



UTStarcom Holdings Corp.

Third 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

- ❖ A transitional quarter: setting up for continued profitability and growth next year
- ❖ Key Financial Highlights:
 - Third quarter 2016 Non-GAAP revenues were \$16.4 million in line with our expectation
 - Third quarter 2016 Non-GAAP gross margin was 24.4%
 - Third quarter 2016 Non-GAAP operating loss was \$1.1 million
 - Third quarter 2016 Non-GAAP net loss was \$1.5 million
 - Third quarter 2016 cash from operating was \$1.6 million
 - Balance sheet remains strong with \$81.1 million in cash equivalents and zero debt



Operating Highlights

- ❖ Focus on high margin revenue in our broadband business
 - ❖ PTN product line continues to do well in Japan
 - ❖ Early adopter in the move from 10G to 100G metro networks

- ❖ Introduced SyncRing product family at the Softbank World expo

- ❖ Remain committed to R&D spending
 - ❖ Execute our strategic plan to develop next-generation products

- ❖ Focus on efficient operations
 - ❖ Q3 operating expenses ~\$1 million below Q2 level
 - ❖ Savings partially derived from relocation of R&D and Operations Center

- ❖ Repurchased 351,814 shares at a cost of \$720,908
 - ❖ Board in November approved a two-year extension of share buy-back program



Overview of 3Q16 Non-GAAP Financials

Non-GAAP Key Financial Highlights

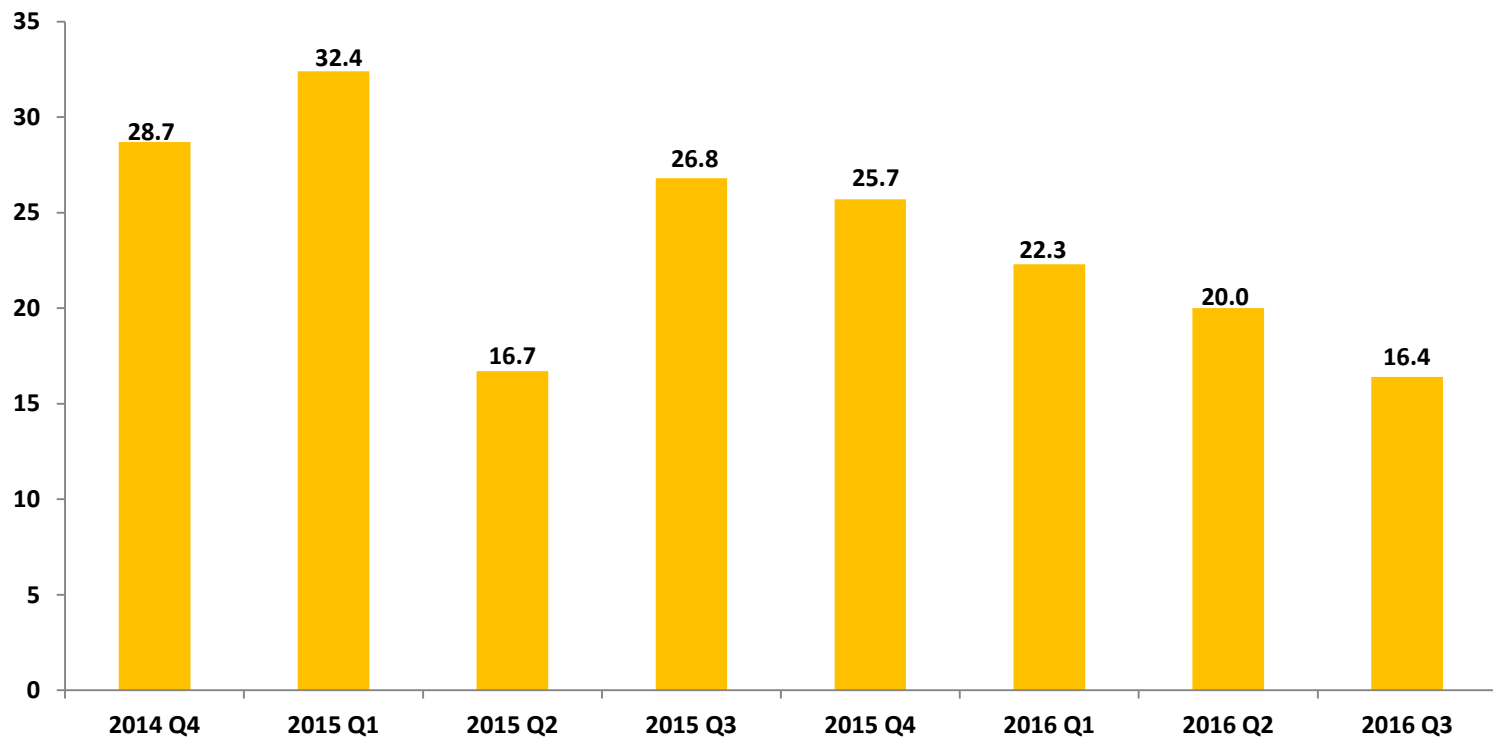
- Revenue of \$16.4 million was within our guidance range of \$15-\$20 million
- Gross margin improved y/y to 24.4%, driven by favorable product mix
- Net loss of \$1.5 million or \$0.04 per share
- Cash flow from operating activities was \$1.6 million
- Continue to maintain a strong balance sheet with \$81.1 million in cash and equivalents with zero debt



