Q4 FISCAL YEAR 2018
FINANCIAL RESULTS
December 4, 2018

Forward Looking Statements

Cautionary Note Regarding Forward-Looking Statements

This document contains certain "forward-looking statements." All statements other than statements of historical fact are "forward-looking" statements for purposes of the U.S. federal and state securities laws. These statements may be identified by the use of forward looking terminology such as "anticipate," "believe," "continue," "could," "estimate," "expect," "intend," "may," "might," "our vision," "plan," "potential," "preliminary," "predict," "should," "will," or "would" or the negative thereof or other variations thereof or comparable terminology and include, but are not limited to, the outlook for the first quarter of fiscal 2019 and fiscal year 2019, including the expected impact of ASC 606. The company has based these forward-looking statements on its current expectations, assumptions, estimates and projections. While the company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve known and unknown risks and uncertainties, many of which are beyond its control. These factors are discussed in Amendment No. 3 to the company's Registration Statement on Form 10 and subsequent Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission (the "SEC"), and may cause its actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. For a further list and description of such risks and uncertainties, please refer to the company's filings with the SEC that are available at www.sec.gov. The company cautions you that the list of important factors included in the company's SEC filings may not contain all of the material factors that are important to you. In addition, in light of these risks and uncertainties, the matters referred to in the forward-looking statements contained in this report may not in fact occur. The company undertakes no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

These slides, as well as current and historical financial data are available on our web site at investors.avaya.com

None of the information included on the website is incorporated by reference in this presentation.

Use of non-GAAP (Adjusted) Financial Measures

This presentation should be read in conjunction with our fourth quarter fiscal 2018 earnings press release issued on December 4, 2018. Within this presentation, we refer to certain non-GAAP financial measures, such as non-GAAP revenue, non-GAAP operating income and adjusted EBITDA, that involve adjustments to GAAP measures. Reconciliations between our non-GAAP financial measures and the most closely comparable GAAP financial measures are included on the last four slides of this presentation.

EBITDA is defined as net income (loss) before income taxes, interest expense, interest income and depreciation and amortization. Adjusted EBITDA is EBITDA further adjusted to exclude certain charges and other adjustments described in our SEC filings and the tables below.

We believe that including supplementary information concerning adjusted EBITDA is appropriate because it serves as a basis for determining management and employee compensation and it is used as a basis for calculating covenants in our credit agreements. In addition, we believe adjusted EBITDA provides more comparability between our historical results and results that reflect purchase accounting and our current capital structure. We also present EBITDA and adjusted EBITDA because we believe analysts and investors utilize these measures in analyzing our results. Accordingly, adjusted EBITDA measures our financial performance based on operational factors that management can impact in the short-term, such as our pricing strategies, volume, costs and expenses of the organization and it presents our financial performance in a way that can be more easily compared to prior quarters or fiscal years.

EBITDA and adjusted EBITDA have limitations as analytical tools. EBITDA measures do not represent net income (loss) or cash flow from operations as those terms are defined by GAAP and do not necessarily indicate whether cash flows will be sufficient to fund cash needs. However, these terms are not necessarily comparable to other similarly titled captions of other companies due to the potential inconsistencies in the method of calculation. Adjusted EBITDA excludes the impact of earnings or charges resulting from matters that we consider not to be indicative of our ongoing operations. In particular, our formulation of adjusted EBITDA allows adjustment for certain amounts that are included in calculating net income (loss), however, these are expenses that may recur, may vary and are difficult to predict.

We do not provide a forward-looking reconciliation of expected first quarter of fiscal 2019 and fiscal 2019 adjusted EBITDA, non-GAAP operating income or non-GAAP revenue guidance as the amount of significance of special items required to develop meaningful comparable GAAP financial measures cannot be estimated at this time without unreasonable efforts. These special items could be meaningful.

