# Third Quarter 2019 Results

November 7, 2019

**Eddie Edwards**
President & CEO

**Alex Pease**
EVP & CFO

# Important Information

## Caution Regarding Forward Looking Statements

This presentation or any other oral or written statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. These statements may discuss goals, intentions or expectations as to future plans, trends, events, results of operations or financial condition or otherwise, in each case, based on current beliefs of management, as well as assumptions made by, and information currently available to, such management. These forward-looking statements are generally identified by their use of such terms and phrases as “intend,” “goal,” “estimate,” “expect,” “project,” “projections,” “plans,” “potential,” “anticipate,” “should,” “could,” “designed to,” “foreseeable future,” “believe,” “think,” “scheduled,” “outlook,” “target,” “guidance” and similar expressions, although not all forward-looking statements contain such terms. This list of indicative terms and phrases is not intended to be all-inclusive.

These forward-looking statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, risks related to the ARRIS acquisition, our dependence on customers’ capital spending on data and communication systems; concentration of sales among a limited number of customers and channel partners; changes in technology; industry competition and the ability to retain customers through product innovation, introduction, and marketing; risks associated with our sales through channel partners; changes to the regulatory environment in which our customers operate; product quality or performance issues and associated warranty claims; our ability to maintain effective management information technology systems and to successfully implement major systems initiatives; cyber-security incidents, including data security breaches, ransomware or computer viruses; the risk our global manufacturing operations suffer production or shipping delays, causing difficulty in meeting customer demands; the risk that internal production capacity or that of contract manufacturers may be insufficient to meet customer demand or quality standards; changes in cost and availability of key raw materials, components and commodities and the potential effect on customer pricing; risks associated with our dependence on a limited number of key suppliers for certain raw materials and components; the risk that contract manufacturers we rely on encounter production, quality, financial or other difficulties; our ability to integrate and fully realize anticipated benefits from prior or future divestitures, acquisitions or equity investments; potential difficulties in realigning global manufacturing capacity and capabilities among our global manufacturing facilities or those of our contract manufacturers that may affect our ability to meet customer demands for products; possible future restructuring actions; substantial indebtedness and maintaining compliance with debt covenants; our ability to incur additional indebtedness; our ability to generate cash to service our indebtedness; possible future impairment charges for fixed or intangible assets, including goodwill; income tax rate variability and ability to recover amounts recorded as deferred tax assets; our ability to attract and retain qualified key employees; labor unrest; obligations under our defined benefit employee benefit plans requiring plan contributions in excess of current estimates; significant international operations exposing us to economic, political and other risks, including the impact of variability in foreign exchange rates; our ability to comply with governmental anti-corruption laws and regulations and export and import controls worldwide; our ability to compete in international markets due to export and import controls to which we may be subject; the impact of Brexit; changes in the laws and policies in the United States affecting trade; cost of protecting or defending intellectual property; costs and challenges of compliance with domestic and foreign environmental laws; risks associated with stockholder activism, which could cause us to incur significant expense, hinder execution of our business strategy and impact the trading value of our securities; and other factors beyond our control. These and other factors are discussed in greater detail in our 2018 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.

Such forward-looking statements are also subject to additional risks and uncertainties related to the recently acquired ARRIS business, many of which are outside of our control, including, without limitation: the risk that we will not successfully integrate ARRIS or that we will not realize estimated cost savings, synergies, growth or other anticipated benefits, or that such benefits may take longer to realize than expected; risks relating to unanticipated costs of integration; the potential impact of announcement or consummation of the acquisition on relationships with third parties, including customers, employees and competitors; failure to manage potential conflicts of interest between or among customers; integration of information technology systems; and other factors beyond our control.

Although the information contained in this presentation represents our best judgment as of the date of this presentation based on information currently available and reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. Given these uncertainties, we caution you not to place undue reliance on these forward-looking statements, which speak only as of the date made. We are not undertaking any duty or obligation to update this information to reflect developments or information obtained after the date of this presentation, except as otherwise may be required by law.

## Use of Non-GAAP Financial Measures

CommScope management believes that presenting certain non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors' ability to analyze financial and business trends. . In addition, CommScope management believes that these non-GAAP financial measures allow investors to compare period to period more easily by excluding items that could have a disproportionately negative or positive impact on results in any particular period. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures.  As calculated, our non-GAAP measures may not be comparable to other similarly titled measures of other companies

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# Business Overview

November 7, 2019

**Eddie Edwards**
President & CEO

# Taking Action to Maximize Profitability and Stabilize Operations

- Accelerating deal-related cost synergies and executing on our previously announce plans to deliver incremental non-acquisition synergies of at least $30 million in the second half of 2019
- Implemented manufacturing footprint optimization changes including strategically relocating Base Station Antenna production, insourcing Heliax cabling and product reengineering initiatives
- Coordinating and integrating indoor LTE work and utilizing traditional switch expertise to reduce costs and service the CPRI/eCPRI market
- Cost containment and material cost improvements lead to sequential increase in CPE profitability
- As a result of actions taken, CommScope remains well positioned to generate positive cash flow throughout 2019 with additional debt payments anticipated in fourth quarter

**Committed to driving positive changes in the organization to improve efficiency**



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# Third Quarter 2019 Highlights

## Financial Highlights

- Adjusted EBITDA of $370 million at the high end of guidance and adjusted EPS of $0.55 above the high end of guidance.
  - Earlier than expected Network and Cloud orders.
  - Mobility Solutions sales negatively impacted by ~5% due to a pause in spending related to the pending merger of two large carrier customers.
- Adjusted EBITDA margins expand year-over-year to 15.5% on a pro forma basis.
- Adjusted free cash flow generation of $535 million for the third quarter and $590 million over the trailing twelve months.
- $200 million of 5% notes due 2021 redeemed at par in August 2019; additional $200 million redemption in October 2019.

## Segment Highlights

- Hyperscale data center sales momentum continues more than doubling in the quarter.
- Fiber-to-the-home deployment wins in Germany, Philippines, Puerto Rico and Middle East.
- Base station antenna average port density shipped in 2019 up nearly 50% versus two years ago.
- Significant MetroCell growth with integrated smart pole deployments across major US markets to include Boston, Dallas and Los Angeles.
  - Investing to more than double manufacturing capacity.
- OneCell® approval at a Tier 1 North American carrier; contract signed for turnkey deployments with significant pipeline.
- CPE adjusted EBITDA increased 55% and adjusted EBITDA margins expand 310bps on a pro forma basis.
- vCore (virtual CMTS platform) ready for commercial launch by year-end.
- R750 802.11ax indoor Wi-Fi® access point for ultra-dense client environments Wi-Fi CERTIFIED 6™ from the Wi-Fi Alliance.

## ARRIS Integration Highlights

- Finalized a renewed purpose, vision and values for the combined company.
- Generated over 400 cross-selling leads.
- Remain on track to deliver at least $75 million of cost synergies in the first full-year post close; $50 million will be realized in calendar 2019.



