



TOGETHER. YOU WIN.

CSG

COMPANY OVERVIEW

NOVEMBER
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

CSG AT A GLANCE

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

- Revenue Management & Payments
- Customer Experience
- Digital Monetization
- Managed Services

STRONG BUSINESS MODEL

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

• **500+ CLIENTS**

• **NASDAQ:CSGS**

Small-cap stock

• **3,900+ EMPLOYEES**



CSG: KEY INVESTMENT HIGHLIGHTS

PROVEN LEADER

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

MULTIPLE DRIVERS

for-long term growth

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

Communications 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

Digital Platforms Differentiate CSG



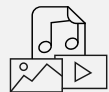
Radically reduce costs thought



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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MULTIPLE GROWTH OPPORTUNITIES

EXPAND LEADERSHIP POSITION

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

CREATE MORE RECURRING RELATIONSHIPS

- Increase adoption of managed services
- Leverage our current client relationships with value-added services and solutions

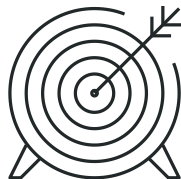
SCALE AND MONETIZE DIGITAL SERVICES

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

— EXPAND LEADERSHIP POSITION: MARKET SHARE GAINS

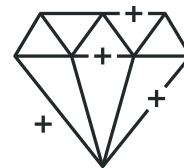


“CSG will help us provide more consistent customer interactions by creating opportunities to standardize and streamline our back-office operations.”



GOAL

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



SOLUTION

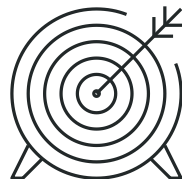
Implemented CSG solutions that **provided flexibility to innovate** through convergent billing capabilities

— EXPAND LEADERSHIP POSITION: GROW FOOTPRINT WITH CX SOLUTIONS



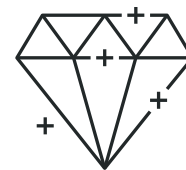
“The ability of our field technicians and dispatchers to make real-time updates and changes will provide a new level of operational efficiency.”

Simon Tadeo
Customer Experience Officer
Cablevisión Argentina



GOAL

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



SOLUTION

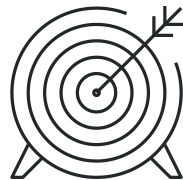
Optimized field technician scheduling and dispatch processes to **reduce service call costs and increase customer satisfaction**

— CREATE MORE RECURRING RELATIONSHIPS



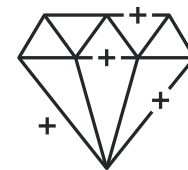
“The extension of the business relationship with CSG will go a long way towards helping MTN to simplify and streamline our operations.”

Benjamin Marais
Chief Information Officer
MTN South Africa



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

— CREATE MORE RECURRING RELATIONSHIPS



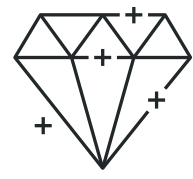
“Our contact rates and self-resolutions rates have exceeded project targets. Of all of our sampling, nearly all customers are receiving email or text contact in under one minute.”

Steve Durney
Former Director of Operational Strategy
JPMorgan Chase & Co.



GOAL

Automatically prescreen fraudulent activity and contact the customer via text message or voice call in real-time to **prevent fraudulent purchases**



SOLUTION

Handle all monetary and non-monetary credit card fraud alerts for 65 million households using CSG Interactive Messaging, **letting customers resolve fraud cases in under 10 seconds**

— DIGITAL SERVICES MONETIZATION: OTT



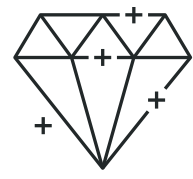
“We have created a world-class Internet TV product with a customer focused approach and aim of providing individual users with the best experience possible.”

Emmanuel Frenehard
Chief Technology Officer
iflix



GOAL

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



SOLUTION

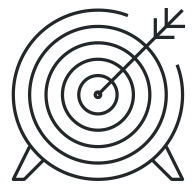
Consolidate multiple payment solutions **onto CSG platform** with centralized eWallet capabilities and centralized view of customer

— DIGITAL SERVICES MONETIZATION: IOT



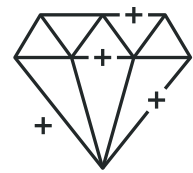
“CSG and the Ascendon platform are critical components of our digital transformation. Simply put, this platform allows us to reimagine business models and do things that we haven’t been able to do before.”

