Second Quarter 2019 Results

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www.utstar.com

Disclosure and Forwarding 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.

Q2 2019 Financial Highlights

	Q2 2019	Y/Y Change	Q/Q Change
Revenues	$13.9	-51.3%	-43.6%
Gross Profit	$5.0	-32.7%	-28.0%
Operating Expenses	$7.1	+1.6%	-2.2%
Operating Loss	-$2.1	-$2.6	-$1.8
Net Income	$1.7	+$1.8	+$1.3
Basic EPS	$0.05	+$0.05	+$0.04
Cash Balance (including Restricted Cash)	$55.1	-31.5%	-14.0%

Note: All dollar figures in millions (except basic EPS)

Key Recent Operating Highlights

- **Ongoing Evaluation of 5G Transport Network Technologies with Major Carrier in China**

- Product Launch at Softbank World 2019

- Ramp of goBox Business Continues

Market Opportunity: 5G Transition

UTSTARCOM®

- **SkyFlux Platform**: Segment Routing Product Family
  - Based on Segment Routing over IPv6 or MPLS data plane
  - Integrated with FlexE as well as SDN platform SOO network
  - Value proposition:
    - Scalability
    - Greater flexibility
    - Rapid provisioning
    - Better automation
    - Reduced complexity
    - Optimized operation/maintenance

> **Excellent packet optical transport designed and optimized to meet complex mix of 5G requirements**

- **SyncRing XGM30**
  - Launch November 2018
  - Grand Master – Source of accurate time sync
  - Enables time sync requirements of LTE/LTE-A and 5G networks
  - Customer functional testing in progress
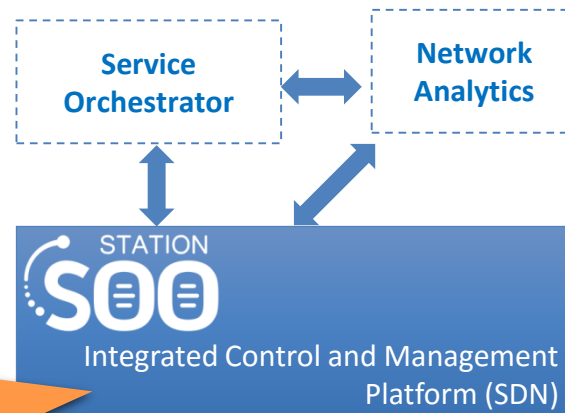
- **SyncRing XBC340 & XBC341**
  - Launch July 2018
  - Boundary Clock with support of sync, data forwarding, POE
  - Enables time sync requirements of LTE/LTE-A and 5G networks
  - Customer functional testing in progress

> **Highly accurate cost-effective time sync for 5G networks**

SkyFlux UAR Segment Router Family

Service Orchestrator ↔ **Network Analytics**

STATION
S00
Integrated Control and Management Platform (SDN)

April 19, 2018 Announced POC-ready release
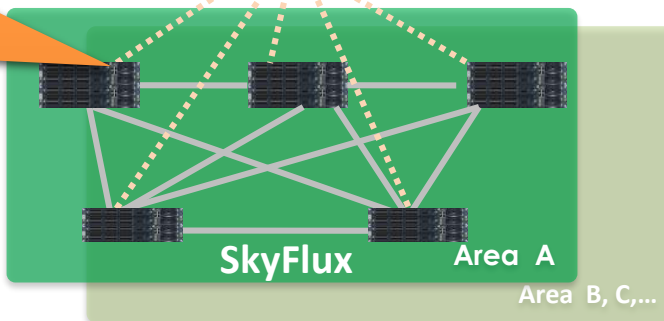
SkyFlux   Area A
Area B, C,...

Intelligent Networking: Source Routing + SDN + 10/100GE

Enable
network **programmability**,
SDN-based **automation**,
and high network **scalability**...
...while reducing complexity

Programmable agile network

Seamless SDN integration

L2VPN/L3VPN services

Carrier-class feature set
(sub-50ms protection, OAM, TE, QoS)