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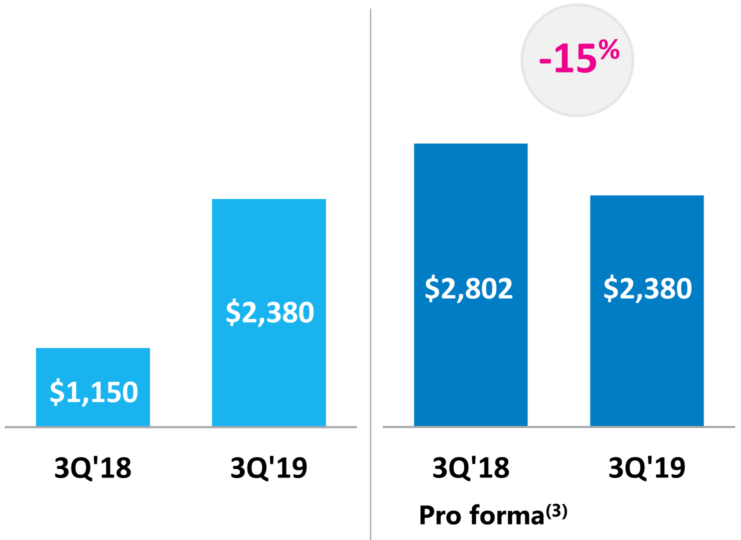
# Third Quarter Results and Fourth Quarter Outlook

November 7, 2019

**Alex Pease**
EVP & CFO

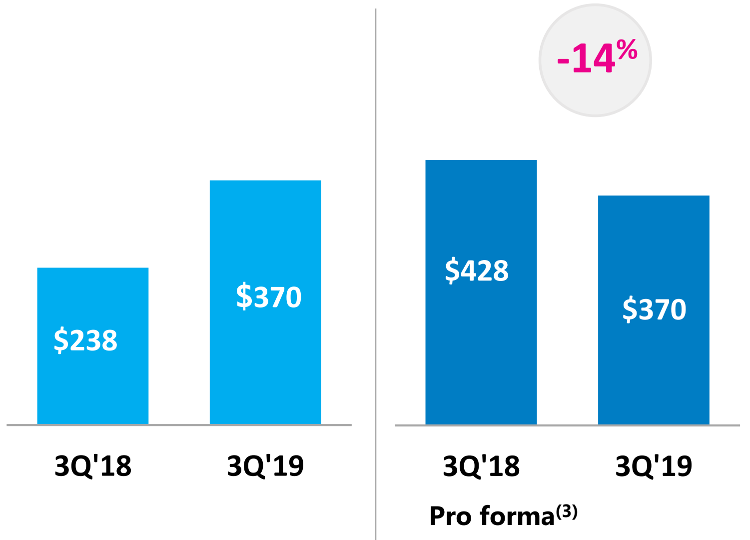
# CommScope 3Q’19 Financial Results

## Net Sales[1] ($M)



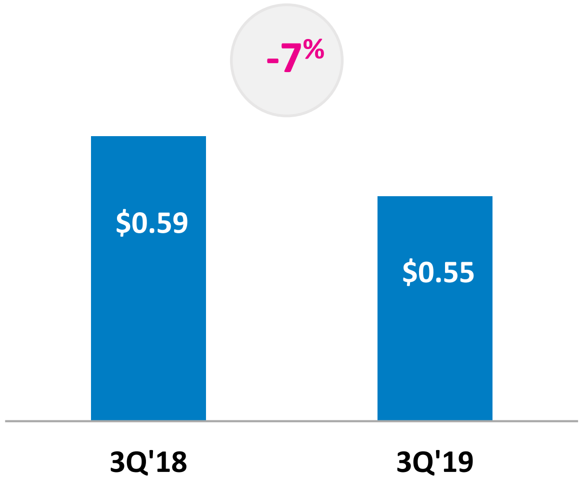

- Excluding FX, pro forma net sales decreased 14%.
- Declines across all geographic regions.
- Orders of $2.35B; Book-to-bill ratio of 0.99.

## Adj. EBITDA[2] ($M)




- Pro forma adj. EBITDA decreased 14% driven by lower sales volumes, partially offset by lower material costs and lower operating expenses.

## Adj. EPS[2]



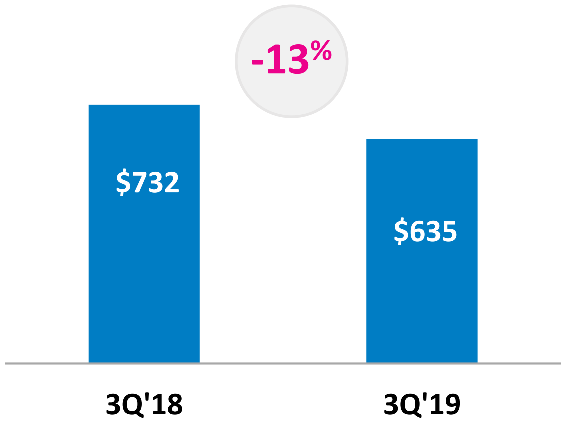

- Increased adjusted operating profit offset by higher interest expense and diluted shares outstanding.
- Favorable adjusted effective tax rate of 28.1% vs. 29.4% in 3Q’18.

(1) Net sales as presented for 3Q’19 includes a $14 million reduction of revenue related to deferred revenue purchase accounting adjustments.
(2) See appendix for reconciliation of non-GAAP adjusted measures.
(3) For comparisons described as pro forma, the third quarter of 2018 includes historical ARRIS results reflecting certain classification changes to align to CommScope’s presentation.

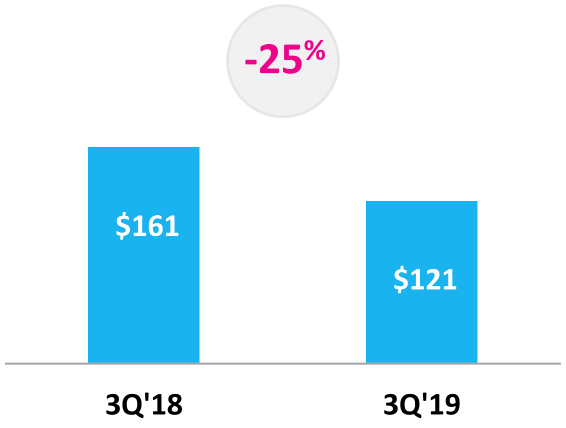
# Segment 3Q'19 Financial Results

## Connectivity Solutions

### Net Sales ($M)




### Adj. EBITDA(1) ($M)

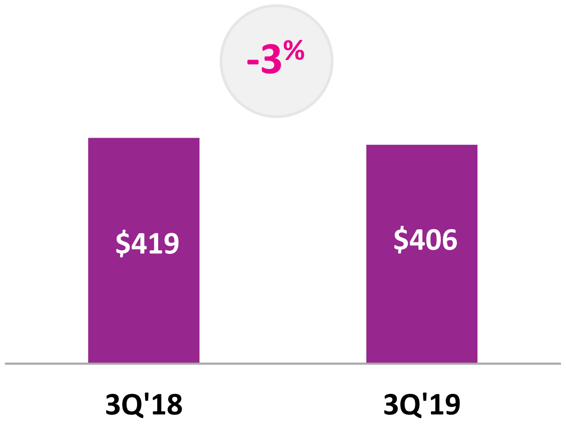



- Excluding FX, sales declined 12%.
- Declines across all geographic regions with a mid-teens decline in North America.
- Spending declines at U.S. cable operators and carriers and enterprise fiber and copper weakness in China, partially offset by hyperscale growth.

