

Welcome To The Car Wash Industry

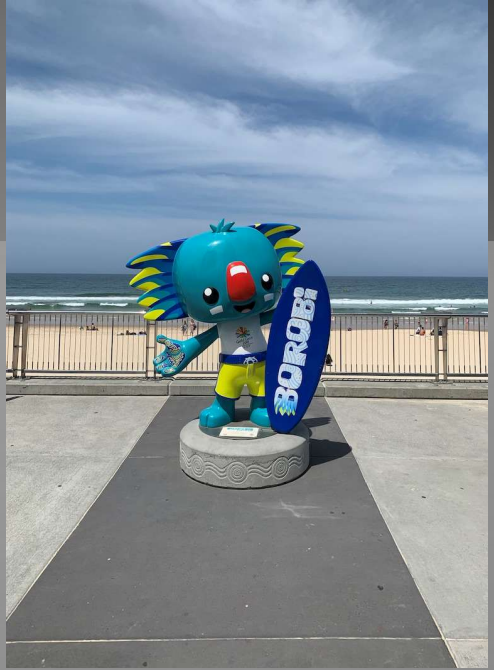
Presented by Robert Andre
SVP, Sonny's The CarWash Factory



Sonny's Family History

- Sonny Fazio started as a car wash owner / operator in 1949 in Lynn, Massachusetts, 71 years ago
- September 22, 1947 article in LIFE magazine
- Left the retail side of the business after 24 years in 1973 and moved to Florida
- Paul Fazio is CEO
- Sonny's is the largest Car Wash Supplier in the World



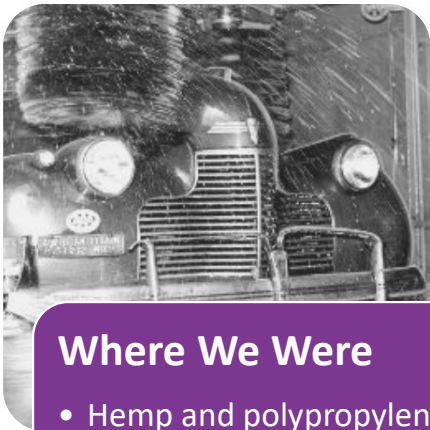


Innovations

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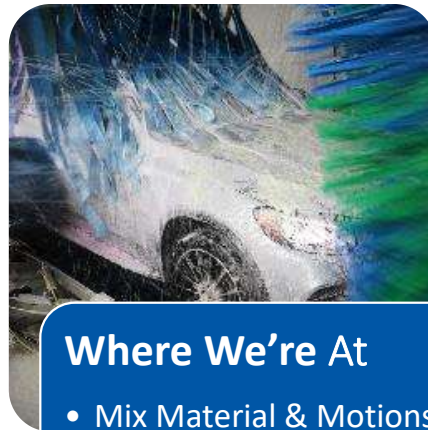


Brushes



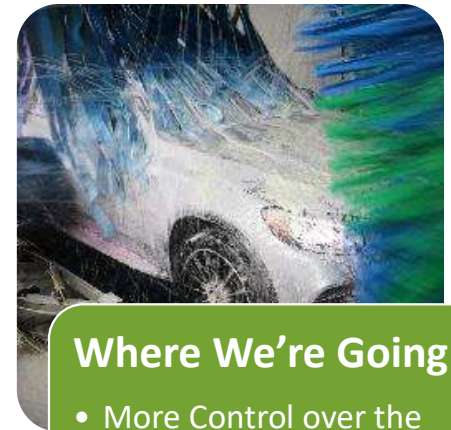
Where We Were

- Hemp and polypropylene Brushes That Could Scratch
- Launched Mitters, Touchless, Soft Cloth and “Brushless Car Washes”



Where We're At

- Mix Material & Motions. Mitters and Top Brushes. Wash Material & Foam. Friction and Touchless. Wash Never Fully Retracted.



Where We're Going

- More Control over the Brushes Using Smart Technology .



Controls

- Operate from Anywhere / Anytime
- Cloud Based Technology
- Regular System Upgrades, Every 5-6 weeks
- Backed by in-house technical support
- Pay Stations, LPR, Digital Queue, Smart MCC's, Marketing Automation, Ecommerce

Whether you have 1, 2 or 200 locations, you want to have a Controls Solution that offers **unsurpassed tools to make a customer's visit enjoyable** and **to simplify your day-to-day operations.**



License Plate Recognition (LPR)

Deliver a seamless VIP experience to members, repeat customers and first time visitors with Sonny's License Plate Recognition (LPR) and Sonny's Pay Station. As visitors enter a site the LPR quickly identifies and processes vehicles, decreasing wait times, and increasing marketing opportunities.

