

Universal Electronics Inc. (NASDAQ: UEIC) is the worldwide leader in universal control and sensing technologies for the smart home. The company designs, develops, and manufactures innovative products used by the world's leading brands in the audio-video, subscription broadcasting, intelligent sensing and security, and connected device markets. Its broad portfolio of pending and current patents also includes the QuickSet® family of software and services that enable automatic discovery and seamless interaction with connected home devices, services and their content. With a global network of design and development services, UEI's many first-to-market innovations have helped transform the home entertainment control and home automation industries. More information is available at www.uei.com.

AS OF NOVEMBER 9, 2018

Nasdaq GS Symbol:

UEIC

Recent Price:

\$36.80

Shares Outstanding:

13.81 M

Fiscal Year-end:

Dec. 31

52 Week Price Range:

\$26.97 - \$56.35

Public Float:

13.29 M

LEADERSHIP THROUGH INNOVATION

 UEI continues to simplify the entertainment control experience across advanced pay-TV service provider, smart TV, and OTT platforms.



 Through focused investments, we are creating award-winning voice remote control technologies, and embedded and Cloud entertainment control that defines the consumer control experience for the industry.

- Our advanced control products give consumers the ability to speak to their set-top/streaming device to search for new shows and movies, and even to navigate smart TV browsers using a touchpad remote.
- In 2017 we received a Technology & Engineering Achievement Emmy® Award from The National Academy of Television Arts & Sciences (NATAS) for our work relating to voice navigation technologies for discovering and interacting with TV content.
- Our strong patent portfolio is a testament of our innovative spirit. We continue to make investments in intellectual property and technology innovation to maintain our leadership position in control and sensing solutions.
- We are the only complete end-to-end control system solution provider in the industry offering the largest product, technology, design and development services portfolio.

SOLID MARKET GROWTH OPPORTUNITIES

- The smart home is going mainstream. UEI's portfolio of low-power, two-way connected RF technologies lead the industry across entertainment, security, and home automation markets.
- QuickSet® and QuickSet Cloud™ are the industry standard for automatic discovery and set up of devices, services, and content for total entertainment system control. The technology is unmatched in the home entertainment industry
- and is deployed in over 450 million devices worldwide. QuickSet Cloud supports device connections at an annual run rate of more than 2 billion consumer transactions.
- With over 40 million voice-enabled remote controls deployed worldwide, UEI employs one of the most experienced entertainment control technology design and development teams in the industry.
- Current and near-term deployments include customers that represent nearly 30% (170M) of global subscribers in the markets we serve.
- Our portfolio of sensors and controllers for residential safety, security, automation, and entertainment represent an estimated \$5.3B market potential and a projected 5-year CAGR of +19%.

CONSISTANT GROWTH AND FINANCIAL PERFORMANCE

- Our strong customer relationships in multiple channels, markets, and regions combined with our experienced management team; sound financial performance; and quality products, services, and technologies position us as the global leader.
- UEI has maintained long-term success with a compound annual growth rate of 14% in earnings* over the last 15 years.
- In 2015, we acquired Ecolink Intelligent Technology and in 2017 RCS Technology, expanding our already robust portfolio into the growing home security, climate control, and energy management markets.

Solid financial performance:

- September 30, 2018 cash and cash equivalents of \$42.0 million.
- Reported Adjusted Non-GAAP* EPS of \$0.69 for Q3 2018.

VOICE REMOTES HAVE TAKEN HOLD

Entertainment voice control in the pay-TV service provider market is estimated to grow at a projected 5-year CAGR of 40% to over 140 M annual units by 2022. Our market share in this category is estimated at over 80%.



SELECT CUSTOMERS

JCOM Technicolor Arris Samsung Liberty Global Sharp TiVo **Charter Communications** Claro Mediacom **Shaw Communications** Toshiba SK Broadband **COMCAST** Microsoft Trane/Nexia

Cox Communications MultiChoice SKY UTC Fire & Security

DaikinOrangeSky BrasilVideotronDIRECTVPanasonicSonyVodafoneECHOSTARRingTata Sky

Fujitsu Rogers Cable

SUMMARY FINANCIALS

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

	THREE MONTHS ENDED		NINE MONTHS ENDED	
CONSOLIDATED INCOME STATEMENT	9/30/18	9/30/17	9/30/18	9/30/17
Net sales*	\$184,703	\$175,511	\$510,190	\$515,760
Gross profit*	43,587	46,151	125,890	135,596
Net income*	9,700	11,860	23,847	32,425
Earnings per share*	0.69	0.81	1.69	2.21
Weighted average common shares outstanding (diluted)	13,959	14,666	14,116	14,689
CONSOLIDATED BALANCE SHEET		AS OF:	9/30/18	12/31/17
Cash and cash equivalents			\$ 41,995	\$ 62,438
Total current assets			374,149	407,297
Total assets			560,969	608,430
Total liabilities			288,760	354,881
Stockholders' equity			272,209	253,549

