



Third Quarter 2018 Results

November 8, 2018



Safe Harbor

Caution Regarding Forward Looking Statements

This presentation 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, 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 systems and to implement major systems initiatives successfully; 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 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 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, including the risk and uncertainty related to tariffs or a potential global trade war that may impact our products; costs 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 and in Part II, Item 1A, Risk Factors, of this report. Although the information contained in this Quarterly Report on Form 10-Q 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.

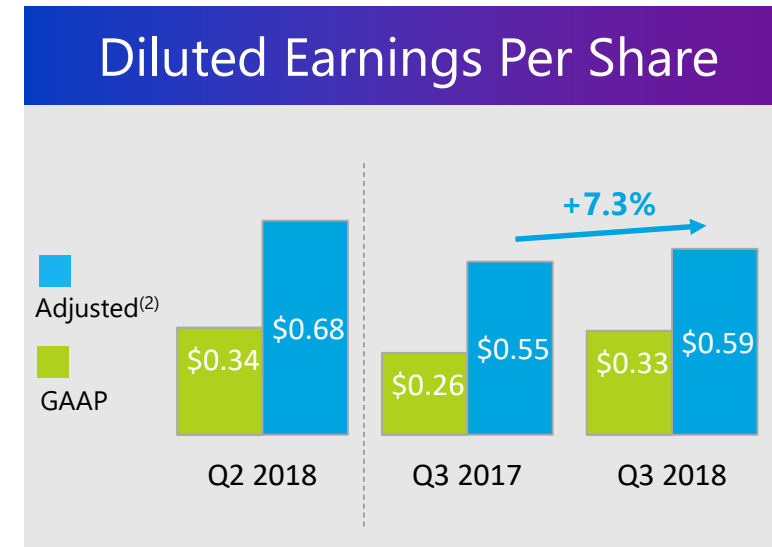
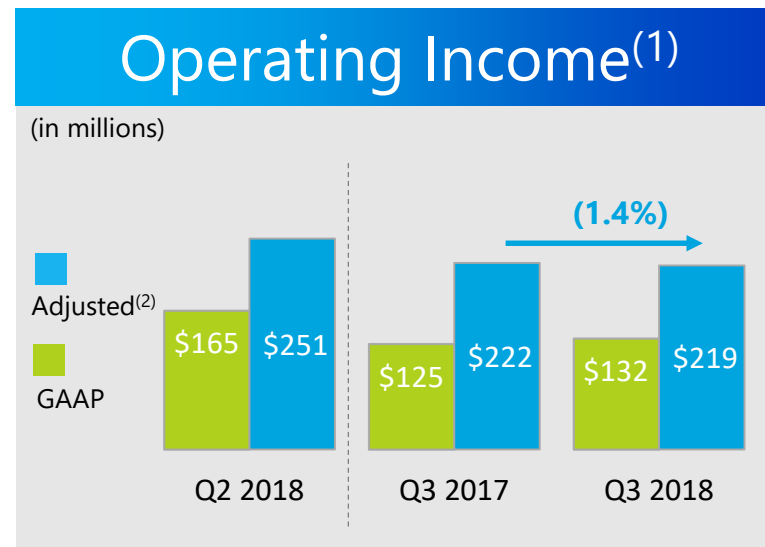
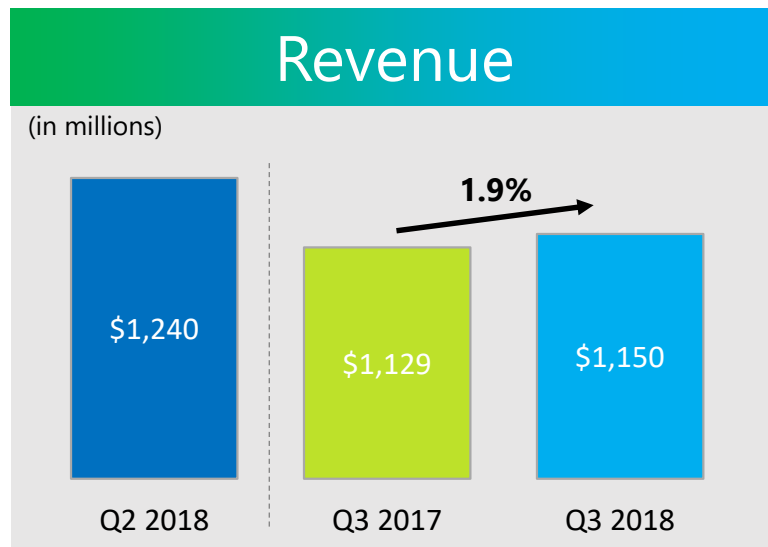
Non-GAAP Financial Measures

