

CSG International

NASDAQ CONFERENCE

June 14,2017

csgi.com

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SAFE HARBOR

This presentation may contain statements that are forward looking. These statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially because of factors mentioned in this presentation, in management's discussion and analysis section of the company's 2016 Form 10-K or in other reports and filings with the Securities and Exchange Commission. CSG undertakes no duty to update or revise any forward looking statements, whether as a result of new information, future events or otherwise. In addition, all non- GAAP/pro-forma numbers are reconciled in the appendix as well as in tables under the Investor Relations section of our website at **www.csgi.com**

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CSG Overview

35+ YEAR TRACK RECORD

leading provider of business-critical solutions supporting the world's most respected Communications Service Providers

STRONG BUSINESS MODEL

- long-term contracts
- cloud-based solutions
- recurring revenue
- strong cash flows

3,300 EMPLOYEES

worldwide

NASDAQ: CSGS

Small cap stock

500+ CLIENTS

primarily serving the global communications industry

















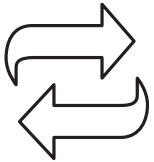






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INVESTMENT HIGHLIGHTS



Proven leader
serving providers in large, complex and changing markets



Proven history of execution and innovation
resulting from investments in people, products and clients



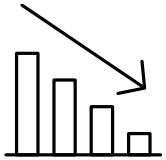
Multiple growth opportunities
in core and adjacent markets



Solid business model and financial position
with strong cash flows

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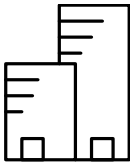
MARKET DYNAMICS CREATE OPPORTUNITIES



Revenues from traditional businesses declining



Operating costs are rising faster than revenues



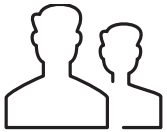
Industry consolidation to drive increased scale



New and increased competitive threats



Digital and data services growing exponentially



Always connected consumer



The customer truly is the king Power has shifted to the consumer

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PROVEN HISTORY OF EXECUTION AND INNOVATION

CSG enables Operators compete and win by helping them:

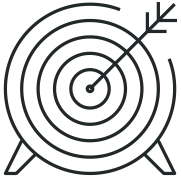
- Radically reduce costs
- Shift investment to new, innovative services
- Trial and launch new services quickly
- Create a seamless customer experience
- Standardize, simplify and optimize their operations

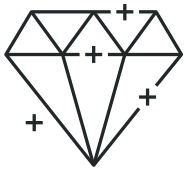
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DIRECT TO CONSUMER DIGITAL EXPERIENCE

XFINITY ON CAMPUS™

Revolutionizing Campus Entertainment





The Need

Allow students at universities to watch live TV and on-demand content on IP-enabled devices including laptops, tablets, and smartphones while on campus.

The Solution

Ascendon facilitates the sale of premium services by using a student's university ID to provide a seamless user experience

Students can access thousands of current-season TV shows, hit movies and premium sports content —anytime, anywhere, on any device

The Result

Ability to personalize and tailor every user experience

Launched in 2014 with 9 schools in the first year. Today over 80 schools across the United States utilize the Xfinity On Campus service

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LIVE TV & ON-DEMAND ON IP-ENABLED DEVICES





XFINITY ON CAMPUS™

Revolutionizing Campus Entertainment

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DIRECT TO CONSUMER DIGITAL EXPERIENCE

The Need

Bell Canada's Direct to Consumer digital solution competing with other Over-The-Top streaming services, such as Netflix.

The Solution

The Ascendon platform allows CraveTV subscribers to view over 10,000 hours of television episodes on their choice of device, including iOS, Android, Windows, Samsung Smart TV, Xbox One, Chromecast, Apple TV and the cravetv.ca storefront.

Ascendon gives CraveTV merchandising control, enabling varied subscription options based on the individual consumer and their location.

