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2016 Fourth Quarter Financial Supplement

As of December 31, 2016

Cotiviti Holdings, Inc.

2016 Revenue by Segment

(\$ in thousands)	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	Change	2016	2015	Change
	(unaudited)					
Healthcare						
Retrospective claims accuracy	\$ 86,161	\$ 72,470	19%	\$ 310,496	\$ 251,288	24%
Prospective claims accuracy	59,859	54,564	10%	229,491	201,899	14%
Transaction services	2,378	3,327	-29%	12,054	13,857	-13%
Total Healthcare	148,398	130,361	14%	552,041	467,044	18%
Global Retail and Other						
Retrospective claims accuracy	18,926	20,514	-8%	70,656	72,060	-2%
Other	588	588	0%	2,465	2,239	10%
Total Global Retail and Other	19,514	21,102	-8%	73,121	74,299	-2%
Consolidated Net Revenue	\$167,912	\$151,463	11%	\$625,162	\$541,343	15%

Cotiviti Holdings, Inc.

2016 Consolidated Statement of Operations

(\$ in thousands)	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	Change	2016	2015	Change
	<i>(unaudited)</i>					
Net revenue	\$ 167,912	\$ 151,463	11%	\$ 625,162	\$ 541,343	15%
Cost of revenue	67,174	57,060	18%	251,768	204,617	23%
Selling, general and administrative expenses	37,750	39,736	-5%	156,684	136,745	15%
Depreciation and amortization of property and equipment	5,287	3,425	54%	20,151	12,695	59%
Amortization of intangible assets	15,200	15,211	-	60,818	61,467	-1%
Transaction-related expenses	879	1,115	-21%	1,788	1,469	22%
Impairment of intangible assets	-	-	-	-	27,826	-100%
Total Operating Expenses	126,290	116,547	8%	491,209	444,819	10%
Operating income	41,622	34,916	19%	133,953	96,524	39%
Other expense (income)	8,140	15,264	-47%	64,131	68,819	-7%
Income tax expense	8,190	10,469	-22%	20,970	14,401	46%
Gain on discontinued operations, net of tax	-	-	-	-	559	-100%
Net Income	\$ 25,292	\$ 9,183	175%	\$ 48,852	\$ 13,863	252%
Earnings per share:						
Basic	\$ 0.28	\$ 0.12		\$ 0.57	\$ 0.18	
Diluted	0.27	0.12		0.55	0.18	
Effective Tax Rate	24.5%	53.3%		30.0%	52.0%	
Stock-based Compensation (included within the lines shown above)						
Cost of revenue	\$ 288	\$ 379	-24%	\$ 5,026	\$ 963	NM
Selling, general and administrative expenses	1,122	1,396	-20%	17,928	2,436	NM
Total Stock-Based Compensation	\$ 1,410	\$ 1,775	-21%	\$ 22,954	\$ 3,399	NM

Cotiviti Holdings, Inc.

2016 Adjusted EBITDA (Non-GAAP)

<i>(unaudited, \$ in thousands)</i>	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	Change	2016	2015	Change
Net Income	\$ 25,292	\$ 9,183	175%	\$ 48,852	\$ 13,863	252%
Adjustments to net income:						
Depreciation and amortization	20,487	18,636	10%	80,969	74,162	9%
Impairment of intangible assets ⁽¹⁾	-	-	-	-	27,826	-100%
Interest expense	8,308	15,706	-47%	48,653	65,561	-26%
Other non-operating (income) expense ⁽²⁾	(168)	(442)	-62%	(939)	(826)	14%
Income tax expense	8,190	10,469	-22%	20,970	14,401	46%
Gain on discontinued operations, net of tax ⁽³⁾	-	-	-	-	(559)	-100%
Transaction-related expenses and other ⁽⁴⁾	879	1,115	-21%	1,788	1,469	22%
Stock-based compensation ⁽⁵⁾	1,410	1,775	-21%	22,954	3,399	575%
Loss on extinguishment of debt ⁽⁶⁾	-	-	-	16,417	4,084	302%
Adjusted EBITDA	\$ 64,398	\$ 56,442	14%	\$ 239,664	\$ 203,380	18%
<i>% of revenue</i>	<i>38.4%</i>	<i>37.3%</i>		<i>38.3%</i>	<i>37.6%</i>	

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

(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 \$900 note receivable (\$559 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 other offering costs as well as 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 year ended December 31, 2016, performance awards vested resulting in stock compensation expense of \$15,898.

