Second Quarter 2018 Earnings Presentation

August 1, 2018

Safe Harbor

Caution Concerning Forward-Looking Statements

Various remarks that the Company makes contain forward-looking statements regarding acquisitions, acquisition integration, growth, growth priorities or plans, new products and related investment, revenues, adjusted OIBDA, churn, seats, lines or accounts, average revenue per user, cost of telephony services, the Company's share repurchase plan, new products and related investment, capital expenditures, and other statements that are not historical facts or information constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on information available at the time the statements are made and/or management's belief as of that time with respect to future events and involve risks and uncertainties that could cause actual results and outcomes to be materially different. Important factors that could cause such differences include but are not limited to: he competition we face; the expansion of competition in the cloud communications market; our ability to adapt to rapid changes in the cloud communications market; the nascent state of the cloud communications for business market; our ability to retain customers and attract new customers cost effectively; the risk associated with developing and maintaining effective internal sales teams and effective distribution channels; risks related to the acquisition or integration of businesses we have acquired; security breaches and other compromises of information security; risks associated with sales of our services to medium-sized and enterprise customers; our reliance on third party hardware and software; our dependence on third party facilities, equipment, systems and services; system disruptions or flaws in our technology and systems; our ability to scale our business and grow efficiently; our dependence on third party vendors; the impact of fluctuations in economic conditions, particularly on our small and medium business customers; our ability to comply with data privacy and related regulatory matters; our ability to obtain or maintain relevant intellectual property licenses; failure to protect our trademarks and internally developed software; fraudulent use of our name or services; intellectual property and other litigation that have been and may be brought against us; reliance on third parties for our 911 services; uncertainties relating to regulation of business services; risks associated with legislative, regulatory or judicial actions regarding our business products; risks associated with operating abroad; risks associated with the taxation of our business; risks associated with a material weakness in our internal controls; governmental regulation and taxes in our international operations; liability under anti-corruption laws or from governmental export controls or economic sanctions; our dependence on our customers' broadband connections; restrictions in our debt agreements that may limit our operating flexibility; foreign currency exchange risk; our ability to obtain additional financing if required; any reinstatement of holdbacks by our credit card processors; our history of net losses and ability to achieve consistent profitability in the future; our ability to fully realize the benefits of our net operating loss carry-forwards if an ownership change occurs; certain provisions of our charter documents/ and other factors that are set forth in the "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2017, in the Company's Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. While the Company may elect to update forward-looking statements at some point in the future, the Company specifically disclaims any obligation to do so, and therefore, you should not rely on these forward-looking statements as representing the Company's views as of any date subsequent to today.

Non-GAAP Financial Measures

This presentation contains non-GAAP financial measures (including adjusted operating income before depreciation and amortization ("adjusted OIBDA"), adjusted OIBDA less capex, adjusted net income, net debt (cash),free cash flow, organic growth and adjusted revenues), as defined in Regulation G adopted by the SEC. The Company provides a reconciliation of these non-GAAP financial measures to the most directly comparable financial measure at the end of the presentation and in the Company's quarterly earnings releases, which can be found on the Vonage Investor Relations website at http://ir.vonage.com.

Recent Highlights

- Increased Consolidated revenues by 3% to $260 Million
- Grew Vonage Business revenues by 20% to $148 Million
  - Grew Business Service Revenues by 24%
- Reported Income from Operations of $13 Million; Adjusted OIBDA of $45 Million
- Completed acquisition of TokBox Inc., the global leader in programmable video, for $35 million
  - Cash purchase price represents less than 2.0x 2019 projected revenues
- Expanded API portfolio to encompass voice, SMS, IP messaging and now video
- Closed new $600 million credit facility to increase strategic flexibility, lower borrowing cost and extend maturity
- Updated guidance to reflect the acquisition of TokBox and Business growth

All growth comparisons are year-over-year

One Vonage Platform: Integrated Communications Software Platform that Delivers Better Business Outcomes

SMB

Enterprise

Developers/ISVs

UC Apps
(PBX, Contact Center)

APIs

SaaS Integration

Micro Service Architecture

VOICE | SMS | IP MESSAGING | VIDEO

Public Cloud Infrastructure

SECURITY | SCALABILITY | ELASTICITY

Global Carrier Network

CARRIER RELATIONSHIPS | GLOBAL PEERING | PHONE NUMBERS | INTELLIGENT ROUTING

Acquisition of TokBox Adds Programmable Video Leadership to Vonage API Portfolio

- TokBox is the global leader in cloud-based programmable video using WebRTC
  - Enables developers and enterprises to integrate video communication into websites, mobile apps and internet connected devices with a few lines of code

- Founded in 2007, San Francisco-based TokBox was acquired in 2012 by Telefonica

- Broadens Vonage's communication API platform to provide voice, messaging and now video solutions at global scale

- Positions Vonage in the high-growth video communications market, driven by powerful business use cases and improving high-speed connectivity

- Adds a talented workforce of technologists to Vonage's existing CPaaS presence in San Francisco

Use Cases Are Virtually Unlimited As Programmable Video Can Be Embedded In and Customized Across a Wide Range of Applications

