

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,	
	2016	2015	2016	2015
Net sales	\$ 1,178,906	\$ 1,142,541	\$ 4,923,621	\$ 3,807,828
Operating costs and expenses:				
Cost of sales	689,018	743,511	2,890,032	2,462,008
Selling, general and administrative	215,130	227,101	879,495	687,389
Research and development	48,161	49,146	200,715	135,964
Amortization of purchased intangible assets	72,932	76,905	297,202	220,602
Restructuring costs, net	18,372	18,855	42,875	29,488
Asset impairments	15,884	5,450	38,552	90,784
Total operating costs and expenses	<u>1,059,497</u>	<u>1,120,968</u>	<u>4,348,871</u>	<u>3,626,235</u>
Operating income	119,409	21,573	574,750	181,593
Other expense, net	(8,273)	(7,505)	(30,171)	(13,061)
Interest expense	(62,510)	(75,909)	(277,534)	(234,661)
Interest income	774	792	5,524	4,128
Income (loss) before income taxes	49,400	(61,049)	272,569	(62,001)
Income tax (expense) benefit	5,066	(14,098)	(49,731)	(8,874)
Net income (loss)	<u>\$ 54,466</u>	<u>\$ (75,147)</u>	<u>\$ 222,838</u>	<u>\$ (70,875)</u>
Earnings (loss) per share:				
Basic	\$ 0.28	\$ (0.39)	\$ 1.16	\$ (0.37)
Diluted (a)	\$ 0.28	\$ (0.39)	\$ 1.13	\$ (0.37)
Weighted average shares outstanding:				
Basic	193,305	191,040	192,470	189,876
Diluted (a)	197,401	191,040	196,459	189,876
(a) Calculation of diluted earnings per share:				
Net income (loss) (basic and diluted)	\$ 54,466	\$ (75,147)	\$ 222,838	\$ (70,875)
Weighted average shares (basic)	193,305	191,040	192,470	189,876
Dilutive effect of stock awards	4,096	—	3,989	—
Denominator (diluted)	<u>197,401</u>	<u>191,040</u>	<u>196,459</u>	<u>189,876</u>

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

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

	December 31,	
	2016	2015
Assets		
Cash and cash equivalents	\$ 428,228	\$ 562,884
Accounts receivable, less allowance for doubtful accounts of \$17,211 and \$19,392, respectively	952,367	833,041
Inventories, net	473,267	441,815
Prepaid expenses and other current assets	139,902	166,900
Total current assets	1,993,764	2,004,640
Property, plant and equipment, net of accumulated depreciation of \$303,734 and \$243,806, respectively	474,990	528,706
Goodwill	2,768,304	2,690,636
Other intangible assets, net	1,799,065	2,147,483
Other noncurrent assets	105,863	131,166
Total assets	\$ 7,141,986	\$ 7,502,631
Liabilities and Stockholders' Equity		
Accounts payable	\$ 415,921	\$ 300,829
Other accrued liabilities	429,397	371,743
Current portion of long-term debt	12,500	12,520
Total current liabilities	857,818	685,092
Long-term debt	4,549,510	5,231,131
Deferred income taxes	199,121	202,487
Pension and other postretirement benefit liabilities	31,671	37,102
Other noncurrent liabilities	109,782	124,099
Total liabilities	5,747,902	6,279,911
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: 193,837,437 and 191,368,727, respectively	1,950	1,923
Additional paid-in capital	2,282,014	2,216,202
Retained earnings (accumulated deficit)	(589,556)	(812,394)
Accumulated other comprehensive loss	(285,113)	(171,678)
Treasury stock, at cost: 1,129,222 shares and 986,222 shares, respectively	(15,211)	(11,333)
Total stockholders' equity	1,394,084	1,222,720
Total liabilities and stockholders' equity	\$ 7,141,986	\$ 7,502,631

