



First 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.

Q1 2019 Financial Highlights



	Q1 2019	Y/Y Change	Q/Q Change
Revenues	\$24.7	+9.1%	+93.7%
Gross Profit	\$7.0	-23.6%	+21.2%
Operating Expenses	\$7.3	+6.1%	-12.3%
Operating Income(Loss)	-\$0.3	-\$2.6	+\$2.2
Net Income	\$0.4	-\$3.6	+\$1.7
Basic earnings per share	\$0.01	-\$0.10	+\$0.05
Cash Balance (including Restricted Cash)	\$64.1	-35.2%	-13.0%

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

Key Recent Operating Achievements



- Evaluation of 5G Transport Network Technologies with Major Telecom Carrier in China
- Ramping goBox Business; Launched First 5G Smart Vending Machine
- Cross-selling Activities with Strategic Partner TongDing are underway

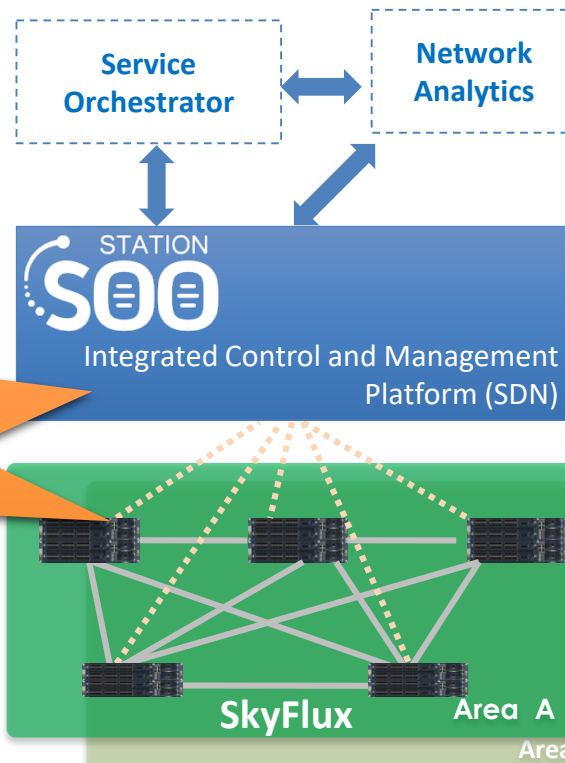
New products focused on delivering compelling benefits

- SkyFlux UAR: 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
- SyncRing XGM30
 - Launch November of 2018
 - Enables time synch requirements of LTE/LTE-A and 5G networks
 - Customer functional testing in progress

