



Monro, Inc. Investor Presentation  
June 2022

**MONRO**  
AUTO SERVICE AND TIRE CENTERS

**TIRE CHOICE**  
AUTO SERVICE CENTERS

**MR. TIRE**  
AUTO SERVICE CENTERS

**KEN TIRE & AUTO CARE  
TOWERYS**

**TIRE WAREHOUSE**  
TIRES FOR LESS

**TIRE BARN**  
TIRE & AUTO

**carX**  
TIRE & AUTO

**TIRES NOW**  
ACCEPT FINANCING, MAKE MONEY

**MONRO  
COMMERCIAL  
SOLUTIONS**

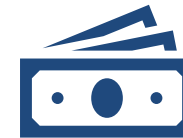
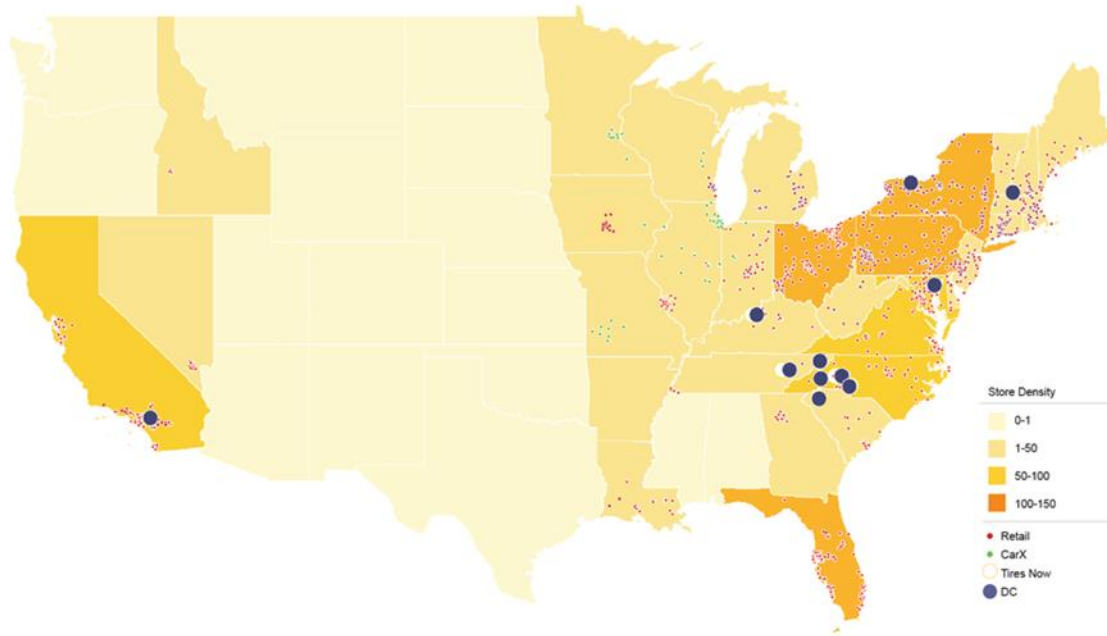
Certain statements in this presentation, other than statements of historical fact, including estimates, projections, statements related to our business plans and operating results are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Monro has identified some of these forward-looking statements with words such as “believes,” “expects,” “estimates,” “intend,” “outlook,” “projects,” “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 10. 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 impairment charges and 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.

## A Leading Chain of Independently Owned and Operated Tire and Auto Service Locations

Dominant in the Northeastern U.S. and expanding in Southern and Western markets



Fiscal 2022 sales of \$1,359.3 million

1,306 company operated stores in 32 states and 80 franchised locations as of May 24, 2022

