



Monro, Inc. Investor Presentation  
January 2021



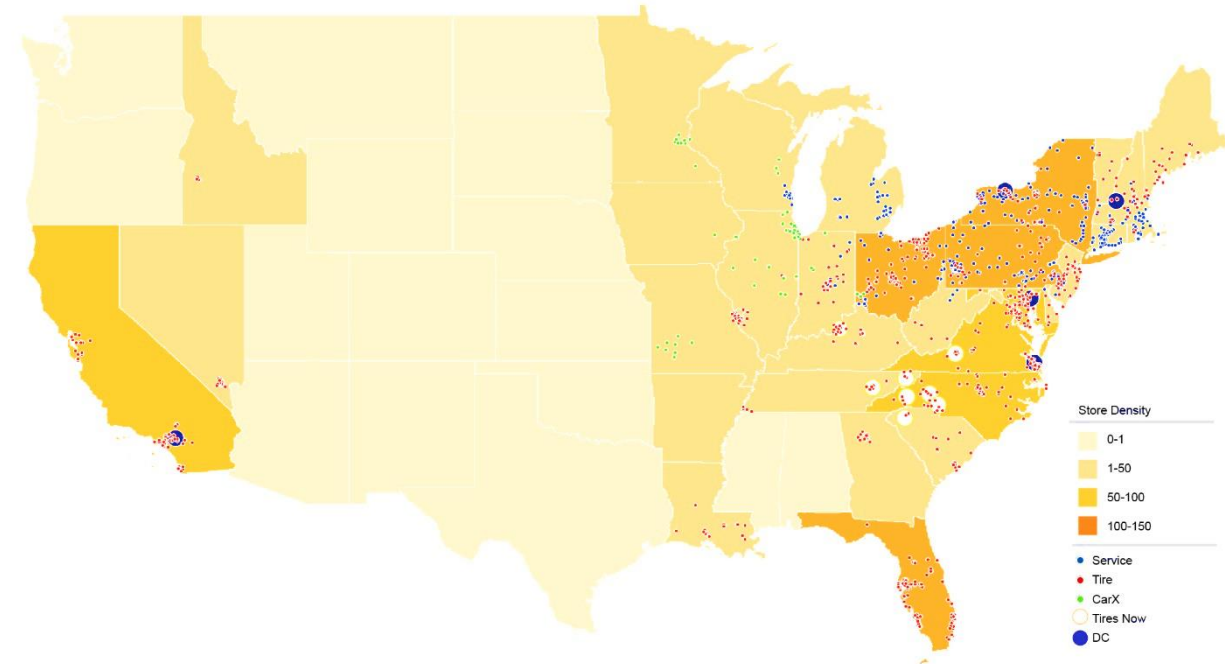
Certain statements in this presentation, other than statements of historical fact, including estimates, projections, statements related to our business plans and operating results are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Monro has identified 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 9. 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 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 2020 sales of \$1,256.5 million
- 1,260 company operated stores in 32 states and 96 franchised locations as of January 25, 2021
- 39 acquisitions in the past 8 fiscal years, adding 518 locations, \$710 million in revenue and entry into 13 new states
- Operating two store formats in key markets
  - Service brand stores – 432 stores
    - 75% maintenance service, 25% tires
    - \$675,000 a year in sales per store
  - Tire brand stores – 828 stores (excluding wholesale)
    - 55% tires, 45% maintenance service
    - \$1.0 million a year in sales per store
- 7 wholesale locations and 3 retread facilities



