APX Group Holdings, Inc.

3rd Quarter 2017 Results

November 14, 2017

vivint.SmartHome

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 publications 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 Holdings, 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 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 10K, and other reports filed with the Securities Exchange Commission (“SEC”) including our quarterly report on Form 10-Q for the quarterly period ended September 30,2017, 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 industry and security, 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 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; (7) cost increases or shortages in smart home and security technology products or components; and (8) the introduction of unsuccessful new products and services; (9) privacy and data protection laws, privacy or data breaches, or the loss of data; and (10) the impact to our business, results of operations, financial condition, regulatory compliance and customer experience of the Vivint Flex Pay plan and the Best Buy Smart Home powered by Vivint Program. 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 or as an alternative to cash flows from operating activities as a measure of our liquidity. 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.

participants

Todd Pedersen
Chief Executive Officer

Alex Dunn
President

Mark Davies
Chief Financial Officer

Dale R. Gerard
SVP, Finance & Treasurer

third quarter 2017 update

Operational investments are ramping and taking shape

- Service: Employees, process, and IT to drive customer service and improving NPS
- Sales: Working through the sales productivity impact from the transition to Vivint Flex Pay in direct to home and inside sales channels
- Product: Deploying incremental resources to both quality and targeted technology development… system reliability, AI, video and connectivity

Vivint Flex Pay

- Positive customer adoption…
- ~69% of new subscribers paid for the purchase of products and installation through consumer finance and paid-in-full options
- ~$88 million of cash collected at point of sale during the quarter

Best Buy Partnership

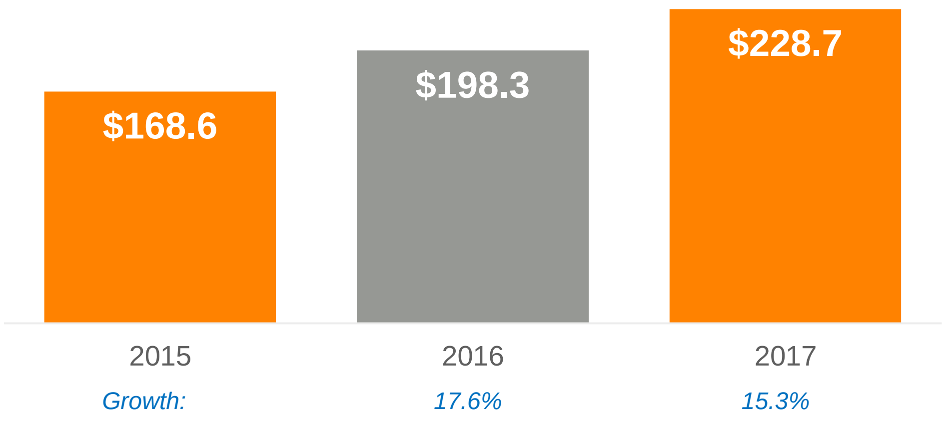
- 353 stores at Q3 exit… currently fully deployed at 450 stores
- Supplementing holiday selling season with direct to home sales reps and installation techs

revenue and adjusted EBITDA(1)

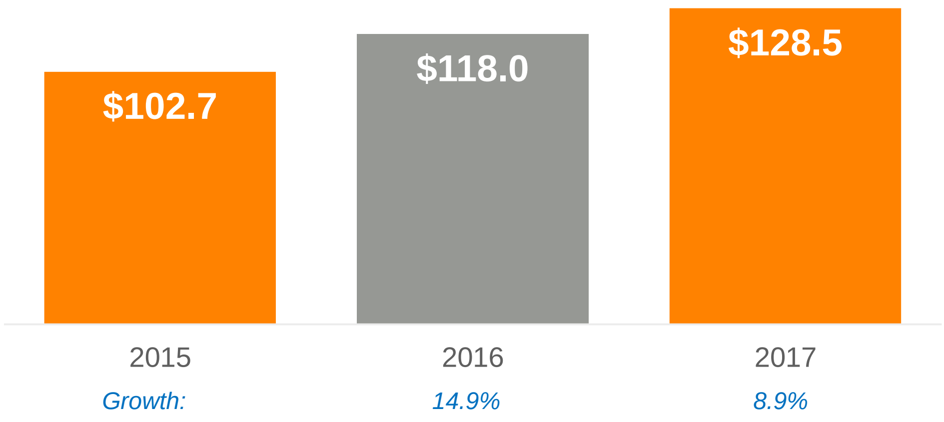
Three Month Period ended September 30,

($ in Millions)

