



# COMPASS



## *SUMMARY OF INITIAL PUBLIC OFFERING*

March 2021

Specialized investment bankers at the intersection of finance and technology

# Compass IPO – Executive Summary

Initial Public Offering Overview – March 2021



## Description

COMPASS

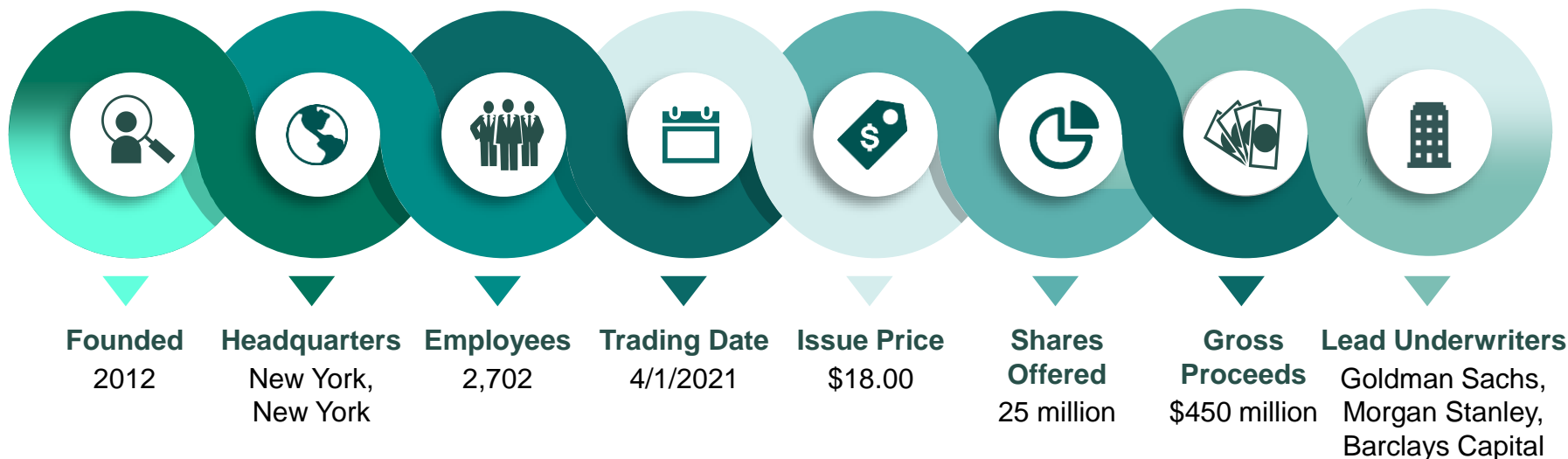
- Compass Inc is a residential real estate brokerage platform with a network of over 19,000 agents
- The platform includes an integrated suite of cloud-based software for customer relationship management, marketing, client service and other critical functionality, all custom-built for the real estate industry and enabling core brokerage services



## Use of Proceeds

Ticker: NYSE: COMP

- Compass intends to use the proceeds from the offering for working capital, research and development into their agency software platform, sales, and marketing
- The proceeds may also be used for the acquisition of, or investment in, complementary businesses accelerating expansion into other U.S. markets and technologies to further support Compass agents