Store locations as of 1/25/21



# A Unique Operating Model



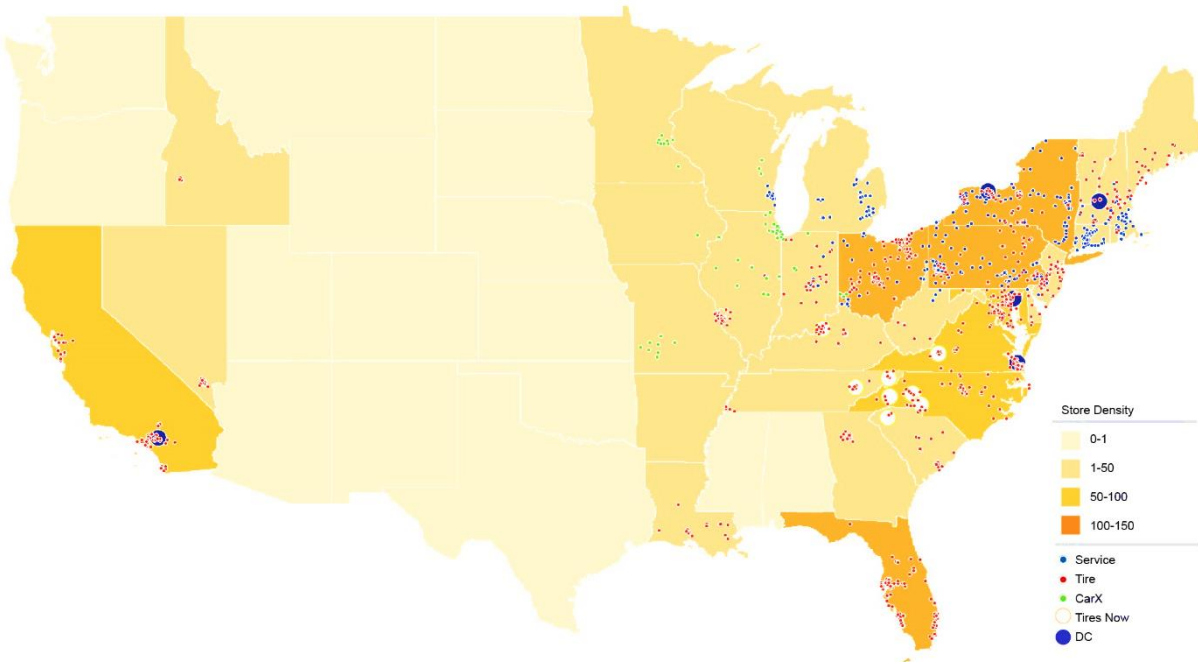
Monro Has a Diversified Supply Chain, Sourcing High Quality, Low-Cost Parts Direct and a Strong Portfolio of Tire Brands

## PARTS

Monro sources these parts from leading aftermarket parts suppliers:

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

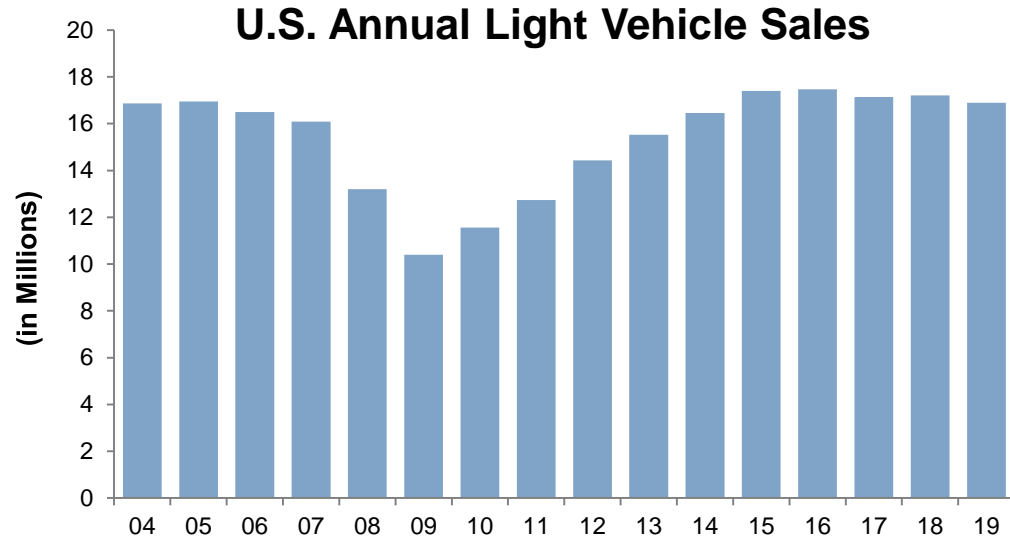
Secondary parts distribution:



