



Barclays Select Series 2014: Emerging Cable Technologies Forum

Peter Alexander
January 2014

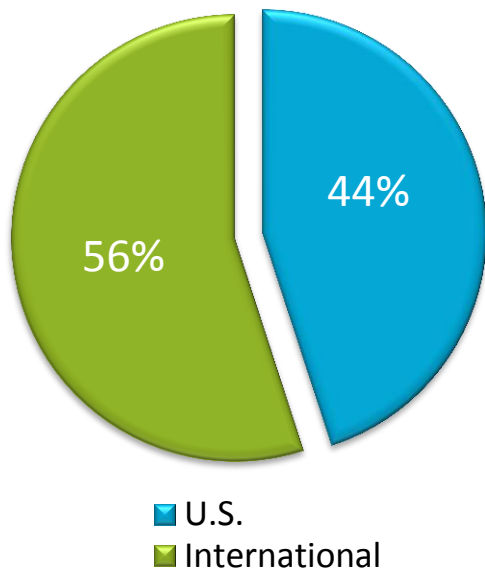
During the course of this presentation, we may make projections or other forward looking statements regarding future events or the future financial performance of Harmonic. Such statements are only predictions and actual events or results may differ materially. We refer you to Harmonic's filings with the SEC, particularly our recent Reports on Form 10-K and 10-Q. These documents identify important risk factors that could cause actual results to differ materially from our projections or 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 earnings press releases on our website at www.harmonicinc.com.

Enable amazing video experiences

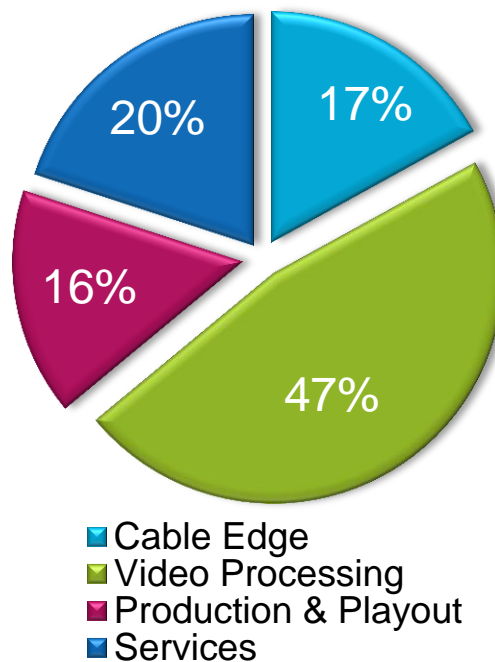
through integrated solutions with unrivaled flexibility and efficiency



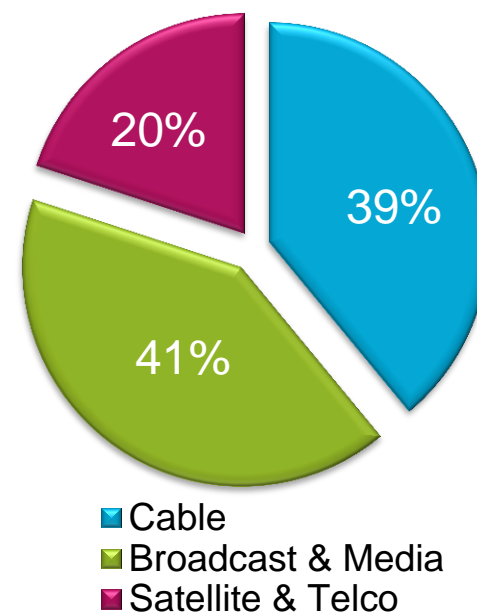
Geography



Products

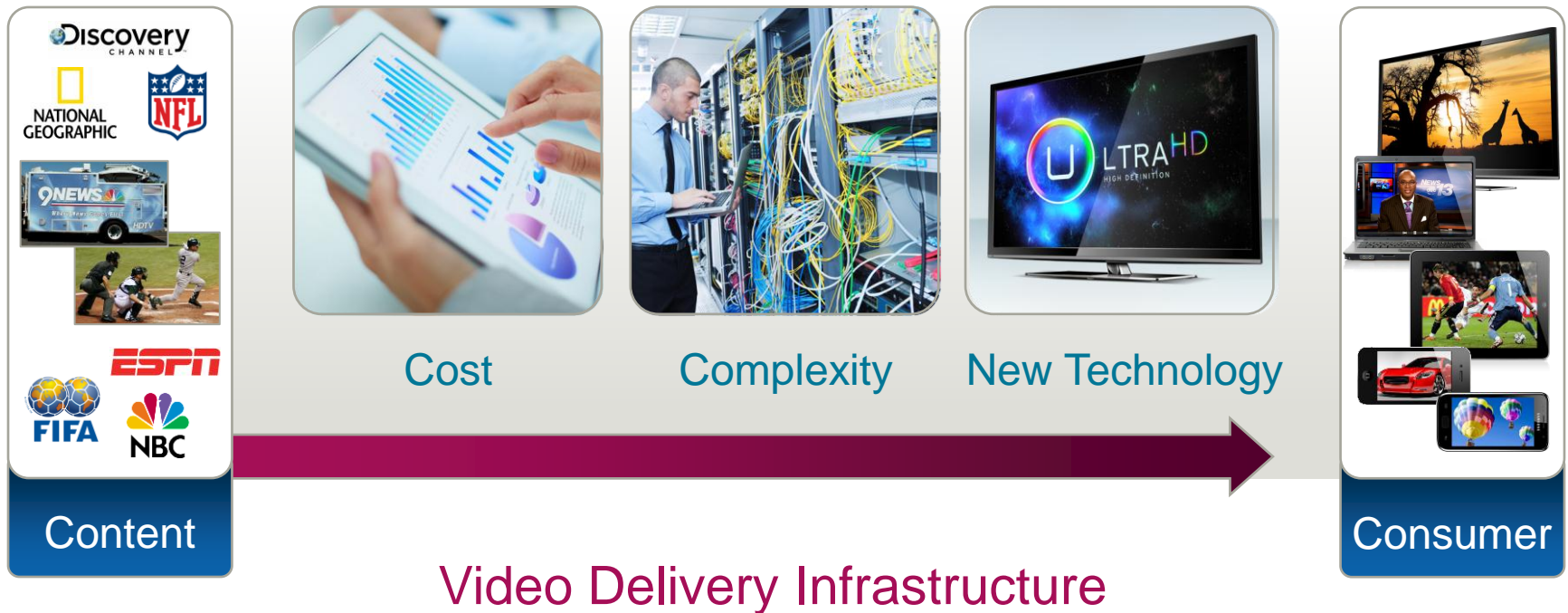


Markets



3Q FY13 Data

Customer Challenges



Harmonic's Video Solutions



Video Delivery Infrastructure
Total Addressable Market = \$4.5B

Customers

harmonic

Broadcast & Media

HBO
ASIA

BBC

NHK



ESPN
STAR
SPORTS

6
GROUPE

مؤسسة للإعلام
DUBAI MEDIA INC

CNN

E!

msn

PBS

NDR

Discovery
CHANNEL

CRAWFORD
MEDIA SERVICES, INC.

