



CSG Systems International, Inc. (CSGS)

Updated November 10th, 2025, by Kody Kester

Key Metrics

Current Price:	\$78	5 Year CAGR Estimate:	6.5%	Market Cap:	\$2.2B
Fair Value Price:	\$71	5 Year Growth Estimate:	7.0%	Ex-Dividend Date:	12/17/25 ¹
% Fair Value:	110%	5 Year Valuation Multiple Estimate:	-1.9%	Dividend Payment Date:	01/02/26 ¹
Dividend Yield:	1.6%	5 Year Price Target	\$99	Years Of Dividend Growth:	12
Dividend Risk Score:	B	Sector:	Technology	Rating:	Hold

Overview & Current Events

Formed in 1994, CSG Systems International, Inc. is a software-as-a-service (SaaS) platform company. The company provides revenue management and digital monetization, customer experience, and payment solutions across a variety of industries. These software products include a variety of formats, including business-to-business, business-to-consumer, and business-to-business-to-consumer. Simply put, CSGS' products make it easier for a company's customers to do business with them in their preferred channel of choice.

In recent years, CSGS has done an excellent job diversifying its revenue base. A majority of CSGS' revenue through the first nine months of 2025 (51%) was derived from the cable/pay-TV industry. Another 18% consisted of telecom industry customers. The remaining portion of CSGS' revenue was spread across other industries. That may seem like a relatively concentrated revenue base. However, it's a major step forward from the 70% of 2017 revenue that came from cable/pay TV customers and 23% of revenue from telecom industry customers, respectively. The company's other vertical categories, which include retail, healthcare, and financial services, have more than quadrupled in this time from just 7% to 31%.

On November 5th, CSGS released its earnings report for the third quarter ended September 30th, 2025. The company's revenue increased by 2.9% year-over-year to \$305.6 million in the quarter. As has been the case in past quarters, this topline growth was made possible by SaaS business growth during the quarter. CSGS' non-GAAP EPS surged 23.6% higher over the year-ago period to \$1.31 for the quarter. That beat the analyst consensus in the quarter by \$0.19. The company's non-GAAP net profit margin expanded by around 190 basis points during the quarter to 12.1%. On October 29th, CSGS announced that NEC Corporation is going to be acquiring CSGS for \$80.70 per share in cash. This agreement has been approved by both companies' Boards and is pending CSGS shareholder approval and regulatory approvals, with the transaction expected to be finalized in the 2026 calendar year.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	\$2.62	\$2.79	\$2.51	\$3.06	\$3.53	\$3.12	\$3.35	\$3.61	\$3.69	\$4.72	\$4.77	\$6.69
DPS	\$0.70	\$0.74	\$0.79	\$0.84	\$0.89	\$0.94	\$1.00	\$1.06	\$1.12	\$1.20	\$1.28	\$1.75
Shares²	32.6	32.3	33.5	33.2	32.9	32.7	32.5	31.3	29.5	28.9	28.5	25.3

CSGS' focus on diversifying its revenue stream into higher-growth verticals continues to pay off. Beyond 2025, CSGS is targeting 2% to 6% annual organic revenue growth over the long term. That would be better than the pace of 1.8% logged from 2016 to 2020. The company is targeting an 18% to 20% non-GAAP adjusted operating margin in the years ahead (it was 19.5% in YTD 2025). Topline growth, the potential for incremental margin expansion, and share buybacks are why we're maintaining our forecast of 7% annual non-GAAP EPS growth through 2030, off a projected 2025 base of \$4.77. In our view, that should lead to a fairly comparable dividend growth rate for the foreseeable future.

¹Estimated based on past dividend dates.

²Share count is in millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.



