



UTStarcom Holdings Corp.

Second Quarter 2016 Results

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NASDAQ: UTSI
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Disclosure & Forward Looking Statements

This investor presentation contains forward-looking statements, including statements regarding the Company's expectation regarding its strategic initiatives and business outlook. Forward-looking statements are based on current expectations, estimates, forecasts and projections about the Company, the Company's future performance and the industries in which the Company operates as well as on the Company management's assumptions and beliefs.

These forward-looking statements are only predictions and are subject to risks and uncertainties that may cause actual results to differ materially and adversely from the Company's current expectations. These include risks and uncertainties related to, among other things, changes in the financial condition and cash position of the Company, changes in the composition of the Company's management and their effect on the Company, the Company's ability to realize anticipated results of operational improvements and benefits of the divestiture transaction, successfully operate and grow its services business, execute its business plan and manage regulatory matters, as well as the risk factors identified in the Company's latest Annual Report on Form 20-F, and Current Reports on Form 6-K, as filed with the Securities and Exchange Commission. We undertake no obligation to update these forward-looking statements to reflect events or circumstances occurring after the date of this investor presentation. The Company is in a period of significant transition and the conduct of its business is exposed to additional risks as a result.



Introduction

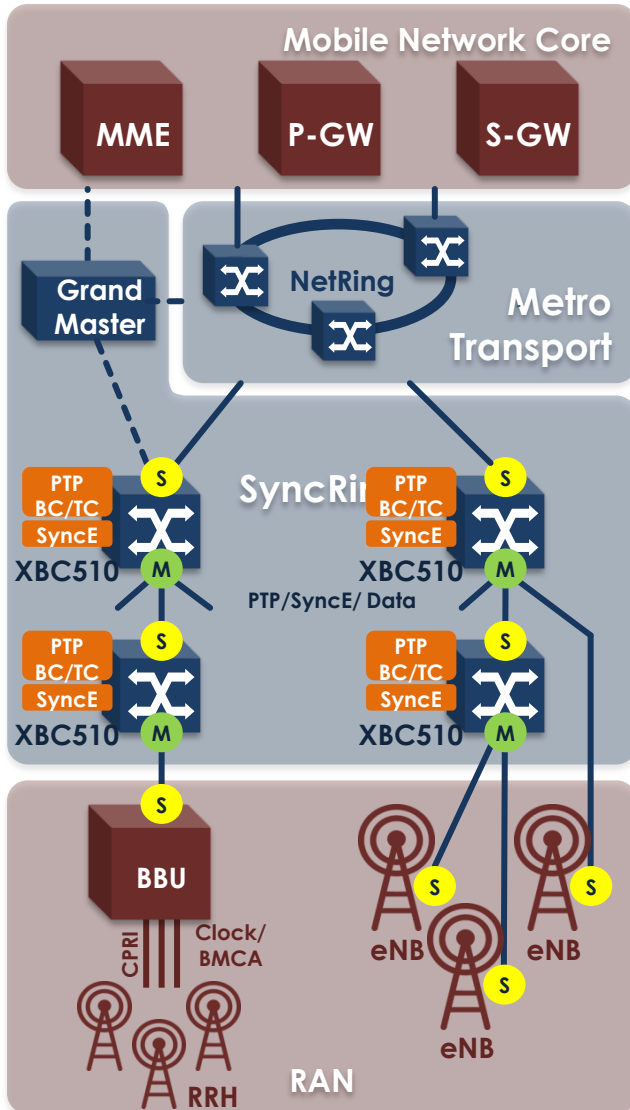
- ❖ We continue to achieve encouraging results under the revised business strategy.
- ❖ Key Financial Highlights:
 - Second quarter 2016 Non-GAAP revenues were \$20.0 million, at the high end of our expectations set and shared in May 2016.
 - Second quarter 2016 Non-GAAP gross margin was 41.2%.
 - Second quarter 2016 Non-GAAP operating income was \$1.9 million.
 - Second quarter 2016 Non-GAAP net income was \$5.5 million.
 - Second quarter 2016 cash provided by operating was \$0.6 million.
 - Continued to maintain a strong balance sheet with \$81.5 million in cash and cash equivalents and zero debt.