E-commerce

Call Center

Fin. Services

Cust. Service

Education

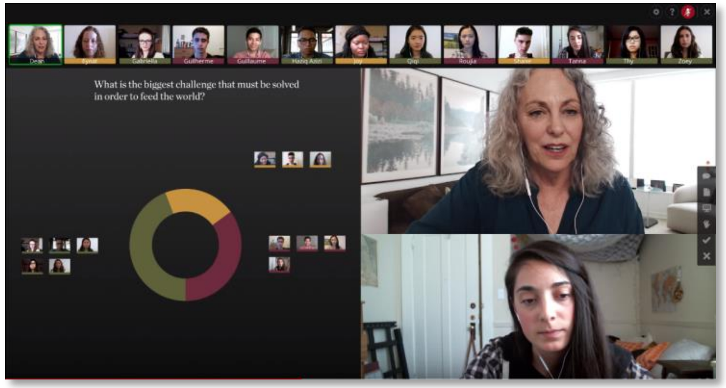
Field Services

Bus. Services

Healthcare

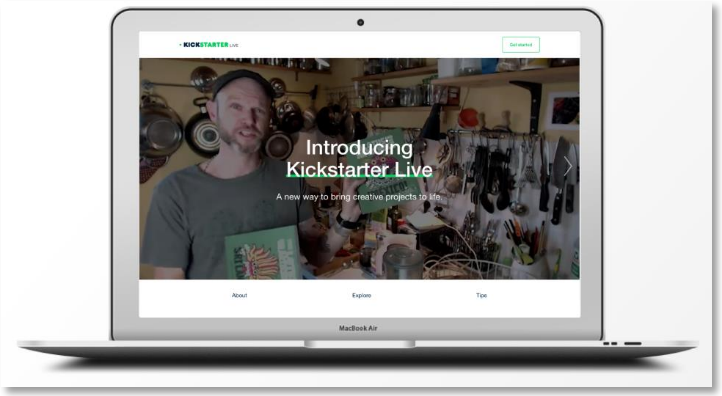
'See What I See'

Many-to-Many



One-to-One

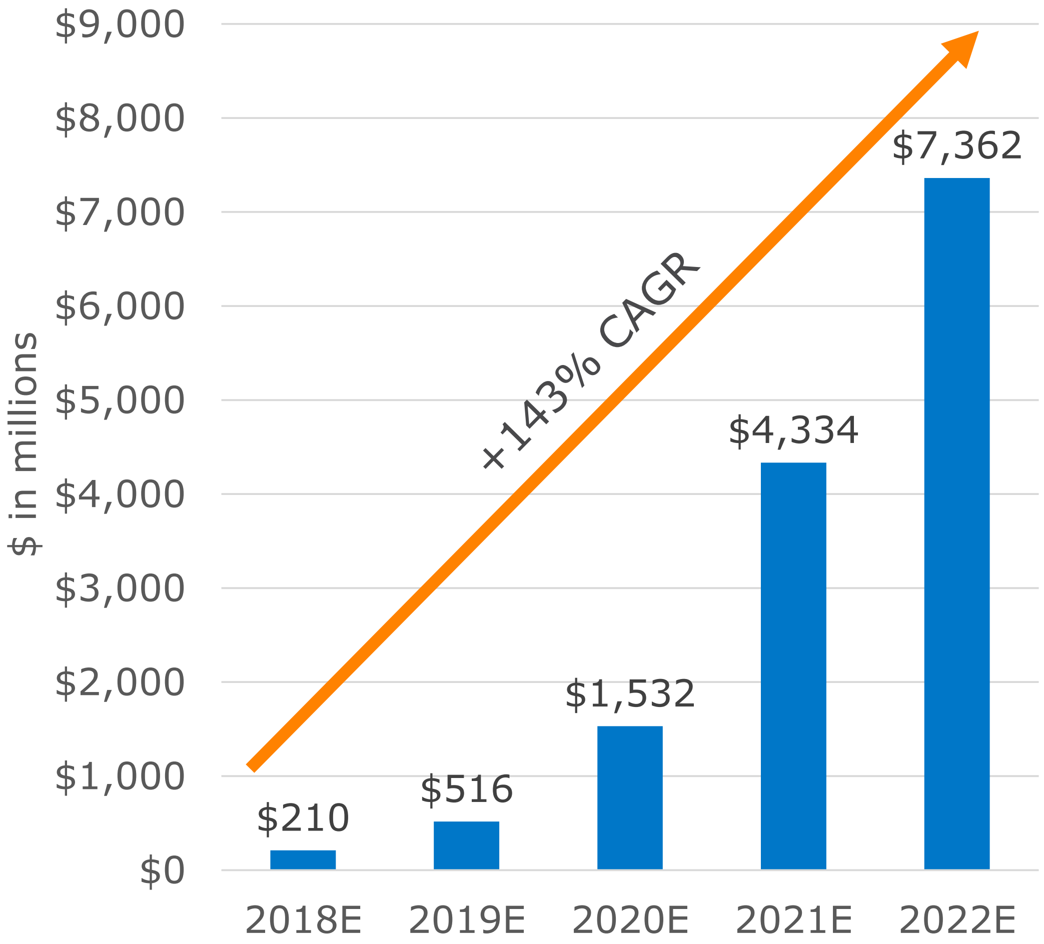
One-to-Many



Programmable Video TAM Expected to Grow Over 100% Annually

- Growing adoption of the WebRTC standard
  - A universal protocol for transmitting voice, video and data directly between supporting browsers, without plugins
  - Compatible with every major browser including Chrome, Edge, Safari and Firefox as well as iOS and Android mobile operating systems
- Increasing PaaS usage driven by simplicity and lower cost for developers
- Growing quality and ubiquity of video-enabled devices
- Improving global wireless (i.e. 5G) and fiber network infrastructure, minimizing video latency and maximizing quality

