



# Corporate Overview

August 2019

harmonic<sup>®</sup>



# Forward Looking Statements



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 2019 and beyond, and our Q3, Q4 and full year 2019 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).

# Harmonic-at-a-Glance



**\$404M**

2018  
Revenue

Two market-leading  
business units:

**CABLE  
ACCESS &  
VIDEO**

**SILICON  
VALLEY**

Headquarters

**>5,000**

Media & Service  
Provider Global  
Customers

**~\$90M**

R&D Spend



# Two Market-Leading Business Segments



## CABLE ACCESS

- **\$1.6B** 2019 Target Market
- 2019 Revenue Guidance Range: **\$103M - \$113M**

### Mission

To provide innovative **cloud-native cable access** solutions to the world's leading cable companies, enabling flexible and scalable roll out of next generation Gigabit services



## VIDEO

- **\$1.5B** 2019 Target Market
- 2019 Revenue Guidance Range: **\$272M - \$282M**

### Mission

To provide smarter, faster and simpler **video streaming** solutions to the world's leading media companies who are transforming their businesses to compete in the premium OTT video world



POWERCAST

COM HEM



J:COM



MEGACABLE



LIBERTY GLOBAL





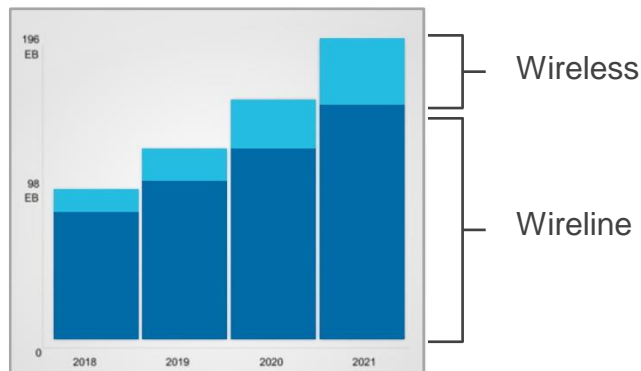


## Cable Access Business Overview

harmonic

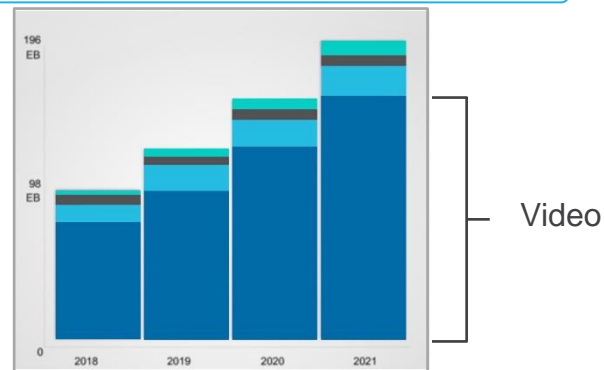
# A Coming Global Mega-Upgrade to Gigabit Networks

Network traffic keeps increasing and is set to double between 2018 and 2021



Source: Cisco VNI 2007

Video will account for >80%



Source: Cisco VNI 2007

## A Major Transformation Driving New Growth Initiative:

- Fast deployment of new IP-based data, video and voice services
- Greater efficiency and agility with virtualization and Distributed networks

## Harmonic Cable Business Segment Core Strategy:

- Lead the cable industry toward distributed access architecture, virtualized CCAP platform
- Leverage market-leading EdgeQAM & cable industry relationships
- Joint development partnerships with leading Cable operator partners

# CableOS – A Disruptive Solution for Gigabit Cable Broadband



Awarded foundational virtualized CCAP architecture patent

Cloud-native solution resolves space and power constraints

Unprecedented scalability and agility



Data Center

Virtualized CCAP  
Software Core



PHY Options

Centralized

Remote-shelf

Remote-node

# Cable Access – Significant Shift in DAA Deployments



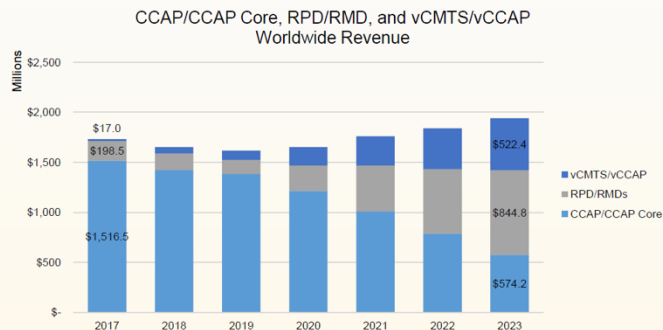
## Key Cable Operator Challenges:

5G and FTTH competition, power, space, time to launch, CAPEX growth

## Solution:

Virtualized access platform with distributed access

## DAA Transition Underway



- **RPD/RMD units expected to grow 51% in CY19, 31% in CY20**
  - More gradual growth expected, due to permitting, testing, labor, etc.
- **vCMTS platforms being used for both R-PHY and CCAP cap and grow applications**
- **Total market expected to reach \$1.94B in 2023**





## Comcast Agreement

- \$175 million CableOS software license
  - Excludes DAA nodes and traditional CMTS architecture shelves
  - Fee subject to incentive credits Comcast can earn
- Comcast vests remaining 5,862,120 warrant shares
- Powerful endorsement



## Global Momentum

- Prior announced >\$50 million\* international customer beginning deployment Q3
- New >\$55 million\* international contract for 5-year DAA deployment
- Commercially deployed with 16 customers
  - 780,000 cable modems served globally, up 16% sequentially
- 4 new unique patent filings, further strengthening IP position

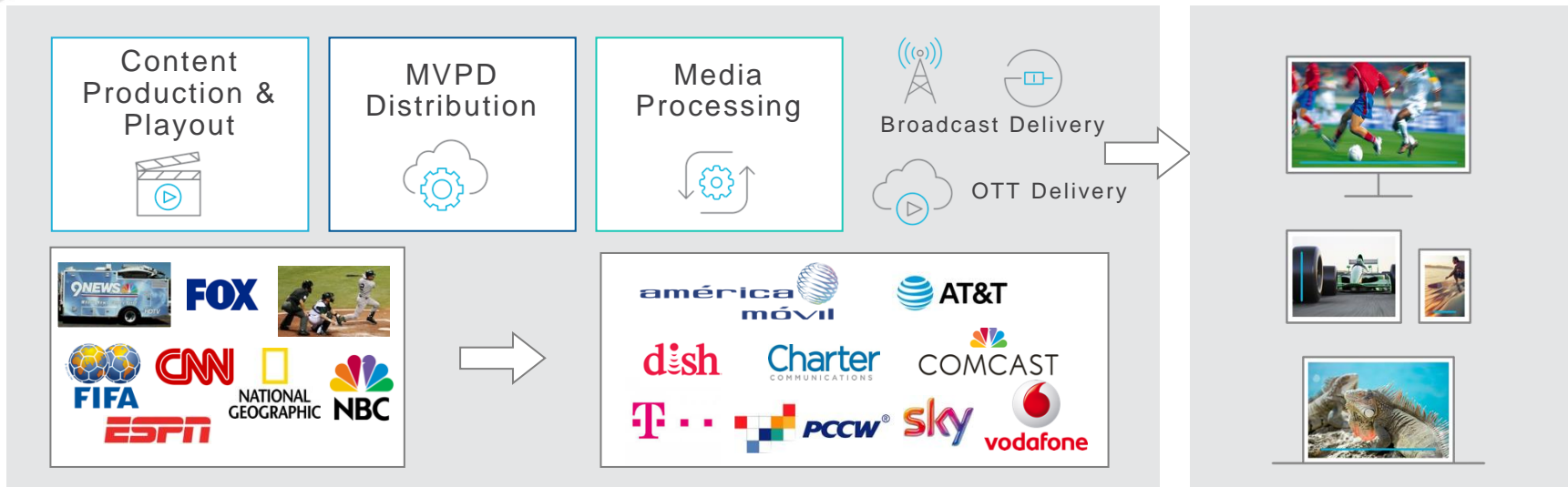
\* Estimated total contract value



## Video Business Overview



# OTT Streaming Transformation is Accelerating



## Premium Video Transitions and Digital Transformation Driving Investment:

- Content, analytics and new streaming services
- Greater operational efficiencies with Cloud / SaaS business models

