



# MONRO

THIRD QUARTER FISCAL 2022  
EARNINGS CALL JANUARY 26, 2022

**MONRO**  
AUTO SERVICE AND TIRE CENTERS

**TIRE CHOICE**  
AUTO SERVICE CENTERS

**MR. TIRE**  
AUTO SERVICE CENTERS

**KEN TIRE & AutoCare  
TOWERYS**

**TIRE WAREHOUSE**  
TIRES FOR LESS

**TIRE BARN**  
TIRE & AUTO

**carX**  
TIRE & AUTO

**TIRES NOW**  
RIGHT TIRES. RIGHT NOW.

**MONRO COMMERCIAL SOLUTIONS**

Certain statements in this presentation, other than statements of historical fact, including estimates, projections, statements related to our business plans and operating results are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Monro has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should,” and “intends” and the negative of these words or other comparable terminology. These forward-looking statements are based on Monro’s current expectations, estimates, projections and assumptions as of the date such statements are made, and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements, to include the significant uncertainty relating to the duration and scope of the COVID-19 pandemic and its impact on our customers, executive officers and employees. Additional information regarding these risks and uncertainties are described in the Company’s filings with the Securities and Exchange Commission, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our most recently filed periodic reports on Forms 10-K and Form 10-Q, which are available on Monro’s website at <https://corporate.monro.com/investors/financial-information/>. Monro assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

In addition to including references to diluted earnings per share (“EPS”), which is a generally accepted accounting principles (“GAAP”) measure, this presentation includes references to adjusted diluted earnings per share, which is a non-GAAP financial measure. Monro has included a reconciliation from adjusted diluted EPS to its most directly comparable GAAP measure, diluted EPS in Slide 8. Management views this non-GAAP financial measure as a way to better assess comparability between periods because management believes the non-GAAP financial measure shows the Company’s core business operations while excluding certain non-recurring items and items related to store closings as well as our Monro.Forward or acquisition initiatives.

This non-GAAP financial measure is not intended to represent, and should not be considered more meaningful than, or as an alternative to, its most directly comparable GAAP measure. This non-GAAP financial measure may be different from similarly titled non-GAAP financial measures used by other companies.

## Financial Performance

- Sales of \$341.8M increased 20.1%; comp store sales increased 13.8%
- Third consecutive quarter of double-digit comp store sales growth; topline exceeded pre-pandemic levels
- Gross margin increased 150 basis points to 35.3% driven by continued strength in service categories
- Adjusted Diluted EPS of \$.49, an increase of 123%

## Balance Sheet / Cash Flow

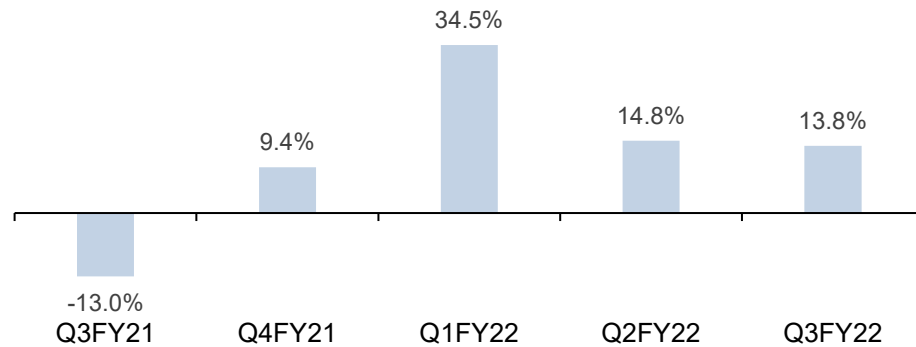
- Strong operating cash flow of ~\$127M for the first nine months of fiscal 2022
- Cash of ~\$9.5M and availability on credit facility of ~\$375M; net bank debt-to-EBITDA of 1.0x
- Third quarter fiscal 2022 dividend of \$.26 per share; an increase of 18% versus prior year period

## Strategy Update

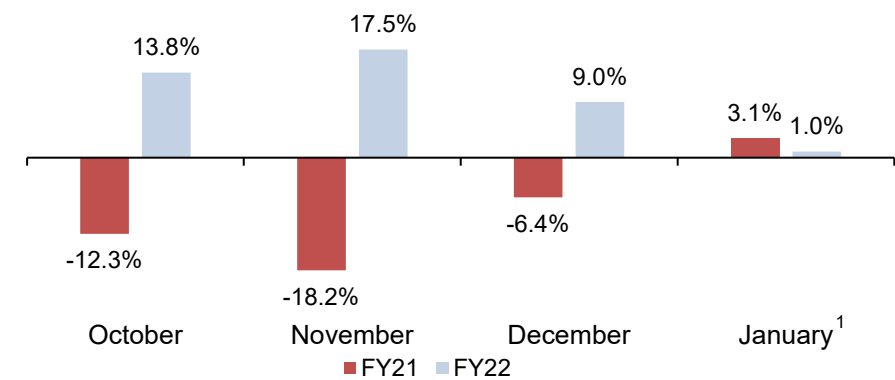
- Continued progress on Monro.Forward initiatives, including focus on the “Big Five”
- Hired >200 net new technicians in the quarter to meet growing demand
- Completed previously announced acquisitions of 17 stores including six stores in Southern California and 11 in Iowa