IDC U.S. Programmable Video 2018-2022 Revenue Forecast [1]



1. Source: IDC, 2018

Video Communication Enables Better Business Outcomes

Sectors	Insurance & Finance	Healthcare	Education	Business Services
Situations	Video-enabled claims, new account onboarding, mortgage applications, and wealth management	Doctor-to-doctor and Doctor-to-patient consultations	Online tutoring, virtual exam proctoring, and online classrooms	Remote interviews, language translation, broadcasts & webinars, and video customer service
Better Business Outcomes	Faster claim settlement, easier account creation, flexible in-context customer support	Improved patient communication, convenience, and quality of care	Global student access, testing integrity, and video technology for the digital classroom	More efficient delivery of services and support for online customers across wide array of industries
Illustrative TokBox Clients	Royal Bank of Scotland	InTouch Health	Chegg®	KICKSTARTER

With TokBox, the Vonage API Platform Is Even More Strategic to Customers and Partners

TokBox Provides the Leading Programmable Video Platform

- Video solutions available as open API's with a set of SDKs and developer tools
- Over 2,300 customers and nearly 100,000 registered developers
- The most scaled and globally distributed programmable video platform
- Fourteen public cloud POPs across the world provide global, seamless coverage
- Supports all major browsers and operating systems via wide range of coding languages

Vonage has the Most Robust Omni-channel Distribution Platform in Cloud Communications

Inside Sales | Channel Sales | Field Sales | Enterprise Sales | Developers

Omni-channel Distribution Strategy

- The **Vonage Partner Network** continues to accelerate mid-market and enterprise growth
- More than **100 partners added** across UCaaS and CPaaS
- Vonage is the **initial launch partner** on Rakuten RapidAPI

Land and Expand Strategy

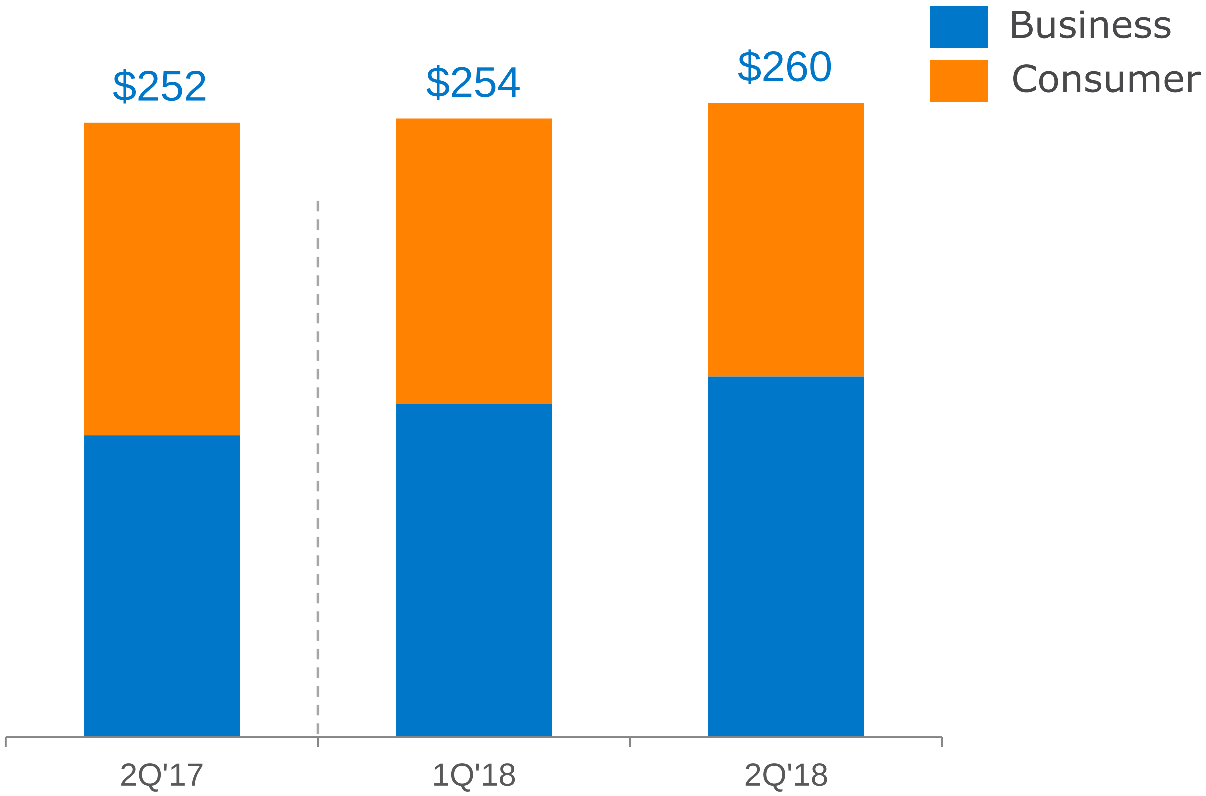
- Service revenues for UCaaS accounts billing more than $1,000 MRR **increased** 27%
- Revenues from new customers added in 2Q'17 **increased** 6x in 2Q'18
- Hired New **SVP of Mid-Market and Enterprise Sales** focused on driving growth