## Harmonic Cable Business Segment Core Strategy:

- Profitably lead the video Appliances market
- Bridge traditional customers to simpler, more profitable SaaS
- Leverage SaaS to address new customers and markets

# Harmonic is Leading the Live OTT Charge



> 40,000

OTT Channels  
Deployed Globally

> 6.5 million

Subscribers managed by VOS  
Video SaaS

> 12%

sequentially increase of Video  
SaaS customer base of 28

Harmonic # 1 Video SaaS Platform for Live OTT Services



# TAM Expansion Business Cases



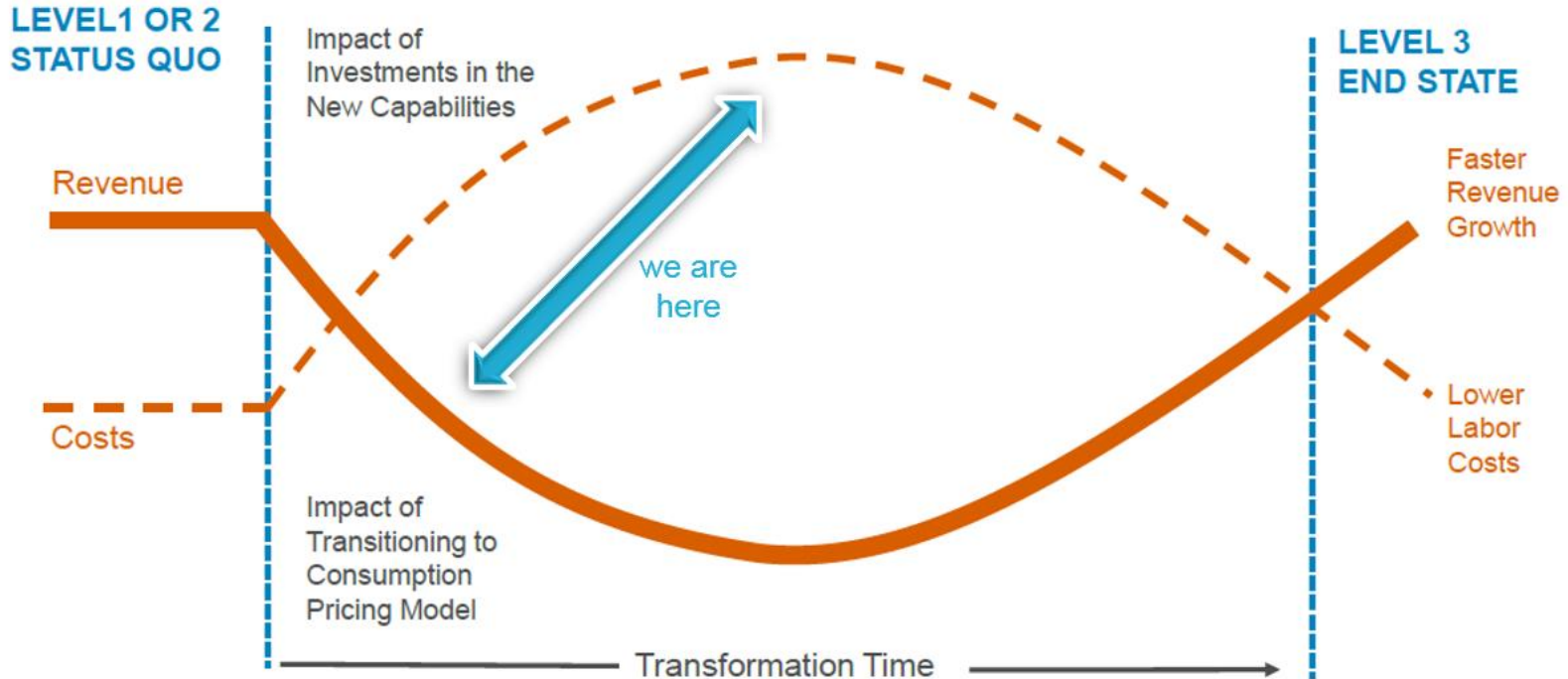
*"It took less than five weeks to design, set up, test and deploy VOS360 SaaS for live streaming of NTT IndyCar Series races, which is incredibly fast compared with the industry norm for OTT deployments."*

