

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

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) August 12, 2020

**BENEFITFOCUS, INC.**  
(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of incorporation)

**001-36061**  
(Commission File Number)

**46-2346314**  
(IRS Employer Identification No.)

**100 Benefitfocus Way, Charleston, South Carolina 29492**  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (843) 849-7476

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.001 Par Value	BNFT	Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this Chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this Chapter).

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 pursuant to Section 13(a) of the Exchange Act.

**Item 7.01. Regulation FD Disclosure.**

Attached hereto as Exhibit 99.1 and incorporated herein by reference is a presentation that Benefitfocus, Inc. plans to use with various investors and analysts.

The information in this Item 7.01 (including Exhibit 99.1) shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933 or the Exchange Act, except as expressly set forth by specific reference in such a filing.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Presentation of August 2020.</a>
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**BENEFITFOCUS, INC.**

Date: August 12, 2020

/s/ Stephen M. Swad  
Stephen M. Swad  
Chief Financial Officer  
(Principal financial and accounting officer)

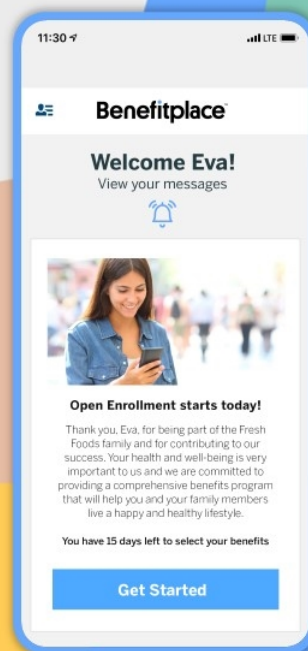
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# Benefitfocus Investor Presentation

Q2 2020

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# Safe Harbor

Except for historical information, all of the statements, expectations, and assumptions contained in this presentation are forward-looking statements. Actual results might differ materially from those explicit or implicit in the forward-looking statements. Important factors that could cause actual results to differ materially include: volatility and uncertainty in the global economy and financial markets in light of the evolving COVID-19 pandemic; our continuing losses and need to achieve GAAP profitability; fluctuations in our financial results; our ability to maintain our culture, retain and motivate qualified personnel; the immature and volatile market for our products and services; risks related to changing healthcare and other applicable regulations; risks associated with acquisitions; cyber-security risks; the need to innovate and provide useful products and services; our ability to compete effectively; privacy, security and other risks associated with our business; and the other risk factors set forth from time to time in our SEC filings, copies of which are available free of charge within the Investor Relations section of the Benefitfocus website at <http://investor.benefitfocus.com/sec-filings> or upon request from our Investor Relations Department. Benefitfocus assumes no obligation and does not intend to update these forward-looking statements, except as required by law.

## Non-GAAP Financial Measures

The Company uses certain non-GAAP financial measures in this presentation, including non-GAAP gross profit, adjusted EBITDA and Free Cash Flow. Generally, a non-GAAP financial measure is a numerical measure of a Company's performance or financial position that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with GAAP. Non-GAAP gross profit excludes stock-based compensation expenses, amortization of acquisition-related intangible assets, transaction and acquisition-related costs expensed, if any, restructuring charges, if any, and costs not core to our business, if any. We define adjusted EBITDA as net loss before net interest, taxes, and depreciation and amortization expense, adjusted to eliminate stock-based compensation expense, expense related to the impairment of goodwill and intangible assets, transaction and acquisition-related costs expensed, restructuring charges and costs not core to our business. We define Free Cash Flow as cash used in operating activities less capital expenditures, adjusted to eliminate restructuring charges. Please note that other companies might define their non-GAAP financial measures differently than we do.

Management presents these non-GAAP financial measures in this presentation because it considers them to be important supplemental measures of performance. Management uses these non-GAAP financial measures for planning purposes, including analysis of the Company's performance against prior periods, the preparation of operating budgets and to determine appropriate levels of operating and capital investments. Management believes that these non-GAAP financial measures provide additional insight for analysts and investors in evaluating the Company's financial and operational performance. Management also intends to provide these non-GAAP financial measures as part of the Company's future earnings discussions and, therefore, their inclusion should provide consistency in the Company's financial reporting. Non-GAAP financial measures have limitations as an analytical tool. Investors are encouraged to review the reconciliation of the non-GAAP measures to their most directly comparable GAAP measures provided in this presentation, including in the accompanying tables.



