

CSG 2018 JEFFERIES GLOBAL TECHNOLOGY CONFERENCE

KEN KENNEDY, EVP & PRESIDENT TECHNOLOGY AND PRODUCT

MAY 9, 2018



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 2017 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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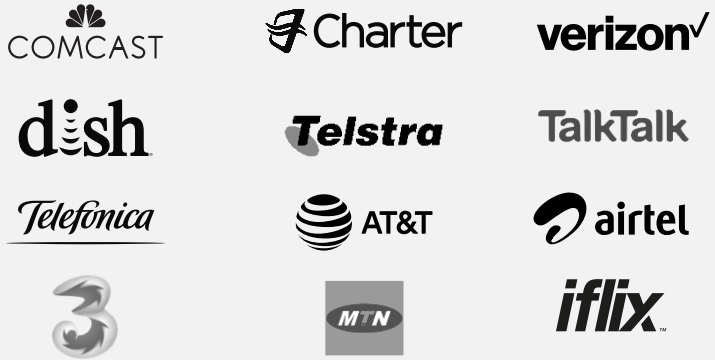
CSG AT A GLANCE

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CSG OVERVIEW

- 35+ YEAR TRACK RECORD
  - Simplifies the complexity of business transformation in the digital age for the most respected communications, media and entertainment service providers worldwide
- LEADING SOLUTIONS
  - Business Support Systems (BSS) & Revenue Management
  - Customer Experience
  - Digital Monetization
  - Internet TV
  - Managed Services
- STRONG BUSINESS MODEL
  - Long-term contracts
  - SaaS, cloud-based platforms
  - Recurring revenue
  - Strong cash flows
- 3,700+ EMPLOYEES WORLDWIDE

- NASDAQ:CSGS
  Small-cap stock
- 500+ CLIENTS
  Primarily serving the global communications industry



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THE INDUSTRIES WE SERVE

Helping customers succeed across a wide range of industries



Broadband, Cable and Satellite



Wireless



Wireline



MVNO



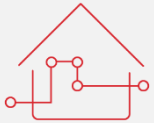
Enterprise



Media and Entertainment



Financial Services



Internet of Things

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CONQUERING COMPLEXITY FOR OUR CUSTOMERS

WE MAKE OUR CUSTOMERS' HARDEST DECISIONS SIMPLER AND SMARTER, NO MATTER THE CHALLENGE.

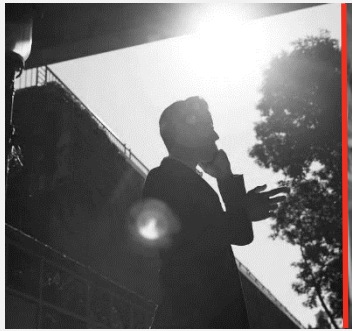
35+ years of experience in complex business environments	**Global** leader in managing complex provisioning and monetization	Customized, customer-driven **innovation**	History of reliably migrating **millions** of users to new platforms	**Undaunted** in the face of ever-changing industry challenges

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AN ARSENAL OF SOLUTIONS

CSG's varied solutions empower customers to thrive

BSS & REVENUE MANAGEMENT



Industry-leading business support systems and billing platforms

CUSTOMER EXPERIENCE



Deliver an exceptional experience that meets customers' ever-changing demands

DIGITAL MONETIZATION



Quickly launch new digital services and compete in the digital economy

INTERNET TV



Internet TV service market and launch new services in 90 days or less

MANAGED SERVICES



We take on the operations, while clients focus on the market

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RECOGNIZED AS A LEADER IN A 2017 GARTNER MAGIC QUADRANT

CSG was recognized as a Leader in the 2017 Gartner Magic Quadrant for Integrated Revenue and Customer Management (IRCM) for Communications Service Providers

The Gartner document is available upon request from http://www.gartner.com/reprints/csg-systems?id=1-4J754BN&ct=171024&st=sb.

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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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AN INDUSTRY IN FLUX

PLATFORMS
Digital options are becoming cheaper and more prevalent

COMPETITION
New entrants competing for consumer brand loyalty

SERVICE NEEDS
Consumers demand increasingly diverse options

EXPANDING SCOPE
Communications customers are being pulled in all directions

TECHNOLOGY
Evolving faster than ever before

CUSTOMERS FIRST
CSPs need to think about the customer more than ever

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PROVEN HISTORY OF EXECUTION AND INNOVATION

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



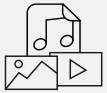
Radically reduce costs



Standardize, simplify and optimize their operations



Shift investment to new, innovative services



Trial and launch new services quickly



Create a seamless customer experience

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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 and MONETIZE DIGITAL SERVICES

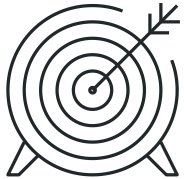
- Increase adoption of next-generation Ascendon platform
- Pursue new entrants and providers of video, content, media and IoT

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— EXPAND GLOBAL LEADERSHIP POSITION IN CABLE/SATELLITE MARKET

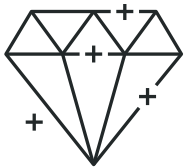
COMCAST

“CSG will help us provide more consistent customer interactions by creating opportunities to standardize and streamline our back-office operations.”



