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## **Altisource Announces Third Quarter Financial Results**

**LUXEMBOURG, October 22, 2015** – Altisource Portfolio Solutions S.A. ("Altisource" or the "Company") (NASDAQ:ASPS) today reported strong third quarter results.

Third Quarter 2015 Results Compared to Third Quarter 2014:

- Service revenue of \$245.5 million, a 1% decrease
- Net income attributable to Altisource of \$37.0 million, a 12% decrease
- Adjusted net income attributable to Altisource<sup>(1)</sup> of \$46.4 million, a 10% decrease
- Diluted earnings per share of \$1.82, a 2% increase
- Adjusted diluted earnings per share<sup>(1)</sup> of \$2.27, a 4% increase

"We remain focused on providing high quality, compliant services to our customers and positioning the Company, through our strategic initiatives, for long term growth. We continue to execute with existing customers, on-board new customers and receive very good feedback on our offerings from the market. We believe we have the right strategic initiatives, with each addressing very large markets, in line with our core competencies and our competitive advantages," said William B. Shepro, Chief Executive Officer.

Shepro further commented, "I am pleased with the financial results for the quarter. Compared to the third quarter of 2014, growth in our asset management business largely offset lost revenue from the November 2014 discontinuation of the lender placed insurance brokerage business, the full amortization of the Equator acquisition deferred revenue in November 2014 and fewer third quarter 2015 property valuation referrals. With a focus on growth through our four strategic initiatives, we have increased our investments in sales and marketing in 2015, primarily accounting for the lower net income."

Third quarter 2015 highlights include:

- The average number of loans serviced by Ocwen on REALServicing was 1.9 million for the third quarter 2015, a 15% decrease compared to the third quarter 2014
- The Company repurchased 0.2 million shares of common stock at an average price of \$26.88 per share
- The Company repurchased a portion of the senior secured term loan with a par value of \$11.0 million at an 11% discount; net income included an after-tax gain of \$0.8 million on the early extinguishment of debt
- The Company acquired CastleLine Holdings, LLC and its subsidiaries for \$12.3 million in cash at closing, \$10.5 million of cash payable over four years from the acquisition date and \$14.4 million of restricted common shares of the Company (495 thousand shares)
- Subsequent to the close of the third quarter, we acquired GoldenGator, LLC (doing business as RentRange<sup>®</sup>), REIsmart, LLC (doing business as Investability<sup>™</sup>) and Onit Solutions, LLC, a support company for RentRange and Investability. RentRange is a leading provider of rental home data and information to the financial services and real estate industries, delivering a wide assortment of address and geography level data, analytics and rent-based valuation solutions for single and multi-family properties. Investability is an online residential real estate search and acquisition platform that

utilizes data and analytics to allow real estate investors to access the estimated cash flow, capitalization rate, net yield and market value of properties for sale in the United States .

"I am very pleased with our operating results and the progress we are making on our strategic initiatives to diversify and grow our revenue and earnings. We believe our non-Ocwen growth, recent customer wins, current negotiations with new and existing customers and our robust pipeline activity demonstrate Altisource's value to the market and our ability to deliver on our initiatives," said Chief Executive Officer William B. Shepro.

Fourth quarter and full year 2015 highlights include:

- We were selected by two top ten banks<sup>(2)</sup> to provide services for their portfolios in 2015, including the selection by a top four bank in the fourth quarter. We have agreements to provide services and/or software to five of the top ten banks and one GSE;
- We repurchased \$58.9 million of our common stock in 2015 (2.1 million shares at an average price of \$27.60 per share); this includes \$10.0 million of repurchases in the fourth quarter (0.4 million shares at an average price of \$26.23 per share). In January and February of 2016, we repurchased \$5.0 million of our common stock (0.2 million shares at an average price of \$27.58 per share);
- We repurchased \$49.0 million of our senior secured term loan for \$44.4 million (a weighted average discount of 10.3%), resulting in net pretax gains of \$3.8 million on the early extinguishment of debt in 2015; this includes fourth quarter repurchases of \$22.0 million for \$19.8 million (a discount of 11.0%), resulting in a pretax gain of \$1.8 million;
- To strengthen the Real Estate Investor Solutions initiative, we acquired RentRange<sup>®</sup> and Investability<sup>™</sup> in the fourth quarter for \$24.8 million; and
- The average number of loans serviced by Ocwen Financial Corporation and its subsidiaries ("Ocwen") on REALServicing<sup>®</sup> was 2.0 million, an 8% decrease compared

