



ICR Conference  
January 2020

# Disclaimer



This presentation may contain forward-looking statements. You should not rely upon forward-looking statements as predictions of future events. All statements other than statements of historical facts contained in this presentation, including information concerning our possible or assumed future results of operations and expenses, business strategies and plans, competitive position, business and industry environment and potential growth opportunities, are forward-looking statements. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Given these uncertainties, you should not place undue reliance on any forward-looking statements in this presentation. Except as required by law, we disclaim any obligation to update any forward-looking statements for any reason after the date of this presentation, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

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.

This presentation is strictly confidential, is for informational purposes only and may not be relied upon in connection with the purchase or sale of any security. You may not disclose any of the information contained herein to any other parties without our prior express written permission.

This presentation shall not constitute an offer to sell or the solicitation of an offer to buy these securities, nor shall there be any sale of these securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

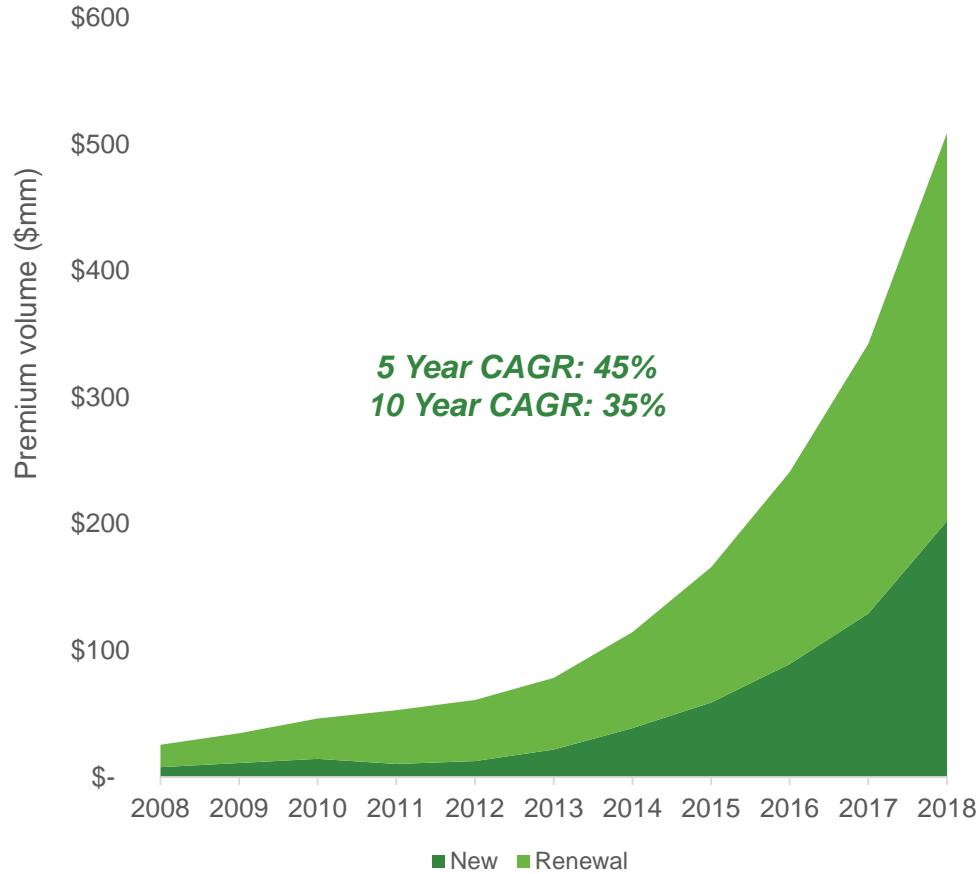


## Company Overview

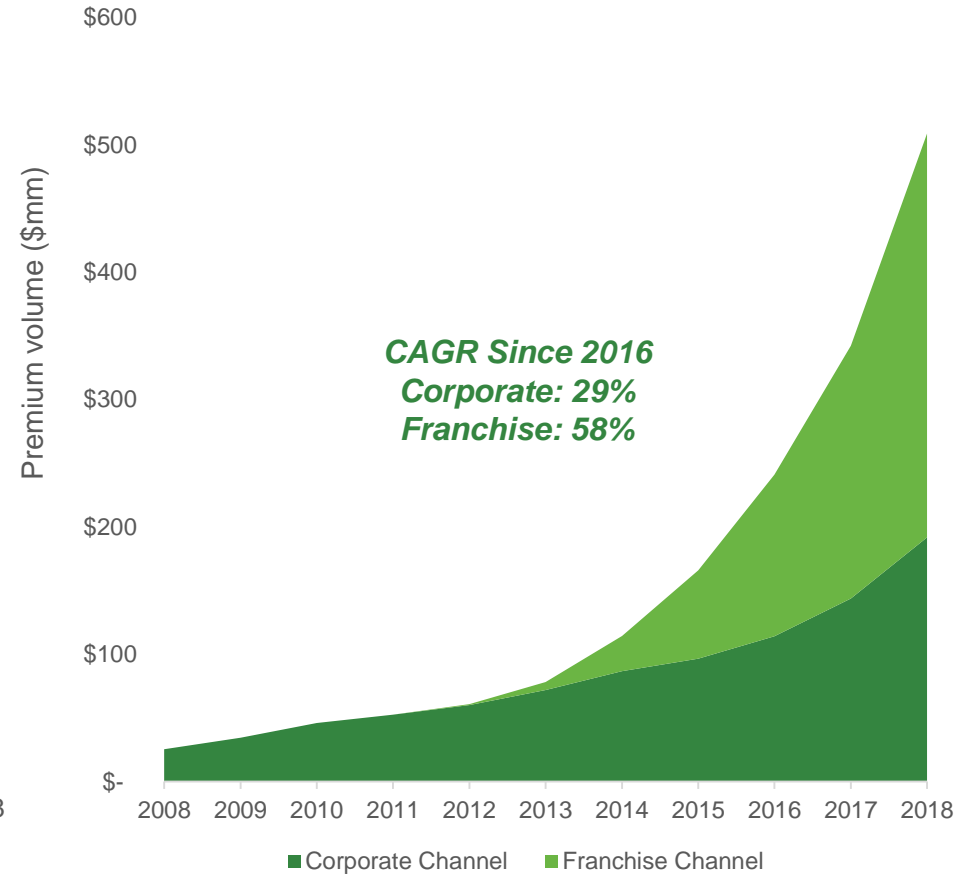
# Rapid and Responsible Organic Growth



### 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

# Redefining the Industry



Personal lines property and casualty insurance broker



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

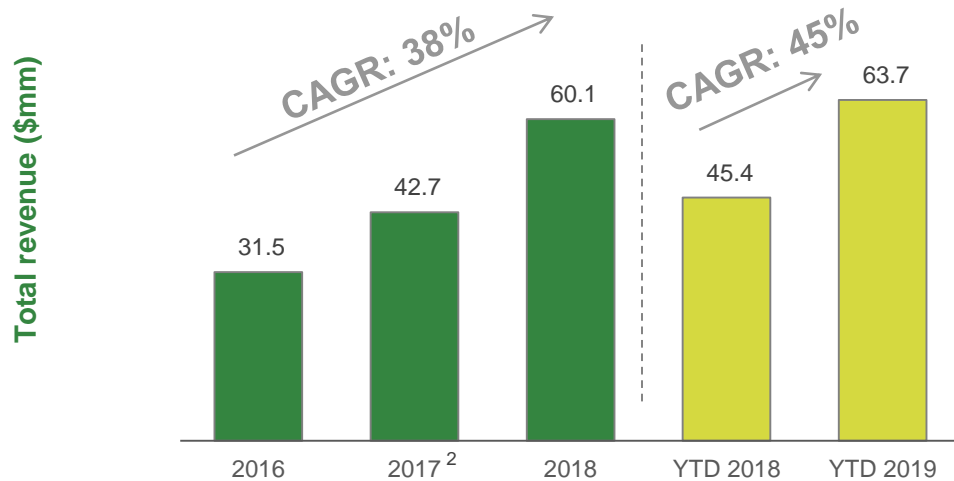


7 corporate sales offices in Texas and Illinois; 828 franchise locations<sup>1</sup> primarily in CA, TX, FL and IL

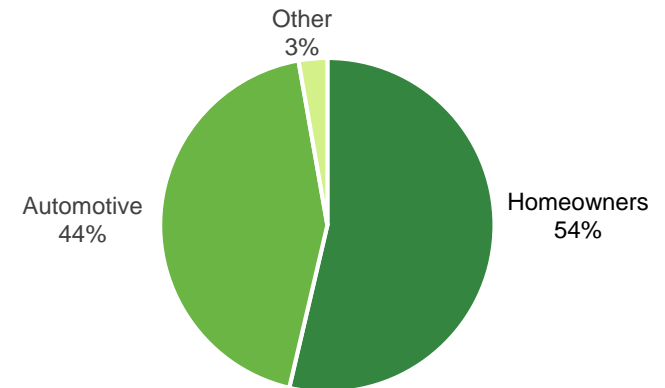


Well-established and positioned for sustained levels of strong growth and profitability

