



ADT Inc. (NYSE:ADT)

Recommendation: Buy (1-Yr Target Price: \$10.20, 45.74% Implied Upside)

University of Waterloo
Team: WPC Meets ACE



*All figures stated in \$USD millions unless otherwise stated
All market data as of September 13, 2024*

Business Overview

Founded 150 years ago, ADT has become a leading brand in home security and smart home services



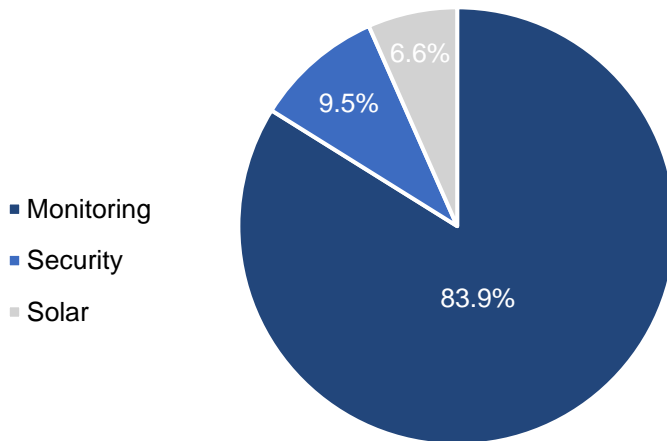
Business Description

- ADT is a leading provider of **smart home security** and **automation solutions** in the United States
- The company has recently focused their efforts on **residential** and **small/medium businesses**
- Over **85%** of revenue being recurring, equating to **~4.2B** annualized recurring monthly revenue¹
- Customer count of **~6.4M** with near record retention rates and an implied subscriber life of **~8 years**¹

Key Stats

Ticker	TSX: ADT
Share Price	\$7.00
52 Week Range	\$5.53 / \$7.92
Average Volume	3.51M
Market Cap	\$6.32B
Enterprise Value	\$14.12B
EV/NTM EBITDA	5.8x
Total Debt/EBITDA	3.2x

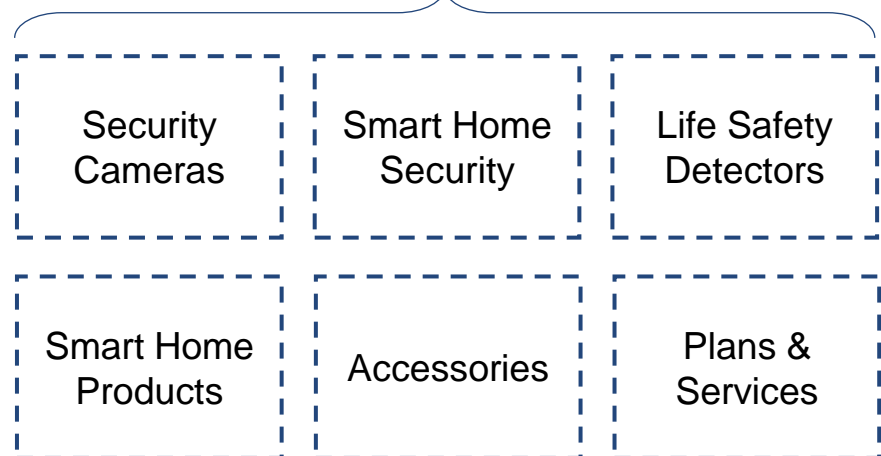
Revenue Breakdown by Segment



Year ended, Dec 31, 2023

Core Offerings

Comprehensive and Integrated Offerings



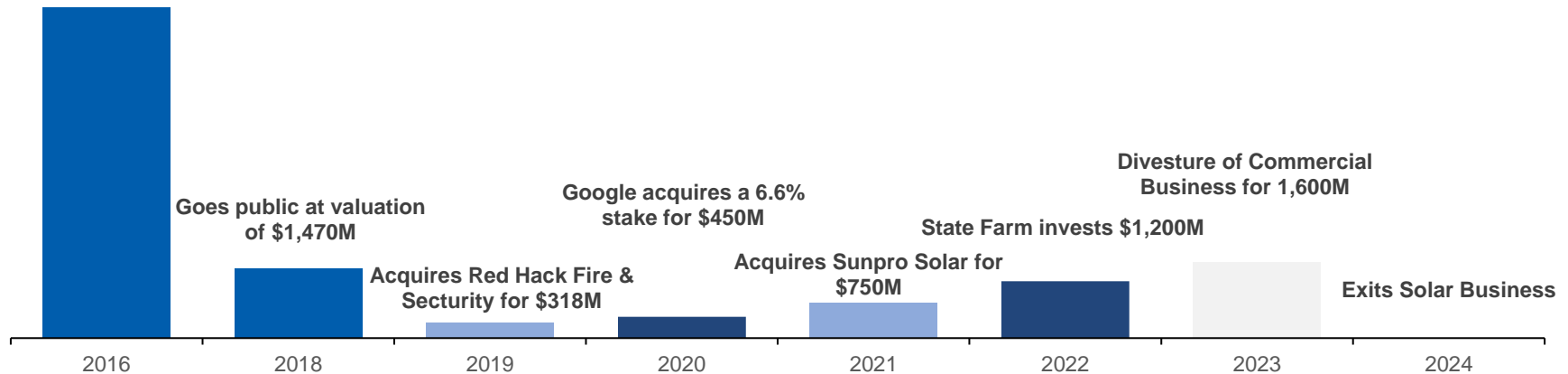
ADT's Historical Timeline and Share Price



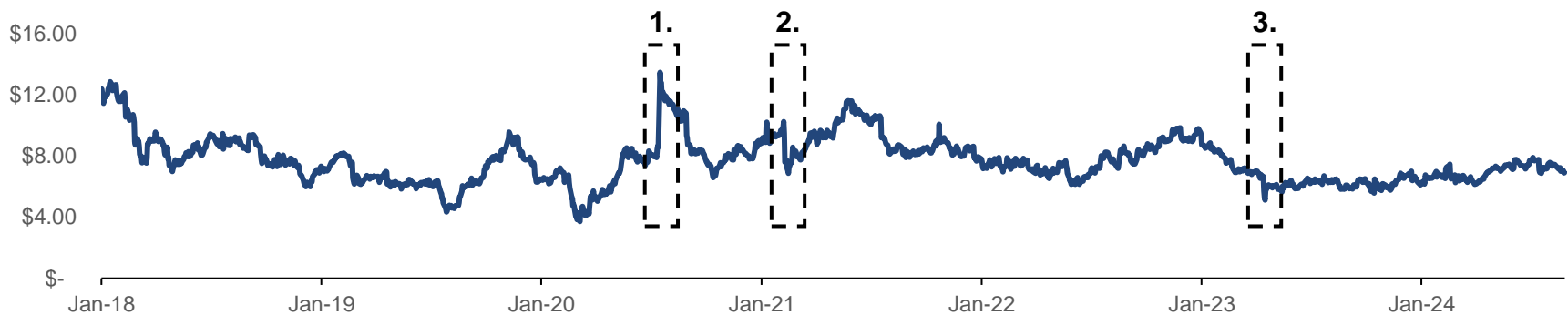
ADT has made strategic moves to capture customers and optimize their capital allocation

Transaction Timeline

Apollo leads buyout for \$7,000M



Stock Price Chart



1. ADT announced their partnership with Google, boosting the share price over 60% on the day
2. ADT reports FY 2020 results, missing the \$1.12 EPS consensus estimate by \$1.48, the stock falling ~20% on the day
3. ADT reports Q1 FY 2023 results, missing the \$0.11 consensus estimate by \$0.21, the stock falling ~15% on the day

Industry Overview

ADT operates in a stable industry with growing demand and low volatility



Industry Snapshot

- The home security and smart home markets are poised to capitalize on strong industry tailwinds
- ADT is strongly positioned as a leader in the current landscape offering a wide range of integrated products