MODERN
VIDEOFILM

THE
LONDON
STUDIOS

Satellite

ECHOSTAR

dish
NETWORK

sky
telenor

SUN Network

Telstra

APS
An SES ASTRA Company

DIRECTV

Bell

STAR

CANAL+

yes.

GLOBOSAT

Telco

SingTel

Telefonica

CAPELLA
TELECOMMUNICATIONS INC.

swisscom

Deutsche
Telekom

BT

ALPHA
Alpha Networks Inc.

BellAliant

中華電信
Chunghwa Telecom

vodafone

netstream

SaskTel

Cable

Charter

KabelBW

telenor

Kabel Deutschland

J:COM

SET

arqiva

Comcast

com hem

Virgin
media

SHAW

source
cable limited

TIME WARNER
CABLE

COX
COMMUNICATIONS

ZON
MULTIMEDIA

CABLEVISION

OTT / New Media

Get

Virgin
media
Virgin TV
Anywhere

NAGRA
KUDELSKI

amazon
instant video

etex

now
TV

PLAZAMEDIA
TV & FILM PRODUKTION

Expanding Global Customer Base



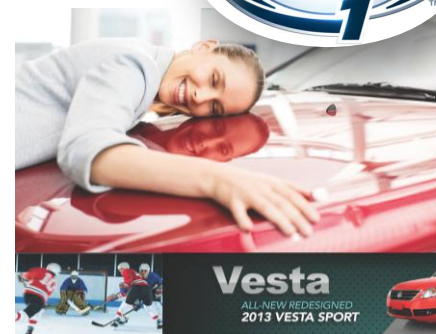
Pay TV Service Providers



DOĞUŞ GROUP



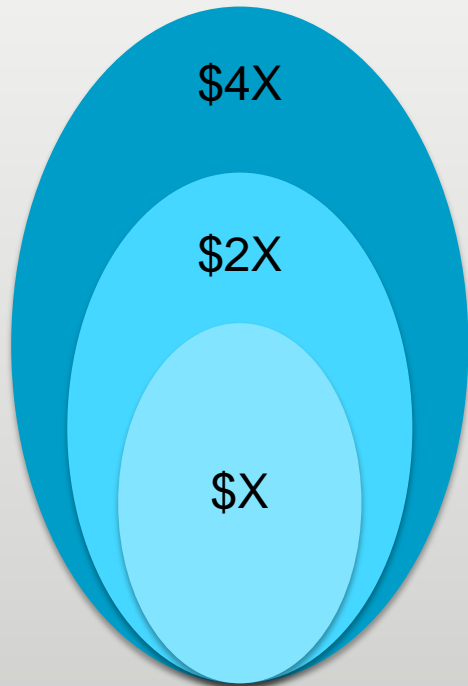
Broadcast & Media



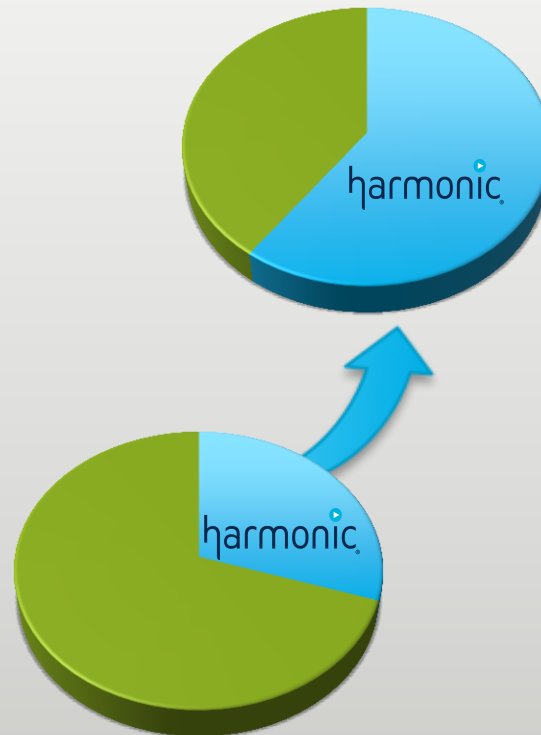
Westaun
Play of
the Game



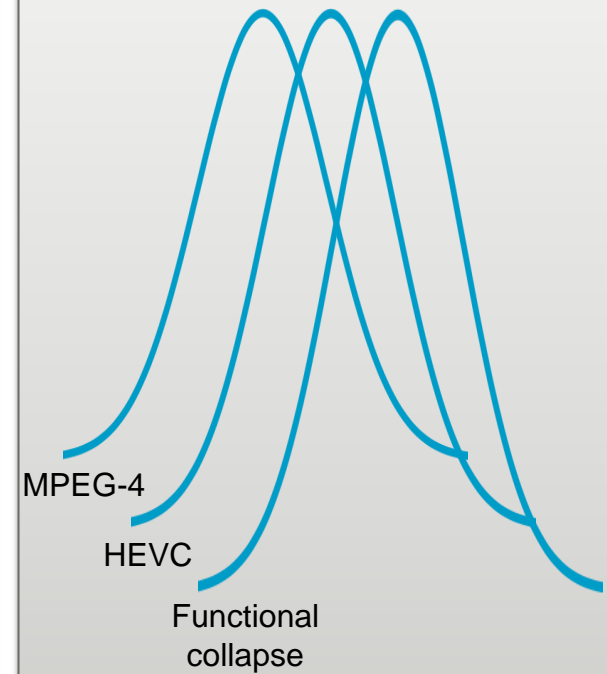
Strategic Growth Plan



TAM expansion



Grow marketshare



New technology cycles

- CCAP
 - \$2B vs. \$400M QAM market
- Multiscreen
 - Small but growing
- Emerging markets – international
 - Highest subscriber growth

