

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) November 10, 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:

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

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	Presentation of November 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document).

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: November 10, 2020

/s/ Alpana Wegner
Alpana Wegner
Chief Financial Officer

Benefitfocus Investor Presentation

Third Quarter 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 and uncertainties arising from the recent U.S. elections; 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 release, including non-GAAP gross profit, operating income/loss, net loss/income, net loss/income per common share, 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, operating income/loss, net loss/income and net loss/income per common share exclude stock-based compensation expenses, amortization of acquisition-related intangible assets, transaction and acquisition-related costs expensed, if any, restructuring charges, if any, gain or loss on extinguishment of debt, 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, gain or loss on extinguishment of debt, 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. Beginning in the third quarter of 2020, we revised our definitions of non-GAAP net loss/income and net loss/income per common share and adjusted EBITDA to also exclude gain or loss of extinguishment of debt. The revisions to these definitions had no impact on our reported non-GAAP net loss/income and net loss/income per common share and adjusted EBITDA for periods prior to the three months ended September 30, 2020. 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 release 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 release, 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. enabling benefits enrollment and data exchange for Health Plans and Employers

Benefitfocus for *life*[™]



Benefitfocus[®]

Investment Themes



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



Delivering value to Health Plan and Employer markets



Diversified recurring revenue, improving operating leverage and disciplined capital strategy



Executing growth strategy to unlock shareholder value

Investment Themes



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



Delivering value to Health Plan and Employer markets



Diversified recurring revenue, improving operating leverage and disciplined capital strategy



Executing growth strategy to unlock shareholder value

Vast Opportunity

\$3.6T

U.S. health care spend,
~20% of GDP

\$20K

Average annual premium for
employer family plan, rising
each year

8x

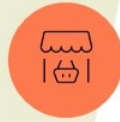
Increase in deductibles
vs. wages

Zero

Consumer personalization

Sources: \$3.6T per cms.gov (2018), \$20K (2019) and 8x (2008 to 2018) per kff.org

Attractive Value Proposition



Health Plans

Lower operational costs, higher member
satisfaction and digital transformation



Employers

Lower health care costs, reduced complexity and
higher employee retention

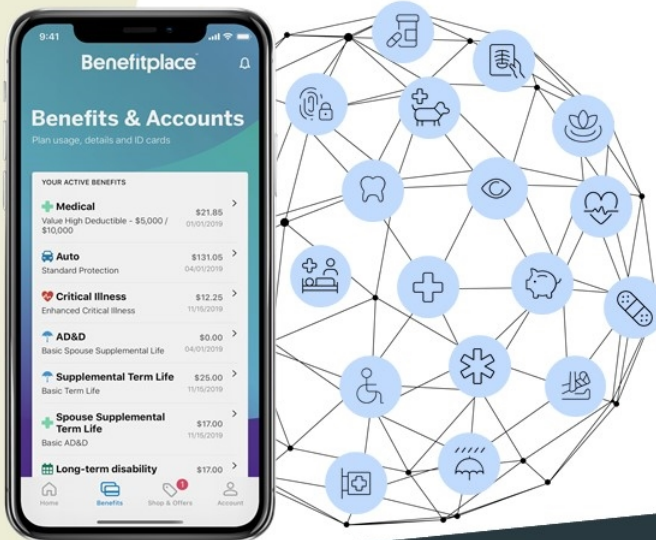


Employees and Health Plan Members

Valuable, affordable and personalized benefits

Benefits Enrollment for Health Plans and Employers

Solving complex benefits administration problems with a modern user-friendly interface for employees and health plan members



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

1 in 12 Americans 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

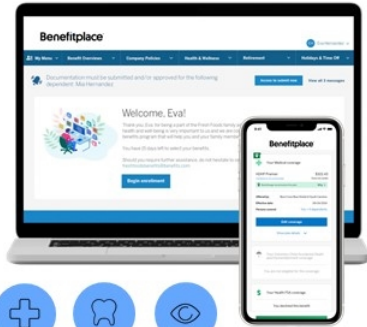
Source: Benefitfocus; \$58B total premium and \$800M Benefit Catalog premium sold are annual estimates. All numbers are approximate and estimated as of December 31, 2019

Benefitfocus

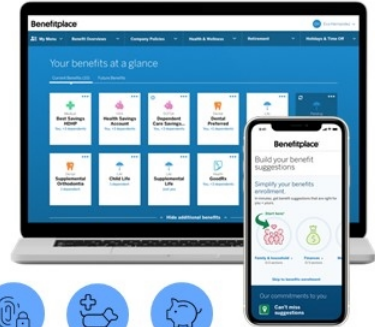
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Massive TAM with Significant Opportunity