Operating Highlights

- ❖ Focused on high margin revenue in our broadband business, which remains a key business driver globally.
- ❖ Further streamlined business and improved operational efficiency.
- ❖ Accelerate our investment for future growth

SyncRing: Time, Phase and Frequency Synchronization



SyncRing: Synchronization Solution

- High-precision sync solution based on IEEE 1588v2 and SyncE
- Accurate frequency, phase, and time synchronization
- Meets stringent requirements of LTE/LTE-A
- Integrated platform for sync and data traffic
- Great scalability
- Centralized NMS

SyncRing XGM10/XGM20

- Grand Master



SyncRing XBC510

- Boundary Clock/Transparent Clock



Netman 6000 OMC-O

- Centralized network management





Overview of 2Q16 Non-GAAP Financials

Non-GAAP Key Financial Highlights

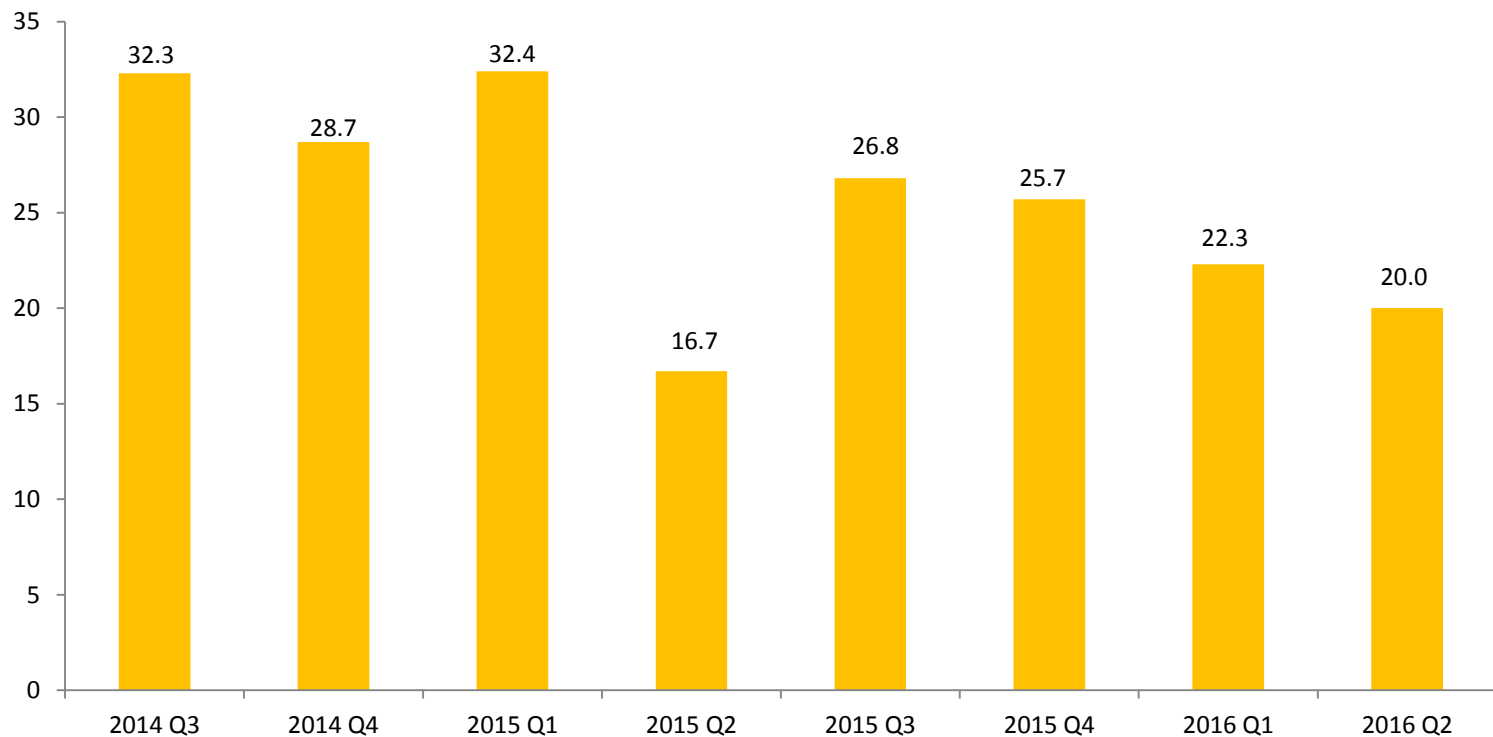
- Revenue improved sequentially to \$20.0 million, exceeding our our expectations.
- Gross margin improved to 41.2%, driven by favorable product mix.
- Achieved profitability with operating income of \$1.9 million and net income of \$5.5 million, ESP was \$0.15 per share
- Continued to maintain a solid balance sheet with \$81.5 million in cash and cash equivalents and zero debt.



