

An aerial photograph of a city at sunset. A radio tower is visible on a hill in the upper left. The sky is filled with dramatic, dark clouds. The city lights are beginning to glow. Overlaid on the image are several colorful, semi-transparent geometric shapes: a large pink shape in the bottom left, a blue shape, a green shape, and a yellow shape, all pointing towards the right.

COMMSCOPE<sup>®</sup>

# Second Quarter 2020 Results

August 6, 2020

# Important Information

## 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 (including risks associated with the integration of the business and systems and that we may not realize estimated cost savings, synergies, growth or other anticipated benefits), 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; the scope, duration and impact of disease outbreaks and pandemics, such as COVID-19, on our business including employees, sites, operations, customers and supply chain; 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; the use of open standards; the long-term impact of climate change; 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 restrictive 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, including the risk and uncertainty related to tariffs or a potential global trade war that may impact our products; cost of protecting or defending intellectual property; costs and challenges of compliance with domestic and foreign environmental laws; the impact of litigation and similar regulatory proceedings that we are involved in or may become involved in, including the costs of such litigation; 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 2019 Annual Report on Form 10-K and our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and may be updated from time to time in our annual reports, quarterly reports, current reports and other filings we make with the Securities and Exchange Commission.

Although the information contained in this presentation represents our best judgment as of the date of this presentation 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 presentation, except as otherwise may be required by law.

## Use of Non-GAAP Financial Measures

CommScope management believes that presenting certain non-GAAP financial measures enhances an investor’s understanding of our financial performance. In addition, CommScope management believes that these non-GAAP financial measures are useful in assessing CommScope’s operating performance from period to period by excluding certain items that we believe are not representative of our core business. 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.



"The network connectivity we provide to our customers and business partners has never been more essential."

Eddie Edwards

President and Chief Executive Officer

# Second quarter results

(In \$millions, except per share amounts)

	1Q'20 Results	2Q'20 Results	Q/Q Change	<i>Results vs. Outlook</i>
<b>Net Sales</b> <sup>(1)</sup>	2,033	2,103	+3%	<i>Outperformance</i>
<b>Adj. EBITDA</b> <sup>(2)</sup>	231	280	+21%	<i>Significant outperformance</i>
<b>Adj. EPS</b> <sup>(2)</sup>	\$0.12	\$0.32	+167%	
<b>Adj. Free Cash Flow</b> <sup>(2)</sup>	(43)	217	NM	<i>Significant outperformance</i>

NM - Not meaningful

Second quarter performance better than expected. Given recent financial and operational strength, we expect results will continue to improve throughout 2020.

(1) Net sales as presented for 2Q'20, 1Q'20 include reductions of revenue related to deferred revenue acquisition accounting adjustments of \$5.2 million and \$5.5 million, respectively.

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

# Second quarter highlights

- **Broadband segment sales grew nearly 10% sequentially** as service providers increase network investments to maintain network capacity
- **Venue & Campus segment sales** remain impacted by soft enterprise demand, however sales improved sequentially and are expected to improve in the second half of the year
- **Disciplined expense control** drove our adjusted EBITDA upside as we continue to build a more efficient cost structure
- **Continuing to invest in core growth elements of the business** including in-building wireless, 5G and broadband networks of the future
- **Strong adjusted free cash flow generation** of over \$200 million, and we remain **on target to deliver more than \$400 million in FY20**

## July balance sheet highlights

- Repaid outstanding ABL balance of \$250 million and **plan to resume debt repayment in the third quarter** and evaluate additional opportunities before year-end
- Continue to take **decisive actions to enhance our financial flexibility** including the recent refinancing of \$700 million in senior unsecured notes

# Operating segment updates

## Venue and Campus Networks

- General construction delays due to COVID-19 related site access restrictions; project cancellations have been limited
- Education vertical seeing strong interest; New Zealand Ministry of Education largest deployment of Wi-Fi 6
- Continued strong hyperscale data center sales growth
- Strong DAS performance, particularly in North America led by numerous stadium projects including AT&T Stadium
- ONECELL® (cloud-RAN small cell architecture) gaining momentum with North American carriers

## Broadband Networks

- Momentum increased led by strong cable operator demand
- Significant increase in backlog of outside plant solutions to maintain network capacity
- Tier 1 telco operator spend slower as expected due to project timing
- Strength from North American tier 2/3 service providers and Rural Digital Opportunity Fund (RDOF) initiative expected to be a growth driver in 2021
- Focus on production capacity to meet demand and support growth potential in fiber cable portfolio

# Operating segment updates

## Home Networks

- Home Media Solutions (Video CPE) remains soft primarily due to continuing OTT trends and COVID-19 constraining video activations and impacting customer inventory levels
- Broadband gateway and modem market stable, sales increased sequentially
- Continued focus on optimizing operational and execution efficiency to maximize cash flow generation
- Focused on innovation
- Early success in IP streaming platforms

## Outdoor Wireless Networks

- 5G investments continuing in EU; some countries still finalizing their spectrum auctions/allocations
- Macroeconomic conditions pressuring sales in emerging markets
- Zoning delays and site access impacting metro cell deployments due to COVID-19
- Tier 1 North America carrier sales soft due to capital spend priorities and project timing; T-Mobile spending resumed in 2Q and remains on track for the year

# Global responsiveness and resilience



- CommScope's 20 manufacturing facilities worldwide have safely resumed normal operations
- Our global supply chain experience, coupled with our manufacturing base, enable us to flex production as situations change
- Our broad portfolio of solutions and services provide network operators an array of options for network builds and emergency support
- Our people quickly adapted to remote working, new health and safety procedures and travel restrictions, all while making strides in controlling costs