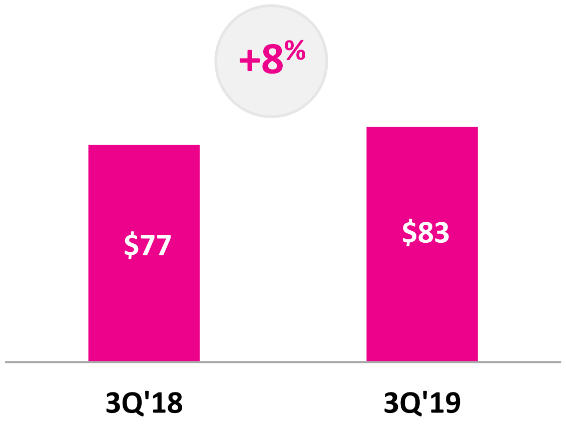
- Adj. EBITDA decreased 25% primarily due to lower sales volumes in Network Cable and Connectivity due to lower U.S. cable operator and carrier spend.

## Mobility Solutions

### Net Sales ($M)




### Adj. EBITDA(1) ($M)




- Excluding FX, sales declined 2%.
- Declines in CALA and APAC partially offset by low single-digit growth in North America and double-digit growth in EMEA.
- Sales negatively impacted by ~5% due to a pause in spending related to the pending merger of two large telco customers.

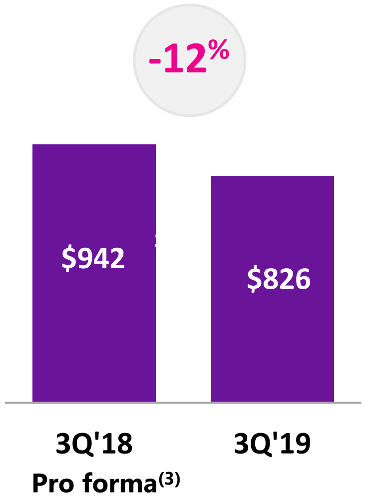
- Adj. EBITDA increased 8% and increased to 21% of sales driven primarily by favorable product mix and lower production costs.

(1) See appendix for reconciliation of non-GAAP adjusted measures.

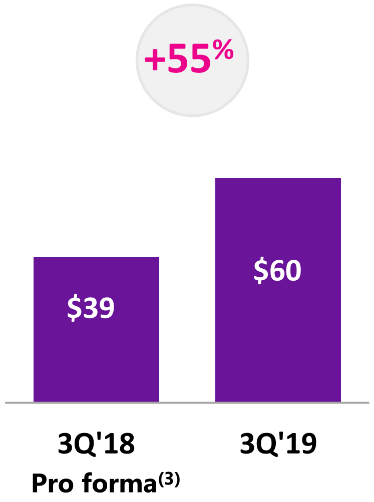
# Segment 3Q’19 Financial Results

## Customer Premises Equipment

**Net Sales[1] ($M)**




**Adj. EBITDA[2] ($M)**

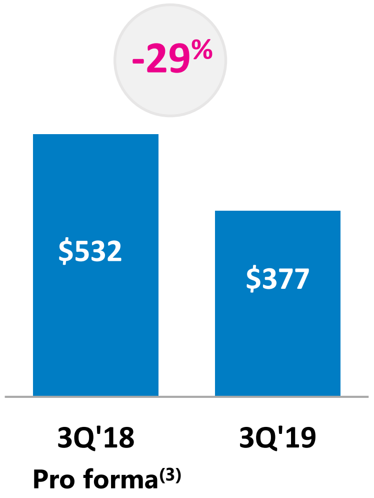



- Declining net sales primarily driven by lower cable and telco operator spend.
- Declines in NAR and EMEA sales partially offset by growth in APAC.

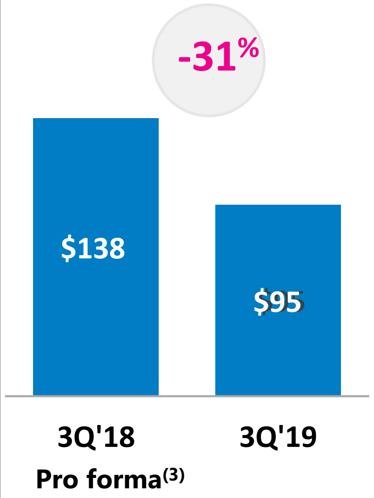
- Adj. EBITDA improved primarily due to lower material prices, partially offset by unfavorable product mix.

## Network and Cloud

**Net Sales[1] ($M)**




**Adj. EBITDA[2] ($M)**

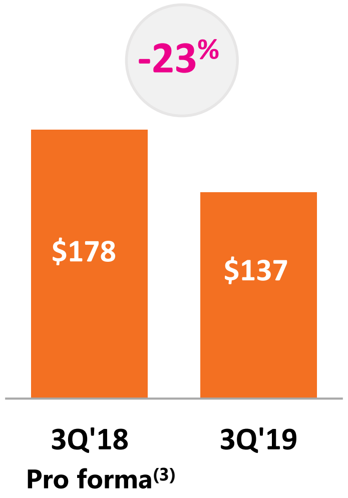



- Declining net sales driven by lower cable operator spending.
- Net sales declined across all regions.

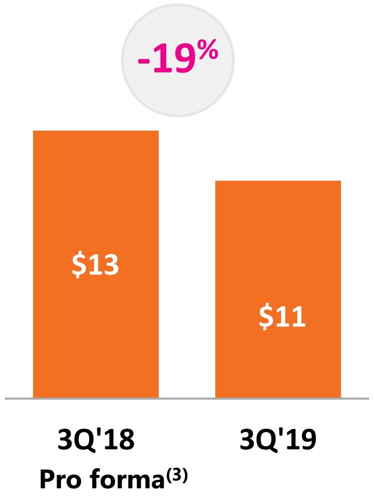
- Adj. EBITDA declined primarily due to lower sales volumes and negative product mix, specifically lower software sales.

