



UTStarcom Holdings Corp.

Third 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 Overview of Third Quarter 2015 Results
- 4 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:
 - Third quarter 2015 Non-GAAP revenues were \$26.8 million, exceeding our expectations set and shared last quarter.
 - Third quarter 2015 Non-GAAP gross margin was 22.8%.
 - Third quarter 2015 Non-GAAP operation loss narrowed to \$0.6 million.
 - Continued to maintain a strong balance sheet with \$74.1 million in cash and cash equivalents.



Business Update

Operating Highlights

- ❖ Focused only on high margin revenue in our broadband business, which remains a key business driver globally.
 - With a more favorable product mix, we are already see the fruits of this strategic re-alignment towards a higher margin suite of products.
 - Our products has attracted attention from both the existing client base and a new group of prospective customers.
 - We can expand our target market to cover a larger portion of the mobile backhaul and metro aggregation market based on our innovative Layer3 Solution with SDN/NFV enabling
- ❖ Endeavored to achieve a healthy geographic diversification.
 - In Japan, we continued to deepen customer relationships and our PTN products are well known among the customers. and have enjoyed great popularity for their high performance, high quality and stability.
 - We are also pursuing new business opportunities with our existing customers in Latin America, Bangladesh, Myanmar and other key growth markets.
 - In the U.S., the newly launched standalone entity of Virtual Gateway Labs is developing products that allow seamless access and aggregation at the edge of the network.
 - We partnered with in-market experts to navigate and secure opportunities in a number of new and exciting markets.
- ❖ Further streamlined business and improved operational efficiency.
 - As part of our business transformation we successfully reduced our operating expenses and continued to make savings during the quarter, narrowed the non-GAAP operating loss to \$0.6M.

- ❖ Broadband continues to be the key area of focus for the Company and we achieved significant milestones in this area during the third quarter:
 - 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 delivered its first purchase order to a US customer.
 - Continue to see strong interest in all our key markets for our high margin suite of products, including the TN765 with 100G Ethernet services and other carrier-grade Wi-Fi solutions.
 - Made significant in-roads in key emerging markets such as Myanmar and Latin America where we see interest in our offering from a number of country network operators.
 - Remain committed to expanding our R&D capability and fostering a start-up mentality within the organisation to encourage greater creativity in line with our “Simple Network, Simple Operation” design philosophy.



Strategic Investment in New Media

As the largest investor in UiTV and aioTV Media, we expect to 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 due course.



UiTV Media

- ❖ UiTV Media added five new critical patents into its IP portfolio
- ❖ UiTV Media continued to increase its global footprint and signed a new TV over IP platform customer in China.
- ❖ UiTV Media expanded subscriber growth in Thailand.
- ❖ UiTV Media is on track to meet its EBITDA break even target by end of this year.



aioTV

- ❖ YipTV, a hispanic service provider, announced that it has launched a Hispanic streaming TV Service powered by aioTV's platform.
- ❖ aioTV has also signed agreement with a major US MSO to launch new services for the MSO based on aioTV's platform

In addition, in July, ESA has repaid the full loan with interest, returning approximately \$6 million. Together with the \$10M partial repayment of a convertible loan from IPTV plus others, we have already monetized around \$19M from previous investments in the first nine months of 2015.



Updates on Shareholder Matters

- ❖ On August 7th, two shareholders filed a 13D form, reporting a binding term sheet with 11.7 million shares planned to be sold between investors.
- ❖ On November 4th, a share purchase agreement was signed between two current shareholders and a new strategic investor. There are good synergies between this strategic investor and the Company that can potentially help to extend our target market segments. However, we would stress at this time there are still terms and conditions that have to be met before the proposed transaction can close.
- ❖ If there is any Company specific event to be announced, we will be sure to inform our shareholders in a timely manner.



