



UTStarcom Holdings Corp.

Second Quarter 2015 Results

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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.



Earnings Call Agenda

- 1 Introduction
- 2 Business Update
- 3 Update on Strategic Initiatives and Company Outlook
- 4 Overview of Second Quarter 2015 Results
- 5 Conclusion



Introduction



Introduction

- ❖ The Company has revised its business strategy which has resulted in a modified revenue profile for this and subsequent quarters.

- ❖ Key Financial Highlights:
 - Second quarter 2015 Non-GAAP revenues were \$16.7 million, in line with our expectations set and shared last quarter.
 - Second quarter 2015 Non-GAAP gross margin was 16.2%.
 - Continued to maintain a strong balance sheet with \$73.5 million in cash and cash equivalents.



Business Update

Operating Highlights

- ❖ Focused only on high margin revenue in our broadband business, which will be a key driver of our business globally.
 - Committed to fully migrating to the higher end of the market, producing higher margin products and moving away from less profitable ones.
 - As a result of this strategic shift, we are already seeing interest from current and prospective customers.

- ❖ Endeavored to achieve a healthy geographic diversification.
 - In Japan, we continued to expand our relationships and current offering and have secured a second carrier in this market with our new TN765 100G product.
 - We deepened relationship with our global client base, with a new customer win in the Carrier WiFi segment in Bangladesh with Banglalion Communications and a significant contract extension to support Bharat Sanchar Nigam Ltd. (BSNL) in India.
 - Had been pursuing new business opportunities with our existing customer in LATAM with our new TN765 product.
 - In the U.S., we announced the launch of Virtual Gateway Labs and recently received its first purchase order of the newly introduced virtual broadband gateway product.
 - We made significant progress in expanding our presence in Myanmar and initiating outreach in Africa, getting us into new and exciting markets.

- ❖ Further streamlined business and improved operational efficiency.
 - On track to achieve our target of 10% operating expense reduction.

- ❖ Broadband is the key area of focus for the Company and we are continuing to make significant progress in this area:
 - Formally launched our new Layer3 solution with SDN/NFV enabling at the Softbank World 2015 Exhibition – an integral part of our Software-defined Open Optical (“SOO™”) network solution introduced earlier this year.
 - Our newly created entity, Virtual Gateway Labs, recently launched its first virtual broadband gateway product and has received the first purchase order for its virtual broadband gateway product.
 - Flagship products, such as the TN765 with 100G Ethernet services and the carrier-grade Wi-Fi solutions continue to be popular and in demand with carriers. It is currently undergoing field trials and tests with different operators in Japan, Asia Pacific as well as LATAM.
 - Strong demand from a diverse range of emerging country network operators for our market leading solutions which include mobile backhaul, metro network aggregation as well as carrier Wi-Fi solutions.
 - Focused on the opportunities in the higher end of the market and our R&D teams are working on new products and solutions to meet evolving customer needs.



Strategic Investment in New Media

As the largest investor in UiTV and aioTV Media, we benefit from their growth and expansion. We continue to actively support the development of their business and generating long-term value. We hope to monetize these investment in future.



UiTV Media

- ❖ UiTV Media secured a ground-breaking contract win, its first in Mainland China.
- ❖ UiTV Media has now resumed subscriber growth regarding its IPTV operation in Thailand for TOT.
- ❖ UiTV Media achieved positive operating cash flow for the month of June, and very close to breakeven EBITDA for May and June.



aioTV

aioTV continued to lead in its space in terms of product design and innovation.

- ❖ aioTV secured an additional, critical patent from the U.S. Patent and Trademark Office.
- ❖ Signed an agreement with a major MSO, to be announced when they launch the service.
- ❖ aioTV recently launched “CUYTE,” an online video service offering customers a better way to discover and enjoy internet video on the devices they want.
- ❖ Recently included in the “Fierce 15” list of the top privately held online video/OTT companies of 2015.

In addition, we also made great strides in maximizing return from two other strategic investments, IPTV and ESA.



Update on Strategic Initiatives and Company Outlook



Update on Strategic Initiatives

- ❖ We remain focused on our business transformation:
 - Focusing on the higher margin product suite to generate more sustainable and healthier revenue.
 - Taking more aggressive actions to cut costs and improve our business foundation.

- ❖ We are taking aggressive steps to create a healthier base for the business due to ongoing market challenges and the extended evolution of the business model.
 - Made progress in business model evolution in the second quarter, including scaling our business back to the most profitable segments and meeting our expectations for revenue and cost reduction targets.



