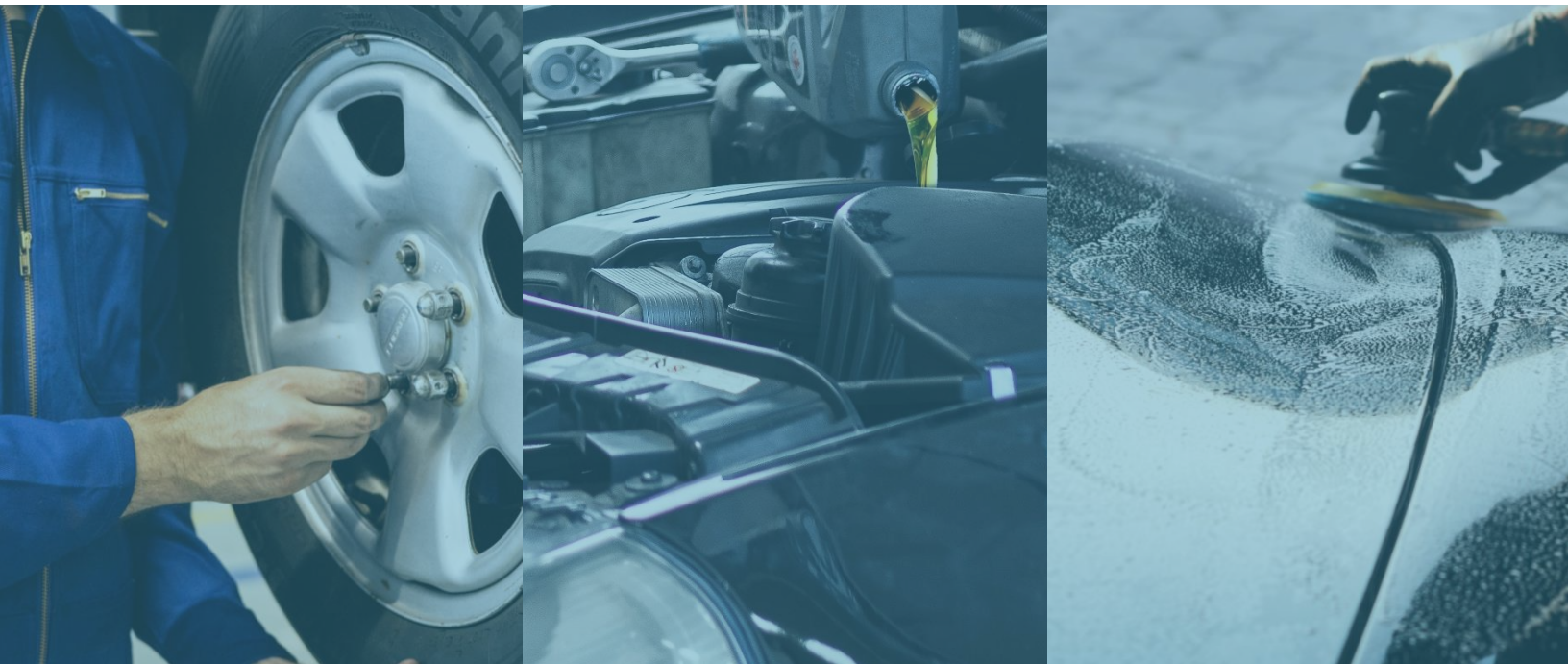


September 2022

# Automotive Services Quarterly



## Recent Auto Service News (August)

### EV Charging Infrastructure Lacking, Says Study

According to the J.D. Power 2022 U.S. Electric Vehicle Experience – Public Charging Satisfaction Study, the recent increase in EV adoption includes a drop in satisfaction with publicly available Level 2 charging stations, as compared to customer satisfaction with public Level 2 stations measured last year.

*Jonathan Lopez, GM Authority, August 18, 2022*

### Four Keys to Set Service Advisors Up for Success

Your service advisor is your shop's front man, the first person your customer interacts with when they enter your shop. They handle all the interactions that provide you with business and keep the shop running. If this person is poorly trained and doesn't know the key elements of the position, they will, without a doubt, create chaos in your shop. Let's dive into the four key factors to creating a good service advisor in this Continental Tire Garage Studio video.

*Brian Coote, Tire Review Magazine, August 22, 2022*

### Vehicle Miles Traveled Continue to Increase from 2021

New figures from the Federal Highway Administration (FHA) show that while vehicle miles traveled continue to increase for Americans as compared to 2021, the rate of that increase has slowed compared to February and March. While year-over-year increases for February were higher than 10%, for April and May 2022, those figures were only 1.5% and 1.3%, respectively.

*Travis Rains, glassBYTEs, August 12, 2022*

### Robo Tire Installs its First System at Discount Tire

RoboTire announced that it's installed and started operating its system at a Discount Tire in Fountain Hills, Arizona. The system can replace four tires on a passenger vehicle in less than 25 minutes.

At the Discount Tire, the RoboTire System will remove, lift and install tire and wheel assemblies. RoboTire hopes that its system will reduce technician injuries that can be caused by repetitive heavy lifting. The system will be overseen by Discount Tire's technicians, who will also provide pressure monitoring and balancing services.

*Brianna Wessling, The Robot Report, August 8, 2022*

### Valvoline Announces Agreement for Sale of Global Products Business...

LEXINGTON, Ky., Aug. 1, 2022 /PRNewswire/ -- Valvoline Inc. (NYSE: VVV), a global leader in vehicle care powering the future of mobility through innovative services and products, today announced that it has reached a definitive agreement with Aramco for the sale of Valvoline's Global Products business for \$2.65 billion in cash.

*PR Newswire, August 1, 2022*

## Recent Auto Service News (July)

### EV Collision Repairs May Cost More Than ICEs

New and early data results have revealed that electric vehicles may be more expensive for customers, in terms of collision repair. According to Forbes, which cites data from CCC Intelligent Solutions Inc., a recent CCC study showed that the average EV model cost \$4,041 to repair. This is based on insurance claims regarding non-luxury brand vehicles that were still drivable with front-end damage.

