



# Fourth Quarter and Full Year 2018 Results

February 21, 2019



Eddie Edwards  
President and  
Chief Executive Officer

Alex Pease  
Executive Vice President  
and Chief Financial Officer

# Safe harbor

## 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 that such transaction may not occur, 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.

Such forward-looking statements are also subject to additional risks and uncertainties related to ARRIS' business and the proposed acquisition, many of which are outside of our and/or ARRIS' control, including, without limitation: failure to obtain applicable regulatory approvals in a timely manner, on acceptable terms or at all, or to satisfy the other closing conditions to the proposed acquisition; the risk that we will be required to pay a reverse break fee under the related acquisition agreement; 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; conditions in the credit markets that could impact the costs associated with financing the acquisition; the possibility that competing offers will be made; and other factors beyond our and/or ARRIS' control.

Although the information contained in this presentation represents our best judgment as of the date of this report 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 report, except as otherwise may be required by law.

# Agenda

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- Full year 2018 highlights
- Fourth quarter 2018 results
- Segment review
- Cash flow and capital structure
- First quarter and full year 2019 outlook
- ARRIS transaction

# 2018 Highlights

Generated significant cash flow despite difficult industry dynamics

Reduced debt by \$400M and by more than \$1.4B since the BNS acquisition

The leading supplier of intelligent antenna platforms for FirstNet deployments

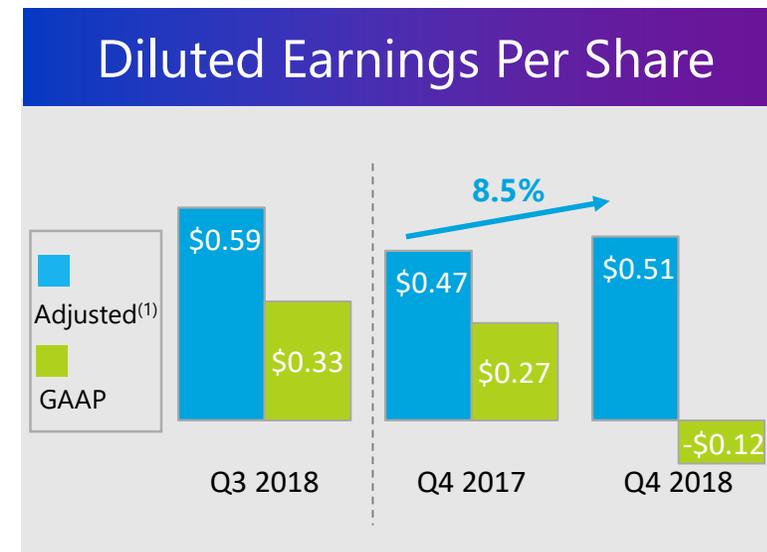
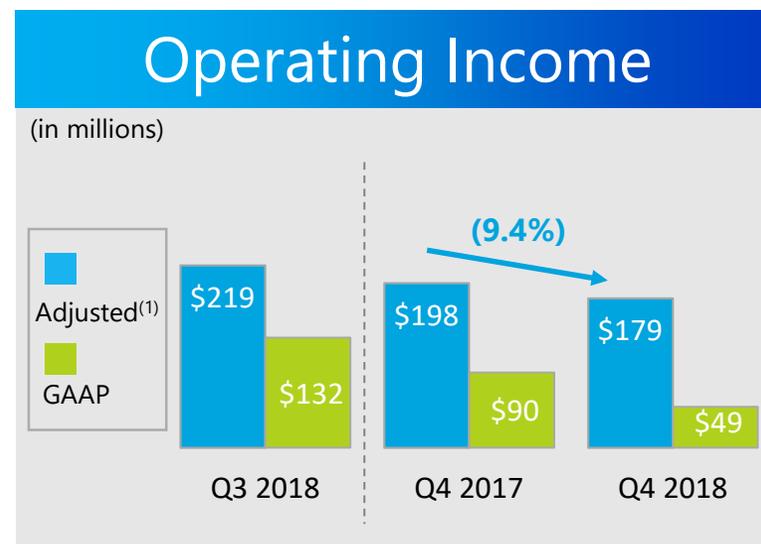
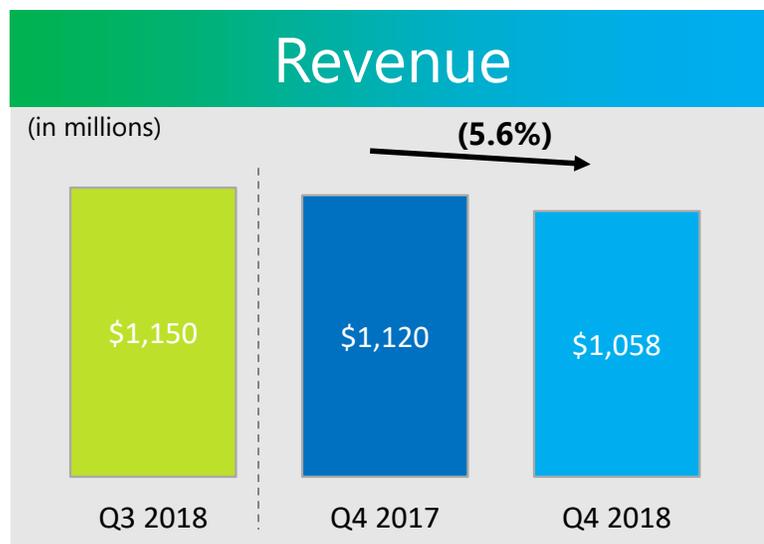
Continued to invest in R&D for future growth

Multiple collaborative initiatives to better position the company for upcoming 5G deployment

Improving penetration with emerging 5G technologies

Announced the proposed acquisition of ARRIS

# Q4 2018 Results



## Sales & Orders:

- Sales of \$1.06 billion, down 6% YOY
  - Modest growth in the U.S. more than offset by declines in international regions, most notably in the APAC region.
- Orders of \$1.11 billion
  - Book-to-bill ratio of 1.05

