

CAR WASH INSIGHT

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

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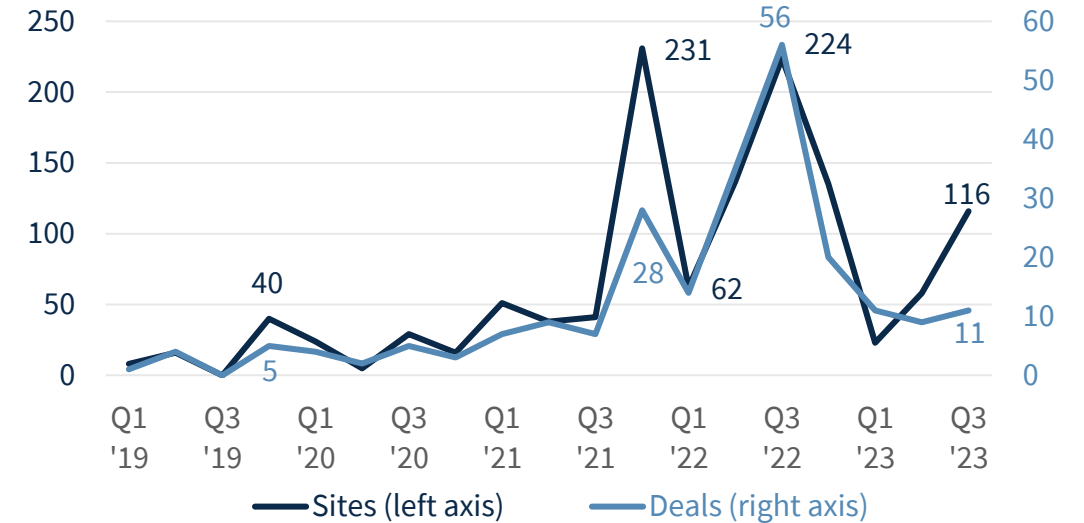
Capital formation activity

  	<p>Bow River Capital supports Gas N Wash with growth financing Announced: 11/17/2023</p> <ul style="list-style-type: none"> Gas N Wash is a family-owned, regional operator of facilities combining fuel stations, convenience stores and car washes The Company was founded in 2012 and has rapidly expanded to 28+ locations in the greater Chicago area, exclusively through new builds Bow River Capital's newly formed private credit team led an investment of growth capital in partnership with Freedom 3 Capital
 	<p>Oak Hill Advisors provides \$500 million financing to Magnolia Wash Holdings Announced: 11/15/2023</p> <ul style="list-style-type: none"> Mammoth is one of the largest U.S. operators with 120 locations <ul style="list-style-type: none"> The Company is backed by Red Dog Equity, The Pritzker Organization and CCMP Growth Advisors Oak Hill, a leading global alternative investment firm, provided the majority of the refinancing in partnership with BMO
 	<p>Spark Car Wash receives \$30 million Series B, led by GoPoint Ventures Announced: 11/14/2023</p> <ul style="list-style-type: none"> Spark Car Wash operates in New Jersey, New York and Pennsylvania; currently has three open car washes, four in active construction and pipeline visibility on 32 locations Growth capital will be used to fund the pipeline and expand footprint in the Northeast
  	<p>Accelerated Brands receives \$200 million in secured financing from Monarch Alternative Capital Announced: 10/26/2023</p> <ul style="list-style-type: none"> Accelerated Brands is a portfolio company of Princeton Equity and operates a network of over 200 oil change and car wash locations (~30 Trademark Car Washes located in Arizona, Texas, New Mexico, Louisiana, Tennessee, Mississippi and Florida) Facility will be used for near-term acquisitions and aiding the future growth of the company
   	<p>Wildcat Capital Management-backed car wash platforms expand financing capabilities Announced: 10/10/2023 and 10/17/23</p> <ul style="list-style-type: none"> Combined, Express Wash Concepts and Club Car Wash, which are both owned by Wildcat Capital Management, own and operate more than 225 locations across 14 states MidCap Financial is specialty finance company focused on senior debt solutions Sculptor Capital Management (NYSE: SCU) is a leading global alternative asset management firm
 	<p>Oaktree Capital Management invests in Magnolia Wash Holdings Announced: 7/25/2023</p> <ul style="list-style-type: none"> Magnolia Wash Holdings operates more than 115 sites across the U.S. Oaktree is a global investment manager specializing in alternative investments with \$172 billion AUM Oaktree acquired a majority position in the Company, while A&M Capital Partners will retain a minority position