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

- Third quarter 2018 results
- Cash flow and liquidity
- Identifying growth opportunities
- Fourth quarter and full year 2018 outlook

Q3 2018 Results



Sales & Orders:

- Sales of \$1.15 billion, up 1.9% YOY
 - Growth in North America and EMEA
- Orders of \$1.04 billion
 - Book-to-bill ratio of 0.90

Operating Results:

- Operating Income of \$132 million
- Non-GAAP Adjusted Operating Income⁽²⁾ of \$219 million, or 19% of sales

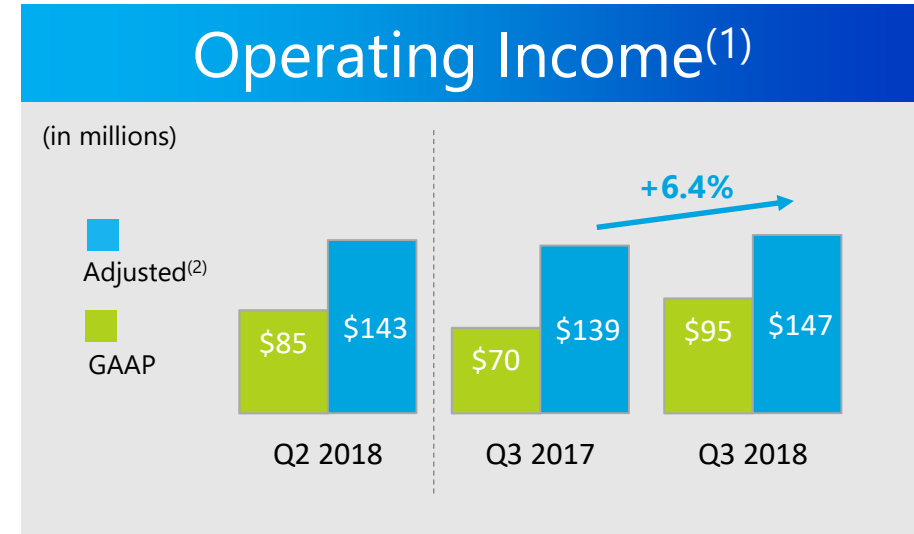
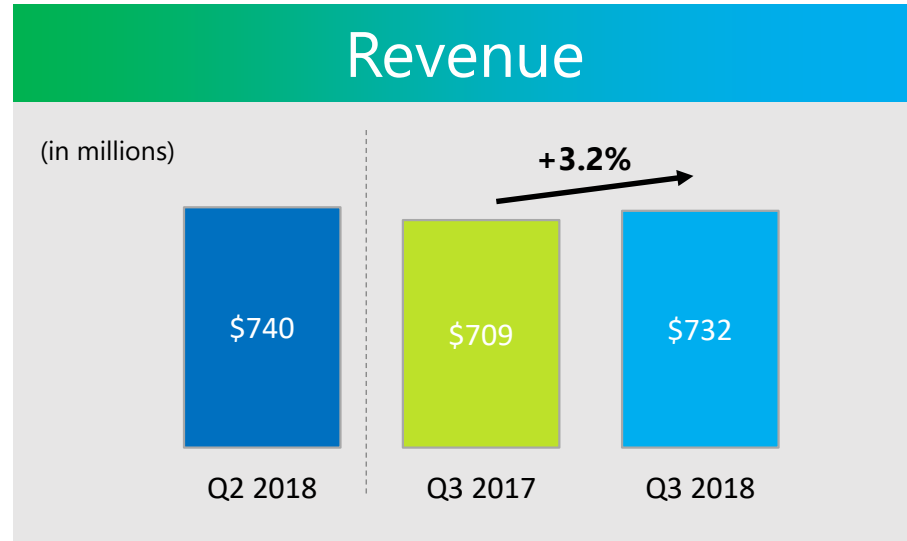
Net Income & EPS:

- Net Income of \$64 million, or \$0.33 per diluted share
- Non-GAAP Adjusted Net Income⁽²⁾ of \$115 million, or \$0.59 per diluted share
- Adjusted effective tax rate of 29.4%

(1) Q3 2017 results reflect a reclassification of certain components of pension and other postretirement benefit expense from operating income to other income (expense), net as required by ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

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

CommScope Connectivity Solutions (CCS)

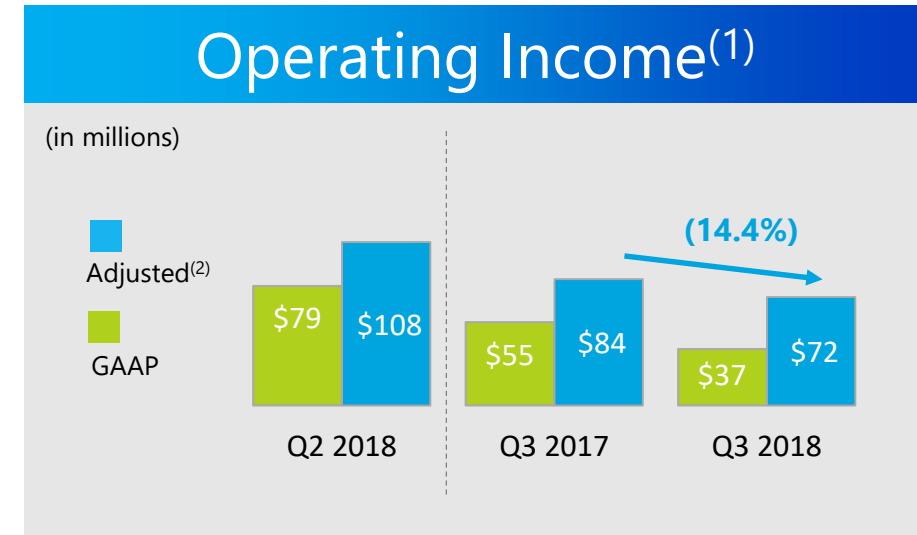
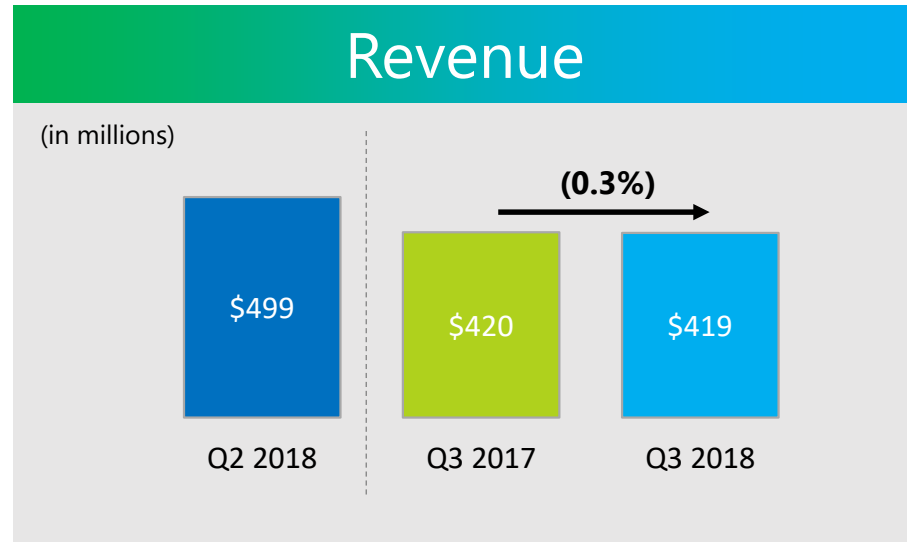