to the year ended December 31, 2014 (the average number of loans was 1.7 million in the fourth quarter 2015, a 31% decrease compared to the fourth quarter 2014).

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<sup>(1)</sup> This is a non-GAAP measure that is defined and reconciled to the corresponding GAAP measure herein.

<sup>(2)</sup> Source: Wall Street Journal's list of top ten banks by assets

The financial data in this press release is unaudited and preliminary, based upon estimates and subject to completion of the Company's financial closing procedures and the audit of the Company's financial statements. Moreover, this data has been prepared on the basis of currently available information. This data does not constitute a comprehensive statement of the Company's financial results for the year ended December 31, 2015, and the Company's final numbers for this data may differ materially from these estimates. The Company's independent registered public accounting firm has not audited or reviewed, and does not express an opinion with respect to, this data.

### ***Forward-Looking Statements***

This press release contains forward-looking statements that involve a number of risks and uncertainties. These forward-looking statements include all statements that are not historical fact, including statements about management's beliefs and expectations. These statements may be identified by words such as "anticipate," "intend," "expect," "may," "could," "should," "would," "plan," "estimate," "seek," "believe," "potential" and similar expressions. Forward-looking statements are based on management's beliefs as well as assumptions made by and information currently available to management. Because such statements are based on expectations as to the future and are not statements of historical fact, actual results may differ materially from what is contemplated by the forward-looking statements. Altisource undertakes no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise. The risks and uncertainties to which forward-looking statements are subject include, but are not limited to, Altisource's ability to integrate acquired businesses, retain key executives or employees, retain existing customers and attract new customers, general economic and market conditions, behavior of customers, suppliers and/or competitors, technological developments, governmental regulations, taxes and policies, availability of adequate and timely sources of liquidity and other risks and uncertainties detailed in the "Forward-Looking Statements," "Risk Factors" and other sections of Altisource's Form 10-K and other filings with the Securities and Exchange Commission.

### ***Webcast***

Altisource will host a webcast at 11:00 a.m. EST today to discuss our fourth quarter and full year results. A link to the live audio webcast will be available on Altisource's website in the Investor

Relations section. Those who want to listen to the call should go to the website at least fifteen minutes prior to the call to register, download and install any necessary audio software. A replay of the conference call will be available via the website approximately two hours after the conclusion of the call and will remain available for approximately 30 days.

### ***About Altisource***

Altisource Portfolio Solutions S.A. is a premier marketplace and transaction solutions provider for the real estate, mortgage and consumer debt industries. Altisource's proprietary business processes, vendor and electronic payment management software and behavioral science-based analytics improve outcomes for marketplace participants. Additional information is available at [www.Altisource.com](http://www.Altisource.com).

### **ALTISOURCE PORTFOLIO SOLUTIONS S.A. CONSOLIDATED STATEMENTS OF OPERATIONS**

*(in thousands, except per share data)*

(unaudited)

