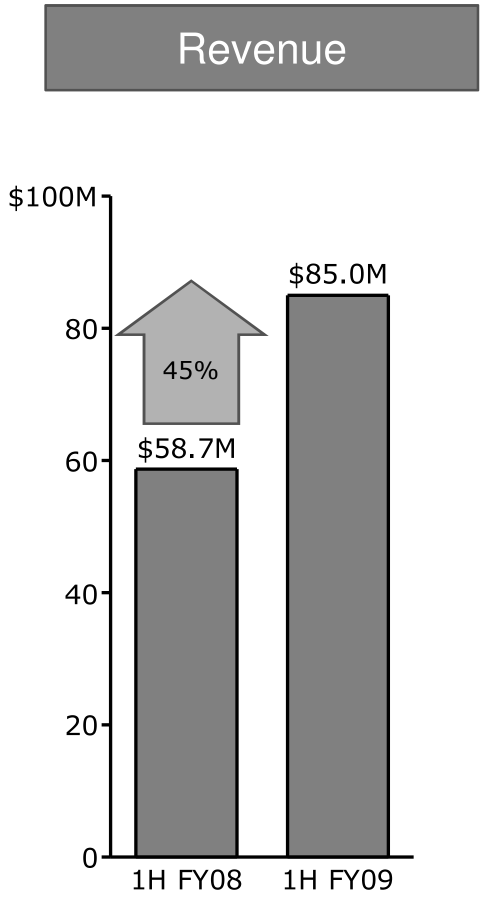
Half Year Results Presentation

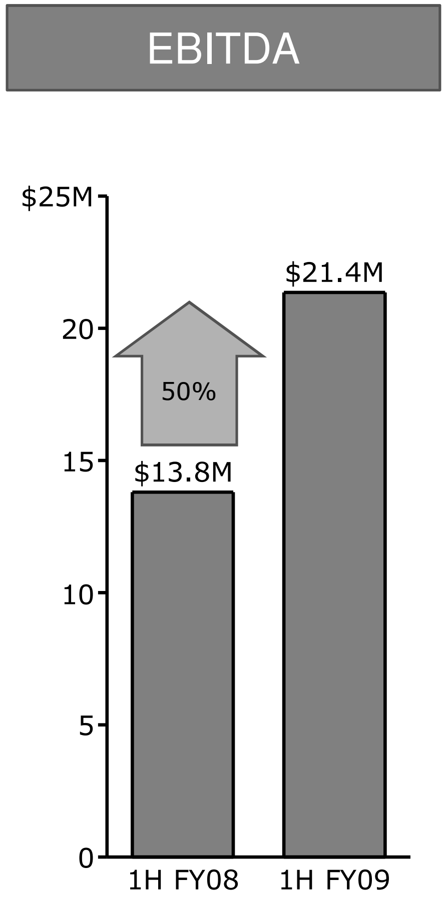
February 16 2009

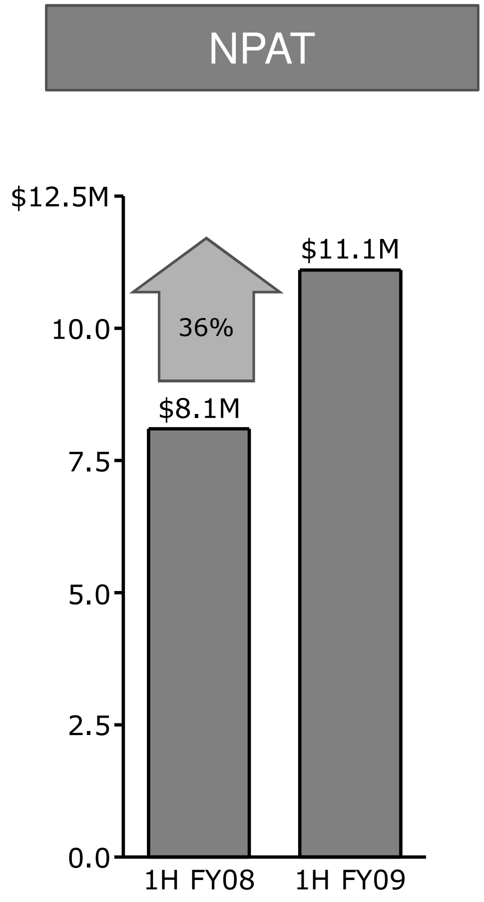
Agenda

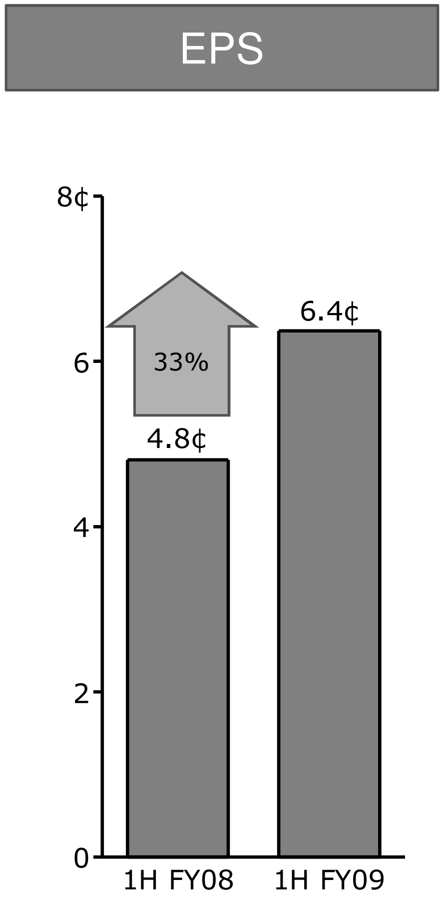
- H1 FY09 Performance
- Growth strategy
- Outlook

CSG has experienced strong and profitable growth





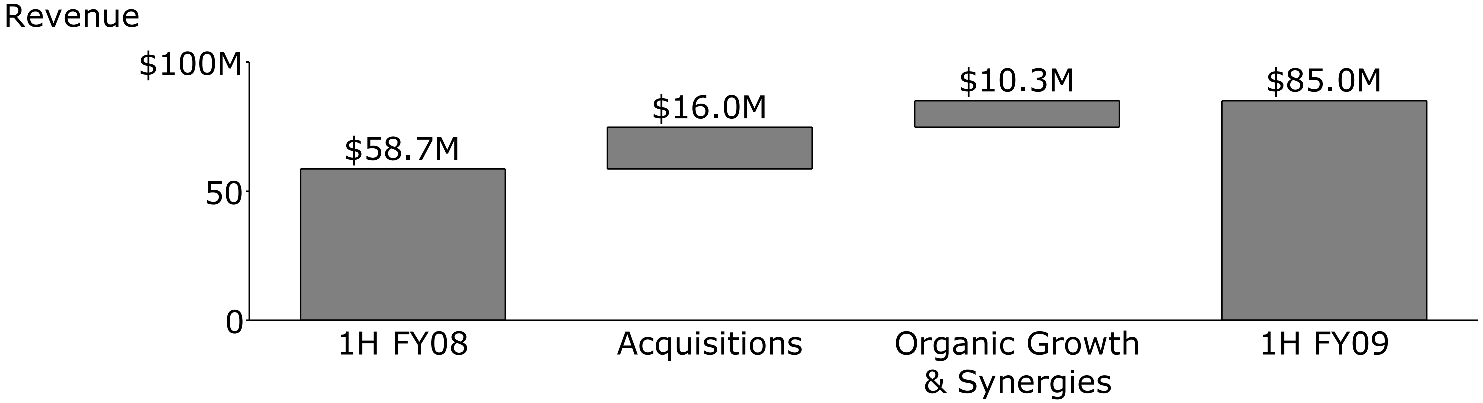




EPS growth is significant

	1H FY09	1H FY08	Variance
Revenue	**$85.00 M**	**$58.71 M**	**+ *45%***
EBITDA	**$21.36 M**	**$13.81 M**	**+ *50%***
EBITDA Margin	*25.3%*	*23.5%*	
PBT	**$15.81 M**	**$11.53 M**	**+ *38%***
NPAT	**$11.07 M**	**$8.07 M**	**+ *36%***
EPS	**6.4 cps**	**4.8 cps**	**+ *33%***
Dividend (cps)	**2 cps**	**2 cps**	**-**

Revenue and NPAT have been driven by both organic and acquisitive growth



NPAT	$8.1M	$1.8M	$1.2M	$11.1M

- **Managed Services**: Strong revenue growth driven by acquisition of Commander's Managed Services (ex-Volante – November 2008)
- **Print Services**: Purchase of ATI Print Services (August 2008) to develop Managed Print Services business
- **Enterprise Services**: Full year effect of Change Corporation Acquisition

