

ASX Release – 22 November 2019

ANNUAL GENERAL MEETING CSG LIMITED

Friday, 22 November 2019, commencing at 1:00pm (AEDT)
To be held at KPMG, Tower Two, Collins Square, 727 Collins Street,
Melbourne, VIC 3000

Bernie Campbell

[Slide 2 – Welcome]

Good afternoon Ladies and Gentlemen, my name is Bernie Campbell and I am the Chairman of CSG Limited. On behalf of all the Directors, I am pleased to welcome you to CSG's 2019 Annual General Meeting.

As we have a quorum, I declare this meeting open. A Notice of Meeting was distributed on 21 October which set out the business and resolutions to be considered at this meeting and I will take the Notice of Meeting as read.

Introductions

I would like to start today's meeting by introducing your Board of Directors who are seated at the front today:

- Mark Bayliss is our Acting CEO & Managing Director. He was appointed to this role on 14 March 2019, having previously been CSG's Chairman and Executive Director.
- Robin Low was appointed Non-Executive Director in August 2014. She is Chair of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.
- Rajarshi Ray is our most recently appointed Non-Executive Director, joining in August 2019. We are delighted to welcome Rajarshi Ray to our Board. Rajarshi has more than 25 years of experience from senior management

and CEO positions in the finance and IT sectors across Europe, Asia, North America and Australia, with a specific focus on SME and subscription-based segments. Rajarshi was previously CEO at Class, a successful subscription-based FinTech.

Lastly, I was re-appointed as Chairman in March 2019. I am a member of the Audit and Risk Management Committee and Chair of the Nomination and Remuneration Committee.

Also seated in the front row is our Interim General Counsel & Company Secretary, Howard Edelman, as well as our Chief Financial Officer, Ashley Conn.

Attending today's meeting representing CSG's auditor, is Maritza Araneda from KPMG. Maritza will be available to answer questions in relation to the audit when we discuss Item One of the formal agenda, the Financial Statements and Reports. Shortly, we will work through the formal resolutions required to be put to shareholders and seek to respond to any questions you may have.

Before I invite Mark Bayliss to address you, I would like to make some brief comments as your Chairman.

FY19 performance

FY19 has been a year of transformation for CSG. In response to some challenging periods, the Board and Management acted decisively to reposition the Company, refreshing the culture and operations with new initiatives providing a clear path back towards growth. Our team has worked hard throughout the year to execute on the company's CSG 2021 strategic transformation programme and growth strategy, and we are pleased to say that FY19 has delivered a strong improvement in performance, including underlying EBITDA increasing 71% to \$17.1m.

Fuji-Xerox proposal to acquire CSG

Following the 2019 financial year, CSG entered into a scheme implementation agreement with a subsidiary of Fuji Xerox for CSG to be acquired by Fuji Xerox for \$0.31 per share in cash.

Each member of the CSG Board recommends that CSG shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to an Independent Expert report concluding that the Scheme is in the best interest of CSG shareholders.

This is a landmark transaction for CSG and all our stakeholders. This includes shareholders, our 670 employees, 10,000 customers and our other business partners.

Mark will talk further about this transaction in his presentation. However, before the end of the year all shareholders will receive a copy of the Scheme Booklet including detailed information about the Scheme, the Scheme meeting and the Scheme vote. I would encourage shareholders to read this document carefully, including your directors' recommendation, and to vote at the Scheme meeting.

Closing introduction

In closing, on behalf of the Board I would like to thank our employees, customers, suppliers and shareholders who have all supported and contributed to the business over the past 12 months. Additionally, I thank my fellow Directors for their efforts over the past year.

A significant amount of work has been undertaken throughout FY19, which positions CSG well heading into FY20.

Thank you for your attention. I will now hand over to Mark Bayliss, who will run through a presentation about the business. I will then return following Mark's presentation to take you through the formal part of our AGM.

Mark Bayliss

[Slide 3 – Welcome]

Thank you for the introduction Bernie and good afternoon everyone. I would also like to join Bernie in welcoming you to CSG's 2019 Annual General Meeting and thank you for your attendance.

