

# ASCENT CAPITAL GROUP INC



MONI

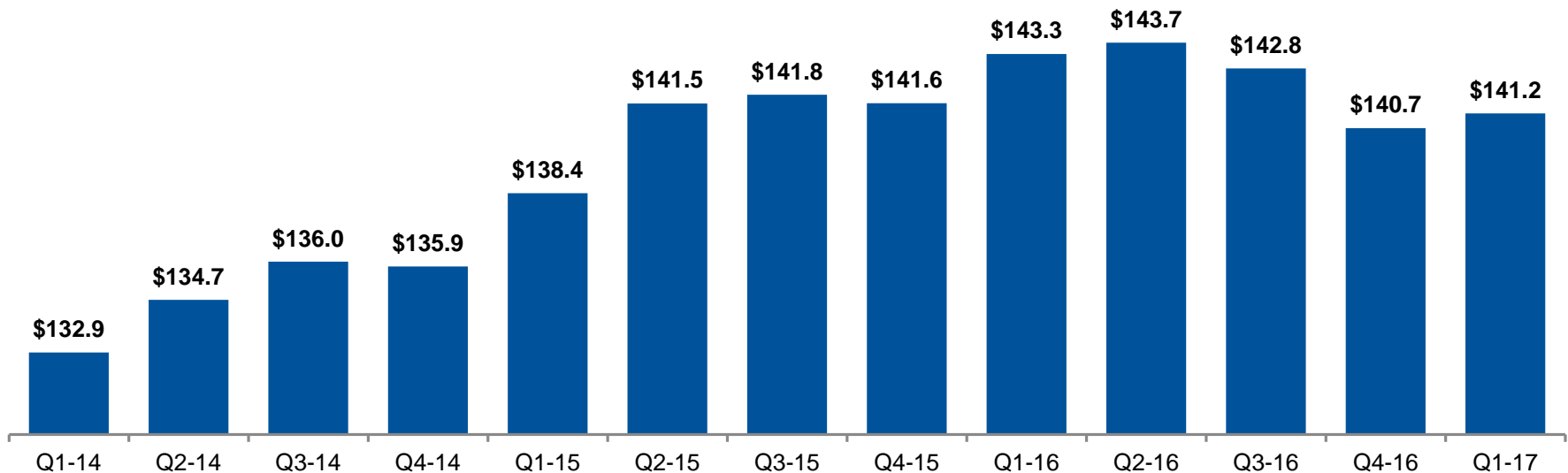
1<sup>st</sup> Quarter 2017  
Earnings Presentation  
May 2017

# Forward Looking Statements

This presentation includes certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements about business strategies, including the launch of MONI's direct sales and installation channel, market potential and expansion, the success of new products and services, such as ASAPer, consumer demand for interactive and home automation services, account creation and related costs, subscriber attrition, anticipated account generation, future financial prospects, and other matters that are not historical facts. These forward-looking statements involve many risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements, including, without limitation, possible changes in market acceptance of our services, technological innovations in the alarm monitoring industry, competitive issues, continued access to capital on terms acceptable to Ascent and/or MONI, our ability to capitalize on acquisition opportunities, general market and economic conditions and changes in law and government regulations. These forward-looking statements speak only as of the date of this press release, and Ascent expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in Ascent's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Please refer to the publicly filed documents of Ascent, including the most recent Forms 10-K and 10-Q for additional information about Ascent and about the risks and uncertainties related to Ascent's business which may affect the statements made in this presentation.

