



Stifel Nicolaus Investment Conference

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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.

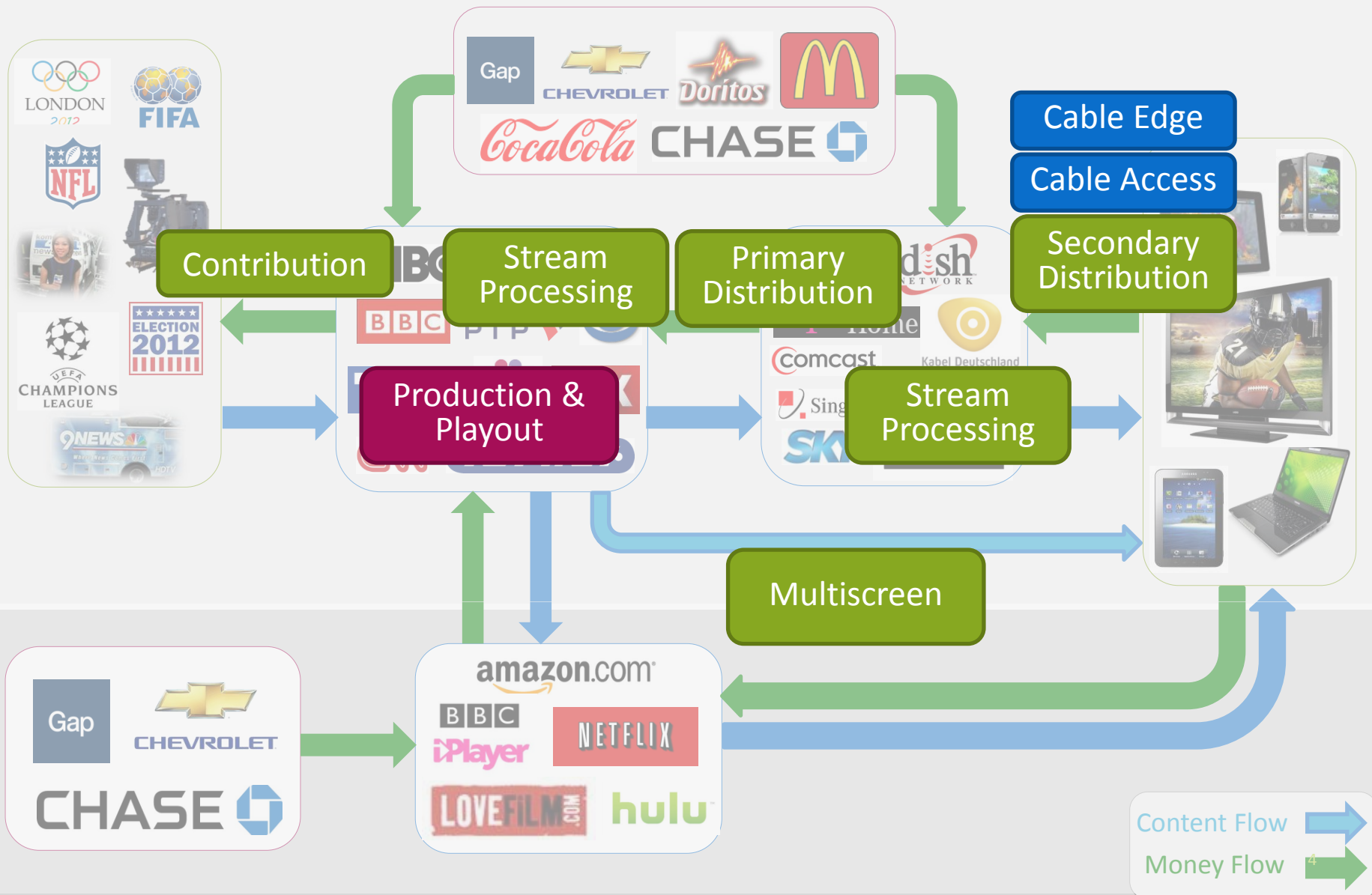


Enable amazing video experiences
through integrated solutions with unrivaled flexibility and efficiency



harmonic[®]

