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TRANSCRIPT

Q3 2018 Altisource Portfolio Solutions SA Earnings Call

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CORPORATE PARTICIPANTS

William B. Shepro *Altisource Portfolio Solutions S.A. – Chief Executive Officer*

Michelle D. Esterman *Altisource Portfolio Solutions S.A. – Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Leon Cooperman *Omega Advisors, Inc.*

Mike Grondahl *Northland Capital Markets*

Ramin Kamali *Credit Suisse*

PRESENTATION

Operator

Good day, ladies and gentlemen, and thank you for standing by. Welcome to the Altisource Portfolio Solutions Third Quarter Earnings Call. (Operator Instructions)

It is now my pleasure to hand the conference over to Ms. Michelle Esterman, Chief Financial Officer. You may begin.

Michelle D. Esterman *Altisource Portfolio Solutions S.A. – Chief Financial Officer*

Thank you, operator. We first want to remind you that the earnings release, Form 10-Q and quarterly slides are available on our website at www.altisource.com. These provide additional information investors may find useful. Our remarks today include forward-looking statements, which involve a number of risks and uncertainties that could cause actual results to differ. Please review the forward-looking statements sections in the Company's earnings release, quarterly slides and Form 10-Q, as well as the risk factors contained in our 2017 Form 10-K and 2018 Form 10-Qs, which describe factors that may lead to different results. We undertake no obligation to update these statements as a result of new information or future events.

During this call, we will present both GAAP and non-GAAP financial measures. In our earnings release and quarterly slides, you will find additional disclosures regarding the non-GAAP measures. A reconciliation of GAAP to non-GAAP measures is included in the appendix to the quarterly slides.

Joining me for today's call is Bill Shepro, our Chief Executive Officer. I would now like to turn the call over to Bill.

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

Good morning, and thank you for joining today's call. We had a very productive third quarter. From a financial perspective, we generated 69 cents of adjusted diluted earnings per share and \$36.8 million of adjusted operating cash flow. We launched a business performance and cost optimization program, which we refer to as "Project Catalyst," that we anticipate will generate between \$65 million and \$90 million in annualized run rate cost reductions, once fully implemented. On the business front, we made excellent progress with both new and existing customers, and in our earlier-stage businesses in which we are investing.

Turning to our third quarter results, slides 5 and 6 provide you with an overview of our financial performance. As you can see, we generated \$1.74 in adjusted earnings per share year-to-date, representing 87% of the midpoint of our financial scenarios.

For both the third quarter and year-to-date compared to last year, we experienced revenue decline from the run-off of Ocwen and RESI's portfolios of non-performing loans and REO and the elongated timing to on-board and generate revenue from new business. Despite this revenue decline, we are making very strong progress improving our adjusted operating income and adjusted operating income margins, as we begin to benefit from Project Catalyst, which I will discuss in greater detail in a couple of minutes. These improvements were very evident in the third quarter, with adjusted operating income of \$25.7 million at a 13.0% margin. This compares favorably to \$23.4 million at a 10.5% margin in the third quarter of 2017 and \$21.9 million at a 10.5% margin in the second quarter of this year. We still have a lot of work to do with Catalyst, but we are pleased that this is the first quarterly year-over-year increase in adjusted operating income in 10 quarters.

Compared to the third quarter and first nine months of 2017, adjusted diluted earnings per share was lower primarily from higher interest expense from the refinancing of our term loan and no 2018 gain on debt repurchase, partially offset by efficiency improvements. The first nine months of 2018 was also impacted by lower service revenue.

We had a strong quarter from adjusted operating cash flow perspective, generating \$36.8 million or 19 cents per dollar of service revenue. With respect to third quarter investing and financing cash flows, we received \$15 million from the sale of the Rental Property Management business to RESI and used these proceeds to reduce our debt. We ended the quarter with \$148 million of cash and marketable securities and \$241 million of net debt less marketable securities.