## Ruckus Networks

**Net Sales[1] ($M)**




**Adj. EBITDA[2] ($M)**



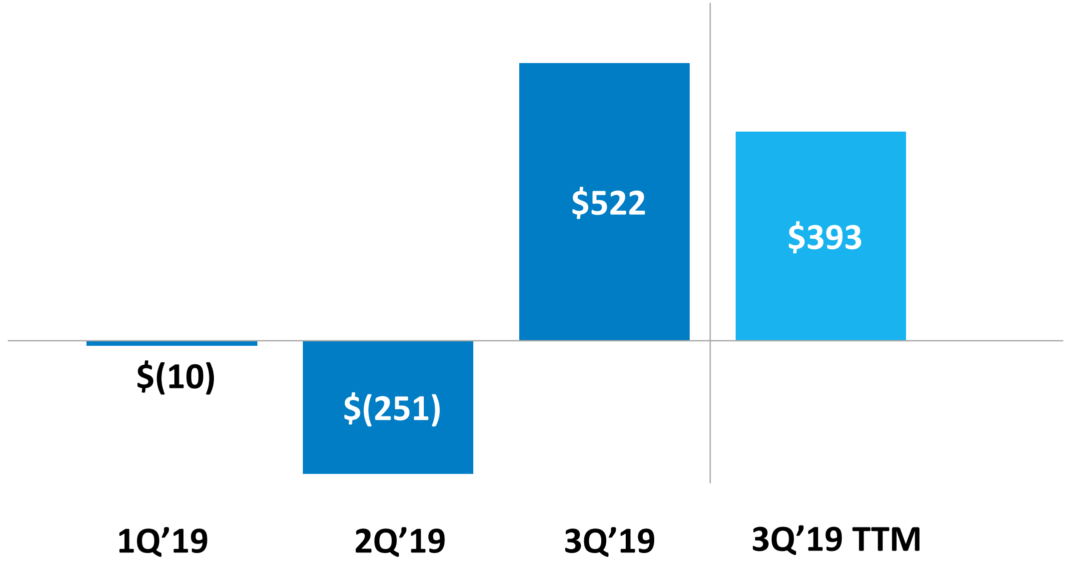

- Declining net sales driven by reduced spending from NAR service provider.
- Declining net sales across all regions.

- Adj. EBITDA declined primarily due to lower sales volumes.

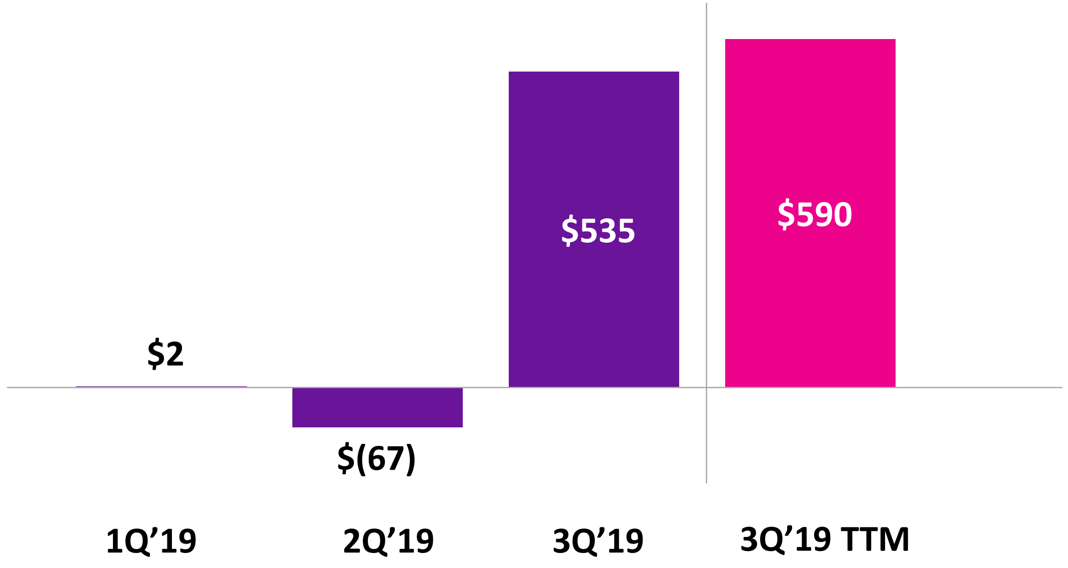
(1) Net sales as presented for 3Q’19 include reductions of revenue related to deferred revenue purchase accounting adjustments: $3.3 million for CPE, $7 million for Network and Cloud, and $3.6 million for Ruckus Networks.
(2) See appendix for reconciliation of non-GAAP adjusted measures.
(3) For comparisons described as pro forma, the third quarter of 2018 includes historical ARRIS results reflecting certain classification changes to align to CommScope’s presentation.

# Cash Flow Update

## Cash Flow from Operations ($M)




## Adj. Free Cash Flow[1] ($M)




- Sequential growth in cash flow from operations primarily due to an **improvement in the cash conversion cycle** driven by lower days sales outstanding and lower days inventory outstanding.
- Reiterate expectation for **adjusted free cash flow to meaningfully improve in the second half of 2019**.

(1) See appendix for reconciliation of non-GAAP adjusted measures. Adjusted free cash flow is defined as free cash flow excluding transaction and integration costs, and other special items.



