First Quarter 2016 Earnings Conference Call

May 4, 2016

Safe Harbor

Forward-Looking Statements

Statements in this presentation, including those related to expected revenues and net income, gross margins, operating expenses, income taxes, the general outlook for 2016 and beyond, the impacts of the Pace integration, acceptance of certain ARRIS products, the impact of proposed regulatory changes, including by the FCC and IRS, and industry trends, are forward-looking statements. These statements involve risks and uncertainties that may cause actual results to differ materially from those set forth in these statements. Among other things, projected results are based on preliminary estimates, assumptions and projections that management believes to be reasonable at this time, but are largely beyond management's control; ARRIS may fail to realize the expected benefits of the Pace acquisition and may incur significant transaction costs and/or unknown liabilities; the strengthening U.S. Dollar may adversely impact our international customer's ability or willingness to purchase products and the pricing of our products; regulatory changes, including changes in tax laws and proposed set-top box regulations by the FCC could negatively affect our business and/or results from operations; ARRIS is dependent upon customer decisions to purchase the Company's products - these decisions can be deferred and customers also may select competitor products; and because the market in which ARRIS operates is volatile and actions taken and contemplated may not achieve the desired impact. Other factors that could cause results to differ materially from current expectations include: the uncertain current global economic climate and financial markets, and their impact on our customers' plans and access to capital; the impact of rapidly changing technologies; the impact of competition on product development and pricing; rights to intellectual property and the current trend toward increasing patent litigation, and the adoption of industry standards; possible acquisitions and dispositions; the impact of pending M&A transactions within both the customer and supplier base, including the acquisition of Time Warner by Charter, and the proposed acquisition of Cablevision by Altice. These factors are not intended to be an all-encompassing list of risks and uncertainties that may affect the Company's business. Additional information regarding these and other factors can be found in ARRIS' reports filed with the Securities and Exchange Commission, including the ARRIS International Annual Report on Form 10-K for the period ended December 31, 2015. In providing forward-looking statements, the Company expressly disclaims any obligation to update publicly or otherwise these statements, whether as a result of new information, future events or otherwise, except as required by law.

Q1 2016 Earnings Call Agenda

Introduction – Bob Stanzione

Financial Highlights – David Potts

Customer Premises Equipment Review – Larry Robinson

Network & Cloud Review – Bruce McClelland

Business Outlook – Bob Stanzione

First Quarter 2016 Highlights

BOB STANZIONE
Chairman & CEO

Q1 2016 Results

- Revenues of $1.615B up 32.9% year-over-year, up 46.6% sequentially
- Non-GAAP earnings of $0.47* per share, up from the prior year of $0.44 and down from $0.62 in the prior quarter (GAAP EPS of $(1.06)*)
- International sales of $393.7M, represented 24.4% of Q1 sales
- Book to bill rate of 1.24, Backlog of $1,335M
- Non-GAAP tax rate of 24%
- Repurchased 6.4M shares
- Restructuring activities on track to meet targets

Completed the acquisition of Pace plc

**See reconciliation of GAAP to Non-GAAP measures.*

First Quarter 2016 Financial Highlights

DAVE POTTS
Chief Financial Officer

Financial Highlights – Q1 2016 (preliminary & unaudited)

	Q1 2015	Q4 2015	Q1 2016
Sales - $M	1,215.2	1,101.7	1,614.7
Gross Margin - $M	336.6	358.7	383.9
Gross Margin - %	27.7%	32.6%	23.8%
Direct Contribution(1)	103.8	117.6	102.3
EPS - GAAP	0.13	0.20	(1.06)
Adjusted EPS - Non-GAAP	0.44	0.62	0.47
Cash, ST & LT Marketable Securities - $M	631.6	879.1	676.2
Cash Provided by Operating Activities - $M	(63.3)	127.4	(224.8)
Debt Repayment - $M	13.8	12.4	252.6
Share Repurchase - $M	25.0	-	150.00
Short-term Bank Debt -$M	74.0	42.9	81.9
Long-term Bank Debt -$M	1,430.4	1,438.2	2,184.2
Weighted average common shares - basic - M	145.4	147.1	191.7
Weighted average common shares - diluted - M	149.0	149.8	193.6
Backlog - $M	725.7	715.8	1,335.1
Book-to-Bill	1.08	1.14	1.24

(1) Defined as gross margin less direct operating expenses, excluding amortization of intangible assets, restructuring charges, acquisition, integration and other costs.