Revenue



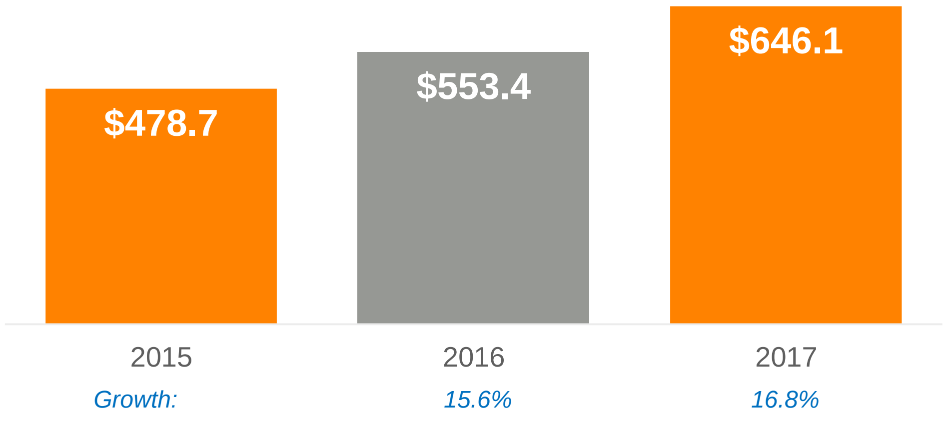
Adjusted EBITDA



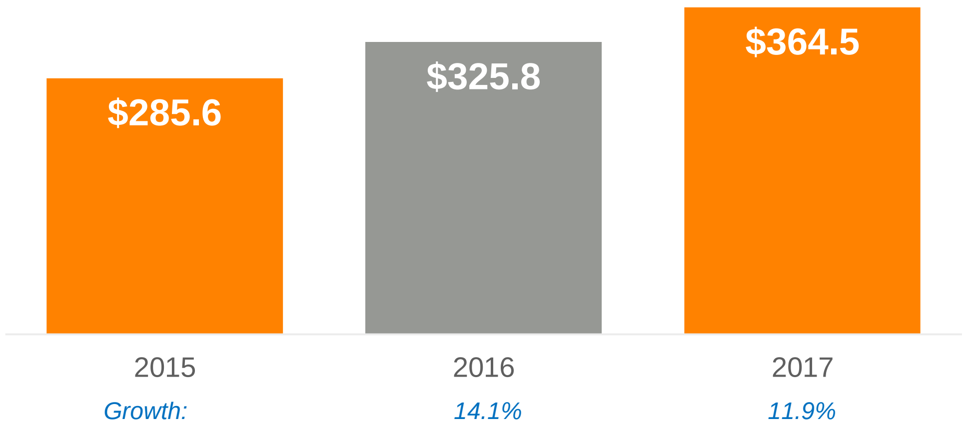
Nine Month Period ended September 30,

($ in Millions)

Revenue



Adjusted EBITDA



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

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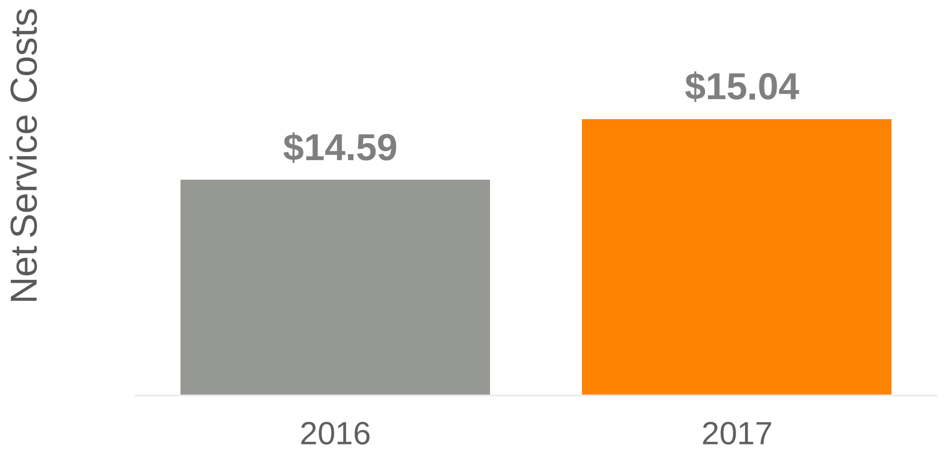
service and subscriber acquisition costs(1)

