

# Results and Outlook Presentation – Full Year 2016

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**Presented by**

Julie-Ann Kerin  
Managing Director &  
Chief Executive Officer

Neil Lynch  
Chief Financial Officer



More than you expect.

# Agenda



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More than you expect.

# Performance Highlights

# Full Year Financial Highlights



- ✓ Revenue of \$246.6m representing 10% growth (pcp)
- ✓ Underlying EBITDA of \$38.1m (before non-recurring costs of \$3.3m<sup>1</sup> and LTIP expense of \$1.9m) representing 14% growth (pcp)
- ✓ Underlying NPAT<sup>2</sup> before customer contract amortisation of \$25.6m representing 20% growth (pcp)
- ✓ Finance Solutions receivables of \$260.8m (closing), representing 24% growth (pcp)
- ✓ Closing cash balance of \$14.5m (including restricted cash of \$6.5m), \$8.0m corporate debt
- ✓ Full year unfranked dividend declared of 5 cents per share

1. Comprises restructuring costs in NZ (\$1.2m), acquisition and related legal costs (\$1.1m), Cinglevue legal costs (\$1.0m).

2. Before non-recurring costs, LTIP expense and customer contract amortization of \$3.1m (adjusted for tax).



## Key Performance Indicators

- Revenue increased by 10% (pcp)
  - Increased proportion of recurring revenue driven by larger, subscription sales in Enterprise Solutions and CodeBlue
  - Revenue was negatively impacted by approximately \$10m (transactional in nature) as a result of two print contracts which have moved into the FY2017 Enterprise Solutions pipeline.
- Underlying EBITDA increased by 14% (pcp)
- Technology represented 34% of equipment revenue in Business Solutions Australia (7% pcp) and 20% of equipment revenue for CSG Group<sup>1</sup> (4% pcp)
- Technology attach rate in Australia increased to 10% (5% in FY2015) with average deal size of ~\$62,000 (~\$28,300 in FY2015)
- CSG Finance lease book increased by 24% (pcp)



## Key Customer Indicators

- First implementations of Total Office bundle in Business Solutions (over 60 month term) proving execution capability
- Won first enterprise Communications as a Service annuity contract– Total Contract Value (TCV) of \$2.5m over 5 years
- Significant success selling Display as a Service across retail, healthcare and real-estate vertical markets
- First transaction in health vertical with Oneview Healthcare for Display solutions at a major Australian hospital
- Conducting 8x8 pilots with three major businesses with the opportunity to sell more than 10,000 seats
- Commenced the roll-out of innovative, cloud-based Print as a Service contract at Monash University
- Continued to deliver high quality Customer Service with an In-field NPS<sup>2</sup> score of 48.8



## Innovation

- Full suite of Technology as a Service products now released – first full half of selling in 2H FY2016
- Launched CSG Total Office bundle– includes laptop, cloud storage, key office applications and communications solution provided as a service with successful roll-out
- Launching complementary, direct technology-only sales force in Australia in FY2017 to increase market penetration
- Acquisitions of PrintSync in Western Australia (May 2016) and CodeBlue in New Zealand (Aug 2015) performing in line with expectations
- Officially launched 'One Partner. One Bill. One Cloud.' and shared our vision to 2020 with customers and staff
- Proved enterprise business is capable of selling and implementing global contact centre contracts with 60 month subscription annuity
- Business Solutions proved model of operating expense based technology bundles for SME's over 60 month contracts

1. Excludes the impact of CodeBlue.

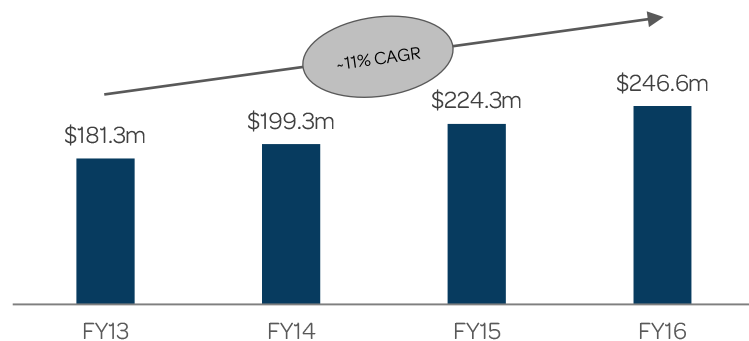
2. Net Promoter Score (NPS) is a method of measuring customer loyalty. To calculate NPS, customers are categorised as "Promoters", "Passives" or "Detractors" based on how likely they would be to recommend CSG to a friend or colleague. The percentage of Detractors is then subtracted from the percentage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



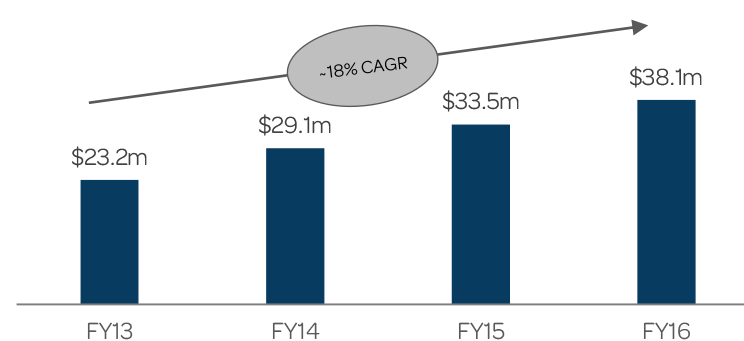
# Financial Achievements and Track Record

CSG has a track record of earnings growth over a sustained period.