# MONI: Leader in Security and Home Automation

- Among the largest US residential security and home automation providers with over 1 million customers
- 20+ years industry experience / leadership
- Largest independent dealer network in US
- Attractive, highly complementary new DIY platform in LiveWatch
- Recently launched direct sales and installation channel
- Developing affiliate/partner channel



■ Net Revenue (\$M)

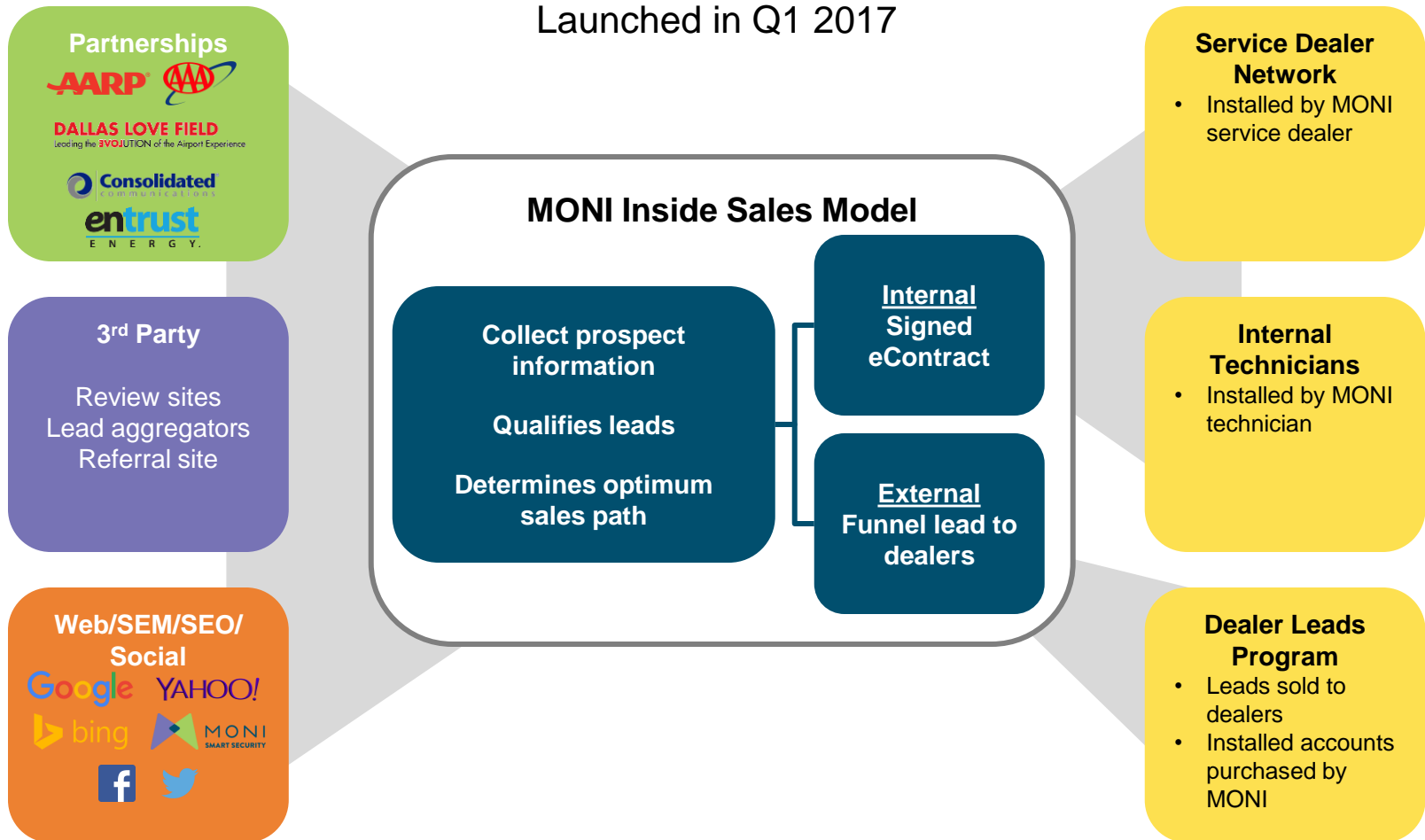
# Grand Slam Initiatives

Drive improvements each year over the next five years in the following areas:

- ✓ **Creation cost:** Improve multiple through gradual lowering of dealer multiples and shift to lower cost of internally generated accounts at MONI and LiveWatch
- ✓ **Attrition:** Improvement driven by: fewer accounts coming to term beginning in 2018, higher percentage of total accounts under contract, best in industry customer service, sophisticated big data analytics and more effective pricing strategies
- ✓ **Account growth:** Stabilize the dealer/partner program by enablement and lead generation from a national brand; grow MONI's direct sales and LiveWatch's DIY channel substantially
- ✓ **Margin Improvement:** Drive improvement in operating cost by leveraging scale, more sophisticated purchasing techniques and the use of automation