Turning to slide 7, during the third quarter, we launched Project Catalyst to optimize our operations and reduce costs to better align our cost structure with our anticipated revenues and improve our operating margins. Based upon a detailed analysis completed during the quarter, we established targeted annual run rate cost savings of between \$65 million and \$90 million, with more than half of the targeted savings projected in 2019 and the full run rate benefit expected in 2020. To achieve these savings, we preliminarily estimate that we will incur a total of between \$25 million and \$35 million in one-time restructuring charges. While there is a tremendous amount of work to achieve our targeted savings, Project Catalyst gives us greater confidence in our ability to grow Altisource's adjusted pre-tax earnings in 2019 and improve our operating margins compared to this year.

We began aggressively driving some of the initial programs during the quarter and to date have achieved approximately \$23 million in annualized cost reductions, or 30% of the midpoint of our savings opportunity. For the quarter, we incurred \$3.4 million in restructuring charges associated with Project Catalyst. We plan to provide an update on our Project Catalyst progress on subsequent earnings calls.

We also made excellent progress in our businesses with both new and existing customers. We continued on-boarding the wins that we've discussed with you over the last few quarters. Slide 8 provides a summary of the larger wins and the progress we've made with each. We are particularly pleased with the speed with which we have on-boarded and started to receive referrals from one of the largest institutional real estate and mortgage investors in the U.S. Just last quarter, this client notified us that we were one of a few vendors selected to provide REO, foreclosure and short-sale auction services for them. During the quarter, we executed the agreements, received our first REO referrals in August and our first foreclosure auction referrals in October. We anticipate that we will go live with short sales in the first quarter of 2019.

We are also very excited with the progress we made with on-boarding a top 5 servicer for property inspection and preservation services and a top 10 servicer for REO asset management. Based on the progress we've made and feedback from these customers, we expect to begin receiving referrals from both in the first quarter of 2019. These are big wins and should generate very meaningful revenue as we achieve a stabilized level of referrals.

With respect to our existing customers, as we announced in August, we made the strategic decision to amend our agreements with RESI to permit the internalization of its rental property management. As a result, we agreed to transition the homes we're managing for RESI back to RESI. In connection with this agreement, RESI paid us \$15 million in August and will pay us an additional \$3 million on the earlier of (1) a RESI change of control or (2) August 2023. We are pleased with this transaction, which generated \$13.7 million gain in the quarter. It enables us to monetize a relatively small operation and focus on our larger opportunities. During the first nine months of 2018, the rental property management business generated service revenue of \$3.8 million and an adjusted pretax loss of \$1.7 million.

We also continue to make progress growing our inventory of Hubzu referrals with existing customers other than Ocwen, RESI and NRZ. During the third quarter, the inventory from these customers grew by 43% compared to 5% in the second quarter of 2018, and we ended the quarter with close to 2,000 homes in inventory. Customers other than Ocwen, RESI and NRZ referred on average more than 400 homes per month to us during the quarter. This increase in referrals coupled with the new client wins should support longer-term Hubzu revenue growth.

Turning to the investments we're making in our earlier-stage businesses - before getting into the details, it's worth highlighting that our projected 2018 Adjusted EBITDA at the mid-point of our provided scenarios would be \$149 million if you were to add back these investments, which we expense. As you can see on slide 9, based on Altisource's current market cap and net debt less marketable securities, Altisource's enterprise value is approximately \$688 million. This represents a 4.6 times multiple of 2018 Adjusted EBITDA plus investments in earlier-stage businesses, and an even lower multiple if you also reduce net debt by our short-term real estate inventory. Of course, we are making investments in earlier-stage businesses because we believe they will provide our shareholders with a very attractive return and support future growth.