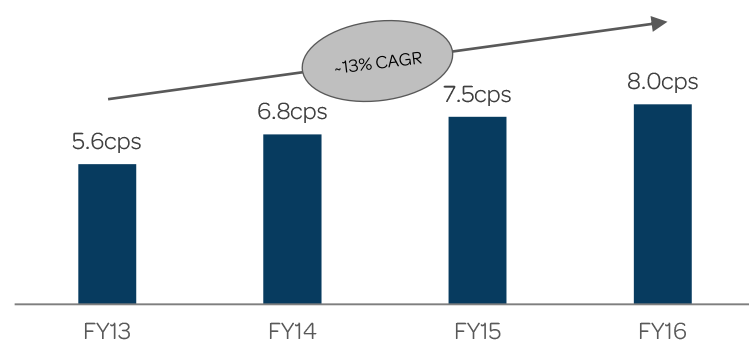
Solid revenue growth (\$m)



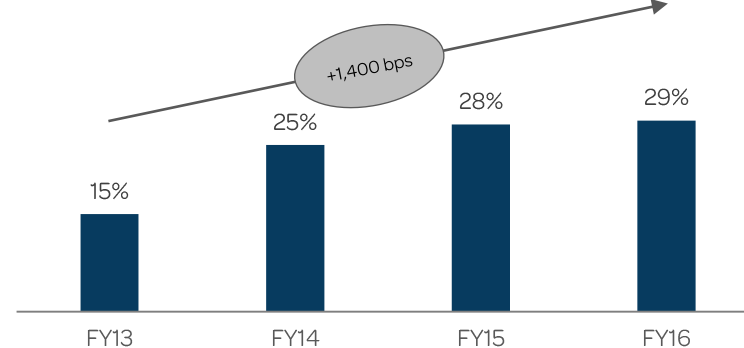
Strong underlying EBITDA<sup>1</sup> growth (\$m)



Underlying earnings per share<sup>2</sup> (cps)



Underlying return on equity<sup>2,3</sup> (%)



1. Before non-recurring costs and LTIP expense.

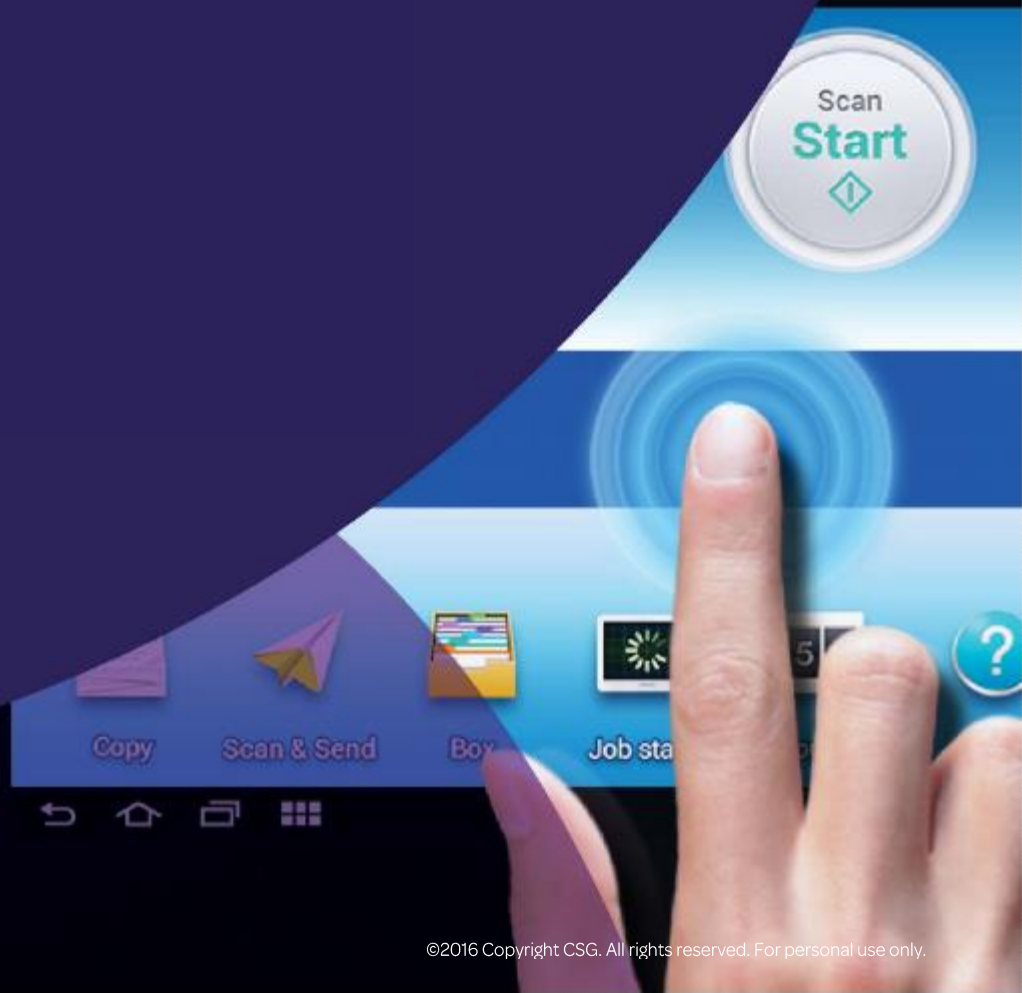
2. Before non-recurring costs, LTIP expense and customer contract amortisation (adjusted for tax).

3. Excludes goodwill and identified intangibles relating to acquisitions prior to 2012 but does not exclude goodwill and identified intangibles from recent acquisitions (including CFAL, CodeBlue and PrintSync).



More than you expect.

