

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,	
	2018	2017	2018	2017
Net sales	\$1,150,405	\$1,128,775	\$3,510,778	\$3,440,150
Operating costs and expenses:				
Cost of sales	726,531	700,170	2,204,194	2,085,973
Selling, general and administrative	173,990	184,947	544,318	604,408
Research and development	44,807	44,599	142,436	140,569
Amortization of purchased intangible assets	65,782	68,271	199,453	202,890
Restructuring costs, net	7,070	5,360	19,738	24,521
Total operating costs and expenses	<u>1,018,180</u>	<u>1,003,347</u>	<u>3,110,139</u>	<u>3,058,361</u>
Operating income	132,225	125,428	400,639	381,789
Other income (expense), net	(2,379)	3,209	(4,490)	(9,248)
Interest expense	(66,122)	(61,798)	(186,655)	(192,769)
Interest income	1,882	1,180	5,373	3,784
Income before income taxes	65,606	68,019	214,867	183,556
Income tax expense	(1,763)	(16,862)	(51,367)	(43,373)
Net income	<u>\$ 63,843</u>	<u>\$ 51,157</u>	<u>\$ 163,500</u>	<u>\$ 140,183</u>
Earnings per share:				
Basic	\$ 0.33	\$ 0.27	\$ 0.85	\$ 0.73
Diluted (a)	\$ 0.33	\$ 0.26	\$ 0.84	\$ 0.71
Weighted average shares outstanding:				
Basic	192,219	191,824	191,920	192,973
Diluted (a)	195,359	195,815	195,370	197,387
(a) Calculation of diluted earnings per share:				
Net income (basic and diluted)	\$ 63,843	\$ 51,157	\$ 163,500	\$ 140,183
Weighted average shares (basic)	192,219	191,824	191,920	192,973
Dilutive effect of equity-based awards	3,140	3,991	3,450	4,414
Denominator (diluted)	<u>195,359</u>	<u>195,815</u>	<u>195,370</u>	<u>197,387</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, 2018</u>	<u>December 31, 2017</u>
Assets		
Cash and cash equivalents	\$ 352,397	\$ 453,977
Accounts receivable, less allowance for doubtful accounts of \$18,141 and \$13,976, respectively	901,096	898,829
Inventories, net	490,767	444,941
Prepaid expenses and other current assets	123,277	146,112
Total current assets	<u>1,867,537</u>	<u>1,943,859</u>
Property, plant and equipment, net of accumulated depreciation of \$425,565 and \$390,389, respectively	445,746	467,289
Goodwill	2,858,640	2,886,630
Other intangible assets, net	1,420,677	1,636,084
Other noncurrent assets	125,696	107,804
Total assets	<u>\$ 6,718,296</u>	<u>\$ 7,041,666</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 441,409	\$ 436,737
Other accrued liabilities	323,211	286,980
Total current liabilities	<u>764,620</u>	<u>723,717</u>
Long-term debt	3,983,790	4,369,401
Deferred income taxes	97,849	134,241
Pension and other postretirement benefit liabilities	20,315	25,140
Other noncurrent liabilities	96,652	141,341
Total liabilities	<u>4,963,226</u>	<u>5,393,840</u>
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.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: 192,222,782 and 190,906,110, respectively	1,990	1,972
Additional paid-in capital	2,372,764	2,334,071
Retained earnings (accumulated deficit)	(226,494)	(395,998)
Accumulated other comprehensive loss	(171,982)	(86,603)
Treasury stock, at cost: 6,738,136 shares and 6,336,144 shares, respectively	<u>(221,208)</u>	<u>(205,616)</u>
Total stockholders' equity	<u>1,755,070</u>	<u>1,647,826</u>
Total liabilities and stockholders' equity	<u>\$ 6,718,296</u>	<u>\$ 7,041,666</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 thousands)