Recent, notable M&A activity

Date	Acquiror	Target	States	Sites acquired
11/14/23	El Car Wash	Ultimate Car Wash Express	FL	2
10/1/23	Undisclosed	Merrit Auto Spa	CA	1
9/14/2023	Cheetah Clean Auto Wash	WaterWorks Auto Wash	KY	3
9/13/2023	Westborn Car Wash	Van Born Auto Wash Car Wash	MI	1
8/3/2023	Raceway Car Wash	Evolution Car Wash	NV	1
7/28/2023	PassiveInvesting.com	Heroes Car Wash	SC	4
7/25/2023	Oaktree Capital Management	Magnolia Wash Holdings	Southeast, FL, OH	93
7/14/2023	Undisclosed	Zephyr Auto Spa	TX	1
7/14/2023	Undisclosed	Ducky's Car Wash	IL	1
7/14/2023	Big Dan's Car Wash	Sud Stop Car Wash	FL	1
7/10/2023	Four Corner's Property Trust	Undisclosed	FL, IN, LA, OH, OK, SC	9
7/7/2023	Undisclosed	Merit Auto Spa	CA	1
7/6/2023	Mike's Car Wash	Water Works CarWash	OH	1
6/28/2023	Summit Car Wash	Russell Speeder's Car Wash, Waters Car Wash, Squeeky's Car Wash	Northeast, FL, NE	37
6/20/2023	El Car Wash	Southern Palms Car Wash	FL	2
6/14/2023	WhiteWater Express	DeRidder Express	LA	1
5/22/2023	Rocket Carwash	Zipline Carwash	CA	1
5/11/2023	WOW Carwash	Soap City Express	NV	1
4/17/2023	Kaspar Capital	Dream Clean Auto Wash	IL	7

Quarterly activity levels
















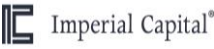

























Takeaways

- The pace of M&A activity has slowed materially in 2023 in response to higher costs of capital, financing availability, gaps in buyer/seller valuation expectations, increased competition, public market trading performance, and concerns focused on strength of consumer
- Valuations remain elevated for quality operators; for portfolios more exposed to competitive threats, seller expectations present challenges for disciplined buyers
- Intensifying competition has elevated the importance of operational expertise, asset quality, and necessity of a differentiated customer experience

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

Selected private equity involvement

Financial sponsor	Investment	Year acquired	Total sites	Geography
	 <small>(now public)</small>	2014	462	21
	 <small>(now public)</small>	2015	418 ⁽¹⁾	21
		2020	295	22
	 	2018	>225	14 states
		2015	>220	5 states
		2018	199	23 states
		2020	160	7 states
		2019	134	8 states
		2018	120	18 states
		2021	118	AZ, CA, CO, TX
		2020	117	7 states
		2020	104	6 states

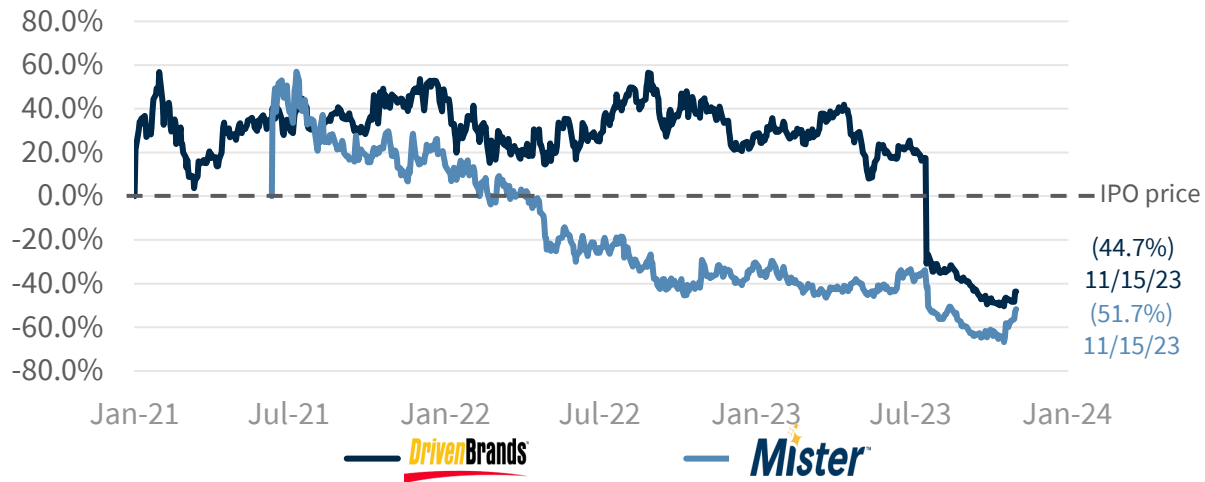
Financial sponsor	Investment	Year acquired	Total sites	Geography
		2021	78	6 states
		2018	75	CT, NY, VT
		2021	75	5 states
		2022	48	FL
	 	2021, 2022	42	NV, VA
		2023	37	FL, NE, Northeast
		2022	37	IN, MI, WI
		2022	26	7 states
		2021	24	NV
		2022	15	PA
		2022	11	KY, TN
		2022	6	AL, GA, FL

Source: Company websites and press releases, as of 11/8/23.

Note: (1) Only includes company-operated sites.