# Results Detail



# Income Statement

	FY2016 \$m	FY2015 \$m	
Revenue	246.6	224.3	▲ 10%
Underlying EBITDA <sup>1</sup>	38.1	33.5	▲ 14%
Non-recurring costs	(3.3)	(1.0)	
LTIP	(1.9)	(4.0)	
EBITDA	32.9	28.5	▲ 15%
Depreciation & amortisation	(6.1)	(4.5)	
Net interest (expense)/income	(1.5)	(1.4)	
Profit before tax	25.2	22.6	▲ 12%
Income tax	(7.1)	(8.3)	
NPAT	18.2	14.3	▲ 27%
Underlying NPAT <sup>2</sup>	25.6	21.3	▲ 20%

1. Before non-recurring costs and LTIP expense.

2. Before non-recurring costs, LTIP expense and customer contract amortisation (adjusted for tax).

## Key Insights

- Revenue growth of 10% (pcp)
  - Revenue was below guidance as a result of two managed print deals moving into the FY2017 Enterprise Solutions pipeline (impact of approximately \$10m in transactional revenue)
- Underlying EBITDA of \$38.1m or 14% growth (pcp)
- Continued improvement in underlying EBITDA margin to 15.5% (FY2015: 14.9%)
- Costs excluded from Underlying EBITDA are:
  - \$1.9m for LTIP/Employee Share Plan
  - \$1.2m in restructuring costs in NZ from 1H FY2016
  - \$1.1m in acquisition and related legal costs
  - \$1.0m in finalising legacy Cinglevue matter from 2011
- Depreciation and amortisation includes \$3.1m of customer contract amortisation (up from \$2.3m in FY2015 due to acquisitions)



# Balance Sheet

	June 16 \$m	June 15 \$m
<b>ASSETS</b>		
Cash	14.5	24.8
Receivables	34.7	25.8
Lease receivables	260.8	210.0
Inventory	50.1	41.6
Goodwill & intangibles	223.0	193.7
Other	10.4	9.3
<b>Total Assets</b>	<b>593.5</b>	<b>505.2</b>
<b>LIABILITIES</b>		
Trade & other payables <sup>1</sup>	52.1	47.1
Corporate borrowing	8.0	9.4
Deferred consideration	9.4	-
Lease receivable debt	219.3	187.1
Other	16.0	7.9
<b>Total Liabilities</b>	<b>304.8</b>	<b>251.5</b>
<b>EQUITY</b>		
Contributed equity	207.6	164.2
Retained earnings & reserves	81.2	89.5
<b>Total Equity</b>	<b>288.8</b>	<b>253.7</b>

1. Includes provisions.

## Key Insights

- Cash balance of \$14.5m (\$6.5m is restricted)
- Corporate debt of \$8.0m (\$9.4m at 30 June FY2015)
- Leasing receivables grew by 24% to \$260.8m (\$210.0m FY2015) due to continued success in converting sales in the Australian business
- Higher inventory balance as a result of increased revenue and new product lines as well as:
  - Currency movements resulting in a higher book value of New Zealand inventory (~\$3.5m impact);
  - Increased Toner in field to support growth of new contracts in Enterprise solutions \$1.3m; and
  - Inventory from acquisitions of \$1.0m
- Receivables growth reflects the CodeBlue and PrintSync acquisitions (\$3.6m) and 10% growth in revenue.
- Deferred consideration from the PrintSync (\$3.1m) and CodeBlue acquisitions (\$6.3m)

	FY2016 \$m	FY2015 \$m
Opening cash	24.8	27.3
Net cash flow (from)/to business	21.1	28.6
Net interest and tax paid	(4.9)	(6.1)
<b>Operating cash flows</b>	<b>16.2</b>	<b>22.5</b>
Net investment in lease book	(16.5)	7.7
Capex	(4.9)	(5.1)
Proceeds/(payments) for business	(17.0)	(11.5)
<b>Investing cash flows</b>	<b>(38.4)</b>	<b>(8.9)</b>
Shareholder distributions	(27.0)	(25.0)
Capital raising	39.1	-
Movement in debt	(1.4)	9.4
<b>Financing cash flows</b>	<b>10.7</b>	<b>(15.6)</b>
Other	1.2	(0.5)
<b>Closing cash</b>	<b>14.5</b>	<b>24.8</b>

## Key Insights

- Cash flow conversion at 70% of Underlying EBITDA to ungeared pre-tax cash flow (100% in 2H FY2016) has been impacted by:
  - Increase in inventory of \$6.0m due to currency movements, growth of new contracts in Enterprise solutions and acquisitions, and
  - Growth in receivables due to 10% revenue growth (\$2.0m)
- Capital expenditure was within guidance, excluding acquisition capex
- Net investment in the lease book was impacted by:
  - \$8m of unfinanced deals due to timing of transactions and concentration limits. These deals are expected to be financed in 1H FY2017 (\$2m was completed in July)
  - \$3m of restricted cash was transferred into the lease book (effective impact to 'operating' cash was zero)
- Final dividend of 5 cents per share
- Dividend will be unfranked due to New Zealand earnings and tax profile in Australia



More than you expect.

# Divisional Update

CSG has three key divisions: Business Solutions (SME focus), Enterprise Solutions (large enterprise and government focus) and Finance Solutions (in-house financing business).