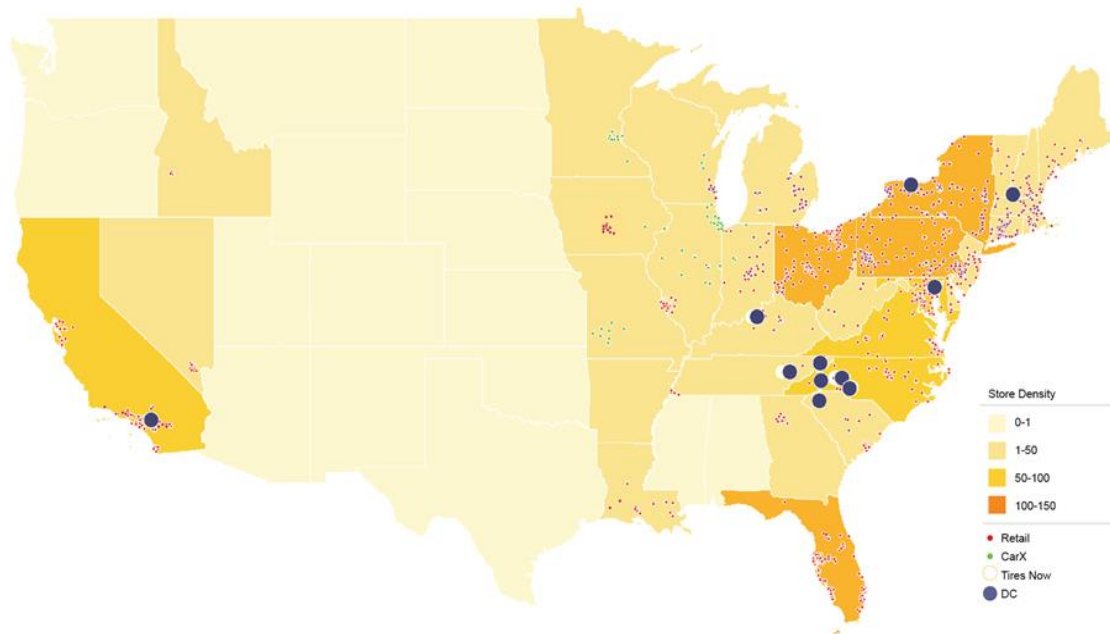


43 acquisitions in the past 10 years, adding 582 locations, \$803 million in revenue and entry into 13 new states



7 wholesale locations and 3 retread facilities

Monro Has a Diversified Supply Chain, Sourcing High Quality, Low-Cost Parts and a Strong Portfolio of Tire Brands



Store locations as of 5/24/22

## PARTS

Monro sources these parts from leading aftermarket parts suppliers:

- Brake Rotors and Pads
- Filters
- Steering and Suspension
- Wipers
- Belts

Secondary parts distribution:



## TIRES





Leading national automotive service and tire provider with 1,306 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



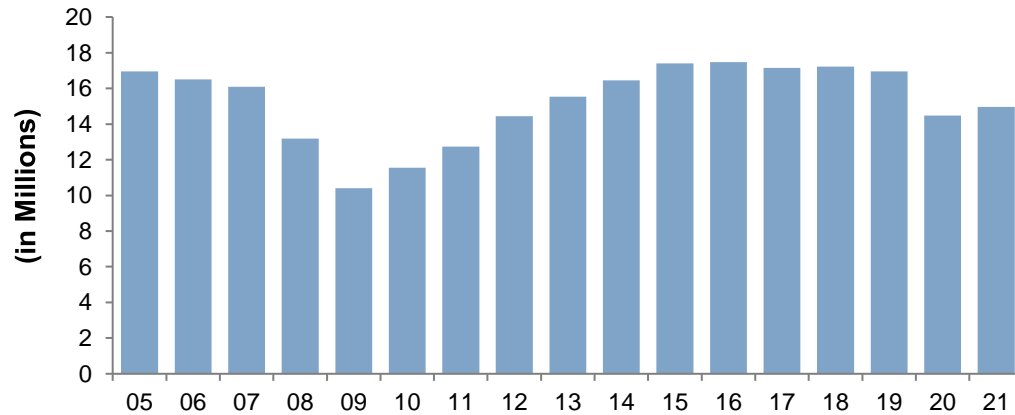
Strong balance sheet and operating cash flow



Delivering consistent shareholder returns through dividend & share repurchase programs

