



	Sale	Buy	Grow
	\$285.00	\$334.07	15.79%
	\$375.00	\$460.75	23.20%
	\$625.00	\$663.75	6.89%
Copper	\$769.00	\$818.58	6.45%
Steel	\$424.00	\$452.96	6.84%
Aluminum	\$336.00	\$349.59	3.99%
Manganese	\$400.00	\$418.80	4.70%
Iron	\$421.00	\$426.77	1.37%
Platinum	\$285.00	\$441.28	54.83%
Silver	\$285.00	\$378.00	32.63%



Evolve

Capital Partners

Root

October 2020

Summary of Initial Public Offering

Root

Insurance Co

SPECIALIZED INVESTMENT BANKERS AT
THE INTERSECTION OF FINANCE & TECHNOLOGY

Root IPO – Executive Summary

Initial Public Offering Overview – Oct 2020

Root

NAS: ROOT



Description







- Root Insurance is a property-casualty insurtech that offers personalized and affordable coverage. The company specializes in the area of auto insurance, with a pricing model based upon individual performance collected through the company's app.



Use of Proceeds

- The net proceeds will be used to increase capitalization and financial flexibility.
- The company intend to use the proceeds for general corporate purposes, including working capital, operating expenses and capital expenditures. In addition, if opportunities present, the company may use the proceeds for acquisitions and/or strategic investments in complementary businesses, products, services or technologies.

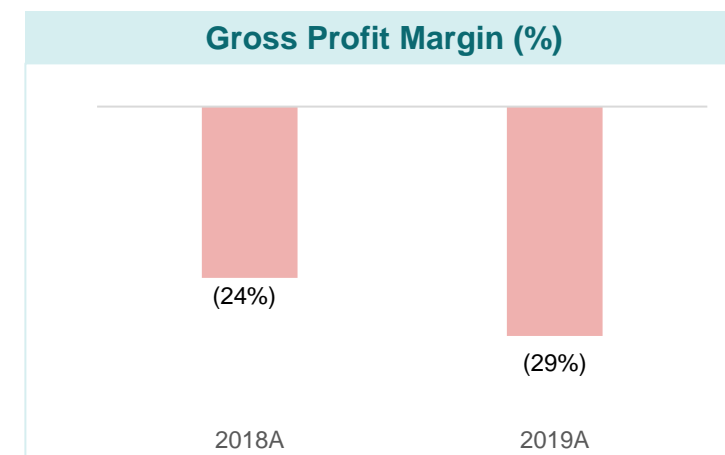
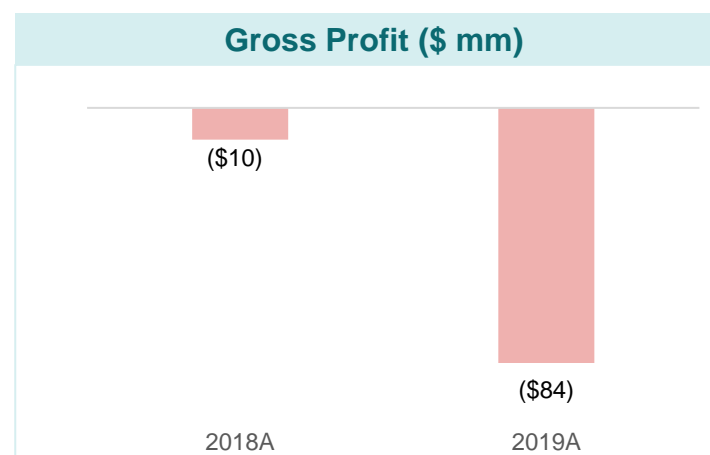
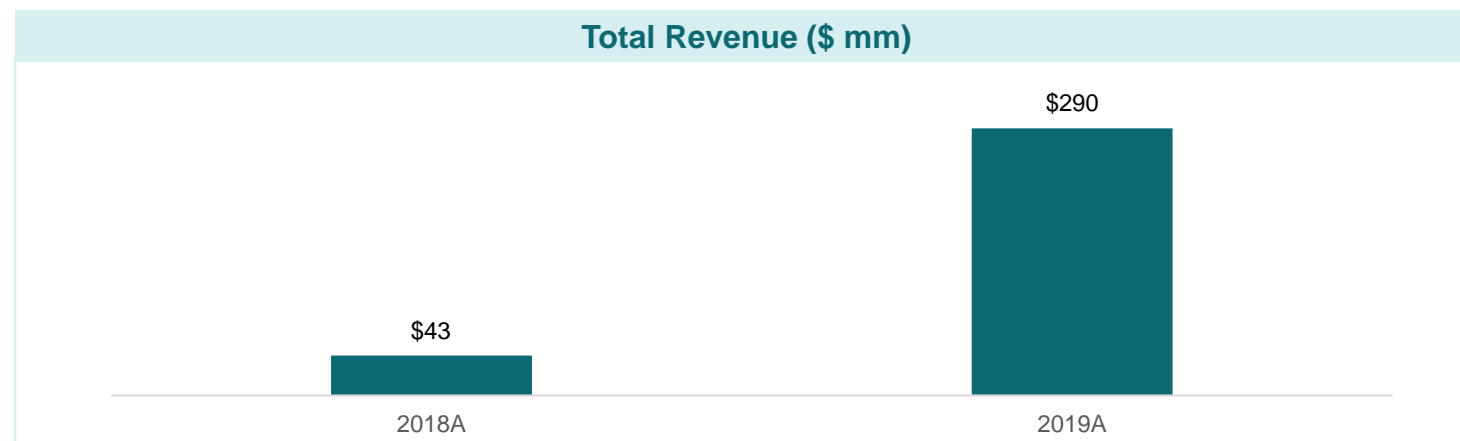
Source(s): Root 424B4 Filing, Media Reports

