



# INVESTOR PRESENTATION

March 2022



# DISCLAIMER

## Forward-Looking Statements:

This presentation by Ryan Specialty Group Holdings, Inc. (the “Company,” “we,” “us”) contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, that involve substantial risks and uncertainties and that reflect the Company’s current expectations and projections with respect to, among other things, its plans, objectives, and business. These forward-looking statements may be preceded by, followed by or include the words “anticipate,” “estimate,” “expect,” “project,” “plan,” “intend,” “believe,” “may,” “will,” “should,” “can have,” “likely” and variations of such words and similar expressions. All forward-looking statements are subject to risks and uncertainties, known and unknown, that may cause actual results to differ materially from those that the Company expected. For more detail on the risk factors that may affect the Company’s results, see the section entitled “Risk Factors” in our annual report on Form 10-K filed with the Securities and Exchange Commission on March 16, 2022, and in other documents that we file with, or furnish to, the SEC. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements. Given these factors, as well as other variables that may affect the Company’s operating results, you are cautioned not to place undue reliance on these forward-looking statements, not to assume that past financial performance will be a reliable indicator of future performance, and not to use historical trends to anticipate results or trends in future periods. The forward-looking statements included in this presentation relate only to events as of the date hereof. We do not undertake, and expressly disclaim, any duty or obligation to update publicly any forward-looking statement after the date of this release, whether as a result of new information, future events, changes in assumptions or otherwise.

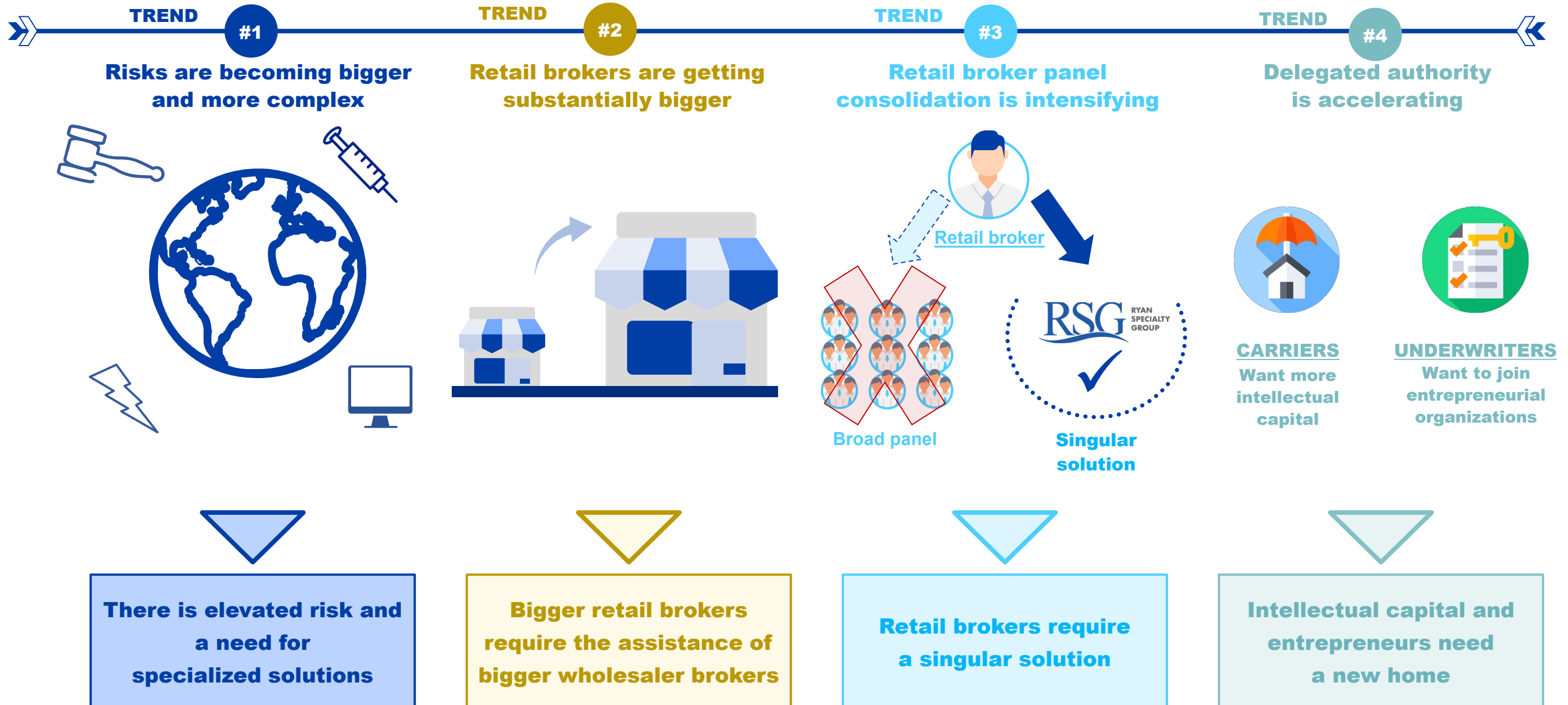
## Market and Industry Data

This presentation includes information concerning economic conditions, the Company’s industry, the Company’s markets and the Company’s competitive position that is based on a variety of sources, including information from independent industry analysts and publications, as well as the Company’s own estimates and research. The Company’s estimates are derived from publicly available information released by third party sources, as well as data from its internal research, and are based on such data and the Company’s knowledge of its industry, which the Company believes to be reasonable. The independent industry publications used in this presentation were not prepared on the Company’s behalf. This information involves many assumptions and limitations, and you are cautioned not to give undue weight to these estimates. The Company has not independently verified the accuracy or completeness of the data contained in these industry publications and other publicly available information. Accordingly, we make no representations as to the accuracy or completeness of that data nor do we undertake to update such data after the date of this presentation.

