



# First Quarter 2019 Results

May 9, 2019



**Eddie Edwards**

President & CEO



**Alex Pease**

EVP & CFO



# Safe Harbor

## Caution Regarding Forward Looking Statements

This presentation or any other oral or written statements made by us or on our behalf may include forward-looking statements that reflect our current views with respect to future events and financial performance. These statements may discuss goals, intentions or expectations as to future plans, trends, events, results of operations or financial condition or otherwise, in each case, based on current beliefs of management, as well as assumptions made by, and information currently available to, such management. These forward-looking statements are generally identified by their use of such terms and phrases as "intend," "goal," "estimate," "expect," "project," "projections," "plans," "potential," "anticipate," "should," "could," "designed to," "foreseeable future," "believe," "think," "scheduled," "outlook," "target," "guidance" and similar expressions, although not all forward-looking statements contain such terms. This list of indicative terms and phrases is not intended to be all-inclusive.

These forward-looking statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, risks related to the ARRIS acquisition, our dependence on customers' capital spending on data and communication systems; concentration of sales among a limited number of customers and channel partners; changes in technology; industry competition and the ability to retain customers through product innovation, introduction, and marketing; risks associated with our sales through channel partners; changes to the regulatory environment in which our customers operate; product quality or performance issues and associated warranty claims; our ability to maintain effective management information technology systems and to successfully implement major systems initiatives; cyber-security incidents, including data security breaches, ransomware or computer viruses; the risk our global manufacturing operations suffer production or shipping delays, causing difficulty in meeting customer demands; the risk that internal production capacity or that of contract manufacturers may be insufficient to meet customer demand or quality standards; changes in cost and availability of key raw materials, components and commodities and the potential effect on customer pricing; risks associated with our dependence on a limited number of key suppliers for certain raw materials and components; the risk that contract manufacturers we rely on encounter production, quality, financial or other difficulties; our ability to integrate and fully realize anticipated benefits from prior or future divestitures, acquisitions or equity investments; potential difficulties in realigning global manufacturing capacity and capabilities among our global manufacturing facilities or those of our contract manufacturers that may affect our ability to meet customer demands for products; possible future restructuring actions; substantial indebtedness and maintaining compliance with debt covenants; our ability to incur additional indebtedness; our ability to generate cash to service our indebtedness; possible future impairment charges for fixed or intangible assets, including goodwill; income tax rate variability and ability to recover amounts recorded as deferred tax assets; our ability to attract and retain qualified key employees; labor unrest; obligations under our defined benefit employee benefit plans requiring plan contributions in excess of current estimates; significant international operations exposing us to economic, political and other risks, including the impact of variability in foreign exchange rates; our ability to comply with governmental anti-corruption laws and regulations and export and import controls worldwide; our ability to compete in international markets due to export and import controls to which we may be subject; the impact of Brexit; changes in the laws and policies in the United States affecting trade; cost of protecting or defending intellectual property; costs and challenges of compliance with domestic and foreign environmental laws; risks associated with stockholder activism, which could cause us to incur significant expense, hinder execution of our business strategy and impact the trading value of our securities; and other factors beyond our control. These and other factors are discussed in greater detail in our 2018 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2019.

Such forward-looking statements are also subject to additional risks and uncertainties related to the recently acquired ARRIS business, many of which are outside of our control, including, without limitation: the risk that we will not successfully integrate ARRIS or that we will not realize estimated cost savings, synergies, growth or other anticipated benefits, or that such benefits may take longer to realize than expected; risks relating to unanticipated costs of integration; the potential impact of announcement or consummation of the acquisition on relationships with third parties, including customers, employees and competitors; failure to manage potential conflicts of interest between or among customers; integration of information technology systems; and other factors beyond our control.

Although the information contained in this press release represents our best judgment as of the date of this release based on information currently available and reasonable assumptions, we can give no assurance that the expectations will be attained or that any deviation will not be material. Given these uncertainties, we caution you not to place undue reliance on these forward-looking statements, which speak only as of the date made. We are not undertaking any duty or obligation to update this information to reflect developments or information obtained after the date of this press release, except as otherwise may be required by law.

# Agenda

## Quarterly Overview

### CommScope 1Q'19 Earnings

- Quarterly Performance
- Segment Review

### ARRIS 1Q'19 Earnings

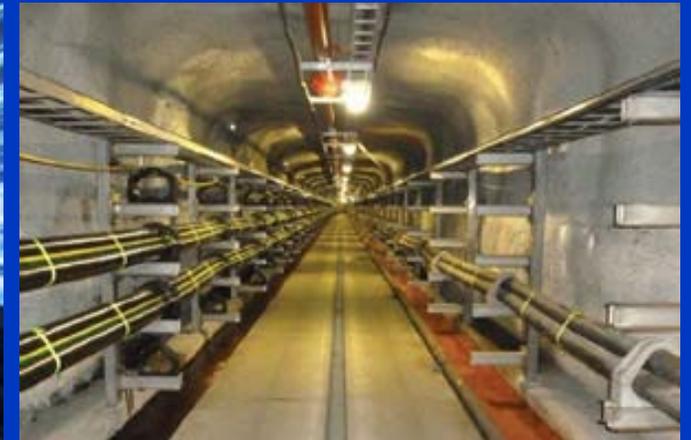
- Quarterly Performance
- Segment Review

## Cash Flow and Capital Structure

## CommScope + ARRIS Integration

## 2Q'19 Guidance and Full Year Outlook

## Summary



# Quarterly Overview (all comparisons are year over year)

## 1Q'19 Financial Performance Highlights

- Sales of \$1.10B decreased 1.9%
- Orders were \$1.13B resulting in a book-to-bill ratio of 1.03x
- CCS sales decreased 4.1% to \$646M, while CMS sales increased 1.5% to \$453M
- Non-GAAP Adjusted operating income<sup>(1)</sup> increased 1.1% to \$190.7M, or 17.3% of sales, which is an increase of 50 bps
- Non-GAAP Adjusted EBITDA<sup>(1)</sup> increased 0.1% to \$208.4M, or 19.0% of sales, which is an increase of 40 basis points
- GAAP net loss of \$(0.01) per basic share compared to net income of \$0.17 per diluted share
- Non-GAAP Adjusted net income<sup>(1)</sup> of \$0.48 per diluted share decreased 2.0%

## 1Q'19 Strategic Updates

- Completed the acquisition of ARRIS on April 4, 2019
- Issuing second quarter EPS guidance in a range of \$0.54-\$0.62<sup>(1)</sup>
- Manufacturing transition for ARRIS remains on track to be fully out of China by mid-year mitigating tariff impact
- Ongoing cost management initiatives that will draw down costs, improve efficiency and enhance customer service levels

(1) See appendix for reconciliation of non-GAAP adjusted measures.

