



Jefferies 2018 Global Technology Conference

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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 2018 and beyond, and our Q2 guidance and full year 2018 outlook. 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.



THE LEADER

in Premium Video Delivery and
Cable Access Solutions



\$359M 2017 Revenue



Blue-Chip Media, Broadcast and
Service Provider Customer Base



Corporate strategic focus on OTT,
Broadband and Mobile Transformations



VIDEO

- \$1.5B 2018 market
- 2018 revenue target: \$285M-\$315M

STRATEGY:

- Premium video delivery leader
- Market share in traditional pay-TV, media and broadcast video infrastructure
- OTT growth in traditional and new markets



CABLE ACCESS

- \$2.3 2018 target market
- 2018 revenue target: \$100M

STRATEGY:

- Disruptive virtualized cable access platform
- Leverage strong cable industry relationships
- Scale early GA deployments, advanced field trials with Tier 1 and 2 operators

Blue Chip Global Customer Base



VIDEO

- Customers include **service providers**, **production studios** and **broadcast and media companies** who demand higher resolution video programming and more viewing options



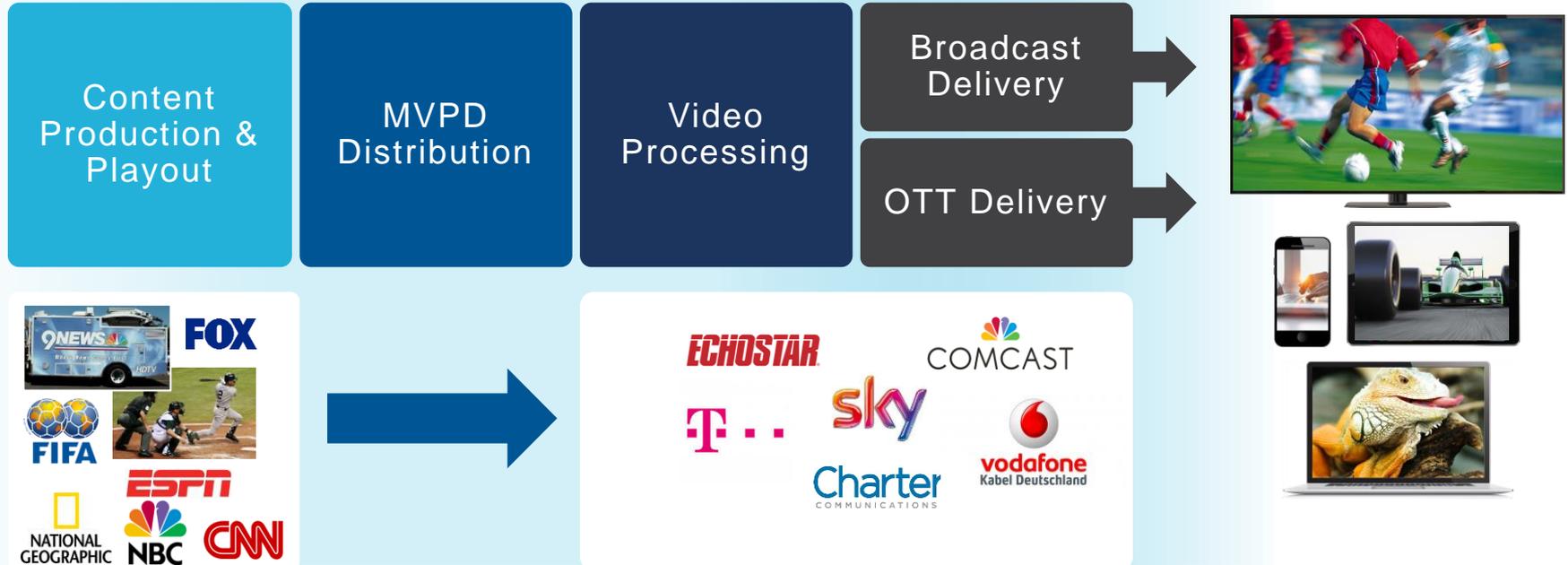
CABLE ACCESS

- Customers include **Tier 1** and **Tier 2 MSOs** aggressively investing in upgrading their network to Distributed Access Architectures