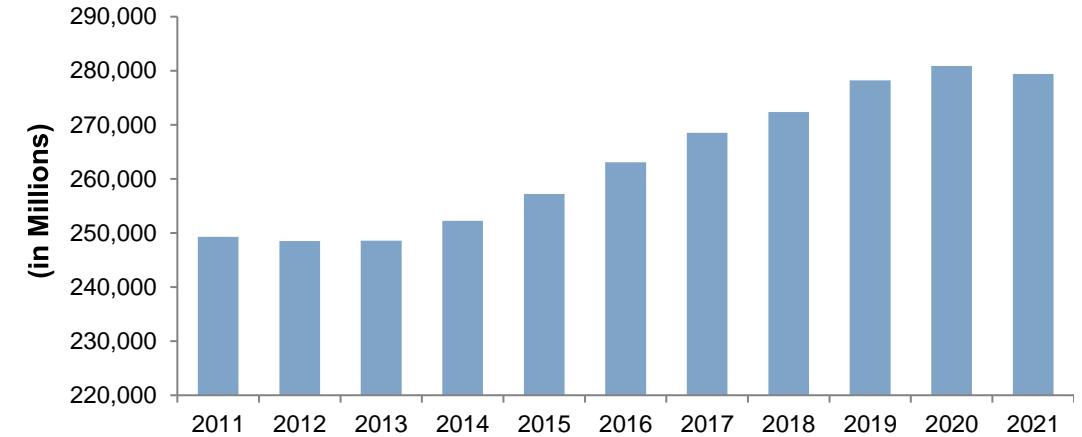
## Favorable Industry Backdrop for Automotive Services Despite a Decrease in Miles Traveled in 2020 Resulting from the COVID-19 Pandemic

### U.S. Annual Light Vehicle Sales



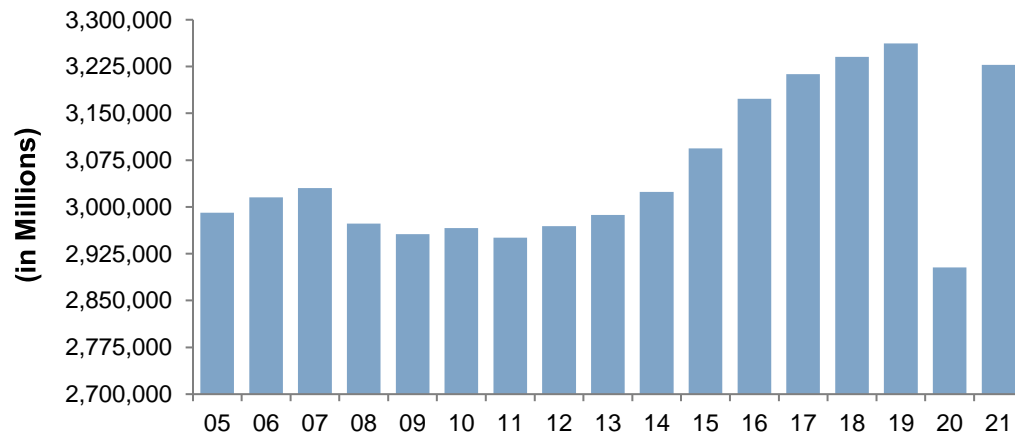
Source: FRED Economic Data, Light weight Vehicle Sales: Autos and Light Trucks (annual data)

### U.S. Light Vehicles in Operation (VIO)



Source: Auto Care Association Factbook

### Annual Vehicles Miles Traveled



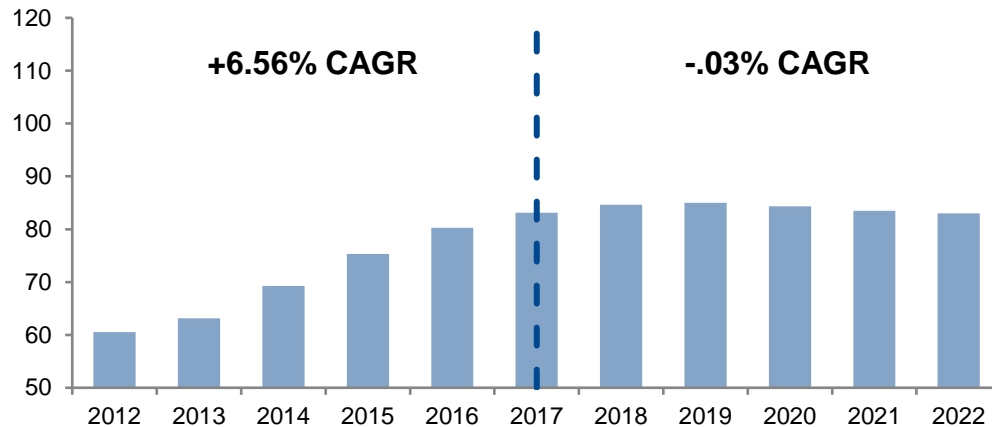
Source: FRED Economic Data, Moving 12-Month Total Vehicle Miles Traveled

