

HEALTH[®]
INSURANCE
INNOVATIONS

Fourth Quarter and Full Year 2019 Earnings

March 3, 2020

Disclosure

Certain statements contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements other than historical fact, and may include statements relating to goals, plans and projections regarding new markets, products, services, growth strategies, anticipated trends in our business and anticipated changes and developments in the United States health insurance system and laws. Forward-looking statements are based on Health Insurance Innovations, Inc.'s (the "Company's") current assumptions, expectations and beliefs are generally identifiable by use of words "may," "might," "will," "should," "expects," "plans," "anticipates," "believes," "estimates," "predicts," "potential" or "continue," or similar expressions and involve significant risks and uncertainties that could cause actual results, developments and business decisions to differ materially from those contemplated by these statements. These risks and uncertainties include, among other things, our focus on the Medicare market, our ability to maintain relationships and develop new relationships with health insurance carriers and distributors, our ability to retain our members, the demand for products offered through our platform, regulatory oversight and examinations of us and our carriers and distributors, legal and regulatory compliance by our carriers and distributors, the amount of commissions paid to us or changes in health insurance plan pricing practices, competition, changes and developments in the United States health insurance system and laws, and the Company's ability to adapt to them, the ability to maintain and enhance our name recognition, difficulties arising from acquisitions or other strategic transactions, and our ability to build the necessary infrastructure and processes to maintain effective controls over financial reporting. These and other risk factors that could cause actual results to differ materially from those expressed or implied in our forward-looking statements will be discussed in the Company's Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) as well as other documents that may be filed by the Company from time to time with the Securities and Exchange Commission, which are available at www.sec.gov. Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. You should not rely on any forward-looking statement as representing our views in the future. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Note: This presentation also contains certain non-GAAP financial measures. The non-GAAP financial measures used in this presentation are reconciled in HIIQ's Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed with the SEC unless otherwise stated. These non-GAAP financial measures should not be considered an alternative to the GAAP financial measures.

Q4 and Full Year 2019 Highlights

Successful Medicare Annual Election Period

Shift in Strategic Focus to Medicare

Continued Progress on Regulatory Matters

Adjusted EBITDA and EPS in line with Guidance

Rebranding the Company to Reflect New Strategy

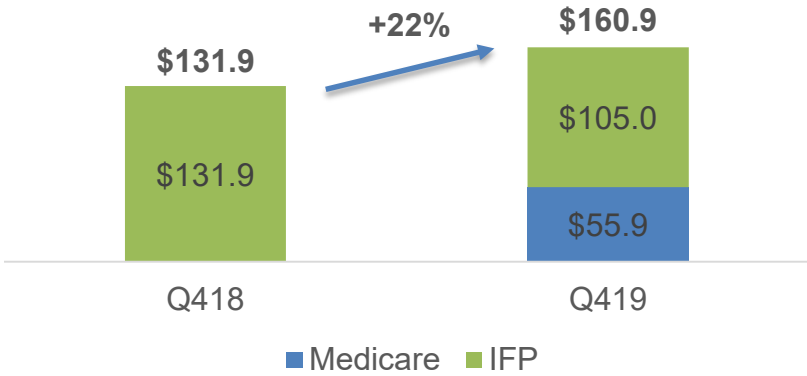
Re-launching Digital Asset

Strategic Review Process Ongoing

Q4 and Full Year 2019 Revenue and Net Income

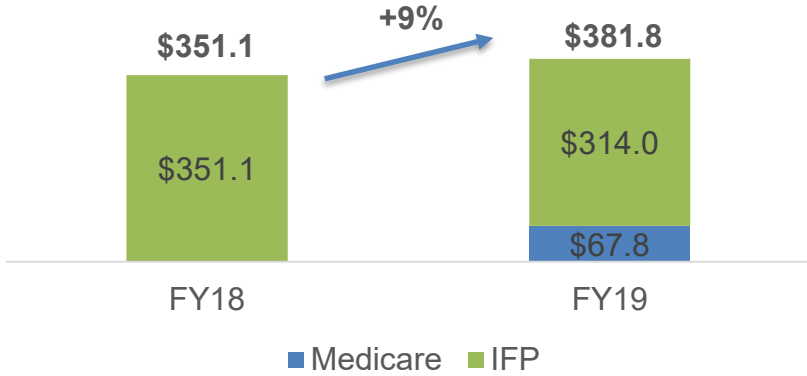
Q4 2019

Revenue (\$MM)