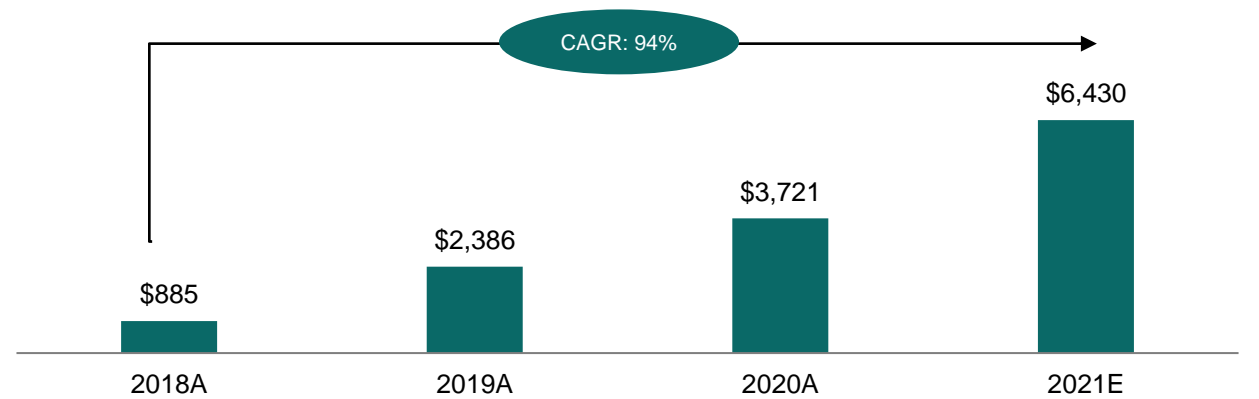
# Compass IPO – Executive Summary

## Key Metrics

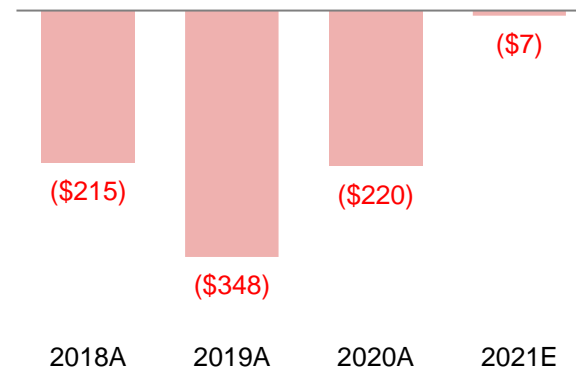
### Key Metrics

Shares Offered through the IPO	25 million
Issue Price	\$18.00
Total O/S after the IPO	387 million
Market Value at Issue Price <sup>(1)</sup>	\$6.96 billion
EV at Issue Price <sup>(2)</sup>	\$7.04 billion
EV / Revenue <sup>(3)</sup>	1.9x
Trading Date	4/1/2021
Listing Price	\$18.25
Listing Premium	\$0.25

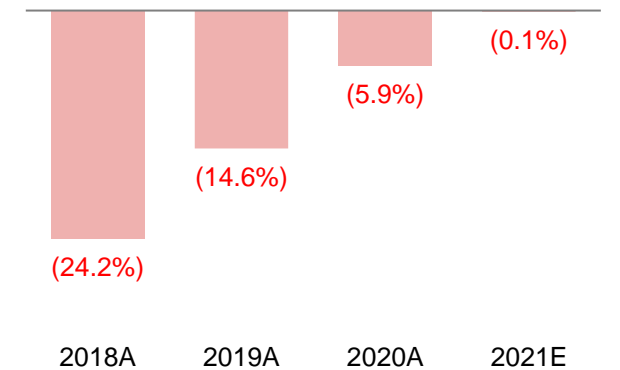
### Total Revenue (FYE Dec; \$mm)



### Adjusted EBITDA (\$mm)



### Adjusted EBITDA Margin (%)



# Compass IPO – Executive Summary

## Company Overview

### Business Overview

- Compass is a residential real estate brokerage offering a comprehensive platform assisting agents in nearly every step of a home sale
- Compass is highly acquisitive, building out their suite of software supporting agents by buying real estate tech like Contractually, a top customer relationship management tools, in February 2019 for \$26.1 million
- Compass acquired closing services business Modus in 2020 for \$49.7 million. Along with Contractually, Modus' title and escrow software forms the core of Compass' end-to-end platform for real-estate agents
- Compass paid a total of over \$30 million from 2018 through 2020 to acquire several residential real estate brokerages with presences in various key markets. Acquired brokerages enabled Compass to rapidly expand its base of agents across most established U.S. real estate markets
- Principal agents act as business owners under the Compass umbrella, using CRM, marketing, and training tools to build their own brands. Compass grows and retains talented agent teams by offering solutions that leaves few processes left to handle through third-parties
- Compass is currently specialized in higher-priced, luxury markets, with an average transaction value of over \$1 million, vs. \$394,000 at a more traditional brokerage such as Realogy

### Key Statistics



Compass agents represented sellers or buyers of **more than 275,000 homes**, making Compass the largest independent real estate brokerage by transaction volume