Addressing the Global Opportunity

- **Nexmo APAC revenues increased 80%** in 2Q'18 from the prior year
- **Significant growth from existing customers** including Grab, Google, Microsoft, Shopify, Tencent and Souq.com

Consolidated Revenues

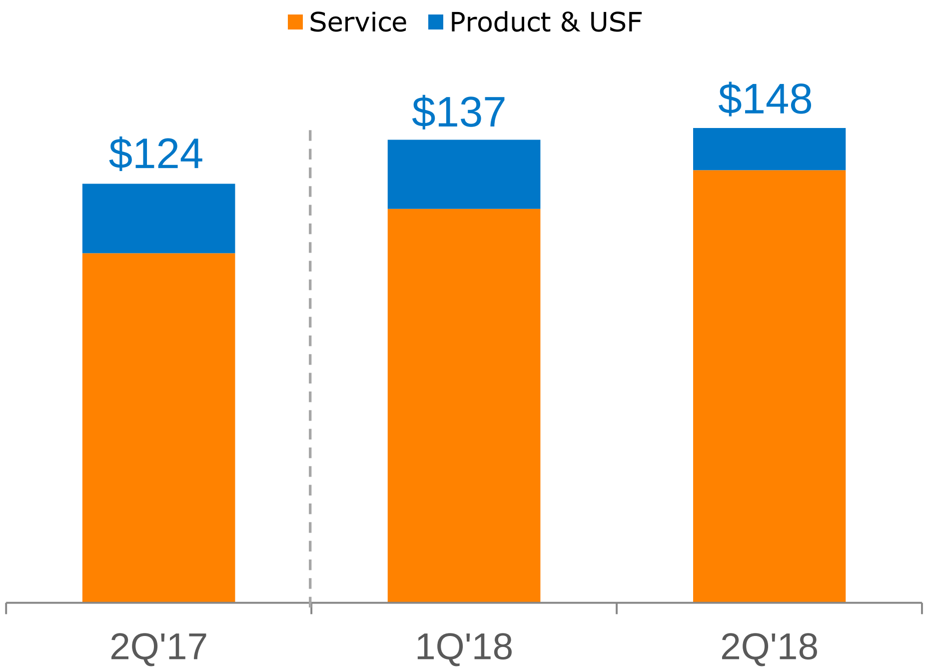
($ in millions)



- Consolidated revenues up 3% from the prior year due to:
  - Vonage Business organic growth
  - Offset by managed decline in Consumer
- Vonage Business revenues represented 57% of total revenues

Vonage Business Segment

($ in millions)

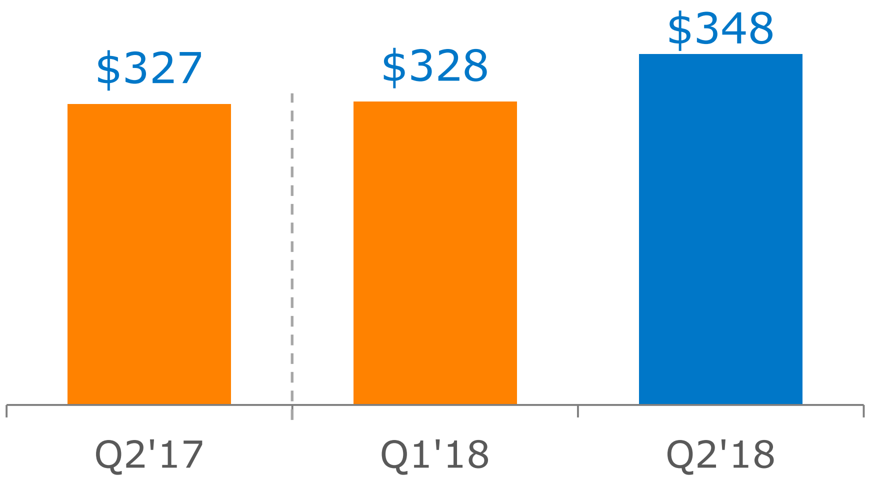


- Vonage Business revenues up 20% GAAP from the prior year due to:
  - Business service revenues up 24%
  - UCaaS organic service revenue growth of 14%[1]
  - CPaaS revenue growth of 49%

