

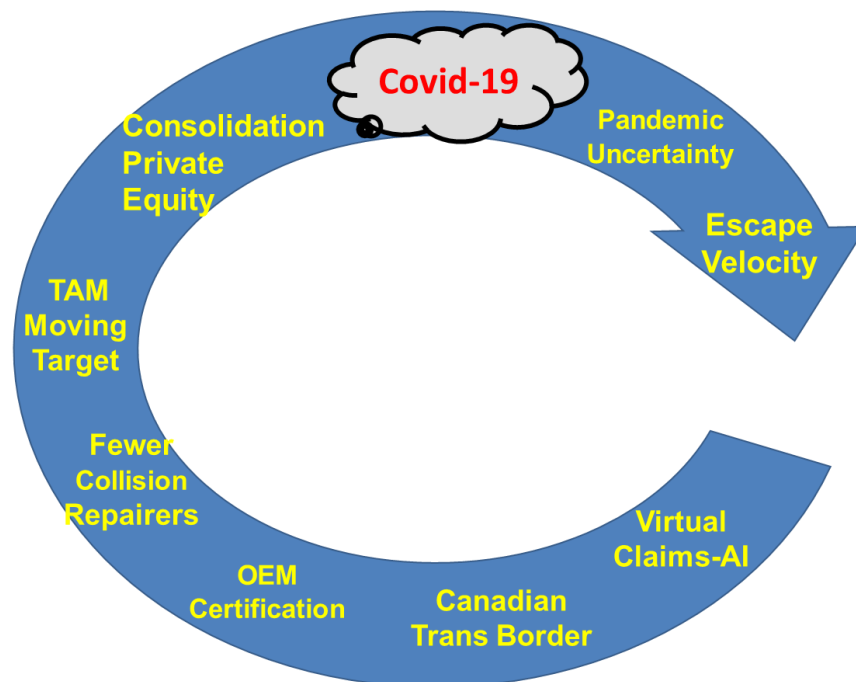
For Immediate Release

November 29, 2020

A 2019 Profile of the Evolving U.S. and Canada Collision Repair Marketplace

The 14th annual white paper, *A 2019 Profile of the Evolving U.S. and Canadian Collision Repair Marketplace*, is now available.

For the U.S. and Canada, the North American auto physical damage ecosystem, and the entire world, 2020 will forever be seen as a year of significant disruption and structural change with far-reaching economic, social and political implications. We have discussed and profiled the ongoing disruption that has been continuous during the last five decades as part of our study of the longitudinal evolution within the collision repair industry and its auto physical damage ecosystem's multi-segment structural transformation.



U.S. Collision Repair Industry

In 2019, the U.S. collision repair industry market grew 3.8 percent from 2018. Since 2006 when we initiated our projected target addressable market, TAM, analysis our market size estimates for collision repair grew approximately \$8.3 billion with a CAGR of 1.9 percent. In the near term, we expect the total industry market size to continue to move in a positive direction except, of course, during the 2020 pandemic year.

Multiple Location Operator, MLO, Consolidation

It's no secret that the collision repair industry has and will continue to experience significant consolidation, reflected in the number of repair locations acquired, their respective revenue and the transfer of collision repair organization ownership to both strategic and private equity buyers. The number of repair organizations has decreased considerably since 2000 while consolidators and larger MLOs have created multi-location, multi-regional, and national MLOs who now represent 31 percent of the collision repair industry's TAM.

There are a total of 14 private equity buyers and 1 strategic acquirer actively investing in the collision repair industry in the U.S. and Canada today. There also continues to be a number of private equity firms reaching out to court small and medium size MLOs that are interested in partnering with them to grow their business into regional or super-regional MLOs. Despite these private equity deals and continued MLO acquisitions, there are currently over 70 independent MLOs with ≥\$15 million in annual revenue. We believe that several of these organizations will likely be acquired by or partner with private equity in the near term.

The following chart shows the top ten independent and dealer MLO ranking for 2019.