Total Non-GAAP Revenue

- ❖ Total Non-GAAP revenues in Q3 2016 were \$16.4 million, compared to \$20.0 million in Q2 2016 and \$26.8 million in Q3 2015
- ❖ Total Non-GAAP revenues for the first nine months in 2016 were \$58.7 million, compared to \$75.9 million for the same period in 2015

US\$ in millions

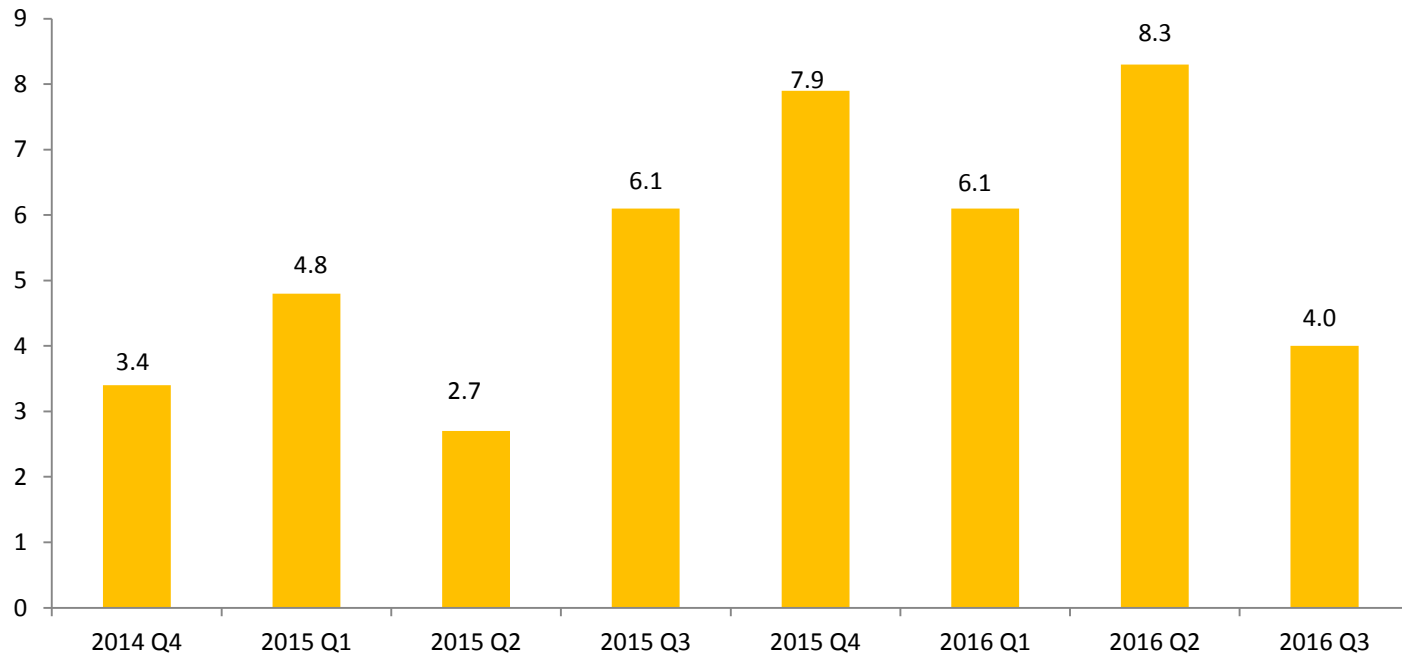




Non-GAAP Gross Profit

- ❖ Non-GAAP Gross profit was \$4.0 million for Q3 2016, compared to \$8.3 million in Q2 2016 and \$6.1 million in Q3 2015
