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CSG LIMITED (ASX:CSV) ANNOUNCES:

**PROPOSED ACQUISITION OF KONICA MINOLTA BUSINESS SOLUTIONS NEW
ZEALAND LIMITED AND LEASING SOLUTIONS LIMITED
A\$65 MILLION UNDERWRITTEN INSTITUTIONAL PLACEMENT**

CSG Limited (“**CSG**”) announces it has entered into an agreement to acquire a 90% interest in New Zealand’s market leading print services business Konica Minolta Business Solutions New Zealand Limited (“**KMBS**”) for NZ\$107 million (A\$84 million¹) and 100% of Leasing Solutions Limited (“**LSL**”) for NZ\$25 million (A\$20 million¹) (“**the Acquisitions**”). The Acquisitions are subject to various conditions which are set out in the Annexure to this announcement.

CSG will fund a portion of the Acquisitions through a fully underwritten² institutional placement of new shares in CSG (“**New Shares**”) to raise approximately A\$65 million (“**Offer**”), subject to the required shareholder approval. The proceeds of the Offer, in conjunction with A\$23 million of committed debt, will be used to fully fund the acquisition of KMBS. A vendor note will be provided to fund the acquisition of LSL which CSG intends to repay using debt prior to 30 June 2010.

Subject to satisfactory completion or waiver of the conditions precedent to the Acquisitions (as detailed in the Annexure), completion of the Acquisitions is expected to occur on or around 25 January 2010.

Overview of the Acquisitions

KMBS is a market leader in the New Zealand document management solutions and digital production printing markets, which includes:

¹ Assumes A\$/NZ\$ exchange rate of \$1.28

² An entity associated with Managing Director and CEO Denis Mackenzie has agreed to subscribe for A\$12m (subject to shareholder approval) – this component is settlement underwritten

- the distribution and supply of multi-functional printer and copier devices (MFD's) comprising a range of brands such as Konica Minolta, Océ, and HP;
- the provision of related Software and Professional Services to support the integration of MFD's into document management solutions and network infrastructures;
- the provision of digital production printing equipment and associated software and integration services;
- managed print plans, facilities management and outsourcing of document management and production capabilities; and
- the servicing and maintenance of MFD's, including the supply of printer/copier related consumables such as paper and ink cartridges.

LSL is the exclusive finance provider to KMBS. It operates a standard finance lease model and currently manages a AA- rated finance book of approximately NZ\$130 million.

KMBS and LSL are expected to generate approximately NZ\$20 million and approximately NZ\$5 million (respectively) of EBITDA in FY10, implying a pro-forma forward acquisition multiple of approximately 5.3 times and 5.0 times respectively. The Acquisitions are expected to be immediately Earnings Per Share ("EPS") accretive in FY10 on a pro-forma basis.³

Material terms of the Acquisitions are set out in the Annexure to this announcement.

Rationale for the Acquisitions

The Acquisitions are consistent with CSG's growth strategy and investment criteria and will extend CSG's earnings and growth potential in its core competency.

Compelling strategic fit

- ✓ KMBS is a very similar business to CSG's existing Australian Print Services business
- ✓ Strong industry growth dynamic – New Zealand expected to follow Australia's experience of 'migration to colour'
- ✓ Market leading position of KMBS - 25% market share & strong brand recognition
- ✓ Diverse and quality customer base with a high proportion of revenue from Tier 1 corporate and government clients
- ✓ LSL provides a strategic advantage, allowing CSG to control the entire customer relationship

³ EPS refers to Earnings Per Share. Pro-forma basis assumes CSG had acquired KMBS and LSL on 1 July 2009 and receives a full 12 month contribution from KMBS and LSL during the financial year 30 June 2010.

