

COMMSCOPE®

10,000
patents and
counting

众志成城
万众一心

中建武汉雷神山医院

First Quarter 2020 Results

May 7, 2020



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 (including risks associated with the integration of the business and systems and that we may not realize estimated cost savings, synergies, growth or other anticipated benefits), 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; the scope, duration and impact of disease outbreaks and pandemics, such as COVID-19, on our business including employees, sites, operations, customers and supply chain; 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; the use of open standards; the long-term impact of climate change; 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 restrictive 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, including the risk and uncertainty related to tariffs or a potential global trade war that may impact our products; cost of protecting or defending intellectual property; costs and challenges of compliance with domestic and foreign environmental laws; the impact of litigation and similar regulatory proceedings that we are involved in or may become involved in, including the costs of such litigation; 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 2019 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and may be updated from time to time in our annual reports, quarterly reports, current reports and other filings we make with the Securities and Exchange Commission.

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.



Business Overview and COVID-19 Update

May 7, 2020



Eddie Edwards
President & CEO

Coronavirus (COVID-19) Information Center

Restricted Countries

All non-essential travel (in-country and international) remains restricted for all employees globally until further notice.

- Exceptions include business-critical, customer-facing, revenue-generating travel, such as Professional Services customer installations or onsite customer issue resolution. If you are not in a customer-facing, revenue-generating role, you will need approval to travel from one of Eddie Edwards' direct reports.
- As a reminder, cross-border travel to and from CommScope facilities near the U.S. Mexico border is permitted at this time.
- Continue to use videoconferencing and teleconferencing to conduct all meetings for the next two weeks, except for customer-facing or other business-critical activities. If you need to visit another CommScope facility, contact someone onsite to alert them of your visit and to learn about any local guidelines required for health and safety.

[CDC Travel Link](#)

The CommScope Business Continuity team continues to track the Coronavirus (COVID-19) outbreak globally. To ensure the wellbeing of our people, CommScope has introduced precautionary measures that align with government and health agency protocols. It is important that all CommScope employees follow these measures to ensure the health and wellbeing of their colleagues, families and the broader community.

[Return to Work Procedure](#)

Select Language

As this is a constantly evolving situation, please use your judgment and take personal accountability to avoid any situation that may require quarantine. Use this Spectrum site as your one-stop information resource for Coronavirus (COVID-19) information.

[Work From Home Tips & Tricks](#)

[COVID-19 Process Flow \(English\)](#)

[COVID-19 Process Flow \(Spanish\)](#)

[FAQs](#)



Latest Corporate News

- April 30, 2020

Visitor and Travel Policies, Emergency Notifications

Company 0 1
- April 28, 2020

Donate to Hunger Relief – And CommScope Will Match

Company 0 5
- April 23, 2020

Planning a carefully phased return to the office

Company 0 6

Quick Links

- [Ask a Question](#)
- [CommScope Policies](#)
- [John Hopkins - Virus Map](#)
- [World Health Organization](#)
- [Centers for Disease Control and Prevention \(U.S.\)](#)
- [CommScope Environment, Health & Safety](#)
- [CommScope Travel](#)

Protecting and Caring for our Employees

- Rigorous health and safety protocols at facilities worldwide
- Temporary work-from-home arrangements and paid leave for those directly impacted by COVID-19
- Wellness webinars and free resources to help employees manage work and home life

Helping our Customers and Partners

- Providing communications equipment and expertise to support critical industries
- Donated outdoor wireless access points, switches and support to ITDRC for pop-up emergency healthcare centers and homework hot spots
- Free infrastructure training, extended support for global education and hospitality customers of RUCKUS gear

Resilience in the COVID-19 Era

CommScope's COVID-19 Customer & Partner Hub

In these unprecedented times, the strength and reliability of networks are paramount, as they are keeping people connected while they are physically apart.

CommScope was built for times like these, always pushing the boundaries of technology to create the world's most advanced networks. Never have those networks been so tested -- and so critical to global connectivity.

Here you will find information about CommScope's global response to COVID-19, as well as resources and guidance from our subject matter experts. This site will be updated regularly for your reference.

CommScope customers: Your Sales representative can provide detail on current and future orders. If you have questions, don't hesitate to contact CommScope Sales or Customer Service.



Letter from our CEO



Strategies for meeting network demand

CommScope's Tom Cloonan explains how service providers can manage the COVID-19 bandwidth surge in the near and long term.

[Read the blog](#)



CommScope community response to COVID-19

CommScope is donating talent, time and treasure to help with some of the greatest humanitarian needs.

[Read the press release](#)

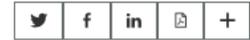


Wireless to the rescue in a small Texas town

CommScope's Heather Williams speaks with Broadband Technology Report (BTR) about the broadband connectivity gap heightened by school closures amidst the COVID-19 crisis -- and how CommScope and Nextwave stepped in to help students in one Texas community.

[Read the article](#)

CommScope Community Response to COVID-19



April 20, 2020 HICKORY, NC

As a global network technology leader helping customers and partners to design, create and build the world's most advanced communication networks, CommScope is working with non-profit organizations, our partners and employees to provide much needed assistance around the world for the COVID-19 pandemic.

"CommScope recognizes the need for the private sector to assist in the current crisis. We are working with organizations and communities around the world to provide much needed communications equipment and expertise to support critical industries that are serving our communities," said Eddie Edwards, president and chief executive officer at CommScope. "The actions we are taking align to CommScope's Purpose, Vision and Values which is why our teams across the globe are reaching out to local organizations to get students connected for distance learning and to offer relief to industries that are being hit hard at this time."

"We are also taking this time to focus on donating talent, time and treasure to help with some of the greatest humanitarian needs," said Robyn Mingle, senior vice president and Chief Human Resources Officer. "We've created these lasting connections with our employees, partners and customers and now is the time for us to show our support."



CommScope's people, products and services are supporting a variety of needs.

- Hospitals: In China, Europe and the U.S., CommScope donated product and expedited delivery of in-building wireless systems as new hospitals were built to support COVID-19 patients.
- Pop-up Wi-Fi centers: In conjunction with the Information Technology Disaster Resource Center (ITDRC), CommScope donated outdoor wireless access points and switches, free support for a year, and cash to assist with pop-up centers for emergency healthcare delivery and homework hot spots.