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

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

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2016	2015	2016	2015
Operating Activities:				
Net income (loss)	\$ 54,466	\$ (75,147)	\$ 222,838	\$ (70,875)
Adjustments to reconcile net income (loss) to net cash generated by operating activities:				
Depreciation and amortization	97,603	104,015	399,053	303,500
Equity-based compensation	8,385	7,610	35,006	28,665
Deferred income taxes	(6,639)	(9,288)	(100,878)	(101,826)
Asset impairments	15,884	5,450	38,552	90,784
Excess tax benefits from equity-based compensation	(6,910)	(5,560)	(14,993)	(24,754)
Changes in assets and liabilities:				
Accounts receivable	(4,530)	109,147	(100,867)	(6,984)
Inventories	(8,516)	94,646	(31,996)	162,164
Prepaid expenses and other current assets	(12,332)	(31,693)	14,273	(65,271)
Accounts payable and other accrued liabilities	(46,263)	(79,954)	191,405	6,921
Other noncurrent liabilities	(16,872)	(969)	(35,950)	(13,320)
Other noncurrent assets	12,231	(2,258)	(1,834)	(11,966)
Other	(5,534)	325	(8,384)	5,022
Net cash generated by operating activities	80,973	116,324	606,225	302,060
Investing Activities:				
Additions to property, plant and equipment	(18,654)	(17,079)	(68,314)	(56,501)
Proceeds from sale of property, plant and equipment	149	3,198	4,084	3,417
Cash paid for acquisitions including purchase price adjustments, net of cash acquired	3,384	(43,515)	6,098	(3,000,991)
Proceeds from sale of businesses and long-term investments	1	—	1,292	2,817
Other	57	195	2,253	646
Net cash used in investing activities	(15,063)	(57,201)	(54,587)	(3,050,612)
Financing Activities:				
Long-term debt repaid	(172,889)	(116,490)	(718,914)	(619,056)
Long-term debt proceeds	19,764	—	19,764	3,246,875
Long-term debt financing costs	—	(429)	—	(74,319)
Proceeds from the issuance of common shares under equity-based compensation plans	8,119	4,297	16,756	25,570
Excess tax benefits from equity-based compensation	6,910	5,560	14,993	24,754
Tax withholding payments for vested equity-based compensation awards	(932)	(698)	(3,878)	(698)
Other	(3,094)	—	(3,094)	—
Net cash generated by (used in) financing activities	(142,122)	(107,760)	(674,373)	2,603,126
Effect of exchange rate changes on cash and cash equivalents	(12,835)	(6,441)	(11,921)	(21,011)
Change in cash and cash equivalents	(89,047)	(55,078)	(134,656)	(166,437)
Cash and cash equivalents, beginning of period	517,275	617,962	562,884	729,321
Cash and cash equivalents, end of period	<u>\$ 428,228</u>	<u>\$ 562,884</u>	<u>\$ 428,228</u>	<u>\$ 562,884</u>

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

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

	Three Months Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Operating income, as reported	\$ 119.4	\$ 21.6	\$ 574.8	\$ 181.6
Adjustments:				
Amortization of purchased intangible assets	72.9	76.9	297.2	220.6
Restructuring costs, net	18.4	18.9	42.9	29.5
Equity-based compensation	8.4	7.6	35.0	28.7
Asset impairments	15.9	5.5	38.6	90.8
Integration and transaction costs	17.2	14.8	62.3	96.9
Purchase accounting adjustments	—	51.2	0.6	81.7
Total adjustments to operating income	132.8	174.9	476.6	548.2
Non-GAAP adjusted operating income	\$ 252.2	\$ 196.4	\$ 1,051.4	\$ 729.8
Income (loss) before income taxes, as reported	\$ 49.4	\$ (61.0)	\$ 272.6	\$ (62.0)
Income tax (expense) benefit, as reported	5.1	(14.1)	(49.7)	(8.9)
Net income (loss), as reported	\$ 54.5	\$ (75.1)	\$ 222.8	\$ (70.9)
Adjustments:				
Total pretax adjustments to operating income	132.8	174.9	476.6	548.2
Pretax amortization of deferred financing costs & OID ⁽¹⁾	4.4	5.2	21.4	22.3
Pretax acquisition related interest ⁽¹⁾	—	—	—	29.2
Pretax loss on debt transactions ⁽²⁾	—	—	17.8	—
Pretax net investment gains ⁽²⁾	—	—	(0.5)	(2.7)
Tax effects of adjustments and other tax items ⁽³⁾	(71.1)	(22.2)	(218.9)	(164.4)
Non-GAAP adjusted net income	\$ 120.6	\$ 82.8	\$ 519.2	\$ 361.7
Diluted EPS, as reported	\$ 0.28	\$ (0.39)	\$ 1.13	\$ (0.37)
Non-GAAP adjusted diluted EPS ⁽⁴⁾	\$ 0.61	\$ 0.42	\$ 2.64	\$ 1.86

(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. Adjustments for 2016 reflect the exclusion of a decrease in a valuation allowance while 2015 adjustments reflect the exclusion of an increase in a valuation allowance.

(4) Diluted shares used in the calculation of non-GAAP adjusted diluted EPS for the three months ended December 31, 2016 and 2015 are 197.4 million and 195.1 million, respectively. Diluted shares used in the calculation of non-GAAP adjusted diluted EPS for the years ended December 31, 2016 and 2015 are 196.5 million and 194.2 million, respectively.

