost-out initiatives to reduce distribution costs, optimisation of motor vehicle fleet and continued integration of recent acquisitions. ~$7.7m of cost savings expected in FY2019 with ~$2.5m in one-off restructuring charges provided for in FY2018 • Estimated total annual cost savings from these initiatives is ~$10.0m to be realised by FY2020 • Continue to drive down working capital through a reduction in inventory of approximately $10.0m • A further update in relation to the strategic review will be provided in the FY2018 financial results announcement
Appointment of new Executive Chairman	• Mr Mark Bayliss has been appointed as the Executive Chairman of CSG, effective from 27 June 2018 • Mark has extensive senior executive experience in a variety of roles across both the listed and private landscape, and across a variety of industries including eCommerce, media, FMCG, retail and advertising industries in Australia, the UK and the U.S. • Mark also brings a track record of restructuring experience, extending from his former role as a Partner at Anchorage Capital Partners, and having executed turnaround strategies for companies including Fairfax Media, Quick Service Restaurants Holdings and Gray's eCommerce Group
FY2019 outlook	• For the FY2019 period, CSG is forecasting underlying EBITDA in the range of $17.0m - $20.0m

CSG going forward

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Going forward, CSG will have a simplified operating model with three divisions – print, technology and finance across Australia and New Zealand

Australia & New Zealand

Technology

- Significant opportunity in SME market for Technology as a Subscription services with total addressable market of over 4.3 million subscription seats across Australia and New Zealand[1,2]
- Increased focus by creating dedicated technology business to work side by side with the print business

Print

- Focus on core print business by servicing existing customers and continuing to add new customers
- Print-only sales force who will be incentivised to add new customers
- Re-structure print business in New Zealand to improve profitability in line with Australian business

Finance

- In-house financing solutions to all customers to enable products sales
- Quality exposure profile by industry, size and customer concentration
- Grow lease book through growth in new customers and equipment sales in both the print and technology business

1. Based on Australian Bureau of Statistics Data, as at June 2016. Excluded industry groups include Agriculture, Forestry and Fishing; Mining; Manufacturing; Electricity; Gas, Water and Waste Services; Construction; Public Administration and Safety; and Other Services
2. Included industry groups: Wholesale Trade; Retail Trade; Accommodation and Food Services; Transport, Postal and Warehousing; Information Media and Telecommunications; Financial and Insurance Services; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; Administrative and Support Services; Education and Training; Health Care and Social Assistance; Arts and Recreation Services

Updated FY2018 guidance

Updated FY2018 guidance and non-cash balance sheet impairments and provisions	• For the FY2018 period, CSG provides the following updated guidance in relation to earnings: – Revenue of approximately $225.0m – Underlying EBITDA[1] in the range of $9.0m - $11.0m – High value technology subscription seats of approximately 23,000 up from 16,000 as at 30 June 2017, representing growth of ~44% – Low value technology subscription seats of approximately 25,000 up from 11,300 as at 30 June 2017, representing growth of ~121% • CSG expects to announce its FY2018 full year financial results on Friday, 17 August 2018 • In line with year-end reporting procedures, CSG will be undertaking impairment testing of its assets and expects to recognise a non-cash charge for impairment of approximately $120.0m – The expected impairment relates to the carrying value of the intangibles associated with print assets in Australia and New Zealand • Given CSG's decision to cease investment in the enterprise segment, the Company will make a provision of approximately $30.0m relating to onerous contracts, ageing stock and bad debt provisions in the Enterprise business
FY2018 trading update	• Performance within the Enterprise Solutions business has been below expectations – Building the enterprise business organically has required considerable financial investment. The estimated loss is approximately $6.0m in FY2018 – Lower than expected equipment sales in enterprise print contracts – Performance in Print equipment sales lower than expected as a result of shift in focus to broader product suite • Continued growth in our technology business with strong growth in technology subscription seats

1. After adding back non-recurring items, one off impairment and providions

Updated FY2018 guidance (cont'd)

