



FIRST QUARTER 2021  
**EARNINGS**  
**CONFERENCE CALL**

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Sanjay Kalra, CFO

May 3, 2021



During the course of this presentation, we will provide projections and other forward-looking statements regarding future events or the future financial performance of Harmonic, including expectations concerning our business strategy for 2021 and beyond, and our Q2 and full-year 2021 guidance. Such statements are only current expectations and actual events or results may differ materially. We refer you to Harmonic's filings with the SEC, particularly our most recent Reports on Form 10-K, Form 10-Q and Form 8-K. These documents identify important risk factors that could cause actual results to differ materially from our projections or other forward-looking statements. We will also present financial metrics determined on a "non-GAAP" basis. These items, together with the corresponding GAAP numbers and a reconciliation to GAAP, are contained in this presentation and the related earnings press release on our website at [www.harmonicinc.com](http://www.harmonicinc.com).



## Corporate

Revenue up 42% yoy;  
Strong Cash, Bookings



## Cable Access

Revenue up 72% yoy;  
Deployment Momentum



## Video

Revenue up 29% yoy;  
Streaming SaaS Wins

Strong Market Momentum



## **STRONG Q1 EXECUTION**

- Commercially deployed with 53 operators, up 96% year over year
- 3.0 million cable modems served, up 127% year over year
- Revenue \$41.3 million, up 72% year over year



## **POSITIONED FOR CONTINUED GROWTH**

- New Tier 1 International customer win
- Recognized as vCMTS and DAA market leader by Dell'Oro
- Growing pipeline of fiber-to-the-home engagements
- Raising full year revenue outlook



## SOLID Q1 EXECUTION

- Revenue \$70.3 million, up 29% year over year
- Gross margin 55.1%
- Operating margin 5.4%



## POSITIVE DEMAND TRENDS

- 7 net additional Streaming SaaS customers, total up 72% year over year
- New 5G bandwidth reclamation projects in H2 2021 and 2022 pipeline
- Raising full year revenue outlook



# FINANCIAL RESULTS AND OUTLOOK

Sanjay Kalra, CFO



# Q1 2021 REVENUE & GROSS MARGIN HIGHLIGHTS\*



Financial Metric (\$ Millions)	Q1 2021	Q4 2020	Q1 2020	Q1/Q4 Change	Q1 Y/Y Change
Total Net Revenue	\$111.6	\$131.5	\$78.4	-15.1%	42.3%
Cable Access Revenue	\$41.3	\$45.5	\$24.0	-9.2%	72.1%
Video Revenue	\$70.3	\$86.0	\$54.4	-18.3%	29.2%
Gross Margin %	50.4%	55.3%	48.9%	-4.9%	1.5%
Cable Access Gross Margin %	42.2%	53.7%	43.3%	-11.5%	-1.1%
Video Gross Margin %	55.1%	56.2%	51.3%	-1.1%	3.8%

\*Non-GAAP

# Q1 2021 FINANCIAL HIGHLIGHTS\*



Financial Metric \$ Millions (except EPS)	Q1 2021	Q4 2020	Q1 2020	Q1/Q4 Change	Q1 Y/Y Change
Operating Expenses	\$51.1	\$49.3	\$47.9	3.7%	6.7%
Operating Income	\$5.1	\$23.4	\$(9.5)	-78.2%	153.7%
Cable Access Operating Income (Loss)	\$1.3	\$9.9	\$(3.3)	-86.9%	139.4%
Video Operating Income (Loss)	\$3.8	\$13.5	\$(6.2)	-71.9%	161.3%
Adjusted EBITDA	\$9.1	\$26.4	\$(7.0)	-65.5%	230.0%
Cable Access Adjusted EBITDA	\$3.0	\$11.0	\$(2.3)	-72.7%	230.4%
Video Adjusted EBITDA	\$6.1	\$15.4	\$(4.7)	-60.4%	229.8%
EPS	\$0.04	\$0.20	\$(0.10)	-80.0%	140%
Share Count	103.2	100.3	95.6	2.9%	7.9%
Bookings	\$96.3	\$206.4	\$76.3	-53.3%	26.2%
Book to bill ratio	0.86	1.57	0.97	-45.2%	-11.3%

