APX Group Holdings, Inc.

2nd Quarter 2016 Results

August 10, 2016

vivint.SmartHome

participants

Todd Pedersen

Chief Executive Officer

Alex Dunn

President

Mark Davies

Chief Financial Officer

Dale R. Gerard

SVP, Finance & Treasurer

forward-looking statements

APX Group Holdings, Inc. (the ”Company”, “Vivint”, “we”, “our”, or “us”) obtained the industry, market and competitive position data included in this presentation from its estimates and research as well as from industry publications, surveys and studies conducted by third parties. Industry publication studies and surveys generally state that the information contained therein has been obtained from sources believed to be reliable but there can be no assurance as to the accuracy or completeness of such information. While APX Group, Inc. believes that each of the publications, studies and surveys is reliable, We have not independently verified industry, market and competitive position data from third-party sources. While we believe our internal business research is reliable and the market definitions are appropriate, neither such research nor these definitions have been verified by any independent sources. Accordingly, you should not place undue weight on the industry and market share data in this presentation.

This presentation includes forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995, including but not limited to, statements 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 earnings release 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, 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 security and smart home industry, including risks of and publicity surrounding the sales, subscriber origination and retention process; (2) the highly competitive nature of the security and smart home industry and product introductions and promotional activity by our competitors; (3) litigation, complaints 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) adverse publicity and product liability claims; (6) increases and/or decreases in utility and other energy costs, increased costs related to utility or governmental requirements; and (7) cost increases or shortages in security and smart home technology products or components. 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, 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 not a measurement of our financial performance under GAAP and should not be considered as an alternative to net income or any other measure derived in accordance with GAAP. We believe the presentation of Adjusted EBITDA is appropriate to provide useful information about the flexibility we have under our covenants to investors, lenders, financial analysts and rating agencies since these groups have historically used EBITDA-related measures in our industry, along with other measures, to estimate the value of a company, to make informed investment decisions, and to evaluate a company’s ability to meet its debt service requirements. Adjusted EBITDA eliminates the effect of non-cash depreciation of tangible assets and amortization of intangible assets, much of which results from acquisitions accounted for under the purchase method of accounting. Adjusted EBITDA also eliminates the effects of interest rates and changes in capitalization which management believes may not necessarily be indicative of a company’s underlying operating performance. Adjusted EBITDA is also used by us to measure covenant compliance under the indenture governing our senior secured notes, the indenture governing our senior unsecured notes and the credit agreement governing our revolving credit facility.

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.

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.

second quarter 2016 update

Sales and Operations

- New Subscribers
  - Record number of new subscribers originated … strong Inside sales growth
  - Increasing adoption rate and Average RMR per New Subscriber for Smart Home services
- Product and Cloud platform continue to perform and advance
  - New products performing well from both a take rate and customer experience
  - Expanded intelligence and functionality of Vivint's cloud platform
  - Vivint remains committed to an integrated platform strategy

Smart Home Market Overview

- Competitive landscape … MSO, DIY, Hero products: no meaningful change, always vigilant
- Significant churn in cross-company partnerships to address business model deficiencies
- Vivint's Brand awareness … aided and un-aided building momentum, as evidenced by Inside Sales growth

Capital Raise and Equity Investment

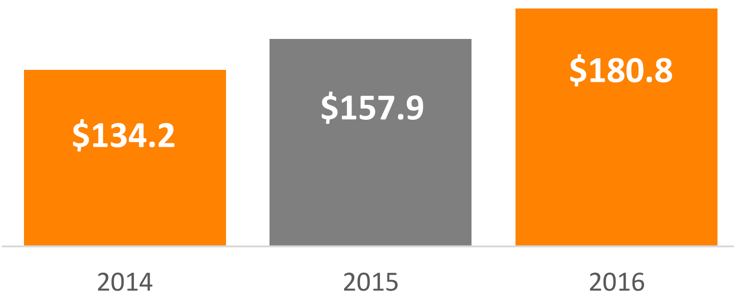
- Issued $500 million aggregate principal amount of 7.875% senior secured notes due 2022
  - Refinanced $235 million of Senior Secured Notes and 2017 growth capital
- APX Parent Holdco Inc. completed the issuance and sale of the final $30.6 million tranche of preferred stock to Peter Thiel co-led investors

