

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Net sales	\$1,128,775	\$1,293,948	\$3,440,150	\$3,744,715
Operating costs and expenses:				
Cost of sales	699,145	751,097	2,082,910	2,201,014
Selling, general and administrative	184,671	220,835	603,594	664,365
Research and development	44,498	48,430	140,280	152,554
Amortization of purchased intangible assets	68,271	74,639	202,890	224,270
Restructuring costs, net	5,360	10,826	24,521	24,503
Asset impairments	—	7,375	—	22,668
Total operating costs and expenses	<u>1,001,945</u>	<u>1,113,202</u>	<u>3,054,195</u>	<u>3,289,374</u>
Operating income	126,830	180,746	385,955	455,341
Other income (expense), net	1,807	(7,546)	(13,414)	(21,898)
Interest expense	(61,798)	(68,349)	(192,769)	(215,024)
Interest income	1,180	1,023	3,784	4,750
Income before income taxes	68,019	105,874	183,556	223,169
Income tax expense	(16,862)	(12,043)	(43,373)	(54,797)
Net income	<u>\$ 51,157</u>	<u>\$ 93,831</u>	<u>\$ 140,183</u>	<u>\$ 168,372</u>
Earnings per share:				
Basic	\$ 0.27	\$ 0.49	\$ 0.73	\$ 0.88
Diluted (a)	\$ 0.26	\$ 0.48	\$ 0.71	\$ 0.86
Weighted average shares outstanding:				
Basic	191,824	192,719	192,973	192,275
Diluted (a)	195,815	196,598	197,387	196,141
(a) Calculation of diluted earnings per share:				
Net income (basic and diluted)	\$ 51,157	\$ 93,831	\$ 140,183	\$ 168,372
Weighted average shares (basic)	191,824	192,719	192,973	192,275
Dilutive effect of equity-based awards	3,991	3,879	4,414	3,866
Denominator (diluted)	<u>195,815</u>	<u>196,598</u>	<u>197,387</u>	<u>196,141</u>

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

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

	<u>September 30, 2017</u>	<u>December 31, 2016</u>
Assets		
Cash and cash equivalents	\$ 411,242	\$ 428,228
Accounts receivable, less allowance for doubtful accounts of \$19,060 and \$17,211, respectively	930,739	952,367
Inventories, net	485,062	473,267
Prepaid expenses and other current assets	166,905	139,902
Total current assets	1,993,948	1,993,764
Property, plant and equipment, net of accumulated depreciation of \$371,114 and \$303,734, respectively	477,718	474,990
Goodwill	2,877,813	2,768,304
Other intangible assets, net	1,698,507	1,799,065
Other noncurrent assets	98,559	105,863
Total assets	\$ 7,146,545	\$ 7,141,986
Liabilities and Stockholders' Equity		
Accounts payable	\$ 407,635	\$ 415,921
Other accrued liabilities	309,355	429,397
Current portion of long-term debt	—	12,500
Total current liabilities	716,990	857,818
Long-term debt	4,548,016	4,549,510
Deferred income taxes	182,855	199,121
Pension and other postretirement benefit liabilities	28,907	31,671
Other noncurrent liabilities	119,143	109,782
Total liabilities	5,595,911	5,747,902
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: None	—	—
Common stock, \$.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 190,761,714 and 193,837,437, respectively	1,971	1,950
Additional paid-in capital	2,322,747	2,282,014
Retained earnings (accumulated deficit)	(449,579)	(589,556)
Accumulated other comprehensive loss	(119,338)	(285,113)
Treasury stock, at cost: 6,322,910 shares and 1,129,222 shares, respectively	(205,167)	(15,211)
Total stockholders' equity	1,550,634	1,394,084
Total liabilities and stockholders' equity	\$ 7,146,545	\$ 7,141,986

