



UTStarcom Holdings Corp.

Third Quarter 2017 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.



Highlights

- Capitalizing on near-term opportunities from robust demand in Japan and India
- Positioning R&D investment for long-term growth
- Returning to profitability



Immediate Opportunities

Revenue upside driven by:

- Market conditions:
 - Increases in mobile device usage
 - Speed of data transfer requirements
 - Higher service quality demand
- New demand sources:
 - Japan 10G to 100G transition building momentum
 - India in midst of massive telecom infrastructure build

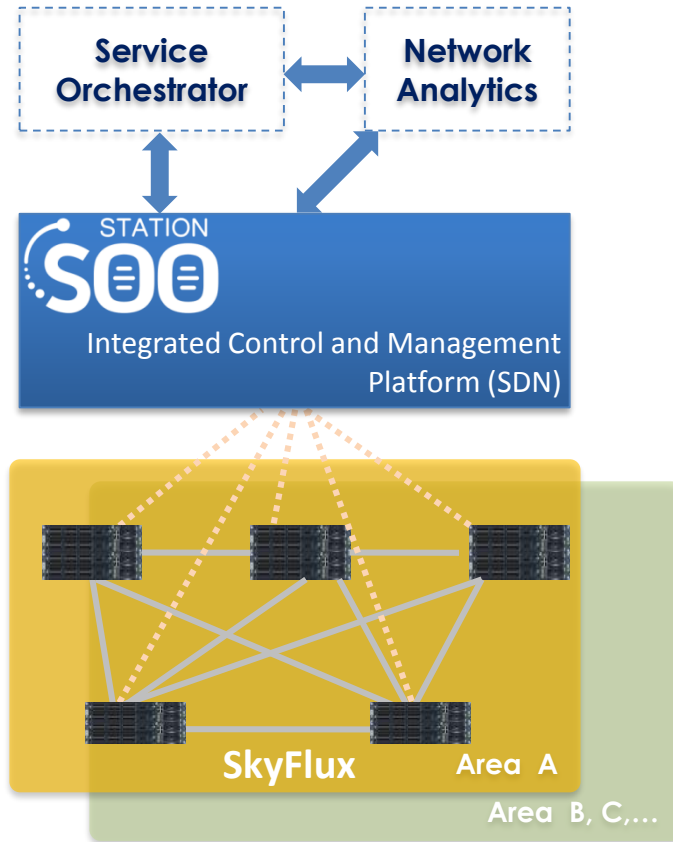


Positioning for Long Term Growth

- Focused R&D investments
 - Further invest in specific technical capabilities
 - Attract targeted engineering talents by establishing a new R&D Center in Chengdu, the technology capital of western China
- Additional global opportunities in the 10G to 100G transitions
 - Early traction in Taiwan and Brazil
 - U.S. rural broadband
- New products for new market opportunities
 - SkyFlux Intelligent Networking with source routing technology
 - SyncRing (next generation for 5G) –Synchronization solutions
 - IU+ Integrated Intelligent retail solutions



SkyFlux – SDN + Source Routing



**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, 100GE support
Carrier-class feature set (<50ms protection,
OAM, TE, QoS)
Reliable modular hardware platform**





