

Q2 2020 Earnings Presentation

August 5, 2020

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 2020 Updated Financial Outlook. 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, our ability to successfully respond to the challenges posed by the COVID-19 pandemic, our strategic partnership with Google and Google's related investments in our equity and ongoing relationship, 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, Quarterly Reports on Form 10-Q, Current Reports on Form 8-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, Adjusted Free Cash Flow, Net Income (Loss) before special items, Diluted Earnings Per Share ("EPS") before special items, Revenue Excluding Canada, Revenue Growth Excluding Canada, Commercial Organic Revenue, Commercial Inorganic Revenue, Commercial Organic Revenue Growth, and Net Leverage Ratio as non-GAAP measures. Reconciliations from GAAP to non-GAAP financial measures for reported results can be found in the appendix.

The Company is not providing a quantitative reconciliation of its updated financial outlook for Adjusted EBITDA and Adjusted Free Cash Flow to net income (loss) and net cash provided by operating activities, which are their respective corresponding GAAP measures, because these GAAP measures that are excluded from the Company's non-GAAP financial outlook are difficult to reliably predict or estimate without unreasonable effort due to their dependence on future uncertainties, such as special items discussed below under the heading — "Non-GAAP Measures—Adjusted EBITDA" and "Non-GAAP Measures—Adjusted Free Cash Flow." 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 add due to rounding.

Note: The operating metrics Gross Customer 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.

Key Takeaways

- Year-to-date unit growth, revenue payback improvement, and better customer retention drive results
  - Trailing twelve-month attrition of 13.1% vs. prior quarter of 13.5%
- Adjusted Free Cash Flow(1) of $232 million, up from $121 million; $405 million year to date
- Strong second quarter performance in current environment confirms resilience of our business
  - Recurring contractual revenue model
  - Strong cash flow generation
  - Flexibility in expenditures
- Successfully navigating COVID-19 crisis and positioning the business for 2021 and beyond
  - Continuing successful remote working and talent initiatives to strengthen our workforce
  - Willingness to deploy capital for efficient future growth
  - Enhancing commercial platform despite interim drop in revenue
- Long-term strategic partnership with Google elevates ADT's position in the rapidly growing smart home market and expands DIY reach

Note:
1. During the second quarter of 2020, Free Cash Flow before special items was renamed Adjusted Free Cash Flow to reflect the net cash flow associated with our consumer receivables facility, which supports our consumer financing program that launched nationally in early 2020. The inclusion of the net cash flows related to our consumer receivables facility represents the only revision to Free Cash Flow before special items.

Q2 Results & Recent Highlights

Revenue Growth	▪ Total revenue increase of 4% year-over-year, despite the sale of Canada and reduction in commercial volume due to COVID-19 ▪ Higher mix of outright sales to residential customers due to revenue model change and Defenders acquisition
Robust Cash Flow & EBITDA Generation	▪ Adjusted Free Cash Flow of \$232M and \$405M year to date ▪ Adjusted EBITDA of \$563M; up 4% sequentially ▪ Improved customer retention with attrition declining from 13.5% to 13.1% sequentially
Strengthen Residential Platform	▪ Google partnership and investment provide substantial intermediate and long-term growth opportunities, through new products, technologies and go-to-market enhancements ▪ Continued progress integrating Defenders with synergies slightly ahead of plan ▪ New long-term security and automation agreement with DR Horton, largest U.S. homebuilder(1)
Continue Execution of Commercial Plans	▪ Commercial organic revenue down 16% in Q2 due primarily to COVID-19 ▪ Awarded largest national account with Dollar Tree / Family Dollar
Acquire New Customers More Efficiently	▪ Improved trailing twelve-month revenue payback from 2.4x to 2.3x year-over-year ▪ Continued success with national pricing and consumer financing program; first consumer receivables facility funding executed in Q2

Note:
1. Through ADT Authorized Dealer, Safe Haven

Managing 2020 with Focus on Long-Term Value Creation

ADT's Business Model is Performing Well to Date During COVID-19

Economic uncertainty interacts differently with ADT's contractual recurring revenue, recession resilient model

- Heightened awareness of security needs
- Shelter in place, lower housing starts, and reduced relocations slow residential velocity
  - Likely fewer new additions partially offset by fewer relocations, the primary cause of attrition
  - Potential for high quality, lower cost bulk acquisitions to offset near term reductions in new customer sales
- Commercial demand for new installations and service under near term pressure
- Some small businesses have been negatively impacted
- Adjusted Free Cash Flow generation remained robust ($405 million year to date)

Long-Term Focus to Position for a Post-COVID-19 Environment

- Signed and announced comprehensive, long-term partnership with Google
  - Integrate Google products into ADT ecosystem
  - Initiate work on next gen platform
- Retain best-in-industry labor force and enhance monitoring capability with added efficiency captured through transition to remote work capability
- Leverage both Defenders and e-Commerce to improve go-to-market approach and segmentation
- Maintain investment in key potential new revenue streams
  - DIY expansion with Google and Blue by ADT
  - Next Gen monitoring
  - Mobile and SoSecure by ADT
  - Commercial tuck-in M&A
  - Attractive residential bulk account purchases

Defense → **Offense**

Numerous Macro Tailwinds to Propel ADT on Accelerated Growth Trajectory

Increasing **suburbanization**, particularly following COVID-19 pandemic, will drive new demand

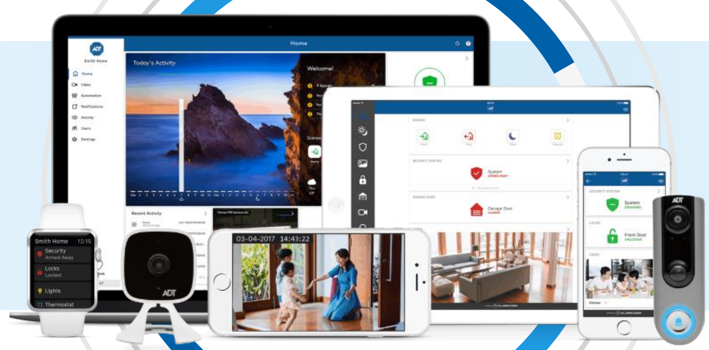
Increased **demand for security** driven by recent national events heightening awareness for home monitoring offerings


THE WALL STREET JOURNAL.

