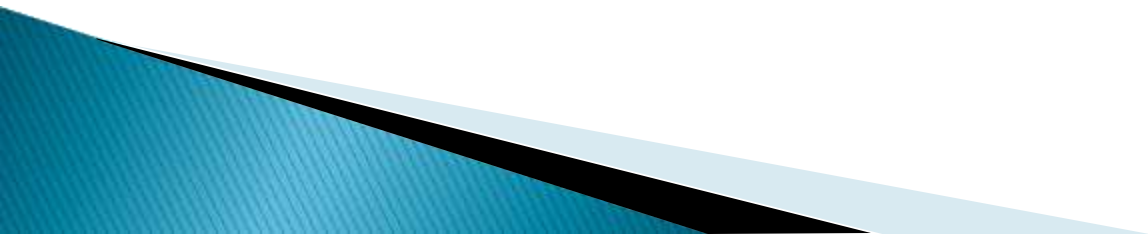


PBE Spring Conference

Chicago, Illinois

Vincent J. Romans
The Romans Group

May 17, 2017



PBE Spring Conference

FOCUS

Investment Banking

Automotive Group

<http://focusbankers.com/automotive/>

Collision Repair Industry

- **Consolidation**
 - **Slowing – Strategic Clusters-Tuck Ins**
- **Contraction**
 - **Stabilized**
- **Convergence**
 - **Omnipresent – Lighting Speed**
 - **Innovative-Disruptive**
- **Constructive Transformation**
 - **Multi-faceted Integration**

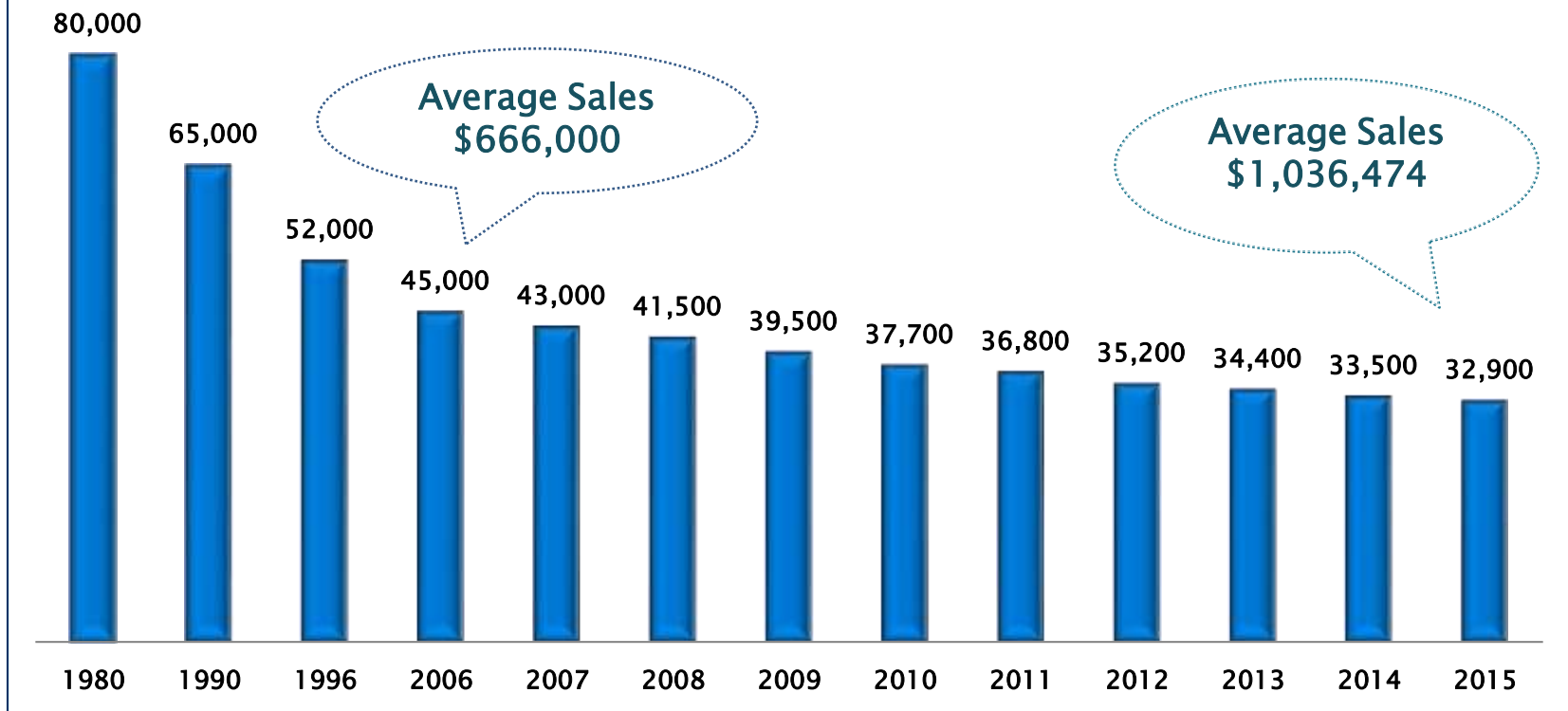
**Long-Term
Multi-Segment
Structural Transformation
Auto Physical Damage Ecosystem**

Good News for Collision Repair & PBE Industries

- Collision Repair Industry Market Size Growing
- Pace of collision industry consolidation and contraction slowing
- Increase accident frequency, claims, repairs, severity
 - Claims rise 13%
 - Fuel prices low, miles driven up
 - Complex technology/materials
 - Increase in distracted driving
 - Regional Sever weather
- New vehicles remain strong...insured and repaired
- OEM influence on repair standards and certification