## Business Solutions: Performance Highlights



- Revenue growth of 9% in Business Solutions
- Outstanding success in technology sales in Australia with technology representing 34% of total Australian equipment revenue
- Technology attach rate was 10% in Australia (5% pcsp) and 5% in New Zealand (not applicable pcsp)
- Wins in multi-location display contracts in key verticals (i.e. retail, real estate and health)
- Achieved objective of implementing Total Office bundles for a number of referenceable customers
- Excellent support from key partners including Canon , Konica Minolta, Samsung, 8x8 and HP
- Acquired PrintSync as a bolt-on acquisition in Western Australia (May 2016), consistent with Business Solutions' strategy to grow print customer base and leverage Technology as a Service opportunity. The acquisition added an additional 1,200 customers to CSG's SME customer base
- CodeBlue performed in line with expectations and delivered steady new contract wins that will contribute to the build in annuity in FY2017 and beyond

KEY PERFORMANCE INDICATORS <sup>1</sup>	FY2016	FY2015
Revenue from newly acquired customers as a proportion of total revenue (%)	24%	15%
Technology – Total number of additional customers (#)	307	126
Technology – Average equipment revenue per customer (\$)	\$62,000	\$28,300

1. KPIs shown above exclude CodeBlue.

“Be the most innovative, affordable and enterprising single source provider of business solutions, to deliver incremental profits to our customer's bottom line. Make every CSG customer a lifetime customer.”

CSG's full-spectrum product offering provides a clear value proposition to its broad SME customer base. CSG creates genuine value for our customers by providing a one-stop total business solutions offering – saving the customer their most valued assets: time and money.

### Typical SME without CSG's offering

- Up to 15 suppliers, each with separate billing, leasing and service relationships
  - Office supplies
  - Computers, laptops and tablets
  - Equipment finance
  - Multi function printers
  - Large format displays
  - Mobile handset
  - Telephone system
  - Cloud storage



### CSG customer

CSG as a single provider for all business technology needs:

- Centralised ordering for all business technology
- Single billing relationship
- National service team
- Single equipment finance relationship

Resulting in time savings, improved cash flow management and increased peace of mind.



### Everything as a Service underpinned by a single billing, service and finance relationship



#### Print as a Service

Print as a service solutions that include equipment, parts, consumables and service for a single monthly operating expense.



#### CSG Total Office

Complete end-user technology bundle including desktop computer, cloud telephony, storage and support for a fixed monthly price.



#### Communications as a Service

CSG's cloud telephony solution powered by 8x8.



#### Desktop as a Service

Desktop computer, storage and support solutions.



#### Boardroom as a Service

Full boardroom package combining Samsung digital display technology with cloud conferencing.




#### Display as a Service

Large format, cloud displays and desktop monitors.

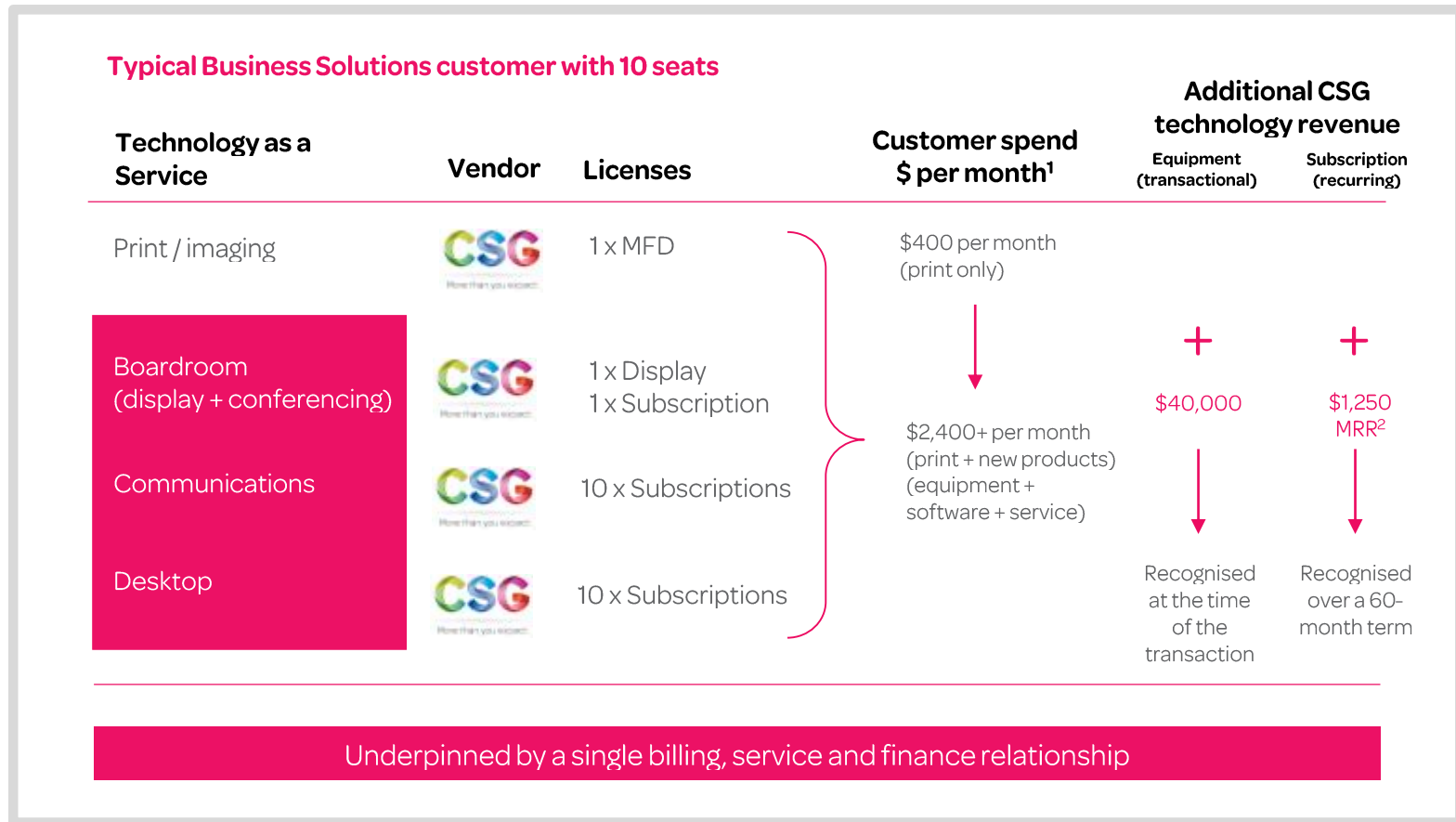
## Business Solutions: Competitive Landscape