*Staff Reporters, FenderBender, July 27, 2022*

### Electric Vehicles' Tire Cost Will Negate Maintenance Savings vs. ICE

Tire prices will rise as America transitions from conventionally-powered internal combustion vehicles to battery-only vehicles. Electric vehicle owners will find that they need to replace tires more frequently, and when they do replace them, the cost will be much higher than tires for an equivalently-sized conventionally-powered vehicle.

*John Goreham, Torque News, July 26, 2022*

### Lang Report: Record Number of Cars Per Bay

A record-high number of cars and light trucks per service bay was hit in 2021, according to a new Lang Report. The report showed an increase in the vehicle population by 11 percent from 2016 to 2021. However, the number of cars and light truck service bays went down by four percent.

*Staff Reporters, Ratchet & Wrench, July 21, 2022*

### State Farm Rolls Out Openbay+

State Farm recently deployed Openbay+ in select U.S. states. Openbay+ is a subscription service that matches consumers with automotive service centers that deliver automotive repair and maintenance services at preferred pricing. Exclusively through Openbay+, State Farm customers can book appointments with nearby service professionals that offer up to 25% in discounts on parts and labor.

*Theresa Lovrak, Tire Review Magazine, July 17, 2022*

### How to Recession-Proof Your Business

This column is not going to predict nor deny if the United States enters a recession this year or next. We can leave that up to the economists. What we can, as an industry, talk about is what to do if a recession becomes a reality.

The truth of the matter is that our industry is somewhat recession-resistant. People need to get to work and the American public loves their independent mode of transportation.

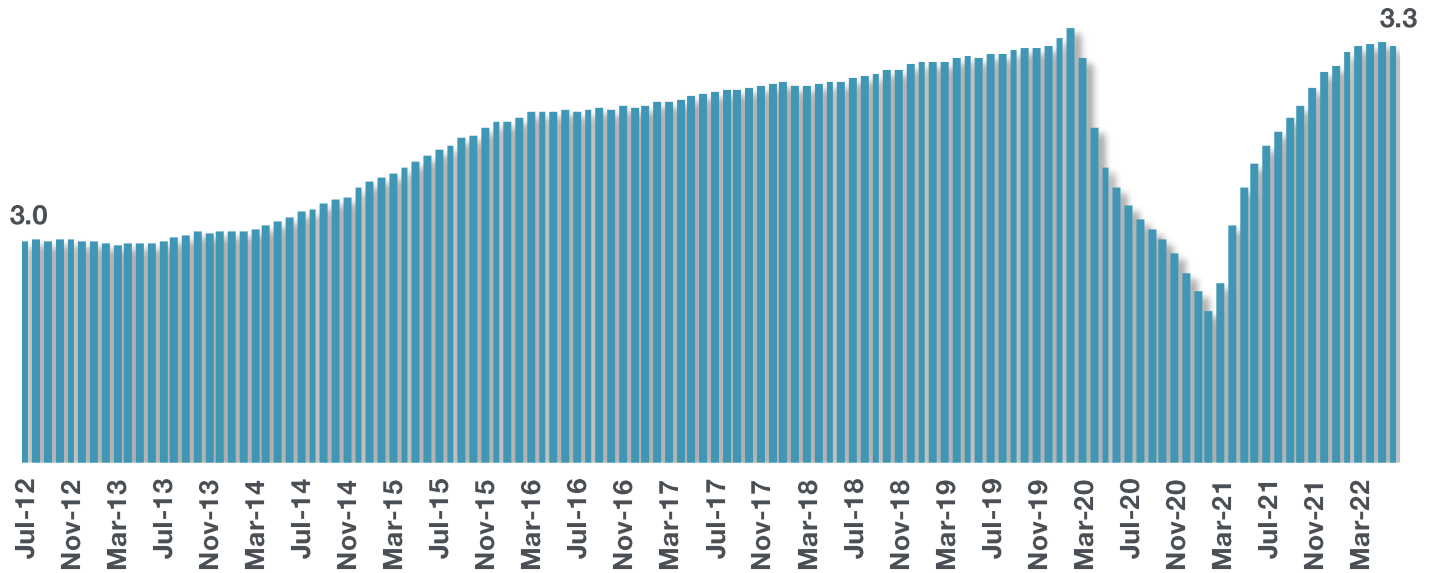
*Dennis McCarron, Modern Tire Dealer, July 5, 2022*



## A Look at Industry Indicators

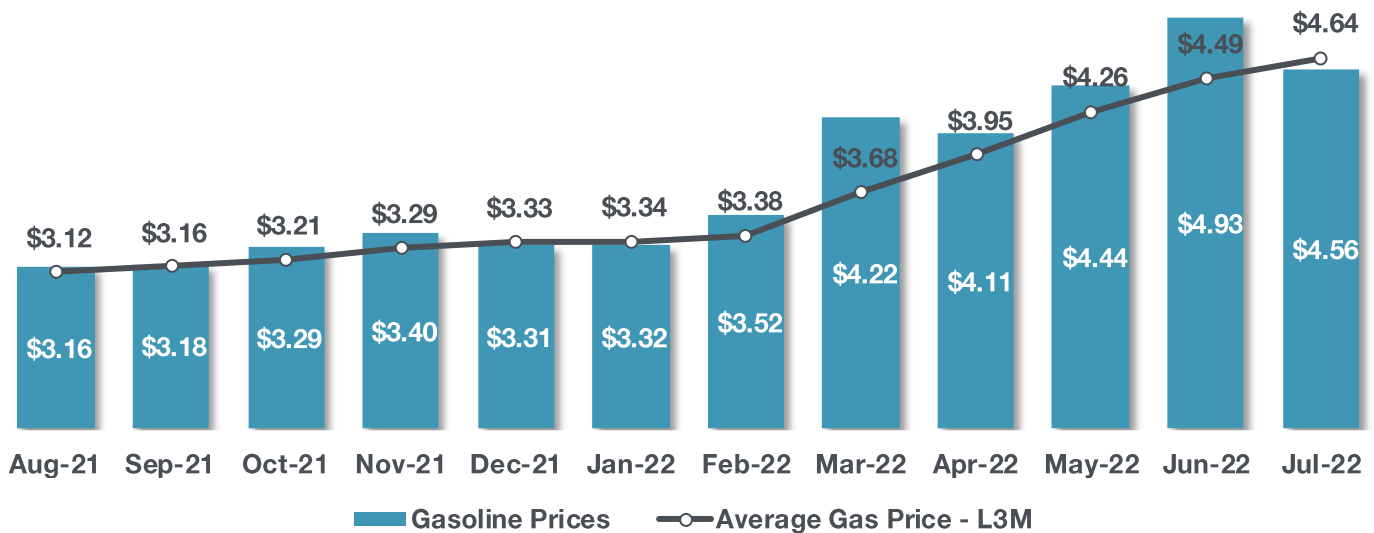
### Nation-Wide Last Twelve Months (“LTM”) Vehicle Miles Traveled