I am very pleased with the progress made with our strategic transformation, "CSG 2021". There has been a significant amount of change at CSG over FY19 – strategically, operationally, and from a people and culture perspective. These changes position CSG strongly to consolidate on the progress made into FY20.

[Slides 4 – FY19 highlights]

The key FY19 highlights demonstrate that CSG's transformation program is clearly delivering results and we have delivered on our commitments.

- We grew our underlying EBITDA by 71% to \$17.1m, meeting guidance.
- We have successfully been able to complete cost-outs of \$7.7m and an inventory reduction of approximately \$10m.
- This, and our improved earnings, along with the completion of the successful capital raising of \$18m, has allowed us to repair our balance sheet, reducing net debt leverage from 4.1x underlying EBITDA at the start of the financial year, to 1.5x underlying EBITDA
- Our Technology as a Subscription model continues to gain momentum, achieving subscription revenue growth of 17% over FY19, seat growth of 18% and increasing our average revenue per user by 10% to ~\$102.
- We launched our CSG 2021 Culture Change Program, leading our transformation through our vision, mission, strategy and values and driving the transformation of CSG. As part of this, we have strengthened our leadership team, recruiting and appointing 8 key positions over the year.
- "CSG 2021" underpins our improved financial performance in FY19, and positions CSG for sustainable growth in FY20. I'll touch on further initiatives and goals later in this presentation.

[Slide 5 – SME market]

We are focused on the SME sector and growing by expanding technology.

- Australia and New Zealand are nations of SMEs. There are 2.2m SMEs in Australia and 0.5m in New Zealand, representing a large target market generating a significant share of economic output
- IT spend in Australia and New Zealand is growing, and is projected to exceed \$100bn in FY19, with over 30% of this on IT services
- In addition, business use of paid cloud computing services continues to show significant growth, particularly in SMEs

[Slide 6 – Creating the leading Technology as a Subscription service provider in ANZ]

CSG is positioned as the leading Technology as a Subscription service provider to the SME sector in Australia and New Zealand.

We have simplified the business to focus on 3 distinct segments, being Technology, Print & Display, and Finance, services that we can provide, uniquely to the Australia and New Zealand SME market, on one monthly invoice

We have nationwide coverage across our 27 offices in Australia and New Zealand, with leading partnerships with global OEMS such as Canon, Konica Minolta and HP, among others.

We have a large existing customer base with over 10,000 customers, who are predominantly SMEs, and approximately 40,000 machines in the field and 24,000 technology seats, and growing, all underpinned by our in-house finance capability.

[Slide 7 – CSG transformation]

We launched our CSG 2021 transformation in October 2018, with our employees owning and driving CSG's vision, mission, and strategy of Defend Print, Expand Technology and Extend through New Solutions and CSG's five values.

We have 34 Culture Champions nominated by their peers, leading and maintaining the cultural change in our organisation.

Culture champions have and will continue to lead cultural workshops for employees, and all employees have now taken part in these workshops.

As part of the transformation we have delivered a raft of operating changes in FY19, with some of the highlights being:

- Moving to a 4PL logistics model in Australia
- Implementing a marketing strategy and people and culture strategy, and
- We have a revitalised management team.

I would again like to thank our shareholders who supported us in the capital raising during the last year and the support provided by our financiers with the recent extension of our facilities, which now puts us in a much stronger financial position.

[Slide 8 – Fuji Xerox to acquire CSG]

As Bernie briefly mentioned, on 24 October we announced that CSG entered into a scheme implementation agreement with a subsidiary of Fuji Xerox, for CSG to be acquired by Fuji Xerox for \$0.31 per share in cash, which represents a significant premium of 35.4% to the 1-month VWAP of 22.9 cents per share and a 55.2% premium to the VWAP of 20 cents per share from the announcement of CSG's FY2019 results to the date of the SIA announcement. This values CSG issued equity at \$140.8 million and enterprise value at \$181.6 million.

Each member of the CSG Board recommends that CSG shareholders vote in favour of the Scheme in the absence of a Superior Proposal and subject to the

Independent Expert concluding in the Independent Expert's Report that the Scheme is in the best interests of CSG shareholders.

