



# Fourth Quarter 2017 Results

February 15, 2018

Eddie Edwards  
President and Chief  
Executive Officer

Mark Olson  
Executive Vice President  
and Chief Financial Officer

# 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 forward-looking statements are generally identified by their use of such terms and phrases as "intend," "goal," "estimate," "expect," "project," "projections," "plans," "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 statements are subject to various risks and uncertainties, many of which are outside our control, including, without limitation, 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, 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 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 material and components; the risk that our contract manufacturers encounter production, quality, financial or other difficulties; our ability to fully realize anticipated benefits from prior or future acquisitions or equity investments; potential difficulties in realigning global manufacturing capacity and capabilities among our global manufacturing facilities 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 may require 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; 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 2017 Annual Report on Form 10-K. Although the information contained in this presentation represents our best judgment as of the date of this report 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 report, except as otherwise may be required by law.

## 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. GAAP to non-GAAP reconciliations are included in this presentation.

# Agenda

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- Full year 2017 highlights
- Fourth quarter 2017 results
- Segment review
- Cash flow and capital structure
- Capital allocation priorities
- First quarter and full year 2018 outlook

# 2017 Highlights

Substantially completed complex IT system integration

Achieved two-year cumulative BNS synergy target of \$170 million

Significant product development, such as High Speed Migration

Extended long-term optical fiber supply partnership

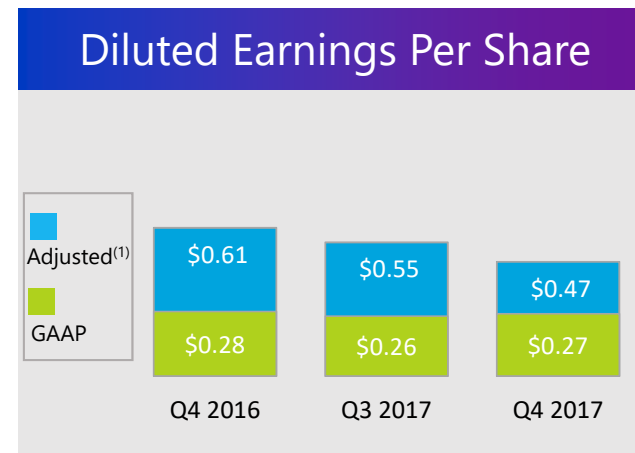
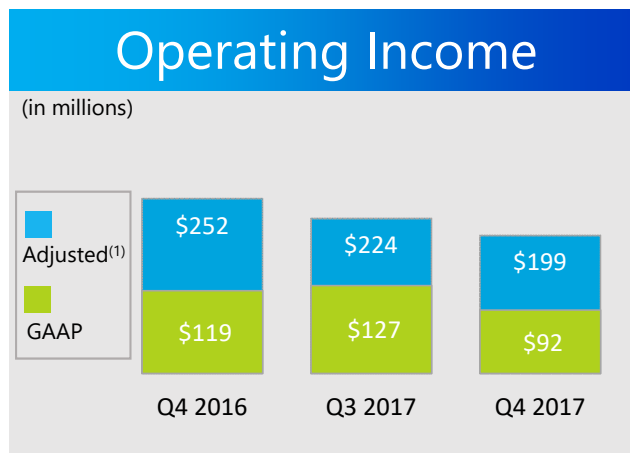
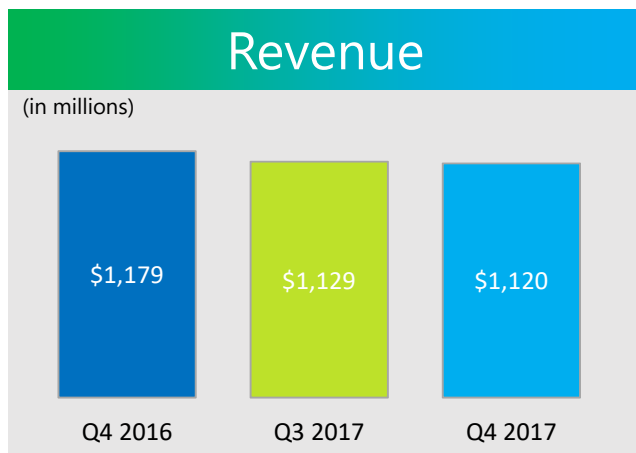
Acquired Cable Exchange

Ongoing capital structure management

- Repaid > \$1 billion of debt since BNS acquisition (\$210 million in 2017)
- Refinanced \$750 million debt in March
- Repriced term loan debt
- Repurchased \$175 million of stock

# Q4 2017 Results

*Consistent with guidance*



### Sales & Orders:

- Sales of \$1.12 billion, down 5% YOY
  - Growth in EMEA and CALA more than offset by declines in other regions, most notably in the U.S.
- Orders of \$1.09 billion
  - Book-to-bill ratio of 0.97