~9%

Expected home security CAGR through 2029

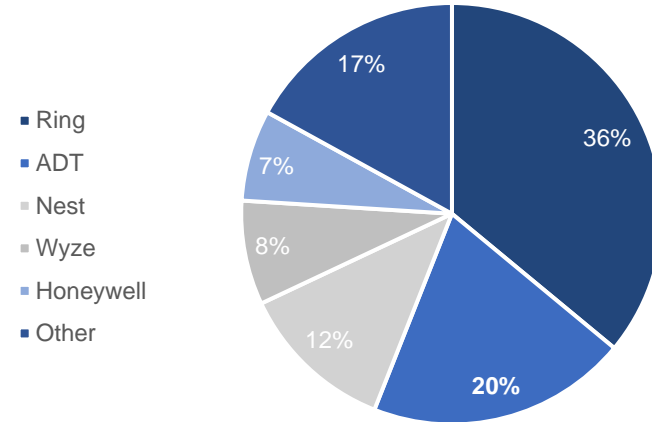
~10%

Expected smart home CAGR through 2029

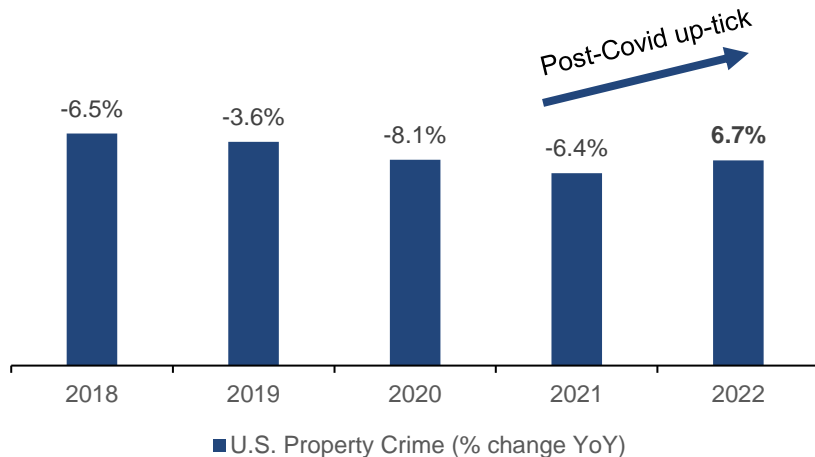
80%+

18–29-year-olds using home security systems

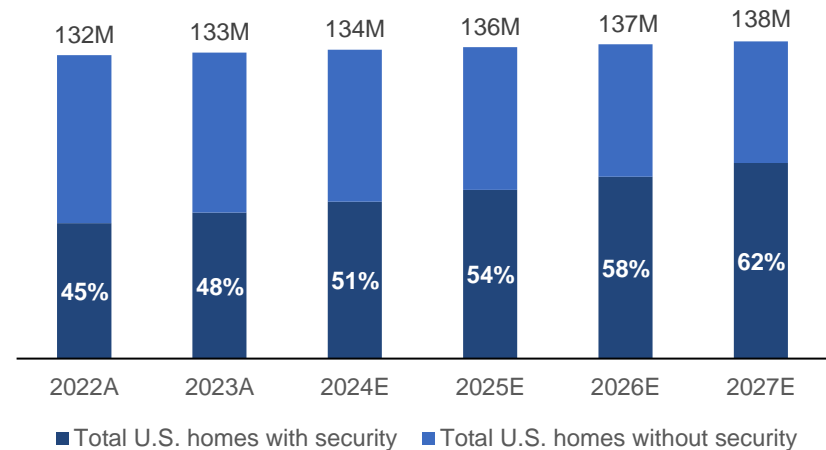
Home Security Competitive Landscape



U.S. Property Crime Growth



Accelerating Security & Smart Home Adoption

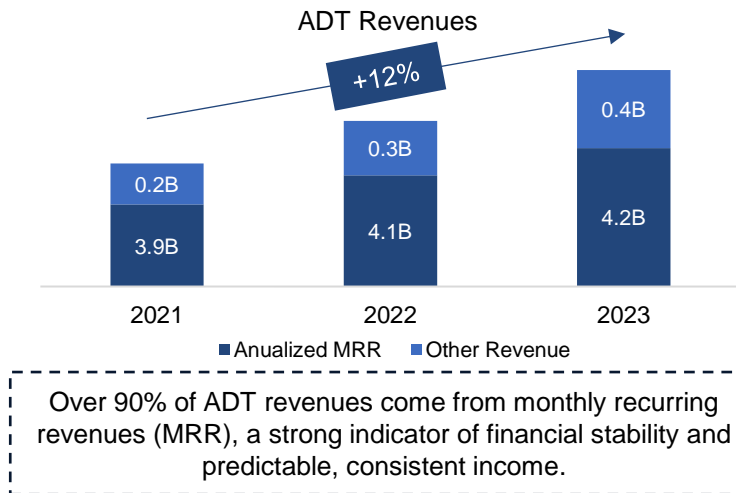


Thesis 1: Strong Positioning to Maintain Industry Leadership

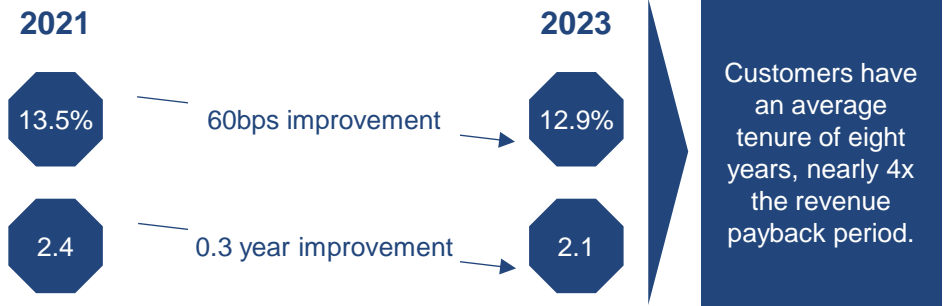
ADT has strong unit economics and has implemented forward-looking changes to their core operations



Strong Existing Fundamentals



Recurring revenues are supported by long term customers and favourable unit economics as customer attrition and revenue payback period declines.



Improved Strategic Focus



Exited in October 2023

ADT successfully sold its Commercial segment at an attractive 11x multiple, nearly two times greater than the 6x implied multiple for the overall business. This allowed ADT to capture nearly \$750M of multiple arbitrage.



Announced in January 2024

Despite existing cross selling opportunities and strong expected growth, external changes in rates resulted in unexpected results that management quickly acted on, restructuring and eventually removing the solar segment.

Leveraged \$1,585 million of net proceeds from segment sales to pay down debt, resulting in a net leverage of 3.3x in 2023.

Over \$80 million of cost reductions, enabling ADT to focus on higher margin core residential business operations.

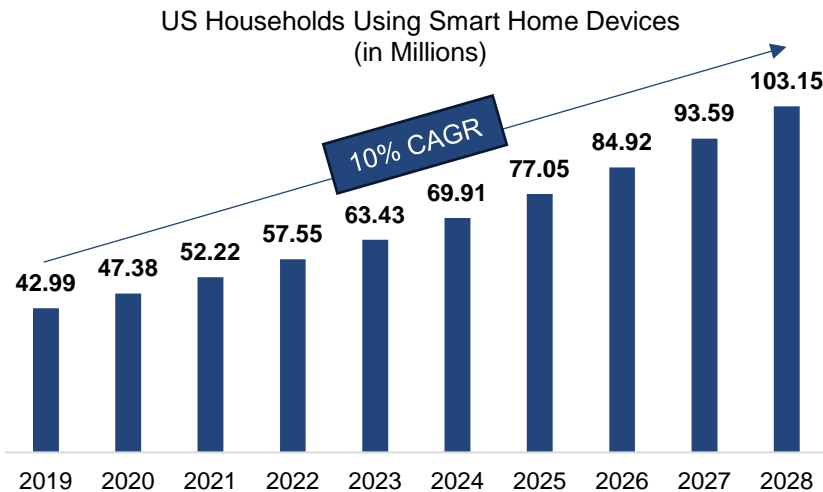
Leveraged cross selling strategies in new partnerships with Google to offer better integrated products.

Thesis 2: Abundant Growth Opportunities Fuel ADT's Expansion

ADT is positioned to capture more market share given their strong existing partnerships



Increased Smart Home Adoption



ADT's Extensive Growth Plans

Blue by ADT

ADT has created a DIY service, offering easy to install, self-monitored security solutions, allowing them to compete with brands such as Arlo and Ring

Omnichannel Shopping

Various shopping venues are being integrated within ADT. Improved e-commerce, in-store shopping experiences, all for greater customer reach

Digitization and AI

AI and data analytics are used to provide predictive and preventive security system, while enhancing virtual service and call center efficiencies across the board

Extensive Partnerships Provide Incentives for Customers



Integration within current insurance offerings

Leverage State Farm's network of policyholders

State Farm provides expertise used to further develop ADT's products



ADT provides their monitoring services on Nest devices

Utilizes Google's AI technology for security and home automation

Integrated ADT products within Google's smart home services and assistants



Allows users to manage a variety of smart home devices in a single app

24/7 professional monitoring is added to the platform, in addition to mobile access

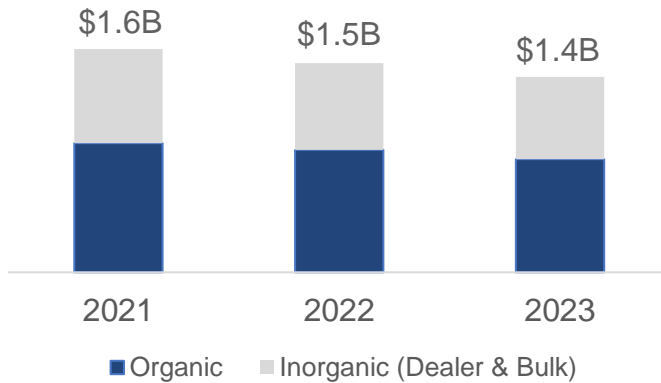
Customizable and scalable packages to adhere to a wide breadth of customers

Thesis 3: Effective Capital Allocation Drives Efficiency



ADT has been known to strategically allocate their capital in core business operations

Cost Savings through Subscriber Acquisition Costs



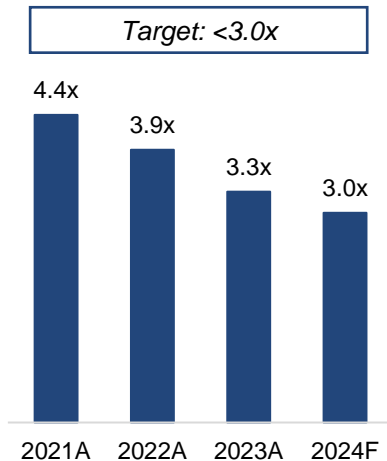
Responsible Approach of Capital Allocation

- In 2023, ADT acquired approximately **57,000** customer accounts for **\$89M** and anticipate another **opportunistic bulk account** purchase in Q3 2024
- New customer portfolios align with existing geographies and strong **immediate returns**, enabling significant **economies of scale** upon integration
- ADT's recent exits and divestitures allow them to focus on **cash flow generation** and **capital-efficient growth** within its core **security** and **smart home business** offerings

Target of **~20%+ IRR** per **new CSB** subscriber

Disciplined Leverage Management and Returning Capital to Shareholders

Net Leverage Ratio



Debt Maturities

Term Loan	Maturity (CAD)
2024	100 M
2025	0 M
2026	1,925 M
2027	1,000 M
2028	1,796 M
2029	1,000 M
2030	1,293 M
2031+	750 M

Repaid \$2.1B debt in 2023 and have no other significant debt maturities until 2026

Effective ~4.5% cash interest rate, which is very efficient in the current high interest environment

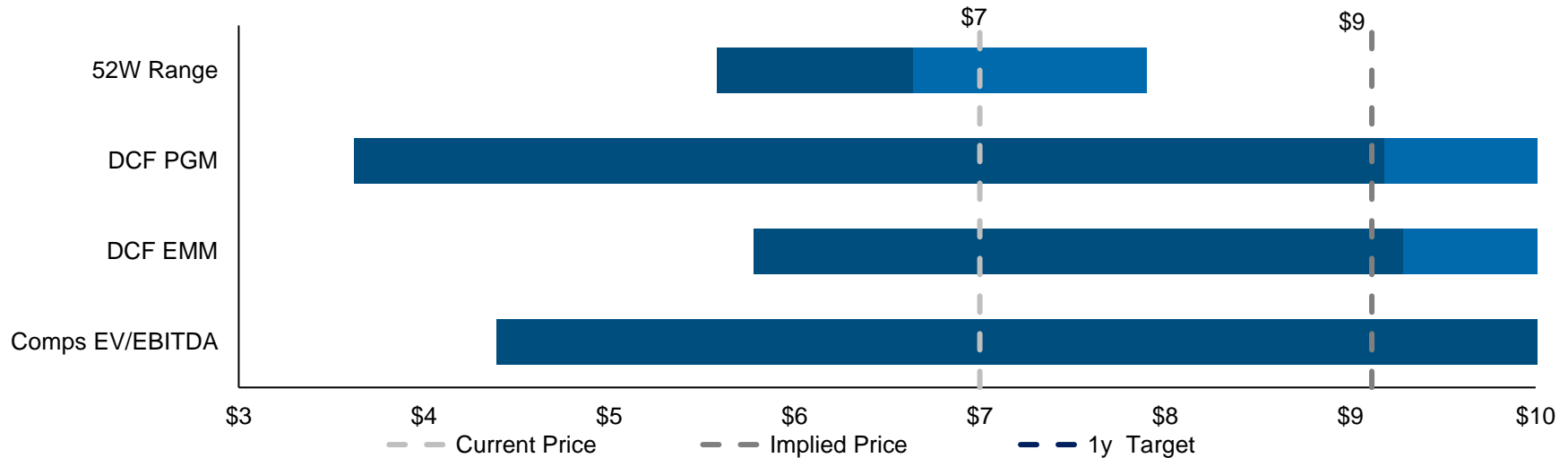
Raised Q2 2024 dividend by 57% to \$0.055 / share and authorized a \$350M share repurchase program

Valuation: Summary

ADT presents strong upside with a 1-yr target price of \$10.20, implying a 45.74% upside



Football Field



Valuation Output

Key Stats		Implied Share Price	
Current Share Price	7.00	Current Share Price	7.00
FDSO	902.63	Comps EV/EBITDA Weighting	15%
		Comps, PE Weighting	15%
		DCF EMM, Weighting	35%
		DCF PGM, Weighting	35%
Tax Rate	26.07%		
Discount Rate (WACC)	9.10%	Implied Share Price, EV/EBITDA	7.68
Perpetual Growth Rate	1.00%	Implied Share Price, PE	10.15
		Implied Share Price, EMM	9.26
		Implied Share Price, PGM	9.14
Total Equity Value	6,318.4	Implied Share Price	9.12
(-) Cash	(37.9)	Implied Upside	30.23%
(+) Total Debt	7,828.5		
(+) Pref. Equity	-	Re	11.92%
(+) Minority Interest	-		
Total Enterprise Value	14,109.1	1yr Price Target	10.20
		Implied Upside	45.74%