	<u>Three Months Ended</u>		<u>Nine Months Ended</u>	
	<u>September 30,</u>		<u>September 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating Activities:				
Net income	\$ 63,843	\$ 51,157	\$ 163,500	\$ 140,183
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	94,280	92,090	272,629	282,543
Equity-based compensation	11,327	10,974	33,723	31,572
Deferred income taxes	(8,006)	(5,903)	(32,616)	(19,976)
Changes in assets and liabilities:				
Accounts receivable	113,486	15,079	(23,537)	59,054
Inventories	(17,805)	54,033	(65,798)	11,790
Prepaid expenses and other assets	(3,241)	(20,909)	(3,849)	(22,682)
Accounts payable and other liabilities	(28,604)	(57,728)	12,277	(178,505)
Other	1,541	6,579	5,555	31,426
Net cash generated by operating activities	<u>226,821</u>	<u>145,372</u>	<u>361,884</u>	<u>335,405</u>
Investing Activities:				
Additions to property, plant and equipment	(24,604)	(20,575)	(55,448)	(51,152)
Proceeds from sale of property, plant and equipment	6,490	38	12,715	5,016
Proceeds upon settlement of net investment hedge	—	—	1,331	—
Cash paid for acquisitions, including purchase price adjustments, net of cash acquired	—	(105,249)	—	(105,249)
Other	—	3,120	—	9,898
Net cash used in investing activities	<u>(18,114)</u>	<u>(122,666)</u>	<u>(41,402)</u>	<u>(141,487)</u>
Financing Activities:				
Long-term debt repaid	(550,000)	(25,000)	(550,000)	(805,379)
Long-term debt proceeds	150,000	—	150,000	780,379
Debt issuance and modification costs	—	—	—	(8,363)
Debt extinguishment costs	—	—	—	(14,800)
Cash paid for repurchase of common stock	—	(75,000)	—	(175,000)
Proceeds from the issuance of common shares under equity-based compensation plans	73	297	4,988	8,803
Tax withholding payments for vested equity-based compensation awards	(92)	(98)	(15,592)	(14,956)
Net cash used in financing activities	<u>(400,019)</u>	<u>(99,801)</u>	<u>(410,604)</u>	<u>(229,316)</u>
Effect of exchange rate changes on cash and cash equivalents	(1,992)	3,846	(11,458)	18,412
Change in cash and cash equivalents	<u>(193,304)</u>	<u>(73,249)</u>	<u>(101,580)</u>	<u>(16,986)</u>
Cash and cash equivalents at beginning of period	<u>545,701</u>	<u>484,491</u>	<u>453,977</u>	<u>428,228</u>
Cash and cash equivalents at end of period	<u>\$ 352,397</u>	<u>\$ 411,242</u>	<u>\$ 352,397</u>	<u>\$ 411,242</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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating income, as reported	\$ 132.2	\$ 125.4	\$ 400.6	\$ 381.8
Adjustments:				
Amortization of purchased intangible assets	65.8	68.3	199.5	202.9
Restructuring costs, net	7.1	5.4	19.7	24.5
Equity-based compensation	11.3	11.0	33.7	31.6
Integration and transaction costs	2.6	12.0	5.3	38.2
Total adjustments to operating income	<u>86.8</u>	<u>96.7</u>	<u>258.2</u>	<u>297.2</u>
Non-GAAP adjusted operating income	\$ 219.0	\$ 222.1	\$ 658.8	\$ 679.0
Income before income taxes, as reported	\$ 65.6	\$ 68.0	\$ 214.9	\$ 183.6
Income tax expense, as reported	(1.8)	(16.9)	(51.4)	(43.4)
Net income, as reported	\$ 63.8	\$ 51.2	\$ 163.5	\$ 140.2
Adjustments:				
Total pretax adjustments to operating income	86.8	96.7	258.2	297.2
Pretax amortization of deferred financing costs & OID ⁽¹⁾	9.8	3.2	15.0	18.8
Pretax loss on debt transactions ⁽²⁾	—	—	—	16.0
Pretax net investment gains ⁽²⁾	—	(2.4)	—	(9.0)
Tax effects of adjustments and other tax items ⁽³⁾	<u>(45.9)</u>	<u>(41.2)</u>	<u>(93.9)</u>	<u>(133.9)</u>
Non-GAAP adjusted net income	\$ 114.5	\$ 107.5	\$ 342.7	\$ 329.3
Diluted EPS, as reported	\$ 0.33	\$ 0.26	\$ 0.84	\$ 0.71
Non-GAAP adjusted diluted EPS	\$ 0.59	\$ 0.55	\$ 1.75	\$ 1.67

(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 2018	Q3 2017	% Change	
			Sequential	YOY
United States	\$ 653.0	\$ 595.3	(1.2) %	9.7 %
Europe, Middle East and Africa	235.6	231.0	(1.2) %	2.0
Asia Pacific	179.3	218.6	(16.2) %	(18.0)
Caribbean and Latin America	59.4	62.2	(1.2) %	(4.5)
Canada	23.1	21.7	(1.2) %	6.5
Total Net Sales	\$ 1,150.4	\$ 1,128.8	(7.2) %	1.9 %

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

Sales by Segment

	Q3 2018	Q2 2018	Q3 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 731.7	\$ 740.5	\$ 708.7	(1.2) %	3.2 %
Mobility Solutions	418.7	499.4	420.1	(16.2) %	(0.3) %
Total Net Sales	\$ 1,150.4	\$ 1,239.9	\$ 1,128.8	(7.2) %	1.9 %