CLICK TO TWEET: [CommScope is working with non-profit organizations, partners and employees to provide assistance globally for the COVID-19 pandemic.](#)

"We're honored and thrilled to continue our partnership with CommScope during this critical time" said Joe Hillis, founder of ITDRC. "They continue to amaze us by contributing their people, products, and financial support to enable us to provide Wi-Fi access to rural and underserved communities."

- Distance learning support: CommScope is working with school districts, partners and service providers to extend coverage outdoors and equip school buses with outdoor access points with LTE backhaul, and PoE switching. The buses can then be parked in strategic locations to enable students to connect to the internet to complete schoolwork. This proof-of-concept has already been implemented in Indiana and Pennsylvania and is being explored by additional school districts throughout the U.S.

"The deployment of the external access points went very well," said Shawn Beard at Red Lion Area School District. "We published updated coverage maps on our website, and we know for a fact that students are using the expanded wireless connection. We actually had a parent with students sitting in the fire lane at our most southern elementary school while we were hanging the access point. She was thrilled to hear that they would now be able to get good connectivity from the parking lot. We greatly appreciate how the CommScope team has gone above and beyond for us."

- Face shields: 3D laser printers are being used to create much-needed face shields for healthcare workers. In addition, CommScope global teams are rounding up safety glasses and masks to donate to local healthcare facilities.
- Monetary donations: CommScope made financial donations to several organizations including American Red Cross, and the Goa State COVID-19 Relief Account in India, ITDRC and United Way Chihuahua, Mexico.



Supporting our Communities

- Donated face shields and masks for healthcare workers
- CommScope matching employee donations to selected global hunger relief organizations
- Employee paid leave can be used to support COVID-19 community outreach, including check-ins with CommScope retirees

Importance of network connectivity

- Digital connectivity has never been more critical – moving from convenient to essential for business and personal use
- Peak network usage is becoming a nearly all-day event
- Virtual experimentation, remote working and learning driving increasing needs for better latency and upstream capacity

Near-term demand trends

- Cable operators beginning to increase traditional software and hardware purchases to alleviate network strain; reduced focus on advanced engineering projects, e.g., distributed access architecture (DAA) and virtualized CMTS
- Mobility bandwidth increases less-pronounced as traffic transitions indoors to WIFI – wireline infrastructure critical
- Enterprise order flow softened exiting the quarter and continued into April/May – impacts likely to vary significantly by end-market and too early to speculate on the duration and magnitude

Supply chain health

- Sustaining ~80% global capacity production rates across manufacturing sites and utilizing contingency sources across the platform
- Managing air and ocean transportation delays as healthcare supplies are prioritized on a stressed global distribution system
- Procurement teams actively pursuing alternative and multi-country sourcing for key components and materials

Taking decisive actions to strengthen our financial position and prudently manage our balance sheet

- Adjusting our operating plan to reduce expenses in non-essential areas
- Reducing capital spend and limiting to essential-only projects
- Suspension of 75% of discretionary spending (travel, indirect marketing, purchased services, etc.)
- Freeze majority of new-hiring
- Complete re-evaluation of ongoing R&D and reducing of lower priority initiatives
- Evaluating all discretionary investments that can be cut or delayed until 2021

Optimizing our liquidity position

- Aggressive working capital management preserving ~\$150M in cash utilization
- Repatriation of excess cash from foreign subsidiaries
- ~20% reduction in planned capital spend from \$120M FY20 Plan
- \$250M precautionary ABL draw to ensure full financial flexibility
- Payment in Kind (“PIK”) vs. cash payment for convertible preferred dividend

Optimizing Home Networks workforce

- ~60% workforce reduction in North American video
- Aggressive reallocation of resources
- ~\$100M+ annual run-rate cost savings across R&D, Marketing, SG&A and COGS

Outdoor Wireless Networks

- ✓ **Carrier 5G investments remain essentially on-track**
 - **Integrated antenna demand increasing**, particularly in Europe
 - **MetroCell sales remained strong as network densification continues** with more municipality approvals
- ✓ **Expect to be critical supplier for T-Mobile's mobility infrastructure investments** and anticipate escalating activity in 2H'20

Broadband Networks

- ✓ **Outdoor cabling and connectivity order input the highest in years**, with strength in:
 - Tier 2 & 3 North American markets led by rural broadband investments
 - European government initiatives driving fiber to the home builds
- ✓ **CMTS license and node sales momentum builds** at the end of the quarter and into April / May

Venue & Campus

- ✓ **"Better together" go-to-market strategy** driving cross-selling wins and strong opportunities across the segment
- ✓ **Hyperscale data center sales nearly doubled year-over-year**
- ✓ **OneCell gaining momentum** at a key tier one carrier
- ✓ **Ruckus momentum continues** with cloud/analytics program launch and Wi-Fi 6 portfolio enhancements
- ✓ **Strong DAS backlog** with numerous stadium projects in-flight including the 2021 Super Bowl



Home Networks

- ✓ **Broadband connectivity device sales increased year over year** with particular strength in retail



