



Investor Presentation  
March 2019

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Further information on potential factors that could affect the financial results of Goosehead Insurance is included in our annual report on Form 10-K for the most recent fiscal year and in our quarterly report on Form 10-Q for the most recent fiscal quarter. These documents and others containing important disclosures are available on the SEC Filings section of the Investor Information section of our Web site.

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# Committed And Experienced Management Team



**Mark Jones**  
*Co-Founder, Chairman  
and CEO*

- Served as CEO since inception in 2003
- Prior to joining the company, was a Senior Partner and Director at Bain & Company
- Also served as Global Head of Recruiting at Bain
- Earlier in his career, he worked in the audit and M&A practice groups for E&Y



**Michael Colby**  
*President and  
Chief Operating Officer*

- Joined Goosehead Insurance in 2006
- Appointed as EVP and COO in 2011 and then promoted to President and COO in 2016
- Prior to Goosehead, worked with KPMG in the Audit practice



**Mark Colby**  
*Chief Financial Officer*

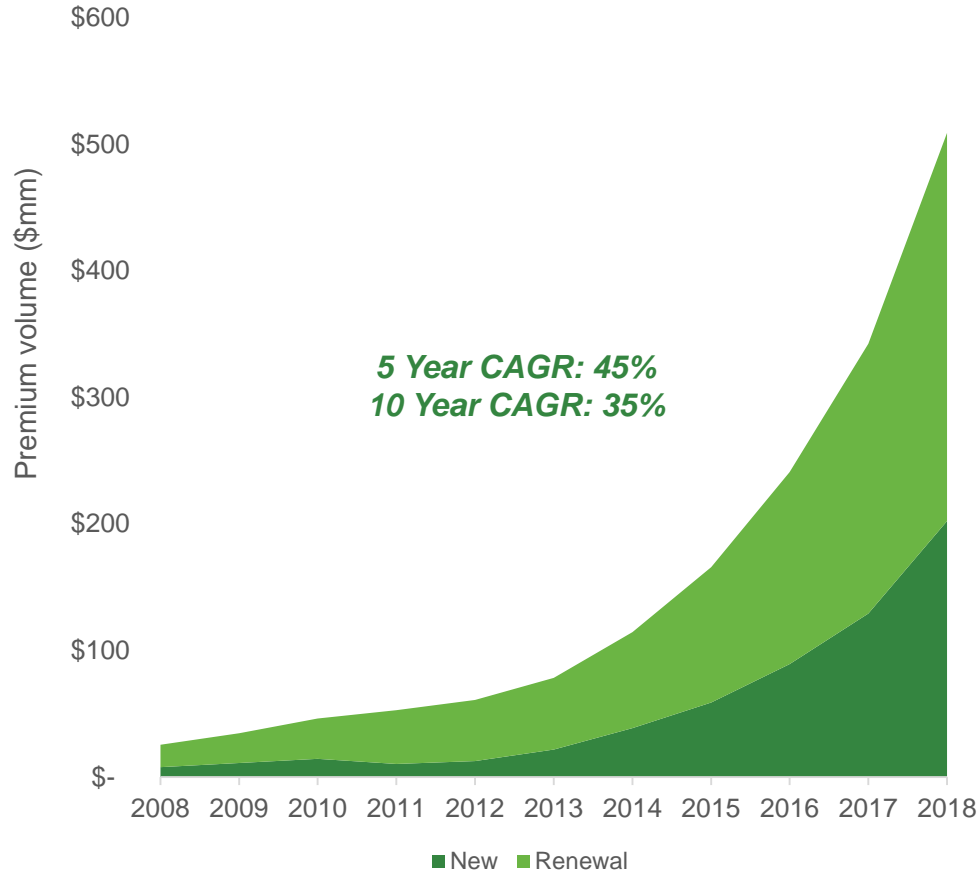
- Joined Goosehead Insurance in 2012 and was promoted to Controller in 2014, to Vice President-Finance in 2015, and Chief Financial Officer in 2016
- Prior to Goosehead, worked in E&Y's Transaction Advisory Services and Audit service lines



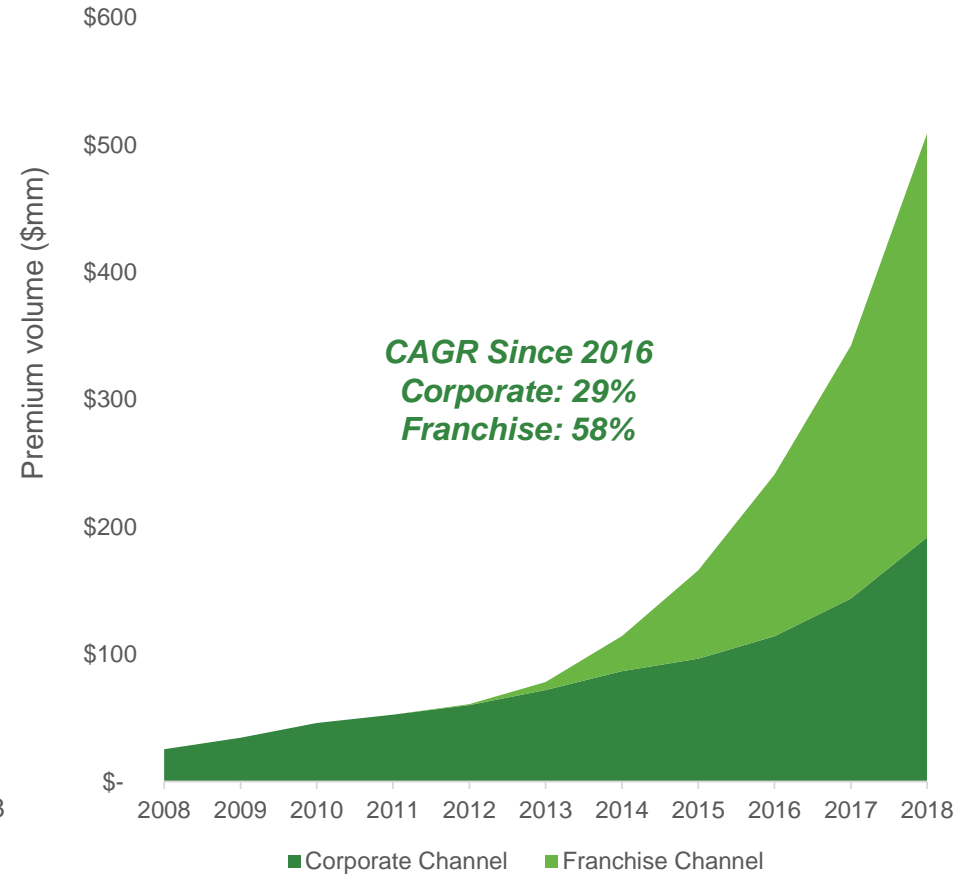
# Rapid and Responsible Organic Growth



### New Business and Renewal Premium Growth



### Corporate and Franchise Channel Premium Growth



<sup>1</sup> 5 and 10 year CAGR calculations through 12/31/2018

# Investment Highlights



**Disruptive model positioned to substantially grow in a massive and fragmented industry**

**Outpaced revenue growth driven by strategically solving industry challenges**

**Comprehensive value proposition for clients, agents and carriers**

**Highly developed recruiting strategy with experienced evaluators of talent**

**Robust and innovative technology platform supports high growth business model**

**Committed and capable management team with ambitions of industry leadership**

**Recurring revenue with strong future visibility and expanding long-term margins**

# Personal Insurance Market Large and Highly Fragmented



*Industry historically has struggled to find the right way to best serve the needs of customers*



Offers products from multiple carriers with the support of a best-in-class service organization

## Independent Agencies

Largely very small businesses which sell products from **multiple carriers**

## Captive Agencies Owned By Carriers

Largely very small businesses which sell products from only **one carrier**

## Carriers Direct To Customer

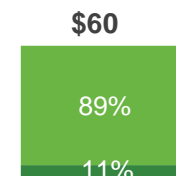
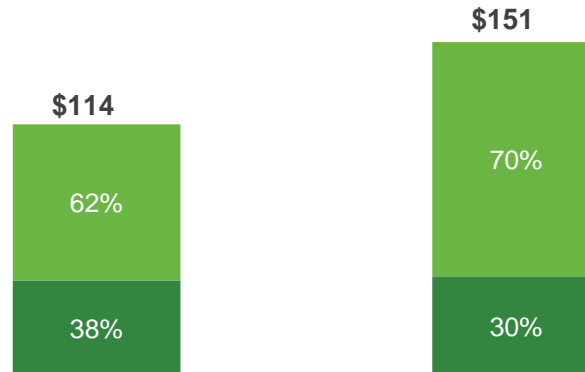
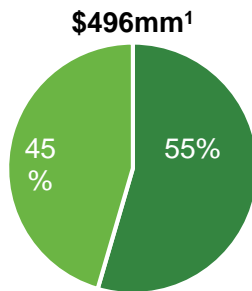
**One carrier** which sells products directly to clients

### Key Attributes

### Product Choice

### Service Quality

### 2017 U.S. Premiums



■ Home ■ Auto

Source: Independent Insurance Agents & Brokers of America

<sup>1</sup> Represents 2018 premiums excluding commercial and excess liability premiums.

