



Third Quarter 2019 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.

Q3 2019 Financial Highlights



	Q3 2019	Y/Y Change	Q/Q Change
Revenues	\$13.1	-74.9%	-6.0%
Gross Profit	\$7.2	-27.2%	+43.0%
Operating Expenses	\$9.6	+64.8%	+34.8%
Operating Loss	-\$2.4	-\$6.4	-\$0.3
Net Loss	-\$2.1	-\$4.2	-\$3.8
Basic EPS	-\$0.06	-\$0.12	-\$0.11
Cash Balance (including Restricted Cash)	\$47.6	-28.8%	-13.6%

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

Key Recent Operating Highlights



- Making Good Progress at a Large 5G Opportunity in China
- Provided Accounts Receivable reserve for a major customer in India
- Expanding goSmart Automated Retail Solution to International Markets
- Participated at Indian Mobile Congress (IMC) 2019

Market Opportunity: 5G Transition



- **SkyFlux Platform:** Segment Routing Product Family

- Based on Segment Routing over IPv6 or MPLS data plane
- Integrated with FlexE as well as SDN platform SOO network
- Value proposition:
 - Scalability
 - Greater flexibility
 - Rapid provisioning
 - Better automation
 - Reduced complexity
 - Optimized operation/maintenance

Excellent packet optical transport designed and optimized to meet complex mix of 5G requirements

- **SyncRing XGM30**

- Launch November 2018
- Grand Master – Source of accurate time sync
- Enables time sync requirements of LTE/LTE-A and 5G networks
- Customer functional testing in progress

- **SyncRing XBC340 & XBC341**

- Launch July 2018
- Boundary Clock with support of sync, data forwarding, POE
- Enables time sync requirements of LTE/LTE-A and 5G networks
- Customer functional testing in progress

Highly accurate cost-effective time sync for 5G networks

Innovation Remains Our Focus



Segment Routing (SR):

- ① A new forwarding paradigm
- ② Source routing technology
- ③ SR TP/SR BE
- ④ Remove complexity of MPLS networks
- ⑤ Great match for SDN automation
- ⑥ Soft network slicing



01

Fast development
progress

04

Clock Synchronization:

- ① Sync over packet NW
- ② High accuracy for 5G



02

FlexE:

MAC
FlexE Shim
PCS
PMS
PMD

- ① Various Ethernet MAC rates
 - ① Bonding of multiple links
 - ② Sub-rating of links
 - ③ Channelization of links
- ② TDM Tunnel and XC
- ③ Low latency
- ④ Hard network slicing

03



SDN Controller

- ① Service orchestration
- ② Network on demand
- ③ Automation
- ④ APP driven

Skyflux Technology Segment Routing

New tunneling technology in packet network base on source routing: SR-TP/SR-BE

FlexE

Flex Ethernet through a variety of Ethernet MAC rates

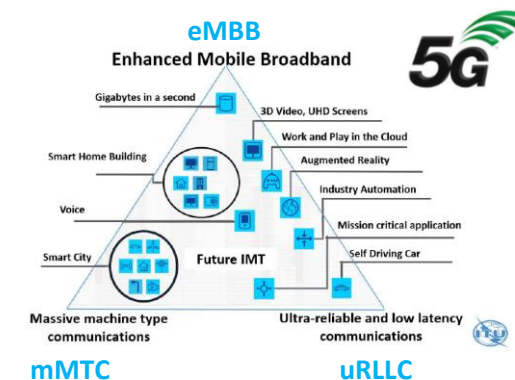
SDN Controller

SDN for service orchestration with APP driven

Synchronization

"Sync over packet network" with PTP (Precision Time Protocol) and SyncE

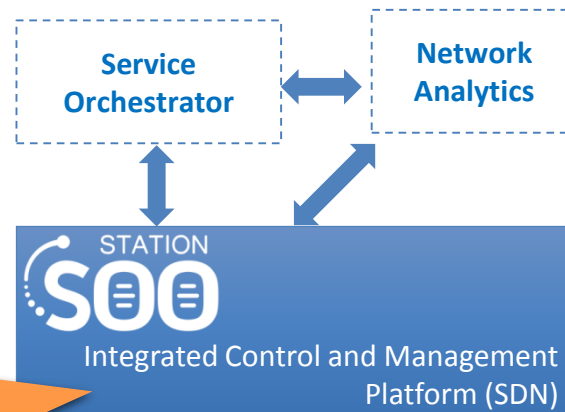
Great match!