## Accelerating Growth Trajectory



## Focused on Personal Lines



TTM Sep19 Total premiums: \$678mm

<sup>1</sup> Number of franchise locations include 245 franchises which are under contract but yet to be opened as of 9/30/2019; <sup>2</sup> Excludes gain on sale of \$3.5mm

# Personal Insurance Market Large and Highly Fragmented



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



## Independent Agencies

## Captive Agencies Owned By Carriers

## Carriers Direct To Customer

### Key Attributes

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

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

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

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

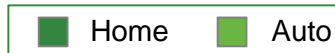
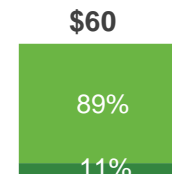
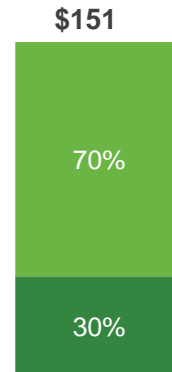
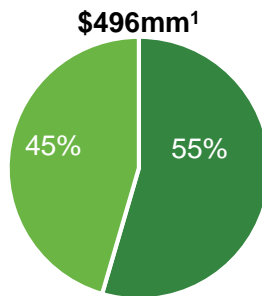
### Product Choice



### Service Quality



### 2017 U.S. Premiums



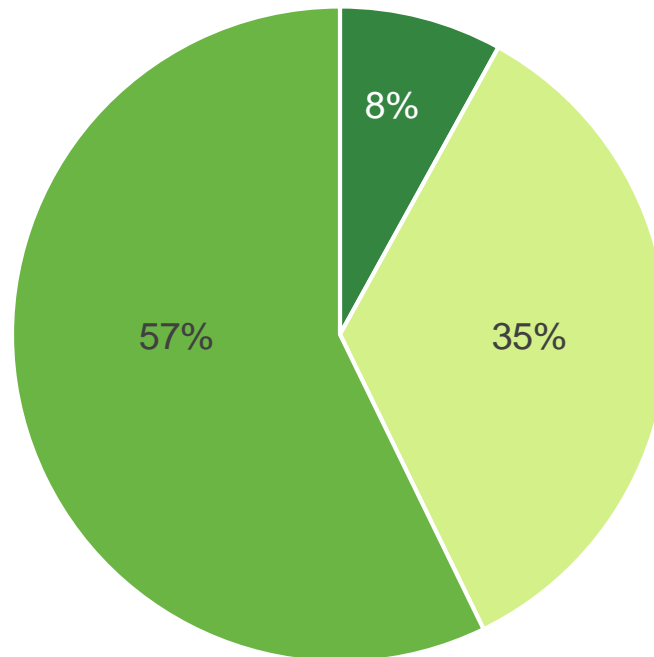
Source: Independent Insurance Agents & Brokers of America  
 1 Represents 2018 premiums excluding commercial and excess liability premiums.

# Management Strongly Aligned with Shareholders



*Deeply committed to long-term success*

% Ownership as of September 30, 2019



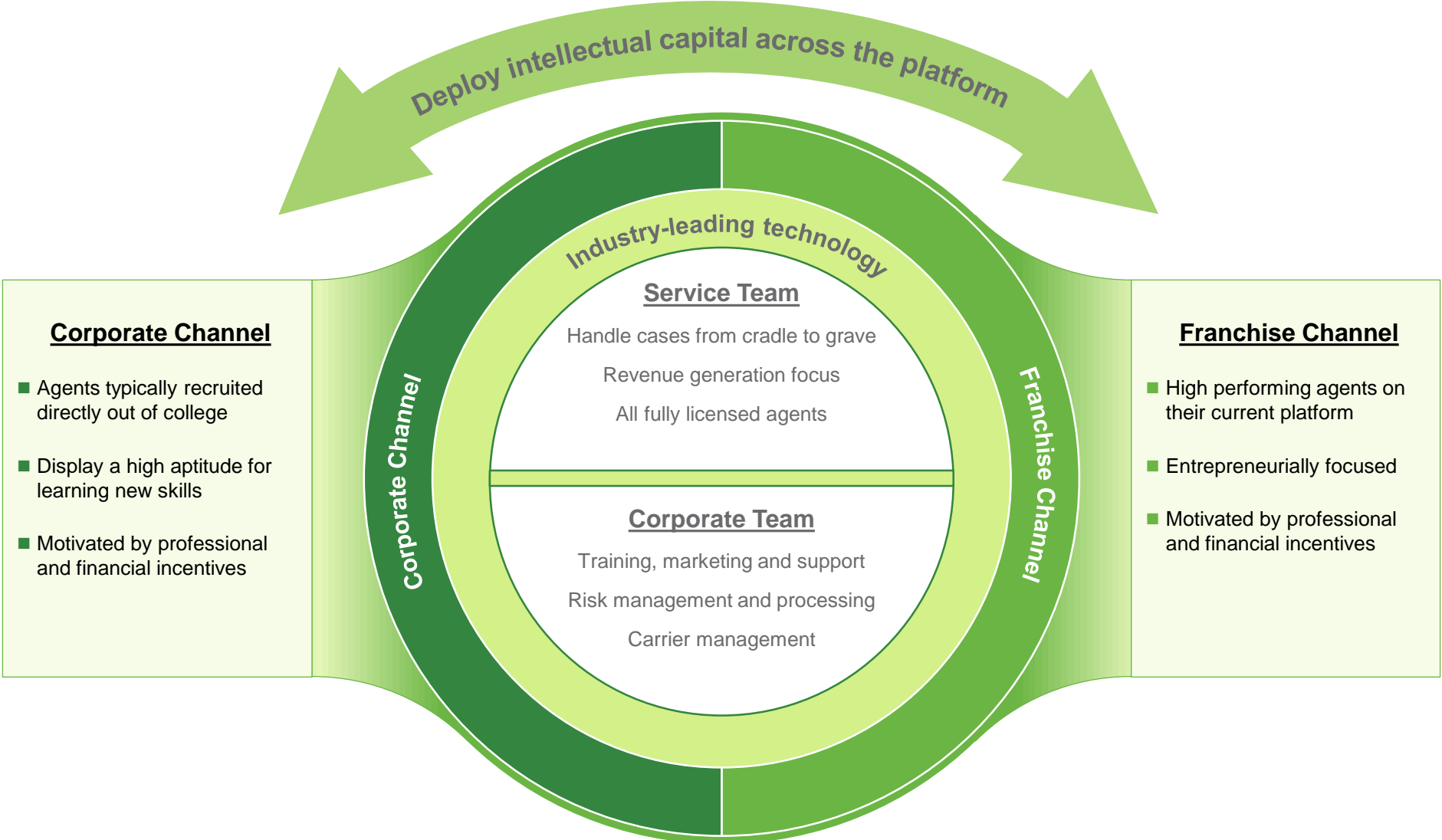
■ Other management   ■ Public Shareholders   ■ Mark Jones and family

A photograph of a family of four sitting in a bed. A woman with long dark hair, wearing a blue t-shirt, is smiling and holding a young girl with long brown hair who is also smiling. The girl is wearing a grey t-shirt. A man with short brown hair, wearing a blue t-shirt, is smiling and looking towards the camera. A young boy with short dark hair is also smiling and looking towards the camera. They are all holding and reading a book together. The background is a white quilted pillow. The overall mood is warm and happy.

## Delivery of Operations



# 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



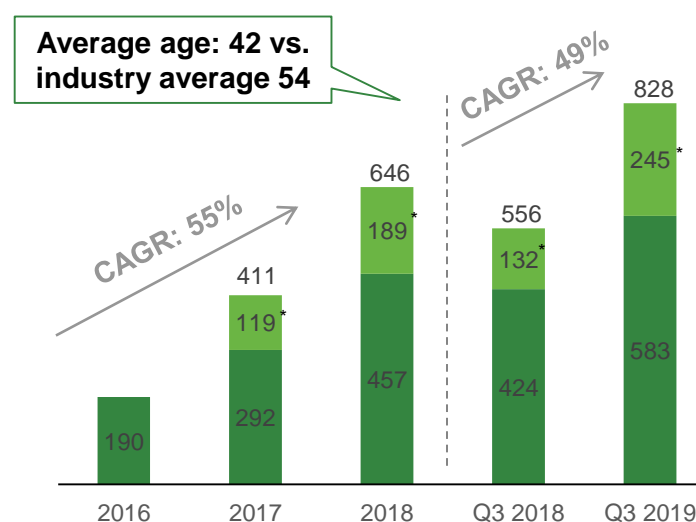
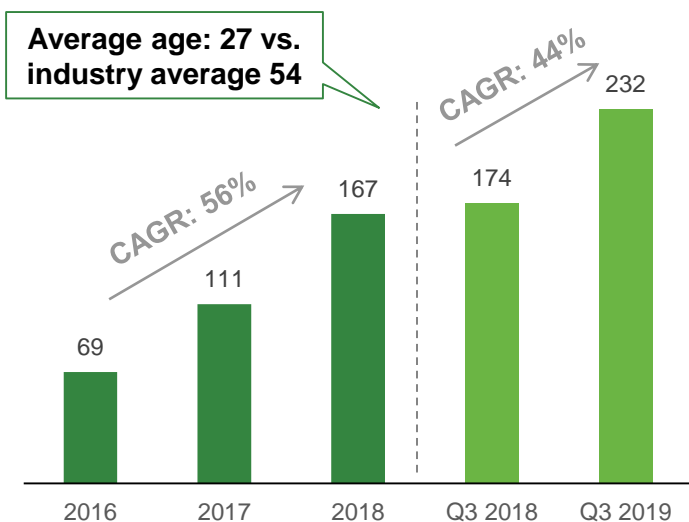
## Franchise Channel