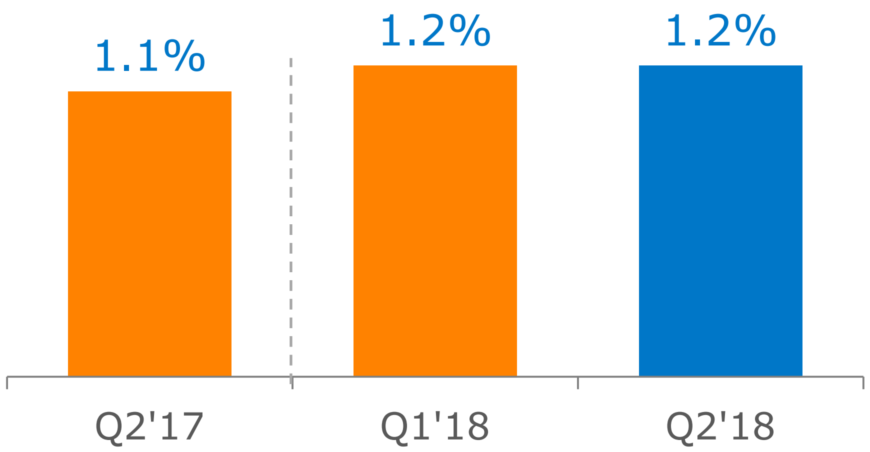
1. Growth rate is organic. We define organic growth as the increase in Business revenues adjusted for the exclusion of one-time items. Please refer to the end of the presentation for a reconciliation to GAAP Business revenues.

Vonage Business KPIs

Service Revenue Per Customer



Business Revenue Churn



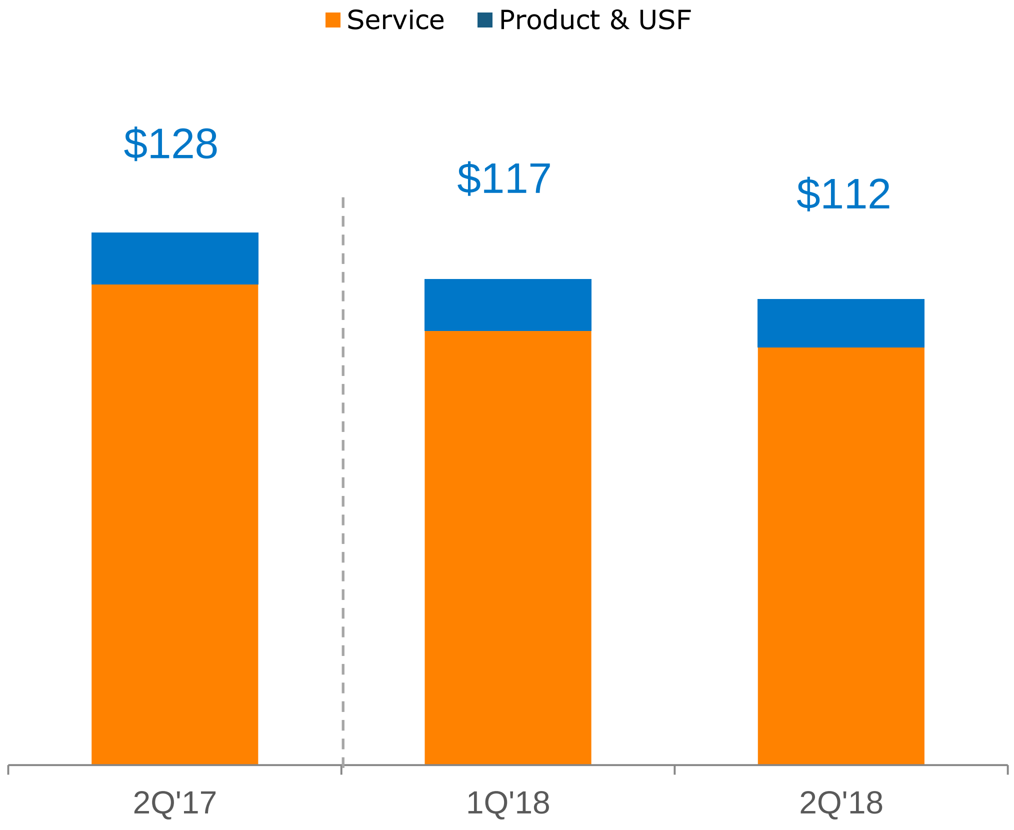
- Service revenue per customer up 6% year-over-year
  - Driven by successful move up market and expanding product set

