

20 November 2018 ASX Announcement

2018 Annual General Meeting – Executive Director & Chairman’s Address

Good afternoon Ladies and Gentlemen, my name is Mark Bayliss and I am the Executive Director & Chairman of CSG Limited. On behalf of all the Directors, I am pleased to welcome you to CSG’s 2018 Annual General Meeting.

As we have a quorum, I declare this meeting open. A Notice of Meeting was distributed on 19 October which set out the business and resolutions to be considered at this meeting and I will take the Notice of Meeting as read.

Introductions

I would like to start today’s meeting by introducing your Board of Directors who are seated at the front today:

- **Julie-Ann Kerin** is our Managing Director and Chief Executive Officer. She has performed this role since 2012.
- **Robin Low** was appointed Non-Executive Director in August 2014. She is Chair of the Audit and Risk Management Committee and a member of the Nomination and Remuneration Committee.
- **Tom Cowan** was appointed Non-Executive Director in February 2012. Tom was Chairman of the Board between August 2012 and February 2016. He is currently the Chair of the Nomination and Remuneration Committee and a member of the Audit and Risk Management Committee. Tom will be resigning as a Non-Executive Director at the end of today’s AGM.
- **Bernie Campbell** is our most recently appointed Non-Executive Director, joining in September 2017. He was Acting Chairman from May to June 2018, and has accepted the role of Chair of the Nomination and Remuneration Committee following Tom’s departure.

Lastly, I was appointed as Executive Director & Chairman in June 2018. I am a member of the Audit and Risk Management Committee and the Nomination and Remuneration Committee.

Also seated in the front row is our General Counsel & Company Secretary, Kerrie-Anne Hutchins as well as our new Chief Financial Officer, Ashley Conn. Ashley joined us on 12 November and has extensive experience in Accounting and Finance across several companies and industries, including Goldman Sachs, Morgan Stanley, ABN Amro and Arthur Andersen. We are excited to have him on board and are confident that his experience and expertise will support the continued transformation of CSG into a business technology leader.

Attending today’s meeting representing CSG’s auditor, is James Dent from KPMG. James will be available to answer questions in relation to the audit when we discuss Item One of the formal agenda, the Financial Statements and Reports.



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Shortly, we will work through the formal resolutions required to be put to shareholders and seek to respond to any questions you may have.

Before I invite Julie-Ann Kerin to address you, I would like to make some brief comments.

FY18 performance

FY18 was a challenging year for the Company. The Board and Executive Team took decisive action to address challenges in the enterprise technology segment, recapitalise the balance sheet, and return CSG to sustainable profitability and long-term growth.

In FY18, revenue was down 8% to \$225.7 million. Underlying EBITDA was \$10.0 million and underlying NPAT was \$2.3 million. Underlying earnings excluded a non-cash impairment, provisions, non-cash LTIP and non-recurring costs incurred throughout the year. FY18 earnings were impacted by lower revenue from print equipment sales and \$6 million of added investment in the enterprise technology business.

Pleasingly, CSG's core Technology business continued to perform strongly with 42% growth in total revenue to \$42.8 million, representing approximately 19% of Group revenue. A key driver for this growth was High Value technology subscription seats, which grew organically by approximately 40% to 22,326, and had an average recurring revenue of approximately \$95 per seat per month.

As at the end of October 2018, the number of High Value technology seats has grown by a further 7% to 23,855 since 30 June, reinforcing the strength of our reinvigorated growth strategy focused on our Technology business.

Strong balance sheet following successful \$18 million capital raising

To recapitalise the balance sheet and support CSG's reinvigorated growth strategy, the Company undertook an \$18 million capital raising via an entitlement offer to all our shareholders. Reflecting the support of CSG's two largest shareholders, that together held approximately 36% of issued capital at the time of announcement, Caledonia and TDM Asset Management, underwrote the entitlement offer.

We were pleased with the very strong support shown by CSG's shareholders and the new institutional participation in the equity raising.

Board changes

As I mentioned at the start of my presentation, Tom Cowan is resigning as a Non-Executive Director of CSG. Tom has been a valued member of our Board over the past six and a half years, including as Chairman. On behalf of the Board, I thank Tom for his contribution and we look forward to continuing our relationship with him as a supportive shareholder of CSG.

As part of a Board renewal process, we are currently undertaking a process to appoint a suitably qualified and experienced non-executive director to fill the vacancy and further enhance the Board's skillset.



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A renewed sense of purpose, energy and commitment

In any company going through a substantial transformation, as CSG has been, team culture is one of the key contributors to success. Over the last few weeks, the business has spent a considerable amount of time focusing on culture, and there is a renewed sense of shared purpose, energy and commitment throughout the organisation.

We have also reaffirmed our growth strategy and together created a clear and focused plan to build a sustainable CSG. Julie-Ann will further expand on the work that we have undertaken in relation to our culture and reaffirming our strategy during her presentation.

CSG is in a strong position to return to growth

In closing, on behalf of the Board I would like to thank our employees, customers, suppliers and shareholders who have all supported and contributed to the business over the past 12 months. Additionally, I thank my fellow Directors for their efforts over the past year.

CSG is in a strong position to return to growth. We have a strong balance sheet, reinvigorated team culture and a revitalised and focused strategy that underpin the Company's return to sustainable, profitable growth.

Thank you for your attention. I will now hand over to Julie-Ann Kerin, who will run through a presentation about the business. I will then return following Julie-Ann's presentation to take you through the formal part of our AGM.

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Further information

Corporate:

Julie-Ann Kerin
Managing Director & CEO
P: +61 3 9616 8717

Ashley Conn
Chief Financial Officer
P: +61 3 9616 8744

Investors:

Sheetal Mudumba
Head of Strategic Finance
P: +61 432 761 384
E: sheetal.mudumba@csg.com.au