I'd like to highlight two of the earlier-stage businesses that capture the majority of our investment spend. The first is Owners.com, our technology enabled real estate brokerage, that is at the center of our Consumer Real Estate Solutions business. The second is Pointillist, which is included in our Corporate and Other Businesses segment. Pointillist, which was born out of Altisource's consumer analytics team, is a potentially disruptive SaaS-based platform that provides unique customer journey analytics at scale and enables customers to engage through our intelligent platform. We believe Owners.com and Pointillist provide tremendous growth opportunities for the firm. Owners.com continues to gain momentum. In the third quarter of 2018, service revenue grew by 87% and the number of transactions by 81% compared to the same period last year. Additionally, we achieved an important milestone in our agile growth model by generating more than \$1 million of revenue in the seasonally strong month of August.

From an operational perspective, we continue to focus on streamlining the consumer experience and enabling our real estate agents with differentiating tools to better support home buyers and sellers throughout the process. To further optimize the consumer experience, we introduced an innovative search capability that allows users to easily search for their favorite properties by defining "must haves"

and "nice to haves." We also launched a Bundled Services Offering, which provides additional savings and convenience to consumers who purchase multiple services from us. To provide our real estate agents with differentiating tools, we enhanced our agent app to enable agents to easily produce a professional home tour report for prospective home buyers.

We ended the quarter working with approximately 5,300 customers, up from the 2,000 customers we were working with this time last year and the 4,200 customers at the end of the second quarter of this year. We currently anticipate that Owners.com's revenue growth rate will be in the high double digits again next year and the operating loss will be modestly lower.

Pointillist uses artificial intelligence to enable companies to discover the important opportunities and obstacles faced by their customers. This helps Pointillist clients optimize their customers' journeys to improve experience, reduce churn and increase lifetime value. Customer journey analytics is a large and rapidly growing segment of the marketing technology market. The largest players in the industry are actively acquiring companies with innovative offerings at high revenue multiples to remain relevant and improve their competitive positions. As Pointillist continues to gain momentum and attract enterprise customers, we will evaluate the monetization strategy for this business.

We have two sales strategies to grow Pointillist, a channel partner strategy and direct-to-customer strategy. We currently have 14 channel partners marketing the solution to their customers. These channel partners represent some of the leading consulting and marketing firms in the world. We are also gaining market recognition and are regularly being included in RFPs for journey analytic solutions. Some of Pointillist's notable industry recognition includes being selected as a Stevie Gold Winner for providing the "Best New Marketing Solution for Sales and Customer Service," being selected by CUSTOMER magazine as a "Customer Product of the Year" and being selected by Best in Biz as the "Enterprise Marketing Product of the Year."

If you're interested in learning more about Owners.com and Pointillist, I invite you to visit our website at Owners.com and pointillist.com. We've also added slides 12 to 17 in the appendix to provide you with more information on these businesses.

In conclusion, we continued to win and onboard business from some of the largest and most well respected financial institutions in our industry, building a sizable pipeline of future revenue. This speaks to the tremendous amount of work that the Altisource team has done to position the firm to win business from these marquee accounts - confirming not only that our service capabilities are very competitive, but also a testimonial to our market position and profile. When you combine these new customer wins, the progress we are making in our earlier-stage businesses and Project Catalyst, we believe we are positioning Altisource for sustainable growth, margin expansion and improved operating flexibility - further advancing our competitive positioning.

Before opening the call for questions, I'd like to thank our Altisource employees, who have shown great focus and commitment to both Altisource and our customers as we continue our evolution and advance our competitive position.

I'd now like to open up the call for questions. Operator?

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Our first question will come from the line of Lee Cooperman with Omega Advisors.

Leon Cooperman *Omega Advisors, Inc.*

I have a bunch of questions. There has been enormous turnover at the board level and at the management level; could you kind of discuss the evolution of this turnover? What significance it has? And how the shareholder should relate to it? That'd be number one. I'll come back with the other ones later. But that's my first question.

William B. Shepro *Altisource Portfolio Solutions S.A. – Chief Executive Officer*

Sure Lee, with respect to board member changes, I don't think we've had tremendous turnover in August. Orin Kramer resigned from our board, we're grateful for Orin's many contributions during his time on the board. And in September, the shareholders approved the appointment of Scott Burg to the board, and we believe Scott would be a valuable member of the board. And in terms of management...

