



**Monro, Inc.
Third Quarter Fiscal
2020
Earnings Call**

January 30, 2020

MONRO
AUTO SERVICE and TIRE CENTERS

TIRE CHOICE
AUTO SERVICE CENTERS

MR. TIRE
AUTO SERVICE CENTERS

**KENTire & AutoCare
TOWERYS**

TREAD
QUARTERS
DISCOUNT TIRE
AUTO SERVICE CENTERS

AUTOTIRE
CAR CARE CENTERS

TW TIRE WAREHOUSE
TIRES FOR LESS

TIRE BARN
WAREHOUSE

carx
TIRE & AUTO

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. 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 our Monro Forward or acquisition initiatives.

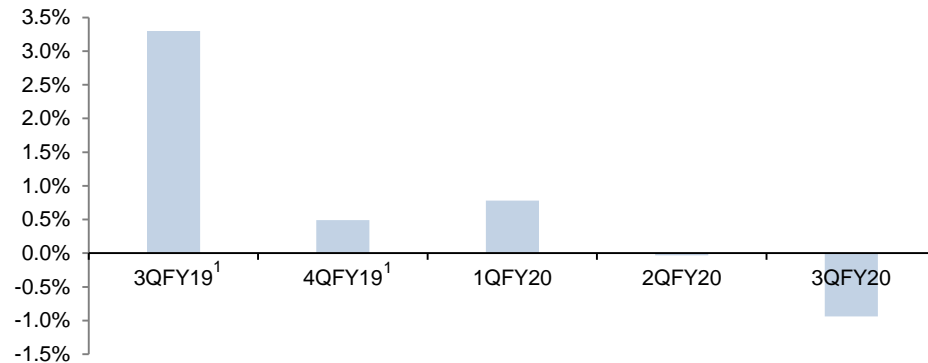
This non-GAAP financial measure is not intended to represent, and should not be considered more meaningful than, or as an alternative to, its most directly comparable GAAP measure. This non-GAAP financial measure may be different from similarly titled non-GAAP financial measures used by other companies.

Third Quarter Fiscal 2020 Highlights

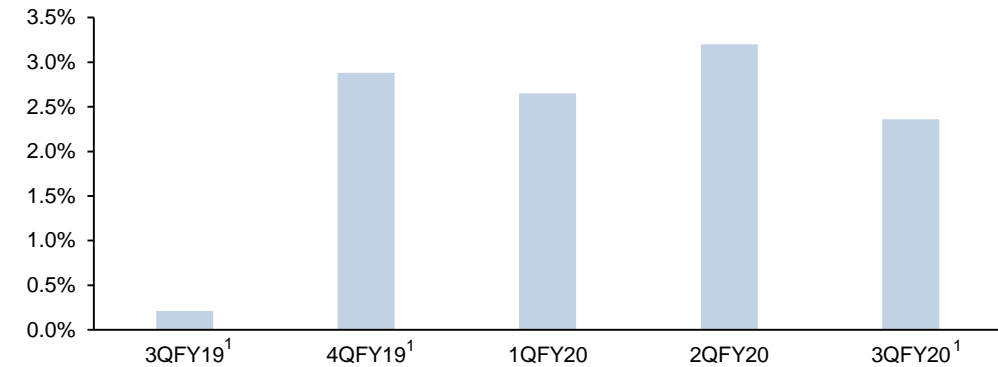


Achieved Record Sales of \$329.3 Million, Up 6.2% Year-Over-Year

Quarterly Comps Trends



2-Year Stacked Quarterly Comps Trends



3QFY20 Key Highlights

- Sales increased 6.2% to a record \$329.3M
- Comparable store sales of -0.9% drove EPS decline year-over-year
- Sales from new stores added \$22.7M, including sales from recent acquisitions of \$20.7M

3QFY20 Key Highlights

- Maintenance: Flat
- Tires: -1%
- Front End/Shocks: -1%
- Brakes: -3%
- Alignments: -3%

