

30-Apr-2026

Ryan Specialty Holdings, Inc. (RYAN)

Q1 2026 Earnings Call

CORPORATE PARTICIPANTS

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

Timothy W. Turner

Chief Executive Officer, Director; Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

Miles Wuller

Chief Executive Officer-Ryan Specialty Underwriting Managers, Ryan Specialty Holdings, Inc.

OTHER PARTICIPANTS

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Alex Scott

Analyst, Barclays Capital, Inc.

Bob Huang

Analyst, Morgan Stanley & Co. LLC

Tracy Benguigui

Analyst, Wolfe Research LLC

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Robert Cox

Analyst, Goldman Sachs & Co. LLC

Andrew Kligerman

Analyst, TD Cowen

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Rowland Mayor

Analyst, RBC Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good afternoon, and thank you for joining us today for Ryan Specialty's Holding First Quarter 2026 Earnings Conference Call. In addition to this call, the company filed a press release with the SEC earlier this afternoon, which has also been posted to its website at ryanspecialty.com.

On today's call, management's prepared remarks and answers to your questions may contain forward-looking statements. Investors should not place undue reliance on any forward-looking statements. These statements are based on management's current expectations and beliefs, and are subject to risks and uncertainties that could cause actual results to differ materially from those discussed today. Listeners are encouraged to review the more detailed discussion of these risk factors contained in the company's filings with the SEC. The company assumes no duty to update such forward-looking statements in the future, except as required by law.

Additionally, certain non-GAAP financial measures will be discussed on this call and should not be considered in isolation or as a substitute for the financial information presented in accordance with GAAP. Reconciliations of these non-GAAP financial measures to the most closely comparable measures prepared in accordance with GAAP are included in the earnings release, which is filed with the SEC and available on the company's website.

With that, I'd like to turn the call over to the Founder and Executive Chairman of Ryan Specialty, Pat Ryan.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

Good afternoon, and thank you for joining us. With me on today's call is our CEO, Tim Turner; our CFO, Janice Hamilton; our CEO of Underwriting Managers, Miles Wuller; and our Head of Investor Relations, Nick Mezick.

For the quarter, total revenue grew 15%, driven by organic revenue growth of 11.8% and contributions from M&A. Adjusted EBITDA grew 15.7% to \$232 million. Adjusted EBITDAC margin expanded 10 basis points, to 29.2%. Adjusted earnings per share grew 20% year-over-year to \$0.47. We also repurchased \$40 million of our stock. We're very pleased with our strong start to 2026, especially considering the headwinds our industry is facing.

Our first quarter results on both the top line and bottom line speak to the resiliency of the platform we have built. Our founding thesis was to provide innovative specialty insurance solutions to brokers, agents and carriers. That's exactly what we have done. We created a true specialty insurance services firm, expanding our offerings far beyond wholesale broking. We have built one of the most efficient and effective insurance distribution platforms in the world. Through RT Specialty, the second largest wholesale broker, we've assembled world-class expertise across industry verticals, serving global retailers, as well as the tens of thousands of retail brokers in the US.

Ryan Specialty is the largest delegated underwriting authority provider. We deliver leading underwriting solutions, supported by strong alignment and governance, distribution at scale, and are positioned at the intersection of the biggest secular tailwinds in insurance, all driving sustainable, profitable growth. Together, RT Specialty and RSUM form a distribution engine of unmatched scale, sophistication and breadth in the specialty insurance market. This distribution platform is built to unlock all of the innovative solutions we're capable of building. Through our strategic alliances and executive level relationships with key carriers, we'll holistically change the conversation. This goes beyond trust and strong returns, as evolved into the development of innovative products and solutions to address the complex needs of our clients.

Take one of the largest mutual carriers in the country as an example. Our relationship started many years ago when they were looking for access to specialty risk, and has evolved into the creation of a new reinsurance market. Over the last six years, we created a remarkable business through our reinsurance managing underwriter, Ryan Re, which is strategically positioned to capitalize and expanded opportunities is quickly approaching \$2 billion in premium. We made acquisitions and brought in top talent across both benefits and alternative risk. With their support, we're building unique capabilities and structured solutions, capital management and funding through group captive or single-celled captives. Separately, for a leading global property carrier, we expanded their reach into specialty lines they've never participated in before and are exploring various additional opportunities together.

For a blue-chip specialty carrier, we've developed unique solutions throughout our firm, across RT, RSUM, and with new capital management capabilities, allowing us to launch our flagship alternative capital sidecar, RAC Re. These are not isolated stories. They are the compelling outputs of a distribution platform, like a stronger and more strategic with each relationship. Built on the strength of industry-leading underwriting results, we innovate alongside our clients and capital trading partners and deliver unique solutions that we believe cannot be easily replicated by our competitors. The depth and durability of these strategic alliances, the breadth of products and solutions we deliver to the market, the scale of capital we manage on behalf of our trading partners are the dimensions of value that capture what this platform is truly capable of, what will define our story over time. Our strategy is to continue widening our moat, leveraging the operational flexibility created by Empower, and building into the white space that we believe no one else in our industry can match.

Turning to the market, we continue to operate in one of the most volatile and reactive insurance markets I've ever witnessed. While volatility in market cycles is inevitable, we are feeling the effects of this across our business, particularly in wholesale brokerage, but we now expect for tempered growth in 2026. With that said, I'm very proud of our brokers and underwriters as they're delivering impressive growth in the face of significant pricing pressures and broader economic uncertainty.

Turning to AI, which Tim will expand on shortly, I want to say a few words. Through automation and AI, we believe we are unlocking the capacity of our people to more efficiently and effectively do what our clients and trading partners value most. We solve for complexity through our expert led advice and advocacy, and the culture of execution and innovation. We believe our scale, specialized talent, proprietary data, the breadth of trading relationships with brokers and carriers, and the significant volume of transactions flowing through our platform make Ryan Specialty a clear net beneficiary of the AI driven transformation reshaping our industry.

Lastly, on capital allocation, beyond our modest and sustainable dividend, we view both M&A and our share repurchase program as key priorities. We will continue to do what we believe is right for our shareholders, particularly given the continued spread to in public and private multiples and the dislocation between our current valuation and our confidence in the near and long-term outlook of our business. Make no mistake about it. When the right strategic M&A opportunities present themselves, ones that fit our three M&A criteria, strong cultural fit, strategic and accretive, we will be the first in line for those high quality assets and we'll have the financial capacity to execute on those opportunities.

As we look forward, we are confident in our ability to innovate, invest and continue to strengthen and diversify our offerings within the specialty insurance market. Our relentless efforts to navigate this transitioning market, all while investing in areas of accelerating growth, give a strong conviction that we will generate industry leading organic growth over time and remain a leader in the specialty lines insurance sector for years to come.