- 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 75,000 potential franchise candidates in the current pipeline



\* Franchises signed but yet to open as of the end of the indicated period

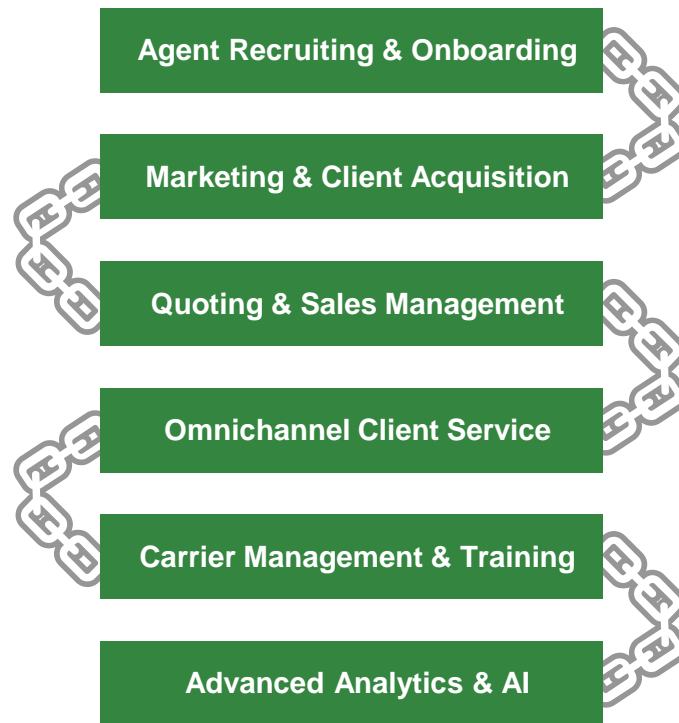
# Robust and Innovative Technology Platform Supports High Growth Business Model



“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.”

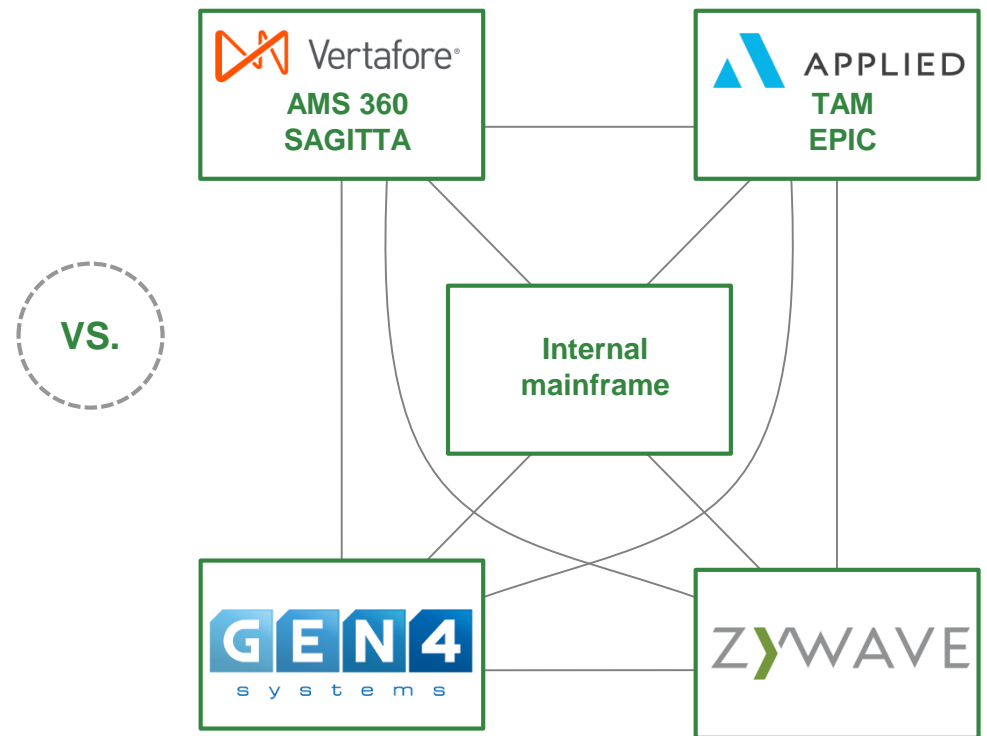
Michael Khoury, Vice President – Financial Services, Salesforce.com

## Goosehead Systems



Entire business cycle managed  
in the  cloud

## Typical Agency Systems



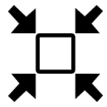
“Hodge-podge” of legacy systems  
which lack continuity

# Constantly Innovating to Remain a Step Ahead



## Enhancing Tech Platform to Optimize Efficiency and Effectiveness

### 1 Application Development and Investment



#### Comparative Rater

- Consolidate data entry into one interface
- Eliminates 75% of required input fields
- **Saves agents approximately 15 minutes per quote**

#### Cloud-based Voice Solution

- Unified communications platform
- Mobile capabilities (text, live chat)
- **Omnichannel client engagement capabilities**



### 2

### Leveraging Big Data



#### Nationwide Property Database

- Provides info for every U.S. county on age of home, construction type, square footage, roof type, etc.
- **Allows for far more efficient and accurate quoting**

#### Proprietary Mortgage Database

- Provides U.S. mortgage activity data down to micro-targeted level
- **Agents market services with sophistication and precision**



## Strengthening Barriers to Entry

# 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)



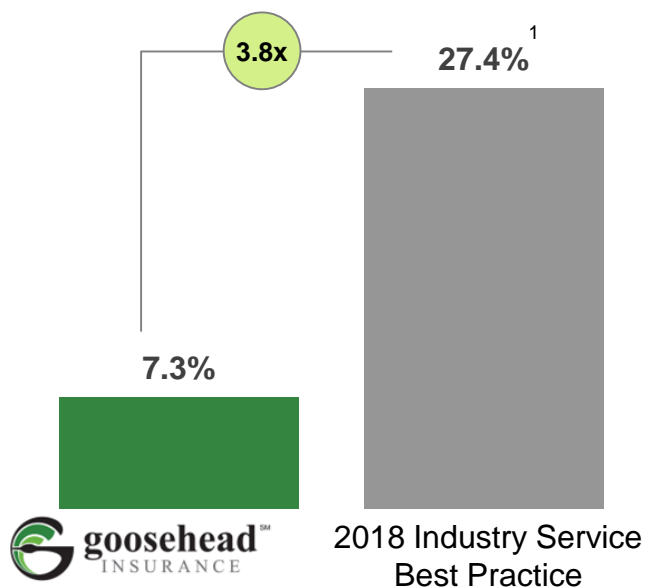
<sup>1</sup> Represents industry best practice per Reagan Consulting; most industry agents have tenures significantly longer than 2 to 3 years