Leon Cooperman *Omega Advisors, Inc.*

And Joe Davila left, then Bryan Binder.

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

Yes, in terms of management, Lee, we issued an 8-K with respect to Joe Davila, who is moving back to United States, and I think it speaks for itself.

Leon Cooperman *Omega Advisors, Inc.*

Scott Burg, I guess, he originally -- I think, he withdrew his proposal but he wanted to change the board composition. What is his advocacy? And what is your response to his advocacy?

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

Yes, I mean, look, Scott's been through our first board meeting. I think we had a very productive and constructive board meeting, and we look forward to his contributions, Lee. I think it was very a productive meeting.

Leon Cooperman *Omega Advisors, Inc.*

I didn't notice you do -- did we buy any stock back in Q3? Or are we refrained from repurchase?

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

We bought a modest amount. I want to say \$650,000 worth of stock in the third quarter.

Leon Cooperman *Omega Advisors, Inc.*

Got you. Okay. And I haven't gotten through the slide deck completely yet, but are you providing any guidance for '18 and '19?

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

So for '18, we have our scenarios and we believe we're on path to achieve our adjusted earnings per share for this year, Lee. For next year, we haven't provided specific guidance. But we do believe we're positioning ourselves to grow our adjusted pretax next year over this year.

Leon Cooperman Omega Advisors, Inc.

Which should be quite dramatic if you have this Project Catalyst, you're talking \$65 million to \$90 million cost saves, given your marginal tax rate, 80% of that should drop to the bottom line, if that is a real number.

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Lee, when you look at operating income, adjusted operating income, at 12% -- I think, it was, Michelle, 12% or 12.5%? What was it, 13%?

Michelle D. Esterman Altisource Portfolio Solutions S.A. – Chief Financial Officer

13%.

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

13% for the quarter. It's the first quarter in a long time given the headwinds we had that we've actually grown operating income, we're pretty excited about it. I don't want to declare victory yet. We still have a lot of work to do with Catalyst, Lee. But we are pleased with the progress we're making.

Leon Cooperman Omega Advisors, Inc.

But am I misreading anything? You said \$65 million and \$90 million savings, if I take 80% of that, that goes to the bottom line, assuming you are not giving up revenues, am I missing something?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

There is a couple of things that will take place, Lee. We have sort of a normal decline in revenue from Ocwen and NRZ and so that will continue in our numbers. And then we're going to make up for some of that loss with our cost savings plan plus we're going to improve margins. We believe we're going to improve margins next year.

Leon Cooperman Omega Advisors, Inc.

So you expect to have higher earnings in 2019 and 2018?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Yes, higher adjusted pretax. We currently believe we will have higher adjusted pretax.

Operator

And our next question will come from the line of Mike Grondahl with Northland Securities.

Mike Grondahl Northland Capital Markets

Just a couple questions on Project Catalyst. About a year ago, you thought 2018 would be an inflection point, and 2019 would be equal to or greater than 2018. Was Project Catalyst envisioned a year ago? Or is it kind of what's needed now to kind of get you there? I'm just trying to understand sort of what changed in the timing?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Mike, when you look at -- and we've discussed on the prior calls, the elongated timing with respect to bringing on new business, we're making a ton of progress as I've talked about in the prepared remarks, and we're very optimistic about our non-Ocwen, non-NRZ revenue growth. But when you take a look at what we're going to have to do to achieve that, we needed to implement Project Catalyst as well. And by the way, the other point, I think, to Lee is, we're not going to get the full run rate of all those savings in

2019. We think we will get the full run rate in 2020. So that's one of the other reasons why you're not seeing -- we think we'll do better from an adjusted pretax perspective, but we won't get the full benefit of all those savings until 2020.