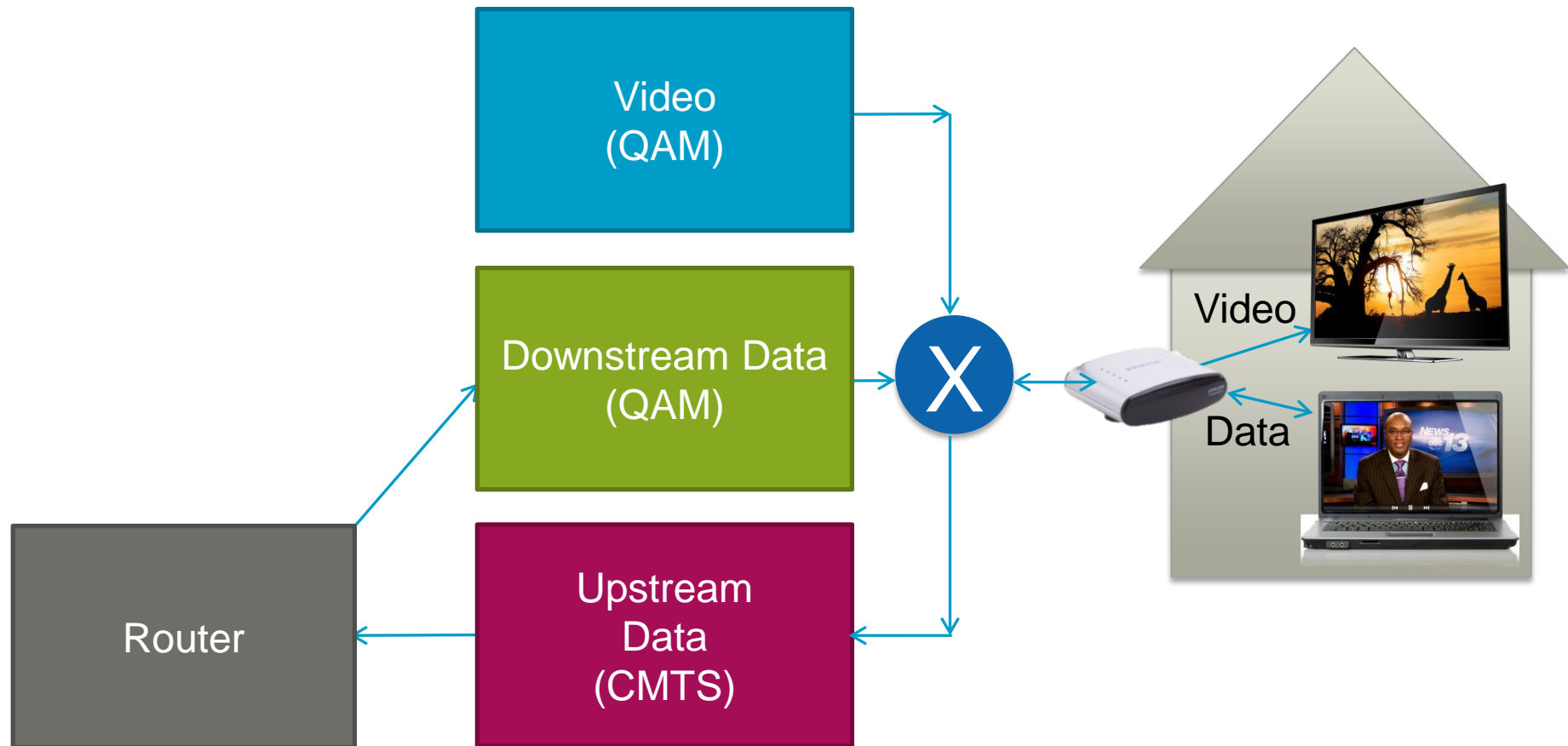


- Converged Cable Access Platform (CCAP)
 - Estimated \$2B annual market*
 - Cable VOD and data services growing
 - Downstream functionality and platform qualified
 - Deployments underway
 - Solid order pipeline
 - First CMTS interoperability tested
 - Published joint whitepaper with AlcaLu