key operating results

Quarter ended June 30,

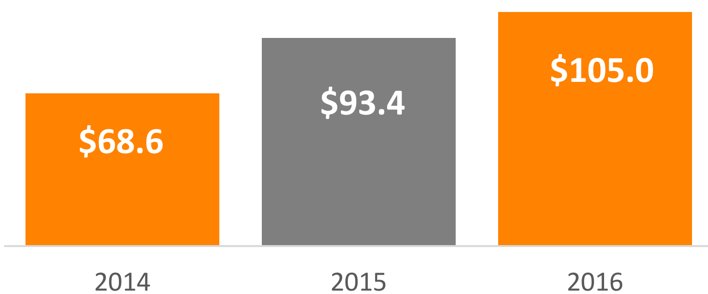
($ in Millions)

Revenue



Growth: *17.7%* *14.5%*

Adjusted EBITDA

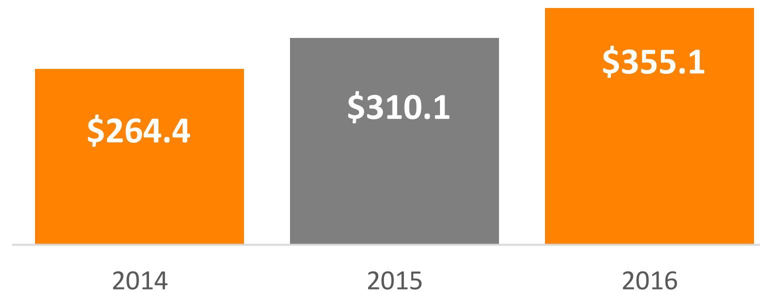


Growth: *36.2%* *12.4%*

YTD ended June 30,

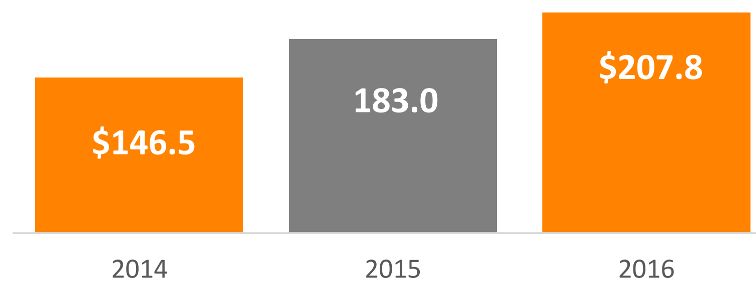
($ in Millions)

Revenue



Growth: *17.3%* *14.5%*

Adjusted EBITDA

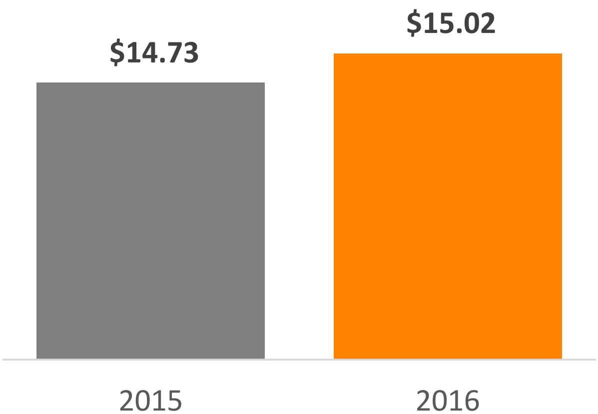


Growth: *24.9%* *13.6%*

service and creation costs(1)

Net Service Cost

Quarter Ended June 30,

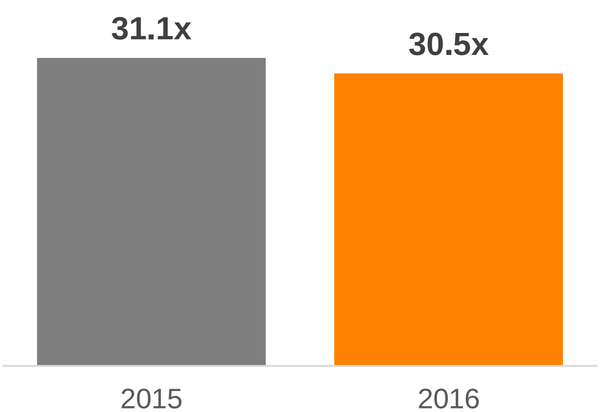


Net Service Margin 72.6% 72.7%

- Selectively investing in customer experience
- Maintaining service margins at mid-70% level