Public equity metrics: Driven Brands and Mister Car Wash

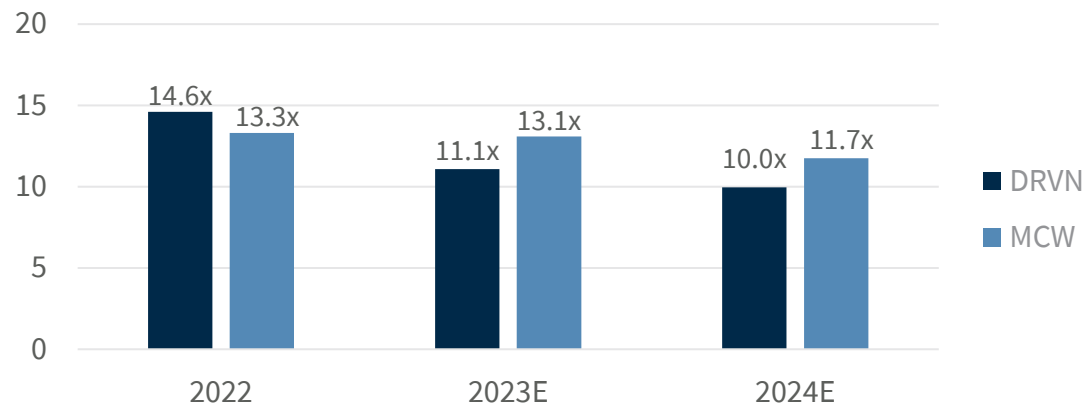
Public trading performance since IPO



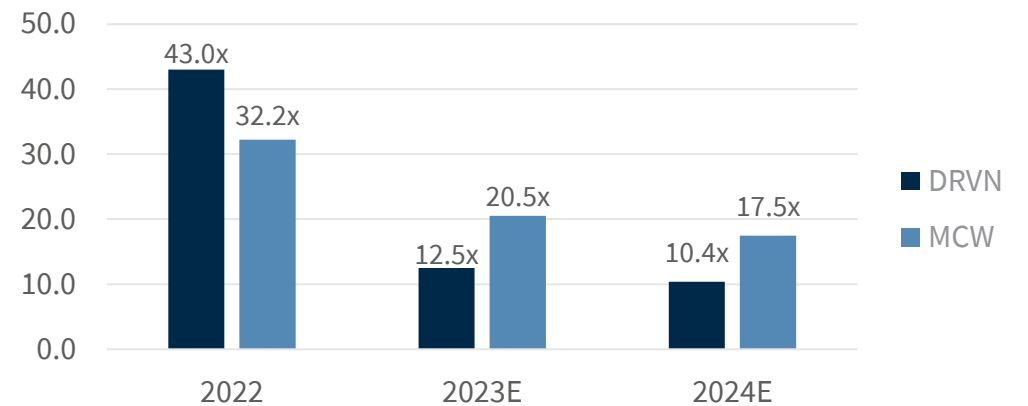
Public trading performance since IPO

	Driven Brands NASDAQ: DRVN	Mister NYSE: MCW
Current share price	\$12.39	\$7.25
Current vs. IPO	(44.7%)	(51.7%)
Post-IPO trading range	\$10.93 - \$34.50	\$4.98 - \$23.53
Total enterprise value (\$B)	\$6.0	\$3.9
Market capitalization (\$B)	\$2.0	\$2.3
Avg daily volume (millions)	1.41	1.69
Float %	35.7%	28.9%

TEV/EBITDA



P/E ratio



Sources: Estimates per Capital IQ, market data as of 11/15/2023.

Earnings summary: Driven Brands and Mister Car Wash

(\$ in millions except per share data)

DrivenBrands

	3Q2023 results ⁽¹⁾	Consensus ⁽²⁾
Net revenues y/y growth	12.5%	10.0%
Comparable car wash sales growth	(4.0%)	n/a
Car wash y/y EBITDA growth	(37.6%)	n/a
Total car wash locations	1,133	n/a
Net new car wash locations	2	n/a
Net revenues	\$581.0	\$568.4
Adjusted EBITDA	\$127.2	\$125.8
EPS (GAAP)	(\$4.82)	\$0.14
1-day stock price reaction (11/2/23)	(3.95%)	

Select commentary: “In our Car Wash segment, we experienced a same-store sales decline of 4% versus the prior year period. This decline was entirely driven by our U.S. Car Wash operation. Total segment revenue, including the international business increased 2%. The Car Wash segment adjusted EBITDA margin decreased to 17% in the quarter versus 28% in Q3 2022, resulting in a decline in adjusted EBITDA of approximately \$15 million. The U.S. portion of the business experienced higher costs primarily due to the fixed costs associated with ramping locations, including the 57 new stores opened during the last 12 months, while experiencing soft retail demand and increased competition. As I mentioned earlier, approximately \$7 million of these fixed costs can be attributed to increased rent expense from sale-leaseback activity versus Q3 2022. We are making significant operational improvements and closing underperforming stores to improve the financial performance of our U.S. Car Wash business.”

- Gary Ferrera, DRVN CFO

Mister

	3Q2023 results ⁽¹⁾	Consensus ⁽²⁾
Net revenues y/y growth	7.6%	6.6%
Comparable store sales growth	1.7%	n/a
UWC membership y/y growth	11.3%	n/a
Total car wash locations	462	n/a
Net new locations	13	n/a
Net revenues	\$234.1	\$231.9
Adjusted EBITDA	\$71.6	\$68.1
EPS (GAAP)	\$0.06	\$0.06
1-day stock price reaction (11/3/23)	17.8%	