## Non-GAAP Measures

This presentation contains the following financial measures: Organic Revenue Growth Rate (or “Organic Growth”), Adjusted EBITDAC, Adjusted Net Income, Adjusted EBITDAC Margin, and Adjusted Net Income Margin, each of which are not recognized under generally accepted accounting principles (“GAAP”) in the United States. The Company believes that non-GAAP financial information, when taken collectively, may be helpful to investors because it provides consistency and comparability with past financial performance and assists in comparisons with other companies, some of which use similar non-GAAP financial information to supplement their GAAP results. The non-GAAP financial information is presented for supplemental informational purposes only, should not be considered a substitute for financial information presented in accordance with GAAP, and may be different from similarly-titled non-GAAP measures used by other companies. Organic Growth, Adjusted EBITDAC, Adjusted Net Income, Adjusted EBITDAC Margin, and Adjusted Net Income Margin each have limitations as an analytical tool, respectively, and you should not consider any of these measures either in isolation or as a substitute for other methods of analyzing the results as reported under GAAP. Please see the appendix for a reconciliation of such non-GAAP financial information to the most comparable GAAP measure.

# OUR FOUNDING THESIS

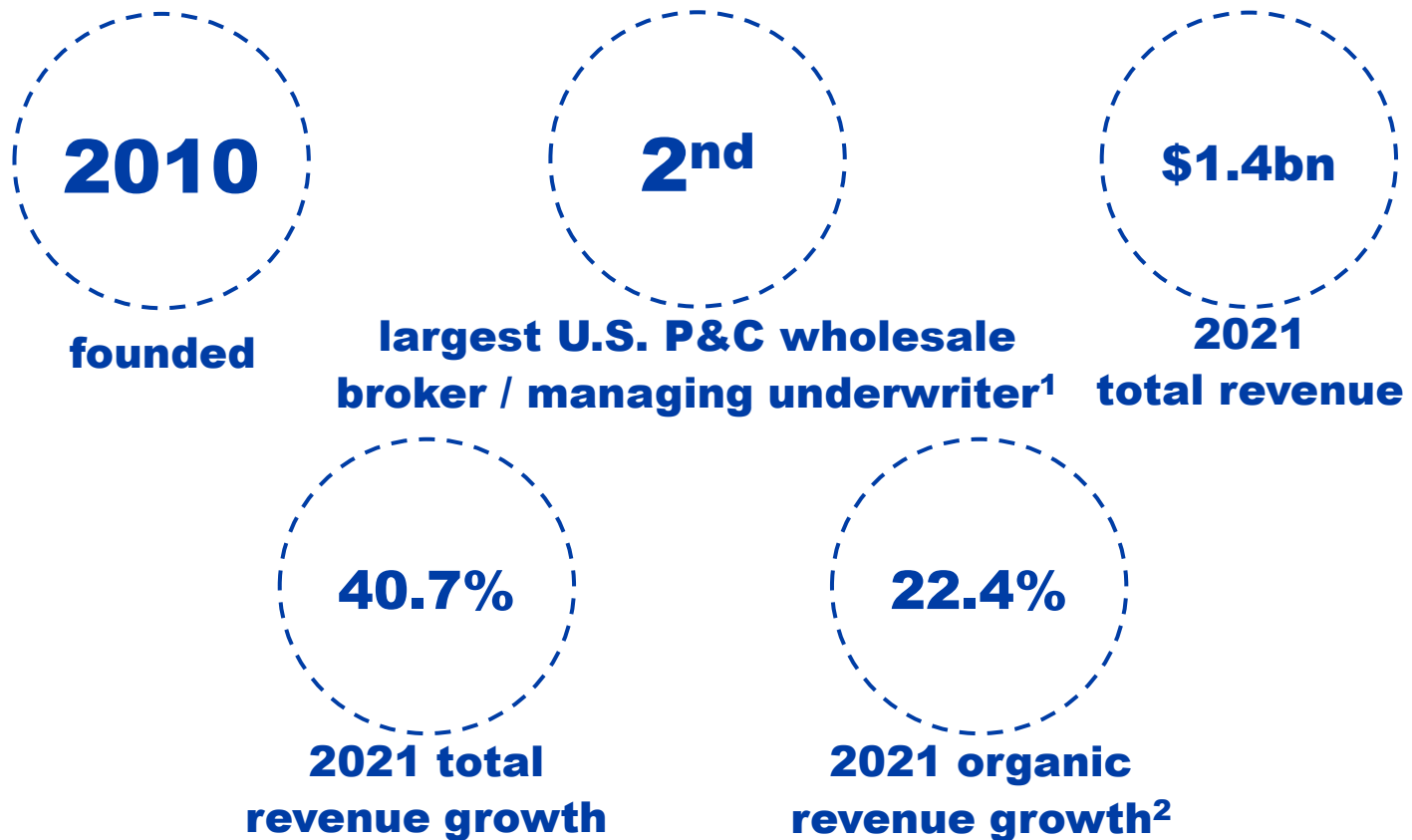


## WHO WE ARE

We are a rapidly growing provider of specialty products and solutions for insurance brokers, agents and carriers

For retail insurance brokers, we assist in the placement of complex or otherwise hard-to-place risks

