

Altisource®

# Investor Presentation

September 2014

*Thinking Ahead. Delivering Today.®*

## Forward-Looking Statements / Non-GAAP Measures



This presentation contains forward-looking statements. These statements may be identified by words such as “anticipate,” “intend,” “expect,” “may,” “could,” “should,” “would,” “plan,” “estimate,” “seek,” “believe” and similar expressions. We caution that forward-looking statements are qualified to certain risks and uncertainties that could cause actual results and events to differ materially from what is contemplated by the forward-looking statements. Factors which could cause actual results to differ materially from these forward-looking statements may include, without limitation, general economic conditions, conditions in the markets in which Altisource is engaged, behavior of customers, suppliers and/or competitors, technological developments and regulatory rules. In addition, financial risks such as currency movements, liquidity and credit risks could influence future results. The foregoing list of factors should not be construed as exhaustive. **Altisource disclaims any intention or obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.**

Altisource management utilizes certain non-GAAP measures such as earnings before interest, taxes, depreciation and amortization, or EBITDA, as a key metric in evaluating its financial performance. EBITDA should be considered in addition to, rather than as a substitute for, income before income taxes, net income attributable to Altisource and cash flows from operations. This non-GAAP measure is presented as supplemental information and reconciled to net income attributable to Altisource in the Appendix.

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# Strategy

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# Altisource Vision

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## Vision

To be the premier real estate and mortgage marketplace offering both content and distribution to the marketplace participants

## Mission

To offer homeowners, buyers, sellers, agents, mortgage originators and servicers trusted and efficient marketplaces to conduct real estate and mortgage transactions and improve outcomes for market participants