 Headquarters	Columbus, OH
 Founded	2015
 Employees	901
 Trading Date	10/27/2020
 Lead Underwriters	Goldman Sachs, Morgan Stanley, Barclays Capital, Wells Fargo Securities
 Issue Price	\$27.00
 Shares Offered	26.8 million
 Gross Proceeds	\$724 million

Root IPO – Executive Summary

Key Metrics

Shares Offered through the IPO	26.8 million
Issue Price	\$27.00
Total Shares Outstanding after the IPO	249 million
Market Value at Listing Price ⁽¹⁾	\$6.5 billion
Enterprise Value at Listing Price ⁽²⁾	\$5.7 billion
EV / Revenue ⁽³⁾	19.7x
Trading Date	10/27/2020
Listing Price	\$26.00
Listing Premium	(\$1.00)



Source(s): Pitchbook, Media Reports, Root 424B4 Filing.

⁽¹⁾ Market Value has been calculated as Listing Price x Total Shares Outstanding after the IPO.

⁽²⁾ Enterprise Value = calculated Market Value at Listing Price + preferred equity + debt - cash as of June 30, 2020.

⁽³⁾ EV / Revenue calculated based on enterprise value of securities on listing date.

Root IPO – Executive Summary

Company Overview

Business Overview

- Root is an insurtech company focusing on auto and personal insurance with a pricing model based upon fairness through an easy-to-access app.
- The company's solution, different from traditional insurance companies, is to use technology to measure risk based on individual performance, prioritizing fairness to the customer.
- The company's mobile-first solution is designed to make insurance easier to access through telematics and has been welcomed by Millennials, with the ability to control their premiums through a risk scoring model.
- Through its application, the company was able to use technology to analyze driving behavior to determine the risk of a customer and look for personalized rate according to data analytics.
- Root utilizes integrated set of actual claims and associated proprietary telematics, that matches miles tracked, on an individual basis, with actual claims and identify a set of driving performance factors that cause, or on a relative basis are more likely to cause accidents, to perform analytics.

Source(s): Root 424B4 Filing.

Key Statistics



The company's renewal premium base expands from 47% as of June 30, 2020 to an industry average of approximately 80% currently.



93% of Millennials are willing to share their driving data, citing the ability to control their premiums as among the most important factors.



