

SUMMER 2024

# Car Wash Insight

**RAYMOND JAMES** | INVESTMENT BANKING

MERGERS & ACQUISITIONS, PUBLIC & PRIVATE CAPITAL  
AND FINANCIAL ADVISORY SERVICES

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# Deal spotlights



## Whistle Express Car Wash acquires 20 new sites

Announced: 7/1/2024 and 4/16/2024

- Whistle Express significantly expanded its portfolio in the Carolinas with the acquisition of Fins Car Wash's 15 locations
- Additionally, Whistle Express acquired and rebranded five Rainforest Car Wash locations, more than doubling its portfolio in the Cleveland-Akron market
- The Company now boasts 150 locations systemwide, making the company the 10<sup>th</sup>-largest car wash operating in the nation



## KKR to buy \$850M stake in Quick Quack Car Wash

Announced: 6/11/2024

- KKR agreed to buy a "significant" minority stake in Quick Quack; existing investor Seidler Equity Partners will continue to hold meaningful stake
- Originally launched in 2004, Quick Quack has more than 230 locations across California, Texas, Arizona, Utah and Colorado
- Investment will accelerate marketing and organic growth initiatives



## Atlantic Street Capital invests additional \$70M in Zips Car Wash

Announced: 6/10/2024

- Operating over 270 locations in 20+ states, Zips Car Wash has grown rapidly over the last eight years through strategic acquisitions, de novo development and membership growth
- Capital investment is intended to "further support the operating strategy, member experience, leadership team and wash quality"



## Summit Wash Holdings announces \$200M+ growth investment

Announced: 5/13/24

- Company received more than \$200M in debt financing to continue expansion in Central Florida, Connecticut and New Jersey
- Summit, which operates 54 sites, will use funding to nearly double the location count with plans to surpass 100 locations by mid-2025
- Summit Wash Holdings is a portfolio company of New Mountain Capital



## Firmament makes strategic investment in Sparkle Express Car Wash Group

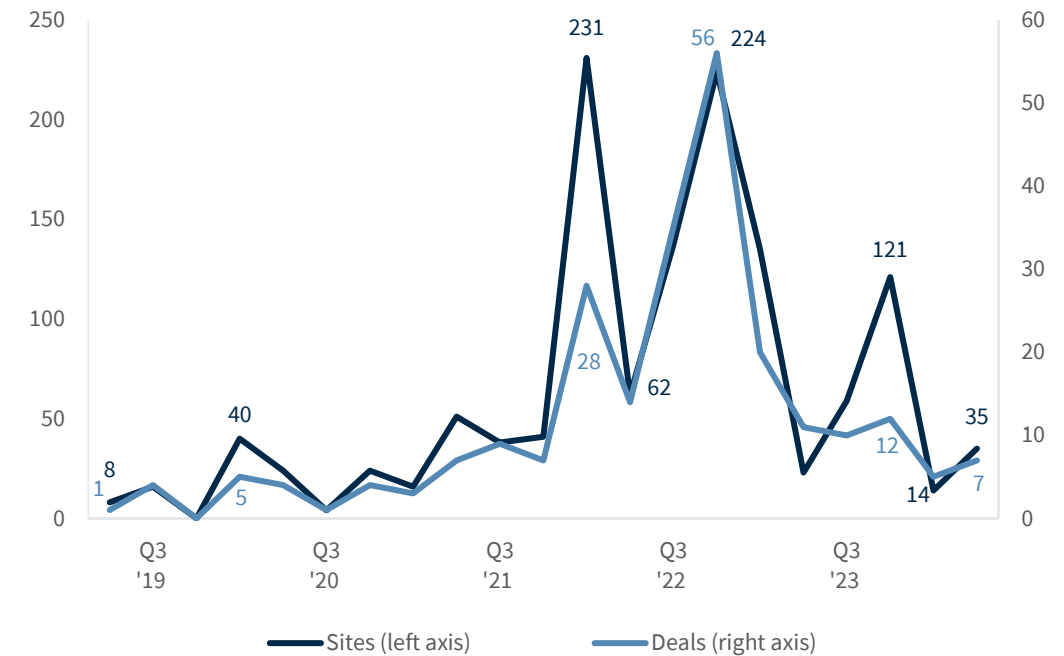
Announced: 4/26/2024

- Sparkle Express represents the business combination of 19 separate unit acquisitions across three states
- Company operates 19 locations across Illinois, South Carolina and Georgia and serves more than 50,000 active subscribers

# Recent, notable M&A activity

Date	Acquiror	Target	States	Sites acquired
7/1/2024	Whistle Express Car Wash	Fins Car Wash	NC	15
6/12/2024	The RipTide Car Wash	MILES Auto Spa	TN	4
6/11/2024	Undisclosed	Mister Car Wash	ID	1
6/5/2024	Mr. Magic Car Wash	Coates Car Care	OH, PA	6
5/1/2024	Undisclosed	Sudsy Bucket Auto Wash	NY	1
4/26/2024	Sparkle Express Car Wash	Fuller's Car Wash, Clean Getaway and Splish Splash Car Wash	IL	9
4/19/2024	Vizza Wash	Wet-N-Jet (The Car Wash Express)	TX	1
4/16/2024	Whistle Express	Rainforest Car Wash	OH	5
3/27/2024	WhiteWater Express Car Wash	Spout Car Wash	TX	1
3/19/2024	El Car Wash	Sweetwater Car Wash Dr. Phillips and Suncoast Express Car Wash	FL	2
3/11/2024	Flagstop Car Wash	Unknown	VA	3

