



Corporate Presentation

September 2018

Forward-Looking Information

This presentation includes forward-looking information and statements within the meaning of the federal securities laws. Except for historical information contained in this release, statements in this release may constitute forward-looking statements regarding assumptions, projections, expectations, targets, intentions or beliefs about future events. Statements containing the words “may”, “could”, “would”, “should”, “believe”, “expect”, “anticipate”, “plan”, “estimate”, “target”, “project”, “intend” and similar expressions constitute forward-looking statements. Forward-looking statements involve known and unknown risks and uncertainties, which could cause actual results to differ materially from those contained in any forward-looking statement. Forward-looking statements are based on management’s current belief, as well as assumptions made by, and information currently available to, management. While the Company believes that its expectations are based upon reasonable assumptions, there can be no assurances that its goals and strategy will be realized. Numerous factors, including risks and uncertainties, may affect actual results and may cause results to differ materially from those expressed in forward-looking statements made by the Company or on its behalf. Some of these factors include, but are not limited to, risks related to the Company’s liquidity, 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, and other factors discussed in our public filings, including the risk factors included in the Company’s most recent Annual Report on Form 10-K, Quarterly Report on Form 10-Q and the Company’s other periodic reports. Except as required by applicable law, including the securities laws of the United States and the rules and regulations of the Securities and Exchange Commission, the Company is under no obligation to publicly update or revise any forward-looking statement after the date of this release whether as a result of new information, future developments or otherwise. 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 and non-GAAP earnings per share (“EPS”), 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. The Adjusted EBITDA outlook for the third quarter and full year of 2018 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

- Key player in \$138 billion gaming market
- Market leader in gaming headsets
- Strong brand with high consumer loyalty
- Global distribution & partnerships
- Full line of differentiated products
- Critical accessory provider to esports fans & players
- Innovative & valuable patent portfolio

What's Changed YTD

- HEAR “investibility” profile significantly improved
- Battle Royale games & market share gains driving 100+% YoY sell through increase
- Above resulting in increased profits & significantly raised outlook for 2018¹



1) Outlook effective August 6, 2018. Increase relative to prior Company outlook.

KEY PLAYER IN \$138B GLOBAL GAMING MARKET



1) Newzoo – 2018 Global Games Market Report (2018 estimates)

2) [Statista Virtual Reality Worldwide Market Size](#)

AUDIO HEADSETS ARE A CRITICAL ACCESSORY FOR GAMERS



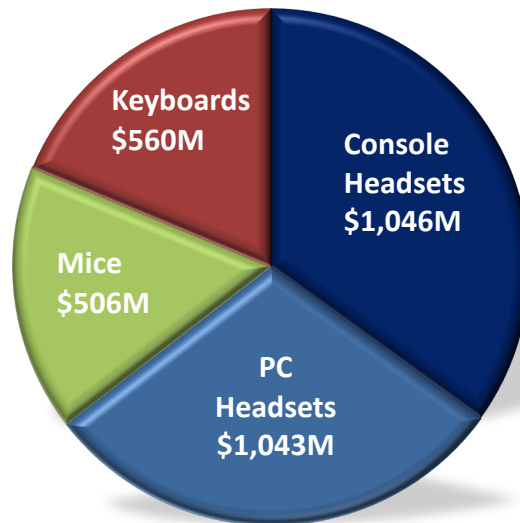
Gaming Headsets Provide...



- Good microphone for multi-player gaming
- More immersive audio for a better gaming experience
- Competitive advantage in picking up key audio cues
- Privacy of game and chat audio

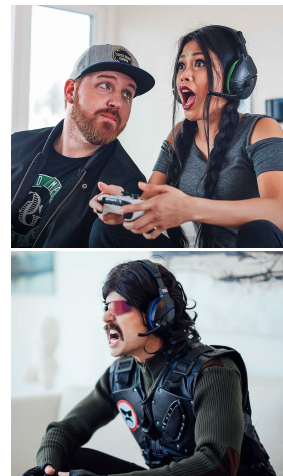
...And Are Largest Segment In \$3+B Accessory Market

Global Gaming Accessory Market \$3,156M¹



Americas and Europe are over 75% of the market

With over 748M Gamers and 143M esports fans in the Americas and Europe²



1. Newzoo Report 2018 Peripheral Market estimates

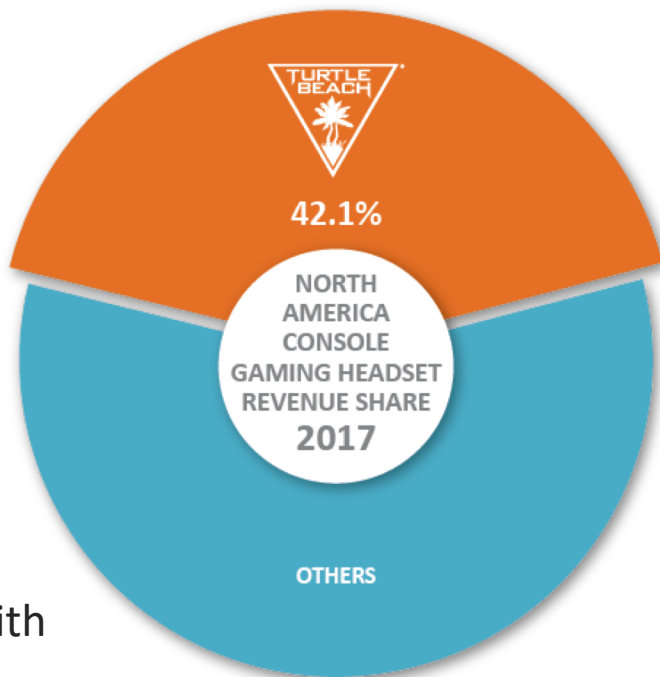
2. Newzoo 2018 Global Esports and Global Games Market Report