The company continues to gain customer preferences migrating from direct channels with over 75% of customers acquired through mobile.



The market of U.S. personal lines insurance exceeded \$370 billion in 2019 premiums and has grown at a 5% compound annual growth rate, or CAGR, since 2014.



The company's risk scoring model was able to identify the riskiest 10 - 15% of drivers. The company avoids the riskiest drivers by electing not to quote this segment.

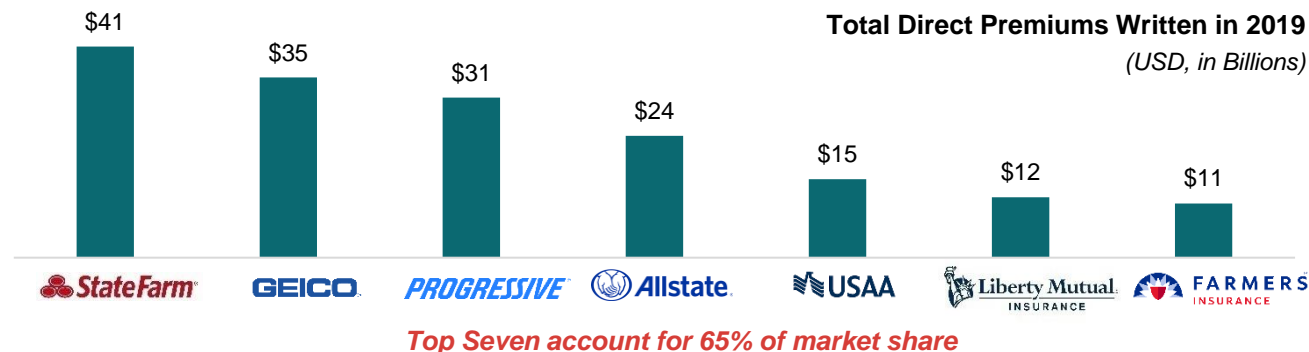
Root IPO – Industry Landscape

Key Metrics

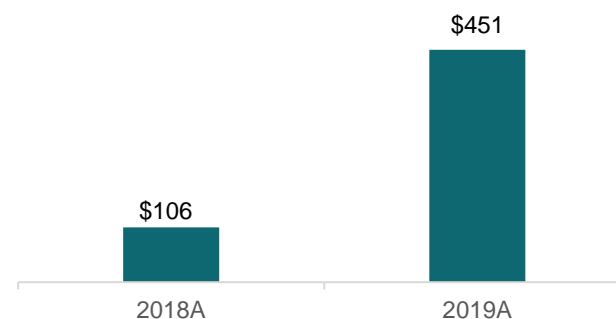
Highlights

- Total U.S. market size for private auto insurance is \$253 billion, with the top seven firms accounting for 65% market share.
- Premiums for Root quadrupled from \$106 million in 2018 to \$451 million in 2019, which represents 0.18% market share.
- Root’s focus on telematics will create a data advantage and build up risk segmentation capabilities for the company to manage loss ratios in the future.
- Accord to actuarial and consulting firm Milliman, Root’s integrated data set drives a Usage-based Insurance (UBI) score that is almost ten times more predictive than a leading third-party provider.

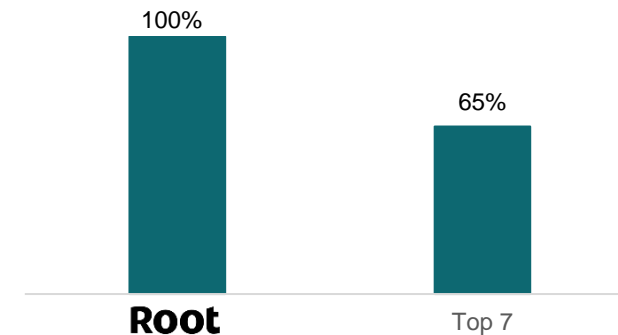
Top Seven US Auto Insurance Companies by Direct Premiums Written (\$ B)



Root – Direct Premiums Written (\$ mm)



Root v. Top Seven (2019)– Loss Ratio⁽¹⁾ (%)



Source(s): Data for top auto insurance companies from National Association of Insurance Commissioners, Root 424B4 Filing.