- High-single-digit growth in the North America market, partially offset by declines in the APAC region
- Double-digit Outdoor Network Solutions growth, partially offset by a decline in Indoor Copper
- Stronger sales volumes were partially offset by lower selling prices, higher input costs and unfavorable foreign exchange

(1) Q3 2017 results reflect a reclassification of certain components of pension and other postretirement benefit expense from operating income to other income (expense), net as required by ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

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

CommScope Mobility Solutions (CMS)



- Growth in the North America market and EMEA region, partially offset by declines in the APAC region and Latin America
- Stronger sales volumes and geographic mix more than offset by lower selling prices
- First net rollout continues

(1) Q3 2017 results reflect a reclassification of certain components of pension and other postretirement benefit expense from operating income to other income (expense), net as required by ASU No. 2017-07, *Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost*.

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

Cash Flow and Liquidity

Repaid \$400 million in debt in Q3 – Total of \$1.4 billion since BNS acquisition – Net leverage down to 3.9x

(in millions)	Q3 2017	Q3 2018	LTM Q3 2017	LTM Q3 2018
Cash flow from operations	\$ 145	\$ 227	\$ 425	\$ 613
Capital expenditures, net of capex related to BNS integration	(21)	(25)	(69)	(73)
Cash paid for integration & transaction costs	12	-	59	8
Adjusted free cash flow	\$ 137	\$ 202	\$ 415	\$ 548
Cash taxes paid	\$ 26	\$ 31	\$ 178	\$ 93
Cash interest paid	\$ 28	\$ 26	\$ 238	\$ 229

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

Liquidity of \$874 million – no debt maturities until 2021

Cash and Cash Equivalents: \$352 million

Availability under Revolver: \$522 million

Outlook ⁽¹⁾

Q4 2018 Guidance

- Sales of \$1.015 billion - \$1.065 billion
- Operating income of \$60 million - \$83 million
- Non-GAAP adjusted operating income of \$145 million - \$170 million
- Non-GAAP adjusted effective tax rate of approximately 29% - 30%
- Loss per share of \$(0.12) - \$(0.14), based on 192 million weighted average basic shares
- Non-GAAP adjusted earnings per diluted share of \$0.34 - \$0.39, based on 195 million weighted average diluted shares

Full Year 2018 Guidance

- Sales of \$4.525 billion - \$4.575 billion
- Operating income of \$461 million - \$484 million
- Non-GAAP adjusted operating income of \$804 million - \$829 million
- Non-GAAP adjusted effective tax rate of approximately 29% - 30%
- Earnings per diluted share of \$0.70 - \$0.72, based on 195 million weighted average diluted shares
- Non-GAAP adjusted earnings per diluted share of \$2.09 - \$2.14
- Cash flow from operations > \$480 million

(1) Assumes relatively stable business conditions and no material changes in trade policies. See appendix for reconciliation of non-GAAP adjusted measures.

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

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

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Net sales	\$ 1,150,405	\$ 1,128,775	\$ 3,510,778	\$ 3,440,150
Operating costs and expenses:				
Cost of sales	726,531	700,170	2,204,194	2,085,973
Selling, general and administrative	173,990	184,947	544,318	604,408
Research and development	44,807	44,599	142,436	140,569
Amortization of purchased intangible assets	65,782	68,271	199,453	202,890
Restructuring costs, net	7,070	5,360	19,738	24,521
Total operating costs and expenses	1,018,180	1,003,347	3,110,139	3,058,361
Operating income	132,225	125,428	400,639	381,789
Other income (expense), net	(2,379)	3,209	(4,490)	(9,248)
Interest expense	(66,122)	(61,798)	(186,655)	(192,769)
Interest income	1,882	1,180	5,373	3,784
Income before income taxes	65,606	68,019	214,867	183,556
Income tax expense	(1,763)	(16,862)	(51,367)	(43,373)
Net income	\$ 63,843	\$ 51,157	\$ 163,500	\$ 140,183
Earnings per share:				
Basic	\$ 0.33	\$ 0.27	\$ 0.85	\$ 0.73
Diluted (a)	\$ 0.33	\$ 0.26	\$ 0.84	\$ 0.71
Weighted average shares outstanding:				
Basic	192,219	191,824	191,920	192,973
Diluted (a)	195,359	195,815	195,370	197,387
(a) Calculation of diluted earnings per share:				
Net income (basic and diluted)	\$ 63,843	\$ 51,157	\$ 163,500	\$ 140,183
Weighted average shares (basic)	192,219	191,824	191,920	192,973
Dilutive effect of equity-based awards	3,140	3,991	3,450	4,414
Denominator (diluted)	195,359	195,815	195,370	197,387

