

Q3 2019 Earnings Presentation

November 12, 2019

Forward Looking Statements and Non-GAAP Measures

ADT has made statements in this presentation and other reports, filings, and other public written and verbal announcements that are forward-looking and therefore subject to risks and uncertainties, including under the heading 2019 Guidance. All statements, other than statements of historical fact, included in this document are, or could be, "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 anticipated financial performance, management's plans and objectives for future operations, business prospects, outcome of regulatory proceedings, market conditions and other matters. 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. Forward-looking statements can be identified by various words such as "expects," "intends," "will," "anticipates," "believes," "confident," "continue," "propose," "seeks," "could," "may," "should," "estimates," "forecasts," "might," "goals," "objectives," "targets," "planned," "projects," and similar expressions. These forward-looking statements are based on management's current beliefs and assumptions and on information currently available to management. 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 document, including among others, risk factors that are described in the Company's Annual Report on Form 10-K and other filings with the Securities and Exchange Commission, including the sections entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" contained therein.

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 Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, Free Cash Flow before special items, Net Income (Loss) before special items, Diluted Earnings Per Share ("EPS") before special items, Commercial Organic Revenue, Commercial Inorganic Revenue, Commercial Organic Revenue Growth, Revenue Excluding Red Hawk, Revenue Growth Excluding Red Hawk, and Net Leverage Ratio as non-GAAP measures. Reconciliations from GAAP to non-GAAP financial measures can be found in the appendix. Amounts on subsequent pages may not add due to rounding.

Q3 Highlights

Strong Revenue Growth	▪ Total Revenue increase of 13% year-over-year, 5% excluding Red Hawk ▪ Commercial growth combined with increased residential interactive penetration
Adjusted EBITDA and FCF Generation Remains Robust	▪ Adjusted EBITDA increase of 2% year-over-year ▪ Free Cash Flow before special items of $167M and $459M year-to-date
Commercial Business Growth	▪ Strong commercial organic revenue growth of 17% ▪ Continued progress integrating Red Hawk; completed 2 tuck-in acquisitions
Innovate Around Trusted "ADT" Brand	▪ Expanding our consumer platform with mobile safety through a new partnership and planned pilot with Lyft ▪ Acquired I-View Now, a leader in video verification technology redefining alarm monitoring offering
Acquire New Customers More Efficiently	▪ Continued to generate net SAC efficiency, with revenue payback of 2.4 years ▪ Further expanded consumer financing pilot to 21 markets following April 2019 launch
Completed Sale of Canadian Operations	▪ Accretive sale of more capital intensive Canadian operations ▪ One-time special dividend of $0.70 per share to be distributed on December 23, 2019

Notes: The operating metrics Gross Revenue Attrition, Unit Count, RMR, RMR additions, and Revenue Payback 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.

Leader in Residential & Commercial Security & Automation

U.S. Residential & Small Business

$2.9B

Total revenue, September YTD

- In-the-field smart home and security experts
- National direct & dealer network
- Comprehensive DIY Offering
- Growing end-to-end Consumer Platform

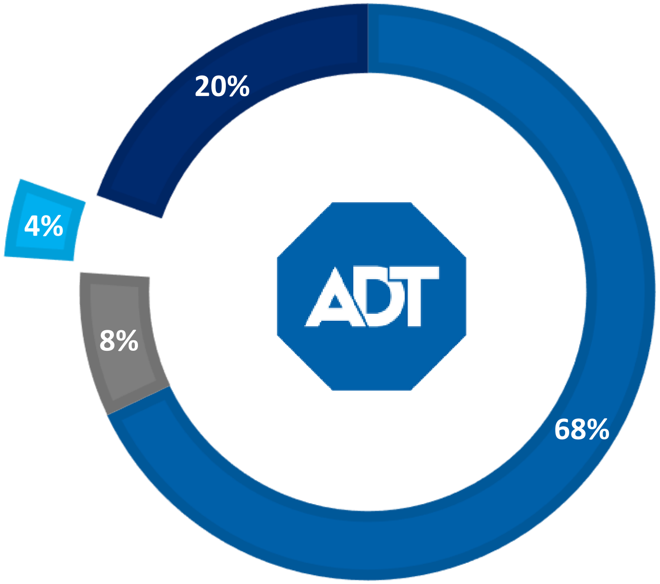
U.S. Commercial[1]

$748M

Total revenue, September YTD

- Enterprise Solutions
- Risk Management Services
- Dedicated Technical Resources
- Customer Service Excellence

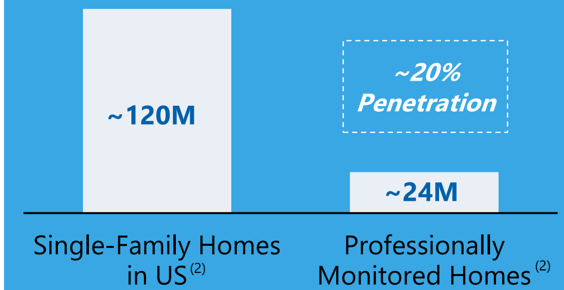
Revenue by Customer Type[2]



Notes:
1. U.S. Commercial includes Commercial and National accounts as presented in this presentation.
2. Revenue percentages presented on a year-to-date basis as of September 30, 2019.

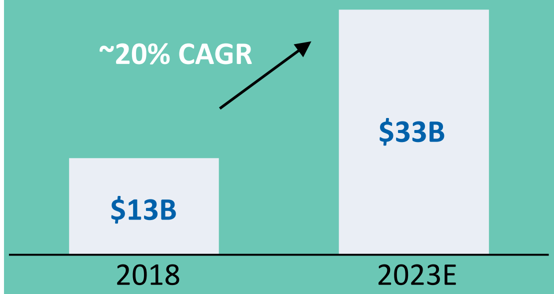
America's #1 Smart Home Security Provider[1]

A large and growing market for security…



- The professionally designed and installed Do-It-For-Me market (DIFM) remains strong and is expected to continue to grow at a steady pace
- The fast growing, smaller DIY market represents an opportunity for ADT to service the remaining 80% of households without a security system

…and dramatically growing smart home market…



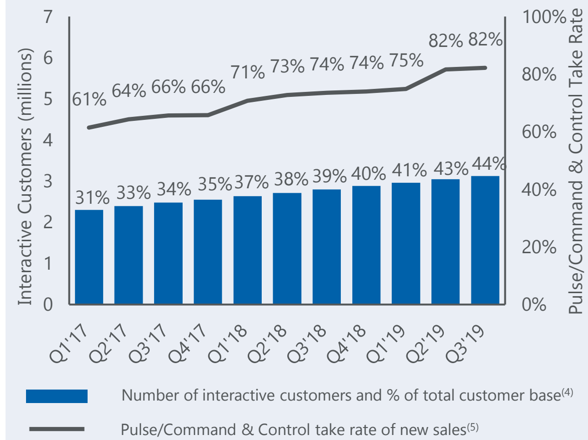
North American Smart Home Market (2018-2023E)[3]

Over the next 5 years, pro-monitored solutions are

45% more likely

to include network cameras.[2]

…that ADT has demonstrated the ability to capture.



