

# FINANCIAL FUNDAMENTALS

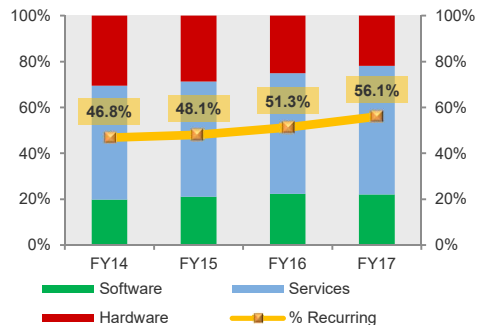
## Overview

- Transition as a software and services business is advancing
- Strong, highly diversified customer base with significant long-term relationships
- Market share leader in key segments
- Solid financial performance with multi-year upward trajectory in Gross Margin & Adjusted EBITDA %
- Committed to technology innovation and exceptional customer satisfaction

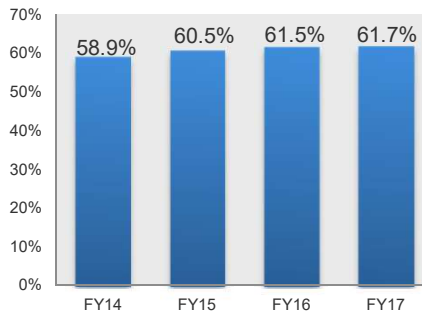
## Q4'17 Highlights

- Software & Services >79% of total revenue
- Recurring revenue >57% of total revenue
- Gross margin of 63.2%
- Non-GAAP operating margin of 22.5% of revenue
- Adjusted EBITDA of 28.5% of revenue
- Cash flow from operations was \$166 million, and \$291 million for fiscal 2017
- Net Promoter Score of 50 for customer satisfaction

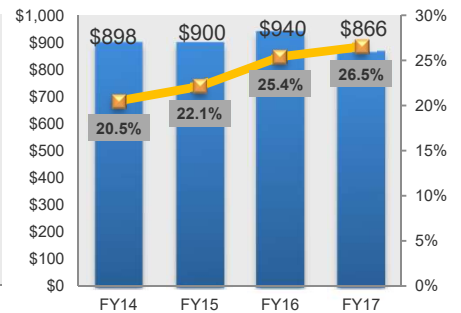
### Revenue Composition and % Recurring



### Gross Margin %



### Adjusted EBITDA (\$M) & Margin %



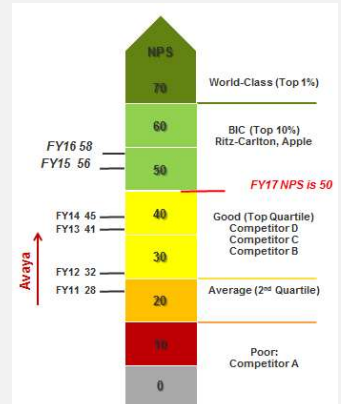
## Committed to technology Innovation and exceptional customer satisfaction

- Enhanced product portfolio with over \$2 billion in R&D, including more than \$275 million in technology acquisitions & investments since 2012
- Consistent history of R&D Investment
- Innovation focused on emerging technologies such as mobility, cloud-enabled communications, video, application integration, wireless, cloud, security, & services

### Investments and M&A Complement R&D

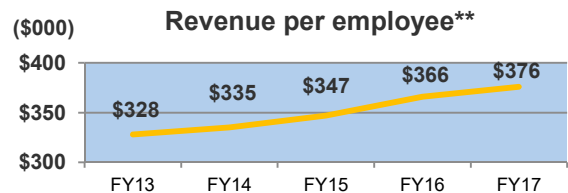


## Net Promoter Score



## Subsequent Developments

- Reached a global resolution in chapter 11 restructuring, emergence from chapter 11 during 2017
- Avaya Holdings becomes a publicly traded company
- Signed more than 3,600 major customer contracts since filing for chapter 11 restructuring through end of FQ4'17
- \$876 million cash on the balance sheet at September 30, 2017
- Closed on sale of the Networking business
- Announced new management team including Jim Chirico as Chief Executive Officer



Trailing Twelve Months

\*\*Headcount as of the end of the period indicated

All amounts shown are non-GAAP metrics and reflect the sale of the ITPS business.

For a reconciliation of non-GAAP to GAAP financial information, please see our Q3'17 and Q4'17 earnings releases at [www.avaya.com/investors](http://www.avaya.com/investors) and our most recent filings at [www.sec.gov](http://www.sec.gov). © 2017 Avaya Inc. All right reserved

