

MARKET EYE TMT CONFERENCE - CSG INVESTOR PRESENTATION

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Presented by

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Business Technology Made Easy

CSG delivers print and technology subscription solutions to SME customers across Australia and NZ

- CSG is a first-to-market provider of Print and Technology as a Subscription ('TaaS') solutions to SME customers
- Combines world-class print and technology solutions on a monthly per subscription basis - a 'one stop shop' with a single service, billing and finance relationship for customers
- Technology business was launched in 2016 and now has ~23,000 High value TaaS seats with a Monthly Recurring Revenue of ~\$95 per seat
- Approximately 55% of revenues are from annuity streams (print service, technology subscription and equipment financing)

14,600
customers
across
Australia and
New Zealand

Over 49,000
Technology as
a Subscription
seats and
growing

~\$240m in
equipment
receivables
funded
through CSG

39,000+
devices under
management

25+ years
experience as
a print & tech
vendor &
service
provider

Leveraging first to market TaaS suite to become industry leader

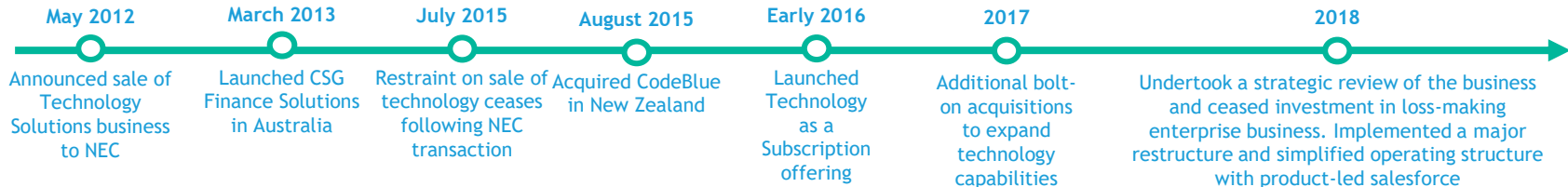
Today

- Launched long term strategic vision and developed TaaS product suite - first to market
- Restructured business into product-led segments of Print & Display, Technology and Finance
- New experienced senior appointments, including new Executive Chairman
- ~A\$12m investment in customer hub with the implementation of the Salesforce.com platform
- In-field NPS score of 71

Vision 2021

- Firmly establish CSG as the leader in Technology as a Subscription solution across the SME segment across ANZ
- Technology to represent a significantly larger proportion of total revenue
- Stable print business and grow market share in Australia
- Integrated Australian and NZ businesses that are culturally aligned
- Senior leadership team supported by world class IT systems and processes
- NPS of greater than 75 across the business with seamless implementations

Timeline of Key Corporate Events



The CSG vision

Vision

The business technology leader that attracts and retains customers, partners and the best talent

Mission

Helping people do what they love

Values

Customer First



Own It



Innovate



All In



Straight-Up



Causes



PUKA^{UP}



CSG's growth strategy is underpinned by three pillars



1 PRINT
Defence by growth of print & finance

- Work with key partners to grow market share in Australia
- Defend market share in New Zealand by increasing customer stickiness
- Increase focus on ancillary software & services

2 TECHNOLOGY
Expand and cross-sell

- Cross-sell Technology as a Subscription solutions to existing CSG customer base
- Focus on new customer acquisition

3 NEW BUSINESS
Extend through new solutions

- Build additional capabilities within Print & Display and Technology
- Grow Alibaba cloud transformation practice

CSG's unique TaaS product suite

PRINT & DISPLAY



Multifunction Devices

Print, copy, scan



Managed Print

(including ongoing service)



Desktop Devices



Digital Displays



Video Conferencing

Zoom software



Interactive Whiteboard

FINANCE



Equipment finance

In-house equipment financing for print and technology

TECHNOLOGY



Total Office

Laptop, Microsoft Office software, storage, phone handset, cloud communications and operational support



Desktop as a Subscription

Laptop, Microsoft Office software & storage and service & operational support



Boardroom as a Subscription

Zoom conferencing software



Cloud Telephony

Unified communications solutions including national and international calls through 8x8

CSG
Partners

Canon




Microsoft



CSG's value proposition combines a broad technology offering, national technical support and finance solutions all on a single bill

