



# Fourth Quarter 2016 Supplementary Information

February 16, 2017

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# Forward-Looking Statements, Estimates and Non-GAAP Measures

This presentation 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.

The financial projections and scenarios contained in this presentation are expressly qualified as forward-looking statements and Altisource makes no representation that the actual financial results will be the same as those set out in the financial projections and scenarios. These financial projections and scenarios should not be unduly relied upon.

Adjusted Operating Income, Pretax Income (Loss) Attributable to Altisource, Adjusted Pretax Income, Adjusted Pretax Income Before Investments, Adjusted Net Income, Adjusted Earnings Per Share – Diluted, Adjusted Earnings Before Investments Per Share – Diluted, Adjusted Service Revenue Unrelated to Ocwen and Net Debt Less Marketable Securities are non-GAAP measures used by management, existing shareholders, potential shareholders and other users of our financial information to measure Altisource's performance and do not purport to be alternatives to income (loss) before income taxes and non-controlling interests, income (loss) from operations, net income (loss) attributable to Altisource, diluted earnings (loss) per share, service revenue and long-term debt, including current portion. We believe these measures are useful to management, existing shareholders, potential shareholders and other users of our financial information in evaluating operating profitability more on a continuing cost basis as they exclude amortization expense related to acquisitions that occurred in prior periods, costs related to the development of new businesses and technologies as well as the effect of more significant non-recurring items from earnings and long term debt net of cash on hand and marketable securities. We believe these measures are useful to management, existing shareholders, potential shareholders and other users of our financial information in evaluating the effectiveness of our operations and underlying business trends in a manner that is consistent with management's evaluation of business performance. Furthermore, we believe the exclusion of more significant non-recurring items enables comparability to prior period performance and trend analysis.

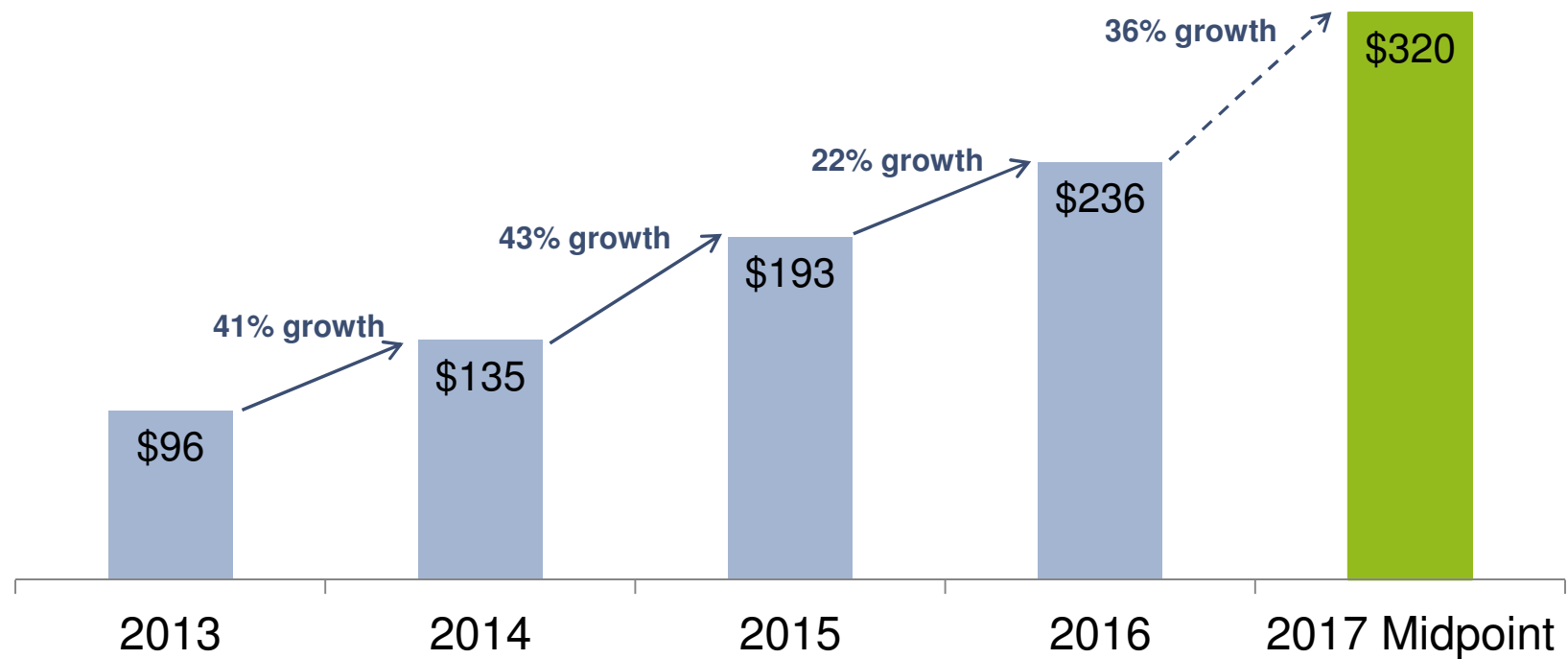
It is management's intent to provide non-GAAP financial information to enhance the understanding of Altisource's GAAP financial information, and it should be considered by the reader in addition to, but not instead of, the financial statements prepared in accordance with GAAP. Each non-GAAP financial measure is presented along with the corresponding GAAP measure so as not to imply that more emphasis should be placed on the non-GAAP measure. The non-GAAP financial information presented may be determined or calculated differently by other companies.

These non-GAAP measures are presented as supplemental information and reconciled to income (loss) before income taxes and non-controlling interests, net income (loss) attributable to Altisource, earnings (loss) per share – diluted, service revenue or long-term debt, including current portion in the Appendix to this presentation.



