FY 10 Results presentation

17th August 2010

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Agenda

+ FY10 Results

+ Industry trends

+ Business outlook

Executive Summary

Revenue growth has been acquisitive and organic

- Revenues at $277.8m are up by 41%
- EBITDA at $59.3m is up by 19% Adjusted EBITDA at $62.2m
- NPAT at $31.5m is up by 35% Adjusted NPAT at $ 34.3m
- Final dividend of $3cts is up by 20 %
- EPS at $15.8cts is up by 20%

Both divisions are contributing to growth

- Print services grew both in Australia and New Zealand pcp
  - New Zealand has performed as expected achieving significant growth in FY10
- The IT services division had a strong half with a number of contract wins
  - The focus remains on multi-year contracts and growth in the eastern states

CSG has a strong balance sheet and cash-flows

- Net interest bearing debt of $52m (0.9 x EBITDA) at 30 June 2010
- Strong Operating Cash flow for the year of $35m
- Net Cash was impacted by many one-off related to acquisitions (c. $8m)

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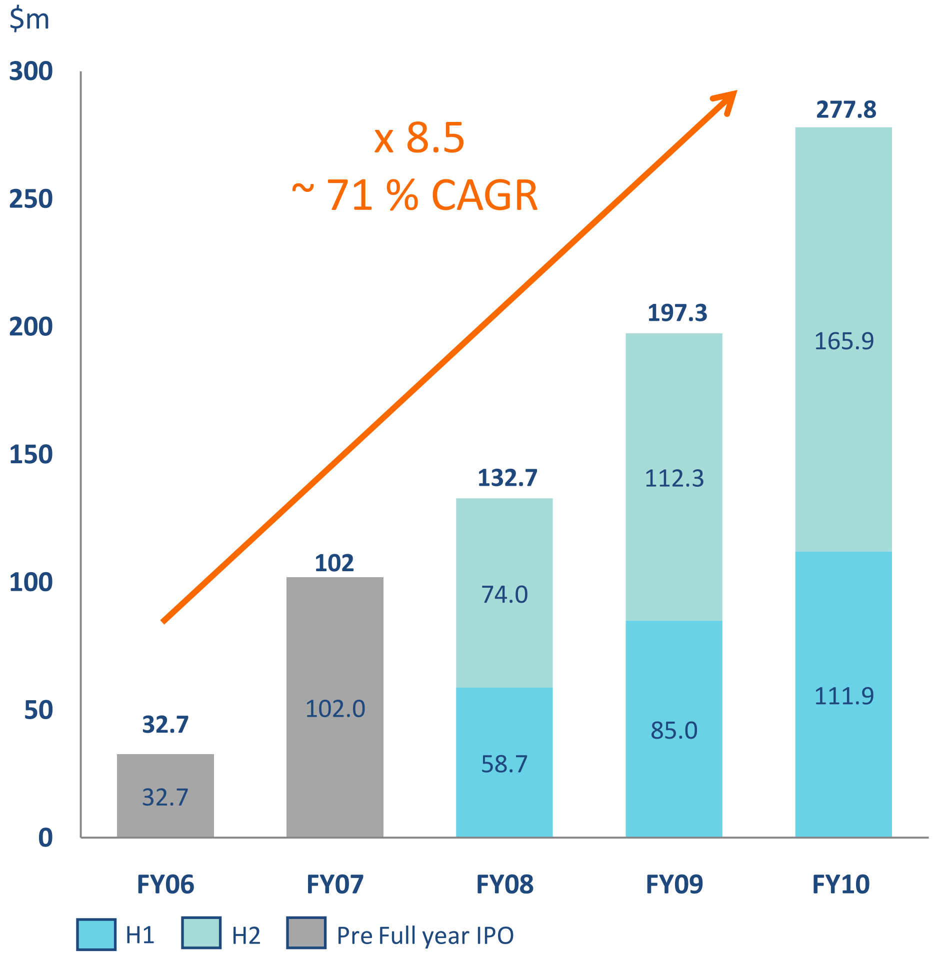
P & L - Revenues

Revenues are up by 41%

Revenues (FY06-FY10)



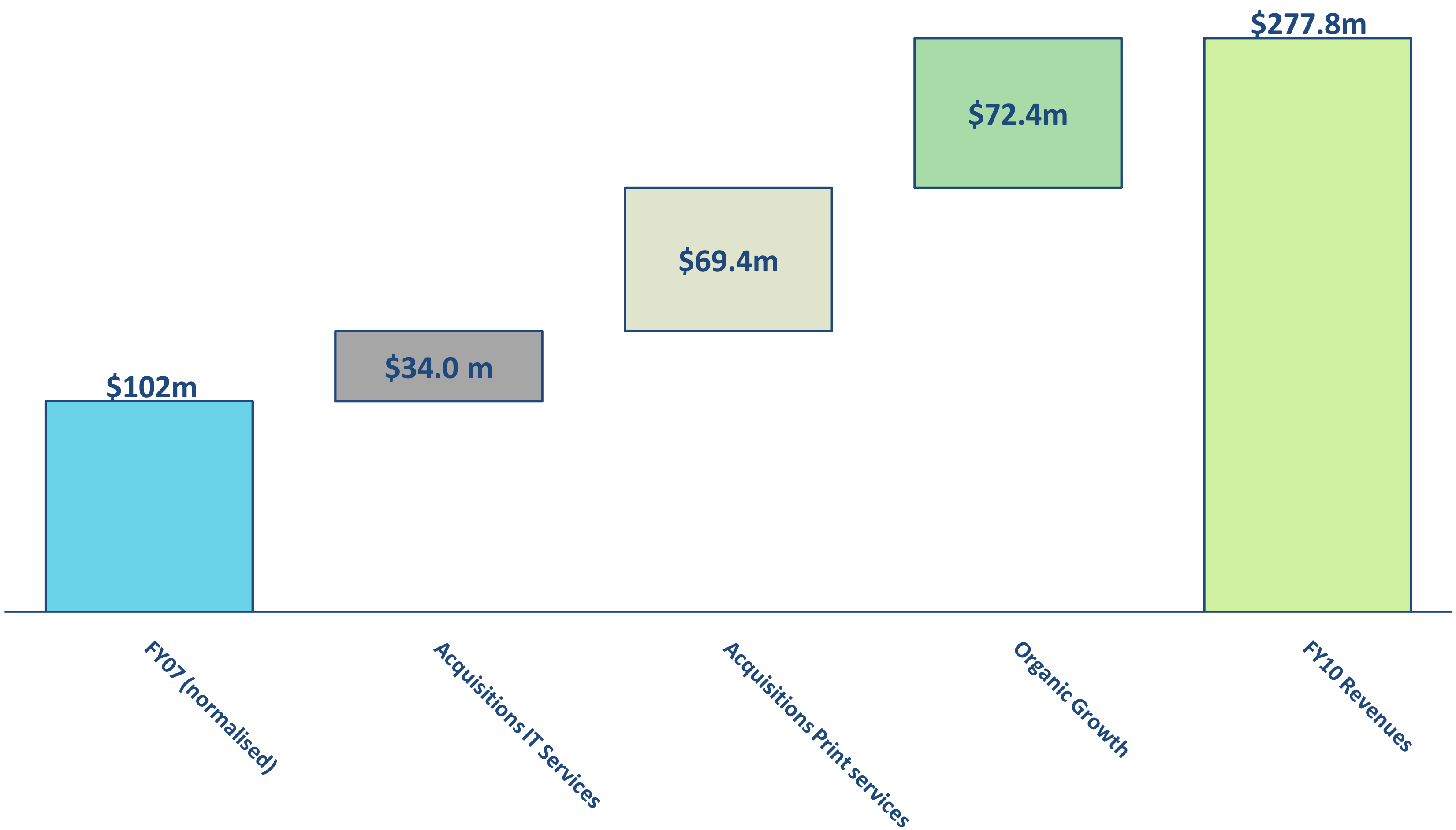
CSG is a fast growing company

- Sales are up by 41% this year
- Revenue growth is both organic and from 6 months of NZ
- Revenue is expected to grow dramatically in FY11 as a result of full year of NZ, contribution from Canon business and continued organic growth
- CSG now has a solid national platform that can be leveraged to achieve robust organic growth
  - Since listing CSG has created a national platform diversifying away from NTG and Fuji Xerox in QLD