Software as a Service



Platform



Source: Benefitfocus as of December 31, 2019

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



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Competitive Differentiation



Market leading data transfer capabilities



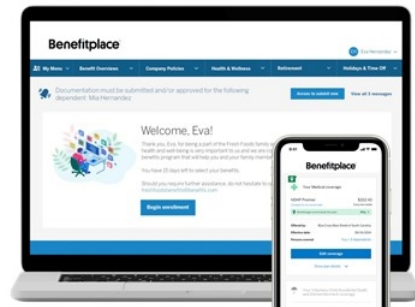
AI-powered platform



Vast and unique data assets



Industry leading voluntary benefit products

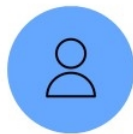


Market Leading Data Transfer Capabilities



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

Benefitsaige[®]



Personalized Benefits

Consumers connect to the benefits their families need.



Population Health Insights

Employers control healthcare costs and optimize benefit strategy.



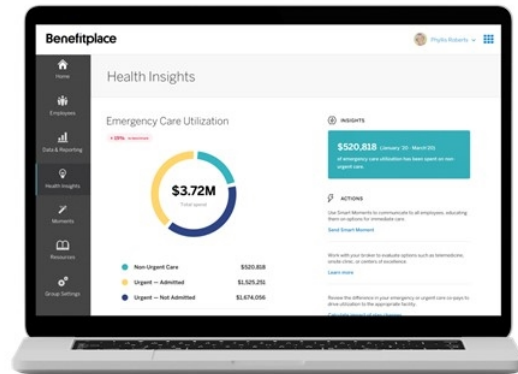
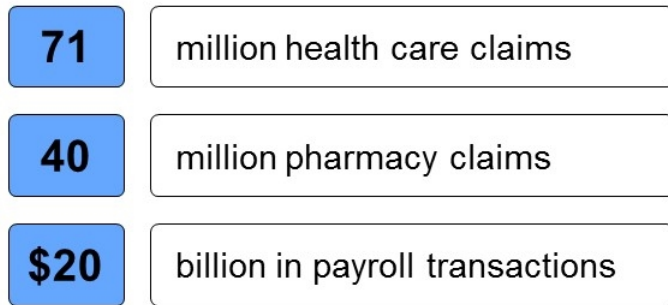
Operational Scale

Health Plans gain operational scale with a connected, digital ecosystem

Benefitfocus[®]

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.

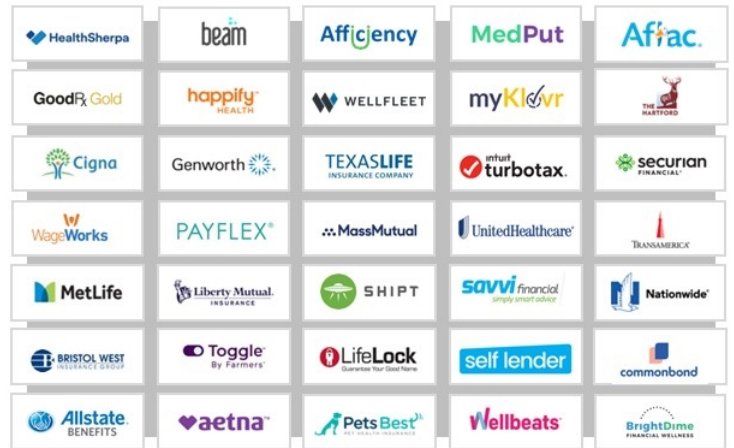


Source: Benefitfocus; numbers are approximate and estimated as of December 31, 2019

Industry Leading Products: Comprehensive and Curated Marketplace of Suppliers

Benefit Catalog

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



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Diverse Revenue Streams

Multiple Sources of Lives



Health Plans



Employers

GO-TO-MARKET

Recurring & Repeatable Revenue



Subscription



Platform



Professional Services

REVENUE SOURCES

Proactively Managing Impact of COVID-19



Decisive cost management actions;
Focused on highly profitable revenue



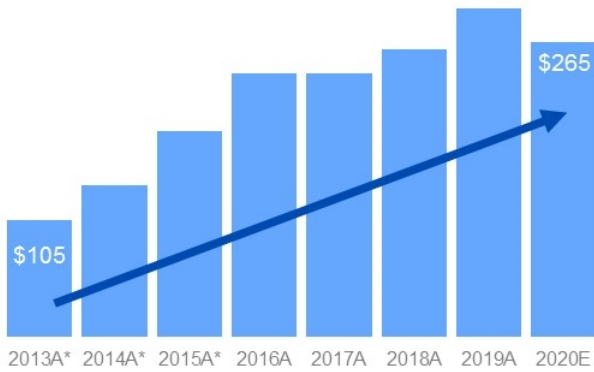
Improving margins, adjusted EBITDA
and Free Cash Flow