Mike Grondahl Northland Capital Markets

And then just so I can understand Project Catalyst cost reduction a little bit more. Would you say the bulk of it is coming from Servicer Solutions? Or is the bulk coming from some of the loss generating units? Or is it kind of proportional? How do we think of where the cost savings are coming from within the organization?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Mike we -- with the exception of a few businesses, we looked at every one of the businesses across the company to evaluate ways we could save money. And some of it includes moving to the cloud from a data center perspective, some of it is improving our efficiencies of our business units, leveraging some automation, some of it is thinking about how we might consolidate the P&Ls to simplify how we run the business. There is some technology savings. In some of our investments where we weren't making as much progress or we didn't see the opportunity was not as great, we've reduced those investments. We're consolidating G&A. I mean, so that's an example of some of the things -- those are some examples of some of the things we're working on through Project Catalyst.

Mike Grondahl Northland Capital Markets

Got it. And that investment number in 2017, it was about \$60 million. I think this year, it's roughly \$40 million. What is that number roughly in 2019?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Mike, we're not putting the number out yet. We are going to be -- we believe we'll be bringing down the investment in Owners modestly, and we'll bring -- we -- based on our sort of longer-term planning, that will come down quite substantially in 2020. And we believe we're making very good progress. We're going to grow that business from a revenue perspective on the high-double digits. We think in 2018, we believe, 2019, and we also believe we should be able to do that going into 2020. So we're making very good progress but it does require some investments.

Mike Grondahl Northland Capital Markets

Got it. And you purchased Owners a couple years ago. What have you sort of invested in that sort of including the purchase up until today? Where is that investment sort of running?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

So Mike, we're not specifically breaking out that investment, but it would show up in our mortgage -- it's in the Real Estate Market, in our financials. But Mike, we're investing in a business where we believe we have tremendous competitive advantages. So one is when someone buys a home, they also look to buy title insurance, they also need a loan, and they might need homeowners insurance, for example. So we can provide not only the brokerage services, but we can also offer the consumer these other services, which simplifies the transaction for the consumer and also generates more high margin economics for Altisource to help get the marketing contribution faster, and then over time, you can leverage that additional revenue we can make. And these are very difficult to build and expensive to build services. We can leverage that additional revenue and earnings to drive top line growth and/or to improve margins in that business. And so we're making very good progress growing the business. We still have a lot more work to do. But we're pleased with the progress we continue to make, and that's our largest investment.

Mike Grondahl Northland Capital Markets

Got it. Ocwen and PHH recently closed. Are you getting the PHH-related servicing that you thought you would maybe 6 or 9 months ago?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

So they just closed, Mike, a couple of weeks ago and we're working to integrate our systems to theirs, and then we would anticipate receiving the referrals. So we're not receiving them yet, but we're working on it.

Mike Grondahl Northland Capital Markets

You still anticipate receiving them, okay. Hubzu -- the revenue per home was a little bit flat after several quarters of growth. Are we sort of at a new normal there? Is Hubzu sort of at the level kind of revenue per home where you think it's good to use going forward?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

I think Mike, the revenue per home is impacted by several factors. One is, of course, the sales price. Two would be whether or not we're acting as the real estate broker or not on that particular home and whether or not we have a co-brokerage agreement to share some of that real estate commission. It's also impacted by whether or not it's being sold by auction, where we're earning a buyer's premium. And of course, the sales price. And it depends on the mix of business we receive. So for example, in the foreclosure auction business, you don't act as the realtor because it's a foreclosure auction and you get a marketing fee, but you won't earn a brokerage commission. So a lot's going to depend on the mix in terms of what drives the revenue there, Mike.

Mike Grondahl Northland Capital Markets

Got it.

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

I would tell you this, though. What I find really encouraging is when you talk about receiving more than 400 referrals and these are REO and foreclosure auction referrals a month, and then I just pulled the numbers this morning for how many referrals we received so far in the month of October and it's almost 500 in the month of October. And I don't believe we're stabilized with our existing customers, and we still have that new customer we're going to launch in the first quarter. So I think Hubzu, we're finally starting to see the referrals pick up and our inventory start to grow with customers other than Ocwen, NRZ and RESI, which is very encouraging. And we're also seeing lot of success in our field services business with adding other customers. We're going to launch with a very large top 5 servicer we believe in the first quarter, that's pretty exciting. And our performance for that other large customer has been really strong. So we're encouraged by that as well.