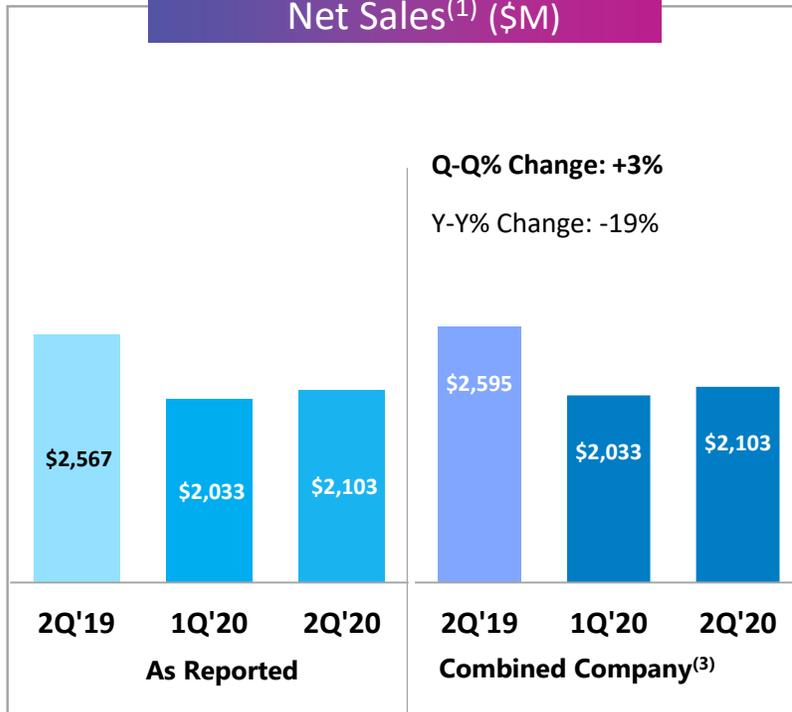
# Financial Review & Outlook

“While market conditions remain dynamic, we are focused on controlling what we can control, strengthening our liquidity position and improving our cost structure.”

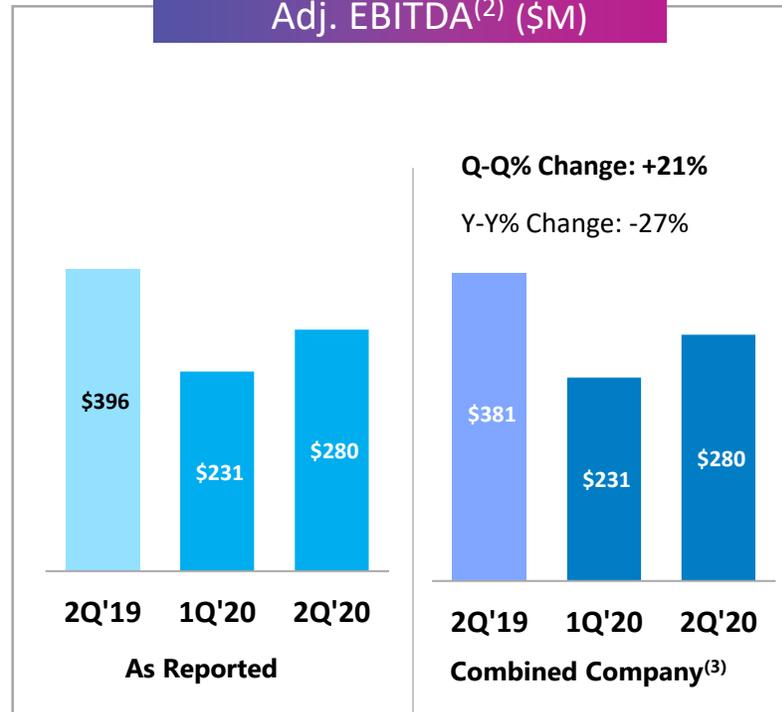
Alex Pease  
EVP and CFO

# CommScope 2Q'20 financial results

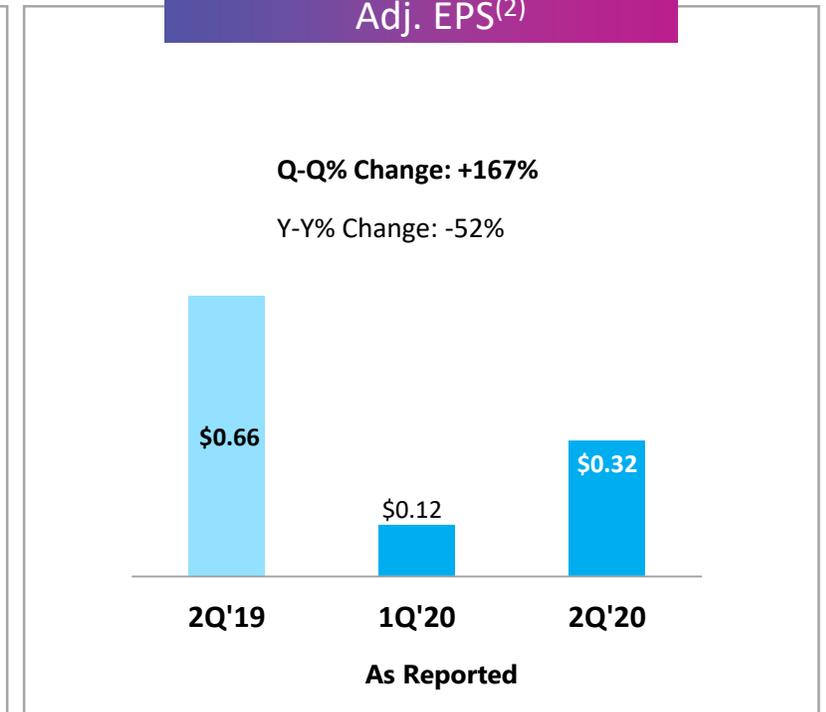
## Net Sales<sup>(1)</sup> (\$M)



## Adj. EBITDA<sup>(2)</sup> (\$M)



## Adj. EPS<sup>(2)</sup>



- Sequential growth led primarily by Broadband Networks
- COVID-19 negatively impacted all segments by ~\$50 million due to supply chain constraints
- Orders of \$2.2 billion; book-to-bill ratio of 1.04

- COVID-19 negative impact of ~\$30 million stemming from supply chain disruptions and other incremental costs
- Adj. EBITDA sequential increase primarily from Broadband Networks sales growth and operating expense control

- Sequential growth in adj. EPS driven by higher sales volumes and operating expense control

(1) Net sales as presented for 2Q'20, 1Q'20 and 2Q'19 include reductions of revenue related to deferred revenue acquisition accounting adjustments of \$5.2 million, \$5.5 million and \$18.3 million, respectively.