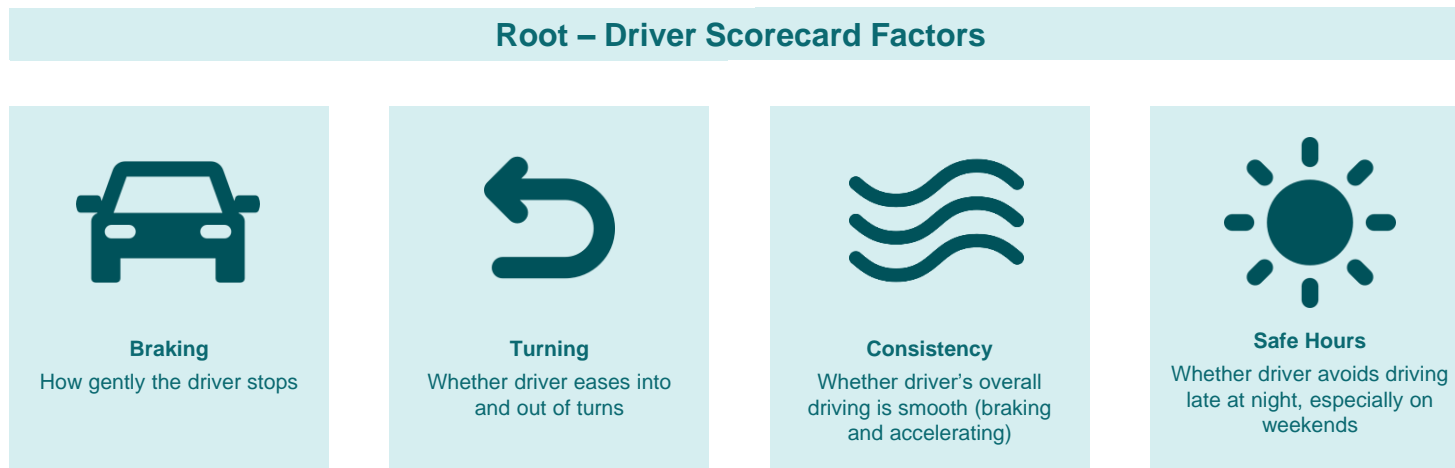
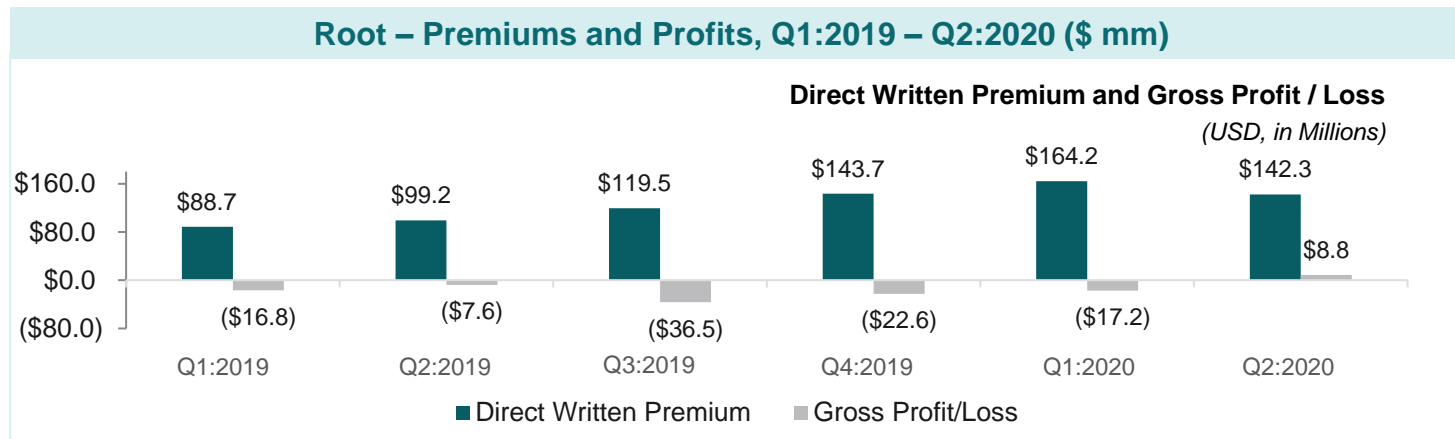
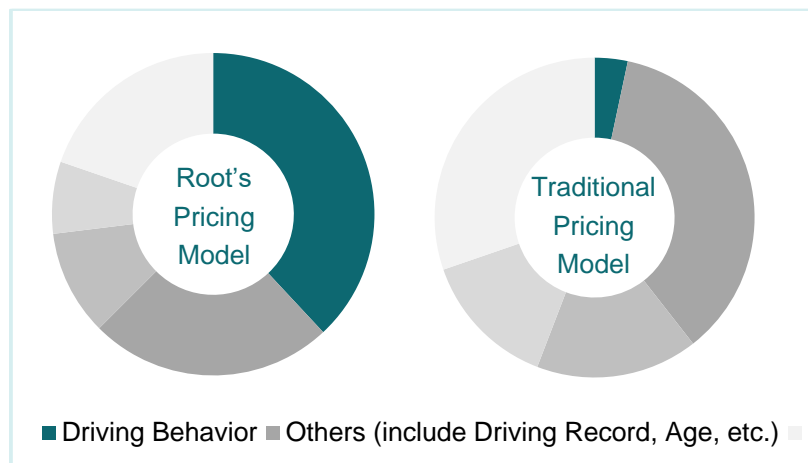
⁽¹⁾ Loss ratio = Direct losses incurred / Direct premiums earned.