# Technology Drives Margins While Simultaneously Ensuring Client Satisfaction



*Technology enables Company to deliver service highly efficiently*

## 2018 Service payroll as a % of gross personal lines commissions



## Key service center metrics



Net Promoter Score

**90**



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

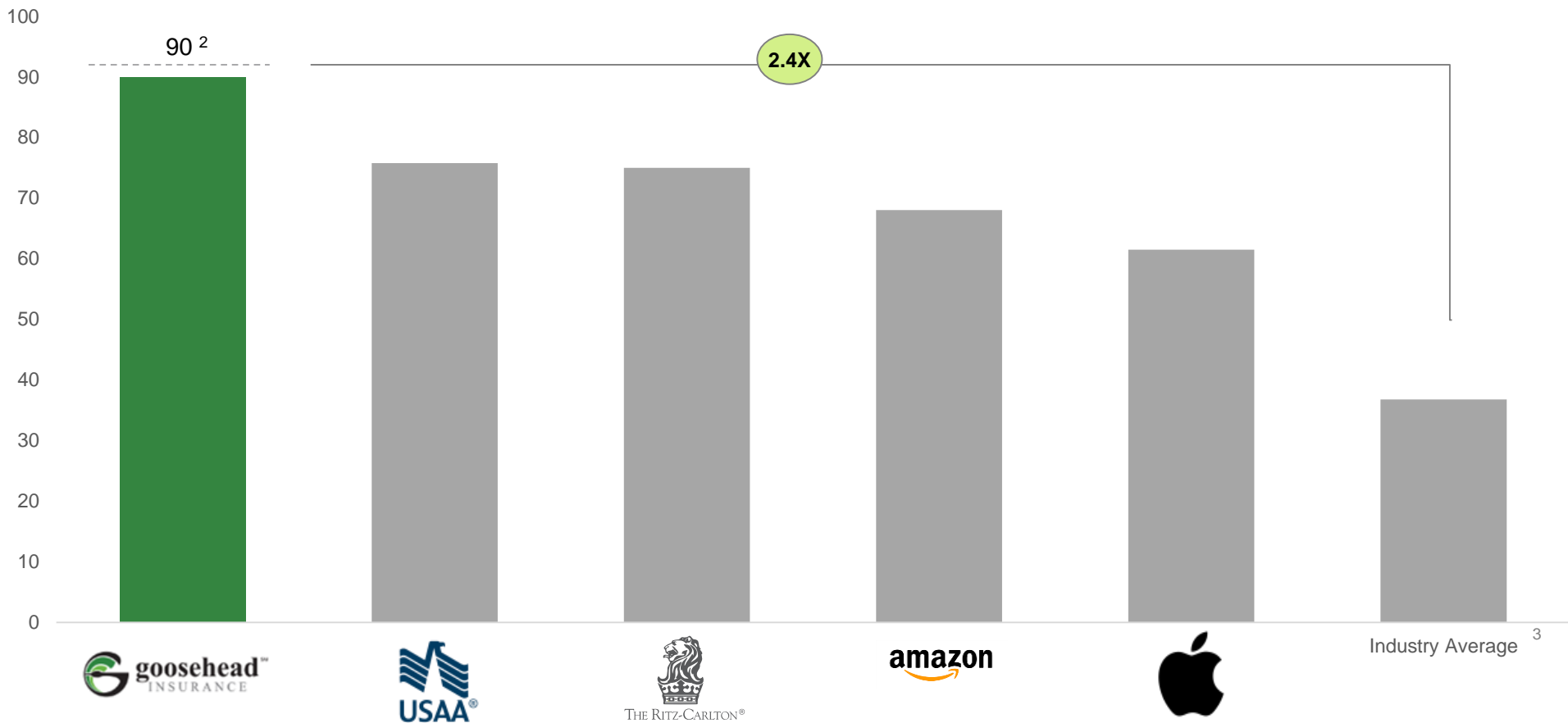
**2018 compensation: \$46k**

<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 Q3 2019*



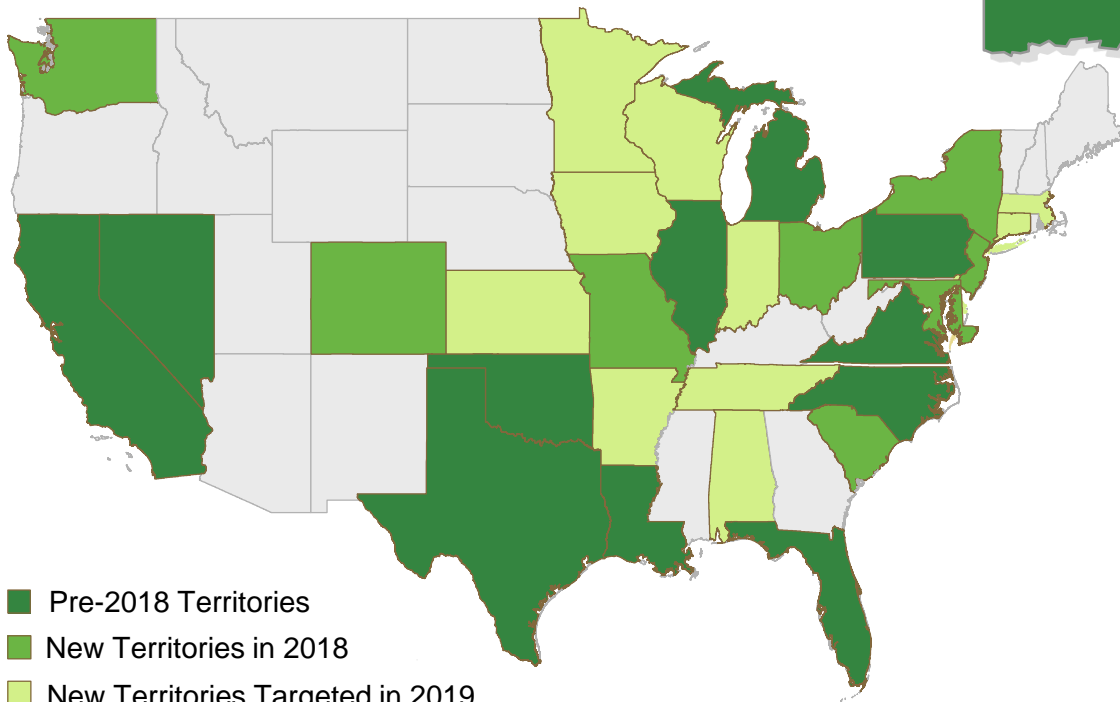
Source: External NPS data from Satmetrix; <sup>1</sup> Ritz, USAA, Apple, Amazon; <sup>2</sup> Represents Q3 2019 NPS; <sup>3</sup> Represents average of auto industry and home industry

# Meaningful Growth Opportunity



Continued Technology Upgrades

Continued Corporate Channel Recruiting



Continued Improvements in Productivity and Customer Service

National Rollout of Franchise Channel



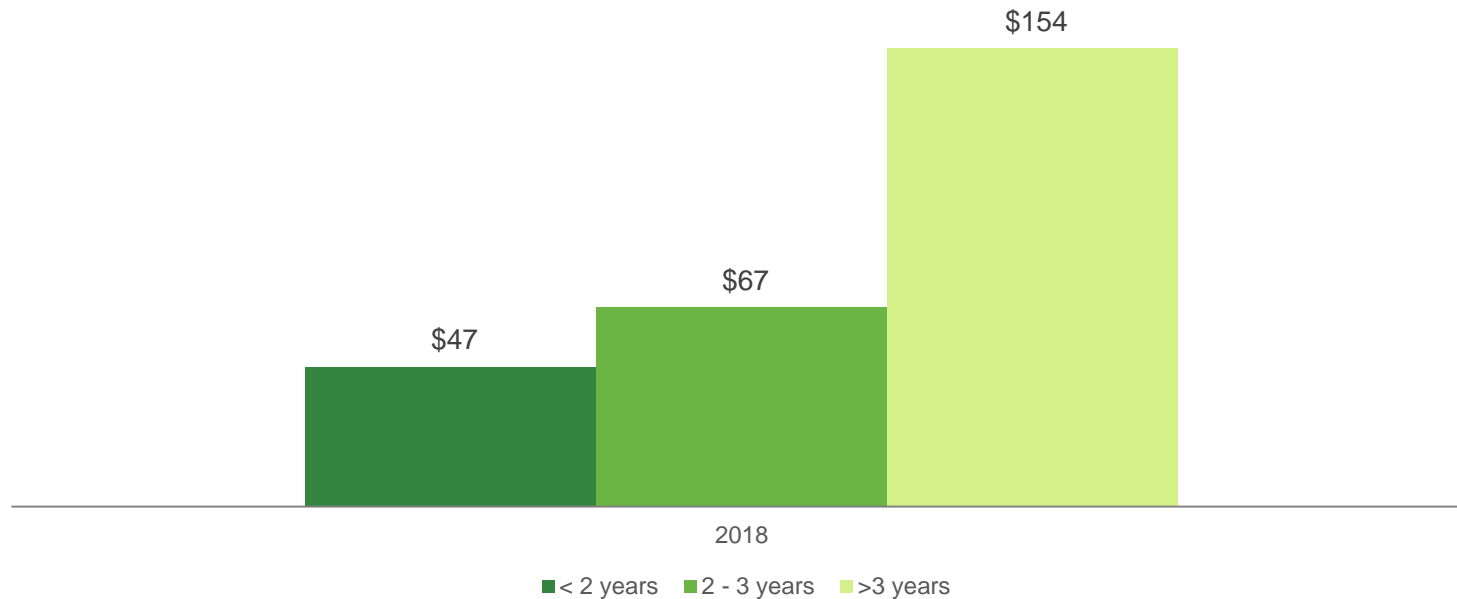
# Continued Corporate Channel Recruiting