Net Creation Cost Multiple

LTM Ended June 30,



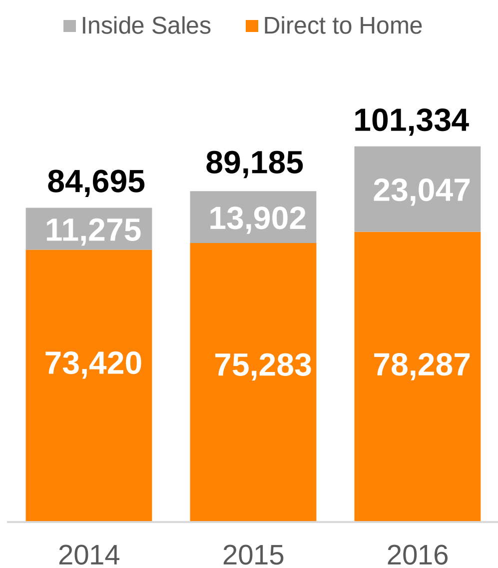
- (0.6x): Equipment, overhead and fixed scaling, partially offset by installation and shift to RMR based point-of-sale upgrades

(1) Excludes wireless internet business

new smart home subscriber originations[1]

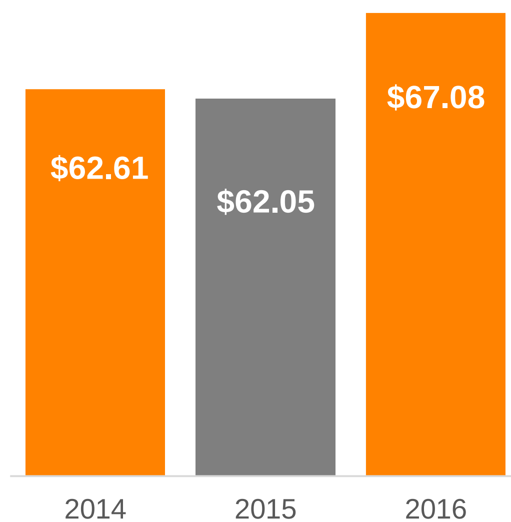
Quarters ended June 30,

New Subscribers



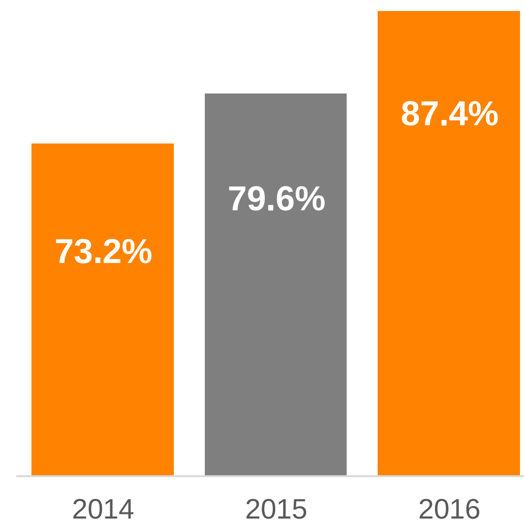
Growth:	*5.3%*	*13.6%*
DTH	*2.5%*	*4.0%*
NIS	*23.3%*	*65.8%*

Avg. RMR Per New Subscriber[2]



Growth:	*-0.9%*	*8.1%*

Smart Home Adoption Rate



Growth:	*641bps*	*779bps*

(1) All subscriber portfolio data presented excludes wireless internet business

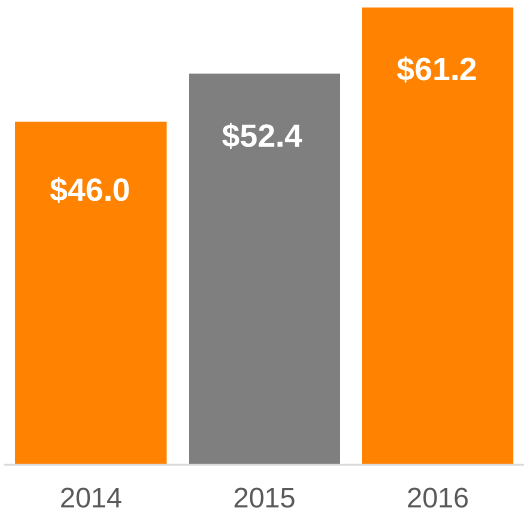
(2) RMR is stated as of the end of each period

smart home subscriber portfolio data(1)

