

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net sales	\$ 867,290	\$ 1,066,256	\$ 1,692,690	\$ 2,001,292
Operating costs and expenses:				
Cost of sales	552,595	654,605	1,084,791	1,251,930
Selling, general and administrative	130,797	121,070	256,468	234,098
Research and development	27,982	33,082	55,718	64,952
Amortization of purchased intangible assets	44,624	44,306	89,410	88,604
Restructuring costs, net	1,894	2,309	3,765	4,289
Asset impairments	-	7,229	-	7,229
Total operating costs and expenses	<u>757,892</u>	<u>862,601</u>	<u>1,490,152</u>	<u>1,651,102</u>
Operating income	109,398	203,655	202,538	350,190
Other income (expense), net	86	(88,791)	2,713	(91,986)
Interest expense	(49,036)	(63,625)	(85,365)	(105,905)
Interest income	1,031	1,111	2,060	2,215
Income before income taxes	61,479	52,350	121,946	154,514
Income tax expense	(15,887)	(24,307)	(36,878)	(61,984)
Net income	<u>\$ 45,592</u>	<u>\$ 28,043</u>	<u>\$ 85,068</u>	<u>\$ 92,530</u>
Earnings per share:				
Basic	\$ 0.24	\$ 0.15	\$ 0.45	\$ 0.50
Diluted (a)	\$ 0.24	\$ 0.15	\$ 0.44	\$ 0.49
Weighted average shares outstanding:				
Basic	189,682	186,509	189,084	186,226
Diluted (a)	194,004	190,984	193,570	190,694
(a) Calculation of diluted earnings per share:				
Net income (basic)	\$ 45,592	\$ 28,043	\$ 85,068	\$ 92,530
Weighted average shares (basic)	189,682	186,509	189,084	186,226
Dilutive effect of stock options	4,322	4,475	4,486	4,468
Denominator (diluted)	<u>194,004</u>	<u>190,984</u>	<u>193,570</u>	<u>190,694</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)

	June 30, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$ 792,959	\$ 729,321
Accounts receivable, less allowance for doubtful accounts of \$10,544 and \$8,797, respectively	718,333	612,007
Inventories, net	352,777	367,185
Prepaid expenses and other current assets	59,180	67,875
Deferred income taxes	49,627	51,230
Total current assets	1,972,876	1,827,618
Property, plant and equipment, net of accumulated depreciation of \$225,599 and \$207,342, respectively	286,134	289,371
Goodwill	1,450,847	1,451,887
Other intangible assets, net	1,171,496	1,260,927
Funds restricted for acquisition	2,746,875	—
Other noncurrent assets	83,875	87,255
Total assets	\$ 7,712,103	\$ 4,917,058
Liabilities and Stockholders' Equity		
Accounts payable	\$ 248,473	\$ 177,806
Other accrued liabilities	269,414	289,006
Current portion of long-term debt	12,554	9,001
Total current liabilities	530,441	475,813
Long-term debt	5,346,340	2,659,897
Deferred income taxes	303,093	339,945
Pension and other postretirement benefit liabilities	19,869	29,478
Other noncurrent liabilities	102,088	104,306
Total liabilities	6,301,831	3,609,439
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: None at June 30, 2015 or December 31, 2014	—	—
Common stock, \$.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 189,953,618 and 187,831,389 at June 30, 2015 and December 31, 2014, respectively	1,909	1,888
Additional paid-in capital	2,184,156	2,141,433
Retained earnings (accumulated deficit)	(656,451)	(741,519)
Accumulated other comprehensive loss	(108,707)	(83,548)
Treasury stock, at cost: 961,566 shares at June 30, 2015 and December 31, 2014	(10,635)	(10,635)
Total stockholders' equity	1,410,272	1,307,619
Total liabilities and stockholders' equity	\$ 7,712,103	\$ 4,917,058