- Business revenue churn up 0.1% year-over-year and flat sequentially

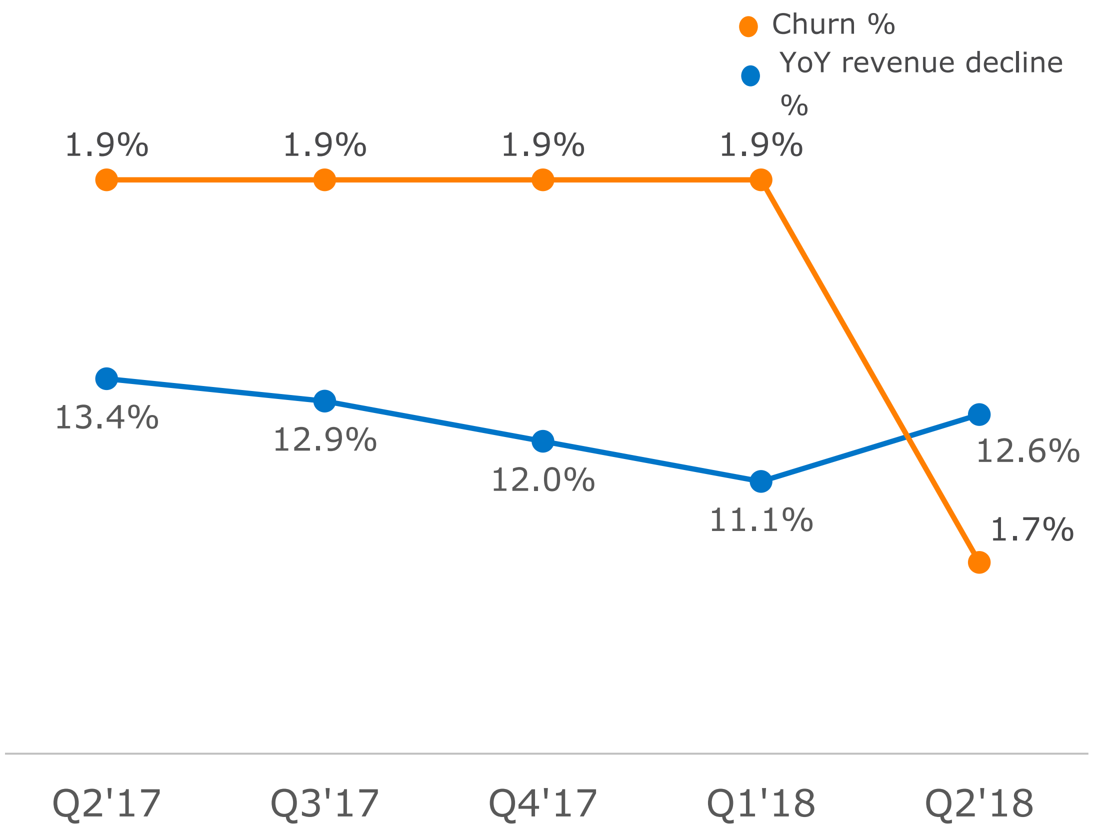
Consumer Segment

($ in millions)

Consumer Revenues



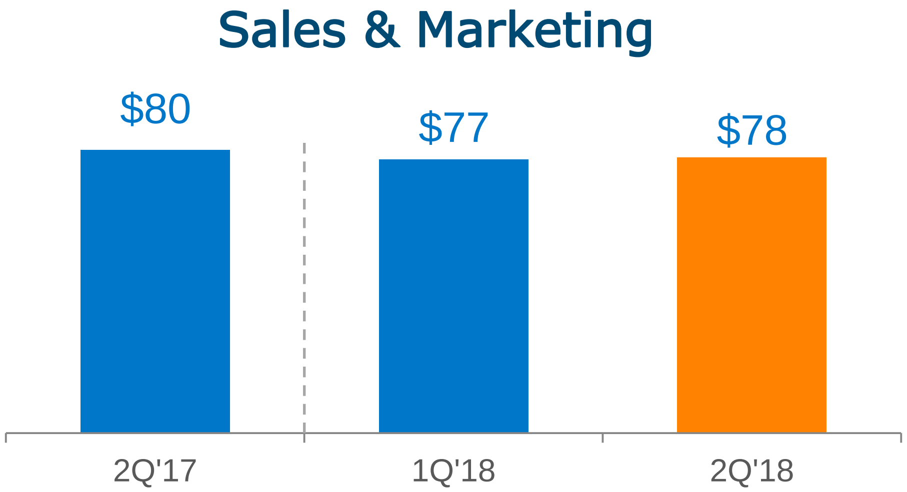
Consumer Operating Trends

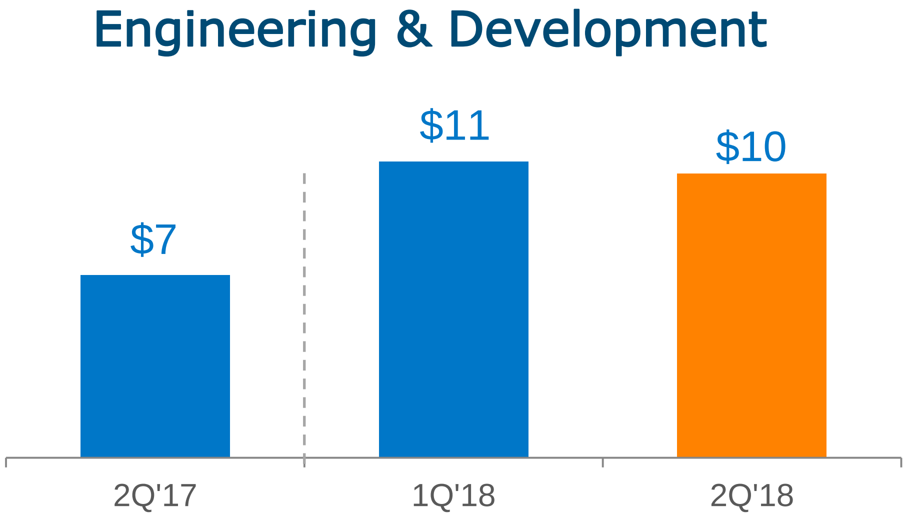


Record Low Consumer Churn of 1.7%

Consolidated Operating Expenses

($ in millions)