See GAAP to Non GAAP Reconciliation

Significant Items Impacting Q1 2016 Earnings

- Restructuring costs - $51M
- Integration and acquisition costs - $40M
- Withholding tax - $55M
- Purchase accounting treatment of Pace inventory - $30M
- Foreign exchange loss - $12M

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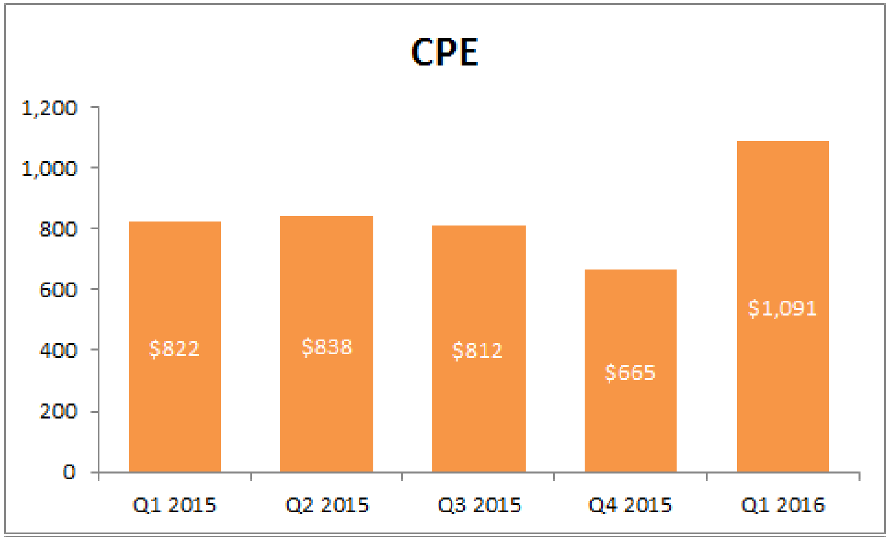
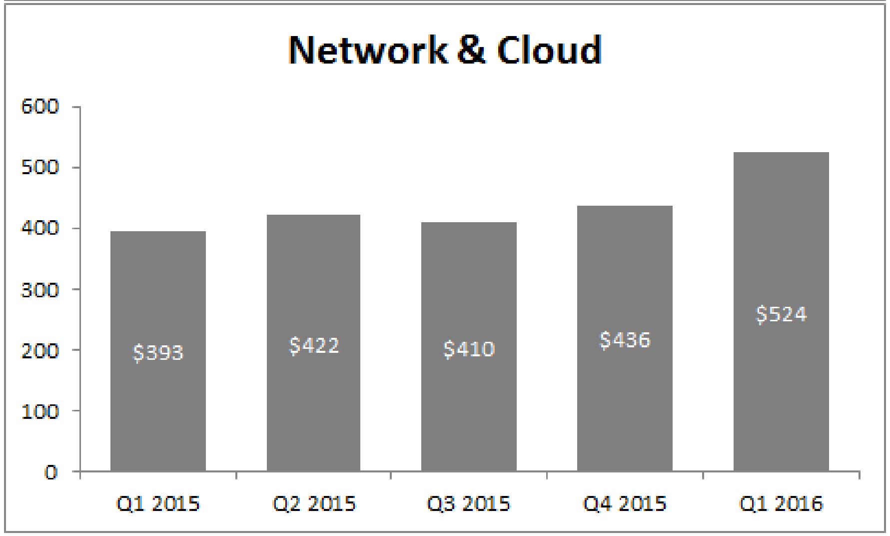
See GAAP to Non GAAP Reconciliation

