



Analytics. Insight. Value.

Cotiviti Holdings, Inc.

JP Morgan Healthcare  
Conference

January 9-12, 2017

# Safe harbor

## Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995. These statements are subject to risks and uncertainties. All statements other than statements of historical fact or relating to present facts or current conditions included in this presentation are forward-looking statements. Forward-looking statements give our current expectations and projections relating to our financial condition, results of operations, plans, objectives, future performance and business. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “anticipate,” “estimate,” “expect,” “project,” “seek,” “plan,” “intend,” “believe,” “will,” “may,” “could,” “continue,” “likely,” “should,” and other words.

The forward-looking statements contained in this presentation are based on assumptions that we have made in light of our industry experience and our perceptions of historical trends, current conditions, expected future developments and other factors that we believe are appropriate under the circumstances. These statements are not guarantees of performance or results. These assumptions and our future performance or results involve risks and uncertainties (many of which are beyond our control). Important factors that could cause actual results to differ materially from those in the forward-looking statements include regional, national or global political, economic, business, competitive, market and regulatory conditions and the following: our inability to successfully leverage our existing client base by expanding the volume of claims reviewed and cross-selling additional solutions; improvements to healthcare claims and retail billing processes reducing the demand for our solutions or rendering our solutions unnecessary; healthcare spending fluctuations; our clients declining to renew their agreements with us or renewing at lower performance fee levels; inability to develop new clients; delays in implementing our solutions; system interruptions or failures, including cyber-security breaches, identity theft or other disruptions that could compromise our information; our failure to innovate and develop new solutions for our clients; our failure to comply with applicable privacy, security and data laws, regulations and standards; changes in regulations governing healthcare administration and policies, including governmental restrictions on the outsourcing of functions such as those that we provide; loss of a large client; consolidation among healthcare payers or retailers; slow development of the healthcare payment accuracy market; negative publicity concerning the healthcare payment industry or patient confidentiality and privacy; significant competition for our solutions; our inability to protect our intellectual property rights, proprietary technology, information, processes and know-how; compliance with current and future regulatory requirements; declines in contracts awarded through competitive bidding or our inability to re-procure contracts through the competitive bidding process; our failure to accurately estimate the factors upon which we base our contract pricing; our inability to manage our growth; our inability to successfully integrate and realize synergies from the merger of Connolly Superholdings, Inc. and iHealth Technologies, Inc. in May 2014 or any future acquisitions or strategic partnerships; our failure to maintain or upgrade our operational platforms; our failure to renew our Medicare Recovery Audit Contractor program contracts or if the terms of the Medicare RAC program contracts are substantially changed; our rebranding may not be successful; litigation, regulatory or dispute resolution proceedings, including claims or proceedings related to intellectual property infringements; our inability to expand our retail business; our inability to manage our relationships with information suppliers, software vendors or utility providers; fluctuation in our results of operations; changes in tax rules; risks associated with international operations; our inability to realize the book value of intangible assets; our success in attracting and retaining qualified employees and key personnel; general economic, political and market forces and dislocations beyond our control risks related to our substantial indebtedness and holding company structure; volatility in bank and capital markets; our status as a controlled company and as an emerging growth company; and provisions in our amended and restated certificate of incorporation. Additional factors or events that could cause our actual performance to differ from these forward-looking statements may emerge from time to time, and it is not possible for us to predict all of them. Should one or more of these risks or uncertainties materialize, or should any of our assumptions prove incorrect, our actual financial condition, results of operations, future performance and business may vary in material respects from the performance projected in these forward-looking statements.

Any forward-looking statement made by us in this presentation speaks only as of the date on which it is made. We undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

Market data and industry information used throughout this presentation are based on management’s knowledge of the industry and the good faith estimates of management. We also relied, to the extent available, upon management’s review of independent industry surveys and publications and other publicly available information prepared by a number of third party sources. All of the market data and industry information used in this presentation involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. Although we believe that these sources are reliable, we cannot guarantee the accuracy or completeness of this information, and we have not independently verified this information. While we believe the estimated market position, market opportunity and market size information included in this presentation are generally reliable, such information, which is derived in part from management’s estimates and beliefs, is inherently uncertain and imprecise. Projections, assumptions and estimates of our future performance and the future performance of the industry in which we operate are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described above. These and other factors could cause results to differ materially from those expressed in our estimates and beliefs and in the estimates prepared by independent parties.

## Non-GAAP Financial Measures

We present Adjusted EBITDA and Free Cash Flow to help us describe our operating performance. Our presentation of Adjusted EBITDA and Free Cash Flow are intended as a supplemental measures of our performance that are not required by, or presented in accordance with, U.S. generally accepted accounting principles (“GAAP”). Adjusted EBITDA should not be considered as an alternative to operating income (loss), net income (loss), earnings per share or any other performance measures derived in accordance with U.S. GAAP as measures of operating performance or operating cash flows or as measures of liquidity. Our presentation of Adjusted EBITDA and Free Cash Flow should not be construed to imply that our future results will be unaffected by these items. See the Appendix to this presentation for a reconciliation of Adjusted EBITDA to net income (loss).



# Strategic Overview

**Doug Williams, Chief Executive Officer**

# Cotiviti Clear Leader in Large and Growing Market

- Leading provider of analytics-driven payment accuracy solutions in healthcare and retail markets
- Advanced and proprietary technology platform and analytics capabilities
- Attractive, high-growth end markets
- Aligned financial model delivers meaningful results for our clients: we succeed when they succeed

**IPO: May 26, 2016**  
**Market Cap: \$3.1B\***  
**NYSE: COTV**



\* Based on stock price of \$34.40 at December 30, 2016

# Strong Financial Performance Since IPO

## Delivering Robust Financial Results

**\$609M**  
LTM Revenue  
**+19% YoY**

**\$232M**  
LTM Adj. EBITDA<sup>(1)</sup>  
**+21% YoY**

**38.1%**  
Adj. EBITDA Margin  
**+57bps YoY**

## Enhancing Results and Outlook through Strategic Actions

**De-Levered**  
To 3.3x net debt  
from 4.2x at IPO

**Refinanced Capital  
Structure**  
To reduce interest costs and  
increase  
financial flexibility

**Positioned to achieve  
long-term goals**  
+10-12% revenue growth, +30-  
50bps of adj. EBITDA margin  
expansion

**Results driven by combination of increased  
client penetration, cross-selling and new customer wins**

(1) Non-GAAP measure. See Appendix for reconciliation to net income.  
Note: LTM period ended September 30, 2016

# Visible Path to Sustainable Healthcare Growth

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## Continued Execution on Growth Strategy