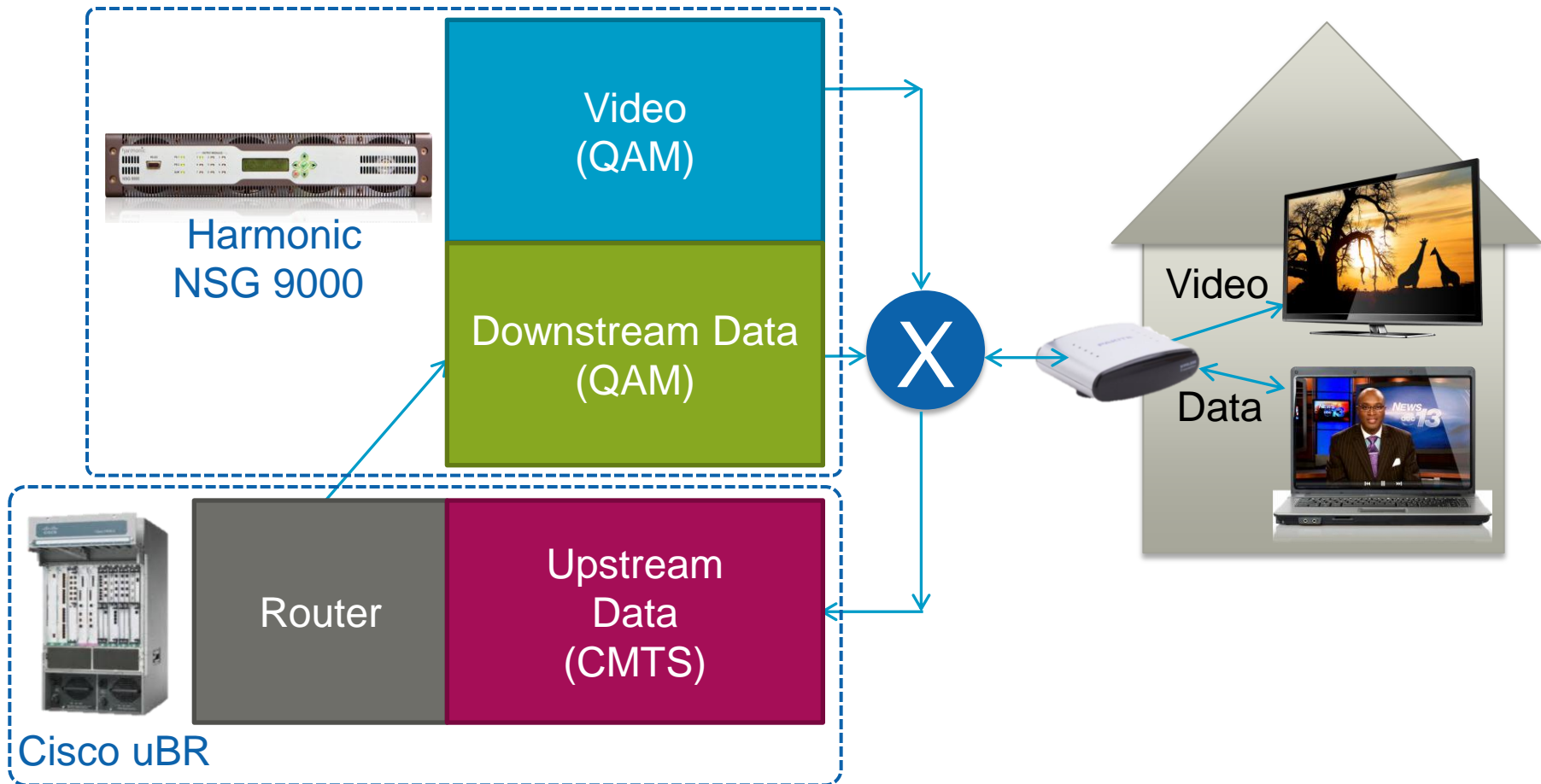


*Forecast per Infonetics Feb. 2013

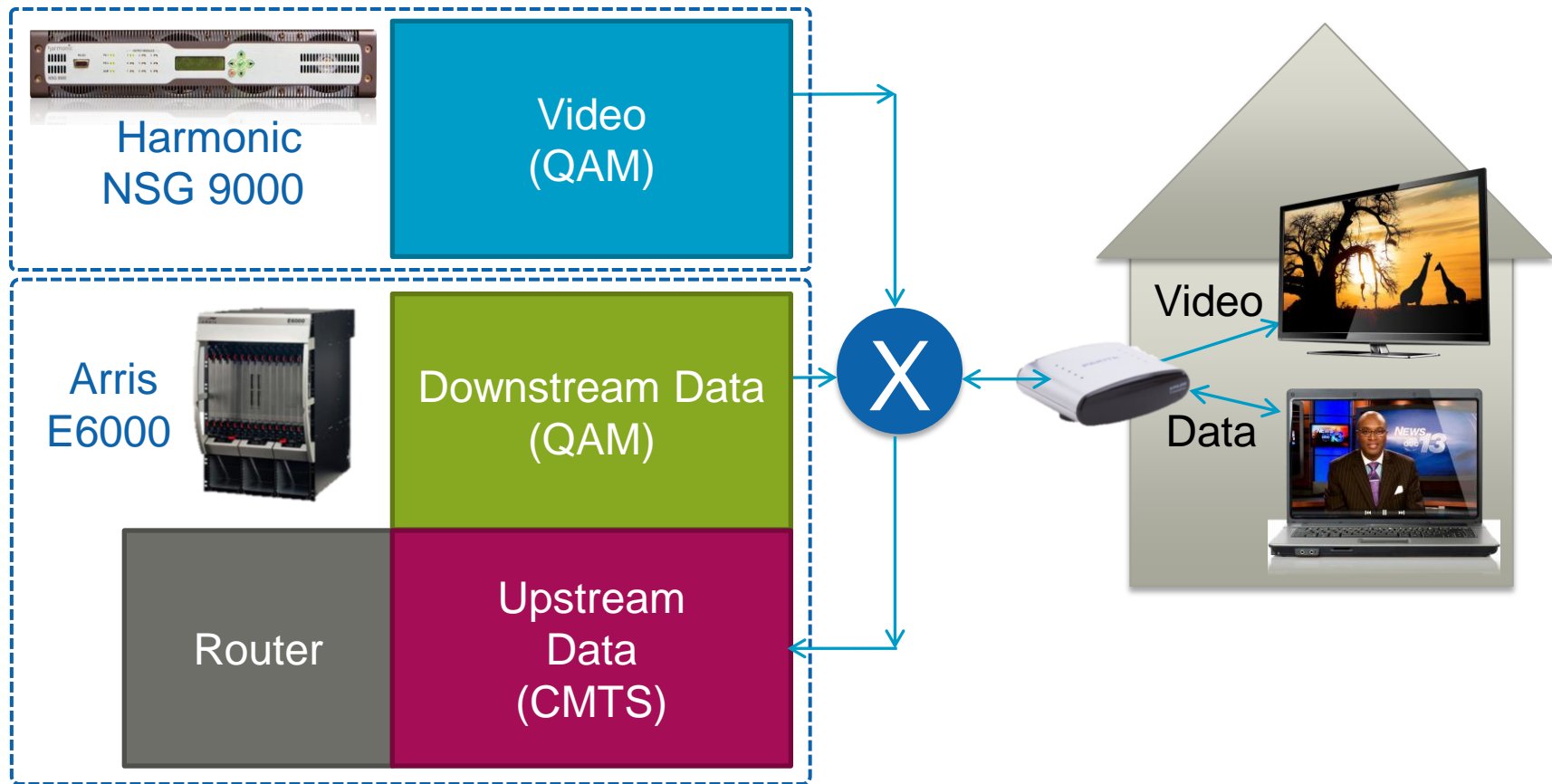
Cable Head End - Today



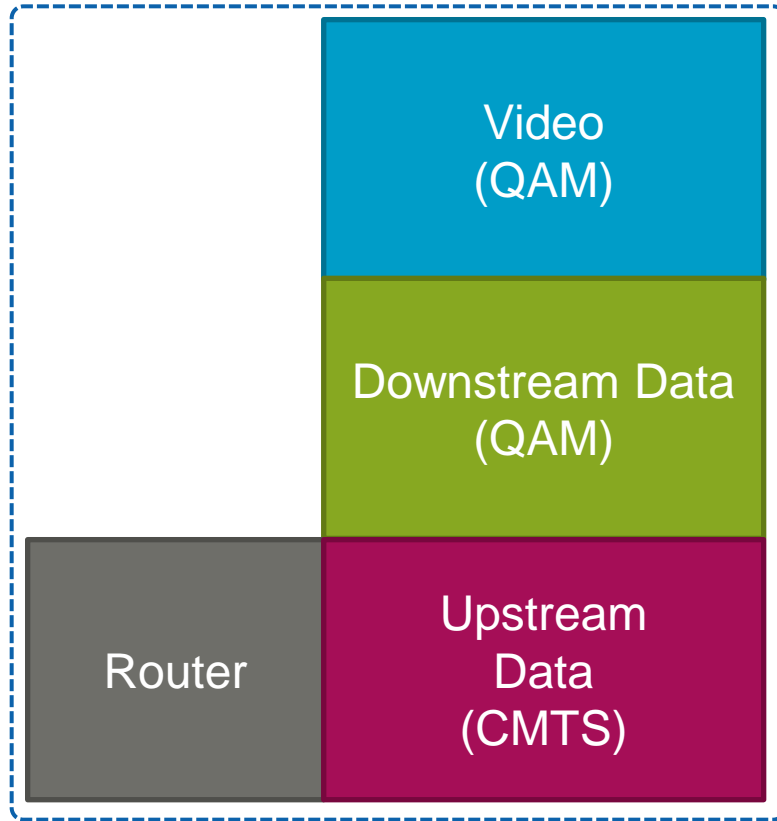
Cable Head End – Harmonic + Cisco



Cable Head End – Harmonic + Arris