### Operating Results:

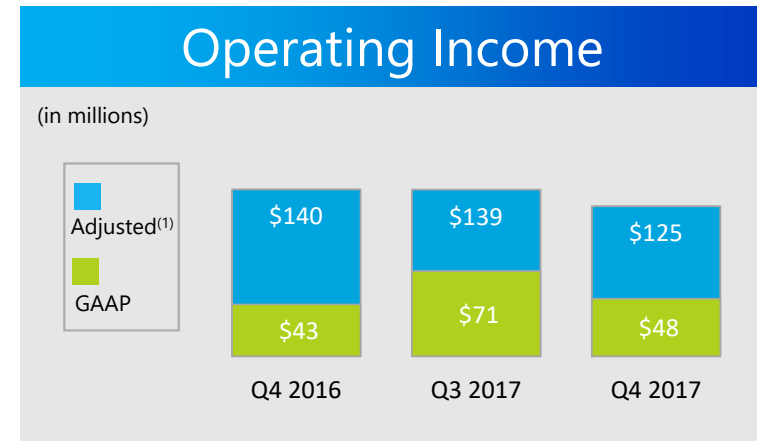
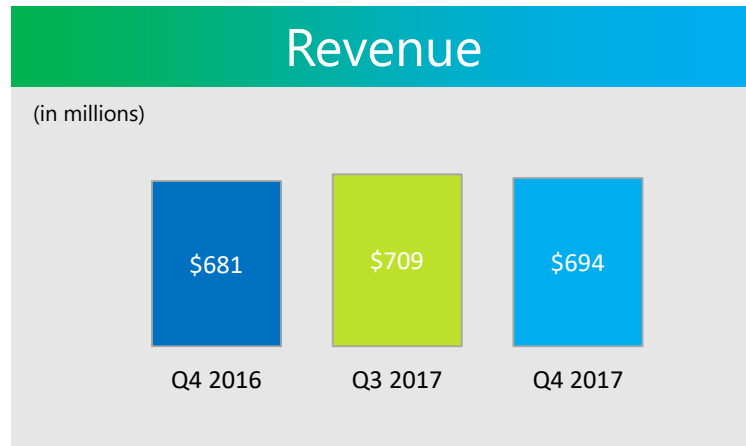
- Operating Income of \$92 million
- Non-GAAP Adjusted Operating Income<sup>(1)</sup> of \$199 million, or 18% of sales

### Net Income & EPS:

- Net Income of \$54 million, or \$0.27 per diluted share
- Non-GAAP Adjusted Net Income<sup>(1)</sup> of \$91 million, or \$0.47 per diluted share
- Adjusted effective tax rate of 35%

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

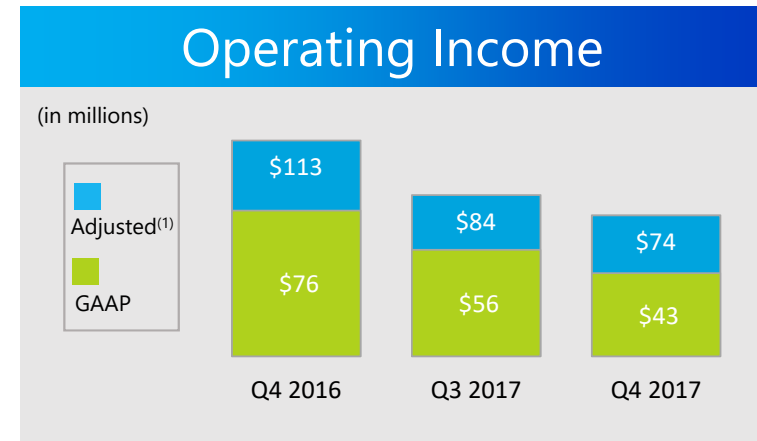
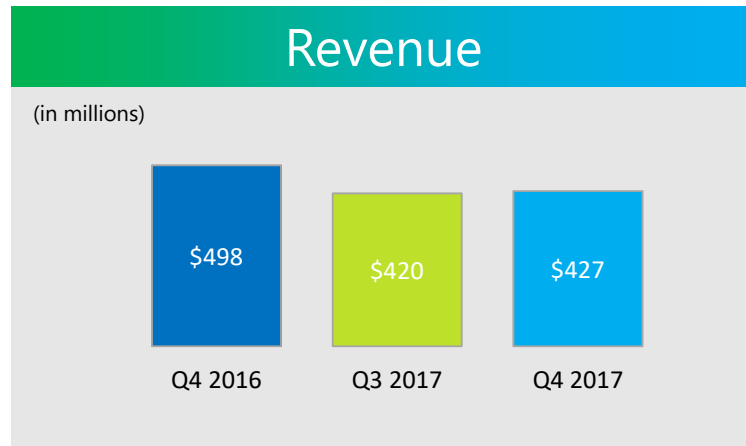
# CommScope Connectivity Solutions (CCS)



- High single digit revenue growth in Outdoor Network Solutions
- Low single digit revenue decline in Indoor Network Solutions
- Higher material costs, as expected

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

# CommScope Mobility Solutions (CMS)



- Growth in India offset by declines in other regions, most notably in the U.S.
- Confident in FirstNet opportunity – initial orders received