Escape to the Country: Why City Living Is Losing Its Appeal During the Pandemic

By Ruth Bender | Photographs by Guillaume Binet/MYOP for The Wall Street Journal

June 21, 2020 11:00 am ET

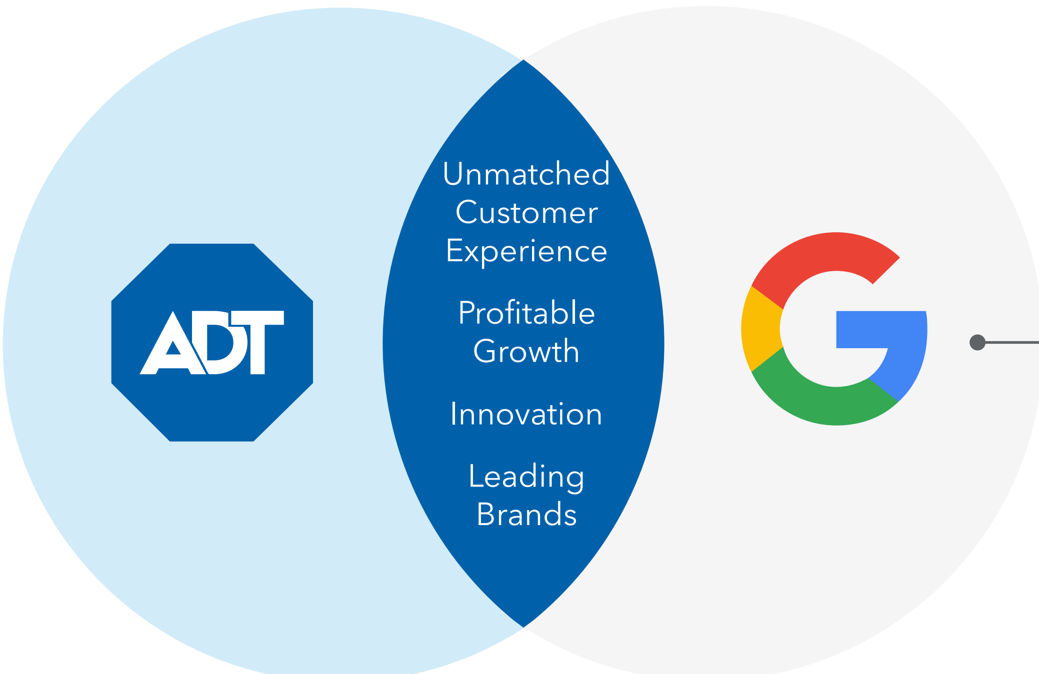


ADT Named Premier Provider of Smart Home Security and Automation Services for New Home Construction by National Homebuilder D.R. Horton

Continuing acceleration of **smart home adoption**

Fewer relocations given softer economic backdrop, lowering attrition

ADT + Google Nest Are Committing to a Long-Term Strategic Partnership – Advancing Leadership in Smart Home, Security, & Safety Solutions



Google investments in the partnership

$450M investment in ADT common equity

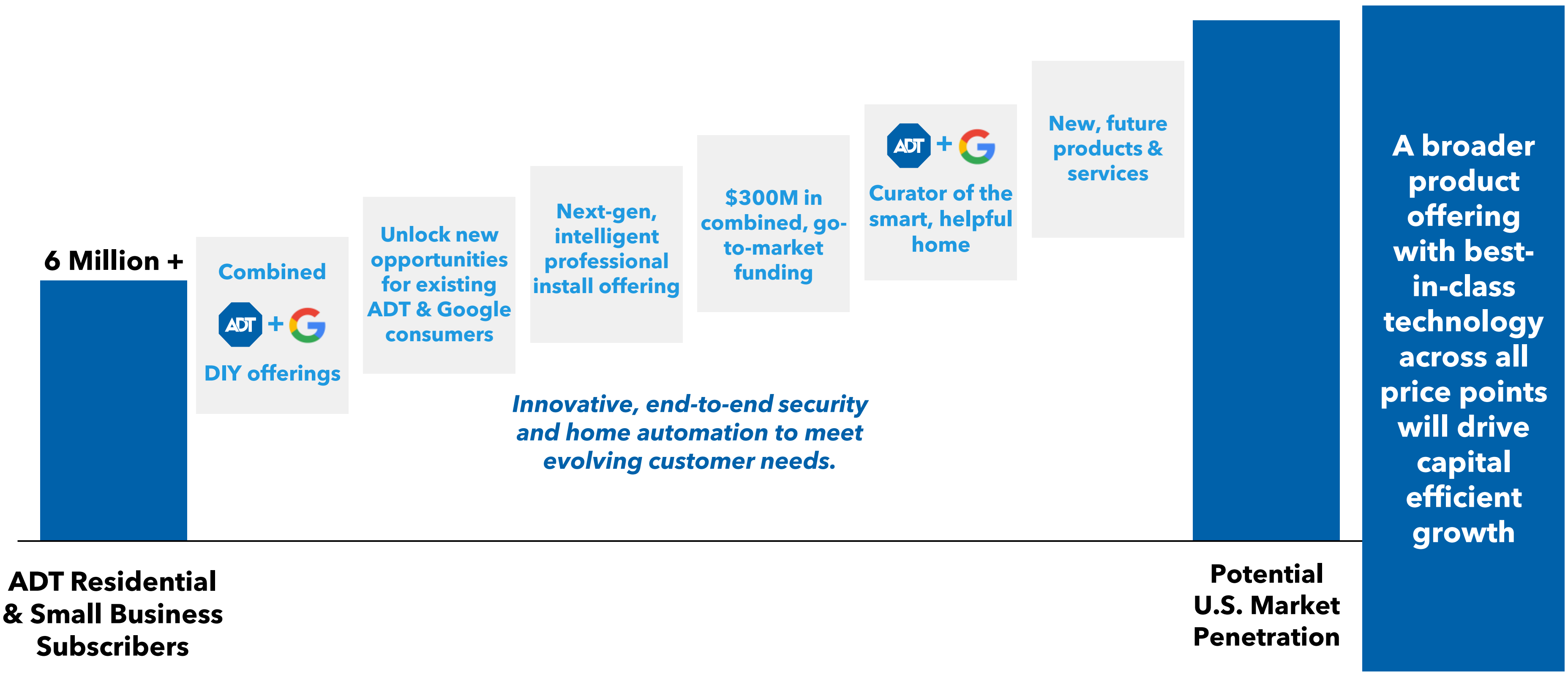
$150M(1) commitment in training, marketing, and technology solutions

Long-term partnership agreement

Complementary Strengths & Aligned Incentives Position the Partnership to Elevate Customer Experience

Note:
1. Mutual commitment ($150M from Google, $150M from ADT), subject to the achievement of certain milestones.

Solidifying ADT's Long-Term Growth Opportunities



Key Indicative Partnership Milestones

Horizon 1: Integration

- **Expand ADT's** home automation product set through additional **Google Nest products**
- **Additional integration** with existing ADT platforms
- Introduce Google-backed **video service** to ADT customers

Horizon 2: Innovation

- Develop and launch next-generation **professional install platform**
- New **home security products and peripherals**
- Enhanced **alarm verification**

Horizon 3: Re-Imagination

- **Future of automation & security**
- New **intelligent products** and **services enabled by new technologies**
- A **new generation** of customers