Quarterly activity levels



# Selected private equity involvement

Financial sponsor	Investment	Year acquired	Total sites <sup>(1)</sup>	Geography	Financial sponsor	Investment	Year acquired <sup>(1)</sup>	Total sites	Geography
	 (now public)	2014	491	21 states	 SUSHANNA PRIVATE CAPITAL, LLC		2018	70	6 states
	 (now public)	2015	388 <sup>(2)</sup>	22 states	 CONSUMER RETAIL PARTNERS		2021	60	CT, MA, NY, VT
		2020	296	13 states	 		2021	56	6 states
		2018	255	29 states	 NEW MOUNTAIN CAPITAL		2023	54	5 states
	 	2018	254	14 states			2022	43	FL
		2015	231	5 states	 Garnett Station Partners	 	2021, 2022	31	NV, VA
		2020	170	7 states			2021	30	AZ, NV
		2020	149	10 states			2022	29	IN, MI
		2019	141	8 states			2022	26	8 states
 		2018	135	18 states			2022	22	OH, PA, WV
		2020	108	6 states			2021	21	TX
		2021	96	AZ, CA, CO, TX			2024	19	IL, SC, GA

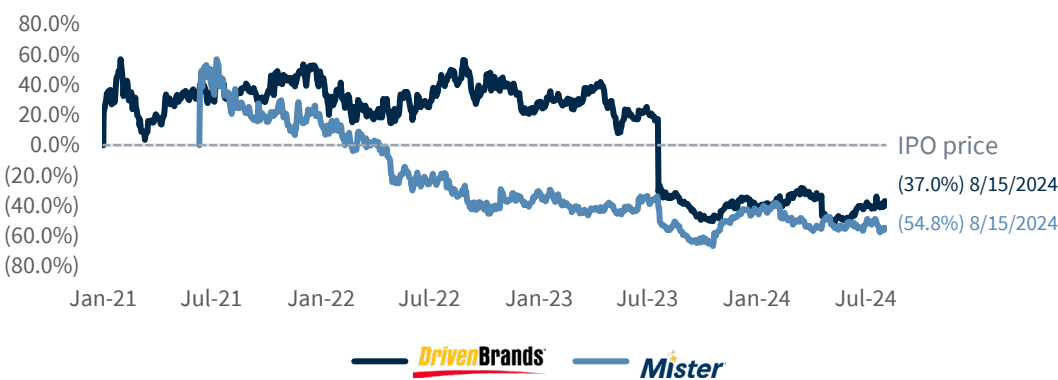
Source: Company websites and press releases, as of 8/15/2024.

Note: (1) Total site count excluding sites in development.

(2) Only includes company-operated sites.

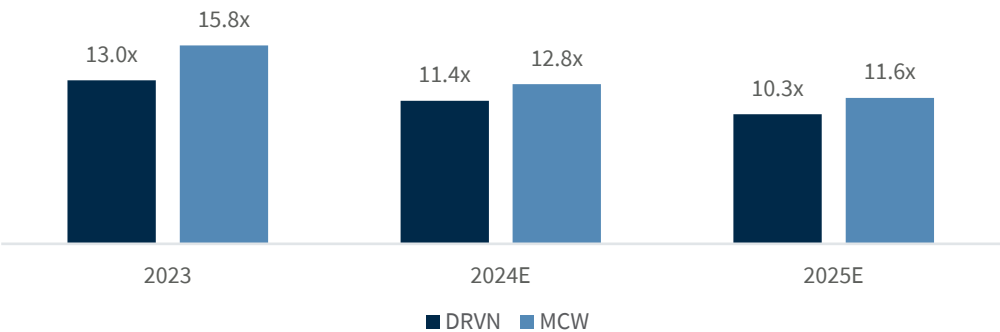
# Public equity trading performance: DRVN and MCW

Public trading performance since IPO

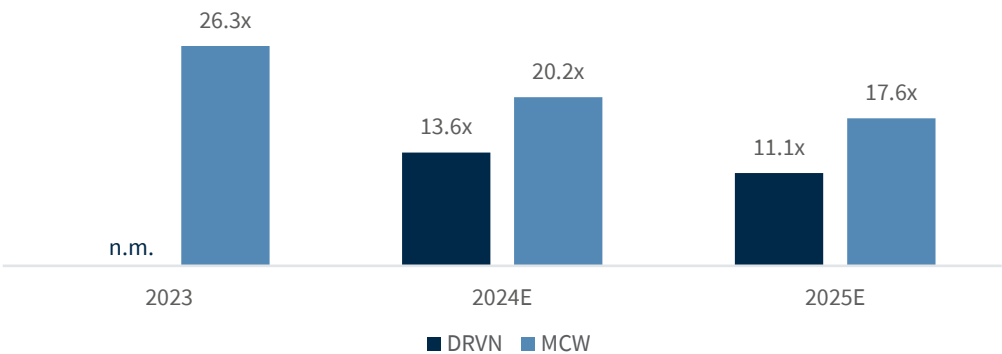


	<div>Driven Brands</div> <div>NASDAQ: DRVN</div>	<div>Mister</div> <div>NYSE: MCW</div>
Current share price	\$13.86	\$6.78
Current vs. IPO	(37.0%)	(54.8%)
Post-IPO trading range	\$10.67-\$34.50	\$4.98-\$23.53
Total enterprise value (\$B)	\$6.3	\$4.0
Market capitalization (\$B)	\$2.3	\$2.2
Average daily volume (millions)	1.29	2.10
Float	35.8%	29.5%

TEV / EBITDA



P/E ratio



Source: Estimates per Capital IQ, market data as of 8/15/2024.

# Earnings summary: Driven Brands and Mister Car Wash

(\$ in millions except per share data)

**DrivenBrands™**

	2Q2024 results <sup>(1)</sup>	Consensus <sup>(2)</sup>
Net revenues y/y growth	0.8%	3.6%
Comparable car wash sales growth	(4.1%)	n/a
Car wash y/y EBITDA growth	(21.9%)	n/a
Total car wash locations	1,108	n/a
Net new car wash locations	(23)	n/a
Net revenues (Car wash revenue: \$156.9)	\$611.6	\$629.0
Adjusted EBITDA (Car wash EBITDA: \$33.8)	\$152.2	\$149.4
EPS (GAAP)	\$0.18	\$0.23
1-day stock price reaction (8/2/24)	(6.5%)	

**Select commentary:** “The team is continuing to make good progress on divesting U.S. carwash pipeline properties. In Q1, we received approximately \$33 million of proceeds, and in Q2, we received an incremental approximate \$66 million, for a total of approximately \$100 million. Year-to-date, we are now at \$107 million of proceeds. Our previous target was at least \$100 million for fiscal 2024. Now that we've achieved that, we're confident in delivering at least another \$50 million in U.S. car wash divestitures in the second half of 2024.”