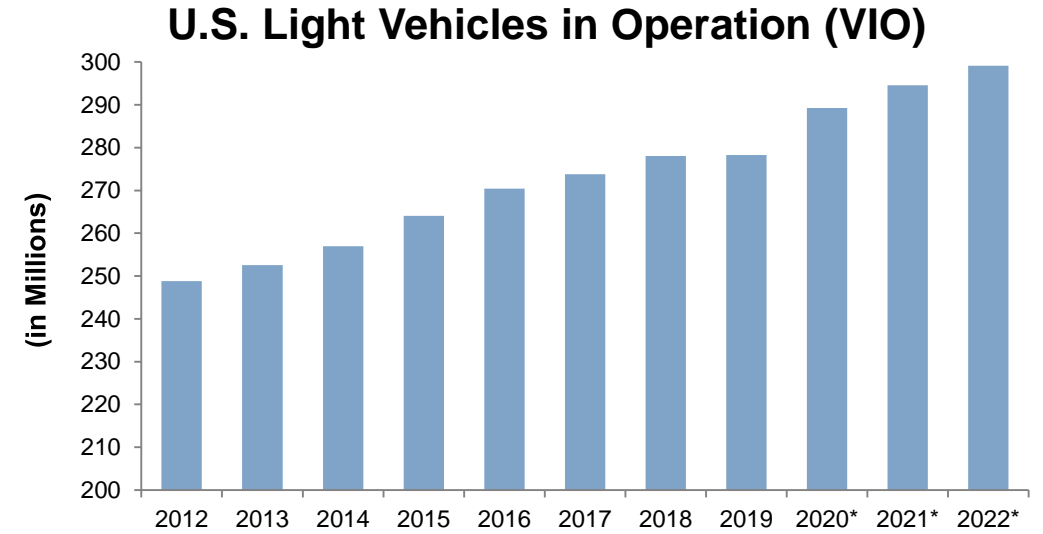
## TIRES



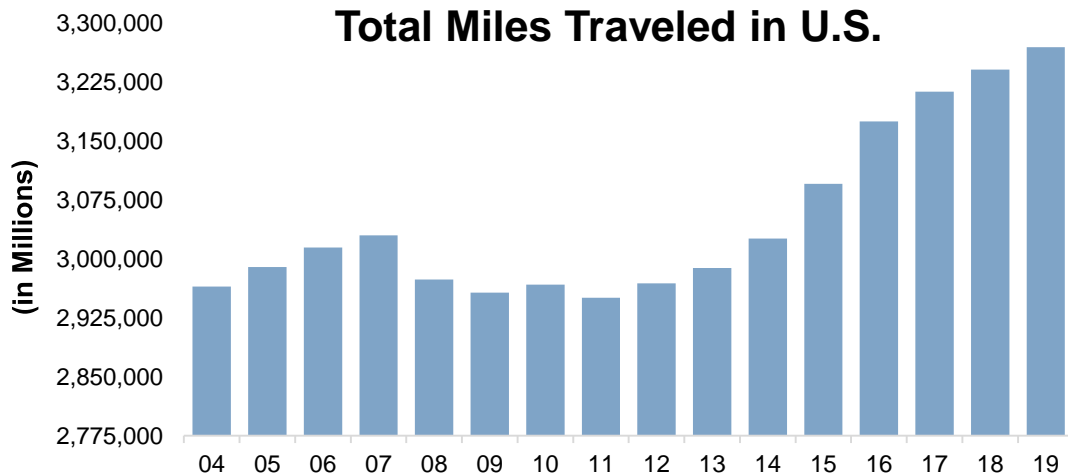
## Favorable Industry Backdrop for Automotive Services with the Vehicles in Operation Expected to Grow Significantly Over the Next Few Years



Source: FRED Economic data, Light weight Vehicle Sales: Autos and Light Trucks



Source: Lang, IHS Markit. \*2020 – 2022 are estimated figures



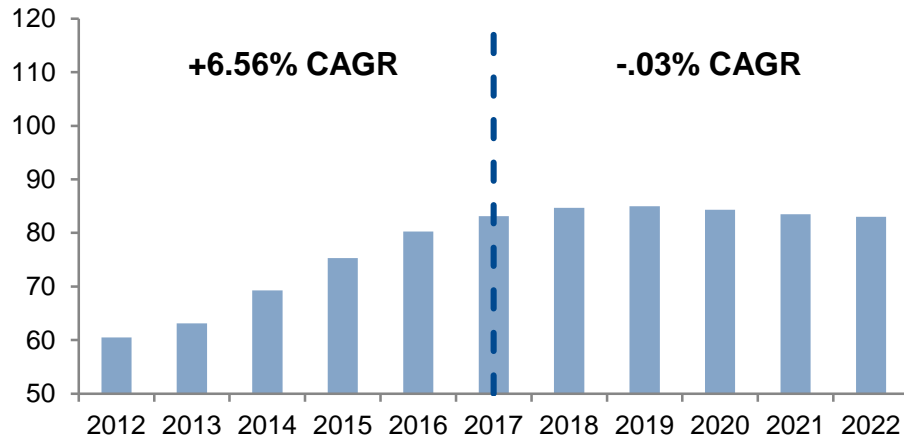
Source: FRED Economic data, Moving 12-Month Total Vehicle Miles Traveled

