



Acquisition and Capital Raising

December 2009

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# Executive Summary

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- CSG to acquire 90% of Konica Minolta Business Solutions New Zealand Limited (KMBS), for NZ\$107m (A\$84m<sup>1</sup>) and associated financing business, Leasing Solutions Limited (LSL) for NZ\$25m (A\$20m<sup>1</sup>)
- KMBS holds exclusive rights to import, sell and service Konica Minolta Multi-Function Devices (MFDs) throughout New Zealand
- KMBS has a long history in NZ, strong customer base and dominant market position (#1 market share)
- Acquisition of KMBS would see significant growth in CSG's core Print Services businesses and is consistent with CSG's acquisitive growth strategy
- Transaction is expected to be immediately accretive
- Acquisition of KMBS to be funded by fully underwritten<sup>2</sup> A\$65m equity raising and A\$23m debt
- Intention to debt fund LSL acquisition with payment of purchase price to occur prior to June 2010
- Managing director and major shareholder Denis Mackenzie has agreed to subscribe for A\$12m in the equity raising (subject to shareholder approval)

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1. Assumes A\$/NZ\$ exchange rate of \$1.28

2. An entity associated with Managing Director and CEO Denis Mackenzie has agreed to subscribe for A\$12m (subject to shareholder approval) – this component is settlement underwritten.



# Key Acquisition Terms - KMBS

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- Acquisition relates to 100% of the shares in One Source Group Limited, which, in turn owns 90% of KMBS. In addition, CSG proposes to acquire 100% of the shares in LSL
- Minority 10% shareholder in KMBS is Konica Minolta Business Technology, Inc. (equipment manufacturer)
- KMBS acquired free of debt for total consideration of NZ\$107m (A\$84m<sup>1</sup>), subject to standard working capital adjustment
- Conditions Precedent to settlement include:
  - Overseas Investment Office (OIO) Approval (New Zealand foreign investment approval)
  - CSG Shareholder approval for equity raising at EGM to be held on 20 January 2010
- Break fee of NZ\$5m payable in the event Conditions Precedent are not satisfied or if settlement doesn't otherwise occur (other than where completion of KMBS does not occur because OIO Approval has not been obtained)
- Equity to be raised by way of a fully underwritten<sup>2</sup> institutional placement of approximately \$65 million (Offer).
- The Offer comprises two components:
  - Unconditional Placement of approximately \$A42
  - Conditional Placement of approximately \$A23m (subject to shareholder approval)
- Fixed offer price of \$1.60 per share ("Offer Price")
  - 10.1% discount to last traded price on Wednesday, 9 December 2009 of A\$1.78
  - 8.6% discount to 5 day VWAP<sup>3</sup> (VWAP) of A\$1.75
- The Offer is fully underwritten<sup>2</sup> by Macquarie Capital Advisers Limited

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1. Assumes A\$/NZ\$ exchange rate of \$1.28

2. An entity associated with Managing Director and CEO Denis Mackenzie has agreed to subscribe for A\$12m (subject to shareholder approval) – this component is settlement underwritten

3. the volume weighted average price for the five trading days to Wednesday 9 December 2009



# Agenda

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- Investment Highlights
- CSG Overview
- Acquisition Overview
- Outlook
- Funding Structure
- Equity Raising
- Key Risks
- Appendix: Background to CSG

# Investment highlights

## Acquisition is consistent with CSG's growth strategy and investment criteria

### Compelling Strategic Fit

- ✓ KMBS is a very similar business to CSG's existing print services business – New Zealand expected to follow Australia's experience of 'migration to colour'
- ✓ Market leading position - 25% market share & strong brand recognition
- ✓ Diverse and quality customer base with a high proportion of revenue from Tier 1 corporate and government clients
- ✓ LSL provides a strategic advantage, allowing CSG to control the entire customer relationship

### Significant value for shareholders

- ✓ Acquisition expected to be immediately accretive in FY10 (on a pro-forma basis)
- ✓ No assumption of cost synergies
- ✓ Expected to be 15 – 20% accretive in FY11
- ✓ KMBS has a high proportion of revenue (~50%) & EBITDA (~75%) locked in & relating to long-term annuity contracts

### Low risk acquisition

- ✓ High knowledge and familiarity with KMBS business and management
- ✓ Minimal integration required
- ✓ Long-standing business with diverse Tier 1 customer base
- ✓ Alignment with equipment manufacturer who remains a minority shareholder

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# CSG Overview

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- Established in 1988 in Darwin, listed on the ASX in 2007
- Leading full service Australian information, communication and technology company with end to end capability to deliver integrated technology solutions
- Employs over 800 staff Australia wide
- Broad variety of customers ranging from large blue chip organisations and government to SMEs.
- Strong track record of earnings growth and longstanding customer relationships
- Market Capitalisation at 9th December of over \$300m



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# CSG is made up of three operating businesses, structured in two divisions

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## IT Services

### Managed Services

- IT infrastructure outsourcing
- Entrenched and leading provider of IT services to NT Government
- Significant federal government and private contracts in other states from recent acquisition
- Current contracts in NT, ACT, SA, and Vic
- Strong competitive position – business is high-margin with high barrier to entry

### Enterprise Services

- Newest and fastest growing division
- Provides IT solution diagnostic, design and implementation services
- Opens up range of new customers, services and geographies
- Completes CSG IT service offering, making company a true end-to-end provider

## Print Services

- Australia's largest FXA agent
- Growth driven by market share gains and shift to colour
- Current focus is on organic growth, and diversification into Managed Print
- Opportunity (medium term) to expand geographically

## Acquisition will be complementary to CSG's current Print Services Business

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- CSG has a long history in the Print space, with the Print business having commenced in 1988
- CSG is now Fuji-Xerox Australia's (FXA)'s largest dealer in Australia, with five dealerships across Queensland and the Northern Territory
- Business shows resilience through the cycle with 20% profit growth recorded through recent economic downturn
- CSG management includes some of the most experienced and successful Print executives in Asia-Pacific region
- This business has been extremely successful in capitalising on the market 'migration to colour'

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# KMBS Overview

- KMBS is one of New Zealand's leading MFD suppliers
- Operates a direct sales & service organisation from 23 locations around NZ
- Strong leading market share with ~25% of the market in NZ
- The business model is very similar to CSG's Australian print business; sales of MFDs on long-term service contracts
- The business has been in operation for many years, and has shown stable cashflow and profits over this time



## KMBS expected to have strong earnings going forward

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- KMBS has performed consistently over past five years
- FY10 forecast EBITDA of approximately NZ\$20m representing an acquisition multiple of approximately 5.3x FY10 forecast EBITDA
- Significant portion of EBITDA (~75%) relates to multi-year service contracts
- FY10 earnings to be driven by:
  - Current migration to colour
  - Return of margins to historical levels
- Expecting KMBS Acquisition to require minimal integration into existing business
- Upside from continuing to drive migration to colour
- Acquisition expected to be immediately EPS<sup>1</sup> accretive in FY10 (on a pro forma) basis
- Expected to be 15% -20% accretive in FY11

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1. EPS refers to Earnings Per Share. Pro forma basis assumes CSG had acquired KMBS and LSL on 1 July 2009 and receives a full 12 month contribution from KMBS and LSL during the financial year ending 30 June 2010.



