



TOGETHER. YOU WIN.

CSG

COMPANY OVERVIEW

MARCH
2019



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 2018 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

CSG AT A GLANCE

CSG OVERVIEW

35+ YEAR TRACK RECORD

A provider of software and services that helps companies around the world monetize and digitally enable the customer experience

• **3,900+ EMPLOYEES**

• **NASDAQ:CSGS**

Small-cap stock

LEADING SOLUTIONS

- Revenue Management & Digital Monetization
- Customer Experience
- Payments

STRONG BUSINESS MODEL

- Long-term contracts
- SaaS, cloud-based platforms
- Recurring revenue
- Strong cash flows



CSG: KEY INVESTMENT HIGHLIGHTS

PROVEN LEADER

empowering
success in
today's complex,
dynamic and
challenging
business
environment

MULTIPLE DRIVERS

for-long term
growth & revenue
diversification

STRONG CASH FLOW

fueling solid
investment in
business and
strong
shareholder
returns

MARKETS GOING THROUGH DISRUPTION



PLATFORMS

Digital options are becoming cheaper and more prevalent



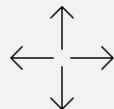
COMPETITION

New entrants competing for consumer brand loyalty



SERVICE NEEDS

Consumers demand increasingly diverse options



EXPANDING SCOPE

Customers are being pulled in all directions



TECHNOLOGY

Evolving faster than ever before



CUSTOMERS FIRST

The customer experience is driving action

PROVEN HISTORY OF EXECUTION AND INNOVATION

CSG SOLUTIONS ENABLE PROVIDERS TO:



Radically reduce costs



Standardize, simplify and optimize operations



Shift investment to new, innovative services



Trial and launch new services quickly



Create a seamless customer experience

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PROVEN LEADER

empowering success in today's complex, dynamic and challenging business environment

MULTIPLE DRIVERS

for-long term growth & revenue diversification

STRONG CASH FLOW

fueling solid investment in business and strong shareholder returns

MULTIPLE GROWTH OPPORTUNITIES

EXPAND LEADERSHIP POSITION

- Increase market share in communications, information and content markets
- Expand footprint in new verticals and geographies through CX & payment solutions

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 cloud-based platforms
- Expand footprint in fast growing payments market
- Pursue new entrants and providers of video, content, wireless and IoT services

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OUR BUSINESS MODEL CREATES VALUE



LONG-TERM CLIENT CONTRACTS
with established providers



CLOUD DELIVERY MODEL
provides leverage and scale



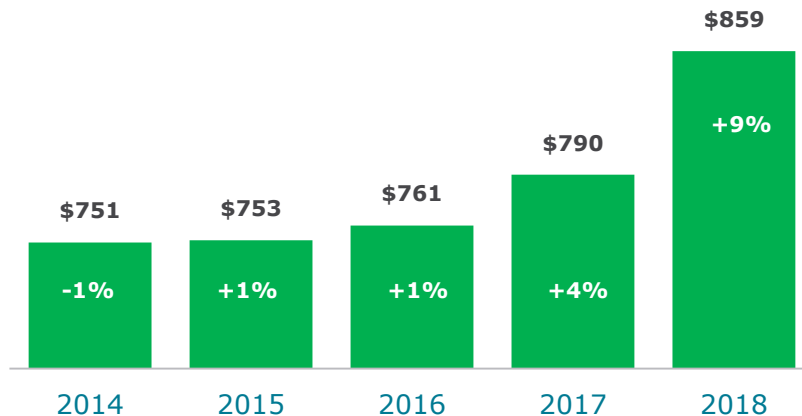
**INVESTING CAPITAL BACK INTO
BUSINESS**
to drive top-line growth



SHAREHOLDER-FRIENDLY
capital allocation policy

— SOLID BUSINESS MODEL

Investing to Drive Revenue Growth (1)



Revenue growth at/above industry levels

- Long-term contracts generates recurring revenues
- High renewal rates
- High-cost of switching/high risk
- Annual revenue visibility of 90+%

Profitable business model

- SaaS, cloud-based solutions built upon scalable, cost-effective delivery model
- Strategic investments to drive top-line revenue growth and long-term business value
- Profitable, industry-leading operating margins

(1) \$ in millions. Reflects Adjusted Revenue.
Please see Appendix and IR website for reconciliations.