WE ARE THE LEADER IN CONSOLE GAMING HEADSETS



#1 gaming headset
provider for Xbox &
PlayStation

4 of the top 5 selling
3rd party headsets are
Turtle Beach



Longstanding position with
higher share than next 3
players combined

5 of the top 10 sellers
overall (1st & 3rd party)
are Turtle Beach

GLOBAL DISTRIBUTION & PARTNERSHIPS



Strong Retail Presence

Product sales in 42 countries with over 260,000 points of distribution

Sample retailers



Great Partnerships

Partnerships with industry-leading brands across esports and gaming






















7,500+ Interactive Displays

Market leader in deploying interactive gaming headset displays



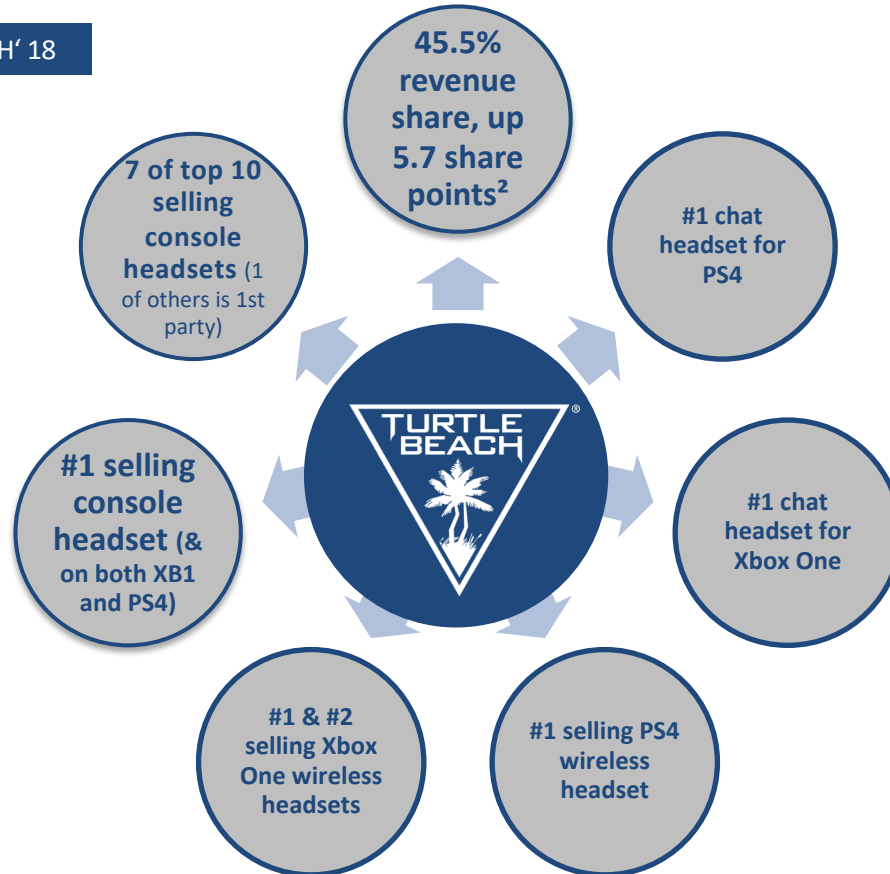
GREAT PRODUCTS FOR EVERY LEVEL OF GAMER

	ASP	Sample Products	Major Step-Ups	TB Key Features	
Esports	> \$150	  MSRP: \$249.95	Pro-level Headset	<ul style="list-style-type: none"> Professional-grade game & chat audio performance Patented ProSpecs glasses friendly design Cooling gel-infused memory foam ear cushions Bluetooth connectivity w/app-based control SuperHuman Hearing Swappable deco-plates 	
Core Gamer <i>16+ hours per week</i>					
Enthusiast Gamer <i>7-15 hours per week</i>	\$100 - \$150	  MSRP: \$149.95	ANC and Bluetooth	<ul style="list-style-type: none"> Windows Sonic & DTS 7.1 surround sound Active noise-cancellation Bluetooth connectivity w/app-based control SuperHuman Hearing Synthetic leather ear cushions 	
		  MSRP: \$99.95	Wireless Headset	<ul style="list-style-type: none"> Windows Sonic & TB surround sound Direct wireless connection to Xbox One Superhuman Hearing 	
		  MSRP: \$79.95	Audio Features	<ul style="list-style-type: none"> Audio EQ settings 50mm drivers Patented ProSpecs glasses friendly design 	
Casual Gamer <i>4-6 hours per week</i>	\$50 - \$100	 MSRP: \$59.95	Amplified Headset	<ul style="list-style-type: none"> Amplified audio with mic monitoring and bass-boost Metal-reinforced headband Memory foam each cushions 	
		  MSRP: \$39.95	Full Headset	<ul style="list-style-type: none"> High-quality 40mm speakers High-sensitivity mic Synthetic leather ear cushions 	
Entry-Level Gamer <i>< 4 hours per week</i>	< \$50	  MSRP: \$19.95	Chat Headset	<ul style="list-style-type: none"> Innovative open earcup Reversible left-right design 	

PERFORMANCE OF CURRENT PORTFOLIO¹ - FIRST HALF 2018



US and Canada NPD Sell-Through 1H' 18



Additional wins

- All Top 5 selling headsets were Turtle Beach
- TB total rev is bigger than next 4 competitors combined
- TB total rev is greater than all other 3rd parties combined

1) The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S. & Canada/Jan -June 2018

2) The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S. & Canada/Jan -June 2018 vs. Jan-June 2017

KEY ESPORTS PARTNERSHIPS



We partner with top esports organizations around the world, including multiple world and major championship winning teams...