Total Non-GAAP Revenue

- ❖ Total Non-GAAP revenues for the second quarter of 2016 were \$20.0 million, compared to \$22.3 million for the first quarter of 2016.
- ❖ Total Non-GAAP revenues for the first half of 2016 were \$42.3 million, compared to \$49.1 million for the corresponding period in 2015.

US\$ in millions

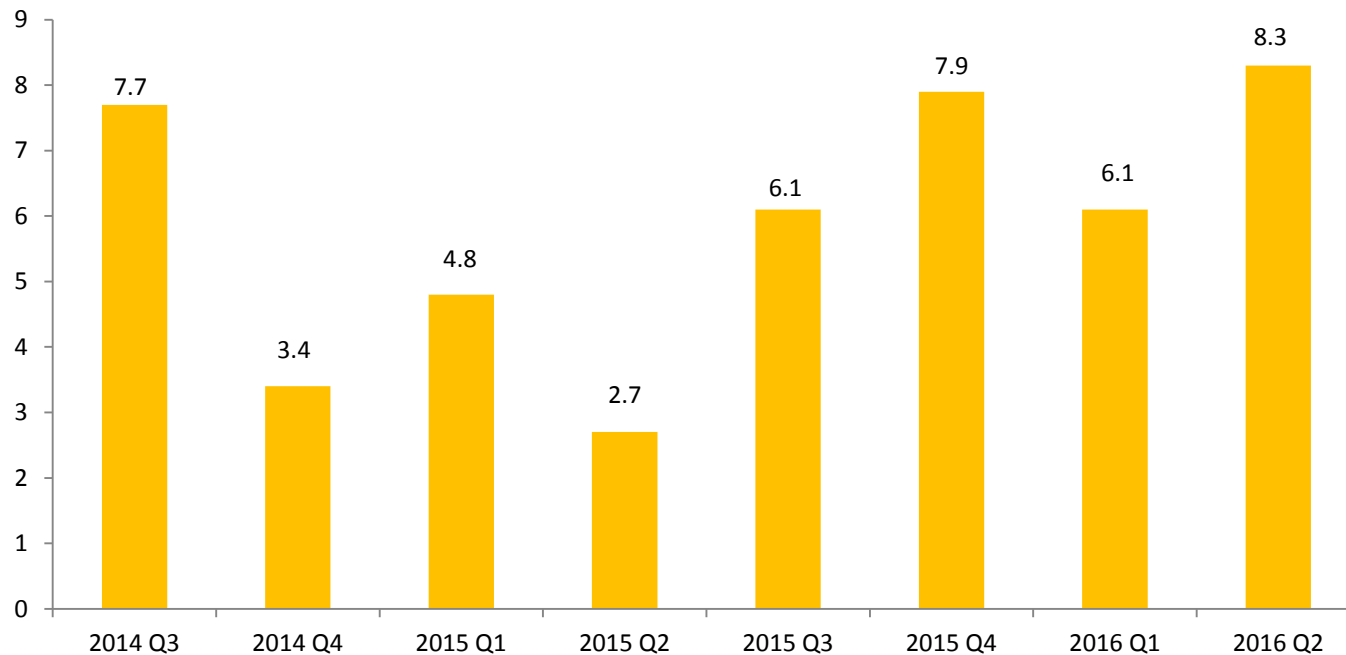




Non GAAP Gross Profit

- ❖ Non-GAAP Gross profit was \$8.3 million for the second quarter of 2016, compared to \$6.1 million for the first quarter of 2016 and \$2.7 million for the second quarter of 2015.
- ❖ Non-GAAP Gross profit was \$14.3 million for the first half of 2016, compared to \$7.6 million for the corresponding period of 2015.

