



# Automotive Aftermarket

## Quarterly Dashboard

Market Intelligence for Industry Players

Q3 2007

### Third Quarter M&A Commentary

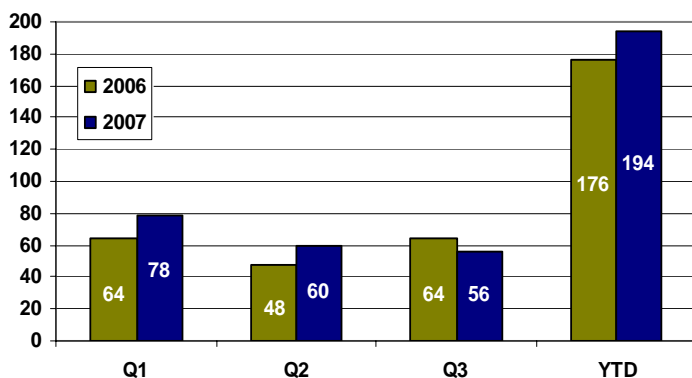
Merger and acquisition activity in the automotive aftermarket remained fairly robust in the third quarter, with 56 deals announced. This level of activity is relatively strong by historical standards, but down slightly from the second quarter of 2007 (-6.7%) and the third quarter of 2006 (-12.5%). Despite a slowdown in third quarter activity, the 194 deals announced year-to-date is 10.2% more than the number in the same period in 2006.

The recent debt market correction likely had a negative impact on third quarter deal activity. The debt market is in the process of “repricing” risk, which has resulted in increased interest rates and tighter covenants for highly leveraged transactions.

The initial reaction to the correction was felt at all levels of the M&A market. However, its longer-term impact appears to be largely limited to extremely large, highly levered buyout deals. Despite giving temporary pause to M&A activity in the third quarter, the correction is not likely to spill over to the middle market (deals valued at less than \$500 million).

We expect middle-market automotive aftermarket transaction activity to remain strong. The industry continues to be an attractive investment area for both strategic and financial acquirers as certain segments of the automotive aftermarket perform well in both strong and weak economies.

Automotive Aftermarket Transactions



Source: Capital IQ

### How Recession Proof is Your Business?

Numerous recent events including increased volatility of the stock market, Federal Reserve rate cuts and the weakening housing market, among other factors, have increased the level of economic uncertainty and raised the possibility of an impending recession. While this is certainly cause for concern among business owners, certain segments of the automotive aftermarket have proven to be recession resistant.

During recessions, consumers delay new car purchases, raising the average age of cars on the road and in turn, demand for replacement parts, repairs and maintenance. Additionally, cost-conscious consumers are more likely to seek out aftermarket parts rather than pay high prices for OEM parts. During a recessionary period, strategic and financial acquirers are likely to target manufactures and distributors of moderately priced, mechanical, structural and electrical components that are necessary to maintain vehicle safety and reliability.



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# Automotive Aftermarket

## Quarterly Dashboard

### Selected Third Quarter Deal Briefs

**Keystone Automotive Industries, Inc. acquired by LKQ Corp.** LKQ continues to be an aggressive buyer; this time acquiring Keystone Automotive, its largest competitor. The deal, which was announced July 16 and closed October 12, will create an industry titan. The transaction was valued at approximately \$817 million and the combined company will have approximately \$1.5 billion in annual sales, making LKQ the definitive leader in the recycled automotive parts market.

**Pintendre Autos, Inc. acquired by LKQ Corp.** Just prior to the Keystone transaction, LKQ announced the acquisition of Pintendre Autos, a leading automobile recycling company based in Canada. Pintendre generated revenues of approximately \$29 million in 2006. Pintendre has nearly 300 employees and claims to be three times as large as its nearest competitor.

We expect LKQ to continue its push into the Canadian market with numerous small acquisitions. The company successfully used this model to grow in the U.S., where it acquired more than 20 local and regional recycled parts dealers in the past five years.