Note Normalised revenues for FY07

P & L - Revenues

Since 2007, organic growth contributed 41 % of total revenue growth

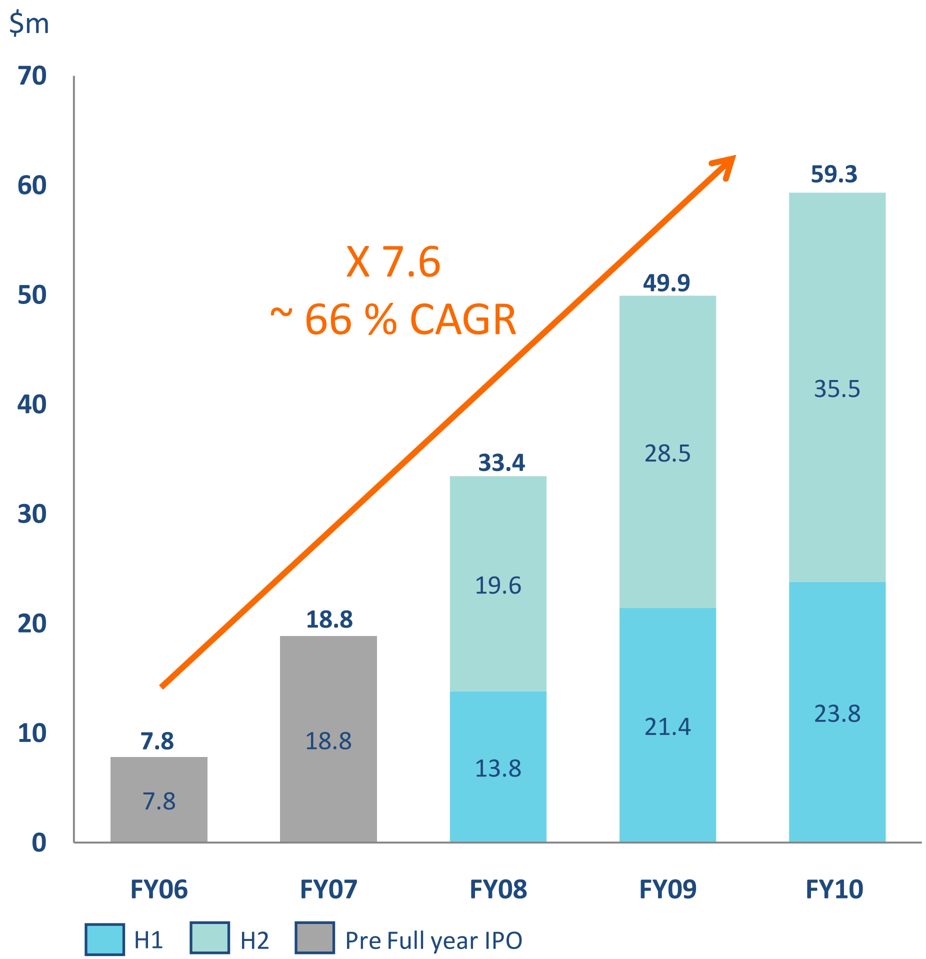


Note : The Acquisitions figures represent the aggregates of the revenues of all companies acquired (at the time of acquisition) – New Zealand's contribution accounts for half year only

P & L - EBITDA

EBITDA is up by 19%

EBITDA (FY06-FY10)



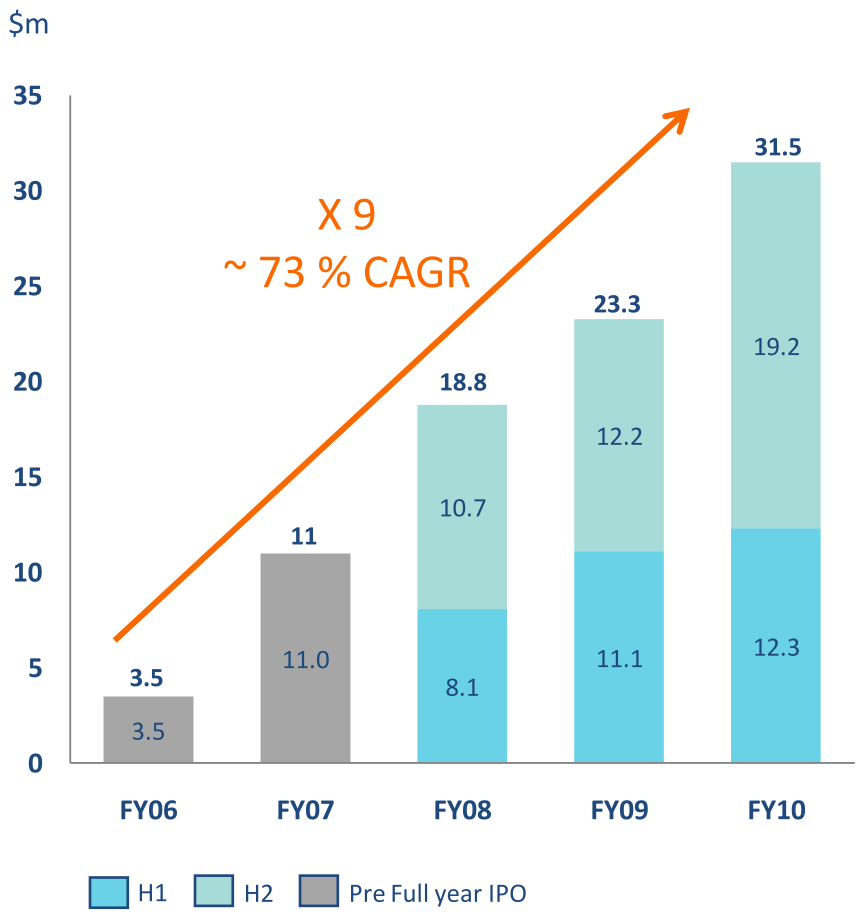
CSG is a profitable company

- Adjusted EBITDA of $62.2m
- The EBITDA growth in second half was impacted by significant one offs due to acquisitions
- Long term growth has not been achieved at the detriment of profitability
  - Historically, the EBITDA grew almost as fast as revenues
  - Expect significant EBITDA growth in FY 11
- EBITDA margin has reduced yoy as a result of Licence pass through and NZ having lower margins to Australia

P & L - NPAT

The Net Profit After Tax is up by 35 %

NPAT (FY06-FY10)



The NPAT continues to grow

- Adjusted NPAT of $34.3m
- NPAT was impacted by significant non-recurring items in second half but benefited from tax in NZ
- Expect significant increase in FY 11 due to the full year impact of New Zealand and the ramp-up of Canon

P & L - Adjusted NPAT

The adjusted NPAT is $34.3m

	FY10 ($m)
Reported Net profit After Tax	**31.45**
One-off acquisitions costs	*1.43*
Amortisation related to contract win	*1.05*
Canon ramp-up costs	*0.37*
Total Adjustments	**2.85**
Adjusted NPAT	**34.30**