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

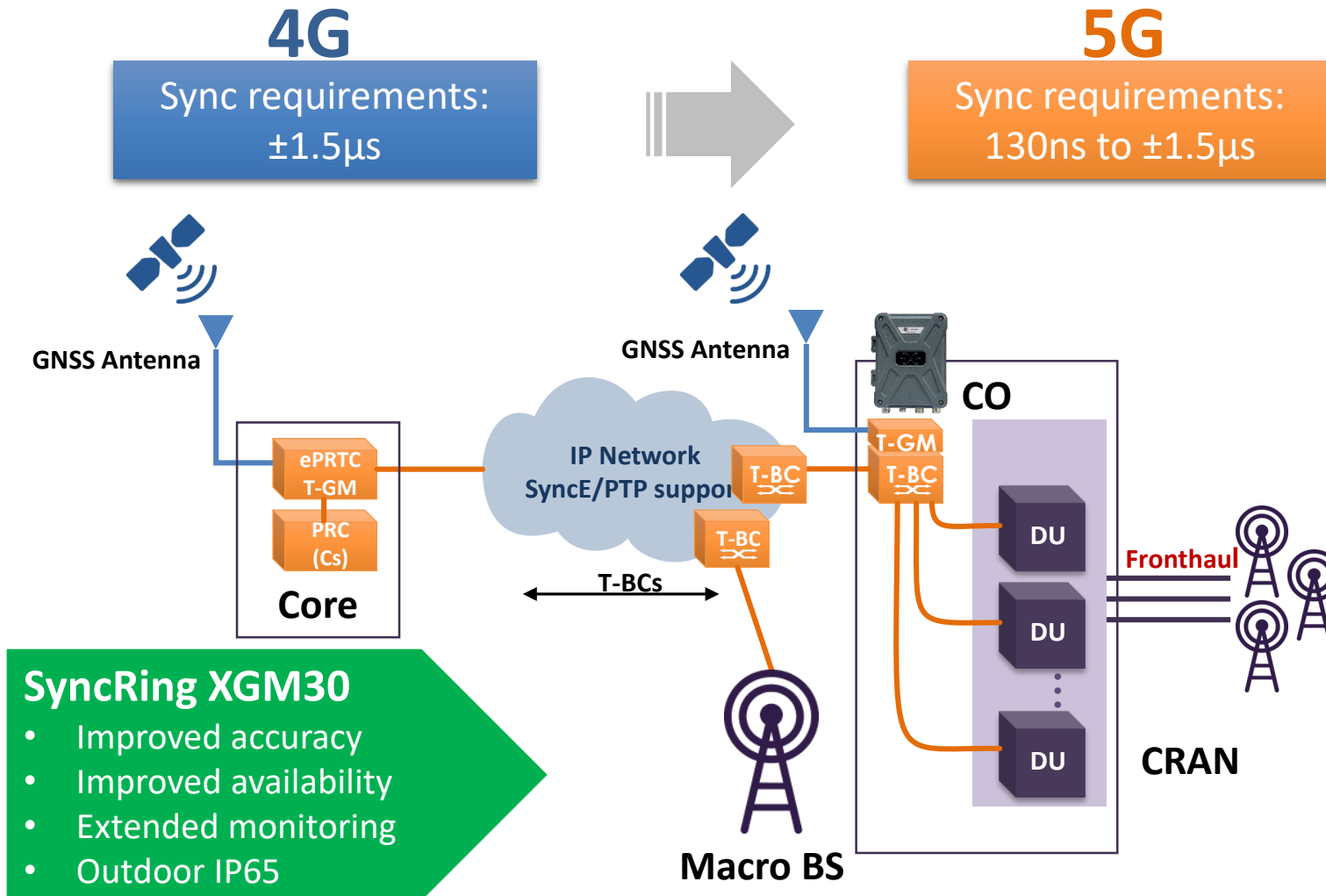
UAR500

- 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

Grand Master



SyncRing XBC510

Boundary Clock



Netman 6000 OMC-O

Centralized network management

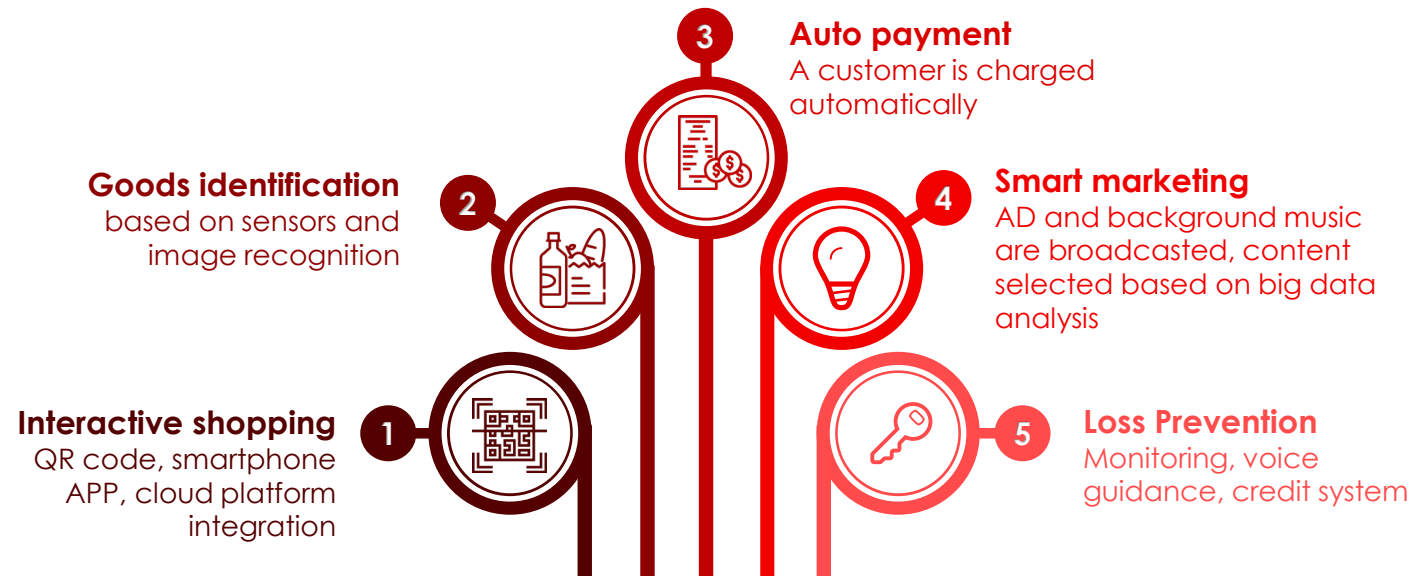


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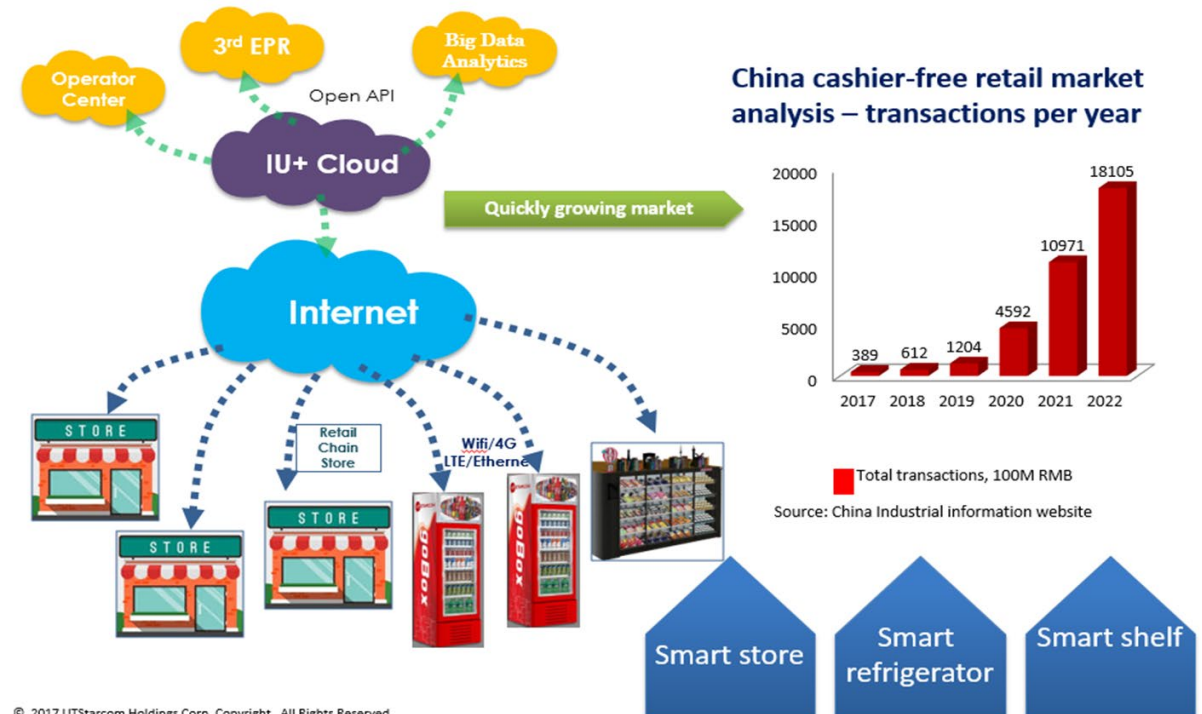
- Smart vending machine
- Smoothly integrates with UT's cloud platform
- Uses load and image recognition, sensors and big data for streamlined automated shopping experience
- goBox is getting market traction
 - Expect three major China-based customers to book orders
 - Effort to expand internationally underway



Market Opportunity: Unattended Retail

goBox Platform integrates leading-edge technologies

- AI features including:
 - Facial recognition
 - Image analysis
 - Behavior identification
- Integrated load and image sensing
- Cloud-based system management and support
- E-payment
- Real-time interactive capabilities



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Market Opportunity: Broadband Infrastructure