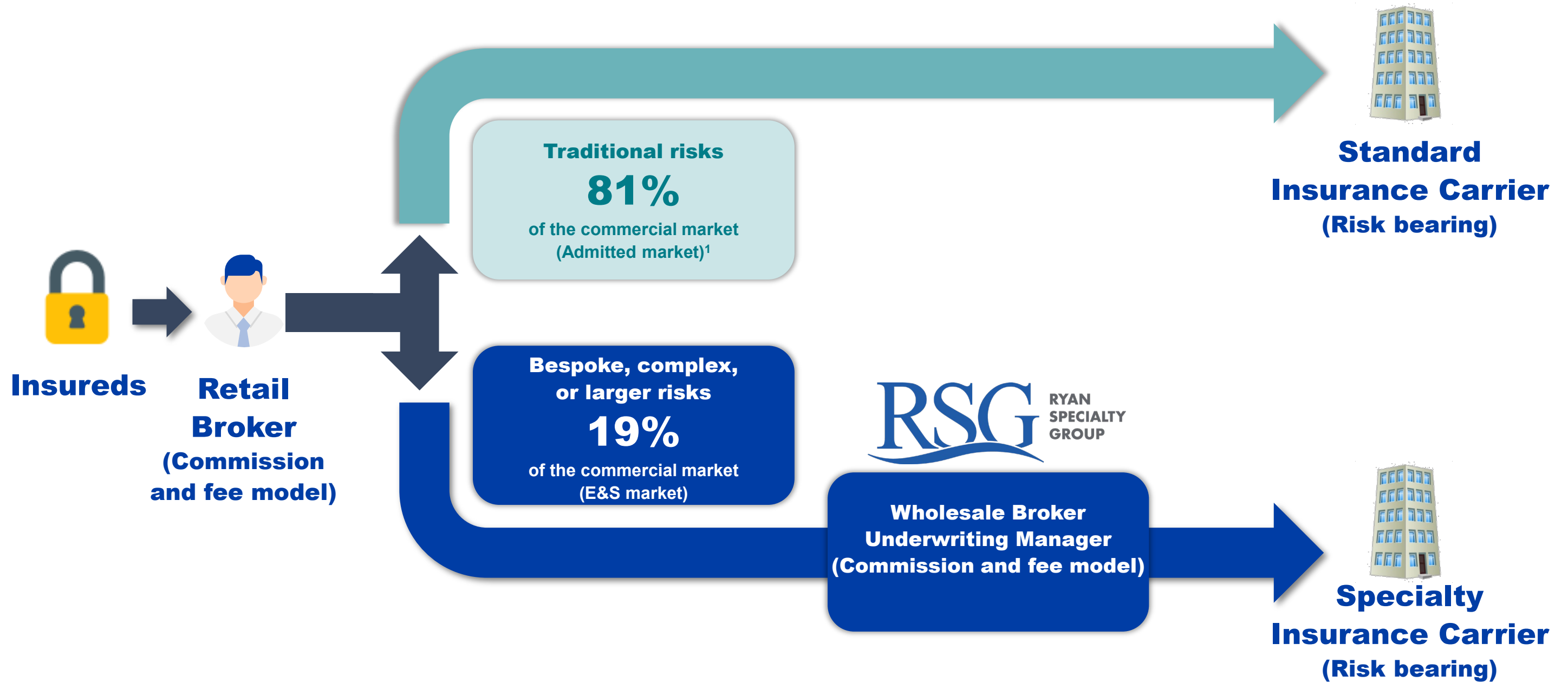
For insurance carriers, we work with retail and wholesale insurance brokers to source, onboard, underwrite and service these same risks



<sup>1</sup> According to premium volume; Source: Business Insurance, company filings

<sup>2</sup> Non-GAAP measure; Please see the appendix for a reconciliation of organic revenue growth to the most comparable GAAP measure.

# DRIVING VALUE BY SECURING COVERAGE FOR COMPLEX SPECIALTY RISKS



Source: SNL, AM Best; <sup>1</sup> ~27% of Ryan Specialty's business was in the admitted market for the year ended 12/31/2021

# 73% OF OUR PREMIUMS ARE PLACED IN THE ATTRACTIVE E&S MARKET<sup>1</sup>

## WHAT IS THE E&S MARKET?



Market for highly specialized insurance risks



Freedom of rate and form



Tailor coverage to the needs of insureds



Facilitates coverage which wouldn't be possible otherwise

## WHAT IS DRIVING THE E&S MARKET?



Increasing catastrophe losses and risk of climate change



Increasing jury verdicts and social inflation



Proliferation of cyber threats as more business is done online



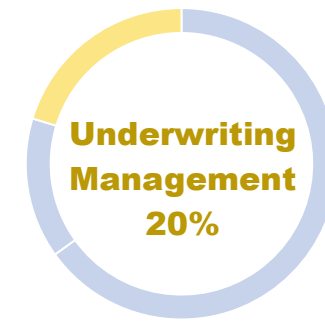
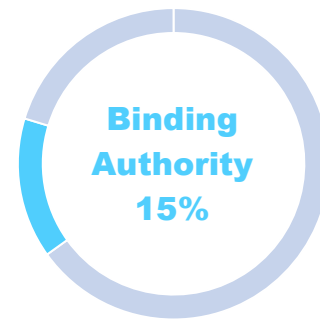
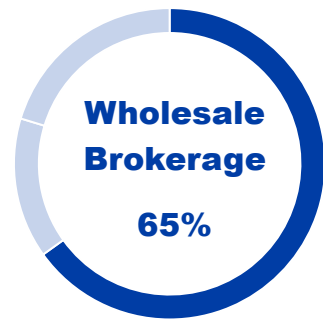
Emergence of novel health risks

## E&S GROWTH OVER THE PAST DECADE<sup>2</sup>



<sup>1</sup> For the year ended 12/31/2021; <sup>2</sup> AM Best, SNL Financial

# COMPREHENSIVE, FULL SERVICE PRODUCT OFFERING



## Brand



## Operating model

- Distributes a wide range of products from insurance carriers to retail brokers

- Places larger-volume, smaller premium policies efficiently with insurance carriers

- Designs, underwrites, binds and administers policies on behalf of carriers

## Value proposition

- Focused, specialized servicing of retail agent's most challenging risks

- Timely and secure access to insurance carriers through in-house binding arrangements

- Provides carriers with effective market expertise in distinct and complex niches

## Illustrative coverages

- Construction liability
- Directors and officers
- Vacant property
- Environmental liability
- Coastal wind coverage

- Manufacturing
- Start-ups
- Distressed property
- Subsidized housing
- Long-haul trucking