100GE support

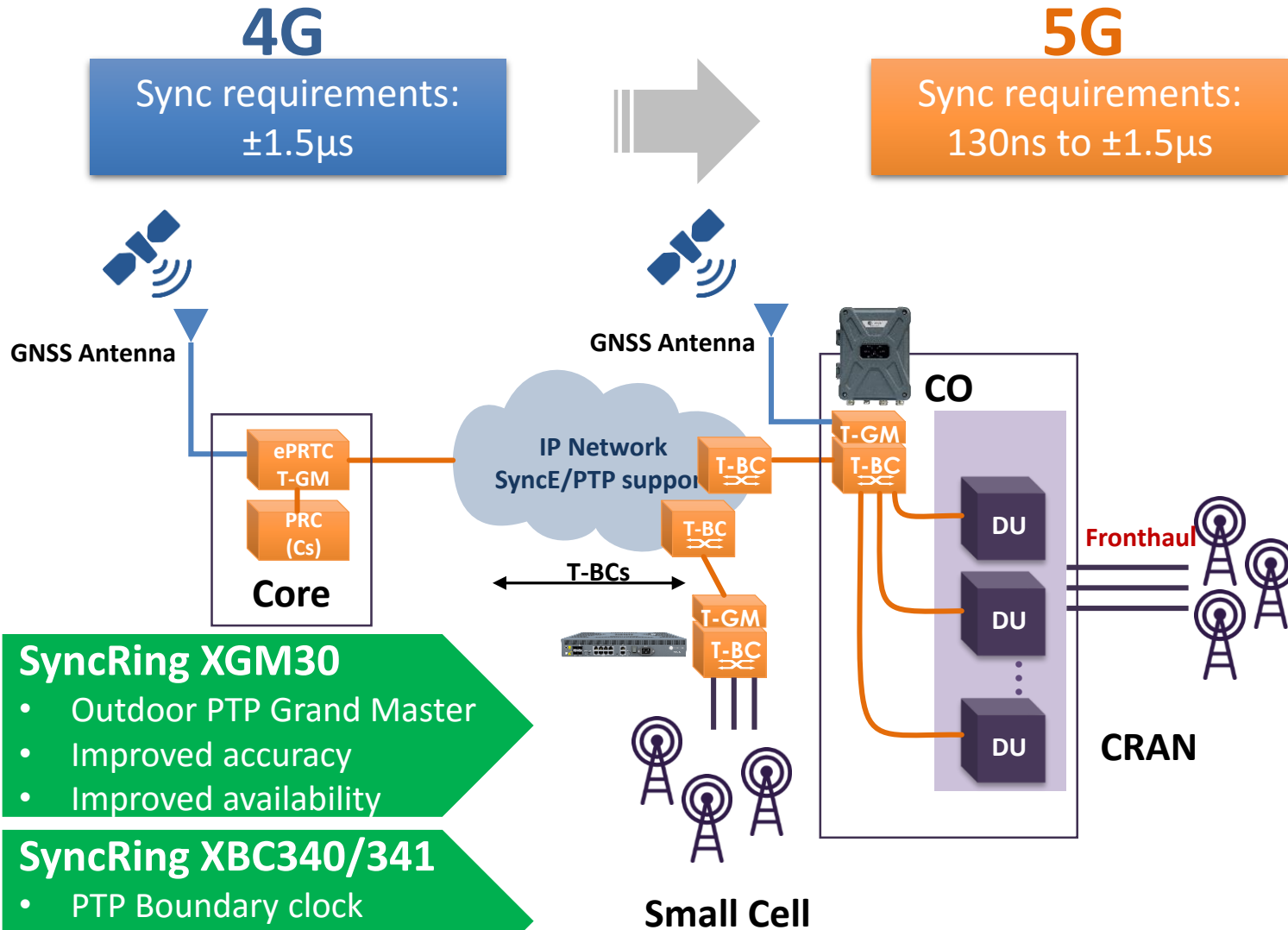Reliable modular hardware platform

UAR500

- SRv6-enabled high-performance aggregation router
- 800Gbps capacity
- Interfaces up to 100GE
- Modular full-redundant chassis, 5RU
- Tight SDN integration

SyncRing: 4G/5G-ready Synchronization

4G

Sync requirements: ±1.5μs

5G

Sync requirements: 130ns to ±1.5μs

GNSS Antenna

GNSS Antenna

CO

ePRTC T-GM

PRC (Cs)

Core

IP Network SyncE/PTP suppo...

T-BC

T-GM
T-BC

T-BC

T-BCs

T-GM
T-BC

DU

DU

DU

CRAN

Fronthaul

Small Cell

SyncRing XGM30
- Outdoor PTP Grand Master
- Improved accuracy
- Improved availability

SyncRing XBC340/341
- PTP Boundary clock
- Sync + data + POE
- Cost-effective all-in-one

XBC340/XBC341
Boundary Clock / POE

SyncRing XGM30
Grand Master

SyncRing XBC510
Boundary Clock

SyncRing XGM20
Grand Master

Netman 6000 OMC-O
Centralized network management

Netman 6000 OMC-O
Centralized network management

Key Recent Operating Achievements

- Ongoing Evaluation of 5G Transport Network Technologies with Major Carrier in China

- Product Launch at Softbank World 2019

- Ramp of goBox Business Continues

Softbank World 2019

UTStarcom @ SBW2019

❑ UTStarcom is a Diamond sponsor of the event
❑ Key Message: **Driving network evolution**

Major Focus

Advanced network infrastructure including next-gen packet optical transport, SR-based routing, network disaggregation concept, network synchronization, SDN-based intelligence, IoT. Highlighted solutions:

❑ SkyFlux UAR: Intelligence and performance for network evolution
❑ White box-based network disaggregation for telecom-grade networking
❑ SyncRing: Sync over packet for 4/5G mobile networks
❑ SOO Station: SDN-based control for intelligent automated networks

Keynote Speech

UTStarcom's Senior VP Mr. Steven Chen delivered a speech and a presentation:

❑ **"Packet network evolution strategies for 5G era"**

Products Exhibit

UTStarcom exhibited its newest products and solutions in its booth during the event:

❑ Next generation SRv6-based routing platform: SkyFlux UAR300, UAR500
❑ Network Disaggregation using off-the-shelf White Box Switches from Accton, Delta
❑ 5G-ready timing solution: XGM30 Grand Master, XBC341 Boundary Clock / PoE Switch
❑ SDN Controller: SOO Station
❑ IoT: LifeSmart products

New product release!