Financial Review and Outlook

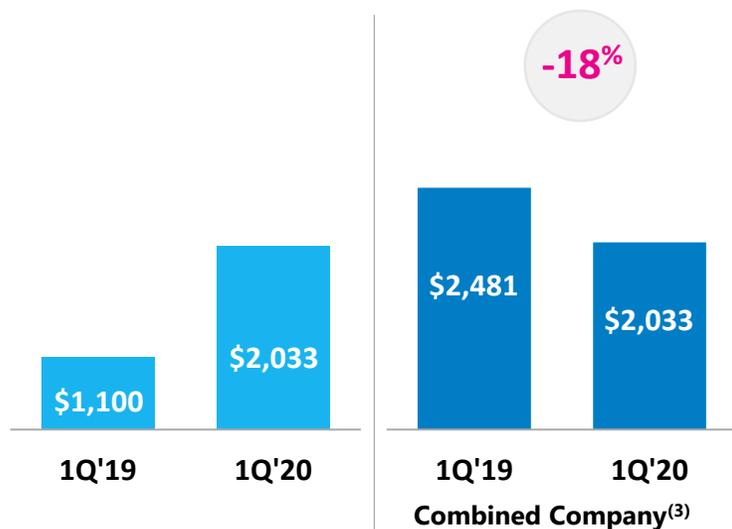
May 7, 2020



Alex Pease
EVP & CFO

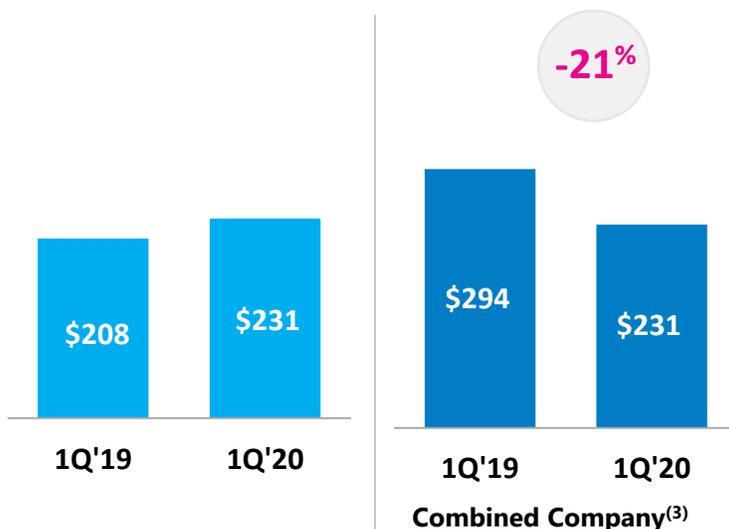
CommScope 1Q'20 Financial Results

Net Sales⁽¹⁾ (\$M)



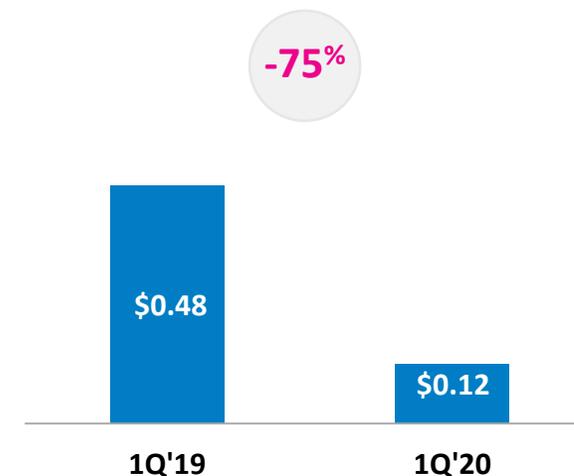
- COVID-19 negative impact of ~\$70 million primarily due to supply disruptions.
- Decline led by weakness in Broadband Networks and Home Networks.
- Orders of \$2.3 billion; book-to-bill ratio of 1.13.

Adj. EBITDA⁽²⁾ (\$M)



- COVID-19 negative impact of ~\$30 million.
- Combined company adj. EBITDA driven by lower sales volumes, particularly in Broadband Networks and Home Networks.

Adj. EPS⁽²⁾



- Decreased adj. operating income accompanied with higher interest expense and diluted shares outstanding.

(1) Net sales as presented for 1Q'20 includes a \$5.5 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 combined company, the first quarter of 2019 includes historical ARRIS results reflecting certain classification changes to align to CommScope's presentation.

Segment 1Q'20 Financial Results

Venue & Campus Networks

Net Sales⁽¹⁾ (\$M)



1Q'19
1Q'20
Combined Company⁽³⁾

- Revenue declines primarily in the non-US structured cabling markets, partially offset by growth in DAS and hyperscale data center businesses.

Adj. EBITDA⁽²⁾ (\$M)

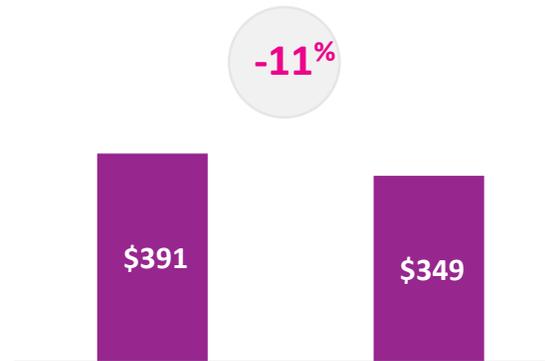


1Q'19
1Q'20
Combined Company⁽³⁾

- Adj. EBITDA increased 87% primarily driven by cost reduction efforts and favorable customer mix.

Outdoor Wireless Networks

Net Sales (\$M)



1Q'19
1Q'20

- North America sales remained relatively flat, despite continued carrier spending pressures associated with T-Mobile/Sprint merger.
- Net sales declines primarily driven by macro site spend outside the US.

Adj. EBITDA⁽²⁾ (\$M)



1Q'19
1Q'20

- Adj. EBITDA decreased 12% driven primarily by lower volumes and increases to G&A expense, partially offset by favorable geographic mix.

(1) Net sales as presented for 1Q'20 include reductions of revenue related to deferred revenue purchase accounting adjustments: \$2.2 million for Venue & Campus Networks.

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

(3) For comparisons described as combined company, the first quarter of 2019 includes historical ARRIS results reflecting certain classification changes to align to CommScope's presentation.

Segment 1Q'20 Financial Results

Broadband Networks

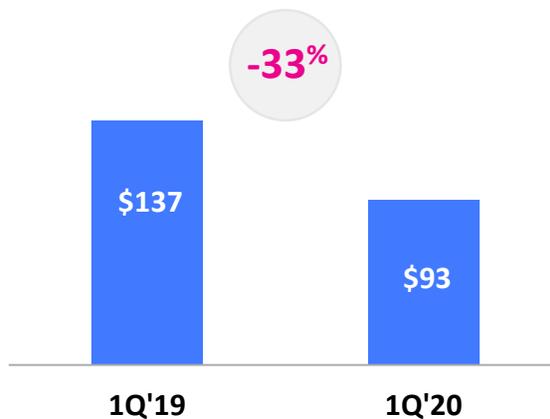
Net Sales ⁽¹⁾ (\$M)



1Q'19
1Q'20
Combined Company⁽³⁾

- Customer spending declines in Network Cable and Connectivity and Network & Cloud, across all geographic regions.

Adj. EBITDA⁽²⁾ (\$M)



1Q'19
1Q'20
Combined Company⁽³⁾

- Adj. EBITDA decreased 33% primarily due to lower sales volumes and unfavorable mix.