# CommScope 1Q'19 Financial Results

## Net Sales (\$M)

-2%

\$1,121  
\$1,100

1Q'18 1Q'19

## Adj. Operating Income<sup>(1)</sup> (\$M)

+1%

\$189  
\$191

1Q'18 1Q'19

## Adj. EBITDA<sup>(1)</sup> (\$M)

Flat

\$208  
\$208

1Q'18 1Q'19

## Adj. EPS<sup>(1)</sup>

-2%

\$0.49  
\$0.48

1Q'18 1Q'19

(1) See appendix for reconciliation of non-GAAP adjusted measures.

- Excluding FX, sales increased 0.4%
- Mid-single digit growth in U.S. as well as low teen growth in CALA was more than offset by international regions, most notably in APAC
- Orders of \$1.13B; Book-to-bill ratio of 1.03 – the second consecutive quarter above 1.0

- AOI increased 1% and AOI margin increased to 17% of sales driven by volume growth, lower material costs and mix partially offset by pricing pressures

- Adj. EBITDA was flat at \$208M

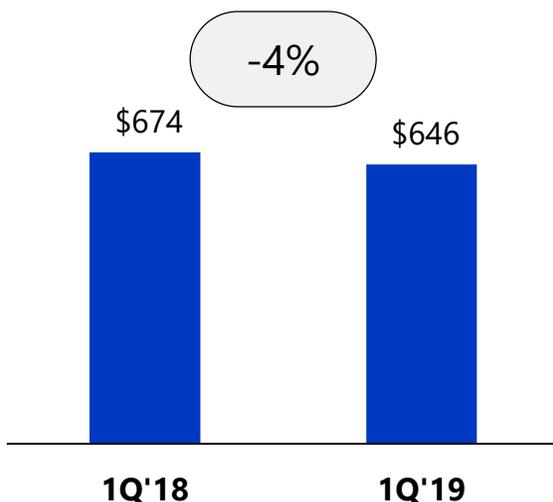
- Decline primarily due to higher FX losses and adjusted tax rate, partially offset by higher AOI

# CommScope Segment 1Q'19 Financial Results

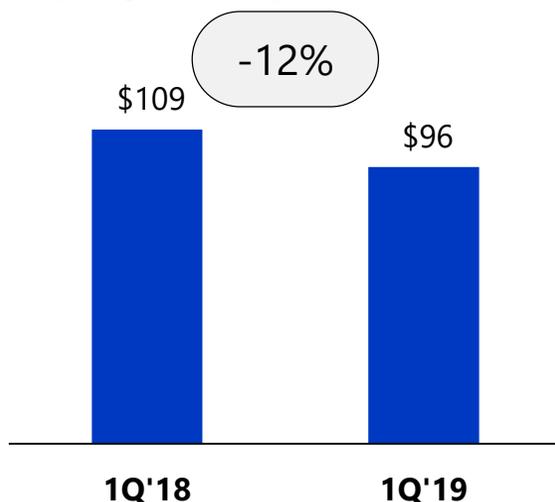
## COMMSCOPE CONNECTIVITY SOLUTIONS (CCS)

## COMMSCOPE MOBILITY SOLUTIONS (CMS)

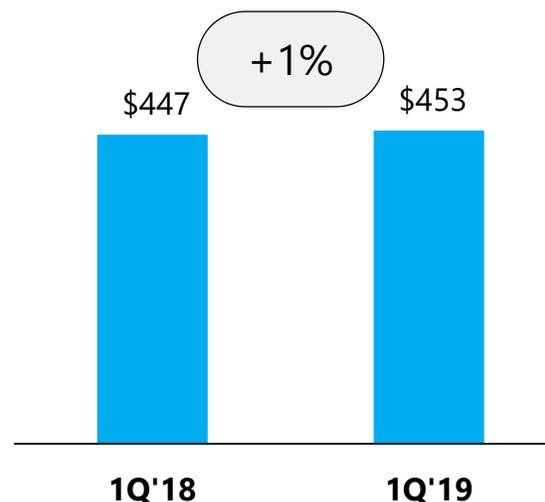
### Net Sales (\$M)



### Adj. Operating Income<sup>(1)</sup> (\$M)



### Net Sales (\$M)



### Adj. Operating Income<sup>(1)</sup> (\$M)



(1) See appendix for reconciliation of non-GAAP adjusted measures.

- Excluding FX, sales declined 1%
- Modest growth in North America was more than offset by declines in both EMEA and APAC
- Orders of \$621M; book-to-bill ratio of 0.96 – essentially in line with prior quarter

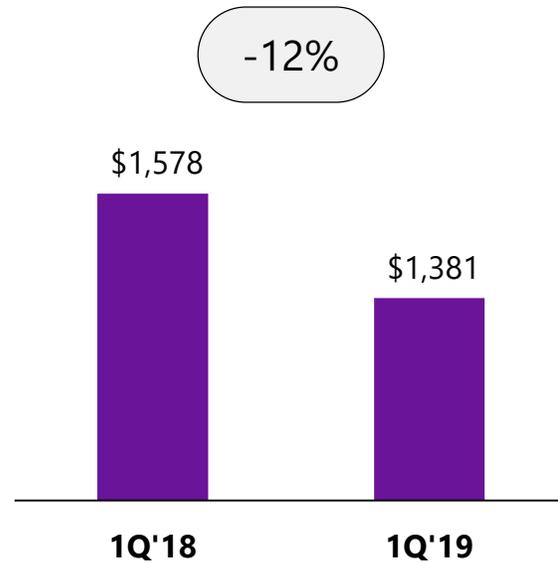
- AOI decreased 12% and AOI margin decreased to 15% of segment sales due primarily to pricing pressures and unfavorable FX partially offset by lower material costs

- Excluding FX, sales increased 3%
- Double-digit growth in North America and CALA, modest growth in EMEA, partially offset by a decline in APAC
- Orders of \$513M; book-to-bill ratio of 1.13 – second consecutive quarter above 1.1 and the third quarter in the past five above 1.1

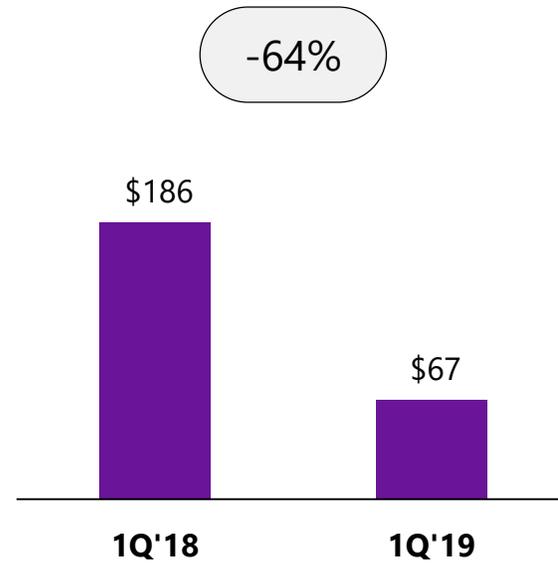
- AOI increased 19% and AOI margin increased to 21% driven by volume, geographic mix and the benefit of FX, partially offset by product pricing