SyncRing XBC340 and XBC341

New products focused on delivering compelling benefits

- SyncRing XBC340 and XBC341
  - Designed to play the role of highly accurate boundary clocks in a PTP IEEE1588v2 network
  - Help ensure high end-to-end network time synchronization accuracy, providing full on-path support with SyncE and PTP
  - "All-in-one" solution supporting synchronization, data forwarding and PoE functions
  - Value proposition:
    - Excellent synchronization capabilities
    - Optimized for use in the distributed clustered timing architecture together with SyncRing series PTP Grand Master devices (SyncRing XGM series)
    - Great choices for efficient 4G/5G small cell deployment: all-in-one sync+data+POE
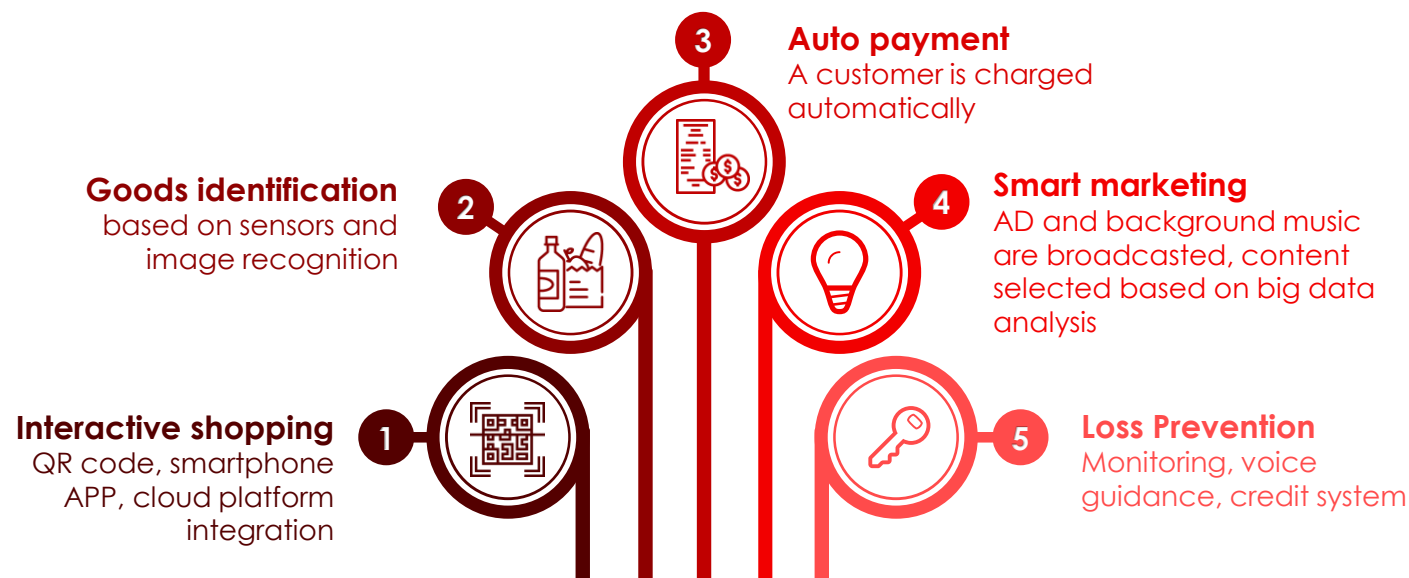
XBC340

XBC341

Key Recent Operating Achievements

- Ongoing Evaluation of 5G Transport Network Technologies with Major Carrier in China