Customers can purchase memberships directly from the Pay Station without the extra RFID tag interaction saving you time and labor.

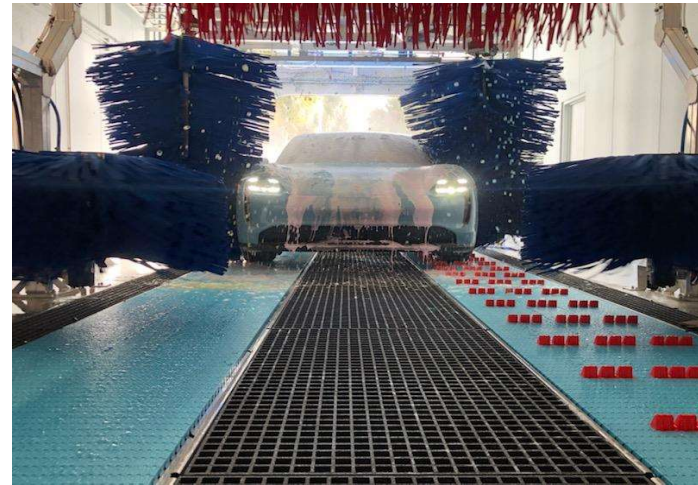


Conveyors

- Reliable Throughput and Options



Belt Conveyor



Water



Where We Were

- Lots of Maintenance
- Odor Issues



Where We're At

- Odor Free
- True 5-Micron Revolutionary Separators
- Usable Water Not Perfect



Where We're Going

- 100% Reclaim
- Free of Oil & Contaminants
- Advanced Monitoring

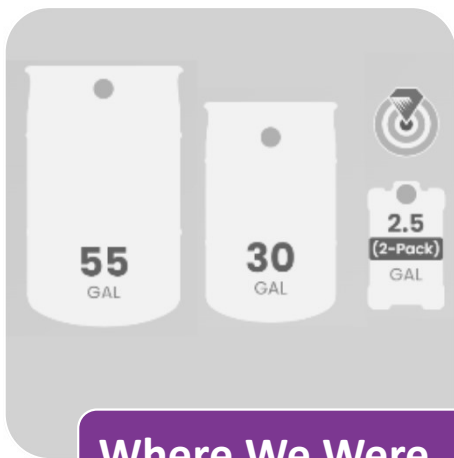


VELOCITY WATER WORKS

Elevating the Standard.



Chemical Distribution



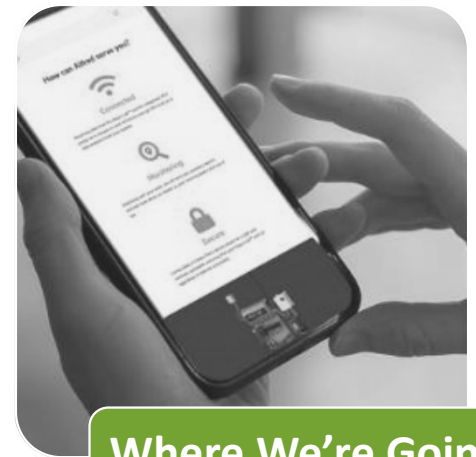
Where We Were

- Air-Driven Pumps



Where We're At

- Injectors & Proportioners



Where We're Going

- Precision Monitoring



Concentrated Chemistry



Customer Experience



Trends

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Evolving Industry | Increased Demand

More Cars On The Road!

- Average car age in the US in 2019 was **11.8** years old
- There are **more new cars** on the road and they are **washing with greater frequency**

Vehicle registrations are forecasted to continue increasing at an annualized rate of 1.1%

2018: **276 MM** reg

2024: **298 MM** reg



Source: IBIS World 2020



Evolving Industry | Industry Today

Conveyor Segmentation

What types of conveyor car washes are being built in the industry now?

