

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934

Date of Report: March 14, 2017  
(Date of earliest event reported)

**Turtle Beach Corporation**

(Exact name of registrant as specified in its charter)

Nevada  
(State or other jurisdiction of  
incorporation or organization)

001-35465  
(Commission File  
Number)

27-2767540  
(I.R.S. Employer  
Identification Number)

12220 Scripps Summit Drive, Suite 100  
San Diego, California 92131  
(Address of principal executive offices)

(888) 496-8001  
(Registrant's telephone number, including area code)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

**Item 7.01. Regulation FD Disclosure***Investor Presentation*

Certain information concerning our business and financial results can be currently accessed on our website, <http://corp.turtlebeach.com/investor-relations> under the heading “Investor Presentations.” Representatives of the Company expect to use this presentation, in whole or in part, and possibly with modifications, periodically in connection with conferences and presentations to investors, analysts and others. Portions of the presentation are attached hereto as Exhibit 99.1.

The investor presentation includes financial information not prepared in accordance with generally accepted accounting principles (“Non-GAAP Financial Measures”). A reconciliation of the Non-GAAP Financial Measures included in the presentation to financial information prepared in accordance with generally accepted accounting principles (“GAAP”), as required by Regulation G, appears in Appendix A to the presentation. The information contained in the presentation is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that it may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in the presentation or this report, although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information in this report is being furnished pursuant to Item 7.01 and shall not be deemed to be “filed” for purposes of Section 17 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

**Item 9.01 — Financial Statements and Exhibits****(d) Exhibits**

<b>Exhibit No.</b>	<b>Description</b>
99.1	Turtle Beach Corporation Investor Presentation

**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TURTLE BEACH CORPORATION

Date: March 14, 2017

By: \_\_\_\_\_

/S/ JOHN T. HANSON

**John T. Hanson**  
**Chief Financial Officer, Treasurer and Secretary**



**TURTLE BEACH**  
CORPORATION

CORPORATE PRESENTATION

NASDAQ: HEAR

MARCH 2017

## Forward-Looking Information

This presentation includes “forward-looking statements” within the meaning of the federal securities laws. These forward-looking statements are statements that are not historical facts including statements about our beliefs and expectations and statements, and may contain the words “may,” “could,” “would,” “should,” “believe,” “expect,” “anticipate,” “plan,” “estimate,” “target,” “project,” “intend,” “foresee,” “positioned” and similar expressions. There are a number of risks and uncertainties that could cause actual results to differ materially from the forward-looking statements made herein, including but not limited to, the application of quarter-end and year-end accounting procedures and adjustments, risks related to the Company’s liquidity and financial position, the substantial uncertainties inherent in the acceptance of existing and future products, the difficulty of commercializing and protecting new technology, the impact of competitive products and pricing, general business and economic conditions, risks associated with the expansion of our business including the implementation of any businesses we acquire, our indebtedness, the outcome of our previously announced *HyperSound* strategic review process, and the other factors discussed in our public filings, including the section entitled “Risk Factors” in our most recent Annual Report on Form 10-K and other periodic reports filed with the Securities and Exchange Commission (the “SEC”) and available on the SEC’s website, [www.sec.gov](http://www.sec.gov). Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Except as required by law, Turtle Beach Corporation (the “Company”) undertakes no obligation to publicly release any revision to its forward-looking statements to reflect events or circumstances after the date of this presentation. All of the forward-looking statements in this presentation are qualified by such cautionary statements, and subject to the protection of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. This presentation also contains trademarks and trade names that are property of their respective owners.

## Non-GAAP Financial Measures

This presentation contains certain financial measures, including adjusted EBITDA, non-GAAP earnings per share (“EPS”) and certain metrics presented on a “constant currency” basis that are not calculated under the standards or rules of U.S. GAAP, which are referred to as “non-GAAP financial measures.” These non-GAAP financial measures, as calculated by the Company, are not necessarily comparable to similarly titled measures reported by other companies. Additionally, these non-GAAP financial measures are not measurements of financial performance or liquidity under GAAP and should not be considered an alternative to the Company’s other financial information determined under GAAP. Management believes that these non-GAAP financial measures, when read in conjunction with the Company’s reported results, can provide useful supplemental information for investors analyzing period to period comparisons of the Company’s results. “Adjusted EBITDA” is defined by the Company as net income (loss) before interest, taxes, depreciation and amortization, stock-based compensation (non-cash), and certain special items that we believe are not representative of core operations. Constant currency revenue is measured by applying prior year currency exchange rates to current year results to exclude the impact of translation at different rates from period to period. Non-GAAP EPS is defined as EPS less \$1.46 per diluted share in year-to-date goodwill impairment charges, inventory reserves associated with the *HyperSound* restructuring, and other restructuring charges. The Adjusted EBITDA outlook for the first quarter and full year 2017 has not been reconciled with the Company’s net loss outlook for the same periods because of the variability, complexity and lack of visibility with respect to certain reconciling items between adjusted EBITDA and net loss, including other income (expense), provision for income taxes and stock-based compensation. These items cannot be reasonably and accurately predicted without the investment of undue time, cost and other resources and, accordingly, a reconciliation of the Company’s adjusted EBITDA outlook to its net loss outlook for such periods is not available without unreasonable effort. These reconciling items could be material to the Company’s actual results for such periods.

## Who We Are

- ▶ **Turtle Beach** is a premier audio innovation company with a 40-year legacy of creating new audio categories
- ▶ **Longstanding, #1 brand for gaming headsets** with 42% share of the U.S. market – 3x larger than next competitor<sup>1</sup>
- ▶ Disruptive, cutting-edge technologies and patents
- ▶ 270,000+ points of distribution across 42 countries
- ▶ Positioned for **significant profit growth** as major industry product cycle continues



1) Based on U.S. NPD market data, revenue share for 2016.