# Revenue Diversification

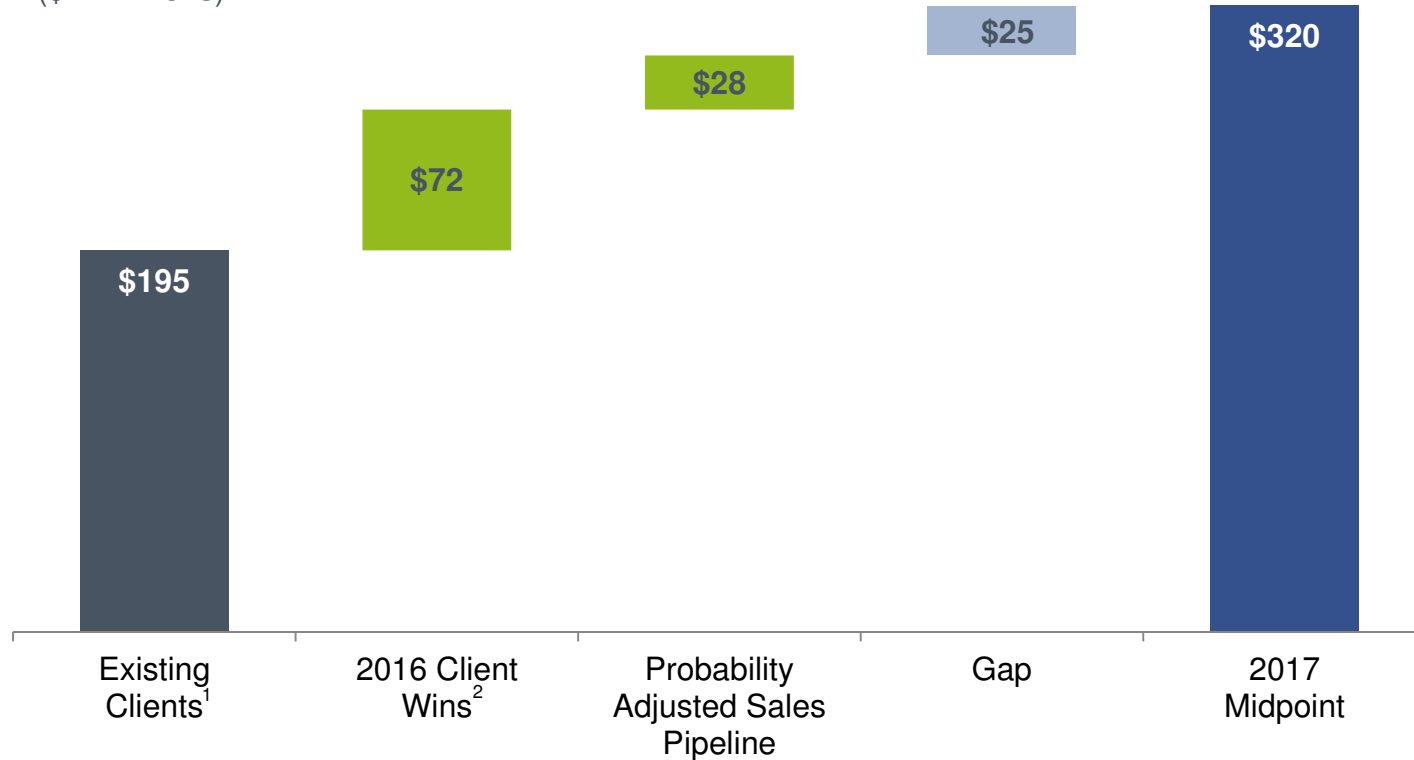
## Adjusted Service Revenue Unrelated to Ocwen<sup>1</sup> (\$ millions)



<sup>1</sup> This is a non-GAAP measure defined and reconciled in the Appendix

# Sources of 2017 Non-Ocwen Service Revenue

(\$ in millions)



<sup>1</sup> Existing Clients represents estimated revenue from customers from whom Altisource has been generating revenue for one year or more as of December 31, 2016. This excludes service revenue anticipated from existing clients from additional services.

<sup>2</sup> 2016 Client Wins represents estimated revenue from clients that became Altisource customers in 2016 and January 2017 and revenue from the Company's buy-renovate-sell business. It also includes service revenue anticipated from existing clients from additional services.

# Strategic Initiatives



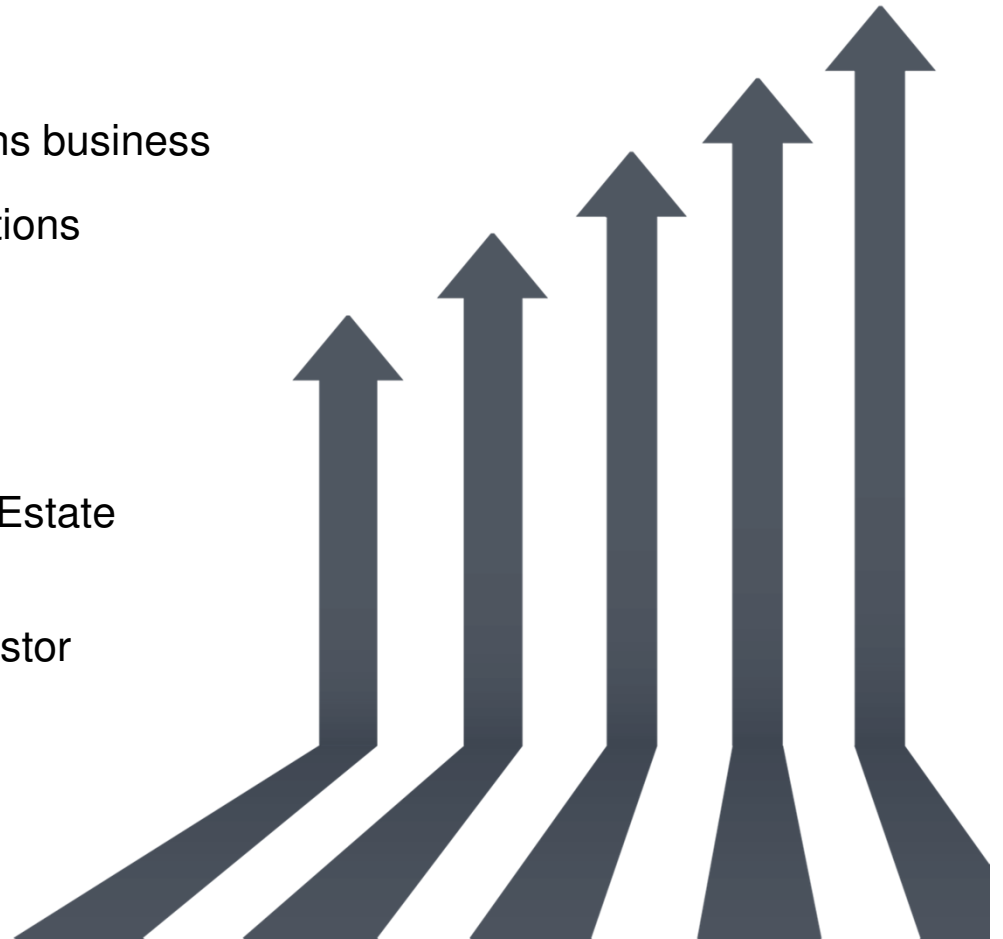
## Mortgage Market

- Grow our Servicer Solutions business
- Grow our Origination Solutions business



## Real Estate Market

- Grow our Consumer Real Estate Solutions business
- Grow our Real Estate Investor Solutions business