...and work with some of the biggest names in gaming to deliver cutting-edge performance to gamers, top athletes and rising esports stars:



GG Esports
Academy

Turtle Beach
Elite Performance Division

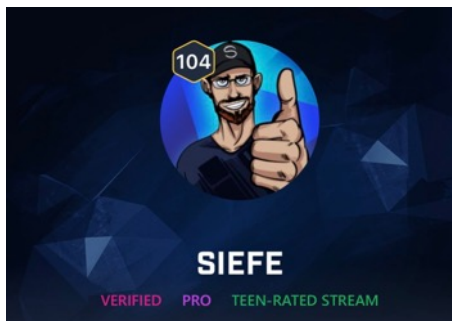


TOP INFLUENCERS ACROSS POPULAR PLATFORMS

We also partner with a hand picked group of the top streamers and gaming influencers in the world, including:



 **YouTube** Ali-A (14+ Million Subs)




 **Mixer** Siefe (#1 on Mixer)



 **Twitch** Dr DisRespect (Face of Twitch)



 **Twitch** Castro_1021 (#1 FIFA Streamer)



 **YouTube** OpTic Pamaj (3+ Million Subs)

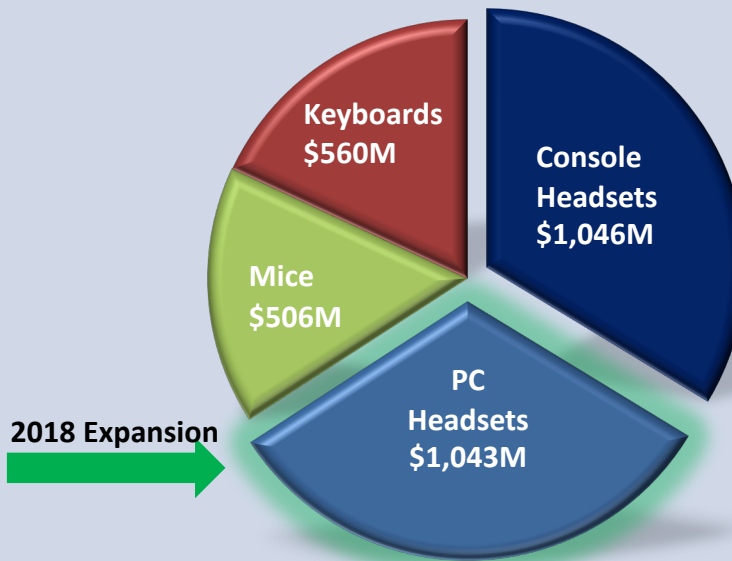


 **Mixer** Archonaut (Top 5 on Mixer)

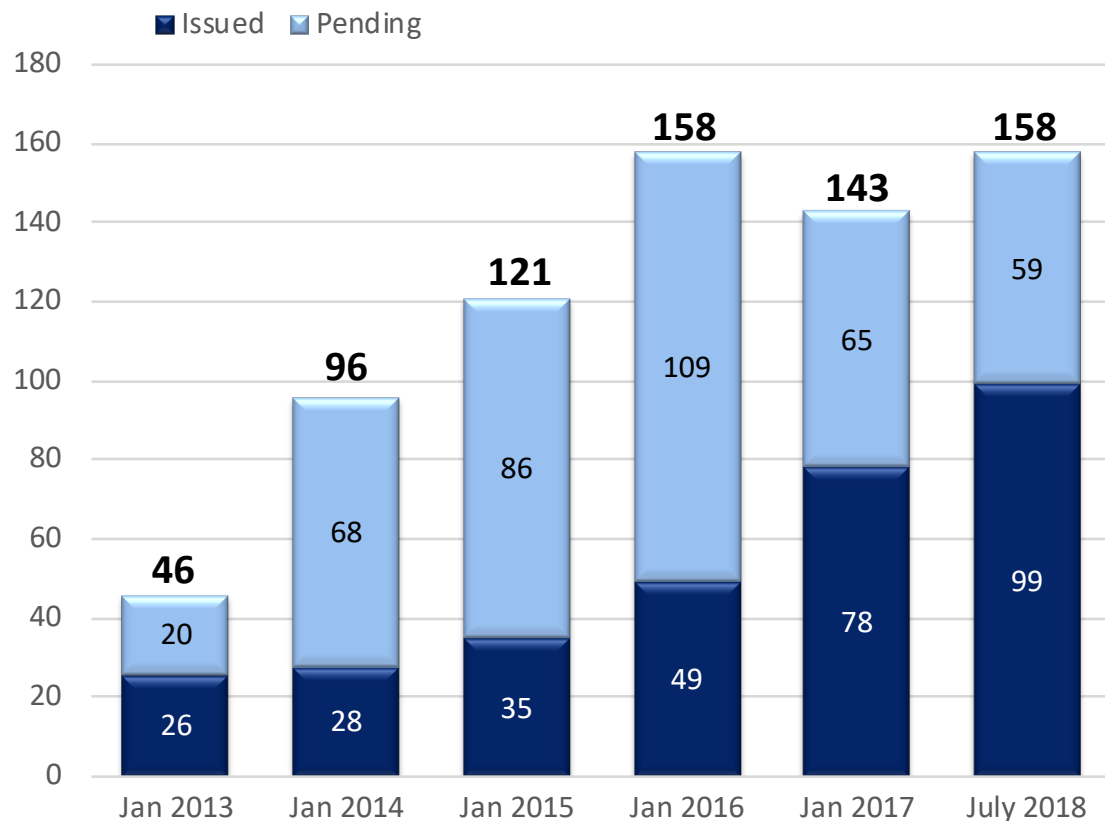
PC Gaming

- PC gaming headsets market ~\$1,043M market globally¹
- PC gaming more popular than console gaming in markets like Germany, China & other parts of Asia¹
- Leveraging expanded portfolio as growth platform in Germany & China
- Esports partnerships expected to help build upon our leading gaming audio position

Global Gaming Accessory Market \$3,156M¹



1. ©Newzoo 2018 estimates.



- Headset innovations:
 - Audio processing
 - Gaming specific features
 - Headset design
- *HyperSound* innovations:
 - Emitter construction
 - Ultrasound & emitter electronics
 - Digital signal processing techniques

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1) Outlook effective August 6, 2018. Increase relative to prior Company outlook.

Lending Agreements

- Amended lending agreements on March 5, 2018
- Improved terms include:
 - Extension of the loans' maturity to 2023
 - Reduction in the interest rate and greater availability on revolving credit line
 - Significant reduction in the interest rates on term loans (rate reduced by 3.5%)
 - Reduction in the interest rate on sub debt with Stripes (majority reduced by 1.4%)
 - Ability to use funds from additional borrowing under the term loan to reduce sub debt
 - Streamlining of reporting requirements and elimination of certain financial covenants
- **Interest savings of at least \$3.5M expected over the next five years**

Series B Preferred Stock

- On Apr 27, 2018, all outstanding 8% Series B Preferred Stock, with redemption value of ~\$19.3M at 3/31/18, was retired
 - Retired a liability growing 8% at a discount >50% relative to redemption value
 - Represented ~41% of Turtle Beach long-term debt and preferred stock
- The Special Situations Funds and 180 Degree Capital Corp purchased the Series B Preferred Stock and subsequently exchanged for ~1.3M newly issued shares of common stock and pre-funded warrants exercisable for 550,000 shares of common stock
- Expected to result in a significant reduction in non-cash interest expense going forward