As of June 30,

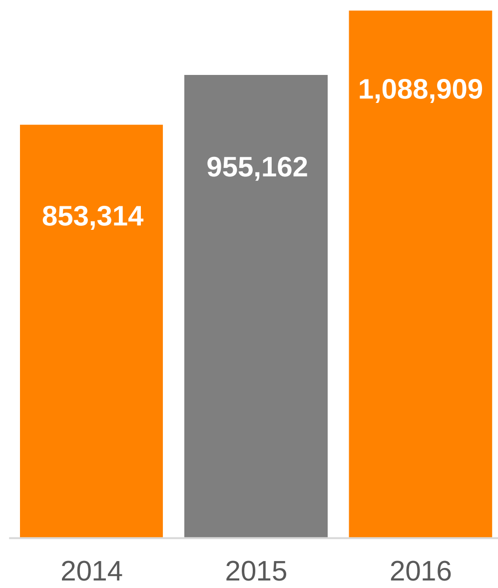
Total RMR(2)

($ in Millions)



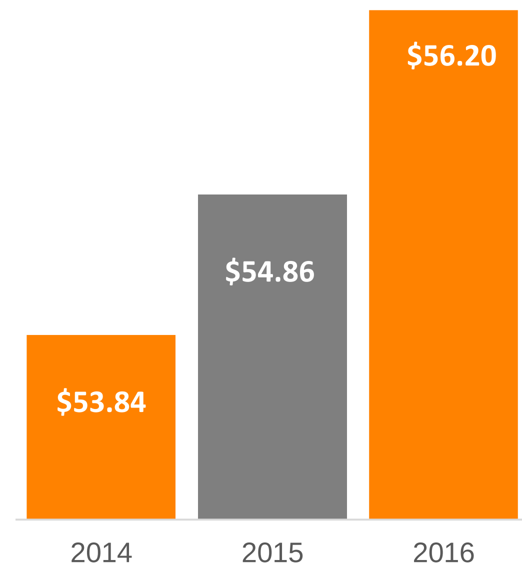
Growth: 13.9% 16.8%

Total Subscribers



Growth: 11.9% 14.0%

Avg. RMR Per Subscriber(2)



Growth: 1.9% 2.4%

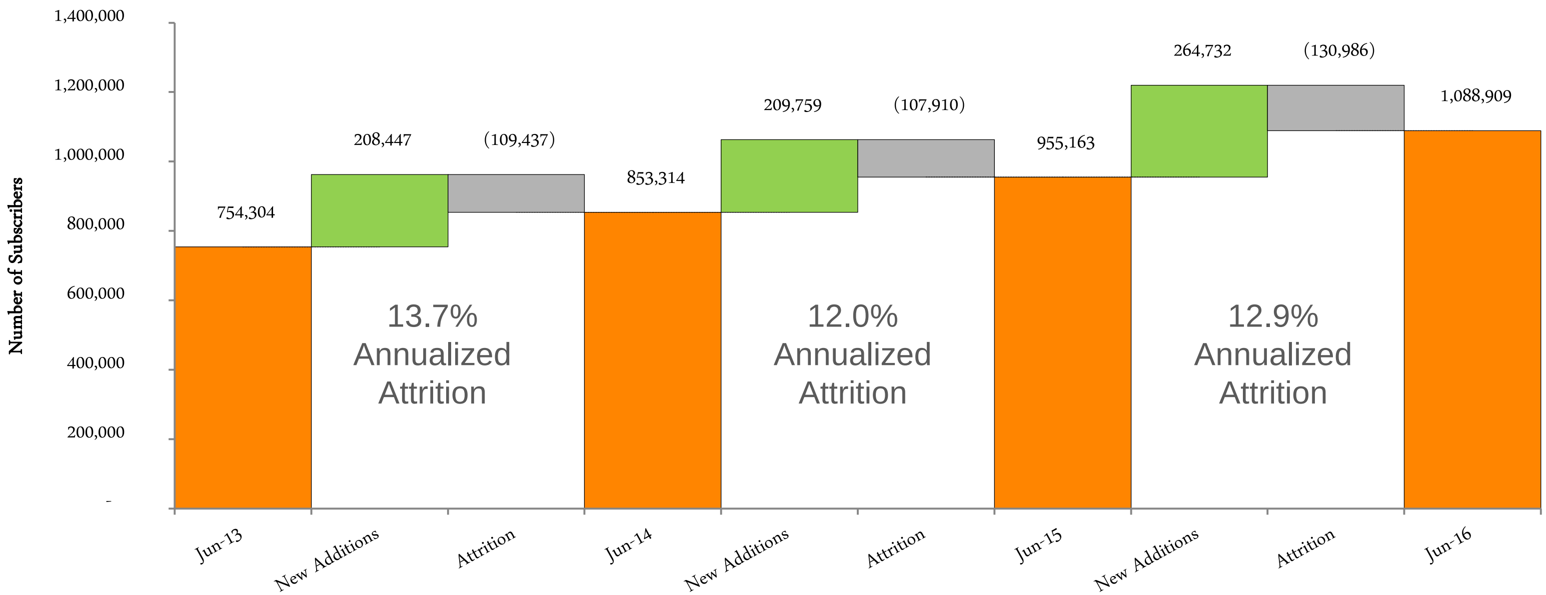
- Smart Home adoption rates continue to build portfolio Avg. RMR Per Subscriber