(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.

Cotiviti Holdings, Inc.

2016 Adjusted Net Income (Non-GAAP)

(unaudited, \$ in thousands)	Three Months Ended December 31,			Year Ended December 31,		
	2016	2015	Change	2016	2015	Change
Net Income	\$ 25,292	\$ 9,183	175%	\$ 48,852	\$ 13,863	252%
Adjustments to net income:						
Amortization of Acquired Intangible Assets - Non Tax Deductible	10,401	10,402	NM	41,607	42,187	-1%
Amortization of Acquired Intangible Assets - Tax Deductible	4,799	4,809	NM	19,211	19,280	NM
Impairment of intangible assets ⁽¹⁾	-	-	-	-	27,826	-100%
Loss on extinguishment of debt ⁽²⁾	-	-	-	16,417	4,084	302%
Transaction-related expenses and other ⁽³⁾	879	1,115	-21%	1,788	1,469	22%
Stock-based compensation ⁽⁴⁾	1,410	1,775	-21%	22,954	3,399	575%
Gain on discontinued operations ⁽⁵⁾	-	-	-	-	(900)	-100%
Tax effect of above adjustments ⁽⁶⁾	(1,624)	(2,634)	-38%	(22,573)	(18,465)	22%
Tax benefit related to stock option exercises	(4,000)	-	NM	(4,000)	-	NM
Adjusted Net Income	\$ 37,157	\$ 24,650	51%	\$ 124,256	\$ 92,743	34%
Weighted average shares of common stock - Diluted (000s)	94,071	77,733		88,578	77,641	
Adjusted Net Income per Diluted Share	\$ 0.39	\$ 0.32		\$ 1.40	\$ 1.19	

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

(2) 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.

(3) Represents transaction-related expenses that consist primarily of certain expenses associated with the preparation for our Initial Public Offering and other offering costs as well as certain corporate development activity.

(4) 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 year ended December 31, 2016, performance awards vested resulting in stock compensation expense of \$15,898 million.

(5) Represents payment on a \$900 note receivable (\$559 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.

(6) This line represents the tax impact of the amortization of acquired intangible assets - tax deductible, a portion of impairment of intangible assets, loss on extinguishment of debt, a portion of transaction-related expenses and other, stock-based compensation and gain on discontinued operations. The tax rate assumed is 38% and 40% for the years ended December 31, 2016 and 2015, respectively. The assumed tax rate decreased during the three months ended December 31, 2016 resulting in a lower tax effect for that period.

Cotiviti Holdings, Inc.

2017 Adjusted EBITDA Guidance (Non-GAAP)

<i>(unaudited, \$ in millions)</i>	Low	High
Net Income	\$89	\$95
Adjustments to net income ⁽¹⁾	177	177
Adjusted EBITDA	\$266	\$272

(1) Adjustments to net income include depreciation and amortization, interest expense, other non-operating (income) expense, income tax expense and stock-based compensation. A 38% tax rate is assumed to approximate the Company's effective tax rate.

Cotiviti Holdings, Inc.

Consolidated Balance Sheet Data

<i>(\$ in thousands)</i>		
	December 31, 2016	December 31, 2015
Cash and cash equivalents	\$ 110,635	\$ 149,365
Total assets	2,002,263	2,114,088
Total long-term debt ⁽¹⁾	780,202	1,034,070
Total liabilities	1,062,927	1,326,492
Total stockholders' equity	939,336	787,596
Net debt leverage	2.9x	4.5x
Working capital	31,037	90,968

⁽¹⁾ Includes the current portion of our long-term debt and is net of debt issuance costs.

Cotiviti Holdings, Inc.

Cash Flow Data

(\$ in thousands)	Year Ended December 31,	
	2016	2015
Operating Cash Flow	\$ 189,171	\$ 63,154
Capex	35,213	22,982
Free Cash Flow	\$ 153,958	\$ 40,172

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