



More than you expect.

Results and Outlook Presentation Full Year 2014

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Full Year Financial Highlights

- Revenue (excluding Interest) \$199.2m (FY13: \$181.3m)
- Reported EBITDA \$23.7m (FY13: \$17.4m)
- Underlying EBITDA of \$29.1m before non-recurring costs and LTI expense of \$5.4m
- Reported NPAT \$12.1m (FY13: \$8.7m)
- Underlying NPAT before customer contract amortisation of \$19.0m
- Full year unfranked dividend declared of 5 cents per share
- Finance Solutions receivables of \$161.5m, representing 40% growth on FY13
- Closing cash balance \$27.3m, nil corporate debt.

Operational Highlights Across the Business

Innovation & Growth

- Revenue increased by 10%
- Underlying EBITDA increased by 26%
- CSG Finance book increased by 40% through growth in Australia
- Commenced online sales model and doubled the conversion rate of site visitors to leads
- Significant win in Enterprise business using new contract model "print as a service"
- Launched the Samsung relationship and commenced selling products other than print
- Grew sales pipeline in Enterprise in all regions including Singapore

Customers

- Increased session duration on the website by 31%
- New customer sales in Business Solutions Australia increased to 15.6% of equipment revenue
- Restraint period in New Zealand completed
- Won major contracts in New Zealand and Australian government and corporate sectors
- Commenced rolling out new mobile/Cloud based IT platform
- Net Promoter Score reflective of the high quality of customer service

People

- Executive team highly motivated by LTI
- Developed Master Agent Equity plan
- Training on new IT platform being rolled out including use of mobile devices in the field
- Sales and Technicians receiving training in new Samsung technology
- Further strengthened leadership team with appointment of CIO and Business Transformation Director
- Added three high calibre new board members

Executive Team : Achievements and Track Record

The executive team assembled in FY12/13 has proven its ability to execute on its objectives. The team in place is well positioned to drive CSG's next phase of growth



Julie-Ann Kerin
Managing
Director



Neil Lynch
CFO



Declan Ramsay
Business Solutions
Australia,
Executive General
Manager



Warwick Beban
Business Solutions
New Zealand,
Executive General
Manager



Stephen Birrell
Enterprise Solutions,
Executive General
Manager

Key achievements since 2012

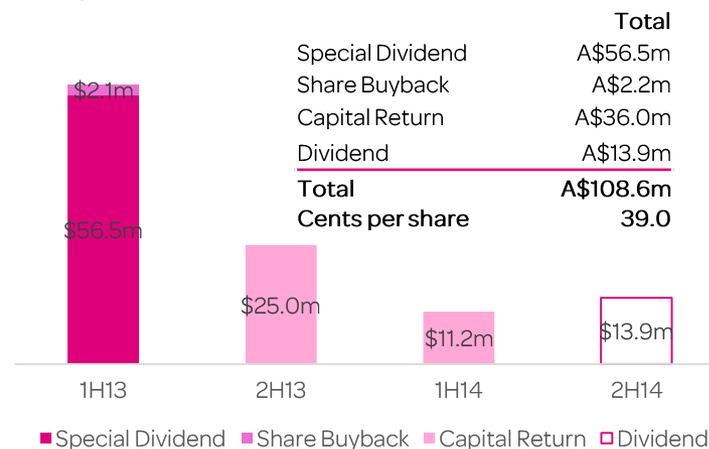
- Delivered solid year-on-year EBITDA and NPAT growth
- \$109m returned to shareholders in two years
- Key business transformation milestones fulfilled
- Significant equity incentive plan for staff introduced
- Strengthened current supplier relationships, and established significant new partnerships

