



# Investor Day

March 1, 2022

# ADT Investor Day 2022: Agenda

Topic	Presenter
Welcome and Overview of 4Q21 Results	Jill Greer
ADT's Next Chapter: Safe. Smart. Sustainable.	Jim DeVries
<b>Growing Our Consumer &amp; Small Business Segment</b>	
Consumer Growth Strategy and Optimized Go-To-Market	Keith Holmes
Google as the Universal Catalyst	Michael Drory
Innovative Offerings	Raya Sevilla, Leah Page
Unrivaled Safety	Don Young
Premium Experience	Jamie Haenggi
Trusted Brand	DeLu Jackson
Cost and Capital Efficiency	Ken Porpora
<b>Unique Growth Opportunities</b>	
ADT Commercial: A Unique Growth Opportunity	Dan Bresingham
ADT Solar: Powering Sustainable Growth	Marc Jones
<b>Creating Long-term Shareholder Value</b>	
Compelling Long-Term Outlook	Jeff Likosar
Wrap up / Key Takeaways	Jim DeVries





**Jim DeVries**  
President and Chief  
Executive Officer



**Jill Greer**  
Senior Vice President  
Finance, Investor Relations  
and Communications



**Keith Holmes**  
Executive Vice  
President and Chief  
Revenue Officer



**Michael Drory**  
Vice President,  
Strategic Initiatives



**Raya Sevilla**  
Senior Vice President  
and Chief Technology  
Officer



**Leah Page**  
Vice President,  
Emerging Business  
and Mobile

## ADT Investor Day 2022: Today's Speakers



**Don Young**  
Executive Vice  
President and Chief  
Operating Officer



**Jamie Haenggi**  
Executive Vice  
President and Chief  
Customer Officer



**DeLu Jackson**  
Senior Vice President  
and Chief Marketing  
Officer



**Ken Porpora**  
Executive Vice  
President, Finance



**Marc Jones**  
Executive Vice  
President, ADT Solar



**Dan Bresingham**  
Executive Vice  
President, ADT  
Commercial



**Jeff Likosar**  
Chief Financial Officer  
and President, Corporate  
Development



## Welcome and Overview of 4Q21 Results

Jill Greer, Senior Vice President Finance,  
Investor Relations and Communications

## Agenda

- Welcome
- 2021 performance vs. objectives

# Forward-Looking Statements

ADT has made statements in this presentation that are “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995 and are made in reliance on the safe harbor protections provided thereunder. These forward looking statements relate to our current and future financial and operating performance, our strategy to achieve such performance and our goals with respect to such performance. Forward looking statements can often be identified by the use of words like “will,” “plans,” “expect,” “intends,” “goal,” “growth,” and similar words and are based on currently available information and management’s current beliefs and assumptions. ADT cautions that these statements are subject to risks and uncertainties, many of which are outside of ADT’s control, and could cause future events or results to be materially different from those stated or implied in this presentation, including among others, risks and uncertainties relating to our strategy, the growth rate of the markets in which we operate, our ability to successfully develop and market innovative products and services, our ability to achieve long term sustainable growth, our ability to successfully grow our relationship with Google and to commercialize products both with Google and independently from Google using our own proprietary platform, our ability to provide and derive a benefit from a premium customer experience, our ability to establish and maintain a trusted brand in each of our operating areas, our ability to grow our sales channels and successfully compete in e-commerce, our ability to grow and expand subscription services with new offerings and new segments, the performance of our operating segments, the performance of our newly acquired Sunpro Solar operations including our ability to expand the geographic areas in which we provide solar services and our ability to cross sell our home automation and solar customers, the performance of our recently announced joint venture with Ford which remains subject to certain regulatory approvals, our operating results under a company owned or customer owned equipment ownership model, our ability to achieve improved operating efficiencies through virtual services and generally, our leverage ratio, our ability to achieve the financial and operational goals we have established for ourselves through 2025 and beyond, and risk factors that are described in the Company’s Annual Report on Form 10 K and Quarterly Reports on Form 10 Q, including the sections entitled “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” contained therein. Any forward looking statement made in this presentation speaks only as of the date on which it is made. ADT undertakes no obligation to publicly update or revise any forward looking statement, whether as a result of new information, future developments or otherwise.

## Non-GAAP Measures

To provide investors with additional information in connection with our results as determined in accordance with generally accepted accounting principles in the United States (“GAAP”), we disclose certain non-GAAP measures in this presentation, including, for example, Adjusted EBITDA, Adjusted EBITDA prior to subscriber acquisition, Free Cash Flow, Adjusted Free Cash Flow, Adjusted Free Cash Flow prior to subscriber acquisition, and Net Debt Ratios. Reconciliations from GAAP to these non-GAAP measures for reported results can be found in the appendix.

The Company is not providing a quantitative reconciliation of its financial guidance or goals for Adjusted EBITDA to net income (loss), which is the corresponding GAAP measure, or Adjusted Free Cash Flow and Adjusted Free Cash Flow prior to subscriber acquisition to net cash provided by operating activities, which is the corresponding GAAP measure, because these GAAP measures that are excluded from the Company’s non-GAAP financial outlook and goals are difficult to reliably predict or estimate without unreasonable effort due to their dependence on future uncertainties, such as adjustments or items relating to Adjusted EBITDA, Adjusted Free Cash Flow, and Adjusted Free Cash Flow prior to subscriber acquisition. Additionally, information that is currently not available to the Company could have a potentially unpredictable and potentially significant impact on its future GAAP financial results.

Amounts on subsequent pages may not sum due to rounding.

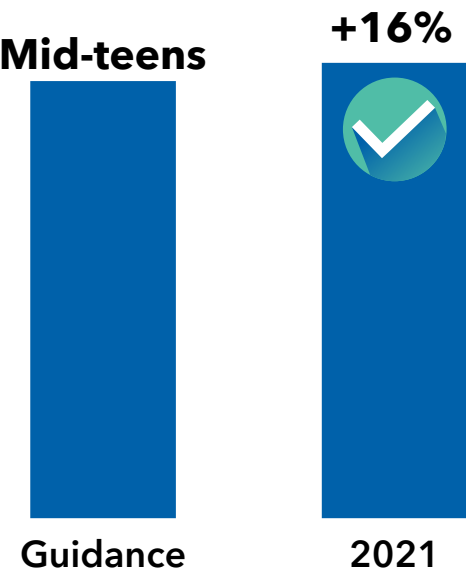
**Note:** The operating metrics included in this presentation, including, for example, Customer Retention or Attrition, Subscriber Counts, RMR or RMR Additions, Interactive Take Rate, Revenue Payback, and Core Customer Value per Subscriber, are approximated as there may be variations to reported results in each period due to certain adjustments we might make in connection with the integration over several periods of acquired companies that calculated these metrics differently, or otherwise, including periodic reassessments and refinements in the ordinary course of business. These refinements, for example, may include changes due to systems conversion or historical methodology differences in legacy systems.

*Presentation includes updates from Investor Day to include non-GAAP reconciliations and minor adjustments to text and formatting.*



# We delivered our 2021 objectives

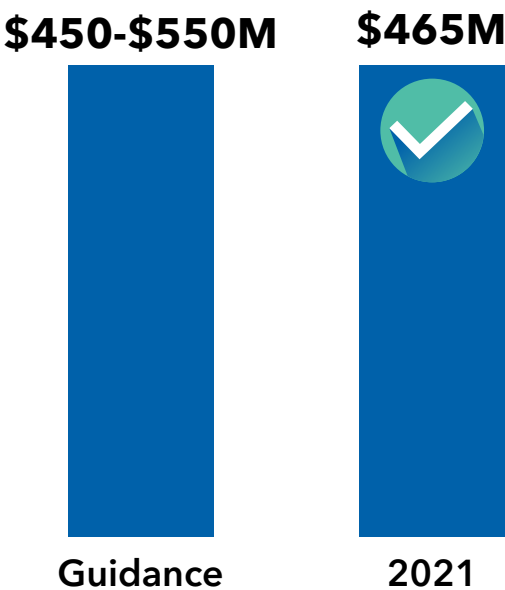
## Gross RMR Additions



## Adjusted EBITDA



## Adjusted Free Cash Flow



Investing in the foundation for long-term growth while meeting our 2021 financial commitments

Note: Guidance as of November 9, 2021

# We are entering 2022 with strong momentum

1

**Solid 4Q and full year results** – meeting our financial commitments to shareholders and taking momentum into 2022

2

**Investing in the foundation** for long-term growth – RMR growth, Sunpro acquisition, and development of our Google partnership

3

**Transformation** into an innovative, technology-focused growth company is centered on solid growth foundation, innovative offerings, unrivaled safety, and premium experience

4

**Guidance** for 2022 performance exceeding 2021 levels





## ADT's Next Chapter: Safe. Smart. Sustainable.

Jim DeVries, President and  
Chief Executive Officer

## Agenda

- Path of transformation
- Strengthened portfolio
- Attractive markets
- Executing on clear strategy



# We are excited to share our story with you today

## Leader

We are the clear market leader, with a strong record of disciplined execution

## Smart Solutions

We deliver safe, smart, and sustainable solutions to empower people to protect and connect what matters most

## Unique Assets

We have built unique assets, including our Google partnership, to win in large and growing markets

## Differentiated

We are differentiated by our innovative offerings, unrivaled safety, and premium customer experience

## Expanded

We have expanded routes to market and established capital efficient Solar and Commercial platforms

## Cash Flow / Growth

We will generate strong cash flows while investing in growth



# We are the clear market leader



# We have delivered significant improvements against our operating metrics

We've strengthened our platform for growth, enabling our next chapter



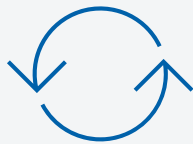
**Customer  
Satisfaction**



**Recurring  
Monthly Revenue**



**Retention**



**Revenue Payback  
Period**

















**Devices per  
Install**



**Interactive  
Adoption**



# We have reshaped and strengthened our portfolio

	Historical ADT	Today: Diversified, Scaled, Poised for Accelerating Growth
<b>Footprint</b> 	 <b>"Own the Alarm"</b>	 <b>"Own the Ecosystem"</b>
<b>Technology</b> 	<b>Third-Party Dependent</b>	<b>Developing technology in-house; on path to double patent portfolio over next 3 years</b>
<b>Partnerships</b> 	<b>Stand alone</b>	<b>Partnerships with category leaders</b>    
<b>Solutions</b> 	<b>Focused on-premises</b>	<b>Protection encompassing home, auto, mobile and more</b>    



## We are a mission-driven company

Our mission has expanded beyond the traditional definition of security



### Safe

We protect  
what matters most



### Smart

We deliver innovative,  
customer-focused products,  
technologies, and services



### Sustainable

We make life better for the  
customers and communities  
we serve

**Empowering people to protect and connect what matters most**

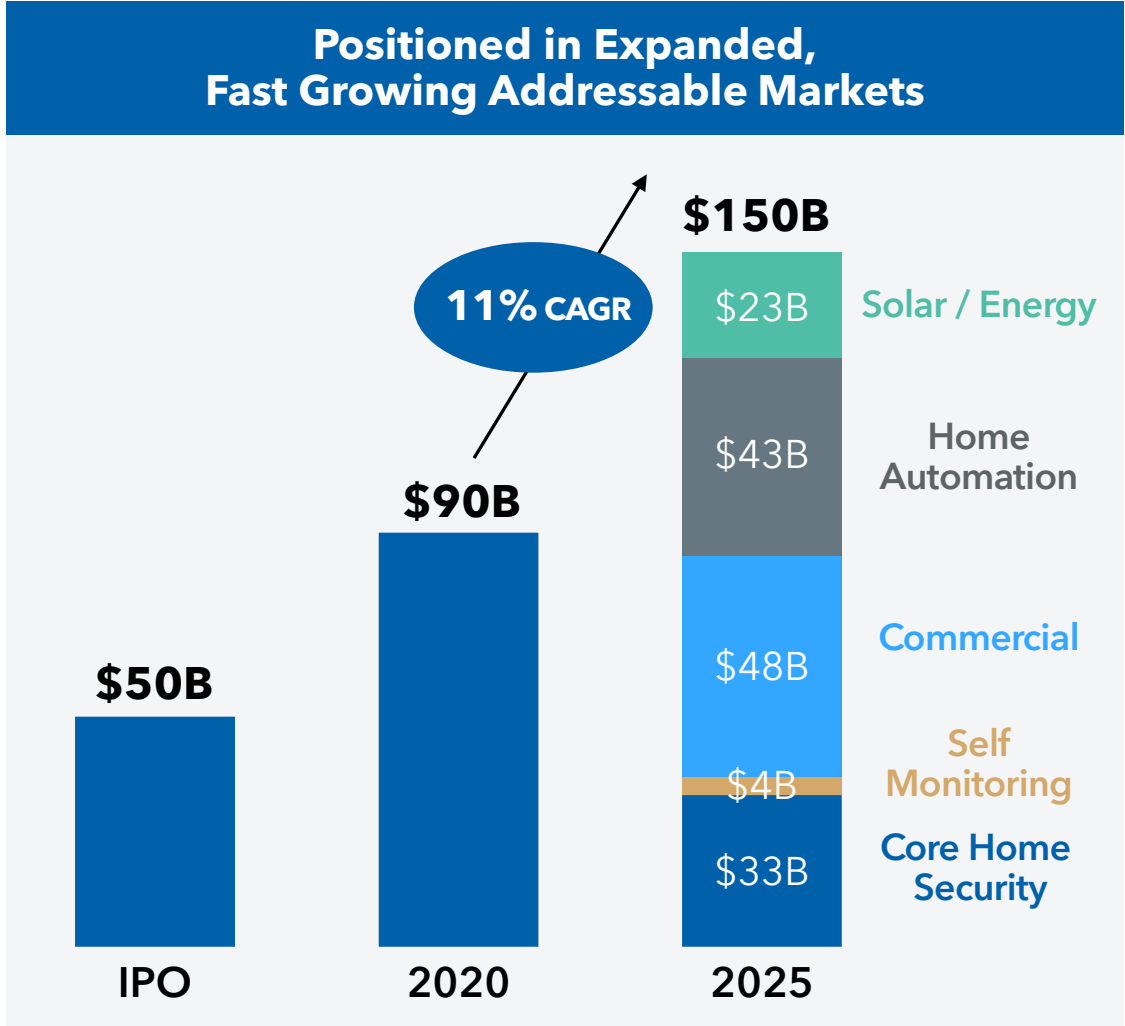
## Our mission delivers superior results for all stakeholders

Our commitment to respect the environment, promote social responsibility and lead with responsible governance is fundamental to who we are and guides our safe, smart, and sustainable business practices





# Our markets are large and fast-growing

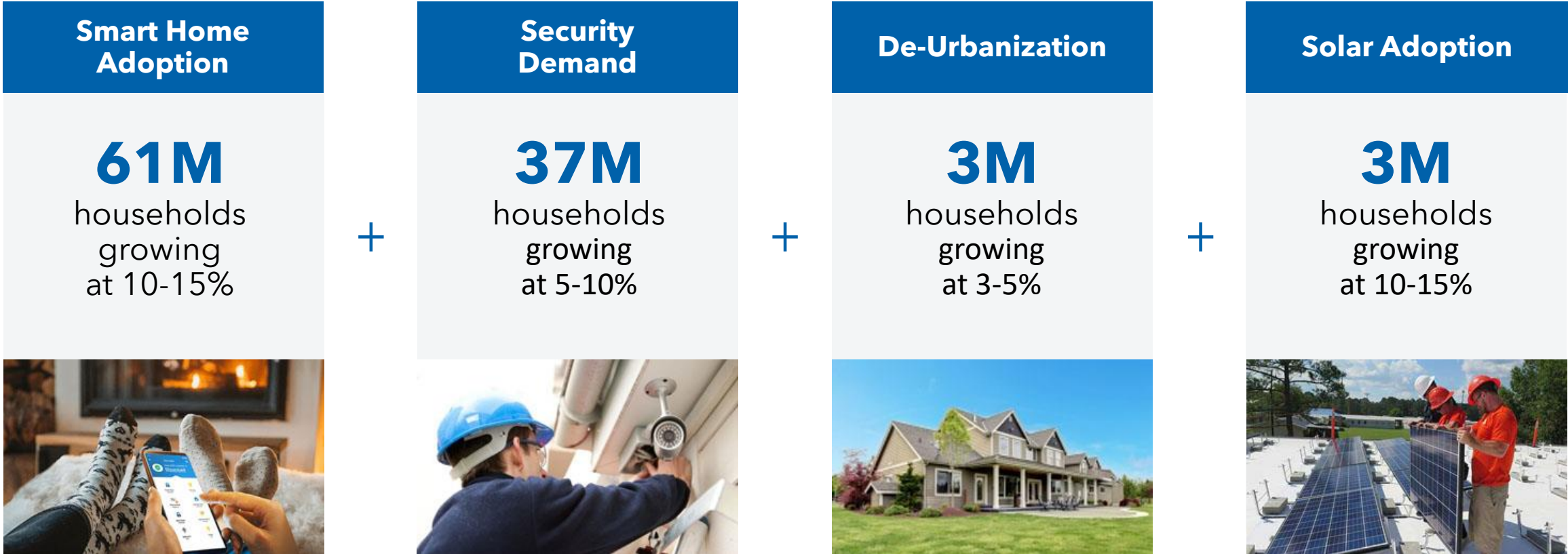


Market Growth and Key Drivers	
CAGR % (2020-2025)	Key Drivers
13%	<ul style="list-style-type: none"><li>Significant cross selling opportunity with launch of ADT Solar</li></ul>
22%	<ul style="list-style-type: none"><li>Quick adoption by users driven by affordable, easy-to-use devices</li><li>A key market addressed via the Google partnership</li></ul>
6%	<ul style="list-style-type: none"><li>Commercial is rebounding with a record-level national account backlog</li></ul>
27%	<ul style="list-style-type: none"><li>High adoption of video doorbells and standalone cameras driving revenue &amp; subscriber growth</li><li>Google partnership to accelerate share growth</li></ul>
7%	<ul style="list-style-type: none"><li>Professional monitoring growth is accelerating</li></ul>

Source: Omdia, Parks Associates, Citi, ADT analysis



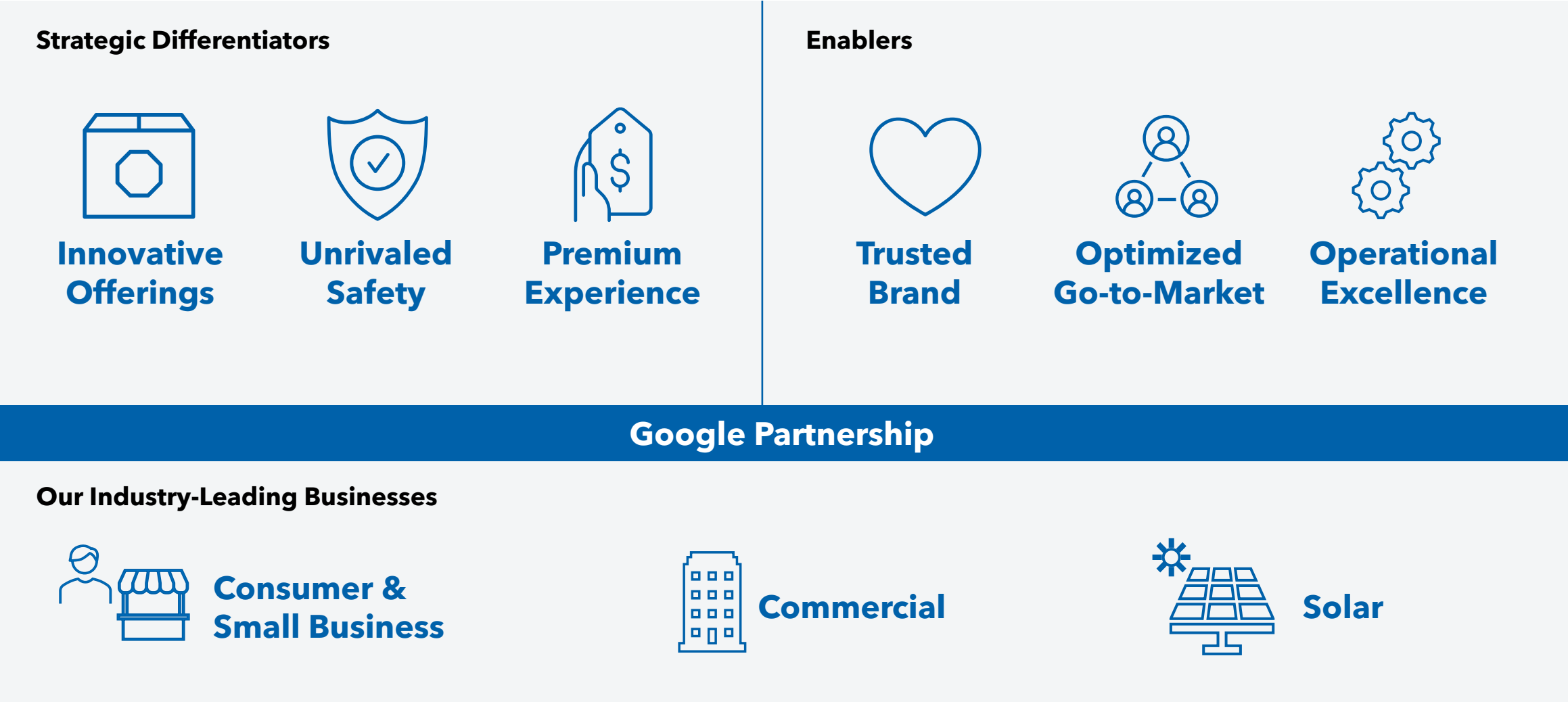
# We are positioned to benefit from secular tailwinds



Source: Omdia, Parks Associates, Visa, Citi, ADT analysis



# We have a clear strategy to drive customer preference and long-term shareholder value





## We expect meaningful improvement in CSB net subscriber acquisition costs

### ADT Today

Primarily "Do-it-for-Me" (DIFM)

Field Sales and National Sales Center (NSC)

~\$1,000 installation fee per subscriber

~55% of new subscribers take financing

**~\$1,500** Net SAC per new subscriber

### ADT Tomorrow

"DIFM", **"Do-it-Yourself"**, **"Do-it-with-Me"**

**eCommerce, Retail**, Field Sales, NSC, Partners

**More devices and services** per subscriber

**More subscribers pay-in-full** at installation

**20-40% more efficient**

# Our commercial business provides a complementary growth platform



- ✓ We are one of the largest full-service commercial security providers in the U.S.
- ✓ Strong, growing and capital-light

**300,000+**

Customer sites

**5,000+**

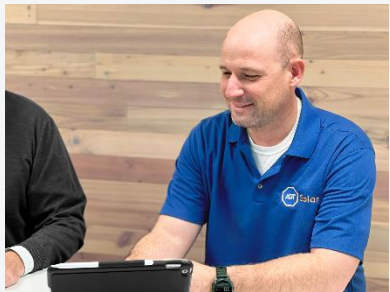
Commercial employees

**160+**

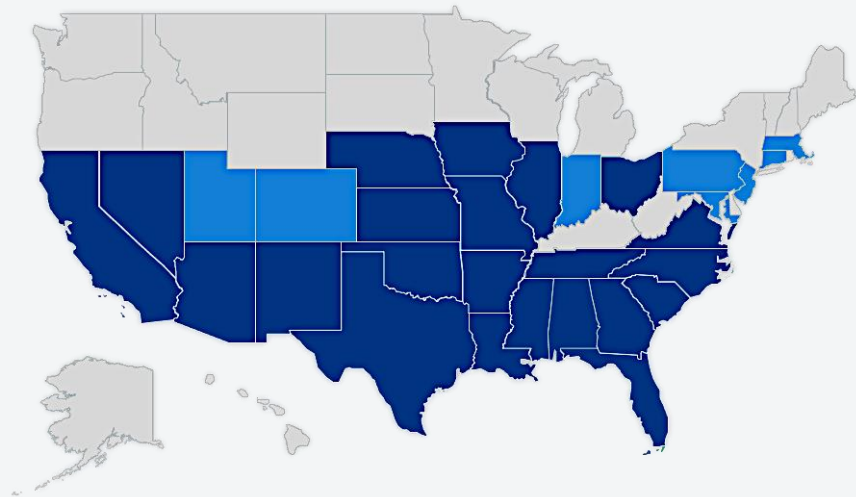
Marquee Fortune 1000 customers

# We strengthened our portfolio and growth profile with the acquisition of Sunpro

## Vertical Integration



## National Footprint



## Proven Growth



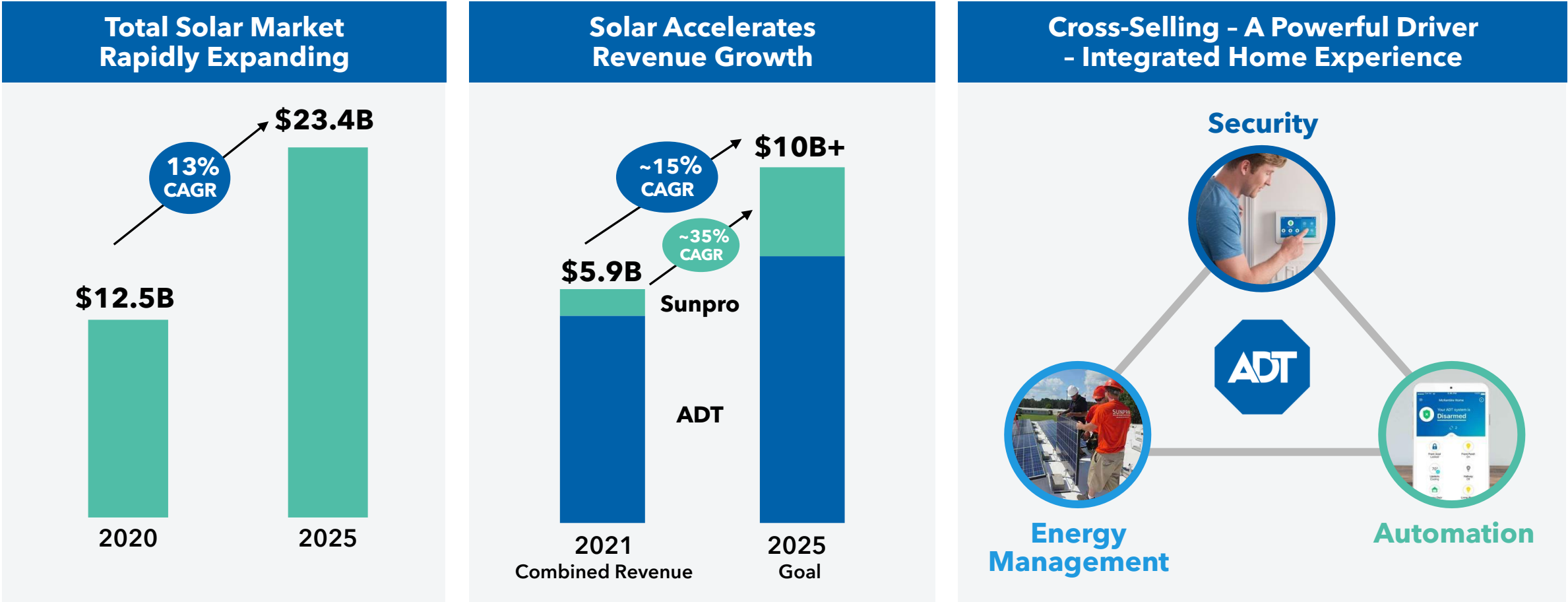
Rapidly moving up the rankings vs competition

**Solar is a logical extension of the ADT ecosystem**

Note: Ranking by Solar Power World Magazine – Top U.S. Residential Solar Installer



# We strengthened our portfolio and growth profile with the acquisition of Sunpro - unlocks integrated home experience



**ADT can capture ~5% of the total solar market by converting just 0.5% of our existing customer base**

Note: Combined Revenue equals ADT Total Revenue (GAAP) (which includes Solar segment revenue post-acquisition) plus Sunpro revenue (GAAP) prior to the acquisition. 2025 goals do not represent actual guidance or projections. Citi is source for market data.