## Background to MFD business model

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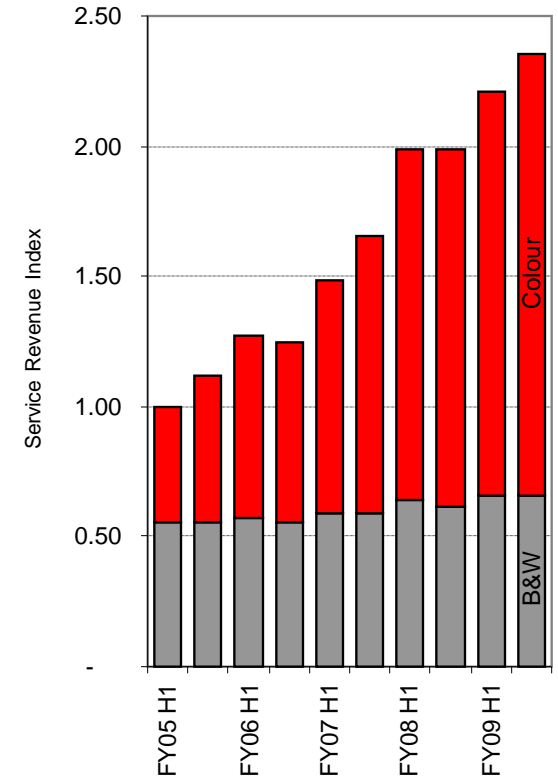
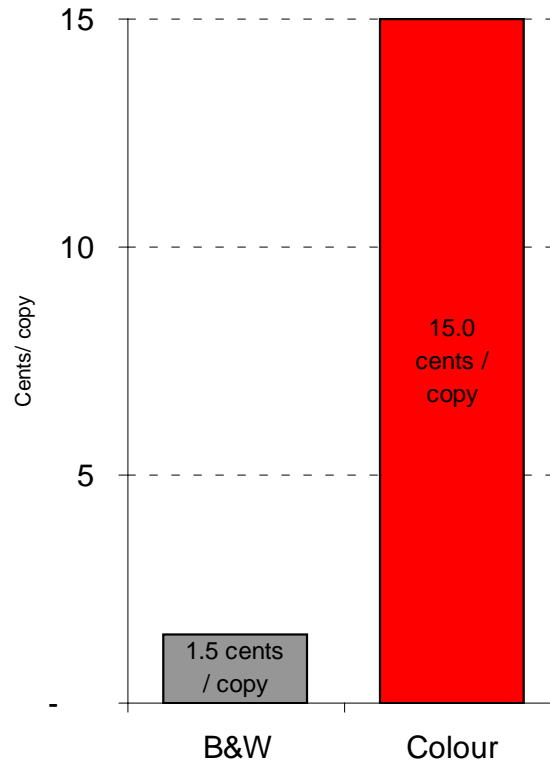
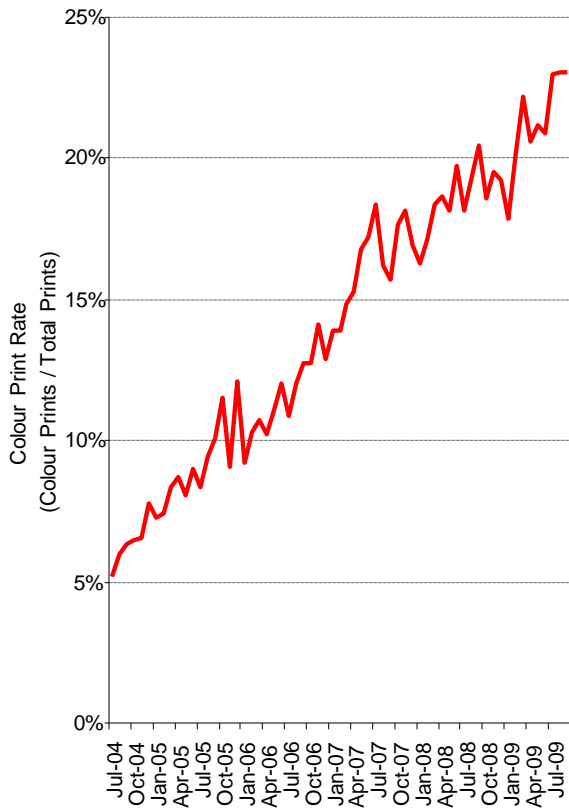
- MFD industry has been highly profitable since introduction of photocopiers in 1960s
- Business model based on:
  - Sale of equipment at low margin, with a highly incentivised salesforce
  - Equipment placed on long-term service & support contracts, at high margin to supplier
- Billing generally based on cost per page
- Page rate may consist of two components:
  - Equipment Capital component
  - Service component
- Customers commit to term of 4-5 years
- Service component typically subject to regular price-rises over course of the contract
- Introduction of colour printing in late 1990s has been highly profitable for MFD suppliers; Colour rates per page typically generate revenue 10x that of Black & White.

# Over the past five years, CSG has been successful in driving the 'migration to colour' across the Print Services business

Over the past five years, CSG has been successful in driving the migration to colour printing

Colour prints are at a significantly higher price point than B&W

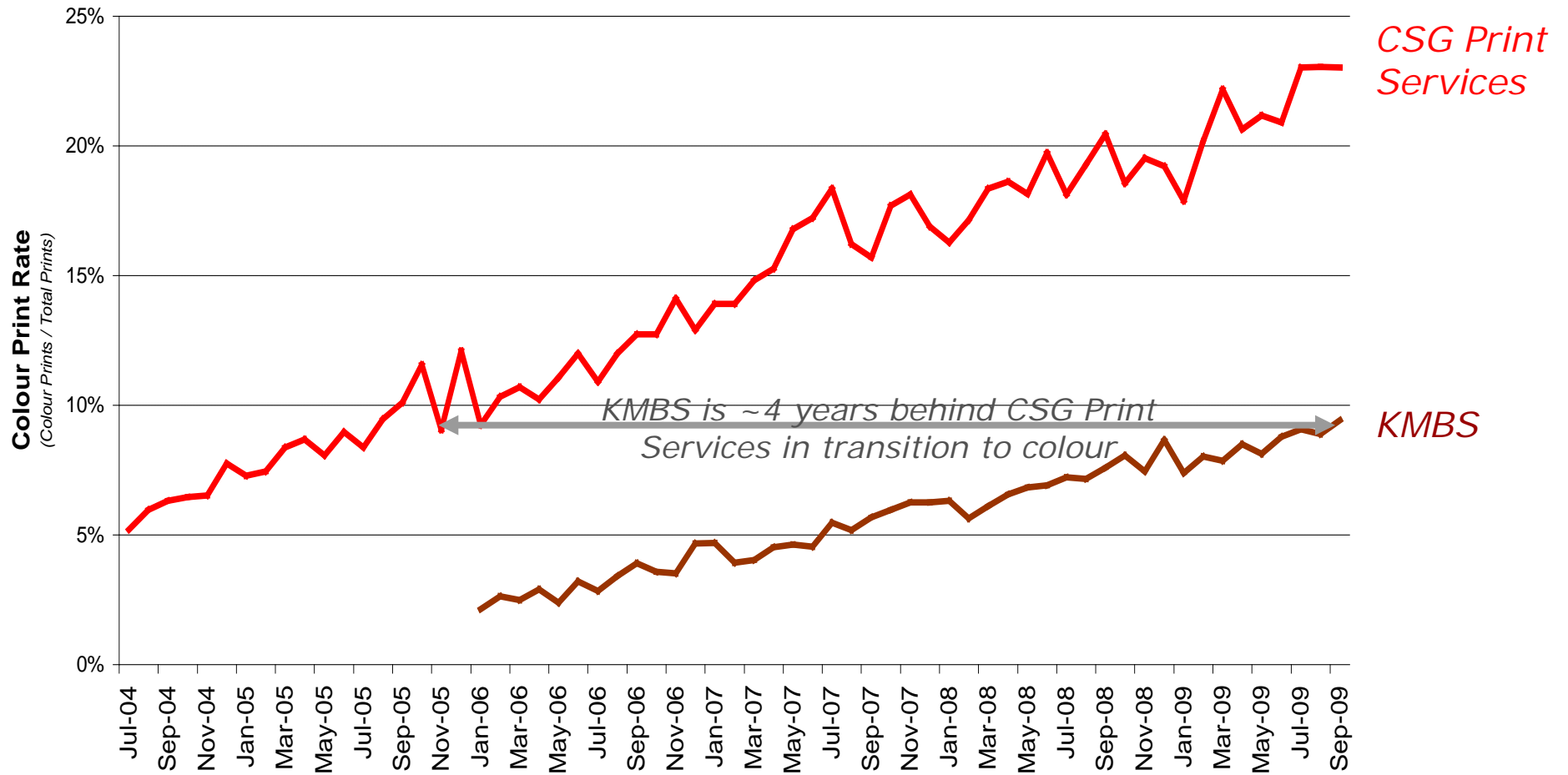
This has driven a significant increase in service revenue



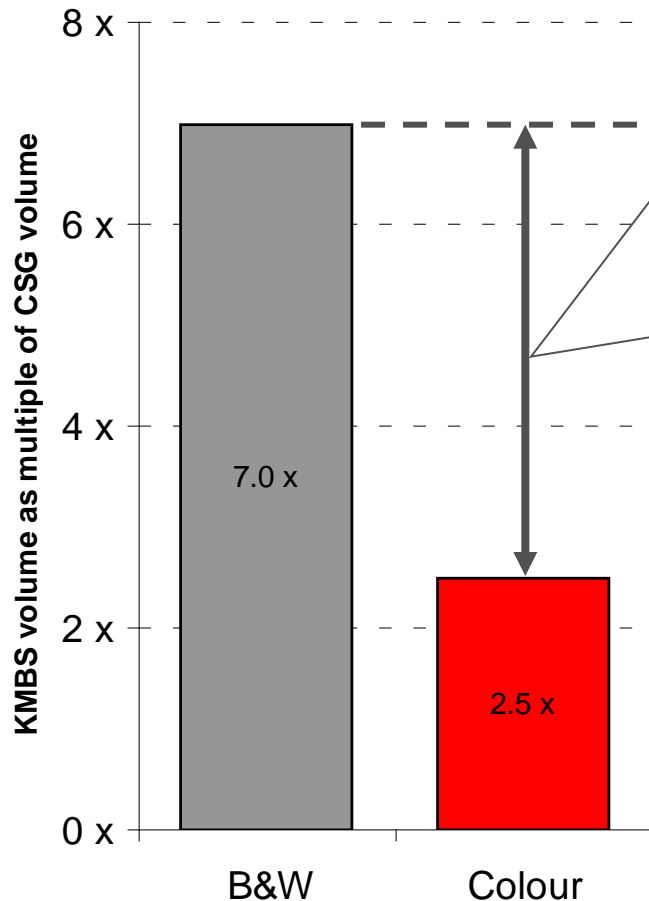
*Colour Print Rate is closely linked with Service Revenue & Profit*