- ❖ Non-GAAP Gross profit was \$18.3 million for the first nine months in 2016, compared to \$13.7 million for the same period last year

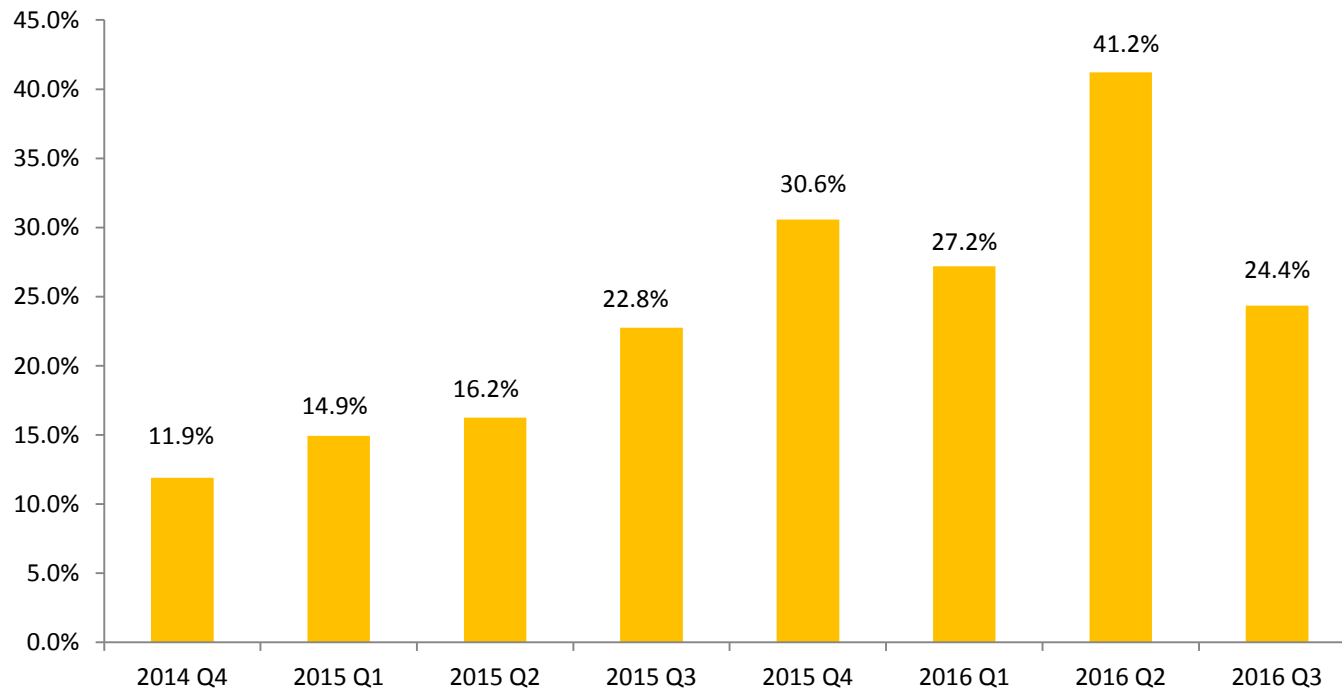
US\$ in millions





Non-GAAP Gross Margin

- ❖ Non-GAAP gross margin was 24.4% for the third quarter of 2016, compared to 41.2 % for the second quarter of 2016 and 22.8% for the second quarter of 2015
- ❖ Non-GAAP gross margin was 31.2% for the first nine months in 2016, compared to 18.0% for same period of 2015

