

# CSG Q3 2024 Earnings Presentation

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# Safe Harbor

## Forward-Looking Statements + Disclaimers

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. In this context, forward-looking statements often address expected future business and financial performance and financial condition, and often contain words such as “expect,” “anticipate,” “intend,” “plan,” “believe,” “seek,” “see,” “will,” “would,” “may,” “target,” and similar expressions and variations or negatives of these words. These forward-looking statements may include, among other things, statements with respect to our strategies and priorities, future growth prospects and opportunities, uses of cash, and other measures that may impact our financial performance; expectations regarding our share repurchase program; anticipated impacts of pandemics; the strength of our balance sheet and tenor of our third-party debt; and other information and statements that are not historical fact. These forward-looking statements involve certain risks and uncertainties that could cause actual results to differ materially from those expressed or implied by these statements. These risks and uncertainties include events that are outside of our control, such as general economic, legislative, political and regulatory factors, and the impact of weather conditions, natural disasters, or any epidemic, pandemic or disease outbreak (including pandemics); other factors detailed from time to time in our filings with the U.S. Securities and Exchange Commission; and management’s response to any of the aforementioned factors. For additional information on identifying factors that may cause actual results to vary materially from those stated in forward-looking statements, please see our filings with the U.S. Securities and Exchange Commission, including our most recently filed Form 10-Q and/or Form 10-K. These forward-looking statements speak only as of the date of this release. We expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

## Use of Non-GAAP Financial Measures

To supplement our condensed consolidated financial statements presented in accordance with generally accepted accounting principles (GAAP), we reference non-GAAP operating income, non-GAAP adjusted operating margin percentage, non-GAAP Earnings per Share (EPS), non-GAAP adjusted EBITDA, and non-GAAP free cash flow. CSG believes that these non-GAAP financial measures, when reviewed in conjunction with its GAAP financial measures, provide investors with greater transparency to the information used by CSG’s management in its financial and operational decision making. CSG uses these non-GAAP financial measures for the following purposes: certain internal financial planning, reporting, and analysis; forecasting and budgeting; certain management compensation incentives; and communications with CSG’s Board of Directors, stockholders, financial analysts, and investors.

These non-GAAP financial measures are provided with the intent of providing investors with the following information: more complete understanding of CSG’s underlying operational results, trends, and cash generating capabilities; consistency and comparability with CSG’s historical financial results; and comparability to similar companies, many of which present similar non-GAAP financial measures to investors.

Non-GAAP financial measures are not measures of performance under GAAP, and therefore should not be considered in isolation or as a substitute for GAAP financial information. Limitations with the use of non-GAAP financial measures include the following items: non-GAAP financial measures are not based on any comprehensive set of accounting rules or principles; the way in which CSG calculates non-GAAP financial measures may differ from the way in which other companies calculate similar non-GAAP financial measures; non-GAAP financial measures do not include all items of income and expense that affect CSG’s operations and that are required by GAAP to be included in financial statements; certain adjustments to CSG’s non-GAAP financial measures result in the exclusion of items that are recurring and will be reflected in CSG’s financial statements in future periods; and certain charges excluded from CSG’s non-GAAP financial measures are cash expenses, and therefore do impact CSG’s cash position.

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Please refer to the investor relations section of CSG’s website for disclosures related to non-GAAP financial measures and reconciliations.

# Business Results



# Team CSG Executing Well in Q3 & YTD 2024



## Fantastic Win-Win Expansion Signed with Comcast

- ✓ **6-year term** through December 31, 2030
- ✓ Creates great value for both companies (**no renewal discount**)
- ✓ CSG will continue to support Comcast's core triple-play business



## Profitability Metrics Raised for Second Consecutive Quarter

- ✓ Raising non-GAAP adjusted operating margin, non-GAAP adjusted EBITDA and EPS
- ✓ Reiterating all other 2024 financial guidance targets
- ✓ Generated **\$37M** of free cash flow YTD, **up 25% YoY**



## Excellent New Logo Sales Wins & Contract Extensions Globally

- ✓ Continue to see new logo wins in Global Telecom, including Telenor Denmark
- ✓ Signed great renewals with Walgreens, Formula 1, leading U.S. banks & more
- ✓ Numerous wins across all areas of the business

# CSG & Comcast Sign Exciting Win-Win Renewal



## Positive Win-Win Terms

Comcast can unlock greater value by doing more business with CSG (no renewal discount)