### Key Highlights

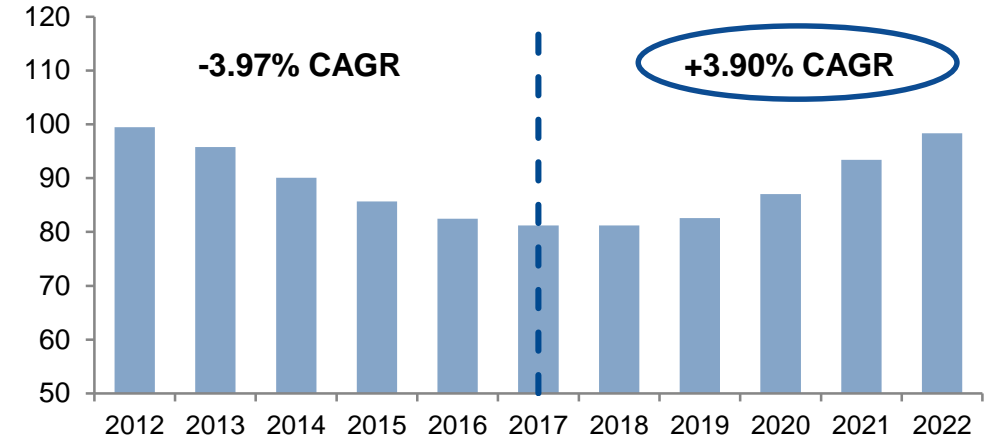
- Growing total vehicle population related to consumers owning vehicles longer
- 270+ million vehicles on the road
- Increasing age of vehicles (average of ~12 years)
- Increasing complexity of vehicles
- Since March 2020, vehicle miles traveled has been negatively impacted due to the COVID-19 pandemic

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

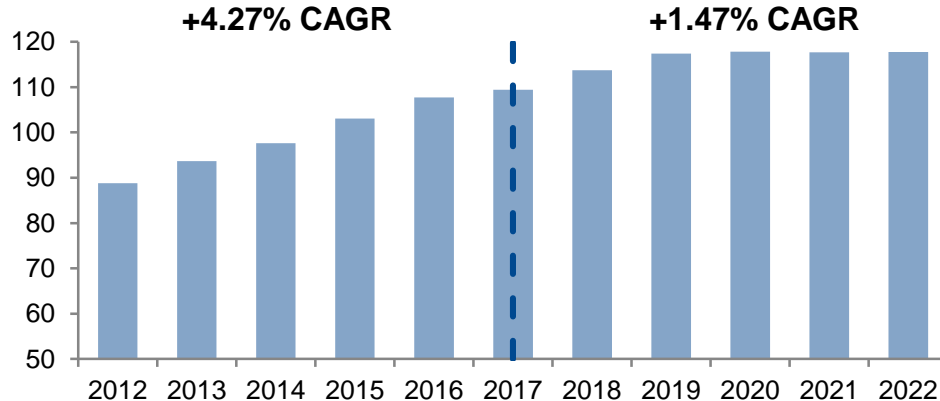
**Vehicles in Operation – 0 to 5 Years**