Non-GAAP Adjusted Operating Income by Segment

	Q3 2018	Q2 2018	Q3 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 147.4	\$ 142.9	\$ 138.5	3.1 %	6.4 %
Mobility Solutions	71.6	108.2	83.6	(33.8) %	(14.4) %
Total Non-GAAP Adjusted Operating Income	\$ 219.0	\$ 251.1	\$ 222.1	(12.8) %	(1.4) %

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

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

	<u>Connectivity Solutions</u>	<u>Mobility Solutions</u>	<u>Total</u>
Operating income, as reported	\$ 94.9	\$ 37.3	\$ 132.2
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
Non-GAAP adjusted operating income	\$ 147.4	\$ 71.6	\$ 219.0
Non-GAAP adjusted operating margin %	20.1%	17.1%	19.0%

Second Quarter 2018 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	<u>Connectivity Solutions</u>	<u>Mobility Solutions</u>	<u>Total</u>
Operating income, as reported	\$ 85.4	\$ 79.3	\$ 164.7
Amortization of purchased intangible assets	45.0	21.4	66.4
Restructuring costs, net	4.7	2.5	7.2
Equity-based compensation	7.2	4.6	11.8
Integration and transaction costs	0.7	0.3	1.0
Non-GAAP adjusted operating income	\$ 142.9	\$ 108.2	\$ 251.1
Non-GAAP adjusted operating margin %	19.3%	21.7%	20.3%

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

	<u>Connectivity Solutions</u>	<u>Mobility Solutions</u>	<u>Total</u>
Operating income, as reported	\$ 70.4	\$ 55.0	\$ 125.4
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	\$ 138.5	\$ 83.6	\$ 222.1
Non-GAAP adjusted operating margin %	19.5%	19.9%	19.7%

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 2018</u>	<u>Q3 2017</u>
Cash flow from operations	\$ 226.8	\$ 145.4
Integration and transaction costs	—	12.3
Capital expenditures	(24.6)	(20.6)
Adjusted Free Cash Flow	<u>\$ 202.2</u>	<u>\$ 137.1</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

	<u>Q3 2018</u>	<u>Q2 2018</u>	<u>Q1 2018</u>	<u>Q4 2017</u>	<u>Q3 2017</u>
Operating income, as reported	\$ 132.2	\$ 164.7	\$ 103.7	\$ 90.3	\$ 125.4
Amortization of purchased intangible assets	65.8	66.4	67.2	68.1	68.3
Restructuring costs, net	7.1	7.2	5.5	19.3	5.4
Equity-based compensation	11.3	11.8	10.5	10.3	11.0
Integration and transaction costs	2.6	1.0	1.7	9.8	12.0
Non-GAAP adjusted operating income	<u>\$ 219.0</u>	<u>\$ 251.1</u>	<u>\$ 188.6</u>	<u>\$ 197.7</u>	<u>\$ 222.1</u>
Non-GAAP adjusted operating margin %	19.0%	20.3%	16.8%	17.6%	19.7%
Depreciation	18.7	19.9	19.6	20.8	20.6
Non-GAAP adjusted EBITDA	<u>\$ 237.8</u>	<u>\$ 271.1</u>	<u>\$ 208.1</u>	<u>\$ 218.5</u>	<u>\$ 242.7</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 December 31, 2018	Full Year 2018
Operating income	\$ 60 - \$83	\$ 461 - \$484
Adjustments:		
Amortization of purchased intangible assets	\$ 66	\$ 265
Equity-based compensation	\$ 12	\$ 46
Restructuring costs, integration and transaction costs and other ⁽¹⁾	\$ 7 - \$9	\$ 32 - \$34
Total adjustments to operating income	\$ 85 - \$87	\$ 343 - \$345
Non-GAAP adjusted operating income	\$ 145 - \$170	\$ 804 - \$829
Diluted earnings per share (basic loss per share)	\$ (0.12) - \$(0.14)	\$ 0.70 - \$0.72
Adjustments ⁽²⁾ :		
Total adjustments to operating income	\$ 0.32 - \$0.36	\$ 1.32 - \$1.34
Debt-related costs and other special items ⁽³⁾	\$ 0.14 - \$0.17	\$ 0.07 - \$0.08
Non-GAAP adjusted diluted earnings per share	\$ 0.34 - \$0.39	\$ 2.09 - \$2.14

(1) Reflects projections for restructuring costs, integration and transaction 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 losses on defined benefit plan terminations, foreign exchange losses triggered by the liquidation of subsidiaries and 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.