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ASX Announcement

CSG FINANCIAL RESULTS: HALF YEAR 2016

CSG Limited (ASX:CSV) ('CSG' or 'the Company') today announced its financial results for the half year ended 31 December 2015. The key highlights include:

- Revenue of $116.9m representing 8% growth (pcp);
- Underlying EBITDA[1] of $17.3m representing 12% growth (pcp);
- Underlying NPAT[2] of $11.1m representing 10% growth (pcp);
- CSG Finance lease receivables growth of 25% (pcp);
- Increased adoption of CSG's 'Technology as a Service' product suite increasing the attach rate of non-print equipment to 12.6% (4% in 1H15) in Australia;
- The successful launch of CSG's 'Communications as a Service' in 1H FY16 with a number of contract wins;
- An interim unfranked dividend of 4 cents per share; and
- Forecast FY16 underlying EBITDA to be in the range of $38-42m.

Business Performance

Julie-Ann Kerin, CSG CEO said, "We are pleased with the continued success of our new Technology as a Service offering. We are excited to be working with some of the world's leading technology brands in delivering innovative cloud solutions to our SME and Enterprise customers."

The Business Solutions division achieved revenue growth of 8% (pcp). In 1H FY16 this division commenced selling CSG's 'Communications as a Service' in partnership with 8x8, Inc. with a number of wins across Australia. In 1H FY16 CSG had continued success selling 'Boardroom as a Service' which includes CSG Conferencing software bundled with a Samsung 55 or 75 inch interactive, touch screen smart display. The average sale of non-print technology in Australia was $28.3K per customer and 12.6% of total deals contained attached non-print equipment.

The Enterprise Solutions division in Australia achieved revenue growth of 32% (pcp) and won another 'Print as a Service' contract with a major university to commence in 2H FY16 – this is the 4th major university now under CSG management.

In Australia, Enterprise Solutions won its first 'Communications as a Service' contract with a global financial services company with a Total Contract Value (TCV) of $2.5m over 5 years. In New Zealand, Enterprise Solutions won a large 'Boardroom as a Service' contract with a major retail bank.

[1] Before non-recurring costs of $1.8m (comprising $1.2m of restructuring costs in NZ and $0.6m in acquisition costs and legal expenses) and LTIP expense of $1.7m

[2] Before non-recurring costs, LTIP expense and customer contract amortisation (adjusted for tax)

The Finance Solutions division lease receivable increased by 25% (pcp) to close at $236m. CSG continues to convert more than 95% of customers to CSG Finance products.

Group revenue was impacted by approximately $4m of orders that were unable to be recognised in the half due to some procurement delays in some non-print technology products.

New products

CSG's Total Office bundle was released in January 2016 and will provide customers an integrated desktop and communication solution including cloud storage and core applications all supported by the CSG technical support team.

Julie-Ann Kerin, CSG CEO says, "With the release of CSG's Total Office bundle in 2H FY16, we now have a complete product suite capable of delivering a single source technology solution to our customers. CSG customers can now source multiple products from one partner with one simple monthly bill and get access to state of the art technologies for minimal capital outlay." Further information on CSG's products are available in the "Half year 2016 Results presentation".

Dividend

The Board declares an interim unfranked dividend of 4 cents per share to be paid on 9 March 2016. The record date for this dividend is 22 February 2016.

Outlook

For the FY16 financial year CSG is confirming the following guidance:

- Forecast underlying EBITDA (excluding non-recurring costs and LTIP expense) to be in the range of $38-$42m. This represents 13% to 25% growth on FY15
- Forecast revenue of greater than $255 million. This represents 14% growth on FY15
- Capital expenditure to be in the range of $3.5-$4.5m
- Interim unfranked dividend of 4 cents per share. Total full year dividend expected to be 9 cents per share
- Improved cash flow conversion to at least 100% of Underlying EBITDA to ungeared pre-tax cash flow in 2H16

ENDS

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