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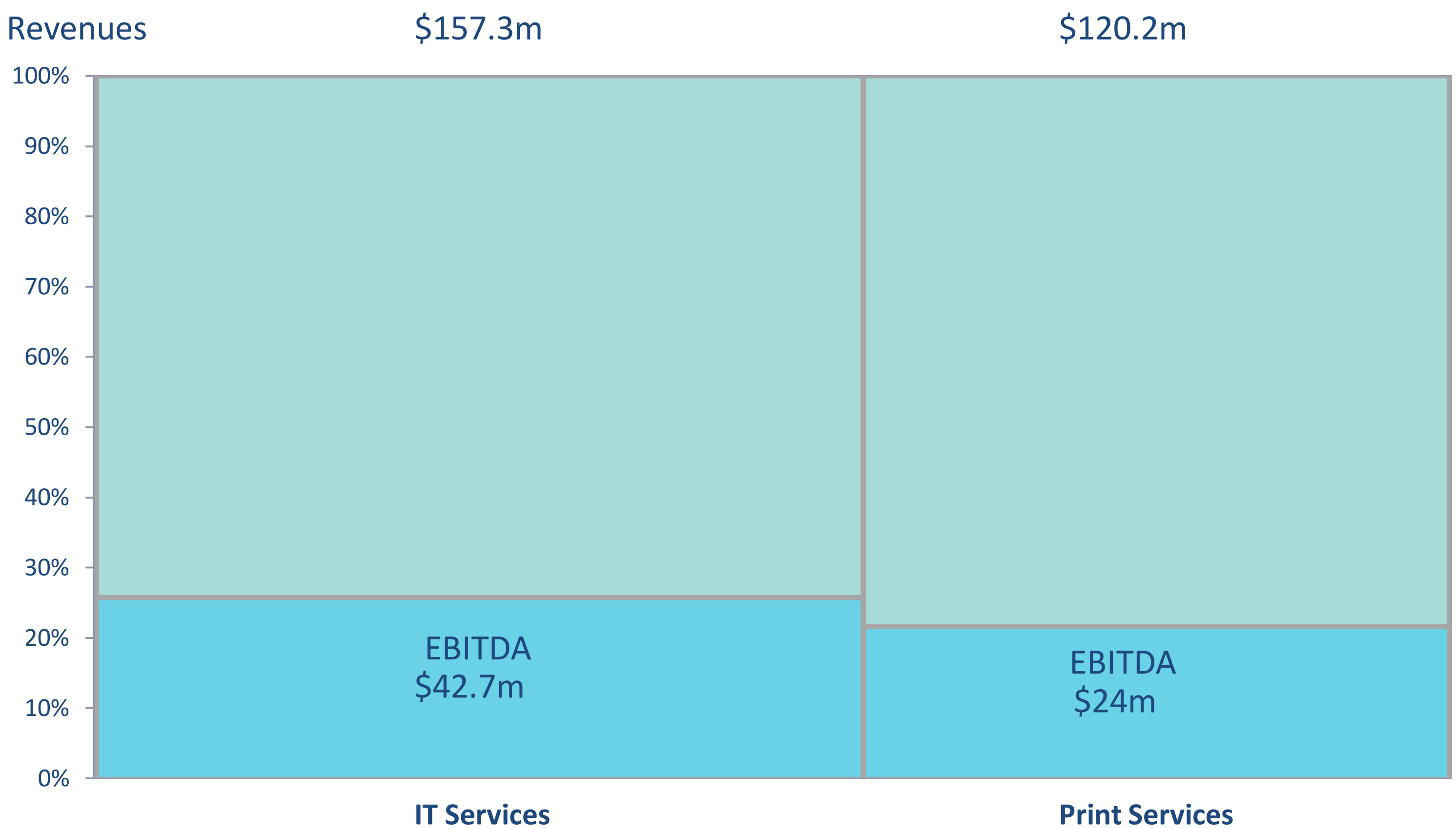
Segments highlights - Introduction

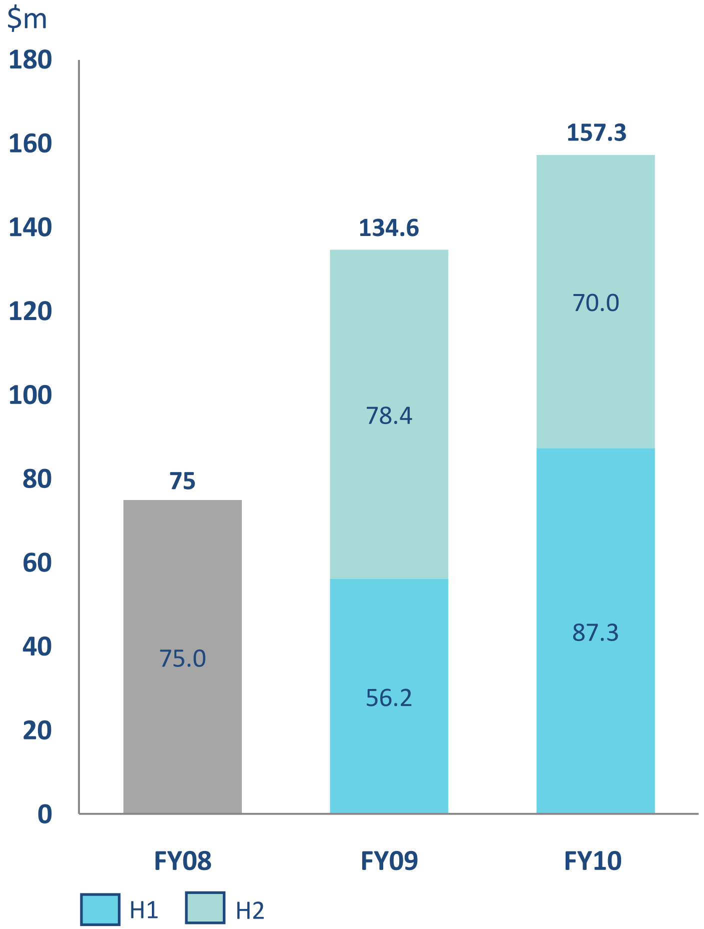
The two divisions contribute to Revenues and EBITDA



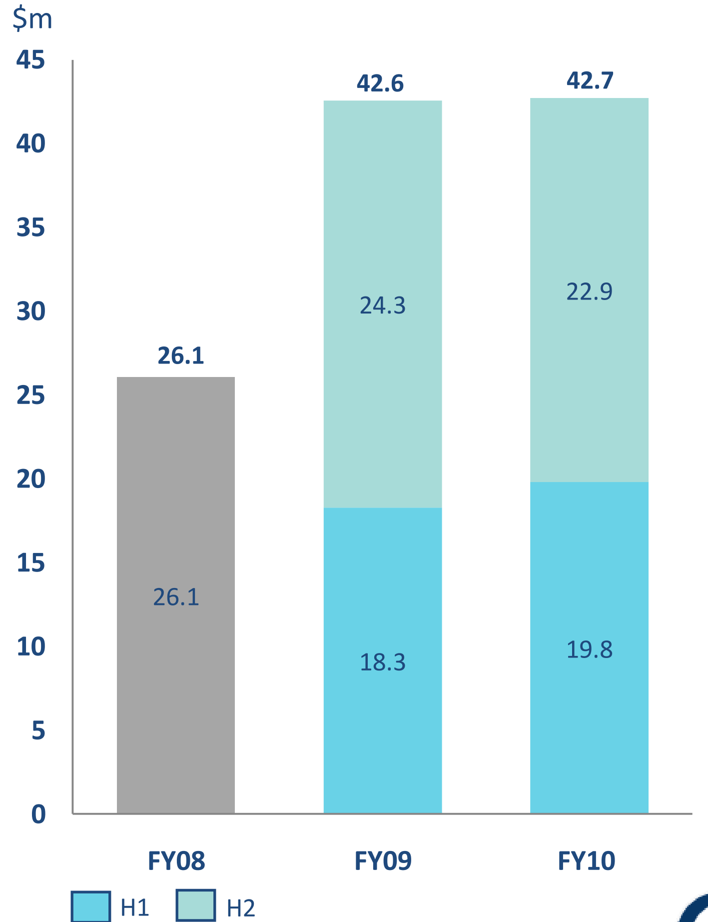
Segment highlights – IT Services

The IT services division grew yoy excluding Commander in FY09

IT Services – Revenues (FY08-FY10)



IT Services – EBITDA (FY08-FY10)

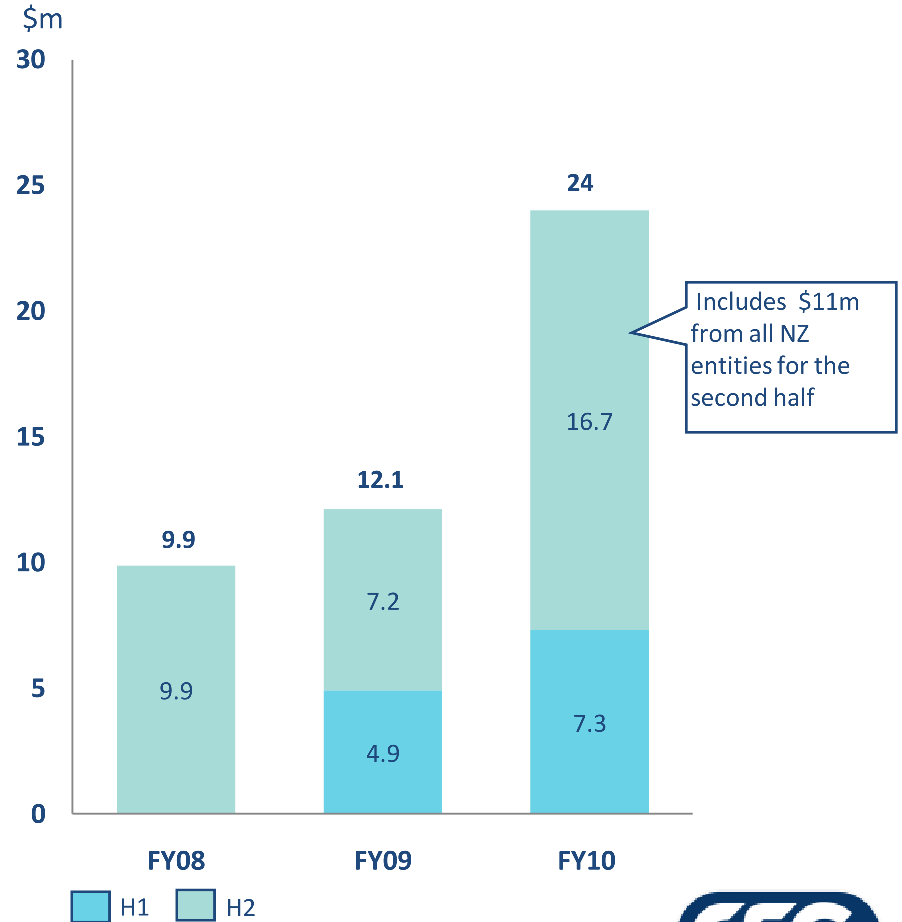


Segment highlights - Print Services

The Print division is growing in line with expectations

Print Services – Revenues (FY08-FY10)

