



1H FY10 Results Presentation

February 2010

# Agenda

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- Financial Update
- Business Review & Outlook

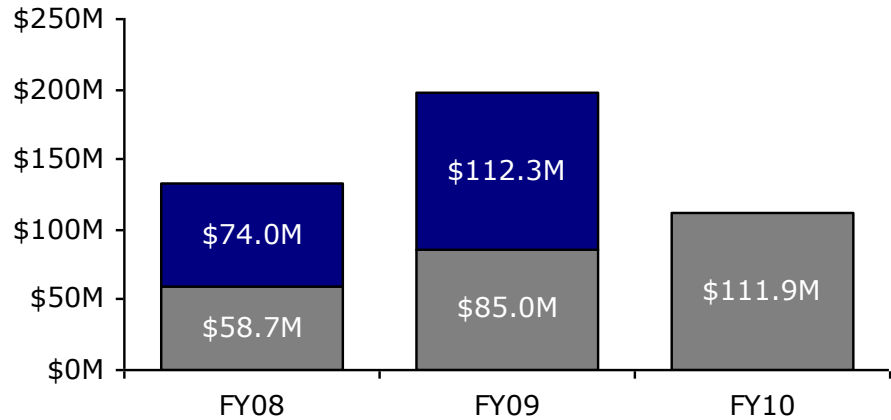
# Executive Summary

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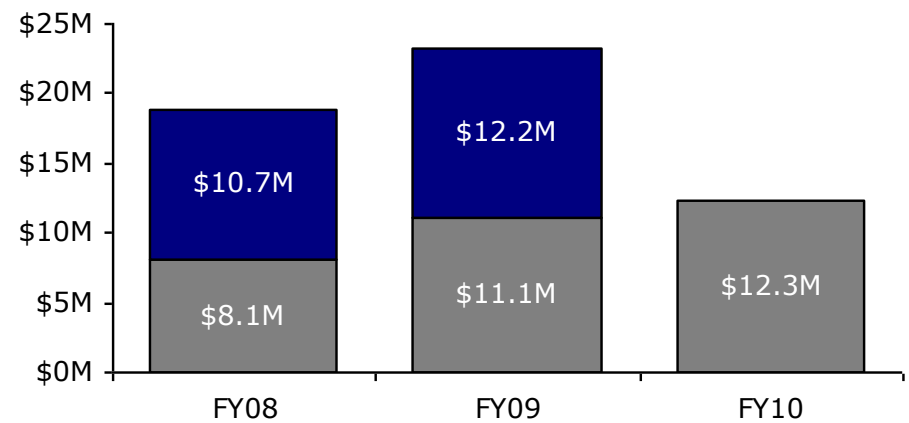
- Strong first half vs PCP in current environment
- Revenue of \$111.9 M (+ 30% vs PCP)
- NPAT of \$12.3 M (+ 11% vs PCP)
- Both divisions recorded continued organic growth. Financials do not include impact of KMBS / LSL transaction
- Margin contraction due to new revenue at lower margin and significant software and hardware pass-through. Will improve in second half
- CSG increasingly well positioned in Eastern states; now less reliant on single relationships or regions
- Strong pipeline of opportunities; if we win our share we will grow significantly

