

Car Wash Investor Seminar

*Presented by Kevin
Collette*

BASIC FIVE WASH MODELS

- Five Basic Wash Models:
 - Self Serve
 - In-Bay Automatic
 - **Exterior Conveyor**
 - **Traditional | Express | Mini**
 - Full Serve Conveyor
 - Flex Serve Conveyor
 - Traditional | Express

WASH MODELS-BASIC 5

- Self Serve
- Customer washes their own vehicle in a single bay



SELF SERVE FUTURE

- Self Serve built only where cost of land allows
- Needed in recreational areas i.e boats, ski boxes
- Consumer demands higher level of service
- Generates minimal revenues usually \$2,000 per bay
- Serves a narrow range

WASH MODELS-BASIC 5

- In-Bay Automatic | Rollover
- Customer drives into a single bay and a singular piece of equipment goes around the vehicle to clean it.

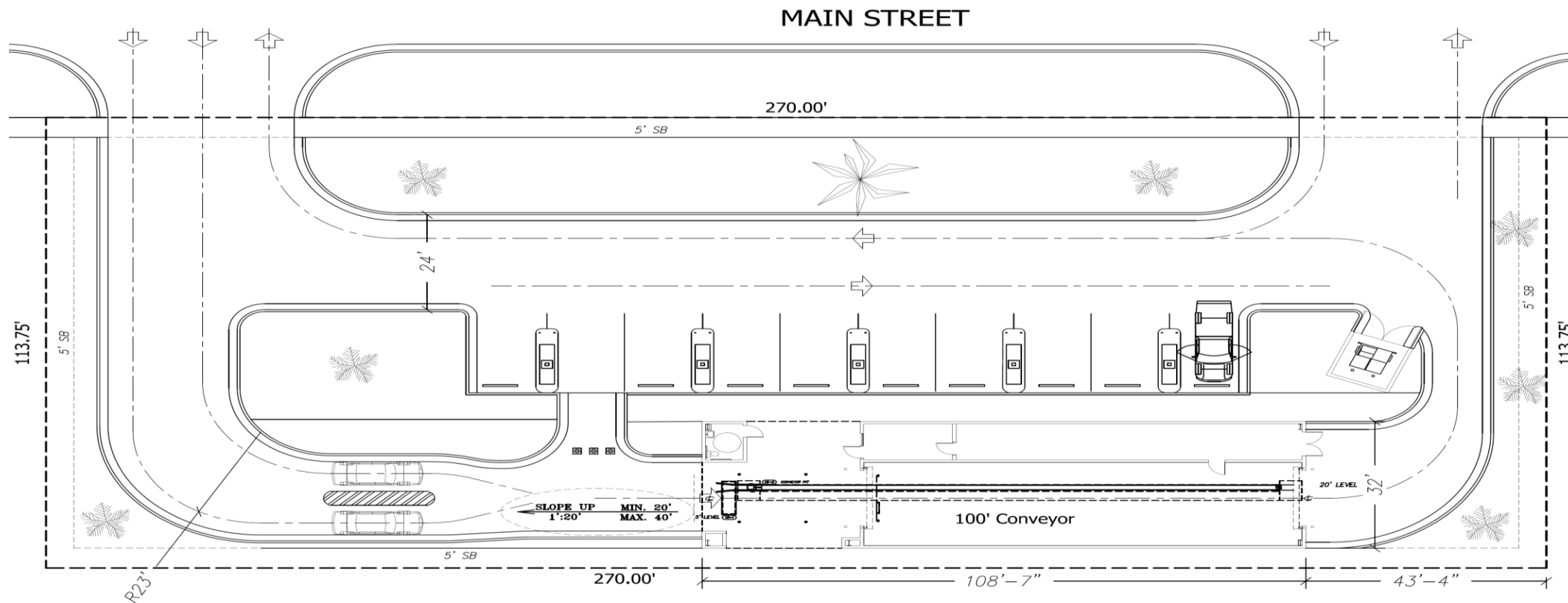


IN BAY AUTOMATIC FUTURE

- Used for unattended sites
- Used on smaller sites
- Used as an add on to another business
- Cannot generate high revenues (too slow)
- Serves only regular customers does not attract

WASH MODELS-BASIC 5

- Traditional Exterior Conveyor



WASH MODELS-BASIC 5

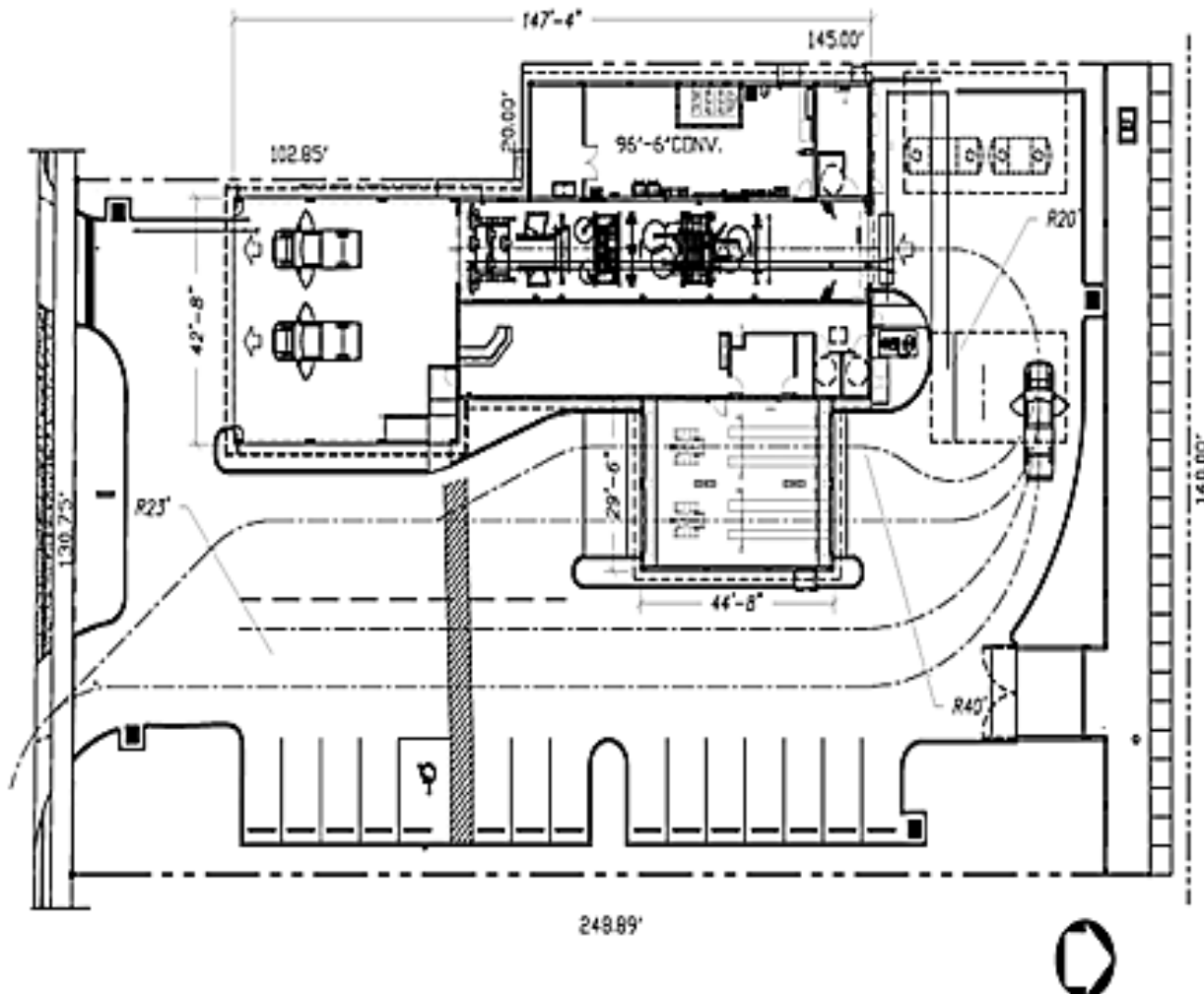
- Traditional Exterior Conveyor
- Attendant greets the customer and collects payment
- Self Service vacuums available – *paid basis*
- Base price of \$8-\$10 (usually, not always)
- Prepping and sometimes hand drying
- Customer remains in car during process



EXTERIOR ONLY FUTURE

- Used on sites with no “Express” competition
- Used on smaller sites
- Can capture market share
- Can market monthly subscriptions
- Can generate medium to high revenues
- Can fit market niches

Wash Models – Basic 5



Full Serve Conveyor



WASH MODELS-BASIC 5

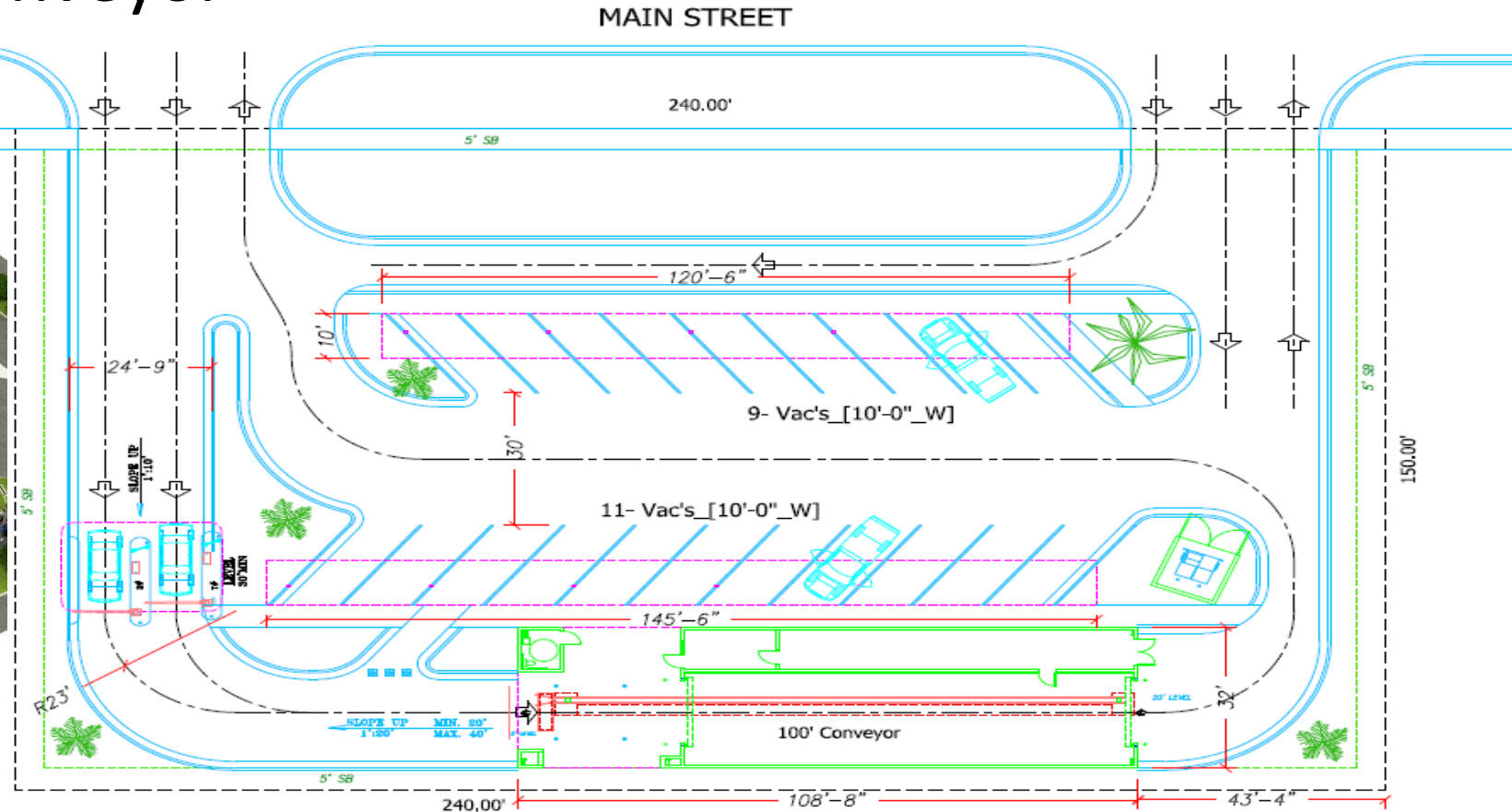
- Full Serve Conveyor
- Provides exterior and interior cleaning of the vehicle (\$15 to \$20 for base)
- Typically customer exits the vehicle at the beginning of the process
- Some offer exterior only option (\$5 to \$10 base)
- Usually offer Express Detail (15 Min)
- Sometimes Full Service Detail (appointments)

FULL SERVICE TODAY

- Only 1% of new locations we built in 2018 were Full Service washes
- Full Serve locations today struggle with labor issues, and time of service
- Where space allows, full serve operators are adding exterior lanes in response to express exteriors
 - Increase volume/customer base
 - Reduce labor cost
- More equipment is being added to eliminate as much labor as possible – starting with “ultimate package”

WASH MODELS-BASIC 5

- Express Exterior Conveyor



WASH MODELS-BASIC 5

- Express Exterior Conveyor
- Automatic pay stations (1 - 3)
- Many free vacuums (20)
- Lower (value) base price (\$5 - \$10)
- No manual work performed
 - no prepping, hand drying, etc.
- Emphasis on 5 Minutes or less
- Customer remains in car



EXPRESS TODAY

- Express Exterior segment is easily outpacing other conveyor segments:
 - Express Exterior is creating growth in tunnel systems. 94% of all new tunnels we built in 2018 were Express Exterior
 - Investors that have always been drawn to the industry see they can enter the business without the labor headaches and management problems of the Full Serve model and still get a good ROI on this real estate based investment
 - In-Bay created additional customer base for Express Exterior washing
 - In-Bay and Self Serve investors are looking at the Express market

EXPRESS FUTURE

- According to Datamonitor: Within the conveyor segment, the Express Exterior concept is growing in importance:
 - An Express Exterior wash provides customers with a complete exterior wash, underbody wash and clear coat sealant within three minutes. The speed of the wash benefits the operator, who gains a higher throughput, and the customer who spends less time at the car wash. A further benefit to operators is that fewer employees are needed compared to the full-service model.

