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15 August 2016

ASX Announcement

Financial Results for the Full Year ended 30 June 2016

CSG Limited (ASX: CSV) (the Company) today announced its financial results for the full year ended 30 June 2016. The key highlights include:

- Revenue of \$246.6m representing 10% growth (pcp);
- Underlying EBITDA¹ of \$38.1m representing 14% growth (pcp);
- Underlying NPAT² of \$25.6m representing 20% growth (pcp);
- CSG Finance lease receivables growth of 24% (pcp);
- Increased adoption of CSG's Technology as a Service product suite with technology sales representing 34% of equipment sales in Business Solutions Australia and 20% of total group equipment sales³; and
- A final unfranked dividend of 5 cents per share.

Business Performance

Julie-Ann Kerin, CSG Managing Director & CEO said: "We are pleased with the full year result and the continued growth in Technology as a Service sales. FY2016 was a successful transition year for both the Business Solutions and Enterprise Solutions divisions and we are excited about the growth outlook in Australia and New Zealand. We have proved our execution capability and will leverage CSG's unique product & service offerings to further improve our value proposition to customers and deliver growth for our shareholders."

Business Solutions achieved revenue growth of 9%. In FY2016, the first implementations of the Total Office bundle (over a 60-month term) were completed, proving the customer value proposition and CSG's execution capability. Business Solutions also had significant success selling Display as a Service across the retail, healthcare and real-estate vertical markets. The average sale of technology equipment in Business Solutions was ~\$62,000 per customer and 10% of total transactions contained attached technology equipment in Australia (5% pcp).

Consistent with Business Solutions' strategy to grow CSG's print customer base and leverage the Technology as a Service opportunity, CSG acquired PrintSync, a Western Australian-based print solutions business with approximately 1,200 customers in May 2016. The business was acquired for \$6.0m in cash and an earn-out component comprised of cash and CSG scrip (total acquisition consideration capped at \$10.0m). CodeBlue, a New

¹ Before non-recurring costs of \$3.3m (comprising \$1.2m of restructuring costs in NZ, \$1.1m of acquisition and related legal costs and \$1.0m in Cinglevue legal costs) and LTIP expense of \$1.9m.

² Before non-recurring costs, LTIP expense and customer contract amortisation of \$3.1m (adjusted for tax).

³ Excludes impact of CodeBlue.



Zealand-based Managed Services business acquired by CSG in September 2015, has performed in line with expectations and has delivered steady new contract wins that will contribute to growth of recurring revenue in FY2017 and beyond.

The Enterprise Solutions division in Australia achieved revenue growth of 30% (pcp) through the addition of new Managed Print customers, including a major University and further growth in Queensland education. Enterprise Solutions won its first Communications as a Service contract in Australia with a global financial services company with a Total Contract Value (TCV) of \$2.5m over 5 years. This division is also conducting three large pilot solutions for a major retailer, major infrastructure provider and a global mining services business (total of more than 10,000 seats).

In the Finance Solutions division, the lease book increased by 24% (pcp) to close at \$260.8m. CSG continues to convert more than 95% of customers to CSG Finance products.

Group revenue was negatively impacted by approximately \$10m (transactional revenue) as a result of two print contracts which have moved into the FY2017 Enterprise Solutions pipeline.

Products

In FY2016, the full suite of Technology as a Service products were released and provide customers with an integrated desktop and communication solution including cloud storage, core applications and technical support from CSG.

Ms Kerin said: "With the release of CSG's Total Office bundle, CSG has a complete product suite capable of delivering a single source technology solution to our customers. CSG customers can source multiple products and get access to leading technology from one partner with one simple monthly bill and no capital outlay." Further information on CSG's products is available in the "Results and Outlook Presentation – Full Year 2016."

Direct Sales Channel for Technology as a Service

The initial success of CSG's Technology as a Service offering has demonstrated a strong value proposition for customers. However, CSG's existing Master Agent Sales Channel currently focusses on increasing technology penetration into the existing customer base, as well as continuing growth in print. In order to penetrate the broader market and to capitalise on first-mover advantage, CSG will launch a complimentary, direct salesforce of 30 new sales staff across Melbourne, Sydney and Brisbane who will sell Technology as a Service only to new, non-CSG customers.

Launch of the Direct Sales Channel is expected to result in a one-off investment of \$3m which will be expensed in FY2017. The one-off investment primarily relates to start-up costs including marketing and ramp-up in sales productivity. The first sales are expected to commence in 2H FY2017, with a target of approximately 10 sales per head in FY2017. We



expect the Direct Sales Channel to be at least break-even in FY2018.

Dividend

The Board declares a final unfranked dividend of 5 cents per share to be paid on 7 September 2016. The record date for this dividend is 22 August 2016.

Outlook

For the FY2017 financial year, CSG is providing the following guidance:

- Forecast underlying EBITDA (excluding LTIP expense) to be in the range of \$44-\$48m. This represents ~15% to ~26% growth on FY2016 and excludes any impact of the launch of the Direct Sales Channel;
- Launch of Direct Sales Channel in Business Solutions to result in a one-off investment of \$3.0m which will be expensed in FY2017;
- Forecast revenue of greater than \$300 million. This represents ~22% growth on FY2016;
- Capital expenditure of between \$6.0 - \$6.5m; and
- Maintain dividend at 9 cents per share.

Investor conference call

A presentation and a discussion will be hosted by Julie-Ann Kerin (Managing Director & CEO) and Neil Lynch (CFO) at 10.00am (AEST) on Monday, 15 August 2016.

To access the call, you must register by 10.00am (AEST) through the link provided [here](#).

Once you have registered, you will be provided with the information you need to join the teleconference, including dial-in numbers and a passcode.

If you are unable to pre-register, please use the dial-in details provided below to access the teleconference on the day. Participants are asked to dial-in 15 minutes prior to complete the registration process.



CONFERENCE ID: **907115**

DIAL IN NUMBERS:

Country	Toll number	Toll-free number
Australia	+61 2 9007 8048	1800 908 299
New Zealand	+64 9 929 3905	0800 452 795
Singapore		800 101 2702
Malaysia		1800 816 441
Hong Kong		800 968 273
Japan		0066 3386 8000
USA / Canada		1855 624 0077
UK		0800 051 1453

Q&A INSTRUCTIONS

In order to ask a question during the Live Question and Answer Session:

Press * then 1 on your telephone keypad to enter the Q&A queue

Press * then 2 on your telephone keypad to withdraw your question

FURTHER ASSISTANCE ON THE CONFERENCE CALL

If you need assistance while on the teleconference, press * then 0 on your telephone, and an operator will be happy to assist you.

END

Further Information:

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