	Three months ended December 31, 2015	2014	Years ended December 31, 2015	2014
Service revenue				
Mortgage Services	\$ 183,945	\$ 145,776	\$ 676,222	\$
Financial Services	21,351	21,816	88,328	98,3
Technology Services	56,083	62,415	215,482	227
Eliminations	(10,339 )	(12,163 )	(39,112 )	(40,
Total service revenue	251,040	217,844	940,920	938
Reimbursable expenses	18,102	37,414	107,344	137
Non-controlling interests	745	629	3,202	2,60
Total revenue	269,887	255,887	1,051,466	1,07
Cost of revenue	154,390	149,238	579,983	569
Reimbursable expenses	18,102	37,414	107,344	137
Gross profit	97,395	69,235	364,139	371
Selling, general and administrative expenses	65,558	61,979	220,868	201
Impairment losses	71,785	—	71,785	37,4
Change in the fair value of Equator earn out liability	—	—	(7,591 )	(37,
Income (loss) from operations	(39,948 )	7,256	79,077	170
Other income (expense), net:				
Interest expense	(6,812 )	(7,323 )	(28,208 )	(23,
Loss on sale of HLSS equity securities, net of dividends received	—	—	(1,854 )	—
Other income (expense), net	2,568	39	4,045	174
Total other income (expense), net	(4,244 )	(7,284 )	(26,017 )	(23,
Income (loss) before income taxes and non-controlling interests	(44,192 )	(28 )	53,060	147
Income tax provision	(159 )	(878 )	(8,260 )	(10,
Net income (loss)	(44,351 )	(906 )	44,800	137
Net income attributable to non-controlling interests	(745 )	(629 )	(3,202 )	(2,6
Net income (loss) attributable to Altisource	\$ (45,096 )	\$ (1,535 )	\$ 41,598	\$

Earnings (loss) per share:				
Basic	\$ (2.35 )	\$ (0.08 )	\$ 2.13	\$
Diluted	\$ (2.35 )	\$ (0.08 )	\$ 2.02	\$
Weighted average shares outstanding:				
Basic	19,196	20,306	19,504	21,6
Diluted	19,196	20,306	20,619	23,6
Non-GAAP Financial Measures <sup>(1)</sup>				
Adjusted net income attributable to Altisource	\$ 38,048	\$ 6,275	\$ 143,475	\$
Adjusted diluted earnings per share	\$ 1.86	\$ 0.28	\$ 6.96	\$

<sup>(1)</sup> These are non-GAAP measures that are defined and reconciled to the corresponding GAAP measures herein

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
**SEGMENT FINANCIAL INFORMATION**

*(in thousands)*  
*(unaudited)*

	<b>Year ended December 31, 2015</b>			
	<b>Mortgage Services</b>	<b>Financial Services</b>	<b>Technology Services</b>	<b>Corporate Items and Eliminations</b>
Revenue				
Service revenue	\$ 676,222	\$ 88,328	\$ 215,482	\$ (39,112 )
Reimbursable expenses	107,224	120	—	—
Non-controlling interests	3,202	—	—	—
	786,648	88,448	215,482	(39,112 )
Cost of revenue	474,169	60,806	187,835	(35,483 )
Gross profit (loss)	312,479	27,642	27,647	(3,629 )
Selling, general and administrative expenses	105,153	18,707	29,902	67,106
Impairment losses	—	—	71,785	—
Change in the fair value of Equator earn out liability	—	—	(7,591 )	—
Income (loss) from operations	207,326	8,935	(66,449 )	(70,735 )
Other income (expense), net	506	58	61	(26,642 )
Income (loss) before income taxes and non-controlling interests	\$ 207,832	\$ 8,993	\$ (66,388 )	\$ (97,377 )
	<b>Year ended December 31, 2014</b>			
	<b>Mortgage Services</b>	<b>Financial Services</b>	<b>Technology Services</b>	<b>Corporate Items and Eliminations</b>
Revenue				
Service revenue	\$ 653,093	\$ 98,312	\$ 227,300	\$ (40,026 )
Reimbursable expenses	137,447	187	—	—
Non-controlling interests	2,603	—	—	—
	793,143	98,499	227,300	(40,026 )
Cost of revenue	486,387	64,338	192,426	(35,971 )
Gross profit (loss)	306,756	34,161	34,874	(4,055 )
Selling, general and administrative expenses	94,686	18,791	32,393	55,863