# Direct Sales Channel

Launched in Q1 2017



# Customer Growth Initiatives

## Lead Generation

- ✓ Lead generation: Organic, Paid, 3rd Party, Website, SEO, SEM



- ✓ Partnerships: AARP, AAA Club Alliance, Consolidated Communications



- ✓ MONI internally generated sales increased 23% YoY<sup>(1)</sup>

## ASAPer

Interactive hub messaging system 10x faster than anything else on the market



## Accelerate Dealer Partner Growth



Recruit sales teams and expand the opportunities for dealer development



Increase existing dealer profitability through recruitment training and best in class go-to market strategies

## Enable Dealer Partner Success

Active dealer engagement through sales, marketing & recruitment training as well as lead generation



1) Excludes LiveWatch.

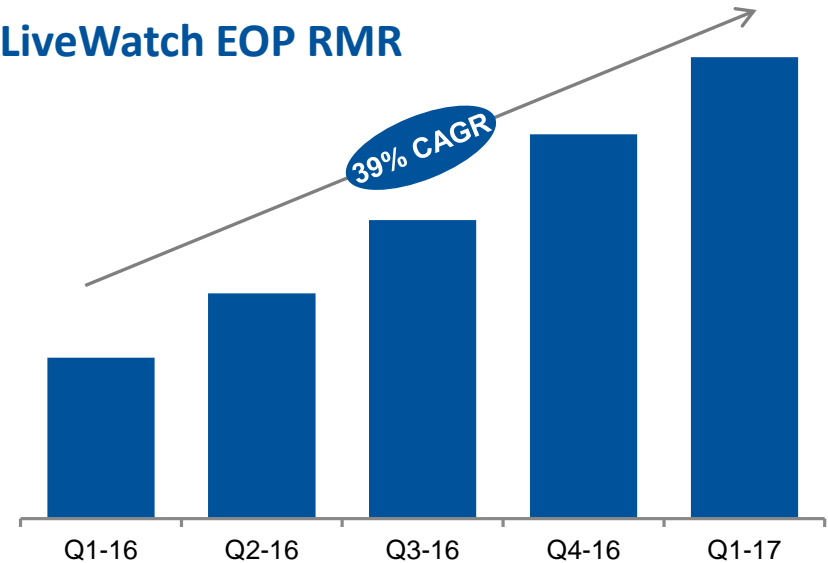
2) Monitronics' alliance with AAA includes AAA Mid-Atlantic, which serves members in Delaware, Maryland, Washington, DC and parts of Virginia, Pennsylvania and New Jersey, and the AAA Allied Group, which serves members in Greater Hartford, CT Area, Cincinnati Tri-State Area, Miami County, OH, Greater Dayton, OH Area, AAA Blue Grass & Bluefield Regions, Southern West Virginia and Kansas.