# Growth vs PCP

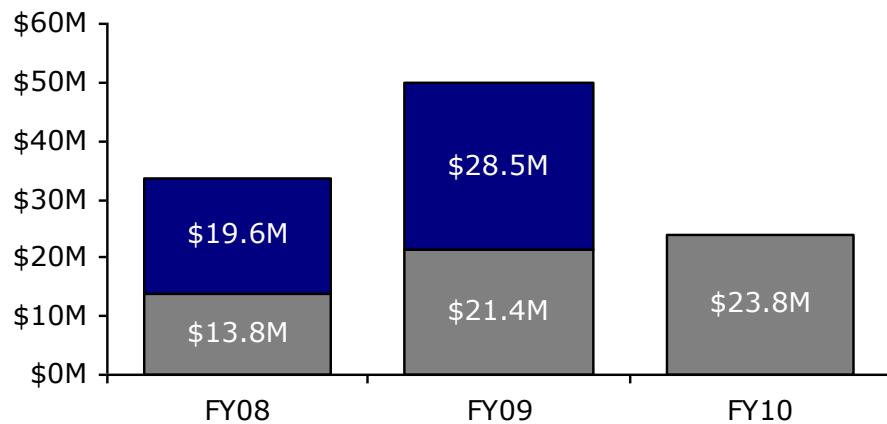
## Revenue



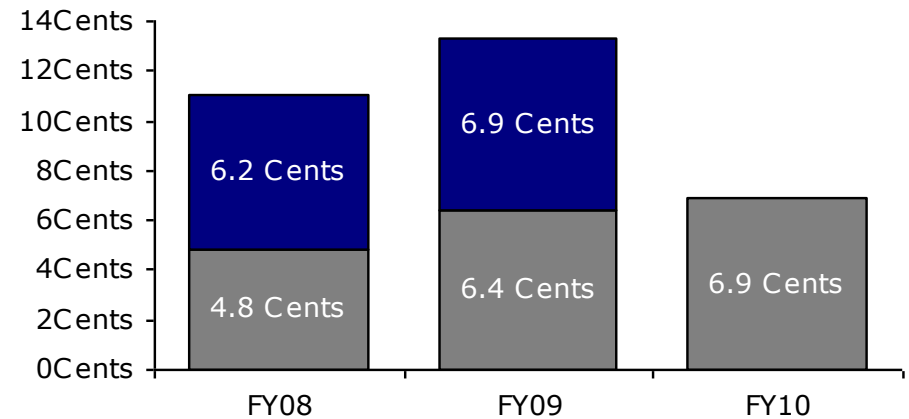
## Net Profit After Tax



## EBITDA



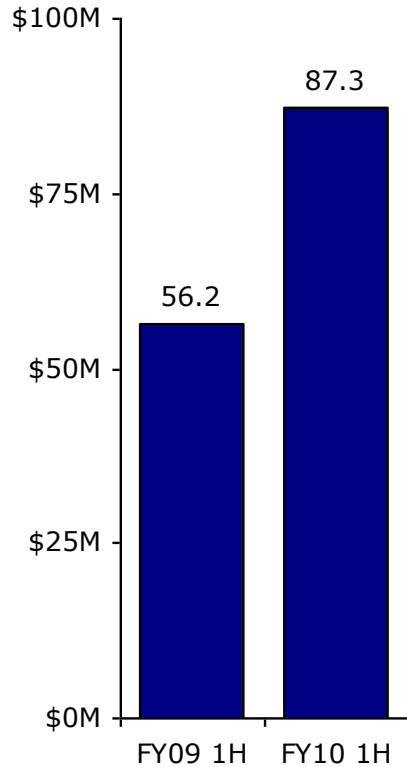
## EPS



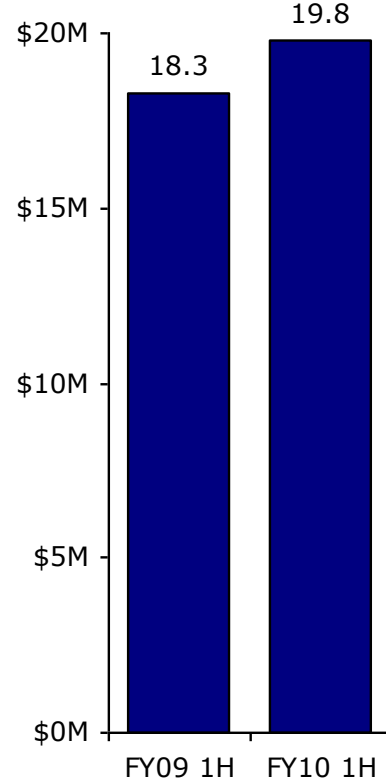
# IT Services showed large increase in revenue due to contract wins