Impairment losses	—	—	37,473	—
Change in the fair value of Equator earn out liability	—	—	(37,924 )	—
Income (loss) from operations	212,070	15,370	2,932	(59,918 )
Other income (expense), net	204	62	(31 )	(23,424 )
Income (loss) before income taxes and non-controlling interests	\$ 212,274	\$ 15,432	\$ 2,901	\$ (83,342 )

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
**CONSOLIDATED BALANCE SHEETS**  
*(in thousands, except per share data)*  
**(unaudited)**

	<b>December 31,</b>	
	<b>2015</b>	<b>2014</b>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 179,327	\$ 161,361
Accounts receivable, net	105,023	112,183
Prepaid expenses and other current assets	21,751	23,567
Deferred tax assets, net	—	4,987
Total current assets	306,101	302,098
Premises and equipment, net	119,121	127,759
Goodwill	82,801	90,851
Intangible assets, net	197,003	245,246
Deferred tax assets, net	3,619	—
Other assets	19,337	22,267
Total assets	\$ 727,982	\$ 788,221
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 91,871	\$ 111,766
Current portion of long-term debt	5,945	5,945
Deferred revenue	15,060	9,829
Other current liabilities	16,266	13,227
Total current liabilities	129,142	140,767
Long-term debt, less current portion	528,417	582,669
Deferred tax liabilities, net	—	2,694
Other non-current liabilities	18,153	20,648
Equity:		
Common stock (\$1.00 par value; 25,413 shares authorized and issued and 19,021 outstanding as of December 31, 2015; 25,413 shares authorized and issued and 20,279 outstanding as of December 31, 2014)	25,413	25,413
Additional paid-in capital	96,321	91,509
Retained earnings	369,270	367,967
Treasury stock, at cost (6,392 shares as of December 31, 2015 and 5,134 shares as of December 31, 2014)	(440,026 )	(444,495 )
Altisource equity	50,978	40,394
Non-controlling interests	1,292	1,049
Total equity	52,270	41,443

Total liabilities and equity

\$ 727,982

\$ 788,221

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

*(in thousands)*

**(unaudited)**

	<b>Years ended December 31 ,</b>	
	<b>2015</b>	<b>2014</b>
Cash flows from operating activities:		
Net income	\$ 44,800	\$ 137,087
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	36,470	29,046
Amortization of intangible assets	41,135	37,680
Loss on sale of HLSS equity securities, net of dividends received	1,854	—
Change in the fair value of acquisition related contingent consideration	(7,184 )	(37,924 )
Impairment losses	71,785	37,473
Share-based compensation expense	4,812	2,236
Bad debt expense	5,514	16,257
Gain on early extinguishment of debt	(3,836 )	—
Amortization of debt discount	498	317
Amortization of debt issuance costs	1,374	1,151
Deferred income taxes	(1,326 )	1,166
Loss on disposal of fixed assets	26	184
Changes in operating assets and liabilities, net of effects of acquisitions:		
Accounts receivable	2,401	(22,492 )
Prepaid expenses and other current assets	1,883	(12,501 )
Other assets	2,993	(1,750 )
Accounts payable and accrued expenses	(14,483 )	24,285
Other current and non-current liabilities	6,636	(14,722 )
Net cash provided by operating activities	195,352	197,493
Cash flows from investing activities:		
Additions to premises and equipment	(36,188 )	(64,846 )
Acquisition of businesses, net of cash acquired	(28,675 )	(34,720 )
Purchase of HLSS equity securities	(29,966 )	—
Proceeds received from sale of and dividends from HLSS equity securities	28,112	—
Change in restricted cash	722	(1,402 )
Other investing activities	—	(300 )
Net cash used in investing activities	(65,995 )	(101,268 )
Cash flows from financing activities:		
Proceeds from issuance of long-term debt	—	198,000
Repurchases and repayment of long-term debt	(50,373 )	(4,959 )
Debt issuance costs	—	(2,608 )
Proceeds from stock option exercises	1,390	2,688
Purchase of treasury stock	(58,949 )	(255,713 )
Distributions to non-controlling interests	(2,959 )	(2,596 )
Other financing activities	(500 )	—
Net cash used in financing activities	(111,391 )	(65,188 )
Net increase in cash and cash equivalents	17,966	31,037



