

CSG International

2017 Southwest IDEAS Investor Conference

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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

LEADING SOLUTIONS

- Revenue management
- Customer experience
- Operational efficiency

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

COMCAST

Charter

SONY PICTURES

dish

Telstra

ESPN

Telefónica

AT&T

verizon

3

MTN

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CSG: KEY INVESTMENT HIGHLIGHTS

Proven leader
empowering success in today's complex, dynamic and challenging communications market

Multiple drivers
for long-term growth

Solid financials
supporting investments and shareholder returns

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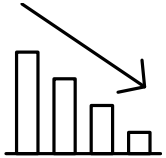
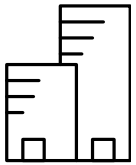
COMMUNICATIONS MARKET IN A STATE OF DYNAMIC, COMPLEX & CHALLENGING CHANGE



Declining revenues from traditional businesses



Operating costs rising faster than revenues



Industry consolidation



New and increased competitive threats



Digital and data services growing exponentially



Always connected consumer



Power Shift: Customer is King

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PROVEN HISTORY OF EXECUTION AND INNOVATION

Market leaders rely on CSG…
We help providers compete and win

- 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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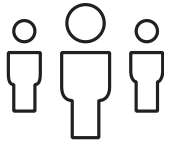
MULTIPLE GROWTH OPPORTUNITIES



EXPAND
leadership position

Increase market share in domestic Cable/Satellite

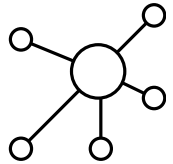
Expand Pay TV footprint internationally



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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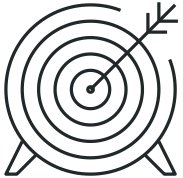
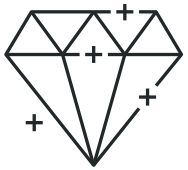
EXPAND GLOBAL LEADERSHIP POSITION IN CABLE / SATELLITE MARKET

COMCAST





NEED

“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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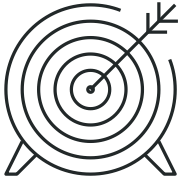
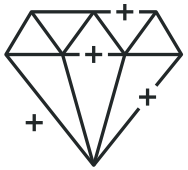
EXPAND GLOBAL LEADERSHIP POSITION IN CABLE / SATELLITE MARKET

Cablevisión





NEED

“The ability of our field technicians and dispatchers to make real-time updates and changes will provide a new level of operational efficiency.”

Simon Tadeo
CXO, Cablevisión Argentina

GOAL

Affordably acquire and retain customers by delivering quality service at appointment times that work for customers

SOLUTION

Optimized field technician scheduling and dispatch processes to reduce service call costs and increase customer satisfaction

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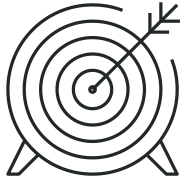
CREATE MORE RECURRING RELATIONSHIPS

NEED

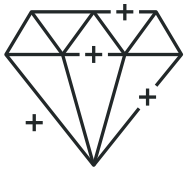
“The extension of the business relationship with CSG International will go a long way towards helping MTN to simplify and streamline our operations.”

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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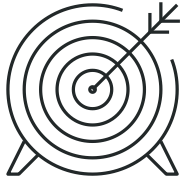
SCALE DIGITAL SERVICES OPPORTUNITIES

AirTV

NEED

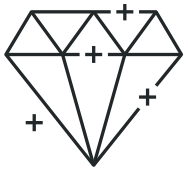
“AirTV Player simplifies what has been a fragmented viewing experience and integrates a customer’s entertainment options in one easy-to-navigate app.”