Home Networks

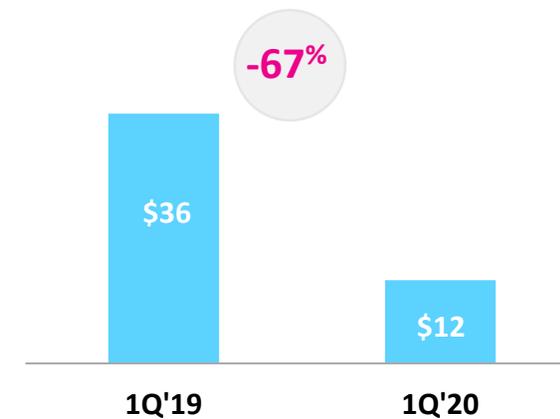
Net Sales ⁽¹⁾ (\$M)



1Q'19
1Q'20
Combined Company⁽³⁾

- Net sales growth in Broadband Gateways more than offset by declines in Video.
- Adverse Fx changes impacting broadband and video demand.
- Impacted by factory closures in southeast Asia; supply constraints are still not fully resolved.

Adj. EBITDA⁽²⁾ (\$M)



1Q'19
1Q'20
Combined Company⁽³⁾

- Adj. EBITDA declines primarily driven by lower volume, partially offset by favorable component costs, operating efficiencies, and other cost reduction actions.

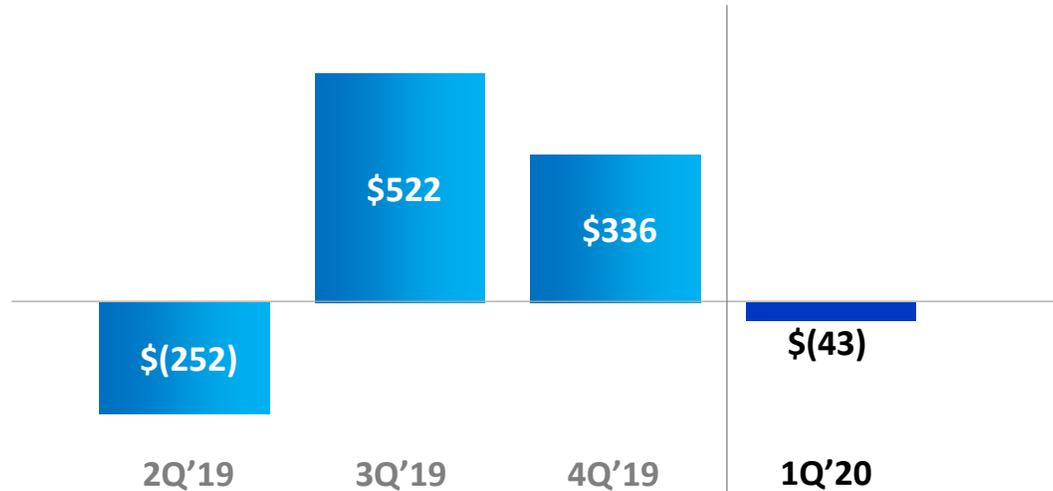
(1) Net sales as presented for 1Q'20 include reductions of revenue related to deferred revenue purchase accounting adjustments: \$2.8 million for Broadband Networks, \$0.5 million for Home Networks.

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

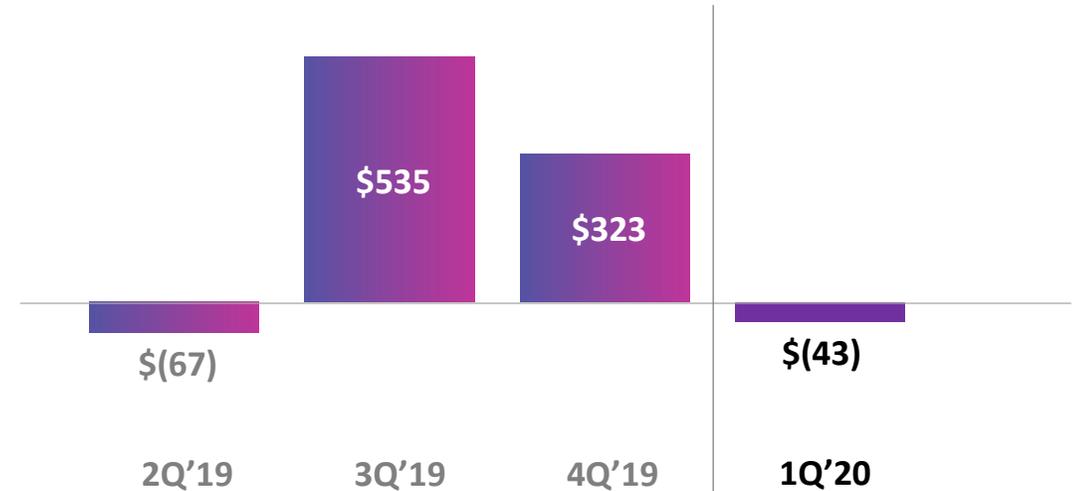
(3) For comparisons described as combined company, the first quarter of 2019 includes historical ARRIS results reflecting certain classification changes to align to CommScope's presentation.

Cash Flow Update

GAAP Cash Flow from Operations ⁽¹⁾(\$M)



Adj. Free Cash Flow^{(1) (2)}(\$M)



- Seasonally soft first quarter and net usage of working capital to build inventory for the year.
- Emphasis on diligent inventory management limited the usage of working capital better than expectations.

(1) Cash Flow from Operations and Adj. Free Cash Flow include an unfavorable impact in 1Q'20 and a benefit in 4Q'19 of \$78 million due to payments that should have occurred in the fourth quarter of 2019 but were paid in the first quarter of 2020.

(2) 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.

Strong liquidity & de-risked capital structure

Liquidity of over \$1.1 billion

- \$394 million in cash + \$735 million available ABL as of 3/31/2020
- \$250 million precautionary ABL draw in April 2020 (no impact on net liquidity position)

No significant debt maturities until 2024

- Over \$100 million of debt repayment during Q1 2020
- Repaid over \$600 million of debt in last 12 months focused on 2021 Notes