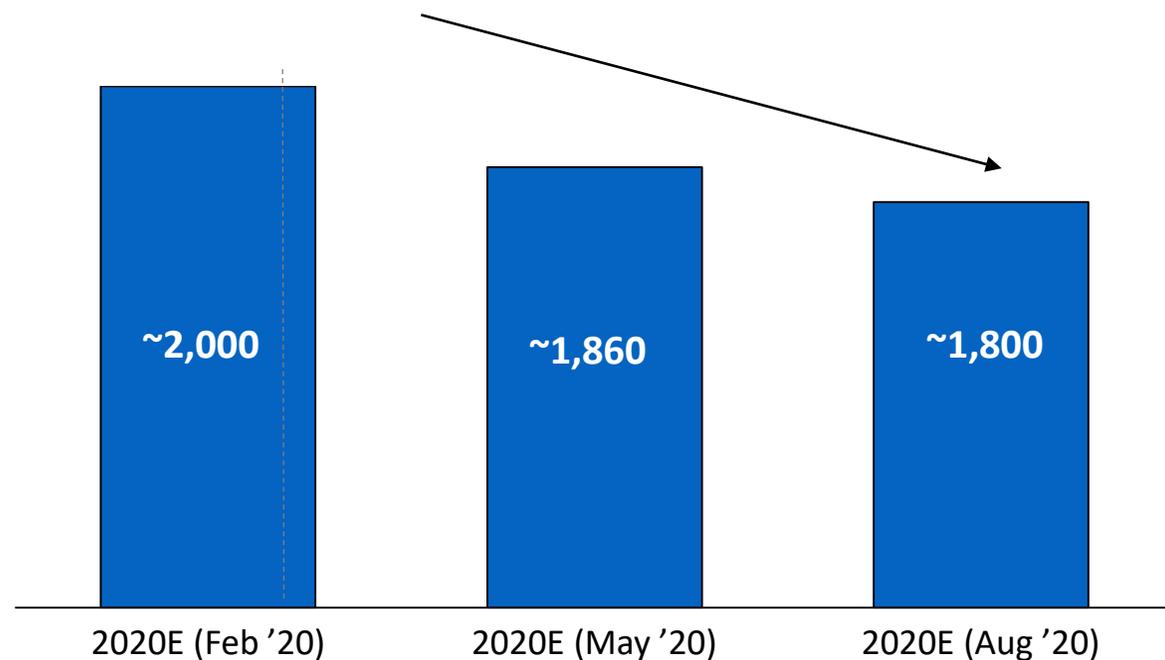
(2) See appendix for reconciliation of non-GAAP adjusted measures.

(3) For comparisons described as combined company, the second quarter of 2019 includes historical ARRIS results for the three days prior to the acquisition date, April 4, 2019.

# Reducing costs in response to the current environment

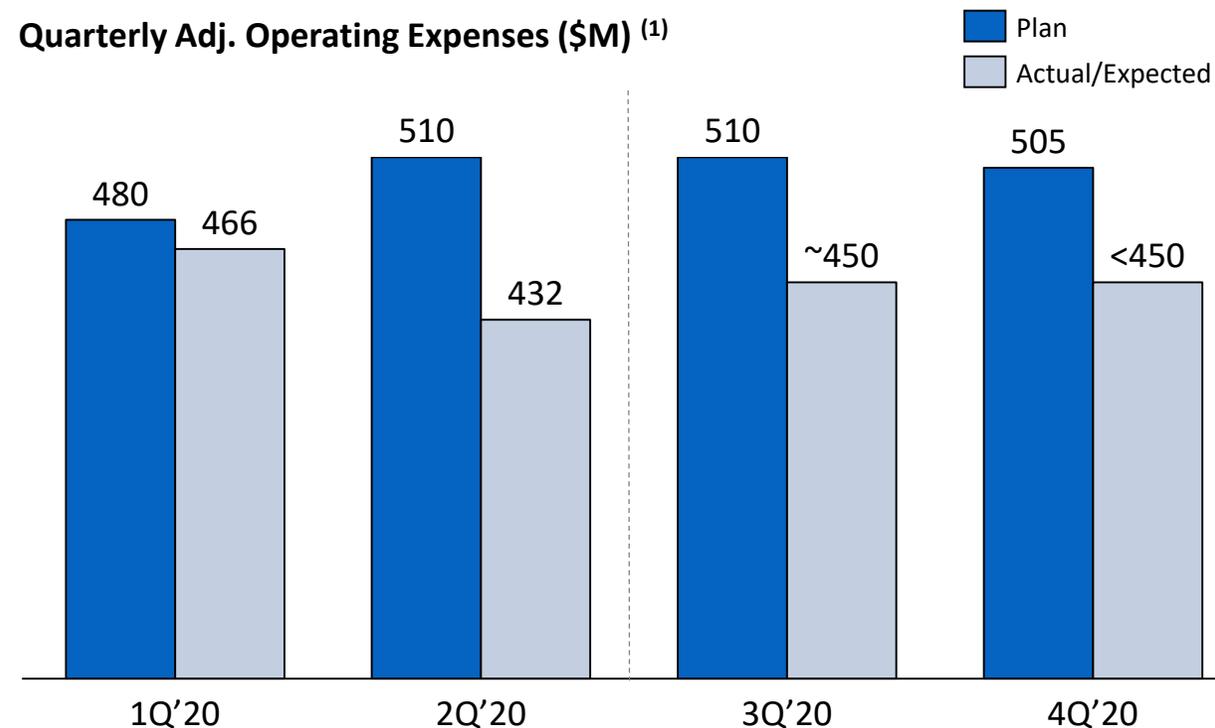
As the COVID-19 pandemic began to unfold we reacted quickly and we consistently lowered our 2020 operating expense expectations...

Full-Year Adj. Operating Expenses (\$M) <sup>(1)</sup>



...and we now expect to exit the year at a \$450 million quarterly run-rate.

Quarterly Adj. Operating Expenses (\$M) <sup>(1)</sup>



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

# Segment 2Q'20 financial results

## Venue and Campus Networks

### Net Sales <sup>(1)</sup> (\$M)



Q-Q% Change: +2%

Y-Y% Change: -13%

- Sequential growth led by China, Asia-Pacific and North America, partially offset by declines in Europe, India and Central and Latin America
- Sequential growth most pronounced in DAS, RUCKUS and indoor-fiber, partially offset by indoor-copper

### Adj. EBITDA <sup>(2)</sup> (\$M)



Q-Q% Change: Flat

Y-Y% Change: -50%

- Adj. EBITDA flat primarily due to operating expense control and higher sales volumes
- Offset by unfavorable mix, absorption and R&D investments

## Outdoor Wireless Networks

### Net Sales (\$M)



Q-Q% Change: -6%

Y-Y% Change: -28%

- Sequential decline primarily in North America and Middle East and Africa, partially offset by growth in Europe and Central and Latin America
- Sequential declines driven by both macro towers and metro layer

### Adj. EBITDA <sup>(2)</sup> (\$M)



Q-Q% Change: -15%

Y-Y% Change: -44%

- Adj. EBITDA decline primarily driven by lower sales volume and unfavorable geographic mix
- Partial offset from operating expense control

(1) Net sales as presented for 2Q'20, 1Q'20 and 2Q'19 include reductions of revenue related to deferred revenue acquisition accounting adjustments of \$1.7 million, \$2.2 million and \$4.3 million, respectively.