Overview of Third Quarter 2015 Results



Summary Overview

Non-GAAP Key Financial Highlights

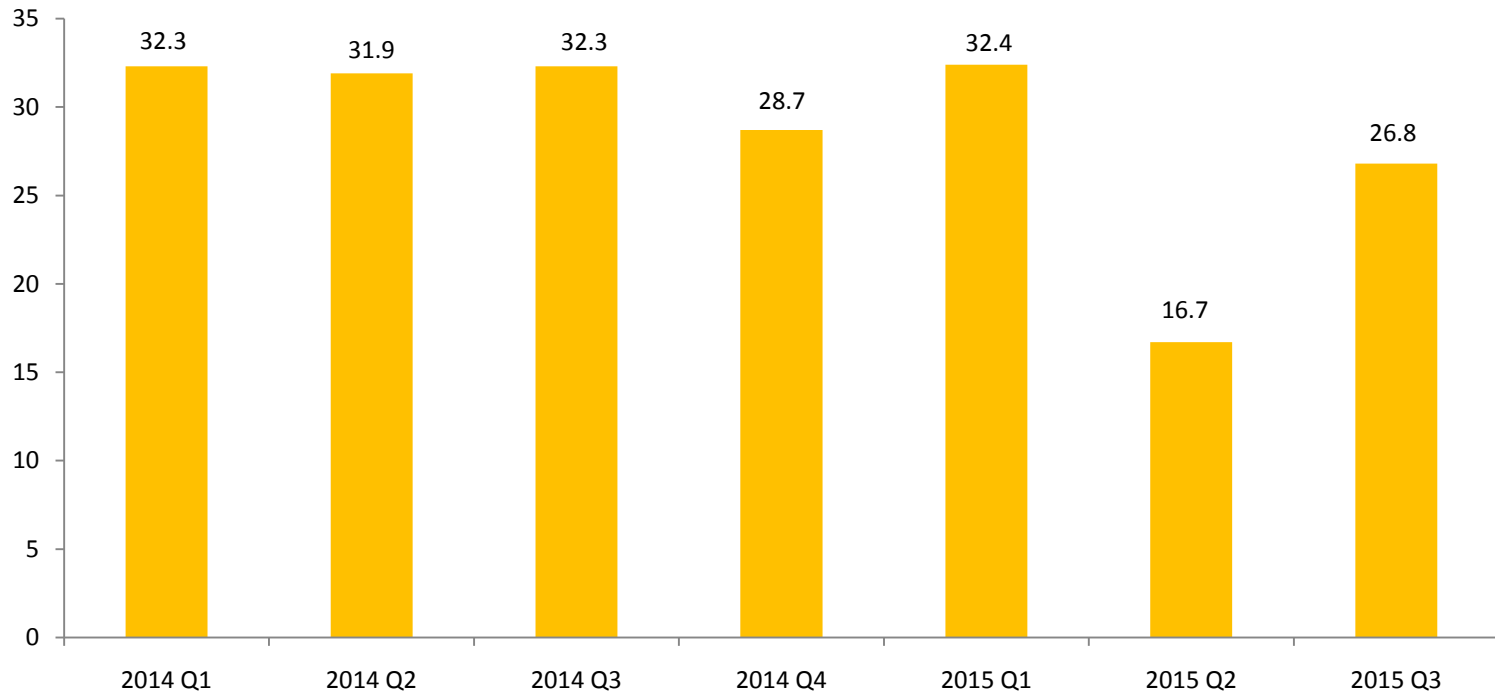
- Revenue improved sequentially to \$26.8 million versus \$16.7 million in the previous quarter.
- Gross margin improved sequentially to 22.8% from 16.2% in the previous quarter, driven by favorable product mix.
- Operating loss narrowed to \$0.6 million versus operating loss of \$9.0 million in the previous quarter.
- Continued to maintain a solid balance sheet with \$74.1 million in cash and cash equivalents and zero debt.



Total Non-GAAP Revenue

- ❖ Total Non-GAAP revenues for the third quarter of 2015 were \$26.8 million, compared to \$32.3 million for the third quarter of 2014.