## IT Services

### Revenue



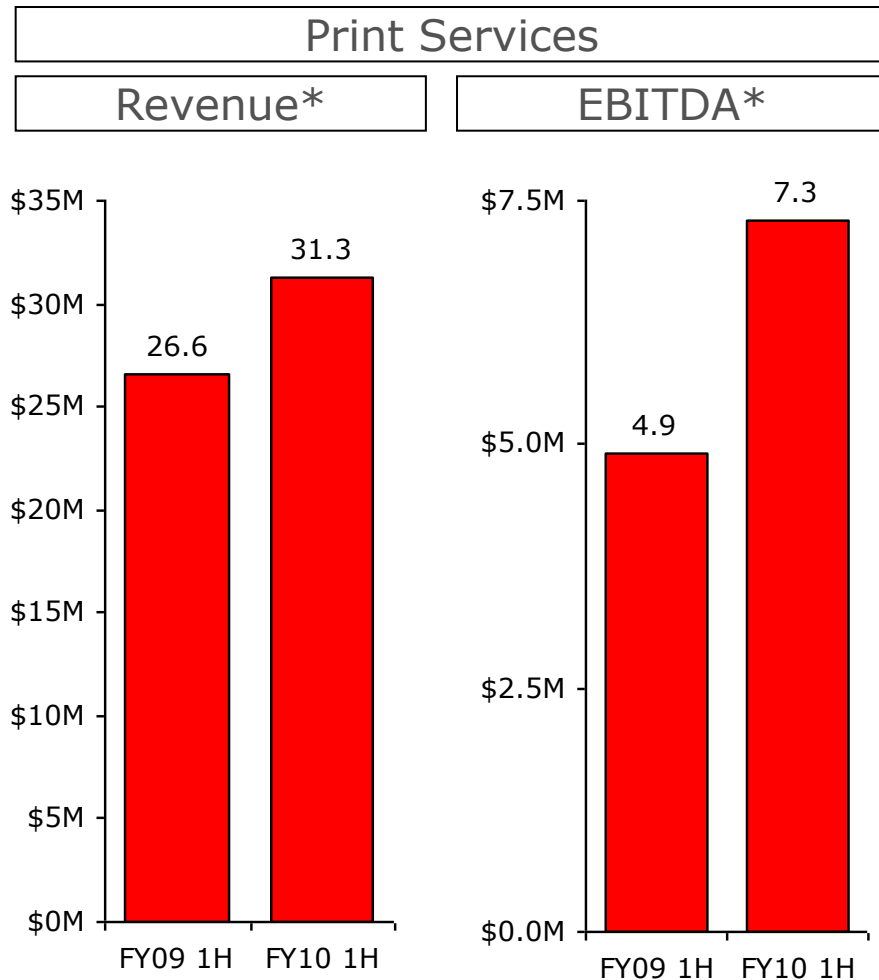
### EBITDA



## Highlights

- New revenue at lower margin
- Significant one-off software pass-through at lower cost
- Continuing to focus on large tier-1 and government wins
- Developing capabilities in major east-coast markets (Sydney / Melbourne / Brisbane / Adelaide)

# Strong uplift vs PCP in Print Services



## Highlights

- Business continues strong and profitable transition to colour
- Total number of pages under management also continuing to grow
- Significant focus continuing on Managed Print Services; first major contract win announced soon
- Returning to aggressively pursuing market share
- Shift from short-term profit to long-term growth