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

(3) Second quarter 2019 results are shown on a combined company basis and include historical ARRIS results for the three days prior to the acquisition date, April 4, 2019.

# Segment 2Q'20 financial results

## Broadband Networks

### Net Sales<sup>(1)</sup> (\$M)



- Sequential growth led by North America and Asia-Pacific, partially offset by declines in Central and Latin America and Europe.
- Sequential net sales improved within both Network Cable & Connectivity and Network & Cloud

**Q-Q% Change: +10%**

Y-Y% Change: Flat

### Adj. EBITDA<sup>(2)</sup> (\$M)



- Sequential adj. EBITDA growth primarily driven by higher sales volume and operating expense control

**Q-Q% Change: +40%**

Y-Y% Change: 20%

## Home Networks

### Net Sales<sup>(1)</sup> (\$M)



- Sequential growth led by North America, partially offset by declines in Central and Latin America and Europe
- Sequential growth primarily driven by growth in broadband carrier and retail gateways and modems, and some expedited video shipments

**Q-Q% Change: +4%**

Y-Y% Change: -32%

### Adj. EBITDA<sup>(2)</sup> (\$M)



- Sequential adj. EBITDA nearly tripled primarily driven by higher sales volume, favorable mix and operating expense control

**Q-Q% Change: +192%**

Y-Y% Change: -42%

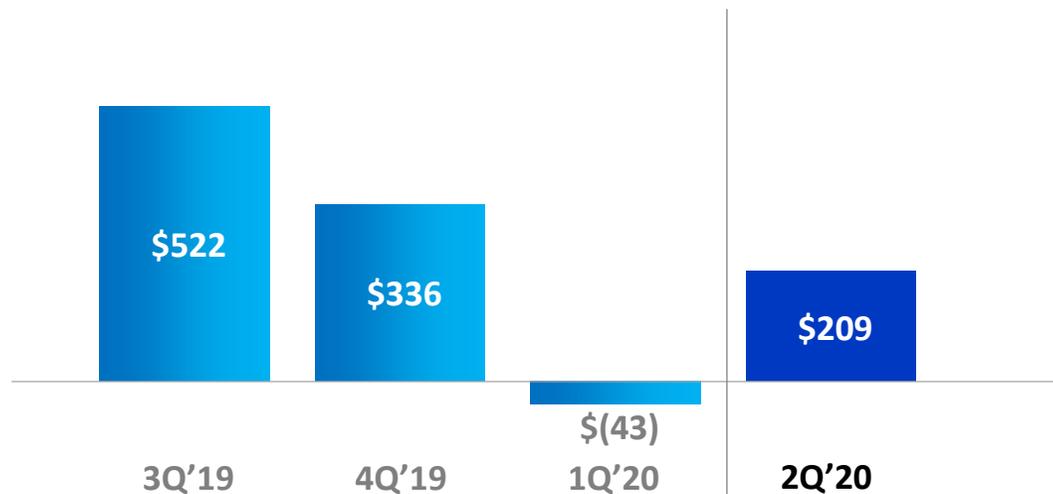
(1) Net sales as presented for 2Q'20, 1Q'20 and 2Q'19 include reductions of revenue related to deferred revenue acquisition accounting adjustments of \$3.0 million, \$2.8 million and \$13.3 million, respectively, for Broadband Networks and \$0.5 million, \$0.5 million and \$0.7 million, respectively, for Home Networks.

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

(3) Second quarter 2019 results are shown on a combined company basis and include historical ARRIS results for the three days prior to the acquisition date, April 4, 2019.

# Cash flow update

## GAAP Cash Flow from Operations <sup>(1)</sup>(\$M)



## Adj. Free Cash Flow <sup>(1) (2)</sup>(\$M)



- Strong cash flow from operations and adjusted free cash flow; well-above expectations
- Operating expense controls and sales above expectations; substantial working capital execution, significant improvements to DSO and DPO
- Expect positive cash flow through the remainder of 2020

(1) Cash Flow from Operations and Adj. Free Cash Flow include an unfavorable impact in 1Q'20 and a benefit in 4Q'19 of \$78 million due to payments that should have occurred in the fourth quarter of 2019 but were paid in the first quarter of 2020.

(2) See appendix for reconciliation of non-GAAP adjusted measures. Adjusted free cash flow is defined as free cash flow excluding transaction and integration costs and other special items.

# Strong liquidity & de-risked capital structure

## 6/30/20 Debt Maturities & Refinancing Plan

### Refinanced Debt

- 5.00% Notes due 2021 (par call)
- 5.50% Notes due 2024 (101.833 call)

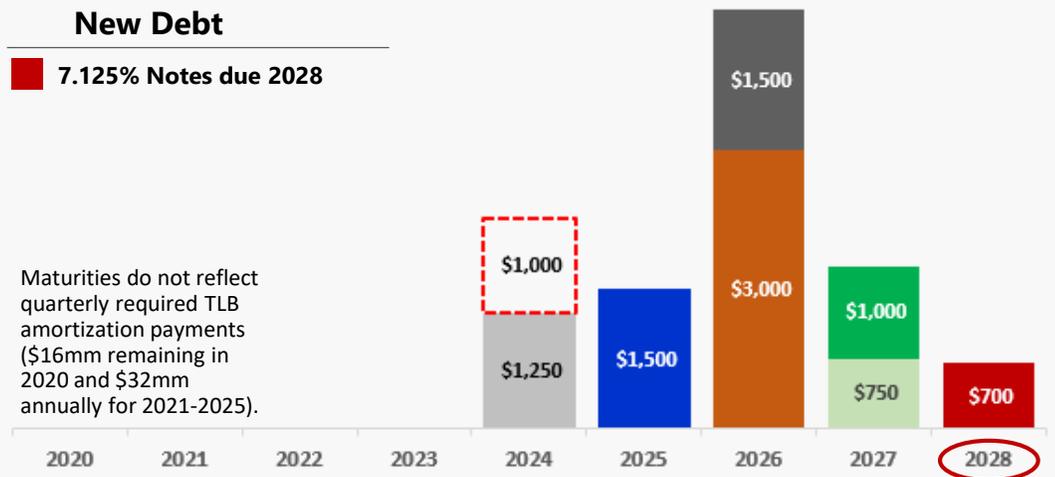


## Debt Maturities after July 2020 Refinancing

### New Debt

- 7.125% Notes due 2028

Maturities do not reflect quarterly required TLB amortization payments (\$16mm remaining in 2020 and \$32mm annually for 2021-2025).