Whilst a broad set of competitors exist in the SME space, the combination of CSG's broad product offering, 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
 <p>More than you expect.</p>	●	Everything as a Service underpinned by a single billing, service and finance relationship							
	◐			✓	✓	✓	✓		
	◐			✓	✓	✓	✓		
	◑	✓					✓	✓	
	◑	✓	✓			✓			
	◑		✓				✓		
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## Business Solutions: Typical Business Solutions Technology Customer

The indicative growth achievable for a typical Business Solutions customer is shown below – there is an opportunity for CSG to increase ‘wallet share’ via the sale of additional business technology services.

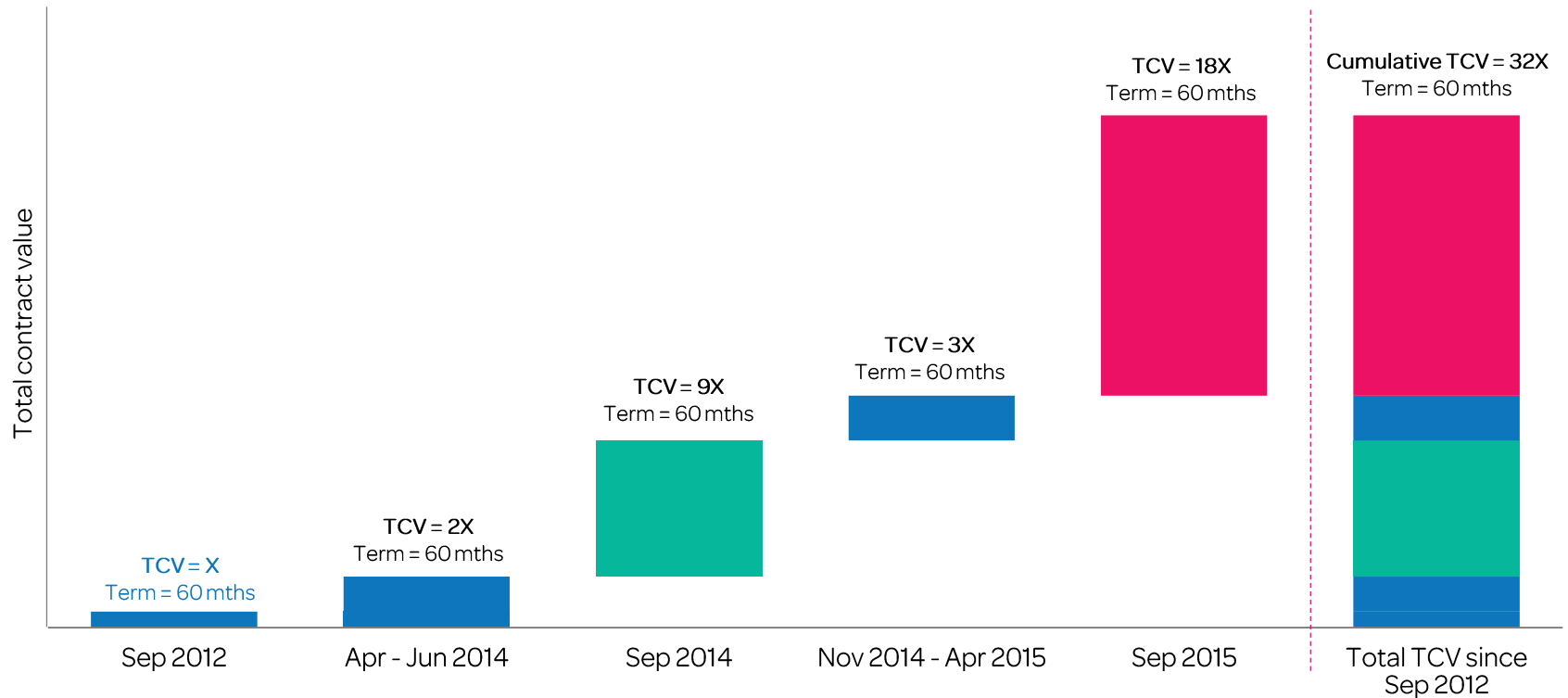


1. Pricing is for illustrative purposes only and does not necessarily reflect actual pricing.

2. MRR refers to Monthly Recurring Revenue and includes revenue from subscription software, on-site and support.

## Business Solutions: Customer Success Story – Domestic Property Business









Successfully grew customer from 'print only' to Technology as a Service proposition, resulting in a material increase in total spend with CSG and recurring revenue over a 60-month term.