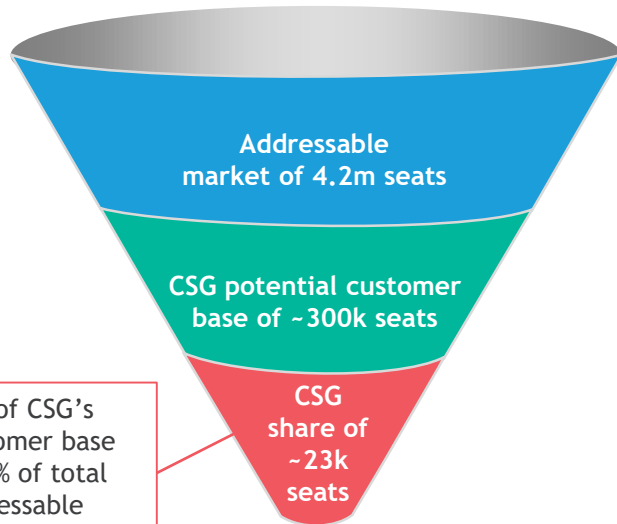


CSG's unique market position underpins growth strategy

	Product & service appeal to SMEs	Print & Display		Technology			Finance	Service		
		Print	Display	Boardroom	Cloud Telephony	Desktop	Finance	Support	Single bill	
	●	Everything as a Subscription underpinned by a single billing, service and finance relationship								
Small IT Providers	◐			✓	✓	✓		✓		
Telcos	◐			✓	✓	✓		✓		
Print Resellers	◑	✓					✓	✓		
Technology Retailers	◑	✓	✓			✓				
Audio Visual providers	◑		✓					✓		
Finance Providers	◑						✓			

CSG's existing customer base alone presents a very large addressable market opportunity for TaaS

CSG has only penetrated approximately 7% of its existing customer base with Technology solutions, with a potential to increase penetration by 10x, before tapping into new, non-CSG customers.



Addressable market

It is estimated that there are approximately 4.2m¹ subscription seats in the market that could use Technology as a Subscription solutions

CSG potential customer base

Within its existing customer base of ~14,600 customers, CSG has approximately 300k technology subscription seats - this is prior to acquiring any new customers

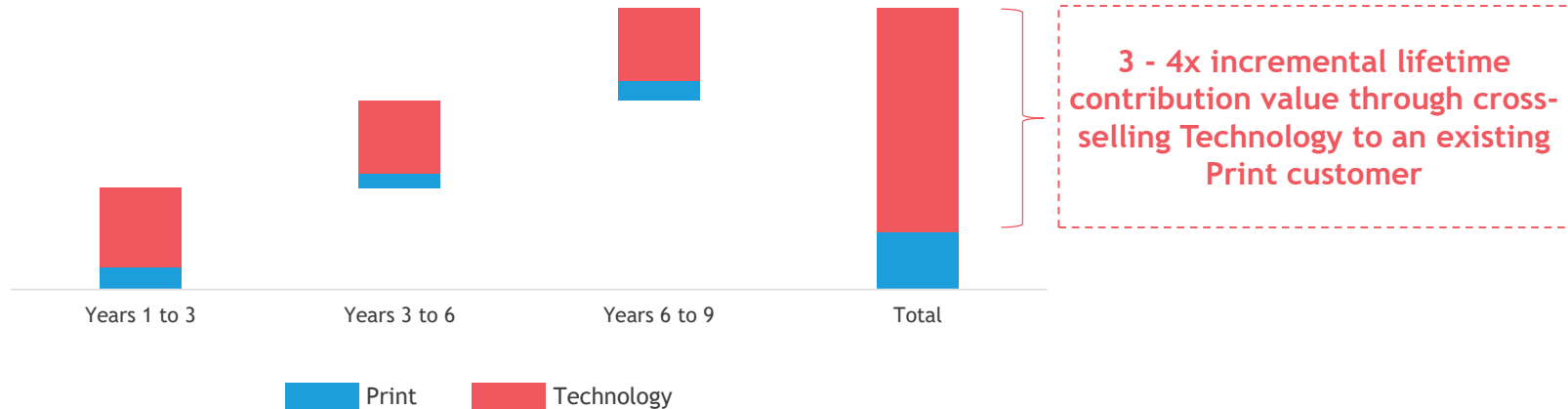
Market share

CSG has approximately ~7% of its immediately addressable market or ~0.5% of the total potential market

1. Based on Dun & Bradstreet data extrapolated for New Zealand. Data represents Small to Medium Enterprises within relevant verticals with a range of 5 to 99 seats per customer.