EXPRESS FUTURE

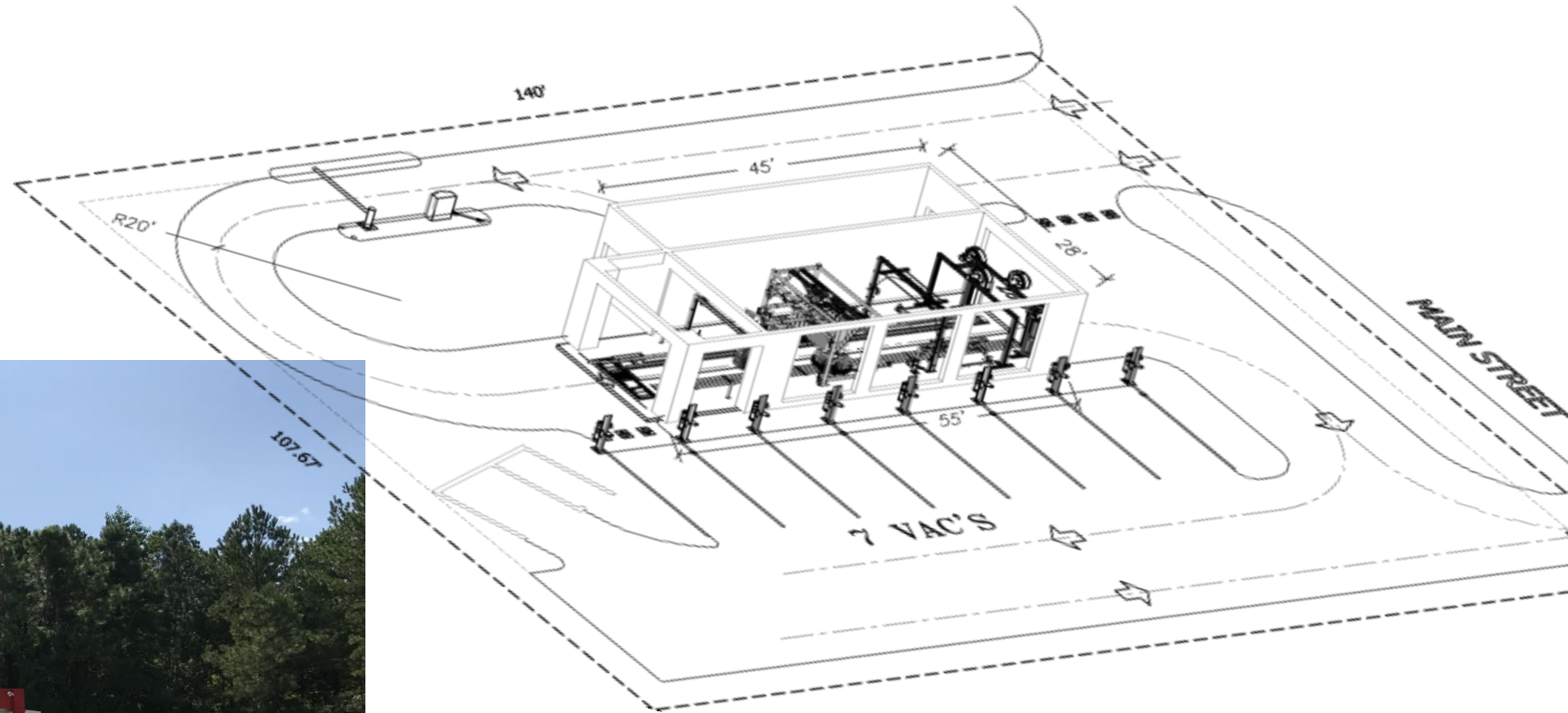
- More on-line offerings and auto greeter advancements will be developed to help up-sell and produce a higher average ticket
- May migrate to Flex to gain more market share and for differentiation as markets saturate
- Equipment maintenance will become more important based on volumes and replacement cost
- Further recognition that Express concept is not a guarantee of success

EXPRESS FUTURE

- Express Exterior market will continue to grow and dominate the landscape
- Will continue to pull more washers out of the driveway and make existing car wash customers wash their vehicles more often
- Express washes (and Express lanes at Full Serves) will fight for market share with In-Bay and Self Serve and attract more driveway washers
- Smaller units will reach into small markets

WASH MODELS-BASIC 5

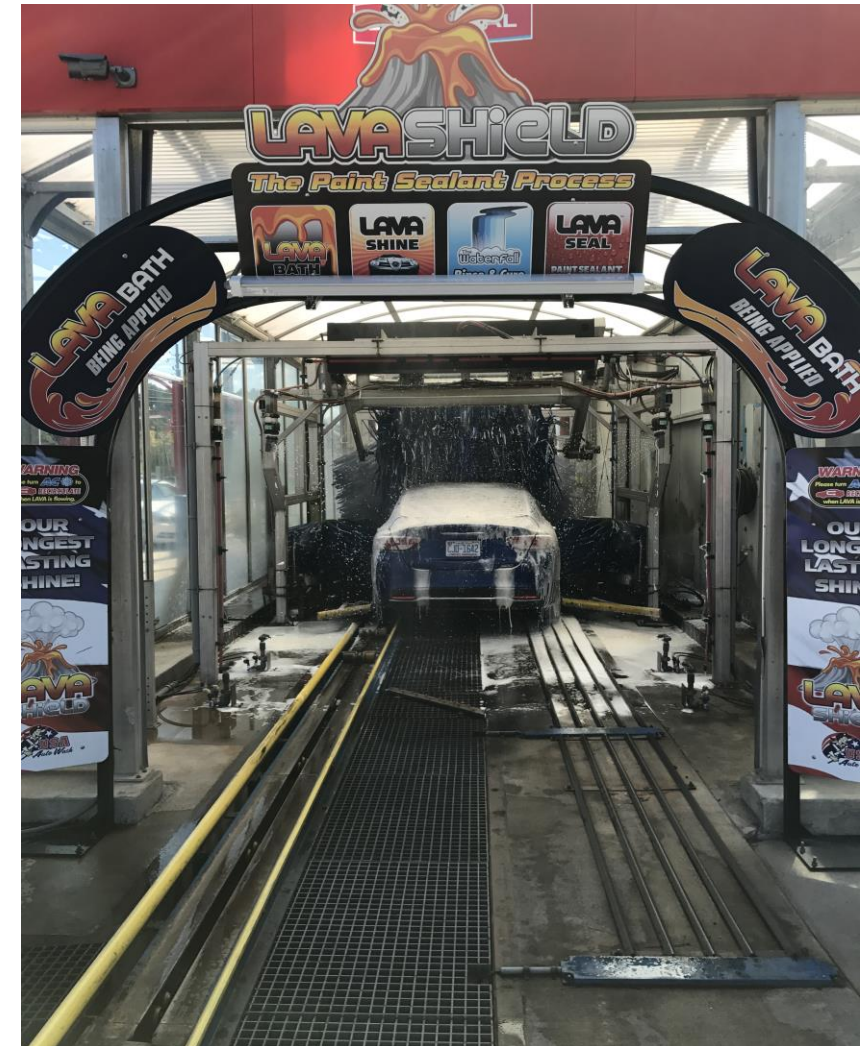
- Mini Tunnel



WASH MODELS-BASIC 5

Mini Tunnel

- 40 – 60 ft tunnel
- Customer remains in car
- Emphasis remains on 5 minutes
- High quality clean & drying due to technology
- Slower chain speeds allows great customer experience



WASH MODELS-BASIC 5 • Exterior Conveyor

Mini Tunnel

- Limited free vacuums (6-10)
- Lower (value) base price (\$5 - \$10)
- 50 foot long tunnel (small bay) or less



WASH MODELS-BASIC 5

Mini Tunnel

- Automatic pay station (1)
- Sell subscriptions



MINI TUNNEL FUTURE

- Secondary / smaller markets will be an area of growth for the conveyor segment
- Regional “branded” locations will be the most successful
- Will continue to pull more washers out of the driveway and make existing car wash customers wash their vehicles more often
 - Price and Time

EXPRESS FUTURE

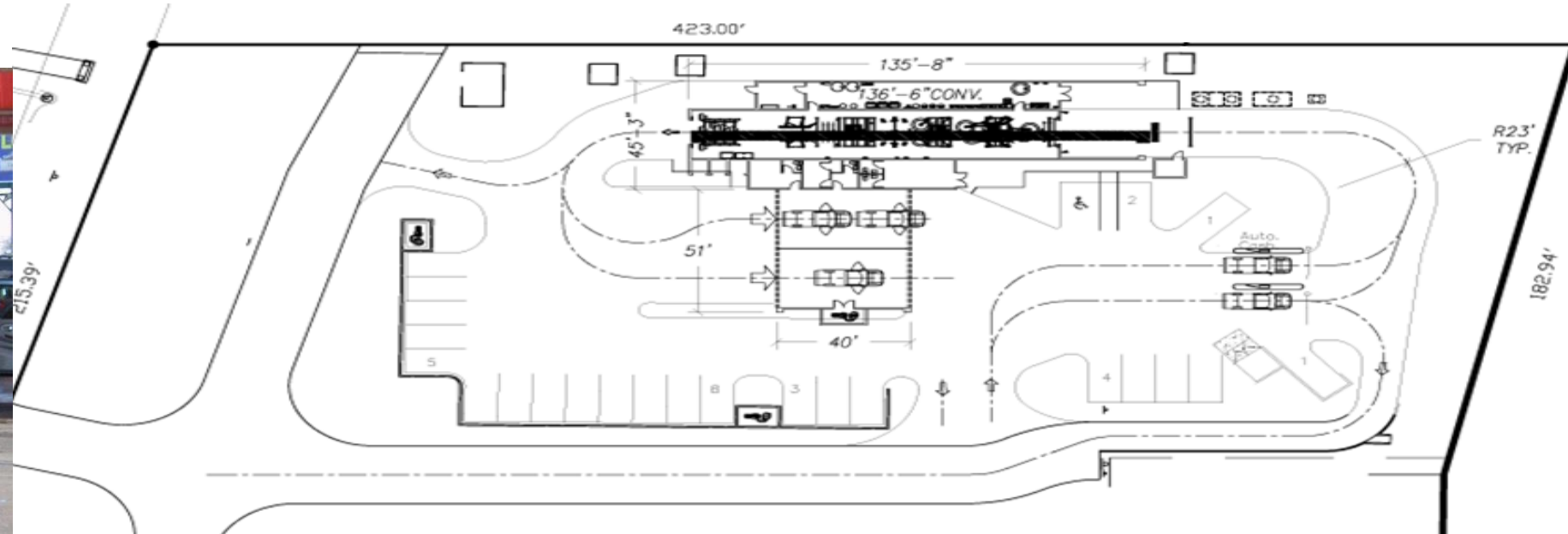
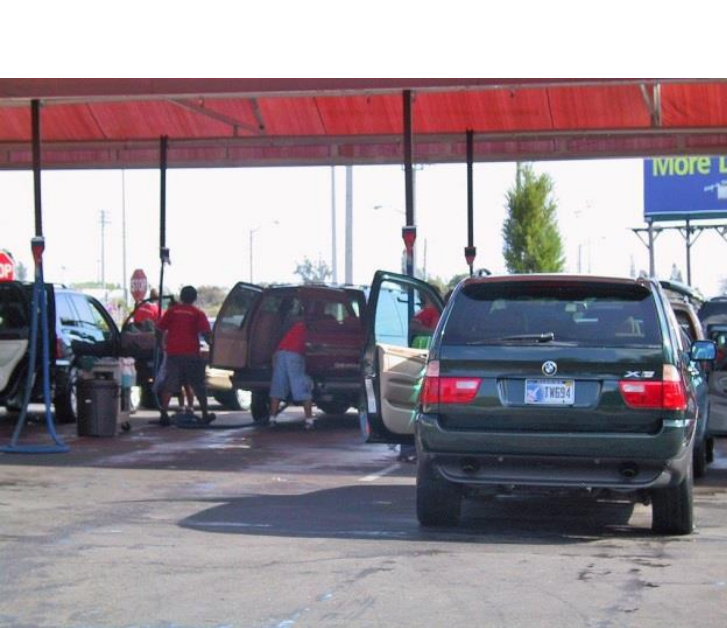
Double Mini Tunnel



WASH MODELS-BASIC 5

• Full Serve Variation

• FLEX SERVE



WASH MODELS-BASIC 5

- Two Flex Serve Models
 - Express Exterior
 - Aftercare area with:
 - Interior Cleaning (\$13-\$24)
 - Express Detail – 15 minutes or less (\$30-\$50)
 - Traditional Exterior (Exit end full serve)
 - Aftercare area with:
 - Interior Cleaning
 - Express Detail
 - Full Service Detail (\$70-\$100+)

FLEX SERVICE TODAY

- Flex Service (combination of Express and off-line aftercare) is replacing Full Service:
 - Flex accounted for 5% of new locations we built last year
 - In areas with good income levels to capture more market share of the washing public
 - Less labor / easier to manage than Full Serve
 - Off-line offerings are typically priced higher than at Full Serves
 - Pricing is used to throttle up or down the percentage of washing customers
 - Usually looking for 25% – 30% of cars washed

FLEX SERVICE FUTURE

- Flex Serve will be used in express saturated areas for differentiation
- Percentage of Flex washes being built will increase with time, taking away from both Express and Full Serve
- More equipment products will be developed to add to the appearance and the efficiency of these aftercare areas

FLEX SERVICE FUTURE

- Full Serve locations that remain will do well
 - Demo shift to: Do it for me
 - Competition will shrink
- Need to be well run with focus on the customer experience and providing value:
 - Consistency of product
 - Time of service (15 minutes or less)
 - Professional appearance (personnel & facility)
 - Professional presentation of services
 - Menu offerings to differentiate them from the Express providers

THE CONSUMER

Historical | Current | Future

Growth

Car wash and auto detailing industry revenue growth is forecasted at an average annual rate of **2.0** percent to 2020*

- Contributing factors include:
 - The growth is largely tied to the industry's reliance on **consumer discretionary spending** which they believe will increase in the next 5 years.
 - New and used Auto Sales are positive indicators for the next 5 years (1.95 million vehicles sold in Canada in 2016, 4th consecutive year of record sales)
 - **Environmental awareness** will drive consumers to professional car washing

Trends | Behaviors | Growth

What is driving the growth in the washing market on the consumer side?

