



Fourth Quarter 2015 Investor Update  
March 22, 2016

© Intersections Inc. All Rights Reserved 2016

# Forward-Looking Statements

Statements in this presentation relating to future plans, results, performance, expectations, achievements and the like are considered “forward-looking statements.” 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,” “plan,” “intend,” “believe,” “may,” “should,” “can have,” “likely” and other words and terms of similar meaning in connection with any discussion of the timing or nature of future operating or financial performance or other events. Those forward-looking statements involve known and unknown risks and uncertainties and are subject to change based on various factors and uncertainties that may cause actual results to differ materially from those expressed or implied by those statements, including the timing and success of new product launches, including our Identity Guard®, Voyce® and Voyce Pro™ platforms, and other growth initiatives; the continuing impact of the regulatory environment on our business; the continued dependence on a small number of financial institutions for a majority of our revenue and to service our U.S. financial institution customer base; our ability to execute our strategy and previously announced transformation plan; our incurring additional restructuring and/or impairment charges; our ability to control costs; and our needs for additional capital to grow our business, including our ability to maintain compliance with the covenants under our new term loan or seek additional sources of debt and/or equity financing. Factors and uncertainties that may cause actual results to differ include but are not limited to the risks disclosed under “Forward-Looking Statements,” “Item 1. Business—Government Regulation” and “Item 1A. Risk Factors” in the Company’s most recent Annual Report on Form 10-K, and in its Quarterly Reports on Form 10-Q and other filings with the U.S. Securities and Exchange Commission. The Company undertakes no obligation to revise or update any forward-looking statements unless required by applicable law.

Please see the company’s release and website at [www.intersections.com](http://www.intersections.com) for additional details on quarterly results.

# Company Overview

## Intersections Inc. (NASDAQ: INTX)

*Provider of innovative, information based solutions that help consumers manage risks and make better informed life decisions.*

- Founded: 1996
- Public Since: 2004
- Headquarters: Chantilly, VA

The Company operates through three main segments:

- **Personal Information Services (Identity Guard®):**
  - Identity Guard® offers identity theft, privacy protection and credit monitoring services for consumers to understand, monitor, manage, and protect their personal information and privacy. This segment also offers breach response services to organizations responding to compromises of sensitive personal information.
- **Insurance and Other Services:**
  - Habits at Work™ (“Habits at Work”), the d/b/a for wholly owned subsidiary Intersections Insurance Services Inc., leverages proprietary tools and analytics to provide health and wellness services to insurers, employers and wellness groups through innovative behavior-linked products & solutions.
  - Captira Analytical, a wholly-owned subsidiary, provides SaaS solutions for the bail bonds industry that automate common tasks and provide easy and efficient ways for bail bondsmen, general agents and sureties to organize and share data and make better underwriting decisions.
- **Pet Health Monitoring Services (Voyce®):**
  - Voyce® (“Voyce”), the d/b/a for wholly owned subsidiary i4c Innovations Inc., offers a health and wellness management platform that connects pets and their owners, veterinarians, and other caregivers with pet health monitoring data, pet health related content, and information management tools.



# Company Dynamics

**Intersections' private-label identity theft protection and credit monitoring services business was greatly impacted by the regulatory environment that developed following the U.S. recession of 2007 to 2009.**

- The financial institution private-label business was Intersections' largest business line that provided and distributed identity theft protection and credit monitoring credit services primarily through financial institutions in the U.S.

**Following the Dodd–Frank Wall Street Reform and Consumer Protection Act in 2010, the Office of the Comptroller of the Currency (OCC) and Consumer Financial Protection Bureau (CFPB) focused on the incremental services offered by financial institutions to their customers which curtailed those offerings.**

- Financial institutions ultimately halted sales of most incremental products, including identity theft protection and credit monitoring.

**Sales of Intersections' U.S. private-label identity theft protection and credit monitoring services were halted and became a run-off business for which Intersections expects to continue servicing existing customers.**

**The Company decided to leverage its core competencies of data processing, management, and analytics by investing in:**

- Expansion of our direct-to-consumer Identity Guard® services.
- Expansion of our insurance and wellness analytics business, now called Habits at Work™.
- Expansion of our bail bonds industry data management solutions through Captira Analytical's platform.
- Development of a new business line focused on pet and animal health, Voyce®, which would become a new platform upon which to utilize the Company's core capabilities in data processing, management, and analytics.