*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

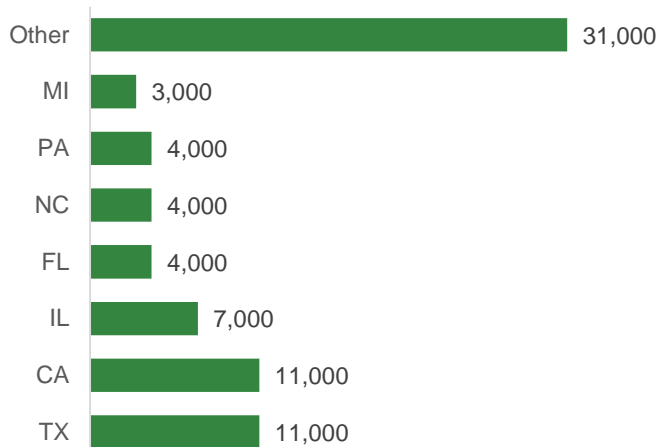
**Average corporate agent compensation by tenure (\$000s)**



# National Rollout Of Franchise Channel



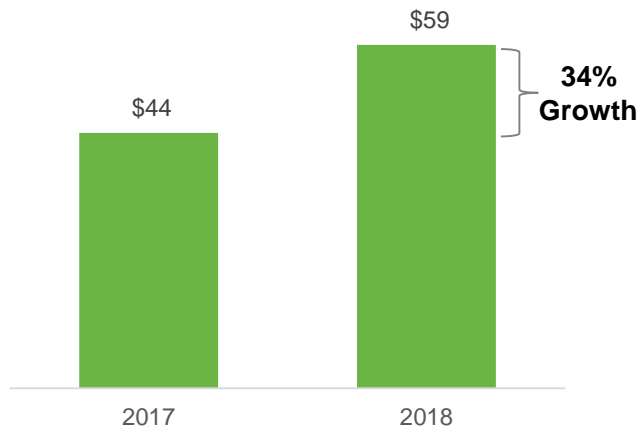
## Pipeline Growth



**Total Leads as of Sep 2019: 75,000**

- ~43 members on the recruiting team as of Q3 19
- Recruiting targets include the universe of nearly 400,000 U.S. insurance agents

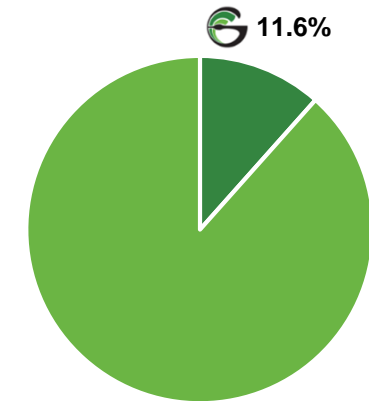
## Production Ramp-up



- 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

**2018 TX mortgage originations / refinancing: ~459k<sup>1</sup>**

11.6% Goosehead market share × 7.7mm Originations / refinancing in the U.S.<sup>1</sup>

**893k**  
Potential new clients each year

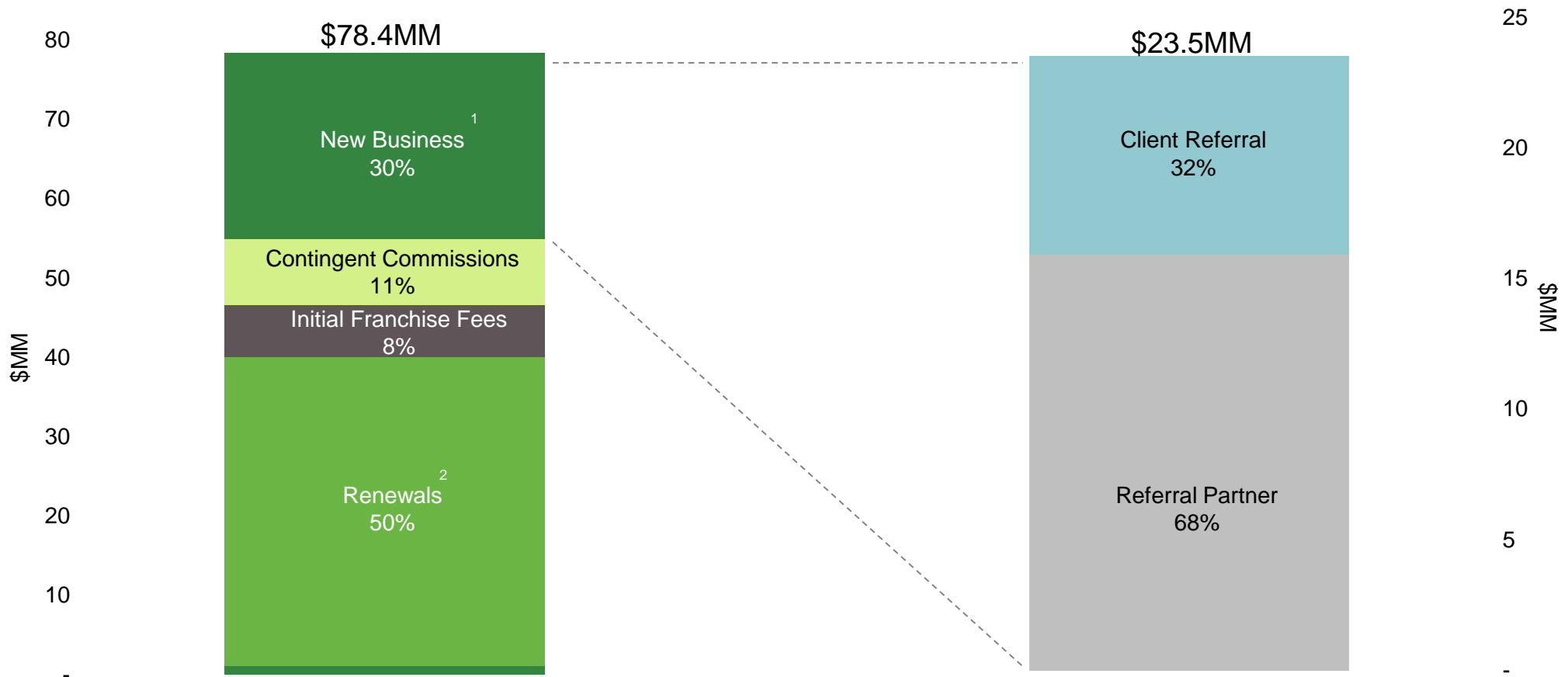
<sup>1</sup> Source: 2018 Home Mortgage Disclosure Act Data

# Revenue Break-Down



*Only 20% of total revenue is exposed to housing market conditions*

## TTM 9/30/2019 Revenue



<sup>1</sup> Includes TTM New Business Revenue (Corporate), Agency Fees, and New Business Royalty Fees

<sup>2</sup> Includes TTM Renewal Revenue (Corporate) and Renewal Royalty Fees

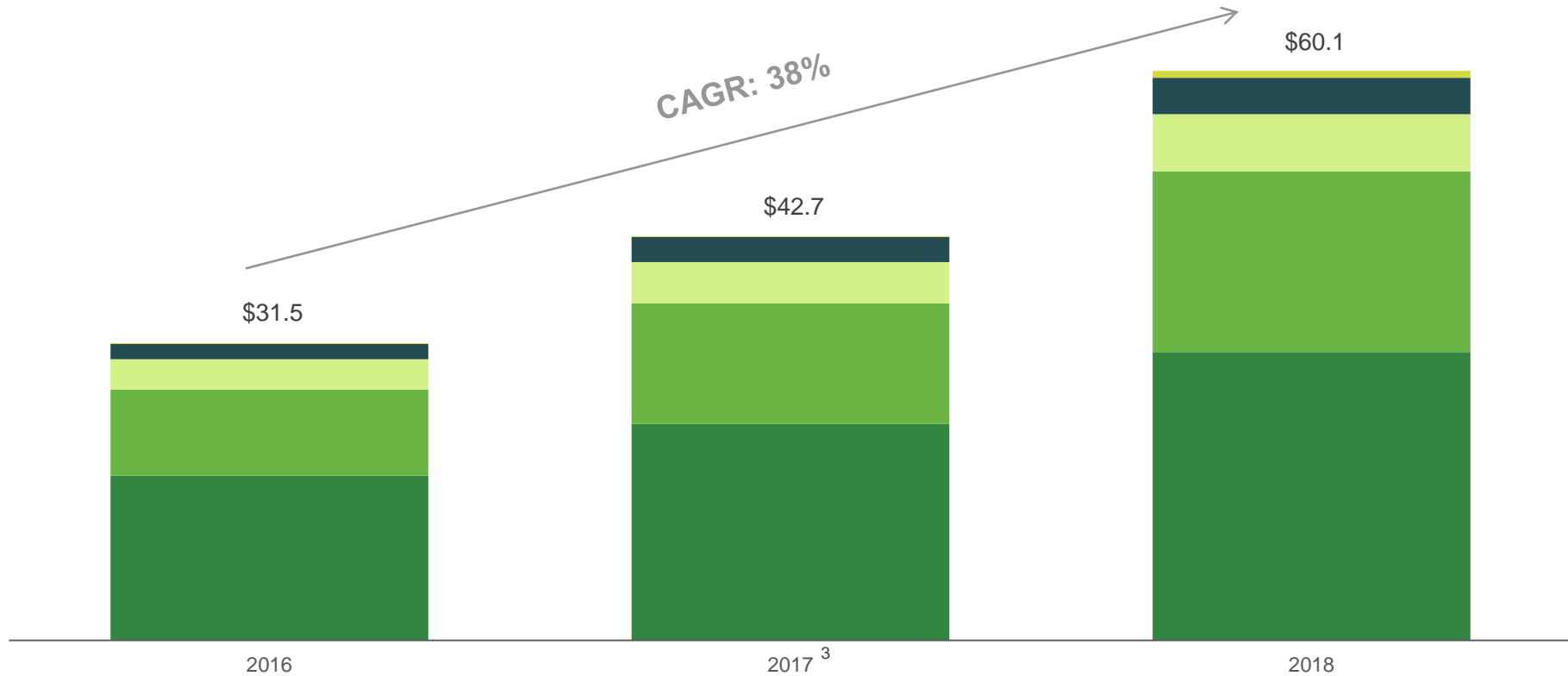
A photograph of a family of four sitting in a bed. A woman with long dark hair, wearing a blue t-shirt, is smiling and holding a young girl with long brown hair, who is also smiling. The girl is wearing a grey t-shirt and white shorts. A man with short brown hair, wearing a blue shirt, is smiling and looking towards the camera. A young boy with short dark hair is also smiling and looking towards the camera. They are all holding and reading books together. The background is a white quilted pillow.