GOAL

Move from analog cable alone to high speed data, voice, digital, home security, and beyond



SOLUTION

Implemented CSG solutions that provided flexibility to innovate through convergent billing capabilities

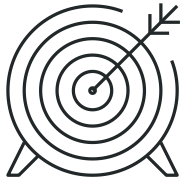
Scott Alcott
Former Chief Information Officer
Comcast Cable

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— EXPAND GLOBAL LEADERSHIP POSITION IN CABLE/SATELLITE MARKET

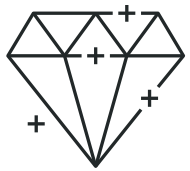
Cablevisión

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



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

Simon Tadeo
Customer Experience Officer
Cablevisión Argentina

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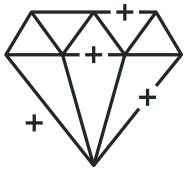
— CREATE MORE RECURRING RELATIONSHIPS

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



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, letting them focus on competition and expand their offerings

Benjamin Marais
Chief Information Officer
MTN South Africa

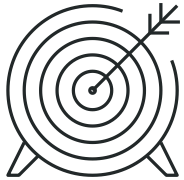
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— SCALE DIGITAL SERVICES OPPORTUNITIES

iflix

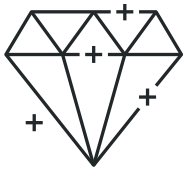
“We have created a world-class Internet TV product with a customer focused approach and aim of providing individual users with the best experience possible.”

Emmanuel Frenehard
Chief Technology Officer
iFlix



GOAL

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



SOLUTION

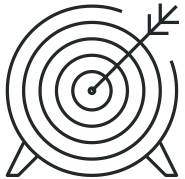
Consolidate multiple payment solutions **onto Ascendon platform** with centralized eWallet capabilities and centralized view of customer

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— IOT DIGITAL PARTNER SOLUTION

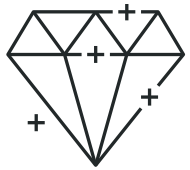
“CSG and the Ascendon platform are critical components of our digital transformation. Simply put, this platform allows us to reimagine business models and do things that we haven’t been able to do before. ”

Jake Harris
Director, Connectivity Services
Arrow Electronics



GOAL

IoT solution to manage the activation of devices, track and invoice at high volumes across a rapidly growing number of global IoT partners and clients, and provide a proven path to program monetization



SOLUTION

Launched in less than 90 days, Ascendon IoT provides Arrow a complete offering to deploy, manage, monitor, invoice and monetize connected devices globally

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for-long term growth

SOLID FINANCIALS
supporting investments and shareholder returns

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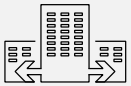
OUR BUSINESS MODEL CREATES VALUE



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

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
- Solid non-GAAP operating margins

Strong Cash Generation

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

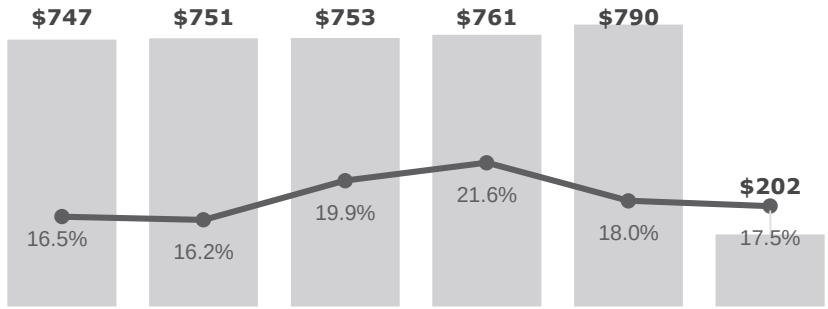
Solid Balance Sheet

- $222m of cash; $380m of long-term debt (as of Q1-2018)

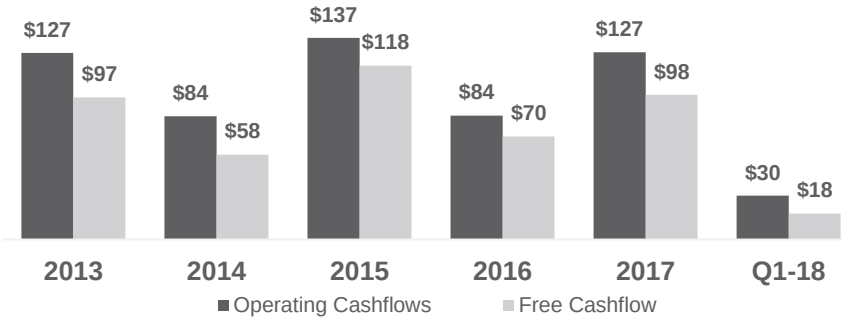
Balanced Approach: Invest and Shareholders