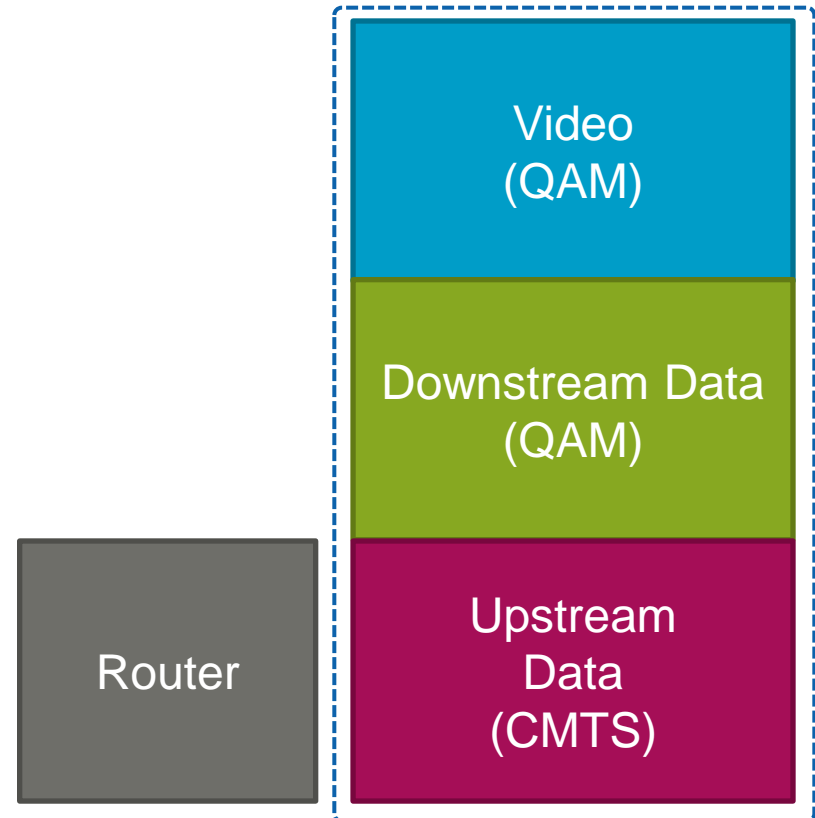


Cable Head End – CCAP



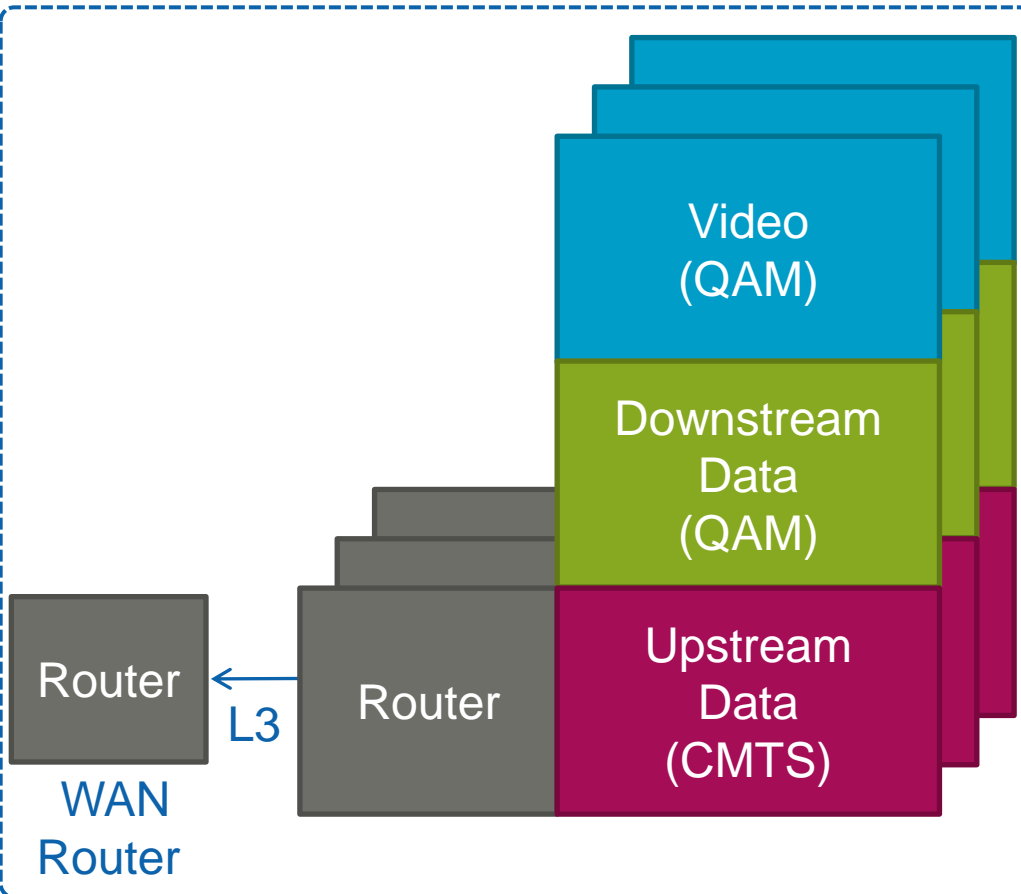
Routing CCAP

-OR-

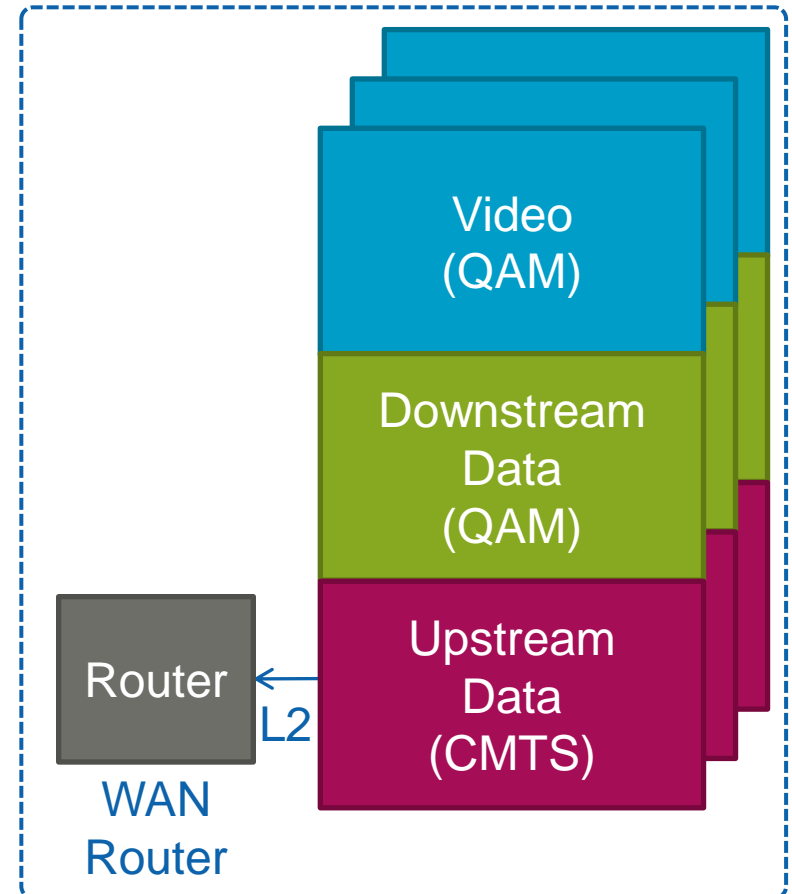


Forwarding CCAP

Cable Head End – CCAP Architecture

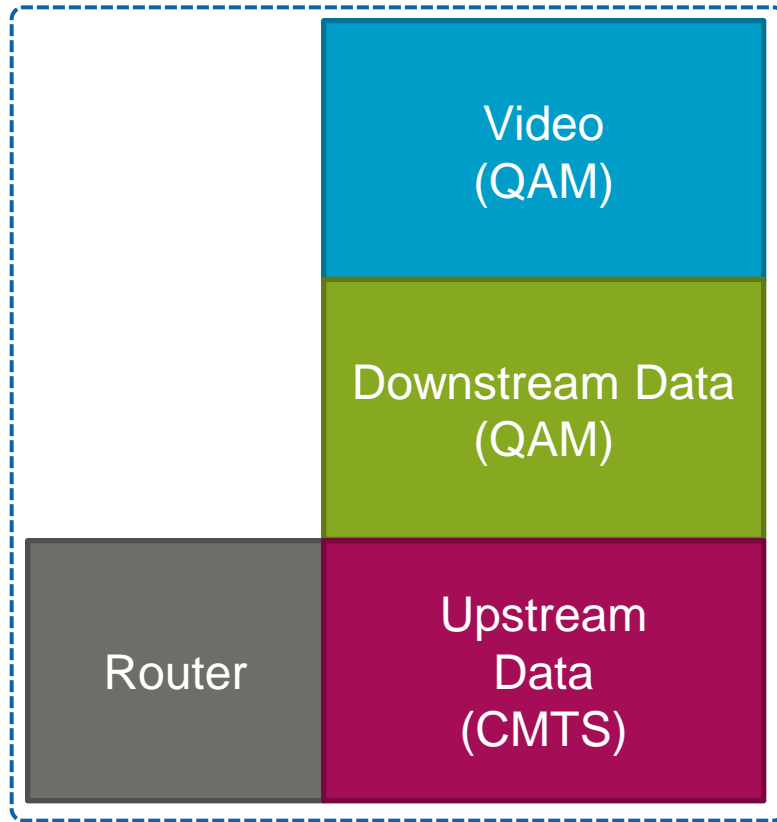