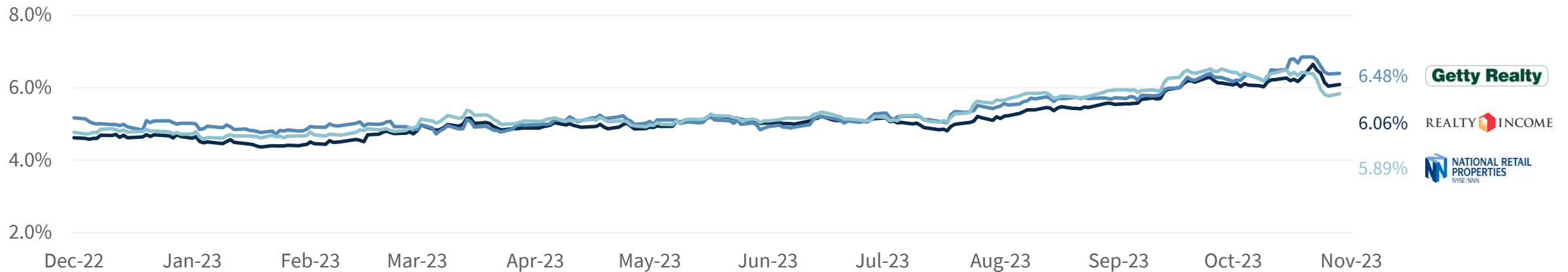
Select commentary: “There has been a lot of talk recently about competition. And as we mentioned on our last call, competition is nothing new to us and something we've been facing for many years. We believe that when customers are given a choice, the best operators will ultimately prevail and to that end, we are keenly intent on managing what we can control, which is the customer experience. We still believe the market is underpenetrated with additional white space in every market we're in. We also believe there's more tailwind to our category as new users adopt express carwash format and join our Unlimited Wash Club plan. But the car wash landscape remains dynamic and continues to evolve. The battle for regional dominance continues, albeit at a more rational and thoughtful pace, which we believe is healthy and good for our industry.”

- John Lai, MCW CEO

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

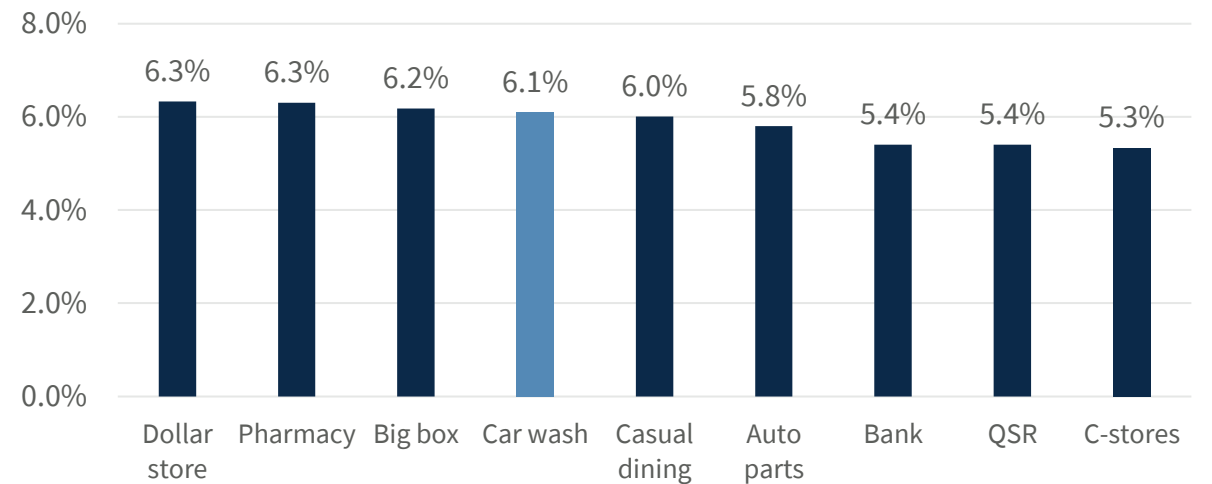
REIT dividend yields (last twelve months)⁽¹⁾



Select operator sale leaseback terms⁽²⁾

Tenant	# on market	Avg. Cap	Avg. Term	Avg. Price	10+ Year Cap
Caliber Car Wash	10	6.01%	19.4	\$5.16	6.01%
Mammoth Car Wash	9	6.22%	19.5	\$4.05	6.22%
Mister Car Wash	7	5.93%	18.9	\$5.49	5.93%
Take 5 Car Wash	31	6.22%	19.4	\$3.91	6.23%
Tidal Wave Auto Spa	14	5.93%	19.4	\$5.75	5.93%
WhiteWater Express	8	5.87%	17.4	\$4.70	5.87%
Zips Car Wash	17	6.07%	14.9	\$4.23	6.07%

3Q23 average cap rates by industry⁽²⁾



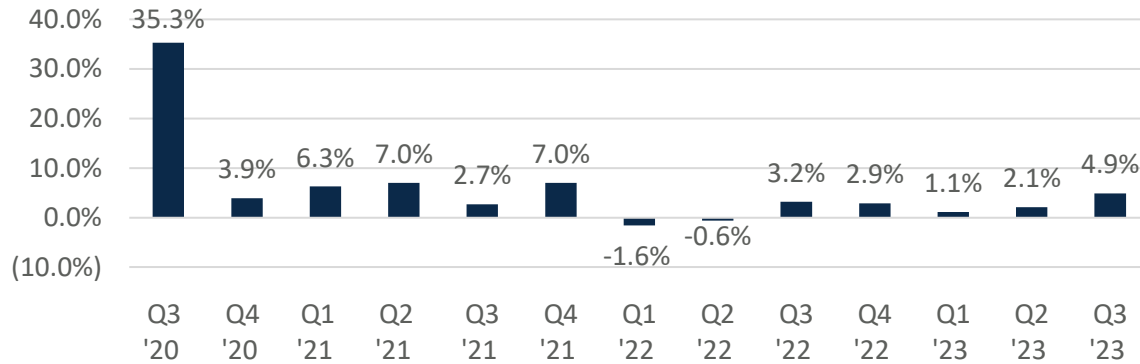
Sources: (1) Per Capital IQ, market data as of 11/6/2023.