- Jonathan Fitzpatrick, DRVN CEO

**Mister™**

	2Q2024 results <sup>(1)</sup>	Consensus <sup>(2)</sup>
Net revenues y/y growth	7.7%	7.8%
Comparable car wash sales growth	2.4%	n/a
Car wash y/y EBITDA growth	20.1%	7.5%
Total car wash locations	491	n/a
Net new car wash locations	9	n/a
Net revenues	\$255.0	\$255.4
Adjusted EBITDA	\$88.7	\$79.4
EPS (GAAP)	\$0.07	\$0.08
1-day stock price reaction (8/1/24)	(3.6%)	

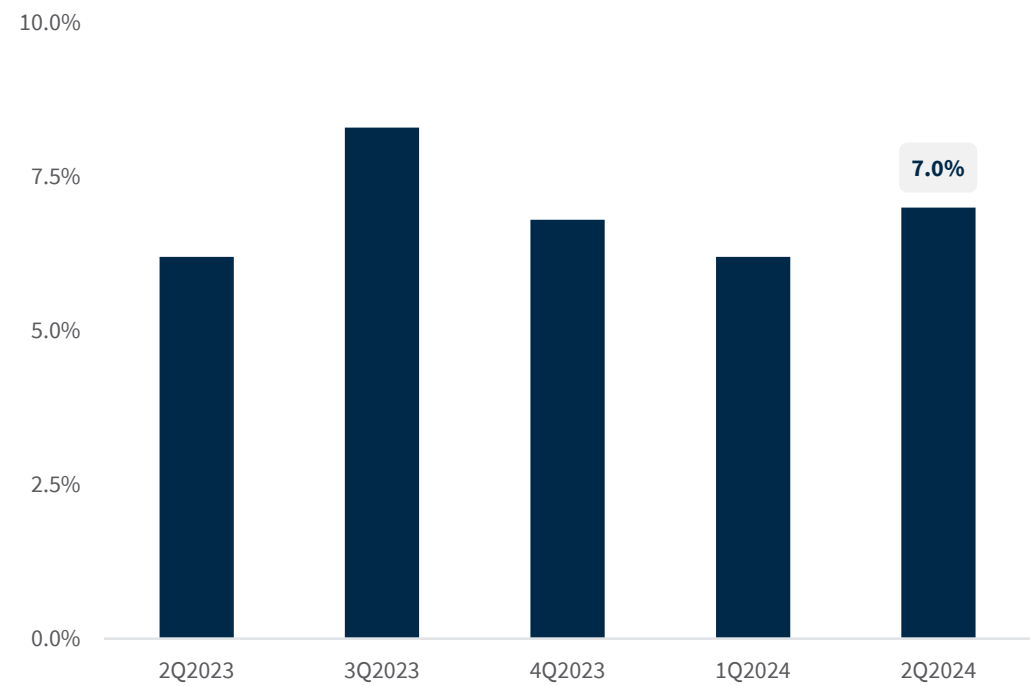
**Select commentary:** “We delivered record revenue and adjusted EBITDA in the second quarter. Our subscription business continued to prove its resilience, and the strength of our new Titanium offering drove a healthy increase in revenue per member. This combined with great expense management and further optimization of our operations, while remaining committed to investing in our facilities and people, resulted in a 20% increase in adjusted EBITDA to \$88.7 million for the quarter.”

- John Lai, MCW CEO

Notes: (1) Company public filings; DrivenBrands.com and MisterCarWash.com.  
(2) Consensus estimates per CapitalIQ and Wall Street equity research.

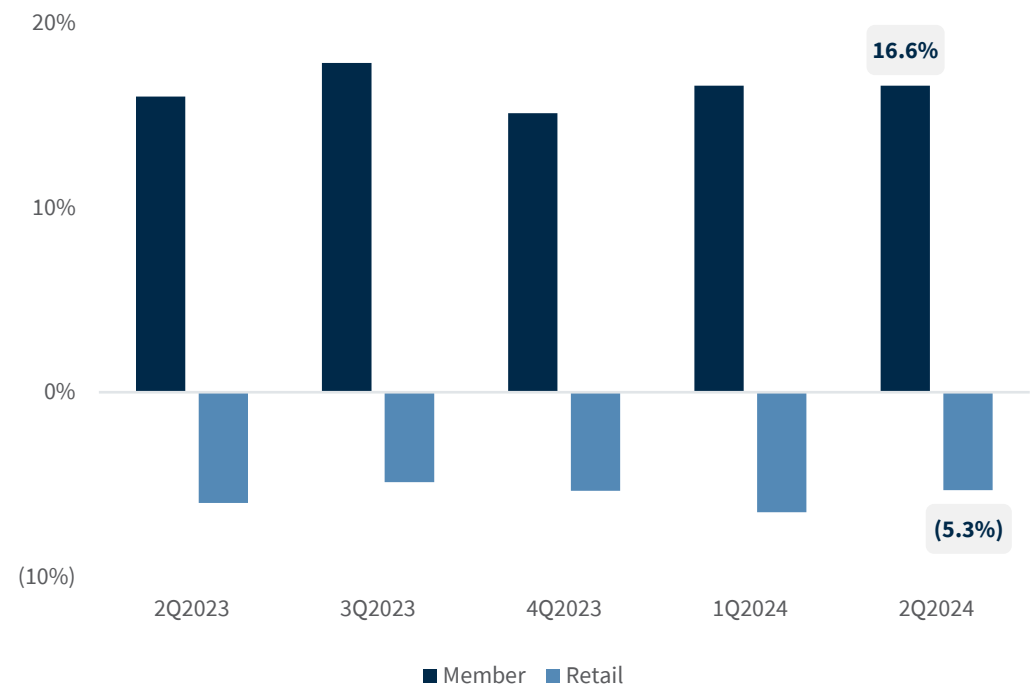
# Recent industry metrics

Same store sales growth y/y percentage



Growth in combined member and retail revenue from store locations that have been in operation for at least one year