# ARRIS 1Q'19 Financial Results

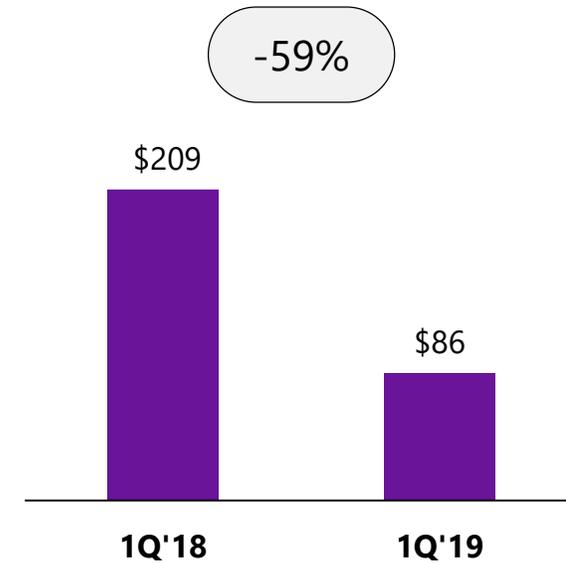
## Net Sales (\$M)



## Adj. Operating Income<sup>(1)</sup> (\$M)



## Adj. EBITDA<sup>(1)</sup> (\$M)



(1) See appendix for reconciliation of non-GAAP adjusted measures.

- Lower shipments of I-CCAP E6000 capacity
- Broadband CPE lower due to movement of manufacturing out of China
- Ruckus sales to channel customers down due to higher inventory levels and a reduced Cable Service Provider spend

- Adjusted operating margin declined to 4.8% of sales
- Lower sales of I-CCAP E6000 software licenses
- Improved CPE AOI driven by reduction in product costs
- Ruckus impacted by lower volumes

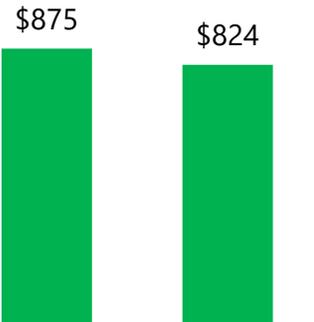
- Decrease in AOI and slight reduction in depreciation expense

# ARRIS Segment 1Q'19 Financial Results

## CPE

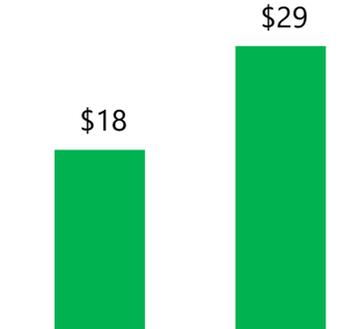
### Net Sales (\$M)

-6%



### AOI<sup>(1)</sup> (\$M)

+57%



1Q'18 1Q'19 1Q'18 1Q'19

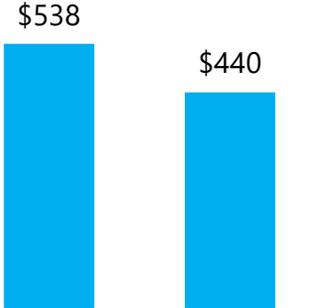
(1) See appendix for reconciliation of non-GAAP adjusted measures.

- Revenue impacted by lower CPE revenues primarily due to a reduction in broadband product sales
- U.S. broadband revenue impacted by decreased demand driven by the impact of tariffs
- Profits benefited from improved mix, including higher telco video volumes, lower product costs and reduced R&D expenses

## N & C

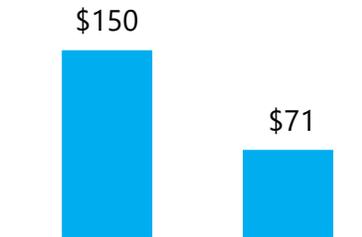
### Net Sales (\$M)

-18%



### AOI<sup>(1)</sup> (\$M)

-53%



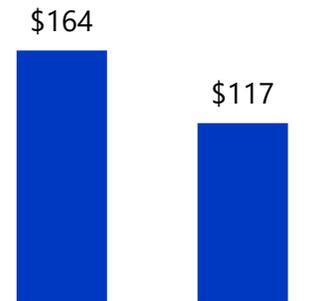
1Q'18 1Q'19 1Q'18 1Q'19

- Reduced revenue impacted by customers working through robust 4Q'18 capacity purchases
- Revenue adversely impacted by MSO-announced 2019 capex spending cuts for 2019; impact felt heavily in the CMTS product line
- The prior year period benefited from large CMTS license order from a large Cable customer that did not repeat in 1Q'19

## Enterprise

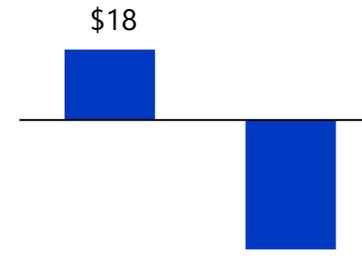
### Net Sales (\$M)