Before I turn the call over to Tim, I want to share one more thing with you. We've announced a one-time option grant program in the second quarter, so that entirely a portion of my own holdings, to make sure the broader team is properly aligned over the long-term. It is structured to be neutral to the company's outstanding share count, and will function as a direct reinvestment for me into the team that has built this platform. I believe in this team, I believe in this platform, and I believe in the direction Ryan Specialty is heading. As we look forward to the work of the next several years, I want every leader at this company to be aligned to our mission, and I'm offering a meaningful piece of my own capital to support that conviction.

With that, I am pleased to turn the call over for our Chief Executive Officer, Tim Turner. Tim?

Timothy W. Turner

Chief Executive Officer, Director; Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

Thank you very much, Pat. I am very proud of how our team performed this quarter. We remain hyper focused on successfully executing what we can control. Diving right into our results by specialty, our Wholesale Brokerage specialty continues to deliver in a transitioning market. In property, our team navigated a very challenging environment. Rates continued to decline, with large and cat exposed accounts, down 25% to 35%. Capacity continued to increase across insurance, reinsurance and alternative capital, and competition intensified broadly, including in the admitted market.

However, despite these trends, our property book declined only moderately in the quarter and we are extremely proud of these results. Again, we are controlling what we can control. We are focused on winning head to head against our competitors and capturing new business from the steady flow into the E&S channel. In casualty, the trends remained net favorable for Ryan Specialty, yet the picture is bifurcated. In high hazard, large account classes like transportation, habitational, healthcare, social and human services, and public entity, loss trends, driven by social inflation continue to drive meaningful rate increases, in many cases exceeding 10%. At the same time, there is growing competition for small and medium hazard risks. We saw select carriers looking to deploy new capital, adding competitive pressure within the E&S market.

Our professional lines team significantly outperform the market, despite continued yet moderating pricing pressure and aided our growth in the quarter. We also had strong construction activity in Q1. We remain optimistic about this pipeline heading into the balance of the year, and are well positioned as the leading wholesale broker in the construction space. We are encouraged by the momentum of data center activity. We saw this quarter, further supported by a strong pipeline. As we have noted in the past, this business is inherently lumpy, and the timing of large project bindings is difficult to predict. Taking these trends together, we're anticipating more moderate casualty growth in 2026.

Now, turning to our delegated authority specialties, which include both Binding Authority and Underwriting Management. Our Binding Authority specialty continue to perform well, though the environment showed signs of heightened competition. We saw pockets of small commercial business move toward the admitted market, consistent with what we described last quarter.

Our Underwriting Management specialty had an excellent quarter, with strong results across transactional liability, international specialty casualty, financial lines, and reinsurance. Zooming in on the transactional liability, our practice once again performed exceptionally well, supported by the investments we've made over the past few years and a more constructive global M&A outlook.

Ryan Re delivered an outstanding start to the year with strong renewal retention, especially considering the tough pricing environment. We are encouraged by the Market portion of the book, which also displayed strong client

retention and was supported by expanded relationships across casualty, specialty reinsurance and the London markets. As we do across our entire Underwriting Management specialty, we exercise underwriting discipline, leaning away from the property cat business where pricing did not meet our standards, and leaning into risks with better risk-adjusted returns.

Adding to what Pat said, I'd like to update you on our digital transformation and AI strategy. We are making significant and responsible investments in AI leadership and infrastructure, and are partnering with leading AI platforms to accelerate our progress. This is a top priority for our management team, and we've rapidly delivered numerous models to our 6,000-plus employees. We are moving quickly, live in production in certain areas, and are actively developing new tools. Our digital transformation and AI strategy is built around three principles, our clients, our people, and our process. In practice, we invest behind workflows that improve client outcomes, make our people more productive, and make our process faster and more reliable.

Let's start with our clients spanning across brokers, agents, and carriers, faster speed to market, deeper risk analysis, and even stronger advocacy. We are deploying AI that helps our underwriters triage a submission in minutes instead of hours, which benefits the flow in both directions. Our broker clients see improved turnaround times and the carriers receive better informed, higher quality submissions. That is an improved client outcome. AI is also improving underwriting insights. In parts of Ryan Re, we are running enhanced portfolio level analytics like concentration analysis and risk modeling, which gives our carrier trading partners a level of analytical rigor that is extremely challenging to complete manually. Better data leads to better placements, and better placements lead to stronger, longer lasting trading relationships. This also means more proactive service. As our broker workbench capabilities mature, we will enable automated coverage gap identification and AI assisted cross-sell analysis. These maturing capabilities will assist our brokers in delivering more value to their retail trading partners by being increasingly proactive.

The second of our three principles is our people. We want our brokers to broker and our underwriters to underwrite. Today, too much of their time is spent on manual processes, ingesting submissions, massaging data, chasing subjectivities, and formatting proposals. Not only does AI and automation take that work off their plate, but it will enhance their productivity by giving them capabilities at a speed and scale that weren't possible before. And this goes beyond our brokers and underwriters. We are changing how we train and develop talent. New hires will ramp up faster when our AI tools accelerate institutional knowledge, recommend next steps on unfamiliar risks and provide real-time guidance informed by decades of placement data. What used to take a junior broker two years to learn through experience, they will begin accessing in just months, accelerating our return on the most accretive investments we make. Across the organization, AI and automation are improving how we operate. We are enhancing our internal tools and systems to give our leaders better data to make timely, informed decisions. When our people are equipped with tools that improve speed and efficiency, our clients get better outcomes.

The last of our three principles is our process. Put simply, this refers to our scale. We manage over \$30 billion in premium across hundreds of products. We are thoughtful in how we're turning manual tasks into reimagined, end-to-end automated workflows deployed across our firm. Within our Underwriting Management specialty, certain projects are beyond the pilot phase. AI enabled and automated submission processing has reduced turnaround times from approximately 24 hours to under 2 hours, and look promising to scale. This digital transformation will assist us in scaling this platform without proportional head count growth, maintaining the differentiated specialist expertise that defines us. Lastly, on process, it means building the right foundation, a unified data and technology architecture for the next decade of growth.

Now that we've covered our principles, let's talk about how this all fits together across our two disciplines, wholesale brokerage and delegated authority. On the brokerage side, we are building a submission gateway and

broker workbench. These tools allow us to reimagine, redesign, and automate the most time consuming parts of the broker's day, from submission, ingestion, and clearance, to carrier matching, to detailed quote comparison from various carriers.