# LiveWatch Overview

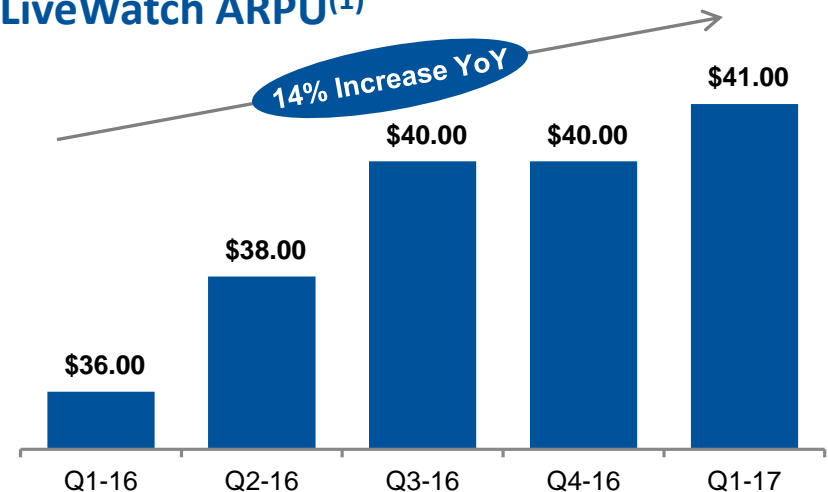
## Overview

- Pioneer of Do-It-Yourself home security
- Professionally monitored service, like MONI
- Custom, wireless home security systems professionally-configured by LiveWatch then self-installed by the customer
- Continuing rapid pace of customer growth in 2017
- Average RMR for new customers stabilized near \$40, up 14% YoY and 24% since acquisition

## LiveWatch EOP RMR



## LiveWatch ARPU<sup>(1)</sup>

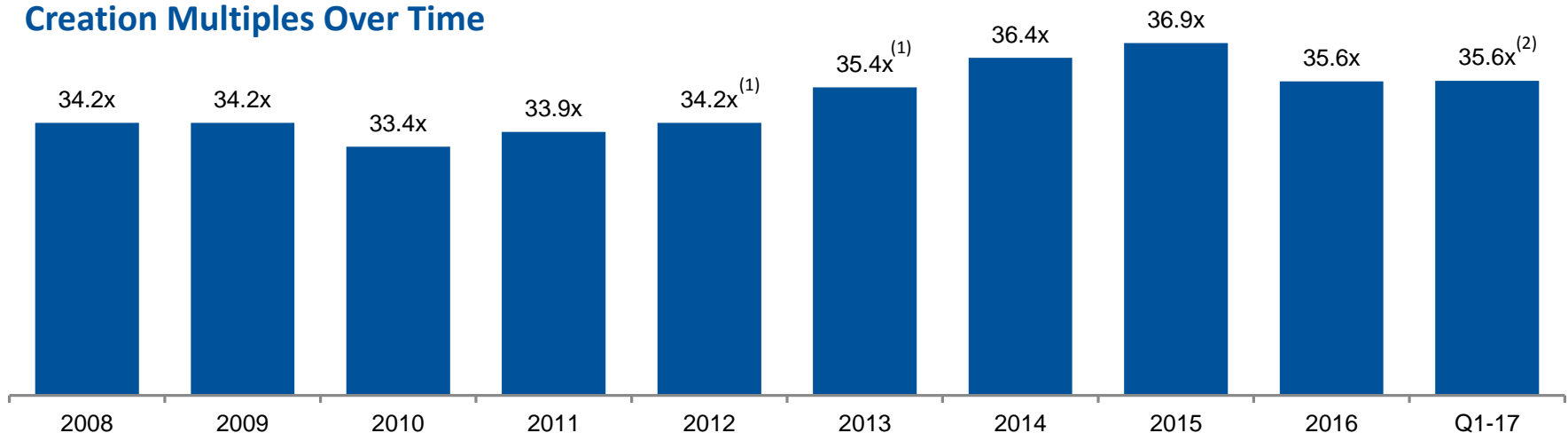


1) Average recurring monthly revenue per new LiveWatch customer.

# First Decrease in Creation Cost Since 2010

- MONI has levers to improve subscriber acquisition economics:
  - Further renegotiate dealer contracts (successfully completed renegotiations in 2016 and retained all dealers)
  - Reduce purchases from higher cost dealers
  - Implement additional initiatives to further improve the quality of accounts acquired from dealers
  - Create accounts from lower cost inside sales and DIY channels
- 35.6x Q1 creation multiple, flat with 2016, but up sequentially due to improvements in dealer account quality