(1) All subscriber portfolio data presented excludes wireless internet business

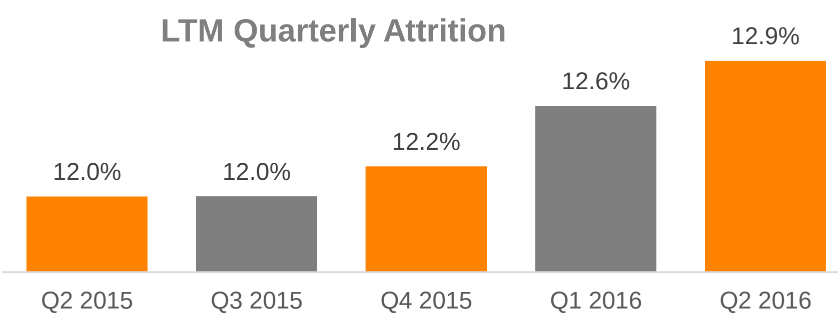
(2) RMR is stated as of the end of each period

subscriber account attrition[1]

12-Month Change in Subscriber Portfolio



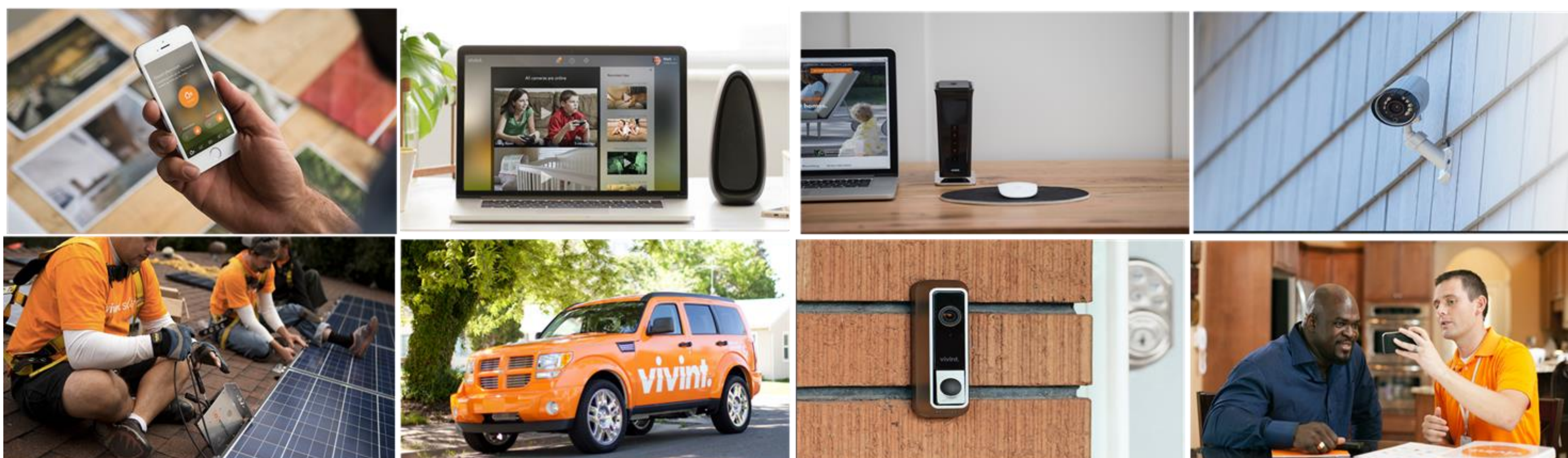
- ~ 15% of portfolio reaching initial end of contract term in 2016, similar to 2015
  - 2012 42-mo contracts (4Q15 – 1Q16)
  - 2013 42-mo contracts (4Q16 – 1Q17)