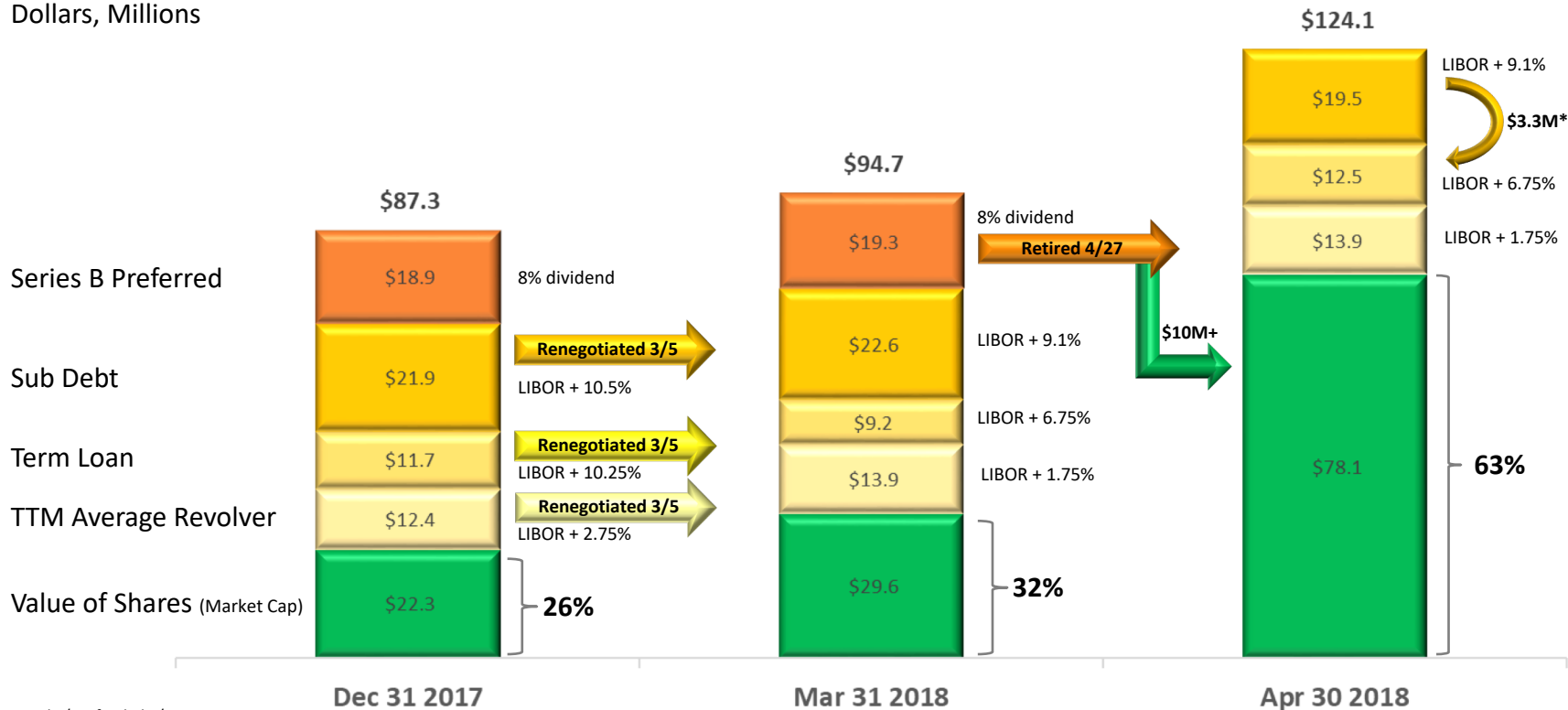
Debt Paydown Subsequent to Q2

- **Turtle Beach paid down \$5M of its subordinated notes on 8/3/18 using cash on hand**

EVOLUTION OF ENTERPRISE VALUE

Composition of HEAR Enterprise Value

Dollars, Millions



* Initiated 4/30, funded 5/2

BATTLE ROYALE GAMES DRIVING HEADSET USAGE

- Fun, new, highly social game play format attracting millions of players
- Social aspect and survival advantage driving headset usage
- Fortnite® also attracting younger players and more female gamers



- Console headset sell-through up ~86% through June vs. 2017 (TB up ~112%)¹
- New players increase installed base of headset users
- Other franchises likely to add Battle Royale format

Fortnite® Game Image

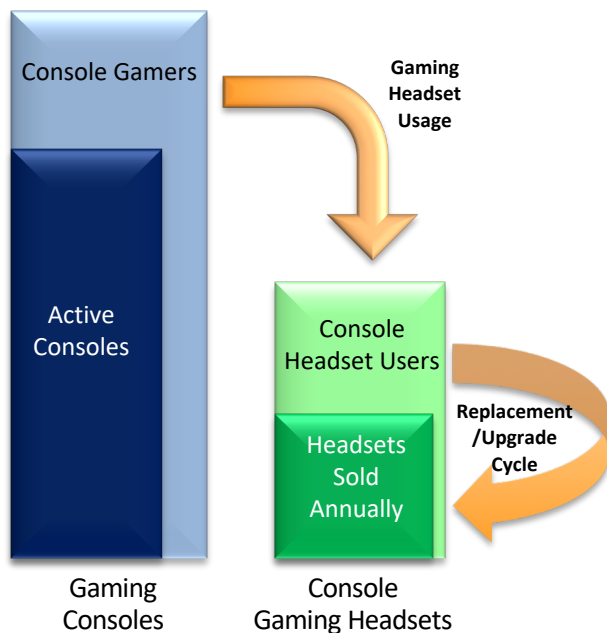


1) The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S. & Canada/January-June 2018
Fortnite is a registered Trademark of Epic Games, Inc.

