



First Quarter 2018 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.

Q1 2018 Financial Highlights



	Q1 2018	Y/Y Change	Q/Q Change
Revenues	\$22.6	+0.2%	+23.9%
Gross Margin	40.5%	+0.1%	+15.5%
Operating Expenses	\$6.8	+25.1%	+5.3%
Operating Income	\$2.3	-\$1.3	+\$4.2
Net Income	\$4.0	-\$1.9	+\$7.6
Basic EPS	\$0.11	-\$0.06	+\$0.21
Cash Balance (Including Restricted Cash)	\$98.9	-9.7%	-1.8%

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

- The Launch of SRv6 Router Product Line
 - New routers are based on segment routing (SR) over IPv6 data plane integrated with SDN platform SOO network
 - SR is known as the “de facto” next-generation network architecture
 - The launch represents an important milestone, positioning UTStarcom as a leading provider of the next-generation technology
 - Value proposition:
 - Enables high agility and automation
 - Reduces network complexity
 - Optimizes operation and maintenance
- MPLS + SDN + NFV World Congress 2018 Interoperability Showcase in Paris
 - Organized by the European Advanced Networking Test Center (EANTC)
 - UTStarcom participated in live multi-vendor demonstrations of the latest SRv6 technology
- Interoperability Tests with Multiple Vendors in a Staging Lab Testing Event in Berlin
 - Organized by EANTC
 - UTStarcom participated in tests that covered several areas of interest, including SRv6, segment routing fault management and resiliency, SDN, clock synchronization, and more

SyncRing



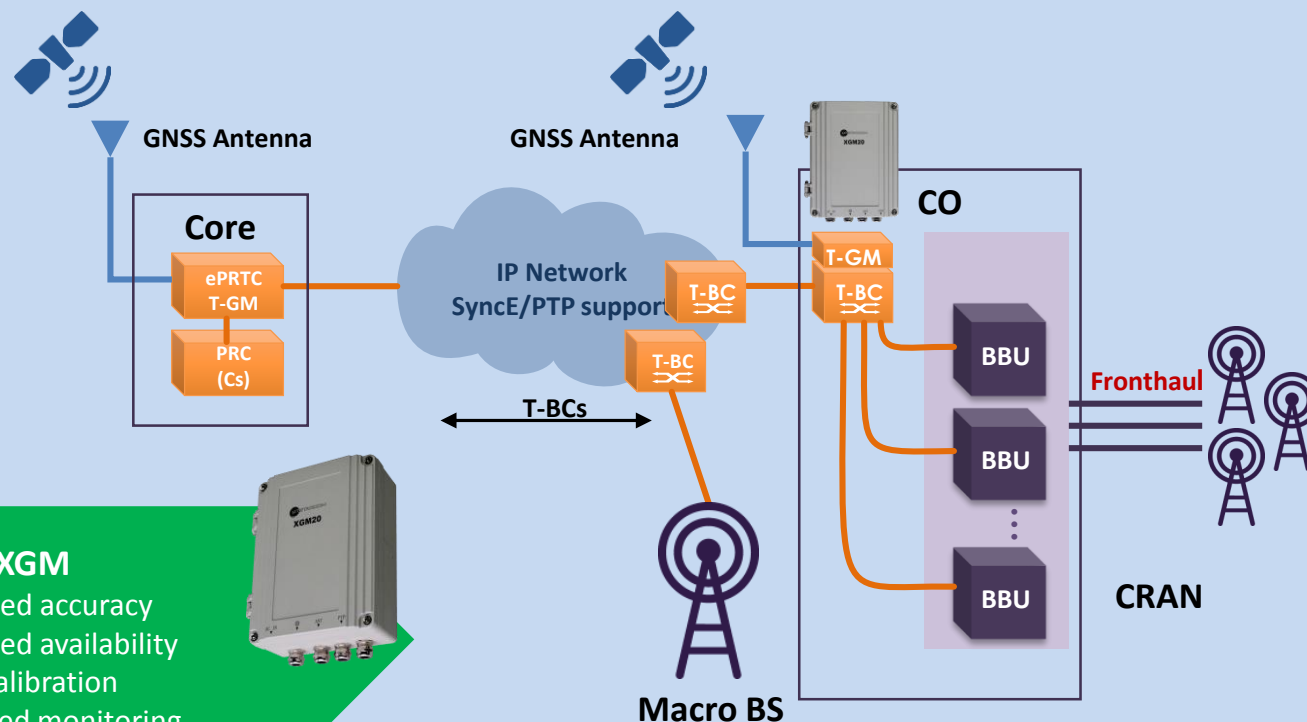
4G/5G-ready Synchronization

4G

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

5G

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



SyncRing XGM

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



SyncRing XGM

- Grand Master



SyncRing XBC510

- Boundary Clock/
Transparent Clock



Netman 6000 OMC-O

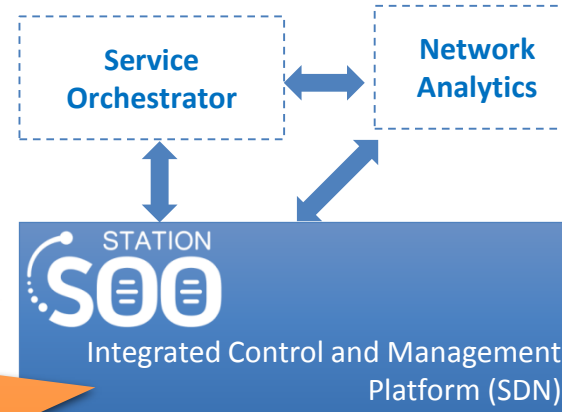
- Centralized network
management



SkyFlux UAR: SRv6 Routers Family



April 19, 2018
Announced
POC-ready release

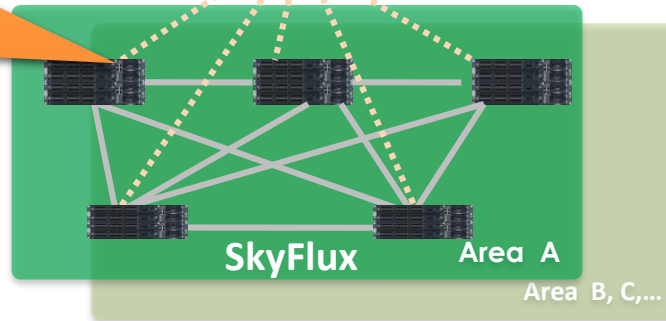


Intelligent Networking:
Source Routing + SDN + 10/100GE

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

UAR500

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

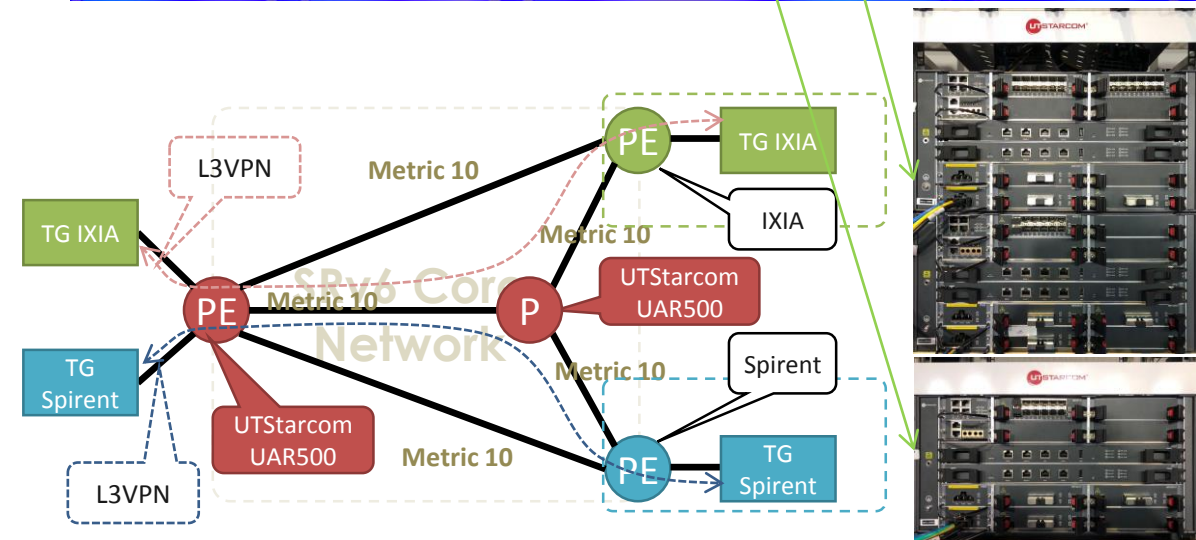


Programmable agile network
Seamless SDN integration
L2VPN/L3VPN services
Carrier-class feature set
(sub-50ms protection, OAM, TE, QoS)
100GE support
Reliable modular hardware platform

SkyFlux UAR: SRv6 Routers Family



- ✓ Successful **multi-vendor interoperability testing** @ EANTC lab in Berlin (March 2018):
 - UAR500 & SOO Station
 - Multi-vendor tests incl. Segment Routing (SRv6), SDN&Netconf/YANG, Clocking
- ✓ Successful **SRv6 live demo** during MPLS+SDN+NFV @ Paris 2018
 - UAR500

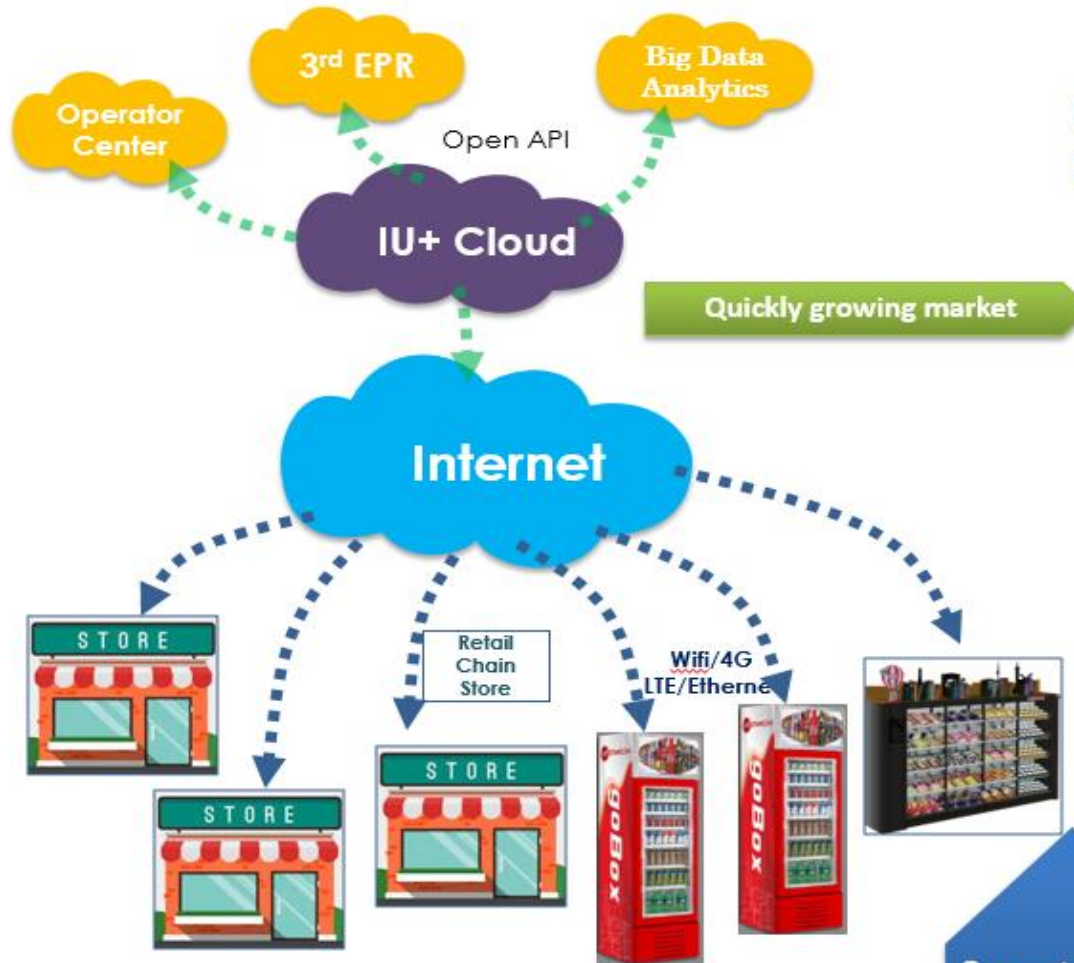


Key Business Highlights

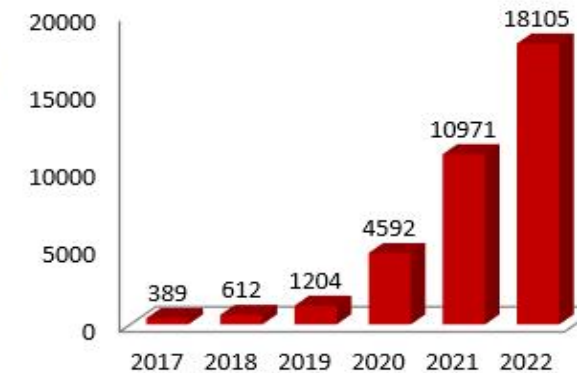


- Retail Store Automation Joint Venture, uSTAR
 - Formed a JV with a leading Chinese refrigerator manufacturer
 - JV to develop commercial “Smart refrigerators” initially
 - JV to expand its market opportunity and provide a comprehensive retail automation solution
 - Platform to integrate leading-edge technologies:
 - Facial recognition
 - Image analysis
 - Behavior identification
 - Load sensor
 - RFID
 - Mobile payment
 - Real-time interaction of people, products and localities
- Smart Store Partnership
 - Collaborating closely with our system integrator partner and a Hangzhou e-Commerce leader
 - In the very early stage of testing and field trials of our Smart Store solution
 - Demonstrations are underway at our partners’ retail and gas station convenience store chains

Integrated Smart Retail Solution



China cashier-free retail market analysis – transactions per year



Total transactions, 100M RMB

Source: China Industrial information website

Key Business Highlights

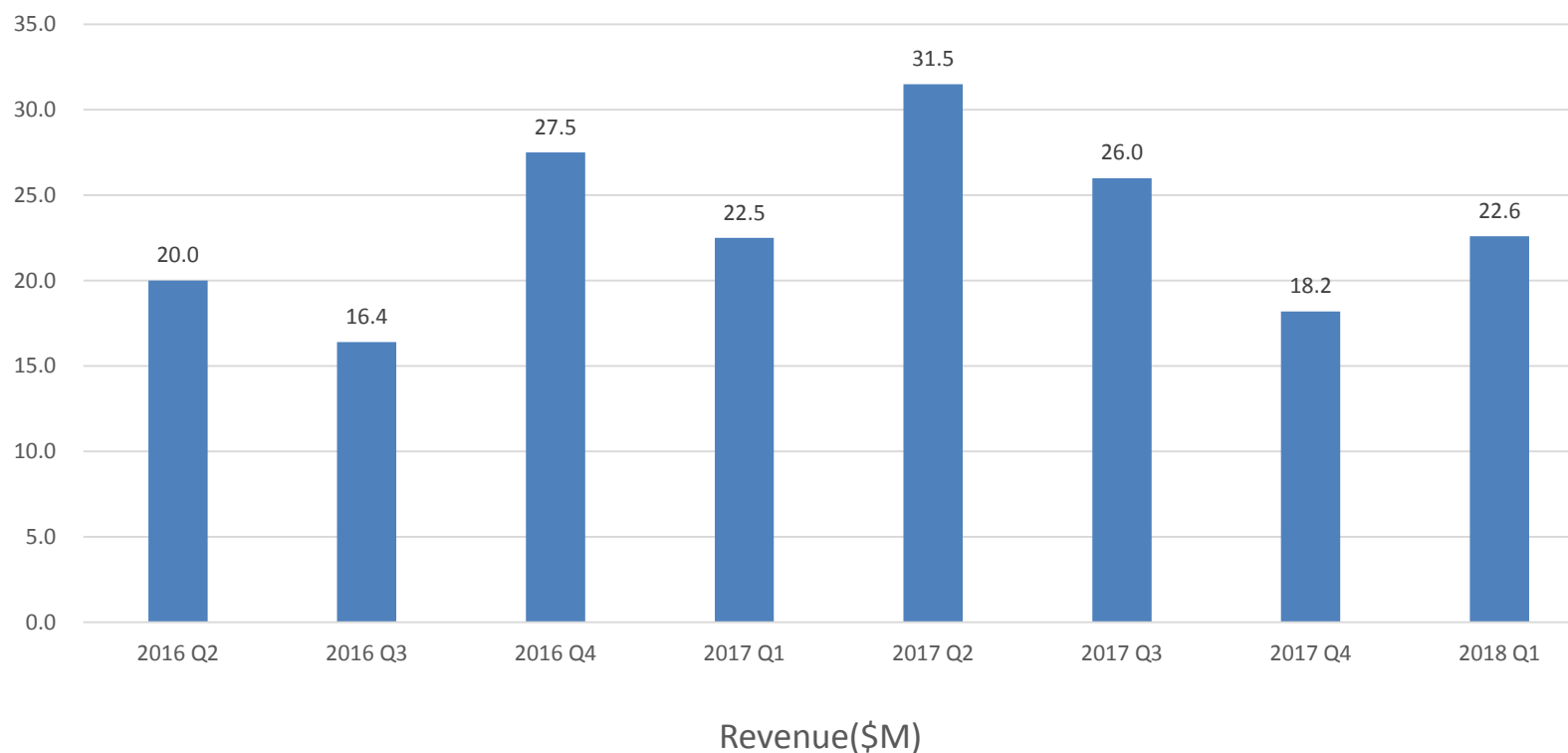


- India Business
 - Business is gaining momentum
 - In Q1, UTStarcom secured a large project win with a major carrier to support this customer to upgrade its nationwide network for next-generation voice and data services to its large customer base
 - UTStarcom will help build out the Class 5 Next Generation Network (NGN) infrastructure within the new network
 - NGN refers to packet-based networks that provide data, voice and media services by making use of multiple transport technologies
 - UTStarcom expects more upgrade projects and new deployments to expand market share for broadband internet network equipment in the region

Revenues



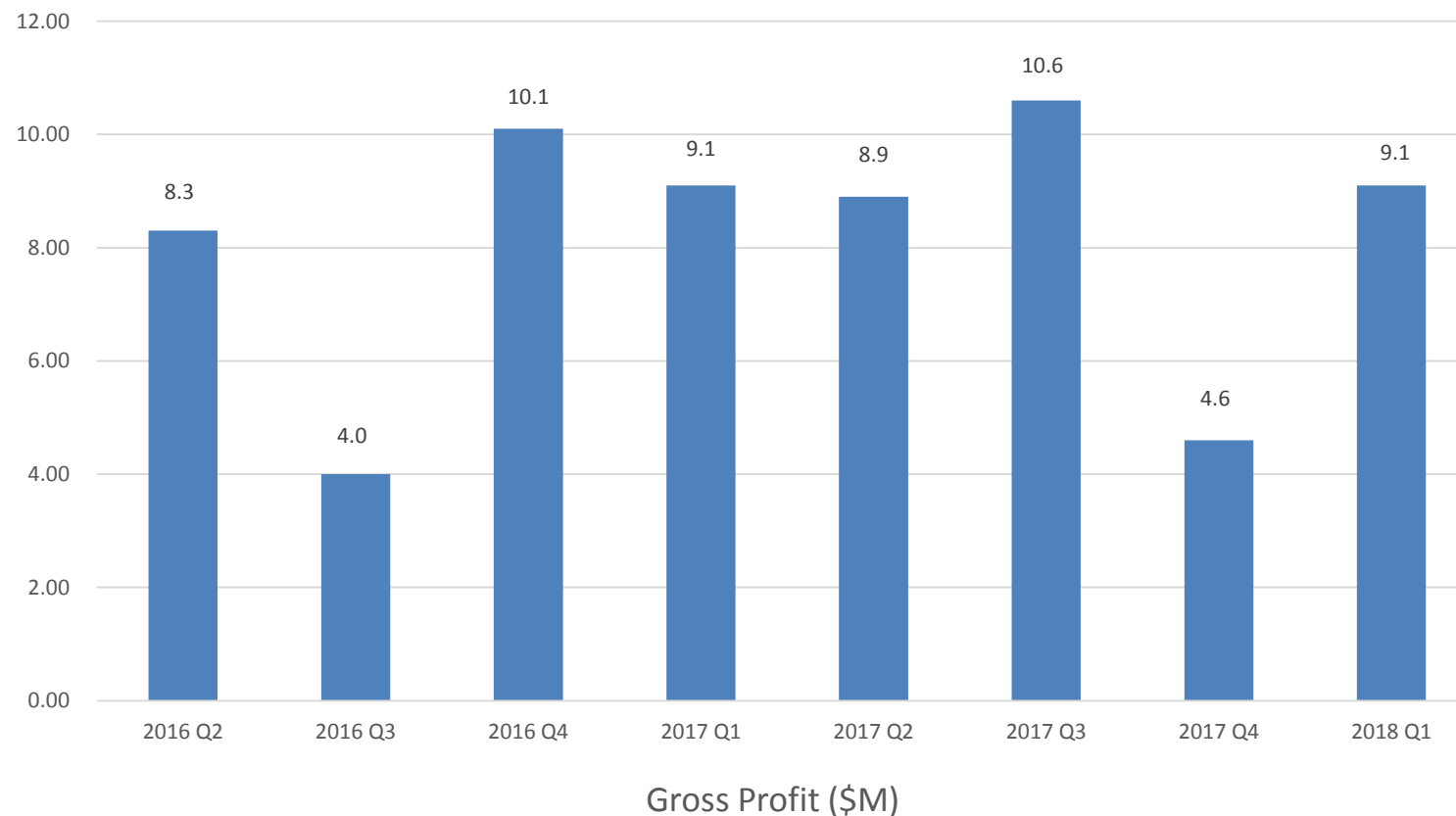
- Revenues in Q1 2018 were \$22.6 million, compared to \$22.5 million in Q1 2017 and \$18.2 million in Q4 2017
- Equipment sales growth was primarily driven by increased PTN product sales in Japan



Gross Profit



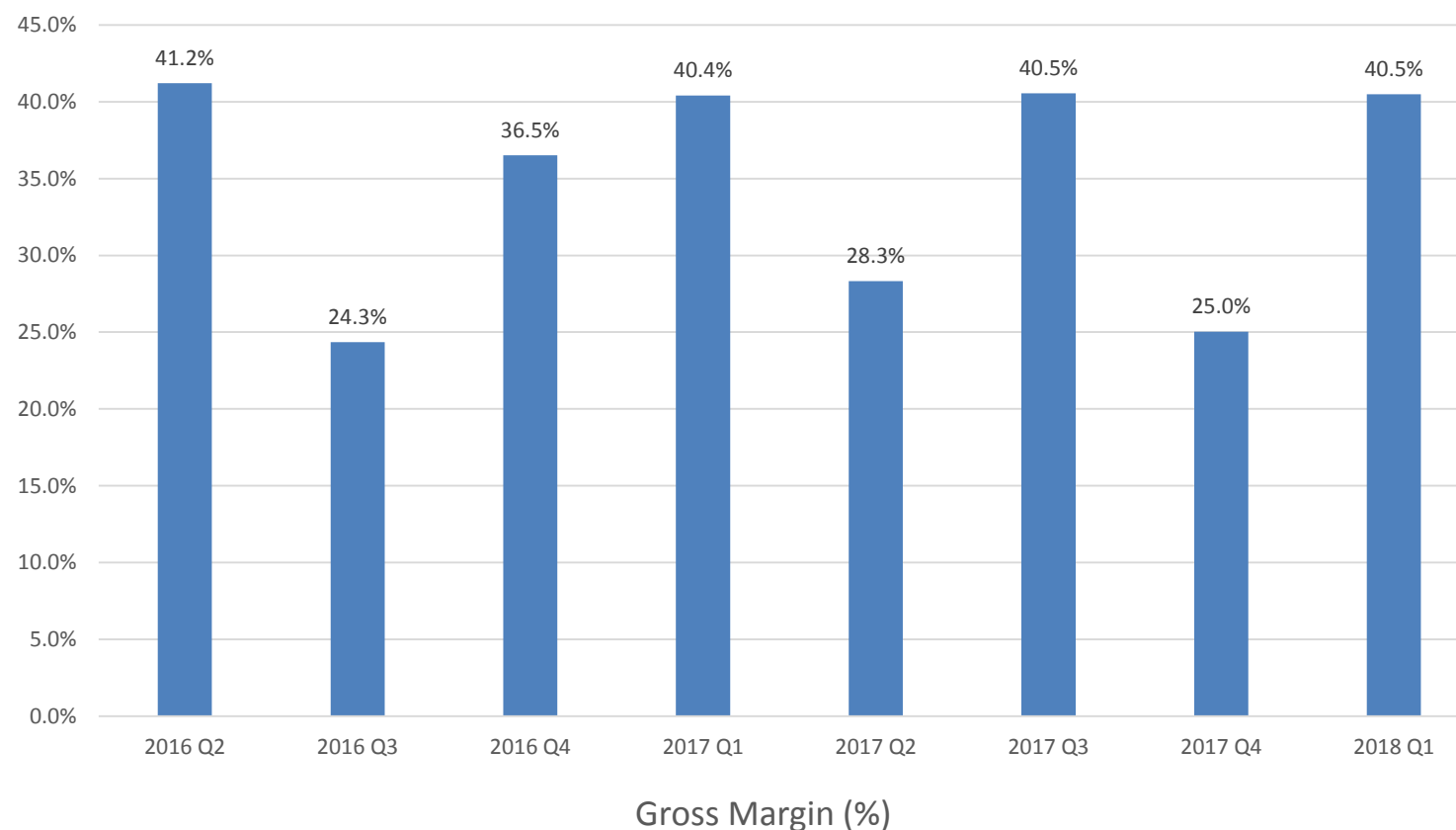
- Gross profit in Q1 2018 was \$9.1 million, compared to \$9.1 million in Q1 2017 and \$4.6 million in Q4 2017



Gross Margin



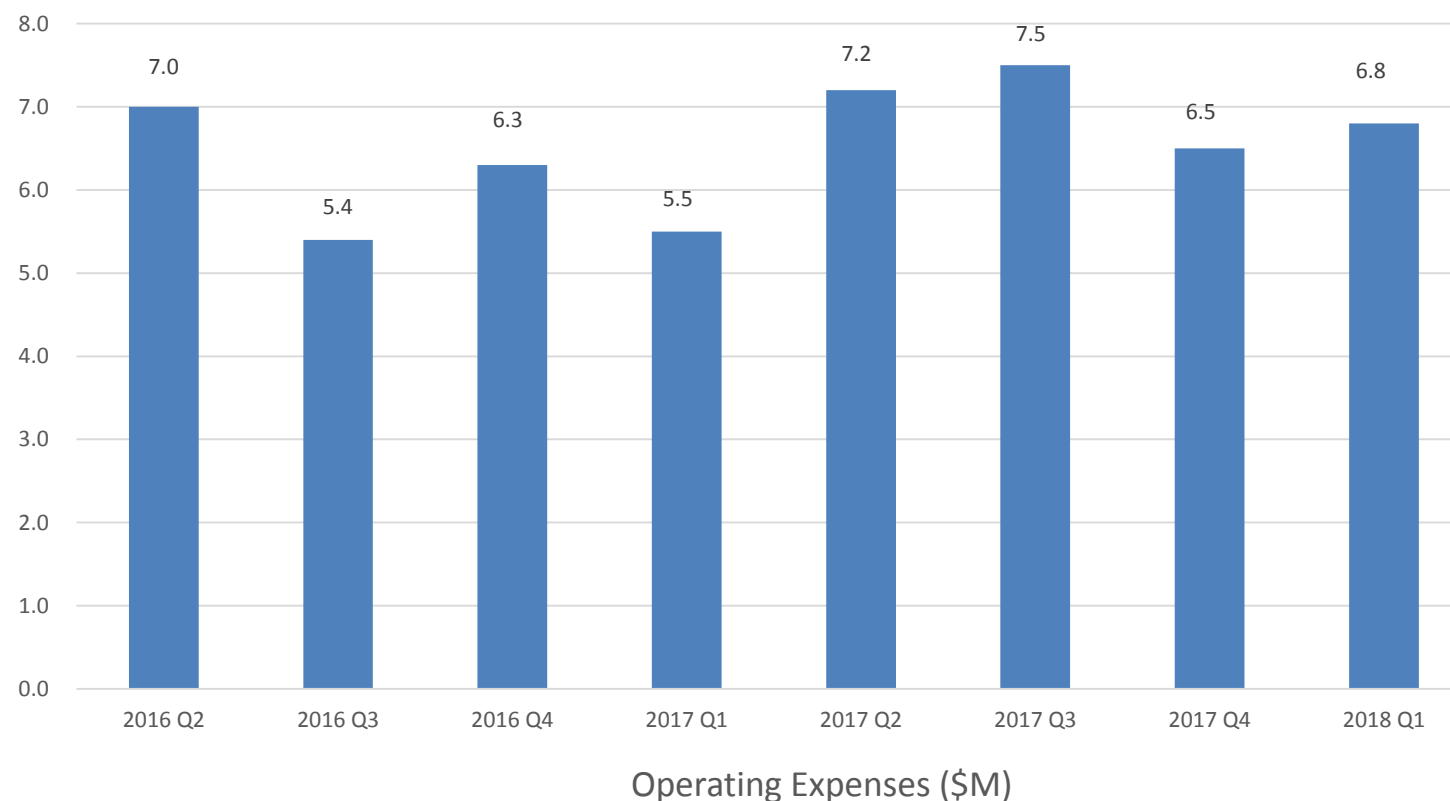
- Gross margin in Q1 2018 was 40.5%, compared to 40.4% in Q1 2017 and 25.0% in Q4 2017



Operating Expenses



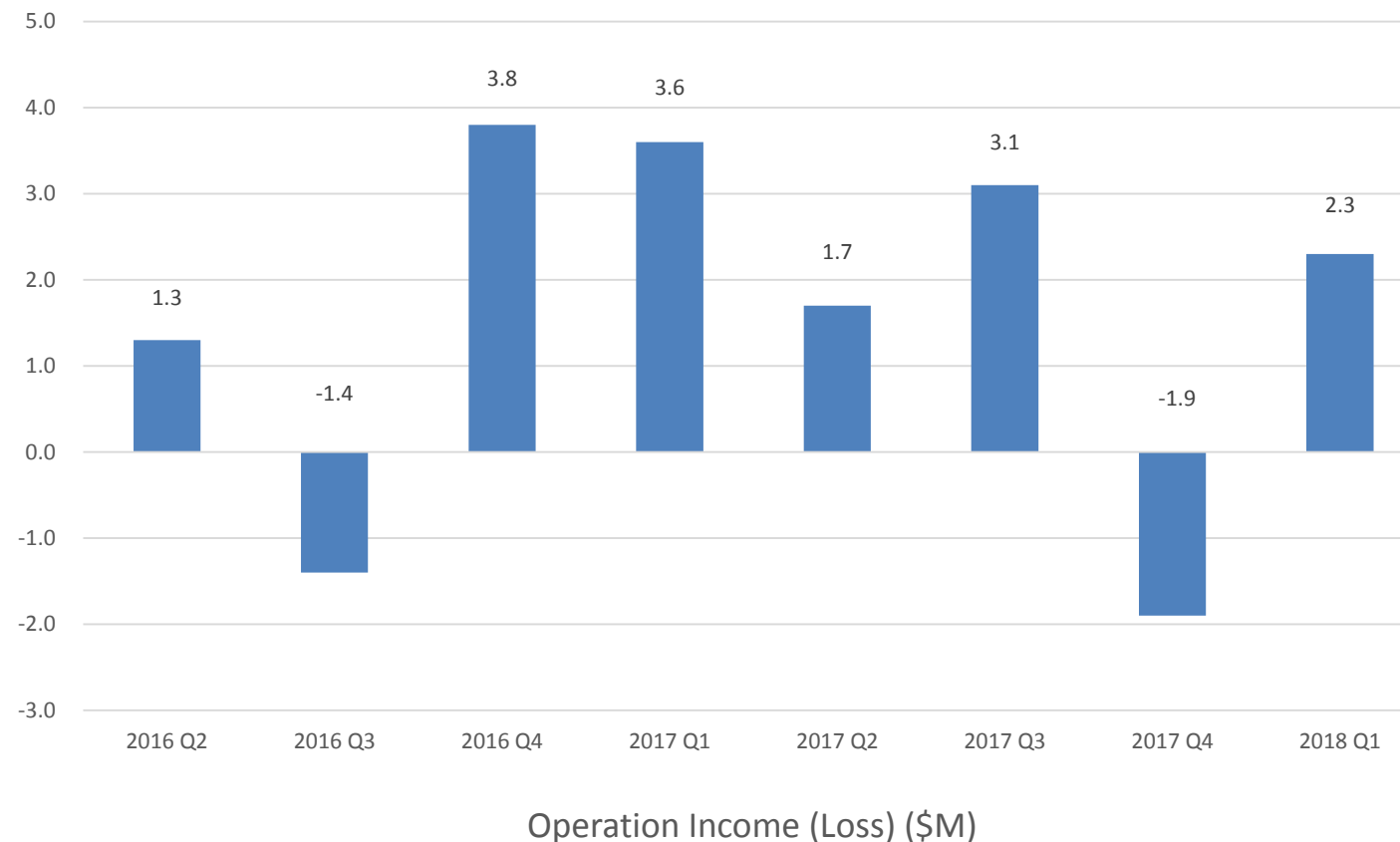
- Operating expenses in Q1 2018 were \$6.8 million, compared to \$5.5 million in Q1 2017 and \$6.5 million in Q4 2017
- R&D expenses in Q1 2018 were \$2.9 million, up from \$1.8 in Q1 2017. The increase was largely due to continuing investment in R&D



Operating Income (Loss)



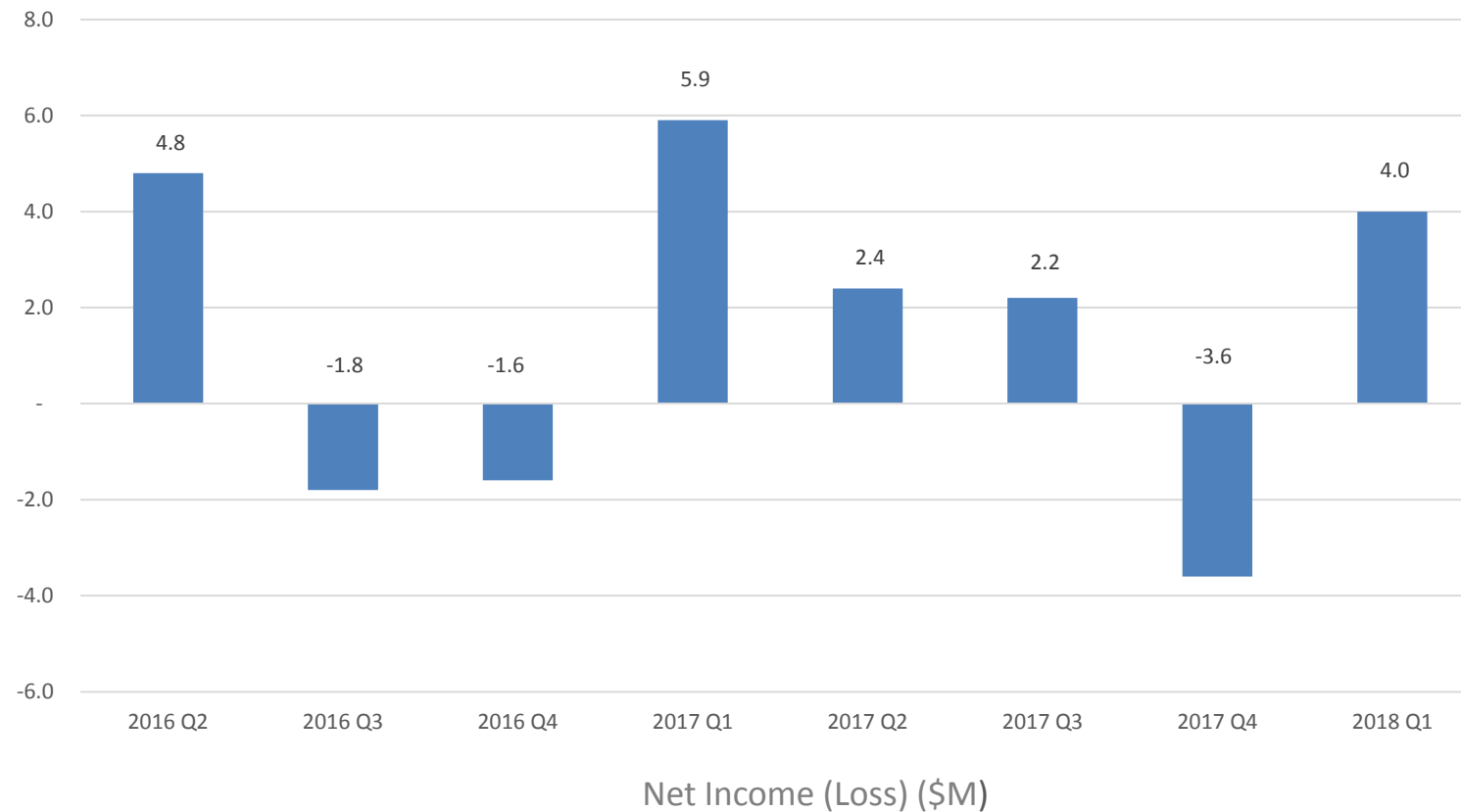
- Operating income in Q1 2018 was \$2.3 million, compared to an operating income of \$3.6 million in Q1 2017 and an operating loss of \$1.9 million in Q4 2017
- Operating margin in Q1 2018 was 10.2%, compared to 16.2% in Q1 2017



Net Income (Loss)



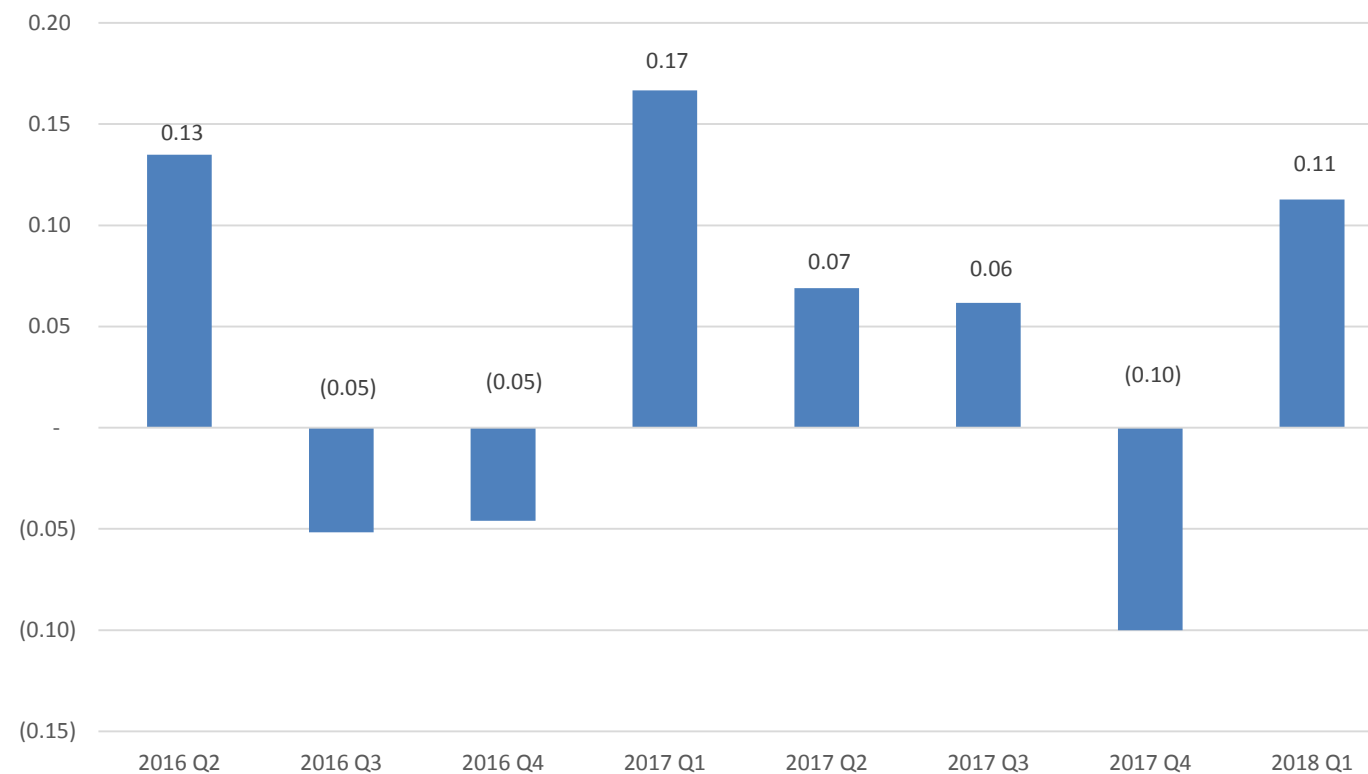
- Net income in Q1 2018 was \$4.0 million, compared to a net income of \$5.9 million in Q1 2017 and a net loss of 3.6 million in Q4 2017



Earnings Per Share



- EPS was 11 cents in Q1 2018, compared to 17 cents in Q1 2017 and a loss of 10 cents per share in Q4 2017



Earnings (Loss) Per Share

Cash Flow



- The Company held \$99 million in cash, cash equivalents and restricted cash as of March 31, 2018, compared to \$101 million as of December 31, 2017
- Cash used in operating activities was \$5.1 million in Q1 2018
- Cash released from short term investments was \$2.9 million in Q1 2018

Q2 2018 Outlook



- For the second quarter of 2018, the Company expects to generate revenue in the range of \$23 million to \$28 million.

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Thank you !