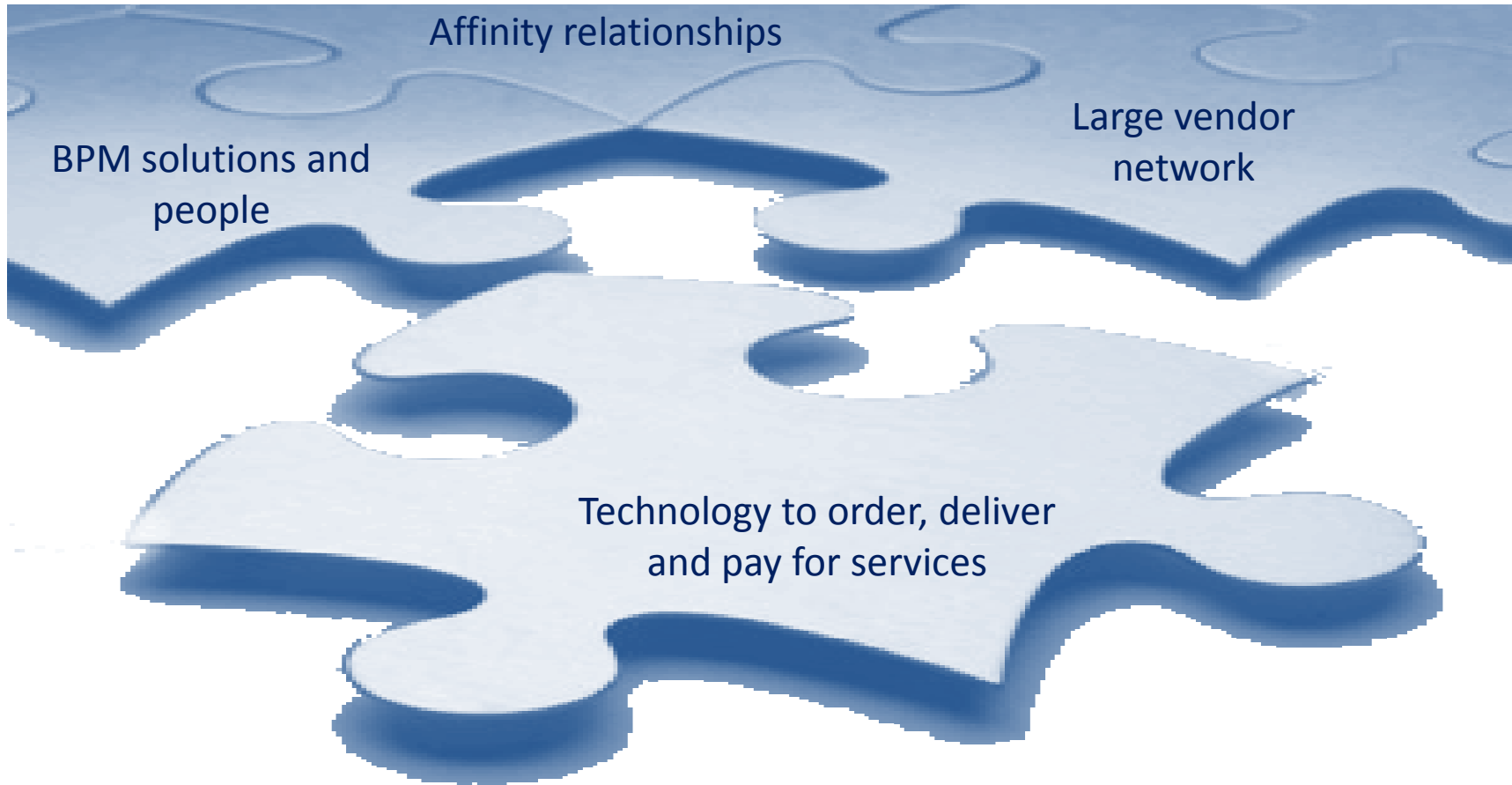
### Real Estate Marketplace

- ✓ Home Sales
- ✓ Home Rentals
- ✓ Home Maintenance

### Mortgage Marketplace

- ✓ Mortgage Originations
- ✓ Mortgage Servicing

## Putting the Pieces Together to Serve Marketplaces



# Real Estate Marketplace

	Home Sales	Home Rentals	Home Maintenance
<b>Connecting</b>	Home sellers (and their agents)	Homeowners (and their agents)	Homeowners (and their agents) Renters (and their agents)
<b>With</b>	Home buyers (and their agents) Service Providers	Renters (and their agents) Service Providers	Service Providers
<b>Offering content</b> (SaaS solutions and people)	Brokerage, on-line sales, title and escrow, valuation, insurance, etc.	Brokerage, on-line rental, renovation management, property management, etc.	Property inspection, preservation and renovation management, etc.
<b>Offering distribution</b>	Order and vendor management technology, payment and presentment technology, document management, advanced analytics models as a service, consumer engagement platform, etc.		

# Mortgage Marketplace

	Mortgage Origination	Mortgage Servicing
<b>Connecting</b>	Mortgage Originators	Mortgage Servicers
<b>With</b>	Service Providers Investors Borrowers	Service Providers Borrowers
<b>Offering content</b> (SaaS solutions and people)	Origination technology, title and escrow, valuation, quality control, verification of employment and income, flood certifications, etc.	Servicing technology and dialogue engines, title and escrow, insurance services, valuation, property inspection and preservation, default management services, etc.
<b>Offering distribution</b>	Order and vendor management technology, payment and presentment technology, document management, advanced analytics models as a service, consumer engagement platform, etc.	

# Distribution and Transaction Solutions

## Enabling the Marketplaces

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Rules engines and processing solutions that enable and improve the efficiency and effectiveness of the Real Estate and Mortgage Marketplaces. Our solutions are industry agnostic and can be applied to other marketplaces

- Vendor selection
- Price discovery
- Order processing
- Fulfillment acceptance
- Quality control
- Compliance validation
- Vendor scoring
- Invoicing and payment
- Customer care
- Collections
- Advanced analytics
- Document management

