

CAR WASH INSIGHT













MERGERS & ACQUISITIONS, PUBLIC & PRIVATE CAPITAL
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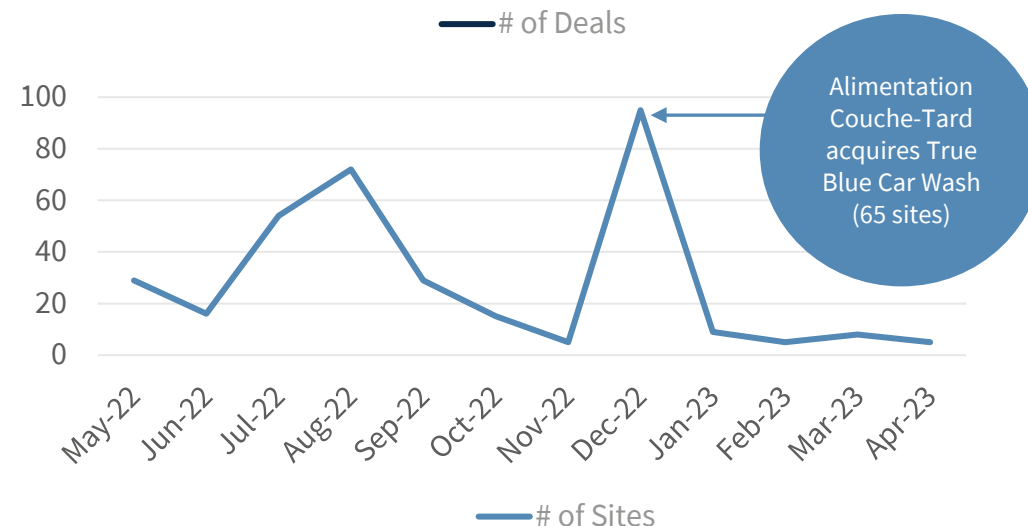
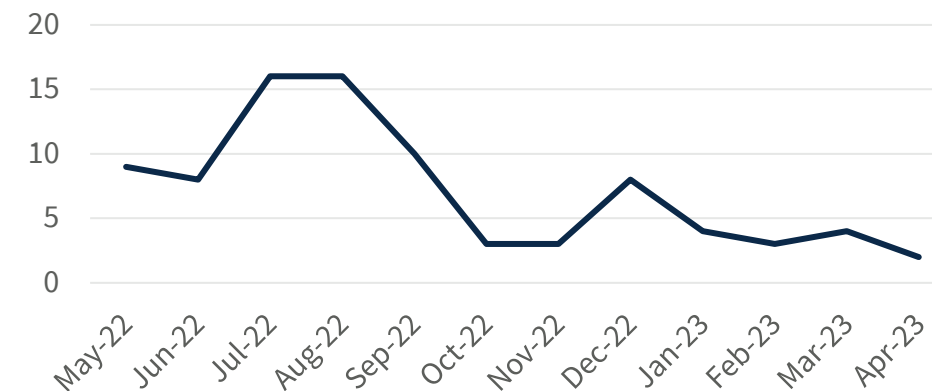
Recent, notable M&A and capital market highlights

 	<p>Alimentation Couche-Tard acquires True Blue Car Wash Announced: 12/22/2022</p> <ul style="list-style-type: none"> Alimentation Couche-Tard operates over 14,000 convenience stores in more than 20 countries True Blue is an express car wash platform with 65 sites throughout the Southwest and Midwest; it was previously a portfolio company of ROCA Partners
 	<p>Magnolia Wash Holdings acquires Blue Water Car Wash Announced: 1/11/2023</p> <ul style="list-style-type: none"> Magnolia Wash Holdings operates more than 100 sites across the U.S. Blue Water Car Wash operates four sites in Alabama and Florida
 	<p>WhiteWater Express acquires Classic Auto Spa and Bubble King Car Wash Announced: 11/22/2022 & 3/16/2023</p> <ul style="list-style-type: none"> WhiteWater Express has more than 100 operational and developmental sites in the Southeast and Midwest Classic Auto Spa operates three sites in Louisiana; Bubble King Car Wash operates one site in Eastern Texas
  	<p>El Car Wash acquires Bill's Car Wash and Smart Car Wash Announced: 1/26/2023 & 4/5/2023</p> <ul style="list-style-type: none"> El Car Wash expands its Southern Florida footprint which now includes over 30 locations Bill's Car Wash operates 3 sites in Brevard County; Smart Car Wash operates two sites near West Palm Beach and northern Miami
  	<p>Spotless Brands raises \$600 million in growth capital from Access Holdings and Wafra Announced: 3/16/2023</p> <ul style="list-style-type: none"> Spotless Brands will utilize the proceeds to fuel growth via new builds and M&A Access Holdings is a Baltimore-based investment firm focused on business and consumer services Wafra is an investment firm with \$31 billion AUM; Wafra previously owned El Car Wash before selling to Warburg Pincus