- Target markets: Japan, India, Asia Pacific
- Demand drivers:
 - Low broadband penetration
 - Strong consumer demand for new broadband services
- Japan
 - Transition from 10G to 100G metro networks continuing
 - Migrating to 5G
- India
 - Strong market presence
 - Expanding market share
 - Business is robust
 - Two significant Wi-Fi project wins with BSNL

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



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

02

03



SDN Controller

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

SPN 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

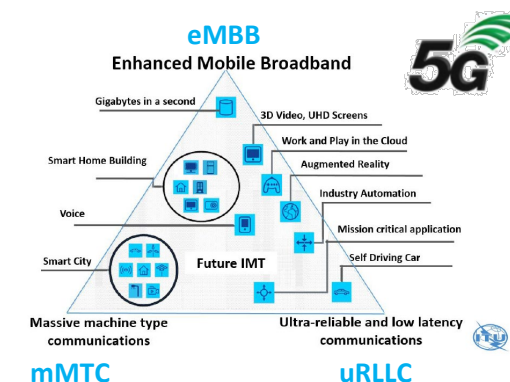
SDN Controller

SDN for service orchestration with APP driven

Synchronization

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

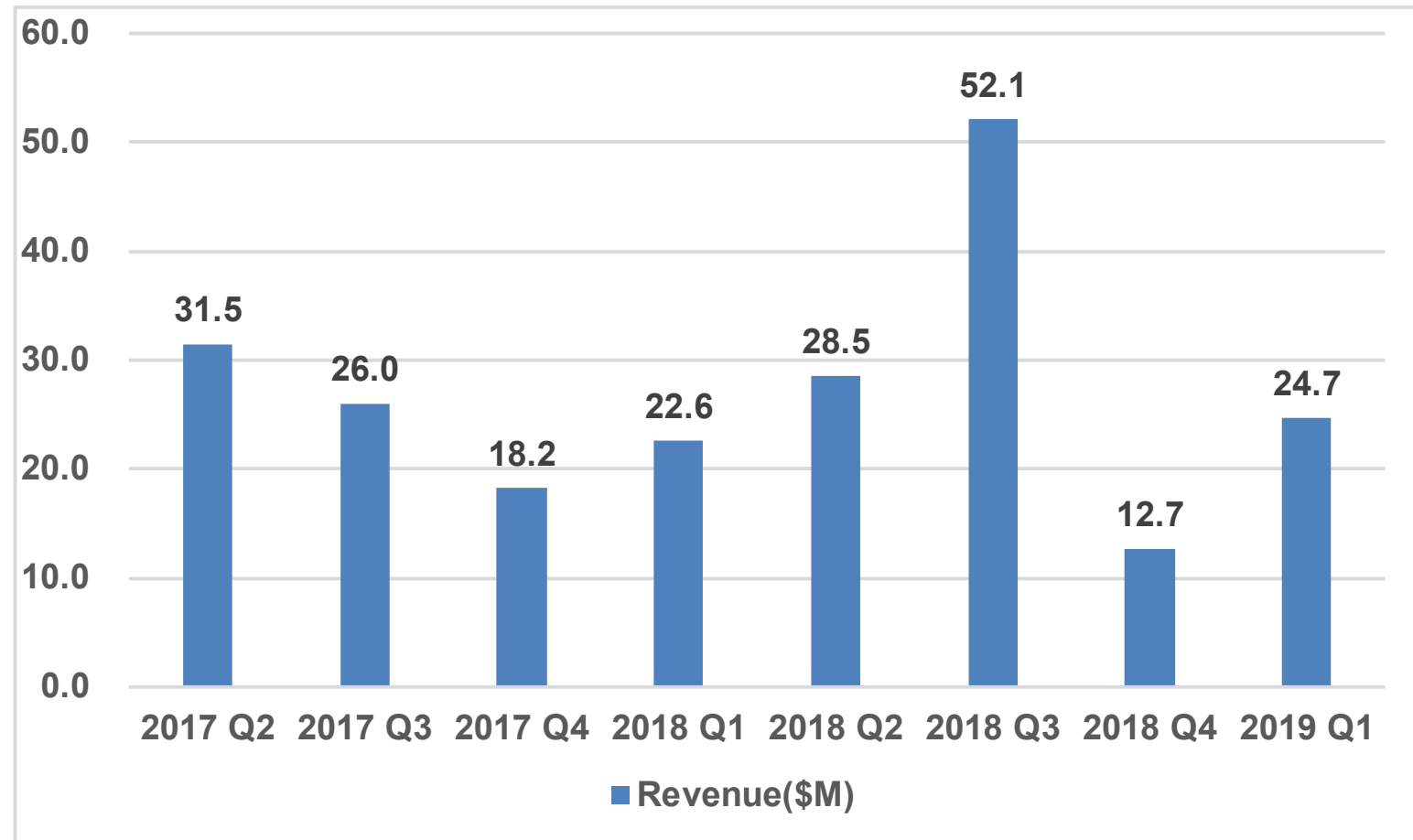
Great match!