— STRONG CASH GENERATION

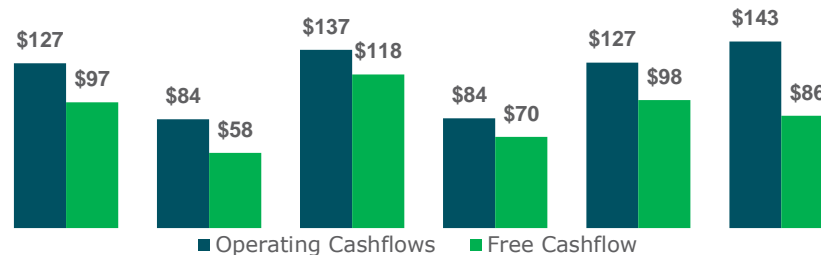
Strong Cash Generation

- Profitable earnings conversion to strong cash flows
- Modest capital expenditures

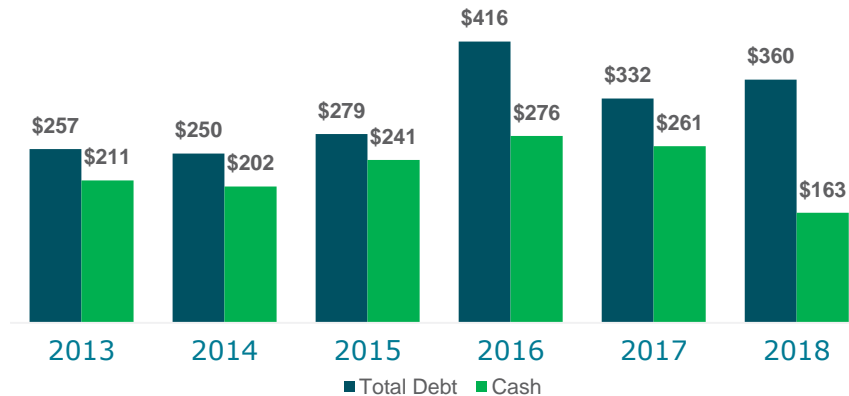
Solid Balance Sheet

- Cashflow generation maintains healthy balance sheet
- Leverage available to utilize as needed to optimize our balance sheet for long-term shareholder value

Operating / Free Cash Flows⁽¹⁾



Balance Sheet



Note: \$ in millions. (1) Please see Appendix and IR website for reconciliations.

— OUR CAPITAL ALLOCATION

Balanced Approach to Capital Allocation

- Create long-term sustainable shareholder value
 - Investing in business to drive above-industry growth
 - Return cash to shareholders

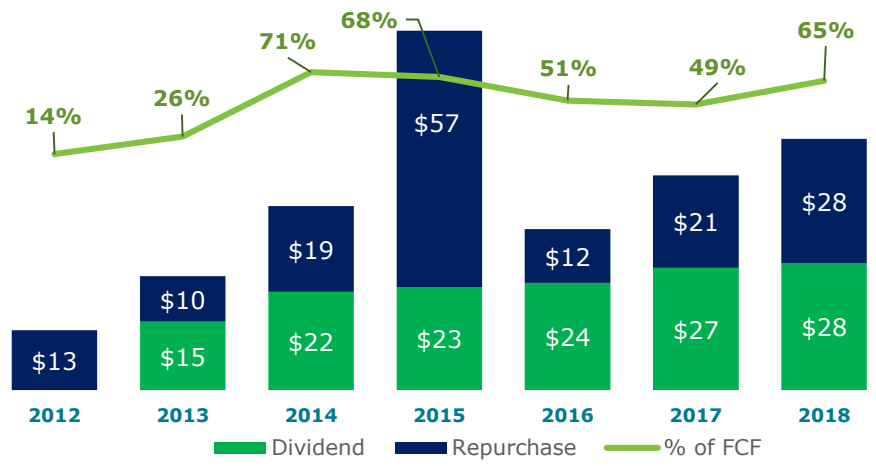
Optimizing Shareholder Return

- Dividend initiated in 2013
 - Yield of 2%
 - Increased annually by mid-single digit rate (6% in Feb-2019)
- Share repurchases
 - 3-year \$150m share repurchase plan announced Sep-2018