Over 275,000 Command and Control Installations Since National Launch in late March[6]

- High interactive take rate and higher video mix is driving increases in both upfront revenue and recurring revenue per unit
- Technician installation productivity gains vs. Pulse

Notes:
1. Strategy Analytics, "US Interactive Security: Self-installed, Professionally-Monitored Solutions Gaining Momentum," April 2019
2. Parks Associates Digital Living Forecast Q3 2019
3. Research on Global Markets, Insights by Netscribes: Global Smart Home Market (2018-2023)
4. Interactive services include Pulse, Control, and similar ADT platforms, and are inclusive of services ranging from remote arm and disarm to full home automation
5. Take rate represents sales by ADT or its authorized dealer network, and excludes large/multi-site, health, and wholesale customers
6. Command Panel pilot launched in January 2019 in the Southeast region, followed by national launch in late March 2019

Growing Portfolio of Smart Home & Safety Devices

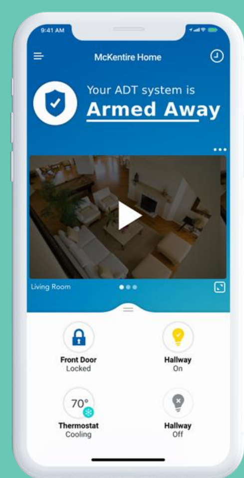
At the center of the connected home

- Touchscreen Keypad
- Smart Home Capabilities
- Six™ Wireless Technology
- All-Inclusive Solutions

ADT Command Panel

Security + home automation accessible anywhere from one app

ADT Control



Home Automation | Home Security | Security Cameras | Fire, Home & Safety | Monitoring Services

Lights	Alerts	Water Leaks
Garage Door	Thermostat	Video Clips
Electric	Doorbell	Voice Integration
Sensors	Locks	Geofencing

~200,000,000,000
System Events Expected in 2019[(1)]

~2 Billion Arm & Disarm

~300 Million Door Locks

~10.5 Billion Captured Video Clips

~700 Million Thermostat

~200 Million Lights

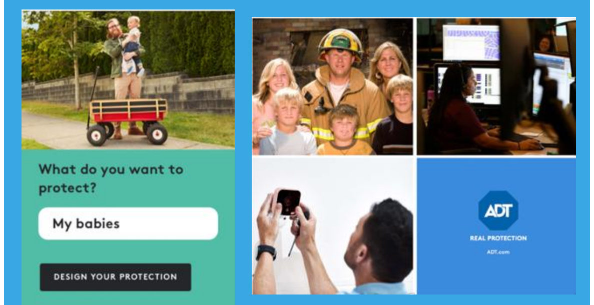
Note:

1. Figures are annual estimates unless otherwise noted and are expressed solely to illustrate system activity and engagement through our interactive platforms, including Pulse and Control. System Events refer to all smart home, security and life safety interactions made by or on behalf of the user. The full year 2019 illustration is based on 2019 year-to-date recorded events.

Enhancing & Expanding Consumer Platform for the Future

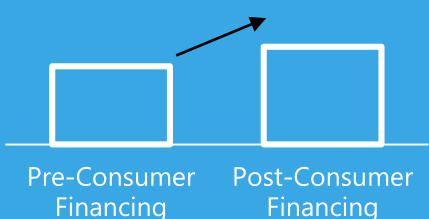
Enhancing our Consumer Sales Approach

Launched New Brand Campaign



Consumer Financing Expansion[1]

Illustration – Consumer financing to increase Install Revenue; Improve Revenue Payback



- Focus on higher levels of installation revenues and home automation drives improved install revenues and expected customer lifetime value

Extending our Lead Providing Trusted Protection

Trusted Security Leader

- Operating 9 U.S. Based, UL certified monitoring centers
- Rigorous security & privacy standards
- Only monitoring platform with access to FirstNet™ [2]

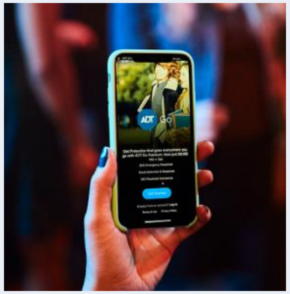
Next Generation Monitoring

I-VIEW NOW

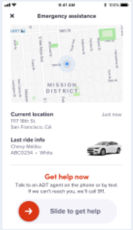
- Allows for greater interaction with ADT customers about alarm activity so that they can help **dictate alarm response**
- Public safety answering points (PSAPs), such as 911 dispatchers, will be able to better confirm whether an alarm is a true emergency by **leveraging ADT technology**
- **Launched pilot program** in select markets; available to ADT customers in early 2020

Expanding our End-to-End Consumer Platform

Enhanced Mobile Security



Lyft Partnership & 2020 Pilot



- Lyft to pilot ADT mobile safety in 9 U.S. markets; potential to grow nationally to **Lyft's 30 million riders and 2 million drivers**
- An **ADT-powered safety feature within the Lyft app** will discreetly connect users who feel unsafe with a security professional at ADT

Notes:
1. Pilot expanded to 21 markets; expecting national launch in 2020.
2. FirstNet enables priority network access so the lines of communication are open when seconds count

Continuing Strong Growth in Commercial Market

Commercial Security Opportunity and Momentum

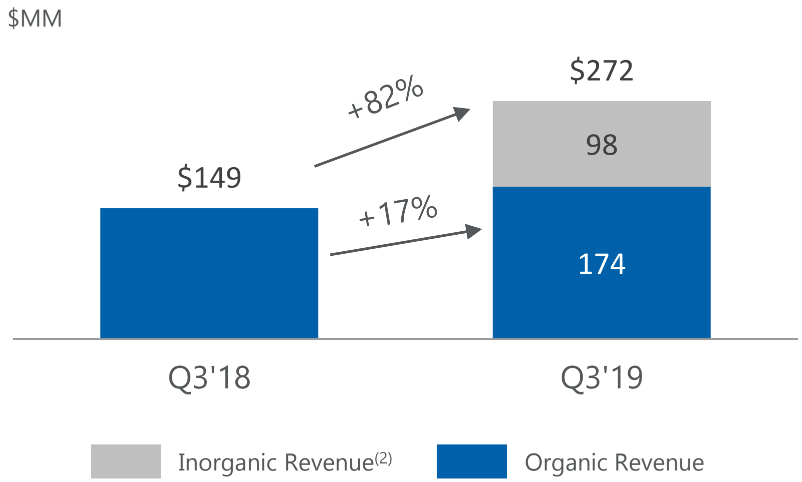
Highly Attractive Market

- Large and growing ~$15 to 20 Billion market[1]
- High structural penetration rates
- Significant barriers to entry
- Quality of service drives market share
- Attractive revenue payback and retention characteristics

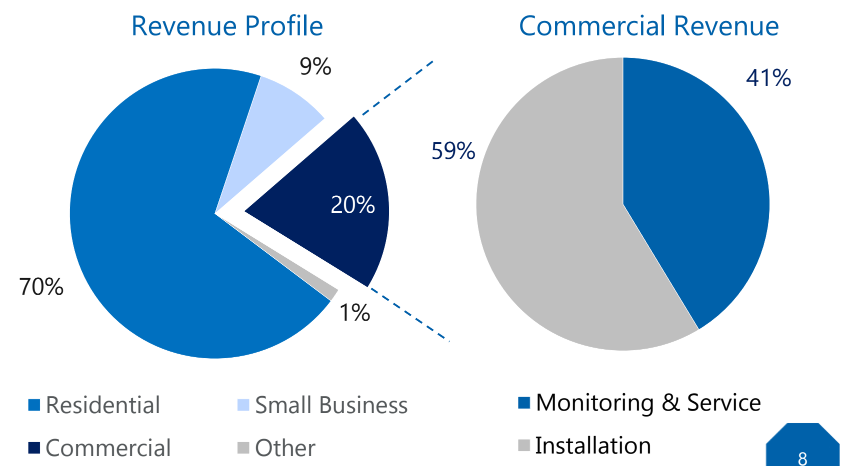
Q3 Highlights

- 17% commercial organic revenue growth
- Sales momentum continued across many verticals, including wins in several regional and national grocery chains and large retailers
- Acquired FAS Systems Group, a leading regional commercial security integrator, and Fusion Fire Protection
- Red Hawk integration on track