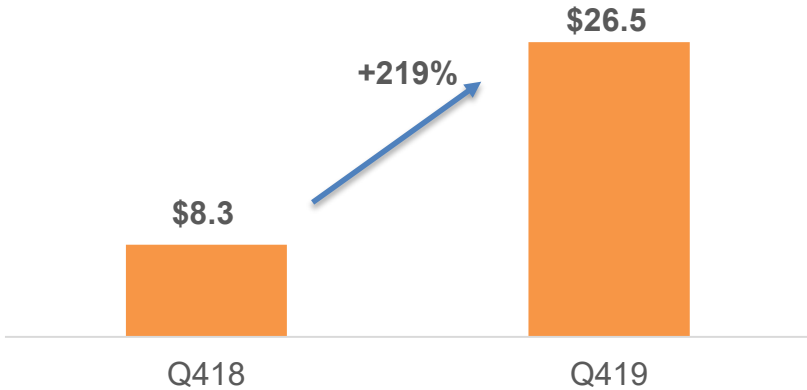


Full Year 2019

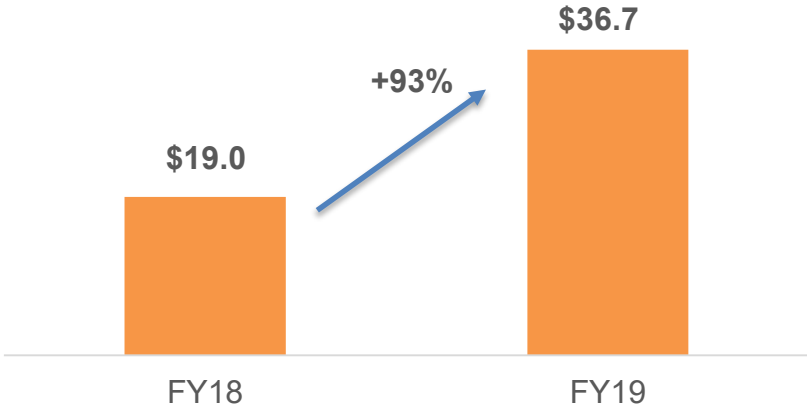
Revenue (\$MM)



Net Income (\$MM)



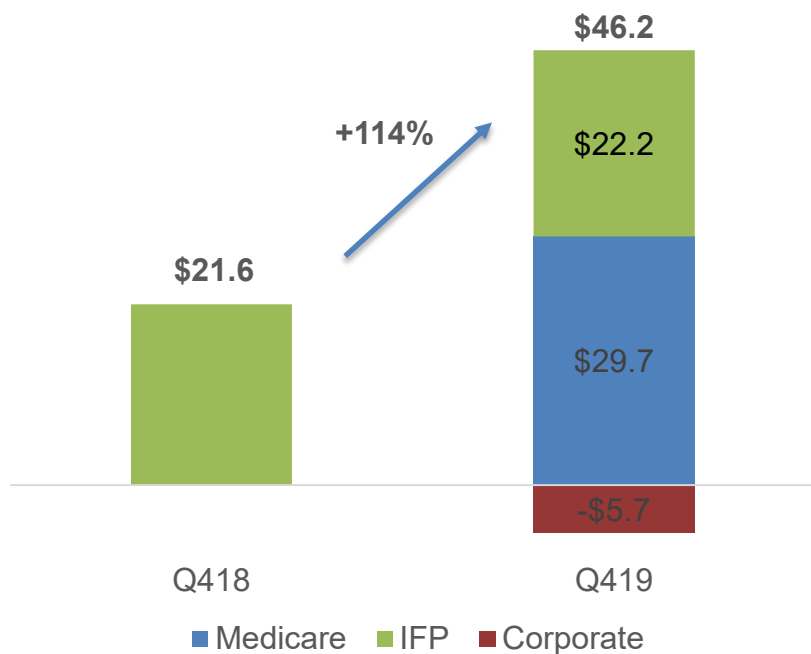
Net Income (\$MM)