Recent, notable M&A activity

Date	Acquiror	Target	States	Sites acquired
4/14/2023	Ace Auto Washes	Mechigan Auto Washes	MI	3
4/5/2023	El Car Wash	Smart Car Wash	FL	2
3/31/2023	Club Car Wash	Undisclosed	AR	4
3/29/2023	Tsunami Express	Pride's Express Car Wash	IN	3
3/16/2023	WhiteWater Express	Bubble King Car Wash	TX	1
3/10/2023	Rocket Carwash	Shine Shop Car Wash	IA	4
2/22/2023	Flagstop Car Wash	Hogwash Express Car Wash	VA	1
2/21/2023	Splash Car Wash	Knockout Car Wash	NY	1
2/21/2023	Performance Plus	Sparkle Car Care Centers	MI	3
1/31/2023	Go Car Wash	Moreno Valley Express Car Wash	CA	1
1/27/2023	Jax Kar Wash	Howell Soft Cloth Car Wash	MI	1
1/26/2023	El Car Wash	Bill's Car Wash	FL	3
1/11/2023	Magnolia Wash Holdings	Blue Water Express Wash	FL	4
12/28/2022	Mister Car Wash	Rapid Express Carwash	CA	3
12/28/2022	Spotless Brands	Let's Go Car Wash	OK	4
12/28/2022	Spotless Brands	Auto Spa Express	TN	1
12/22/2022	Alimentation Couche-Tard	True Blue Car Wash	AZ, IL	65
12/21/2022	Mint Eco Car Wash	Undisclosed	FL	1
12/15/2022	LUV Car Wash	The Auto Wash Group	PA	8
12/5/2022	Tommy's Express Car Wash	Undisclosed	NV	12
11/22/2022	WhiteWater Express	Classic Auto Spa	LA	3

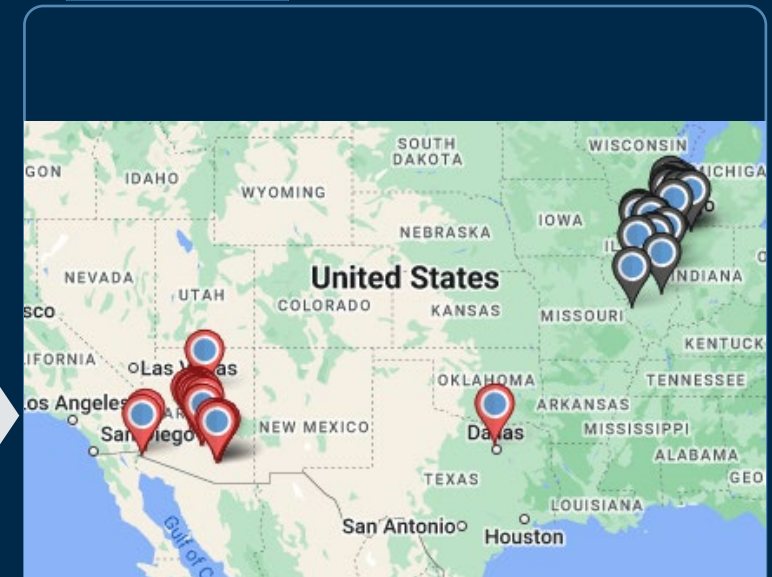
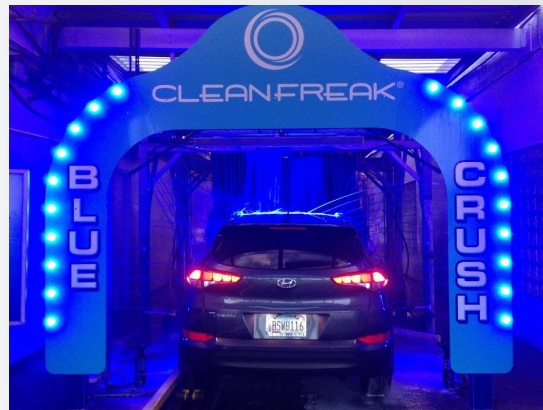
Monthly activity levels y/y



Source: Public company filings, press releases, and CapitalIQ.

Acquisition spotlight: Alimentation Couche-Tard announces acquisition of True Blue Car Wash

- On December 22, 2022, Alimentation Couche-Tard entered into a binding agreement to acquire all interests of True Blue Car Wash LLC, a portfolio company of ROCA Partners
- True Blue currently operates 65 car washes in Arizona, Texas, Illinois and Indiana under its *Clean Freak* and *Rainstorm* brands, and has a strong pipeline of new-to-industry sites planned or under development
- True Blue has approximately 170,000 fast-pass subscription members, which accounts for more than half of total revenue; the Company has seen 45% growth in the number total cars washed since 2018
- More than 85% of True Blue’s locations are within 3 miles of a Circle K location, creating significant geographical density to promote cross-selling and increase customer engagement
- **In April 2023, Alimentation Couche-Tard also announced the acquisition of 44 Big Red convenience stores, which included 17 car washes in Arkansas; Raymond James served as the sole financial advisor to Big Red**