## \$700 million debt refinancing completed in July 2020

- Redeemed \$50 million of 2021 Notes and \$650 million of 2024 Notes
- Issued \$700mm of 7.125% Unsecured Notes due 2028
- Together with over \$600 million of debt repaid over last 12 months, refinancing further de-risks balance sheet and substantially reduces debt maturities through 2024

## Cash & liquidity remain strong

- In July 2020, fully repaid precautionary \$250 million ABL revolver draw using cash on hand
- Ended 2Q'20 with available liquidity (cash + ABL borrowing capacity) in excess of \$1.3 billion
- Expect continued solid cash generation through YE 2020

## Continued focus on debt repayment & de-leveraging

- 7.1x net leverage as of 6/30/2020 <sup>(1)</sup>
- Long-term leverage target of 2.0x – 3.0x
- After tactical pause during Q2'20 related to COVID-19 uncertainties the Company plans to resume debt repayment in 3Q'20

(1) Net leverage based on combined company Adj. EBITDA of approximately \$1.3 billion (including \$65.9 million run-rate synergies and \$41.4 million of other cost savings initiatives). The Carlyle investment is characterized as equity. The ratio of net debt plus preferred equity to combined company Adj. EBITDA is ~7.9x.

## Confident in ability to navigate current market headwinds

Market	Demand Outlook	Key Near-Term Business Drivers		
 <b>Broadband Networks</b>		 <b>Network upgrades to relieve stress due to WFH, e-learning, tele-health</b>	 <b>Rural fiber deployments fueled by tier 2/3 operators and government funding</b>	 <b>Operators balancing investment with internal cash flow needs</b>
 <b>Outdoor Wireless Networks</b>		 <b>New spectrum deployments for 5G, C-band auctions, carrier M&amp;A</b>	 Temporary slowdown in urban network densification due to COVID-19	 <b>Declines in price of oil, currency impacts, and ROW operators' financial conditions</b>
 <b>Venue and Campus Networks</b>		 <b>Large public venue projects and backlog</b>	 Strong hyperscale data center pipeline offset by slowing enterprise data center investment	 <b>Core enterprise market weakness with pockets of opportunity as network use-cases change</b>
 <b>Home Networks</b>		 Global broadband device market stable	 <b>Video demand due to sports cancellations, OTT trends &amp; in-home install avoidance</b>	 <b>Customer inventory levels high but expect to normalize by year-end</b>

- Expect third quarter sales and non-GAAP adjusted EBITDA to improve modestly compared to the second quarter
- Confident in ability to build on momentum and improve sales and non-GAAP adjusted EBITDA in the fourth quarter



## Broadband Networks

### 3Q Outlook

- Upper-teens % sequential sales growth
  - Growth in Network Cable & Connectivity and Network & Cloud led by continued capacity investments

### 4Q Outlook

- Moderate sequential sales growth from 3Q



## Venue and Campus Networks

### 3Q Outlook

- Mid-single digit % sequential sales growth
  - Growth in indoor fiber, RUCKUS and indoor copper

### 4Q Outlook

- Essentially flat sales from 3Q



## Outdoor Wireless Networks

### 3Q Outlook

- Low-teens % sequential sales decline
  - North America carrier capex plans front-end loaded and continued emerging markets weakness

### 4Q Outlook

- Moderate sequential sales growth from 3Q



## Home Networks

### 3Q Outlook

- Mid-teens % sequential sales decline
  - Growth in Broadband gateways and modems offset by video declines

### 4Q Outlook

- Strong sequential sales growth from 3Q

## Other FY'20 Assumptions

Adj. effective tax rate of ~27%

Diluted share count of 239-240 million

Capital expenditures of ~\$100 million

Cash interest payments of ~\$525 million

Cash taxes of ~\$105 million

Restructuring, integration and transaction cash payments of \$110 - \$120 million

Adj. FCF of >\$400 million



## Closing Remarks

“Our talented employees quickly adapted to new ways of working, managed the global supply chain dynamically to mitigate the impacts of pandemic related disruptions and remain committed to building a stronger foundation for the future.”

Eddie Edwards

President and Chief Executive Officer

## Well-positioned for future growth and success

- **Efficient cost structure** focused on reshaping and transforming our business
- **Strong cash flow** enables plans to resume debt paydown
- We are driven to **deliver lasting connectivity**, keeping people and things connected
- **Maintaining our culture** and keeping our employees safe continues to be a priority
- **Global reach enabled us to be resilient and flexible** with our global supply chain to quickly address regional market challenges
- **Visibility** is improving and our business is **stabilizing**
- We are committed to **de-risking our capital structure** and remain optimistic



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Q&A

Second Quarter 2020 Results

now meets next

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Appendix

# Statement of Operations

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
Net sales	\$ 2,102.8	\$ 2,566.7	\$ 4,136.0	\$ 3,666.3
Cost of sales	1,446.7	1,906.7	2,838.7	2,608.2
Gross profit	656.1	660.0	1,297.3	1,058.1
Operating expenses:				
Selling, general and administrative	290.9	480.9	602.0	666.3
Research and development	176.1	177.8	356.5	228.0
Amortization of purchased intangible assets	157.6	164.1	315.4	223.5
Restructuring costs, net	19.6	46.4	43.3	58.8
Asset impairments	206.7	—	206.7	—
Total operating expenses	850.9	869.2	1,523.9	1,176.6
Operating loss	(194.8)	(209.2)	(226.6)	(118.5)
Other income (expense), net	(0.8)	0.7	(13.3)	(5.0)
Interest expense	(141.4)	(165.3)	(290.5)	(262.8)
Interest income	0.8	2.3	2.9	14.1
Loss before income taxes	(336.2)	(371.5)	(527.5)	(372.2)
Income tax benefit	15.1	37.5	46.5	35.9
Net loss	(321.1)	(334.0)	(481.0)	(336.3)
Series A convertible preferred stock dividend	(13.9)	(13.1)	(27.7)	(13.1)
Deemed dividend on Series A convertible preferred stock	—	(3.0)	—	(3.0)
Net loss attributable to common stockholders	\$ (335.0)	\$ (350.1)	\$ (508.7)	\$ (352.4)
Loss per share:				
Basic	\$ (1.71)	\$ (1.81)	\$ (2.60)	\$ (1.82)
Diluted (a)	\$ (1.71)	\$ (1.81)	\$ (2.60)	\$ (1.82)
Weighted average shares outstanding:				
Basic	195.9	193.6	195.4	193.2
Diluted (a)	195.9	193.6	195.4	193.2
(a) Calculation of diluted loss per share:				
Net loss (basic and diluted)	\$ (335.0)	\$ (350.1)	\$ (508.7)	\$ (352.4)
Weighted average shares (basic)	195.9	193.6	195.4	193.2
Dilutive effect of equity-based awards	—	—	—	—
Denominator (diluted)	195.9	193.6	195.4	193.2

