

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2020	2019	2020	2019
Net sales	\$ 2,168.1	\$ 2,380.2	\$ 6,304.1	\$ 6,046.4
Cost of sales	1,432.6	1,770.3	4,271.3	4,378.5
Gross profit	735.5	609.9	2,032.8	1,667.9
Operating expenses:				
Selling, general and administrative	296.7	305.8	898.7	972.0
Research and development	184.6	171.5	541.1	399.5
Amortization of purchased intangible assets	158.1	163.9	473.5	387.3
Restructuring costs, net	40.3	19.5	83.6	78.3
Asset impairments	—	—	206.7	—
Total operating expenses	679.7	660.7	2,203.6	1,837.1
Operating income (loss)	55.8	(50.8)	(170.8)	(169.2)
Other income (expense), net	(16.9)	1.5	(30.2)	(3.6)
Interest expense	(147.2)	(160.7)	(437.7)	(423.5)
Interest income	1.3	1.8	4.2	15.9
Loss before income taxes	(107.0)	(208.2)	(634.5)	(580.4)
Income tax (expense) benefit	(9.3)	51.7	37.2	87.6
Net loss	(116.3)	(156.5)	(597.3)	(492.8)
Series A convertible preferred stock dividend	(14.1)	(13.8)	(41.8)	(26.9)
Deemed dividend on Series A convertible preferred stock	—	—	—	(3.0)
Net loss attributable to common stockholders	\$ (130.4)	\$ (170.3)	\$ (639.1)	\$ (522.7)
Loss per share:				
Basic	\$ (0.66)	\$ (0.88)	\$ (3.26)	\$ (2.70)
Diluted (a)	\$ (0.66)	\$ (0.88)	\$ (3.26)	\$ (2.70)
Weighted average shares outstanding:				
Basic	196.9	194.1	195.9	193.5
Diluted (a)	196.9	194.1	195.9	193.5
(a) Calculation of diluted loss per share:				
Net loss (basic and diluted)	\$ (130.4)	\$ (170.3)	\$ (639.1)	\$ (522.7)
Weighted average shares (basic)	196.9	194.1	195.9	193.5
Dilutive effect of equity-based awards	—	—	—	—
Denominator (diluted)	196.9	194.1	195.9	193.5

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

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

	Unaudited	
	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	\$ 582.8	\$ 598.2
Accounts receivable, less allowance for doubtful accounts of \$43.1 and \$35.4, respectively	1,497.2	1,698.8
Inventories, net	1,104.5	975.9
Prepaid expenses and other current assets	230.9	238.9
Total current assets	3,415.4	3,511.8
Property, plant and equipment, net of accumulated depreciation of \$665.5 and \$553.8, respectively	673.3	723.8
Goodwill	5,254.1	5,471.7
Other intangible assets, net	3,795.5	4,263.6
Other noncurrent assets	562.7	460.7
Total assets	<u>\$ 13,701.0</u>	<u>\$ 14,431.6</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 1,147.3	\$ 1,148.0
Accrued and other liabilities	878.3	862.0
Current portion of long-term debt	32.0	32.0
Total current liabilities	2,057.6	2,042.0
Long-term debt	9,589.3	9,800.4
Deferred income taxes	217.7	215.1
Other noncurrent liabilities	540.5	537.8
Total liabilities	12,405.1	12,595.3
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,041.8	1,000.0
Stockholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,041,819 Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 196,990,667 and 194,563,530, respectively	2.1	2.0
Additional paid-in capital	2,494.2	2,445.1
Retained earnings (accumulated deficit)	(1,776.6)	(1,179.3)
Accumulated other comprehensive loss	(220.8)	(197.0)
Treasury stock, at cost: 8,498,082 shares and 7,411,382 shares, respectively	(244.8)	(234.5)
Total stockholders' equity	254.1	836.3
Total liabilities and stockholders' equity	<u>\$ 13,701.0</u>	<u>\$ 14,431.6</u>