Collision Repair Industry Contraction & Consolidation

U. S. Collision Repair Market Size Independent and Dealer-Operated Locations



Source: The Romans Group LLC

Top 10 U.S. Multiple Location Operators & Networks – 2015

All Repairers	Independents	Dealers
Caliber	Caliber	Auto Nation
ABRA Corporate/Franchise	ABRA Corporate/Franchise	Hendricks
Service King	Service King	Berkshire-VT
Boyd/Gerber	Boyd/Gerber	Penske
Maaco	Maaco	Group 1
CARSTAR	CARSTAR	Asbury
Auto Nation	Fix Auto	Sonic
Hendricks	Cook's Collision	Carl Sewell Group
Berkshire-VT	Classic Collision	Faulkner
Fix Auto	Joe Hudson	Sterling McCall

Source: The Romans Group LLC

The Romans Group LLC

PBE Dynamic Competitive Environment

- Risk of slower growth....market share matters
- Continued margin pressure
- Distribution bifurcation: Warehouse direct vs. valued added model
- Ever increasing value added services
- Increased use of technology and software
- Increased order process automation Infrared drying and curing systems
- National MSOs leverage their reach and size for market concessions and collaborate expansion
- Increasing performance standards/metrics
- Strained labor force participation

PBE Dynamic Competitive Environment

- Increased M & A activity
 - Industry roll up/ Consolidation
 - Public & Private National and Regional, Private Equity's interest
 - Low cost of capital
 - Enterprise business value still comparatively high
 - Larger jobbers exit opportunity, liquidity event, possible continued industry participation for key personnel
 - Exit opportunity while valuations are still higher Fewer independent jobbers
 - When does the balance of opportunity change direction?

Strategic Options

THRIVE

GROW

SELL



Ed Pietrzak



- Vice President, LKQ PBE Division
- North America's largest provider of alternative collision auto parts, and a leading provider of PBE Supplies, recycled and remanufactured mechanical parts.
- Operations in US, Canada, Great Britain, Europe and Taiwan
- LKQCORP.com
- ejpietrzak@lkqcorp.com





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Ed Pietrzak: the professional side



- LKQ Corp since June 2011
- Akzo Nobel Coatings 1989 -2011.
- Various management roles in sales and market
- Managed the sales of the 40 Akzo Nobel branches to LKQ in 2010 – 2011
- Current and past roles:
 - VP PBE Division NA: Vendor Management, Acquisitions, Managerial controls and National Accounts
 - Market Manager East Akzo Nobel: Distribution, direct stores, training centers, P&L and technical / business services
 - Product Manager Akzo Nobel: New products development , life cycle management

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Ed Pietrzak: the personal side



- Married and have 13 year old son
- Reside in Southern NJ (Philadelphia)
- Like to Fish, Golf and hangout at the beach
- Flyers, Eagles, Phillies (been a tough few years)





Ali Mahalak



- CFO- Colours Inc
- Colours Inc is a Regional PPG Platinum Refinish Distributor.
- Past PPG Platinum Distributor of the Year
- 32 locations with 2 centrally located warehouses with headquarters in Wilkes-Barre, PA.
- Services Pennsylvania, New York, New Jersey, Maryland, Delaware, West Virginia and Ohio.
- www.gocolours.com
- ali@gocolours.com- (570) 208-5655



Ali Mahalak : the professional side



- CFO of Colours Inc
- 10 years of industry experience.
- Headed the successful completion of 4 acquisitions and 3 organic store openings during the past 10 years with Colours.
- Current role focuses primarily on acquisition and merger strategy, organic growth and financial diversification and structure of company.

Ali Mahalak: the personal side



- Treasurer of the SPCA of Luzerne County. Board Member since 2007
- Head Chair of Colours Charitable Giving
- Has been riding horses since 3 years old.





Larry Pyle



- President & CEO – Gladwin Paint Company
 - Est. 1954
- 35 years of servicing the Collision Industry
- Partnerships with 2 of the largest MSO's in the Country
 - Servicing both for over 10 years
- \$25 million in sales in 2008 with 118 employees
- Run rate of \$70 million in 2016 with 130 employees
- Sold business in May of 2016

INTRODUCTION

JIM MUSE

DIRECTOR OF SALES | AXALTA COATING SYSTEM NORTH AMERICA



- 28 years in the Automotive Refinish business
- Has held senior leadership roles in sales, marketing, manufacturing and distribution
- Acquisition experience in both manufacturing and distribution
- Experienced in public speaking, industry relations and television appearances
- B.S., Consumer Affairs/Management from the University of Rhode Island

ABOUT AXALTA

- Has been at the leading edge of developing coatings and application tools designed to help customers succeed for 150+ years
- Continues to find ways to better serve 120,000+ customers in 130 countries



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David Roberts

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- Managing Director - FOCUS Automotive Group
- FOCUS is an M&A Advisory firm that helps Refinish Distributors and Collision Repairers grow and thrive, or sell.
- 25 investment bankers with headquarters in Washington DC and offices across the US
- www.focusbankers.com/automotive
- david.roberts@focusbankers.com - (510) 444 1173

David Roberts: the professional side



- Co-founder of Caliber Collision in 1995, Chairman through 2003.
- 20 years advising buyers and sellers of middle market companies
- Led FOCUS Automotive to achieve 10 successful transactions in Refinish Distribution and Collision Repair in the last 2 years
- Successful clients have included:
 - D'Angelo's, Gladwin, Kayfield, Refinish Solutions, Painters Supply, Mallon Paint
 - Keenan Auto Body, B&R Body Shop, Collision Care

David Roberts: the personal side

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- Built and operated 15 Chuck-E-Cheese's
- Rowed 225 miles down the Grand Canyon
- Supports Vietnam Vets with substance abuse issues
- Wrote and performed in an opera about a business deal gone terribly wrong

Panel Questions