- Cyber
- Renewable energy
- Professional liability
- Transactional liability
- Product liability

# MULTIPLE AVENUES FOR GROWTH

## ORGANIC GROWTH

- Deepen and broaden relationships with retail brokers
  - Access to **>16,000 retail insurance brokerage firms**
  - **Ryan Specialty's revenue growth with the top 100 retail brokerage firms exceeded Ryan Specialty's organic revenue growth of 22% in 2021<sup>1</sup>**

## STRATEGIC ACQUISITIONS

- **Over 40 acquisitions** completed since founding
- Approximately **\$59mm** of revenue acquired in 2019, and **\$240mm** of revenue acquired in 2020, and **\$34mm** of revenue acquired in 2021
- Ability to improve performance at acquired firms

## BINDING AUTHORITY OPPORTUNITY

- M&A and panel consolidation in binding authority are in nascent stages
- Opportunity to comprehensively address the delegated authority market, which **represented 38% of E&S premiums in 2020<sup>3</sup>**

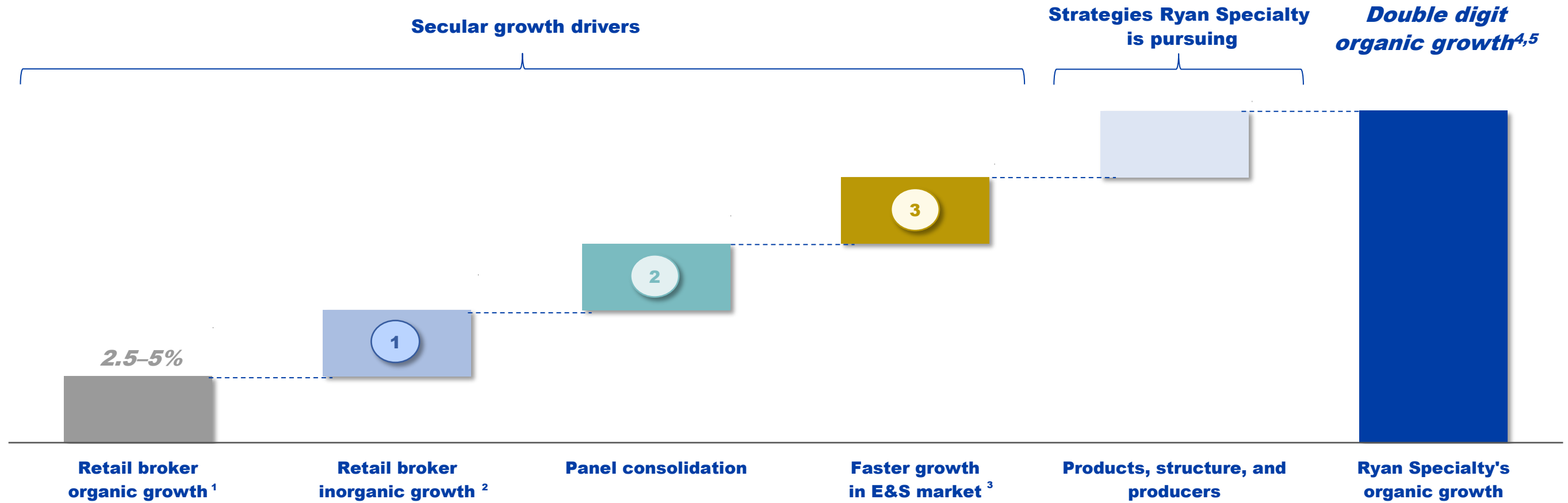
## DE' NOVOS, INTERNAL DEVELOPMENT & NEW HIRES

- Capitalizing on market needs to enhance our product capabilities through the **launch of new MGU's and Programs**
- Each producer cohort hired between 2016 – 2020 **had a positive contribution margin by their second year<sup>2</sup>**
- World class training and development programs, **Ryan Specialty University**





# FINANCIAL RESULTS DRIVEN BY MARKET FUNDAMENTALS



**1** Estimated to be **~5%<sup>2</sup>** which feeds into Ryan Specialty's organic growth

**2** Retail brokers are consolidating wholesale broker panels from **hundreds to 1-3**

**3** E&S market growth is outpacing admitted market growth by **~3-4%<sup>3</sup>** (retail brokers have minimal E&S concentration)

<sup>1</sup> Represents 2019, 2020, and 2021 public commercial insurance brokerage median organic growth

<sup>2</sup> Represents approximated inorganic growth

<sup>3</sup> Represents approximate E&S market outperformance relative to the admitted market over the past decade