\*Non-GAAP

# Q1 2021 BALANCE SHEET & CASH FLOW HIGHLIGHTS



Financial Metric (\$ Millions)	Q1 2021	Q4 2020	Q1 2020
Cash	\$100.8	\$98.6	\$71.7
Cash Provided by (Used in) Operations	\$1.7	\$41.6	\$(11.0)
Accounts Receivable	\$85.7	\$66.2	\$93.1
DSO	69	45	107
Inventories	\$35.5	\$35.0	\$34.9
Inventory Days	58	54	78
Backlog and Deferred Revenue	\$274.3	\$290.5	\$207.9

# FULL YEAR 2021 FINANCIAL GUIDANCE\*



Financial Metric	Guidance	FY 2020 Actual	Midpoint Difference
Total Revenue (\$M)	\$435.0 - \$480.0	\$378.8	21%
Gross Margin	50.6% - 52.0%	52.5%	(120) bps
Operating Expenses (\$M)	\$209.0 - \$218.0	\$185.8	15%
Adjusted EBITDA (\$M)	\$25.1 - \$45.7	\$23.8	49%
EPS	\$0.06 - \$0.24	\$0.07	114%
Cash (\$M)	\$110.0 - \$120.0	\$98.6	\$16.4

\* Non-GAAP

## Q2 2021 FINANCIAL GUIDANCE\*



Financial Metric	Guidance	Q2 2020 Actual	Midpoint Difference
Total Revenue (\$M)	\$102.0 - \$112.0	\$74.0	45%
Gross Margin	48.7% - 50.6%	51.6%	(195) bps
Operating Expenses (\$M)	\$52.0 - \$54.0	\$43.3	22%
Adjusted EBITDA (\$M)	\$0.8 - \$5.8	\$(2.8)	218%
EPS	\$(0.03) - \$0.01	\$(0.06)	83%
Cash (\$M)	\$90.0 - \$100.0	\$77.7	\$17.3

\* Non-GAAP

## 2021 FINANCIAL GUIDANCE\* - Video Segment



FY2021 Financial Metric	Guidance	FY 2020 Actual	Midpoint Difference
Net Revenue (\$M)	\$260.0 - \$280.0	\$242.5	11%
Gross Margin %	55.0% - 57.0%	54.5%	150 bps
Operating Expenses (\$M)	\$138.0 - \$143.0	130.8	7%
Adjusted EBITDA (\$M)	\$13.5 - \$25.1	\$8.2	135%

Q2 FY2021 Financial Metric	Guidance	Q2 2020 Actual	Midpoint Difference
Net Revenue (\$M)	\$57.0 - \$62.0	\$47.5	25%
Gross Margin %	54.0% - 56.0%	54.8%	20 bps
Operating Expenses (\$M)	\$34.0 - \$35.0	\$30.3	14%
Adjusted EBITDA (\$M)	\$(1.3) - \$1.6	\$(2.8)	105%

\* Non-GAAP

## 2021 FINANCIAL GUIDANCE\* - Cable Access Segment



FY2021 Financial Metric	Guidance	FY 2020 Actual	Midpoint Difference
Net Revenue (\$M)	\$175.0 - \$200.0	\$136.3	38%
Gross Margin %	44.0% - 45.0%	48.9%	(440) bps
Operating Expenses (\$M)	\$71.0 - \$75.0	\$55	33%
Adjusted EBITDA (\$M)	\$11.6 - \$20.6	\$15.6	3%

Q2 FY2021 Financial Metric	Guidance	Q2 2020 Actual	Midpoint Difference
Net Revenue (\$M)	\$45.0 - \$50.0	\$26.5	79%
Gross Margin %	42.0% - 44.0%	45.7%	(270) bps
Operating Expenses (\$M)	\$18.0 - \$19.0	\$13	42%
Adjusted EBITDA (\$M)	\$2.1 - \$4.2	\$0	100%

\* Non-GAAP



## Cable Access

Grow Tier 1 CableOS deployments

Add new CableOS design wins

Expand addressed market through FTTH



## Video

Expand Streaming SaaS customer base

Capitalize on broadcast transformations

Grow revenue and operating profit

Create value.

