



More than you expect.

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11 November 2013

ASX Announcement

Please find attached the address to shareholders by Managing Director, Julie-Ann Kerin at the Annual General Meeting in Sydney today.

Further information can be found at the Company's website: www.csg.com.au

Jillian Bannan
Company Secretary



CSV Annual General Meeting

Speech by Julie-Ann Kerin. Managing Director

11 November 2013

Thank you for the introduction Ian and I would like to welcome you all here today.

The past year has seen a significant amount of change in the business. Following the sale of our Technology Solutions business to NEC, CSG embarked on a program to realign the cost base of the business and create a platform for future growth. This resulted in some significant cost reductions and restructuring of the business. In addition we were able to recruit a number of key executives to lead the business forward. This will provide the leadership we need to capitalise on the opportunities we see for growth and improved productivity.

Part of the program also included a substantial rebranding exercise. In December 2012 we launched our vision statement which is: *"To become the first choice brand in every market segment we operate. We will create sustainable value through innovative products and services, which will be delivered with unrivalled customer care and passion."*

This vision is central to our new promise to customers, shareholders and staff to deliver "More than you expect".

In keeping with this commitment, CSG set some ambitious goals to achieve by the end of the 2013 financial year. I would like to talk about some of these:

Financial Achievements

For the full year, our underlying EBITDA was \$23.2 million which represented a 76 per cent growth on a proforma basis on the previous corresponding period. As direct result of cost saving initiatives, our underlying EBITDA margins expanded from 6.5 per cent to 12.6 per cent.

The second half of the year also saw growth in equipment sales, with an increase in equipment revenue in Australia of 18 per cent.

In addition, CSG Finance Solutions exceeded expectations with a book growth of 16 per cent to a total of \$115.5 million.



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At the start of the year, CSG had set a target of achieving an annualised cost saving of \$13 million through improved efficiencies and restructuring. This goal has been met. We have consolidated the businesses, and commenced activities to create greater operating efficiencies across the business. Progress has been made on a further annualised cost saving of \$4 million through opportunities to reduce duplication in back office systems and other efficiencies.

Innovation and Growth Achievements

In line with our motto of being a company that delivers 'More than You Expect', CSG has driven innovation through the company which has established a platform for future growth.

We launched a new customer portal, in a trial to select customers. This new offering is the first step in achieving our goal to extend our billing relationship with our customers. Through the portal, CSG customers can not only log service calls, download their bills and perform their regular contact with CSG in a secure, online environment, but they can also order new and value added products such as stationery and office supplies and recycling services. Over the coming year, we expect this to be rolled out to a significant proportion of our customer base in Australia and New Zealand.

On 15 March 2013, we launched CSG Finance Solutions, providing a further opportunity to re-engage with our customers. Based on CSG's established business in New Zealand, CSG Finance Solutions provides a credit facility for our customers to lease printers and multi-function devices. We saw a rapid uptake of this new offering by Australian customers with a \$15.1 million book achieved by the end of June 2013.

Over the course of the year we also grew the pipeline for our new division of Enterprise Solutions. In addition, the appointment of a new senior Executive to head the division, is an important step to achieve growth in future years.

Customer Achievements

The launch of our new brand coupled with the planned introduction of a new self-service environment provides CSG with the differentiator of achieving our vision of becoming the first choice brand for our customers.

We are also improving our service management system and have set ourselves the goal of improving customer satisfaction over the coming year.



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People Goals

No successful company thrives without a healthy culture. To achieve this critical goal, CSG has established a new executive team and implemented a Long Term Incentive scheme for Executives and an employee share plan for staff. I would like to thank shareholders for supporting this initiative at last year's AGM.

Over the coming year we will continue with the reorganisation of the company to further reduce costs and improve customer satisfaction.

Other Matters

It was pleasing to finalise the outstanding litigation regarding Fuji Xerox Australia and Fuji Xerox Finance this year, which was completed on 30 May 2013.

At the time of the publication of this year's Annual Report CSG advised that in relation to the Cinglevue claim we had complied with an order for the inspection of documents but that no clarity had been given about a potential claim. CSG has recently received a statement of claim which, in the Company's view, provides insufficient details of the basis for the claim. CSG will continue to update the market on this matter as required.

Outlook

Without a doubt, this has been an extremely busy year for CSG. Over the next year, we aim to achieve:

- Underlying EBITDA in the range of \$27 to \$29 million excluding the impact of the Long Term Incentive Plan. The cost of the LTIP will be \$8.2 million over the next three years with approximately \$3.1 million expensed in FY 14
- Total Revenue is projected to grow to approximately \$200m for the financial year
- In Finance Solutions we are targeting \$150 million in receivables by the end of FY14.
- We will also develop new service offerings for launch in the first quarter of calendar year 2014.

In terms of business transformation, we will complete the move to a shared services model and deliver \$4 million of annualised cost out of the business from December 2013. This will require an increased level of capital expenditure during the year to \$4 to \$5 million, including an IT transformation project. Over future years this will decrease to a range between \$2 and \$3 million for maintenance of capital expenditure.



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Finally, subject to the vote today we will pay a 4 cent per share capital return in December 2013.

We believe CSG is now on a growth trajectory and will provide a stable dividend yield for our shareholders. I would like to thank our customers for their continued support and our Board and our staff for their continued commitment to the success of the business.

Thank you

Further Information

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