(US Vehicle Miles Traveled – All Systems; in Trillions)



### US Retail Gas Prices — Regular, All Formulations

(Price per Gallon, \$ in Actuals)

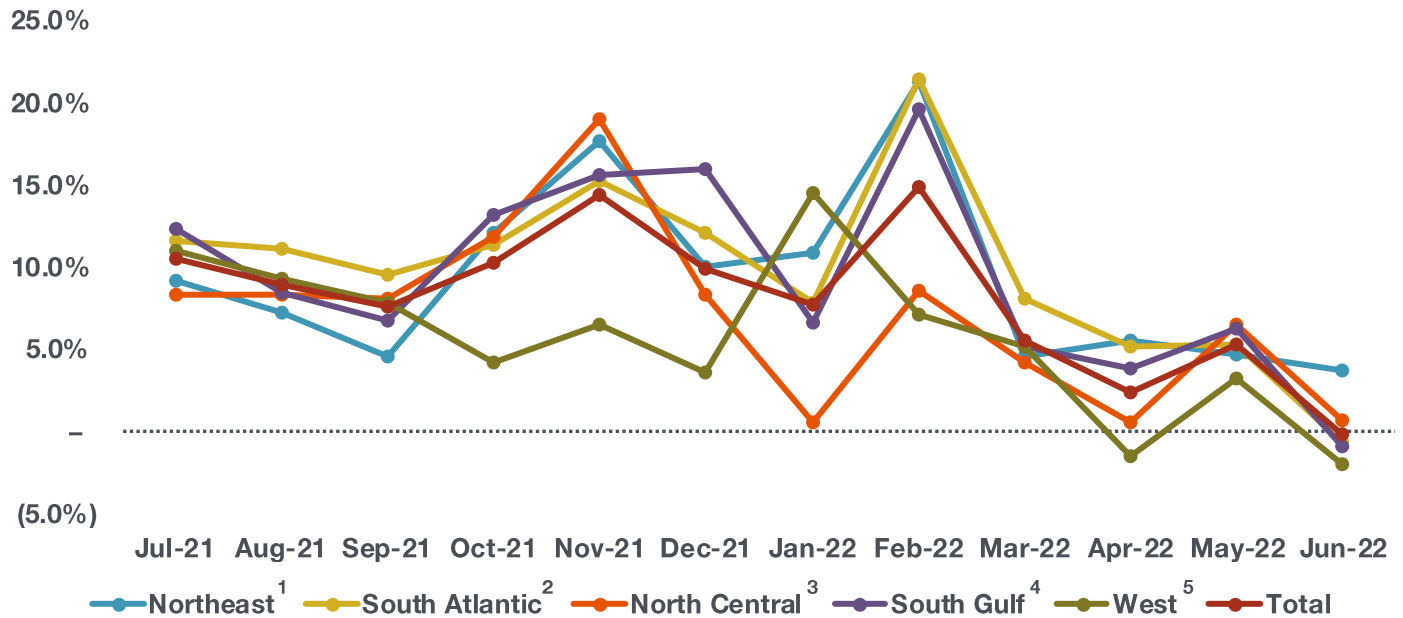


Source: US Department of Transportation, US Energy Information Administration

## Understanding Vehicle Miles Traveled

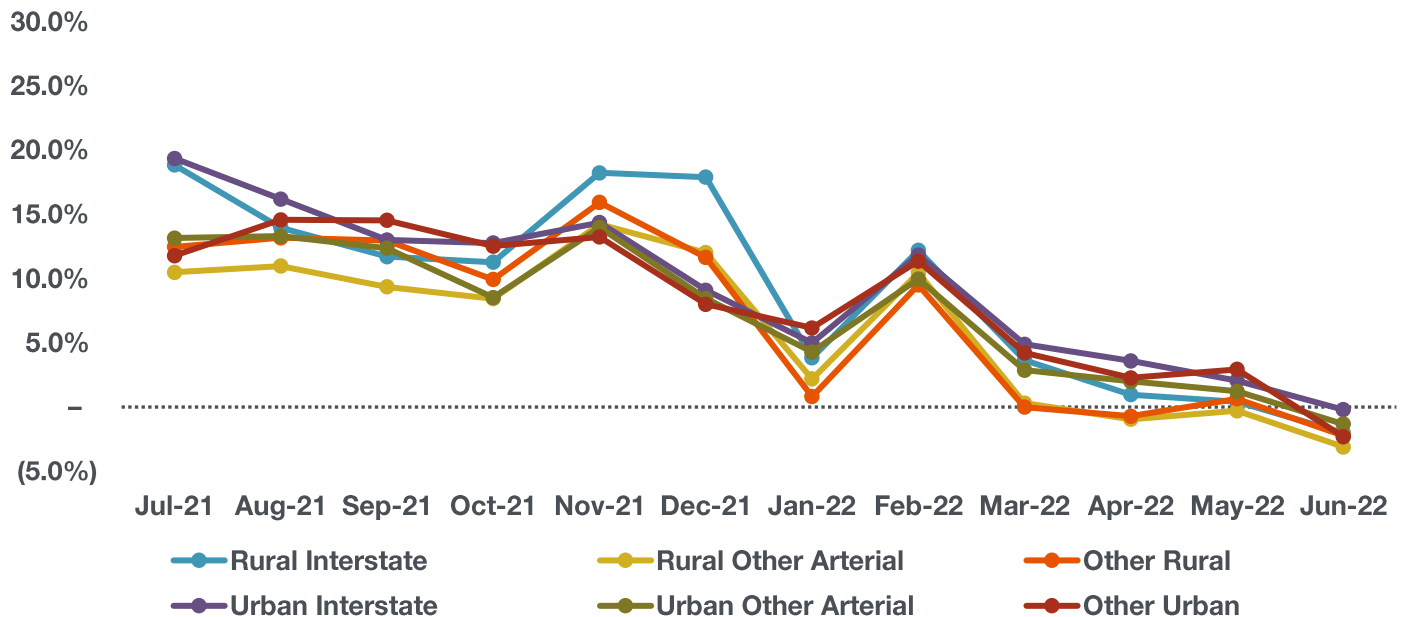
### Regional Performance

(% YoY Change in Regional VMT)



### By System

(% YoY Change in VMT by System)



Source: US Department of Transportation

1) Includes CT, ME, MA, NH, NJ, NY, PA, RI, VT  
 2) Includes DE, Washington DC, FL, GA, MD, NC, SC, VA, WV  
 3) Includes IL, IN, IA, KS, MI, MN, MO, NE, ND, OH, SD, WI  
 4) Includes AL, AR, KY, LA, MS, OK, TN, TX  
 5) Includes AK, AZ, CA, CO, HI, ID, MT, NV, NM, OR, UT, WA, WY