**Economics of our  
Business**

# Strong Revenue Growth and Stable Margins



Total revenue (\$mm)



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

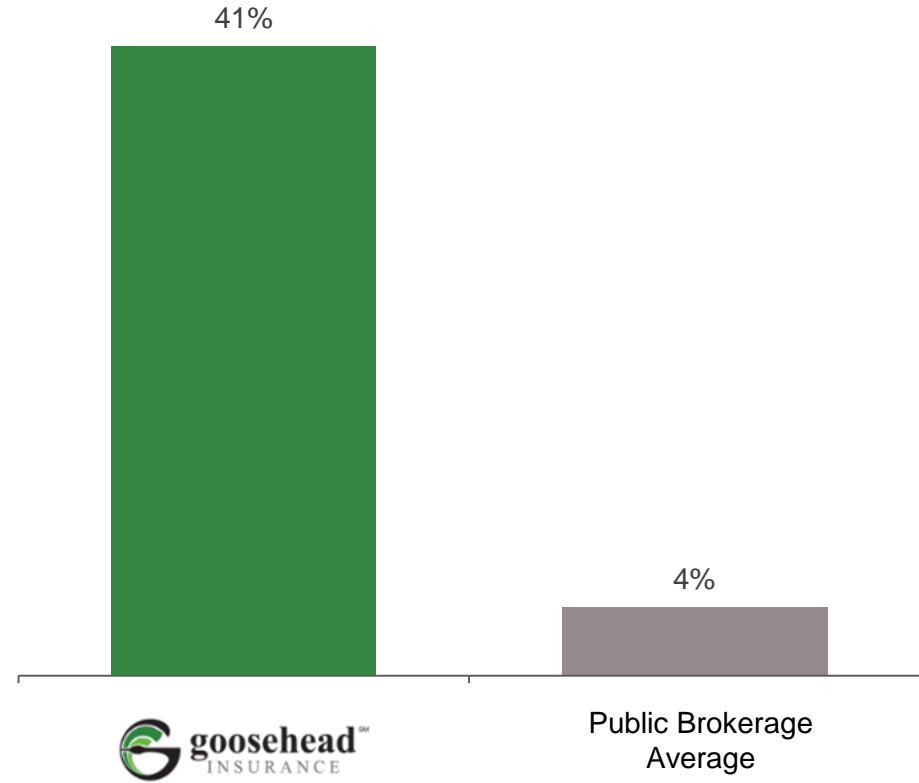
■ Renewal revenue<sup>1</sup> ■ New business revenue<sup>1</sup> ■ Initial franchise fees<sup>2</sup> ■ Contingent commissions ■ Other income

<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

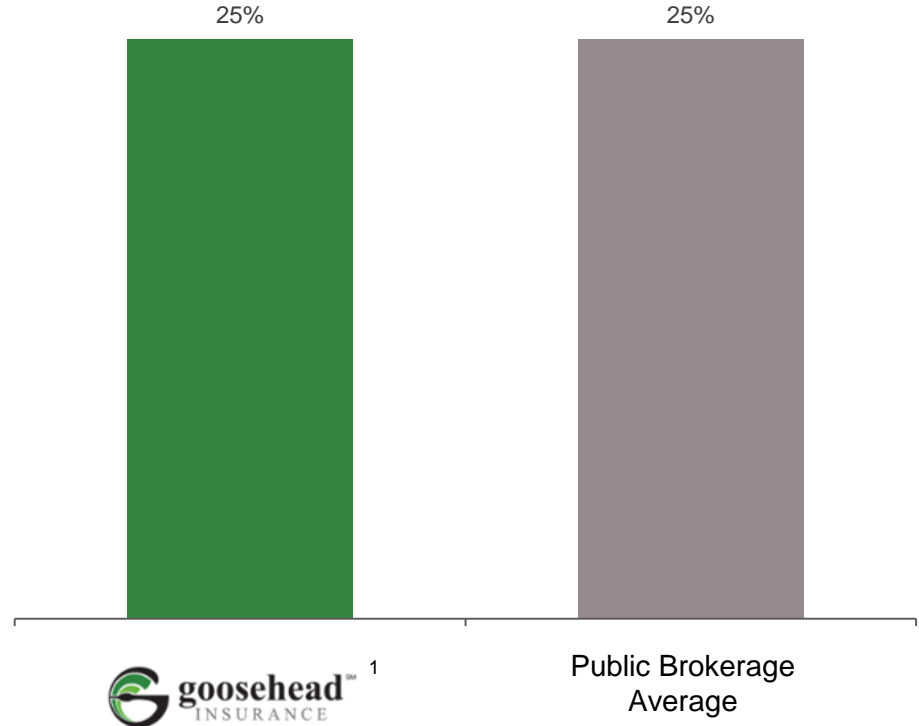
# Outpacing the Industry in Growth with a Clear Path to Margin Expansion



2018 Organic revenue growth



2018 Adjusted EBITDA margins

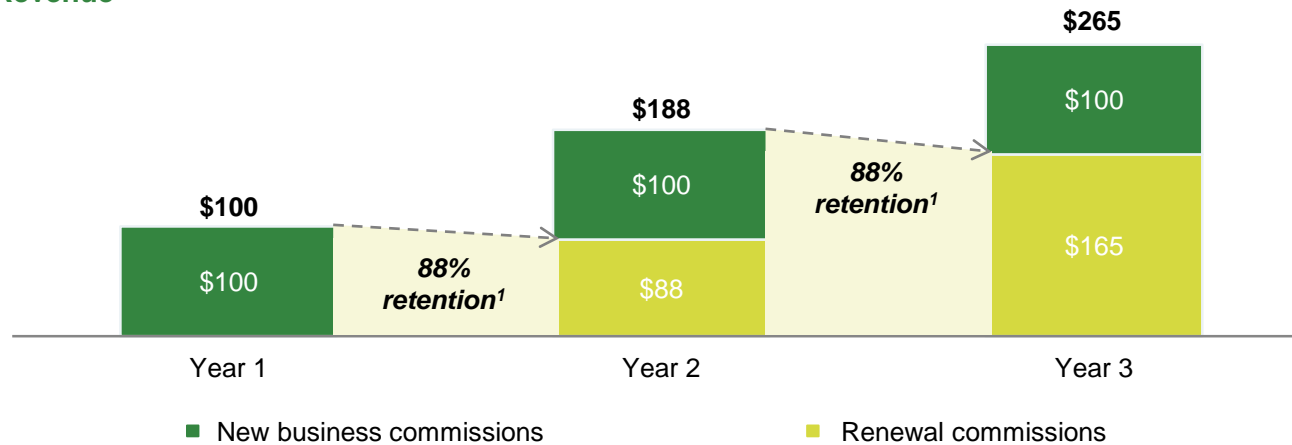


Source: Public filings; <sup>1</sup> Represents 2018 Adjusted EBITDA margin; see Appendix for GAAP reconciliation.  
Note: Public comparables include AON, AJG, BRO, MMC and WLTW; represent North American retail insurance brokerage organic growth or closest approximation