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

Balance Sheets

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

	<u>September 30, 2018</u>	<u>December 31, 2017</u>
Assets		
Cash and cash equivalents	\$ 352,397	\$ 453,977
Accounts receivable, less allowance for doubtful accounts of \$18,141 and \$13,976, respectively	901,096	898,829
Inventories, net	490,767	444,941
Prepaid expenses and other current assets	123,277	146,112
Total current assets	<u>1,867,537</u>	<u>1,943,859</u>
Property, plant and equipment, net of accumulated depreciation of \$425,577 and \$390,389, respectively	445,746	467,289
Goodwill	2,858,640	2,886,630
Other intangible assets, net	1,420,677	1,636,084
Other noncurrent assets	125,696	107,804
Total assets	<u>\$ 6,718,296</u>	<u>\$ 7,041,666</u>
Liabilities and Stockholders' Equity		
Accounts payable	\$ 441,409	\$ 436,737
Other accrued liabilities	323,211	286,980
Total current liabilities	<u>764,620</u>	<u>723,717</u>
Long-term debt	3,983,790	4,369,401
Deferred income taxes	97,849	134,241
Pension and other postretirement benefit liabilities	20,315	25,140
Other noncurrent liabilities	96,652	141,341
Total liabilities	<u>4,963,226</u>	<u>5,393,840</u>
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: 192,222,782 and 190,906,110, respectively	1,990	1,972
Additional paid-in capital	2,372,764	2,334,071
Retained earnings (accumulated deficit)	(226,494)	(395,998)
Accumulated other comprehensive loss	(171,982)	(86,603)
Treasury stock, at cost: 6,738,136 shares and 6,336,144 shares, respectively	(221,208)	(205,616)
Total stockholders' equity	<u>1,755,070</u>	<u>1,647,826</u>
Total liabilities and stockholders' equity	<u>\$ 6,718,296</u>	<u>\$ 7,041,666</u>

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

Statements of Cash Flows

(Unaudited -- In thousands)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Operating Activities:				
Net income	\$ 63,843	\$ 51,157	\$ 163,500	\$ 140,183
Adjustments to reconcile net income to net cash generated by operating activities:				
Depreciation and amortization	94,280	92,090	272,629	282,543
Equity-based compensation	11,327	10,974	33,723	31,572
Deferred income taxes	(8,006)	(5,903)	(32,616)	(19,976)
Changes in assets and liabilities:				
Accounts receivable	113,486	15,079	(23,537)	59,054
Inventories	(17,805)	54,033	(65,798)	11,790
Prepaid expenses and other assets	(3,241)	(20,909)	(3,849)	(22,682)
Accounts payable and other liabilities	(28,604)	(57,728)	12,277	(178,505)
Other	1,541	6,579	5,555	31,426
Net cash generated by operating activities	226,821	145,372	361,884	335,405
Investing Activities:				
Additions to property, plant and equipment	(24,604)	(20,575)	(55,448)	(51,152)
Proceeds from sale of property, plant and equipment	6,490	38	12,715	5,016
Proceeds upon settlement of net investment hedge	—	—	1,331	—
Cash paid for acquisitions, including purchase price adjustments, net of cash acquired	—	(105,249)	—	(105,249)
Other	—	3,120	—	9,898
Net cash used in investing activities	(18,114)	(122,666)	(41,402)	(141,487)
Financing Activities:				
Long-term debt repaid	(550,000)	(25,000)	(550,000)	(805,379)
Long-term debt proceeds	150,000	—	150,000	780,379
Debt issuance and modification costs	—	—	—	(8,363)
Debt extinguishment costs	—	—	—	(14,800)
Cash paid for repurchase of common stock	—	(75,000)	—	(175,000)
Proceeds from the issuance of common shares under equity-based compensation plans	73	297	4,988	8,803
Tax withholding payments for vested equity-based compensation awards	(92)	(98)	(15,592)	(14,956)
Net cash used in financing activities	(400,019)	(99,801)	(410,604)	(229,316)
Effect of exchange rate changes on cash and cash equivalents	(1,992)	3,846	(11,458)	18,412
Change in cash and cash equivalents	(193,304)	(73,249)	(101,580)	(16,986)
Cash and cash equivalents at beginning of period	545,701	484,491	453,977	428,228
Cash and cash equivalents at end of period	\$ 352,397	\$ 411,242	\$ 352,397	\$ 411,242