SyncRing – Synchronization Solution

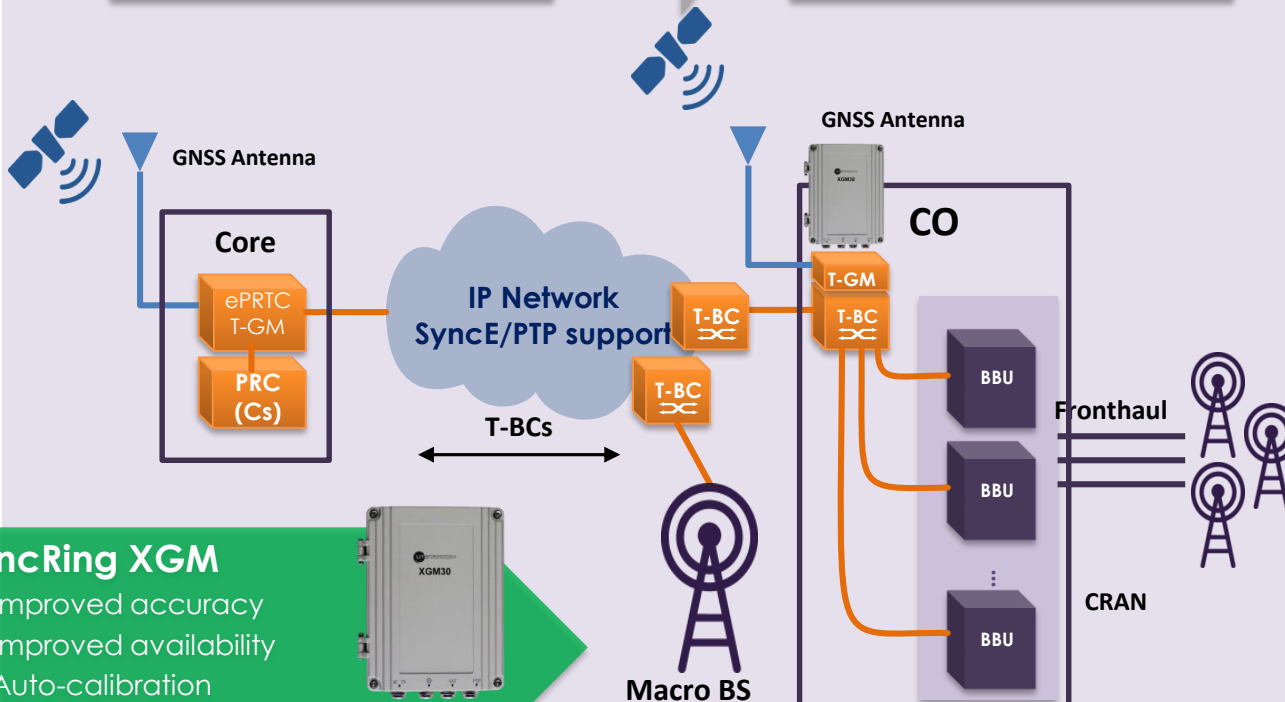
4G/5G-ready synchronization

4G

Sync requirement:
 $\pm 1.5\mu\text{s}$

5G

Sync requirement:
 $\pm 260\text{ns}$



SyncRing XGM

- Improved accuracy
- Improved availability
- Auto-calibration
- Extended monitoring