# 2016 Highlights

## **Servicer Solutions**

- Strengthened and grew existing customer relationships with leading bank and non-bank servicers
- Signed a significant number of agreements and statements of work with strategic customers positioning us well for 2017
- Developed new offerings to provide support services for FHA mortgages

## **Origination Solutions**

- Strengthened and grew existing customer relationships with leading bank and non-bank originators
- Signed a significant number of agreements and statements of work with strategic customers positioning us well for 2017
- Developed new offerings to strengthen the Lenders One® value proposition and grow sales of the platform solution

## **Consumer Real Estate Solutions**

- Launched the buy-side brokerage offering in February and are now operating in 26 markets
- Re-launched the sell-side offering in the fourth quarter and are now operating in 12 markets
- Grew the number of Owners.com® real estate agents to 200
- Launched Owners.com mobile apps for home buyers and real estate agents
- Currently working with approximately 950 active buyers, up from 400 in October

## **Real Estate Investor Solutions**

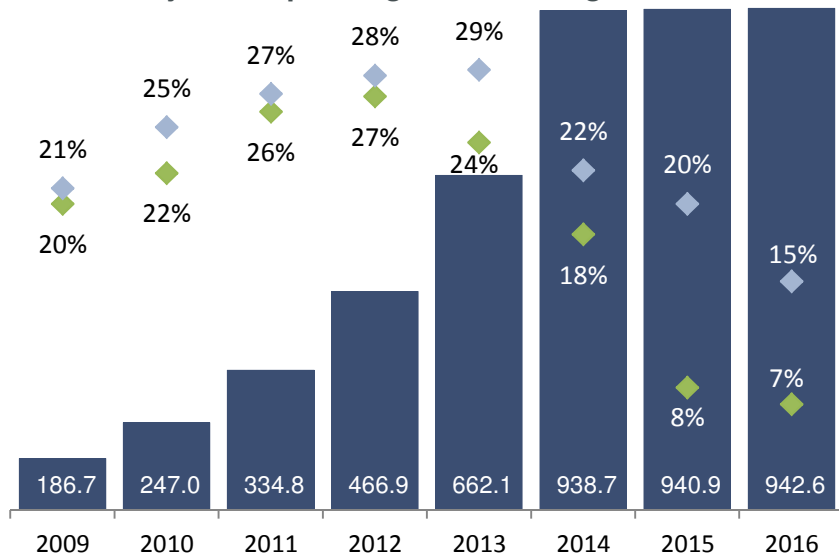
- Increased the number of rental homes managed from 2,732 at December 31, 2015 to 4,357 at December 31, 2016
- Sold 2,732 homes, primarily for RESI and, to a lesser extent, for other clients
- Negotiated a \$60 million payment to Altisource, if RESI disposes 50% or more of its single family rental portfolio managed by Altisource, in return for a limited waiver of our exclusive right to provide property management and other services to RESI
- Launched the buy-reno-vate-sell program in 2016; acquired 119 homes, 14 of which were sold
- Received a residential rental property management vendor rating of 2 from Morningstar Credit Ratings in February 2017

# Financial Performance

## Service Revenue (\$ millions)

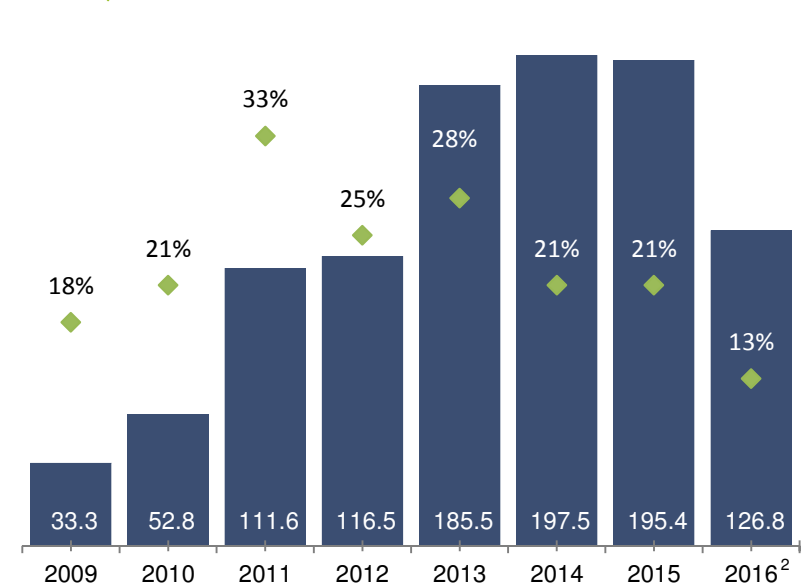
◆ Operating Income Margin%

◆ Adjusted Operating Income<sup>1</sup> Margin%



## Operating Cash Flow (\$ millions)

◆ % of Service Revenue



<sup>1</sup> This is a non-GAAP measure defined and reconciled in the Appendix

<sup>2</sup> 2016 operating cash flow is reduced by the \$13.0 million of short term real estate investments held at December 31, 2016 in connection with the Company's Buy-Renovate-Sell program. Excluding this amount, 2016 operating cash flow would have been 15% of service revenue

# Full Year and Fourth Quarter 2016 Financial Results

\$ millions (except EPS)	FY 2016	Vs. FY 2015	Q4 2016	Vs. Q4 2015
Revenue	\$997.3	-5%	\$238.6	-12%
Service Revenue	\$942.6	0%	\$227.2	-9%
Pretax Income (Loss) <sup>1</sup>	\$44.3	-16%	(\$19.5)	-56%
Adjusted Pretax Income <sup>2</sup>	\$117.2	-24%	\$18.9	-53%
Net Income (Loss) Attributable to Altisource	\$28.7	-31%	(\$20.4)	-55%
Adjusted Net Income <sup>2</sup>	\$90.1	-37%	\$10.7	-72%
Earnings (Loss) Per Share – Diluted	\$1.46	-28%	(\$1.08)	-54%
Adjusted Earnings Per Share – Diluted <sup>2</sup>	\$4.59	-34%	\$0.55	-70%