Deliver industry-leading solutions.

Enable superior subscriber experiences.

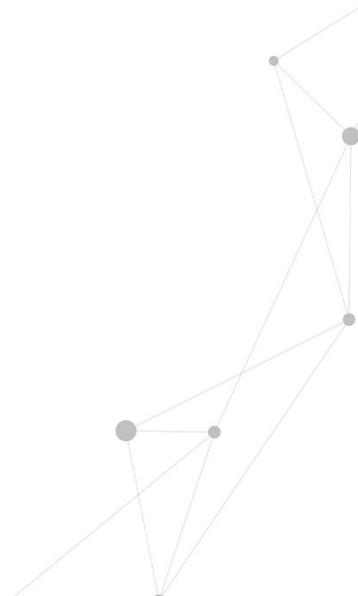


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Q&A



# USE OF NON-GAAP FINANCIAL MEASURES



In establishing operating budgets, managing its business performance, and setting internal measurement targets, the Company excludes a number of items required by GAAP. Management believes that these accounting charges and credits, most of which are non-cash or non-recurring in nature, are not useful in managing its operations and business. Historically, the Company has also publicly presented these supplemental non-GAAP measures in order to assist the investment community to see the Company “through the eyes of management,” and thereby enhance understanding of its operating performance. The non-GAAP measures presented here are revenue, segment revenue, gross profit, operating expenses, income (loss) from operations, non-operating expense, net, Adjusted EBITDA, net income (loss) and net income (loss) per diluted share. The presentation of non-GAAP information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP, and is not necessarily comparable to non-GAAP results published by other companies. A reconciliation of the historical and forward-looking non-GAAP financial measures discussed in this presentation to the most directly comparable historical and forward-looking GAAP financial measures is included with the financial information contained in this presentation. The non-GAAP adjustments described below have historically been excluded from our GAAP financial measures. These adjustments are restructuring and related charges, stock-based compensation expense, amortization of intangibles, loss on convertible debt extinguishment, non-cash interest and other expenses on convertible notes and other debt, adjustments that normalize the tax rate and depreciation.

# Q1 2021 GAAP TO NON-GAAP RECONCILIATIONS

(IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



	Three months ended April 2, 2021					
	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating expense, net	Net Income (Loss)
<b>GAAP</b>	\$ 111,576	\$ 55,145	\$ 58,989	\$ (3,844)	\$ (1,584)	\$ (6,124)
Stock-based compensation	—	1,073	(7,325)	8,398	—	8,398
Amortization of intangibles	—	—	(507)	507	—	507
Restructuring and related charges	—	(36)	(43)	7	—	7
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,532	1,532
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	194
<b>Total adjustments</b>	—	1,037	(7,875)	8,912	1,532	10,638
<b>Non-GAAP</b>	\$ 111,576	\$ 56,182	\$ 51,114	\$ 5,068	\$ (52)	\$ 4,514
<i>As a % of revenue (GAAP)</i>		49.4 %	52.9 %	(3.4)%	(1.4)%	(5.5)%
		50.4 %	45.8 %	4.5 %	— %	4.0 %
<b>Diluted net income (loss) per share:</b>						
Diluted net loss per share-GAAP						\$ (0.06)
Diluted net income per share-Non-GAAP						\$ 0.04
<b>Shares used to compute diluted net income (loss) per share:</b>						
GAAP						99,868
Non-GAAP						103,190