Delivered Third Consecutive Quarter of Double-Digit Comparable Sales Growth; Topline Exceeded Pre-Pandemic Levels

## Quarterly Comparable Store Sales Trends



## Monthly Comparable Store Sales Trends



### Q3FY22

#### Key Highlights

- Sales increased 20.1% to \$341.8M
- Comparable store sales increase of 13.8%; preliminary fiscal January ~4% above pre-COVID performance
- Sales from new stores added \$18.5M, primarily from recent acquisitions
- Generated strong operating cash flow of ~\$127M driven by profitability and working capital management

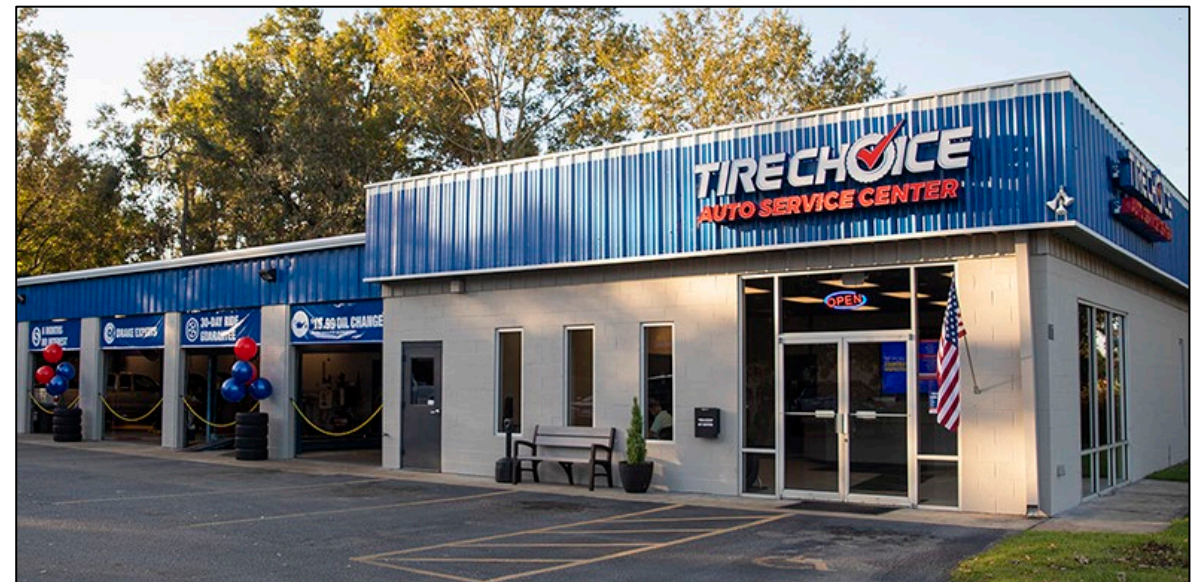
### Q3FY22

#### Key Highlights

- Double-digit comps in all product and service categories
  - Brakes: 28%
  - Alignments: 28%
  - Front End/Shocks: 14%
  - Service: 11%
  - Tires: 11%
- Service categories increased to ~44% of total sales compared to ~43% in prior year period

## Take Advantage of Growing Retail Demand to Sustain Long Term Growth

- ✓ Improve in-store operational execution with a focus on the “Big Five” - Staffing, Scheduling, Training, Attachment Selling and Outside Purchase Management
- ✓ Execute store reimage program with current focus on recent West Coast acquisitions
- ✓ Continue to be the acquirer of choice for successful businesses with our scalable platform
- ✓ Further integrate Corporate Responsibility efforts into our strategy and operations



Executing Disciplined M&A Strategy to Capitalize on Significant Opportunities for Consolidation in the Aftermarket

## Acquisitions

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- Completed the previously announced acquisitions of 17 stores, including six in Southern California and 11 in Iowa
- Further expands the Company's geographic footprint in the Midwest and Western United States
- Represents ~\$25M in annualized sales
- Brings fiscal year-to-date acquisition total to 47 stores and ~\$70M in annualized sales