Key Factors

Valuation Weighting: Comps	Overall comparable analysis (EV/EBTIDA & P/E) is weighted at 30% to account for the variability between companies and the capital structure differences between ADT and competitors
Valuation Weighting: DCF	Overall DCF valuation (Perpetuity Growth & Exit Multiple) is weighted at 70% due to our conservative estimates and highly leveraged business compared to competitors
Comparable Companies	Comparable companies were chosen based on core business offerings (security systems) and their business models (recurring service provided)
WACC	Using the current Risk-Free Rate of 3.72% and ADT's Cost of Debt of 5.25%, the company has a WACC of 9.07% to reflect its significant weighting on debt financing

Valuation: Discounted Cash Flows

ADT presents significant upside when valuing its future cash flows considering its stability



Free Cash Flow Build

	Historicals				Projected									
Actual/Forecast	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	
Total Revenue	5314.8	4202.7	5168.3	4982.7	5060.5	5132.2	5204.4	5277.0	5350.2	5423.9	5498.1	5572.8	5647.9	
% Growth	3.69%	-20.92%	22.98%	-3.59%	1.56%	1.42%	1.41%	1.40%	1.39%	1.38%	1.37%	1.36%	1.35%	
EBITDA	2064.6	1888.6	2305.0	2434.6	2301.9	2206.2	2211.3	2215.7	2246.5	2277.4	2308.6	2339.9	2371.5	
EBITDA Margin %	38.85%	44.94%	44.60%	48.86%	45.49%	42.99%	42.49%	41.99%	41.99%	41.99%	41.99%	41.99%	41.99%	
Unlevered Free Cash Flow	1884.4	1355.4	1632.1	2091.8	1626.1	1306.4	1301.3	1282.0	1288.5	1294.8	1300.9	1306.8	1312.5	
Discount Rate (WACC)					9.08%	9.08%	9.08%	9.08%	9.08%	9.08%	9.08%	9.08%	9.08%	
Discount Period					0.63	1.63	2.63	3.63	4.63	5.63	6.63	7.63	8.63	
Present Value of UFCF					1540.1	1134.3	1035.8	935.4	861.9	794.0	731.3	673.4	620.1	

DCF Commentary: Our DCF presents conservative estimates with low, stable growth via customer acquisitions and increases revenue per customer figures, while increasing Capex to account for the increased purchasing of customers, all while providing significant cash flow generation.

Key Drivers

Number of Customers	Number of Customers is projected to increase by ~50k each year as ADT purchases customers in bulk, as well as through organic growth and their strong partnerships
Revenue Per Customer	Revenue Per Customer is projected to increase by 0.6% each year, in line with cost increases, additional package offerings, etc.
Capex	ADT capitalizes a significant portion of their customer acquisition costs, which is expected continue to increase as they expand their customer base
EBITDA Margin	EBITDA Margin is conservatively expected to decrease from 2023 and remain stable as unusual costs from divestitures decrease and costs stably increase, proportional to growth

Valuation and Sensitivity

Terminal Value - PGM		Terminal Value - EMM	
Terminal Year UFCF	1312.5	Terminal Year EBIT	2371.5
Perpetuity Growth Rate	1.00%	Exit Multiple (NTM EV/EBIT)	7.0x
Terminal Value	16,399.6	Terminal Value	16,600.3
PV of Terminal Value	7,747.44	PV of Terminal Value	7,842.29
Implied Enterprise Value	16,073.7	Implied Enterprise Value	16,168.6
Implied Equity Value	8,283.1	Implied Equity Value	8,377.9
FDSO	902.6	FDSO	902.6
Implied Share Price, PGM	9.18	Implied Share Price, EMM	9.28
Implied Upside	32.61%	Implied Upside	34.13%
Cost of Equity	11.92%	Cost of Equity	11.92%
1yr Price Target	10.27	1yr Price Target	10.39
Implied Upside	48.42%	Implied Upside	50.12%

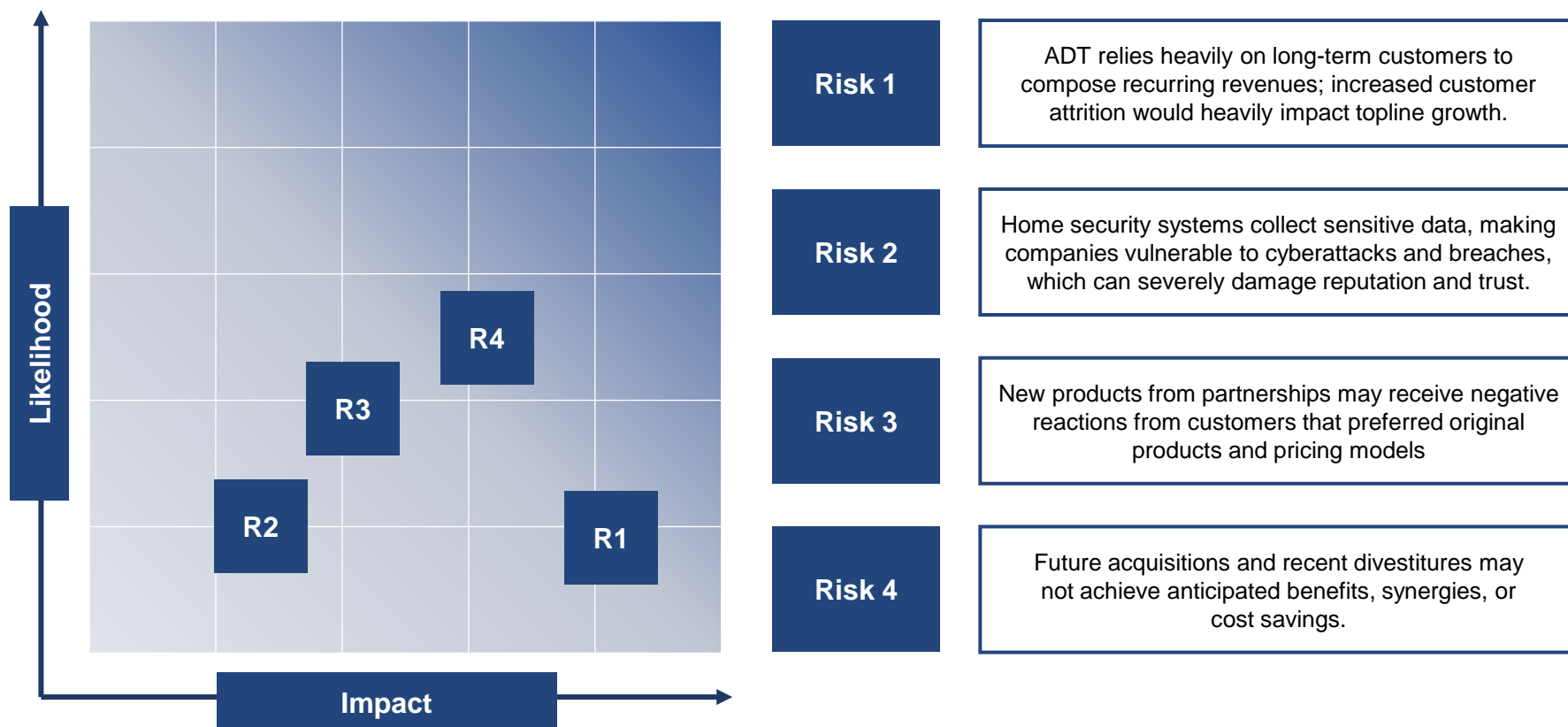
	WACC					
	9.18	5.1%	7.1%	9.1%	11.1%	13.1%
Perpetuity Growth						
2.00%	33.51	17.49	10.49	6.57	4.05	
1.50%	28.99	15.96	9.80	6.19	3.83	
1.00%	25.58	14.69	9.18	5.86	3.62	
0.50%	22.91	13.61	8.64	5.55	3.44	
0.00%	20.77	12.69	8.16	5.27	3.26	

	WACC					
	9.28	5.1%	7.1%	9.1%	11.1%	13.1%
Exit multiple						
11.0x	20.95	17.32	14.25	11.64	9.42	
9.0x	17.52	14.41	11.77	9.52	7.60	
7.0x	14.10	11.50	9.29	7.40	5.78	
5.0x	10.67	8.58	6.80	5.28	3.96	
3.0x	7.24	5.67	4.32	3.15	2.14	

Risks & Mitigations



Key Risks to Consider



Although ADT faces many potential risks ranging across impact levels, they are generally of a low likelihood and are not expected to pose a significant risk to future successful operations of the firm, based on their strong positioning and extensive partnerships with large firms

Recommendation Summary



Investment Theses

Thesis 1	Thesis 2	Thesis 3
ADT has strong unit economics and implemented forward-looking changes to their core operations	Abundant growth opportunities and long-standing partnerships fuel ADT's expansion	ADT has been known to strategically allocate their capital in core business operations

Strong Buy
\$10.20 1-Yr Target
Price
45.74% Upside

ADT's resilient **unit economics**, shift to **core offerings**, and **strong partnerships** make the company a very attractive investment. This is coupled with an attractive valuation of a **45.75% upside** that make ADT a **Strong Buy**.

Appendix Map



Main Deck

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Slide 3: ADT's Historical Timeline and Share Price

Slide 4: Industry Overview

Slide 5: Thesis 1 – Strong Positioning to Maintain Industry Leadership

Slide 6: Thesis 2 – Abundant Growth Opportunities Fuel ADT's Expansion

Slide 7: Thesis 3 – Effective Capital Allocation Drives Efficiency

Slide 8: Valuation - Summary

Slide 9: Valuation – Discounted Cash Flows

Slide 10: Risks & Mitigants

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Slide 23: Key Metrics & 2024 Guidance

Slide 24: EV/EBITDA Multiples Since IPO

Slide 25: P/E Ratio Since IPO

Appendix 2: Industry Information

Slide 27: Further Industry Analysis I

Slide 28: Further Industry Analysis II

Appendix 3: Model

Slide 30: Comparable Companies Analysis

Slide 31: WACC Build

Slide 32: DCF (Full Size)

Slide 33: DCF (Projections)

Slide 34: DCF (Revenue Build)