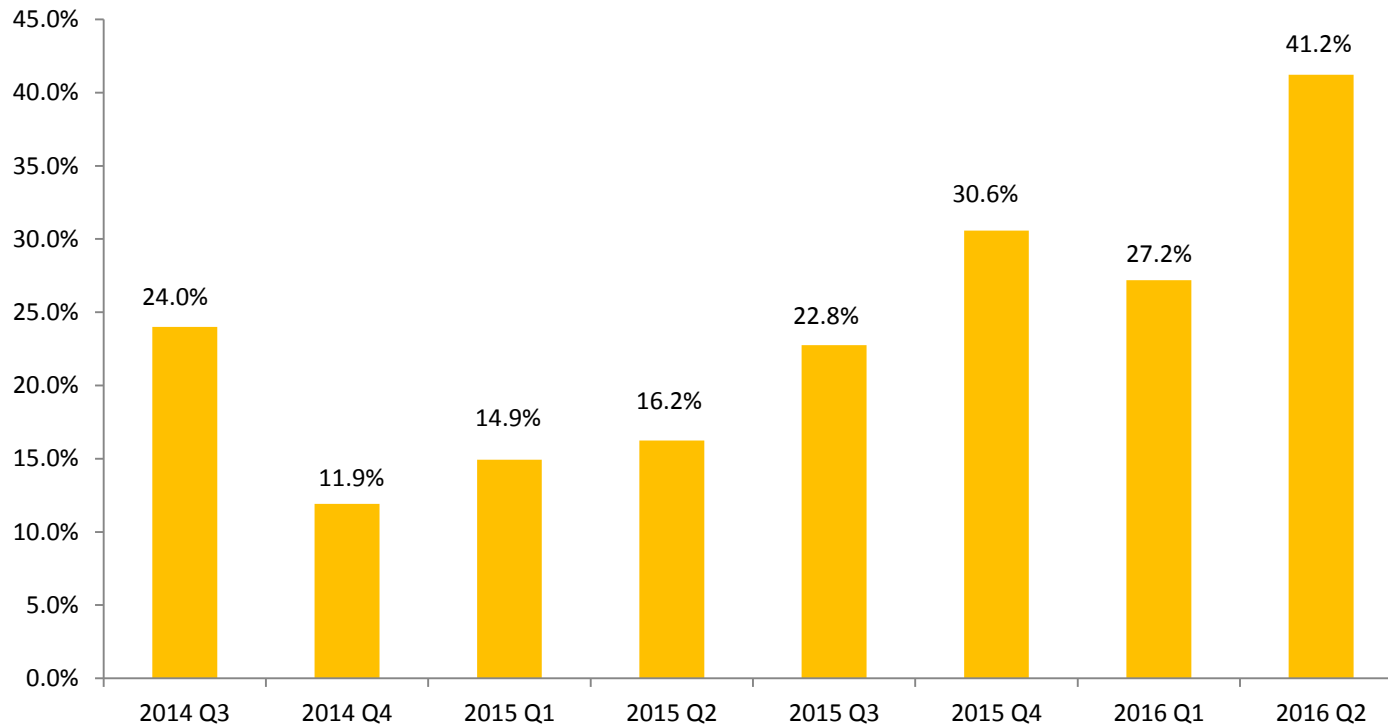
US\$ in millions





Non GAAP Gross Margin

- ❖ Non-GAAP gross margin was 41.2% for the second quarter of 2016, compared to 27.2 % for the first quarter of 2016 and 16.2% for the second quarter of 2015.
- ❖ Non-GAAP gross margin was 33.8% for the first half of 2016, compared to 15.4% for the corresponding period of 2015.

