

TiptreeInc.

NASDAQ: TIPT

ACQUISITION OF SMART AUTOCARE

December 2019

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SMART AUTOCARE INFORMATION

The information in this presentation regarding Smart AutoCare has been provided by Smart AutoCare but we have not independently verified such data and as such, make no guarantees as to its accuracy, completeness or timeliness. Financial information of Smart AutoCare was prepared on a modified cash basis and application of GAAP principles to Smart AutoCare financial information may cause results to materially differ.

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NON-GAAP MEASURES

In this document, financial measures derived from consolidated financial data are sometimes used but not presented in the financial statements prepared in accordance with U.S. generally accepted accounting principles (GAAP). Certain of these data are considered "non-GAAP financial measures" under the SEC rules. These non-GAAP financial measures supplement GAAP disclosures and should not be considered an alternative to the GAAP measure. Management's reasons for using these non-GAAP financial measures and the reconciliations to their most directly comparable GAAP financial measures are posted in the Appendix.

THE ACQUISITION

ACCELERATES OUR GROWTH IN AUTO WARRANTY SECTOR

Transaction Overview

- Acquisition of Smart AutoCare (“SAC”)¹, a growing service contract and warranty administrator for ~8.3x modified cash EBITDA²
- Unique off-market opportunity based on long-standing relationship with Fortegra
- To be funded with a combination of cash on hand and debt financing, subject to market conditions
- A substantial portion of the consideration is in a performance based earn out
- SAC management team will remain with the business and lead our auto-related warranty operations and report to Rick Kahlbaugh, CEO of Tiptree Insurance
- Expected to close in early Q1 2020

Strategic rationale

- Fee income business generating strong cash flow in non-regulated subsidiaries
- Immediately enhances scale in vehicle protection products
 - Pro-forma administrative business with 2k+ dealerships
- Substantial revenue growth opportunity through vertically integrated operations
 - Differentiated value proposition to auto dealers
 - Enhanced cross-sell opportunities (e.g., roadside assistance, premium finance, GAP)
 - Opportunity for bolt-on acquisitions
- Anticipate modest synergies within 24 months
 - Immediate opportunity for improved investment income
 - Consolidation of back-office functions

¹ Smart AutoCare formerly known as Accelerated Service International (ASI).

² \$110m of upfront consideration plus performance-based earn out of up to \$50m. Incremental \$30m incentive-based earn out tied to substantial growth in profitability of the business over 3 years. Financials based upon modified cash EBITDA for last twelve months ended September 30, 2019.

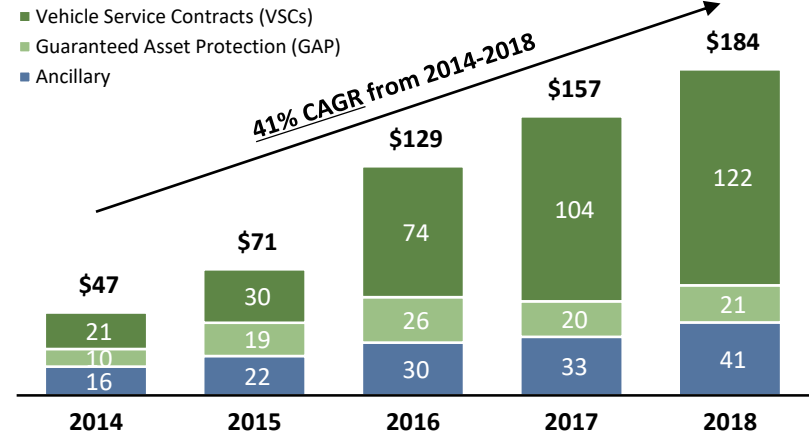
SMART AUTOCARE BRINGS MORE SCALE AND ENHANCES DIVERSIFICATION

(\$ in millions)

