



# Investor Presentation

August 2018



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Further information on potential factors that could affect the financial results of Goosehead Insurance is included under the caption entitled “Risk factors” in our prospectus relating to our Registration Statement on Form S-1, as amended (Registration No. 333-224080), filed with the U.S. Securities and Exchange Commission pursuant to Rule 424(b) under the U.S. Securities Act of 1933, as amended. These documents and others containing important disclosures are available on the SEC Filings section of the Investor Information section of our Web site.

The forward-looking statements included in this presentation are made only as of the date hereof. Although we believe the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, level of activity, performance or achievements. Moreover, neither we nor any other person assumes responsibility for the accuracy and completeness of any of these forward-looking statements.

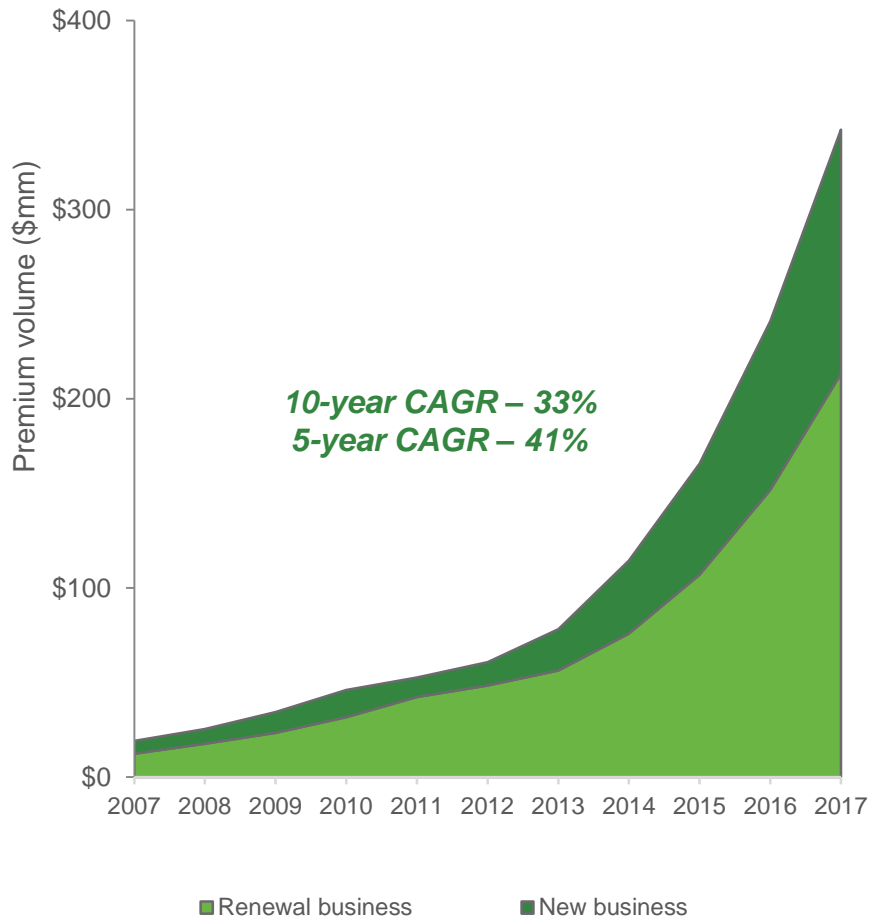


## Company Overview

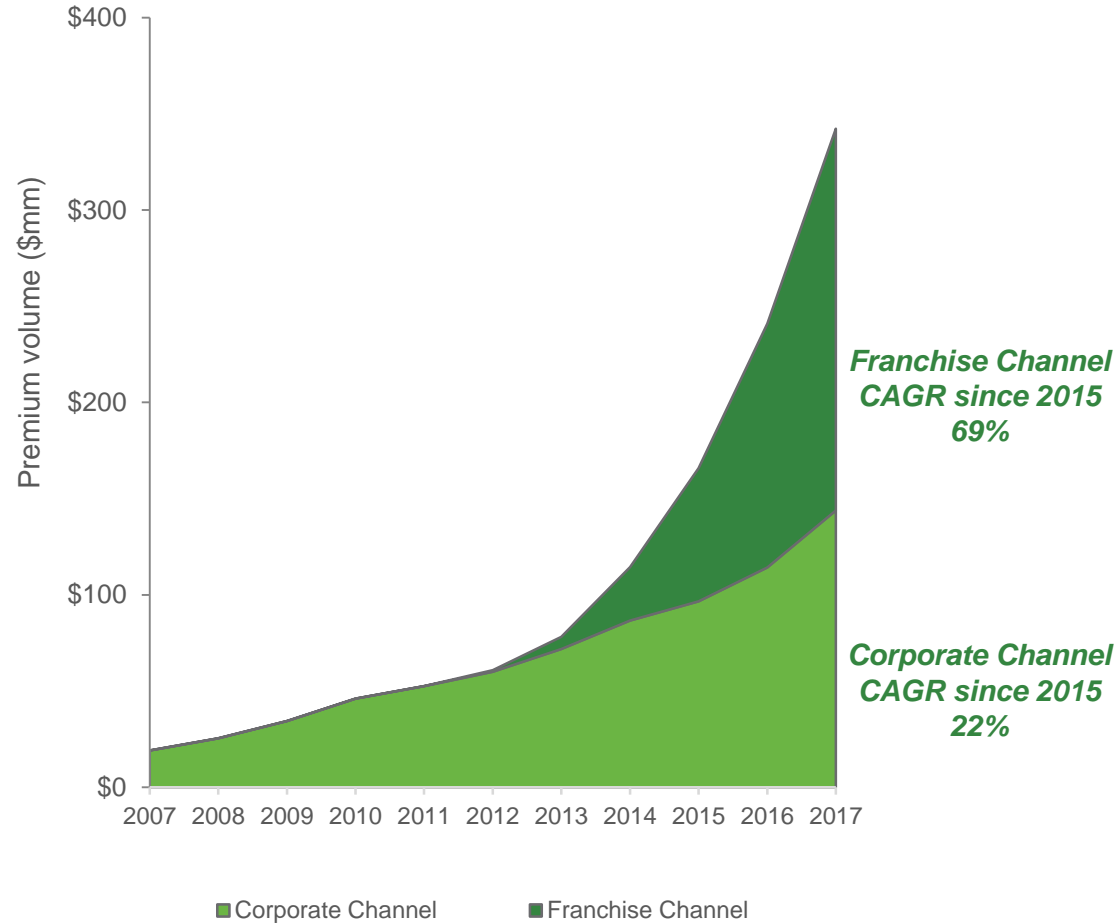
# Strong and Stable Organic Growth



**New Business and Renewal Premium Growth**



**Corporate and Franchise Channel Premium 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**

# 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

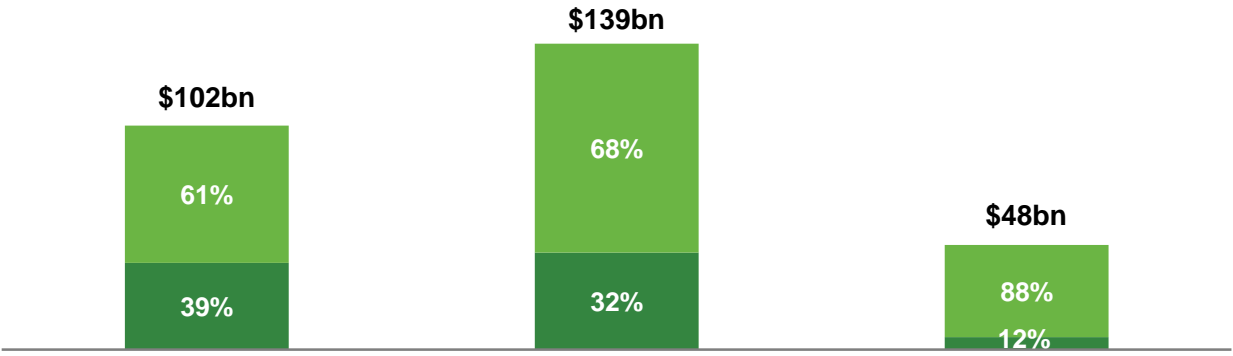
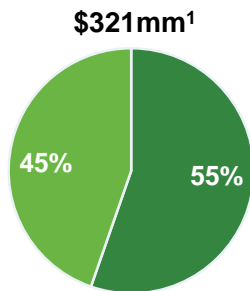
**One carrier** which sells products directly to clients

### Key Attributes

### Product Choice

### Service Quality

### 2015 U.S. Premiums



■ Home ■ Auto

Source: Independent Insurance Agents & Brokers of America

<sup>1</sup> Represents 2017 premiums excluding 'other personal lines products' premium. 'Other personal lines products' include flood, wind and earthquake insurance, excess liability or umbrella insurance, specialty lines insurance (motorcycle, recreational vehicle and other insurance), commercial lines insurance (general liability, property and auto insurance for small businesses), and life insurance.