## Our mission is to improve lives with benefits.

Benefitfocus is one of the largest benefits platforms in the U.S. uniting Consumers, Employers and Health Plans with benefits.

# Investment Highlights



One of the largest benefits platforms in the U.S. and massive, growing market



Highly differentiated from competition by providing value to entire Benefits ecosystem



Diversified recurring revenue, improving operating leverage and disciplined capital strategy



Executing long-term, high-value growth strategy

# Investment Highlights



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# One of the Largest Benefits Platforms in the U.S.

**1 in 12 Americans (8%) on the  
Benefitfocus Platform**

**\$58B**  
total premium  
sold

**\$800M**  
Benefit Catalog  
premium sold

**25M+**  
Lives

**40**  
health plan  
customers

**150K**  
employer  
customers

**1K**  
premier broker  
partners



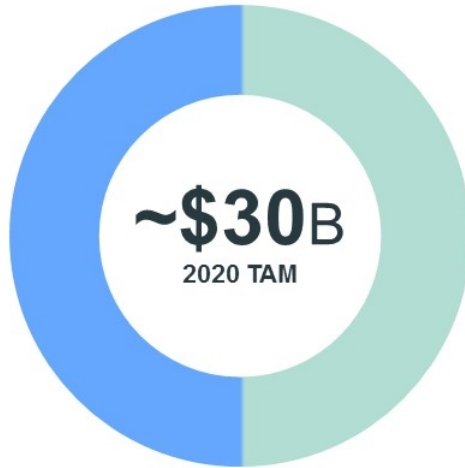
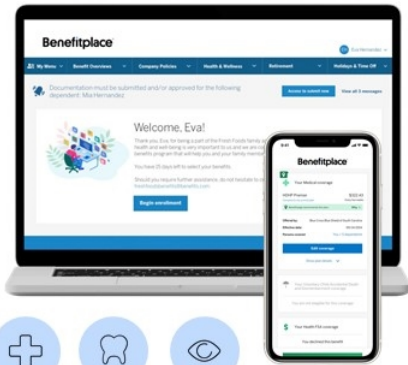
Source: Benefitfocus; numbers are approximate and estimated as of December 31, 2019

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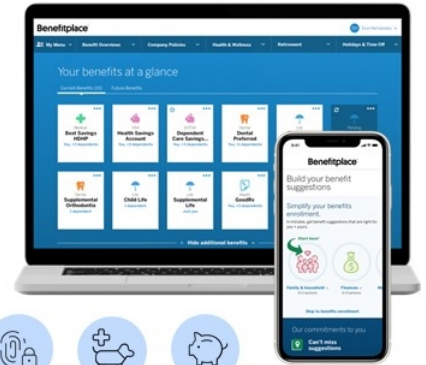
**Benefitfocus**

# Massive TAM with Significant Opportunity

## Software as a Service



## Platform



Source: Benefitfocus as of December 31, 2019  
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**Benefitfocus**

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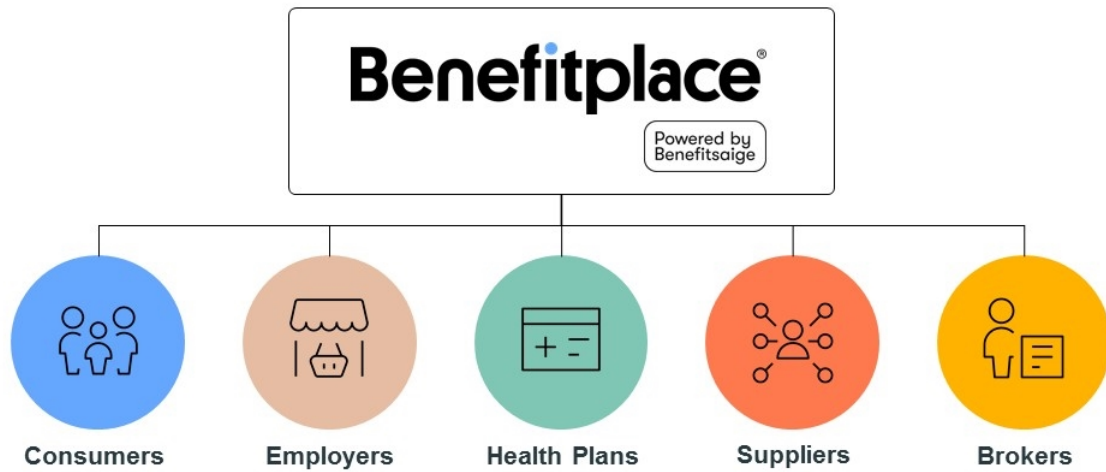
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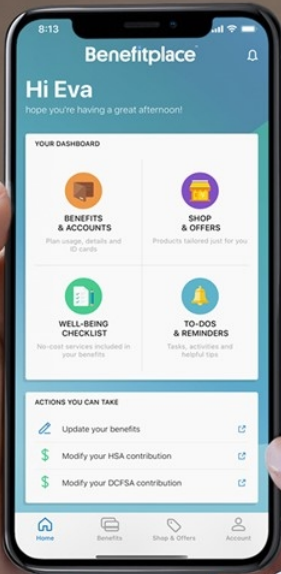
Executing long-term, high-value growth strategy