# Redefining the Industry



Personal lines property and casualty insurance broker



Considerably differentiated business model serving the American consumer producing strong, sustained growth and profitability

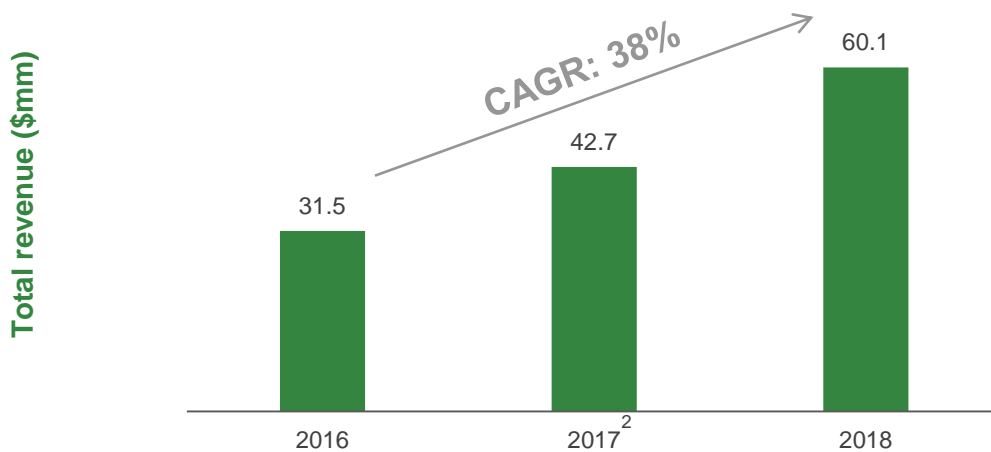


7 corporate sales offices in Texas and Illinois; 646 franchise locations<sup>1</sup> primarily in CA, TX, FL and IL

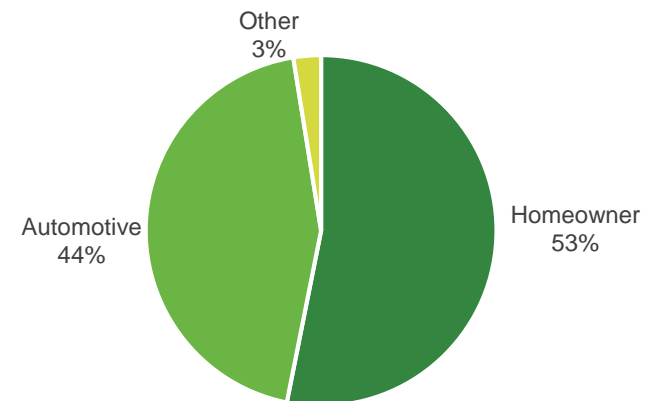


Well-established and positioned for sustained levels of strong growth and profitability

## Accelerating Growth Trajectory



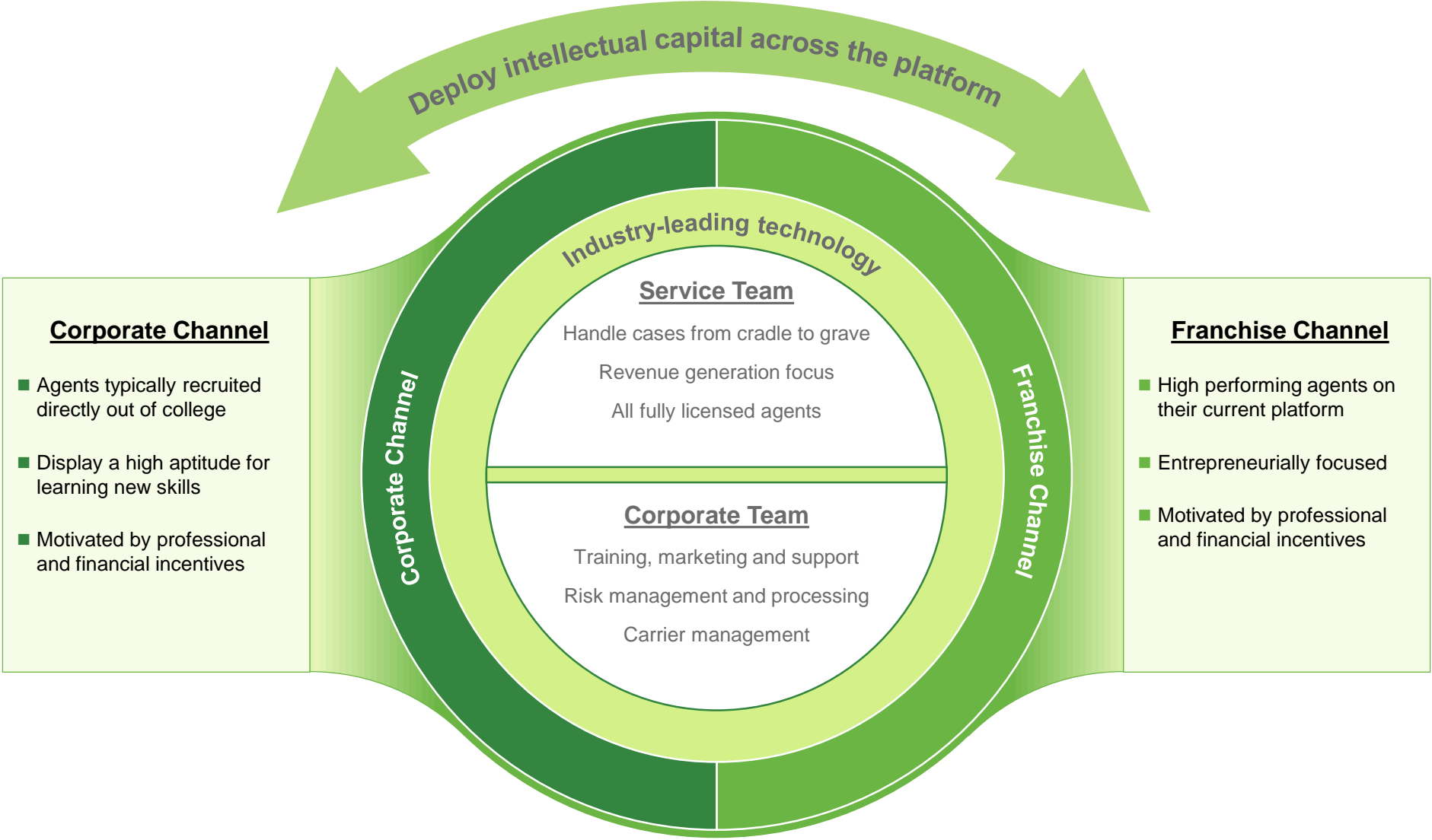
## Focused on Personal Lines



TTM Dec18 Total premiums: \$509mm

<sup>1</sup> Number of franchise locations include 189 franchises which are under contract but yet to be opened as of 12/31/18; <sup>2</sup> Excludes gain on sale of \$3.5mm

# Compelling Business Model





# Highly Developed Recruiting Strategy Supports Sustainable Outsized Growth



## Corporate Channel



- New college graduates with entrepreneurial spirit
- Driven by professional development and financial reward based on personal performance
- Well defined target school list with strong on campus relationships and strong sponsorship



