

**For Immediate Release****November 28, 2018****A 2017 Profile of the Evolving U.S. and Canada Collision Repair Marketplace**

The 13<sup>th</sup> annual white paper, *A 2017 Profile of the Evolving U.S. and Canadian Collision Repair Marketplace*, is now available.

The four industry constructs or pillars that we identified over a decade ago, Consolidation, Contraction, Convergence, and Constructive Transformation, remain in place and are now stronger than ever. They continue to influence the collision repair industry's long-term structural transformation within the entire auto physical damage landscape, affecting numerous dynamic macro market changes. However, the context of what they represent has evolved in ways that broaden their influence and impact on the future of the collision repair industry.

A summary of the current state of the four pillars underlying the continuation of the collision repair industry's structural transformation:

**Consolidation**

- Slowing – strategic clusters, tuck-in platforms
- Segment market share continues to grow-scale matters
- Scale as a competitive advantage or scale is fail

**Contraction**

- Stabilizing - temporary equilibrium
- Simple and complex alliances and partnerships
- Differentiation and diversification

**Convergence**

- Omnipresent – moving at extreme speed
- Confluence of prevailing conditions driving industry transformation
- Repairers are at the intersection of a traditional business model and practices and the innovative, disruptive technology driving change

**Constructive Transformation**

- Long-term, multi-faceted, multi-segment integration within various auto physical damage segments
- More complex, slower than anticipated, integration challenges, unintentional consequences

# THE ROMANS GROUP LLC

Business, Market, Strategy Development

## U.S. Collision Repair Industry

Collision repair revenue in all key market segments has increased since 2006. This growth is reflected most significantly in the sustained expansion progress by the four large independent consolidators and in the remaining  $\geq$ \$20 MLO independent and dealer repair segment. The 96  $\geq$ \$20 million MLOs represent 26.9 percent of the industry's market size which has grown from 24.6 percent in 2016 and is significantly higher than their 2006 share of 9.1 percent. Revenue trends in the multiple-location network franchisors, MLNs, and in the \$10-\$19 million independent and dealer segments have been essentially flat.

Together, the four segments of top consolidators,  $\geq$ \$20 million independents and dealers, multiple-location franchise networks, and \$10-\$19M MLOs represent annual revenue of 35.9 percent of the total addressable market, as compared to 32.8 percent of revenue processed in the U.S. in 2016. From 2006 to 2017, the Top 4 MLO consolidators have experienced robust growth due to continued incremental organic growth, multiple-location platform acquisitions, an increasing number of single-location acquisitions, and a brownfield and Greenfield build strategy. The following chart reflects the ranking of the Top 10 multiple-location operators and networks for 2017. When ABRA's franchise revenue is excluded, Boyd/Gerber moves into the third position.

U.S. Top 10 MLO/MLN Repairers - 2017		
All Repairers	Independents	Dealers
Caliber	Caliber	Auto Nation
Service King	Service King	Hendricks
ABRA Corporate & Franchise	ABRA Corporate & Franchise	Berkshire-VT
Boyd/Gerber	Boyd/Gerber	Penske
CARSTAR	CARSTAR	Group 1
Maaco	Maaco	Asbury
Auto Nation	Fix Auto	Sonic
Fix Auto	Joe Hudson	Carl Sewell
Hendricks	Cook's Collision	Faulkner
Berkshire - VT	Classic Collision	Terry Taylor AMSI

# THE ROMANS GROUP LLC

Business, Market, Strategy Development

## Canadian Collision Repair Market

The Canadian market continues to consolidate with the franchise and banner segment now representing a significant 58.1 percent share of the Canadian private insurance auto market. When you add the  $\geq$ \$10 million MLOs in Canada, the combined larger segment has a significant 78.4 percent of all the private passenger insurer and consumer-paid market. Under the All Repairers column, we see a combination of banner, franchise and independent groups represented in the Top 10 ranking category.

Canada Top-Ranked Repairers - 2017		
All Repairers	Franchisors & Banners	Independents & Dealers
CSN Collision Centers	CSN Collision Centers	Boyd
Fix Auto	Fix Auto	Craftsman
CARSTAR	CARSTAR	Kirmac
Boyd	CarrXpert	Auto Canada
CarrXpert	Maaco	Speedy
Craftsman		Kaizen
Kirmac		Herbers
Auto Canada		Gabriel
Maaco		Colorworks
Speedy		Birchwood

Although the U.S. has seen an increase in consolidation within the multiple-location operator segments, Canada remains significantly more consolidated in the revenue generated by the combined franchise and banner and  $\geq$ \$10 million MLOs. In Canada, this combined segment group represents a 78.4 percent market share versus the combined 35.9 percent share for the same U.S. segments.