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Fiscal Q4 2018 Financial Highlights

*(Amounts are non-GAAP)**

- Non-GAAP revenue of $770 million
  - Increased 2% sequentially and lower 3% from Q4 FY’17
  - Excluding the impact of the sale of the Networking business, non-GAAP revenue increased 2% sequentially and decreased 2% compared to Q4 FY’17
  - Software and Services achieved a fourth quarter record 83% of total non-GAAP revenue, up year-over-year from 79%
  - Recurring revenue was 56% of total non-GAAP revenue, down year-over-year from 57%
  - Avaya Enterprise Cloud and Managed Services and Professional Services each accounted for 10% of total non-GAAP revenue
- Non-GAAP product revenue of $336 million increased 4% from the prior quarter and decreased 2% year-over-year. Excluding the impact of the sale of the Networking business, non-GAAP product revenue increased 4% sequentially and decreased 2% year-over-year
- Non-GAAP service revenue of $434 million increased slightly sequentially and decreased 3% year-over-year. Excluding the impact of the sale of the Networking business, non-GAAP service revenue increased slightly sequentially and decreased 2% year-over-year
- Total bookings for the fourth fiscal quarter increased 6% from the prior quarter and decreased 2% year-over-year. Excluding the impact of the sale of the Networking business, total bookings increased 6% sequentially and decreased 1% year-over-year.

**For a reconciliation of non-GAAP to GAAP financial information, please see the last 5 slides of this presentation.*

Fiscal Q4 2018 Financial Highlights

*(Amounts are non-GAAP)**

Continued…

- Non-GAAP gross margin was 63.4%, a quarterly record, compared to 61.9% for the prior quarter and 63.3% for the fourth quarter of fiscal 2017
- Non-GAAP operating income was $157 million, or 20.4% of non-GAAP revenue, compared to $151 million, or 20.0% of non-GAAP revenue, for the prior quarter and $183 million, or 23.2% of non-GAAP revenue, for the third quarter of fiscal 2017
- Adjusted EBITDA was $178 million, or 23.1% of revenue, compared to $175 million, or 23.2% of revenue, for the prior quarter and $225 million, or 28.5% of revenue, for the fourth quarter of fiscal 2017
- Cash balance of $700 million at quarter end. The sequential increase in cash and cash equivalents is primarily due to positive cash flows from operating activities and the proceeds from the sale of assets, partially offset by capital expenditures.
- Signed 12 deals with a Total Contract Value ("TCV") over $5 million, and 117 deals with a TCV over $1 million
- Added over 1,600 new logos

For a reconciliation of non-GAAP to GAAP financial information, please see last 5 slides of this presentation.

Quarterly Income Statement
(Amounts are GAAP and dollars in millions)

GAAP Revenue:	FQ4 2018	FQ3 2018	FQ4 2017
Product	$ 325	$ 300	$ 343
Services	$ 410	$ 392	$ 447
GAAP Total Revenue	$ 735	$ 692	$ 790
GAAP Gross Margin:			
Product	51.4%	47.3%	68.2%
Services	54.4%	53.6%	58.6%
GAAP Total Gross Margin	53.1%	50.9%	62.8%
GAAP Operating Margin	1.5%	(7.1)%	8.7%

Quarterly Income Statement

*(Amounts are non-GAAP and dollars in millions)**

Non-GAAP Revenue:	FQ4 2018	FQ3 2018	FQ4 2017
Product	$ 336	$ 322	$ 343
Services	$ 434	$ 433	$ 447
Non-GAAP Total Revenue	$ 770	$ 755	$ 790
Non-GAAP Gross Margin:			
Product	67.3%	65.5%	69.4%
Services	60.4%	59.1%	58.6%
Non-GAAP Total Gross Margin	63.4%	61.9%	63.3%
Non-GAAP Operating Margin	20.4%	20.0%	23.2%
Adjusted EBITDA	$ 178	$ 175	$ 225
Adjusted EBITDA % (1)	23.1%	23.2%	28.5%

(1) Q4'18 and Q3'18 Adjusted EBITDA % is based on non-GAAP Revenue

**For a reconciliation of non-GAAP to GAAP financial information, please see the last 5 slides of this presentation.*

Quarterly Revenue by Region

*(All dollars amounts are non-GAAP in millions)**

Revenue	FQ4 2018	FQ3 2018	FQ4 2017
U.S.	$ 417	$ 399	$ 447
EMEA	$ 202	$ 202	$ 194
APAC	$ 81	$ 86	$ 79
AI	$ 70	$ 68	$ 70
Total	$ 770	$ 755	$ 790
% of Total Revenue			
U.S.	54%	53%	57%
EMEA	26%	27%	24%
APAC	11%	11%	10%
AI	9%	9%	9%
Total	100%	100%	100%

*For a reconciliation of non-GAAP to GAAP financial information, please see the last 5 slides of this presentation.