<sup>1</sup> Includes net income attributable to non-controlling interests of \$2.7 million and \$3.2 million for FY 2016 and FY 2015, respectively (\$0.7 million and \$0.7 million for Q4 2016 and Q4 2015, respectively)

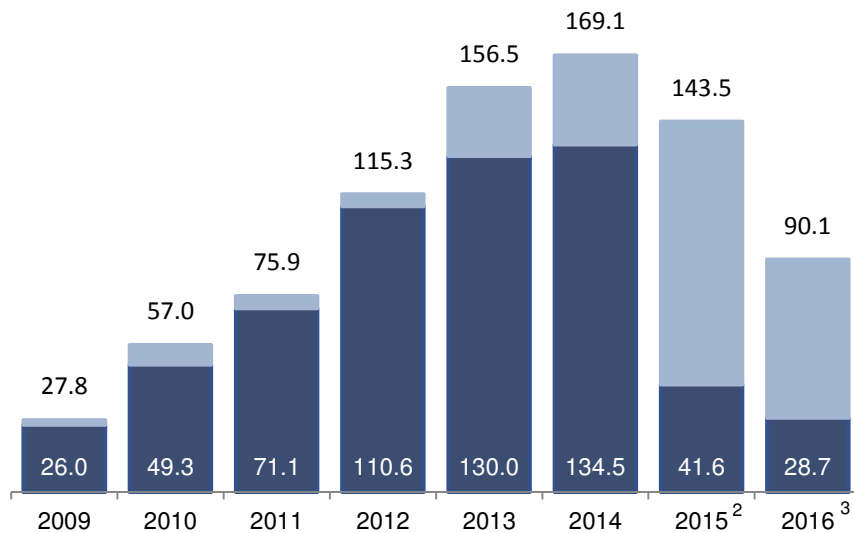
<sup>2</sup> This is a non-GAAP measure defined and reconciled in the Appendix



# Financial Performance

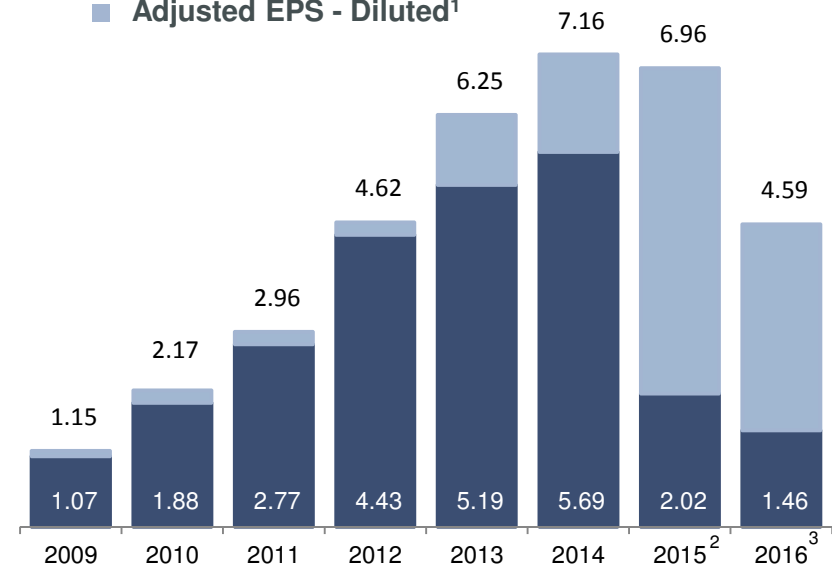
## Net Income Attributable to Altisource (\$ millions)

- GAAP Net Income
- Adjusted Net Income<sup>1</sup>



## Earnings Per Share - Diluted (\$)

- GAAP EPS - Diluted
- Adjusted EPS - Diluted<sup>1</sup>



<sup>1</sup> This is a non-GAAP measure defined and reconciled in the Appendix

<sup>2</sup> In 2015, we recognized a \$70.6 million after-tax non-cash impairment loss in our Technology Services segment

<sup>3</sup> In 2016, we recognized a \$24.6 million after-tax litigation settlement loss, net of insurance recovery

# 2016 Scenarios and 2016 Actual

\$ millions (except EPS)	2016 Scenarios			FY 2016 Actual	
	Scenario A <sup>3</sup>	Scenario B <sup>4</sup>	Midpoint of Scenarios A and B	2016	% of Scenario Midpoint
Service Revenue	\$ 935	\$1,051	\$ 993	\$ 943	95%
Pretax Income <sup>1,2</sup>	\$ 71	\$ 105	\$ 88	\$ 42	47%
Adjusted Pretax Income <sup>2</sup>	\$ 117	\$ 153	\$ 135	\$ 117	87%
Net Income <sup>1</sup>	\$ 60	\$ 92	\$ 76	\$ 29	38%
Adjusted Net Income <sup>2</sup>	\$ 100	\$ 134	\$ 117	\$ 90	77%
Earnings per Share - Diluted	\$ 3.08	\$ 4.73	\$ 3.90	\$ 1.46	37%
Adjusted Earnings per Share - Diluted <sup>2</sup>	\$ 5.10	\$ 6.89	\$ 6.00	\$ 4.59	77%

<sup>1</sup> Attributable to Altisource

<sup>2</sup> This is a non-GAAP measure defined and reconciled in the Appendix

<sup>3</sup> Represents the low end of all assumptions listed in slides 15 and 16

<sup>4</sup> Represents the high end of all assumptions listed in slides 15 and 16



# 2017 Scenarios

\$ millions (except EPS)	Actual	2017 Scenarios		
	2016	Scenario A <sup>4</sup>	Scenario B <sup>4</sup>	Midpoint of Scenarios A and B
Service Revenue	\$ 943	\$ 790	\$ 930	\$ 860
Related to Ocwen	\$ 707	\$ 515	\$ 565	\$ 540
Unrelated to Ocwen	\$ 236	\$ 275	\$ 365	\$ 320
Before Investments:				
Adjusted Pretax Income <sup>2</sup>	\$ 175	\$ 126	\$ 132	\$ 129
Adjusted Earnings per Share - Diluted <sup>2</sup>	\$ 6.87	\$ 4.57	\$ 4.79	\$ 4.68
Investments <sup>3</sup>	\$ 58	\$ 54	\$ 47	\$ 50
After Investments:				
Pretax Income <sup>1,2</sup>	\$ 42	\$ 38	\$ 50	\$ 44
Adjusted Pretax Income <sup>2</sup>	\$ 117	\$ 72	\$ 85	\$ 78
Net Income <sup>1</sup>	\$ 29	\$ 25	\$ 34	\$ 30
Adjusted Net Income <sup>2</sup>	\$ 90	\$ 50	\$ 59	\$ 54
Earnings per Share - Diluted	\$ 1.46	\$ 1.32	\$ 1.78	\$ 1.55
Adjusted Earnings per Share - Diluted <sup>2</sup>	\$ 4.59	\$ 2.59	\$ 3.05	\$ 2.82