Mitch Weinraub
Director of Product Development, DISH AirTV



GOAL

Offer a solution to deliver online and OTA video through a single, unified interface to capture new revenue streams and increase retention



SOLUTION

Set up a market-ready product with a dedicated storefront in under three weeks using Ascendon

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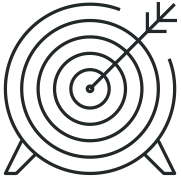
SCALE DIGITAL SERVICES OPPORTUNITIES

NEED

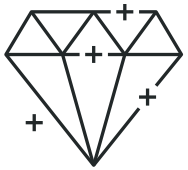
Bell Canada's Direct to Consumer digital solution competing with other Over-The-Top streaming services, such as Netflix.



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.



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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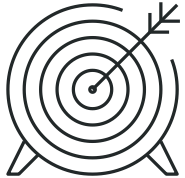
SCALE DIGITAL SERVICES OPPORTUNITIES

NEED

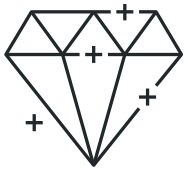
“We have created a world-class Internet TV product with a customer focused approach and aim of providing individual users with the best experience possible.”

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

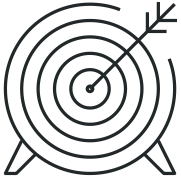
SCALE DIGITAL SERVICES OPPORTUNITIES

XFINITY ON CAMPUS™

Revolutionizing Campus Entertainment

NEED

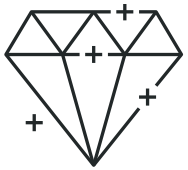
Allow students at universities to watch live TV and on-demand content on IP-enabled devices including laptops, tablets, and smartphones while on campus.



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



RESULT

Ability to personalize and tailor every user experience

Launched in 2014 with 9 schools in the first year. Today over 90 schools across the United States utilize the Xfinity On Campus service

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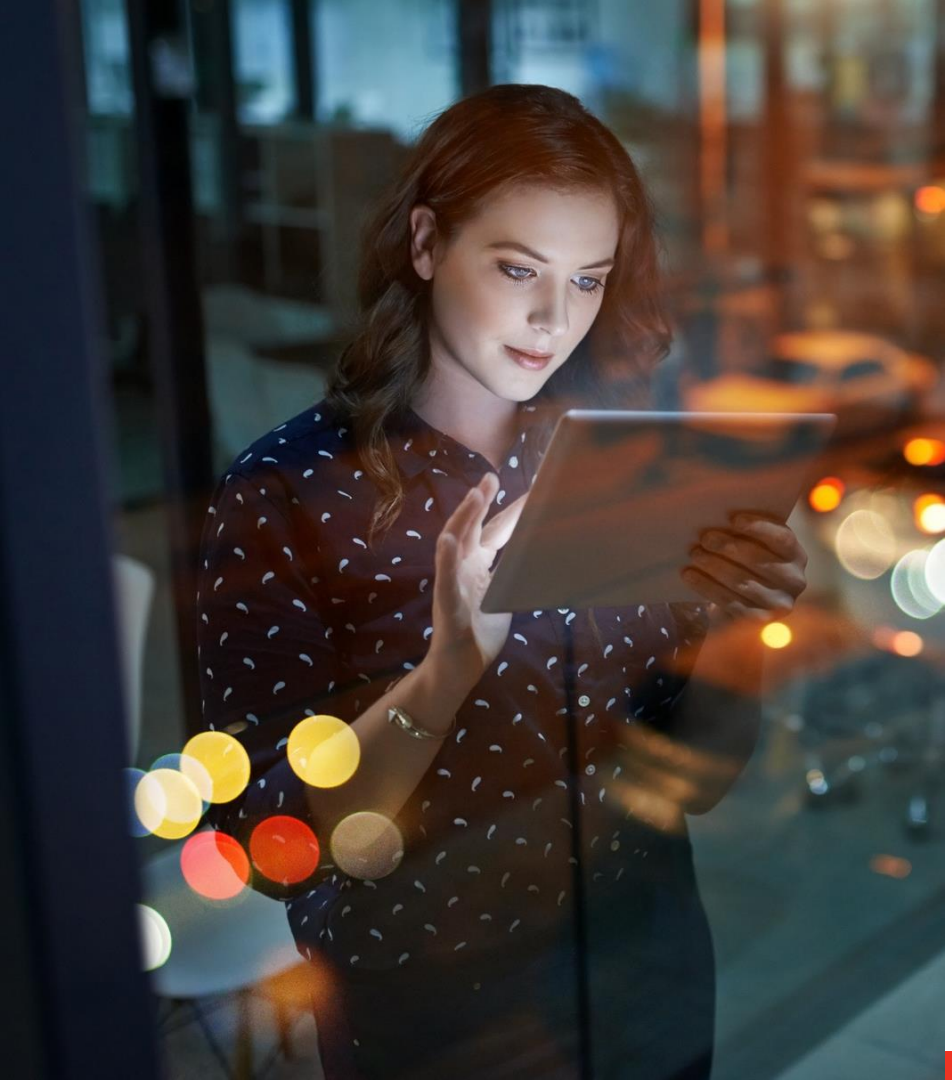