- Product Launch at Softbank World 2019

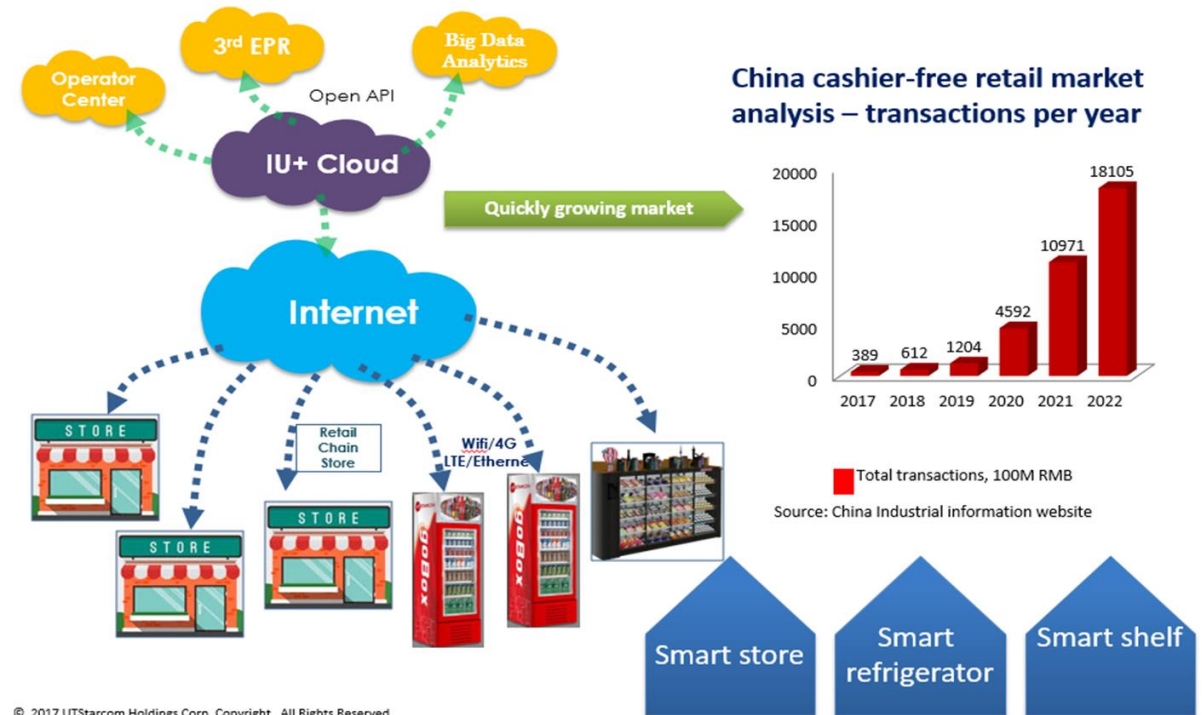- Ramp of goBox Business Continues

goBox

- Smart vending machine
- Smoothly integrates with UT's cloud platform
- Uses load and image recognition, sensors and big data for streamlined automated shopping experience
- goBox is getting market traction
  - Expect three major China-based customers to book orders
  - Effort to expand internationally underway

automated shopping

cloud platform

goBox

big data

sensors

image recognition

video surveillance

digital signage

3 Auto payment
A customer is charged automatically

Goods identification
based on sensors and image recognition

2

Smart marketing 4
AD and background music are broadcasted, content selected based on big data analysis

Interactive shopping
QR code, smartphone APP, cloud platform integration

1

Loss Prevention 5
Monitoring, voice guidance, credit system

Market Opportunity: Unattended Retail

goBox Platform integrates leading-edge technologies

- AI features including:
    - Facial recognition
    - Image analysis
    - Behavior identification
- Integrated load and image sensing
- Cloud-based system management and support
- E-payment
- Real-time interactive capabilities

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China cashier-free retail market analysis – transactions per year

Total transactions, 100M RMB
Source: China Industrial information website

Innovation Remains Our Focus

UTSTARCOM®

Segment Routing (SR):

① A new forwarding paradigm
② Source routing technology
③ SR TP/SR BE
④ Remove complexity of MPLS networks
⑤ Great match for SDN automation
⑥ Soft network slicing

01

SR Segment Routing

Fast development progress

FlexE:

| MAC |
| FlexE Shim |
| PCS |
| PMS |
| PMD |

① Various Ethernet MAC rates
  ① Bonding of multiple links
  ② Sub-rating of links
  ③ Channelization of links
② TDM Tunnel and XC
③ Low latency
④ Hard network slicing

02

04

03

NETWORK SOO

Clock Synchronization:

① Sync over packet NW
② High accurancy for 5G

SDN Controller

① Service orchestration
② Network on demand
③ Automation
④ APP driven

SPN Technology

Segment Routing

New tunneling technology in packet network base on source routing: SR-TP/SR-BE

FlexE

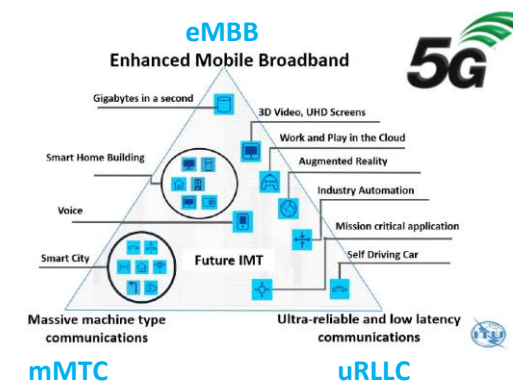Flex Ethernet through a variety of Ethernet MAC rates

