

# ASCENT CAPITAL GROUP INC



MONI

4<sup>th</sup> Quarter 2017  
Earnings Presentation  
March 2018

# 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 strategic internet of things partnership with Nest, 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, timing for the rollout of MONI and LiveWatch's rebranding as BRINKS Home Security and the anticipated benefits from the rebranding, 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.

# BRINKS HOME SECURITY®

MONI AND LIVEWATCH, TWO BEST-IN-CLASS COMPANIES,  
COMING TOGETHER UNDER ONE BRAND.

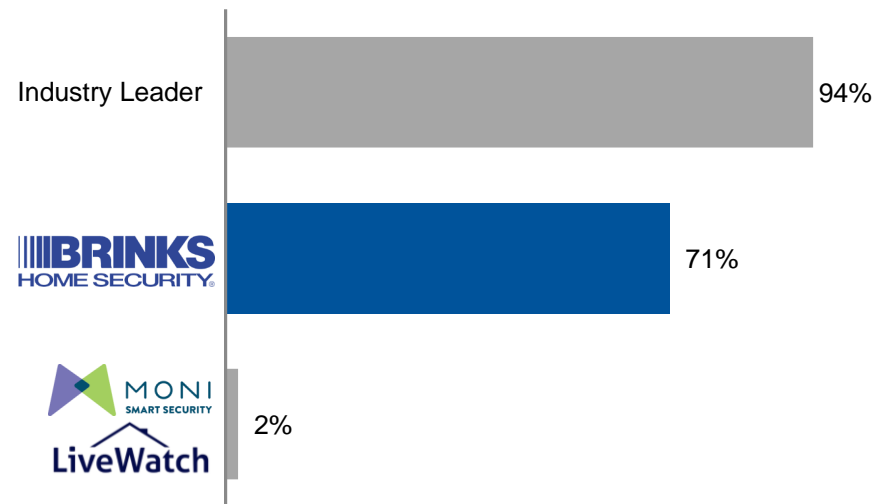


The MONI and LiveWatch brands will soon be rebranded as BRINKS Home Security. MONI is a world-class professional monitoring company with the biggest and best dealer network in the country. LiveWatch is the leader in easy, self-install security and one of the fastest growing companies in the home security category. And we're coming together as BRINKS Home Security, an established name in home security with a solid reputation and strong brand equity, synonymous with trust, safety, and security for more than 150 years. Under a single respected brand name, we will offer our customers industry leading response time, award-winning customer service, an extensive dealer network, and easy DIY solutions.

# BRINKS Rebranding Overview

- An increasingly crowded competitive set fuels the need for clarity, trust and simplicity in the home security category
- BRINKS offers **IMMEDIATE** strength-of-brand and category relevant **CREDIBILITY**
- Dealers
  - Brinks provides our dealer network a heavy-weight brand to compete and win
  - The BRINKS brand will help us attract new Dealers
- Direct to consumer
  - Better ability to attract leads through brand recognition
  - Improved close rates
- Full integration between our two organizations, including customers, is critically important to our future success and making the most of this brand upgrade
- The plan is to move to BRINKS immediately upon launch and cease using the MONI and LiveWatch brands

**Aided Brand Awareness<sup>(1)</sup>**



(1) Source: Company studies.

# Focus on Grand Slam Initiatives

## Subscriber Additions

- Dealer programs reinforce long-term partnerships with MONI
- Expanding direct-to-consumer DIY offering
- BRINKS brand awareness
- Nest partnership expands channels and strengthens direct to consumer offerings

## Attrition

- Algorithms to identify “at risk” customers
- Improved customer care and first call resolution
- Increase mix of “sticky” interactive and home automation customers
- BRINKS brand improves retention through awareness



## Creation Cost

- Manage dealer economics
- Internal lead generation
- Drive lower cost DIY business
- Direct installs

## Cost to Serve

- Targeted cost savings initiatives
- Customer service automation
- Grow lower cost consumer and DIY businesses
- ASAPer

# Partnering with Our Dealers

## Training

- Custom training programs tailored to specific dealer KPIs
- Provides ability to measure success and boost profitability



## Marketing

- Ability to leverage MONI relationship through co-branding
- Online resources that allow dealers to customize marketing materials



## Technology

- Technology tools for dealers to use
- Enables paperless sales approval, elimination of data entry errors, fast account funding, and better monitoring of accounts, attrition, credit quality, etc.