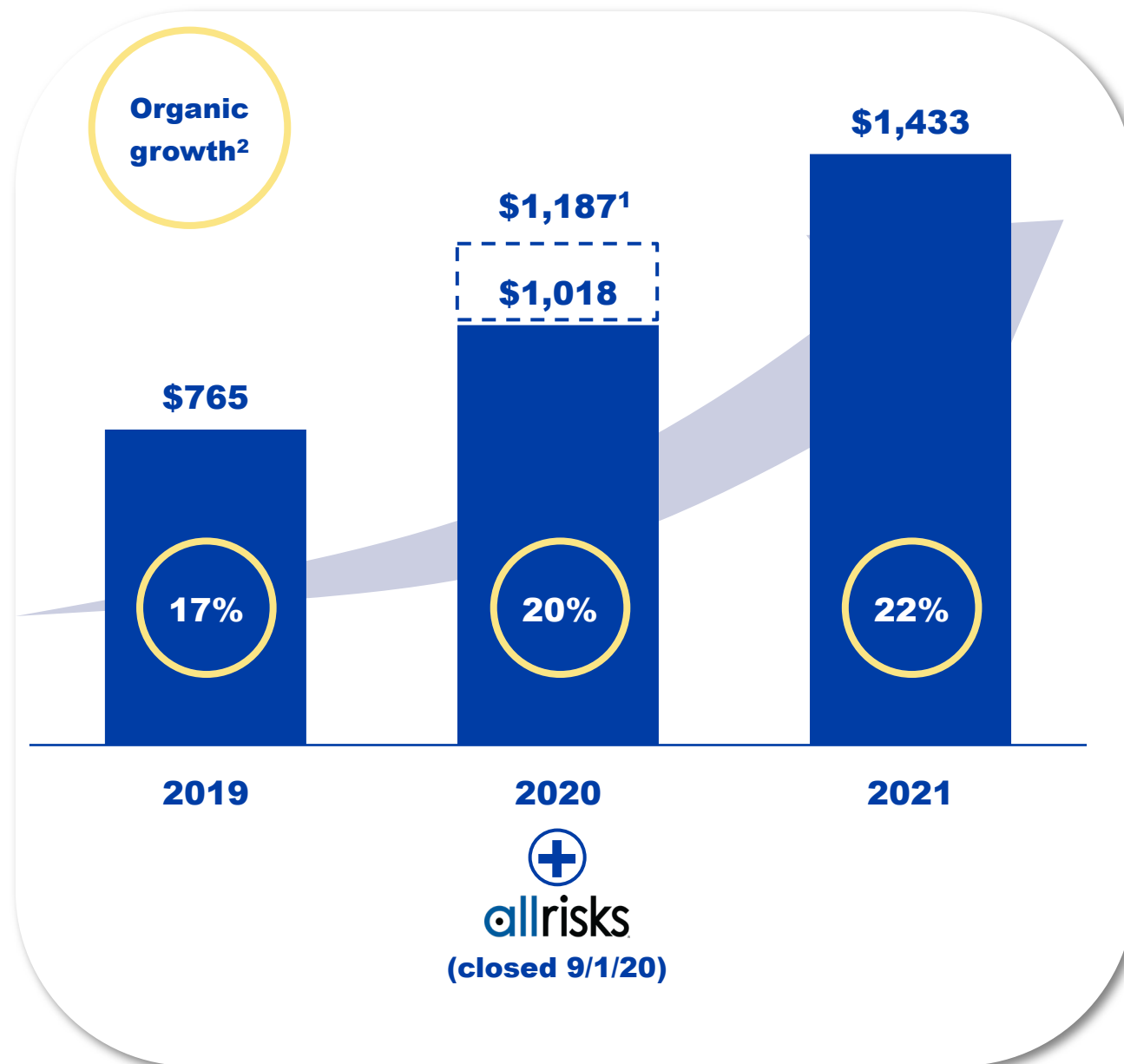
<sup>4</sup> Represents 2019, 2020, and 2021 Ryan Specialty organic growth

<sup>5</sup> Non-GAAP measure, please see the appendix for a reconciliation of Organic Growth to the most comparable GAAP measure

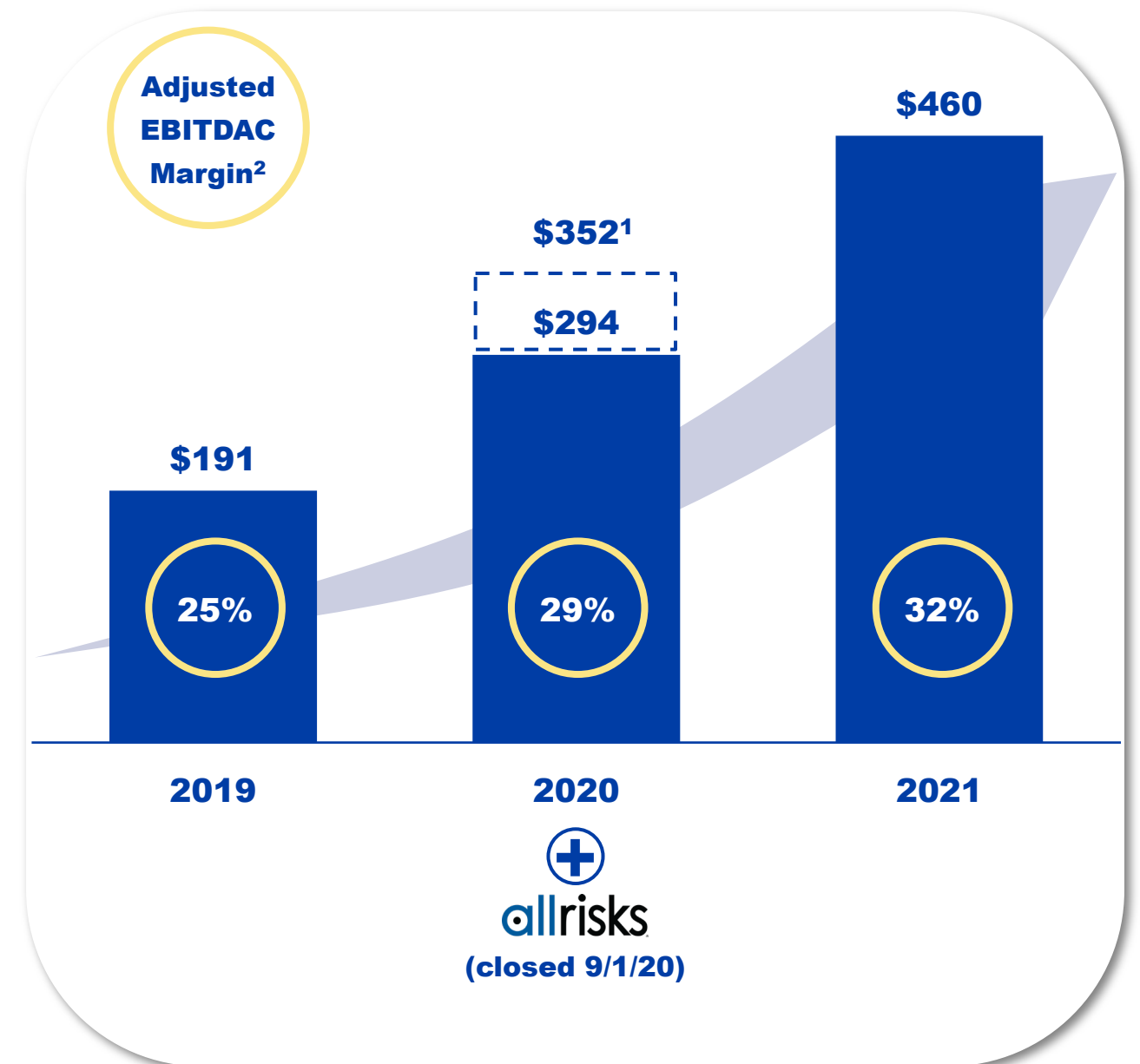
Source: SNL, AM Best, company filings; Public insurance commercial brokerage median includes AJG, AON, BRO, BRP, MMC, and WLTW