\* Excludes impact of KMBS / LSL Acquisition



# Balance Sheet comparative

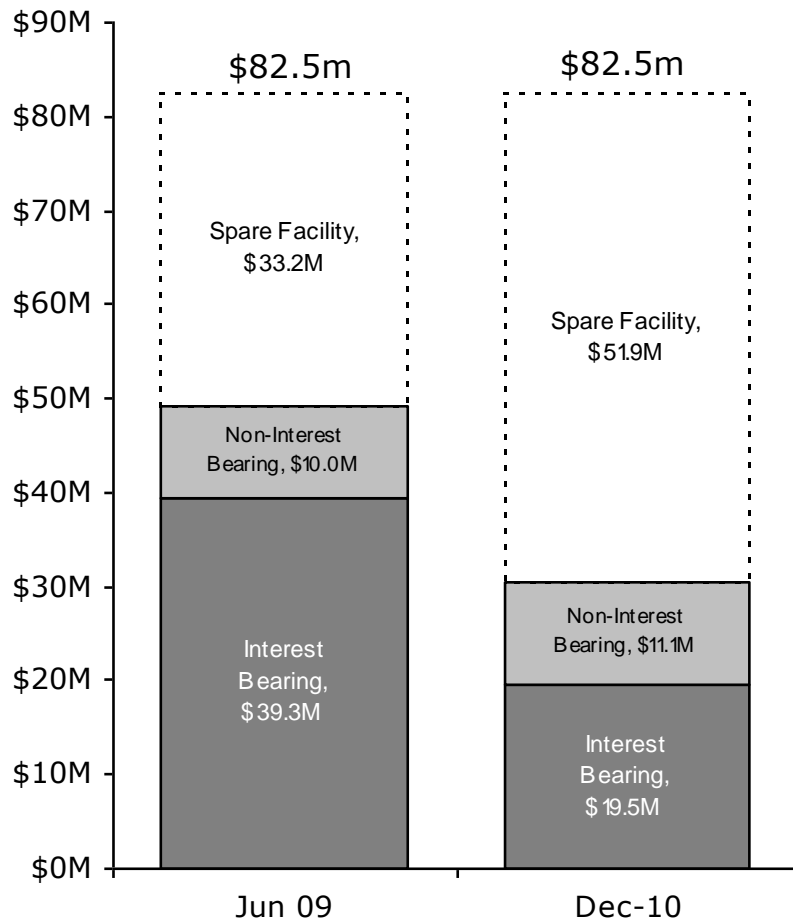
	<b>31 Dec 2009</b>	<b>30 June 2009</b>	<b>Variance</b>
Current Assets	\$ 50.7 M	\$ 54.8 M	-7%
Non-Current Assets	\$ 151.6 M	\$ 135.3M	+12%
<i>Intangibles</i>	\$ 125.8 M	\$ 111.0 M	+13%
<i>PP&amp;E</i>	\$ 21.8 M	\$ 20.7 M	+5%
<b>Total Assets</b>	<b>\$ 202.2 M</b>	<b>\$ 190.1 M</b>	<b>+6%</b>
Current Liabilities	\$ 30.2 M	\$ 58.1 M	-48%
Non-current liabilities	\$ 37.0 M	\$ 46.2 M	-20%
<i>Long term borrowings</i>	\$ 19.5 M	\$ 39.2 M	-50%
<b>Total Liabilities</b>	<b>\$ 67.1 M</b>	<b>\$ 104.3 M</b>	<b>-35%</b>
<b>Total Equity</b>	<b>\$ 135.1 M</b>	<b>\$ 85.8 M</b>	<b>+57%</b>

# Cashflow

Cash at 1 July 09	\$ 3.8 M	
Operating Cashflow	\$ 13.8 M	PCP Operating Cashflow of \$6.6m
Acquisitions	- \$ 7.4 M	
PP&E, Licenses & other Intangibles	- \$ 13.7M	Includes assets purchased relating to customer contracts
Borrowings	- \$ 19.9 M	
Net proceeds from capital raising	\$ 40.9 M	
Deposits Paid	-\$ 4.2 M	
Dividend Paid	- \$ 4.4 M	
Cash at 31 December 09	\$ 8.8 M	



# Debt



## Key points on debt reduction

- Debt reduction includes first tranche of equity placement
- Will increase significantly in second half, with settlement of KMBS / LSL transactions
- CSG target for efficient balance sheet with debt up to 2x EBITDA