On the delegated authority side, this is where our platform is most differentiated and where some of our most advanced capabilities are operating today. Within Ryan Re, we have built an AI powered underwriting platform for our facultative reinsurance business. We have reduced average processing time per submission from approximately two hours to minutes, while increasing the number of submissions each underwriter can evaluate by roughly 10 times.

Within Velocity, our property catastrophe MGU, we deployed an AI driven platform that scores every submission on appetite fit and propensity to bind. The result being an 11 times uplift and submit to bind ratios for our highest appetite category compared to our lowest. Simultaneously, the speed to quote has improved by 36% on a median basis. These capabilities are changing how our underwriters work every day, and we are preparing to deploy them more broadly across the firm.

Lastly, I would like to remind everyone what business we're in and why we believe this platform will endure. We solve for complexity through expert led advice and advocacy and a culture of execution and innovation. Every placement we touch requires specialist judgment on unique risks, negotiation across multiple carriers, and advocacy when the contract needs to perform. That is not a data processing problem. It is an expertise problem and expertise is what we deliver. Disintermediation risk rises as complexity falls. Ryan Specialty's portfolio sits on the other end of that spectrum.

Now, turning to a brief update on our talent investments. The recruiting class from late 2025 is performing very well and contributing to our new business growth. We continue to expect these hires will become margin accretive within two to three years. Stepping back, we are very pleased with the first quarter. That said, we are clear eyed about what lies ahead and Janice will walk you through how we're thinking about the rest of the year.

With that, I will now turn the call over to our CFO, Janice Hamilton. Thank you.

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

Thanks, Tim. In Q1, total revenue grew to \$795 million, up 15% period-over-period. Growth was driven by organic revenue growth of 11.8%, contributions from M&A, which added over 2 percentage points to our top line and contingent commissions as we continue to deliver strong underwriting profits for our carrier trading partners. As expected, Q1 was aided by Ryan Re, which had a strong start to the year as the Markel portion of the book contributed to our growth.

Adjusted EBITDA grew 15.7% to \$232 million. Adjusted EBITDAC margin of 29.2% expanded 10 basis points compared to the prior year period. Adjusted earnings per share grew 20% to \$0.47. Our adjusted effective tax rate was 26%. We expect a similar rate for the remainder of 2026. On capital allocation, we repurchased \$40 million of our stock. As Pat described, our key priorities remain our M&A strategy as well as our repurchase program. When high quality assets come to market that meet our criteria, we will be first in line and we'll have the capital to execute. We remain willing to temporarily go above our leverage corridor for compelling M&A opportunities that meet our criteria. We ended the quarter at 3.3 times total net leverage on a credit basis, well within our 3 times to 4 times comfort corridor.

Based on the current interest rate environment, we expect GAAP interest expense, net of interest income, on our operating funds of approximately \$222 million in 2026, with \$58 million to be expensed in the second quarter. We are making good progress on our Empower program and are on track for a cumulative charge of approximately \$160 million through 2028, delivering approximately \$80 million of annual run rate savings in 2029, with savings ramping through 2027 and 2028. More than the savings themselves, Empower is creating the operational flexibility we need to invest behind the strategic opportunities Pat described.

Now, turning to our outlook. The platform we have built positions us to navigate this environment with discipline. Yet, we want to be transparent about the recent trends we are seeing today. As Tim mentioned, current market conditions in both property and casualty continue to evolve rapidly and as a result, for the full year, we are now guiding to organic revenue growth in the mid-single digits. Our guidance embeds continued property rate declines of 25% to 35% for the most cat exposed lines, and now incorporates the more recent acceleration in competition more broadly, resulting in a meaningful decline in our property book for the full year.

In casualty, we are assuming more moderate growth across our book, reflecting growing competition for small and medium hazard risks and new capital being deployed, which Tim described. We continue to expect organic growth to fluctuate quarter-to-quarter. As we have discussed, the second quarter is our seasonally largest property quarter. As of today, we are assuming Q2 organic growth to be near zero, with the biggest uncertainty being how property trends play out.

On margins, we are now guiding to a full year adjusted EBITDAC margin that will be down approximately 100 basis points to 150 basis points year-over-year. The pressure will be most pronounced in the second quarter, where we are assuming Q2 margins to be in the low-30s. That said, year-over-year decline reflects the revenue impact of the current and evolving market conditions beyond what we described last quarter, the continued absorption of our talent investments, lower fiduciary investment income, and higher healthcare and benefits costs.

At the same time, we are taking thoughtful action across our cost structure, advancing the operational efficiencies underway through Empower, accelerating the integration of our recent acquisitions, and continuing to leverage our digital transformation and AI strategy. These actions are designed to protect our ability to responsibly invest in the areas driving growth, and position the platform to capitalize when the market returns. Looking ahead, we continue to expect modest margin expansion in most years, supported by Empower and the natural operating leverage of our growing platform.

Before I close, I want to make one important point about our guidance. Our mid-single digit organic guidance for 2026 reflects what we can see and quantify, based on the trends in the market that are impacting our near-term growth. We are encouraged by the momentum we've gained in the strategic alliances and executive level relationships that Pat and Tim described, and look forward to updating you in future quarters.

Through innovation we have and will continue to create new differentiated opportunities to aid our growth over time, which is entirely unique to the scale and expertise we have built at Ryan Specialty, and something we believe cannot be easily replicated by our wholesale broker peers. This is the framework we want investors to understand. The diversification we have built and the platform we are continuing to expand are not theoretical, they are tangible, compounding sources of growth. I am proud of how our team is executing through this environment, continuing to deliver for our clients, advancing our technology and AI investments in driving the Empower program forward with great collaboration.

In closing, our first quarter results are a testament to the dedication of our team and the strength of the platform we have built. We are navigating through a transitioning market, and we are doing so with discipline, transparency, and a clear focus on the levers within our control.

With that, we thank you for your time and would like to open up the call for Q&A. Operator?

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Thank you. Our first question will come from Elyse Greenspan at Wells Fargo. Please unmute your line and ask your question.

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Q

Hi. Good evening. I guess my first question is on the updated organic growth. I know you did guide to the Q2 to be flat, but I guess, how do you define mid-single digits, I guess? Is that within range of 4% or where are you looking, I guess for the full year? And then, within that mid-single digit guide, I'm assuming you're expecting property to decline for the full year and see like modest growth within casualty, but can you help us think through, I guess, the moving pieces of how you're expecting organic growth to trend over the course of the year while bucketing in what mid-single digit means?