SkyFlux UAR Segment Router Family



April 19, 2018
Announced
POC-ready release

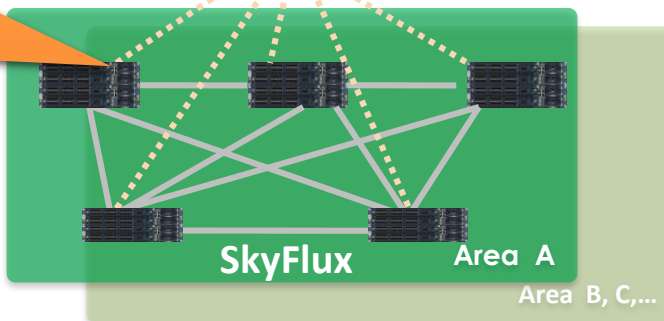


Intelligent Networking:
Source Routing + SDN + 10/100GE

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

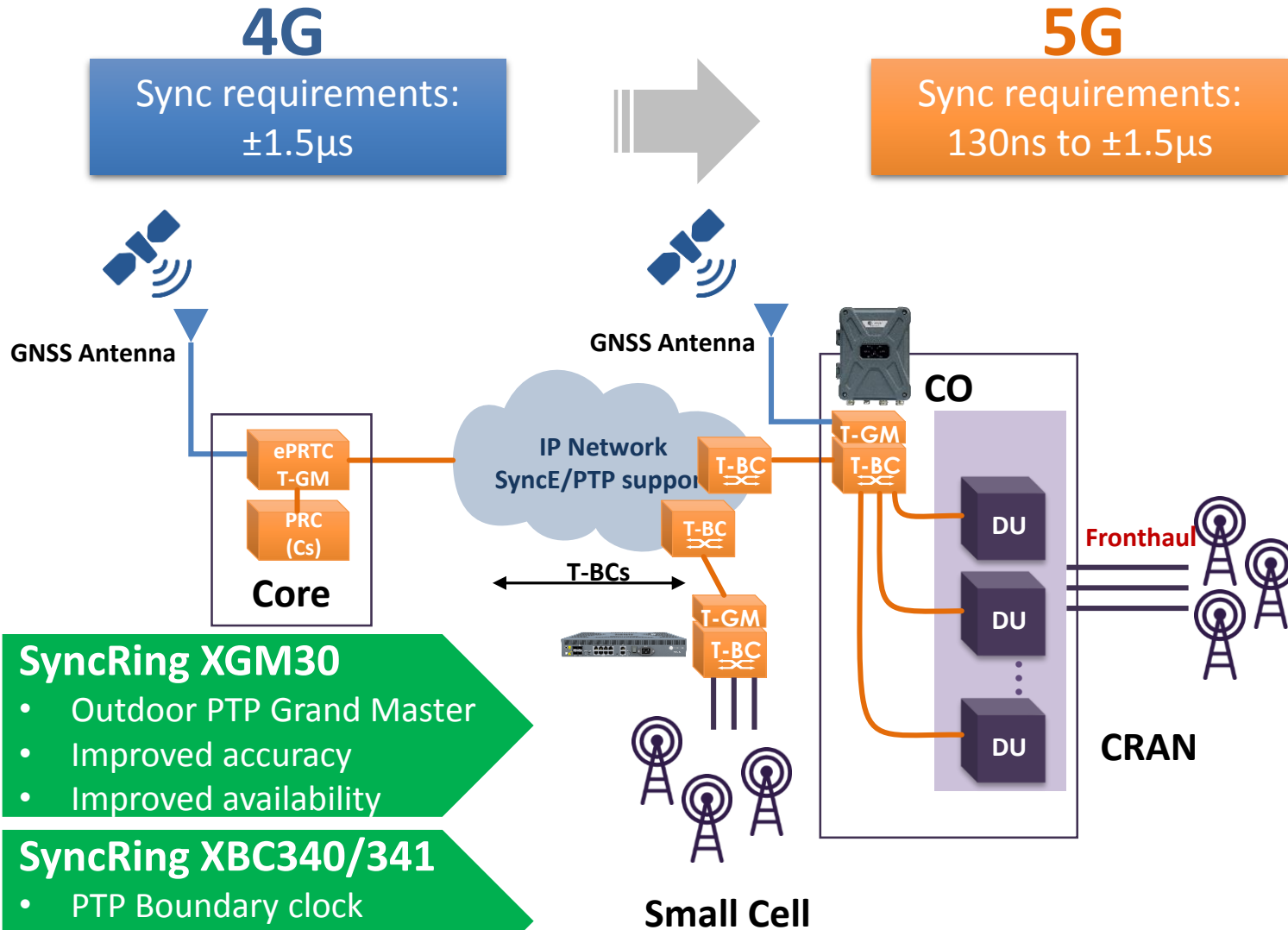
UAR500

- 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

SyncRing: 4G/5G-ready Synchronization



SyncRing XGM30

- Outdoor PTP Grand Master
- Improved accuracy
- Improved availability

SyncRing XBC340/341

- PTP Boundary clock
- Sync + data + POE
- Cost-effective all-in-one

XBC340/XBC341

Boundary Clock / POE



SyncRing XGM30

Grand Master



SyncRing XBC510

Boundary Clock



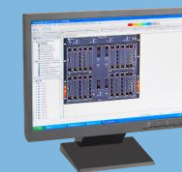
SyncRing XGM20

Grand Master



Netman 6000 OMC-O

Centralized network management



Netman 6000 OMC-O

Centralized network management



goSmart Total Solution



goSmart Cloud Management

Device
Management
(DSMS)

Business
Operation
(MIMS)

AI/Recognition
Service
(AIRS)

Value-added
Services
(VASS)

MQTT/HTTPs

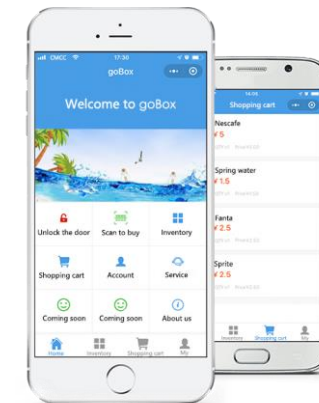
Internet

Wi-Fi/LTE/Ethernet Access

goCube Vending Machine



goSmart APP



UTStarcom @ IMC2019

Event Name:

India Mobile Congress 2019

Venue:

Aerocity, New Delhi, India

Event website:

<https://www.indiamobilecongress.com/>

Date:

October 14-16, 2019



CXO Conclave: Imagine the Connected Future

- CEO, Mr. Tim Ti presented his position on 5G challenges and strategies for 5G transport network infrastructure which is a critical component required to enable the Connected Future

Keynote Speech: Evolving roles of OEMs in the digital revolution: Telecom Network Perspective

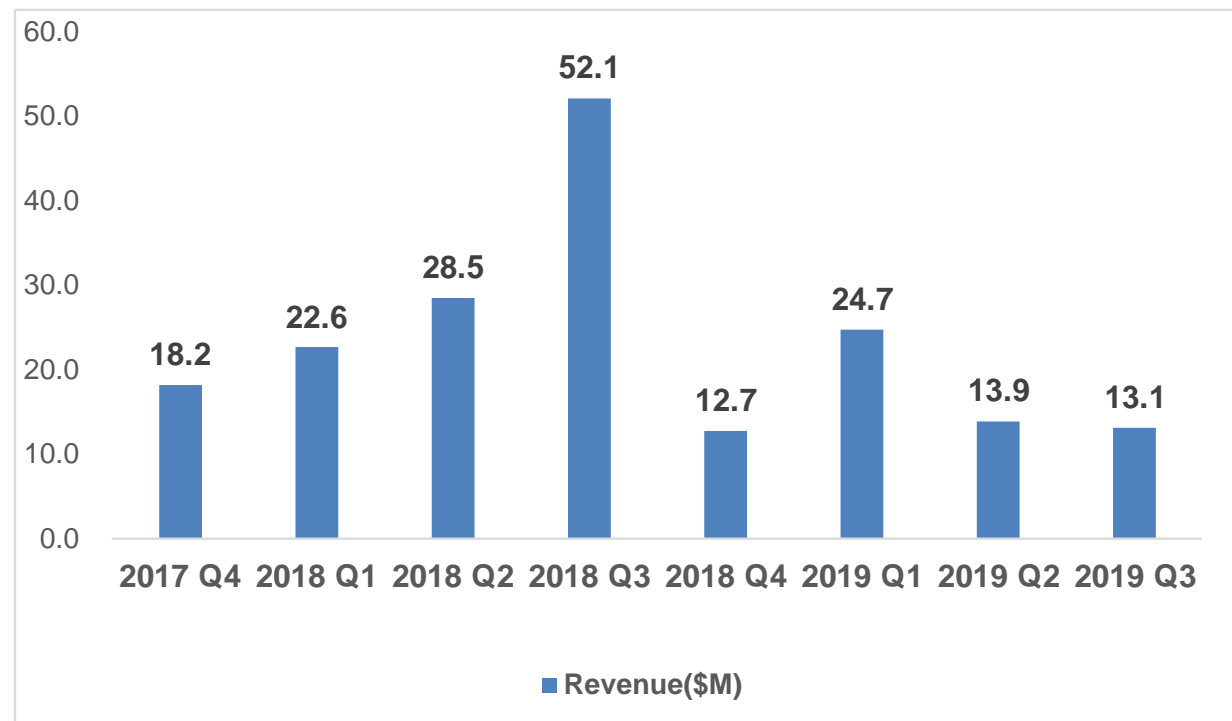
- Principal Marketing Manager, Mr. Sergiy Bitjukov shared his views on the evolution of telecom industry ecosystem including network disaggregation technologies and integrated telecommunications products and solutions

Large booth, extended UT product portfolio on display:

- SkyFlux SPN
- NG-PTN/CPAN
- SyncRing
- Core Router (UCR)
- Multi-service Router (MSR)
- Switches (DC, Aggregation, Access, POE)
- Wireless Broadband (Carrier Wi-Fi WLC, AP)
- Wireline Broadband (MSAN, GPON, VBG)
- Network Core (IMS, SSCP)
- Firewall
- Smart City (IoT, Iris Scanner, Smart Streetlight)
- Cloud Class
- Smart Retail (goSmart)
- Fiber optical products (by TD)
- WBS-based network disaggregation (with Pica8)

Revenue

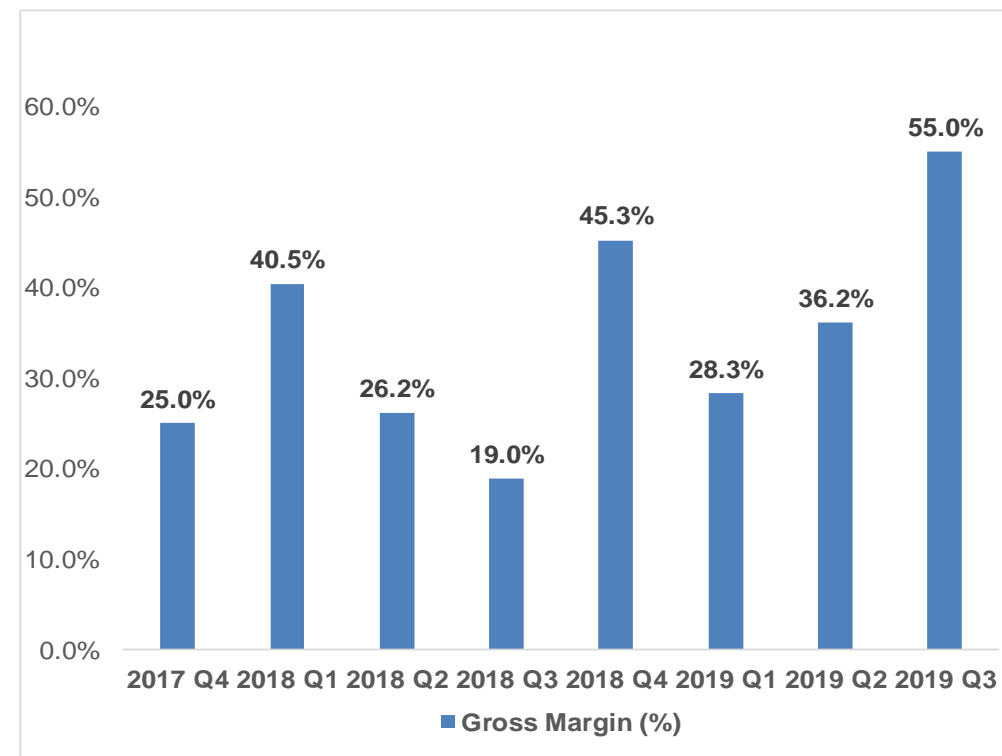
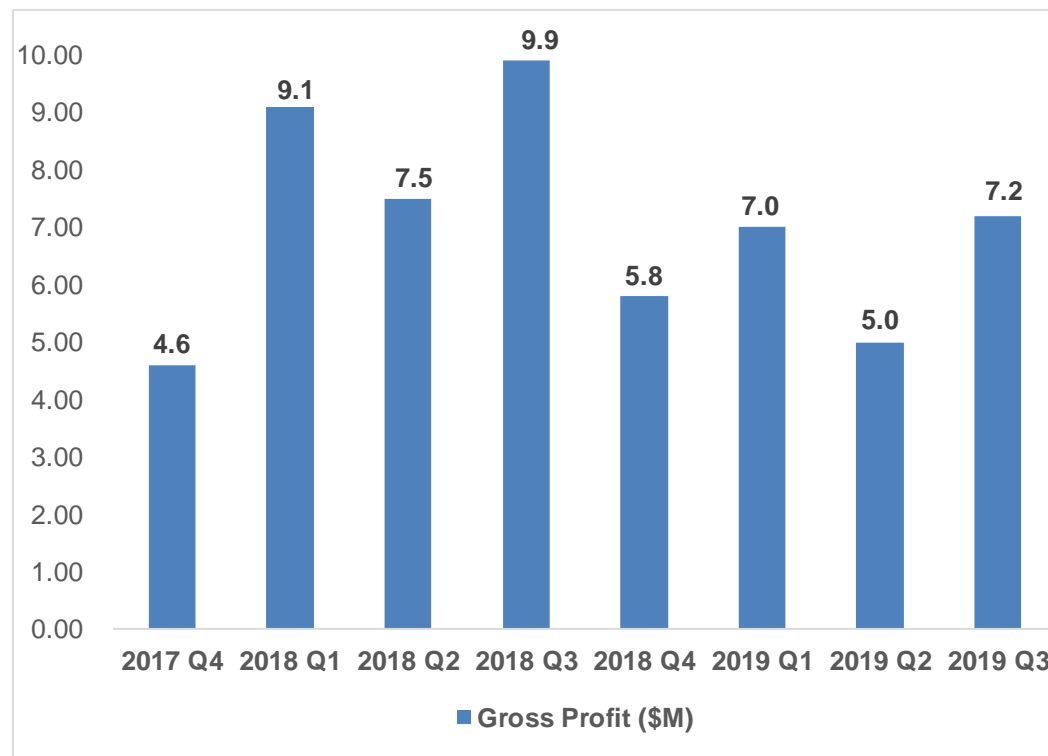
- Down 75% Y/Y and down 6% Q/Q
- Japan accounted for the majority of Q3 revenue



Gross Profit and Gross Margin



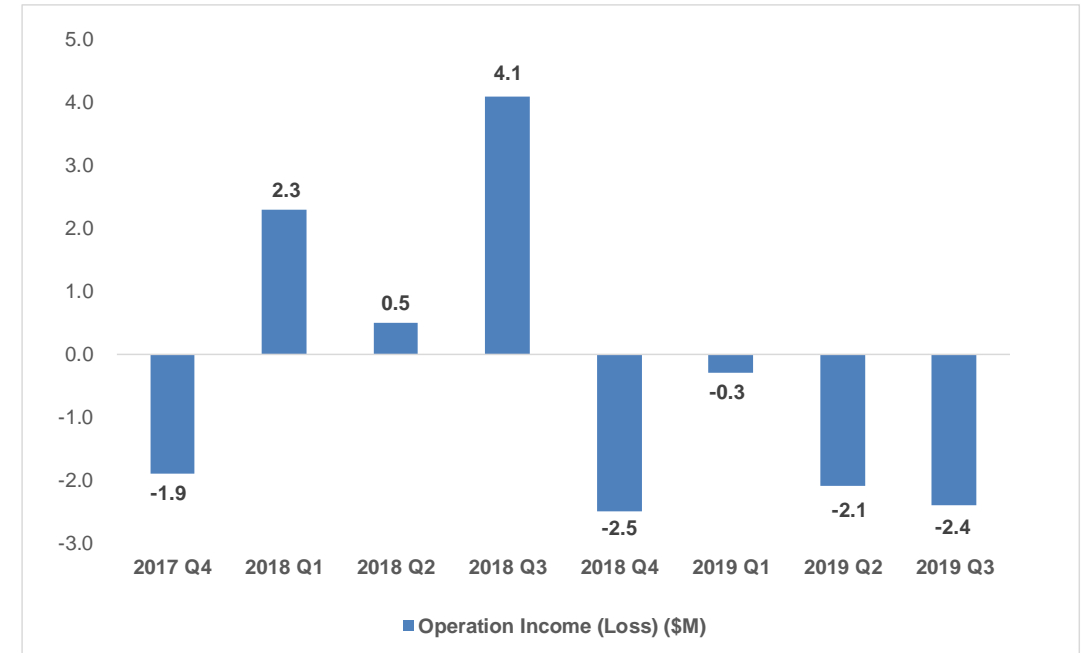
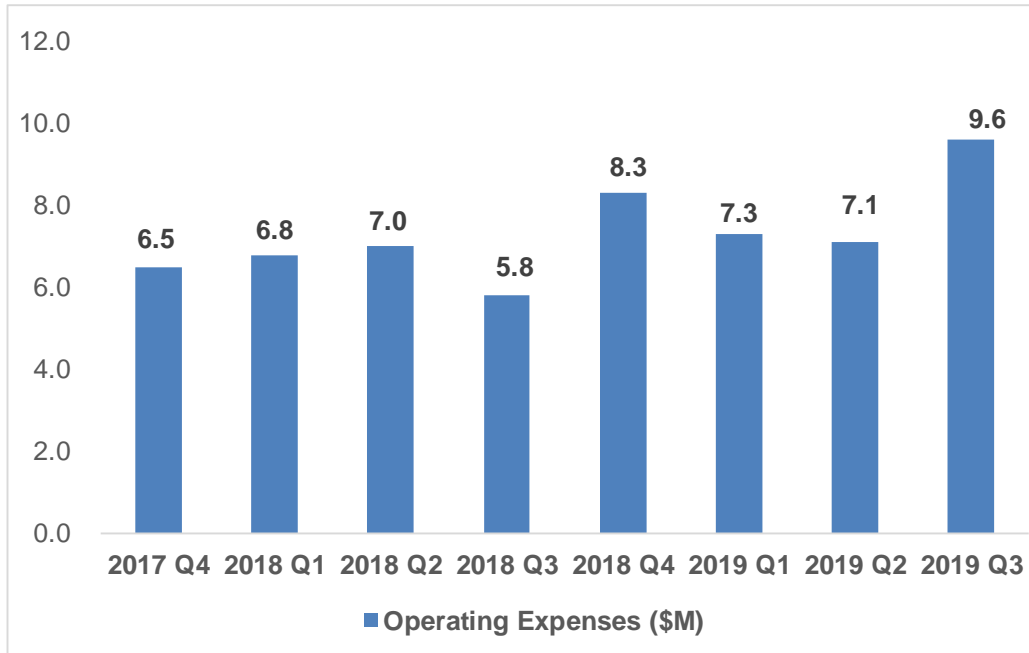
- Gross profit: down 27% Y/Y and up 43% Q/Q
- Gross margin: Higher margin reflects favorable product mix and a last-time-buy sales to Taiwan



Operating Expense/Operating Income (Loss)