Car Wash

Oil Change

Collision

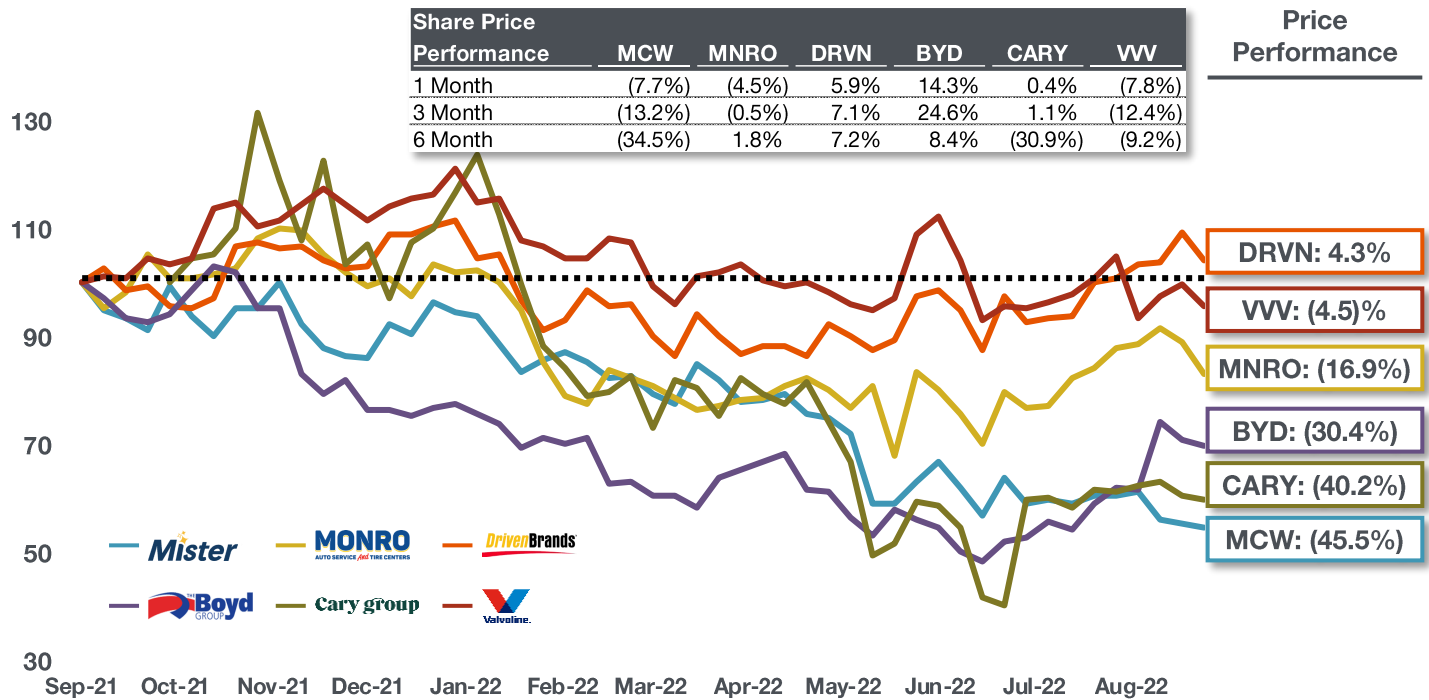
Service

Tires

## Public Trading Information

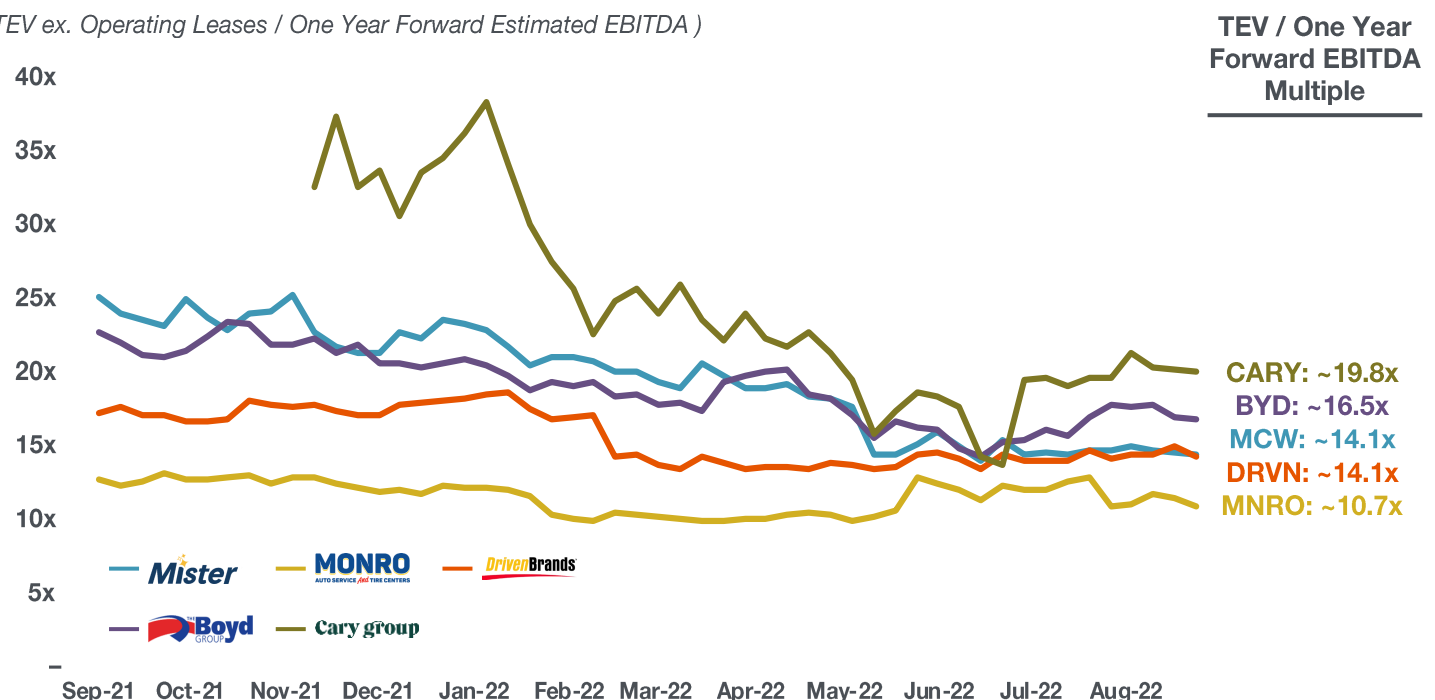
### 12 Month Share Price Performance Index<sup>1</sup>

(Share Price Indexed to September 3, 2021 = 100)



### 12 Month TEV / One Year Forward EBITDA Multiple

(TEV ex. Operating Leases / One Year Forward Estimated EBITDA)