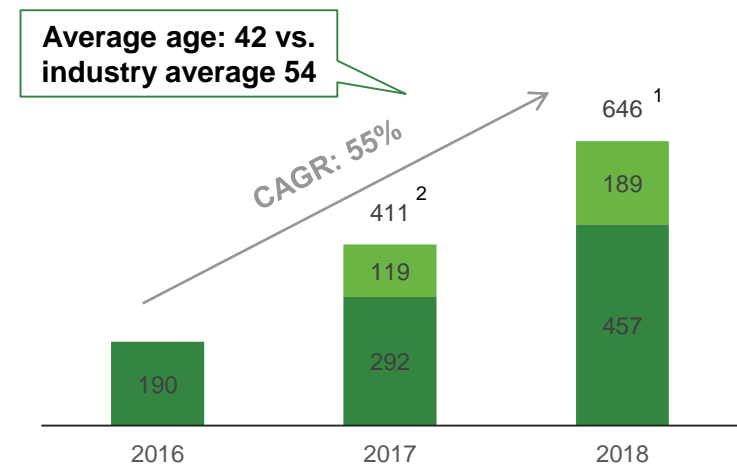
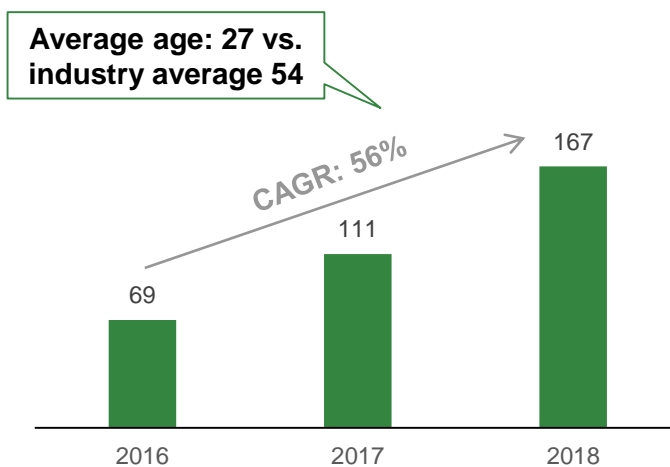
## Franchise Channel

- Highly effective producers who are seeking autonomy
- Entrepreneurially motivated to continue to build their own business
- Target professionals from captive agencies and other independent agencies



- Continue to deploy highly refined recruiting and training process for new agents
- Expand geographically through recruiting at additional college campuses

- Continue to recruit and train top producers who desire autonomy from captive agencies and other independent agencies
- Approximately 65,000 potential franchise candidates in the current pipeline



<sup>1</sup> Number of franchise locations include 189 franchises which are under contract but yet to be opened as of 12/31/18; <sup>2</sup> Includes 119 franchises which are under contract but had yet to be opened as of 12/31/17

# Robust and Innovative Technology Platform Supports High Growth Business Model



“Goosehead Insurance leverages Salesforce technology to transform how it serves its partners and customers. Creating innovative applications that bring greater intelligence and value to their industry, Goosehead is a disruptor we are proud to support.”

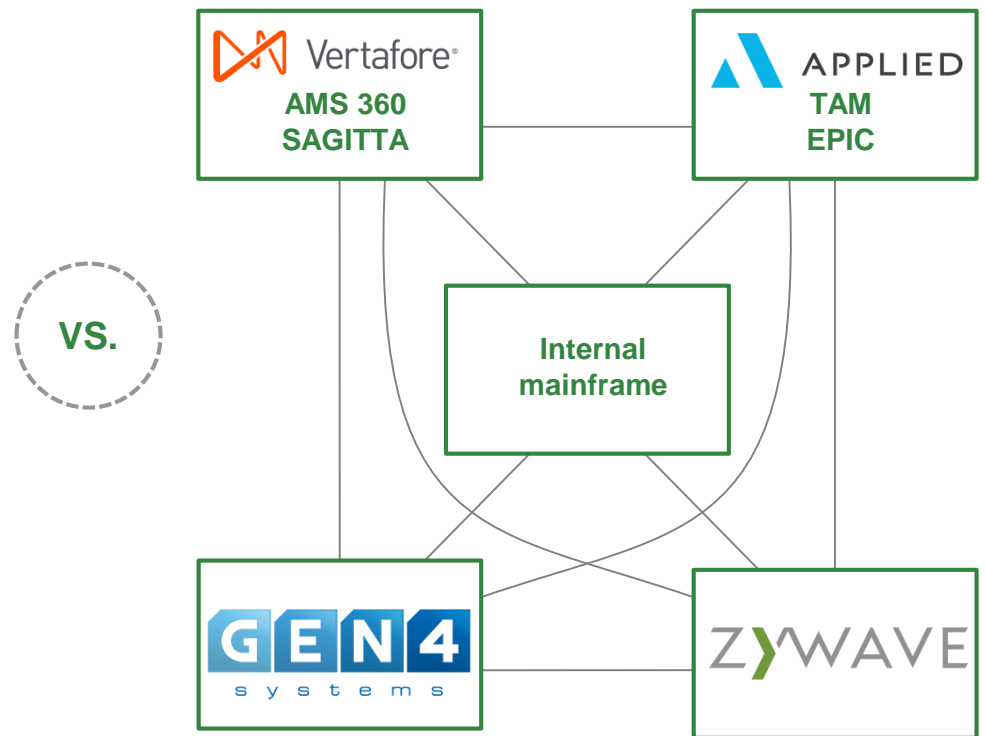
Michael Khoury, Vice President – Financial Services, Salesforce.com

## Goosehead Systems



Entire business cycle managed  
in the  cloud

## Typical Agency Systems



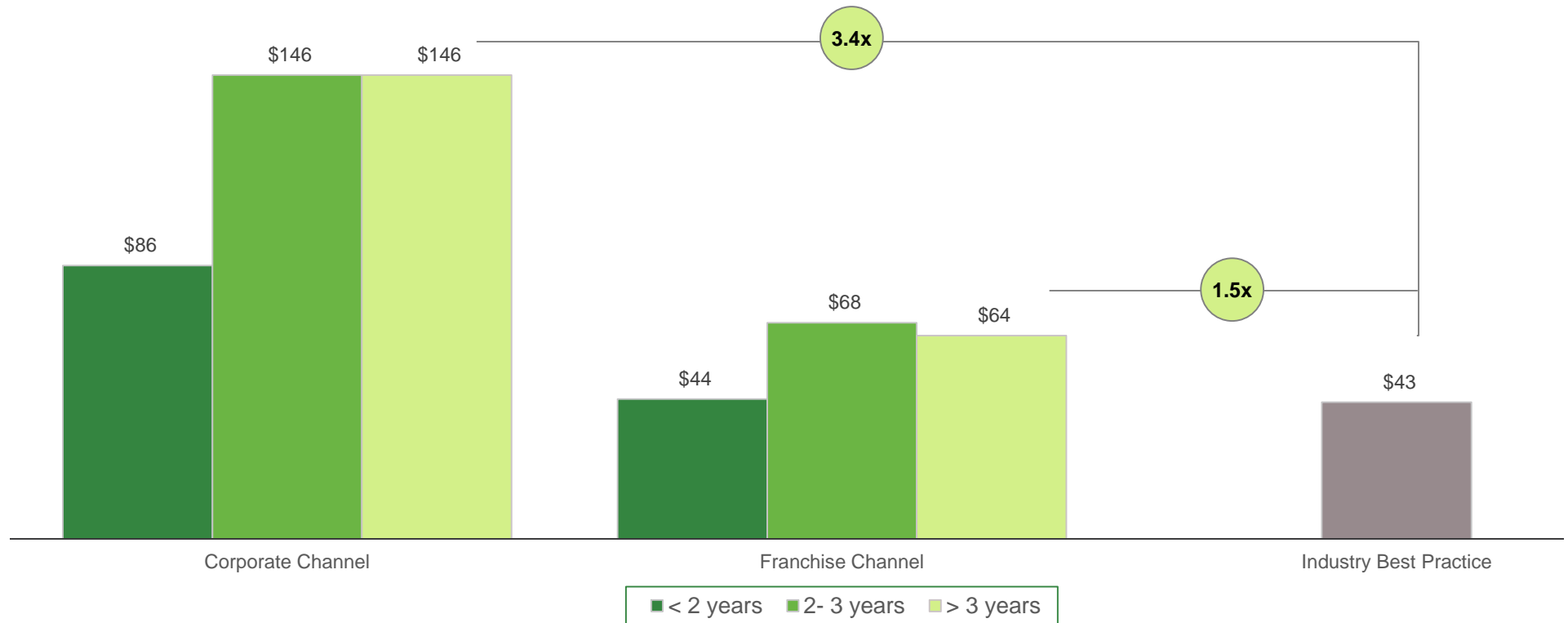
“Hodge-podge” of legacy systems  
which lack continuity