# Redefining the Industry



Personal lines property and casualty insurance broker



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

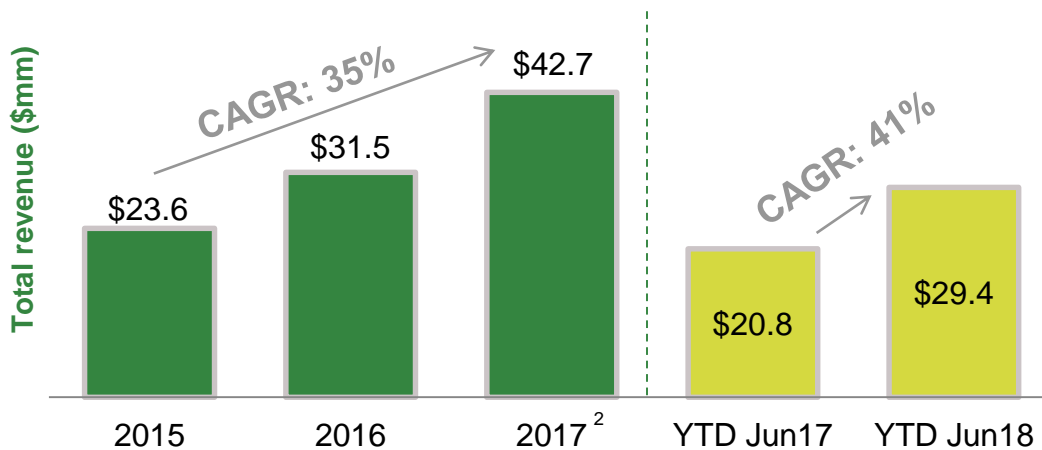


7 corporate sales offices in Texas and Illinois; 493 franchise locations<sup>1</sup> primarily in CA, TX, FL and IL

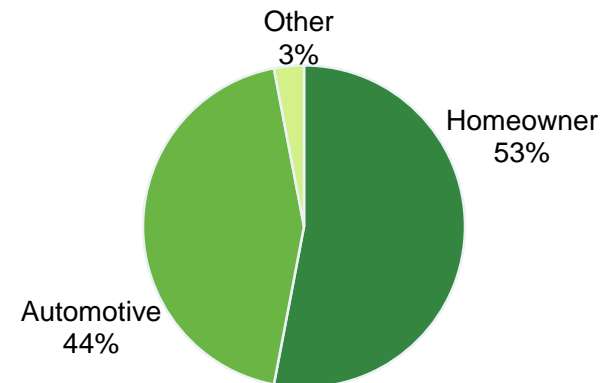


Well-established and positioned for sustained levels of strong growth and profitability

## Accelerating Growth Trajectory



## Focused on Personal Lines



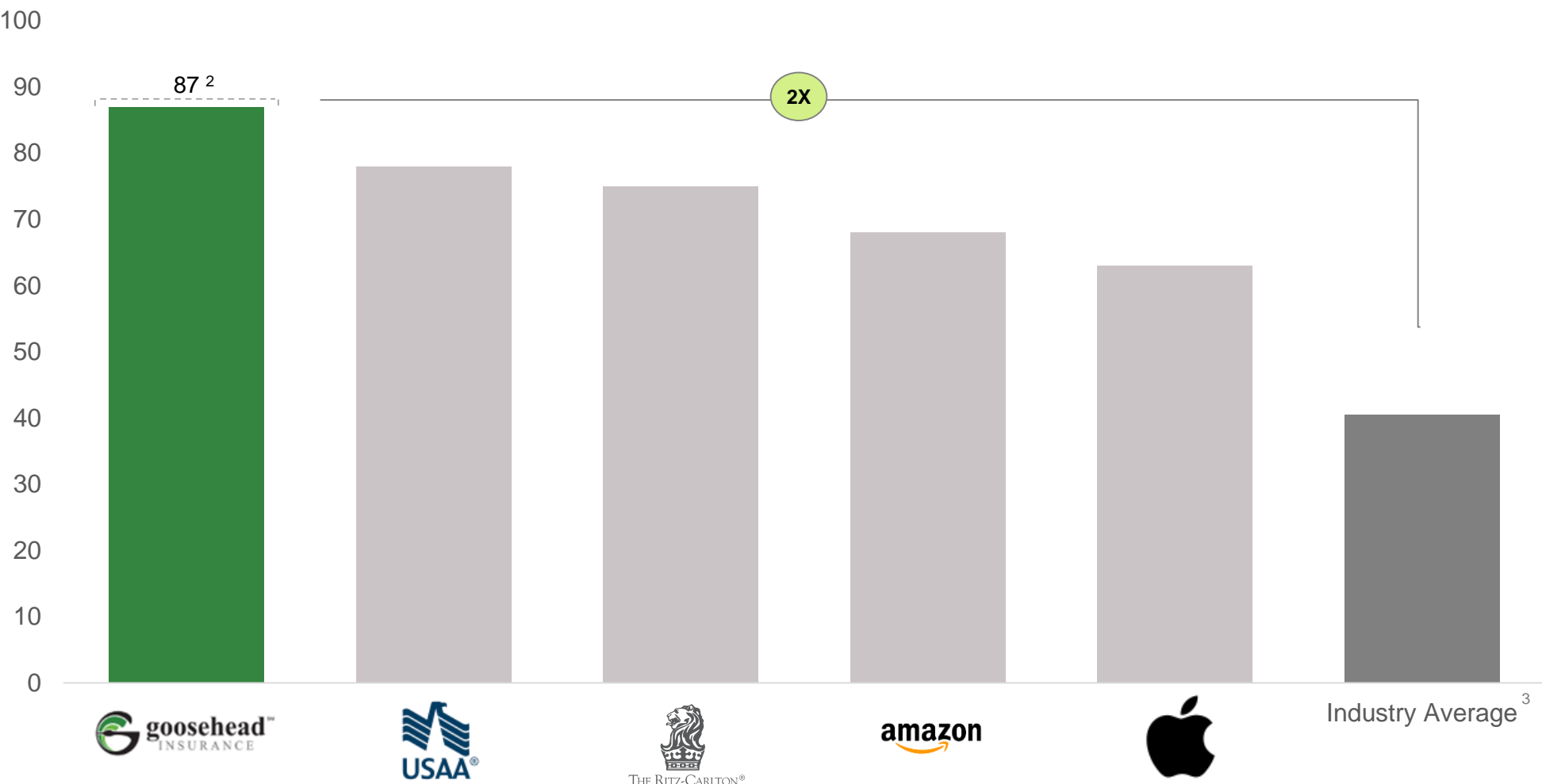
**TTM Jun18 Total premiums: \$418mm**

<sup>1</sup> Number of franchise locations include 108 franchises which are under contract but yet to be opened as of 6/30/18; <sup>2</sup> Excludes gain on sale of \$3.5mm

# 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 2Q18*



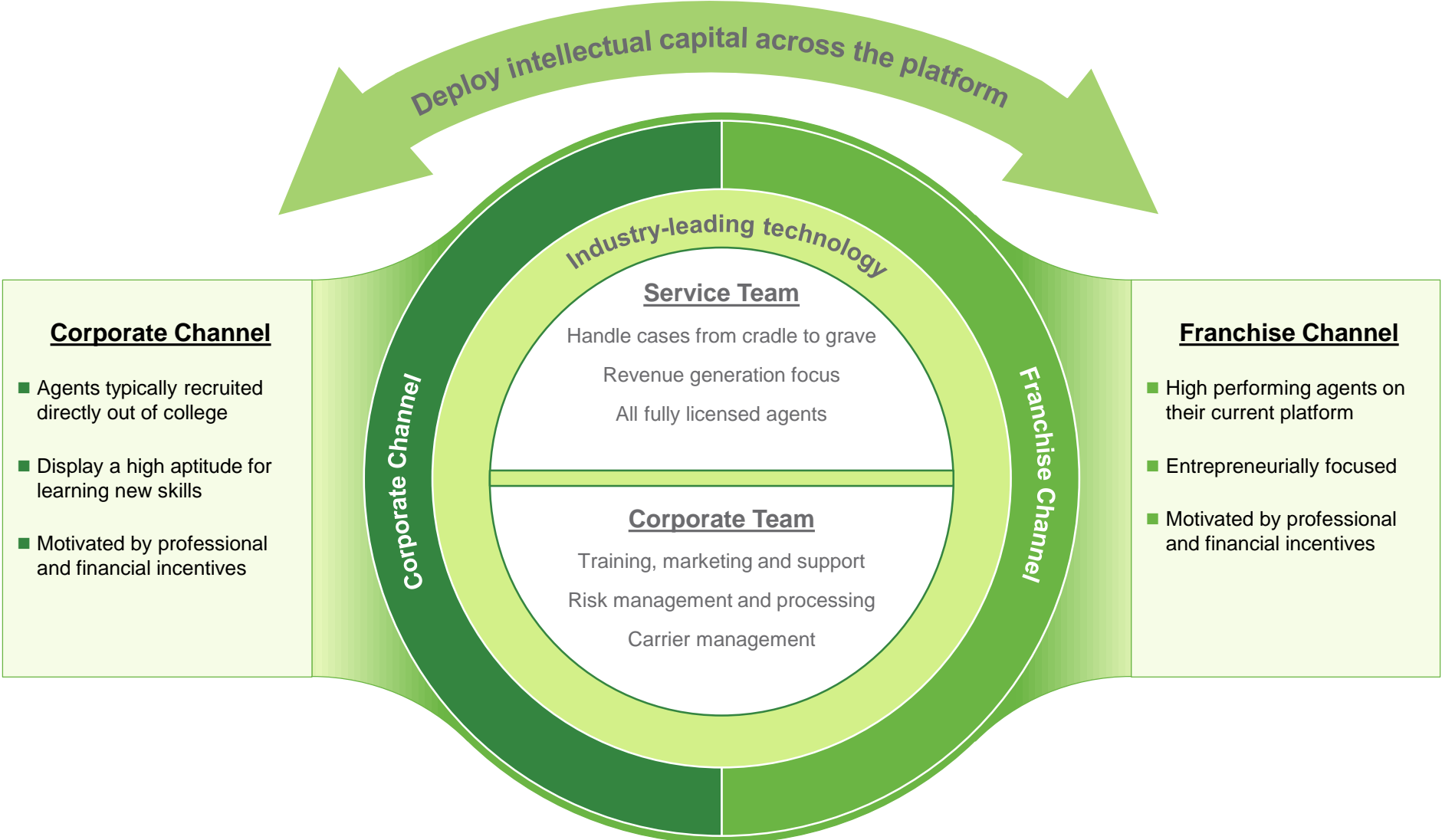
Source: Satmetrix 2018 study; <sup>1</sup> Ritz, USAA, Apple, Amazon; <sup>2</sup> Represents NPS during 2Q18; <sup>3</sup> Represents average of auto industry and home industry