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yeah, sure. Hey, Elyse. This is Janice. So, thank you for the question. All good parts. Hopefully, I can pick them all up here. So, okay, just starting with your first one on the mid-single digits, so that is a step down from the high-single that we had previously guided to. We think about that kind of either side of 5%. We've historically not – or we've historically guided with a bit more precision with specific numbers, but we think about that just to help you out somewhere between the 4% to 6% range effectively. When we think about how organic growth will play out for the remainder of the year, obviously, we had a really strong start to the year with 11.8%. The additional help that we gave on the second quarter, we typically don't guide by quarter. So, we wanted to make sure that just given the concentration of property within the second quarter being our biggest property quarter and the trends that we're seeing, the intensification of some of that competition that is continuing to interact also with the 25% to 35% rate reductions that we've seen, that there is a risk that our property book combined with the rest of the portfolio, could be effectively near zero for the second quarter.

Playing that out for the remainder of the year, third and fourth quarter is obviously are helped out by business mix. That concentration in property disappears. And then, we will think about the full year being at that mid-single digits. We've also got other elements of where we think underwriting managers and other parts of the book will go, but then also the build in or the buildup of the new talent that we brought on in the second half of last year.

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Q

Thanks. And then, my follow up is on margin. Recognizing the new guidance obviously factors in, this mid-single digit growth combined, you guys are obviously investing in talent that you started to do towards the end of last year. Can you just help us think through, like I understand it takes a couple of years for the hires to be margin accretive, and then, there's also time to benefit revenue. But how do you guys balance just making these

investments now at a time when growth is lower? You're going to see lower growth and then even more pressure on your margin as we're going to, what we call, it was like a transitional period.

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yeah. So, Elyse, I would just start with the guide for what we've just updated that includes the impact on the top line pressures from a revenue perspective. So, we were expecting to be moderately down – flat to moderately down over where we ended last year. We're now projecting to be 100 basis points to 150 basis points down. And that does reflect the increased pressures on our top line. Similar to the conversation that we just had around the organic, we expect that impact to be most pronounced in the second quarter, just given the concentration of property, but we are taking thoughtful actions around our cost structure. And we really think about the timing and the opportunity and the flexibility that Empower affords us to do that. There are a lot of opportunities we have to advance our operational efficiency program. We are going to be focused on accelerating, integrating our platforms in terms of technology, and then also just leveraging our AI and digital transformation strategy. So, all of those together create additional flexibility to allow us to continue to invest in the platform.

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Q

And then, one more, if I could, the second quarter organic for the property book to decline meaningfully, how much of that is within your MGU book of business?

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Elyse, I would say that we think about the concentration of property. Obviously, we've talked about wholesale brokerage being the – the concentration of that is coming from. We talked about the tempering of growth in that area. But I would also mention and I think Tim shared this as well, but as we continue to face pricing pressures, the importance of exercising discipline in underwriting managers becomes paramount. We want to ensure that we're delivering profitable underwriting results for our carriers, and we will look past certain property risks if they don't meet our return thresholds.

Elyse Greenspan

Analyst, Wells Fargo Securities LLC

Q

Thank you.

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Thank you.

Operator: Our next question comes from Alex Scott with Barclays. Please unmute your line and ask your question.

Alex Scott

Analyst, Barclays Capital, Inc.

Q

Hey. Thanks for taking the question. Could you describe – I guess, thinking more medium term, what kind of spread do you think you can make over sort of the retail brokerage business? And I think the knee jerk would be this feels like growth coming down closer to where some of the retailers have been. But on the other hand, there's

some unique pressure from price on you guys. So just wanted to understand like we're net new businesses and how you view that just kind of making a broad comparison?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

This is Pat. We're anticipating and then realizing that they have the same as our founding thesis. Our role as the intermediary, as an advisor and an advocate. That role that we're playing bring specialty insurance solutions to brokers, agents and carriers. That's all expanding, particularly providing services to carriers. However, in the soft market, pricing is a headwind. I've been through several soft markets, and price does get to be a driver, but it doesn't replace the value proposition that our people bring to our clients. So, we're working our way through, we're fighting through and we're fighting effectively. And we did have a good first quarter, but we don't have the same trajectory that we've had in a hard market. Incidentally, the conditions that caused that hard market are still out there. But as we all know, there were some benign results in wind and other perils and carriers made a lot of money. And so, they're buying market share. So we knew we'd be in a soft market, and we built this platform really with that in mind. And we positioned the firm to really work its way through effectively, and we're confident that we will.

And we based that on, we have the largest and most effective distribution capabilities in our niche, thousands of relationships with large and small brokers. As we've said many times, they use us when they need us, but we're constantly expanding the services that we provide, so that they need us more. And you're seeing that in our diversification strategy. That diversification strategy was not accidental. That was well thought through plan for a long time, and that allows us to create new and innovative products and bring new solutions to our retail brokers and yes, even some of our wholesale broker competitors. So, creating these new innovative products and solutions strengthens us in reinsurance underwriting. And as Janice mentioned or Tim mentioned, how and – facultative property. So, expanding the reinsurance capabilities. We're growing very nicely in benefits and that's tied in also to our alternative risk strategy, because alternative risk is growing nicely and bringing solutions to clients who want to put up some of their own capital. So, we're applying that same principle on our benefits, whether it be employers have been put in the group captives. And so, constantly improving our solutions that we bring to our broker clients. So, we've got these strong strategic alliances.

And I would submit that no one else in our space has those strategic alliances. That allow us to create new solutions, allow us to bring more new capital to our clients' needs. And frankly, those trading – special trading relationships really make us enthusiastic about our future, but they also enhance our ability to attract and retain talent. And all of this is about talent. Talent, it's a little more pressure when it's a pricing phenomenon like we're having in the soft market, but we know how to grow in a soft market. But we want to be transparent. We want to make sure that you understand the headwinds we're facing, but also understand the tailwinds that we have. So, we're in a cycle here that is putting pressure on, but we're absolutely positioned to take advantage when the market turns and it will. And I would say that we still believe that we will be the industry organic leader, having industry organic revenue growth translating into profit growth over time.

Tim, if you want to add anything to that?

Timothy W. Turner

Chief Executive Officer, Director, Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

A

No. I think that covered it, Pat. We're very optimistic that we can grow even in a softening market. And again, our creative, innovative culture gives us that confidence. We have the tools, we have the products, we have the talent, and we look forward to this challenge and we know we can do it. Thank you.

Alex Scott

Analyst, Barclays Capital, Inc.

Q

Thanks. There's a follow up. I just wanted to ask about the broader macro environment and just some more volatility, a little more uncertainty out there. Is that affecting things, whether it's construction here in the US or some of the business you do in Europe?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

I'll let Miles talk more about Europe, Alex. But I would say this that our construction flow is very strong. There's a little bit of pressure from interest rates. We've mentioned it before. The opportunities are as strong as they've ever been in construction, but there's a delay from submit to quote to buy. So, our quotes and our winning RFPs are sitting for a little bit longer. But we are binding them. We're getting a lot of traction in the actual data center area and crypto opportunities. So, we remain very bullish on our construction pipeline.

