

CLIENT SEEKING STRATEGIC PARTNER TO SUPPORT ACQUISITION OF SPECIFIED TARGET

PURPOSE OF TRANSACTION

- Consolidating and dominating local markets through the selected acquisition and development of new collision repair business units.
- Disrupting the existing marketplace by offering a collision repair provider solution targeted directly to consumers and payors, stratifying the universe of all collision repair services with a specific focus on only those repairs that are considered drivable hits.
- Delivering on the promise of a high quality service and significantly reduced cycle times.
- Developing stronger relationships with third party payors.
- Positioning the Company as the preferred provider of a widely recognized service product by delivering on expectations, fair and consistent pricing, emphasizing service, and providing a quality atmosphere in convenient locations.



STRATEGY

- Our plan is to acquire a multi-store collision repair business with estimated revenues of \$9 million that focuses on lighter, usually drivable hits – typically repairs that amount to less than \$5,000.
- This target currently operates multiple collision repair centers in a major metropolitan market in the southeast under a recognizable banner that would serve as a platform on which to build a national, coast to coast, branded collision repair business that would provide meaningful competition to the “Big 4.”
- Our strategy includes:
 - Accelerating our store development program adding 15-20 centers over the next 3-5 years.
 - Focusing on lighter hits, typically less than \$5K, estimated to represent approximately 70% of the repair order volume and about 75% of the gross margin generated from all repairs
 - Emphasizing customer service and superior repair experience with clean facilities, uniformed personnel, follow up and follow through and delivering on all promises.
 - Expanding the size of the store and surrounding parking to accommodate greater volume while still remaining smaller than most full service branded collision repair providers.

INDUSTRY OVERVIEW

- The collision repair industry is an enormous market estimated to approximate nearly \$40 billion in revenues represented by more than 33,000 businesses. While consolidation activities have been on-going for 20 years or more, the 4 major consolidators have about 10% of the overall market with fewer than 1,600 stores and have yet to establish a comprehensive national footprint. As such, it remains a highly fragmented industry that continues to be characterized by a lack of quality service standards, long and inconsistent cycle times, and distrust among the providers, payors and consumers thus providing significant opportunities for a new entrant to exploit these weaknesses.