# 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



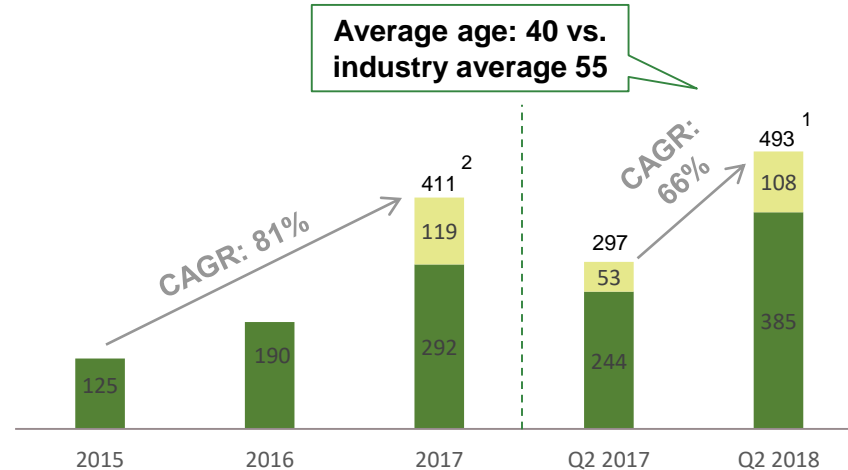
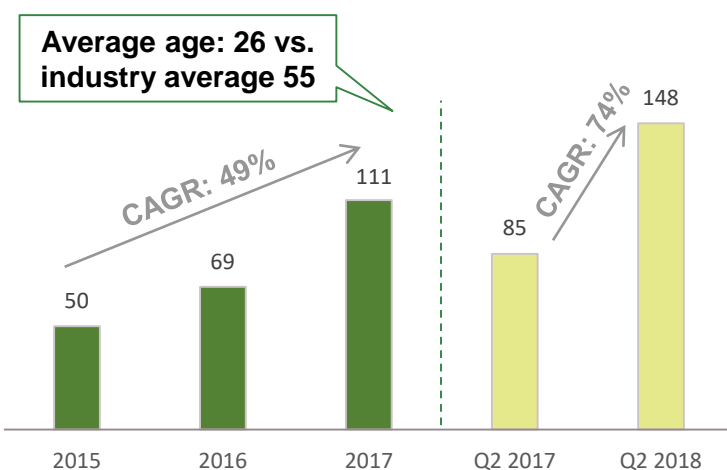
## Franchise Channel

- 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 47,000 potential franchise candidates in the current pipeline



<sup>1</sup> Number of franchise locations include 108 franchises which are under contract but yet to be opened as of 6/30/18; <sup>2</sup> Includes 119 franchises which are under contract but yet to be opened as of 12/31/17 <sup>3</sup> Number of franchise locations include 53 franchises which are under contract but yet to be opened as of 6/30/17

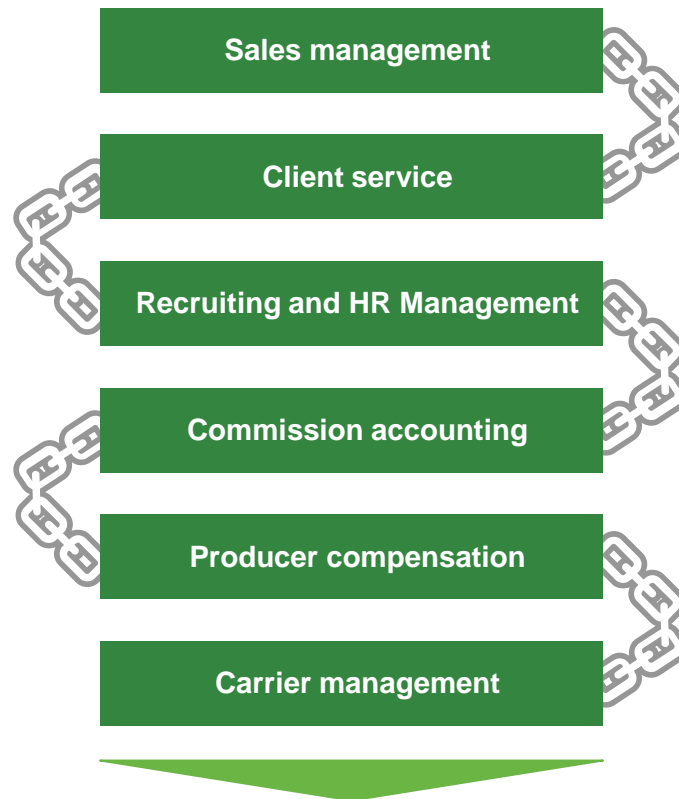
# Robust and Innovative Technology Platform Supports High Growth Business Model




*“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.”*

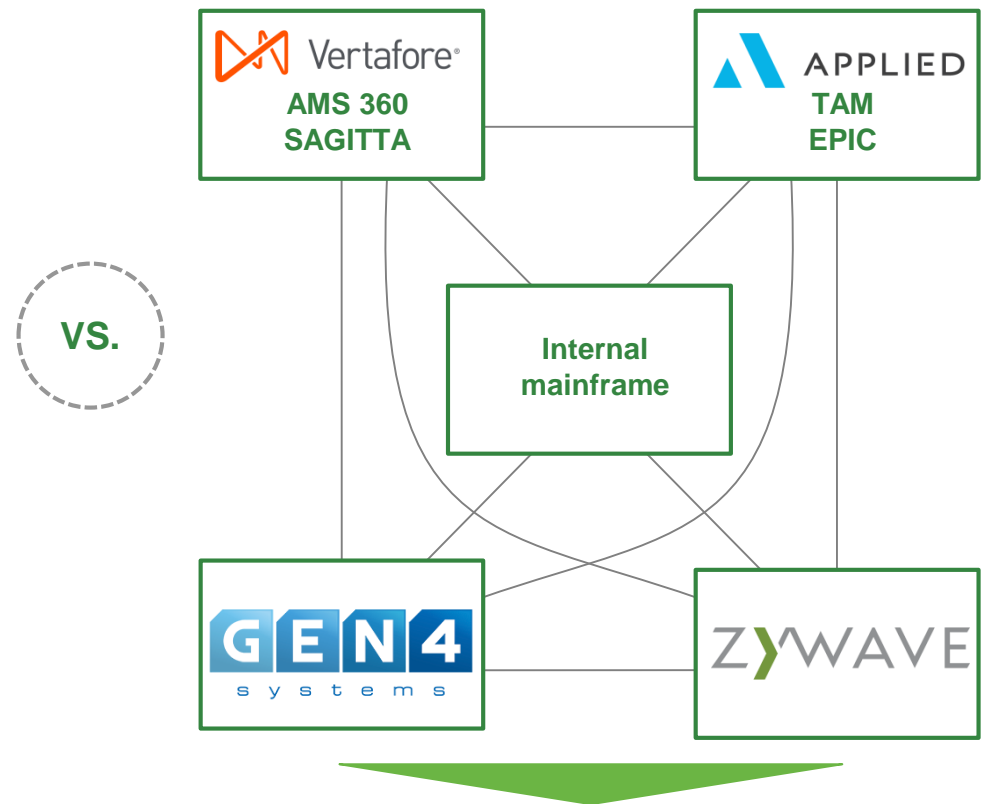
*Michael Khoury, Vice President – Financial Services, Salesforce.com*