### Key Highlights

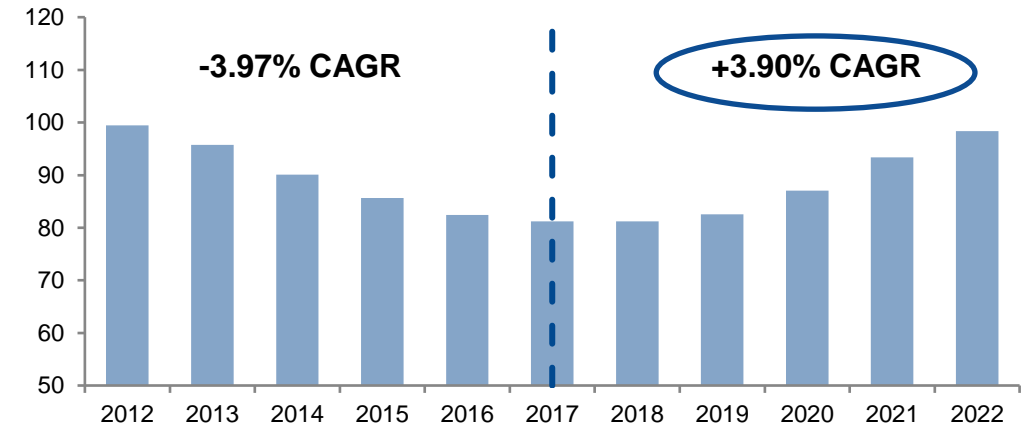
- Although a slight decrease in VIO for 2021, an overall growing trend in total vehicle population related to consumers owning vehicles longer
- 270+ million vehicles on the road
- Increasing age of vehicles (average of ~12 years)
- Increasing complexity of vehicles
- Vehicle miles traveled recovering from 2020 lows

**Monro is Well-Positioned to Capitalize on Positive Industry Trends, with Our Sweet Spot Experiencing the Fastest Growth in Vehicles in Operation**

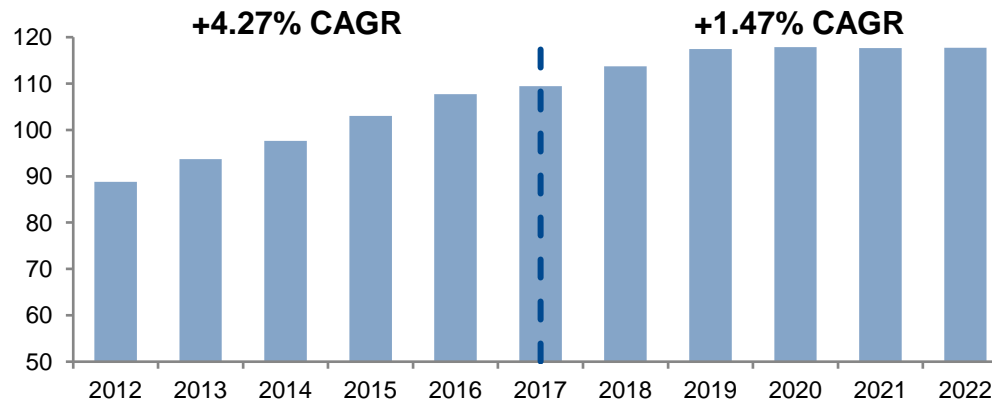
**Vehicles in Operation – 0 to 5 Years**



