

APX Group Holdings, Inc.

JMP Securities Technology Conferen

February 25, 2019

Forward-looking statements

This presentation includes forward-looking statements, including but not limited to, statements of APX Group Holdings, Inc. (the "Company") related to the performance of our business, our financial results, our liquidity and capital resources, our plans, strategies and prospects, and other non-historical statements. Forward-looking statements convey the Company's current expectations or forecasts of future events. Any statement in this presentation other than statements of historical fact are forward-looking statements. These statements are based on the beliefs and assumptions of the Company. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are achievable, we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. Forward-looking statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "should," "scheduled," "anticipates" or "intends" or similar expressions.

Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements which speak only as to the date they were made. You should understand that the following important factors could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements: (1) risks of the smart home and security industry, including risks of and potential competition; (2) subscriber origination and retention process; (3) the highly competitive nature of the smart home and security industry and products offered by our competitors; (4) litigation, complaints or adverse publicity; (5) the impact of changes in consumer spending patterns, consumer confidence, national economic conditions, crime, weather, demographic trends and employee availability; (6) adverse publicity and product liability; (7) decreases in utility and other energy costs, increased costs related to utility or governmental requirements; (8) cost increases or shortages of technology products or components; (9) the introduction of unsuccessful new SmartHome Services; (10) privacy and data protection concerns, loss of data; and (11) the impact to our business, results of operations, financial condition, regulatory compliance and customer expectations and our ability to successfully compete in retail sales channels. In addition, the origination and retention of new subscribers will depend on, but not be limited to, market availability, subscriber interest, the availability of suitable components, the negotiation of acceptable contracts, permitting, licensing and regulatory compliance, and our ability to manage anticipated expansion and to hire, train and retain personnel. These and other factors that could cause actual results to differ from those implied in our forward-looking statements in this presentation are more fully described in the "Risk Factors" section of our most recent annual report on Form 10-K, as such factors may change in our periodic and other filings with the Securities Exchange Commission. These risk factors should not be construed as exhaustive of the risks that could affect our business. We do not intend to update the above list or to announce publicly the results of any revisions to any of the forward-looking statements contained in this presentation. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by this statement. We undertake no obligations to update or revise publicly any forward-looking statements, whether a result of new information, changes in assumptions or changes in circumstances.

Non-GAAP financial measures

This presentation includes Adjusted EBITDA, which is a supplemental measure that is not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP"). "Adjusted EBITDA" is defined as net income (loss) before interest expense (net of interest income), depreciation and amortization (including amortization of capitalized subscriber acquisition costs), further adjusted to exclude certain non-recurring items, third parties, non-capitalized subscriber acquisition costs, stock based compensation and certain unusual, non-cash, non-recurring items. The calculation of Adjusted EBITDA may vary from covenant calculations under the indentures and other agreements governing our notes and the credit agreement governing our revolving credit facility. The presentation of Adjusted EBITDA is appropriate to provide additional information to investors about the calculation of, and comparison between, our financial performance under GAAP and Adjusted EBITDA. Indentures and other agreements governing our notes and the credit agreement governing our revolving credit facility. We caution that Adjusted EBITDA may not be comparable to similar measures disclosed by other issuers, because it is calculated differently than such measures. Adjusted EBITDA in the same manner. Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be used to replace net income (loss) or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operations in assessing our liquidity. See Annex A of this presentation for a reconciliation of Adjusted EBITDA to net loss for the Company, which we believe provides a more complete picture of our financial performance. Adjusted EBITDA should be considered in addition to and not as a substitute for net income (loss) or any other performance measures presented in accordance with GAAP.