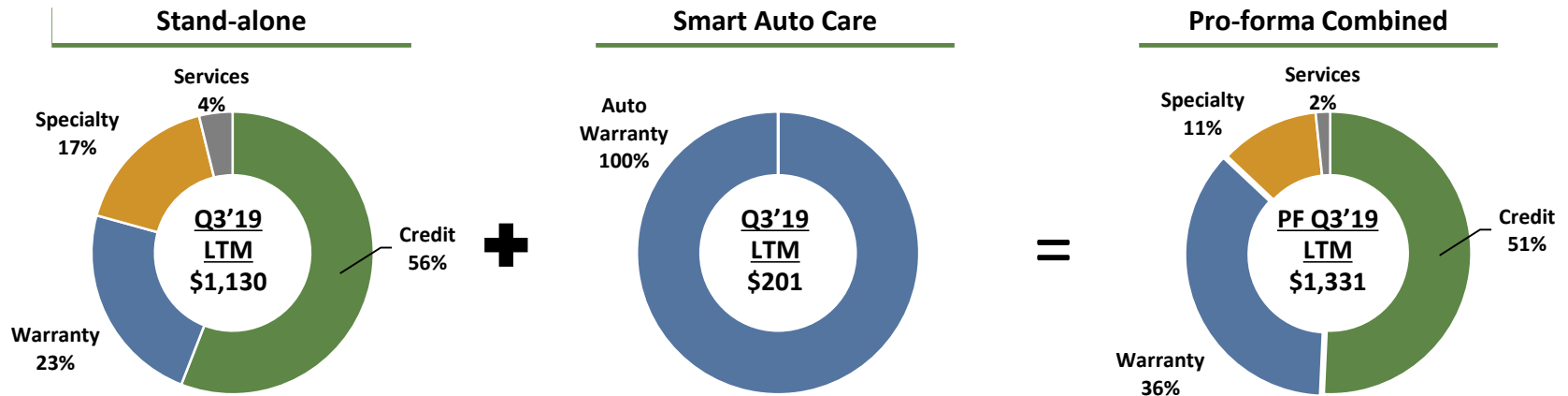
Overview

- SAC designs, markets, and administers vehicle protection products to auto dealerships across the U.S.
 - Client relationships with 1,500+ dealerships
 - 87% of revenues from diverse, growing independent agent network (275+)
 - Majority of revenues from relationships 3 years or longer
 - Leader in structuring reinsurance companies for dealers