**Vehicles in Operation – 6 to 12 Years**



**Vehicles in Operation – 13+ Years**



## Key Highlights

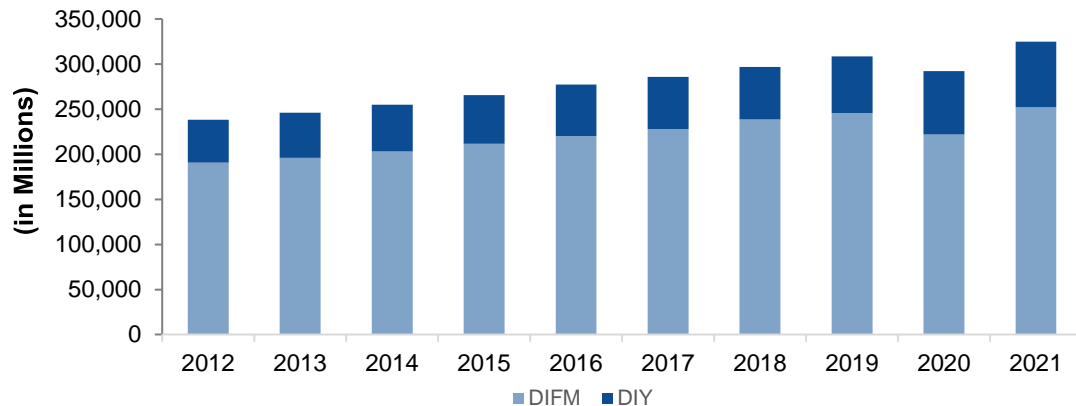
- Monro's targeted market segment is the 6-12 year cohort
- Strong growth in new vehicles (0-5 years) between 2012 and 2017 is creating a significant tailwind for the 6-12 year old vehicle cohort for the next couple of years
- 6-12 year cohort expected to grow the fastest at +3.9% CAGR for the period 2017-2022

# A Favorable Industry Backdrop



Monro Operates in the \$252 Billion Do-It-For-Me\* Segment of \$325 Billion U.S. Automotive Aftermarket Industry

## Automotive Aftermarket DIFM vs. DIY Sales



Source: Auto Care Association Factbook

Census data for 2012; estimates for 2013-2020; 2021 forecast

### DIFM vs. DIY Trends

- DIFM continues to account for a significant percentage of the automotive aftermarket
- Vehicle complexity continues to drive shift to DIFM from DIY
- Future technology advances expected to accelerate shift to DIFM

	2010	% (outlets)	2020	% (outlets)	CAGR
Dealers	18,460	14.3%	16,623	12.5%	(1.0%)
General Repair Garages	76,108	58.8%	82,454	62.1%	0.8%
Tire Dealers	18,675	14.4%	20,327	15.3%	0.9%
Specialty Repair	8,663	6.7%	6,137	4.6%	(3.4%)
Oil Change/Lube	7,518	5.8%	7,305	5.5%	(0.3%)
<b>Total</b>	<b>129,424</b>	<b>100.0%</b>	<b>132,846</b>	<b>100.0%</b>	

Source: Auto Care Association Factbook

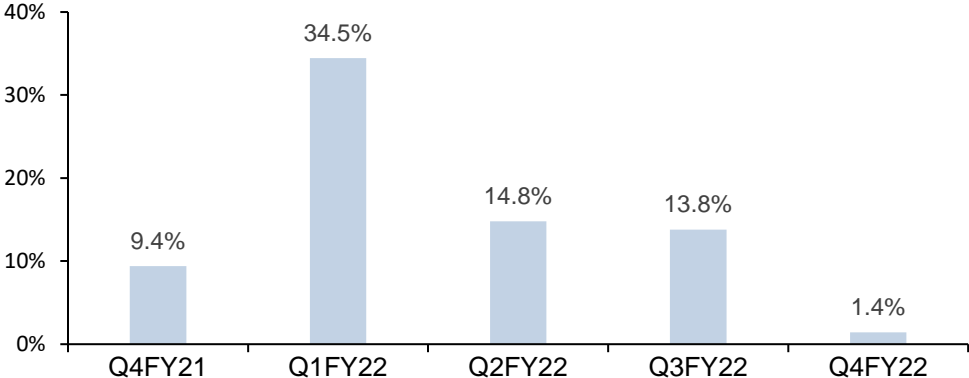
### Key Highlights

- Industry still highly fragmented, with significant opportunities for further consolidation