# Connected Ecosystem: Creating Value for the Entire Benefits Ecosystem



# Our Value Proposition



**Health Plans**  
Lower operational costs, higher member satisfaction and digital transformation



**Employers**  
Lower health care costs, reduced complexity and higher employee retention



**Consumer**  
Valuable, affordable and personalized benefits

# Competitive Differentiation



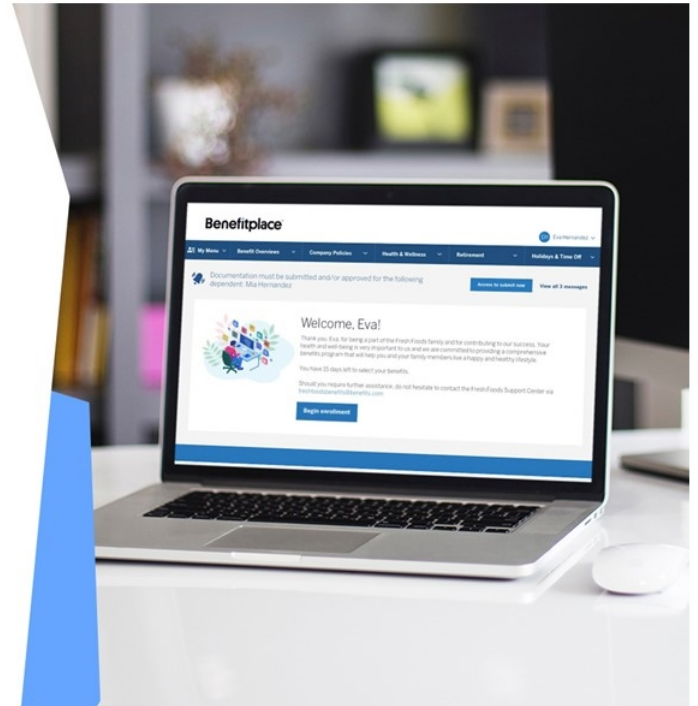
Industry leading products



AI-powered platform



Vast & unique data assets

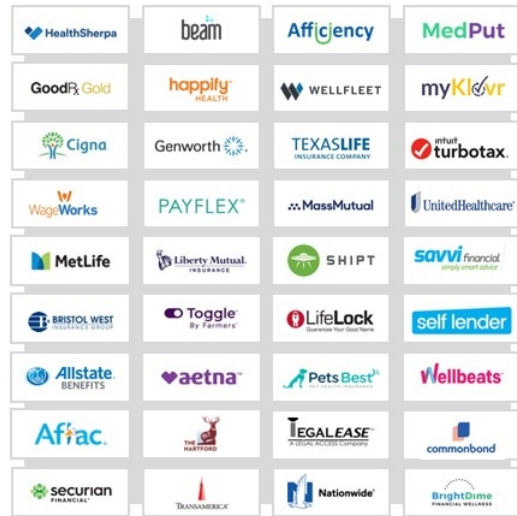




# Industry Leading Products: Comprehensive and Curated Marketplace of Suppliers

## Benefit Catalog

Robust portfolio of trusted health, wealth, property and lifestyle benefits integrated into our enrollment experience.





# AI-powered Platform: Benefitsaige is the AI that Delivers Insights across our Ecosystem

**Benefitsaige**<sup>®</sup>



## Personalized Benefits

Consumers connect to the benefits their families need.



