



UTStarcom Holdings Corp.

Fourth Quarter and Full Year 2017 Results

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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

Generated operating profits consecutively for 2 years

Full Year 2017

- Exceeded financial goals
 - Grew revenue by double digits
 - Expanded gross margin
 - Increased net income substantially
- Strengthened competitive position
 - Invest in new product development and product improvement

Q4 2017

- Revenue lower than anticipated due to timing of order delivery
- Lower revenue impacted gross margin and profitability



Smart Store Initiative

Retail Store Automation Joint Venture

- JV with leading Chinese refrigerator manufacturer
- First will develop commercial “Smart Merchandising Machines”
- Later a comprehensive retail automation solution
- Platform will integrate leading-edge technologies
 - Facial recognition and image analysis
 - Behavior identification
 - Load sensor and RFID
 - Mobile payment
 - Cloud based management system
 - Big Data analytics

Smart Store Partnership

- Collaborating closely with our system integrator partner and a Hangzhou e-Commerce leader
- Leverages key UT expertise in communications, IT and cloud
- Now field testing at partner retail and convenience stores



Other New Products

SkyFlux

- Addresses key customer needs
 - Service agility
 - Automation
 - Efficiency
- Based on new cutting-edge forwarding mechanism
- Designed to better accommodate Software Defined Networks
- Devices support carrier-class features such as
 - High-speed interfaces up to 100GE
 - High port density
 - Small form-factors

SyncRing

- Addresses mobile synchronization market
- Designed for evolution to LTE-Advanced and 5G
- Shipped and generated revenue in 2017
- Next-generation “Synchronous solution” under development⁵



Non-GAAP Revenue

- 2017 full year growth driven by Japan and India
- Q4 2017 revenue decline due to timing of order delivery

US\$ in millions



2017 Revenue: \$98.3 M vs. 2016 Revenue: \$86.2 M +14%



Non-GAAP Gross Profit

- 2017 gross profit growth driven by revenue growth
- Q4 2017 gross profit decline due to lower revenue

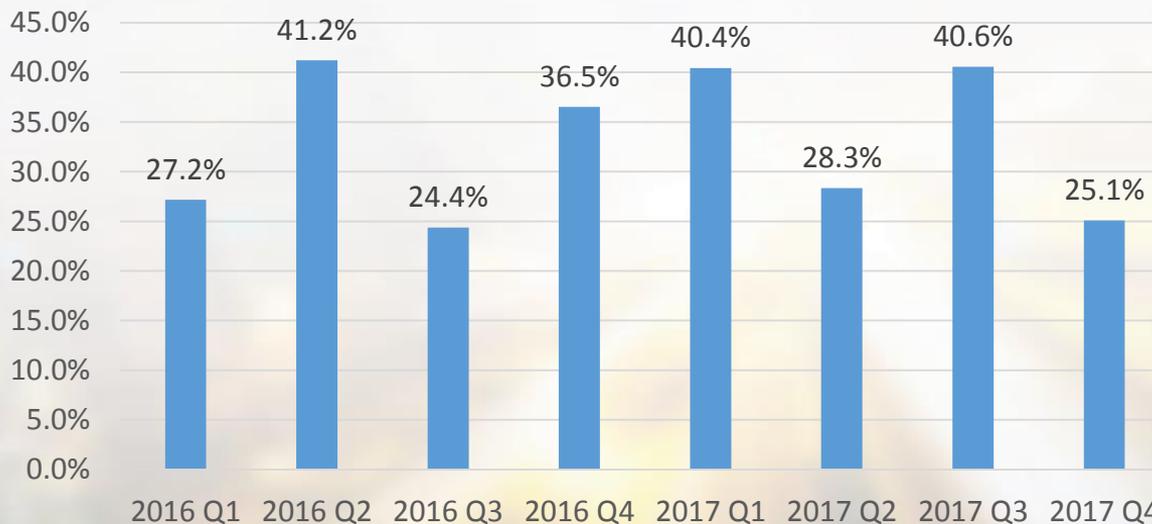


2017 GP: \$33.2 M vs. 2016 GP: \$28.4 M



Non-GAAP Gross Margin

- 2017 gross margin up due to better product mix
- Q4 2017 gross margin down due to lower revenue