Select private equity involvement

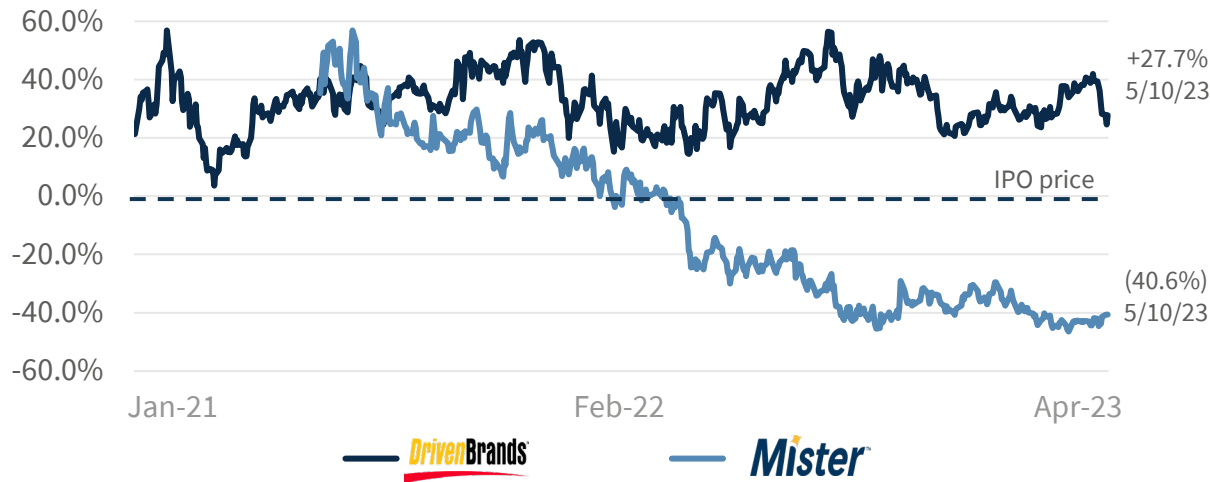
Financial sponsor	Investment	Year acquired	Total sites	Geography
		2014	439	Nationwide
		2020	277	Nationwide
		2018	205	13 states
		2015	192	5 states
		2020	157	7 states
		2018	156	Southeast, Midwest
		2019	127	7 states
		2018	115	18 states
		2020	104	6 states
		2020	104	7 states

Financial sponsor	Investment	Year acquired	Total sites	Geography
		2021	72	AZ, CA, CO, TX
		2021	71	CA, FL, GA, NV
		2018	55	5 states
		2022	36	FL
		2021	36	Southeast
		2022	22	IN, MI, WI
		2022	15	PA
		2022	14	NY, TX
		2022	6	KY

Source: Company websites and press releases, as of 5/4/23.

Public equity metrics: Driven Brands and Mister Car Wash

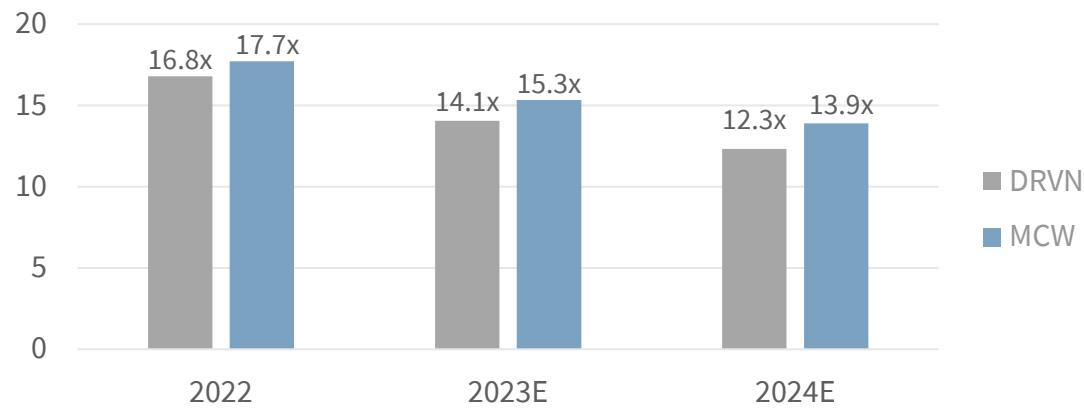
Public trading performance since IPO



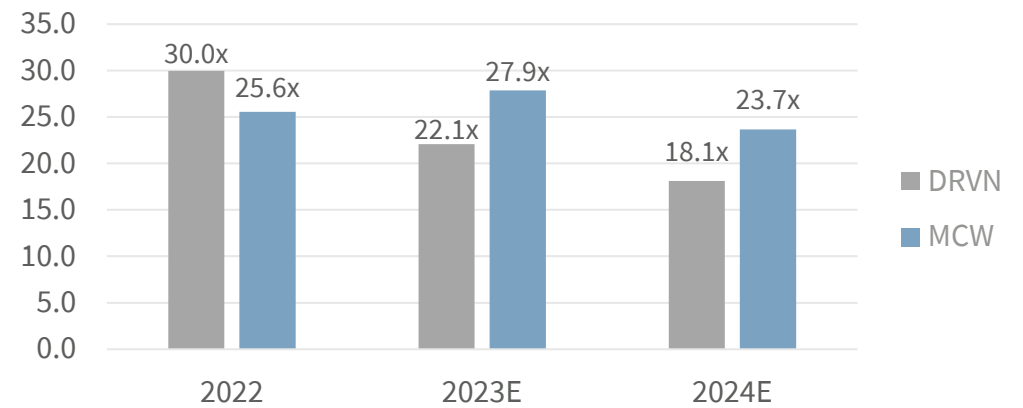
Public trading performance since IPO

	Driven Brands NASDAQ: DRVN	Mister NYSE: MCW
Current share price	\$28.10	\$8.91
Current vs. IPO	+27.7%	(40.6%)
Post-IPO trading range	\$22.26 - \$34.50	\$8.18 - \$23.53
Total enterprise value (\$B)	\$8.8	\$4.3
Market capitalization (\$B)	\$4.7	\$2.8
Avg daily volume (millions)	0.5	1.4
Float %	37.1%	27.0%

TEV/EBITDA



P/E ratio



Sources: Estimates per Capital IQ, market data as of 5/10/2023.