VIDEO BUSINESS OVERVIEW

Integrated Solutions Span Production to Delivery



Premium Video Transitions Driving Investment:

- Traditional Broadcast to IP / OTT
- New UHD, HDR and VR services

Harmonic's Cloud & SaaS Solutions Gaining Momentum



~**32,500**

OTT channels
deployed globally

Over
2,500
cloud-native
OTT channels

150%
growth in cloud-
native OTT channels
in 9 months

Over
6 PetaBytes
cumulative monthly
OTT egress

Cloud Adoption for Linear and Catch-up Services is Real

Premium Video Transition to IP, Software, Cloud

VOS™

Simplifying video delivery workflows

Enabling agile service delivery

Gradual transition in early innings

Global Cloud Platforms



Q1'18 OTT SaaS
TCV \$1M, ARR \$9.6M

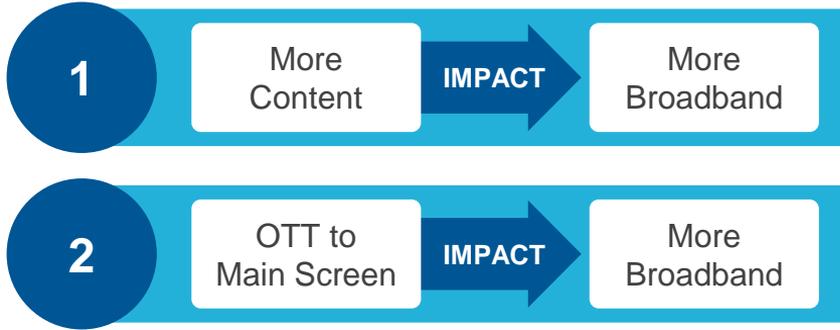


Expect 5% OTT SaaS
booking contribution in '18



CABLE ACCESS
BUSINESS OVERVIEW

Video Trends Impact Cable Broadband Access

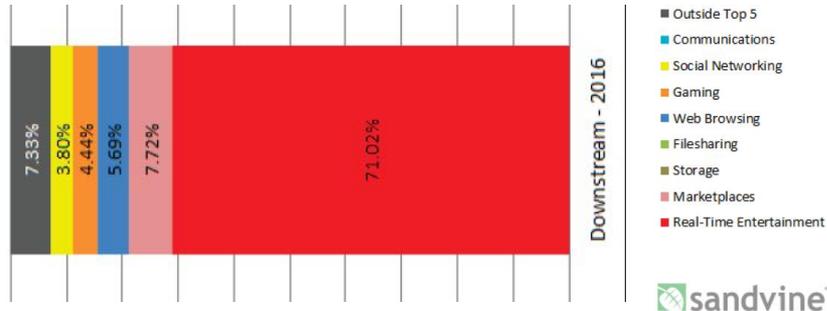


- Streaming now responsible for over 71% of downstream peak traffic

- North America will become first region to surpass 80% of downstream traffic streaming threshold, by the end of 2020

Key drivers

- Streaming video adoption
- Bandwidth demand, increasing network complexity
- Control operating and capital costs