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

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

	<u>Three Months Ended</u> <u>September 30,</u>		<u>Nine Months Ended</u> <u>September 30,</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Operating Activities:				
Net loss	\$ (116.3)	\$ (156.5)	\$ (597.3)	\$ (492.8)
Adjustments to reconcile net loss to net cash generated by operating activities:				
Depreciation and amortization	209.9	213.5	618.8	514.5
Equity-based compensation	34.0	28.0	90.0	58.7
Deferred income taxes	(27.2)	(66.9)	(96.6)	(172.4)
Asset impairments	—	—	206.7	—
Changes in assets and liabilities:				
Accounts receivable	167.4	469.3	200.9	165.3
Inventories	(56.8)	224.0	(130.3)	356.3
Prepaid expenses and other assets	20.5	39.6	32.2	63.8
Accounts payable and other liabilities	(87.7)	(226.9)	(25.0)	(228.0)
Other	28.4	(2.0)	39.1	(5.0)
Net cash generated by operating activities	<u>172.2</u>	<u>522.1</u>	<u>338.5</u>	<u>260.4</u>
Investing Activities:				
Additions to property, plant and equipment	(25.8)	(24.3)	(73.5)	(72.3)
Proceeds from sale of property, plant and equipment	0.1	0.5	0.2	1.2
Proceeds from sale of long-term investments	—	3.8	—	9.3
Cash paid for ARRIS acquisition, net of cash acquired	—	(3.5)	—	(5,053.4)
Cash paid for Cable Exchange acquisition	(3.5)	—	(3.5)	(11.0)
Other	—	—	—	1.1
Net cash used in investing activities	<u>(29.2)</u>	<u>(23.5)</u>	<u>(76.8)</u>	<u>(5,125.1)</u>
Financing Activities:				
Long-term debt repaid	(1,058.0)	(200.0)	(1,174.0)	(2,753.3)
Long-term debt proceeds	700.0	—	950.0	6,933.0
Debt issuance costs	(11.6)	(2.7)	(11.6)	(120.8)
Debt extinguishment costs	(14.9)	—	(14.9)	—
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	0.1	0.3	1.0	3.0
Tax withholding payments for vested equity-based compensation awards	(4.0)	(2.9)	(10.3)	(12.3)
Net cash generated by (used in) financing activities	<u>(388.4)</u>	<u>(232.2)</u>	<u>(259.8)</u>	<u>5,019.7</u>
Effect of exchange rate changes on cash and cash equivalents	4.8	(5.3)	(17.3)	(4.1)
Change in cash and cash equivalents	(240.6)	261.1	(15.4)	150.9
Cash and cash equivalents at beginning of period	823.4	348.0	598.2	458.2
Cash and cash equivalents at end of period	<u>\$ 582.8</u>	<u>\$ 609.1</u>	<u>\$ 582.8</u>	<u>\$ 609.1</u>

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

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

	Three Months Ended	Three Months Ended		Nine Months Ended	
	June 30,	September 30,		September 30,	
	2020	2020	2019	2020	2019
Net loss, as reported	\$ (321.1)	\$ (116.3)	\$ (156.5)	\$ (597.3)	\$ (492.8)
Income tax (benefit) expense, as reported	(15.1)	9.3	(51.7)	(37.2)	(87.6)
Interest income, as reported	(0.8)	(1.3)	(1.8)	(4.2)	(15.9)
Interest expense, as reported	141.4	147.2	160.7	437.7	423.5
Other (income) expense, net, as reported	0.8	16.9	(1.5)	30.2	3.6
Operating income (loss), as reported	<u>\$ (194.8)</u>	<u>\$ 55.8</u>	<u>\$ (50.8)</u>	<u>\$ (170.8)</u>	<u>\$ (169.2)</u>
Adjustments:					
Amortization of purchased intangible assets	157.6	158.1	163.9	473.5	387.3
Restructuring costs, net	19.6	40.3	19.5	83.6	78.3
Equity-based compensation	32.5	34.0	28.0	90.0	58.7
Asset impairments	206.7	—	—	206.7	—
Transaction and integration costs	7.6	4.8	2.2	17.8	189.8
Acquisition accounting adjustments	5.2	5.1	108.7	15.8	272.9
Patent claims and litigation	7.5	(1.4)	55.0	11.4	55.0
Executive severance	—	6.3	—	6.3	—
Depreciation	37.9	38.9	43.3	118.7	101.0
Total adjustments to operating loss	<u>474.5</u>	<u>286.1</u>	<u>420.6</u>	<u>1,023.8</u>	<u>1,143.0</u>
Non-GAAP adjusted EBITDA	<u>\$ 279.8</u>	<u>\$ 341.9</u>	<u>\$ 369.8</u>	<u>\$ 853.0</u>	<u>\$ 973.8</u>
Net loss, as reported	\$ (321.1)	\$ (116.3)	\$ (156.5)	\$ (597.3)	\$ (492.8)
Adjustments:					
Total pretax adjustments to adjusted EBITDA	436.7	247.2	377.3	905.1	1,042.0
Pretax amortization of debt issuance costs and OID (1)	6.7	12.8	7.4	26.5	25.5
Pretax acquisition related interest (1)	—	—	—	—	30.2
Pretax loss on debt transactions (2)	—	14.9	—	14.9	—
Tax effects of adjustments and other tax items (3)	(45.3)	(35.5)	(101.3)	(122.1)	(232.2)
Non-GAAP adjusted net income	<u>\$ 76.9</u>	<u>\$ 123.1</u>	<u>\$ 126.9</u>	<u>\$ 227.1</u>	<u>\$ 372.7</u>
GAAP EPS, as reported (4)	\$ (1.71)	\$ (0.66)	\$ (0.88)	\$ (3.26)	\$ (2.70)
Non-GAAP adjusted diluted EPS (5)	\$ 0.32	\$ 0.51	\$ 0.55	\$ 0.96	\$ 1.70