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



**Vehicles in Operation – 13+ Years**

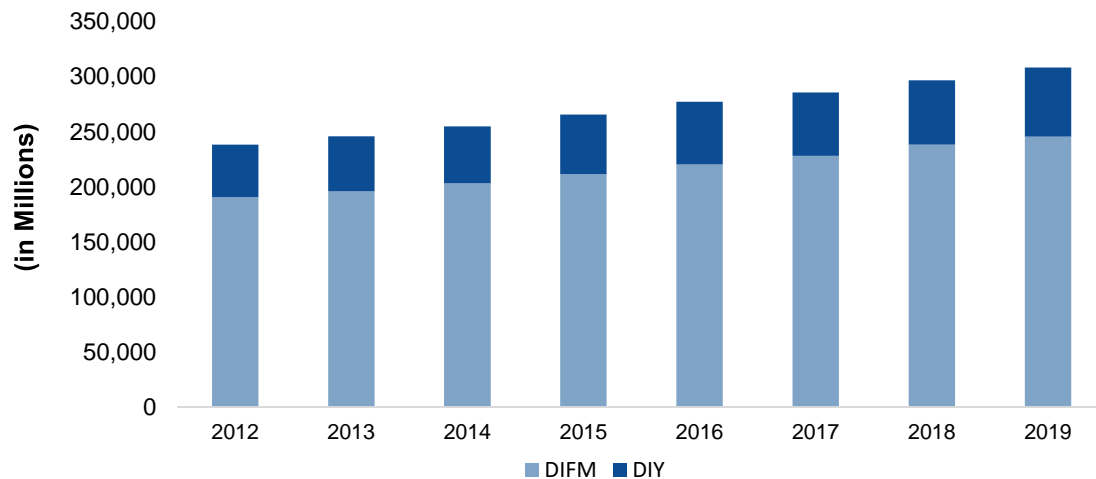


## Key Highlights

- 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 few years
- 6-12 year cohort expected to grow the fastest at +3.9% CAGR for the period 2017-2022
- Monro's targeted market segment is the 6-12 year cohort

## Monro Operates in the \$246 Billion Do-It-For-Me\* Segment of \$308 Billion U.S. Automotive Aftermarket Industry

### Automotive Aftermarket DIFM vs. DIY Sales



Source: Autocare Association Factbook

Census data for 2012; estimates for 2013-2019

### 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
- DIFM is facing ongoing headwinds from the COVID-19 pandemic, while DIY has been quicker to recover

	2010	% (outlets)	2019	% (outlets)	CAGR
Dealers	18,460	14.3%	16,741	12.7%	(1.1%)
General Repair Garages	76,108	58.8%	81,678	61.8%	0.8%
Tire Dealers	18,675	14.4%	20,299	15.4%	0.9%
Specialty Repair	8,663	6.7%	6,150	4.7%	(3.7%)
Oil Change/Lube	7,518	5.8%	7,276	5.5%	(0.4%)
<b>Total</b>	<b>129,424</b>	<b>100.0%</b>	<b>132,144</b>	<b>100.0%</b>	

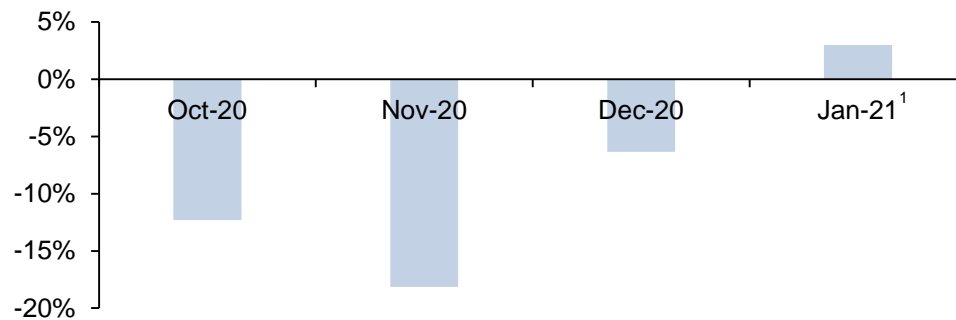
Source: Autocare Association Factbook

### Key Highlights

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

## Well Positioned to Drive Higher Sales and Profitability After Ramping Up Store Staffing

### Monthly Comparable Store Sales



### Q3FY21 Category Summary

- Completed rollout of tire category management and pricing system, driving outperformance in our largest category
  - Tires: -8%
  - Alignments: -16%
  - Front End/Shocks: -17%
  - Maintenance: -19%
  - Brakes: -21%

### Q3FY21 Key Highlights

- Comparable store sales of -13.0% impacted by general market conditions and lower labor productivity in October and November, which improved through December and drove positive comps in fiscal January<sup>1</sup>
- Sales from new stores increased \$2.2M, including sales from recent acquisitions of \$1.5M
- \$159M in operating cash flow in the first nine months of fiscal 2021 driven by profitability and strong working capital management
- Net bank debt-to-EBITDA ratio of 1.3x as of December 2020



# Third Quarter Fiscal 2021 Results



## Results Impacted by General Market Conditions and Lower Labor Productivity in October and November

	Q3FY21	Q3FY20	Δ	FY21 YTD	FY20 YTD	Δ
<b>Sales (millions)</b>	\$284.6	\$329.3	(13.6%)	\$820.2	\$970.5	(15.5%)
<b>Same Store Sales</b>	-13.0%	-0.9%	(1,210 bps)	-16.8%	-0.1%	(1,670 bps)
<b>Gross Margin</b>	33.8%	37.8%	(400 bps)	35.1%	38.6%	(350 bps)
<b>Operating Margin</b>	5.5%	9.6%	(410 bps)	6.3%	10.4%	(410 bps)
<b>Diluted EPS</b>	\$.20	\$.56	(64.3%)	\$.67	\$1.82	(63.2%)
<b>Excluded Items<sup>1</sup></b>	\$.02	\$.04		\$.09	\$.09	
<b>Adjusted Diluted EPS<sup>2</sup></b>	\$.22	\$.60	(63.3%)	\$.77	\$1.91	(59.7%)