Sales $M – Q1 2016 (preliminary & unaudited)





	Q1 2016	% of Sales
Domestic Sales	1,221	76%
International Sales	394	24%

	Q1 2016	% of Sales
Total of three customers greater than 10%	840	52%

Sales and Direct Contribution by Segment (preliminary & unaudited)

($M)

	Q1 2016			
	Network & Cloud	**CPE**	**Corp/ Other**	**Total**
Net Sales	524.2	1,090.8	(0.3)	1,614.7
Non GAAP Adjustments	-	-	-	-
Adjusted Net Sales	524.2	1,090.8	(0.3)	1,614.7
Direct Contribution (1)	157.0	132.0	(186.7)	102.3
Non GAAP Adjustments (2)	-	-	44.6	44.6
Adjusted Direct Contribution	157.0	132.0	(142.1)	146.8

See GAAP to Non GAAP Reconciliation

(1) Defined as gross margin less direct operating expenses, excluding amortization of intangible assets, restructuring charges, acquisition, integration and other costs.

(2) Stock compensation expense and adjustments related to the acquisition accounting impacts.

Operating Expenses – Q1 2016 (preliminary & unaudited)

$M		Qtr 1 2015	Qtr 2 2015	Qtr 3 2015	Qtr 4 2015	Qtr 1 2016
R&D	$M	132.5	136.3	132.2	133.2	161.5
	% of Sales	10.9%	10.8%	10.8%	12.1%	10.0%
SG&A	$M	100.3	107.2	101.7	107.9	120.2
	% of Sales	8.3%	8.5%	8.3%	9.8%	7.4%
Operating Expenses	$M	232.8	243.5	233.9	241.1	281.6
	% of Sales	19.2%	19.3%	19.1%	21.9%	17.4%
Integration, Acquisition & Other Costs	$M	0.9	11.7	7.4	8.3	39.9
	% of Sales	0.1%	0.9%	0.6%	0.8%	2.5%
Restructuring costs	$M	(0.0)	0.9	0.2	0.0	51.0
	% of Sales	0.0%	0.1%	0.0%	0.0%	3.2%
Amortization of Intangibles	$M	57.1	56.8	57.1	56.4	98.5
	% of Sales	4.7%	4.5%	4.7%	5.1%	6.1%
Total	$M	290.8	312.8	298.6	305.8	471.1
	% of Sales	23.9%	24.8%	24.4%	27.8%	29.2%
Equity Compensation Expense Included		12.2	14.1	14.0	15.4	12.0

Effective Tax Rate (preliminary & unaudited)

- GAAP Tax rate of -72%
  - Includes $55M of withholding tax related to the Pace acquisition.
- Non-GAAP Tax rate of ~24%
  - R&D tax credit
  - Intercompany leverage
  - Mix of multiple jurisdictions
- Anticipate additional cash taxes in 2016 of approximately $40M

Cash & Cash Flow Highlights Q1 2016 (preliminary & unaudited)

	$M
Cash, short term and long term marketable securities	676.2
Key Operating Activities:	
Net loss including adjustments	(101.9)
Changes in other operating assets and liabilities	(122.9)
	(224.8)
Key Investing Activities:	
Purchase of property, plant & equipment	(9.1)
Acquisitions net of cash acquired of $298M	(340.1)
Key Financing Activities:	
Proceeds from issuance of debt	800.0
Payments of debt obligations	(252.6)
Repurchase of ordinary shares	(150.0)
Cash to satisfy tax withholdings on employee share awards	(14.0)

Q2 2016 Guidance (preliminary & unaudited)

	Q2 2016
Sales - $M	1,675 - 1,725
EPS - GAAP (1)	$ 0.09 - $ 0.14
Adjusted EPS - Non-GAAP	$ 0.65 - $ 0.70
Non-GAAP Tax Rate	24%
Shares	192 M