# Agenda

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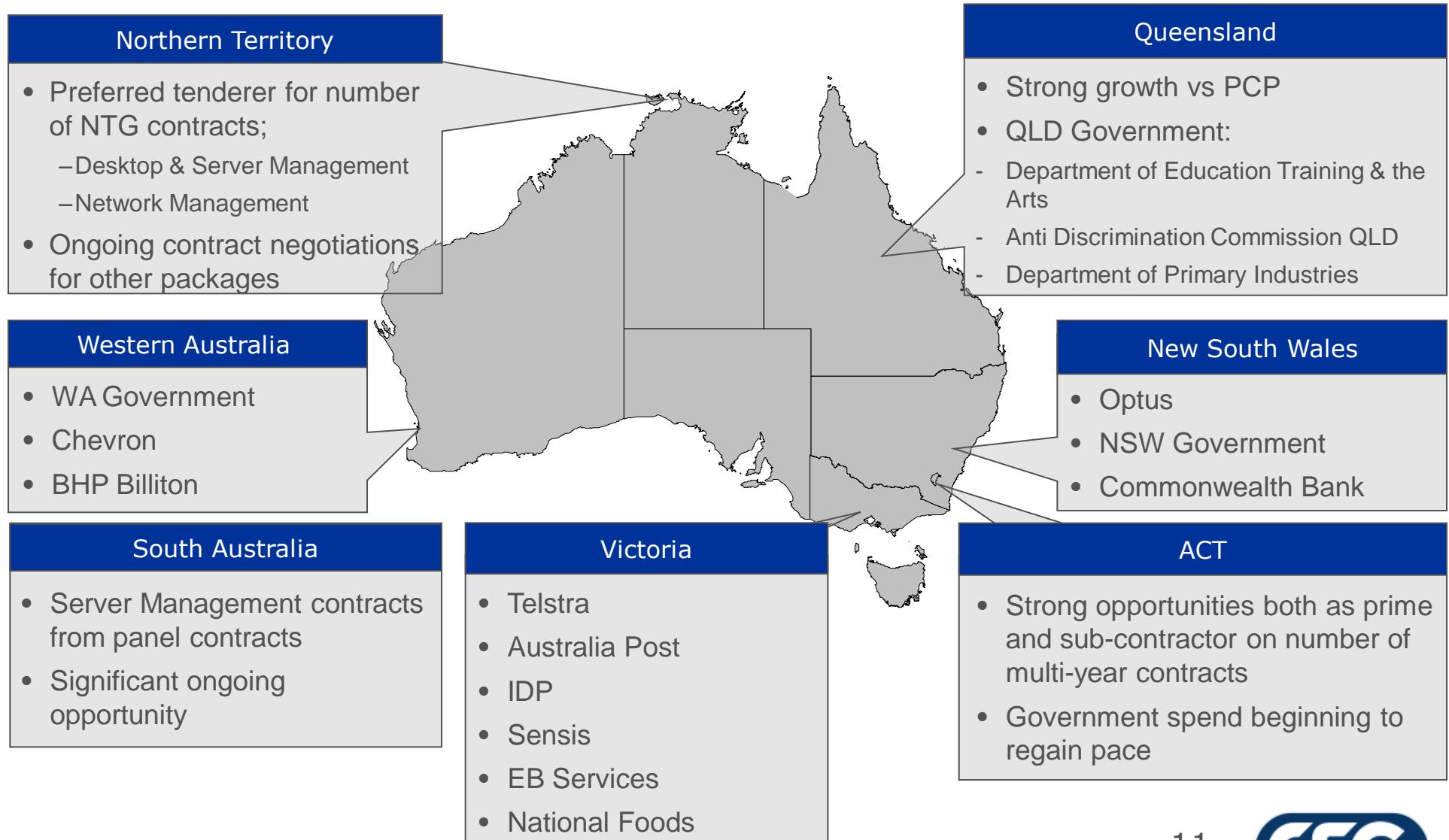
- Financial Update