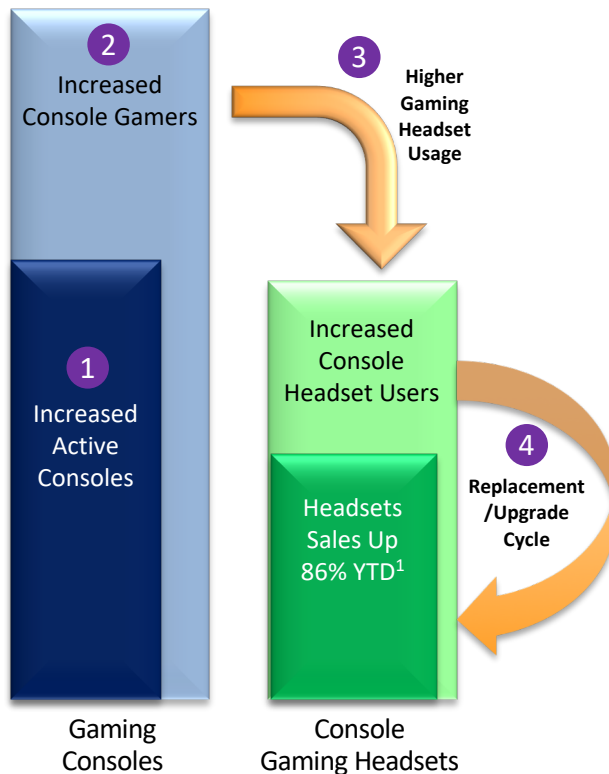
BATTLE ROYAL IMPACT ON GAMING HEADSETS – VISUAL MODEL



Pre-Battle Royale Impact



Battle Royale Impact



- 1 Larger, growing installed base of consoles including Switch with new Fortnite-enabled chat
- 2 Significantly more console gamers have been added with increased average gamers per console as well
- 3 Current ~80% headset usage rate for Battle Royal is increasing overall rate
- 4 Survey data also suggests upgrades/replacements may happen sooner and/or more frequently

More gamers, using headsets at a much higher rate, are driving 86% increase in headset sales YTD¹

As long as the new gamers keep using headsets, market expected to be larger from replace/upgrade

New platforms using chat, like Switch and mobile, could drive further increase over time

1) US and Canada NPD Console Gaming Headset sell through data, January through June 2018.

