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ASX Announcement

CSG FINANCIAL RESULTS: HALF YEAR 2015

CSG Limited (ASX: CSV) ('CSG' or 'the Company') today announced its financial results for the half year ended 31 December 2014. The key highlights from the result include:

- Total revenue (excluding interest) of \$108.2 million, representing 14% growth on the prior corresponding period
- Underlying EBITDA of \$15.4 million (before non-recurring costs and LTI expense of \$1.9m), representing 15% growth on the prior corresponding period
- Underlying EBITDA margins were maintained at 14% while delivering growth in Enterprise Solutions
- Reported NPAT of \$7.6 million, representing 42% growth on the prior corresponding period
- Underlying NPAT before customer contract amortisation of \$10.1 million, representing 20% growth on the prior corresponding period
- Finance Solutions receivables of \$188.6 million, representing 36% growth year on year

Dividend

The Board declares a dividend of 4 cents per share (unfranked) to be paid on 11 March 2015. The record date for this dividend is 23 February 2015.

Business Performance

	1H15 \$m	1H14 \$m	Growth
Revenue from continuing operations	\$108.2	\$95.2	14%
Reported EBITDA	\$13.5	\$10.6	27%
Underlying EBITDA before non-recurring and LTIP costs ¹	\$15.4	\$13.4	15%
Reported NPAT	\$7.6	\$5.3	42%
Underlying NPAT before customer contract amortisation ²	\$10.1	\$8.4	20%

¹ This is an unaudited measure

² This is an unaudited measure



More than you expect.

For the half year, CSG has reported an underlying EBITDA of \$15.4 million which excludes \$1.7 million for the Executive Long Term Incentive Plan (LTIP) expense and \$0.2 million for non-recurring legal costs related to the Cinglevue case. EBITDA margin remained steady whilst significant investment occurred in the Enterprise Solutions business and additional executives and staff were added in preparation for future business growth.

The Company reported a closing cash balance of \$20.6 million and \$5.0 million of debt at the corporate level (facility limit of \$35 million). During the period an amount of \$14.0 million was paid in a dividend to shareholders.

The Business Solutions division continued to perform well with equipment revenue growth of 26% and profit before tax growth of 22% on the previous corresponding period. The Professional Services team in New Zealand produced an exceptional result with revenue growth of 83%. The division commenced selling non print Samsung products in Australia in August 2014 and prepared to launch our relationship in New Zealand in February 2015 under the CSG Solutions brand. The average sale of non-print technology was maintained at \$30,000 per customer and 4% of total deals in Australia contained an attached non print equipment sale.

The Master Agent Equity Plan was implemented with the objective of aligning and rewarding key Master Agents in Australia. A common customer survey was conducted across Australia and New Zealand with outstanding results.

The Enterprise Solutions division won a number of significant new customers including: Victoria University, Auckland District Health Board and Fonterra. CSG Enterprise Solutions was also appointed to the Whole of Queensland Government's Standing Offer Arrangement for the provision of print and imaging as a service. This effectively is a compulsory panel arrangement for all Queensland Government departments and agencies to use when they are buying print and imaging services. Revenue in Australia grew by 84% on the previous corresponding period and the division has developed a significant pipeline of annuity contract opportunities which will drive growth in FY 16 and beyond.

The Finance Solutions division lease receivable book increased by 36% year on year to close at \$188.6 million. The Australian business continued to convert 95% of customers to CSG Finance products. Stronger growth in the lease book drove some decline in margin. The division recently completed the acquisition of the balance of the CSG contracts from Capital Finance Australia Limited which will contribute an additional \$11 million to the lease receivables in the second half.



More than you expect.

Outlook

For the 2015 financial year CSG is providing the following guidance:

- Forecast underlying EBITDA (excluding LTIP expense) to be in the range of \$32 million to \$34 million. This represents 10% to 17% growth on FY14
- Revenue of greater than \$220 million (growth of at least 10%)
- Finance receivables expected to exceed \$210 million (growth of at least 30%)
- Capital expenditure to be approximately \$3.5 million
- Maintain \$25 million return to shareholders

ENDS

Further information: Neil Lynch, Chief Financial Officer +61 7 3840 6382