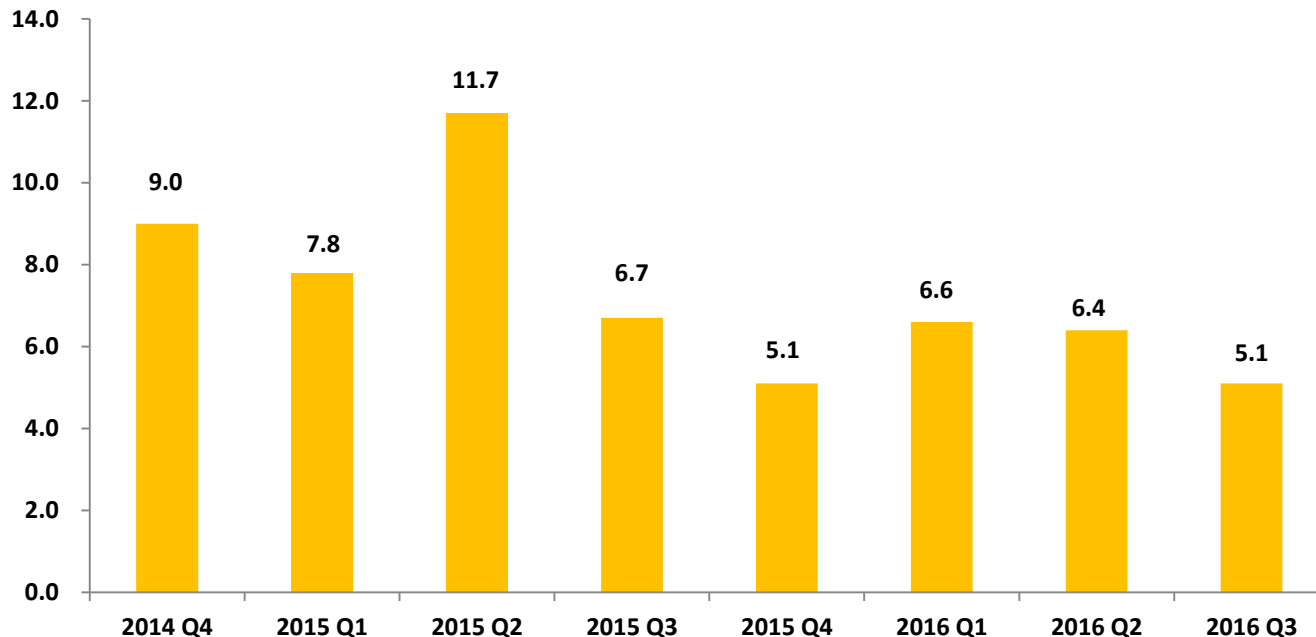




Non-GAAP Operating Expenses

- ❖ Non-GAAP operating expenses were \$5.1 million for Q3 2016, down 20.0% from \$6.4 million Q2 2016 and down 24.4% from \$6.7 million in Q3 2015
- ❖ Non-GAAP operating expenses were \$18.1 million for the first nine months in 2016, a decrease of 31.0% from \$26.2 million for the same period last year