- Automated car washing offers the **speed and convenience** increasingly demanded by US consumers*
 - US consumers consider products and services that **save time** to be important
 - The proportion of US consumers washing their car **at home is in decline**
- Increases in car wash use** -- over **19.2%** more consumers used a professional car wash in 2014 than 1996

* Datamonitor - March 2008 **International Carwash Association (ICA)
Study of Consumer Car Washing Attitudes and Habits - 2014

Trends | Behaviors | Growth

What?

- ICA research data shows a decline in home washing as “Most Often” choice in the past 18 years
- Trend continues to move from “Do-it-Yourself” to “Do-it-for-Me”
- Home washing as an overall percentage:

1996	1999	2002	2005	2008	2011	2014
47.6	44.5	43.0	38.0	34.4	31.0	28.4

- **They are Leaving the Driveway!**

Trends | Behaviors | Growth

Where?

Where did they wash **most often**?

Location / Model	2008	2014
At Home	34%	28%
Exterior	14%	20%
Full Serve	20%	20%
In-Bay	18%	16%
Self Serve	14%	12%
- Hand		5% (2014 rounds to 101%)

Trends | Behaviors | Growth

- The Industry is growing since more Americans are washing their cars at a professional wash than ever before
- Where are they washing?
- Of those that wash at a professional car wash only:
 - 58% Conveyor most often

Trends | Behaviors | Growth

Where?

Which ONE of the following do you use most often? (2014)

Model	Pro Only	Pro Most often
Full Serve	30%	27%
Exterior	28%	27%
In-Bay	22%	22%
Self	13%	17%
Hand	7%	7%

Trends | Behaviors | Growth

Frequency

72% of those that wash their car most often at a professional wash, do so every couple of months or less!!!!

Car Wash Usage Frequency	Pro Most Often
Only once a year	5%
Every six months or so	20%
Every couple of months	47%
A few times a month	24%
Once a week or more	4%

Trends | Behaviors | Growth

Frequency

- 28% are **Heavy Users** – minimum of a few times a month – **66%** of total washes
- 47% are **Medium Users** – every couple of months – **29%** of total washes
- 25% are **Light Users** – every 6 months or less – **5%** of total washes

Trends | Behaviors | Growth

Why?

- To **protect their investment** they are more apt to wash their car
- Average car age in the US is **11.4** years old

Years Old	Pro Most Often
< 1	8%
1 - 3	22%
4 - 5	16%
6 - 9	24%
10+	29%

Trends | Behaviors | Growth

Why don't they wash more often (580)?

- Too expensive - 36%
- It isn't necessary - 22%
- Too time consuming - 20%
- I'd rather do it myself - 7%
- Weather does the job for free - 6%
- I'm too lazy - 2%
- I don't like the service at car washes - 2%
- It's inconvenient - 2%
- Location, there aren't any washes close by - 2%

Trends | Behaviors | Growth

- Why they **don't**:
 - **Number one** reason for washing at **home** instead of at a professional wash – **Cost**
- Why they **do**:
 - **Number one** motivation for using a **professional** carwash – it makes the consumer **feel good!**
 - The **emotional rewards** outweigh the **attributes** in terms of motivation

Trends | Behaviors | Growth

Consumer Perception of Value

What do car wash customers want?

Washing Attitudes

- Respondents were asked to rate the importance of the following factors in their selection of a car wash:
 - Quality of wash
 - Less work
 - Faster overall
 - Conveniently located
 - Ease of use
 - Environmentally safe
 - Safety of car's exterior
 - Value (quality of wash for money spent)

Trends | Behaviors | Growth

Perceived Value at Home

Full Serve, Exterior, In-Bay & SS

- Top 5 Results

1. Quality of wash
2. Safety of car's exterior
3. Value (quality of wash for money spent)
4. Ease of use
5. Conveniently located

Driveway Washer

- Top 5 Results

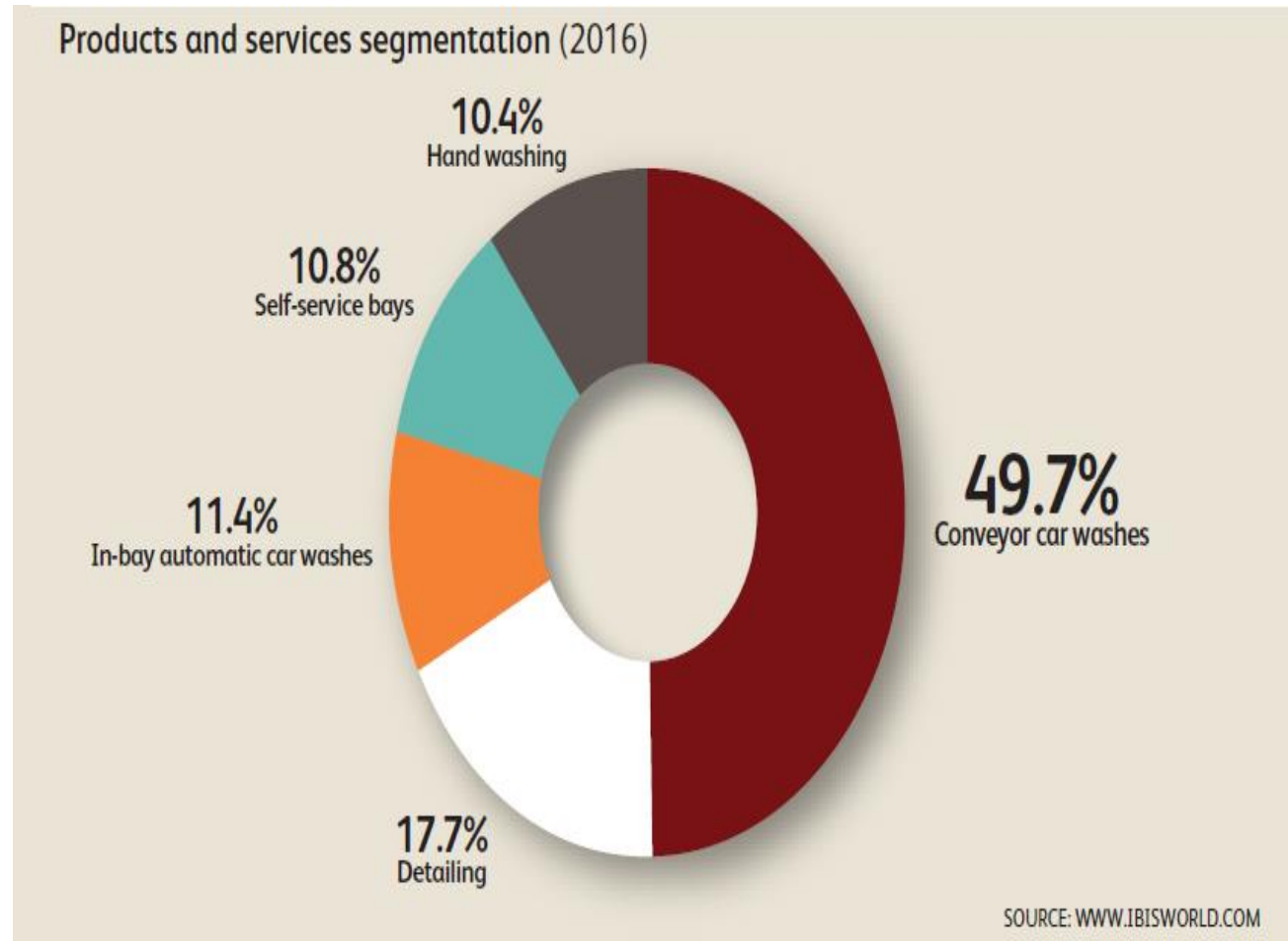
1. Value (quality of wash for money spent)
2. Conveniently located
3. Quality of wash
4. Safety of car's exterior
5. Ease of use

Trends | Behaviors | Growth

Full Serve | Exterior Customers

- Full Serve
 - Vast majority are 40+ years of age
 - Over 60% are over 50 years old
 - Over 60% have incomes at or above \$60,000
- Exterior
 - Vast majority are 40+ years of age
 - 58% are over 50 years of age
 - Income level is evenly spread

Historical | Current | Future



Trends | Behaviors | Growth

In-Bay, Self Serve, & Home Washing

In-Bay

- Vast majority are 40+ years of age
- 62% have income between \$30K-100K

Self Serve

- Vast majority are 40+ years of age
- Large majority income level under \$60,000

Home Washing

- Vast majority income level under \$60,000

Trends | Behaviors | Growth

Who?

By Gender for those that use professional washes only:

- Female – 55%
- Male – 45%

For Pro most often **by wash model** – What percent is Female?

Female	Full Serve	Exterior	In-Bay	Self Serve
2014	51%	58%	54%	45%
2008	44.6%	57.5%	56%	48.5%

Trends | Behaviors | Growth

What do car wash customers want?

- Quality, Convenience, Value, Speed, 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”

AN EVOLVING OWNER

Historical | Current | Future

- Historic – 1950's – 90's
 - Family owned and operated
 - One location
 - Few had multiples beyond 5 locations
 - Very fragmented
 - Full service in the south
 - Full serve or traditional exterior in the snow belt
 - Volumes better in the snow belt
 - Exceptions are CA and HI

Historical | Current | Future

- Current – last 15 years
 - Investors / Existing Family owned and operated
 - Multi-site
 - 3 – 7 locations
 - Express Exterior
 - High volumes in all geographic areas
 - Many more high volume sites than in the past

Historical | Current | Future

- Transitioning
 - Family Owned territory mind set – Car Wash Professional – very personal
 - Been doing this for 20+ years
 - Well established brand
 - Slowly looking at converting or building Express
 - Car Wash Investor – strictly business
 - Looks for opportunity in any market
 - Moves fast – especially today with low rates
 - Willing to build Express next to existing Full Serve that can't be converted

Historical | Current | Future

- Has been good for the industry
 - Caused all locations to “up their game”
 - More “retail” than before
 - Focus on customer “experience”

THE NUMBERS

Capital Costs for Constructing an Express Exterior Car Wash

	Description	Cost Range		
1.	Land (.8 to 1 acre)	\$650,000	to	\$1,500,000
2.	Building 125' x 35' = 3750 sq. ft.	700,000	to	1,000,000
3.	Site Work (grading, paving)	100,000	to	300,000
4.	Landscape and Irrigation	75,000	to	100,000
5.	Site Lighting	30,000	to	35,000
6.	Signs (street and building)	40,000	to	45,000
7.	Equipment (Computers, Vacs, Water Treatment, etc.)	600,000	to	1,000,000
8.	Grand Opening	10,000	to	20,000
9.	Professional Fees (architect, engineer, etc.)	65,000	to	100,000
10.	Permits, Tap Fees, and Municipal Fees	65,000	to	200,000
11.	Start-up Working Capital (first 3 months)	100,000	to	125,000
	Total	\$2,435,000		\$4,425,000
	Estimated Average Actual Project Cost*			\$3,430,000

Express Exterior - 10,000 Cars

	Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
Sales				Insurance			
# of cars washed	10,000			Gen. Liability	\$600.00	0.6%	\$0.06
Average per car	\$10.35			Workers' Comp	\$400.00	0.4%	\$0.04
Gross Sales	\$103,500.00			Insurance Total	\$1,000.00	1.0%	\$0.10
Customer Comp	\$621.00	0.6%	\$0.01	Banking			
Employee Comp	\$200.00	0.2%	\$0.01	Credit Card Fees	\$1,000.00	1.0%	\$0.10
Net Sales	\$102,679.00			Chargebacks	\$0.00	0.0%	\$0.00
				Bank Service Charges	\$100.00	0.1%	\$0.01
Labor				Banking Total	\$1,100.00	1.1%	\$0.11
Salary				Site Maintenance			
Location Manager (45k)	\$3,750.00	3.7%	\$0.38	Garbage	\$220.00	0.2%	\$0.02
Assistant Manager (33,750k)	\$2,812.50	2.7%	\$0.28	Landscape	\$260.00	0.3%	\$0.03
Assistant Manager 2	\$0.00	N/A	N/A	Other	\$0.00	0.0%	\$0.00
Hourly (84 Weekly Hours)	\$3,612.00	3.5%	\$0.36	Site Maintenance Total	\$480.00	0.5%	\$0.05
Bonus				Advertising			
Location Manager	\$420.00	0.4%	\$0.04	Marketing	\$3,080.37	3.0%	\$0.31
Assistant Manager	\$210.00	0.2%	\$0.02				
Assistant Manager	\$0.00	N/A	N/A	Other Expenses			
Payroll Taxes	\$929.00	0.9%	\$0.09	Information Systems	\$350.00	0.3%	\$0.04
Employee Benefits	\$200.00	0.2%	\$0.02	Cash Over/Short	\$0.00	0.0%	\$0.00
Health Benefits	\$400.00	0.4%	\$0.04	Recruiting/Training	\$300.00	0.3%	\$0.03
Vacation	\$126.00	0.1%	\$0.01	Uniforms	\$75.00	0.1%	\$0.01
Labor Expense Total	\$12,459.50	12.1%	\$1.25	Security Expense	\$100.00	0.1%	\$0.01
				Professional and Legal	\$350.00	0.3%	\$0.04
C.O.G.S.				Waste Tank Pumping	\$400.00	0.4%	\$0.04
Chemicals	\$7,750.00	7.5%	\$0.78	Other Expenses Total	\$1,575.00	1.5%	\$0.16

Express Exterior - 10,000

Cars	Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
Utilities				Operating Expense	\$35,459.87	34.5%	\$3.55
Electricity	\$4,000.00	3.9%	\$0.40				
Water/Sewer	\$1,800.00	1.8%	\$0.18	Operating Profit	\$67,219.13	65.5%	\$6.72
Gas	\$315.00	0.3%	\$0.03				
Phone	\$350.00	0.3%	\$0.04	Depreciation	\$11,190.00	10.9%	\$1.12
Utilities Total	\$6,465.00	6.3%	\$0.65	Amortization			
				Property Tax	\$2,500.00	2.4%	\$0.25
Supplies				Principal/Interest	\$20,277.92	19.7%	\$2.03
Office	\$100.00	0.1%	\$0.01				
Wash	\$400.00	0.4%	\$0.04	Total Expenses	\$69,426.87	67.6%	\$6.94
Tools	\$100.00	0.1%	\$0.01				
Supplies Total	\$600.00	0.6%	\$0.06	Net Unit Profit	\$33,252.13	32.4%	\$3.33
Repair & Maintenance				Cash Flow	\$44,442.13	43.3%	\$4.44
Unscheduled Repairs	\$450.00	0.4%	\$0.05				
Damage Claims	\$500.00	0.5%	\$0.05				
R & M Total	\$950.00	0.9%	\$0.10				