<sup>1</sup> Attributable to Altisource

<sup>2</sup> This is a non-GAAP measure defined and reconciled in the Appendix

<sup>3</sup> For the purposes of this presentation, investments are primarily comprised of operating losses of some of our earlier stage businesses and technology development costs that we do not capitalize. Investments exclude capital expenditures

<sup>4</sup> Assumes (1) an effective income tax rate of 29.2% as we anticipate that the mix of income across the jurisdictions in which we operate will be similar to 2016 and (2) the average number of diluted shares outstanding will be 19.2 million

Note: Numbers may not sum due to rounding

# 2017 Service Revenue Scenarios

(\$ in millions)		Key Factors Driving Performance	Service Revenue
<b>Servicer Solutions</b>	<ul style="list-style-type: none"> <li>Grow revenue from existing clients</li> <li>Onboard recently closed strategic clients</li> <li>Continue to win new business from our strong sales pipeline</li> <li>Sell our FHA related mortgage services to new and existing customers</li> </ul>		<b>Non-Ocwen<sup>1</sup>:</b> \$275 - \$365  Midpoint of <b>\$320</b>
<b>Origination Solutions</b>	<ul style="list-style-type: none"> <li>Grow revenue from existing clients with a focus on the platform solution</li> <li>Onboard recently closed clients</li> <li>Continue to win new business from our strong sales pipeline</li> <li>Continue to enhance the Lenders One value proposition</li> </ul>		
<b>Consumer Real Estate Solutions</b>	<ul style="list-style-type: none"> <li>Grow the number of Owners.com agents to meet consumer demand</li> <li>Launch our mortgage brokerage business to offer financing options</li> <li>Improve the online experience for buyers and sellers</li> <li>Increase brand awareness through paid media and public relations</li> </ul>		<b>Ocwen<sup>2</sup>:</b> \$515- \$565  Midpoint of <b>\$540</b>
<b>Real Estate Investor Solutions</b>	<ul style="list-style-type: none"> <li>Support Altisource Residential's growing rental portfolio</li> <li>Make it easier for single family rental investors to buy and sell homes and order the related services through the Investability platform</li> <li>Scale our buy-renovate-sell program</li> <li>Continue to win new business from our strong sales pipeline</li> </ul>		
<b>Other</b>	<ul style="list-style-type: none"> <li>Grow revenue from existing clients by continuing to perform well against customer scorecards</li> <li>Win new business from our sales pipeline</li> </ul>		<b>Total</b> \$790 - \$930 Midpoint of <b>\$860</b>

<sup>1</sup> Amounts reflect service revenue unrelated to Ocwen

<sup>2</sup> Amounts reflect service revenue related to Ocwen



# Appendix

- Operating Metrics..... 13
- 2016 Scenario Assumptions..... 15
- Non-GAAP Measures..... 17
- Investor Relations Information..... 25

# Operating Metrics

	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
<b>Ocwen Serviced Portfolios:</b>									
<b>Default Related Services<sup>1</sup>:</b>									
Service revenue per delinquent loan per quarter <sup>2</sup>									
Non-GSE	\$ 372	\$ 390	\$ 486	\$ 565	\$ 598	\$ 611	\$ 692	\$ 722	\$ 719
GSE <sup>3</sup>	\$ 86	\$ 69	\$ 98	\$ 125	\$ 85	\$ 93	\$ 100	\$ 114	\$ 110
Average number of delinquent loans serviced by Ocwen on REALServicing <sup>5</sup>									
Non-GSE (in thousands)	335	310	279	269	257	238	222	211	204
GSE (in thousands)	77	79	64	50	34	25	20	19	18
Average delinquency rate of loans on REALServicing									
Non-GSE	24.4%	23.2%	21.7%	21.5%	21.3%	20.4%	19.6%	19.3%	19.3%
GSE	7.2%	7.5%	7.2%	7.4%	7.3%	6.6%	5.7%	5.8%	5.8%
Provisional loan count on REALServicing as of the end of the period									
Non-GSE (in thousands)	1,364	1,311	1,270	1,232	1,193	1,158	1,146	1,081	1,046
GSE (in thousands)	1,080	1,046	750	568	397	360	355	325	315
<b>Technology Services:</b>									
Service revenue per loan per quarter	\$12	\$10	\$14	\$13	\$16	\$11	\$10	\$12	\$13
Average number of loans serviced by Ocwen on REALServicing (in thousands) <sup>5</sup>	2,448	2,401	2,180	1,932	1,680	1,543	1,487	1,425	1,376

<sup>1</sup> Delinquent loans include loans that are delinquent for more than 30 days including loans in bankruptcy, foreclosure and REO

<sup>2</sup> Includes service revenue related to the portfolios serviced by Ocwen when a party other than Ocwen selects Altisource as a service provider. Service revenue generated from certain services is not recorded separately for non-GSE and GSE loans. For these services, service revenue has been allocated between non-GSE and GSE loans based on estimates

<sup>3</sup> Throughout this presentation, GSE includes Government National Mortgage Association (Ginnie Mae)

<sup>4</sup> Average loans serviced for Q4'16 is provisional and subject to change



# Operating Metrics

	Q4'14	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16
<b>Hubzu:</b>									
Service revenue (in millions) <sup>1</sup>	\$ 40.3	\$ 48.2	\$ 53.0	\$ 52.6	\$ 49.5	\$ 52.8	\$ 58.9	\$ 53.2	\$ 48.7
Number of houses sold on Hubzu:									
Ocwen serviced portfolios	6,537	7,424	7,869	7,552	6,903	6,477	6,596	6,221	5,991
All other customers	460	881	1,168	936	930	1,201	1,329	824	557
Total	6,997	8,305	9,037	8,488	7,833	7,678	7,925	7,045	6,548