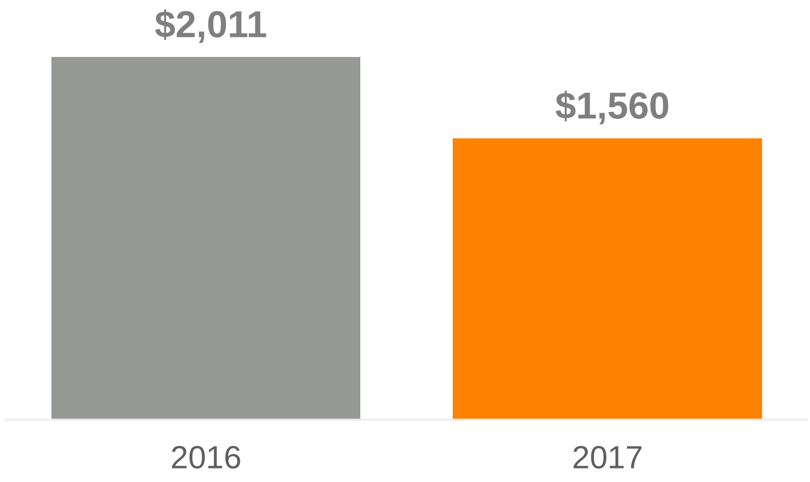
Net Service Costs and Margin per Subscriber
Quarter Ended September 30,



Net Service Margin	74.5%	73.2%

- Focused investment in customer care and service support to drive improved products and customer experience

Net Subscriber Acquisition Costs
LTM Ended September 30,



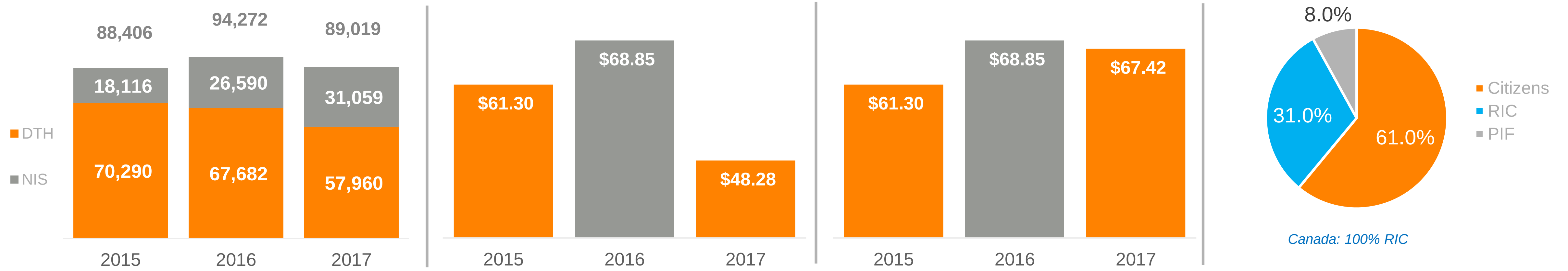
- Impact of Vivint Flex Pay
  - ~$997 Upfront Revenue per subscriber collected in 3Q17 vs $110 in 3Q16
- Product cost reductions, largely offset by higher installation and sales support costs