## Fiscal 2022 Acquisition Outlook

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- Financial flexibility to continue to roll up attractive opportunities in a highly fragmented industry
- Significant growth prospects in the attractive and dynamic Western region
- Evaluating a robust pipeline of attractive M&A opportunities that support our strategy while maintaining strong financial discipline

# Focus on In-Store Execution



Staffing

Scheduling

Training

Attachment  
Selling

Outside Purchase  
Management

Store Reimage  
Program

Sustainable Comp Sales Growth

Gross Profit  
Improvement

Operating Margin  
Expansion

Acquisition  
Growth

Creates Additional Value for Shareholders through:



Enhanced  
Earnings per  
Share (EPS)



Significant  
Cash  
Generation



Higher Returns  
on Invested  
Capital

# Third Quarter Fiscal 2022 Results



## Solid Results Reflect Demand Recovery and Strong Operational Execution

	Q3FY22	Q3FY21	Δ	FY22 YTD	FY21 YTD	Δ
<b>Sales (millions)</b>	\$341.8	\$284.6	20.1%	\$1,031.3	\$820.2	25.7%
<b>Same Store Sales</b>	13.8%	-13.0%	2,680 bps	20.3%	-16.8%	3,710 bps
<b>Gross Margin</b>	35.3%	33.8%	150 bps	36.6%	35.1%	150 bps
<b>Operating Margin</b>	8.0%	5.5%	250 bps	8.7%	6.3%	240 bps
<b>Diluted EPS</b>	\$.48	\$.20	140.0%	\$1.56	\$.67	132.8%
<b>Excluded Costs<sup>1</sup></b>	\$.01	\$.02		\$ .10	\$.09	
<b>Adjusted Diluted EPS<sup>2</sup></b>	\$.49	\$.22	122.7%	\$1.66	\$.77	115.6%

<sup>1</sup> Excluded costs in Q3FY22 include \$.01 per share related to Monro.Forward initiatives. Excluded costs in Q3FY21 include \$.02 per share related to Monro.Forward initiatives and a benefit related to the reversal of a reserve for potential litigation. Excluded costs for FY22 YTD include \$.08 per share related to one-time litigation settlement costs, \$.03 per share of acquisition due diligence and integration costs and Monro.Forward initiatives and \$.01 per share of benefit from an adjustment to the estimate for prior year store closing costs. Excluded costs in FY21 YTD include \$.06 per share related to store closing costs and \$.04 per share related to Monro.Forward initiatives and management transition and \$.01 per share benefit related to a reserve for potential litigation that is no longer necessary.

<sup>2</sup> Adjusted EPS is a non-GAAP measure that excludes certain non-recurring items and items related to our Monro.Forward or acquisition initiatives. A reconciliation of net income to adjusted net income and diluted EPS to adjusted diluted EPS is included in our earnings release dated January 26, 2022.

Note: The table may not add down +/- due to rounding.



## Strong Operating Cash Flow Supports Growth Strategy and Cash Dividends to Shareholders

### Disciplined Capital Allocation

#### YTD Fiscal 2022

- Capex of ~\$17M
- Paid ~\$83M for acquisitions
- Spent ~\$29M in principal payments for financing leases
- Paid ~\$26M in dividends

### Strong Balance Sheet and Liquidity

- Generated ~\$127M of operating cash flow during YTD fiscal 2022
- Net bank debt of ~\$185M as of December 2021
- Net bank debt-to-EBITDA ratio as of December 2021 of 1.0x
- Liquidity position of ~\$385M as of December 2021

## Financial Assumptions as of January 26, 2022

Financial Assumptions as of January 26, 2022	Increase y/y
<b>Tire and Oil Costs</b>	Increase y/y
<b>Interest Expense</b>	~\$25M to ~\$27M
<b>Depreciation and Amortization</b>	~\$82M to ~\$85M
<b>Tax Rate</b>	~25%
<b>Capital Expenditures</b>	~\$30M to ~\$40M
<b>Weighted Average Number of Diluted Shares Outstanding</b>	~34M

## Q4 Outlook Considerations

- Preliminary fiscal January comps increased ~1% and were ~4% above pre-COVID levels
- Expect continued investments in store labor and gross margin improvement versus prior year as service category sales strengthen



Leading national automotive service and tire provider with 1,303 locations in 32 states



Focus on operational excellence to increase customer lifetime value



Scalable platform with significant growth opportunity in acquisitions



Commitment to driving Monro.Forward Responsibly



Well-positioned to capitalize on a favorable industry backdrop



Low-cost operator with solid operating margins



Strong balance sheet and operating cash flow



Delivering consistent shareholder returns through dividend program