Print Services – EBITDA (FY08-FY10)



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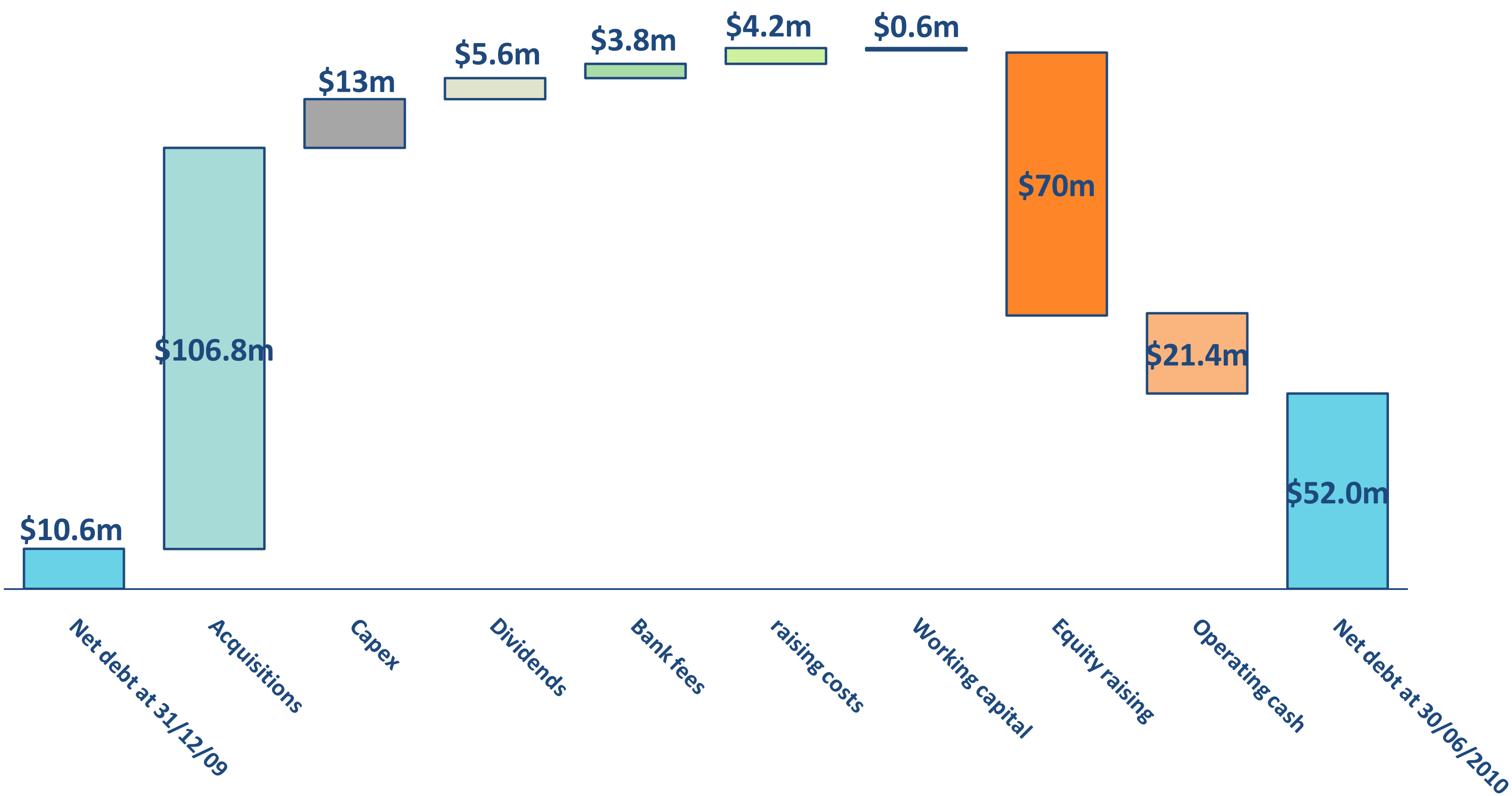
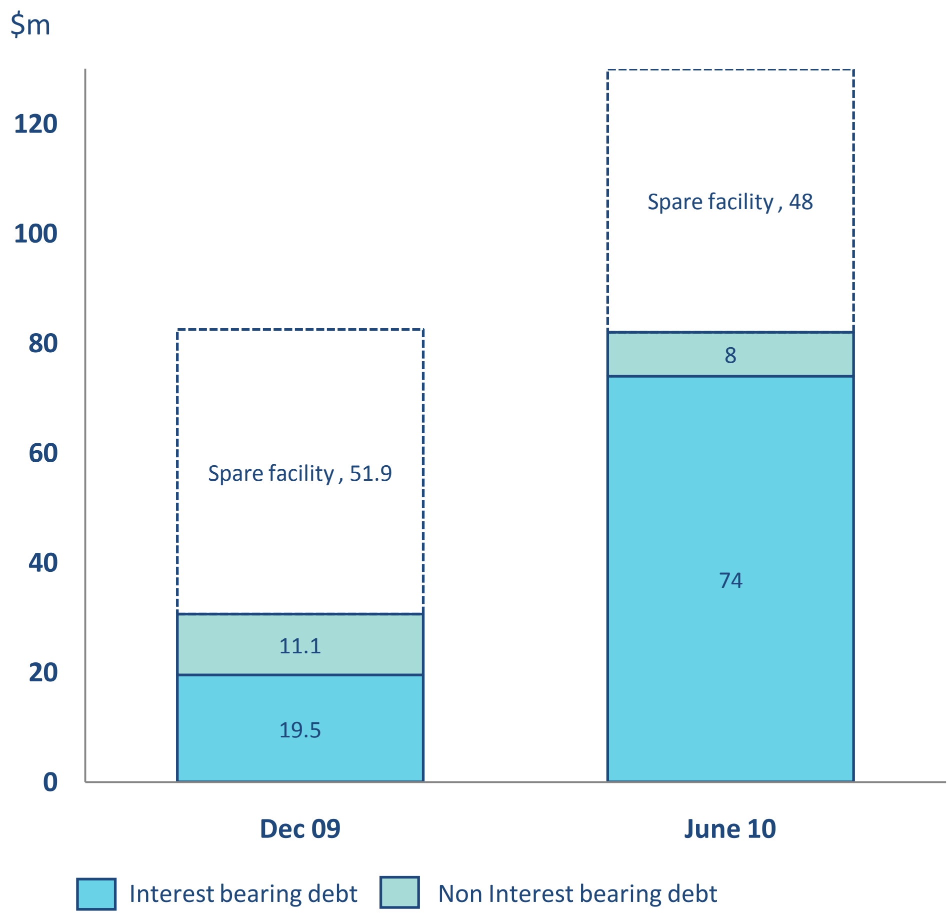
Balance sheet – Net Interest bearing debt



Balance sheet – Debt facilities

Debt overview



The Interest bearing debt has been maintained at conservative levels

- Due to the KMBS and LSL deals, the interest bearing debt went-up to $74m
  - Cash on hand of $22m including $15m for LSL credit enhancement

CSG decided to bring on a second bank at the time of acquiring LSL

- On buying Canon, CSG decided to raise money to pay for LSL and borrow from Canon
- It is still strategically important to have a second bank
- Gave more head room which is conservative but suits the times

CSG obtained a $25m vendor note from Canon on 1st July 2010

- This vendor note was negotiated as part of the Canon MIF acquisition to match payment to churn of MIF to CSG
- The terms of the note were cheaper over all than bank debt as no establishment fee was required