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

# Cash Flow and Capital Structure

## Cash Flow Highlights

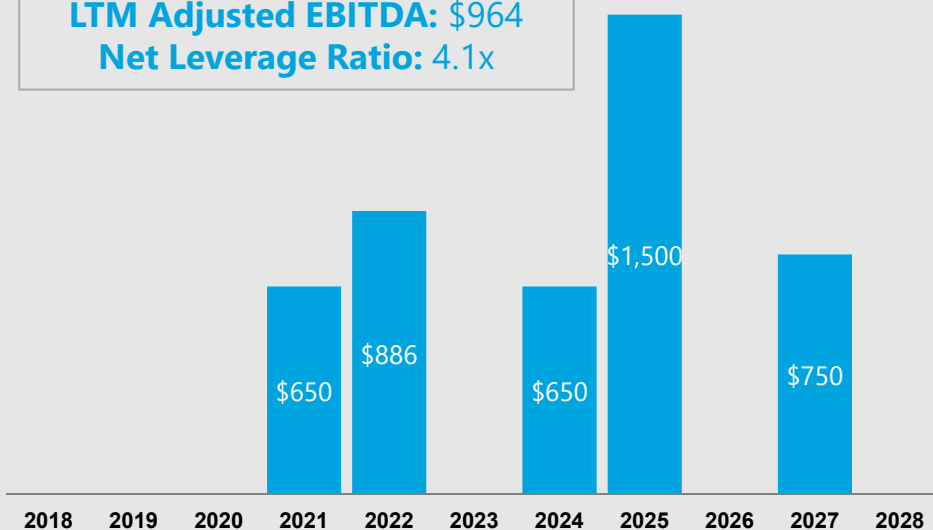
(in millions)	Q4 2016 <sup>(1)</sup>	Q4 2017	FY 2016 <sup>(1)</sup>	FY 2017
<b>Cash flow from operations</b>	<b>\$ 89</b>	<b>\$ 251</b>	<b>\$ 640</b>	<b>\$ 586</b>
Capital expenditures, net of capital expenditures related to BNS integration <sup>(2)</sup>	(17)	(18)	(62)	(69)
Cash paid for integration & transaction costs	17	8	65	51
<b>Adjusted free cash flow</b>	<b>\$ 89</b>	<b>\$ 242</b>	<b>\$ 643</b>	<b>\$ 568</b>
Cash taxes paid (refunded)	\$ 75	\$ (2)	\$ 149	\$ 101
Cash interest paid	\$ 104	\$ 83	\$ 261	\$ 217

Note: Components may not sum to total due to rounding.

## Debt Maturities as of Dec 31, 2017

(in millions, except ratio)

**LTM Adjusted EBITDA: \$964**  
**Net Leverage Ratio: 4.1x**





(1) Q4 2016 and FY 2016 excess tax benefits on equity based compensation have been reclassified in the cash flow statement as an operating activity rather than a financing activity in accordance with ASU No. 2016-09, *Improvements to Employee Share-Based Payment Accounting*. In addition, FY 2016 debt redemption premium paid has been reclassified in the cash flow statement as a financing activity rather than an operating activity in accordance with ASU No. 2016-15, *Cash Flow Classification of Certain Cash Receipts and Cash Payments*.

(2) Capital expenditures related to BNS integration for Q4 2016 and FY 2016 were \$1 million and \$6 million, respectively.







# Capital Allocation Priorities

**Priorities for Cash**

-  Reinvest in the business
-  Debt reduction
-  Returns to shareholders

**2017 Actions**

-  Invested \$185m in R&D and \$69m in Capex
-  Acquired Cable Exchange for \$105m
-  Reduced debt by \$210m<sup>(1)</sup> in 2017 and exceeded goal of \$1B repayment since BNS acquisition
-  Repurchased \$175m of shares

(1) Repaid \$185 million during Q4 2017.

# Outlook<sup>(1)</sup>

## Q1 2018 Guidance

- Sales of \$1.085 billion - \$1.135 billion
- Operating income of \$93 million - \$108 million
- Non-GAAP adjusted operating income of \$175 million - \$195 million
- Non-GAAP adjusted effective tax rate of approximately 29% - 30%
- Earnings per diluted share of \$0.13 - \$0.16, based on 196 million weighted average diluted shares
- Non-GAAP adjusted earnings per diluted share of \$0.44 - \$0.49

- Unfavorable mix and higher material costs

## Full Year 2018 Guidance

- Sales of \$4.675 billion - \$4.825 billion
- Operating income of \$615 million - \$660 million
- Non-GAAP adjusted operating income of \$935 million - \$985 million
- Non-GAAP adjusted effective tax rate of approximately 29% - 30%
- Earnings per diluted share of \$1.46 - \$1.58, based on 196 million weighted average diluted shares
- Non-GAAP adjusted earnings per diluted share of \$2.56 - \$2.71
- Cash flow from operations > \$600 million

- Expect mid-single digit top-line growth
  - North American wireless and fiber deployments
  - Growth within hyperscale data centers

Expect a return to revenue growth and more than 20% earnings growth year over year

# Favorable Near-Term Business Environment

## U.S. Telecom Dynamics

- FirstNet deployment and timing
- Outdoor fiber connectivity builds and timing
- M&A among customers
- Net neutrality
- Transition toward 5G

## Other Business Dynamics

- Geographic mix
- Higher material costs
- Data center fiber growth
- International markets
- U.S. tax reform