Earnings summary: Driven Brands and Mister Car Wash

(\$ in millions except per share data)

DrivenBrands

	1Q2023 results ⁽¹⁾	Consensus ⁽²⁾
Net revenues y/y growth	+20.1%	+19.3%
Comparable car wash sales growth	(11.3%)	n/a
Car wash y/y EBITDA growth	(20.5%)	n/a
Total car wash locations	1,116	n/a
Net new car wash locations q/q	+5	n/a
Net revenues	\$562.5	\$558.7
Adjusted EBITDA	\$127.8	\$126.6
EPS (GAAP)	\$0.17	\$0.19
1-day stock price reaction (5/4/23)	(3.47%)	

Select commentary: “We continue to experience softer retail volume as a result of the macro environment. We had modestly less pressure from foreign exchange rate movement, and we will begin to lap that FX rate pressure in Q2 '23. The long-term opportunity within the Car Wash business remains compelling with strong profitability, cash on cash returns and cash flow generation over time. Our scale and experience will remain a significant competitive advantage as the current environment is beginning to rationalize the competitive intensity of new entrants.

... the Car Wash category remained resilient relative to the broader retail industry. As we migrate our footprint under the Take 5 Brand, which was largely 2/3 complete as of the end of Q1, we are elevating our brand awareness, standardizing our market positioning, our operations, systems and customer experience. This, in turn, allows us to integrate our Take 5 Unlimited program and enhance our data capture capabilities.” (Jonathan Fitzpatrick, DRVN CEO).

Mister

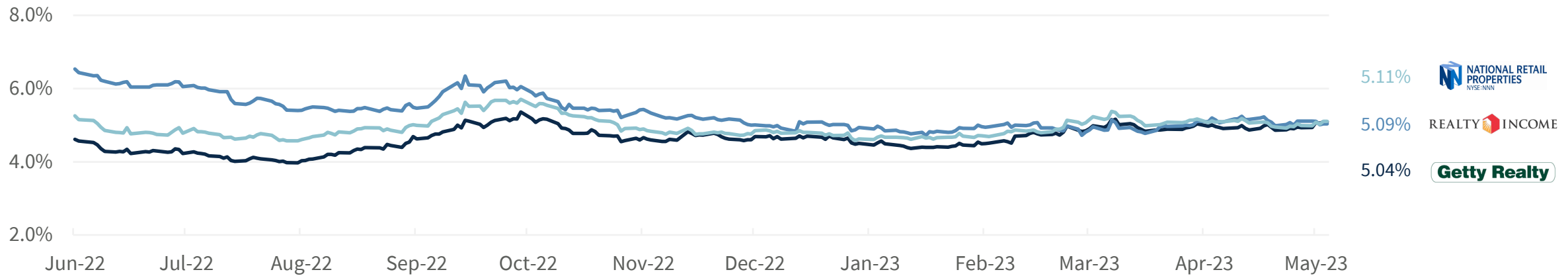
	1Q2023 results ⁽¹⁾	Consensus ⁽²⁾
Net revenues y/y growth	+3.0%	+4.8%
Comparable store sales growth	(1.6%)	n/a
UWC membership y/y growth	+12.6%	n/a
Total car wash locations	439	n/a
Net new locations q/q	+3	n/a
Net revenues	\$225.0	\$230.0
Adjusted EBITDA	\$71.0	\$73.0
EPS (GAAP)	\$0.06	\$0.08
1-day stock price reaction (5/3/23)	+3.5%	

Select commentary: “Last year's first quarter benefited from a strong macro backdrop, favorable weather conditions and lower store labor costs. The trends heading into this year's first quarter were obviously very different, and we knew that growing the top and bottom line was going to be difficult. Embedded in the full year guidance that we previously provided was the assumption that first half comparable store sales could be flat to plus or minus a point or two, while the headwinds from weather did impact the first quarter more than expected, our results were still within the range of expectations.” (Jedidiah Gold, MCW CFO).

Sources: (1) Company public filings; DrivenBrands.com and MisterCarWash.com.
(2) Equity research consensus estimates per CapitalIQ and industry research reports.

Sale leaseback market conditions

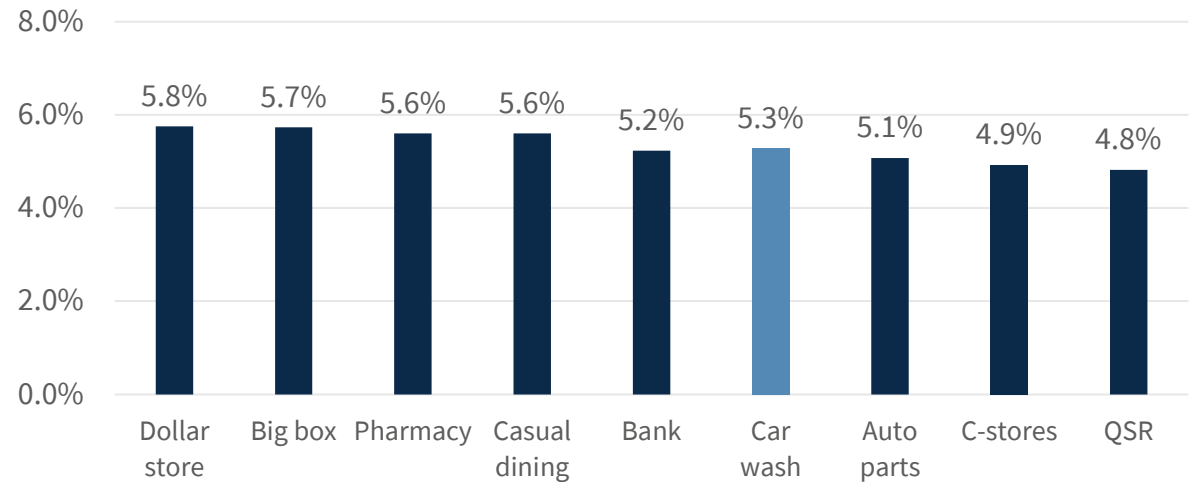
REIT dividend yields (last twelve months)⁽¹⁾