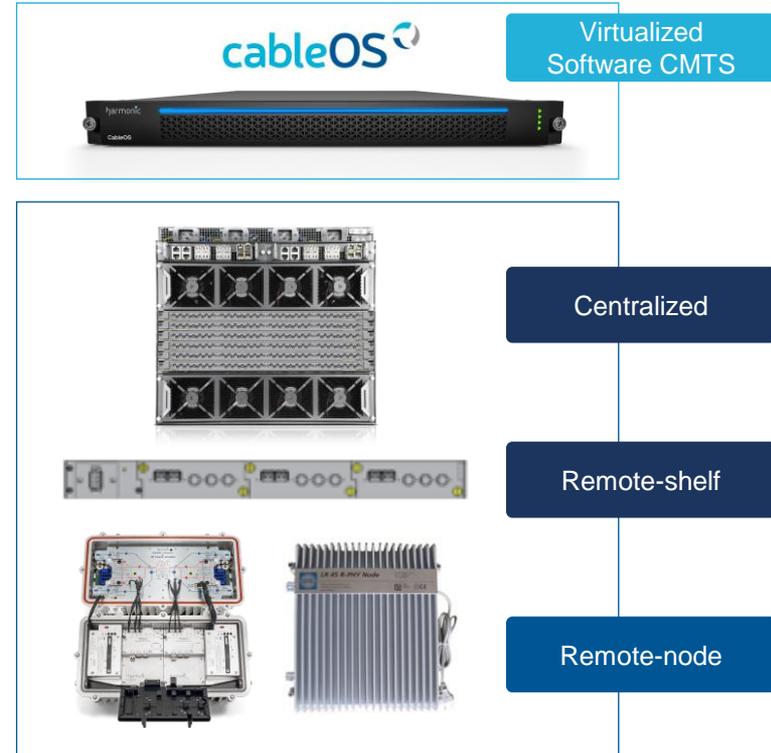
• Source: Sandvine, 2016 Global Internet Phenomena, Latin America & North America

CableOS – A Disruptive Solution for a Market in Need

CableOS redefines the economics of operating a cable access network

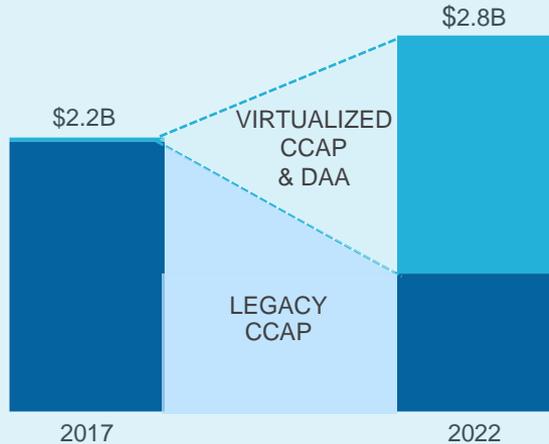
Resolves immediate space and power constraints

Virtual centralized and distributed deployment options offer unprecedented scalability and service agility



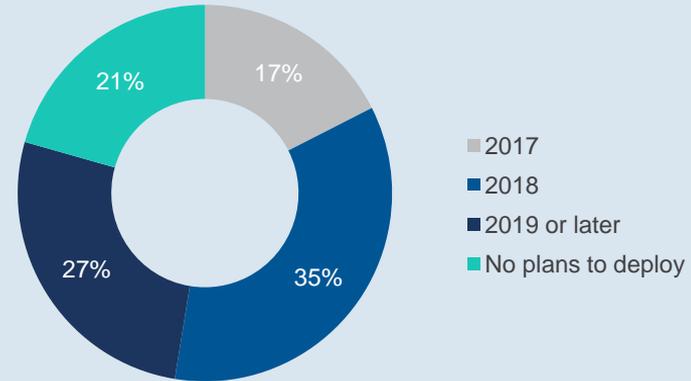
Cable Access Market Ripe for Disruption

Transitioning CCAP Market Demand



Source: SNL Kagan, 2017

Deployment of Distributed Access Architectures



Source: SNL Kagan, 2017: survey of 35 cable operators spanning 82 million broadband subscribers in response to "When do you expect to deploy distributed access architectures (DAA)?"