# Strategic Overview

- 1. Leverage data processing, management and analytics and recurring revenue model competencies.**
- 2. Streamline the operations of the Identity Guard® business and related corporate activities with a plan to significantly reduce our cost base.**
- 3. Reposition our business with a more diversified customer base and product portfolio.**
- 4. Drive growth through data-driven technologies :**
  - Identity Guard focusing on personal information security for consumers
  - Voyce® focusing on delivering data to support better decisions in animal healthcare
- 5. Vision of building two high growth, subscription-based businesses operating at scale.**
  - Expect further consolidation and leveraging of our Habits at Work™ resources with Identity Guard in 2016

## Recent Business Highlights

- Concluded initial 2014 restructuring plan in 2015 with annualized cost savings of over \$15 million.
- Achieved additional annualized cost reductions of \$4 million from actions taken in 2015.
- Financial institution subscriber base decreased 1.2% per month on average for the second half of 2015, which we believe is a normal attrition rate given the ceased marketing and retention efforts for this population.
- Identity Guard® revenue increased 16.1% in 2015 compared to 2014 and its subscriber base increased 6.1% to end 2015 with 363 thousand subscribers.
- Identity Guard secured several new partner relationships which we expect to increase both subscribers and revenue in 2016.
- Voyce® secured a key distribution agency relationship, developed a base of veterinary clinic relationships including key national accounts, expanded its sales team and attracted many strategic partnership opportunities.

# Recent Financing Transactions

\$27.5 million gross proceeds raised through two transactions that will provide capital to support the market launch of the Voyce® products and provide Identity Guard® with financial flexibility it needs to execute its plans independent of Voyce's capital needs.

- ✓ \$7.5 million aggregate gross proceeds from the private placement of common stock in December 2015.
- ✓ \$20 million gross proceeds from term loan closed and fully funded in March 2016.
- ✓ \$15 million of net term loan proceeds invested in our Voyce business.
- ✓ For the duration of the three year term loan, additional capital needs of Voyce® will be funded by cash provided by Voyce's operations or a direct third-party equity investment in the Voyce business, subject to limitations in the loan agreement.
- ✓ Remaining net proceeds are to be used for general corporate purposes of Identity Guard and other businesses.

# Identity Guard® Update



Provides prevention, detection & resolution products and services to help subscribers protect their personal information from misuse.

- **\$26.7 million** fourth quarter revenue from subscribers acquired through U.S. financial institutions.
  - 829 thousand subscribers (December 31, 2015) decreased at an average rate of 1.2% per month during the fourth quarter which we believe represents a normal attrition rate given ceased marketing and retention efforts.
- **\$14.2 million** direct-to-consumer Identity Guard fourth quarter 2015 revenue, up 17.2% over fourth quarter 2014.
  - 363 thousand U.S. subscribers (December 31, 2015).
  - 6.1% subscriber growth compared to December 31, 2014.
- **\$3.1 million USD** Canada business fourth quarter 2015 revenue, down 7.5% from third quarter 2015 and 53.4% from fourth quarter 2014.
  - Revenue and subscribers were negatively impacted by the cancellation of two financial institution subscriber portfolios in the first half of 2015.

# Voyce® Update



Voyce® provides data-driven technology to manage canine wellbeing through the use of a Health Monitor and interactive wellness management system.



- Voyce Pro™, our service for veterinarians, was launched in the third quarter 2015.
- Began two large research projects in October 2015 with Zoetis Corporation, a leading animal pharmaceutical company, using Voyce Pro.
- Commenced Voyce Pro programs in October 2015 with two of the three largest U.S. veterinary hospital owners.
- Entered strategic partnership with Patterson Veterinary in November 2015 to distribute Voyce Pro to veterinary hospitals in the U.S.
- Added seasoned senior sales executive from the animal health industry in late 2015, who is rapidly building a highly capable sales team.

## 2015 Financial Highlights - Revenue

	Year Ended December 31, (\$ in millions)			Subscribers at December 31, (in thousands)		
	2015	2014	% Change	2015	2014	% Change
Identity Guard®	\$55.6	\$47.9	16.1%	363	342	6.1%
Canadian Business	\$17.5	\$29.4	-40.5%	165	296	-44.3%
U.S. Financial Institutions	\$115.4	\$150.8	-23.5%	829	1,421	-41.7%
Sub Total	\$188.5	\$228.1	-17.4%	1,357	2,059	-34.1%
Other Business Units	\$15.3	\$18.5	-17.3%			
Consolidated Revenue	\$203.8	\$246.6	-17.4%			

- Identity Guard is our flagship platform for growth with notable increases in revenue and subscribers.
- Two financial institution client losses in the first half of 2015 negatively impacted our Canadian business.
- U.S. financial institution subscribers declined 3.7% since the end of the third quarter, or 1.2% per month, a rate we believe represents normal attrition.
- Revenue from other business units was negatively impacted by ceased marketing by our clients of insurance and membership services partially offset by revenue from new products and services offered by our Habits at Work™ business.