## Goosehead Systems



Uniform business process management  
on the  platform

## Typical Agency Systems



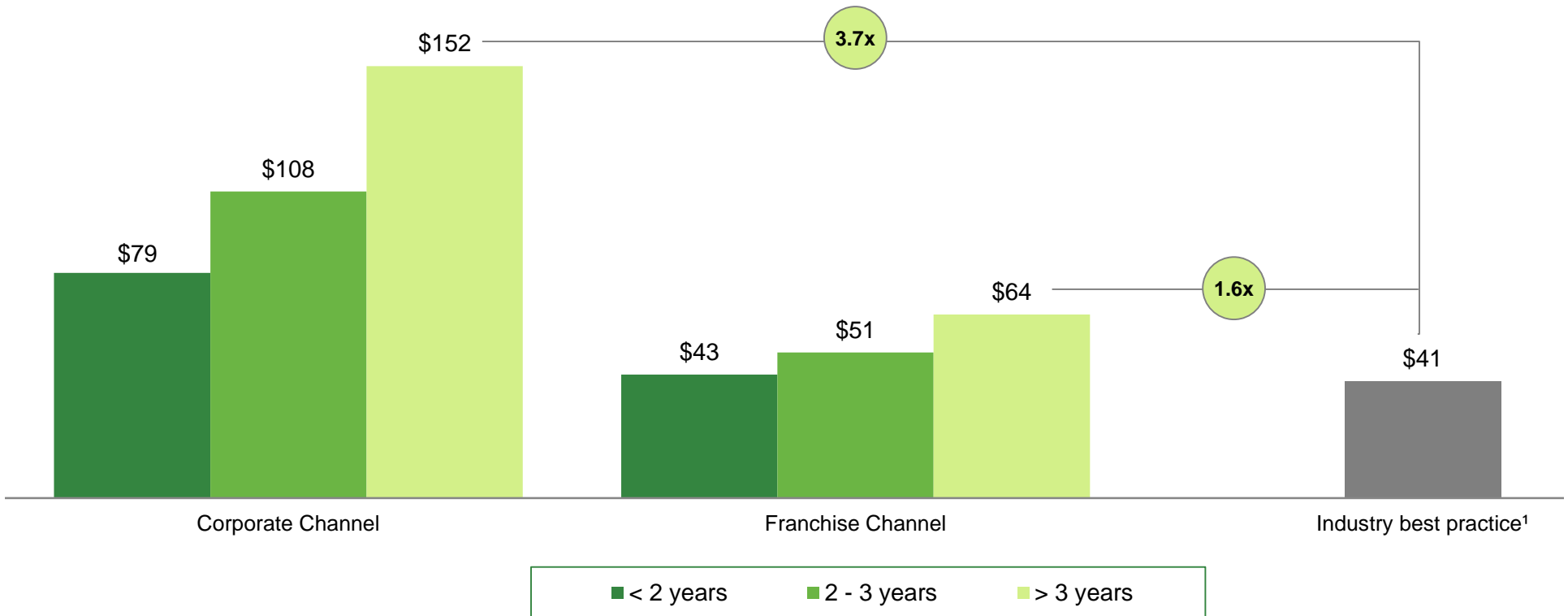
“Hodge-podge” of legacy systems  
which lack continuity

# 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)



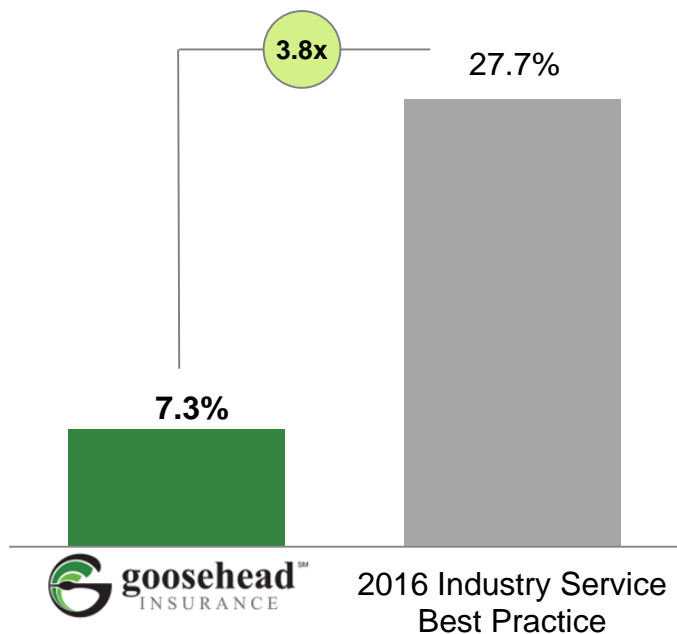
<sup>1</sup> Represents industry best practice per Reagan Consulting; most industry agents have tenures significantly longer than 2 to 3 years

# Technology Drives Margins While Simultaneously Ensuring Client Satisfaction



*Technology enables Company to deliver service highly efficiently*

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



## Key service center metrics



Net Promoter Score

**87**



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

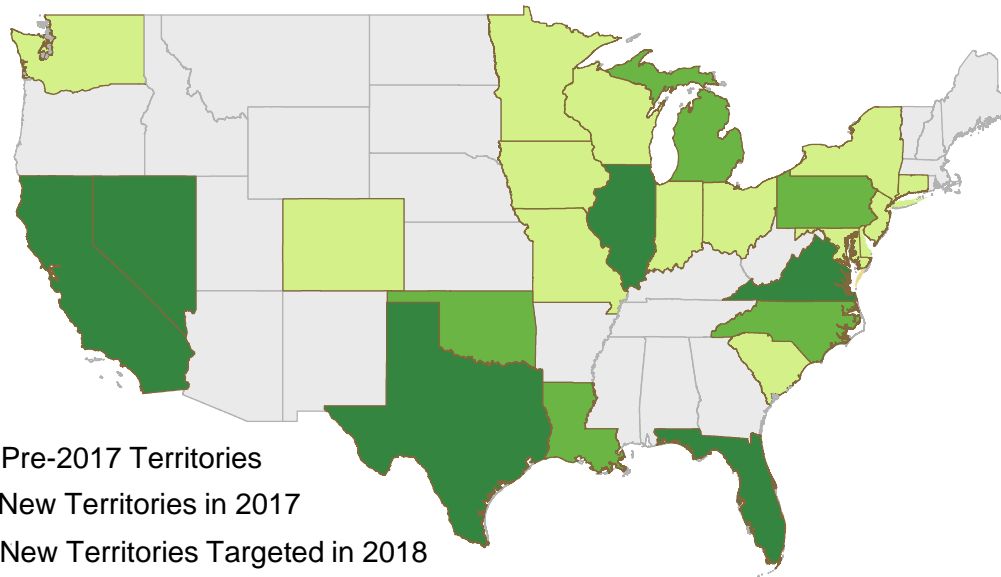
**2017 compensation: \$47k**

# Meaningful Growth Opportunity



Continued Technology Upgrades

Continued Corporate Channel Recruiting



Continued Improvements in Productivity and Customer Service

National Rollout of Franchise Channel

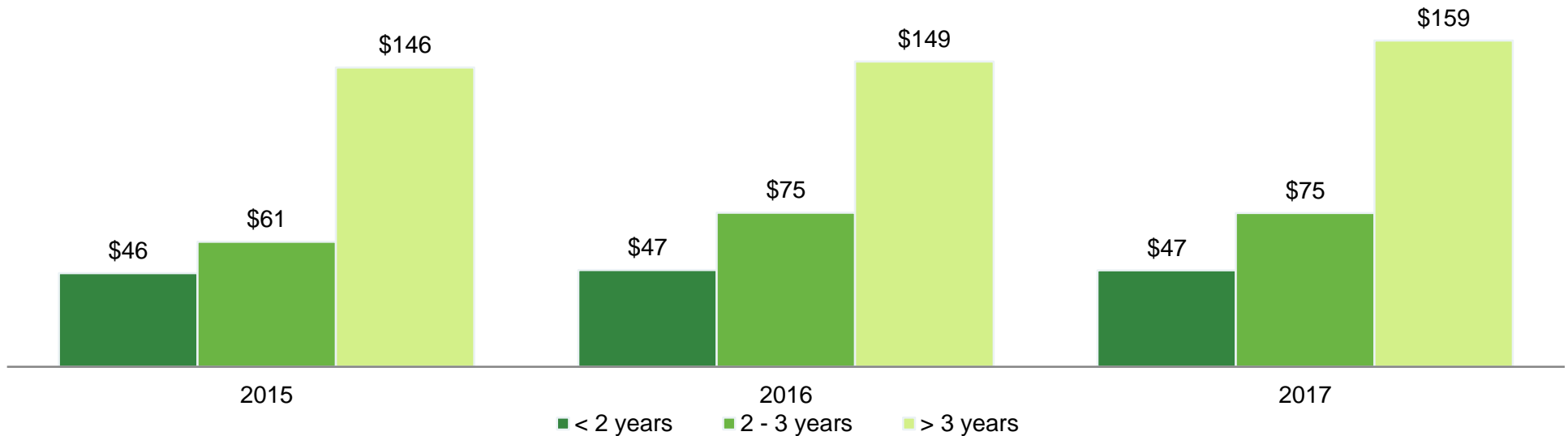
# Continued Corporate Channel Recruiting