^{*} Adjusted Non-GAAP Financial Measures

COMPANY CONTACTS

Paul Arling Chairman and CEO 714.918.9500

Bryan Hackworth Senior Vice President and CFO

INVESTOR RELATIONS CONTACT

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WORLDWIDE HEADQUARTERS

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REGIONAL HEADQUARTERS

UEI Hong Kong Private Ltd. 902-908, 9th Floor One Harbourfront 18 Tak Fung Street Hung Hom, Kowloon Hong Kong, China

REGIONAL HEADQUARTERS

Universal Electronics BV Colosseum 2 7521 PT, Enschede The Netherlands

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

(In thousands, except per share amounts) (Unaudited)		THREE MONTHS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
		2018	2017	2018	2017
NET SALES					
Net sales - GAAP	\$	182,717 \$	175,652 \$	509,938	\$ 514,638
Stock-based compensation for performance-based warrants		404	(141)	747	1,122
Adoption of ASC 606 (1)		1,842	_	2,942	_
U.S. tariffs on goods imported from China (2)		(399)	_	(399)	_
Constant currency adjustment (3)	<u></u>	139		(3,038)	_
Adjusted Non-GAAP net sales	<u>\$</u>	184,703 \$	175,511 \$	510,190	\$ 515,760
COST OF SALES					
Cost of sales - GAAP	\$	142,401 \$	132,582 \$	405,661	\$ 386,783
Adjustments to acquired tangible assets (4)		(158)	(466)	(474)	(1,023)
Stock-based compensation expense		(23)	(19)	(63)	(53)
Excess manufacturing overhead (5)		(3,336)	(2,700)	(13,925)	(5,468)
Amortization of acquired intangible assets		_	(37)	(37)	(75)
Adoption of ASC 606 ⁽¹⁾		2,025	_	2,767	_
U.S. tariffs on goods imported from China (2)		(1,084)	_	(1,084)	_
Constant currency adjustment (3)		1,291	_	(8,545)	_
Adjusted Non-GAAP cost of sales		141,116	129,360	384,300	380,164
Adjusted Non-GAAP gross profit	\$	43,587 \$	46,151 \$	125,890	\$ 135,596
NET INCOME					
Net income - GAAP	\$	959 \$	1,728 \$	23,031	\$ 6,531
Stock-based compensation for performance-based warrants		404	(141)	747	1,122
Adjustments to acquired tangible assets (4)		158	466	474	1,023
Excess manufacturing overhead (5)		3,336	2,700	13,925	5,468
Amortization of acquired intangible assets		1,400	1,432	4,238	4,146
Stock-based compensation expense		2,140	3,921	6,809	9,476
Employee related restructuring costs		272	524	384	7,008
Change in contingent consideration		300	2,300	558	3,200
Adoption of ASC 606 (1)		(218)	_	120	_
U.S. tariffs on goods imported from China (2)		885	_	885	_
Constant currency adjustment (2)		(1,472)	_	7,058	_
Foreign currency (gain) loss		2,308	312	4,014	340
Gain on sale of Guangzhou factory		_	_	(36,978)	_
Other		220	_	774	366
Income tax provision on adjustments		(1,686)	(1,921)	(1,661)	(7,173)
Other income tax adjustments (6)		694	539	(531)	918
Adjusted Non-GAAP net income	<u>\$</u>	9,700 \$	11,860 \$	23,847	\$ 32,425
DILUTED EARNINGS PER SHARE					
Diluted earnings per share - GAAP	\$	0.07 \$	0.12 \$	1.63	\$ 0.44
Total adjustments	\$	0.62 \$	-	0.06	\$ 1.77
Adjusted Non-GAAP diluted earnings per share	\$	0.69 \$		1.69	\$ 2.21

⁽¹⁾ REFLECTS THE IMPACT OF ADOPTING ASC 606, "REVENUE FROM CONTRACTS WITH CUSTOMERS", WHICH WAS ADOPTED ON A MODIFIED RETROSPECTIVE BASIS EFFECTIVE JANUARY 1, 2018.

