

Investor Day Wrap Up

Peter Holt, President, Chief Executive Officer
Jake Singleton, Chief Financial Officer

Jake, do you want to join me? We're just going to open up for a couple of minutes. Any questions because you didn't get the time – the opportunity to talk to Jake and I about questions? And so if you – I know you have gone through a lot today. We've heard a lot of content. It's been very dense. I appreciate how engaged you all have been. But just one minute here, if you have any specific question for Jake and I. Or are you just actually stunned by the information that's been shared with you today?

<Q>: Just wanted to circle back on one thing. You were talking about the DCs, and maybe you could just touch on or remind us what the attrition rates of the DCs is, how it's changed since you guys took over and then just give us a sense of when a DC leaves, why do they leave.

<A – Peter Holt>: Well, as we've been following our DCs, first of all, we don't have a lot of information from the franchisees' perspective. We haven't been collecting that. We talked about the survey that we've just done for all of our DCs, and so we've collected a lot of information about why you came in the first place, what are the things that keep you with us. And with just at the initial phase of looking at that, and certainly it's the standard things you can imagine, compensation, benefits, do I get lunch, just what's my career path from here. So those are some of the key questions that our DCs have been asking us.

Now we have made changes in our own compensation in those corporate clinics. And we have roughly about 100 DCs on staff. And we've changed – we've kind of raised their compensation, given them a different bonus plan starting in 2018, and what we've seen is it looks like in 2017, our turnover with DCs in the corporate clinics was roughly around 50%. It's 30% in 2018 and falling.

<Q>: What revenue – sorry, what multiple of revenue or EBITDA do you – have you paid in the past for your RDs you've acquired?

<A – Jake Singleton>: For the regional developers?

<Q>: Yes.

<A – Jake Singleton>: Yes, we haven't disclosed any sort of multiple on that. All of the fixed costs are in each of the 10-Qs when we make those acquisitions. So you can see the total pricing, but we haven't disclosed valuation.

<A – Peter Holt>: You guys really are stunned. You're just waiting to get to the bar, right? All right. Hey, listen, I just want to close this out and say, okay, what are the key takeaways from today. Number one, we are in a chiropractic market that is only becoming more and more relevant to the consumer of this country. You should come away feeling that there is an extraordinarily talented group of executives who are driving this company to achieve the vision that we've laid out. You should come away believing that we have some very sophisticated regional developers who will be instrumental at accelerating the growth of this business.

The Joint Corp. Investor Day

Unedited Transcript

June 3, 2019

You should come away feeling that there are some unbelievably passionate franchisees who are on that line level, making the change – or making a difference in the lives they touch every day. I don't know how many times we've heard today the mission statement repeated. We improve quality of life through routine and affordable chiropractic care. It's in the DNA of this organization at the executive level right down to the franchisee. And we believe it. We're moving towards it. And we will achieve our goal.

And I thank all of you for the time you've given us. Any other questions, you can meet us at the bar. And I surely thank you all for the time and attention. I know it's a lot for you guys to come out of your – come to Scottsdale, take a day, spend it with us, and we're very grateful that you did. So thank you all very much.