

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2017	2016	2017	2016
Net sales	\$1,174,090	\$1,306,788	\$2,311,375	\$2,450,767
Operating costs and expenses:				
Cost of sales	701,306	753,029	1,383,765	1,449,917
Selling, general and administrative	207,369	234,333	418,923	443,530
Research and development	46,887	51,934	95,782	104,124
Amortization of purchased intangible assets	66,981	76,015	134,619	149,631
Restructuring costs, net	13,773	7,605	19,161	13,677
Asset impairments	—	—	—	15,293
Total operating costs and expenses	<u>1,036,316</u>	<u>1,122,916</u>	<u>2,052,250</u>	<u>2,176,172</u>
Operating income	137,774	183,872	259,125	274,595
Other income (expense), net	1,515	(14,653)	(15,221)	(14,352)
Interest expense	(61,417)	(74,113)	(130,971)	(146,675)
Interest income	1,730	1,148	2,604	3,727
Income before income taxes	79,602	96,254	115,537	117,295
Income tax expense	(24,138)	(34,293)	(26,511)	(42,754)
Net income	<u>\$ 55,464</u>	<u>\$ 61,961</u>	<u>\$ 89,026</u>	<u>\$ 74,541</u>
Earnings per share:				
Basic	\$ 0.29	\$ 0.32	\$ 0.46	\$ 0.39
Diluted (a)	\$ 0.28	\$ 0.32	\$ 0.45	\$ 0.38
Weighted average shares outstanding:				
Basic	193,092	192,241	193,555	191,996
Diluted (a)	197,218	196,073	198,173	195,815
(a) Calculation of diluted earnings per share:				
Net income (basic and diluted)	\$ 55,464	\$ 61,961	\$ 89,026	\$ 74,541
Weighted average shares (basic)	193,092	192,241	193,555	191,996
Dilutive effect of equity-based awards	4,126	3,832	4,618	3,819
Denominator (diluted)	<u>197,218</u>	<u>196,073</u>	<u>198,173</u>	<u>195,815</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, 2017	December 31, 2016
Assets		
Cash and cash equivalents	\$ 484,491	\$ 428,228
Accounts receivable, less allowance for doubtful accounts of \$18,838 and \$17,211, respectively	931,654	952,367
Inventories, net	529,604	473,267
Prepaid expenses and other current assets	146,375	139,902
Total current assets	2,092,124	1,993,764
Property, plant and equipment, net of accumulated depreciation of \$351,021 and \$303,734, respectively	475,297	474,990
Goodwill	2,810,738	2,768,304
Other intangible assets, net	1,694,282	1,799,065
Other noncurrent assets	103,535	105,863
Total assets	<u>\$ 7,175,976</u>	<u>\$ 7,141,986</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 448,464	\$ 415,921
Other accrued liabilities	308,345	429,397
Current portion of long-term debt	—	12,500
Total current liabilities	756,809	857,818
Long-term debt	4,569,967	4,549,510
Deferred income taxes	189,914	199,121
Pension and other postretirement benefit liabilities	31,295	31,671
Other noncurrent liabilities	108,368	109,782
Total liabilities	5,656,353	5,747,902
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: 193,029,472 and 193,837,437, respectively	1,970	1,950
Additional paid-in capital	2,311,374	2,282,014
Retained earnings (accumulated deficit)	(500,736)	(589,556)
Accumulated other comprehensive loss	(162,916)	(285,113)
Treasury stock, at cost: 4,010,752 shares and 1,129,222 shares, respectively	(130,069)	(15,211)
Total stockholders' equity	1,519,623	1,394,084
Total liabilities and stockholders' equity	<u>\$ 7,175,976</u>	<u>\$ 7,141,986</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)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating Activities:				
