



[NASDAQ: UEIC]

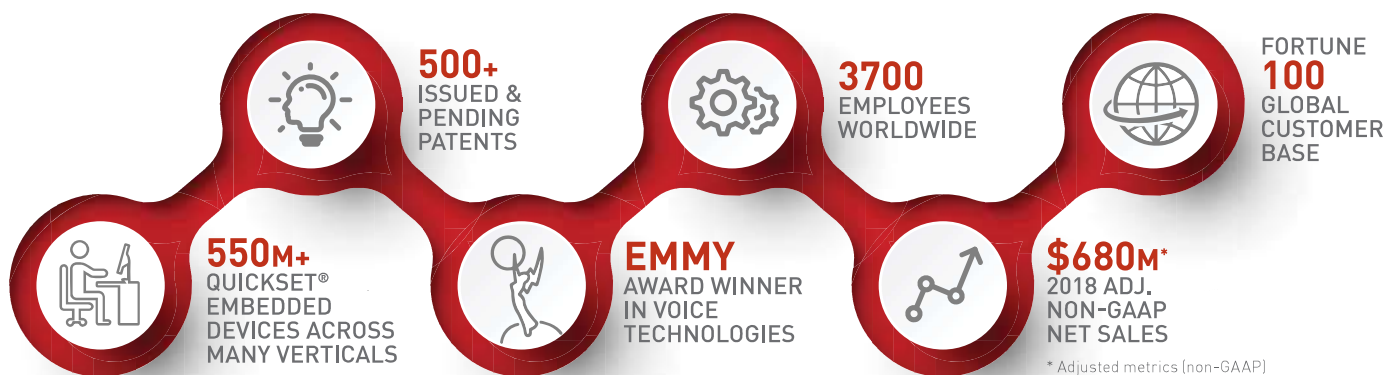
UEI PRODUCT AND TECHNOLOGY SOLUTIONS FORM THE FOUNDATION OF THE SMART HOME

Universal Electronics Inc. (UEI) is the worldwide leader in universal control and sensing technologies for the smart home. UEI's many first-to-market innovations help transform the entertainment control industry, while new investments allow us to offer a broad portfolio of smart home solutions.

UEI was founded in 1986 and is headquartered in Scottsdale, Arizona. The company is vertically integrated with design, development, software, and R&D teams in Silicon Valley, Southern California and Suzhou, China, and manufacturing operations in China, Mexico, Brazil, and the Philippines.

AS OF 8/9/2019

MARKET CAP:	NASDAQ: UEIC \$643.7M
STOCK PRICE:	\$46.37
52 WEEK PRICE RANGE:	\$23.29-\$47.21
SHARES OUTSTANDING:	13.9M
PUBLIC FLOAT:	13.4M



Growing Market Opportunity

- Active in three smart home markets, entertainment control, safety & security and energy management, that represent over \$3B and a 20%+ 5 yr. CAGR
- Adjacent market product categories represent an additional \$5B to \$6B market potential

Market Share Leader with Strong Competitive Advantage in Global Entertainment Control

- Clear leadership position in intelligent AV control has given us the tactical competitive advantage to expand into Smart Home Automation and Control
- Largest RF technology portfolio, deploying tens of millions of advanced smart connectivity solutions featuring ZigBee® RF4CE, Bluetooth®, and Wi-Fi®
- UEI QuickSet® delivers the global industry standard for embedded and cloud-based software for device, app, and content discovery and control

Focus on Innovation

- Re-defining home entertainment, safety, and security through application of emerging technologies to solve everyday consumer frustrations
- Investing in growing the largest, most comprehensive, intellectual property portfolio in the industry

Leverage Core Technology Footprint

- Scalable cloud architecture to deliver automated discovery, set-up, and control of millions of AV, and a growing list of IoT devices worldwide
- Scale in low power RF design, development and manufacture that we are successfully translating to smart home controllers and sensor devices

Expand Customer and Industry Partnerships

- Deepen customer relationships and add new customers
- Grow in adjacent markets that are rapidly converting their product portfolios into smart IoT platforms



Smart Entertainment Control



Comfort & Convenience



Safety & Security



Energy Management



SUPERIOR OFFERINGS VALIDATED BY GLOBAL CUSTOMER BASE

Advanced, cloud-enabled products are capturing more opportunities and serving a wider array of customers than ever before. Leading companies across the world from broadband, cable, satellite, and telecom service providers to consumer electronics OEMs to new market entrants in home automation are partnering with UEI to develop their next generation products.



