

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

	Three Months Ended	
	March 31,	
	2016	2015
Net sales	\$ 1,143,979	\$ 825,400
Operating costs and expenses:		
Cost of sales	696,888	532,196
Selling, general and administrative	209,197	125,671
Research and development	52,190	27,736
Amortization of purchased intangible assets	73,616	44,786
Restructuring costs, net	6,072	1,871
Asset impairments	15,293	-
Total operating costs and expenses	1,053,256	732,260
Operating income	90,723	93,140
Other income, net	301	2,627
Interest expense	(72,562)	(36,329)
Interest income	2,579	1,029
Income before income taxes	21,041	60,467
Income tax expense	(8,461)	(20,991)
Net income	\$ 12,580	\$ 39,476
Earnings (loss) per share:		
Basic	\$ 0.07	\$ 0.21
Diluted (a)	\$ 0.06	\$ 0.20
Weighted average shares outstanding:		
Basic	191,642	188,480
Diluted (a)	195,456	193,137
(a) Calculation of diluted earnings per share:		
Net income (basic)	\$ 12,580	\$ 39,476
Weighted average shares (basic)	191,642	188,480
Dilutive effect of stock options	3,814	4,657
Denominator (diluted)	195,456	193,137

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)

	March 31,	December 31,
	2016	2015
Assets		
Cash and cash equivalents	\$ 688,368	\$ 562,884
Accounts receivable, less allowance for doubtful accounts of \$18,525 and \$19,392, respectively	924,216	833,041
Inventories, net	464,462	441,815
Prepaid expenses and other current assets	149,925	166,900
Total current assets	2,226,971	2,004,640
Property, plant and equipment, net of accumulated depreciation of \$258,890 and \$243,806, respectively	519,931	528,706
Goodwill	2,719,300	2,690,636
Other intangible assets, net	2,077,368	2,147,483
Other noncurrent assets	129,337	131,166
Total assets	\$ 7,672,907	\$ 7,502,631
Liabilities and Stockholders' Equity		
Accounts payable	\$ 388,005	\$ 300,829
Other accrued liabilities	397,657	371,743
Current portion of long-term debt	12,500	12,520
Total current liabilities	798,162	685,092
Long-term debt	5,231,513	5,231,131
Deferred income taxes	190,941	202,487
Pension and other postretirement benefit liabilities	40,334	37,102
Other noncurrent liabilities	123,503	124,099
Total liabilities	6,384,453	6,279,911
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: None at March 31, 2016 or December 31, 2015	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 191,863,546 and 191,368,727 at March 31, 2016 and December 31, 2015, respectively	1,929	1,923
Additional paid-in capital	2,227,241	2,216,202
Retained earnings (accumulated deficit)	(799,814)	(812,394)
Accumulated other comprehensive loss	(126,848)	(171,678)
Treasury stock, at cost: 1,094,031 shares and 986,222 shares at March 31, 2016 and December 31, 2015, respectively	(14,054)	(11,333)
Total stockholders' equity	1,288,454	1,222,720
Total liabilities and stockholders' equity	\$ 7,672,907	\$ 7,502,631

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	
	March 31,	
	2016	2015
Operating Activities:		
Net income	\$ 12,580	\$ 39,476
Adjustments to reconcile net income to net cash generated by operating activities:		
Depreciation and amortization	96,938	59,454
Equity-based compensation	8,835	5,253
Deferred income taxes	(10,440)	(13,623)
Asset impairments	15,293	—
Excess tax benefits from equity-based compensation	(1,381)	(10,414)
Changes in assets and liabilities:		
Accounts receivable	(58,760)	(95,317)
Inventories	(9,863)	5,792
Prepaid expenses and other assets	(6,378)	(1,134)
Accounts payable and other liabilities	73,019	12,682
Other	(1,751)	(929)
Net cash generated by operating activities	118,092	1,240
Investing Activities:		
Additions to property, plant and equipment	(14,472)	(8,213)
Proceeds from sale of property, plant and equipment	3,684	125
Net purchase price adjustment	15,355	—
Other	474	2,633
Net cash generated by (used in) investing activities	5,041	(5,455)
Financing Activities:		
Long-term debt repaid	(3,146)	(2,199)
Proceeds from the issuance of common shares under equity-based compensation plans	1,490	11,999
Excess tax benefits from equity-based compensation	1,381	10,414
Tax withholding payments for vested equity-based compensation awards	(2,721)	—
Net cash generated by (used in) financing activities	(2,996)	20,214
Effect of exchange rate changes on cash and cash equivalents	5,347	(10,178)
Change in cash and cash equivalents	125,484	5,821
Cash and cash equivalents, beginning of period	562,884	729,321
Cash and cash equivalents, end of period	\$ 688,368	\$ 735,142