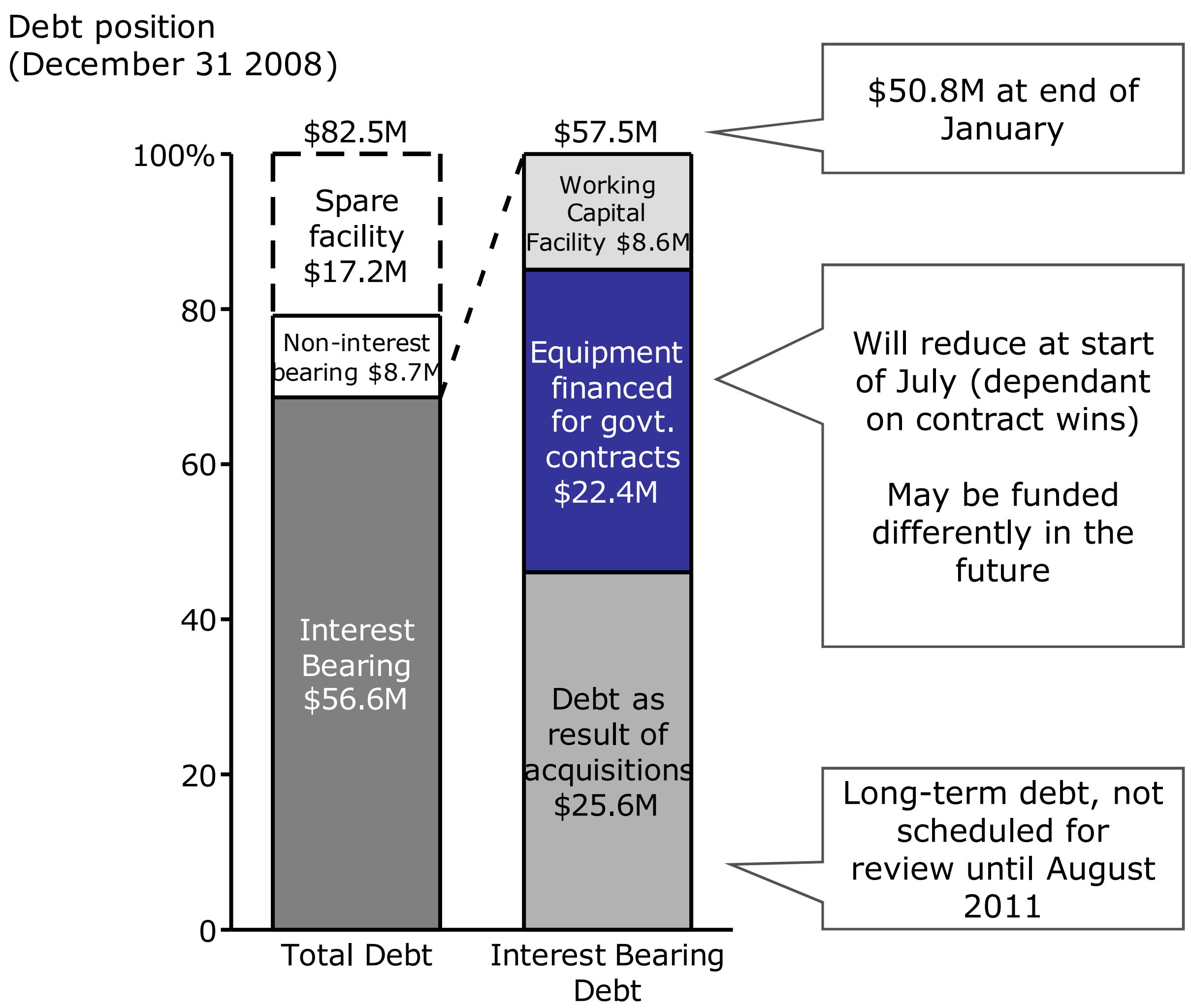
- **Managed Services**: Full-yr effect of NT Govt tender win (DET) and significant cost synergies from purchase of Commander business
- **Print Services**: Flat revenue due to slowing growth in equipment sales; Profit steady due to strong performance in Service division
- **Enterprise Services**: Revenue growth, despite utilisation issues, profit flat. Changes made in December to fix utilisation and reduce overheads

Balance Sheet comparative

	December 31 2008	June 30 2008	Variance
Current Assets	$ 38.9 M	$ 32.2 M	21%
Non-Current Assets	$ 135.9 M	$ 111.8 M	22%
PP&E[1]	*$ 34.3 M*	*$ 14.8 M*	*132%*
Intangibles[2]	*$ 96.8 M*	*$ 93.9 M*	*3%*
Total Assets	**$ 175.8 M**	**$ 143.9 M**	**22%**
Current Liabilities	$ 39.9 M	$ 34.0 M	17%
Non-current liabilities	$ 58.7 M	$ 44.7 M	31%
Long term borrowings	*$ 57.5 M*	*$ 38.5 M*	*49%*
Total Liabilities	**$ 98.6 M**	**$ 78.7 M**	**25%**
Net Assets	**$ 77.2 M**	**$ 65.2 M**	**18%**
Contributed equity	*$ 48.3 M*	*$ 43.9 M*	*10%*
Total Equity	**$ 77.2 M**	**$ 65.2 M**	**18%**

[1] Driven by acquisition of Commander business
[2] No intangibles associated with acquisition of Commander business

Debt position will evolve over remainder of financial year



Outlook

- Short term outlook has debt likely to move to ~1x EBITDA
- Expect by June to be at approximately current levels
- July, debt reduces depending on Canberra contact status