SyncRing XGM

- Grand Master



SyncRing XBC510

- Boundary Clock/
Transparent Clock



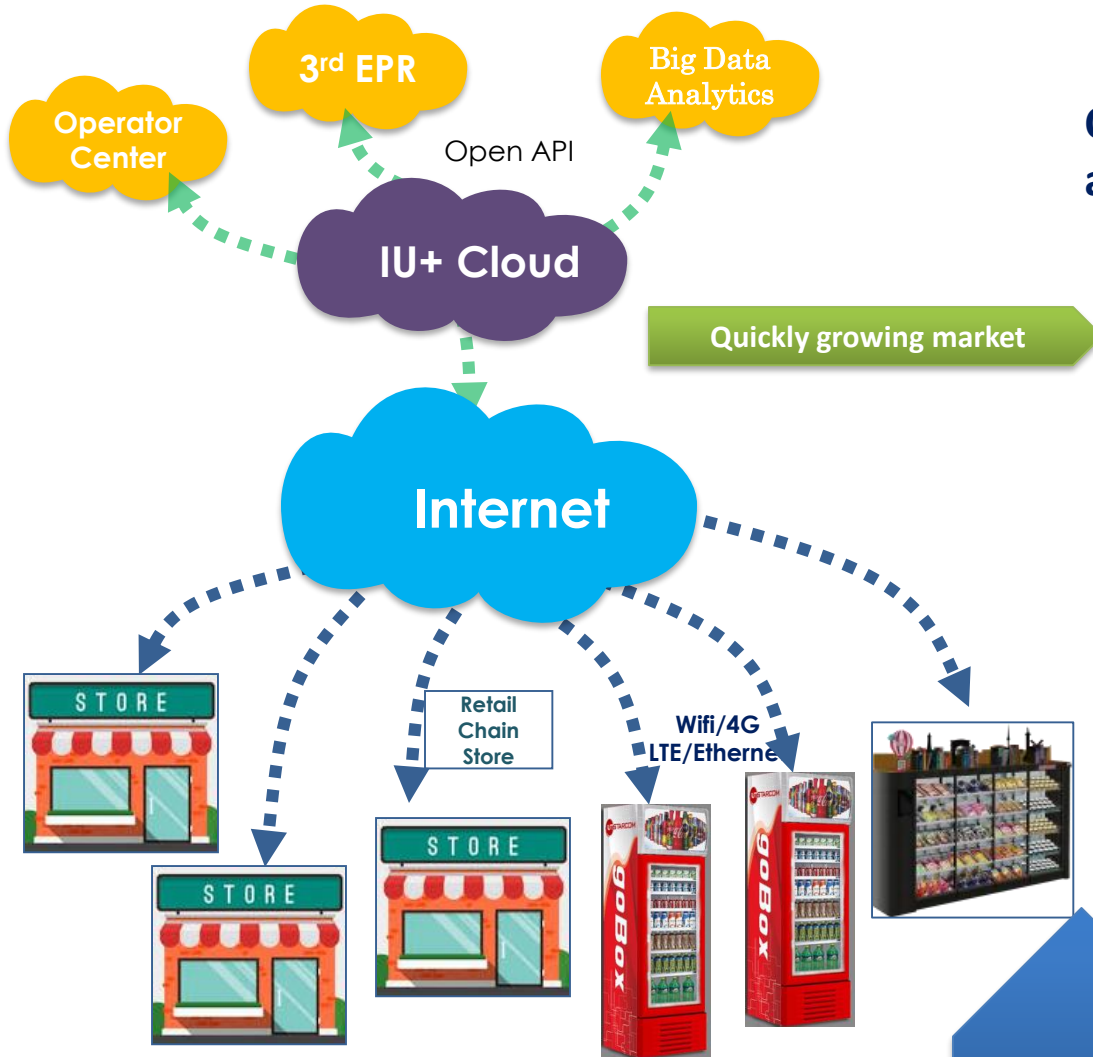
Netman 6000 OMC-O

- Centralized network
management

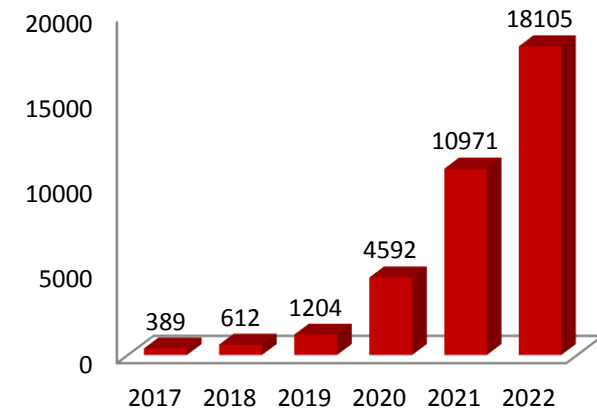




New Integrated Smart Retail Solution

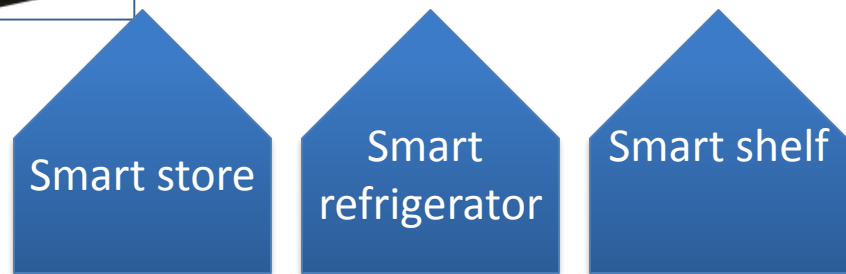


China cashier-free retail market analysis – transactions per year



■ Total transactions, 100M RMB

Source: China Industrial information website





Financial Highlights