## Operating Results:

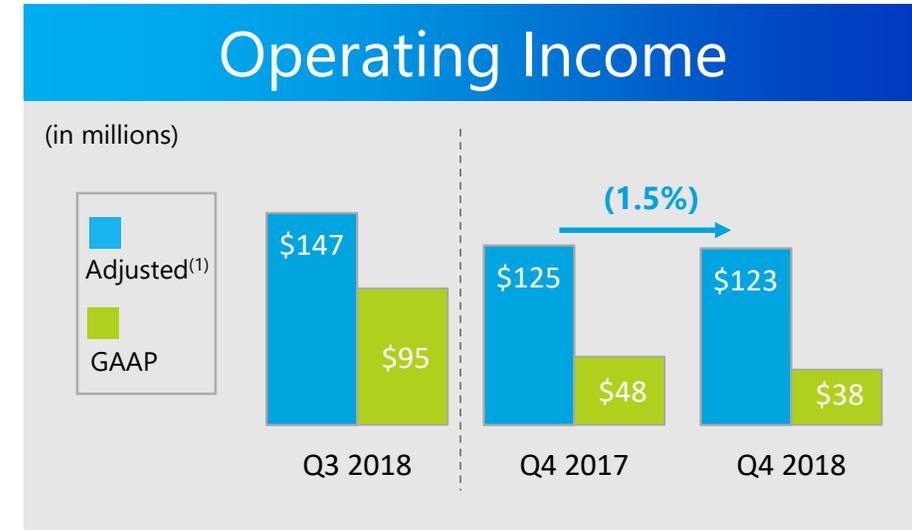
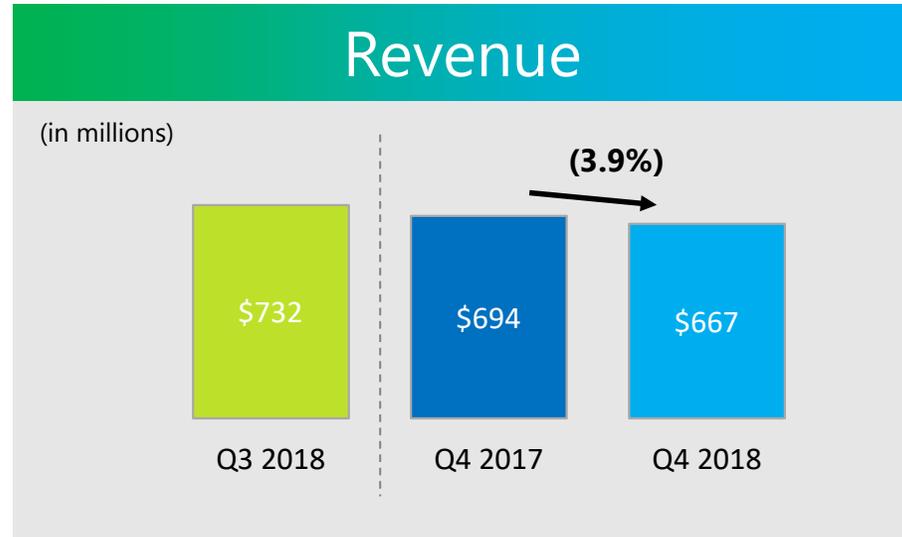
- Operating Income of \$49 million
- Non-GAAP Adjusted Operating Income<sup>(1)</sup> of \$179 million, or 17% of sales

## Net Loss & EPS:

- Net loss of \$(23) million, or \$(0.12) per share
- GAAP loss reflects previously disclosed impact of:
  - Termination of U.S. pension plan;
  - Special FX loss due to liquidation of a foreign subsidiary and
  - Asset impairment of an equity investment
- Non-GAAP Adjusted Net Income<sup>(1)</sup> of \$100 million, or \$0.51 per diluted share

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

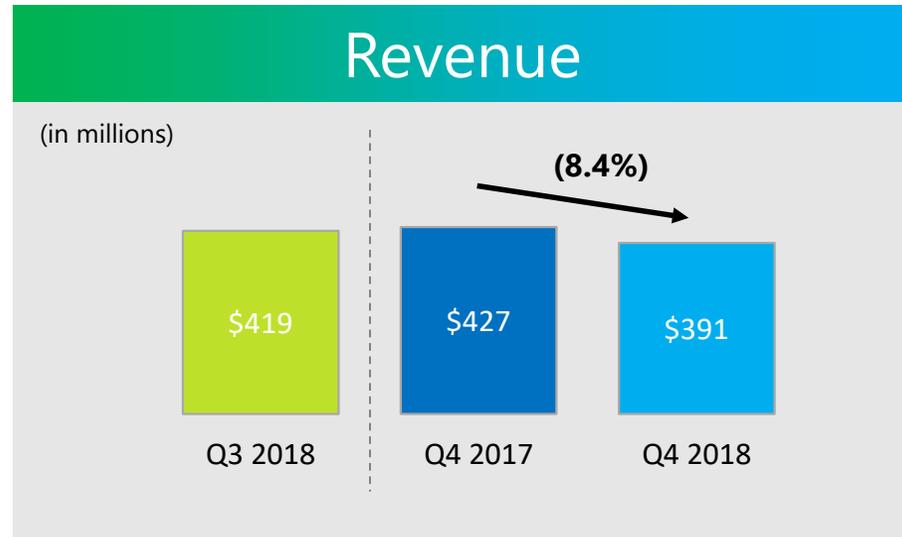
# CommScope Connectivity Solutions (CCS)



- Stable results in the U.S. were more than offset by declines in the APAC and EMEA regions
- Mid single digit revenue decline in Outdoor Network Solutions with stable Indoor Fiber revenue offset by mid single digit decline in Indoor Copper
- Benefits from favorable sales product and geographic mixes, were offset by lower selling prices and the impact of foreign exchange rate changes

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

# CommScope Mobility Solutions (CMS)



- Year-over-year growth in the U.S. was more than offset by declines in the APAC and EMEA regions
- Benefits from favorable product and geographic mixes were offset by lower sales volumes and selling prices
- Anticipating more favorable trends in developed international markets