Cash flow analysis and commentary

Cash at 1 July 2008		**$ 8.3 M**
EBITDA	**$ 21.5 M**	
Receivables	*$ -4.2 M*	
Inventories	*$ -1.9 M*	
Creditors	*$ -2.4 M*	
Change in Working Capital	**$ -8.7 M**	
Interest	*$ -1.5 M*	
Tax	*$ -4.7 M*	
Operating Cashflow	**$ 6.6 M**	
Capex	*$ -3.5 M*	
Free Cashflow	**$ 3.1 M**	
Acquisitions	*$ -24.6 M*	
Borrowings	*$ 18.8 M*	
Dividend	*$ -3.5 M*	
Net change in cashflow	**$ -6.3 M**	
Cash at 31 December 2008		**$ 2.0 M**

- No underlying deterioration
- Collections in January good
- Expect to return to normal levels by June

- Print Services business increasing stock levels prior to price rises due to currency fluctuations

Agenda

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Further growth possible due to significant milestones

Managed Services

- **Acquired** Commander Managed Services
  - Opportunity to establish presence in Canberra
  - Unlocked significant economies of scale within Managed Services division
- **Expanded presence** in SA, ACT and Vic
- **Strengthened leadership team** with new GMs in NT and Eastern States

Print Services

- **Acquired** ATI Ltd & successfully integrated
- **Launched new business** focused on SME Managed Print
- **Business restructure** proceeding well (restructured sales territories and changed incentives to drive churn to colour)
- **Sustainability focus -** '*Eco Centre*' completed first 12 months

Enterprise Services

- **Accelerated integration** of previously acquired businesses
- Significant push for **major annuity contracts**
- **Expanded operations** in Queensland and NSW
- **Significant contract wins** with top-100 Australian Companies, including CBA, BHP, GESB, Department Environment & Conservation and Cape PLC

Customer base now represents some of Australia's largest companies

Customers at listing (April 2007)	Additional Customers (January 2009)

Customers at listing (April 2007)

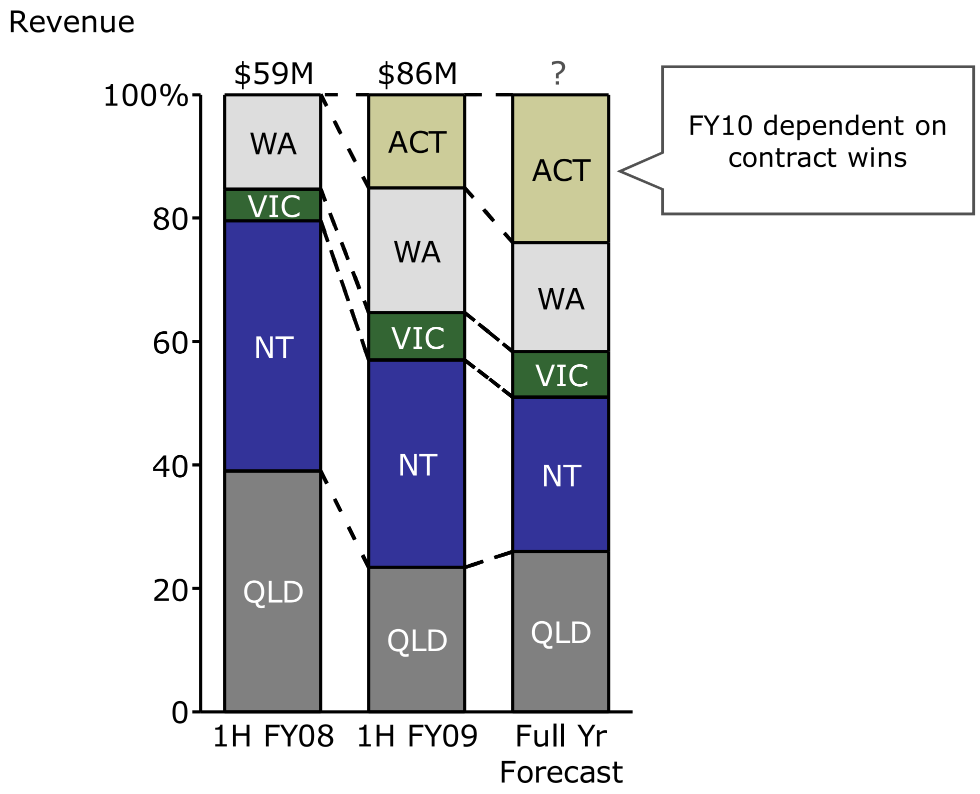
- Northern Territory Government
- Airnorth
- Brandrill Limited
- Darwin City Council
- Mincom
- Charles Darwin University
- BDO Kendalls
- Thiess
- austereo
- Alcan
- Woodside
- ABN·AMRO Morgans

Additional Customers (January 2009)