# We are at an inflection point in our growth

## A Fundamentally Transformed Business

### Best-in-class model

- Smart home business has best-in-class unit economics and compelling incremental subscriber returns

### Google - game changer

- Google partnership a growth accelerator for ADT; concept evolution is complete, and it is being introduced

### Commercial now growing

- Commercial on the path to recovery, record national account backlog

### Solar - significant opportunity

- Solar is a new opportunity to unlock meaningful upside

### Substantial FCF

- Substantial free cash to be reinvested to drive shareholder value

Key Metrics	2021	2025 Goals
Revenue	\$5.9B combined	<b>\$10B+</b> <b>+15% CAGR</b>
Adj. EBITDA	\$2.2B	<b>~\$3B</b> <b>+8% CAGR</b>
Adj. FCF	\$0.5B	<b>\$3B</b> 2022-2025 cumulative <b>+30% higher</b> vs. 2018-2021

**ADT - only scaled player positioned to capture next era of growth in rapidly evolving ecosystem of security, automation & energy**

Note: Combined Revenue equals ADT Total Revenue (GAAP) (which includes Solar segment revenue post-acquisition) plus Sunpro revenue (GAAP) prior to the acquisition. 2025 goals do not represent actual guidance or projections



IN SUMMARY

## We are safe, smart, and sustainable

- ✓ Proven market leader, with strong track record
- ✓ Unparalleled customer value proposition and capabilities
- ✓ Additional growth fueled by capital-light businesses
- ✓ A clear strategic roadmap to achieve our goals





## Consumer Growth Strategy and Optimized Go-To-Market

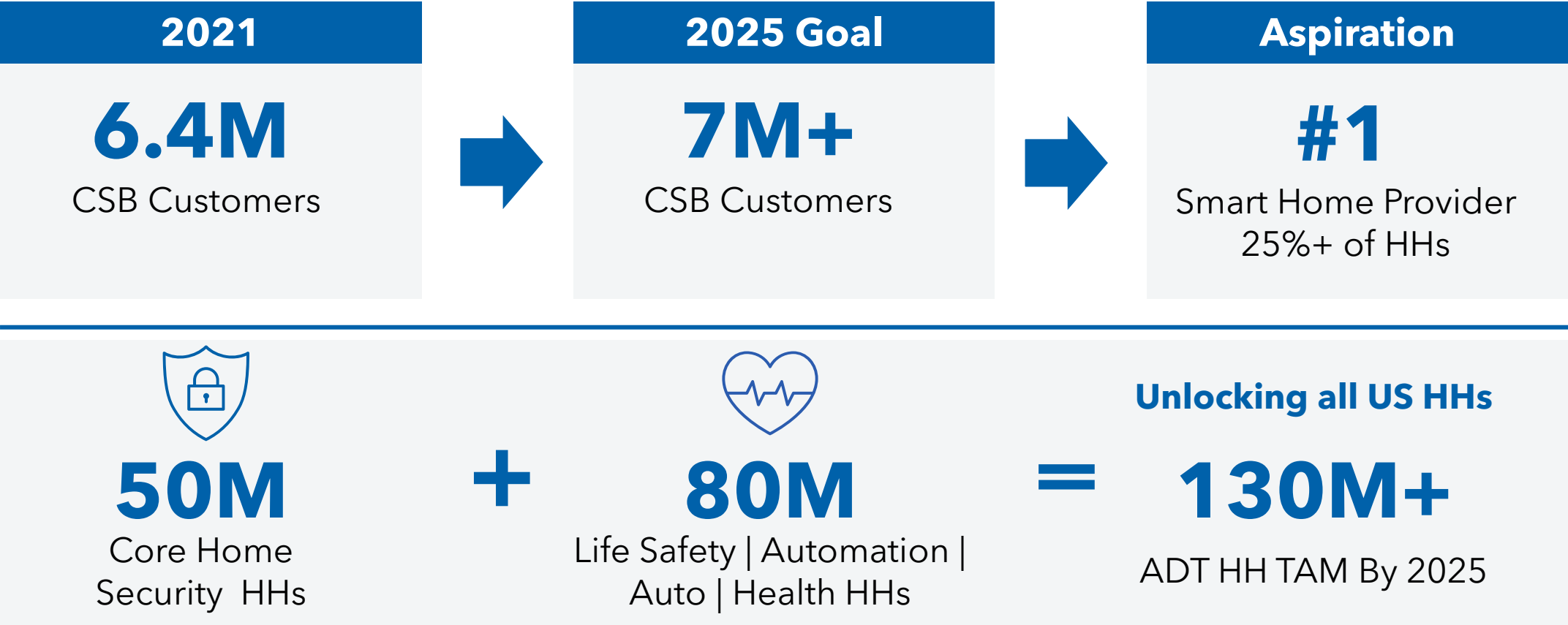
Keith Holmes, Executive Vice President and Chief Revenue Officer

## Agenda

- Market opportunity
- Four point strategy
- Future financial goals



# We are the market leader, winning in core markets and adjacencies



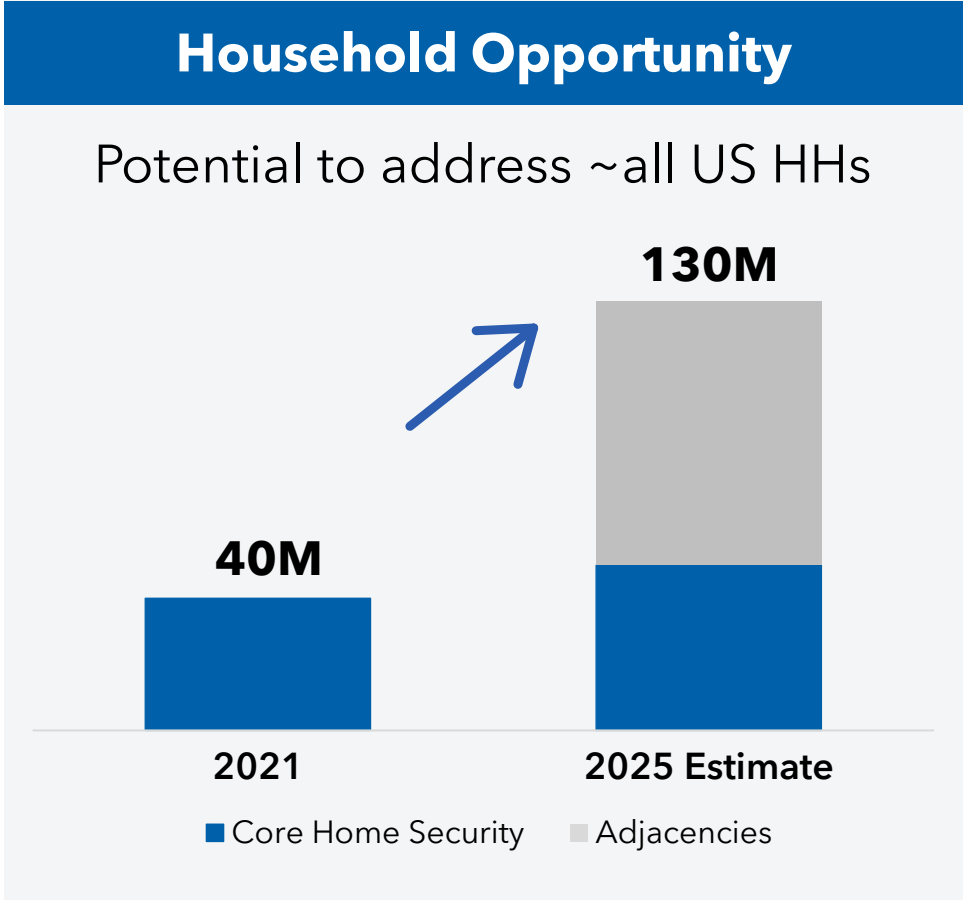
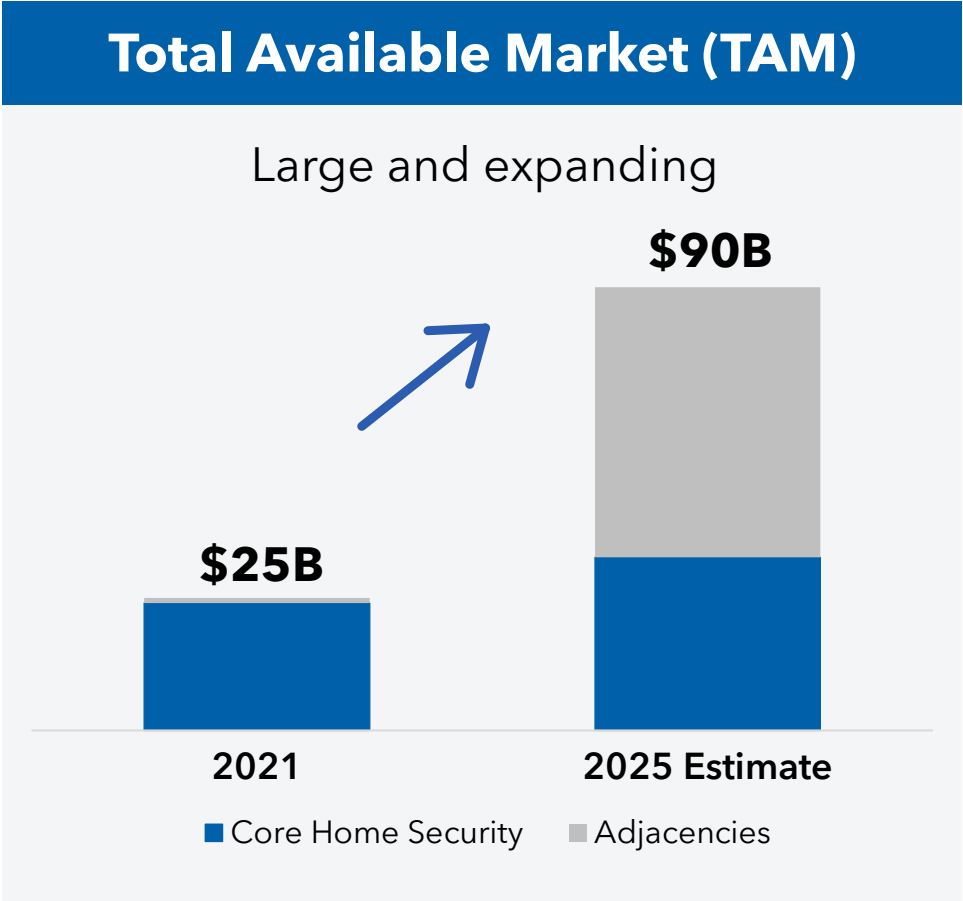
Win in core and adjacent fast-growing markets

Note: 2025 goals do not represent actual guidance or projections. Source: Parks Associates, Omdia, ADT analysis

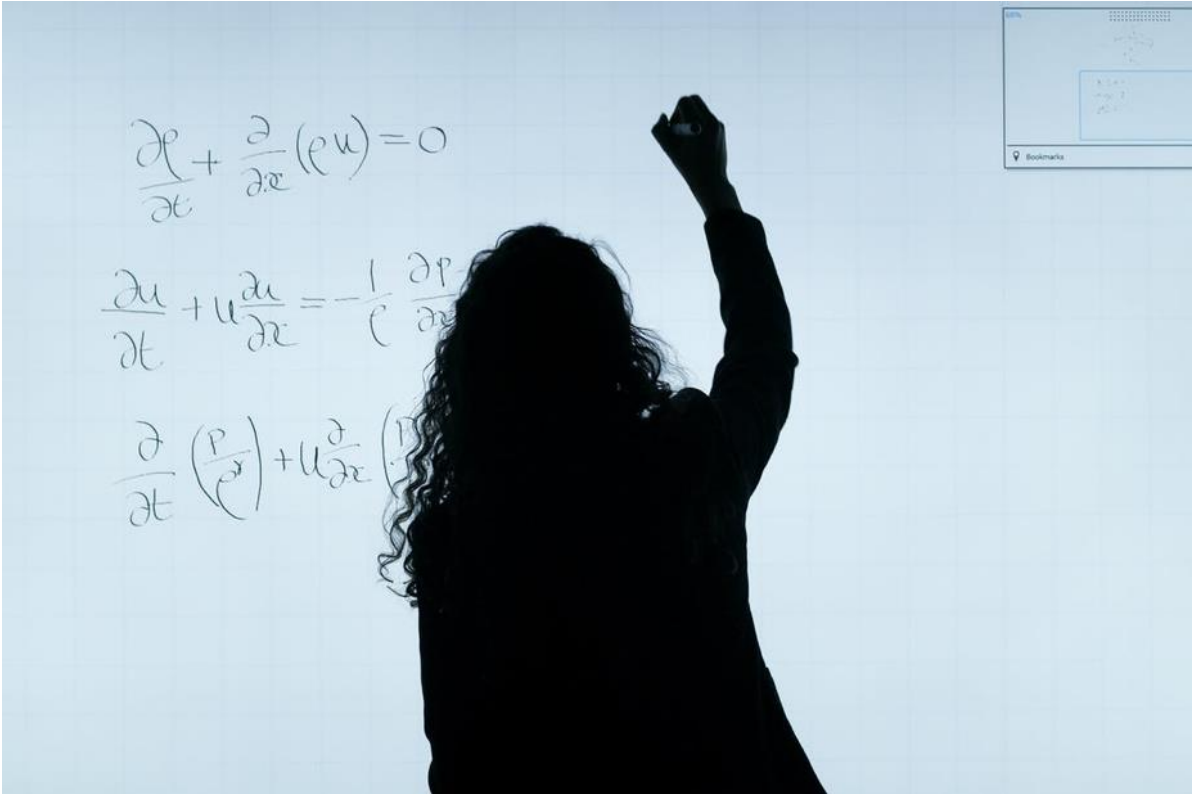




# We have expanded our addressable market, broadened our capabilities, and increased our customer opportunity



# We are executing a winning four-point formula to reach new customers and grow our share of wallet



1



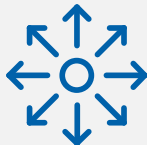
**Tactical Go-To-Market Execution**

2



**Enhanced Customer Flexibility**

3



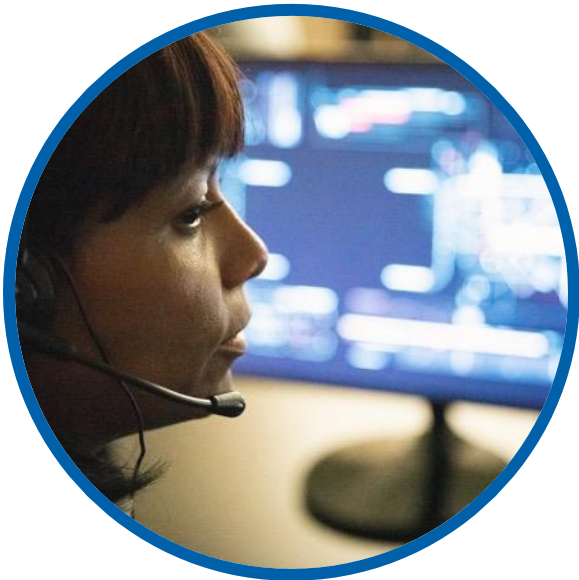
**Expanded Channels**

4



**Strong Partnerships**

# Our foundation is best-in-class, with the broadest customer reach in the industry



**700**  
**Phone  
Solutions Advisors**



**2,900**  
**Field  
Solutions Advisors**



**200**  
**Dealer  
Partners**

Note: Refers to ADT phone and field sales employees prior to the Sunpro acquisition.

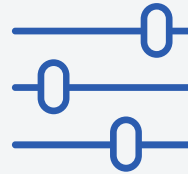
# 1. We are improving our already strong go-to-market execution

## Marketing Effectiveness



- Data analytics
- Messaging customization
- Placement
- ROI management

## Sales Conversion



- Recruiting / training
- Performance management
- Channel optimization
- Dynamite sales team

## Pricing Optimization



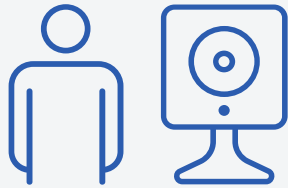
- Channel optimization
- Solution selling
- Discount management

**Driving revenue through increased consumer awareness and preference**



## 2. We are enhancing consumer purchasing flexibility

### Bundled Offers



- Use-case driven positioning
- Customized for individual customer needs
- Financing alternatives

### Pricing Simplicity



- Linked to bundled offers
- Disaggregated alternatives
- Increased transparency earlier in the process

### Contract Flexibility



- No contract alternatives
- Outright sales to customer
- Advertising simplicity /expansion
- Financing alternatives

**Refreshing, refining, modernizing, and customizing our go-to-market approach**

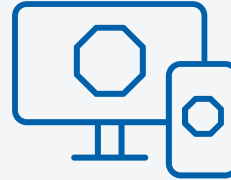
### 3. We are expanding our channel reach

#### Retail



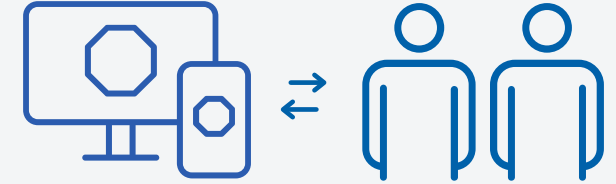
- Direct in-store and online sales via retailers
- Affinity marketing
- Enhanced brand awareness and reach
- Pilots in process with national retailers

#### E-commerce



- Self-service without sales interaction
- System configuration
- Upsell and add-on
- On-site chat
- Service
- Launching 2H 2022

#### Omnichannel



- Combining attributes of multiple channels
- Start Anywhere Finish Anywhere

**Supplementing existing channels to meet customers where they prefer to shop**

## 4. We are broadening our national-scale partnerships

### Insurance



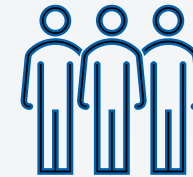
- Expand reach and purchase moments
- Low SAC
- Safety and peace-of-mind use cases increase serviceability
- Enhanced stickiness via insurance policy

### Building & Construction



- Low SAC, simplified service activation
- Further expand natural purchase moments
- Insulate single- and multi-family growth

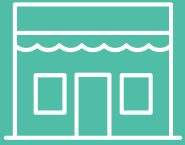
### Other



- Unique partnerships only available with ADT's brand and scale
- Target life moments; low SAC and low friction sale
- Expand reach to meet customers wherever they prefer to shop

**Leveraging partners' engagement with target customers**

# We are the leader in small business security



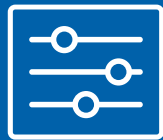
**#1** in smart  
business  
security



**90%** close  
rate



**10%** of overall  
CSB business



**Opportunity  
to scale**





# Combined with our strategic differentiators, we expect our go-to-market strategy to drive meaningful growth



Execution + consumer flexibility + channel expansion + partnerships

Note: 2025 goals do not represent actual guidance or projections. RMR and RMR adds are presented for the U.S. only.



## We have a strong foundation with ample growth opportunity

- ✓ New appeal with cutting edge smart home products
- ✓ Comprehensive solutions to better meet customers' needs
- ✓ Meeting customers where they want to shop with the right product for them
- ✓ Tremendous potential for continued growth - track to 7M+ CSB customers





## Google as the Universal Catalyst

Michael Drory, Vice President,  
Strategic Initiatives

## Agenda

- The partnership
- Universal catalyst – accelerating our six growth pillars
- Initial success – Google doorbell

# Our deep partnership with Google is expected to drive long-term value creation



## **'Iron sharpening' - joint offers; co-branded, co-distributed solutions**

- ADT's #1 brand, trusted security, professional installation and monitoring service
- Google's award-winning Nest hardware and analytics

## **Differentiated & category redefining customer experience**

- Integrated smart home and security technology that only the unique combination of ADT + Google can deliver

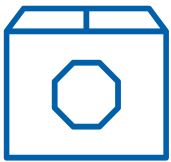
## **Long-term orientation + aligned incentives for mutually assured growth**

- 7 years duration
- Google invested \$450 million in receipt of Class B common stock
- Google has committed an incremental \$150 million for growth stimulus
- Joint commitment of dedicated product, engineering, and go-to-market resources





# Our partnership with Google benefits each of our strategic differentiators and enablers



**Innovative Offerings**



**Unrivaled Safety**



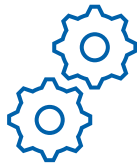
**Premium Experience**



**Trusted Brand**



**Optimized Go-to-Market**



**Operational Excellence**



**Improved customer economics + reduced attrition + TAM expansion**



# Our Google partnership enhances and accelerates our innovative offerings



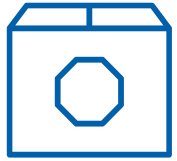
**Leading hardware** – Google Nest camera, thermostat, Wi-Fi, display, and voice devices configured alongside ADT life-safety & security hardware

**Integrated software experiences** – ADT+ as the only security & life safety platform with native integrations to Google Home platform

**Expanding portfolio of recurring revenue use cases** – bundled at point-of-sale and upsold at point-of-install

**Jointly aligned long-term innovation roadmap** – multiple horizons that build off 2022 foundational year

# Our Google partnership strengthens our already unrivaled safety



**Innovative Offerings**



**Unrivaled Safety**



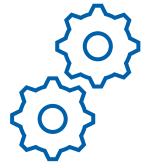
**Premium Experience**



**Trusted Brand**



**Optimized Go-to-Market**



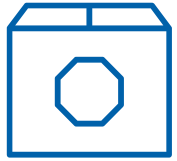
**Operational Excellence**

**Nest video + ADT analytics power new capabilities** – proprietary solution to reduce false alarms and improve response effectiveness

**Category expansion** – ADT monitoring capabilities scaled to new verticals and customer segments

**Ambient security** – ADT+ integrated with Google Home platform + infrastructure to deliver 'always on' security

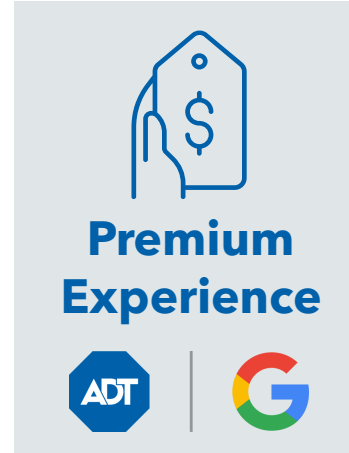
# Our Google partnership elevates our premium experience



**Innovative Offerings**



**Unrivaled Safety**



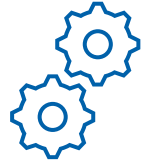
**Premium Experience**



**Trusted Brand**



**Optimized Go-to-Market**



**Operational Excellence**

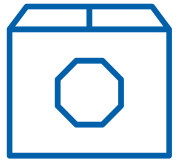
**Frontline access to new tools** - ADT agents armed with Google customer service tools for increased visibility & ability to resolve issues

**ADT-owned customer experience** - ADT as the lifecycle management lead (billing, support, care, etc.)

**100,000+ annual FTE hours of frontline upskilling** - Google-supported capability building and product marketing to sell and support an expanding portfolio

**Care team augmented by Google experts** - tiered support model with clear transfer protocols to bring SME capabilities to ADT customers

# Our Google partnership complements and enhances our trusted brand



**Innovative Offerings**



**Unrivaled Safety**



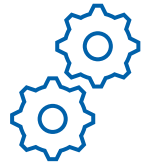
**Premium Experience**



**Trusted Brand**



**Optimized Go-to-Market**



**Operational Excellence**

## **Complementary assets expand brand effectiveness**

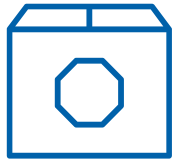
- #1 in trust & security + #1 in technology

## **Co-marketing brand expressions increasingly in-market**

- Re-branding all in-home uniforms of residential frontline technicians and solution sales professionals
- Committed to re-brand ~4,500 fleet vehicles with 25% to be completed in 2022
- Activated direct response marketing channels (e.g., direct mail, digital) with others to follow



# Our Google partnership further optimizes our go-to-market capabilities



**Innovative Offerings**



**Unrivaled Safety**



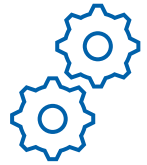
**Premium Experience**



**Trusted Brand**



**Optimized Go-to-Market**



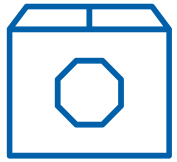
**Operational Excellence**

**Digital accelerant** - opportunity to introduce ADT cross-sell / upsell buy flows into Google properties to create an integrated experience

**Retail unlock** - opportunity to co-market solutions in channel where ADT is historically underrepresented

**Partnership optionality** - increased demand from category leaders in adjacent home services verticals (e.g., insurance, etc.)

# Our Google partnership increases efficiency and operational excellence



**Innovative Offerings**



**Unrivaled Safety**



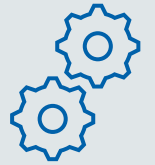
**Premium Experience**



**Trusted Brand**



**Optimized Go-to-Market**



**Operational Excellence**









## **Subscriber acquisition cost offset via expanded in-home revenue opportunities**

- *Now:* leading hardware that is easier to bundle while our sales professionals are in the home
- *Future:* Expanded recurring revenue cross-sell + upsell opportunities

**Long-term operational efficiency gains** - streamlined in-home install duration aligned with launch of ADT+ platform

# We are building momentum in 2022

 <b>Innovative Offerings</b>	Google Nest doorbell replaces ADT solution
 <b>Unrivaled Safety</b>	Google Nest AI-powered use cases – friendly faces, package detection, etc.
 <b>Premium Experience</b>	Capability building; Google digital support tool for service / care
 <b>Trusted Brand</b>	Co-branded field uniforms, trucks (start of phased rollout)
 <b>Optimized Go-to-Market</b>	Doorbell offers in direct response channels
 <b>Operational Excellence</b>	Introduction of device bundles with doorbell as the anchor

## Partnership momentum & scale on display:

Average doorbells sold per week **6-7K**

Improvement in point-of-install attach rate **~50%**

## Improved device 'pull through' economics:

Install revenue lift when Google doorbell sold vs. ADT doorbell **~\$90**

Note: All data refers to direct channel pre- and post-launch (11/14/2021 - 2/18/2022); Doorbell sales data includes new acquisition and existing customers channels; Improvement in attach rate highlighted for new acquisition.