<sup>1</sup> Revenue from Ocwen houses sold on Hubzu is also reflected in service revenue per delinquent loan per quarter reported in the previous slide

# 2016 Scenario Assumptions

\$ in millions	2016 Scenarios <sup>1</sup>			Actual
	A	B	Midpoint	FY 2016
<b>Service Revenue by Strategic Initiative</b>				
<b>a. Servicer Solutions:</b>				
<b>From Ocwen loan servicing portfolio<sup>2</sup>:</b>				
Mortgage Services	\$ 570	\$ 605	\$ 588	\$ 608
Financial Services	22	26	24	22
Technology Services	70	90	80	75
Subtotal	662	721	692	705
<b>From customers other than Ocwen:</b>				
Mortgage Services	35	45	40	18
Technology Services	28	32	30	31
Subtotal	63	77	70	49
<b>b. Origination Solutions:</b>				
Mortgage Services	35	45	40	39
Technology Services	13	15	14	12
Subtotal	48	60	54	51
<b>c. Consumer Real Estate Solutions:</b>				
Mortgage Services	5	10	8	1
<b>d. Real Estate Investor Solutions:</b>				
Mortgage Services	105	125	115	84
<b>e. Service Revenue Not Included Above:</b>				
Mortgage Services	-	-	-	-
Financial Services	52	58	55	53
Technology Services	-	-	-	-
Subtotal	52	58	55	53
<b>Total Service Revenue</b>	<b>\$ 935</b>	<b>\$ 1,051</b>	<b>\$ 993</b>	<b>\$ 943</b>
<b>Service Revenue Unrelated to Ocwen<sup>3</sup></b>	<b>\$ 270</b>	<b>\$ 330</b>	<b>\$ 300</b>	<b>\$ 236</b>

<sup>1</sup> Scenario A represents the low end of assumptions, Scenario B represents the high end of assumptions and the Average is the average of Scenarios A and B

<sup>2</sup> Includes service revenue related to the portfolios serviced by Ocwen when a party other than Ocwen selects Altisource as a service provider

<sup>3</sup> This is a non-GAAP measure defined and reconciled in the Appendix

Note: Numbers may not sum due to rounding



# 2016 Scenario Assumptions

\$ in millions, except share count	2016 Scenarios <sup>1</sup>			FY Actual
	A	B	Midpoint	2016
<b>Interest expense</b>	\$ 24	\$ 22	\$ 23	\$ 24
<b>Corporate Items and Eliminations</b>	\$ 70	\$ 65	\$ 68	\$ 63 <sup>3</sup>
<b>Pretax income (loss)<sup>2</sup> plus litigation settlement loss<sup>3</sup> as a percentage of service revenue</b>				
Mortgage Services	25%	27%	26%	24%
Financial Services	11%	13%	12%	4%
Technology Services	-31%	-28%	-30%	-17%
Consolidated	8%	10%	9%	7%
<b>Income tax rate</b>	14%	12%	13%	29%
<b>Average number of diluted shares (000s)</b>	19,600	19,500	19,550	19,612

<sup>1</sup> Scenario A represents the low end of assumptions, Scenario B represents the high end of assumptions and the Average is the average of Scenarios A and B

<sup>2</sup> Attributable to Altisource

<sup>3</sup> Excludes the impact of litigation settlement loss of \$28.0 million, net of a \$4.0 million insurance recovery in our corporate segment in the fourth quarter of 2016

# Non-GAAP Measures

- Adjusted Operating Income, Pretax Income Attributable to Altisource, Adjusted Pretax Income, Adjusted Pretax Income before Investments, Adjusted Net Income, Adjusted Earnings Per Share – Diluted, Adjusted Earnings Before Investments Per Share - Diluted, Adjusted Service Revenue Unrelated to Ocwen and Net Debt Less Marketable Securities are non-GAAP measures used by our Chief Operating Decision Maker, existing shareholders and potential shareholders to measure Altisource's performance
- Adjusted Operating Income is calculated by adding intangible asset amortization expense, non-cash impairment losses and litigation settlement loss, net of insurance recovery to, and deducting non-cash gains associated with reductions of the Equator earn out liability from, GAAP income (loss) from operations
- Pretax Income (Loss) Attributable to Altisource is calculated by reducing net income attributable to non-controlling interests from income (loss) before income taxes and non-controlling interests
- Adjusted Pretax Income is calculated by adding intangible assets amortization expense, non-cash impairment losses and litigation settlement loss, net of insurance recovery to, and deducting non-cash gains associated with reductions of the Equator earn out liability and net income attributable to non-controlling interests from, income (loss) before income taxes and non-controlling interests
- Adjusted Pretax Income before Investments is calculated by adding intangible assets amortization expense, non-cash impairment losses, litigation settlement loss, net of insurance recovery and investments<sup>1</sup> to, and deducting non-cash gains associated with reductions of the Equator earn out liability and net income attributable to non-controlling interests from, income (loss) before income taxes and non-controlling interests
- Adjusted Net Income is calculated by adding intangible asset amortization expense (net of tax), non-cash impairment losses (net of tax) and litigation settlement loss, net of insurance recovery (net of tax) to, and deducting non-cash gains associated with reductions of the Equator earn out liability (net of tax) from, GAAP net income (loss) attributable to Altisource

<sup>1</sup> For the purposes of this presentation, investments are primarily comprised of operating losses of some of our earlier stage businesses and technology development costs that we do not capitalize. Investments exclude capital expenditures

# Non-GAAP Measures

- Adjusted Earnings Per Share - Diluted is calculated by dividing net income (loss) attributable to Altisource plus adding intangible asset amortization expense (net of tax), non-cash impairment losses (net of tax) and litigation settlement loss, net of insurance recovery (net of tax) less non-cash gains associated with reductions of the Equator earn out liability (net of tax) by the weighted average number of diluted shares
- Adjusted Earnings Before Investments Per Share - Diluted is calculated by dividing net income (loss) attributable to Altisource plus adding intangible asset amortization expense (net of tax), non-cash impairment losses (net of tax), litigation settlement loss, net of insurance recovery (net of tax) and investments<sup>1</sup> (net of tax) less non-cash gains associated with reductions of the Equator earn out liability (net of tax) by the weighted average number of diluted shares
- Adjusted Service Revenue Unrelated to Ocwen is calculated by reducing the amortization of deferred revenue recorded in connection with the 2013 Equator acquisition from the applicable GAAP service revenue amount
- Net Debt Less Marketable Securities is calculated as long-term debt, including current portion, minus cash and cash equivalents and marketable securities
- The reconciliations of non-GAAP measures to GAAP measures are shown on slides 19 to 24