US\$ in millions

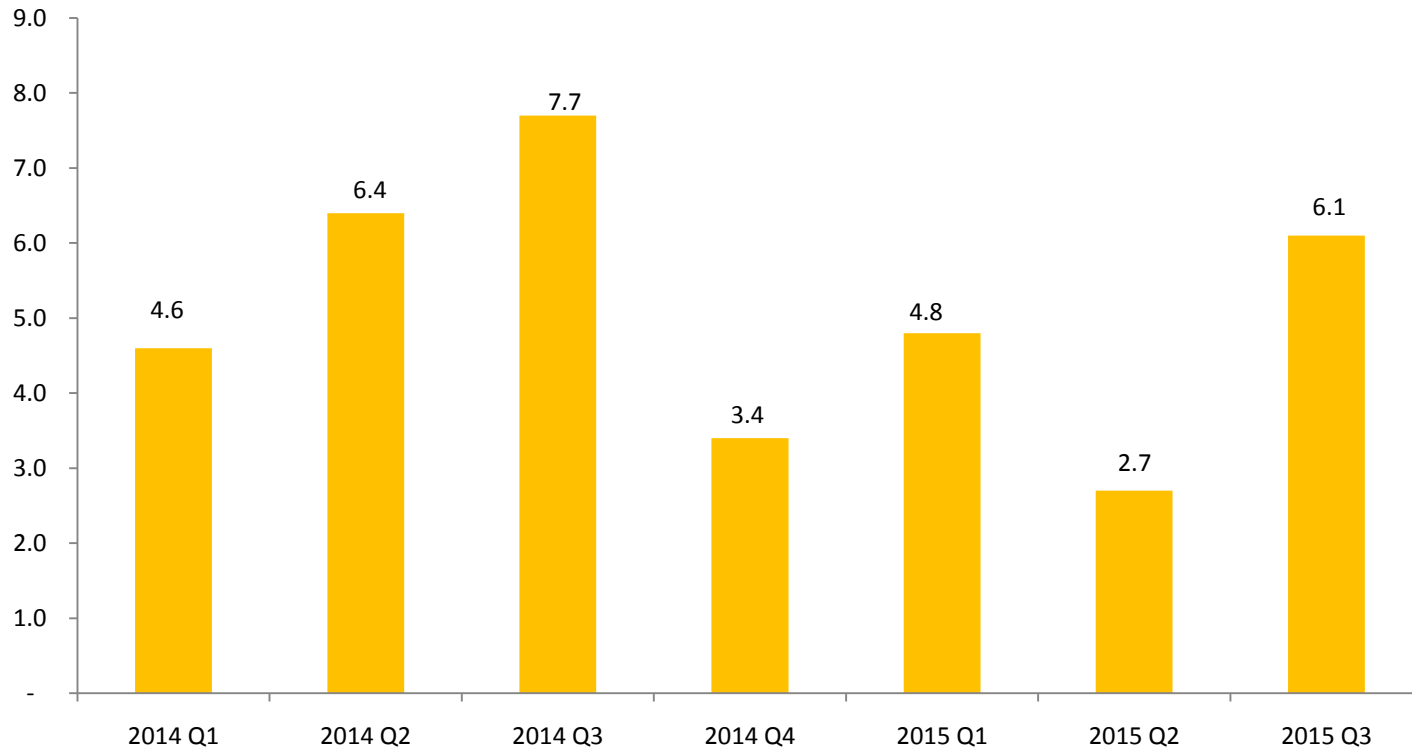




Non GAAP Gross Profit

- ❖ Non-GAAP Gross profit was \$6.1 million for the third quarter of 2015, compared to \$7.7 million for the third quarter of 2014.