IN SUMMARY

## Google as the universal catalyst

- ✓ A long term, value creation partnership
- ✓ Six key pillars are expected to accelerate ADT growth and performance
- ✓ Google Nest doorbell launch success
- ✓ Exciting growth opportunities ahead





## Innovative Offerings

Raya Sevilla, Senior Vice President and Chief  
Technology Officer

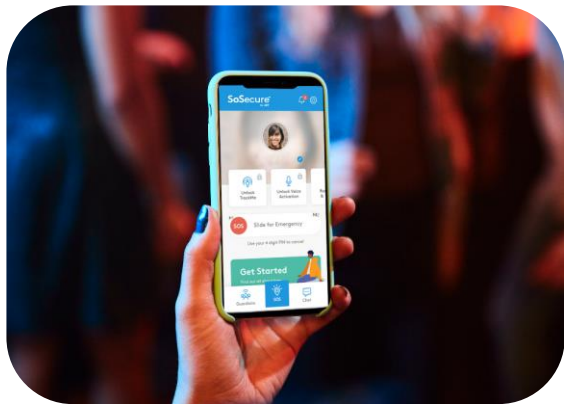
Leah Page, Vice President, Emerging  
Business & Mobile

## Agenda

- Broad range of offerings
- ADT+ enables the future
- Expanding security beyond the home



# We have a broad range of offerings to serve customers throughout their life



**Mobile Security**



For people on-the-go



**Point Solutions and Do-It-Yourself**



Renters, apartment living, tech comfortable



**Professionally-Installed Systems**



Concierge smart home Security



**Smart Aging**



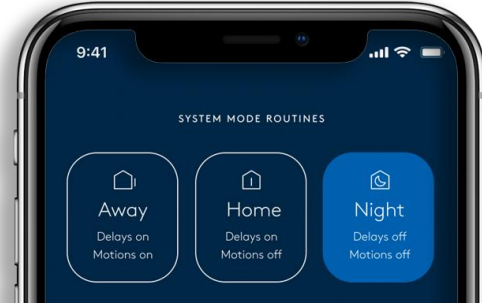
Solutions for aging seniors

# We are redefining the breadth and seamlessness of our customer offerings and experiences with ADT+

## New interactive platform



## New mobile experience



## New hardware



## ADT+

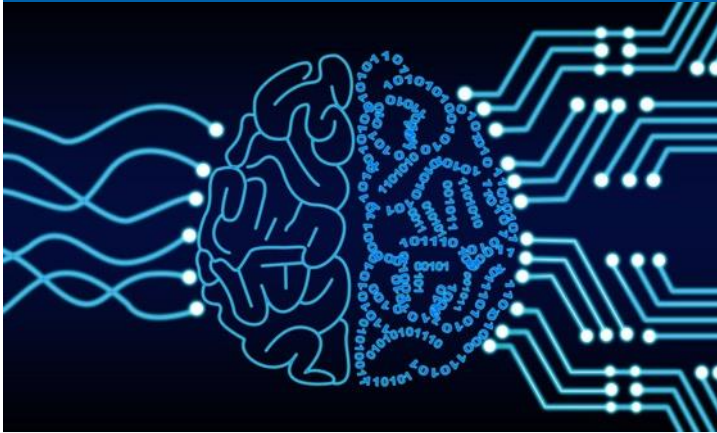


- ADT built interactive platform using the latest technologies in cloud computing and machine learning
- ADT designed intuitive product experience derived from extensive customer research
- ADT designed earth-friendly hardware that is already Matter compliant

Note: Matter, formerly Project Connected Home over IP (CHIP), is a connectivity standard that strives to simplify interoperability among smart home devices and Internet of Things (IoT) platforms from different providers. The project group includes representatives from Amazon, Apple, Google, and ADT.

# ADT+ continually delivers improved value to customers to make their lives easier and safer

## Anticipatory



Learning behaviors, becoming anticipatory, and reducing friction in daily life

## Helpful



Continuously adding new value, beyond hardware lifecycles

## Linked

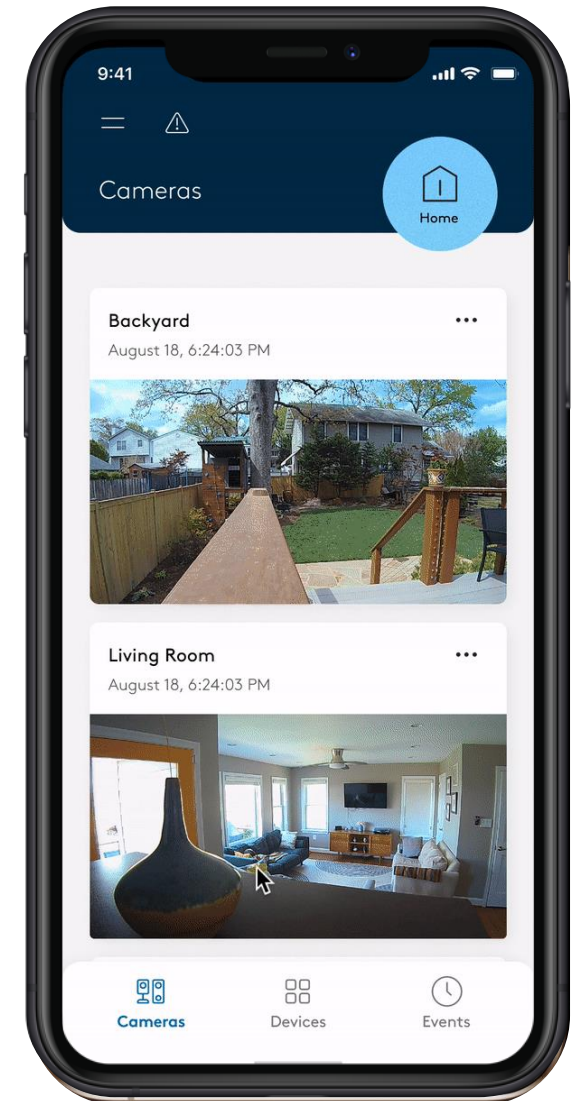


Becoming linked to our sense of safety, comfort and control

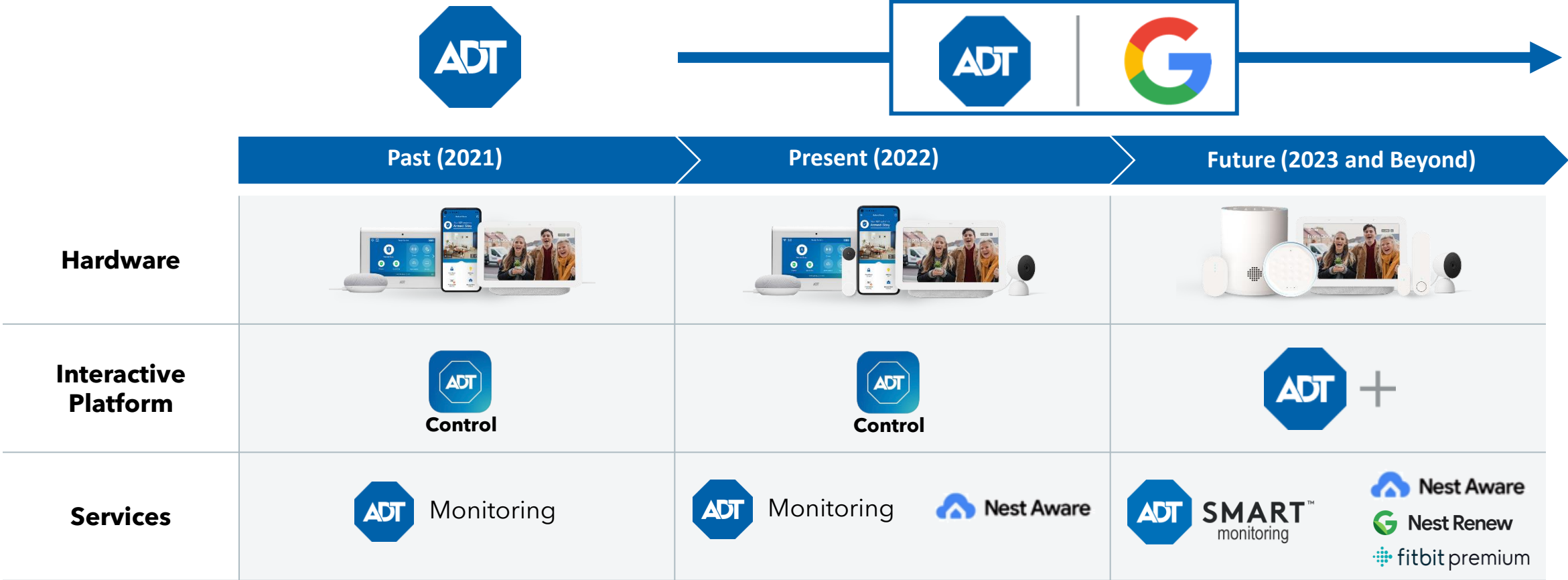


# ADT+ focuses on what matters most to our customers

- Simple and instinctive product experience
- Contextual & proactive automations
- Incident prevention (home assurance)
- Smart home support

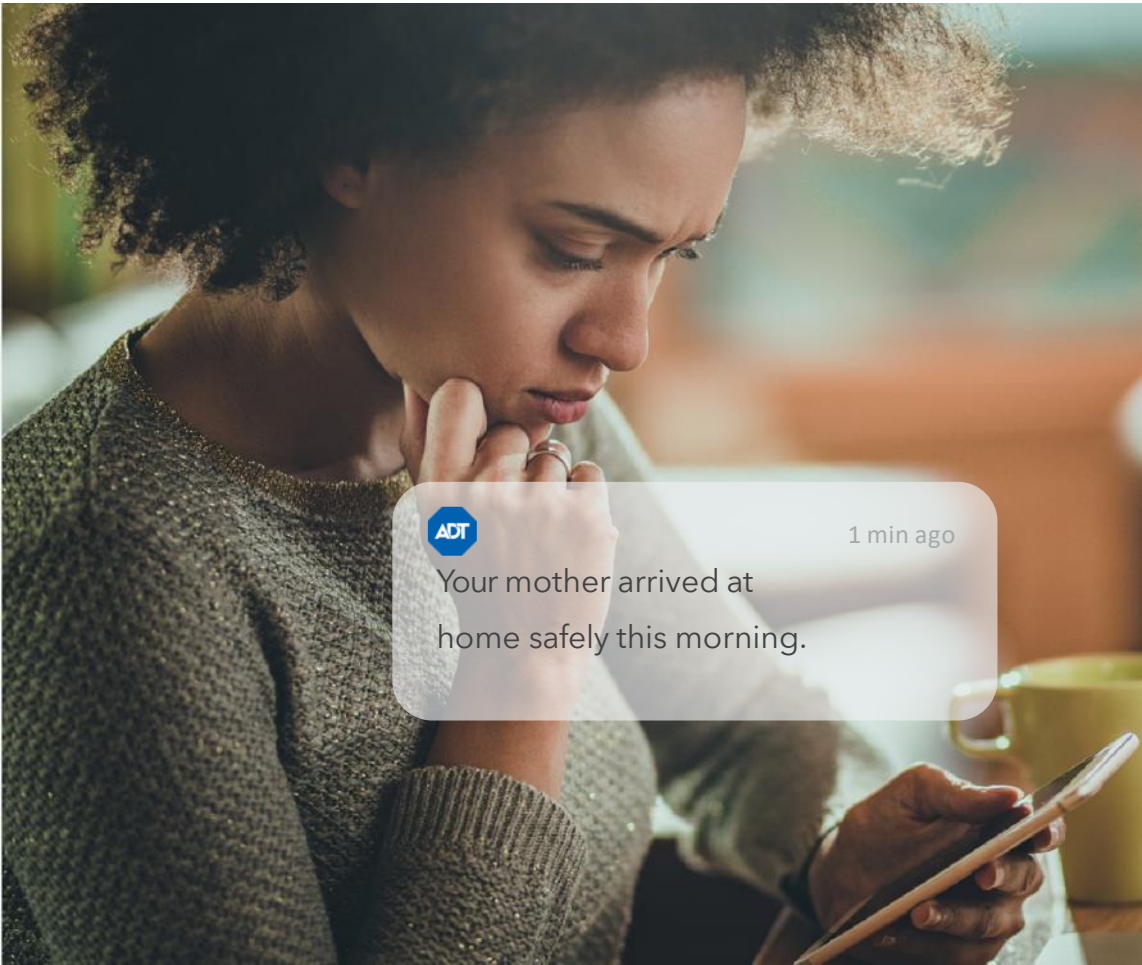


# Our future product roadmap is accelerated by Google





# Our customer experiences and offerings are diverse, broad, and unique



# We have begun to expand security beyond the home, and plan to integrate with our core consumer offerings

## Mobile Security provides protection wherever you are

### ADT in a partner's native experience

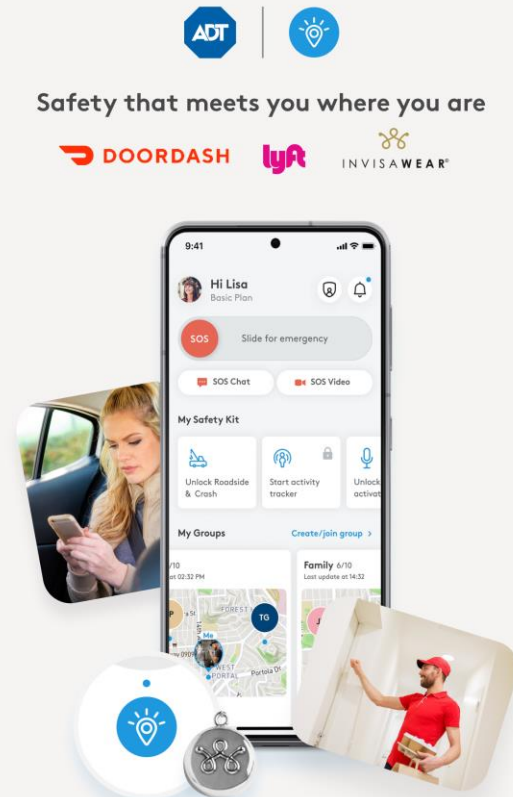
- Provide safety & security to people wherever they are
- People are consuming security differently than just a few years ago, and ADT is answering that need
- Allows ADT services to be discovered by millions of users when they need it most

### SoSecure Mobile App

- An ADT mobile app that puts safety at your fingertips
- SoSecure focuses on design principles that makes it easy to send an alert to ADT
- ADT will provide reassurance for uncertain situations or efficiently pass details on to 911 and request help that is needed

**Grow and expand subscription services with new offerings for new segments**

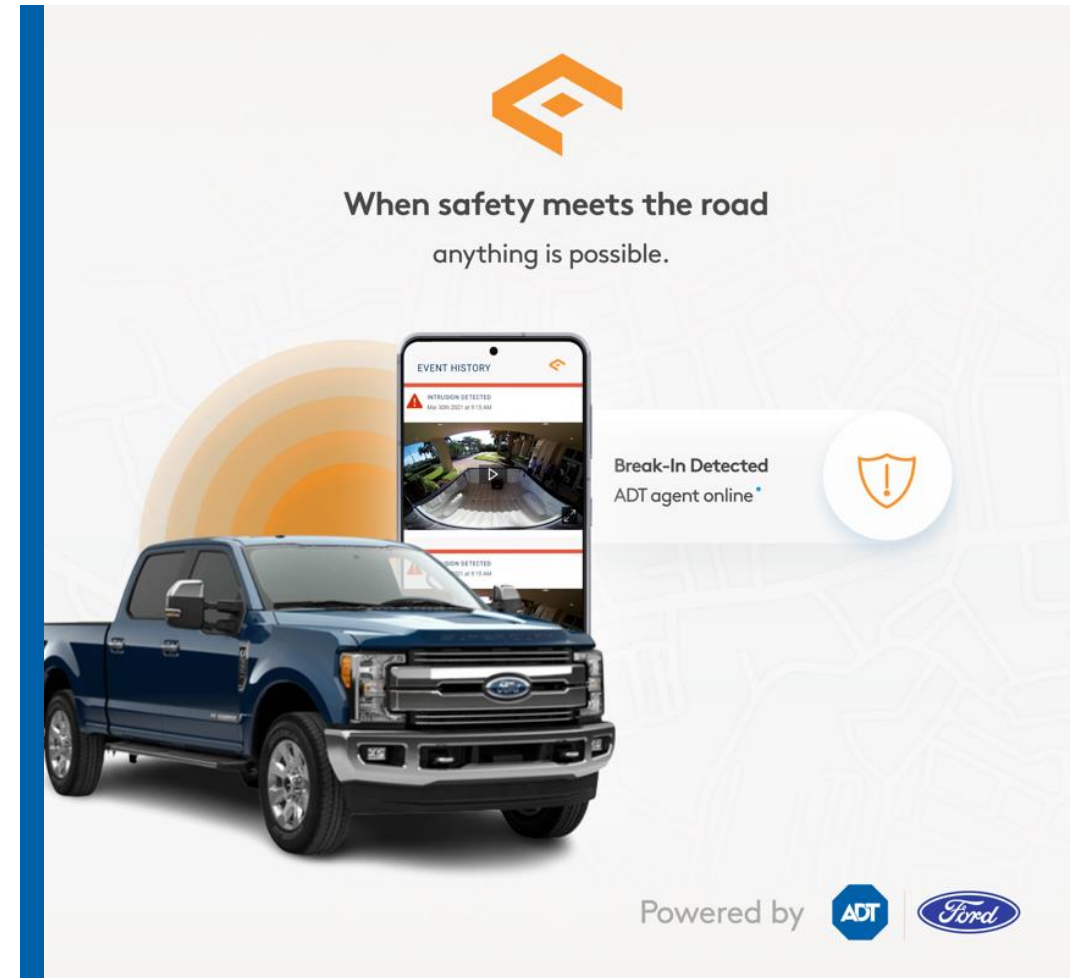
## Safety that meets you where you are



# We recently launched Canopy, a JV with Ford Motor Company, to integrate our offerings into automobiles

## ADT + Ford Partnership introduces Canopy

- ADT and Ford come together to co-invest in a JV, Canopy
- Combination of our professional security monitoring and Ford's AI-driven camera technology
- Answering the macro trend in automotive to subscription-based services with security as a catalyst
- Grow and expand subscription services with new offerings for new segments



Note: Joint Venture is subject to certain conditions, including regulatory approvals

# We continue to expand our TAM through additional customer use cases such as Smart Aging

## Smart Aging that targets a more youthful Senior

- Extraordinary market conditions are pushing the need for Seniors to age in place
- Creation of unique solutions with new form factors using our ADT platform and AI to identify emergencies
- Leveraging assets of our Health business today and building innovative solutions
- Grow and expand subscription services with new offerings and new segments





IN SUMMARY

## Innovative offerings

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- ✓ Integrated software experiences
- ✓ Aligned incentives with Google
- ✓ Enabling our future with ADT+
- ✓ Grow and expand subscription services with new offerings and bundles







## Unrivaled Safety

Don Young, Executive Vice President and  
Chief Operating Officer

## Agenda

- Our differentiated capabilities
- Extending our lead

# We have delivered unrivaled safety and peace of mind for 147 years

## Unrivaled Safety Is the Bedrock of Our Company and Our Mission



Years of  
perfecting safety



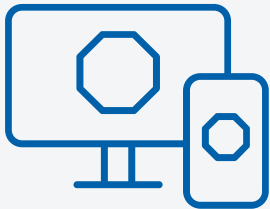
9 UL-listed  
monitoring centers



6.6 million protected  
customers



Highly trained  
agents



Multiple  
redundancies

## We protect lives, families, businesses, livelihoods, property, pets, and data

---



*"Knowing people are there,  
whether I take them up on it  
or not, is huge".*

Katie, ADT  
Customer

# Our commitment to safety and related innovations benefit multiple stakeholders

## Customers



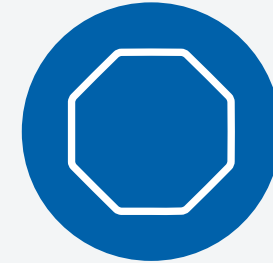
- Enabling faster emergency response
- More control of data
- More accurate information
- Broader and more integrated services
- Better protection and enhanced peace of mind

## Communities



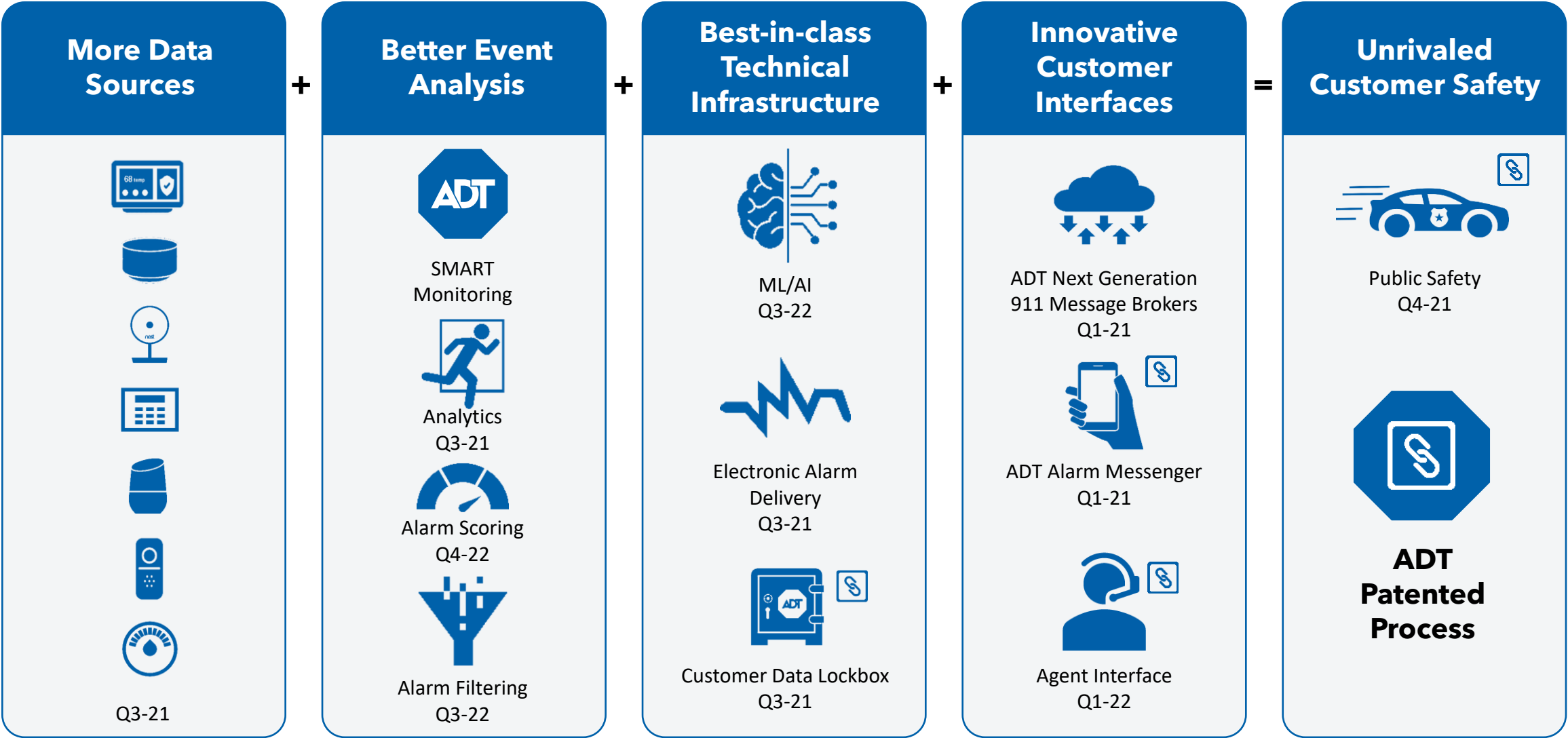
- Fewer false alarms and 911 calls
- Reduced vehicle responses (and cost and risk)
- Better situational awareness for first responders
- Improved apprehension rates
- Safer communities

## ADT



- Improved customer preference
- Improved customer retention
- Improved pricing power
- Improved employee experience
- Reduced cost
- Expansion of enabled devices and services

# We are the unrivaled leader in delivering safety and peace of mind - a key differentiator





# We are strengthening and innovating our unrivaled safety experience

## Standard Industry Processes Are Slow, Error Prone and Sometimes Unreliable

- 10-digit calls to lowest-priority 911 center lines
- Long hold times and risk of transcription errors
- Significant false alarm rates (95%)
- High rates of no-answer (70%)
- No direct data sharing with First Responders
- No differentiation between intrusion alarm signals
- Less predictable response (e.g., Dallas 60 minute)



## ADT's Processes Deliver Increasingly Differentiated Speed and Fidelity

- Algorithm-driven event assessment (priority scoring)
- Electronic data delivery into 911 process
- Short handle time (~15 seconds)
- Patented direct data link for First Responders
- Video/audio sharing
- Alarm score delivered to 911 dispatcher
- Alarm event lockbox for UL-827 storage requirement



**Enhancing capabilities to shorten response times during emergencies**

## We are steadfast in protecting customer data and privacy

### Customer Choice



Customer  
consent store

### Secure Storage



ADT Data  
Lockbox

### Protected Distribution



Patented  
proprietary  
process

## Our commitment to safety will continue to define the industry

---

- ✓ Lower the cost of professional monitoring
- ✓ Increase the speed, accuracy, and reliability of our emergency response to customer alarms
- ✓ Drive differentiation and customer loyalty





## Premium Experience

Jamie Haenggi, Executive Vice President  
and Chief Customer Officer

## Agenda

- Value we provide today
- Four key changes to further enhance value



# We protect and serve millions of customers every single day



**391M**

motion sensors  
triggered



**245M**

door signals



**52M**

video clips



**7M**

systems  
disarmed



**1.3M**

thermostat  
changes



**63K**

alarms  
handled



**10K**

homes  
visited



**4K**

virtual service  
visits



# Our premium customer experience is unparalleled

## A premium customer experience...



...is  
flexible



...is  
personalized



...is  
proactive



...is intuitive



...is memorable

### Delivers significant value

Maximize customer value

Improve retention

Unlock revenue

Reduce support cost profile

# We are resolutely focused on the customer experience

## Extensive journey map and research



## Four key changes to drive improved experience



Choice in  
install/service



Advancing our  
in-home experience



ADT digital-  
first platform



Technology, data,  
and analytics

# 1. We have reinvented service calls to improve the customer experience to drive loyalty and efficiency

## Virtual service



Customers accepting virtual tech appointments per day

**4,000**



Delivering the highest customer satisfaction on service

**80+**

### More virtual services to come

- Broadband assessment and configuration
- Lifestyle programming
- DIY visual installation certification

## Unlocks value

Create high value, positive interaction



Reduce cost by 50% vs. truck roll



Generate revenue with more services and cross-selling opportunities



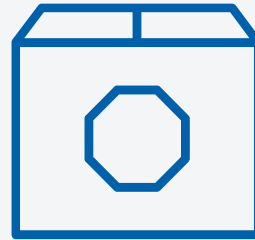
# 1. We have created unparalleled customer choice in installation