Vivint Smart Home at a glance



Highest App Engagement
In the Smart Home industry¹



~1.44 Million
Subscribers across North America²
79% new entrants to the market³



20+ Million
Devices managed on our platform⁴



US & Canada
Sales, installation and service footprint
with coverage of 98% of U.S. zip codes

1. App Annie, average Open Rate during the period September 1 - November 29, 2018
2. Estimated Q4 2018 revenue annualized. Estimated Total Subscribers as of December 31, 2018
3. New subscribers 2016-2018
4. As of December 2018

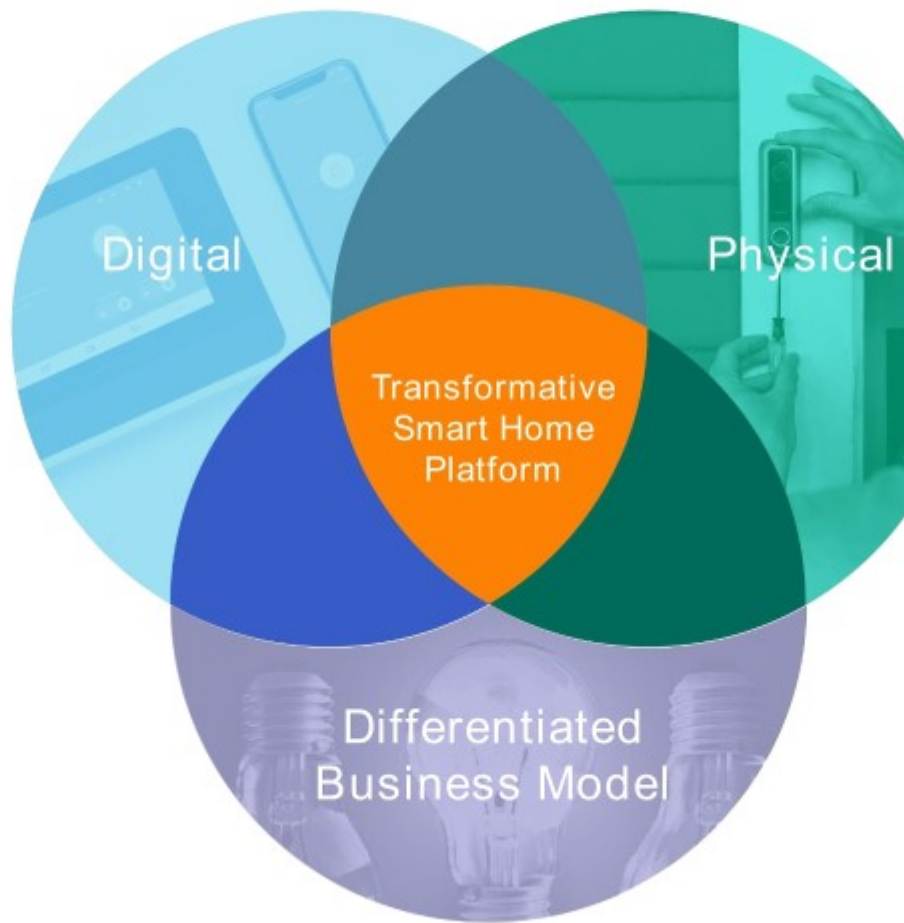
Our Mission

Redefine the home experience
through intelligently designed
cloud-enabled solutions delivered to
every home by people who care