Miles Wuller

Chief Executive Officer-Ryan Specialty Underwriting Managers, Ryan Specialty Holdings, Inc.

A

I'll touch on transactional liability, which is a global product for RSUM. The space remains quite resilient despite macro uncertainties. The markets work extremely efficiently. There's substantial capital on the sidelines. There's efficient access to debt leverage. And so, we're seeing dollar value of deals continue to increase. Unit count of deals is down slightly, but we continue to take more than our fair share of those deals in both transactional rep and warranty, as well as tax indemnity.

Alex Scott

Analyst, Barclays Capital, Inc.

Q

Thank you.

Operator: Our next question will come from Bob Huang with Morgan Stanley. Please unmute your line and ask your question. [Operator Instructions]

Bob Huang

Analyst, Morgan Stanley & Co. LLC

Q

Hey. Hi. Can you hear me now?

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yes.

Bob Huang

Analyst, Morgan Stanley & Co. LLC

Q

Hello. Can you hear me? Okay. Perfect. Thank you. Sorry about that. My first question is about the broader macro environment. Just given there is the likely higher expected inflation due to the Middle East conflict and inflation into the US, is there any conversation or thoughts on how that might ultimately flow into pricing? Just – when do you think pricing will start to reflect higher inflation through exposure units or through pricing initially? Just curious your view on that.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

Well, so Tim spoke about RT's construction practice. And so, maybe I'll tackle that through the lens of RSUM builders risk practice, which does tend to service more of the small and midsize builders risk part of the marketplace. Certainly, we would benefit from more certainty in that space, but borrowing rates remain higher, inflation remains high. And the war creates certainty in the smaller part of the US economy. But I think the same outcome, as I said on the – we've all said in the larger risk and transactional risks, we have the products, we have the quotes, we're winning more than our share and we will all simply benefit from more shovels going in the ground as a result of stability. But yes, we are taking inflation into account as we price risk in real-time. It does remain a factor in keeping rates firm in certain classes.

Bob Huang

Analyst, Morgan Stanley & Co. LLC

Q

Okay. Thank you for that. Maybe a follow up on data center. Just want to unpack some of the commentary if you had already. If we look at the larger brokers increasing their data center facility size meaningfully versus last quarter, can you maybe talk about the competitive environment here? It feels like the layer that you're playing with have a hard time seeing significant competition against you in the data center space. Is that right? And can you maybe give us more commentaries around the pipeline for data centers, the great growth contribution in the next few quarters specifically?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

Sure, Bob. For starters, as we've mentioned, we know we're the industry leader in construction in the wholesale market, and we know that our pipeline is full of opportunities for data centers. Having said that, there's quite a difference between property and casualty opportunities with data centers. So, we would have to break that down for you. But it all leads to what Pat says frequently, the brokers use us when they need us, and right now, there's a real strain on capacity in the valuation of these projects, and there's a completed operations exposure that long tail casualty underwriters are leery of. So, there's a lot of pressure on building towers and limits in this space, and our services are in high demand. So we see this as a great opportunity going forward, all part and parcel of our construction practice group.

Bob Huang

Analyst, Morgan Stanley & Co. LLC

Q

Really appreciate that. Thank you.

Operator: Our next question will come from Tracy Benguigui with Wolfe Research. Please unmute your line and ask your question. Please unmute your line.

Tracy Benguigui

Analyst, Wolfe Research LLC

Q

Sorry about that. Pat, you've been an industry for many decades and seen many cycles. I was struck by your comments that we're in one of the most volatile and reactive markets you ever witness. So, when I look at turning points in prior wholesale market, what is different today? Or if I ask this differently, has the E&S market changed so much? That – what is ahead is less known? Like it used to be the E&S was a dirty word. No longer as carriers are well capitalized. Is that part of it?

Patrick G. Ryan*Founder & Executive Chairman, Ryan Specialty Holdings, Inc.*

A

Well, I would say that the rapid increase in property and casualty rates starting back in 2019 – second half of 2019, that rapid and prolonged rise in rates. Well, I've never seen anything like that. And then, we have a very risky world out there. And the risks have not diminished. They've just taken a hiatus. Some of them have. And so, what shocked me is how rapidly property rates have declined. And now, certain parts of casualty and which generally understood that casualty results in 2021, 2022, 2023 are putting pressure on reserves and it's still early. So, some people have said caustic remarks about what underwriters are doing. We're not going to say that, but we are saying that it's surprising how quickly the declines have emerged. And so, is that whipsaw volatility, and as you know, when you're coming off large increases and then you get large decreases, that puts so much pressure on new business because you're renewing the business, but you're renewing it a lot lower rate. And as you know, we're a straight commission business. And so, we rise and fall with how the pricing of our products are being presented to the marketplace. So that's what I mean when I say, I never seen anything like that, particularly because so many hard markets in the past were event driven. This really wasn't an event. This was a recognition of how the world has changed with climate issues and litigation issues., all the litigation finance, none of that has subsided. And so, it's surprising that people would take their products while their profits and reinvest so aggressively. Property movement and the casualty, because it seems to have a better rate environment. All of that is sort of – that's what surprised me. And I think it surprised a lot of people. We're one big storm away from some adjustments, and I can't – I'm not going to comment about people's behavior. It's just surprising that it is so dramatically swing up and swing down as quickly as each have done.

Tracy Benguigui*Analyst, Wolfe Research LLC*

Q

Got it. And you guys tend to talk about how flow is so much more important than pricing. But if I listen to the commentary today, I think it's been mostly on pricing, particularly wholesale. That's informing your outlook on organic. Can you touch on if you're so contemplating any reverse flow? Or even on the underwriting management business, are you seeing any type of MGA cancellations?

Timothy W. Turner*Chief Executive Officer, Director, Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.*

A

Tracy, I'll start by kind of showing some of the statistics that we've all seen in the marketplace. We know that the non-admitted property and casualty market, the flow into the channel is up 8% and we're outpacing that as a company. So, our opportunities and the flow of business into the channel remains very strong and healthy. And so, we – a lot of our optimism comes from that. We're getting lots of opportunities. It's just the price. The price continues to go down in property and starting to see some headwinds in casualty. But we're confident that the flow will continue. The business has been restructured. Pat talked about the cycles gone by, but one of the biggest changes has been that we now have instead of a dozen or so E&S companies, we have over 100. So structural change there. The percentage of non-admitted business was up 4% or 5% pre-second quarter of 2019, and now it's up to 24%. So, it's a very, very healthy flow into our channel. We believe that it'll stay in the channel, most of it. We don't see – we see some moderation back into the admitted standard market but not very much. It's moderate. And again, the stamping evidence is strong. So, we remain very positive that we'll be able to capture our fair share of that flow.