Net income	\$ 55,464	\$ 61,961	\$ 89,026	\$ 74,541
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	90,052	103,559	190,453	200,497
Equity-based compensation	11,186	9,411	20,598	18,246
Deferred income taxes	2,371	(37,879)	(14,073)	(48,319)
Asset impairments	—	—	—	15,293
Changes in assets and liabilities:				
Accounts receivable	24,292	(78,772)	43,975	(137,532)
Inventories	(23,111)	(8,523)	(42,243)	(18,386)
Prepaid expenses and other assets	10,541	16,517	(1,773)	10,139
Accounts payable and other liabilities	(92,745)	91,836	(120,777)	164,855
Other	9,194	7,680	24,847	5,929
Net cash generated by operating activities	87,244	165,790	190,033	285,263
Investing Activities:				
Additions to property, plant and equipment	(17,667)	(17,712)	(30,577)	(32,184)
Proceeds from sale of property, plant and equipment	4,623	56	4,978	3,740
Cash paid for acquisitions including purchase price adjustments, net of cash acquired	—	(9,092)	—	6,263
Other	6,139	1,182	6,778	1,656
Net cash used in investing activities	(6,905)	(25,566)	(18,821)	(20,525)
Financing Activities:				
Long-term debt repaid	(30,379)	(303,124)	(780,379)	(306,270)
Long-term debt proceeds	30,379	—	780,379	—
Debt issuance and modification costs	(2,248)	—	(8,363)	—
Debt extinguishment costs	—	(9,939)	(14,800)	(9,939)
Cash paid for repurchase of common stock	(41,230)	—	(100,000)	—
Proceeds from the issuance of common shares under equity-based compensation plans	2,701	5,501	8,506	6,991
Tax withholding payments for vested equity-based compensation awards	(100)	(75)	(14,858)	(2,796)
Net cash used in financing activities	(40,877)	(307,637)	(129,515)	(312,014)
Effect of exchange rate changes on cash and cash equivalents	7,392	(4,912)	14,566	435
Change in cash and cash equivalents	46,854	(172,325)	56,263	(46,841)
Cash and cash equivalents at beginning of period	437,637	688,368	428,228	562,884
Cash and cash equivalents at end of period	<u>\$484,491</u>	<u>\$ 516,043</u>	<u>\$ 484,491</u>	<u>\$ 516,043</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 June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Operating income, as reported	\$ 137.8	\$ 183.9	\$ 259.1	\$ 274.6
Adjustments:				
Amortization of purchased intangible assets	67.0	76.0	134.6	149.6
Restructuring costs, net	13.8	7.6	19.2	13.7
Equity-based compensation	11.2	9.4	20.6	18.2
Asset impairments	—	—	—	15.3
Integration and transaction costs	12.6	14.5	26.2	30.4
Purchase accounting adjustments	—	(0.4)	—	0.6
Total adjustments to operating income	104.6	107.1	200.6	227.7
Non-GAAP adjusted operating income	\$ 242.4	\$ 291.0	\$ 459.7	\$ 502.4
Income before income taxes, as reported	\$ 79.6	\$ 96.3	\$ 115.5	\$ 117.3
Income tax expense, as reported	(24.1)	(34.3)	(26.5)	(42.8)
Net income, as reported	\$ 55.5	\$ 62.0	\$ 89.0	\$ 74.5
Adjustments:				
Total pretax adjustments to operating income	104.6	107.1	200.6	227.7
Pretax amortization of deferred financing costs & OID ⁽¹⁾	2.8	7.2	15.6	10.9
Pretax loss on debt transactions ⁽²⁾	1.1	9.9	16.0	9.9
Pretax net investment gains ⁽²⁾	(6.0)	(0.1)	(6.6)	(0.5)
Tax effects of adjustments and other tax items ⁽³⁾	(39.4)	(41.4)	(92.8)	(83.4)
Non-GAAP adjusted net income	\$ 118.6	\$ 144.7	\$ 221.8	\$ 239.1
Diluted EPS, as reported	\$ 0.28	\$ 0.32	\$ 0.45	\$ 0.38
Non-GAAP adjusted diluted EPS	\$ 0.60	\$ 0.74	\$ 1.12	\$ 1.22