Networking Complexity –
“N” Routers + WAN Router

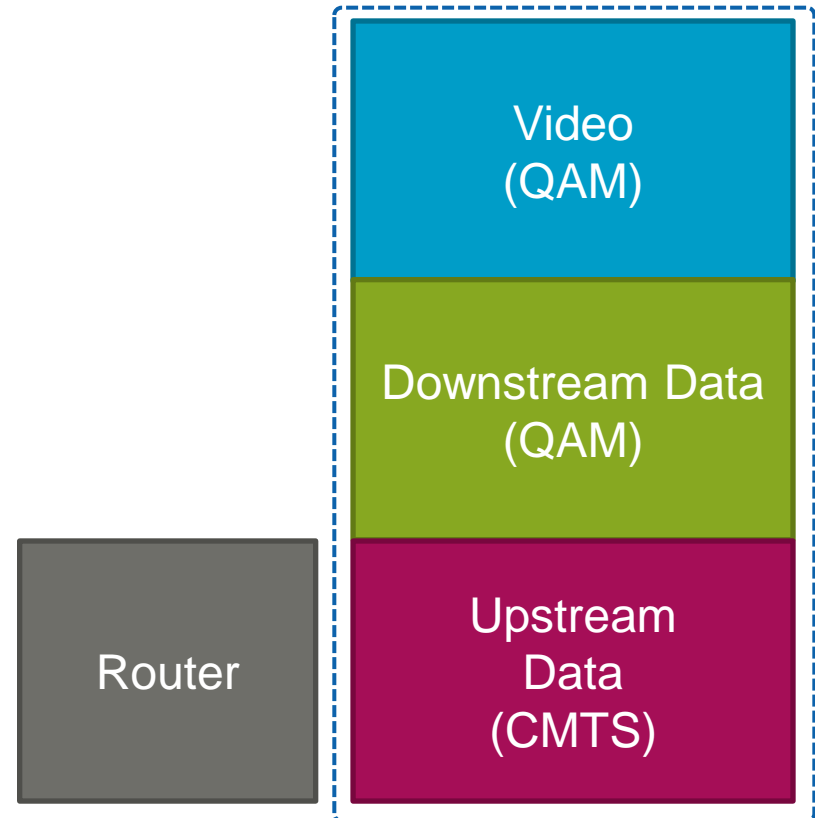


Networking Performance,
Simplicity, & Flexibility

Cable Head End – CCAP Alternatives



-OR-



Integrated Router

Cisco
cBR

Arris
E6000



Any Router

Cisco
Alcalu
Huawei
Juniper
...