(1) See reconciliation of GAAP to Non GAAP

Customer Premises Equipment Review

LARRY ROBINSON
President, Customer Premises Equipment

Q1 2016 Customer Premises Equipment Highlights

- **Q1 2016 Segment Results**
  - Sales increased 64% as compared to prior quarter results & 33% versus Q1 2015 driven by the acquisition of Pace
  - Solidified CPE leadership position
    - Expanded both video & broadband product portfolios
  - Sequential DOI results reflect integration of Pace portfolio, international currency pressure & new product transitions
  - CPE Product team integration efforts progressing well. Go forward product roadmaps and plans established

Q1 2016 Customer Premises Equipment Highlights

- **Broadband CPE**
  - Broadband device & accessory volumes (DOCSIS & DSL) increased 55% sequentially and 39% as compared to Q1 2015
  - 80% of broadband devices shipped during Q1 2016 were Wi-Fi enabled
  - Continued robust DOCSIS demand. Accelerating interest in DOCSIS 3.1 platforms; Executed contract with Tier 1 international customer
  - Improved DSL momentum throughout the quarter (392% increase vs Q4'15)
  - Introduced SURFboard® Home Networking with RipCurrent™ G.hn Technology
- **Video CPE**
  - Video volumes increased 71% sequentially & increased 29% as compared to Q1 2015
  - Strong development pipeline of next generation platforms – 4k capable devices, wireless clients, multiple-CAS capabilities
  - Next generation digital set top (DCX4220) approved for CALA deployments
  - Multiple international set top wins including cable and satellite platforms

Strong Market in Both Video & Broadband Technologies

Network & Cloud Review

BRUCE McCLELLAND,
President, Network and Cloud

Network & Cloud Highlights

ARRIS

Q1 2016 Results:

- Continued momentum in organic CCAP and Access Technologies product lines, bolstered by addition of Pace Aurora HFC business
  - Sales up 20% and DOI up 2% QoQ (higher hardware mix)
  - Sales up 33% and DOI up 66% YoY
  - Strong bookings and backlog entering Q2 2016
  - Production capacity expansion underway in response to operator plans for sustained network construction
- Record level E6000 sales and shipments; higher mix of hardware QoQ

Network & Cloud Highlights

CMTS/CCAP:

- New record levels achieved in overall revenue as well as shipments of downstream and upstream channels, and software licenses
- General Availability of **DOCSIS3.1** downstream software upgrade
- Good progress on development of second generation of E6000 line cards including support for PON and Remote Phy Architectures

E6000™
ARRIS CCAP

Access Technologies:

- Excellent quarter with worldwide demand continuing to grow; strong book-to-bill and Q2 order backlog
- Combined business more than doubled YoY vs. ARRIS-only business
- Integration of ARRIS and Pace teams complete; portfolio strategy in place
- Increased investment in production capacity to increase output and reduce lead times
- Successful introduction of new OM6000 optical node platform

OM6000™
1.2GHz Optical Node

Network & Cloud Highlights

Video Systems:

- Launched new content distribution network with HBO with support for HEVC video compression and 4K Ultra HD video
- ME-7000 Video Processing platform software upgrade supports both main screen and multi-screen profiles from single converged platform

ARRIS Digital Satellite Receiver 7401

Cloud:

- Unique OTT "Local Now" streaming service launched with The Weather Channel to deliver localized content to 207 US markets

Global Services:

- Continued growth with major projects underway to increase broadband capacity, HFC construction, Managed Wi-FI and IP Video programs

Business Outlook

BOB STANZIONE
Chairman & CEO

Business Outlook

Q2 2016

- Strong near term momentum
- Network and Cloud supply chain capacity ramping to meet strong customer demand
- Improving International sales
- Synergies on track
  - Operating expense improvements substantially complete ending Q2
  - COGS improvements continuing throughout the year

2016

- Consolidation uncertainty diminishing… but still there
- Continued investments by service providers worldwide
- Launch of DOCSIS 3.1
- Improving North America Telco spend