-29%



### AOI<sup>(1)</sup> (\$M)

-286%

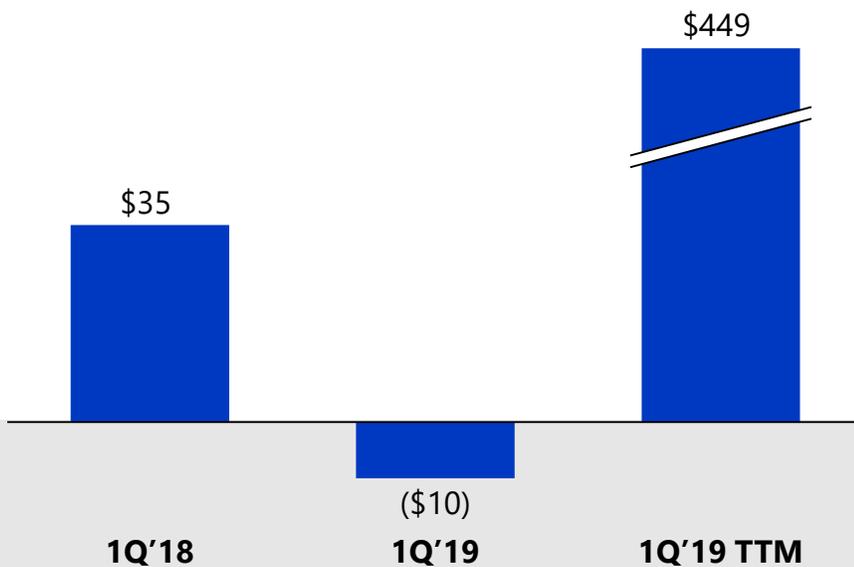


1Q'18 1Q'19 1Q'18 1Q'19

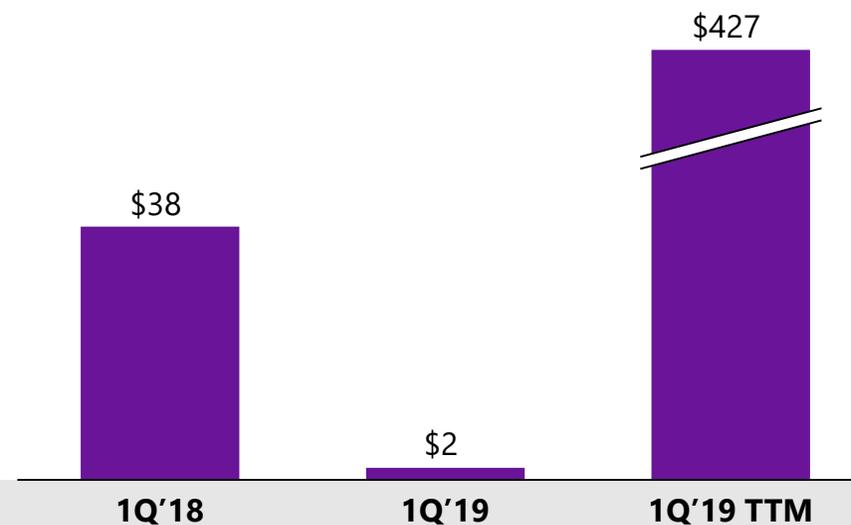
- Negatively impacted by increased inventory at channel partners and Service Provider customers
- AOI YoY declines primarily from reduction in revenue volume

# CommScope First Quarter Cash Flow Update

## Cash Flow from Operations (\$M)



## Adj. Free Cash Flow<sup>(1)</sup> (\$M)



(1) See appendix for reconciliation of non-GAAP adjusted measures.

# Capital Structure Update

## OVERVIEW

### ARRIS Acquisition Funding

- \$3.2B 7-year secured term loan (L+325/99)
- \$1.25B 5-yr senior secured notes @ 5.5%
- \$1.50B 7-yr senior secured notes @ 6.0%
- \$1.00B 8-yr senior unsecured notes @ 8.25%

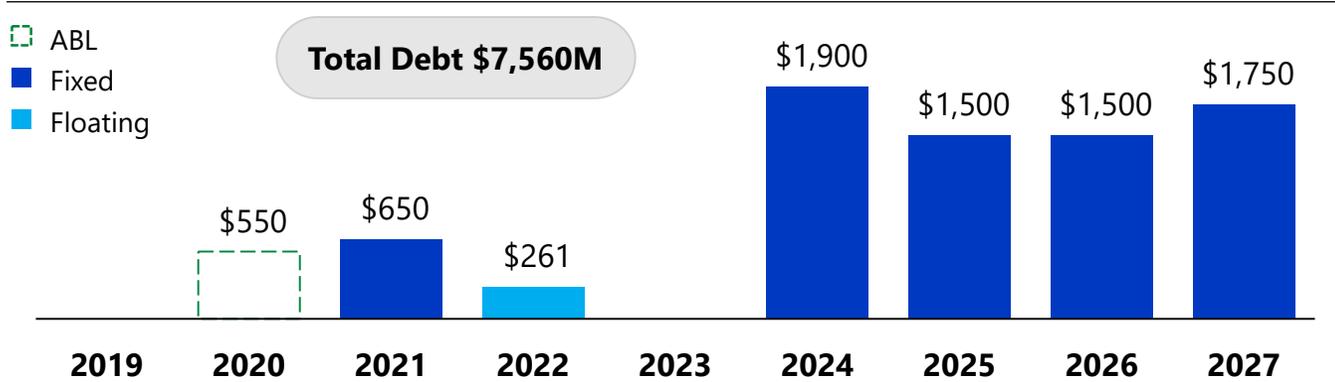
### Metrics at Close

- Fixed ~70%, floating ~30%

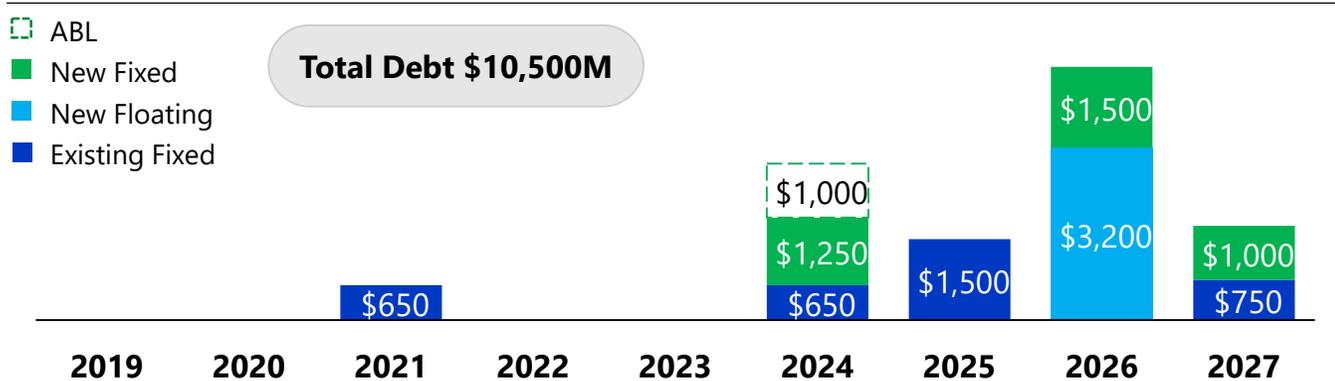
### Net Leverage

- 3/31/19 CommScope standalone net leverage: 4.0x<sup>(1)</sup>
- Estimated Pro forma net leverage at close: ~5.6x<sup>(2)</sup>
- 2 years post-close target: ~4.0x
- Long-term target: 2.0x-3.0x

### CommScope (As of 3/31/19)



### CommScope at ARRIS Acquisition Close (4/4/19)



(1) Excludes ARRIS acquisition funding. (2) Closing leverage based on proforma Adj. EBITDA of approximately \$1.8B (including full \$150M run-rate synergies and \$45m of other cost savings initiatives). The Carlyle investment is characterized as equity. The ratio of net debt plus preferred equity to proforma Adj. EBITDA is ~6.1x.

# Integrating ARRIS and Excited for Combined Company Opportunity

WE ARE COMMITTED TO DELIVERING ON OUR M&A COMMITMENTS

## First Full Year Expectations

- 30%+ Adjusted EPS<sup>(1)</sup> accretion
- Nearly \$1B in cash flow from operations <sup>(1)</sup>

## Within Two years

- Targeting net leverage of ~4.0x in second year post close

## Within Three Years

- Expect annual run-rate savings of at least \$150M

## Ongoing

- Identifying revenue synergies

- First weeks of integration proceeding on plan
- Integration teams executing against their Day 100 plans to realize upside profit and growth potential of combined company
- Positive early customer feedback with demonstrated interest in our broader portfolio
- Cross-selling success:
  - Increased share of connectivity solutions with certain cable operators; and
  - Combined sales of Ruckus networking and connectivity solutions

Delivering Compelling Value to All Stakeholders

(1) Financial metrics presented are adjusted to exclude purchase accounting charges, transaction and integration costs and other special items.

