



UTStarcom Holdings Corp.

# First 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

- ❖ The revised business strategy resulted in positive impact to our business.
- ❖ Key Financial Highlights:
  - First quarter 2016 Non-GAAP revenues were \$22.3 million, exceeding our our expectations set and shared in March 2016.
  - First quarter 2016 Non-GAAP gross margin was 27.2%.
  - First quarter 2016 Non-GAAP net income was \$0.3 million.
  - First quarter 2016 cash provided by operating was \$2.0 million.
  - Continued to maintain a strong balance sheet with \$80.2 million in cash and cash equivalents.



# Operating Highlights

- ❖ Focused on high margin revenue in our broadband business, which remains a key business driver globally.
- ❖ Focused on traditional markets where we have deep understanding and experience while selectively investing in markets with great potential.
- ❖ Further streamlined business and improved operational efficiency.
- ❖ Accelerate our investment in data center and smart city markets for future growth.



# Overview of 1Q16 Non-GAAP Financials

## Non-GAAP Key Financial Highlights

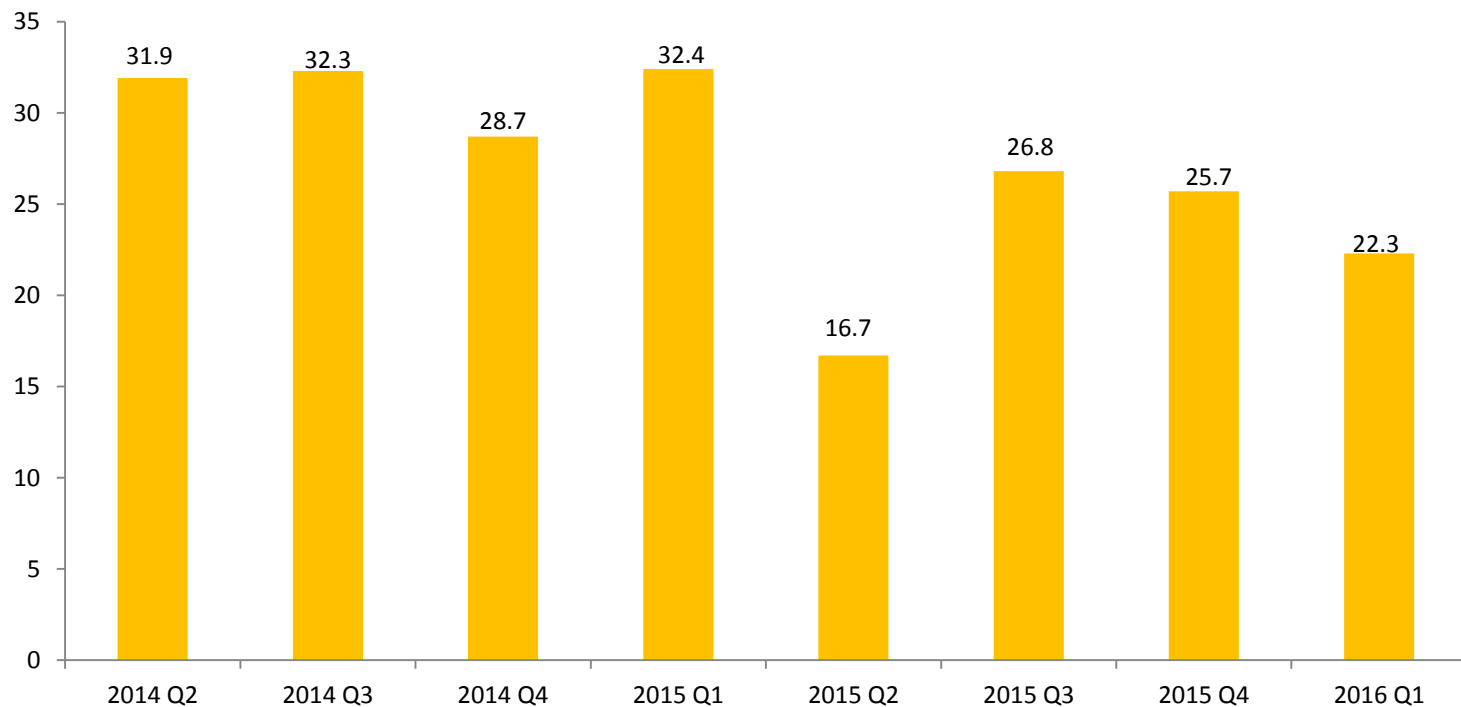
- Revenue was \$22.3 million, exceeding our our expectations.
- Gross margin was 27.2%.
- Achieved non-GAAP profitability with non-GAAP ESP of \$0.01
- Continued to maintain a solid balance sheet with \$80.2 million in cash and zero debt.



# Total Non-GAAP Revenue

- ❖ Total Non-GAAP revenues for the first quarter of 2016 were \$22.3 million, compared to \$25.7 million for the fourth quarter of 2015.

US\$ in millions

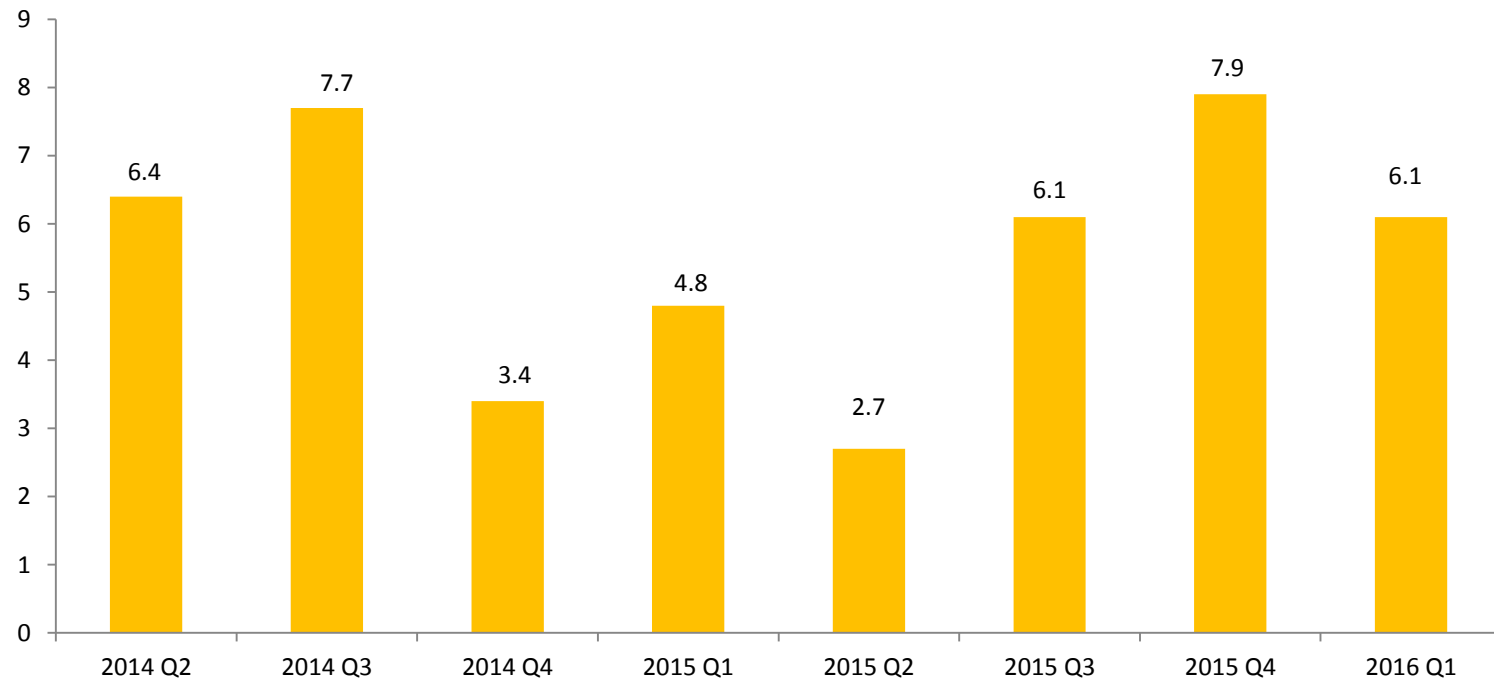




# Non GAAP Gross Profit

- ❖ Non-GAAP Gross profit was \$6.1 million for the first quarter of 2016, compared to \$7.9million for the fourth quarter of 2015 and \$4.8 million for the first quarter of 2015.

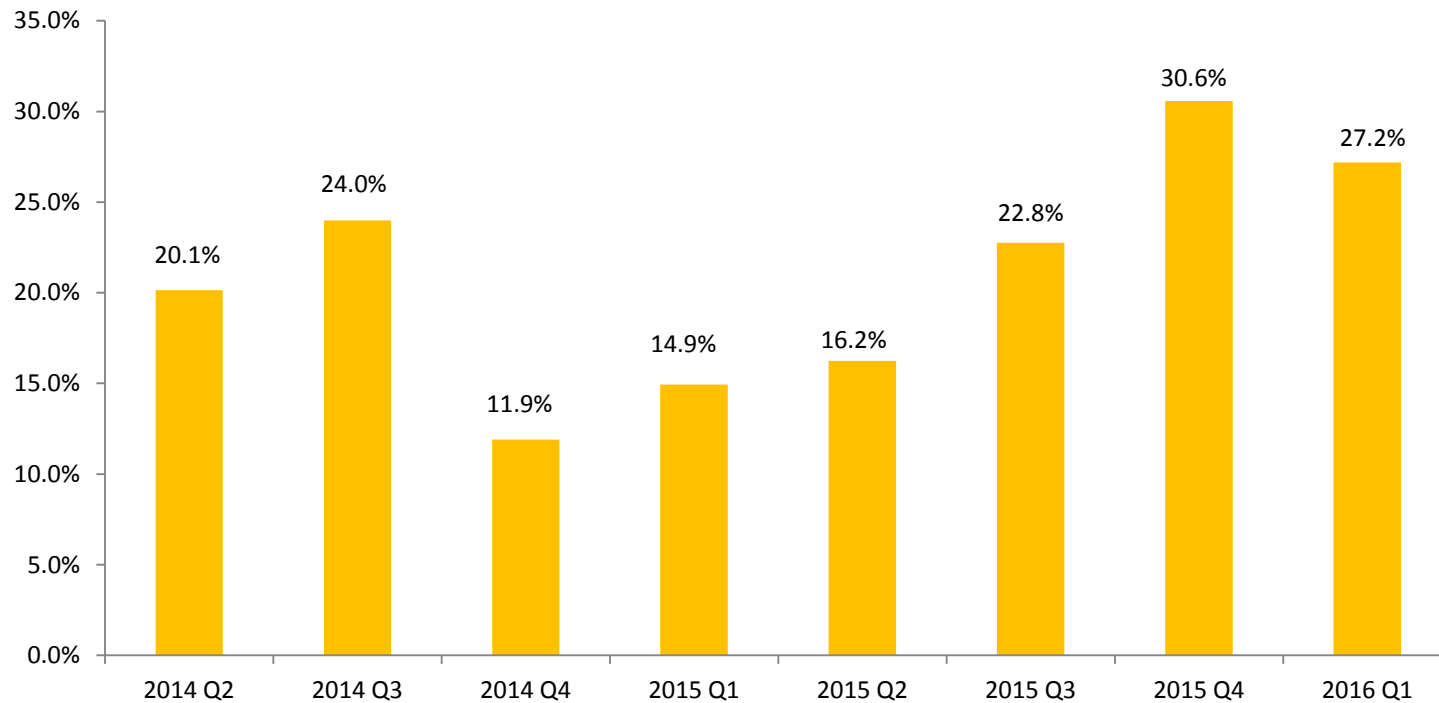
US\$ in millions





# Non GAAP Gross Margin

- ❖ Non-GAAP gross margin was 27.2% for the first quarter of 2016, compared to 30.6 % for the fourth quarter of 2015 and 14.9% for the first quarter of 2015.



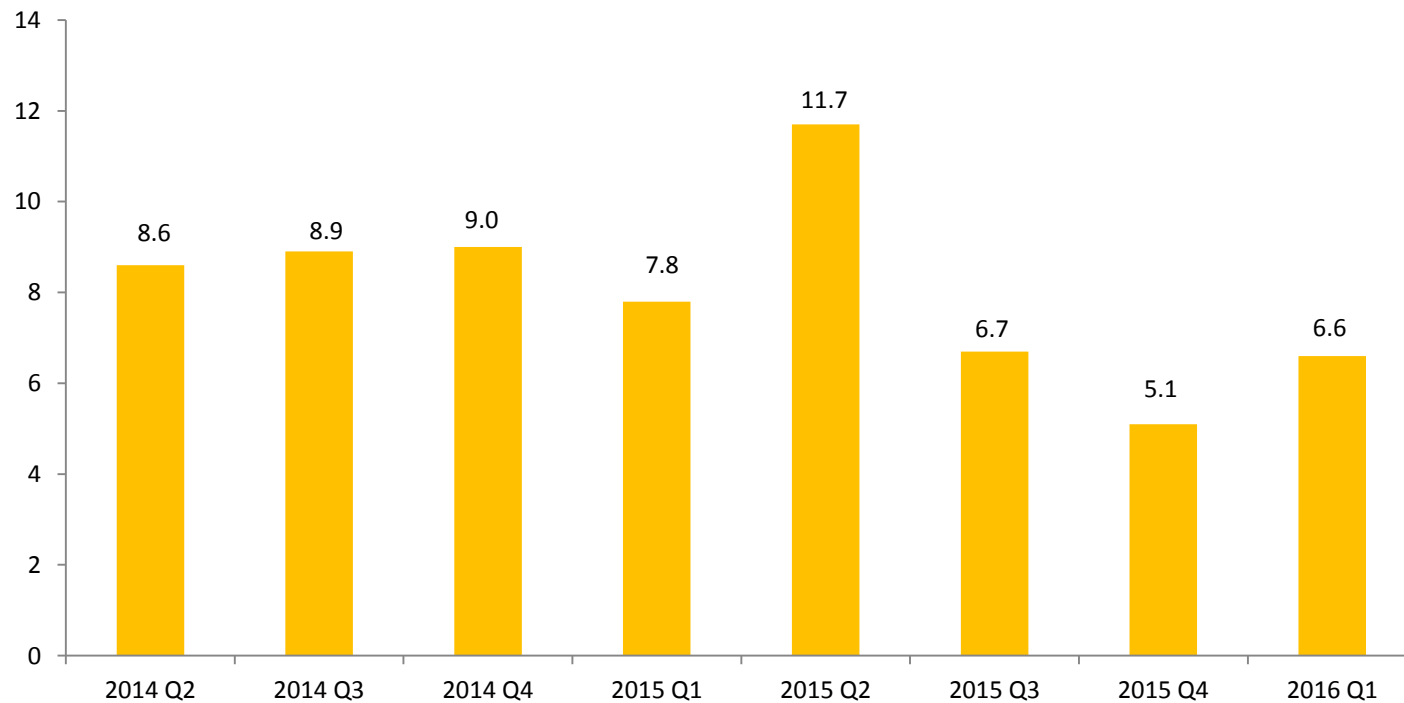




# Non GAAP Operating Expenses

- ❖ Non-GAAP operating expenses were \$6.6 million for the first quarter of 2016, a decrease of 14.8 % Y/Y from \$7.8 million for the first quarter of 2015.

US\$ in millions

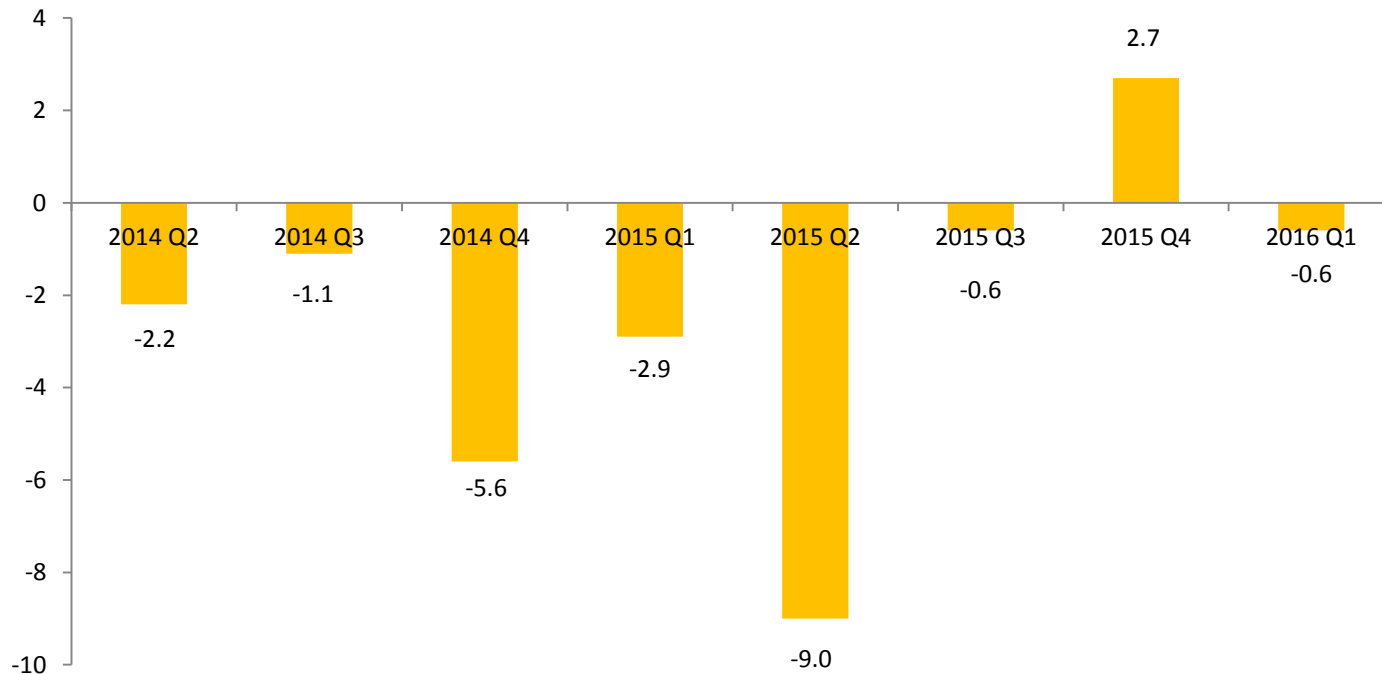




# Non GAAP Operating Income(Loss)

- ❖ Non-GAAP operating loss was \$0.6 million for the first quarter of 2016, compared to operating loss of \$2.9 million for the first quarter of 2015.

US\$ in millions

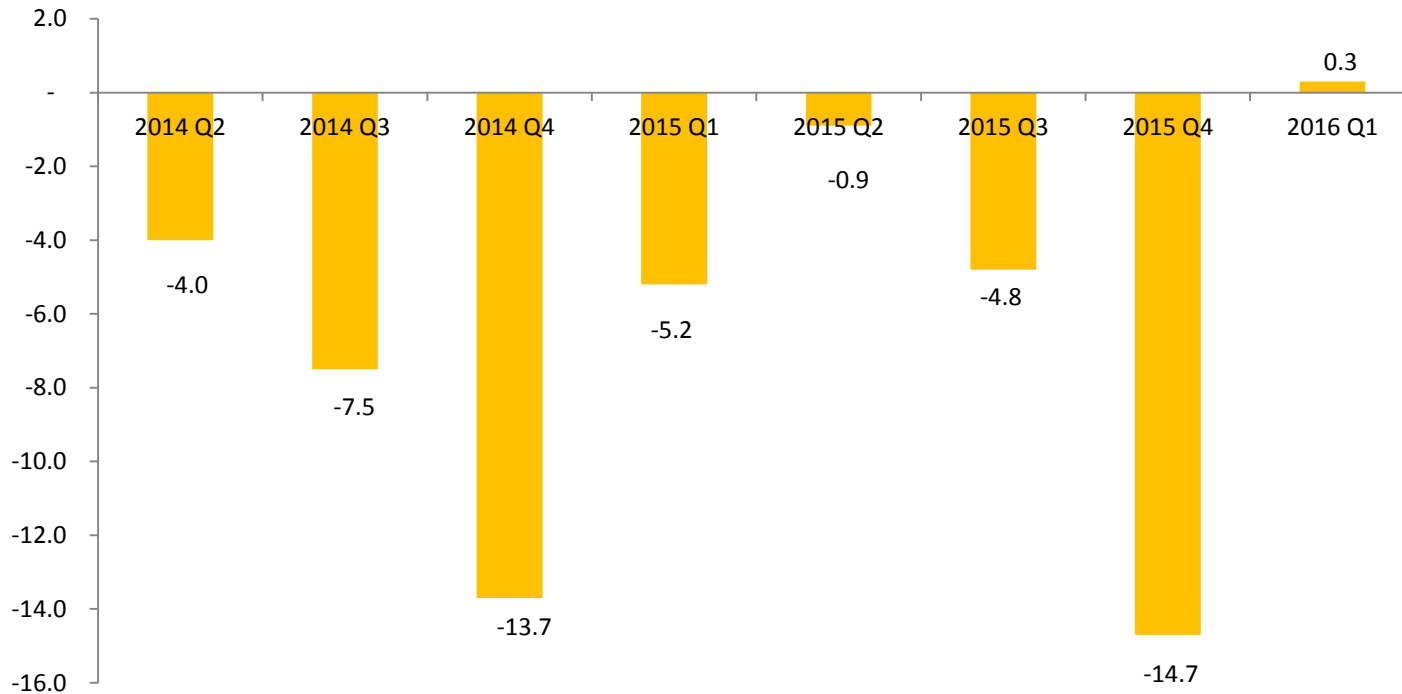




# Non GAAP Net Income (Loss)

- ❖ Non-GAAP net income was \$0.3 million for the first quarter of 2016, compared to net loss of \$14.7 million for the fourth quarter of 2015 and net loss \$5.2 million for the first quarter of 2015.

US\$ in millions





# Cash Flow Analysis

- ❖ Cash balance of \$80.2 million in cash and cash equivalents with zero debt.
- ❖ Cash provided by operating activities for the first quarter of 2016 was \$2.0 million.
- ❖ Cash provided by investing activities for the first quarter of 2016 was \$0.05 million.
- ❖ Cash used in financing activities for the first quarter of 2016 was \$0.9 million.



# Recap of Our Go-forward Strategy

- ❖ Will continue to working with our customers to develop innovative and high quality communication solutions.
- ❖ Will accelerate our investment in data center and smart city markets.
- ❖ Will remain 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 second quarter, the Company expects to generate non-GAAP revenue in the range of \$15-20 million.



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Thank you !