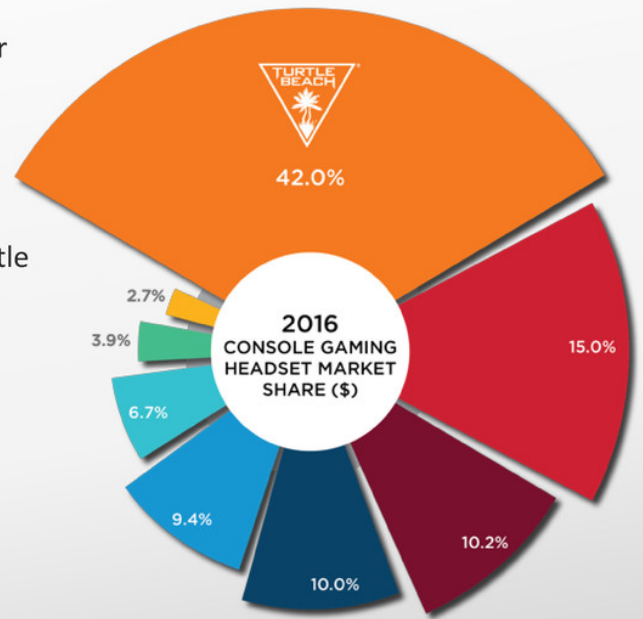
# \$96 Billion Global Gaming Opportunity in 2017



Source: DFC Intelligence Video Game Worldwide Market Forecast (October 2016).

## 2016 Data

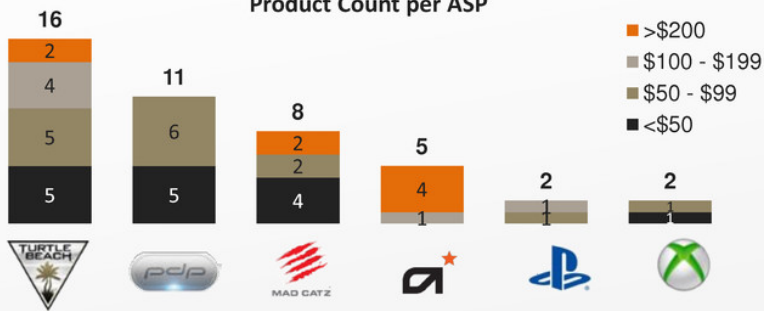
- ▶ **#1 gaming headset** provider for Xbox and PlayStation—by far
- ▶ **All 5 of the top 5** selling 3<sup>rd</sup> party headsets are Turtle Beach
- ▶ Our Recon 50X is the **highest-selling 3rd party headset** followed by XO1
- ▶ **5 of the top 10 sellers** overall (1<sup>st</sup> and 3<sup>rd</sup> party) are from Turtle Beach
- ▶ **Xbox One:**
  - ▶ 3 of the top 5 headsets
  - ▶ 4 of the top 5 3<sup>rd</sup> party headsets and the top selling 3<sup>rd</sup> party headset
- ▶ **PlayStation 4:**
  - ▶ 3 of the top 5 headsets
  - ▶ 4 of the top 5 3<sup>rd</sup> party headsets



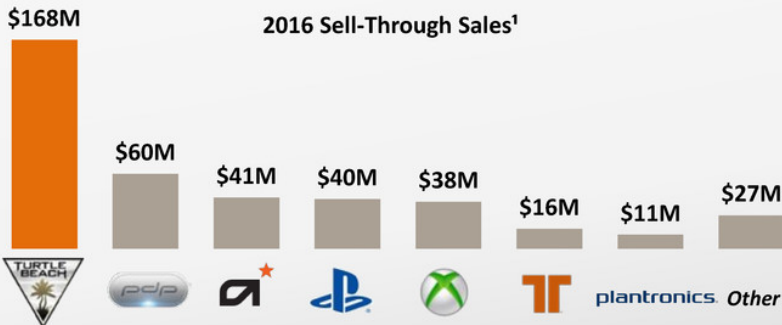


# Competitive Positioning & Brand Differentiators

Product Count per ASP




2016 Sell-Through Sales<sup>1</sup>



Source: The NPD Group, Video Games Update 01.12.17 (U.S. only)

- ▶ Best-in-class product offering catering to every level of gamer
- ▶ Technology-driven, robust innovation capabilities, impressive speed-to-market
  - ▶ Products continually evolve with gamer's needs at forefront
  - ▶ Strong patent portfolio to protect key innovations
- ▶ Unmatched brand equity with strong repurchase loyalty
- ▶ Dominant retail presence with enviable product placement across branded interactive displays
- ▶ Significant opportunity to continue taking market share and grow the category size on a global basis

# We Cover All Key Price Points – More Than Any Competitor

Retail ASP	<\$50		\$50 - \$99		\$100 - \$200		>\$200		TOTAL <sup>1</sup>
Console	PS4	Xbox One	PS4	Xbox One	PS4	Xbox One	PS4	Xbox One	
	Recon 60P Recon 50P P4c	Recon 50X Recon 30X	Stealth 400 S350VR PX24	XO4 Stealth XO1	Stealth 520 Elite Pro	Stealth 420X+ XO7 Pro	Elite 800	Elite 800X	16
Sony			Gold Wireless		Platinum Wireless				2
Microsoft		XB1 Chat		XB1 Stereo					2
Astro					A40+M80		A40 + MixAmp A50	A40 + MixAmp A50	5
PDP	LVL 3 LVL 1 Afterglow BT	LVL 3 LVL 1	AG 9+ LVL 5+ Sound of Justice	AG 9+ LVL 5+ Sound of Justice					11
Mad Catz	Kaiken Headcomm pro Kama	Kama	ARK100	ARK 100			ARK300	ARK300	8

1) Table reflects competitive data as of November 2016.

# Turtle Beach has Differentiated Technology...

*Bolded and Italicized Text = Turtle Beach First Mover Advantage*

## **Superhuman Hearing™**

*Hear every single thing around you, from enemy footsteps to distant vehicles to weapon reloads.*

## **ProSpecs™ Glasses Relief System**

*Ear pads with pressure-release technology that provides relief for gamers who wear glasses. (Not on pictured headset.)*

## **Active Noise Cancellation**

*Silence unwanted background sound for an immersive listening experience.*

## **Boomless Mic**

*Hidden, high-quality noise-cancelling microphones.*

## **Bluetooth**

*Bluetooth integration allows you to take phone calls with your headset while playing.*

## **Bass Boost**

*Bass boost enhances deep rumbling sounds in games.*



## **DTS Headphone:X 7.1 Surround**

*Superior surround sound that adds a height dimension, recreating the sound in your environment.*

## **Mic Monitoring**

*Allows gamers to hear their voice within the headset so they know how loud they are speaking.*