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

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating Activities:				
Net income	\$ 45,592	\$ 28,043	\$ 85,068	\$ 92,530
Adjustments to reconcile net income to net cash generated by (used in) operating activities:				
Depreciation and amortization	66,269	79,020	125,723	138,481
Equity-based compensation	10,125	6,495	15,378	10,171
Deferred income taxes	(20,506)	(18,838)	(34,129)	(11,495)
Asset impairments	—	7,229	—	7,229
Excess tax benefits from equity-based compensation	(3,750)	(5,445)	(14,164)	(6,987)
Changes in assets and liabilities:				
Accounts receivable	(22,940)	(67,024)	(118,257)	(168,817)
Inventories	3,246	(37,820)	9,038	(76,456)
Prepaid expenses and other assets	7,011	(23,767)	5,877	(19,426)
Accounts payable and other liabilities	(14,951)	25,881	(2,269)	(5,182)
Other	1,930	(7,162)	1,001	(8,925)
Net cash generated by (used in) operating activities	72,026	(13,388)	73,266	(48,877)
Investing Activities:				
Additions to property, plant and equipment	(15,868)	(9,516)	(24,081)	(16,191)
Proceeds from sale of property, plant and equipment	48	263	173	1,446
Cash refunded from acquisitions	—	4,745	—	4,745
Acquisition funds held in escrow	(2,746,875)	—	(2,746,875)	—
Other	464	7,253	3,097	7,299
Net cash generated by (used in) investing activities	(2,762,231)	2,745	(2,767,686)	(2,701)
Financing Activities:				
Long-term debt repaid	(500,318)	(1,102,231)	(502,517)	(1,119,789)
Long-term debt proceeds	3,246,875	1,300,000	3,246,875	1,315,000
Long-term debt financing costs	(9,025)	(22,738)	(9,025)	(22,738)
Proceeds from the issuance of common shares under equity-based compensation plans	4,952	5,985	16,951	7,942
Excess tax benefits from equity-based compensation	3,750	5,445	14,164	6,987
Net cash generated by financing activities	2,746,234	186,461	2,766,448	187,402
Effect of exchange rate changes on cash and cash equivalents	1,788	43	(8,390)	(1,095)
Change in cash and cash equivalents	57,817	175,861	63,638	134,729
Cash and cash equivalents, beginning of period	735,142	305,188	729,321	346,320
Cash and cash equivalents, end of period	\$ 792,959	\$ 481,049	\$ 792,959	\$ 481,049

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 June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Operating income, as reported	\$ 109.4	\$ 203.7	\$ 202.5	\$ 350.2
Adjustments:				
Amortization of purchased intangible assets	44.6	44.3	89.4	88.6
Restructuring costs, net	1.9	2.3	3.8	4.3
Equity-based compensation	10.1	6.5	15.4	10.2
Asset impairments	-	7.2	-	7.2
Transaction and integration costs	9.9	1.0	21.3	1.9
Purchase accounting adjustments	-	(6.4)	0.1	(11.9)
Total adjustments to operating income	<u>66.5</u>	<u>54.9</u>	<u>130.0</u>	<u>100.3</u>
Non-GAAP adjusted operating income	\$ 175.9	\$ 258.5	\$ 332.4	\$ 450.5
Income before income taxes, as reported	\$ 61.5	\$ 52.4	\$ 121.9	\$ 154.5
Income tax expense, as reported	<u>(15.9)</u>	<u>(24.3)</u>	<u>(36.9)</u>	<u>(62.0)</u>
Net income, as reported	\$ 45.6	\$ 28.0	\$ 85.1	\$ 92.5
Adjustments:				
Total pretax adjustments to operating income	66.5	54.9	130.0	100.3
Pretax amortization of deferred financing costs & OID ⁽¹⁾	10.1	22.6	13.2	26.1
Pretax acquisition related interest ⁽¹⁾	5.3	-	5.3	-
Pretax loss on debt transactions ⁽²⁾	-	93.9	-	93.9
Pretax gain on sale of equity investment ⁽²⁾	(0.3)	(6.7)	(2.7)	(6.7)
Tax effects of adjustments and other tax items ⁽³⁾	<u>(32.4)</u>	<u>(53.3)</u>	<u>(54.5)</u>	<u>(71.5)</u>
Non-GAAP adjusted net income	\$ 94.8	\$ 139.4	\$ 176.3	\$ 234.6
Diluted EPS, as reported	\$ 0.24	\$ 0.15	\$ 0.44	\$ 0.49
Non-GAAP adjusted diluted EPS	\$ 0.49	\$ 0.73	\$ 0.91	\$ 1.23

(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

	Q2 2015	Q1 2015	Q2 2014	% Change	
				Sequential	YOY
Wireless	\$ 515.2	\$ 496.3	\$ 724.9	3.8 %	(28.9) %
Enterprise	221.9	211.3	218.4	5.0 %	1.6 %
Broadband	130.6	118.0	123.4	10.7 %	5.8 %
Inter-segment eliminations	(0.4)	(0.2)	(0.4)	N/A	N/A
Total Net Sales	\$ 867.3	\$ 825.4	\$ 1,066.3	5.1 %	(18.7) %