# Q4 2020 GAAP TO NON-GAAP RECONCILIATIONS

(IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



	Three months ended December 31, 2020					
	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating expense, net	Net Income
<b>GAAP</b>	\$ 131,528	\$ 71,562	\$ 54,787	\$ 16,775	\$ (3,349)	\$ 13,465
Stock-based compensation	—	348	(3,955)	4,303	—	4,303
Amortization of intangibles	—	—	(756)	756	—	756
Restructuring and related charges	—	863	(750)	1,613	—	1,613
Loss on convertible debt extinguishment	—	—	—	—	528	528
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,607	1,607
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(2,262)
<b>Total adjustments</b>	—	1,211	(5,461)	6,672	2,135	6,545
<b>Non-GAAP</b>	\$ 131,528	\$ 72,773	\$ 49,326	\$ 23,447	\$ (1,214)	\$ 20,010
	<i>As a % of revenue (GAAP)</i>	54.4 %	41.7 %	12.8 %	(2.5)%	10.2 %
	<i>As a % of revenue (Non-GAAP)</i>	55.3 %	37.5 %	17.8 %	(0.9)%	15.2 %
<b>Diluted net income per share:</b>						
	Diluted net income per share-GAAP					\$ 0.13
	Diluted net income per share-Non-GAAP					\$ 0.20
<b>Shares used to compute diluted net income per share:</b>						
	GAAP and Non-GAAP					100,316

# Q1 2020 GAAP TO NON-GAAP RECONCILIATIONS

(IN THOUSANDS, EXCEPT EPS AND PERCENTAGES)



Three months ended March 27, 2020

	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating expense, net	Net Loss
<b>GAAP</b>	\$ 78,417	\$ 36,738	\$ 54,787	\$ (18,049)	\$ (3,176)	\$ (21,954)
Stock-based compensation	—	771	(5,488)	6,259	—	6,259
Amortization of intangibles	—	885	(770)	1,655	—	1,655
Restructuring and related charges	—	(73)	(676)	603	—	603
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1,835	1,835
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,816
<b>Total adjustments</b>	—	1,583	(6,934)	8,517	1,835	12,168
<b>Non-GAAP</b>	\$ 78,417	\$ 38,321	\$ 47,853	\$ (9,532)	\$ (1,341)	\$ (9,786)
	<i>As a % of revenue (GAAP)</i>	46.8 %	69.9 %	(23.0)%	(4.1)%	(28.0)%
	<i>As a % of revenue (Non-GAAP)</i>	48.9 %	61.0 %	(12.2)%	(1.7)%	(12.5)%
<b>Diluted net loss per share:</b>						
Diluted net loss per share-GAAP						\$ (0.23)
Diluted net loss per share-Non-GAAP						\$ (0.10)
<b>Shares used to compute diluted net loss per share:</b>						
GAAP and Non-GAAP						95,575

# ADJUSTED EBITDA RECONCILIATION

(IN THOUSANDS)



	Three months ended		
	April 2, 2021	December 31, 2020	March 27, 2020
<b>Net income (loss) - GAAP</b>	\$ (6,124)	\$ 13,465	\$ (21,954)
Provision for (benefit from) income taxes	696	(39)	729
Interest expense, net	2,603	2,737	2,903
Depreciation	3,057	3,054	2,843
Amortization of intangibles	507	756	1,655
<b>EBITDA</b>	739	19,973	(13,824)
<i>Adjustments</i>			
Stock-based compensation	8,398	4,303	6,259
Loss on convertible debt extinguishment	—	528	—
Restructuring and related charges	7	1,613	603
<b>Adjusted EBITDA</b>	<b>\$ 9,144</b>	<b>\$ 26,417</b>	<b>\$ (6,962)</b>