## **Dynamic Chat Boost™**

*Chat volume increases as game volume increases.*

## **100% Wireless**

*Interference free game audio and chat.*

## **Audio Presets**

*Customize your settings to create the perfect, personalized experience.*

## **Rechargeable Batteries**

*Built-in rechargeable batteries provide for hours of continuous game play.*

## **Magnetic Charging Stand**

*Easily charge and store your headset when not in use without fussing with wires.*

# ...And Strong Distribution

## Strong Retail Presence

Product sales in 42 countries with over 270,000 points of distribution

Sample retailers



## Great Partnerships

Partnerships with industry leading brands





## 12,000+ Interactive Displays

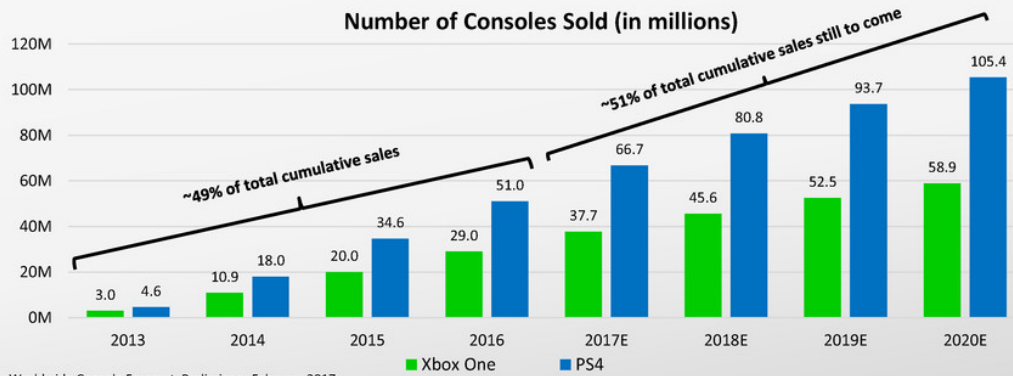
Market leader in deploying interactive gaming headset displays



# Strong Expected New-Gen Console Growth Still to Come

Platform	Cumulative Sales (Current → 2020 est.)
	29M → 59M
	51M → 105M

- ▶ Cumulative new-gen console sales totaled 80M as of 12/31/16
- ▶ New-gen console sales up 40% vs. old-gen at same time in cycle
- ▶ 24M+ new-gen consoles expected to be sold worldwide in 2017
- ▶ New-gen cumulative console sales projected to exceed 164M worldwide in 2020



Sources: DFC Intelligence Forecasts: Worldwide Console Forecast, Preliminary February 2017.

## Virtual Reality (VR)

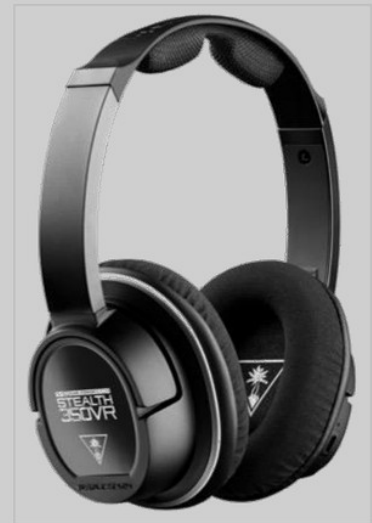
## PC Gaming

## International

- ▶ According to SuperData Research, VR hardware market expected to reach \$17.8B by 2020 from \$1.5B in 2016 (85% CAGR)
- ▶ STEALTH 350VR, our first gaming headset designed for upcoming VR devices, launched in Oct 2016
  - ▶ *"If you're buying a headset to use with your virtual reality hardware, you won't find another headset on the market (yet) designed to physically accommodate the Rift, Vive and PSVR HMDs."* Tom's Hardware review (online reach of 20M)
  - ▶ *"It's nice to be able to have so much control over volume and bass on a per-game basis, while having a band that's easy to fit over the rather challenging design of the PlayStation VR."* Polygon review (online reach of 10M)

Source: <https://www.superdataresearch.com/market-data/virtual-reality-industry-report/>

**STEALTH 350VR**



## Virtual Reality (VR)

## PC Gaming

## International

- ▶ PC gaming headsets market ~\$400M market globally<sup>1</sup>
- ▶ Launched eight new SKUs in 2014 and 2015
- ▶ Launched PC gaming accessories via a partner in 2014 including:
  - ▶ Keyboards
  - ▶ Mice
  - ▶ Mouse pads
- ▶ PC gaming more popular than console gaming in markets including Germany, China, other parts of Asia<sup>2</sup>
- ▶ Leveraging expanded portfolio as a growth platform in Germany and China

### Sample PC Products



1) The NPD Group, IDC and Company Estimates.  
2) Newzoo 2015 Global Games Market Report Premium.

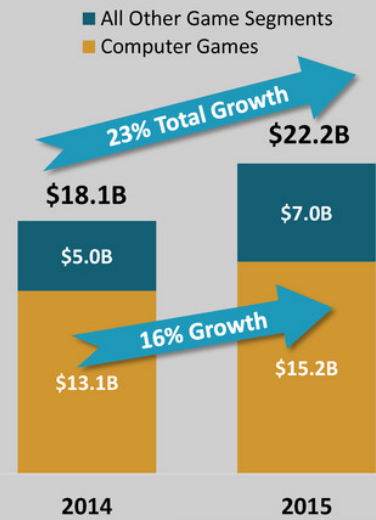
## Virtual Reality (VR)

## PC Gaming

## International

- ▶ China represents long-term growth opportunity for console and PC gaming headsets
  - ▶ 530M Chinese gamers<sup>2</sup>
  - ▶ China well under \$1 million in revenues in 2016
  - ▶ Initiated modest growth investment in 2016, expected to ramp in 2018
  - ▶ 73M Esports audience in China of which 42M are Esports Enthusiasts<sup>2</sup>
  - ▶ Turtle Beach investment in eSports planned for first half of 2017
  
- ▶ Growth Plans and expansion in Latin America
  - ▶ 209M estimated gamers<sup>3</sup>
  - ▶ Turtle Beach in 12 countries and over 1600 stores in Latin America