## Creation Multiples Over Time

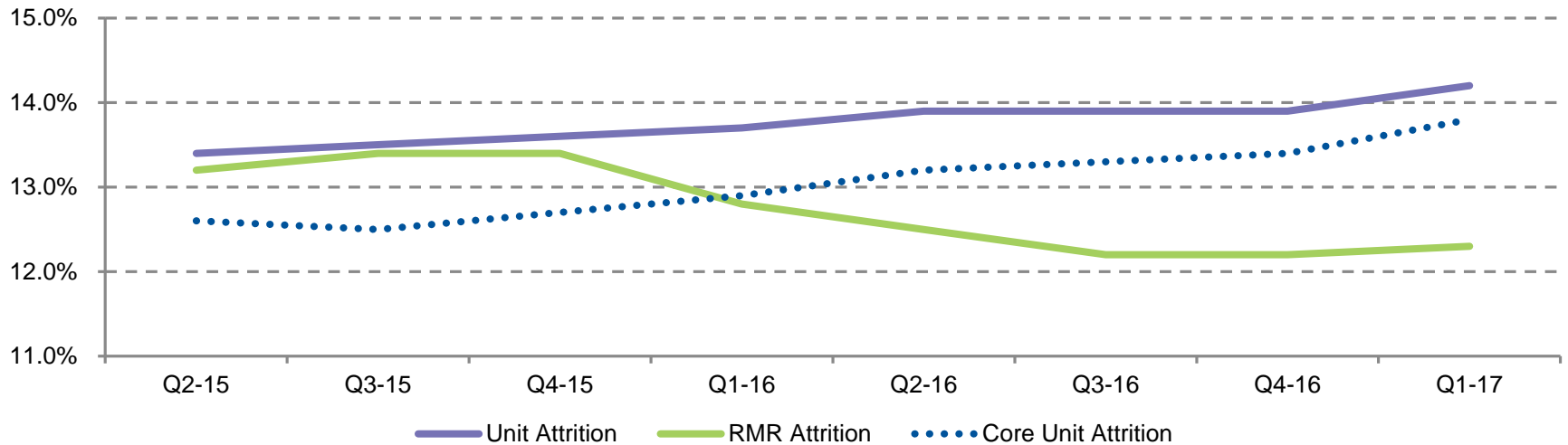


1) Excludes favorable impact of Pinnacle bulk acquisition

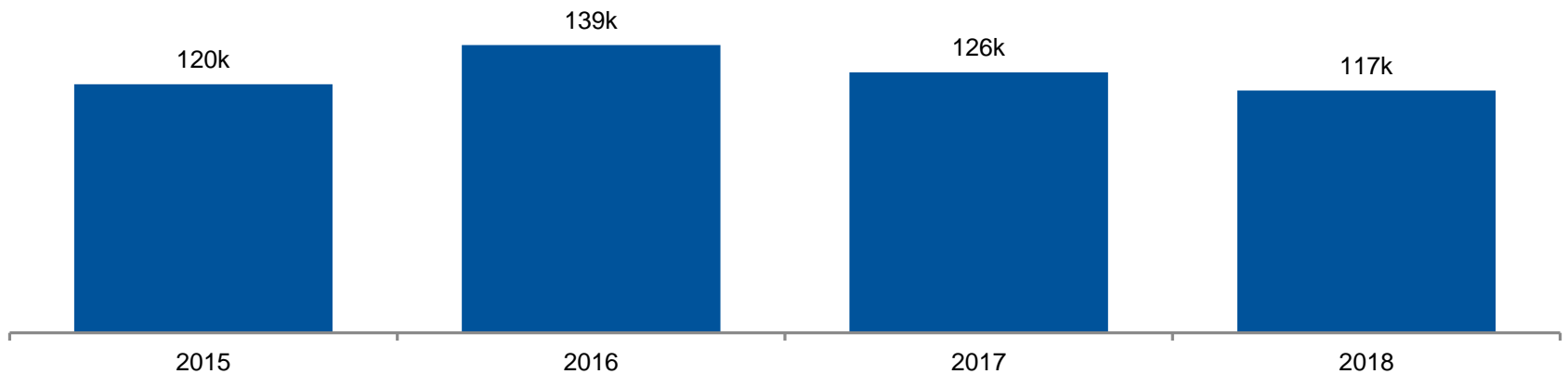
2) Excludes impact of additional marketing expense associated with startup of new direct sales channel



# Focused Attrition Improvements



## Core Population Coming to Term<sup>(1)</sup>



1) Excludes Pinnacle bulk buy accounts.