Mike Grondahl Northland Capital Markets

Got it. And then anything to call out in service revenue per delinquent loan? Was that like \$874 in 3Q? Is that just summer seasonal still sort of driving that?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Yes. I think it was -- you have the seasonally strong kind of second and third quarter. I think third quarter -- it was a good quarter, and I don't think there's anything that unusual in the number.

Mike Grondahl Northland Capital Markets

Okay. And then maybe just kind of lastly. Pointillist, any revenue currently there? And of the \$40 million, I think you said most of it goes to Owners and Pointillist, can you just clarify there a little bit?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Yes, most goes to Owners. Pointillist also is an investment. We're investing in our underwriting software to buy homes. We make some modest investments in our origination business as well. But the two -- the two noteworthy investments and the biggest one is Owners. Pointillist is roughly the same size as one of our other investments, I can't remember offhand. That's my recollection at least, but Pointillist does have revenue, to answer your question. We're not breaking it out at this point. It's inside of corporate. And by the way, this was a business that was built out of consumer analytics team that was doing a lot of work many years ago helping Ocwen with its modeling and its share depreciation models and its other tools. And this was sort of born out of -- we couldn't find a solution that really could help us and so we ended up designing one ourselves. And it's getting very, very strong market reception, and we think it has the potential to be very disruptive. And -- but longer-term, we'll look to -- as we grow the business and add more enterprise customers, we'll look to figure out what's the appropriate way to monetize this business. It looks interesting.

Mike Grondahl Northland Capital Markets

Yes, it definitely looks -- it looks interesting. And then last question, Bill. I think the Ocwen EBITDA runoff in 2019, the last time I remember looking at it, it was about \$55 million. Does that include anticipated RESI run-off? Or what is that sort of hole from overall run-off that you're kind of looking to fill next year?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

So Mike, my recollection, you know we put out a slide that shows what we anticipate the revenue from Ocwen and NRZ portfolio would be over time. I don't have that at my fingertips. But what I am telling you is that we believe with Project Catalyst and the changes we're making there and the business we're on-boarding, we think our adjusted pretax can grow next year.

Operator

(Operator Instructions) And our next question will come from the line of Ramin Kamali with Credit Suisse.

Ramin Kamali Credit Suisse

I guess, most of my questions have been asked. I think first off on the savings. I guess, you mentioned some of the buckets. Can you quantify some of those buckets that you mentioned? You mentioned shift from data to cloud, shutting down businesses, headcount. Could you just break down those -- the \$65 million to \$90 million on those buckets?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Yes, I mean -- we're not going to break it down into the baskets, Ramin, on the call. But I would tell you in the quarter, in the third quarter, I think we're at a run rate savings of \$23 million and that was largely compensation benefits. But there is a meaningful savings associated with optimizing our performance, leveraging some technology automation, moving to the cloud. We're not moving all of our data centers, but we're consolidating many of our data centers to the cloud. That will be one of the final steps of the program, that also generates, don't hold me to this, but \$8 million, \$10 million a year of savings. And then I'd also tell you we're consolidating facilities and some of these leases have a year or 1.5 year left or less and it doesn't make sense and be very difficult to sublease it, so as they go dark, that will be a

restructuring cost as well. But it will generate very attractive savings over the longer term.

Ramin Kamali *Credit Suisse*

Okay. Now shifting to the Mortgage Market segment. So looks like on a year-over-year basis, revenue is off about \$23 million. Can you quantify the natural run-off related to Ocwen? And what comes out of in reference of new business?

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

So Ramin, I don't have it at my fingertips. But I would say our non-Ocwen revenues remain relatively flat due to the timing that we've talked about on a few calls and then you have a normal sort of run-off of the Ocwen business. And then I think, we've done a very good job on the expense side managing that to maintain and improve margins.