# Industry-Leading New Business Production For New and Seasoned Agents



*Compelling and proven sales focused model has resulted in industry-leading production*

New business per agent by tenure (\$000s)



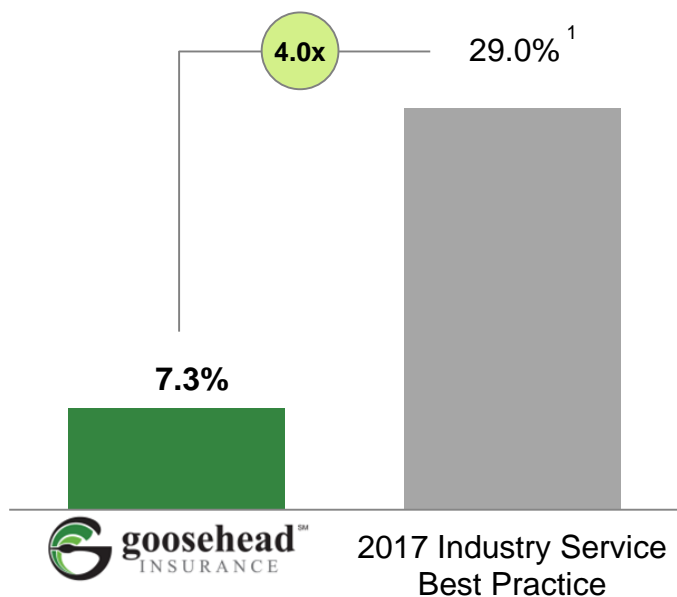
<sup>1</sup> Represents industry best practice per Reagan Consulting; most industry agents have tenures significantly longer than 2 to 3 years

# Technology Drives Margins While Simultaneously Ensuring Client Satisfaction



*Technology enables Company to deliver service highly efficiently*

## 2017 Service payroll as a % of gross personal lines commissions



## Key service center metrics



Net Promoter Score

**89**



Client hold times

**< 60 Seconds**



New business generation

**Cross-sell / Upsell**



In addition, we also carefully monitor call abandonment rate, call back rate and speed of answer



Service agent compensation

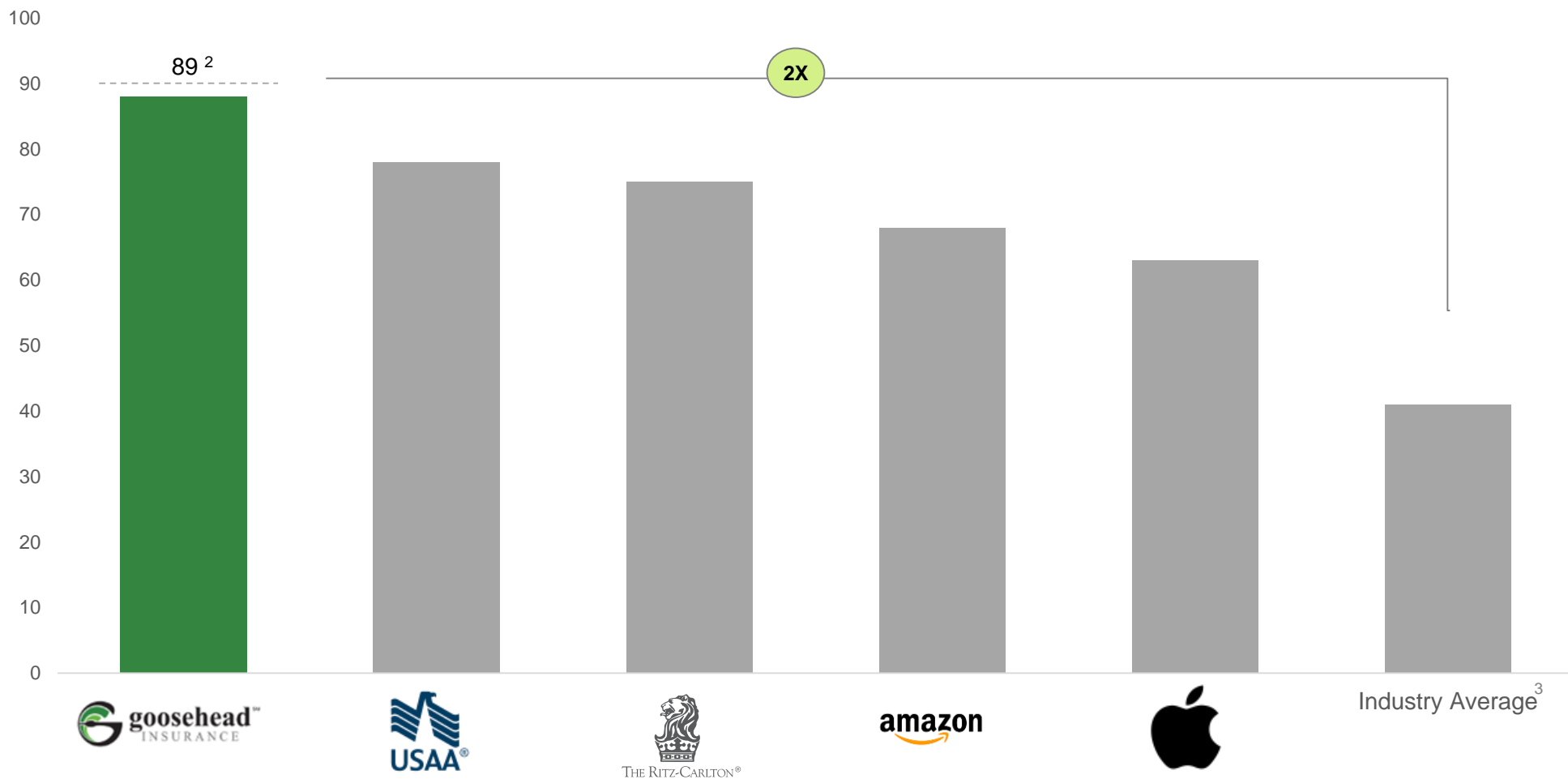
**2018 compensation: \$46k**

<sup>1</sup> Indicates, per Reagan Consulting industry best practice service compensation as a percentage of personal lines revenue for agencies with revenues of greater than \$25M

# Best-In-Class Customer Service Drives High Revenue Retention



*Net Promoter Scores (NPS) above several of the most respected brands in the U.S.<sup>1</sup> has resulted in stable and recurring revenue with a customer retention rate of 88% in 2018*



Source: Satmetrix; <sup>1</sup> Ritz, USAA, Apple, Amazon; <sup>2</sup> Represents 2018 NPS; <sup>3</sup> Represents average of auto industry and home industry