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

# Cash Flow Update

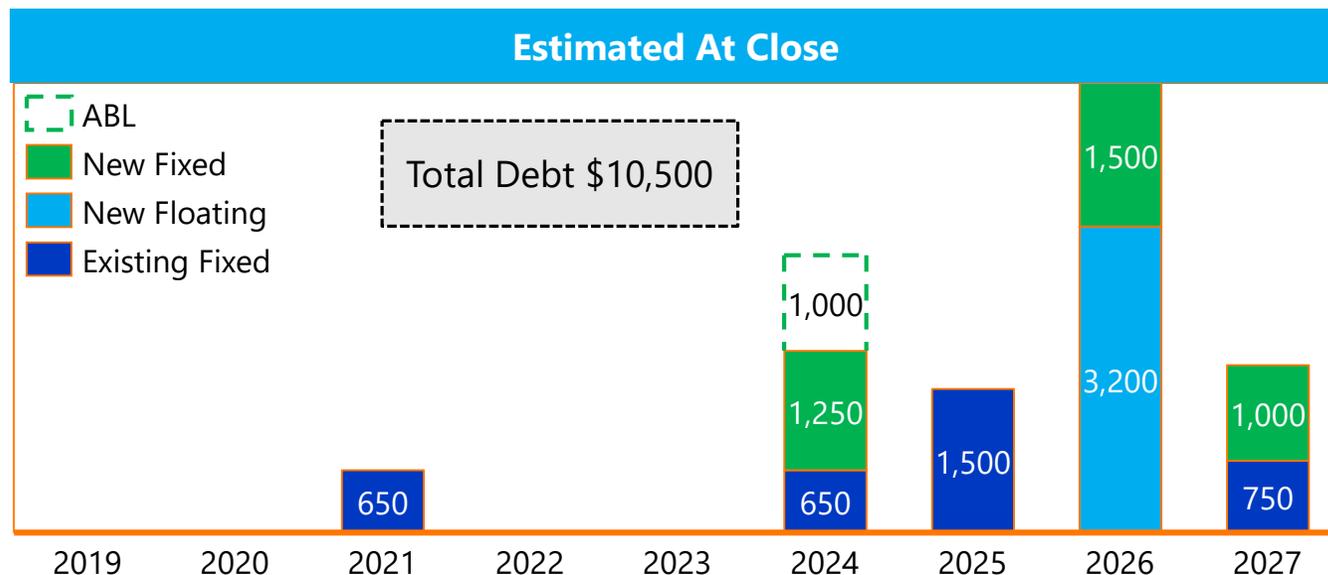
Cash Flow Highlights					
(in millions)	Q4 2017	Q4 2018	FY 2017	FY 2018	
<b>Cash flow from operations</b>	<b>\$ 251</b>	<b>\$ 132</b>	<b>\$ 586</b>	<b>\$ 494</b>	
Capital expenditures	(18)	(27)	(69)	(82)	
Cash paid for integration & transaction costs	8	-	51	-	
<b>Adjusted free cash flow</b>	<b>\$ 242</b>	<b>\$ 105</b>	<b>\$ 568</b>	<b>\$ 412</b>	
Cash taxes paid (refunded)	\$ (2)	\$ 17	\$ 101	\$ 112	
Cash interest paid	\$ 83	\$ 85	\$ 217	\$ 231	

Note: Components may not sum to total due to rounding.

Generated more than \$1.7B in cash flow from operations in past 3 years

Repaid more than \$1.4B in debt since BNS acquisition

# Capital Structure Update



## Pre-funded ARRIS Acquisition with:

- \$3.2B 7-year secured term loan (L+325/99)
- \$1.25B 5-yr senior secured notes @ 5.5%
- \$1.50B 7-yr senior secured notes @ 6.0%
- \$1.00B 8-yr senior unsecured notes @ 8.25%

## Overall metrics at Close:

- Fixed ~70%, floating ~30%

## Net leverage:

- 12/31/18 CommScope standalone net leverage: 3.9x
- Estimated Proforma net leverage at 12/31/18: ~5.3x<sup>(1)</sup>
- 2 years post-close target: ~4.0x
- Long-term target: 2.0x-3.0x

(1) Closing leverage based on pro-forma Adjusted EBITDA of approximately \$1.9 billion (including full \$150 million run rate synergies). The Carlyle investment is characterized as equity. The ratio of net debt plus preferred equity to proforma Adjusted EBITDA is approximately ~5.9x.

# Outlook<sup>(1)</sup>

## Q1 2019 Guidance

- Sales of \$1.055 billion - \$1.105 billion
- Operating income of \$91 million - \$113 million
- Non-GAAP adjusted operating income of \$167 million - \$192 million
- Non-GAAP adjusted effective tax rate of approximately 30% - 31%
- Earnings per diluted share of \$0.10 - \$0.13, based on 196 million weighted average diluted shares
- Non-GAAP adjusted earnings per diluted share of \$0.41 - \$0.46

## Full Year 2019 Guidance

- Sales of \$4.505 billion - \$4.655 billion
- Operating income of \$516 million - \$563 million
- Non-GAAP adjusted operating income of \$805 million - \$855 million
- Non-GAAP adjusted effective tax rate of approximately 30% - 31%
- Earnings per diluted share of \$0.92 - \$1.03, based on 196 million weighted average diluted shares
- Non-GAAP adjusted earnings per diluted share of \$2.10 - \$2.25
- Cash flow from operations > \$500 million

(1) For CommScope as a standalone company (without giving effect to the ARRIS acquisition). Assumes relatively stable business conditions and no material changes in trade policies. See appendix for reconciliation of non-GAAP adjusted measures.