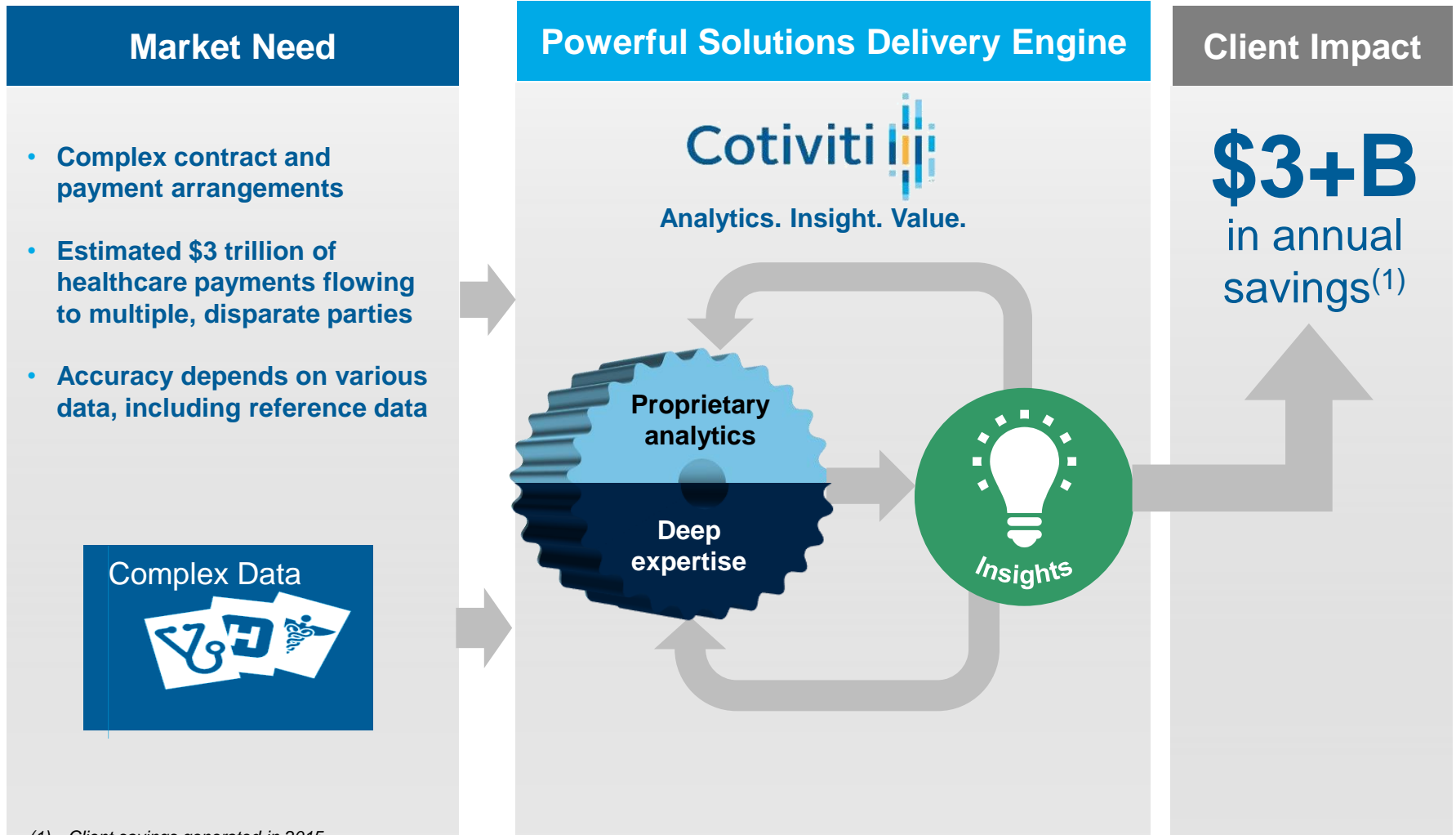
- Existing clients as source of growth:
  - 97% of growth from existing clients, including 65% growth from 2012 and prior clients
  - 7x growth opportunity from existing clients
    - Cross-sell
    - Expanding solution adoption
- Significant new sources of future growth:
  - 4 cross-sells over past year
  - 5 new clients over past year
  - Awarded two CMS RAC program regions which represent ~50% Medicare Part A and B claims

## Continued Investment in Technology Platform

- Capital expenditures support continued innovation
- Drives growth and margin expansion

*Note: Data as of September 30, 2016*

# Unlocking Value from Complex Data



(1) Client savings generated in 2015

# Complex Market Drives Need for Cotiviti Solutions

Category	Select examples	Tailwind for Cotiviti?
Increasingly complex reimbursement	<div>Shift to value-based contracts</div> <div>Increased consumerism</div>	✓
Increased coding complexity	<div>ICD-10</div> <div>New medical procedures</div>	✓
Changing demographics	<div>Aging populations w/ complex comorbidities</div> <div>Increased utilization</div>	✓
Shift to managed care within government	<div>Medicare and Medicaid shift from FFS<sup>(1)</sup></div>	✓
Data is ever-changing	<div>Payment responsibility / sharing</div> <div>Coding and billing</div> <div>Provider contracts</div>	✓