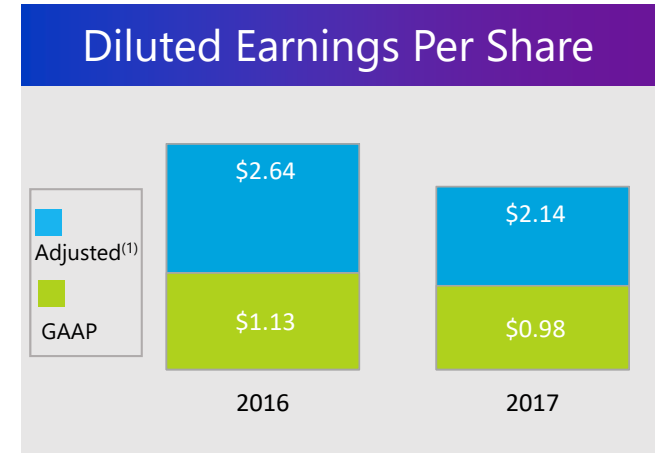
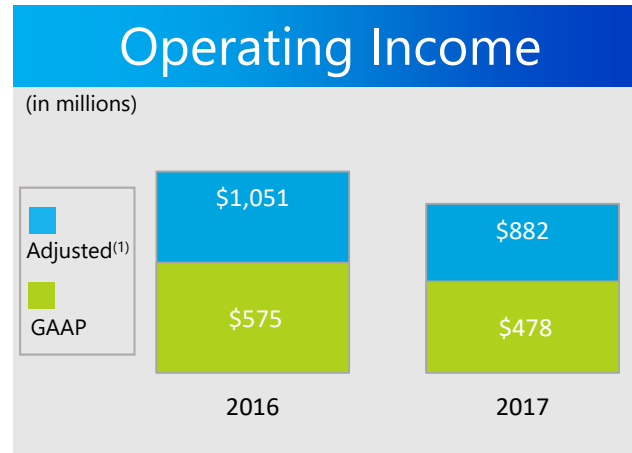
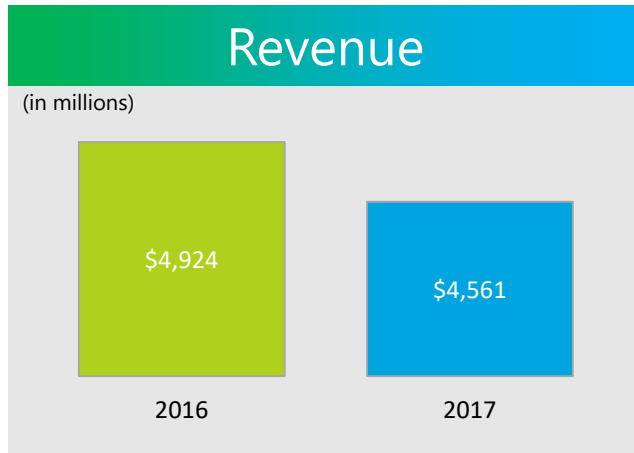
# Appendix

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## **Non-GAAP Financial Measures**

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# Full Year 2017 Results



### Sales:

- Sales of \$4.56 billion, down 7% YOY
  - Modest growth in EMEA more than offset by declines in other geographic regions