(1) Included in interest expense.

(2) Included in other income (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 June 30, 2020 and the three and nine months ended September 30, 2020 and 2019, GAAP EPS was calculated using net loss attributable to common stockholders in the numerator, which includes the impact of the Series A convertible preferred stock dividend, 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

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

Sales by Region

	<u>Q3 2020</u>	<u>Q2 2020</u>	<u>Q3 2019</u>	<u>% Change</u> <u>Sequential</u>	<u>%</u> <u>Change</u> <u>YOY</u>
United States	\$ 1,318.2	\$ 1,353.6	\$ 1,432.7	(2.6) %	(8.0) %
Europe, Middle East and Africa	407.3	359.0	423.1	13.5	(3.7)
Asia Pacific	219.1	201.9	251.3	8.5	(12.8)
Caribbean and Latin America	149.9	124.0	187.6	20.9	(20.1)
Canada	73.6	64.3	85.5	14.5	(13.9)
Total net sales	<u>\$ 2,168.1</u>	<u>\$ 2,102.8</u>	<u>\$ 2,380.2</u>	3.1 %	(8.9) %

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

Sales by Segment (1)

	<u>Q3 2020</u>	<u>Q2 2020</u>	<u>Q3 2019</u>	<u>% Change</u> <u>Sequential</u>	<u>% Change</u> <u>YOY</u>
Broadband	\$ 820.9	\$ 671.9	\$ 694.8	22.2 %	18.1 %
Home	563.6	624.0	826.4	(9.7)	(31.8)
Outdoor Wireless	271.8	328.4	334.4	(17.2)	(18.7)
Venue and Campus	511.8	478.5	524.6	7.0	(2.4)
Total net sales	\$ 2,168.1	\$ 2,102.8	\$ 2,380.2	3.1 %	(8.9)%

Segment Adjusted EBITDA (1)

	<u>Q3 2020</u>	<u>Q2 2020</u>	<u>Q3 2019</u>	<u>% Change</u> <u>Sequential</u>	<u>% Change</u> <u>YOY</u>
Broadband	\$ 204.2	\$ 130.2	\$ 153.5	56.8 %	33.0 %
Home	28.5	35.4	59.7	(19.5)	(52.3)
Outdoor Wireless	53.6	76.0	75.3	(29.5)	(28.8)
Venue and Campus	55.6	38.2	81.3	45.5	(31.6)
Total segment adjusted EBITDA	\$ 341.9	\$ 279.8	\$ 369.8	22.2 %	(7.5)%

(1) As of January 1, 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.

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

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

Third Quarter 2020 Segment Adjusted EBITDA Reconciliation (1)

	<u>Broadband</u>	<u>Home</u>	<u>Outdoor Wireless</u>	<u>Venue and Campus</u>	<u>Total</u>
Operating income (loss), as reported	\$ 76.7	\$ (3.7)	\$ 26.0	\$ (43.2)	\$ 55.8
Amortization of purchased intangible assets	81.2	26.0	11.4	39.6	158.1
Restructuring costs, net	11.7	3.8	5.9	18.9	40.3
Equity-based compensation	13.1	6.5	4.0	10.3	34.0
Transaction and integration costs	1.7	0.9	0.9	1.3	4.8
Acquisition accounting adjustments	2.8	0.5	—	1.7	5.1
Patent claims and litigation	—	(15.1)	—	13.7	(1.4)
Executive severance	2.2	1.2	1.2	1.7	6.3
Depreciation	14.8	8.3	4.1	11.7	38.9
Segment adjusted EBITDA	\$ 204.2	\$ 28.5	\$ 53.6	\$ 55.6	\$ 341.9
Segment adjusted EBITDA % of sales	24.9%	5.1%	19.7%	10.9%	15.8%

Second Quarter 2020 Segment Adjusted EBITDA Reconciliation (1)

