



**Investor Contact:**

Michelle D. Esterman  
Chief Financial Officer  
+352 2469 7950  
[Michelle.Esterman@Altisource.lu](mailto:Michelle.Esterman@Altisource.lu)

## **Altisource Announces First Quarter Results**

**LUXEMBOURG, April 23, 2015** – Altisource Portfolio Solutions S.A. ("Altisource") (Nasdaq:ASPS) today reported financial results for the first quarter 2015.

First Quarter 2015 Results Compared to First Quarter 2014:

- Service revenue of \$207.8 million, a 1% decrease
- Net income attributable to Altisource of \$3.7 million, a 91% decrease
- Adjusted net income attributable to Altisource<sup>(1)</sup> of \$11.8 million, a 76% decrease
- Diluted earnings per share of \$0.18, an 89% decrease
- Adjusted diluted earnings per share<sup>(1)</sup> of \$0.56, a 72% decrease

"I am pleased with our first quarter accomplishments. Not only are we executing on our growth initiatives, we are also making good progress on the cost reduction plan we implemented during the first quarter. First quarter 2015 net income included \$13.6 million of expenses related to terminated employees and contractors and other out-of-the-ordinary items. Absent these items, adjusted net income attributable to shareholders would have been \$24.3 million. Further, we expect to achieve higher cost savings in the second quarter from the benefit of the elimination of the data access fees, lower unit costs for outside fees and services on seasonally higher revenue and the termination of a lease on a larger facility. As a result, we believe we are on-track to

achieve the objectives we established for the year as a leaner, operational and sales focused organization," said William B. Shepro, Chief Executive Officer.

First quarter 2015 highlights include:

- The average number of loans serviced by Ocwen on REALServicing<sup>®</sup> was 2.4 million for the first quarter of 2015, an increase of 27% compared to the first quarter 2014
- The number of houses sold through Hubzu<sup>®</sup> was 8,305 for the first quarter 2015, an increase of 24% compared to the first quarter in 2014

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

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

This press release contains forward-looking statements that involve a number of risks and uncertainties. Those forward-looking statements include all statements that are not historical fact, including statements about management's beliefs and expectations. 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 future economic performance and are not statements of historical fact, actual results may differ materially from those projected. The Company 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 retain existing customers and attract new customers; general economic and market conditions; 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 the Company's Form 10-K and other filings with the Securities and Exchange Commission.

## ***Webcast***

Altisource will host a webcast at 11:00 a.m. EDT today to discuss our first quarter 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 offering both distribution and content. Altisource leverages proprietary business process, vendor and electronic payment management software and behavioral science based analytics to improve outcomes for marketplace participants. Altisource has been named to Fortune's [fastest growing global companies](#) two years in a row. 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 |            |
|--|--------------------|------------|
|  | March 31,          |            |
|  | 2015               | 2014       |
| Service revenue                              |                    |            |
| Mortgage Services                            | \$ 144,381         | \$ 147,148 |
| Financial Services                           | 22,313             | 24,257     |
| Technology Services                          | 51,970             | 46,850     |
| Eliminations                                 | (10,848)           | (8,296)    |
| Total service revenue                        | 207,816            | 209,959    |
| Reimbursable expenses                        | 31,956             | 28,795     |
| Non-controlling interests                    | 710                | 515        |
| Total revenue                                | 240,482            | 239,269    |
| Cost of revenue                              | 140,870            | 119,010    |
| Reimbursable expenses                        | 31,956             | 28,795     |
| Gross profit                                 | 67,656             | 91,464     |
| Selling, general and administrative expenses | 52,406             | 43,534     |