- Business Review & Outlook

# CSG continues to focus on three key levers to drive business performance

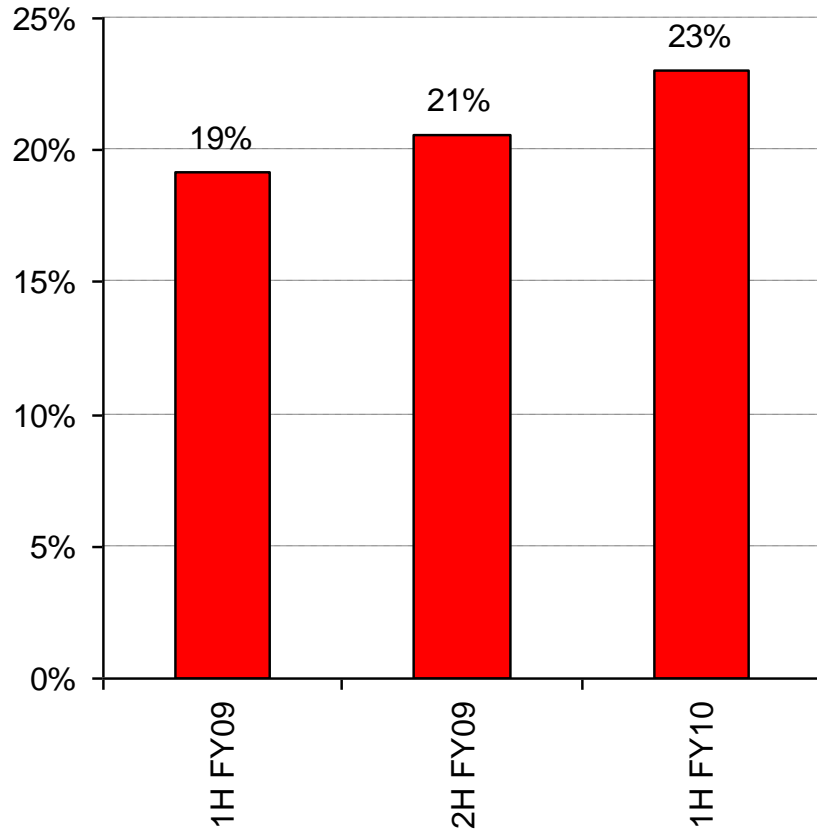
	Organic Growth	Leverage / Synergies	Acquisitive Growth
<b>Strategy</b>	<ul style="list-style-type: none"> <li>• Continue to aggressively target multi-year, annuity contracts</li> <li>• Continue to grow business in new geographies</li> <li>• Seek to expand both the scope and scale of existing client relationships</li> </ul>	<ul style="list-style-type: none"> <li>• Leverage across divisions to enable cross-sell opportunities</li> <li>• Provide integrated end-to-end solutions for clients</li> <li>• Deliver seamless, high quality customer service across divisions</li> </ul>	<ul style="list-style-type: none"> <li>• Purchase companies in industries core to CSG</li> <li>• Target companies with long-term annuity revenues</li> <li>• Perform rigorous due diligence and be prepared to say no</li> </ul>
<b>Outlook</b>	<ul style="list-style-type: none"> <li>• Very strong pipeline of opportunities across both divisions</li> <li>• Increasing federal government demand; well placed for many state govt. opportunities</li> <li>• Drive east-coast growth</li> </ul>	<ul style="list-style-type: none"> <li>• Continue to focus on improving cross-selling ability between divisions</li> <li>• Drive 'One CSG' collaborative staff culture</li> <li>• Continue to build internal processes</li> </ul>	<ul style="list-style-type: none"> <li>• Short Term: small 'bolt-on' acquisitions with strong strategic rationale only</li> <li>• Medium / Long Term: Continue to look for opportunities, particularly where they have high levels of annuity</li> </ul>