Same store sales growth y/y percentage by member and retail

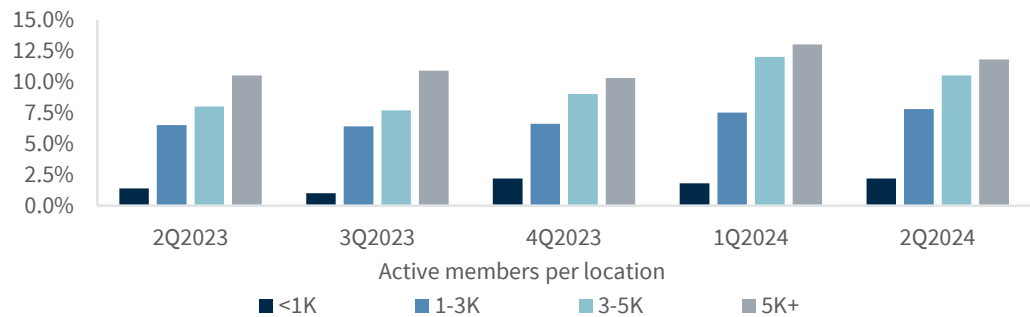


Growth in retail and member revenue from store locations that have been in operation for at least one year

Source: Q3 2024 Car Wash Industry Report, Rinsed.  
Note: This report included aggregated data from over 2,000 car wash locations and excluded data from any public companies.

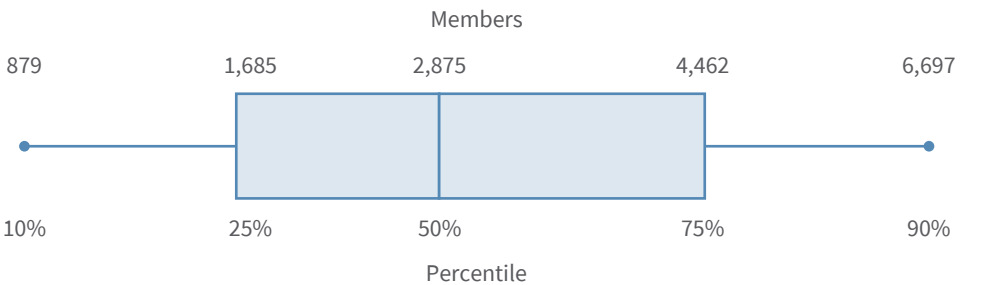
# Recent industry metrics (cont.)

Average conversion rate



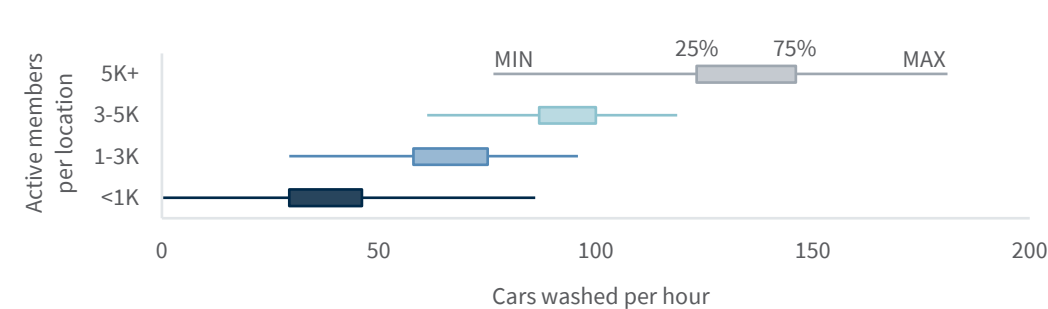
The average percentage of retail customers that converted to members segmented by number of active monthly members

Members per mature site



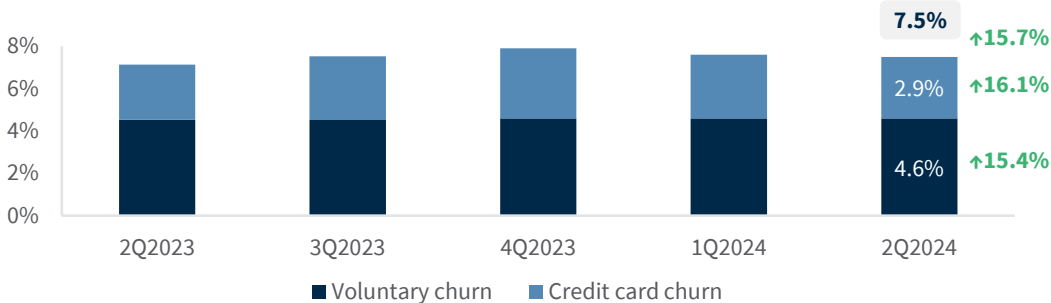
The number of members per site from store locations that have been in operation for at least 30 months

Max throughput (cars / hour)



The maximum throughput of cars washed per hour versus number of active monthly members for mature locations