## Population Health Insights

Employers control healthcare costs and optimize benefit strategy.



## Operational Scale

Health Plans gain operational scale with a connected, digital ecosystem

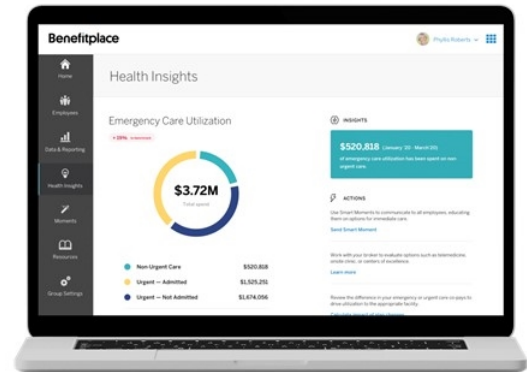




# Vast and Unique Data Assets: Powering Outcomes and Results

Benefitfocus has accumulated a massive amount of data for over two decades that helps shape product offerings and buying decisions.

<b>71</b>	million health care claims
<b>40</b>	million pharmacy claims
<b>\$20</b>	billion in payroll transactions



Source: Benefitfocus; numbers are approximate and estimated as of December 31, 2019

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**Benefitfocus**

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# Diverse Revenue Streams

## Multiple Sources of Lives



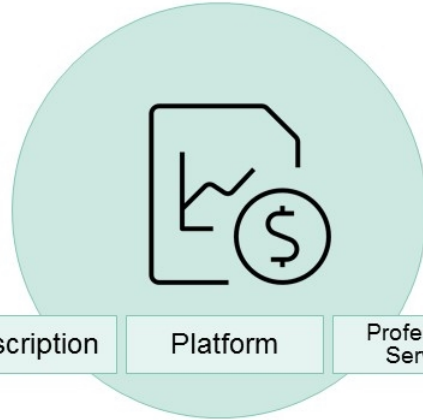
Health Plans

Employers

Consumers

Go-to-Market

## Recurring & Repeatable Revenue



Subscription

Platform

Professional  
Services

Revenue Sources

# Proactively Managing Impact of COVID-19

## Well-positioned to Successfully Navigate Challenging Conditions



Decisive cost management actions;  
Focused on highly profitable revenue



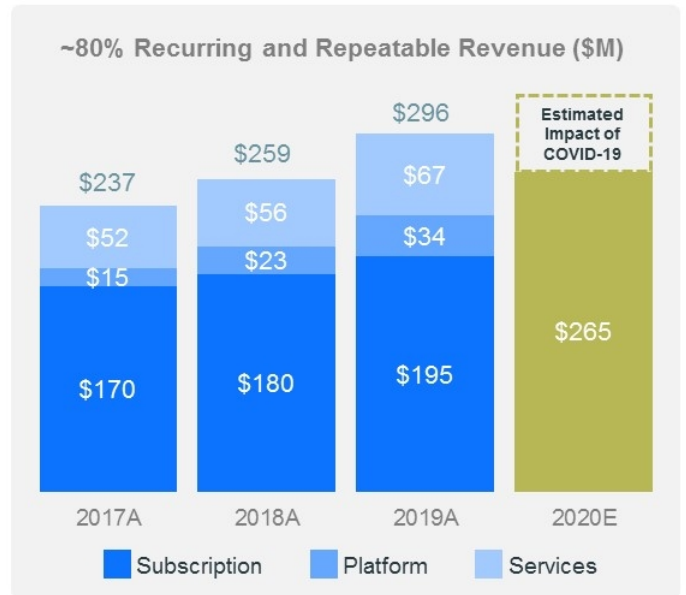
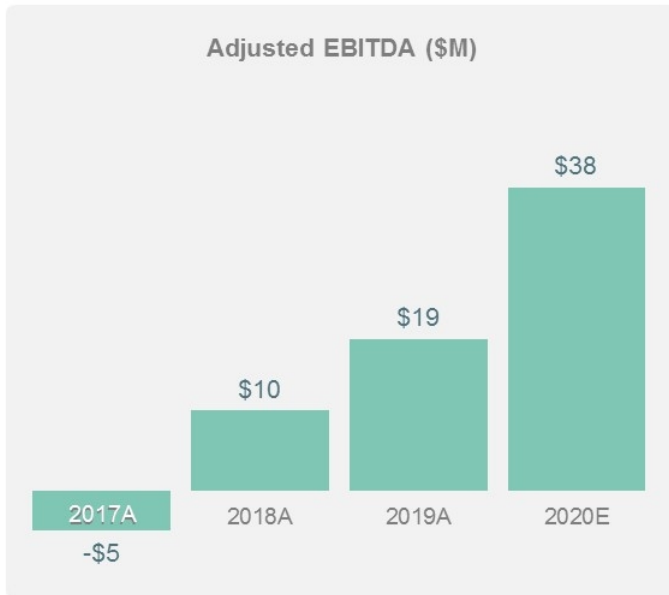
Improving margins, adjusted EBITDA  
and Free Cash Flow