(1) All subscriber attrition data presented excludes the wireless internet business for all periods presented

2016 second-half priorities

- Execution: Sales, Operations and 2017 Planning
- Economics and Cost Management … creation cost, operational efficiencies, fixed cost scaling, return on innovation investments
- Focus on Innovation … products, functionality, channels, business models, partnerships
  1. Highly differentiated customer experience and value proposition … curated platform
  2. Lead the customer transition to Smart Home … first, best experience, and most profitable
  3. Ensure Vivint's ecosystem is the #1 Smart Home platform "magnet" for partnerships and commercial synergies



Q&A

APX Group Holdings, Inc.

Consolidated Financial Statements

Quarters Ended June 30, 2016 and 2015

condensed consolidated balance sheets

APX Group Holdings, Inc. and Subsidiaries

(In thousands)

(Unaudited)

	June 30, 2016	December 31, 2015
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 121,406	$ 2,559
Accounts receivable, net	8,545	8,060
Inventories	89,496	26,321
Prepaid expenses and other current assets	16,860	10,626
Total current assets	236,307	47,566
Property and equipment, net	54,062	55,274
Subscriber acquisition costs, net	945,851	790,644
Deferred financing costs, net	5,434	6,456
Intangible assets, net	503,146	558,395
Goodwill	836,129	834,416
Long-term investments and other assets, net	10,629	10,893
Total assets	**$ 2,591,558**	**$ 2,303,644**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 108,121	$ 52,207
Accrued payroll and commissions	70,541	38,247
Accrued expenses and other current liabilities	36,616	35,573
Deferred revenue	42,621	34,875
Current portion of capital lease obligations	8,055	7,616
Total current liabilities	265,954	168,518
Notes payable, net	2,381,320	2,118,112
Revolving Credit Facility	-	20,000
Capital lease obligations, net of current portion	8,534	11,171
Deferred revenue, net of current portion	52,231	44,782
Other long-term obligations	11,849	10,530
Deferred income tax liabilities	8,046	7,524
Total liabilities	2,727,934	2,380,637
Total stockholders' deficit	(136,376)	(76,993)
Total liabilities and stockholders' deficit	**$ 2,591,558**	**$ 2,303,644**

consolidated statements of operations

APX Group Holdings, Inc. and Subsidiaries

(In thousands)

(Unaudited)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015
Revenues:				
Recurring revenue	$ 172,472	$ 149,543	$ 339,918	$ 295,207
Service and other sales revenue	5,826	6,992	10,837	12,216
Activation fees	2,509	1,378	4,305	2,685
Total revenues	180,807	157,913	355,060	310,108
Costs and expenses:				
Operating expenses	68,943	58,623	126,934	109,952
Selling expenses	37,343	31,244	66,223	56,520
General and administrative expenses	36,109	12,864	66,550	41,098
Depreciation and amortization	72,010	60,070	132,581	117,127
Restructuring and asset impairment charges	(725)	-	(680)	-
Total costs and expenses	213,680	162,801	391,608	324,697
Loss from operations	(32,873)	(4,888)	(36,548)	(14,589)
Other expenses (income):				
Interest expense	47,447	38,841	92,865	77,101
Interest income	(11)	-	(23)	(2)
Other loss (income), net	9,861	(294)	4,753	(335)
Total other expenses	57,297	38,547	97,595	76,764
Loss before income taxes	(90,170)	(43,435)	(134,143)	(91,353)
Income tax (benefit) expense	(448)	179	672	308
Net loss	$ (89,722)	$ (43,614)	$ (134,815)	$ (91,661)

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,	
	2016	2015	2016	2015
Net cash used in operating activities	$ (159,068)	$ (106,022)	$ (171,573)	$ (89,690)
Net cash used in investing activities	(2,455)	(16,828)	(4,897)	(31,307)
Net cash provided by financing activities	281,732	124,733	295,758	130,720
Effect of exchange rate changes on cash	685	24	(441)	(577)
Net Increase in cash	$ 120,894	$ 1,907	$ 118,847	$ 9,146
Cash:				
Beginning of Period	512	18,046	2,559	10,807
End of period	$ 121,406	$ 19,953	$ 121,406	$ 19,953

APX Group Holdings, Inc.