XFINITY ON CAMPUS™

Revolutionizing Campus Entertainment

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CSG: KEY INVESTMENT HIGHLIGHTS

Proven leader
empowering success in today's complex, dynamic and challenging communications market

Multiple drivers
for long-term growth

Solid financials
supporting investments and shareholder returns

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OUR BUSINESS MODEL AT WORK

Long-term client contracts
with established providers

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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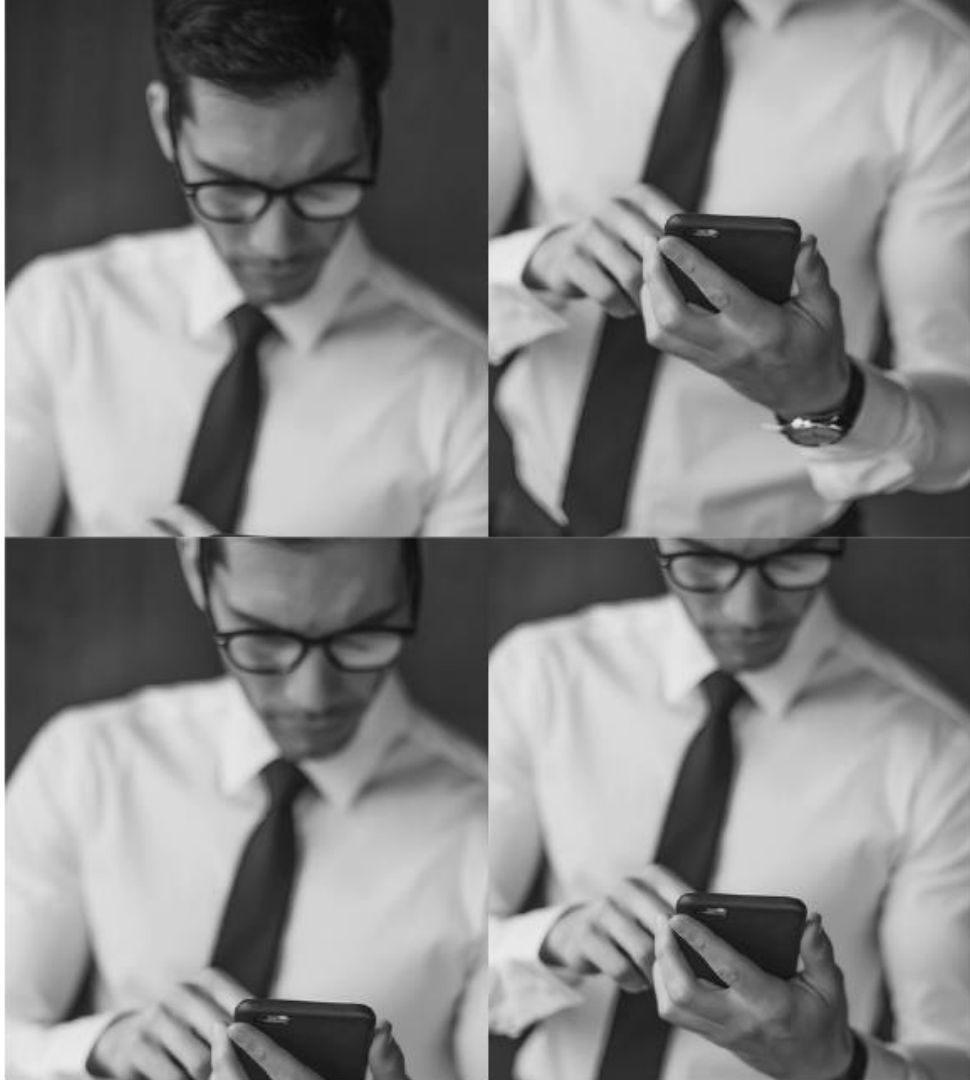
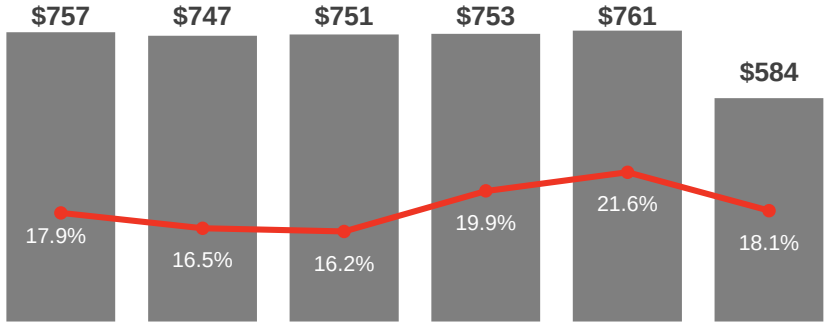
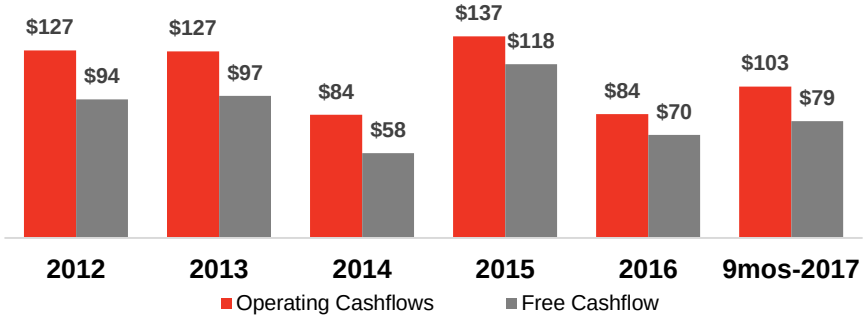


OUR STRONG FINANCIAL POSITION

Revenue and Non-GAAP Operating Income Margin(1)



Historical Cash Flows(1)



Profitable Business Model (1)

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

Strong Cash Generation

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

Solid Balance Sheet

- $259m of cash; $354m of debt

Balanced Approach: Invest and Shareholders

- Strategic investments in long-term growth initiatives
- Committed to returning capital to shareholders through dividend and share buybacks to offset employee comp dilution

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Note: $ in millions. (1) See Appendix for reconciliation.

CSG: KEY INVESTMENT HIGHLIGHTS

PROVEN LEADER
empowering success in today's complex, dynamic and challenging communications market

