

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,	
	2018	2017	2018	2017
Net sales	\$ 1,239,856	\$ 1,174,090	\$ 2,360,373	\$ 2,311,375
Operating costs and expenses:				
Cost of sales	768,546	702,325	1,477,663	1,385,803
Selling, general and administrative	185,197	207,640	370,328	419,461
Research and development	47,765	46,982	97,629	95,970
Amortization of purchased intangible assets	66,442	66,981	133,671	134,619
Restructuring costs, net	7,218	13,773	12,668	19,161
Total operating costs and expenses	1,075,168	1,037,701	2,091,959	2,055,014
Operating income	164,688	136,389	268,414	256,361
Other income (expense), net	(3,094)	2,900	(2,111)	(12,457)
Interest expense	(60,726)	(61,417)	(120,533)	(130,971)
Interest income	2,057	1,730	3,491	2,604
Income before income taxes	102,925	79,602	149,261	115,537
Income tax expense	(37,003)	(24,138)	(49,604)	(26,511)
Net income	<u>\$ 65,922</u>	<u>\$ 55,464</u>	<u>\$ 99,657</u>	<u>\$ 89,026</u>
Earnings per share:				
Basic	\$ 0.34	\$ 0.29	\$ 0.52	\$ 0.46
Diluted (a)	\$ 0.34	\$ 0.28	\$ 0.51	\$ 0.45
Weighted average shares outstanding:				
Basic	192,162	193,092	191,767	193,555
Diluted (a)	195,186	197,218	195,346	198,173
(a) Calculation of diluted earnings per share:				
Net income (basic and diluted)	\$ 65,922	\$ 55,464	\$ 99,657	\$ 89,026
Weighted average shares (basic)	192,162	193,092	191,767	193,555
Dilutive effect of equity-based awards	3,024	4,126	3,579	4,618
Denominator (diluted)	<u>195,186</u>	<u>197,218</u>	<u>195,346</u>	<u>198,173</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, 2018	December 31, 2017
Assets		
Cash and cash equivalents	\$ 545,701	\$ 453,977
Accounts receivable, less allowance for doubtful accounts of \$19,123 and \$13,976, respectively	1,023,716	898,829
Inventories, net	479,468	444,941
Prepaid expenses and other current assets	123,371	146,112
Total current assets	<u>2,172,256</u>	<u>1,943,859</u>
Property, plant and equipment, net of accumulated depreciation of \$413,832 and \$390,389, respectively	446,954	467,289
Goodwill	2,866,319	2,886,630
Other intangible assets, net	1,491,007	1,636,084
Other noncurrent assets	129,344	107,804
Total assets	<u>\$ 7,105,880</u>	<u>\$ 7,041,666</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 487,521	\$ 436,737
Other accrued liabilities	297,755	286,980
Total current liabilities	785,276	723,717
Long-term debt	4,374,209	4,369,401
Deferred income taxes	108,529	134,241
Pension and other postretirement benefit liabilities	23,006	25,140
Other noncurrent liabilities	111,591	141,341
Total liabilities	5,402,611	5,393,840
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: 192,214,497 and 190,906,110, respectively	1,989	1,972
Additional paid-in capital	2,361,365	2,334,071
Retained earnings (accumulated deficit)	(290,337)	(395,998)
Accumulated other comprehensive loss	(148,632)	(86,603)
Treasury stock, at cost: 6,735,330 shares and 6,336,144 shares, respectively	(221,116)	(205,616)
Total stockholders' equity	1,703,269	1,647,826
Total liabilities and stockholders' equity	<u>\$ 7,105,880</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>June 30,</u>		<u>Six Months Ended</u> <u>June 30,</u>	