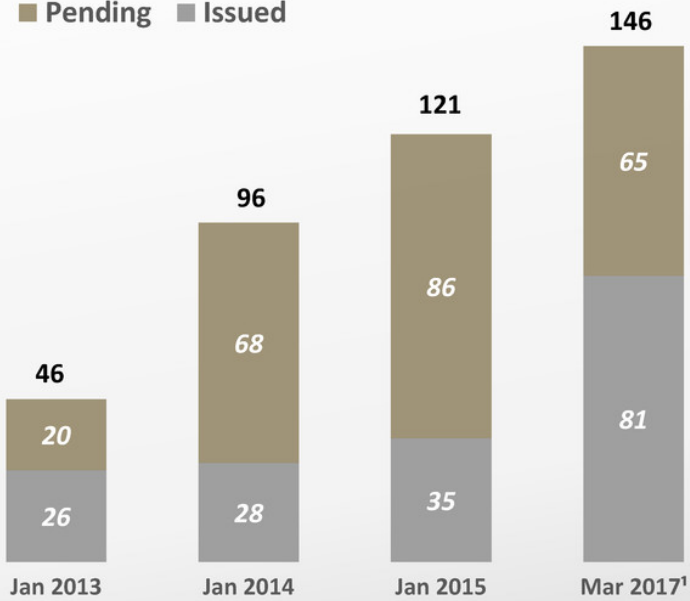
### Chinese Games Market Sales Forecast<sup>1</sup>



1) Newzoo 2015 Global Games Market Report Premium  
 2) Newzoo 2016 Global Esports Market Report  
 3) Newzoo 2016 Global Games Market Report Premium



■ Pending ■ Issued



1) As of Mar 10, 2017.

## ▶ Headset innovations:

- ▶ Audio processing
- ▶ Gaming specific features

## ▶ *HyperSound* innovations:

- ▶ Emitter construction
- ▶ Ultrasound and emitter electronics
- ▶ Digital signal processing techniques

## New sound delivery mechanism

- ▶ Thin panels generate ultrasound beam
- ▶ Audio is injected into the ultrasound beam
- ▶ Sound is created in the air along the beam
- ▶ Fundamentally new and different approach to audio
- ▶ Fully functional from glass emitters enabling glass “speakers”

## Multiple, innovative benefits

- ▶ Highly controlled direction of sound
- ▶ Full 3D surround sound with 2 emitters (vs. 5 or 7 speakers)
- ▶ Significantly higher level of audio clarity to the listener

## Monetization via licensing or sale

- ▶ 56 Issued and 31 pending patents
- ▶ Small team engaged with prospective licensees
- ▶ Also exploring strategic alternatives

### HYPERSOUND




HSS Emitter



### STANDARD SPEAKER

Speaker

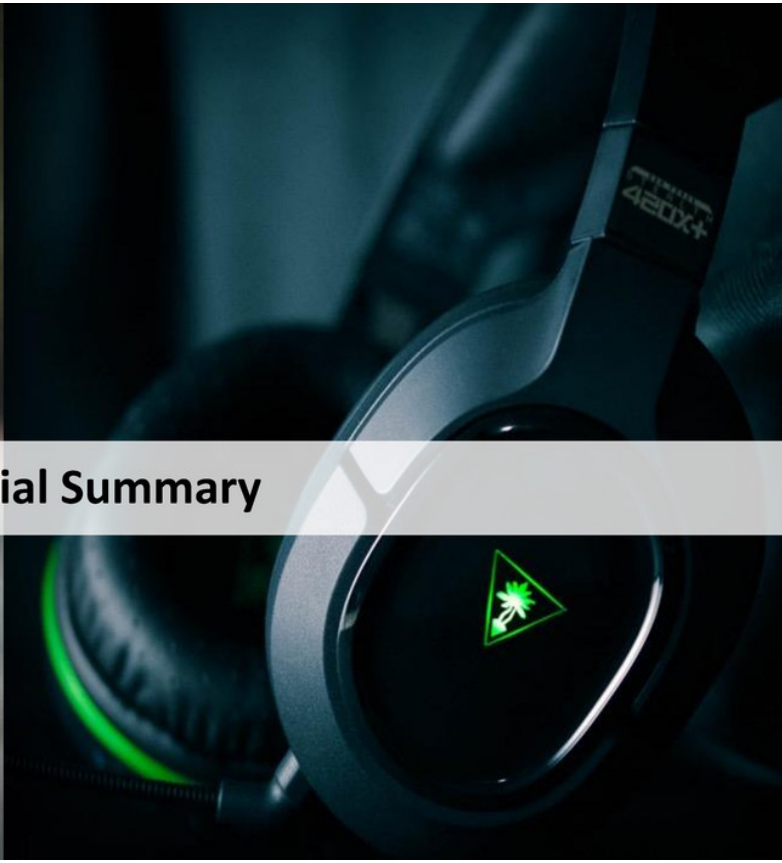


Market	Application		Example
Healthcare	Shown to improve sound clarity and listening benefits for people with hearing loss.	Healthcare	
Commercial Audio	Enables retailers and retail display manufacturers to add focused zone of audio to retail displays/kiosks.		
Enterprise Audio	Enables private zone of audio in office/enterprise environments.	Glass	
Consumer Audio	Utilize 3D nature of HyperSound to create individual surround sound experience with two emitters.		
HyperSound Glass	Directional audio with all benefits and applications above but from glass panel. Creates glass speaker which can be standalone or integrated into video displays.	Commercial	


Demos available at:  
[HyperSound Glass Demo](#)  
[HyperSound Glass Integrated into Desktop Monitors](#)