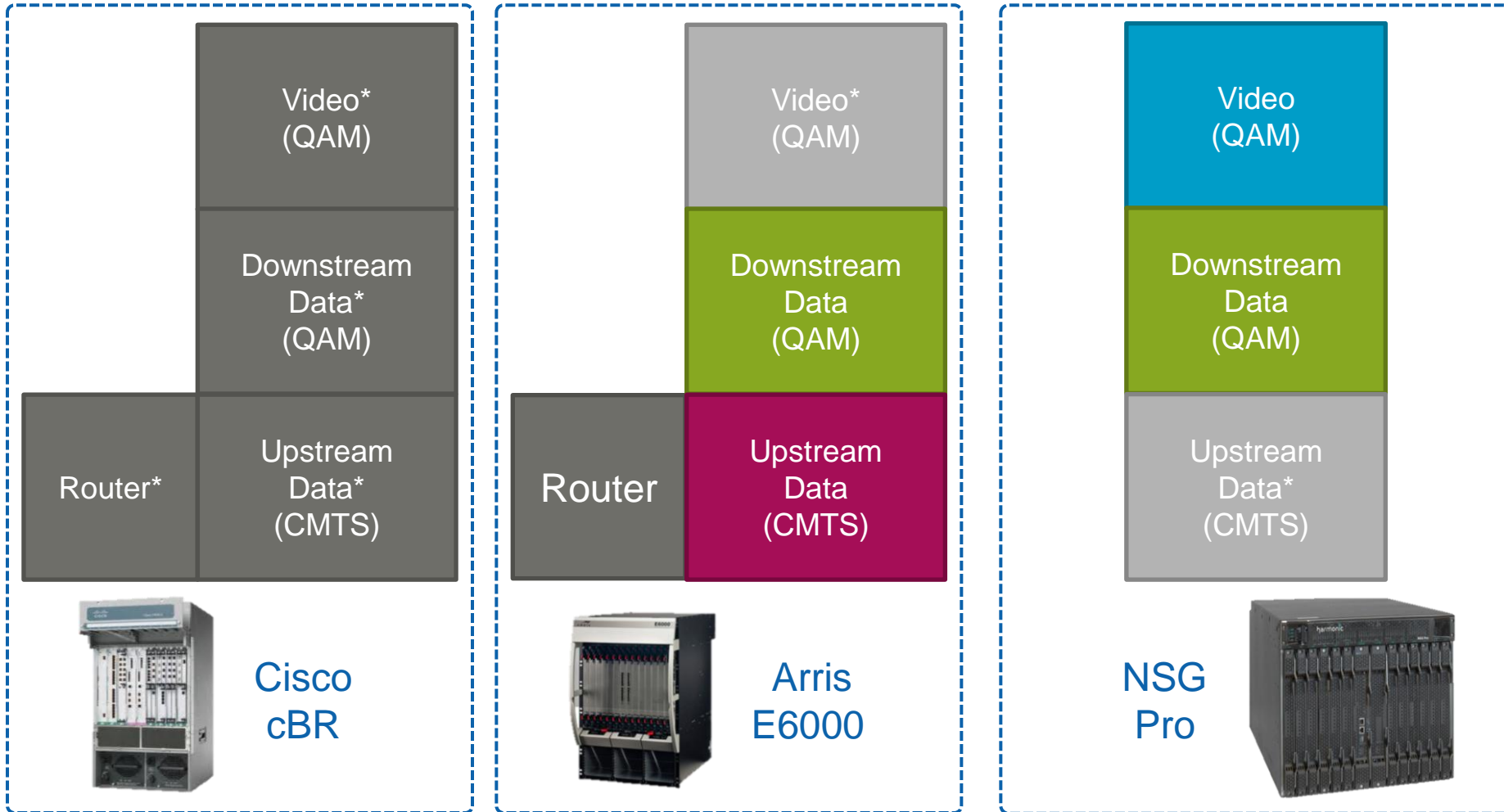
+

Harmonic



NSG
Pro

CCAP Status Today



*Functionality Not Yet Delivered

Harmonic is the leader

Production
& Payout

#1 in
Broadcast
Playout Servers

FROST &
SULLIVAN

October 2012

Primary
Distribution

#1 in
Pay TV
Encoders

FROST &
SULLIVAN

August 2012

Content
& Service
Delivery

#1 in
IPTV
Headends

 multimedia
research
group, inc.
an NAB/ASAP Company

May 2013

Cable Edge

#1 in
Cable
EdgeQAMs

INFONETICS
RESEARCH

November 2013

Multi-screen

#1 in
Multi-screen
Transcoding

FROST &
SULLIVAN

Oct. 2013

 multimedia
research
group, inc.
an NAB/ASAP Company

Dec. 2013

FROST & SULLIVAN

2013 BEST PRACTICES AWARD

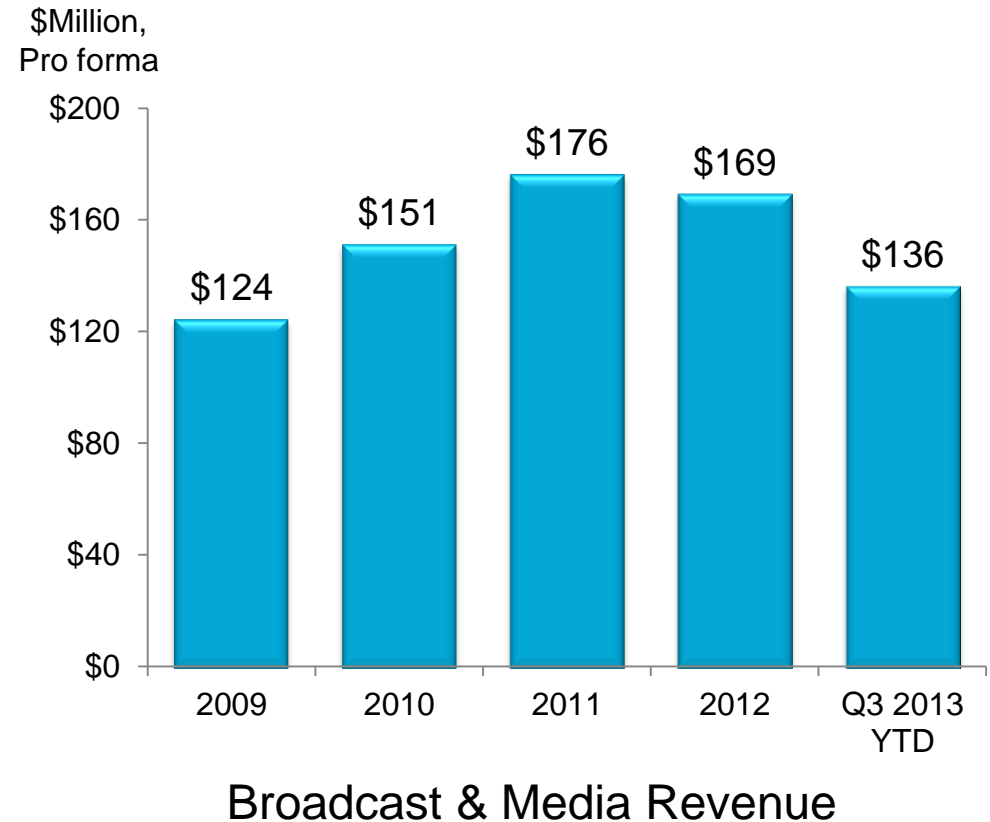
Market Share Leadership
Multi-Screen Transcoding
Global, 2013

**Multiformat
Transcoder
Market Leaders**

 multimedia
research
group, inc.
an NAB/ASAP Company

*Transcoder Market
Leaders by File
Processing Servers*

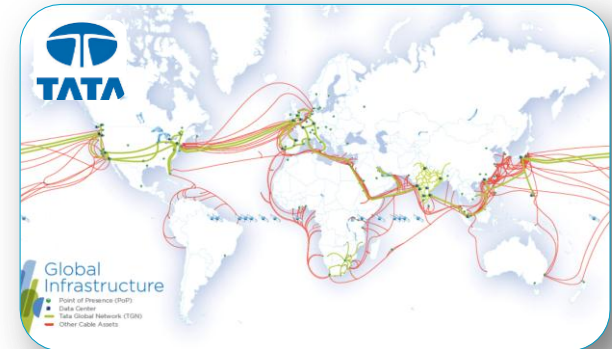
- Broadcast & media
 - Recent wins into 3 of top 5 U.S. broadcasters
- Pay TV service providers
 - Growing subscriber base internationally
- Competitive
 - Fragmented market
 - Industry consolidation



Targeted Technology Upgrade Cycles



- Next-generation video compression
 - New innovation for MPEG-2 and MPEG-4 (AVC) compression
 - First demonstration of Live HEVC at IBC
 - TATA launched HEVC-enabled cloud transcoding on Harmonic
- Ultra HD
 - HDMI 2.0 standard finalized
 - Key demonstrations included Sky Deutschland