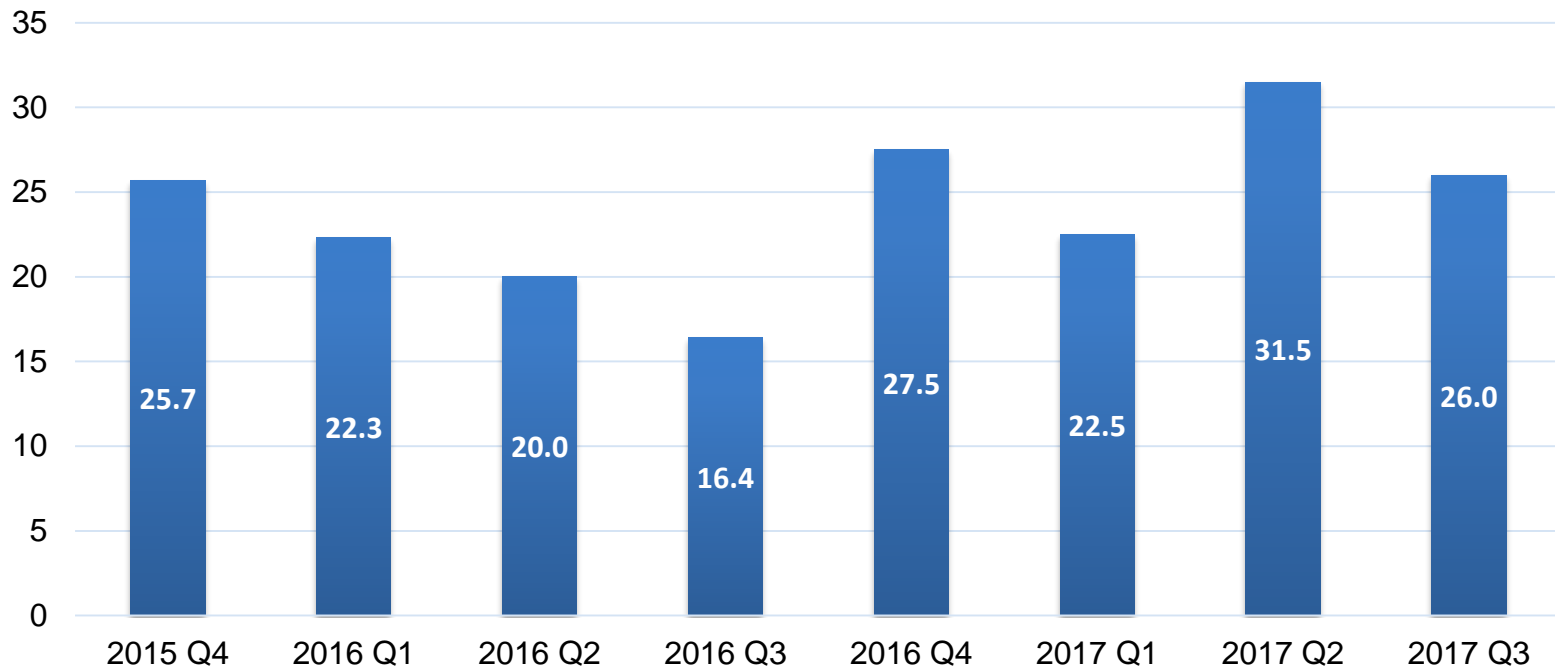
- Achieved revenue growth and margin improvements focusing on high value products
- Continued prudent management of operating expenses
- Attained positive operating cash flow
 - Net add from operating activities was \$2 million
- Maintained solid balance sheet
 - \$91 million in cash



Revenue

- Non-GAAP revenues in Q3 2017 were \$26.0 million, compared to \$31.5 million in Q2 2017 and \$16.4 million in Q3 2016
- Revenue growth driven by Japan and India