Investing in Business

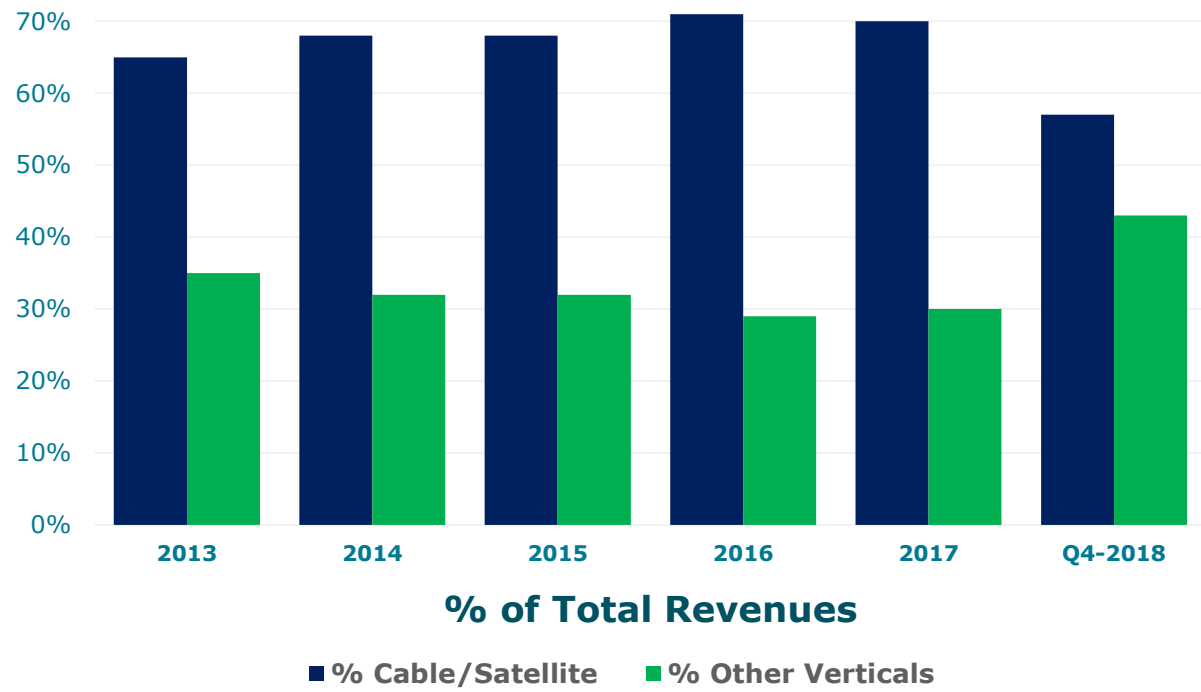
- Consistent R&D investment of 13-15% of revenues
- Capital expenditures for technology and equipment to run large-scale operations (approx. \$30-40 million annually)
- M&A to expand/accelerate solutions or expand into new markets

Returning Cash to Shareholders (1)



Note: \$ in millions. (1) Please see Appendix and IR website for reconciliations.