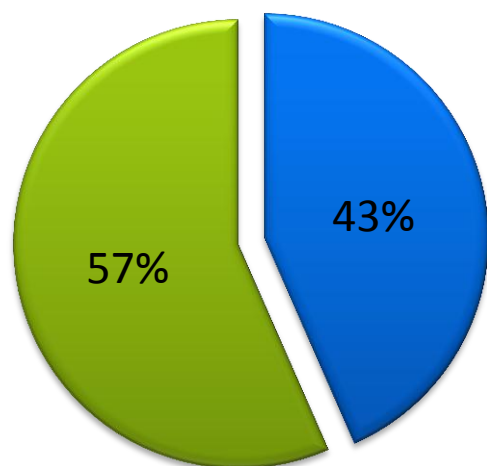
From Video Production to Endscape





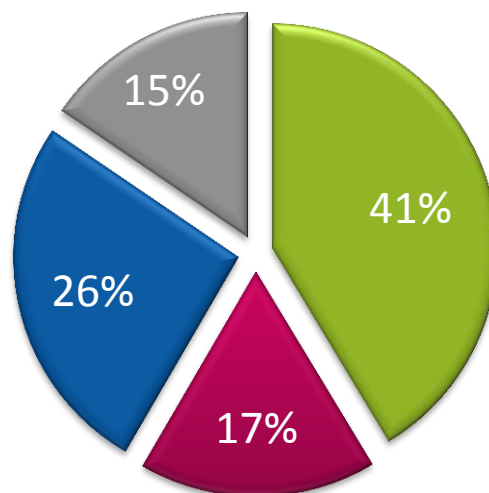
Revenues \$530.4M

Geography



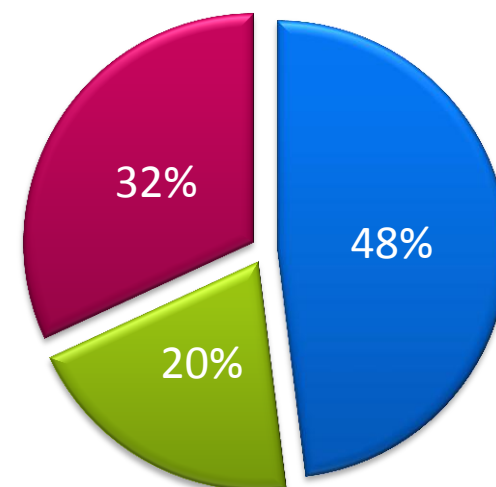
■ United States
■ International

Products



■ Video Processing
■ Production and Playout
■ Edge and Access
■ Services and Support

Markets



■ Cable
■ Satellite and Telco
■ Broadcast and Media





Video Technology Leadership



New Customers in Media



Global





Today's Opportunities

Tape to File

Digital/IP TV

SD to HD

MPEG-2 → MPEG-4

Cable Edge / Access Density

Multiscreen

MPEG-2

MPEG-4

Encoded at 1.2 Mbps





Tomorrow's Opportunities



- High quality IP video
 - Multiscreen and OTT delivery
 - “Retina displays” and new LED TVs
 - Production and Playout upgrades to more efficient infrastructure
- Cable’s next-gen IP infrastructure (CCAP)
 - \$2B TAM by 2015
- HEVC
 - 50% efficiency gain
 - End-to-end upgrade opportunity
- Ultra HD
 - Key technology at CES
 - Race to first services





Tomorrow's Opportunities

- High quality IP video

- Multi-OTT delivery
- "Retina displays" and new LCDs
- Production and Playout more efficient infrastructure



NSG Pro

- Cable's next-gen IP infrastructure

- \$1.5B investment by 2015

- HEVC

- 50% efficiency gain
- End-to-end upgrade



- Ultra HD

- K... CES
- Race to first services

IBC 2012
NAB 2013



Broadcast & Media



Expanding Broadcast and Media customer base:

- 32% of 2012 revenue
- Marketshare growth
- Success spans traditional and mobile / web