# Near-Term Business Environment

## U.S. Telecom Dynamics

- Densification of 4G networks in preparation for 5G at the metrocell layer
- Continuation of FirstNet deployment
- Investment in access layer continues
- M&A among customers
- Indoor fiber growth

## Other Business Dynamics

- Geographic mix
- Tariffs
- Carrier consolidation
- Competition
- DAS trends
- New product launches

# ARRIS Acquisition

## Strategic and Financial Benefits

- 1** Technology and market position to shape the **future of wired and wireless communications** and **well-positioned to benefit from key industry trends**
- 2** Unique set of **complementary assets and capabilities** that we expect to enable **end-to-end communications infrastructure solutions**
- 3** Access to **new markets and diverse customer base, positioning CommScope for growth**
- 4** **Experienced management team with a proven track record** of successfully integrating large transactions to drive growth
- 5** **Expect significant and immediate EPS accretion** driving meaningful shareholder value

## Milestones

- ✓ Hart-Scott-Rodino waiting period expired
- ✓ ARRIS stockholders approved acquisition
- ✓ CommScope issued secured and unsecured notes to fund the acquisition
- Remaining regulatory approvals
- Court sanctioning of scheme

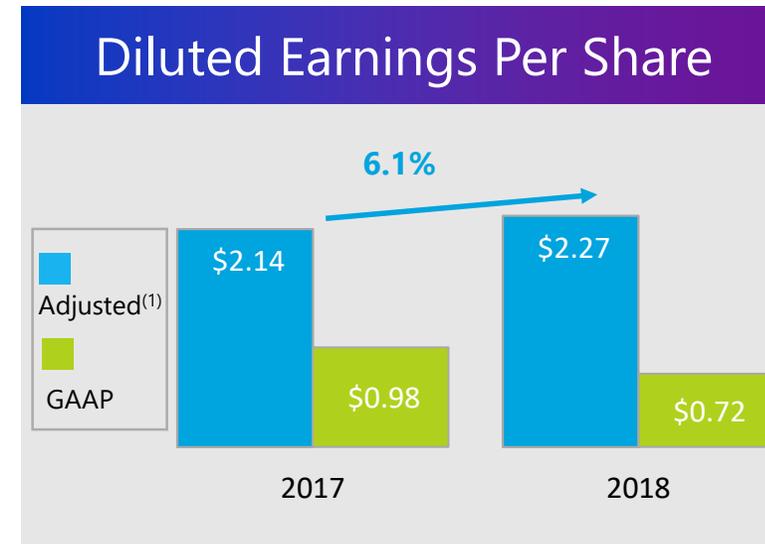
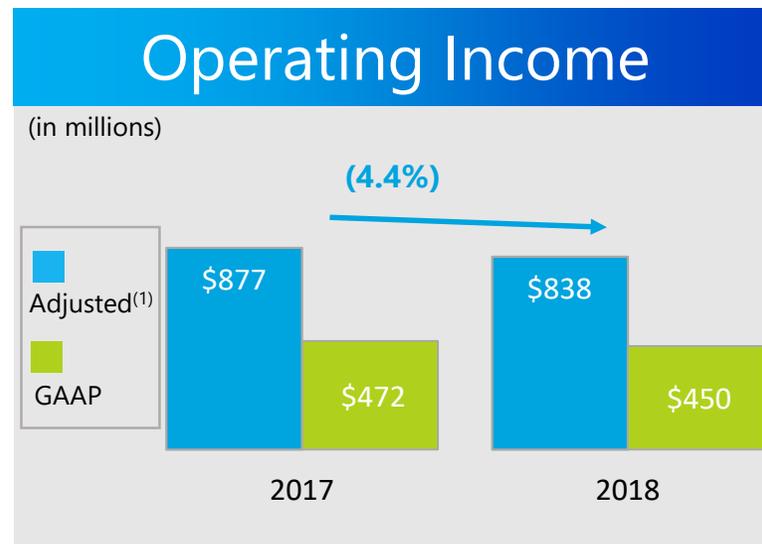
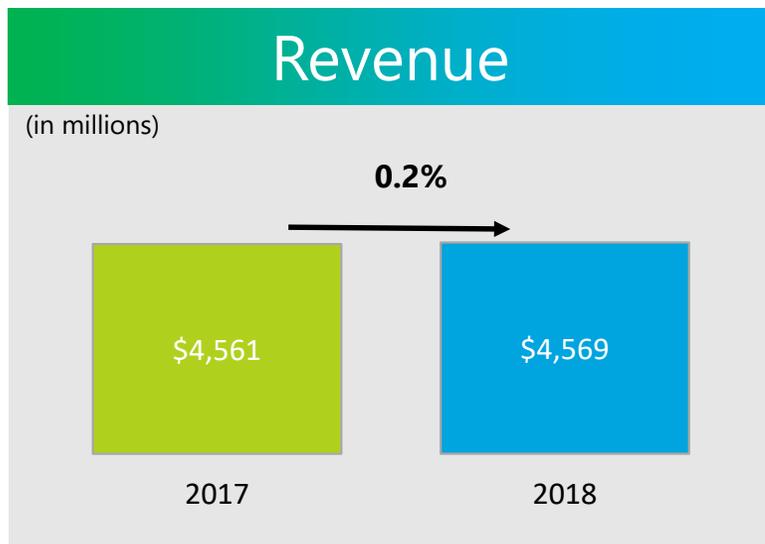
# Appendix

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## **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. 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. 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.

# Full Year 2018 Results



### Sales:

- Sales of \$4.57 billion was stable YOY
  - Modest growth in the U.S. and the EMEA region more than offset by declines in the APAC region