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

Sales by Region

(Unaudited -- In millions)

	<u>Q3 2018</u>	<u>Q3 2017</u>	<u>% Change</u> <u>YOY</u>
United States	\$ 653.0	\$ 595.3	9.7 %
Europe, Middle East and Africa	235.6	231.0	2.0
Asia Pacific	179.3	218.6	(18.0)
Caribbean and Latin America	59.4	62.2	(4.5)
Canada	23.1	21.7	6.5
Total Net Sales	<u>\$ 1,150.4</u>	<u>\$ 1,128.8</u>	1.9 %

Segment Information

(Unaudited -- In millions)

Sales by Segment

	Q3 2018	Q2 2018	Q3 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 731.7	\$ 740.5	\$ 708.7	(1.2) %	3.2 %
Mobility Solutions	418.7	499.4	420.1	(16.2) %	(0.3) %
Total Net Sales	\$ 1,150.4	\$ 1,239.9	\$ 1,128.8	(7.2) %	1.9 %

Non-GAAP Adjusted Operating Income by Segment

	Q3 2018	Q2 2018	Q3 2017	% Change	
				Sequential	YOY
Connectivity Solutions	\$ 147.4	\$ 142.9	\$ 138.5	3.1 %	6.4 %
Mobility Solutions	71.6	108.2	83.6	(33.8) %	(14.4) %
Total Non-GAAP Adjusted Operating Income	\$ 219.0	\$ 251.1	\$ 222.1	(12.8) %	(1.4) %

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)

	Q3 2018	Q2 2018	Q1 2018	Q4 2017	Q3 2017
Operating income, as reported	\$ 132.2	\$ 164.7	\$ 103.7	\$ 90.3	\$ 125.4
Amortization of purchased intangible assets	65.8	66.4	67.2	68.1	68.3
Restructuring costs, net	7.1	7.2	5.5	19.3	5.4
Equity-based compensation	11.3	11.8	10.5	10.3	11.0
Integration and transaction costs	2.6	1.0	1.7	9.8	12.0
Non-GAAP adjusted operating income	\$ 219.0	\$ 251.1	\$ 188.6	\$ 197.7	\$ 222.1
Non-GAAP adjusted operating margin %	19.0%	20.3%	16.8%	17.6%	19.7%
Depreciation	18.7	19.9	19.6	20.8	20.6
Non-GAAP adjusted EBITDA	\$ 237.8	\$ 271.1	\$ 208.1	\$ 218.5	\$ 242.7

Quarterly Adjusted Operating Income Reconciliation by Segment

(Unaudited -- In millions)

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 94.9	\$ 37.3	\$ 132.2
Amortization of purchased intangible assets	44.4	21.4	65.8
Restructuring costs, net	(0.4)	7.5	7.1
Equity-based compensation	6.9	4.4	11.3
Integration and transaction costs	1.7	1.0	2.6
Non-GAAP adjusted operating income	\$ 147.4	\$ 71.6	\$ 219.0
Non-GAAP adjusted operating margin %	20.1%	17.1%	19.0%