Express Exterior – 10,000 Cars Monthly

	Average per Car		\$10.35		Car Count	10,000
Menu Price	\$5	\$10	\$15	\$20		
Percent of Total Cars	45%	25%	8%	22%		100%
Number of Cars	4,500	2,500	800	2,200		10,000
Revenue Generated	\$22,500	\$25,000	\$12,000	\$44,000		\$103,500

Capital Costs for Modifying a Site for a Mini Tunnel (Xtreme Xpress)

	Description	Cost Range		
1.	Land	\$0	to	\$0
2.	Building Improvements	15,000	to	66,500
3.	Site work	10,000	to	20,000
4.	Landscape and Irrigation	0	to	0
5.	Site Lighting	0	to	0
6.	Signs (street and building)	20,000	to	40,000
7.	Equipment (including install)	322,000	to	500,000
8.	Grand Opening	10,000	to	20,000
9.	Professional fees	10,000	to	20,000
10.	Permits and municipal fees	2,000	to	5,000
11.	Start-up working capital (first 3 months)	0	to	0
	Total	\$389,000		\$671,500
	Estimated Average Actual Project Cost*			\$405,500

Mini Tunnel 5,000 Modified	Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
Sales				Insurance			
# of cars washed	5,000			Gen. Liability	\$270.00	0.5%	\$0.05
Average per car	\$10.35			Workers' Comp	\$130.00	0.3%	\$0.03
Gross Sales	\$51,750.00			Insurance Total	\$400.00	0.8%	\$0.08
Customer Comp	\$318.46	0.6%	\$0.01	Banking			
Employee Comp	\$100.00	0.2%	\$0.01	Credit Card Fees	\$500.00	1.0%	\$0.10
Net Sales	\$51,331.54			Chargebacks	\$0.00	0.0%	\$0.00
				Bank Service Charges	\$100.00	0.2%	\$0.02
Labor				Banking Total	\$600.00	1.2%	\$0.12
Salary							
Location Manager (36k)	\$3,000.00	5.8%	\$0.60	Site Maintenance			
Assistant Manager	\$0.00	N/A	N/A	Garbage	\$200.00	0.4%	\$0.04
Assistant Manager 2	\$0.00	N/A	N/A	Landscape	\$210.00	0.4%	\$0.04
Hourly (84 Weekly Hours)	\$2,408.00	4.7%	\$0.48	Other	\$0.00	0.0%	\$0.00
Bonus				Site Maintenance Total	\$410.00	0.8%	\$0.08
Location Manager	\$322.00	0.6%	\$0.06	Advertising			
Assistant Manager	\$0.00	0.0%	\$0.00	Marketing	\$1,539.95	3.0%	\$0.31
Assistant Manager 2	\$0.00	N/A	N/A				
Payroll Taxes	\$540.00	1.1%	\$0.11	Other Expenses			
Employee Benefits	\$100.00	0.2%	\$0.02	Information Systems	\$350.00	0.7%	\$0.07
Health Benefits	\$200.00	0.4%	\$0.04	Cash Over/Short	\$0.00	0.0%	\$0.00
Vacation	\$58.00	0.1%	\$0.01	Recruiting/Training	\$200.00	0.4%	\$0.04
				Uniforms	\$50.00	0.1%	\$0.01
Labor Expense Total	\$6,628.00	12.9%	\$1.33	Security Expense	\$100.00	0.2%	\$0.02
				Professional and Legal	\$250.00	0.5%	\$0.05
C.O.G.S.				Waste Tank Pumping	\$200.00	0.4%	\$0.04
Chemicals	\$3,850.00	7.5%	\$0.60	Other Expenses Total	\$1,150.00	2.2%	\$0.23

Mini Tunnel 5,000 Modified					Proj \$	Proj %	Proj/car
Utilities				Operating Expense	\$18,947.95	36.9%	\$3.79
Electricity	\$2,000.00	3.9%	\$0.40				
Water/Sewer	\$900.00	1.8%	\$0.30	Operating Profit	\$32,383.59	63.1%	\$6.48
Gas	\$120.00	0.2%	\$0.02				
Phone	\$100.00	0.2%	\$0.02	Depreciation	\$4,059.52	7.9%	\$0.81
Utilities Total	\$3,120.00	6.1%	\$0.74	Amortization			
Supplies				Property Tax	\$1,000.00	1.9%	\$0.20
Office	\$50.00	0.1%	\$0.01	Principal/Interest	\$2,293.00	4.5%	\$0.46
Wash	\$200.00	0.4%	\$0.04				
Tools	\$50.00	0.1%	\$0.01	Total Expenses	\$26,300.47	21.2%	\$5.26
Supplies Total	\$300.00	0.6%	\$0.06				
Repair & Maintenance				Net Unit Profit	\$25,031.07	51.2%	\$5.26
Unscheduled Repairs	\$450.00	0.9%	\$0.09				
Damage Claims	\$500.00	1.0%	\$0.10	Cash Flow	\$29,090.59	56.7%	\$5.82
R&M Total	\$950.00	1.9%	\$0.19				

Capital Costs for Constructing a New Mini Tunnel (Xtreme Xpress)

	Description	Cost Range		
1.	Land (.4 to .5 acre)	\$295,000	to	\$544,000
2.	Building 55' x 30' = 1650 sq. ft.	360,400	to	399,000
3.	Site work (grading, paving)	40,000	to	80,000
4.	Landscape and Irrigation	35,000	to	60,000
5.	Site Lighting	20,000	to	30,000
6.	Signs (street and building)	40,000	to	45,000
7.	Equipment (computers and others)	322,080	to	500,000
8.	Grand Opening	10,000	to	20,000
9.	Professional fees (architect, engineer, etc.)	50,000	to	75,000
10.	Permits, tap fees, and municipal fees	65,000	to	75,000
11.	Start-up working capital (first 3 months)	75,000	to	100,000
	Total	\$1,312,480		\$1,928,000
	Estimated Average Actual Project Cost*			\$1,620,240

Mini Tunnel (Xtreme Xpress)

5,000 Cars Monthly - Site Modification

	Average per Car		Car Count		
		\$10.35			5,000
Menu Price	\$5	\$10	\$15	\$20	
Percent of Total Cars	45%	25%	8%	22%	100%
Number of Cars	2,250	1,250	400	1,100	5,000
Revenue Generated	\$11,250	\$12,500	\$6,000	\$22,000	\$51,750

*Costs can vary significantly based on location specific factors.

Mini Tunnel-5,000 Cars New	Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
Sales				Insurance			
# of cars washed	5,000			Gen. Liability	\$270.00	0.5%	\$0.05
Average per car	\$10.35			Workers' Comp	\$130.00	0.3%	\$0.03
Gross Sales	\$51,750.00			Insurance Total	\$400.00	0.8%	\$0.08
Customer Comp	\$318.46	0.6%	\$0.01	Banking			
Employee Comp	\$100.00	0.2%	\$0.01	Credit Card Fees	\$500.00	1.0%	\$0.10
Net Sales	\$51,331.54			Chargebacks	\$0.00	0.0%	\$0.00
Labor				Bank Service Charges	\$100.00	0.2%	\$0.02
Salary				Banking Total	\$600.00	1.2%	\$0.12
Location Manager (36k)	\$3,000.00	5.8%	\$0.60	Site Maintenance			
Assistant Manager	\$0.00	N/A	N/A	Garbage	\$200.00	0.4%	\$0.04
Assistant Manager 2	\$0.00	N/A	N/A	Landscape	\$210.00	0.4%	\$0.04
Hourly (84 Weekly Hours)	\$2,408.00	4.7%	\$0.48	Other	\$0.00	0.0%	\$0.00
Bonus				Site Maintenance Total	\$410.00	0.8%	\$0.08
Location Manager	\$322.00	0.6%	\$0.06	Advertising			
Assistant Manager	\$0.00	0.0%	N/A	Marketing	\$1,539.95	3.0%	\$0.31
Assistant Manager 2	\$0.00	\$0.00	N/A	Other Expenses			
Payroll Taxes	\$540.00	1.1%	\$0.11	Information Systems	\$350.00	0.7%	\$0.07
Employee Benefits	\$100.00	0.2%	\$0.02	Cash Over/Short	\$0.00	0.0%	\$0.00
Health Benefits	\$200.00	0.4%	\$0.04	Recruiting/Training	\$200.00	0.4%	\$0.04
Vacation	\$58.00	0.1%	\$0.01	Uniforms	\$50.00	0.1%	\$0.01
Labor Expense Total	\$6,628.00	12.9%	\$1.33	Security Expense	\$100.00	0.2%	\$0.02
				Professional and Legal	\$250.00	0.5%	\$0.05
C.O.G.S.				Waste Tank Pumping	\$200.00	0.4%	\$0.04
Chemicals	\$3,850.00	7.5%	\$0.77	Other Expenses Total	\$1,150.00	2.2%	\$0.23

Mini Tunnel-5,000 Cars New							
	Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
Utilities				Operating Expense	\$18,947.95	36.9%	\$3.79
Electricity	\$2,000.00	3.9%	\$0.40				
Water/Sewer	\$900.00	1.8%	\$0.18	Operating Profit	\$32,383.59	63.1%	\$6.48
Gas	\$120.00	0.2%	\$0.02				
Phone	\$100.00	0.2%	\$0.02	Depreciation	\$5,908.73	11.5%	\$1.18
Utilities Total	\$3,120.00	6.1%	\$0.62	Amortization			
				Property Tax	\$1,000.00	1.9%	\$0.20
Supplies				Principal/Interest	\$11,451.52	22.3%	\$2.29
Office	\$50.00	0.1%	\$0.01				
Wash	\$200.00	0.4%	\$0.04				
Tools	\$50.00	0.1%	\$0.01	Total Expenses	\$37,317.68	72.7%	\$7.46
Supplies Total	\$300.00	0.6%	\$0.06				
Repair & Maintenance				Net Unit Profit	\$14,013.86	27.3%	\$2.81
Unscheduled Repairs	\$450.00	0.9%	\$0.09				
Damage Claims	\$500.00	1.0%	\$0.10				
R&M Total	\$950.00	1.9%	\$0.19				
				Cash Flow	\$19,922.59	38.8%	\$3.98

Mini Tunnel– (Xtreme Xpress)

5,000 Cars Monthly - New Construction

	Average per Car		\$10.35		Car Count	5,000
Menu Price	\$5	\$10	\$15	\$20		
Percent of Total Cars	45%	25%	8%	22%		100%
Number of Cars	2,250	1,250	400	1,100		5,000
Revenue Generated	\$11,250	\$12,500	\$6,000	\$22,000		\$51,750

Mini Tunnel-7,000 Cars New		Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
Sales					Insurance			
# of cars washed	7,000				Gen. Liability	\$270.00	0.4%	\$0.04
Average per car	\$10.35				Workers' Comp	\$130.00	0.2%	\$0.02
Gross Sales	\$72,450.00				Insurance Total	\$400.00	0.6%	\$0.06
Customer Comp	\$371.54	0.5%	\$0.01		Banking			
Employee Comp	\$100.00	0.1%	\$0.01		Credit Card Fees	\$600.00	0.8%	\$0.09
Net Sales	\$71,978.46				Chargebacks	\$0.00	0.0%	\$0.00
					Bank Service Charges	\$100.00	0.1%	\$0.01
Labor					Banking Total	\$700.00	1.0%	\$0.10
Salary					Site Maintenance ¹			
Location Manager (33,750k)	\$2,812.50	3.9%	\$0.40		Garbage	\$200.00	0.3%	\$0.03
Assistant Manager	\$0.00	N/A	N/A		Landscape	\$210.00	0.3%	\$0.03
Assistant Manager	\$0.00	N/A	N/A		Other	\$0.00	0.0%	\$0.00
Hourly (84 Weekly Hours)	\$4,816.00	6.7%	\$0.69		Site Maintenance Total	\$410.00	0.6%	\$0.06
Bonus					Advertising			
Location Manager	\$322.00	0.4%	\$0.05		Marketing	\$2,159.35	3.0%	\$0.31
Assistant Manager	\$0.00	0.0%	\$0.00					
Assistant Manager	\$0.00	N/A	N/A		Other Expenses			
Payroll Taxes	\$710.00	1.0%	\$0.10		Information Systems	\$350.00	0.5%	\$0.05
Employee Benefits	\$100.00	0.1%	\$0.01		Cash Over/Short	\$0.00	0.0%	\$0.00
Health Benefits	\$200.00	0.3%	\$0.03		Recruiting/Training	\$200.00	0.3%	\$0.03
Vacation	\$54.00	0.1%	\$0.01		Uniforms	\$50.00	0.1%	\$0.01
Labor Expense Total	\$9,014.50	12.5%	\$1.29		Security Expense	\$100.00	0.1%	\$0.01
					Professional and Legal	\$250.00	0.3%	\$0.04
C.O.G.S.					Waste Tank Pumping	\$250.00	0.3%	\$0.04
Chemicals	\$5,400.00	7.5%	\$0.77		Other Expenses Total	\$1,200.00	1.7%	\$0.17

Mini Tunnel-7,000 Cars New		Proj \$	Proj %	Proj/car		Proj \$	Proj %	Proj/car
Utilities					Operating Expense	\$24,393.85	33.9%	\$3.48
Electricity		\$2,400.00	3.3%	\$0.34				
Water/Sewer		\$1,080.00	1.5%	\$0.15	Operating Profit	\$47,584.61	66.1%	\$6.80
Gas		\$180.00	0.3%	\$0.03				
Phone		\$100.00	0.1%	\$0.01	Depreciation	\$5,908.73	8.2%	\$0.84
Utilities Total		\$3,760.00	5.2%	\$0.54	Amortization			
					Property Tax	\$1,000.00	1.4%	\$0.14
Supplies					Principal/Interest	\$11,451.52	15.9%	\$1.64
Office		\$50.00	0.1%	\$0.01				
Wash		\$200.00	0.3%	\$0.03	Total Expenses	\$42,754.10	59.4%	\$6.11
Tools		\$50.00	0.1%	\$0.01				
Supplies Total		\$300.00	0.4%	\$0.04	Net Unit Profit	\$29224.36	40.6%	\$4.17
Repair & Maintenance					Cash Flow	\$35,133.09	46%	\$4.73
Unscheduled Repairs		\$450.00	0.6%	\$0.06				
Damage Claims		\$600.00	0.8%	\$0.09				
R&M Total		\$1,050.00	1.5%	\$0.15				

Mini Tunnel (Xtreme Xpress)

7,000 Cars Monthly– New Construction

	Average per Car	\$10.35		Car Count	7,000
Menu Price	\$5	\$10	\$15	\$20	
Percent of Total Cars	45%	25%	8%	22%	100%
Number of Cars	3,150	1,750	560	1540	7,000
Revenue Generated	\$15,750	\$17,500	\$8,400	\$30,800	\$72,450

Appendix A – Labor Cost |

Loan Principal Interest and Asset Depreciation Assumptions

- 1. 84 hours of operation (8 a.m. - 8 p.m. Monday through Sunday)
- 2. $84 \text{ hours} \times 4.33 \text{ weeks per month} = 364 \text{ hours}$
- 3. Hourly labor is \$10.00 per hour, per person $\times 84 = \$840.00$
- 4. $\$840.00 \times 4.3 \text{ weeks} = \$3,612.00$
- 1. Asset depreciation calculated using “standard” terms. Asset depreciation calculated using “standard” terms.
- 2. Loan calculations based on an SBA loan with twenty-five percent (20%) down, seventy-five (80%) financed using an interest rate of 2% over prime (currently 5.50%) amortized over twenty (25) years.