Appendix 1: Company Information

Appendix: Key Management I



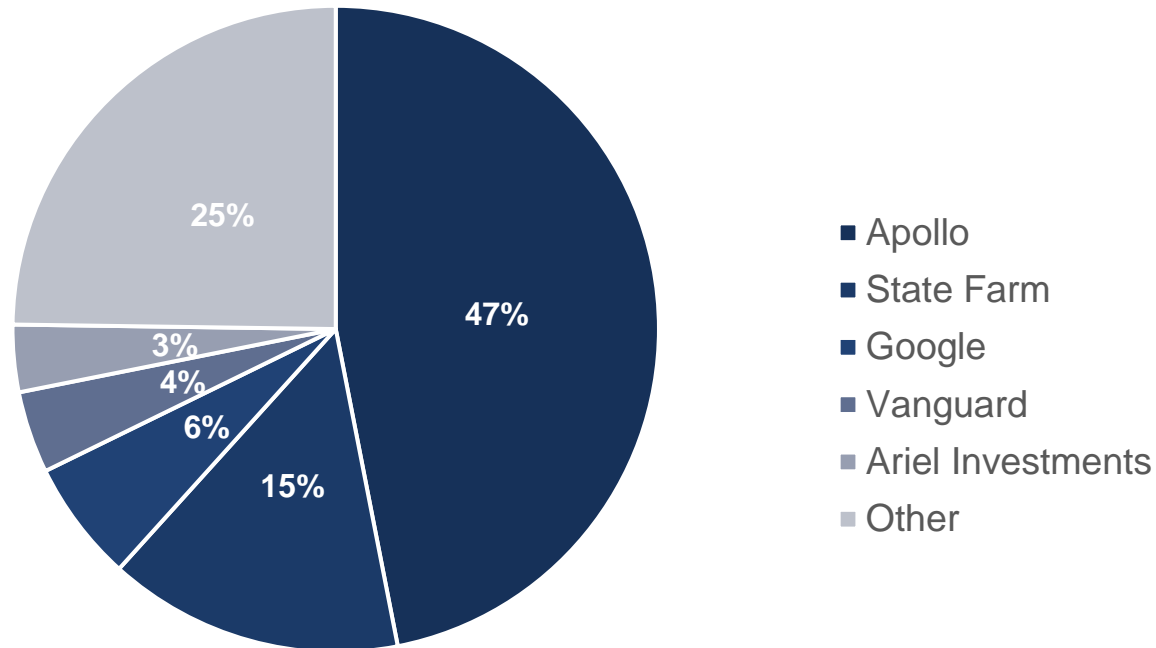
Name	Background
Jim DeVries Chairman of the Board, President and Chief Executive Officer	Joined ADT in 2016 as Executive Vice President and Chief Operating Officer. He became President in 2017, CEO in 2018, and Chairman in 2023. Before joining ADT, he spent nearly a decade at Allstate Insurance, where he held key leadership roles, including Executive Vice President of Operations and Chief Administrative Officer, overseeing functions like real estate, human resources, and procurement. He also brings extensive experience from previous roles at Principal Financial Group, Ameritech, Quaker Oats, and Andrew Corporation.
Todd Dernberger Senior Vice President and Chief Growth Officer	Has been ADT's Senior Vice President and Chief Growth Officer since April 2024, overseeing all sales functions and driving the company's growth. With 17 years at ADT, he has held various leadership roles, including Senior Vice President of Field and Virtual Operations and Vice President of Operations. Todd began his career in 2007 as a Residential Sales Representative, progressing through roles in sales and operations across Puerto Rico and Florida.
DeLu Jackson Executive Vice President and Chief Marketing and Communications Officer	Has been ADT's Executive Vice President and Chief Marketing Officer since February 2023, bringing over 20 years of experience with leading global brands to drive the company's transformation. His role expanded in October 2023 to include oversight of ADT's communications department, following previous leadership positions at Conagra Brands, Kellogg, McDonald's, Audi, and others.
Jeff Likosar President, Corporate Development and Transformation, and Chief Financial Officer	Has been ADT's President of Corporate Development and Chief Transformation Officer since August 2022, and was named Chief Financial Officer in April 2024, a role he previously held from 2017 to 2022. In addition to overseeing ADT's finance operations, he leads corporate development efforts, including strategic planning, mergers and acquisitions, and transformation initiatives.

Appendix: Key Management II



Name	Background
David Scott Executive Vice President, Chief People and Administration Officer	Has been ADT's Executive Vice President, Chief People and Administration Officer since September 2023, overseeing human resources, real estate, security, and environmental, health, and safety functions. Before joining ADT, he led HR transformation and various operational functions as Executive Vice President, Chief Human Resources Officer at DISH Network, following a 20-year career at Walmart in senior HR leadership roles.
David Smail Executive Vice President and Chief Legal Officer	Has been ADT's Executive Vice President, Chief Legal Officer, and Secretary since February 2019, bringing over 30 years of legal experience across the U.S. and internationally. Prior to ADT, he held senior legal roles at Scientific Games Corporation, Morgans Hotel Group, and Havas S.A., following a decade in corporate and securities law practice at Hogan Lovells.
Wayne Thorsen Executive Vice President and Chief Business Officer	Has been ADT's Executive Vice President and Chief Business Officer since January 2023, overseeing product, innovation, business development, and partnerships. Before joining ADT, he led partnerships for devices and services at Google and held senior roles at SoFi, Viacom, Telefónica Digital, and Microsoft, bringing over 15 years of experience in business development and strategic partnerships.
Donald Young Executive Vice President and Chief Operating Officer	Has been ADT's Executive Vice President and Chief Operating Officer since April 2021, overseeing field operations, call centers, IT, and procurement. With over 30 years of experience in the security industry, Don has held various leadership roles at companies like Protection One and Stanley Security Solutions, and previously served as ADT's Chief Information Officer.

Public Ownership Breakdown



Public ownership to State Farm and Google was given as a part of their partnership agreements. This strengthens their relationship as their key partners have stake in the company, further aligning their interests.

Appendix: Apollo's Acquisition & Tender Offer Agreement

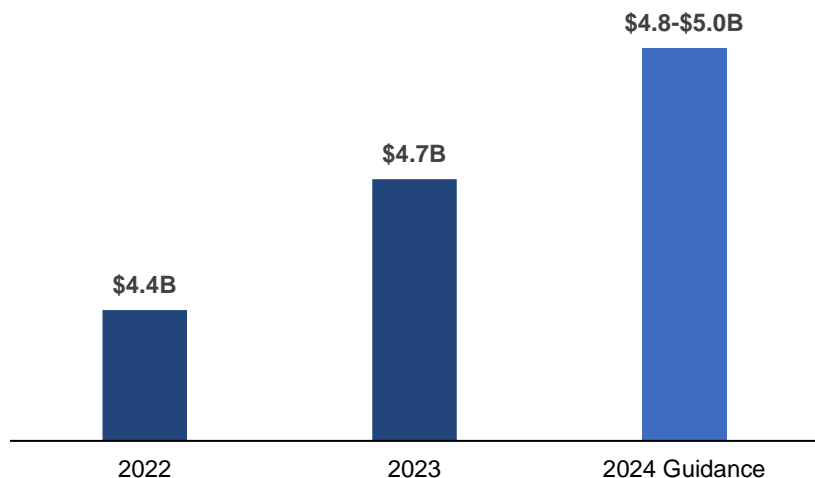


Aspect	Details
Tender Offer and Acquisition	In 2016, Apollo Global Management announced acquisition of ADT for \$6.9 billion in an all-cash transaction.
Offer Price	Apollo agreed to pay \$42 per share, representing a 56% premium over ADT's stock price before the deal.
Merger Structure	The deal was a tender offer, followed by a merger between ADT and Protection 1, another security company owned by Apollo.
Strategic Rationale	Apollo aimed to combine ADT with Protection 1 to improve operational efficiency, expand customer reach, and enhance services.
Security Services Consolidation	Combining ADT and Protection 1 created a stronger player in the security services market with greater reach.
Synergies and Growth	Expected synergies from cost savings, cross-selling, and leveraging ADT's infrastructure with Protection 1's service model.
Going Private	ADT became private under Apollo's ownership, enabling long-term investments and operational changes outside public scrutiny.
Debt Financing	The acquisition was financed through a mix of debt and equity, increasing ADT's leverage under Apollo's ownership.
Public Offering in 2018	In 2018, ADT returned to the public market via an IPO, raising \$1.47 billion, though the stock initially priced below expectations.
Impact of Tender Offer	Apollo's ownership enabled significant operational changes and the expansion of smart home and automation technologies.
Transformation	ADT modernized its services, expanded into smart home technologies, and secured strategic partnerships, such as with Google.
Exit Strategy	Apollo retained control after the IPO, allowing flexibility to exit over time as ADT's value grows.

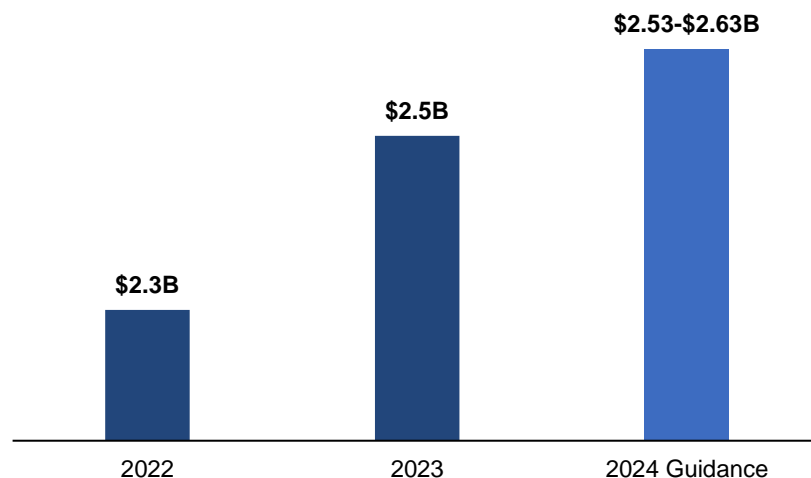
Appendix: Latest Earnings Report Summary



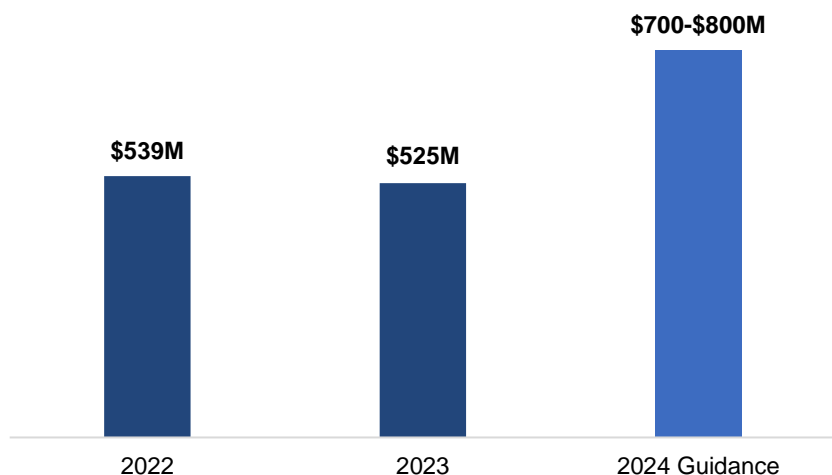
Revenue



Adjusted EBITDA



Adjusted Free Cash Flow



Q2 2024 Results

	Current Period	Change
Total Revenue	\$1.2B	YTD \$2.4B, Up 4%
Adjusted EBITDA	\$629M	YTD \$1.3B, Up 3%
Adjusted EPS	\$0.17	Flat, Adjusted NI of \$156M
Revenue Payback	2.2 Years	Up 0.1 Years
End of Period MRR	\$355M	Up 2%
Net Leverage Ratio	3.0x	Down 0.7x