Ramin Kamali *Credit Suisse*

And I certainly see the margin improvement. I guess, you spoke that there is kind of better client engagement on the Real Estate Market segment. But it looks like revenue is off materially from \$22 million to \$13 million. Is that attributable to RESI? Or what's up with the magnitude of the decline?

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

Ramin, I think that really has to do with the sale of homes in our BRS business in the second quarter and then nothing more than that. We didn't sell as many homes in the third quarter. We sold very few. And so the cost of the home -- sorry, the revenue from the sale -- sorry, we book as revenue the sales price and then in our expense it's cost of the home. And so because we didn't sell as many homes in the second quarter, the revenue came down. By the way, we do expect to sell -- we have -- we sold some homes already in the third quarter, but I think it was just a few million dollars, and then we have a fairly large sale that's under contract, still subject to due diligence, but we expect to close in the couple of weeks in the fourth quarter, sorry.

Ramin Kamali *Credit Suisse*

Okay. Again, shifting to Pointillist. I know you are not commenting on the revenue contribution. Can you give us a sense of how many enterprise customers you currently have on the platform?

William B. Shepro *Altisource Portfolio Solutions S.A. - Chief Executive Officer*

So Ramin, on the slide, we list some of our customers in this earning slide deck, in the appendix, so you'll see some of the names back there. And then we also have a lot of channel partners that are marketing pointillist to their customers. And at least the management team's belief is we're being included now regularly on customer journey analytics RFPs, and our win rate has been pretty good.

Operator

Our next questions will come from the line of Lee Cooperman with Omega Advisors.

Leon Cooperman *Omega Advisors, Inc.*

I'm curious you continue to buy-back stock, well modestly of late, and the space is consolidating, what's going on in the mortgage space. Would we consider accepting if there was somebody who wanted to buy the company, would we accept a bid from a company and sell the company and give shareholders an opportunity to get out at a premium, if there was an interested party?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Lee, of course, we would consider --we would have an obligation to consider any offer we received, and we certainly would look at that. I also -- in terms of where the market's going, Lee, I think delinquency rates are almost at all-time historic lows, and I think we are a very interesting countercyclical play. You look at credit card debt, auto loan debt, FHA delinquencies all increasing, student lending has remained relatively stable, but it's up substantially from the crisis and you got a rising interest rate environment. So I think we're in a very good position. As the industry consolidates, as there's fewer vendors frankly out there that do what we do at the scale we do it, there's fewer players. And today, we're doing work not with all but with a lot of the biggest banks in the country. If there's an uptick in delinquencies, we certainly stand to benefit from that. And I think we're starting to see that in Hubzu.

Leon Cooperman Omega Advisors, Inc.

What are we spending, what are we losing in Owners.com? I know it's one of your biggest initiatives but it's a relatively smaller business. You compare it to other businesses like Redfin or whatever. But in terms of scale, isn't it materially smaller than any of these guys?

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Right, no, it's a -- Lee, it's a small business. We think we're going to double -- close to double the revenue next year. We doubled -- close to doubled it this year. We think we're going to close to double it again next year. And then if we -- when we do planning, of course, this is very early and it's hard to predict what you're going to do in a couple of years. But our 2020 numbers would project it growing again at very high double-digit numbers and the loss will be coming down. And we're making very good progress. When we look very closely at the conversion rates in the funnel, the performance of the business and it's performing well, and we think we can ultimately create a business that could be very valuable. Now we have to keep looking at it, that's our job as a management team. But at least the leading indicators today look very good.

Operator

Thank you. And I'm showing no further questions in the queue at this time. So now I'd like to hand the conference back over to the Altisource management team for any closing comments or remarks.

William B. Shepro Altisource Portfolio Solutions S.A. - Chief Executive Officer

Thanks for joining today's call, and we look forward to talking to you next quarter. Thank you.

Operator

Ladies and gentlemen, thank you for participation on today's conference. This will conclude our program and you may all disconnect. Everybody, have a wonderful day.

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