(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

	<u>Q2 2017</u>	<u>Q2 2016</u>	<u>% Change YOY</u>
United States	\$ 643.9	\$ 710.2	(9.3)%
Europe, Middle East and Africa	235.8	241.2	(2.2)
Asia Pacific	203.8	249.6	(18.3)
Central and Latin America	56.1	76.9	(27.0)
Canada	34.5	28.9	19.4
Total Net Sales	<u>\$ 1,174.1</u>	<u>\$ 1,306.8</u>	(10.2)%

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

Sales by Segment

	Q2 2017	Q1 2017	Q2 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 725.7	\$ 681.6	\$ 778.0	6.5 %	(6.7) %
Mobility Solutions	448.4	455.7	528.8	(1.6) %	(15.2) %
Total Net Sales	\$ 1,174.1	\$1,137.3	\$1,306.8	3.2 %	(10.2) %

Non-GAAP Adjusted Operating Income by Segment

	Q2 2017	Q1 2017	Q2 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 146.3	\$ 115.3	\$ 168.5	26.9 %	(13.2) %
Mobility Solutions	96.1	102.0	122.5	(5.8) %	(21.6) %
Total Non-GAAP Adjusted Operating Income	\$ 242.4	\$ 217.3	\$ 291.0	11.6 %	(16.7) %

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 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 74.8	\$ 63.0	\$ 137.8
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	\$ 146.3	\$ 96.1	\$ 242.4
Non-GAAP adjusted operating margin %	20.2%	21.4%	20.6%

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 47.8	\$ 73.6	\$ 121.4
Amortization of purchased intangible assets	43.6	24.1	67.6
Restructuring costs, net	4.8	0.6	5.4
Equity-based compensation	5.5	3.9	9.4
Integration and transaction costs	13.7	(0.2)	13.5
Non-GAAP adjusted operating income	\$ 115.3	\$ 102.0	\$ 217.3
Non-GAAP adjusted operating margin %	16.9%	22.4%	19.1%

Second Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 92.9	\$ 91.0	\$ 183.9
Amortization of purchased intangible assets	50.6	25.4	76.0
Restructuring costs, net	6.6	1.0	7.6
Equity-based compensation	5.3	4.1	9.4
Integration and transaction costs	13.5	1.0	14.5
Purchase accounting adjustments	(0.4)	—	(0.4)
Non-GAAP adjusted operating income	\$ 168.5	\$ 122.5	\$ 291.0
Non-GAAP adjusted operating margin %	21.7%	23.2%	22.3%

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 2017	Q2 2016
Cash flow from operations	\$ 87.2	\$ 165.8
Integration and transaction costs	16.7	15.4
Capital expenditures	(17.7)	(17.7)
Capex related to BNS integration	—	1.9
Adjusted Free Cash Flow	<u>\$ 86.2</u>	<u>\$ 165.4</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

	Q2 2017	Q1 2017	Q4 2016	Q3 2016	Q2 2016
Operating income, as reported	\$ 137.8	\$ 121.4	\$ 119.4	\$ 180.7	\$ 183.9
Amortization of purchased intangible assets	67.0	67.6	72.9	74.6	76.0
Restructuring costs, net	13.8	5.4	18.4	10.8	7.6
Equity-based compensation	11.2	9.4	8.4	8.4	9.4
Asset impairments	—	—	15.9	7.4	—
Integration and transaction costs	12.6	13.5	17.2	14.7	14.5
Purchase accounting adjustments	—	—	—	—	(0.4)
Non-GAAP adjusted operating income	<u>\$ 242.4</u>	<u>\$ 217.3</u>	<u>\$ 252.2</u>	<u>\$ 296.7</u>	<u>\$ 291.0</u>
Non-GAAP adjusted operating margin %	20.6%	19.1%	21.4%	22.9%	22.3%
Depreciation	20.2	20.0	20.2	20.2	20.4
Non-GAAP adjusted EBITDA	<u>\$ 262.6</u>	<u>\$ 237.3</u>	<u>\$ 272.5</u>	<u>\$ 316.9</u>	<u>\$ 311.4</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 September 30, 2017	Full Year 2017
Operating income	\$105 - \$140	\$500 - \$540
Adjustments:		
Amortization of purchased intangible assets	\$70	\$270
Equity-based compensation	\$10	\$45
Restructuring costs, integration costs and other ⁽¹⁾	\$15 - \$20	\$70 - \$80
Total adjustments to operating income	\$95 - \$100	\$385 - \$395
Non-GAAP adjusted operating income	<u>\$200 - \$240</u>	<u>\$885 - \$935</u>
Diluted earnings per share	\$0.20 - \$0.25	\$0.87 - \$0.99
Adjustments ⁽²⁾ :		
Total adjustments to operating income	\$0.33 - \$0.34	\$1.24 - \$1.26
Debt-related costs and other special items ⁽³⁾	\$(0.03) - \$(0.04)	\$0.04 - \$0.05
Non-GAAP adjusted diluted earnings per share	<u>\$0.50 - \$0.55</u>	<u>\$2.15 - \$2.30</u>

(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.