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

# Balance Sheet

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

	Unaudited	
	June 30, 2020	December 31, 2019
<b>Assets</b>		
Cash and cash equivalents	\$ 823.4	\$ 598.2
Accounts receivable, less allowance for doubtful accounts of \$43.4 and \$35.4, respectively	1,649.3	1,698.8
Inventories, net	1,038.4	975.9
Prepaid expenses and other current assets	236.7	238.9
Total current assets	3,747.8	3,511.8
Property, plant and equipment, net of accumulated depreciation of \$624.3 and \$553.8, respectively	681.4	723.8
Goodwill	5,231.2	5,471.7
Other intangible assets, net	3,944.6	4,263.6
Other noncurrent assets	533.2	460.7
Total assets	<u>\$ 14,138.2</u>	<u>\$ 14,431.6</u>
<b>Liabilities and Stockholders' Equity</b>		
Accounts payable	\$ 1,222.1	\$ 1,148.0
Accrued and other liabilities	887.3	862.0
Current portion of long-term debt	32.0	32.0
Total current liabilities	2,141.4	2,042.0
Long-term debt	9,946.8	9,800.4
Deferred income taxes	196.2	215.1
Other noncurrent liabilities	526.3	537.8
Total liabilities	12,810.7	12,595.3
Commitments and contingencies		
Series A convertible preferred stock, \$0.01 par value	1,027.7	1,000.0
Stockholders' equity:		
Preferred stock, \$0.01 par value: Authorized shares: 200,000,000; Issued and outstanding shares: 1,027,689 Series A convertible preferred stock	—	—
Common stock, \$0.01 par value: Authorized shares: 1,300,000,000; Issued and outstanding shares: 195,997,230 and 194,563,530, respectively	2.0	2.0
Additional paid-in capital	2,474.3	2,445.1
Retained earnings (accumulated deficit)	(1,660.3)	(1,179.3)
Accumulated other comprehensive loss	(275.4)	(197.0)
Treasury stock, at cost: 8,021,551 shares and 7,411,382 shares, respectively	(240.8)	(234.5)
Total stockholders' equity	299.8	836.3
Total liabilities and stockholders' equity	<u>\$ 14,138.2</u>	<u>\$ 14,431.6</u>

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

# Statement of Cash Flows

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

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
<b>Operating Activities:</b>				
Net loss	\$ (321.1)	\$ (334.0)	\$ (481.0)	\$ (336.3)
Adjustments to reconcile net loss to net cash generated by (used in) operating activities:				
Depreciation and amortization	203.5	217.3	408.9	301.0
Equity-based compensation	32.5	23.1	56.0	30.7
Deferred income taxes	(31.1)	(104.8)	(69.4)	(105.4)
Asset impairments	206.7	—	206.7	—
Changes in assets and liabilities:				
Accounts receivable	(35.5)	(153.3)	33.5	(304.0)
Inventories	(124.1)	194.6	(73.5)	132.2
Prepaid expenses and other assets	(3.5)	48.6	11.7	24.2
Accounts payable and other liabilities	279.9	(137.1)	62.7	(1.0)
Other	1.8	(6.1)	10.7	(3.0)
Net cash generated by (used in) operating activities	209.1	(251.7)	166.3	(261.6)
<b>Investing Activities:</b>				
Additions to property, plant and equipment	(23.8)	(26.6)	(47.7)	(48.0)
Proceeds from sale of property, plant and equipment	—	0.1	0.1	0.8
Acquisition funds held in escrow	—	3,750.0	—	—
Cash paid for ARRIS acquisition, net of cash acquired	—	(5,038.9)	—	(5,049.9)
Cash paid for Cable Exchange acquisition	—	(11.0)	—	(11.0)
Other	—	6.7	—	6.6
Net cash used in investing activities	(23.8)	(1,319.7)	(47.6)	(5,101.5)
<b>Financing Activities:</b>				
Long-term debt repaid	(8.0)	(2,328.3)	(116.0)	(2,553.3)
Long-term debt proceeds	250.0	3,183.0	250.0	6,933.0
Debt issuance costs	—	(108.9)	—	(118.1)
Series A convertible preferred stock proceeds	—	1,000.0	—	1,000.0
Deemed dividend paid on Series A convertible preferred stock	—	(3.0)	—	(3.0)
Proceeds from the issuance of common shares under equity-based compensation plans	—	1.5	0.9	2.7
Tax withholding payments for vested equity-based compensation awards	(0.4)	(1.8)	(6.3)	(9.3)
Net cash generated by financing activities	241.6	1,742.5	128.6	5,252.0
Effect of exchange rate changes on cash and cash equivalents	2.2	0.5	(22.1)	0.9
Change in cash and cash equivalents	429.1	171.6	225.2	(110.2)
Cash and cash equivalents at beginning of period	394.3	176.4	598.2	458.2
Cash and cash equivalents at end of period	\$ 823.4	\$ 348.0	\$ 823.4	\$ 348.0

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

# Adjusted EBITDA and Net Income Reconciliation

CommScope Holding Company, Inc.  
 Reconciliation of GAAP Measures to Non-GAAP Adjusted Measures  
 (Unaudited -- In millions, except per share amounts)