# There is a large opportunity to drive the transition to colour in New Zealand



# KMBS B&W volume is ~7x CSG's volume, yet colour volume is only 2.5x CSG's volume

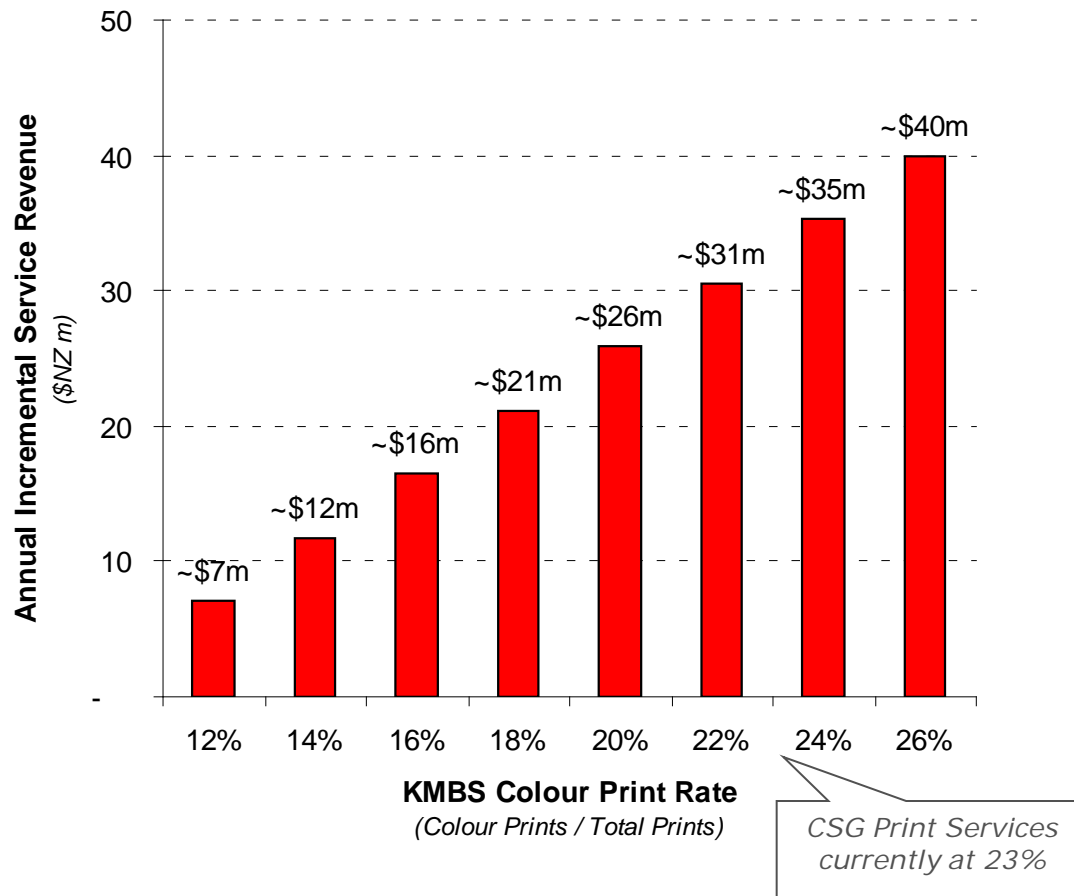


- KMBS B&W volume is ~7x CSG's volume
- KMBS colour volume is ~2.5x CSG's volume
- Closing this gap will be very profitable
  - Gap between B&W and Colour prices in NZ the same as Australia (colour is ~10x the price of B&W)
  - Gross profit margins on Colour and B&W are the same; colour is ~10x as profitable per page as B&W
- Given CSG's experience in Australia and CSG Management's experience within other businesses, we are confident this gap will narrow

*This business will substantially increase the scale of our Print Services division*

# Based on existing customer base, significant potential upside from increasing colour penetration

Service revenue is highly sensitive to Colour Print Rate<sup>1</sup>



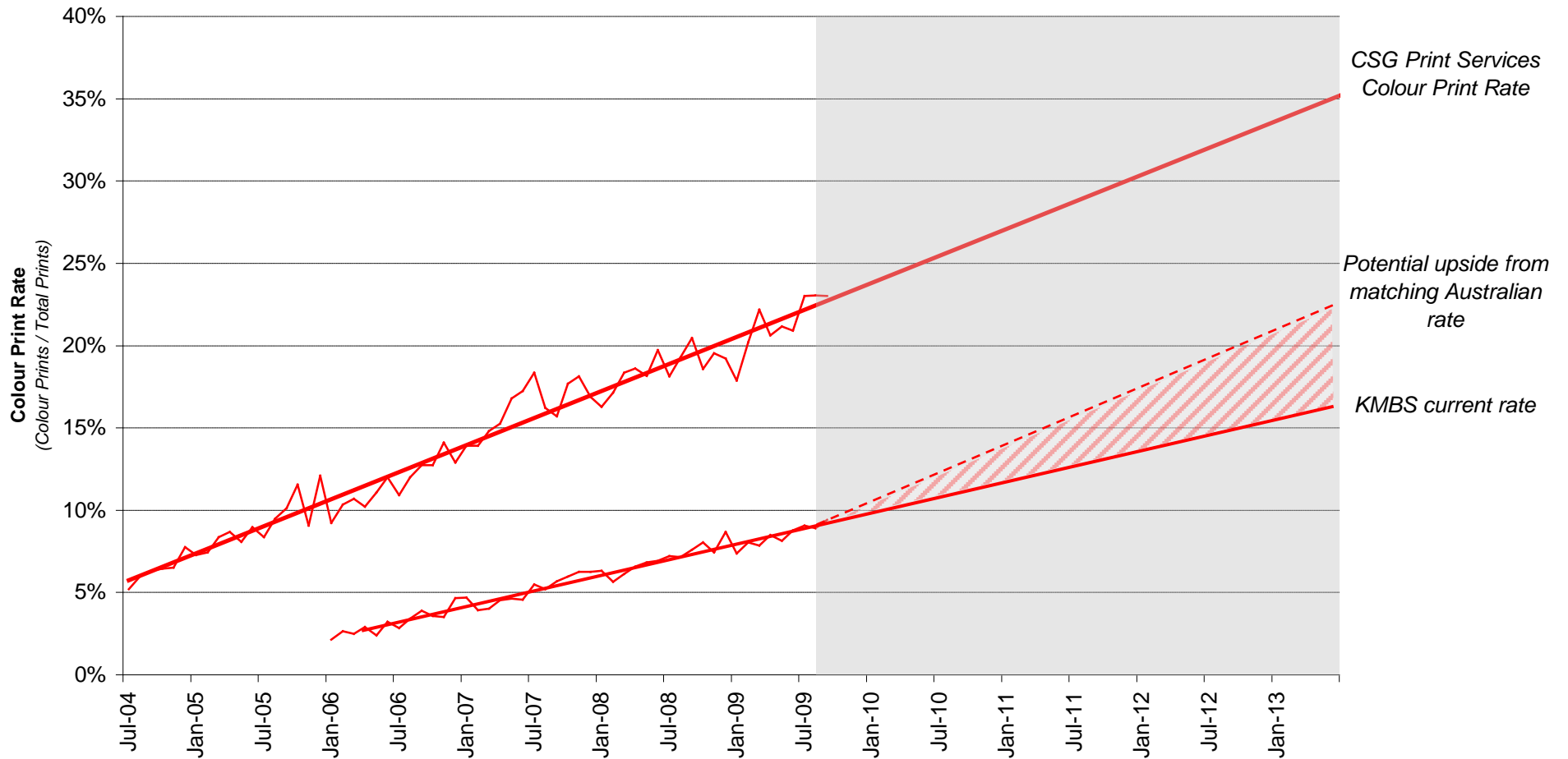
*There are two key ways to increase the number of colour prints:*

- Increase number of colour Machines in Field (MIF)
  - Incentivise sales force to sell colour machines
  - Migrate existing B&W customers to Colour equipment
  - Significant potential; only 40% of current machines are colour capable
- Increase Colour Pages per Machine printed
  - Demonstrate 'Power of Colour' to customers
  - Utilise proven sales techniques CSG has employed successfully in Australia

*All incremental revenue is high-margin and contracted for an average of 4 years*