Balance sheet – Impact of LSL

- **LSL receivable of $114m and debt of $102m added to the balance sheet**

- **Majority of the debt is in Securitisation facility with CBA**
  - Not included in group senior debt covenants
  - Stand alone credit risk not supported by CSG group

- **Option to securitise the entire portfolio to get off balance sheet**

- **CSG Group debt is $74m with net debt of $52m**

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Cash Flow - Overview

Cash at 1 July 09	$3.8m	($ m)
Operating Cashflow		+ 35.2
Acquisitions		- 114.2
PP&E, Licenses & other Intangibles		- 26.8
Borrowings		+ 25.8
Net proceeds from capital raising		+ 112.4
Payment capital raising costs		- 4.2
Dividend Paid		- 9.8
Cash at 1 July 10	**$22.2m**	

Strong second half consistent with previous years

Expect this to reduce dramatically in FY 11
Primarily related to Customer Capex in NT and ACT, also software development of $6m and ASG payment of $4m

The cost of debt and equity raising including accounting and legal fees was ~ $8m

Includes Credit enhancement for LSL of $15m

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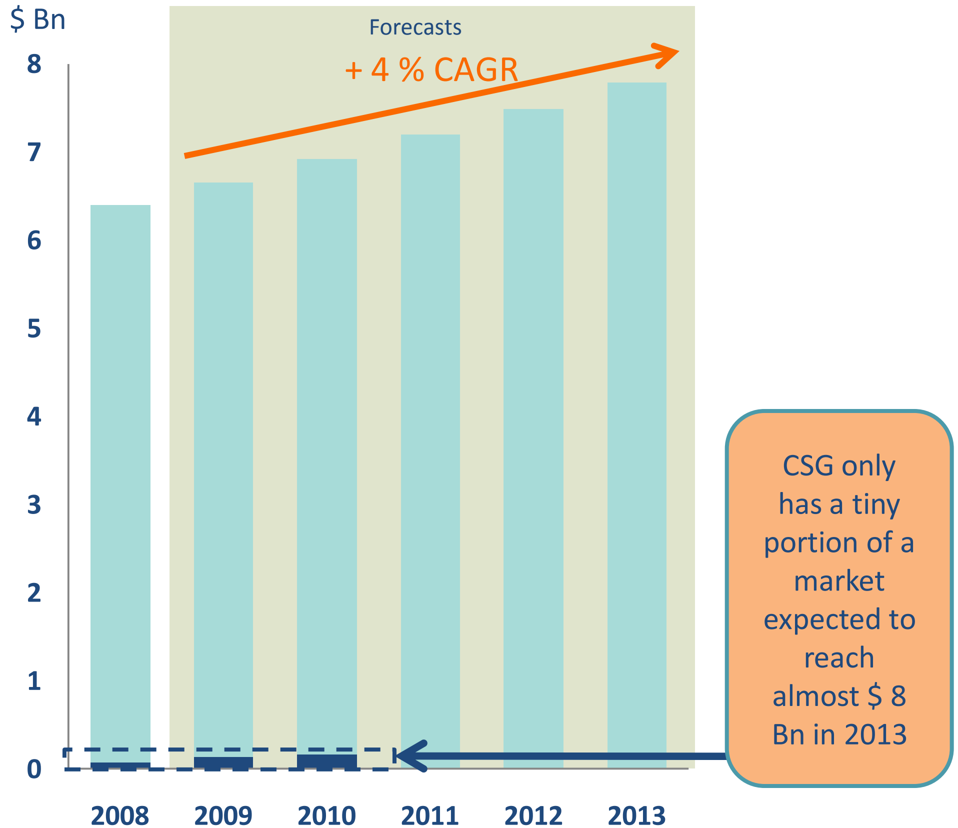
IT services – Market

The outsourcing market is expected to return to healthy growth rates

The outsourcing service market in Australia (FY08-FY10)



Source : Australia Outsourcing Services Market Forecast and Analysis 2009-2013, IDC
Note : The above figure includes applications management, desktop management, hosted applications management, hosted infrastructure services, IS outsourcing and network management.

The outsourcing market in Australia is resilient

- *"IDC senior IT market analyst, Marina Beale, conceded Australia's outsourcing rate is higher than other countries in the Asia-Pacific region. [Asia-Pacific countries have reviewed their services forecast down where as Australia has kept it consistent at around four percent] she said "*, www.arnnet.com.au, 2010
- *"According to figures from Ovum's [A/NZ Market Trends 2009: IT Services forecast], IT services growth will exceed 4.5 per cent in 2010, putting it in a healthy position for pre-recessionary growth levels in 2011"*, www.arnnet.com.au, 2010

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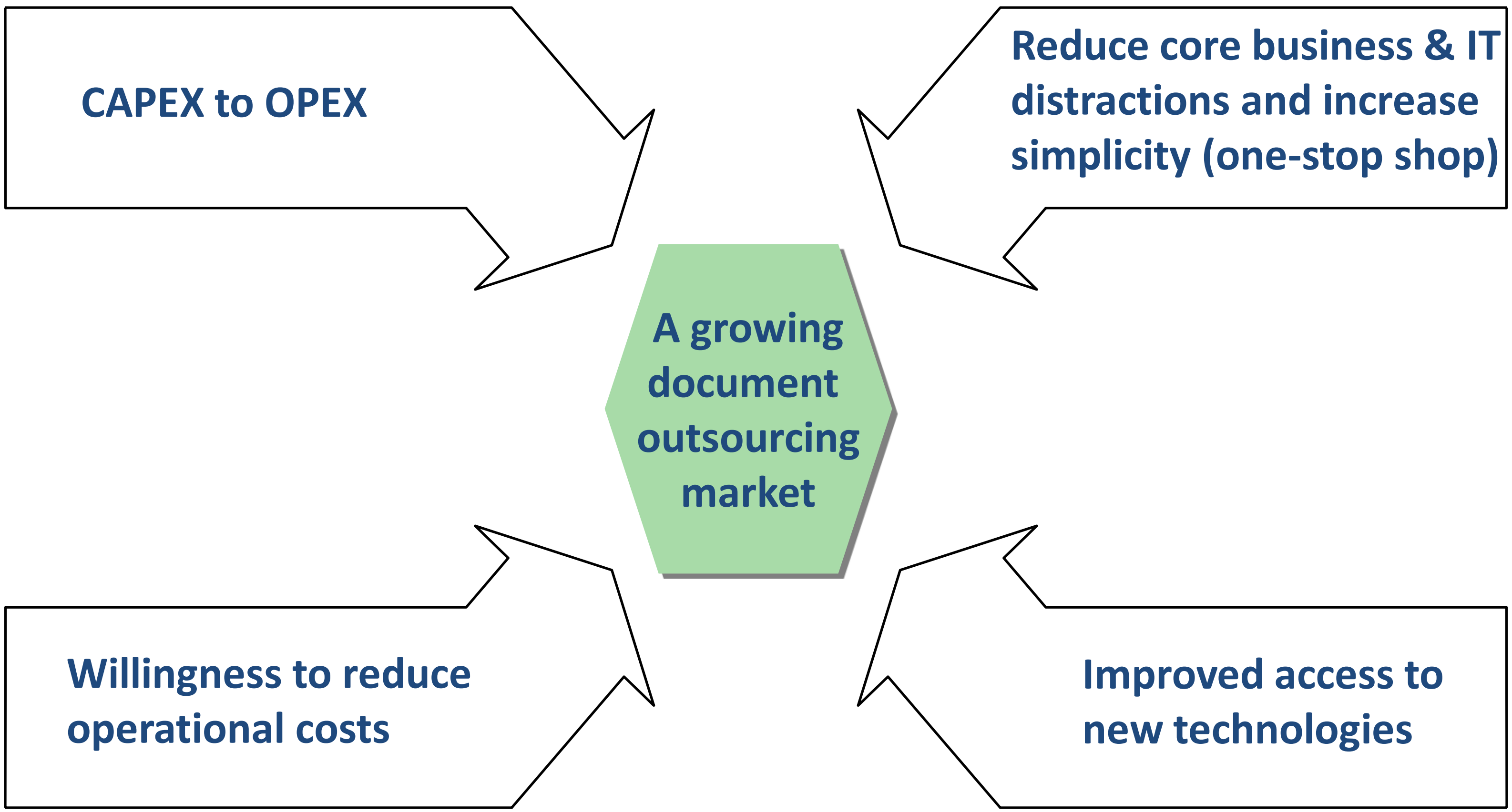
Print Services – Drivers