Annual Revenue by Region

*(All dollars amounts are non-GAAP in millions)**

Revenue		FY '18		FY '17
U.S.	$	1,650	$	1,798
EMEA	$	808	$	834
APAC	$	326	$	334
AI	$	273	$	306
Total	$	3,057	$	3,272
% of Total Revenue				
U.S.		54%		55%
EMEA		26%		26%
APAC		11%		10%
AI		9%		9%
Total		100%		100%

**For a reconciliation of non-GAAP to GAAP financial information, please see the last 5 slides of this presentation.*

Q4 FY'18 Financial Highlights

($M, as reported) Non-GAAP	FQ4 2018	FQ3 2018	FQ4 2017
Non-GAAP Revenue	$770	$755	$790
Non-GAAP Gross Margin %	63.4%	61.9%	63.3%
Non-GAAP Oper. Expense %	43.0%	41.9%	40.1%
Non-GAAP Oper. Income %	20.4%	20.0%	23.2%
Adj. EBITDA $	$178	$175	$225
Adj. EBITDA %	23.1%	23.2%	28.5%

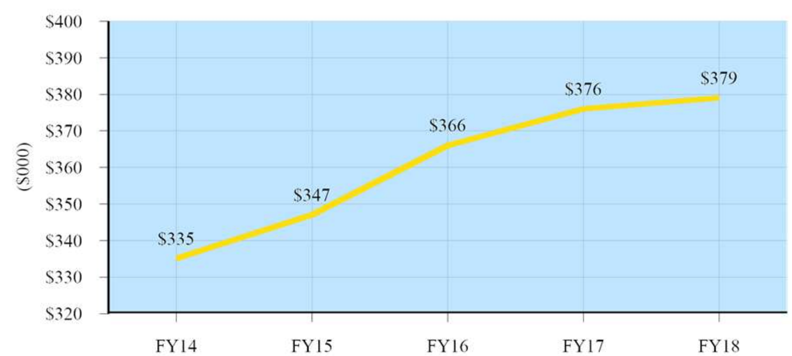
Performance Highlights

- Avaya unified communications solutions named Customers' Choice in 2018 Gartner Peer Insights
- Avaya Vantage™ awarded Best Endpoint Solution of 2018 at UC Today awards.
- Received 2018 Competitive Strategy Innovation and Leadership Award by Frost & Sullivan.
- Winner in three categories of the 2018 Conarec Awards
- Added over 1,600 new logos

Notable Q4'18 Stats (non-GAAP):

- Software and services accounted for a 4th qtr. record 83% of non-GAAP revenue, up YoY from 79%
- Bookings grew 6% QoQ (excluding networking)
- Signed 12 deals with Total Contract Value ("TCV") over $5 million, 117 deals with a TCV over $1 million
- Record revenue per employee of $379 thousand
- Cash flow from operating activities of $25 million
- $700 million cash at September 30, 2018
- Adjusted EBITDA of 23.1% of non-GAAP revenue

Non-GAAP Revenue per employee* (TTM)



TTM-Trailing Twelve Months

FY'18 Adjusted EBITDA % is based on non-GAAP Revenue
*Headcount as of the end of the period indicated
For a reconciliation of non-GAAP to GAAP financial information, please see the last four slides of this presentation.

Balance Sheet and Operating Metrics

(Dollars in millions, Balance sheet items as of the end of the period indicated)

	FQ4 2018	FQ3 2018	FQ4 2017
Total Cash and Cash Equivalents	$ 700	$ 685	$ 876
Cash Flow from Operations	$ 25	$ 83	$ 166
Capital Expenditures and Capitalized Software	$ 25	$ 18	$ 17
Days Sales Outstanding (DSO)*	60	60	60
Inventory Turns	13.0	12.3	12.3
Headcount *(as of the end of the period indicated)*	8,061	8,134	8,712
Trailing Twelve Month Revenue ($K) / Employee** *(Headcount as of the end of the period indicated)*	$ 379	$ 378	$ 376