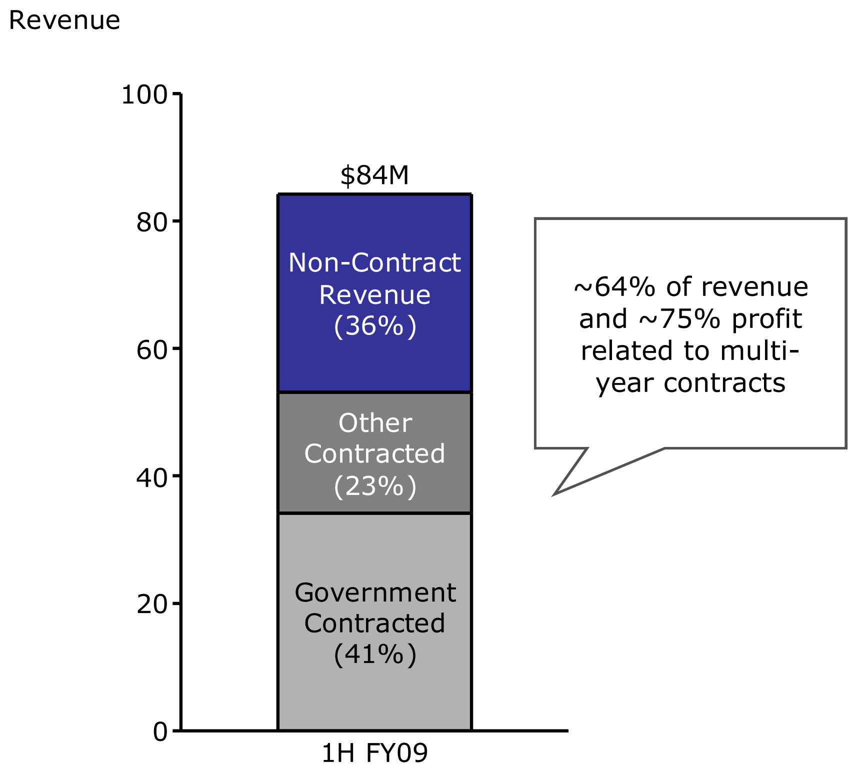
- bhpbilliton
- Mercedes-Benz
- DP World
- CommonwealthBank
- Rio Tinto
- Australian Government Civil Aviation Safety Authority
- Mitsubishi
- Government of South Australia
- Foster's Group
- AGL
- National Foods
- BlueScope Steel
- Department of Justice Victoria
- ANZ Private Bank
- La Trobe University

Business is well diversified geographically, with large proportion of revenue related to multi-year contracts

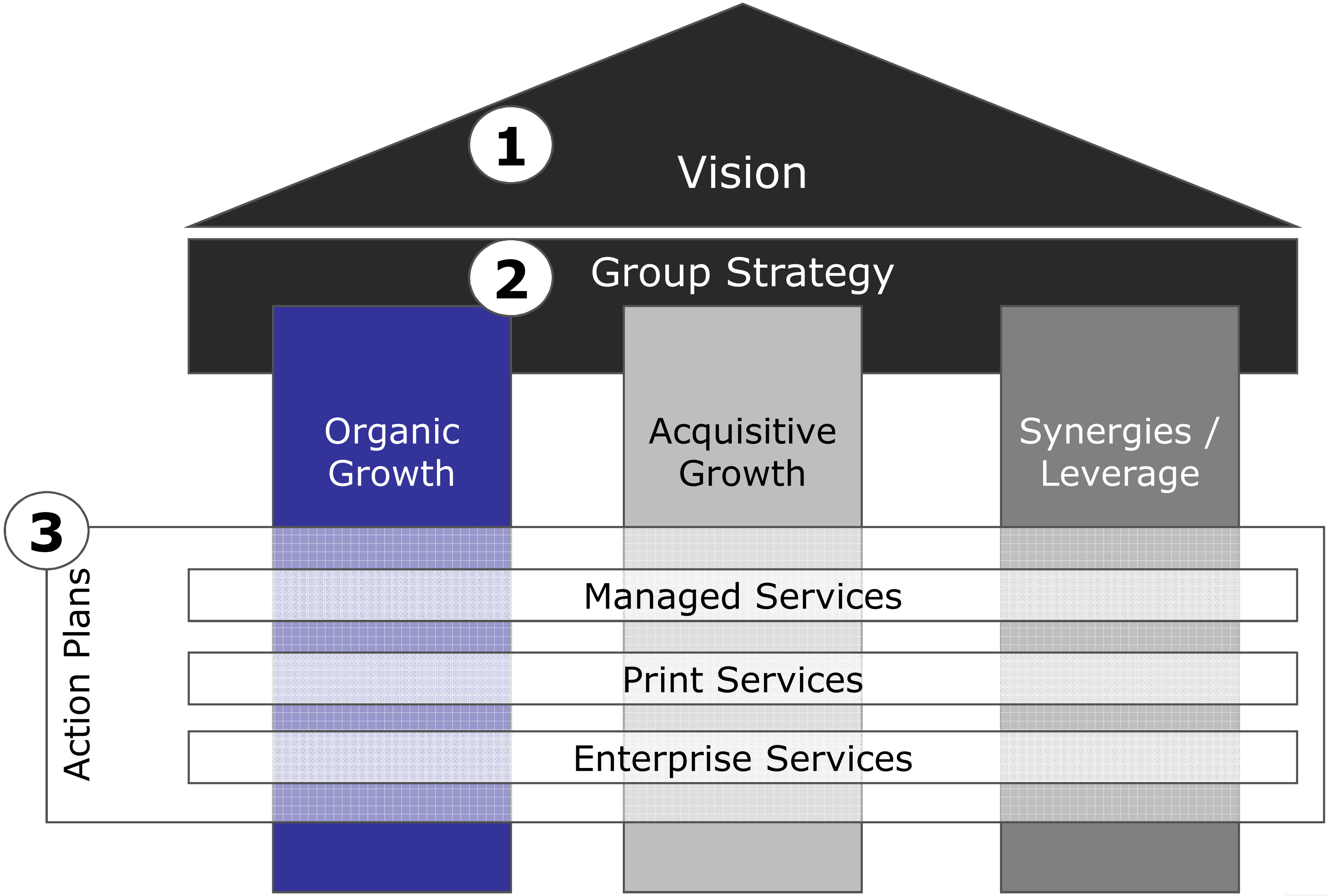
Revenue is now significantly more geographically diversified



