

ModernGraham Valuation

CSG Systems
International, Inc.



Company Name:

Company Ticker CSGS

Date of Analysis

8/26/2018

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$1,240,700,031	Fail
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.68	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	89.41%	Pass
5. Earnings Growth			
6. Moderate PEmg Ratio	PEmg < 20	18.80	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	3.48	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.68	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.10	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago Score		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$1.97
MG Growth Estimate	8.84%
MG Value	\$51.54
MG Value based on 3% Growth	\$28.55
MG Value based on 0% Growth	\$16.73
Market Implied Growth Rate	5.15%

MG Opinion

Current Price	\$37.02
% of Intrinsic Value	71.83%
Opinion	Undervalued
MG Grade	B

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$1.92
Graham Number	\$23.05
PEmg	18.80
Current Ratio	2.68
PB Ratio	3.48
Current Dividend	\$0.79
Dividend Yield	2.13%
Number of Consecutive Years of Dividend Growth	5

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$2.31	Next Fiscal Year Estimate	\$1.97
Dec2017	\$1.87	Dec2017	\$1.74
Dec2016	\$1.90	Dec2016	\$1.63
Dec2015	\$1.87	Dec2015	\$1.47
Dec2014	\$1.06	Dec2014	\$1.24
Dec2013	\$1.38	Dec2013	\$1.29
Dec2012	\$1.51	Dec2012	\$1.25
Dec2011	\$1.28	Dec2011	\$1.16
Dec2010	\$0.67	Dec2010	\$1.15
Dec2009	\$1.26	Dec2009	\$1.38
Dec2008	\$1.54	Dec2008	\$1.38
Dec2007	\$1.52	Dec2007	\$1.15
Dec2006	\$1.27	Dec2006	\$0.89
Dec2005	\$1.09	Dec2005	\$0.76
Dec2004	\$0.92	Dec2004	\$0.72
Dec2003	-\$0.51	Dec2003	\$0.76
Dec2002	\$0.85	Dec2002	\$1.41
Dec2001	\$2.08	Balance Sheet Information 6/1/2018	
Dec2000	\$1.60	Total Current Assets	\$514,245,000
Dec1999	\$1.10	Total Current Liabilities	\$191,766,000
Dec1998	\$1.62	Long-Term Debt	\$353,904,000
		Total Assets	\$927,231,000
		Intangible Assets	\$318,631,000
		Total Liabilities	\$577,371,000
		Shares Outstanding (Diluted Average)	32,908,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company

- [11 Best Stocks for Value Investors This Week – 3/4/17](#)
- [CSG Systems International Inc Valuation – Initial Coverage \\$CSGS](#)

Other ModernGraham posts about related companies

- [SPS Commerce Inc Valuation – August 2018 \\$SPSC](#)
- [Synchronoss Technologies Inc Valuation – August 2018 \\$SNCR](#)
- [ACI Worldwide Inc Valuation – July 2018 \\$ACIW](#)
- [Akamai Technologies Inc Valuation – May 2018 \\$AKAM](#)
- [Symantec Corp Valuation – April 2018 \\$SYMC](#)
- [Intuit Inc Valuation – April 2018 \\$INTU](#)
- [CommVault Systems Inc Valuation – April 2018 \\$CVLT](#)
- [Constellation Software Inc Valuation – April 2018 \\$TSE-CSU](#)
- [Adobe Systems Inc Valuation – April 2018 \\$ADBE](#)
- [Synopsys Inc Valuation – April 2018 \\$SNPS](#)