Financial: Achievements and Track Record

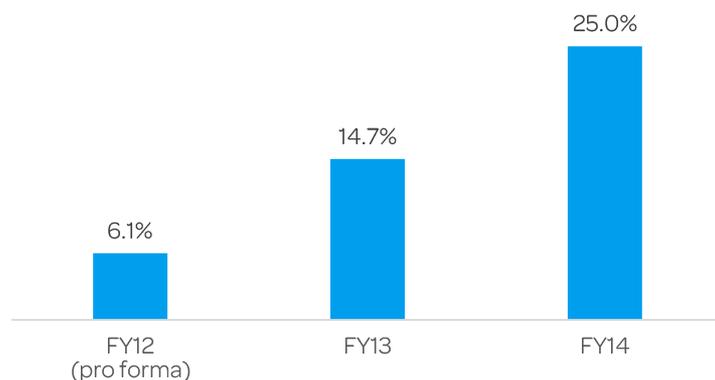
Strong underlying EBITDA growth



Capital return to shareholders



Increasing return on equity (excl. goodwill)



Strong leasing receivables growth



FY12 pro forma is calculated excluding the impact of the Technology Business and its sale and applying a normalised corporate overhead cost of \$5m



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Results Detail



Income Statement

	FY2014 \$m	FY2013 \$m	
Revenue (excluding Interest)	199.2	181.3	▲ 10%
Underlying EBITDA	29.1	23.2	▲ 26%
Non-recurring Costs	(2.6)	(5.8)	
LTIP	(2.8)		
EBITDA	23.7	17.4	▲ 36%
Depreciation & Amortisation	(5.2)	(6.3)	
Net interest (expense)/income	(0.7)	2.5	
Profit before tax	17.8	13.6	▲ 31%
Income Tax	(5.7)	(4.9)	
NPAT	12.1	8.7	▲ 39%
Underlying NPAT before customer contract amortisation	19.0	15.6	▲ 22%

- Underlying EBITDA of \$29.1m or 26% improvement over FY2013.
- Revenue (excluding Interest) growth of 10% delivered with no increase non-COGS related operating costs
- Continued strength in underlying EBITDA margin to 14.6% (FY13 12.6%)
- Costs excluded in underlying EBITDA are:
 - \$2.8m for LTIP/Employee Share Plan (non cash expense)
 - \$2.4m for restructuring costs
- No further restructuring costs expected going forward
- Depreciation and amortisation includes \$2.3m of customer contract amortisation

Balance Sheet

	June 14 \$m	June 13 \$m
Assets		
Cash	27.3	40.0
Receivables	23.1	19.3
Lease Receivables	161.5	115.5
Inventory	41.0	35.3
Goodwill & Intangibles	191.0	188.8
Other	10.3	10.6
Total Assets	454.2	409.5
Liabilities		
Trade & other Payables	42.8	38.4
Deferred Consideration	-	7.5
Borrowings	0.7	0.7
Lease Receivable Debt	139.4	97.5
Tax Payable	1.3	1.6
Other	5.0	5.5
Total Liabilities	189.2	151.2
Contributed Equity	161.0	172.3
Retained Earnings & Reserves	104.0	86.1
Total Equity	265.0	258.4

- Cash balance of \$27.3m following settlement of NEC payment (\$7.5m) and capital distribution (\$11.2m)
- Increased inventory by \$5.7m
Approx \$3.5m due to delays on several contracts (\$1.0m) and a shortfall of sales in Australia (\$2.5m)
- Leasing receivables grew by 40%.
- Leasing expansion has been funded by restructured debt facility that now includes second banking partner (86% v 84% in FY13).
- Zero corporate debt drawn against \$35.0m facility limit

Cash flow

	FY2014 \$m	FY2013 \$m
Opening Cash	40.0	25.9
Net cash flow (from)/to business	20.5	4.5
Net Interest and Tax paid	(7.4)	(21.0)
Operating cash flows	13.1	(16.5)
Net Investment in Lease book	(4.1)	(9.4)
Capex	(4.4)	(3.9)
Proceeds/(Payments) for business	(8.0)	217.7
Investing Cash flows	(16.5)	204.4
Shareholder distributions	(11.2)	(83.7)
Movement in Debt	-	(91.3)
Financing Cash flows	(11.2)	(175.0)
Other	1.9	1.2
Closing cash	27.3	40.0

- Solid Cash flow conversion at 79% of Underlying EBITDA to Ungeared pre-tax cash flow. Second half result improved to 100%.
- Capital expenditure within guidance at \$4.5m. This is expected to reduce to \$2.5-3.5m in 2015.
- Capital distribution in Dec 13 of 4 cents per share and full year dividend of 5 cents per share.
- Dividend will be unfranked due to New Zealand earnings and tax profile of Australian leasing business.
- Total payments to shareholders of \$109m in past two years