## Financial Summary



# Key Stats

Trading Data (@ Mar 10, 2017)		Capitalization			Balance Sheet Highlights
<b>Stock Price</b>	<b>\$1.06</b>		@ 12-31-15	@ 12-31-16	<ul style="list-style-type: none"> <li>▶ Revolver peaks in Q4, lowest in Q1 after holiday receipts</li> <li>▶ In Feb 2016, raised \$6.2M in net proceeds (over 50% purchased by insiders), stabilizing liquidity</li> <li>▶ \$49.0M federal, \$21.0M state net operating losses @ Dec 31, 2016 offset taxable income (not scheduled to expire until 2029)</li> <li>▶ \$60M line of credit and expectation to drive significantly more adj. EBITDA in 2017 provides sufficient capital to fund our growth plan</li> </ul>
Market Cap. (primary shares)	\$52.3M	<b>Cash &amp; Equivalents</b>	\$7.1M	\$6.2M	
52 Wk. Low/High	\$0.83/\$2.00	Debt			
Avg. Daily Vol. (3 mo)	365K	Revolver (asset-based loan)	\$32.5M	\$35.9M	
Public Float <sup>1</sup>	46.9%	Term Loans	\$18.4M	\$14.4M	
Primary Shares <sup>1</sup>	49.3M	Subordinated Notes <sup>2</sup>	\$17.2M	\$19.4M	
SG VTB Holdings & Affiliates <sup>1</sup>	21.5M	<b>Total Debt</b>	<b>\$68.1M</b>	<b>\$69.7M</b>	
Retired Founders of Turtle Beach <sup>1</sup>	5.2M	Series B - Preferred Stock <sup>3</sup>	\$16.1M	\$17.5M	
Options/Restricted Stock <sup>1</sup>	6.5M	 <p>The chart displays the daily stock price for HEAR from April to March 2017. The price starts around \$1.00, peaks near \$2.00 in late 2016, and ends at \$1.06 in March 2017. The volume chart below shows trading activity, with a notable spike in late 2016.</p>			
Warrants <sup>1</sup>	3.1M				
<b>Fully Diluted Shares<sup>1</sup></b>	<b>58.9M</b>				

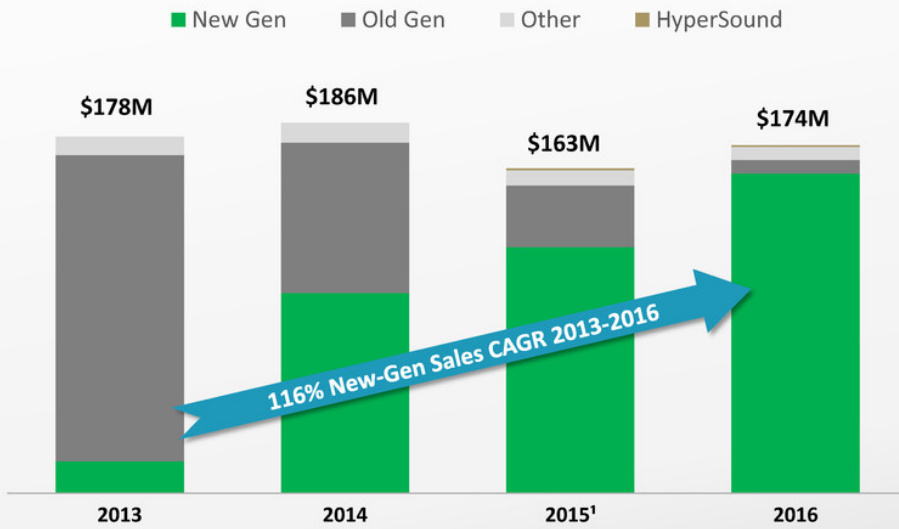
Sources: S&P Capital IQ, company filings.

1) As of December 31, 2016.

2) Includes SG VTB Holdings (an affiliate of Stripes Group LLC, a private equity fund and our largest shareholder) and trusts affiliated with Ron Doornink, the Company's chairman of the board.

3) Due in October 2030 and has 8% per annum PIK interest.

# Revenue Growth Profile



- ▶ New-gen revenue up 29% from 2015
- ▶ Total revenue up 7% (9% constant currency)<sup>2</sup>
- ▶ Strong revenue growth supporting further gains in our #1 market share
- ▶ Old-gen revenue declines to roughly zero in 2017

Note: Old-gen, new-gen revenue splits are approximations.  
 1) Strong dollar and rapid drop in old-gen significantly reduced revenues from 2014 to 2015.  
 2) See appendix for a reconciliation of non-GAAP measures.

# Strong Improvement in Headset Business

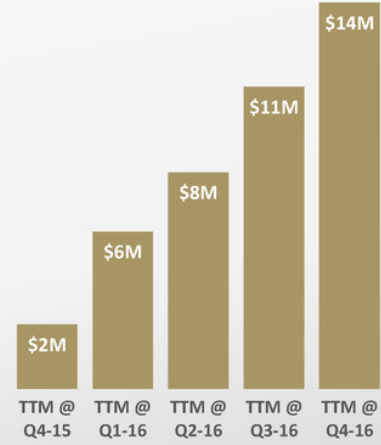
## Headset Net Revenue<sup>1</sup>



## Headset Gross Margin<sup>1</sup>

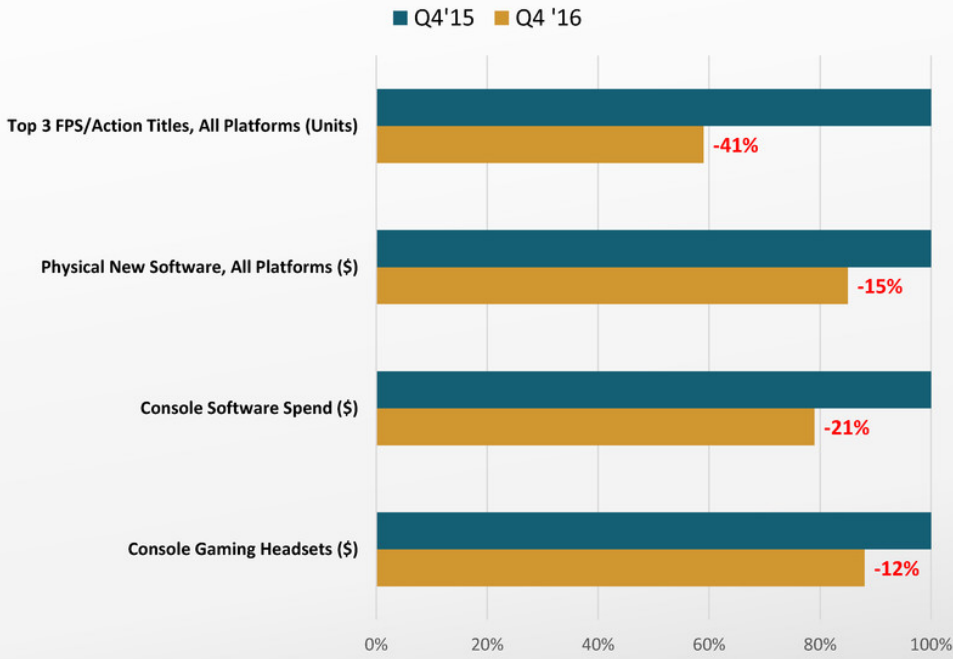


## Headset Adj. EBITDA<sup>1 2</sup>



1) Excludes *HyperSound* allocation in Q4-16.