Example Calculations:

Depreciable Items	Years	Monthly \$
Building 125’ x 35’ = 3750 sq. ft.	15	
Site Lighting	7	
Signs (street and building)	7	
Equipment (computers and others)	7	\$11,190
Principal and Interest		\$14,507

*Costs can vary significantly based on location specific factors.

FINDING AND EVALUATING LOCATIONS

SITE ANALYSIS

Major Variables To Consider When Evaluating
Commercial Real Estate For The Purpose Of Building A
Conveyor Car Wash

SITE ANALYSIS

- Zoning /Traffic Count
- Physical Size / Cost
- Site Access / Visibility
- Population / % of Renters
- Type of Area (Shopping/Business/Residential)
- Signage / Marketing Opportunity
- Competition / Cost of Land

Physical Site Requirements

Major Considerations:

- Square footage (it has to be big enough)
- Exact shape (has to fit your layout design)
- Site work required to make the site usable

Traffic Count

- Amount (30,000 or more)
- Increasing or decreasing (need 3 counts)
- Accuracy of current count (do your own)
- Speed (45 MPH or less)
- Divided highway (access to site)
- Commuter cars

Population

- Type of car wash (Exterior Express)
- Residential density:
 - 10,000 in 1-mile radius
 - 25,000 in 2-mile radius
 - 50,000 in 3-mile radius
- Day population (20,000 in 3-mile radius)
- Percentage of renters (40% or more)
- Growing, Declining, or Mature
- 1-, 2-, or 3-mile radius
- Polygon (2.3 miles or 7 minutes driving time)

Competition

- Why is competition usually dismissed by new operators?
- How many car washes in the market?
- What type of car washes?
- What is their potential to change or expand?
- Estimate number of cars currently being washed
- Estimate market potential
- Estimate your potential share of the market

Nearby Business's

- Daily needs
- Big Box retailers
- Quality of businesses
- Proximity to those businesses
- Traffic pattern

Cost of the Land

- Lowest critical factor (within a range)
- Leasing vs. Owning
- Paying a premium can be worth it

Site Layout—Car Wash Production

- Entrance / exit stacking
- Non-conflicting site traffic
- Turning radii
- Width of vacuum spaces
- Backup from profit centers
- Escape routes
- Trash removal

Impact of Marketing

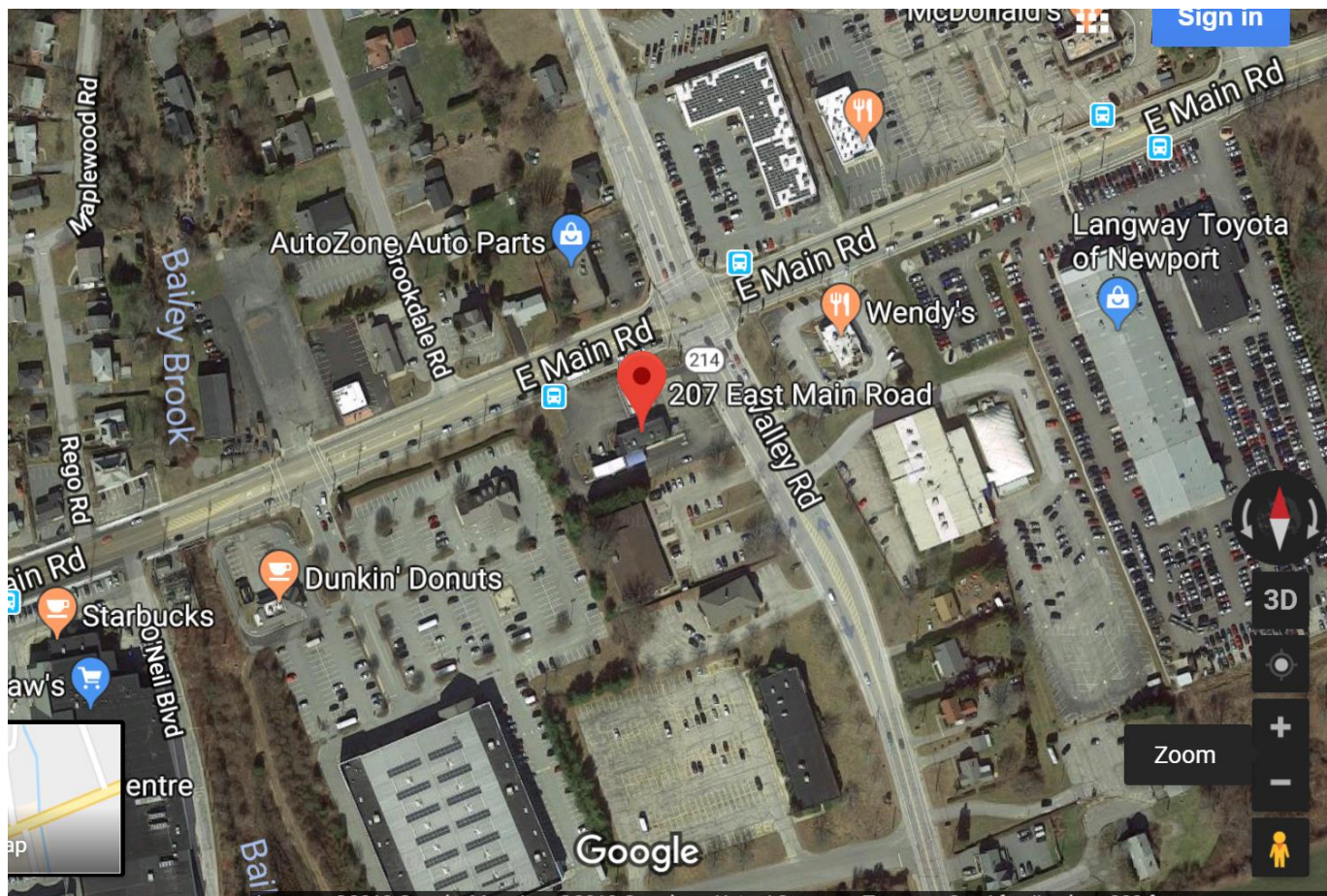
- Most neglected aspect of evaluating locations
- Budgeting sufficient funds
- Proximity to successful national retailers
- Availability of billboards
- What is your unique selling proposition?

Impact of Successful Operation of the Car Wash

- Successful operation impacts car count and profit
- Important consideration in evaluating competition
- How will you fulfill your USP?

FINDING AND EVALUATING LOCATIONS

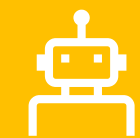
DUE DILIGENCE



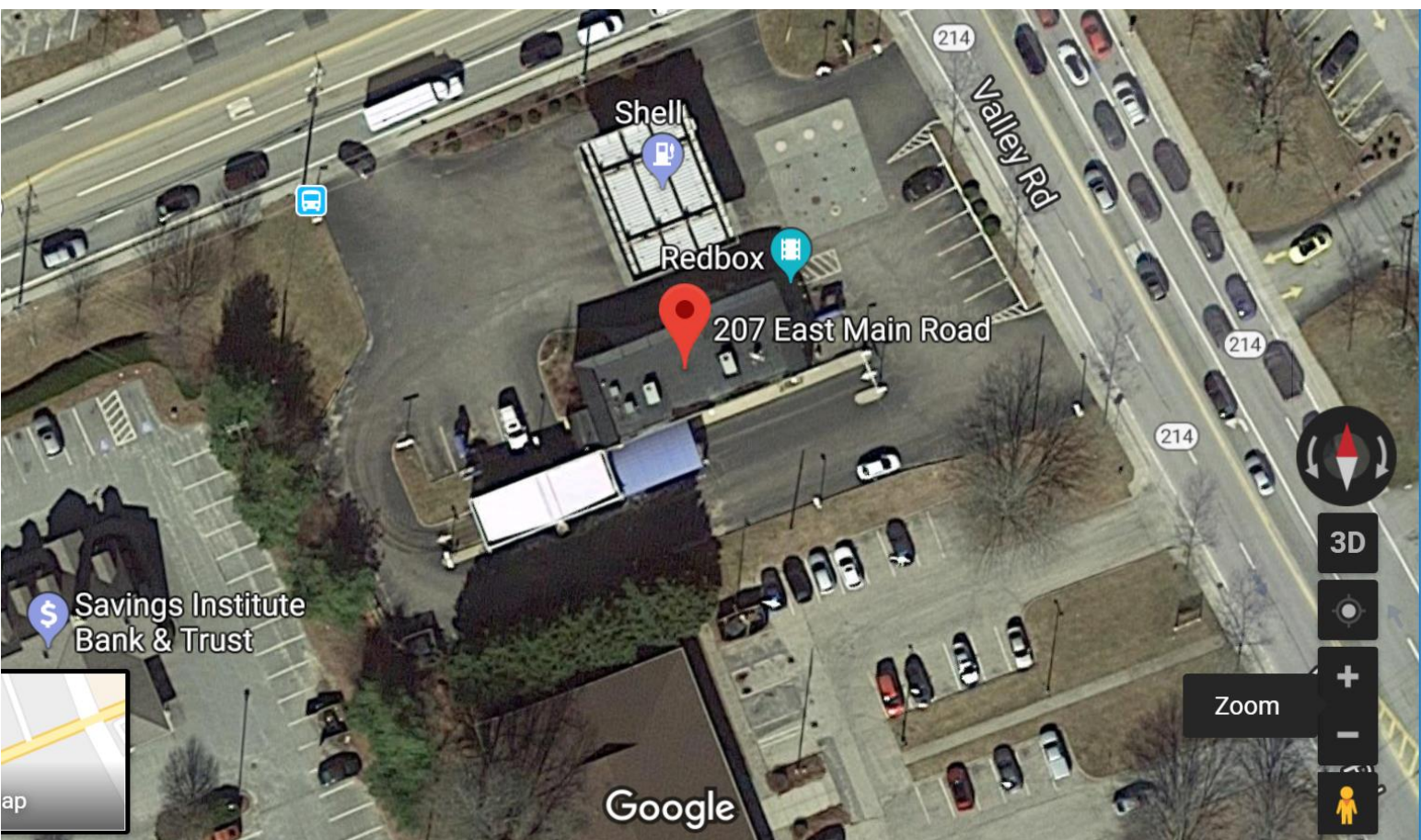
Every evaluation is site-specific



Cookie cutter formulas are helpful but should never be the sole criterion for decision making if this is your first location



Utilize resources of someone who has successfully done this before



Every evaluation is site-specific

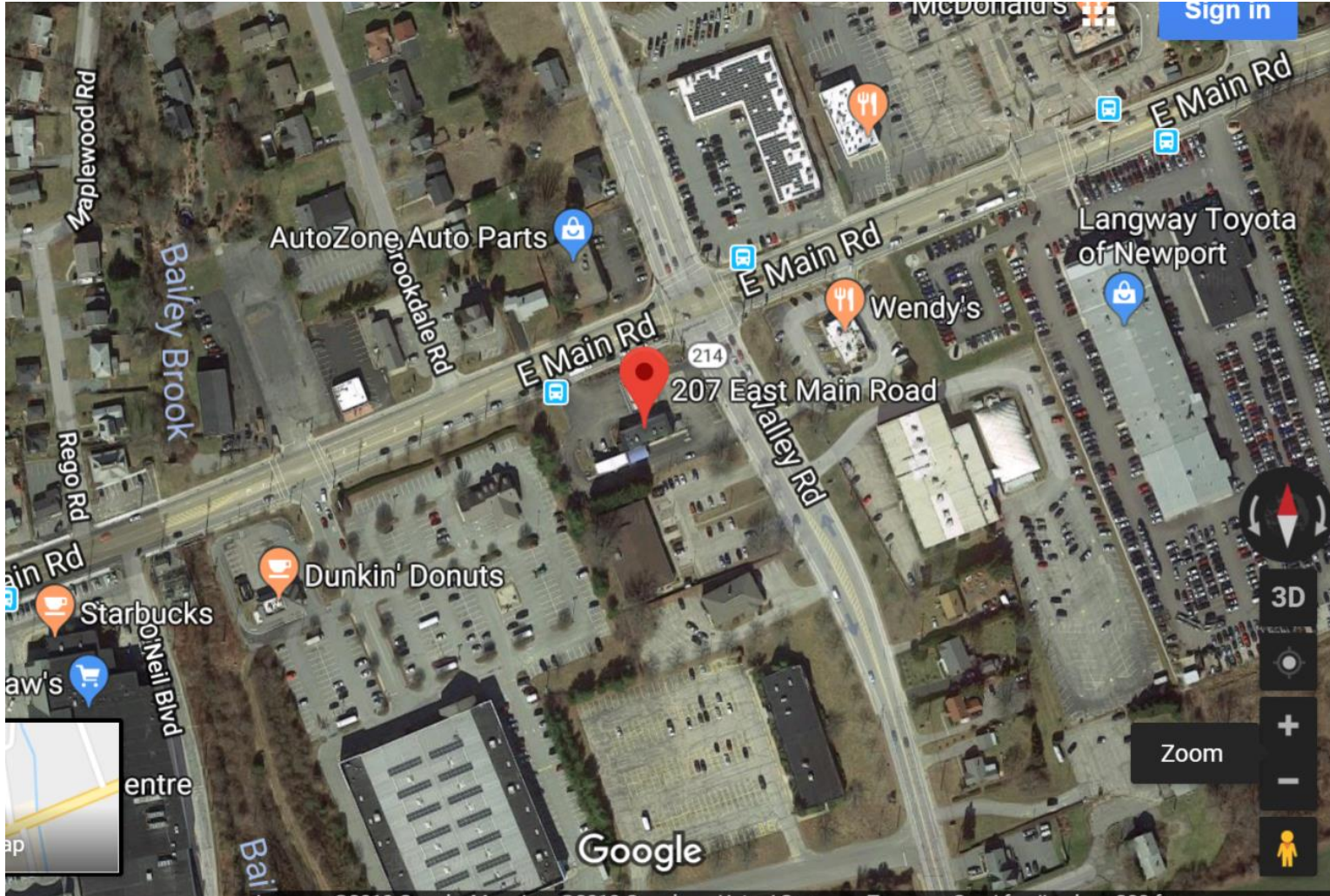


Cookie cutter formulas are helpful but should never be the sole criterion for decision making if this is your first location