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 thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Operating Activities:				
Net income	\$ 51,157	\$ 93,831	\$ 140,183	\$ 168,372
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	92,090	100,953	282,543	301,450
Equity-based compensation	10,974	8,375	31,572	26,621
Deferred income taxes	(5,903)	(45,920)	(19,976)	(94,239)
Asset impairments	—	7,375	—	22,668
Changes in assets and liabilities:				
Accounts receivable	15,079	41,195	59,054	(96,337)
Inventories	54,033	(5,094)	11,790	(23,480)
Prepaid expenses and other assets	(20,909)	2,401	(22,682)	12,540
Accounts payable and other liabilities	(57,728)	53,735	(178,505)	218,590
Other	6,579	9,000	31,426	14,929
Net cash generated by operating activities	145,372	265,851	335,405	551,114
Investing Activities:				
Additions to property, plant and equipment	(20,575)	(17,476)	(51,152)	(49,660)
Proceeds from sale of property, plant and equipment	38	195	5,016	3,935
Cash paid for acquisitions, including purchase price adjustments, net of cash acquired	(105,249)	(3,549)	(105,249)	2,714
Other	3,120	1,831	9,898	3,487
Net cash used in investing activities	(122,666)	(18,999)	(141,487)	(39,524)
Financing Activities:				
Long-term debt repaid	(25,000)	(239,755)	(805,379)	(546,025)
Long-term debt proceeds	—	—	780,379	—
Debt issuance and modification costs	—	—	(8,363)	—
Debt extinguishment costs	—	(7,840)	(14,800)	(17,779)
Cash paid for repurchase of common stock	(75,000)	—	(175,000)	—
Proceeds from the issuance of common shares under equity-based compensation plans	297	1,646	8,803	8,637
Tax withholding payments for vested equity-based compensation awards	(98)	(150)	(14,956)	(2,946)
Net cash used in financing activities	(99,801)	(246,099)	(229,316)	(558,113)
Effect of exchange rate changes on cash and cash equivalents	3,846	479	18,412	914
Change in cash and cash equivalents	(73,249)	1,232	(16,986)	(45,609)
Cash and cash equivalents at beginning of period	484,491	516,043	428,228	562,884
Cash and cash equivalents at end of period	<u>\$ 411,242</u>	<u>\$ 517,275</u>	<u>\$ 411,242</u>	<u>\$ 517,275</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		Nine Months Ended	
	September 30,		September 30,	
	2017	2016	2017	2016
Operating income, as reported	\$ 126.8	\$ 180.7	\$ 386.0	\$ 455.3
Adjustments:				
Amortization of purchased intangible assets	68.3	74.6	202.9	224.3
Restructuring costs, net	5.4	10.8	24.5	24.5
Equity-based compensation	11.0	8.4	31.6	26.6
Asset impairments	—	7.4	—	22.7
Integration and transaction costs	12.0	14.7	38.2	45.1
Purchase accounting adjustments	—	—	—	0.6
Total adjustments to operating income	96.7	115.9	297.2	343.8
Non-GAAP adjusted operating income	\$ 223.5	\$ 296.7	\$ 683.2	\$ 799.1
Income before income taxes, as reported	\$ 68.0	\$ 105.9	\$ 183.6	\$ 223.2
Income tax expense, as reported	(16.9)	(12.0)	(43.4)	(54.8)
Net income, as reported	\$ 51.2	\$ 93.8	\$ 140.2	\$ 168.4
Adjustments:				
Total pretax adjustments to operating income	96.7	115.9	297.2	343.8
Pretax amortization of deferred financing costs & OID ⁽¹⁾	3.2	6.1	18.8	16.9
Pretax loss on debt transactions ⁽²⁾	—	7.8	16.0	17.8
Pretax net investment gains ⁽²⁾	(2.4)	—	(9.0)	(0.5)
Tax effects of adjustments and other tax items ⁽³⁾	(41.2)	(64.3)	(133.9)	(147.8)
Non-GAAP adjusted net income	\$ 107.5	\$ 159.3	\$ 329.3	\$ 398.6
Diluted EPS, as reported	\$ 0.26	\$ 0.48	\$ 0.71	\$ 0.86
Non-GAAP adjusted diluted EPS	\$ 0.55	\$ 0.81	\$ 1.67	\$ 2.03

(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.

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

	Q3 2017	Q2 2017	Q3 2016	% Change	
				Sequential	YOY
United States	\$ 595.3	\$ 643.9	\$ 712.2	(7.5)%	(16.4)%
Europe, Middle East and Africa	231.0	235.8	233.9	(2.0)%	(1.2)%
Asia Pacific	218.6	203.8	245.9	7.3 %	(11.1)%
Central and Latin America	62.2	56.1	69.2	10.9 %	(10.1)%
Canada	21.7	34.5	32.7	(37.1)%	(33.6)%
Total Net Sales	<u>\$ 1,128.8</u>	<u>\$ 1,174.1</u>	<u>\$ 1,293.9</u>	(3.9)%	(12.8)%

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

Sales by Segment

	Q3 2017	Q2 2017	Q3 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 708.7	\$ 725.7	\$ 819.2	(2.3) %	(13.5) %
Mobility Solutions	420.1	448.4	474.7	(6.3) %	(11.5) %
Total Net Sales	<u>\$ 1,128.8</u>	<u>\$ 1,174.1</u>	<u>\$ 1,293.9</u>	(3.9) %	(12.8) %