Key Cable Operator Challenges:

Power, space, cooling, time to launch services, upgrade cycles, CAPEX growth

Solution:

Virtualized access platform with distributed edge



FINANCIAL OVERVIEW

Q1 2018 Financial Highlights*



\$ Millions (except EPS)	Q1 2018	Q4 2017	Q1 2017	Q1/Q4 Change	Q1 Y/Y Change
Total Net Revenue	\$90.2	\$101.1	\$83.5	(10.8)%	8.0%
Gross Margin %	55.3%	50.1%	52.1%	5.2%	3.2%
Operating Expense	\$49.4	\$49.1	\$54.9	0.6%	(10.0)%
Operating Income	\$0.5	\$1.6	(\$11.4)	(\$1.1)	\$11.9
EPS	(\$0.01)	\$0.00	(\$0.14)	(\$0.01)	\$0.13
Bookings	\$102.6	\$122.9	\$82.1	(16.5)%	25.0%

* Non-GAAP financial highlights

Q1 2018 Balance Sheet & Cash Flow Highlights



\$ Millions	Q1 2018	Q4 2017	Q1 2017
Cash	\$52.0	\$57.0	\$55.3
Cash (Used in) From Operations	(\$6.6)	\$9.0	(\$3.1)
Accounts Receivable	\$74.8	\$69.8	\$69.8
DSO	75	62	76
Inventories	\$25.1	\$26.0	\$39.9
Inventory Days	56	46	90
Backlog and Deferred	\$224.4	\$224.4	\$184.2

Q2 2018 Financial Guidance*



	\$ Millions (except EPS)
Total Revenue	\$88 - \$98
Cable Access Segment	\$18 - \$22
Video Segment	\$70 - \$76
Gross Margin	52% - 54%
Operating Expenses	\$49 - \$51
Operating Profit / (Loss)	(\$5.0) - \$4.0
EPS	(\$0.07) - \$0.02
Tax Rate	16%
Shares, millions (basic, diluted)	85.4, 86
Cash	\$45 - \$55

* Non-GAAP

Full Year 2018 Financial Outlook*



	\$ Millions (except EPS)
Total Revenue	\$375 - \$425
Cable Access Segment	\$90 - \$110
Video Segment	\$285 - \$315
Gross Margin	51% - 52%
Operating Expenses	\$197 - \$205
Operating Profit / (Loss)	(\$15.0) - \$26.0
EPS	(\$0.22) - \$0.18
Tax Rate	16%
Shares, millions (basic)	86, 87
Cash	\$45 - \$55

* Non-GAAP. Revised annual guidance which incorporates the expected changes due to ASC 606. This guidance incorporates an impact of \$5M on revenue and \$1M on operating expense.

The logo for Harmonic, featuring the word "harmonic" in a lowercase, sans-serif font. A small blue play button icon is positioned above the letter "i".

harmonic®

The text "Q&A" in a bold, dark blue, sans-serif font, positioned on the left side of the slide. A large, semi-transparent blue geometric shape, composed of overlapping triangles, is overlaid on the top-left and center of the image, partially obscuring the text and the background.

Q&A

The background of the slide is a photograph of a beach at sunset. The sun is low on the horizon, creating a bright orange and yellow glow that reflects on the wet sand. Waves are breaking gently onto the shore. On the left side of the image, there is a large, semi-transparent blue graphic consisting of overlapping triangles of various shades of blue, pointing towards the center.

harmonic[®]

THANK YOU

Appendix

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, gross profit, operating expenses, income (loss) from operations, total net non-operating income (expense) and 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 acquisition accounting impacts to TVN deferred revenue and TVN inventory valuation, TVN acquisition and integration related costs, restructuring and related charges, Cable Access inventory charge, Avid litigation settlement and associated legal fees and non-cash items, such as warrant amortization, impairment of long-term investment, stock-based compensation expense, amortization of intangibles, non-cash interest expenses on convertible debt and adjustments that normalize the tax rate.