The Compass software platform includes client prospecting, open house management, home valuation, marketing, and transaction closing services



Principal agent **retention rate is over 90%**, and Compass has a **Net Promoter Score of 68**



Compass expanded to **over 80 more U.S. markets** since 2018, through investments and acquisitions



Agents supported by Compass's software platform **sold homes in 21% fewer days** on average relative to agents at comparable firms



Compass operates through **several offices in over 20 states across the U.S.**, with **headquarters in New York**

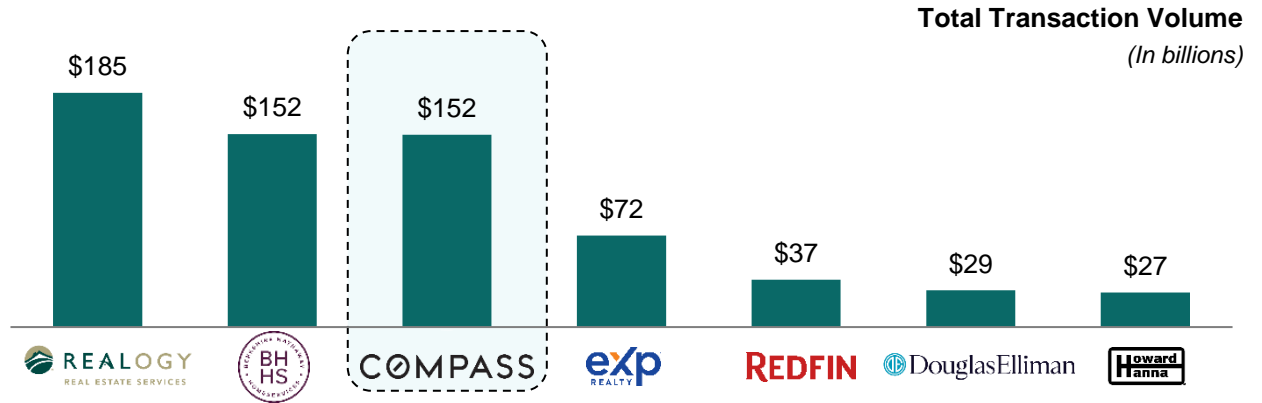
# Compass IPO – Industry Landscape

## Key Metrics

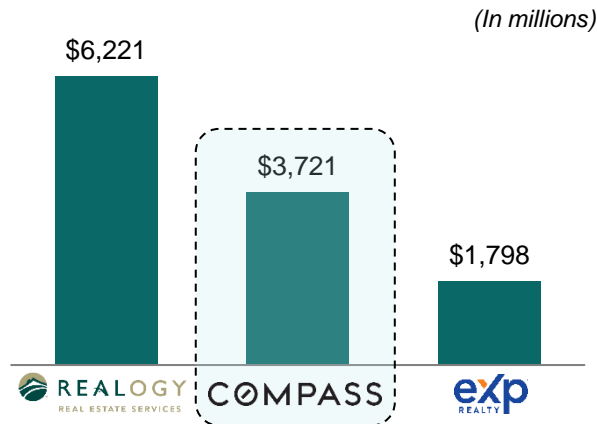
### Key Metrics

- Realty is the largest residential real estate broker by home sales volume, comprising nearly 5% of the U.S. residential real estate market
- The top 10 firms (Compass is #3) made up 19% of U.S. home sales volume in 2020
- eXp Realty, a cloud-based brokerage with no brick-and-mortar offices, attracted over 25,000 agents since the end of 2019
- Tech-focused brokerages like Compass and eXp have attracted talent by offering commission rates significantly above industry average
- COVID-19 initially reduced home sales transaction volume by 60% relative 2019, but transaction volume are already back to pre-pandemic levels
- Real estate tech startup Offerpad announced intentions to go public in March 2021 via SPAC at a \$3 billion valuation. Another competitor, Opendoor, went public via SPAC in 2020