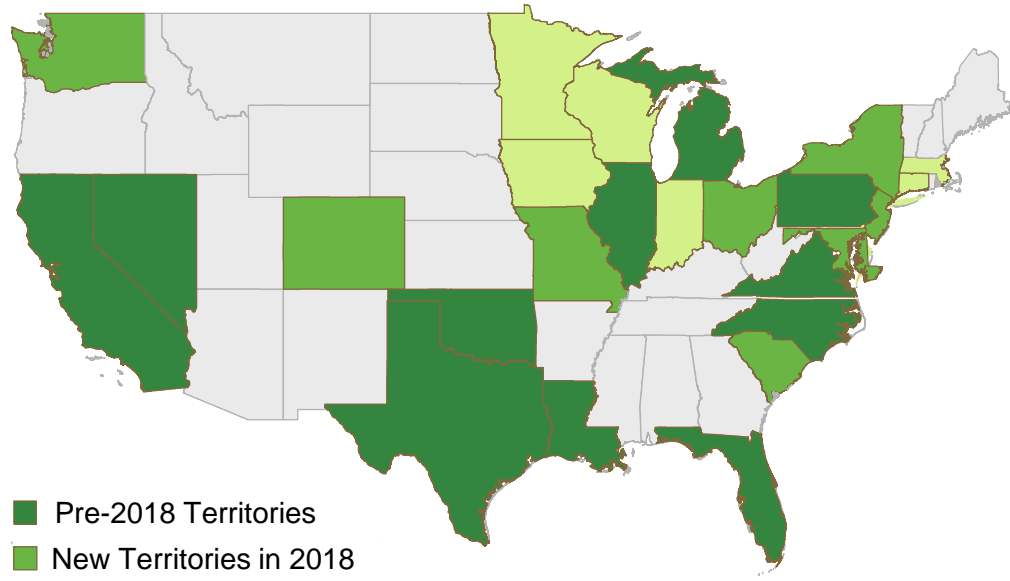


# Meaningful Growth Opportunity



Continued Technology Upgrades

Continued Corporate Channel Recruiting



Continued Improvements in Productivity and Customer Service

National Rollout of Franchise Channel

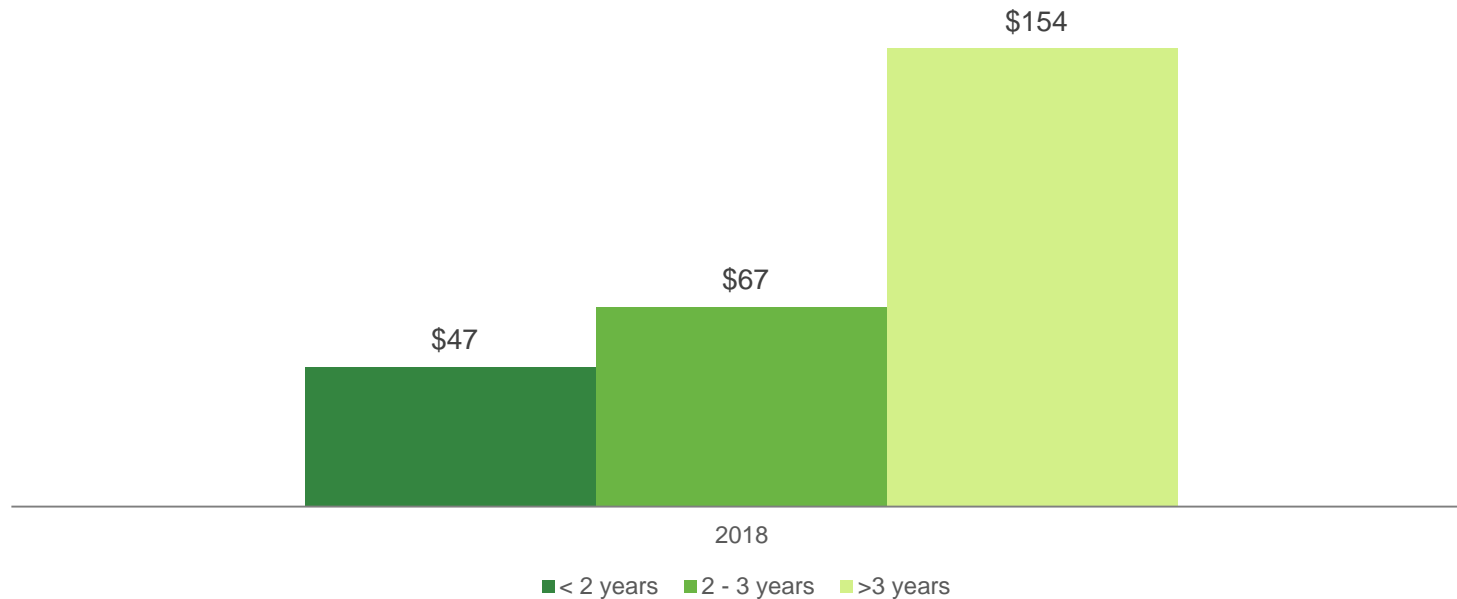
# Continued Corporate Channel Recruiting



*After working for more than three years, the typical Goosehead corporate agent earns more than \$150k annually*

- Goosehead has a highly developed process for recruiting new agents which we have continually refined over the last 10+ years. Additional college campuses to be added
- The ongoing enhancements to our recruiting and training processes has resulted in higher success rates for our corporate agents

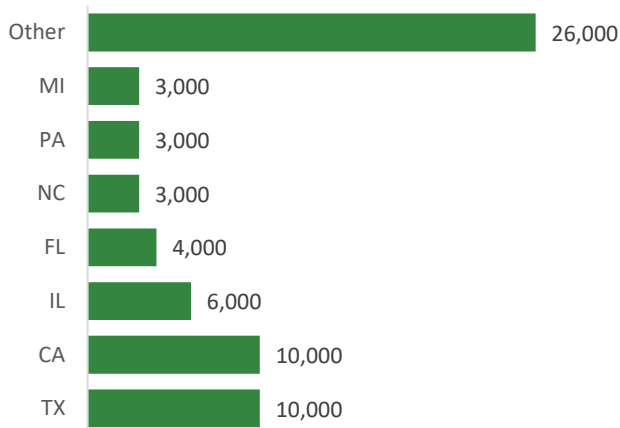
## Average corporate agent compensation by tenure (\$000s)



# National Rollout Of Franchise Channel



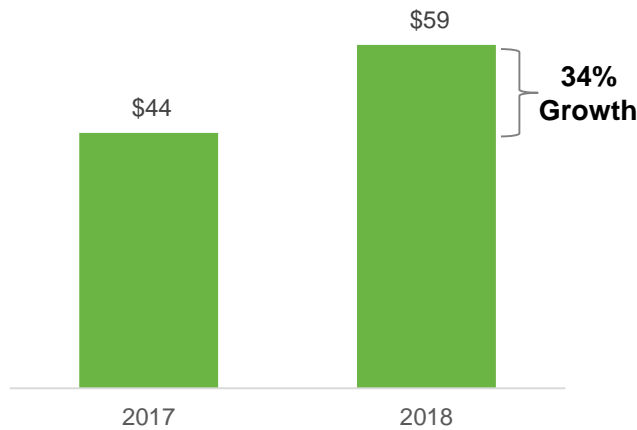
## Pipeline Growth



**Total Leads as of December 2018: 65,000**

- 31 members on the Franchise recruiting team as of Q4 18
- Recruiting targets include the universe of nearly 400,000 U.S. insurance agents

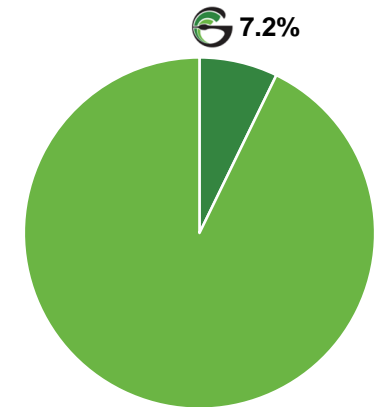
## Production Ramp-up



- Through a combination of both refining the Franchise criteria and training, Goosehead significantly lifted productivity for Franchises

■ Non-Texas New Business per agency, >1 year (\$000s)

## National Implications



Market share of homeowners insurance in new mortgage originations / refinancings in Texas

**2017 TX mortgage originations / refinancing: ~559k<sup>1</sup>**

**7.2%** Goosehead market share × **7.3mm** Originations / refinancing in the U.S.<sup>1</sup>

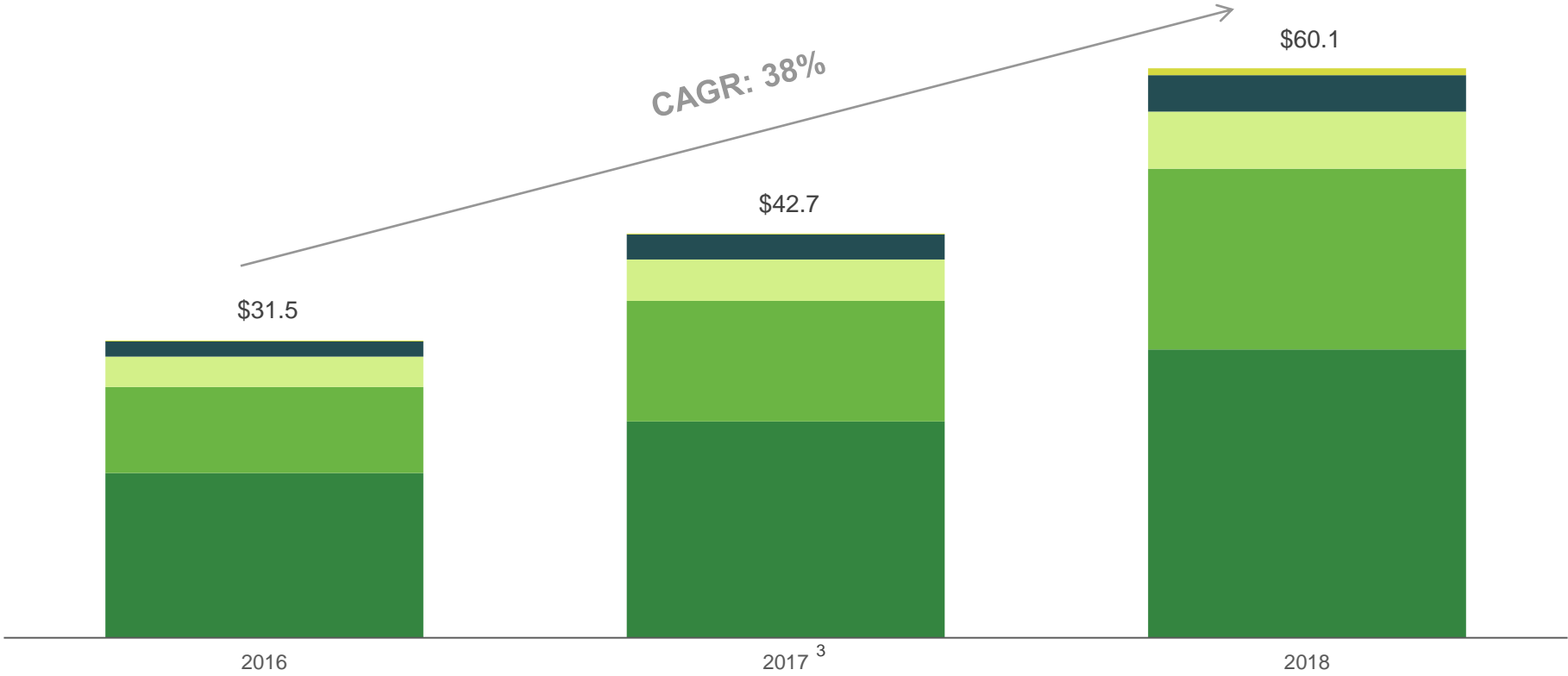
**529k** Potential new clients each year

