



Evolve
Capital Partners

Cotiviti Holdings, Inc.

May 2016

Summary of Initial Public Offering



**SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY**

Cotiviti Holdings IPO – Executive Summary

Initial Public Offering Overview



NASDAQ: COTV



Description






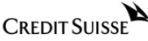








Cotiviti Holdings provides analytics-driven payment accuracy solutions, focused primarily on the healthcare sector. The company was formed in May 2014 through the merger of Connolly Superholdings and iHealth Technologies. Cotiviti predominantly serves healthcare organisations and retailers in the US, UK, and Canada. The company's clientele includes over 40 healthcare organisations and 40 retailers.



Use of Proceeds

Cotiviti intended to use the net IPO proceeds to meet its working capital requirements and to repay its outstanding borrowings.

Source(s): Company website, 424b4, Capital IQ

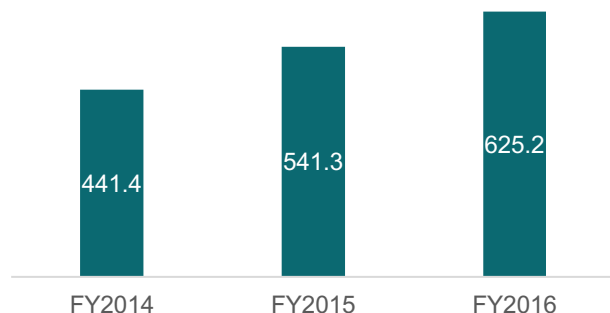
	Headquarters	Atlanta, Georgia
	Founded	2014
	Employees	3,000
	Listing Date	5/25/16
	Lead Underwriters	     
	Issue Price	\$19.00
	Shares Offered	14 million (including 2 million shares reserved for underwriters)
	Gross Proceeds	\$238 million

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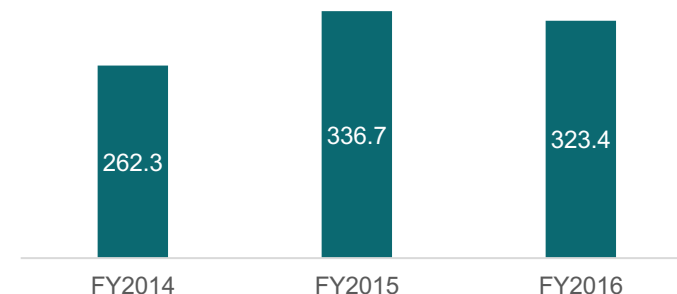
Key Metrics – IPO

Shares Offered at the time of IPO	12.5 million
Issue Price	\$19.00
Total Shares Outstanding after IPO	90 million
Market Value at Issue Price*	\$1.7 billion
Enterprise Value at Issue Price#	\$2.5 billion
EV /Revenue	4.1x
Listing Date	5/25/16
Listing Price	\$19.00

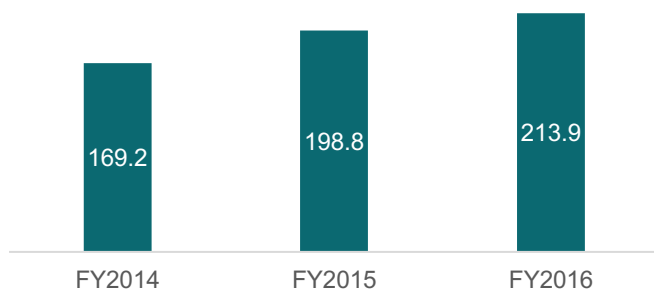
Total Revenue (\$mm)



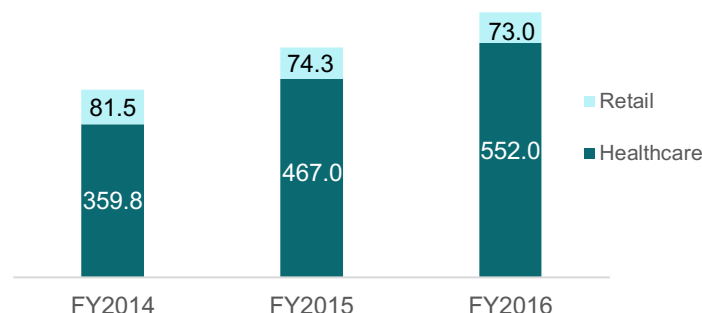
Gross Profit (\$mm)