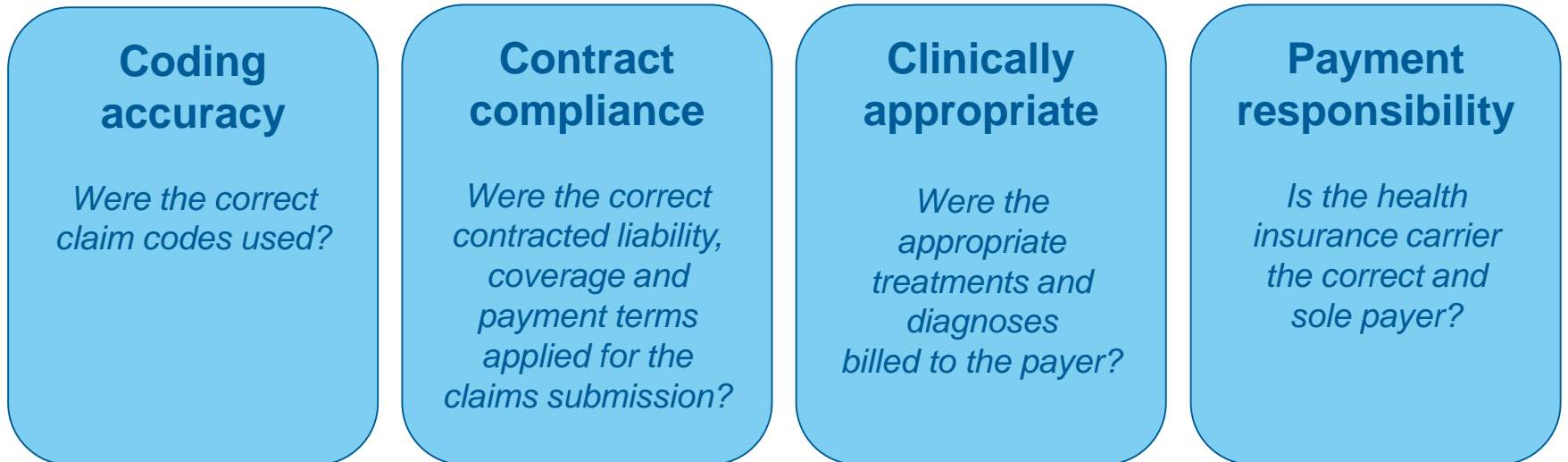
(1) FFS refers to fee for service



# Providing Solutions Across the Claims Process

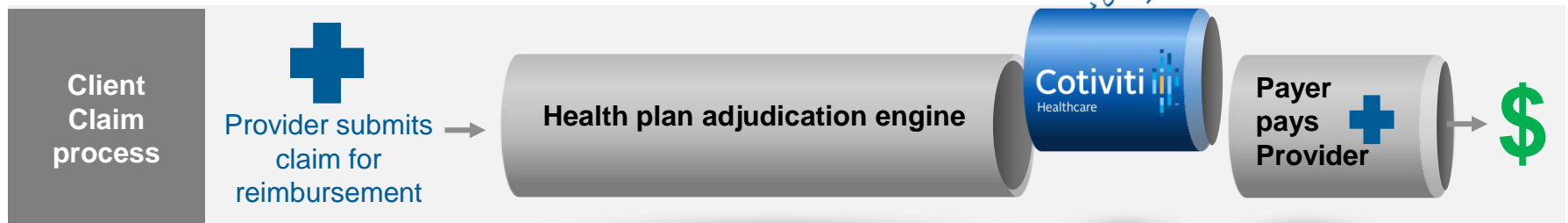


Cotiviti answers these critical questions



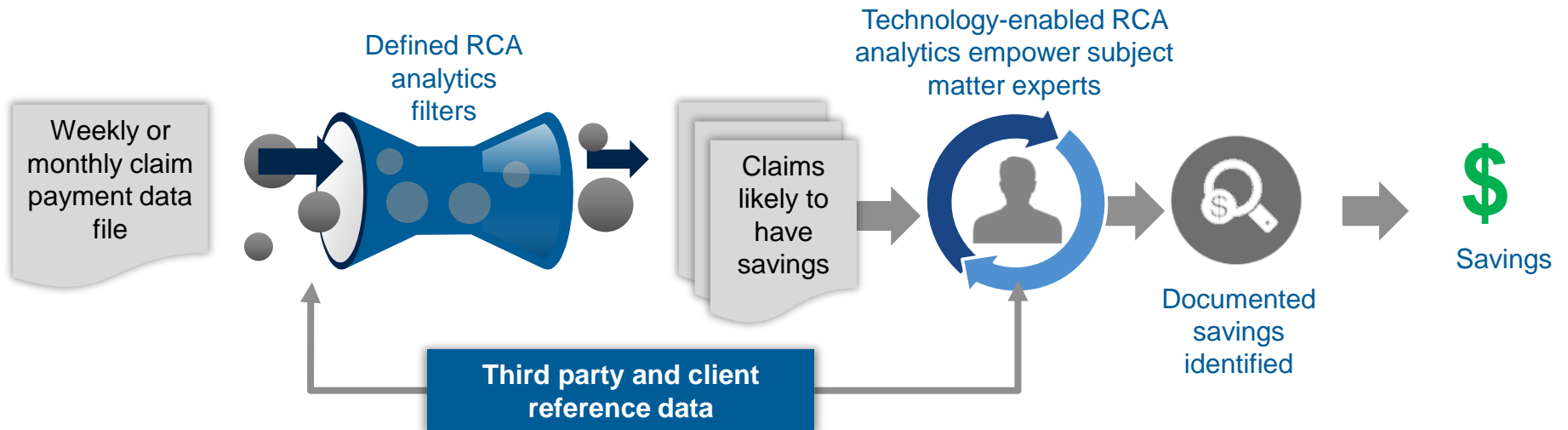
**Revenue derived from multiple areas, across multiple claim types**

# PCA: Prospective Claims Accuracy Solution



- Provides final filter to ensure payments are consistent with policies
- Extracts data from system to permit contextual processing; then places back into system
- 42% of YTD 9/2016 healthcare revenue
- Reviewed over \$65B of claims in 2015

# RCA: Retrospective Claims Accuracy Solution



- Large claims sets and comprehensive analytics derives multiple dimensions of value
- Analytics process facilitates ongoing solution development
- 56% of YTD 9/2016 healthcare revenue
- Reviewed over \$440B of claims in 2015

# Proprietary Technology Platform and Data Assets Drive Revenue Growth

## How does it work?



Subject matter expertise



Analytics model “factory”/rules engine leverages proprietary content library



Client solutions

## Why are we unique?

Content Advantage:  
**15+ Years**  
of data collection and  
payment accuracy expertise

Scale & Insight Advantage:  
**> \$500B**  
Aggregate claims data  
reviewed in 2015<sup>(1)</sup>

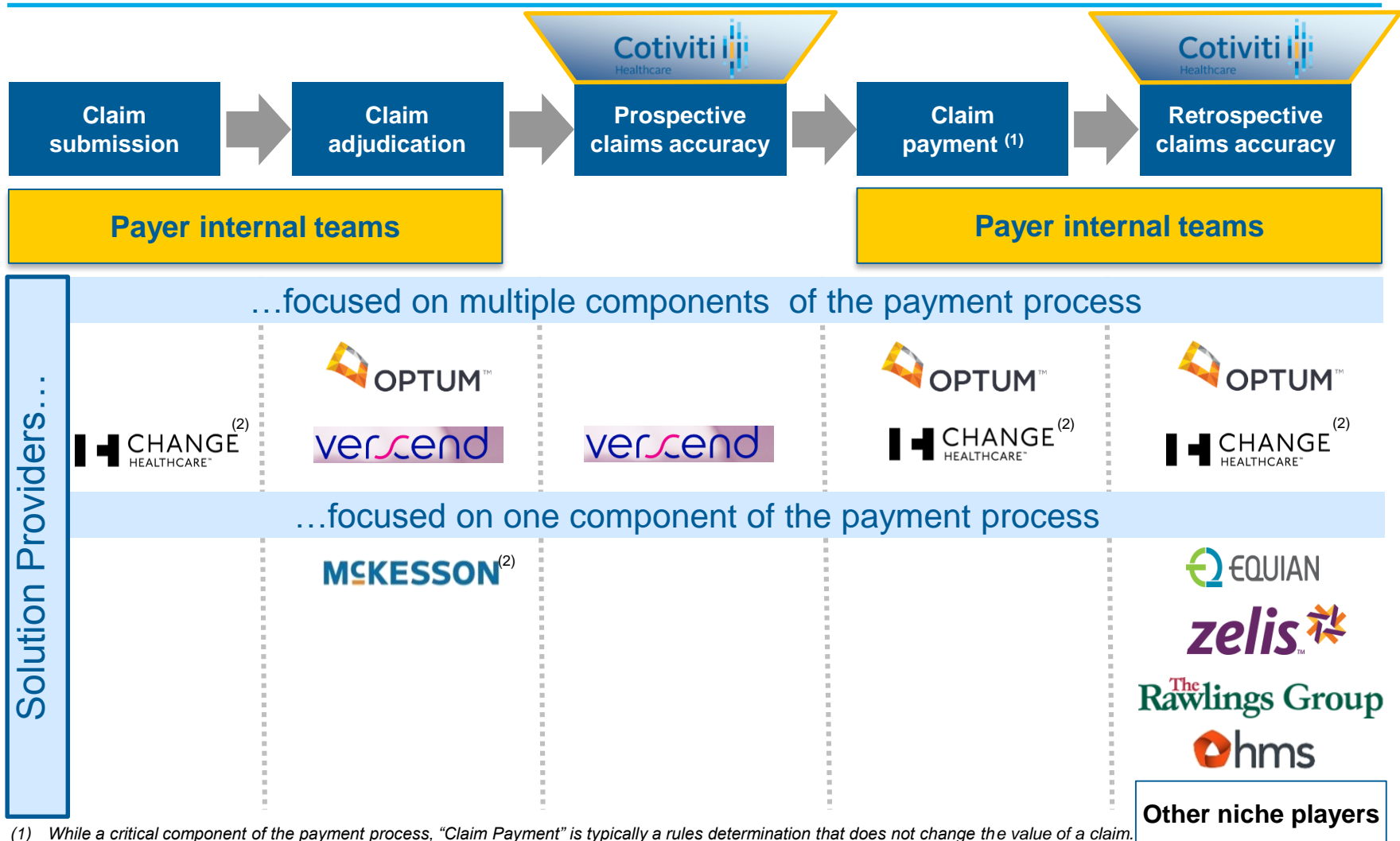
Discovery Advantage:  
**Breadth & Depth**  
Data set and rules engine  
analytics