Source: Company filings, Capital IQ

Car Wash

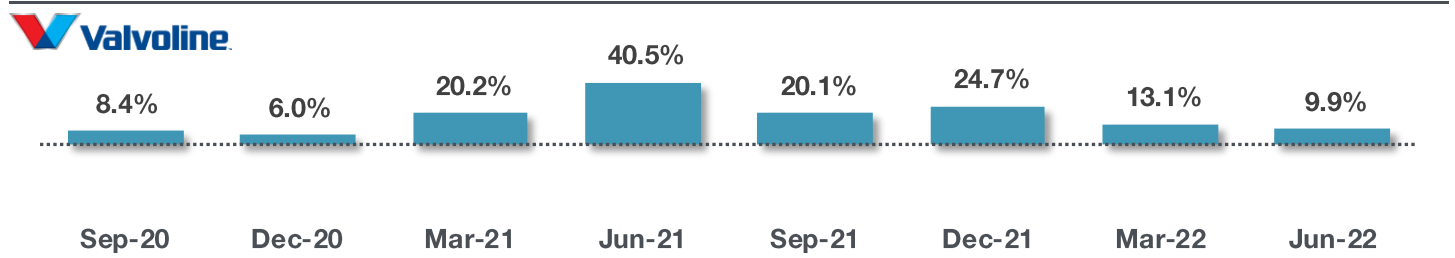
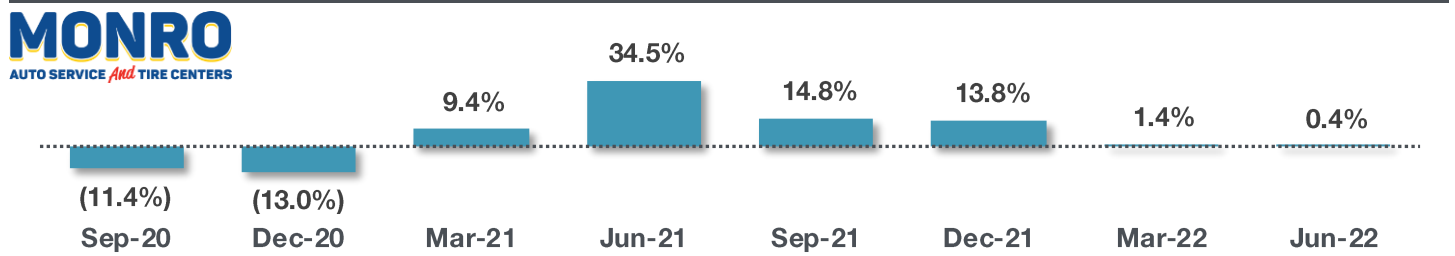
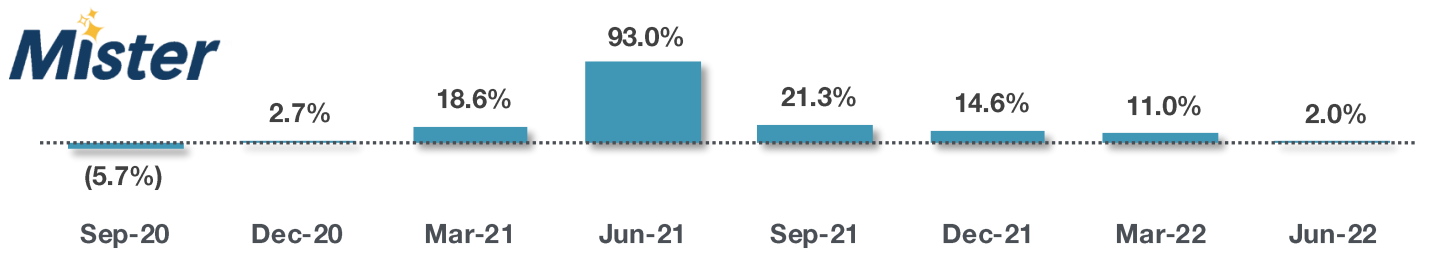
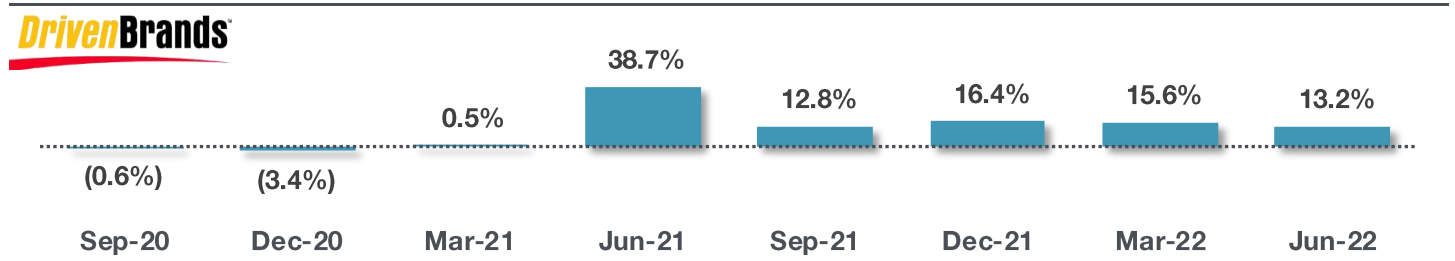
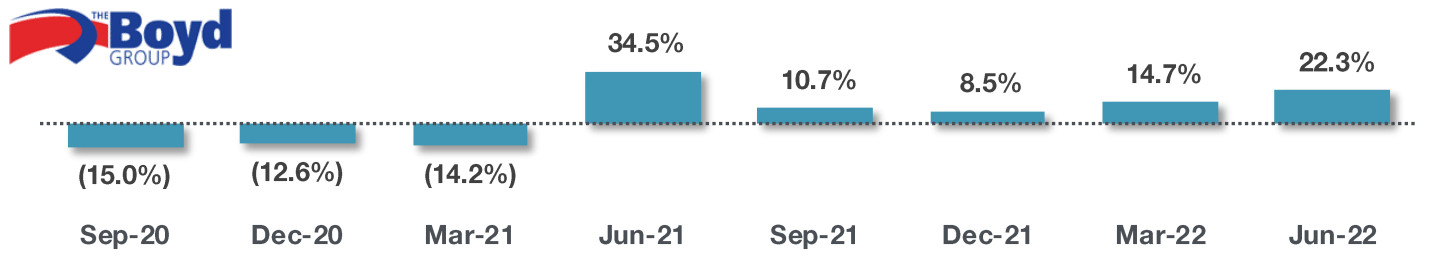
Oil Change