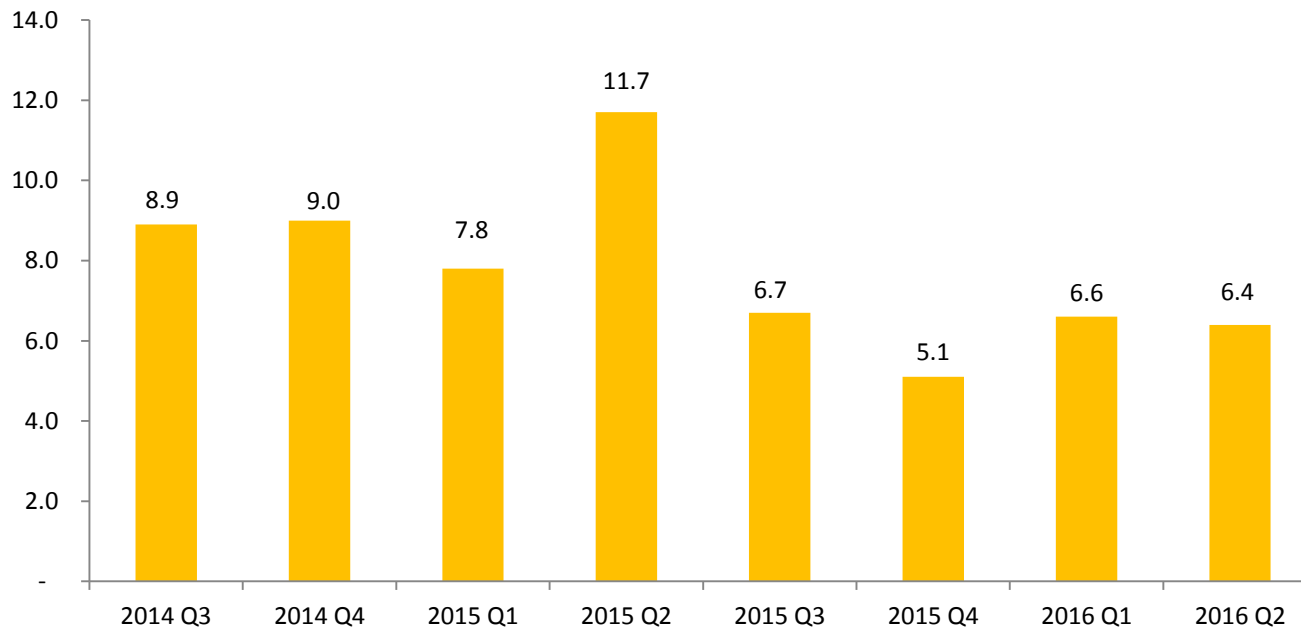




Non GAAP Operating Expenses

- ❖ Non-GAAP operating expenses were \$6.4 million for the second quarter of 2016, a decrease of 3.6% from \$6.6 million for the first quarter of 2016 and a decrease of 45.5% from \$11.7 million for the second quarter of 2015.
- ❖ Non-GAAP operating expenses were \$13.0 million for the first quarter of 2016, a decrease of 33.3% from \$19.5 million for the corresponding period of 2015.

US\$ in millions

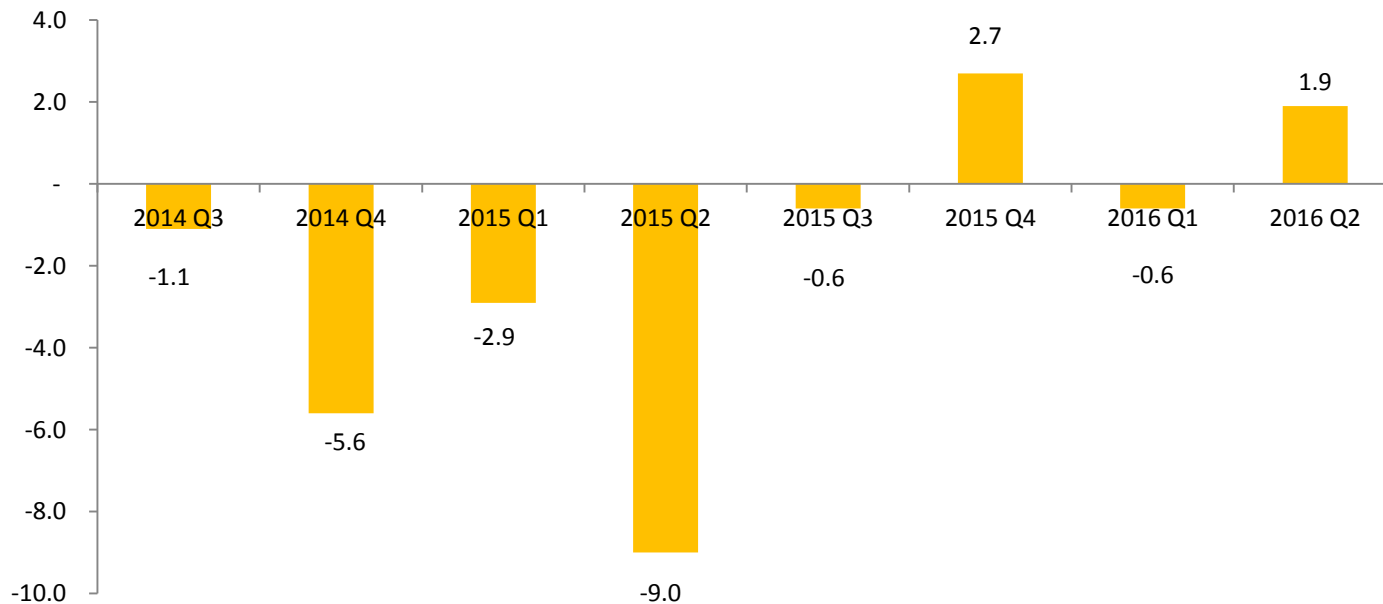




Non GAAP Operating Income(Loss)

- ❖ Non-GAAP operating income was \$1.9 million for the second quarter of 2016, compared to operating loss of \$9.0 million for the second quarter of 2015.
- ❖ Non-GAAP operating income was \$1.3 million for the first half of 2016, compared to operating loss of \$11.9 million for the corresponding period of 2015.