As part of the Fuji Xerox group, CSG will leverage Fuji Xerox's significant global reach and expertise to offer an expanded print and technology platform to its Australian and New Zealand customers across the SME and Enterprise sectors.

The opportunity to realise certain value via a cash consideration at a significant premium represents a great outcome for our shareholders, who have been supportive over the company's recent period of strategic transformation.

The transaction is a great match of culturally aligned companies with complementary print and IT solutions and services for SME, Enterprise and Government customers.

CSG's customers and employees will benefit from Fuji Xerox's complementary global print management services and solutions, industry-leading expertise and operational synergies.

Fuji Xerox is able to increase its value proposition within the highly competitive print management sector and diversify into technology-as-a-service to offer full-service solutions in Australasia.

In addition to each Board member recommending the transaction, I am pleased to confirm that CSG's largest shareholder, Caledonia (Private) Investments, who with its associates has a relevant interest in CSG shares of 29.1% at the date of the announcement, has advised CSG that it intends to vote in favour of the Scheme based on the disclosed terms, and subject to no superior proposal emerging and the independent expert concluding, and continuing to conclude, that the Scheme is in the best interests of CSG shareholders.

All steps are predominately customary for a scheme transaction of this kind. They include obtaining necessary regulatory approvals, including the approval of the Australian Competition and Consumer Commission and the New Zealand

Commerce Commission, approval of CSG shareholders, court approval, no material adverse change and no prescribed occurrences.

Outlined on the right hand side of the slide we have the key dates for the scheme implementation agreement, as they were set out in the market announcement. The first court date is set for early/mid-December and following this we will send out the Scheme booklet to shareholders. Shareholders should expect to receive the Scheme Booklet by late December. Shareholders will have the opportunity to vote on the Scheme at a court-convened shareholder meeting, expected to be held in early February 2020 and if the Scheme is approved then a second court date will happen in February following the Scheme meeting. Following the court approvals the scheme will then be implemented and this is set to happen sometime in mid-February.

[Slide 9 – In summary]

In closing, FY19 has been a very busy year for CSG, and we have delivered on what we said we would do. We implemented a new strategy that is focused on the SME market, and is guided by our “Defend, Expand, Extend” plan. We launched the CSG 2021 Culture Change Program, and this is showing good early benefits.

We met the underlying EBITDA guidance, with 71% growth, and achieved our cost outs and inventory reduction goals to improve the position of the overall business.

We continued to see strong growth in the Technology segment, growing our subscription revenue by 17% and increasing our average revenue per user by 10% to ~\$102. We continue to invest in this segment positioning it for further growth in FY20.

We have successfully strengthened our balance sheet, reducing our net debt position from \$40.8m to \$24.9m.

Looking forward to FY20 we see this as a year of consolidation, to capitalise on the FY19 initiatives and the hard work done to position us as a much stronger company.

We have a positive relationship with Fuji Xerox, with the proposed transaction progressing as planned, and timing on track for dispatch of Scheme Booklet late December 2019. In light of the proposed transaction contemplated by the Scheme, the previous guidance provided is no longer relevant and will be reassessed by the CSG Board should the proposed transaction not proceed.

The achievements of FY19, combined with the strategic initiatives planned for FY20, and the proposed transaction involving a Board recommended offer for CSG by Fuji Xerox, has resulted in strong shareholder returns as we successfully implemented our transformation strategy.

That now concludes my presentation. I'd like to thank all shareholders for their support so far during the CSG 2021 transformation and I look forward to continuing to guide the company through to the conclusion of this transaction.

Thank you, ladies and gentlemen. I will now hand back to Bernie to run through the formal part of the meeting.