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	
	March 31,	
	2016	2015
Operating income, as reported	\$ 90.7	\$ 93.1
Adjustments:		
Amortization of purchased intangible assets	73.6	44.8
Restructuring costs, net	6.1	1.9
Equity-based compensation	8.8	5.3
Asset impairments	15.3	-
Transaction and integration costs	15.9	11.4
Purchase accounting adjustments	1.0	-
Total adjustments to operating income	<u>120.7</u>	<u>63.4</u>
Non-GAAP adjusted operating income	\$ 211.4	\$ 156.5
Income before income taxes, as reported	\$ 21.0	\$ 60.5
Income tax expense, as reported	<u>(8.5)</u>	<u>(21.0)</u>
Net income, as reported	\$ 12.6	\$ 39.5
Adjustments:		
Total pretax adjustments to operating income	120.7	63.4
Pretax amortization of deferred financing costs & OID ⁽¹⁾	3.7	3.1
Pretax gains on sale of equity investment ⁽²⁾	(0.4)	(2.4)
Tax effects of adjustments and other tax items ⁽³⁾	<u>(42.2)</u>	<u>(22.2)</u>
Non-GAAP adjusted net income	\$ 94.4	\$ 81.4
Diluted EPS, as reported	\$ 0.06	\$ 0.20
Non-GAAP adjusted diluted EPS	\$ 0.48	\$ 0.42

(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.
Segment Information
(Unaudited -- In millions)

Sales by Segment⁽¹⁾

	Q1 2016	Q4 2015	Q1 2015	% Change	
				Sequential	YOY
Connectivity Solutions	687.0	671.5	329.1	2.3 %	108.8 %
Mobility Solutions	457.0	471.0	496.3	(3.0) %	(7.9) %
Total Net Sales	\$ 1,144.0	\$ 1,142.5	\$ 825.4	0.1 %	38.6 %

Non-GAAP Adjusted Operating Income by Segment⁽¹⁾

	Q1 2016	Q4 2015	Q1 2015	% Change	
				Sequential	YOY
Connectivity Solutions	134.8	117.4	58.4	14.8 %	130.8 %
Mobility Solutions	76.6	78.9	98.1	(2.9) %	(21.9) %
Total Non-GAAP Adjusted Operating Income	\$ 211.4	\$ 196.4	\$ 156.5	7.6 %	35.1 %

(1) During the three months ended March 31, 2016, the Company began reporting in two operating segments: CommScope Connectivity Solutions (CCS) and CommScope Mobility Solutions (CMS). 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 Segment Information
(Unaudited -- In millions)

Pro Forma Sales by Segment

	Q1 2015	Q2 2015	Q3 2015
Connectivity Solutions	\$ 717.6	\$ 781.2	\$ 750.4
Mobility Solutions	532.7	557.0	496.9
Total Pro Forma Net Sales	\$ 1,250.3	\$ 1,338.2	\$ 1,247.3

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)

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 50.0	\$ 40.7	\$ 90.7
Amortization of purchased intangible assets	48.2	25.4	73.6
Restructuring costs, net	1.1	5.0	6.1
Equity-based compensation	5.0	3.8	8.8
Asset impairments	15.3	-	15.3
Transaction and integration costs	14.1	1.8	15.9
Purchase accounting adjustments	1.0	-	1.0
Non-GAAP adjusted operating income	\$ 134.8	\$ 76.6	\$ 211.4
Non-GAAP adjusted operating margin %	19.6%	16.8%	18.5%

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
Transaction and integration 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%

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 28.7	\$ 64.5	\$ 93.1
Amortization of purchased intangible assets	21.7	23.1	44.8
Restructuring costs, net	0.1	1.8	1.9
Equity-based compensation	2.4	2.9	5.3
Transaction and integration costs	5.4	6.0	11.4
Non-GAAP adjusted operating income	\$ 58.4	\$ 98.1	\$ 156.5
Non-GAAP adjusted operating margin %	17.7%	19.8%	19.0%

(1) During the three months ended March 31, 2016, the Company began reporting in two operating segments: CommScope Connectivity Solutions (CCS) and CommScope Mobility Solutions (CMS). 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>Q1 2016</u>	<u>Q1 2015</u>
Cash flow from operations	\$ 118.1	\$ 1.2
Transaction and integration costs	15.7	6.6
Capital expenditures	(14.5)	(8.2)
Capex related to BNS integration	0.6	-
Adjusted Free Cash Flow	<u>\$ 119.9</u>	<u>\$ (0.4)</u>