	<u>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Operating Activities:				
Net income	\$ 65,922	\$ 55,464	\$ 99,657	\$ 89,026
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	88,944	90,052	178,349	190,453
Equity-based compensation	11,849	11,186	22,396	20,598
Deferred income taxes	(19,166)	2,371	(24,610)	(14,073)
Changes in assets and liabilities:				
Accounts receivable	(65,915)	24,292	(137,023)	43,975
Inventories	(22,786)	(23,111)	(47,993)	(42,243)
Prepaid expenses and other assets	23,894	10,541	(608)	(1,773)
Accounts payable and other liabilities	25,469	(92,745)	40,881	(120,777)
Other	(8,408)	9,194	4,014	24,847
Net cash generated by operating activities	99,803	87,244	135,063	190,033
Investing Activities:				
Additions to property, plant and equipment	(17,268)	(17,667)	(30,844)	(30,577)
Proceeds from sale of property, plant and equipment	3,241	4,623	6,225	4,978
Proceeds upon settlement of net investment hedge	1,331	—	1,331	—
Other	—	6,139	—	6,778
Net cash used in investing activities	(12,696)	(6,905)	(23,288)	(18,821)
Financing Activities:				
Long-term debt repaid	—	(30,379)	—	(780,379)
Long-term debt proceeds	—	30,379	—	780,379
Debt issuance and modification costs	—	(2,248)	—	(8,363)
Debt extinguishment costs	—	—	—	(14,800)
Cash paid for repurchase of common stock	—	(41,230)	—	(100,000)
Proceeds from the issuance of common shares under equity-based compensation plans	986	2,701	4,915	8,506
Tax withholding payments for vested equity-based compensation awards	(94)	(100)	(15,500)	(14,858)
Net cash generated by (used in) financing activities	892	(40,877)	(10,585)	(129,515)
Effect of exchange rate changes on cash and cash equivalents	(15,031)	7,392	(9,466)	14,566
Change in cash and cash equivalents	72,968	46,854	91,724	56,263
Cash and cash equivalents at beginning of period	472,733	437,637	453,977	428,228
Cash and cash equivalents at end of period	<u>\$545,701</u>	<u>\$484,491</u>	<u>\$ 545,701</u>	<u>\$ 484,491</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		Six Months Ended	
	June 30,		June 30,	
	2018	2017	2018	2017
Operating income, as reported	\$ 164.7	\$ 136.4	\$ 268.4	\$ 256.4
Adjustments:				
Amortization of purchased intangible assets	66.4	67.0	133.7	134.6
Restructuring costs, net	7.2	13.8	12.7	19.2
Equity-based compensation	11.8	11.2	22.4	20.6
Integration and transaction costs	1.0	12.6	2.5	26.2
Total adjustments to operating income	86.4	104.6	171.3	200.6
Non-GAAP adjusted operating income	\$ 251.1	\$ 241.0	\$ 439.7	\$ 457.0
Income before income taxes, as reported	\$ 102.9	\$ 79.6	\$ 149.3	\$ 115.5
Income tax expense, as reported	(37.0)	(24.1)	(49.6)	(26.5)
Net income, as reported	\$ 65.9	\$ 55.5	\$ 99.7	\$ 89.0
Adjustments:				
Total pretax adjustments to operating income	86.4	104.6	171.3	200.6
Pretax amortization of deferred financing costs & OID ⁽¹⁾	2.6	2.8	5.2	15.6
Pretax loss on debt transactions ⁽²⁾	—	1.1	—	16.0
Pretax net investment gains ⁽²⁾	—	(6.0)	—	(6.6)
Tax effects of adjustments and other tax items ⁽³⁾	(21.8)	(39.4)	(48.0)	(92.8)
Non-GAAP adjusted net income	\$ 133.1	\$ 118.6	\$ 228.2	\$ 221.8
Diluted EPS, as reported	\$ 0.34	\$ 0.28	\$ 0.51	\$ 0.45
Non-GAAP adjusted diluted EPS	\$ 0.68	\$ 0.60	\$ 1.17	\$ 1.12