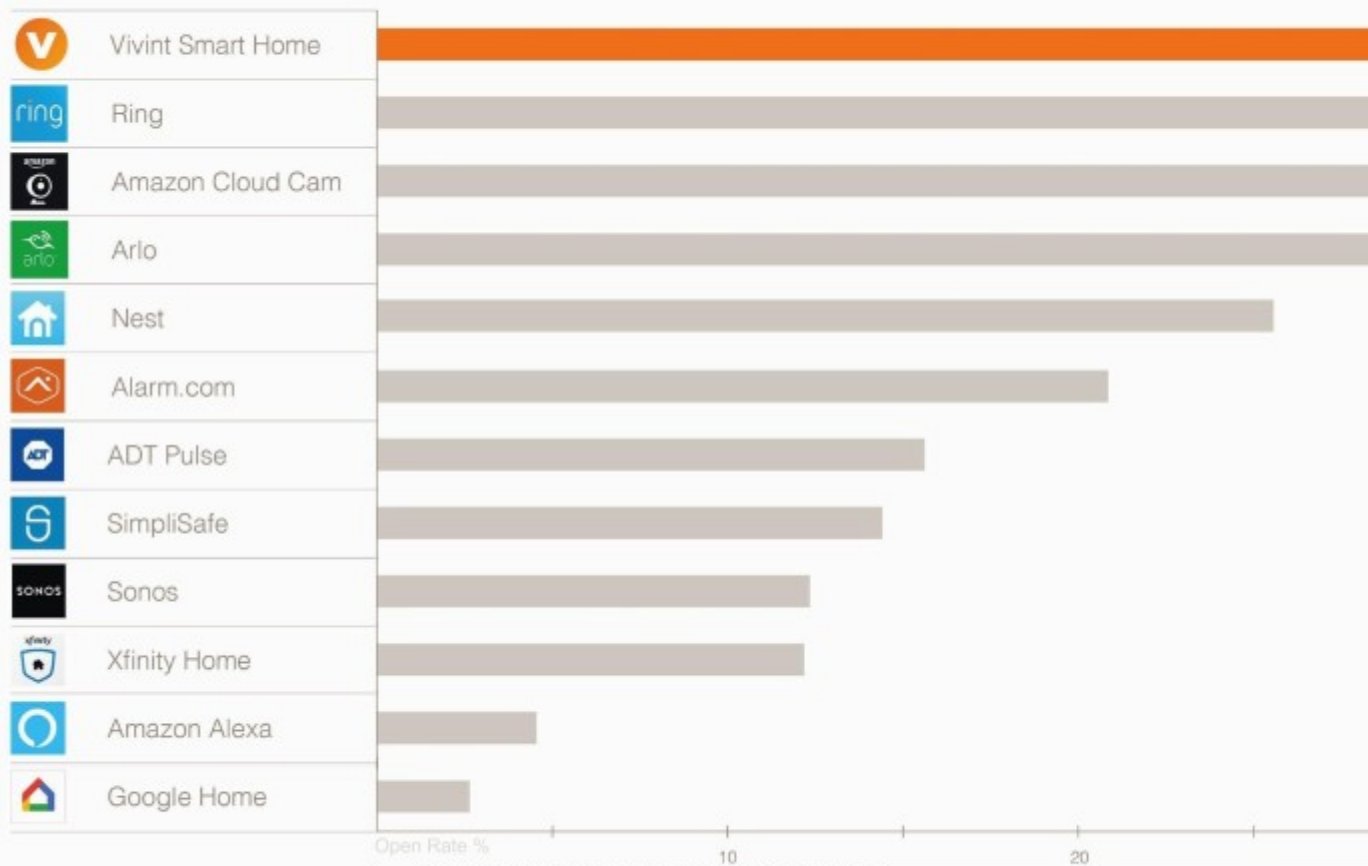
vivint.SmartHome®

Our mission requires us to execute in both the digital and physical



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Vivint's Smart Home app has the highest user engagement



1. App Annie, average Open Rate during the period September 1 - November 29, 2018

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The winners will deliver a true Smart Home experience



Stand-Alone Devices

- Narrow set of use cases
- Separate app for every device
- No integrated devices
- DIY only

Smart Home

- Broadest set of use cases
- Seamless and intuitive experience in a single app
- AI-driven automation and assistance
- Many devices required to cover entire home
- Hassle-free to install and maintain

Our Smart Home Operating System seamlessly integrates all of these devices into a unified, intuitive experience



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Consumers want Smart Home, but need help to design, install, and support the technology in their home



VS



"Slow adoption [of DIY solutions] is the result of relatively complex installation requirements that are not yet addressed by excellent support systems"

Parks Associates¹

"For most people the DIY smart easily or enthusiastically adopt will have to play a role in bring

Stacey Higginbotham, Stacey

1.
2.
3.

Vivint has built an award-winning workforce of Smart Home professionals to enable the Smart Home experience for every consumer.



Educate & Design

- In-home
- Online
- Retail



Install

- Over 47% of all sales are installed within 24 hours¹
- 81 tNPS for installation¹



Support

- 87% of all sales are resolved within 24 hours²
- Dedicated support team

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1. YTD through November 30, 2018

2. Vivint Smart Home received the highest numerical score among 6 brands in the J.D. Power 2017 Home Security Satisfaction Report, based on 3,134 total responses, measuring the opinions of customers who purchased a home security system in the previous 12 months, surveyed August-September 2017. Your experiences may vary. Visit JDPower.com



Our consultative sales channels bring Smart Home to the



In Home

- 2800+ sales representatives¹
- 10 million homes visited per year

A few ideas to get you started.