The document outsourcing market is mainly sustained by four drivers



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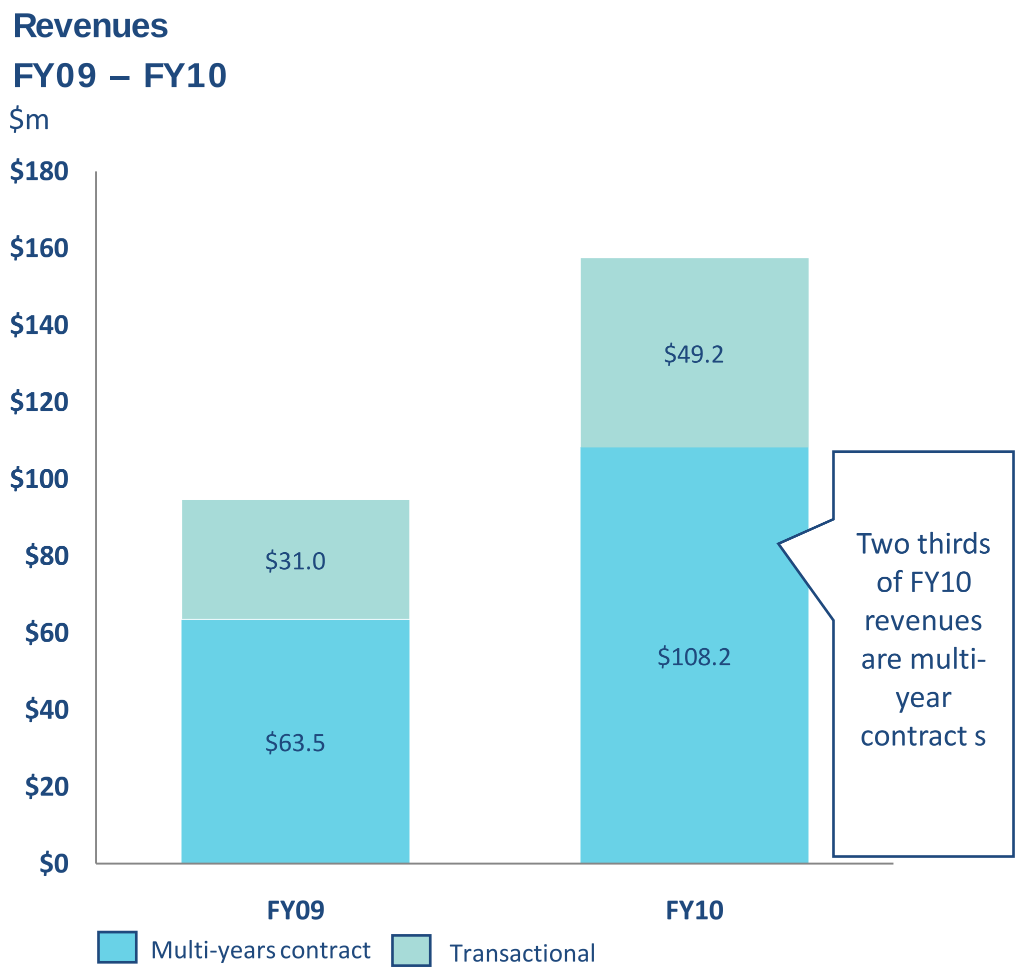
IT services - Outlook

Two thirds of IT services' revenues are multi-year contracts



Note : FY09 Excludes run-off Commander income

CSG has a robust platform to grow organically

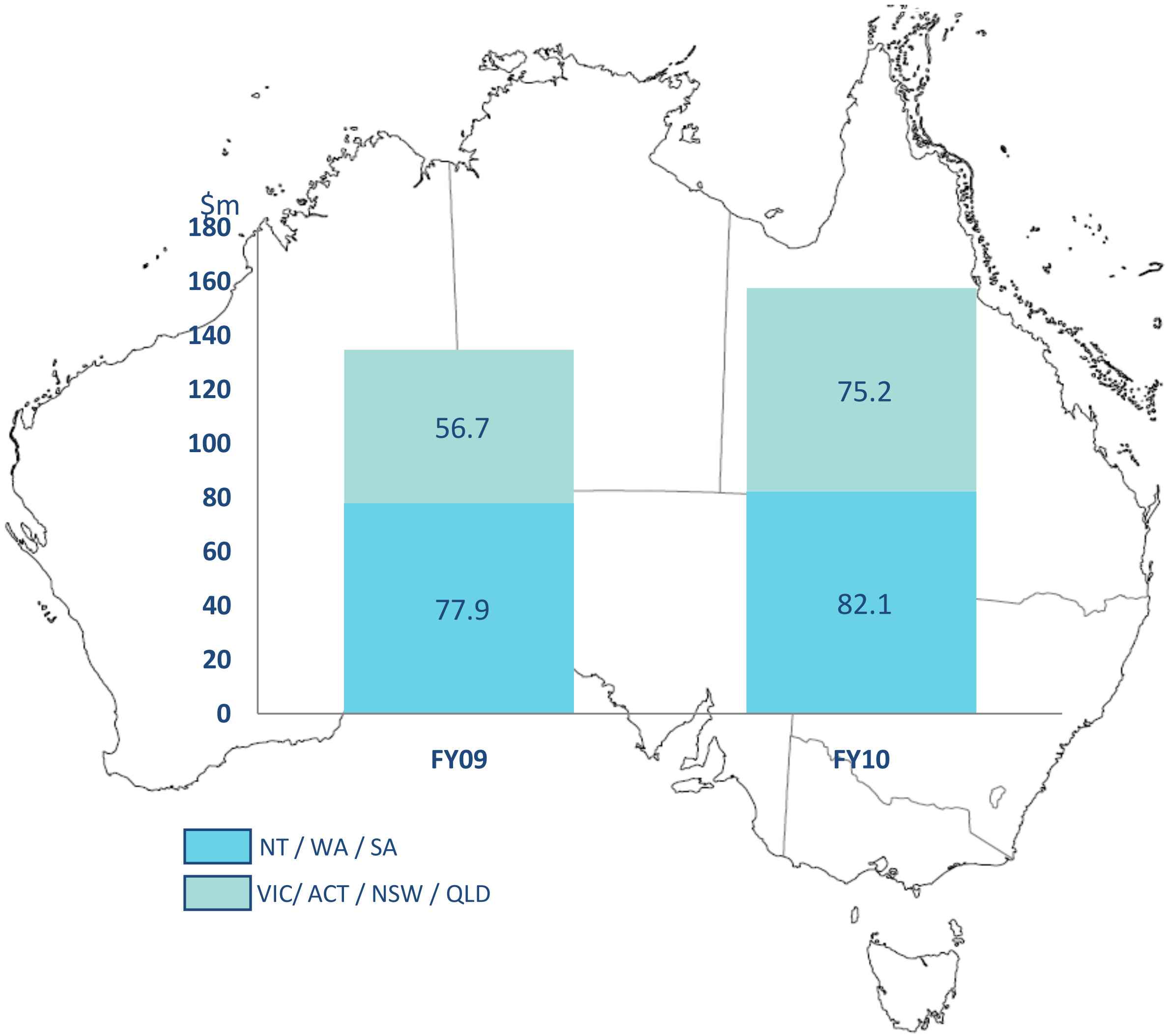
- CSG reached the critical size required to reply to major national tenders and is now clearly recognised as major player in Australia
  - Oracle Partner of the year
- CSG recently won major wins which will deliver revenues next year
  - NT government renewed
  - 5 SA agencies
  - DTF
  - AJ Lucas
  - Chandler Macleod
  - ATO contract (sub to Lockheed)
  - IDP Education
  - Working with Children

This platform will deliver growth next year

- Particularly in East Coast
- Current identified opportunity with a reasonable chance to win multi-year contract(s) : ~ $600m