### Operating Results:

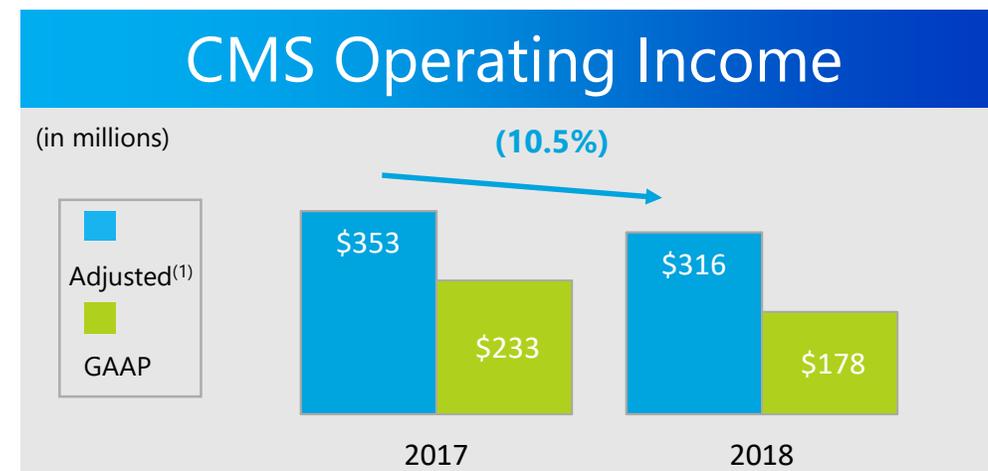
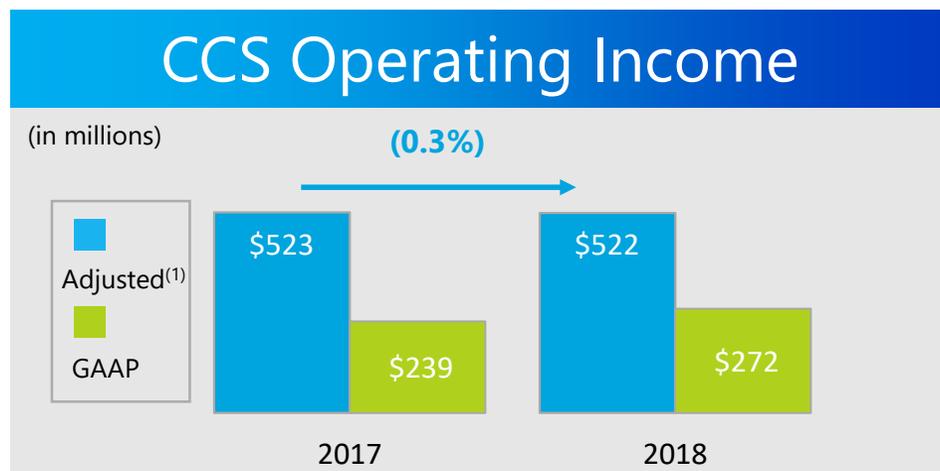
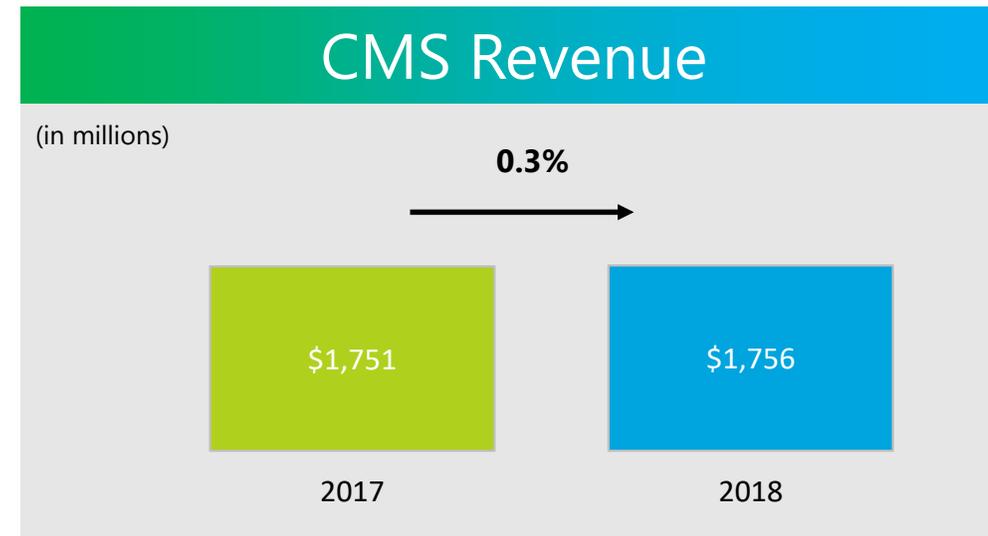
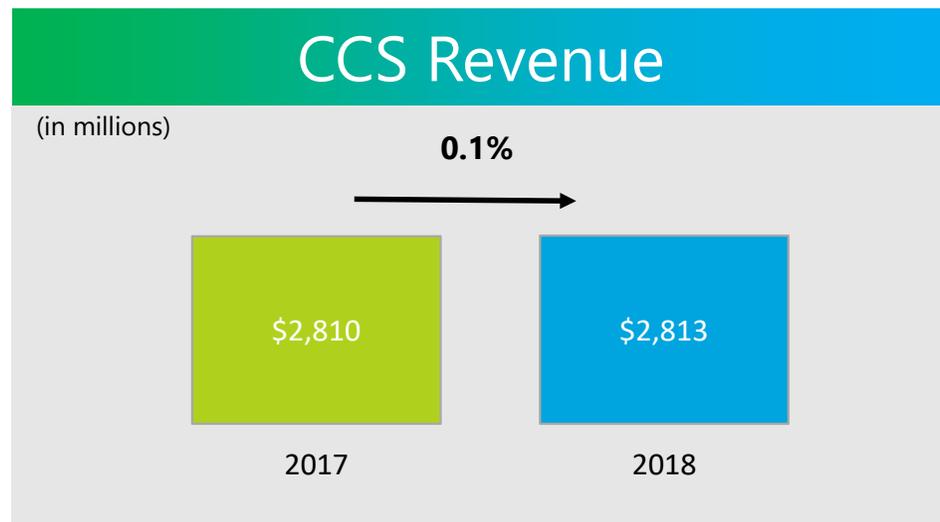
- Operating Income of \$450 million
- Non-GAAP Adjusted Operating Income<sup>(1)</sup> of \$838 million, or 18% of sales

### Net Income & EPS:

- Net Income of \$140 million, or \$0.72 per diluted share
- Non-GAAP Adjusted Net Income<sup>(1)</sup> of \$443 million, or \$2.27 per diluted share

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

# Segment Full Year 2018 Results



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

# Statements of Operations

(Unaudited -- In thousands, except per share amounts)