	<u>Broadband</u>	<u>Home</u>	<u>Outdoor Wireless</u>	<u>Venue and Campus</u>	<u>Total</u>
Operating income (loss), as reported	\$ 8.9	\$ (222.9)	\$ 51.4	\$ (32.2)	\$ (194.8)
Amortization of purchased intangible assets	76.8	26.0	11.4	43.4	157.5
Restructuring costs, net	8.9	4.9	3.9	1.9	19.6
Equity-based compensation	12.5	6.2	3.8	9.9	32.5
Asset impairments	—	206.7	—	—	206.7
Transaction and integration costs	2.7	1.4	1.4	2.1	7.6
Acquisition accounting adjustments	3.0	0.5	—	1.7	5.2
Patent claims and litigation	3.0	4.5	—	—	7.5
Depreciation	14.5	8.0	4.0	11.4	37.9
Segment adjusted EBITDA	\$ 130.2	\$ 35.4	\$ 76.0	\$ 38.2	\$ 279.8
Segment adjusted EBITDA % of sales	19.4%	5.7%	23.1%	8.0%	13.3%

Third Quarter 2019 Segment Adjusted EBITDA Reconciliation (1)

	<u>Broadband</u>	<u>Home</u>	<u>Outdoor Wireless</u>	<u>Venue and Campus</u>	<u>Total</u>
Operating income (loss), as reported	\$ (13.0)	\$ 3.8	\$ (2.2)	\$ (39.4)	\$ (50.8)
Amortization of purchased intangible assets	72.0	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
Acquisition accounting adjustments	57.7	3.3	—	47.8	108.7
Patent claims and litigation	—	—	55.0	—	55.0
Depreciation	17.7	10.7	4.3	10.6	43.3
Segment adjusted EBITDA	\$ 153.5	\$ 59.7	\$ 75.3	\$ 81.3	\$ 369.8
Segment adjusted EBITDA % of sales	22.1%	7.2%	22.5%	15.5%	15.5%

(1) As of January 1, 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.

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

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

Adjusted Free Cash Flow

	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Q1 2020</u>	<u>Q2 2020</u>	<u>Q3 2020</u>
Cash flow from operations	\$ 522.1	\$ 336.0	\$ (42.7)	\$ 209.1	\$ 172.2
Capital expenditures	(24.3)	(31.8)	(23.9)	(23.8)	(25.8)
Free cash flow	497.8	304.2	(66.6)	185.3	146.4
Transaction and integration costs	10.0	5.5	3.4	9.1	4.8
Restructuring	27.2	12.9	20.1	23.0	24.8
Adjusted Free Cash Flow	<u>\$ 535.0</u>	<u>\$ 322.6</u>	<u>\$ (43.1)</u>	<u>\$ 217.4</u>	<u>\$ 176.0</u>

See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Quarterly Adjusted Gross Profit and Adjusted Operating Expense
(Unaudited -- In millions)

GAAP to Non-GAAP Adjusted Gross Profit

	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Q1 2020</u>	<u>Q2 2020</u>	<u>Q3 2020</u>
Gross profit, as reported	\$ 609.9	\$ 736.2	\$ 641.2	\$ 656.1	\$ 735.5
Equity-based compensation	3.7	5.8	3.8	5.2	5.5
Acquisition accounting adjustments	108.7	(8.6)	5.5	5.2	5.1
Patent claims and litigation	55.0	—	5.3	7.5	(1.4)
Adjusted gross profit	\$ 777.3	\$ 733.4	\$ 655.8	\$ 674.0	\$ 744.7
Adjusted gross profit as % of sales	32.7%	31.9%	32.3%	32.1%	34.3%

GAAP to Non-GAAP Adjusted Operating Expense

	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Q1 2020</u>	<u>Q2 2020</u>	<u>Q3 2020</u>
Selling, general and administrative, as reported	\$ 305.8	\$ 305.1	\$ 311.1	\$ 290.9	\$ 296.7
Research and development, as reported	171.5	179.1	180.4	176.1	184.6
Operating expenses	\$ 477.3	\$ 484.2	\$ 491.5	\$ 467.0	\$ 481.3
Equity-based compensation	24.3	26.2	19.7	27.3	28.5
Transaction and integration costs	2.2	5.3	5.4	7.6	4.8
Executive severance	—	—	—	—	6.3
Adjusted operating expense	\$ 450.8	\$ 452.7	\$ 466.4	\$ 432.1	\$ 441.7
Adjusted operating expense as % of sales	18.9%	19.7%	22.9%	20.5%	20.4%

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