Q1 2018 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Three months ended March 30, 2018

	Revenue	Gross Profit	Total Operating Expense	Income (loss) from Operations	Total Non-operating Expense, net	Net Loss
GAAP	\$ 90,127	\$ 47,183	\$ 56,510	\$ (9,327)	\$ (3,289)	\$ (13,694)
Accounting impact related to warrant amortization	111	111	—	111	—	111
Stock-based compensation	—	515	(5,242)	5,757	—	5,757
Amortization of intangibles	—	1,295	(804)	2,099	—	2,099
Restructuring and related charges	—	762	(1,086)	1,848	—	1,848
Avid litigation settlement fees and associated legal fees	—	—	6	(6)	—	(6)
Non-cash interest expenses related to convertible notes	—	—	—	—	1,454	1,454
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,294
Total adjustments	111	2,683	(7,126)	9,809	1,454	12,557
Non-GAAP	\$ 90,238	\$ 49,866	\$ 49,384	\$ 482	\$ (1,835)	\$ (1,137)
		<i>As a % of revenue (GAAP)</i>				
		52.4%	62.7%	(10.3)%	(3.6)%	(15.2)%
		<i>As a % of revenue (Non-GAAP)</i>				
		55.3%	54.7%	0.5%	(2.0)%	(1.3)%
Diluted net loss per share:						
Diluted net loss per share-GAAP						\$ (0.16)
Diluted net loss per share-Non-GAAP						\$ (0.01)
Shares used to compute diluted net loss per share:						
GAAP and Non-GAAP						83,912

Q4 2017 GAAP to Non-GAAP Reconciliations

(in thousands, except EPS and percentages)



Three months ended December 31, 2017

	Revenue	Gross Profit	Total Operating Expense	Income (loss) from Operations	Total Non-operating Expense, net	Net Loss
GAAP	\$ 100,974	\$ 48,572	\$ 56,663	\$ (8,091)	\$ (3,938)	\$ (11,845)
Accounting impact related to warrant amortization	115	115	—	115	—	115
Stock-based compensation	—	747	(4,756)	5,503	—	5,503
Amortization of intangibles	—	1,295	(795)	2,090	—	2,090
Restructuring and related charges	—	(56)	(1,223)	1,167	—	1,167
TVN acquisition- and integration-related costs	—	—	(84)	84	—	84
Avid litigation settlement fees	—	—	(692)	692	—	692
Loss on impairment of long-term investment	—	—	—	—	530	530
Non-cash interest expenses related to convertible notes	—	—	—	—	1,429	1,429
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	(121)
Total adjustments	115	2,101	(7,550)	9,651	1,959	11,489
Non-GAAP	\$ 101,089	\$ 50,673	\$ 49,113	\$ 1,560	\$ (1,979)	\$ (356)
<i>As a % of revenue (GAAP)</i>		48.1%	56.1%	(8.0)%	(3.9)%	(11.7)%
<i>As a % of revenue (Non-GAAP)</i>		50.1%	48.6%	1.5%	(2.0)%	(0.4)%

Diluted net loss per share:

Diluted net loss per share-GAAP \$ (0.14)

Diluted net loss per share-Non-GAAP \$ 0.00

Shares used to compute diluted net loss per share:

GAAP and Non-GAAP 82,014

Q1 2017 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Three months ended March 31, 2017

	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating Expense	Net Loss
GAAP	\$ 82,943	\$ 40,408	\$ 61,566	\$ (21,158)	\$ (3,101)	\$ (24,027)
Cable Access inventory charge	—	(15)	—	(15)	—	(15)
Acquisition accounting impacts related to TVN deferred revenue	111	111	—	111	—	111
Accounting impact related to warrant amortization	416	416	—	416	—	416
Stock-based compensation	—	445	(2,806)	3,251	—	3,251
Amortization of intangibles	—	1,295	(774)	2,069	—	2,069
Restructuring and related charges	—	508	(1,279)	1,787	—	1,787
TVN acquisition and integration-related costs	—	342	(1,808)	2,150	—	2,150
Non-cash interest expenses related to convertible notes	—	—	—	—	1,316	1,316
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,744
Total adjustments	\$ 527	\$ 3,102	\$ (6,667)	\$ 9,769	\$ 1,316	\$ 12,829
Non-GAAP	\$ 83,470	\$ 43,510	\$ 54,899	\$ (11,389)	\$ (1,785)	\$ (11,198)
<i>As a % of revenue (GAAP)</i>		48.7%	74.2%	(25.5)%	(3.7)%	(29.0)%
<i>As a % of revenue (Non-GAAP)</i>		52.1%	65.8%	(13.6)%	(2.1)%	(13.4)%