Internal sales data revealed the following:

	2009	2011	2016	2017	2018	2019
Express	75%	80%	88%	93%	94%	95%
Flex	20%	15%	8%	5%	5%	4%
Full	5%	5%	4%	2%	1%	1%



Source: Sonny's Sales Statistics



Conveyor History

- Conveyor History: 2001 Birth in America of Express Model
 - Benny's, Goo Goo's, Marc 1
 - Value Priced, Free Vacuums, Pay Stations
 - Elimination of labor
 - Focus on speed and consistency through automation



Evolving Industry | Express Today

Why Express? What do car wash customers want?

- Value, Speed, Convenience, Quality, and Consistency
- Don't like being sold – rather choose
- Don't like dealing with people – rather deal with a machine but want access to a person if necessary
- Don't like giving up their vehicle (preparing for a wash)
- Don't like having attendants in their vehicle (self-vacuuming)
- Very price sensitive
- Impulse vs. car wash “investment”



Evolving Industry | Express Today

Mini Tunnels (50' or less)

- Multi site operators looking at Mini Tunnels
 - Build brand | Protect territory from competition
 - Secondary markets
 - Convert Self Serve
 - Convert old gas sites
 - Convert In-Bay at busy sites



Evolving Industry | Express Today

Double Mini:

- 53' 2020 -Washed 297,00



Evolving Industry – Industry Resilience

Extremely Resilient Business

- Can't wash cars on the internet!
- Industry performed well through last deep recession (2008)
 - More insulated now with Unlimited Membership plans
- Safety shutdown, Express able to remain open in most municipalities
 - Little to no contact between employees
 - Little to no contact between customer and employee
 - LPR
 - Manage account online / Pay for washes online
 - Very Limited touchpoints
 - Customers felt safe



Evolving Owner | Retail

Historic 2010 - 2019

- Next generation of existing family owned and operated
- Small Private Investors
 - 5 – 15 locations
- Well Funded Investors / Groups
 - 10 – 25 locations
- Private Equity / Institutional Investors / Family Funds
 - 25 – 100+ locations



Key Statistics For Australia IBISWorld 7/22

1,711
Businesses



3,533
Employment



\$112.8m
Wages



Key Statistics

\$577.8m
Revenue



\$44.5m
Profit



7.7%
Profit Margin



Key External Drivers

-2.0% Availability of water	1.5% Number of motor vehicles
5.1% Real household discretionary income	0.8% Average age of vehicle fleet
-0.4% Average weekly hours worked	

Industry Structure

POSITIVE IMPACT	
Revenue Volatility Low	Concentration Low
Industry Globalization Low / Steady	
MIXED IMPACT	
Life Cycle Mature	Capital Intensity Medium
Regulation & Policy Medium / Increasing	Technology Change Medium
Barriers to Entry Medium / Steady	
NEGATIVE IMPACT	
Industry Assistance Low / Steady	Competition High / Steady

Key Trends

- Industry enterprise numbers have fallen as some inefficient operators and sole traders have exited
- Increased awareness of the environmental benefits of using industry services has supported demand
- More industry operators have invested in capital to reduce dependence on labour
- A continued rise in environmental concerns is forecast to support industry demand
- Greater automation is projected to contribute to greater service volumes and profit margins
- Industry participation is forecast to increase with a rise in vehicle numbers
- Weak discretionary income growth and the COVID-19 pandemic have negatively affected the industry



Products & Service Segmentation

Products & Services Segmentation



Major Players



8.0% Magic Hand Car Wash
92.0% Other

Car Wash and Detailing Services
Source: IBISWorld

SWOT

- S** **STRENGTHS**
 - Low Customer Class Concentration
 - Low Product/Service Concentration
- W** **WEAKNESSES**
 - Low Profit vs. Sector Average
 - High Capital Requirements
- O** **OPPORTUNITIES**
 - High Performance Drivers
 - Number of motor vehicles
- T** **THREATS**
 - Low Revenue Growth (2018-2023)
 - Low Revenue Growth (2023-2028)
 - Availability of water



Personal Observations Final Thoughts

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Basics

- Clean, Dry and Shiny – Fast!!!!
- Processes and Procedures
- Professional Environment
- Consistent Experience

“Superior performance in this competitive world is
all about mastering business basics!”

(Jack Trout)



Conveyor Growth Driver

I believe the industry will see continued growth for at least the next 10 years.

Reoccurring Theme:

VALUE | SPEED | CONVENIENCE

Come Visit the Team in Stand 3a & 3b