<sup>1</sup> Source: 2017 Home Mortgage Disclosure Act Data

# Strong Revenue Growth And Stable Margins



Total revenue (\$mm)



|                                       |              |              |              |
|---------------------------------------|--------------|--------------|--------------|
| <b>Adj. EBITDA Margin<sup>4</sup></b> | <b>25.8%</b> | <b>25.1%</b> | <b>24.5%</b> |
|---------------------------------------|--------------|--------------|--------------|

■ Renewal revenue<sup>1</sup> ■ New business revenue<sup>1</sup> ■ Initial franchise fees<sup>2</sup> ■ Contingent commissions ■ Other income

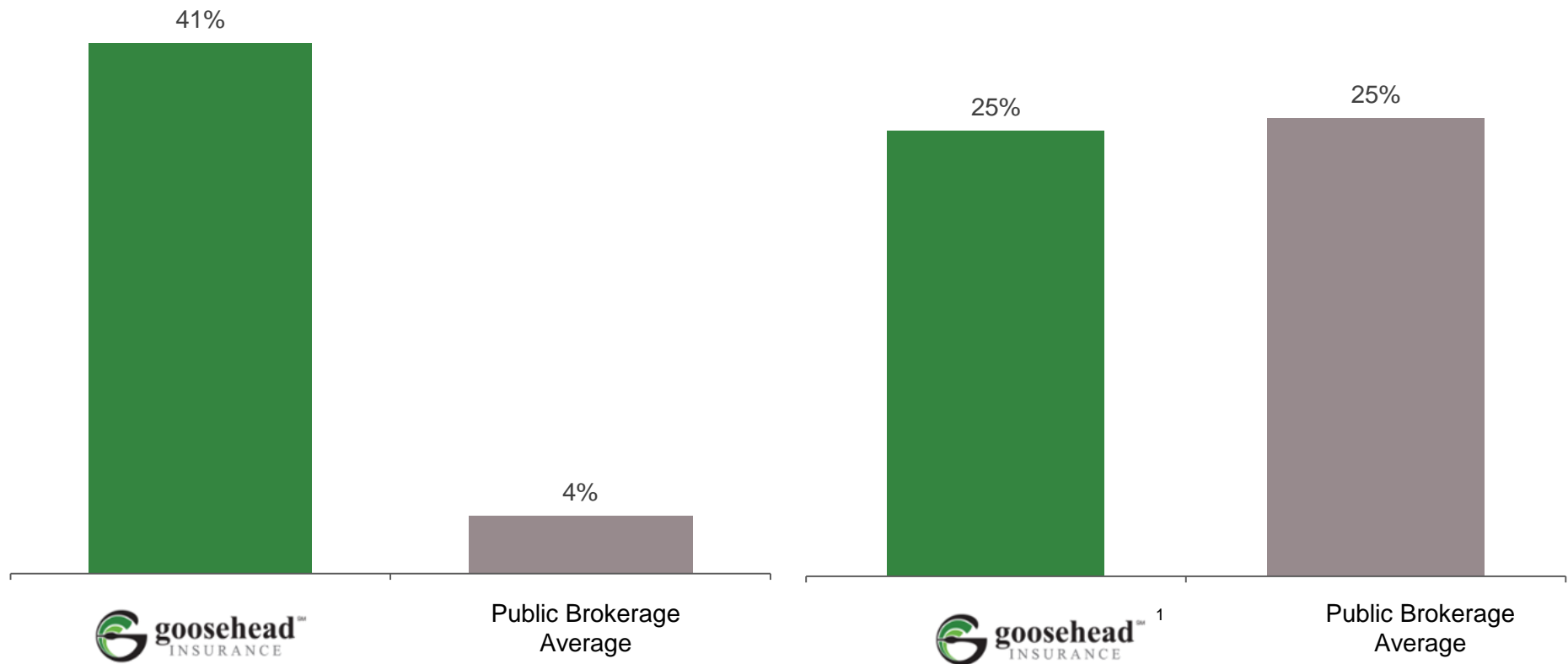
<sup>1</sup> Includes royalty fees; <sup>2</sup> Related to the training and onboarding of new franchise locations; <sup>3</sup> Excludes gain on sale of \$3.5mm <sup>4</sup> See Appendix for GAAP reconciliation

# Outpacing The Industry In Growth With A Clear Path To Margin Expansion



### 2018 Organic revenue growth

### 2018 Adjusted EBITDA margins



Source: Public filings; <sup>1</sup> Represents 2018 Adjusted EBITDA margin; see Appendix for GAAP reconciliation.

Note: Public comparables include AON, AJG, BRO, MMC and WLTW; represent North American retail insurance brokerage organic growth or closest approximation

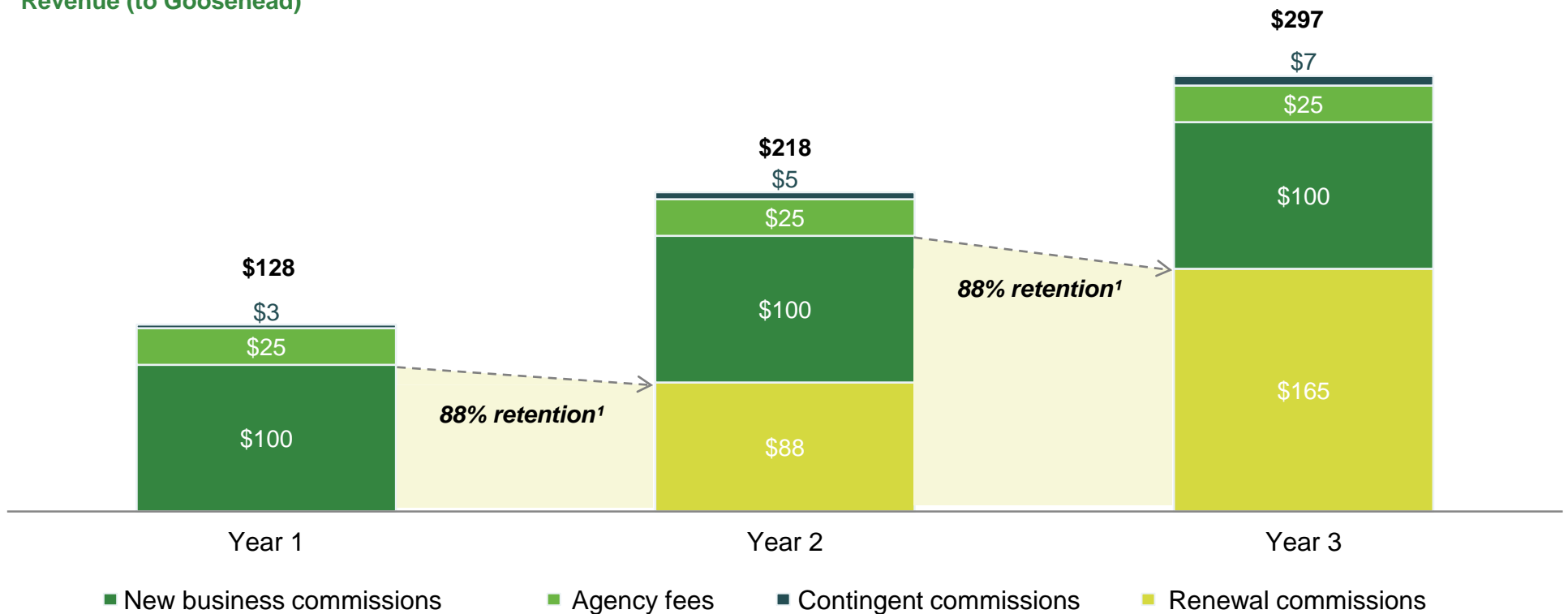


# Compelling Economics Drive Growth And Visibility – Corporate Channel



*Allowing agents to focus solely on selling creates a clear path to continued organic growth and revenue visibility*