Moving Forward with Store Rebrand & Reimage Rollout Across Base



Improve Customer Experience

- ❑ Completed 74 stores and substantially completed 42 recently acquired California locations during the quarter
- ❑ Sustained performance of locations post-transformation reinforces strength of strategy
- ❑ Modernized store layout and consolidated brand strategy on track to be rolled out across the Company's remaining markets and store formats over 3 to 5 years



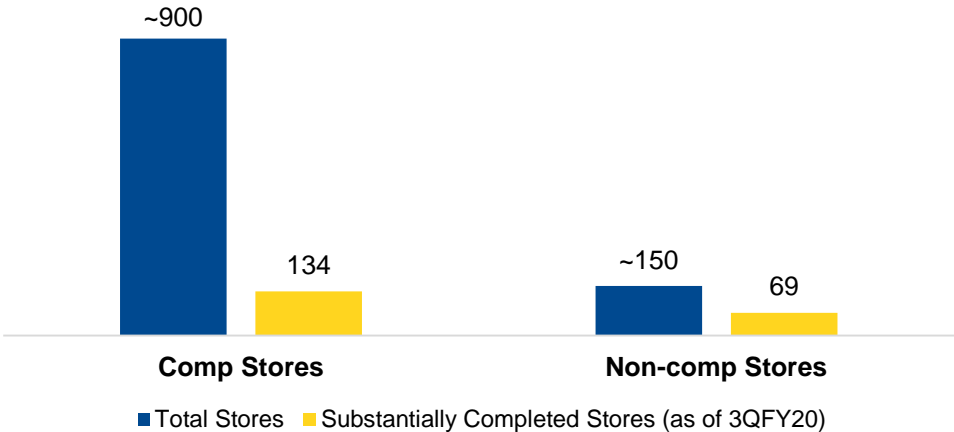
Making Strong Progress Through the Early Innings of a Strategic Transformation

Monro Store Footprint Prior to Rebrand

-  Service Brand Stores (~\$600K in annual revenue/store): 555
 - ~15% tires and ~85% service
-  Tire Brand Stores (~\$1.2M in annual revenue/store): 734
 - ~60% tires and ~40% service

➤ Transitioning to higher mix of tire stores

Scope of Company Rebrand and Reimage



¹Note: CarX is our franchised brand

²Performance data only includes comp stores that have been reimaged/rebranded for at least one full quarter

Migrating Portfolio to Tire-Oriented Brands



➤ Opportunity to consolidate brands and improve marketing efficiency

Store Comparable Store Sales Performance post-Rebrand/Reimage²

Rebranded Stores (30 stores)	Reimaged Stores (30 stores)
+18%	-2%
➤ Rebranded stores to Tire Choice or Mr. Tire	➤ No retail brand change

➤ 74 comparable stores completed in the quarter are excluded as they do not have a full quarter of sales post-rebrand/reimage

Critical Investments In Technology On-Track to Support Broader Strategy



Improve Customer Experience

- ❑ Executing customer satisfaction and online reputation management program across Monro's store base
- ❑ Focus on the in-store experience is having significant impact on Company online reviews and has increased "Star Ratings" to **4.6** ★ All-time



Enhance Customer-Centric Engagement

- ❑ Investing in technology with the rollout of modernized store infrastructure, including new digital phone system, expected to be completed by 1QFY21
- ❑ Collaboration with Amazon.com at more than 800 stores supports omnichannel efforts
- ❑ Launching second phase of omni-channel strategy in FY21



Optimize Product & Service Offering

- ❑ Improving category management to drive margin improvement and optimize product portfolio with new pricing technology to be implemented by end of FY20
- ❑ Continued momentum of Good-Better-Best product and service packages



Accelerate Productivity & Team Engagement

- ❑ Data-driven store scheduling and staffing software to be piloted by 4QFY20
- ❑ Scaling Monro University across store base and implementing mandatory onboarding training to better support new hires