### MONI | X

- Sales Training
- Motivational Speakers
- Top Dealer Presentations

### MONI | U

- Ongoing training in business operations, sales and marketing

### Professional Sales Training

- Customized training program through one of the nation's top sales trainers

### ELEVATE

- New MONI-U program in which MONI employees work with a small group of dealers on addressing specific issues
- Account production by these dealers has improved meaningfully

- MONI yard signs and stickers provided to dealers
- Marketing collateral for direct sellers to use in the field
- Co-branding of marketing materials and customization for specific sales strategies or campaigns
- Program-wide sharing of methods that are working for successful dealers
- Lead generation program enhanced to establish targeted SEO / SEM marketing efforts for specific dealers to drive sales

- e-Contract filings yielding headcount savings of 1-2 FTE on average
- Partnerships (Sales Rabbit, Podium) provide affordable tools to track leads and garner positive customer reviews
- Online portal provides dealers with access to real-time reporting and tracking of customer needs / issues

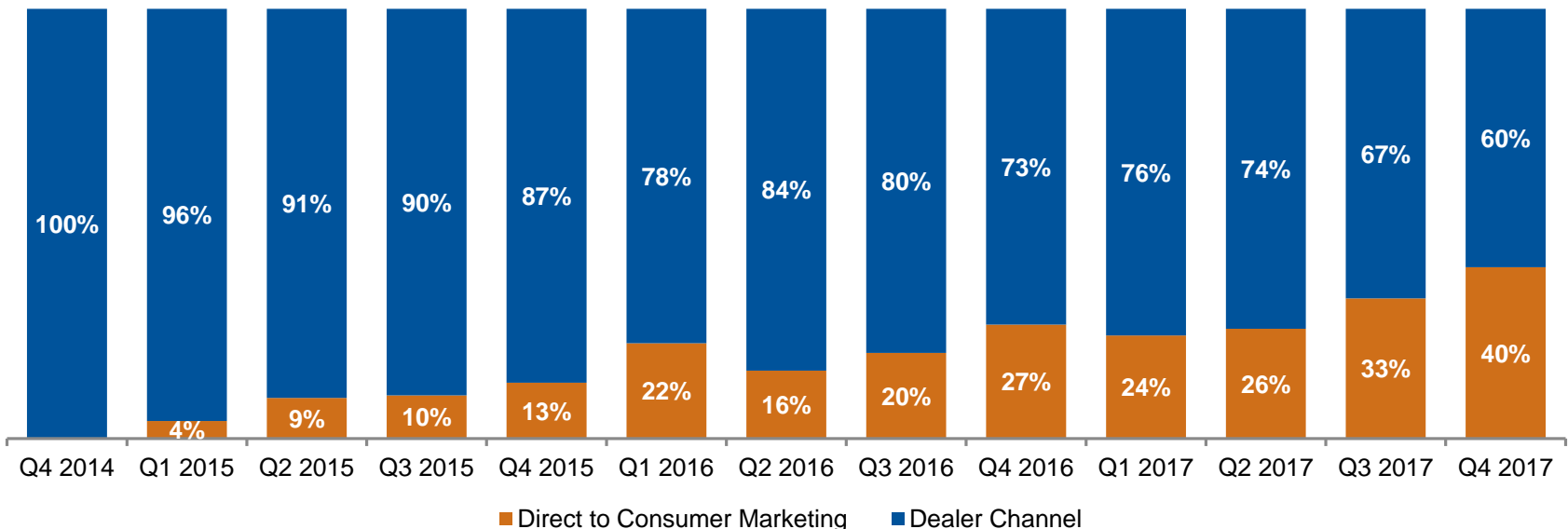
Dealer Productivity

	Oct	Sep	Aug	Jul	Jun	May	Apr	TOTAL	OVERALL
Accounts Purchased	1	31	45	31	45	33	69	255	9606
Average RMR	\$55.00	\$51.20	\$54.20	\$53.50	\$52.90	\$51.30	\$51.50	\$52.80	\$46.07
Average Credit Score	809.0	735.0	734.0	729.0	735.0	756.0	773.0	753.0	747.0
600-624	0%	10%	2%	3%	4%	0%	1%	3%	2%
625-649	0%	3%	4%	6%	2%	3%	0%	3%	4%
650-699	0%	10%	18%	23%	16%	15%	4%	12%	15%
700+	100%	61%	71%	61%	69%	76%	83%	74%	77%
MAF %	0%	58%	44%	52%	51%	58%	28%	41%	82%
Call %	100%	100%	100%	97%	96%	100%	100%	99%	55%
ACH %	100%	97%	87%	90%	82%	85%	100%	92%	91%
CC %	0%	0%	11%	10%	18%	12%	0%	7%	5%