Average monthly churn

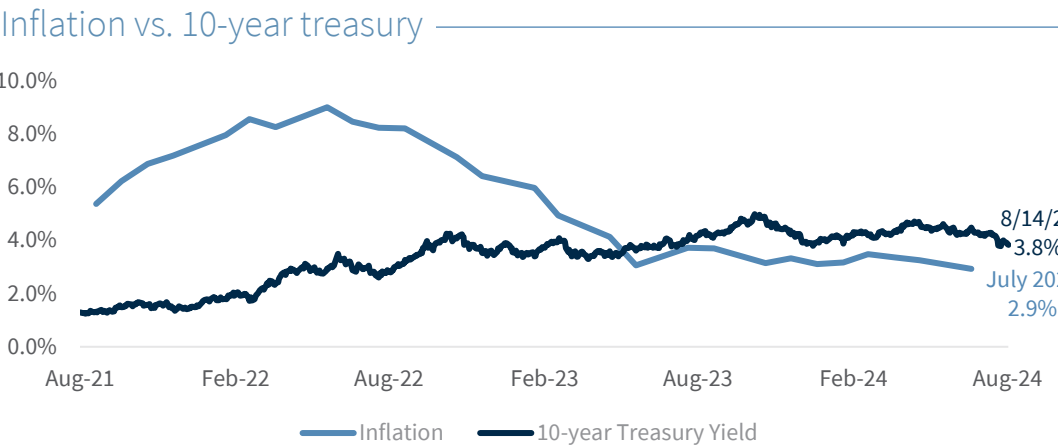
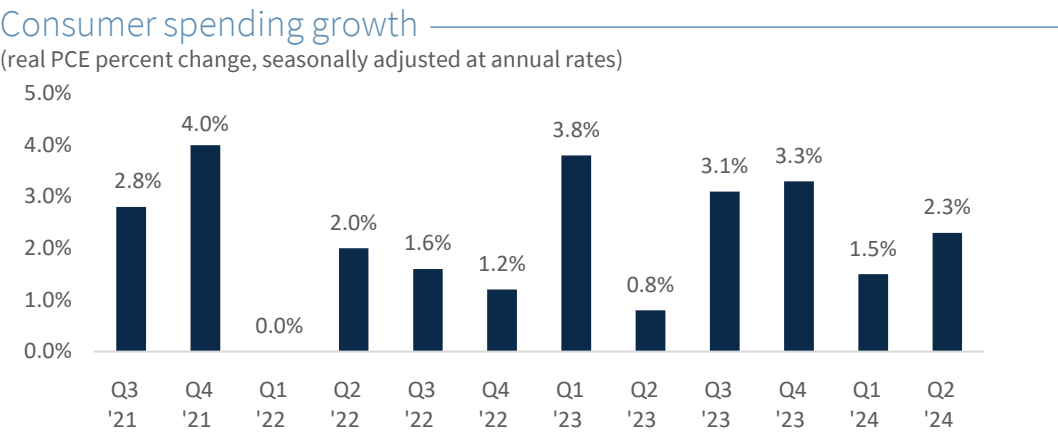
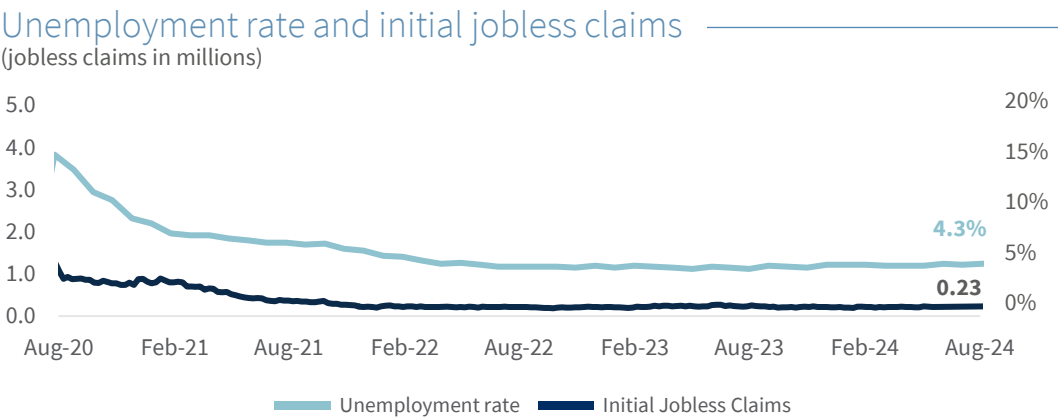
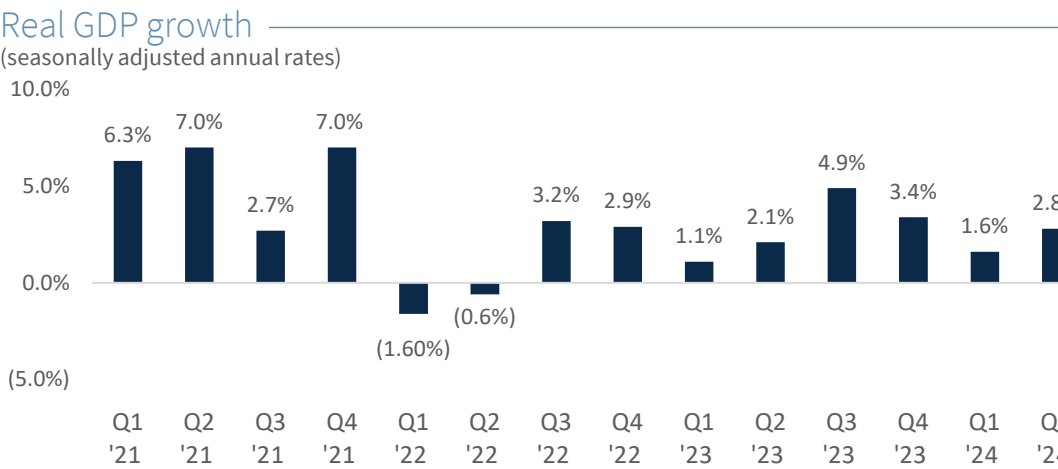


The percentage of members who churned due to credit card decline / expiration or members who chose to cancel their membership for any reason