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U.S. Top 10 Repairers - 2019		
All Repairers	Independents	Dealers
Caliber	Caliber	AutoNation
Boyd/Gerber	Boyd/Gerber	Hendrick
Service King	Service King	Berkshire-VT
AutoNation	Joe Hudson	Asbury
Joe Hudson	Classic Collision	Penske
Hendrick	Pro Care	Group 1
Berkshire - VT	Collision Works	Carl Sewell
Asbury	Pacific Elite	Sonic
Penske	Mike Rose	Faulkner
Classic Collision	G&C Autobody	Terry Taylor AMSI

When we add the multiple location networks, MLNs, to the ranking, they all place within the top ten independents and only ABRA falls out when combined with the dealer group.

U.S. Top 10 MLO/MLN Repairers - 2019		
All Repairers	Independents	Dealers
Caliber	Caliber	AutoNation
Boyd/Gerber	Boyd/Gerber	Hendrick
Service King	Service King	Berkshire-VT
CARSTAR	CARSTAR	Asbury
Maaco	Maaco	Penske
AutoNation	Fix Auto	Group 1
Fix Auto	ABRA Franchise	Carl Sewell
Hendrick	Joe Hudson	Sonic
Berkshire-VT	Classic Collision	Faulkner
Asbury	Pro Care	Terry Taylor AMSI

Canadian Collision Repair Market

Although the number of collision repair locations in Canada has declined steadily over the past seven years, repair revenue has grown. We do see the combined \geq \$10M MLO independent, dealer, banner, franchise network segment revenue continuing to increase at the expense of smaller operators. Average revenue per location is considerably lower than the U.S., and severity for both repairable and total loss continues to hold steady with an upward trend bias for the immediate future.

The banner organization CSN Collision Centers maintained its first-place ranking within the All Repairers and Franchise and Banners segments. The All Repairers segment Top 10 organizations, which are also represented within the combined \geq \$10M MLO independent, dealer, banner, franchise, network segment, represents 76.1 percent of the industry's revenue and 31.9 percent of the industry's repair facilities.

Canada Top-Ranked Repairers - 2019		
All Repairers	Franchisors & Banners	Independents & Dealers
CSN Collision Centers	CSN Collision Centers	Boyd
Fix Auto	Fix Auto	Craftsman
CARSTAR	CARSTAR	Kirmac
CarrXpert	CarrXpert	Auto Canada
Boyd	Simplicity	Herbers
Craftsman	Maaco	Murray Group
Kirmac		Steele Group
Auto Canada		Richmond
Simplicity		Kaizen
Herbers		Gabriel

When comparing the market size and share for the property and casualty insurance auto repair segments for the U.S. and Canada, there remain significant differences in the size of many categories. However, the market dynamics associated with the macro industry constructs presented earlier are very similar in both countries. The U.S. collision repair market size on a U.S. dollar basis is 13 times the size of the Canadian TAM, with 7 times more repair facilities.

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The U.S. and Canadian auto insurance markets are highly consolidated, with the Top 10 private carriers controlling the lion's share of premiums written and shouldering the majority of claims processed and settled. The U.S. private passenger P&C insurance industry, as well as the auto-only insurance segment, remain much larger in scale than the Canadian market for all other categories.

There are a number of secular trends that exist today that will continue to have a material impact and influence on the collision repair industry and within the broader auto physical damage industry segments.

- Insurtech claims processing models reinforce insurers' preferred business economics
- Private equity's continued investment, disruption and consolidation influence in collision repair
- Canada-U.S. trans-border market entrance by Collision Solutions Network and ProColor
- OEM certification programs' evolution
- Post-COVID-19 – achieving your escape and landing velocity requires resilient companies and resilient leaders

We believe that the market segments profiled within our report will recover from the pandemic and continue to grow and expand their revenue base, both through organic growth and acquisitions.

Our annual report, *A 2019 Profile of the Evolving U.S. and Canada Collision Repair Marketplace*, is now available. The report contains the complete results of our research and analysis for 2019, including over 65 charts and graphs throughout more than 80 pages with historical trends and a future view.

The report can be purchased by contacting Mary Jane Kurowski of The Romans Group LLC at maryjane@romans-group.com