Collision

Service

Tires

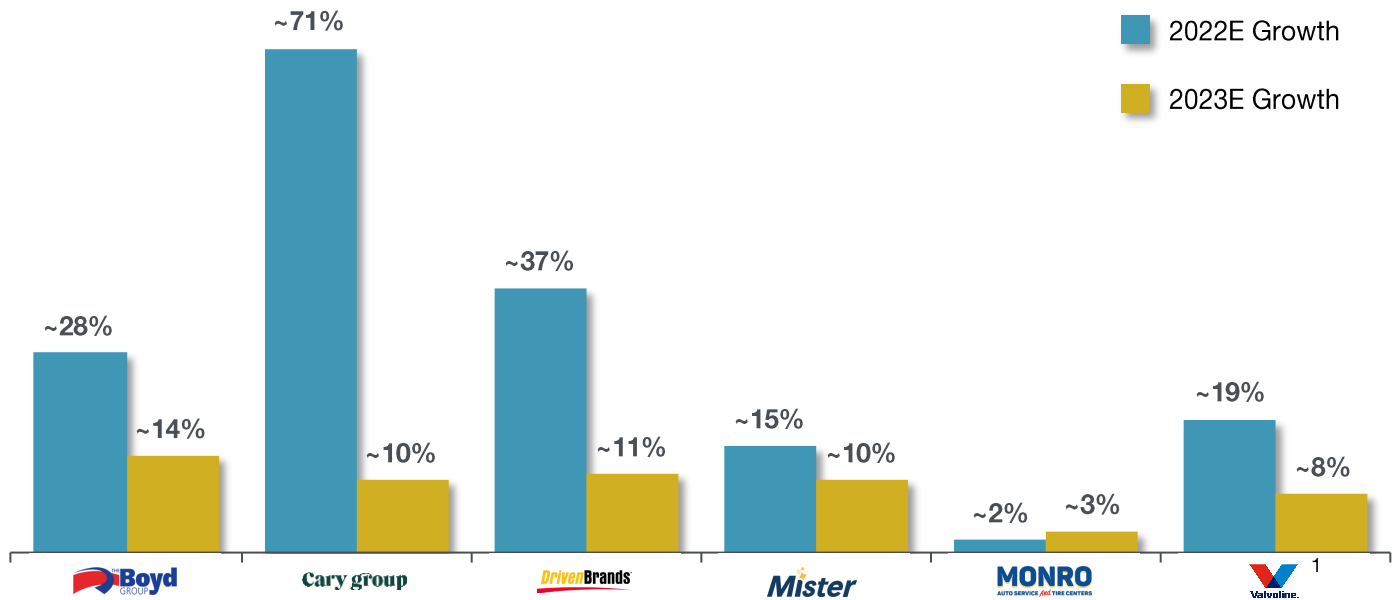
## Same Store Sales



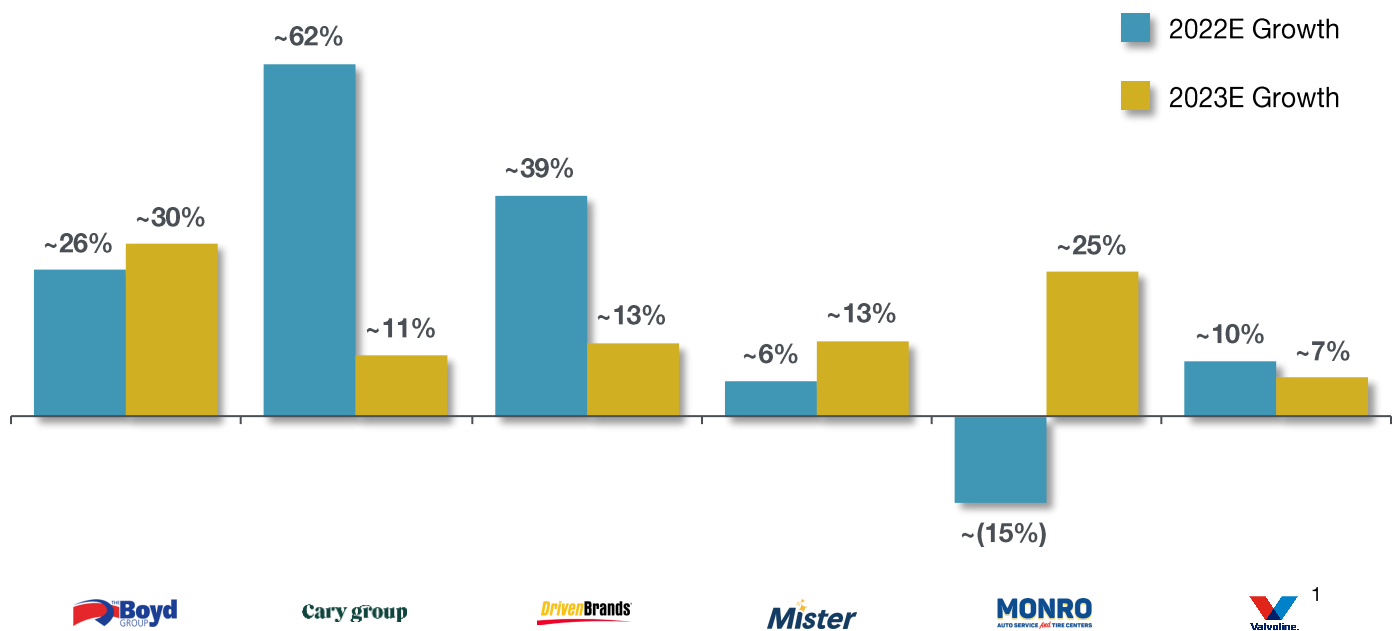
Source: Company filings

## Growth Outlook

### Revenue — Median Analyst Outlook



### EBITDA — Median Analyst Outlook



Note: Calendar year  
 Source: Company Filings; Wall Street research for street consensus  
 1) Retail services business only



Car Wash

Oil Change

Collision

Service

Tires

## Public Company Performance Metrics

### Valuation Summary

(\$ in Millions, Except per Share Amounts)

Company	Price as of 08/28/2022	% of 52W High	Market Cap	TEV	TEV / EBITDA			P / E			Net Debt / LTM EBITDA
					LTM	2022E	2023E	LTM	2022E	2023E	
Boyd Group Services <sup>1</sup>	\$141.56	68.9%	\$3,040	\$3,440	24.3x	19.7x	14.4x	NM	63.4x	32.1x	2.5x
Cary Group <sup>2</sup>	\$6.08	54.0%	801	1,026	26.3x	23.0x	18.7x	NM	28.9x	22.5x	5.6x
Driven Brands <sup>3</sup>	\$31.47	90.9%	5,271	7,835	18.3x	15.6x	13.8x	47.6x	26.6x	23.6x	5.3x
Mister Car Wash <sup>4</sup>	\$10.50	53.0%	3,195	4,339	16.8x	16.1x	14.2x	35.6x	28.0x	23.8x	3.4x
Monro <sup>5</sup>	\$47.51	73.4%	1,530	1,990	11.3x	12.0x	9.6x	27.5x	31.0x	22.7x	2.6x