## Market Sizes

### Real Estate Marketplace

- ✓ Home Sales<sup>1</sup>
  - 5.0 million homes sold in the United States during the 12 months ended June 2014 for an aggregate sales price of ~\$1.1 trillion
- ✓ Home Rentals<sup>2</sup>
  - 21.3 million single family rental homes (13.8 million single unit rental homes)
- ✓ Home Maintenance<sup>2</sup>
  - 74.5 million owner-occupied homes in the United States as of Q2'14
  - \$396 per year per owner occupied home spent on home maintenance (excluding home improvement) (median amount)

<sup>1</sup> Source: National Association of Realtors®

<sup>2</sup> Source: U.S. Census Bureau

<sup>3</sup> Source: Projections for 2014 and 2015 based on Mortgage Bankers Association July 15, 2014 forecast

<sup>4</sup> Source: Internal estimates

<sup>5</sup> Source: Federal Reserve

### Mortgage Marketplace

- ✓ Mortgage Originations
  - Estimated mortgage loan originations of \$1.1 trillion and \$1.2 trillion in 2014 and 2015, respectively<sup>3</sup>
  - Between 15 and 20 transactions are ordered in connection with an originated loan<sup>4</sup>
- ✓ Mortgage Servicing
  - \$9.9 trillion<sup>5</sup> of unpaid principal balance in residential mortgage loans (approximately 49 million loans) outstanding in the United States as of Q1'14

# Business Overview

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## Business Overview

**Consolidated Altisource - 6/30/2014 LTM**  
**Service Revenue: \$846.0mm**  
**Operating Income: \$200.6mm**  
**EBITDA<sup>(1)</sup>: \$258.1mm**

### Mortgage Services

- Services to the real estate and mortgage marketplaces that are typically outsourced by loan servicers, originators and home owners

### Financial Services

- Accounts receivable management and customer relationship management services

### Technology Services

- Business process management solutions and distribution solutions to enable the real estate and mortgage marketplaces and infrastructure support

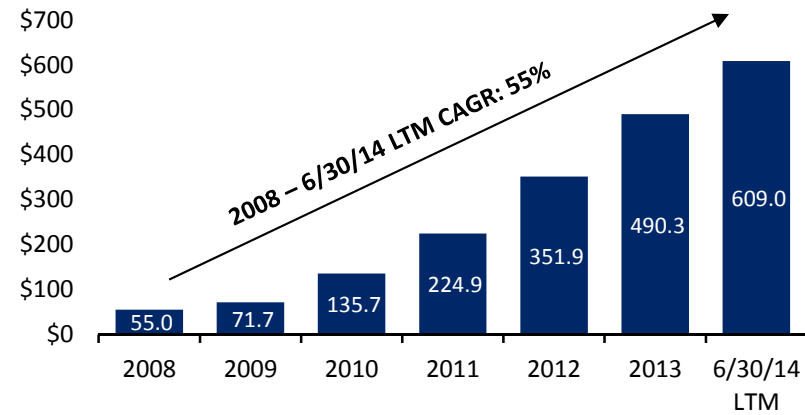
*(1) EBITDA defined as net income attributable to Altisource plus income taxes, interest expense, depreciation and amortization*

# Mortgage Services – Summary

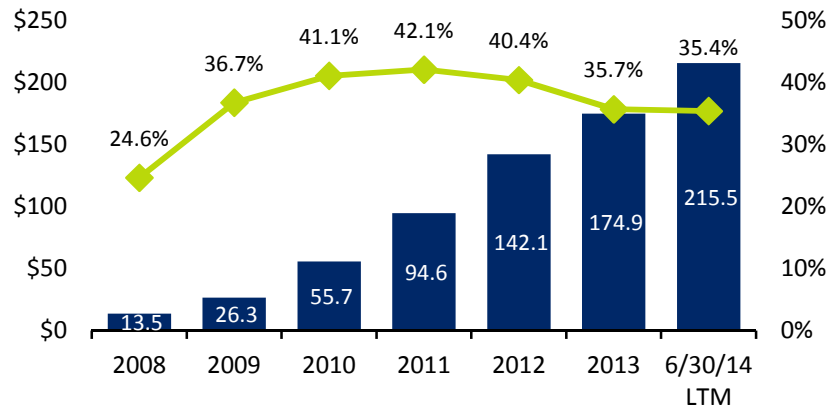
## Overview

- Service revenue growth principally from continued growth of Ocwen, services expansion and growth of services provided to Lenders One® members
- Operating margins have generally expanded due to scale benefits and operating efficiencies, partially offset by amortization of the intangible assets associated with the 2013 acquisition of the fee based businesses