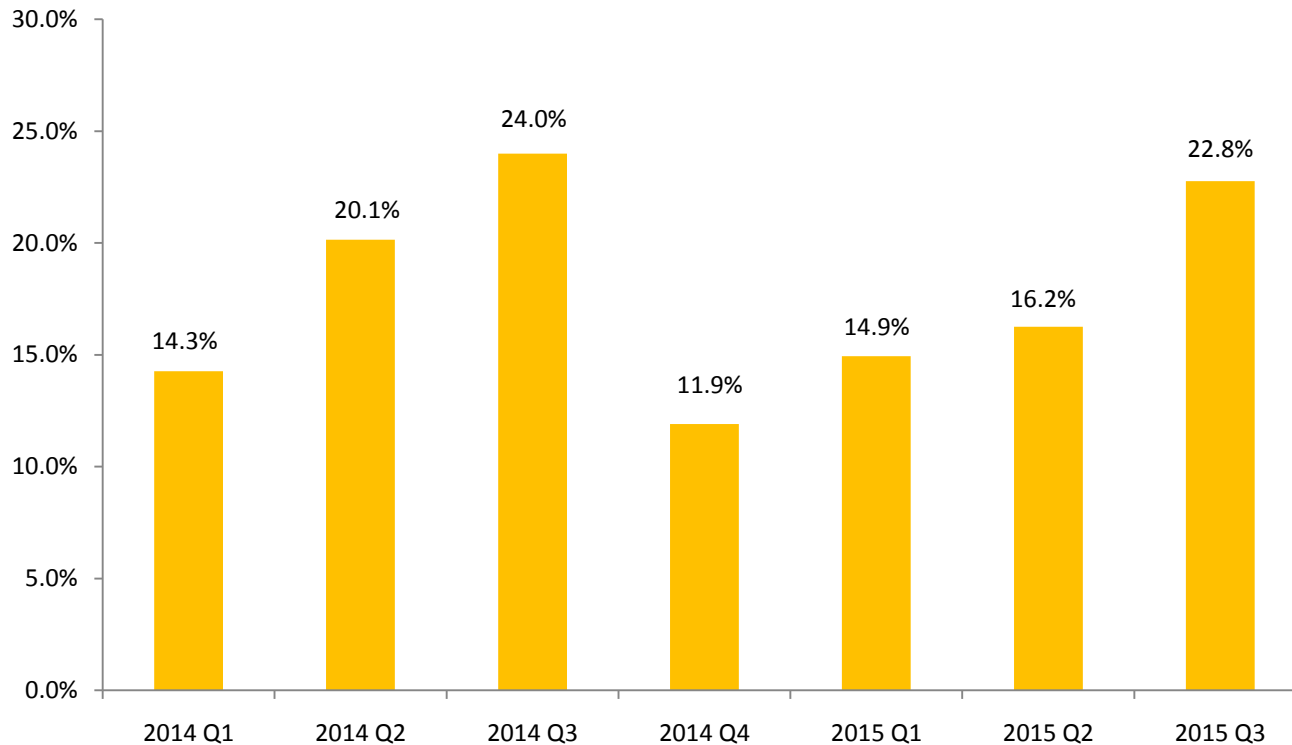
US\$ in millions





Non GAAP Gross Margin

- ❖ Non-GAAP gross margin was 22.8% for the third quarter of 2015, compared to 16.2% for the second quarter of 2015 and 24.0% for the third quarter of 2014.