Q4 and Full Year 2019 Adjusted EBITDA ¹

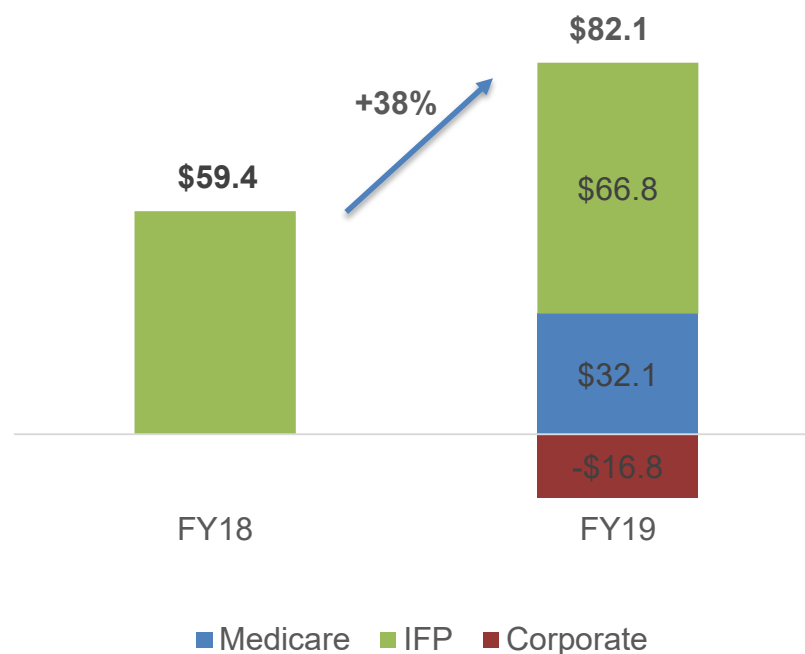
Q4 2019

Adjusted EBITDA (\$MM)



Full Year 2019

Adjusted EBITDA (\$MM)



¹ Adjusted EBITDA is a non-GAAP financial measure. See the appendix at the end of this presentation for the reconciliation to the most directly comparable GAAP measure.

Q4 and Full Year 2019 Submitted Applications

Q4 2019

Medicare Submitted Applications (000s)¹

48.5



Q418

Q419

IFP Submitted Applications (000s)

196.2

-19%



158.6



Q418

Q419

Full Year 2019

Medicare Submitted Applications (000s)¹

58.4



Q418

Q419

IFP Submitted Applications (000s)

621.6

-15%



527.6



Q418

Q419

¹ Medicare was new to the Company in 2019

Q4 and Full Year 2019 Approved Applications

Q4 2019

Medicare Approved Applications (000s)¹

44.6



Q418

Q419

IFP Approved Applications (000s)

196.2



-19%

158.6



Q418

Q419

Full Year 2019

Medicare Approved Applications (000s)¹

53.8



Q418

Q419

IFP Approved Applications (000s)

621.6



-15%

527.6



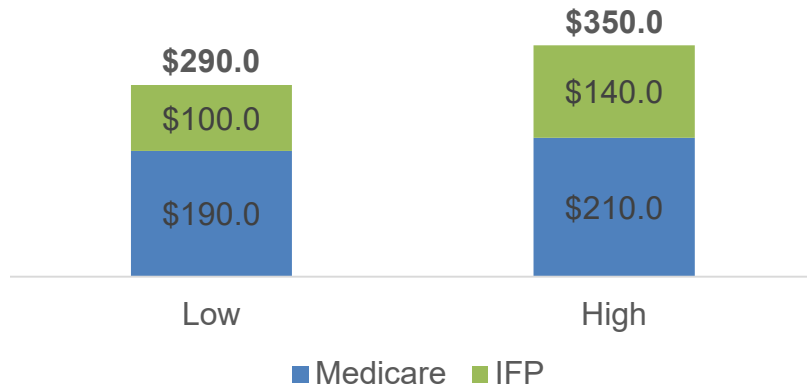
Q418

Q419

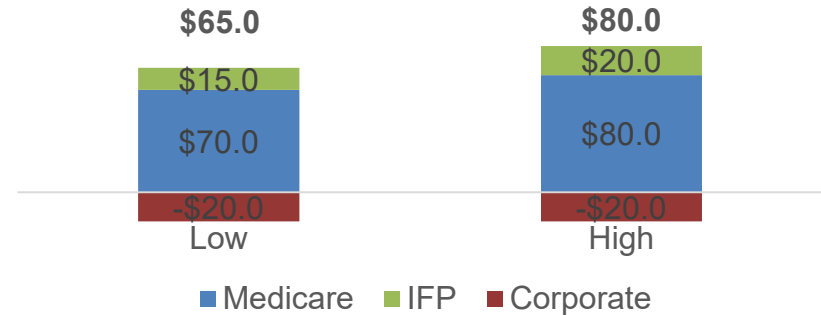
¹ Medicare was new to the Company in 2019