## Delivered Fifth Consecutive Quarter of Comparable Sales Growth with Strong Cash Flow Generation

### Quarterly Comparable Store Sales Trends

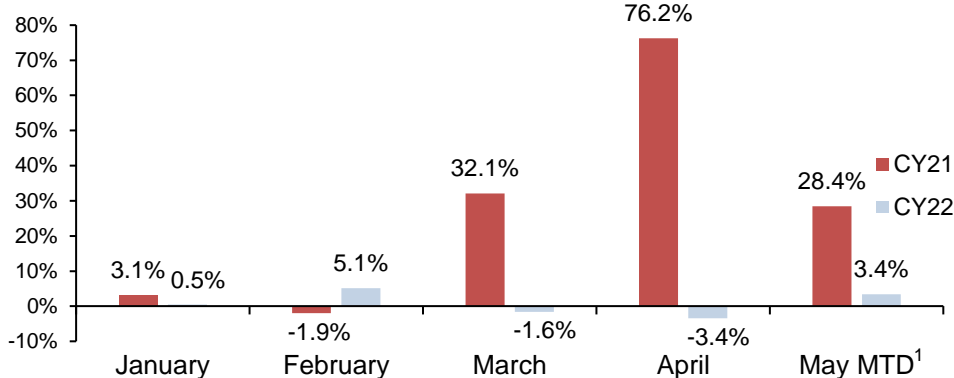


### Q4FY22

#### Key Highlights

- Sales increased 7.4% to \$328M
- Comparable store sales increased 1.4%
- Sales from new stores increased \$19M
- Generated strong operating cash flow of ~\$174M driven by profitability and working capital management

### Monthly Comparable Store Sales Trends



### Q4FY22

#### Key Highlights

- Product and service category performance
  - Brakes: 2%
  - Front End/Shocks: Flat
  - Service: Flat
  - Tires: -1%
  - Alignments: -1%
- Service categories increased to ~48% of total sales compared to ~47% in prior year period

<sup>1</sup>Preliminary results through May 14, 2022

# Fourth Quarter Fiscal 2022 Results



**Sales Results Reflect Robust Demand; Well Positioned to Drive Sustainable Comp Sales & EPS Growth in Fiscal 2023**

	Q4FY22	Q4FY21	Δ	FY22	FY21	Δ
<b>Sales (millions)</b>	\$328.0	\$305.5	7.4%	\$1,359.3	\$1,125.7	20.8%
<b>Same Store Sales</b>	1.4%	9.4%	(800 bps)	15.2%	-11.1%	2,630 bps
<b>Gross Margin</b>	31.9%	35.1%	(320 bps)	35.4%	35.1%	30 bps
<b>Operating Margin</b>	3.5%	6.8%	(330 bps)	7.5%	6.4%	110 bps
<b>Diluted EPS</b>	\$.25	\$.35	(28.6%)	\$1.81	\$1.01	79.2%
<b>Excluded Costs<sup>1</sup></b>	(\$0.05)	\$0.03		\$0.04	\$0.12	
<b>Adjusted Diluted EPS<sup>2</sup></b>	\$.20	\$.38	(47.4%)	\$1.85	\$1.14	62.3%

<sup>1</sup> Excluded costs in Q4FY22 include approximately \$.04 per share related to store impairment charges and acquisition due diligence and integration and \$.09 per share of income tax benefit related to net operating loss carryback. Excluded costs in Q4FY21 include \$.03 per share related to Monro.Forward initiatives, management transition costs and a distribution center closure. Excluded costs for FY22 include \$.08 per share related to one-time litigation settlement costs, \$.03 per share related to acquisition due diligence and integration, \$.02 per share related to store impairment charges, \$.02 per share in Monro.Forward initiatives and \$.10 per share of income tax benefit related to net operating loss carryback and the benefit of an adjustment to the estimate for prior year store closing costs. Excluded costs in FY21 include \$.06 per share related to store closing costs, \$.05 per share in Monro.Forward initiatives, \$.01 per share related to acquisition due diligence and integration, \$.01 per share related to management transition and a distribution center closure, and \$.01 per share of benefit related to a reserve for potential litigation that was no longer necessary.

<sup>2</sup> Adjusted EPS is a non-GAAP measure that excludes certain non-recurring items and items related to store impairment charges and closings as well as 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 May 19, 2022.