1. Note: based on FY10 volume pricing; does not assume any growth in MIF

# We believe – conservatively – we will be able to continue colour print rate growth at the current trend

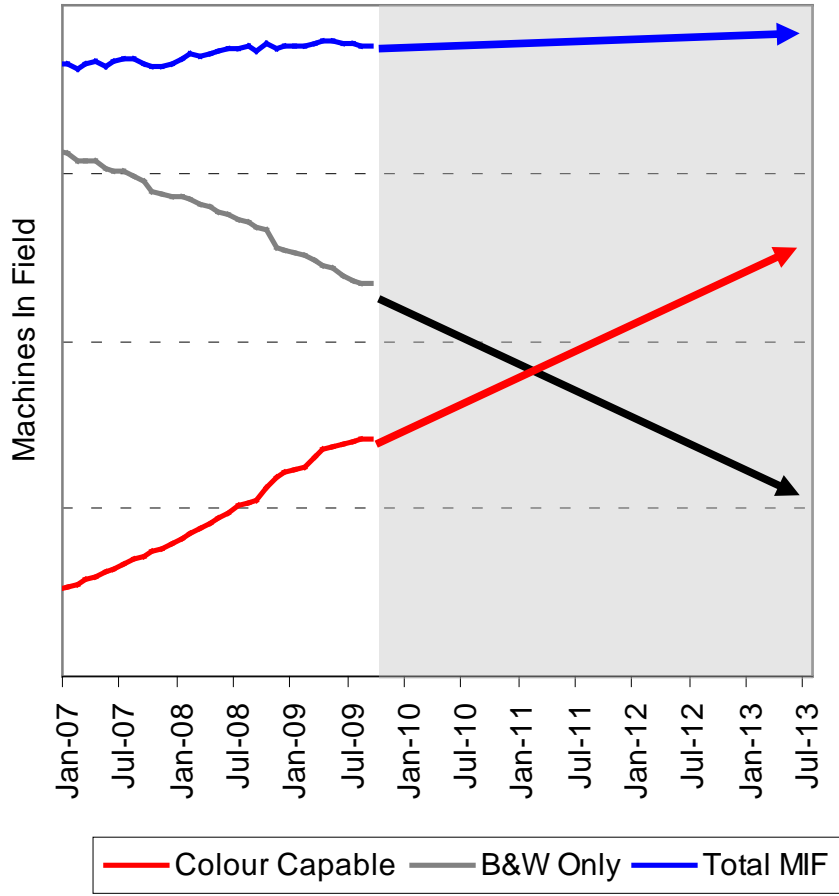


*Significant upside if we are able to match CSG's growth rate in KMBS*

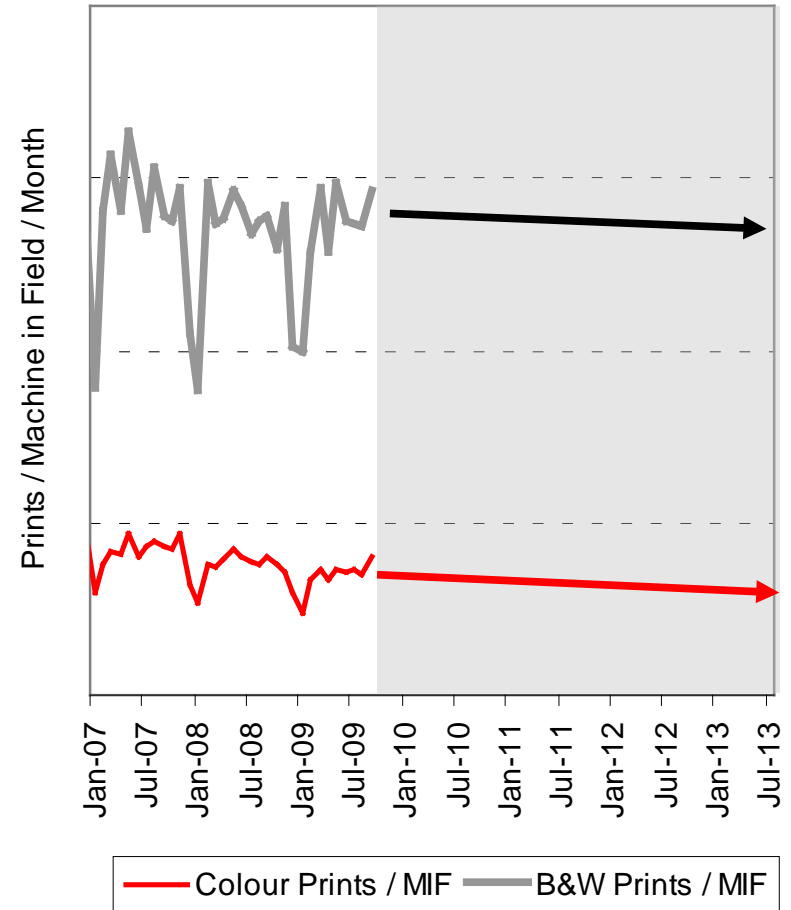


# Current expectations are based – conservatively – on minimal growth in Machines in field, and a slight decline in Prints per Machine

### Machines in Field

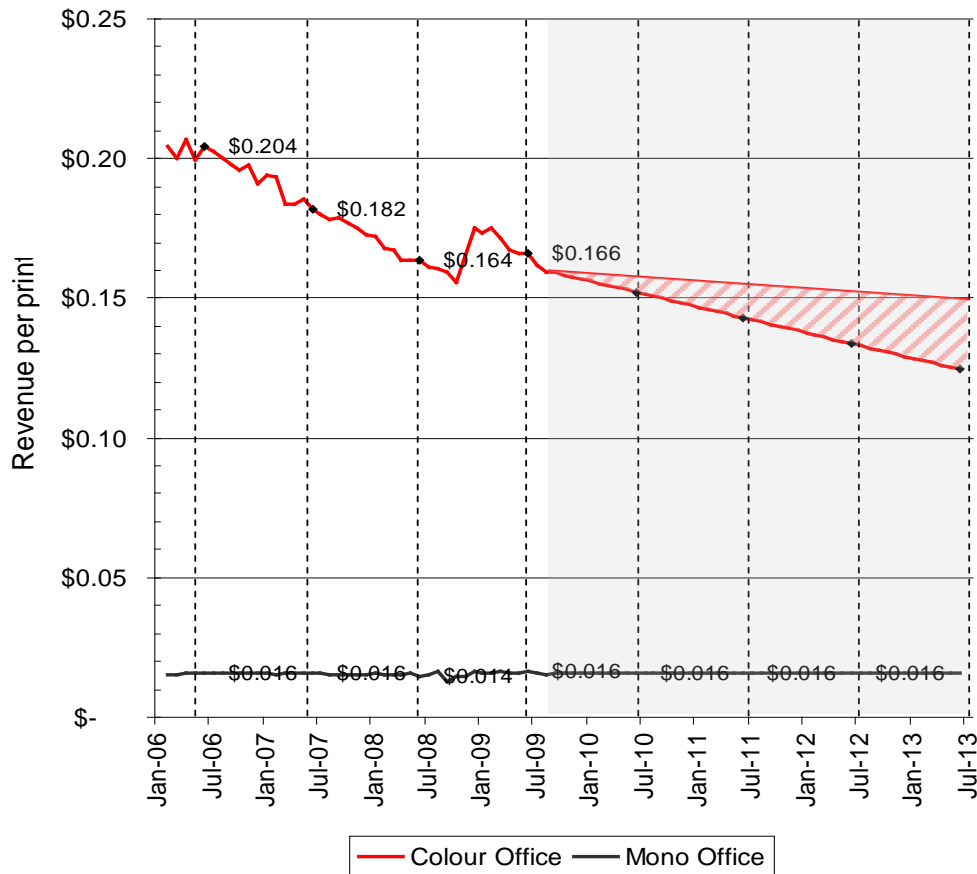


### Prints per Machine



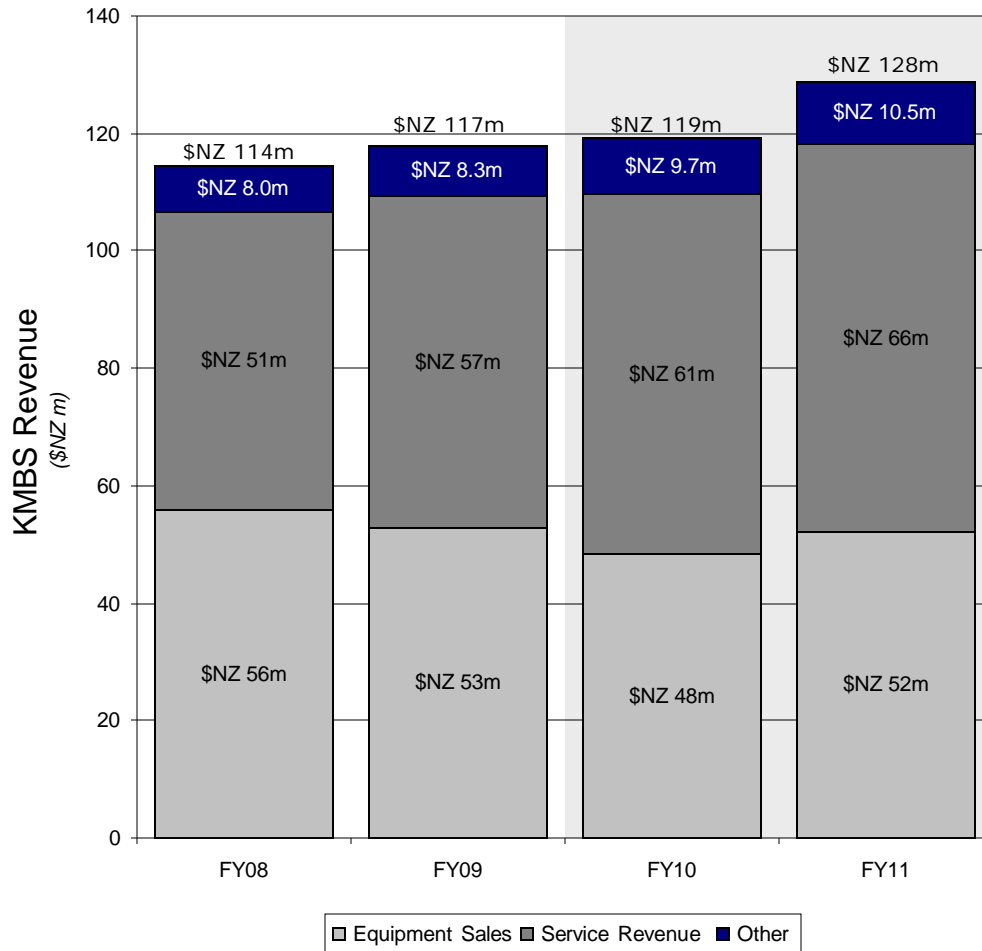
# We have conservatively assumed significant decline in average revenue per colour print to end of FY13; significant upside if this does not occur