Tracy Benguigui*Analyst, Wolfe Research LLC*

Q

Thank you. And I asked also about MGAs. Have any of the carriers, how are those relationships going? And anyone cancel a relationship? Is that played in your outlook at all?

Miles Muller

Chief Executive Officer-Ryan Specialty Underwriting Managers, Ryan Specialty Holdings, Inc.

A

This is Miles. Appreciate the question. It's actually quite the contrary where we continue to attract substantial capital from existing and new partners almost on a daily or weekly basis. I'd add to what my colleagues have said, that – Ryan's \$12 billion delegated platform went through standard of care, alignment and material investment in our people and our platform. And the reality is that the carriers are printing record ROEs, profit combined ratios. None of that is at all coincidental. And I think we've had a role in this. We've pushed substantial rate, terms and conditions and innovation. Beyond that, through the MGUs and distribution, we've guided the highest hazard risks into the monoline – excuse me, the highest hazard monoline risk into the E&S market where they – the balance sheets have the best chance of the proper risk adjusted returns. And the outcome isn't that surprising. There's substantial insurance, reinsurance and alternative capital coming to support the channel. So, there is a lot of talk in the industry where the world is always, I guess, essentially looking for an enemy who's driving this. But the answer is really pretty simple. It's an abundance of capital is driving price pressure through new facilities. The easing of terms and conditions on existing facilities and even existing balance sheets, but it pertains to – I believe, our role in the delegated space, over 40% of E&S premium is delegated today, and delegated is approximately 20% of the US commercial P&C marketplace. So, I'm actually quite proud of RSUMs, are all of Ryan's delegated underwriting contribution to the exceptional results and the carrier community. And we're convinced that Ryan will continue to contribute to thoughtful underwriting and leading underwriting profit into the future. And that's represented in our forecast.

Tracy Benguigui

Analyst, Wolfe Research LLC

Q

Yeah.

Operator: Our next question will come from Meyer Shields with Keefe, Bruyette & Woods. Please unmute your line and ask your question.

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Am I getting through?

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yes, Meyer.

Meyer Shields

Analyst, Keefe, Bruyette & Woods, Inc.

Q

Okay. Great. So, really a couple of quick questions. First, I just wanted to confirm that the change in the margin guidance for 2026, is there anything in that other than the change in expected organic growth?

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Meyer, I would say the simplest thing that the change from where we were last quarter to now is as a result of the top line change.

Meyer Shields*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Okay. Great. And I'm wondering – so we're in clearly a weird environment right now in terms of pricing. When you take a three to five year outlook or across the cycle, have your view on rise organic growth potential in that environment changed at all?

Janice Marie Hamilton*Chief Financial Officer, Ryan Specialty Holdings, Inc.*

A

Meyer, would you mind repeating that one?

Meyer Shields*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

Yeah. I'm wondering – I understand that there are particularly surprising and pronounced pricing pressures in 2026, but if you take a step back and say, okay, over the next three to five years, has your view of the organic growth opportunity changed from that perspective?

Patrick G. Ryan*Founder & Executive Chairman, Ryan Specialty Holdings, Inc.*

A

My perspective on Meyer's part is that we are much stronger today than we've ever been. We have so much more to offer our brokers and our carriers, and these strategic alliances that the opportunity for innovation has never been greater. The data that we're now managing much more effectively, as most people are, because of the pressure of AI and the opportunity through AI, there's tremendous opportunity to utilize that data to innovate new product. And the way we get organic growth is by bringing innovation and empowering our people to execute on that. And so, absolutely remain very, very bullish on being a long-term industry leader in organic growth. And we have not given up on double-digit. We just are suffering from these price reductions. But in terms of the quality of our solutions, I just keep improving and the quantity keeps improving dramatically because of the innovation.

So – and I would add one other thing, and that is that AI, as Tim talked about, is going to allow us or provide the opportunity for us to take people over doing administrative support and get them into the field. And there's nothing more successful than having more boots on the ground, talking to clients. And so, AI is opening that opportunity for us, and we are moving towards availing ourselves of that opportunity. We're not making any predictions, but for one, we'll have more people out dealing with clients in the quite near term because of the streamlining of our back office work and taking very talented people that are now experienced enough to go out and work with clients and be successful. In my past life, I experienced the value of bringing young talented people into the marketplace and letting them loose to go out and make calls and develop business. And so, our strategy to recruit, train, develop people and bring them into the industry is going to accelerate the impact. That's my opinion.

Meyer Shields*Analyst, Keefe, Bruyette & Woods, Inc.*

Q

That was very helpful. Thank you so much.

Operator: Our next question will come from Rob Cox with Goldman Sachs. Please unmute your line and ask a question.

Robert Cox*Analyst, Goldman Sachs & Co. LLC*

Q

Hey, thanks. Yeah. My first question was just on retail brokers. I think there's some industry discussion that retailers are working to keep growth as the environment gets more challenging. Are you seeing retail brokers pushing harder to pivot business into retail or admitted markets? And are you seeing retailers look to internalize wholesale business? Is that embedded in your guidance at all?

Timothy W. Turner

Chief Executive Officer, Director; Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

A

Hi, Rob, it's Tim. Yes, we are seeing some of that activity, but it's not a lot and it's not a meaningful amount. There are retailers, global and national as you know, that have wholesale solutions. For the most part, they're very small and they don't interfere with our flow. But there's pressure and there's pressure to go direct when they can and we deal with that every day. But there's 100 wholesale only P&C companies now in the US, and the high hazard classes of business that we're in are very technical, and they require expert marketing expertise to achieve the best results for the client. And I would say majority by far of the retailers in the US know that. And they'll continue to count on us. And again, our flow is as strong as it's ever been. So, we see a little bit of activity to your question, but it's not meaningful.

Robert Cox

Analyst, Goldman Sachs & Co. LLC

Q

Okay. That's helpful. Thank you. And just as a follow up, yeah, I'm curious if you're seeing any insurance product innovation around artificial intelligence. And if that's flowing into the E&S market at all?

Timothy W. Turner

Chief Executive Officer, Director; Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

A

No, we have not seen any particular product innovation around that. We've seen coverage enhancements. We've seen some coverage tightening, if you will, carriers creating manuscript endorsements around the exposure. So, there's a heightened awareness about what the potential losses could be. So, our professional liability brokers are fast at work. And I believe it's inevitable that there'll be new products that emerge from the AI explosion.