IT services - Outlook

The revenues generated in the eastern states are increasing



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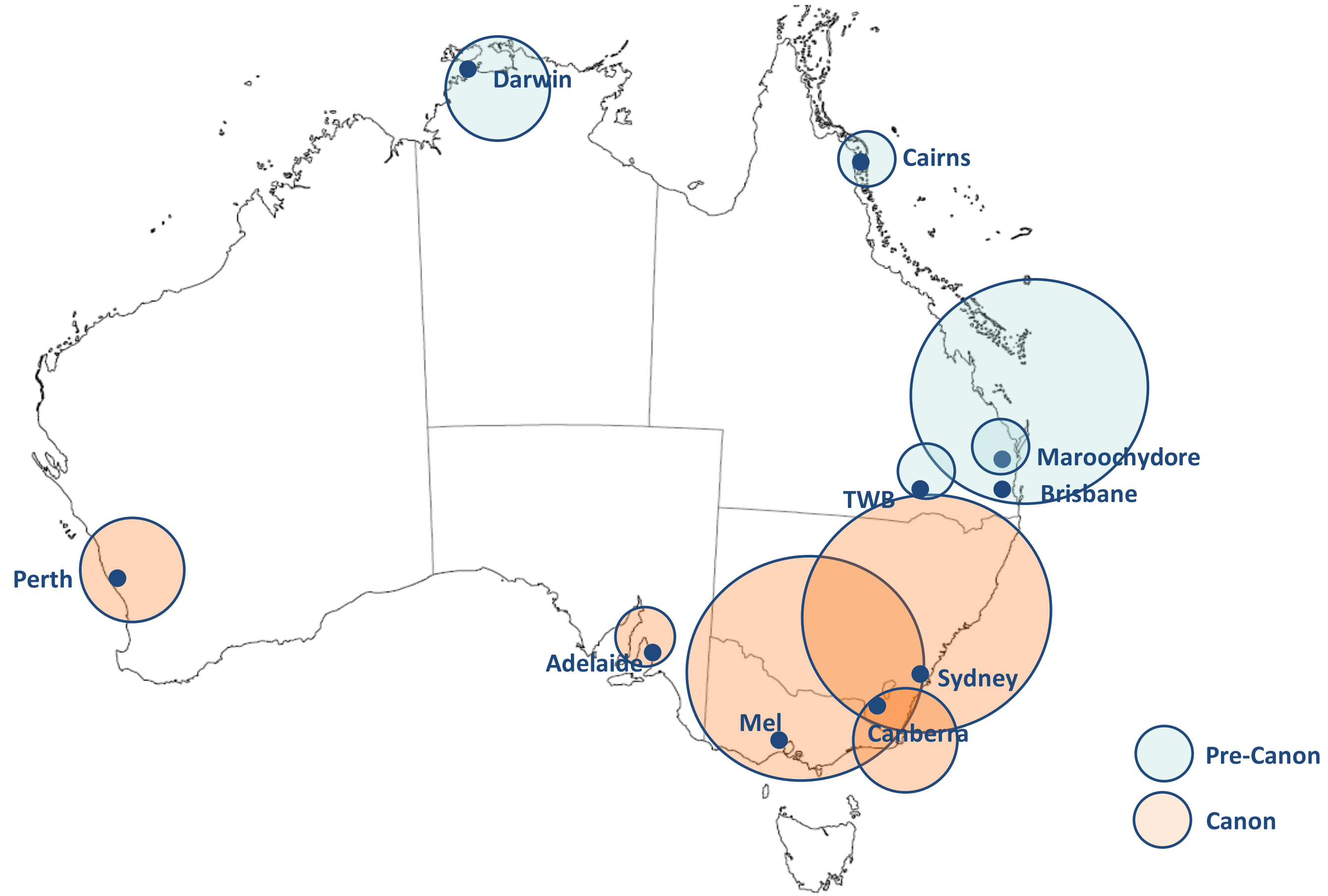
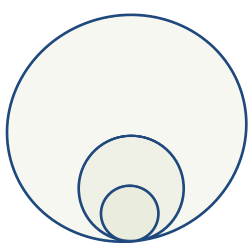
Print Services – Outlook on the Canon deal

The Canon deal offers a perfect geographical fit and allows CSG access to NSW and VIC, the two largest Australian markets



Budget revenues :



Print Services – Outlook on the Canon integration

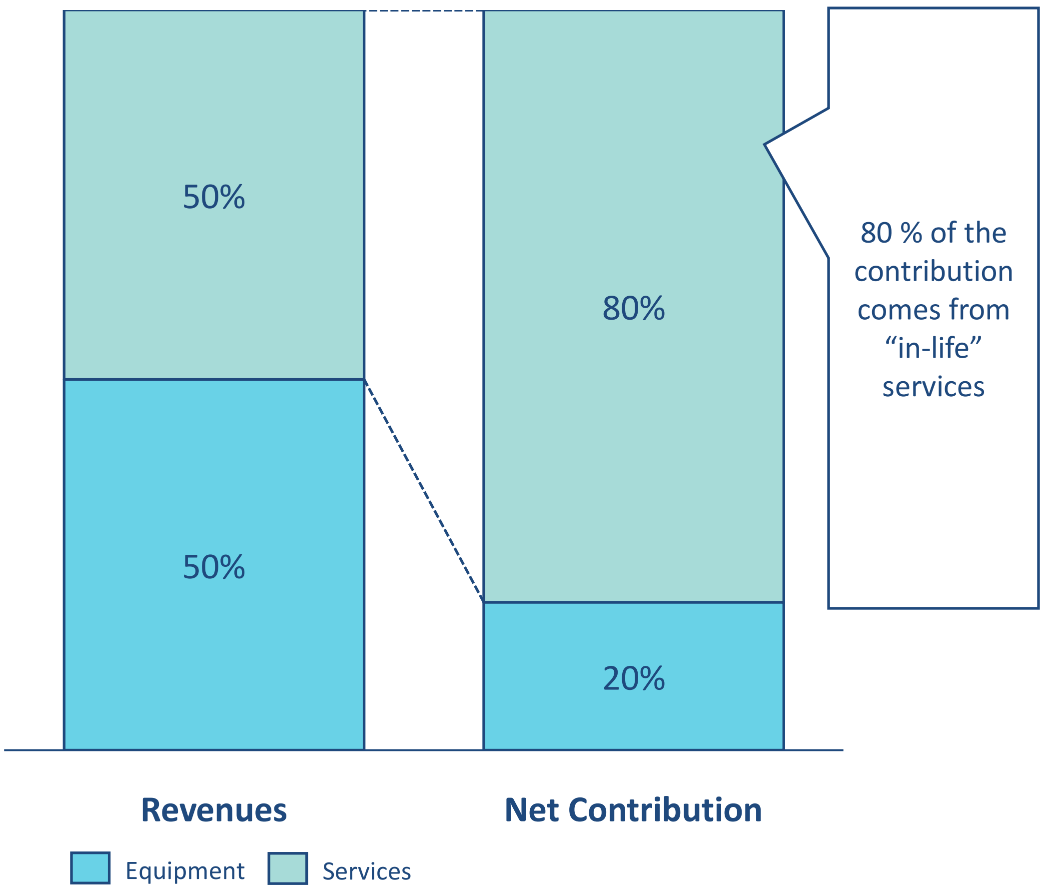
The Canon operations are already integrated across the entire value chain

Procurement	Logistics	Sales of MFDS	Servicing of MFDS	Customer service	Customer billing
Good relationship with Canon	Four new warehouses operational	40 new industry specialists already on-board	45 new Canon technicians already on-board	One new national service centre managing all in-bound calls operational (22 new people)	10 500 new machines being billed 10 new finance and admin staffs
✓	✓	✓	✓	✓	✓

Print Services – Outlook

The number of Machines in field is a critical indicator of future performance

Equipment and services contribution to Sales and NPBT



Note : Equipment and Services only, does not include Consumables and others

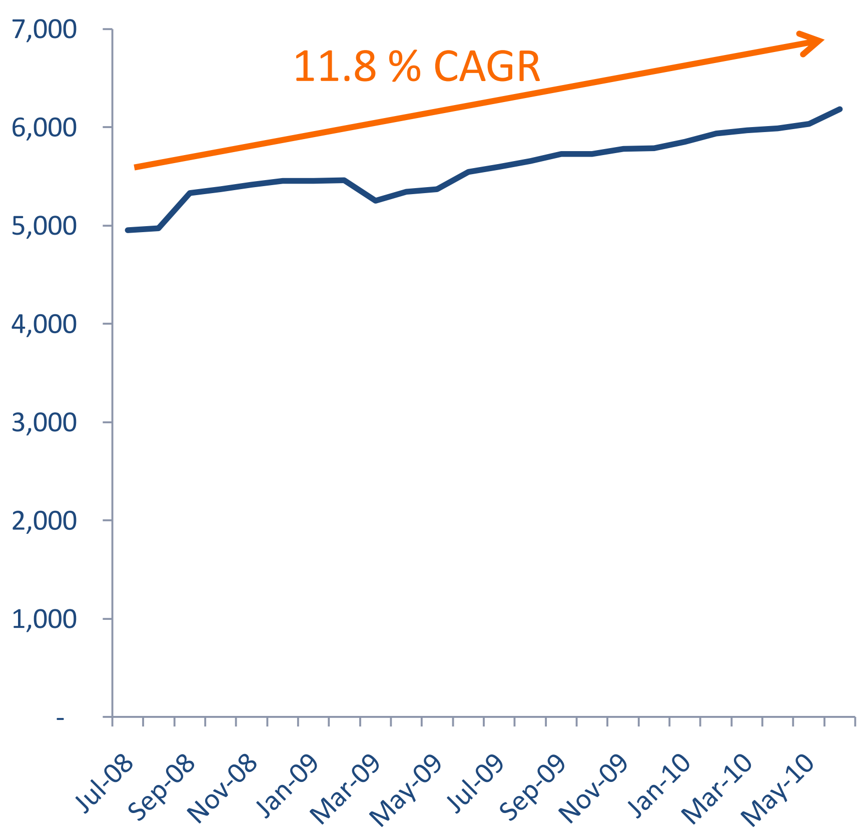
The growing installed base will keep delivering recurring revenue and profit growth