*Average revenue per print assumed to decline over time*



- Adopting a conservative approach, assumptions based on significant price decline for colour prints
- Based on Australian experience we see potential for significant upside, driven by:
  - Aging MIF base; as machines age, the price per print is increased by KMBS on the anniversary of the install date
  - Incentivising sales staff to sell new machines at higher prices
- B&W expected to remain stable at 1.6 cents per print

## Based on conservative unit revenue forecasts, there is still potential to significantly grow the business over the next three years



- Strong growth in higher margin service revenue expected for KMBS due to transition to colour
- Forecasts assume significant price decline for colour prints
- Improving NZ economy expected to underpin recovery in equipment sales in FY11
- Some growth in Other revenue, largely relating to small IT Services business
- Growth in service revenue will tend to drive increase in EBITDA margins, due to significantly higher Gross Profit margins than rest of business
- Potential for significant reduction in overheads over time, through implementation of automated monitoring and billing systems
- Business currently performing well this year and is above budget

## CSG has entered into a conditional agreement to acquire LSL, the equipment financier associated with KMBS

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- LSL is the exclusive finance provider to KMBS
- LSL operates a standard lending model; profits are made on the spread between the charges to the customers, and the costs of funds
- LSL currently holds a finance book of ~NZ\$130m, funded by a CBA securitisation facility
- Portfolio is currently AA- rated by S&P, expected to be AAA by June 2010; delinquency rates less than 1%, despite recent economic downturn in New Zealand highlighting resilience of business
- Significant operational synergies from having finance company associated with equipment supplier:
  - Combined entity is able to control all aspects of the customer relationship, and provide a simple, consolidated solution to the customer
  - Less risky to combined business because second hand equipment has significant value, as it can be re-sold
- Existing management forecast EBITDA of approximately NZ\$5m in FY10
- Significant potential to leverage LSL infrastructure and processes and establish parallel equipment finance company in Australia

## Key Acquisition Terms - LSL

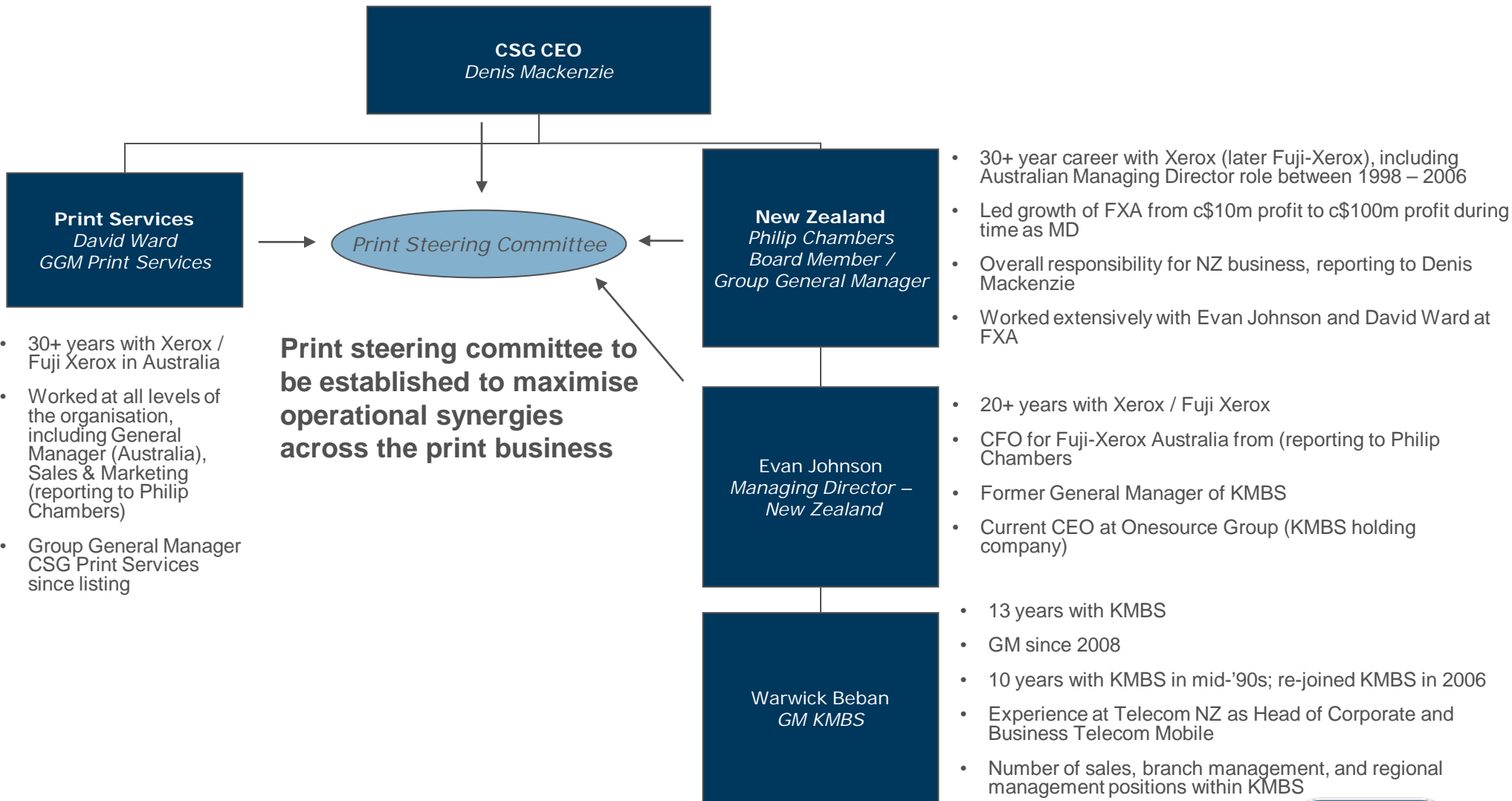
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- LSL to be purchased for NZ\$25m (~A\$20m)<sup>1</sup>
- Conditions Precedent to settlement
  - Overseas Investment Office (OIO) Approval (New Zealand foreign investment approval)
  - Completion of the KMBS acquisition
  - Successful completion of due diligence by 16 January 2010
  - Consent from securitisation provider
- Break-fee of NZ\$5m payable in the event consent from securitisation provider not provided
- Break-fee of NZ\$10m payable in the event due diligence is not successfully completed by 16<sup>th</sup> January
- No break-fee is payable in the event KMBS does not complete and OIO Approval is not received
- CSG intends to fund repayment of vendor note using debt prior to 30 June 2010

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1. Assumes A\$/NZ\$ exchange rate of \$1.28

# Post acquisition there will be a strong management team with extensive industry experience



- 30+ years with Xerox / Fuji Xerox in Australia
- Worked at all levels of the organisation, including General Manager (Australia), Sales & Marketing (reporting to Philip Chambers)
- Group General Manager CSG Print Services since listing

- 30+ year career with Xerox (later Fuji-Xerox), including Australian Managing Director role between 1998 – 2006
- Led growth of FXA from c\$10m profit to c\$100m profit during time as MD
- Overall responsibility for NZ business, reporting to Denis Mackenzie
- Worked extensively with Evan Johnson and David Ward at FXA

- 20+ years with Xerox / Fuji Xerox
- CFO for Fuji-Xerox Australia from (reporting to Philip Chambers)
- Former General Manager of KMBS
- Current CEO at Onesource Group (KMBS holding company)

- 13 years with KMBS
- GM since 2008
- 10 years with KMBS in mid-'90s; re-joined KMBS in 2006
- Experience at Telecom NZ as Head of Corporate and Business Telecom Mobile
- Number of sales, branch management, and regional management positions within KMBS



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## Outlook

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- As announced on ASX December 8 2009, CSG has now entered contract negotiations with the Northern Territory Government for the following packages:
  - Service Centre
  - Network Management
  - Desktop & Server – Whole of Government
  - Desktop & Server Management – Power & Water Corporation
- Underlying business performing well, new contract opportunities emerging in IT services
- Print services business currently performing above budget with strong outlook for the remainder of FY10
- Expect first half FY10 to be higher than first half FY09 with growth expected to continue for the full year
- Further potential for significant upside as economic growth returns

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## Sources and Uses

All proceeds from the Offer will be used to fund the acquisition of KMBS and associated Offer costs

Sources:	A\$m <sup>1</sup>	Uses:	A\$m <sup>1</sup>
Unconditional Equity Placement	42	Cash consideration for KMBS acquisition	84
Conditional Equity Placement	23	Costs of the Offer	4
Debt Facility	23		
<b>Total</b>	<b>88</b>	<b>Total</b>	<b>88</b>

<sup>1</sup>Assumes A\$/NZ\$ exchange rate of \$1.28

## Post acquisition, CSG remains conservatively geared and well within its covenants

	September '09	Pro-forma Post Transaction December '09
Gearing (Debt / Debt + Equity)	34%	35%
Debt : EBITDA	1	1.2
Interest Cover (EBITDA / Interest)	14	12