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Divisional Update



Business Solutions: Performance Highlights

- Equipment revenue growth of 11%
- EBITDA growth of 29%
- Grew Professional Services revenue in New Zealand by 8%
- Commenced rolling out the new IT environment and improving the efficiency of the service and operations organisations
- Won the Konica Minolta award for Top Production Print Performance outside of the US and Europe
- Acquired largest HP printer reseller in New Zealand
- Increased heads in the sales team by 18
- Good partnership with Canon in Australia resulted in growth in equipment sales
- Launched the Samsung relationship to be a new platform for growth in FY15
- Sold Samsung products – interactive white boards, tablets, monitors in a pre-launch phase
- In the pre-launch phase, average sale of non –print product was \$30,000 in revenue per customer

Business Solutions: Online Update

Session
duration



31%



New customer sales
now **15.6%**



(10.9% last year)



**Pages viewed
per session**



Conversion of
web to lead
doubled



Now
reach
**more and
larger
markets**

including Tasmania,
regional NSW, QLD & Vic

Business Solutions: CSG's value proposition

“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. We create 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



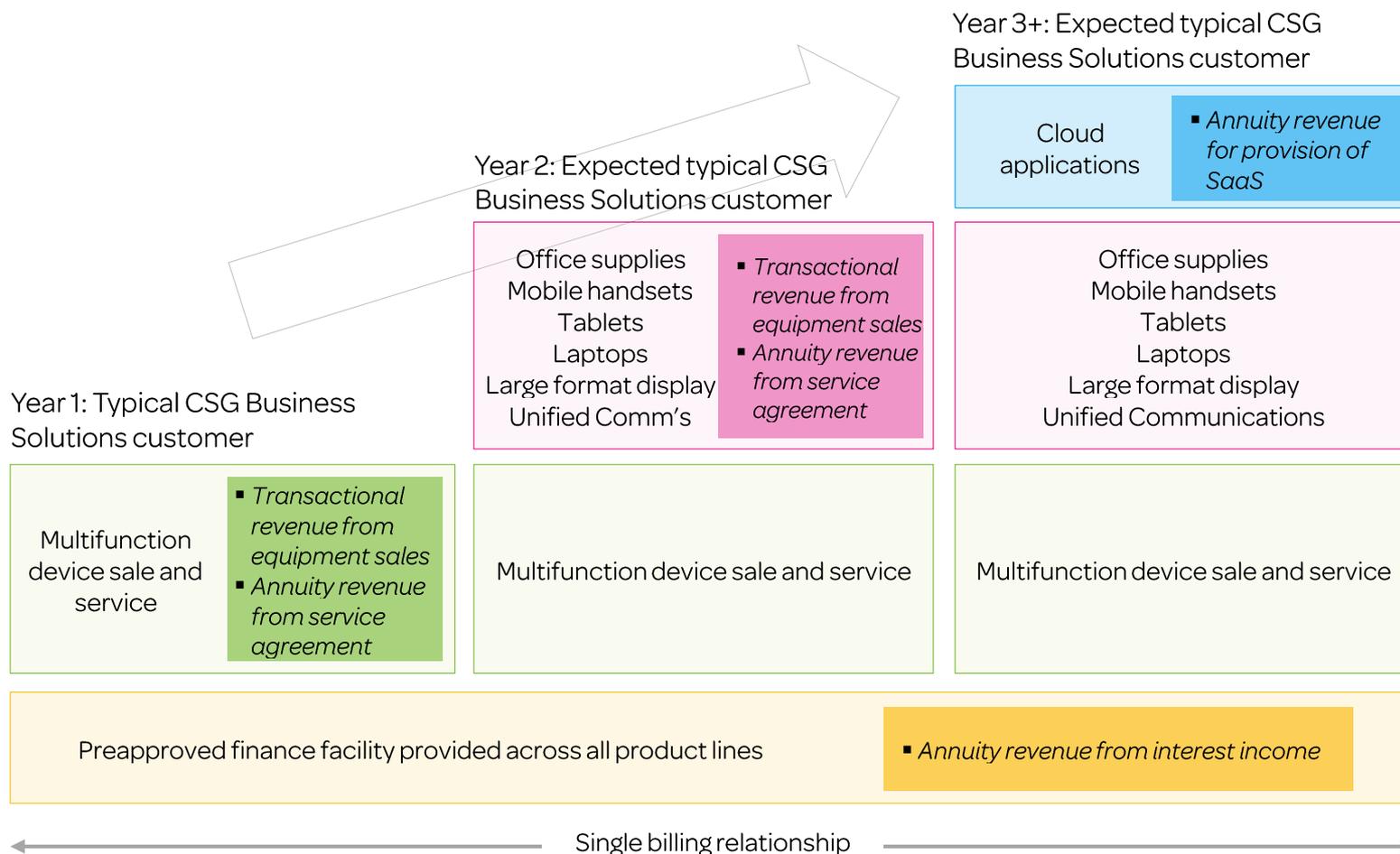
CSG customer

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

Business Solutions: Revenue Model



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 products