Accelerating innovating and automation  
to address emerging Ecosystem needs



# Improving Profitability and Growth Focus

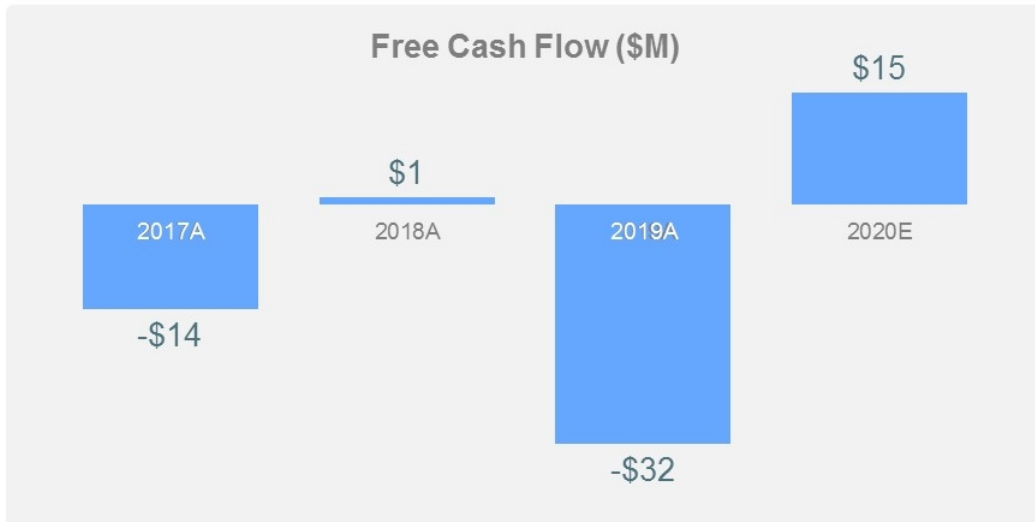


Note: 2020 estimate based on midpoint of full year guidance provided August 5, 2020; See important disclosures on non-GAAP financial measures and GAAP to non-GAAP reconciliation on slides 29-30.

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# Accelerating Free Cash Flow Growth



Note: 2020 estimate based on midpoint of full year guidance provided August 5, 2020; See important disclosures on non-GAAP financial measures and GAAP to non-GAAP reconciliation on slides 29-30.

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# Disciplined Capital Strategy

## Growth and Innovation

- Invest in R&D to support innovation
- Invest in automation to increase customer satisfaction and expand gross margin
- Opportunistically invest in acquisitions to accelerate strategy

## Maintain Strong Balance Sheet

- Cash balance of \$183M
- Convertible debt of \$240M due December 2023; \$89M of lease obligations
- Net debt and lease obligations to EBITDA <3.9x

## Return of Capital

- Board approved share repurchase program: \$20M authorized, ~\$10M available
- Opportunistically repurchase debt at discount to par

Note: All data as of 06/30/20; 32.3M Common Shares Outstanding; EBITDA is 2020 estimate based on midpoint of full year guidance provided August 5, 2020; See important disclosures on non-GAAP financial measures and GAAP to non-GAAP reconciliation on slides 29-30.