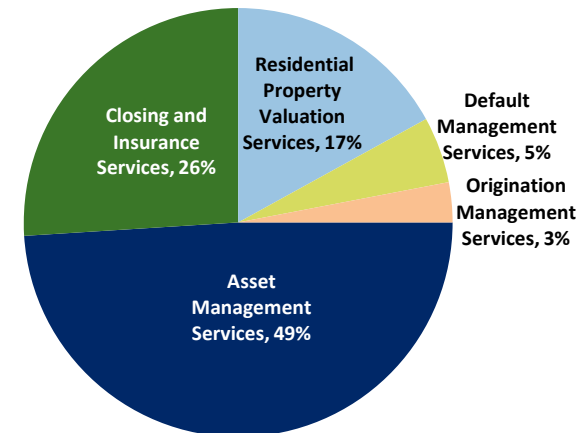
## Segment Service Revenue (\$mm)



## Operating Income (\$mm) <sup>(2)</sup> Operating Margin % <sup>(1)</sup>



## 6/30/14 LTM Service Revenue Composition <sup>(2)</sup>



(1) Operating margin is calculated using Service revenue, which we define as revenue less revenue from expense reimbursement and non-controlling interest

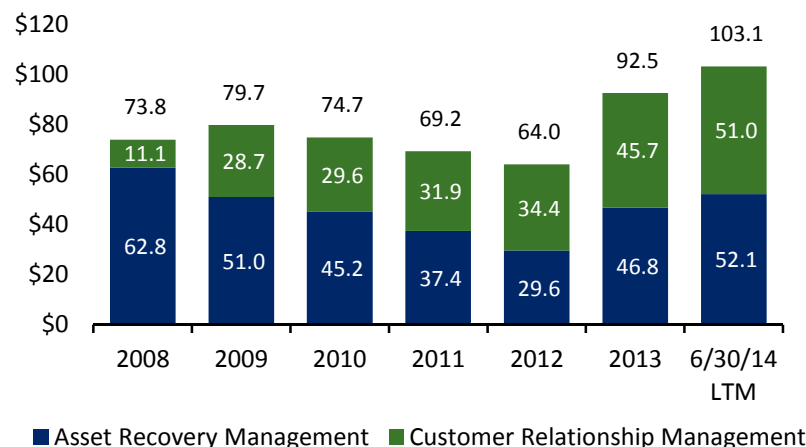
(2) Does not include eliminations. Some categories include default and originations related revenue

# Financial Services – Summary

## Overview

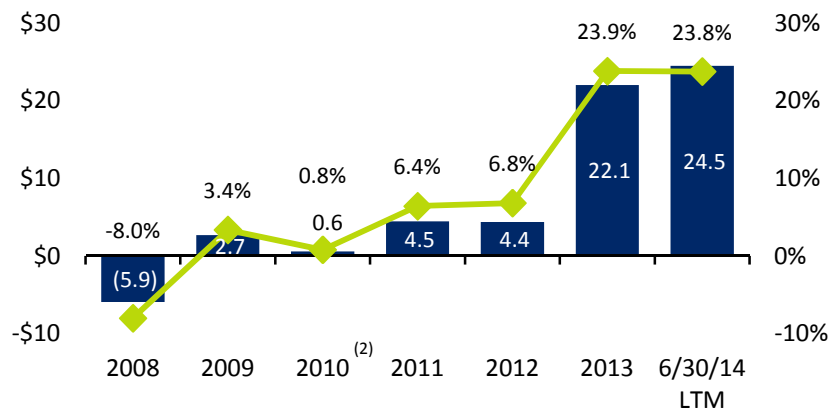
- During 2013, asset recovery management significantly expanded its higher margin mortgage charge-off collections services
- Operating margins have expanded due to our expense management initiatives and customer base evolution towards the more stable and profitable customer relationship management and mortgage charge-off collections businesses