Q3 Commercial Total Revenue and Growth



ADT Total Revenue[3]



Notes:

1. U.S. commercial market size based on data from Freedonia, IHS, and company estimates, and includes system installation, integration and monitoring services
2. Incremental revenue from acquisitions until there is a 12 months overlap
3. Presented for the nine months ended 9/30/19

Strength Across Key Financial and Operating Metrics

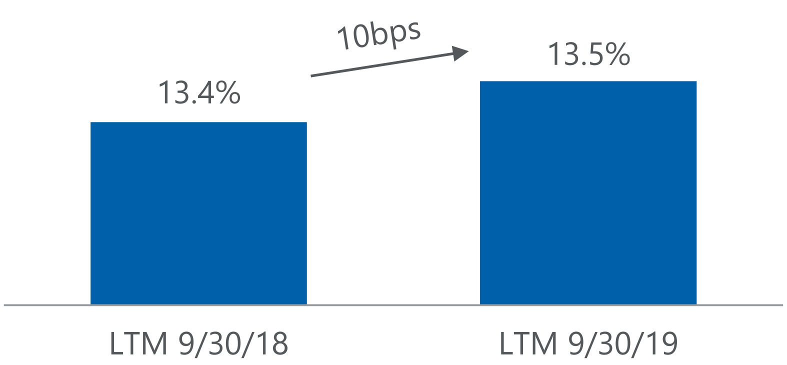
($ in millions)	For the three months ended Sep 30, 2019	Sep 30, 2018	Y/Y Change	Y/Y Change %
Monitoring and Service Revenue	$1,094	$1,029	$64	6%
Total Revenue	$1,301	$1,148	$152	13%
Net Loss	($182)	($236)	$54	23%
Adjusted EBITDA	$624	$610	$15	2%
Free Cash Flow (before special items)[1]	$167	$169	($2)	(1%)
LTM Gross Revenue Attrition[2]	13.5%	13.4%	10 bps	
LTM Revenue Payback (in years)	2.4x	2.4x	0.0x	
End of Period RMR	$351	$340	$11	3%

Notes:

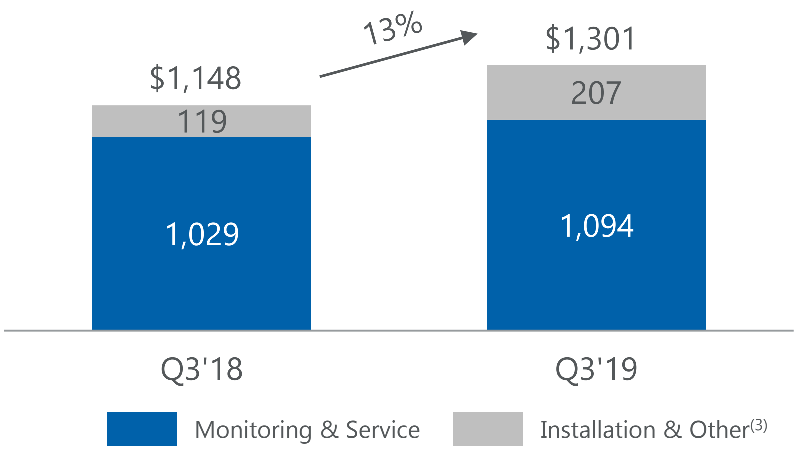
1. On July 2, 2018, the Company redeemed mandatorily redeemable preferred securities in full, which included the payment of accumulated dividend obligation of $96M ($51 million related to 2018 and $45 million related to 2017), which is excluded from Free Cash Flow before special items.
2. Trailing twelve-month gross customer revenue attrition excludes DIY customers for all periods presented in this presentation. For all presentations covering periods prior to January 1, 2019, trailing twelve-month gross customer revenue attrition included DIY customers. Including DIY customers as of September 30, 2018 rounds to the same percentage as presented in this presentation.

Total Revenue Up 13% Year-over-Year

Gross Customer Revenue Attrition(1)(2)
%



Total Revenue
$MM



Attrition increased 10 basis points

- Higher attrition among a portion of our dealer-acquired accounts drove 10 basis points increase in attrition year-over-year, partially offset by a lower number of direct disconnects

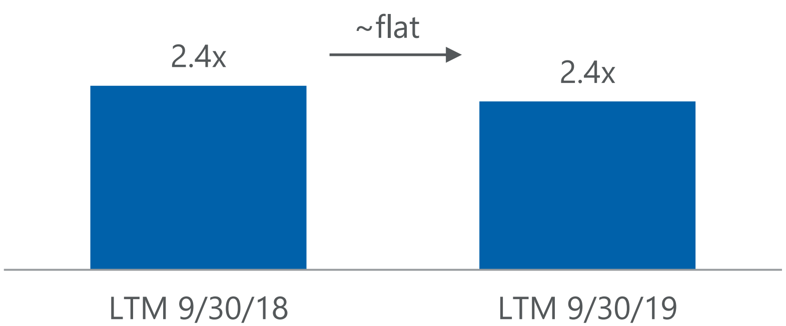
Total revenue increase of 13%

- M&S Revenue grew 6%, or 2% excluding Red Hawk
- Growth in M&S revenue attributable to acquisitions and higher average prices driven by increased interactive penetration, partially offset by lower volume of additions and attrition
- Higher installation revenue reflects continued successful execution of our commercial growth strategy

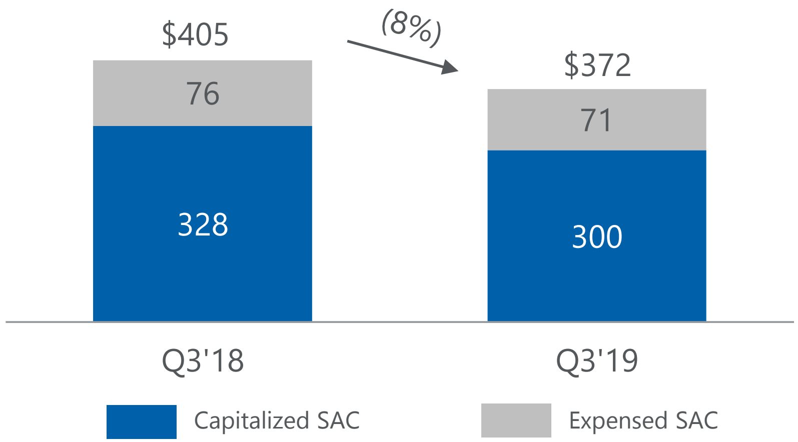
Notes:
1. Recurring revenue lost as a result of customer attrition net of dealer charge-backs and reinstatements; Excludes wholesale customers who outsource their monitoring to ADT and DIY customers; Calculated on a trailing 12 months basis
2. Trailing twelve-month gross customer revenue attrition excludes DIY customers for all periods presented in this presentation. For all presentations covering periods prior to January 1, 2019, trailing twelve-month gross customer revenue attrition included DIY customers. Including DIY customers as of September 30, 2018 rounds to the same percentage as presented in this presentation.
3. Includes $54M from Red Hawk; also includes amortization of deferred installation revenue of $28M and $21M for Q3'19 and Q3'18, respectively.