STRONG FINANCIAL POSITION & OPERATING MODEL PROVIDES FOUNDATION FOR GROWTH

Upgrading manufacturing footprint

- Expanding production for US products in Mexico to address recent China tariffs
- Adding new manufacturing partner in the Philippines to diversify production sources

Investing strategically to capture market expansion

- Streamlining corporate structure
- Increasing operational efficiency
- Moved corporate office to Arizona

Target operating model

- Grow net sales 5% to 10%
- Maintain relatively flat expenses
- Create substantial operating leverage

Cash & cash equivalents \$49.6M at June 30, 2019

ADJUSTED NON-GAAP*

(\$ in Ms, except EPS)	Q2 2019	Q2 2018
Net sales*	\$193.4	\$162.4
Gross margin*	25.2%	22.1%
Operating income*	\$15.8	\$4.6
Net income*	\$11.7	\$2.6
EPS*	\$0.83	\$0.18

GUIDANCE

(\$ in Ms, except EPS)	Q3 2019	Q3 2018
Net Sales*	\$188-\$198	\$182.7
EPS*	\$0.85-\$0.95	\$0.80

QUESTIONS?

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UNIVERSAL ELECTRONICS INC. (UEI) RECONCILIATION OF ADJUSTED GAAP TO NON-GAAP FINANCIAL RESULTS

(In thousands, except per share amounts) (Unaudited)

	Three Months Ended June 30	
	2019	2018
NET SALES		
Net sales - GAAP	\$ 193,896	\$ 162,523
U.S. tariffs on goods imported from China ⁽¹⁾	(730)	—
Stock-based compensation for performance-based warrants	236	(129)
Adjusted Non-GAAP net sales	<u>\$ 193,402</u>	<u>\$ 162,394</u>
GROSS MARGIN		
Gross margin - GAAP	17.5%	16.5%
U.S. tariffs on goods imported from China ⁽¹⁾	2.3%	— %
Stock-based compensation for performance-based warrants	0.1%	(0.1)%
Excess manufacturing overhead and factory transition costs ⁽²⁾	5.2%	5.6%
Adjustments to acquired tangible assets ⁽³⁾	0.1%	0.1%
Stock-based compensation expense	0.0%	0.0%
Amortization of acquired intangible assets	—%	— %
Adjusted Non-GAAP gross margin	<u>25.2%</u>	<u>22.1%</u>
OPERATING INCOME		
Gross margin - GAAP	\$ (3,926)	\$ (9,870)
U.S. tariffs on goods imported from China ⁽¹⁾	5,182	—
Stock-based compensation for performance-based warrants	236	(129)
Excess manufacturing overhead and factory transition costs ⁽²⁾	10,048	9,036
Adjustments to acquired tangible assets ⁽³⁾	120	158
Stock-based compensation expense	2,272	2,464
Amortization of acquired intangible assets	1,401	1,402
Change in contingent consideration	(56)	1,009
Employee related restructuring and other costs	506	554
Adjusted Non-GAAP operating income	<u>\$ 15,783</u>	<u>\$ 4,624</u>
Adjusted pro forma operating income as a percentage of net sales	8.2%	2.8%
NET INCOME		
Net income (loss) - GAAP	\$ (5,061)	\$ 22,659
U.S. tariffs on good imported from China ⁽¹⁾	5,182	—
Stock-based compensation for performance-based warrants	236	(129)
Excess manufacturing overhead and factory transition costs ⁽²⁾	10,048	9,036
Adjustments to acquired tangible assets ⁽³⁾	120	158
Stock-based compensation expense	2,272	2,464
Amortization of acquired intangible assets	1,401	1,402
Change in contingent consideration	(56)	1,009
Employee related restructuring and other related costs	506	554
Foreign currency (gain) loss	(54)	1,101
Gain on sale of Guangzhou factory	—	(36,978)
Income tax provision on adjustments	(2,910)	1,302
Other income tax adjustments ⁽⁴⁾	—	—
Adjusted Non-GAAP net income	<u>\$ 11,684</u>	<u>\$ 2,578</u>
DILUTED SHARES USED IN COMPUTING EARNINGS PER SHARE		
GAAP	13,863	14,158
Adjusted Non-GAAP	14,058	14,158
DILUTED EARNINGS (LOSS) PER SHARE		
Diluted earnings (loss) per share - GAAP	\$ (0.37)	\$ 1.60
Total adjustments	\$ 1.19	\$ (1.42)
Adjusted Non-GAAP diluted earnings per share	<u>\$ 0.83</u>	<u>\$ 0.18</u>