Select operator sale leaseback terms⁽²⁾

Tenant	# on market	Avg. Cap	Avg. Term	Avg. Price	10+ Year Cap
International Car Wash	40	5.35%	18.7 years	\$4,115,990	5.35%
Mammoth Car Wash	25	5.40%	19.8 years	4,754,078	5.40%
Tidal Wave Auto Spa	36	5.50%	20.0 years	5,964,038	5.50%

4Q22 average cap rates by industry⁽²⁾

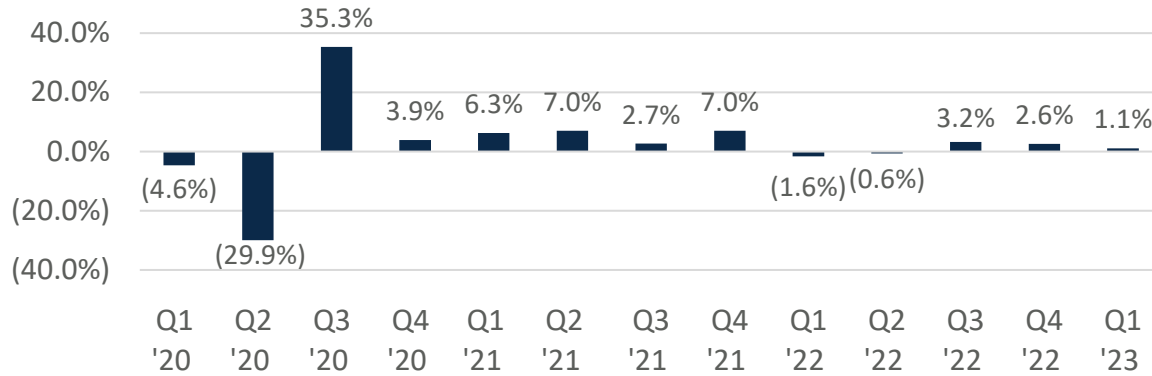


Sources: (1) Per Capital IQ, market data as of 5/12/2023.
 (2) B+E Real Estate Q4 2022 Net Lease Cap Rate Report.

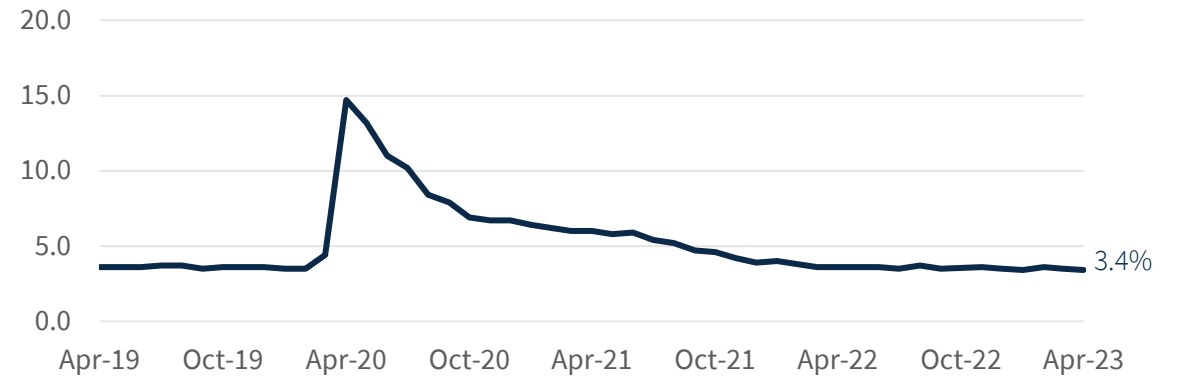
Macroeconomic indicators

Real GDP growth

(seasonally adjusted annual rates)