Acquisitions Announced and Completed in Fiscal 2020 Represent \$120M in Annualized Sales

Completed Acquisitions



- Completed acquisitions of 18 stores, including 14 in Nevada and four in Idaho
- Represents two new states and further expands the Company's geographic footprint into the Western United States
- \$20M in annualized sales, dilutive to EPS in FY20
- Sales mix of 75% service and 25% tires

- Completed acquisitions of nine stores in California
- Expanded market position in recently entered state
- \$25M in annualized sales, dilutive to EPS in FY20
- Sales mix of 55% service and 45% tires

Greenfield Openings¹



- Added one greenfield location during the third quarter

¹Greenfield stores include new construction as well as the acquisition of one to four store operations

Third Quarter Fiscal 2020 Results



Achieved Record Sales of \$329.3 Million, Up 6.2% Year-Over-Year

	3QFY20	3QFY19	Δ	FY20 YTD	FY19 YTD	Δ
Sales (millions)	\$329.3	\$310.1	6.2%	\$970.5	\$913.0	6.3%
Same Store Sales¹	-0.9%	3.3%	(420 bps)	-0.1%	2.8%	(290 bps)
Gross Margin	37.8%	38.0%	(20 bps)	38.6%	38.9%	(30 bps)
Operating Margin	9.6%	9.9%	(30 bps)	10.4%	10.8%	(40 bps)
Diluted EPS	\$0.56	\$0.61	(8.2%)	\$1.82	\$1.87	(2.7%)
Excluded Costs²	\$0.04	\$0.02	-	\$0.09	\$0.07	-
One-time income tax benefit	-	(\$0.06)	-	-	(\$0.06)	-
Adjusted Diluted EPS³	\$0.60	\$0.57	5.3%	\$1.91	\$1.88	1.6%

¹3QFY19 and FY19 same store sales results are adjusted for days

²In 3QFY20 diluted earnings per share included \$0.03 per share of costs related to Monro.Forward initiatives and \$0.01 per share of costs related to acquisition due diligence and integration. In 3QFY19 diluted earnings per share included \$0.01 per share of costs related to Monro.Forward initiatives and \$0.01 per share of non-recurring corporate and field management costs. In the first nine months of fiscal 2020, there was \$0.06 of costs related to Monro.Forward initiatives and \$0.03 of costs related to acquisition due diligence and integration, compared to \$0.05 of costs related to Monro.Forward initiatives, \$0.01 per share of non-recurring corporate and field management realignment costs and \$0.01 per share of costs related to acquisition due diligence and integration in the first nine months of fiscal 2019.

³Adjusted 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 30, 2020.

Executing on Growth Strategy While Maintaining a Disciplined Approach to Capital Allocation

Investing in the Business

- Capex of \$42.2M in the first nine months of fiscal 2020
- Continue to expect ~\$75M of incremental Capex over 5 years to invest in store re-image and technology

Executing on M&A Opportunities

- Spent \$104.3M on acquisitions in the first nine months of fiscal 2020
- Acquisitions announced and completed in fiscal 2020 represent \$120M in expected annualized sales

Returning Cash to Shareholders

- Paid \$22.3M in dividends in the first nine months of fiscal 2020
- Currently \$.22 per share quarterly, an increase of 10% from 3QFY19

Utilizing Strong Balance Sheet

- Generated \$124.7M of operating cash flow in the first nine months of fiscal 2020
- Debt-to-EBITDA ratio as of December 2019 of 2.3x provides significant flexibility to fund M&A strategy

Updates Fiscal 2020 Comparable Store Sales and EPS Guidance Ranges

	FY20	FY19	Δ
Sales (millions)	\$1,275 to \$1,290	\$1,200	6.2% to 7.5%
Same Store Sales	-1% to flat	2.3%	-330 bps to -230 bps
Diluted EPS	\$2.25 to \$2.35	\$2.37	-5.1% to -0.8%
Adjusted Diluted EPS¹	\$2.35 to \$2.45	\$2.39	-1.7% to 2.5%

Stores

- Guidance includes recently completed acquisitions and excludes any additional potential acquisitions
- Guidance includes seven ground-up greenfield store openings in FY20

Operating Margin

- Assumes operating margin of ~10.2% at midpoint of FY20 sales guidance
- Expect relatively stable tire and oil costs year-over-year
- Expect to generate earnings increase on a comparable store sales increase above ~1%

Additional Guidance Assumptions (at the midpoint)

- Interest expense of ~\$29 million
- Depreciation and amortization of ~\$65 million
- EBITDA of ~\$196 million
- Tax rate of ~23.5%
- Capital expenditures of ~\$60 million
- 34 million weighted average number of diluted shares outstanding

¹Adjusted diluted EPS is a non-GAAP measure. FY20 adjusted diluted EPS guidance excludes estimated Monro.Forward initiative costs and acquisition due diligence and integration costs, compared to adjusted earnings per share in FY19, which excluded Monro.Forward initiative costs, non-recurring corporate and field management realignment costs, acquisition due diligence and integration costs and benefit from a one-time income tax adjustment as shown in further detail on Slide 8.

- Continued progression of store rebrand and reimage initiative with 203 stores substantially completed through 3QFY20

- Strong performance of transformed stores underscores strength of strategy

- Investing in technology to drive long-term margin expansion

- Completed acquisitions of 27 stores, entering two new states and expanding presence in Western United States

- Updates fiscal 2020 comparable store sales guidance and EPS guidance ranges

Appendix

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

BEFORE



AFTER



Store Readiness
for Change



Parts Inventory
Rebalanced¹



Store Inventory Storage
Configured for Tires¹



Inventory Assortment
Reset for Tire Focus¹



Store Team Trained
on New Operating
Procedures



Store Interior Remodel
and Technology
Installed



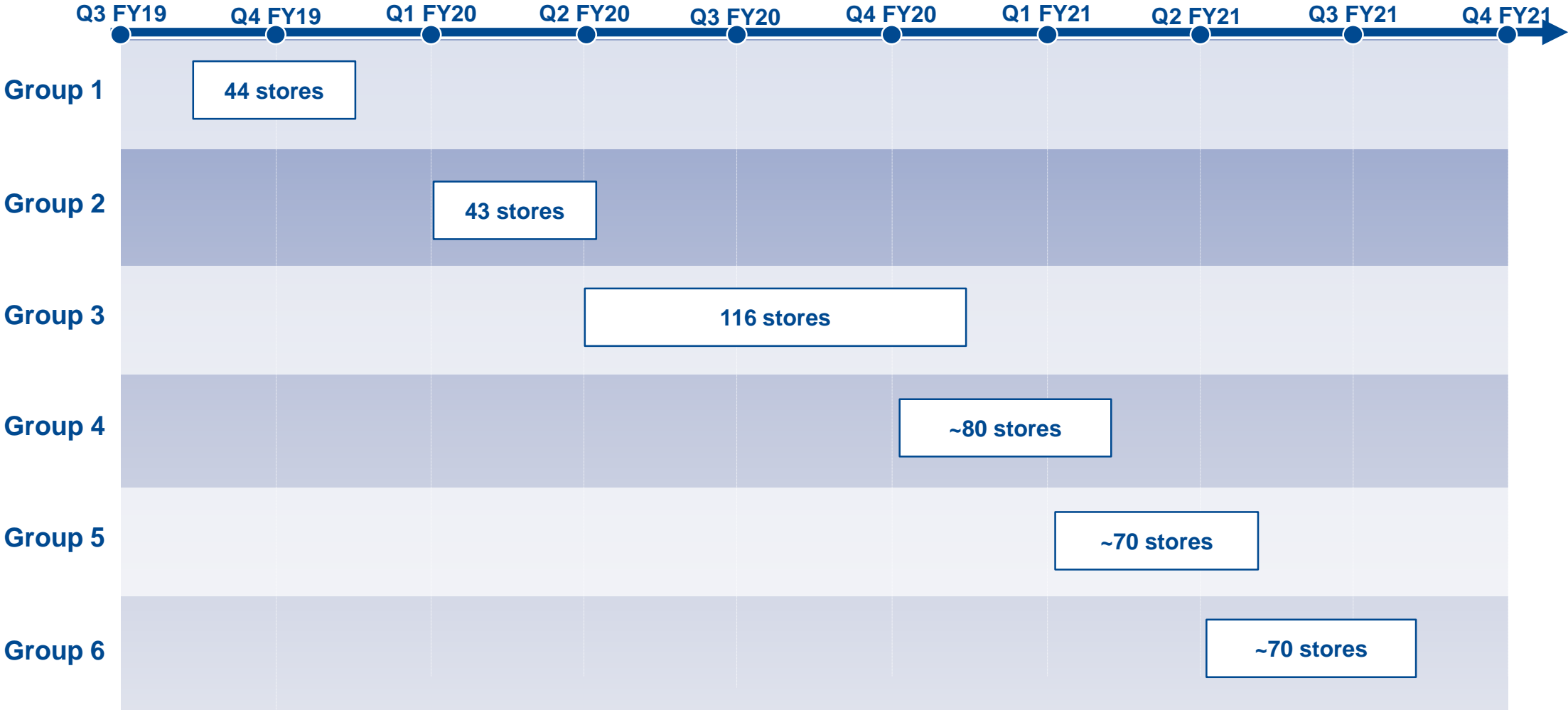
Store Exterior Painted
and New Signage
Installed