## Revenue (to Goosehead)



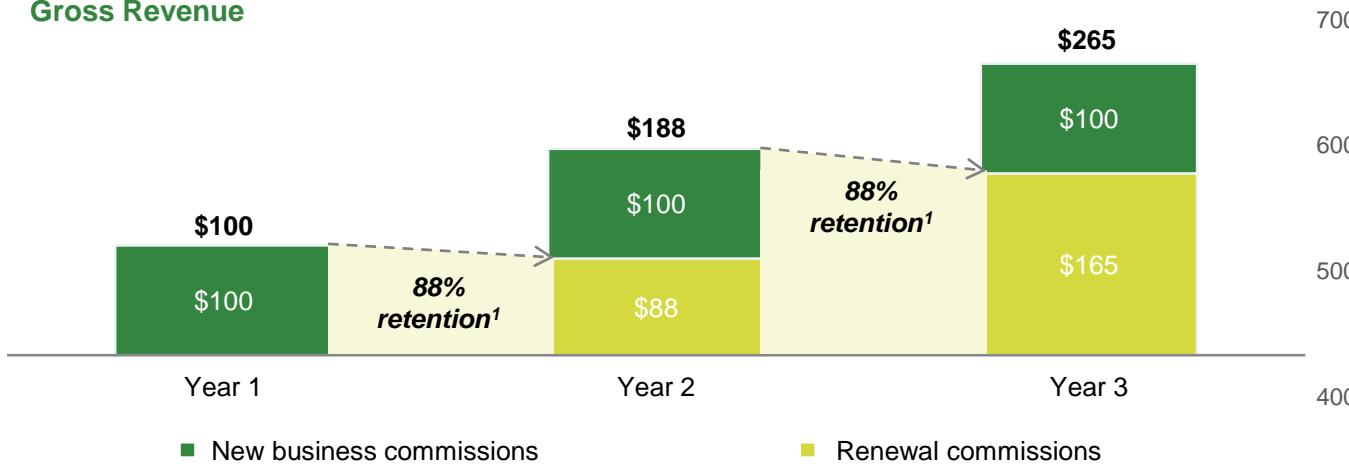
Note: Illustrative example

<sup>1</sup> Represents Q4 2018 client retention rate

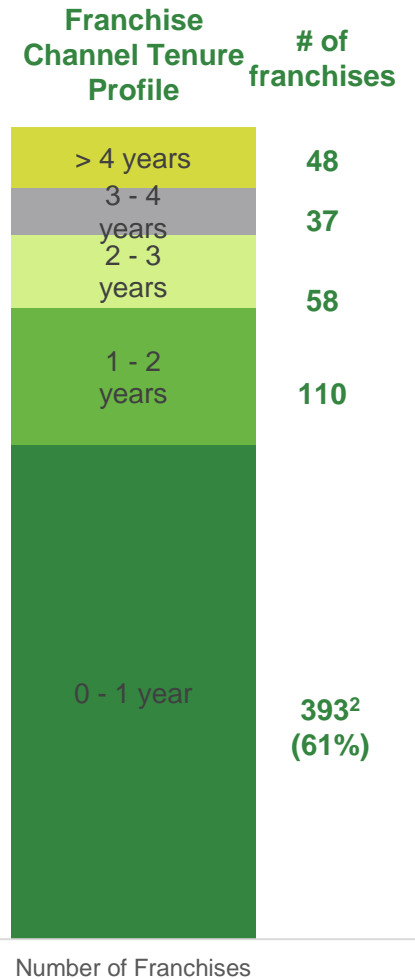
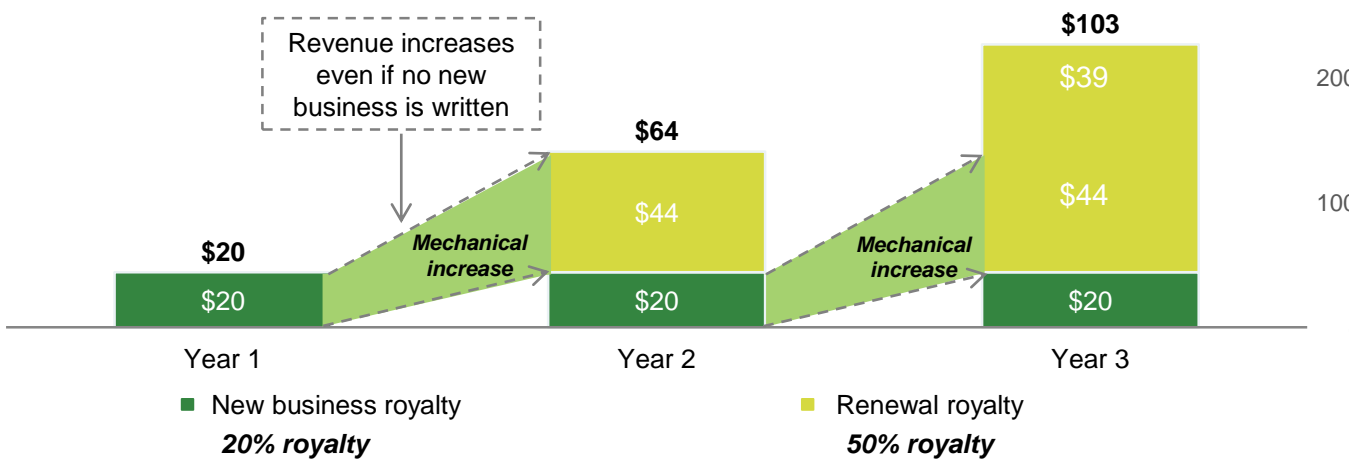
# Compelling Economics Drive Growth And Visibility - Franchise Channel

Service model enables and incentivizes franchises to focus all of their time on new business