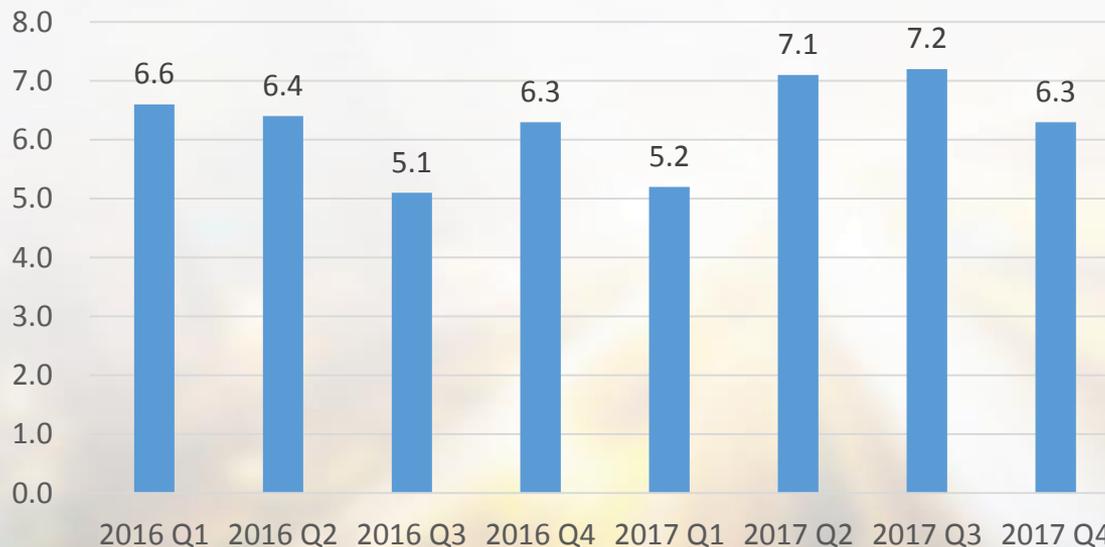
2017 GM: 33.7% vs. 2016 GM: 32.9%



Non-GAAP Operating Expenses

- 2017 OPEX up due to R&D, privatization and auditor change costs
- Q4 2017 OPEX essentially flat as 2016

US\$ in millions

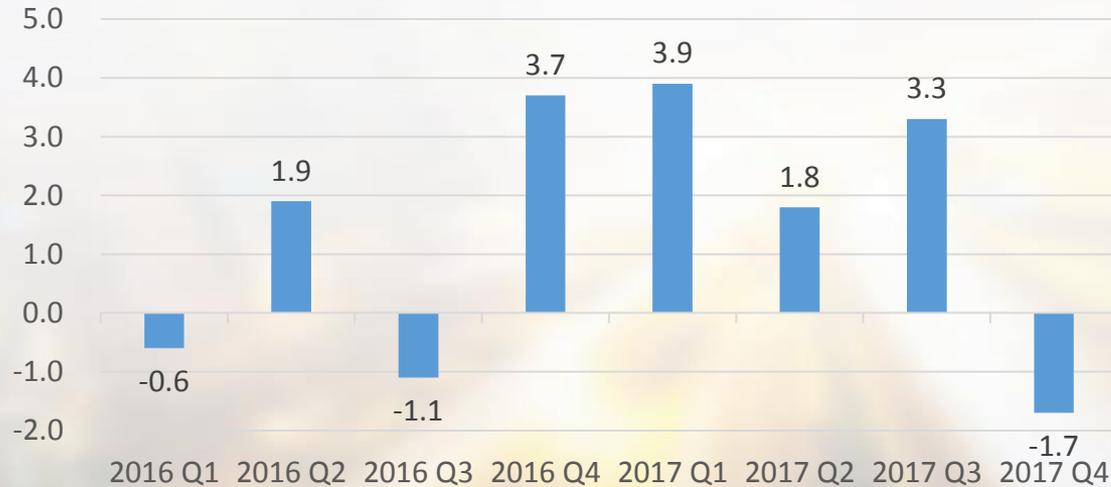


2017 OPEX: \$25.8 M vs. 2016 OPEX: \$24.4 M

Non-GAAP Operating Income (Loss)