## Segment Service Revenue (\$mm)

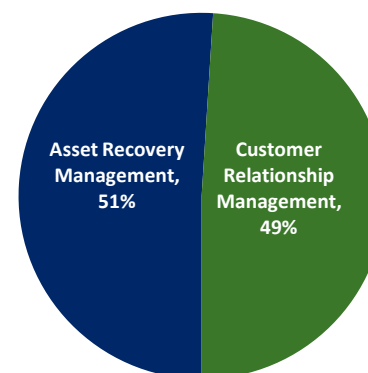


## Operating Income (\$mm) <sup>(2)</sup>

### Operating Margin % <sup>(1)</sup>



## 6/30/14 LTM Service Revenue Composition



(1) Operating margin is calculated using Service revenue, which we define as revenue less revenue from expense reimbursement and non-controlling interest

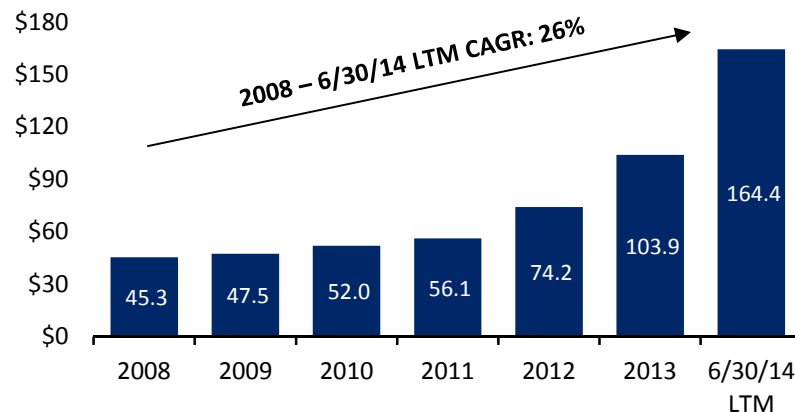
(2) Operating income and margin exclude \$2.8mm of goodwill impairment recognized in 2010

# Technology Services – Summary

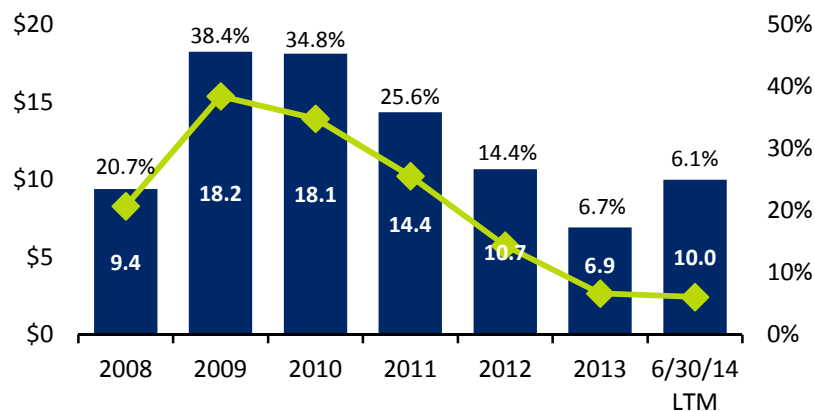
## Overview

- Revenue growth primarily from Ocwen’s portfolio growth
- Operating margins have recently declined as we invest in personnel to accelerate our next generation technology development to support our anticipated growth