~64% of revenue relates to multi-year contracts



Company strategy has been developed in three stages



1 We have developed a clear company vision

Customer Recognition – Become known nationally as a major and well respected player

Market Recognition – Trusted by financial markets to deliver sustainable, profitable growth

Company Vision: To be *recognised as the leading Australian owned IT services company and continue to significantly grow EPS*

IT Services – CSG has become (and will continue to develop as) a fully integrated IT services company, able to deliver end-to-end solutions for customers

Significantly grow EPS: Growth possible even in these times; historically, business has more than doubled EPS every two years.

This will be challenging, however we have strategies in place

2 Group strategy is focused on three key growth levers

Group Strategy		
Organic Growth	Acquisitive Growth	Synergies / Leverage
• **Develop reputation** to ensure we are a **number-one choice with target customers** • Aggressively pursue **high-margin, multi-year** opportunities • Build **market share** within regions by expanding relationships with current clients and winning new business • Focus on immediately **building relationships** with key clients of acquired businesses	• **Build trust with investors** to improve ability to access capital markets • Purchase companies to **complement core strengths** • Target companies with **long-term annuity revenues** • Expect more opportunities at good pricing next financial year • Perform rigorous **due diligence** and be prepared to say no	• **Leverage across divisions** to enable cross-sell opportunities • **Provide integrated end-to-end solutions** for clients to expand relationships across divisions • Deliver seamless, high quality **customer service** across divisions • Aggressively **manage cost-base** on fixed price contracts • **Rapidly integrate** acquired companies within one of three operating divisions

3a

Managed Services: Now a truly national Tier 2 player: Focus on converting tender opportunities

Division Action Plan		
Organic Growth	Acquisitive Growth	Leverage / Synergies
• **SA**: Win business recently acquired government panel contract • **NT**: Renew existing government contracts • **ACT**: Leverage Canberra presence to win new business. • **WA**: Win first major MS contract	• **Short term**: Complete integration of recent purchases. Not actively pursuing new targets • **Medium / long term**: Pursue aggressively priced opportunities in Australian market	• **Contract bids** in conjunction with Enterprise Services • **Capitalise on freer labour market** due to downturn to improve margins • **Leverage service presence** in Canberra and Darwin across all divisions

CSG

3a

Managed Services: Strong tender pipeline over next 2 years

Tender Pipeline – Next 2 years

NT Government
($100-250M)

- Re-tender for existing NT government business, including NTG Desktop, Communications and Messaging
- Strong history and community involvement throughout NT

WA Government
($40-80M)

- Large opportunities for Managed Services across multiple departments
- Strong referencability from NT Govt work

SA Government
($10-50M)

- One of 3 members of South Australian Government panel contract (other 2 are EDS and HP)
- Recent purchase of HP by EDS leaves CSG as only independent option

Federal Government
($30-100M)

- Presence in Canberra through purchase of Commander business opens up Federal Govt. Opportunities
- Only Australian owned company with diverse yet fully integrated offering

Education Sector
($20-50M)

- Partner with Enterprise Services across a range of projects
- Large opportunity with both government and non-government schools

WA Commercial
($10-30M)

- Large upcoming tender opportunities across both government and privately owned companies
- Existing, successful remote servicing operations will provide competitive advantage