(1) INCLUDES INCREMENTAL REVENUES AND COSTS DIRECTLY ATTRIBUTABLE TO THE ADDITIONAL SECTION 301 U.S. TARIFFS IMPLEMENTED IN 2018 ON GOODS MANUFACTURED IN CHINA AND IMPORTED INTO THE U.S. AS WELL AS COSTS INCURRED FOR THE MOVEMENT OF FACTORY EQUIPMENT AND OTHER COSTS OF COUNTERMEASURES UNDERTAKEN BY THE COMPANY TO MODIFY ITS MANUFACTURING OPERATIONS AND SUPPLY CHAIN.

(2) THE THREE AND SIX MONTHS ENDED JUNE 30, 2019 INCLUDE EXCESS MANUFACTURING OVERHEAD COSTS INCURRED AS A RESULT OF EXPANDING OUR MANUFACTURING CAPACITY IN MEXICO AND TRANSITIONING CERTAIN OF OUR MANUFACTURING ACTIVITIES FROM CHINA TO MEXICO. IN ADDITION, INCLUDED ARE DIRECT MANUFACTURING INEFFICIENCIES INCURRED IN MEXICO AS WE WERE STILL IN A START-UP PHASE THROUGH THE SECOND QUARTER OF 2019. THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 INCLUDE EXCESS MANUFACTURING COSTS INCURRED RESULTING FROM FACTORY UNDERUTILIZATION ASSOCIATED WITH CEASING MANUFACTURING ACTIVITIES WHILE TRANSITIONING OUR ASIA OPERATIONS ONTO OUR NEW GLOBAL ERP SYSTEM, WHICH WENT LIVE IN ASIA IN APRIL 2018. ADDITIONALLY, THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 INCLUDE \$4.8 MILLION OF ASSET WRITE-DOWNS ASSOCIATED WITH THE CLOSURE AND SALE OF OUR GUANGZHOU FACTORY.

(3) CONSISTS OF DEPRECIATION RELATED TO THE MARK-UP FROM COST TO FAIR VALUE OF FIXED ASSETS ACQUIRED IN BUSINESS COMBINATIONS.

(4) THE SIX MONTHS ENDED JUNE 30, 2019 INCLUDES NET DEFERRED TAX ASSET ADJUSTMENTS RESULTING FROM A LOWER STATUTORY TAX RATE DUE TO TAX INCENTIVES AT ONE OF OUR CHINA FACTORIES.

This fact sheet may make "forward-looking statements" within the meaning of federal securities laws, including regarding net sales and earnings trends, estimates and assumptions. These statements are not guarantees of future performance and are subject to numerous risks and uncertainties, including those identified in the most recent annual report on Form 10-K and quarterly and periodic filings since then. The fact sheet has referenced Adjusted Non-GAAP information, including Adjusted Non-GAAP net sales, Adjusted Non-GAAP gross margin, Adjusted Non-GAAP net income, and Adjusted Non-GAAP diluted earnings per share. References to Adjusted Non-GAAP information are to non-GAAP measures. These measures are not in accordance with, or an alternative for, GAAP and may be different from non-GAAP measures used by other companies. The company's management believes that this presentation of Adjusted Non-GAAP financial information provides useful information to management and investors regarding certain additional financial and business trends relating to its financial condition and results of operations. In addition, management uses these measures for reviewing the financial results of the company and for budget planning purposes.



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