Appendix: Income Statement



Income Statement							
For the Fiscal Period Ending	Reclassified 12 months Dec-31-2018	12 months Dec-31-2019	Reclassified 12 months Dec-31-2020	Reclassified 12 months Dec-31-2021	Restated 12 months Dec-31-2022	12 months Dec-31-2023	LTM 12 months Jun-30-2024
Currency	USD	USD	USD	USD	USD	USD	USD
Revenue	4,581.7	5,125.7	5,314.8	4,202.7	5,168.3	4,982.7	5,076.3
Other Revenue	-	-	-	-	-	-	-
Total Revenue	4,581.7	5,125.7	5,314.8	4,202.7	5,168.3	4,982.7	5,076.3
Cost Of Goods Sold	1,041.3	1,390.3	1,516.5	772.8	1,200.5	1,008.5	1,019.7
Gross Profit	3,540.3	3,735.4	3,798.3	3,429.9	3,967.8	3,974.2	4,056.7
Selling General & Admin Exp.	1,247.0	1,396.5	1,733.6	1,541.3	1,662.8	1,539.6	1,632.2
R & D Exp.	-	-	-	-	-	-	-
Depreciation & Amort.	1,930.9	1,989.1	1,913.8	1,839.7	1,615.8	1,351.0	1,338.7
Other Operating Expense/(Income)	-	-	-	-	-	-	-
Other Operating Exp., Total	3,177.9	3,385.6	3,647.4	3,381.0	3,278.7	2,890.6	2,970.9
Operating Income	362.5	349.8	150.8	49.0	689.2	1,083.6	1,085.8
Interest Expense	(663.2)	(619.6)	(708.2)	(456.8)	(264.3)	(588.7)	(531.4)
Interest and Invest. Income	-	-	-	-	-	-	-
Net Interest Exp.	(663.2)	(619.6)	(708.2)	(456.8)	(264.3)	(588.7)	(531.4)
Income/(Loss) from Affiliates	-	-	-	-	(4.6)	6.6	11.0
Other Non-Operating Inc. (Exp.)	(1.5)	5.0	8.3	8.3	(57.6)	28.5	56.3
EBT Excl. Unusual Items	(302.2)	(264.8)	(549.0)	(399.6)	362.7	530.0	621.7
Merger & Related Restruct. Charges	3.3	(35.9)	(120.2)	(39.2)	(17.2)	(62.2)	(53.1)
Impairment of Goodwill	(88.0)	(45.5)	-	-	(201.0)	(511.2)	(511.2)
Gain (Loss) On Sale Of Invest.	7.5	-	-	-	-	-	-
Gain (Loss) On Sale Of Assets	-	(62.0)	-	-	-	-	-
Other Unusual Items	(253.3)	(114.1)	(109.7)	(37.1)	-	(16.6)	(16.6)
EBT Incl. Unusual Items	(632.6)	(522.2)	(778.9)	(475.8)	144.5	(60.0)	40.8
Income Tax Expense	(23.5)	(98.0)	(146.7)	(131.7)	37.7	4.6	35.3
Earnings from Cont. Ops.	(609.2)	(424.2)	(632.2)	(344.2)	106.9	(64.5)	5.5
Earnings of Discontinued Ops.	-	-	-	3.4	25.8	527.5	668.0
Extraord. Item & Account. Change	-	-	-	-	-	-	-
Net Income to Company	(609.2)	(424.2)	(632.2)	(340.8)	132.7	463.0	673.6
Minority Int. in Earnings	-	-	-	-	-	-	-
Net Income	(609.2)	(424.2)	(632.2)	(340.8)	132.7	463.0	673.6

Appendix: Balance Sheet



Balance Sheet							
Balance Sheet as of:							
Currency	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021	Restated Dec-31-2022	Dec-31-2023	Jun-30-2024
	USD	USD	USD	USD	USD	USD	USD
ASSETS							
Cash And Equivalents	363.2	48.7	205.0	24.5	257.2	14.6	37.9
Trading Asset Securities	6.5	-	-	-	78.1	75.0	-
Total Cash & ST Investments	369.7	48.7	205.0	24.5	335.3	89.6	37.9
Accounts Receivable	245.7	287.2	395.4	500.6	367.1	405.8	404.0
Other Receivables	-	-	-	23.2	121.2	28.8	-
Total Receivables	245.7	287.2	395.4	523.8	488.3	434.7	404.0
Inventory	115.3	138.4	216.2	347.9	237.3	230.1	203.0
Prepaid Exp.	119.3	149.9	147.4	30.4	26.1	49.7	141.2
Deferred Tax Assets, Curr.	-	-	-	-	-	-	82.2
Restricted Cash	4.0	-	2.7	8.8	116.4	115.3	111.0
Other Current Assets	-	1.2	0.7	57.2	518.6	85.3	6.2
Total Current Assets	854.0	625.5	967.4	992.5	1,722.0	1,004.7	985.5
Gross Property, Plant & Equipment	5,022.6	5,595.4	5,999.5	6,641.4	6,995.9	7,471.3	7,069.9
Accumulated Depreciation	(1,788.3)	(2,404.9)	(2,872.2)	(3,283.8)	(3,678.1)	(4,090.5)	(3,705.2)
Net Property, Plant & Equipment	3,234.3	3,190.5	3,127.4	3,357.6	3,317.8	3,380.8	3,364.6
Long-term Investments	1.2	-	-	-	105.4	76.5	81.3
Goodwill	5,081.9	4,959.7	5,236.3	5,943.4	5,430.4	4,903.9	4,903.9
Other Intangibles	7,488.2	6,669.6	5,906.7	5,413.4	4,927.0	4,877.5	4,835.8
Accounts Receivable Long-Term	-	-	167.2	266.3	376.9	449.9	440.9
Deferred Charges, LT	430.0	513.3	654.0	850.5	990.7	1,175.9	1,249.2
Other Long-Term Assets	119.0	125.1	58.0	70.7	951.1	94.9	124.5
Total Assets	17,208.6	16,083.7	16,116.9	16,894.4	17,821.2	15,964.1	15,985.8
LIABILITIES							
Accounts Payable	221.3	242.0	321.6	475.0	417.9	293.9	222.1
Accrued Exp.	396.1	432.3	488.0	649.5	655.2	486.1	438.9
Curr. Port. of LT Debt	60.2	46.4	83.3	129.2	823.4	292.0	172.8
Curr. Port. of Leases	-	56.7	57.6	76.1	55.0	49.9	46.1
Unearned Revenue, Current	334.9	342.4	345.6	373.5	309.9	264.4	247.4
Other Current Liabilities	-	-	-	-	399.8	94.0	188.0
Total Current Liabilities	1,012.5	1,119.7	1,296.1	1,703.3	2,661.1	1,480.2	1,315.3
Long-Term Debt	9,920.2	9,655.3	9,623.8	9,588.7	8,910.3	7,471.4	7,483.0
Long-Term Leases	49.9	147.8	150.1	154.1	121.7	137.9	126.7
Unearned Revenue, Non-Current	544.4	673.6	832.2	1,199.3	1,580.9	1,915.0	2,034.7
Pension & Other Post-Retire. Benefits	41.0	-	-	-	-	-	-
Def. Tax Liability, Non-Curr.	1,342.2	1,166.3	990.9	867.2	893.0	1,027.2	1,080.1
Other Non-Current Liabilities	73.6	136.6	184.6	133.0	261.2	143.7	137.9
Total Liabilities	12,983.8	12,899.3	13,077.6	13,645.6	14,428.1	12,175.4	12,177.6
Common Stock	7.7	7.5	8.3	9.0	9.2	9.2	9.1
Additional Paid In Capital	5,969.3	5,977.4	6,640.8	7,261.3	7,380.8	7,413.3	7,347.1
Retained Earnings	(1,680.4)	(2,742.2)	(3,491.1)	(3,952.6)	(3,949.6)	(3,617.7)	(3,535.0)
Treasury Stock	-	-	-	-	-	-	-
Comprehensive Inc. and Other	(71.8)	(58.4)	(118.6)	(69.0)	(47.2)	(16.2)	(12.9)
Total Common Equity	4,224.8	3,184.4	3,039.3	3,248.7	3,393.1	3,788.6	3,808.2
Total Equity	4,224.8	3,184.4	3,039.3	3,248.7	3,393.1	3,788.6	3,808.2
Total Liabilities And Equity	17,208.6	16,083.7	16,116.9	16,894.4	17,821.2	15,964.1	15,985.8

Appendix: Cash Flow Statement



Cash Flow							
For the Fiscal Period Ending	12 months Dec-31-2018	12 months Dec-31-2019	12 months Dec-31-2020	12 months Dec-31-2021	Restated 12 months Dec-31-2022	12 months Dec-31-2023	LTM 12 months Jun-30-2024
Currency	USD	USD	USD	USD	USD	USD	USD
Net Income	(609.2)	(424.2)	(632.2)	(340.8)	132.7	463.0	673.6
Depreciation & Amort.	724.4	751.0	691.4	729.5	782.2	775.0	736.9
Amort. of Goodwill and Intangibles	1,206.5	1,238.1	1,222.4	1,185.2	911.4	613.7	591.6
Depreciation & Amort., Total	1,930.9	1,989.1	1,913.8	1,914.8	1,693.6	1,388.7	1,328.5
Other Amortization	59.9	80.1	96.8	126.1	163.0	195.8	210.0
(Gain) Loss From Sale Of Assets	-	62.0	-	-	(10.1)	(649.1)	(649.1)
(Gain) Loss On Sale Of Invest.	(3.2)	8.5	60.4	(157.5)	(301.9)	38.5	58.9
Asset Writedown & Restructuring Costs	88.0	45.5	-	19.2	206.1	528.6	122.0
Stock-Based Compensation	135.0	85.6	96.0	61.2	66.6	51.1	53.0
Provision & Write-off of Bad debts	61.0	55.5	119.7	38.2	113.9	151.1	190.8
Other Operating Activities	108.4	9.7	(33.3)	(125.4)	(26.6)	(66.7)	81.8
Change in Acc. Receivable	(61.5)	(113.1)	(225.0)	(50.2)	(178.3)	(107.5)	(107.5)
Change In Inventories	(2.6)	(14.7)	(60.8)	(84.0)	(67.4)	24.7	24.7
Change in Acc. Payable	9.0	19.3	65.3	98.1	8.7	(111.5)	(111.5)
Change in Unearned Rev.	256.5	259.8	179.9	276.8	329.2	289.5	275.9
Change in Other Net Operating Assets	(184.7)	(190.0)	(213.8)	(126.8)	(241.5)	(538.5)	(365.8)
Cash from Ops.	1,787.6	1,873.1	1,366.7	1,649.7	1,887.9	1,657.7	1,785.3
Capital Expenditure	(703.1)	(701.2)	(575.5)	(862.9)	(911.3)	(806.9)	(768.6)
Cash Acquisitions	(352.8)	(108.7)	(224.6)	(163.5)	(13.1)	-	-
Divestitures	-	496.4	(2.4)	1.8	26.7	1,609.3	1,609.3
Sale (Purchase) of Intangible assets	(693.5)	(669.7)	(380.7)	(675.1)	(621.7)	(588.6)	(596.5)
Invest. in Marketable & Equity Secur.	-	-	-	-	-	-	-
Net (Inc.) Dec. in Loans Originated/Sold	-	-	-	-	-	-	-
Other Investing Activities	11.2	5.0	45.9	4.0	(13.4)	28.7	20.3
Cash from Investing	(1,738.2)	(978.2)	(1,137.5)	(1,695.7)	(1,532.8)	242.5	264.5
Short Term Debt Issued	-	-	-	-	-	-	-
Long-Term Debt Issued	422.9	3,403.0	2,722.5	1,449.3	927.7	1,148.8	-
Total Debt Issued	422.9	3,403.0	2,722.5	1,449.3	927.7	1,148.8	1,409.7
Short Term Debt Repaid	-	-	-	-	-	-	-
Long-Term Debt Repaid	(699.6)	(3,845.2)	(3,061.5)	(1,381.5)	(771.1)	(3,214.7)	-
Total Debt Repaid	(699.6)	(3,845.2)	(3,061.5)	(1,381.5)	(771.1)	(3,214.7)	(3,418.6)
Issuance of Common Stock	1,406.0	-	447.8	-	1,180.0	-	-
Repurchase of Common Stock	-	(149.9)	0	-	(1,200.0)	-	(93.4)
Repurchase of Preferred Stock	(852.8)	-	-	-	-	-	-
Common Dividends Paid	(79.4)	(94.1)	(109.3)	(116.3)	(127.1)	(128.6)	(146.5)
Total Dividends Paid	(79.4)	(94.1)	(109.3)	(116.3)	(127.1)	(128.6)	(146.5)
Special Dividend Paid	-	(470.6)	-	-	-	-	-
Other Financing Activities	(4.0)	(57.4)	(69.7)	(79.8)	(24.3)	50.6	87.1
Cash from Financing	193.0	(1,214.2)	(70.3)	(128.4)	(14.8)	(2,143.8)	(2,161.7)
Foreign Exchange Rate Adj.	(2.0)	0.8	-	-	-	-	-
Net Change in Cash	240.4	(318.4)	159.0	(174.5)	340.3	(243.6)	(111.9)