# POWERING THE PRESENT. EMPOWERING THE FUTURE.

## STRONGER

WIRELESS | ENTERPRISE  
MANAGED SERVICES | VIDEO

## INNOVATE FASTER

SMALL CELL | INTEGRATED ACCESS  
WIRED & WIRELESS | PRIVATE NETWORKS  
CONNECTED HOME

# COMMSCOPE®

COMBINING EXPERTISE AND EXPERIENCE  
IN BROADBAND, WIRELESS AND VIDEO



## HELPING CUSTOMERS

OPTIMIZE PERFORMANCE | ENABLE DISTRIBUTED COMPUTING  
EVOLVE NETWORKS | DELIVER AMAZING WI-FI  
PROVIDE NEW VIDEO AND CONNECTED EXPERIENCES

# 2Q'19 Guidance

	<b>Combined Company Guidance</b>
Sales	\$2.490 billion – \$2.650 billion
Non-GAAP Adj. EBITDA	\$365M - \$405M
Non-GAAP Adj. Effective Tax Rate	27% - 29%
Weighted Average Diluted Shares	231M
Non-GAAP EPS	\$0.54 - \$0.62

Note: See appendix for reconciliation of non-GAAP adjusted measures; components may not sum to total due to rounding.

# Full Year Business Outlook

## COMMSCOPE

- + Densification of 4G networks in preparation for 5G at the metrocell layer
- + Continuation of FirstNet deployment and investment in access layer
- ± Pressure from Indoor Copper to be mitigated by hyperscale and cloud data center growth
- ± Lower material costs and cost reduction initiatives to mitigate pricing and mix

### CCS

- Expect Connectivity sales to decline low-single digits with performance expected to improve in the 2H19.
- CCS sales decline primarily due to weaker than expected outdoor network solutions impacted by lower cable operator capex and indoor enterprise copper declines.
- Sales declines in Indoor Copper to be mitigated by North American hyperscale and cloud data center growth.

### CMS

- Expect Mobility sales to increase low-single digits with sales growth accelerating throughout the year.
- Growth led by growth in metro cell, macro tower accessories and DAS.
- OneCell expected to gain traction.
- Expect volume growth and cost reductions to more than offset pricing dynamics in 2H19.

## ARRIS

- + Subdued cable capex; expected to improve as the year progresses
- + CPE manufacturing on track to be fully out of China by mid-year, mitigating tariffs
- ± CPE pressured by lower video volume, mitigated by increasing broadband spend
- Tariffs/supply chain initiatives impacting near-term broadband device revenue
- Ruckus channel inventory impacting revenue
- Remote PHY “Wait for” causing delayed spending

### CPE

- Sales to decline mid-single digits with trends improving in 2H19.
- Continuing product cost improvements.
- Ongoing customer investment in DOCSIS 3.1 product refresh cycle.
- Positive trends at Telco customers.

### N&C

- Sales to decline in low-teens with trends improving significantly in 2H19.
- Continued investment in network architecture to support broadband demand.
- Expect network capacity expansion increases through the year.

### Enterprise

- Sales to decline mid-single digits with trends improving significantly in 2H19 with a return to growth by 3Q'19.
- Improved 2Q order velocity; shift towards managed services; WiFi6 driving AP and switch upgrade cycle; improving E-rate spend should also benefit 2H19 results.



## SUMMARY

2019 is a transformative year for CommScope

Confident in ability to execute despite challenging start to year, particularly for ARRIS

2020 will be a stronger year due to Ruckus, 5G, Cloud Data Center Fiber Connectivity and WiFi6

Expected cash flow from operations<sup>(1)</sup> of ~\$1B in first full year following ARRIS acquisition close to provide for ample debt paydown, reducing leverage

Excited about the ARRIS acquisition and the numerous opportunities ahead for the combined company

(1) Financial metrics presented are adjusted to exclude purchase accounting charges, transaction and integration costs and other special items.

COMMScope®

Thank You

COMMSCOPE®

Appendix

# Non-GAAP Financial Measures

CommScope management believes that presenting certain non-GAAP financial measures provides meaningful information to investors in understanding operating results and may enhance investors' ability to analyze financial and business trends. Non-GAAP measures are not a substitute for GAAP measures and should be considered together with the GAAP financial measures. As calculated, our non-GAAP measures may not be comparable to other similarly titled measures of other companies. In addition, CommScope management believes that these non-GAAP financial measures allow investors to compare period to period more easily by excluding items that could have a disproportionately negative or positive impact on results in any particular period.

# Statements of Operations

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

	Three Months Ended	
	March 31,	
	2019	2018
Net sales	\$ 1,099.5	\$ 1,120.5
Cost of sales	687.7	709.1
Gross profit	411.8	411.4
Operating costs and expenses:		
Selling, general and administrative	199.2	185.1
Research and development	50.2	49.9
Amortization of purchased intangible assets	59.3	67.2
Restructuring costs, net	12.4	5.5
Total operating expenses	321.1	307.7
Operating income	90.7	103.7
Other income (expense), net	(5.7)	1.0
Interest expense	(97.5)	(59.8)
Interest income	11.8	1.4
Income (loss) before income taxes	(0.7)	46.3
Income tax expense	(1.6)	(12.6)
Net income (loss)	\$ (2.3)	\$ 33.7
Earnings (loss) per share:		
Basic	\$ (0.01)	\$ 0.18
Diluted (a)	\$ (0.01)	\$ 0.17
Weighted average shares outstanding:		
Basic	192.8	191.4
Diluted (a)	192.8	195.5
(a) Calculation of diluted earnings per share:		
Net income (loss) (basic and diluted)	\$ (2.3)	\$ 33.7
Weighted average shares (basic)	192.8	191.4
Dilutive effect of equity-based awards	—	4.1
Denominator (diluted)	192.8	195.5

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

# Balance Sheets

**CommScope Holding Company, Inc.**  
**Condensed Consolidated Balance Sheets**  
(Unaudited -- In millions, except share amounts)

	<u>March 31, 2019</u>	<u>December 31, 2018</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 176.4	\$ 458.2
Accounts receivable, less allowance for doubtful accounts of \$19.5 and \$17.4, respectively	957.6	810.4
Inventories, net	535.5	473.3
Prepaid expenses and other current assets	151.5	135.9
Total current assets	1,821.0	1,877.8
Property, plant and equipment, net of accumulated depreciation of \$449.2 and \$437.7, respectively	453.8	450.9
Goodwill	2,859.9	2,852.3
Other intangible assets, net	1,290.0	1,352.0
Funds restricted for acquisition	3,760.1	—
Other noncurrent assets	189.5	97.5
Total assets	<u>\$ 10,374.3</u>	<u>\$ 6,630.5</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 475.3	\$ 399.2
Accrued and other liabilities	429.6	291.4
Total current liabilities	904.9	690.6
Long-term debt	7,459.6	3,985.9
Deferred income taxes	79.9	83.3
Other noncurrent liabilities	185.4	113.9
Total liabilities	8,629.8	4,873.7
Commitments and contingencies		
Stockholders' equity:		
Preferred stock, \$0.01 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: 193,456,207 and 192,376,255, respectively	2.0	2.0
Additional paid-in capital	2,393.9	2,385.1
Retained earnings (accumulated deficit)	(252.1)	(249.8)
Accumulated other comprehensive loss	(170.5)	(159.2)
Treasury stock, at cost: 7,060,763 shares and 6,744,082 shares, respectively	(228.8)	(221.3)
Total stockholders' equity	1,744.5	1,756.8
Total liabilities and stockholders' equity	<u>\$ 10,374.3</u>	<u>\$ 6,630.5</u>