## Professional installation



Est. 1874

## Do it yourself (DIY)



Est. 2020

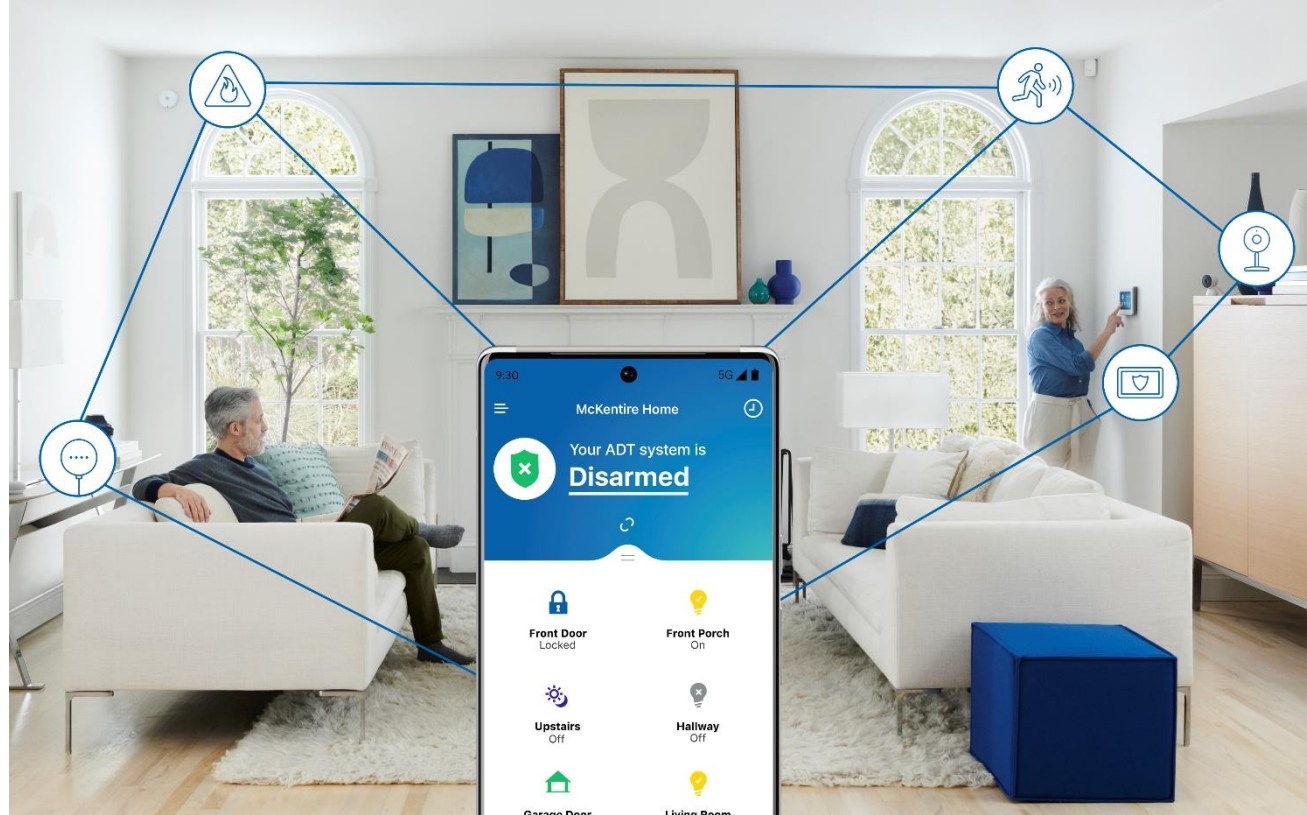
## Do it with me (DIWM)



Coming 2022

Each option covers full range of services from installation to onboarding to troubleshooting

## 2. Our employees are a strategic advantage, delivering concierge-like service unique to ADT



**Nobody will be more knowledgeable about the helpful home than an ADT team member**



### 3. Our next generation ADT platform will further enhance the customer experience

#### A focus on what matters most to our customers

Creating an ADT+ app that combines security, smart home, e-commerce, account management, and self-support

#### Integration with more services they value

Security & Smart Home



Vehicle



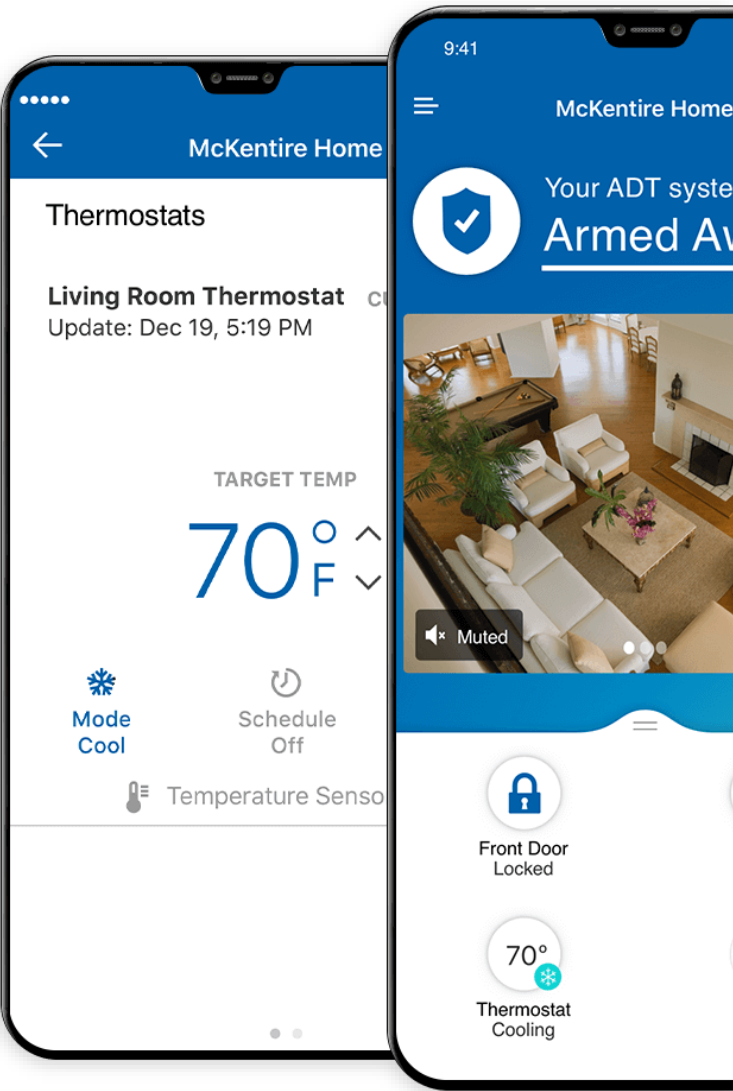
Mobile Safety & Security



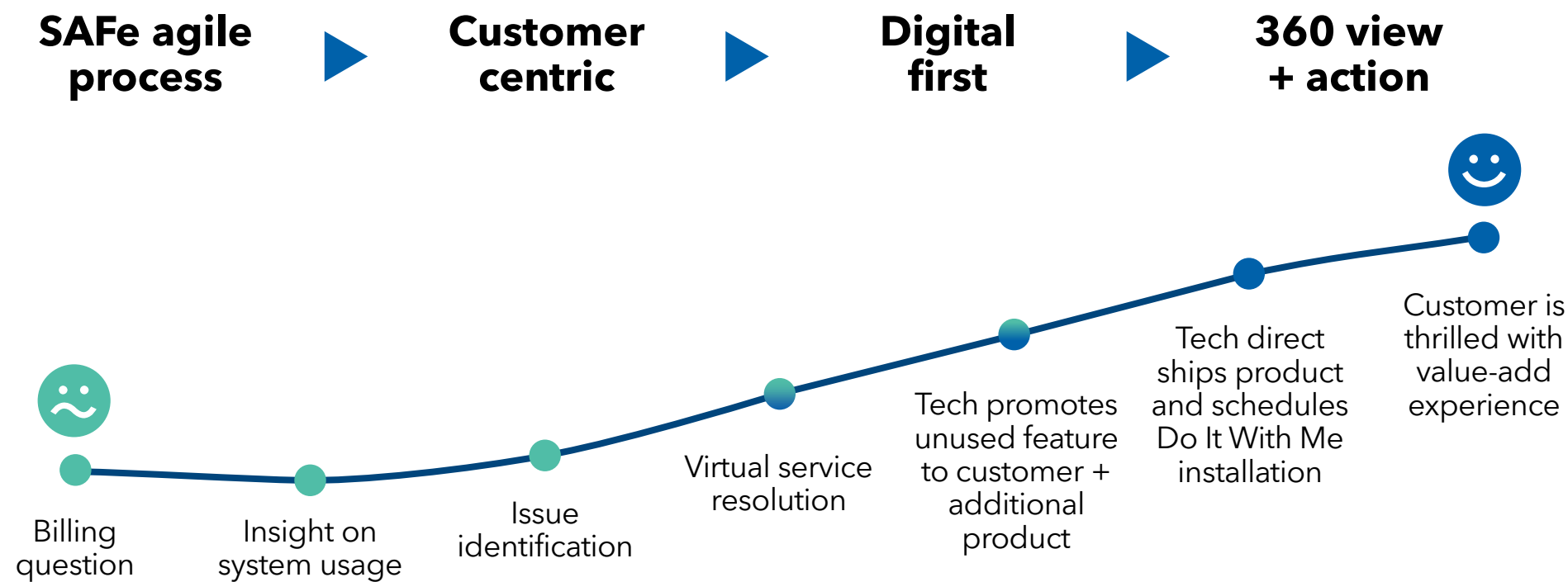
Solar & Energy Management



Future Options



# 4. Our incredible customer experience drives loyalty

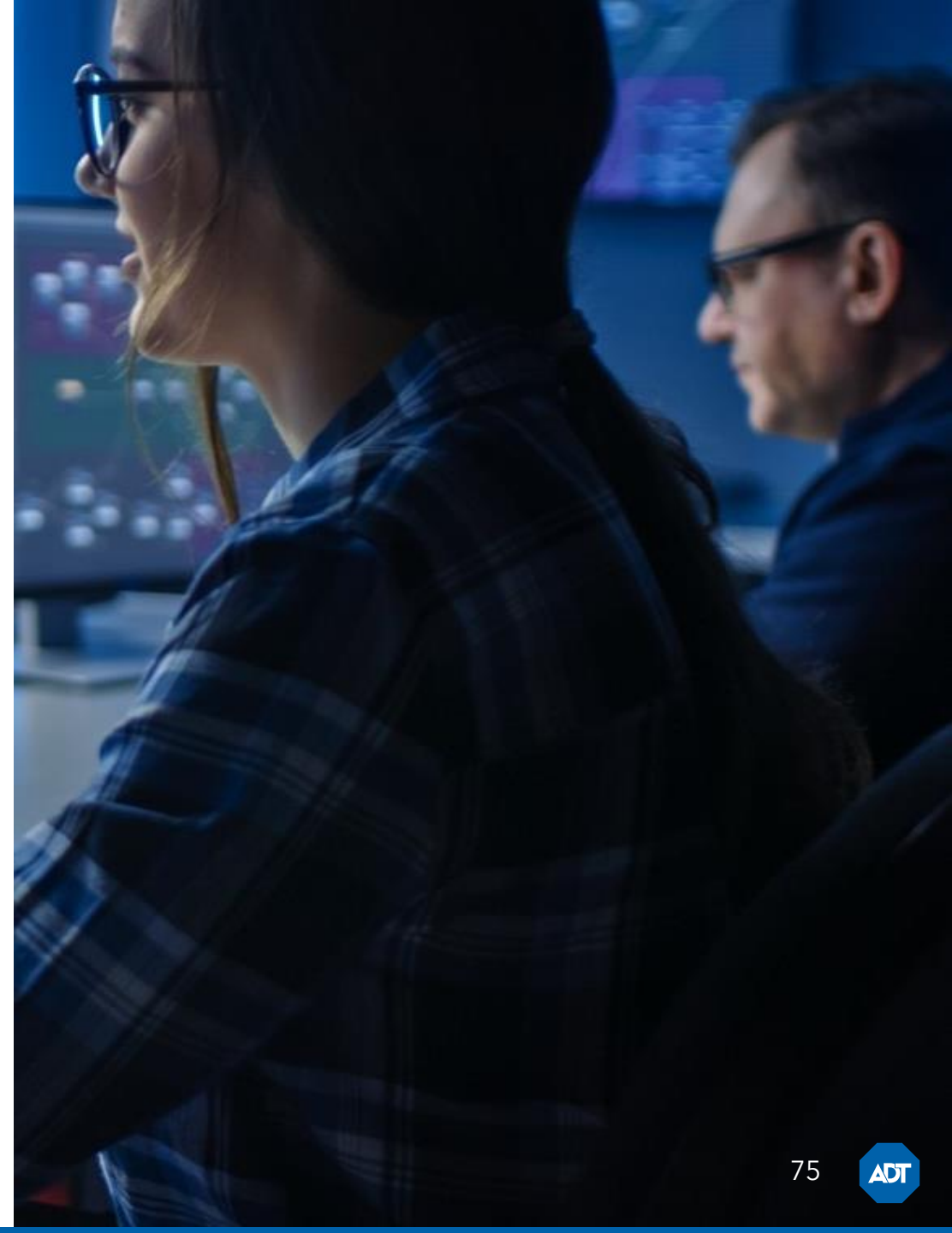


From efficient, effective customer service to high value customer experience

## Premium experience builds strong customer loyalty

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- ✓ Designing with a customer central focus to bring more options to serve a wider market
- ✓ Delivering a digital-first experience on our own platform
- ✓ Our people are a strategic advantage
- ✓ Premium experience drives preference and loyalty





## Trusted Brand

DeLu Jackson, Senior Vice President and  
Chief Marketing Officer

## Agenda

- The power of the brand
- Expanding our position





**ADT is an iconic brand**





# The ADT brand stands for trust, and is the most recognized in our space

## The importance of trust

**68%** Say it is more important today than in the past to be able to trust the brands they buy or use

**6X** US consumers are 6x more likely to purchase a brand that they trust

## ADT metrics



**98%**  
highest  
brand awareness



**#1**  
most trusted



**69%**  
most  
considered



**2X**  
most preferred  
than the next closest  
provider



**~8 YEARS**  
average ADT  
customer tenure



# We have expanded our brand promise beyond our legacy of security



## OUR NORTH STAR

We believe everyone deserves to feel safe

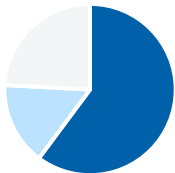


# We will increase demand through improved familiarity

## Consumer Data-Driven Insights



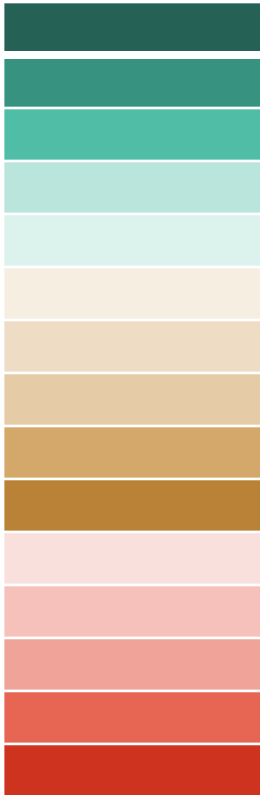
Through Known Attributes



And Customer Obsession



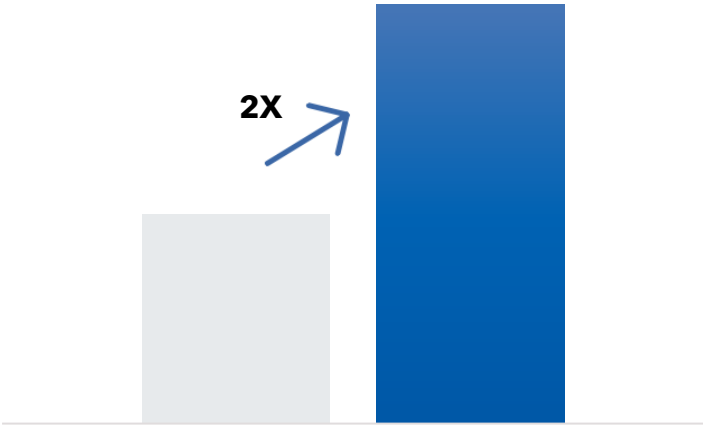
## Precision Marketing For Efficiency and Effectiveness



## Closing the Familiarity Gap

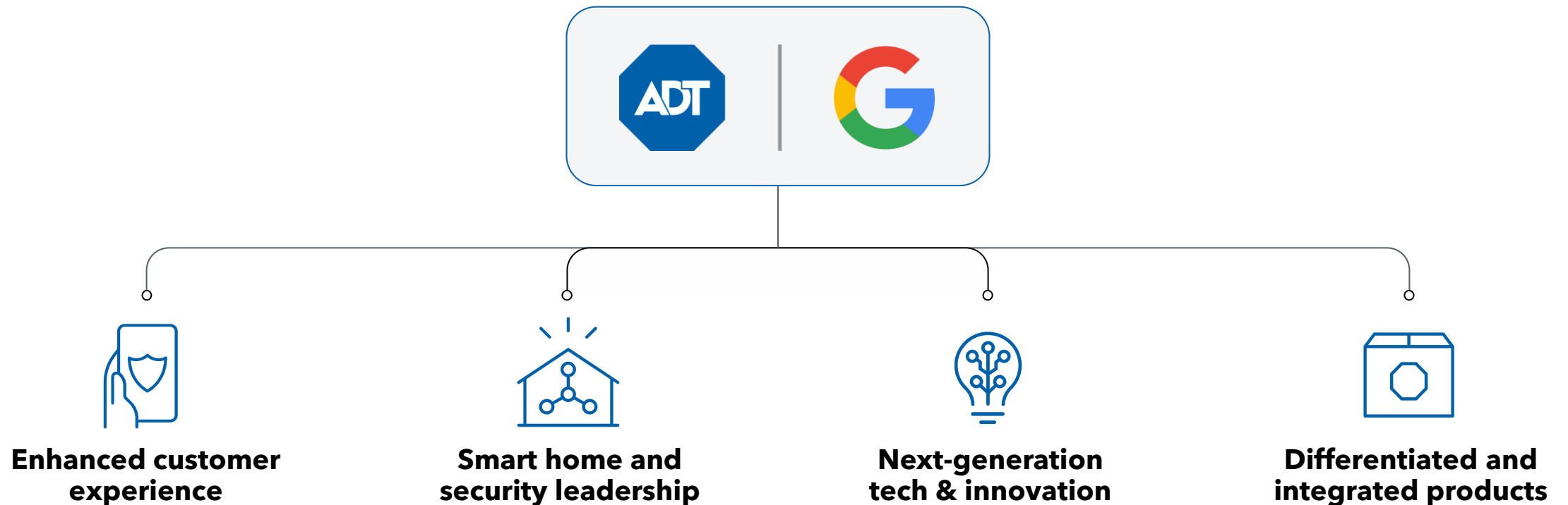
ADT's Familiarity of Doorbells will Double to Match Monitoring

Doorbell Familiarity   Monitoring Familiarity



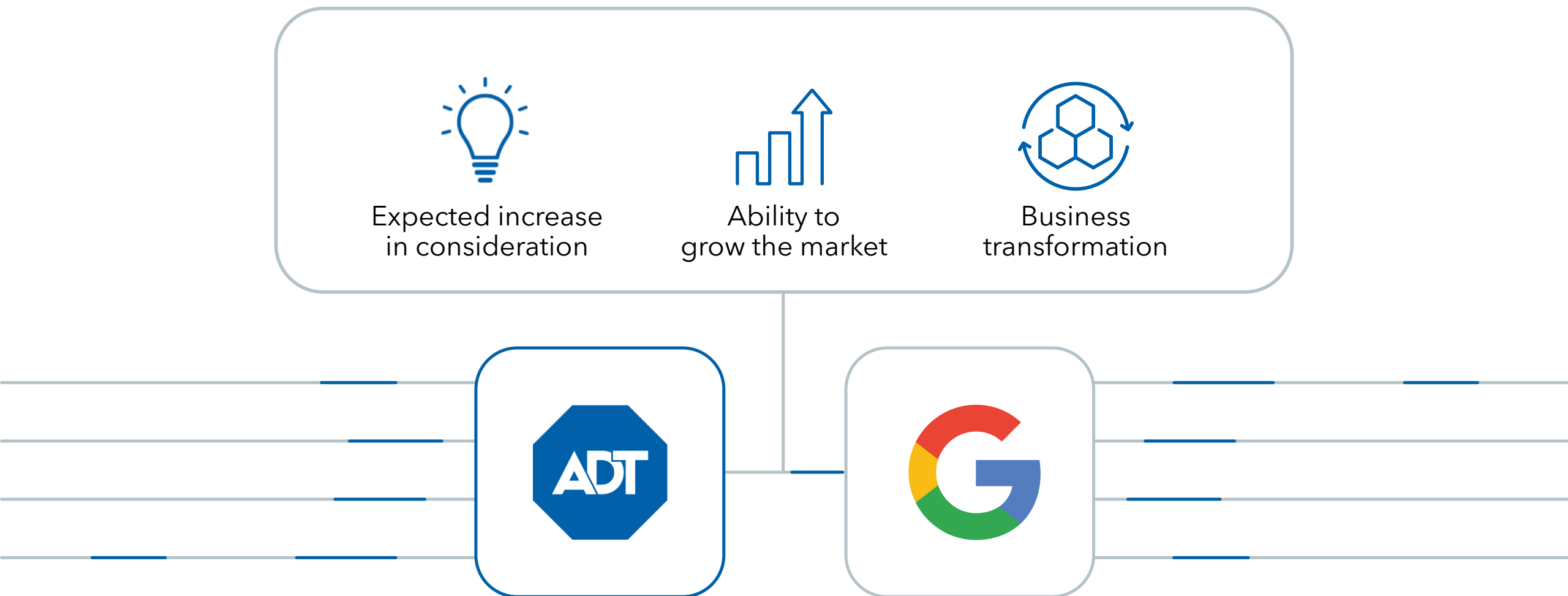
# Our Google partnership further strengthens the ADT brand

Amidst a monumental shift in people's relationships with smart home, security and connectivity the timing is perfect for ADT to define the future of protection and connection



**A fully integrated and helpful home security solution**

# Research and early results validate stronger consumer preference due to the complementary attributes of our brands





## Trusted brand is foundation for growth

---

- ✓ Strong brand foundation
- ✓ Symbol of unrivaled safety
- ✓ Expansion of brand beyond protection
- ✓ Broader and more diverse brand appeal







## Driving Cost and Capital Efficiency

Consumer and Small Business (CSB)

Ken Porpora,  
Executive Vice President, Finance

## Agenda

- Our differentiated model
- Significant improvements planned

# Our differentiated business model produces growth with attractive returns

**Acquire**  
new subscribers with attractive  
economics at scale

**~1M+**

Annual Subscriber Additions

**2.4 years**

CSB Revenue Payback Period

**~3.5x**

Avg. Revenue to SAC multiple



**Delight**  
our subscribers with efficient  
delivery model and seamless  
experience

**~\$330M**

Recurring Monthly Revenue  
from base of **6.4M** subscribers

**80%+**

Monitoring and Service Margin

**~87%**

Customer Retention



**Generate**  
best-in-class returns on invested  
capital for our shareholders

**~\$2,500**

Avg. Core Customer Value  
per Subscriber

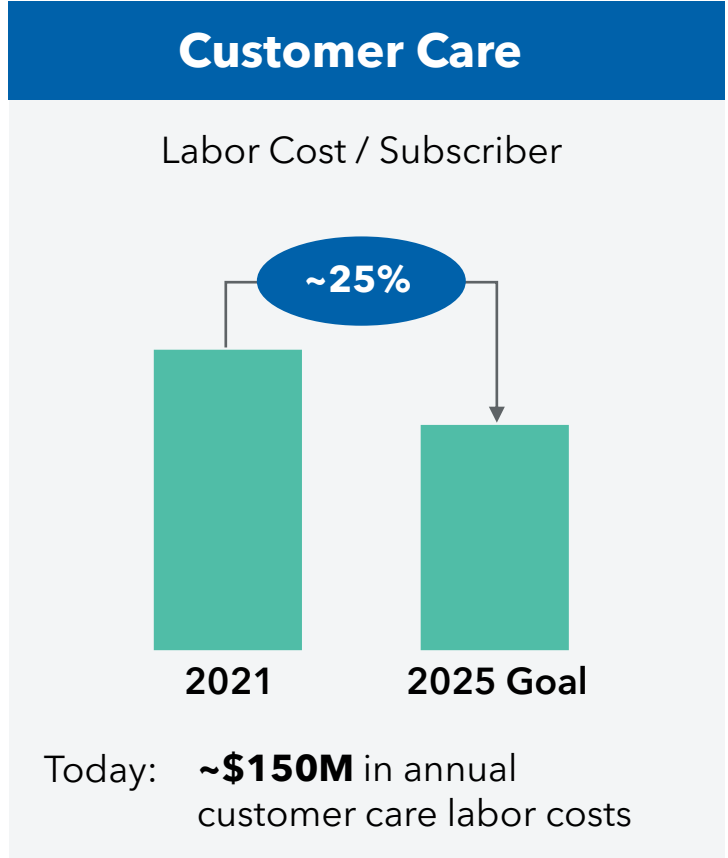
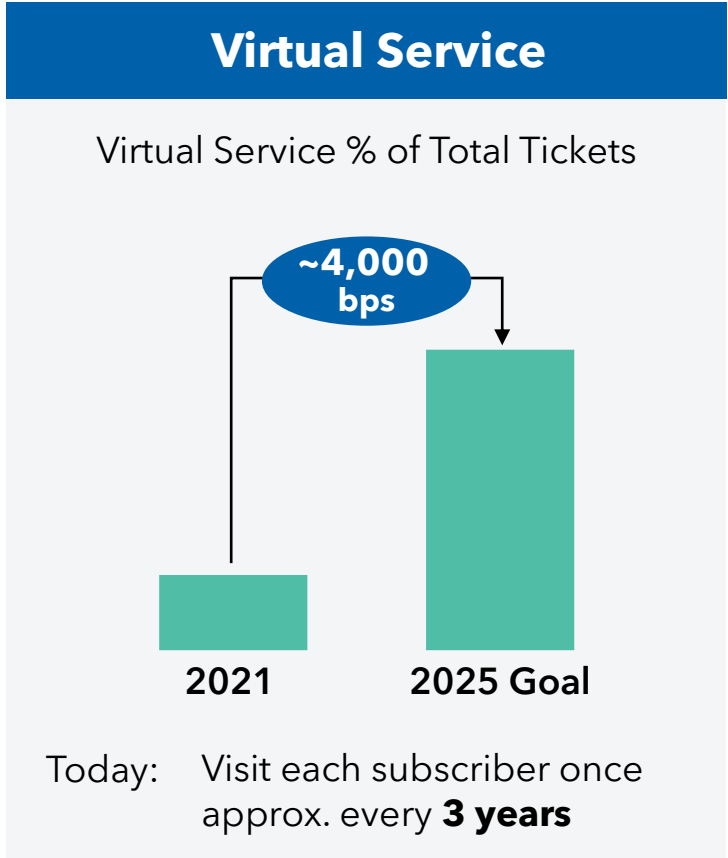
**20%+**

Internal Rate of Return  
per Subscriber



Note: Customer revenue retention is for total company as of 12/31/21, all other metrics are specific to CSB. Core Customer Value is based on recurring monthly revenue over average subscriber lifetime, less estimated service and net subscriber acquisition costs before consumer financing. Average revenue to SAC multiple is based on recurring monthly revenue over average subscriber lifetime as a multiple of net subscriber acquisition costs.