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
Net sales	\$ 1,057,729	\$ 1,120,432	\$ 4,568,507	\$ 4,560,582
Operating costs and expenses:				
Cost of sales	676,029	706,805	2,880,223	2,792,779
Selling, general and administrative	184,714	190,973	729,032	795,381
Research and development	43,260	45,044	185,696	185,612
Amortization of purchased intangible assets	65,110	68,099	264,563	270,989
Restructuring costs, net	24,287	19,261	44,025	43,782
Asset impairments	15,000	—	15,000	—
Total operating costs and expenses	<u>1,008,400</u>	<u>1,030,182</u>	<u>4,118,539</u>	<u>4,088,543</u>
Operating income	49,329	90,250	449,968	472,039
Other expense, net	(39,766)	(221)	(44,256)	(9,469)
Interest expense	(55,362)	(64,290)	(242,017)	(257,059)
Interest income	1,644	437	7,017	4,221
Income (loss) before income taxes	(44,155)	26,176	170,712	209,732
Income tax (expense) benefit	20,872	27,405	(30,495)	(15,968)
Net income (loss)	<u>\$ (23,283)</u>	<u>\$ 53,581</u>	<u>\$ 140,217</u>	<u>\$ 193,764</u>
Earnings (loss) per share:				
Basic	\$ (0.12)	\$ 0.28	\$ 0.73	\$ 1.01
Diluted (a)	\$ (0.12)	\$ 0.27	\$ 0.72	\$ 0.98
Weighted average shares outstanding:				
Basic	192,456	190,826	192,022	192,430
Diluted (a)	192,456	195,074	195,332	196,811
(a) Calculation of diluted earnings per share:				
Net income (loss) (basic and diluted)	\$ (23,283)	\$ 53,581	\$ 140,217	\$ 193,764
Weighted average shares (basic)	192,456	190,826	192,022	192,430
Dilutive effect of stock awards	—	4,248	3,310	4,381
Denominator (diluted)	<u>192,456</u>	<u>195,074</u>	<u>195,332</u>	<u>196,811</u>

See notes to consolidated financial statements included in our Form 10-K.

# Balance Sheets

(In thousands, except  
share amounts)

**CommScope Holding Company, Inc.**  
**Consolidated Balance Sheets**  
(In thousands, except share amounts)

	December 31,	
	2018	2017
<b>Assets</b>		
Cash and cash equivalents	\$ 458,195	\$ 453,977
Accounts receivable, less allowance for doubtful accounts of \$17,398 and \$13,976, respectively	810,359	898,829
Inventories, net	473,327	444,941
Prepaid expenses and other current assets	135,944	146,112
Total current assets	<u>1,877,825</u>	<u>1,943,859</u>
Property, plant and equipment, net of accumulated depreciation of \$437,713 and \$390,389, respectively	450,861	467,289
Goodwill	2,852,309	2,886,630
Other intangible assets, net	1,351,990	1,636,084
Other noncurrent assets	97,555	107,804
Total assets	<u>\$ 6,630,540</u>	<u>\$ 7,041,666</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 399,237	\$ 436,737
Other accrued liabilities	291,385	286,980
Total current liabilities	690,622	723,717
Long-term debt	3,985,904	4,369,401
Deferred income taxes	83,341	134,241
Pension and other postretirement benefit liabilities	16,843	25,140
Other noncurrent liabilities	97,062	141,341
Total liabilities	<u>4,873,772</u>	<u>5,393,840</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: None	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 192,376,255 and 190,906,110, respectively	1,991	1,972
Additional paid-in capital	2,385,082	2,334,071
Retained earnings (accumulated deficit)	(249,777)	(395,998)
Accumulated other comprehensive loss	(159,205)	(86,603)
Treasury stock, at cost: 6,744,082 shares and 6,336,144 shares, respectively	(221,323)	(205,616)
Total stockholders' equity	<u>1,756,768</u>	<u>1,647,826</u>
Total liabilities and stockholders' equity	<u>\$ 6,630,540</u>	<u>\$ 7,041,666</u>

See notes to consolidated financial statements included in our Form 10-K.

# Statements of Cash Flows

(Unaudited -- In thousands)

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
<b>Operating Activities:</b>				
Net income (loss)	\$ (23,283)	\$ 53,581	\$ 140,217	\$ 193,764
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	84,829	95,469	357,458	378,012
Equity-based compensation	11,176	10,278	44,899	41,850
Deferred income taxes	(16,631)	(51,499)	(49,247)	(71,475)
Asset impairments	15,000	—	15,000	—
Changes in assets and liabilities:				
Accounts receivable	88,607	37,691	65,070	96,745
Inventories	17,342	41,868	(48,456)	53,658
Prepaid expenses and other current assets	(15,361)	21,188	998	(1,273)
Accounts payable and other accrued liabilities	(66,731)	9,785	(790)	(154,691)
Other noncurrent liabilities	(951)	28,673	(54,615)	14,644
Other noncurrent assets	12,204	(8,197)	(8,004)	(8,418)
Other	26,059	12,044	31,614	43,470
Net cash generated by operating activities	132,260	250,881	494,144	586,286
<b>Investing Activities:</b>				
Additions to property, plant and equipment	(26,899)	(17,569)	(82,347)	(68,721)
Proceeds from sale of property, plant and equipment	193	408	12,908	5,424
Cash paid for acquisitions, including purchase price adjustments, net of cash acquired	—	—	—	(105,249)
Proceeds from sale of businesses and long-term investments	—	—	—	9,898
Proceeds (payments) upon settlement of net investment hedge	3,803	(7,558)	5,134	(7,558)
Net cash used in investing activities	(22,903)	(24,719)	(64,305)	(166,206)
<b>Financing Activities:</b>				
Long-term debt repaid	—	(185,000)	(550,000)	(990,379)
Long-term debt proceeds	—	—	150,000	780,379
Debt issuance and modification costs	—	—	—	(8,363)
Debt extinguishment costs	—	—	—	(14,800)
Cash paid for repurchase of common stock	—	—	—	(175,000)
Proceeds from the issuance of common shares under equity-based compensation plans	1,142	1,146	6,130	9,949
Tax withholding payments for vested equity-based compensation awards	(115)	(449)	(15,707)	(15,405)
Net cash generated by (used in) financing activities	1,027	(184,303)	(409,577)	(413,619)
Effect of exchange rate changes on cash and cash equivalents	(4,586)	876	(16,044)	19,288
Change in cash and cash equivalents	105,798	42,735	4,218	25,749
Cash and cash equivalents at beginning of period	352,397	411,242	453,977	428,228
Cash and cash equivalents at end of period	\$ 458,195	\$ 453,977	\$ 458,195	\$ 453,977

See notes to consolidated financial statements included in our Form 10-K.