# MONI's Evolution: New Channels to Market

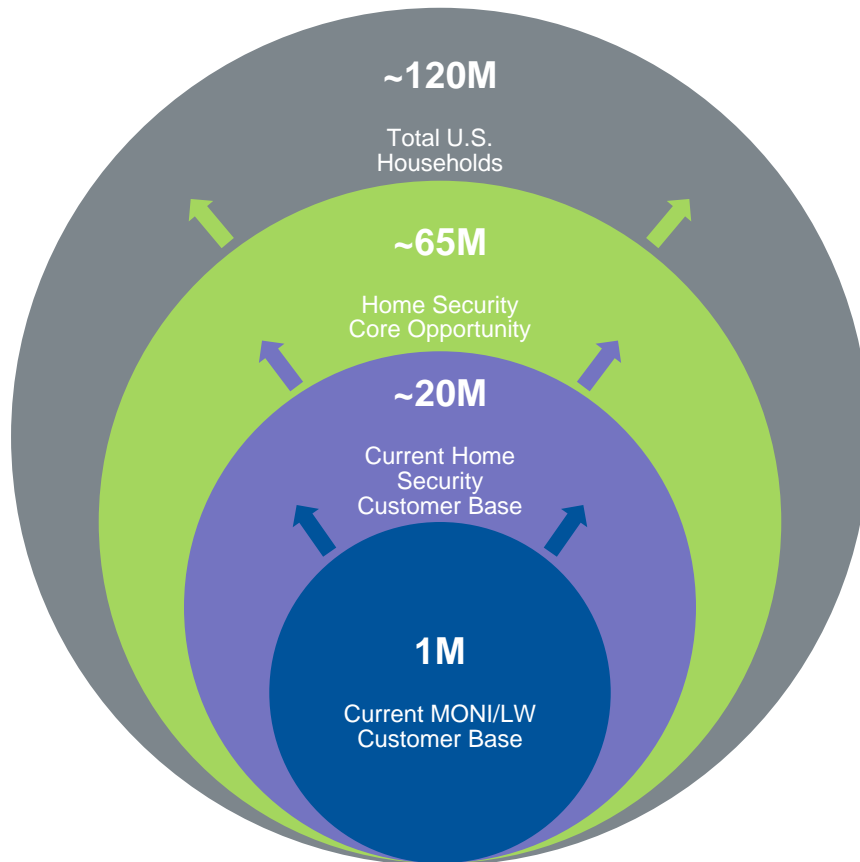
- 3 years ago, MONI sourced accounts exclusively from dealers under the Monitronics brand
- Today, 40% of MONI's new subscribers are sourced through direct to consumer channels under the MONI Smart Security and LiveWatch brands
- This will continue to grow as the direct sales channel scales, with help from our Nest partnership

## Subscriber Additions by Channel



# NEST SECURE – A Strategic Partnership

## Expands Addressable Market



Increase penetration into  
\$80B+ connected home market

nest®

BRINKS  
HOME SECURITY®

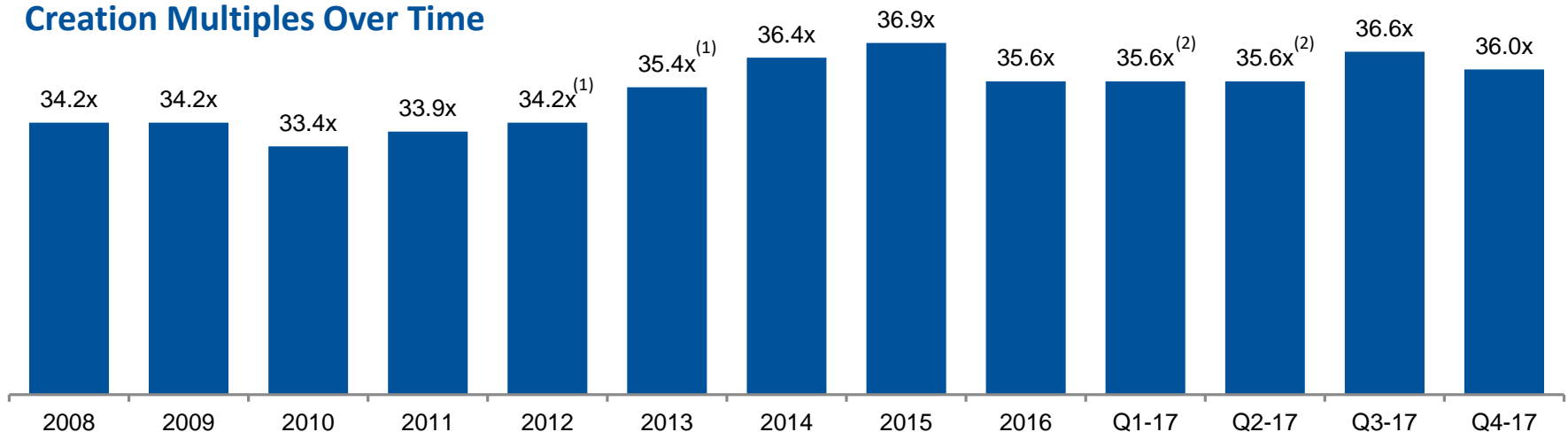
- Launched professional monitoring December 5<sup>th</sup>
- Available in the Nest app on February 20<sup>th</sup>
- Helps establish the BRINKS brand in the disruptive, smart home security market
- Leverage Nest's marketing efforts and distribution channels to drive broader growth in our direct to consumer channels