- Now have a national platform from which to grow
  - Organic growth in MIF
  - Churn to Colour
- The installed base has grown significantly with the KMBS and the Canon deals
- Revenue and profit growth in FY11 is locked in as a result of Canon MIF service revenue

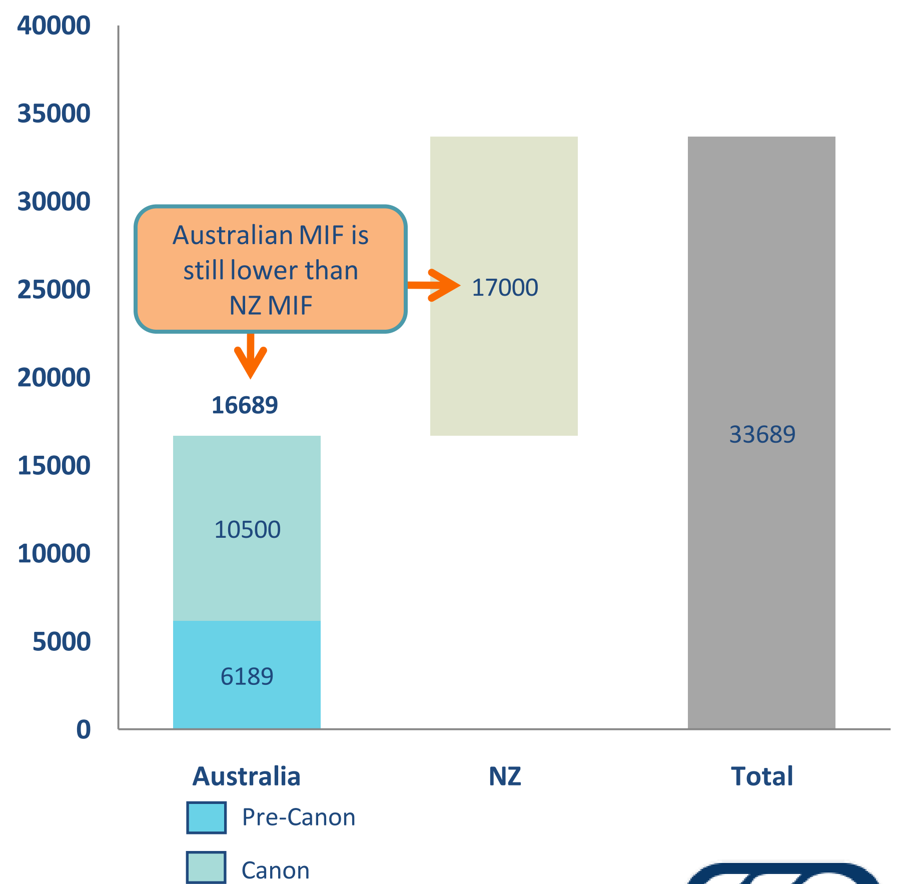
Print Services – Outlook

Machines in field are growing and there is still room for organic growth

CSG Machines in field in Australia continuing to grow

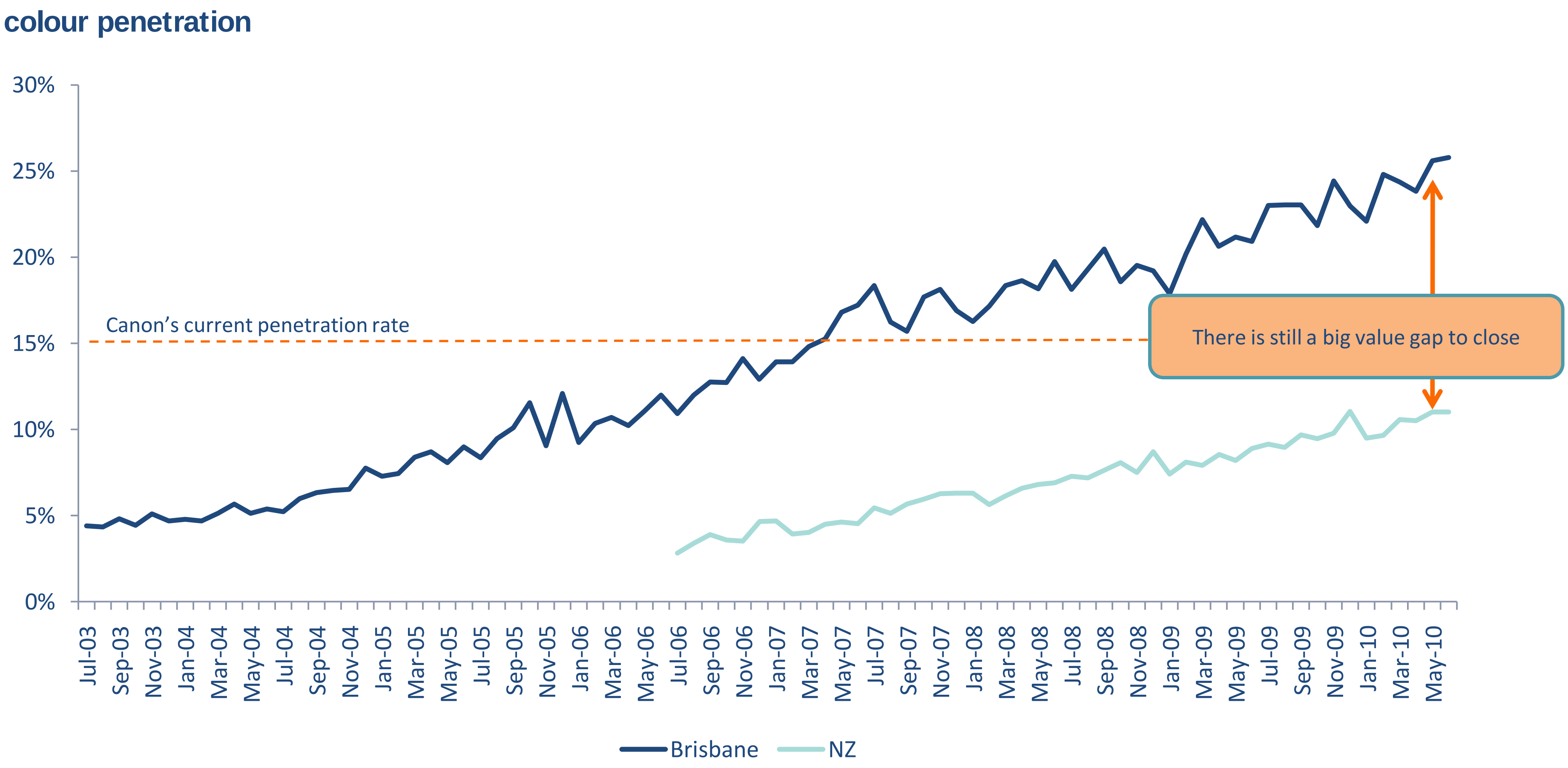


Total MIF with Canon and KMBS is 5.4 times bigger than before these deals



Print Services – Outlook

Colour penetration is growing in Australia and NZ and there is a potential upside with Canon



Outlook in conclusion – FY 11

- **IT Services business will continue to grow**
  - Focus now on East Coast of Australia
  - Large pipeline of Oracle contracts, Education contracts and Infrastructure Outsourcing
- **Print in Australia will consolidate in FY11**
  - Canon service revenue locked in
  - Not forecasting growth in MIF or colour
- **Organic Growth in Print in Australia from FY 12**
  - Expect MIF growth in new locations
  - Colour growth will contribute significantly
- **NZ Print business performing well with budgeted growth in FY11**
- **FY11 NPAT will be more than double FY09**