# Organic Growth: Recent IT Services Wins

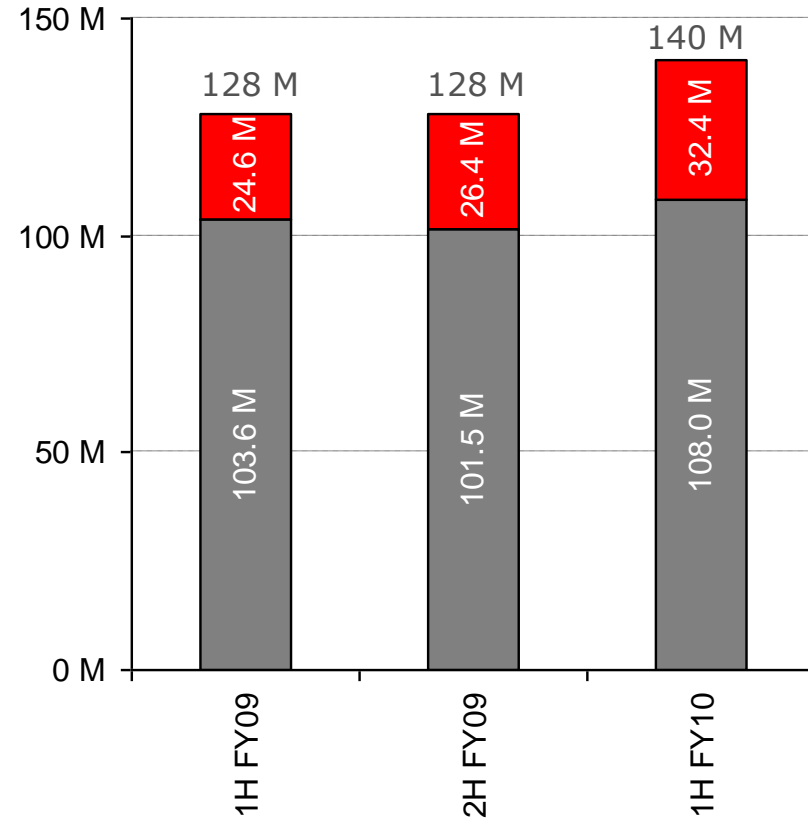


# Print Services: churn to colour continuing

Colour Penetration



Total Prints Under Management



# Large pipeline for IT services over next 12 months

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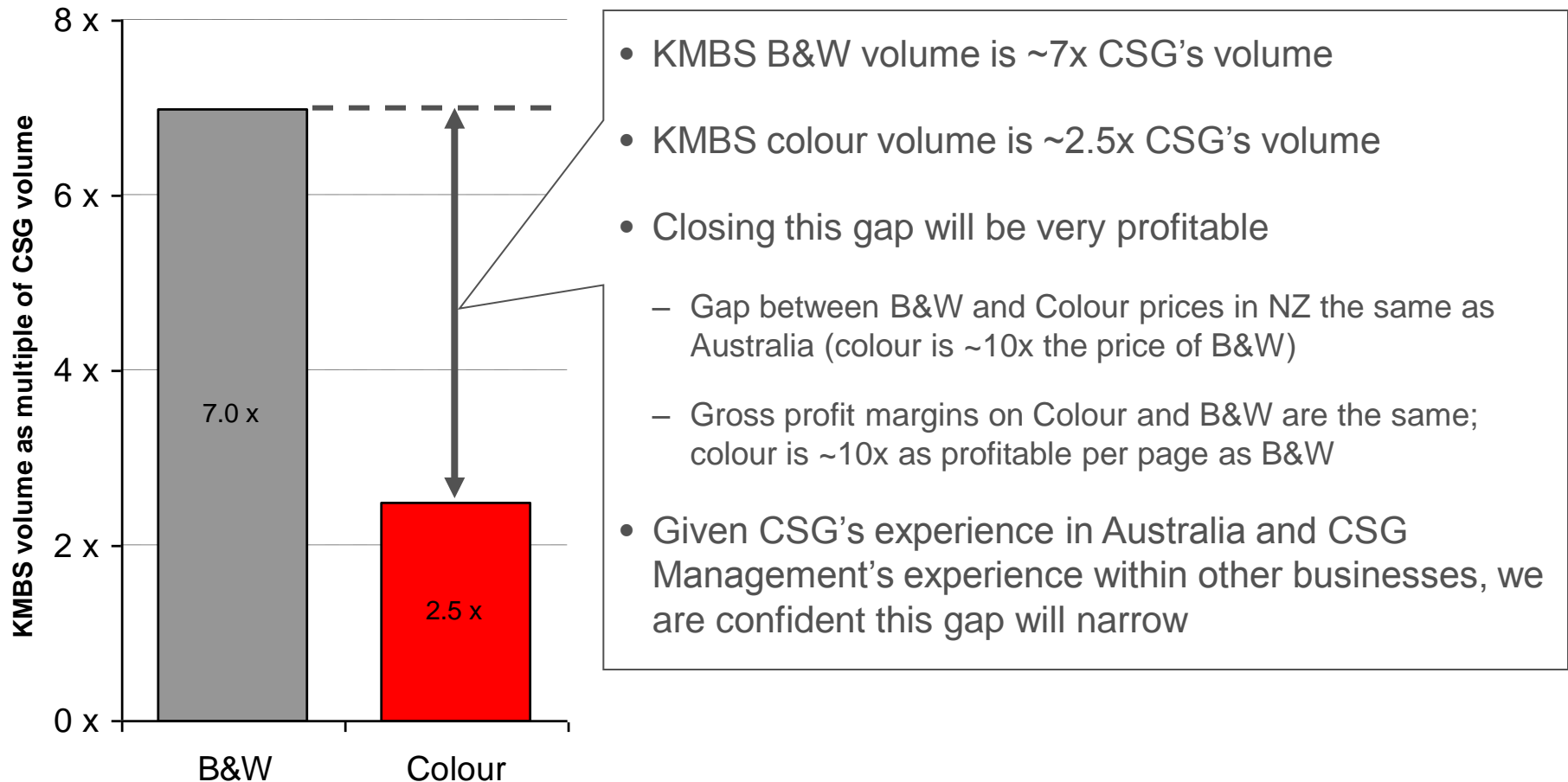
Area	# Opportunities	Total Contract Value
State Government (excl Education)	19	~\$150m
Education	2	~\$150m
Federal Govt.	12	~\$700m
Corporate	13	~\$200m
<b>Total</b>	<b>46</b>	<b>\$1,200m</b>