Appendix: Quarterly Financial & Operating Measures



	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023	March 31, 2023
Monitoring and related services (M&S)	\$1,068	\$1,063	\$1,054	\$1,053	\$1,043	\$1,029
Security installation, product, and other	\$136	\$127	\$119	\$126	\$125	\$104
Total Revenue	\$1,205	\$1,190	\$1,172	\$1,180	\$1,168	\$1,132
Adjusted EBITDA (from continuing operations)	\$629	\$638	\$627	\$623	\$641	\$590
Adjusted EBITDA Margin (% Revenue)	52%	54%	53%	53%	55%	52%
Historical Adjusted EBITDA	\$613	\$614	\$600	\$634	\$651	\$625
Adjusted Income (Loss) from continuing operations	\$156	\$171	\$168	\$144	\$153	\$85
Adjusted EPS	\$0.17	\$0.19	\$0.18	\$0.16	\$0.17	\$0.09
GAAP Income (Loss) from continuing operations	\$126	\$164	\$107	\$123	\$180	\$40
GAAP EPS	\$0.13	\$0.17	\$0.11	\$0.13	\$0.19	\$0.04
Gross RMR Additions	\$12.5	\$11.4	\$14.3	\$13.1	\$13.1	\$11.5
Gross Unit Additions	212K	187K	243K	224K	227K	189K
LTM Gross Customer Revenue Attrition	12.9%	13.1%	12.9%	12.9%	12.9%	12.9%
LTM Revenue Payback (in years)	2.2x	2.1x	2.1x	2.0x	2.1x	2.1x
End of Period RMR (including Wholesale)	\$355	\$353	\$353	\$350	\$348	\$344
End of Period RMR (excluding Wholesale)	\$351	\$349	\$349	\$346	\$343	\$340

Appendix: Key Metrics & 2024 Guidance



Key Metrics

	2Q'24	2Q'23	Y/Y Change
Ending Subscriber Count	6.4M	6.4M	0%
Interactive Customers	67%	65%	200 bps
End of Period RMR	\$355M	\$348M	2%
Gross RMR Additions	\$12.5M	\$13.1M	-5%
Gross Unit Additions	212K	227K	-6%
Gross Revenue Attrition	12.90%	12.90%	0 bps
LTM Revenue Payback	2.2x	2.1x	0.1x
Net Cash SAC	\$357M	\$334M	7%

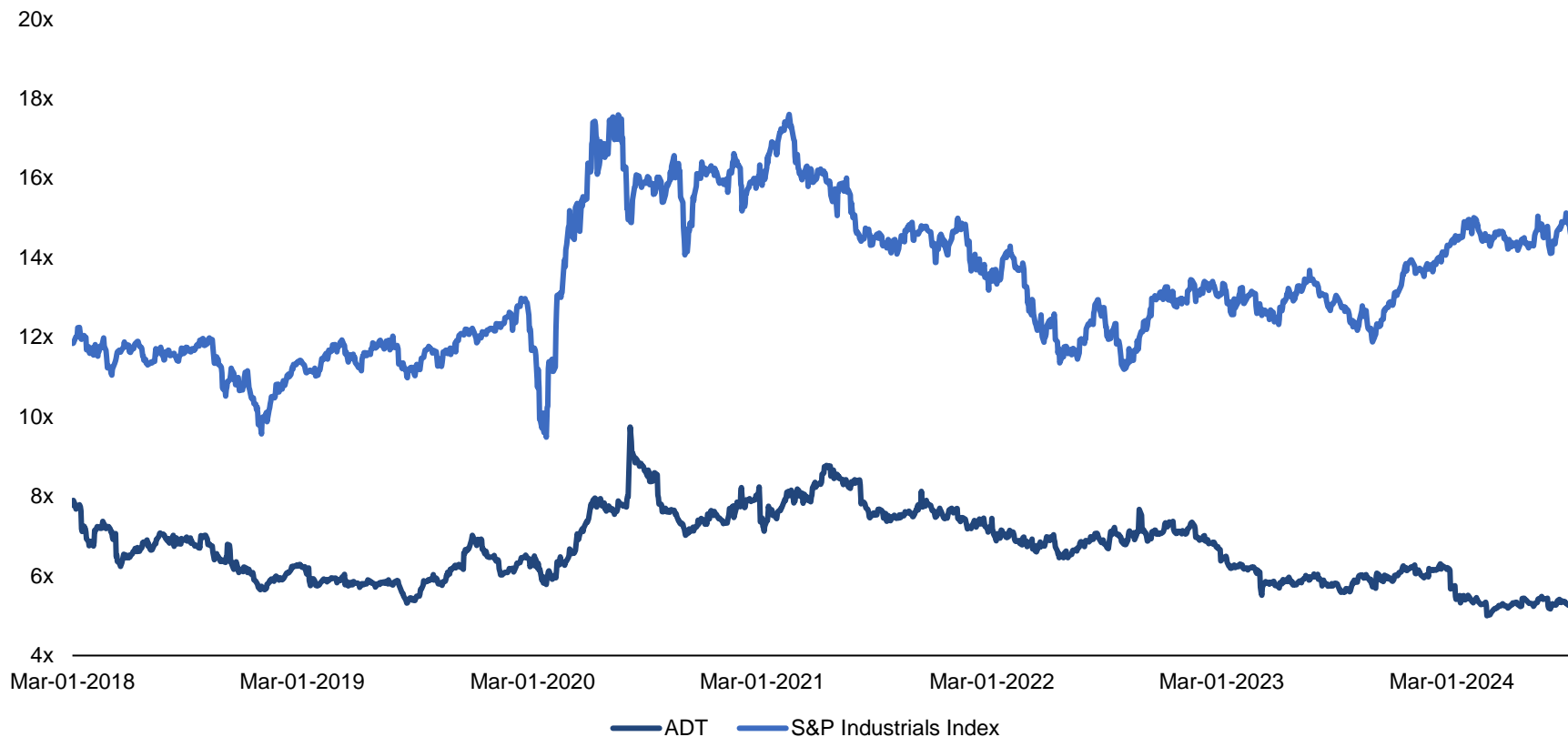
2024 Guidance

(\$ in millions, except per share data)	2023 Actual	2024 Guidance	Midpoint Year-over-year	Key Drivers
Total Revenue	\$4,653	\$4,800 - \$5,000	5%	<ul style="list-style-type: none"> • Durable and growing RMR base • Customer service and retention focus • Continued cost controls • Growth and infrastructure investments • Approximately flat SAC • Solar wind down • Reduced interest expense • Commercial divestiture
Adjusted EBITDA	\$2,481	\$2,525 - \$2,625	4%	
Adjusted EPS	\$0.60	\$0.65 - \$0.75	17%	
Adjusted Free Cash Flow (including interest rate swaps)	\$525	\$700 - \$800	~40%	

Appendix: EV/EBITDA Multiples Since IPO



EV/EBITDA Multiples: ADT vs. S&P Industrials Index

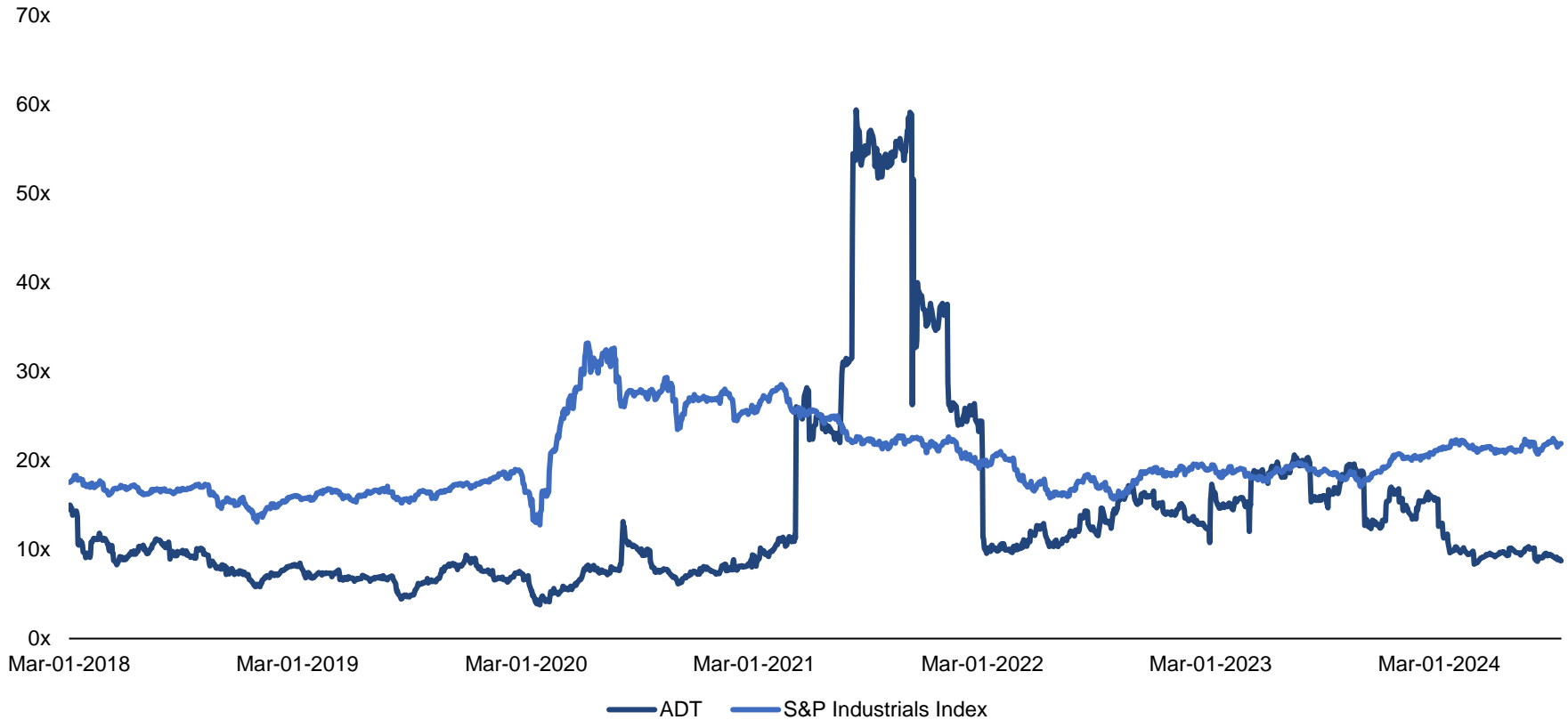


ADT's EV/EBITDA multiple has consistently traded below the S&P Industrials index since it's IPO in March 2018.