In addition to reporting financial results in accordance with generally accepted accounting principles, or GAAP, the company provides Adjusted Non-GAAP information as additional information for its operating results. References to Adjusted Non-GAAP net sales, Adjusted Non-GAAP gross profit, Adjusted Non-GAAP net sales, Adjusted Non-GAAP met sales, Adjusted Non-GAAP measures. These measures are not in accordance with, or an adternative for, GAAP and may be different from non GAAP measures used by other companies. The own pany'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. In addition, certain statements made within this document may be "forward-looking" within the meaning of federal securities laws, and words and expressions reflecting something other than historical fact are included to identify forward-looking statements. These forward-looking statements involve a number of risks and uncertainties, including the company's ability to maintain and build its relationships with its customers; the company's ability to anticipate the needs and wants of its customers and timely develop and deliver products and technologies that will meet those needs and wants, the continued trend of the home entertainment industry in providing consumers with more advanced products and technologies; the continued development, growth and importance of our intellectual property and technologies; the continued growth of the home entertainment and global home control and security solutions markets; the effects that new and proposed tariffs may have on the company's costs and profitab

⁽²⁾ THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 INCLUDE INCREMENTAL REVENUES AND COSTS DIRECTLY ATTRIBUTABLE TO NEW U.S. TARIFFS ON GOODS MANUFACTURED IN CHINA AND IMPORTED INTO THE U.S. AS WELL AS COSTS INCURRED FOR THE MOVEMENT OF FACTORY EQUIPMENT, DUPLICATIVE LABOR EFFORTS AND OTHER COSTS OF COUNTERMEASURES UNDERTAKEN BY THE COMPANY TO MODIFY ITS MANUFACTURING OPERATIONS AND SUPPLY CHAIN IN RESPONSE TO THE NEW U.S. TARIFFS ON GOODS MANUFACTURED IN CHINA AND IMPORTED INTO THE U.S.

⁽³⁾ ADJUSTMENT TO REMOVE THE TRANSLATION IMPACT OF FLUCTUATIONS IN FOREIGN CURRENCY EXCHANGE RATES IN MATERIAL JURISDICTIONS ON SALES, COST OF SALES, AND OPERATING EXPENSES WHEREBY THE AVERAGE EXCHANGE RATES USED IN CURRENT PERIODS ARE ADJUSTED TO BE CONSISTENT WITH THE AVERAGE EXCHANGE RATES IN EFFECT DURING THE COMPARATIVE PRIOR PERIOD.

⁽⁴⁾ CONSISTS OF DEPRECIATION RELATED TO THE MARK-UP FROM COST TO FAIR VALUE OF FIXED ASSETS ACQUIRED IN BUSINESS COMBINATIONS AS WELL AS THE EFFECT OF FAIR VALUE ADJUSTMENTS TO INVENTORIES ACQUIRED IN BUSINESS COMBINATIONS THAT SOLD THROUGH DURING THE PERIOD.

⁽⁵⁾ THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 INCLUDE \$3.3 MILLION OF 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.
THE NINE MONTHS ENDED SEPTEMBER 30, 2018 ALSO INCLUDES \$5.8 MILLION OF COSTS INCURRED RESULTING FROM FACTORY UNDEBUTILIZATION ASSOCIATED WITH CEASING MANUFACTURING ACTIVITIES WHILE TRANSITIONING OUR ASIA OPERATIONS ONTO OUR NEW GLOBAL ERP SYSTEM, WHICH WENT LIVE
IN ASIA IN APRIL 2018, AS WELL AS \$4.8 MILLION OF ASSET WRITE-DOWNS ASSOCIATED WITH THE CLOSURE AND SALE OF OUR GUANGZHOU, CHINA FACTORY. THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2017 INCLUDE EXCESS MANUFACTURING COSTS INCURRED RESULTING FROM THE TRANSITION OF
MANUFACTURING ACTIVITIES FROM OUR GUANGZHOU FACTORY TO OUR OTHER CHINA FACTORIES.

⁽⁶⁾ THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2018 INCLUDE \$0.7 MILLION OF NET DEFERRED TAX ASSET ADJUSTMENTS RESULTING FROM A LOWER STATUTORY TAX RATE DUE TO TAX INCENTIVES AT ONE OF OUR CHINA FACTORIES. THE NINE MONTHS ENDED SEPTEMBER 30, 2017 INCLUDE THE TAX EFFECTS OF PROJECTED LOSSES THAT WERE TO BE INCURRED AS A RESULT OF THE SHUTDOWN OF OUR GLUMASCHULD AND TAY OF THE TAX EFFECTS OF PROJECTED LOSSES THAT WERE TO BE INCURRED AS A RESULT OF THE SHUTDOWN OF OUR GLUMASCHULD HAVE TO AND WHICH WOULD NOT PROVIDE FUTURE TAX SENTED DUE TO THAT ENTITY CEASING OPERATING FUTURE TAXABLE INCOME.