### Operating Results:

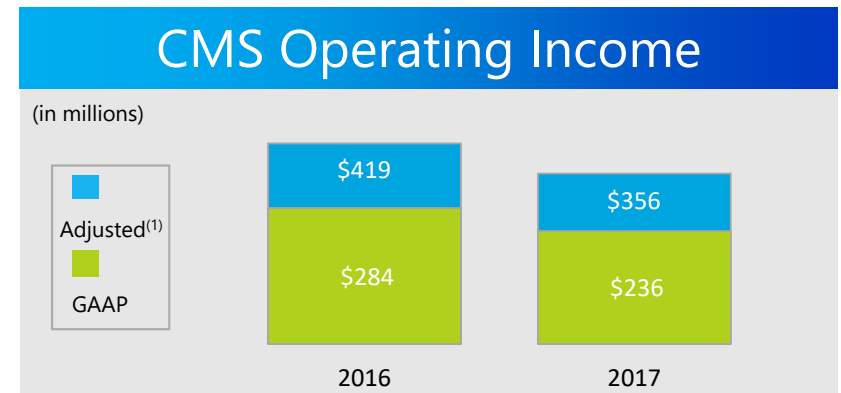
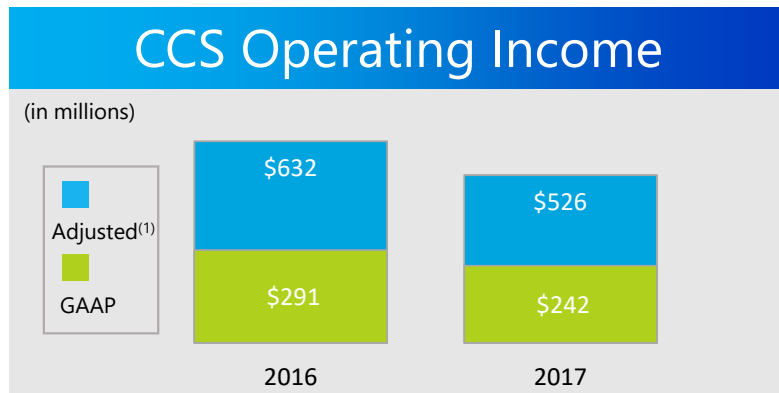
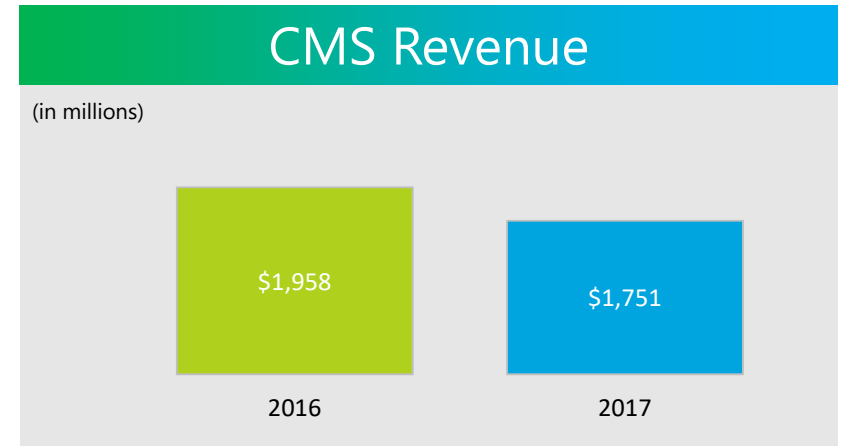
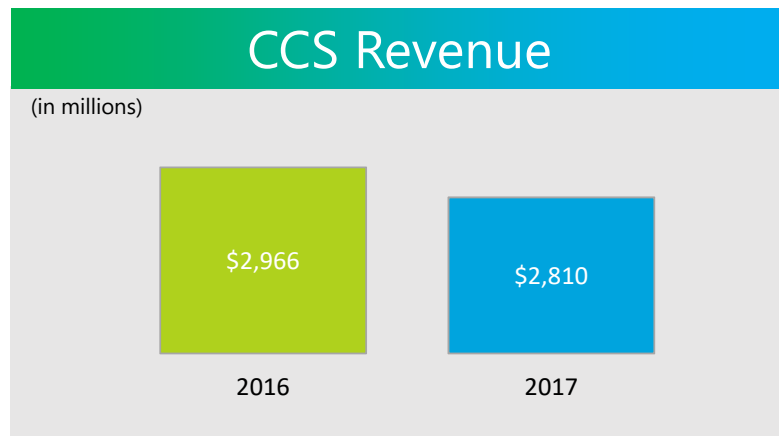
- Operating Income of \$478 million
- Non-GAAP Adjusted Operating Income<sup>(1)</sup> of \$882 million, or 19% of sales

### Net Income & EPS:

- Net Income of \$194 million, or \$0.98 per diluted share
- Non-GAAP Adjusted Net Income<sup>(1)</sup> of \$420 million, or \$2.14 per diluted share

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

# Segment Full Year 2017 Results



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

# Statements of Operations

(Unaudited -- In thousands,  
except per share amounts)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
Net sales	\$ 1,120,432	\$ 1,178,906	\$ 4,560,582	\$ 4,923,621
Operating costs and expenses:				
Cost of sales	705,778	689,018	2,788,688	2,890,032
Selling, general and administrative	190,697	215,130	794,291	879,495
Research and development	44,942	48,161	185,222	200,715
Amortization of purchased intangible assets	68,099	72,932	270,989	297,202
Restructuring costs, net	19,261	18,372	43,782	42,875
Asset impairments	—	15,884	—	38,552
Total operating costs and expenses	1,028,777	1,059,497	4,082,972	4,348,871
Operating income	91,655	119,409	477,610	574,750
Other expense, net	(1,626)	(8,273)	(15,040)	(30,171)
Interest expense	(64,290)	(62,510)	(257,059)	(277,534)
Interest income	437	774	4,221	5,524
Income before income taxes	26,176	49,400	209,732	272,569
Income tax (expense) benefit	27,405	5,066	(15,968)	(49,731)
Net income	\$ 53,581	\$ 54,466	\$ 193,764	\$ 222,838
Earnings per share:				
Basic	\$ 0.28	\$ 0.28	\$ 1.01	\$ 1.16
Diluted (a)	\$ 0.27	\$ 0.28	\$ 0.98	\$ 1.13
Weighted average shares outstanding:				
Basic	190,826	193,305	192,430	192,470
Diluted (a)	195,074	197,401	196,811	196,459
(a) Calculation of diluted earnings per share:				
Net income (basic and diluted)	\$ 53,581	\$ 54,466	\$ 193,764	\$ 222,838
Weighted average shares (basic)	190,826	193,305	192,430	192,470
Dilutive effect of stock awards	4,248	4,096	4,381	3,989
Denominator (diluted)	195,074	197,401	196,811	196,459

See notes to consolidated financial statements included in our Form 10-K.