|  |            |            |
|--|------------|------------|
| Income from operations   | 15,250     | 47,930     |
| Other income (expense), net:                                   |            |            |
| Interest expense   | (7,160)    | (4,776)    |
| Other than temporary impairment loss on HLSS equity securities | (3,285)    | --         |
| Other income (expense), net                                    | 3          | 47         |
| Total other income (expense), net                              | (10,442)   | (4,729)    |
| Income before income taxes and non-controlling interests       | 4,808      | 43,201     |
| Income tax provision   | (400)      | (3,055)    |
| Net income   | 4,408      | 40,146     |
| Net income attributable to non-controlling interests           | (710)      | (515)      |
| Net income attributable to Altisource                          | \$ 3,698   | \$ 39,631  |
| Earnings per share:  |            |            |
| Basic  | \$ 0.18    | \$ 1.76    |
| Diluted  | \$ 0.18    | \$ 1.61    |
| Weighted average shares outstanding:                           |            |            |
| Basic  | 20,172     | 22,509     |
| Diluted  | 20,995     | 24,662     |
| Transactions with related parties included above:              |            |            |
| Revenue  | \$ 148,639 | \$ 145,558 |
| Cost of revenue  | 10,288     | 7,288      |
| Selling, general and administrative expenses                   | 657        | (242)      |

## ALTISOURCE PORTFOLIO SOLUTIONS S.A.

### CONSOLIDATED BALANCE SHEETS (in thousands, except per share data) (unaudited)

|  | March 31,<br>2015 | December 31,<br>2015 |
|--|-------------------|----------------------|
| ASSETS   |                   |                      |
| Current assets:                                    |                   |                      |
| Cash and cash equivalents                          | \$ 105,623        | \$ 161,361           |
| Available for sale securities - investment in HLSS | 26,681            | --                   |
| Accounts receivable, net                           | 126,716           | 112,183              |
| Prepaid expenses and other current assets          | 21,154            | 23,567               |
| Deferred tax assets, net                           | 4,987             | 4,987                |
| Total current assets                               | 285,161           | 302,098              |
| Premises and equipment, net                        | 126,521           | 127,759              |
| Goodwill   | 90,851            | 90,851               |
| Intangible assets, net                             | 236,355           | 245,246              |
| Other assets                                       | 21,793            | 22,267               |
| Total assets                                       | \$ 760,681        | \$ 788,221           |
| LIABILITIES AND EQUITY                             |                   |                      |
| Current liabilities:                               |                   |                      |
| Accounts payable and accrued expenses              | \$ 87,845         | \$ 111,766           |
| Current portion of long-term debt                  | 5,945             | 5,945                |
| Deferred revenue                                   | 9,289             | 9,829                |
| Other current liabilities                          | 10,407            | 13,227               |
| Total current liabilities                          | 113,486           | 140,767              |

|  |            |            |
|--|------------|------------|
| Long-term debt, less current portion   | 581,310    | 582,669    |
| Deferred tax liabilities, net  | 2,670      | 2,694      |
| Other non-current liabilities  | 21,334     | 20,648     |
| Equity:  |            |            |
| Common stock (\$1.00 par value; 25,413 shares authorized and issued and 20,132 outstanding as of March 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   | 91,952     | 91,509     |
| Retained earnings  | 369,964    | 367,967    |
| Treasury stock, at cost (5,281 shares as of March 31, 2015 and 5,134 shares as of December 31, 2014)   | (446,550)  | (444,495)  |
| Altisource equity  | 40,779     | 40,394     |
| Non-controlling interests  | 1,102      | 1,049      |
| Total equity   | 41,881     | 41,443     |
| Total liabilities and equity   | \$ 760,681 | \$ 788,221 |

**ALTISOURCE PORTFOLIO SOLUTIONS S.A.**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(in thousands)**  
**(unaudited)**