## Good Contractual Commitments

Contract term through December 31, 2030

## Annual Contract Escalators

Contract extension includes annual price escalators beginning in January 2026



## Extends Three Decade Partnership

Builds on broad and deep 35+ year history between the companies



## Supports Triple-Play & New Use Cases

CSG will continue supporting triple-play subs & will explore new use cases with Comcast



## Opportunities for Future Growth

Future opportunities for CSG to win more business just like new billing win announced in Q2 2024

# CSG Value Creation Priorities

1

2% - 6% organic revenue growth with >35% revenue diversification from bigger, faster-growth industry verticals

2

18% - 20% non-GAAP adjusted op margin with \$110M - \$150M adjusted FCF<sup>(1)</sup> without impeding sales momentum

3

>\$100M in capital to be returned to shareholders in each of 2024 & 2025 combined with disciplined, value creating M&A

# CSG Value Proposition and Where We Compete



Provide **mission critical** enterprise SaaS solutions



Integrated “**post-purchase customer journeys**” in the digital customer experience lifecycle



Help **global brands** in industry verticals with **recurring subscription and consumption-based** business models

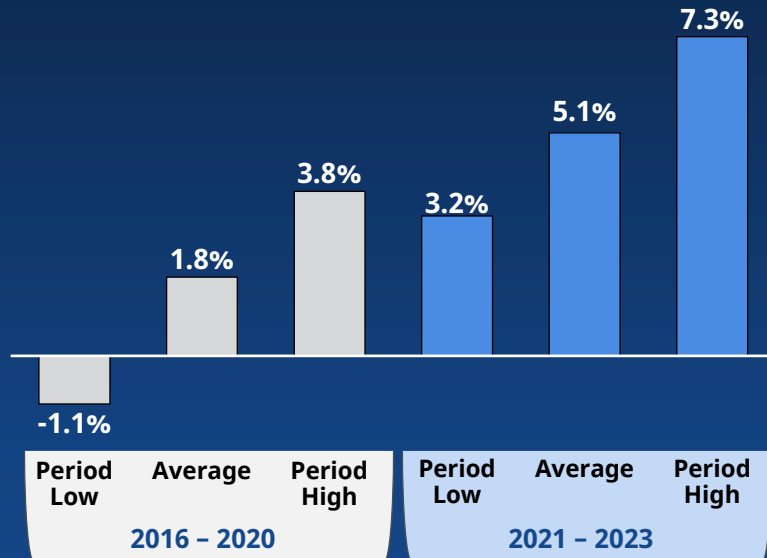
**Harness their customer data** to more cost effectively:

- ✓ Launch new services
- ✓ Grow, bill, & collect revenue faster
- ✓ Delight their customers in the digital world



# 1 Accelerating Growth & Revenue Diversification

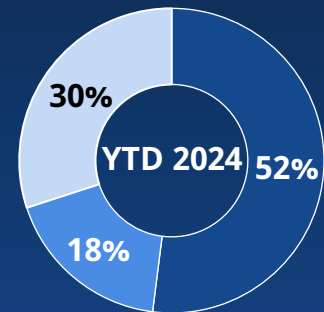
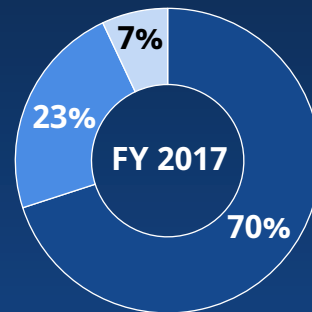
## Much Faster Organic Growth