(2) B+E Real Estate Q3 2023 Net Lease Cap Rate Report; cap rates presented are marketed rates as opposed to final terms.

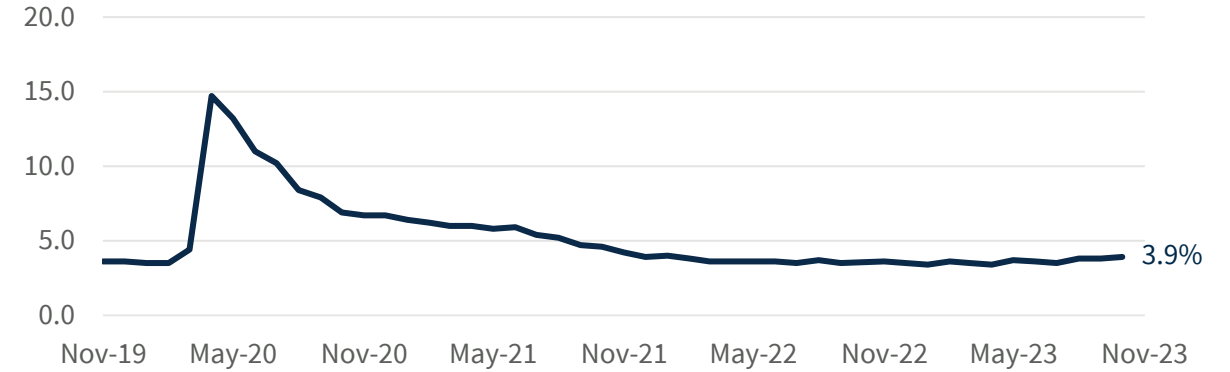
Macroeconomic indicators

Real GDP growth

(seasonally adjusted annual rates)