QUARTERLY FINANCIAL OVERVIEW

	2017	2018	YOY Δ	Commentary
\$ in millions (except per share data)	Q2	Q2		
Revenue	\$19.1	\$60.8	218%	Fortnite & PUBG driving strong market growth plus Turtle Beach market share gains YoY
Gross Margin	33.0%	33.3%	30bps	Includes ~\$4M in expedited air freight (~\$2.8M incremental shipping) to meet demand
Operating Expenses	\$11.3	\$12.0	7%	Increases in revenue-driven sales expenses and marketing spend
Operating Income (Loss)	\$(5.0)	\$8.3	\$13.3M	
GAAP Net Income (Loss)	\$(7.1)	\$6.3	\$13.4M	
GAAP EPS Diluted	\$(0.57)	\$0.40	\$0.97	Revenue & margin drivers noted above
Adj. EBITDA¹	\$(2.8)	\$9.8	\$12.6M	Revenue & margin drivers noted above

1) See appendix for a reconciliation of non-GAAP measures.

Capitalization – End of Q2

	At 6-30-17	At 6-30-18
Cash & Equivalents	\$1.2M	\$9.1M
Debt		
Revolver (asset-based)	\$5.2M	–
Term Loans	\$12.9M	\$11.8M
Subordinated Notes	\$19.3M	\$19.1M
Total Debt	\$37.4M	\$30.9M
Series B Preferred Stock ¹	\$18.2M	–
Leverage Ratio²	6.8x	0.7x

Balance Sheet Highlights

- \$13.1M increase YoY in net cash and revolver
- Renegotiated term loans and sub-debt in March, reducing interest rates and eliminating certain covenants
- Extended maturity of term loans, sub-debt, and working capital line to 2023 in March
- Retired Series B Preferred Stock in April in exchange for shares/warrants at >50% discount
- Subsequent to Q2-2018, paid down \$5M in subordinated notes in August

1) Retired in April 2018. See slide 12.

2) Defined as total term loans outstanding and average trailing twelve month revolving debt, divided by consolidated trailing twelve month adjusted EBITDA.

	Q3-17	Q3-18 ¹	YoY Δ	Year-Over-Year Commentary & Assumptions
Revenue	\$36M	~\$65M	81%	Market share gains and continued consumer demand
EPS	\$(0.04)	~\$0.44	+\$0.48	Revenue drivers result in significant expected YoY increase
Adj. EBITDA	\$3.3M	~\$11M	+\$7.7M	Revenue drivers result in significant expected YoY increase

1) Guidance effective on August 6, 2018.

INCREASED 2018 OUTLOOK

	2017	2018 Prior ¹	2018 ²	YoY Δ	Year-Over-Year Commentary & Assumptions
Total Revenue	\$149.1M	~\$205M	~\$255M	71%	Continued market growth driven by Battle Royale format
Gross Margin	34.2%	~34.2%	~35%	~80 bps	Fixed cost leverage due to higher sales partially offset by incremental expedited freight costs
EPS	\$(0.26)	~\$0.95	\$1.95	+2.21	Driven by healthy overall market and market share growth
Adj. EBITDA	\$11.6M	~\$26M	~\$45M	288%	Includes several million dollars of anticipated investments to drive future growth

1) Prior guidance as of May 9, 2018.

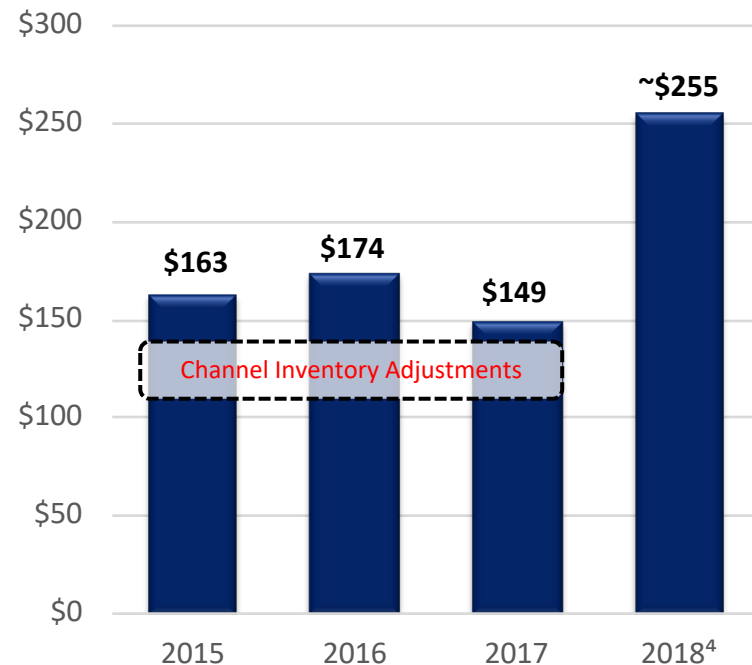
2) Revised guidance effective on August 6, 2018.