## Why does it matter?

- Scalable and configurable
- Large data set and model “factory”/rules engine create powerful network effect
- Leverage-able for next generation of solutions
- Discovery advantage facilitates sustainable growth

(1) Excludes Medicare fee-for-service claims.

# Cotiviti Provides Solutions Across the Healthcare Claims Process



(1) While a critical component of the payment process, "Claim Payment" is typically a rules determination that does not change the value of a claim.

(2) Change Healthcare and McKesson to combine and form a new healthcare IT Company as announced on June 28, 2016

# Leading Retail Segment Complementary to Healthcare

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*Retail competitive advantages allow for synergies across the businesses*

## Retail business highlights

A leader in the retail payment accuracy market in United States, Canada and the United Kingdom

Primary competitor PRGX Global

Recurring revenue with solid margins

Tenured relationships with greater than 35 clients, including 8 of 10 largest U.S. retailers

## Retail and Healthcare technology synergies

Expertise in unstructured data transferable to Healthcare

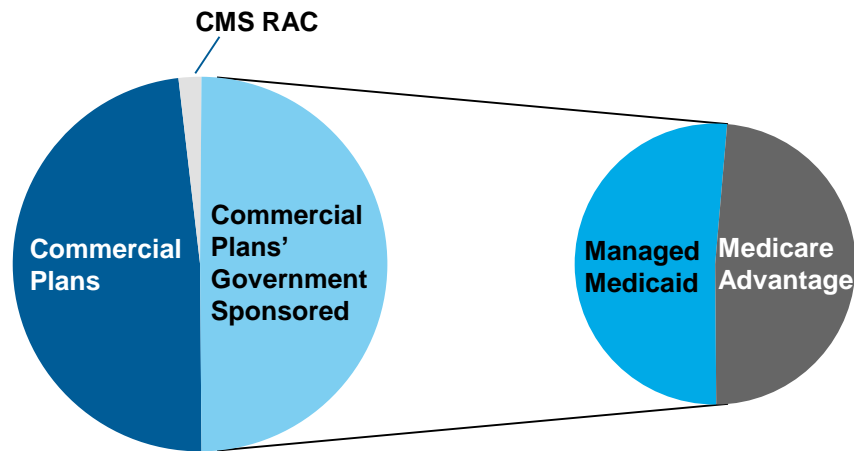
Leverages similar analytic algorithm logic as Healthcare

Common technology with Healthcare

# Diversified Healthcare Revenue Stream

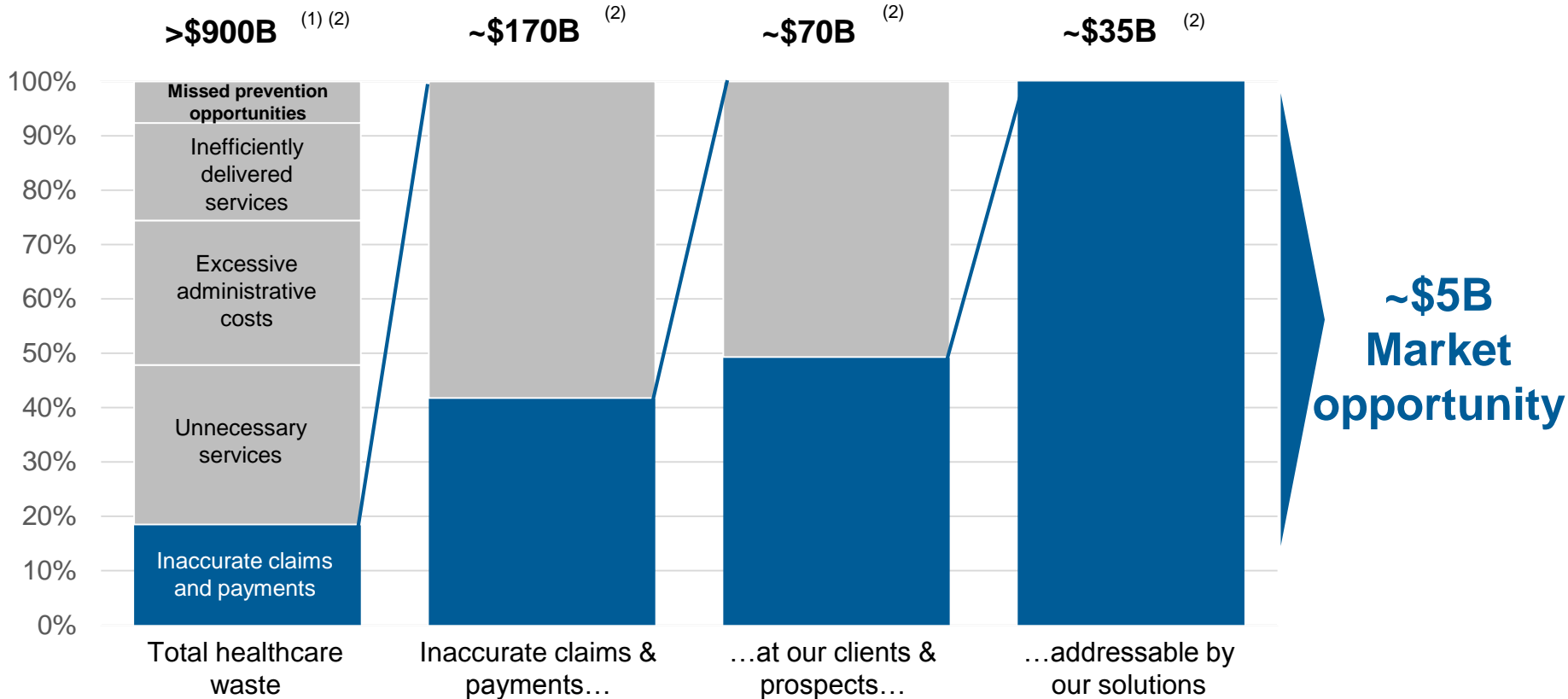
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- Over 40 healthcare plan clients, including 8 of the 10 largest health insurance carriers in the U.S.
- Cross-sells – 4 over past year
- New clients – 5 over past year
- Well-diversified commercial revenue stream



*Note: Data as of September 30, 2016*

# Total Healthcare Addressable Market Driven by ~\$35B Projected Client Savings



**Approximately 7x growth opportunity within current clients**

(1) Source: Institute of Medicine and CMS

(2) Based on 2015 Company estimates and assumptions, including that waste has grown in-line with healthcare expenditures since 2009.



