

Welcome

Peter Holt, President, Chief Executive Officer

Welcome to all of you attending. This is the first time we've done this event and we're really excited about it. The video we just saw was actually a piece that we used to launch our national conference.

And we just completed our national conference a couple of weeks ago, brought all of our franchisees together to do exactly what our narrator was telling you, and we had almost 90 – well, we had 92% attendance of the representation in our network.

Now in franchising, I've actually never had that high of attendance at a national conference, so that gives you a sense of the engagement, the excitement, the energy of where this organization is going and we're going to talk about that today. But I want to talk about a couple of housekeeping, rules.

Number one that we do have WiFi access available, go to Marriott conference and then the code is IN2019. So for any of you who want to get on WiFi, that's there. The second thing I want to talk about is, we have a very dense day today and you're going to hear from a lot of speakers with various compact presentations and we're going to keep on time and I need your help to do that because you may have a lot of questions and if it's like any other investor conference I've been to- It's like, Okay, take me through the whole deck and then I'm like Okay, now let's get on Slide 1 and we boom, we go off deck and that – which is okay, but here we really want the presenters to get through their presentation, they set them up so they left themselves time at the end of their presentation, we'll take questions through that period and then move on to the next presenter. And so if we're not getting all the questions answered, then later on this afternoon when we're in the cocktail hour then we can certainly make sure they're addressed, but I'm going to ask all of you to help us stay on time.

Expansion Strategy and Vision

Peter Holt, President, Chief Executive Officer

Now, this is not a day to lay out a brand-new strategy. Our strategy is the same and we've been talking about it for the last three years that we believe in this concept. We believe there's room for 1700 units out there. This is a strategy of combined corporate and franchise growth that's predominantly driven by franchising. And what you're going to see today more than anything else, is the people, the executives that are going to execute to that strategy.

And so they are the ones that are really going to be sharing their story with their discipline of how we're going to get there. Now I just want to cover a couple of points in my time here. I want to talk about our mission, vision and values, because I think that's exactly how – the core of how an organization aligns itself and goes forward. You have- people, have to have a shared mission. They have to understand the vision, where are we trying to go with it and then we need to have shared values as we go through creating that vision.

And so it's those values that help us get there, or guide us in the process of decision-making so that we continually stay on track to our mission and to our vision. And then I'm going to talk a little bit about the market itself. And certainly what you're experiencing is that you're going to see a very strong franchise team in place, executive team in place that is executing on the line level and at the same time, our market is expanding. And I'm going to talk a little bit about that. So what's happening is all the improvements in the things that we doing better and better are being amplified by a market that's growing.

And that's a really great place to be when you look at where we go as an organization to achieve that vision that we set for ourselves. Now, I'm just going to go through quickly. I like you all to memorize our Safe Harbor statement, that when you're done we'll go onto the next slide, if you all can memorized, these are the things that we're really talking about – we've talked about that 1700 unit.

How we're going to get there? And you're going to see today what that's going to look like. How or who are the people driving us to that ability to achieve that 1,700 -plus unit? Now we have a really simple mission and it's a very powerful mission to improve quality of life through routine and affordable chiropractic care.

And I can't emphasize how profound that is for our franchisees, for our doctors, for the staff to get the level of engagement and commitment. Can you imagine your job is to improve quality of life. I mean, that's a very powerful place to be and as we really utilize this as the true mission, you'll see this mission on the wall of every single clinic that we have out there. Now what's our vision? Where do we want to grow, when we grow up? What do we want to be when we grow up?

It is pretty straightforward, is we want to be the premier provider of chiropractic care in wellness and health plans. We want to double our footprint. We want to be the career path and choice for chiropractors. We want to create a world-class culture. We want a robust regional community, regional developer community. We know that the regional developer community is the key to accelerated growth and we're going to spend a fair amount of time talking about that today.

And finally, we want to build and maintain a world-class IT structure. I recently was at the International Franchise Association's convention and the gather of all franchisors in the country and some from around the world and virtually the entire conference was dedicated to this whole issue of consumers are gathering information in a fundamentally different way with technology, which is influencing how they are choosing the products and services that they are offering, that the franchisors are offering.

And how are you going to take advantage of that? How are you going to make sure that you don't get left behind? And we spent a lot of time talking about the importance of the IT platform that absolutely runs our business and where we're going with our new program with SugarCRM.