*FQ4 3018 & FQ3 2018 includes $113M and $119M AR/deferred revenue netting impact when calculating DSOs
**FQ4 2018, FQ3 2018 & FQ4 2017 TTM Revenue ($K) / Employee based on non-GAAP Revenue

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Non-GAAP Reconciliation

Adjusted EBITDA

(In millions)	Successor: Three months ended September 30, 2018	Successor: Three months ended June 30, 2018	Predecessor: Three months ended September 30, 2017	Successor: Period from December 16, 2017 through September 30, 2018	Predecessor: Period from October 1, 2017 through December 15, 2017	Predecessor: Fiscal year ended September 30, 2017
Net income (loss)	$ 268	$ (88)	$ 27	$ 287	$ 2,977	$ (182)
Interest expense	57	56	17	169	14	246
Interest income	(3)	(1)	(2)	(5)	(2)	(4)
(Benefit from) provision for income taxes	(311)	20	6	(546)	459	(16)
Depreciation and amortization	120	119	63	384	31	326
EBITDA	131	106	111	289	3,479	370
Impact of fresh start accounting adjustments	29	54	—	196	—	—
Restructuring charges, net	1	30	8	81	14	30
Advisory fees	3	3	3	18	3	85
Acquisition-related costs	4	4	—	15	—	1
Reorganization items, net	—	—	21	—	(3,416)	98
Non-cash share-based compensation	6	7	1	19	—	11
Impairment of indefinite-lived intangible assets	—	—	—	—	—	65
Goodwill impairment	—	—	—	—	—	52
Impairment of long-lived asset	—	—	—	—	—	3
Loss on sale/disposal of long-lived assets, net	—	2	—	4	1	—
Gain on sale of Networking business	—	—	(2)	—	—	(2)
Resolution of certain legal matters	—	—	64	—	37	64
Change in fair value of Emergence Date Warrants	8	(6)	—	17	—	—
Gain on foreign currency transactions	(4)	(25)	(1)	(28)	—	(2)
Pension/OPEB/nonretirement postemployment benefits and long-term disability costs	—	—	20	—	17	90
Other	—	—	—	—	—	1
Adjusted EBITDA	**$ 178**	**$ 175**	**$ 225**	**$ 611**	**$ 135**	**$ 866**

Non-GAAP Reconciliation

Gross Margin and Operating Income

	Successor				Predecessor		Predecessor
	Three Months Ended						
(In millions)	Sept. 30, 2018	June 30, 2018	March 31, 2018	Period from Dec. 16, 2017 through Dec. 31, 2017	Period from Oct. 1, 2017 through Dec. 15, 2017	Q118 Non-GAAP Combined Results	Three months ended Sept. 30, 2017
Reconciliation of Non-GAAP Gross Profit and Non-GAAP Gross Margin							
Gross Profit	$ 390	$ 352	$ 323	$ 78	$ 362	$ 440	$ 496
Items excluded:							
Adj. for fresh start accounting	54	69	106			35	—
Amortization of technology intangible assets	43	44	41			10	4
Loss on disposal of long-lived assets	—	2	2			—	—
Share-based compensation	1	—	—			—	—
Non-GAAP Gross Profit	$ 488	$ 467	$ 472			$ 485	$ 500
GAAP Gross Margin	*53.1%*	*50.9%*	*48.1%*	*52.7%*	*59.9%*	*58.5%*	*62.8%*
Non-GAAP Gross Margin	*63.4%*	*61.9%*	*62.4%*			*62.6%*	*63.3%*
Reconciliation of Non-GAAP Operating Income							
Operating Income (Loss)	$ 11	$ (49)	$ (89)	$ 2	$ 36	$ 38	$ 69
Items excluded:							
Adj. for fresh start accounting	48	71	107			33	—
Amortization of intangible assets	84	83	81			27	38
Restructuring charges, net	1	30	40			24	8
Acquisition-related costs	4	4	7			—	—
Loss on disposal of long-lived assets	—	2	2			1	—
Advisory fees	3	3	4			11	3
Share-based compensation	6	7	5			1	1
Costs in connection with certain legal matters	—	—	—			37	64
Non-GAAP Operating Income	$ 157	$ 151	$ 157			$ 172	$ 183
GAAP Operating Margin	*1.5%*	*-7.1%*	*-13.2%*	*1.4%*	*6.0%*	*5.1%*	*8.7%*
Non-GAAP Operating Margin	*20.4%*	*20.0%*	*20.7%*			*22.2%*	*23.2%*