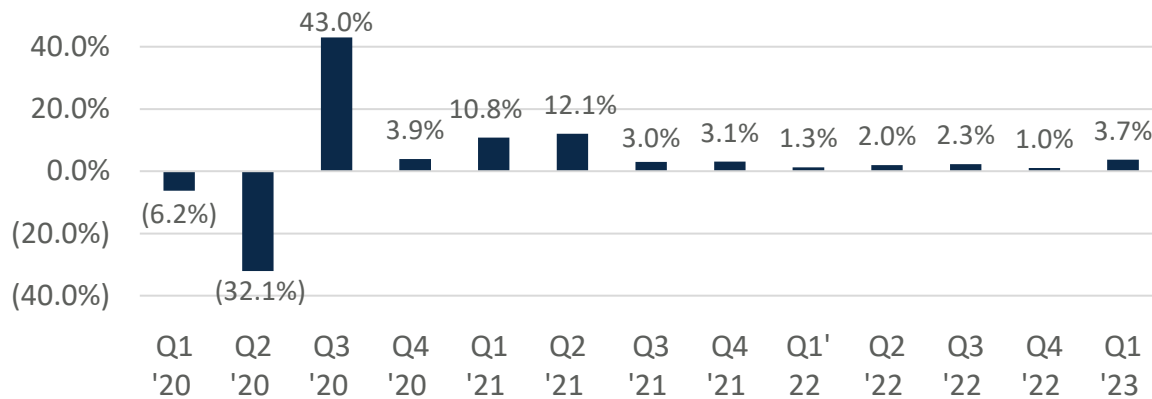


Unemployment rate

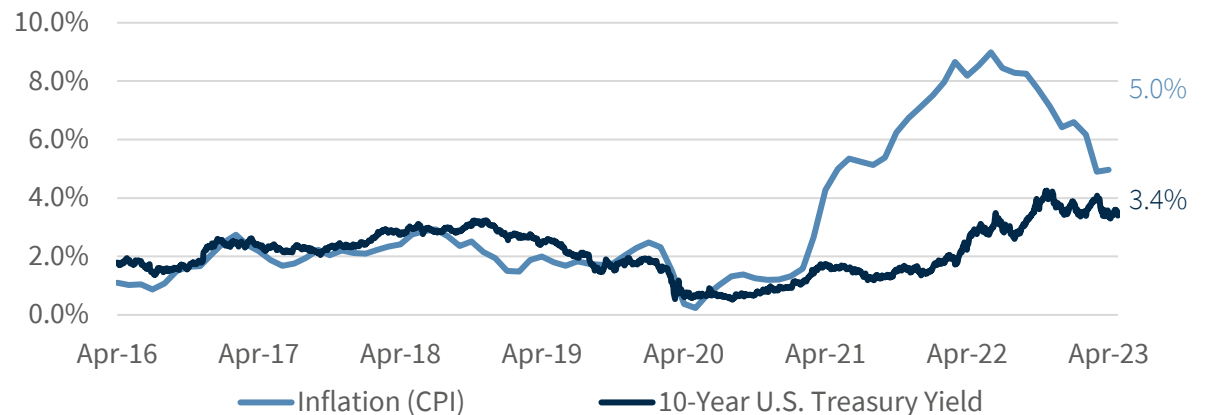


Consumer spending growth

(real PCE % change, seasonally adjusted at annual rates)



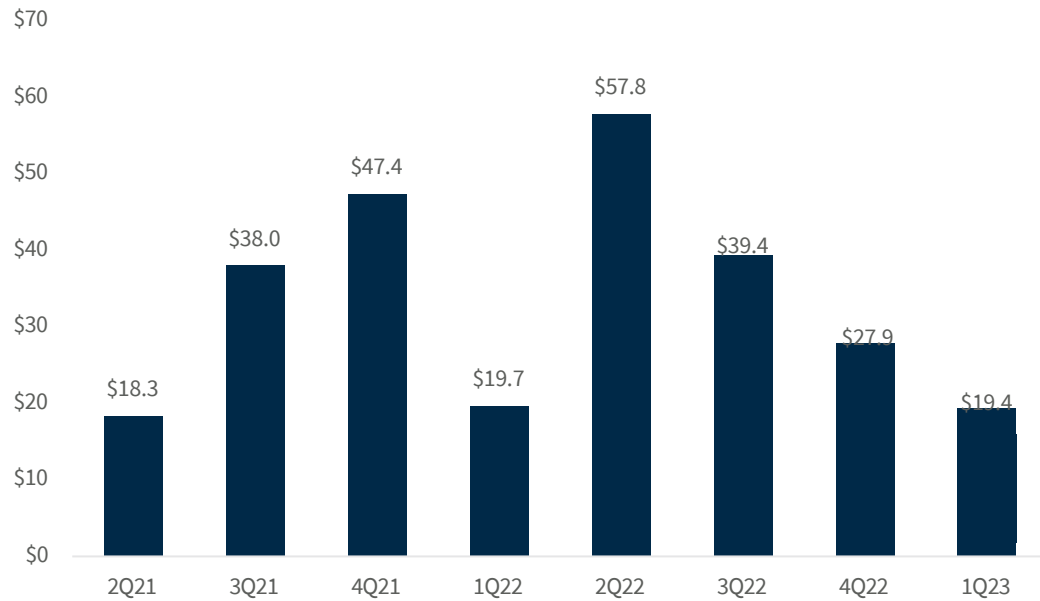
Inflation vs. 10-Year Treasury



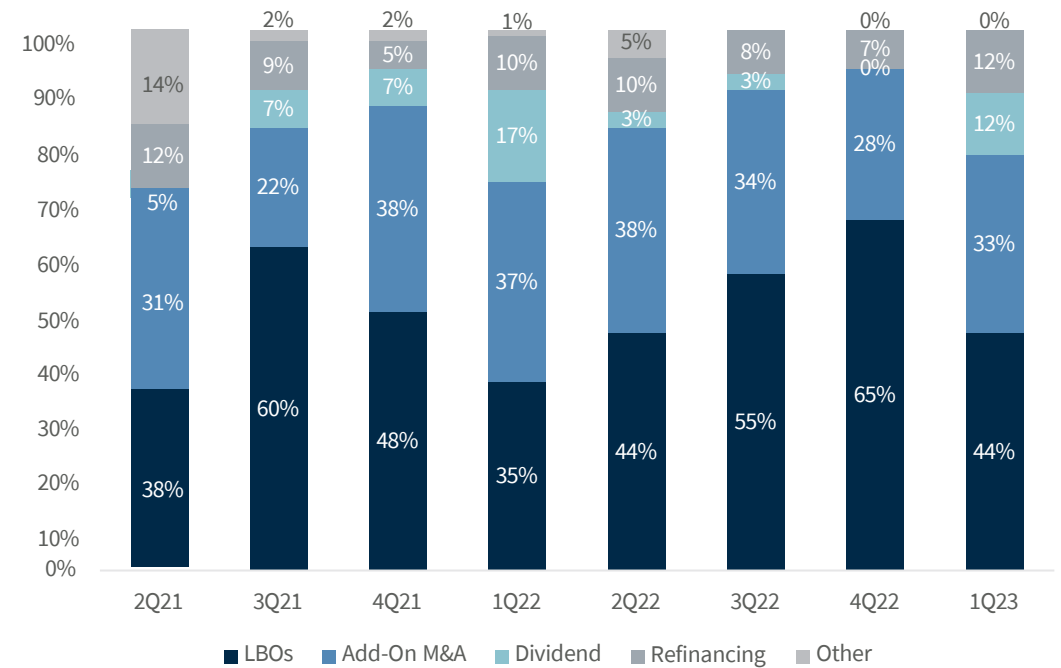
Sources: Bureau of Economic Analysis, St. Louis Federal Reserve, Bureau of Labor Statistics, Institute for Supply Management and Capital IQ. All data as of 5/11/2023.