US\$ in millions

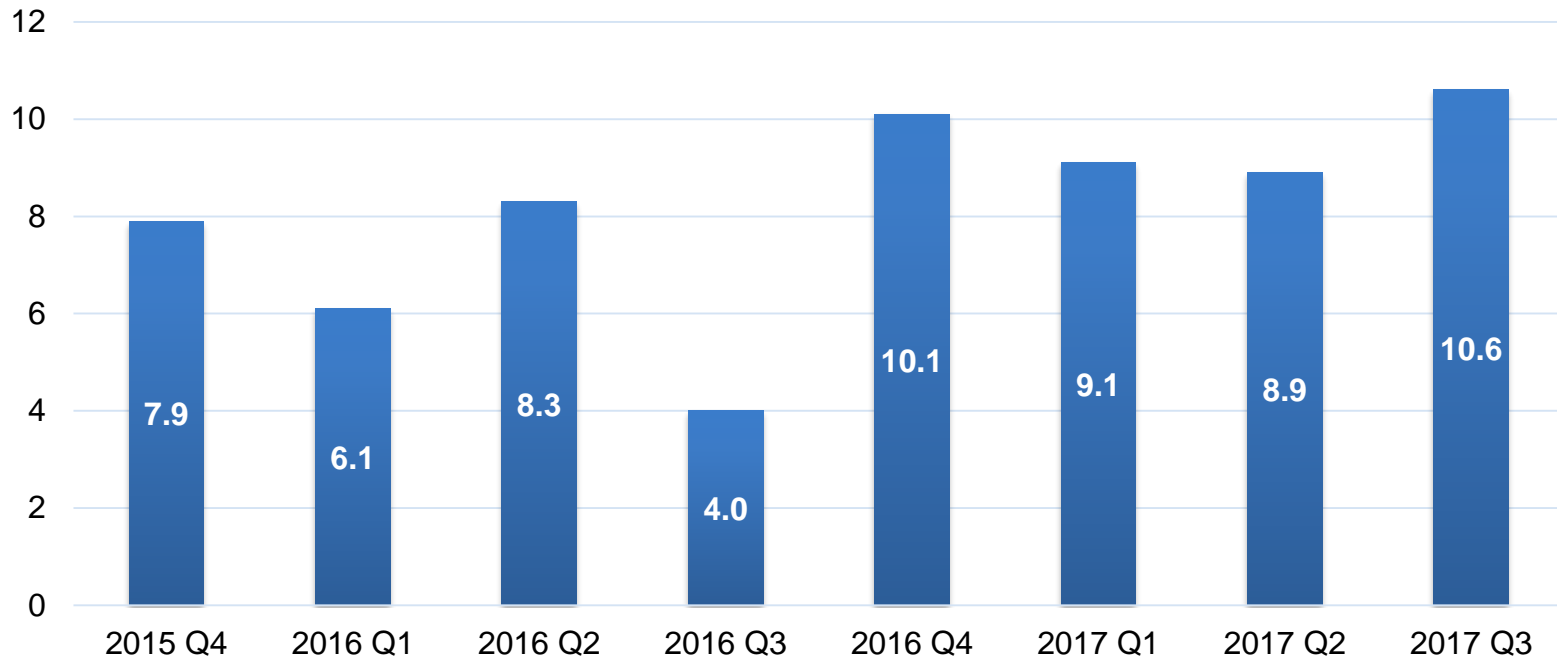




Gross Profit

- Non-GAAP gross profit in Q3 2017 were \$10.6 million, compared to \$8.9 million in Q2 2017 and \$4.0 million in Q3 2016