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# Capital Structure Update

### Net Leverage

- 9/30/19 CommScope net leverage: 6.1x(1)
- Long-term target: 2.0x-3.0x

### Covenant "Lite" Debt Facilities

- No maintenance covenants
- Incurrence covenants only

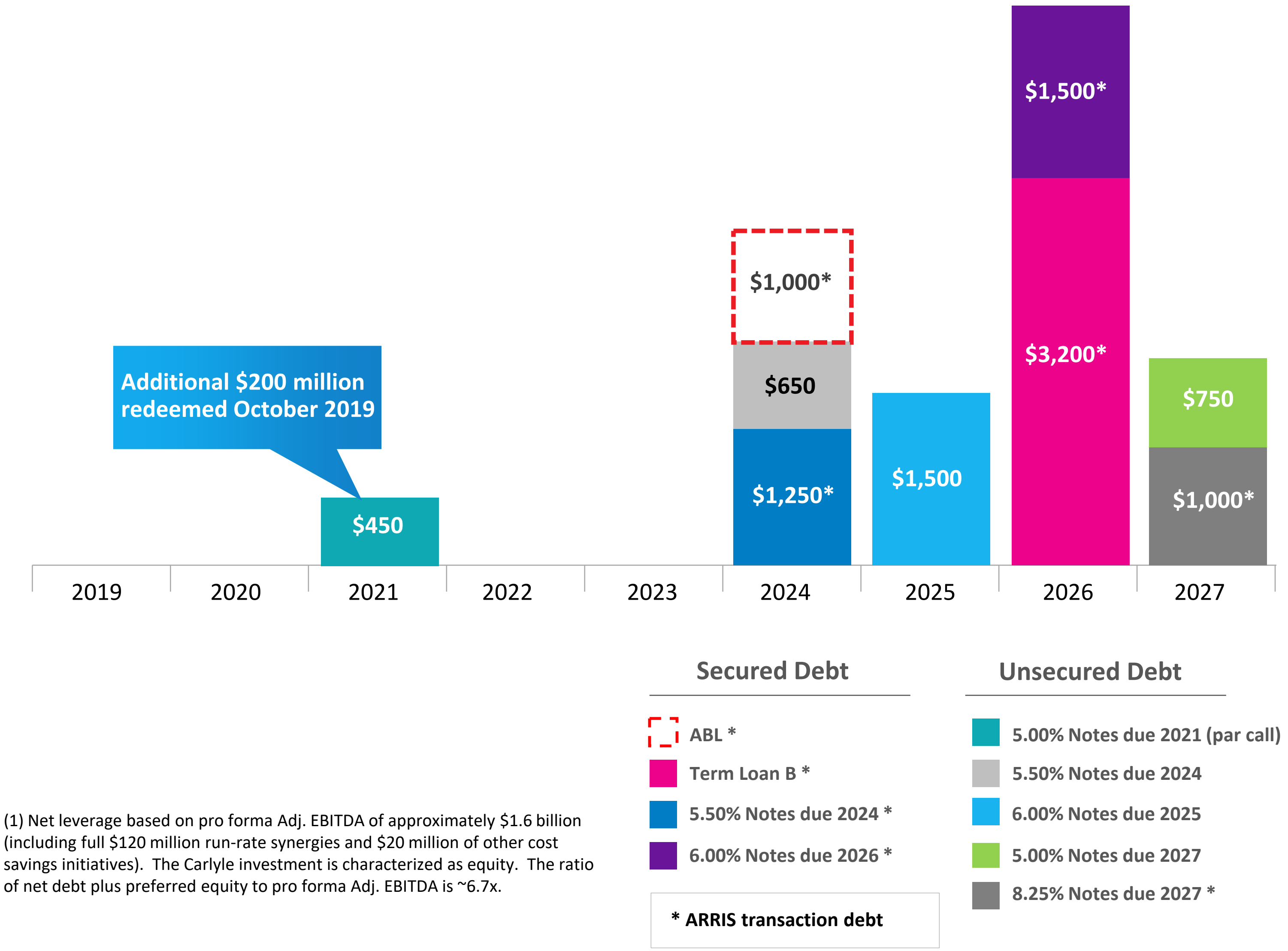
### Liquidity of $1.5 billion

- Cash of $609 million as of September 30, 2019
- Undrawn ABL capacity of $882 million

### Debt Paydown Update

- $200 million of 5% notes due 2021 redeemed at par on October 20, 2019

**Debt Maturities ($M) as of 9/30/2019**




(1) Net leverage based on pro forma Adj. EBITDA of approximately $1.6 billion (including full $120 million run-rate synergies and $20 million of other cost savings initiatives). The Carlyle investment is characterized as equity. The ratio of net debt plus preferred equity to pro forma Adj. EBITDA is ~6.7x.

# 4Q'19 Guidance

## Committed to delivering shareholder value

With industry-leading products, strong customer relationships and talented team, our potential to lead the transformation of communications connectivity remains as strong as ever.

| | CommScope 4Q'19 Guidance |
|---|---|
| Sales | \$2.2 billion - \$2.4 billion |
| Non-GAAP Adj. EBITDA | \$275 million - \$335 million |
| Non-GAAP Adj. Effective Tax Rate | 27% - 28% |
| Weighted Average Diluted Shares | ~232 million |
| Non-GAAP EPS | \$0.27 - \$0.37 |

Note: See appendix for reconciliation of non-GAAP adjusted measures.

# Fourth Quarter Segment Outlook Commentary

## Connectivity

- Expect Connectivity sales to follow its normal seasonal pattern and decline sequentially for the quarter.
- Connectivity sales decline due to weaker Network Cable and Connectivity sales driven by lower U.S. cable operator and carrier capital spend, and Enterprise sales declines.
- Sales declines in Indoor Enterprise Copper to be partially mitigated by North American hyperscale and cloud data center growth.

## Mobility

- Expect Mobility sales to follow its normal seasonal pattern and decline sequentially for the quarter; declines will be greater than previously expected due to a pause in spending related to a pending large carrier merger.
- OneCell expected to gain traction.

## Customer Premise Equipment

- Expects CPE sales to modestly decline sequentially.
- Commodity cost improvements to drive improving earnings contribution.
- Expect improving broadband volumes as non-China manufacturing ramps up.  Initiatives underway to mitigate list 4 tariff impacts.

## Network and Cloud

- Expect N&C sales to modestly decline sequentially in the fourth quarter due to earlier than expected orders.
- Expect adj. EBITDA margins to decline sequentially due to product mix.

## Ruckus

- Expect Ruckus sales to decline sequentially in the fourth quarter given softer than expected North America enterprise, E-rate, and service provider sales.
- Slight sequential improvement in EMEA sales.

# Appendix

# Statement of Operations

**CommScope Holding Company, Inc.**
**Condensed Consolidated Statements of Operations**
**(Unaudited -- In millions, except per share amounts)**

| | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| Net sales | $ 2,380.2 | $ 1,150.4 | $ 6,046.4 | $ 3,510.8 |
| Cost of sales | 1,770.3 | 740.7 | 4,378.5 | 2,246.1 |
| Gross profit | 609.9 | 409.7 | 1,667.9 | 1,264.7 |
| Operating expenses: | | | | |
| Selling, general and administrative | 305.8 | 159.8 | 972.0 | 502.5 |
| Research and development | 171.5 | 44.8 | 399.5 | 142.4 |
| Amortization of purchased intangible assets | 163.9 | 65.8 | 387.3 | 199.5 |
| Restructuring costs, net | 19.5 | 7.1 | 78.3 | 19.7 |
| Total operating expenses | 660.7 | 277.5 | 1,837.1 | 864.1 |
| Operating income (loss) | (50.8) | 132.2 | (169.2) | 400.6 |
| Other income (expense), net | 1.5 | (2.4) | (3.6) | (4.4) |
| Interest expense | (160.7) | (66.1) | (423.5) | (186.7) |
| Interest income | 1.8 | 1.9 | 15.9 | 5.4 |
| Income (loss) before income taxes | (208.2) | 65.6 | (580.4) | 214.9 |
| Income tax (expense) benefit | 51.7 | (1.8) | 87.6 | (51.4) |
| Net income (loss) | (156.5) | 63.8 | (492.8) | 163.5 |
| Series A convertible preferred stock dividend | (13.8) | — | (26.9) | — |
| Deemed dividend on Series A convertible preferred stock | — | — | (3.0) | — |
| Net income (loss) attributable to common stockholders | $ (170.3) | $ 63.8 | $ (522.7) | $ 163.5 |
| Earnings (loss) per share: | | | | |
| Basic | $ (0.88) | $ 0.33 | $ (2.70) | $ 0.85 |
| Diluted (a) | $ (0.88) | $ 0.33 | $ (2.70) | $ 0.84 |
| Weighted average shares outstanding: | | | | |
| Basic | 194.1 | 192.2 | 193.5 | 191.9 |
| Diluted (a) | 194.1 | 195.4 | 193.5 | 195.4 |
| (a) Calculation of diluted earnings (loss) per share: | | | | |
| Net income (loss) (basic and diluted) | $ (170.3) | $ 63.8 | $ (522.7) | $ 163.5 |
| Weighted average shares (basic) | 194.1 | 192.2 | 193.5 | 191.9 |
| Dilutive effect of equity-based awards | — | 3.1 | — | 3.5 |
| Denominator (diluted) | 194.1 | 195.4 | 193.5 | 195.4 |