Debt market: volume and use of proceeds

Quarterly Origination Volume



Quarterly Volume by Proceeds

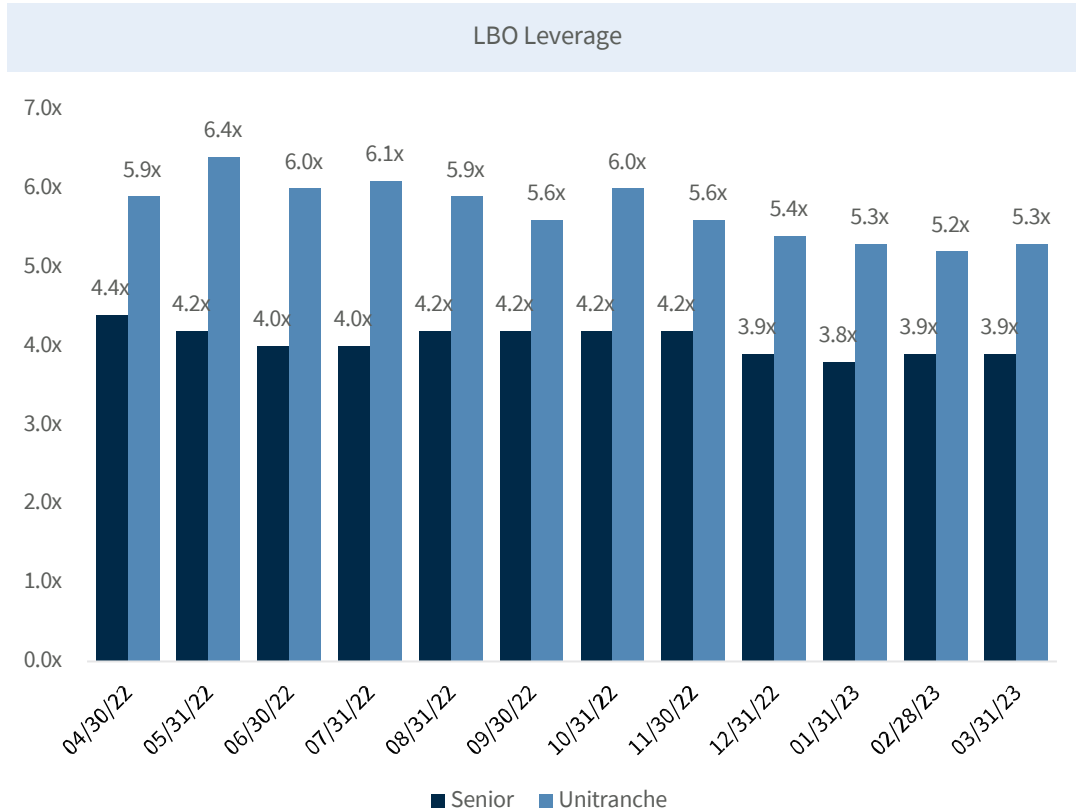


- In line with declining global M&A volume, 1Q23 private debt volume declined 30% q/q to \$19.4 billion, following a 29% q/q decline in 4Q22
- Despite this, private debt is expected to continue to take market share throughout 2023, as broadly syndicated and high-yield markets remain fragile