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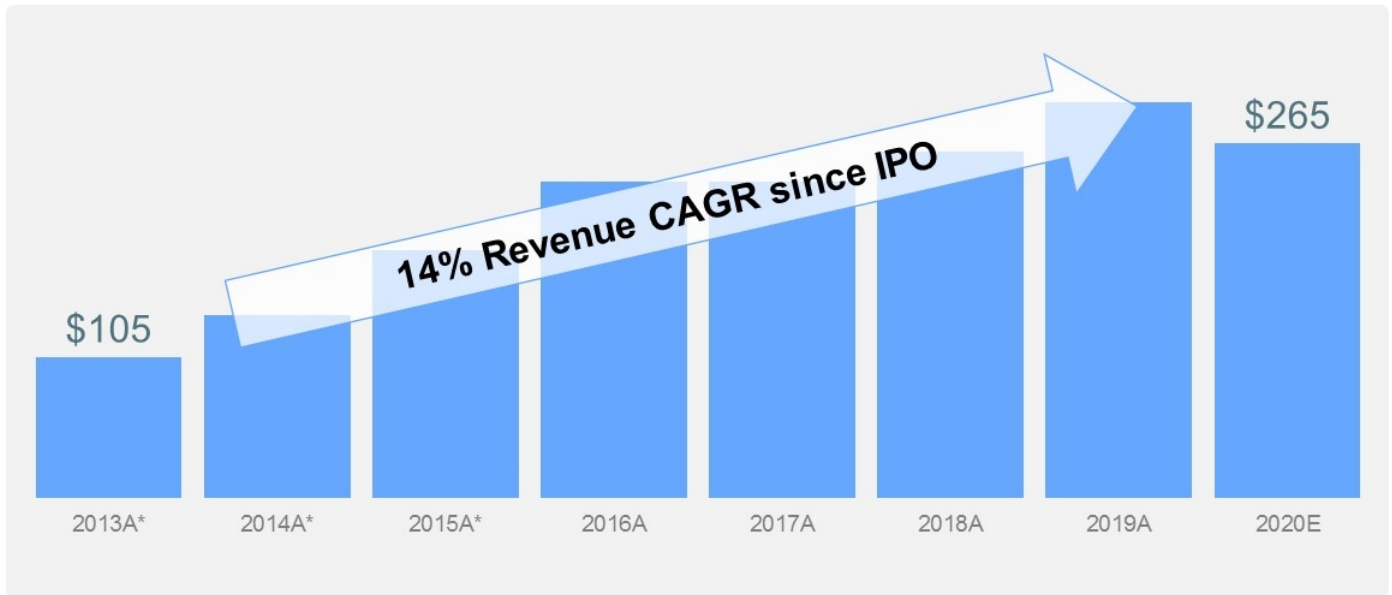
Diversified recurring revenue, improving operating leverage and disciplined capital strategy



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# Revenue Growth



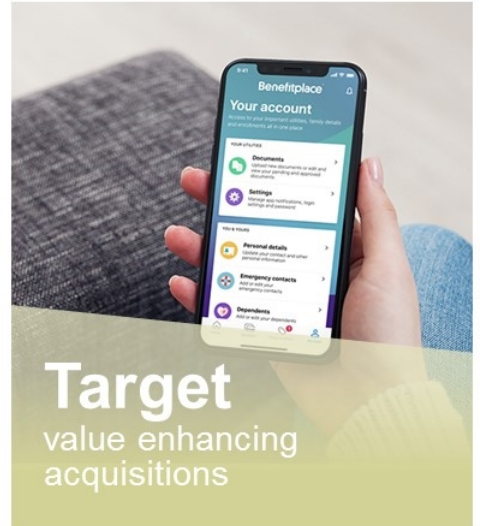
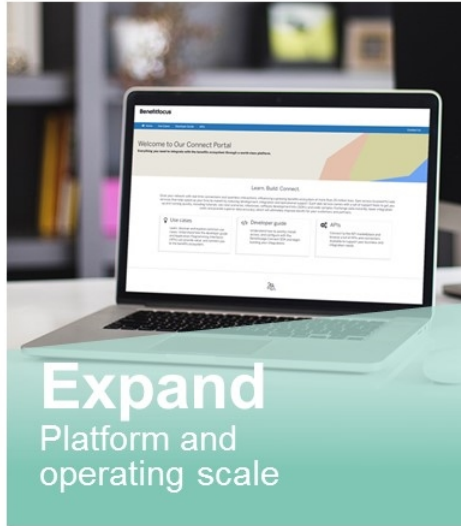
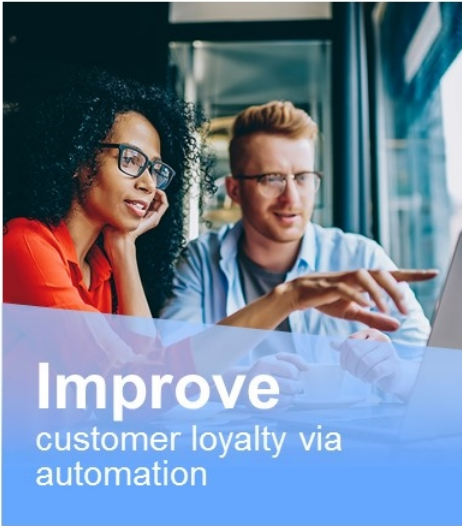
Note: \*Period prior to adoption of ASC 606 have not been restated; 2020 estimate based on midpoint of full year guidance provided August 5, 2020