The customer lifetime value from TaaS is expected to deliver an additional 3 - 4 times of value compared with a print only customer at similar contribution margin¹

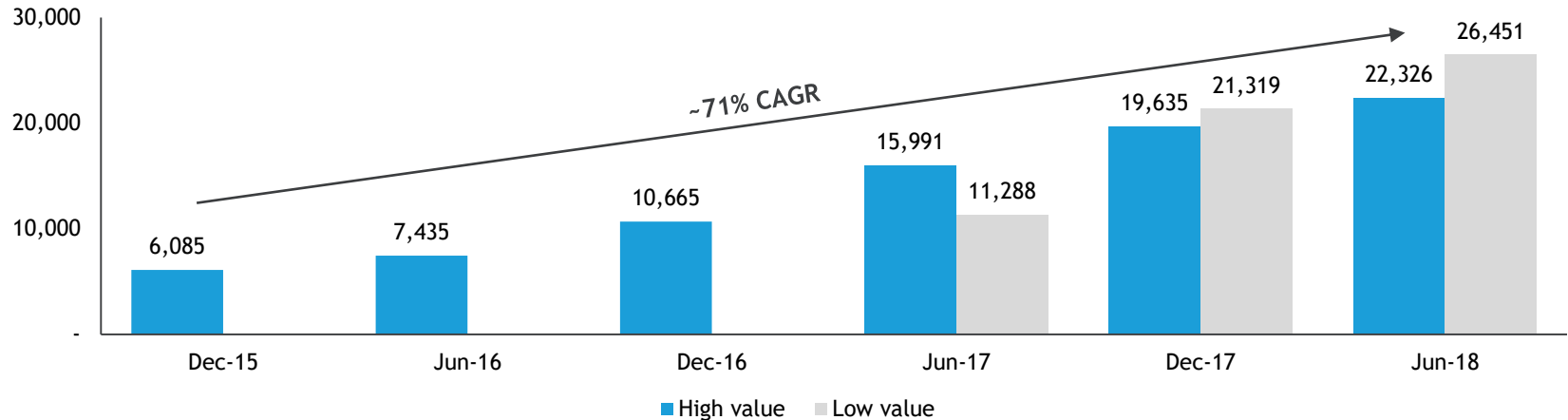
Customer lifetime contribution margin



1. Assumes typical Business Solutions customer with 20 seats and 2 Print Multi Function Devices (MFDs). Assumes customer refreshes 1 MFD at year 3 and 6 and that Technology hardware is refreshed every 3 years. Customer lifetime period does not take into account improved retention through adding Technology services.

Momentum in Technology within the SME segment continues to build, growing High value seats by ~40% in FY18

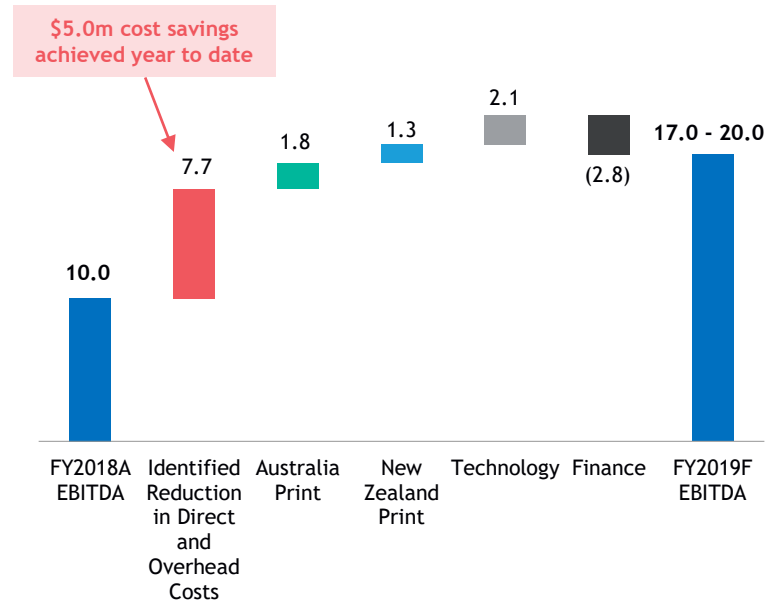
- 22,326 High value technology subscription seats¹ (~40% organic growth on pcp) and 26,451 Low value technology subscription seats² (~134% organic growth on pcp) as at 30 June 2018
- In FY18, High value and Low value seats had an average Monthly Recurring Revenue of ~\$95 and < \$5 per seat per month, respectively



1. High value technology subscription seats refers to IT managed services seats incorporating multiple licences per seat relating to cloud communications, Microsoft Office, storage and other services.
2. Low value technology subscription seats refers to IT managed services seats with a single licence per seat e.g. Microsoft Office.