Covenant-lite debt structure

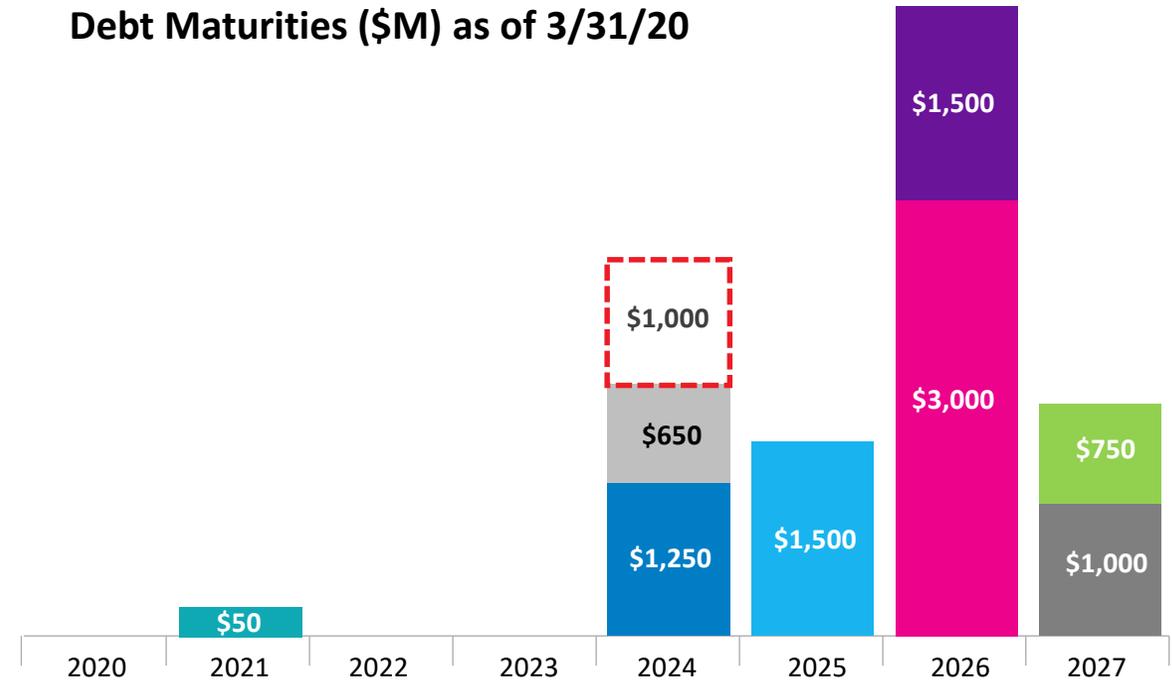
- No financial maintenance covenants
- ABL covenant (1.0x FCCR) test required only if ABL is close to fully drawn
- 3/31/2020 ABL FCCR of ~1.9x provides very substantial EBITDA headroom above 1.0x covenant

Continued focus on debt repayment & de-leveraging

- 6.8x net leverage as of 3/31/2020 ⁽¹⁾
- Long-term leverage target of 2.0x – 3.0x

(1) Net leverage based on combined company Adj. EBITDA of approximately \$1.4 billion (including \$90 million run-rate synergies and \$0.7 million of other cost savings initiatives). The Carlyle investment is characterized as equity. The ratio of net debt plus preferred equity to combined company Adj. EBITDA is ~7.5x.

Debt Maturities (\$M) as of 3/31/20



Maturities do not reflect quarterly required TLB amortization payments (\$24mm remaining in 2020 and \$32mm annually for 2021-2025).

Secured Debt

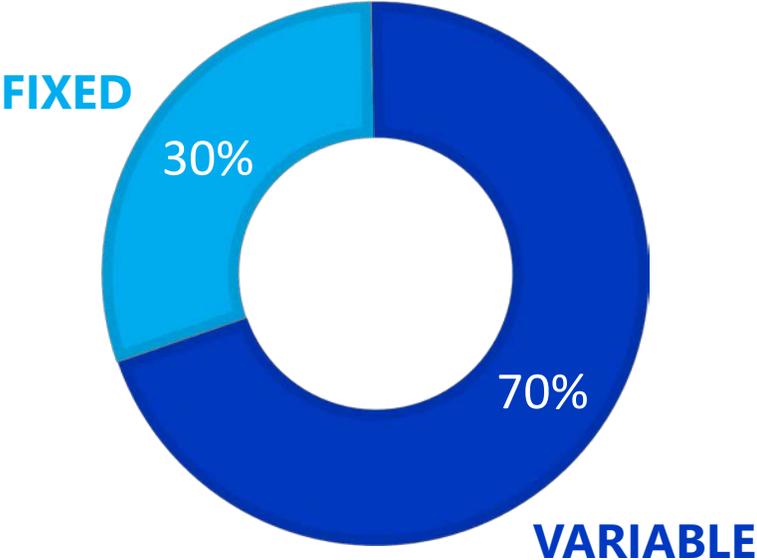
- ▭ ABL
- ▭ Term Loan B
- ▭ 5.50% Notes due 2024
- ▭ 6.00% Notes due 2026

Unsecured Debt

- ▭ 5.00% Notes due 2021
- ▭ 5.50% Notes due 2024
- ▭ 6.00% Notes due 2025
- ▭ 5.00% Notes due 2027
- ▭ 8.25% Notes due 2027

Disciplined fixed cost management with resilient business to offset declining revenue

FIXED AND VARIABLE COSTS



Synergy over-delivery continues	<ul style="list-style-type: none">• Year 1 exit run rate \$100M+ (FY 2019 \$55M delivered)• Expect to achieve full synergy delivery in excess of \$150M twelve months ahead of schedule
Aggressive cost discipline since COVID-19 outbreak	<ul style="list-style-type: none">• \$100M+ of incremental cost actions / avoidance to FY 2020 Plan in response to current environment• Variable cost structure enables ability to quickly execute additional cost actions as required
Rapid and aggressive COVID-19 Response	<ul style="list-style-type: none">• Suspension of 75% of discretionary spending• Swift back office rationalization• Comprehensive R&D strategy review
Re-baselining cost structure for a “war-time” footing	<ul style="list-style-type: none">• Investment reprioritization due to COVID-19 related uncertainty• Aggressive capital spend re-budgeting• Portfolio review

With a high variable cost structure and very disciplined fixed cost management, our economic model is resilient to changes in demand

Confident in ability to navigate current market headwinds

Market	Demand Outlook	Key Near-Term Business Drivers		
 Broadband Networks		 Network upgrades to relieve stress due to WFH / e-learning	 Fiber deployments by tier 2/3 operators to connect rural subs	 Operators balancing investment with internal cash flow needs
 Outdoor Wireless Networks		 T-Mobile and Sprint merger spend + competitive response	 5G investments essentially on track, may see ROW delays	 Declines in price of oil, strong USD and ROW operators' financial conditions
 Venue & Campus Networks		 Large public venue demand and backlog	 Hyperscale data center pipeline strong – some COVID-19 delays	 Core enterprise market uncertainty (will vary by vertical)
 Home Networks		 US broadband device market stable	 ROW broadband device market stable with Fx risk	 Video demand due to sports cancellations, OTT trends & in-home install avoidance

- Expect second quarter sales and adjusted EBITDA to improve modestly compared to the first quarter.
- Due to the ongoing COVID-19 market uncertainty and associated economic impact – not providing specific guidance for the second quarter of 2020 and the Company is withdrawing full year 2020 outlook.