Indicative annual revenue:

Penetration of existing customers with new product

		2%	4%	6%	8%	10%
Annual spend on additional product	\$2,000	\$0.8m	\$1.6m	\$2.4m	\$3.2m	\$4.0m
	\$4,000	\$1.6m	\$3.2m	\$4.8m	\$6.4m	\$8.0m
	\$6,000	\$2.4m	\$4.8m	\$7.2m	\$9.6m	\$12.0m
	\$8,000	\$3.2m	\$6.4m	\$9.6m	\$12.8m	\$16.0m
	\$10,000	\$4.0m	\$8.0m	\$12.0m	\$16.0m	\$20.0m
	\$12,000	\$4.8m	\$9.6m	\$14.4m	\$19.2m	\$24.0m

Enterprise Solutions: Performance Highlights

- Won major contracts with:
 - New Zealand Police, Bank of New Zealand, Mirvac
- Re-signed University of Melbourne under a traditional managed print model
- Signed contract with major University under new “print as a service model”
- Built solid pipeline for FY15 in Australia, New Zealand and Singapore
- \$400 million (total contract value) in Australian Enterprise Solutions pipeline for FY15 onwards
- Completed head office rollout, live at a large TAFE and rolled out to a number of schools under education contract in Queensland
- Will actively seek opportunities to expand enterprise relationships into managed IT services in New Zealand by:
 - Expanding services in existing accounts
 - Partnering with leading integrators
 - Employing staff with IT managed service skills into Enterprise division

Enterprise Solutions: CSG's value proposition

“To be the most innovative partner in managed technology solutions to reduce cost and increase productivity for enterprise and government.”

National service and sales team



CSG is the only print and business technology provider with truly national capacity