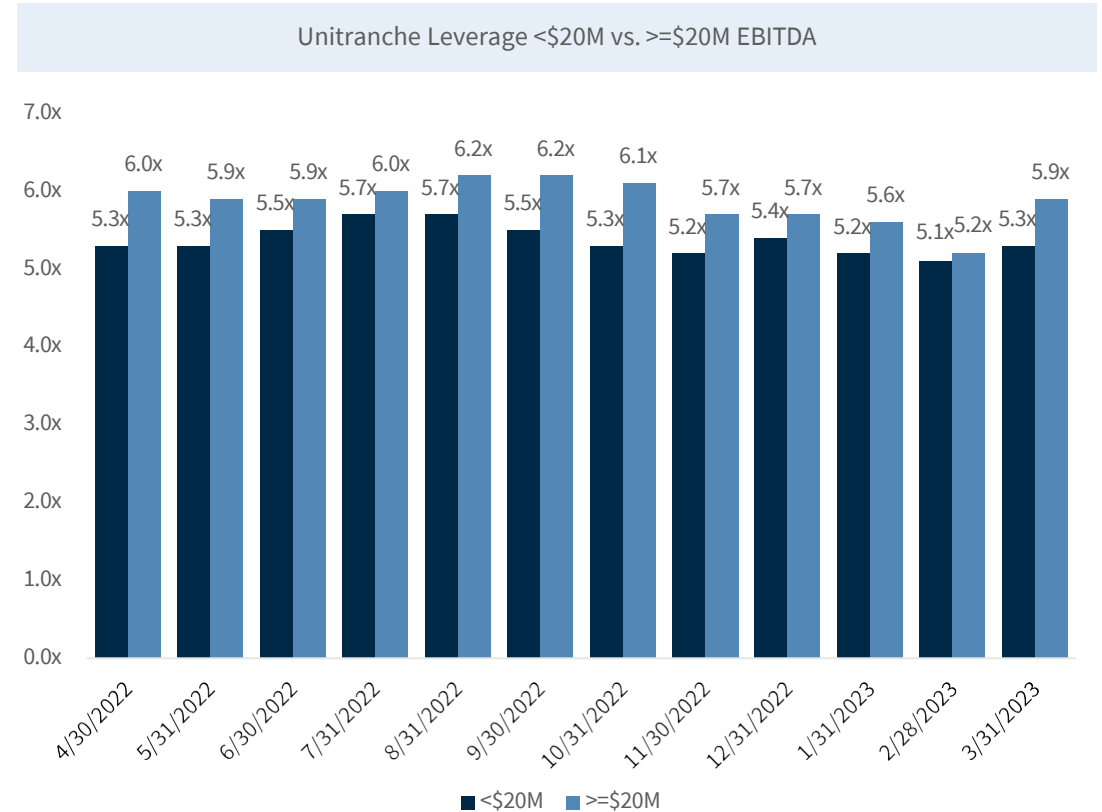
- Including all add-on deals, M&A accounted for ~77% of private debt volume and the remainder comprised refinancings and dividend recaps
 - In the syndicated loan market, M&A accounted for only ~20% of volume
- There was a meaningful increase in dividend activity in 1Q23, up to 12% from 0% in the prior quarter

Source: Direct Lending Deals (calculated based on rolling 90 days data). Data through March 2023.

Average leverage multiples



- Unitranche and senior debt multiples for LBO transactions remain depressed in 1Q23 vs. the prior quarters amidst lower risk appetite from lenders and higher debt service from the spike in interest rates



- Unitranche leverage multiples increased in 1Q23, especially for borrowers with greater than \$20 million of EBITDA
 - The primary catalyst for the increase was the reappearance of repeat borrowers who had previously engaged in more ambitious transactions in 2021 or prior, seeking additional funding in the market

Source: Direct Lending Deals (calculated based on rolling 90 days data). Data through March 2023.

“Consumers’ behaviours, technological preferences and expectations continue to evolve...” | PWC

February 16, 2023 – Concerned about inflation and the cloudy macroeconomic climate, consumers are realigning their shopping habits and adopting cost-cutting behaviours. Fully half of all consumers are either very or extremely concerned about their own personal financial situation. And 96% of surveyed consumers intend to adopt some type of cost-saving behaviour over the next six months. Still, eager to resume their pre-covid habits, they’re returning to stores and travelling again. Empowered by technology, they’re seeking and demanding seamless in-store and online experiences that better suit their lifestyles—and pocketbooks.

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“Sale-leasebacks offer a cure for a Tough Market in 2023” | Erik Sherman, Globest

May 9, 2023 – The strategy is a cross between a real property sale and a corporate financing arrangement but is completed at cap rates that are well below corporate lending rates. A company can unlock property assets on their balance sheet and generate cash to invest into their business for anything, including new product development, expansions, or any other initiative to grow revenue and profits. Because the arrangements are long-term, a company maintains access to their critical facilities. Additionally, all the lease payments are considered operating expenses, providing tax advantages for lessees.

[Read More](#)

“A monthly update on the state of the US consumer” | McKinsey & Co.

April 25, 2023 – Heading into the summer season, consumer sentiment isn’t quite sunny. True, there’s been an uptick in optimism: one-third of consumers, compared with only one-fourth in June 2022, believe the economy will rebound in just two to three months. Still, more than one in five consumers are expecting darker days ahead: 22 percent are predicting a US recession and long-term economic pain. And nearly half of survey respondents report having a “mixed” outlook: they expect the economy to recover but not for another six to 12 months. These numbers are less favorable than they were throughout 2020.

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“Customer subscriptions: from transactions to relationships” | Carwash.com

May 11, 2023 – Subscriptions can strengthen relationships with customers and reduce a dependence on cash transactions. With a critical mass of subscriptions, owner/operators have a more dependable income. They have the confidence to reinvest in the business, which can improve facilities and wash quality, lead to more services and special offers, and ultimately enhance the customer experience and the customer and owner relationship. Subscription models offer a win-win for all parties.

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>\$13B total deal value

Client focus

Car Wash Operators
Truck Stop & Travel Center Operators
Commercial Fuel & Lube Distributors
Terminal Operators
Alternative Fuel Providers
Convenience Retail
Merchandise/Foodservice Distributors
Propane & Heating Oil Marketers
Mobile Refueling
Oil Jobbers / Wholesale Fuel Distributors

Representative transactions

 <p>Has sold assets to CIRCLE K April 2023</p>	 <p>Has sold select convenience store assets to Casey's CIRCLE K Wills Group March 2022</p>
 <p>Has sold its convenience store assets to ENERGY GLOBAL North Group nouria March 2021</p>	 <p>Has completed its business combination with ARKO A Family of Community Brands GPM INVESTMENTS, LLC December 2020</p>
 <p>Has been acquired by Tri Star Energy twicedaily fresh all day July 2020</p>	 <p>Has been acquired by 7-ELEVEN Oklahoma March 2020</p>

(1) Current as of May 2023.