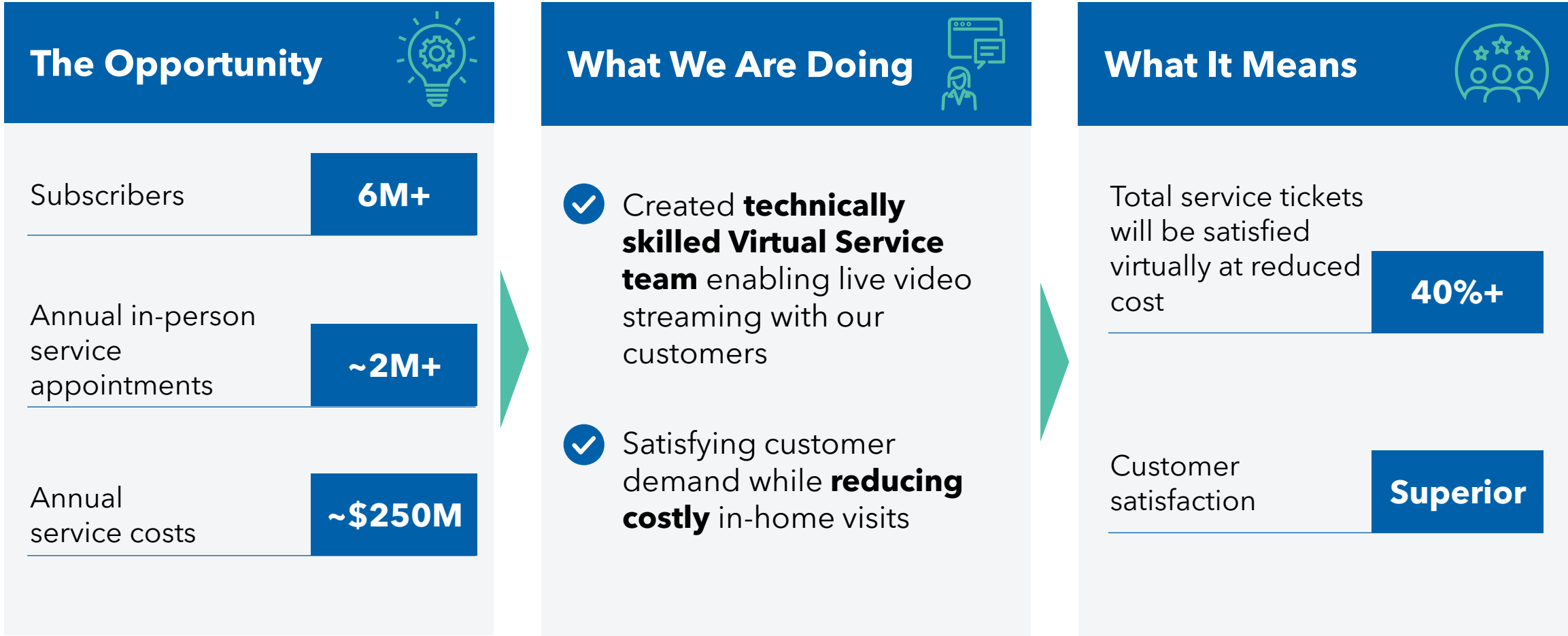
# We are generating higher customer satisfaction while producing greater operating leverage



**Goal: \$100M+ savings by 2025**

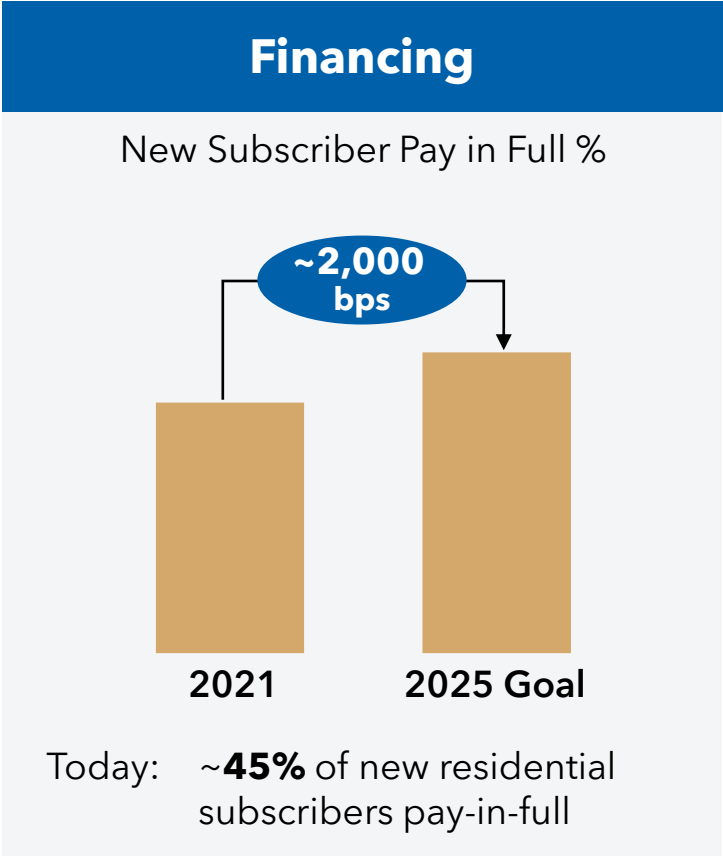
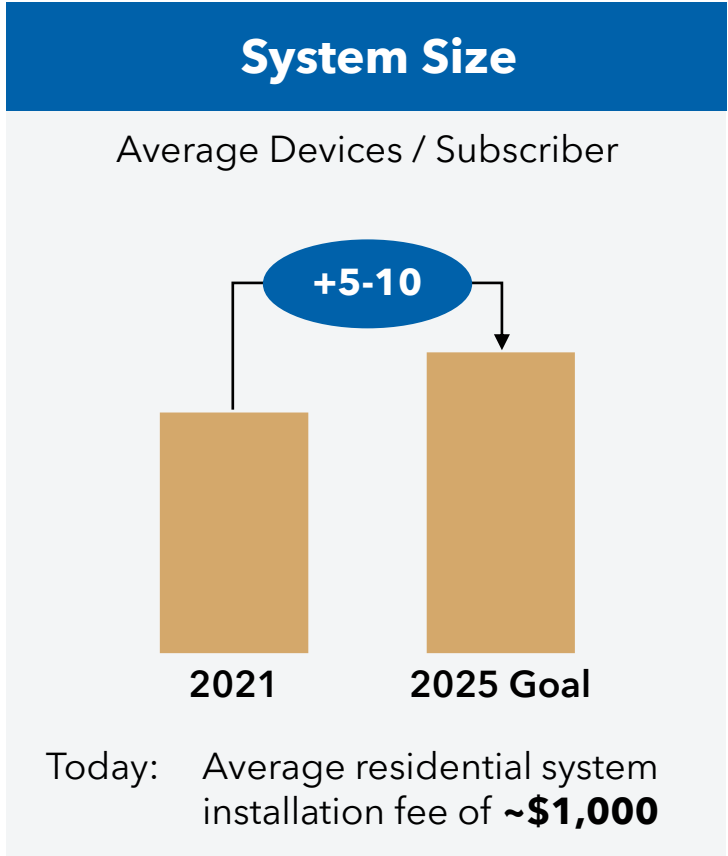
Note: 2025 goals do not represent actual guidance or projections

# We have shifted the paradigm to virtual service





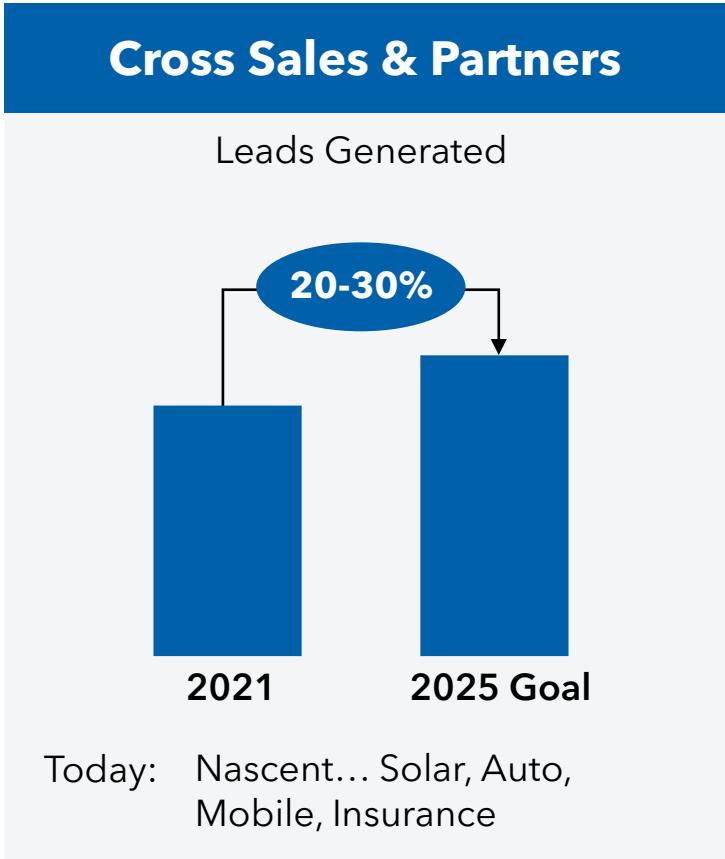
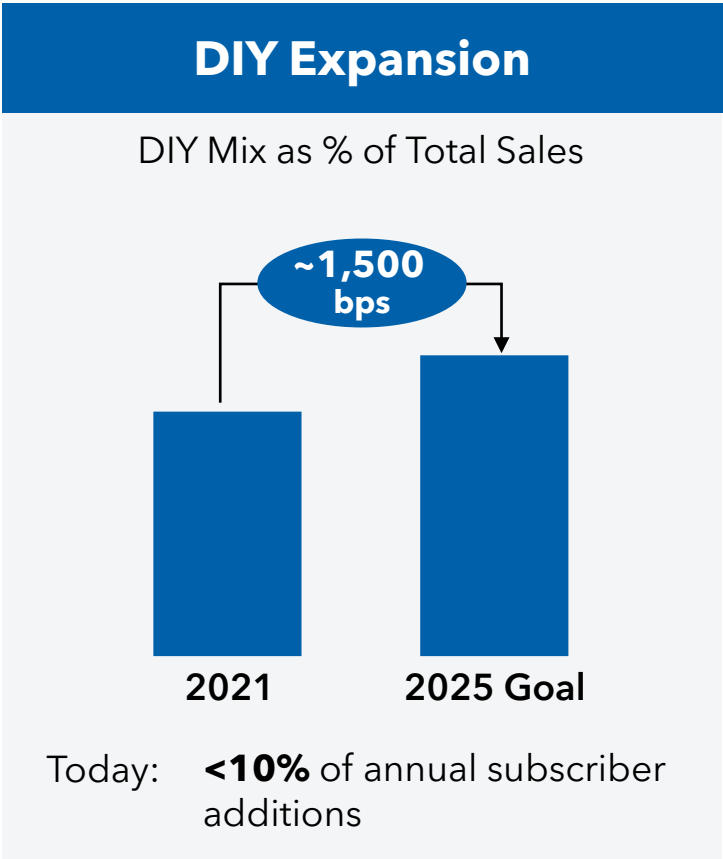
# We are growing our installation revenues and improving installation efficiencies to reduce our subscriber acquisition cost



**Goal: \$100M+ higher installation margin by 2025**

Note: 2025 goals do not represent actual guidance or projections

# We are shifting our mix to lower cost channels to reduce subscriber acquisition costs



Goal: \$100M+ reduction in selling costs by 2025

Note: 2025 goals do not represent actual guidance or projections

## We expect meaningful improvement in net subscriber acquisition costs per new subscriber

### ADT Today

Primarily "Do-it-for-Me" (DIFM)

Field Sales and National Sales Center (NSC)

~\$1,000 installation fee per subscriber

~55% of new subscribers take financing

**~\$1,500** Net SAC per new subscriber

### ADT Tomorrow

"DIFM", "**Do-it-Yourself**", "**Do-it-with-Me**"

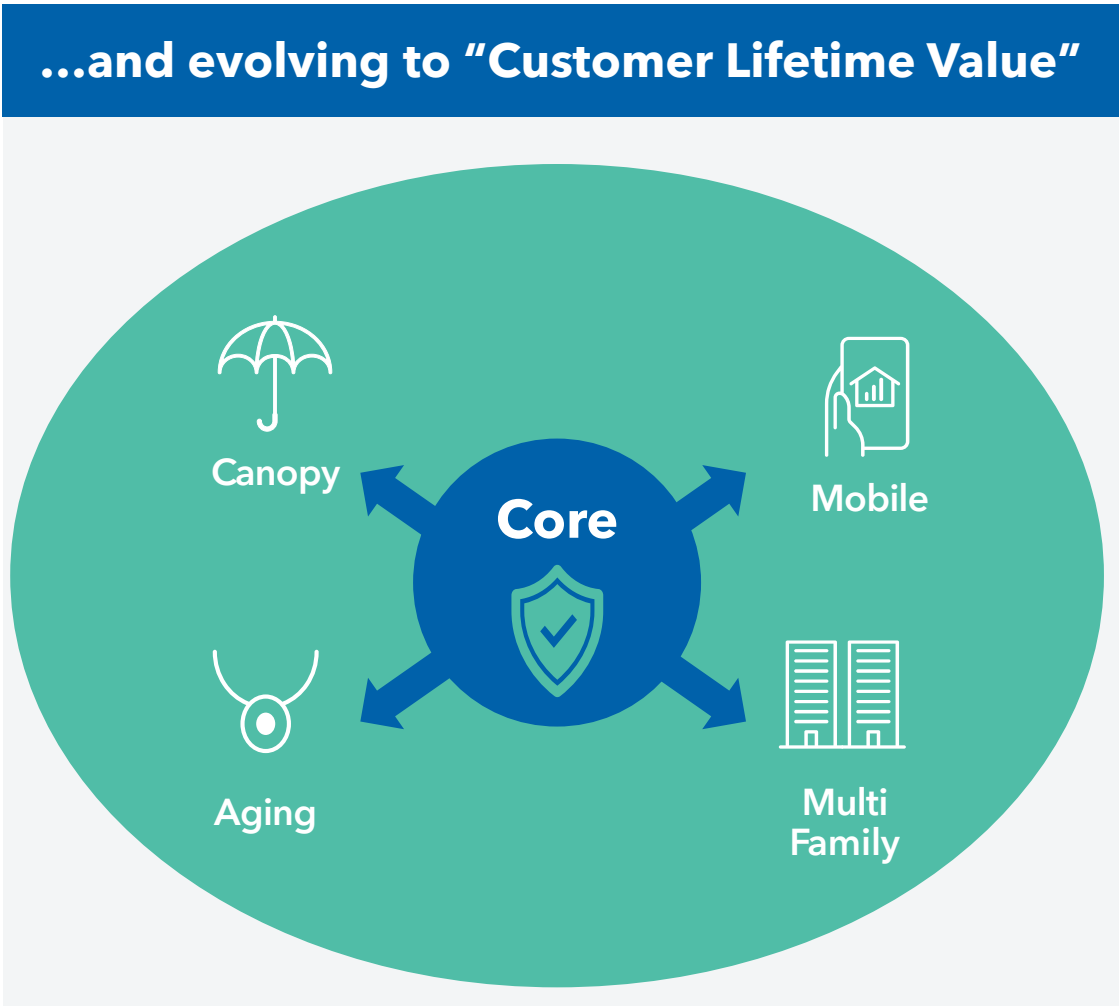
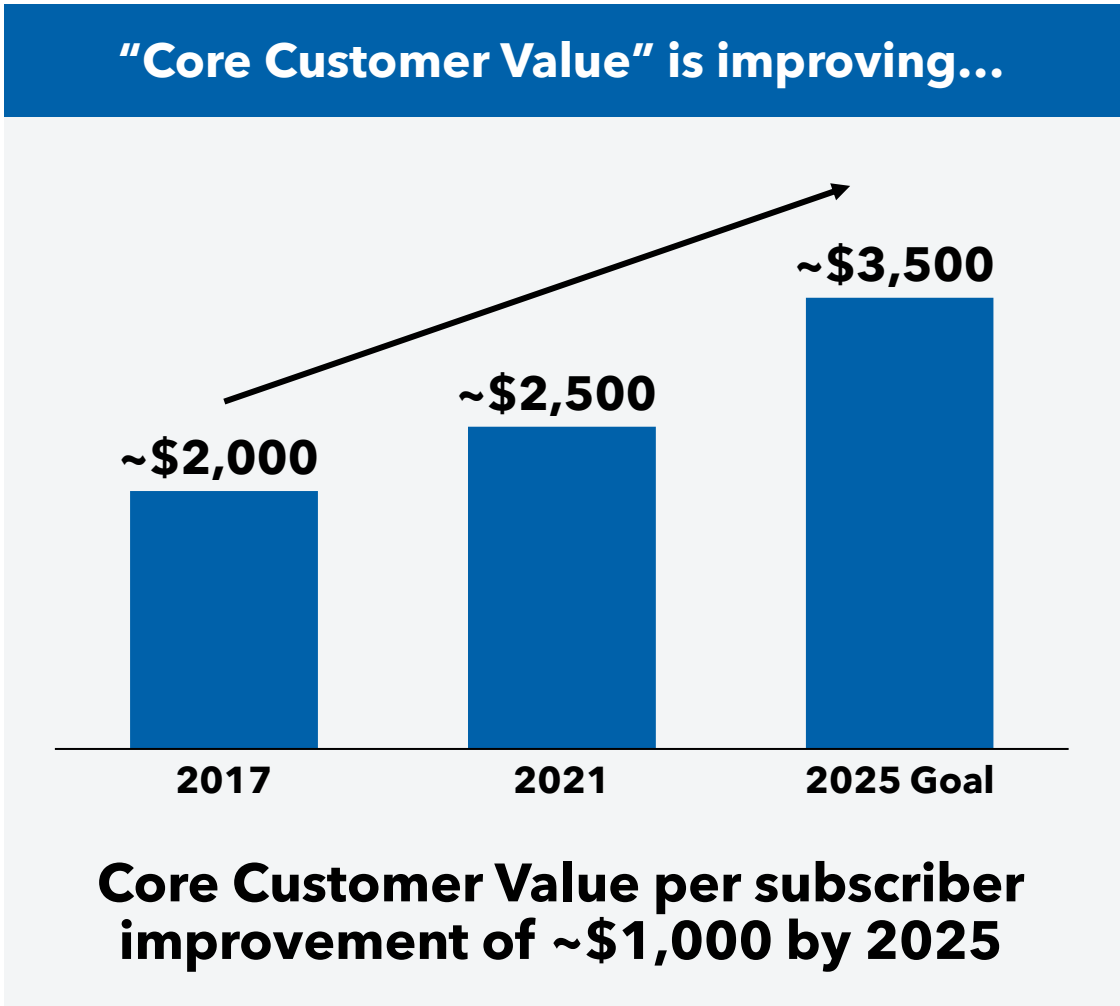
**eCommerce, Retail**, Field Sales, NSC, Partners

**More devices and services** per subscriber

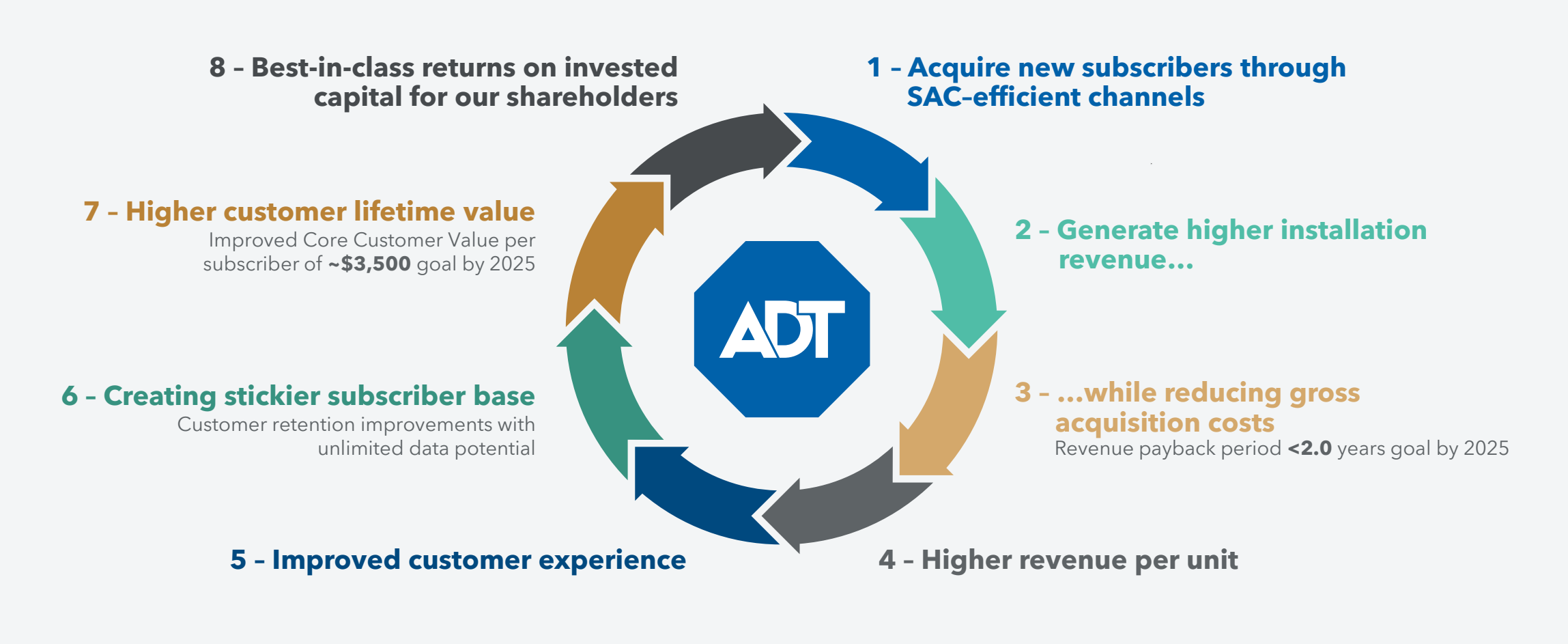
**More subscribers pay-in-full** at installation

**20-40% more efficient**

# We are improving the lifetime value of our subscribers



# Our improvements create a flywheel effect, with growth and efficiency improvements funding more growth



Note: Core Customer Value based on recurring monthly revenue over average subscriber life, less expected service costs and net SAC before consumer financing. 2025 goals do not represent actual guidance or projections.