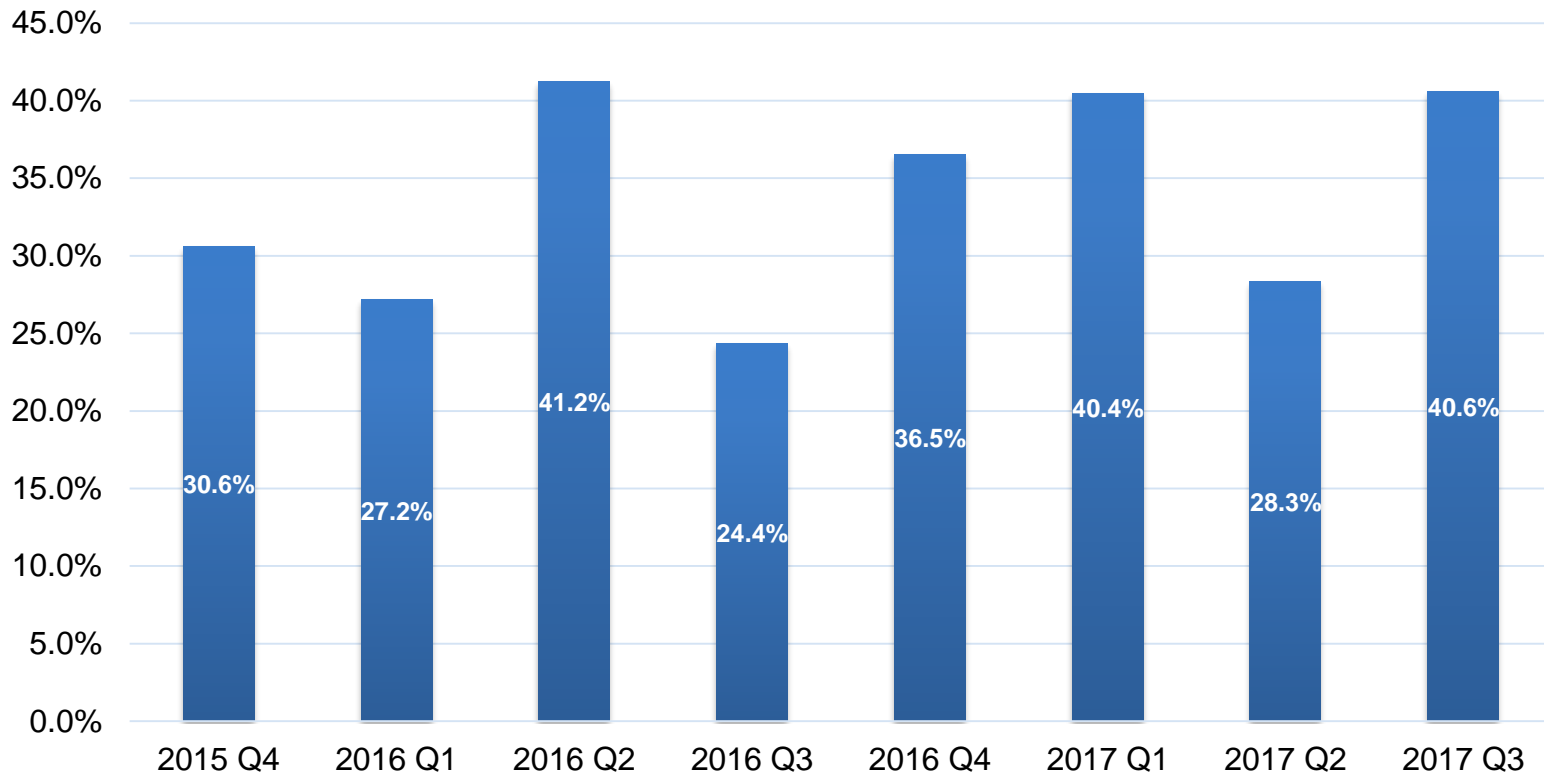
US\$ in millions





Gross Margin

- Non-GAAP gross margin in Q3 2017 were 40.6%, compared to 28.3% in Q2 2017 and 24.4% in Q3 2016
- Favorable product mix toward PTN 765

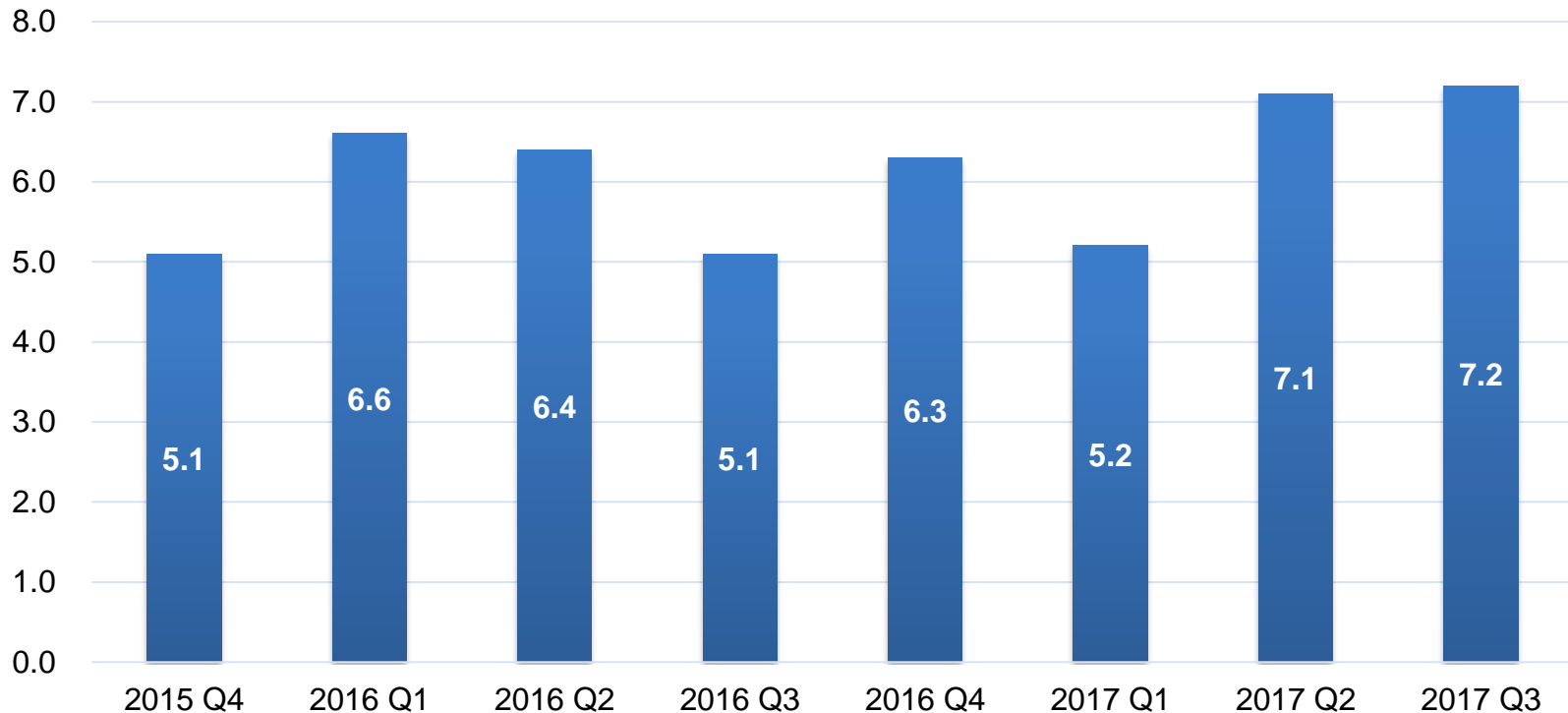




Operating Expenses

- Non-GAAP operating expenses in Q3 2017 were \$7.2 million, compared to \$7.1 million in Q2 2017 and \$5.1 million in Q3 2016
- YoY increase due to higher sales incentives/bonus
- 28% of sales, down significantly, will be similar in Q4