<sup>1</sup>Excluded costs in Q3FY21 include \$.02 per share related to Monro.Forward initiatives and \$.01 per share of benefit related to a reserve for potential litigation that is no longer necessary. Excluded costs in Q3FY20 include \$.03 of costs related to Monro.Forward initiatives and \$.01 of costs related to acquisition due diligence and integration. Excluded costs in FY21 YTD include \$.06 per share related to store closing costs, \$.04 per share related to Monro.Forward initiatives and management transition costs and \$.01 per share of benefit related to a reserve for potential litigation that is no longer necessary. Excluded costs in FY20 YTD include \$.06 of costs related to Monro.Forward initiatives and \$.03 related to acquisition due diligence and integration.

<sup>2</sup>Adjusted diluted 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 27, 2021.

## Maintaining Ample Financial Flexibility to Support Growth Strategy and Business Operations

### Disciplined Capital Allocation

#### First Nine Months of Fiscal 2021

- Reduced bank debt, net of cash by \$56M
- Capex of \$39M
- Spent \$18M on acquisitions
- Paid \$22M in dividends
- Strategically reduced cost structure to drive a leaner, more-focused organization

### Strong Balance Sheet and Liquidity

- Generated substantial \$159M in operating cash flow during FY21 YTD
- Net bank debt of \$165M as of December 2020
- Net bank debt-to-EBITDA ratio as of December 2020 of 1.3x
- Liquidity position of ~\$400M as of January 23, 2021



## Improve Customer Experience

- Online reputation management
- Consistent in-store experience
- Consistent store appearance



## Optimize Product & Service Offering

- Redefined selling approach
- Optimized tire assortment



## Enhance Customer-Centric Engagement

- Customer retention
- Customer acquisition
- Omnichannel



## Accelerate Productivity & Team Engagement

- Optimized store staffing model
- Clearly defined career path and enhanced training program
- Aligned compensation

Investments in Technology and Data-Driven Analytics to Support Strategic Initiatives

## Focused on Aspects of Business Within Our Control to Drive Profitable Growth and Operational Excellence

### Improve Customer Experience

- ❑ Substantially completed the rebrand and reimage of 104 stores in attractive markets
- ❑ Outperformance of rebranded and reimaged stores reinforces strength of strategy
- ❑ On track to complete the transformation of ~150 stores during FY21

### Enhance Customer-Centric Engagement

- ❑ Optimized marketing spend towards higher ROI channels to drive improved SEO performance in tires and key service categories
- ❑ Leveraged modernized store infrastructure and phone system to improve customer execution

### Optimize Product & Service Offering

- ❑ Completed rollout of tire pricing and category management tool in Q3 FY21
- ❑ Dynamically tracked demand trends to drive tire volume and margin expansion
- ❑ Focused on category management to capitalize on service attachment opportunities

### Accelerate Productivity & Team Engagement

- ❑ Completed rollout of cloud-based store staffing and scheduling software in Q3 FY21
- ❑ Well-positioned to capitalize on improving demand trends and drive labor efficiency with right-sized store staffing
- ❑ Focused on leveraging Monro University and in-store training to drive operational excellence and improved in-store execution








## Store Rebrand & Reimage Initiative is an Important Part of Our Company Transformation

### Improve Customer Experience

- ❑ Our largest initiative, which focuses on creating a more consistent store appearance and implementing standardized in-store operating procedures
- ❑ Have completed the transformation of ~360 stores in key markets, including rebranding ~115 stores from service branded stores
- ❑ On track to complete the transformation of ~150 stores during FY21