(1) Due to the company's emergence from Chapter 11 proceedings during the first quarter of fiscal 2018, and adoption of fresh start accounting effective on December 15, 2017, the results for fiscal 2018 are required by GAAP to be presented separately as the predecessor period from October 1, 2017 through December 15, 2017 (inclusive of results prior to October 1, 2017, the "Predecessor" period) and the successor period from December 16, 2017 through September 30, 2018 (the "Successor" period). The application of fresh start accounting results in a new basis of accounting making the results of the Predecessor period not comparable to the results of the Successor period. Where applicable we have, however, combined results of the Predecessor and Successor periods for discussion purposes as we believe it provides the most meaningful basis to analyze our results.

Non-GAAP Reconciliation

Product and Services Gross Margins

	Successor				Predecessor		Predecessor
	Three months ended			Period from December 16, 2017 through December 31, 2017	Period from October 1, 2017 through December 15, 2017	Q118 Non-GAAP Combined Results	Three months ended Sept. 30, 2017
	Sept. 30, 2018	June 30, 2018	March 31, 2018				
Reconciliation of Non-GAAP Gross Profit and Non-GAAP Gross Margin - Products							
Revenue	$ 325	$ 300	$ 293	71	$ 253	$ 324	$ 343
Costs	115	114	110	33	84	117	105
Amortization of technology intangible assets	43	44	41	7	3	10	4
GAAP Gross Profit	167	142	142	31	166	197	234
Items excluded:							
Adj. for fresh start accounting	16	24	33			11	—
Amortization of technology intangible assets	43	44	41			10	4
Loss on disposal of long-lived assets	—	1	1			—	—
Non-GAAP Gross Profit	$ 226	$ 211	217			$ 218	$ 238
GAAP Gross Margin	*51.4%*	*47.3%*	*48.5%*	*43.7%*	*65.6%*	*60.8%*	*68.2%*
Non-GAAP Gross Margin	*67.3%*	*65.5%*	*68.5%*			*66.1%*	*69.4%*
Reconciliation of Non-GAAP Gross Profit and Non-GAAP Gross Margin - Services							
Revenue	$ 410	$ 392	$ 379	77	$ 351	$ 428	$ 447
Costs	187	182	198	30	155	185	185
GAAP Gross Profit	223	210	181	47	196	243	262
Items excluded:							
Adj. for fresh start accounting	38	45	73			24	—
Loss on disposal of long-lived assets	—	1	1			—	—
Share-based compensation	1	—	—			—	—
Non-GAAP Gross Profit	$ 262	$ 256	255			$ 267	$ 262
GAAP Gross Margin	*54.4%*	*53.6%*	*47.8%*	*61.0%*	*55.8%*	*56.8%*	*58.6%*
Non-GAAP Gross Margin	*60.4%*	*59.1%*	*58.0%*			*60.0%*	*58.6%*

Non-GAAP Reconciliation

GAAP to Non-GAAP Results

	Q418									Q417	
	GAAP Results	Adj. for Fresh Start Accounting	Amortization of Intangible Assets	Restructuring Charges, net	Acquisition Costs	Share-based Compensation	Advisory Fees	Other Costs, net	Non-GAAP Results	GAAP Results	Non-GAAP Results
Revenue											
Products	$ 325	$ 11	$ —	$ —	$ —	$ —	$ —	$ —	$ 336	$ 343	$ 343
Services	410	24	—	—	—	—	—	—	434	447	447
	735	35	—	—	—	—	—	—	770	790	790
Costs											
Products:											
Costs	115	(5)	—	—	—	—	—	—	110	105	105
Amortization of technology intangible assets	43	—	(43)	—	—	—	—	—	—	4	—
Services	187	(14)	—	—	—	(1)	—	—	172	185	185
	345	(19)	(43)	—	—	(1)	—	—	282	294	290
GROSS PROFIT	390	54	43	—	—	1	—	—	488	496	500
OPERATING EXPENSES											
Selling, general and administrative	275	17	—	—	(4)	(5)	(3)	—	280	338	270
Research and development	62	(11)	—	—	—	—	—	—	51	47	47
Amortization of intangible assets	41	—	(41)	—	—	—	—	—	—	34	—
Restructuring charges, net	1	—	—	(1)	—	—	—	—	—	8	—
	379	6	(41)	(1)	(4)	(5)	(3)	—	331	427	317
OPERATING INCOME	11	48	84	1	4	6	3	—	157	69	183
Interest expense	(57)	—	—	—	—	—	—	—	(57)	(17)	(17)
Other income (expense), net	3	—	—	—	—	—	—	1	4	2	(1)
Reorganization items, net	—	—	—	—	—	—	—	—	—	(21)	—
(LOSS) INCOME BEFORE INCOME TAXES	$ (43)	$ 48	$ 84	$ 1	$ 4	$ 6	$ 3	$ 1	$ 104	$ 33	$ 165