The Result

Launched digital offering in just 90 days from the project kick off

CraveTV has seen month-over-month growth with below industry standard churn rates



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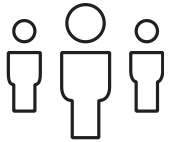
INVESTMENT HIGHLIGHTS



EXPAND
leadership position

Increase market share in domestic Cable/Satellite

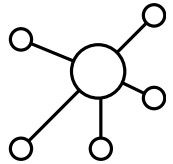
Expand Pay TV footprint internationally



CREATE
more recurring relationships

Increase adoption of Managed Services

Leverage our current client relationships with value-added services and solutions



SCALE
monetize digital services

Increase adoption of next-generation Ascendon Platform

Pursue new entrants and providers of video, content and media

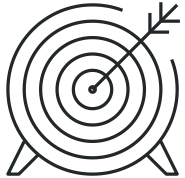
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EXPAND LEADERSHIP POSITION IN CABLE/SATELLITE

COMCAST

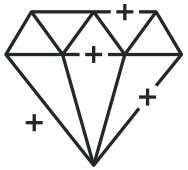
“As we continue to innovate and bring new products and services to market we want to make it easier for customers to interact with us.”

Scott Alcott
Former CIO, Comcast Cable



GOAL

Create a more streamlined and consistent customer experience across national footprint



SOLUTION

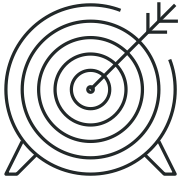
Consolidate all residential customers onto CSG platform resulting in a more consistent customer experience and holistic view of the customer

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CREATE MORE RECURRING RELATIONSHIPS: MTN SA

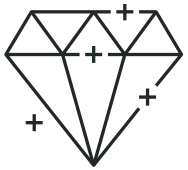
“The extension of the business relationship with CSG International will go a long way towards helping MTN to simplify and streamline our operations.”

Benjamin Marais
CIO, MTN SA



GOAL

Reduce time to market and operating costs by implementing a new billing system



SOLUTION

Replace incumbent billing systems for both retail and wholesale billing, resulting in letting them focus on competition and expand their offerings

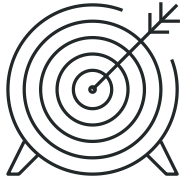
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PURSUE DIGITAL SERVICES OPPORTUNITIES

iflix

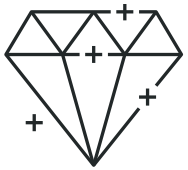
“We have created a world-class Internet TV product with a customer focused approach and aim of providing individual users with the best experience possible.”

Emmanuel Frenehard
CTO, iflix



GOAL

Gain market share by expanding into new geographies and rolling out new packages quickly



SOLUTION

Consolidate multiple payment solutions onto Ascendon platform with centralized eWallet capabilities and centralized view of customer

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SOLID BUSINESS MODEL

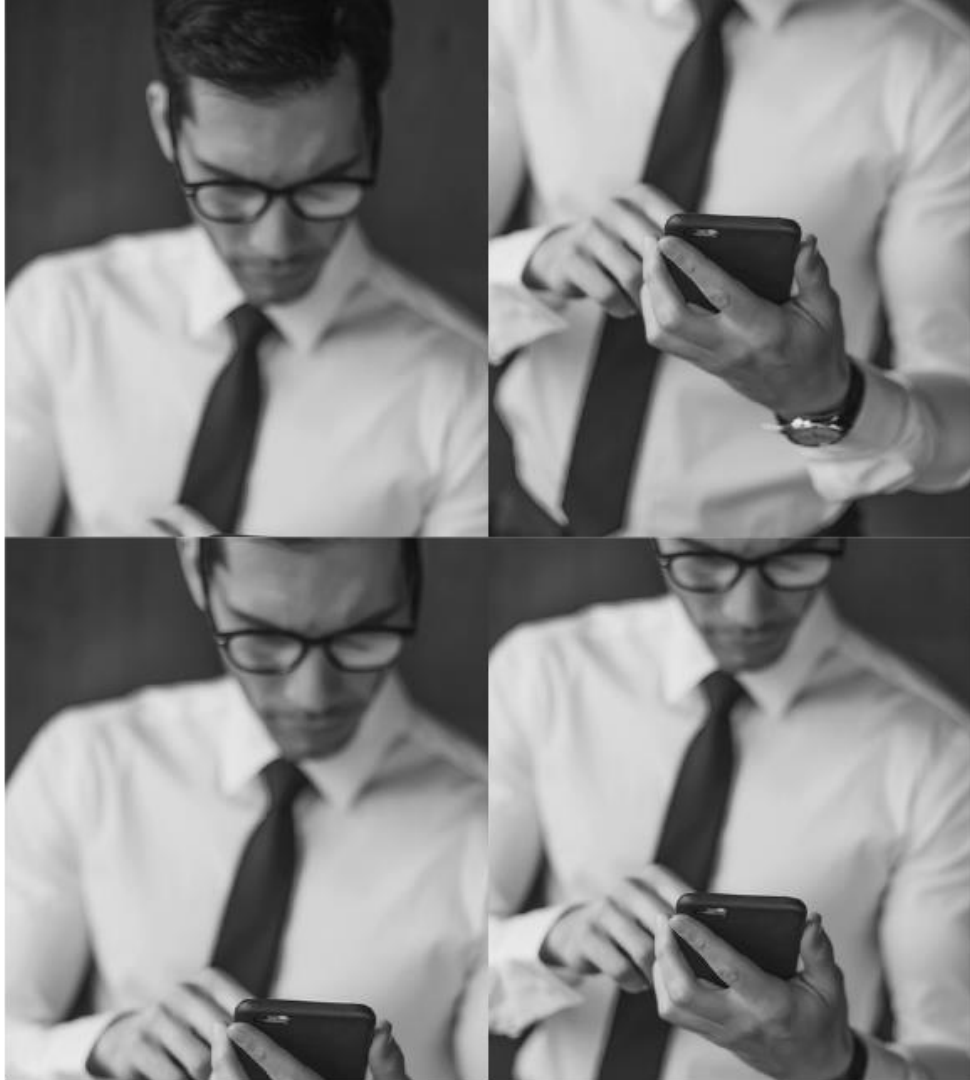
Long-term customer contracts
with established CSPs