*Interest bearing debt at November 30 of \$57.9m; Additional interest-bearing debt from KMBS Acquisition of \$A23m*

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# Overview of equity raising

## Offer size & structure

- Institutional Placement to raise \$65 million, comprising
  - Unconditional Placement of approximately \$42m
  - Conditional Placement of approximately \$23m (subject to shareholder approval at EGM scheduled for 20 January 2010)
  - Approximately 40.6 million new CSG Limited ordinary shares to be issued (“New Shares”)
  - New Shares issued will rank equally in all respects with existing ordinary shares from allotment

## Offer price

- Fixed Offer price of \$1.60 per New Share
  - 10.1% discount to last traded price on Wednesday 9<sup>th</sup> December 2009 of A\$1.78
  - 8.6% discount to 5 day VWAP<sup>1</sup> of A\$1.75

## Participation

- Managing Director and CEO Denis Mackenzie has committed to subscribe for \$12 million worth of shares in the Conditional Placement

## Shareholder approval

- Shareholder approval is required to pass resolutions to allow:
  - the company to place in excess of 15% of its issued capital (LR. 7.1)
  - participation of related party (Managing Director and CEO) in the capital raising (LR. 10.11)
- Institutional investors who are eligible to participate in the Conditional Placement and any entity associated with Denis Mackenzie will be ineligible to vote on the resolution to approve the Conditional Placement
- CSG has a high level of confidence that the Conditional Placement will be approved as existing shareholders who hold approximately 46% of the shares on issue (excluding CEO’s holding) have indicated that they will vote in favour of the Conditional Placement and related resolutions

## Underwriting

Offer is fully underwritten<sup>2</sup> by Macquarie Capital Advisers Limited (subject to customary termination events)

1.the volume weighted average price for the five trading days to Wednesday 9 December 2009

2.An entity associated with Managing Director and CEO Denis Mackenzie has agreed to subscribe for A\$12m (subject to shareholder approval) – this component is settlement underwritten.

# Overview of equity raising

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## Equity raising indicative timetable

Trading halt	Prior to 10.00am Thursday 10 December 2009
Bookbuild opens	10.00am Thursday 10 December 2009
Bookbuild closes	12:30 pm Thursday 10 December 2009
CSG resumes trading	10.00am Friday 11 December 2009
Settlement (Unconditional Placement)	Wednesday 16 December 2009
Unconditional shares begin trading	Thursday 17 December 2009
Extraordinary General Meeting to approve conditional placement	Wednesday 20 January 2010
Settlement (Conditional Placement)	Monday 25 January 2010
Conditional shares begin trading	Wednesday 27 January 2010

IMPORTANT NOTE: All times and dates in this Investor Presentation refer to Australian Eastern Daylight Time (AEDT). The timetable above is subject to change without notice. CSG Limited reserves the right to amend any or all of these dates and times, subject to the Corporations Act, the ASX Listing Rules and other applicable laws.

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# Key Risks

## CSG Specific Risks

### Shareholder Approval

If shareholder approval is not obtained at the meeting of CSG shareholders expected to be held on 20 January 2010, CSG will be unable to issue sufficient levels of equity to fund the acquisition of KMBS. In such circumstances, it is unlikely that the KMBS acquisition would proceed. This includes if shareholders do not approve the proposed issue of shares to an entity associated with Denis Mackenzie. The underwriter is providing settlement underwriting for the \$12m of shares to be subscribed for by an entity associated with Denis Mackenzie. As such, if that shareholder resolution is not approved, CSG will not have sufficient funds to complete the acquisition of KMBS. Certain financial information and qualitative assessments in this presentation assumes that proceeds from the Conditional Placement are received by CSG. There can be no assurances that the requisite shareholder resolutions will be passed to ensure that the proceeds of the Conditional Placement will be received by CSG.

### Acquisition Risk

**Completion Risk** - There is a risk that the acquisitions of KMBS and LSL may not complete. The acquisitions may not settle for a number of reasons, including a failure to satisfy conditions to the relevant sale agreement or a failure by a party to meet its obligations under the sale agreement. A summary of the conditions precedent included in the agreements are set out in the announcement made by CSG today in relation to the acquisition of KMBS, LSL and the Offer.

If the acquisition of KMBS does not complete for any reason (other than failing to obtain the consent of the OIO in New Zealand), CSG will be required to pay a break-fee of NZ\$5m. If the acquisition of LSL does not complete for any reason (other than failing to obtain the consent of the OIO in New Zealand and provided that the KMBS Acquisition has settled), CSG will be required to pay a break-fee of NZ\$10 million. Any requirement to pay a break-fee would adversely affect the financial position of CSG. A further risk to completion is if the underwriting agreement for the Offer is terminated for any reason. If the acquisition is not completed, CSG intends to use the proceeds raised under the Offer for other acquisitions or for general corporate purposes. Importantly, there can be no certainty that the KMBS and LSL acquisitions will proceed. If the acquisition of LSL is completed, the combined business will be exposed to new business risks such as the credit default risk associated with the repayment of leases. If this risk is not carefully managed, it may adversely affect the financial performance or position of CSG. If CSG is unable to repay the vendor note due in June 2010, then harsh contractual obligations would apply.

**Acquisition Risk** - If the acquisition of KMBS or LSL is successfully completed, there is the risk that CSG, as the new owner of KMBS or LSL, later discovers liabilities or defects which were not identified through due diligence or for which there is no protection for CSG. For example, the relevant indemnities included in the sale agreements may not apply in relation to loss suffered. Likewise, CSG may fail to successfully recover under warranties or indemnities that were set out in the transaction documents. Likewise, there can be no certainty that the relevant vendors will be able to meet any claim initiated by CSG. In addition, there is a risk that the operational assumptions on which the acquisition was made do not materialise. This could adversely affect the operations, financial performance or position of KMBS, and in turn, adversely affect the financial performance or position of CSG.

**Previous Acquisitions** - CSG has entered into a number of business acquisition agreements, under which certain warranties and indemnities have been provided by the various vendors in favour of CSG. If required to do so, there can be no certainty that the relevant vendors will be able to meet any claim initiated by CSG.

**Further Acquisitions** - CSG may acquire or make strategic investments in complementary businesses, or enter into strategic partnerships or alliances with third parties in order to enhance its business. Any further acquisitions by CSG may require it to obtain additional debt or equity financing, resulting in additional leverage, or increased debt obligations as compared to equity, and dilution of ownership.

### Exchange Rates

Currently, CSG's earnings are denominated in Australian dollars and the majority of its expenses are denominated in Australian dollars. If the acquisition of KMBS is successful, a portion of CSG's earnings will be denominated in New Zealand dollars. In addition, a large part of KMBS' expenses are denominated in Japanese Yen and US dollars. As a result, changes in foreign currency exchange rates may adversely affect the financial performance or position of CSG.

# Key Risks

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## Reliance On Key Personnel

CSG is reliant on retaining and attracting quality senior executives and other employees. In particular, Denis MacKenzie, the Managing Director, has been instrumental in the establishment and operation of CSG and its relationships with third party contractors. The responsibility of overseeing day-to-day operations and the strategic management of CSG is concentrated amongst a small number of key employees. The loss of the services of any of CSG's or KMBS' senior management or key personnel, in particular Denis MacKenzie, or the inability to attract new qualified personnel, could adversely affect CSG's operations.

## Contractual Relationships

CSG maintains numerous contractual relationships with dealers, suppliers and customers in relation to the provision of services, equipment and supplies, including Fuji-Xerox Australia. Despite the legal rights of CSG, there is a risk that a party will be unwilling or unable to fulfil contractual obligations. Likewise, counterparties may seek to terminate agreements with CSG. The repudiation, breach, termination or expiry of any existing contracts or the failure to establish new contracts on favourable terms may have the potential to adversely affect the financial performance or position of CSG.

A significant proportion of CSG's revenue in its managed services business is derived from contracts it has with the Northern Territory Government which expire in June 2010. As announced on Tuesday, 8 December, CSG is in negotiations with the Northern Territory Government in relation to the contracts for which it has tendered. However, if these negotiations are not successful or cease or result in terms which are unfavourable to CSG, this may adversely affect the financial performance or position of CSG.

## Strategic Alliances

CSG has developed a number of strategic relationships with third parties. There is a risk that a change in such relationships will require CSG to seek alternative alliances, or to operate independently in certain future transactions, the results of which could adversely affect the Company's financial performance.

## Technology Risks

As CSG operates in the information technology and communications industry, it relies in certain respects on the continued development of marketable technologies. There is a risk that the rate of such advancements will slow, which may negatively affect the Company's profitability. Alternatively, there is a risk that a general technological development will involve costs that are disproportionate to previous generation technologies. In the event that CSG pursues such technologies, its financial performance may be adversely affected.

## Business Interruption

CSG is susceptible to having its business interrupted by factors including failure of critical IT equipment (such as computer systems and back-up servers), interruption to supplies, loss or destruction of assets by fire or disruptions caused by industrial action. CSG has extensive policies and procedures in relation to business interruption, which identify potential risks and set out strategies for avoiding and minimising interruption and restoring business to normal. CSG maintains policies of insurance in respect of insurable risks in accordance with usual commercial practice. Nevertheless, these policies and procedures as well as the relevant policies of insurance may not adequately protect CSG from loss suffered as a result of business interruption.