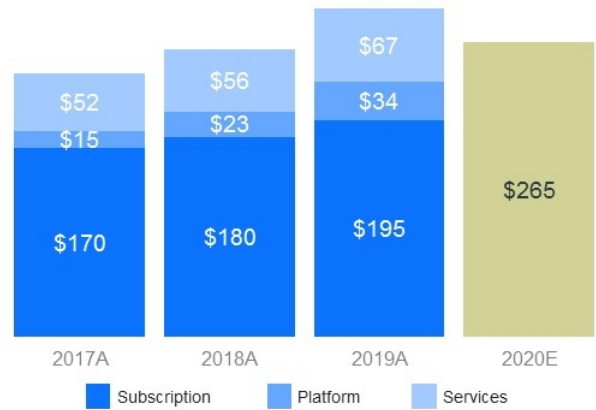
Investing in efficiencies and automation to
deliver exceptional customer experience

Recurring and Repeatable Revenue

14% Revenue CAGR since IPO (\$M)



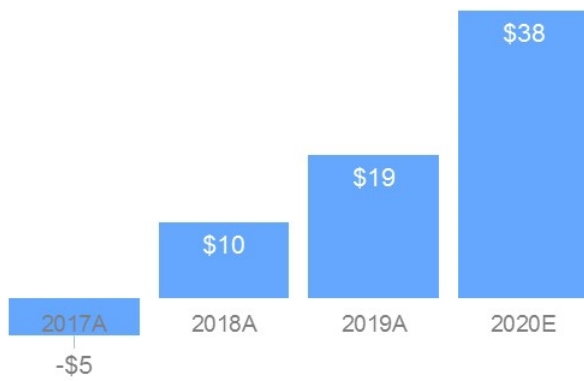
~80% Recurring and Repeatable Revenue (\$M)



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

Recurring and Repeatable Revenue

Adjusted EBITDA (\$M)



Free Cash Flow (\$M)



Note: 2020 estimate based on midpoint of full year guidance provided November 5, 2020; See important disclosures on non-GAAP financial measures and GAAP to non-GAAP reconciliation on slides 2 and 27.

Disciplined Capital Strategy

Growth and Innovation

- Invest in core enrollment platform, foundation for other key growth drivers
- Invest in automation to increase customer satisfaction and expand gross margin
- Invest organically and inorganically to extend market leadership

Strong Balance Sheet

- Cash balance of \$175M
- Convertible debt of \$220M due December 2023; \$89M of lease obligations
- Net debt and lease obligations to EBITDA ~3.5x

Return of Capital

- Equity: Repurchased \$9.7M (1.1M shares at a cost \$8.71/share)
- Debt: Repurchased \$18.8M of convertible debt at cost of \$14.6M

Note: All data as of 09/31/20; 32.3M Common Shares Outstanding; EBITDA is 2020 estimate based on midpoint of full year guidance provided November 5, 2020; See important disclosures on non-GAAP financial measures and GAAP to non-GAAP reconciliation on slides 2 and 27.

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Strategic Priorities to Unlock Shareholder Value



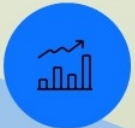
Deliver on Customer Promises

➤ *Industry leading NPS*



Expand profitability

➤ *Industry leading margins*



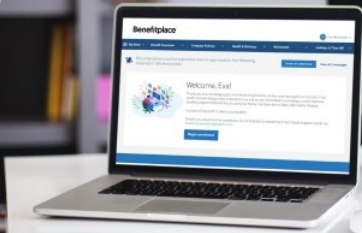
Invest for growth

➤ *Focused on enrollment, engagement and data*



Investing for Growth

Enrollment



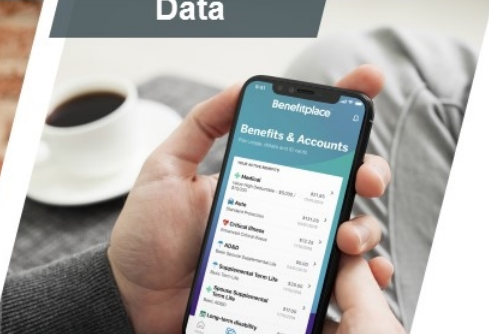
Deliver flawless OE and operational excellence

Engagement



Create stickier, higher value relationships

Data



Expand connections and deliver smarter insights

Extend Market Leadership

Investment Themes



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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
Reconciliation from Net Loss to Adjusted EBITDA:			
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
Adjusted EBITDA	\$ 19,030	\$ 10,340	\$ (4,979)
Reconciliation of Free Cash Flow:			
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	—	—	—
Free Cash Flow	\$ (31,623)	\$ 691	\$ (14,216)

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

Third Quarter 2020

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