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

# Statements of Cash Flows

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

	Three Months Ended	
	March 31,	
	2019	2018
<b>Operating Activities:</b>		
Net income (loss)	\$ (2.3)	\$ 33.7
Adjustments to reconcile net income to net cash generated by (used in) operating activities:		
Depreciation and amortization	83.7	89.4
Equity-based compensation	7.5	10.5
Deferred income taxes	(1.4)	(5.4)
Changes in assets and liabilities:		
Accounts receivable	(150.7)	(71.1)
Inventories	(62.4)	(25.2)
Prepaid expenses and other assets	(24.5)	(24.5)
Accounts payable and other liabilities	136.8	15.4
Other	3.3	12.4
Net cash generated by (used in) operating activities	(10.0)	35.2
<b>Investing Activities:</b>		
Additions to property, plant and equipment	(21.4)	(13.6)
Proceeds from sale of property, plant and equipment	0.6	3.0
Acquisition funds held in escrow	(3,750.0)	—
Cash paid for acquisitions, including purchase price adjustments, net of cash acquired	(11.0)	—
Net cash used in investing activities	(3,781.8)	(10.6)
<b>Financing Activities:</b>		
Long-term debt repaid	(225.0)	—
Long-term debt proceeds	3,750.0	—
Debt issuance costs	(9.3)	—
Proceeds from the issuance of common shares under equity-based compensation plans	1.3	3.9
Tax withholding payments for vested equity-based compensation awards	(7.5)	(15.4)
Net cash generated by (used in) financing activities	3,509.5	(11.5)
Effect of exchange rate changes on cash and cash equivalents	0.5	5.6
Change in cash and cash equivalents	(281.8)	18.7
Cash and cash equivalents at beginning of period	458.2	454.0
Cash and cash equivalents at end of period	\$ 176.4	\$ 472.7

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

# Sales by Region

	<u>Q1 2019</u>	<u>Q1 2018</u>	<u>% Change</u> <u>YOY</u>
United States	\$ 639.1	\$ 607.5	5.2 %
Europe, Middle East and Africa	229.9	249.7	(7.9)
Asia Pacific	147.2	188.6	(22.0)
Caribbean and Latin America	63.5	56.1	13.2
Canada	19.8	18.6	6.5
<b>Total net sales</b>	<u>\$ 1,099.5</u>	<u>\$ 1,120.5</u>	(1.9) %

# Segment Information

## Sales by Segment

	Q1 2019	Q4 2018	Q1 2018	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 646.1	\$ 666.9	\$ 673.6	(3.1) %	(4.1) %
Mobility Solutions	453.4	390.8	446.9	16.0 %	1.5 %
<b>Total net sales</b>	<b>\$ 1,099.5</b>	<b>\$ 1,057.7</b>	<b>\$ 1,120.5</b>	<b>4.0 %</b>	<b>(1.9) %</b>

## Non-GAAP Adjusted EBITDA by Segment

	Q1 2019	Q4 2018	Q1 2018	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 107.7	\$ 134.7	\$ 122.7	(20.0) %	(12.2) %
Mobility Solutions	100.7	61.9	85.4	62.7 %	17.9 %
<b>Total non-GAAP adjusted EBITDA</b>	<b>\$ 208.4</b>	<b>\$ 196.6</b>	<b>\$ 208.1</b>	<b>6.0 %</b>	<b>0.1 %</b>

See Description of Non-GAAP Financial Measures

# Adj. Free Cash Flow

	<u>Q1 2019</u>	<u>Q1 2018</u>
<b>Cash flow from operations</b>	<b>\$ (10.0)</b>	<b>\$ 35.3</b>
Integration and transaction costs	7.3	0.6
Restructuring costs	25.9	15.2
Capital expenditures	(21.4)	(13.6)
<b>Adjusted free cash flow</b>	<b><u>\$ 1.8</u></b>	<b><u>\$ 37.5</u></b>

See Description of Non-GAAP Financial Measures

# Adj. Operating Income and Adj. EBITDA Reconciliation by Quarter

	<u>Q1 2019</u>	<u>Q4 2018</u>	<u>Q3 2018</u>	<u>Q2 2018</u>	<u>Q1 2018</u>
<b>Operating income, as reported</b>	<b>\$ 90.7</b>	<b>\$ 49.3</b>	<b>\$ 132.2</b>	<b>\$ 164.7</b>	<b>\$ 103.7</b>
Amortization of purchased intangible assets	59.3	65.1	65.8	66.4	67.2
Restructuring costs, net	12.4	24.3	7.1	7.2	5.5
Equity-based compensation	7.5	11.2	11.3	11.8	10.5
Asset impairments	—	15.0	—	—	—
Integration and transaction costs	20.8	14.3	2.6	1.0	1.6
<b>Non-GAAP adjusted operating income</b>	<b>\$ 190.7</b>	<b>\$ 179.2</b>	<b>\$ 219.0</b>	<b>\$ 251.1</b>	<b>\$ 188.6</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>17.3%</b>	<b>16.9%</b>	<b>19.0%</b>	<b>20.3%</b>	<b>16.8%</b>
Depreciation	17.7	17.4	18.7	19.9	19.6
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 208.4</b>	<b>\$ 196.6</b>	<b>\$ 237.8</b>	<b>\$ 271.1</b>	<b>\$ 208.1</b>
<b>Non-GAAP adjusted EBITDA margin %</b>	<b>19.0%</b>	<b>18.6%</b>	<b>20.7%</b>	<b>21.9%</b>	<b>18.6%</b>

Components may not sum to total due to rounding  
See Description of Non-GAAP Financial Measures

# Quarterly Adj. EBITDA Reconciliation by Segment

## First Quarter 2019 Non-GAAP Adjusted EBITDA Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 29.9</b>	<b>\$ 60.7</b>	<b>\$ 90.7</b>
Amortization of purchased intangible assets	41.0	18.3	59.3
Restructuring costs, net	7.4	5.1	12.4
Equity-based compensation	4.5	3.1	7.5
Integration and transaction costs	12.7	8.0	20.8
<b>Non-GAAP adjusted operating income</b>	<b>\$ 95.5</b>	<b>\$ 95.2</b>	<b>\$ 190.7</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>14.8%</b>	<b>21.0%</b>	<b>17.3%</b>
Depreciation	12.2	5.5	17.7
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 107.7</b>	<b>\$ 100.7</b>	<b>\$ 208.4</b>
<b>Non-GAAP adjusted EBITDA margin %</b>	<b>16.7%</b>	<b>22.2%</b>	<b>19.0%</b>