3b

Print Services: Drive churn to colour and Managed Print Services

Division Action Plan

Organic Growth

- **Short Term:** Selectively 'pull-levers' to ensure continuing profitability in downturn
  - Reduce churn of profitable customers
  - Change sales focus to profit rather than market share
  - Continue to drive growth of Print Management in Tier 3 space
- **Medium Term:** Focus on expanding **Managed Print Services** by lowering Total Cost of Ownership of large printer fleets
- Continue to aggressively drive **churn to colour**

Acquisitive Growth

- Pursue attractive **Fuji-Xerox dealerships** in other geographies
- Aim to selectively penetrate **Major-Metro Print Management** markets
- Pursue **adjacencies** where appropriate, i.e. wide format printing / specialist financiers

Leverage / Synergies

- Leverage existing **customer relationships** from other businesses to drive Managed Print sales
- Partner with **Enterprise Services** consultants to provide **print-focused environmental consulting**
- Roll-out **automated billing** in major dealerships to reduce labour requirements

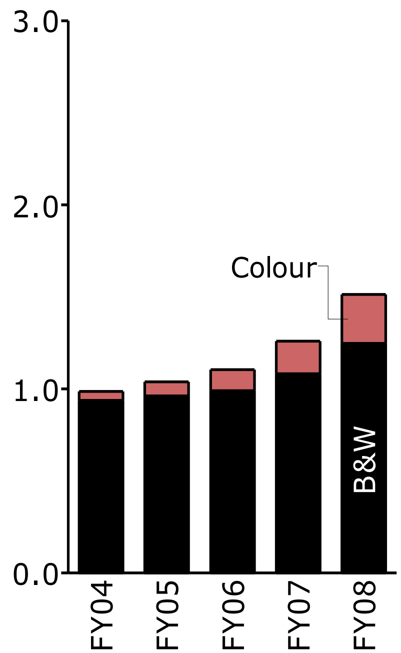
Print Services: Focus on driving 'churn to colour' and expanding Managed Print Services (MPS) and Fuji-Xerox dealership footprint

3b

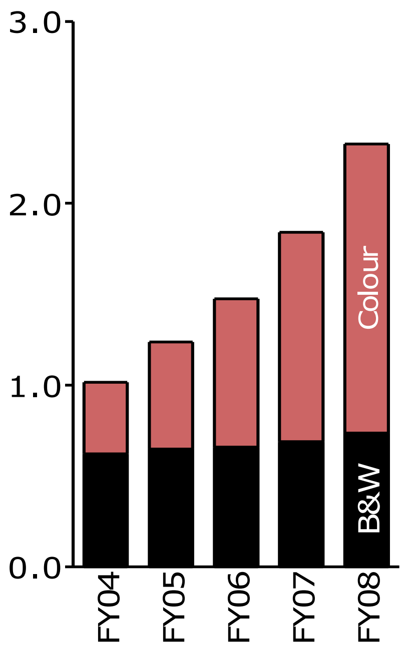
Major Growth Opportunities

Drive 'Churn to colour'

Billed Copies - Brisbane
(Normalised - FY04 = 1)



Copy Revenue - Brisbane
(Normalised - FY04=1)



Other significant opportunities – Next 2 yrs

Leverage Managed Services *($5-10M)*

- Partner with Managed Services to provide managed printer fleet as part of broader tenders
- Leverage Managed Services technicians for service delivery in combined contract wins

Tier 3 Managed Print *($2-5M)*

- Work with CSG Business Centre clients to develop integrated print strategy
- Provide integrated offering (Managed Print & MFDs) aimed to reduce Total Cost of Ownership

FXA Dealerships *($60-100M)*

- Pursue opportunities to partner more closely with Fuji Xerox
- Potential to expand Tier-3 sales presence across greater geographies

Tier 1/2 Managed Print *($30-40M)*

- Sell Managed Print Services to major government agencies
- Focus specifically on those with large desktop-printer fleets e.g. ATO

3c

Enterprise Services: Improve cross-division capability and focus on developing annuity revenues

Division Action Plan

Organic Growth

- **Expand into Education Sector** by leveraging recently acquired business
- Strategic development of Oracle practice
- Roll-out 'best of breed' offerings from acquired companies across all Enterprise Services offices
- Pursue **Application Support** and **'Software as a Service' contracts** to build annuity revenues
- Develop **South Australian office** to support regional contracts

Acquisitive Growth

- **Short Term:** No planned activity
- **Medium Term:** Potential acquisition of small players to expand capability in critical sectors
- **Long Term:** Larger scale acquisition to drive cost synergies