**Brad Lee**

Director of business solutions at Hulman & Company, the parent company of INDYCAR



# The Fish Model





## SaaS Transformation Execution

- Cloud-based live OTT channel deployments up 10% sequentially
- Video SaaS customer base of 28, up 65% year over year
- SaaS deal pipeline continues to grow, with expected revenue transition headwind



## Financial Performance Solid\*

- SaaS and Service revenue \$27.2 million, up 13% sequentially
- Gross margin 57.9%, up from 55.0% year over year
- Operating margin 6.2%, 8<sup>th</sup> consecutive profitable quarter

\* Non-GAAP financial results

# 2019 Strategic Priorities



## Cable Access

1. Scale first wave of CableOS deployments
2. Secure new CableOS design wins
3. Execute Tier 1 DAA roll-outs



## Video

1. Extend live OTT market share
2. Expand addressable market via SaaS
3. Deliver consistent segment profitability

Focused on growth, profitability  
and  
shareholder value creation





## Financial Overview

harmonic

# Q2 2019 Financial Highlights\*



\$ Millions (except EPS)	Q2 2019	Q1 2019	Q2 2018	Q2/Q1 Change	Q2 Y/Y Change
Total Net Revenue	\$84.9	\$80.1	\$99.4	5.9%	(14.6)%
Cable Revenue	\$13.3	\$12.9	\$20.2	2.4%	(34.5)%
Video Revenue	\$71.6	\$67.2	\$79.2	6.6%	(9.6)%
Gross Margin %	53.6%	54.5%	54.0%	(0.9%)	(0.4)%
Cable Gross Margin%	30.8%	39.3%	50.3%	(8.5%)	(19.5)%
Video Gross Margin%	57.9%	57.5%	55.0%	0.4%	2.9%
Total Net Revenue	\$84.9	\$80.1	\$99.4	5.9%	(14.6)%
Appliance and integration	\$54.5	\$52.4	\$68.7	3.9%	(20.7)%
SaaS and service	\$30.4	\$27.7	\$30.7	9.8%	(1.0)%
SaaS and service revenue as a % of total revenue	35.9%	34.6%	30.9%	1.3%	5.0%
SaaS and service gross margin %	62.6%	61.3%	65.6%	1.3%	(3.0)%
SaaS customers	28	25	17	12%	65%

\* Non-GAAP financial highlights

©2019 Harmonic Inc. All rights reserved worldwide.



## Q2 2019 Financial Highlights (Cont.)\*



\$ Millions (except EPS)	Q2 2019	Q1 2019	Q2 2018	Q2/Q1 Change	Q2 Y/Y Change
Operating Expenses	\$48.3	\$47.5	\$47.0	1.7%	2.9%
Operating Income (loss)	\$(2.8)	\$(3.8)	\$6.8	\$1.0	\$(9.6)
Diluted Share Count	88.9	88.2	85.8	0.7	3.1
EPS	\$(0.04)	\$(0.05)	\$0.05	\$0.01	\$(0.09)
Bookings	\$92.6	\$81.0	\$107.9	14.3%	(14.2)%
Book to bill ratio	1.1	1.0	1.1	7.9%	0.5%

\* Non-GAAP financial highlights

©2019 Harmonic Inc. All rights reserved worldwide.

# Q2 2019 Balance Sheet & Cash Flow Highlights

\$ Millions	Q2 2019	Q1 2019	Q2 2018
Cash	\$58.1	\$69.9	\$54.1
Cash Provided by (Used in) Operations	\$(8.8)	\$4.2	\$9.9
Accounts Receivable	\$70.6	\$58.9	\$82.6
DSO	75	66	75
Inventories	\$27.7	\$29.3	\$23.0
Inventory Days	63	72	45
Backlog and Deferred Revenue	\$194.7	\$187.2	\$230.4

# Comcast Agreement: Preliminary Financial Expectations



## Revenue

- Software license revenue of \$175 million
  - Net of warrant vesting charge of ~\$20 million
  - ~\$155 million over a period of 4 years
- One time recognition of ~\$34 million in Q3