# PROVEN HISTORY OF DOUBLE-DIGIT ORGANIC GROWTH AND STRONG MARGINS

## REVENUE (\$MM)



## ADJUSTED EBITDAC<sup>2</sup> (\$MM)



<sup>1</sup> Only Revenue of \$1,187MM and Adjusted EBITDAC of \$352MM include the pro forma effect of All Risks, transaction closed 9/1/20  
<sup>2</sup> Non-GAAP measure, please see the appendix for a reconciliation of Organic Growth, Adjusted EBITDAC, and Adjusted EBITDAC Margin to the most comparable GAAP measure

# Financial Profile

## OPERATING CASH FLOW



- Ryan Specialty's operating cash flow and conversion of EBITDAC to Free Cash Flow remains strong
- Operating cash flow is largely used to service existing debt, finance accretive acquisitions, invest in systems and operations, and invest in initiatives fueling future growth
- Strong EBITDAC-to-cash flow conversion driven by:
  - Limited capex needs
  - Limited working capital needs
  - Completion of the 2020 Restructuring Initiative

## LIQUIDITY



- Ryan Specialty maintains sufficient cash on the balance sheet to fund operations and continue investing in growth
- Significant liquidity in the form of an undrawn \$600mm revolving credit facility
- In February 2022, Ryan Specialty raised \$400mm of Senior Secured Notes

## LEVERAGE



- Ryan Specialty's total net leverage as of December 2021 was 2.7x
- Leverage remains below Ryan Specialty's stated target leverage range of 3 – 4x

## STRENGTHENED BALANCE SHEET, POST HY ISSUANCE

(\$mm)	12/31/21	HY Adj	Pro Forma Adjusted 12/31/21
Unrestricted cash and cash equivalents	\$387	+\$400	\$787
\$600mm Revolving credit facility	-		-
L+300 Term Loan B due 2027 <sup>1</sup>	1,630		1,630
New 4.375% Senior Secured Notes due 2030	-	+400	400
Other debt <sup>2</sup>	11		11
<b>Total senior debt</b>	<b>\$1,641</b>		<b>\$2,041</b>
<b>Net senior debt</b>	<b>\$1,254</b>		<b>\$1,254</b>
<b>4Q21 LTM Adjusted EBITDAC<sup>3</sup></b>	<b>\$460</b>		<b>\$460</b>
<b>Credit Statistics</b>			
Total debt / LTM Adj. EBITDAC <sup>3</sup>	3.6x		4.4x
Net debt / LTM Adj. EBITDAC <sup>3</sup>	2.7x		2.7x
Interest Expense Coverage <sup>4</sup>	5.8x		4.8x

<sup>1</sup> Represents outstanding principal of \$1,629m and accrued interest \$0.2m as of 12/31/2021

<sup>2</sup> Represents other outstanding debt principal and accrued interest as of 12/31/2021. Refer to FN 11 in the 10-K for more information

<sup>3</sup> Non-GAAP measure, please see the appendix for a reconciliation

<sup>4</sup> Reported interest expense was \$79.4m as of 12/31/2021. Pro Forma interest represents reported interest plus estimated interest on the HY Bond calculated as \$400m \* 4.375% (\$17.5m)

## KEY INVESTMENT HIGHLIGHTS



**Proven Ability to Attract, Retain and Develop Human Capital**



**Deep Connectivity with Retail Brokers, Free of Channel Conflict**



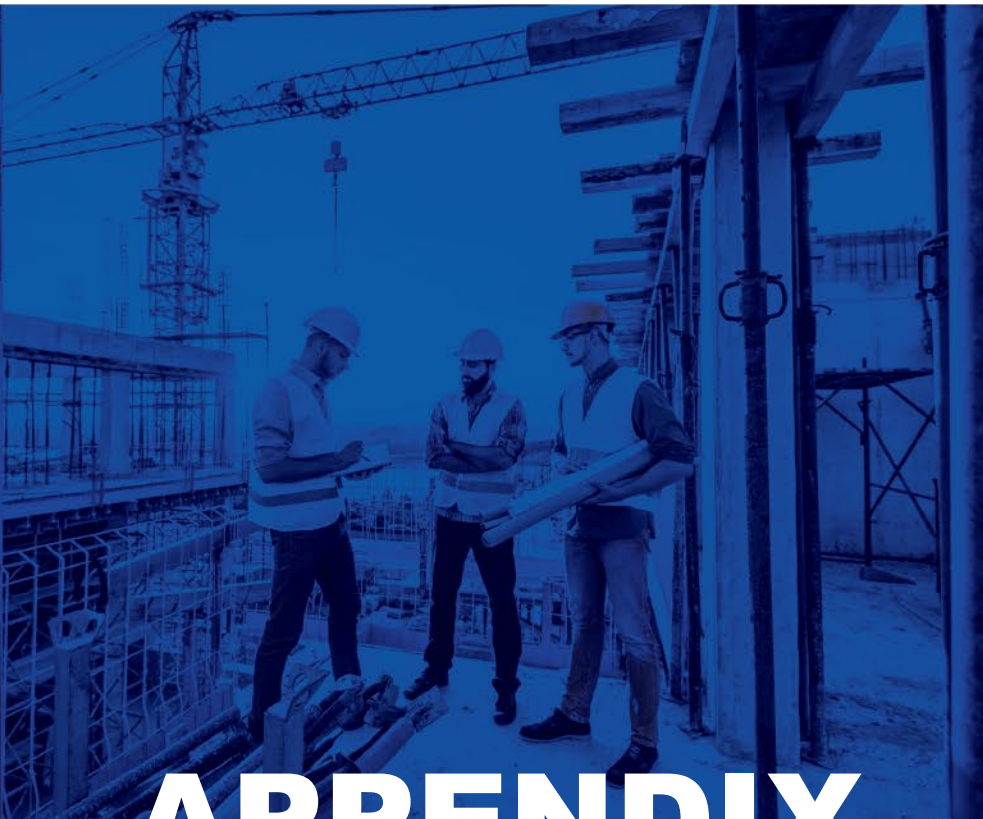
**Comprehensive Product Offering and Collaborative Relationships with Carriers**