- END -

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Attachment



CSG LIMITED 2019 ANNUAL GENERAL MEETING

22 November 2019

Presented by

Bernie Campbell, **Chairman**
Mark Bayliss, **Acting CEO & Managing Director**



CSG - Business Technology Made Easy

CHAIRMAN'S ADDRESS

BERNIE CAMPBELL

CSG - Business Technology Made Easy

ACTING CEO & MD PRESENTATION

MARK BAYLISS

FY19 Highlights: Transformation and return to sustainable growth



\$17.1m
EBITDA
within guidance
↑71%



\$7.7m
Cost out
Completed



\$10m
Inventory Reduction
Completed



↑17%
Growth in technology
subscription revenue
~\$102 ARPU
↑18% Seat Growth



1.5x
Leverage
↓ from 4.1x in FY18
Balance Sheet repaired



8
Key appointments



CSG 2021
Culture change
program launched
34 Culture Champions



**Sustainable
growth**

Australia and New Zealand are nations built on SMEs with a growing use of technology

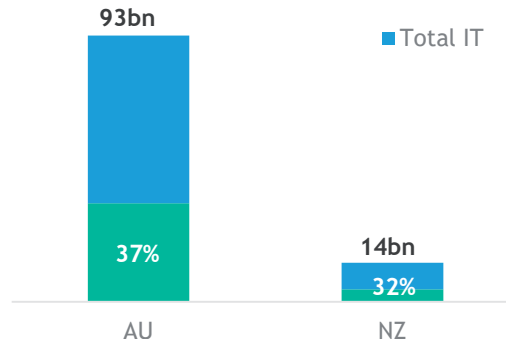
Australia and New Zealand are nations of SMEs¹



0.5m SMEs
35% of GDP

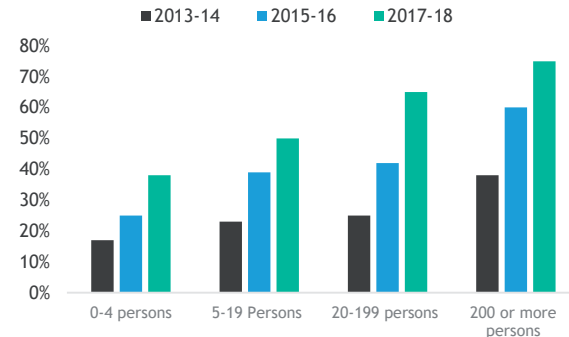
- 2.2m SMEs in Australia representing 99% of Australian businesses² and 57% of GDP³
- 0.5m SMEs in New Zealand representing 97% of New Zealand businesses⁴ and 35% of GDP⁵

IT spend >\$100bn across ANZ



- IT services is the largest IT expenditure category across Australia and New Zealand
- Total IT spending forecast of \$93bn in Australia for 2019 with 37% on IT services (+4.4% YoY)⁶
- Total IT spending forecast of \$13.7bn in New Zealand for 2019 with 32% on IT services (+4.3% YoY)⁷

Paid cloud-based computing services are growing significantly YoY



- The proportion of businesses using paid cloud computing continues to grow in SME⁸
- SMEs identified insufficient knowledge of paid cloud computing services as the greatest factor limiting or preventing its use - opportunity for managed services expertise and support⁹

¹ Businesses with <199 employees. IBISWorld - Australia Market Research Report, 30 June 2018; Australian Bureau of Statistics ('ABS')

² ABS, Counts of Australian Businesses, 21 February 2019 ³ NAB / IPSOS: Moments That Matter: Understanding Australian Small to Medium Businesses, 2017 ^{4/5} NZ Government Ministry of Business, Innovation and Employment, Small Business Fact Sheet, 2017

⁶ Gartner, October 2018 ⁷ Gartner, April 2019 ^{8/9} ABS, Characteristics of Australian Business, 2017-18

CSG is creating the leading Technology as a Subscription service provider to the SME sector across Australia & New Zealand

10,000+

Customers

SME focused

27 offices

Nationwide coverage
across Australia & New
Zealand

1 invoice

Everything you need,
one monthly invoice

**Leading
partners**

Canon



\$217m

Lease receivables

Supporting print & tech
subscription model

670

Employees

circa **40,000**

Print devices in field

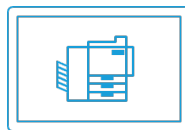
One of the largest
non-Original Equipment
Manufacturer (OEM) fleets
globally