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

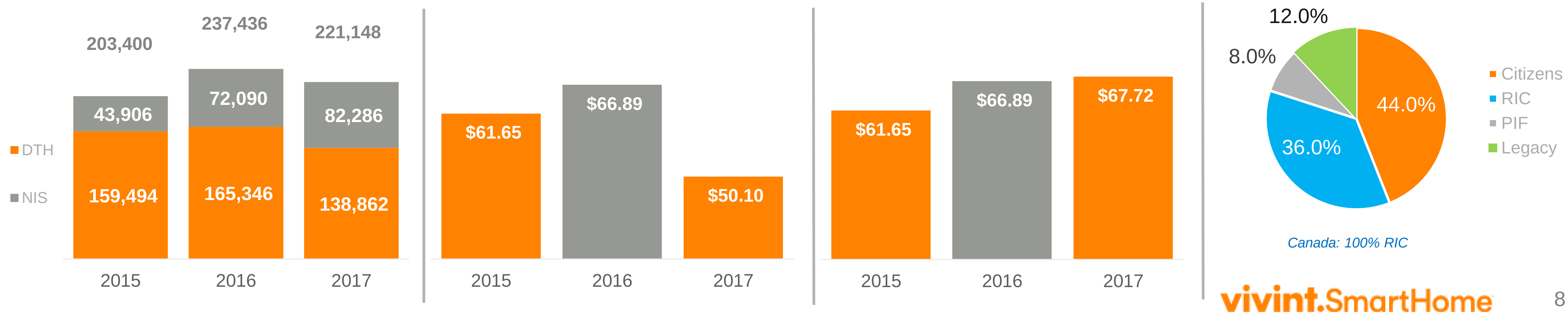
new smart home subscriber originations (1)

Net New Subscribers | AMSRNU | AMRNU | US Flex Pay Mix

Three-Month Period ended September 30,



Nine-Month Period ended September 30,



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

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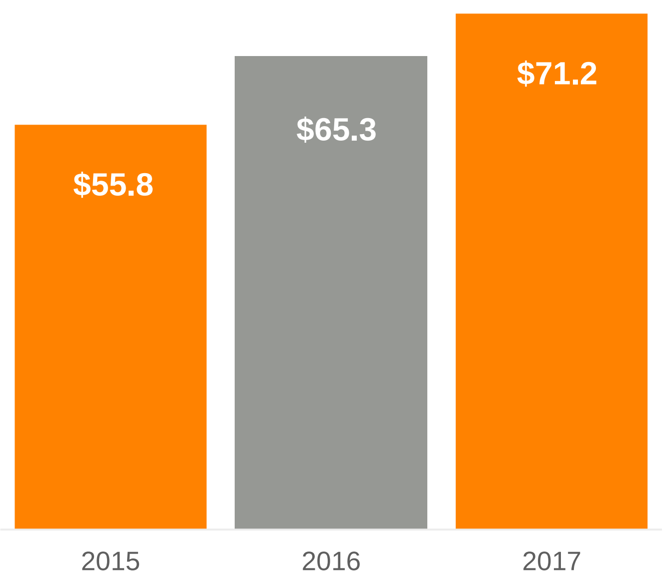
smart home subscriber portfolio data[1]

As of September 30,

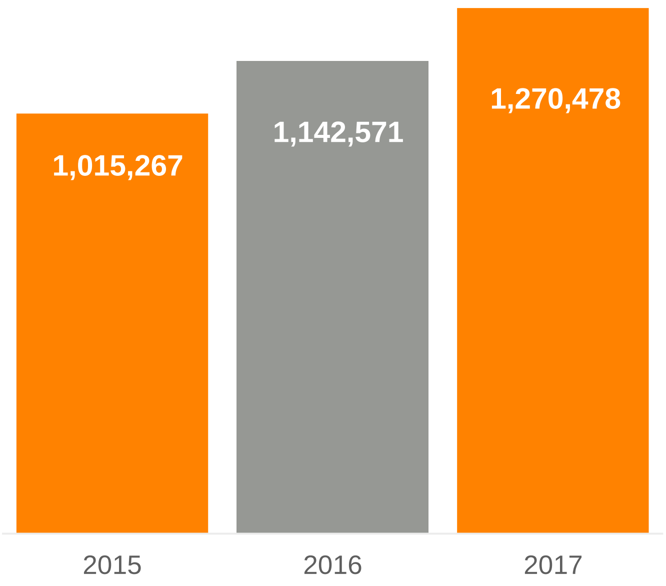
Total MSR

($ in Millions)