# Balance Sheets

(In thousands, except share amounts)

	December 31,	
	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 453,977	\$ 428,228
Accounts receivable, less allowance for doubtful accounts of \$13,976 and \$17,211, respectively	898,829	952,367
Inventories, net	444,941	473,267
Prepaid expenses and other current assets	146,112	139,902
Total current assets	1,943,859	1,993,764
Property, plant and equipment, net of accumulated depreciation of \$390,389 and \$303,734, respectively	467,289	474,990
Goodwill	2,886,630	2,768,304
Other intangible assets, net	1,636,084	1,799,065
Other noncurrent assets	107,804	105,863
Total assets	<u>\$ 7,041,666</u>	<u>\$ 7,141,986</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 436,737	\$ 415,921
Other accrued liabilities	286,980	429,397
Current portion of long-term debt	—	12,500
Total current liabilities	723,717	857,818
Long-term debt	4,369,401	4,549,510
Deferred income taxes	134,241	199,121
Pension and other postretirement benefit liabilities	25,140	31,671
Other noncurrent liabilities	141,341	109,782
Total liabilities	5,393,840	5,747,902
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: 190,906,110 and 193,837,437, respectively	1,972	1,950
Additional paid-in capital	2,334,071	2,282,014
Retained earnings (accumulated deficit)	(395,998)	(589,556)
Accumulated other comprehensive loss	(86,603)	(285,113)
Treasury stock, at cost: 6,336,144 shares and 1,129,222 shares, respectively	(205,616)	(15,211)
Total stockholders' equity	1,647,826	1,394,084
Total liabilities and stockholders' equity	<u>\$ 7,041,666</u>	<u>\$ 7,141,986</u>

See notes to consolidated financial statements included in our Form 10-K.



# Statements of Cash Flows

(Unaudited -- In thousands)

	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2017	2016	2017	2016
<b>Operating Activities:</b>				
Net income	\$ 53,581	\$ 54,466	\$ 193,764	\$ 222,838
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	95,469	97,603	378,012	399,053
Equity-based compensation	10,278	8,385	41,850	35,006
Deferred income taxes	(51,499)	(6,639)	(71,475)	(100,878)
Asset impairments	—	15,884	—	38,552
Changes in assets and liabilities:				
Accounts receivable	37,691	(4,530)	96,745	(100,867)
Inventories	41,868	(8,516)	53,658	(31,996)
Prepaid expenses and other current assets	21,188	(12,332)	(1,273)	14,273
Accounts payable and other accrued liabilities	9,785	(46,263)	(154,691)	191,405
Other noncurrent liabilities	28,673	(16,872)	14,644	(35,950)
Other noncurrent assets	(8,197)	12,231	(8,418)	(1,834)
Other	12,044	(4,310)	43,470	10,619
Net cash generated by operating activities	250,881	89,107	586,286	640,221
<b>Investing Activities:</b>				
Additions to property, plant and equipment	(17,569)	(18,654)	(68,721)	(68,314)
Proceeds from sale of property, plant and equipment	408	149	5,424	4,084
Cash paid for acquisitions, including purchase price adjustments, net of cash acquired	—	3,384	(105,249)	6,098
Proceeds from sale of businesses and long-term investments	—	1	9,898	1,292
Payments upon settlement of net investment hedge	(7,558)	—	(7,558)	—
Other	—	57	—	2,253
Net cash used in investing activities	(24,719)	(15,063)	(166,206)	(54,587)
<b>Financing Activities:</b>				
Long-term debt repaid	(185,000)	(172,889)	(990,379)	(718,914)
Long-term debt proceeds	—	19,764	780,379	19,764
Debt issuance and modification costs	—	(4,318)	(8,363)	(4,318)
Debt extinguishment costs	—	—	(14,800)	(17,779)
Cash paid for repurchase of common stock	—	—	(175,000)	—
Proceeds from the issuance of common shares under equity-based compensation plans	1,146	8,119	9,949	16,756
Tax withholding payments for vested equity-based compensation awards	(449)	(932)	(15,405)	(3,878)
Net cash used in financing activities	(184,303)	(150,256)	(413,619)	(708,369)
Effect of exchange rate changes on cash and cash equivalents	876	(12,835)	19,288	(11,921)
Change in cash and cash equivalents	42,735	(89,047)	25,749	(134,656)
Cash and cash equivalents at beginning of period	411,242	517,275	428,228	562,884
Cash and cash equivalents at end of period	\$ 453,977	\$ 428,228	\$ 453,977	\$ 428,228

See notes to consolidated financial statements included in our Form 10-K.

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# Sales by Region

(Unaudited -- In millions)

	<b>Q4 2017</b>	<b>Q4 2016</b>	<b>% Change</b>
			<b>YOY</b>
United States	\$ 561.9	\$ 623.7	(9.9) %
Europe, Middle East and Africa	243.9	240.1	1.6
Asia Pacific	224.0	224.8	(0.4)
Central and Latin America	68.5	67.9	0.9
Canada	22.1	22.4	(1.3)
<b>Total Net Sales</b>	<b>\$ 1,120.4</b>	<b>\$ 1,178.9</b>	<b>(5.0) %</b>

	<b>Full Year</b>	<b>Full Year</b>	<b>% Change</b>
	<b>2017</b>	<b>2016</b>	<b>YOY</b>
United States	\$ 2,449.4	\$ 2,634.9	(7.0) %
Europe, Middle East and Africa	942.5	933.5	1.0
Asia Pacific	828.3	961.0	(13.8)
Central and Latin America	245.6	280.3	(12.4)
Canada	94.8	113.9	(16.8)
<b>Total Net Sales</b>	<b>\$ 4,560.6</b>	<b>\$ 4,923.6</b>	<b>(7.4) %</b>

# Segment Information

(Unaudited -- In millions)