|   | <u>Three months ended March 31,</u> |                 |
|---|-------------------------------------|-----------------|
|   | <u>2015</u>                         | <u>2014</u>     |
| Cash flows from operating activities:   |                                     |                 |
| Net income  | \$ 4,408                            | \$ 40,146       |
| Adjustments to reconcile net income to net cash (used in) provided by operating activities: |                                     |                 |
| Depreciation and amortization   | 8,826                               | 6,246           |
| Amortization of intangible assets   | 8,891                               | 9,466           |
| Other than temporary impairment loss on HLSS equity securities                              | 3,285                               | --              |
| Change in the fair value of acquisition related contingent consideration                    | 148                                 | --              |
| Share-based compensation expense  | 443                                 | 658             |
| Bad debt expense  | 607                                 | 1,755           |
| Amortization of debt discount   | 127                                 | 46              |
| Amortization of debt issuance costs   | 351                                 | 242             |
| Deferred income taxes   | (24)                                | 461             |
| (Gain) loss on disposal of fixed assets   | (19)                                | 96              |
| Changes in operating assets and liabilities:  |                                     |                 |
| Accounts receivable   | (15,140)                            | (22,599)        |
| Prepaid expenses and other current assets   | 2,413                               | (1,847)         |
| Other assets  | 127                                 | (1,014)         |
| Accounts payable and accrued expenses   | (27,559)                            | 7,695           |
| Other current and non-current liabilities   | (2,822)                             | (5,042)         |
| Net cash (used in) provided by operating activities   | <u>(15,938)</u>                     | <u>36,309</u>   |
| Cash flows from investing activities:   |                                     |                 |
| Additions to premises and equipment   | (3,931)                             | (12,945)        |
| Purchase of HLSS equity securities  | (29,966)                            | --              |
| Other investing activities  | (4)                                 | (300)           |
| Net cash used in investing activities   | <u>(33,901)</u>                     | <u>(13,245)</u> |
| Cash flows from financing activities:   |                                     |                 |
| Repayment of long-term debt   | (1,486)                             | (994)           |
| Proceeds from stock option exercises  | 203                                 | 401             |
| Purchase of treasury stock  | (3,959)                             | (35,766)        |

|  |                |                 |
|--|----------------|-----------------|
| Distributions to non-controlling interests | (657)          | (653)           |
| Net cash used in financing activities      | <u>(5,899)</u> | <u>(37,012)</u> |

|  |                   |                   |
|--|-------------------|-------------------|
| Net decrease in cash and cash equivalents                | (55,738)          | (13,948)          |
| Cash and cash equivalents at the beginning of the period | 161,361           | 130,324           |
| Cash and cash equivalents at the end of the period       | <u>\$ 105,623</u> | <u>\$ 116,376</u> |

Supplemental cash flow information:

|                        |          |          |
|------------------------|----------|----------|
| Interest paid          | \$ 6,655 | \$ 4,469 |
| Income taxes paid, net | 1,520    | 201      |

Non-cash investing and financing activities:

|   |            |        |
|---|------------|--------|
| (Decrease) increase in payables for purchases of premises and equipment | \$ (3,638) | \$ 684 |
|---|------------|--------|

**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 our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure Altisource's performance. Adjusted net income attributable to Altisource is calculated by adding amortization of intangible assets (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 amortization of intangible assets (net of tax) by the weighted average number of diluted shares outstanding. Reconciliations of the non-GAAP measures to the corresponding GAAP measures are as follows:

|  | Three months ended |                  |
|--|--------------------|------------------|
|  | March 31,          |                  |
|  | 2015               | 2014             |
| Net income attributable to Altisource                            | \$ 3,698           | \$ 39,631        |
| Amortization of intangible assets                                | 8,891              | 9,466            |
| Tax benefit on amortization of intangible assets                 | <u>(741)</u>       | <u>(669)</u>     |
| Amortization of intangible assets, net of tax                    | 8,150              | 8,797            |
| Adjusted net income attributable to Altisource                   | <u>\$ 11,848</u>   | <u>\$ 48,428</u> |
| Diluted earnings per share                                       | \$ 0.18            | \$ 1.61          |
| Amortization of intangible assets, net of tax, per diluted share | <u>0.39</u>        | <u>0.36</u>      |
| Adjusted diluted earnings per share                              | <u>\$ 0.56</u>     | <u>\$ 1.97</u>   |
| Weighted average shares outstanding - diluted                    | <u>20,995</u>      | <u>24,662</u>    |

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Source: Altisource Portfolio Solutions, S.A.