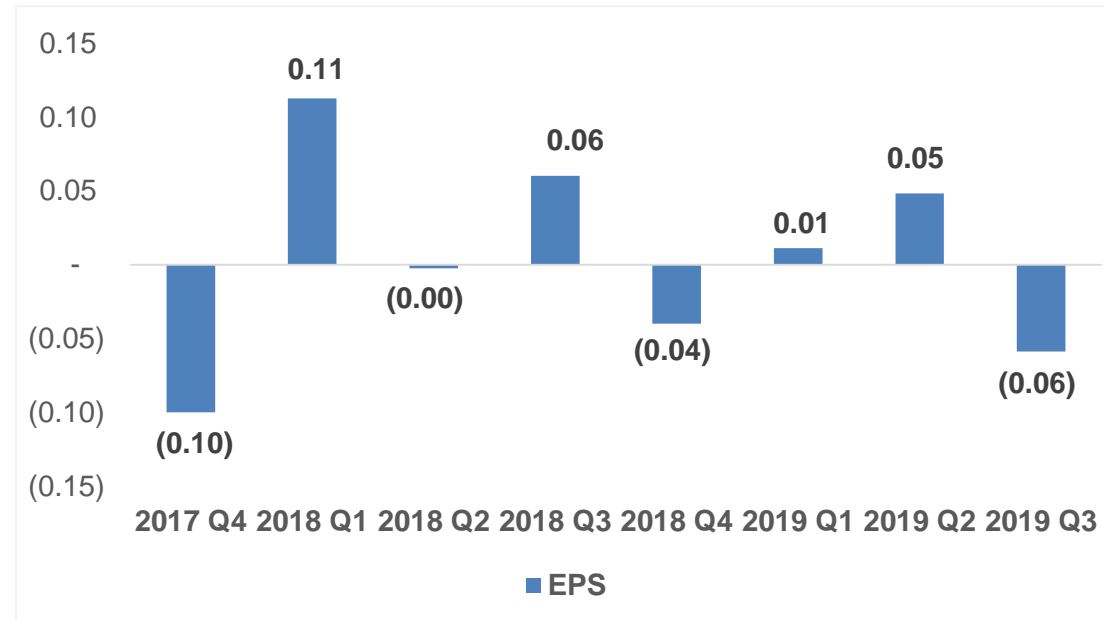
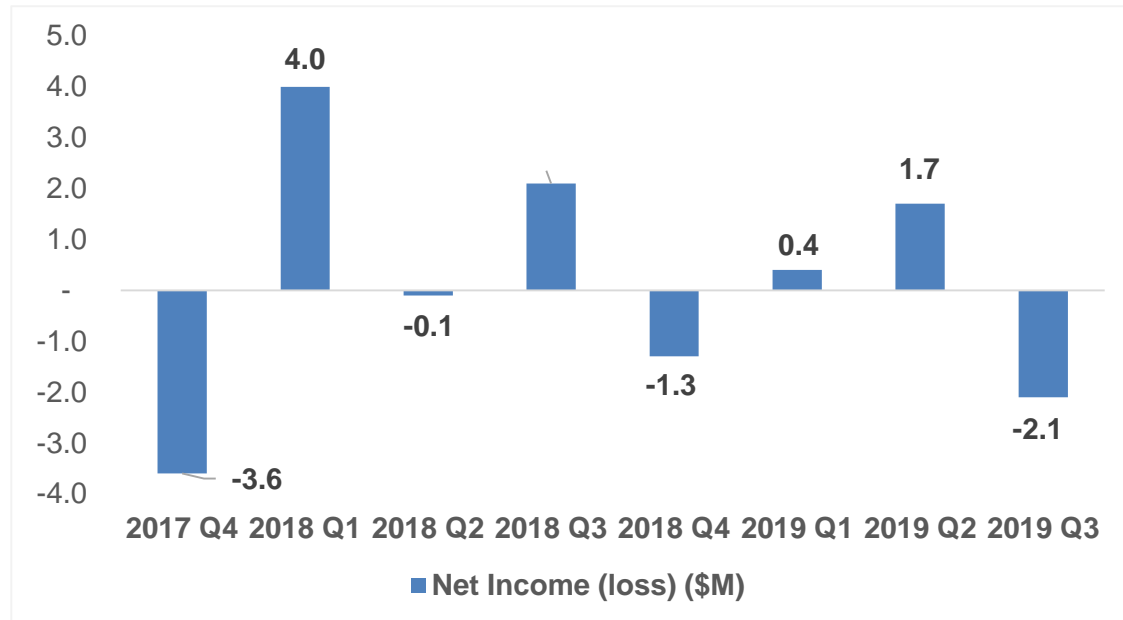
- SG&A expenses increased 93% Y/Y and 102% Q/Q solely due to increase in Accounts Receivable (AR) reserve for India
- R&D expenses increased 29% Y/Y but decreased 17% Q/Q due to investment in 5G technologies



Net Income (Loss) and EPS



- Net loss attributable to the increase in AR reserve in India



Cash Flow

- Cash used in
 - Operating activities \$9.3M
 - Investing activities \$0.2M
- Cash provided by
 - Finance activities \$4.4M
- Quarter-end cash and equivalents \$47.6M



Q4 2019 Outlook



- Revenue expected to be in the range of \$12 to \$15 million

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