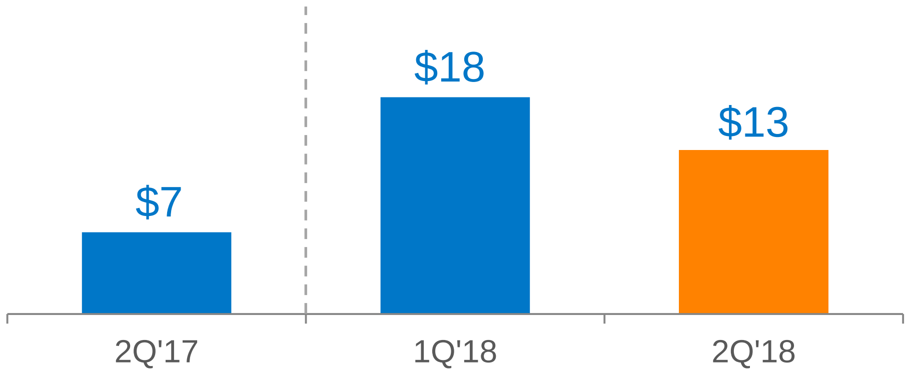


- Sales & Marketing down from the prior year due to:
  - Adoption of ASC 606
  - Continued reduction in Consumer marketing spend, partially offset by increased Vonage Business Sales & Marketing spend
- Engineering & Development up from the prior year due to:
  - Investments in OneVonage platform

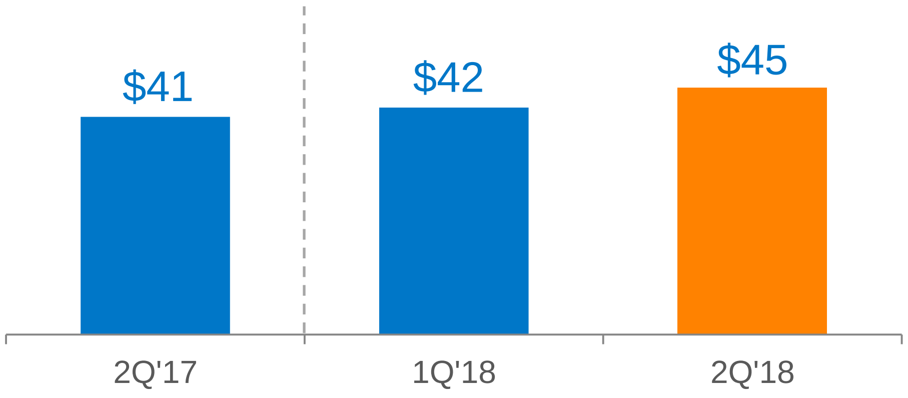
Consolidated Operating Income and Adjusted OIBDA[1]

($ in millions)

Income From Operations



Adjusted OIBDA[1]



- Operating Income and Adjusted OIBDA up from the prior year due to:
  - Higher revenues
  - Lower Sales & Marketing expenses
  - Lower General & Administrative expenses

1. This is a non-GAAP financial measure. Please refer to the end of the presentation for a reconciliation to GAAP income from operations.

Cash Flow and Balance Sheet

Cash Flow ($ in millions)	2Q 2018
Cash from operations	$42
Capital expenditures and software	($6)
Free cash flow[1]	$37

- Cash: $26 million
- Total debt: $199 million
- Net debt[1]: $173 million (Gross Debt less Unrestricted Cash)
  - Net debt/Adjusted OIBDA of 0.9x, or 1.1x pro-forma for TokBox

New 5-Year Credit Facility:

- Total Size: Increased to $600 million, consisting of $100 million term loan and $500 million revolver
- Maturity: Extended three additional years to 2023 (current loan matures in 2020)
- Pricing: Reduced drawn spread by 50 basis points (to L + 225 basis points)

Cash Flow, Balance Sheet and Improved Credit Facility Provide Strategic Flexibility

1. This is a non-GAAP financial measure. Please refer to the end of the presentation for a reconciliation to GAAP income from operations.

Updated 2018 Guidance to Include Effect of TokBox Acquisition and Business Growth

($ in Millions)	Prior 2018 Guidance	Updated 2018 Guidance
Consolidated Revenue	$1,030 to $1,045	$1,040 to $1,050
Vonage Business Revenue	$590 to $605	$600 to $610
Consumer Revenue	$435 to $440	$435 to $440
Adjusted OIBDA	At least $195	$185 Area
CAPEX	$35 Area	$30 Area
Adjusted OIBDA Less CAPEX	$160 Area	$155 Area