Root IPO – Case Study

Key Metrics

Highlights

- In 2020, Root turned a profit in 2Q after several quarters of gross losses, due to lower auto claims during the pandemic.
- Root's pricing model depends heavily on the driving behavior of drivers, analyzed from data collected from sensors such as gyroscopes, magnetometers, accelerometers and GPS.



Source(s): Root Website, Root 424B4 Filing.

Root IPO – Executive Summary

Management Team

Key Executives

Biography



Alexander Timm
Chief Executive Officer

- Alexander Timm has served as Root’s Co-Founder, Chief Executive Officer and a member of our board of directors since the founding in March 2015.
- From August 2011 to March 2015, he served in various management roles at Nationwide Mutual Insurance Company, an insurance and financial services company.
- Alexander holds a Bachelor of Science and Bachelor of Arts in Actuarial Science, Accounting, and Mathematics from Drake University.



Daniel Rosenthal
Chief Financial Officer

- Daniel Rosenthal has served as a member of Root’s board of directors since March 2017 and as the Chief Financial Officer since November 2019.
- From August 2009 to December 2018, he co-founded and worked at The Milestone Aviation Group, an aviation financing company acquired by GE Capital in 2015. From January 2018 to December 2018, he also served as the Executive Vice President of Financing and Products at GE Capital Aviation Services, a commercial aviation financing and leasing company.
- Daniel holds a Bachelor of Arts in History and International Studies from Yale University and a Juris Doctorate from Duke University School of Law.


















Daniel Manges
Chief Operating Officer

- Daniel Manges has served as the Co-Founder and Chief Technology Officer since June 2015.
- From 2008 to 2012, he was the founding Chief Technical Officer at Braintree, a mobile and web payment system company, where he also served as an engineer until just prior to its acquisition by PayPal in 2013.
- Daniel holds a Bachelor of Science in Computer Information Systems from DeVry University.

Source(s): Root 424B4 Filing.

Root IPO – Executive Summary

Transaction History

Date	Transaction Type	Amount (\$ mm)	Key Investors
8/19/2019	Series E	\$350	 
8/22/2018	Series D	\$100	   
3/27/2018	Series C	\$51	    
6/1/2017	Series B	\$22	
10/25/2016	Early Stage VC	\$5	  

Source(s): Pitchbook.

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