*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)**

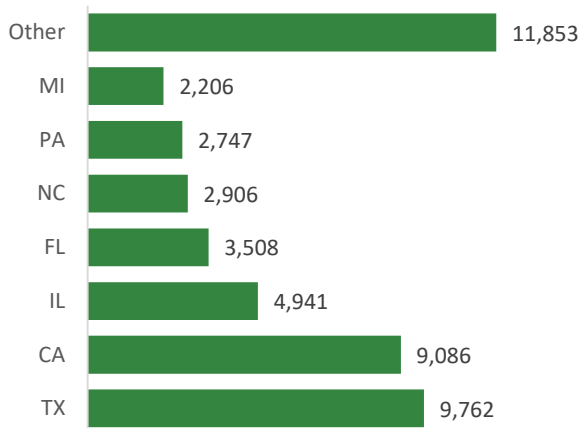




# National Rollout Of Franchise Channel



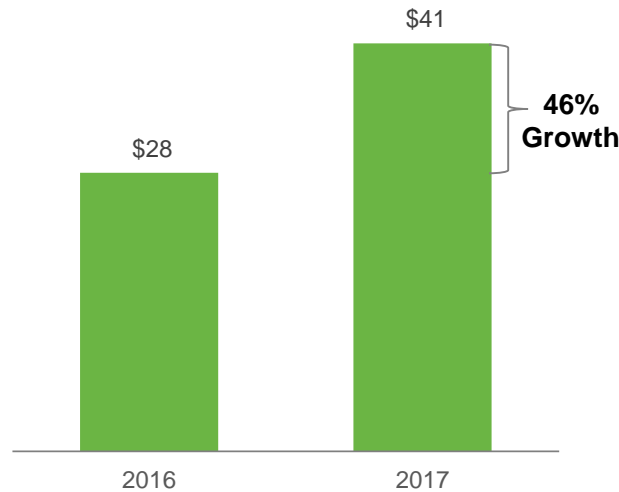
## Pipeline Growth



**Total Leads as of June 2018: 47,000**

- 26 members on the Franchise recruiting team as of Q2 18
- Recruiting targets include the universe of nearly 400,000 U.S. insurance agents

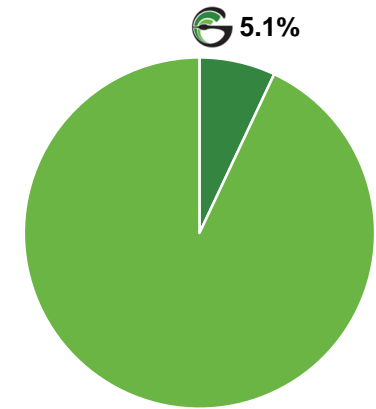
## Production Ramp-up



- All incoming franchisees participate in a two week training program
- Through a combination of both refining the Franchise criteria and training, Goosehead significantly lifted productivity for Franchises in their first year

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

## National Implications



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

**2016 TX mortgage originations / refinancing: ~613k**

5.1% Goosehead market share × 8.4mm Originations / refinancing in the U.S.

**424k**  
Potential new clients each year

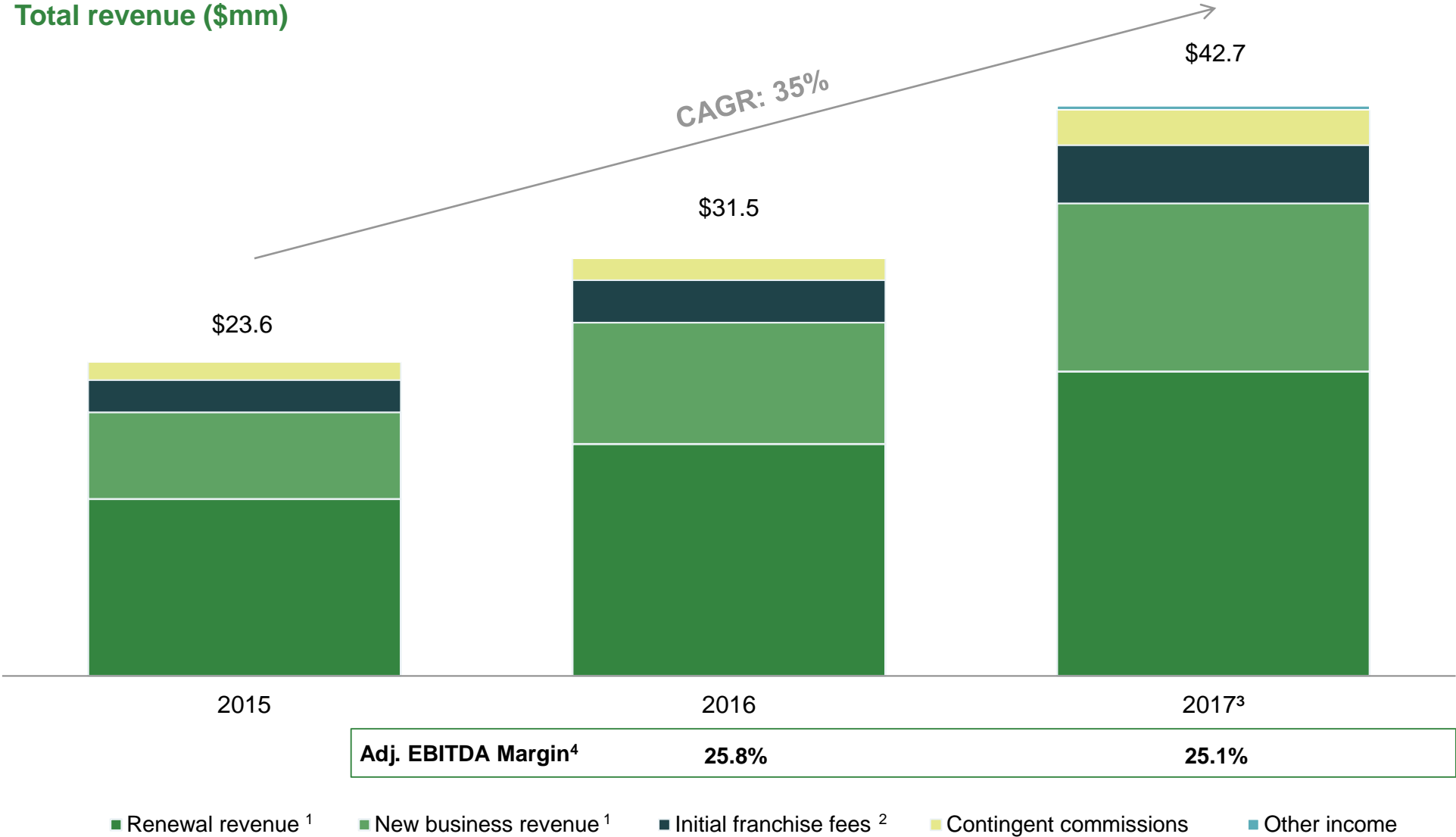


**Economics of our  
Business**

# Strong Revenue Growth And Stable Margins



Total revenue (\$mm)

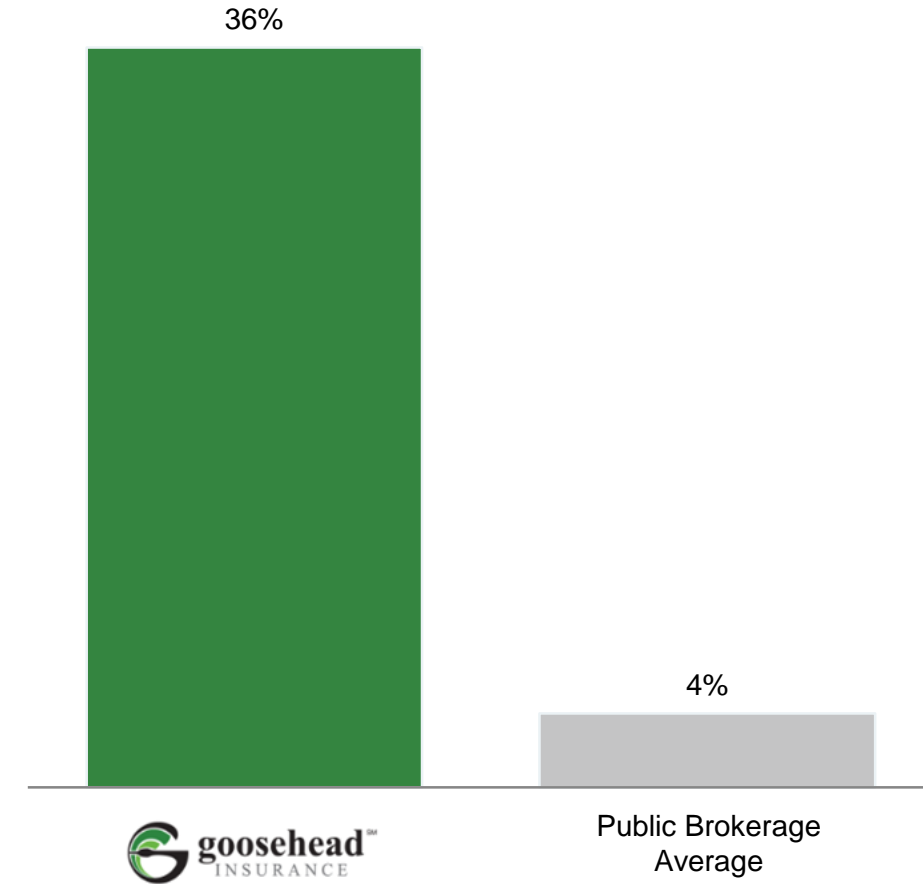


<sup>1</sup> Includes royalty fees; <sup>2</sup> Related to the training and onboarding of new franchise locations; <sup>3</sup> Excludes gain on sale of \$3.5mm <sup>4</sup> See Appendix for GAAP reconciliation