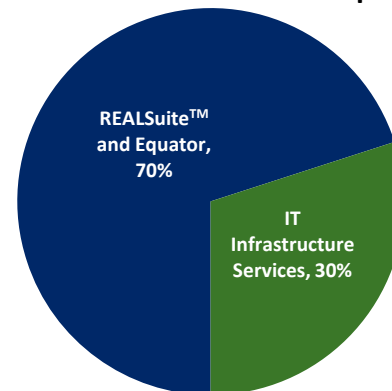
## Segment Service Revenue (\$mm)



## Operating Income (\$mm) <sup>(1)</sup> Operating Margin %



## 6/30/14 LTM Service Revenue Composition



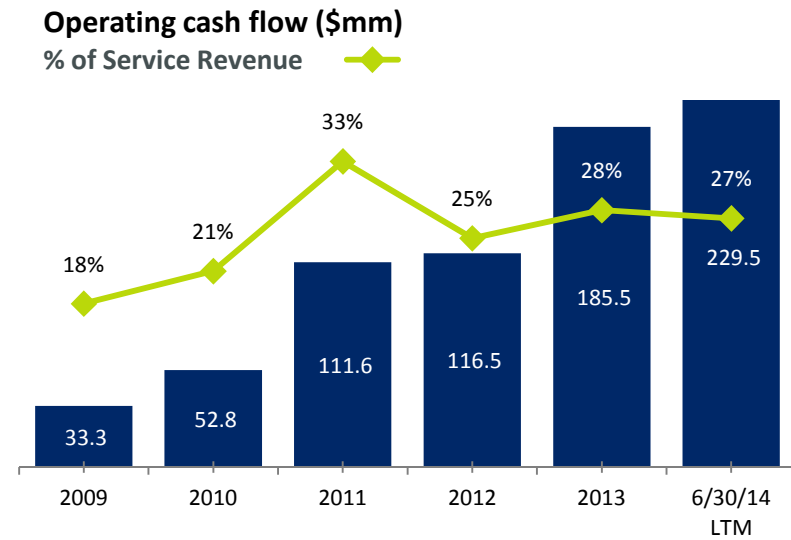
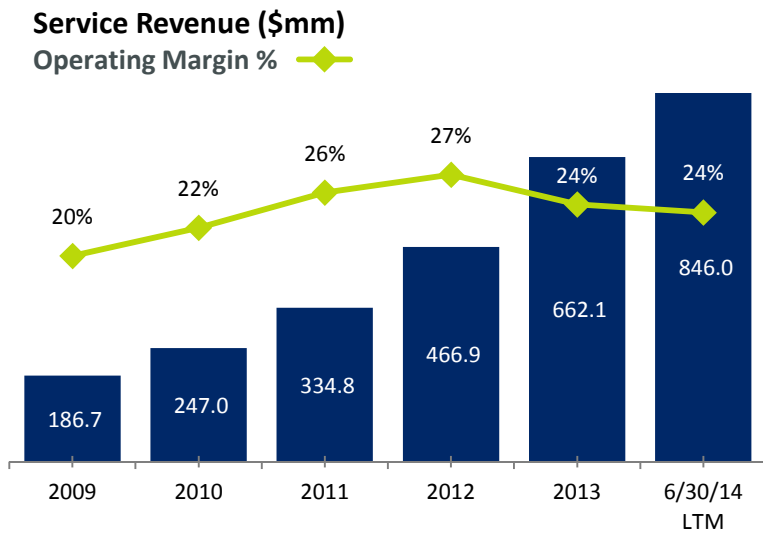
(1) Operating margin is calculated using Service revenue, which we define as revenue less revenue from expense reimbursement and non-controlling interest