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

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# Balance Sheet

**CommScope Holding Company, Inc.**
**Condensed Consolidated Balance Sheets**
**(Unaudited -- In millions, except share amounts)**

| | September 30, 2019 | December 31, 2018 |
|---|---|---|
| **Assets** | | |
| Cash and cash equivalents | $ 609.1 | $ 458.2 |
| Accounts receivable, less allowance for doubtful accounts of $32.6 and $17.4, respectively | 1,778.9 | 810.4 |
| Inventories, net | 1,169.2 | 473.3 |
| Prepaid expenses and other current assets | 245.5 | 135.9 |
| Total current assets | 3,802.7 | 1,877.8 |
| Property, plant and equipment, net of accumulated depreciation of $510.1 and $437.7, respectively | 737.0 | 450.9 |
| Goodwill | 5,722.7 | 2,852.3 |
| Other intangible assets, net | 4,493.5 | 1,352.0 |
| Other noncurrent assets | 417.9 | 97.5 |
| Total assets | $ 15,173.8 | $ 6,630.5 |
| **Liabilities and Stockholders' Equity** | | |
| Accounts payable | $ 1,226.4 | $ 399.2 |
| Accrued and other liabilities | 782.3 | 291.4 |
| Current portion of long-term debt | 32.0 | — |
| Total current liabilities | 2,040.7 | 690.6 |
| Long-term debt | 10,101.2 | 3,985.9 |
| Deferred income taxes | 268.7 | 83.3 |
| Other noncurrent liabilities | 552.1 | 113.9 |
| Total liabilities | 12,962.7 | 4,873.7 |
| Commitments and contingencies | | |
| Series A convertible preferred stock, $0.01 par value | 1,000.0 | — |
| Stockholders' equity: | | |
| Preferred stock, $0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,000,000 Series A convertible preferred stock | — | — |
| Common stock, $0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 194,250,722 and 192,376,255, respectively | 2.0 | 2.0 |
| Additional paid-in capital | 2,425.2 | 2,385.1 |
| Retained earnings (accumulated deficit) | (742.6) | (249.8) |
| Accumulated other comprehensive loss | (239.9) | (159.2) |
| Treasury stock, at cost: 7,345,794 shares and 6,744,082 shares, respectively | (233.6) | (221.3) |
| Total stockholders' equity | 1,211.1 | 1,756.8 |
| Total liabilities and stockholders' equity | $ 15,173.8 | $ 6,630.5 |

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

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# Statement of Cash Flows

**CommScope Holding Company, Inc.**
**Condensed Consolidated Statements of Cash Flows**
**(Unaudited -- In millions)**

| | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| **Operating Activities:** | | | | |
| Net income (loss) | $ (156.5) | $ 63.8 | $ (492.8) | $ 163.5 |
| Adjustments to reconcile net income (loss) to net cash generated by operating activities: | | | | |
| Depreciation and amortization | 213.5 | 94.3 | 514.5 | 272.6 |
| Equity-based compensation | 28.0 | 11.3 | 58.7 | 33.7 |
| Deferred income taxes | (66.9) | (8.0) | (172.4) | (32.6) |
| Changes in assets and liabilities: | | | | |
| Accounts receivable | 469.3 | 113.5 | 165.3 | (23.5) |
| Inventories | 224.0 | (17.8) | 356.3 | (65.8) |
| Prepaid expenses and other assets | 39.6 | (3.2) | 63.8 | (3.8) |
| Accounts payable and other liabilities | (226.9) | (28.6) | (228.0) | 12.3 |
| Other | (2.0) | 1.5 | (5.0) | 5.5 |
| Net cash generated by operating activities | 522.1 | 226.8 | 260.4 | 361.9 |
| **Investing Activities:** | | | | |
| Additions to property, plant and equipment | (24.3) | (24.6) | (72.3) | (55.4) |
| Proceeds from sale of property, plant and equipment | 0.5 | 6.5 | 1.2 | 12.7 |
| Proceeds from sale of long-term investments | 3.8 | — | 9.3 | — |
| Cash paid for current year acquisitions, net of cash acquired | (3.5) | — | (5,053.4) | — |
| Cash paid for prior year acquisition | — | — | (11.0) | — |
| Other | — | (0.1) | 1.1 | 1.3 |
| Net cash used in investing activities | (23.5) | (18.1) | (5,125.1) | (41.4) |
| **Financing Activities:** | | | | |
| Long-term debt repaid | (200.0) | (550.0) | (2,753.3) | (550.0) |
| Long-term debt proceeds | — | 150.0 | 6,933.0 | 150.0 |
| Debt issuance costs | (2.7) | — | (120.8) | — |
| Series A convertible preferred stock proceeds | — | — | 1,000.0 | — |
| Dividends paid on Series A convertible preferred stock | (26.9) | — | (29.9) | — |
| Proceeds from the issuance of common shares under equity-based compensation plans | 0.3 | 0.1 | 3.0 | 5.0 |
| Tax withholding payments for vested equity-based compensation awards | (2.9) | (0.1) | (12.3) | (15.6) |
| Net cash generated by (used in) financing activities | (232.2) | (400.0) | 5,019.7 | (410.6) |
| Effect of exchange rate changes on cash and cash equivalents | (5.3) | (2.0) | (4.1) | (11.5) |
| Change in cash and cash equivalents | 261.1 | (193.3) | 150.9 | (101.6) |
| Cash and cash equivalents at beginning of period | 348.0 | 545.7 | 458.2 | 454.0 |
| Cash and cash equivalents at end of period | $ 609.1 | $ 352.4 | $ 609.1 | $ 352.4 |

See notes to unaudited condensed consolidated financial statements included in our Form 10-Q.