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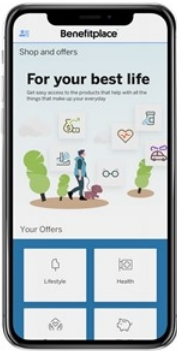
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# Accelerate Strategic Investment of Capital



# Expand Revenue per Life



## Benefit Catalog for Health Plans

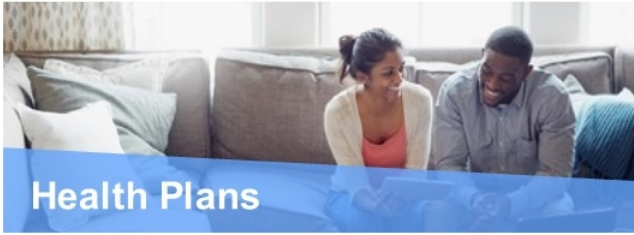
- 3 Health Plan Customers in Delivery
- Significant growth opportunity with 35+ Health Plans customers



## Personalized Engagement via AI

- 3.3M personalized Smart Moments messages sent in 2019
- 70% more employees choose Critical Illness with access to Health Insights

# Accelerate Lives Growth



Operational Efficiency with  
Quote-to-Pay solution

4 strategic Health Plan deals in  
last 12 months



Differentiation via healthcare  
costs savings

Health Insights powering  
smart decisions

# Long-term Growth Targets

<b>&gt;20%</b>	Revenue Growth
<b>&gt;65%</b>	Non-GAAP Gross Margin
<b>&gt;20%</b>	Adjusted EBITDA Margin



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# GAAP to non-GAAP Reconciliation

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# Unaudited Reconciliation of GAAP to non-GAAP

(\$ in thousands)

	Year Ended December 31,		
	2019	2018	2017
<b>Reconciliation from Net Loss to Adjusted EBITDA:</b>			
Net loss	\$ (45,515)	\$ (52,627)	\$ (50,294)
Depreciation	15,288	11,721	12,391
Amortization of software development costs	5,130	3,944	3,257
Amortization of acquired intangible assets	1,933	150	258
Interest income	(2,613)	(250)	(182)
Interest expense	23,524	5,685	4,931
Income tax expense	27	28	15
Interest expense on building lease financing obligations (prior to adoption of ASC 842)	—	7,471	7,450
Stock-based compensation expense	19,572	28,868	16,137
Transaction and acquisition-related costs expensed	1,035	507	—
Restructuring costs	—	—	—
Costs not core to our business	649	4,843	1,058
Total net adjustments	64,545	62,967	45,315
<b>Adjusted EBITDA</b>	<b>\$ 19,030</b>	<b>\$ 10,340</b>	<b>\$ (4,979)</b>
<b>Reconciliation of Free Cash Flow:</b>			
Net Cash (used in) provided by operating activities	\$ (18,375)	\$ 8,981	\$ (5,937)
Less: Purchase of property and equipment	(13,248)	(8,290)	(8,279)
Add back: Restructuring Costs	—	—	—
<b>Free Cash Flow</b>	<b>\$ (31,623)</b>	<b>\$ 691</b>	<b>\$ (14,216)</b>

Note: Management has not reconciled forward-looking non-GAAP gross profit, adjusted EBITDA or free cash flow to their most directly comparable GAAP measure of GAAP gross profit, GAAP net loss or GAAP operating cash flows. This is because management cannot predict with reasonable certainty the ultimate outcome of the various necessary GAAP components of such reconciliations, including, for example, those related to compensation, acquisition transactions and integration, or others that may arise during the year, without unreasonable effort. These components and other factors could materially impact the amount of the future directly comparable GAAP measures, which may differ significantly from their non-GAAP counterparts.



# Benefitfocus Investor Presentation

August 2020

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