Jake Harris
Director, Connectivity Services
Arrow Electronics



GOAL

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, CSG provides Arrow a complete offering to **deploy, manage, monitor, invoice and monetize connected devices globally**

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OUR BUSINESS MODEL CREATES VALUE



LONG-TERM CLIENT CONTRACTS
with established providers



CLOUD DELIVERY MODEL
provides leverage and scale



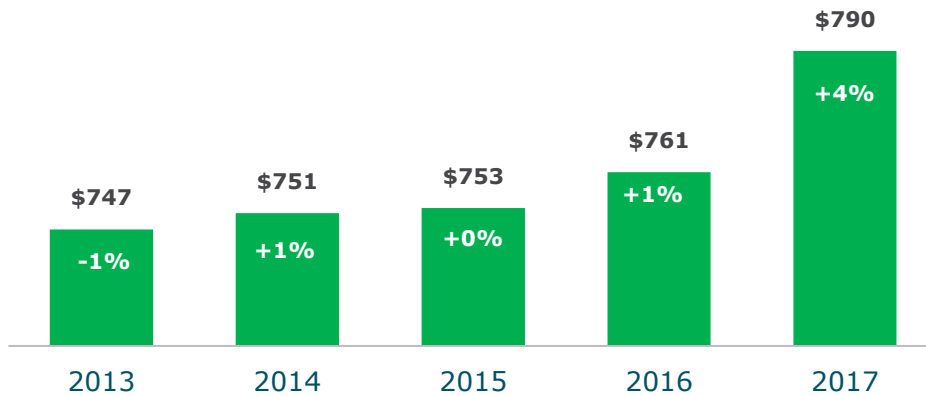
INVESTING CAPITAL BACK INTO BUSINESS
to drive top-line growth



SHAREHOLDER-FRIENDLY
capital allocation policy

— SOLID BUSINESS MODEL

Investing to Drive Revenue Growth



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

— STRONG CASH GENERATION

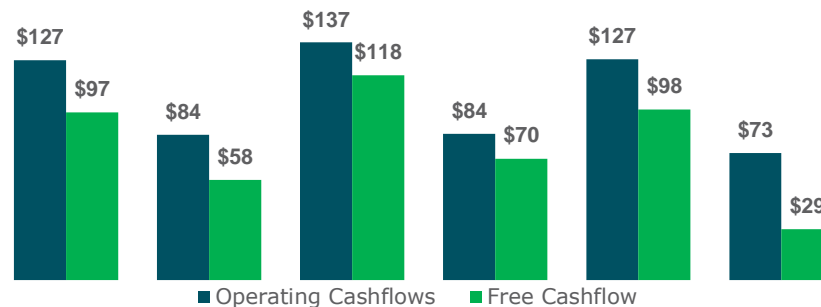
Strong Cash Generation

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

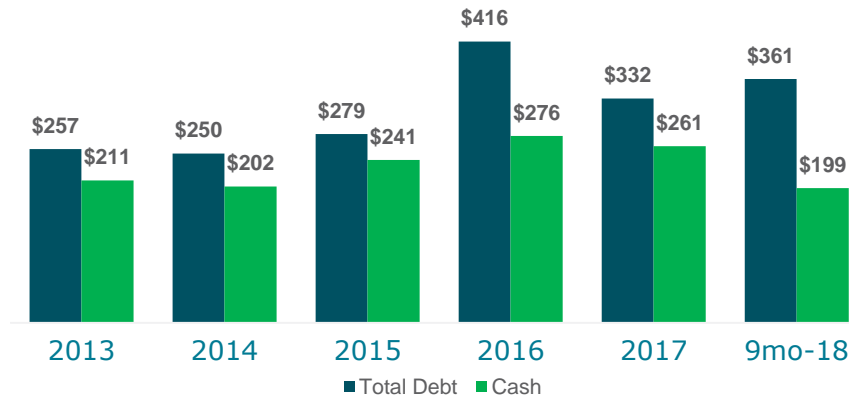
Solid Balance Sheet

- 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) See Appendix for reconciliation.

— 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

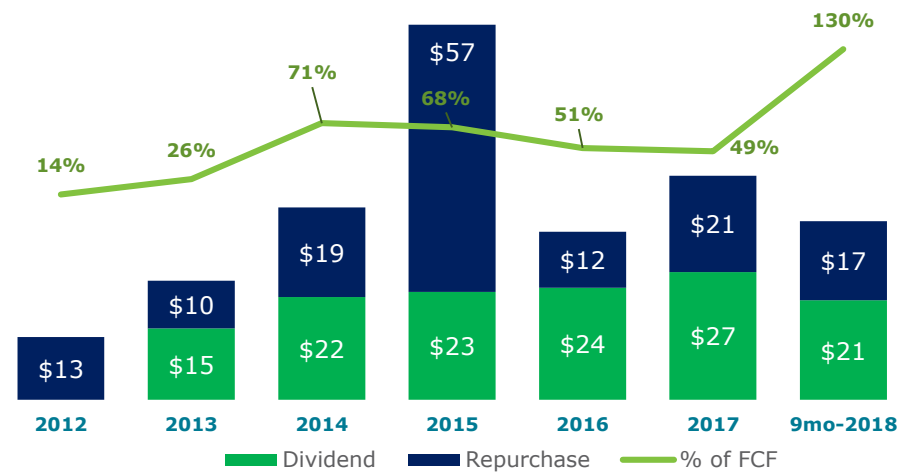
Optimizing Shareholder Return

- Dividend initiated in 2013
 - Yield of 2%
 - Increased annually by mid-single digit rate
- 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) See Appendix for reconciliation.