## Financing Risks

CSG's current debt facility is not due to expire until December 2012. Given recent developments in global financial markets it has become more difficult to secure debt finance. These difficulties may continue past 2012, in which case it is possible that CSG may not be able to renew all of the existing debt facility, or such renewal may be on terms which are less favourable than those which currently apply. An inability of CSG to renew all of its debt facilities in 2012, or the inability to renew them on no less favourable terms, may affect CSG's financial performance and position in the future.

CSG is currently operating within its banking covenants. However, if there is a material decline in earnings, or a material increase in interest costs (due to changes in bank interest rates or due to increases in gross debt levels), CSG may no longer be able to operate within its banking covenants. In such case, CSG may be obliged to repay its debt facilities and may not be able to find replacement sources of debt finance, or may only be able to find such replacement sources for lesser amounts or on less favourable terms and conditions.

## Litigation Risk

Litigation risks to CSG may include, but are not limited to, contractual, personal injury, intellectual property disputes, customer claims, and employee claims. If any claim were to be pursued and be successful it may adversely impact the sales, financial performance or financial position of CSG.

# Key Risks

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## General Risks

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### Economic Conditions

Adverse changes in economic conditions such as economic growth, interest rates, employment levels, consumer demand, consumer and business sentiment, market volatility, exchange rates, inflation, government policy, international economic conditions and employment rates amongst others are outside CSG's control and have the potential to have an adverse impact on CSG and its operations.

### Stock Market Fluctuations

Investors should be aware that there are risks associated with any investment in a company listed on ASX. The market value of CSG Shares will fluctuate depending on the price at which CSG Shares are traded on ASX, and may rise above or below the current CSG share price depending on:

- the financial and operating performance of CSG; and
- external factors over which CSG and the Directors have no control

These external factors (which are unpredictable and may be unrelated or disproportionate to the performance of CSG) include:

- economic conditions in Australia and overseas which may have a negative impact on equity capital markets;
- changing sentiment in the local and international stock markets;
- changes in domestic or international fiscal, monetary, regulatory and other government policies; and
- developments and general conditions in the various markets in which CSG operates (and proposes to operate) and which may impact on the future value and pricing of shares.

### Regulatory Risks

CSG is exposed to any changes in the regulatory conditions under which it operates (in Australia and assuming the acquisition of KMBS is completed, New Zealand). Such regulatory changes can include, for instance, changes in:

- taxation laws and policies;
- accounting laws, policies, standards and practices;
- laws and regulations that may impact upon the operations and processes of CSG; and
- employment laws and regulations, including laws and regulations relating to occupational health and safety.

# Foreign Selling Restrictions

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This investor presentation has not been, and will not be, lodged with the Australian Securities & Investments Commission, United Kingdom Financial Services Authority (**FSA**) or their equivalent regulatory bodies in New Zealand, Singapore and Hong Kong. It has been made available for information purposes only and does not constitute:

*In Australia: a prospectus, short form prospectus, profile statement or offer information statement as those terms are defined in the Corporations Act. It is not subject to the disclosure requirements affecting disclosure documents under Chapter 6D of the Corporations Act, and any invitation to subscribe for shares will be an excluded offer that does not need disclosure pursuant to section 708 of the Corporations Act.*

*In New Zealand - an investment statement or prospectus under New Zealand law.*

*In Singapore - a prospectus as defined in the Securities and Futures Act (Chapter 289) of Singapore (**SFA**).*

*In the United Kingdom - a prospectus for the purpose of the prospectus rules issued by the FSA pursuant to section 84 of the Financial Services and Markets Act 2000 (as amended) (**FSMA**).*

*In Hong Kong - a document that would constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, the Laws of Hong Kong) (the "Companies Ordinance").*

*By retaining this investor presentation, the recipient represents to CSG Limited that the recipient, if located in:*

*Australia: satisfies the excluded offer requirements set out in section 708 of the Corporations Act. This includes, but is not limited to, being a sophisticated investor under section 708(8) of the Corporations Act or a professional investor under section 708(11) of the Corporations Act.*

*New Zealand: is either:*

- *a person whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or*
- *an 'eligible person' as that term is defined under section 5(2CC) of the Securities Act 1978.*

*Singapore: is either:*

- *an institutional investor or other person falling within section 274 of the Securities and Futures Act (Chapter 289) of Singapore (**SFA**),*
- *a relevant person as defined in section 275(2) of the SFA, or*
- *a person who acquires the shares pursuant to section 275(1A) of the SFA, and in accordance with the conditions specified in section 275 of the SFA.*

*United Kingdom: is either:*

- *a person having professional experience in matters relating to investments who fall within the definition of "investment professionals" in article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotions) order 2005 (as amended) (**FPO**); or*
  - *a high net worth body corporate, unincorporated association or partnership, or trustee of a high value trust as described in article 49 of the FPO; or*
  - *a person who falls within another exemption to the FPO,*
- and hence a qualified investor within the meaning of section 86(7) of the Financial Services and Markets Act 2000.*

*Hong Kong: is a "professional investor" within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) (**SFO**).*

*Other Jurisdictions:*

*The New Shares may not be offered or sold in any other jurisdiction except to persons to whom such offer or sale is permitted under applicable law.*

# Foreign Selling Restrictions

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Any forecasts contained in this investor presentation may vary from actual financial results, and these variations may be material and, accordingly, neither CSG Limited nor its directors can give any assurance that the forecast performance in any forecasts or any forward-looking statement contained in this investor presentation will be achieved. CSG Limited does not undertake to revise the material to reflect any future events or circumstances. This material may not be lawfully published in some jurisdictions or may only be provided to certain persons and you must not view this investor presentation if to do so would be unlawful in your jurisdiction or may otherwise place CSG Limited under obligations which it has not complied with.

# Agenda

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- Investment Highlights
  - CSG Overview
  - Acquisition Overview
  - Outlook
  - Funding Structure
  - Equity Raising
  - Key Risks
- Appendix: Background to CSG

# Appendix - CSG's businesses cover the entire IT Outsourcing space

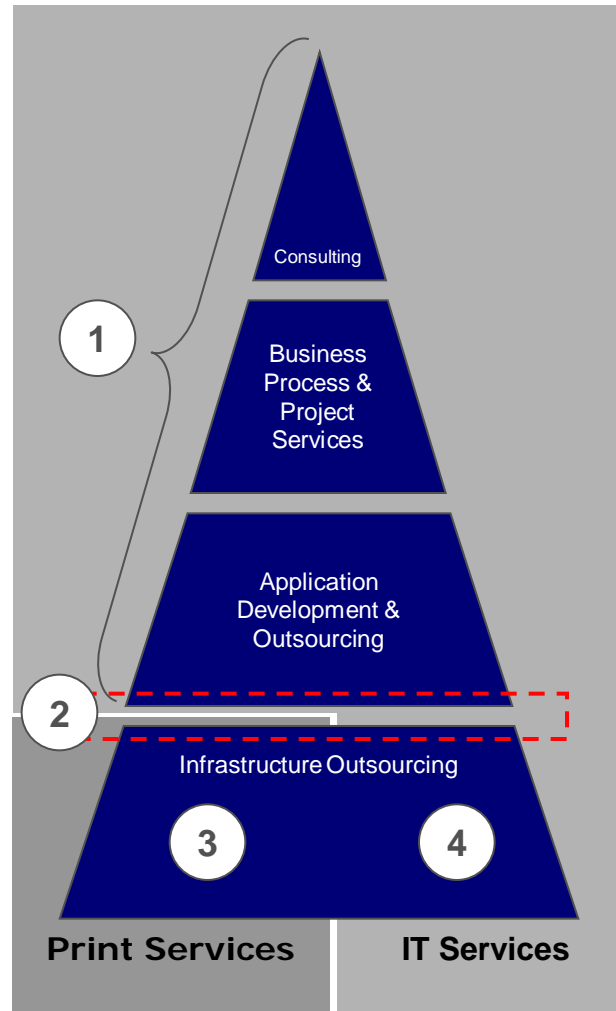
## Outsourcing Pyramid

### 1. Application & Project Services

- Eight specialist IT Services practice areas
- Project support services from CSG Professional Services

### 2. Infrastructure and Application Services

- Well placed to bid for major combined Application and Infrastructure Services Projects (i.e. Ultranet)
- Particular opportunity in Education



### 3. Print Management Outsourcing

- Fuji-Xerox MFD equipment sales & service
- Managed Printer Fleets across Tier 1 and Tier 3

### 4. Infrastructure Outsourcing

- Managed Infrastructure Outsourcing of critical IT infrastructure and support services for business and commercial

CSG has a presence in every mainland capital city, and customers in every state and territory

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## Since listing on the ASX in April 2007, CSG has focused on three key levers to drive business performance...