	Three Months Ended		Three Months Ended		Six Months Ended	
	March 30,		June 30,		June 30,	
	2020	2020	2019	2020	2019	
<b>Net loss, as reported</b>	\$ (159.9)	\$ (321.1)	\$ (334.0)	\$ (481.0)	\$ (336.3)	
Income tax benefit, as reported	(31.4)	(15.1)	(37.5)	(46.5)	(35.9)	
Interest income, as reported	(2.1)	(0.8)	(2.3)	(2.9)	(14.1)	
Interest expense, as reported	149.1	141.4	165.3	290.5	262.8	
Other (income) expense, net, as reported	12.5	0.8	(0.7)	13.3	5.0	
Operating loss, as reported	\$ (31.8)	\$ (194.8)	\$ (209.2)	\$ (226.6)	\$ (118.5)	
Adjustments:						
Amortization of purchased intangible assets	157.8	157.6	164.1	315.4	223.5	
Restructuring costs, net	23.7	19.6	46.4	43.3	58.8	
Equity-based compensation	23.5	32.5	23.1	56.0	30.7	
Asset Impairments	—	206.7	—	206.7	—	
Transaction and integration costs	5.4	7.6	167.0	13.0	187.7	
Acquisition accounting adjustments	5.5	5.2	164.1	10.7	164.1	
Patent claims and litigation	5.3	7.5	—	12.8	—	
Depreciation	41.8	37.9	40.1	79.7	57.8	
Total adjustments to operating loss	263.0	474.5	604.8	737.6	722.6	
<b>Non-GAAP adjusted EBITDA</b>	\$ 231.2	\$ 279.8	\$ 395.6	\$ 511.0	\$ 604.1	
<b>Net loss, as reported</b>	\$ (159.9)	\$ (321.1)	\$ (334.0)	\$ (481.0)	\$ (336.3)	
Adjustments:						
Total pretax adjustments to adjusted EBITDA	221.2	436.7	564.7	657.9	664.8	
Pretax amortization of debt issuance costs & OID <sup>(1)</sup>	6.9	6.7	11.4	13.7	18.1	
Pretax acquisition related interest <sup>(1)</sup>	—	—	2.8	—	30.2	
Tax effects of adjustments and other tax items <sup>(2)</sup>	(41.0)	(45.3)	(92.1)	(86.6)	(131.1)	
<b>Non-GAAP adjusted net income</b>	\$ 27.2	\$ 76.9	\$ 152.8	\$ 104.0	\$ 245.7	
<b>GAAP EPS, as reported</b> <sup>(3)</sup>	\$ (0.89)	\$ (1.71)	\$ (1.81)	\$ (2.60)	\$ (1.82)	
<b>Non-GAAP adjusted diluted EPS</b> <sup>(4)</sup>	\$ 0.12	\$ 0.32	\$ 0.66	\$ 0.44	\$ 1.15	

(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.

(3) For the three and six months ended June 30, 2020 and 2019, GAAP EPS was calculated using net loss attributable to common stockholders, which includes the impact of the Series A convertible preferred stock dividend, in the numerator because of the net loss position.

(4) The Company's definition of non-GAAP adjusted diluted EPS is non-GAAP adjusted net income, excluding the Series A convertible preferred stock dividend, divided by weighted average shares outstanding assuming the if-converted method, which reflects the conversion of the Series A convertible preferred stock.

Note: Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

# Sales by Region

**CommScope Holding Company, Inc.**  
**Sales by Region**  
 (Unaudited – In millions)

**Sales by Region**

	<u>Q2 2020</u>	<u>Q1 2020</u>	<u>Q2 2019</u>	<u>% Change</u> <u>Sequential</u>	<u>%</u> <u>Change</u> <u>YOY</u>
United States	\$ 1,353.6	\$ 1,220.4	\$ 1,500.7	10.9 %	(9.8)%
Europe, Middle East and Africa	359.0	395.0	471.3	(9.1)	(23.8)
Asia Pacific	201.9	177.6	267.4	13.7	(24.5)
Caribbean and Latin America	124.0	158.4	225.4	(21.7)	(45.0)
Canada	64.3	81.8	101.9	(21.4)	(36.9)
<b>Total net sales</b>	<u>\$ 2,102.8</u>	<u>\$ 2,033.2</u>	<u>\$ 2,566.7</u>	3.4 %	(18.1)%

# Sales and Adjusted EBITDA by Segment

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

### Sales by Segment <sup>(1)</sup>

	Q2 2020	Q1 2020	Combined Company <sup>(2)</sup> Q2 2019	% Change Sequential	% Change YOY
Broadband	\$ 671.9	\$ 613.4	\$ 673.3	9.5 %	(0.2) %
Home	624.0	601.4	912.4	3.8 %	(31.6) %
Outdoor Wireless	328.4	348.9	458.1	(5.9) %	(28.3) %
Venue and Campus	478.5	469.5	551.5	1.9 %	(13.2) %
<b>Total net sales</b>	<b>\$ 2,102.8</b>	<b>\$ 2,033.2</b>	<b>\$ 2,595.3</b>	<b>3.4 %</b>	<b>(19.0) %</b>

### Segment Adjusted EBITDA <sup>(1)</sup>

	Q2 2020	Q1 2020	Combined Company <sup>(2)</sup> Q2 2019	% Change Sequential	% Change YOY
Broadband	\$ 130.2	\$ 92.7	\$ 108.0	40.5 %	20.6 %
Home	35.4	11.9	60.3	197.5 %	(41.3) %
Outdoor Wireless	76.0	88.9	136.3	(14.5) %	(44.2) %
Venue and Campus	38.2	37.7	76.0	1.3 %	(49.7) %
<b>Total segment adjusted EBITDA</b>	<b>\$ 279.8</b>	<b>\$ 231.2</b>	<b>\$ 380.5</b>	<b>21.0 %</b>	<b>(26.5) %</b>

(1) As of January 1, 2020, the Company began reporting in the following four operating segments: Broadband Networks, Home Networks, Outdoor Wireless Networks and Venue and Campus Networks. All prior period amounts have been restated to reflect these operating segment changes.

(2) Combined company results include the consolidated company results previously reported and the ARRIS business results for the three days prior to the acquisition date, April 4, 2019.

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

# Adjusted EBITDA Reconciliation by Segment

CommScope Holding Company, Inc.  
Reconciliation of GAAP to Segment Adjusted EBITDA  
(Unaudited -- In millions)

**Second Quarter 2020 Segment Adjusted EBITDA Reconciliation <sup>(1)</sup>**

	Broadband	Home	Outdoor Wireless	Venue and Campus	Total
<b>Operating income (loss), as reported</b>	\$ 8.9	\$ (222.9)	\$ 51.4	\$ (32.2)	\$ (194.8)
Amortization of purchased intangible assets	76.8	26.0	11.4	43.4	157.5
Restructuring costs, net	8.9	4.9	3.9	1.9	19.6
Equity-based compensation	12.5	6.2	3.8	9.9	32.5
Asset impairments	—	206.7	—	—	206.7
Transaction and integration costs	2.7	1.4	1.4	2.1	7.6
Purchase accounting adjustments	3.0	0.5	—	1.7	5.2
Patent claims and litigation	3.0	4.5	—	—	7.5
Depreciation	14.5	8.0	4.0	11.4	37.9
<b>Segment adjusted EBITDA</b>	\$ 130.2	\$ 35.4	\$ 76.0	\$ 38.2	\$ 279.8
<b>Segment adjusted EBITDA % of sales</b>	<b>19.4%</b>	<b>5.7%</b>	<b>23.1%</b>	<b>8.0%</b>	<b>13.3%</b>