SDN Controller

SDN for service orchestration with APP driven

Synchronization

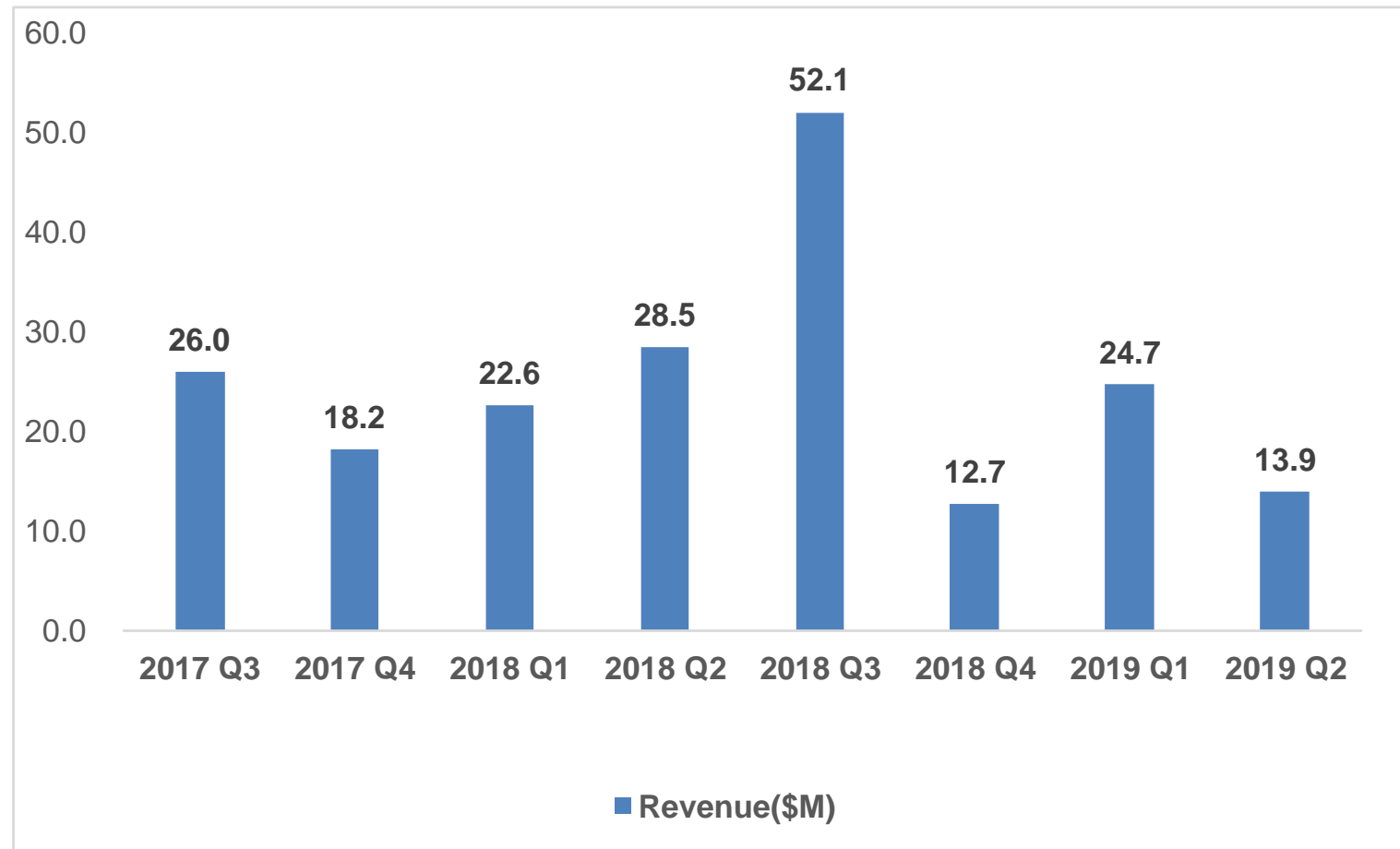"Sync over packet network" with PTP (Precision Time Protocol) and SyncE

Great match!

eMBB
Enhanced Mobile Broadband

Gigabytes in a second
3D Video, UHD Screens
Work and Play in the Cloud
Smart Home Building
Augmented Reality
Industry Automation
Voice
Mission critical application
Smart City
Future IMT
Self Driving Car