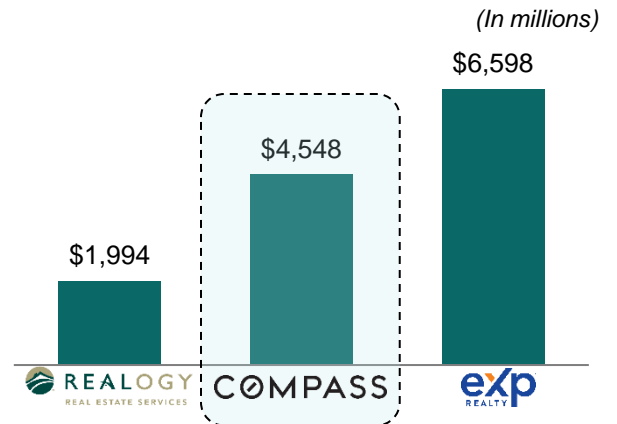
### Top Real Estate Brokerages by Transaction Volume<sup>(1)</sup>



### Compass vs. Top Brokerages – Revenue<sup>(1)</sup>



### Compass vs. Top Brokerages – MV<sup>(2)</sup>

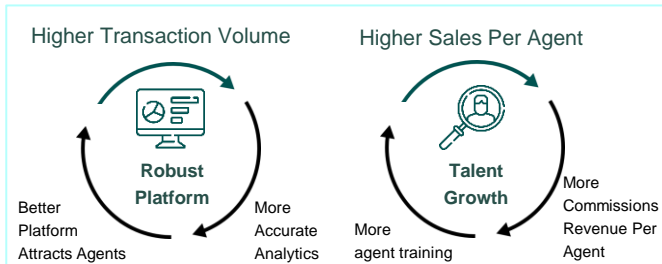


# Compass IPO – Case Study

## Key Metrics (cont'd)

### Highlights

- Compass agents represented either sellers or buyers of more than 275,000 homes in 2020
- Gross transaction value was more than \$300 billion in 2020, or approximately 4% of the U.S. residential housing market
- Total transaction count grew by over 125% CAGR since 2018