[Compare packages](#)



Online

- Digital marketing
- 41% of net new subscribers in 2017
- 33% 4-year CAGR²

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Vivint's patented technology empowers our Smart Home
to design and finance a customized system for every co



Street Genie



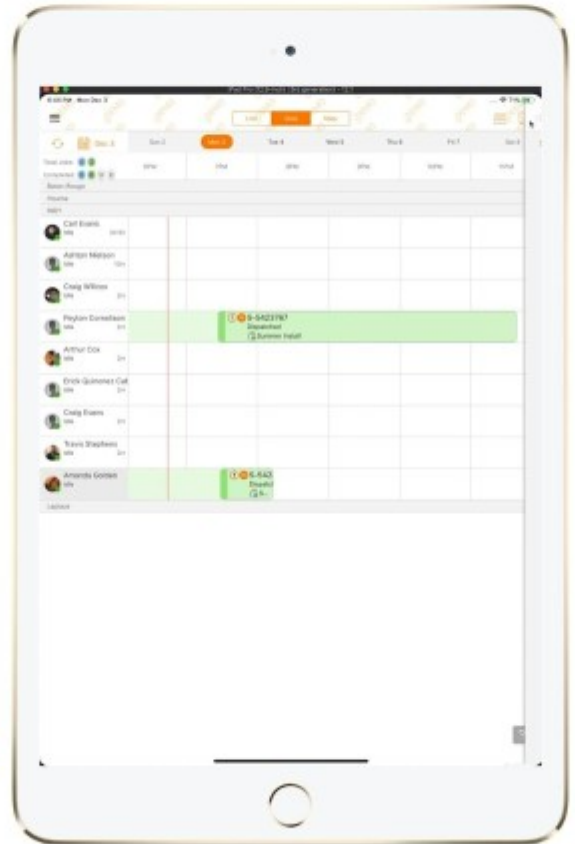
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Vivint's proprietary technology empowers our Smart Home
to install and support a customized system for every su



Tech Genie

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Highly differentiated business model

➤ Recurring, subscription-based revenue	95%+
➤ Long-term subscriber relationships	~8 years
➤ Expanding subscriber base	~1.4M
➤ Large revenue scale	~\$1.1B
➤ Attractive operating margin	~65%
➤ High return on investments	~70%

Unit economics create significant long-term value



Source: Management

¹ Illustrative Vivint Flex Pay program blended rate (Paid-in-Full and Consumer Finance), per management estimates

² Cash Flow Illustration, net of attrition is the expected net outflows and inflows associated with the origination of a New Subscriber, per management estimates

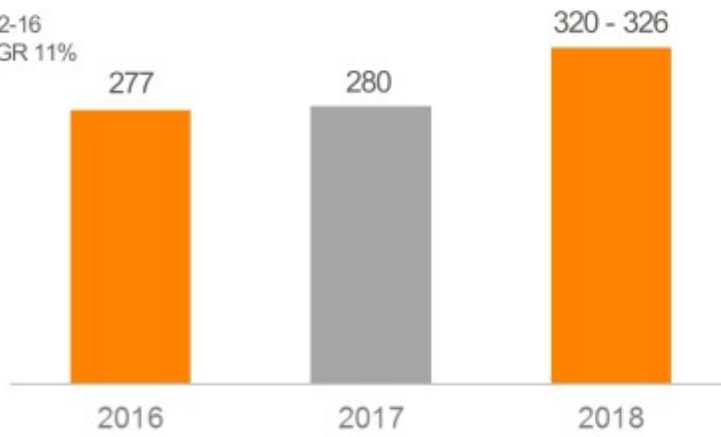
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Subscription revenue growth driven by subscriber and

New Subscribers

(000)

2012-16
CAGR 11%



Growth:

1.1%

14.3% - 16.4%

Revenue

(\$ in Millions)



Revenue Growth:

1) Historical Accounting Method removes the impact of the adoption of Financial Accounting Standards Board (FASB) Accounting Standard Codification ("ASC") Topic 606, Revenue From contracts