2) Please see appendix for a reconciliation of adjusted EBITDA.



Sources: The NPD Group / Retail Tracking Service.

Top 3 first-person-shooter (FPS)/action titles dropped over 40% in Q4 2016 vs. Q4 2015

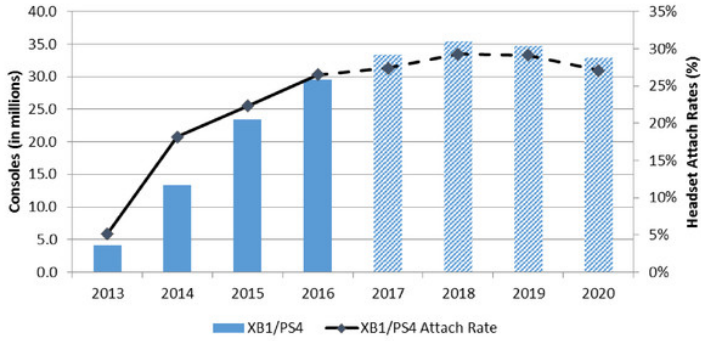
Console software spend across all categories declined 21% Q4 YoY



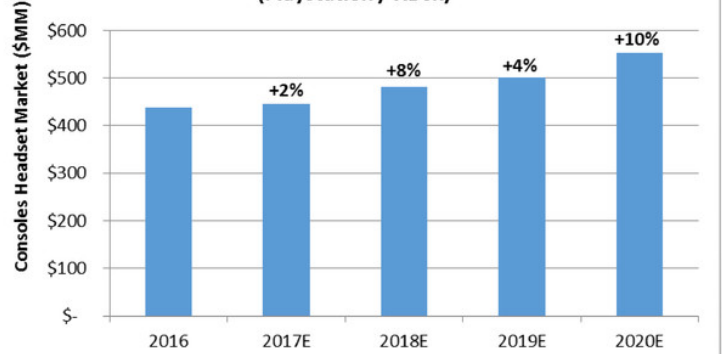
Created higher than normal channel inventories of roughly \$12 million TB headset revenues, impacting Q1 sales proportionally



**N.A. Console Active Installed Base & Attach Rate  
(Playstation / Xbox)**



**N.A. Console Headset Market Projections  
(Playstation / Xbox)**



Sources: DFC Intelligence Forecasts: Worldwide Console Forecast, Preliminary February 2017 and Turtle Beach projections

	Q1-17 <sup>1</sup>	YoY $\Delta$ <sup>2</sup>	Management Commentary & Assumptions
<b>Revenue</b>	\$12-\$13M	(48)%	Reflects higher-than-normal channel inventory due to weak holiday '16 sales as well as the final drop of old-gen revenues to roughly zero
<b>Adj. EBITDA</b>	\$(8.5)M	(35)%	Reflects lower revenue but lower opex (better adj. EBITDA margins)
<b>EPS</b>	\$(0.24)-\$(0.26)	(4)%	Profit nearly flat despite carryover channel inventory highlights strong expense management

1) Guidance effective on Mar 8, 2017.  
 2) Delta reflects midpoint of the outlook.

(\$ in millions)	2017 <sup>1</sup>	% Δ <sup>2</sup>	Management Commentary & Assumptions
<b>Revenue:</b>			
<i>New-Gen</i>	\$149-\$154	(5)%	Holiday '16 inventory carryover impacts first half 2017 revenue
<i>Old-Gen</i>	\$-	NA	Old-gen business wound down to essentially zero in 2017
<i>Other</i>	\$6	(8)%	Longer term opportunity for PC & international growth
<i>HyperSound</i>	\$-	NA	Assuming no material revenue, immaterial expenses
<b>Total Revenue</b>	<b>\$155-\$160</b>	<b>(9)%</b>	
<i>Headset Gross Margin</i>	~30%	Up from 24.5% in '16	Lower operations costs, continued COGS improvements, some loss of operating leverage due to lower revenue
<b>EPS<sup>3</sup></b>	<b>\$(0.08)-\$(0.12)</b>	<b>\$(0.33) in '16<sup>3</sup></b>	Based upon 49.3M shares
<b>Adjusted EBITDA:</b>			
<i>Headsets</i>	~\$12	(17)%	Heightened channel inventory in early 2017 impacts full-year sales
<i>HyperSound</i>	~\$(1)	\$(10.4)M '16	Significant cost reductions enable consolidated adj. EBITDA improvement
<b>Consol. Adj. EBITDA</b>	<b>\$10-\$12</b>	<b>162%</b>	<b>\$4M in 2016</b>

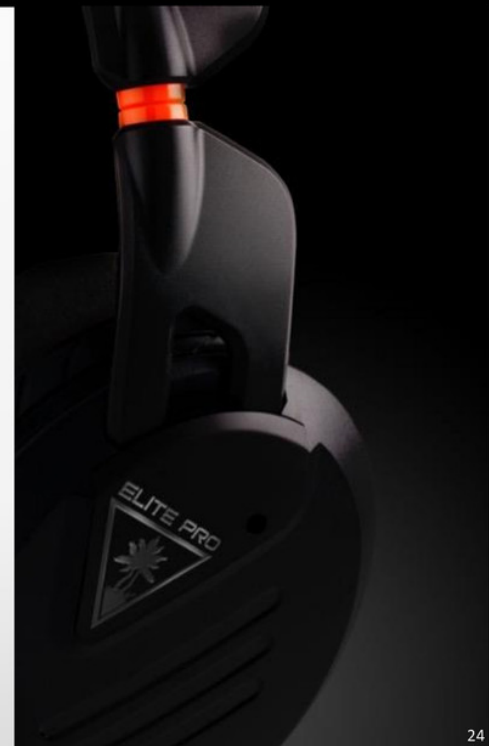
1) Guidance effective on Mar 8, 2017.