Substantial growth in premiums and equivalents

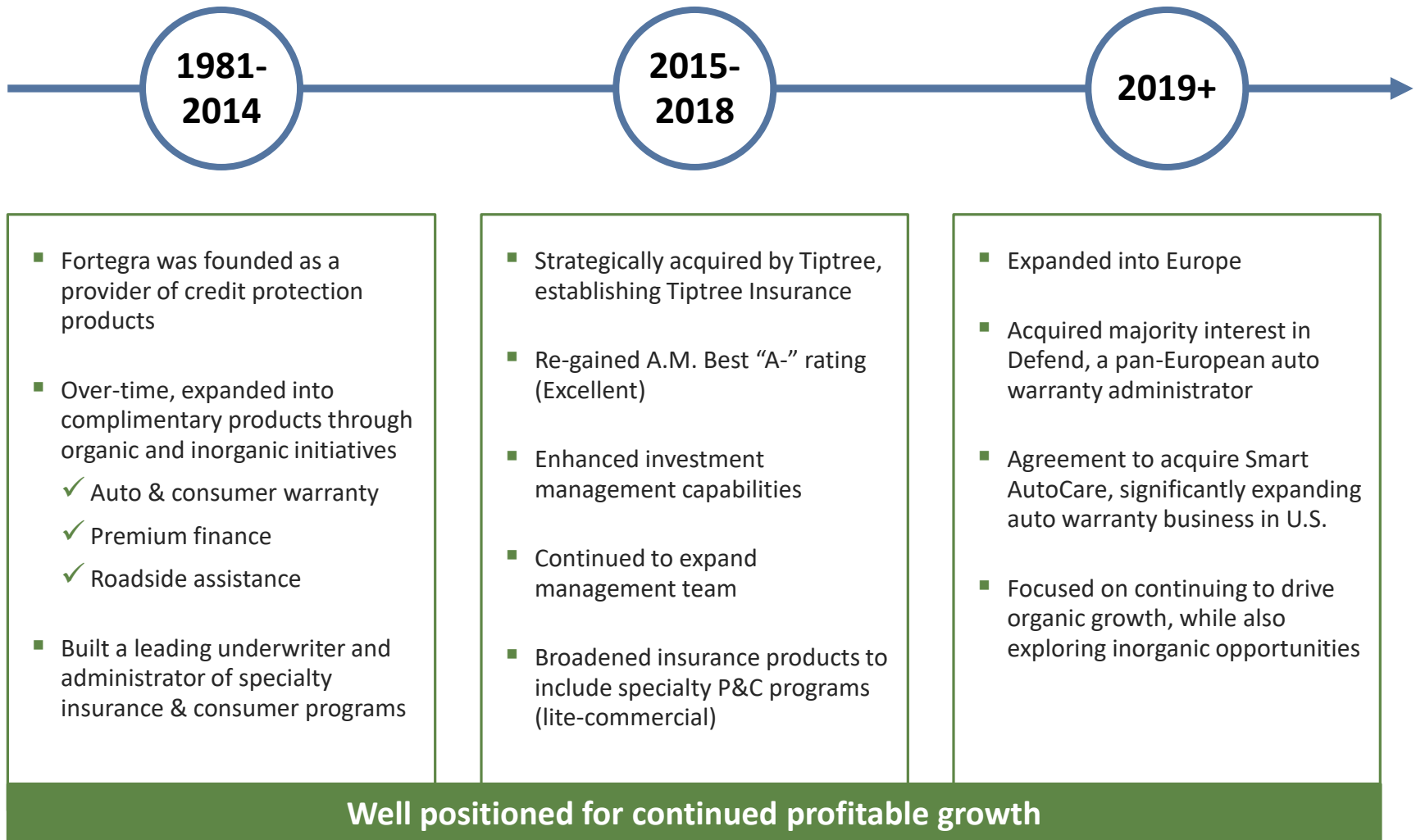


Premiums and equivalents



EXECUTING ON THE STRATEGIC PLAN

BUILDING ON THE FORTEGRA FOUNDATION



CREATING A BROADER INSURANCE PLATFORM

(\$ in millions)

TiptreeInsurance

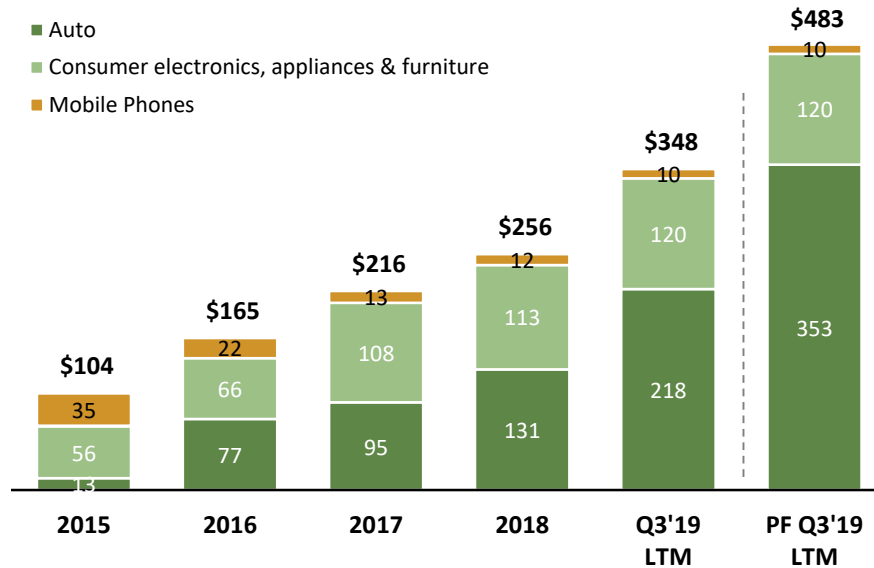
Market:	Insurance	International	Warranty
Acquired or entered:	Acquired YE 2014	Entered in 2018	Acquired YE 2019
Lead brand:	Fortegra	Fortegra Europe Defend	Smart AutoCare
Premiums & Equivalents¹	\$1,105m	\$25m	\$201m
Products:	<ul style="list-style-type: none"> • Credit insurance • Specialty casualty lines • Consumer warranty & service contracts • Premium finance • Roadside assistance 	<ul style="list-style-type: none"> • Vehicle service contracts • Select specialty insurance lines 	<ul style="list-style-type: none"> • Vehicle service contracts • Ancillary products