SUMMARY

We will protect and care for our employees, help our customers and partners, and support our communities

Committed to taking decisive actions

to position CommScope for long-term success

Strong leadership and liquidity

to navigate the current environment

Flexible cost structure

to respond to market uncertainties

We plan to emerge as a stronger company,

as we have in past cycles

Q&A

First Quarter 2020 Results

COMMSCOPE®

Appendix

Statement of Operations

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

	Three Months Ended	
	March 31,	
	2020	2019
Net sales	\$ 2,033.2	\$ 1,099.5
Cost of sales	1,392.0	701.5
Gross profit	641.2	398.0
Operating expenses:		
Selling, general and administrative	311.1	185.4
Research and development	180.4	50.2
Amortization of purchased intangible assets	157.8	59.3
Restructuring costs, net	23.7	12.4
Total operating expenses	673.0	307.3
Operating income (loss)	(31.8)	90.7
Other income (expense), net	(12.5)	(5.7)
Interest expense	(149.1)	(97.5)
Interest income	2.1	11.8
Loss before income taxes	(191.3)	(0.7)
Income tax (expense) benefit	31.4	(1.6)
Net loss	(159.9)	(2.3)
Series A convertible preferred stock dividend	(13.8)	—
Net loss attributable to common stockholders	\$ (173.7)	\$ (2.3)
Loss per share:		
Basic	\$ (0.89)	\$ (0.01)
Diluted (a)	\$ (0.89)	\$ (0.01)
Weighted average shares outstanding:		
Basic	194.9	192.8
Diluted (a)	194.9	192.8
(a) Calculation of diluted earnings (loss) per share:		
Net loss (basic and diluted)	\$ (173.7)	\$ (2.3)
Weighted average shares (basic)	194.9	192.8
Dilutive effect of equity-based awards	—	—
Denominator (diluted)	194.9	192.8

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

Balance Sheet

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

	Unaudited	
	March 31, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 394.3	\$ 598.2
Accounts receivable, less allowance for doubtful accounts of \$40.0 and \$35.4, respectively	1,604.0	1,698.8
Inventories, net	909.4	975.9
Prepaid expenses and other current assets	238.1	238.9
Total current assets	3,145.8	3,511.8
Property, plant and equipment, net of accumulated depreciation of \$585.0 and \$553.8, respectively	693.5	723.8
Goodwill	5,424.6	5,471.7
Other intangible assets, net	4,096.4	4,263.6
Other noncurrent assets	512.5	460.7
Total assets	<u>\$ 13,872.8</u>	<u>\$ 14,431.6</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 974.0	\$ 1,148.0
Accrued and other liabilities	846.9	862.0
Current portion of long-term debt	32.0	32.0
Total current liabilities	1,852.9	2,042.0
Long-term debt	9,698.7	9,800.4
Deferred income taxes	206.9	215.1
Other noncurrent liabilities	527.1	537.8
Total liabilities	12,285.6	12,595.3
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,013.8	1,000.0
Stockholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,013,750 Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 195,807,913 and 194,563,530, respectively	2.0	2.0
Additional paid-in capital	2,455.7	2,445.1
Retained earnings (accumulated deficit)	(1,339.2)	(1,179.3)
Accumulated other comprehensive loss	(304.7)	(197.0)
Treasury stock, at cost: 7,981,297 shares and 7,411,382 shares, respectively	(240.4)	(234.5)
Total stockholders' equity	573.4	836.3
Total liabilities and stockholders' equity	<u>\$ 13,872.8</u>	<u>\$ 14,431.6</u>

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

Statement of Cash Flows

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

	Three Months Ended	
	March 31,	
	2020	2019
Operating Activities:		
Net loss	\$ (159.9)	\$ (2.3)
Adjustments to reconcile net loss to net cash used in operating activities:		
Depreciation and amortization	205.4	83.7
Equity-based compensation	23.5	7.5
Deferred income taxes	(38.3)	(1.4)
Changes in assets and liabilities:		
Accounts receivable	69.0	(150.7)
Inventories	50.6	(62.4)
Prepaid expenses and other assets	15.2	(24.5)
Accounts payable and other liabilities	(217.2)	136.8
Other	9.0	3.3
Net cash used in operating activities	(42.7)	(10.0)
Investing Activities:		
Additions to property, plant and equipment	(23.9)	(21.4)
Proceeds from sale of property, plant and equipment	0.1	0.6
Acquisition funds held in escrow	—	(3,750.0)
Cash paid for Cable Exchange acquisition	—	(11.0)
Net cash used in investing activities	(23.8)	(3,781.8)
Financing Activities:		
Long-term debt repaid	(108.0)	(225.0)
Long-term debt proceeds	—	3,750.0
Debt issuance costs	—	(9.3)
Proceeds from the issuance of common shares under equity-based compensation plans	0.9	1.3
Tax withholding payments for vested equity-based compensation awards	(5.9)	(7.5)
Net cash generated by (used in) financing activities	(113.0)	3,509.5
Effect of exchange rate changes on cash and cash equivalents	(24.4)	0.5
Change in cash and cash equivalents	(203.9)	(281.8)
Cash and cash equivalents at beginning of period	598.2	458.2
Cash and cash equivalents at end of period	\$ 394.3	\$ 176.4

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

Adjusted EBITDA, and Adjusted 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 March 31,	
	2020	2019
Net loss, as reported	\$ (159.9)	\$ (2.3)
Income tax expense (benefit), as reported	(31.4)	1.6
Interest income, as reported	(2.1)	(11.8)
Interest expense, as reported	149.1	97.5
Other expense, net, as reported	12.5	5.7
Operating income (loss), as reported	\$ (31.8)	\$ 90.7
Adjustments:		
Amortization of purchased intangible assets	157.8	59.3
Restructuring costs, net	23.7	12.4
Equity-based compensation	23.5	7.5
Transaction and integration costs	5.4	20.8
Purchase accounting adjustments	5.5	—
Patent claims and litigation	5.3	—
Depreciation	41.8	17.7
Total adjustments to operating income (loss)	263.0	117.7
Non-GAAP adjusted EBITDA	\$ 231.2	\$ 208.4
Loss before income taxes, as reported	\$ (191.3)	\$ (0.7)
Income tax (expense) benefit, as reported	31.4	(1.6)
Net loss, as reported	\$ (159.9)	\$ (2.3)
Adjustments:		
Total pretax adjustments to adjusted EBITDA	221.2	100.0
Pretax amortization of debt issuance costs & OID ⁽¹⁾	6.9	6.7
Pretax acquisition related interest ⁽¹⁾	—	27.4
Tax effects of adjustments and other tax items ⁽³⁾	(41.0)	(38.8)
Non-GAAP adjusted net income	\$ 27.2	\$ 93.0
GAAP EPS, as reported ⁽⁴⁾	\$ (0.89)	\$ (0.01)
Non-GAAP adjusted diluted EPS ⁽⁵⁾	\$ 0.12	\$ 0.48

(1) Included in interest expense.