Robert Cox

Analyst, Goldman Sachs & Co. LLC

Q

Okay. Thanks. If I could squeeze one more in, I just wanted to ask, did you guys quantify the RAC Re and Ryan Re deal benefit to organic growth in the quarter and maybe how much you expect them to contribute next quarter as well?

Miles Wuller

Chief Executive Officer-Ryan Specialty Underwriting Managers, Ryan Specialty Holdings, Inc.

A

Rob, Its Miles here. We do not break those out by line. But I mean, I think behind the numbers that we published, we're proud that across the entire underwriting segment with extremely attractive growth, despite the property headwinds, new product development, incremental capital under management, taking share from others and compounding that core organic growth to get the total growth we had, continued, increased and profit commissions. And then, on top of that, would be the Markel transaction, as you highlighted.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

I'll go into the Ryan Re part of the question, Rob. We have tremendous talent, the team, they seamlessly taken over the Markel Re and rolling it really nicely. We can't predict any other subscale reinsurers, but it's certainly a

great solution for Markel. And we just have a very, very strong team of management at Ryan Re and that reinsurance capability is really permeates our entire strategy. In that, alternative risk is reinsurance. Our benefits is in funding through group captives. That's reinsurance. Facultative capabilities that they're just – have just launched, that's another service to other capital providers where they'll be facilitating facultative coverages. So, there's a long runway on reinsurance. And this is not accidental. When I retired from that, I said we will not become a competitor as a retail broker or as a reinsurance broker, but I love the reinsurance industry and it was wide open, for an MGU, a partner with real solid capital like nationwide mutual and good innovative, and that's what's happening. And we're enthusiastic about the future of reinsurance as part of our portfolio.

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

And, Rob, just on the question of organic as well, Ryan Re was something that we called out as a contributor. We knew and we expected that with the Markel renewal rights deal, that would have an impact on our first quarter organic, which it did. It was a strong contributor and it exceeded our expectations as well. Going back to what I said earlier on the call with Elyse just around business mix, we do expect Ryan Re in the Markel book to contribute to our organic for the remainder of the year, but the largest renewal is actually in the first quarter. So just from a seasonality perspective, we would expect the most significant impact to happen in the first quarter.

Robert Cox

Analyst, Goldman Sachs & Co. LLC

Q

Thank you.

Operator: Our next question will come from Andrew Kligerman with TD Cowen. Please unmute your line and ask your question.

Andrew Kligerman

Analyst, TD Cowen

Q

Hi. Can you hear me?

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yes.

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yes.

Andrew Kligerman

Analyst, TD Cowen

Q

Okay, great. Good evening. My first question is around delegated authority, which is now actually more than half of net commissions. And it's led by delegate – I'm sorry, by underwriting management at 37.7%. So, I'm wondering in the underwriting management area, what's the deal pipeline looking like? And is there a point when delegated authority is more than two-thirds of net commissions within the next five years, say?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

Well, that's a really interesting and important question, because so much of the – what we call, our diversification strategy involves delegated authority. In fact, most of it does. So, just by virtue of that, and the already good growth that we have in existing facilities, it's going to become a larger percentage for sure. That was part of the founding thesis, and that's got a lot of runway, Andrew. So, we've got a great distribution business in the wholesale broking. But as we've said, we're way more than a wholesaler. We love the wholesale broking business. It's been a fantastic growth business and will continue to be. But the diversity around that, these are more than adjacencies. These are really core businesses that integrate very nicely. So yeah, I mean, delegated just continue to be a larger percentage.

Timothy W. Turner

Chief Executive Officer, Director; Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

A

Andrew, you asked about – you asked about pipeline, so I just want to chime in there. The focus is on organic build outs on the platform and launching new products off of the M&A of the last two years. And I'd also highlight that a benefit of diversification of the platform is our ability to be an increased solution provider to our capital partners by creating more touchpoints across the distribution chain, binding programs, NGOs, alternative capital or alternative risk benefits. And we're able to offer a much more holistic approach solving the carrier needs as well, create [indiscernible] (01:10:16), create stickiness, and create more special relationships that Pat opened with in his intro.

Andrew Kligerman

Analyst, TD Cowen

Q

Got it. And my follow up is around just MGAs, MGUs in general. Some of the special key carriers, and maybe it's just talking their own books, but they've been very critical of MGAs and MGUs and how they're pricing in this declining or decelerating environment. Why is the Ryan MGA platform, the underwriting management platform, why is that different? What kind of distinguishes Ryan from kind of the commentary that we're hearing?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

Millions of dollars – hundreds of millions of dollars of investment. Both MGAs are started by capital backing some underwriters who have a following. We never believed that that was the appropriate strategy. We always believe the appropriate strategy is to find a niche that needs delegated authority, and to equip that with the top quality services that any carrier would provide. That's actuarial. That's data scientist. That's cat modeling. And it's great underwriters. And it's an overall culture tells you a number one is we have a duty of care to the capital provider to make an underwriting profit and represent them appropriately in the marketplace. That's not way historically MGAs have come and gone in the business, but we don't like being tarnished with that brand, because we're totally different. It was part of the founding thesis that this was going to be an evolving – quickly evolving change in the industry. We seize the opportunity and we made the investments.

And just to put an exclamation point on that, the \$2.7 billion that we invested in 2023, 2024, part of 2025, is all delegated authority. That's how much we believe in it. And so, I said hundreds of millions. I should have said billions have been invested in that. So, that's the difference between us and the run of the mill through MGA. But that run of a new mill – new MGA, is putting a lot of pressure on pricing, but that's not us. But it's putting a lot of pressure on pricing. So, a carrier who wants to put capital to work doesn't have the talent, no some underwriters that they did business with a company A, they get together and they form an MGA. The average life cycle of those kinds of MGAs is very short-term. At Aon, we had MGAs for many, many, many years, and decades now. We have purchased companies that are over 60 years old as MGAs. So we take a totally different approach to that.

Andrew Kligerman

Analyst, TD Cowen

Q

That was super helpful, Pat. Maybe just real quickly, the Ryan Stock Option Trust, that's an unfunded entirely by you or are there some loans? I read it so quickly, I just wanted to make sure I understood – are there loans attached to that?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

Yes. You're talking about the option plan?

Andrew Kligerman

Analyst, TD Cowen

Q

Yes, yes.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

Andrew, would you just mind repeating the question?