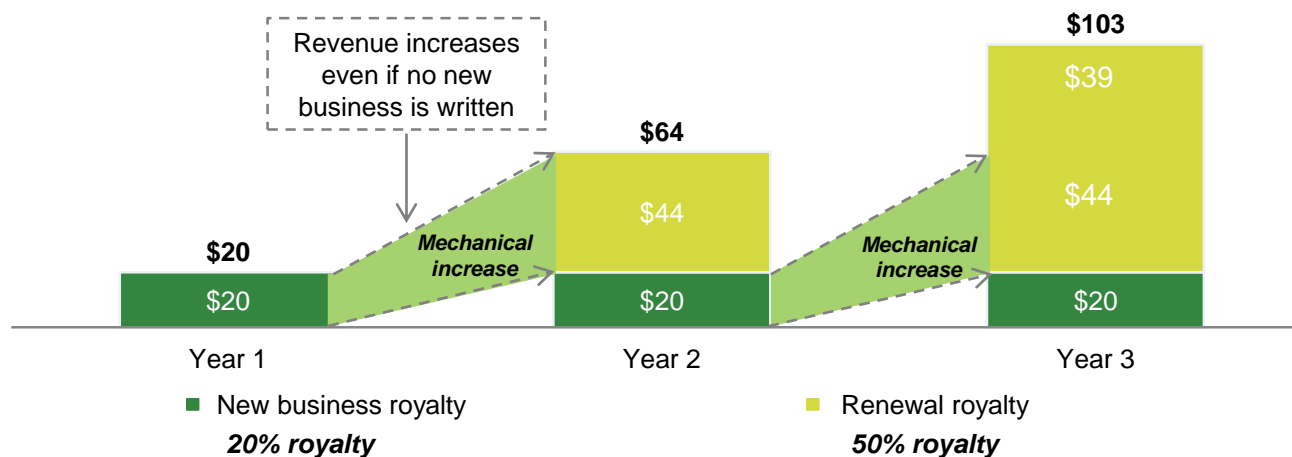
# Compelling Economics Drive Growth And Visibility

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

## Corporate Channel Revenue



## Franchise Channel Revenue



Note: Illustrative example

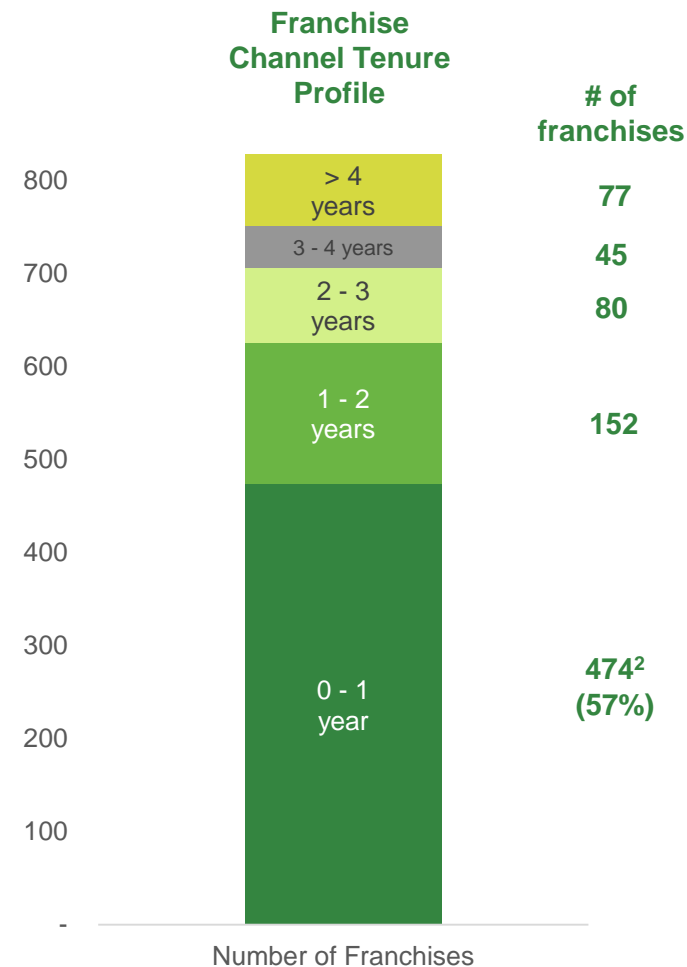
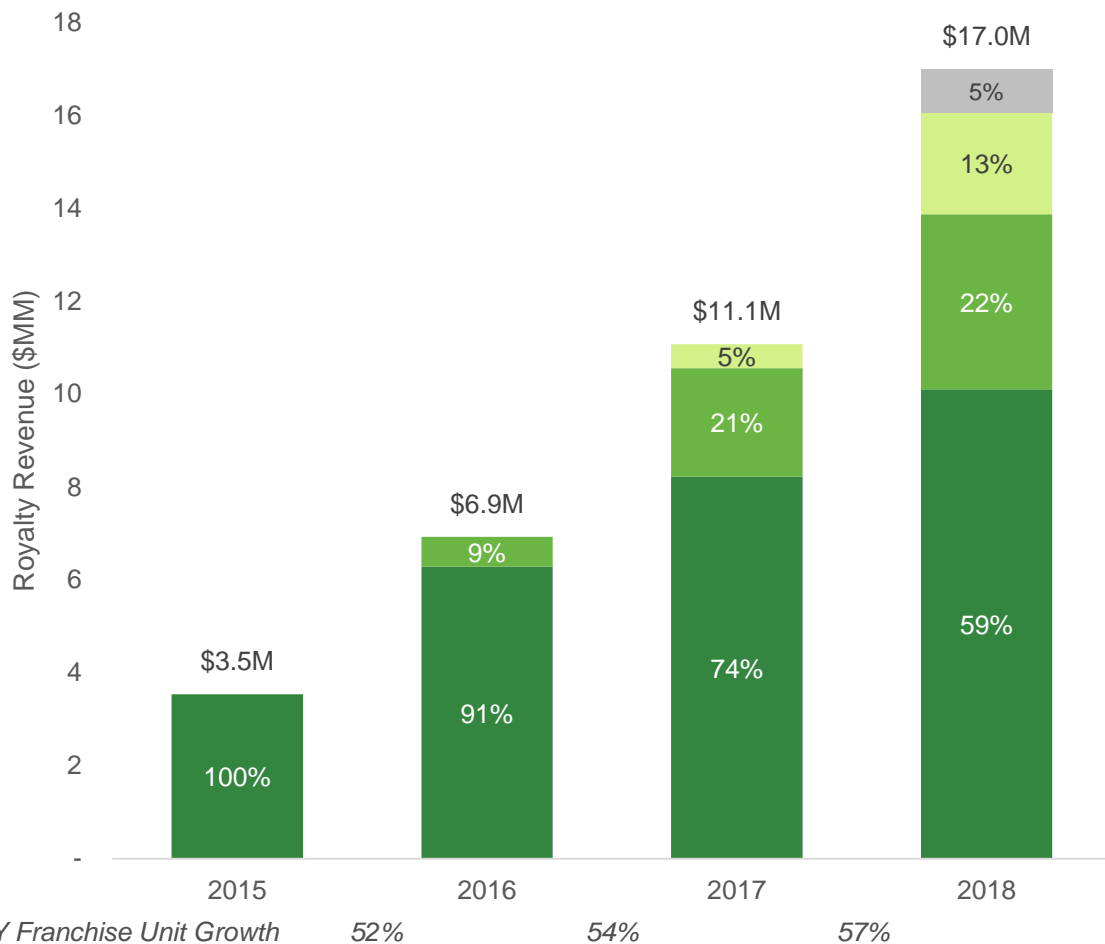
<sup>1</sup> Represents Q3 2019 client retention rate

# Mechanical Growth Provides Abundant and Predictable Organic Opportunity



*New franchise units take several years to materially impact revenue*

*Young tenure of franchises provides large volumes of predictable future revenue*



Cohorts' contribution to annual revenue ■ 2015 and prior ■ 2016 ■ 2017 ■ 2018

<sup>1</sup> Number of franchise locations include 245 franchises which are under contract but yet to be opened as of 9/30/2019



# 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
Quality control 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*

# 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

# Executive biographies



## Mark E. Jones



### ***Co-Founder, Chairman and Chief Executive Officer***

Mr. Jones is a co-founder of the company and has served as Chief Executive Officer since inception in 2003. Under his leadership, Goosehead has grown to be counted among the largest and fastest growing personal lines insurance agencies in the country. Prior to joining the company, he was a Senior Partner and Director of Bain & Company, the global management consulting firm. Earlier in his career, he worked in the audit and mergers and acquisitions practice groups for Ernst & Young. He holds a Bachelor of Commerce degree from the University of Alberta and an MBA from Harvard Business School.

## Michael Colby



### ***President and Chief Operating Officer***

Mr. Colby joined Goosehead Insurance in 2006, was promoted to Senior Vice President and Chief Financial Officer, and served in that role from 2010 to 2014. He was appointed Executive Vice President and Chief Operating Officer in 2011 and then promoted to President and COO in 2016. Mr. Colby has led the franchise operations of the company since 2011, leading Goosehead's exponential growth and expansion into several states. Earlier in his career, Mr. Colby worked with KPMG in their audit practice. He holds a B.B.A in Accounting and an M.S. in Finance from Texas A&M University.