## Margin

- \$155 million revenue at 100% margin

## Cash flow

- Total cash flow expected \$175 million less credits
- \$50 million cash collection in 2019
- Remaining cash in 2020 to 2023

Expected Revenue Recognition*	Q3-19	Q4-19	2020 to 2023	Total (\$ million)
One time recognition	34	-	-	34
Over time recognition	2	6	113	121
Total	36	6	113	155

\*management estimates

## Q3 2019 Financial Guidance\*



\$ Millions (except EPS)	Q3 2019
Total Revenue	\$110 - \$120
Video Segment	\$63 - \$68
Cable Access Segment	\$47 - \$52
Gross Margin	64.0% - 66.5%
Operating Expenses	\$48 - \$50
Operating Income	\$20 - \$32
EPS	\$0.16 - \$0.26
Tax Rate	12%
Shares, millions	101.5
Cash	\$65 - \$75

\* Non-GAAP

# Q4 2019 Financial Guidance\*



\$ Millions (except EPS)	Q4 2019
Total Revenue	\$100 - \$110
Video Segment	\$70 - \$75
Cable Access Segment	\$30 - \$35
Gross Margin	51.0% - 52.5%
Operating Expenses	\$48 - \$50
Operating Income	\$1- \$10
EPS	\$(0.01) - \$0.07
Tax Rate	12%
Shares, millions	90.3 - 102.3
Cash	\$90 - \$100

\* Non-GAAP



# Full Year 2019 Financial Guidance\*



\$ Millions (except EPS)	Updated Guidance	Prior Guidance
Total Revenue	\$375 - \$395	\$385 - \$430
Video Segment	\$272 - \$282	\$285 - \$300
Cable Access Segment	\$103 - \$113	\$100 - \$130
Gross Margin	56.0% - 57.5%	50.0% - 53.5%
Operating Expenses	\$192 - \$196	\$195 - \$205
Operating Income	\$15 - \$35	\$(12.5) - \$34.6
EPS	\$0.07 - \$0.26	\$(0.19) - \$0.27
Tax Rate	12%	12%
Shares, millions (basic, diluted)	96.5	89.3 - 91.0
Cash	\$90 - \$100	\$65 - \$85

\* Non-GAAP

**Narrowed Revenue ranges.  
Improved Gross Margin, Operating Expense, EPS and Cash ranges.**



## Appendix

harmonic

# 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, 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, 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, gain (loss) on equity investments and adjustments that normalize the tax rate.

## Q2 2019 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Three months ended June 28, 2019

	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating Expense, net	Net Loss
<b>GAAP</b>	\$ 84,865	\$ 43,928	\$ 51,692	\$ (7,764)	\$ (3,384)	\$ (11,845)
Accounting impact related to warrant amortization	23	23	—	23	—	23
Stock-based compensation	—	193	(2,317)	2,510	—	2,510
Amortization of intangibles	—	1,295	(784)	2,079	—	2,079
Restructuring and related charges	—	91	(277)	368	—	368
Non-cash interest expenses related to convertible notes	—	—	—	—	1,656	1,656
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,238
<b>Total adjustments</b>	\$ 23	\$ 1,602	\$ (3,378)	\$ 4,980	\$ 1,656	\$ 7,874
<b>Non-GAAP</b>	\$ 84,888	\$ 45,530	\$ 48,314	\$ (2,784)	\$ (1,728)	\$ (3,971)
<i>As a % of revenue (GAAP)</i>		51.8%	60.9%	(9.1)%	(4.0)%	(14.0)%
<i>As a % of revenue (Non-GAAP)</i>		53.6%	56.9%	(3.3)%	(2.0)%	(4.7)%
<b>Diluted net loss per share:</b>						
Diluted net loss per share-GAAP						\$ (0.13)
Diluted net loss per share-Non-GAAP						\$ (0.04)
<b>Shares used to compute diluted net loss per share:</b>						
GAAP and Non-GAAP						88,931