Business Revenues Reconciliation

($ in millions)	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18
GAAP total UCaaS revenues	**$88.5**	**$90.9**	**$94.2**	**$94.7**	**$95.5**
Hosted Infrastructure Business (Sale of) [1]	(1.1)	-	-	-	-
Service Interruption Credits[2]	-	-	-	-	0.9
Adjusted total UCaaS Revenues (non-GAAP)	**$87.4**	**$90.9**	**$94.2**	**$94.7**	**$96.5**
Access and Product	14.0	13.7	13.3	12.5	12.7
USF	6.5	6.7	7.4	7.9	7.4
Adjusted total UCaaS Service Revenues (non-GAAP)	**$66.9**	**$70.5**	**$73.4**	**$74.3**	**$76.3**
GAAP total CPaaS revenues	**$35.2**	**$38.4**	**$39.9**	**$42.0**	**$52.3**
Nexmo pre-acquisition revenues					
Net-to-gross revenue reporting adjustment	-	-	-	-	-
Adjusted total CPaaS revenues (non-GAAP)	**$35.2**	**$38.4**	**$39.9**	**$42.0**	**$52.3**
GAAP Vonage Business revenues	**$123.7**	**$129.3**	**$134.1**	**$136.7**	**$147.8**

1. Hosted Infrastructure Business sold on May 31, 2017- revenues only reported through the date of sale
2. Due to several-hour service interruption during the quarter ended June 30, 2018

Vonage Business KPI Summary

KPIs	Q2-17	Q3-17	Q4-17	Q1-18	Q2-18
Service Revenue Per Customer	$327	$324	$328	$328	$348
Business Revenue Churn	1.1%	1.2%	1.2%	1.2%	1.2%

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 3. RECONCILIATION OF GAAP INCOME FROM OPERATIONS TO ADJUSTED OIBDA AND TO ADJUSTED OIBDA MINUS CAPEX
(Amounts in thousands)
(unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Income from operations	$ 13,375	$ 17,668	$ 6,659	$ 31,043	$ 11,783
Depreciation and amortization	19,062	16,800	18,394	35,862	36,341
Share-based expense	8,497	6,709	7,412	15,206	14,476
Acquisition related transaction and integration costs	432	—	18	432	157
Organizational transformation	3,011	109	4,000	3,120	4,000
Acquisition related consideration accounted for as compensation	559	827	4,310	1,386	11,073
Adjusted OIBDA	44,936	42,113	40,793	$ 87,049	$ 77,830
Less:					
Capital expenditures	(4,537)	(3,250)	(5,294)	$ (7,787)	$ (8,995)
Acquisition and development of software assets	(1,073)	(3,147)	(3,504)	$ (4,220)	$ (6,884)
Adjusted OIBDA Minus Capex	$ 39,326	$ 35,716	$ 31,995	$ 75,042	$ 61,951

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 4. RECONCILIATION OF GAAP NET INCOME TO
NET INCOME EXCLUDING ADJUSTMENTS
(Amounts in thousands, except per share amounts)
(unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net income (loss)	$ 8,559	$ 24,524	$ 4,825	$ 33,083	$ 10,738
Amortization of acquisition - related intangibles	8,594	8,830	9,069	17,424	18,068
Acquisition related transaction and integration costs	432	—	18	432	157
Acquisition related consideration accounted for as compensation	559	827	4,310	1,386	11,073
Organizational transformation	3,011	109	4,000	3,120	4,000
Tax effect on adjusting items	(4,177)	(3,301)	(7,188)	(7,478)	(13,757)
Adjusted net income (loss)	$ 16,978	$ 30,989	$ 15,034	$ 47,967	$ 30,279
Earnings (loss) per common share:					
Basic	$ 0.04	$ 0.11	$ 0.02	$ 0.14	$ 0.05
Diluted	$ 0.03	$ 0.10	$ 0.02	$ 0.13	$ 0.04
Weighted-average common shares outstanding:					
Basic	237,919	233,034	223,492	235,490	221,930
Diluted	248,256	248,481	239,938	248,373	239,923
Earnings (loss) per common share, excluding adjustments:					
Basic	$ 0.07	$ 0.13	$ 0.07	$ 0.20	$ 0.14
Diluted	$ 0.07	$ 0.12	$ 0.06	$ 0.19	$ 0.13
Weighted-average common shares outstanding:					
Basic	237,919	233,034	223,492	235,490	221,930
Diluted	248,256	248,481	239,938	248,373	239,923

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 5. FREE CASH FLOW
(Amounts in thousands)
(unaudited)

	Three Months Ended			Six Months Ended	
	June 30, 2018	March 31, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net cash provided by operating activities	$ 42,467	$ 23,468	$ 15,432	$ 65,935	$ 32,693
Less:					
Capital expenditures	(4,537)	(3,250)	(5,294)	(7,787)	(8,995)
Acquisition and development of software assets	(1,073)	(3,147)	(3,504)	(4,220)	(6,884)
Free cash flow	$ 36,857	$ 17,071	$ 6,634	$ 53,928	$ 16,814

Non-GAAP Reconciliation

VONAGE HOLDINGS CORP.
TABLE 6. RECONCILIATION OF NOTES PAYABLE, INDEBTEDNESS UNDER REVOLVING CREDIT FACILITY, AND CAPITAL LEASES TO NET DEBT
(Dollars in thousands)
(unaudited)

	June 30, 2018	December 31, 2017
Current maturities of capital lease obligations	$ 46	$ 140
Current portion of notes payable	18,750	18,750
Notes payable and indebtedness under revolving credit facility, net of current maturities and debt related costs	179,560	213,765
Unamortized debt related costs	503	672
Gross debt	198,859	233,327
Less:		
Unrestricted cash	26,077	31,360
Net debt	$ 172,782	$ 201,967