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

Revenue and Non-GAAP Operating Income Margin(1)



Historical Cash Flows(1)



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

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APPENDIX

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GAAP INCOME STATEMENT

	Year Ended December 31,					
	2013	2014	2015	2016	2017	Q1-2018
Revenue	**$ 747.5**	**$ 751.3**	**$ 752.5**	**$ 761.0**	**$ 789.6**	**$ 201.7**
Cost of revenues	377.2	389.3	379.7	375.1	394.8	101.1
Other operating expenses						
Research and development	110.0	104.7	102.0	98.7	113.2	29.4
Selling, general and administrative	152.6	153.5	139.8	140.5	153.7	40.6
Depreciation	18.6	14.1	14.8	13.6	13.4	3.9
Restructuring and reorganization charges	12.4	14.0	3.1	0.4	8.8	0.9
Total operating expenses	670.8	675.6	639.4	628.3	683.9	175.9
Operating Income	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**	**$ 105.7**	**$ 25.8**
Other income (expense)	(15.2)	(14.2)	(16.8)	(32.6)	(18.0)	(5.6)
Income before income taxes	61.5	61.5	96.3	100.0	87.7	20.2
Income tax provision	(16.3)	(25.8)	(33.8)	(37.1)	(26.3)	(6.2)
Net Income	**$ 45.3**	**$ 35.7**	**$ 62.6**	**$ 62.9**	**$ 61.4**	**$ 14.0**
Weighted-average shares outstanding						
Basic	32.1	32.4	31.1	31.0	32.4	32.5
Diluted	32.9	33.7	33.4	33.0	32.9	33.1
Earnings per common share						
Basic	1.41	1.10	2.01	2.03	1.89	0.43
Diluted	1.38	1.06	1.87	1.90	1.87	0.42

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NON-GAAP RECONCILIATION

	Year Ended December 31,					
	2013	2014	2015	2016	2017	Q1-2018
Revenue	**$ 747.5**	**$ 751.3**	**$ 752.5**	**$ 761.0**	**$ 789.6**	**$ 201.7**
GAAP Operating Income	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**	**$ 105.7**	**$ 25.8**
Restructuring and reorganization changes	12.4	14.0	3.1	0.4	8.8	0.9
Acquisition-related costs	0.1	-	-	-	-	2.4
Stock-based compensation	14.8	16.7	21.4	22.8	20.8	4.6
Amortization of acquired intangible assets	19.2	15.4	12.0	8.5	6.9	1.7
Non-GAAP Operating Income	**$ 123.2**	**$ 121.7**	**$ 149.6**	**$ 164.3**	**$ 142.1**	**$ 35.3**
Non-GAAP Operating Income Margin	*16.5%*	*16.2%*	*19.9%*	*21.6%*	*18.0%*	*17.5%*
GAAP Operating Income	**$ 76.7**	**$ 75.7**	**$ 113.1**	**$ 132.6**	**$ 105.7**	**$ 25.8**
Depreciation	18.6	14.1	14.8	13.6	13.4	3.9
Restructuring and reorganization changes	12.4	14.0	3.1	0.4	8.8	0.9
Acquisition-related costs	0.1	-	-	-	-	2.4
Stock-based compensation	14.8	16.7	21.4	22.8	20.8	4.6
Amortization of acquired intangible assets	19.2	15.4	12.0	8.5	6.9	1.7
Amortization of other intangible assets	16.2	15.8	14.5	16.9	20.4	2.3
Amortization of client contract costs						5.5
Non-GAAP Adjusted EBITDA	**$ 158.0**	**$ 151.6**	**$ 178.9**	**$ 194.8**	**$ 175.9**	**$ 46.9**
Non-GAAP Adjusted EBITDA Margin	*21.1%*	*20.2%*	*23.8%*	*25.6%*	*22.3%*	*23.3%*
Cash Flow from Operating Activities	**$ 126.6**	**$ 83.7**	**$ 137.0**	**$ 84.2**	**$ 127.2**	**$ 29.9**
Non-GAAP Operating Cash Flow Margin	*16.9%*	*11.1%*	*18.2%*	*11.1%*	*16.1%*	*14.8%*
Purchases of PP&E	(30.1)	(26.0)	(18.8)	(14.3)	(28.9)	(12.2)
Non-GAAP Free Cash Flow	**$ 96.6**	**$ 57.7**	**$ 118.1**	**$ 69.9**	**$ 98.3**	**$ 17.6**
Non-GAAP Free Cash Flow Margin	*12.9%*	*7.7%*	*15.7%*	*9.2%*	*12.4%*	*8.7%*

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QUESTIONS?

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