# Q1 2019 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Three months ended March 29, 2019

	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating Expense, net	Net Loss
<b>GAAP</b>	\$ 80,106	\$ 41,849	\$ 50,257	\$ (8,408)	\$ (3,217)	\$ (11,306)
Accounting impact related to warrant amortization	25	25	—	25	—	25
Stock-based compensation	—	225	(1,888)	2,113	—	2,113
Amortization of intangibles	—	1,295	(788)	2,083	—	2,083
Restructuring and related charges	—	301	(57)	358	—	358
Non-cash interest expenses related to convertible notes	—	—	—	—	1,606	1,606
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	334
<b>Total adjustments</b>	\$ 25	\$ 1,846	\$ (2,733)	\$ 4,579	\$ 1,606	\$ 6,519
<b>Non-GAAP</b>	\$ 80,131	\$ 43,695	\$ 47,524	\$ (3,829)	\$ (1,611)	\$ (4,787)
<i>As a % of revenue (GAAP)</i>		52.2%	62.7%	(10.5)%	(4.0)%	(14.1)%
<i>As a % of revenue (Non-GAAP)</i>		54.5%	59.3%	(4.8)%	(2.0)%	(6.0)%

## Diluted net loss per share:

Diluted net loss per share-GAAP	\$ (0.13)
Diluted net loss per share-Non-GAAP	\$ (0.05)

## Shares used to compute diluted net loss per share:

GAAP and Non-GAAP	88,165
-------------------	--------



## Q2 2018 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Three months ended June 29, 2018

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating Expense, net	Net Income (Loss)
<b>GAAP</b>	\$ 99,160	\$ 51,603	\$ 50,961	\$ 642	\$ (2,664)	\$ (2,913)
Accounting impact related to warrant amortization	284	284	—	284	—	284
Stock-based compensation	—	448	(2,564)	3,012	—	3,012
Amortization of intangibles	—	1,295	(800)	2,095	—	2,095
Restructuring and related charges	—	115	(631)	746	—	746
Gain on equity investments	—	—	—	—	(183)	(183)
Non-cash interest expenses related to convertible notes	—	—	—	—	1,501	1,501
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	22
<b>Total adjustments</b>	<b>\$ 284</b>	<b>\$ 2,142</b>	<b>\$ (3,995)</b>	<b>\$ 6,137</b>	<b>\$ 1,318</b>	<b>\$ 7,477</b>
<b>Non-GAAP</b>	<b>\$ 99,444</b>	<b>\$ 53,745</b>	<b>\$ 46,966</b>	<b>\$ 6,779</b>	<b>\$ (1,346)</b>	<b>\$ 4,564</b>
<i>As a % of revenue (GAAP)</i>		<i>52.0%</i>	<i>51.4%</i>	<i>0.6 %</i>	<i>(2.7)%</i>	<i>(2.9)%</i>
<i>As a % of revenue (Non-GAAP)</i>		<i>54.0%</i>	<i>47.2%</i>	<i>6.8 %</i>	<i>(1.4)%</i>	<i>4.6 %</i>
<b>Diluted net income (loss) per share:</b>						
Diluted net loss per share-GAAP						<b>\$ (0.03)</b>
Diluted net income per share-Non-GAAP						<b>\$ 0.05</b>
<b>Shares used to compute diluted net income (loss) per share:</b>						
GAAP						<b>85,304</b>
Non-GAAP						<b>85,758</b>

# YTD Q2 2019 GAAP to Non-GAAP Reconciliations

(in thousands, except EPS and percentages)



Six months ended June 28, 2019

	Revenue	Gross Profit	Total Operating Expense	Loss from Operations	Total Non-operating Expense	Net Loss
<b>GAAP</b>	\$ 164,971	\$ 85,777	\$ 101,949	\$ (16,172)	\$ (6,601)	\$ (23,151)
Accounting impact related to warrant amortization	48	48	—	48	—	48
Stock-based compensation	—	418	(4,205)	4,623	—	4,623
Amortization of intangibles	—	2,590	(1,572)	4,162	—	4,162
Restructuring and related charges	—	392	(334)	726	—	726
Non-cash interest expenses related to convertible notes	—	—	—	—	3,262	3,262
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,572
<b>Total adjustments</b>	<b>\$ 48</b>	<b>\$ 3,448</b>	<b>\$ (6,111)</b>	<b>\$ 9,559</b>	<b>\$ 3,262</b>	<b>\$ 14,393</b>
<b>Non-GAAP</b>	<b>\$ 165,019</b>	<b>\$ 89,225</b>	<b>\$ 95,838</b>	<b>\$ (6,613)</b>	<b>\$ (3,339)</b>	<b>\$ (8,758)</b>
<i>As a % of revenue (GAAP)</i>		52.0%	61.8%	(9.8)%	(4.0)%	(14.0)%
<i>As a % of revenue (Non-GAAP)</i>		54.1%	58.1%	(4.0)%	(2.0)%	(5.3)%
<b>Diluted net loss per share:</b>						
Diluted net loss per share-GAAP						\$ (0.26)
Diluted net loss per share-Non-GAAP						\$ (0.10)
<b>Shares used to compute diluted net loss per share:</b>						
GAAP and Non-GAAP						88,554