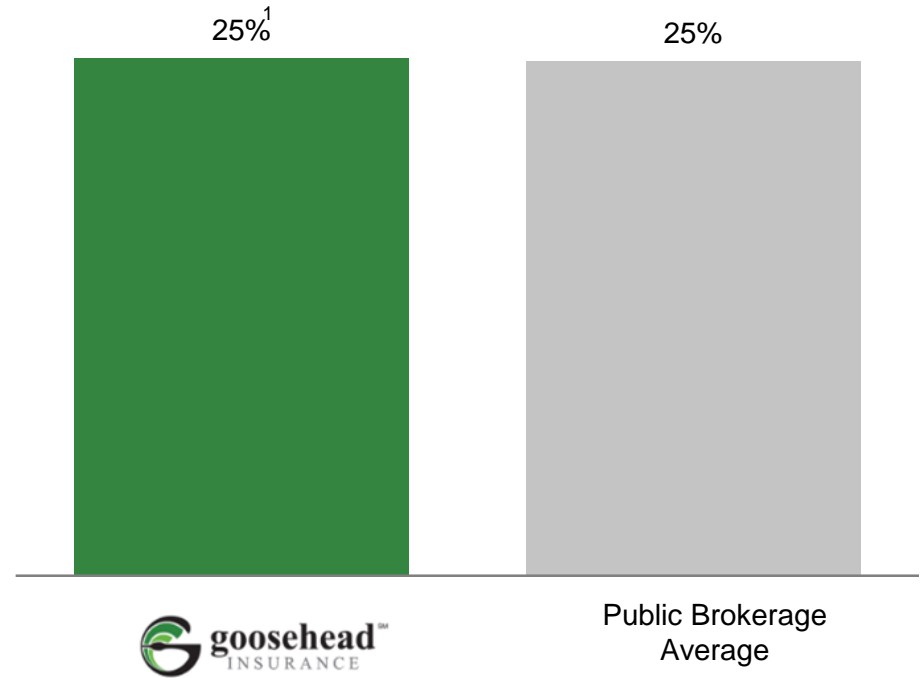
# Outpacing The Industry In Growth With A Clear Path To Margin Expansion



2017 Organic revenue growth



2017 Adjusted EBITDA margins



Source: Public filings; <sup>1</sup> Represents 2017 Adjusted EBITDA margin; see Appendix for GAAP reconciliation.

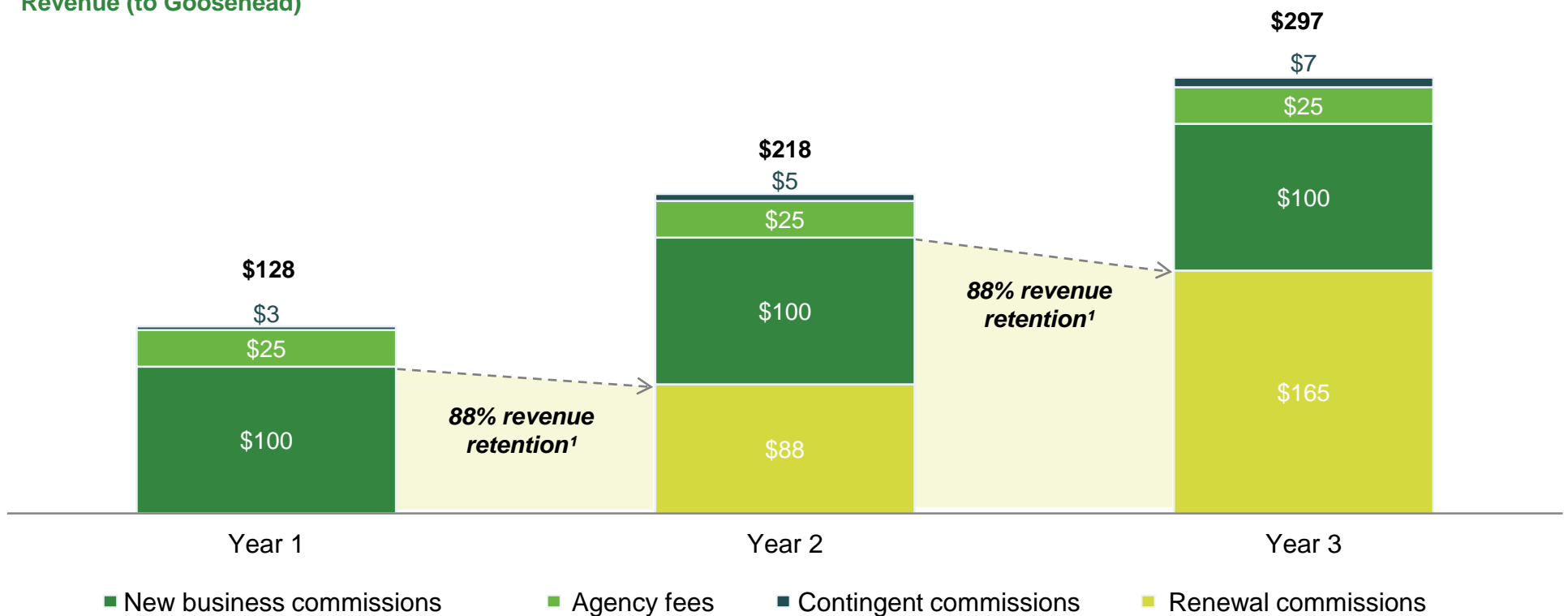
Note: Public comparables include AON, AJG, BRO, MMC and WLTW; represent North American retail insurance brokerage organic growth or closest approximation

# Compelling Economics Drives Growth – Corporate Channel



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

Revenue (to Goosehead)



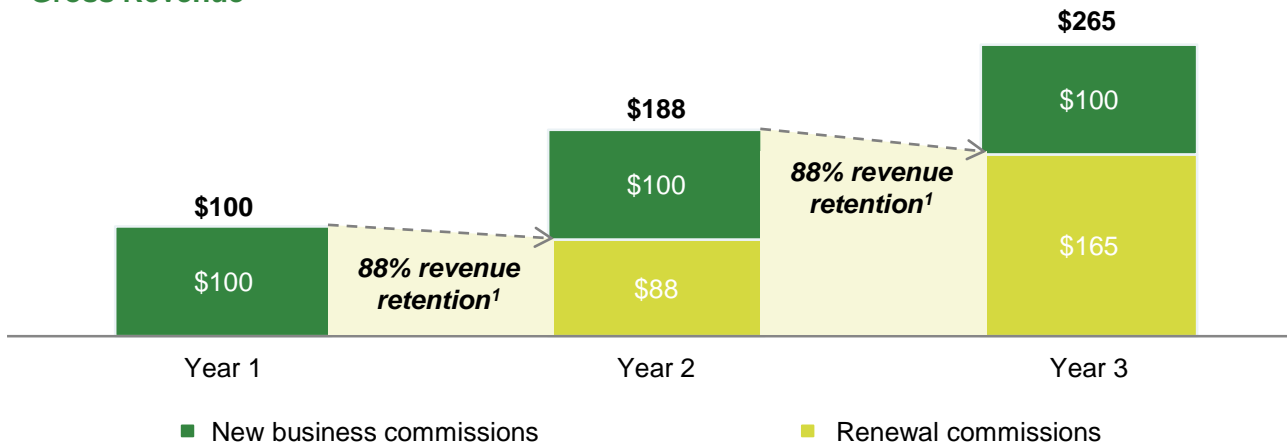
Note: Illustrative example

<sup>1</sup> Represents Q2 2018 client retention rate

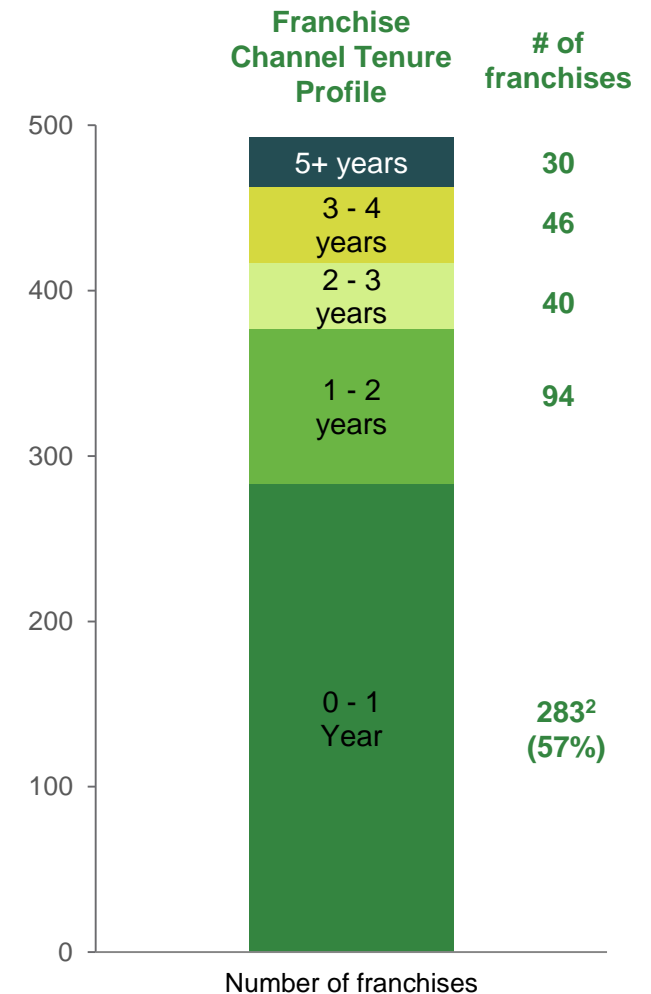
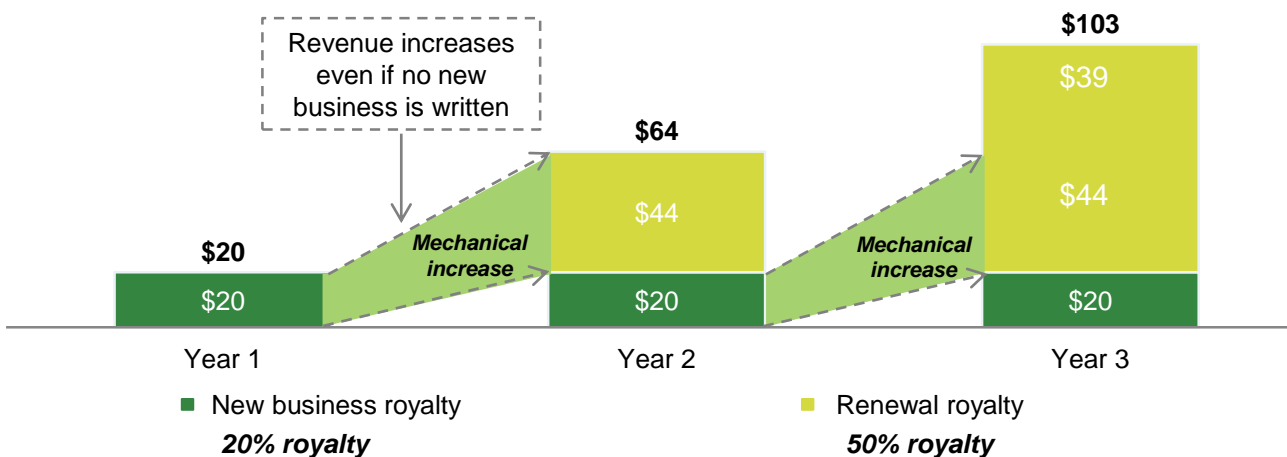
# Compelling Economics Drives Growth And Visibility - Franchise Channel