Revenue



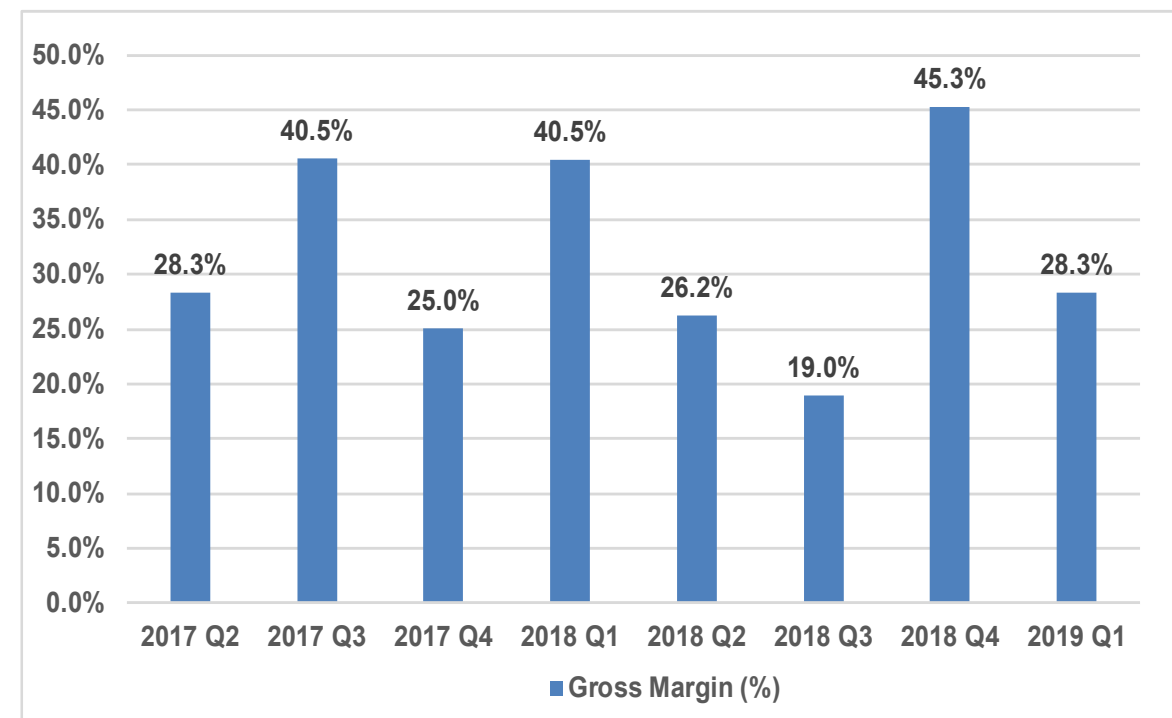
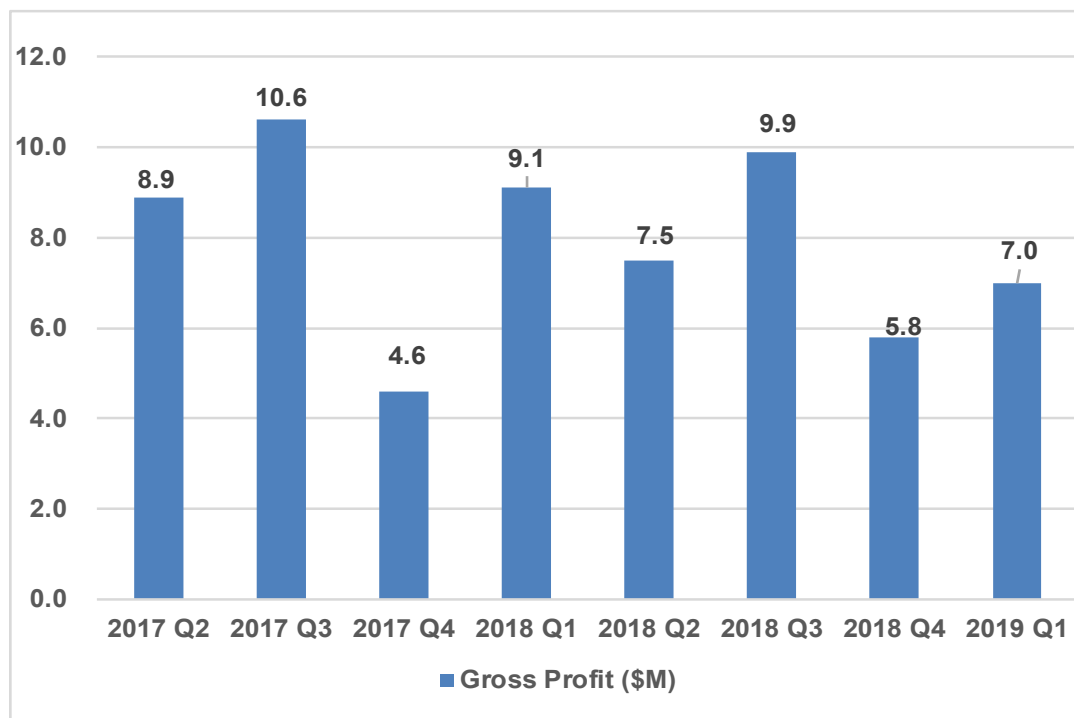
- +9% y/y
- +94% sequentially due to project fulfillment