More than doubled CSG's annual organic revenue growth rate since 2020

## Big Revenue Diversification Success

■ Cable / Pay TV ■ Telco ■ Other Verticals



Financial Services



Technology



Pharmacy



Government



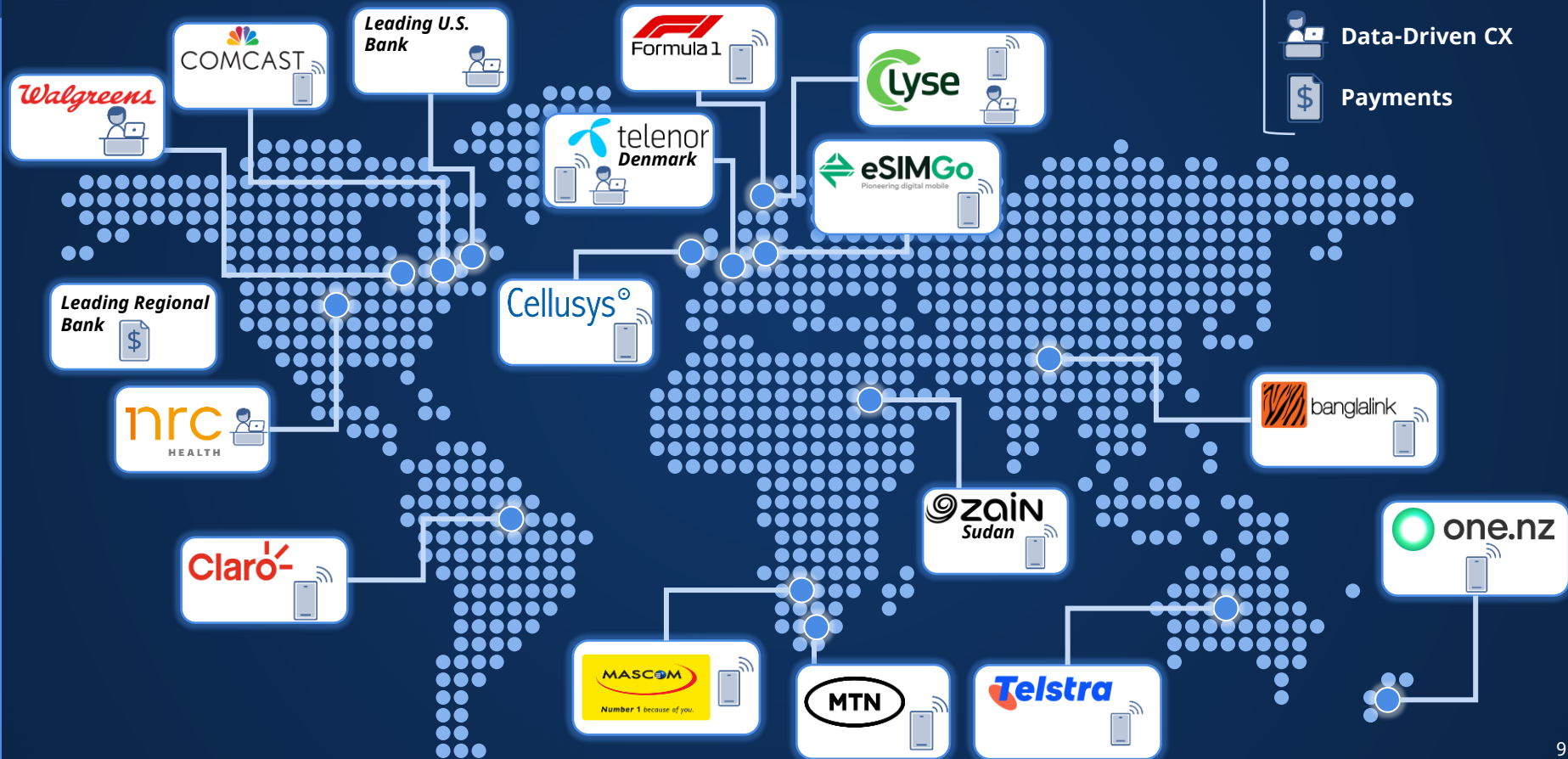
Retail



Insurance

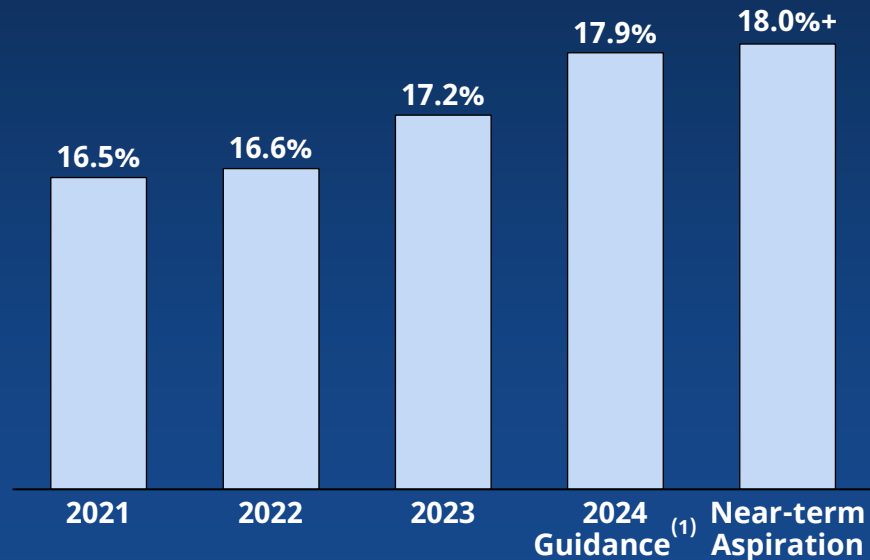


# 1 Continued Global Sales Success in 2024 YTD



## 2 Expanding CSG Profitability & Cash Generation

Tracking to expand Non-GAAP Operating Margin >130 basis points from 2022 to FY24



<sup>(1)</sup> Represents mid-point of current 2024 guidance

Aspire to expand profitability to 18% - 20% without impeding sales growth



**Continue to invest** in new data-driven, AI-based CX, SaaS monetization, & richer integrated payments solutions



Committed to constantly **optimize and reinvent** how we do business



Focused on expanding margins while **driving accelerated sales growth**



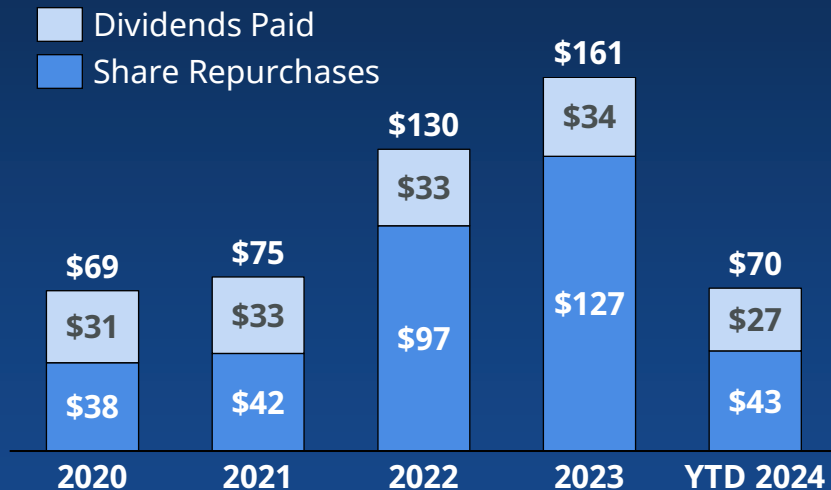
Laser focused on converting higher profitability into **better cash flow generation**

### 3 Commitment to Shareholder Returns + Accretive M&A

#### Commitment to Shareholder Returns

##### Shareholder Remuneration (2020 – 2024)

\$ in millions