### Solutions provided

- Print as a Service
- Growth in Print as a Service
- Display as a Service
- Tablets
- Growth in Print as a Service
- Communications as a Service

# Business Solutions: Customer Success Stories

Customer		 Northern Territory Government	Private Financial Services Firm
Product	 Total Office	  Print as a Service Total Office	   Print as a Service Boardroom as a Service Total Office
Solution	<ul style="list-style-type: none"> <li>• 20 x Total Office Seats including desktop, data and Communications as a Service</li> <li>• Example of ability to acquire a new customer when there was no print opportunity</li> </ul>	<ul style="list-style-type: none"> <li>• 24 x Total Office Seats including 4G laptops, desktops and Communications as a Service</li> <li>• 1 x Canon MFD</li> <li>• Installation and cabling</li> <li>• Opportunity for CSG Conferencing and Display as a Service</li> </ul>	<ul style="list-style-type: none"> <li>• 11 x Total Office Seats including desktop and Communications as a Service</li> <li>• CSG Conferencing including 75" Interactive Whiteboard</li> <li>• 1 x Samsung MFD</li> </ul>
Value proposition	<ul style="list-style-type: none"> <li>• Reduced phone and data bill by 50%</li> <li>• One partner and one bill is what attracted the customer</li> <li>• Savings in time from dealing with the one supplier</li> </ul>	<ul style="list-style-type: none"> <li>• Required a partner who could help with mobility, collaboration and communication</li> <li>• Attracted by the complete solution CSG could provide</li> <li>• Won over local and larger competitors</li> </ul>	<ul style="list-style-type: none"> <li>• Customer saved 24% off total IT spend by consolidating all IT with CSG</li> <li>• Customer has implemented the complete CSG Business Solution product suite</li> <li>• One Partner and one bill</li> <li>• Significant savings in time and money</li> <li>• Ability to easily track and predict IT spend per employee</li> </ul>

## Business Solutions: Indicative Growth Potential

Indicative growth achievable in Business Solutions by increasing 'wallet share' of current customer base via the sale of additional business technology services.

### Indicative additional technology revenue for a customer with 10 seats (\$m)

		Indicative additional technology equipment (transactional) revenue (\$m)				
		Number of additional technology customers				
Average technology equipment revenue per customer		100	200	400	800	1,000
	\$25,000	\$2.5m	\$5.0m	\$10.0m	\$20.0m	\$25.0m
	\$30,000	\$3.0m	\$6.0m	\$12.0m	\$24.0m	\$30.0m
	\$35,000	\$3.5m	\$7.0m	\$14.0m	\$28.0m	\$35.0m
	\$40,000	\$4.0m	\$8.0m	\$16.0m	\$32.0m	\$40.0m
	\$45,000	\$4.5m	\$9.0m	\$18.0m	\$36.0m	\$45.0m
	\$50,000	\$5.0m	\$10.0m	\$20.0m	\$40.0m	\$50.0m

		Indicative additional technology subscription (recurring) revenue (\$m)				
		Number of additional technology customers				
Average Monthly Recurring Revenue per customer		100	200	400	800	1,000
	\$500	\$0.6m	\$1.2m	\$2.4m	\$4.8m	\$6.0m
	\$1,000	\$1.2m	\$2.4m	\$4.8m	\$9.6m	\$12.0m
	\$1,500	\$1.8m	\$3.6m	\$7.2m	\$14.4m	\$18.0m
	\$2,000	\$2.4m	\$4.8m	\$9.6m	\$19.2m	\$24.0m
	\$2,500	\$3.0m	\$6.0m	\$12.0m	\$24.0m	\$30.0m
	\$3,000	\$3.6m	\$7.2m	\$14.4m	\$28.8m	\$36.0m



## Business Solutions: Direct Sales Channel for Technology as a Service

CSG will launch a new direct sales channel to accelerate technology sales to new customers.



- CSG will launch a complimentary, direct salesforce of 30 new sales staff across Melbourne, Sydney and Brisbane who will sell Technology as a Service only to new, non-CSG customers.
- Sales team to be supported by a focused lead generation strategy of digital and telemarketing campaigns
- Data-driven, quick-to-adapt sales team supported by the internal CSG IT platform

### Rationale

- Existing Master Agent channel focus is on increasing technology sales to existing customer base as well as continuing growth in print
- Strong value proposition demonstrated by initial success of Technology as a Service offering
- Capitalise on unique product & service offering and first mover advantage
- Convert new Technology as a Service only customers into print customers from year 2 onwards

### Financial impact

- Expected one-off investment of \$3m which will be expensed in FY2017, primarily driven by start-up costs including marketing and ramp-up in sales productivity
- No additional overhead costs expected in FY2017
- First sales expected to commence in 2H FY2017 – target 10 sales per head in FY2017
- At least break-even in FY2018

### Key Risks

- Insufficient leads generated to achieve forecast sales
- Ramp-up in sales productivity takes materially longer than anticipated

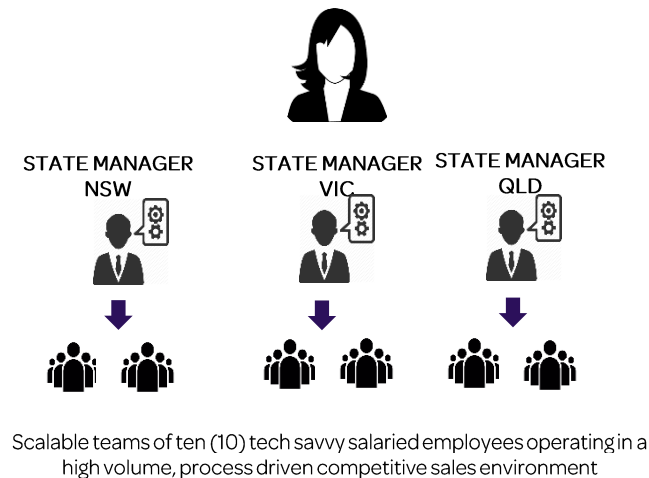
## Business Solutions: Direct Sales Channel for Technology as a Service

The Direct Sales Channel is not expected to incur any additional overhead costs in FY2017 and will be supported by CSG's existing technical support capabilities and operating framework.