<sup>1</sup> For the purposes of this presentation, investments are primarily comprised of operating losses of some of our earlier stage businesses and technology development costs that we do not capitalize. Investments exclude capital expenditures



# Non-GAAP Measures

Reconciliation (\$ in millions except share count and per share values)	2009	2010	2011	2012	2013	2014	2015	2016	Q4'15	Q4'16
Income (loss) before taxes and non-controlling interests	37.6	55.8	85.9	124.6	142.3	147.3	53.1	44.3	(44.2)	(19.5)
Less: Net income attributable to non-controlling interests	-	(6.9)	(6.9)	(5.3)	(3.8)	(2.6)	(3.2)	(2.7)	(0.7)	(0.7)
GAAP Pretax Income (Loss) Attributable to Altisource	37.6	48.9	79.1	119.4	138.5	144.7	49.9	41.6	(44.9)	(20.3)
Add: Intangible asset amortization expense	2.7	4.9	5.3	5.0	28.2	37.7	41.1	47.6	13.1	11.1
Add: Impairment loss	-	2.8	-	-	-	37.5	71.8	-	71.8	-
Gain on Equator earn out liability	-	-	-	-	-	(37.9)	(7.6)	-	-	-
Add: Litigation settlement loss <sup>1</sup>	-	-	-	-	-	-	-	28.0	-	28.0
Adjusted Pretax Income	40.2	56.6	84.3	124.4	166.7	181.9	155.2	117.2	40.0	18.9
GAAP Operating Income (Loss)	36.5	55.0	85.7	127.4	162.1	170.5	79.1	65.1	(39.9)	(14.6)
Add: Intangible asset amortization expense	2.7	4.9	5.3	5.0	28.2	37.7	41.1	47.6	13.1	11.1
Add: Impairment loss	-	2.8	-	-	-	37.5	71.8	-	71.8	-
Gain on Equator earn out liability	-	-	-	-	-	(37.9)	(7.6)	-	-	-
Add: Litigation settlement loss <sup>1</sup>	-	-	-	-	-	-	-	28.0	-	28.0
Adjusted Operating Income	39.2	62.7	91.0	132.5	190.2	207.7	184.4	140.7	45.0	24.5
GAAP Net Income (Loss) Attributable to Altisource	26.0	49.3	71.1	110.6	130.0	134.5	41.6	28.7	(45.1)	(20.4)
Add: Intangible asset amortization expense, net of tax	1.8	4.9	4.8	4.7	26.5	35.1	38.2	36.8	12.5	6.5
Add: Impairment loss, net of tax	-	2.8	-	-	-	34.9	70.6	-	70.6	-
Gain on Equator earn out liability, net of tax	-	-	-	-	-	(35.3)	(6.9)	-	-	-
Add: Litigation settlement loss <sup>1</sup> , net of tax	-	-	-	-	-	-	-	24.6	-	24.6
Adjusted Net Income	27.8	57.0	75.9	115.3	156.5	169.1	143.5	90.1	38.0	10.7
GAAP Earnings (Loss) Per Share – Diluted	1.07	1.88	2.77	4.43	5.19	5.69	2.02	1.46	(2.35)	(1.08)
Add: Impact of using diluted share count instead of basic share count	-	-	-	-	-	-	-	-	0.14	0.01
Add: Intangible asset amortization expense, net of tax per diluted share	0.08	0.19	0.19	0.19	1.06	1.48	1.85	1.88	0.61	0.34
Add: Impairment loss, net of tax per diluted share	-	0.11	-	-	-	1.48	3.43	-	3.46	-
Gain on Equator earn out liability, net of tax per diluted share	-	-	-	-	-	(1.49)	(0.34)	-	-	-
Add: Litigation settlement loss <sup>1</sup> , net of tax per diluted share	-	-	-	-	-	-	-	1.25	-	1.28
Adjusted Earnings Per Share – Diluted	1.15	2.17	2.96	4.62	6.25	7.16	6.96	4.59	1.86	0.55

<sup>1</sup> Net of insurance recovery

Note: Numbers may not sum due to rounding

# Non-GAAP Measures

Reconciliation (\$ in millions except share count and per share values)	2009	2010	2011	2012	2013	2014	2015	2016	Q4'15	Q4'16
Calculation of the impact of intangible asset amortization expense, net of tax										
Intangible asset amortization expense	2.7	4.9	5.3	5.0	28.2	37.7	41.1	47.6	13.1	11.1
Tax benefit from intangible asset amortization	(0.8)	-	(0.5)	(0.4)	(1.7)	(2.6)	(2.9)	(10.8)	(0.6)	(4.7)
Intangible asset amortization expense, net of tax	1.8	4.9	4.8	4.7	26.5	35.1	38.2	36.8	12.5	6.5
Diluted share count (in 000s)	24,261	26,259	25,685	24,962	25,053	23,634	20,619	19,612	20,417	19,246
Intangible asset amortization expense, net of tax per diluted share	0.08	0.19	0.19	0.19	1.06	1.48	1.85	1.88	0.61	0.34
Calculation of the impact of impairment loss, net of tax										
Impairment loss	-	2.8	-	-	-	37.5	71.8	-	71.8	-
Tax benefit from impairment loss	-	-	-	-	-	(2.6)	(1.2)	-	(1.2)	-
Impairment loss, net of tax	-	2.8	-	-	-	34.9	70.6	-	70.6	-
Diluted share count (in 000s)	24,261	26,259	25,685	24,962	25,053	23,634	20,619	19,612	20,417	19,246
Impairment loss, net of tax per diluted share	-	0.11	-	-	-	1.48	3.43	-	3.46	-
Calculation of the gain on the Equator earn out liability, net of tax										
Gain on Equator earn out liability	-	-	-	-	-	(37.9)	(7.6)	-	-	-
Tax benefit from gain on Equator earn out liability	-	-	-	-	-	2.6	0.7	-	-	-
Gain on Equator earn out liability, net of tax	-	-	-	-	-	(35.3)	(6.9)	-	-	-
Diluted share count (in 000s)	24,261	26,259	25,685	24,962	25,053	23,634	20,619	19,612	20,417	19,246
Gain on Equator earn out liability, net of tax per diluted share	-	-	-	-	-	(1.49)	(0.34)	-	-	-