CSG Systems International, Inc. (CSGS)

Updated November 10th, 2025, by Kody Kester

Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	13.7	17.4	17.5	10.3	14.8	14.4	17.2	15.9	14.4	11.9	16.3	14.8
Avg. Yld.	1.9%	1.5%	1.8%	2.7%	1.7%	2.1%	1.7%	1.9%	2.1%	2.3%	1.6%	1.8%

Since 2015, CSGS' P/E ratio has varied from as low as the low double-digits to as much as the high teens. This correlates to an average P/E ratio of 14.8. CSGS' annual non-GAAP EPS growth prospects are about the same as in recent years. The company's successful diversification and margin expansion efforts continue to arguably back up a reversion to this valuation. CSGS' current P/E ratio of 16.3 comes in moderately above our fair value P/E ratio.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	27%	27%	31%	27%	25%	30%	30%	29%	30%	25%	27%	26%

CSGS' competitive advantage lies in its solutions. These solutions help companies to harness customer data more cost-effectively. That allows these companies to launch new services and bill and collect revenue more efficiently. This leads to high retention rates for CSGS.

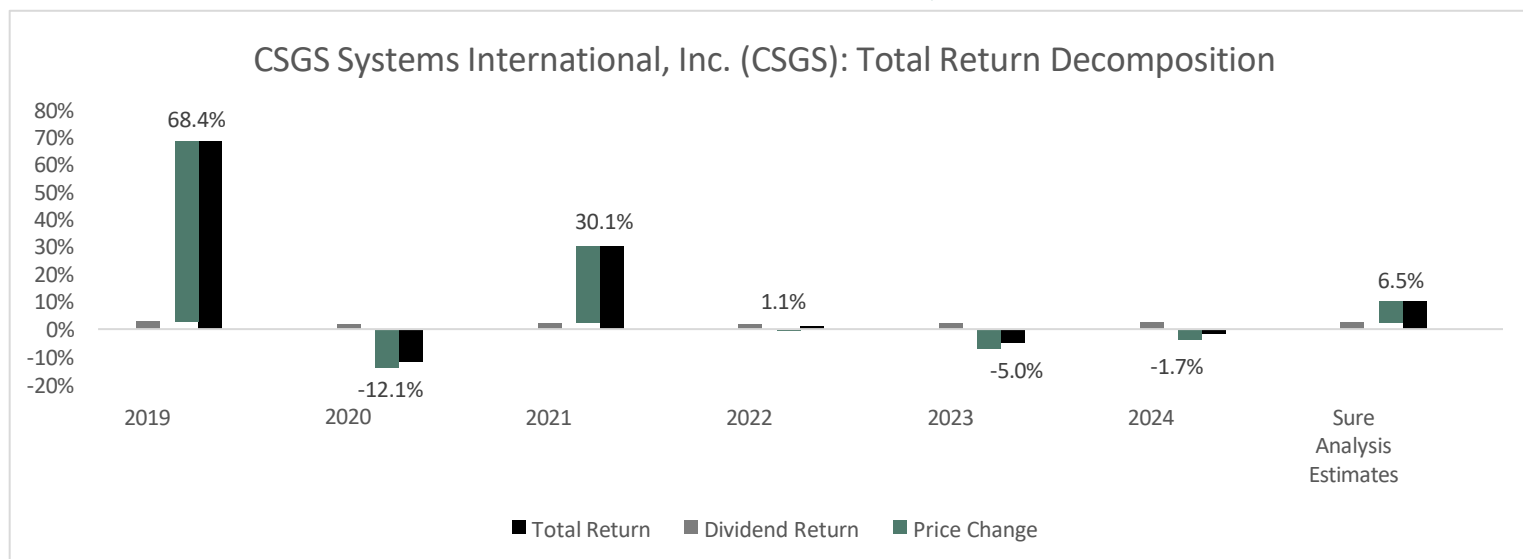
CSGS remains dependent on its two biggest customers for a plurality of its business. Charter Communications and Comcast accounted for 37% of revenue (19% and 18%), respectively. The company compensates for this concentrated revenue via decent financial positioning. CSGS' interest coverage ratio was 5.1x through the first nine months of 2025. This suggests that the company could withstand a downturn in its business and remain solvent.