Company Outlook

- ❖ We have a modified revenue profile and a reduced size of annual turnover as we are moving to higher margin product lines.
- ❖ Our higher quality and higher margin broadband products are still in the early stages of their product life cycle, but we believe the uptake will accelerate as we approach the third and fourth quarters.
- ❖ Looking at the third quarter, the Company expects to generate non-GAAP revenue in the range of \$18-22 million.
- ❖ Taken together, UTStarcom will become stronger, more competitive, and more profitable in the long-term, albeit with a lower expected overall top line growth rate.



Overview of Second Quarter 2015 Results



Summary Overview

Non-GAAP Key Financial Highlights

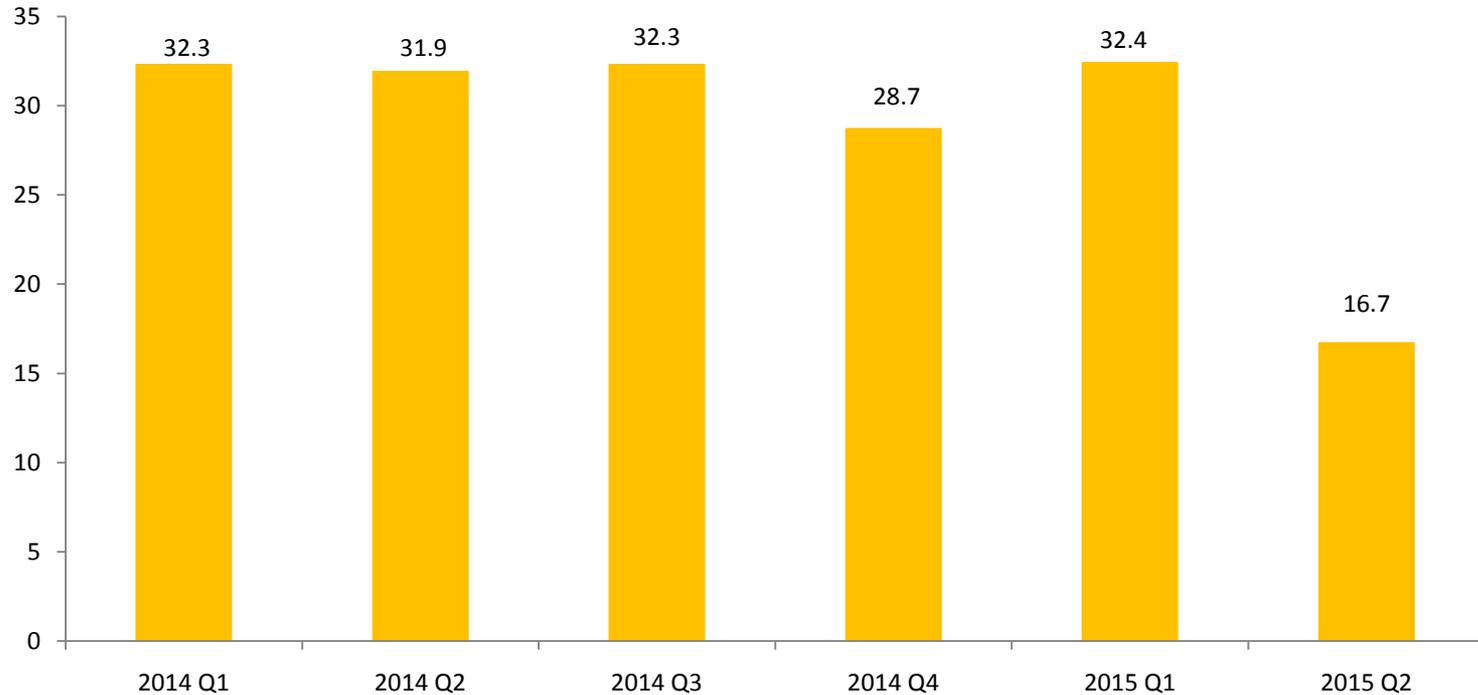
- Revenue decreased 49% quarter over quarter to \$16.7 million from \$32.4 million.
- Gross margin improved quarter over quarter to 16.2% from 14.9% , driven by favorable product mix.
- Continued to maintain a solid balance sheet with \$73.5 million in cash and cash equivalents and zero debt.
- Continued to monetize our investment with \$4.6 million gain during second quarter 2015.