Significant value enhancement for shareholders

- ✓ Acquisition expected to be immediately accretive in FY10 (on a pro-forma basis)
- ✓ No assumptions of costs synergies
- ✓ Expected to be 15 – 20% accretive in FY11
- ✓ KMBS has a high proportion of revenue (~50%) & EBITDA (~75%) locked in & relating to long-term annuity contracts

Low acquisition risk

- ✓ High knowledge and familiarity with KMBS business and management
- ✓ Minimal integration required
- ✓ Long-standing business with diverse Tier 1 customer base
- ✓ Alignment with equipment manufacturer who remains a minority shareholder in KMBS

Commenting on the Acquisition, CSG Managing Director and CEO Denis Mackenzie said, *“The Acquisitions are strategically and financially compelling. Acquiring KMBS and LSL is a logical next step in the growth of CSG, and in particular our Print Services business. We are extremely familiar with the KMBS business model and see it as a low risk business, with large potential for growth over the next 3-5 years.”*

He added *“The Acquisitions will allow us to grow our business significantly, and will be highly accretive from this year onwards. KMBS is an excellent strategic fit within our Print Services division, and presents us with a timely and highly attractive opportunity to expand our presence into the New Zealand market”.*

Equity Raising

The acquisition of KMBS is being funded through a combination of the Offer and committed bank debt.

The Offer comprises two stages:

- Unconditional Placement of approximately A\$42m; and
- Conditional Placement of approximately A\$23m (subject to shareholder approval)

Settlement of the Conditional Placement is subject to shareholder approval by ordinary resolution at an Extraordinary General Meeting (“EGM”) scheduled for 25 January 2010.

Subject to shareholder approval, CSG Managing Director and CEO Denis Mackenzie will participate in the Offer by subscribing for A\$12 million in New Shares.

New Shares will be issued at a fixed price of \$1.60 per share representing a:

- 10.1% discount to last traded price of \$1.78 on Wednesday 9th December
- 8.6% discount to 5 day VWAP⁴ of \$1.75

The Offer is fully underwritten⁵ by Macquarie Capital Advisers Limited.

Conditional Placement

Shareholder approval with respect to the Conditional Placement is necessary to allow:

- CSG to place in excess of 15% of its issued capital (ASX Listing Rule 7.1); and
- participation of a related party (Managing Director and CEO) in the capital raising (ASX Listing Rule 10.11).

Institutional investors who are eligible to participate in the Conditional Placement and entities associated with Denis Mackenzie will be ineligible to vote on the resolution to approve the Conditional Placement.

CSG has a high level of confidence that the Conditional Placement will be approved as existing shareholders who hold approximately 46% of the shares on issue (excluding the CEO's holding) have indicated that they will vote in favour of the Conditional Placement and related resolutions.

Trading outlook

CSG's underlying business continues to perform well. The Australian Print Services business is currently performing above budget and has a strong outlook for the remainder of FY10. The IT Services business is also performing strongly and new contract opportunities are emerging.

As announced to the ASX on December 8 2009, CSG has now entered contract negotiations with the Northern Territory Government for the following packages:

- Service Centre;
- Network Management;
- Desktop & Server Management – Whole of Government; and
- Desktop & Server Management – Power & Water Corporation.

⁴ The volume weighted average price for the five trading days to Wednesday 9th December 2009

⁵ An entity associated with Managing Director and CEO Denis Mackenzie has agreed to subscribe for A\$12m (subject to shareholder approval) – this component is settlement underwritten.

The company reiterates its recent guidance provided at its AGM whereby it stated that it expects the first half NPAT of FY10 to be higher than first half NPAT of FY09 (currently expected to be approximately 10%) with growth expected to continue for the full year. Further potential for significant upside also exists as economic growth returns.