**Platinum Equity, LLC acquires PPG Industries, Automotive Glass Manufacturing and Services Business.** Platinum Equity, a leading private equity firm that specializes in corporate divestitures, continues to invest in the automotive market with the recently announced acquisition of PPG Industries' Automotive Glass division. PPG has been divesting non-core assets to focus on its coatings and specialty products businesses.

The transaction was driven by PPG's desire to reduce its exposure to the U.S. automotive industry amid slumping profits for the Automotive Glass division. Platinum Equity's bid may come as a surprise to industry observers that expected glass manufacturer Guardian Industries Corp. to emerge as the buyer. Platinum also owns American Racing Equipment, a leading manufacturer of high-performance automotive wheels.

**ACS / Dorsett Molded Carpet acquired by Auto Custom Carpets, Inc.** This deal is Auto Custom Carpet's (ACC) first acquisition. ACC expects the acquisition to significantly expand its position as the world's leading automotive carpet replacement manufacturer.

The deal also narrows the already slim field of pure-play competitors focused exclusively on automotive carpets and floor mats, such as ACC and California-based Kraco Enterprises. Both companies are likely acquisition targets for more diversified aftermarket accessories manufacturers looking to expand their product lines.

**Selected Third Quarter Deal Briefs (continued)**

**Thule, Inc. acquires United Welding Services, Inc.** This is the first transaction for Thule since being acquired by Nordic Capital in July. United Welding, a leading manufacturer of heavy-duty truck boxes, ladder racks and storage solutions, extends Thule's presence into the commercial utility and service contractor segments of the automotive accessories market.

Thule has now acquired nine companies since 2004, including three this year, to expand its presence in the accessories and storage solutions markets. Thule has used acquisitions as a central strategy to enter new markets such as snowmobile trailers, industrial trailers, snow chains and storage solutions. We expect Thule to continue to acquire niche automotive accessories manufacturers.

**Eckler Industries, Inc. acquires Rick's First Generation, Inc.** Eckler Industries continues to build out its classic car platform with the acquisition of Rick's First Generation. Rick's is a leading provider of restoration parts for "first generation" (1967-1969) Camaros.

The deal marks Eckler's first transaction since being acquired by Century Park Partners from the Harbour Group in June 2006. Century Park is building a one-stop-shop for classic General Motors automotive enthusiasts. These enthusiasts are a very attractive demographic group, as they are predominantly affluent, male baby boomers with significant discretionary income.

**AJ Prindle & Co. acquired by Banyan Enterprises.** Banyan Enterprises, a recently established private equity firm focused on direct-to-consumer catalog and internet retail businesses, acquired a majority interest in AJ Prindle in August. AJ Prindle is a catalog and online retailer of automotive accessories and a provider of incentive purchase programs to auto manufacturers and their dealer groups. The deal is newly formed Banyan's first transaction and may lead to others in the automotive catalog space as the firm seeks to build its portfolio.

**Dedenbear Products, Inc. and Stack Ltd. acquired by Auto Meter Products, Inc.** Backed by Harbour Group, Auto Meter continues to expand its platform in the high-performance racing market with the recent acquisitions of Dedenbear Products and Stack Ltd. Dedenbear has been a leading manufacturer of drag racing parts for over 25 years. Stack is a UK-based manufacturer of motor sport products, such as video systems, data acquisition systems, dash displays, tachometers, and data analysis software. We expect Harbour Group to continue to acquire niche motor sport and racing brands that complement the Auto Meter platform.

**Uni-Select, Inc. acquires Consumer Auto Parts, Inc. and Parts Distributors, Inc.** Uni-Select, a Canadian parts wholesaler with distribution centers and corporate stores across North America, acquired Consumer Auto Parts on August 31 and Parts Distributors on September 27. These deals expand Uni-Select's coverage into Massachusetts, where Consumer Auto Parts has more than 20 locations, and the Mid-Atlantic region, where Parts Distributors operates 16 retail locations. The two transactions, which will add \$93 million in annual sales for Uni-Select, are further examples of the ongoing consolidation in the automotive parts distribution segment.