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 85.4	\$ 79.3	\$ 164.7
Amortization of purchased intangible assets	45.0	21.4	66.4
Restructuring costs, net	4.7	2.5	7.2
Equity-based compensation	7.2	4.6	11.8
Integration and transaction costs	0.7	0.3	1.0
Non-GAAP adjusted operating income	\$ 142.9	\$ 108.2	\$ 251.1
Non-GAAP adjusted operating margin %	19.3%	21.7%	20.3%

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

	Connectivity Solutions	Mobility Solutions	Total
Operating income, as reported	\$ 70.4	\$ 55.0	\$ 125.4
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
Non-GAAP adjusted operating income	\$ 138.5	\$ 83.6	\$ 222.1
Non-GAAP adjusted operating margin %	19.5%	19.9%	19.7%

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 September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Operating income, as reported	\$ 132.2	\$ 125.4	\$ 400.6	\$ 381.8
Adjustments:				
Amortization of purchased intangible assets	65.8	68.3	199.5	202.9
Restructuring costs, net	7.1	5.4	19.7	24.5
Equity-based compensation	11.3	11.0	33.7	31.6
Integration and transaction costs	2.6	12.0	5.3	38.2
Total adjustments to operating income	86.8	96.7	258.2	297.2
Non-GAAP adjusted operating income	\$ 219.0	\$ 222.1	\$ 658.8	\$ 679.0
Income before income taxes, as reported	\$ 65.6	\$ 68.0	\$ 214.9	\$ 183.6
Income tax expense, as reported	(1.8)	(16.9)	(51.4)	(43.4)
Net income, as reported	\$ 63.8	\$ 51.2	\$ 163.5	\$ 140.2
Adjustments:				
Total pretax adjustments to operating income	86.8	96.7	258.2	297.2
Pretax amortization of deferred financing costs & OID ⁽¹⁾	9.8	3.2	15.0	18.8
Pretax loss on debt transactions ⁽²⁾	—	—	—	16.0
Pretax net investment gains ⁽²⁾	—	(2.4)	—	(9.0)
Tax effects of adjustments and other tax items ⁽³⁾	(45.9)	(41.2)	(93.9)	(133.9)
Non-GAAP adjusted net income	\$ 114.5	\$ 107.5	\$ 342.7	\$ 329.3
Diluted EPS, as reported	\$ 0.33	\$ 0.26	\$ 0.84	\$ 0.71
Non-GAAP adjusted diluted EPS	\$ 0.59	\$ 0.55	\$ 1.75	\$ 1.67

(1) Included in interest expense.

(2) Included in other income (expense), net.

(3) The tax rates applied to adjustments reflect the tax expense or benefit based on the tax jurisdiction of the entity generating the adjustment. There are certain items for which we expect little or no tax effect.

Note: Components may not sum to total due to rounding

See Description of Non-GAAP Financial Measures

Outlook GAAP to Non-GAAP Reconciliation

(Unaudited -- In millions)

	Outlook	
	Three Months Ended December 31, 2018	Full Year 2018
Operating income	\$ 60 - \$83	\$ 461 - \$484
Adjustments:		
Amortization of purchased intangible assets	\$ 66	\$ 265
Equity-based compensation	\$ 12	\$ 46
Restructuring costs, integration and transaction costs and other ⁽¹⁾	\$ 7 - \$9	\$ 32 - \$34
Total adjustments to operating income	\$ 85 - \$87	\$ 343 - \$345
Non-GAAP adjusted operating income	\$ 145 - \$170	\$ 804 - \$829
Diluted earnings per share (basic loss per share)	\$ (0.12) - \$(0.14)	\$ 0.70 - \$0.72
Adjustments ⁽²⁾ :		
Total adjustments to operating income	\$ 0.32 - \$0.36	\$ 1.32 - \$1.34
Debt-related costs and other special items ⁽³⁾	\$ 0.14 - \$0.17	\$ 0.07 - \$0.08
Non-GAAP adjusted diluted earnings per share	\$ 0.34 - \$0.39	\$ 2.09 - \$2.14

(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, loss on debt extinguishment, net losses on defined benefit plan terminations, foreign exchange losses triggered by the liquidation of subsidiaries 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.