Gross Profit and Gross Margin



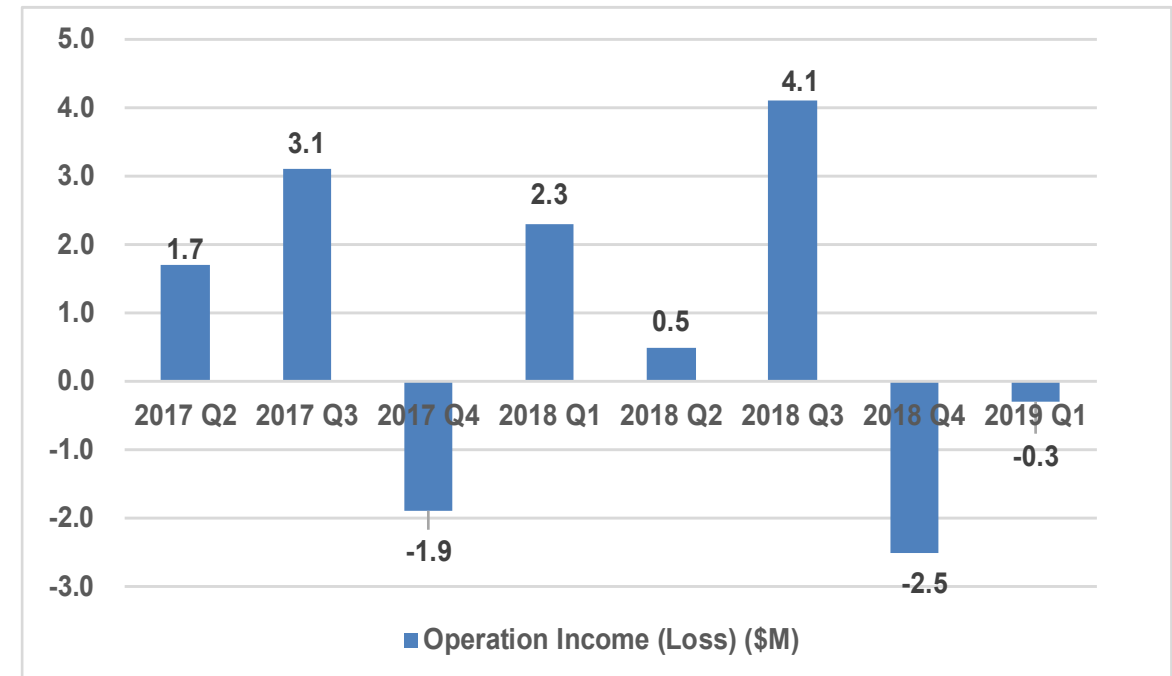
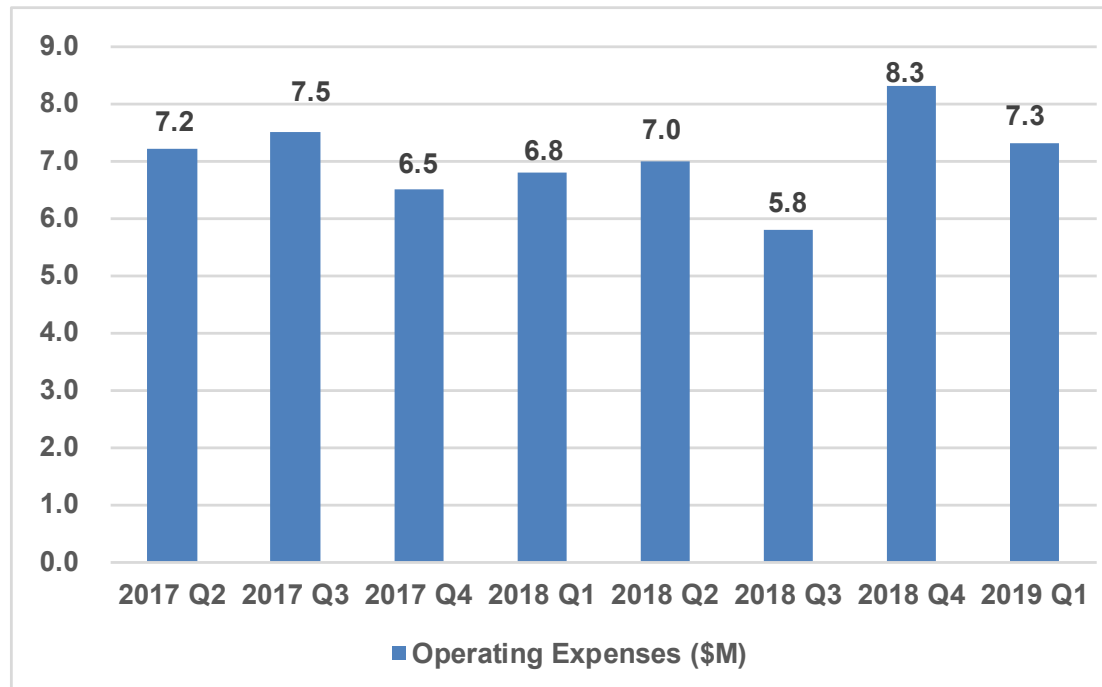
- Gross profit: down 26% y/y and up 21% sequentially
- Gross margin: lower margin reflects product and geographic mix



Operating Expense/Operating Income (Loss)