CSGS' dividend also looks to be sustainable for its industry. The payout is still expected to be in the high 20% range for 2025. This is about where it has been for the past decade. That is arguably a sufficient cushion for the dividend to be maintained or slightly grown in a year of earnings decline.

Final Thoughts & Recommendation

CSGS' 1.6% dividend yield, 7.0% annual non-GAAP EPS growth potential, and 1.9% annual valuation multiple downside could generate 6.5% annual total returns over the medium term. That's why we're downgrading shares to a hold rating.

Total Return Breakdown by Year





CSG Systems International, Inc. (CSGS)

Updated November 10th, 2025, by Kody Kester

Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	753	761	790	875	997	991	1,046	1,090	1,169	1,197
Gross Profit	373	386	395	425	472	455	503	525	554	583
Gross Margin	49.5%	50.7%	50.0%	48.6%	47.3%	45.9%	48.1%	48.1%	47.4%	48.7%
SG&A Exp.	140	140	154	169	191	198	215	238	248	258
D&A Exp.	44	41	43	63	67	67	73	77	71	73
Operating Profit	116	133	114	114	131	111	129	125	140	145
Operating Margin	15.4%	17.5%	14.5%	13.0%	13.1%	11.2%	12.3%	11.5%	12.0%	12.1%
Net Profit	63	63	61	66	83	59	72	44	66	87
Net Margin	8.3%	8.3%	7.8%	7.6%	8.3%	5.9%	6.9%	4.0%	5.7%	7.3%
Free Cash Flow	110	62	86	86	114	144	114	27	104	136
Income Tax	34	37	26	21	23	27	29	17	26	25

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	863	892	905	1,114	1,283	1,332	1,387	1,349	1,443	1,501
Cash & Equivalents	133	126	122	139	157	189	206	150	186	162
Accounts Receivable	179	209	220	236	244	227	244	274	268	350
Goodwill & Int.	295	272	281	395	398	394	455	427	413	436
Total Liabilities	517	641	562	753	886	910	947	993	1,170	1,218
Accounts Payable	43	35	38	45	33	30	35	48	46	36
Long-Term Debt	279	376	332	360	357	351	375	413	542	531
Shareholder's Equity	346	251	343	361	397	422	437	355	273	283
LTD/E Ratio	0.81	1.50	0.97	1.00	0.90	0.83	0.86	1.16	1.98	1.88

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	7.3%	7.2%	6.8%	6.6%	6.9%	4.5%	5.3%	3.2%	4.7%	5.9%
Return on Equity	17.8%	21.1%	20.7%	18.8%	21.8%	14.3%	16.8%	11.1%	21.1%	31.2%
ROIC	10.1%	10.0%	9.4%	9.5%	11.2%	7.7%	9.1%	5.6%	8.4%	10.2%
Shares Out.	32.6	32.3	33.5	33.2	32.9	32.7	32.5	31.3	29.5	28.7
Revenue/Share	22.50	23.05	24.03	26.63	30.70	30.69	32.69	34.82	38.83	41.71
FCF/Share	3.29	1.89	2.62	2.62	3.50	4.45	3.55	0.85	3.45	4.74

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.

Disclaimer

Nothing presented herein is, or is intended to constitute, specific investment advice. Nothing in this research report should be construed as a recommendation to follow any investment strategy or allocation. Any forward-looking statements or forecasts are based on assumptions and actual results are expected to vary from any such statements or forecasts. No reliance should be placed on any such statements or forecasts when making any investment decision. While Sure Dividend has used reasonable efforts to obtain information from reliable sources, we make no representations or warranties as to the accuracy, reliability or completeness of third-party information presented herein. No guarantee of investment performance is being provided and no inference to the contrary should be made. There is a risk of loss from an investment in marketable securities. Past performance is not a guarantee of future performance.