## Track record

- Delivering client value that drives retention
- ~11-year average tenure for top 10 healthcare clients
- Delivered \$3B+ annual client savings in 2015; expect to exceed in 2016

## Meaningful scale

- Resources to invest in security, compliance, product innovation
- Robust technology platform and proprietary information assets
- Broad suite of specialized solutions
- Extensive expertise and capabilities across payment continuum

## Strong growth potential

~\$5B total addressable market

- 75% within existing client base
- 25% from adding new clients

5.8% annual healthcare industry cost growth tailwind



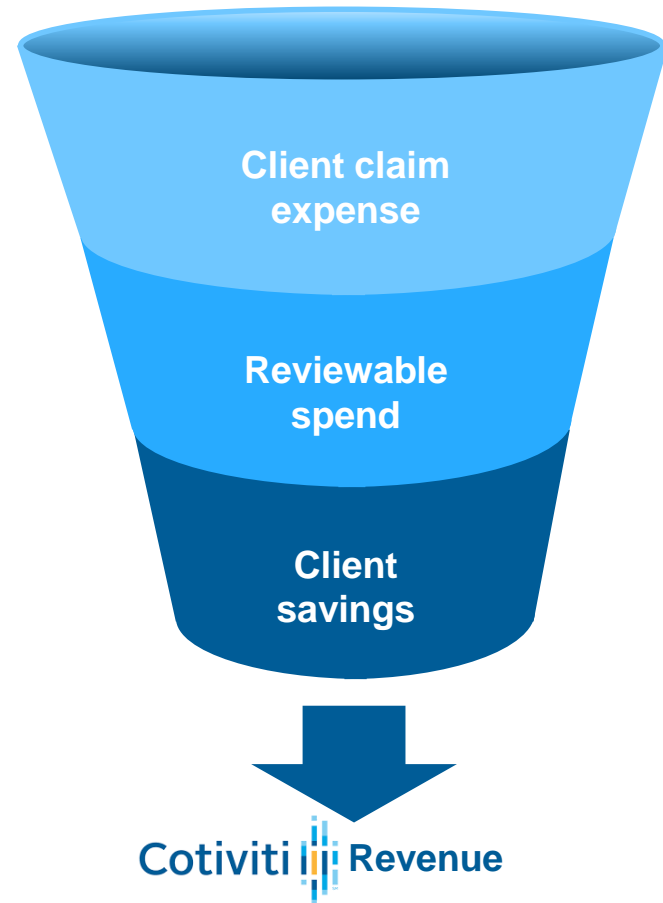
# Growth Opportunities and Financial Overview

**Steve Senneff, Chief Financial Officer**

# Financial Model Tightly Aligned with Clients

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***We succeed when  
our client succeeds***



# Drivers of Attractive Financial Performance

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## Multiple revenue growth drivers

- Expand within existing client base
- Expand client base
- Healthcare tailwinds
- Innovate solutions
- Selectively pursue M&A

## Predictable revenue

- High-visibility revenue model
- Aligned financial model drives growth and predictability
- Significant revenue from existing clients
- ~11-year average tenure with 10 largest healthcare clients

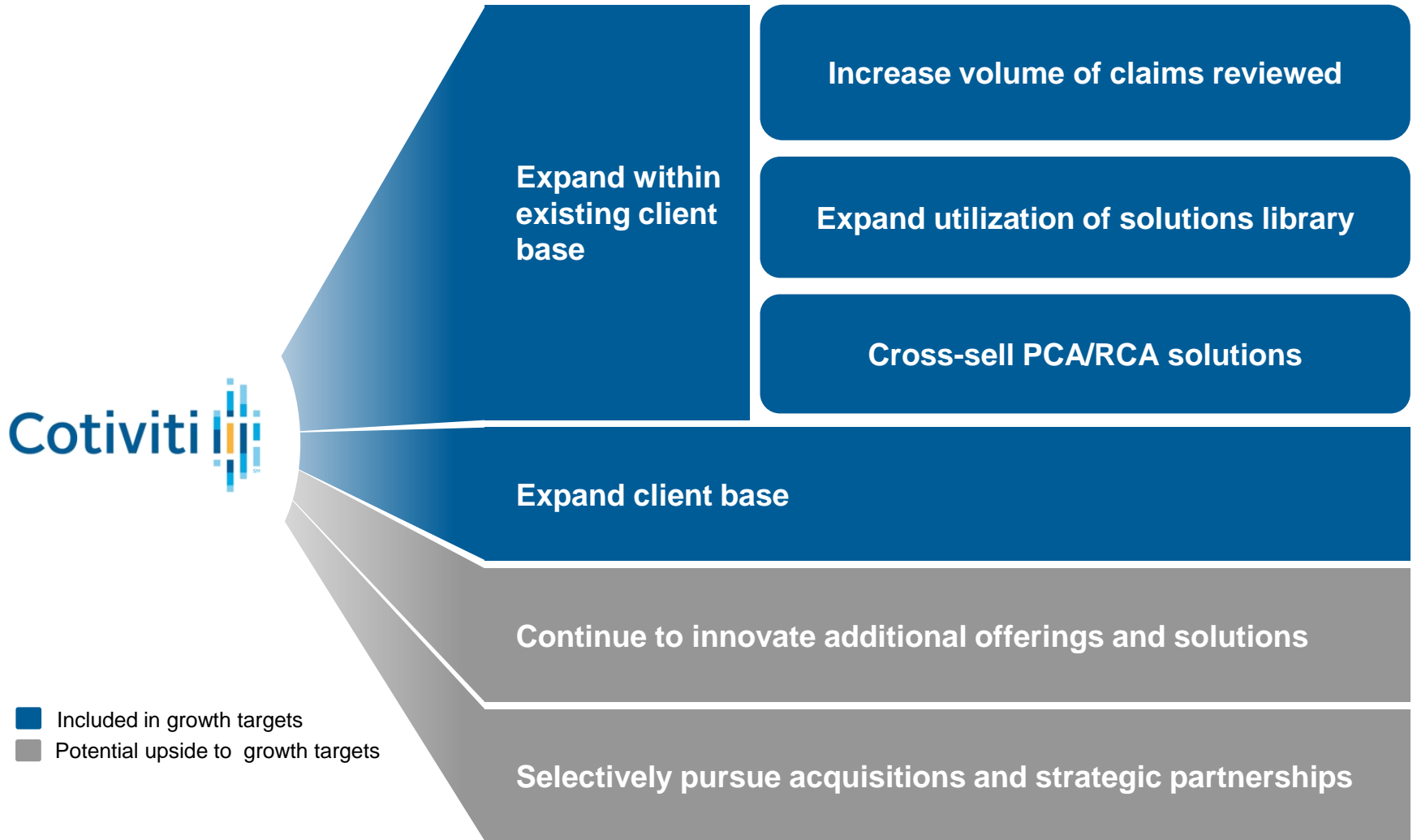
## Highly scalable model

- Economies of scale
- Technology and analytics innovation drive operating leverage