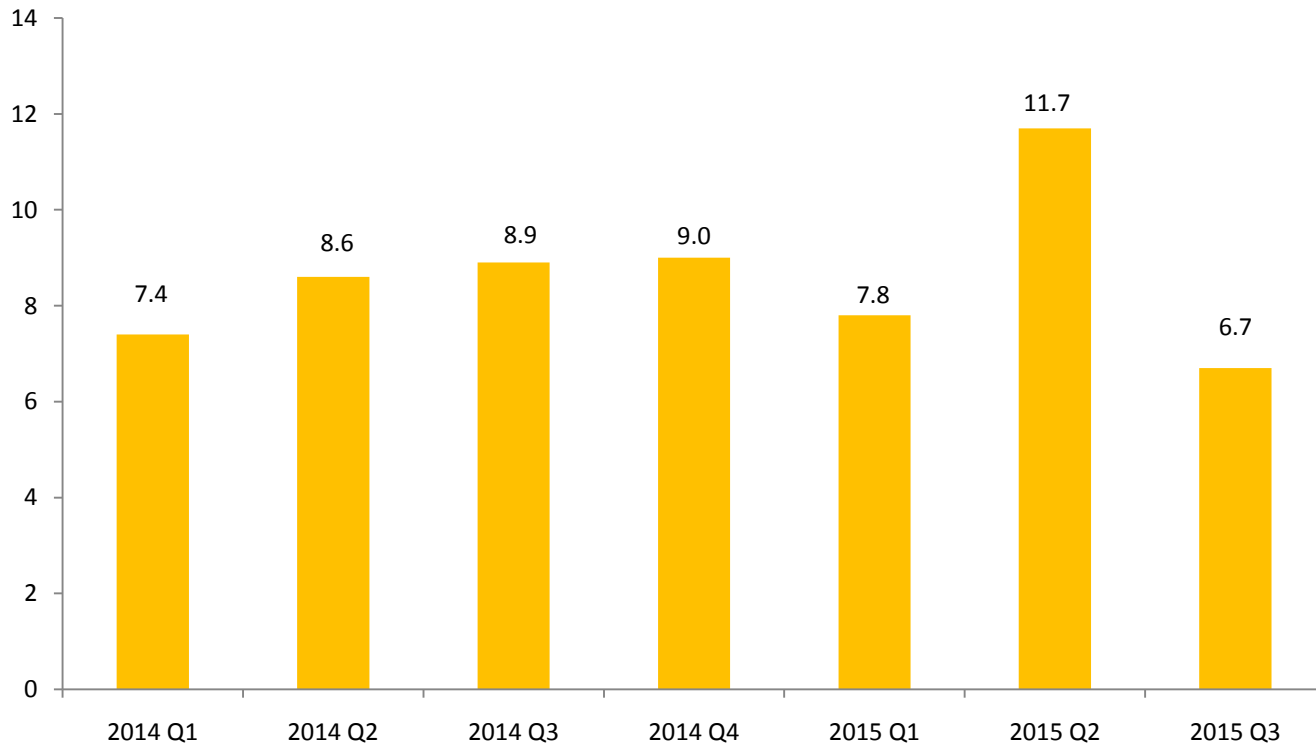




Non GAAP Operating Expenses

- ❖ Non-GAAP operating expenses were \$6.7 million for the third quarter of 2015, a decrease of 24% Y/Y from \$8.9 million for the third quarter of 2014.

US\$ in millions

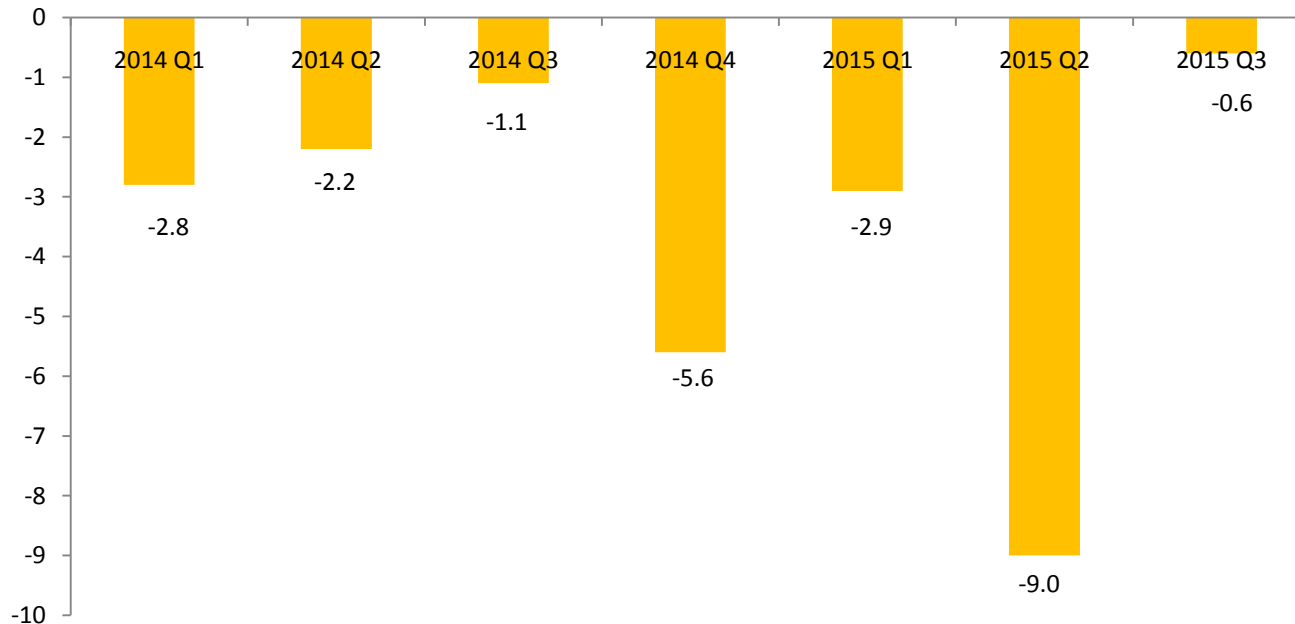




Non GAAP Operating Loss

- ❖ Non-GAAP operating loss was \$0.6 million for the third quarter of 2015, compared to operating loss of \$1.1 million for the third quarter of 2014.