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### Organic Growth

- Aggressively pursue high-margin, multi-year opportunities
- Build market share within regions through expanding relationship with current clients and winning new tenders
- Focus on immediately building relationships with key clients of acquired businesses

### Acquisitive Growth

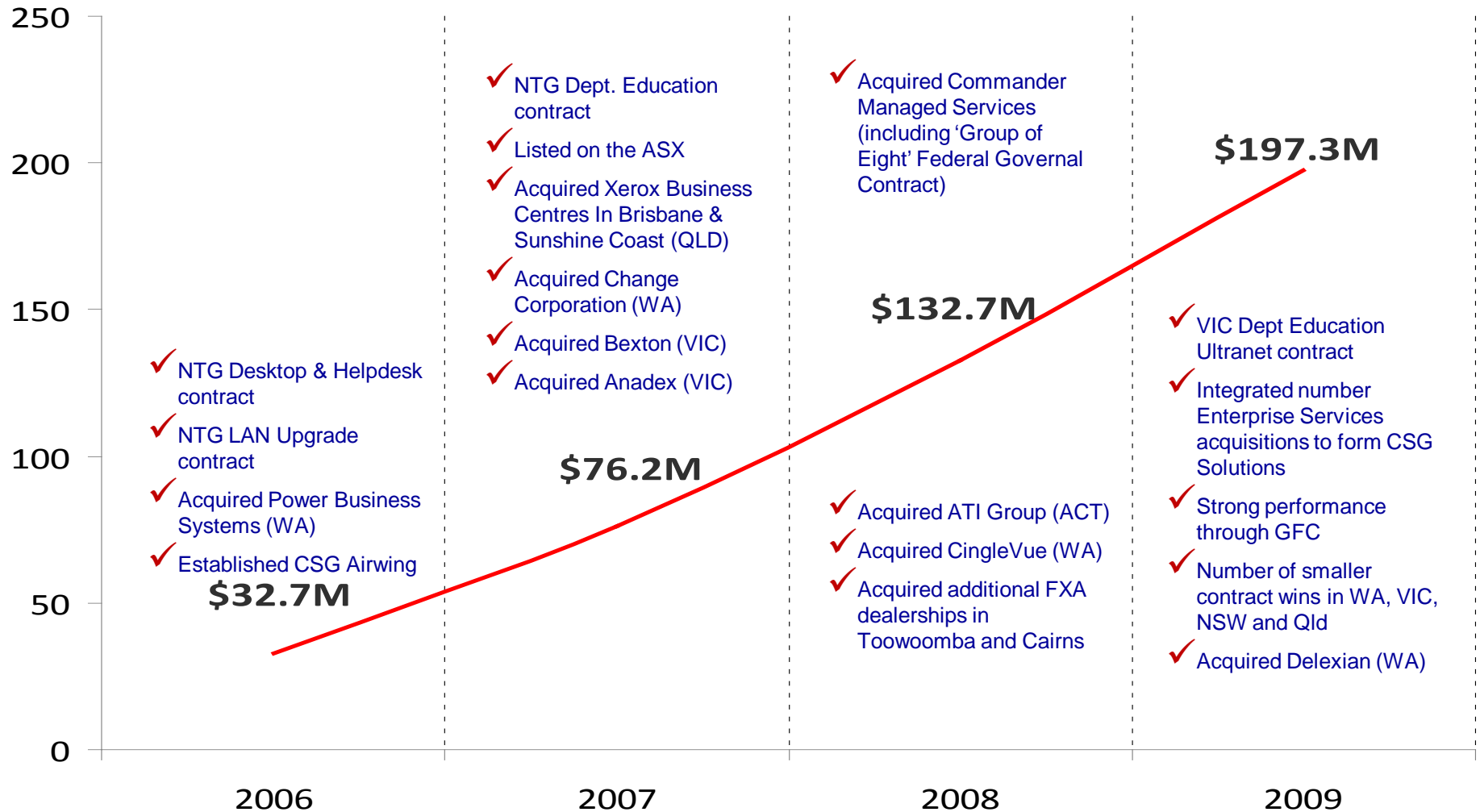
- Purchase companies to complement our core strength
- Focus on targets with access to new geographies and key clients and contracts
- Perform rigorous due diligence and be prepared to say no

### Synergies / Leverage

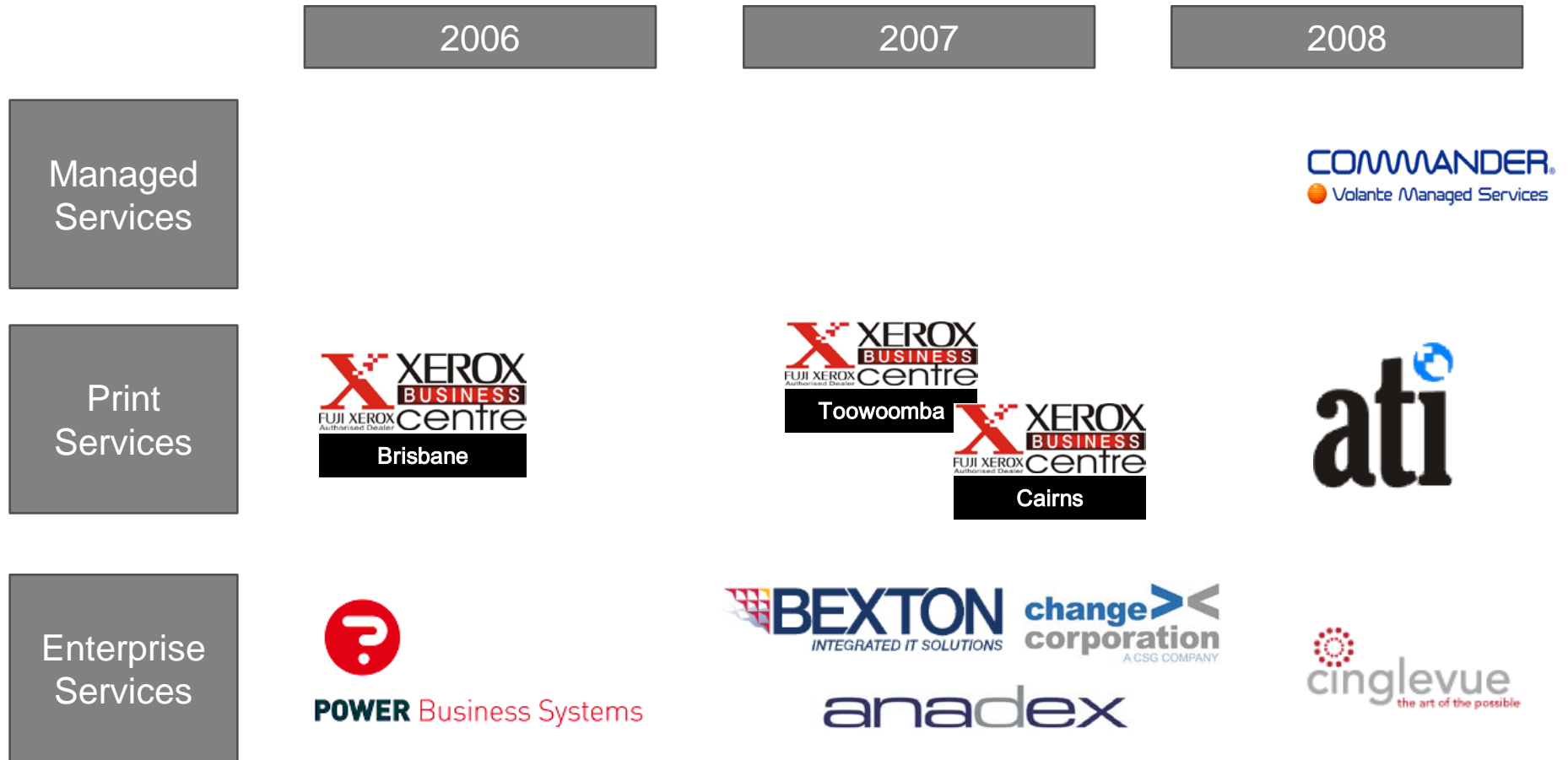
- Aggressively manage cost-base on fixed price contracts
- Rapidly integrate acquired companies
- Leverage across divisions to enable cross-sell opportunities
- Provide integrated end-to-end solutions for clients to expand relationships across divisions

... this has driven significant growth

Revenue (\$M)



# 10 Acquisitions have been successfully completed over the past three years



# Financial performance through downturn shows strength of business model across both divisions

## IT Services

- Managed Services contracts unaffected (all revenues and profits locked-in)
- Some slowdown in discretionary projects, particularly in Western Australia; now recovered
- Enterprise Services business saw some redundancies, however hiring has now recommenced
- Enterprise Services integration created national, 'end-to-end' offering, and resulted in the winning of major projects (i.e. Ultranet, CBA, DOTAG)

## Print Services

- Existing service contracts unaffected (all revenue and profits locked-in on long-term contracts)
- Some sales slowdown due to economic uncertainty; this has now reversed
- Focus on driving profit across both sales and service:
  - Sales: Focus on driving high margins on available deals
  - Service: Cost optimisation through ongoing push to automated billing and remote diagnostics; small price rises implemented across a large base

## Financial Results for FY09 show strong growth over previous year

	FY09	FY08	Variance
Revenue	\$197.3 M	\$132.7 M	+ 48%
EBITDA	\$49.9 M	\$33.4 M	+ 49%
<i>EBITDA Margin</i>	25.3%	25.3%	
NPAT	\$23.25 M	\$18.8 M	+ 24%
EPS	13.3 cps	11.0 cps	+ 21%
Dividend (cps)	4.5 cps	4 cps	+ 13%