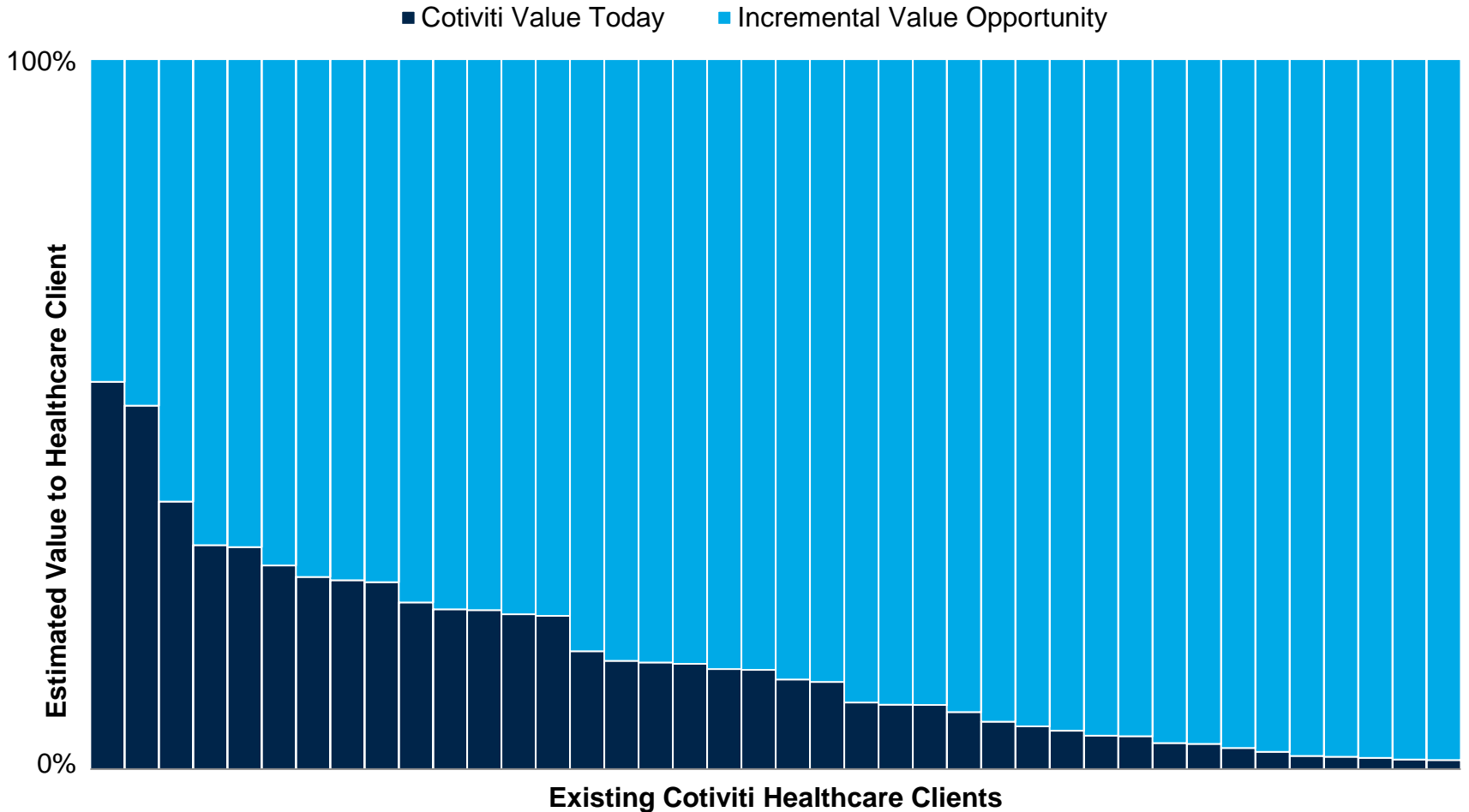
## Strong cash flow characteristics

- Strong margins
- Capital expenditures support continued innovation
- Ability to de-lever

# Significant Growth Opportunities



# Substantial Growth Opportunity within Existing Clients



Note: Includes clients with revenue for Healthcare Prospective Claims Accuracy or Retrospective Claims Accuracy, excluding CMS. Data as of December 2015

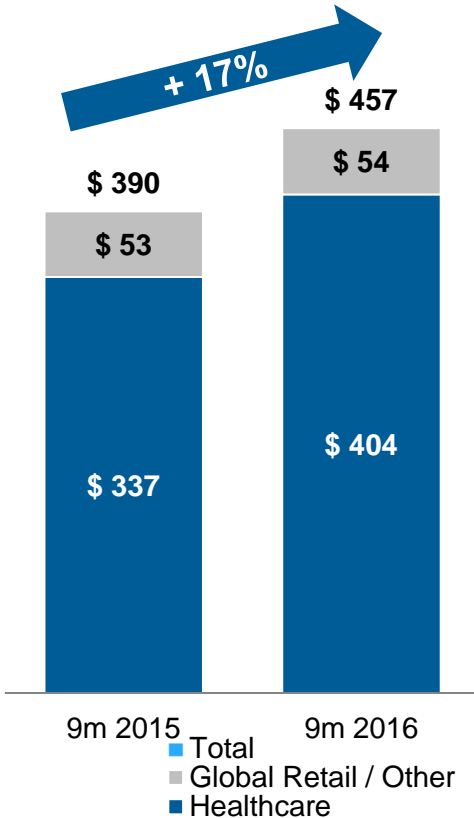
# Client Relationship Expands Through Increased Adoption

Current Cotiviti presence
Opportunity for new scope
In Development

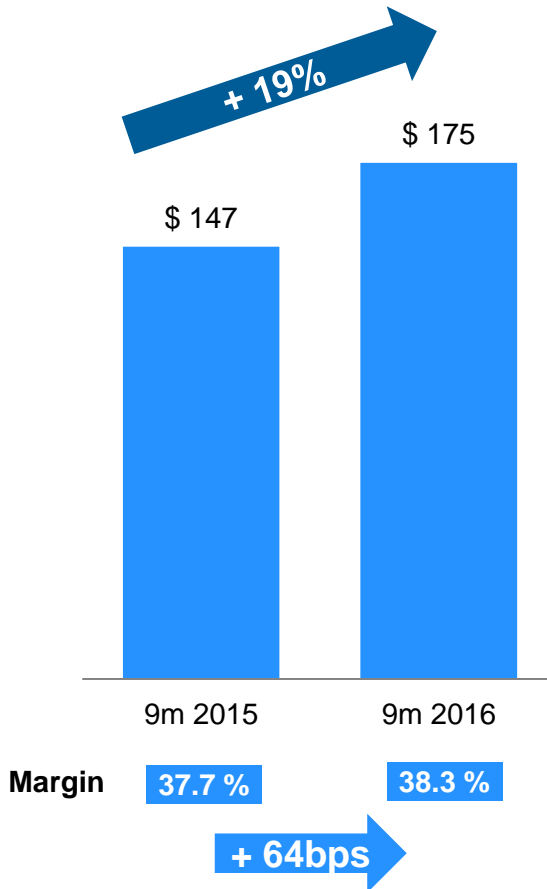
		Illustrative client A		Illustrative client B	
		PCA	RCA	PCA	RCA
Lines of business and platform	Commercial At-Risk		5/7 claim platforms	Not applicable – Medicare/Medicaid only	
	Commercial ASO		5/7 claim platforms	Not applicable – Medicare/Medicaid only	
	Medicare Advantage	4/5 claim platforms	2/5 claim platforms		
	Managed Medicaid				2 states
Claim types	Professional				
	Outpatient				
	DME				
	Inpatient				
Solution areas	Billing accuracy	70% of library	50% of library		
	Contract compliance		50% of library		
	Payment responsibility		50% of library		
	Clinical appropriateness		50% of library		