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

Strong relationship with Konica Minolta in NZ



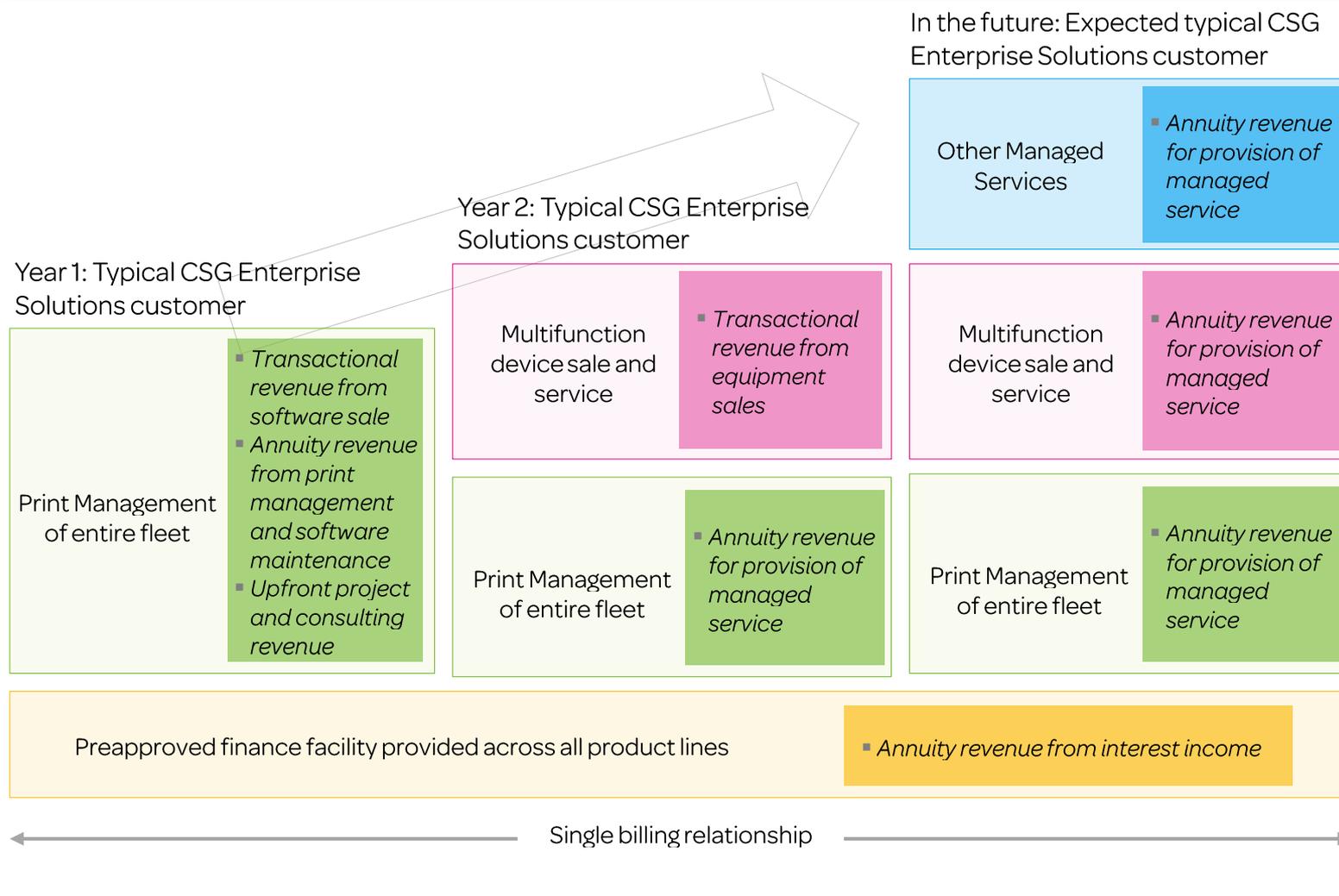
Ability to leverage Konica Minolta's strong brand presence and significant market share in NZ

Scale with flexibility



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

Enterprise Solutions: Revenue Model



Enterprise Solutions: Indicative Growth Potential

Indicative total contract value growth achievable in Enterprise Solutions, achieved by:

- Increasing pipeline size of potential contracts
- Increasing close rate on potential contracts

