

# Monitronics

## Monitronics International, Inc. Enters Into Restructuring Support Agreement to Reduce Debt by ~\$500mm

*Pre-Negotiated, Expedited Restructuring Expected to Provide Liquidity for Profitable Growth at Attractive Returns*

*Monitronics to Commence Voluntary Prepackaged Chapter 11 Proceedings on or around May 15<sup>th</sup> with a Target Exit Date of June 30<sup>th</sup>*

*Operations Will Continue in Normal Course Without Interruption or Impact to Customers, Partners, or Employees*

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DALLAS  
May 8, 2023

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### BUSINESS WIRE

Monitronics International, Inc. (“Monitronics” or “the Company”), today announced that it has entered into a Restructuring Support Agreement (“RSA”) with (i) lenders holding approximately 78% of the Company’s outstanding funded debt and (ii) holders of a majority of the Company’s equity to support an expedited restructuring that would reduce Monitronics’ debt by approximately \$500 million and provide increased financial flexibility to the Company as it continues to deliver profitable growth. The current lenders under the Company’s 2019 takeback term loan facility, including funds managed by Monarch Alternative Capital LP (“Monarch”) and Invesco Senior Secured Management, Inc. (“Invesco”) as the largest lenders, will become the new principal equity owners of Monitronics, providing the Company with additional support to execute on its business plan.

The Company intends to implement the pre-negotiated restructuring contemplated by the RSA through a partially pre-packaged plan of reorganization effectuated through voluntary chapter 11 cases in the U.S. Bankruptcy Court for the Southern District of Texas to be commenced on or around May 15, 2023. Pursuant to the RSA, the Company has already obtained the requisite support from its stakeholders to confirm the plan of reorganization (the “Plan”), and the Company expects to achieve Bankruptcy Court approval of the Plan and emerge from chapter 11 within approximately 46 days of filing.

“We are pleased to have reached an agreement with our lenders and shareholders to create a capital structure that is right-sized for our business model. Our new balance sheet will provide sufficient liquidity to grow our subscriber base at attractive returns and generate levered free cash flow,” said Monitronics Chief Executive Officer William Niles. “The strength of the underlying Monitronics business model positions us for success in a growing market. In 2022, we created 131,000 new subscribers at a 26x creation multiple while concurrently generating 55% EBITDA margins. Our Q1 2023 performance exceeded expectations and we are continuing to see tailwinds in our go to market channels.”

Monitronics has received commitments for approximately \$387 million in new money financing during the chapter 11 cases from existing lenders, including \$90 million in new money to fund the chapter 11 process and provide cash to the balance sheet as well as \$297 million to refinance the Company’s existing Superpriority Revolving Credit Facility and Term Loan. The financing will fund Monitronics’ operations during the chapter 11 proceedings, including the payment of employee wages and benefits, suppliers, partners, and vendors in the ordinary course of business. The Company will emerge with approximately \$600 million in exit financing.

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Mr. Niles continued, “Given the level of support we have for this transaction we expect absolutely no impact on our ability to continue serving our customers, partners, and employees. I want to thank our dedicated employees for their hard work and commitment and our valued dealer partners, who are integral to our ongoing success. We also appreciate the support of the Company’s lenders, including the new principal equity investors, Monarch and Invesco. We are genuinely excited about the future.”

Monarch Alternative Capital LP Chief Executive Officer Michael Weinstock added, “We are excited to continue our partnership with Monitronics to support the next stage of its growth trajectory by providing capital, operating expertise, and board leadership. We have strong confidence in the Company and believe Monitronics will emerge an even more dynamic business, well positioned to deliver great value and long-term growth for all its stakeholders.”

To ensure its ability to continue operating in the ordinary course during the chapter 11 cases, Monitronics intends to file customary “first day” motions with the Court seeking a variety of relief, including authority to maintain operations in accordance with pre-petition practices and to pay pre-petition claims in the ordinary course of business.

A copy of the RSA and related cleansing materials can be found on the Company’s secure investor portal for current investors who have registered and filed in the Company’s chapter 11 cases.

PJT Partners LP, Alvarez & Marsal and Latham & Watkins LLP are acting as lead advisors to the Company. Evercore Group, L.L.C. and Davis Polk & Wardwell LLP are acting as lead advisors for the ad hoc group of lenders.

## Forward Looking Statements

This press release includes certain forward-looking statements, including statements about the growth of the business, business strategies, market potential and expansion, future liquidity and cash flow, the success of new products and services, customer retention and subscriber growth, account creation and related cost, anticipated account generation, future financial performance and operations, the availability of future financing, the RSA and anticipated restructuring transactions contained therein and our anticipated reorganization pursuant to Chapter 11, among others. 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 us, our ability to capitalize on acquisition opportunities, general market and economic conditions, changes in law and government regulations, and other risks associated with the restructuring anticipated under the RSA and the anticipated chapter 11 reorganization including those related to the Debtors’ ability to successfully prosecute and achieve bankruptcy court approval of the Plan, costs associated therewith and the operation of our business during and following the anticipated consummation of the restructuring and emergence from chapter 11. These forward-looking statements speak only as of the date of this press release, and we expressly disclaim any obligation or undertaking to disseminate any updates or revisions to any forward-looking statement contained herein to reflect any change in our expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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*About*

## Monarch Alternative Capital LP

Monarch Alternative Capital LP is a global investment firm founded in 2002 with approximately \$11 billion in assets under management. Monarch focuses primarily on opportunistic situations across corporate debt, real estate, capital solutions, and other market segments. Monarch draws on the skills and experience of its employees across its offices in New York and London. For more information, please visit [www.monarchlp.com](http://www.monarchlp.com).

## *About* Monitronics

Monitronics is one of the largest home security and alarm monitoring companies in North America. Headquartered in the Dallas-Fort Worth area, Monitronics provides platinum-grade protection to over 800,000 residential and commercial customers through highly responsive, simple security solutions backed by expertly trained professionals. The company has one of the nation's largest networks of independent authorized dealers and agents — providing products and support to customers in the U.S. and Puerto Rico — as well as professionally installed products.