5G

Massive machine type communications
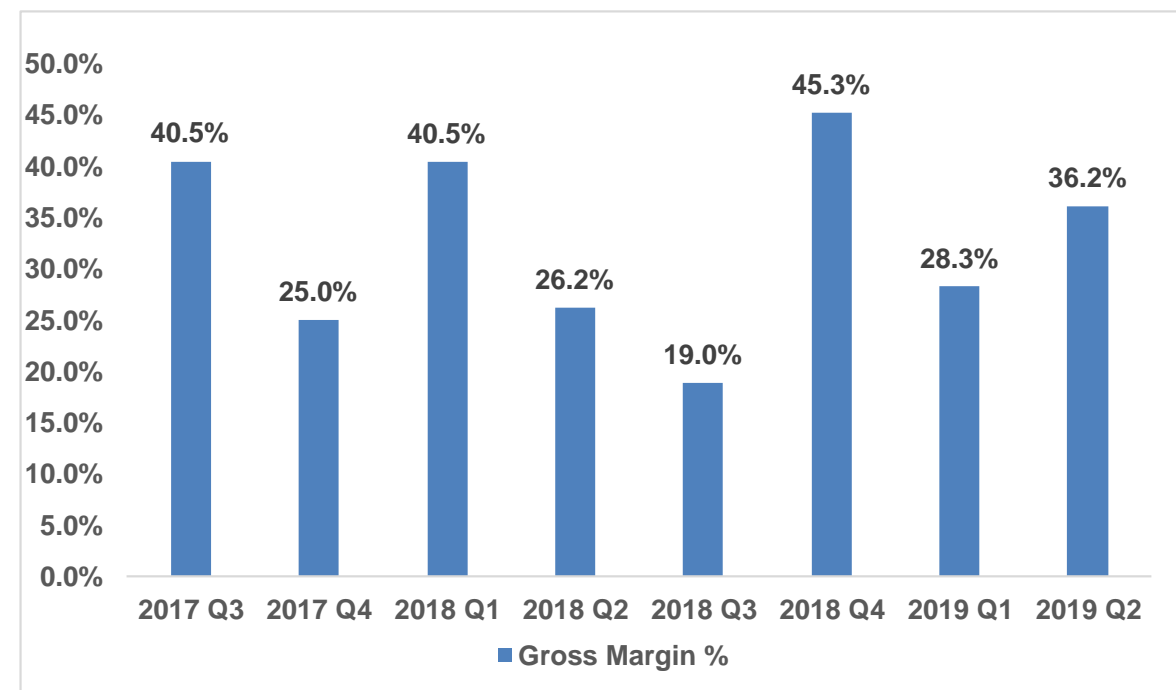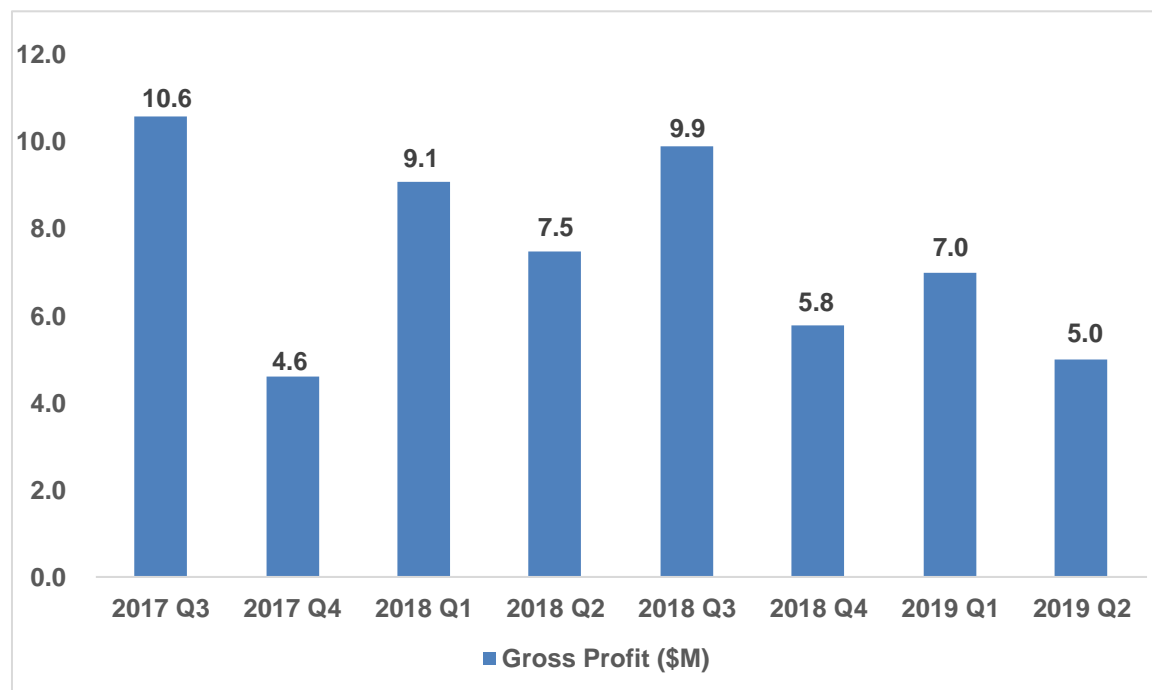Ultra-reliable and low latency communications