- No additional overhead costs
- Formularised sales processes
- Limited pricing discretion
- Track unique market dynamics in each geography

### Direct Sales Channel – Proposed Operating Model

#### GENERAL MANAGER – DIRECT SALES CHANNEL





- Revenue growth of 30% (pcp) in Enterprise Solutions Australia
  - Addition of new Managed Print customers, including a major University and further growth in Queensland education
  - Continued focus on growing annuity revenue from our cloud portfolio
  - Two managed print contracts moved into FY2017 pipeline (negative impact of ~\$10m in transactional revenue)
- Signed partnership with Oneview Healthcare and installed solutions at a major hospital
- Launched Cloud Communications business and successfully deployed for several major customers including:
  - Virtual contact centre for a global financial services organisation
  - Unified communications for a global transport infrastructure business
  - Three large pilot solutions under evaluation for a major retailer, major infrastructure provider and a global mining services business (total of more than 10,000 seats)
- Launched cloud platform and CSG Marketplace
- FY2017 focus will be to continue to grow ICT business while adding new Managed Print customers
  - Enterprise Solutions pipeline of \$300m
  - Target 4 new business contracts (1 per quarter) with Total Contract Value of \$10 - \$15m over a 5 year term

## Enterprise Solutions: CSG's Value Proposition

“Be the leading provider of Managed Print Solutions and expand into a broader Managed Technology Solutions partner to Government and Enterprise customers.”

National service and sales team



CSG is the only technology provider with truly national capability

ASX listed



ASX reporting and regulatory standards appeals to Government and Government related entities

Financing capability



CSG's internal financing capability provides customers with greater flexibility and fast tracked approval

Brand agnostic (Australia)



Ability to sell, install, service and repair all major brands ensures the optimal customised offering can be delivered to all customers

Access to best of breed global technology



Well positioned to provide a broader portfolio of Technology Solutions to existing customers along with targeted growth in new customers

Scale with flexibility



CSG has the ability to service customers of all sizes, and the flexibility to service a broad range of customer types

## Industry centric, cloud-first Managed IT solutions



### Private Cloud Platform

Secure, Australian data centre services & on-demand infrastructure for critical business applications.



### CSG Marketplace

Simplifying procurement. One place to subscribe, track, manage and view all of your technology services.



### Managed Print

Cloud delivered Enterprise Print & Document Management.



### End-User Computing

Desktop solutions that deliver mobile communications and end-user computing.



### Display Solutions

Intelligent display solutions to improve customer/client engagement.



### Cloud Communications

Unlocking your business potential with integrated Cloud Contact Centre & Business Phone Solutions.

## GLOBAL CONTACT CENTRE IMPLEMENTATION

### Solutions

- Global Contact Centre implementation in 6 countries
- 6 call centres mirrored across countries using Virtual Contact Centre and Virtual Office
- London, Sydney, San Francisco, Toronto, Hong Kong and Auckland
- 24x7 availability with no downtime between time zones
- Implemented in 7 weeks with no interruption to service
- Meets stringent security requirements of financial services business

### Benefits to OFX

- Ability to link multiple call centres in global locations to create a single virtual call centre
- 24/7 availability & ability to answer calls from anywhere in any time zone
- 99.99% uptime
- Cost savings
- Decreased call waiting times and increased customer satisfaction
- More transactions per agent taken per day



## Brexit Case Study

- ✓ OFX had a significant increase in calls in the week leading up to Brexit on the day of Brexit
- ✓ Handled the huge volume of calls with a slight decrease in abandonment rate
- ✓ Due to the flexibility of Virtual Contact Centre Solution and uptime the customer was able to deal with this huge volume of calls with no service interruption
- ✓ Call volumes remained about materially higher than normal for the following two weeks, with no increase in abandoned calls

*"With offices and customers all over the world, we needed a communications partner that could scale with our rapid growth and 'follow the sun service model' without incurring expensive call charges and maintenance fees," said Adam Smith, Chief Operating Officer at OFX.*






*"We had 2 options- either undertake an expensive upgrade to our existing on-premises environment or transition to a cloud-based solution. We decided to go the cloud communications route for its increased flexibility and scalability. Working with CSG, we selected 8x8's industry leading, integrated contact center and unified communications solution that works seamlessly across the Internet as we grow our international client base."*



## Enterprise Solutions: Case Study – Typical Enterprise Solutions Customer

The indicative growth achievable for an Enterprise Solutions customer is shown below. CSG has an opportunity to increase 'wallet share' via the sale of additional business technology services.

### Potential Enterprise Solutions customer

Technology as a Service	Vendor	Product	\$ Per Year <sup>1</sup>	Total contract value
Print / imaging		1,000 x MFD	\$4m p.a. (Print only)	\$16m (Total Contract Value)
Boardroom (display + conferencing)		100 x Display 100 x Subscription	<div> <div>\$12m p.a. (Print + New Products) (equipment + software + service)</div> </div>	\$48m (Total Contract Value)
Communications		5,000 x Subscriptions		
Desktop		5,000 x Subscriptions		
Cloud management		1 X Virtual Data Centre		

Underpinned by a single billing, service and finance relationship

1. Pricing is for illustrative purposes only and does not necessarily reflect actual pricing.

Indicative total contract value growth achievable in Enterprise Solutions.