## 2015 Financial Highlights, *continued*

	(\$ in millions)	Year Ended December 31,	
		2015	2014
Consolidated loss from continuing operations before income taxes		\$(38.4)	\$(43.6)
Consolidated adjusted EBITDA <sup>(a.)</sup>		\$(8.5)	\$(2.6)
Cash and cash equivalents at year end		\$11.5	\$11.3

- Consolidated adjusted EBITDA for 2015 was negatively impacted compared to 2014 by lower revenue from our financial institution clients and Canadian partner, a \$3.5 million increase in the adjusted EBITDA loss of our Voyce<sup>®</sup> business and an increase of \$839 thousand in severance related charges in 2015 compared to 2014.
- Adjusted EBITDA includes \$(16.9) million adjusted EBTIDA for our Voyce business for 2015, compared to \$(13.4) million in 2014.
- Cash flows (used in) operations was \$(269) thousand for 2015. Gross proceeds of \$7.5 million were raised from a private placement of common shares in the fourth quarter of 2015.

Note a. Adjusted EBTIDA refers to Adjusted EBTIDA before share related compensation and non-cash impairment charges. See reconciliation of non-GAAP financial measures in the back of this presentation.

# Reconciliation of Non-GAAP Financial Measures: Consolidated

	2014				2015			
	Three Months Ended				Three Months Ended			
	March 31	June 30	September 30	December 31	March 31	June 30	September 30	December 31
	(in thousands)							
Reconciliation from consolidated loss before income taxes to consolidated adjusted EBITDA before share related compensation and non-cash impairment charges:								
Consolidated loss before income taxes	\$ (1,840)	\$ (3,026)	\$ (9,756)	\$ (29,011)	\$ (1,695)	\$ (11,036)	\$ (6,711)	\$ (18,944)
Non-cash share based compensation	1,190	1,486	509	1,240	1,574	1,427	1,422	1,018
Dividend equivalent payments to RSU holders and option holders	448	—	—	—	—	—	—	—
Impairment of goodwill, intangibles and other long-lived assets	—	—	—	25,837	—	7,355	—	10,318
Depreciation	1,540	1,439	1,276	1,401	1,297	1,613	1,488	1,579
Amortization	853	853	853	848	119	156	206	206
Interest expense (income), net	90	170	257	87	104	(22)	71	160
Other (income) expense, net	(148)	287	239	291	82	(9)	65	(319)
Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges	<u>\$ 2,133</u>	<u>\$ 1,209</u>	<u>\$ (6,622)</u>	<u>\$ 693</u>	<u>\$ 1,481</u>	<u>\$ (516)</u>	<u>\$ (3,459)</u>	<u>\$ (5,982)</u>

Year Ended	
December 31,	
2014	2015
(in thousands)	

Reconciliation from consolidated loss before income taxes to consolidated adjusted EBITDA before share related compensation and non-cash impairment charges:		
Consolidated loss before income taxes	\$ (43,633)	\$ (38,386)
Non-cash share based compensation	4,425	5,441
Dividend equivalent payments to RSU holders and option holders	448	—
Impairment of goodwill, intangibles and other long-lived assets	25,837	17,673
Depreciation	5,656	5,977
Amortization	3,407	687
Interest expense, net	604	313
Other expense (income), net	669	(181)
Consolidated adjusted EBITDA before share related compensation and non-cash impairment charges	<u>\$ (2,587)</u>	<u>\$ (8,476)</u>

Please see the company's release and website at [www.intersections.com](http://www.intersections.com) for additional details on quarterly results.

## Reconciliation of Non-GAAP Financial Measures: Pet Health Monitoring Business

	<b>Three Months Ended</b>	
	<b>December 31,</b>	
	<b>2014</b>	<b>2015</b>
	<b>(in thousands)</b>	
Reconciliation from consolidated loss before income taxes to consolidated adjusted EBITDA before share related compensation:		
Loss before income taxes	\$ (3,073)	\$ (4,814)
Depreciation	30	404
Amortization	—	18
Adjusted EBITDA before share related compensation	<u>\$ (3,043)</u>	<u>\$ (4,392)</u>

	<b>Year Ended</b>	
	<b>December 31,</b>	
	<b>2014</b>	<b>2015</b>
	<b>(in thousands)</b>	
Reconciliation from consolidated loss before income taxes to consolidated adjusted EBITDA before share related compensation:		
Loss before income taxes	\$ (13,488)	\$ (18,111)
Dividend equivalent payments to RSU holders and option holders	17	—
Depreciation	89	1,204
Amortization	—	49
Adjusted EBITDA before share related compensation	<u>\$ (13,382)</u>	<u>\$ (16,858)</u>

Please see the company's release and website at [www.intersections.com](http://www.intersections.com) for additional details on quarterly results.

# Thank You



 INTERSECTIONS INC.  
NASDAQ:INTX

**Innovating to protect**  
**WHAT'S IMPORTANT TO YOU**

#### **Corporate Headquarters**

Intersections Inc.  
3901 Stonecroft Boulevard  
Chantilly, VA 20151  
Toll-free: 800.695.7536  
[www.intersections.com](http://www.intersections.com)

#### **Investor Relations**

Ron Barden, CFO  
[IR@intersections.com](mailto:IR@intersections.com)  
Tel: 703.488.6100