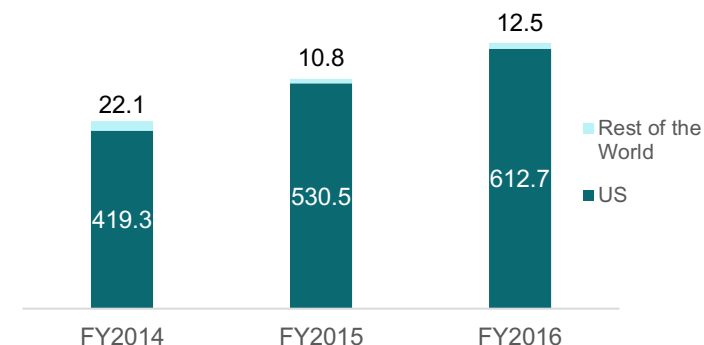
EBITDA (\$mm)



Revenue by Segment (\$mm)



Revenue by Geography (\$mm)



Source(s): Capital IQ and 424B4 filings

* Market Value based on shares outstanding as on May 25, 2016 and IPO issue price of \$19.0;

Enterprise Value is based on the calculated Market Value at Issue Price and Net Debt for as on December 31, 2016 taken from Cotiviti's Annual Report.

Cotiviti IPO – Executive Summary






Company Overview

Cotiviti's healthcare team is comprised of doctors, nurses, claims coders, forensic auditors, and other experts who monitor various medical and payment policy content sources to develop algorithms and concepts that incorporate the latest standards.

- Cotiviti Holdings was formed through the merger of Connolly Superholdings, a leading retrospective payment (post-payment) accuracy solutions provider and iHealth Technologies, a premier prospective payment (pre-payment) accuracy solutions provider for healthcare and retail industries.
- By exploiting the unique capabilities of these two companies, and adding to them, Cotiviti has emerged as one of the largest payments service providers that offers both prospective and retrospective solutions.
- Cotiviti provides healthcare solutions for a wide range of payers, including, Commercial health plans, Medicaid, and Medicare. The company has strong capabilities in areas such as Billing Accuracy, Contract Compliance, Payment Responsibility Attribution, Clinical Appropriateness, and Surveillance and Analytics.
- Cotiviti provides retail solutions under its Connolly division. These solutions are offered in areas like Merchandise and Expense Accounts Payable, Contract Compliance, Activation-Based Commissions, Pharmaceutical Procurements, and Freight Auditing.

Source(s): Company Website and 424B4 filings

Key Statistics

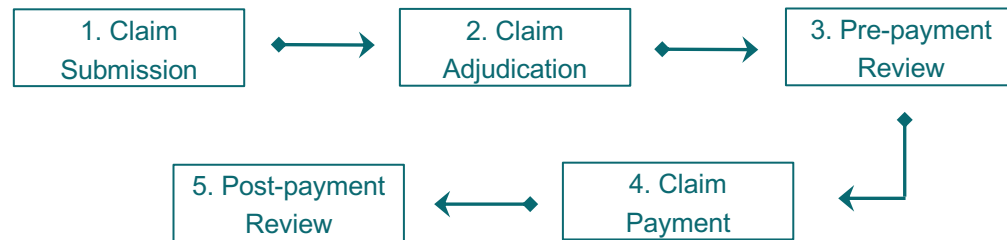
 Revenue* Mix by Segment	Healthcare Segment (86.3%)	Global Retail and Other – (13.7%)
	* Revenue mix for year ending December 31, 2015	
 Customer Savings	Estimated more than \$2.7 billion in savings in 2015.	
 Service	Cotiviti has achieved satisfaction requirements for 97% of its clients.	
 Clients	8 out of the top 10 US retailers are part of Cotiviti's clientele.	
 Claims Value	Cotiviti's prospective and retrospective claims accuracy solutions analyzed over \$65 billion and \$459 billion in claims in 2015, respectively.	

Cotiviti IPO – Executive Summary

Company Overview

Cotiviti applies its analytics-driven payment accuracy solutions at multiple points across the client's claims processing cycle. Its extensive library of complex payment analytics is designed to identify, select and make recommendations for correct application of contracts and coding to meet client payment policies.