Note: Numbers may not sum due to rounding

# Non-GAAP Measures

Reconciliation (\$ in millions except share count and per share values)	2009	2010	2011	2012	2013	2014	2015	2016	Q4'15	Q4'16
Calculation of the impact of litigation loss, net of tax										
Litigation settlement loss <sup>1</sup>	-	-	-	-	-	-	-	28.0	-	28.0
Tax benefit from litigation settlement loss <sup>1</sup>	-	-	-	-	-	-	-	(3.4)	-	(3.4)
Litigation settlement loss <sup>1</sup> , net of tax	-	-	-	-	-	-	-	24.6	-	24.6
Diluted share count (in 000s)	24,261	26,259	25,685	24,962	25,053	23,634	20,619	19,612	20,417	19,246
Litigation settlement loss <sup>1</sup> , net of tax per diluted share	-	-	-	-	-	-	-	1.25	-	1.28
Service Revenue Unrelated to Ocwen					100	167	193	236		
Less: Amortization of Equator acquisition deferred revenue					(5)	(32)	-	-		
Adjusted Service Revenue Unrelated to Ocwen					96	135	193	236		

<sup>1</sup> Net of insurance recovery

Note: Numbers may not sum due to rounding



# Non-GAAP Measures

## 2016 Scenarios

Reconciliation (\$ in millions except share count and per share values)	A	B	Midpoint
Income before income taxes and non-controlling interests	73	108	91
Less: Net income attributable to non-controlling interests	(3)	(3)	(3)
GAAP Pretax Income Attributable to Altisource	71	105	88
Add: Intangible asset amortization expense	46	48	47
Adjusted Pretax Income	117	153	135
GAAP Net Income Attributable to Altisource	60	92	76
Add: Intangible asset amortization expense, net of tax	40	42	41
Adjusted Net Income	100	134	117
GAAP Earnings Per Share – Diluted	3.08	4.73	3.90
Add: Intangible asset amortization expense, net of tax per diluted share	2.02	2.16	2.09
Adjusted Earnings Per Share – Diluted	5.10	6.89	6.00
Calculation of the impact of intangible asset amortization expense, net of tax			
Intangible asset amortization expense	46	48	47
Tax benefit from intangible asset amortization	(6)	(6)	(6)
Intangible asset amortization expense, net of tax	40	42	41
Diluted share count (in 000s)	19,600	19,500	19,550
Intangible asset amortization expense, net of tax per diluted share	2.02	2.16	2.09

## Net Debt Less Marketable Securities

Reconciliation (\$ in millions)	December 31, 2015	December 31, 2016
Senior secured term loan	\$536.6	\$479.7
Less: Cash and cash equivalents	(179.3)	(149.3)
Less: Marketable securities	-	(45.8)
Net debt less marketable securities	\$357.3	\$284.6

Note: Numbers may not sum due to rounding

# Non-GAAP Measures

Reconciliation (\$ in millions except share count and per share values)	2016 Actual	2017 Scenarios		
		A	B	Midpoint
Income before taxes and non-controlling interests	44	42	55	48
Less: Net income attributable to non-controlling interests	(3)	(5)	(5)	(5)
Pretax Income Attributable to Altisource	42	38	50	44
Add: Intangible asset amortization expense	48	35	35	35
Add: Litigation settlement loss	28	-	-	-
Adjusted Pretax Income	117	72	85	78
Add: Investments <sup>1</sup>	58	54	47	50
Adjusted Pretax Income Before Investments	175	126	132	129
GAAP Net Income Attributable to Altisource	29	25	34	30
Add: Intangible asset amortization expense, net of tax	37	24	24	24
Add: Litigation settlement loss, net of tax	25	-	-	-
Adjusted Net Income	90	50	59	54
GAAP Earnings Per Share – Diluted	1.46	1.32	1.78	1.55
Add: Intangible asset amortization expense, net of tax per diluted share	1.88	1.27	1.27	1.27
Add: Litigation settlement loss, net of tax per diluted share	1.25	-	-	-
Adjusted Earnings After Investments Per Share - Diluted	4.59	2.59	3.05	2.82
Add: Investments <sup>1</sup> , net of tax per diluted share	2.27	1.98	1.73	1.86
Adjusted Earnings Before Investments Per Share - Diluted	6.87	4.57	4.79	4.68

<sup>1</sup> For the purposes of this presentation, investments are primarily comprised of operating losses of some of our earlier stage businesses and technology development costs that we do not capitalize. Investments exclude capital expenditures

Note: Numbers may not sum due to rounding

# Non-GAAP Measures

## 2017 Scenarios

Reconciliation (\$ in millions except share count and per share values)	2016 Actual	A	B	Midpoint
Calculation of the impact of intangible asset amortization expense, net of tax per share				
Intangible amortization expense	48	35	35	35
Tax benefit from intangible asset amortization	(11)	(10)	(10)	(10)
Intangible asset amortization expense, net of tax	37	24	24	24
Diluted share count (in 000s)	19,612	19,175	19,175	19,175
Intangible asset amortization expense, net of tax per diluted share	1.88	1.27	1.27	1.27
Calculation of the impact of litigation settlement loss, net of tax per share				
Litigation settlement loss	28	-	-	-
Tax benefit from litigation settlement loss	(3)	-	-	-
Litigation settlement loss, net of tax	25	-	-	-
Diluted share count (in 000s)	19,612	19,175	19,175	19,175
Litigation settlement loss, net of tax per diluted share	1.25	-	-	-
Calculation of the impact of investments <sup>1</sup> , net of tax per share				
Investment expenses	58	54	47	50
Tax benefit from investment expenses	(13)	(16)	(14)	(14)
Investment expenses, net of tax	45	38	33	36
Diluted share count (in 000s)	19,612	19,175	19,175	19,175
Investment expenses, net of tax per diluted share	2.27	1.98	1.73	1.86

<sup>1</sup> For the purposes of this presentation, investments are primarily comprised of operating losses of some of our earlier stage businesses and technology development costs that we do not capitalize. Investments exclude capital expenditures

Note: Numbers may not sum due to rounding



# Investor Relations Information

About Altisource	We are 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.
Contact Information	All Investor Relations inquiries should be sent to: <b><a href="mailto:Investor.relations@altisource.com">Investor.relations@altisource.com</a></b>
Exchange	NASDAQ Global Select Market
Ticker	ASPS
Headquarters	Luxembourg
Employees	Approximately 8,300