Andrew Kligerman

Analyst, TD Cowen

Q

Yeah. I just wanted to understand the dynamic. Is that – is there some kind of loan that Pat is making and then funding it with the stock? Is that how it works?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

No. No, it's very simple. We have always believed in alignment. We've always believed in the reward system that gives people a long term interest in their results. So, I think been far sighted and sharing equity. We really believe we have a unique opportunity for our employees because of the tremendous pressure on our shares and the reduction of the share price. That is the unique opportunity to bring more of our people further along to align with all of our efforts, but aligned with our clients, aligned with our shareholders. So, it's to align and reward certain employees. We believe it's a unique opportunity because of the dislocation. I considered a direct investment in the platform. I believe in the team. I believe in the platform. I believe in the direction we're going, and I want every leader in the company to be aligned in our mission, whether I'm offering a meaningful piece of my own capital behind that conviction. There's no loan involved. There's no loan involved. It's a reward, and it's in alignment.

Andrew Kligerman

Analyst, TD Cowen

Q

That's awesome. Thank you.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

And by the way, it's good business.

Andrew Kligerman

Analyst, TD Cowen

Q

Really appreciate it.

Operator: Our final question will come from Mike Zaremski with Bank of Montreal. Please unmute your line and ask your question.

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Q

Hey, thanks. Good evening. Now, my first question is just trying to get some additional kind of macro context around the organic growth guide of mid-single digits. I guess, just in 2025, the E&S market grew – the US E&S market grew about 7%. Ryan's organic was about 10%. Is there a way we could, since a lot of us think kind of outside looking in, would your mid-single digit guide imply the US E&S market is still growing, growing a little bit, a lot, maybe 0%? Is there a way to kind of put that in context?

Timothy W. Turner

Chief Executive Officer, Director; Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

A

Well, I'll try to explain what we think is happening here with the E&S flow. I mentioned it earlier. We continue to see 8% plus growth of new E&S business coming into the market. So, the flow remains very strong and very healthy. And we're capturing more than that. We're outpacing that. It's just the prices are coming down. The premiums are coming down. But in terms of our market share, we're gaining market share all the time, and we're confident that we'll get even more market share this year. It's just again, price affected our flow at the moment, especially in property.

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Q

Got it. So, you're taking market share. Okay. I can – we can work with that. Maybe just also sticking with kind of on a macro level. So back to maybe Meyer's question that over time, if the North Star is still kind of getting back to double-digit organic, how would you break down that organic between flow versus pricing? Is it kind of 50/50 or lopsided towards flow or pricing?

Timothy W. Turner

Chief Executive Officer, Director; Chairman-Ryan Turner Specialty, Ryan Specialty Holdings, Inc.

A

Well, it fluctuates constantly, not just property and casualty, but there's dozens of product lines within those verticals that have niche firming phenomenons going on. Prices are going up. Classes of business like transportation, habitational, national, public entity, lots of healthcare verticals where again, the pricing is actually going up, rates are rising, capacity shrinking. So, we give you the macro view of property and casualty. But there's so much more within these segments that are opportunistic for us. So it's kind of hard to break out those rates on a macro basis.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

I think an important point to add to that, when we say we're still aiming for and believe we can get to down the road back to double-digit, we're getting scale in what we call our diversification strategy. We're getting scale. We're getting good scale. And so, as that scale rises, it actually has a bigger, obviously mathematical impact on organic. So, the two core divisions, each are going to perform well as we believe. But on top of that, we have this diversification with reinsurance, with doing newly created, we call them de novo, delegated authority opportunities, but also alternative risk that do product and of course benefits. Those were all de novo, and so

gone through the growth pains. But they're getting scale. So, they'll start to contribute more to the overall organic recovery over time.

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Q

That's helpful. And just lastly, back to the – I think \$52 million stock grant. Any – are there any terms and conditions that we should be aware of that the stock needs to hit certain hurdles or over certain timeframes? Or is it just a straight stock grant that vests over X amount of years? Thanks.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

It's the latter. It's five-year vesting, years three, four and five.

Mike Zaremski

Analyst, BMO Capital Markets Corp.

Q

Thanks.

Operator: And our final question of today will come from Rowland Mayor at RBC Capital Markets. Please unmute your line and ask your question.

Rowland Mayor

Analyst, RBC Capital Markets LLC

Q

Okay. Hi. Good evening. Can you hear me?

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

Yeah.

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yes.

Rowland Mayor

Analyst, RBC Capital Markets LLC

Q

I wanted just a quick reminder on the timing of recent M&A. As we move through the year, I assume revenue growth should begin to converge with organic growth?

Janice Marie Hamilton

Chief Financial Officer, Ryan Specialty Holdings, Inc.

A

Yes. So, in terms of our M&A and I think we shared this in our prepared remarks, the expectation is that more of our material opportunities are going to come potentially later in the year. So we would expect total revenue and organic to converge on that basis, excluding contingency.

Patrick G. Ryan

Founder & Executive Chairman, Ryan Specialty Holdings, Inc.

A

The other part of that is that there are properties coming on the market, but not the quality that we're looking for generally. So, there'll be activity that we're not choosing not to participate in. We have lined the site out in time, potential, really good strategic opportunities, but at the earliest, they'd be late in the year and probably 2027. But in the meantime, we got a heck of a good investment opportunity in our own shares.

Rowland Mayor*Analyst, RBC Capital Markets LLC*

Q

Yeah. I did want to follow up on that. The authorization, I think, went in during the middle of the quarter. Is it better to think about the \$40 million as for a go-forward basis as like the daily average volume or the \$40 million overall?

Patrick G. Ryan*Founder & Executive Chairman, Ryan Specialty Holdings, Inc.*

A

Well, the \$40 million is just limited by time. And you know the rules. But let's be clear that – within the rules, we want to buy stock and that's the plan. I think we got a few days that we have to stay dark, but not much longer.

Rowland Mayor*Analyst, RBC Capital Markets LLC*

Q

All right. Thank you so much.

Operator: Thank you. There are no further questions at this time. I will now turn the call over to management for closing remarks.

Patrick G. Ryan*Founder & Executive Chairman, Ryan Specialty Holdings, Inc.*

Yes. Well, this is Pat. I'm not going to repeat all the challenges, but we're in a challenging market, but we're also disciplined. I hope you believe that I think you do that. We're transparent and we have a pretty clear focus on the levels we have within our control to bounce back, and we're looking at that. We're looking at doing everything we can to bounce back, to prove the growth and the margin, which will drive the share price. So, we're investing in technology in a significant way, talent always, and expanding the capabilities that will allow us to emerge from this current cycle that we're in much stronger. So, thanks for your really good questions. Thanks for your support. We look forward to speaking with you next quarter. Thank you.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2026 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.