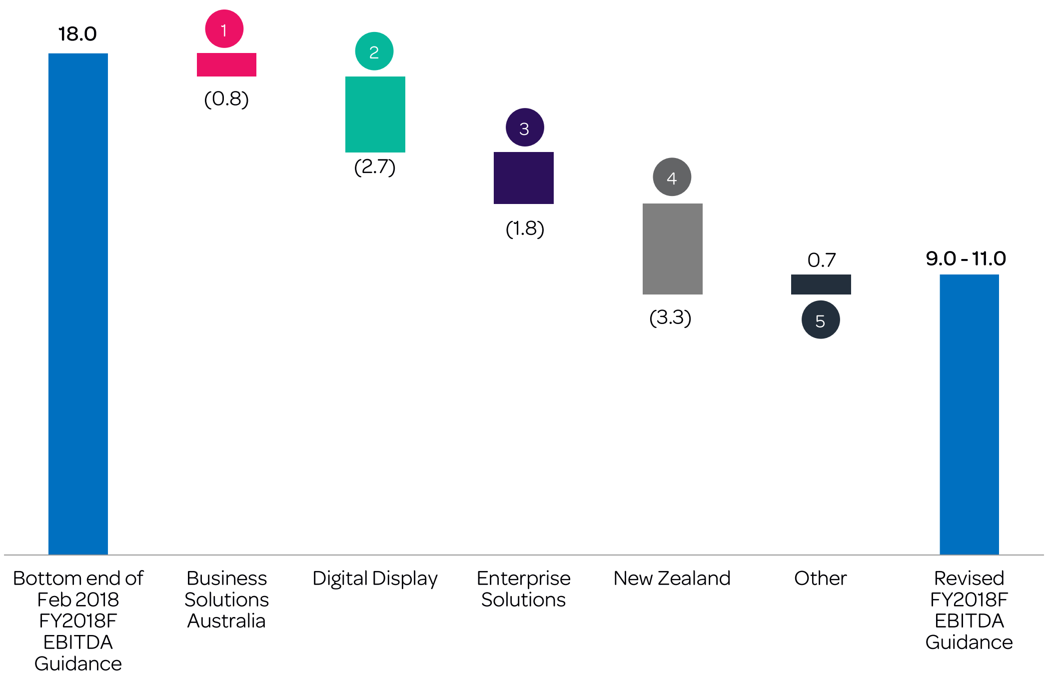
CSG is forecasting to finish the FY2018 year with revenue of approximately $225.0m, and underlying EBITDA in the range of $9.0–11.0m

Guidance ($m)	FY2018F (Feb 2018)	Revised FY2018F (June 2018)
Revenue	$253.0m – $260.0m	~$225.0m
Underlying EBITDA	$18.5m -$21.0m	$9.0m -$11.0m

Non-recurring items ($m)	FY2018F
Enterprise Solutions provisions	~$30.0m
Impairment charges	~$120.0m
Other	~$4.5m
Total non-recurring items	~$154.5m

FY2018F revised underlying EBITDA guidance bridge

Underlying EBITDA Bridge (A$m)
FY2018F Guidance in February 2018 to FY2018F Revised Guidance



Commentary

1 Business Solutions Australia

- Lower than expected print equipment sales revenue along with reduced rebates from a major supplier

2 Digital Display

- Lower than expected display equipment sales. Strong pipeline for FY19

3 Enterprise Solutions

- Lack of progress in sales in this sector with several large deals unable to close by 30 June or lost. Decision to refocus on SME customers

4 New Zealand

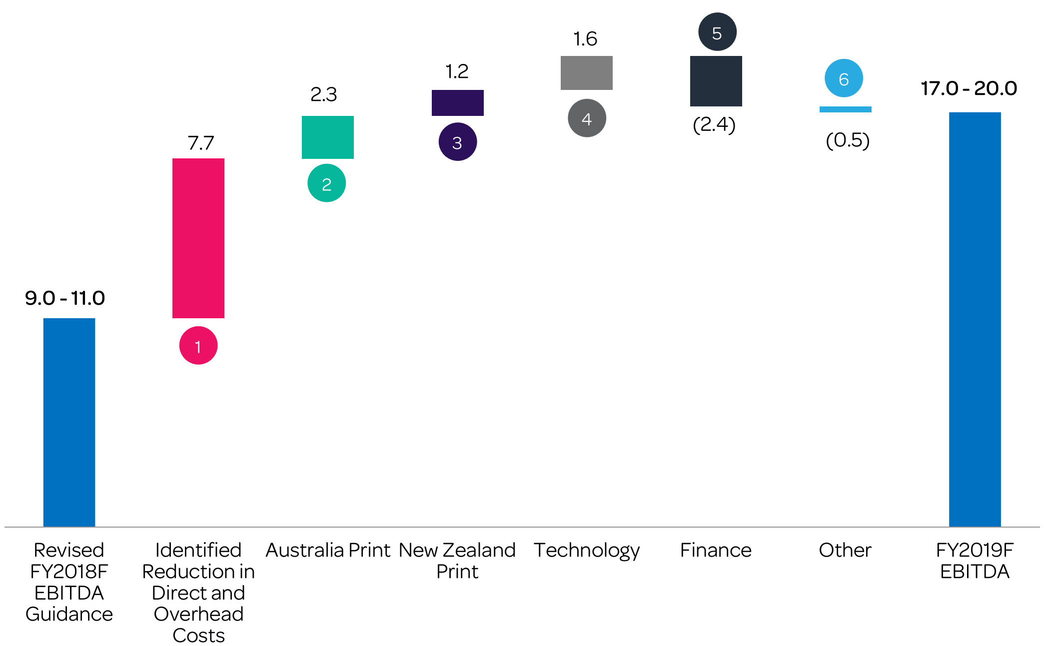
- Lower than expected print equipment sales due to less activity in the Enterprise sector than was expected. The deals that were expected to close by 30 June were either delayed or lost