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>Q1 2016</u>	<u>Q4 2015</u>	<u>Q3 2015</u>	<u>Q2 2015</u>	<u>Q1 2015</u>
Operating income (loss), as reported	\$ 90.7	\$ 21.6	\$ (42.5)	\$ 109.4	\$ 93.1
Amortization of purchased intangible assets	73.6	76.9	54.3	44.6	44.8
Restructuring costs, net	6.1	18.9	6.9	1.9	1.9
Equity-based compensation	8.8	7.6	5.7	10.1	5.3
Asset impairments	15.3	5.5	85.3	-	-
Transaction and integration costs	15.9	14.8	60.8	9.9	11.4
Purchase accounting adjustments	1.0	51.2	30.5	-	-
Non-GAAP adjusted operating income	<u>\$ 211.4</u>	<u>\$ 196.4</u>	<u>\$ 201.0</u>	<u>\$ 175.9</u>	<u>\$ 156.5</u>
Non-GAAP adjusted operating margin %	18.5%	17.2%	20.7%	20.3%	19.0%
Depreciation	19.6	21.9	15.6	11.5	11.6
Non-GAAP adjusted EBITDA	<u>\$ 231.1</u>	<u>\$ 218.2</u>	<u>\$ 216.6</u>	<u>\$ 187.4</u>	<u>\$ 168.1</u>

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

Note: For the twelve months ended March 31, 2016, as measured pursuant to indentures governing our senior notes and PIK notes, pro forma Adjusted EBITDA was \$997.7 million, which included the impact of the BNS and Airvana acquisitions (\$106.4 million) and savings from announced cost reduction initiatives (\$38.0 million) so that the impact of the acquisitions and cost reduction initiatives are fully reflected in the twelve-month period. See our Form 10-Q for further information.

CommScope Holding Company, Inc.
Historical Data by Segment
(Unaudited -- In millions)

	2014			2015		
	Connectivity Solutions	Mobility Solutions	Total	Connectivity Solutions	Mobility Solutions	Total
Net sales	\$ 1,359.8	\$ 2,469.8	\$ 3,829.6	\$ 1,841.8	\$ 1,966.1	\$ 3,807.8
Operating income	109.3	468.1	577.4	16.1	165.5	181.6
Amortization of purchased intangible assets	87.0	91.3	178.3	124.0	96.6	220.6
Restructuring costs, net	3.0	16.2	19.2	16.9	12.6	29.5
Equity-based compensation	9.4	11.7	21.1	16.1	12.6	28.7
Asset impairments	7.2	4.9	12.1	16.3	74.5	90.8
Transaction and integration costs	4.5	7.6	12.1	82.3	14.6	96.9
Purchase accounting adjustments	(12.5)	0.6	(11.9)	78.2	3.6	81.7
Non-GAAP adjusted operating income	\$ 208.1	\$ 600.3	\$ 808.4	\$ 349.9	\$ 379.9	\$ 729.8

	Q1 2015			Q2 2015		
	Connectivity Solutions	Mobility Solutions	Total	Connectivity Solutions	Mobility Solutions	Total
Net sales	\$ 329.1	\$ 496.3	\$ 825.4	\$ 352.1	\$ 515.2	\$ 867.3
Operating income (loss)	28.7	64.5	93.1	39.2	70.2	109.4
Amortization of purchased intangible assets	21.7	23.1	44.8	21.5	23.1	44.6
Restructuring costs, net	0.1	1.8	1.9	1.0	0.9	1.9
Equity-based compensation	2.4	2.9	5.3	4.6	5.5	10.1
Asset impairments	-	-	-	-	-	-
Transaction and integration costs	5.4	6.0	11.4	6.1	3.8	9.9
Purchase accounting adjustments	-	-	-	-	-	-
Non-GAAP adjusted operating income	\$ 58.4	\$ 98.1	\$ 156.5	\$ 72.5	\$ 103.5	\$ 175.9

	Q3 2015			Q4 2015		
	Connectivity Solutions	Mobility Solutions	Total	Connectivity Solutions	Mobility Solutions	Total
Net sales	\$ 489.0	\$ 483.6	\$ 972.6	\$ 671.5	\$ 471.0	\$ 1,142.5
Operating income (loss)	(33.9)	(8.6)	(42.5)	(17.9)	39.5	21.6
Amortization of purchased intangible assets	30.8	23.5	54.3	49.9	27.0	76.9
Restructuring costs, net	4.1	2.8	6.9	11.8	7.1	18.9
Equity-based compensation	3.4	2.2	5.7	5.7	1.9	7.6
Asset impairments	10.9	74.5	85.3	5.5	-	5.5
Transaction and integration costs	57.1	3.8	60.8	13.7	1.1	14.8
Purchase accounting adjustments	29.2	1.3	30.5	48.9	2.2	51.2
Non-GAAP adjusted operating income	\$ 101.6	\$ 99.4	\$ 201.0	\$ 117.4	\$ 78.9	\$ 196.4

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures