



UTStarcom Holdings Corp.

Fourth Quarter and Full Year 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

- Key Financial Highlights in the fourth quarter
 - Fourth quarter 2016 Non-GAAP revenues were \$21.2 million, ahead of expectations
 - Fourth quarter 2016 Non-GAAP gross margin was 32.0%
 - Fourth quarter 2016 Non-GAAP operating income was \$1.2 million
 - Fourth quarter 2016 cash provided by operating was \$1.4 million
 - Balance sheet remains strong with \$83.9 million in cash and equivalents, short-term investments of \$0.5 million, no debt

Operating Highlights

- Focus on high margin revenue in our broadband business
 - PTN product sales stable in Japan
 - Japan has adopted the 100G metro networks
 - Continued to drive growth in strategic regions around the world
 - WIFI product sales to India

- Introduced Sync Ring product family at the Softbank World expo
 - Anticipate several years of revenue contribution
 - Expect to launch similar types of products in the future

- Remained committed to R&D spending
 - Executed our strategic plan to develop next-generation products
 - Continued to invest in R&D resources and capabilities

- Returned capital to shareholders via a share repurchase program
 - Since inception through March 17, 2017, returned \$8.3 million via purchase of 3.8 million shares
 - Repurchased 238 thousand shares in Q4
 - In November Board approved a two-year extension of share repurchase program



Overview of Q4 2016 Non-GAAP Financials

Non-GAAP Key Financial Highlights

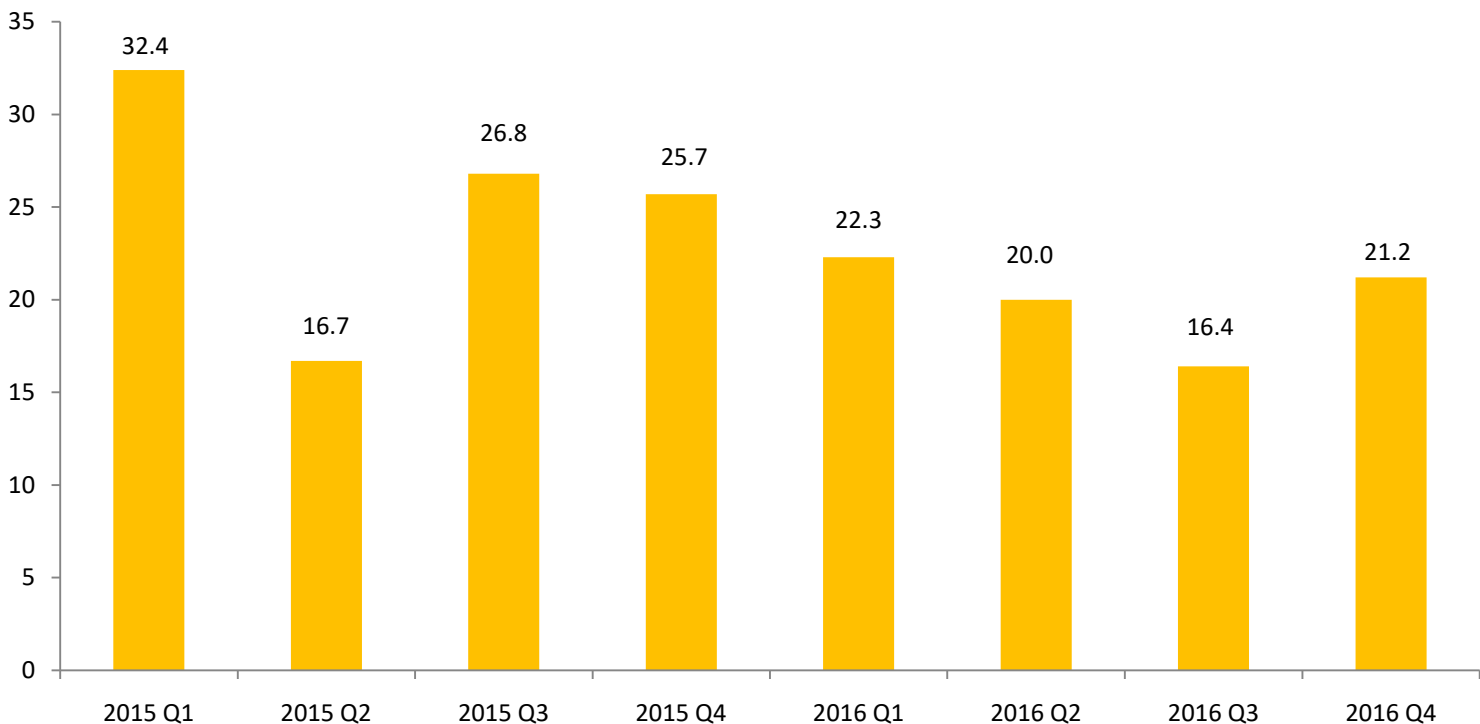
- Revenue of \$21.2 million exceeded the high-end of guidance of \$15-\$20 million
- Gross margin improved y/y to 32.0%, driven by favorable product mix
- Net loss of \$(1.0) million or \$(0.03) per share
- Cash flow from operating activities was \$1.4 million
- Continued to maintain a solid balance sheet with \$83.9 million in cash and equivalents and \$0.5M in short term investments
- Zero debt



Total Non-GAAP Revenue

- Total Non-GAAP revenues in Q4 2016 were \$21.2 million, compared to \$16.4 million in Q3 2016 and \$25.7 million in Q4 2015
- Total Non-GAAP revenues in 2016 were \$79.9 million, compared to \$101.6 million in 2015

US\$ in millions

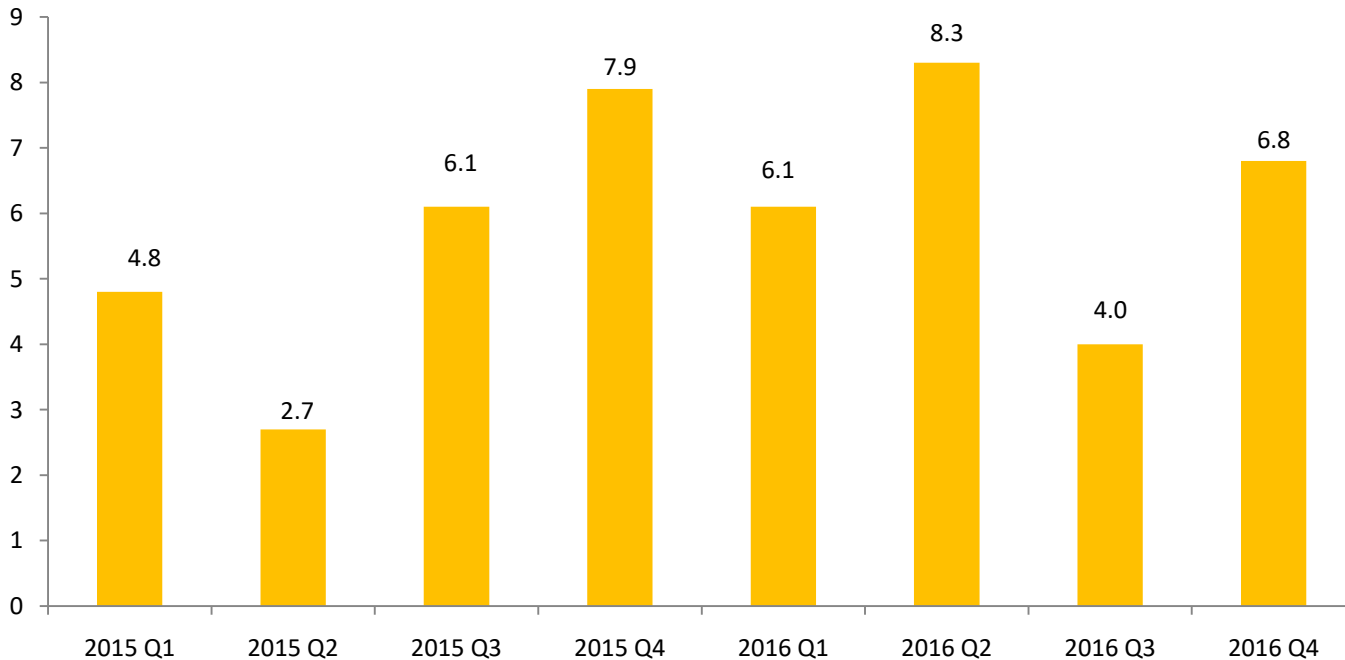




Non GAAP Gross Profit

- Non-GAAP gross profit was \$6.8 million in Q4 2016, compared to \$4.0 million in Q3 2016 and \$7.9 million in Q4 2015
- Non-GAAP Gross profit was \$25.1 million in 2016, compared to \$21.5 million in 2015

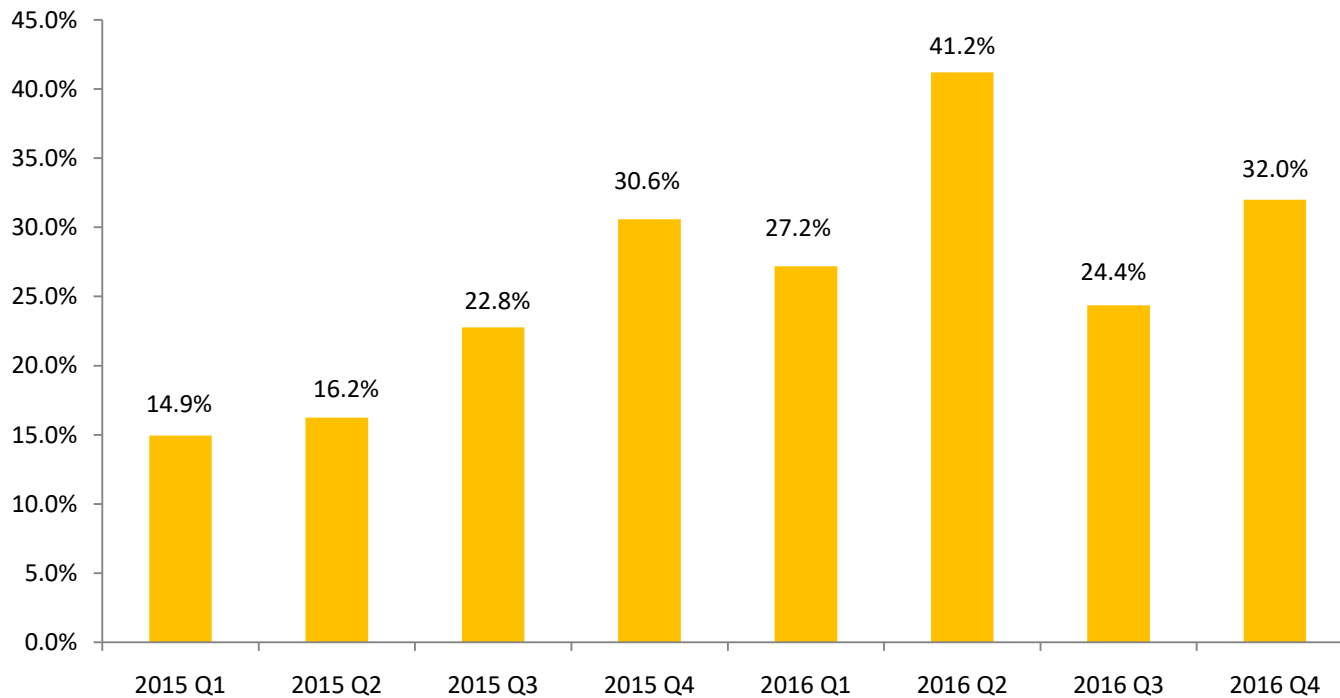
US\$ in millions





Non GAAP Gross Margin

- Non-GAAP gross margin was 32.0 % in Q4 2016, compared to 24.4 % in Q3 2016 and 30.6% in the Q4 2015
- Non-GAAP gross margin was 31.4% in 2016, compared to 21.2% in 2015

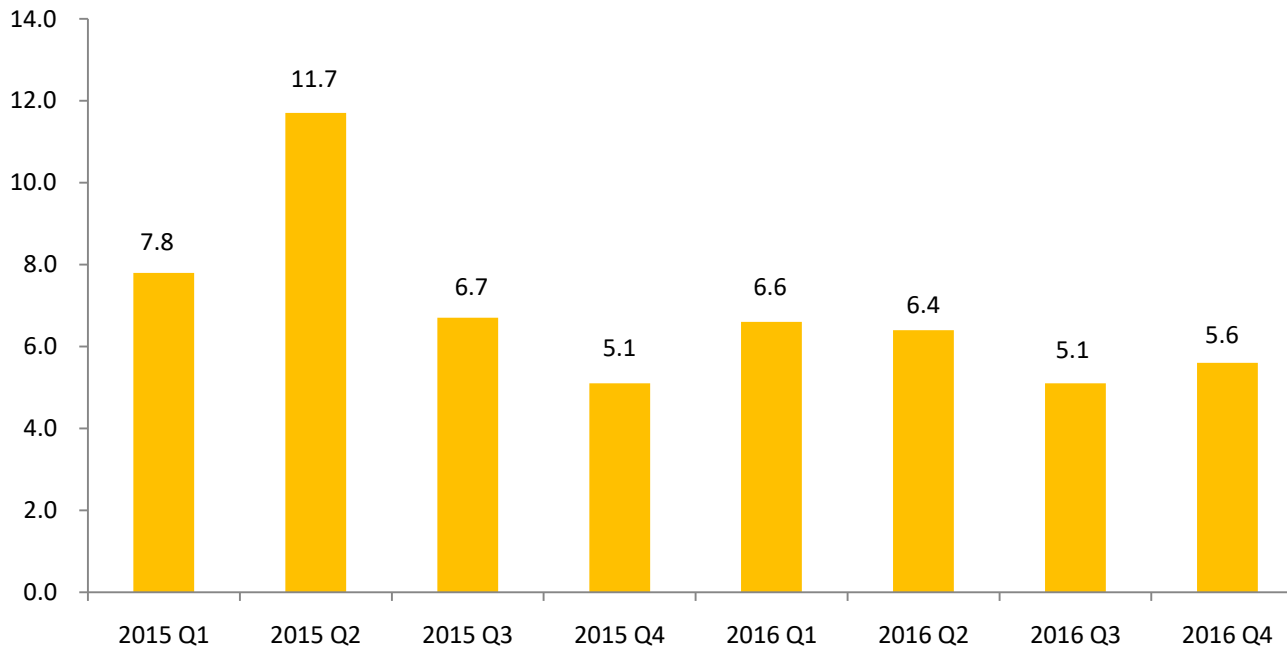




Non GAAP Operating Expenses

- Non-GAAP operating expenses were \$5.6 million in Q4 2016, up slightly from \$5.1 million in Q3 2016 and \$5.1 million in Q4 2015
- Non-GAAP operating expenses were \$23.6 million in 2016, a decrease of 24.6% from \$31.4 million in 2015

US\$ in millions

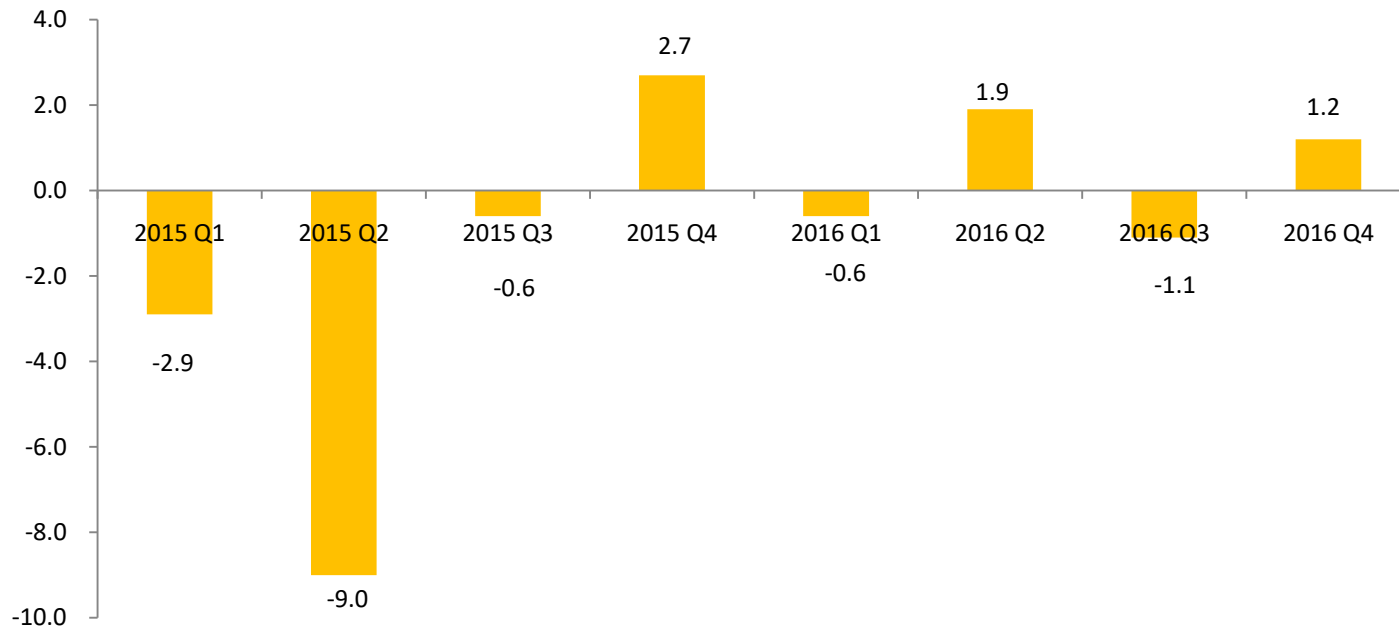




Non GAAP Operating Income(Loss)

- Non-GAAP operating income was \$1.2 million in Q4 2016, compared to operating loss of \$(1.1) million in Q3 2016 and operating income of \$2.7 million in Q4 2015
- Non-GAAP operating income was \$1.4 million in 2016, compared to operating loss of \$(9.8) million in 2015

US\$ in millions

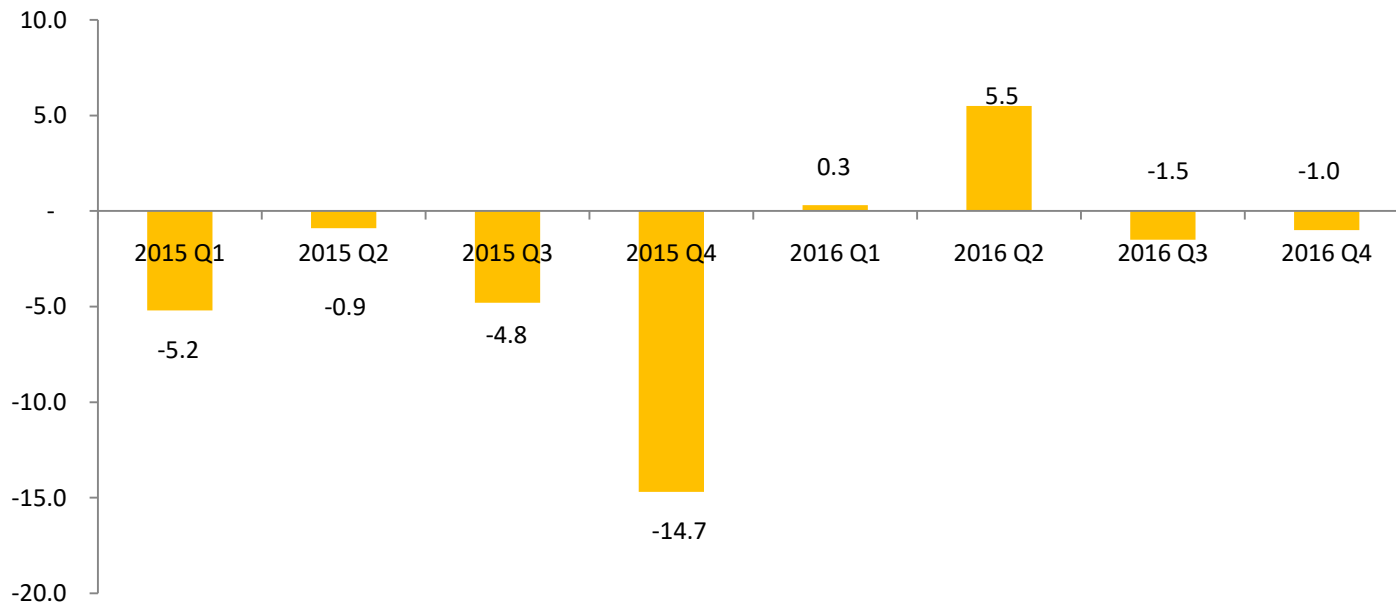




Non GAAP Net Income (Loss)

- Non-GAAP net loss was \$(1.0) million in Q4 2016, compared to net loss of \$(1.5) million in Q3 2016 and net loss of \$(14.7) million in Q4 2015
- Non-GAAP net income was \$3.2 million in 2016, compared to net loss of \$(25.5) million in 2015

US\$ in millions





Cash Flow Analysis

- Cash balance of \$83.9 million in cash, cash equivalents and short-term investments of \$0.5 million
- Zero debt
- Cash provided by operating activities in Q4 2016 was \$1.4 million
- Cash provided by investing activities in Q4 2016 was \$7.2 million
- Cash used in financing activities for Q4 2016 was \$0.5 million



2016 GAAP and Non-GAAP Financials

GAAP and Non-GAAP Key Financial Highlights

	2016 GAAP	Y/Y Change*	2016 Non-GAAP	Y/Y Change*
Revenue	\$80.2	-31.5%	\$79.9	-21.4%
Gross Margin	31.3%	+748 bps	31.4%	+1023 bps
Operating Expenses	\$25.9	-21.2%	\$23.6	-24.6%
Operating Income/(Loss)	(\$0.8)	+\$4.2	\$1.4	+\$11.3
Net Income/(Loss)	\$1.0	+\$21.6	\$3.2	+\$28.7
Basic EPS	\$0.03	+\$0.59	\$0.09	+\$0.78
Diluted EPS	\$0.03		\$0.09	
Operating Cash Flow	\$5.6	+\$17.2		
Cash Balance	\$83.9	+8.9%		

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

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



2016 Q4 GAAP and Non-GAAP Financials

GAAP and Non-GAAP Key Financial Highlights

	Q4 2016 GAAP	Y/Y Change*	Q4 2016 Non-GAAP	Y/Y Change*
Revenue	\$21.2	-18.6%	\$21.2	-17.5%
Gross Margin	32.0%	+190 bps	32.0%	+140 bps
Operating Expenses	\$5.5	-2.5%	\$5.6	+8.1%
Operating Income/(Loss)	\$1.3	-42.0%	\$1.2	-54.7%
Net Income/(Loss)	\$(0.9)	+\$12.1	\$(1.0)	+\$13.7
Basic EPS	\$(0.03)	+\$0.33	\$(0.03)	+\$0.37
Operating Cash Flow	\$1.4	-\$5.1		
Cash Balance	\$83.9	+8.9%		

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Outlook

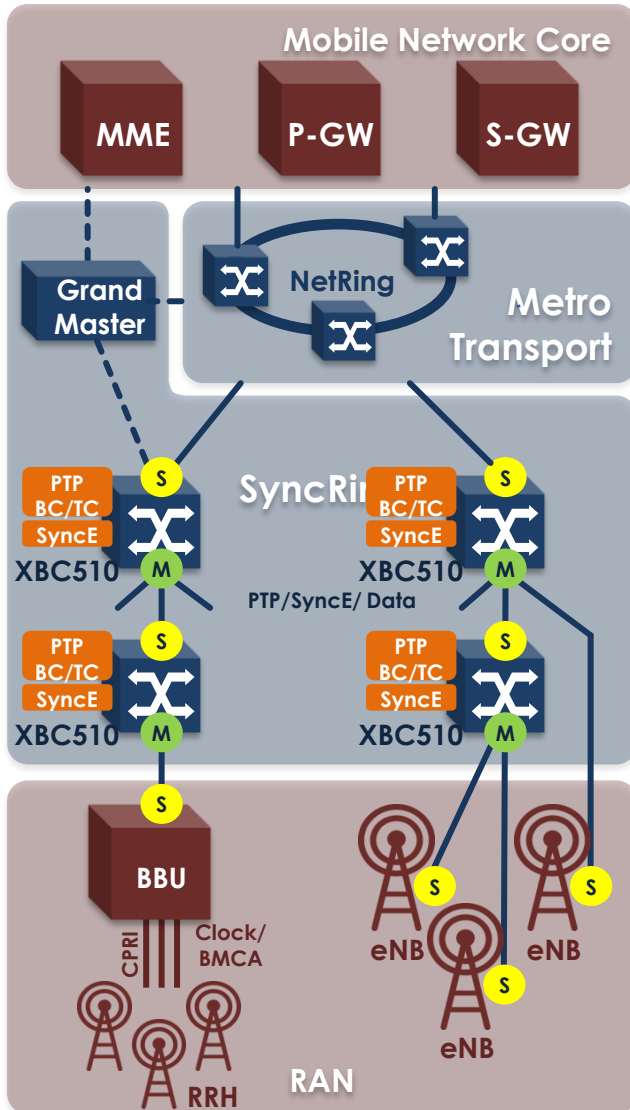
- Q1 2017 non-GAAP revenue in the range of \$18 million - \$22 million
- Major revenue contributors:
 - PTN Products
 - SyncRing



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Appendix



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





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

Wide use of data centers

SDN Network

Municipal Management system (MMS)

- Growing need for NG-PTN metro network

- Need for large volumes of DC Switches

- SDN Experiences can bring many benefits

- High availability and scalability NMS



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Thank you !



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