Cotiviti's Healthcare Claims Payment Process



1. After treating the patient, healthcare provider submits a claim to the health plan that includes procedure and diagnosis codes.
2. Health plan receives the claim and:
 - a) Validates member and provider identification, eligibility, pre-authorizations and benefit coverage
 - b) Applies provider contract & fee schedule to price the claim
 - c) Completes the process with final claims systems edits & rules
3. Payer leverages internal tools and third party solutions to conduct final claims analysis review prior to payment.
4. Payer transfers funds to provider with supporting payment details.
5. Payer leverages internal tools and third party solutions to conduct claims analysis after a claim has been paid.

Source(s): Company Website and 424B4 filings

Cotiviti's Solutions

Prospective Claims Accuracy Solutions- Cotiviti's prospective claims accuracy solutions help in identifying claim discrepancies. The discrepancies are generally found after the claim adjudication process and before settling a claim with a healthcare provider. The claims are settled based on correct coding and clinical guidelines, and in complete conformity with regulatory, compliance, industry, and health plan requirements.

Retrospective Claims Accuracy Solutions- Cotiviti's retrospective claims accuracy solutions help health insurers identify and resolve payment inaccuracies after a claim has been paid to a healthcare provider. These solutions utilize sophisticated analytics and data mining tools to identify potential inaccuracies. The company's claim analytics solutions include longitudinal reviews of data to identify discrepancies that may span multiple claims and time periods.

Surveillance and Process Optimization Solutions- Cotiviti provides analytics and support to its clients in optimizing their operations and enterprise-wide claims payments and trends. These offerings include selective anti-fraud analytics to identify abnormal patterns in coding and billing practices. The Company also provides its clients with ongoing surveillance and longitudinal analytics by reviewing claims submissions and payments across multiple dimensions.

Cotiviti IPO – Executive Summary

Market Opportunity

The market for payment accuracy solutions is growing significantly owing to rising healthcare costs and payment complexities. It is expected that healthcare providers will continue to spend on billings with rising inaccuracies. Payments accuracy solution providers can reduce the time and cost spent on such inaccuracies efficiently.

Healthcare providers face complexities in their services in the form of:

Complex reimbursements model- With a shift to the value-based and risk sharing model, reimbursements have become complex. Healthcare providers require additional data sources and multiple payment points to deliver better patient outcomes.

Coding complexities- With the advancements in technology, healthcare providers develop an increasing number of treatment options for patients. This gives rise to an increasing number of diagnostic codes, used for reimbursement purposes and a need for an accuracy in payments.

Need for specialized solutions- Healthcare providers face continuous expansion in the volume and value of healthcare claims, They require specialized payment accuracy solutions such as retrospective and prospective solutions at multiple points in the claims payment process.

Need for up-to-date payment solutions- With an increase in the number of claims, healthcare providers require up-to-date algorithms and analytical solutions for their customer database.

Source(s): Company's 424B4 filings

Cotiviti's platform has the ability to address the following:

5.9%

Average annual rate of healthcare costs in 2024.

75%

Percentage of the company's clients that had the ability to contribute to total savings generated in the payments accuracy market in 2016.

\$170 billion

Value of healthcare waste generated due to inaccurate claims and payments in 2016.

Cotiviti intends to focus on the following points as part of its growth strategy:

- Increase the value of claims reviewed by the solutions;
- Expand the existing client base;
- Expand the use of its analytical tools for other purposes;
- Continue to innovate and further develop the existing platform;
- Pursue partnerships and acquisitions to enhance solutions and for cross-selling purposes.

Cotiviti IPO – Executive Summary

Financing History

Date	Series/Type	Amount (\$mm)	Transaction Notes
8/7/17	Follow-On Equity Offering	\$370	The selling stockholders, Advent International Corporation granted the underwriters a 30-day option to purchase up to 1,500,000 additional shares in this offering.
8/7/17	Shelf Registration	-	Cotiviti's shareholders offered the shares and the shares were resold by selling stockholders.
3/7/17	Follow-On Equity Offering	\$303	Cotiviti granted a period of 30 days to the underwriters to cover the overallotment option in this offering.
11/10/16	Shelf Registration	\$43	Cotiviti registered 1,260,000 shares issuable pursuant its Employee Stock Purchase Plan for U.S. and non-U.S. employees.
5/25/16	Shelf Registration	\$226	Cotiviti registered 5,490,000 shares of common stock issuable pursuant to its 2016 Equity Incentive Plan and 6,425,844 shares of common stock issuable pursuant to its 2012 Equity Incentive Plan.
5/25/16	IPO	\$238	Cotiviti raised \$237.5 million in its initial public offering on the NYSE under the ticker symbol of COTV on May 25, 2016.

Source(s): CapitalIQ

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