## Indicative revenue (p.a. \$m):

		Close Rate					
		5%	10%	15%	20%	25%	30%
Value of Pipeline (TCV)	\$100m	\$1.3m	\$2.5m	\$3.8m	\$5.0m	\$6.3m	\$7.5m
	\$200m	\$2.5m	\$5.0m	\$7.5m	\$10.0m	\$12.5m	\$15.0m
	\$300m	\$3.8m	\$7.5m	\$11.3m	\$15.0m	\$18.8m	\$22.5m
	\$400m	\$5.0m	\$10.0m	\$15.0m	\$20.0m	\$25.0m	\$30.0m
	\$500m	\$6.3m	\$12.5m	\$18.8m	\$25.0m	\$31.3m	\$37.5m

1. Assumes a contract term of 4 years.

## Finance Solutions: Performance Highlights



- Lease receivables book of \$260.8m as at 30 June 2016 (24% increase compared to lease receivables book of \$210.0m as at 30 June 2015)
- 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 3%
- Refinanced existing lease facilities – small increase in cost of funds (5 – 15bps) and extended maturity dates to 2020
- 2H FY16 PBT includes a non-cash hedging adjustment of \$0.3m

KEY PERFORMANCE INDICATORS	FY2014		FY2015		FY2016	
	1H	2H	1H	2H	1H	2H
Closing Receivables (A\$m)	138.8	161.5	188.6	210.0	236.1	260.8
Growth – pcg (%)	37%	40%	36%	30%	25%	24%
PBT (A\$m)	4.5	4.5	4.5	5.0	5.5	5.6
Return on Equity (ROE) (%)	43%	48%	37%	47%	46%	44%
Bad Debt (%)	< 0.50%	< 0.50%	< 0.50%	< 0.50%	<0.50%	<0.50%

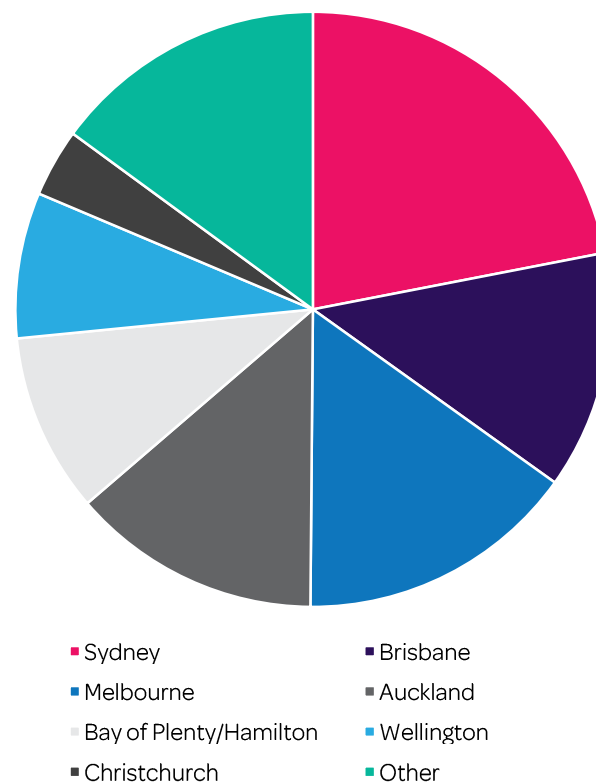
## Finance Solutions: Breakdown of Lease Book

The CSG Finance lease book is well diversified across industries and geographies.

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



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



1. As at 30 June 2016.



More than you expect.

# Growth Opportunities & Outlook



- ✓ Grow Business Solutions division by becoming a leading technology as a service provider including:
  - Highly successful first year of Communications as a Service sales
  - Successful launch of Total Office solution
- ✓ Grow Enterprise Solutions business as an IT Managed Services provider to government, education and enterprises in all regions
- ✗ Close an enterprise Managed Print contract each quarter in 2H FY2016 ( two managed print contracts moved into FY2017 pipeline)
- ✓ Seek out other growth opportunities for potential “bolt on” acquisitions
- ✓ Look for more partnerships with innovative cloud vendors for Cloud Marketplace including business applications
- ✓ Continue to develop Customer Hub platform to deliver premium customer service
- ✓ Successfully integrate CodeBlue to create a single platform for excellent customer support for Technology as a Service products

## Priorities for Growth: FY2017 and Beyond

### FY2017

- Grow monthly recurring revenue through selling subscription based Technology bundles in Business Solutions and annuity contracts in Enterprise Solutions
- Develop new channels and partnerships for Cloud Marketplace via a private label model
  - Enterprise partners
  - Other print partners
  - Strategic partners
- Build on existing Enterprise Managed Print customer base to add additional managed services
- Continue to build Enterprise IT business pipeline with vertical market approach
- Launch Cloud based business application suite in CSG Cloud Marketplace
- Develop deep vertical market opportunities around display solutions and cloud software platform
- Launch direct sales channel in Australia to grow customer base
- Build on success in display business by launching a focussed team in Business Solutions
- Continue to look for strategic, bolt-on acquisitions
- Implement new Long Term Incentive Plan through to FY20

### FY2018 and Beyond

- Seek out additional partnerships with global software vendors to add to CSG Cloud Marketplace
- Increase depth of solutions in key vertical markets within Enterprise Solutions
- Establish CSG as a recognised IT Managed Services provider in the Australian enterprise sector
- Continue to grow technology penetration into existing customer base in Business Solutions
- Integrate CodeBlue in New Zealand at the conclusion of earn-out period
- Improve customer interaction through rolling out online experience and self service
- Explore new geographic territories
- Continue to evolve Customer Hub platform to deliver increased productivity and innovation in customer service





- Forecast underlying EBITDA (excluding LTIP expense) to be in the range of \$44-\$48m. This represents ~15% to 26% growth on FY2016 and excludes any impact of the launch of the Direct Sales Channel;
- Launch of Direct Sales Channel in Business Solutions to result in a one-off investment of \$3.0m which will be expensed in FY2017;
- Forecast revenue of greater than \$300 million. This represents ~22% growth on FY2016;
- Capital expenditure of between \$6.0 - \$6.5m; and
- Maintain dividend at 9 cents per share.



More than you expect.

# Thank You



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