mMTC
uRLLC

Revenue

- Down 51% y/y and down 44% q/q
- India accounted for the majority of Q2 revenue
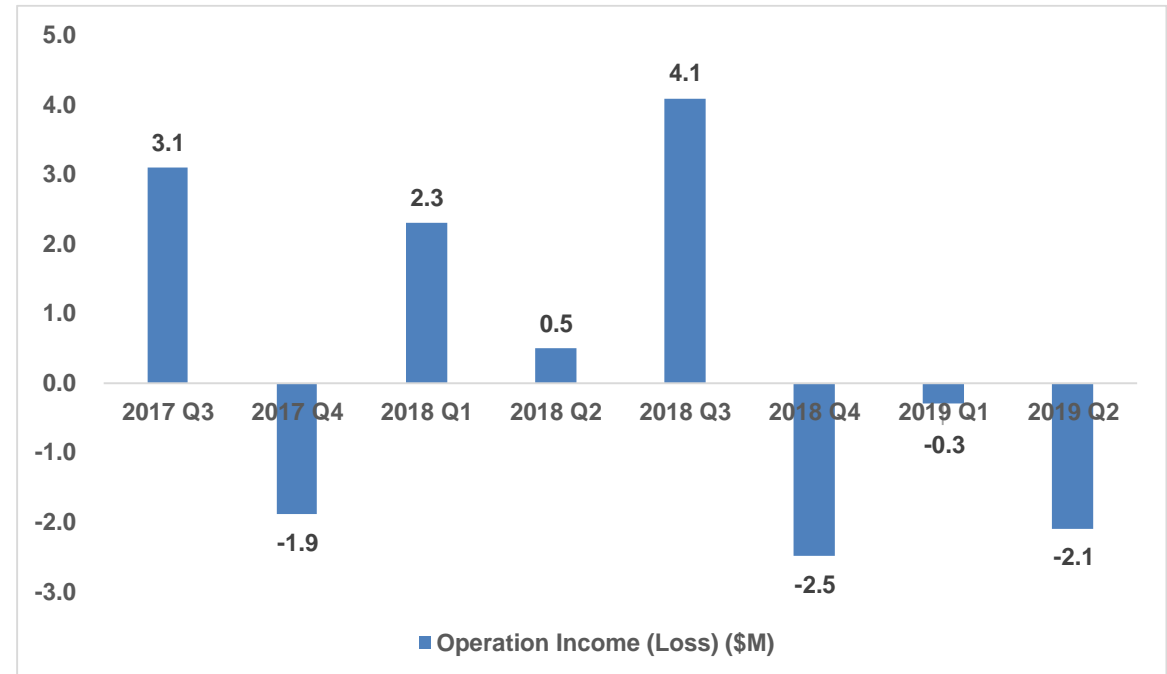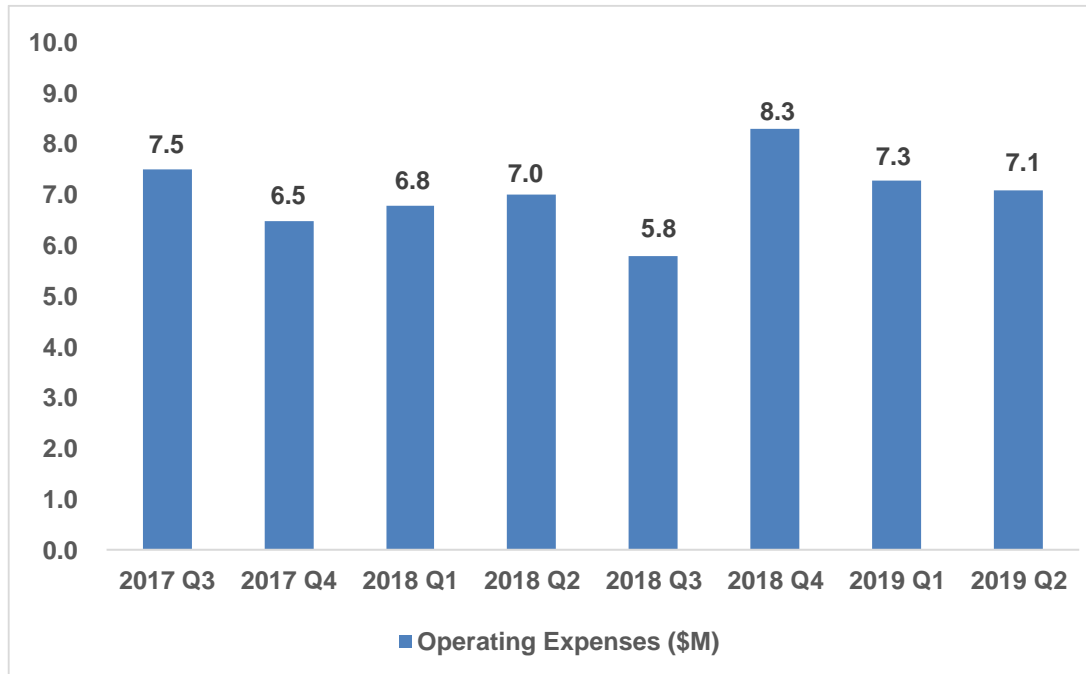
Gross Profit and Gross Margin