# Robust Performance Sets Foundation for Future Growth

## Revenue (\$M)



## Adj. EBITDA<sup>(1)</sup> (\$M)



## 2016 Accomplishments Enhance Foundation for Future Growth

- 2016 realized cross-selling success, new customer wins, new CMS RAC contract, and pipeline development
- Sustained investment for innovation and growth
- Continued opportunity for operating leverage through incremental scale
- Well-positioned to achieve long-term goals:
  - +10-12% revenue growth
  - +30-50 bps adj. EBITDA margin expansion

(1) Non-GAAP measure. See Appendix for reconciliation to net income.



# Cotiviti Positioned to Create Meaningful Shareholder Value

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# Appendix

# Reconciliation of GAAP Net Income (Loss) to Adjusted EBITDA

(unaudited, \$ in millions)	Nine Months Ended September 30,		LTM Ended September 30,	
	2016	2015	2016	2015
<b>Net Income (Loss)</b>	<b>\$ 24</b>	<b>\$ 5</b>	<b>\$ 33</b>	<b>\$ (34)</b>
Adjustments to net income (loss):				
Depreciation and amortization	60	56	79	73
Impairment of intangible assets <sup>(1)</sup>	-	28	-	102
Interest expense	40	50	56	67
Other non-operating (income) expense <sup>(2)</sup>	(1)	(0)	(1)	(1)
Income tax expense (benefit)	13	4	23	(22)
Gain on discontinued operations, net of tax <sup>(3)</sup>	-	(1)	-	(1)
Transaction-related expenses and other <sup>(4)</sup>	1	0	2	0
Stock-based compensation <sup>(5)</sup>	22	2	23	3
Loss on extinguishment of debt <sup>(6)</sup>	16	4	16	4
<b>Adjusted EBITDA</b>	<b>\$ 175</b>	<b>\$ 147</b>	<b>\$ 232</b>	<b>\$ 192</b>

(1) Represents an impairment during the quarter ended September 30, 2015 as a result of our rebranding and the related impact to our trade names.

(2) Represents other non-operating (income) expense that consists primarily of gains and losses on transactions settled in foreign currencies. Income received for certain sub-leases is included herein.

(3) Represents payment on a \$0.9 million note receivable (\$0.6 million net of taxes) related to a business that was disposed of in 2012. This note receivable had been reported in the loss on discontinued operations in 2012 upon the sale of that business. Since the date of sale, we had elected to fully reserve the note receivable as the collectability was determined to be uncertain.

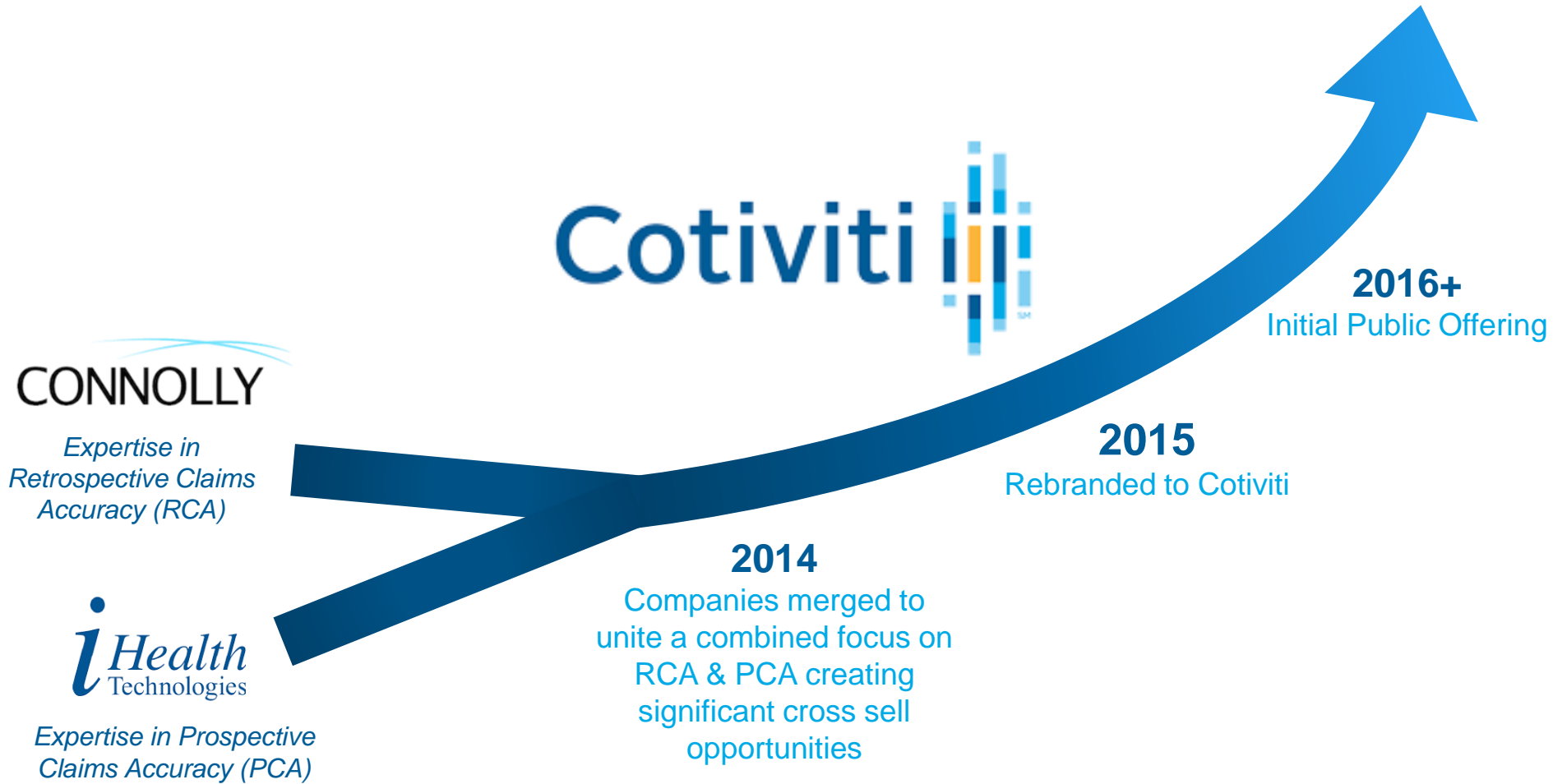
(4) Represents transaction-related expenses that consist primarily of certain expenses associated with the preparation for our Initial Public Offering and certain corporate development activity.