Summary of Key Dates

Trading halt	Thursday 10 December 2009
Bookbuild opens	10.00am Thursday 10 December 2009
Bookbuild closes	12:30pm Thursday 10 December 2009
CSG resumes trading	10.00am Friday 11 December 2009
Settlement (Unconditional Placement Tranche)	Wednesday 16 December 2009
Unconditional shares begin trading	Thursday 17 December 2009
Extraordinary General Meeting to approve conditional placement	Wednesday 20 January 2010
Settlement (Conditional Placement)	Monday 25 January 2010
Conditional shares begin trading	Wednesday 27 January 2010

Note: All times and dates in this announcement refer to Australian Daylight Saving Time (AEDT). The timetable above is subject to change without notice. CSG reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

Important Notice and Disclaimer

The Offer referred to in this announcement will be an excluded offer that does not require disclosure pursuant to section 708 of the Corporations Act and will therefore not be made under prospectus, short form prospectus, profile statement or offer information statement. The Offer will not be subject to the disclosure requirements affecting disclosure documents under Chapter 6D of the Corporations Act and all allottees of New Shares in Australia will need to satisfy the excluded offer requirements set out in section 708 of the Corporations Act.

ANNEXURE - KEY ACQUISITION TERMS

KMBS Acquisition

1. Conditions

- ✓ New Zealand Overseas Investment Office Approval: That approval from the New Zealand Overseas Investment Office is received for the KMBS and LSL Acquisitions.
- ✓ Shareholder Approval: The shareholders passing resolutions in accordance with rule 7.1 of the Listing Rules.
- ✓ Change of Control Consent: That CSG obtain a required change in control consents under a supplier contract (in relation to leased motor vehicles) on terms acceptable to CSG.

2. Purchase Price

- ✓ CSG will acquire Onesource Group Limited (**OGL**) which holds a 90% interest in KMBS for NZ\$107 million.
- ✓ The purchase price includes an amount which is to be advanced to OGL to repay bank debt.
- ✓ The purchase price is subject to a working capital adjustment following completion.

3. Break Fee

- ✓ CSG is required to pay a break fee of NZ\$5 million, which is to be held in escrow pending completion of the agreement. On completion of the agreement, the break fee remains held by the escrow agent in relation to the LSL agreement. If the agreement does not complete (except as a result of the OIO condition, a material pre-completion breach by the vendor or through the failure of the vendor to complete), the break fee will be paid to the vendor, Onesource New Zealand Limited (**ONZL**), otherwise it will be released back to CSG.

LSL Acquisition

1. Conditions

- ✓ New Zealand Overseas Investment Office Approval: That approval from the New Zealand Overseas Investment Office is received for the KMBS and LSL Acquisition.

- ✓ Completion of the KMBS Acquisition: That completion of the KMBS Acquisition occurs.
- ✓ Due Diligence: Completion of due diligence by 16 January 2010.
- ✓ CBA Consent: Obtaining the consents required to ensure the continuation of the existing Securitisation Facility.

2. Purchase Price

- ✓ CSG will acquire LSL for A\$20 million plus an additional payment of approximately NZ\$7 million for cash reserves held by LSL or its subsidiaries in relation to its funding facilities including the securitisation programme.
- ✓ The purchase price is subject to a working capital adjustment following completion.
- ✓ The purchase will be funded entirely by ONZL under a loan note.

3. Loan Note

- ✓ Under the terms of the loan note, if the loan is not repaid by 30 June 2010 or certain events of default occur, ONZL can either:
 - ✓ Be paid the NZ\$5 million break fee and an additional NZ\$5 million break to be paid by CSG and take back the LSL shares; or
 - ✓ Convert the amount of the loan into shares in CSG at a 20% discount (subject to shareholder approval).
- ✓ If CSG is not able to obtain the required shareholder consents for the conversion of the loan ONZL is entitled to enforce the loan together with an additional margin equal to 25% of the required issue price for the conversion shares.

4. Break Fee

- ✓ If the agreement does not complete, the NZ\$5 million break fee will be released to the vendor, other than if the LSL agreement is terminated due to the required consents not being obtained in respect of the securitisation programme, a material pre-completion breach by the vendor or through the failure of the vendor to complete. If the agreement completes, the NZ\$5 million break fee will be released to CSG if CSG repays the amount owing under the loan note on the due date.