Appendix: P/E Ratio Since IPO



P/E Ratio: ADT vs. S&P Industrials Index



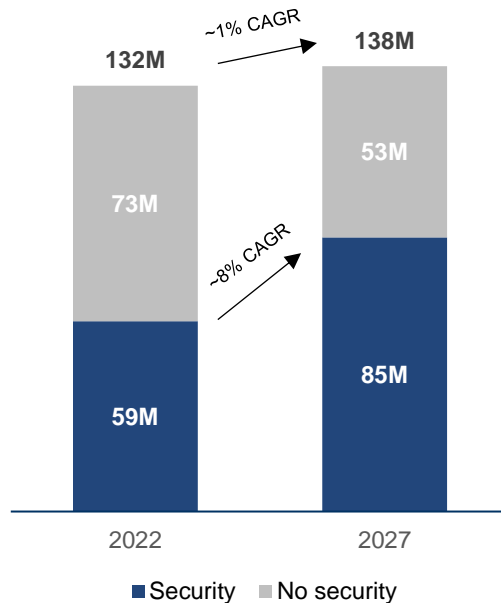
ADT's P/E had a spike in 2021 due to the announcement of their Google partnership and strong financial outlook, increasing the share price and value as a result of optimism.

Appendix 2: Industry Information

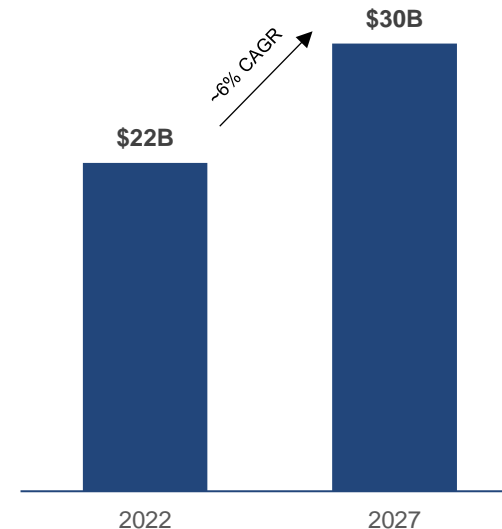
Appendix: Further Industry Analysis I



Increasing Security Demand Among New and Existing Homeowners



Growing Consumer Spend on Home Security



~\$40B total market size of smart home device categories in 2027 & additional market potential from aging-in-place, health, and leak detection

Appendix: Further Industry Analysis II



Key Industry Performance Drivers

1

Fears of Crime has Increased

- Burglary and robbery crimes are the main concerns for the industry. Despite fluctuations in the actual residential crime rate in the U.S., the perception of crime has increased

2

Shifting Consumer Trends

- There is an increase in DIY alarm systems, which means more people are opting for less costly, self-installation options – reducing traditional, full-service alarm sales

3

Smart Home Security Technology Advancements

- The latest smart home security systems offer real-time monitoring and immediate alerts. This increased competition drives continuous advancements

4

Growing Cybersecurity Concerns

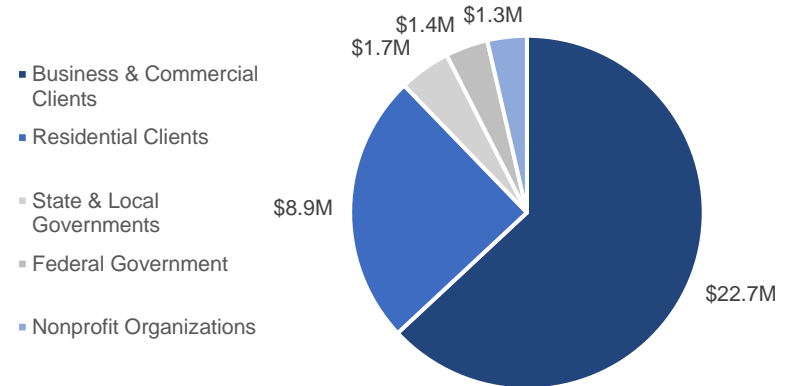
- The industry is adapting to growing cyber threats by incorporating robust cyber defenses to prevent hacking such as enhanced encryption and security measures

5

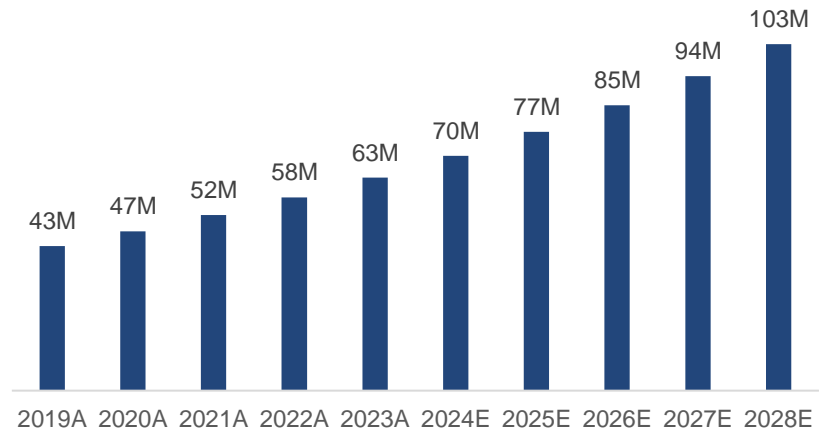
AI & ML Advancements in Security Systems

- Security systems are transforming to be more proactive instead of reactive, AI-driven facial recognition technology will become more prevalent, and more efficient

Major Market Segmentation by Revenue



Number of U.S. Households Using Smart Home Devices



Appendix 3: Model

Appendix: Comparable Company Analysis



Overall Comparable Companies						
Ticker	Company	Market Cap	Gross Margin	EBITDA Margin	EV/EBITDA	PE Ratio
NasdaqGS:ALRM	Alarm.com Holdings, Inc.	2721.0	64.60%	18.53%	15.14x	26.97x
NasdaqGS:FTDR	Frontdoor, Inc.	3654.0	n.d.	19.80%	10.18x	17.68x
NYSE:REZI	Resideo Technologies, Inc.	2776.0	27.36%	9.73%	7.33x	8.00x
NYSE:ARLO	Arlo Technologies, Inc.	1196.2	35.75%	9.42%	21.05x	26.47x
NYSE:JCI	Johnson Controls International plc	48464.4	32.93%	15.97%	13.31x	18.28x
NasdaqGS:NSSC	Napco Security Technologies, Inc.	1417.1	54.78%	33.24%	18.86x	24.95x
NasdaqGS:HON	Honeywell International Inc.	132630.4	37.56%	25.45%	14.58x	19.36x
NasdaqGS:UEIC	Universal Electronics Inc.	120.6	27.94%	7.81%	4.87x	45.32x
NYSE:ADT	ADT Inc.	6318.4	79.91%	47.56%	5.84x	8.86x

Low	27.36%	9.42%	7.33x	8.00x
Mean	42.17%	18.88%	14.35x	20.25x
Median	36.66%	18.53%	14.58x	19.36x
High	64.60%	33.24%	21.05x	26.97x

Valuation, NTM EV/EBITDA	Q1	Median	Q3
NTM EBITDA	2414.2	2414.2	2414.2
NTM EV/EBITDA	6.1x	7.3x	8.8x
Implied EV	14724.7	17694.7	21140.1
(+) Cash	37.9	37.9	37.9
(-) Debt	(7,828.5)	(7,828.5)	(7,828.5)
(-) Preferred Equity	-	-	-
(-) Minority Interest	-	-	-
Implied Equity Value	6934.1	9904.1	13349.5
FDSO	902.6	902.6	902.6
Implied Share Price	7.7	11.0	14.8
Current Share Price	7.0	7.0	7.0
Implied Upside	9.74%	56.75%	111.28%

Valuation, NTM PE	Q1	Median	Q3
NTM PE	12.8x	17.7x	31.5x
NTM EPS	0.8	0.8	0.8
Implied Share Price	10.1	14.0	24.9
Current Share Price	7.0	7.0	7.0
	44.93%	99.58%	255.51%

Appendix: WACC Build



As of Sept 13, 2024

Discount Rate Calcs - Assumptions:	
Risk-Free Rate	3.72%
Equity Risk Premium	4.60%
After-Tax Cost of Debt	5.25%

Comparable Companies - Unlevered Beta Calculation (Same Size Comps)

Alarm Size Company										
Company Name	Ticker	Levered Beta	Net Debt % Debt		Equity Value	% Equity Value	Tax Rate	Unlevered Beta	Cost of Equity Based on Peer Beta / Current Cap Structure:	13.87%
Alarm.com Holdings, Inc.	NasdaqGS:ALRM	0.91	1,010.6	27.1%	2,721.0	72.9%	12.9%	0.68	Cost of Equity Based on Peer Beta / Optimal Cap Structure:	9.96%
Frontdoor, Inc.	NasdaqGS:FTDR	1.04	609.0	14.3%	3,654.0	85.7%	25.4%	0.92	WACC Based on Current Cap Structure: WACC Based on Optimal Cap Structure:	9.10%
Resideo Technologies, Inc.	NYSE:REZI	2.07	2,245.0	44.7%	2,776.0	55.3%	34.8%	1.36		
Arlo Technologies, Inc.	NYSE:ARLO	1.76	19.3	1.6%	1,196.2	98.4%	21.5%	1.74	WACC	9.07%
Johnson Controls International plc	NYSE:JCI	1.30	11,626.0	19.3%	48,464.4	80.7%	2.3%	1.05		
Napco Security Technologies, Inc.	NasdaqGS:NSSC	1.65	5.5	0.4%	1,417.1	99.6%	11.6%	1.64		
Honeywell International Inc.	NasdaqGS:HON	1.03	29,030.0	18.0%	132,630.4	82.0%	20.8%	0.88		
ADT Inc.	NYSE:ADT	1.53	7,828.5	55.3%	6,318.4	44.7%	26.1%	0.80		
Mean		1.42	3102.0	21%	11762.3	79%	0.19	1.15		
Median		1.30	1010.6	19%	2776.0	81%	0.22	1.05		

Peer Levered Beta

	Unlevered Beta	Net Debt	% Debt	Equity Value	% Equity Value	Tax Rate	Levered Beta
Current Capital Structure	1.15	7828.52	55.3%	6318.44	44.7%	26.1%	2.21
Optimal Capital Structure	1.15	2737.08	19.3%	11409.87	80.7%	26.1%	1.36

Appendix: DCF (Full Size)