(5) Represents expense related to stock-based compensation awards granted to certain employees, officers and non-employee directors as long-term incentive compensation. We recognize the related expense for these awards ratably over the vesting period. During the three months ended September 30, 2016, performance awards vested resulting in stock compensation expense of \$15.9 million.

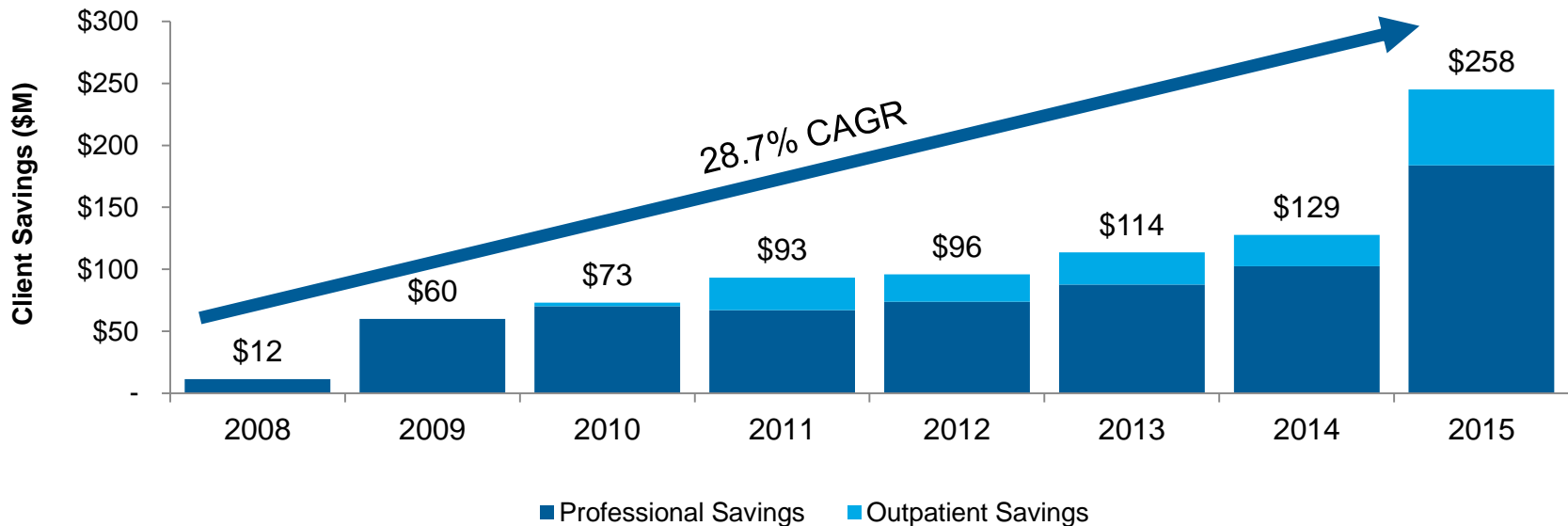
(6) Represents loss on extinguishment of debt that consists primarily of fees paid and write-offs of unamortized debt issuance costs and original issue discount in connection with the repricing of our long-term debt in 2015, the early repayment of a portion of our long-term debt in 2016 and the refinancing of our long-term debt in 2016.

# Long History of Unlocking Client Value

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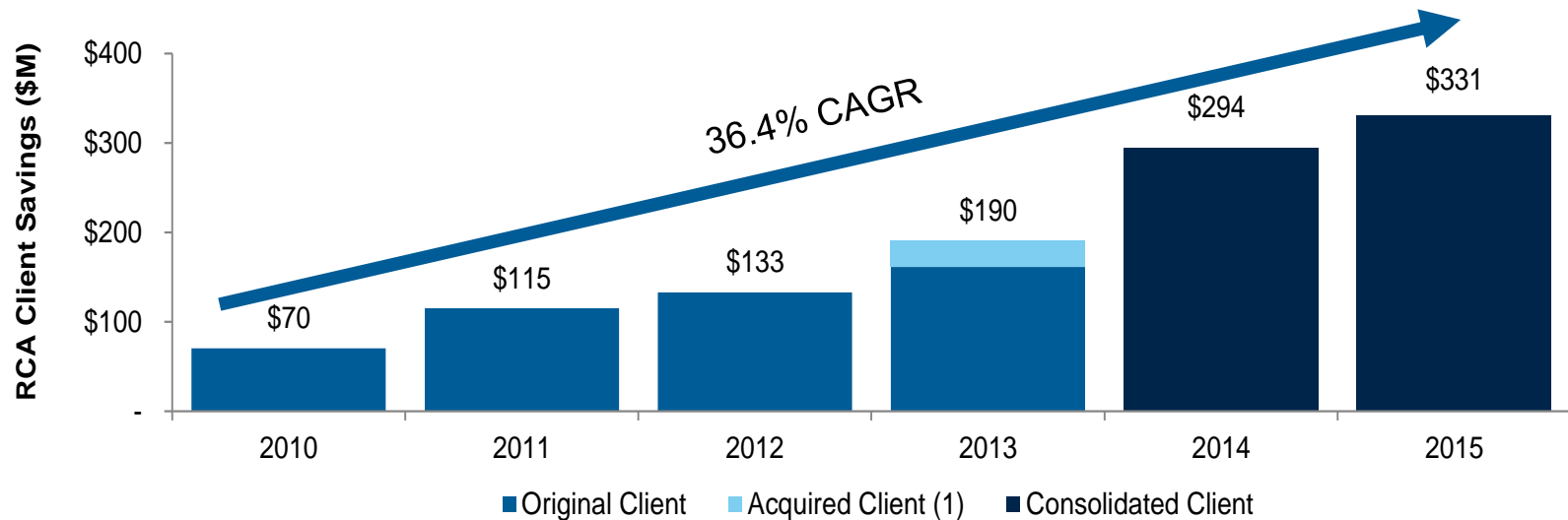
# PCA Case Study: Claims Volume and Solution Adoption Drive Growth



2008	2010	2011-2014	2015
Began PCA reviews focusing only on professional claims	Expanded scope of review to include outpatient claims	Significant Medicare Advantage presence results in spend increases that establish a foundation for savings growth  Client gradually adopts more of our analytical algorithms, further increasing the savings we deliver	Increased spend and adoption led to significant savings growth

*Note: Case studies are not necessarily representative of all clients.*

# RCA Case Study: Increased Scope and Consolidation Drive Growth



2009	2011	2012	2013	2014+
Expanded scope to include national review of implant & high cost drugs	Expanded to include new medical chart review program	Continued growth within existing scope of work through enhanced Cotiviti performance and natural market tailwinds	Won primary position on majority of scope projects	Large client made material acquisition of another client
<b>2010</b> Promoted to primary position on one of the client's largest claims platforms	Increased savings within existing concepts through improved productivity 3-year contract extension	Initiatives to increase rate of conversion from identified overpayment to realized savings	New contract with 3-year extension	Savings delivered to combined entity increased due to client optimization of payment accuracy best practices and increased adoption

(1) Parent company (the subject of the case study) acquired another Cotiviti client in 2013. Pre-2013 numbers do not include revenue from the acquired entity. 2013-2015 includes revenue from both entities.

Note: Case studies are not necessarily representative of all clients.