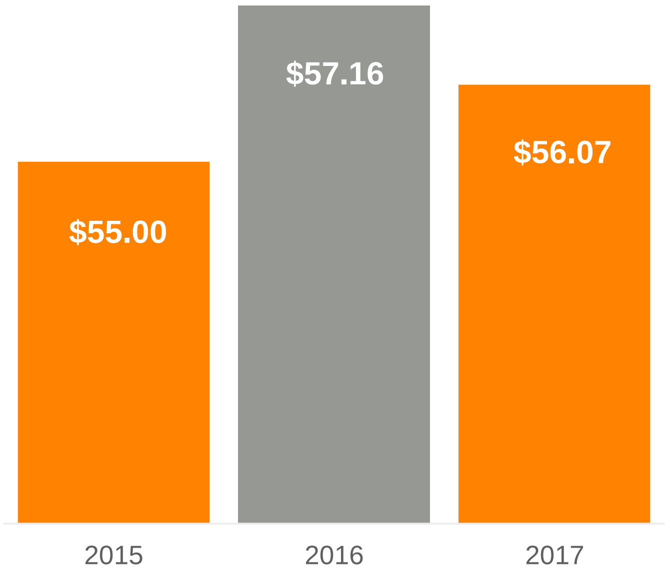
Growth: *16.9%* *9.0%*

Total Subscribers



Growth: *12.5%* *11.2%*

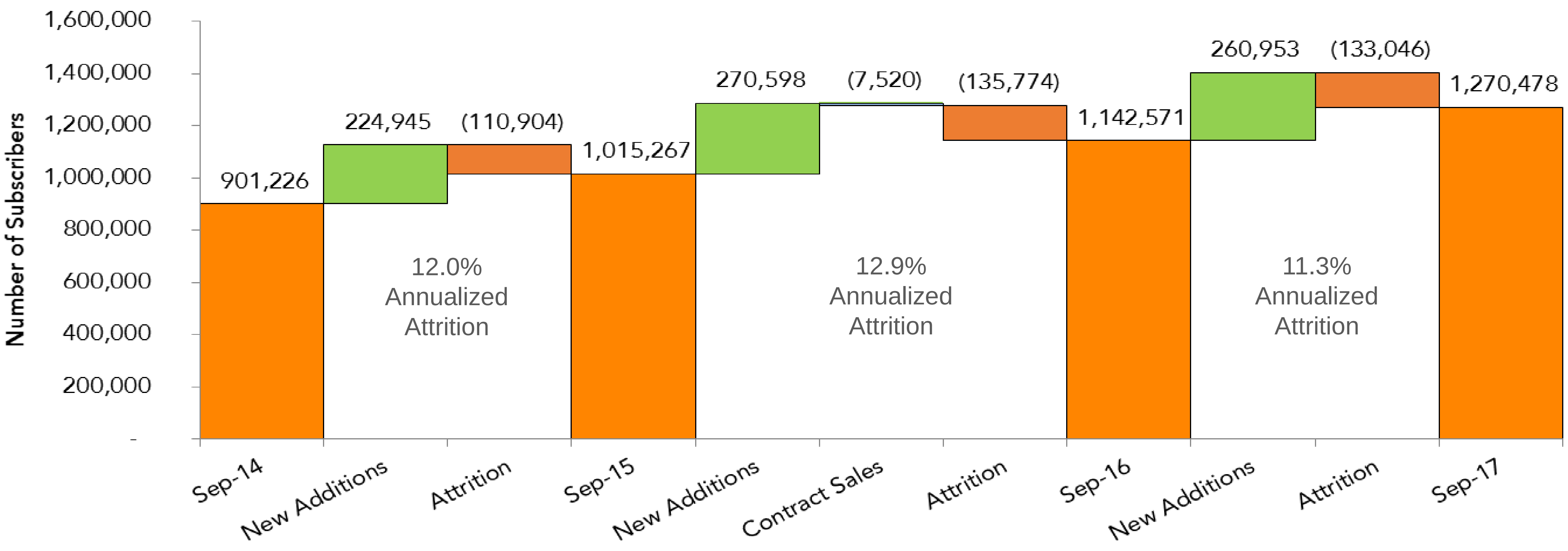
AMSRU



Growth: *3.9%* *(1.9%)*

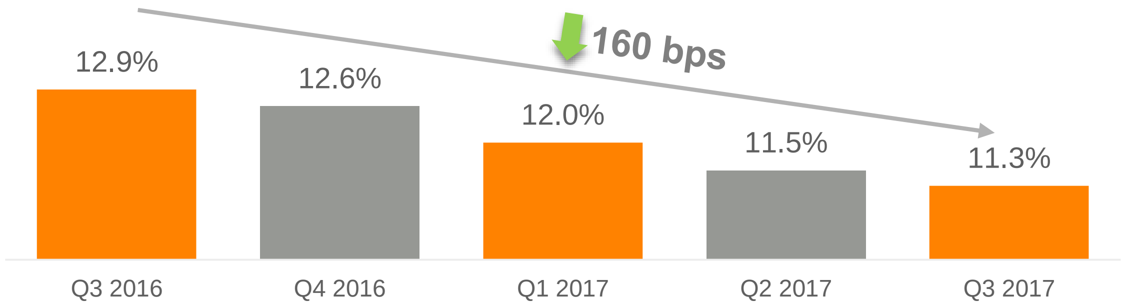
(1) Excludes wireless internet business and pilot sales channel initiatives and data is stated as of the end of each period

subscriber account attrition[1]



- ~ 6% of portfolio reaching initial end of contract term in 2017
  - 2013 42-mo contracts (4Q16 – 1Q17)
  - 2014 42-mo contracts (4Q17 – 1Q18)

LTM Quarterly Subscriber Account Attrition



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

Management's focus… building toward the future

Priorities for the remainder of 2017

- Execute on changes and improvements made in 2017… flex pay, large-format retail
- Vivint customer experience… technology, reliability and service
- System and process improvements… people, process, systems

Q4 Sales activities

- Best Buy holiday selling season
- Recruiting and retention of DTH, including opening of recruiting centers
- Expansion of small retail format pilots

Vivint's market positioning

- Continue to believe that technology combined with service is the winning model in smart home
- Point products and voice interfaces do not overcome the barriers to smart home adoption
- Vision of a self-driving, diffentiated smart home experience is predicated on an integrated platform, physical presence in the home, and large number of strategically placed sensors and devices

Q&A

APX Group Holdings, Inc.

Consolidated Financial Statements

Quarters Ended September 30, 2017 and 2016

condensed consolidated balance sheets

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

	September 30, 2017	December 31, 2016
ASSETS		
Current Assets:		
Cash and cash equivalents	$ 115,567	$ 43,520
Accounts and notes receivable, net	34,414	12,891
Inventories	99,185	38,452
Prepaid expenses and other current assets	19,969	10,158
Total current assets	269,135	105,021
Property, plant and equipment, net	72,920	63,626
Subscriber acquisition costs, net	1,275,364	1,052,434