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

## Gross Revenue



## Net Revenue (to Goosehead)



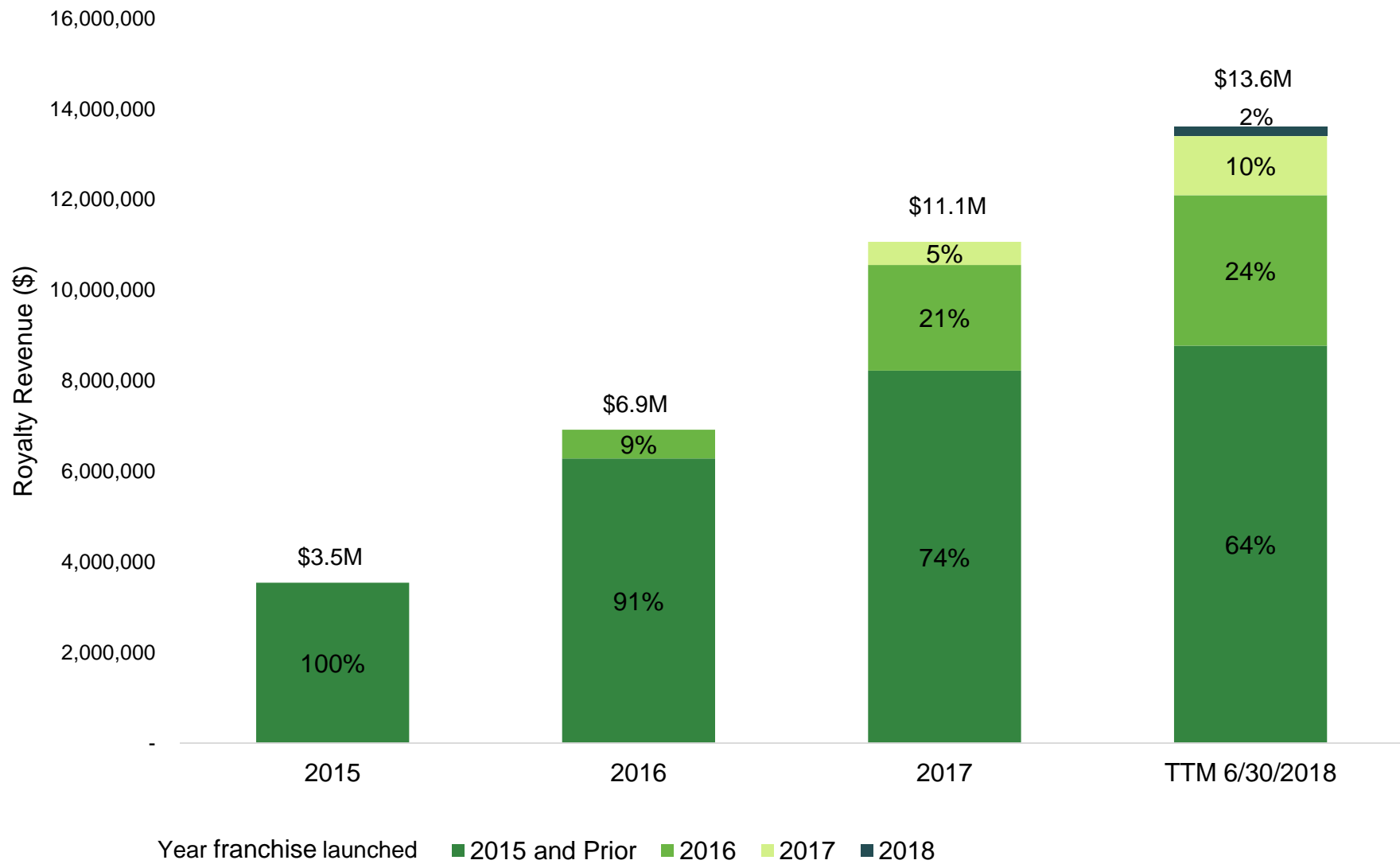
Note: Illustrative example

<sup>1</sup> Represents Q2 2018 client retention rate; <sup>2</sup> Number of franchise locations include 108 franchises which are under contract but yet to be opened as of 6/30/18

# The Loaded Gun



Historical Royalty Revenue by Launch Date



# 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

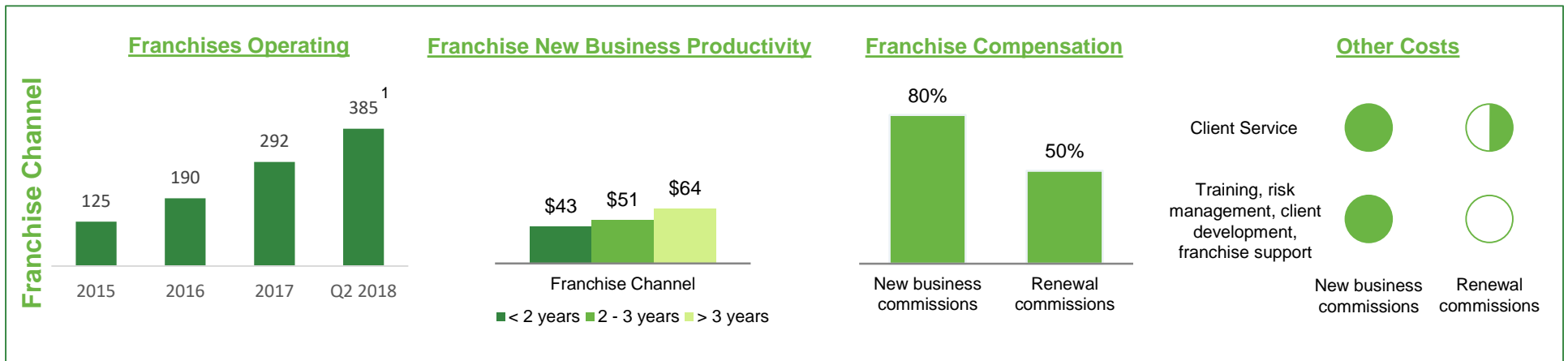
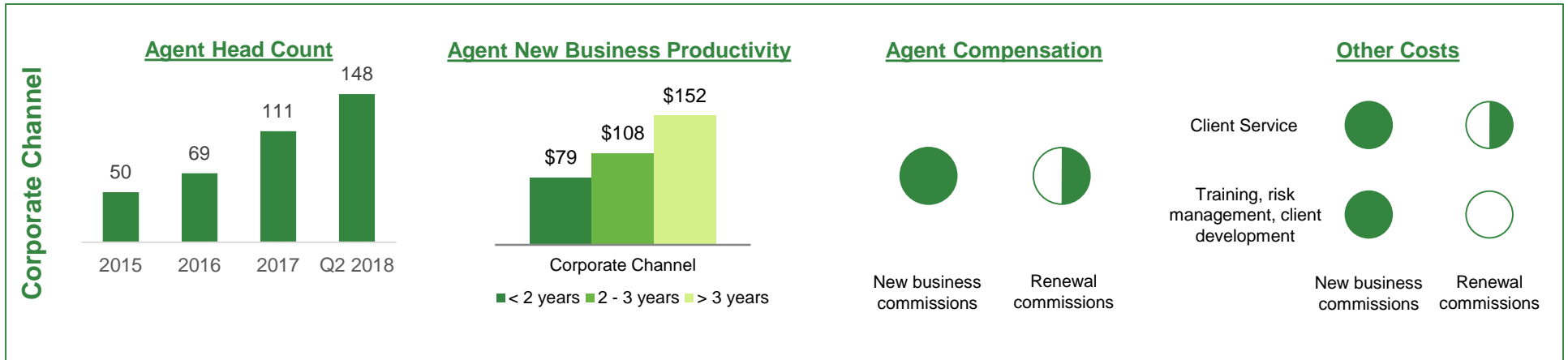
*Opportunities to further expand margins through operating leverage created by revenue growth*



# 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**

A photograph of a family of four lying in bed, smiling and reading together. The mother is on the right, holding a young girl. The father is on the left, holding a young boy. They are all smiling and looking at books. The image is split into two halves: the left half is a semi-transparent green overlay, and the right half is the original photograph.