Diluted net loss per share:

Diluted net loss per share-GAAP	\$ (0.30)
Diluted net loss per share-Non-GAAP	\$ (0.14)
Shares used to compute diluted net loss per share:	
GAAP and Non-GAAP	79,810

Q2 2018 Guidance GAAP to Non-GAAP Reconciliations

(in millions, except EPS and percentages)



Q2 2018 Financial Guidance

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
GAAP	\$88.0 to \$98.0	\$44.3 to \$51.3	\$52.5 to \$54.5	\$(10.2) to \$(1.2)	\$(3.3)	\$(14.0) to \$(5.0)
Stock-based compensation	—	0.3	(2.6)	2.9	—	2.9
Amortization of intangibles	—	1.3	(0.8)	2.1	—	2.1
Restructuring and related charges	—	0.1	(0.1)	0.2	—	0.2
Non-cash interest expense related to convertible notes	—	—	—	—	1.5	1.5
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$0 to \$1.5
Total adjustments	—	1.7	(3.5)	5.2	1.5	\$6.7 to \$8.2
Non-GAAP	\$88.0 to \$98.0	\$46.0 to \$53.0	\$49.0 to \$51.0	\$(5.0) to \$4.0	\$(1.8)	\$(5.8) to \$1.7
		<i>50.5% to 52.5%</i>	<i>53.5% to 62%</i>	<i>(11.5)% to (1)%</i>	<i>(3.5)%</i>	<i>(16)% to (5)%</i>
		<i>52% to 54%</i>	<i>50% to 58%</i>	<i>(5.5)% to 4%</i>	<i>(2)%</i>	<i>(6.5)% to 1.5%</i>
Diluted net income (loss) per share:						
Diluted net loss per share-GAAP						\$ (0.17) to \$ (0.06)
Diluted net (loss) income per share-Non-GAAP						\$ (0.07) to \$ 0.02
Shares used to compute diluted net loss per share:						
GAAP and Non-GAAP						85.4
Shares used to compute diluted net income per share:						
Non-GAAP						86.0

2018 Guidance GAAP to Non-GAAP Reconciliations (in millions, except EPS and percentages)



	2018 Outlook					
	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating Expense, net	Net Income (Loss)
GAAP	\$375.0 to \$425.0	\$184.8 to \$216.8	\$217.0 to \$225.0	\$(43.2) to \$(2.2)	\$(13.3)	\$(59.3) to \$(18.3)
Stock-based compensation	—	2.0	(15.4)	17.4	—	17.4
Amortization of intangibles	—	5.2	(3.2)	8.4	—	8.4
Restructuring and related charges	—	1.0	(1.4)	2.4	—	2.4
Non-cash interest expense related to convertible notes	—	—	—	—	6.1	6.1
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$0 to \$6
Total adjustments	—	8.2	(20.0)	28.2	6.1	\$34.3 to \$40.3
Non-GAAP	\$375.0 to \$425.0	\$190.0 to \$223.0	\$197.0 to \$205.0	\$(15.0) to \$26.0	\$(7.2)	\$(19.0) to \$16.0
		48.5% to 50.5%	51% to 60%	(11.5)% to (0.5)%	(3)%	(15.5)% to (4)%
		51% to 52%	46.5% to 54.5%	(4)% to 6%	(2)%	(5)% to 4%
Diluted income (loss) per share:						
Diluted net loss per share-GAAP						\$(0.69) to \$(0.21)
Diluted net (loss) income per share-Non-GAAP						\$(0.22) to \$0.18
Shares used to compute diluted net loss per share:						
GAAP and Non-GAAP						86.0
Shares used to compute diluted net income per share:						
Non-GAAP						87.0