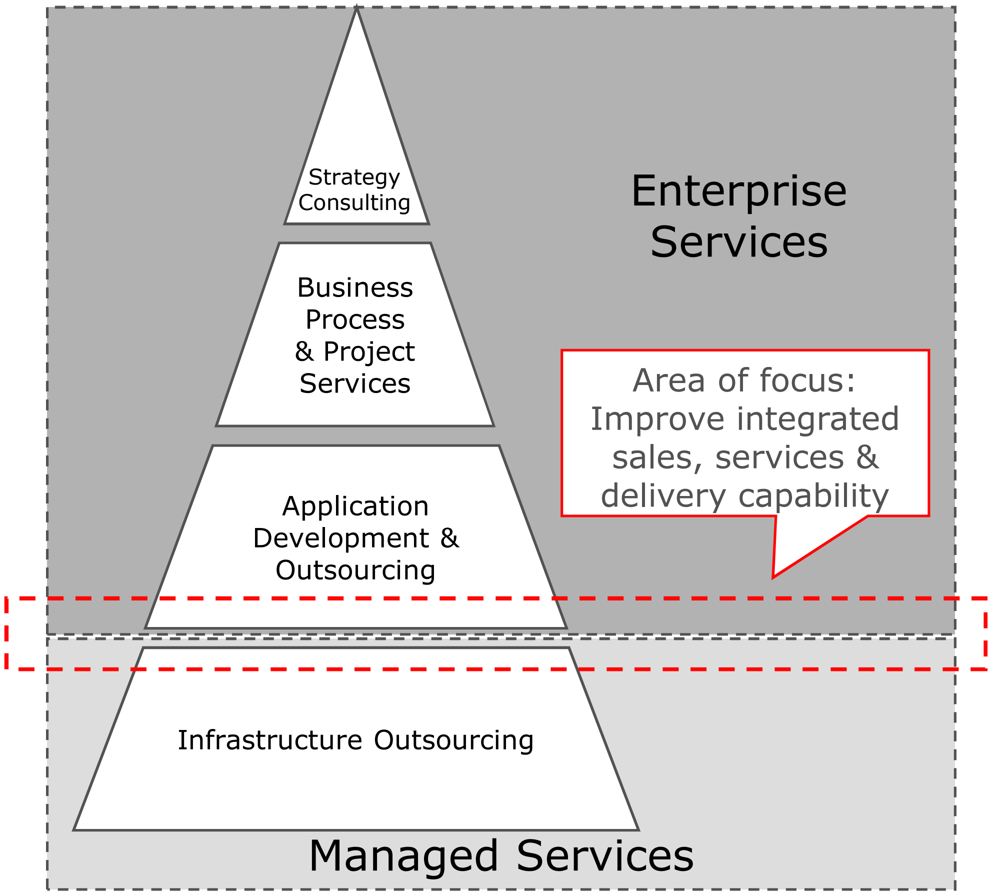
Leverage / Synergies

- Drive up **staff utilisation** by further integrating acquired businesses
- **Leverage customer relationships** in other divisions
  - **Tier 1 (Managed Services)**
  - **Tier 3 (Print Services)**
- **Improve integration with Managed Services** to provide 'whole of pyramid' offering
- **Investigate potential to onshore / offshore** work (not for near-term execution)

3c **Enterprise Services:** Significant potential to win multi-year contracts

Major Growth Opportunities

Improve 'Whole of Pyramid' integration



Pipeline Opportunities – Next 2 yrs

Education
($50-100M)

- Significant opportunities over the next 2 years in most states and territories.
- Leverage off existing relationships into education

Government
($50-100M)

- Strong existing base of business in WA Govt.
- Commence working with Oracle into this sector
- Target opportunities in SA, NT and Qld

Commercial
($50-100M)

- Focus on financial services sector in NSW
- Continue to grow business in Utilities sector
- Develop Application Support and SAAS businesses
- Establish outsourced PMO model

Agenda

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Likely impact of economic downturn and outlook for the second half

Managed Services

- Given contracted revenues, **no impact** on underlying business
- **Growth in the second half** and beyond possible due to contract wins
- **Additional growth** will happen if any contracts associated with Commander business are retained
- Opportunity to **'unwind' recent wage inflation** due to increasingly competitive job market
- **Re-tender opportunities will not be affected** by economic circumstances, as bids relate to ongoing operational (rather than project/discretionary) expenditure

Print Services

- Revenue flat in first half
- Have now **'pulled levers' to protect profit** in the short to medium term
- **Service profit** will continue to grow due to full-year effect of MIF growth
- Expect **higher profit in second half** than first half
- **Profit growth for the year** helped by contribution from finance business and managed print

Enterprise Services

- **Trading conditions** difficult in Victoria however holding up in WA
- **Currently growing** on small base in Qld, NSW and NT
- Revenue likely to be flat for the full year
- Have reduced benched capacity to **focus on utilisation** and cut overhead costs
- Still **expecting year-on-year normalised profit growth,** but this is at risk

Key Points

- This is a good business to be involved in, both during a downturn and in a growth market
- Despite challenging business conditions, the first half of the year saw continuing, profitable growth
- We expect the second half of the year to be another new record
- The business has transparent, locked-in revenues and profits and is well positioned
- Debt levels are satisfactory and remain a key focus
- Management has a clear strategy to deliver continuing growth

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