## Mark Colby



### ***Chief Financial Officer***

Mr. Colby has served as Chief Financial Officer since 2016. Mr. Colby joined Goosehead in 2012 as Manager of Strategic Initiatives, where he worked on Information Systems platform development and migration, real estate planning, and business diversification initiatives. Since his promotion to Vice President of Finance in 2015, Mr. Colby has overseen Goosehead's internal and external financial reporting, budgeting and forecasting, payroll/401(k) administration, treasury function, and Quality Control/Risk Management department. Prior to joining Goosehead full-time, Mr. Colby worked in Ernst & Young's Transaction Advisory Services and Audit service lines from 2009 to 2012. He graduated cum laude from Texas A&M University in 2009 with a B.B.A. in Accounting and a M.S. in Finance and is a Certified Public Accountant.

## Ryan Langston



### ***General Counsel***

Mr. Langston joined Goosehead Insurance in 2014 as Vice President and General Counsel. He is responsible for coordinating and leading legal activity and compliance. Prior to joining Goosehead, Mr. Langston was an attorney with Strasburger & Price, LLP where he represented businesses in commercial litigation and arbitration involving business dissolutions, theft of trade secrets, enforcement of noncompetition agreements, and breach of contracts. He holds a Bachelor of Arts degree from Brigham Young University and received his J.D. from the University of Texas School of Law.

# Executive biographies (cont'd)



## Michael Moxley



### ***Vice President***

Mr. Moxley serves as Vice President of Service Delivery for Goosehead Insurance. He joined the company from Transcom Global, an international BPO company, where he was Director of Service Delivery for North America, having oversight for a service operations team spanning four service centers and two countries. Prior to Transcom, Mr. Moxley worked with Alorica, another global BPO firm, where he was a key contributor to their expansion strategy, growing operations to over 3,000 agents in five centers. Earlier in his career Mr. Moxley spent more than 10 years leading various sales and service teams for AT&T. Mr. Moxley has over 13 years of experience in scaling service operations and driving client satisfaction

## Megan Bailey



### ***Vice President***

Ms. Bailey serves as Vice President of Franchise Sales for Goosehead Insurance. She joined Goosehead in 2011 to launch the franchise division of the firm. Goosehead has since grown to over 400 franchise locations in six years. She has over 15 years of sales and management experience including retail, advertising, and software. Originally from Cedar Rapids, Iowa, Megan graduated from the University of Iowa with a Bachelor's degree in Business Communications

## Matthew Colby



### ***Vice President***

Mr. Colby is a Co-Founder of Goosehead Insurance's Houston Office and currently serves as Vice President of Agency Sales. He began his professional career at Charles Schwab as a 401(k) Associate in their Plan Conversions Department. He joined Goosehead Insurance Dallas as an Account Executive in 2007, and was promoted to Manager in 2008. In 2009, Mr. Colby moved to Houston to open Goosehead's first satellite office. Prior to working at Goosehead, Mr. Colby obtained a Bachelor of Science at Texas A&M University where he majored in Political Science with a minor in Business Administration

## Gary Delavan



### ***Vice President***

Mr. Delavan joined Goosehead Insurance as an Account Executive in 2005, became a Sales Manager in 2007, was promoted to Partner and Director in 2010, and now serves as Vice President of Corporate Sales. As Vice President of Corporate Sales, Mr. Delavan leads the strategic growth and development of the company's high-octane Corporate Sales teams located in Irving, Fort Worth, Houston, Austin and Chicago. In his 12 years at Goosehead, Mr. Delavan has been involved in many aspects of the business, including recruiting top talent, training & development of that talent, geographic expansion and supporting Goosehead's network of franchise owners. As a third generation Longhorn, Mr. Delavan attended the University of Texas where he graduated Cum Laude with a Major in Finance and minor in Accounting



## Drew Burks



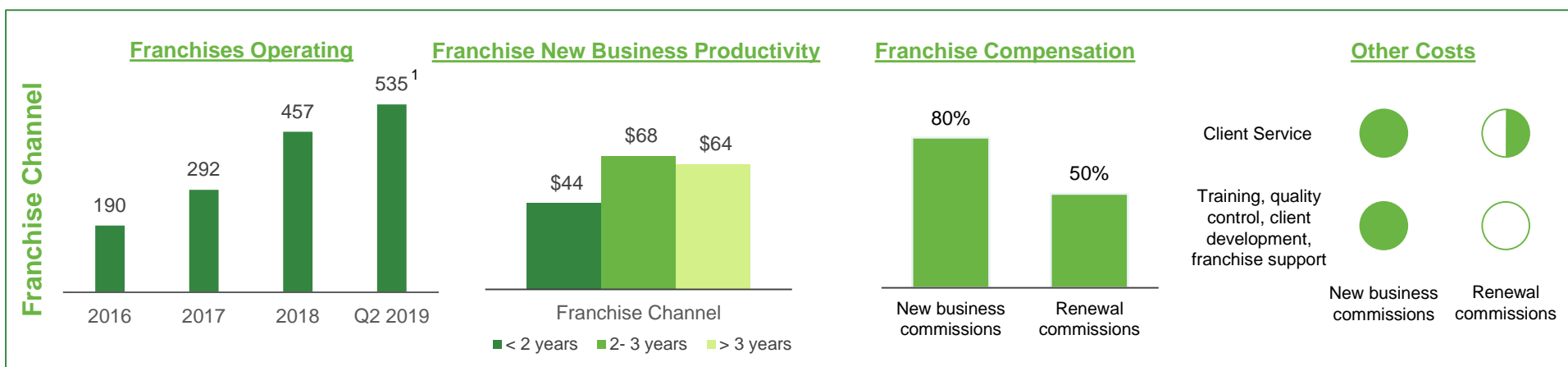
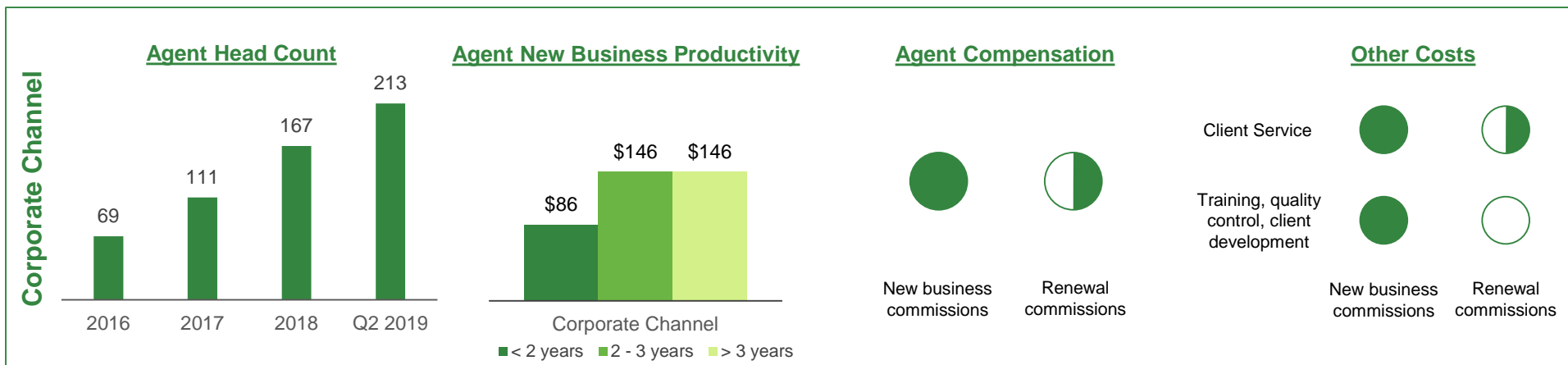
### ***Chief Information Officer***

Mr. Burks joined Goosehead Insurance in 2006 serving in both risk management and technology roles. In 2013 he was promoted to Director of Risk Management, transitioned to Director of Information Systems in 2015, and now serves as Chief Information Officer. Mr. Burks is a Salesforce Certified Administrator and has led Goosehead's development of this platform since its implementation in 2009. He also holds DocuSign for Salesforce and Dell Boomi Integration Developer I certifications. Mr. Burks graduated from Baylor University in 2003 with a B.B.A. in Management Information Systems.

# 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

# Non-GAAP Adjusted EBITDA Reconciliation



	<u>2016</u>		<u>2017</u>		<u>2018</u>
Net Income	\$ 4.7	\$	8.7	\$	(18.7)
Other (Income) Expense	-		(3.5)		0.2
Interest Expense	0.4		2.5		4.3
Depreciation and Amortization	0.5		0.9		1.5
Equity Compensation	2.7		2.2		27.1
Income Tax Expense	-		-		0.4
<b>Adjusted EBITDA</b>	<b>\$ 8.1</b>	<b>\$</b>	<b>10.7</b>	<b>\$</b>	<b>14.8</b>
Adjusted EBITDA Margin	25.8%		25.1%		24.5%

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