Continuing to Acquire Customers Efficiently

Customer Revenue Payback[1][2]
Years



Net Subscriber Acquisition Costs (SAC)[3]
$MM



Continued to strengthen SAC efficiency

- SAC efficiency driven by higher installation revenue, efficient sales and installation spend, and other productivity actions
- Higher installation revenue and underlying efficiency gains in installation were partially offset by increase in upgrades of existing customers

Reduced Net SAC spend 8%

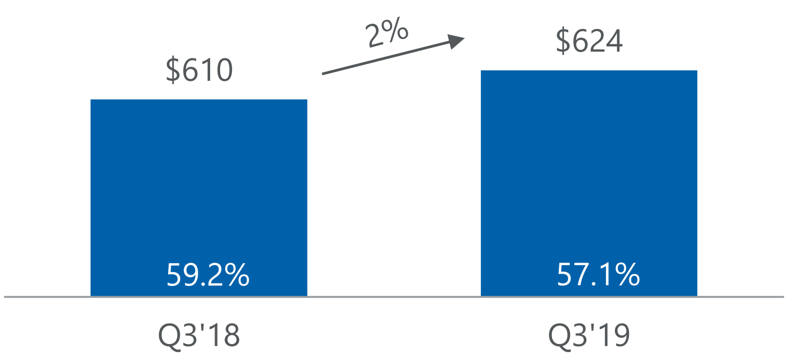
- Net SAC spend is down 8% driven by higher installation revenues on outright sales and other efficiencies
- RMR additions of $13M[1] down 2% vs. prior year
- Prior year included bulk account purchases

Notes:

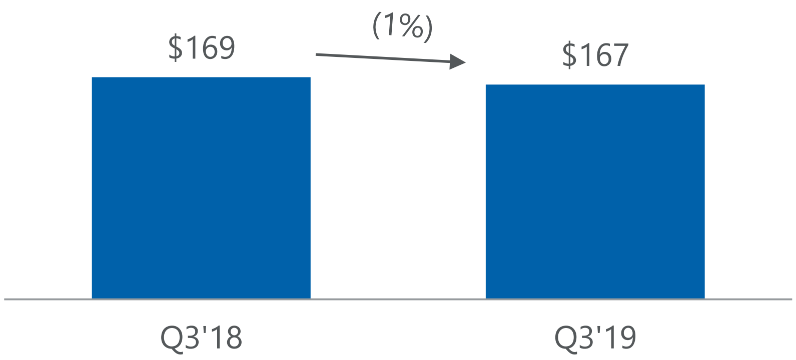
1. Excludes wholesale customers who outsource their monitoring to ADT
2. Revenue payback period measures the net SAC incurred in the period divided by the recurring monthly revenue added during the period, and represents the approximate time, in years, required to recover our net SAC through contractual monthly recurring fees.
3. Net subscriber acquisition cost represents the costs of acquiring new customers and installation expenditures, net of installation revenues; amounts include the net reductions related to ASC606 and ASC842 of $6M and $2M for Q3'19 and Q3'18, respectively

Adjusted EBITDA and FCF Generation Remains Robust

Adjusted EBITDA & Margin %[1]
$MM



Free Cash Flow (before special items)[2]
$MM



Adjusted EBITDA increase of 2%

- Higher revenue and operating cost efficiencies drove Adjusted EBITDA growth
- Margin % decline as expected resulting from higher mix of commercial business in 2019 from Red Hawk

Continued Strong, Positive Free Cash Flow

- Year-to-date cash performance is driven by an increased level of capital expenditures and higher cash interest, partially offset by higher Adjusted EBITDA and timing benefits associated with certain working capital items

Notes:
1. Adjusted EBITDA margin is calculated as a percentage of monitoring and service revenue
2. On July 2, 2018, the Company redeemed mandatorily redeemable preferred securities in full, which included the payment of accumulated dividend obligation of $96M ($51 million related to 2018 and $45 million related to 2017), which is excluded from Free Cash Flow before special items.

Strong Cash Flow Generation

($ in millions)	For the three months ended Sep 30, 2019	For the three months ended Sep 30, 2018	For the three months ended Y/Y Change	For the nine months ended Sep 30, 2019	For the nine months ended Sep 30, 2018	For the nine months ended Y/Y Change
Adjusted EBITDA	**$624**	**$610**	**$15**	**$1,876**	**$1,840**	**$36**
Less: Capitalized SAC	(300)	(328)	28	(891)	(897)	6
Less: Cash Taxes	(3)	(1)	(2)	(8)	(4)	(3)
Less: Cash Interest[1]	(123)	(87)	(36)	(407)	(383)	(25)
Less: Capital Expenditures[2]	(30)	(28)	(2)	(113)	(88)	(25)
Less: Working Capital & Other[2]	(2)	4	(5)	2	11	(9)
Free Cash Flow (before special items)	**$167**	**$169**	**($2)**	**$459**	**$479**	**($20)**

Notes:

1. On July 2, 2018, the Company redeemed mandatorily redeemable preferred securities in full, which included the payment of accumulated dividend obligation of $96M ($51 million related to Q1 and Q2 of 2018 and $45 million related to Q3 and Q4 of 2017), which is excluded from Free Cash Flow before special items.
2. Capital expenditures exclude special items primarily related to integration activities; Working capital & other excludes special items related to restructuring, integration, management fees, radio conversions, and financing & consent fees

Capital Structure Well-Positioned to Support Growth

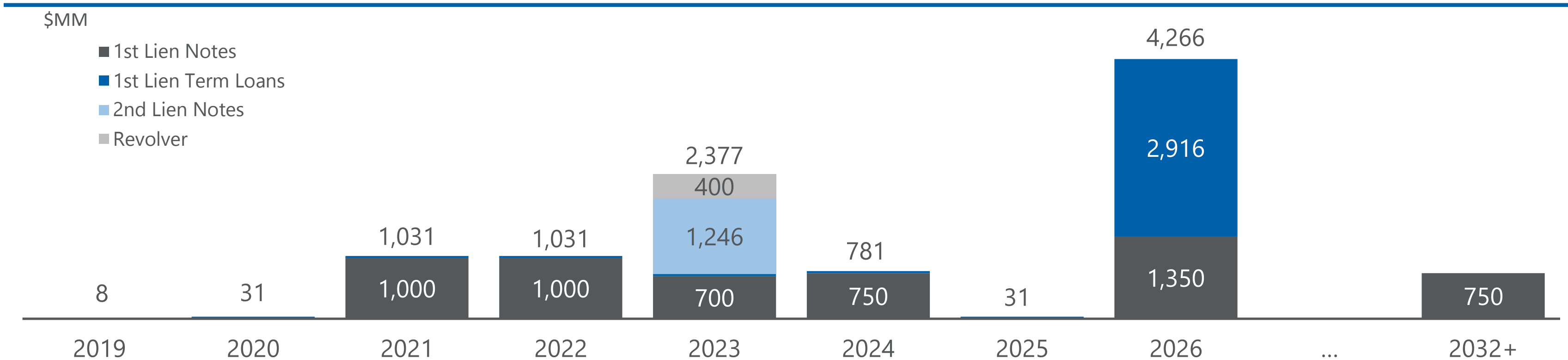
Capital Structure[1]

$MM	12/31/18 Actual	9/30/19 Actual	9/30/19 Pro Forma[2]
Revolver	-	-	-
First Lien Term Loan	3,924	3,110	3,110
First Lien Notes	3,750	5,703	5,550
Finance Leases	50	80	80
Total First Lien Debt	**$ 7,724**	**$ 8,893**	**$ 8,740**
Second Lien Notes	2,546	1,246	1,246
Total Debt	**$ 10,270**	**$ 10,139**	**$ 9,986**
Cash and Cash Equivalents [3]	(363)	(160)	(5)
Net Debt	**$ 9,907**	**$ 9,979**	**$ 9,981**
LTM Adjusted EBITDA	**2,453**	**2,490**	**2,490**
Net Leverage Ratio	**4.0x**	**4.0x**	**4.0x**
Fixed vs. variable ratio[4]	86%/14%	99%/1%	99%/1%

Recent Highlights

- Completed refinancing transaction in September 2019 to amend first lien credit agreement and extend debt maturity
  - Issued $3.1B first lien term loan and $600M additional 2026 notes to repay $3.4B of existing term loan and $300M of 2020 Notes
  - Weighted average maturity shifted from ~4.0 years to ~5.5 years
- Completed commercial acquisitions of Fusion Fire Protection and FAS Systems Group
- Paid out Q3 dividend of $0.035 per share in October, $3M in cash and $23M in shares under DRIP
- Completed sale of Canadian operations on November 5, 2019
- One-time special dividend of $0.70/share to be distributed on December 23, 2019

Pro Forma Debt Maturity Profile[2][5][6]



Notes:
1. Debt instruments are stated at face value excluding debt issuance discount, deferred financing costs, and fair value adjustments
2. Presented pro forma for the 10/23/19 redemption of the remaining $153M aggregate principal amount of first lien notes maturing 2020.
3. Includes $4M held for sale related to Canada
4. Includes the impact of interest rate swaps which mature in 2022 while the underlying term loan matures in 2026
5. Excludes $80M finance leases
6. Revolver balance is indicative of total revolver capacity, not current drawn balances

2019 Guidance

- Despite the sale of Canadian assets and operations on November 5, 2019 and the elimination of the financial contribution from ADT Canada for the last two months of the year, reiterating financial outlook ranges for full-year 2019 due to the strength of U.S. business
  - **Total Revenue** $5,000M - $5,150M
  - **Adjusted EBITDA** $2,470M - $2,500M
  - **Free Cash Flow (before special items)** $570M - $610M

- Consistent with LTM Q3 2019 Gross Customer Revenue Attrition of 13.5%, updating 2019 guidance to approximately 13.5%
  - **Gross Customer Revenue Attrition**(1) ~13.5%

Notes:
1. Guidance excludes wholesale customers who outsource their monitoring to ADT and impacts from DIY given our 2019 acquisition of LifeShield; calculated on a trailing 12 months basis

Snapshot of Business by Customer Type and Unit Count

Market Profile (LTM 9/30/19)

	Residential	Small Business	Large / Multi-Site	Total
Unit Count[1]	~6,300K	~500K	~300K	~7,100K
Ending RMR	$290M	$30M	$27M	$347M
M&S Revenue	$3,495M	$390M	$405M	$4,290M
Installation Revenue[2]	$126M	$30M	$567M	$723M
New RMR Additions	$42M[3]	$5M	$5M	$52M
Revenue Payback	~2.6x	~2.2x	<1.0x	~2.4x
Gross Attrition	~14%	~15%	~11%	~13%
Typical Revenue / Site	$40-$55	$50-$65	$50-$120+	$45-$55

Unit Count

Units in millions	Q3'19	Q3'18	Y/Y %	Q2'19	Q/Q %
Interactive	2.8	2.5	12%	2.7	3%
Traditional	2.9	3.3	(11%)	3.0	(4%)
U.S. Residential	**5.7**	**5.8**	**(1%)**	**5.7**	**(1%)**
U.S. Commercial	0.7	0.7	5%	0.7	1%
Canada Residential	0.5	0.5	(8%)	0.5	(2%)
Canada Commercial	0.1	0.1	(3%)	0.1	(1%)
Canada	**0.6**	**0.6**	**(7%)**	**0.6**	**(2%)**
Other	0.1	0.1	10%	0.1	1%
Total EoP Units	**7.1**	**7.2**	**(1%)**	**7.1**	**(1%)**
Memo: Total Residential	6.3	6.4	(2%)	6.3	(1%)
Memo: Total Commercial	0.8	0.8	4%	0.8	0%

Notes: Market profile and unit count exclude wholesale customers who outsource their monitoring to ADT

1. Net change in total units vs. 9/30/18 includes a loss in US residential of 76K units, a loss in Canada residential 42K units, offset by gain in commercial and other of ~40K units
2. Includes amortization of deferred installation revenue of $73M for residential. $22M for small business, and $6M for large/multi-site
3. Dealer additions represent approximately 55% of residential new RMR additions

Q&A


Armed Stay
Armed Stay
System
Automation
Disarm
Quick Exit
Zones
Scenes
ADT

Appendix

Key Financial and Operating Metrics for Q3 YTD 2019

	For the nine months ended			
($ in millions)	Sep 30, 2019	Sep 30, 2018	Y/Y Change	Y/Y Change %
Monitoring and Service Revenue	$3,249	$3,070	$180	6%
Total Revenue	$3,827	$3,396	$431	13%
Net Loss	($352)	($460)	$108	23%
Adjusted EBITDA	$1,876	$1,840	$36	2%
Free Cash Flow (before special items)[1]	$459	$479	($20)	(4%)
LTM Gross Revenue Attrition[2]	13.5%	13.4%	10 bps	
LTM Revenue Payback (in years)	2.4x	2.4x	0.0x	
End of Period RMR	$351	$340	$11	3%

Notes:

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Additional Historical Quarterly Data

$ in millions	Q3'18	Q4'18	Q1'19	Q2'19	Q3'19
Key Performance Indicators					
Monitoring and Service Revenue	$1,029	$1,040	$1,070	$1,085	$1,094
Total Revenue	1,148	1,185	1,243	1,284	1,301
Net Loss	(236)	(149)	(66)	(104)	(182)
Adjusted EBITDA	610	614	621	630	624
Adjusted EBITDA Margin (as % of M&S revenue)	59.2%	59.0%	58.0%	58.1%	57.1%
LTM Gross Customer Revenue Attrition[(1)(2)]	13.4%	13.3%	13.3%	13.3%	13.5%
Revenue Payback (in years)[(1)]	2.4x	2.4x	2.4x	2.4x	2.4x
Net Subscriber Acquisition Costs[(3)]					
Expensed	$76	$69	$74	$71	$71
Capitalized	328	301	291	299	300
Total	$405	$369	$365	$370	$372
Free Cash Flow					
Adjusted EBITDA	$610	$614	$621	$630	$624
Less: Cash interest[(4)]	(87)	(209)	(99)	(186)	(123)
Less: Cash taxes	(1)	(2)	2	(6)	(3)
Less: Changes in net working capital and other[(5)]	4	(10)	(24)	27	(2)
Less: Capitalized SAC	(328)	(301)	(291)	(299)	(300)
Less: Capital expenditures[(5)]	(28)	(32)	(37)	(45)	(30)
Free Cash Flow (before special items)	$169	$59	$171	$121	$167
RMR					
Ending RMR (excluding Wholesale)	$336	$343	$345	$347	$347
Wholesale RMR	4	4	4	4	4
Ending RMR (including Wholesale)	340	347	349	351	351
RMR Additions[(1)]	13.8	12.6	12.4	13.2	13.5

Notes:

1. Excludes wholesale customers who outsource their monitoring to ADT, unless otherwise noted.
2. Trailing twelve-month gross customer revenue attrition excludes DIY customers for all periods presented in this presentation. For all presentations covering periods prior to January 1, 2019, trailing twelve-month gross customer revenue attrition included DIY customers. Including DIY customers as of September 30, 2018 and December 31, 2018 rounds to the same percentage as presented in this presentation.
3. Net subscriber acquisition cost represents the costs of acquiring new customers and installation expenditures, net of installation revenues; amounts include net reductions related to ASC606 and ASC842
4. On July 2, 2018, the Company redeemed mandatorily redeemable preferred securities in full, which included the payment of accumulated dividend obligation of $96M ($51 million related to 2018 and $45 million related to 2017), which is excluded from Free Cash Flow before special items.
5. Capital expenditures exclude special items primarily related to integration activities; Working capital & other excludes special items related to restructuring, integration, management fees, radio conversions, and financing & consent fees.

Selected Statement of Operations Components

($ in millions)	GAAP Line Items For the quarter ended September 30, 2019					GAAP Line Items For the quarter ended September 30, 2018				
	Total Revenue	Cost of Revenue	SG&A	D&A	Total	Total Revenue	Cost of Revenue	SG&A	D&A	Total
Monitoring & Service Revenue	1,093	-	-	-	**$1,093**	1,029	-	-	-	**$1,029**
Monitoring & Service Costs and G&A	-	213	185	-	**$398**	-	184	160	-	**$343**
Net Expensed SAC	180	143	108	-	**$71**	98	80	94	-	**$76**
Depreciation and Amortization	28	-	21	506	**$499**	21	-	16	475	**$470**
Special Items	(0)	(0)	167	-	**$167**	0	-	25	-	**$25**
Total	**$1,301**	**$357**	**$480**	**$506**		**$1,148**	**$263**	**$295**	**$475**	

	GAAP Line Items			
	Total Revenue	**Cost of Revenue**	**SG&A**	**D&A**
Monitoring & Service Revenue	Monitoring & Service Revenue	-	-	-
Monitoring & Service Costs and G&A	-	Field Service and Customer Care Expenses	General and Administrative	-
Net Expensed SAC	Installation Revenue	Installation Costs	Selling and Advertising	-
Depreciation and Amortization	Amortization of deferred subscriber acquisition revenue	-	Amortization of deferred subscriber acquisition costs (commissions)	Depreciation and Amortization
Special Items	Purchase Accounting Adjustments and Radio Conversion Revenue	Inventory Step up Amortization	Special Items	-

Note:
Excludes special items not applicable to the GAAP measures presented

Statements of Operations

(in millions, except per share data)	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Monitoring and related services	$ 1,094	$ 1,029	$ 3,249	$ 3,070
Installation and other	207	119	578	326
Total revenue	1,301	1,148	3,827	3,396
Cost of revenue (exclusive of depreciation and amortization shown separately below)	357	263	1,021	758
Selling, general and administrative expenses	379	295	1,048	923
Depreciation and intangible asset amortization	506	475	1,503	1,447
Merger, restructuring, integration, and other	10	(7)	23	2
Goodwill impairment	45	-	45	-
Loss on business held for sale	55	-	55	-
Operating (loss) income	(51)	122	132	267
Interest expense, net	(152)	(152)	(466)	(501)
Loss on extinguishment of debt	(15)	(213)	(103)	(275)
Other income	-	1	3	29
Loss before income taxes	(218)	(243)	(434)	(480)
Income tax benefit	36	8	82	20
Net Loss	$ (182)	$ (236)	$ (352)	$ (460)
Net loss per share:				
Basic and diluted	$ (0.25)	$ (0.31)	$ (0.47)	$ (0.62)
Weighted-average number of shares:				
Basic and diluted	740	755	749	745

GAAP to Non-GAAP Reconciliations

Net Loss Before Special Items:

(in millions, except per share data)	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Net loss	$ (182)	$ (236)	$ (352)	$ (460)
Merger, restructuring, integration, and other	10	(7)	23	2
Financing and consent fees[(1)]	22	-	23	-
Foreign currency losses/(gains)[(2)]	-	(1)	(1)	1
Loss on extinguishment of debt	15	213	103	275
Radio conversion costs, net[(3)]	12	2	13	5
Share-based compensation expense	19	18	65	113
Interest rate swaps, net[(4)]	1	(1)	9	(9)
Acquisition related adjustments[(5)]	4	3	17	11
Licensing fees[(6)]	-	-	-	(22)
Other[(7)]	9	2	17	-
Goodwill impairment	45	-	45	-
Loss on business held for sale	55	-	55	-
Tax adjustments[(8)]	(22)	(7)	(60)	(5)
Net loss before special items	(11)	(13)	(42)	(88)

Diluted EPS Before Special Items:

(in millions, except per share data)	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018	For the Nine Months Ended September 30, 2019	For the Nine Months Ended September 30, 2018
Diluted EPS (GAAP)	$ (0.25)	$ (0.31)	$ (0.47)	$ (0.62)
Impact of special items	0.26	0.30	0.49	0.51
Impact of tax adjustments	(0.03)	(0.01)	(0.08)	(0.01)
Diluted EPS before special items	$ (0.02)	$ (0.02)	$ (0.06)	$ (0.12)
Diluted weighted-average number of shares outstanding	740	755	749	745

Notes:

1. Represents fees incurred associated with the issuance, restatement, and amendment of debt.
2. Represents the conversion of intercompany loans that are denominated in Canadian dollars to U.S. dollars.
3. Represents costs associated with upgrading cellular technology used in many of our security systems, offset by any incremental revenue earned.
4. Primarily represents the change in the fair value of interest rate swaps not designated as hedges.
5. Represents amortization of purchase accounting adjustments and compensation arrangements related to acquisitions.
6. The nine months ended September 30, 2018 include other income related to approximately $22 million of one-time licensing fees.
7. Represents certain advisory and other costs associated with our transition to a public company as well as other charges and non-cash items. The three and nine months ended September 30, 2019 include an estimated legal settlement, net of insurance, of $6 million. The nine months ended September 30, 2018 include a gain of $7.5 million from the sale of equity in a third party that we received as part of a settlement items
8. Represents tax impact on special items. In 2018, includes a one-time non-deductible tax impact on share-based compensation expense related to the Class B Units in Ultimate Parent.

GAAP to Non-GAAP Reconciliations

Adjusted EBITDA and Adjusted EBITDA Margin:

(in millions)	For the Three Months Ended September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	For the Nine Months Ended September 30, 2019	September 30, 2018	For the Twelve Months Ended September 30, 2019	December 31, 2018
Net loss	$ (182)	$ (104)	(66)	$ (149)	$ (236)	$ (352)	$ (460)	$ (502)	$ (609)
Interest expense, net	152	155	159	162	152	466	501	628	663
Income tax benefit	(36)	(23)	(22)	(4)	(8)	(82)	(20)	(85)	(23)
Depreciation and intangible asset amortization	506	501	496	484	475	1,503	1,447	1,987	1,931
Amortization of deferred subscriber acquisition costs	21	20	18	17	16	59	43	76	60
Amortization of deferred subscriber acquisition revenue	(28)	(26)	(24)	(23)	(21)	(79)	(56)	(101)	(79)
Share-based compensation expense	19	23	24	22	18	65	113	87	135
Merger, restructuring, integration and other	10	7	6	(5)	(7)	23	2	18	(3)
Goodwill impairment	45	-	-	88	-	45	-	133	88
Loss on business held for sale	55	-	-	-	-	55	-	55	-
Loss on extinguishment of debt	15	67	22	-	213	103	275	103	275
Radio conversion costs, net[1]	12	1	-	-	2	13	5	13	5
Financing and consent fees[2]	22	-	1	9	-	23	-	32	9
Foreign currency losses/(gains)[3]	-	-	(1)	2	(1)	(1)	1	2	3
Acquisition related adjustments[4]	4	5	8	5	3	17	11	23	16
Licensing fees[5]	-	-	-	-	-	-	(22)	-	(22)
Other[6]	9	5	2	5	2	17	-	21	5
Adjusted EBITDA	$ 624	$ 630	$ 621	$ 614	$ 610	$ 1,876	$ 1,840	2,490	$ 2,453
Net (loss) income to total revenue ratio	*-14.0%*	*-8.1%*	*-5.3%*	*-12.6%*	*-20.5%*	*-9.2%*	*-13.5%*	*-10.0%*	*-13.3%*
Adjusted EBITDA Margin (as percentage of M&S Revenue)	*57.1%*	*58.1%*	*58.0%*	*59.0%*	*59.2%*	*57.7%*	*59.9%*	*58.0%*	*59.7%*
Total Revenue	$ 1,301	$ 1,284	$ 1,243	$ 1,185	$ 1,148	$ 3,827	$ 3,396	$ 5,013	$ 4,582
Monitoring and related services revenue	$ 1,094	$ 1,085	$ 1,070	$ 1,040	$ 1,029	$ 3,249	$ 3,070	$ 4,290	$ 4,110

Notes:

1. Represents costs associated with upgrading cellular technology used in many of our security systems, offset by any incremental revenue earned.
2. Represents fees incurred associated with the issuance, restatement, and amendment of debt.
3. Represents the conversion of intercompany loans that are denominated in Canadian dollars to U.S. dollars.
4. Represents amortization of purchase accounting adjustments and compensation arrangements related to acquisitions.
5. The nine months ended September 30, 2018 include other income related to approximately $22 million of one-time licensing fees.
6. Represents certain advisory and other costs associated with our transition to a public company as well as other charges and non-cash items. For the three and nine months ended September 30, 2019, include an estimated legal settlement, net of insurance, of $6 million. The nine months ended September 30, 2018 include a gain of $7.5 million from the sale of equity in a third party that we received as part of a settlement.

GAAP to Non-GAAP Reconciliations

Free Cash Flow, Free Cash Flow before special items:

(in millions)	For the Three Months Ended					For the Nine Months Ended	
	September 30, 2019	June 30, 2019	March 31, 2019	December 31, 2018	September 30, 2018	September 30, 2019	September 30, 2018
Net cash provided by operating activities	$ 480	$ 470	$ 509	$ 382	$ 443	$ 1,459	$ 1,406
Net cash used in investing activities	(369)	(388)	(400)	(654)	(388)	(1,157)	(1,084)
Net cash provided by (used in) financing activities	6	(135)	(380)	380	(893)	(510)	(187)
Net cash provided by operating activities	480	470	509	382	443	1,459	1,406
Dealer generated customer accounts and bulk account purchases	(181)	(171)	(163)	(167)	(199)	(514)	(527)
Subscriber system assets	(137)	(149)	(145)	(148)	(148)	(431)	(428)
Capital expenditures	(36)	(47)	(38)	(33)	(29)	(120)	(94)
Free Cash Flow	127	104	163	34	68	394	357
Financing and consent fees	18	1	-	8	-	19	-
Restructuring and integration payments	1	5	3	4	4	10	15
Integration related capital expenditures	6	1	0	1	1	7	6
Radio conversion costs	10	3	0	1	2	13	5
Redemption of mandatorily redeemable preferred securities[1]	-	-	-	-	96	-	96
Other	5	6	4	11	(1)	15	-
Free Cash Flow before special items	$ 167	$ 121	$ 171	$ 59	$ 169	$ 459	$ 479

Note:

1. On July 2, 2018, the Company redeemed mandatorily redeemable preferred securities in full, which included the payment of accumulated dividend obligation of $96M ($51 million related to 2018 and $45 million related to 2017), which is excluded from Free Cash Flow before special items.

GAAP to Non-GAAP Reconciliations

Debt to Net Income Ratio:

(in millions)	Actual September 30, 2019	Proforma[2] September 30, 2019	December 31, 2018
Total debt (book value)	$ 9,851	$ 9,699	$ 10,002
LTM net loss	(502)	(502)	(609)
Debt to net loss ratio	**(19.6x)**	**(19.3x)**	**(16.4x)**

Net Leverage Ratio:

(in millions)	Actual September 30, 2019	Proforma[2] September 30, 2019	December 31, 2018
Revolver	$ -	$ -	$ -
First lien term loan	3,110	3,110	3,924
First lien notes	5,703	5,550	3,750
Finance leases	80	80	50
Total first lien debt	**8,893**	**8,740**	**7,724**
Second lien notes	1,246	1,246	2,546
Preferred securities	-	-	-
Total debt[1]	**10,139**	**9,986**	**10,270**
Cash and cash equivalents[3]	(160)	(5)	(363)
Net debt	**9,979**	**9,981**	**9,907**
LTM adjusted EBITDA	**$ 2,490**	**$ 2,490**	**$ 2,453**
Net leverage ratio	**4.0x**	**4.0x**	**4.0x**

Notes:

1. Debt instruments are stated at face value.
2. Presented pro forma for the 10/23/19 redemption of the remaining $153M aggregate principal amount of the first lien notes maturing 2020. A $2M call premium was paid in addition to the aggregate principal redemption.
3. Includes approximately $4M of cash and cash equivalents that are included in assets held for sale related to Canadian operations as of 9/30/19.

GAAP to Non-GAAP Reconciliations

Commercial Organic Revenue, Commercial Inorganic Revenue, and Commercial Organic Revenue Growth:

(in millions)	For the Three Months Ended September 30, 2019	For the Three Months Ended September 30, 2018
Total revenue	$ 1,301	$ 1,148
Revenue growth	13%	
Commercial revenue[1]	$ 272	$ 149
Commercial revenue growth	82%	
Commercial inorganic revenue[2]	$ 98	-
Commercial organic revenue	174	149
Commercial organic revenue growth	17%	

Notes:

1. Represents total revenue associated with commercial and national accounts.
2. Represents incremental total revenue associated with commercial and national accounts from acquisitions until there is a full twelve-month overlap from the date of acquisition.

GAAP to Non-GAAP Reconciliations

Revenue Excluding Red Hawk and Revenue Growth Excluding Red Hawk:

	For the Three Months Ended			
		Red Hawk[1]	Excl. Red Hawk	
(in millions)	**September 30, 2019**	**September 30, 2019**	**September 30, 2019**	**September 30, 2018**
Monitoring and related services	1,094	44	1,050	1,029
Installation and other	207	54	153	119
Total revenue	$ 1,301	$ 98	$ 1,203	$ 1,148
Monitoring and related services growth	6%		2%	
Installation and other growth	74%		29%	
Total revenue growth	13%		5%	

Note:

1. Represents incremental revenue from Red Hawk until there is a full twelve-month overlap from the date of acquisition.

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 Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, Free Cash Flow before special items, Net Income (Loss) before special items, Diluted Earnings Per Share ("EPS") before special items, Commercial Organic Revenue, Commercial Inorganic Revenue, Commercial Organic Revenue Growth, Revenue Excluding Red Hawk, Revenue Growth Excluding Red Hawk, and Net Leverage Ratio as non-GAAP measures. These measures are not financial measures calculated in accordance with GAAP and should not be considered as a substitute for net income, operating income, cash flows, or any other measure calculated in accordance with GAAP, and may not be comparable to similarly titled measures reported by other companies.

Adjusted EBITDA

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional 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. Further, we believe Adjusted EBITDA provides a meaningful measure of operating profitability because we use it 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, (ix) financing and consent fees, (x) foreign currency gains/losses, (xi) acquisition related adjustments, and (xii) other charges and non-cash items. There are material limitations to using Adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items, including depreciation and amortization, interest, taxes, and other adjustments which directly affect our net income or loss. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering Adjusted EBITDA in conjunction with net income or loss as calculated in accordance with GAAP. The Adjusted EBITDA discussion above is also applicable to its margin measure, which is calculated as Adjusted EBITDA as a percentage of monitoring and related services revenue.

Free Cash Flow

We believe that the presentation of Free Cash Flow is appropriate to provide additional information to investors about our ability to repay debt, make other investments, and pay dividends. We define Free Cash Flow as cash flows from operating activities less cash outlays related to capital expenditures. We define capital expenditures to include purchases of property, plant, and equipment; subscriber system asset additions; and accounts purchased through our network of authorized dealers or third parties outside of our authorized dealer network. These items are subtracted from cash flows from operating activities because they represent long-term investments that are required for normal business activities. Free Cash Flow adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Free Cash Flow in combination with the cash flows as calculated in accordance with GAAP.

Free Cash Flow before special items

We define Free Cash Flow before special items as Free Cash Flow adjusted for payments related to (i) financing and consent fees, (ii) restructuring and integration, (iii) integration related capital expenditures, (iv) radio conversion costs, and (v) other payments or receipts that may mask the operating results or business trends of the Company. As a result, subject to the limitations described below, Free Cash Flow before special items is a useful measure of our cash available to repay debt, make other investments, and pay dividends. Free Cash Flow before special items adjusts for cash items that are ultimately within management's discretion to direct, and therefore, may imply that there is less or more cash that is available than the most comparable GAAP measure. Free Cash Flow before special items is not intended to represent residual cash flow for discretionary expenditures since debt repayment requirements and other non-discretionary expenditures are not deducted. These limitations are best addressed by using Free Cash Flow before special items in combination with the GAAP cash flow numbers.

Net Income (Loss) and Diluted EPS before special items

Net Income (Loss) before special items is defined as net income (loss) adjusted for (i) merger, restructuring, integration, and other, (ii) financing and consent fees, (iii) foreign currency gains/losses, (iv) losses on extinguishment of debt, (v) radio conversion costs, (vi) share-based compensation expense, (vii) the change in the fair value of interest rate swaps not designated as hedges, (viii) acquisition related adjustments, (ix) other charges and non-cash items, and (x) the impact these adjusted items have on taxes. Diluted EPS before special items is diluted EPS adjusted for the items above. The difference between Net Income (Loss) before special items and Diluted EPS before special items, and net income (loss) and diluted EPS (the most comparable GAAP measures) consists of the impact of the special items noted above on the applicable GAAP measure. The Company believes that Net Income (Loss) and Diluted EPS both before special items are benchmarks used by analysts and investors who follow the industry for comparison of its performance with other companies in the industry, although our measures may not be directly comparable to similar measures reported by other companies. The limitation of these measures is that they exclude the impact (which may be material) of items that increase or decrease our reported operating income, operating margin, net income or loss, and EPS. This limitation is best addressed by using the non-GAAP measures in combination with the most comparable GAAP measures in order to better understand the amounts, character, and impact of any increase or decrease on reported results.

Net Leverage Ratio

Net Leverage Ratio is calculated as the ratio of net debt to Adjusted EBITDA. Net debt is calculated as total debt, including capital leases, minus cash and cash equivalents. Refer to the discussion on Adjusted EBITDA for a description of the differences between the most comparable GAAP measure. Net Leverage Ratio is a useful measure of the Company's credit position and progress towards leverage targets. The calculation is limited in that the Company may not always be able to use cash to repay debt on a dollar-for-dollar basis. Finally, Net Leverage Ratio discussed herein may be presented on a pro forma basis.

Commercial Organic / Inorganic Revenue, Commercial Organic Revenue Growth, Revenue Excluding Red Hawk, and Revenue Growth Excluding Red Hawk

We believe that the presentation of commercial organic revenue, commercial inorganic revenue, commercial organic revenue growth, revenue excluding Red Hawk, and revenue growth excluding Red Hawk is appropriate to provide additional information to investors about the periodic growth of our business on a consistent basis. We define commercial organic revenue as revenue associated with commercial and national accounts adjusted for commercial inorganic revenue, which represents incremental total revenue associated with commercial and national accounts from acquisitions until there is a full twelve-month overlap from the date of acquisition. We define revenue excluding Red Hawk as total revenue adjusted for incremental total revenue associated with the Red Hawk Acquisition until there is a full twelve-month overlap from the date of acquisition. We define commercial organic revenue growth and revenue growth excluding Red Hawk as the increase in commercial organic revenue and revenue excluding Red Hawk over a stated period, respectively. There are material limitations to using commercial organic revenue, commercial inorganic revenue, commercial organic revenue growth, revenue excluding Red Hawk, and revenue growth excluding Red Hawk as they do not take into account all revenue in a given period. These limitations are best addressed by considering the economic effects of the excluded items independently, and by considering commercial organic revenue, commercial inorganic revenue, commercial organic revenue growth, revenue excluding Red Hawk, and revenue growth excluding Red Hawk in conjunction with revenue determined in accordance with GAAP.

Financial Outlook

The Company is not providing a quantitative reconciliation of our financial outlook for Adjusted EBITDA and Free Cash Flow before special items to net income (loss) and net cash provided by operating activities, which are their corresponding GAAP measures because these GAAP measures that we exclude from our non-GAAP financial outlook are difficult to reliably predict or estimate without unreasonable effort due to their dependence on future uncertainties. 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.