US\$ in millions

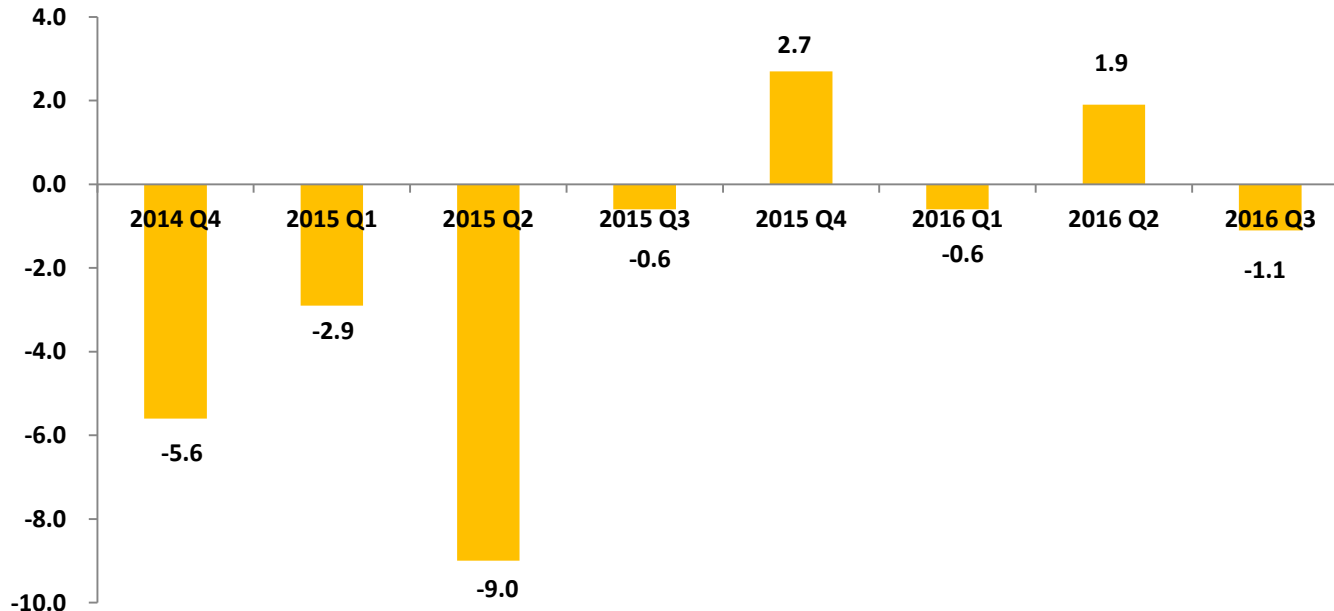




Non-GAAP Operating Income(Loss)

- ❖ Non-GAAP operating loss was \$1.1 million for Q3 2016, compared to operating income of \$1.9 million in Q2 2016 and operating loss of \$0.6 million in Q3 2015.
- ❖ Non-GAAP operating income was \$0.2 million for the first nine months in 2016, compared to operating loss of \$12.6 million for the corresponding period of 2015.

US\$ in millions

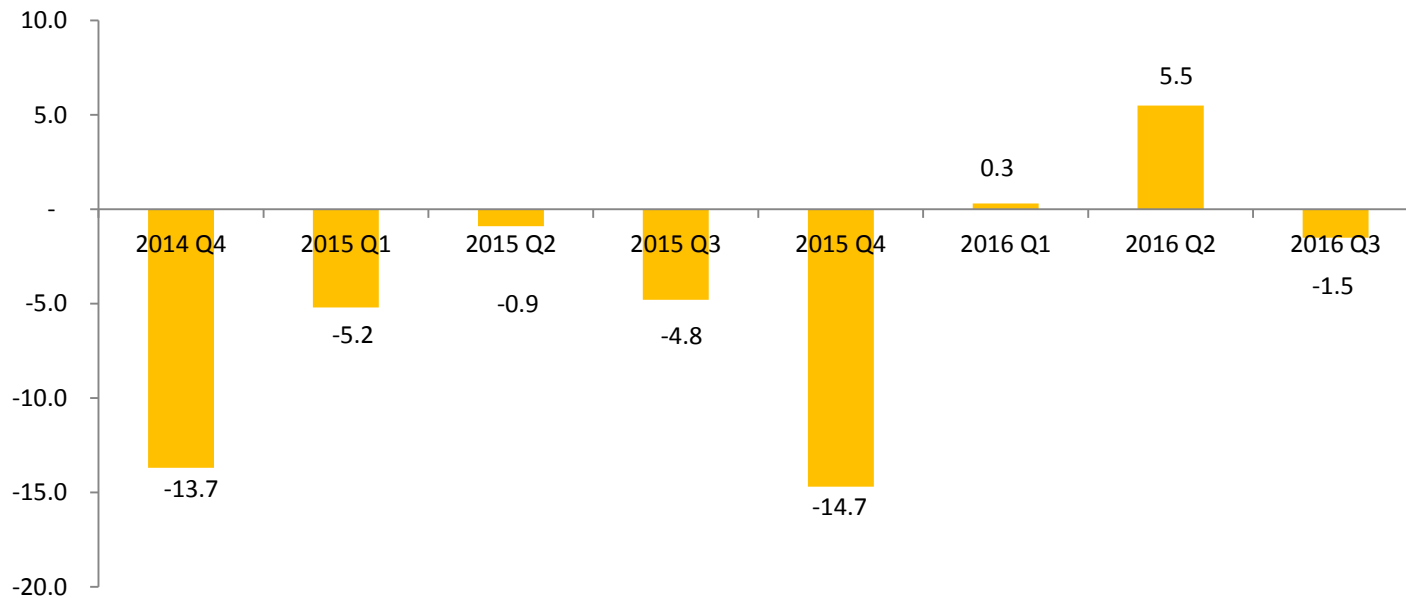




Non-GAAP Net Income (Loss)