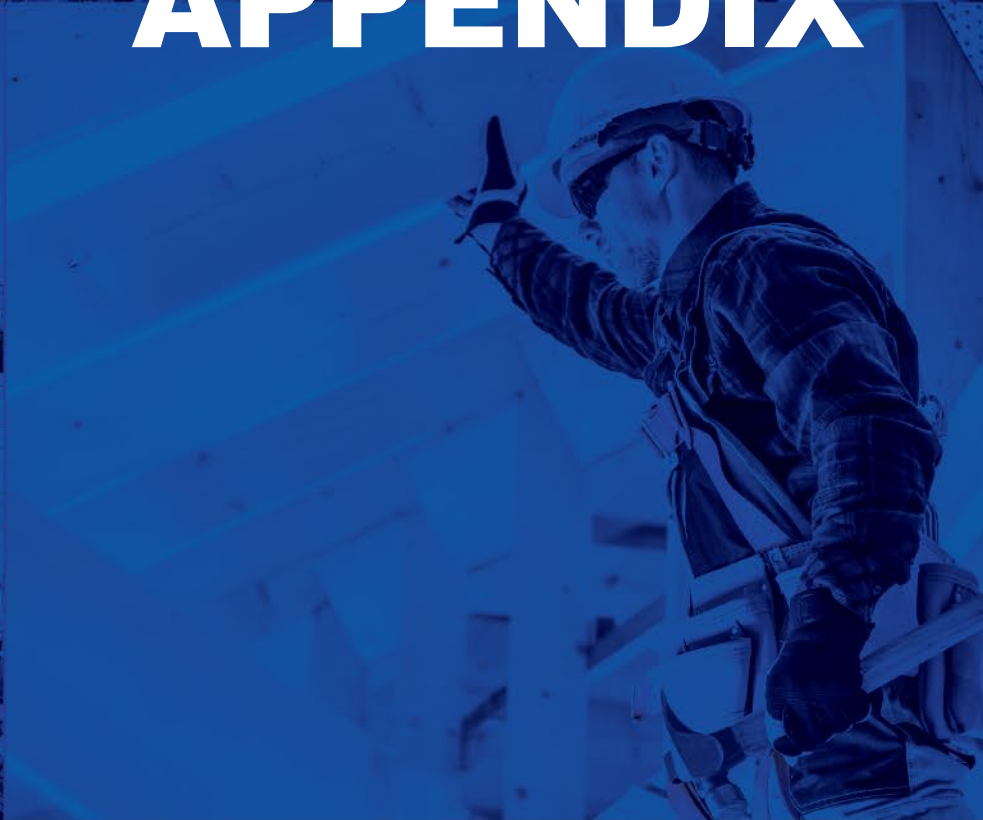
**Fragmented Industry and Benefits of Scale Perpetuate M&A**



**Visionary, Iconic and Aligned Leadership Team**



# APPENDIX



# ADJUSTED EBITDAC RECONCILIATION

(\$MM)	2019	2020	2021	COMMENTARY
<b>EBITDAC</b>	<b>\$155</b>	<b>\$193</b>	<b>\$256</b>	<b>See next page for details</b>
Acquisition-related expense	\$10	\$18	\$4	<ul style="list-style-type: none"> <li>■ Acquisition and related restructuring adjustments</li> <li>■ Primarily a result of the All Risks transaction</li> </ul>
Acquisition-related long-term incentive compensation	2	13	38	
Restructuring and related expense	–	13	15	
Amortization and expense related to discontinued prepaid incentives	10	14	7	■ Discontinued incentive plan
Other non-operating loss (income)	(3)	32	45	<ul style="list-style-type: none"> <li>■ Non cash adjustment related to fair value of Onex Preferred due to decision to pursue an IPO (Onex Preferred was refinanced with the IPO)</li> </ul>
Equity based compensation	8	11	14	
Discontinued programs expense	9	(1)	–	
Other non-recurring items	1	0	0	<ul style="list-style-type: none"> <li>■ IPO adjustment related to: <ul style="list-style-type: none"> <li>■ one-time payments made at the IPO</li> <li>■ expense related to revaluation of pre-IPO equity awards</li> <li>■ first period of expense related to new, one-time IPO awards</li> </ul> </li> </ul>
IPO-related expenses	0	0	79	
(Income) / loss from equity method investments in related party	1	(0)	1	
<b>Adjusted EBITDAC</b>	<b>\$191</b>	<b>\$294</b>	<b>\$460</b>	
<b>Adjusted EBITDAC Margin</b>	<b>25.0%</b>	<b>28.8%</b>	<b>32.1%</b>	
<b>Pro Forma Impact of All Risks</b>	<b>–</b>	<b>\$58</b>	<b>–</b>	
<b>Pro Forma Adjusted EBITDAC</b>	<b>–</b>	<b>\$352</b>	<b>–</b>	

