CSG Systems International, Inc. (CSGS)

Updated May 9th, 2026, by Kody Kester

Key Metrics

Current Price:	$80	**5 Year CAGR Estimate:**	9.5%	**Market Cap:**	$2.3B
Fair Value Price :	$82	**5 Year Growth Estimate:**	7.5%	**Ex-Dividend Date:**	06/17/26[1]
% Fair Value:	98%	**5 Year Valuation Multiple Estimate:**	0.5%	**Dividend Payment Date:**	07/01/26[1]
Dividend Yield:	1.7%	**5 Year Price Target**	$118	**Years Of Dividend Growth:**	13
Dividend Risk Score:	B	**Sector:**	Technology	**Rating:**	Buy

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 plurality of CSGS' revenue in Q1 2026 (48%) was derived from the cable/pay-TV industry. Another 17% 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 quintupled in this time from just 7% to 35%.

On May 6th, CSGS released its earnings report for the first quarter ended March 31st, 2026. The company's revenue grew by 4.8% year-over-year to $313.7 million in the quarter. This growth was primarily fueled by SaaS business growth. CSGS' non-GAAP EPS surged 20.2% higher over the year-ago period to $1.37 during the quarter. That topped the analyst consensus for the quarter by $0.33. Last October, NEC Corporation announced it will be acquiring CSG Systems for $80.70 per share in cash. The deal looks to be moving forward. In January, CSGS' shareholders overwhelmingly approved the merger agreement. Now, all that's left are certain international clearances to finalize the deal. The deal is expected to close by the end of 2026. If the deal fails to close, NEC agrees to pay $135 million to CSGS. In a much less likely scenario, CSGS would pay $82 million to NEC if it accepts a superior proposal in the meantime.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	$2.79	$2.51	$3.06	$3.53	$3.12	$3.35	$3.61	$3.69	$4.72	$5.14	***$5.15***	***$7.39***
DPS	$0.74	$0.79	$0.84	$0.89	$0.94	$1.00	$1.06	$1.12	$1.20	$1.28	***$1.36***	***$1.82***
Shares[2]	32.3	33.5	33.2	32.9	32.7	32.5	31.3	29.5	28.9	28.4	***28.5***	***25.0***

CSGS' focus on diversifying its revenue stream into higher-growth verticals continues to pay off. Beyond 2025, CSGS is targeting 3% 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. We also think that as CSGS becomes an asset-light SaaS company, it could further expand its non-GAAP adjusted operating margin further into the low-20% range (it was 20.0% in Q1 2026). Topline growth, the potential for incremental margin expansion, and share buybacks are why we believe CSGS can deliver 7.5% annual non-GAAP EPS growth through 2031, off a projected 2026 base of $5.15.

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[1] Share 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.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	17.4	17.5	10.3	14.8	14.8	17.2	15.9	14.4	10.8	16.1	***15.6***	***16.0***
Avg. Yld.	1.5%	1.8%	2.7%	1.7%	2.1%	1.7%	1.9%	2.1%	2.3%	1.7%	***1.7%***	***1.5%***

Since 2016, 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 14.9. CSGS' annual non-GAAP EPS growth prospects are about the same as in recent years. The company's successful diversification and margin expansion efforts could support a slight re-rating in the multiple to 16. CSGS' current P/E ratio of 15.6 is just below our fair value estimate. In the event NEC's acquisition doesn't ultimately go through, CSGS looks to be reasonably valued here.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	27%	31%	27%	25%	30%	30%	29%	30%	25%	25%	***26%***	***25%***

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.