- ✓ Returned nearly \$500 million to shareholders since 2020
- ✓ CSG Board authorized an additional \$100 million share repurchase program in August 2024

#### Disciplined & Accretive M&A

1

##### Strategic Fit

Brings strategic value to win more in the market

2

##### Financial Fit

Accretive to both top and bottom-line growth

3

##### Culture Fit

Aligns & integrates well with CSG culture/values

4

##### Risk & Return Profile

Great discipline to create big shareholder value

- ✓ **April:** Purchased insurance-centric customer engagement company
- ✓ **June:** Closed acquisition of iCG Pay; 10%+ revenue growth payments company

# Financial Results



# Q3 2024 Financial Summary

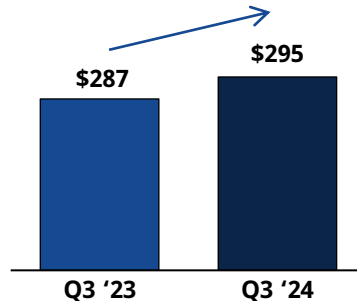
## Highlights:

Raising 2024 profitability guidance for second consecutive quarter; reiterating all other full-year 2024 financial guidance targets

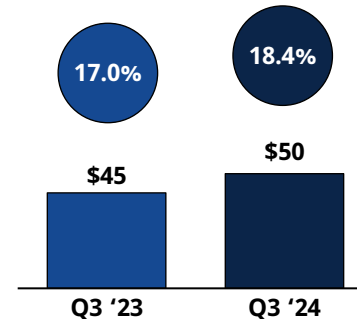
Strong profitability results driven by strong cost control and allocating our resources to the most value-creating priorities

15% YoY increase in Q3 non-GAAP EPS driven by improved profitability & more share repurchases