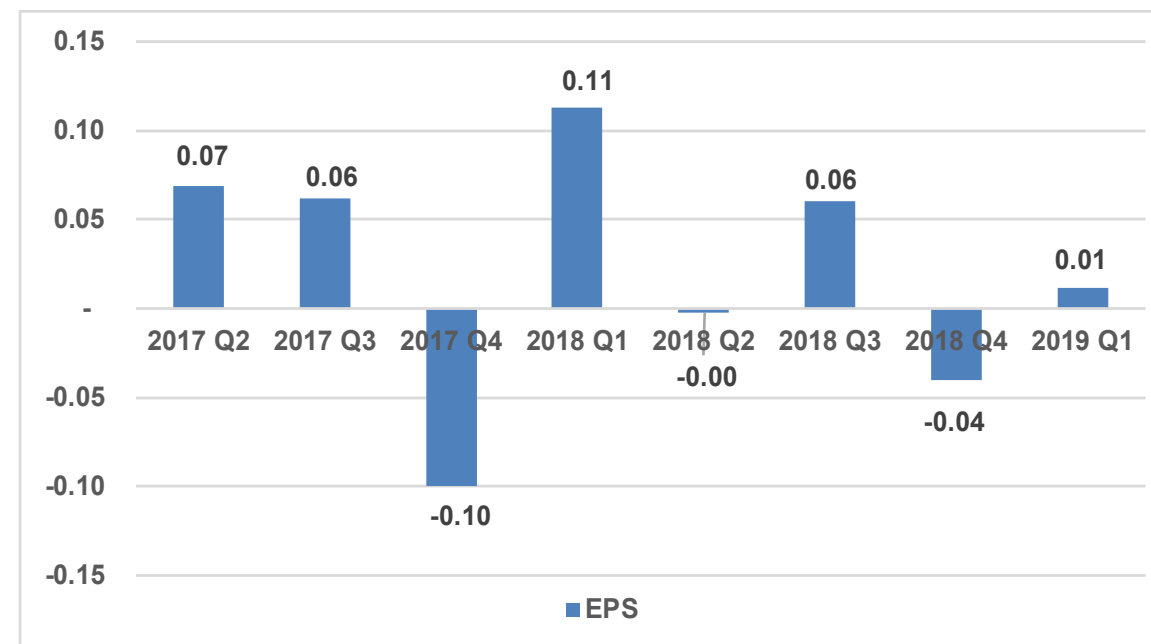
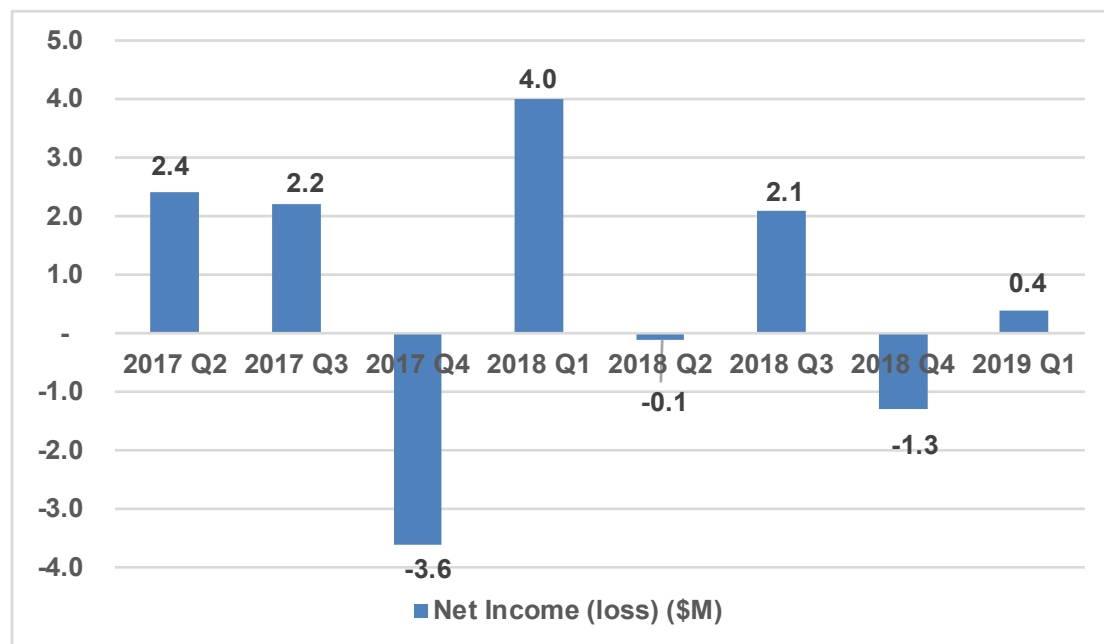
- SG&A expenses were flat y/y
- R&D expenses grew 14%, which reflected our continuing investment in 5G technologies and product development



Net Income (Loss) and EPS



- Returned to profitability from Q4 2018
- Benefited from a currency translation gain due to the appreciation of Renminbi and India Rupee against the dollar



Cash Flow

- Cash used in
 - Operating activities \$8.5M
 - Investing activities \$0.3M
 - Financing activities \$0.2M
- Quarter-end cash and equivalents \$64.1M



Q2 2019 Outlook



- Revenue \$13 to \$17 million
 - Quarterly revenue typically correlates with timing of project fulfillment

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