2) Delta reflects midpoint of the outlook.

3) Excludes intangible asset amortization costs associated with *HyperSound Clear 500P* launch, \$7.1M in inventory reserves associated with *HyperSound* restructuring, and \$0.6M for other restructuring charges in 2016.

## Key Takeaways

- ▶ #1 console gaming headset brand in the world - ~3x larger than next competitor
- ▶ \$92 billion global gaming opportunity
- ▶ Disruptive, cutting-edge technologies and patents
- ▶ New-gen headset transition expected to continue to improve margins, profitability and cash flows
- ▶ 2017 will be focused on improving profitability and strengthening the balance sheet
- ▶ VR, PC gaming and international expansion all provide meaningful longer-term headset growth opportunities



### Investor Relations:

Cody Slach

Liolios

949.574.3860

[HEAR@Liolios.com](mailto:HEAR@Liolios.com)

### Media Contact:

Maclean Marshall

Turtle Beach Corporation

858.914.5093

[Maclean.Marshall@turtlebeach.com](mailto:Maclean.Marshall@turtlebeach.com)

## COMPANY WEBSITES

[www.turtlebeachcorp.com](http://www.turtlebeachcorp.com)

[www.turtlebeach.com](http://www.turtlebeach.com)

[www.hypersound.com](http://www.hypersound.com)



## Appendix



# Experienced Management Team



**Juergen Stark**  
CEO

- COO of Motorola Mobility's mobile business
- 10 years as principal at McKinsey & Company



**Richard Kuvalik**  
CTO

- 15+ years in consumer audio
- Led peripheral products for PlayStation at Sony



**John Hanson**  
CFO

- EVP and CFO at Dialogic
- CFO at One Communications Corp



**Andrew Lilien**  
VP of Marketing

- 20+ years of brand, consumer and retail marketing experience
- Past experience at ESPN, Fler Trading Cards and National Media Group



**Cris Keirn**  
SVP, Global Sales

- Led headset transition as VP of business planning & strategy
- 17 years with Motorola in product management, operations, quality and customer relations



**Jose Rosado**  
VP Global Operations

- Former Sr. Director, Global Supply Chain Operations for HP
- 22 years of supply chain management with Motorola, On Semiconductor, HP, Cisco



**Matt Seymour**  
VP, Product Management

- 20+ years in the Consumer Electronics industry
- Previously with Sony leading television portfolio planning & development, product marketing



**Scott Rankin**  
VP Global Logistics

- 20+ years of logistics, transportation and operations experience
- 11+ years at Turtle Beach



**Megan Wynne**  
General Counsel

- 5 years with I-Flow, a Kimberly-Clark Health Care Company
- 13 years with Morris Polich & Purdy law firm





**Ron Doornink**  
*Chairman*

- Former Chairman and CEO of Activision Publishing (NASDAQ: ATVI)
- Operating partner of Stripes Group, LLC
- Founder and principal of Erasmus Equity Investments



**Juergen Stark**  
*CEO and Director*

- COO of Motorola Mobility's mobile business
- 10 years as Principal at McKinsey & Company, Inc.
- MBA, Harvard Business School; B.S. Aerospace, University of Michigan



**Ken Fox**  
*Director*

- Managing partner of Stripes Group, LLC
- Former Managing Director and co-founder of Internet Capital Group (NASDAQ: ICGE)
- Co-founder of A-10 Capital and Sentinel Fund



**William Keitel**  
*Director*

- Former CFO of Qualcomm Incorporated (NASDAQ: QCOM)
- During his time at the company grew revenues from ~\$800M to ~\$25B
- Held senior financial roles at Nortel (OTC: NRTLQ) and Pepsico (NYSE: PEP)



**Dr. Andrew Wolfe, PhD**  
*Director*

- Founder and principal of Wolfe Consulting
- Former Chief Technology Officer for SONICblue, Inc.
- B.S.E.E. in Electrical Engineering and Computer Science, Johns Hopkins; Ph.D. in Computer Engineering, Carnegie Mellon



# Financial Overview

\$ millions	2015	2016	YOY Δ%	Full Year		YOY Δ%
	Q4	Q4		2015	2016	
<b>Revenue</b>	\$84.6	\$82.2	-3%	\$162.7	\$174.0	7%
Gross Profit	\$24.6	\$30.2	23%	\$40.7	\$42.6	5%
<b>Gross Margin</b>	<b>29.1%</b>	<b>36.7%</b>	<b>760bps</b>	<b>25.0%</b>	<b>24.5%</b>	<b>(50)bps</b>
Headset Gross Margin	30.6%	37.2%	630bps	26.5%	31.9%	540bps
<b>Operating Expenses</b>	<b>\$68.1</b>	<b>\$14.9</b>	<b>-78%</b>	<b>\$115.1</b>	<b>\$120.3</b>	<b>5%</b>
Operating Income (Loss)	(\$43.5)	\$15.3	NA	(\$74.4)	(\$77.7)	NA
Headset Operating Income	\$11.7	\$16.6	42%	(\$8.7)	\$8.6	199%
<b>GAAP Net Income (Loss)</b>	<b>(\$46.5)</b>	<b>\$12.2</b>	<b>NA</b>	<b>(\$82.9)</b>	<b>(\$87.2)</b>	<b>NA</b>
<b>GAAP EPS Diluted</b>	<b>(\$1.09)</b>	<b>\$0.25</b>	<b>NA</b>	<b>(\$1.96)</b>	<b>(\$1.79)</b>	<b>NA</b>
<b>Non-GAAP Net Income (Loss)<sup>1</sup></b>	<b>\$3.3</b>	<b>\$12.3</b>	<b>267%</b>	<b>(\$24.2)</b>	<b>(\$16.2)</b>	<b>33%</b>
<b>Non-GAAP EPS Diluted<sup>1</sup></b>	<b>\$0.08</b>	<b>\$0.25</b>	<b>213%</b>	<b>(\$0.57)</b>	<b>(\$0.33)</b>	<b>42%</b>
Adj. EBITDA <sup>1</sup>	\$9.9	\$16.1	63%	(\$11.4)	\$4.0	135%
Headset Adj. EBITDA	\$14.0	\$17.2	23%	\$2.4	\$14.4	500%

1) Pages 30-34 contain a reconciliation of all non-GAAP measures.