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# Adjusted Operating Income, EBITDA, and Net Income Reconciliation

**CommScope Holding Company, Inc.**
**Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures**
**(Unaudited -- In millions, except per share amounts)**

| | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 |
|---|---|---|---|---|
| **Operating income (loss), as reported** | **$ (50.8)** | **$ 132.2** | **$ (169.1)** | **$ 400.6** |
| Adjustments: | | | | |
| Amortization of purchased intangible assets | 163.9 | 65.8 | 387.3 | 199.5 |
| Restructuring costs, net | 19.5 | 7.1 | 78.3 | 19.7 |
| Equity-based compensation | 28.0 | 11.3 | 58.7 | 33.7 |
| Transaction and integration costs | 2.2 | 2.7 | 189.8 | 5.3 |
| Purchase accounting adjustments | 108.7 | — | 272.9 | — |
| Other | 55.0 | — | 55.0 | — |
| Total adjustments to operating income | 377.3 | 86.8 | 1,042.0 | 258.2 |
| **Non-GAAP adjusted operating income** | **$ 326.6** | **$ 219.0** | **$ 872.9** | **$ 658.8** |
| Depreciation | 43.3 | 18.7 | 101.0 | 58.2 |
| **Non-GAAP adjusted EBITDA** | **$ 369.8** | **$ 237.8** | **$ 973.8** | **$ 717.0** |
| Income (loss) before income taxes, as reported | $ (208.2) | $ 65.6 | $ (580.4) | $ 214.9 |
| Income tax (expense) benefit, as reported | 51.7 | (1.8) | 87.6 | (51.4) |
| **Net income (loss), as reported** | **$ (156.5)** | **$ 63.8** | **$ (492.8)** | **$ 163.5** |
| Adjustments: | | | | |
| Total pretax adjustments to adjusted EBITDA | 377.3 | 86.8 | 1,042.0 | 258.2 |
| Pretax amortization of debt issuance costs & OID (1) | 7.4 | 9.7 | 25.5 | 15.0 |
| Pretax acquisition related interest (1) | — | — | 30.2 | — |
| Tax effects of adjustments and other tax items (2) | (101.3) | (45.9) | (232.2) | (93.9) |
| **Non-GAAP adjusted net income** | **$ 126.9** | **$ 114.5** | **$ 372.7** | **$ 342.7** |
| **Diluted EPS, as reported (3)** | **$ (0.88)** | **$ 0.33** | **$ (2.70)** | **$ 0.84** |
| **Non-GAAP adjusted diluted EPS** | **$ 0.55** | **$ 0.59** | **$ 1.70** | **$ 1.75** |

(1) Included in interest expense.

(2) The tax rates applied to adjustments reflect the tax expense or benefit based on the tax jurisdiction of the entity generating the adjustment. There are certain items for which we expect little or no tax effect.

(3) See the Condensed Consolidated Statements of Operations for Net income (loss) attributable to common stockholders.

Note: Components may not sum to total due to rounding
See Description of Non-GAAP Financial Measures

# Sales by Region

CommScope Holding Company, Inc.
Sales by Region
(Unaudited -- In millions)

**Sales by Region**

| | Q3 2019 | Q3 2018 | % Change YOY |
|---|---|---|---|
| United States | $ 1,432.7 | $ 653.0 | 119.4 % |
| Europe, Middle East and Africa | 423.1 | 235.6 | 79.6 |
| Asia Pacific | 251.3 | 179.3 | 40.2 |
| Caribbean and Latin America | 187.6 | 59.4 | 215.8 |
| Canada | 85.5 | 23.1 | 270.1 |
| **Total net sales** | $ 2,380.2 | $ 1,150.4 | 106.9 % |

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# Sales and Adjusted EBITDA by Segment

**CommScope Holding Company, Inc.**
**Segment Information**
**(Unaudited -- In millions)**

**Sales by Segment**

| | As Reported Q3 2019 | Pro forma (1) Q3 2018 | % Change YOY |
|---|---|---|---|
| Connectivity | $ 634.5 | $ 731.7 | (13.3) % |
| Mobility | 405.9 | 418.7 | (3.1) |
| CPE | 826.4 | 941.5 | (12.2) |
| N&C | 376.9 | 532.0 | (29.2) |
| Ruckus | 136.5 | 177.8 | (23.2) |
| **Total net sales** | $ 2,380.2 | $ 2,801.7 | (15.0) % |

**Non-GAAP Adjusted EBITDA by Segment**

| | As Reported Q3 2019 | Pro forma (1) Q3 2018 | % Change YOY |
|---|---|---|---|
| Connectivity | $ 121.0 | $ 160.8 | (24.8) % |
| Mobility | 83.4 | 77.0 | 8.3 |
| CPE | 59.7 | 38.6 | 54.7 |
| N&C | 94.9 | 137.9 | (31.2) |
| Ruckus | 10.8 | 13.3 | (18.8) |
| **Total non-GAAP adjusted EBITDA** | $ 369.8 | $ 427.6 | (13.5) % |

(1) Periods prior to the acquisition date, April 4, 2019, are presented pro forma to include previously reported CommScope results plus previously disclosed historical results of the ARRIS segments.

Components may not sum due to rounding
See descriptions of Non-GAAP Financial Measures

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# Quarterly Adjusted EBITDA Reconciliation by Segment

**CommScope Holding Company, Inc.**
**Reconciliation of GAAP to Non-GAAP Adjusted EBITDA by Segment**
**(Unaudited -- In millions)**

**Third Quarter 2019 Non-GAAP Adjusted EBITDA Reconciliation by Segment**

| | Connectivity | Mobility | CPE | N&C | Ruckus | Total |
|---|---|---|---|---|---|---|
| **Operating income (loss), as reported** | **$ 55.1** | **$ (2.0)** | **$ 3.8** | **$ (45.5)** | **$ (62.1)** | **$ (50.8)** |
| Amortization of purchased intangible assets | 40.1 | 17.6 | 33.7 | 57.2 | 15.2 | 163.9 |
| Restructuring costs, net | 3.1 | 1.2 | 6.8 | 5.5 | 2.9 | 19.5 |
| Equity-based compensation | 6.6 | 4.5 | 4.9 | 8.5 | 3.6 | 28.0 |
| Transaction and integration costs | 3.8 | 1.7 | (3.5) | — | 0.1 | 2.2 |
| Purchase accounting adjustments | — | — | 3.3 | 57.7 | 47.8 | 108.7 |
| Other | — | 55.0 | — | — | — | 55.0 |
| Depreciation | 12.3 | 5.5 | 10.7 | 11.5 | 3.3 | 43.3 |
| **Non-GAAP adjusted EBITDA** | **$ 121.0** | **$ 83.4** | **$ 59.7** | **$ 94.9** | **$ 10.8** | **$ 369.8** |
| **Non-GAAP adjusted EBITDA margin %** | **19.1%** | **20.6%** | **7.2%** | **25.2%** | **7.9%** | **15.5%** |

**Third Quarter 2018 Non-GAAP Adjusted EBITDA Reconciliation by Segment**

| | Connectivity | Mobility | CPE | N&C | Ruckus | Pro forma (1) Total |
|---|---|---|---|---|---|---|
| **Operating income (loss), as reported** | **$ 94.9** | **$ 37.3** | **$ (26.3)** | **$ 91.3** | **$ (12.7)** | **$ 184.6** |
| Amortization of purchased intangible assets | 44.4 | 21.4 | 47.9 | 24.7 | 15.7 | 154.1 |
| Restructuring costs, net | (0.4) | 7.5 | 3.0 | 1.4 | (0.1) | 11.4 |
| Equity-based compensation | 6.9 | 4.4 | 6.1 | 10.6 | 3.6 | 31.7 |
| Transaction and integration costs | 1.7 | 1.0 | — | — | 0.7 | 3.4 |
| Purchase accounting adjustments | — | — | — | — | 2.4 | 2.4 |
| Depreciation | 13.3 | 5.4 | 7.9 | 9.9 | 3.7 | 40.2 |
| **Non-GAAP adjusted EBITDA** | **$ 160.8** | **$ 77.0** | **$ 38.6** | **$ 137.9** | **$ 13.3** | **$ 427.6** |
| **Non-GAAP adjusted EBITDA margin %** | **22.0%** | **18.4%** | **4.1%** | **25.9%** | **7.5%** | **15.3%** |

Components may not sum to total due to rounding
See Description of Non-GAAP Financial Measures

(1) Periods prior to the acquisition date, April 4, 2019, are presented pro forma to include previously reported CommScope results plus previously disclosed historical results of the ARRIS segments.