MULTIPLE DRIVERS
for long-term growth

SOLID FINANCIALS
supporting investments and shareholder returns

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APPENDIX

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GAAP INCOME STATEMENT

	Year Ended December 31,					
	2012	2013	2014	2015	2016	9mos-2017
Revenue	**$ 756.9**	**$ 747.5**	**$ 751.3**	**$ 752.5**	**$ 761.0**	**$ 584.4**
Cost of revenues	383.8	377.2	389.3	379.7	375.1	295.1
Other operating expenses						
Research and development	112.9	110.0	104.7	102.0	98.7	85.1
Selling, general and administrative	138.8	152.6	153.5	139.8	140.5	110.0
Depreciation	22.3	18.6	14.1	14.8	13.6	10.0
Restructuring and reorganization charges	2.5	12.4	14.0	3.1	0.4	4.6
Total operating expenses	660.3	670.8	675.6	639.4	628.3	504.7
Operating Income	**$ 96.6**	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**	**$ 79.6**
Other income (expense)	(19.4)	(15.2)	(14.2)	(16.8)	(32.6)	(13.6)
Income before income taxes	77.2	61.5	61.5	96.3	100.0	66.0
Income tax provision	(30.1)	(16.3)	(25.8)	(33.8)	(37.1)	(19.6)
Net Income	**$ 47.1**	**$ 45.3**	**$ 35.7**	**$ 62.6**	**$ 62.9**	**$ 46.4**
Weighted-average shares outstanding						
Basic	32.2	32.1	32.4	31.1	31.0	32.4
Diluted	32.5	32.9	33.7	33.4	33.0	32.8
Earnings per common share						
Basic	1.47	1.41	1.10	2.01	2.03	1.43
Diluted	1.45	1.38	1.06	1.87	1.90	1.41

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NON-GAAP RECONCILIATION

	Year Ended December 31,					
	2012	2013	2014	2015	2016	9mos-2017
Revenue	**$ 756.9**	**$ 747.5**	**$ 751.3**	**$ 752.5**	**$ 761.0**	**$ 584.4**
GAAP Operating Income	**$ 96.6**	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**	**$ 79.6**
Restructuring and reorganization changes	2.5	12.4	14.0	3.1	0.4	4.6
Acquisition-related costs	0.3	0.1	-	-	-	-
Stock-based compensation	13.4	14.8	16.7	21.4	22.8	16.3
Amortization of acquired intangible assets	22.7	19.2	15.4	12.0	8.5	5.2
Non-GAAP Operating Income	**$ 135.5**	**$ 123.2**	**$ 121.7**	**$ 149.6**	**$ 164.3**	**$ 105.8**
Non-GAAP Operating Income Margin	*17.9%*	*16.5%*	*16.2%*	*19.9%*	*21.6%*	*18.1%*
GAAP Operating Income	**$ 96.6**	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**	**$ 79.6**
Depreciation	22.3	18.6	14.1	14.8	13.6	10.0
Restructuring and reorganization changes	2.5	12.4	14.0	3.1	0.4	4.6
Acquisition-related costs	0.3	0.1	-	-	-	-
Stock-based compensation	13.4	14.8	16.7	21.4	22.8	16.3
Amortization of acquired intangible assets	22.7	19.2	15.4	12.0	8.5	5.2
Amortization of other intangible assets	18.7	16.2	15.8	14.5	16.9	14.8
Non-GAAP Adjusted EBITDA	**$ 176.6**	**$ 158.0**	**$ 151.6**	**$ 178.9**	**$ 194.8**	**$ 130.5**
Non-GAAP Adjusted EBITDA Margin	*23.3%*	*21.1%*	*20.2%*	*23.8%*	*25.6%*	*22.3%*
Cash Flow from Operating Activities	**$ 127.4**	**$ 126.6**	**$ 83.7**	**$ 137.0**	**$ 84.2**	**$ 102.8**
Non-GAAP Operating Cash Flow Margin	*16.8%*	*16.9%*	*11.1%*	*18.2%*	*11.1%*	*17.6%*
Purchases of PP&E	(33.2)	(30.1)	(26.0)	(18.8)	(14.3)	(23.4)
Non-GAAP Free Cash Flow	**$ 94.2**	**$ 96.6**	**$ 57.7**	**$ 118.1**	**$ 69.9**	**$ 79.5**
Non-GAAP Free Cash Flow Margin	*12.4%*	*12.9%*	*7.7%*	*15.7%*	*9.2%*	*13.6%*



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QUESTIONS?



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