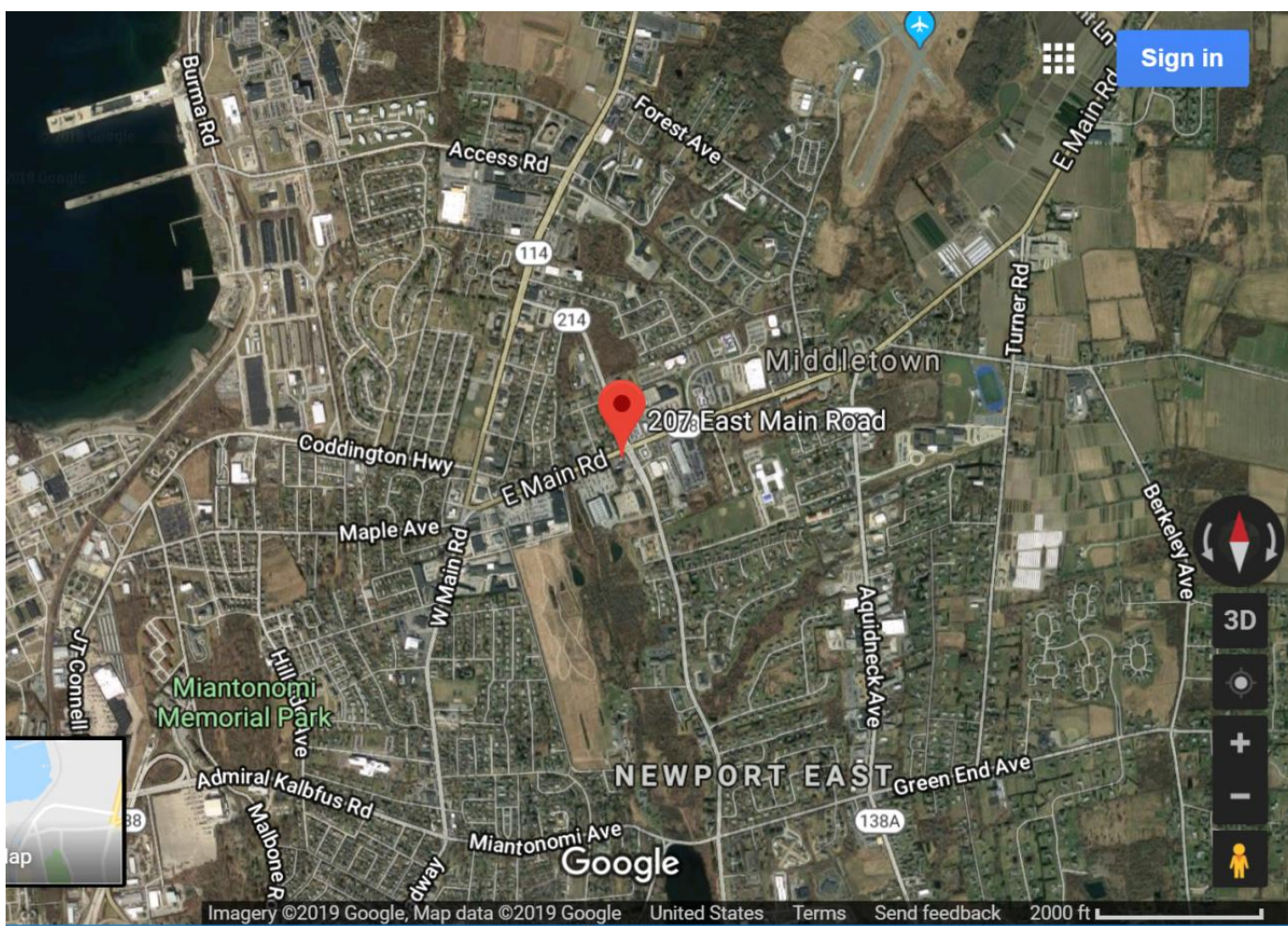
Utilize resources of someone who has successfully done this before

SITE ANALYSIS STORE 50



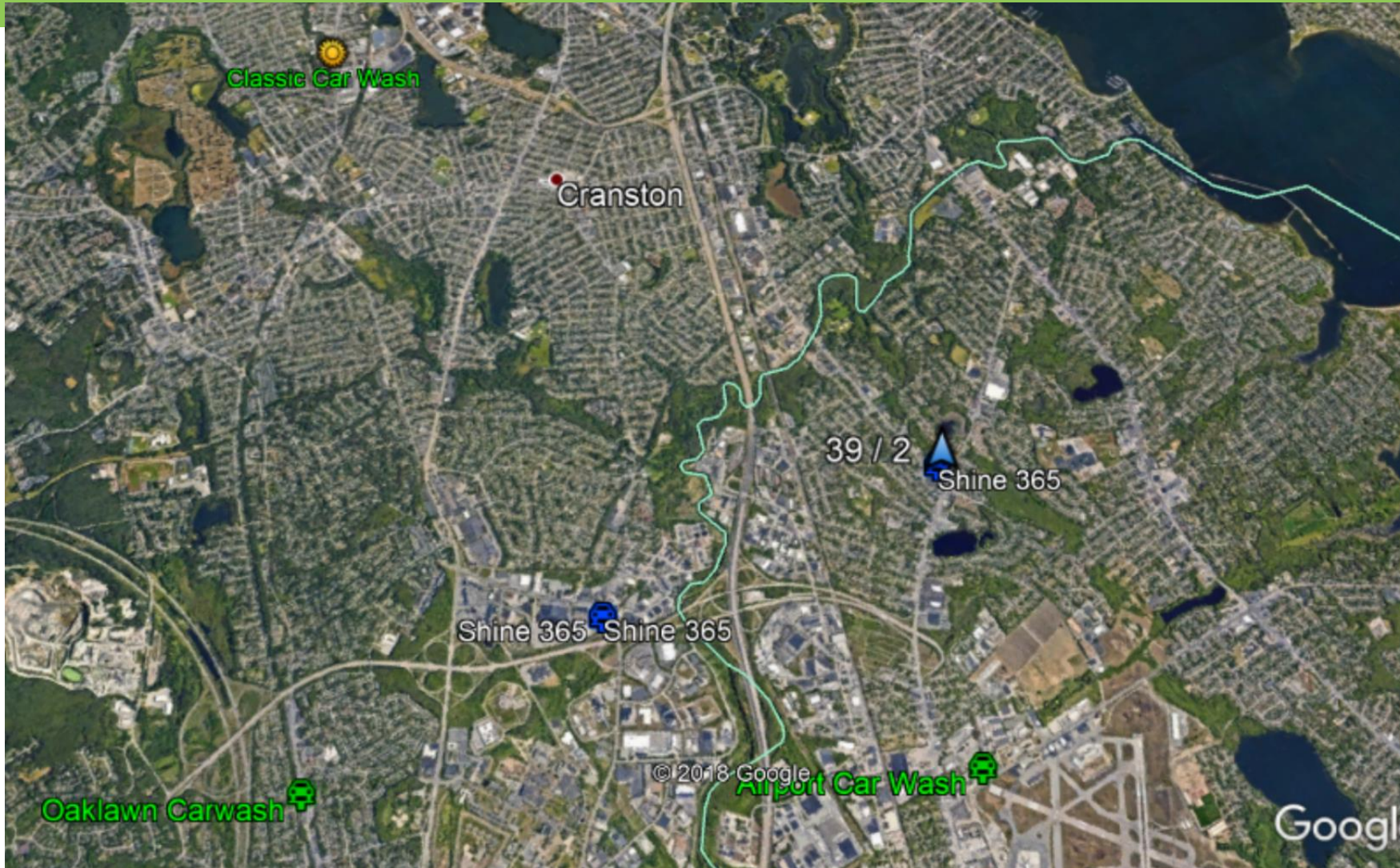
- HARD CORNER WITH LIGHT – EASY ACCESS
- BUSINESS / SHOPPING AREA
- TRAFFIC SPEED 30-40 MPH

SITE ANALYSIS STORE 50



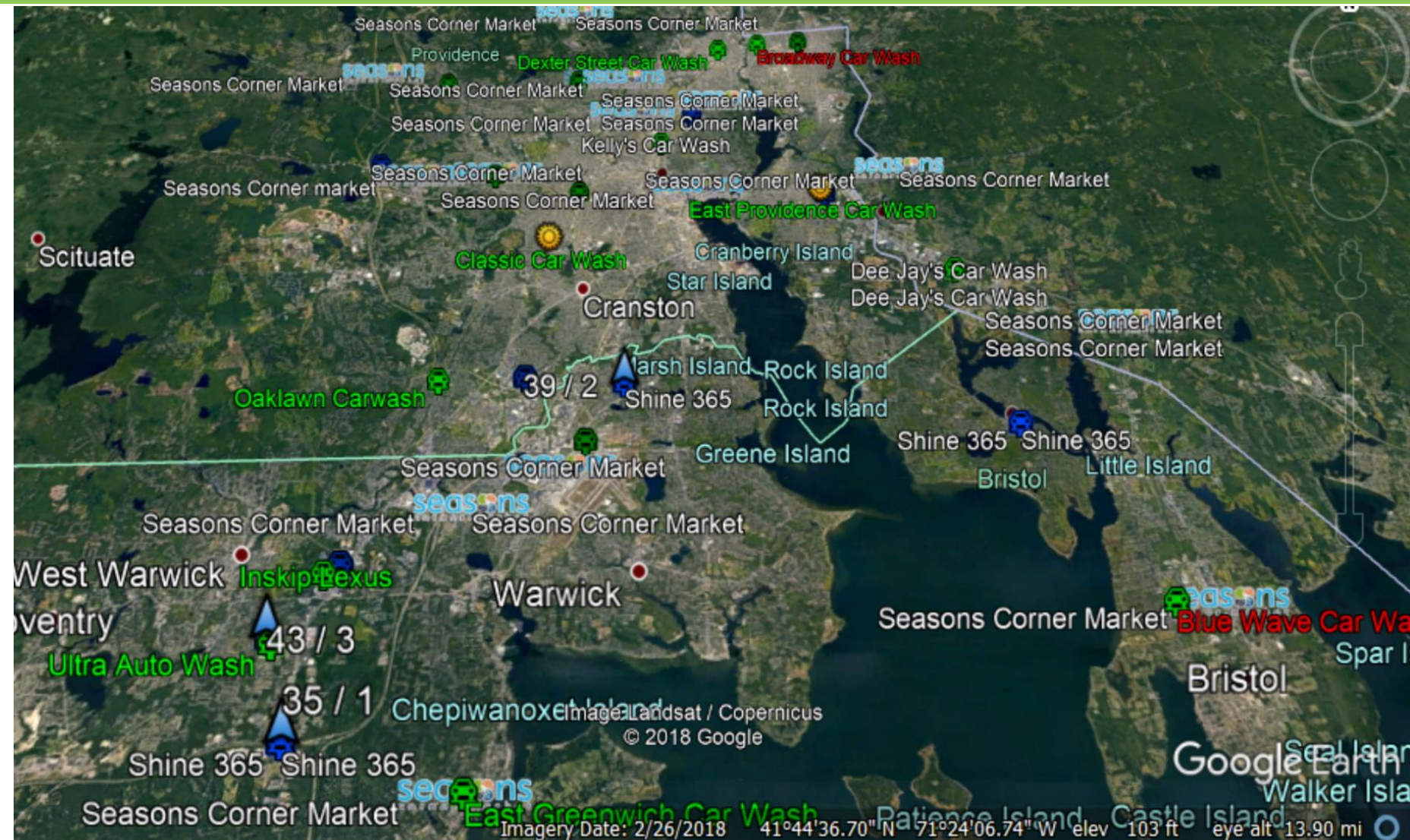
- 2.1 PERSONS PER HOUSEHOLD (2.1)
- 53% AGES 25-65 (51%)
- 67% INCOMES > \$35,000 (50%)
- ADJUSTED TRAFFIC 54,100