# Financial Performance

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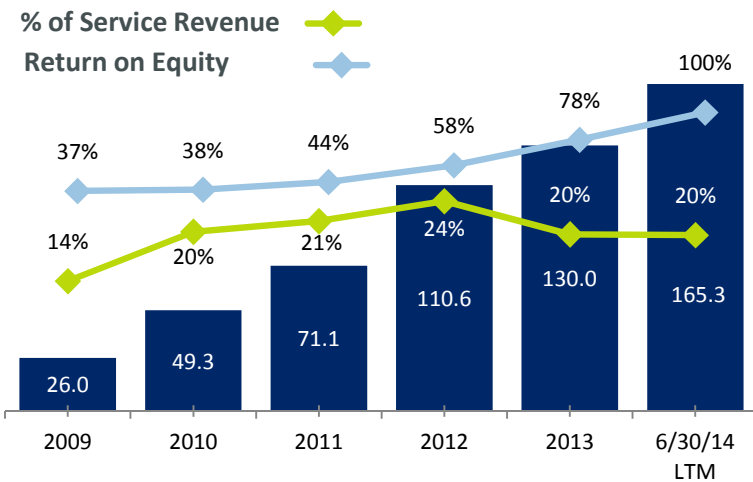
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# Historical Performance

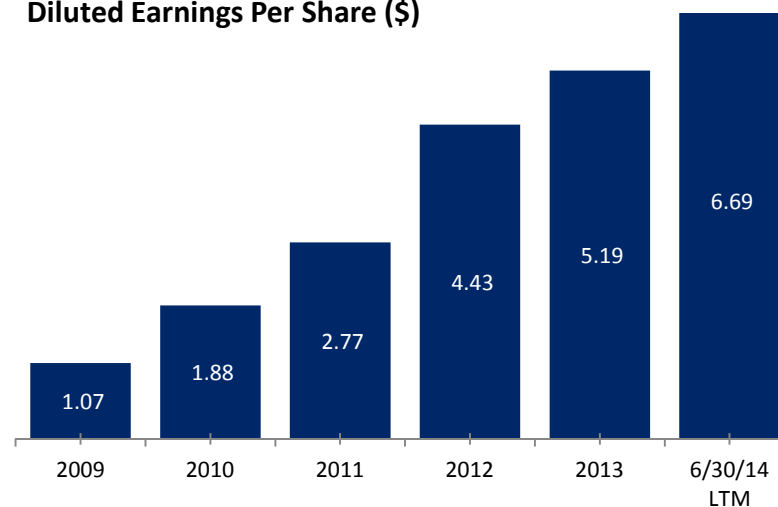


# Historical Performance

**Net Income Attributable to Altisource (\$mm)**



**Diluted Earnings Per Share (\$)**



# Growth Initiatives

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## Growth Initiatives

### Marketplace: Real Estate

- Supporting Ocwen
- Expanding Hubzu to other institutions and the non-distressed home sale market
- Providing asset management services to the single family rental market

### Marketplace: Mortgage

- Supporting Ocwen
- Growing our origination related services through our access to over 14% of the U.S. origination market through Lenders One and Ocwen
- Developing NextGen REALServicing<sup>®</sup> technology

### Distribution and Transaction Solutions

- Developing NextGen REALDoc<sup>®</sup>, REALTrans<sup>®</sup>, REALRemit<sup>®</sup>, REALAnalytics<sup>™</sup> technologies, among others
- Deploying platform business process outsourcing offerings leveraging our next generation software with traditional BPO services

# Appendix

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# Historical Financial Information – EBITDA Reconciliation



<i>(\$ mm)</i>	<u>LTM 6/30/14</u>
<b>Net Income attributable to Altisource</b>	<b>\$165.3</b>
Income tax provision	10.5
Interest expense, net of interest income	21.7
Depreciation and amortization	60.6
<b>EBITDA</b>	<b>\$258.1</b>

# Investor Relations Information

<b>About Altisource</b>	<p>We are a premier marketplace and transaction solutions provider for the real estate, mortgage and consumer debt industries offering both distribution and content. We leverage proprietary business process, vendor and electronic payment management software and behavioral science based analytics to improve outcomes for marketplace participants.</p>
<b>Contact Information</b>	<p>All Investor Relations inquiries should be sent to:  <b>shareholders@altisource.lu</b></p>

<b>Exchange</b>	NASDAQ Global Select Market
<b>Ticker</b>	ASPS
<b>Headquarters</b>	Luxembourg
<b>Employees</b>	More than 9,200