Deferred financing costs, net	3,373	4,420
Intangible assets, net	402,961	475,392
Goodwill	837,210	835,233
Long-term investments and other assets, net	83,057	11,536
Total assets	**$ 2,944,020**	**$ 2,547,662**
LIABILITIES AND STOCKHOLDERS' DEFICIT		
Current Liabilities:		
Accounts payable	$ 81,348	$ 49,119
Accrued payroll and commissions	103,456	46,288
Accrued expenses and other current liabilities	108,558	34,265
Deferred revenue	83,288	45,722
Current portion of capital lease obligations	10,063	9,797
Total current liabilities	386,713	185,191
Notes payable, net	2,759,200	2,486,700
Capital lease obligations, net of current portion	8,220	7,935
Deferred revenue, net of current portion	227,442	58,734
Other long-term obligations	70,501	47,080
Deferred income tax liabilities	7,761	7,204
Total liabilities	3,459,837	2,792,844
Total stockholders' deficit	(515,817)	(245,182)
Total liabilities and stockholders' deficit	**$ 2,944,020**	**$ 2,547,662**

consolidated statements of operations

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Revenues:				
Recurring and other revenue	$ 219,111	$ 189,032	$ 618,752	$ 528,950
Service and other sales revenue	6,764	6,005	18,513	16,842
Activation fees	2,783	3,298	8,872	7,603
Total revenues	228,658	198,335	646,137	553,395
Costs and expenses:				
Operating expenses	81,108	68,872	229,776	195,806
Selling expenses	53,821	32,633	134,894	98,856
General and administrative expenses	49,416	35,284	127,179	101,834
Depreciation and amortization	84,460	76,837	241,425	209,418
Restructuring and asset impairment recoveries	-	2,445	-	1,765
Total costs and expenses	268,805	216,071	733,274	607,679
Loss from operations	(40,147)	(17,736)	(87,137)	(54,284)
Other expenses (income):				
Interest expense	58,005	51,962	166,644	144,827
Interest income	-	(130)	(104)	(153)
Other loss, net	8,611	551	18,808	5,304
Total other expenses	66,616	52,383	185,348	149,978
Loss before income taxes	(106,763)	(70,119)	(272,485)	(204,262)
Income tax expense (benefit)	1,157	(145)	2,308	527
Net loss	$ (107,920)	$ (69,974)	$ (274,793)	$ (204,789)