Non-GAAP Adjusted Operating Income by Segment

	Q3 2017	Q2 2017	Q3 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 139.3	\$ 146.3	\$ 189.5	(4.8) %	(26.5) %
Mobility Solutions	84.2	96.1	107.2	(12.4) %	(21.5) %
Total Non-GAAP Adjusted Operating Income	<u>\$ 223.5</u>	<u>\$ 242.4</u>	<u>\$ 296.7</u>	(7.8) %	(24.7) %

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

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

Third Quarter 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 71.2	\$ 55.6	\$ 126.8
Amortization of purchased intangible assets	44.2	24.1	68.3
Restructuring costs, net	5.6	(0.2)	5.4
Equity-based compensation	6.4	4.6	11.0
Integration and transaction costs	11.9	0.2	12.0
Non-GAAP adjusted operating income	\$ 139.3	\$ 84.2	\$ 223.5
Non-GAAP adjusted operating margin %	19.7%	20.0%	19.8%

Second Quarter 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 74.8	\$ 63.0	\$ 137.8
Amortization of purchased intangible assets	42.9	24.1	67.0
Restructuring costs, net	9.6	4.2	13.8
Equity-based compensation	6.5	4.7	11.2
Integration and transaction costs	12.5	0.2	12.6
Non-GAAP adjusted operating income	\$ 146.3	\$ 96.1	\$ 242.4
Non-GAAP adjusted operating margin %	20.2%	21.4%	20.6%

Third Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 104.8	\$ 75.9	\$ 180.7
Amortization of purchased intangible assets	49.4	25.2	74.6
Restructuring costs, net	8.4	2.5	10.8
Equity-based compensation	4.9	3.5	8.4
Asset impairments	7.4	—	7.4
Integration and transaction costs	14.6	0.2	14.7
Non-GAAP adjusted operating income	\$ 189.5	\$ 107.2	\$ 296.7
Non-GAAP adjusted operating margin %	23.1%	22.6%	22.9%

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

	Q3 2017	Q3 2016
Cash flow from operations	\$ 145.4	\$ 265.9
Integration and transaction costs	12.3	16.6
Capital expenditures	(20.6)	(17.5)
Capex related to BNS integration	—	2.5
Adjusted Free Cash Flow	\$ 137.1	\$ 267.5

See Description of Non-GAAP Financial Measures

CommScope Holding Company, Inc.
Quarterly Adjusted Operating Income and Adjusted EBITDA
(Unaudited -- In millions)

GAAP to Non-GAAP Adjusted Operating Income and Adjusted EBITDA Reconciliation

	Q3 2017	Q2 2017	Q1 2017	Q4 2016	Q3 2016
Operating income, as reported	\$ 126.8	\$ 137.8	\$ 121.4	\$ 119.4	\$ 180.7
Amortization of purchased intangible assets	68.3	67.0	67.6	72.9	74.6
Restructuring costs, net	5.4	13.8	5.4	18.4	10.8
Equity-based compensation	11.0	11.2	9.4	8.4	8.4
Asset impairments	—	—	—	15.9	7.4
Integration and transaction costs	12.0	12.6	13.5	17.2	14.7
Non-GAAP adjusted operating income	\$ 223.5	\$ 242.4	\$ 217.3	\$ 252.2	\$ 296.7
Non-GAAP adjusted operating margin %	19.8%	20.6%	19.1%	21.4%	22.9%
Depreciation	20.6	20.2	20.0	20.2	20.2
Non-GAAP adjusted EBITDA	\$ 244.1	\$ 262.6	\$ 237.3	\$ 272.5	\$ 316.9

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

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

	Outlook	
	Three Months Ended December 31, 2017	Full Year 2017
Operating income	\$105 - \$120	\$491 - \$506
Adjustments:		
Amortization of purchased intangible assets	\$70	\$270
Equity-based compensation	\$10	\$40
Restructuring costs, integration costs and other ⁽¹⁾	\$10 - \$15	\$77 - \$82
Total adjustments to operating income	\$90 - \$95	\$387 - \$392
Non-GAAP adjusted operating income	<u>\$195 - \$215</u>	<u>\$878 - \$898</u>
Diluted earnings per share	\$0.09 - \$0.14	\$0.80 - \$0.85
Adjustments ⁽²⁾ :		
Total adjustments to operating income	\$0.32 - \$0.33	\$1.26 - \$1.27
Debt-related costs and other special items ⁽³⁾	\$0.02 - \$0.03	\$0.04 - \$0.05
Non-GAAP adjusted diluted earnings per share	<u>\$0.43 - \$0.50</u>	<u>\$2.10 - \$2.17</u>

(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.