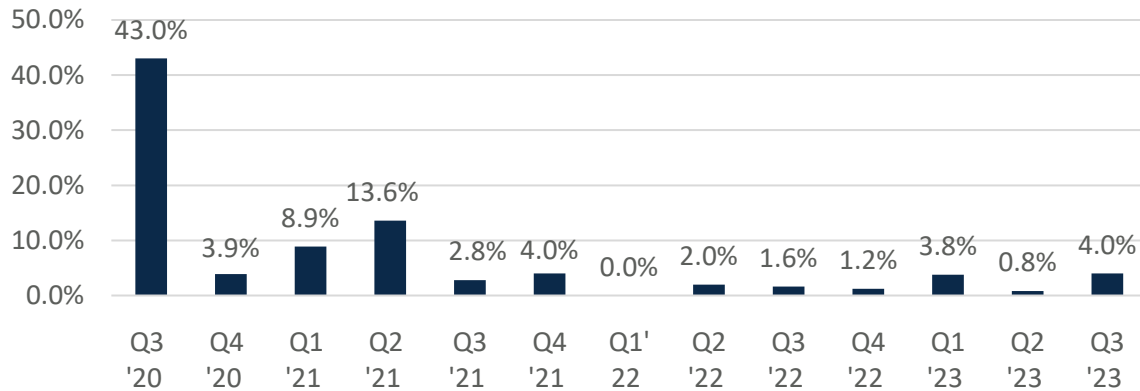


Unemployment rate

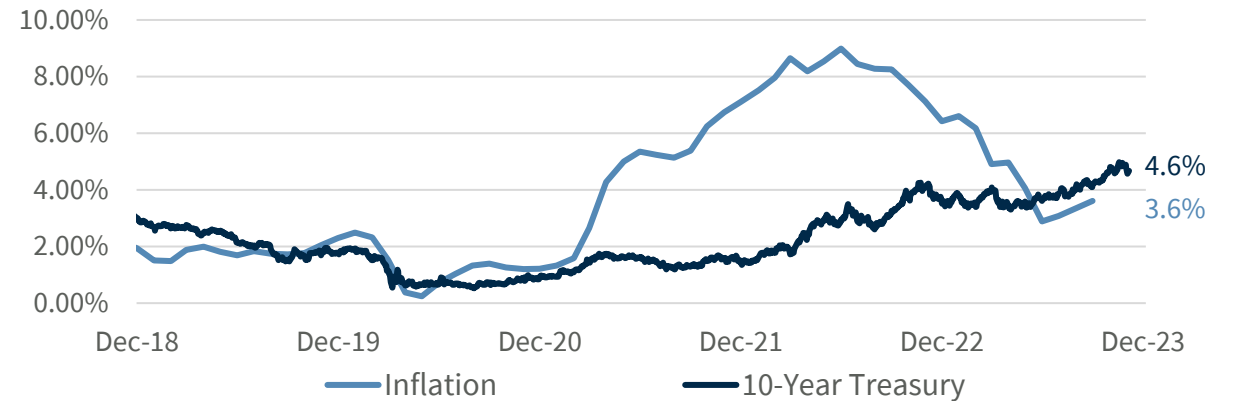


Consumer spending growth

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



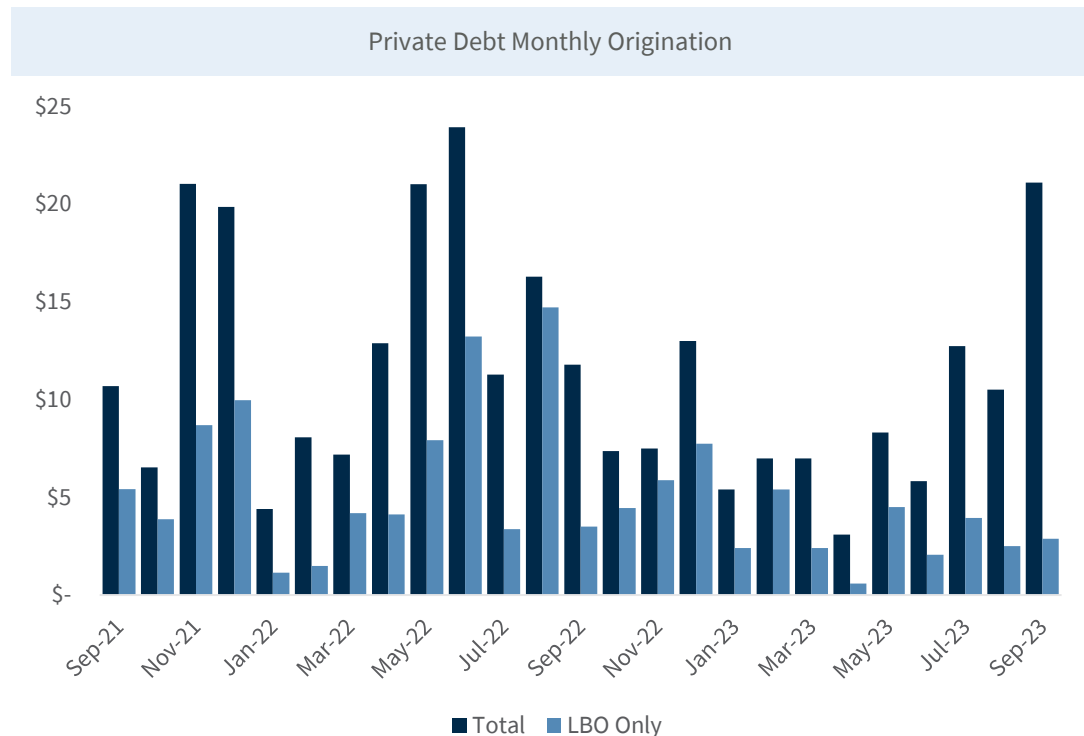
Inflation vs. 10-Year Treasury



Sources: Bureau of Economic Analysis, St. Louis Federal Reserve, Bureau of Labor Statistics, Institute for Supply Management and Capital IQ. All data as of 11/15/2023.

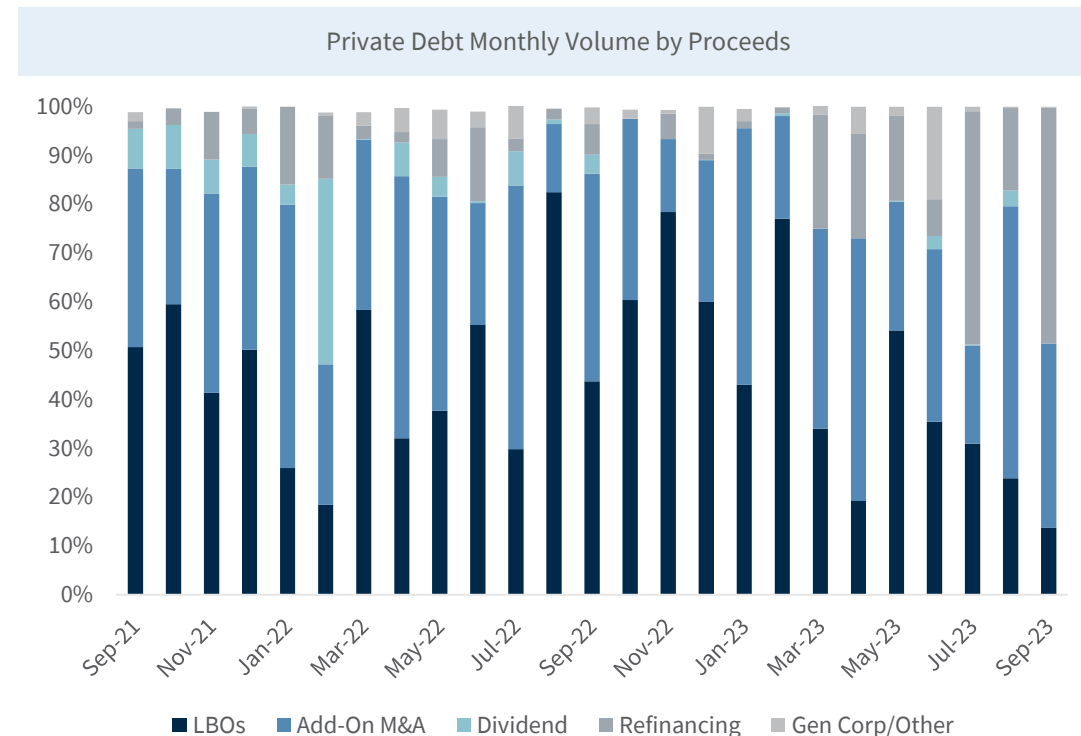
Debt market: Volume and use of proceeds

(\$'s in billions)