Total Non-GAAP Revenue

- ❖ Total Non-GAAP revenues for the second quarter of 2015 were \$16.7 million, an decrease of 49 % from \$32.4 million for the first quarter of 2015.

US\$ in millions

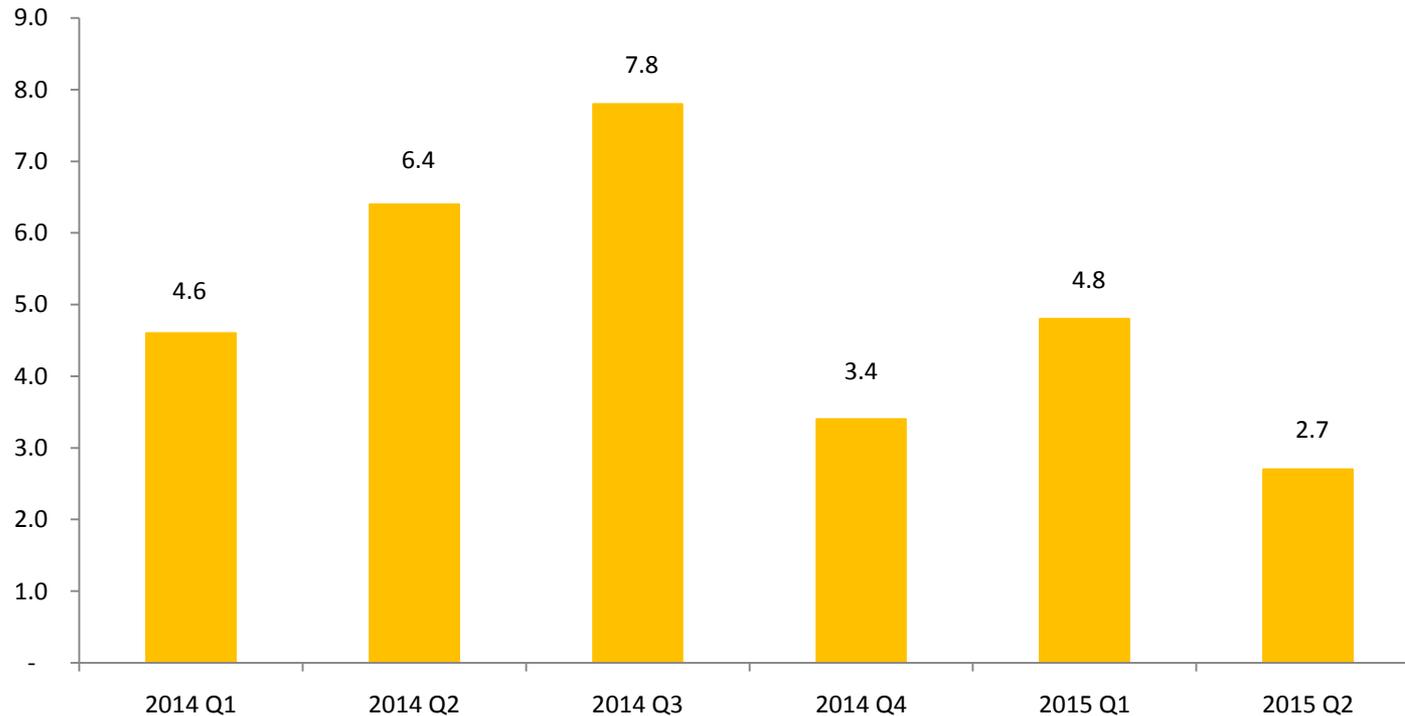




Non GAAP Gross Profit

- ❖ Non GAAP Gross profit was \$2.7 million for the second quarter of 2015, compared to \$4.8 million for the first quarter of 2015.