# Print Services Australian Business outlook

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- Beginning to gain traction in Managed Print Services; recent major win in South-Eastern States
- Geographic expansion is key to developing this business in the medium-long term
- Tier-3 print salesforce will be an asset to enable future sales of other non-print product to SMEs
- Work commencing on best-practice sharing between Australian and New Zealand businesses; this goes both ways
- Churn to colour continuing in Australia & NZ

# Significant potential for growth in colour in New Zealand



*This business will drive substantial profit growth in the Print Services division in FY11 and beyond*



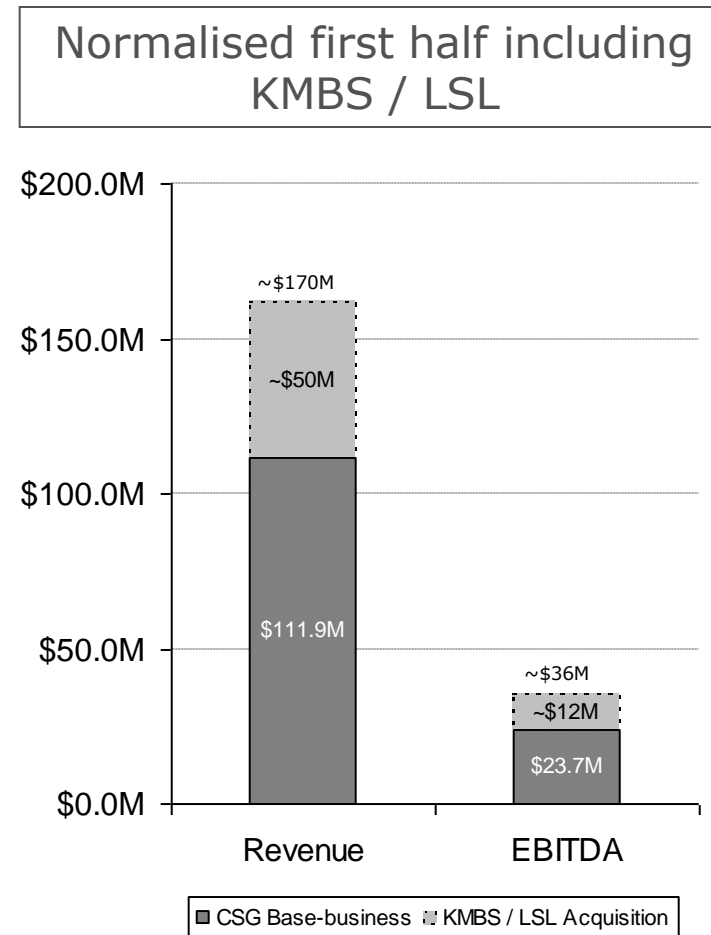
# Recent Acquisition: Konica Minolta Business Solutions & Leasing Solutions Limited

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- Both transactions now complete
- Acquisition showed benefit of CSG operational model; autonomous business units relatively unaffected despite 'company changing' nature of transaction
- Financial impact from second half; NZ will contribute significantly
- CSG now has full operational control of business; significant effort currently underway to share best-practice across Australian and NZ Print Services businesses.
- No intention to integrate business; minimal operational risk
- EPS accretion forecast of 15-20% in FY11 from acquisition

# In FY11, CSG will be approximately 2x the size of FY09

- CSG will be approximately 2x the size of FY09 by FY11
- Continues trend of doubling profit every two years
- Increasing focus on East coast of Australia; large opportunities emerging in this geography
- Aiming to develop all businesses to national presence
- Brand recognition and credibility improving rapidly in major markets
- Recognised as a true national end-to-end provider



# CSG Outlook

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- Financial impact from KMBS and LSL from 1 Jan 2010
  - Large cash and profit contributions expected
  - Business will be carrying more debt, but still well within covenants and internal targets of ~2x EBITDA; we want efficient use of our balance sheet
- Strong pipeline in IT Services business; winning our share of this will bring significant organic growth
- Print Services business performing well; expecting Australian business's second half to be larger than first
- Further acquisitions unlikely this financial year, other than potential for small strategic 'bolt-on' in IT Services
- Our second half will be larger than first half (in terms of NPAT) in the Australian business
- Well positioned for significant growth in FY11