REVENUE PROFILE



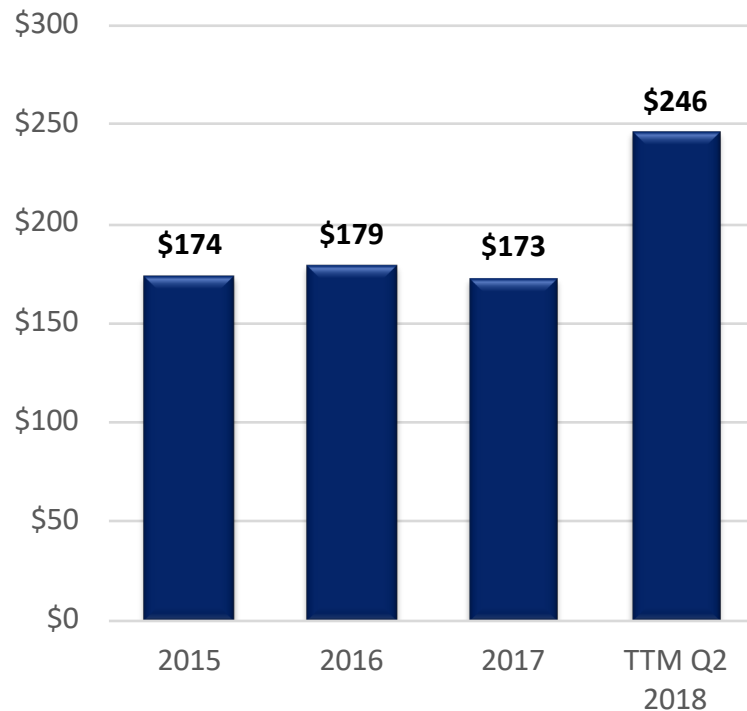
Company Revenues ⁽¹⁾

Millions



Company Product Retail Sell-Through in US & Canada Markets ⁽²⁾

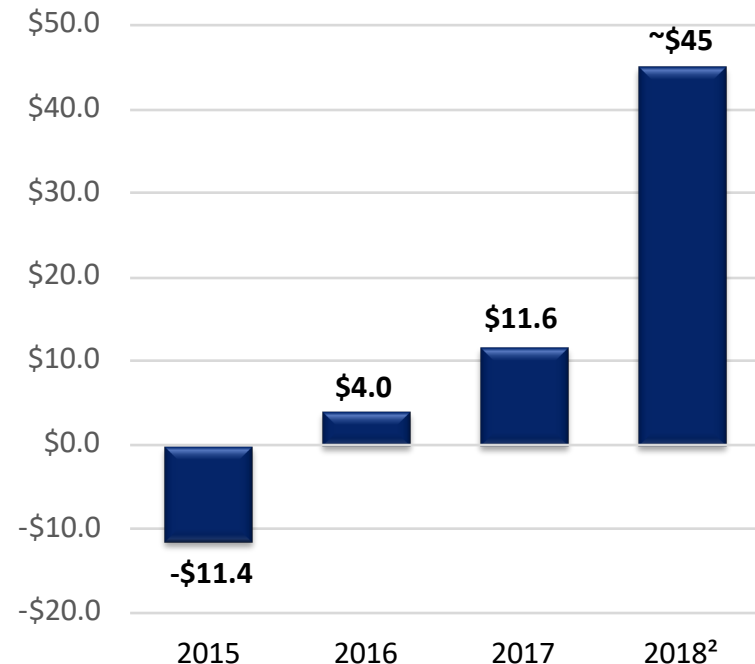
Millions



- 1) Company net revenues = wholesale revenues so not directly comparable to retail revenues in the chart on the right – shown just for perspective given channel inventory impacts on company net revenues.
- 2) The NPD Group/Retail Tracking Service/Video Games/Dollars/U.S. & Canada/CY2015, CY2016, CY2017 and Trailing Twelve Months July 2017-June 2018.
- 3) Guidance effective on August 6, 2018.

Adjusted EBITDA ⁽¹⁾

Millions



2016:

Returned headset business to profitability. Converted HyperSound to licensing model. Entered eSports, VR, streaming mic categories.

2017:

Focused on core headset business and continued profitability improvements. Positioned company for improved balance sheet and loan terms. Laid groundwork for 2018+ growth initiatives.

2018:

Continue to deliver increased profitability in headset business. Lower cost of debt. Make select investments to drive future growth.

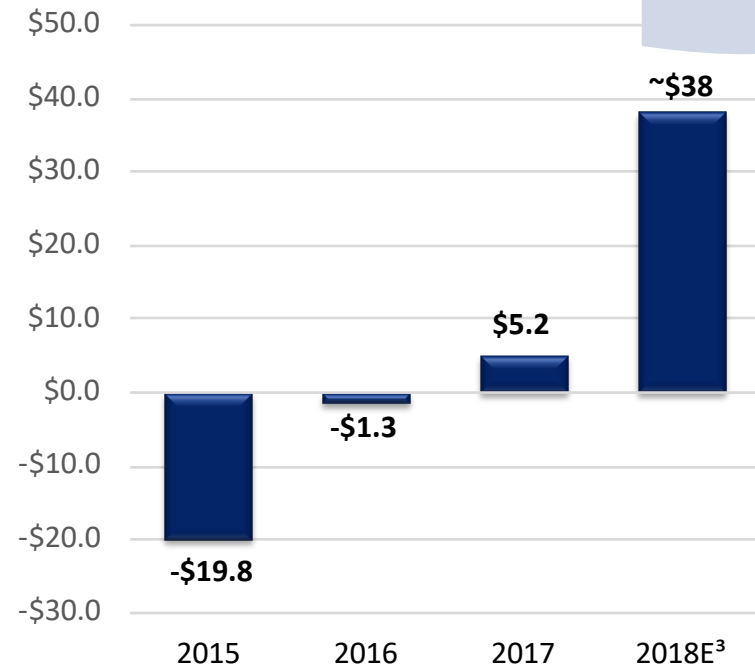
1) See appendix for a reconciliation of non-GAAP measures.