Non-GAAP Reconciliation

GAAP to Non-GAAP Results

	Successor	Predecessor													FY17	
	Period from Dec. 16, 2017 through Sept. 30, 2018	Period from Oct. 1, 2017 through Dec. 15, 2017	Combined Results	Adj. for Fresh Start Accounting	Amortization of Intangible Assets	Restructuring Charges, net	Acquisition Costs	Loss on Disposal of Long-lived Assets	Reorganization items, net	Share-based Comp	Costs in Connection with Certain Legal Matters	Advisory Fees	Other Costs, net	Non-GAAP Results	GAAP Results	Non-GAAP Results
Revenue																
Products	$ 989	$ 253	$ 1,242	$ 63	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ —	$ 1,305	$ 1,437	$ 1,437
Services	1,258	351	1,609	143	—	—	—	—	—	—	—	—	—	1,752	1,835	1,835
	2,247	604	2,851	206	—	—	—	—	—	—	—	—	—	3,057	3,272	3,272
Costs																
Products:																
Costs	372	84	456	(21)	—	—	—	(2)	—	—	—	—	—	433	499	499
Amortization of technology intangible assets	135	3	138	—	(138)	—	—	—	—	—	—	—	—	—	20	—
Services	597	155	752	(37)	—	—	—	(2)	—	(1)	—	—	—	712	745	745
	1,104	242	1,346	(58)	(138)	—	—	(4)	—	(1)	—	—	—	1,145	1,264	1,244
GROSS PROFIT	1,143	362	1,505	264	138	—	—	4	—	1	—	—	—	1,912	2,008	2,028
OPERATING EXPENSES																
Selling, general and administrative	888	264	1,152	16	—	—	(15)	(1)	—	(17)	(37)	(21)	—	1,077	1,261	1,100
Research and development	172	38	210	(11)	—	—	—	—	—	(1)	—	—	—	198	225	225
Amortization of intangible assets	127	10	137	—	(137)	—	—	—	—	—	—	—	—	—	204	—
Impairment of indefinite-lived intangible assets	—	—	—	—	—	—	—	—	—	—	—	—	—	—	65	—
Goodwill impairment	—	—	—	—	—	—	—	—	—	—	—	—	—	—	52	—
Restructuring charges, net	81	14	95	—	—	(95)	—	—	—	—	—	—	—	—	30	—
	1,268	326	1,594	5	(137)	(95)	(15)	(1)	—	(18)	(37)	(21)	—	1,275	1,837	1,325
OPERATING (LOSS) INCOME	(125)	36	(89)	259	275	95	15	5	—	19	37	21	—	637	171	703
Interest expense	(169)	(14)	(183)	—	—	—	—	—	—	—	—	—	—	(183)	(246)	(246)
Other income (expense), net	35	(2)	33	—	—	—	—	—	—	—	—	—	(18)	15	(25)	(31)
Reorganization items, net	—	3,416	3,416	—	—	—	—	—	(3,416)	—	—	—	—	—	(98)	—
(LOSS) INCOME BEFORE INCOME TAXES	$ (259)	$ 3,436	$ 3,177	$ 259	$ 275	$ 95	$ 15	$ 5	$ (3,416)	$ 19	$ 37	$ 21	$ (18)	$ 469	$ (198)	$ 426

Avaya