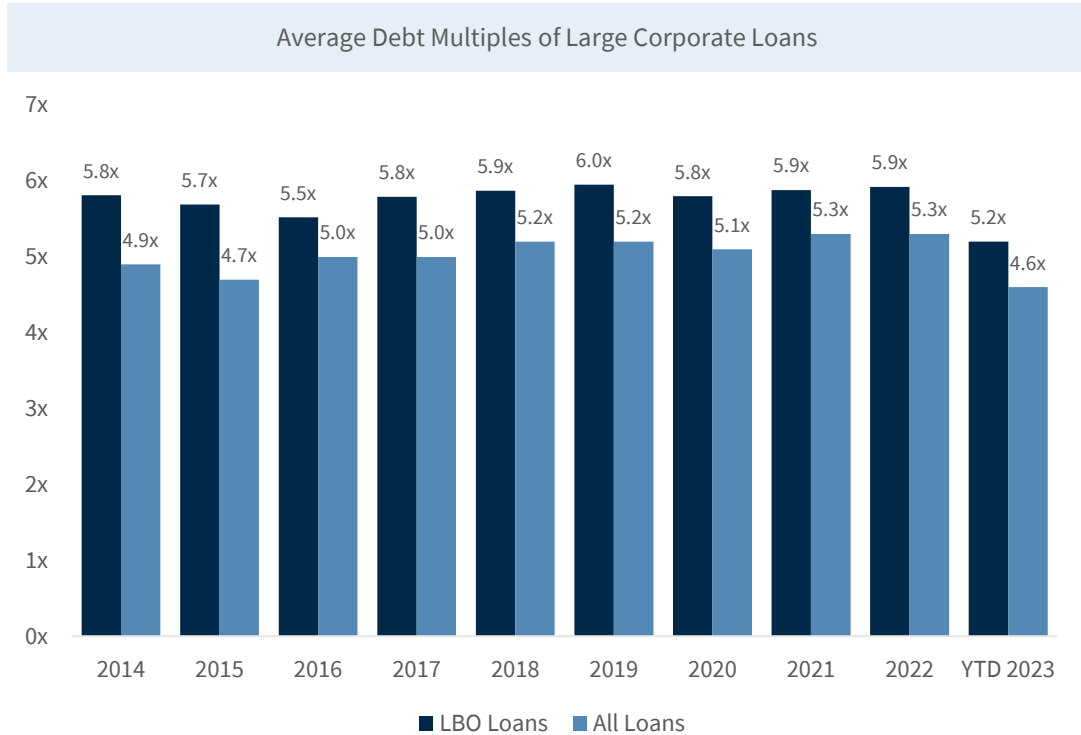
- A busy September was buoyed by jumbo activity that surpassed \$21bn bringing total 3Q23 private debt volume to \$44.4bn vs \$17.3bn in 2Q23
 - September was the strongest month in more than a year, with levels not seen since June of 2022 when total issuance reached \$23.9bn
- Jumbo deal volume of \$26bn set a quarterly record high, while Integrity Marketing’s \$6.2bn refinancing set a record for the largest private debt market deal
- Once again, managers are pegging capacity at \$9bn or more for a single deal

Source: Direct lending deals; data through September 2023.