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

## Strong Operating Cash Flow Supports Growth Strategy and Capital Return to Shareholders

### Disciplined Capital Allocation

#### Fiscal 2022

- Capex of ~\$28M
- Paid ~\$83M for acquisitions
- Spent ~\$39M in principal payments for financing leases
- Paid ~\$35M in dividends

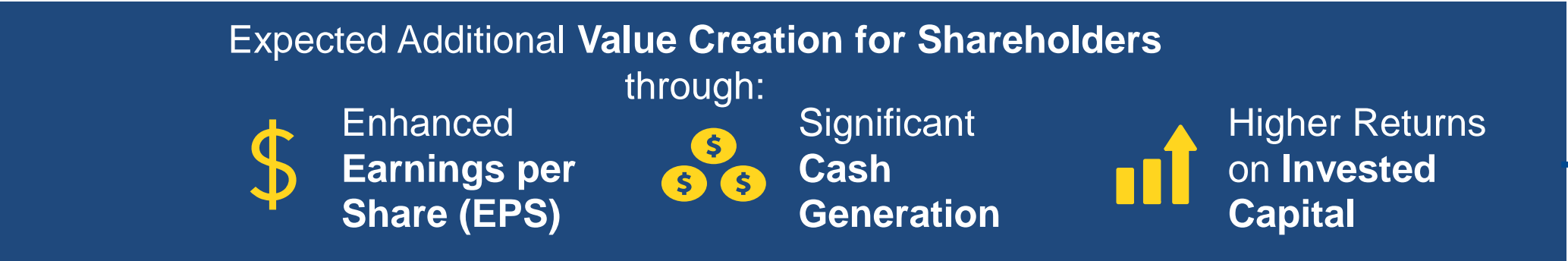
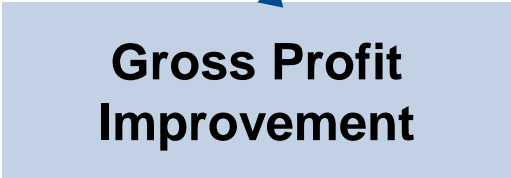
### Strong Balance Sheet and Liquidity

- Generated ~\$174M of operating cash flow during fiscal 2022
- Bank debt of ~\$176M as of March 2022
- Net bank debt-to-EBITDA ratio as of March 2022 of 0.9x

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

- ✓ Focus on in-store operational execution including Staffing, Scheduling, Training, Attachment Selling, and Outside Purchase Management
- ✓ Driving productivity improvements and delivering sales growth in all Retail locations with a focus on ~300 of our small and underperforming stores
- ✓ Continue to evaluate M&A opportunities as we invest for growth in our stores
- ✓ Further integrate ESG and Corporate Responsibility efforts into our strategy and operations





Enables Sharper Focus on Retail Operations, Category Management, Working Capital Optimization & Capital Return to Shareholders

## Divestiture



- Entered into agreement with American Tire Distributors to divest our non-core Wholesale and tire distribution assets for ~\$105M (expected to be completed in June 2022)
- As part of this transaction, we are expecting to enter into a supply relationship for tire distribution directly to our stores giving us better availability of tires, quicker delivery and better pricing
- Sharpens focus on Retail operations, category management and working capital optimization
- One-time gain or loss on the divestiture still to be finalized
- Ongoing impact of divestiture expected to be accretive to overall gross and operating margins, and neutral to earnings per share

## Capital Return to Shareholders



- Utilizing proceeds from this transaction and the significant levels of excess cash expected to be generated in fiscal 2023, our Board of Directors has approved and authorized:
  - A \$.02 per share increase in the Company's cash dividend for the first quarter of fiscal 2023 to \$.28 per share; and
  - The repurchase of up to \$150 million of the Company's common stock

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

## **Fiscal 2022 Acquisitions**

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- Completed acquisitions of 47 stores, including 36 in California and 11 in Iowa
- Further expands the Company's geographic footprint in the Midwest and Western United States
- Represents ~\$70M in annualized sales

## **Fiscal 2023 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

# Appendix

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## Financial Assumptions as of May 19, 2022

### Total Company Sales

Increase y/y

### Gross Margin

Continued pressure due to investments in store labor, which should be offset by:

- A higher % of service sales
- Pricing actions; and
- Lower distribution & occupancy costs as a % of sales

### Operating Expenses

Slightly lower y/y as a % of sales

### Capital Expenditures

~\$40M to ~\$50M

## Q1 & FY Outlook Considerations

- Fiscal April comparable store sales were 3% lower than a record April last year; Fiscal May is trending 3% higher on a larger sales base
- Fiscal 2023 financial assumptions exclude the P&L impacts from the divestiture of non-core Wholesale and tire distribution assets
- Expect ongoing divestiture impact of non-core Wholesale and tire distribution assets to be accretive to overall gross and operating margins, and neutral to earnings per share