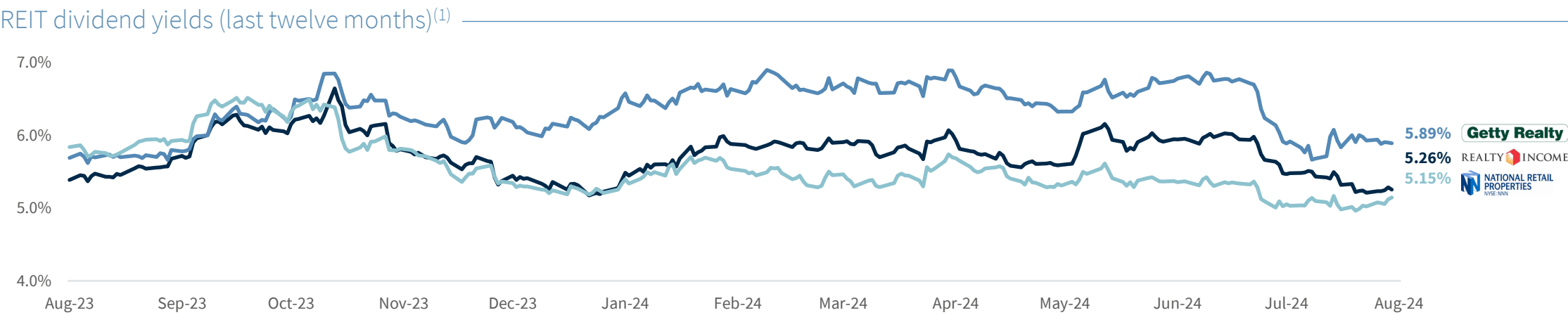
Source: 3Q2024 Car Wash Industry Report, Rinsed  
Note: This report includes aggregated data from over 2,000 car wash locations and excludes data from any public companies



# Macroeconomic indicators

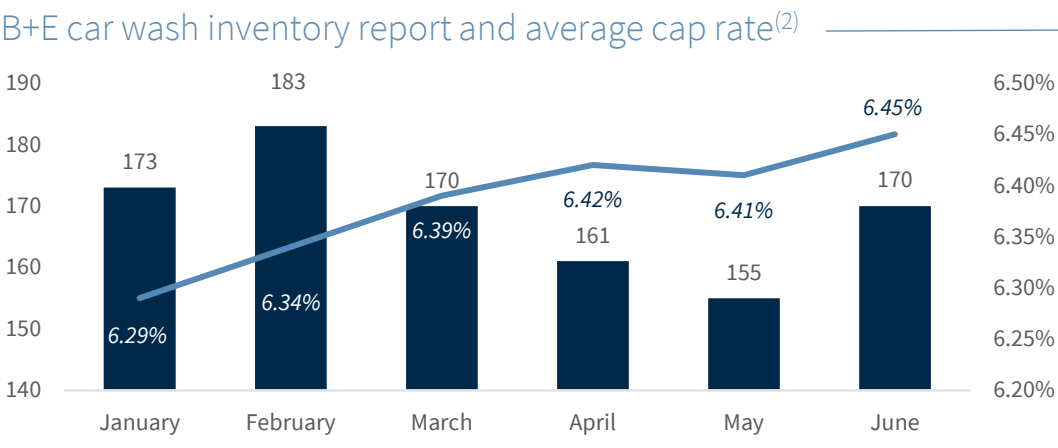


# Sale leaseback market conditions



Select operator sale leaseback terms<sup>(2)</sup>

Tenant	Number on market	Average cap rate	Average term	Average price (\$)
Take 5 Car Wash	7	6.42%	17.2	\$3.94
Mammoth Car Wash	19	6.63%	18.7	\$4.25
Modwash	17	6.34%	19.4	\$5.34
ZIPs Car Wash	16	6.65%	15.5	\$5.03
Mister Car Wash	13	6.10%	16.8	\$4.10
Super Star Express	7	5.96%	19.5	\$7.05
<b>Average</b>		<b>6.35%</b>	<b>17.85</b>	<b>\$4.95</b>

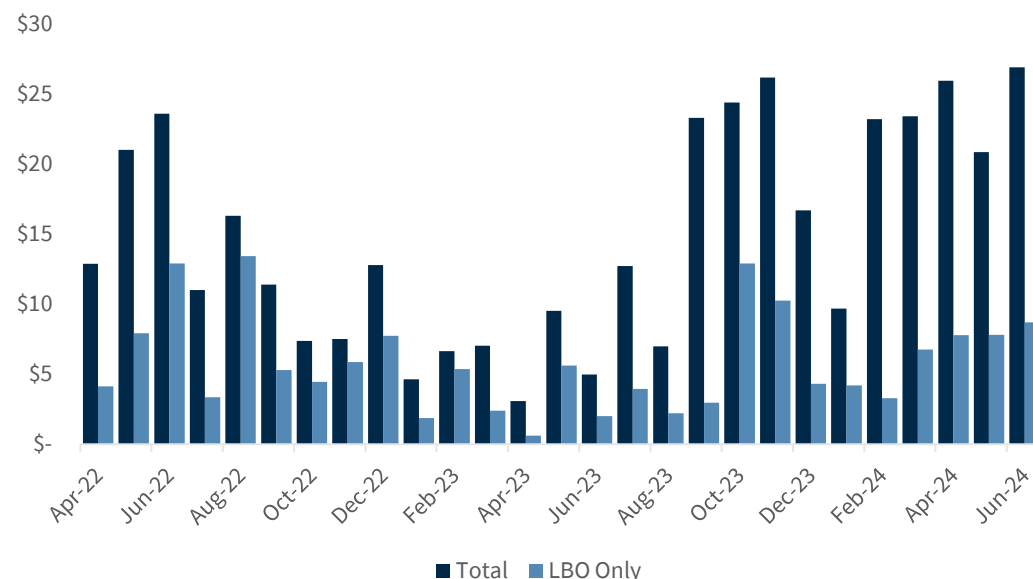


Notes: (1) Per Capital IQ, market data as of 8/16/2024.  
(2) B+E NNN Car Wash Inventory Report, June 2024, cap rates presented are marketed rates as opposed to final terms.