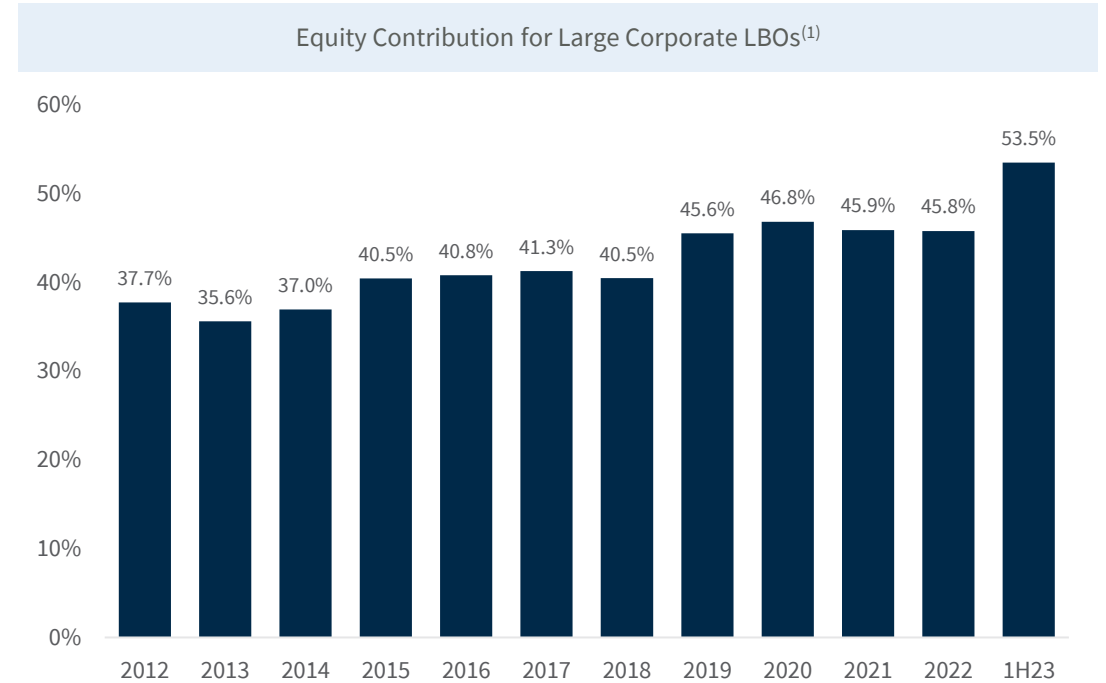


- Jumbo refinancings, including over \$11bn for Integrity Marketing and Finastra alone, shifted the deal mix as refinancings accounted for 40% of volume in 3Q23 versus 20% during 2Q23
- Add-on M&A of \$16bn accounted for 37% of total deal flow, the busiest quarter since 2Q22
- LBO volume of \$9.4bn remains significantly below the \$22bn in 3Q22, but was higher than the \$7bn in 2Q23

Debt market: Leverage statistics



- Average debt multiples of large corporate LBOs have remained relatively constant over the last few years at around ~6.0x; however, YTD 2023 has seen a substantial dip to 5.2x, reaching the lowest value since 2012
- Looking at the overall market, average debt multiples declined to 4.6x YTD 2023, nearing the lowest level in over 10 years



- Equity contributions have remained flat over the past few years, but saw a notable uptick, reaching 53.5% in 1H23, the highest level on record, as debt capacity has declined materially for borrowers amid a spike in interest rates and economic uncertainty

Source: Leveraged Commentary and Data. Data through September 30, 2023.

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

“How Higher Rates for Longer Can Be Good News for the Economy” | WSJ

November 2, 2023 – Fed officials believe that the run-up in long-term rates will effectively do some of their work for them in restraining the economy, and are heartened by how inflation, while still too high, has cooled over the past year. But if inflation does reaccelerate, they are ready to tighten more...

There is much that could go wrong. Inflation could reaccelerate, prompting the Fed to raise rates to the point that a downturn becomes inevitable. The lagged effects of the Fed’s past rate increases, plus the jump in mortgage and other long-term interest rates, could prove more than the economy can take.

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“Expanding membership opportunities by driving more local ‘at-bats’” | Brian Mattingly, Carwash.com

September 12, 2023 – Champion consumers can fit a multitude of demographics and can be found in large concentrations in pockets throughout the local community. One target demographic is the parent demographic. Data shows that “soccer moms” or “soccer dads” often fit the profile of a champion consumer...

Champion consumers typically must try and experience your brand before they buy. Capturing their loyalty starts with first getting them in your tunnel.

[Read More](#)

“Popularity’s Perks and Pitfalls” | Car Wash Magazine

October 13, 2023 – Market saturation and moratoriums. These two concerns speak to the incredible growth the car wash industry has been experiencing. But, they might also have you tossing and turning at night, worrying about where they (and the industry) are headed. We get it. They are valid concerns and deserve a closer look.

However, saturation ultimately is not a simple yes or no question. The answer will depend on who is measuring saturation – and how they are measuring it. For now, though, these three industry experts say saturation has not yet hit the industry, but preparing for increasingly crowded markets also makes good business sense.

[Read More](#)

“US consumer spending exits third quarter on strong note...” | Lucia Mutikani, Reuters

October 27, 2023 – U.S. consumer spending surged in September as households boosted purchases of motor vehicles and traveled, keeping spending on a higher growth path heading into the fourth quarter. The stronger-than-expected increase in spending reported by the Commerce Department on Friday was accompanied by elevated monthly inflation readings, against the backdrop of higher costs for services like housing.

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What we're
reading

Your success is our business

SCOTT GARFINKEL

Senior Managing Director & Group Head
Nashville Office
615.645.6796
scott.garfinkel@raymondjames.com

ROGER WOODMAN

Managing Director
Atlanta Office
404.240.6864
roger.woodman@raymondjames.com

JOHN VEITH

Managing Director
Nashville Office
615.645.6799
john.veith@raymondjames.com

Raymond James Financial Inc.

880 Carillon Parkway
St. Petersburg, FL 33716
(727) 567-1000

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8 investment bankers
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4+ dedicated equity capital markets pros

Robust transaction experience⁽¹⁾

80+ relevant industry transactions
25+ years focused on the industry
>\$13B total deal value

Client focus

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

Representative transactions

 Has sold assets to  April 2023	 Has sold select convenience store assets to  Wills Group March 2022
 Has sold its convenience store assets to   March 2021	 Has completed its business combination with   December 2020
 Has been acquired by   fresh all day July 2020	 Oklahoma Has been acquired by  March 2020

(1) Current as of 11/29/2023.