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# Adjusted Free Cash Flow Reconciliation

**CommScope Holding Company, Inc.**
**Adjusted Free Cash Flow**
**(Unaudited -- In millions)**

**Adjusted Free Cash Flow**

| | Q4 2018 | Q1 2019 | Q2 2019 | Q3 2019 | TTM Q3 2019 |
|---|---|---|---|---|---|
| **Cash flow from operations** | **$ 132.3** | **$ (10.0)** | **$ (251.7)** | **$ 522.1** | **$ 392.7** |
| Capital expenditures | (26.9) | (21.4) | (26.6) | (24.3) | (99.2) |
| **Free cash flow** | **105.4** | **(31.4)** | **(278.3)** | **497.8** | **293.5** |
| Transaction and integration costs | 4.5 | 7.3 | 187.8 | 10.0 | 209.6 |
| Restructuring costs | 9.4 | 25.9 | 23.9 | 27.2 | 86.4 |
| **Adjusted free cash flow** | **$ 119.3** | **$ 1.8** | **$ (66.6)** | **$ 535.0** | **$ 589.5** |

See Description of Non-GAAP Financial Measures

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# Non-GAAP Pro Forma Adjusted EBITDA Reconciliation

**CommScope Holding Company, Inc.**
**Reconciliation of Non-GAAP Measures**
**(unaudited – in millions)**

***Consolidated***

| | Three Months Ended September 30, 2019 | Three Months Ended September 30, 2018 | Nine Months Ended September 30, 2019 | Nine Months Ended September 30, 2018 | Year Ended December 31, 2018 | Twelve Months Ended September 30, 2019 |
|---|---|---|---|---|---|---|
| Operating income (loss) | $ (50.8) | $ 132.2 | $ (169.2) | $ 400.6 | $ 450.0 | $ (119.8) |
| Adjustments: | | | | | | |
| Amortization of purchased intangible assets | 163.9 | 65.8 | 387.3 | 199.5 | 264.6 | 452.4 |
| Restructuring costs, net | 19.5 | 7.1 | 78.3 | 19.7 | 44.0 | 102.6 |
| Equity-based compensation | 28.0 | 11.3 | 58.7 | 33.7 | 44.9 | 69.9 |
| Asset impairments | — | — | — | — | 15.0 | 15.0 |
| Transaction and integration costs (1) | 2.2 | 2.7 | 189.8 | 5.3 | 19.5 | 204.0 |
| Purchase accounting adjustments | 108.7 | — | 272.9 | — | — | 272.9 |
| Patent litigation settlement | 55.0 | — | 55.0 | — | — | 55.0 |
| Non-GAAP adjusted operating income | $ 326.6 | $ 219.0 | $ 872.9 | $ 658.8 | $ 838.0 | $ 1,052.1 |
| Depreciation | 43.3 | 18.7 | 101.0 | 58.2 | 75.6 | 118.4 |
| Non-GAAP adjusted EBITDA | $ 369.8 | $ 237.8 | $ 973.8 | $ 717.0 | $ 913.6 | $ 1,170.4 |
| ARRIS acquisition (2) | | | | | | 284.1 |
| ARRIS synergies (3) | | | | | | 120.0 |
| Cost reduction initiatives (4) | | | | | | 20.0 |
| Non-GAAP pro forma adjusted EBITDA | | | | | | $ 1,594.5 |

(1) Primarily reflects transaction and integration costs related to the ARRIS acquisition in 2019 and BNS acquisition integration costs in 2018.

(2) Reflects adjusted EBITDA related to the ARRIS business from October 1, 2018 to the Acquisition date calculated in accordance with CommScope's definition.

(3) Reflects annualized synergies expected to be realized in the three years following the close of the ARRIS acquisition.

(4) Represents annualized savings expected from announced cost reduction initiatives.

# Outlook GAAP to Non-GAAP Reconciliation

**CommScope Holding Company, Inc.**
**Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures**
**(Unaudited -- In millions, except per share amounts)**

| | Outlook |
|---|---|
| | Three Months Ended December 30, 2019 |
| **Operating income** | **$55 - $92** |
| Adjustments: | |
| Amortization of purchased intangible assets | $141 - $144 |
| Restructuring costs, transaction and integration costs and other [1] | $7 - $15 |
| Purchase accounting | $3 - $9 |
| Equity-based compensation | $27 - $29 |
| Depreciation | $42 - $46 |
| Total adjustments to operating income | $220 - $243 |
| **Non-GAAP adjusted EBITDA** | **$275 - $335** |
| | |
| **Basic loss per share** | **$(0.45) - $(0.42)** |
| Adjustments [2]: | |
| Total adjustments to operating income | $0.66 - $0.73 |
| Debt-related costs and other special items [3] | $0.05 - $0.05 |
| Impact of Series A convertible preferred stock [4] | $0.01 - $0.01 |
| **Non-GAAP adjusted diluted earnings per share [5]** | **$0.27 - $0.37** |

(1) Reflects projections for restructuring costs, transaction and integration costs and other special items. Actual adjustments may vary from projections.

(2) The tax rates applied to projected adjustments reflect the tax expense or benefit based on the expected tax jurisdiction of the entity generating the projected adjustments. There are certain items for which we expect little or no tax effect.

(3) Reflects projections for amortization of debt issuance costs, amortization of original issue discount and tax items. Actual adjustments may vary from projections.

(4) Reflects the impacts of the Series A convertible preferred stock on the earnings per share calculation, including the impact of if-converted dilutive shares that were considered anti-dilutive with a GAAP net loss.

(5) Weighted average diluted shares calculated assuming the if-converted method is applied for the Series A convertible preferred stock.

Our actual results may be impacted by additional events for which information is not currently available, such as additional restructuring activities, asset impairments, debt extinguishments, additional transaction and integration costs, foreign exchange rate fluctuations and other gains or losses related to events that are not currently known or measurable.

See Caution Regarding Forward-Looking Statements and Description of Non-GAAP Financial Measures.