summary of consolidated statements of cash flows

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

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2017	2016	2017	2016
Net cash used in operating activities	$ (16,007)	$ (53,216)	$ (149,268)	$ (224,789)
Net cash used in investing activities	(3,778)	(4,976)	(15,780)	(9,873)
Net cash provided by financing activities	133,800	129,266	237,023	425,024
Effect of exchange rate changes on cash	82	(41)	72	(482)
Net increase in cash and cash equivalents	$ 114,097	$ 71,033	72,047	189,880
Cash and cash equivalents:				
Beginning of period	1,470	121,406	43,520	2,559
End of period	$ 115,567	$ 192,439	$ 115,567	$ 192,439

APX Group Holdings, Inc.

Annex A

reconciliation of non-GAAP financial measures – APX Group

($ in Millions)

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2017	**2016**	**2015**	**2017**	**2016**	**2015**
Net loss	**$ (107.9)**	**$ (70.0)**	**$ (125.1)**	**$ (274.8)**	**$ (204.8)**	**$ (216.7)**
Interest expense, net	58.0	51.8	39.8	166.5	144.7	116.9
Other expense, net	8.6	0.6	7.1	18.7	5.3	6.7
Income tax expense (income), net	1.1	(0.1)	0.0	2.3	0.5	0.3
Restructuring and asset impairment (i)	-	2.4	57.5	-	1.8	57.5
Depreciation and amortization (ii)	30.9	33.5	38.5	91.5	100.1	114.5
Amortization of capitalized subscriber acquisition costs	53.6	43.3	25.8	150.0	109.3	67.0
Non-capitalized subscriber acquisition costs (iii)	69.5	45.2	44.5	172.6	132.7	123.1
Non-cash compensation (iv)	0.3	0.5	0.6	1.1	3.5	2.0
Other Adjustments (v)	14.4	10.8	13.8	36.5	32.7	14.3
Adjusted EBITDA	**$ 128.5**	**$ 118.0**	**$ 102.7**	**$ 364.5**	**$ 325.8**	**$ 285.6**

i. Reflects costs associated with the restructuring charges and asset impairments related to the transition of our Wireless Internet business and the sale in 2016 of our New Zealand and Puerto Rico Subscriber Contracts
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 subscribers 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 and stock option plans
v. Other adjustments including items such as product development costs, subcontracted monitoring fee savings, non-recurring gain, and other similar adjustments

certain definitions

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

Monthly Service Revenue - the aggregate, contracted recurring monthly Service billings to our smart home and security subscribers as of the end of a given period. This metric reflects billings on our Services and excludes monthly billings for the purchases of our Products.

Average MSR per User - MSR divided by Total Subscribers.

Attrition rate - the aggregate number of canceled smart home and security subscribers during the prior twelve month period divided by the monthly weighted average number of Total 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). 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 as a cancellation.

Net Service Cost per User - the average monthly service costs for the period, including monitoring, customer service, field service and other service support costs, less total non-recurring Product and Service billings for the period divided by average monthly Total Subscribers for the same period.

Net Service Margin Percentage - the AMSRU for the period less Net Service Cost per User, divided by the AMSRU for the period.

New subscribers - 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.

Average monthly service revenue per new user (“AMSRNU”) – Total MSR from New Subscribers divided by New Subscribers during a given period.

Average monthly revenue per new user (“AMRNU”) - AMSRNU plus the average monthly deferred and expected interest revenue recognized during the first year after origination associated with our Product sales to New Subscribers during a given period.

Net Subscriber Acquisition Cost - the total capitalized and expensed costs to acquire new smart home and security subscribers for a given period, divided by Total New Subscribers added for the period. These costs include commissions, equipment, installation, marketing and other sales support costs, less cash received at contract origination from Product sales, activation and installation fees.