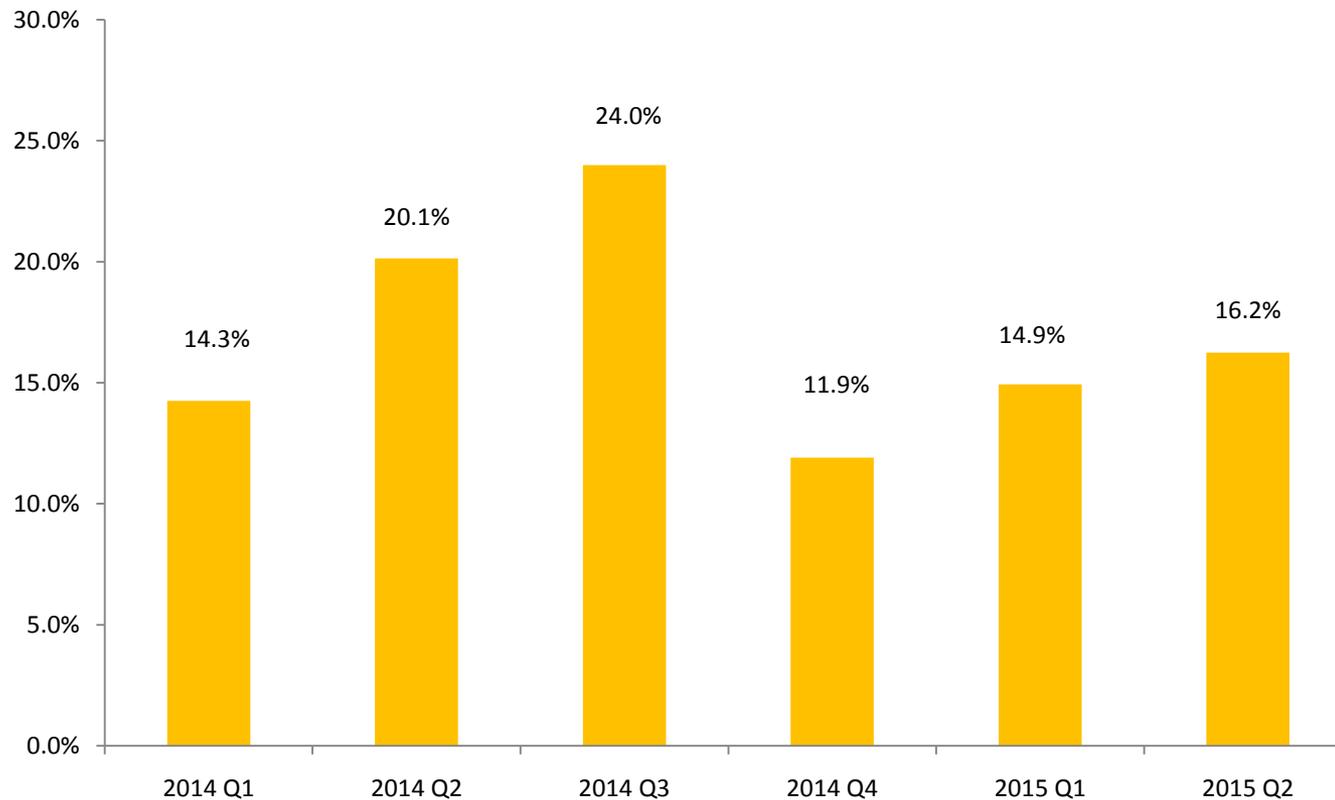
US\$ in millions





Non GAAP Gross Margin

- ❖ Gross margin was 16.2% for the second quarter of 2015, compared to 14.9 % for the first quarter of 2015.