2020 Guidance

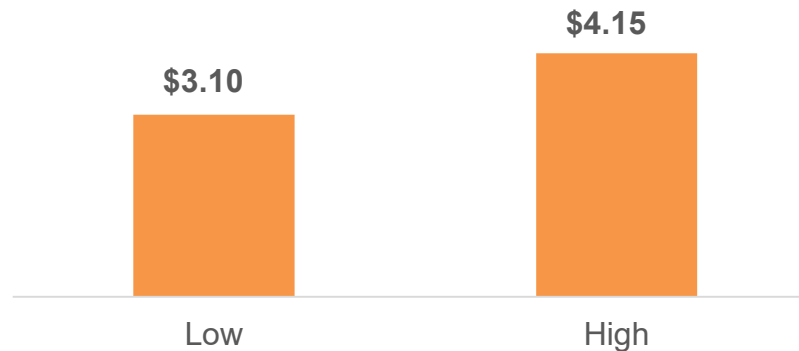
Revenues (\$MM)



Adjusted EBITDA (\$MM) ¹



Adjusted EPS ¹



¹ In accordance with SEC Regulation G, the Company does not reconcile Adjusted EBITDA guidance and Adjusted EPS guidance to GAAP net income and GAAP net income per share, respectively, because such reconciliations cannot be made without unreasonable effort, as described in the Appendix hereto

Benefytt Technologies, Inc.

Investment Thesis

Significant runway for expansion in growing Medicare market

Unique and highly scalable

Omni-channel, consumer-facing digital portals and advertisement campaigns

Best-in-class, flexible and highly compliant distribution force

Multiple growth opportunities

Upgraded talent and technology to drive execution

Appendix

Financial Footnotes

To supplement the Company's financial information presented in accordance with generally accepted accounting principles in the United States of America, or GAAP, the Company presents certain financial measures that are not prepared in accordance with GAAP, which are adjusted EBITDA, and adjusted net income per share. These non-GAAP financial measures, which are defined below, should not be considered in isolation from, or as a substitute for, financial information prepared in accordance with GAAP. These non-GAAP financial measures are not based on any standardized methodology prescribed by GAAP and are not necessarily comparable to similarly titled measures presented by other companies.

The Company is presenting these non-GAAP financial measures to assist investors in seeing the Company's operating results through the eyes of management and because the Company believes that these measures provide a useful tool for investors to use in assessing the Company's operating performance against prior period operating results and against business objectives. The Company uses the non-GAAP financial measures in evaluating its operating results and for financial and operational decision-making purposes.

The accompanying tables provide more detail on the GAAP financial measures that are most directly comparable to the non-GAAP financial measures described above and the related reconciliations between these financial measures. The Company has not reconciled adjusted EBITDA guidance or adjusted net income per share guidance to GAAP net income or GAAP net income per diluted share, respectively, because the Company does not provide guidance for the reconciling items between these measures and GAAP net income or GAAP net income per diluted share, respectively. As certain of the items that impact GAAP net income and/or GAAP net income per diluted share cannot be reasonably predicted at this time, the Company is unable to provide such guidance. Accordingly, a reconciliation to GAAP net income or GAAP net income per diluted share is not available without unreasonable effort.

Financial Footnotes

EBITDA is defined as net income before interest, income taxes and depreciation and amortization. We have included EBITDA in this report because it is a key measure used by our management and board of directors to understand and evaluate our core operating performance and trends, to prepare and approve our annual budget and to develop short- and long-term operational plans. In particular, the exclusion of certain expenses in calculating EBITDA can provide a useful measure for period-to-period comparisons of our business. However, EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operations, each as determined in accordance with GAAP. Other companies may calculate EBITDA differently than we do. EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

To calculate adjusted EBITDA, we calculate EBITDA, which is then further adjusted for items such as stock-based compensation and related costs, and items that are not generally a part of regular operating activities, including tax receivable adjustments, indemnity and other related legal costs, and severance, restructuring, and acquisition costs. Adjusted EBITDA does not represent, and should not be considered as, an alternative to net income or cash flows from operations, each as determined in accordance with GAAP. We have presented adjusted EBITDA because we consider it an important supplemental measure of our performance and believe that it is frequently used by analysts, investors and other interested parties in the evaluation of companies. Other companies may calculate adjusted EBITDA differently than we do. Adjusted EBITDA has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for analysis of our results as reported under GAAP.