# Sales by Region

(Unaudited -- In millions)

	<b>Q4 2018</b>	<b>Q4 2017</b>	<b>% Change YOY</b>
United States	\$ 564.1	\$ 561.9	0.4 %
Europe, Middle East and Africa	224.3	243.9	(8.0)
Asia Pacific	184.5	224.0	(17.6)
Central and Latin America	65.8	68.5	(3.9)
Canada	19.0	22.1	(14.0)
<b>Total Net Sales</b>	<b>\$ 1,057.7</b>	<b>\$ 1,120.4</b>	<b>(5.6) %</b>

	<b>Full Year 2018</b>	<b>Full Year 2017</b>	<b>% Change YOY</b>
United States	\$ 2,539.2	\$ 2,449.4	3.7
Europe, Middle East and Africa	963.0	942.5	2.2
Asia Pacific	735.6	828.3	(11.2)
Caribbean and Latin America	242.9	245.6	(1.1)
Canada	87.8	94.8	(7.4)
<b>Total Net Sales</b>	<b>\$ 4,568.5</b>	<b>\$ 4,560.6</b>	<b>0.2</b>

# Segment Information

(Unaudited -- In millions)

## Sales by Segment

	Q4 2018	Q3 2018	Q4 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 666.9	\$ 731.7	\$ 693.8	(8.9) %	(3.9) %
Mobility Solutions	390.8	418.7	426.6	(6.7) %	(8.4) %
<b>Total Net Sales</b>	<b>\$ 1,057.7</b>	<b>\$ 1,150.4</b>	<b>\$ 1,120.4</b>	<b>(8.1) %</b>	<b>(5.6) %</b>

## Non-GAAP Adjusted Operating Income by Segment

	Q4 2018	Q3 2018	Q4 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 122.8	\$ 147.4	\$ 124.7	(16.7) %	(1.5) %
Mobility Solutions	56.4	71.6	73.0	(21.2) %	(22.7) %
<b>Total Non-GAAP Adjusted Operating Income</b>	<b>\$ 179.2</b>	<b>\$ 219.0</b>	<b>\$ 197.7</b>	<b>(18.2) %</b>	<b>(9.4) %</b>

## Sales by Segment

	2018	2017	% Change
			YOY
Connectivity Solutions	\$ 2,812.7	\$ 2,809.8	0.1 %
Mobility Solutions	1,755.8	1,750.8	0.3 %
<b>Total Net Sales</b>	<b>\$ 4,568.5</b>	<b>\$ 4,560.6</b>	<b>0.2 %</b>

## Non-GAAP Adjusted Operating Income by Segment

	2018	2017	% Change
			YOY
Connectivity Solutions	\$ 521.8	\$ 523.3	(0.3) %
Mobility Solutions	316.2	353.4	(10.5) %
<b>Total Non-GAAP Adjusted Operating Income</b>	<b>\$ 838.0</b>	<b>\$ 876.7</b>	<b>(4.4) %</b>

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

# Adjusted Operating Income and Adjusted EBITDA Reconciliation by Quarter

(Unaudited -- In millions)

	<u>Q4 2018</u>	<u>Q3 2018</u>	<u>Q2 2018</u>	<u>Q1 2018</u>	<u>Q4 2017</u>
<b>Operating income, as reported</b>	<b>\$ 49.3</b>	<b>\$ 132.2</b>	<b>\$ 164.7</b>	<b>\$ 103.7</b>	<b>\$ 90.3</b>
Amortization of purchased intangible assets	65.1	65.8	66.4	67.2	68.1
Restructuring costs, net	24.3	7.1	7.2	5.5	19.3
Equity-based compensation	11.2	11.3	11.8	10.5	10.3
Asset impairments	15.0	—	—	—	—
Integration and transaction costs	14.3	2.6	1.0	1.7	9.8
<b>Non-GAAP adjusted operating income</b>	<b>\$ 179.2</b>	<b>\$ 219.0</b>	<b>\$ 251.1</b>	<b>\$ 188.6</b>	<b>\$ 197.7</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>16.9%</b>	<b>19.0%</b>	<b>20.3%</b>	<b>16.8%</b>	<b>17.6%</b>
Depreciation	17.4	18.7	19.9	19.6	20.8
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 196.6</b>	<b>\$ 237.8</b>	<b>\$ 271.1</b>	<b>\$ 208.1</b>	<b>\$ 218.5</b>

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

# Quarterly Adjusted Operating Income Reconciliation by Segment

(Unaudited -- In millions)

## Fourth Quarter 2018 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 38.5</b>	<b>\$ 10.9</b>	<b>\$ 49.3</b>
Amortization of purchased intangible assets	43.7	21.4	65.1
Restructuring costs, net	17.6	6.7	24.3
Equity-based compensation	6.8	4.4	11.2
Asset impairments	7.5	7.5	15.0
Integration and transaction costs	8.7	5.6	14.3
<b>Non-GAAP adjusted operating income</b>	<b>\$ 122.8</b>	<b>\$ 56.4</b>	<b>\$ 179.2</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>18.4%</b>	<b>14.4%</b>	<b>16.9%</b>

## Third Quarter 2018 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 94.9</b>	<b>\$ 37.3</b>	<b>\$ 132.2</b>
Amortization of purchased intangible assets	44.4	21.4	65.8
Restructuring costs, net	(0.4)	7.5	7.1
Equity-based compensation	6.9	4.4	11.3
Integration and transaction costs	1.7	1.0	2.6
<b>Non-GAAP adjusted operating income</b>	<b>\$ 147.4</b>	<b>\$ 71.6</b>	<b>\$ 219.0</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>20.1%</b>	<b>17.1%</b>	<b>19.0%</b>