Increased Confidence in 2016 Annual Guidance

Thank you

GAAP to adjusted Non-GAAP EPS guidance reconciliation

	Q2 2016 Guidance
Estimated GAAP EPS	$ 0.09 -$ 0.14
Reconciling Items (after tax):	
Amortization of Intangibles	0.39
Stock Compensation Expense	0.05
Acq accounting impacts related to Pace fair value of inventory	0.08
Acquisition and Other Costs	0.04
Subtotal	0.56
Estimated Adjusted (Non-GAAP) EPS	$ 0.65 -$ 0.70

GAAP EPS/adjusted EPS reconciliation Q1 2016 (preliminary & unaudited)

ARRIS

(in thousands, except per share data)	Q1 2015 Amount	Q1 2015 Per Diluted Share	Q4 2015 Amount	Q4 2015 Per Diluted Share	Q1 2016 Amount	Q1 2016 Per Diluted Share
Net income (loss) attributable to ARRIS International plc	$ 19,127	$ 0.13	$ 30,041	0.20	$ (202,573)	$ (1.06)
Highlighted items:						
Impacting gross margin:						
Stock compensation expense	1,791	0.01	2,219	0.01	2,239	0.01
Acquisition accounting impacts related to inventory valuation	-	-	-	-	30,292	0.16
Impacting operating expenses:						
Integration, acquisition and restructuring costs	898	0.01	8,281	0.06	90,919	0.47
Amortization of intangible assets	57,147	0.38	56,377	0.38	98,493	0.51
Stock compensation expense	12,183	0.08	15,443	0.10	12,037	0.06
Noncontrolling interest share of Non-GAAP adjustments	-	-	(1,357)	(0.01)	(776)	-
Impacting other (income) / expense:						
Recovery on previously impaired investment	-	-	(159)	-	-	-
Debt amendment fees	-	-	291	-	-	-
Credit facility - ticking fees	-	-	1,022	0.01	-	-
Foreign exchange contract losses related to cash consideration of Pace acquisition	-	-	13,699	0.09	1,610	0.01
Loss on sale of building	5,142	0.03		-	-	-
Impacting income tax expense:						
Foreign withholding tax	-	-	-	-	54,741	0.28
Net tax items	(30,533)	(0.20)	(32,363)	(0.22)	3,417	0.02
Total highlighted items	46,628	0.31	63,453	0.42	292,972	1.51
Net income excluding highlighted items	$ 65,755	$ 0.44	$ 93,494	$ 0.62	$ 90,399	$ 0.47
Weighted average common shares - basic		145,350		147,109		191,743
Weighted average common shares - diluted		148,986		149,842		193,591

Notes to GAAP/adjusted non-GAAP financial measures (preliminary & unaudited)

The Company reports its financial results in accordance with accounting principles generally accepted in the United States (“GAAP” or referred to herein as “reported”). However, management believes that certain non-GAAP financial measures provide management and other users with additional meaningful financial information that should be considered when assessing our ongoing performance. Our management regularly uses our supplemental non-GAAP financial measures internally to understand, manage and evaluate our business and make operating decisions. These non-GAAP measures are among the factors management uses in planning for and forecasting future periods. Non-GAAP financial measures should be viewed in addition to, and not as an alternative to, the Company’s reported results prepared in accordance with GAAP. Our non-GAAP financial measures reflect adjustments based on the following items, as well as the related income tax effects:

<u>Stock-Based Compensation Expense:</u> We have excluded the effect of stock-based compensation expenses in calculating our non-GAAP operating expenses and net income (loss) measures. Although stock-based compensation is a key incentive offered to our employees, we continue to evaluate our business performance excluding stock-based compensation expenses. We record non-cash compensation expense related to grants of restricted stock units. Depending upon the size, timing and the terms of the grants, the non-cash compensation expense may vary significantly but will recur in future periods.

<u>Acquisition Accounting Impacts Related to Inventory Valuation:</u> In connection with the accounting related to our acquisition, business combinations rules require the inventory be recorded at fair value on the opening balance sheet. This is different from historical cost. Essentially we are required to write the inventory up to end customer price less a reasonable margin as a distributor. We have excluded the resulting adjustments in inventory and cost of goods sold.