2) Guidance effective on August 6, 2018.

STRONG FREE CASH FLOW GROWTH

Free Cash Flow¹

Millions



**10% Implied Free
Cash Flow Yield²**

Strong free cash flow generation...

- Positioned the company to amend and improve debt agreements March 2018
- Expected to allow growth investments and debt reductions

1) Free cash flow defined as consolidated adjusted EBITDA less capital expenditures, less cash interest.

2) Calculated as free cash flow per share divided by closing stock price on August 28, 2018 of \$24.22. Assumes 15.5 million shares outstanding in 2018.

3) Guidance effective on August 6, 2018.

KEY TAKEAWAYS

- #1 console gaming headset brand with leading share
- Competing in the largest portion of a >\$3B+ global market in gaming peripherals
- Critical accessory for gaming and esports
- Disruptive, cutting-edge technologies & patents
- Strong market share gains in a healthy overall market
- Substantial balance sheet improvements expected to result in material interest expense reductions
- Leveraging our leadership position and strong 2018 outlook to invest in growth opportunities like eSports and PC gaming





HEAR EVERYTHING.
DEFEAT EVERYONE.™

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Turtle Beach Corporation

858.914.5093

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The logo is a large, light gray inverted triangle. Inside the triangle, the words "TURTLE BEACH" are written in a bold, sans-serif font. Below the text is a silhouette of a palm tree. A registered trademark symbol (®) is located to the upper right of the triangle. The background of the entire slide consists of a pattern of overlapping, light gray triangles.

TURTLE
BEACH

APPENDIX

EXPERIENCED BOARD OF DIRECTORS



Ron Doornink
Chairman

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



Juergen Stark
CEO & Director

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



Ken Fox
Director

- Managing partner of Stripes Group, LLC
- Former Managing Director & co-founder of Internet Capital Group (NASDAQ: ICGE)
- Co-founder of A-10 Capital & 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) & Pepsico (NYSE: PEP)



Dr. Andrew Wolfe, PhD
Director

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



Gregory Ballard
Director

- General partner with Eleven Ventures
- Former senior VP for mobile & social games at Warner Bros.
- Former CEO of Glu Mobile, former board member with DTS

EXPERIENCED MANAGEMENT TEAM



Juergen Stark
CEO

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



Joe Stachula
CTO & VP Development

- 20+ years in consumer electronics
- 12 years at Plantronics engineering audio headsets



John Hanson
CFO

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



Andrew Lilien
VP of Marketing

- 20+ years of brand, consumer & retail marketing experience
- Past experience at ESPN, Fler Trading Cards & 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 & 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 & 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



GAAP TO ADJUSTED EBITDA RECONCILIATION – THREE MONTHS ENDED JUNE 30, 2018



	Three Months Ended				
	June 30, 2018				
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Adj EBITDA
Net revenue	\$ 60,805	\$ —	\$ —	\$ —	\$ 60,805
Cost of revenue	40,528	(110)	—	(313)	40,105
Gross profit	20,277	110	—	313	20,700
Operating expense	12,008	(1,146)	(77)	(286)	10,499
Operating income (loss)	8,269	1,256	77	599	10,201
Interest expense	1,258				
Other non-operating expense, net	410				410
Income (loss) before income tax	6,601				
Income tax expense	300				
Net income (loss)	\$ 6,301			Adjusted EBITDA	\$ 9,791

GAAP TO ADJUSTED EBITDA RECONCILIATION – THREE MONTHS ENDED JUNE 30, 2017



Three Months Ended June 30, 2017						
	As Reported	Adj Depreciation	Adj Amortization	Adj Stock Compensation	Other (1)	Adj EBITDA
Net revenue	\$ 19,112	\$ —	\$ —	\$ —	\$ —	\$ 19,112
Cost of revenue	12,811	(193)	—	1	—	12,619
Gross profit	6,301	193	—	(1)	—	6,493
Operating expense	11,266	(1,251)	(86)	(432)	30	9,527
Operating income (loss)	(4,965)	1,444	86	431	(30)	(3,034)
Interest expense	1,835					
Other non-operating income, net	(214)					(214)
Income (loss) before income tax	(6,586)					
Income tax expense	475					
Net income (loss)	\$ (7,061)					
				Adjusted EBITDA	\$ (2,820)	

(1) Other includes business transition costs and restructuring charges.

GAAP TO ADJUSTED EBITDA RECONCILIATION



	December 31, 2017	December 31, 2016	December 31, 2015
Consolidated			
Net Income (Loss)	(3,248)	(87,182)	(82,907)
Depreciation	4,075	5,066	5,901
Amortization of intangibles	349	4,128	2,015
Interest	7,916	7,447	5,100
Taxes	592	(387)	2,392
Stock Compensation	1,429	3,960	5,897
Restructuring Expense	533	664	399
Goodwill Impairment	-	63,236	49,822
Business Transaction Expense	(79)	7,079	-
Adj EBITDA	11,567	4,011	(11,381)