## Sales by Segment

	Q4 2017	Q3 2017	Q4 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 693.8	\$ 708.7	\$ 681.3	(2.1) %	1.8 %
Mobility Solutions	426.6	420.1	497.6	1.5 %	(14.3) %
<b>Total Net Sales</b>	<b>\$ 1,120.4</b>	<b>\$ 1,128.8</b>	<b>\$ 1,178.9</b>	<b>(0.7) %</b>	<b>(5.0) %</b>

## Non-GAAP Adjusted Operating Income by Segment

	Q4 2017	Q3 2017	Q4 2016	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 125.4	\$ 139.3	\$ 139.5	(10.0) %	(10.1) %
Mobility Solutions	73.6	84.2	112.7	(12.6) %	(34.7) %
<b>Total Non-GAAP Adjusted Operating Income</b>	<b>\$ 199.1</b>	<b>\$ 223.5</b>	<b>\$ 252.2</b>	<b>(10.9) %</b>	<b>(21.1) %</b>

## Sales by Segment

	2017	2016	% Change
			YOY
Connectivity Solutions	\$ 2,809.8	\$ 2,965.5	(5.3) %
Mobility Solutions	1,750.8	1,958.1	(10.6) %
<b>Total Net Sales</b>	<b>\$ 4,560.6</b>	<b>\$ 4,923.6</b>	<b>(7.4) %</b>

## Non-GAAP Adjusted Operating Income by Segment

	2017	2016	% Change
			YOY
Connectivity Solutions	\$ 526.3	\$ 632.3	(16.8) %
Mobility Solutions	356.0	419.1	(15.1) %
<b>Total Non-GAAP Adjusted Operating Income</b>	<b>\$ 882.3</b>	<b>\$ 1,051.4</b>	<b>(16.1) %</b>

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

# Adjusted Operating Income and Adjusted EBITDA Reconciliation by Quarter

(Unaudited -- In millions)

	<u>Q4 2017</u>	<u>Q3 2017</u>	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>Q4 2016</u>
<b>Operating income, as reported</b>	<b>\$ 91.7</b>	<b>\$ 126.8</b>	<b>\$ 137.8</b>	<b>\$ 121.4</b>	<b>\$ 119.4</b>
Amortization of purchased intangible assets	68.1	68.3	67.0	67.6	72.9
Restructuring costs, net	19.3	5.4	13.8	5.4	18.4
Equity-based compensation	10.3	11.0	11.2	9.4	8.4
Asset impairments	—	—	—	—	15.9
Integration and transaction costs	9.8	12.0	12.6	13.5	17.2
<b>Non-GAAP adjusted operating income</b>	<b>\$ 199.1</b>	<b>\$ 223.5</b>	<b>\$ 242.4</b>	<b>\$ 217.3</b>	<b>\$ 252.2</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>17.8%</b>	<b>19.8%</b>	<b>20.6%</b>	<b>19.1%</b>	<b>21.4%</b>
Depreciation	20.8	20.6	20.2	20.0	20.2
<b>Non-GAAP adjusted EBITDA</b>	<b>\$ 219.9</b>	<b>\$ 244.1</b>	<b>\$ 262.6</b>	<b>\$ 237.3</b>	<b>\$ 272.5</b>

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

# Quarterly Adjusted Operating Income Reconciliation by Segment

(Unaudited -- In millions)

## Fourth Quarter 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 48.2</b>	<b>\$ 43.4</b>	<b>\$ 91.7</b>
Amortization of purchased intangible assets	44.8	23.3	68.1
Restructuring costs, net	16.6	2.6	19.3
Equity-based compensation	6.0	4.3	10.3
Integration and transaction costs	9.8	—	9.8
<b>Non-GAAP adjusted operating income</b>	<b>\$ 125.4</b>	<b>\$ 73.6</b>	<b>\$ 199.1</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>18.1%</b>	<b>17.3%</b>	<b>17.8%</b>

## Third Quarter 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 71.2</b>	<b>\$ 55.6</b>	<b>\$ 126.8</b>
Amortization of purchased intangible assets	44.2	24.1	68.3
Restructuring costs, net	5.6	(0.2)	5.4
Equity-based compensation	6.4	4.6	11.0
Integration and transaction costs	11.9	0.2	12.0
<b>Non-GAAP adjusted operating income</b>	<b>\$ 139.3</b>	<b>\$ 84.2</b>	<b>\$ 223.5</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>19.7%</b>	<b>20.0%</b>	<b>19.8%</b>

## Fourth Quarter 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 43.3</b>	<b>\$ 76.1</b>	<b>\$ 119.4</b>
Amortization of purchased intangible assets	47.7	25.3	72.9
Restructuring costs, net	11.0	7.3	18.4
Equity-based compensation	4.7	3.7	8.4
Asset impairments	15.9	—	15.9
Integration and transaction costs	16.9	0.3	17.2
<b>Non-GAAP adjusted operating income</b>	<b>\$ 139.5</b>	<b>\$ 112.7</b>	<b>\$ 252.2</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>20.5%</b>	<b>22.7%</b>	<b>21.4%</b>

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

# Full Year Adjusted Operating Income by Segment

(Unaudited -- In millions)