- 2017 operating profit at \$7.4M, the second consecutive year of profitability
- Q4 2017 operating loss due to timing of order delivery

US\$ in millions



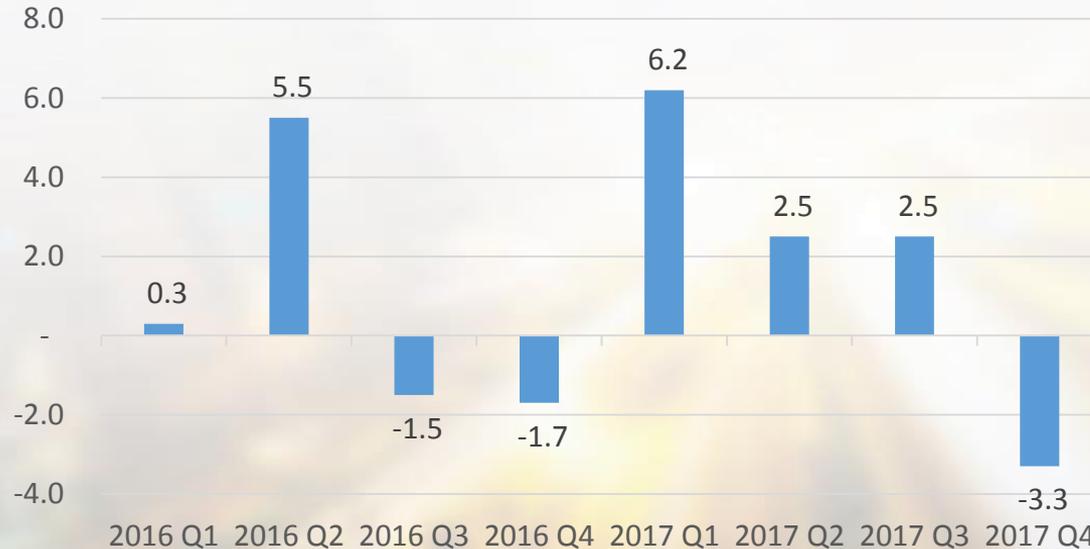
2017 Operating income: \$7.4 M vs. 2016 Operating income: \$3.9 M +90%



Non-GAAP Net Income (Loss)

- 2017 net income increased \$5M+ or 200%+ over 2016
- Q4 2017 net loss due to timing of order delivery

US\$ in millions



2017 Net income: \$7.8 M vs. 2016 Net income: \$2.5 M +212%



Cash Flow

\$80 million cash/equivalents at end of 2017, compared to \$84 million at end of 2016

- Annual cash flow key changes:
 - \$6 million increased from operations
 - \$6 million to restricted cash to support projects
 - \$3 million to term deposit to optimize interest income
- Q4 cash flow key changes:
 - \$8 million to fund inventory for major projects in India
 - \$3 million to term deposit to optimize interest income

2017 and 4Q17 GAAP and Non-GAAP Financials

	2017 GAAP	Y/Y Change*	2017 Non-GAAP	Y/Y Change*
Revenue	\$98.3	+13.6%	\$98.3	+14.0%
Gross Margin	33.7%	+90 bps	33.7%	+80 bps
Operating Expenses	\$26.6	-0.1%	\$25.8	+5.6%
Operating Income/(Loss)	\$6.5	+\$4.8	\$7.4	+\$3.4
Net Income/(Loss)	\$7.0	+\$6.7	\$7.8	+\$5.3
Basic EPS	\$0.20	+\$0.19	\$0.22	+\$0.15
Operating Cash Flow	\$3.8	-\$1.9		
Cash Balance	\$79.7	-5.0%		

	Q4 2017 GAAP	Y/Y Change*	Q4 2017 Non-GAAP	Y/Y Change*
Revenue	\$18.2	-33.8%	\$18.2	-33.8%
Gross Margin	25.0%	-1150 bps	25.1%	-1140 bps
Operating Expenses	\$6.5	+3.6%	\$6.3	-0.5%
Operating Income/(Loss)	\$(1.9)	-\$5.7	\$(1.7)	-\$5.5
Net Income/(Loss)	\$(3.5)	-\$1.9	\$(3.3)	-\$1.6
Basic EPS	\$(0.10)	-\$0.05	\$(0.09)	-\$0.04
Operating Cash Flow	\$(8.0)	-\$9.6		
Cash Balance	\$79.7	-5.0%		

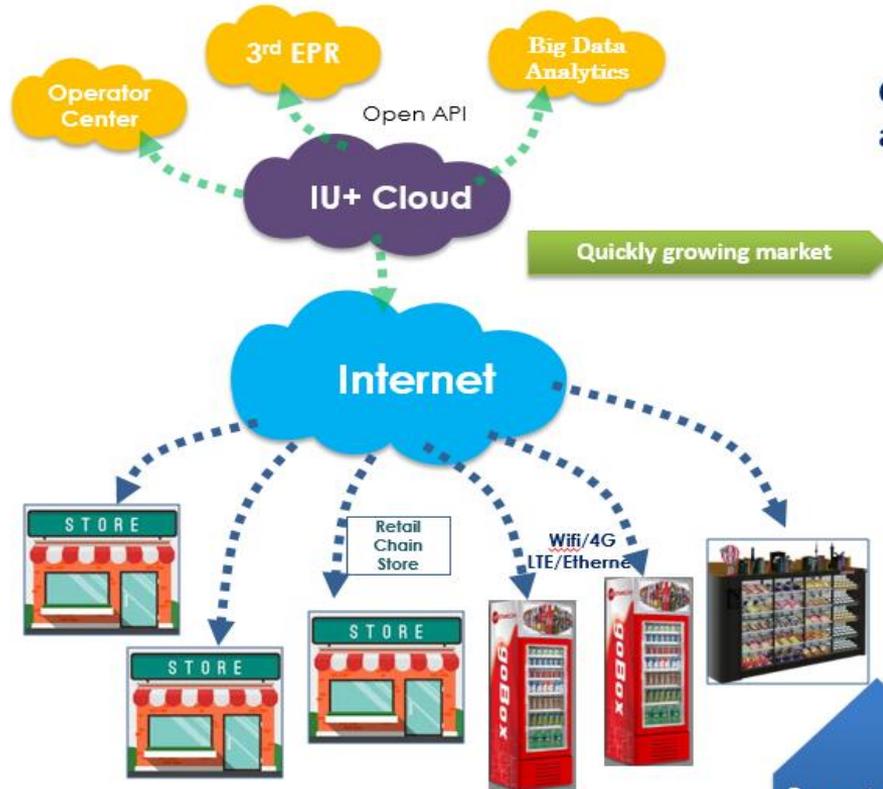
* Dollar comparisons are used where percentage comparisons are not meaningful.

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

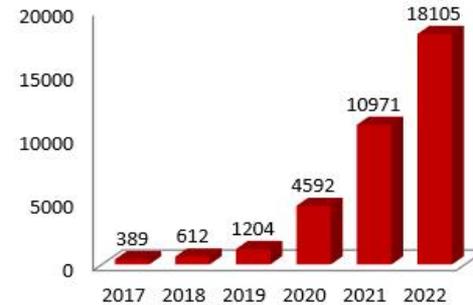


Appendix

New Integrated Smart Retail Solution



China cashier-free retail market analysis – transactions per year

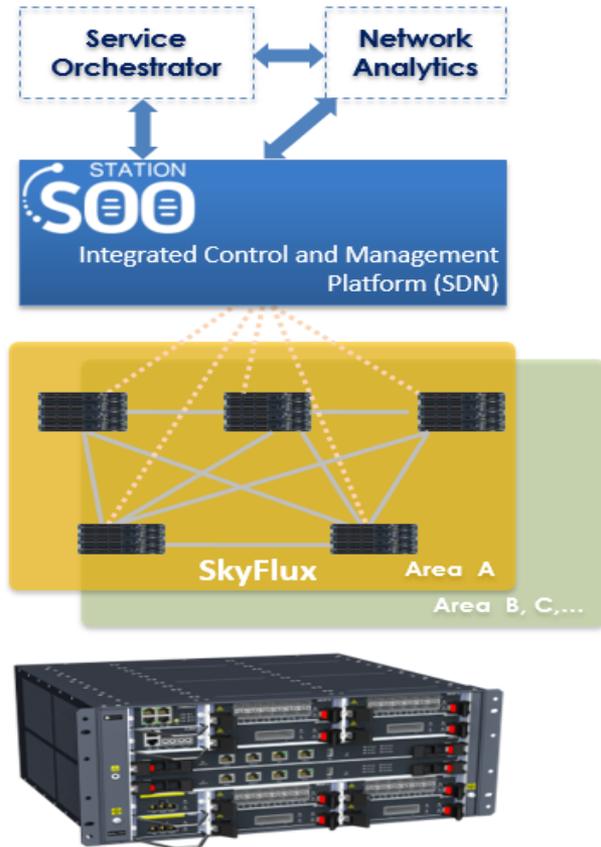


Total transactions, 100M RMB

Source: China Industrial information website



SkyFlux



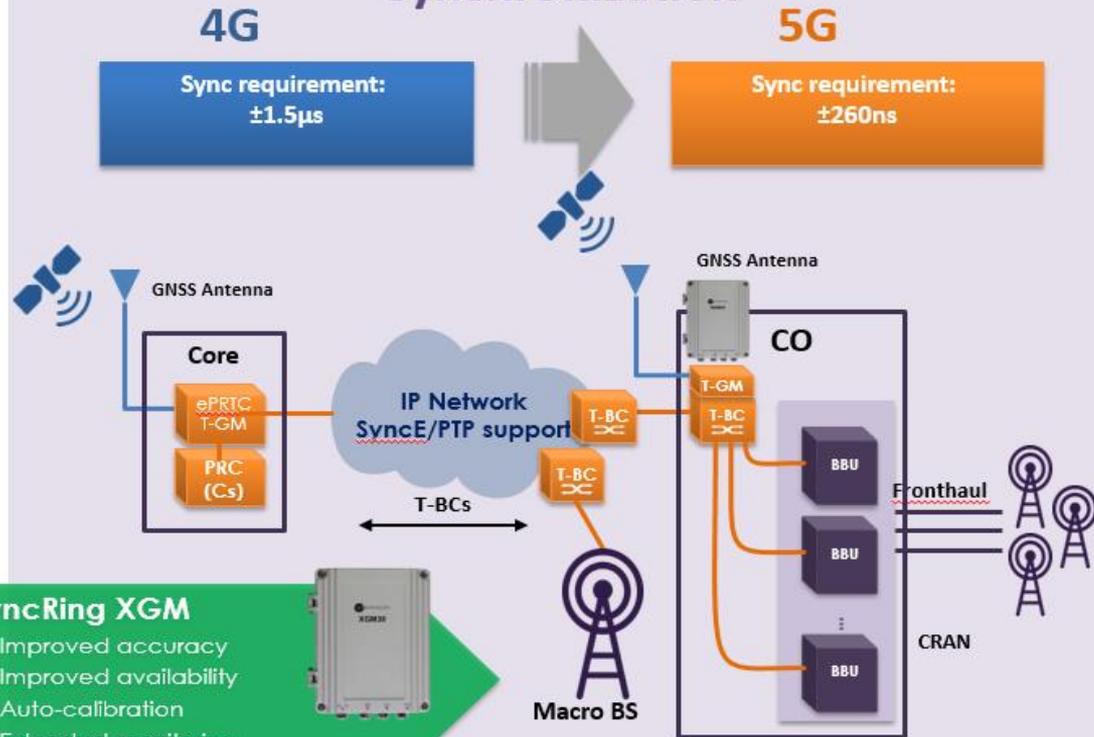
**Intelligent Networking:
Source Routing + SDN + 10/100GE**