Cloud delivery model
provides leverage and scale

Investing capital back into business
to drive top-line growth

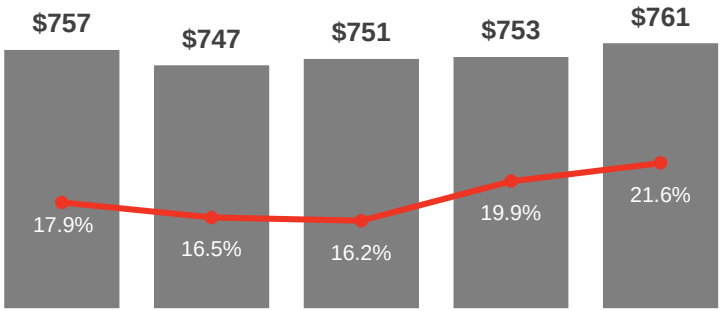
Shareholder-friendly
capital allocation policy

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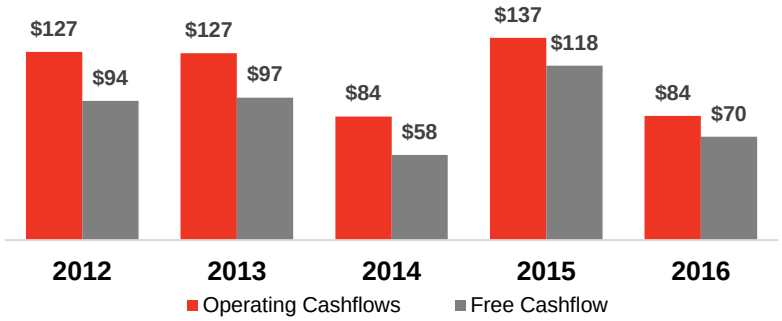


SOLID BUSINESS MODEL AND BUSINESS PROFILE

Revenue and Non-GAAP Operating Income Margin[(1)]



Historical Cash Flows[(1)]



Profitable Business Model [(1)]

- Recurring revenues based upon long-term contracts
- High client renewal rate
- Annual revenue visibility of approximately 90%
- Cloud-based solutions built upon scalable, cost-effective delivery model
- Strategic investments for growth of our business – R&D, M&A
- Industry leading non-GAAP operating margins at 2017 target of approximately 18%

Strong Cash Generation

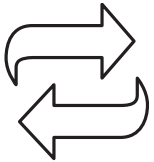
- Profitable earnings convert to strong cash flows
- Modest capital expenditures and working capital requirements

Balanced Approach: Invest and Shareholders

- Committed to returning capital to shareholders through dividend and share buybacks to offset employee comp dilution