**First Quarter 2020 Segment Adjusted EBITDA Reconciliation <sup>(1)</sup>**

	Broadband	Home	Outdoor Wireless	Venue and Campus	Total
<b>Operating income (loss), as reported</b>	\$ (18.6)	\$ (37.6)	\$ 65.0	\$ (40.6)	\$ (31.8)
Amortization of purchased intangible assets	77.0	26.0	11.6	43.3	157.8
Restructuring costs, net	5.2	2.4	4.1	12.0	23.7
Equity-based compensation	9.0	4.5	2.8	7.1	23.5
Transaction and integration costs	1.7	0.9	0.9	1.9	5.4
Purchase accounting adjustments	2.8	0.5	—	2.2	5.5
Patent claims and litigation	—	5.3	—	—	5.3
Depreciation	15.6	10.0	4.5	11.7	41.8
<b>Segment adjusted EBITDA</b>	\$ 92.7	\$ 11.9	\$ 88.9	\$ 37.7	\$ 231.2
<b>Segment adjusted EBITDA % of sales</b>	<b>15.1%</b>	<b>2.0%</b>	<b>25.5%</b>	<b>8.0%</b>	<b>11.4%</b>

**Second Quarter 2019 Segment Adjusted EBITDA Reconciliation <sup>(1)</sup>**

	Broadband	Home	Outdoor Wireless	Venue and Campus	Combined Company (2) Total
<b>Operating income (loss), as reported</b>	\$ (203.5)	\$ (28.7)	\$ 104.5	\$ (100.5)	\$ (228.2)
Amortization of purchased intangible assets	73.0	35.2	12.3	46.4	166.9
Restructuring costs, net	23.1	15.1	1.9	6.2	46.4
Equity-based compensation	9.7	3.8	3.4	6.9	23.7
Transaction and integration costs	109.8	1.2	9.7	46.4	167.0
Purchase accounting adjustments	80.0	24.0	—	60.1	164.1
Depreciation	15.9	9.7	4.5	10.6	40.7
<b>Segment adjusted EBITDA</b>	\$ 108.0	\$ 60.3	\$ 136.3	\$ 76.0	\$ 380.5
<b>Segment adjusted EBITDA % of sales</b>	<b>16.0%</b>	<b>6.6%</b>	<b>29.8%</b>	<b>13.8%</b>	<b>14.7%</b>

(1) As of January 1, 2020, the Company began reporting in the following four operating segments: Broadband Networks (Broadband), Home Networks (Home), Outdoor Wireless Networks (OWN) and Venue & Campus Networks (VCN). All prior period amounts have been restated to reflect these operating segment changes.

(2) Combined company results include the consolidated company results previously reported and the ARRIS business results for the three days prior to the acquisition date, April 4, 2019.

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

# Adjusted Free Cash Flow Reconciliation

**CommScope Holding Company, Inc.**  
**Adjusted Free Cash Flow**  
**(Unaudited -- In millions)**

**Adjusted Free Cash Flow**

	<u>Q2 2019</u>	<u>Q3 2019</u>	<u>Q4 2019</u>	<u>Q1 2020</u>	<u>Q2 2020</u>
<b>Cash flow from operations</b>	<b>\$ (251.7)</b>	<b>\$ 522.1</b>	<b>\$ 336.0</b>	<b>\$ (42.7)</b>	<b>\$ 209.1</b>
Capital expenditures	(26.6)	(24.3)	(31.8)	(23.9)	(23.8)
<b>Free cash flow</b>	<b>(278.3)</b>	<b>497.8</b>	<b>304.2</b>	<b>(66.6)</b>	<b>185.3</b>
Transaction and integration costs	187.8	10.0	5.5	3.4	9.1
Restructuring	23.9	27.2	12.9	20.1	23.0
<b>Adjusted Free Cash Flow</b>	<b><u>\$ (66.6)</u></b>	<b><u>\$ 535.0</u></b>	<b><u>\$ 322.6</u></b>	<b><u>\$ (43.1)</u></b>	<b><u>\$ 217.4</u></b>

See Description of Non-GAAP Financial Measures

# Adjusted Gross Profit and Adjusted Operating Expense

**CommScope Holding Company, Inc.**  
**Quarterly Adjusted Gross Profit and Adjusted Operating Expense**  
**(Unaudited -- In millions)**

**GAAP to Non-GAAP Adjusted Gross Profit**

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
<b>Gross profit, as reported</b>	<b>\$ 660.0</b>	<b>\$ 609.9</b>	<b>\$ 736.2</b>	<b>\$ 641.2</b>	<b>\$ 656.1</b>
Equity-based compensation	3.1	3.7	5.8	3.8	5.2
Acquisition accounting adjustments	164.1	108.7	(8.6)	5.5	5.2
Patent claims and litigation	—	55.0	—	5.3	7.5
<b>Adjusted gross profit</b>	<b>\$ 827.2</b>	<b>\$ 777.3</b>	<b>\$ 733.4</b>	<b>\$ 655.8</b>	<b>\$ 674.0</b>
<b>Adjusted gross profit as % of sales</b>	<b>32.2%</b>	<b>32.7%</b>	<b>31.9%</b>	<b>32.3%</b>	<b>32.1%</b>

**GAAP to Non-GAAP Adjusted Operating Expense**

	Q2 2019	Q3 2019	Q4 2019	Q1 2020	Q2 2020
<b>Selling, general and administrative, as reported</b>	<b>\$ 480.9</b>	<b>\$ 305.8</b>	<b>\$ 305.1</b>	<b>\$ 311.1</b>	<b>\$ 290.9</b>
<b>Research and development, as reported</b>	<b>177.8</b>	<b>171.5</b>	<b>179.1</b>	<b>180.4</b>	<b>176.1</b>
<b>Operating expenses</b>	<b>\$ 658.7</b>	<b>\$ 477.3</b>	<b>\$ 484.2</b>	<b>\$ 491.5</b>	<b>\$ 467.0</b>
Equity-based compensation	20.0	24.3	26.2	19.7	27.3
Transaction and integration costs	167.0	2.2	5.3	5.4	7.6
<b>Adjusted operating expense</b>	<b>\$ 471.7</b>	<b>\$ 450.8</b>	<b>\$ 452.7</b>	<b>\$ 466.4</b>	<b>\$ 432.1</b>
<b>Adjusted operating expense as % of sales</b>	<b>18.4%</b>	<b>18.9%</b>	<b>19.7%</b>	<b>22.9%</b>	<b>20.5%</b>

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