- ❖ Non-GAAP net loss was \$1.5 million for Q3 2016, compared to net income of \$5.5 million in Q2 2016 and net loss of \$4.8 million in Q3 2015
- ❖ Non-GAAP net income was \$4.2 million for the first nine months in 2016, compared to net loss of \$10.8 million for the same period last year

US\$ in millions





Cash Flow Analysis

- ❖ Cash balance of \$81.1 million in cash and cash equivalents with zero debt
- ❖ Cash from operating activities in Q3 2016 was \$1.6 million
- ❖ Cash used in investing activities in Q3 2016 was \$1.3 million
- ❖ Cash used in financing activities in Q3 2016 was \$0.7 million



3Q16 GAAP and Non-GAAP Financials

GAAP and Non-GAAP Key Financial Highlights

	Q3 2016 GAAP	Y/Y Change*	Q3 2016 Non-GAAP	Y/Y Change*
Revenue	\$16.4	-40.0%	\$16.4	-38.9%
Gross Margin	24.3%	+200 bps	24.4%	+160 bps
Operating Expenses	\$5.4	-23.2%	\$5.1	-24.4%
Operating Income	(\$1.4)	-\$0.4	(\$1.1)	-\$0.5
Net Income	(\$1.8)	+\$3.3	(\$1.5)	+\$3.3
EPS	(\$0.05)	+\$0.09	(\$0.04)	+\$0.09
Operating Cash Flow	\$1.6	+\$6.2		
Cash Balance	\$81.1	+9.5%		

* Dollar comparisons are used where percentage comparisons are not meaningful.

*All the numbers in U.S. Dollar are in million except EPS



Outlook

- ❖ Q4 2016 Non-GAAP revenue in the range of \$15 million - \$20 million
- ❖ Sustain commitment to grow profitably, manage operations prudently and maintain financial strength