SITE ANALYSIS STORE 50 LOCAL COMPETITION



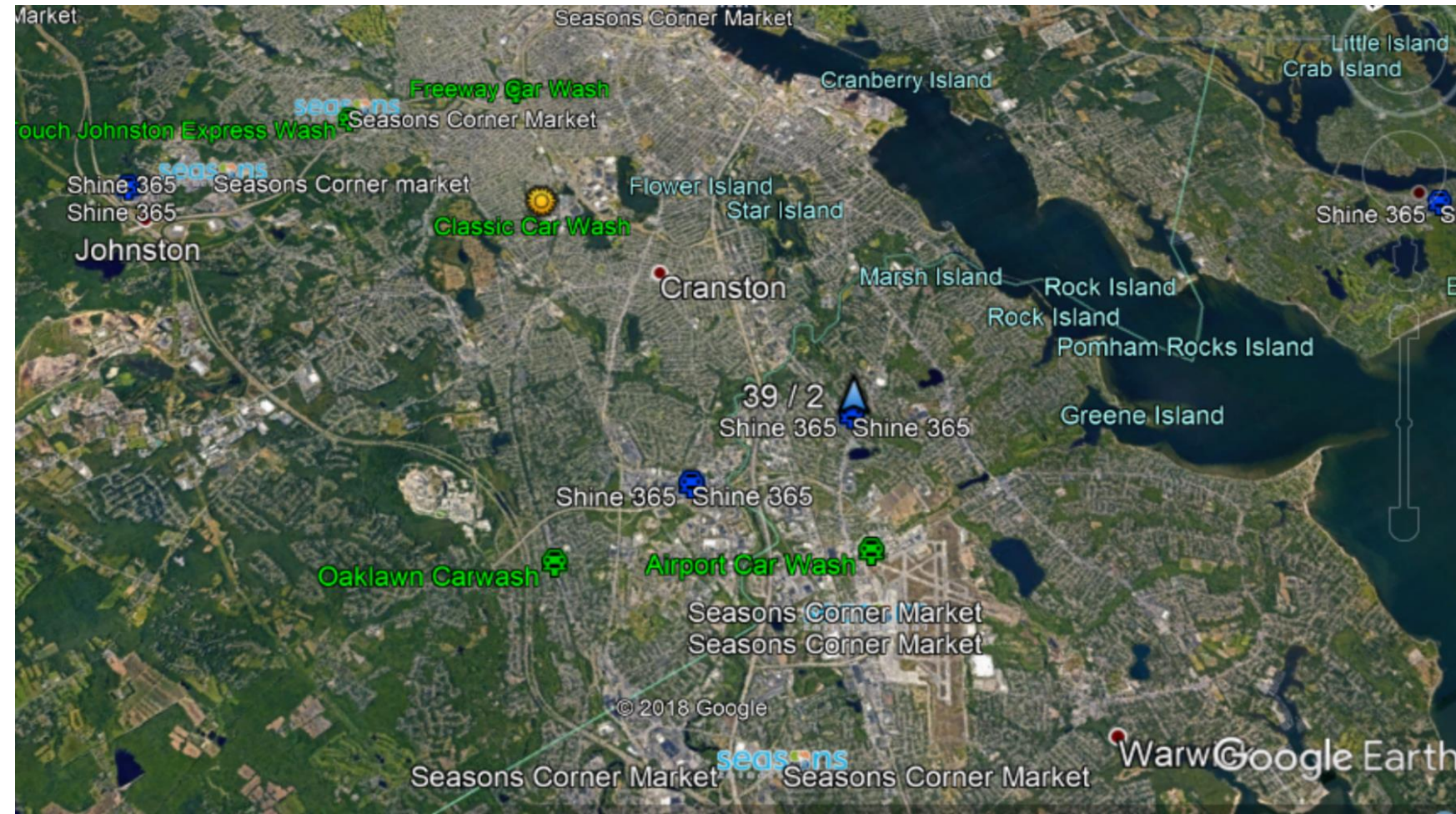
- TWO COMPETITORS ON EDGE OF 3 MILE CIRCLE
- CLASSIC 90 FT / 11 VACS
- OAKLAWN CLASSIC CAR WASH
- OLDER FULL SERVE SONNY'S TUNNEL
- NO POTENTIAL TO CONVERT TO EXPRESS

SITE ANALYSIS STORE 50 CHAIN COMPETITION



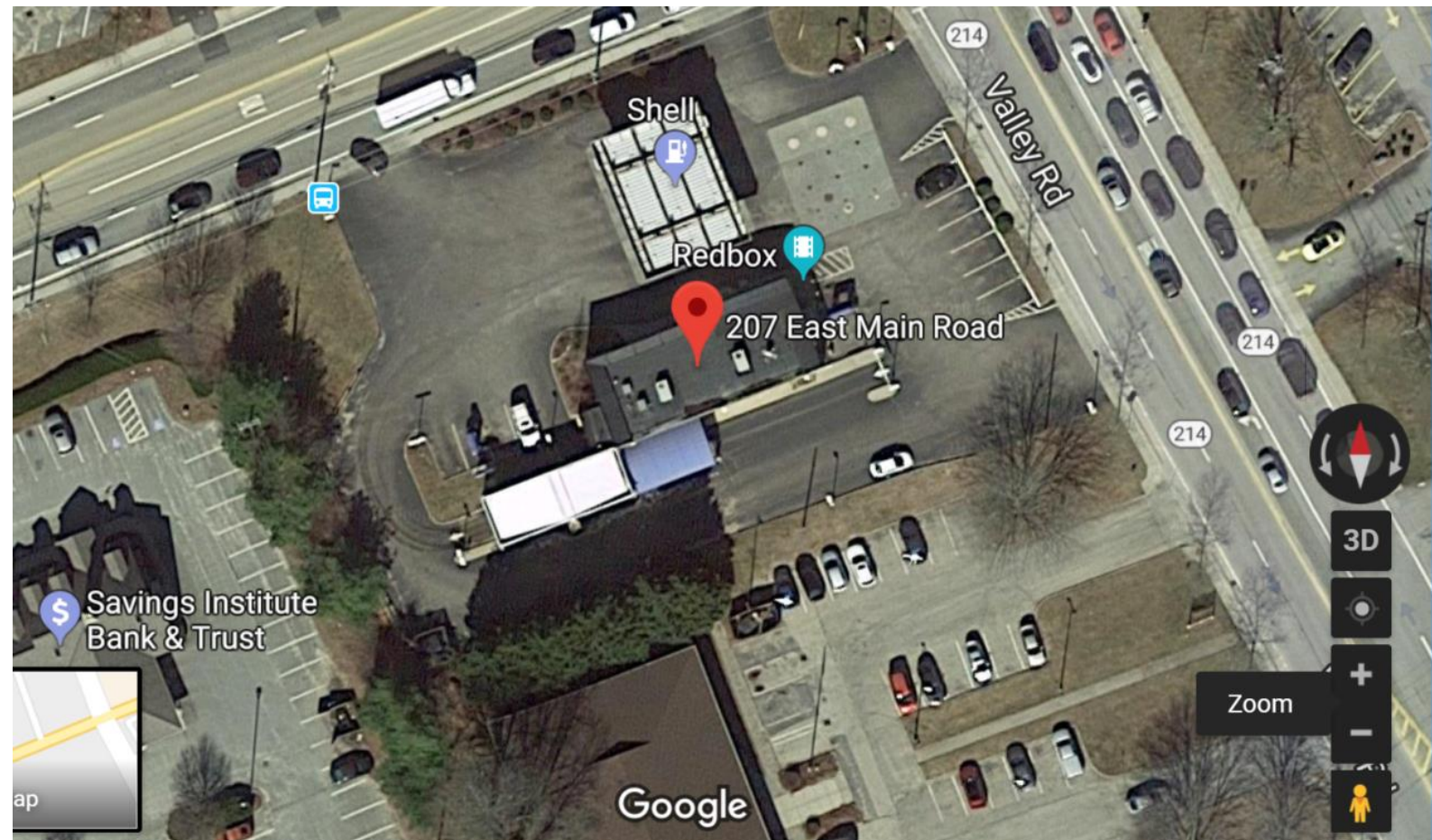
**NO NATIONAL CHAINS
WITHIN TRAFFIC
PATTERN OR 4 MILE
RADIUS**

SITE ANALYSIS STORE 50 COMPETITION & SUPPORTING STORES



- THREE SEASONS MARKETS
- TWO SHINE 365'S

SONNY'S EXPRESS PROFORMA STORE 50 #WASHES/BOTTOM LINE



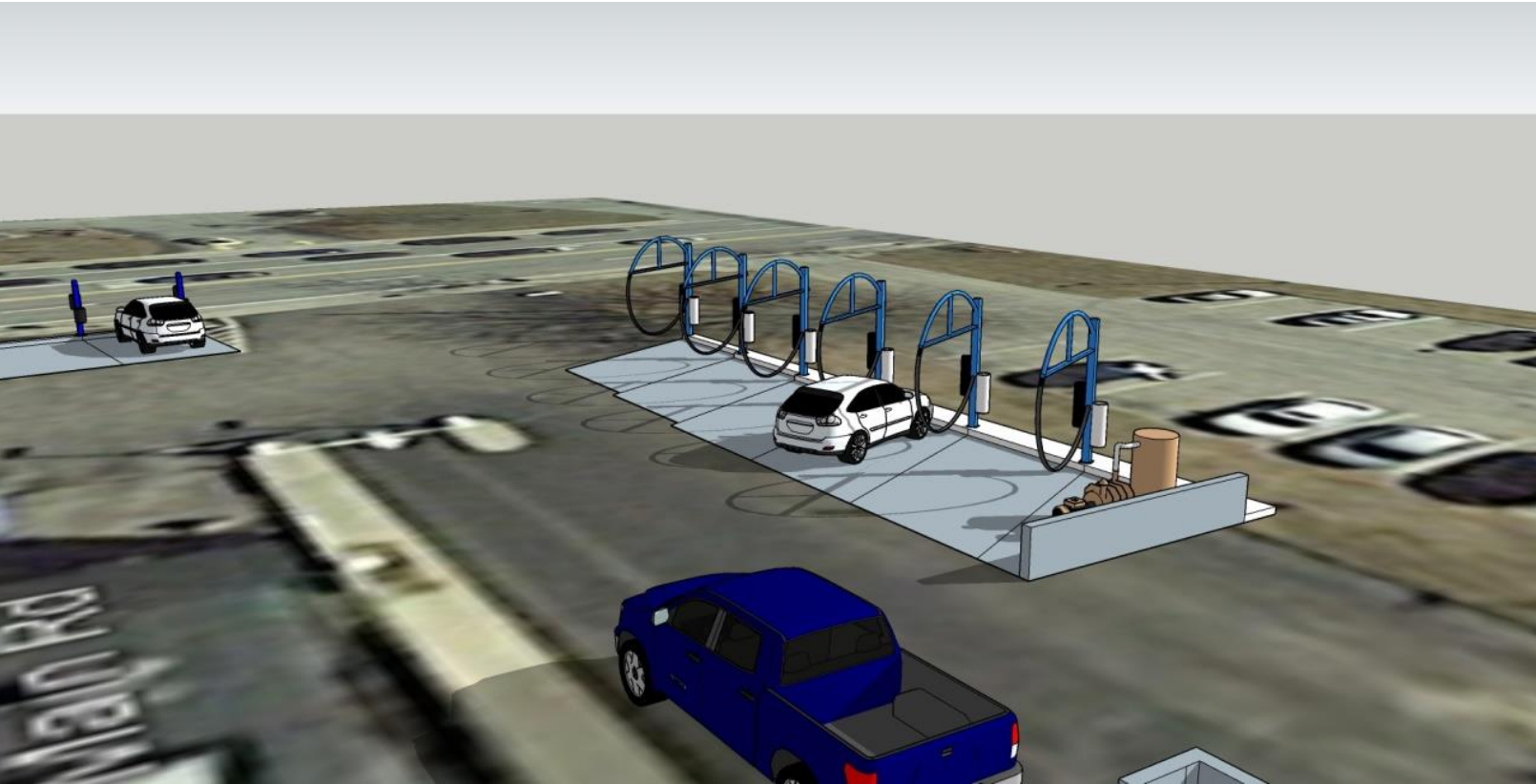
- YEAR ONE 162,255 / \$1,008,557
- YEAR TWO 214,153 / \$1,418,223
- YEAR THREE 231,793 / \$1,557,429
- YEAR FOUR 240,273 / \$1,624,345
- YEAR FIVE 259,242 / \$1,774,090

SITE MODIFICATIONS STORE 50 TO MAXIMIZE POTENTIAL



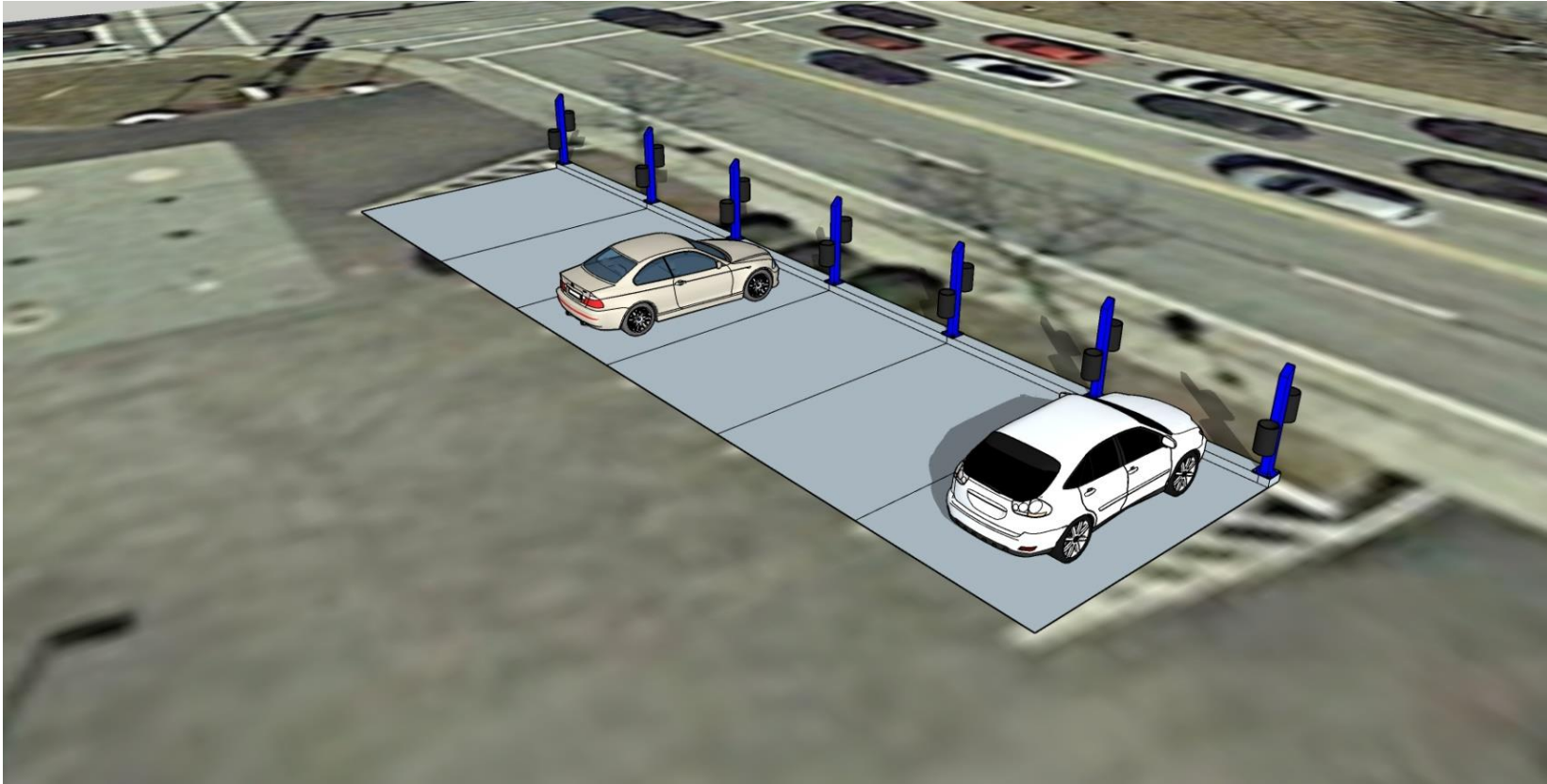
- REVERSE ENTRANCE & EXIT
- ADD 30 FT TO TUNNEL
- CREATE 2 PAY STATIONS & GATES
- BUILD AN EQ ROOM