IN SUMMARY

## Driving CSB cost and capital efficiency

- ✓ Our differentiated business model produces scalable growth with very attractive returns
- ✓ Current initiatives are expected to improve operating leverage, retention, and acquisition efficiency
- ✓ Higher sustained cash generation





## ADT Commercial: A Unique Growth Opportunity

Dan Bresingham, Executive Vice President,  
ADT Commercial

## Agenda

- Strong track record
- Exciting growth opportunities

# Our commercial business is strong and growing

## Our Focus

- ✓ 100% focused on commercial with dedicated commercial / national account monitoring centers
- ✓ Security, fire, life safety, and risk consulting
- ✓ Security veterans with decades of experience and continual training / development
- ✓ Focused on customer service excellence & transparent with our performance

## 2021 Key Metrics

Ending RMR	\$31M
Attrition	9%
Revenue Payback	1.4x
Total Revenue	\$1,114M
Adjusted EBITDA	\$96M





# We have a strong track record in a large and growing market

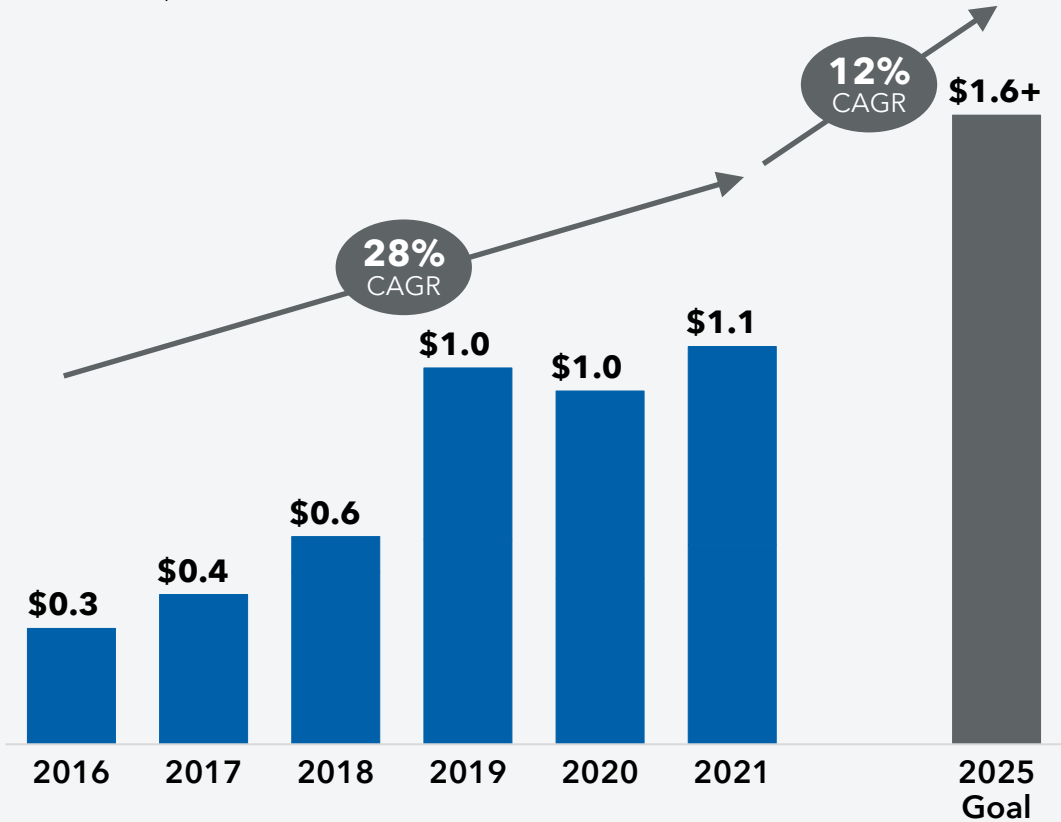
## Large, Growing Market: \$48B by 2025

- ✓ Growing need for full-service security and fire/life safety providers
- ✓ High barriers to entry due to technical skills required
- ✓ Highly fragmented market with limited national competitors
- ✓ Low subscriber acquisition cost and attrition



## ADT Commercial: Strong Historic Growth

Revenue \$ in Billions



# Our commercial business model is proven and differentiated

## Our People Are The Difference

- ✓ ~2,200 ADT technicians
- ✓ Empowered local leadership
- ✓ Centralized support
- ✓ Industry leaders bring specific client expertise
- ✓ Prioritize employee training and development



## Strong Value Proposition

- ✓ Full suite of services
- ✓ Same day service
- ✓ Installation quality
- ✓ Dedicated call center
- ✓ Proprietary customer service platform (eSuite) with real-time activity reporting



**Powered by Experience. Driven by Excellence.**



# We offer a wide range of security solutions at the highest quality

## Securing Critical COVID-19 Pharmaceutical Distribution Centers

- Facilities of various sizes up to 1,000,000 SF
- "Operation Warp Speed" with 45- to 60-day completion timelines



## A Holistic Approach to Systems Design in Healthcare

- Developed a security operations center (SOC) for a 540,000 SF pediatric research facility
- 142 video surveillance cameras and 175 access readers



## Delivering Industry-Leading Solutions to One of the Fastest-Growing Retailers

- Largest single customer conversion to-date of 7,000 locations in under six months
- Averaged 330 conversions per week to reach client's requested completion timeline

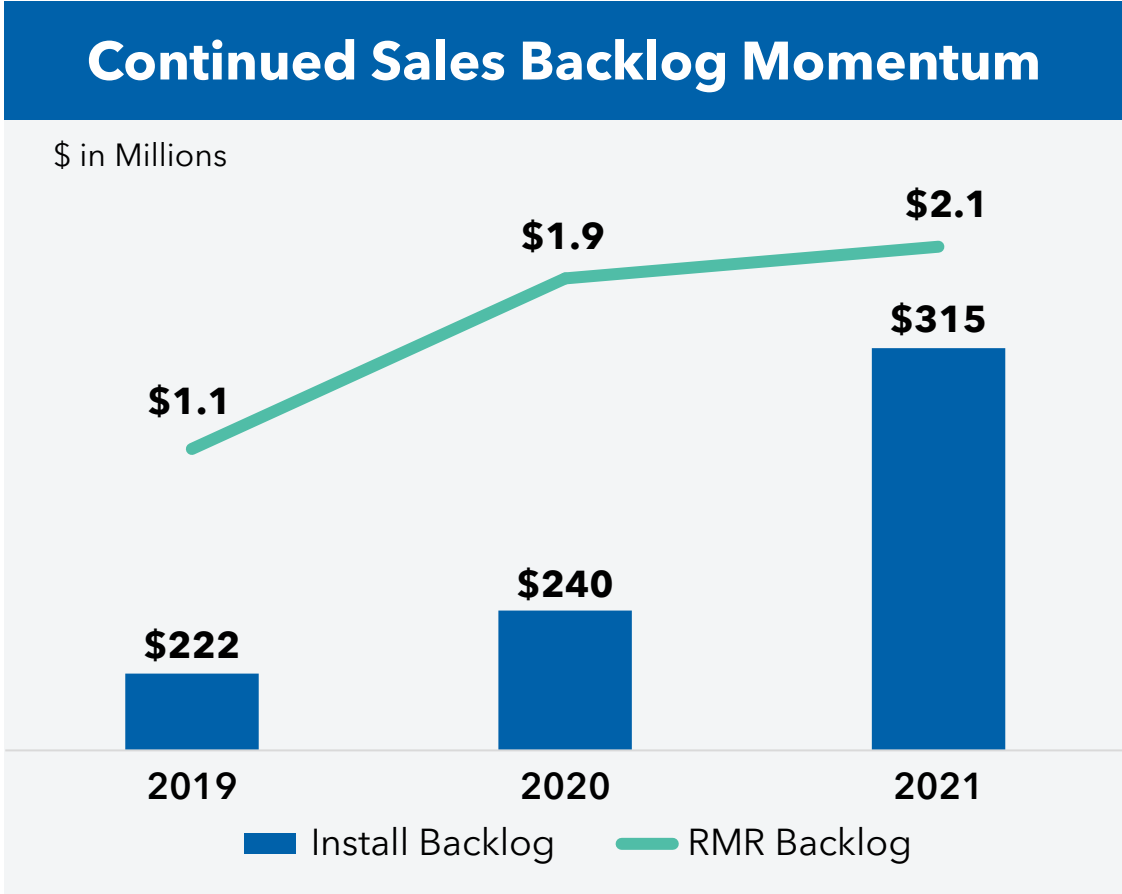


## Improving Emergency Preparedness at Houston Area Energy Facilities

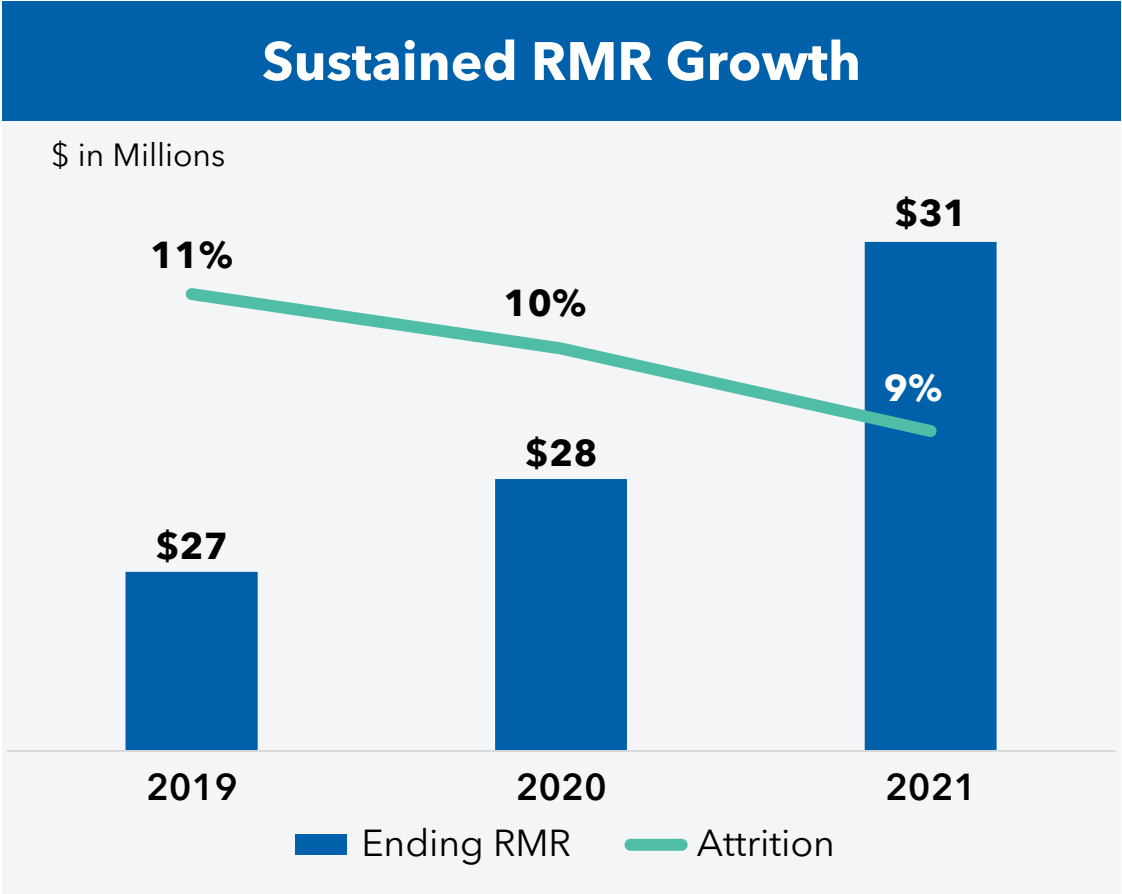
- Installed emergency response solutions that provide visual verification when everyone is confirmed safe
- Emergency response drills are now completed in minutes, not hours



# We have a strong foundation and growing momentum



**Good visibility of future growth**



**New customer wins, declining attrition**



# We grow organically with innovative offerings and our premium customer experience, complemented by tuck-in M&A

## Vertical Market Expansion

- Key existing verticals include banking, healthcare, commercial real-estate and retail
- Expanding into Government, Energy and Smart Cities



## Electronic Article Surveillance

- Entered in 2021 as a result of strong relationships with retail customers
- Over \$500 million market



## Tuck in M&A

- Strong track record of M&A
- Pipeline for future growth



## Physical Security Disruption

- Strategic partnerships
- Disrupting \$50 billion guard industry



# We focus on efficiency to drive improved margins

## Key Initiatives

- ✓ Virtual truck rolls
- ✓ ADT Smart Monitoring enhancements
- ✓ Increasing profitability of well-established customer base
- ✓ Continued system enhancements

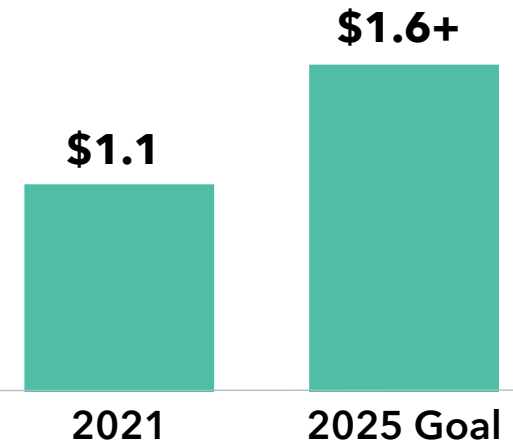


**Margin  
improvement**

## Strong, growing commercial business with exciting growth opportunities

- ✓ Excellent reputation among our premier customer base
- ✓ Strong track record of exceptional customer service will fuel market share gains
- ✓ Proven growth strategy in expanding markets

**Total Commercial Revenue (\$B)**







## ADT Solar: Powering Sustainable Growth

Marc Jones, Executive Vice President,  
ADT Solar

## Agenda

- Differentiated market position
- Key growth drivers leveraging ADT strengths

# The residential solar market is rapidly growing

## Key Drivers

### 1 Protection

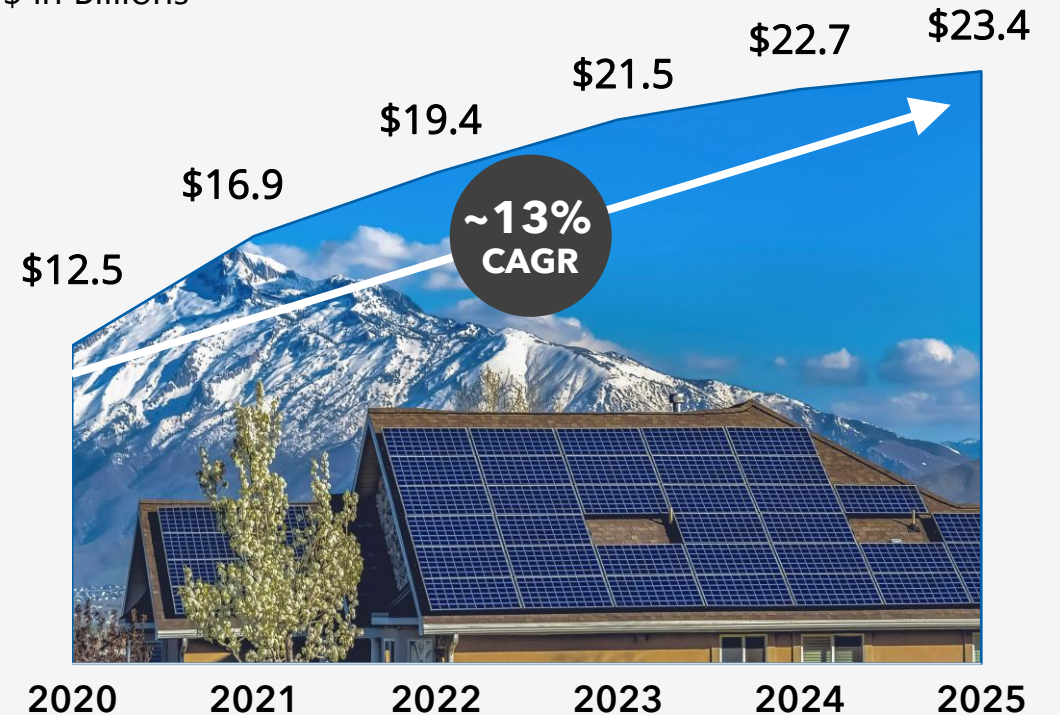
- Interest and demand for renewable energy to protect from rising energy prices, grid resiliency

### 2 Affordability

- Affordability through financing options puts solar at grid parity

## Solar Total Market Size

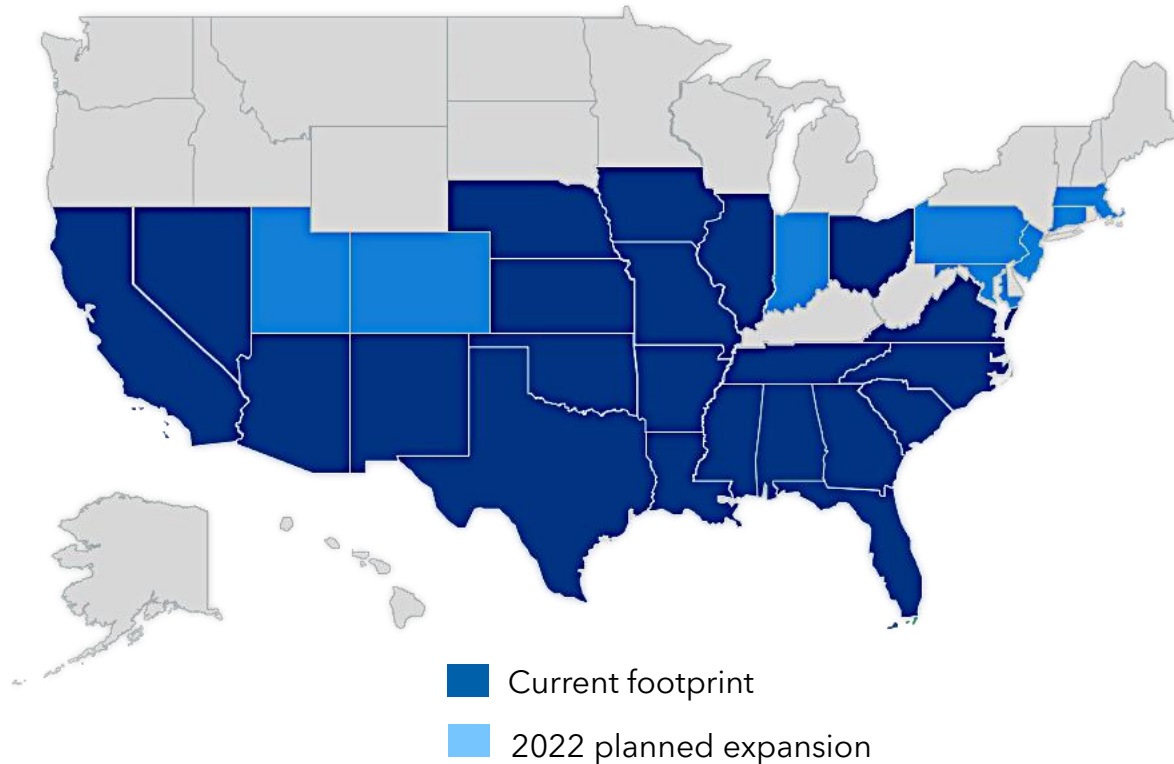
\$ in Billions



**We have a diverse footprint, and a model suitable for future growth in virtually any state**

## Tax credits and incentives are helpful but not necessary

## ADT Solar footprint

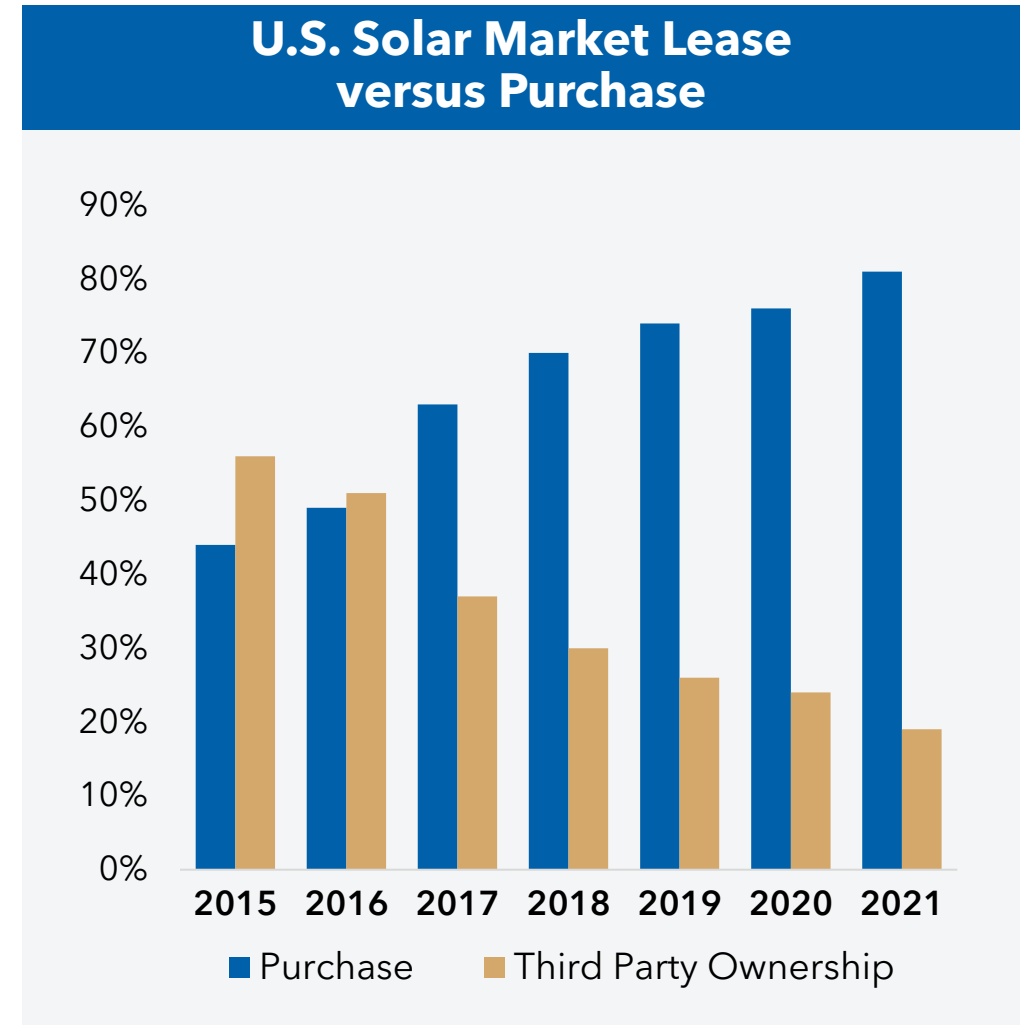


## ADT Solar top performing markets

- Texas
- Florida
- Georgia
- Arkansas
- North Carolina
- Missouri
- Virginia
- Iowa
- New Mexico
- Nebraska

## Our approach to the market is unique

	Industry Peer	ADT Solar
Employee based sales organization	Some	<b>Yes</b>
Employee based installers	No	<b>Yes</b>
Simple balance sheet	Yes	<b>Yes</b>
Dependent on tax equity, incentives or net metering	Yes	<b>No</b>
Integrated offering	Yes	<b>Yes</b>
Loan (vs lease) financing	Yes	<b>Yes</b>
Expansion opportunity	Limited	<b>Yes</b>





# We deliver a premium customer experience and optimize our margins with an integrated approach across the value chain

## Sales & Marketing



- Dedicated and specialized in-house Sales & Marketing team
- Highly successful referral app and marketing strategy through a variety of channels
- Proprietary Sunlighten software with dynamic design, pricing, and financing capabilities

## Design, Permitting, & Financing



- Full in-house design and engineering team
- Streamlined process to obtain required permits and utility inspection/approval
- Financing options from multiple parties

## Installation



- Completed in-house installation capabilities leading to superior quality control and positive customer experience
- 175 installation teams across the country
- Partnerships with best-in-class equipment providers

## Ongoing Support & Monitoring



- Industry leading workmanship and equipment warranties
- Helps homeowners track usage and savings through intuitive monitoring application
- Long-term homeowner relationships create future revenue opportunities





# Our acquisition of Sunpro drives value for shareholders

## Four Key Drivers

1	Reduced acquisition costs
2	New channel growth
3	Low SAC security acquisition
4	Purchasing/supply chain efficiencies

## The Business Today - Select Combined Solar Metrics

2021 Combined Solar Revenue	\$645M
Revenue CAGR 2017 - 2021	125%
2021 Installations	17K
Marketing costs/install	12% lower versus prior year

Note: Combined Solar Revenue equals ADT Solar segment revenue (GAAP) plus Sunpro revenue (GAAP) prior to the acquisition.



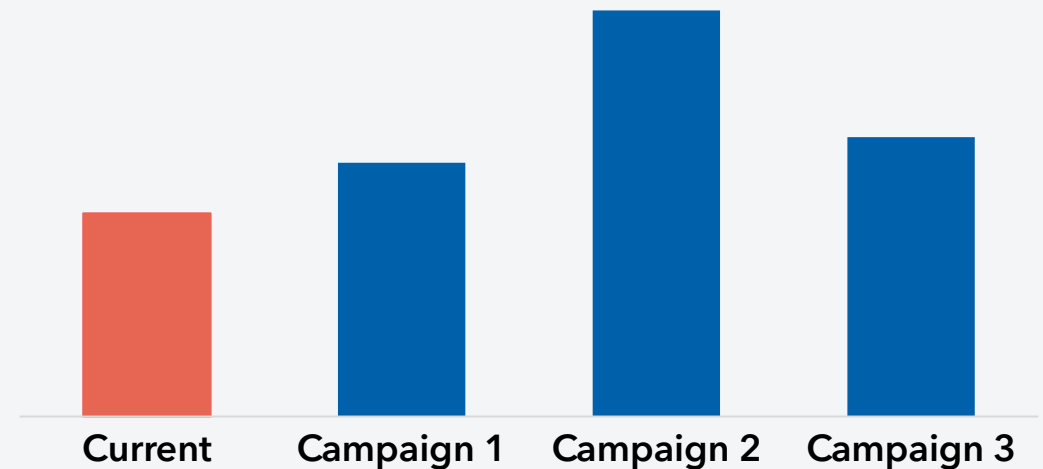
# 1. Our powerful brand will help reduce customer acquisition costs

## Halo impact of ADT brand

- No brand leader
- Trust, Reliability and Experience seen as attributed in consumer decision
- Increased close rates since close without in-market branding
- Improved ADT brand attributes with Solar: eco-friendly, modern

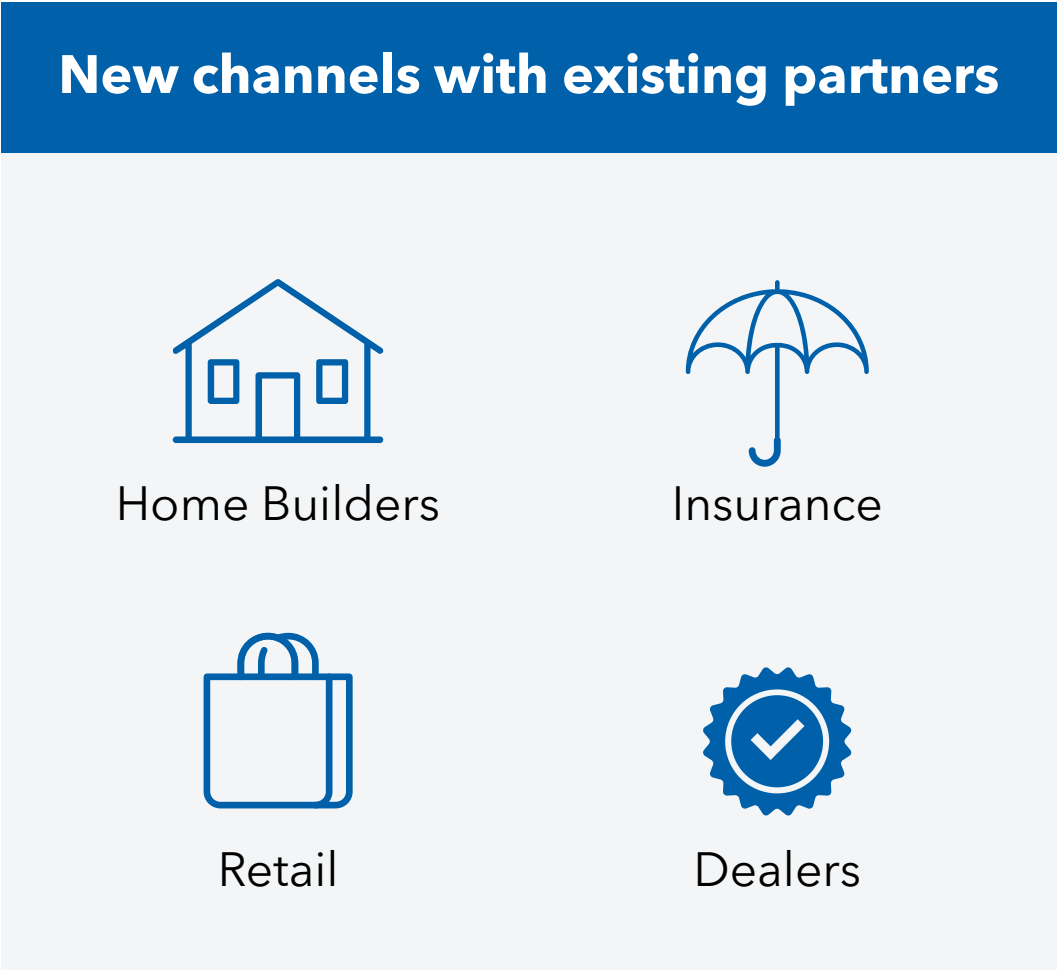
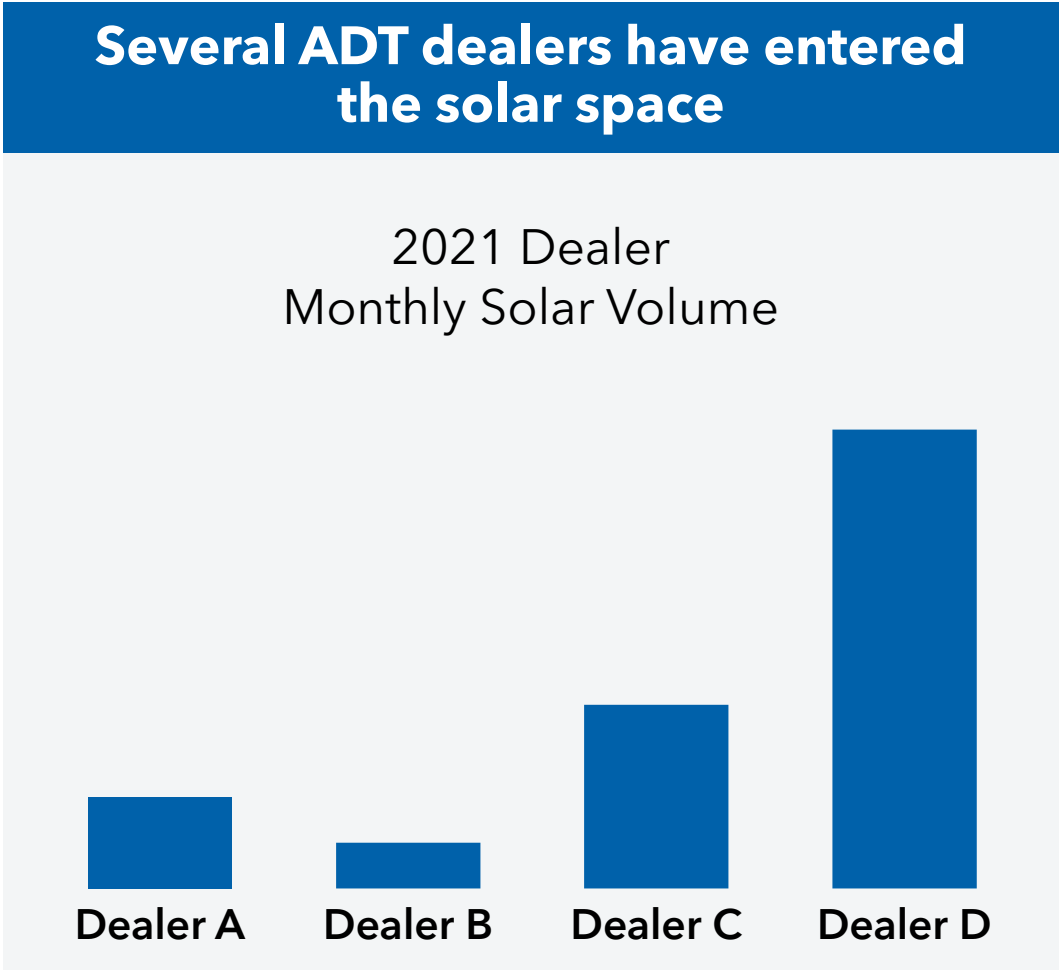
## Pilot programs showing success

Sunpro Campaign Conversion Rates vs. ADT Pilots



January Sunpro Close Rates increased 24% vs. 2H 2021

## 2. We are expanding distribution channels to drive growth



### 3. We are building cross-selling opportunities to generate low SAC security sales

#### Current sales model includes cross selling

- Battery attachment rate approaching 20%
- Roofing needs addressed though ~8% roofing sales tied to solar
- Energy efficiency options such as insulation and attic tenting tied to ~20% of sales
- Over 25K Nest thermostats sold with solar system

#### Integrated selling approach





## 4. Our buying power and infrastructure will drive savings

**Strong Multi-Sourced  
Vendor Relationships**



**ADT Purchasing  
Power**



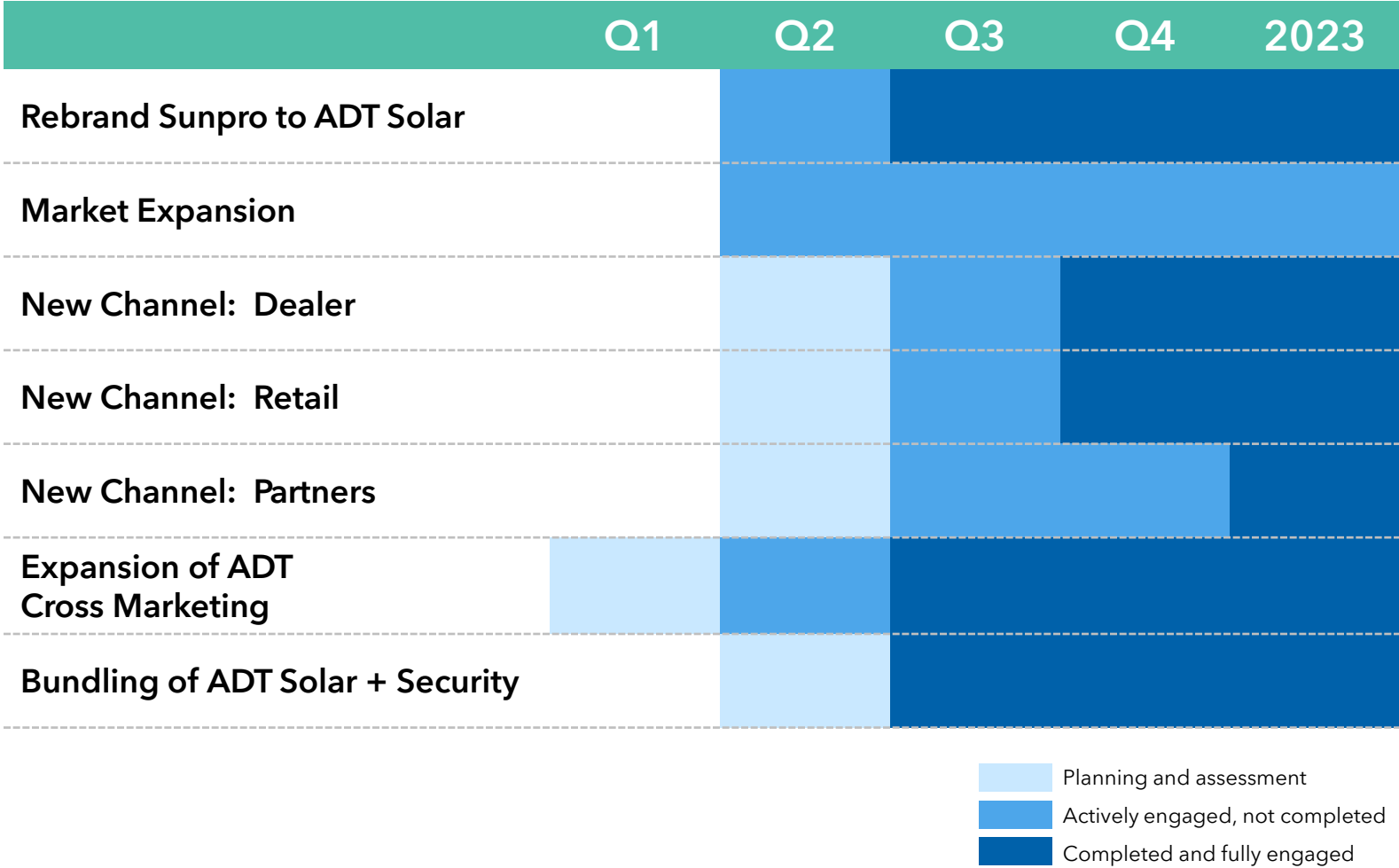
**ADT Facilities and  
Distribution Centers**





# We have a clear plan to drive growth

Leveraging the ADT brand is expected to drive growth and cost efficiencies

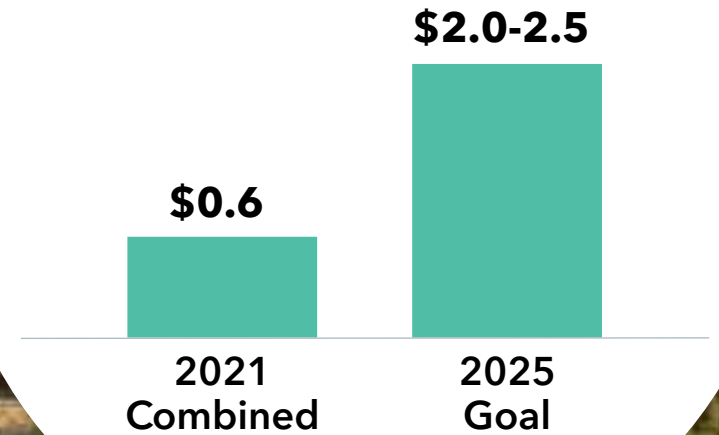


## IN SUMMARY

# Solar: Powering Sustainable Growth

- ✓ Logical extension of our ecosystem, enhancing the integrated home experience
- ✓ Proven growth strategy in the fast-growing market for residential solar
- ✓ Rebrand to ADT Solar gives ADT immediate top-tier brand presence
- ✓ Leveraging CSB assets and customer base

### Combined Solar Revenue (\$B)



Note: Combined Solar Revenue equals ADT Solar segment revenue (GAAP) plus Sunpro revenue (GAAP) prior to the acquisition. 2025 goals do not represent actual guidance or projections



## Compelling Long-Term Outlook

Jeff Likosar, Chief Financial Officer and  
President, Corporate Development

## Agenda

- Performance highlights
- Strong cash flow and capital resources
- Future outlook

# We delivered strong 2021 financial results while positioning our business for the future

## Solid Financial Performance

<b>RMR Adds</b>	15.8%	✓
<b>Total Revenue</b>	\$5,307M	✓+
<b>Adj. EBITDA</b>	\$2,213M	✓+
<b>Adj. Free Cash Flow</b>	\$465M	✓

## Strengthened Foundation for Future Growth

 | 

**ADT+**

**3G** → **LTE**

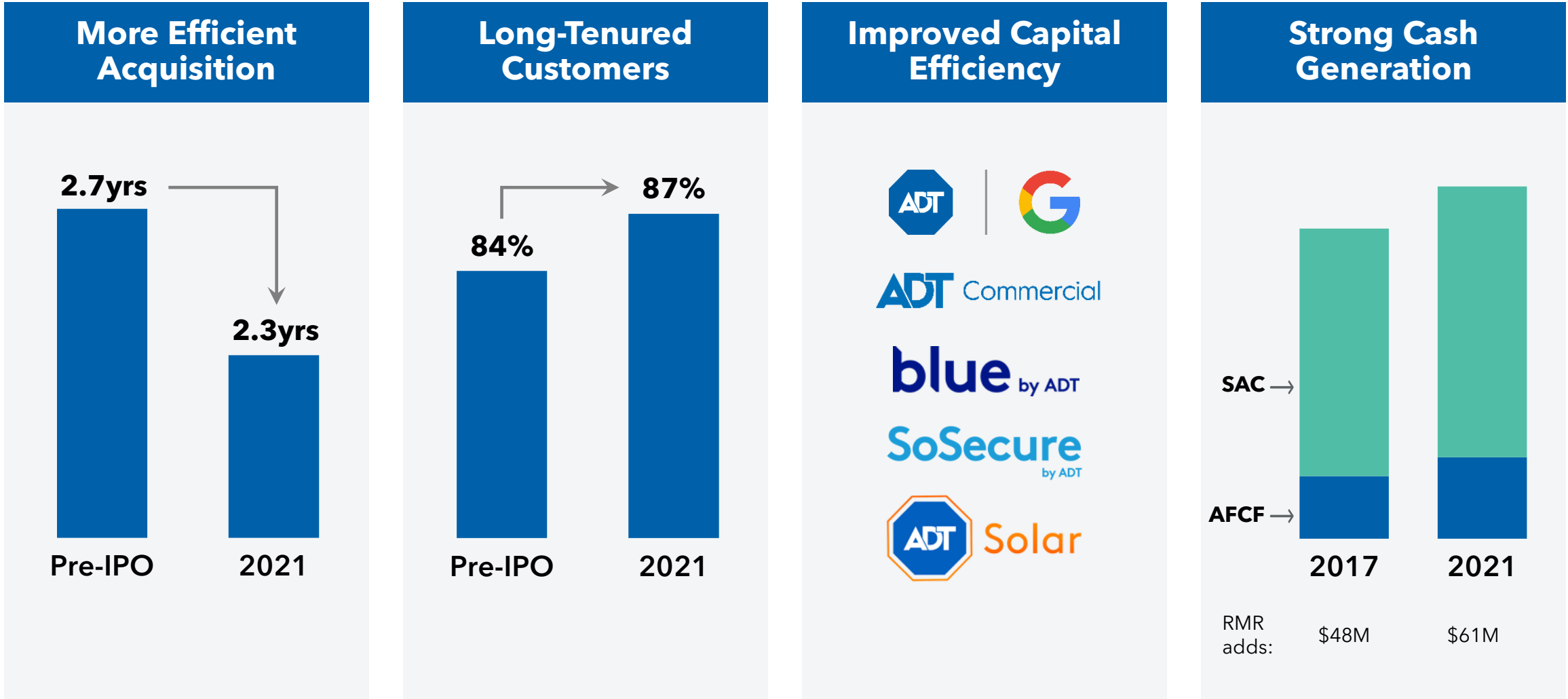
 Commercial

 **Solar**

**Refinancing**



# Our success and progress in recent years have established a solid foundation for high-return growth



Note: Pre-IPO refers to 2016 for revenue payback and the periods prior to the combination with Protection One in 2Q2016 for attrition. RMR adds are presented for the U.S. only.





# Our strong capital structure enables growth investment

## Stronger Position

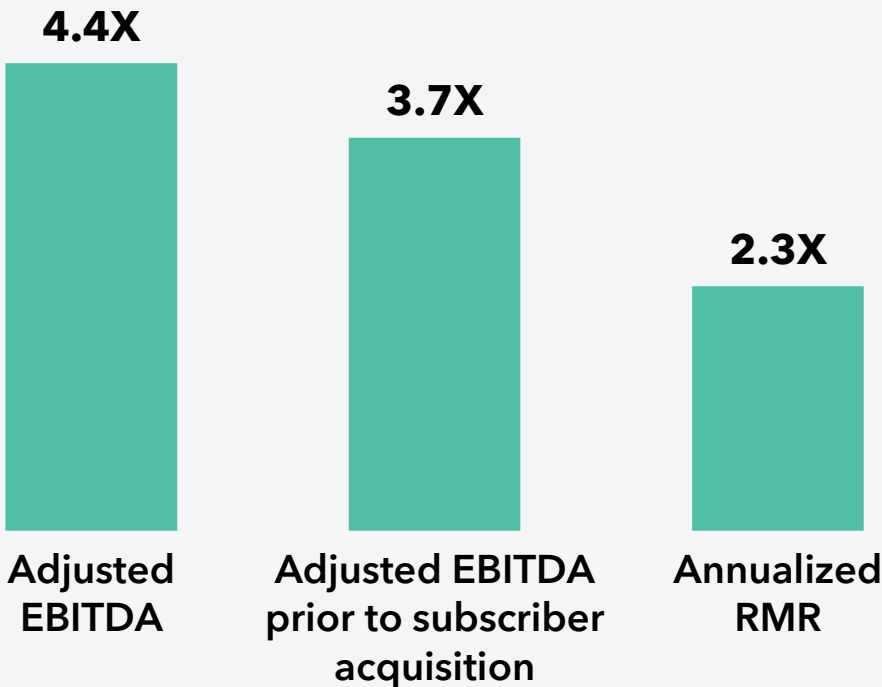
**Actions in recent years have improved quality of debt portfolio**

- ~5% weighted average cost of debt
- >\$100M cash interest reduction in past 3 years
- Weighted average maturity ~5 years

**Business well positioned to cover debt obligations**

- Over \$4B in annual recurring revenue
- Non-restrictive debt covenants
- Over \$2B in net operating loss carryforwards

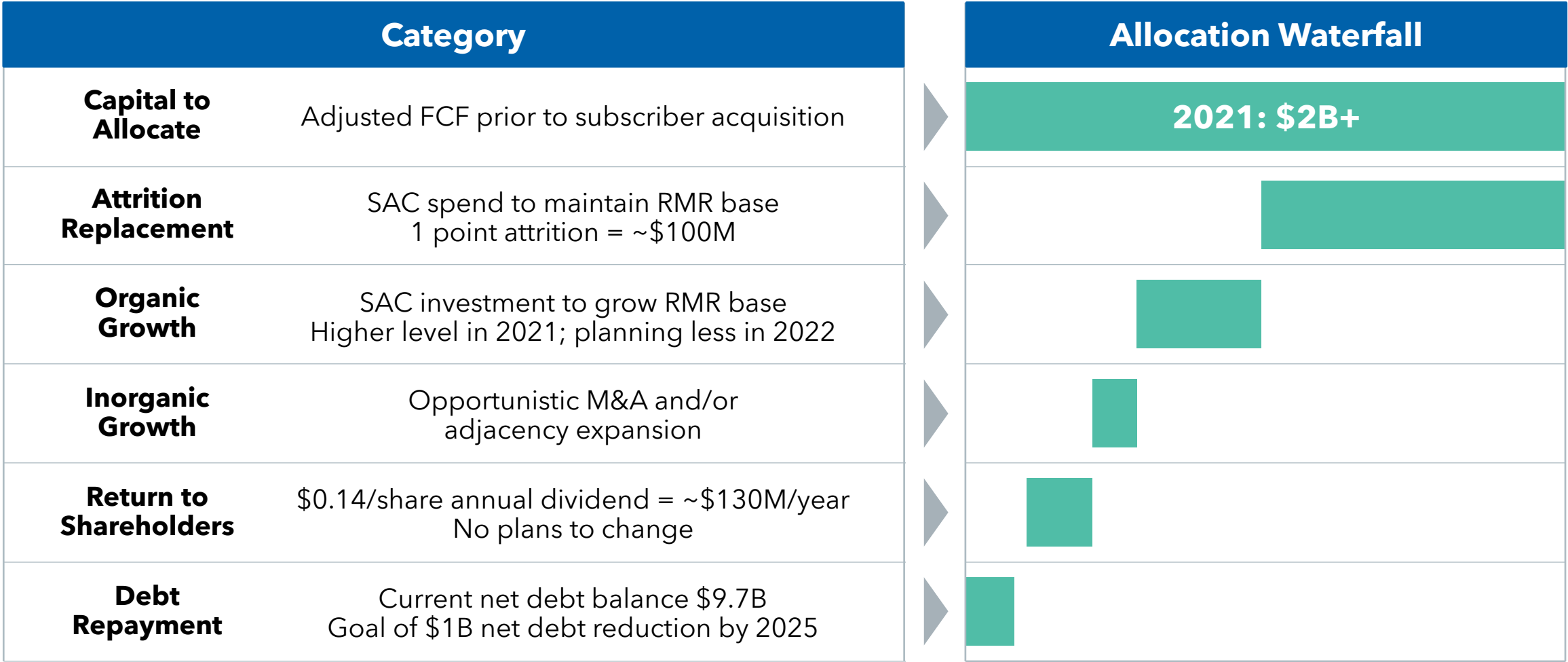
## Net Debt Ratios



Note: All metrics presented as of 12/31/2021; Net debt excludes the receivables facility



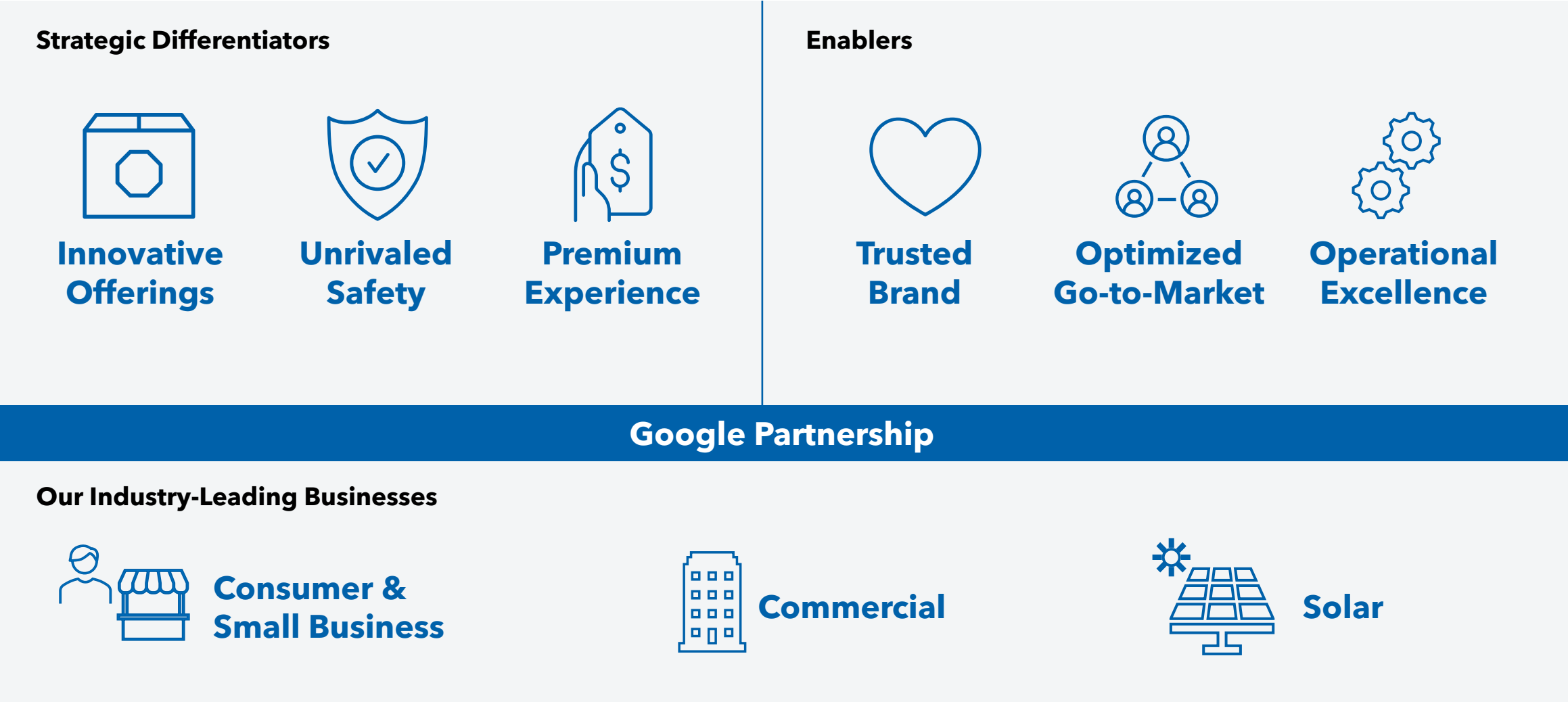
# We are balanced and disciplined in allocating capital



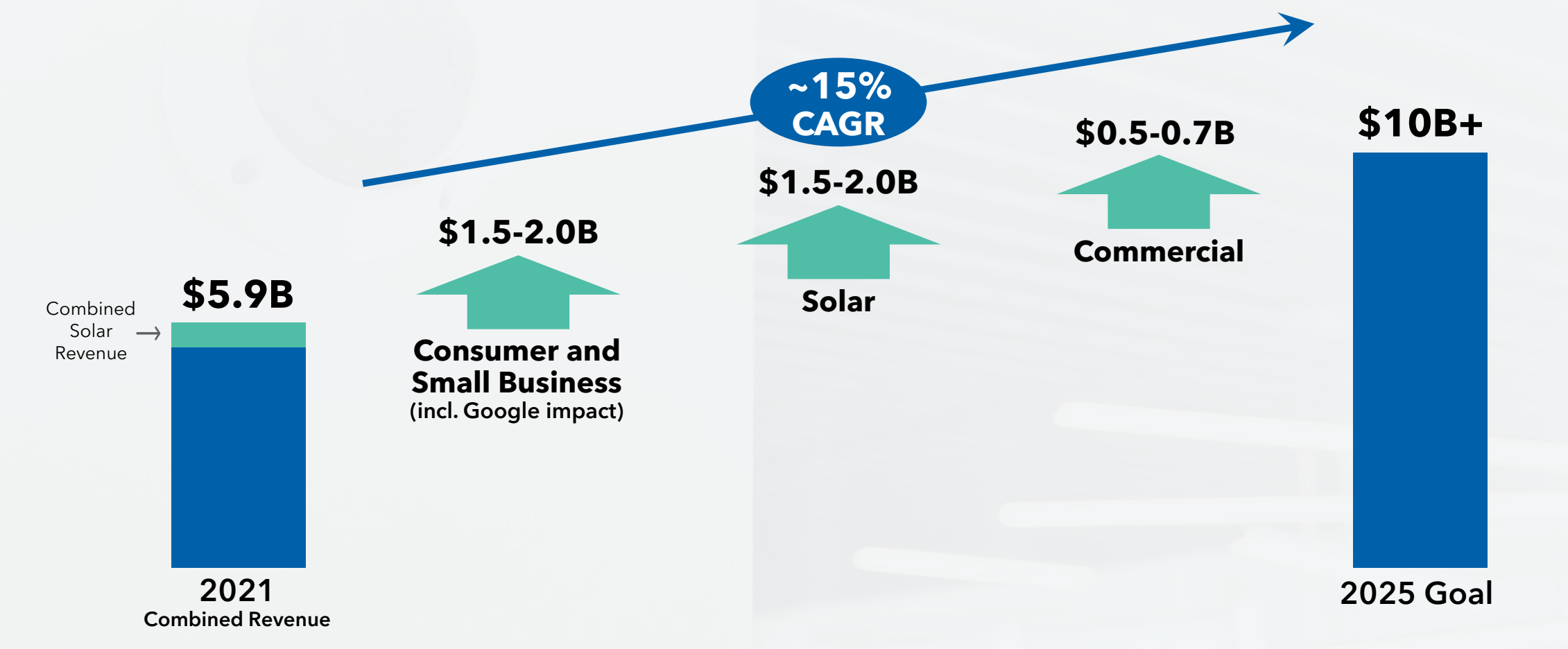
Note: 2025 goals do not represent actual guidance or projections; Net debt excludes the receivables facility



# We have a clear strategy to drive customer preference and long-term shareholder value





# Our goal is to generate double-digit revenue growth over the next 4 years



Note: Combined Revenue equals ADT Total Revenue (GAAP) (which includes Solar segment revenue post-acquisition) plus Sunpro revenue (GAAP) prior to the acquisition. 2025 goals do not represent actual guidance or projections. Combined Solar Revenue equals ADT Solar segment revenue (GAAP) plus Sunpro revenue (GAAP) prior to the acquisition.

# Our financial profile will shift as we grow, focused on strong economic returns

Business Segment/Profile	2021	Future
<div>Consumer and Small Business</div> <div></div>	<div>~70% of combined revenue</div> <div><ul style="list-style-type: none"><li>Higher EBITDA margin</li><li>Capital required to generate RMR</li></ul></div>	<div>Growing</div>
<div>Commercial and Solar</div> <div></div>	<div>~30% of combined revenue</div> <div><ul style="list-style-type: none"><li>Lower EBITDA margin</li><li>Less capital required to generate RMR</li></ul></div>	<div>Growing faster</div>

## Implications from Changing Mix

**Improved** cash generation

**Faster** overall growth

**Slight decline** in margins

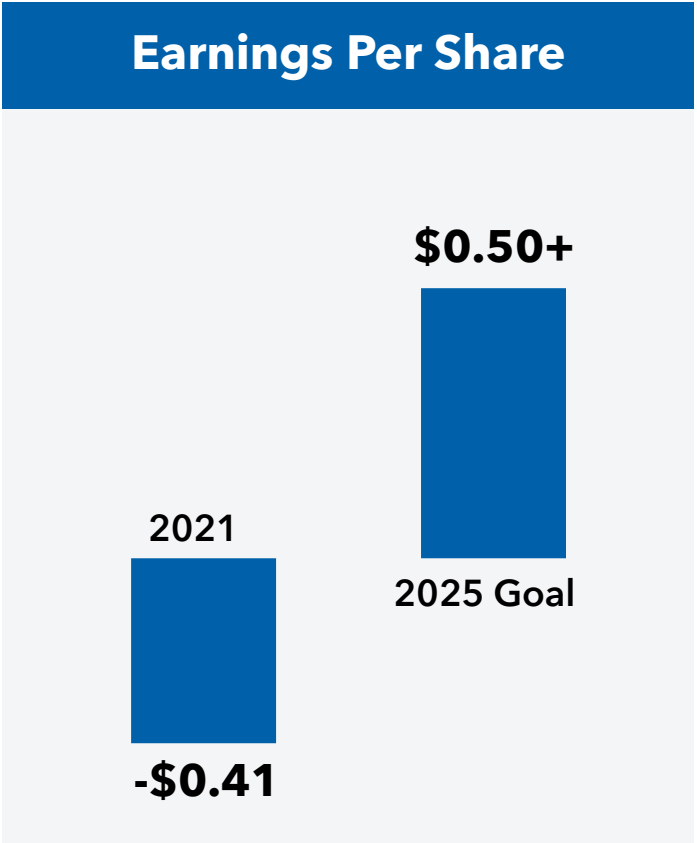
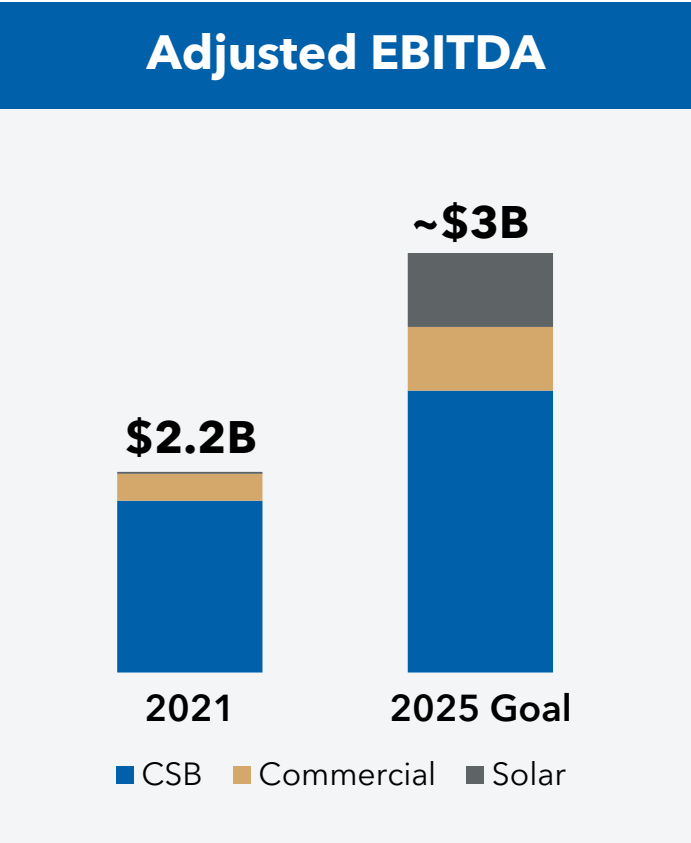
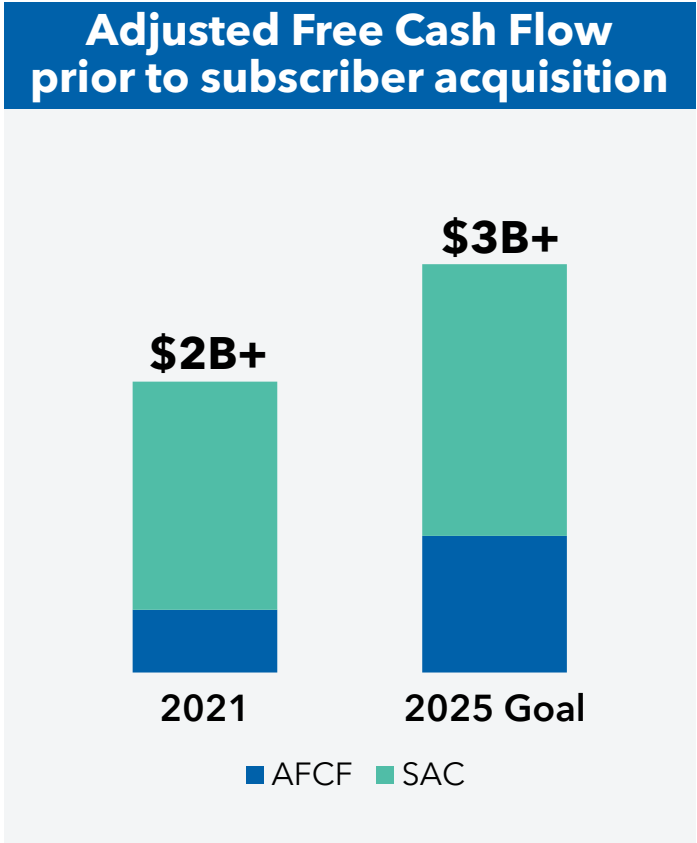
**Strong** ROIC

Note: Combined Revenue equals ADT Total Revenue (GAAP) (which includes Solar segment revenue post-acquisition) plus Sunpro revenue (GAAP) prior to the acquisition.





# We expect strong cash generation and profitability



**GAAP profitability entering 2023**

Note: 2025 goals do not represent actual guidance or projections



## Our goal is \$1 billion of net debt reduction by 2025

### Adjusted Free Cash Flow

2022-2025 Goal  
**\$3 Billion**  
Cumulative

**30%**  
Higher vs. 2018-2021

### Net Debt

Year-end 2025 Goal  
**~\$8.7 Billion**

**\$1B+**  
Lower vs. YE21

# We have fundamentally transformed our profile, and are well positioned for asymmetric upside

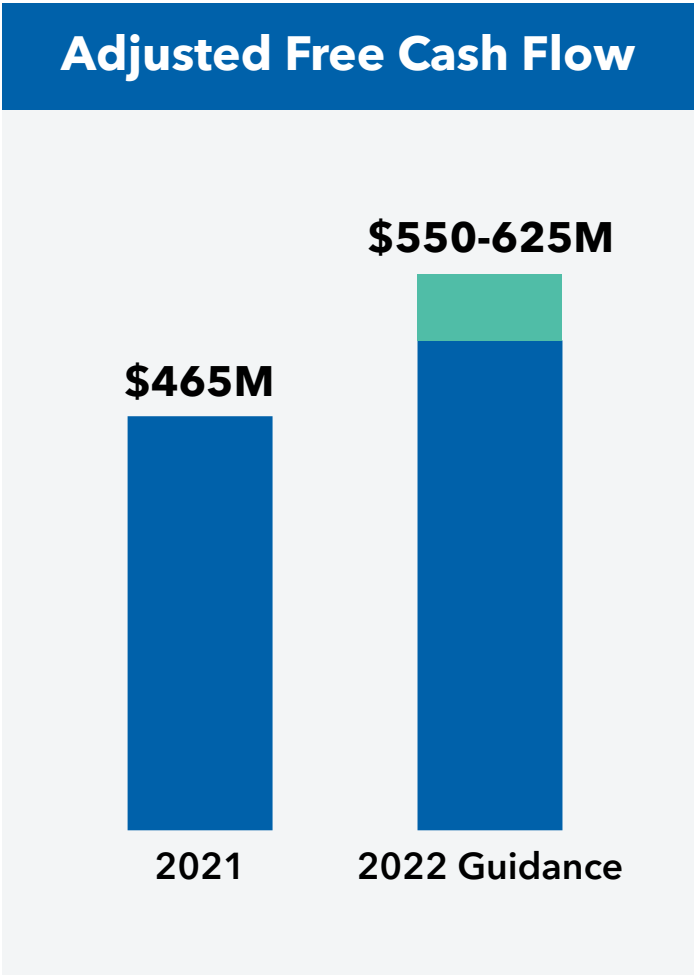
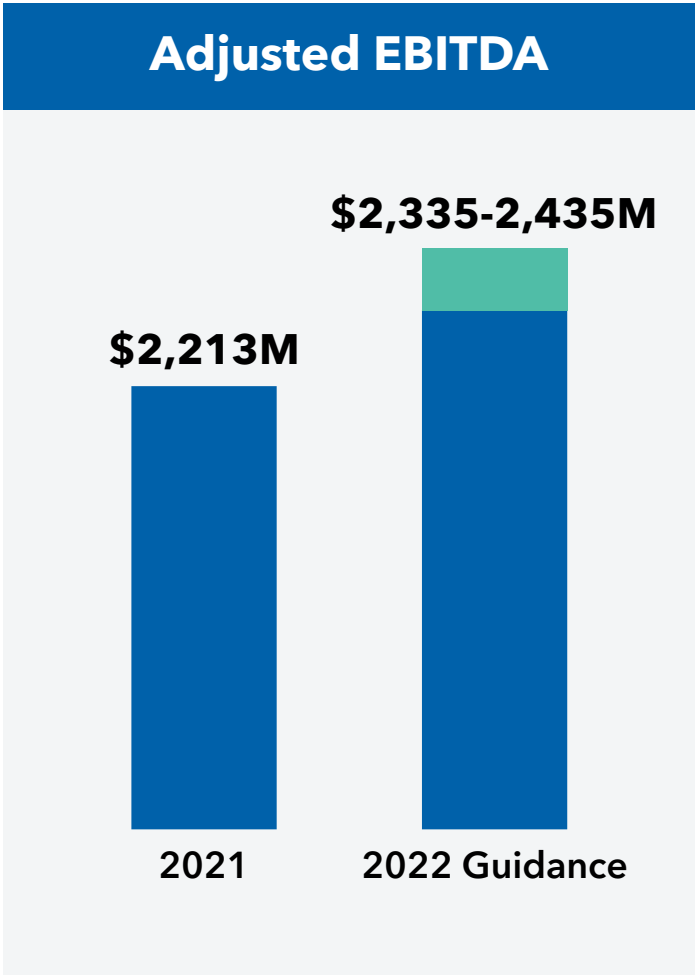
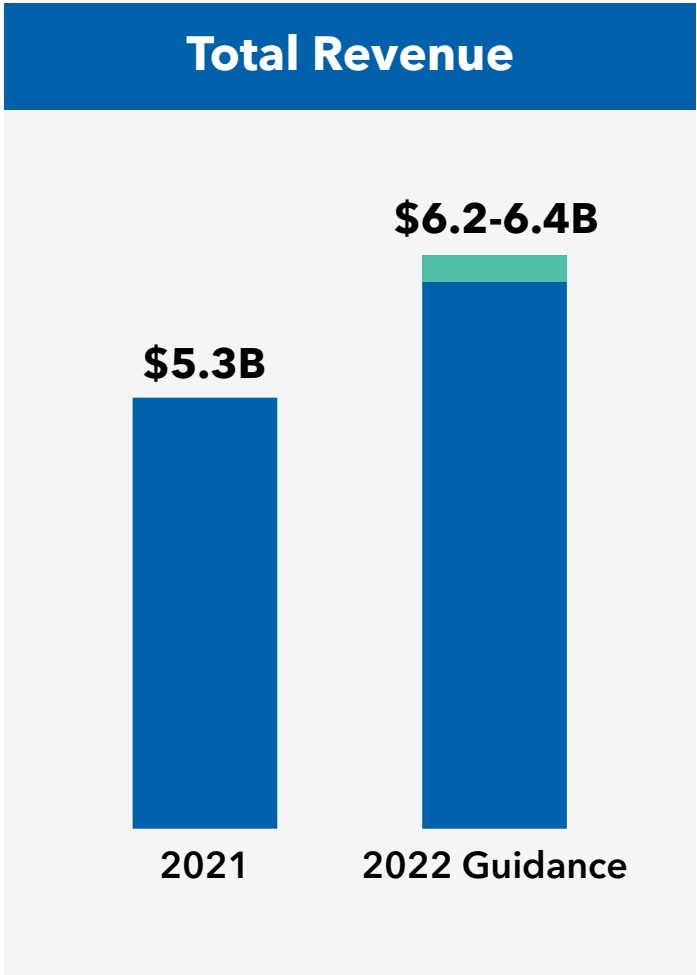
ADT Financial Profile			
	Pre-IPO	2021	2025
Revenue	~\$4B	~\$6B Combined	\$10B+
CSB % total	90%	70%	55%+
RMR adds	\$48M	\$61M	~\$80M
Attrition	16%+	~13%	~12%
Revenue payback	2.7x	2.3x	<2.0x
Adjusted FCF	~\$400M	\$465M	\$1B

Characteristics
<b>Significant and stable cash generation</b> <ul style="list-style-type: none"> <li>• \$4B+ recurring revenue base</li> <li>• \$1.7B adjusted FCF past 3 years</li> <li>• Recession resistant and downside protected</li> <li>• Capital efficient</li> </ul>
<b>Broadened market exposures</b> <ul style="list-style-type: none"> <li>• Smart home growing 22%</li> <li>• Solar growing 13% CAGR</li> </ul>
<b>Clear growth strategy</b> <ul style="list-style-type: none"> <li>• Differentiated offerings, safety, experience</li> <li>• Expanded routes to market</li> </ul>
<b>Best-in-class scale</b> <ul style="list-style-type: none"> <li>• Footprint across the US</li> <li>• Partnerships (Google, DR Horton, Ford, etc.)</li> </ul>

**Strong financial profile + strategic differentiators + unmatched scale + downside protection**

Note: Pre-IPO refers to 2016 for Revenue and revenue payback; attrition is as of the periods prior to the combination with Protection One in 2Q2016; Adjusted FCF and US RMR adds are as of 2017. Combined Revenue equals ADT Total Revenue (GAAP) (which includes Solar segment revenue post-acquisition) plus Sunpro revenue (GAAP) prior to the acquisition. 2025 goals do not represent actual guidance or projections.

# We are well-positioned for growth in 2022



IN SUMMARY

## Our long-term outlook is compelling

- ✓ We have an established foundation for high-return growth
- ✓ Our growth plan drives strong improvements to cash generation and profitability
- ✓ Achieving our plan is the path to creating long-term shareholder value
- ✓ Taking a balanced and disciplined approach to capital allocation







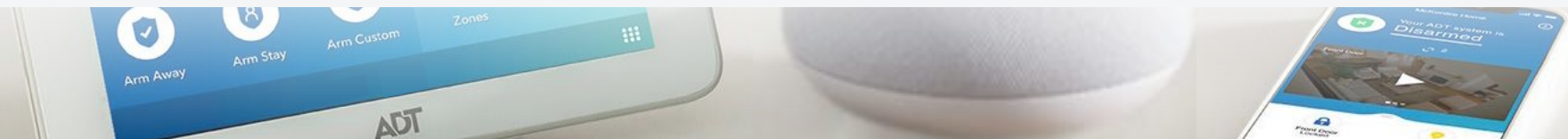
## Wrap-up and Closing

Jim DeVries, President and Chief Executive Officer

# The investment case for ADT is strong



- 1 Large and expanding addressable market with opportunities to meaningfully increase share
- 2 Growing business with industry-leading scale positioned to benefit from secular tailwinds
- 3 Large solar opportunity still in nascent state
- 4 Compelling unit economics that support increased investment for growth
- 5 Resilient cash flow profile with asymmetric upside from solar, commercial, and strategic partnerships
- 6 Reached an inflection point and we are providing long-term targets to reflect the outlook for our next chapter of growth
- 7 Disciplined capital allocation framework to drive long-term value for our shareholders

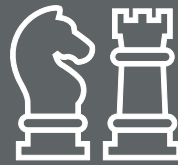


## We are positioned for success



### **Mission**

Safe. Smart. Sustainable.



### **Strategy**

Innovative offerings, unrivaled safety, and premium experience



### **Plan**

Top-line growth and solid free cash generation

**Delivered by the 25,000 best professionals in the industry**

# Non-GAAP Measures

We sometimes use information (“non-GAAP financial measures”) that is derived from the condensed consolidated financial statements, but that is not presented in accordance with accounting principles generally accepted in the U.S. (“GAAP”). Under SEC rules, non-GAAP financial measures may be considered in addition to results prepared in accordance with GAAP, but should not be considered a substitute for or superior to GAAP results.

This presentation includes definitions of our non-GAAP financial measures, reasons we believe these measures are useful, and limitations to using these non-GAAP financial measures, as well as reconciliations of the non-GAAP financial measures used in this presentation to the most comparable GAAP measures. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The limitations of non-GAAP financial measures are best addressed by considering these measures in conjunction with the appropriate GAAP measures.

## **Adjusted EBITDA and Adjusted EBITDA prior to subscriber acquisition**

We believe the presentation of Adjusted EBITDA and Adjusted EBITDA prior to subscriber acquisition provide useful information to investors about our operating profitability adjusted for certain non-cash items, non-routine items that we do not expect to continue at the same level in the future, as well as other items that are not core to our operations. Adjusted EBITDA prior to subscriber acquisition also provides useful information about our operating profitability prior to expenses related to subscriber acquisition, including those related to selling, advertising, and installation, net of installation revenue. Further, we believe Adjusted EBITDA and Adjusted EBITDA prior to subscriber acquisition provide meaningful measures of operating profitability because we use them for evaluating our business performance, making budgeting decisions, and comparing our performance against that of other peer companies using similar measures. We define Adjusted EBITDA as net income or loss adjusted for (i) interest; (ii) taxes; (iii) depreciation and amortization, including depreciation of subscriber system assets and other fixed assets and amortization of dealer and other intangible assets; (iv) amortization of deferred costs and deferred revenue associated with subscriber acquisitions; (v) share-based compensation expense; (vi) merger, restructuring, integration, and other; (vii) losses on extinguishment of debt; (viii) radio conversion costs net of any related incremental revenue earned; and (ix) other income/gain or expense/loss items such as impairment charges, financing and consent fees, or acquisition-related adjustments. Adjusted EBITDA prior to subscriber acquisition is defined as Adjusted EBITDA excluding costs related to subscriber acquisition, including selling, advertising, and installation, net of installation revenue. There are material limitations to using Adjusted EBITDA and Adjusted EBITDA prior to subscriber acquisition as they do not reflect certain significant items, which directly affect our net income or loss (the most comparable GAAP measure). This discussion is also applicable to Adjusted EBITDA margin, which is calculated as Adjusted EBITDA as a percentage of monitoring and related services revenue.

## **Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow prior to subscriber acquisition**

We believe the presentation of Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow prior to subscriber acquisition are appropriate to provide useful information to investors about our ability to repay debt, make other investments, and pay dividends. In addition, we believe the presentation of Adjusted Free Cash Flow is also a useful measure of our cash flow attributable to our normal business activities, inclusive of the net cash flows associated with the acquisition of subscribers, as well as our ability to repay other debt, make other investments, and pay dividends. Adjusted Free Cash Flow prior to subscriber acquisition is also useful to evaluate cash generation prior to subscriber acquisition investments, including those related to selling, advertising, and installation, excluding one-time cash items.

We define Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network, subscriber system asset expenditures, and purchases of property and equipment. These items are subtracted from cash flows from operating activities because they represent long-term investments that are required for normal business activities.

We define Adjusted Free Cash Flow as Free Cash Flow adjusted for net cash flows related to (i) net proceeds from our consumer receivables facility; (ii) financing and consent fees; (iii) restructuring and integration; (iv) integration-related capital expenditures; (v) radio conversion costs net of any related incremental revenue collected; and (vi) other payments or receipts that may mask our operating results or business trends. We define Adjusted Free Cash Flow prior to subscriber acquisition as Adjusted Free Cash Flow adjusted for subscriber acquisition investments, including those related to selling, advertising, and installation.

Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow prior to subscriber acquisition adjust for cash items that are ultimately within management’s discretion to direct, and therefore, may imply that there is less or more cash available than the most comparable GAAP measure. These measures are not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted.

## **Net Leverage Ratios**

Net Leverage Ratio is calculated as the ratio of net debt to Adjusted EBITDA. Net Leverage Ratio (prior to subscriber acquisition) is calculated as the ratio of net debt to Adjusted EBITDA prior to subscriber acquisition. Net debt is calculated as total debt excluding the Receivables Facility, including capital leases, minus cash and cash equivalents. Refer to the discussion on Adjusted EBITDA and Adjusted EBITDA prior to subscriber acquisition for descriptions of the differences between the most comparable GAAP measure. Net Leverage Ratio and Net Leverage Ratio (prior to subscriber acquisition) are useful measures of the Company’s credit position and progress towards leverage targets. The calculations are limited in that the Company may not always be able to use cash to repay debt on a dollar-for-dollar basis.

# Segment and Other Information

## Total Revenue by Segment:

(in millions)

	Twelve months ended					
	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016
CSB	\$ 4,146	\$ 4,325	\$ 4,080	\$ 3,998	\$ 3,896	\$ 2,623
Commercial	1,114	990	1,046	583	420	326
Solar	47	-	-	-	-	-
<b>Total</b>	<b>\$ 5,307</b>	<b>\$ 5,315</b>	<b>\$ 5,126</b>	<b>\$ 4,582</b>	<b>\$ 4,316</b>	<b>\$ 2,950</b>

## Adjusted EBITDA by Segment:

(in millions)

	Twelve months ended December 31, 2021
CSB	\$ 2,111
Commercial	96
Solar	6
<b>Total</b>	<b>\$ 2,213</b>

## Combined Solar Revenue and Combined Revenue:

(in millions)

	Twelve months ended December 31, 2021
Solar	\$ 47
Sunpro	598
<b>Combined Solar Revenue<sup>(1)</sup></b>	<b>\$ 645</b>
Total Revenue	\$ 5,307
Sunpro	598
<b>Combined Revenue<sup>(2)</sup></b>	<b>\$ 5,905</b>

### Notes:

1. Combined Solar Revenue of \$645 million equals \$47 million of Solar segment revenue (GAAP) plus \$598 million of Sunpro revenue (GAAP) prior to the acquisition.
2. Combined Revenue of \$5.9 billion equals ADT Total Revenue of \$5.3 billion calculated in accordance with GAAP (which includes the \$47 million Solar segment revenue) plus \$598 million Sunpro revenue (GAAP) prior to the acquisition.



# GAAP to Non-GAAP Reconciliations

## *Adjusted EBITDA and Adjusted EBITDA prior to subscriber acquisition:*

(in millions)

	Twelve Months Ended December 31, 2021
<b>Net loss</b>	\$ (341)
Interest expense, net	458
Income tax benefit	(130)
Depreciation and intangible asset amortization	1,915
Amortization of deferred subscriber acquisition costs	126
Amortization of deferred subscriber acquisition revenue	(172)
Share-based compensation expense	61
Merger, restructuring, integration and other	38
Loss on extinguishment of debt	37
Radio conversion costs, net <sup>(1)</sup>	211
Acquisition related Adjustments <sup>(2)</sup>	13
Other	(3)
<b>Adjusted EBITDA</b>	<u><u>\$ 2,213</u></u>
Selling (incl. Commissions) and Advertising	573
Installation costs	636
Installation revenue	(798)
<b>Adjusted EBITDA prior to subscriber acquisition</b>	<u><u>\$ 2,624</u></u>

### Notes:

1. Represents net costs associated with replacing cellular technology used in many of our security systems pursuant to a replacement program.
2. Represents amortization of purchase accounting adjustments and compensation arrangements related to acquisitions. The three months ended December 31, 2021, primarily related to the Sunpro Solar Acquisition.

# GAAP to Non-GAAP Reconciliations

*Free Cash Flow, Adjusted Free Cash Flow, and Adjusted Free Cash Flow prior to subscriber acquisition:*

(in millions)

	Twelve Months Ended				
	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017
Net cash provided by operating activities	\$ 1,650	\$ 1,367	\$ 1,873	\$ 1,788	\$ 1,592
Net cash used in investing activities	\$ (1,696)	\$ (1,137)	\$ (978)	\$ (1,738)	\$ (1,413)
Net cash (used in) provided by financing activities	\$ (128)	\$ (70)	\$ (1,214)	\$ 193	\$ (143)
<b>Net cash provided by operating activities</b>	<b>\$ 1,650</b>	<b>\$ 1,367</b>	<b>\$ 1,873</b>	<b>\$ 1,788</b>	<b>\$ 1,592</b>
Dealer generated customer accounts and bulk account purchases	(675)	(381)	(670)	(694)	(653)
Subscriber system asset expenditures	(695)	(418)	(542)	(576)	(583)
Purchases of property and equipment	(168)	(157)	(159)	(127)	(131)
<b>Free Cash Flow</b>	<b>112</b>	<b>410</b>	<b>502</b>	<b>391</b>	<b>225</b>
Net proceeds from receivables facility	123	76	-	-	-
Financing and consent fees	4	5	23	8	64
Restructuring and integration payments	11	20	14	18	46
Integration related capital expenditures	10	23	16	7	25
Radio conversion costs, net	198	43	25	6	13
Redemption of mandatorily redeemable preferred securities	-	-	-	96	-
Other, net <sup>(1)</sup>	7	97	10	12	30
<b>Adjusted Free Cash Flow</b>	<b>\$ 465</b>	<b>\$ 675</b>	<b>\$ 590</b>	<b>\$ 538</b>	<b>\$ 403</b>
Dealer generated customer accounts purchases	675				
Subscriber system asset expenditures	695				
Deferred subscriber acquisition costs	324				
Deferred subscriber acquisition revenue	(277)				
Selling (incl. Commissions) and Advertising	573				
Installation costs	636				
Installation revenue	(798)				
Other	(131)				
<b>Adjusted Free Cash Flow prior to subscriber acquisition</b>	<b>\$ 2,162</b>				

Note:

1. The twelve months ended December 31, 2020 included \$81 million related to the settlement of a pre-existing relationship in connection with the Defenders acquisition.

# GAAP to Non-GAAP Reconciliations

## *Debt to Net Income Ratio:*

(in millions)

	December 31, 2021
Total debt (book value)	\$ 9,693
LTM net loss	\$ (341)
<b>Debt to net loss ratio</b>	<b>(28.4x)</b>

## *Net Leverage Ratios:*

(in millions)

	December 31, 2021
Revolver	\$ 25
First lien term loan	2,758
First lien notes	5,550
Receivables facility	199
Finance leases	93
Other (Sunpro vehicle loans)	5
<b>Total first lien debt</b>	<b>8,630</b>
Second lien notes	1,300
<b>Total debt<sup>(1)</sup></b>	<b>9,930</b>
Cash and cash equivalents	(24)
Less: Receivables Facility	(199)
<b>Net debt</b>	<b>\$ 9,706</b>
LTM Adjusted EBITDA	2,213
LTM Adjusted EBITDA prior to subscriber acquisition	2,624
<b>Net leverage ratio</b>	<b>4.4x</b>
<b>Net leverage ratio prior to subscriber acquisition</b>	<b>3.7x</b>
Annualized RMR	4,308
Net debt (excl. Receivables Facility)	9,706
<b>RMR Ratio</b>	<b>2.3x</b>

**Notes:** During Q4 2021, we began presenting net leverage ratio excluding Receivables Facility.

1. Debt instruments are stated at face value.