Annex A

reconciliation of non-GAAP financial measures – APX Group

($ in Millions)

	Three Months Ended June 30, 2016	Three Months Ended June 30, 2015	Three Months Ended June 30, 2014	Six Months Ended June 30, 2016	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Net loss	**$ (89.7)**	**$ (43.6)**	**$ (66.3)**	**$ (134.8)**	**$ (91.7)**	**$ (113.6)**
Interest expense, net	47.4	38.8	35.1	92.8	77.1	70.2
Other expense (income), net	9.9	(0.3)	-	4.8	(0.3)	(0.3)
Income tax (benefit) expense	(0.4)	0.2	0.7	0.7	0.3	0.9
Restructuring and asset impairment	(0.7)	-	-	(0.7)	-	-
Depreciation and amortization	33.4	38.3	40.4	66.6	75.9	80.5
Amortization of capitalized creation costs	38.6	21.8	12.9	66.0	41.2	23.2
Non-capitalized subscriber acquisition costs	51.4	43.7	33.9	87.5	78.6	60.7
Non-cash compensation	2.7	0.6	0.5	3.0	1.4	0.9
Other adjustments	12.4	(6.1)	11.4	21.9	0.5	24.0
Adjusted EBITDA	**$ 105.0**	**$ 93.4**	**$ 68.6**	**$ 207.8**	**$ 183.0**	**$ 146.5**

i. Reflects the restructuring and asset impairment charges related to the transition of the wireless internet business to a 60 GHz-based technology
ii. Excludes loan amortization costs that are included in interest expense.
iii. 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.
iv. 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.
v. Other Adjustments includes certain items such as product development costs, non-operating legal and professional fees, deferred revenue fair value adjustment, non-cash gain on settlement of merger-related escrow, and other similar adjustments

certain definitions

Total Subscribers – The aggregate number of active security and home automation subscribers at the end of a given period

RMR – The recurring monthly revenue billed to a security and home automation subscriber

Total RMR – The aggregate RMR billed for all security and home automation subscribers

Average RMR per Subscriber – The Total RMR divided by Total Subscribers. This is also commonly referred to as Average Revenue per User, or ARPU

Average RMR per New Subscriber – The aggregate RMR for new subscribers originated during a period divided by the number of new subscribers originated during such period

Attrition – The aggregate number of canceled security and home automation subscribers during a period divided by the monthly weighted average number of total security and home automation subscribers for such 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). Sales of contracts to third parties and moves are excluded from the attrition calculation

Net Subscriber Acquisition Costs – Defined as direct and indirect costs to create a new security and home automation subscriber. These include commissions, equipment, installation, marketing and other allocations (G&A and overhead), less activation fees and up sell revenue. These costs also exclude residuals and long-term equity expenses associated with the direct-to-home sales channel.

Net Creation Cost Multiple – Defined as Net Subscriber Acquisition Costs, divided by the number of net new subscribers originated, and then divided by the Average RMR per New Subscriber

Adjusted EBITDA – 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, the historical results of the Company’s Solar variable interest entity and certain unusual, non-cash, non-recurring and other items permitted in certain covenant calculations under the indentures governing the notes

Last Quarter Annualized Adjusted EBITDA (“LQA Adjusted EBITDA”) – A common industry measure used to reflect the step-function in earnings during the sales season related to the subscribers generated from April to August. LQA Adjusted EBITDA, calculated by multiplying Adjusted EBITDA for the most recent fiscal quarter by 4, represents the ongoing earnings power of Vivint’s current subscriber base and is potentially a more relevant metric than LTM due to the recurring nature of the revenue and expected earnings

Net Service Cost – Defined as total service costs for the period, including monitoring, customer service, field service and other allocations (G&A and overhead) costs, less total service revenue for the period divided by total service subscribers

Net Service Margin – Defined as the average RMR per subscriber for the period less Net Service Costs divided by the average RMR per subscriber for the period