# YTD Q2 2018 GAAP to Non-GAAP Reconciliations (in thousands, except EPS and percentages)



Six months ended June 29, 2018

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense	Net Income (Loss)
<b>GAAP</b>	\$ 189,287	\$ 98,786	\$ 107,471	\$ (8,685)	\$ (5,953)	\$ (16,607)
Accounting impact related to warrant amortization	395	395	—	395	—	395
Stock-based compensation	—	963	(7,806)	8,769	—	8,769
Amortization of intangibles	—	2,590	(1,604)	4,194	—	4,194
Restructuring and related charges	—	877	(1,717)	2,594	—	2,594
Gain on equity investments	—	—	—	—	(183)	(183)
Non-cash interest expenses related to convertible notes	—	—	—	—	2,955	2,955
Avoid litigation settlement and associated legal fees	—	—	6	(6)	—	(6)
Discrete tax items and tax effect of non-GAAP adjustments	—	—	—	—	—	1,316
<b>Total adjustments</b>	\$ 395	\$ 4,825	\$ (11,121)	\$ 15,946	\$ 2,772	\$ 20,034
<b>Non-GAAP</b>	\$ 189,682	\$ 103,611	\$ 96,350	\$ 7,261	\$ (3,181)	\$ 3,427
<i>As a % of revenue (GAAP)</i>		52.2%	56.8%	(4.6)%	(3.1)%	(8.8)%
<i>As a % of revenue (Non-GAAP)</i>		54.6%	50.8%	3.8 %	(1.7)%	1.8 %
<b>Diluted net income (loss) per share:</b>						
Diluted net loss per share-GAAP						\$ (0.20)
Diluted net income per share-Non-GAAP						\$ 0.04
<b>Shares used to compute diluted net income (loss) per share:</b>						
GAAP						84,616
GAAP and Non-GAAP						85,052

# Q3 2019 Guidance GAAP to Non-GAAP Reconciliations (in millions, except EPS and percentages)



## Q3 2019 Financial Guidance

	Revenue	Gross Profit	Total Operating Expense	Income from Operations	Total Non-operating Expense, net	Net Income
<b>GAAP</b>	\$110.0 to \$120.0	\$68.7 to \$78.1	\$53.3 to \$55.3	\$13.4 to \$24.8	\$(3.4)	\$9.2 to \$20.6
Stock-based compensation	—	0.4	(3.9)	4.3	—	4.3
Amortization of intangibles	—	1.3	(0.8)	2.1	—	2.1
Restructuring and related charges	—	—	(0.6)	0.6	—	0.6
Non-cash interest expense related to convertible notes	—	—	—	—	1.7	1.7
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$(2.8) to \$(1.4)
<b>Total adjustments</b>	—	1.7	(5.3)	7.0	1.7	\$5.9 to \$7.3
<b>Non-GAAP</b>	\$110.0 to \$120.0	\$70.4 to \$79.8	\$48.0 to \$50.0	\$20.4 to \$31.8	\$(1.7)	\$16.5 to \$26.5
<i>As a % of revenue (GAAP)</i>		62.5% to 65.1%	44.4% to 50.3%	12.2% to 20.7%	(3.0)%	8.4% to 17.2%
<i>As a % of revenue (Non-GAAP)</i>		64.0% to 66.5%	40.0% to 45.5%	18.5% to 26.5%	(1.5)%	15.0% to 22.1%
<b>Diluted net income per share:</b>						
Diluted net income per share-GAAP					\$0.09 to \$0.20	
Diluted net income per share-Non-GAAP					\$0.16 to \$0.26	
<b>Shares used to compute diluted net income per share:</b>						
GAAP and Non-GAAP					101.5	