<u>Integration, Acquisition and Restructuring Costs:</u> We have excluded the effect of acquisition, integration, and other expenses and the effect of restructuring expenses in calculating our non-GAAP operating expenses and net income (loss) measures. We incurred expenses in connection with the ActiveVideo and the Pace acquisition, which we generally would not otherwise incur in the periods presented as part of our continuing operations. Acquisition and integration expenses consist of transaction costs, costs for transitional employees, other acquired employee related costs, and integration related outside services. Restructuring consists of employee severance and abandoned facilities. We believe it is useful to understand the effects of these items on our total operating expenses.

<u>Amortization of Intangible Assets:</u> We have excluded the effect of amortization of intangible assets in calculating our non-GAAP operating expenses and net income (loss) measures. Amortization of intangible assets is non-cash, and is inconsistent in amount and frequency and is significantly affected by the timing and size of our acquisitions. Investors should note that the use of intangible assets contributed to our revenues earned during the periods presented and will contribute to our future period revenues as well. Amortization of intangible assets will recur in future periods.

<u>Noncontrolling Interest share of Non-GAAP Adjustments:</u> The joint venture formed with Charter for the acquisition of ActiveVideo is accounted for by ARRIS under the consolidation method. As a result, the consolidated statement of operations include the revenues, expenses, and gains and losses of the noncontrolling interest. The amount of net income (loss) related to the noncontrolling interest are reported and presented separately in the consolidated statement of operations. We have excluded the noncontrolling share of any non GAAP adjusted measures recorded by the joint venture, as we believe it is useful to understand the effect of excluding this item when evaluating our ongoing performance.

Notes to GAAP/adjusted non-GAAP financial measures (preliminary & unaudited)

Impairment of Investment: We have excluded the effect of an other-than-temporary impairment of a cost method investment in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of this non-cash item in our other expense (income).

Debt Amendment Fees: In 2015, the Company amended its credit agreement. This debt modification allowed us to improve the terms and conditions of the credit agreement, extend the maturities of certain loan facilities, increase the amount of the revolving credit facility, and add a new term A-1 loan facility. We have excluded the effect of the associated fees in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of this item in our other expense (income).

Credit Facility - Ticking Fees: In connection with our acquisition of Pace, the cash portion of the consideration was funded through debt financing commitments. A ticking fee is a fee paid to our banks to compensate for the time lag between the commitment allocation on a loan and the actual funding. We have excluded the effect of the ticking fee in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of this item in our other expense (income).

Loss on Sale of Building: In the first quarter of 2015, the Company sold land and a building that qualified for sale-leaseback accounting and was classified as an operating lease. A loss has been recorded on the sale. We have excluded the effect of the loss on sale of property in calculating our non-GAAP financial measures. We believe it is useful to understand the effect of excluding this item when evaluating our ongoing performance.

Foreign Withholding Tax: In connection with our acquisition of Pace, ARRIS US Holdings, Inc. transferred shares of its subsidiary ARRIS Financing II Sarl to ARRIS International plc. Under U.S. tax law, based on the best available information, we believe the transfer constituted a deemed distribution from ARRIS U.S. Holdings Inc. to ARRIS International plc that is treated as a dividend for U.S. tax purposes. A deemed dividend of this type is subject to U.S. withholding tax to the extent of the current and accumulated earnings and profits (as computed for tax purposes) (“E&P”) of ARRIS U.S. Holdings Inc., which include the E&P of the former ARRIS Group, Inc. and subsidiaries through December 31, 2016. Accordingly, ARRIS U.S. Holdings Inc. remitted U.S. withholding tax in the amount of $55 million based upon its estimated E&P of $1.1 billion and the U.S. dividend withholding tax rate of 5 percent (as provided in Article 10 (Dividends) of the United Kingdom-United States Tax Treaty). We have excluded the withholding tax in calculating our non-GAAP financial measures.

Income Tax Expense (Benefit): We have excluded the tax effect of the non-GAAP items mentioned above. Additionally, we have excluded the effects of certain tax adjustments related to tax and legal restructuring, state valuation allowances, research and development tax credits and provision to return differences.