- Gross profit: down 33% y/y and down 28% q/q

- Gross margin: Higher margin reflects product and geographic mix
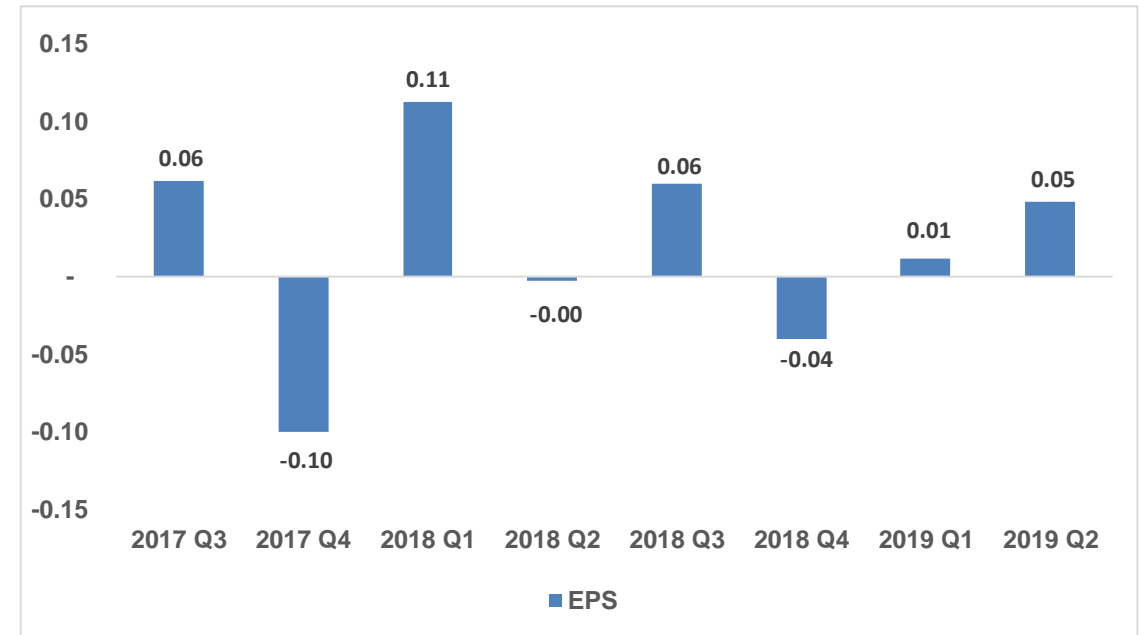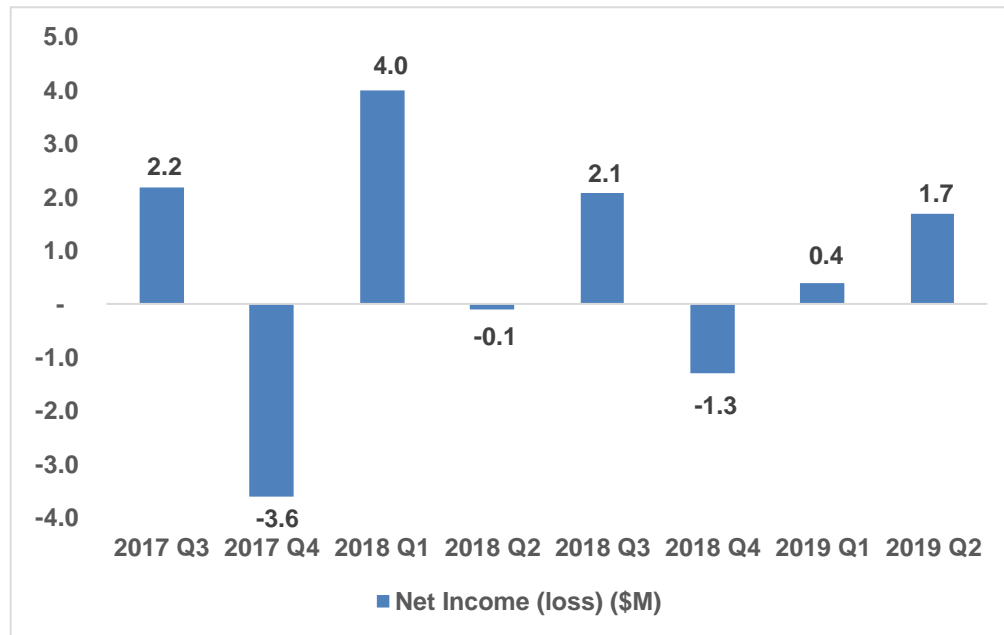
Operating Expense/Operating Income (Loss)

- SG&A expenses decreased 27% y/y and 21% q/q

- R&D expenses increased 45% y/y and 19% q/q, which reflected our continuing investment in 5G technologies and product development

Net Income (Loss) and EPS

- Achieved profitability for the second consecutive quarter

- Benefited from the write-off of an aged payable and a tax reserve adjustment

Cash Flow

- Cash used in
  - Operating activities $9.7M
  - Financing activities $0.6M
- Quarter-end cash and equivalents $55.1M

Q3 2019 Outlook

- Revenue expected to be in the range of $13 to $17 million
  - Quarterly revenue typically correlates with timing of project fulfillment

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