(2) Included in other expense, net.

(3) 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.

(4) For the three months ended March 31, 2020, GAAP EPS was calculated using Net income (loss) attributable to common stockholders, which includes the impact of the Series A convertible preferred stock dividend, in the numerator because of the net loss position.

(5) The Company's definition of non-GAAP adjusted diluted EPS is non-GAAP adjusted net income, excluding the Series A convertible preferred stock dividend, divided by weighted average shares outstanding assuming the if-converted method, which reflects the conversion of the Series A convertible preferred stock.

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

	<u>Q1 2020</u>	<u>Q1 2019</u>	<u>% Change</u> <u>YOY</u>
United States	\$ 1,220.4	\$ 639.1	91.0 %
Europe, Middle East and Africa	395.0	229.9	71.8
Asia Pacific	177.6	147.2	20.7
Caribbean and Latin America	158.4	63.5	149.4
Canada	81.8	19.8	313.1
Total net sales	<u>\$ 2,033.2</u>	<u>\$ 1,099.5</u>	84.9 %

Sales, Operating Income (Loss) and Adjusted EBITDA by Segment

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

Sales by Segment ⁽¹⁾

	Q1 2020	Combined Company ⁽²⁾	% Change YOY
		Q1 2019	
Broadband	\$ 613.4	\$ 766.7	(20.0) %
Home	601.4	824.2	(27.0) %
Outdoor Wireless	348.9	390.8	(10.7) %
Venue and Campus	469.5	499.1	(5.9) %
Total net sales	\$ 2,033.2	\$ 2,480.8	(18.0) %

Segment Operating Income (Loss) ⁽¹⁾

	Q1 2020	Combined Company ⁽²⁾	% Change YOY
		Q1 2019	
Broadband	\$ (18.6)	\$ 57.3	(132.5) %
Home	(37.6)	(23.8)	58.0 %
Outdoor Wireless	65.0	70.9	(8.3) %
Venue and Campus	(40.6)	(59.7)	(32.0) %
Total segment operating income (loss)	\$ (31.8)	\$ 44.8	(171.0) %

Segment Adjusted EBITDA ⁽¹⁾

	Q1 2020	Combined Company ⁽²⁾	% Change YOY
		Q1 2019	
Broadband	\$ 92.7	\$ 137.3	(32.5) %
Home	11.9	35.8	(66.8) %
Outdoor Wireless	88.9	101.0	(12.0) %
Venue and Campus	37.7	20.2	86.6 %
Total segment adjusted EBITDA	\$ 231.2	\$ 294.3	(21.4) %

(1) During the three months ended March 31, 2020, the company began reporting in the following four operating segments: Broadband Networks, Home Networks, Outdoor Wireless Networks and Venue and Campus Networks. All prior period amounts have been restated to reflect these operating segment changes.

(2) Periods prior to the acquisition date, April 4, 2019, are presented for the combined company to include previously reported CommScope results plus the historical results of the ARRIS business.

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

Adjusted EBITDA Reconciliation by Segment

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

First Quarter 2020 Segment Adjusted EBITDA Reconciliation ⁽¹⁾

	Broadband	Home	Outdoor Wireless	Venue and Campus	Total
Operating income (loss), as reported	\$ (18.6)	\$ (37.6)	\$ 65.0	\$ (40.6)	\$ (31.8)
Amortization of purchased intangible assets	77.0	26.0	11.6	43.3	157.8
Restructuring costs, net	5.2	2.4	4.1	12.0	23.7
Equity-based compensation	9.0	4.5	2.8	7.1	23.5
Transaction and integration costs	1.7	0.9	0.9	1.9	5.4
Purchase accounting adjustments	2.8	0.5	—	2.2	5.5
Patent claims and litigation	—	5.3	—	—	5.3
Depreciation	15.6	10.0	4.5	11.7	41.8
Segment adjusted EBITDA	\$ 92.7	\$ 11.9	\$ 88.9	\$ 37.7	\$ 231.2
Segment adjusted EBITDA % of sales	15.1%	2.0%	25.5%	8.0%	11.4%

First Quarter 2019 Segment Adjusted EBITDA Reconciliation ⁽¹⁾

	Broadband	Home	Outdoor Wireless	Venue and Campus	Combined Company (2) Total
Operating income (loss), as reported	\$ 57.3	\$ (23.8)	\$ 70.9	\$ (59.7)	\$ 44.8
Amortization of purchased intangible assets	38.4	43.7	12.9	46.3	141.3
Restructuring costs, net	3.2	0.5	3.8	5.4	12.9
Equity-based compensation	12.8	6.1	2.4	7.1	28.3
Transaction and integration costs	11.1	2.3	6.6	8.6	28.7
Purchase accounting adjustments	—	—	—	1.5	1.5
Depreciation	14.4	7.0	4.3	11.0	36.8
Segment adjusted EBITDA	\$ 137.3	\$ 35.8	\$ 101.0	\$ 20.2	\$ 294.3
Segment adjusted EBITDA % of sales	17.9%	4.3%	25.8%	4.0%	11.9%

(1) During the three months ended March 31, 2020, the company began reporting in the following four operating segments: Broadband Networks (Broadband), Home Networks (Home), Outdoor Wireless Networks (OWN) and Venue & Campus Networks (VCN). All prior period amounts have been restated to reflect these operating segment changes.

(2) Periods prior to the acquisition date, April 4, 2019, are presented for the combined company to include previously reported CommScope results plus the historical results of the ARRIS business.