Non-GAAP Adjusted Operating Income by Segment

	Q2 2015	Q1 2015	Q2 2014	% Change	
				Sequential	YOY
Wireless	\$ 103.5	\$ 98.1	\$ 207.2	5.5 %	(50.0) %
Enterprise	55.3	49.0	43.5	12.9 %	27.1 %
Broadband	17.2	9.4	7.8	83.0 %	120.5 %
Total Non-GAAP Adjusted Operating Income	\$ 175.9	\$ 156.5	\$ 258.5	12.4 %	(32.0) %

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)

Second Quarter 2015 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Wireless	Enterprise	Broadband	Total
Operating income, as reported	\$ 70.2	\$ 31.8	\$ 7.4	\$ 109.4
Amortization of purchased intangible assets	23.1	17.3	4.2	44.6
Restructuring costs, net	0.9	(0.1)	1.0	1.9
Equity-based compensation	5.5	3.4	1.3	10.1
Transaction and integration costs	3.8	2.8	3.3	9.9
Non-GAAP adjusted operating income	\$ 103.5	\$ 55.3	\$ 17.2	\$ 175.9
Non-GAAP adjusted operating margin %	20.1%	25.0%	13.1%	20.3%

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

	Wireless	Enterprise	Broadband	Total
Operating income, as reported	\$ 64.4	\$ 26.9	\$ 1.8	\$ 93.1
Amortization of purchased intangible assets	23.1	17.4	4.3	44.8
Restructuring costs, net	1.8	-	0.1	1.9
Equity-based compensation	2.9	1.7	0.6	5.3
Transaction and integration costs	6.0	3.0	2.4	11.4
Non-GAAP adjusted operating income	\$ 98.1	\$ 49.0	\$ 9.4	\$ 156.5
Non-GAAP adjusted operating margin %	19.8%	23.2%	8.0%	19.0%

Second Quarter 2014 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Wireless	Enterprise	Broadband	Total
Operating income (loss), as reported	\$ 178.9	\$ 30.3	\$ (5.5)	\$ 203.7
Amortization of purchased intangible assets	22.5	17.4	4.4	44.3
Restructuring costs, net	1.6	(0.1)	0.8	2.3
Equity-based compensation	3.6	2.1	0.8	6.5
Asset impairments	-	-	7.2	7.2
Transaction and integration costs	0.6	0.2	0.1	1.0
Purchase accounting adjustments	-	(6.4)	-	(6.4)
Non-GAAP adjusted operating income	\$ 207.2	\$ 43.5	\$ 7.8	\$ 258.5
Non-GAAP adjusted operating margin %	28.6%	19.9%	6.3%	24.2%

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>Q2 2015</u>	<u>Q2 2014</u>
Cash flow from operations	\$ 72.0	\$ (13.4)
Redemption premium	-	93.9
Transaction and integration costs	12.3	*
Capital expenditures	(15.9)	(9.5)
Capital spending for BNS acquisition integration	7.3	-
Adjusted Free Cash Flow	\$ 75.7	\$ 71.0

* Not significant

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>Q2 2015</u>	<u>Q1 2015</u>	<u>Q4 2014</u>	<u>Q3 2014</u>	<u>Q2 2014</u>
Operating income, as reported	\$ 109.4	\$ 93.1	\$ 76.2	\$ 151.0	\$ 203.7
Amortization of purchased intangible assets	44.6	44.8	44.8	44.8	44.3
Restructuring costs, net	1.9	1.9	7.6	7.4	2.3
Equity-based compensation	10.1	5.3	5.4	5.6	6.5
Asset impairments	-	-	(2.1)	7.0	7.2
Transaction and integration costs	9.9	11.4	7.5	2.7	1.0
Purchase accounting adjustments	-	-	-	-	(6.4)
Non-GAAP adjusted operating income	\$ 175.9	\$ 156.5	\$ 139.4	\$ 218.5	\$ 258.5
Non-GAAP adjusted operating margin %	20.3%	19.0%	16.8%	21.8%	24.2%
Depreciation	11.5	11.6	12.7	12.4	12.1
Non-GAAP adjusted EBITDA	\$ 187.4	\$ 168.1	\$ 152.0	\$ 230.9	\$ 270.6

Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures