



FOURTH QUARTER FISCAL 2024  
EARNINGS CALL MAY 23, 2024

**MONRO**  
AUTO SERVICE AND TIRE CENTERS

**TIRE CHOICE**  
AUTO SERVICE CENTERS

**MR. TIRE**  
AUTO SERVICE CENTERS

**KEN TIRE & AutoCare  
TOWERY'S**

**TIRE WAREHOUSE**  
TIRES FOR LESS

**TIRE BARN**  
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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 “believe,” “expect,” “estimate,” “anticipate,” “could,” “design,” “guidance,” “intend,” “invest,” “focus,” “vision,” “will,” “would,” 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. 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/financials/sec-filings/default.aspx>. 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 principals (“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 the appendix to this presentation. 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 such as costs related to shareholder matters from the Company’s equity capital structure recapitalization, transition costs related to the Company’s back-office optimization, corporate headquarters relocation costs, and items related to store closings, as well as acquisition initiatives.

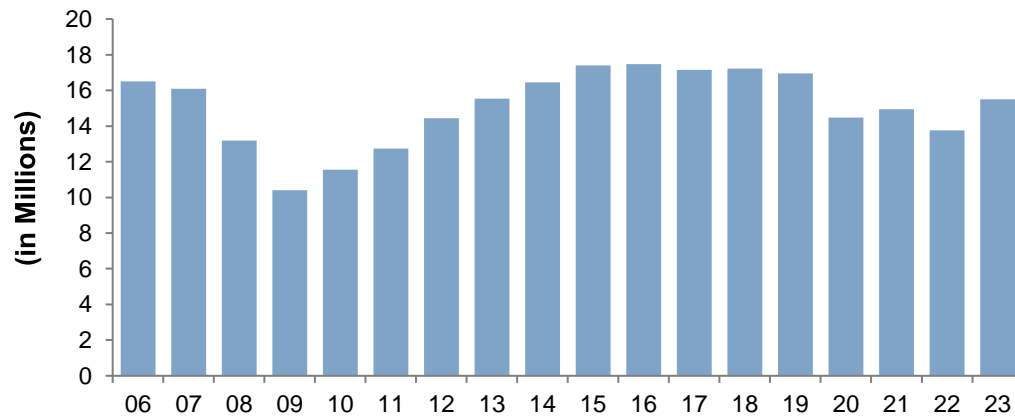
This non-GAAP financial measure is not intended to represent, and should not be considered more meaningful than, or as an alternative to, its most directly comparable GAAP measure. This non-GAAP financial measure may be different from similarly titled non-GAAP financial measures used by other companies.

# Fundamentals of Industry Remain Strong



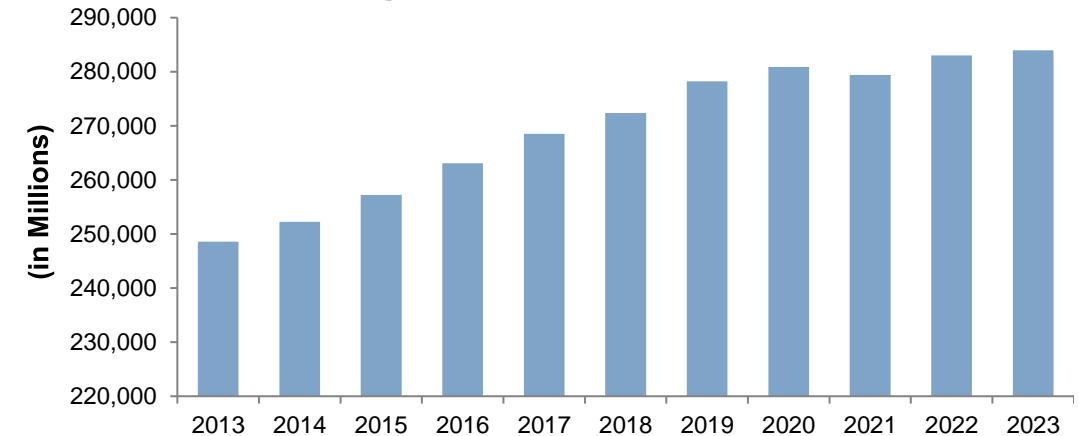
## Favorable Industry Backdrop for Automotive Services

### U.S. Annual Light Vehicle Sales



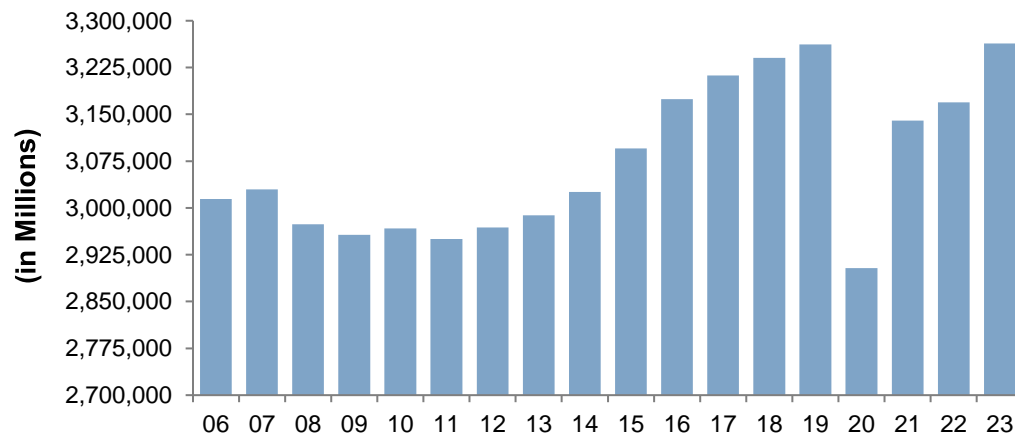
Source: FRED Economic Data, Light weight Vehicle Sales: Autos and Light Trucks (annual data)

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



Source: Auto Care Association Factbook

### Annual Vehicles Miles Traveled



Source: Office of Highway Policy Information Traffic Volume Trends Data, Moving 12-Month Total Vehicle Miles Traveled

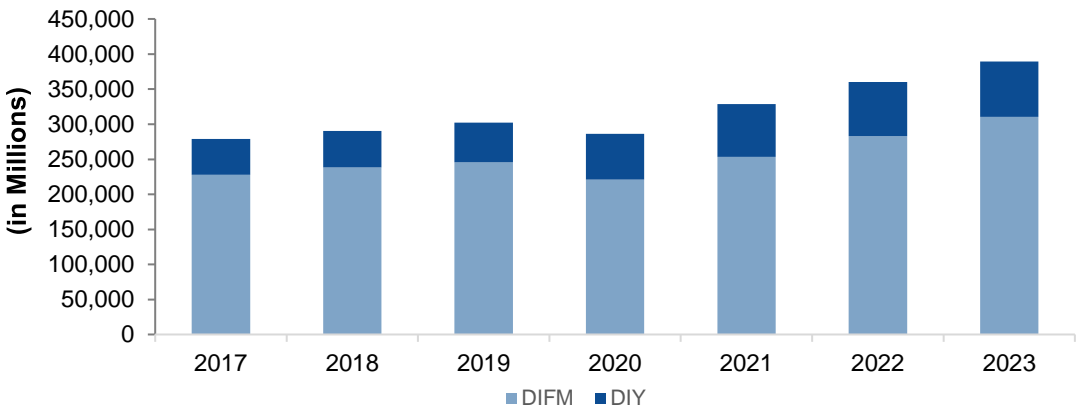
### Key Highlights

- An overall growing trend in total vehicle population related to consumers owning vehicles longer
- 280+ 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 Operates in the \$311 Billion Do-It-For-Me\* Segment of \$389 Billion U.S. Automotive Aftermarket Industry

## Automotive Aftermarket DIFM vs. DIY Sales



Source: Auto Care Association Factbook      Census data for 2017; estimates for 2018-2022; 2023 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

|                        | 2014    | %<br>(outlets) | 2022    | %<br>(outlets) | CAGR   |
|------------------------|---------|----------------|---------|----------------|--------|
| Motor Vehicle Dealers  | 16,396  | 12.6%          | 16,773  | 12.3%          | 0.3%   |
| General Repair Garages | 79,240  | 60.7%          | 85,424  | 62.7%          | 0.9%   |
| Tire Dealers           | 19,931  | 15.3%          | 20,424  | 15.0%          | 0.3%   |
| Specialty Repair       | 7,534   | 5.8%           | 5,795   | 4.3%           | (3.2%) |
| Oil Change/Lube        | 7,368   | 5.6%           | 7,693   | 5.7%           | 0.5%   |
| Total                  | 130,469 | 100.0%         | 136,109 | 100.0%         |        |

Source: Auto Care Association Factbook      For 2022, all data are as of Q3 2022, except for Tire Dealers and Specialty Repair

### Key Highlights

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

\* Includes Replacement Tire Segment

# Current Tire Dynamics & Monroe Actions



**Tires Are Providing a Temporary but Meaningful Negative Impact Given Monroe's ~50% Tire Mix**

## Current Tire Dynamics:

| Tire Tier   | Average Selling Price | Supply Dynamic | Consumer Demand |
|---|-----------------------|----------------|-----------------|
| Higher-Margin Tiers (Branded)                       | Higher                | Normal         | Lower           |
| Lower-Margin Opening Price Point Tier (Non-Branded) | Lower                 | Oversupply     | Higher          |

- Strained low-to-middle income consumers are deferring tire purchases in higher-margin tiers and disproportionately trading-down to tires at opening price points, which is being supported by an oversupply of lower-margin tires in the U.S.
- Overall impact is fewer U.S. tire replacement units being sold at a lower overall average selling price

## Monro Actions to Navigate:

- Leveraging the strength of our manufacturer-funded promotions to optimize our assortment for improved tire profitability with a higher average selling price per tire
- Maintaining market share in higher-margin tiers
- Accelerating proportion of opening price point tires

# Initiatives to Offset Tire Market Weakness



## Courtesy Inspections:

- Investment made in stores to convert 32-point courtesy inspection from paper-based process to digital, tablet-based system that presents other needed services to customers via industry data and pictures
- Gives store teams greater ability to build engagement and trust with guests, which supports additional service attachment
- Supports marketing back declined work in future visits
- Captures more structured data on vehicles with more control over a key in-store process
- Completed roll-out to all stores and pleased with early results

## Buy 3 Tires; Get 1 Free Promotion:

**BUY 3 GET 1 FREE**  
**INSTANTLY**  
ON THE PURCHASE OF A SET OF 4  
NEXEN N PRIZ AH5 OR CP672 TIRES

**NEXEN TIRE**

\*Terms and conditions apply.

[CLICK HERE FOR DETAILS](#)

**VALID MARCH 16 - MAY 31, 2024**

## Service Coupon:

**BRAKE SERVICE SAVINGS!**

**BUY BRAKE PADS OR ROTORS AND**  
**SAVE UP TO \$200\***  
ON AN ADDITIONAL SERVICE OR TIRE  
PURCHASE OF YOUR CHOICE

\*Terms and conditions apply.

[CLICK HERE FOR DETAILS](#)

**VALID MARCH 29 - MAY 31, 2024**

## Oil Change Offer:

**Valvoline PERKS**

GET UP TO  
**\$10 BACK\***  
BY ONLINE REBATE ON ANY OIL CHANGE,  
AND THEN KEEP SAVING WITH THE  
VPERK\$ LOYALTY PROGRAM

\*Terms and conditions apply.

[CLICK HERE FOR DETAILS](#)

**VALID MARCH 1 - DECEMBER 31, 2024**

# Foundational Progress made that will Enable Monroe to Reap Benefits when Tire Volumes Recover



## Gross Margin Expansion through:

- Tire mix optimization
- Labor optimization through actions to reduce non-productive labor costs, including overtime hours in stores
- Labor efficiency through productivity improvements including scheduling, training and attachment selling initiatives

## Inventory Optimization by Leveraging Strong Vendor Partnerships:

- Results in better availability, quality and cost of parts and tires
- Improves cash conversion cycle through inventory management and extended payment terms

## Remain Relentlessly Focused on:

- Improving our ~300 small or underperforming stores
- Maintaining a balanced approach between tire and service categories with competitive pricing to drive store traffic
- Continuously improving our customer experience

## Solid Financial Position:

- Operating cash flow generation
- Strong balance sheet with a low leverage profile
- Supports capital return to shareholders through a healthy dividend program

**Business Positioned for Return to Earnings Growth when Flat Tire Units are Achieved with Appropriate Attachments on Service Categories**

# Fourth Quarter Fiscal 2024 Results



**Laser Focused on Maximizing Profitability through Variable Margin Expansion and Prudent Cost Control**

|   | <b>Q4FY24</b> | <b>Q4FY23</b> | <b>Δ</b>    |
|---|---------------|---------------|-------------|
| <b>Sales (millions)</b>                 | \$310.1       | \$310.8       | (0.2%)      |
| <b>Same Store Sales<sup>1</sup></b>     | (7.2%)        | 4.5%          | (1,170) bps |
| <b>Gross Margin</b>                     | 35.5%         | 33.4%         | 210 bps     |
| <b>Operating Margin</b>                 | 3.3%          | 2.0%          | 130 bps     |
| <b>Adjusted Diluted EPS<sup>2</sup></b> | \$.21         | \$.08         | 162.5%      |

<sup>1</sup> FY24 adjusted for 53<sup>rd</sup> week of sales.

<sup>2</sup> Please refer to the reconciliation of adjusted diluted EPS in the appendix to this presentation and in our earnings release for further details regarding excluded items in Q4FY24 and Q4FY23. Adjusted Diluted EPS is a non-GAAP measure that excludes certain non-recurring items such as costs related to shareholder matters from our equity capital structure recapitalization, transition costs related to our back-office optimization, corporate headquarters relocation costs, and items related to store closings, as well as 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 23, 2024.



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

### Disciplined Capital Allocation

#### Fiscal 2024

- Received ~\$21M of divestiture proceeds
- Capex of ~\$25M
- Spent ~\$39M in principal payments for financing leases
- Paid ~\$36M in dividends
- Repurchased ~1.5M shares of common stock at an average price of \$28.50 for ~\$44M

### Strong Balance Sheet and Liquidity

- Generated operating cash flow of ~\$125M during fiscal 2024
- Net bank debt of ~\$95M and net bank debt-to-EBITDA ratio of 0.7x as of March 2024
- Total liquidity of ~\$475M as of March 2024

## Fiscal Q1 Expectations

- Preliminary comp store sales down approximately 12% quarter-to-date
- Expects to deliver higher profitability relative to sales
- Expects approximately breakeven adjusted diluted EPS, assuming topline trends continue
- Every 1% change in comps from current run rate represents more than \$.03 in adjusted diluted EPS

## Fiscal 2025 Assumptions

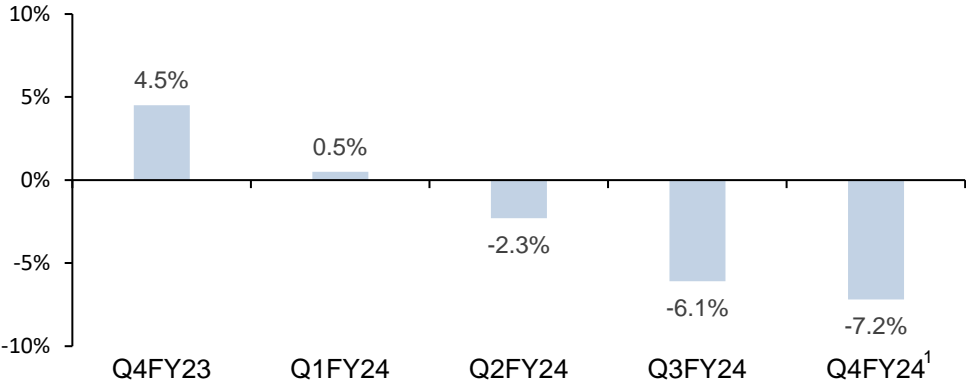
- Fiscal 2025 is a 52-week year while fiscal 2024 was a 53-week year that benefitted from an extra week of sales
- Earnings largely dependent on comp store sales
- Every 1% change in comps from the prior year represents about a \$.14 increase or decrease in adjusted diluted EPS from the prior year
- Assumes fixed occupancy costs within cost of goods and operating expenses will be flat on a dollar basis when compared to the prior year
- Expects to generate at least \$100M of operating cash flow, inclusive of working capital reductions
- Expects to spend ~\$25M to ~\$35M of CAPEX

# Appendix

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## Comparable Store Sales Decline Driven by Industry-Wide Consumer Tire Deferral and Trade-Down Cycle

Quarterly Comparable Store Sales Trends



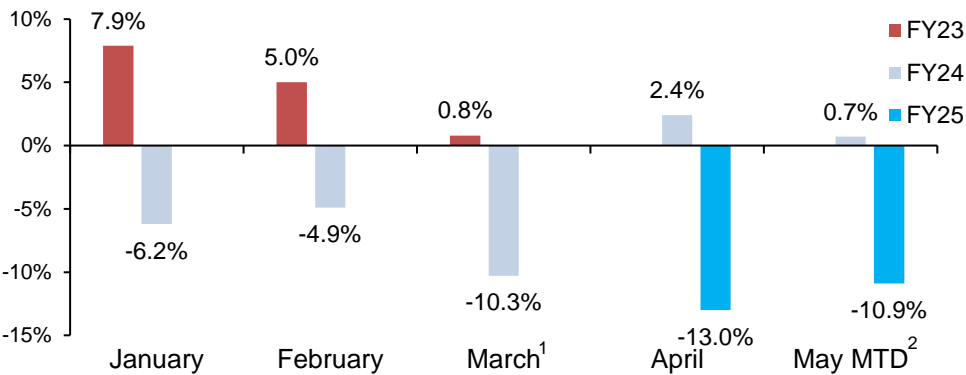
### Q4FY24

#### Key Highlights

- Sales decreased 0.2% to \$310.1M, including \$24.4M for a 53rd week of sales
- Comp store sales increased 0.1% on a reported basis and decreased 7.2% when adjusted for extra week
- Generated operating cash flow of ~\$125M

<sup>1</sup> Adjusted for 53<sup>rd</sup> week of sales

Monthly Comparable Store Sales Trends



### Q4FY24

#### Key Highlights

- Product and service category performance (adjusted for 53<sup>rd</sup> week of sales):
  - Batteries: -1%
  - Alignments: -4%
  - Tires: -6%
  - Service: -7%
  - Brakes: -9%
  - Front End/Shocks: -14%
- Service categories ~52% of sales, consistent with the prior year period

<sup>2</sup> Preliminary results through May 18, 2024



# Reconciliation of Adjusted Diluted EPS (Unaudited)



Quarter Ended Fiscal  
March

|  | 2024         | 2023         |
|--|--------------|--------------|
| <b>Diluted EPS</b>   | <b>\$.12</b> | <b>\$.01</b> |
| Store impairment charges   | .04          | .02          |
| Net loss (gain) on sale of wholesale tire and distribution assets <sup>(a)</sup> | -            | (.04)        |
| Store closing costs  | .01          | .01          |
| Monro.Forward initiative costs   | -            | -            |
| Acquisition due diligence and integration costs                                  | -            | -            |
| Litigation reserve/settlement costs  | -            | .04          |
| Management restructuring/transition costs  | .03          | -            |
| Costs related to shareholder matters   | -            | .02          |
| Transition costs related to back-office optimization                             | .01          | .01          |
| Corporate headquarters relocation costs  | -            | -            |
| Certain discrete tax items <sup>(b)</sup>  | -            | .01          |
| <b>Adjusted Diluted EPS</b>  | <b>\$.21</b> | <b>\$.08</b> |

<sup>(a)</sup> Amounts include a loss on subsequent inventory adjustments in fiscal 2024, and gain on sale of related warehouse, net of associated closing costs, in fiscal 2023.

<sup>(b)</sup> Amount relates to wholesale tire locations and distribution assets, as well as the revaluation of deferred tax balances due to changes in the mix of pre-tax income in various U.S. state jurisdictions as a result of the sale.