US\$ in millions

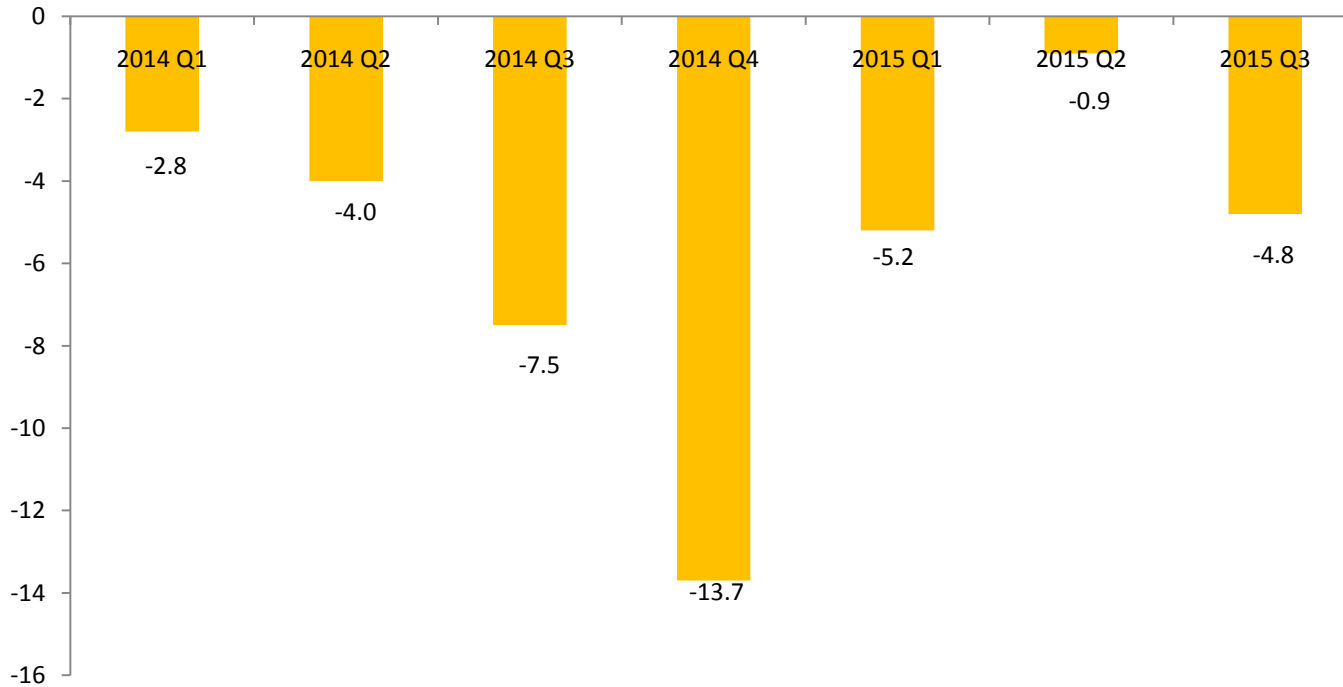




Non GAAP Net Loss

- ❖ Non-GAAP net loss was \$4.8 million for the third quarter of 2015, compared to net loss of \$7.5 million for the third quarter of 2014.

US\$ in millions





Cash Flow Analysis

- ❖ Cash balance of \$74.1 million in cash and cash equivalents with zero debt.
- ❖ Cash used in operating activities for the third quarter of 2015 was \$4.7 million.
- ❖ Cash provided by investing activities for the third quarter of 2015 was \$6.2 million.
- ❖ Cash used in financing activities for the third quarter of 2015 was \$0.8 million.



Conclusion



Recap of Our Go-forward Strategy

- ❖ Will continue to focus on high margin revenue in our broadband business as this remains the key business driver for us globally.
- ❖ Will achieve a healthy geographic diversification. Our historic relationships in Japan have proven to be a growth engine and we intend to replicate this experience in new markets, specifically in certain Latin American countries, Bangladesh and the US.
- ❖ Will continue to drive down cost and streamline the business while improving operational efficiency.
- ❖ Will continue to add value to our strategic investments in UiTV and aioTV with the goal of monetizing these investments and generating a good return in the future.



Company Outlook

- ❖ We have strategically realigned our business in order to transform UTStarcom, generate higher margins, and ultimately enhance shareholder value.
- ❖ We are beginning to see the fruits of this labor and we are determined to achieve even greater economies as we enter the final months of the year.
- ❖ Looking at the fourth quarter, the Company expects to generate non-GAAP revenue in the range of \$18-22 million.



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Thank you !