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Reconciliation of Non-GAAP Financial Measures

	Three Months Ended December 31,				
	2016	2017	2018		2016
Net loss	\$ (71.2)	\$(135.4)	\$ (116.0)	\$(122.0)	\$(276.0)
Interest expense, net	52.9	59.1	62.8	64.8	197.5
Other expense, net	2.0	9.2	8.2	9.6	7.3
Gain on sale of spectrum(i)	-	-	-	-	-
Income tax (benefit) expense, net	(0.5)	(1.2)	(0.8)	-	0.1
Restructuring expense (ii)	-	-	(0.3)	0.3	1.0
Depreciation and amortization (iii)	33.5	31.6	28.5	30.5	133.7
Amortization of capitalized contract costs	45.6	56.2	102.9	104.4	154.9
Non-capitalized contract costs (iv)	43.3	82.9	62.3	64.3	175.9
Non-cash compensation (v)	0.5	0.3	(1.0)	1.0	4.0
Other Adjustments (vi)	13.0	23.2	12.1	13.3	45.7
Adjustment for change in accounting principle (Topic 606)(vii)	-	-	(21.8)	(23.2)	-
Adjusted EBITDA	\$ 119.1	\$ 125.9	\$ 137.0	\$ 143.0	\$ 444.1

i. Gain on sale of spectrum intangible assets during the three months ended March 31, 2018.

ii. Restructuring employee severance and termination benefits expenses.

iii. Excludes loan amortization costs that are included in interest expense.

iv. Reflects subscriber acquisition costs that are expensed as incurred because they are not directly related to the acquisition of specific subscribers.

Certain other industry participants purchase subscribers through subscriber contract purchases, and as a result, may capitalize the full cost to purchase these subscriber contracts, as compared to our organic generation of new subscribers, which requires us to expense a portion of our subscriber acquisition costs under GAAP.

v. Reflects non-cash compensation costs related to employee and director stock option plans. Excludes non-cash compensation costs included in non-cash compensation.

vi. Other Adjustments includes certain items such as product development costs, subcontracted monitoring fee savings, non-recurring gain, and other adjustments.

vii Adjustments to eliminate the impact of the Company's adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers.

Certain Definitions

Total subscribers is the aggregate number of active smart home and security subscribers at the end of a given period. This metric excludes subscribers who are not active at the end of the period.

Total monthly service revenue, or MSR, is the contracted recurring monthly service billings to our smart home and security subscribers, based on the number of subscribers at the end of a given period.

Total monthly revenue, or Total MR, is the average monthly total revenue recognized during the period.

Average monthly revenue per user, or AMRU, is Total MR divided by average monthly Total Subscribers during the period.

Average monthly service revenue per user, or AMSRU, is Total MSR divided by Total Subscribers at the end of a given period.

Attrition rate is the aggregate number of canceled smart home and security subscribers during the prior 12 month period divided by the monthly average number of Total Subscribers based on the Total Subscribers at the beginning and end of each month of a given period. Subscribers are considered canceled when they voluntarily cancel their contract, are terminated by us or if payment from such subscribers is deemed uncollectible (when at least four monthly billings become delinquent), or a subscriber relocates but continues their service, we do not consider this as a cancellation. If a subscriber transfers their service to another location, we consider this as a cancellation.

Net service cost per user is the average monthly service costs incurred during the period (both period and capitalized service costs), including other service support costs, less total non-recurring Smart Home Services billings for the period divided by average monthly Total Subscribers.

Net service margin is the monthly average MSR for the period, less total average net service costs for the period divided by the monthly average number of Total Subscribers.

New subscribers is the aggregate number of net new smart home and security subscribers originated during a given period. This metric excludes subscribers who transfer their service contract from one subscriber to another and subscribers originated under pilot programs.

Net subscriber acquisition costs per New Subscriber is the direct and indirect costs to create a new smart home and security subscriber divided by the number of new subscribers during the period. These costs include commissions, Products, installation, marketing, sales support and other allocations (general and administrative and sales and marketing) associated with the sale of Products associated with the initial installation, and installation fees. These costs exclude capitalized contract costs and upfront product costs.