Valvoline <sup>6,7</sup>	\$29.35	77.3%	NM	4,148	NM	NM	9.9x	NM	NM	21.0x	2.2x
<b>Total Median</b>	<b>\$30.41</b>	<b>71.2%</b>	<b>\$3,040</b>	<b>\$3,794</b>	<b>18.3x</b>	<b>16.1x</b>	<b>14.0x</b>	<b>35.6x</b>	<b>28.9x</b>	<b>23.1x</b>	<b>3.0x</b>

### Operating Summary

(\$ in Millions, Except per Share Amounts)

Company	LTM							Historical Sales Growth		Historical EBITDA Growth	
	Revenue	Gross Profit	EBITDA	Net Income	Gross Margin	EBITDA Margin	NI Margin	1 YR	3 YR	1 YR	3 YR
Boyd Group Services <sup>1</sup>	\$2,176	\$962	\$142	\$19	44.2%	6.5%	0.9%	31.7%	10.4%	(2.8%)	(4.1%)
Cary Group <sup>2</sup>	274	186	39	9	67.8%	14.2%	3.2%	58.5%	-	24.5%	-
Driven Brands <sup>3</sup>	1,740	772	429	108	44.4%	24.6%	6.2%	38.0%	-	48.5%	-
Mister Car Wash <sup>4</sup>	830	570	258	92	68.6%	31.1%	11.1%	20.3%	-	12.7%	-
Monro <sup>5</sup>	1,367	478	177	46	35.0%	12.9%	3.3%	12.0%	3.8%	2.8%	(1.9%)
Valvoline <sup>6</sup>	3,536	1,016	715	349	28.7%	20.2%	9.9%	26.4%	14.5%	2.7%	18.9%
<b>Total Median</b>	<b>\$1,554</b>	<b>\$671</b>	<b>\$217</b>	<b>\$69</b>	<b>44.3%</b>	<b>17.2%</b>	<b>4.8%</b>	<b>29.1%</b>	<b>10.4%</b>	<b>7.8%</b>	<b>(1.9%)</b>