# Financial Overview (excluding extraordinary or one-time charges)<sup>1</sup>



	2015	2016	YOY Δ%	Full Year		YOY Δ%
	Q4	Q4		2015	2016	
\$ millions						
Revenue	\$84.6	\$82.2	-3%	\$162.7	\$174.0	7%
Gross Profit	\$24.6	\$30.2	23%	\$40.7	\$42.6	5%
Gross Margin	29.1%	36.7%	760bps	25.0%	24.5%	(50)bps
Operating Expenses	\$18.3	\$14.9	-19%	\$64.9	\$56.4	-13%
Net Income (Loss)	\$3.3	\$12.2	270%	(\$24.2)	(\$16.0)	34%
EPS Diluted	\$0.08	\$0.25	NA	(\$0.57)	(\$0.33)	NA

1) These exclude \$0.1M in restructuring charges in Q4-16 and a \$49.8M impairment charge in Q4-15. For the full year, these exclude a \$63.2M impairment charge, \$7.1M for *HyperSound* inventory reserves, and \$0.7M in restructuring charges in 2016, and a \$49.8M impairment charge, a \$8.5M valuation allowance and \$0.4M in restructuring charges in 2015.

## Headset Adjusted EBITDA Reconciliation (Trailing 12 months)

<i>\$ thousands</i>	<u>Q4-15</u>	<u>Q1-16</u>	<u>Q2-16</u>	<u>Q3-16</u>	<u>Q4-16</u>
<b>Net Loss</b>	<b>\$ (17,201)</b>	<b>\$ (17,440)</b>	<b>\$ (17,341)</b>	<b>\$ (5,630)</b>	<b>\$ (930)</b>
Interest	5,096	6,091	6,943	7,270	7,445
Depreciation & Amortization	6,374	5,865	5,443	4,959	4,498
Stock Compensation	5,347	5,197	4,228	3,982	3,457
Taxes	2,393	5,858	8,702	335	(392)
Restructuring Expense	399	280	96	269	289
<b>Adjusted EBITDA</b>	<b>\$ 2,408</b>	<b>\$ 5,851</b>	<b>\$ 8,071</b>	<b>\$ 11,185</b>	<b>\$ 14,367</b>

# Reconciliation of GAAP and Non-GAAP Measures

\$ Thousands

	Three Months Ended		Year Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
<u>Net Income (Loss)</u>				
GAAP Net Income (Loss)	\$ 12,201	\$ (46,536)	\$ (87,182)	\$ (82,907)
Goodwill and intangible asset impairment	—	49,822	63,236	49,822
<i>HyperSound</i> inventory reserve	—	—	7,079	—
Restructuring charges	100	63	664	399
Tax Valuation Allowance	—	—	—	8,528
Non-GAAP Earnings	<u>12,301</u>	<u>3,349</u>	<u>(16,203)</u>	<u>(24,158)</u>
<u>Diluted Earnings Per Share</u>				
GAAP - Diluted	\$ 0.25	\$ (1.09)	\$ (1.79)	\$ (1.96)
Goodwill and intangible asset impairment	\$ —	\$ 1.17	\$ 1.30	\$ 1.18
<i>HyperSound</i> inventory reserve	\$ —	\$ —	\$ 0.15	\$ —
Restructuring charges	\$ —	\$ —	\$ 0.01	\$ 0.01
Tax Valuation Allowance	\$ —	\$ —	\$ —	\$ 0.20
Non-GAAP - Diluted	<u>\$ 0.25</u>	<u>\$ 0.08</u>	<u>\$ (0.33)</u>	<u>\$ (0.57)</u>

# GAAP to Adjusted EBITDA Reconciliation (three months ended)



\$ Thousands

Three Months Ended  
December 31, 2016

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (1)	Adj EBITDA
Net Revenue	\$ 82,204	\$ —	\$ —	\$ —	\$ —	\$ 82,204
Cost of Revenue	51,996	(151)	—	(159)	—	51,686
<b>Gross Profit</b>	<b>30,208</b>	<b>151</b>	<b>—</b>	<b>159</b>	<b>—</b>	<b>30,518</b>
Operating Expense	14,912	(729)	(100)	(579)	(17)	13,405
<b>Operating income</b>	<b>15,296</b>	<b>880</b>	<b>100</b>	<b>738</b>	<b>17</b>	<b>17,113</b>
Interest expense	2,116					
Other non-operating expense, net	1,026					1,026
Earnings before income tax expense	12,154					
Income tax benefit	(47)					
<b>Net income</b>	<b>\$ 12,201</b>					<b>Adjusted EBITDA \$ 16,087</b>

1) Other includes goodwill and other intangible assets impairment, business transition costs and restructuring charges.

# GAAP to Adjusted EBITDA Reconciliation (twelve months ended)



\$ Thousands

Year Ended  
December 31, 2016

	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (1)	Adj EBITDA
Net Revenue	\$ 173,978	\$ —	\$ —	\$ —	\$ —	\$ 173,978
Cost of Revenue	131,368	(571)	(3,660)	(557)	(7,079)	119,501
<b>Gross Profit</b>	<b>42,610</b>	<b>571</b>	<b>3,660</b>	<b>557</b>	<b>7,079</b>	<b>54,477</b>
Operating Expense	120,311	(4,496)	(468)	(3,403)	(63,817)	48,045
<b>Operating income (loss)</b>	<b>(77,701)</b>	<b>5,067</b>	<b>4,128</b>	<b>3,960</b>	<b>70,896</b>	<b>6,432</b>
Interest expense	7,447					
Other non-operating expense, net	2,421					2,421
Loss before income tax expense	(87,569)					
Income tax benefit	(387)					
<b>Net loss</b>	<b>\$ (87,182)</b>					<b>Adjusted EBITDA \$ 4,011</b>

(1) Other includes goodwill and other intangible assets impairment, business transition costs and restructuring charges.

\$ Thousands	December 31,	
	Three Months Ended	Year Ended
<u>Constant Currency Reconciliation</u>		
2015 Revenue (GAAP)	\$ 84,559	\$ 162,747
2016 Revenue (GAAP)	\$ 82,204	\$ 173,978
Percentage Change Y/Y (GAAP)	(3)%	7%
Constant Currency Impact	\$ 2,717	\$ 3,506
Percentage Change Y/Y	—%	9%