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

	Q4 2016	Q4 2015	% Change
			YOY
North America	\$ 646.1	\$ 571.0	13.2 %
Europe, Middle East and Africa	240.1	248.6	(3.4)
Asia Pacific	224.8	244.5	(8.1)
Central and Latin America	67.9	78.4	(13.4)
Total Net Sales	\$ 1,178.9	\$ 1,142.5	3.2 %

Sales by Region

	Full Year	Full Year	% Change
	2016	2015	YOY
North America	\$ 2,748.8	\$ 1,968.5	39.6 %
Europe, Middle East and Africa	933.5	781.7	19.4
Asia Pacific	961.0	781.9	22.9
Central and Latin America	280.3	275.7	1.7
Total Net Sales	\$ 4,923.6	\$ 3,807.8	29.3 %

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

Sales by Segment ⁽¹⁾

	Q4 2016	Q3 2016	Q4 2015	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 681.3	\$ 819.2	\$ 671.5	(16.8) %	1.5 %
Mobility Solutions	497.6	474.7	471.0	4.8 %	5.6 %
Total Net Sales	\$ 1,178.9	\$ 1,293.9	\$ 1,142.5	(8.9) %	3.2 %

Non-GAAP Adjusted Operating Income by Segment ⁽¹⁾

	Q4 2016	Q3 2016	Q4 2015	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 139.5	\$ 189.5	\$ 117.4	(26.4) %	18.8 %
Mobility Solutions	112.7	107.2	78.9	5.1 %	42.8 %
Total Non-GAAP Adjusted Operating Income	\$ 252.2	\$ 296.7	\$ 196.4	(15.0) %	28.4 %

Sales by Segment ⁽¹⁾

			% Change
	2016	2015	YOY
Connectivity Solutions	\$2,965.5	\$1,841.7	61.0 %
Mobility Solutions	1,958.1	1,966.1	(0.4) %
Total Net Sales	\$4,923.6	\$3,807.8	29.3 %

Non-GAAP Adjusted Operating Income by Segment ⁽¹⁾

			% Change
	2016	2015	YOY
Connectivity Solutions	\$ 632.3	\$ 349.9	80.7 %
Mobility Solutions	419.1	379.9	10.3 %
Total Non-GAAP Adjusted Operating Income	\$ 1,051.4	\$ 729.8	44.1 %

(1) As of January 1, 2016, the Company began reporting in two operating segments: Connectivity Solutions and Mobility Solutions. 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.
Pro Forma Sales
(Unaudited -- In millions)

Pro Forma Sales ⁽¹⁾

	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u> ⁽²⁾	<u>Full Year 2015</u>
Legacy CommScope	\$ 825.4	\$ 867.3	\$ 831.5	\$ 754.0	\$ 3,278.2
Legacy BNS	424.9	471.0	415.8	388.5	1,700.2
Total Pro Forma Net Sales	\$ 1,250.3	\$ 1,338.3	\$ 1,247.3	\$ 1,142.5	\$ 4,978.4

Pro Forma Sales by Segment ⁽¹⁾

	<u>Q1 2015</u>	<u>Q2 2015</u>	<u>Q3 2015</u>	<u>Q4 2015</u>	<u>Full Year 2015</u>
Connectivity Solutions	\$ 717.6	\$ 781.2	\$ 750.4	\$ 671.5	\$ 2,920.7
Mobility Solutions	532.7	557.0	496.9	471.0	2,057.6
Total Pro Forma Net Sales	\$ 1,250.3	\$ 1,338.3	\$ 1,247.3	\$ 1,142.5	\$ 4,978.4

(1) As of January 1, 2016, the Company began reporting in two operating segments: Connectivity Solutions and Mobility Solutions. All prior period amounts have been restated to reflect these operating segment changes.

(2) As reported

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

The unaudited pro forma amounts are presented as though the BNS acquisition had been completed as of January 1, 2015. This pro forma information has not been prepared in accordance with U.S. generally accepted accounting principles. Accordingly, the pro forma financial information should not be relied upon as being indicative of the results that would have been realized.

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

Year Ended December 31, 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment ⁽¹⁾

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 291.2	\$ 283.6	\$ 574.8
Amortization of purchased intangible assets	195.9	101.3	297.2
Restructuring costs, net	27.1	15.8	42.9
Equity-based compensation	19.8	15.2	35.0
Asset impairments	38.6	—	38.6
Integration and transaction costs	59.1	3.3	62.3
Purchase accounting adjustments	0.6	—	0.6
Non-GAAP adjusted operating income	\$ 632.3	\$ 419.1	\$ 1,051.4
Non-GAAP adjusted operating margin %	21.3%	21.4%	21.4%

Year Ended December 31, 2015 Non-GAAP Adjusted Operating Income Reconciliation by Segment ⁽¹⁾

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 16.1	\$ 165.5	\$ 181.6
Amortization of purchased intangible assets	124.0	96.6	220.6
Restructuring costs, net	16.9	12.6	29.5
Equity-based compensation	16.1	12.6	28.7
Asset impairments	16.3	74.4	90.8
Integration and transaction costs	82.3	14.6	96.9
Purchase accounting adjustments	78.2	3.6	81.7
Non-GAAP adjusted operating income	\$ 349.9	\$ 379.9	\$ 729.8
Non-GAAP adjusted operating margin %	19.0%	19.3%	19.2%