~17 WEEKS

¹Steps are only required for stores that are being rebranded from service format to tire format

Store Refresh Program On Track To Be Rolled Out Across Base



Significant Investments in Technology to Support Monro.Forward Strategy

Area	Strategic Rationale	Timing
 <i>Business Intelligence</i>	<ul style="list-style-type: none"> KPI dashboards for stores and management 	<ul style="list-style-type: none"> Launched in Q4 FY18 Ongoing company-wide expansion
 <i>Monro University Learning Management System</i>	<ul style="list-style-type: none"> Ensures consistent onboarding and teammate training Develop clear career paths Deliver standard operating procedure training 	<ul style="list-style-type: none"> Launched in Q3 FY19 Ongoing expansion across store base
 <i>Store Network Infrastructure Upgrade</i>	<ul style="list-style-type: none"> Enable and support cloud based merchandising strategy Enable customer-facing technology 	<ul style="list-style-type: none"> Installed in 140 stores To be implemented across base by Q1 FY21
 <i>Digital Phone and Customer Communication System</i>	<ul style="list-style-type: none"> Eliminate cost of analog phone system Simplify phone execution for store personnel Enable customer-centric call and text messaging management 	<ul style="list-style-type: none"> In 100 stores To be implemented across base by Q1 FY21
 <i>Store Staffing Model & Scheduling System</i>	<ul style="list-style-type: none"> Eliminate paper-based scheduling Optimizes store staffing and day part scheduling Improves part-time scheduling capabilities 	<ul style="list-style-type: none"> Pilot in Q4 FY20 To be launched across base in Q1 FY21
 <i>Tire Category Management & Pricing System</i>	<ul style="list-style-type: none"> Enterprise solution to dynamically manage pricing at the SKU level Partially automates optimization of tire volume/margins by providing real-time elasticity 	<ul style="list-style-type: none"> On track to be operational by end of FY20
 <i>Cloud-Based Car Inspection Scanning Tool</i>	<ul style="list-style-type: none"> State of the art technology for technicians to provide industry-leading service Provides efficient tool for actively managing customer needs 	<ul style="list-style-type: none"> In pilot stages To be implemented in FY21