## Fourth Quarter 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 47.5</b>	<b>\$ 42.8</b>	<b>\$ 90.3</b>
Amortization of purchased intangible assets	44.8	23.3	68.1
Restructuring costs, net	16.6	2.6	19.3
Equity-based compensation	6.0	4.3	10.3
Integration and transaction costs	9.8	—	9.8
<b>Non-GAAP adjusted operating income</b>	<b>\$ 124.7</b>	<b>\$ 73.0</b>	<b>\$ 197.7</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>18.0%</b>	<b>17.1%</b>	<b>17.6%</b>

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

# Full Year Adjusted Operating Income by Segment

(Unaudited -- In millions)

## Year Ended December 31, 2018 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 271.9</b>	<b>\$ 178.1</b>	<b>\$ 450.0</b>
Amortization of purchased intangible assets	178.6	86.0	264.6
Restructuring costs, net	24.2	19.8	44.0
Equity-based compensation	27.3	17.6	44.9
Asset impairments	7.5	7.5	15.0
Integration and transaction costs	12.3	7.3	19.5
<b>Non-GAAP adjusted operating income</b>	<b>\$ 521.8</b>	<b>\$ 316.2</b>	<b>\$ 838.0</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>18.6%</b>	<b>18.0%</b>	<b>18.3%</b>

## Year Ended December 31, 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 239.0</b>	<b>\$ 233.0</b>	<b>\$ 472.0</b>
Amortization of purchased intangible assets	175.5	95.5	271.0
Restructuring costs, net	36.6	7.2	43.8
Equity-based compensation	24.4	17.5	41.9
Integration and transaction costs	47.9	0.2	48.0
<b>Non-GAAP adjusted operating income</b>	<b>\$ 523.3</b>	<b>\$ 353.4</b>	<b>\$ 876.7</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>18.6%</b>	<b>20.2%</b>	<b>19.2%</b>

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

# Adjusted Net Income Reconciliation

(Unaudited – In millions)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2018	2017	2018	2017
<b>Operating income, as reported</b>	<b>\$ 49.3</b>	<b>\$ 90.3</b>	<b>\$ 450.0</b>	<b>\$ 472.0</b>
Adjustments:				
Amortization of purchased intangible assets	65.1	68.1	264.6	271.0
Restructuring costs, net	24.3	19.3	44.0	43.8
Equity-based compensation	11.2	10.3	44.9	41.9
Asset impairments	15.0	—	15.0	—
Integration and transaction costs	14.3	9.8	19.5	48.0
Total adjustments to operating income	129.9	107.5	388.0	404.7
<b>Non-GAAP adjusted operating income</b>	<b>\$ 179.2</b>	<b>\$ 197.7</b>	<b>\$ 838.0</b>	<b>\$ 876.7</b>
Income (loss) before income taxes, as reported	\$ (44.2)	\$ 26.2	\$ 170.7	\$ 209.7
Income tax (expense) benefit, as reported	20.9	27.4	(30.5)	(16.0)
<b>Net income (loss), as reported</b>	<b>\$ (23.3)</b>	<b>\$ 53.6</b>	<b>\$ 140.2</b>	<b>\$ 193.8</b>
Adjustments:				
Total pretax adjustments to operating income	129.9	107.5	388.0	404.7
Pretax amortization of deferred financing costs & OID <sup>(1)</sup>	2.3	6.6	17.3	25.4
Pretax pension and postretirement benefit plan terminations <sup>(2)</sup>	25.0	—	25.0	—
Pretax foreign currency loss on entity liquidation <sup>(2)</sup>	14.0	—	14.0	—
Pretax loss on debt transactions <sup>(2)</sup>	—	—	—	16.0
Pretax net investment gains <sup>(2)</sup>	—	—	—	(9.0)
Tax effects of adjustments and other tax items <sup>(3)</sup>	(48.1)	(76.6)	(142.0)	(210.5)
<b>Non-GAAP adjusted net income</b>	<b>\$ 99.8</b>	<b>\$ 91.1</b>	<b>\$ 442.5</b>	<b>\$ 420.4</b>
<b>Diluted EPS, as reported</b>	<b>\$ (0.12)</b>	<b>\$ 0.27</b>	<b>\$ 0.72</b>	<b>\$ 0.98</b>
<b>Non-GAAP adjusted diluted EPS</b>	<b>\$ 0.51</b>	<b>\$ 0.47</b>	<b>\$ 2.27</b>	<b>\$ 2.14</b>

(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. Given the complexities of the U.S. tax legislation enacted in late 2017, we applied a non-GAAP effective tax rate of 35% for the fourth quarter 2017, consistent with the adjusted rate in prior quarters in 2017.

Note: Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

# Outlook GAAP to Non-GAAP Reconciliation

(Unaudited -- In millions)

	Outlook	
	Three Months Ended March 31, 2019	Full Year 2019
<b>Operating income</b>	<b>\$91 - \$113</b>	<b>\$516 - \$563</b>
Adjustments:		
Amortization of purchased intangible assets	\$59	\$235
Equity-based compensation	\$10	\$47
Restructuring costs, integration costs and other <sup>(1)</sup>	\$7 - \$10	\$7 - \$10
Total adjustments to operating income	\$76 - \$79	\$289 - \$292
<b>Non-GAAP adjusted operating income</b>	<b>\$167 - \$192</b>	<b>\$805 - \$855</b>
<b>Diluted earnings per share</b>	<b>\$0.10 - \$0.13</b>	<b>\$0.92 - \$1.03</b>
Adjustments <sup>(2)</sup> :		
Total adjustments to operating income	\$0.31 - \$0.33	\$1.15 - \$1.17
Debt-related costs and other special items <sup>(3)</sup>	\$0.00 - \$0.00	\$0.03 - \$0.05
<b>Non-GAAP adjusted diluted earnings per share</b>	<b>\$0.41 - \$0.46</b>	<b>\$2.10 - \$2.25</b>

(1) Reflects projections for restructuring costs, 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, loss on debt extinguishment, net investment gains or losses and other tax items. Actual adjustments may vary from projections.

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.