— REVENUE DIVERSIFICATION IMPROVING



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supporting
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APPENDIX

GAAP INCOME STATEMENT

	Year Ended December 31,					
	2013	2014	2015	2016	2017	2018
Revenue	\$ 747.5	\$ 751.3	\$ 752.5	\$ 761.0	\$ 789.6	\$ 875.1
Cost of revenues	377.2	389.3	379.7	375.1	394.8	448.9
Other operating expenses						
Research and development	110.0	104.7	102.0	98.7	113.2	124.9
Selling, general and administrative	152.6	153.5	139.8	140.5	153.7	169.3
Depreciation	18.6	14.1	14.8	13.6	13.4	18.3
Restructuring and reorganization charges	12.4	14.0	3.1	0.4	8.8	8.7
Total operating expenses	670.8	675.6	639.4	628.3	683.9	770.1
Operating Income	\$ 76.7	\$ 75.7	\$ 113.1	\$ 132.6	\$ 105.7	\$ 104.9
Other income (expense)	(15.2)	(14.2)	(16.8)	(32.6)	(18.0)	(17.9)
Income before income taxes	61.5	61.5	96.3	100.0	87.7	87.0
Income tax provision	(16.3)	(25.8)	(33.8)	(37.1)	(26.3)	(20.9)
Net Income	\$ 45.3	\$ 35.7	\$ 62.6	\$ 62.9	\$ 61.4	\$ 66.1
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	32.9
Earnings per common share						
Basic	1.41	1.10	2.01	2.03	1.89	2.04
Diluted	1.38	1.06	1.87	1.90	1.87	2.01

Note: \$ in millions.

NON-GAAP RECONCILIATION

	Year Ended December 31,					
	2013	2014	2015	2016	2017	2018
Revenue	\$ 747.5	\$ 751.3	\$ 752.5	\$ 761.0	\$ 789.6	\$ 875.1
Transaction Fees	-	-	-	-	-	(15.6)
Non-GAAP Adjusted Revenue	\$ 747.5	\$ 751.3	\$ 752.5	\$ 761.0	\$ 789.6	\$ 859.5
GAAP Operating Income	\$ 76.7	\$ 75.7	\$ 113.1	\$ 132.6	\$ 105.7	\$ 104.9
Restructuring and reorganization changes	12.4	14.0	3.1	0.4	8.8	8.7
Acquisition-related costs	0.1	-	-	-	-	4.9
Stock-based compensation	14.8	16.7	21.4	22.8	20.8	19.7
Amortization of acquired intangible assets	19.2	15.4	12.0	8.5	6.9	9.7
Non-GAAP Operating Income	\$ 123.2	\$ 121.7	\$ 149.6	\$ 164.3	\$ 142.1	\$ 147.9
<i>Non-GAAP Adjusted Operating Income Margin</i>	16.5%	16.2%	19.9%	21.6%	18.0%	17.2%
GAAP Operating Income	\$ 76.7	\$ 75.7	\$ 113.1	\$ 132.6	\$ 105.7	\$ 104.9
Depreciation	18.6	14.1	14.8	13.6	13.4	18.3
Restructuring and reorganization changes	12.4	14.0	3.1	0.4	8.8	8.7
Acquisition-related costs	0.1	-	-	-	-	4.9
Stock-based compensation	14.8	16.7	21.4	22.8	20.8	19.7
Amortization of acquired intangible assets	19.2	15.4	12.0	8.5	6.9	9.7
Amortization of other intangible assets	16.2	15.8	14.5	16.9	20.4	9.5
Amortization of client contract costs	-	-	-	-	-	23.4
Non-GAAP Adjusted EBITDA	\$ 158.0	\$ 151.6	\$ 178.9	\$ 194.8	\$ 175.9	\$ 199.1
<i>Non-GAAP Adjusted EBITDA Margin</i>	21.1%	20.2%	23.8%	25.6%	22.3%	23.2%
Cash Flow from Operating Activities	\$ 126.6	\$ 83.7	\$ 137.0	\$ 84.2	\$ 127.2	\$ 143.3
<i>Non-GAAP Operating Cash Flow Margin</i>	16.9%	11.1%	18.2%	11.1%	16.1%	16.4%
Purchases of PP&E	(30.1)	(26.0)	(18.8)	(14.3)	(28.9)	(57.1)
Non-GAAP Free Cash Flow	\$ 96.6	\$ 57.7	\$ 118.1	\$ 69.9	\$ 98.3	\$ 86.2
<i>Non-GAAP Free Cash Flow Margin</i>	12.9%	7.7%	15.7%	9.2%	12.4%	10.0%

Note: \$ in millions.

QUESTIONS?

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