## Significant Investments in Technology to Support Monro.Forward Strategy

Area	Strategic Rationale	Timing
 <i>Business Intelligence</i>	<ul style="list-style-type: none"> <li>KPI dashboards for stores and management</li> </ul>	<ul style="list-style-type: none"> <li>Launched in Q4 FY18</li> <li>Ongoing company-wide expansion</li> </ul>
 <i>Monro University Learning Management System</i>	<ul style="list-style-type: none"> <li>Ensures consistent onboarding and teammate training</li> <li>Develop clear career paths</li> <li>Deliver standard operating procedure training</li> </ul>	<ul style="list-style-type: none"> <li>Launched in Q3 FY19</li> <li>Ongoing expansion across store base</li> </ul>
 <i>Store Network Infrastructure Upgrade</i>	<ul style="list-style-type: none"> <li>Enable and support cloud based merchandising strategy</li> <li>Enable customer-facing technology</li> </ul>	<ul style="list-style-type: none"> <li>Completed installation across base in Q2 FY21</li> </ul>
 <i>Digital Phone and Customer Communication System</i>	<ul style="list-style-type: none"> <li>Eliminate cost of analog phone system</li> <li>Simplify phone execution for store personnel</li> <li>Enable customer-centric call and text messaging management</li> </ul>	<ul style="list-style-type: none"> <li>Completed installation across base in Q2 FY21</li> </ul>
 <i>Store Staffing Model &amp; Scheduling System</i>	<ul style="list-style-type: none"> <li>Eliminate paper-based scheduling</li> <li>Optimizes store staffing and day part scheduling</li> <li>Improves part-time scheduling capabilities</li> </ul>	<ul style="list-style-type: none"> <li>Completed installation across base in Q3 FY21</li> </ul>
 <i>Tire Category Management &amp; Pricing System</i>	<ul style="list-style-type: none"> <li>Enterprise solution to dynamically manage pricing at the SKU level</li> <li>Partially automates optimization of tire volume/margins by providing real-time elasticity</li> </ul>	<ul style="list-style-type: none"> <li>Completed installation across base in Q3 FY21</li> </ul>
 <i>Cloud-Based Car Inspection Scanning Tool</i>	<ul style="list-style-type: none"> <li>State of the art technology for technicians to provide industry-leading service</li> <li>Provides efficient tool for actively managing customer needs</li> </ul>	<ul style="list-style-type: none"> <li>In pilot stages</li> </ul>

## Collaboration With Amazon.com Supports Monro's Online Tire Retailers Installation Strategy

### Amazon.com Collaboration

- Monro's tire installation services available to customers who purchase tires online from Amazon.com and select the Ship-to-Store option
- Amazon tire installation services are now offered at all of Monro's more than 1,200 locations in 32 states
- Enhances customer-centric engagement efforts and omni-channel service offerings, delivering a best-in-class customer experience and building a scalable platform for sustainable growth



## Monro's Acquisition Strategy Has Delivered Significant Growth Over the Years

### A Proven Track Record



- 39 acquisitions in the past 8 fiscal years, adding 518 locations and \$710 million in revenue
- Entered 13 new states, expanding our presence in the Southern and Western markets
- Average acquisition size:
  - 13 stores
  - ~\$20 million in annualized sales growth

### Recently Completed Acquisitions



- Completed acquisition of 17 stores in Southern California
- Further expands the Company's geographic footprint in the Western United States
- Represents \$20M in annualized sales, slightly dilutive to EPS in FY21
- Sales mix of 60% tires and 40% service

### Fiscal 2021 Acquisition Outlook



- Strategically located acquisitions with attractive valuations remain a pillar of our growth and we are committed to executing on attractive opportunities in our highly fragmented industry
- Actively evaluating acquisition targets and capitalizing on robust pipeline



- Leading chain of Company-operated undercar care facilities in the U.S. with a wide breadth of product and service offerings
- Strong position in Northeast, Great Lakes and Mid-Atlantic and expanding into Southern and Western markets with a presence in 32 states
- 19 years of consecutive annual sales growth
- Low cost operator with solid operating margins
- Well-positioned to capitalize on a favorable industry backdrop
- Monro.Forward strategy creating a scalable platform to drive sustainable growth, with a focus on operational excellence to increase overall customer lifetime value
- Significant growth opportunity to execute disciplined acquisition strategy in a highly fragmented industry
- Strong balance sheet and cash flow
- Delivering consistent shareholder returns through dividend program

# Appendix

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## Financial Assumptions as of January 27, 2021

<b>Tire and Oil Costs</b>	Slight increase
<b>Interest Expense</b>	~\$28M to ~\$30M
<b>Depreciation and Amortization</b>	~\$76M to ~\$80M
<b>Tax Rate</b>	~24%
<b>Capital Expenditures</b>	~\$45M to ~\$50M
<b>Weighted Average Number of Diluted Shares Outstanding</b>	~34M
<b>Store Closure Operating Income Benefit</b>	~\$3.8M
<b>Cost Reductions</b>	~\$35M