24,000+

Technology seats



Technology



Print & Display



Finance

CSG transformation: led by cultural change

CSG's Vision, Mission, Strategy and Values



Cultural changes

- ~100 employees attended group workshops in 2018 to develop and own the CSG vision, mission, strategy and values - “CSG Cloud”
- Executive Chairman, CEO and CFO undertook a strategy and culture roadshow of all major branches in Australia and New Zealand
- 34 “CSG Culture Champions” were nominated by the whole organisation to lead and maintain cultural change in the organisation
- Culture Champions have led cultural workshops with all employees
- All offices now have posters re-enforcing the CSG vision, mission, strategy and values

Operating changes

- Moved to Fourth Party Logistics (4PL) model in Australia
- Developed and implemented Marketing Strategy
- Developed and implemented People and Culture Strategy
- Revitalised management team
- Launched “Customer Hub”
- CSG Finance implemented enhanced credit processes and has reviewed the lease book to deal with non-core bad debts
- Capital raise completed with strong support from existing shareholders and support provided by bank financiers with extension of facilities

Fuji Xerox proposal to acquire CSG in a recommended transaction

Scheme Highlights

- Subsidiary of Fuji Xerox Ltd would acquire CSG for \$0.31 per CSG share in Cash
- Cash price of A\$0.31 per CSG share represents a significant premium of:
 - 35.4% to the 1-month VWAP¹ of \$0.229 per share
 - 55.2% to the VWAP1 from the announcement of the CSG FY2019 full year results to the SIA announcement of \$0.20 per share
- Values CSG issued equity at \$140.8 million and enterprise value at \$181.6 million²
- The CSG Board unanimously recommends that CSG shareholders vote in favour of the Scheme in the absence of a Superior Proposal³ and subject to the Independent Expert⁴ concluding in the Independent Expert's Report that the Scheme is in the best interests of CSG shareholders
- CSG's largest shareholder, Caledonia (Private) Investments Pty Limited and its associates, intends to vote its 29.1% holding (as at 24 October 2019) in favour of the Scheme⁵

Indicative Key Dates

First court hearing	Mid December 2019
Dispatch of Scheme Booklet	Late December 2019
Scheme meeting	Early February 2020
<i>If Scheme is approved by CSG shareholders at the Scheme meeting</i>	
Second court date	Early February 2020
Effective date	Early February 2020
<i>If Scheme is approved by the Court and becomes effective</i>	
Implementation date	Mid February 2020

¹ Volume weighted average price based on cumulative trading volume and value up to and including 23 October 2019 (being the last trading day prior to the announcement).

² Implied diluted equity value of \$140.8 million based on the Scheme Consideration of \$0.31 per CSG share multiplied by current shares on issue of 449,257,045 shares and 5,000,000 unlisted performance rights that will vest as a result of the Scheme. Enterprise value includes CSG net debt (adjusted for restricted cash) of \$24.9 million and minority interests of \$15.9 million as at 30 June 2019.

³ As that term is defined in the attached Scheme Implementation Deed.

⁴ Or in any update of, or revision, amendment or addendum to, that report.

⁵ Based on the disclosed terms of the Scheme, and subject to no superior proposal and subject to the Independent Expert concluding (and continuing to conclude) that the Scheme is in the best interests of CSG shareholders.

In summary

FY19: Doing what we said we would do

- ✓ CSG 2021 Culture Change Program launched
- ✓ Strategy is in place: Defend, Expand, Extend
- ✓ EBITDA guidance met, with strong growth in earnings
- ✓ Continued growth in Technology subscription revenue
- ✓ Cost out and inventory reduction completed
- ✓ Balance sheet repaired following successful capital raising

Fuji Xero proposal to acquire CSG in a recommended transaction

- Positive relationship with Fuji Xerox, with Transaction progressing as planned
- Transaction timing on track for dispatch of Scheme Booklet late December 2019
- In light of the proposed transaction, previous guidance is no longer relevant and will be reassessed by the Board should the proposed transaction not proceed

CSG - Business Technology Made Easy

CSG LIMITED 2019 ANNUAL GENERAL MEETING ITEMS OF BUSINESS

CSG - Business Technology Made Easy

THANK YOU



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