## Fourth Quarter 2018 Non-GAAP Adjusted EBITDA Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 38.5</b>	<b>\$ 10.9</b>	<b>\$ 49.3</b>
Amortization of purchased intangible assets	43.7	21.4	65.1
Restructuring costs, net	17.6	6.7	24.3
Equity-based compensation	6.8	4.4	11.2
Asset impairments	7.5	7.5	15.0
Integration and transaction costs	8.7	5.6	14.3
<b>Non-GAAP adjusted operating income</b>	<b>\$ 122.8</b>	<b>\$ 56.4</b>	<b>\$ 179.2</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>18.4%</b>	<b>14.4%</b>	<b>16.9%</b>
Depreciation	11.9	5.5	17.4
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 134.7</b>	<b>\$ 61.9</b>	<b>\$ 196.6</b>
<b>Non-GAAP adjusted EBITDA margin %</b>	<b>20.2%</b>	<b>15.9%</b>	<b>18.6%</b>

## First Quarter 2018 Non-GAAP Adjusted EBITDA Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 53.2</b>	<b>\$ 50.5</b>	<b>\$ 103.7</b>
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	1.6
<b>Non-GAAP adjusted operating income</b>	<b>\$ 108.7</b>	<b>\$ 79.9</b>	<b>\$ 188.6</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>16.1%</b>	<b>17.9%</b>	<b>16.8%</b>
Depreciation	14.1	5.5	19.6
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 122.7</b>	<b>\$ 85.4</b>	<b>\$ 208.1</b>
<b>Non-GAAP adjusted EBITDA margin %</b>	<b>18.2%</b>	<b>19.1%</b>	<b>18.6%</b>

Components may not sum to total due to rounding  
See Description of Non-GAAP Financial Measures

# Adj. Net Income Reconciliation

	Three Months Ended March 31,	
	2019	2018
<b>Operating income, as reported</b>	<b>\$ 90.7</b>	<b>\$ 103.7</b>
Adjustments:		
Amortization of purchased intangible assets	59.3	67.2
Restructuring costs, net	12.4	5.5
Equity-based compensation	7.5	10.5
Integration and transaction costs	20.8	1.6
Total adjustments to operating income	100.0	84.8
<b>Non-GAAP adjusted operating income</b>	<b>\$ 190.7</b>	<b>\$ 188.6</b>
Depreciation	17.7	19.6
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 208.4</b>	<b>\$ 208.1</b>
Income (loss) before income taxes, as reported	\$ (0.7)	\$ 46.3
Income tax expense, as reported	(1.7)	(12.6)
<b>Net income (loss), as reported</b>	<b>\$ (2.3)</b>	<b>\$ 33.7</b>
Adjustments:		
Total pretax adjustments to adjusted EBITDA	100.0	84.8
Pretax amortization of deferred financing costs & OID <sup>(1)</sup>	6.7	2.6
Pretax acquisition related interest <sup>(1)</sup>	27.4	—
Tax effects of adjustments and other tax items <sup>(2)</sup>	(38.8)	(26.1)
<b>Non-GAAP adjusted net income (loss)</b>	<b>\$ 93.0</b>	<b>\$ 95.0</b>
<b>Diluted EPS, as reported</b>	<b>\$ (0.01)</b>	<b>\$ 0.17</b>
<b>Non-GAAP adjusted diluted EPS</b>	<b>\$ 0.48</b>	<b>\$ 0.49</b>

(1) Included in interest expense.

(2) 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

# Outlook GAAP to Non-GAAP Reconciliation

	Outlook
	Three Months Ended June 30, 2019
<b>Operating loss</b>	<b>\$(128) - \$(170)</b>
Adjustments:	
Amortization of purchased intangible assets	\$160 - \$180
Restructuring costs, integration and transaction costs and other <sup>(1)</sup>	\$150 - \$175
Purchase accounting	\$125 - \$150
Equity-based compensation	\$18 - \$25
Depreciation	\$40 - \$45
Total adjustments to operating income	\$493 - \$575
<b>Non-GAAP adjusted EBITDA</b>	<b>\$365 - \$405</b>
<b>Basic loss per share</b>	<b>\$(1.21) - \$(1.44)</b>
Adjustments <sup>(2)</sup> :	
Total adjustments to operating income	\$1.52 - \$1.80
Debt-related costs and other special items <sup>(3)</sup>	\$0.24 - \$0.26
<b>Non-GAAP adjusted diluted earnings per share <sup>(4)</sup></b>	<b>\$0.54 - \$0.62</b>

(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, amortization of original issue discount and tax items. Actual adjustments may vary from projections.

(4) Weighted average diluted shares calculated assuming the if-converted method is applied for our Series A Convertible Preferred Stock.

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.

# ARRIS Quarterly Net Sales, GAAP Operating Income (Loss), Non-GAAP Adj. Operating Income and Non-GAAP Adj. EBITDA by Segment

	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
CPE	\$ 824.2	\$ 1,099.0	\$ 941.5	\$ 1,008.1	\$ 875.2
N&C	440.2	536.8	532.0	549.5	538.3
Enterprise	116.9	151.3	177.8	168.9	164.2
<b>ARRIS net sales</b>	<b>\$ 1,381.3</b>	<b>\$ 1,787.1</b>	<b>\$ 1,651.3</b>	<b>\$ 1,726.5</b>	<b>\$ 1,577.7</b>
	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
CPE	\$ (23.8)	\$ (1.5)	\$ (26.3)	\$ (19.4)	\$ (59.3)
N&C	32.4	97.6	91.3	75.6	108.1
Enterprise	(54.5)	(28.6)	(12.7)	(12.3)	(36.3)
<b>ARRIS operating income (loss) <sup>(1)</sup></b>	<b>\$ (45.9)</b>	<b>\$ 67.5</b>	<b>\$ 52.3</b>	<b>\$ 43.9</b>	<b>\$ 12.5</b>
	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
CPE	\$ 28.8	\$ 54.4	\$ 30.8	\$ 53.6	\$ 18.3
N&C	70.6	142.9	128.0	118.8	150.2
Enterprise	(32.7)	(2.2)	9.6	11.7	17.6
<b>ARRIS non-GAAP adjusted operating income <sup>(1)</sup></b>	<b>\$ 66.7</b>	<b>\$ 195.1</b>	<b>\$ 168.4</b>	<b>\$ 184.1</b>	<b>\$ 186.1</b>
	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018
CPE	\$ 35.8	\$ 61.9	\$ 38.6	\$ 61.4	\$ 27.0
N&C	79.0	152.0	137.9	128.5	160.4
Enterprise	(29.0)	(0.6)	13.3	15.4	21.7
<b>ARRIS non-GAAP adjusted EBITDA <sup>(1)</sup></b>	<b>\$ 85.9</b>	<b>\$ 213.3</b>	<b>\$ 189.8</b>	<b>\$ 205.3</b>	<b>\$ 209.1</b>

(1) ARRIS results reflect certain classification changes to align to CommScope policies.