To calculate adjusted net income, we calculate net income then add back amortization (but not depreciation), interest, tax expense, items such as stock-based compensation and related costs, and other items that are not generally a part of regular operating activities, including, tax receivable adjustments, indemnity and other related legal costs, severance, restructuring, and acquisition costs. From adjusted pre-tax net income, we apply a pro forma tax expense calculated at an assumed rate of 24%, which consists of the maximum federal corporate rate of 21%, with an assumed 3% state tax rate. We believe that when measuring Company and executive performance against the adjusted net income measure, applying a pro forma tax rate better reflects the performance of the Company without regard to the Company's organizational tax structure. We have included adjusted net income in this report because it is a key performance measure used by our management to understand and evaluate our core operating performance and trends and because we believe it is frequently used by analysts, investors, and other interested parties in their evaluation of the Company. Other companies may calculate this measure differently than we do. Adjusted net income has limitations as an analytical tool, and you should not consider it in isolation or substitution for earnings per share as reported under GAAP.

Adjusted net income per share is computed by dividing adjusted net income by the total number of weighted-average diluted Class A and weighted-average Class B shares of our common stock for each period. We have included adjusted net income per share in this report because it is a key measure used by our management to understand and evaluate our core operating performance and trends and because we believe it is frequently used by analysts, investors and other interested parties in the evaluation of companies. Other companies may calculate this measure differently than we do. Adjusted net income per share has limitations as an analytical tool, and you should not consider it in isolation or as a substitute for earnings per share as reported under GAAP.

Source: Health Insurance Innovations, Inc. Q4 2019 Earnings Press Release

Reconciliation of Net Income to EBITDA and Adjusted EBITDA

Reconciliation of Net Income to EBITDA and Adjusted EBITDA
(unaudited)
(\$ in thousands)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net income	\$ 26,479	\$ 8,293	\$ 36,730	\$ 18,964
Interest expense	1,953	\$ 64	5,646	25
Depreciation and amortization	4,266	1,144	11,842	4,799
Provision for income taxes	8,590	4,935	10,093	10,672
EBITDA	41,288	14,436	64,311	34,460
Non-cash stock-based compensation	2,895	2,112	10,731	12,878
Fair value adjustment to contingent consideration	(3,472)	—	(3,472)	—
Transaction costs	295	38	1,986	321
Tax receivable agreement liability adjustment	—	750	(212)	1,471
Indemnity and other related legal costs	4,531	4,280	7,721	6,614
Severance, restructuring and other charges	702	29	1,043	3,687
Adjusted EBITDA	\$ 46,239	\$ 21,645	\$ 82,108	\$ 59,431

Source: Health Insurance Innovations, Inc. 2019 10-K

Reconciliation of Net Income to Adj. Net Income per Share

Reconciliation of Net Income to Adjusted Net Income per Share
(unaudited)
(\$ in thousands except per share data)

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net income	\$ 26,479	\$ 8,293	\$ 36,730	\$ 18,964
Interest expense	1,953	64	5,646	25
Amortization	3,481	334	8,704	1,725
Provision for income taxes	8,590	4,935	10,093	10,672
Stock-based compensation and related costs	2,895	2,112	10,731	12,878
Fair value adjustment to contingent consideration	(3,472)	—	(3,472)	—
Transaction costs	295	38	1,986	321
Tax receivable agreement liability adjustment	—	750	(212)	1,471
Indemnity and other related legal costs	4,531	4,280	7,721	6,614
Severance, restructuring and other charges	702	29	1,043	3,687
Adjusted pre-tax income	45,454	20,835	78,970	56,357
Pro forma income taxes	(10,909)	(5,001)	(18,953)	(13,526)
Adjusted net income	<u>\$ 34,545</u>	<u>\$ 15,834</u>	<u>\$ 60,017</u>	<u>\$ 42,831</u>
Total weighted average diluted share count	13,920	16,393	14,161	16,477
Adjusted net income per share	<u>\$ 2.48</u>	<u>\$ 0.97</u>	<u>\$ 4.24</u>	<u>\$ 2.60</u>

Source: Health Insurance Innovations, Inc. 2019 10-K