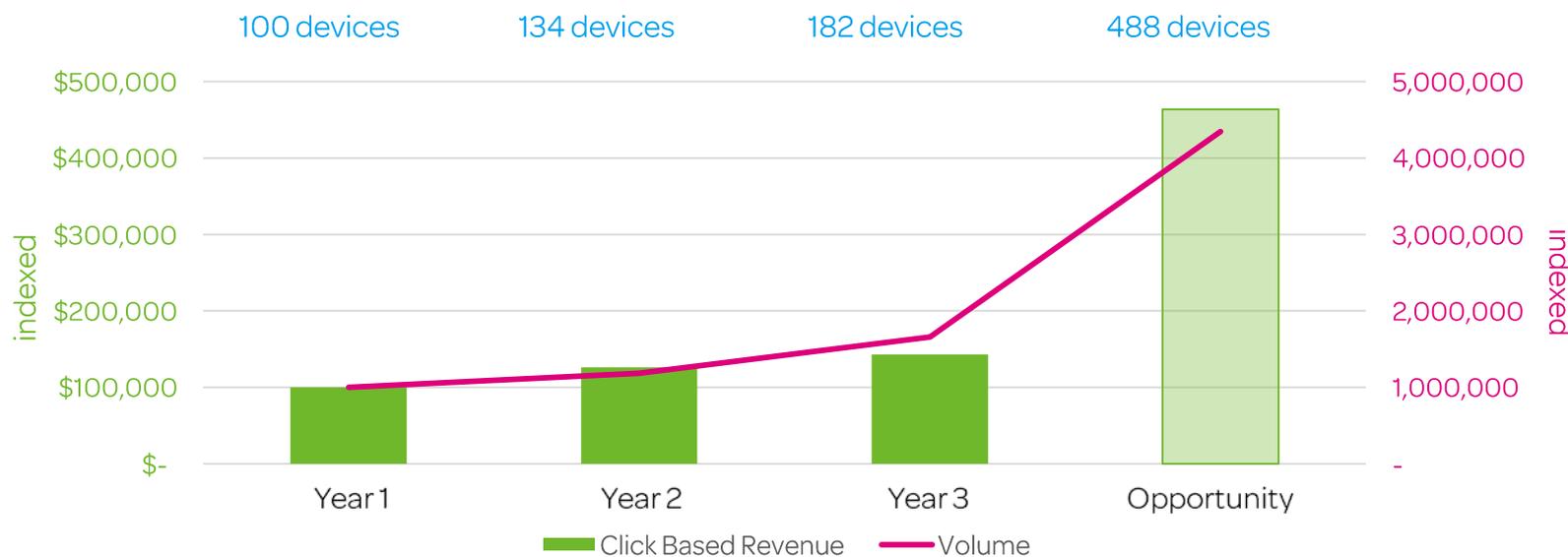
Indicative annual revenue:

		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

Enterprise Solutions: Education Case Study

- Leading tertiary education provider was one of the first managed print service contracts that CSG signed in Australia in 2012
- The scope of the contract was to provide new equipment that optimises cost vs performance as well as the ongoing technical support and maintenance of new and existing devices
- CSG provides on premises training and service infrastructure as new devices are installed
- Current penetration rate of 37%

Key metrics (indexed)



Finance Solutions

- Lease Receivables book increased 40% to \$161.5m
- Strong performance in New Zealand driven by continued low level of bad debts, operational efficiencies and low interest rates
- Australian business continues to convert 95% of customers to CSG Finance products
- Additional products such as laptops and large format displays were financed from March 2014
- Refinancing completed across all facilities with two major banks
- Finance company will support transactional website and allow for a simple finance approval process

	FY12	FY13	FY14
Closing Receivables (A\$m)	99.9	115.5	161.5
Growth YOY %		16%	40%
PBT (A\$m)	5.1	6.6	9.0
Return on Equity (ROE)	54.6%	48.4%	47.7%
Bad Debt	<0.50%	<0.50%	<0.50%

calculated for Australia and New Zealand including credit enhancement

Finance Solutions: CSG's Value Proposition

“CSG Finance Solutions’ value proposition is to provide a single source of leasing finance for our customers.”

- As a trusted supplier of equipment and services to our customers we have an intimate knowledge of their businesses, allowing us to manage their need for liquidity against our underwriting risk.

New Zealand

- Profitable, established business with strong performance driven by sustained low bad debts, operational efficiencies and low interest rates
- Provides finance solutions for more than 95% of all devices sold by CSG
- Broad distribution of equipment throughout New Zealand with 18 office locations on the North and South islands
- Opportunities to grow the business with increased product offerings
- Existing staff and systems leveraged to support Australian business