# Q2 2021 GUIDANCE GAAP TO NON-GAAP RECONCILIATION

(IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



	Q2 2021 Financial Guidance					
	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
<b>GAAP</b>	\$102.0 to \$112.0	\$49.2 to \$56.2	\$56.5 to \$58.5	\$(7.3) to \$(2.3)	\$(2.8)	\$(10.9) to \$(5.9)
Stock-based compensation expense	—	0.2	(4.3)	4.5	—	4.5
Amortization of intangibles	—	—	—	—	—	—
Restructuring and related charges	—	0.3	(0.2)	0.5	—	0.5
Non-cash interest and other expenses related to convertible notes	—	—	—	—	1.5	1.5
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$0.6 to \$1.1
<b>Total adjustments</b>	—	0.5	(4.5)	5.0	1.5	\$7.1 to \$7.6
<b>Non-GAAP</b>	<b>\$102.0 to \$112.0</b>	<b>\$49.7 to \$56.7</b>	<b>\$52.0 to \$54.0</b>	<b>\$(2.3) to \$2.7</b>	<b>\$(1.3)</b>	<b>\$(3.3) to \$1.3</b>
<i>As a % of revenue (GAAP)</i>		48.2% to 50.2%	55.4% to 52.3%	(7.2%) to (2.0)%	(2.8)% to (2.5)%	(10.7)% to (5.2)%
<i>As a % of revenue (Non-GAAP)</i>		48.7% to 50.6%	51.0% to 48.2%	(2.3)% to 2.4%	(1.3)% to (1.2)%	(3.2)% to 1.1%
<b>Diluted net income (loss) per share:</b>						
GAAP						<u><u>\$ (0.11) to \$ (0.06)</u></u>
Non-GAAP						<u><u>\$ (0.03) to \$ 0.01</u></u>
<b>Shares used to compute diluted net income (loss) per share:</b>						
GAAP						<u><u>101.2</u></u>
Non-GAAP						<u><u>101.2 to 104.2</u></u>

# 2021 GUIDANCE GAAP TO NON-GAAP RECONCILIATION

(IN MILLIONS, EXCEPT EPS AND PERCENTAGES)



	2021 Financial Guidance					
	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
<b>GAAP</b>	\$435.0 to \$480.0	\$217.5 to \$247.1	\$231.5 to \$240.5	\$(14.0) to \$6.6	\$(10.2)	\$(27.0) to \$(6.4)
Stock-based compensation expense	—	2.0	(21.3)	23.3	—	23.3
Amortization of intangibles	—	—	(0.5)	0.5	—	0.5
Restructuring and related charges	—	0.5	(0.7)	1.2	—	1.2
Non-cash interest and other expenses related to convertible notes	—	—	—	—	6.3	6.3
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$0.0 to \$2.1
<b>Total adjustments</b>	<b>—</b>	<b>2.5</b>	<b>(22.5)</b>	<b>25.0</b>	<b>6.3</b>	<b>\$31.3 to \$33.4</b>
<b>Non-GAAP</b>	<b>\$435.0 to \$480.0</b>	<b>\$220.0 to \$249.6</b>	<b>\$209.0 to \$218.0</b>	<b>\$11.0 to \$31.6</b>	<b>\$(3.9)</b>	<b>\$6.4 to \$24.9</b>
<i>As a % of revenue (GAAP)</i>		<i>50.0% to 51.5%</i>	<i>53.2% to 50.1%</i>	<i>(3.2)% to 1.4%</i>	<i>(2.3)% to (2.1)%</i>	<i>(6.2)% to (1.3)%</i>
<i>As a % of revenue (Non-GAAP)</i>		<i>50.6% to 52.0%</i>	<i>48.0% to 45.4%</i>	<i>2.5% to 6.6%</i>	<i>(0.9)% to (0.8)%</i>	<i>1.5% to 5.2%</i>
<b>Diluted net income (loss) per share:</b>						
GAAP						<u><u>\$(0.27) to \$(0.06)</u></u>
Non-GAAP						<u><u>\$0.06 to \$0.24</u></u>
<b>Shares used to compute diluted net income (loss) per share:</b>						
GAAP						<u><u>101.4</u></u>
Non-GAAP						<u><u>104.7</u></u>

# ADJUSTED EBITDA RECONCILIATION ON FINANCIAL GUIDANCE

(IN THOUSANDS)



	Q2 2021 Financial Guidance	2021 Financial Guidance
<b>Net loss - GAAP</b>	\$ (10.9) to \$ (5.9)	\$ (27.0) to \$ (6.4)
Provision for income taxes	0.7	2.9
Interest expense, net	2.5	10.2
Depreciation	3.5	14.0
Amortization of intangibles	—	0.5
<b>EBITDA</b>	\$ (4.2) to \$ 0.8	\$ 0.6 to \$ 21.2
<i>Adjustments</i>		
Stock-based compensation	4.5	23.3
Restructuring and related charges	0.5	1.2
<b>Adjusted EBITDA</b>	<u>\$ 0.8 to \$ 5.8</u>	<u>\$ 25.1 to \$ 45.7</u>

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**THANK YOU.**