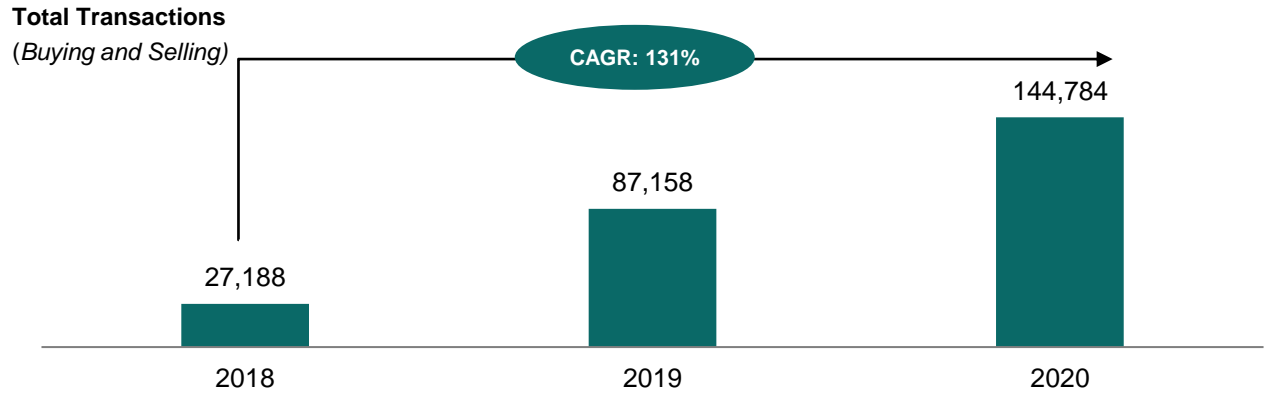
**Compass Agent Services**

**COMPASS Private Exclusive**

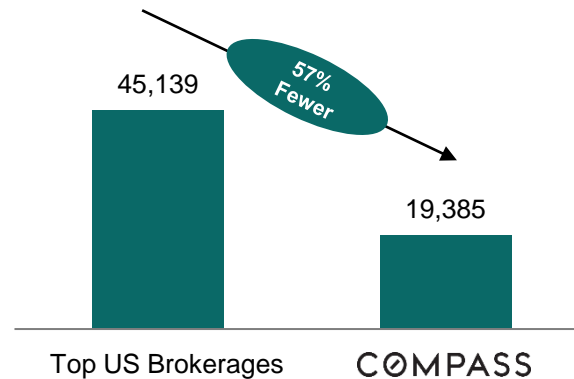
**COMPASS COMING SOON**

**COMPASS CONCIERGE**

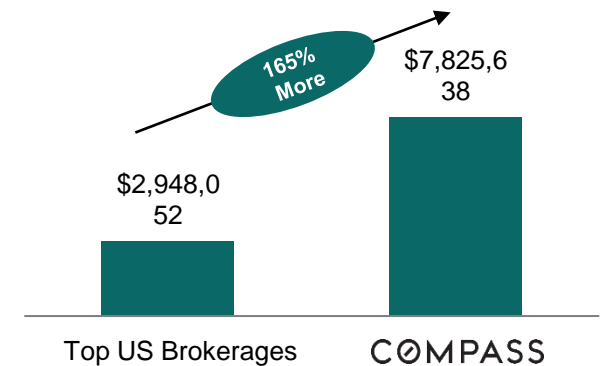
### Total Transactions



### Compass Agent Count



### Transaction Volume Per Agent



# Compass IPO – Executive Summary

## Management Team



**Robert Reffkin**  
*Co-Founder,  
Chairman and Chief  
Executive Officer*

- Robert is one of the co-founders at Compass and has been serving as the Chief Executive Officer since it was founded in 2012
- He has been the Chairman at Compass since February 2021
- Robert previously served as Chief of Staff to the President of Goldman Sachs, worked as a business analyst at McKinsey and worked as a former White House Fellow
- He completed a BA and MBA from Columbia University



**Ori Allon**  
*Co-Founder and  
Chief Strategist*

- Ori is one of the co-founders at Compass and has served as the Executive Chairman until February 2021
- He has been serving as the Chief Strategist at Compass since 2021
- Ori has a background as an entrepreneur, building software-driven businesses creating personalized experiences for consumers. He founded Orion, acquired by Google, as well as Julpan, acquired by Twitter
- He earned his PhD in computer science at the University of New South Wales in Sydney, Australia

































**Kristen Ankerbrandt**  
*Chief Financial Officer*

- Kristen serves as Chief Financial Officer at Compass, overseeing strategic and operational finance, acquisitions, partnerships, and investor relations
- She has nearly 20 years of experience across technology and media, with expertise in software and tech-enabled services. She spent 12 years at the Carlyle Group leading technology & business services investments for Carlyle's \$18.5 billion fund
- Kristen holds a BA in Economics from Columbia University and an MBA from Harvard Business School

# Compass IPO – Executive Summary

## Transaction History

Date	Transaction Type	Amount (\$mm)	Key Investors			
11/11/2019	Series G	\$500	 ALUMNI VENTURES GROUP	 SoftBank	 قهارة قطر للاستثمار QATAR INVESTMENT AUTHORITY	 DRAGONEER INVESTMENT GROUP
12/21/2018	Series F	\$400	 INSTITUTIONAL VENTURE PARTNERS	 SoftBank	 قهارة قطر للاستثمار QATAR INVESTMENT AUTHORITY	 Fidelity INVESTMENTS
12/7/2017	Series E	\$550	 INSTITUTIONAL VENTURE PARTNERS	 SoftBank	 LEAEDGE CAPITAL	 Fidelity INVESTMENTS
8/31/2016	Series D	\$90	 INSTITUTIONAL VENTURE PARTNERS	 THRIVE CAPITAL	 .406 Ventures	 WELLINGTON MANAGEMENT®
9/15/2015	Series C	\$60	 INSTITUTIONAL VENTURE PARTNERS	 THRIVE CAPITAL	 FOUNDERS FUND	 .406 Ventures
7/21/2014	Series B	\$42		 THRIVE CAPITAL	 FOUNDERS FUND	 .406 Ventures
9/25/2013	Series A	\$33	 Goldman Sachs	 THRIVE CAPITAL	 FOUNDERS FUND	 .406 Ventures
1/1/2012	Seed Round	\$8	 Goldman Sachs	 THRIVE CAPITAL	 FOUNDERS FUND	



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