Within the U.S. market, the  $\geq$ \$20 million independent and dealer MLO segment is the largest while the franchise and banner network MLOs remain the dominate business model in Canada. When ranking all repairers for the U.S. and Canada, and consolidating those that operate in both countries, four operate in both the U.S and Canada while five are in the U.S. only and one is solely in Canada.

# THE ROMANS GROUP LLC

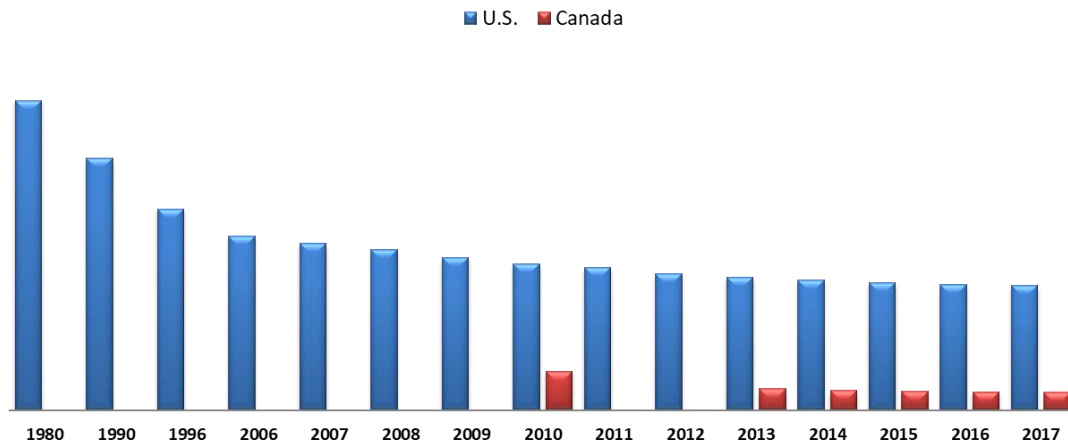
Business, Market, Strategy Development

These Top 10 U.S. and Canada combined repair organizations represent 22.6 percent of the combined collision repair revenue, an increase since 2012. This revenue is managed through significantly more locations than in 2012, representing 10.1 percent of combined collision repair locations for the U.S. and Canada for 2017.

U.S. & Canada – 2017 Top 10 Revenue Consolidated		
Repairers	Location	Type
Caliber	US	Independent
Service King	US	Independent
Boyd/Gerber	US-CAN	Independent
ABRA	US	Independent & Franchise
CARSTAR	US-CAN	Franchise
Fix Network	US-CAN	Franchise
Maaco	US-CAN	Franchise
CSN Collision Centers	CAN	Banner
Auto Nation	US	Dealer
Hendricks	US	Dealer

Since 2010, Canada has lost a significant number of its collision repair locations. Compared to the U.S., Canadian average annual repair revenue in 2016 was 54.7 percent lower than the U.S. average. As a sign of ongoing consolidation, the average revenue per repair facility for both Canada and the U.S. has been steadily increasing over the last few years.

## U. S. and Canada Collision Repair Market Size



---

---

# THE ROMANS GROUP LLC

---

---

*Business, Market, Strategy Development*

As we discuss in this edition of our annual paper, there are a broad base of prevailing market conditions simultaneously impacting the transformation taking place within the wide-ranging collision repair ecosystem. Five secular trends are causing more immediated challenges and opportunities for repairers and many other relevant constituent groups including auto insurance companies: telematics, 5G and the connected car; ADAS and the evolving autonomous vehicles; OE certification programs, and the technician shortage.

The pace of collision industry consolidation and contraction has shown signs of slowing down over the past 15 months. MSO consolidators will continue to grow and will do so in the immediate future through single shop or smaller MLO platform acquisitions, brownfields, and Greenfields. Larger MLO market share and scale are now a clear competitive advantage that is also viewed today as a competitive asset.

Our future view remains consistent that the collision repair industry over the next decade will involve the continued long-term, multi-segmented structural transformation which will impact the entire auto physical damage ecosystem for all existing and many new companies providing products, services, software, and technology that in some way touches cars in the U.S. and Canada.

We believe that the market segments profiled will continue to gain share within the collision repair industry and expand their revenue base, both through acquisitions and by adopting a diversification strategy that leads them to incorporate new lines of business services over the next few years, both in the U.S. and Canada.

Our annual report, *A 2017 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 2017 including over 50 charts and graphs over 70 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](mailto:maryjane@romans-group.com)