APX Group Holdings, Inc.

2nd Quarter 2019 Results

August 6, 2019

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forward-looking statements

This presentation includes forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995, including but not limited to, statements of APX Group Holdings, Inc. (the "Company", "Vivint", "we", "our", or "us" related to the performance of our business, our financial results, our liquidity and capital resources, our plans, strategies and prospects, both business and financial, and other non-historical statements. Forward-looking statements convey the Company's current expectations or forecasts of future events. All statements contained in this presentation other than statements of historical fact are forward-looking statements. These statements are based on the beliefs and assumptions of our management. Although we believe that our plans, intentions and expectations reflected in or suggested by these forward-looking statements are reasonable, we cannot assure you that we will achieve or realize these plans, intentions or expectations. Forward-looking statements are inherently subject to risks, uncertainties and assumptions. These statements may be preceded by, followed by or include the words "believes," "estimates," "expects," "projects," "forecasts," "may," "will," "should," "seeks," "plans," "scheduled," "anticipates" or "intends" or similar expressions.

Forward-looking statements are not guarantees of performance. You should not put undue reliance on these statements which speak only as of this date hereof. You should understand that the following important factors, in addition to those discussed in "Risk Factors" in our most recent annual report on Form 10-K/A, our quarterly report on Form 10-Q for the quarter ended March 31, 2019 and other reports filed with the Securities Exchange Commission ("SEC"), could affect our future results and could cause those results or other outcomes to differ materially from those expressed or implied in our forward-looking statements: (1) risks of the smart home and security industry, including risks of and publicity surrounding the sales, subscriber origination and retention process; (2) the highly competitive nature of the smart home and security industry and product introductions and promotional activity by our competitors; (3) litigation, complaints, product liability claims and/or adverse publicity; (4) the impact of changes in consumer spending patterns, consumer preferences, local, regional, and national economic conditions, crime, weather, demographic trends and employee availability; (5) increases and/or decreases in utility and other energy costs, increased costs related to utility or governmental requirements; (6) cost increases or shortages in smart home and security technology products or components; (7) the introduction of unsuccessful new products and services; (8) privacy and data protection laws, privacy or data breaches, or the loss of data; (9) the impact to our business, results of operations, financial condition, regulatory compliance and customer experience of the Vivint Flex Pay plan and our ability to successfully compete in the retail sales channels; and (10) risks related to our variable rates of interest with respect to our revolving credit facility and term loan facility. In addition, the origination and retention of new subscribers will depend on various factors, including, but not limited to, market availability, subscriber interest, the availability of suitable components, the negotiation of acceptable contract terms with subscribers, local permitting, licensing and regulatory compliance, and our ability to manage anticipated expansion and to hire, train and retain personnel, the financial viability of subscribers and general economic conditions. These and other factors that could cause actual results to differ from those implied by the forward-looking statements in this presentation are more fully described in the "Risk Factors" section of our most recent annual report on Form 10-K/A and our quarterly report on Form 10-Q for the quarter ended March 31, 2019, as such factors may be updated from time to time in our periodic filings with the SEC. These risk factors should not be construed as exhaustive. We disclaim any obligations to and do not intend to update the above list or to announce publicly the results of any revisions to any of the forward-looking statements to reflect future events or developments. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the foregoing cautionary statements. We undertake no obligations to update or revise publicly any forward-looking statements, whether a result of new information, future events, or otherwise.

non-GAAP financial measures

This presentation includes Adjusted EBITDA, which is a supplemental measure that is not required by, or presented in accordance with, accounting principles generally accepted in the United States ("GAAP").

"Adjusted EBITDA" is defined as net income (loss) before interest expense (net of interest income), income and franchise taxes and depreciation and amortization (including amortization of capitalized subscriber acquisition costs), further adjusted to exclude the effects of certain contract sales to third parties, non-capitalized subscriber acquisition costs, stock based compensation and certain unusual, non-cash, non-recurring and other items permitted in certain covenant calculations under the agreements governing our notes, the credit agreement governing our term loan and our credit agreement governing our revolving credit facility.

We believe that the presentation of Adjusted EBITDA is appropriate to provide additional information to investors about the calculation of, and compliance with, certain financial covenants contained in the agreements governing the notes, the credit agreements governing the revolving credit facility and our term loan. We caution investors that amounts presented in accordance with our definition of Adjusted EBITDA may not be comparable to similar measures disclosed by other issuers, because not all issuers and analysts calculate Adjusted EBITDA in the same manner.

Adjusted EBITDA is not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income (loss) or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating activities as a measure of our liquidity.

See Annex A of this presentation for a reconciliation of Adjusted EBITDA to net loss for the Company, which we believe is the most closely comparable financial measure calculated in accordance with GAAP. Adjusted EBITDA should be considered in addition to and not as a substitute for, or superior to, financial measures presented in accordance with GAAP.

participants

Alex Dunn
President

Mark Davies
Chief Financial Officer

Dale R. Gerard
SVP, Finance & Treasurer

revenue and adjusted EBITDA[2]

Quarter ended June 30,

($ in Millions)

Revenue

Growth: *15.1%* *20.2%* *10.2%*

Adjusted EBITDA

Growth: *13.9%* *13.2%*

Six Months ended June 30,

($ in Millions)

Revenue

Growth: *15.5%* *20.1%* *11.1%*

Adjusted EBITDA

Growth: *10.3%* *17.3%*

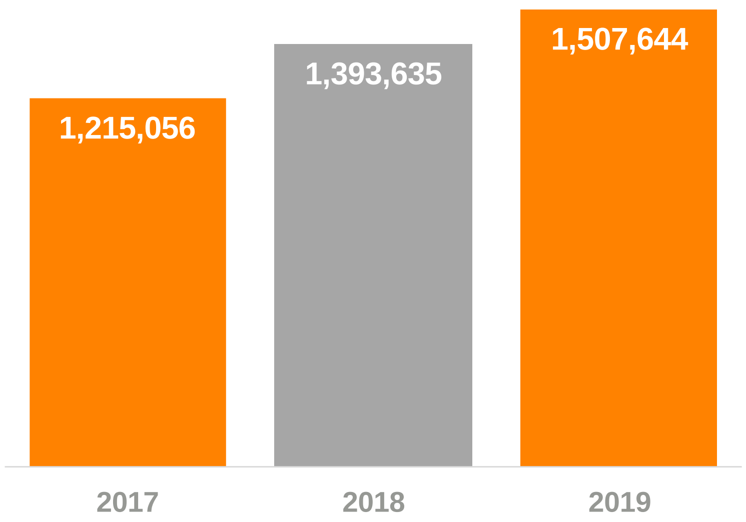
(1) Historical Accounting Method removes the impact of the adoption of Financial Accounting Standards Board Accounting Standard Codification Topic 606, Revenue From Contracts with Customers ("Topic 606") and is comparable 2017 periods

(2) A reconciliation of Adjusted EBITDA to GAAP Net Loss is included in Annex A of this presentation

smart home subscriber portfolio data[1]

As of and for the quarter ended June 30,

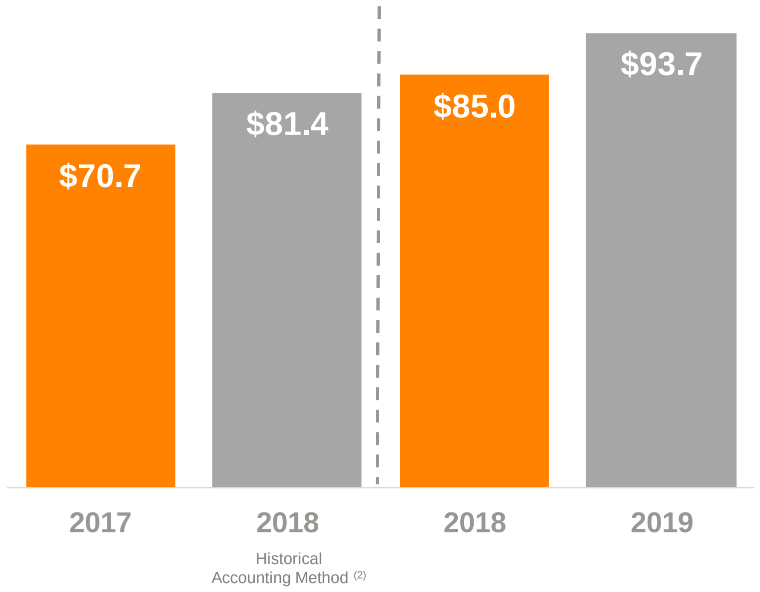
Total Subscribers



Growth: *14.7%* *8.2%*

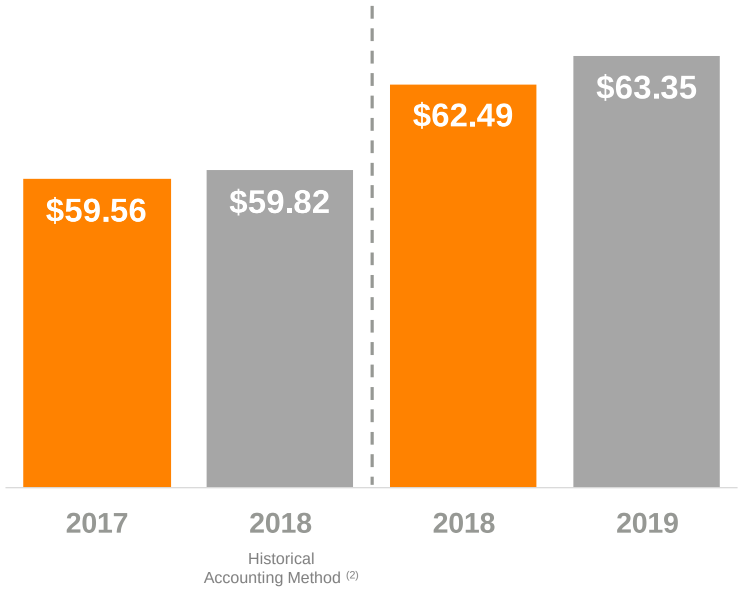
Total Monthly Revenue

($ in Millions)



Growth: *15.1%* *20.2%* *10.2%*

AMRU



Growth: *0.4%* *4.9%* *1.4%*

(1) Excludes wireless internet business and pilot sales channel initiatives
(2) Historical Accounting Method removes the impact of the adoption of Topic 606 and is comparable to 2Q17

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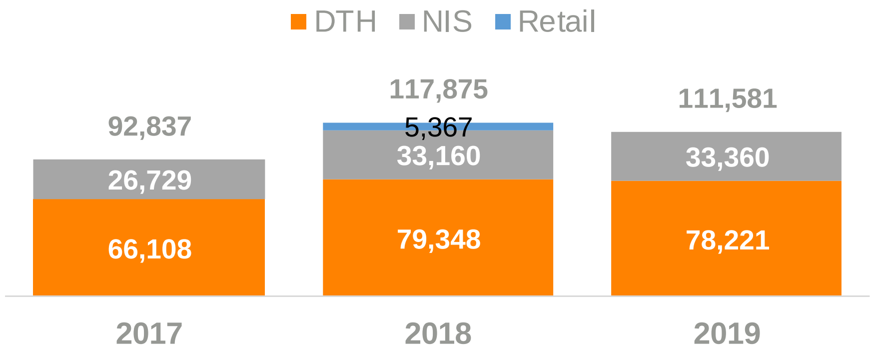
new smart home subscribers(1)

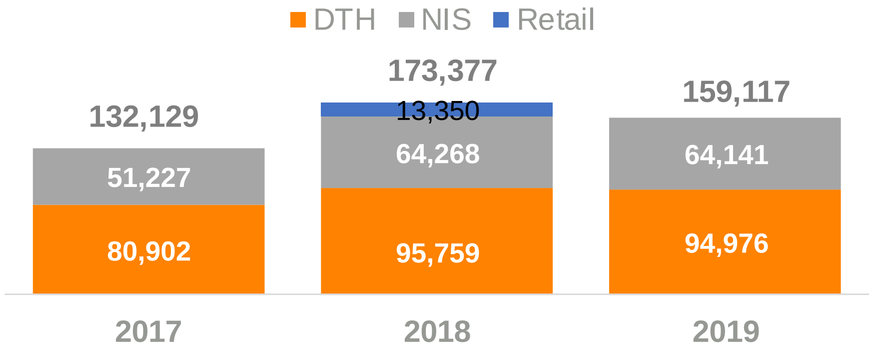
New Smart Home Subscribers

Three Month Period ended June 30,



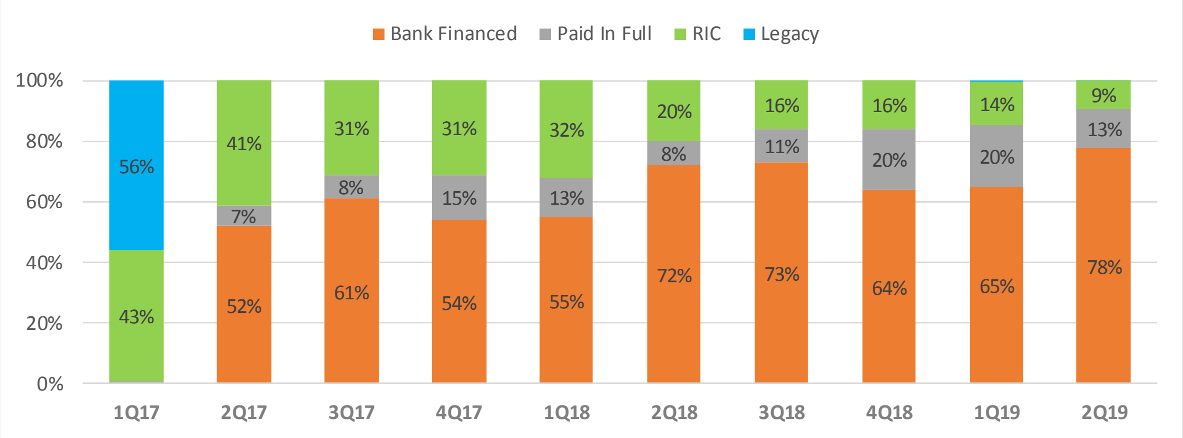
	2017	2018	2019
Growth:		*27.0%*	*(5.3%)*
		Up 21.2% YOY, excluding Retail	*Flat YOY, excluding Retail*

Six Month Period ended June 30,



	2017	2018	2019
Growth:		*31.2%*	*(8.2%)*
		Up 21.1% YOY, excluding Retail	*Flat YOY, excluding Retail*

Vivint Flex Pay Mix(2) (US Only)



- ~91% of new subscribers financed or PIF in 2Q19
- RICs decreased by ~53% YOY

(1) Excludes wireless internet business and pilot sales channel initiatives
(2) Paid in Full excludes New Subscribers from Retail Sales Channel

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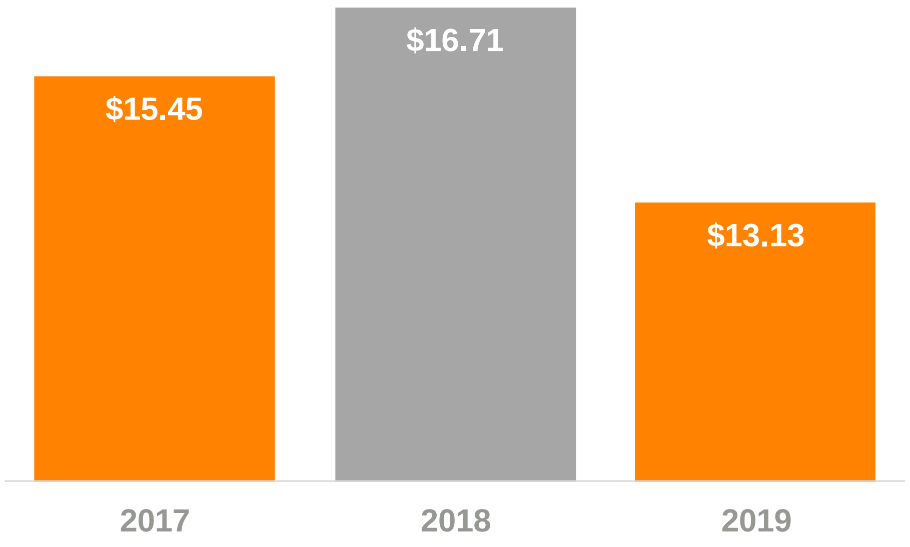
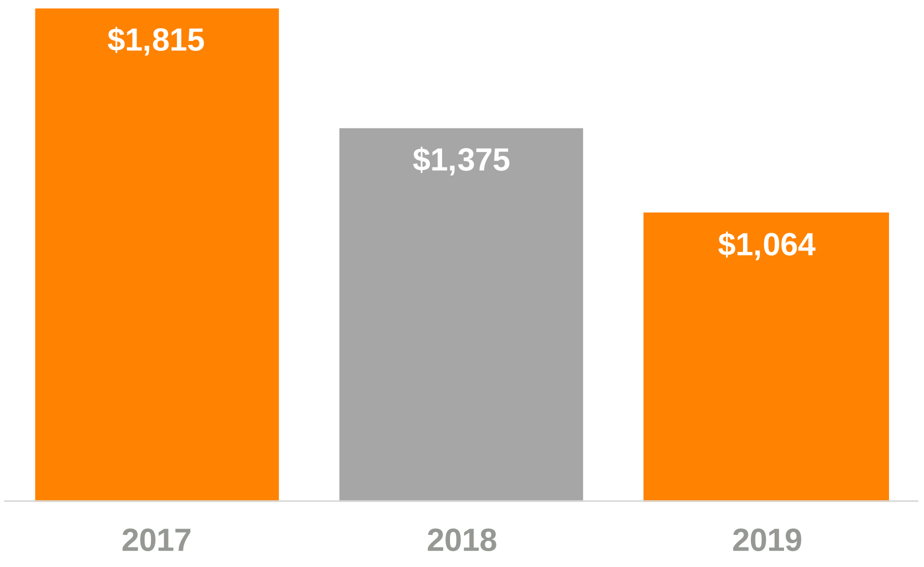
service and subscriber acquisition costs(1)

Net Service Costs per User and Net Service Margin
Quarters Ended June 30,



Net Svc Margin: 72.8% 68.6% 75.2%

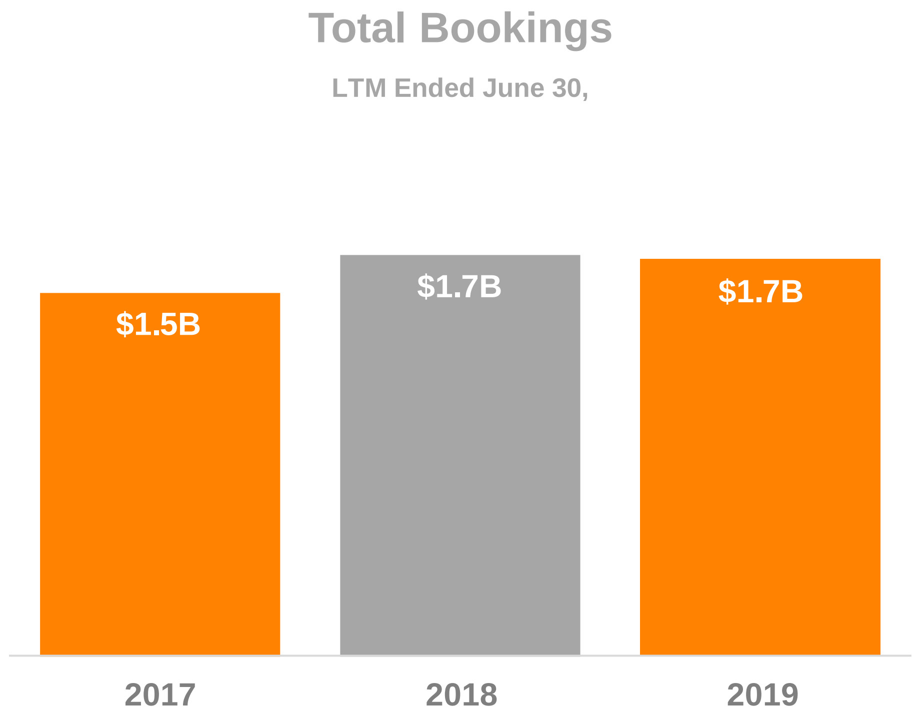
Net Subscriber Acquisition Costs per New Subscriber
LTM Ended June 30,



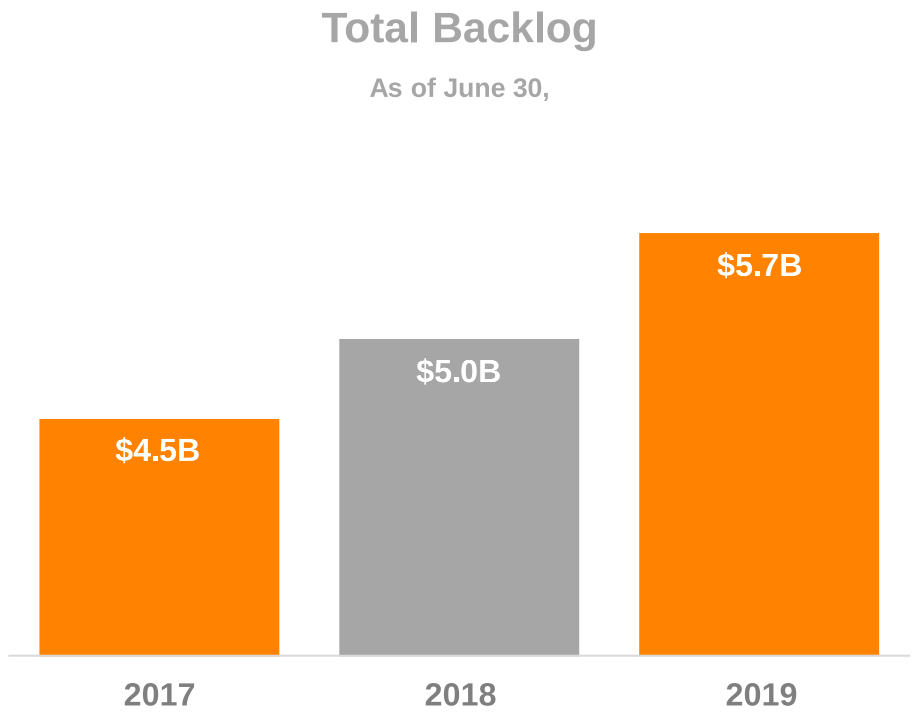
- $1,082 - Average proceeds collected at point of sale in LTM period ended June 30, 2019
- Net SAC decreasing ~23% YOY

(1) Excludes wireless internet business and sales channel pilot initiatives

total bookings and total backlog



- Total Monthly Service Revenue for New Subscribers x Average Subscriber Lifetime + Product Revenue
- Vivint creates significant cohort value each year

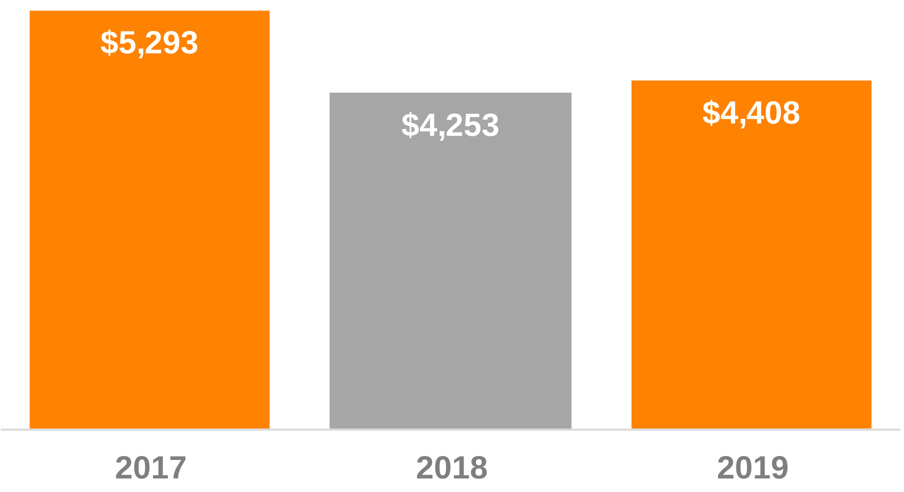


- Unrecognized Product Revenue + Total Service Revenue expected to be recognized over the remaining Subscriber Lifetime (for Total Subscribers)
- The Vivint subscription model yields predictable economic results

lifetime service revenue

Lifetime Service Revenue per New Subscriber

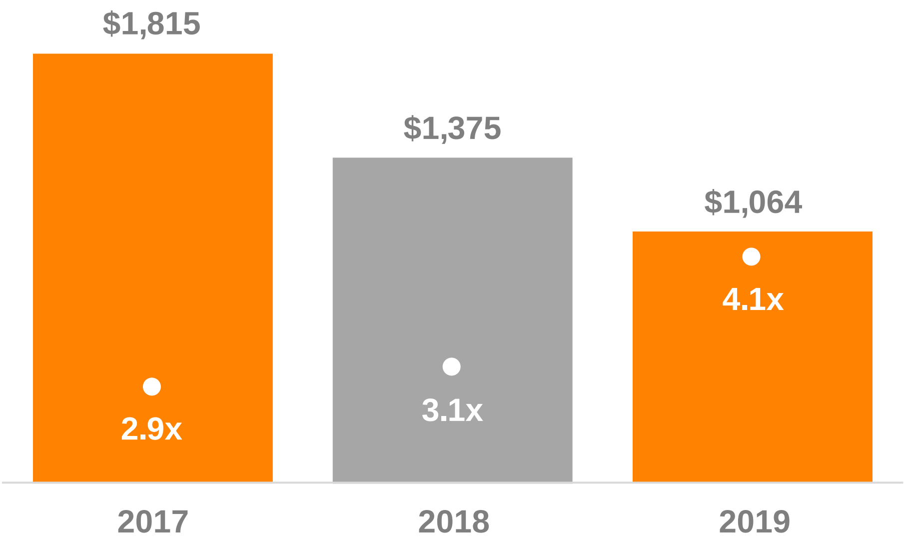
LTM Ended June 30,



- Total Monthly Service Revenue for New Subscribers divided by New Subscribers, multiplied by Average Subscriber Lifetime

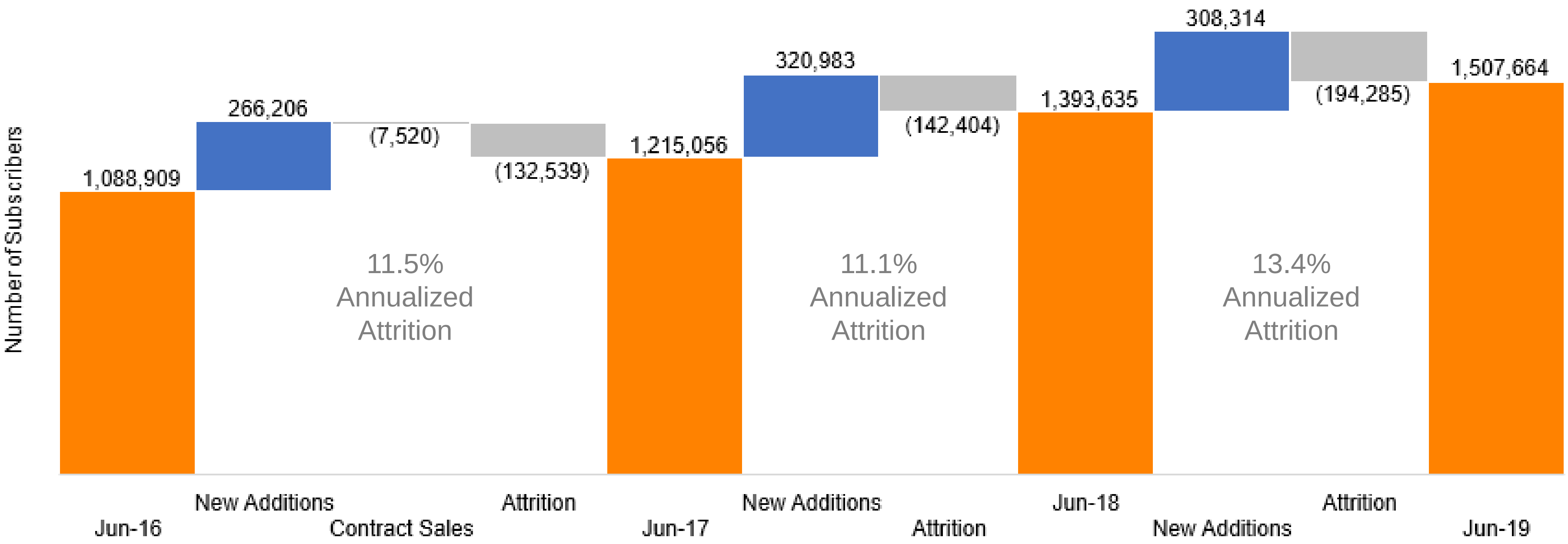
Lifetime Service Revenue Multiple

LTM Ended June 30,



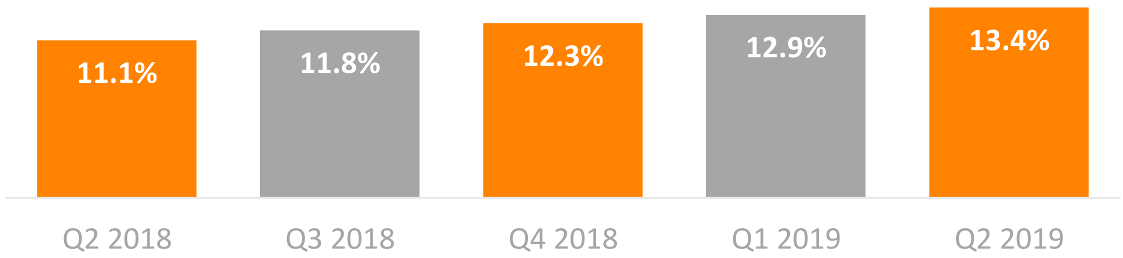
- Lifetime Service Revenue per New Subscriber divided by Net Subscriber Acquisition Costs per New Subscriber
- Net Subscriber Acquisition Costs continue to decrease while the Lifetime Service Revenue Multiple continues to improve

Attrition Rate[1]



- Cohorts at initial end of contract term during 2019
  - 2014 60-mo contracts
  - 2015 42-mo contracts (4Q18 – 1Q19)
  - 2016 42-mo contracts (4Q19 – 1Q20)

LTM Quarterly Attrition Rate



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(1) Excludes wireless internet business and sales channel pilot initiatives

Q&A

APX Group Holdings, Inc.

Consolidated Financial Statements

For Quarters Ended June 30, 2019 and 2018

condensed consolidated balance sheets

APX Group Holdings, Inc. and Subsidiaries
(In thousands)
(Unaudited)

	June 30, 2019	December 31, 2018
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 3,133	$ 12,773
Accounts and notes receivable, net	71,390	48,724
Inventories	139,350	50,552
Prepaid expenses and other current assets	16,988	11,449
Total current assets	230,861	123,498
Property, plant and equipment, net	61,600	73,401
Capitalized contract costs, net	1,170,687	1,115,775
Deferred financing costs, net	1,572	2,058
Intangible assets, net	217,778	255,085
Goodwill	836,289	834,855
Operating lease right-of-use assets	71,557	-
Long-term notes receivables and other assets, net	122,631	119,819
Total assets	**$ 2,712,975**	**$ 2,524,491**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 143,072	$ 66,646
Accrued payroll and commissions	69,548	65,479
Accrued expenses and other current liabilities	138,049	136,715
Deferred revenue	220,105	186,953
Current portion of operating lease liabilities	12,058	-
Current portion of finance lease liabilities	6,984	7,743
Total current liabilities	589,816	463,536
Notes payable, net	3,030,749	3,037,095
Revolving line of credit	134,000	-
Capital lease obligations, net of current portion	3,397	5,571
Finance lease liabilities, net of current portion	69,975	-
Deferred revenue, net of current portion	383,266	323,585
Other long-term obligations	99,736	90,209
Deferred income tax liabilities	1,139	1,096
Total liabilities	4,312,078	3,921,092
Total stockholders' deficit	(1,599,103)	(1,396,601)
Total liabilities and stockholders' deficit	**$ 2,712,975**	**$ 2,524,491**

consolidated statements of operations

APX Group Holdings, Inc. and Subsidiaries
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Revenues:				
Recurring and other revenue	$ 281,053	$ 254,967	$ 557,302	$ 501,564
Total revenues	281,053	254,967	557,302	501,564
Costs and expenses:				
Operating expenses	92,013	89,321	175,089	173,081
Selling expenses	57,926	65,659	101,517	124,902
General and administrative expenses	47,439	49,206	93,778	100,173
Depreciation and amortization	134,504	126,873	265,725	251,131
Restructuring expenses	-	4,141	-	4,141
Total costs and expenses	331,882	335,200	636,109	653,428
Loss from operations	(50,829)	(80,233)	(78,807)	(151,864)
Other expenses (income):				
Interest expense	65,817	60,327	129,565	119,117
Interest income	-	-	(23)	(31)
Other (income) loss, net	(198)	4,731	(2,444)	(40,509)
Total other expenses	65,619	65,058	127,098	78,577
Loss before income taxes	(116,448)	(145,291)	(205,905)	(230,441)
Income tax benefit	(552)	(906)	(853)	(1,339)
Net loss	$ (115,896)	$ (144,385)	$ (205,052)	$ (229,102)

summary of consolidated statements of cash flows

APX Group Holdings, Inc. and Subsidiaries
(In thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2019	2018	2019	2018
Net cash used in operating activities	$ (87,973)	$ (71,407)	$ (130,990)	$ (130,989)
Net cash provided (used in) by investing activities	1,939	(5,883)	128	40,703
Net cash provided by financing activities	85,489	78,380	121,210	90,996
Effect of exchange rate changes on cash	(13)	(43)	12	(62)
Net (decrease) increase in cash and cash equivalents	$ (558)	$ 1,047	$ (9,640)	$ 648
Cash and cash equivalents:				
Beginning of period	3,691	3,473	12,773	3,872
End of period	$ 3,133	$ 4,520	$ 3,133	$ 4,520

APX Group Holdings, Inc.

Annex A

reconciliation of non-GAAP financial measures – APX Group

($ in Millions)	Three Months Ended June 30,			Six Months Ended June 30,		
	2019	2018	2017	2019	2018	2017
Net loss	**$ (115.9)**	**$ (144.4)**	**$ (84.2)**	**$ (205.1)**	**$ (229.1)**	**$ (166.8)**
Interest expense, net	65.8	60.3	54.9	129.5	119.1	108.5
Other (income) loss expense, net	(0.2)	4.7	(1.9)	(2.4)	9.8	10.2
Gain on sale of spectrum (i)	-	-	-	-	(50.4)	-
Income tax (benefit) expense, net	(0.6)	(0.9)	0.7	(0.9)	(1.3)	1.1
Restructuring expense (ii)	-	4.1	-	-	4.1	-
Depreciation and amortization (iii)	27.3	28.9	30.6	53.5	57.8	60.6
Amortization of capitalized contract costs	107.2	97.9	49.5	212.3	193.3	96.4
Non-capitalized contract costs (iv)	79.9	83.1	59.7	137.6	154.0	103.0
Non-cash compensation (v)	0.9	0.3	0.4	1.7	0.5	0.8
Other Adjustments (vi)	14.2	19.8	10.8	25.7	31.8	22.1
Adjustment for change in accounting principle (Topic 606) (vii)	(23.3)	(16.6)	-	(46.8)	(29.5)	-
Adjusted EBITDA	**$ 155.3**	**$ 137.2**	**$ 120.5**	**$ 305.0**	**$ 260.1**	**$ 235.9**

i. Gain on sale of spectrum intangible assets during the three months ended March 31, 2018.
ii. Restructuring employee severance and termination benefits expenses.
iii. Excludes loan amortization costs that are included in interest expense.
iv. Reflects subscriber acquisition costs that are expensed as incurred because they are not directly related to the acquisition of specific subscribers. Certain other industry participants purchase subscribers through subscriber contract purchases, and as a result, may capitalize the full cost to purchase these subscriber contracts, as compared to our organic generation of new subscribers, which requires us to expense a portion of our subscriber acquisition costs under GAAP.
v. Reflects non-cash compensation costs related to employee and director stock option plans. Excludes non-cash compensation costs included in non-capitalized subscriber acquisition costs.
vi. Other Adjustments includes certain items such as product development costs, subcontracted monitoring fee savings, certain legal and professional fees, expenses associated with retention bonuses, relocation and severance payments, and certain other adjustments.
vii. Adjustments to eliminate the impact of the Company's adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers.

certain definitions

Total Subscribers - is the aggregate number of active smart home and security subscribers at the end of a given period.

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

Average Monthly Revenue per User - or AMRU, is Total MR divided by average monthly Total Subscribers during a given period.

Total Monthly Service Revenue - or MSR, is the contracted recurring monthly service billings to our smart home and security subscribers, based on the Total Subscribers number as of the end of a given period.

Average Monthly Service Revenue per User - or AMSRU, is Total MSR divided by Total Subscribers at the end of a given period.

Attrition Rate - is the aggregate number of canceled smart home and security subscribers during the prior 12 month period divided by the monthly weighted average number of Total Subscribers based on the Total Subscribers at the beginning and end of each month of a given period. Subscribers are considered canceled when they terminate in accordance with the terms of their contract, are terminated by us or if payment from such subscribers is deemed uncollectible (when at least four monthly billings become past due). If a sale of a service contract to third parties occurs, or a subscriber relocates but continues their service, we do not consider this as a cancellation. If a subscriber transfers their service contract to a new subscriber, we do not consider this a cancellation.

Average Subscriber Lifetime - in number of months, is 100% divided by our expected long-term annualized attrition rate (which is currently estimated at 13%) multiplied by 12 months.

Net Service Cost per Subscriber - is the average monthly service costs incurred during the period (both period and capitalized service costs), including monitoring, customer service, field service and other service support costs, less total non-recurring smart home services billings for the period divided by average monthly Total Subscribers for the same period.

Net Service Margin - is the monthly average MSR for the period, less total average net service costs for the period divided by the monthly average MSR for the period.

New Subscribers - is the aggregate number of net new smart home and security subscribers originated during a given period. This metric excludes new subscribers acquired by the transfer of a service contract from one subscriber to another.

Net Subscriber Acquisition Costs per New Subscriber - is the net cash cost to create new smart home and security subscribers during a given 12-month period divided by New Subscribers for that period. These costs include commissions, Products, installation, marketing, sales support and other allocations (general and administrative and overhead) less upfront payment received from the sale of Products associated with the initial installation, and installation fees. These costs exclude capitalized contract costs and upfront proceeds associated with contract modifications.

Total Bookings - is total monthly service revenue for New Subscribers multiplied by Average Subscriber Lifetime, plus total Product revenue to be recognized over the contract term from New Subscribers.

Total Monthly Service Revenue for New Subscribers - is the contracted recurring monthly service billings to our New Subscribers during the 12-month period.

Average Monthly Service Revenue per New Subscriber - is the Total Monthly Service Revenue for New Subscribers divided by New Subscribers during the 12-month period.

Lifetime Service Revenue per New Subscriber - is the Total Monthly Service Revenue for New Subscribers divided by New Subscribers during the 12-month period, multiplied by Average Subscriber Lifetime.

Lifetime Service Revenue Multiple - is the Lifetime Service Revenue per New Subscriber divided by Net Subscriber Acquisition Costs per New Subscriber.

Total Subscriber Lifetime Backlog - is total unrecognized Product revenue plus total service revenue expected to be recognized over the remaining subscriber lifetime for Total Subscribers.