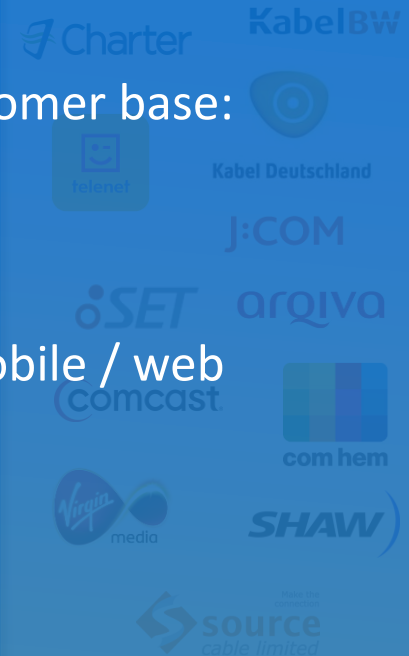
Satellite



Telco



Cable

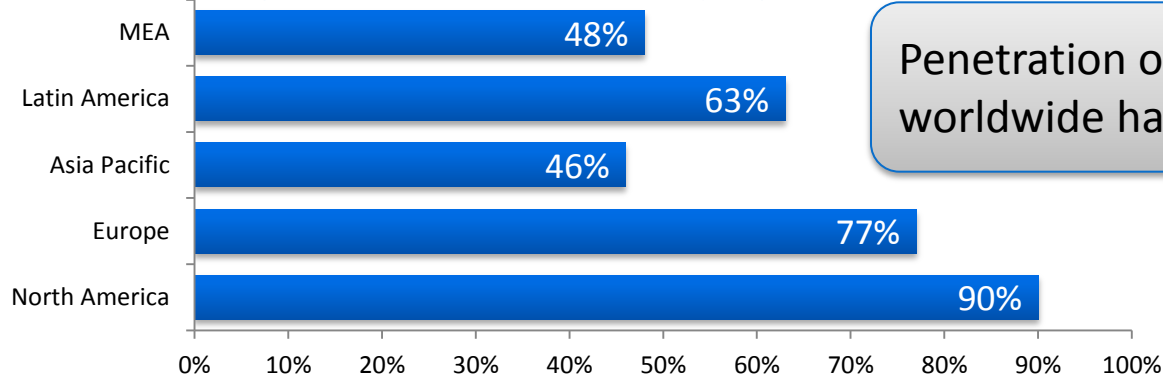


Production & Corporate Media





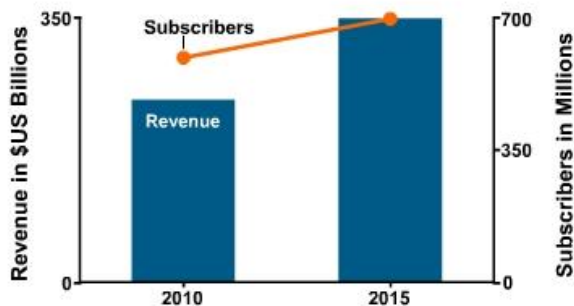
Penetration of digital televisions worldwide, by region*



Penetration of digital television worldwide has just passed 50%

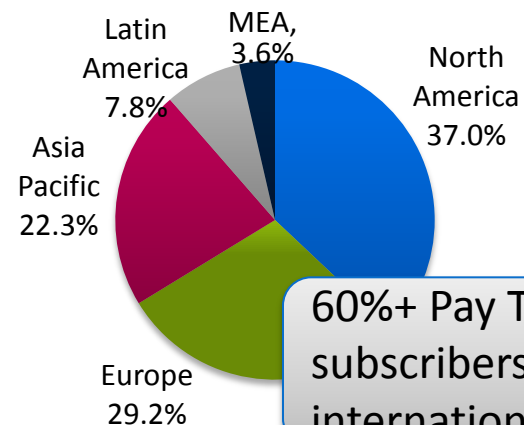
* Estimates Source: IDATE, according to World Television Markets, September 2012

Worldwide revenue from telco IPTV, cable video, and satellite video services will hit \$347.5 billion in 2015



Strong growth of global pay TV revenues

© Infonetics Research, Cable, Satellite, and IPTV Video Services and Subscribers Biannual Worldwide and Regional Market Share, Size, and Forecasts, May 2011