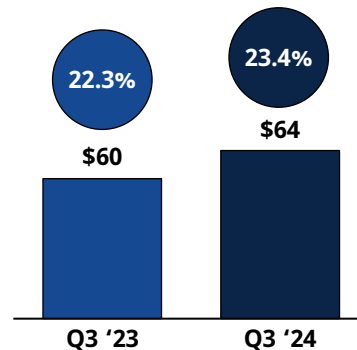
Revenue  
\$USD million



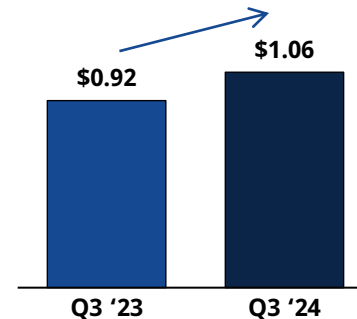
Non-GAAP Adjusted Operating Income  
\$USD million & as a % revenue less transaction fees



Non-GAAP Adjusted EBITDA  
\$USD million & as a % of revenue less transaction fees



Non-GAAP EPS  
\$USD per share



# Strong Balance Sheet & Good Shareholder Returns

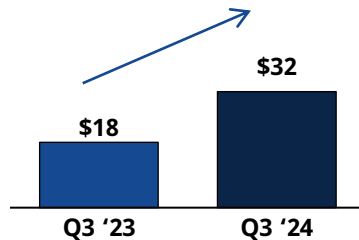
## Highlights:

Strong balance sheet with significant flexibility & optionality

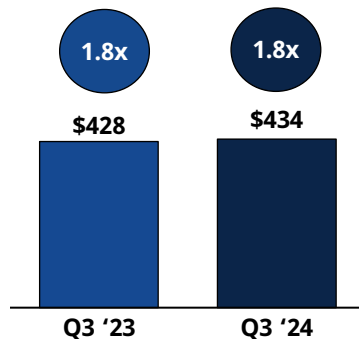
~25% YTD YoY increase in non-GAAP free cash flow

Continued commitment to shareholder remuneration via share repurchases and dividends; \$100 million commitment in each of 2024 and 2025

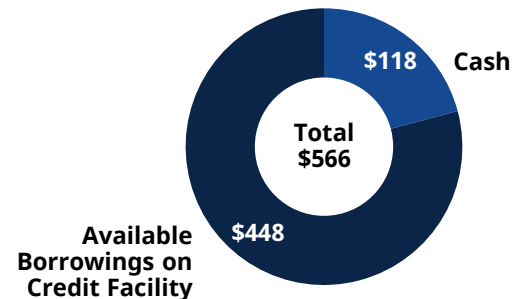
**Non-GAAP Free Cash Flow**  
\$USD million



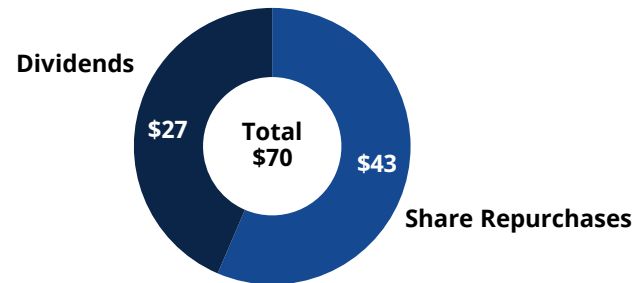
**Net Leverage<sup>(1)</sup>**  
\$USD million & net leverage ratio



**Q3 2024 Liquidity Profile**  
\$USD million



**YTD Shareholder Remuneration**  
\$USD million



(1) Net leverage ratio is defined as net debt divided by LTM non-GAAP adjusted EBITDA. CSG's DBOs were 64 for Q3 2024

# Conclusions

# 2024 Guidance

1

Signed landmark Comcast contract extension through year-end 2030

2

Raising 2024 profitability guidance for second consecutive quarter

3

Continued business wins in exciting new verticals & global telco/cable

4

Significant YoY increases in YTD profitability and free cash flow

5

Commitment to return significant capital to shareholders

## GAAP MEASURES

August 2024

November 2024

Revenue

\$1.20B – \$1.24B

\$1.20B – \$1.24B

Transaction Fees

\$98M – \$103M

\$98M – \$103M

Share Count

~29 million

~29 million

## NON-GAAP MEASURES

August 2024

November 2024

Adj. Operating Margin %

17.3% – 17.7%

17.7% – 18.1%

EPS

\$4.05 – \$4.35

\$4.25 – \$4.55

Adjusted EBITDA

\$247M – \$257M

\$251M – \$261M

Free Cash Flow

\$95M – \$135M

\$95M – \$135M

Capital Expenditures

\$25M – \$35M

\$25M – \$35M

Effective Tax Rate

~29%

~29%