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

4G/5G-ready synchronization



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



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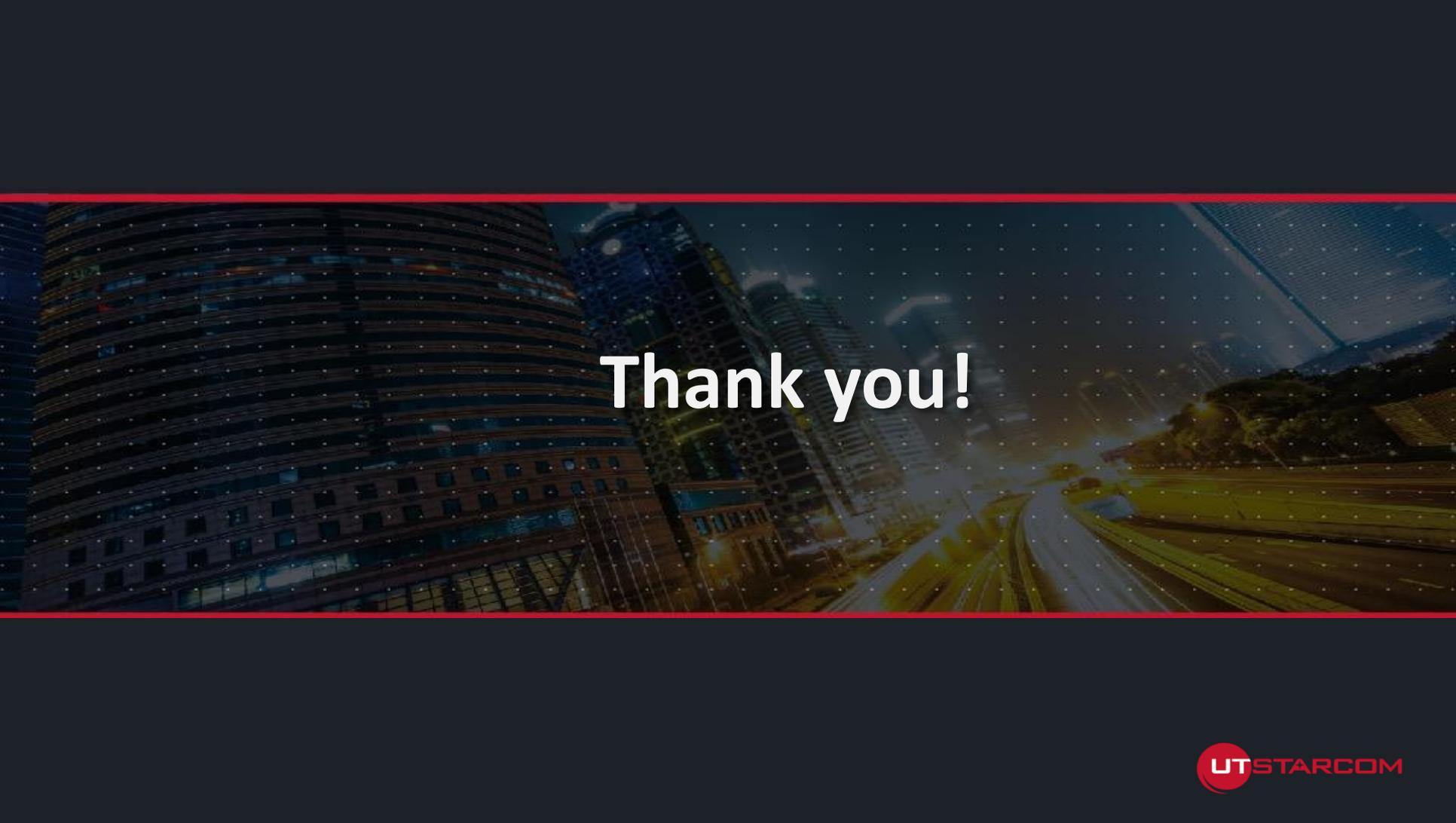
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A night cityscape with light trails and falling snow. The scene is viewed from a low angle, looking up at several tall buildings. The sky is dark blue with many small white stars or snowflakes falling. The ground is covered in snow, and there are light trails from cars on a road in the foreground. The overall atmosphere is serene and futuristic.

Thank you!