## Year Ended December 31, 2017 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 242.0</b>	<b>\$ 235.6</b>	<b>\$ 477.6</b>
Amortization of purchased intangible assets	175.5	95.5	271.0
Restructuring costs, net	36.6	7.2	43.8
Equity-based compensation	24.4	17.5	41.9
Integration and transaction costs	47.9	0.2	48.0
<b>Non-GAAP adjusted operating income</b>	<b>\$ 526.3</b>	<b>\$ 356.0</b>	<b>\$ 882.3</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>18.7%</b>	<b>20.3%</b>	<b>19.3%</b>

## Year Ended December 31, 2016 Non-GAAP Adjusted Operating Income Reconciliation by Segment

	Connectivity Solutions	Mobility Solutions	Total
<b>Operating income, as reported</b>	<b>\$ 291.2</b>	<b>\$ 283.6</b>	<b>\$ 574.8</b>
Amortization of purchased intangible assets	195.9	101.3	297.2
Restructuring costs, net	27.1	15.8	42.9
Equity-based compensation	19.8	15.2	35.0
Asset impairments	38.6	—	38.6
Integration and transaction costs	59.1	3.3	62.3
Purchase accounting adjustments	0.6	—	0.6
<b>Non-GAAP adjusted operating income</b>	<b>\$ 632.3</b>	<b>\$ 419.1</b>	<b>\$ 1,051.4</b>
<b>Non-GAAP adjusted operating margin %</b>	<b>21.3%</b>	<b>21.4%</b>	<b>21.4%</b>

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

# Adjusted Net Income Reconciliation

(Unaudited – In millions)

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
<b>Operating income, as reported</b>	<b>\$ 91.7</b>	<b>\$ 119.4</b>	<b>\$ 477.6</b>	<b>\$ 574.8</b>
Adjustments:				
Amortization of purchased intangible assets	68.1	72.9	271.0	297.2
Restructuring costs, net	19.3	18.4	43.8	42.9
Equity-based compensation	10.3	8.4	41.9	35.0
Asset impairments	—	15.9	—	38.6
Integration and transaction costs	9.8	17.2	48.0	62.3
Purchase accounting adjustments	—	—	—	0.6
Total adjustments to operating income	107.5	132.8	404.7	476.6
<b>Non-GAAP adjusted operating income</b>	<b>\$ 199.1</b>	<b>\$ 252.2</b>	<b>\$ 882.3</b>	<b>\$ 1,051.4</b>
Income before income taxes, as reported	\$ 26.2	\$ 49.4	\$ 209.7	\$ 272.6
Income tax (expense) benefit, as reported	27.4	5.1	(16.0)	(49.7)
<b>Net income, as reported</b>	<b>\$ 53.6</b>	<b>\$ 54.5</b>	<b>\$ 193.8</b>	<b>\$ 222.8</b>
Adjustments:				
Total pretax adjustments to operating income	107.5	132.8	404.7	476.6
Pretax amortization of deferred financing costs & OID <sup>(1)</sup>	6.6	4.4	25.4	21.4
Pretax loss on debt transactions <sup>(2)</sup>	—	—	16.0	17.8
Pretax net investment gains <sup>(2)</sup>	—	—	(9.0)	(0.5)
Tax effects of adjustments and other tax items <sup>(3)</sup>	(76.6)	(71.1)	(210.5)	(218.9)
<b>Non-GAAP adjusted net income</b>	<b>\$ 91.1</b>	<b>\$ 120.6</b>	<b>\$ 420.4</b>	<b>\$ 519.2</b>
<b>Diluted EPS, as reported</b>	<b>\$ 0.27</b>	<b>\$ 0.28</b>	<b>\$ 0.98</b>	<b>\$ 1.13</b>
<b>Non-GAAP adjusted diluted EPS</b>	<b>\$ 0.47</b>	<b>\$ 0.61</b>	<b>\$ 2.14</b>	<b>\$ 2.64</b>

(1) Included in interest expense.

(2) Included in other 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. Given the complexities of the U.S. tax legislation enacted in late 2017, we applied a non-GAAP effective tax rate of 35% for the fourth quarter, consistent with the adjusted rate in prior quarters in 2017.

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

# Outlook GAAP to Non-GAAP Reconciliation

(Unaudited -- In millions)

	Outlook	
	Three Months Ended March 31, 2018	Full Year 2018
<b>Operating income</b>	<b>\$93 - \$108</b>	<b>\$615 - \$660</b>
Adjustments:		
Amortization of purchased intangible assets	\$70	\$265
Equity-based compensation	\$12	\$55
Restructuring costs, integration costs and other <sup>(1)</sup>	\$0 - \$5	\$0 - \$5
Total adjustments to operating income	\$82 - \$87	\$320 - \$325
<b>Non-GAAP adjusted operating income</b>	<b>\$175 - \$195</b>	<b>\$935 - \$985</b>
<b>Diluted earnings per share</b>	<b>\$0.13 - \$0.16</b>	<b>\$1.46 - \$1.58</b>
Adjustments <sup>(2)</sup> :		
Total adjustments to operating income	\$0.30 - \$0.32	\$1.20 - \$1.25
Debt-related costs and other special items <sup>(3)</sup>	\$0.01	\$(0.10) - \$(0.12)
<b>Non-GAAP adjusted diluted earnings per share</b>	<b>\$0.44 - \$0.49</b>	<b>\$2.56 - \$2.71</b>

(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.