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

Adjusted Free Cash Flow Reconciliation

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

Adjusted Free Cash Flow

	<u>Q1 2020</u>	<u>Q1 2019</u>
Cash flow from operations	\$ (42.7)	\$ (10.0)
Capital expenditures	(23.9)	(21.4)
Free cash flow	(66.6)	(31.4)
Transaction and integration costs	3.4	7.3
Restructuring	20.1	25.9
Adjusted Free Cash Flow ⁽¹⁾	<u>\$ (43.1)</u>	<u>\$ 1.8</u>

(1) Non-GAAP adjusted free cash flow reflects \$78.0 million of certain payments that should have occurred in the fourth quarter of 2019 but were made in the first quarter of 2020.

See Description of Non-GAAP Financial Measures

New Segment 2019 Financial Information

CommScope Holding Company, Inc.

New Segment Information

(Unaudited -- In millions)

Net Sales by Segment ⁽¹⁾

	Q1 2019 ⁽²⁾	Q2 2019 ⁽²⁾	Q3 2019	Q4 2019	Total ⁽²⁾
Broadband	\$ 766.7	\$ 673.3	\$ 694.8	\$ 673.1	\$ 2,807.9
Home	824.2	912.4	826.4	823.6	3,386.6
Outdoor Wireless	390.8	458.1	334.4	291.6	1,474.9
Venue and Campus	499.1	551.5	524.6	510.4	2,085.6
Total net sales	\$ 2,480.8	\$ 2,595.3	\$ 2,380.2	\$ 2,298.7	\$ 9,755.0

Segment Adjusted EBITDA ⁽¹⁾

	Q1 2019 ⁽²⁾	Q2 2019 ⁽²⁾	Q3 2019	Q4 2019	Total ⁽²⁾
Broadband	\$ 137.3	\$ 108.0	\$ 153.4	\$ 143.5	\$ 542.3
Home	35.8	60.3	59.7	71.9	227.7
Outdoor Wireless	101.0	136.3	75.3	48.6	361.2
Venue and Campus	20.2	76.0	81.3	59.5	237.0
Segment adjusted EBITDA	\$ 294.3	\$ 380.5	\$ 369.8	\$ 323.6	\$ 1,368.2
Segment adjusted EBITDA % of sales	11.9%	14.7%	15.5%	14.1%	14.0%

(1) Represents our recasting of net sales and segment adjusted EBITDA to conform to our new segment reporting structure effective January 1, 2020.

(2) Periods prior to the acquisition date, April 4, 2019, are presented for the combined company to include previously reported CommScope results plus the historical results of the ARRIS business.

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

New Segment 2019 Adjusted EBITDA Reconciliation

CommScope Holding Company, Inc.
Reconciliation of GAAP to Segment Adjusted EBITDA - New Segments
(Unaudited -- In millions)

First Quarter 2019 Segment Adjusted EBITDA Reconciliation ⁽¹⁾

	Broadband	Home	Outdoor Wireless	Venue and Campus	Total
Operating income (loss)	\$ 57.3	\$ (23.8)	\$ 70.9	\$ (59.7)	\$ 44.8
Amortization of purchased intangible assets	38.4	43.7	12.9	46.3	141.3
Restructuring costs, net	3.2	0.5	3.8	5.4	12.9
Equity-based compensation	12.8	6.1	2.4	7.1	28.3
Transaction and integration costs	11.1	2.3	6.6	8.6	28.7
Purchase accounting adjustments	—	—	—	1.5	1.5
Depreciation	14.4	7.0	4.3	11.0	36.8
Segment adjusted EBITDA	\$ 137.3	\$ 35.8	\$ 101.0	\$ 20.2	\$ 294.3

Second Quarter 2019 Segment Adjusted EBITDA Reconciliation ⁽¹⁾

	Broadband	Home	Outdoor Wireless	Venue and Campus	Total
Operating income (loss)	\$ (203.5)	\$ (28.7)	\$ 104.5	\$ (100.5)	\$ (228.2)
Amortization of purchased intangible assets	73.0	35.2	12.3	46.4	166.9
Restructuring costs, net	23.1	15.1	1.9	6.2	46.4
Equity-based compensation	9.7	3.8	3.4	6.9	23.7
Transaction and integration costs	109.8	1.2	9.7	46.4	167.0
Purchase accounting adjustments	80.0	24.0	—	60.1	164.1
Depreciation	15.9	9.7	4.5	10.6	40.7
Segment adjusted EBITDA	\$ 108.0	\$ 60.3	\$ 136.3	\$ 76.0	\$ 380.5

Third Quarter 2019 Segment Adjusted EBITDA Reconciliation

	Broadband	Home	Outdoor Wireless	Venue and Campus	Total
Operating income (loss)	\$ (13.0)	\$ 3.8	\$ (2.2)	\$ (39.4)	\$ (50.8)
Amortization of purchased intangible assets	72.2	33.7	12.2	45.8	163.9
Restructuring costs, net	5.6	6.8	1.1	5.9	19.5
Equity-based compensation	11.2	4.9	3.5	8.4	28.0
Transaction and integration costs	2.0	(3.5)	1.4	2.2	2.2
Purchase accounting adjustments	57.7	3.3	—	47.8	108.7
Patent claims and litigation	—	—	55.0	—	55.0
Depreciation	17.6	10.7	4.3	10.6	43.3
Segment adjusted EBITDA	\$ 153.4	\$ 59.7	\$ 75.3	\$ 81.3	\$ 369.8

Fourth Quarter 2019 Segment Adjusted EBITDA Reconciliation

	Broadband	Home	Outdoor Wireless	Venue and Campus	Total
Operating income (loss)	\$ (145.8)	\$ (174.8)	\$ 27.1	\$ (45.7)	\$ (339.2)
Amortization of purchased intangible assets	113.2	36.5	12.0	44.3	205.9
Restructuring costs, net	5.2	1.3	(0.0)	3.0	9.4
Equity-based compensation	12.9	5.6	3.8	9.8	32.0
Asset impairments	142.1	192.8	—	41.2	376.1
Transaction and integration costs	1.8	0.0	1.4	2.1	5.3
Purchase accounting adjustments	(1.9)	0.5	—	(7.3)	(8.6)
Depreciation	16.1	10.1	4.3	12.1	42.7
Segment adjusted EBITDA	\$ 143.5	\$ 71.9	\$ 48.6	\$ 59.5	\$ 323.6

(1) Periods prior to the acquisition date, April 4, 2019, are presented for the combined company to include previously reported CommScope results plus the historical results of the ARRIS business.