## Additional Assumptions

- CapEx range accounting for rebrand and reimage of ~150 stores in FY21
- Realized ~\$10M in cost savings in Q3 FY21 and expect additional savings of ~\$5M in Q4 FY21

7 Stage Transformation Process from Beginning to End Takes ~17 Weeks

BEFORE



AFTER



Store Readiness for Change



Parts Inventory Rebalanced<sup>1</sup>



Store Inventory Storage Configured for Tires<sup>1</sup>



Inventory Assortment Reset for Tire Focus<sup>1</sup>



Store Team Trained on New Operating Procedures



Store Interior Remodel and Technology Installed

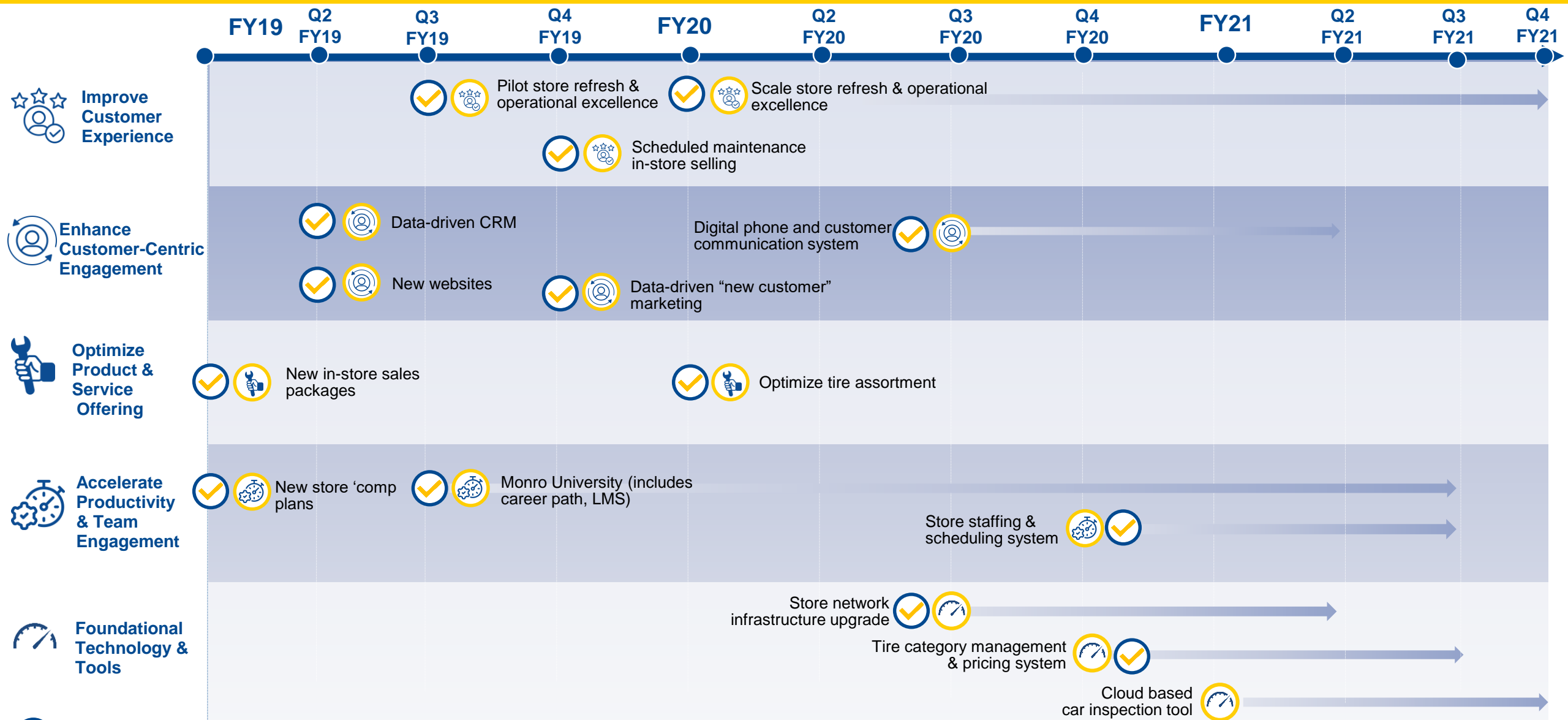


Store Exterior Painted and New Signage Installed

~17 WEEKS



<sup>1</sup>Steps are only required for stores that are being rebranded from service format to tire format



= Completed Initiatives