SITE MODIFICATIONS STORE 50 TO MAXIMIZE POTENTIAL



- BUILD 6 VAC STALLS ON EXIT
- ATTEND CAR WASH

SITE MODIFICATIONS STORE 50 TO MAXIMIZE POTENTIAL



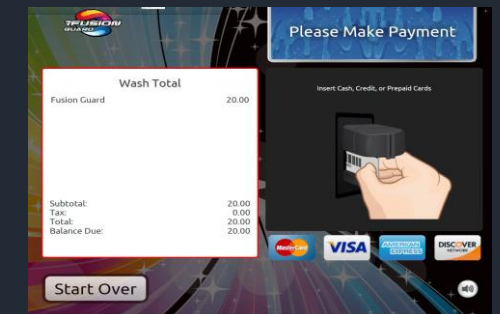
- BUILD 6 VAC STALLS ON VALLEY RD
- UPDATE EQUIPMENT

SONNYS STORE 50 EXPRESS PROFORMA



- MENU \$6/\$10/\$15/\$20
- MIX 50% /15%/15%/20%
- INVEST \$675,000
- \$150,000 BLDG
- \$550,000 EQUIPMENT
- \$150,000 SITE
- \$50,000 SOFT COSTS

Pay Stations



Secure

- Security door
- Security bar
- Stainless Steel



Customizable

- Custom paint
- Custom decals
- Custom menu flow/design



360-Degree Marketing

- Sell & redeem Unlimited Plans
- Sell/Dispense Wash Cars or Gift Cards
- Endless Marketing/Promotions

License Plate Recognition

Eliminate RFID

Marketing



- E-Commerce
- Market to Returning Plates
- Easy Sign up Loyalty Program



Save on Labor



- No issuing RFID tags
- Self-Serve Plan Management
- Emailed alerts for CC Declines



Built-In Security

- Stainless Steel Enclosure
- Security Door
- Security Lock



True Visibility

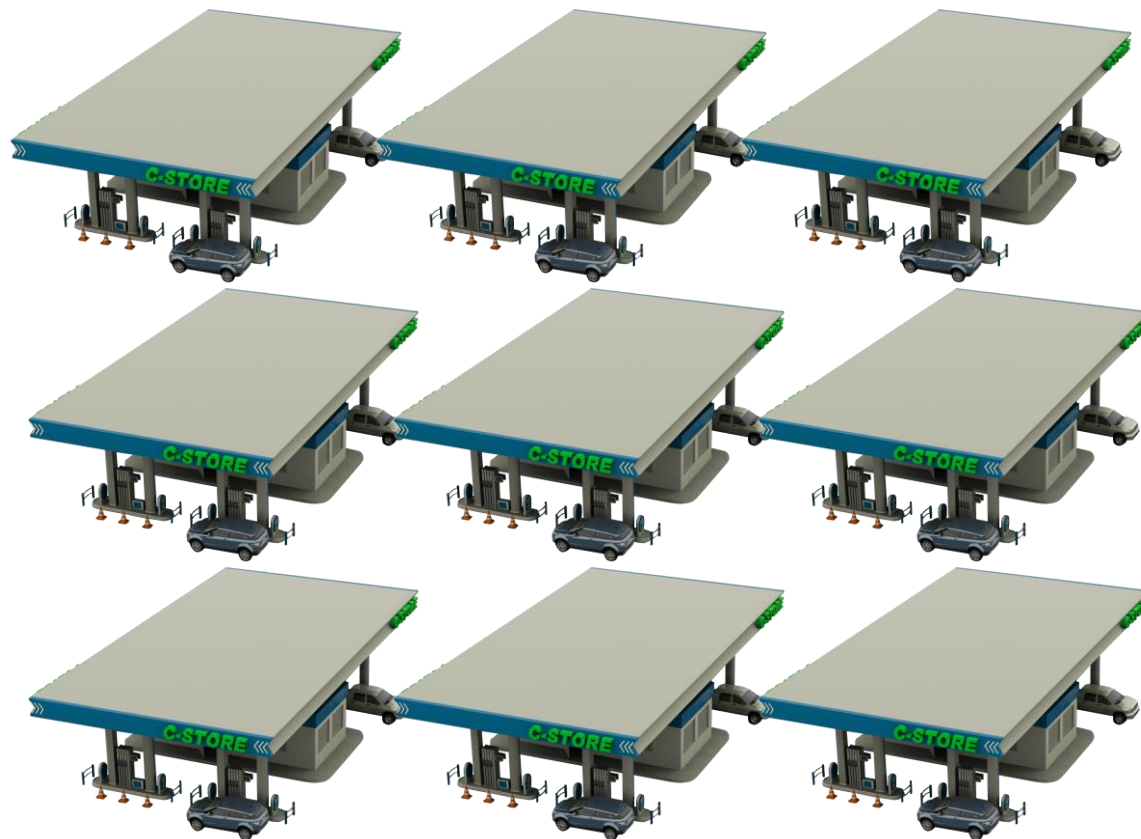
- Track Return Visits
- Track Visit to Member Rate
- Insight into New vs. Returning

Sell

From ANY Seasons Market

Redeem

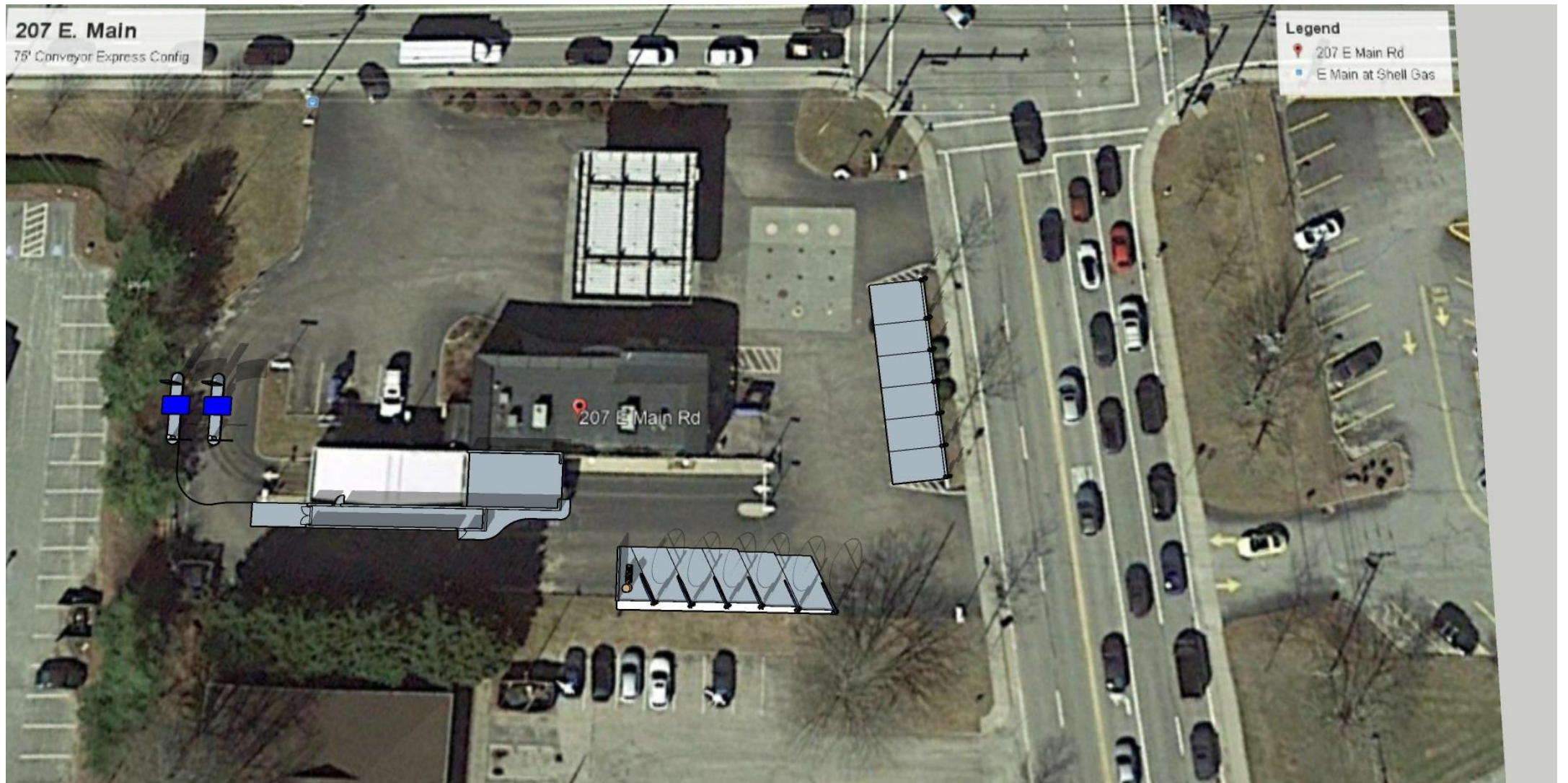
At ANY Shine 365 Car Wash



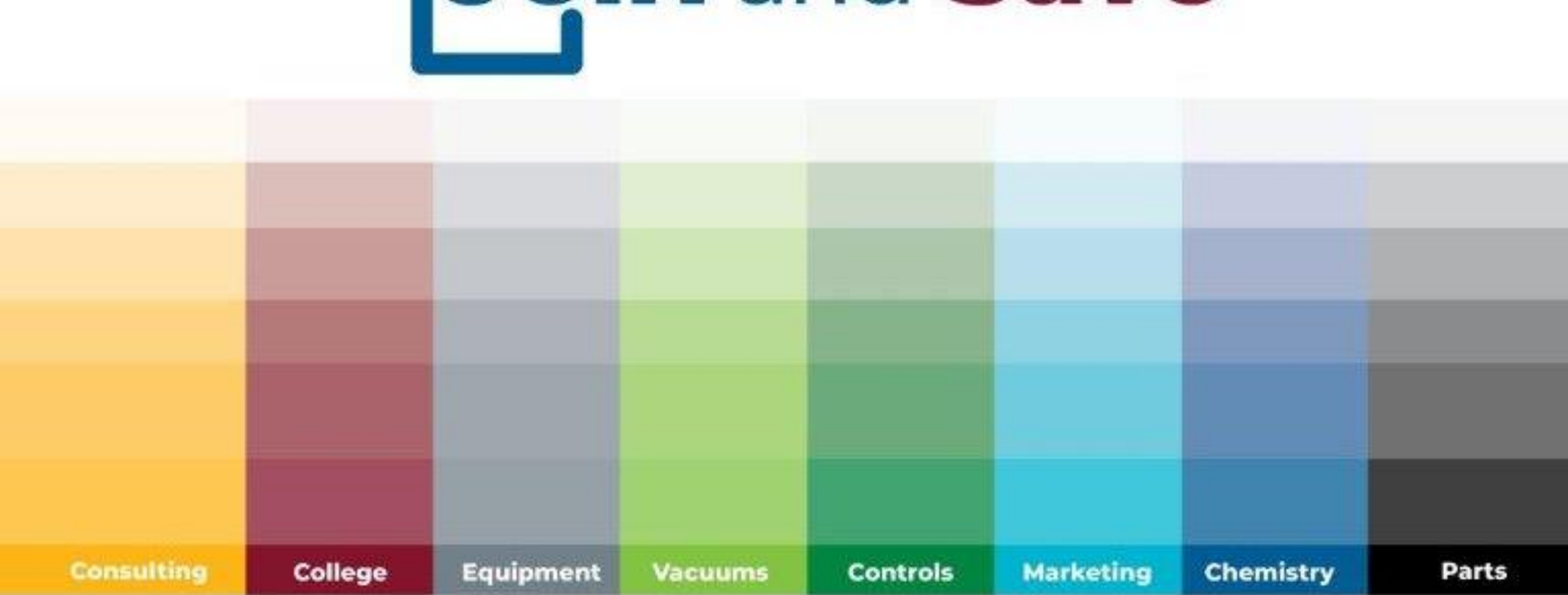
SITE MODIFICATIONS STORE 50 TO MAXIMIZE POTENTIAL



*I WILL PLAY 30 SECOND
VIDEO OF PAY STATION
LPR SUBSCRIPTION
SIGN UP*







 Sonny's **OneWash**[™]
Membership

Thank You!

Q&A



Followed by Dinner @ 6pm Malardi's Tucson Grill