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INVESTMENT HIGHLIGHTS



Proven leader
serving providers in large, complex and changing markets



Proven history of execution and innovation
resulting from investments in people, products and clients



Multiple growth opportunities
in core and adjacent markets



Solid business model and financial position
with strong cash flows

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APPENDIX

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GAAP INCOME STATEMENT

	Year Ended December 31,				
	2012	2013	2014	2015	2016
Revenue	**$ 756.9**	**$ 747.5**	**$ 751.3**	**$ 752.5**	**$ 761.0**
Cost of revenues	383.8	377.2	389.3	379.7	375.1
Other operating expenses					
Research and development	112.9	110.0	104.7	102.0	98.7
Selling, general and administrative	138.8	152.6	153.5	139.8	140.5
Depreciation	22.3	18.6	14.1	14.8	13.6
Restructuring and reorganization charges	2.5	12.4	14.0	3.1	0.4
Total operating expenses	660.3	670.8	675.6	639.4	628.3
Operating Income	**$ 96.6**	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**
Other income (expense)	(19.4)	(15.2)	(14.2)	(16.8)	(32.6)
Income before income taxes	77.2	61.5	61.5	96.3	100.0
Income tax provision	(30.1)	(16.3)	(25.8)	(33.8)	(37.1)
Net Income	**$ 47.1**	**$ 45.3**	**$ 35.7**	**$ 62.6**	**$ 62.9**
Weighted-average shares outstanding					
Basic	32.2	32.1	32.4	31.1	31.0
Diluted	32.5	32.9	33.7	33.4	33.0
Earnings per common share					
Basic	1.47	1.41	1.10	2.01	2.03
Diluted	1.45	1.38	1.06	1.87	1.90

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NON-GAAP RECONCILIATION

	Year Ended December 31,				
	2012	2013	2014	2015	2016
Revenue	**$ 756.9**	**$ 747.5**	**$ 751.3**	**$ 752.5**	**$ 761.0**
GAAP Operating Income	**$ 96.6**	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**
Restructuring and reorganization changes	2.5	12.4	14.0	3.1	0.4
Acquisition-related costs	0.3	0.1	-	-	-
Stock-based compensation	13.4	14.8	16.7	21.4	22.8
Amortization of acquired intangible assets	22.7	19.2	15.4	12.0	8.5
Non-GAAP Operating Income	**$ 135.5**	**$ 123.2**	**$ 121.7**	**$ 149.6**	**$ 164.3**
Non-GAAP Operating Income Margin	*17.9%*	*16.5%*	*16.2%*	*19.9%*	*21.6%*
GAAP Operating Income	**$ 96.6**	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**
Depreciation	22.3	18.6	14.1	14.8	13.6
Restructuring and reorganization changes	2.5	12.4	14.0	3.1	0.4
Acquisition-related costs	0.3	0.1	-	-	-
Stock-based compensation	13.4	14.8	16.7	21.4	22.8
Amortization of acquired intangible assets	22.7	19.2	15.4	12.0	8.5
Amortization of other intangible assets	18.7	16.2	15.8	14.5	16.9
Non-GAAP Adjusted EBITDA	**$ 176.6**	**$ 158.0**	**$ 151.6**	**$ 178.9**	**$ 194.8**
Non-GAAP Adjusted EBITDA Margin	*23.3%*	*21.1%*	*20.2%*	*23.8%*	*25.6%*
Cash Flow from Operating Activities	**$ 127.4**	**$ 126.6**	**$ 83.7**	**$ 137.0**	**$ 84.2**
Non-GAAP Operating Cash Flow Margin	*16.8%*	*16.9%*	*11.1%*	*18.2%*	*11.1%*
Purchases of PP&E	(33.2)	(30.1)	(26.0)	(18.8)	(14.3)
Non-GAAP Free Cash Flow	**$ 94.2**	**$ 96.6**	**$ 57.7**	**$ 118.1**	**$ 69.9**
Non-GAAP Free Cash Flow Margin	*12.4%*	*12.9%*	*7.7%*	*15.7%*	*9.2%*

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QUESTIONS?



Corporate Headquarters

9555 Maroon Circle
Englewood, CO 80112

T:+1 303 200 2000
F: +1 303 200 3333

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