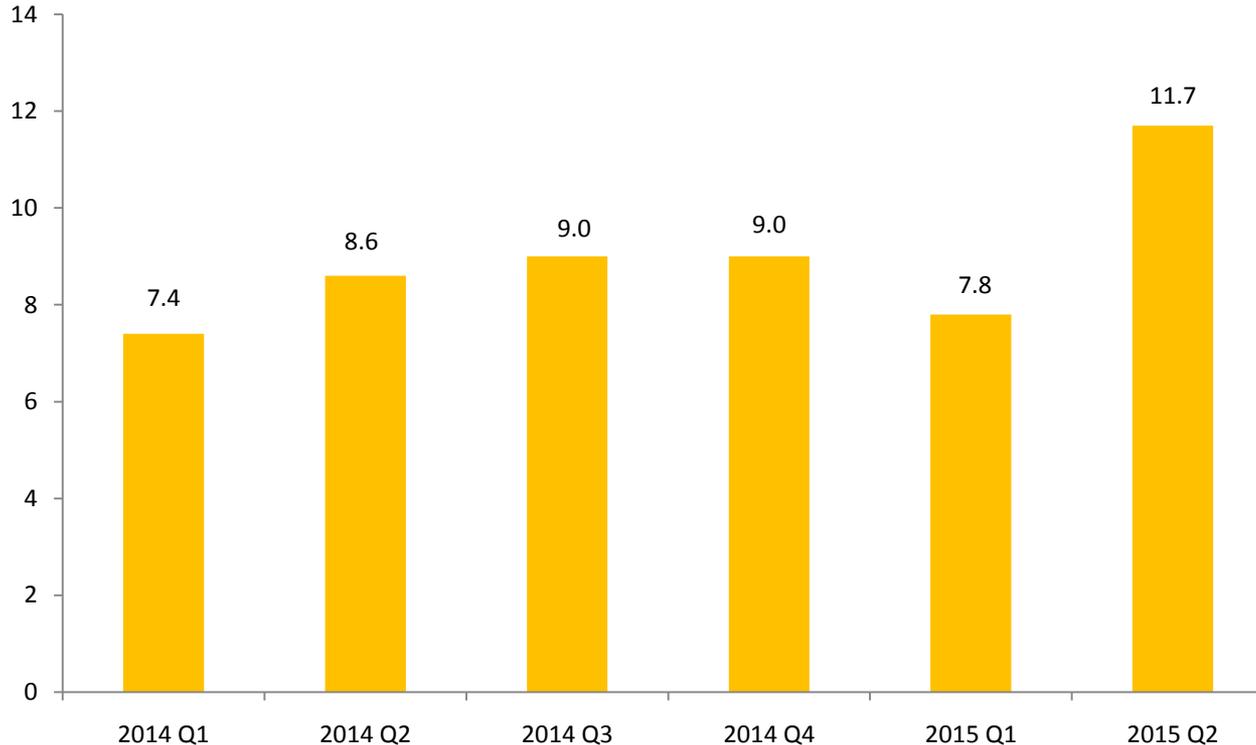




Non GAAP Operating Expenses

- ❖ Operating expenses were \$11.7 million for the second quarter of 2015, an increase of 50% from \$7.8 million for the first quarter of 2015.

US\$ in millions

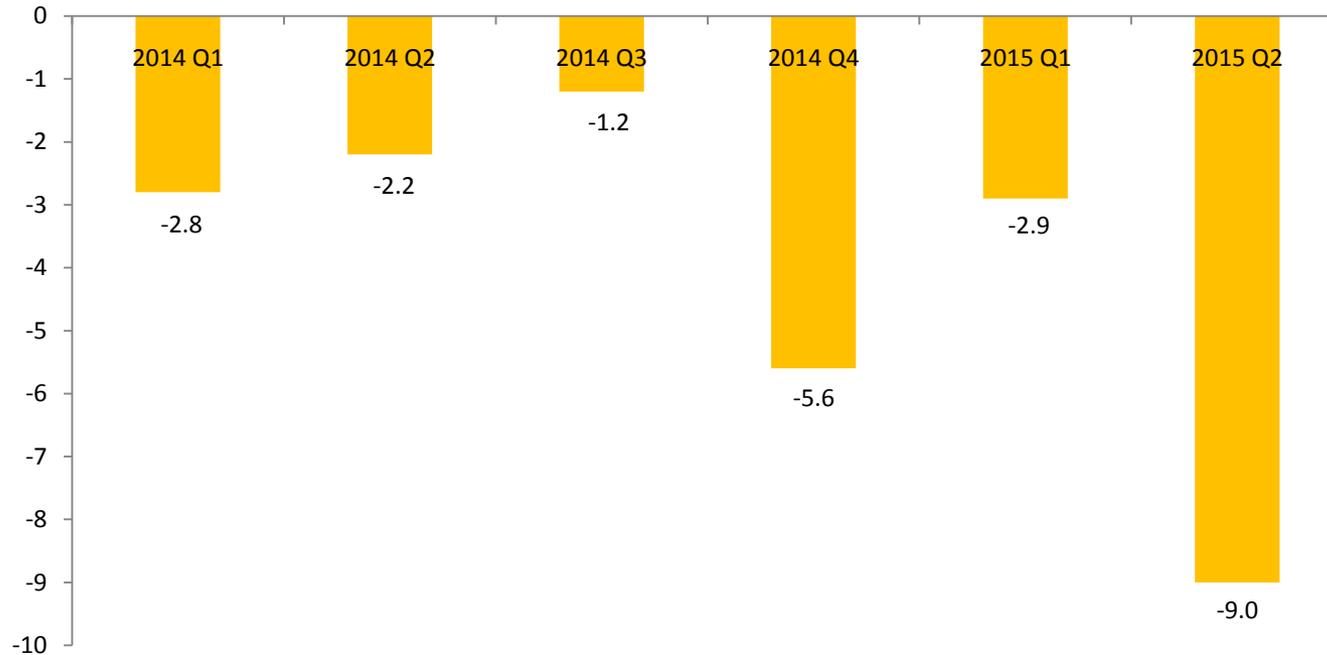




Non GAAP Operating Loss

- ❖ Operating loss was \$9.0 million for the second quarter of 2015, compared to operating loss of \$2.9 million for the first quarter of 2015.