Vertically integrated company with a focus on fees & profitable underwriting

WARRANTY AND SERVICE CONTRACTS – OUR GROWTH FOCUS

(\$ in millions)

Written premiums & premium equivalents



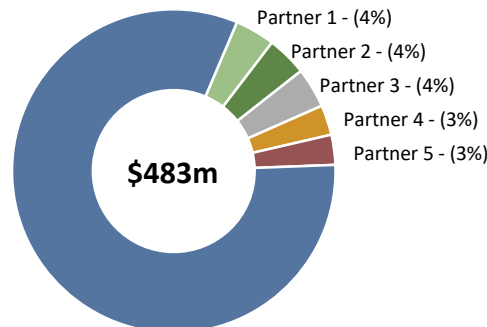
Strategy

- Fortegra entered the warranty market in 2007 as a natural extension of credit protection business given common distribution and end-client purchasers
- The business is vertically integrated within the warranty value chain, creating several avenues to generate revenue
 - ✓ Administrator / obligor
 - ✓ Premium Finance
 - ✓ Roadside Assistance
 - ✓ Insurance Company
- The majority of the auto warranty business comprises vehicle service contracts (“VSCs”), which protect car owners from unexpected, costly repairs
- Large portion (~75% of Q3'19 LTM) of revenue is service fees captured in non-regulated service companies
- Opportunity exists to increase share across broader \$45B¹ U.S. warranty market given broad product/service offering and existing distribution relationships

Diversified distribution and sales channels

Products and services are distributed through:

- Independent agents
- Third party administrators
- Strategic partners
 - Auto dealers
 - Retailers
 - Wireless carriers



WHY THE VEHICLE PROTECTION MARKET?

■ Strong opportunities for growth within U.S. and European markets

- ✓ \$35B U.S. vehicle warranty market, with international growth opportunities
- ✓ Highly fragmented with 100+ providers

■ Increasing dealer focus on warranty products

- ✓ Dealer profits largely depend on F&I products (including warranty) and repairs
- ✓ Driving increasing penetration rates

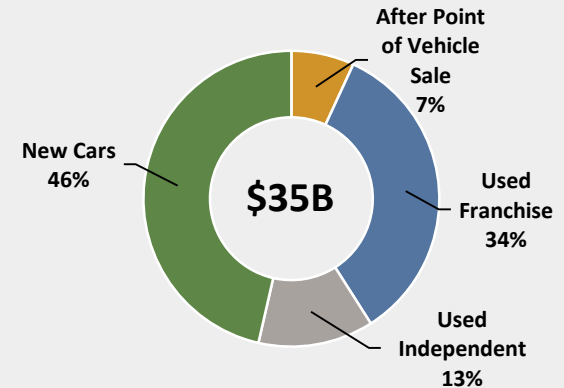
■ Greater consumer understanding of the value of vehicle warranties

- ✓ Expanding used car market with higher maintenance needs
- ✓ Increasing average age of vehicles on the road

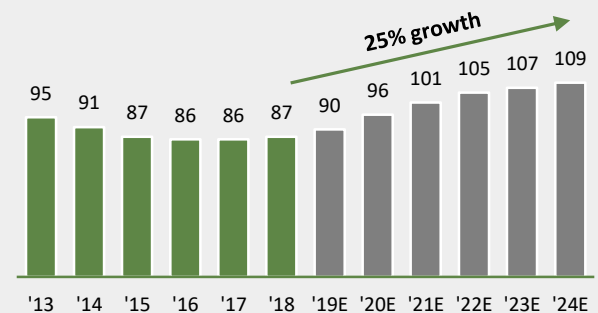
■ Limited impact from economic cycles

- ✓ Dealers emphasis on selling warranties increases during recession
- ✓ Profits from warranties important to dealers

U.S. vehicle warranty market



Vehicles coming off warranty



WELL POSITIONED TO DELIVER ON LONG-TERM OBJECTIVES

- ☑ Grow specialty insurance
 - ✓ Continue growth in written premiums while maintaining underwriting standards
 - ✓ Expand Internationally
 - ✓ Integrate and grow Smart AutoCare
 - ✓ Continue to pursue bolt-on acquisition opportunities

- ☑ Focus on growing and improving long-term investment income

Tiptree Insurance + Tiptree Capital = Tiptree Inc.

TiptreeInc.