US\$ in millions

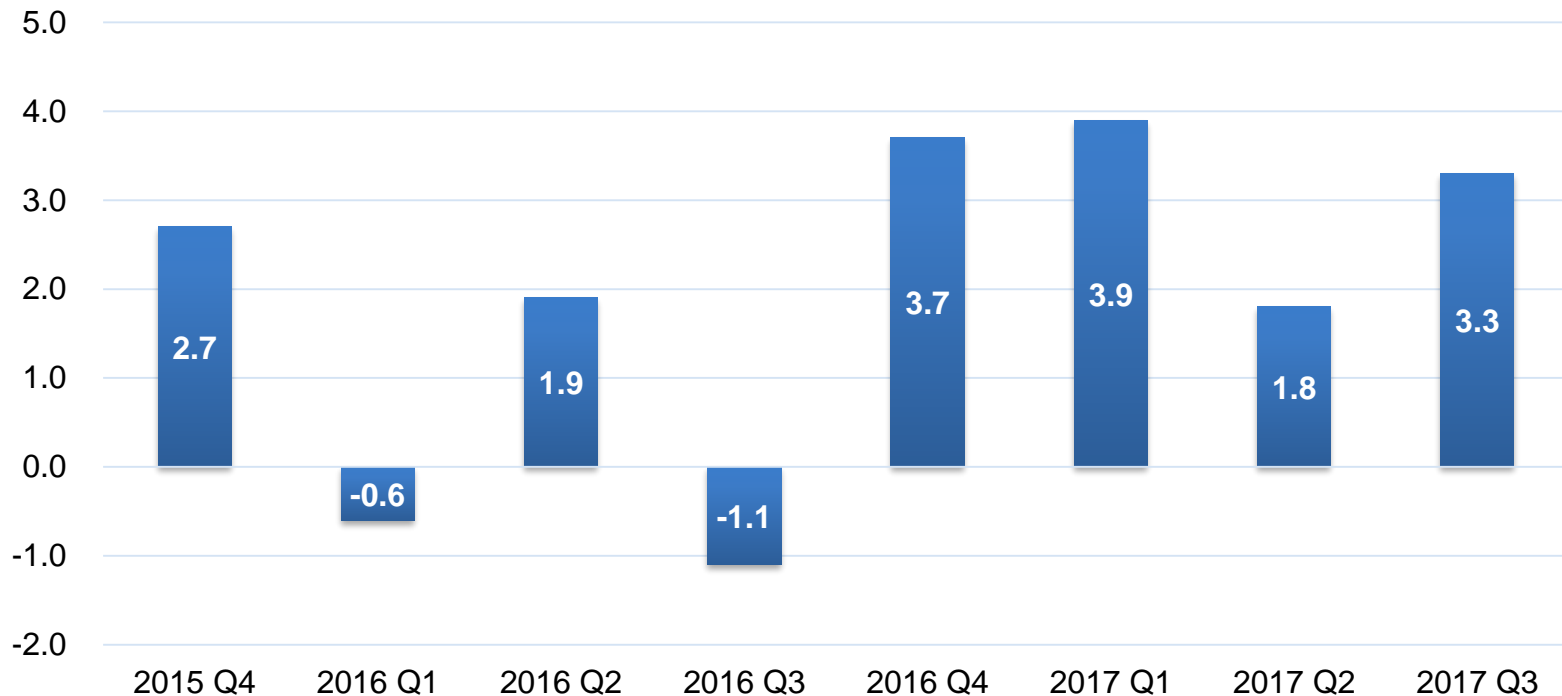




Operating Income (Loss)

- Non-GAAP operating income in Q3 2017 were \$3.3 million, compared to \$1.8 million in Q2 2017 and operating loss of \$1.1 million in Q3 2016