	Historicals						Projected								
Actual/Forecast	2018A	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Total Revenue	4581.7	5125.7	5314.8	4202.7	5168.3	4982.7	5060.5	5132.2	5204.4	5277.0	5350.2	5423.9	5498.1	5572.8	5647.9
% Growth		11.87%	3.69%	-20.92%	22.98%	-3.59%	1.56%	1.42%	1.41%	1.40%	1.39%	1.38%	1.37%	1.36%	1.35%
EBITDA	2293.4	2338.8	2064.6	1888.6	2305.0	2434.6	2301.9	2206.2	2211.3	2215.7	2246.5	2277.4	2308.6	2339.9	2371.5
EBITDA Margin %	50.06%	45.63%	38.85%	44.94%	44.60%	48.86%	45.49%	42.99%	42.49%	41.99%	41.99%	41.99%	41.99%	41.99%	41.99%
Operating Income (EBIT)	362.5	349.8	150.8	49.0	689.2	1083.6	554.1	425.9	398.1	369.3	366.4	363.3	360.1	356.6	352.9
Operating Margin %	7.91%	6.82%	2.84%	1.16%	13.33%	21.75%	10.95%	8.30%	7.65%	7.00%	6.85%	6.70%	6.55%	6.40%	6.25%
Income Tax Expense	(23.5)	(98.0)	(146.7)	(131.7)	37.7	4.6	(86.6)	(130.0)	(147.4)	(151.6)	(155.8)	(160.0)	(164.4)	(168.8)	(173.3)
Effective Tax Rate	3.71%	18.76%	18.83%	27.68%	26.08%	-7.64%	26.07%	26.07%	26.07%	26.07%	26.07%	26.07%	26.07%	26.07%	26.07%
Earnings Before Interest After Tax	386.0	447.8	297.5	180.7	651.5	1079.0	640.7	555.9	545.5	520.9	522.2	523.4	524.4	525.4	526.2
(+) Depreciation and Amortization	1930.9	1989.1	1913.8	1839.7	1615.8	1351.0	1747.9	1780.3	1813.2	1846.4	1880.1	1914.1	1948.5	1983.3	2018.6
(-) Capital Expenditure	(703.1)	(701.2)	(575.5)	(862.9)	(911.3)	(806.9)	(1012.1)	(1283.0)	(1314.1)	(1345.6)	(1377.7)	(1410.2)	(1443.2)	(1476.8)	(1510.8)
(+/-) Change in Net Working Capital	-	256.4	248.6	198.0	276.0	468.7	249.6	253.2	256.7	260.3	263.9	267.6	271.2	274.9	278.6
Unlevered Free Cash Flow	1613.8	1992.0	1884.4	1355.4	1632.1	2091.8	1626.1	1306.4	1301.3	1282.0	1288.5	1294.8	1300.9	1306.8	1312.5
Discount Rate (WACC)							9.10%	9.10%	9.10%	9.10%	9.10%	9.10%	9.10%	9.10%	9.10%
Discount Period							0.63	1.63	2.63	3.63	4.63	5.63	6.63	7.63	8.63
Present Value of UFCF							1540.0	1134.0	1035.4	934.9	861.2	793.3	730.5	672.6	619.2

Appendix: DCF (Projections)



	Historicals						Projected									
Actual/Forecast	2018A	2019A	2020A	2021A	2022A	2023A	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	
Revenue	4581.7	5125.7	5314.8	4202.7	5168.3	4982.7	5060.5	5132.2	5204.4	5277.0	5350.2	5423.9	5498.1	5572.8	5647.9	
COGS	1041.3	1390.3	1516.5	772.8	1200.5	1008.5	1182.8	1225.2	1268.5	1312.6	1357.5	1403.4	1450.0	1497.6	1546.0	
% of Revenue	22.7%	27.1%	28.5%	18.4%	23.2%	20.2%	23.4%	23.9%	24.4%	24.9%	25.4%	25.9%	26.4%	26.9%	27.4%	
						Bear	23.9%	24.4%	24.9%	25.4%	25.9%	26.4%	26.9%	27.4%	27.9%	
						Base	23.4%	23.9%	24.4%	24.9%	25.4%	25.9%	26.4%	26.9%	27.4%	
						Bull	22.9%	23.4%	23.9%	24.4%	24.9%	25.4%	25.9%	26.4%	26.9%	
Gross Profit	3540.3	3735.4	3798.3	3429.9	3967.8	3974.2	3877.7	3907.0	3935.9	3964.5	3992.7	4020.5	4048.0	4075.2	4101.9	
% margin	77.3%	72.9%	71.5%	81.6%	76.8%	79.8%	76.6%	76.1%	75.6%	75.1%	74.6%	74.1%	73.6%	73.1%	72.6%	
(-) SG&A	(1247.0)	(1396.5)	(1733.6)	(1541.3)	(1662.8)	(1539.6)	(1575.7)	(1700.7)	(1724.6)	(1748.7)	(1746.2)	(1743.1)	(1739.5)	(1735.2)	(1730.4)	
% of Revenue	(27.2%)	(27.2%)	(32.6%)	(36.7%)	(32.2%)	(30.9%)	(31.1%)	(33.1%)	(33.1%)	(33.1%)	(32.6%)	(32.1%)	(31.6%)	(31.1%)	(30.6%)	
						Bear	(32.1%)	(33.6%)	(33.6%)	(33.6%)	(33.1%)	(32.6%)	(32.1%)	(31.6%)	(31.1%)	
						Base	(31.1%)	(33.1%)	(33.1%)	(33.1%)	(32.6%)	(32.1%)	(31.6%)	(31.1%)	(30.6%)	
						Bull	(30.6%)	(32.6%)	(32.6%)	(32.6%)	(32.1%)	(31.6%)	(31.1%)	(30.6%)	(30.1%)	
EBITDA	2293.4	2338.8	2064.6	1888.6	2305.0	2434.6	2301.9	2206.2	2211.3	2215.7	2246.5	2277.4	2308.6	2339.9	2371.5	
(-) D&A	(1930.9)	(1989.1)	(1913.8)	(1839.7)	(1615.8)	(1351.0)	(1747.9)	(1780.3)	(1813.2)	(1846.4)	(1880.1)	(1914.1)	(1948.5)	(1983.3)	(2018.6)	
% of Revenue	(42.1%)	(38.8%)	(36.0%)	(43.8%)	(31.3%)	(27.1%)	(34.5%)	(34.7%)	(34.8%)	(35.0%)	(35.1%)	(35.3%)	(35.4%)	(35.6%)	(35.7%)	
						Bear	(34.7%)	(34.8%)	(34.9%)	(35.1%)	(35.2%)	(35.4%)	(35.5%)	(35.7%)	(35.8%)	
						Base	(34.5%)	(34.7%)	(34.8%)	(35.0%)	(35.1%)	(35.3%)	(35.4%)	(35.6%)	(35.7%)	
						Bull	(34.3%)	(34.6%)	(34.7%)	(34.9%)	(35.0%)	(35.2%)	(35.3%)	(35.5%)	(35.6%)	
EBIT	362.5	349.8	150.8	49.0	689.2	1083.6	554.1	425.9	398.1	369.3	366.4	363.3	360.1	356.6	352.9	
(-) Net Interest Expense and Other Items	(664.7)	(614.6)	(699.9)	(448.5)	(326.5)	(553.7)	(571.6)	(554.0)	(535.8)	(516.9)	(524.0)	(531.2)	(538.5)	(545.8)	(553.2)	
% of Revenue	(14.5%)	(12.0%)	(13.2%)	(10.7%)	(6.3%)	(11.1%)	(11.3%)	(10.8%)	(10.3%)	(9.8%)	(9.8%)	(9.8%)	(9.8%)	(9.8%)	(9.8%)	
(-) Other Unusual Items	(330.5)	(257.5)	(229.9)	(76.3)	(218.2)	(590.0)	(314.9)	(370.6)	(427.9)	(433.9)	(439.9)	(445.9)	(452.0)	(458.2)	(464.4)	
% of Revenue	(7.2%)	(5.0%)	(4.3%)	(1.8%)	(4.2%)	(5.2%)	(6.2%)	(7.2%)	(8.2%)	(8.2%)	(8.2%)	(8.2%)	(8.2%)	(8.2%)	(8.2%)	
EBT	(632.7)	(522.3)	(779.0)	(475.8)	144.5	(60.0)	(332.4)	(498.7)	(565.6)	(581.4)	(597.5)	(613.9)	(630.5)	(647.4)	(664.6)	
Income Tax Expense	(23.5)	(98.0)	(146.7)	(131.7)	37.7	4.6	(86.6)	(130.0)	(147.4)	(151.6)	(155.8)	(160.0)	(164.4)	(168.8)	(173.3)	
Effective Tax Rate	3.7%	18.8%	18.8%	27.7%	26.1%	(7.6%)	26.1%	26.1%	26.1%	26.1%	26.1%	26.1%	26.1%	26.1%	26.1%	
Earnings from Continued Operations	(609.2)	(424.3)	(632.3)	(344.1)	106.8	(64.6)	(245.7)	(368.7)	(418.2)	(429.8)	(441.7)	(453.8)	(466.1)	(478.7)	(491.4)	
EBIAT	386.0	447.8	297.5	180.7	651.5	1079.0	640.7	555.9	545.5	520.9	522.2	523.4	524.4	525.4	526.2	
(+) D&A	1930.9	1989.1	1913.8	1839.7	1615.8	1351.0	1747.9	1780.3	1813.2	1846.4	1880.1	1914.1	1948.5	1983.3	2018.6	
(-) Capex	(703.1)	(701.2)	(575.5)	(862.9)	(911.3)	(806.9)	(1,012.1)	(1,283.0)	(1,314.1)	(1,345.6)	(1,377.7)	(1,410.2)	(1,443.2)	(1,476.8)	(1,510.8)	
% of Revenue	(15.3%)	(13.7%)	(10.8%)	(20.5%)	(17.6%)	(17.6%)	(20.0%)	(25.0%)	(25.3%)	(25.5%)	(25.8%)	(26.0%)	(26.3%)	(26.5%)	(26.8%)	
(+/-) Change in NWC	-	256.4	248.6	198.0	276.0	468.7	249.6	253.2	256.7	260.3	263.9	267.6	271.2	274.9	278.6	
% of Revenue	-%	5.0%	4.7%	4.7%	5.3%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	4.9%	
Unlevered Free Cash Flow	1,613.79	1,992.04	1,884.41	1,355.44	1,632.07	2,091.80	1,626.13	1,306.40	1,301.34	1,282.00	1,288.49	1,294.80	1,300.91	1,306.83	1,312.54	

Appendix: DCF (Revenue Build)



	Historicals						Projected									
Actual/Forecast	2018A	2019A	2020A	2021A	2022A	2023A	2024A	2025A	2026A	2027A	2028A	2029A	2030A	2031A	2032A	2033A
Revenue	4,581.7	5,125.7	5,314.8	4,202.7	5,168.3	4,982.7	5060.5	5132.2	5204.4	5277.0	5350.2	5423.9	5498.1	5572.8	5647.9	5723.6
% Growth		11.9%	3.7%	(20.9)%	23.0%	(3.6)%	1.6%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.4%	1.3%	1.3%
Number of Customers	6.7	6.8	6.2	6.4	6.5	6.4	6.5	6.6	6.6	6.7	6.7	6.8	6.8	6.9	6.9	7.0
Growth		1.5%	-8.8%	2.4%	2.4%	-1.5%	1.6%	0.8%	0.8%	0.8%	0.8%	0.7%	0.7%	0.7%	0.7%	0.7%
						<i>Bear</i>	6.4	6.5	6.5	6.6	6.6	6.7	6.7	6.8	6.8	6.9
						<i>Base</i>	6.5	6.6	6.6	6.7	6.7	6.8	6.8	6.9	6.9	7.0
						<i>Bull</i>	6.8	6.8	6.9	6.9	7.0	7.0	7.1	7.1	7.2	7.2
Revenue Per Customer	683.83	753.77	857.22	661.85	795.13	778.5	778.5	783.5	788.5	793.5	798.5	803.5	808.5	813.5	818.5	823.5
Growth		10.2%	13.7%	-22.8%	20.1%	-2.1%	0.0%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
						<i>Bear</i>	763.5	763.5	763.5	763.5	763.5	763.5	763.5	763.5	763.5	763.5
						<i>Base</i>	778.5	783.5	788.5	793.5	798.5	803.5	808.5	813.5	818.5	823.5
						<i>Bull</i>	798.5	798.5	798.5	798.5	798.5	798.5	798.5	798.5	798.5	798.5
Check	4,582	5,126	5,315	4,203	5,168	4,983	5,061	5,132	5,204	5,277	5,350	5,424	5,498	5,573	5,648	5,724
	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