 - Japan 2020 and 8K



Targeted Technology Upgrade Cycles

harmonic

Functional Collapse



VARIETY *Huge Upside for Launch of Fox Sports 1 and 2 Channels*

SI **Fox Sports 1 takes aim at ESPN's throne; UFC will be key**

USA TODAY **Fox Sports launches direct challenge to ESPN dominance**

The New York Times **Seeing Riches in Sports TV, Fox Will Create New Network**





Financial Update

Q3 2013: Financial Highlights



\$Millions (except GM, OM, & EPS)	Q3 2013	Q2 2013	Q3 2012	Q3 / Q2 Change	Q3 Y / Y Change
Total Net Revenue	\$122.9	\$117.1	\$120.4	5%	2%
Gross Margin % - Non-GAAP	50.8%	54.1%	50.3%	-330bp	50bp
Gross Margin % - GAAP	46.2%	49.4%	45.6%	-320bp	60bp
Operating Expense – Non-GAAP	\$53.7	\$56.1	\$52.9	-4%	2%
Operating Margin – Non-GAAP	7.1%	6.2%	6.4%	90bp	70bp
EPS – Non-GAAP	\$0.07	\$0.05	\$0.05	\$0.02	\$0.02
EPS – GAAP	\$0.36	(\$0.03)	(\$0.04)	\$0.39	\$0.40
Bookings	\$115.9	\$126.3	\$111.1	-8%	4%
Backlog and Deferred**	\$123.6	\$132.5	n/a	-7%	n/a

**Backlog and deferred excluding Access is not available for periods prior to Q4 2012

Q3 2013: Balance Sheet and Cap-Ex Highlights

	\$Millions	
Cash	\$169.3M	Up \$7.6M from Q2
Accounts Receivable	\$85.1M	63 days
Inventories	\$40.4M	6.0 turns
Debt	\$0	
Capital Expenditures	\$2.5M	
Shares Repurchased	\$7.7M	1.1M Shares

- Continued focus on growth opportunities
- Accelerate core market share leadership
- Enhance margin profile
- Optimize balance sheet
- Drive long-term earnings accretion



Thank You