US\$ in millions

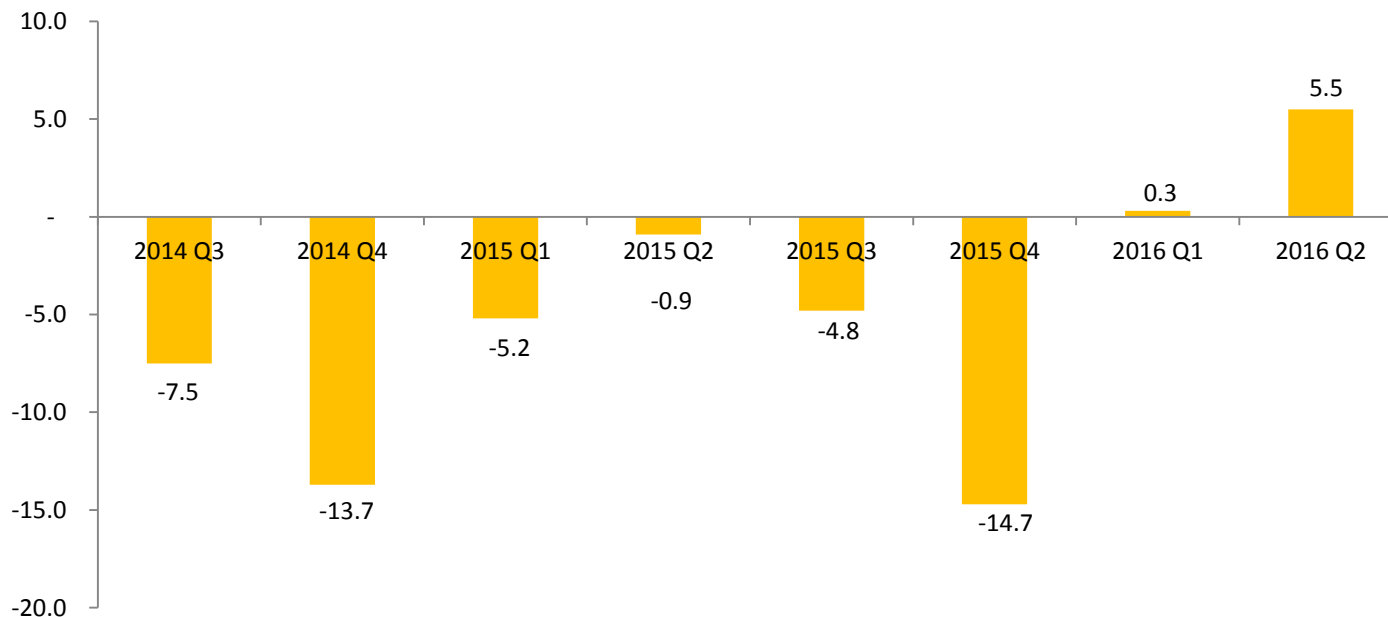




Non GAAP Net Income (Loss)

- ❖ Non-GAAP net income was \$5.5 million for the second quarter of 2016, compared to net income of \$0.3 million for the first quarter of 2016 and net loss \$0.9 million for the second quarter of 2015.
- ❖ Non-GAAP net income was \$5.7 million for the first half of 2016, compared to net loss of \$6.0 million for the corresponding period of 2015.

US\$ in millions





Cash Flow Analysis

- ❖ Cash balance of \$81.5 million in cash and cash equivalents with zero debt.
- ❖ Cash provided by operating activities for the second quarter of 2016 was \$0.6 million.
- ❖ Cash provided by investing activities for the second quarter of 2016 was \$1.1 million.
- ❖ Cash used in financing activities for the second quarter of 2016 was \$2.0 million.



Recap of Our Strategy

- ❖ Will continue to work with our customers to develop innovative and high quality communication solutions.
- ❖ Will accelerate our investment in data center market and smart city market.
- ❖ Will prudent on cost management , and improve operational efficiency and productivities.



Company Outlook

- ❖ We will continue to optimize our core optical network business to exceed our customers' expectation.
- ❖ Looking at the third quarter, the Company expects to generate non-GAAP revenue in the range of \$15 million - \$20 million.



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Thank you !