60%+ Pay TV subscribers international



▶ Expanding international customer base

- 57% of 2012 revenue
- 62% of Q4 2012 revenue

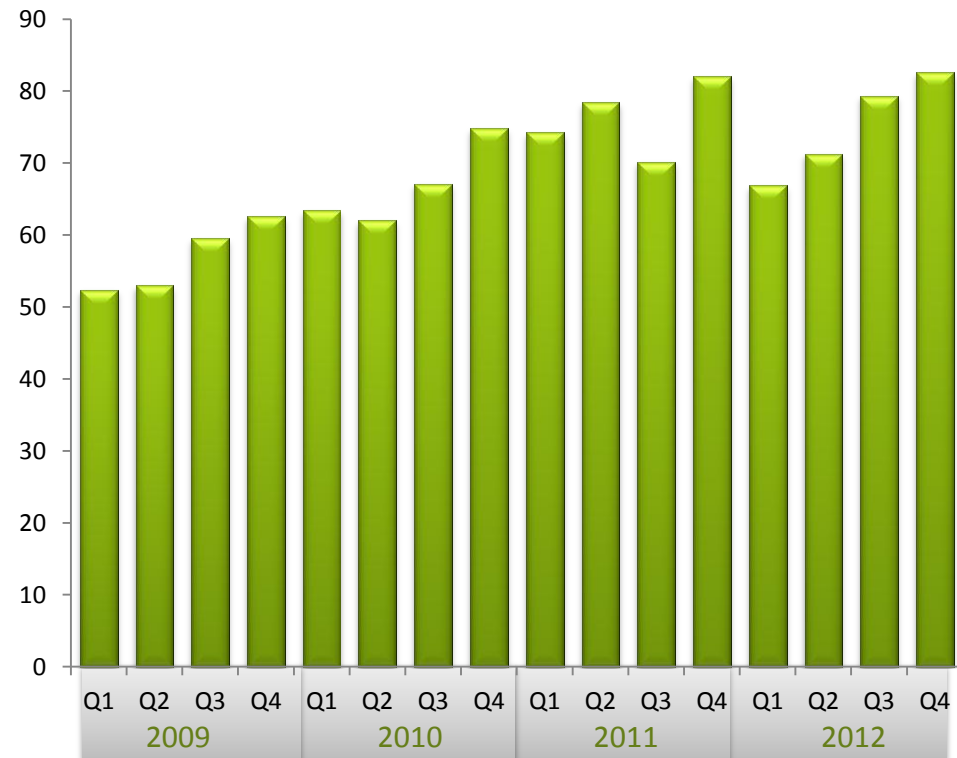
▶ Near-term headwinds in Europe

- Europe revenue down significantly in 2012

▶ Growing demand in Emerging markets

- China, India, Latin America, Southeast Asia

\$Million,
Pro forma



2012 Financial Results



2012 Income Statement

Revenue \$530M



Gross Margin 49%



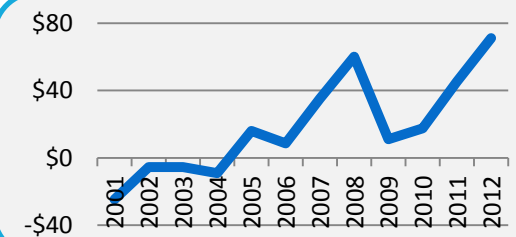
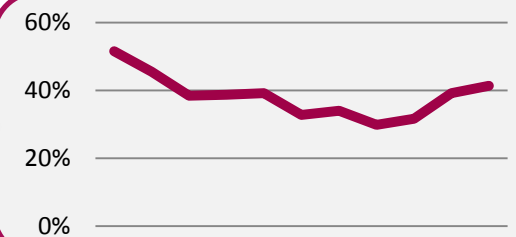
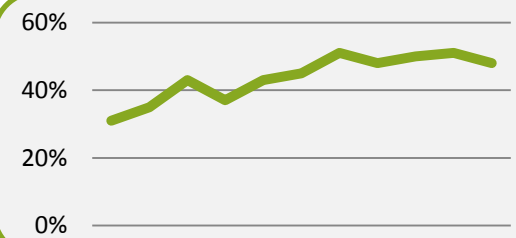
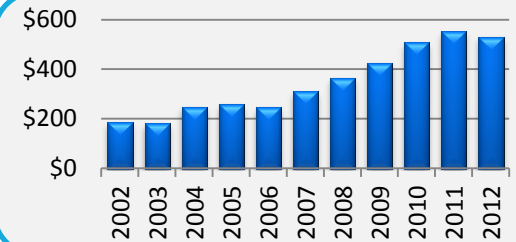
Operating Expenses \$221M



