

Altisource Portfolio Solutions S.A.
Form 10-Q
April 26, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number: 1-34354

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
(Exact name of Registrant as specified in its Charter)

Luxembourg 98-0554932
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

40, avenue Monterey
L-2163 Luxembourg
Grand Duchy of Luxembourg
(Address of principal executive offices) (Zip Code)

(352) 24 69 79 00
(Registrant's telephone number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company (as defined in Rule 12b-2 of the Exchange Act):

Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided by Section 13(a) of the Exchange Act.

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Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes
 No

As of April 20, 2018, there were 17,204,646 outstanding shares of the registrant's shares of beneficial interest (excluding 8,208,102 shares held as treasury stock).

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PART I — FINANCIAL INFORMATION

Item 1. Interim Condensed Consolidated Financial Statements (Unaudited)

ALTISOURCE PORTFOLIO SOLUTIONS S.A.
 CONDENSED CONSOLIDATED BALANCE SHEETS
 (in thousands, except per share data)

	March 31, 2018	December 31, 2017
ASSETS		
Current assets:		
Cash and cash equivalents	\$84,850	\$ 105,006
Investment in equity securities	41,652	49,153
Accounts receivable, net	50,839	52,740
Prepaid expenses and other current assets	73,955	64,742
Total current assets	251,296	271,641
Premises and equipment, net	65,585	73,273
Goodwill	86,283	86,283
Intangible assets, net	112,918	120,065
Deferred tax assets, net	305,679	303,707
Other assets	10,012	10,195
Total assets	\$831,773	\$ 865,164
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable and accrued expenses	\$66,475	\$ 84,400
Current portion of long-term debt	5,945	5,945
Deferred revenue	15,489	9,802
Other current liabilities	6,651	9,414
Total current liabilities	94,560	109,561
Long-term debt, less current portion	401,716	403,336
Other non-current liabilities	15,415	12,282
Commitments, contingencies and regulatory matters (Note 19)		
Equity:		
Common stock (\$1.00 par value; 100,000 shares authorized, 25,413 issued and 17,343 outstanding as of March 31, 2018; 100,000 shares authorized, 25,413 shares issued and 17,418 outstanding as of December 31, 2017)	25,413	25,413
Additional paid-in capital	114,676	112,475
Retained earnings	600,253	626,600
Accumulated other comprehensive income	—	733
Treasury stock, at cost (8,070 shares as of March 31, 2018 and 7,995 shares as of December 31, 2017)	(421,486)	(426,609)
Altisource equity	318,856	338,612

Non-controlling interests	1,226	1,373
Total equity	320,082	339,985
Total liabilities and equity	\$831,773	\$ 865,164

See accompanying notes to condensed consolidated financial statements.

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ALTISOURCE PORTFOLIO SOLUTIONS S.A.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME

(in thousands, except per share data)

	Three months ended	
	March 31,	
	2018	2017
Revenue	\$197,438	\$240,483
Cost of revenue	147,194	177,953
Gross profit	50,244	62,530
Selling, general and administrative expenses	43,124	47,701
Income from operations	7,120	14,829
Other income (expense), net:		
Interest expense	(5,863)	(5,798)
Unrealized loss on investment in equity securities (Note 3)	(7,501)	—
Other income (expense), net	1,272	715
Total other income (expense), net	(12,092)	(5,083)
(Loss) income before income taxes and non-controlling interests	(4,972)	9,746
Income tax benefit (provision)	1,365	(2,586)