Values, values are aspirational, that these are what we put on the wall every day and from my experience, ability to managing franchise system for 30-plus years, that core value, trust, defines everything, is that franchising is like marriage, in some country or some states it's easier to get a divorce than to break a franchise agreement or terminate a franchise agreement. So this isn't just a one-off field. We're entering into this 10-year relationship that can go on and go on and go on.

And in any kind of relationship – I've been married now for 36 years and one of the things that you can talk about being married for 36 years is you can have conflict. That it's part of the process. And what's important is that as long as you hold that value of trust, there's not a single conflict that you can't overcome, because what you find very often, is you're just trying to get to the same place from the different perspective and this is even more true in franchising, this is how franchisors are kept really current and able to go forward with that business model because the franchisees aren't paid employees who just say, okay, do it or I fire you.

They're people who have a vested interest in the outcome, they are focused on what we're trying to do and together, we're able to find the best solution in the various issues that we face as we grow this business. Integrity, it's a simple word, but it also really means that – to me the best definition of integrity is the words I use and the actions I take are in alignment. And that's really important.

Excellence, continually striving. There is no franchise system that's done. You're continually changing, evolving, taking place, taking advantage of the changes taking the marketplace. So if you don't have that striving, you become – you get out of market, you become not current, that you're left behind, whether it's technology-driven or otherwise. Respect, this is the core to how we talk to each other. It's that if you respect somebody, you can disagree but you can talk and you can share information that's fundamental in the franchise community.

And finally, accountability. It's really important that we share and understanding the roles and responsibilities and hold each other accountable to it. Franchising is a really interesting way to run a business. There's nothing intuitive about it. It's really critical that both parties understand the roles and responsibilities to most effectively utilize the time that we have in order to build that business.

The opioid epidemic continues. Now I'm not going to spend a lot of time on this, but this is just ripping this country apart and we're all looking for non-invasive ways to get out of pain, that are non-opioid based, non-knife based. And this is certainly one of the drivers of why chiropractic care is becoming more and more relevant as this country deals with this pain epidemic. The growth – what's going on with this chiropractic market?

50% of the American people don't even know what the word chiropractic mean. 30% are scared, that they'd be interested if they had – somebody who could help them cross that bridge. Oh I know it's bone cracking, no I don't want you to touch my neck. I mean that's part of – that fear of those 30% who are in pain and looking for ways to address it. And finally, 15% of the American people are using chiropractic at least in last 12 months.

So what happens when that 15% goes up to 17%, 18%, 19%, 20%? You get that critical mass. Well we're right at the forefront where that's happening in that retail center. Our target audience is relief seekers. Predominantly millennials, 39% of our patients today are millennials, 34% are X Gen. So these are the people who are looking for that non-invasive way to get out of pain. And when moving forward, they need a relief, they need a story, they need to understand how chiropractor can help them and being in that strip mall or that daily use center where they get the haircut, buy a frozen yogurt, now get chiropractic care is what's driving this business.

The Joint Corp. Investor Day

Unedited Transcript

June 3, 2019

Many of you have heard me say that 26% of our patients, we had 434,000 patients who opened that door for the first time in 2018 and 26% of them have never seen a chiropractor before. I know the amazing numbers in a retail outlet. 26% of the people open the door for the first time have never used your product your service before. That's pretty indicative of the future in front of us.

What I love about this slide, this is a Google Trends map or slide and what it's looking at it is that how many times the word chiropractor and chiropractic have been searched. Now I was told 80% of all searches take place on Google and this is going from 2004 till present. And what you see there is that steady increase in the search. People are looking.

Now if you can see the point at 2010, that wasn't what I wanted. It's started jogging up. Why? Well my theory is, The Joint Corp was formed in 2010 and we went retail. And so people had more and more exposure to the concept of chiropractic and the professional study. And you can see that trend line, which is any business would love to see.

Our path to 1,700. This is what today's going to be about. Today, we've 454 clinics, 404 franchised, 50 corporate. This is end of Q1. And that we have one of the lowest closure rates I've dealt with in franchising. We have a very small transfer rate. Our franchisees love this concept and continue to grow with us. And today these are the people who are going to tell you how we're going to get there. And I'm really excited, I've been involved in franchising for a long time and I could not be more proud of this team up there that profoundly understands our business model, is executing at the highest level and I think, really going to allow us to achieve this vision that we've set out for ourselves. So that's the end of my formal remarks. Questions for me, you can hold on because you will have a lot of time to talk to me about what made the CEO in the afternoon, and the break sort of come to me, but with that, I'm going to turn it over to Jake Singleton, our CFO.