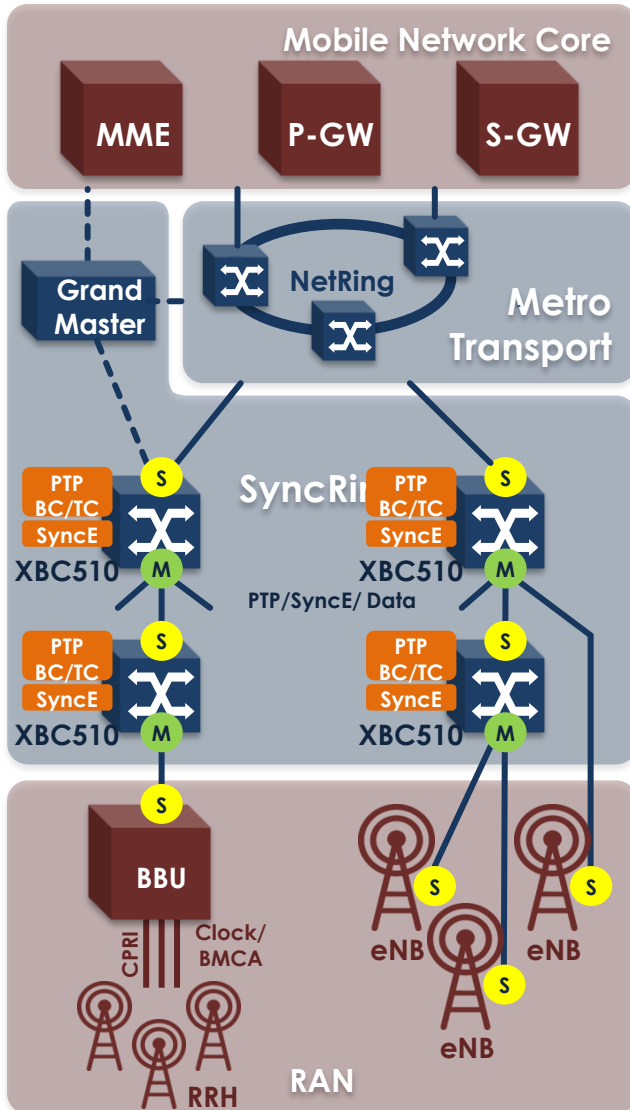


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Appendices

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



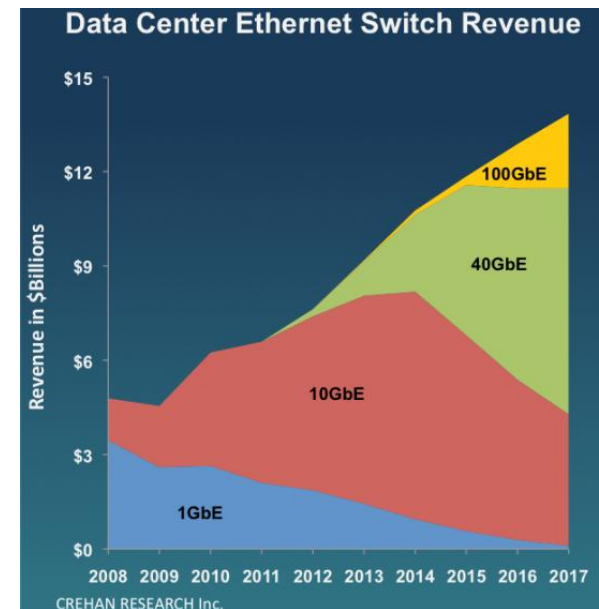
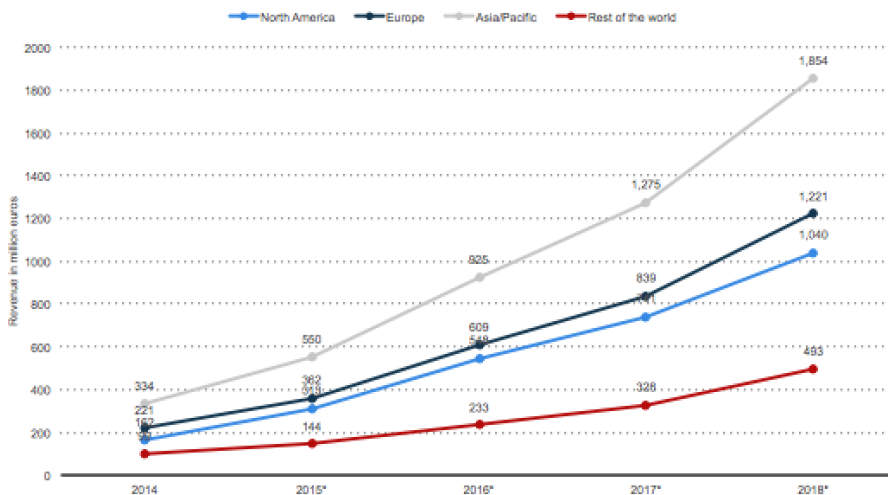


Data Center Market Opportunities

Impact as related to UT business

- Potential need for large volumes of DC Switches
- UT's SDN/NFV can bring many benefits:
 - Integration of DC and Telecom infrastructure for efficient end-to-end service orchestration
 - Integration with DC for efficient implementation of network functions: Firewall, DPI, VPN, Routing, Load balancing etc.

Asia/Pacific is expected to have the largest NFV and SDN market growth between now and 2018



CREHAN RESEARCH Inc.



Smart City Market Opportunities

Smart City

- ✓ ICT – vital enabling element of the Smart City concept
- ✓ Requires 100% broadband penetration both fixed line and wireless
- ✓ Assumes convergence of Telecom and IT infrastructure:
 - Internet access
 - Broadband services
 - Telecom services
 - Data services
 - Cloud services
 - Security, VPN, Firewall
 - Big data analytics
 - IoT, M2M

Impact as related to UT business

Penetration

- 100% wireless coverage (4/5G, Wi-Fi)
- More traffic
- IoT, M2M
- IPv6



- Growing need for NG-PTN metro network

- Wide use of data centers

- Need for large volumes of DC Switches

- SDN Network



- SDN Experiences can bring many benefits

- Municipal Management system (MMS)

- High availability and scalability NMS



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Thank you !