Collaborative Effort to Drive Innovation and Enhance the Partnership Over Time

Commercial Market: Growth Deferred, Not Diminished

Commercial Market Opportunity and Momentum

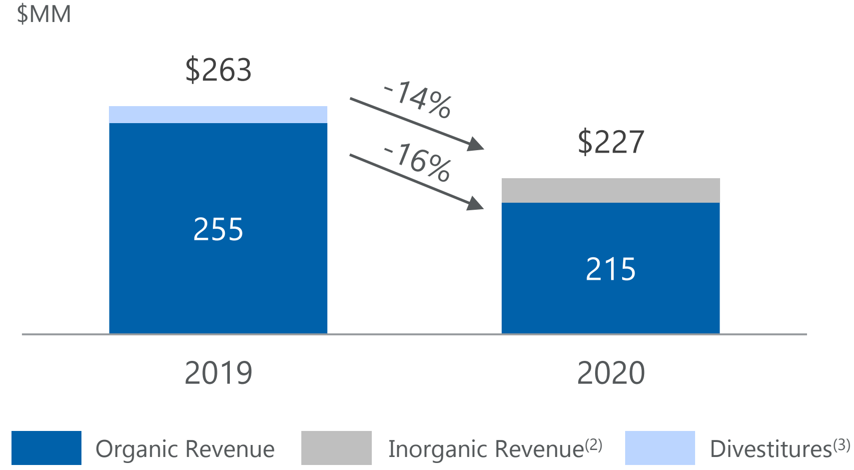
Highly Attractive Long-Term Market

- Large and historically 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

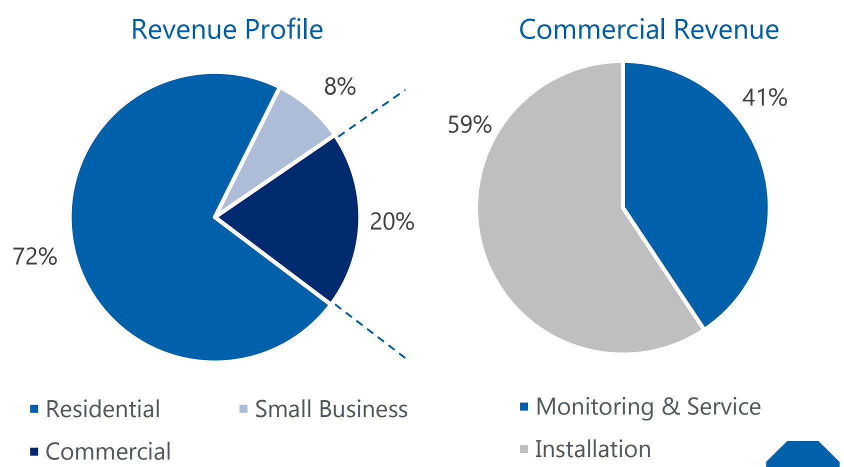
Recent Highlights

- Awarded and have begun work on our largest National Account ever, Dollar Tree Inc.
- Significant reduction in Q2 activity as expected due to COVID-19; anticipate some recovery as year progresses and return to year-over-year growth in 2021
- Red Hawk integration on track for completion

Q2 Commercial Total Revenue



ADT Total Revenue[4]



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. Represents total revenue from divested operations associated with commercial and national accounts
4. Presented trailing twelve months ended 6/30/2020

Strength Across Key Financial and Operating Metrics

Year over Year Comparison	For the three months ended			
($ in millions)	June 30, 2020	June 30, 2019[1]	Y/Y Change	Y/Y Change %
Monitoring and Service Revenue	$1,041	$1,085	($44)	(4%)
Total Revenue	$1,331	$1,284	$48	4%
Net Loss	($107)	($104)	($3)	(3%)
Adjusted EBITDA	$563	$630	($67)	(11%)
Adjusted Free Cash Flow	$232	$121	$112	93%
LTM Gross Revenue Attrition	13.1%	13.3%		(20 bps)
LTM Revenue Payback (in years)	2.3x	2.4x	(0.1x)	
End of Period RMR	$339	$351	($13)	(4%)
End of Period RMR (US only)	$339	$335	$4	1%

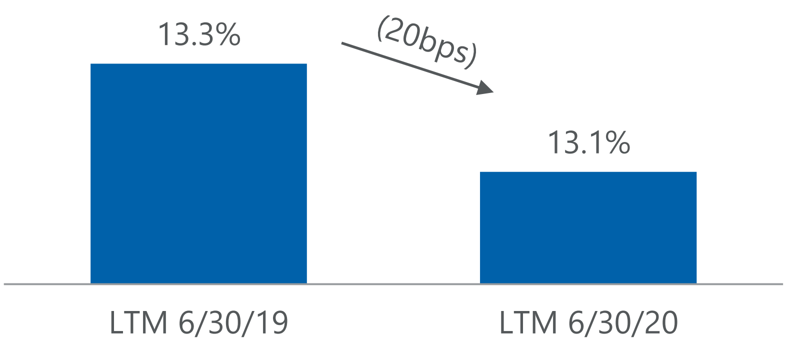
Note:
1. 2019 figures include ADT Canada, which was divested in November 2019

Strength Across Key Financial and Operating Metrics

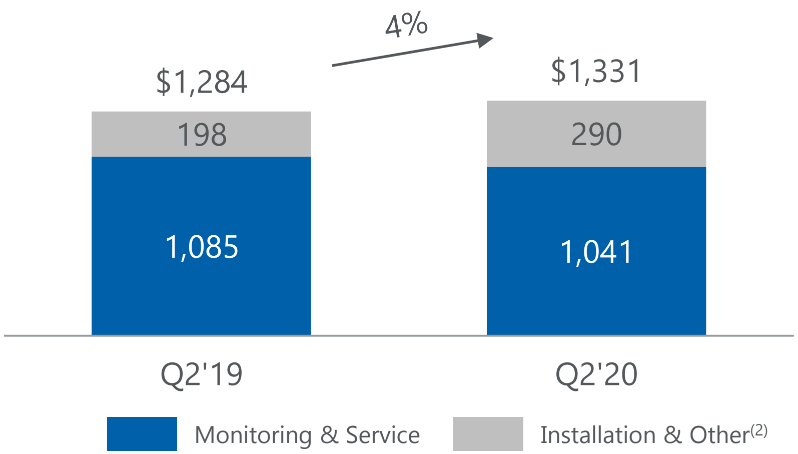
Sequential Comparison	For the three months ended			
($ in millions)	June 30, 2020	March 31, 2020	Q/Q Change	Q/Q Change %
Monitoring and Service Revenue	$1,041	$1,046	($5)	(0%)
Total Revenue	$1,331	$1,370	($38)	(3%)
Net Loss	($107)	($300)	$194	64%
Adjusted EBITDA	$563	$539	$24	4%
Adjusted Free Cash Flow	$232	$173	$60	35%
LTM Gross Revenue Attrition	13.1%	13.5%		(40 bps)
LTM Revenue Payback (in years)	2.3x	2.3x	0.0x	
End of Period RMR	$339	$339	($1)	(0%)

Total Revenue Up 4% Year-over-Year

Gross Customer Revenue Attrition[1]
%



Total Revenue
$MM



Attrition decreased 20 basis points YoY; improved sequentially by 40 basis points

- Lower rate of disconnects due to relocations and focus on high quality customer service and retention initiatives led to year-over-year improvement of approximately 20 basis points

Total reported revenue increase of 4%

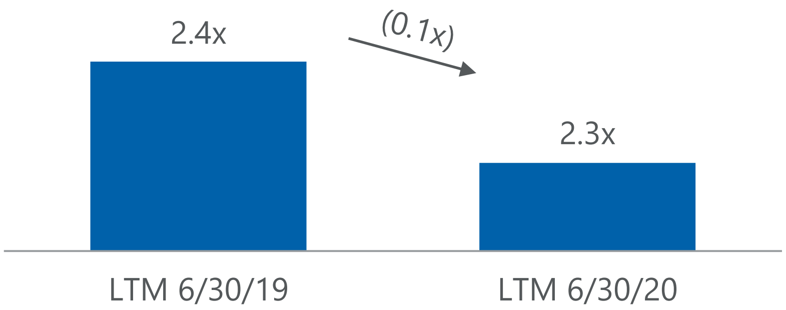
- Decrease in M&S revenue was primarily due to the sale of Canada, partially offset by a 1% increase in RMR in U.S. operations
- Increase in installation revenue was primarily due to a change in our ownership model[3] for residential transactions, and the addition of Defenders, partially offset by a lower volume of commercial transactions due to COVID-19

Notes:

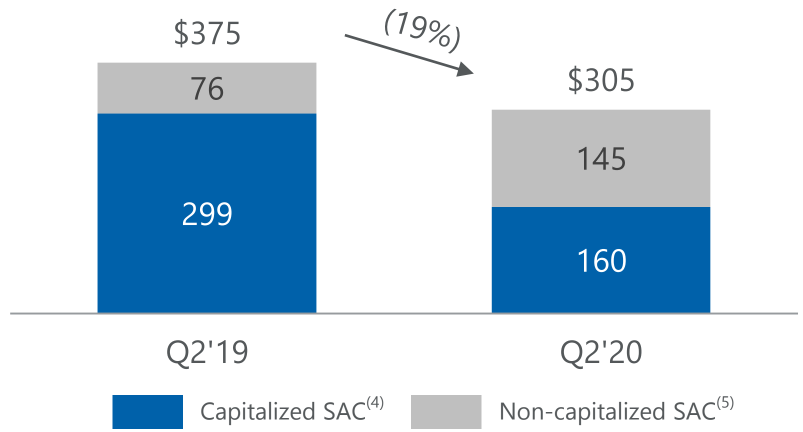
1. Recurring revenue lost as a result of customer attrition net of dealer charge-backs and reinstatements; excludes wholesale customers who outsource their monitoring to ADT and DIY customers; Calculated on a trailing 12 months basis
2. Includes increases related to revenue recognized in excess of contractually stated amounts under ASC 606 of $60M and $4M for Q2'20 and Q2'19, respectively; also includes amortization of deferred installation revenue of $30M and $26M for Q2'20 and Q2'19, respectively
3. During the second quarter, we started to transition our security system ownership model back to a predominately ADT-owned model for our residential transactions as a result of the finalization of our consumer financing program

Continuing to Acquire Customers Efficiently

Customer Revenue Payback(1)(2)
Years



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



Continued to strengthen SAC efficiency

- Driven by higher installation revenue, efficient sales and installation spend, and other productivity actions
- Efficiency supported by the acquisition of Defenders and new pricing and consumer financing program

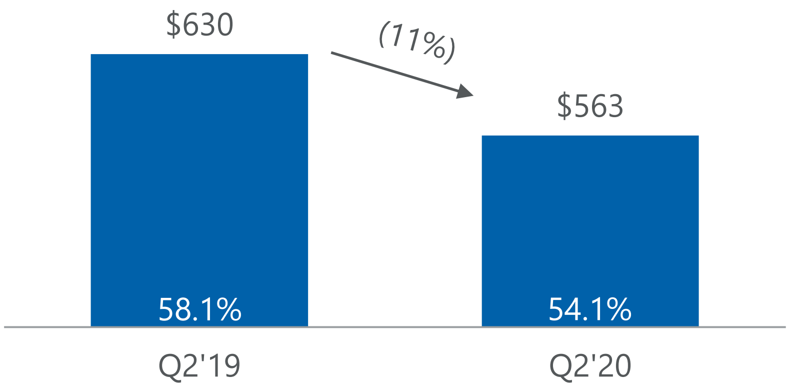
Reduced Net SAC spend 19%

- Net SAC down 19% on a reduction in volume of RMR additions of 14%
- In the U.S., RMR additions were down 11%, but improved during the quarter, and were up in the month of June vs. June of 2019
- Mix shift to non-capitalized SAC, driven by Defenders Acquisition and higher outright sales

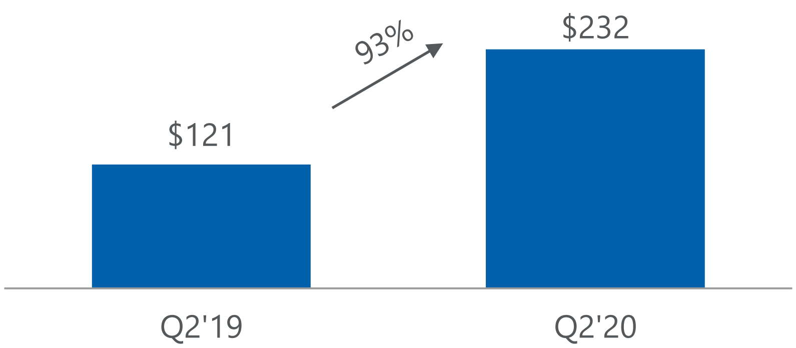
Notes:
1. Excludes wholesale customers who outsource their monitoring to ADT
2. Revenue payback period measures the net SAC incurred in the period divided by the recurring monthly revenue added during the period, and represents the approximate time, in years, required to recover our net SAC through contractual monthly recurring fees
3. Net subscriber acquisition cost represents the costs of acquiring new customers and installation expenditures, net of installation revenues
4. Q2'20 includes a reduction of $11M in realized charge-backs associated with a $39M advance payment for estimated future dealer charge-backs related to accounts purchased from Defenders prior to the Defenders acquisition received in Q1'20; additionally, excludes a reduction related to non-cash retail installment contracts of $16M in Q2'20
5. Amounts exclude net reductions of $62M and $5M for Q2'20 and Q2'19, respectively, related to ASC 606, retail installment contracts receivables, and other non-cash adjustments to SAC. Additionally, amounts include a benefit of $20M related to gross proceeds from our consumer receivables facility

Significant Cash Flow Generation

Adjusted EBITDA & Margin %[1]
$MM



Adjusted Free Cash Flow
$MM



Adjusted EBITDA decrease of 11%; sequential increase of 4%

- Prior year comparison is impacted by the previously disclosed impact of the acquisition of Defenders and elimination of the financial contribution from ADT Canada
- A higher volume of outright sale residential transactions and spending controls were partially offset by a lower volume of commercial transactions due to COVID-19

Continued strong, positive cash flow generation

- YTD cash performance is driven by improvement in Net SAC spend, lower cash interest, and receipt of net proceeds from the consumer receivables facility
- Reduction in commercial transactions resulted in lower working capital balances

Note:
1. Adjusted EBITDA margin is calculated as a percentage of monitoring and service revenue

Strong Cash Flow Generation

	For the three months ended			For the six months ended		
($ in millions)	June 30, 2020	June 30, 2019	Y/Y Change	June 30, 2020	June 30, 2019	Y/Y Change
Adjusted EBITDA	**$563**	**$630**	**($67)**	**$1,103**	**$1,252**	**($149)**
Less: Capitalized SAC[(1)]	(160)	(299)	140	(320)	(591)	271
Plus: Net Proceeds from Consumer Receivables Facility	19	0	19	19	0	19
Less: Cash Taxes	(3)	(6)	3	(4)	(5)	1
Less: Cash Interest	(85)	(186)	100	(251)	(285)	34
Less: Capital Expenditures[(2)]	(35)	(45)	11	(65)	(83)	18
Less: Working Capital & Other[(3)]	(67)	27	(94)	(77)	3	(80)
Adjusted Free Cash Flow	**$232**	**$121**	**$112**	**$405**	**$292**	**$113**

Notes:

1. Includes a reduction of $11M and $25M in realized charge-backs in Q2'20 and YTD Q2'20, respectively, associated with a $39M advance payment received in Q1'20 for estimated future dealer charge-backs related to accounts purchased from Defenders prior to the Defenders acquisition; additionally, excludes a reduction related to non-cash retail installment contracts of $16M in Q2'20
2. Capital expenditures exclude special items primarily related to integration activities
3. Working capital & other excludes special items related to restructuring, integration, management fees, radio conversions, and financing & consent fees; includes net reductions related to ASC606 of $60M and $4M in Q2'20 and Q2'19, respectively, and $125M and $6M in YTD Q2'20 and YTD Q2'19, respectively

Capital Structure Well-Positioned to Support Growth

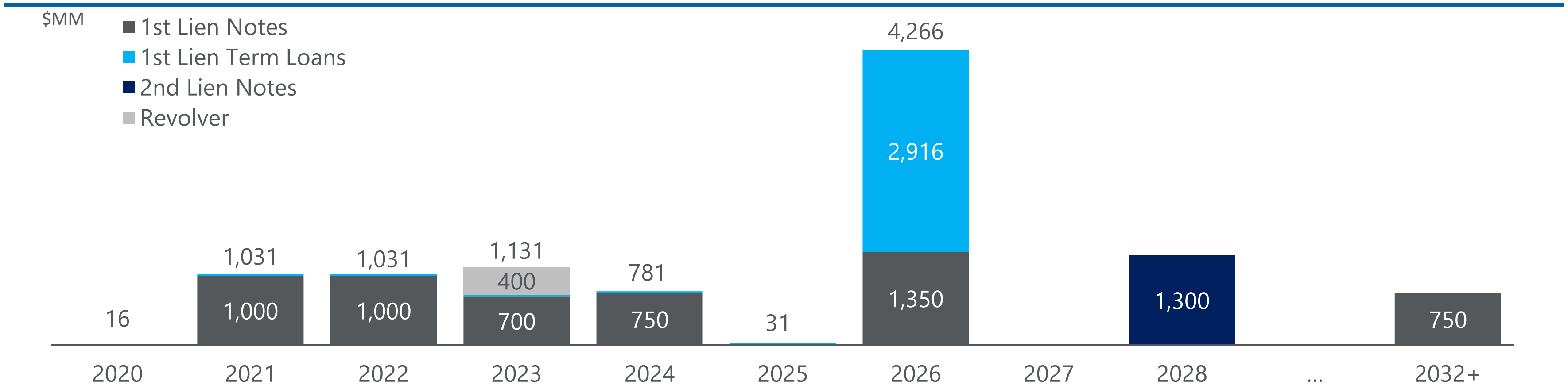
Capital Structure[1]

$MM	12/31/19 Actual	6/30/20 Actual	Pro forma for Google Investment[3]
Revolver	-	-	-
First Lien Term Loan	3,102	3,087	3,087
First Lien Notes	5,550	5,550	5,550
Receivables Facility	-	19	19
Finance Leases	75	67	67
Total First Lien Debt	**$ 8,727**	**$ 8,723**	**$ 8,723**
Second Lien Notes	1,246	1,300	1,300
Total Debt	**$ 9,973**	**$ 10,023**	**$ 10,023**
Cash and Cash Equivalents	(49)	(45)	(495)
Net Debt	**$ 9,924**	**$ 9,977**	**$ 9,527**
LTM Adjusted EBITDA	**2,483**	**2,334**	**2,334**
Net Leverage Ratio	**4.0x**	**4.3x**	**4.1x**
Fixed vs. variable ratio[2]	99%/1%	99%/1%	99%/1%

Recent Highlights

- Repaid outstanding revolver balance of $220M during the quarter
- Paid out Q2 quarterly dividend of $0.035 per share in July
- Declared Q3 quarterly dividend of $0.035 per share payable on October 2, 2020
- Favorable capital markets provide management flexibility to opportunistically refinance 2021 notes

Pro Forma Debt Maturity Profile[4][5]



Notes:
1. Debt instruments are stated at face value excluding debt issuance discount, deferred financing costs, and fair value adjustments
2. Includes the impact of interest rate swaps
3. Giving effect to the recently announced agreement by Google LLC to acquire $450 million of newly created ADT Class B common stock as if such transaction had occurred on June 30, 2020. The transaction, which is subject to customary closing conditions, is expected to close during the third quarter of 2020.
4. Excludes $19M receivables facility and $67M finance leases
5. Revolver is indicative of total revolver capacity, not current drawn balances

2020 Improved Financial Outlook [1][2]

Total Revenue	**Total Revenue of \$5,050M - \$5,300M; previously \$5,000M - \$5,300M** ▪ Strength in monthly recurring revenues offset by lower service and installation revenues in Commercial due to COVID-19 and related impacts ▪ Residential direct sales (excluding legacy Defenders) were converted to historical ADT ownership model during Q2, which is expected to result in lower 2nd half 2020 reported installation revenues
Adjusted EBITDA	**Adjusted EBITDA of \$2,100M - \$2,200M; previously \$2,075M - \$2,175M** ▪ Increasing range due to strong Q2 performance ▪ Continue to focus expected second half actions on long-term health of the company vs. short-term optimization
Adjusted Free Cash Flow [3]	**Adjusted Free Cash Flow of \$625M - \$725M; previously \$600M – \$700M** ▪ Range reflects strong Q2 performance and improved outlook for Adjusted EBITDA ▪ Continue to consider incremental investments to generate future period returns, including potential bulk account acquisitions

Notes on 2020 Updated Financial Outlook:

(1) The 2020 Updated Financial Outlook assumes continued general economic disruption during the third quarter of 2020 due to stay at home restrictions and related COVID-19 impacts, followed by a progressive return to normal activity but in a moderately recessionary environment.

(2) Guidance excludes 3G and Code-Division Multiple Access ("CDMA") radio conversion costs.

(3) In connection with the national rollout of the Company's new consumer financing program and the second quarter launch of a new consumer receivables facility with Mizuho, the Company has renamed and amended its definition of Free Cash Flow before special items to Adjusted Free Cash Flow. The only change in the definition is that it now includes the net cash flows from the consumer receivables facility, which were contemplated in ADT's original full year 2020 Preliminary Outlook shared in March and the Company's 2020 Updated Financial Outlook in May.

Snapshot of Business by Customer Type and Unit Count

Market Profile (LTM 6/30/20)

	Residential	Small Business	Large / Multi-Site	Total
Unit Count	~5,800K	~500K	~300K	~6,500K
Ending RMR	$277M	$29M	$28M	$335M
M&S Revenue	$3,401M	$396M	$442M	$4,239M
Installation Revenue[(1)]	$407M	$32M	$622M	$1,061M
New RMR Additions	$41M	$5M	$5M	$50M
Revenue Payback	~2.4x	~2.1x	<1.0x	~2.3x
Gross Attrition	~13%	~15%	~11%	~13%
Typical Revenue / Site	$40-$55	$50-$65	$50-$120+	$45-$55

Unit Count

Units in millions	Q2'20	Q2'19	Y/Y %	Q1'20	Q/Q %
Interactive	3.0	2.7	10%	2.9	2%
Traditional	2.7	3.0	(10%)	2.8	(2%)
U.S. Residential	**5.7**	**5.7**	**(1%)**	**5.7**	**0%**
U.S. Commercial	0.7	0.7	1%	0.7	(1%)
Other	0.1	0.1	4%	0.1	1%
Total EoP Units	**6.5**	**6.6**	**(0%)**	**6.5**	**0%**
Memo: Total Residential	5.8	5.8	(1%)	5.8	0%
Memo: Total Commercial	0.7	0.7	1%	0.7	(1%)

Notes: Market profile and unit count exclude wholesale customers who outsource their monitoring to ADT; unit count, ending RMR, and typical revenue/site exclude Canada, all other metrics include Canada through the date of disposition on November 6, 2019

1. Includes amortization of deferred installation revenue of $83M for residential. $26M for small business, and $7M for large/multi-site

Q&A


Armed Stay
Armed Stay
System
Automation
Disarm
Quick Exit
Zones
Scenes
11:02 AM April 10, 2018
ADT

Appendix

Strength Across Key Financial and Operating Metrics

	For the six months ended			
($ in millions)	June 30, 2020	June 30, 2019[1]	Y/Y Change	Y/Y Change %
Monitoring and Service Revenue	$2,087	$2,156	($69)	(3%)
Total Revenue	$2,701	$2,527	$174	7%
Net Loss	($407)	($171)	($237)	(139%)
Adjusted EBITDA	$1,103	$1,252	($149)	(12%)
Adjusted Free Cash Flow	$405	$292	$113	39%
LTM Gross Revenue Attrition	13.1%	13.3%		(20 bps)
LTM Revenue Payback (in years)	2.3x	2.4x	(0.1x)	
End of Period RMR	$339	$351	($13)	(4%)
End of Period RMR (US only)	$339	$335	$4	1%

Note:
1. 2019 figures include ADT Canada, which was divested in November 2019

ADT is the Leader in Security & Automation

For **6.5 Million** Total Customers with Over **3 Million** Interactive Customers

Providing Professional Service **24** Hours/Day **365** Days/Year

From approximately **20,000** Employees, including **5,000** Service Professionals

Generating **$5 Billion** of Revenue with **~80%** Contractually Recurring

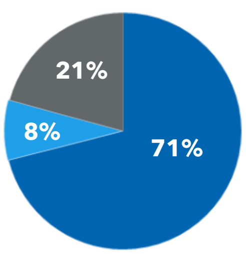
RESIDENTIAL & SMALL BUSINESS

- In-field smart home and security experts
- National direct & dealer network
- Comprehensive professional install & DIY offering
- Growing end-to-end consumer platform

COMMERCIAL

- Enterprise solutions
- Risk management services
- Dedicated technical resources
- Customer service excellence

Revenue by Customer Type [1]



■ Residential ■ Small Business ■ Commercial

Bringing Smart Home Expertise to Our Customers Nationwide

Note:
1. Above figures are presented as of March 31, 2020; Revenue is presented on a trailing 12 months basis for the U.S. only as of March 31, 2020.

Growing Portfolio of Smart Home & Safety Devices

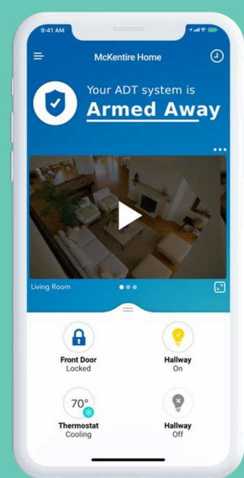
At the center of the connected home

- Touchscreen Keypad
- Smart Home Capabilities
- Six[TM] 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
- Garage Door
- Electric
- Sensors
- Alerts
- Thermostat
- Doorbell
- Locks
- Water Leaks
- Video Clips
- Voice Integration
- Geofencing

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

2 Billion+ Arm & Disarm

330 Million+ Door Locks

10.8 Billion+ Captured Video Clips

840 Million+ Thermostat

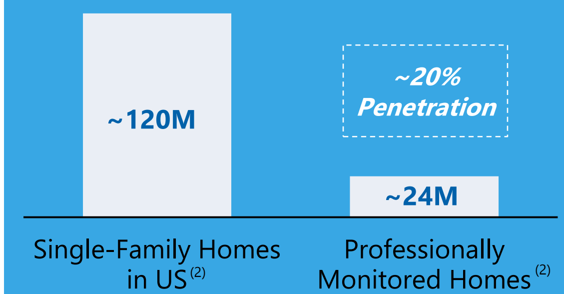
280 Million+ Lights

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.

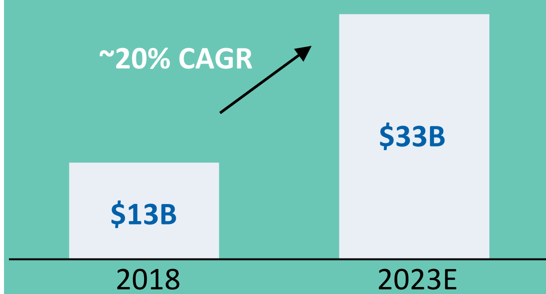
America's #1 Smart Home Security Provider (1)

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…



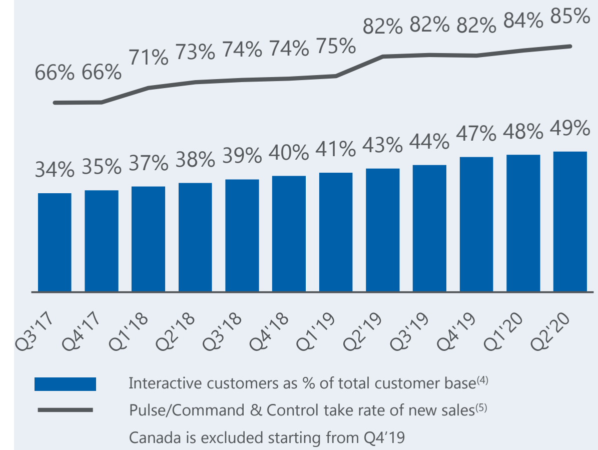
North American Smart Home Market (2018-2023E) (3)

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 600,000 Command and Control Installations Since National Launch

- 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, wholesale, and DIY customers

Additional Historical Quarterly Data

(in millions)	For the Three Months Ended June 30, 2019	September 30, 2019	December 31, 2019	March 31, 2020	June 30, 2020
Key Performance Indicators					
Monitoring and Service Revenue	$1,085	$1,094	$1,058	$1,046	$1,041
Total Revenue	$1,284	$1,301	$1,298	$1,370	$1,331
Net Loss	$(104)	$(182)	$(72)	$(300)	$(107)
Adjusted EBITDA	$630	$624	$607	$539	$563
Adjusted EBITDA Margin (as % of M&S revenue)	58.1%	57.1%	57.4%	51.6%	54.1%
LTM Gross Customer Revenue Attrition[1]	13.3%	13.5%	13.4%	13.5%	13.1%
Revenue Payback (in years)[1]	2.4x	2.4x	2.3x	2.3x	2.3x
Net Subscriber Acquisition Costs [2]					
Non-capitalized	$76	$77	$84	$171	$145
Capitalized[3]	$299	$300	$251	$160	$160
Total	$375	$377	$335	$331	$305
Free Cash Flow					
Adjusted EBITDA	$630	$624	$607	$539	$563
Less: Capitalized SAC[3]	$(299)	$(300)	$(251)	$(160)	$(160)
Plus: Net proceeds from consumer receivables facility	-	-	-	-	$19
Less: Cash taxes	$(6)	$(3)	$9	$(1)	$(3)
Less: Cash interest	$(186)	$(123)	$(138)	$(165)	$(85)
Less: Capital expenditures[4]	$(45)	$(30)	$(30)	$(30)	$(35)
Less: Working capital and other[5]	$27	$(2)	$(64)	$(10)	$(67)
Adjusted Free Cash Flow	$121	$167	$132	$173	$232
RMR					
Ending RMR (excluding Wholesale)	$347	$347	$332	$335	$335
Wholesale RMR	$4	$4	$4	$4	$4
Ending RMR (including Wholesale)	$351	$351	$336	$339	$339
RMR Additions[1]	$13.2	$13.5	$12.2	$12.9	$11.4

Notes:
1. Excludes wholesale customers who outsource their monitoring to ADT, unless otherwise noted
2. Net Subscriber Acquisition Cost (SAC) represents the costs of acquiring new customers and installation expenditures, net of installation revenues. Effective Q1 2020, our presentation of SAC excludes non-cash effects of ASC 606, retail installment contracts, and other non-cash adjustments. Beginning in Q2 2020, includes the net cash flows from our consumer receivables facility.
3. Includes a reduction of $14M and $11M in realized charge backs in Q1'20 and Q2'20, respectively, associated with a $39M advance payment received in Q1'20 for estimated future dealer charge backs related to accounts purchased from Defenders prior to the Defenders Acquisition.
4. Capital expenditures exclude special items primarily related to integration activities
5. Working capital & other excludes special items related to restructuring, integration, management fees, radio conversions, and financing & consent fees; includes net reductions related to ASC606

Selected Statement of Operations Components

($ in millions)	GAAP Line Items For the three months ended June 30, 2020					GAAP Line Items For the three months ended June 30, 2019				
	Total Revenue	Cost of Revenue	SG&A	D&A	Total	Total Revenue	Cost of Revenue	SG&A	D&A	Total
Monitoring & Service Revenue	1,033	-	-	-	**$1,033**	1,085	-	-	-	**$1,085**
Monitoring & Service Costs and G&A	-	186	200	-	**$386**	-	199	185	-	**$384**
Net Expensed SAC	260	191	153	-	**$84**	174	139	106	-	**$71**
Depreciation and Amortization	30	-	23	478	**$471**	26	-	20	501	**$494**
Special Items	9	(1)	39	-	**$29**	(2)	-	34	-	**$35**
Total	**$1,331**	**$376**	**$414**	**$478**		**$1,284**	**$338**	**$345**	**$501**	

	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

Statements of Operations:

(in millions, except per share data)	For the Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Monitoring and related services	$ 1,041	$ 1,085	$ 2,087	$ 2,156
Installation and other	290	198	614	371
Total revenue	1,331	1,284	2,701	2,527
Cost of revenue (exclusive of depreciation and amortization shown separately below)	376	338	784	664
Selling, general and administrative expenses	414	345	867	669
Depreciation and intangible asset amortization	478	501	967	997
Merger, restructuring, integration, and other	12	7	121	13
Loss on sale of business	1	-	1	-
Operating income (loss)	50	93	(39)	184
Interest expense, net	(187)	(155)	(413)	(314)
Loss on extinguishment of debt	-	(67)	(66)	(88)
Other income	2	2	5	3
Loss before income taxes	(135)	(127)	(513)	(216)
Income tax benefit	28	23	106	45
Net loss	$ (107)	$ (104)	$ (407)	$ (171)
Net loss per share:				
Basic and diluted	$ (0.14)	$ (0.14)	$ (0.54)	$ (0.23)
Weighted-average number of shares:				
Basic and diluted	761	750	760	753

GAAP to Non-GAAP Reconciliations

Net Loss Before Special Items:

(in millions)	For the Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Net loss	$ (107)	$ (104)	$ (407)	$ (171)
Merger, restructuring, integration, and other	12	7	121	13
Financing and consent fees[1]	-	-	5	1
Foreign currency gains[2]	-	-	-	(1)
Loss on extinguishment of debt	-	67	66	88
Radio conversion costs, net[3]	5	1	12	1
Share-based compensation expense	25	23	48	46
Interest rate swaps, net[4]	28	5	98	8
Acquisition related adjustments[5]	-	5	1	13
Other[6]	(3)	5	(5)	7
Loss on sale of business	1	-	1	-
Tax adjustments[7]	(16)	(25)	(63)	(39)
Net loss before special items	$ (55)	$ (16)	$ (123)	$ (31)

Diluted EPS Before Special Items:

(in millions, except per share data)	For the Three Months Ended June 30, 2020	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019
Diluted EPS (GAAP)	$ (0.14)	$ (0.14)	$ (0.54)	$ (0.23)
Impact of special items	0.09	0.15	0.46	0.24
Impact of tax adjustments	(0.02)	(0.03)	(0.08)	(0.05)
Diluted EPS before special items	$ (0.07)	$ (0.02)	$ (0.16)	$ (0.04)
Diluted weighted-average number of shares outstanding	761	750	760	753

Notes:

1. Represents fees expensed associated with financing transactions
2. Represents the conversion of intercompany loans that are denominated in Canadian dollars to U.S. dollars
3. Represents costs, net of any incremental revenue earned, associated with replacing cellular technology used in many of our security systems pursuant to a replacement program
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. Represents other charges and non-cash items
7. Represents tax impact on special items

GAAP to Non-GAAP Reconciliations

Adjusted EBITDA and Adjusted EBITDA Margin:

(in millions)	For the Three Months Ended June 30, 2020	For the Three Months Ended March 31, 2020	For the Three Months Ended December 31, 2019	For the Three Months Ended September 30, 2019	For the Three Months Ended June 30, 2019	For the Six Months Ended June 30, 2020	For the Six Months Ended June 30, 2019	For the Twelve Months Ended June 30, 2020	For the Twelve Months Ended December 31, 2019
Net loss	$ (107)	$ (300)	$ (72)	$ (182)	$ (104)	$ (407)	$ (171)	$ (661)	$ (424)
Interest expense, net	187	225	154	152	155	413	314	719	620
Income tax benefit	(28)	(78)	(16)	(36)	(23)	(106)	(45)	(159)	(98)
Depreciation and intangible asset amortization	478	489	487	506	501	967	997	1,959	1,989
Amortization of deferred subscriber acquisition costs	23	23	22	21	20	45	38	88	80
Amortization of deferred subscriber acquisition revenue	(30)	(29)	(29)	(28)	(26)	(59)	(50)	(116)	(107)
Share-based compensation expense	25	23	21	19	23	48	46	88	86
Merger, restructuring, integration and other	12	109	13	10	7	121	13	143	36
Goodwill impairment	-	-	-	45	-	-	-	45	45
Loss on sale of business	1	-	6	55	-	1	-	63	62
Loss on extinguishment of debt	-	66	1	15	67	66	88	81	104
Radio conversion costs, net[1]	5	7	12	12	1	12	1	36	25
Financing and consent fees[2]	-	5	-	22	-	5	1	27	23
Foreign currency gains[3]	-	-	(1)	-	-	-	(1)	(1)	(1)
Acquisition related adjustments[4]	-	1	6	4	5	1	13	11	22
Other[5]	(3)	(1)	5	9	5	(5)	7	10	22
Adjusted EBITDA	$ 563	$ 539	$ 607	$ 624	$ 630	$ 1,103	$ 1,252	$ 2,334	$ 2,483
Net loss to total revenue ratio	*-8.0%*	*-21.9%*	*-5.5%*	*-14.0%*	*-8.1%*	*-15.1%*	*-6.7%*	*-12.5%*	*-8.3%*
Adjusted EBITDA Margin (as percentage of M&S Revenue)	*54.1%*	*51.6%*	*57.4%*	*57.1%*	*58.1%*	*52.8%*	*58.1%*	*55.1%*	*57.6%*
Total Revenue	$ 1,331	$ 1,370	$ 1,298	$ 1,301	$ 1,284	$ 2,701	$ 2,527	$ 5,300	$ 5,126
Monitoring and related services revenue	$ 1,041	$ 1,046	$ 1,058	$ 1,094	$ 1,085	$ 2,087	$ 2,156	$ 4,239	$ 4,308

Notes:

1. Represents costs, net of any incremental revenue earned, associated with replacing cellular technology used in many of our security systems pursuant to a replacement program
2. Represents fees expensed associated with financing transactions
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. Represents other charges and non-cash items

GAAP to Non-GAAP Reconciliations

Free Cash Flow and Adjusted Free Cash Flow:

(in millions)	For the Three Months Ended					For the Six Months Ended		For the Twelve Months Ended	
	June 30, 2020	**March 31, 2020**	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**June 30, 2020**	**June 30, 2019**	**June 30, 2020**	**December 31, 2019**
Net cash provided by operating activities	$ 379	$ 250	$ 414	$ 480	$ 470	$ 629	$ 979	$ 1,523	$ 1,873
Net cash (used in) provided by investing activities	(197)	(338)	179	(369)	(388)	(536)	(788)	(726)	(978)
Net cash (used in) provided by financing activities	(254)	158	(704)	6	(135)	(96)	(515)	(795)	(1,214)
Net cash provided by operating activities	379	250	414	480	470	629	979	1,523	1,873
Dealer generated customer accounts and bulk account purchases	(82)	(62)	(155)	(181)	(171)	(144)	(334)	(480)	(670)
Subscriber system asset expenditures	(72)	(65)	(112)	(137)	(149)	(137)	(294)	(386)	(542)
Purchases of property and equipment	(42)	(35)	(39)	(36)	(47)	(76)	(84)	(151)	(159)
Free Cash Flow	182	89	108	127	104	271	267	506	502
Net proceeds from receivables facility	19	-	-	-	-	19	-	19	-
Financing and consent fees	-	5	3	18	1	5	1	26	23
Restructuring and integration payments	6	7	5	1	5	13	8	19	14
Integration related capital expenditures	7	5	8	6	1	12	2	25	16
Radio conversion costs, net	4	3	12	10	3	7	3	29	25
Other[(1)]	13	65	(5)	5	6	78	10	78	10
Adjusted Free Cash Flow	$ 232	$ 173	$ 132	$ 167	$ 121	$ 405	$ 292	$ 703	$ 590
Memo: Cash interest included above									
Cash interest	$ 85	$ 165	$ 138	$ 123	$ 186	$ 251	$ 285	$ 511	$ 545

Note:

1. The three months ended March 31, 2020 included $81 million related to the settlement of a pre-existing relationship in connection with the Defenders Acquisition. This was partially offset by $25 million related to the unrealized portion of a $39 million advance payment received for estimated charge-backs in connection with the Defenders Acquisition, of which $14 million was realized in Q1'20 and $11 million was realized in Q2'20.

GAAP to Non-GAAP Reconciliations

Debt to Net Income Ratio:

(in millions)	Actual June 30, 2020	Pro forma[2] June 30, 2020	Actual December 31, 2019
Total debt (book value)	$ 9,748	$ 9,748	$ 9,692
LTM net loss	(661)	(661)	(424)
Debt to net loss ratio	**(14.8x)**	**(14.8x)**	**(22.9x)**

Net Leverage Ratio:

(in millions)	Actual June 30, 2020	Pro forma[2] June 30, 2020	Actual December 31, 2019
First lien term loan	$ 3,087	$ 3,087	$ 3,102
First lien notes	5,550	5,550	5,550
Receivables facility	19	19	-
Finance leases	67	67	75
Total first lien debt	**8,723**	**8,723**	**8,727**
Second lien notes	1,300	1,300	1,246
Total debt[1]	**10,023**	**10,023**	**9,973**
Cash and cash equivalents	(45)	(495)	(49)
Net debt	**9,977**	**9,527**	**9,924**
LTM adjusted EBITDA	**$ 2,334**	**$ 2,334**	**$ 2,483**
Net leverage ratio	**4.3x**	**4.1x**	**4.0x**

Note:

1. Debt instruments are stated at face value
2. Giving effect to the recently announced agreement by Google LLC to acquire $450 million of newly created ADT Class B common stock as if such transaction had occurred on June 30, 2020. The transaction, which is subject to customary closing conditions, is expected to close during the third quarter of 2020.

GAAP to Non-GAAP Reconciliations

Commercial Organic Revenue and Commercial Organic Revenue Growth:

(in millions)	For the Three Months Ended June 30, 2020		For the Three Months Ended June 30, 2019	
Total revenue	$	1,331	$	1,284
Revenue growth		4%		
Commercial revenue[1]	$	227	$	263
Commercial revenue growth		-14%		
Acquisition-related commercial revenue[2]		(12)		-
Divestiture-related commercial revenue[3]		-		(8)
Commercial organic revenue	$	215	$	255
Commercial organic revenue growth		-16%		

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
3. Represents total revenue from divested operations associated with commercial and national accounts

GAAP to Non-GAAP Reconciliations

Revenue Excluding Canada; and Revenue Growth Excluding Canada:

	For the Three Months Ended			
(in millions)	June 30, 2020	June 30, 2019	Canada[1] June 30, 2019	Excl. Canada June 30, 2019
Monitoring and related services	1,041	1,085	(49)	1,037
Installation and other	290	198	(7)	191
Total revenue	$ 1,331	$ 1,284	$ (56)	$ 1,228
Monitoring and related services growth	-4%			0%
Installation and other growth	46%			52%
Total revenue growth	4%			8%

Note:

1. Represents total revenue from ADT Canada, which was sold in November 2019

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, Adjusted Free Cash Flow, 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 Canada, Revenue Growth Excluding Canada, 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 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. 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.

Adjusted Free Cash Flow

We define Adjusted Free Cash Flow as Free Cash Flow adjusted for payments related to (i) net cash flow associated with our consumer receivables facility, (ii) financing and consent fees, (iii) restructuring and integration, (iv) integration related capital expenditures, (v) radio conversion costs, and (vi) other payments or receipts that may mask our operating results or business trends. As a result, subject to the limitations described below, Adjusted Free Cash Flow is 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 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. Adjusted 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 Adjusted Free Cash Flow in combination with the GAAP cash flow numbers. During the second quarter of 2020, Free Cash Flow before special items was renamed Adjusted Free Cash to reflect the net cash flow associated with our consumer receivables facility, which supports our consumer financing program. The inclusion of the net cash flow associated with our consumer receivables facility represents the only revision to Free Cash Flow before special items.

Net Income (Loss) before special items 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. We believe 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 Canada, and Revenue Growth Excluding Canada

We believe that the presentation of commercial organic revenue, commercial inorganic revenue, commercial organic revenue growth, revenue excluding Canada, and revenue growth excluding Canada 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. In addition, commercial organic revenue excludes prior period total revenue from divested operations associated with commercial and national accounts. We define revenue excluding Canada as total revenue adjusted for the removal of total revenue for prior periods related to ADT Canada as a result of the sale of ADT Canada. We define commercial organic revenue growth and revenue growth excluding Canada as the increase in commercial organic revenue and revenue excluding Canada over a stated period, respectively. There are material limitations to using commercial organic revenue, commercial inorganic revenue, commercial organic revenue growth, revenue excluding Canada, and revenue growth excluding Canada 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 Canada, and revenue growth excluding Canada in conjunction with revenue determined in accordance with GAAP.