Note: Please refer to appendix page for additional detail on adjustments; Numbers may not sum due to rounding

# SUMMARY FINANCIALS AND RECONCILIATIONS

## INCOME STATEMENT (\$MM)

	2019	2020	2021
<b>Revenues:</b>			
Net commissions and fees	\$758.4	\$1,016.7	\$1,432.2
Fiduciary investment income	6.7	1.6	0.6
<b>Total Revenue</b>	<b>\$765.1</b>	<b>\$1,018.3</b>	<b>\$1,432.8</b>
<b>Expenses:</b>			
Compensation and benefits	\$494.4	\$686.2	\$991.6
General and administrative	118.2	107.4	139.0
Amortization	48.3	63.6	107.9
Depreciation	4.8	3.9	4.8
Change in contingent consideration	(1.6)	(1.3)	2.9
<b>Total operating expenses</b>	<b>\$664.1</b>	<b>\$859.7</b>	<b>\$1,246.1</b>
<b>Operating Income</b>	<b>\$101.0</b>	<b>\$158.5</b>	<b>\$186.6</b>
<b>Operating Income Margin</b>	<b>13.2%</b>	<b>15.6%</b>	<b>13.0%</b>
Interest expense	(\$35.5)	(\$47.2)	(\$79.4)
Income (Loss) from equity method investments in related party	(1.0)	0.4	(0.8)
Other non-operating income (loss)	3.5	(32.3)	(44.9)
<b>Income (loss) before income taxes</b>	<b>\$68.0</b>	<b>\$79.5</b>	<b>\$61.6</b>
Income tax expense	(\$4.9)	(\$9.0)	(\$4.9)
<b>Net Income</b>	<b>\$63.1</b>	<b>\$70.5</b>	<b>\$56.6</b>

## ADJUSTED EBITDAC RECONCILIATION (\$MM)

	2019	2020	2021
<b>Total Revenue</b>	<b>\$765.1</b>	<b>\$1,018.3</b>	<b>\$1,432.8</b>
<b>Net Income</b>	<b>\$63.1</b>	<b>\$70.5</b>	<b>\$56.6</b>
Interest expense	\$35.5	\$47.2	\$79.4
Income tax expense	4.9	9.0	4.9
Depreciation	4.8	3.9	4.8
Amortization	48.3	63.6	107.9
Change in contingent consideration	(1.6)	(1.3)	2.9
<b>EBITDAC</b>	<b>\$155.0</b>	<b>\$192.9</b>	<b>\$256.5</b>
Acquisition-related expense	\$10.0	\$18.3	\$4.3
Acquisition-related long-term incentive compensation	2.1	13.1	38.4
Restructuring and related expense	0.0	12.9	14.7
Amortization and expense related to discontinued prepaid incentives	9.7	14.2	7.2
Other non-operating loss (income)	(3.5)	32.3	44.9
Equity based compensation	7.8	10.8	13.6
Discontinued programs expense	8.6	(0.8)	-
Other non-recurring items	0.7	0.3	0.4
IPO related expenses	-	-	79.5
(Income) / loss from equity method investments in related party	1.0	(0.4)	0.8
<b>Adjusted EBITDAC</b>	<b>\$191.4</b>	<b>\$293.5</b>	<b>\$460.2</b>
<b>Net Income Margin</b>	<b>8.2%</b>	<b>6.9%</b>	<b>4.0%</b>
<b>Adjusted EBITDAC Margin</b>	<b>25.0%</b>	<b>28.8%</b>	<b>32.1%</b>

## SUMMARY FINANCIALS AND RECONCILIATIONS (CONT'D)

### ADJUSTED NET INCOME RECONCILIATION (\$MM)

	2019	2020	2021
<b>Total Revenue</b>	<b>\$765.1</b>	<b>\$1,018.3</b>	<b>\$1,432.8</b>
<b>Net Income</b>	<b>\$63.1</b>	<b>\$70.5</b>	<b>\$56.6</b>
Income tax expense	\$4.9	\$9.0	\$4.9
Amortization	48.3	63.6	107.9
Amortization of deferred issuance costs	1.5	5.0	11.4
Change in contingent consideration	(1.6)	(1.3)	2.9
Acquisition-related expense	10.0	18.3	4.3
Acquisition-related long-term incentive compensation	2.1	13.1	38.4
Restructuring and related expense	0.0	12.9	14.7
Amortization and expense related to discontinued prepaid incentives	9.7	14.2	7.2
Other non-operating loss (income)	(3.5)	32.3	44.9
Equity based compensation	7.8	10.8	13.6
Discontinued programs expense	8.6	(0.8)	-
Other non-recurring items	0.7	0.3	0.4
IPO related expenses	-	-	79.5
(Income) / loss from equity method investments in related party	1.0	(0.4)	0.8
<b>Adjusted Pre-tax Income</b>	<b>\$152.6</b>	<b>\$247.3</b>	<b>\$387.4</b>
Tax expense	(38.0)	(61.9)	(97.3)
<b>Adjusted Net Income</b>	<b>\$114.6</b>	<b>\$185.4</b>	<b>\$290.1</b>
<b>Net Income Margin</b>	<b>8.2%</b>	<b>6.9%</b>	<b>4.0%</b>
<b>Adjusted Net Income Margin</b>	<b>15.0%</b>	<b>18.2%</b>	<b>20.2%</b>

### ORGANIC GROWTH RECONCILIATION (\$MM)

	2019	2020	2021
<b>Total Revenue Change</b>	<b>25.3%</b>	<b>33.1%</b>	<b>40.7%</b>
Less: Mergers and Acquisitions	(7.9%)	(12.9%)	(18.3%)
Change in Other	0.1%	0.2%	0.0%
<b>Organic Revenue Growth Rate</b>	<b>17.5%</b>	<b>20.4%</b>	<b>22.4%</b>