# Q4 2019 Guidance GAAP to Non-GAAP Reconciliations (in millions, except EPS and percentages)



## Q4 2019 Financial Guidance

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
<b>GAAP</b>	\$100.0 to \$110.0	\$49.4 to \$56.2	\$52.1 to \$54.1	\$(4.7) to \$4.1	\$(3.4)	\$(8.9) to \$(0.2)
Stock-based compensation	—	0.3	(3.2)	3.5	—	3.5
Amortization of intangibles	—	1.3	(0.8)	2.1	—	2.1
Restructuring and related charges	—	—	(0.1)	0.1	—	0.1
Non-cash interest expense related to convertible notes	—	—	—	—	1.7	1.7
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$(0.2) to \$0.9
<b>Total adjustments</b>	—	1.6	(4.1)	5.7	1.7	\$7.2 to \$8.3
<b>Non-GAAP</b>	\$100.0 to \$110.0	\$51.0 to \$57.8	\$48.0 to \$50.0	\$1.0 to \$9.8	\$(1.7)	\$(0.6) to \$7.1
<i>As a % of revenue (GAAP)</i>		49.4% to 51.0%	47.4% to 54.1%	(4.7)% to 3.7%	(3.0)%	(8.9)% to (0.1)%
<i>As a % of revenue (Non-GAAP)</i>		51.0% to 52.5%	43.6% to 50.0%	1.0% to 8.9%	(1.5)%	(0.6)% to 6.4%
<b>Diluted net loss per share:</b>						
Diluted net loss per share-GAAP						\$(0.10) to \$0.00
Diluted net loss per share-Non-GAAP						\$(0.01) to \$0.07
<b>Shares used to compute diluted net loss per share:</b>						
GAAP and Non-GAAP						90.3
<b>Shares used to compute diluted net income per share:</b>						
Non-GAAP						102.3

# 2019 Guidance GAAP to Non-GAAP Reconciliations (in millions, except EPS and percentages)



## 2019 Financial Guidance

	Revenue	Gross Profit	Total Operating Expense	Income (Loss) from Operations	Total Non-operating Expense, net	Net Income (Loss)
<b>GAAP</b>	\$375.0 to \$395.0	\$203.9 to \$220.1	\$207.5 to \$211.5	\$(7.5) to \$12.7	\$(13.4)	\$(23.0) to \$(2.8)
Stock-based compensation	—	1.1	(11.4)	12.5	—	12.5
Amortization of intangibles	—	5.2	(3.2)	8.4	—	8.4
Restructuring and related charges	—	0.4	(1.0)	1.4	—	1.4
Non-cash interest expense related to convertible notes	—	—	—	—	6.7	6.7
Tax effect of non-GAAP adjustments	—	—	—	—	—	\$(1.3) to \$1.1
<b>Total adjustments</b>	—	6.7	(15.6)	22.3	6.7	\$27.7 to \$30.1
<b>Non-GAAP</b>	\$375.0 to \$395.0	\$210.6 to \$226.8	\$191.8 to \$195.9	\$14.8 to \$35.0	\$(6.7)	\$7.1 to \$24.9
<i>As a % of revenue (GAAP)</i>		54.4% to 55.7%	52.5% to 56.4%	(2.0)% to 3.2%	(3.5)%	(6.1)% to (0.7)%
<i>As a % of revenue (Non-GAAP)</i>		56.2% to 57.4%	48.6% to 52.2%	3.9% to 8.9%	(1.8)%	1.9% to 6.3%
<b>Diluted net income (loss) per share:</b>						
Diluted net loss per share-GAAP					\$(0.26) to \$(0.03)	
Diluted net income per share-Non-GAAP					\$0.07 to \$0.26	
<b>Shares used to compute diluted net loss per share:</b>						
GAAP					89.8	
<b>Shares used to compute diluted net income per share:</b>						
Non-GAAP					96.5	



**Thank You**

harmonic<sup>®</sup>