(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

	Q2 2018	Q2 2017	% Change	
			Sequential	YOY
United States	\$ 714.6	\$ 643.9		11.0 %
Europe, Middle East and Africa	253.4	235.8		7.5
Asia Pacific	183.2	203.8		(10.1)
Caribbean and Latin America	61.6	56.1		9.8
Canada	27.1	34.5		(21.4)
Total Net Sales	\$ 1,239.9	\$ 1,174.1		5.6 %

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

Sales by Segment

	Q2 2018	Q1 2018	Q2 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 740.5	\$ 673.6	\$ 725.7	9.9 %	2.0 %
Mobility Solutions	499.4	446.9	448.4	11.7 %	11.4 %
Total Net Sales	\$ 1,239.9	\$ 1,120.5	\$ 1,174.1	10.7 %	5.6 %

Non-GAAP Adjusted Operating Income by Segment

	Q2 2018	Q1 2018	Q2 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 142.9	\$ 108.7	\$ 145.6	31.5 %	(1.9) %
Mobility Solutions	108.2	79.9	95.4	35.4 %	13.4 %
Total Non-GAAP Adjusted Operating Income	\$ 251.1	\$ 188.6	\$ 241.0	33.1 %	4.2 %

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

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

	Connectivity Solutions	Mobility Solutions	Total
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%

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 53.2	\$ 50.5	\$ 103.7
Amortization of purchased intangible assets	45.5	21.8	67.2
Restructuring costs, net	2.4	3.1	5.5
Equity-based compensation	6.4	4.1	10.5
Integration and transaction costs	1.2	0.4	1.7
Non-GAAP adjusted operating income	\$ 108.7	\$ 79.9	\$ 188.6
Non-GAAP adjusted operating margin %	16.1%	17.9%	16.8%

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 74.1	\$ 62.3	\$ 136.4
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	\$ 145.6	\$ 95.4	\$ 241.0
Non-GAAP adjusted operating margin %	20.1%	21.3%	20.5%

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

	Q2 2018	Q2 2017
Cash flow from operations	\$ 99.8	\$ 87.2
Integration and transaction costs	—	16.7
Capital expenditures	(17.3)	(17.7)
Adjusted Free Cash Flow	\$ 82.5	\$ 86.2

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

	Q2 2018	Q1 2018	Q4 2017	Q3 2017	Q2 2017
Operating income, as reported	\$ 164.7	\$ 103.7	\$ 90.3	\$ 125.4	\$ 136.4
Amortization of purchased intangible assets	66.4	67.2	68.1	68.3	67.0
Restructuring costs, net	7.2	5.5	19.3	5.4	13.8
Equity-based compensation	11.8	10.5	10.3	11.0	11.2
Integration and transaction costs	1.0	1.7	9.8	12.0	12.6
Non-GAAP adjusted operating income	\$ 251.1	\$ 188.6	\$ 197.7	\$ 222.1	\$ 241.0
Non-GAAP adjusted operating margin %	20.3%	16.8%	17.6%	19.7%	20.5%
Depreciation	19.9	19.6	20.8	20.6	20.2
Non-GAAP adjusted EBITDA	\$ 271.1	\$ 208.1	\$ 218.5	\$ 242.7	\$ 261.3

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 September 30, 2018	Full Year 2018
Operating income	\$145 - \$169	\$540 - \$585
Adjustments:		
Amortization of purchased intangible assets	\$66	\$265
Equity-based compensation	\$12	\$50
Restructuring costs, integration costs and other ⁽¹⁾	\$2 - \$3	\$15 - \$20
Total adjustments to operating income	\$80 - \$81	\$330 - \$335
Non-GAAP adjusted operating income	\$225 - \$250	\$870 - \$920
Diluted earnings per share	\$0.41 - \$0.45	\$1.18 - \$1.30
Adjustments ⁽²⁾ :		
Total adjustments to operating income	\$0.31 - \$0.33	\$1.25 - \$1.30
Debt-related costs and other special items ⁽³⁾	\$(0.09) - \$(0.10)	\$(0.10) - \$(0.12)
Non-GAAP adjusted diluted earnings per share	\$0.63 - \$0.68	\$2.33 - \$2.48

(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, gains on defined benefit plan terminations 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.