Components may not sum to total due to rounding  
See Description of Non-GAAP Financial Measures

# ARRIS

## Reconciliation of GAAP to Non-GAAP Adj. EBITDA by Segment

### First Quarter 2019 Non-GAAP Adjusted EBITDA Reconciliation by Segment <sup>(1)</sup>

	CPE	N&C	Enterprise	Total
<b>Operating income (loss)</b>	\$ (23.8)	\$ 32.4	\$ (54.5)	\$ (45.9)
Amortization of purchased intangible assets	43.7	22.7	15.6	82.0
Restructuring costs, net	0.5	0.1	(0.1)	0.5
Equity-based compensation	6.1	10.8	3.8	20.7
Integration and transaction costs	2.3	4.7	1.1	8.1
Purchase accounting adjustments	—	—	1.5	1.5
<b>Non-GAAP adjusted operating income (loss)</b>	\$ 28.8	\$ 70.6	\$ (32.7)	\$ 66.7
<b>Non-GAAP adjusted operating margin %</b>	3.5%	16.0%	(28.0)%	4.8%
Depreciation	7.0	8.4	3.8	19.2
<b>Non-GAAP adjusted EBITDA</b>	\$ 35.8	\$ 79.0	\$ (29.0)	\$ 85.9
<b>Non-GAAP adjusted EBITDA margin %</b>	4.3%	17.9%	(24.8)%	6.2%

### Fourth Quarter 2018 Non-GAAP Adjusted EBITDA Reconciliation by Segment <sup>(1)</sup>

	CPE	N&C	Enterprise	Total
<b>Operating income (loss)</b>	\$ (1.5)	\$ 97.6	\$ (28.6)	\$ 67.5
Amortization of purchased intangible assets	47.7	24.7	17.7	90.1
Restructuring costs, net	0.6	4.0	0.3	4.9
Equity-based compensation	6.1	11.7	4.4	22.2
Integration and transaction costs	1.5	4.9	2.3	8.7
Purchase accounting adjustments	—	—	1.7	1.7
<b>Non-GAAP adjusted operating income (loss)</b>	\$ 54.4	\$ 142.9	\$ (2.2)	\$ 195.1
<b>Non-GAAP adjusted operating margin %</b>	4.9%	26.6%	(1.5)%	10.9%
Depreciation	7.5	9.1	1.6	18.2
<b>Non-GAAP adjusted EBITDA</b>	\$ 61.9	\$ 152.0	\$ (0.6)	\$ 213.3
<b>Non-GAAP adjusted EBITDA margin %</b>	5.6%	28.3%	(0.4)%	11.9%

### Third Quarter 2018 Non-GAAP Adjusted EBITDA Reconciliation by Segment <sup>(1)</sup>

	CPE	N&C	Enterprise	Total
<b>Operating income (loss)</b>	\$ (26.3)	\$ 91.3	\$ (12.7)	\$ 52.3
Amortization of purchased intangible assets	47.9	24.7	15.7	88.3
Restructuring costs, net	3.0	1.4	(0.1)	4.3
Equity-based compensation	6.1	10.6	3.6	20.3
Integration and transaction costs	—	—	0.7	0.7
Purchase accounting adjustments	—	—	2.4	2.4
<b>Non-GAAP adjusted operating income</b>	\$ 30.8	\$ 128.0	\$ 9.6	\$ 168.4
<b>Non-GAAP adjusted operating margin %</b>	3.3%	24.1%	5.4%	10.2%
Depreciation	7.9	9.9	3.7	21.5
<b>Non-GAAP adjusted EBITDA</b>	\$ 38.6	\$ 137.9	\$ 13.3	\$ 189.8
<b>Non-GAAP adjusted EBITDA margin %</b>	4.1%	25.9%	7.5%	11.5%

# ARRIS

## Reconciliation of GAAP to Non-GAAP Adj. EBITDA by Segment (Continued)

### Second Quarter 2018 Non-GAAP Adjusted EBITDA Reconciliation by Segment <sup>(1)</sup>

	CPE	N&C	Enterprise	Total
<b>Operating income (loss)</b>	<b>\$ (19.4)</b>	<b>\$ 75.6</b>	<b>\$ (12.3)</b>	<b>\$ 43.9</b>
Amortization of purchased intangible assets	51.4	24.7	14.3	90.4
Restructuring costs, net	14.6	6.6	—	21.2
Equity-based compensation	6.9	11.8	4.8	23.5
Integration and transaction costs	—	—	1.6	1.6
Purchase accounting adjustments	—	—	3.3	3.3
<b>Non-GAAP adjusted operating income</b>	<b>\$ 53.6</b>	<b>\$ 118.8</b>	<b>\$ 11.7</b>	<b>\$ 184.1</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>5.3%</b>	<b>21.6%</b>	<b>6.9%</b>	<b>10.7%</b>
Depreciation	7.8	9.7	3.7	21.2
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 61.4</b>	<b>\$ 128.5</b>	<b>\$ 15.4</b>	<b>\$ 205.3</b>
<b>Non-GAAP adjusted EBITDA margin %</b>	<b>6.1%</b>	<b>23.4%</b>	<b>9.1%</b>	<b>11.9%</b>

### First Quarter 2018 Non-GAAP Adjusted EBITDA Reconciliation by Segment <sup>(1)</sup>

	CPE	N&C	Enterprise	Total
<b>Operating income (loss)</b>	<b>\$ (59.3)</b>	<b>\$ 108.1</b>	<b>\$ (36.3)</b>	<b>\$ 12.5</b>
Amortization of purchased intangible assets	64.1	25.1	25.5	114.7
Restructuring costs, net	7.5	3.1	0.1	10.7
Equity-based compensation	6.1	10.5	2.6	19.2
Asset impairments	—	3.4	—	3.4
Integration and transaction costs	—	—	3.1	3.1
Purchase accounting adjustments	—	—	22.7	22.7
<b>Non-GAAP adjusted operating income</b>	<b>\$ 18.3</b>	<b>\$ 150.2</b>	<b>\$ 17.6</b>	<b>\$ 186.1</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>2.1%</b>	<b>27.9%</b>	<b>10.7%</b>	<b>11.8%</b>
Depreciation	8.6	10.2	4.1	22.9
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 27.0</b>	<b>\$ 160.4</b>	<b>\$ 21.7</b>	<b>\$ 209.1</b>
<b>Non-GAAP adjusted EBITDA margin %</b>	<b>3.1%</b>	<b>29.8%</b>	<b>13.2%</b>	<b>13.3%</b>

(1) ARRIS results reflect certain classification changes to align to CommScope policies.

Components may not sum to total due to rounding  
See Description of Non-GAAP Financial Measures