FY19 Underlying EBITDA guidance will be achieved through the cost-out program and growth in Technology and Print & Display

Underlying EBITDA Bridge (A\$m)¹ FY18 Actuals to FY19F



1. Actual divisional buckets vary from the bridge provided on 25 June 2018 following the finalisation of year-end results which were impacted by transactions processed late in the month.

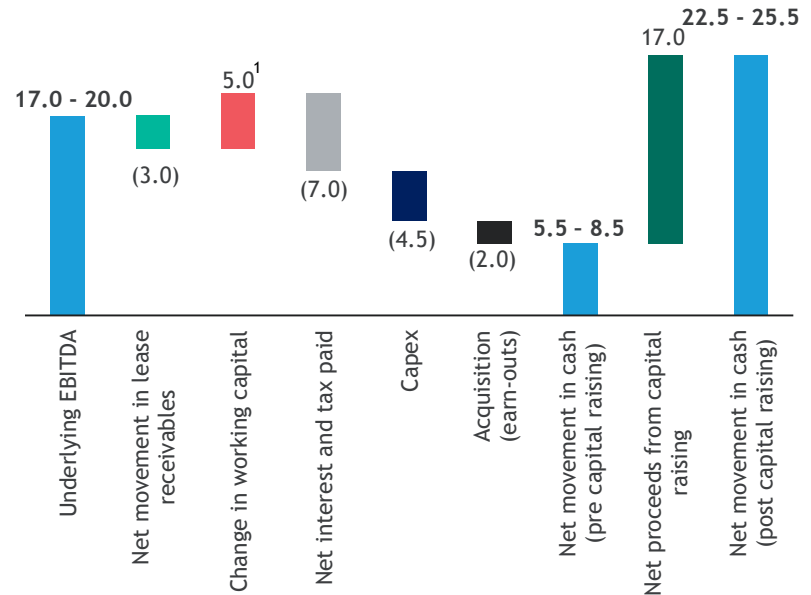
Commentary

- Identified Reduction in Direct and Overhead Costs**
 Significant reduction in costs driven by reduction in labour primarily due to cessation of investment in the enterprise technology segment along with reduction in distribution costs, motor vehicle costs and integration of recent acquisitions - \$5.0m already achieved in June and July 2018
- Australia Print & Display**
 Incremental print and display sales.
- New Zealand Print & Display**
 Revenue for New Zealand assumed flat for FY19. Change in product mix resulting in \$1.2m of additional margin from print equipment sales
- Technology**
 Continued growth of Technology annuity subscription revenue as a result of high value seat growth
- Finance**
 Impacted by higher cost of funding as a result of APS120 Regulatory requirements.

Following successful capital raising, our focus is on releasing \$10m of working capital in FY19 through a reduction in inventory

- Net proceeds (after transaction costs) from the recent successful capital raising will be used to:
 - Repay corporate debt by \$10.0m
 - Finalise acquisition earn-out payments of \$2.0m
 - Restructure costs in relation to Enterprise Solutions business of \$2.0m to \$2.5m
 - Working capital of \$3.0m
- Impact of the capital raising on pro forma balance sheet as at 30 June 2018:
 - Pro forma corporate debt reduced to \$38.3m
 - Pro forma cash balance increased to \$21.2m (of which \$8.0m is restricted)
- Recapitalised balance sheet underpins the Company's growth strategy

Forecast Cash Flow (A\$m)¹
FY19F



1. Includes \$10.0m of working capital release through a reduction in inventory and -(\$5.0m) of restructuring and other one-off costs relating to Enterprise Solutions which were expensed in FY18 however will be paid in FY19.

CSG is well placed to return to growth

- Revitalised board and management team
- Recapitalised balance sheet
- Focused strategy to build on key business strengths in Technology
- Increasing recurring revenue streams (currently 55% of revenue) leveraging strong growth in high value monthly recurring revenue TaaS seats and first to market TaaS product suite
- Guiding to strong growth in underlying FY19 EBITDA of \$17-20m (FY18: \$10m)

CSG - Business Technology Made Easy.

THANK YOU

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