# Managing Creation Multiples

- MONI using several levers to improve subscriber acquisition economics:
  - Successfully completed renegotiations in 2016 and retained all major dealers
  - Reduced purchases from higher cost dealers
  - Implementing additional initiatives to further improve the quality of accounts acquired from dealers
  - Creating accounts from lower cost inside sales and DIY channels
- Q3 and Q4 impacted by investment in the direct to consumer channels

## Creation Multiples Over Time



1) Excludes favorable impact of Pinnacle bulk acquisition

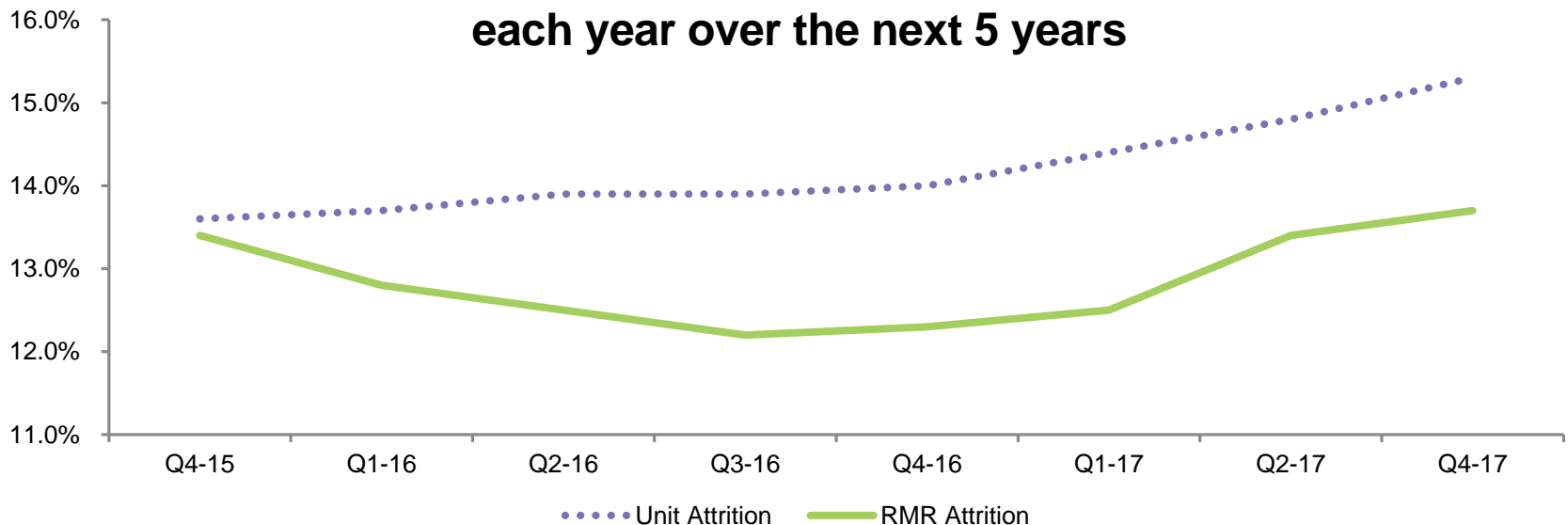
2) Excludes impact of additional marketing expense associated with startup of new direct sales channel

# Improved Customer Retention

## Focus Areas:

- Provide exceptionally high levels of customer service
- Pricing strategies to manage RMR attrition
- Further refinement and use of predictive churn analytics model
- Driving targeted contract extensions
- Unit attrition impacted by fewer 1<sup>st</sup> and 2<sup>nd</sup> year customers

**Goal: Drive improvements in RMR and unit attrition each year over the next 5 years**



# Evaluate Opportunities to Drive Cost Improvements

- Full LiveWatch integration well underway
- Aggressively managing headcount
- Investing in further automation
  - eCommerce
  - Customer self-service
  - Chat support
  - Scheduling tools
- Increasing interactive and home automation penetration to improve retention
- Implementing more sophisticated purchasing process
- Shifting toward lower cost, IP-based monitoring to lower cellular connectivity costs