Cash and cash equivalents at the beginning of the period	161,361	130,324
Cash and cash equivalents at the end of the period	\$ 179,327	\$ 161,361
Supplemental cash flow information:		
Interest paid	\$ 26,274	\$ 21,829
Income taxes paid, net	9,725	13,340
Non-cash investing and financing activities:		
Acquisition of businesses with restricted shares	\$ 21,733	\$ —
Decrease in payables for purchases of premises and equipment	(6,679 )	(2,328 )
Decrease in acquisition of businesses from subsequent working capital true-ups	—	(3,711 )

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
**NON-GAAP MEASURES**  
*(in thousands, except per share data)*  
**(unaudited)**

Adjusted net income attributable to Altisource and adjusted diluted earnings per share are non-GAAP measures used by management, existing shareholders and potential shareholders to measure Altisource's performance. Adjusted net income attributable to Altisource is calculated by adding intangible asset amortization expense (net of tax) and impairment losses (net of tax) and deducting gains associated with reductions of the Equator earn out liability (net of tax) to GAAP net income attributable to Altisource. Adjusted diluted earnings per share is calculated by dividing net income attributable to Altisource plus intangible asset amortization expense (net of tax) plus impairment losses (net of tax) less gains associated with reductions of the Equator earn out liability (net of tax) to GAAP net income attributable to Altisource by the weighted average number of diluted shares. Reconciliations of the non-GAAP measures to the corresponding GAAP measures are as follows:

	<b>Three months ended December 31, 2015</b>	<b>2014</b>	<b>Years ended December 31, 2015</b>
Net income (loss) attributable to Altisource	\$ (45,096 )	\$ (1,535 )	\$ 41,598
Intangible amortization expense, net of tax	12,514	7,810	38,187
Impairment loss, net of tax	70,630	—	70,630
Gain on Equator earn out liability, net of tax	—	—	(6,940 )
Adjusted net income attributable to Altisource	\$ 38,048	\$ 6,275	\$ 143,475
Diluted earnings (loss) per share	\$ (2.35 )	\$ (0.08 )	\$ 2.02
Impact of using diluted share count instead of basic share count for a loss per share	0.14	0.01	—
Intangible amortization expense, net of tax, per diluted share	0.61	0.35	1.85
Impairment loss, net of tax, per diluted share	3.46	—	3.43
Gain on Equator earn out liability, net of tax, per diluted share	—	—	(0.34 )
Adjusted diluted earnings per share	\$ 1.86	\$ 0.28	\$ 6.96
Calculation of the impact of intangible amortization expense, net of tax			
Intangible amortization expense	\$ 13,140	\$ 8,390	\$ 41,135
Tax benefit from intangible asset amortization	(626 )	(580 )	(2,948 )
Intangible asset amortization expense, net of tax	12,514	7,810	38,187
Diluted share count	20,417	22,100	20,619

Intangible asset amortization expense, net of tax, per diluted share	\$ 0.61	\$ 0.35	\$ 1.85
Calculation of the impact of impairment loss, net of tax			
Impairment loss	\$ 71,785	\$ —	\$ 71,785
Tax benefit from impairment loss	(1,155 )	—	(1,155 )
Impairment loss, net of tax	70,630	—	70,630
Diluted share count	20,417	22,100	20,619
Impairment loss, net of tax, per diluted share	\$ 3.46	\$ —	\$ 3.43
Calculation of gain on Equator earn out liability, net of tax			
Gain on Equator earn out liability	\$ —	\$ —	\$ (7,591 )
Tax provision from the gain on Equator earn out liability	—	—	651
Gain on Equator earn out liability, net of tax	—	—	(6,940 )
Diluted share count	20,417	22,100	20,619
Gain on Equator earn out liability, net of tax, per diluted share	\$ —	\$ —	\$ (0.34 )

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Source: Altisource Portfolio Solutions, S.A.