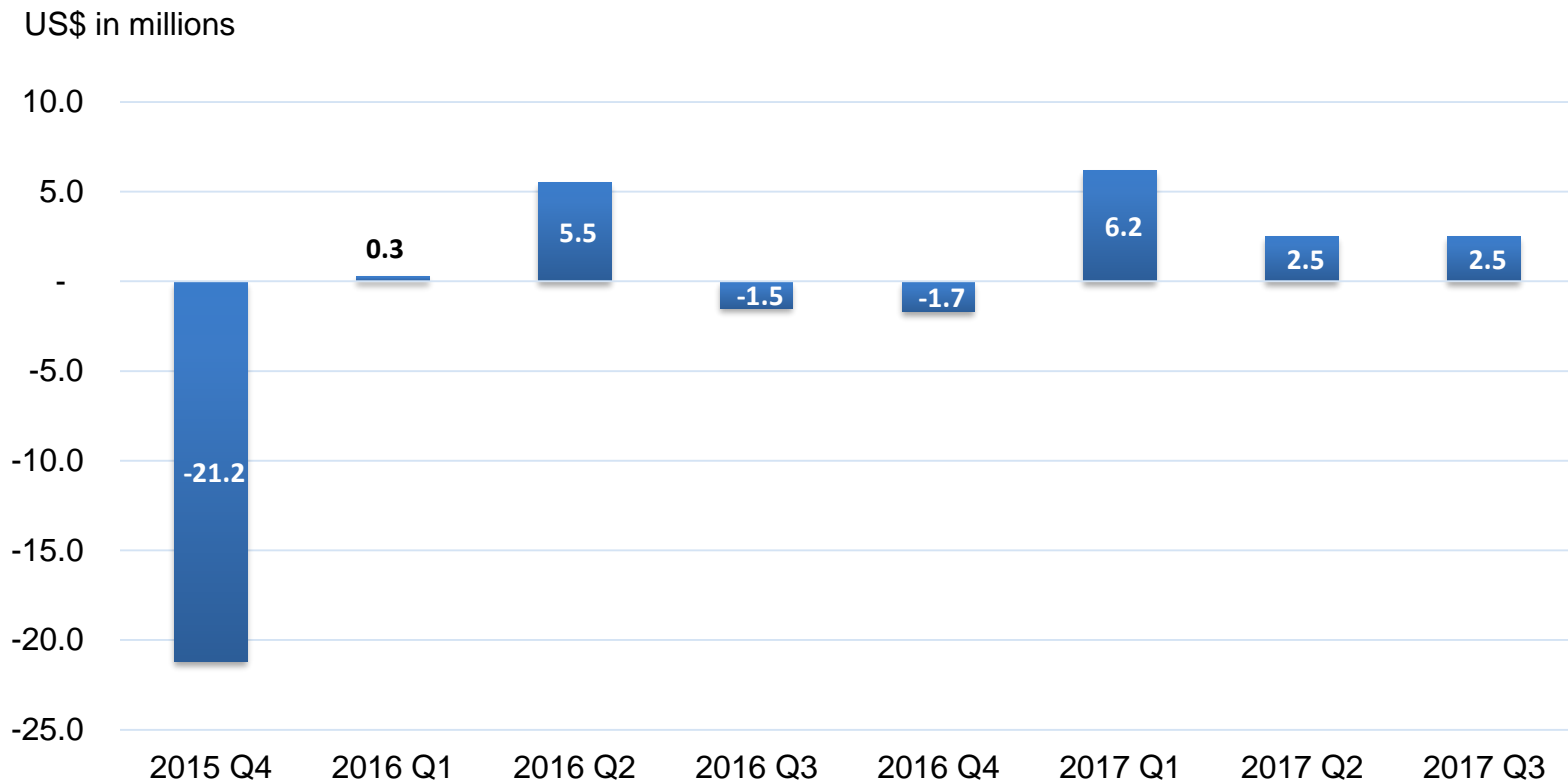
US\$ in millions





Net Income (Loss)

- Non-GAAP net income in Q3 2017 were \$2.5 million, compared to \$2.5 million in Q2 2017 and net loss of \$1.5 million in Q3 2016





Balance Sheet and Cash Flow

- \$91million in cash
- Cash provided by operating activities was \$2 million
- Cash used in investing activities was \$3 million



Q3 2017 GAAP and Non-GAAP Financials

GAAP and Non-GAAP Key Financial Highlights

	Q3 2017 GAAP	Y/Y Change*	Q3 2016 Non-GAAP	Y/Y Change*
Revenue	\$26.0	+58.9%	\$26.0	+58.9%
Gross Margin	40.5%	+1620 bps	40.6%	+1620 bps
Operating Expenses	\$7.5	+38.5%	\$7.2	+41.9%
Operating Income/(Loss)	\$3.1	+\$4.5	\$3.3	+\$4.4
Net Income/(Loss)	\$2.2	+\$4.0	\$2.5	+\$4.0
Basic EPS	\$0.06	+\$0.11	\$0.07	+\$0.11
Operating Cash Flow	\$1.9	+\$0.4		
Cash Balance	\$91.2	+12.4%		

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

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



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