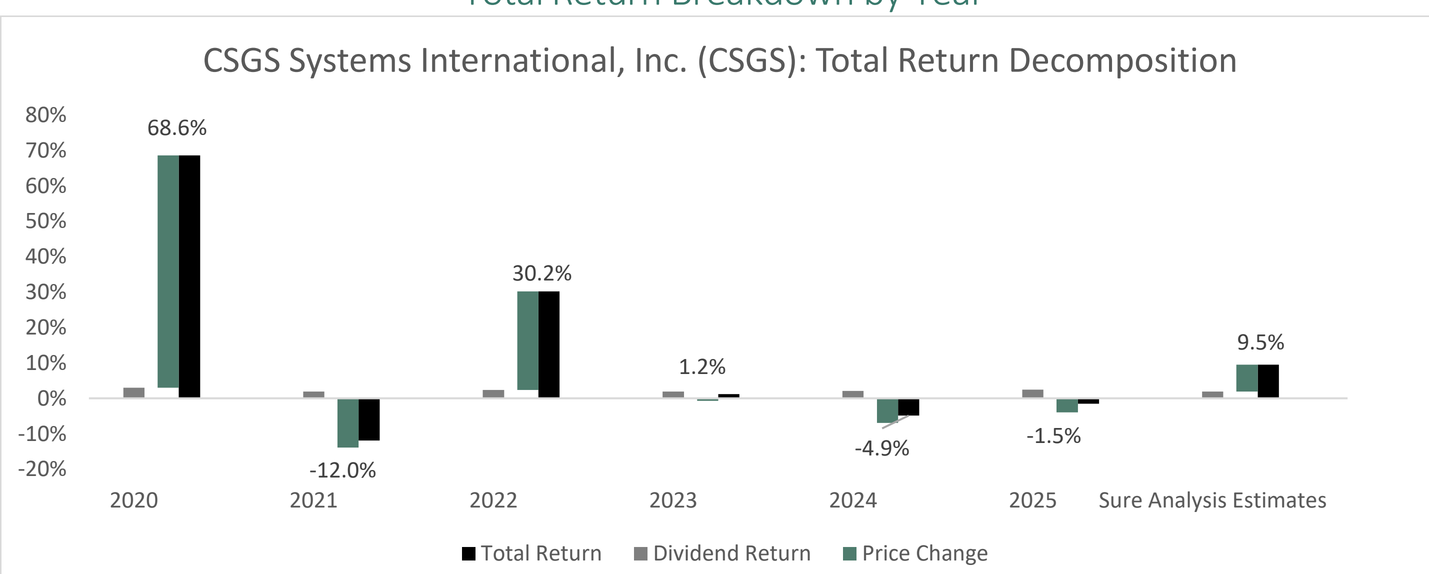
CSGS is dependent on its two biggest customers for a significant portion of its business. Charter Communications and Comcast accounted for 36% of revenue (19% and 17%), respectively. The company compensates for this concentrated revenue via decent financial positioning. CSGS' interest coverage ratio was 6.2x in Q1 2026. 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 mid-20% range for 2026. 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' 1.7% dividend yield, 7.5% annual non-GAAP EPS growth potential, and 0.5% annual valuation multiple upside could generate 9.5% annual total returns through 2031 in a standalone scenario. This is why we're reiterating our Buy rating.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	761	790	875	997	991	1,046	1,090	1,169	1,197	1,223
Gross Profit	372	381	374	419	442	478	501	527	558	578
Gross Margin	48.9%	48.3%	42.7%	42.0%	44.7%	45.7%	46.0%	45.1%	46.6%	47.2%
SG&A Exp.	140	154	169	191	198	215	238	248	258	281
D&A Exp.	41	43	61	67	67	73	77	71	72	72
Operating Profit	133	114	114	131	121	131	127	144	145	152
Operating Margin	17.5%	14.5%	13.0%	13.1%	12.2%	12.5%	11.6%	12.3%	12.1%	12.4%
Net Profit	63	61	66	83	59	72	44	66	87	56
Net Margin	8.3%	7.8%	7.6%	8.3%	5.9%	6.9%	4.0%	5.7%	7.3%	4.6%
Free Cash Flow	62	86	86	114	144	114	27	104	113	141
Income Tax	37	26	21	23	27	29	17	26	25	35

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	892	905	1,114	1,283	1,332	1,387	1,349	1,443	1,501	1,545
Cash & Equivalents	276	261	163	183	240	234	150	186	162	180
Accounts Receivable	240	251	273	278	264	280	327	350	347	368
Goodwill & Int.	272	281	395	398	394	455	427	413	436	445
Total Liabilities	641	562	753	886	910	947	993	1,170	1,218	1,261
Accounts Payable	35	38	45	33	30	35	48	46	36	45
Long-Term Debt	416	332	360	436	447	445	466	577	564	561
Shareholder's Equity	251	343	361	397	422	437	355	273	283	284
LTD/E Ratio	1.66	0.97	1.00	1.16	1.11	1.07	1.37	2.17	2.03	1.99

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	7.2%	6.8%	6.6%	6.9%	4.5%	5.3%	3.2%	4.7%	5.9%	3.7%
Return on Equity	21.1%	20.7%	18.8%	21.8%	14.3%	16.8%	11.1%	21.1%	31.2%	19.7%
ROIC	9.7%	9.1%	9.5%	10.5%	6.7%	8.0%	5.0%	7.8%	10.1%	6.6%
Shares Out.	32.3	33.5	33.2	32.9	32.7	32.5	31.3	29.5	28.9	28.4
Revenue/Share	23.05	24.03	26.63	30.70	30.69	32.69	34.82	38.83	41.77	43.35
FCF/Share	1.89	2.62	2.62	3.50	4.45	3.55	0.85	3.45	3.95	5.01

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