## Franchise Value Proposition

# Franchise Value Proposition



**Plug-and-play model allows agents to focus on new sales**

**Robust and fully managed product portfolio increases addressable market**

**Comprehensive client service and back office outsourcing**

**Powerful technology platform and suite of business services**

**Quality control and fulfillment**

**Valuable initial training program and continuing support**

**Deployment of intellectual capital developed at Corporate**

# Robust and Fully Managed Product Portfolio



## Over 80 carriers on the platform



## Fully managed product portfolio

- Access to product and unique compensation opportunities
- *Direct* binding authority with carriers
- Access to continual learning via our carrier knowledge base, learning management system and chatter forum
- Help desk staffed with licensed product experts for real-time support

# Comprehensive, Plug-and-Play Technology Suite



- Custom agency management system powered by Salesforce
  - 360 degree customer visibility
  - Advanced reporting and analytic capabilities
  - Integrated e-signature capabilities via DocuSign
- Web-based, real time comparative rating software powered by EZLynx
- Microsoft Office 365
- 24/7 IT Help Desk
- Robust cyber security
- Cloud based telephony integrated with Salesforce



# Quality Control and Fulfillment



## Conducts Quality Review

- 100% of all new policies reviewed
- Quality analysts are experts on carrier underwriting
- Reduces E&O exposure and promotes positive carrier relationships



## Prepares New Policy Package

- New policy package prepared for client
- Completed within one business day
- Saves sales agent an estimated 20-30 mins per new policy written



## New Policy Package Sent via DocuSign

- Paperless, convenient process for client
- Signatures received within 2 days on average

# Service Centers



Service centers in Westlake, TX and Henderson, NV:

Hours of operation: 7 am – 7 pm coast-to-coast

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Fully licensed P&C agents:

Professional career path with competitive compensation

Multilingual: English & Spanish

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High client satisfaction & retention results:

Average retention rate of 88%

NPS of 87

Seek to keep client hold time under 60 seconds

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Case Ownership Mentality:

Service Agents handles cases from start to finish

Empowered with the tools and training to solve problems



# Comprehensive Service Support



## Revenue Generation

- Cross sell additional lines of business
- Upsell by adding supplementary coverages/endorsements
- Referrals from satisfied clients

## Inbound Efforts

- Claims assistance
- Binder requests
- Certificate requests
- Customer inquires
- Endorsement/policy changes
- Payment/billing
- Complaints

## Outbound Efforts

- Renewal
- Lapse in coverage
- Returned mail
- Underwriting notices
- Signature collection
- Trailing documents
- Cancellation saves

# Accounting Support



## Complex and Time Consuming Accounting Services Provided



### Treasury services for insurance premiums:

- Payments made daily to carriers
  - Reduces E&O exposure
- 



### Commission accounting:

- Detailed commission statements provided monthly
  - Commission checks sent via Direct Deposit on 25th of each month
- 



### Reporting & Analytics:

- Production analysis, trends, benchmarks

# Launch Support



## Detailed implementation schedule with assigned launch coordinator



Training registration and preparation



Technology setup and carrier appointments



Business filings/registration, insurance licensing and setup of business insurance policies



Site selection approval



## Communication

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- Monthly/weekly leaderboard emails
- Weekly training and update webinars
- Annual meeting and regional town hall meetings

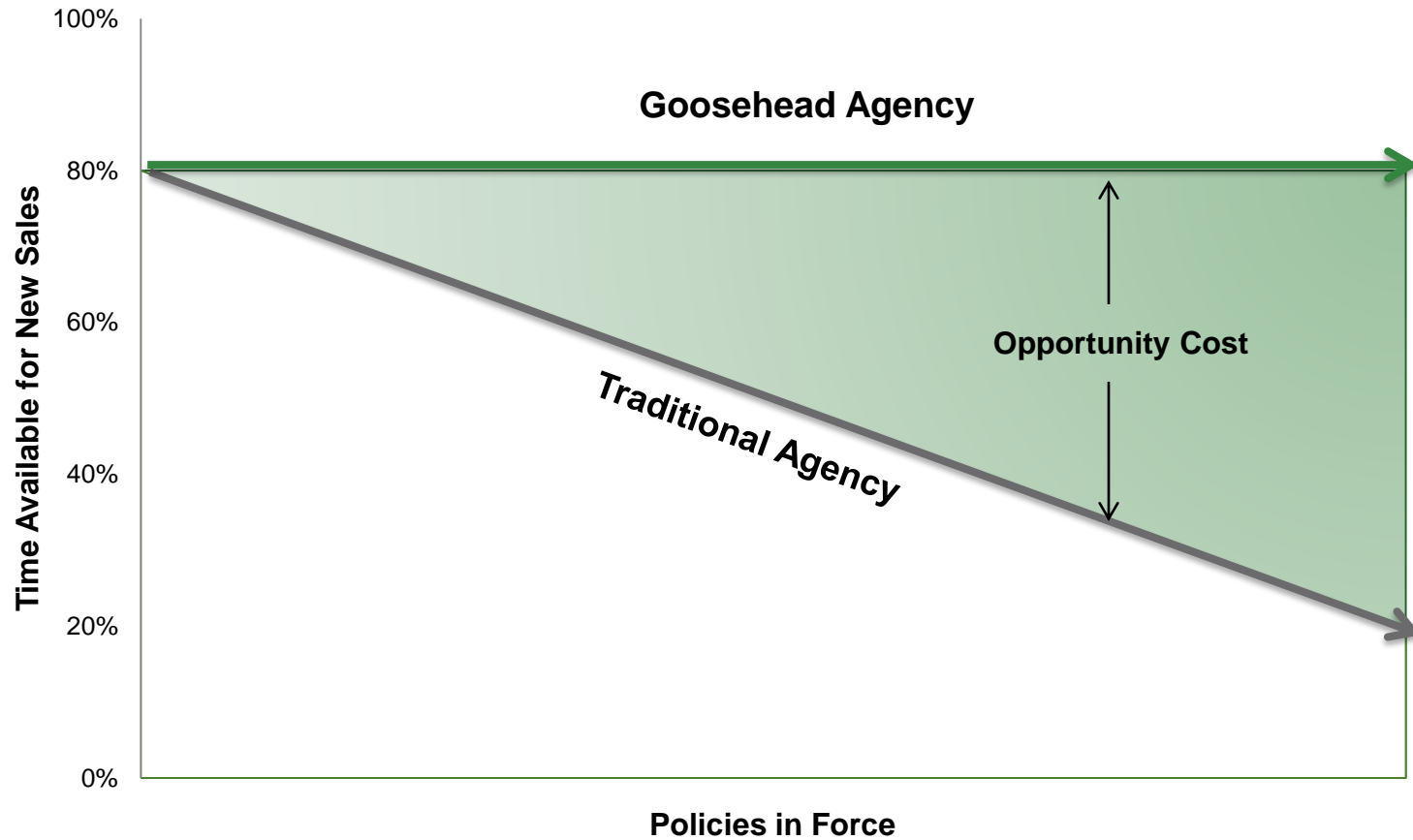
## Training Sales and Support

- Assist in creating actionable sales plans for growth
- Helpdesk staffed with licensed experienced sales experts
- Continuing education and advanced sales trainings
- Onsite training visits

# Plug-and-Play Model Allows Agents to Focus on Selling




Leverage our system to sell more



# A Highly Differentiated Offering



	 <b>Agents</b>	<b>Captive Agents</b>	<b>Network Independent Agents</b>	<b>Scratch Independent Agents</b>
Product breadth				
Service outsourcing services				
Back office outsourcing services				
Training and support				
Integrated technology platform				
Plug-and-play model				
Strict focus on marketing and new sales				
Initial startup costs				
Overhead costs related to real estate				

# Franchise Value Proposition



**Plug-and-play model allows agents to focus on new sales**

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**Valuable initial training program and continuing support**

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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 Insurance 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.

# Non-GAAP Adjusted EBITDA Reconciliation



	2017	2016
Net Income	\$8.7	\$4.7
Other Income	(3.5)	--
Interest expense	2.5	0.4
Depreciation and amortization	0.9	0.5
Class B share compensation	2.2	2.5
<b>Adjusted EBITDA</b>	<b>\$10.7</b>	<b>\$8.1</b>
Adjusted EBITDA Margin	25.1%	25.8%

Note: Adjusted EBITDA Margin is calculated as Adjusted EBITDA divided by Total Revenue (\$8,111,676/\$31,483,948) and (\$10,716,918/\$42,710,471) for 2016 and 2017, respectively