Source: Company Filings

1) TSX: BYD

2) OM: CARY

3) DRVN

4) MCW

5) MNRO

6) VVV

7) Valuation metrics for VVV based on retail services business estimates

Car Wash

Oil Change

Collision

Service

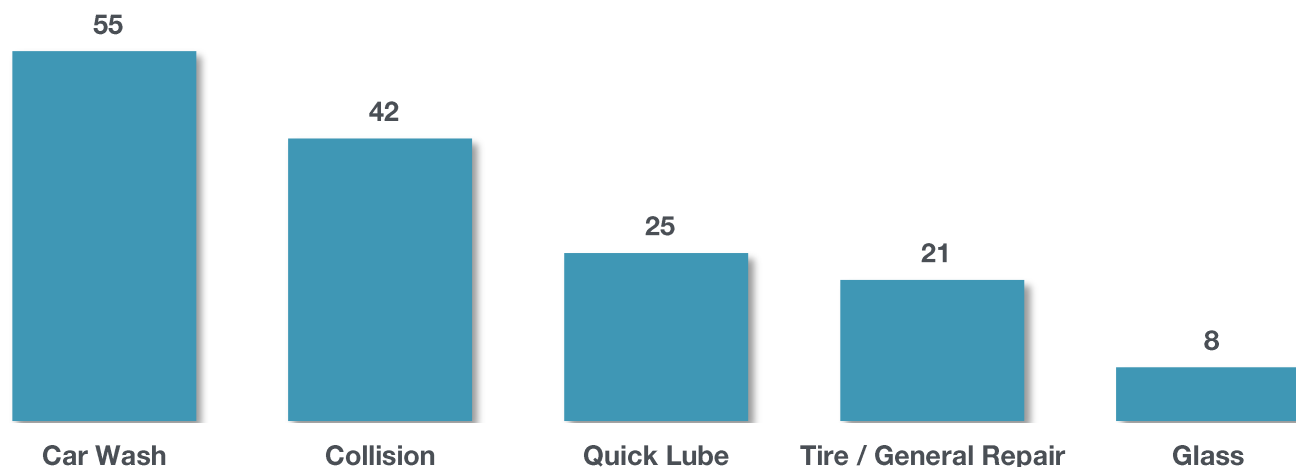
Tires

## Select Automotive Service M&A Activity

Date	Vertical	State	Buyer	Target	Store Count
Aug-22	Car Wash	LA	WhiteWater Express	Geaux Clean Car Wash	7
Aug-22	Car Wash	IN	Driven Brands	Clearwater Car Wash	2
Aug-22	Car Wash	IN	Driven Brands	Birdie's Car Wash	1
Aug-22	Car Wash	MI	Driven Brands	Soft Touch Car Wash	1
Aug-22	Car Wash	OH	Driven Brands	Auto Oasis Car Wash	1
Aug-22	Quick Lube	TX	Oil Changers	1 Location in Austin, TX	1
Aug-22	Quick Lube	WI	Oil Changers	1 Location in Racine, WI	1
Aug-22	Quick Lube	MI	Oil Changers	Big Ray's	4
Aug-22	Quick Lube	ID	Oil Changers	The Lube Shop	1
Aug-22	Quick Lube	MI	Oil Changers	Speedy Oil and Lube	3
Aug-22	Car Wash	FL	ModWash	Home Team Car Wash	3
Aug-22	Quick Lube	NY	Phinney's Automotive	Fred's Quick Lube	1
Aug-22	Collision	FL	Classic Collision	East Coast Collision	1
Aug-22	Tire / General Repair	IA	Leeds West	Big O Tire Locations	3
Aug-22	Car Wash	UT	Quick Quack Car Wash	Gorilla Car Wash	4
Aug-22	Car Wash	FL	Mammoth Holdings	Mr. Squeaky Car Wash	1
Aug-22	Quick Lube	NY	Splash Car Wash	Fast Lane Oil Change & Car Wash	1
Aug-22	Car Wash	CA	LUV Car Wash	2 Wishy Washy Locations	2
Aug-22	Car Wash	MN	Mister Car Wash	Top Wash	3
Aug-22	Car Wash	OH	Tire Discounters	Carriage House Car Wash	7
Aug-22	Car Wash	VA	Zips Car Wash	Lightning McClean Car Wash	5
Aug-22	Car Wash	AR	Club Car Wash	Speedy Splash Car Wash	11

## YTD Deal Count – M&A Activity by Number of Transactions

(Transaction Count in Actuals)



Source: Company Filings

## Piper Sandler's Vehicle Aftermarket Investment Banking Team



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Car Wash

Oil Change

Collision

Service

Tires

## Recent Piper Sandler Vehicle Aftermarket Transactions

<p>August 2022</p>  <p>has been acquired by</p> 	<p>April 2022</p>  <p>has been acquired by</p> 	<p>January 2022</p>  <p>has been acquired by</p> 	<p>August 2021</p>  <p>has acquired</p> 
<p>June 2021</p>  <p><i>Initial Public Offering</i></p>	<p>June 2021</p>  <p><i>Debt Refinancing</i></p>	<p>May 2022</p>  <p><i>Equity Capital Raise</i></p>	
<p>March 2021</p>  <p>has been acquired by</p> 	<p>March 2021</p>  <p><i>Initial Public Offering</i></p>	<p>January 2021</p>  <p><i>Initial Public Offering</i></p>	

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