Taxes & other expenses \$10M

Net Income \$29M

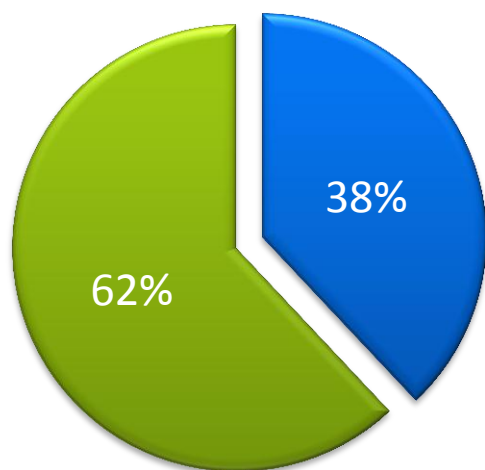
Cash Generated from Operations \$71M





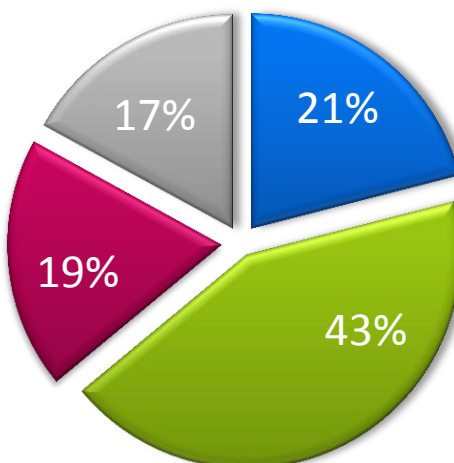
Revenues \$133.4M

Geography



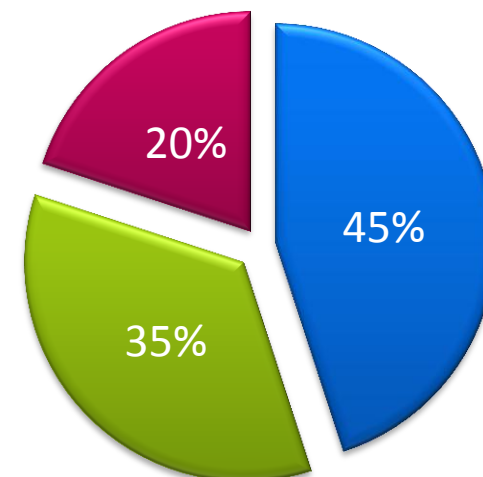
- U.S.
- International

Products



- Edge & Access
- Video Processing
- Production & Playout
- Services

Markets



- Cable
- Broadcast & Media
- Satellite & Telco



	\$	Comments
Cash	\$201M	Up \$9.2M from Q3
Accounts Receivable	\$85.9M	61 days
Inventories	\$64.3M	43.9 turns
Debt	\$0	
Capital Expenditures	\$2.7M	\$12.6M for 2012
Shares Repurchased	\$8.3M	1.86M Shares



- ▶ **Initial \$25M share repurchase nearly complete**

Purchased 5.1M shares at an average price of \$4.43

- ▶ **Strong cash generation during 2012**

\$39.3M net cash generated, after repurchase

- ▶ **\$75M share repurchase expansion**

Open market purchases over 18 months

Return capital to shareholders

Reduce share count over purchase period



Metric	
Q1 Revenue	\$115M - \$125M
Non-GAAP Gross Margin*	49% - 50%
Non-GAAP Operating Expenses*	\$56M - \$57M
Non-GAAP Tax Rate**	21% - 22%
<p>* Excludes charges for stock-based compensation and the amortization of intangibles</p> <p>** Does not reflect the one-time benefit of 2012 R&D tax credit expected to be \$2M - \$3M in Q1</p>	



▶ Substantial market opportunity

- New customer segments
- International expansion
- New video service applications

▶ Strong competitive position

- Technology leader
- Deep expertise and capabilities
- Global brand and relationships

▶ Ability to execute

- Proven innovator
- Business scale





Thank You



harmonic[®]
ENABLING THE VIDEO ECONOMY™