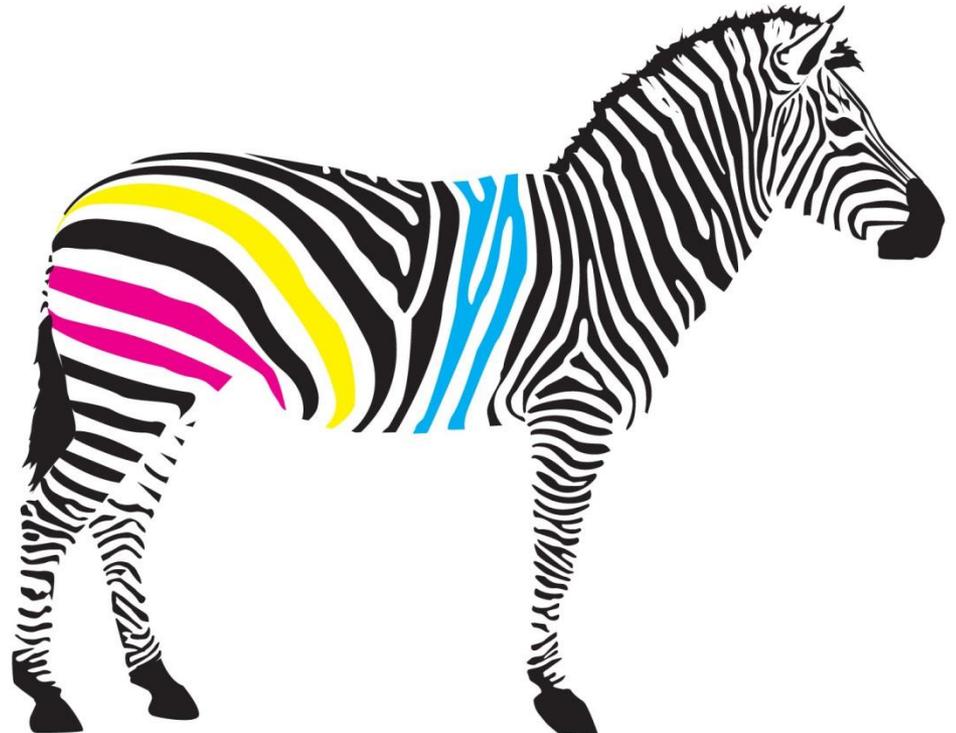
Australia

- Successfully launched 15th March 2013, with rapid sales uptake
- Book driven by 95% conversion rate of customers and includes healthy spread of Government, Corporate and Commercial Business across Australia
- Sale of additional products from the Samsung product range will drive book growth
- Will provide a positive contribution in the second year of operation, and a similar return on equity to New Zealand once book matures in four years
- Finance company will support transactional website by allowing a streamlined finance approval process



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Outlook and Growth Opportunities



Priorities for Growth

FY14 achieved

- ✓ Cost out exercise completed
- ✓ Expanded use of the customer portal
- ✓ Increase new product offering for office products
- ✓ Refine offering for Enterprise Solutions and Government customers – Disruptive model
- ✓ New sales model introduced
- ✓ Continue to grow CSG Finance Solutions in Australia
- ✓ New IT platform implemented
- ✓ Shared Services Model fully functional
- ✓ Introduce multiple measures of customer satisfaction and
- ✓ Analyse and refine transactional website
- ✓ Closing leasing receivables greater than \$150m

FY15

- Further develop online transactional model
- Grow the non MFD sales as well as the MFD sales channel
- Automated processes across the business as a result of the new IT platform
- New offices in large regional areas of Australia
- CSG Finance to work with other originators
- Achieve growth through the success of the Enterprise Solutions team
- Explore other regional markets (Singapore)
- Restraint in New Zealand complete and will now look for IT managed services opportunities
- Recruit IT Managed Services skilled staff into the Enterprise business

FY16 and Beyond

- Grow Business Solutions business as a full service provider of IT Solutions
- Grow Enterprise Solutions business as an IT Managed Services provider to government, education and enterprise in all regions
- Pursue opportunities to grow the leasing book through organic growth and potential acquisitions
- Look for partnerships with innovative cloud vendors
- Continue to develop IT platform to deliver premium customer service
- Extend digital presence and grow online transactions

FY 2015 Outlook

- Forecast underlying EBITDA (excluding LTIP) to be in the range of \$32m - \$34m.
This represents 10% to 17% growth on FY14
- Targeting revenue of greater than \$220m
- Finance receivables expected to exceed \$180m (growth of at least 10%)
- Capital expenditure to be in the range of \$2.5m-\$3.5m
- Maintain \$25m (9 cents per share) return to shareholders



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Thank you





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