5 Other

- Continued focus on reduction in costs

FY2018F to FY2019F underlying EBITDA bridge

Underlying EBITDA Bridge (A$m)
FY2018F Revised Guidance to FY2019F



Commentary

1 Identified Reduction in Direct and Overhead Costs

- Significant reduction in costs driven by reduction in labour primarily due to cessation of investment into enterprise business along with reduction in distribution costs, motor vehicle costs and integration of recent acquisitions

2 Australia Print

- Incremental print and technology sales along with continued growth in technology subscription

3 New Zealand Print

- Revenue for New Zealand assumed flat for FY2019. Change in product mix resulting in $1.2m of additional margin from print equipment sales

4 Technology

- Continued growth of Technology annuity subscription revenue as a result of high value seat growth

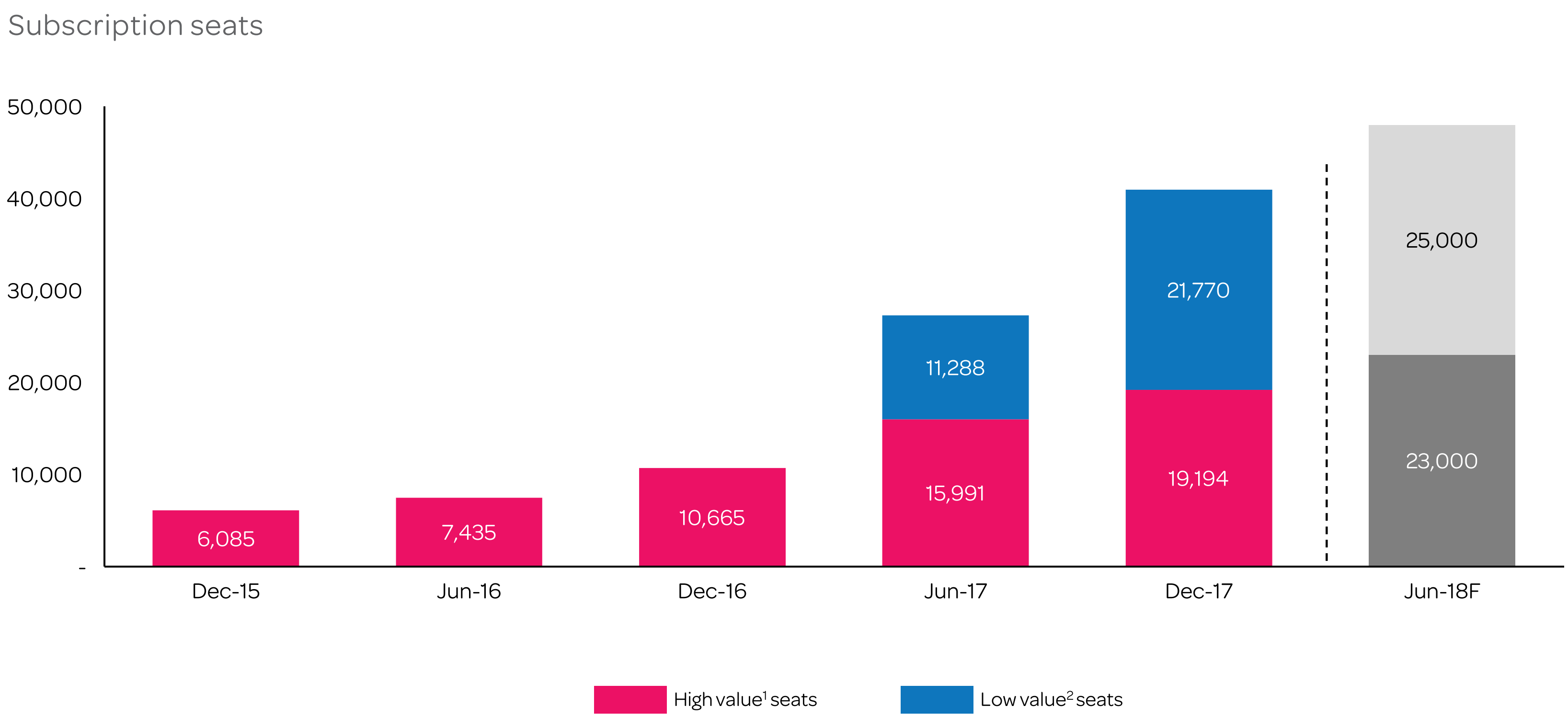
5 Finance

- Reduced lease receivables balance as a result of lower print equipment sales. Additionally increased cost of funding as a result of APS120 Regulatory requirements.

6 Other

Growth in technology subscription seats

CSG expects to announce ~23,000 high value technology subscription seats for FY2018



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