US\$ in millions

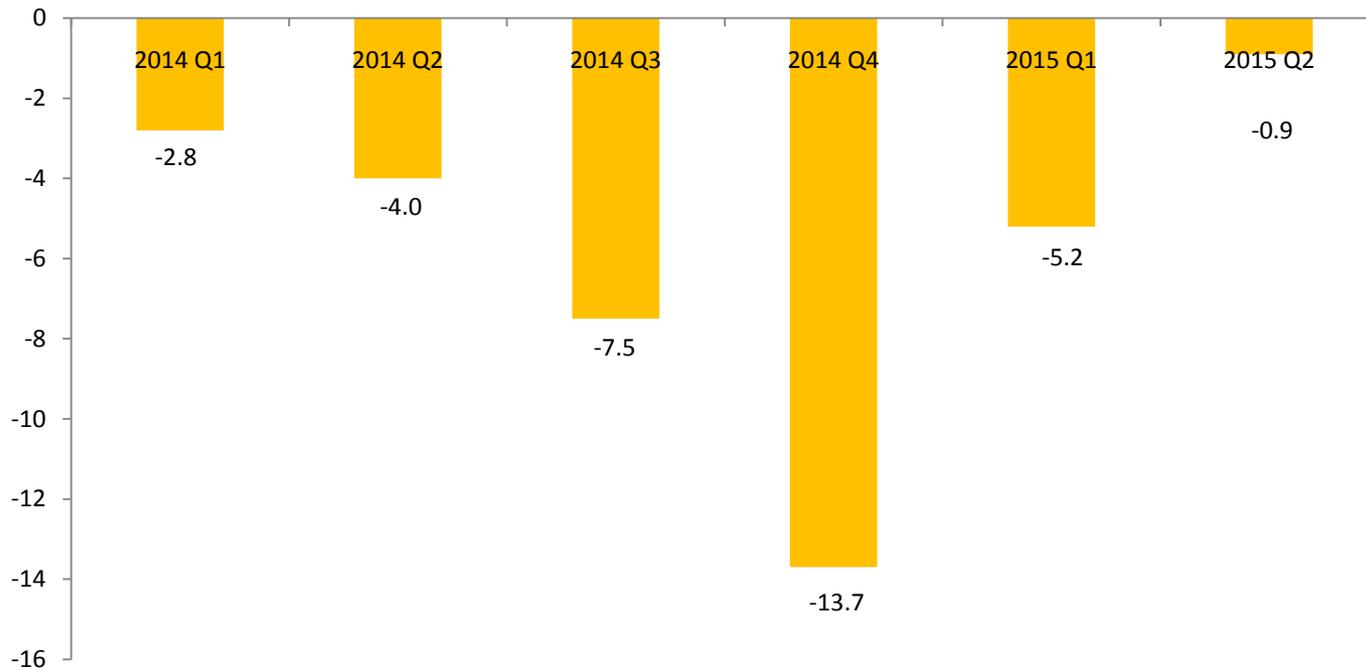




Non GAAP Net Loss

- ❖ Net loss was \$0.9 million for the second quarter of 2015, compared to net loss of \$5.2 million for the first quarter of 2015.

US\$ in millions





Cash Flow Analysis

- ❖ Cash balance of \$73.5 million in cash and cash equivalents with zero debt.
- ❖ Cash used in operating activities for the second quarter of 2015 was \$4.3 million.
- ❖ Cash provided by investing activities for the second quarter of 2015 was \$11.8 million.
- ❖ Cash used in financing activities for the second quarter of 2015 was \$1.1 million.



Conclusion



Recap of Our Go-forward Strategy

- ❖ Will focus only on high margin revenue in our broadband business, which will continue to be the key driver of our business globally.
- ❖ Will achieve a healthy geographic diversification. We are making significant progress in a diverse range of both established and emerging markets including Japan, U.S., LATAM, Bangladesh, Myanmar.
- ❖ Will further cut cost while supporting our business transformation.
- ❖ Will continue to add value to our strategic investments in UiTV and aioTV in order to monetize these investments and generate a good return.



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Thank you !