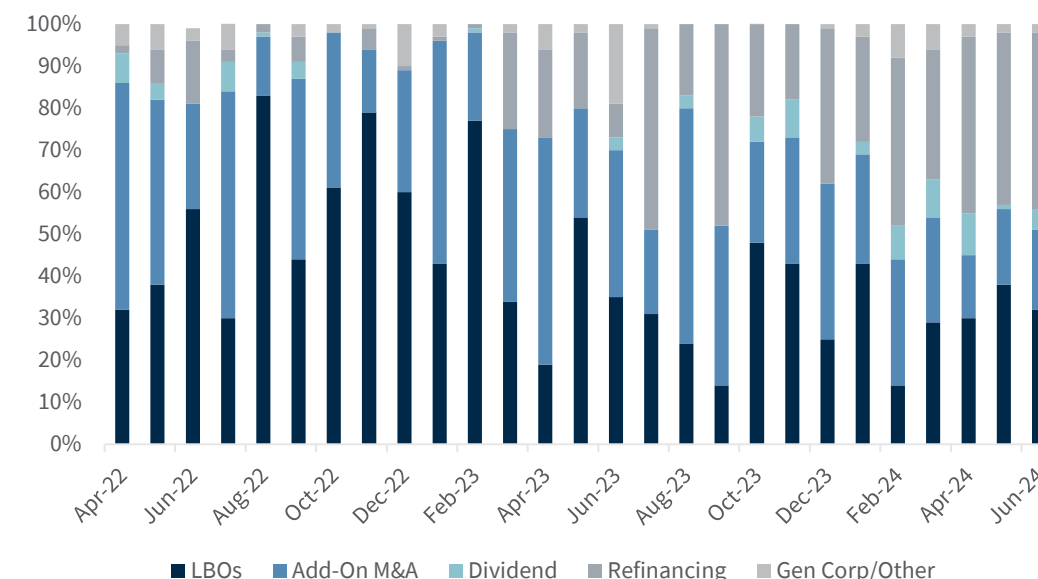
# Debt market: volume and use of proceeds

(\$ in billions)

Private debt monthly origination



Private debt monthly volume by proceeds

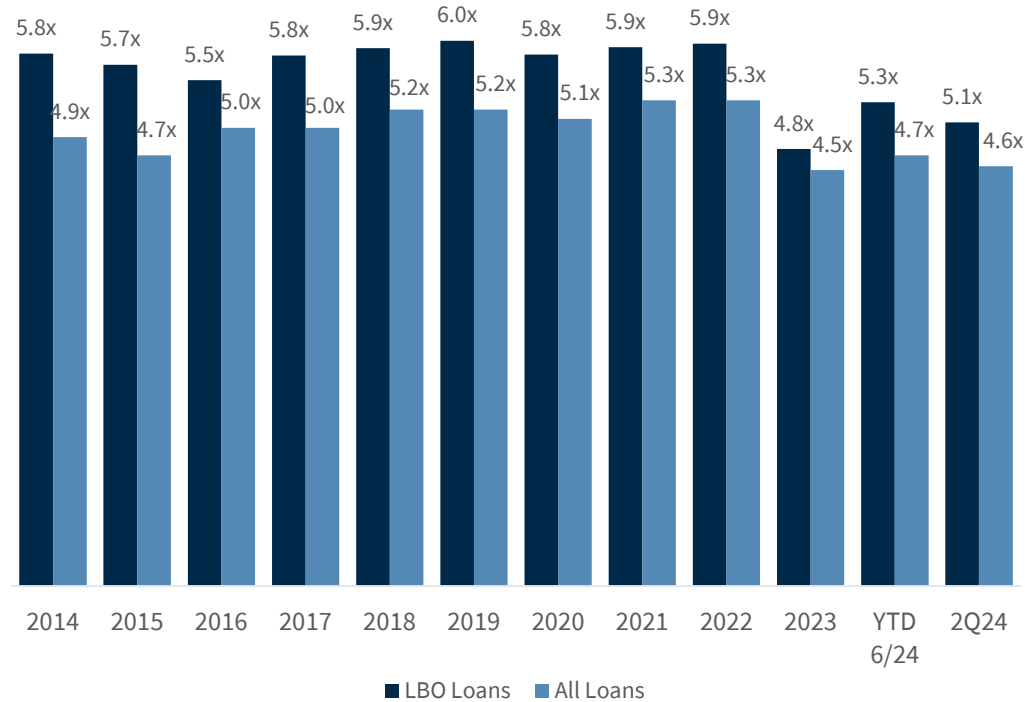


- 2Q24 volume of \$73bn was higher than 1Q24 at \$56bn, representing an increase of 31%
  - Surpasses the 4Q23 volume of \$67bn
- Higher year-over-year volume indicates the building pipeline that managers have been highlighting is real
- Monthly volume finished June at \$27bn, up from \$21bn in May
- LBO only volume increased from May to June, up from \$8bn to \$9bn
  - Lower than the October 2023 and November 2023 volumes of \$13bn and \$10bn, respectively

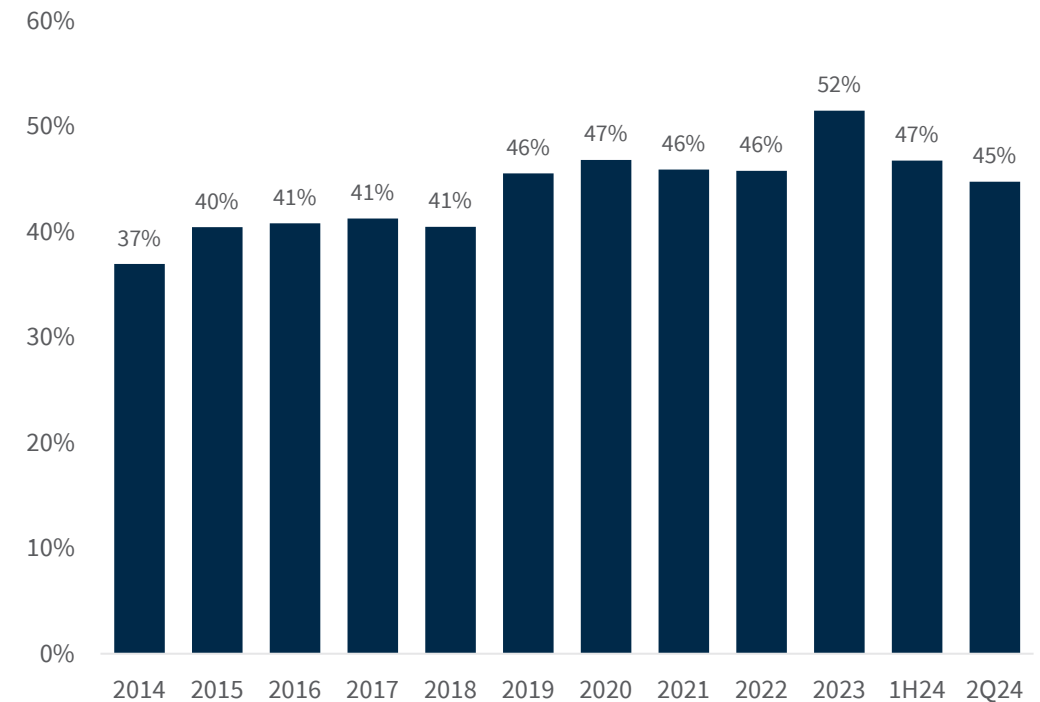
- Refinancings generated 42% of 2Q24 volume, the biggest share of all proceeds
  - BSL and HY markets have rebounded, yet private managers are still winning BSL assets via more flexible terms and greater delayed-draw capacity
- LBO activity was the next largest generator of volume at 33%, up from 29% of quarterly business in 1Q24
- Add-On M&A activity decreased from 27% in 1Q24 to 17% in 2Q24

# Debt market: leverage statistics

Average debt multiples of large corporate loans



Average LBO equity contribution



Source: Leveraged commentary and data. Data through December 31, 2023.

Note: (1) Equity contribution for Large Corporate LBOs data calculated on half-yearly basis and is as of June 30, 2023.

# What we're reading

## “US consumer confidence scales six-month high...” | Reuters

**August 27, 2024** – U.S. consumer confidence rose to a six-month high in August amid optimism over the economic outlook, but Americans are becoming more anxious about the labor market after the unemployment rate jumped to near a three-year high of 4.3% last month.

The better-than-expected reading in consumer confidence, reported by the Conference Board on Tuesday, reflected improved perceptions of business conditions over the next six months, and the survey suggested the odds of a recession had continued to decline.

[Read more](#)

## “Fed’s Powell Declares ‘Time Has Come’ for Rate Cuts” | WSJ

**August 23, 2024** – Federal Reserve Chair Jerome Powell gave his strongest signal yet that interest-rate cuts are coming soon, saying the central bank intends to act to stave off a further weakening of the U.S. labor market.

“We do not seek or welcome further cooling in labor market conditions,” Powell said in a speech at the central bank’s annual gathering in the Grand Teton National Park on Friday. “The time has come for policy to adjust.”

[Read more](#)

## “Thriving in Close Quarters” | Car Wash Magazine

**July 30, 2024** – Multiple wash models find success — despite being in close proximity — by targeting different consumer segments and differentiating themselves. Corey Kennard has been managing car washes for almost three decades, so when he bought his first wash in November 2022, he knew he had the knowledge and experience to succeed. The loan officer at the bank, however, had a concern.

Wasn’t Kennard worried that a new tunnel wash was being built across the street from his in-bay automatic wash? Could the small town of Blountville, Tenn., really support multiple car washes?

[Read more](#)

## “Why Should the Big 6 C-Store Chains Invest in Express Car Wash...?” | CSP

**June 11, 2024** – It’s hard to find a plot of land in suburbia across the U.S. that doesn’t have a “Car Wash Coming Soon” sign. The express car wash sector’s growth took off pre-pandemic with private-equity investment, and it hasn’t slowed much since.

There is good reason for this gold rush pursuit. These are not your rollover or bay car washes of old. Express exterior car washes are modern, fast car washes with compelling membership models that have attractive returns. Sean McBride, senior vice president at Sonny’s Car Wash Factory, said, “Car wash subscriptions quietly eclipsed over \$1 billion in revenue not too long ago and continue to grow in popularity.”

[Read more](#)

# Your success is our business



## SCOTT GARFINKEL

Senior Managing Director & Group Head  
Nashville office  
615.645.6796  
[scott.garfinkel@raymondjames.com](mailto:scott.garfinkel@raymondjames.com)



## ROGER WOODMAN

Managing Director  
Atlanta office  
404.240.6864  
[roger.woodman@raymondjames.com](mailto:roger.woodman@raymondjames.com)



## JOHN VEITH

Managing Director  
Nashville office  
615.645.6799  
[john.veith@raymondjames.com](mailto:john.veith@raymondjames.com)

### Raymond James Financial Inc.

880 Carillon Parkway | St. Petersburg, FL 33716 | 727.567.1000

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## Deep and experienced team



8 investment bankers



4+ equity research analysts



4+ dedicated equity capital markets pros

## Client focus

- Car wash operators
- Truck stop and travel center operators
- Commercial fuel and lube distributors
- Terminal operators
- Alternative fuel providers
- Convenience retail
- Merchandise / foodservice distributors
- Propane and heating oil marketers
- Mobile refueling
- Oil jobbers / wholesale fuel distributors

## Robust transaction experience<sup>(1)</sup>



80+ relevant industry transactions



>\$13B total deal value



30+ years focused on the industry

## Representative transactions

 has entered into a definitive agreement to divest its Retail segment to <b>FEMSA</b> August 2024 (Pending)	 has sold its convenience store assets to <b>An Undisclosed Buyer</b> April 2024	 has sold its convenience store assets to <b>CIRCLE K</b> April 2023
 has sold select convenience store assets to <b>Casey's CIRCLE K</b> Wills Group March 2022	 has sold its convenience store assets to <b>ENERGY GLOBAL</b> March 2021	 has completed its business combination with <b>ARKO GPM INVESTMENTS, LLC</b> December 2020

Note: (1) Current as of 8/16/2024.