## Gross Revenue



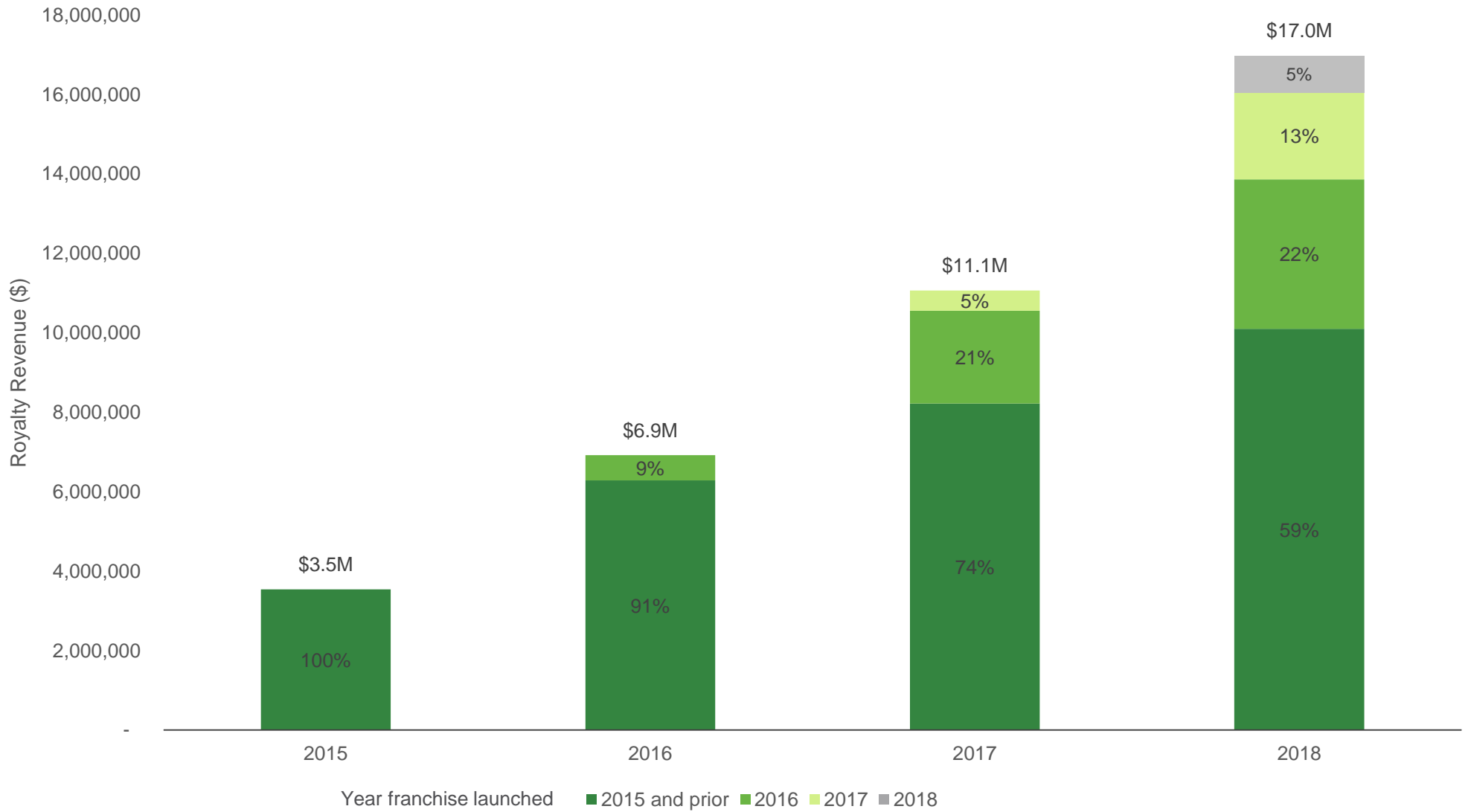
## Net Revenue (to Goosehead)



Note: Illustrative example

<sup>1</sup> Represents Q4 2018 client retention rate; <sup>2</sup> Number of franchise locations include 189 franchises which are under contract but yet to be opened as of 12/31/18

# The Loaded Gun



# Margins Increase Mechanically As New Business Becomes Renewal Business



## New and renewal business costs

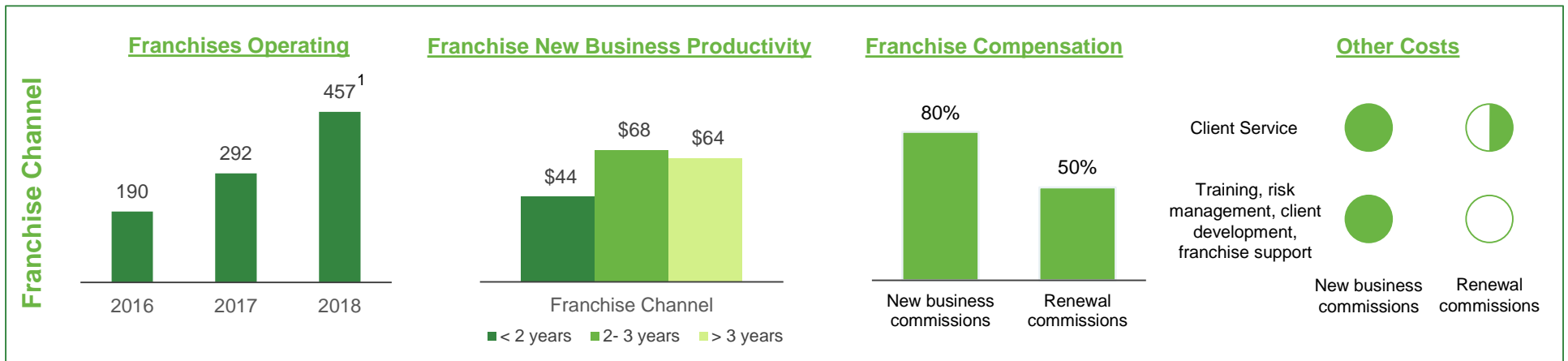
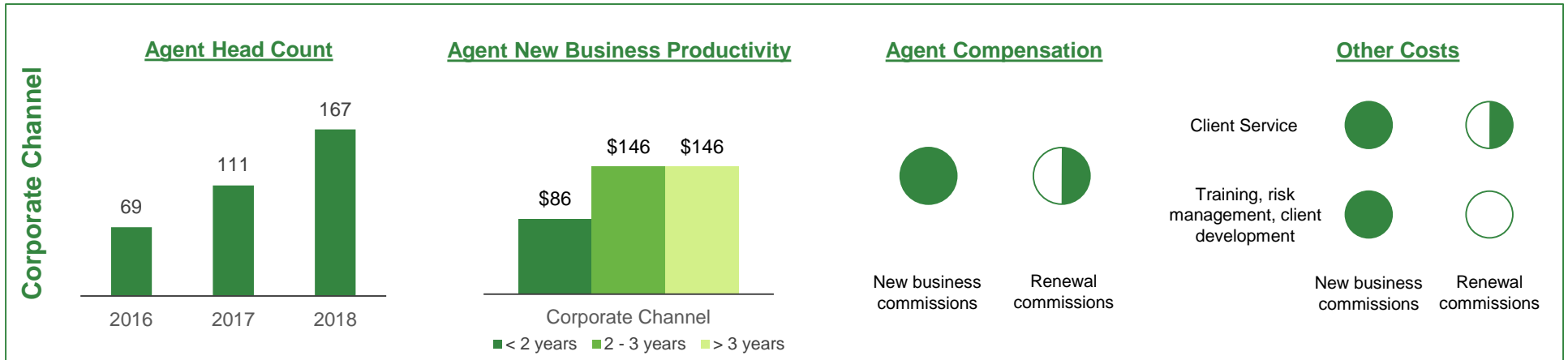
|   | New Business | Renewal Business |  |
|---|--------------|------------------|--|
| Commissions to agents / franchisees (net revenue) | ●            | ◐                | ■ >50% lower for renewal business  |
| Client service salaries and bonuses               | ●            | ◐                | ■ Critical to both new and renewal business; burden heaviest for new clients |
| Risk management salaries and bonuses              | ●            | ○                | ■ Not relevant for renewal business  |
| Training salaries                                 | ●            | ○                | ■ Not relevant for renewal business  |
| Client development costs                          | ●            | ○                | ■ Not relevant for renewal business  |
| Franchise support                                 | ●            | ○                | ■ Not relevant for renewal business  |

*Opportunities to further expand margins through operating leverage created by revenue growth*

# Investments In People Will Result In Long-Term Growth And Margin Expansion



*Making significant investments today to ensure growth and profitability is sustainable for years to come*



<sup>1</sup> Excludes all new signings and franchises in implementation



# Investment Highlights



**Disruptive model positioned to substantially grow in a massive and fragmented industry**

**Outpaced revenue growth driven by strategically solving industry challenges**

**Comprehensive value proposition for clients, agents and carriers**

**Highly developed recruiting strategy with experienced evaluators of talent**

**Robust and innovative technology platform supports high growth business model**

**Committed and capable management team with ambitions of industry leadership**

**Recurring revenue with strong future visibility and expanding long-term margins**



Appendix

# Non-GAAP Adjusted EBITDA Reconciliation



|                               | <u>2017</u>    | <u>2018</u>    |
|-------------------------------|----------------|----------------|
| Net Income                    | \$ 8.7         | \$ (18.7)      |
| Other (Income) Expense        | (3.5)          | 0.2            |
| Interest Expense              | 2.5            | 4.3            |
| Depreciation and Amortization | 0.9            | 1.5            |
| Equity Compensation           | 2.2            | 27.1           |
| Income Tax Expense            | -              | 0.4            |
| <b>Adjusted EBITDA</b>        | <b>\$ 10.7</b> | <b>\$ 14.8</b> |
| Adjusted EBITDA Margin        | 25.1%          | 24.5%          |

Note: Financials represent Goosehead Financial, LLC and Subsidiaries and Affiliates. May not sum to total due to rounding.