(1) As of January 1, 2016, the Company began reporting in two operating segments: Connectivity Solutions and Mobility Solutions. 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 Non-GAAP Adjusted Operating Income by Segment
(Unaudited -- In millions)

Fourth Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment ⁽¹⁾

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 43.3	\$ 76.1	\$ 119.4
Amortization of purchased intangible assets	47.7	25.3	72.9
Restructuring costs, net	11.0	7.3	18.4
Equity-based compensation	4.7	3.7	8.4
Asset impairments	15.9	—	15.9
Integration and transaction costs	16.9	0.3	17.2
Non-GAAP adjusted operating income	\$ 139.5	\$ 112.7	\$ 252.2
Non-GAAP adjusted operating margin %	20.5%	22.7%	21.4%

Third Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment ⁽¹⁾

	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%

Fourth Quarter 2015 Non-GAAP Adjusted Operating Income Reconciliation by Segment ⁽¹⁾

	Connectivity Solutions	Mobility Solutions	Total
Operating income (loss), as reported	\$ (17.9)	\$ 39.5	\$ 21.6
Amortization of purchased intangible assets	49.9	27.0	76.9
Restructuring costs, net	11.8	7.1	18.9
Equity-based compensation	5.7	1.9	7.6
Asset impairments	5.5	—	5.5
Integration and transaction costs	13.7	1.1	14.8
Purchase accounting adjustments	48.9	2.2	51.2
Non-GAAP adjusted operating income	\$ 117.4	\$ 78.9	\$ 196.4
Non-GAAP adjusted operating margin %	17.5%	16.8%	17.2%

(1) As of January 1, 2016, the Company began reporting in two operating segments: Connectivity Solutions and Mobility Solutions. 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

	Q4 2016	Q4 2015	Full Year 2016	Full Year 2015
Cash flow from operations	\$ 81.0	\$ 116.3	\$ 606.2	\$ 302.1
Integration and transaction costs	17.0	24.5	64.8	96.1
Capital expenditures	(18.7)	(17.1)	(68.3)	(56.5)
Capex related to BNS integration	1.2	1.7	6.1	12.7
Redemption premium	—	—	17.8	—
Adjusted Free Cash Flow	<u>\$ 80.5</u>	<u>\$ 125.4</u>	<u>\$ 626.6</u>	<u>\$ 354.4</u>

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

	Q4 2016	Q3 2016	Q2 2016	Q1 2016	Q4 2015
Operating income, as reported	\$ 119.4	\$ 180.7	\$ 183.9	\$ 90.7	\$ 21.6
Amortization of purchased intangible assets	72.9	74.6	76.0	73.6	76.9
Restructuring costs, net	18.4	10.8	7.6	6.1	18.9
Equity-based compensation	8.4	8.4	9.4	8.8	7.6
Asset impairments	15.9	7.4	—	15.3	5.5
Integration and transaction costs	17.2	14.7	14.5	15.9	14.8
Purchase accounting adjustments	—	—	(0.4)	1.0	51.2
Non-GAAP adjusted operating income	<u>\$ 252.2</u>	<u>\$ 296.7</u>	<u>\$ 291.0</u>	<u>\$ 211.4</u>	<u>\$ 196.4</u>
Non-GAAP adjusted operating margin %	<u>21.4%</u>	<u>22.9%</u>	<u>22.3%</u>	<u>18.5%</u>	<u>17.2%</u>
Depreciation	20.2	20.2	20.4	19.6	21.9
Non-GAAP adjusted EBITDA	<u>\$ 272.5</u>	<u>\$ 316.9</u>	<u>\$ 311.4</u>	<u>\$ 231.1</u>	<u>\$ 218.2</u>

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 March 31, 2017	Full Year 2017
Operating income	\$105 - \$120	\$730 - \$770
Adjustments:		
Amortization of purchased intangible assets	\$70	\$270
Equity-based compensation	\$10	\$45
Restructuring costs, integration costs and other ⁽¹⁾	\$20 - \$25	\$65 - \$75
Total adjustments to operating income	\$100 - \$105	\$380 - \$390
Non-GAAP adjusted operating income	\$205 - \$225	\$1,110 - \$1,160
Diluted earnings per share	\$0.18 - \$0.22	\$1.66 - \$1.73
Adjustments ⁽²⁾ :		
Total adjustments to operating income	\$0.30 - \$0.31	\$1.23 - \$1.25
Debt-related costs and other special items ⁽³⁾	\$0.01	\$0.01 - \$0.02
Non-GAAP adjusted diluted earnings per share	\$0.49 - \$0.54	\$2.90 - \$3.00

(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.