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supporting
investments and
shareholder
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APPENDIX

GAAP INCOME STATEMENT

	Year Ended December 31,					
	2013	2014	2015	2016	2017	9mo -2018
Revenue	\$ 747.5	\$ 751.3	\$ 752.5	\$ 761.0	\$ 789.6	\$ 627.8
Cost of revenues	377.2	389.3	379.7	375.1	394.8	319.6
Other operating expenses						
Research and development	110.0	104.7	102.0	98.7	113.2	91.8
Selling, general and administrative	152.6	153.5	139.8	140.5	153.7	120.5
Depreciation	18.6	14.1	14.8	13.6	13.4	13.3
Restructuring and reorganization charges	12.4	14.0	3.1	0.4	8.8	7.0
Total operating expenses	670.8	675.6	639.4	628.3	683.9	552.3
Operating Income	\$ 76.7	\$ 75.7	\$ 113.1	\$ 132.6	\$ 105.7	\$ 75.5
Other income (expense)	(15.2)	(14.2)	(16.8)	(32.6)	(18.0)	(14.1)
Income before income taxes	61.5	61.5	96.3	100.0	87.7	61.4
Income tax provision	(16.3)	(25.8)	(33.8)	(37.1)	(26.3)	(16.2)
Net Income	\$ 45.3	\$ 35.7	\$ 62.6	\$ 62.9	\$ 61.4	\$ 45.2
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	1.39
Diluted	1.38	1.06	1.87	1.90	1.87	1.37

NON-GAAP RECONCILIATION

	Year Ended December 31,					9mo -2018
	2013	2014	2015	2016	2017	
Revenue	\$ 747.5	\$ 751.3	\$ 752.5	\$ 761.0	\$ 789.6	\$ 627.8
GAAP Operating Income	\$ 76.7	\$ 75.7	\$ 113.1	\$ 132.6	\$ 105.7	\$ 75.5
Restructuring and reorganization changes	12.4	14.0	3.1	0.4	8.8	7.0
Acquisition-related costs	0.1	-	-	-	-	2.6
Stock-based compensation	14.8	16.7	21.4	22.8	20.8	14.9
Amortization of acquired intangible assets	19.2	15.4	12.0	8.5	6.9	6.4
Non-GAAP Operating Income	\$ 123.2	\$ 121.7	\$ 149.6	\$ 164.3	\$ 142.1	\$ 106.5
<i>Non-GAAP Operating Income Margin</i>	16.5%	16.2%	19.9%	21.6%	18.0%	17.0%
GAAP Operating Income	\$ 76.7	\$ 75.7	\$ 113.1	\$ 132.6	\$ 105.7	\$ 75.5
Depreciation	18.6	14.1	14.8	13.6	13.4	13.3
Restructuring and reorganization changes	12.4	14.0	3.1	0.4	8.8	7.0
Acquisition-related costs	0.1	-	-	-	-	2.6
Stock-based compensation	14.8	16.7	21.4	22.8	20.8	14.9
Amortization of acquired intangible assets	19.2	15.4	12.0	8.5	6.9	6.4
Amortization of other intangible assets	16.2	15.8	14.5	16.9	20.4	7.0
Amortization of client contract costs						17.3
Non-GAAP Adjusted EBITDA	\$ 158.0	\$ 151.6	\$ 178.9	\$ 194.8	\$ 175.9	\$ 144.0
<i>Non-GAAP Adjusted EBITDA Margin</i>	21.1%	20.2%	23.8%	25.6%	22.3%	22.9%
Cash Flow from Operating Activities	\$ 126.6	\$ 83.7	\$ 137.0	\$ 84.2	\$ 127.2	\$ 73.3
<i>Non-GAAP Operating Cash Flow Margin</i>	16.9%	11.1%	18.2%	11.1%	16.1%	11.7%
Purchases of PP&E	(30.1)	(26.0)	(18.8)	(14.3)	(28.9)	(44.0)
Non-GAAP Free Cash Flow	\$ 96.6	\$ 57.7	\$ 118.1	\$ 69.9	\$ 98.3	\$ 29.2
<i>Non-GAAP Free Cash Flow Margin</i>	12.9%	7.7%	15.7%	9.2%	12.4%	4.7%

QUESTIONS?

CORPORATE HEADQUARTERS

6175 S. Willow Drive Floor 10
Greenwood Village, CO 80111

T: +1 303 200 2000

F: +1 303 200 3333



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