Third Quarter Automotive Aftermarket M&A Transactions

| Announced /<br>Closed | Target /<br>Acquirer  | Target Description  | Transaction<br>Value (\$mm) | EV/LTM  |        |
|-----------------------|---|---|-----------------------------|---------|--------|
|                       |   |   |                             | Revenue | EBITDA |
| 9/27/07<br>9/27/07    | <b>Parts Distributors Inc.</b><br>Uni-Select USA, Inc.  | Distributes aftermarket automobile parts to independent jobbers and fleet operators   | -                           | -       | -      |
| 9/26/07<br>Pending    | <b>People's Motor International Group</b><br>Tank Sports Inc. (OTCBB:TNSP)                          | Manufacturers and exports engines, leisure vehicles and motorcycles and scooters  | -                           | -       | -      |
| 9/25/07<br>Pending    | <b>Solid Service Pty Ltd.</b><br>Trelleborg Wheel Systems SpA                                       | Distributes industrial tires, cushion tires, industrial forklift tires, pressing equipment and resilient solid puncture proof tires | -                           | -       | -      |
| 9/21/07<br>9/21/07    | <b>Life Automotive Products Inc.</b><br>Spectrum Lubricants Corporation                             | Manufactures and distributes automatic transmission chemicals   | -                           | -       | -      |
| 9/19/07<br>9/19/07    | <b>MacLean Molded Components, LLC</b><br>Kurz-Kasch, Inc.   | Manufactures engineered thermoset and thermoplastic components for use in cars and light trucks                                     | -                           | -       | -      |
| 9/13/07<br>Pending    | <b>PPG Industries, Automotive Glass Manufacturing and Services Business</b><br>Platinum Equity, LLC | Manufactures and supplies glass to automakers and to the aftermarket  | 500.0                       | 0.9x    | -      |
| 9/12/07<br>9/12/07    | <b>Bearing Centre Limex</b><br>European Bearing Corporation   | Manufactures and markets repair kits for gear boxes, gas distribution mechanisms, wheel front supports and hubs                     | -                           | -       | -      |
| 9/12/07<br>9/12/07    | <b>EPM: Technology, Production Unit in Coalville</b><br>MacNeillie & Son Ltd.                       | Manufactures composite automotive parts and components  | -                           | -       | -      |
| 9/6/07<br>9/6/07      | <b>Die Wethje GmbH Kunststofftechnik</b><br>CROSS Automotive GmbH                                   | Manufactures carbon fiber air boxes for the automotive racing industry and Formula 1 and touring cars teams.                        | -                           | -       | -      |
| 9/6/07<br>Pending     | <b>Sabelt S.p.A.</b><br>Brembo SpA (CM:BRE)   | Manufactures safety harnesses and restraint systems   | -                           | -       | -      |
| 9/6/07<br>Pending     | <b>United Welding Services Inc.</b><br>Thule, Inc.  | Manufactures truck and sport utility vehicle accessories, including truck boxes, tailgate caps, kick plates and ladder racks        | -                           | -       | -      |
| 9/4/07<br>9/4/07      | <b>ACS / Dorsett Molded Carpet</b><br>Auto Custom Carpets, Inc.                                     | Manufacturer of custom molded carpet products primarily sold into the automotive restoration market                                 | -                           | -       | -      |
| 8/27/07<br>8/27/07    | <b>ASC Incorporated</b><br>Hancock Park Associates  | Manufactures roof systems, body systems and other specialty-vehicle systems for automakers  | -                           | -       | -      |
| 8/21/07<br>8/21/07    | <b>AJ Prindle &amp; Co.</b><br>Banyan Enterprises   | Distributes aftermarket parts and accessories through direct mail catalogs and an online store                                      | -                           | -       | -      |
| 8/21/07<br>8/31/07    | <b>Consumer Auto Parts Inc.</b><br>Uni-Select Inc. (TSX:UNS)  | Distributes auto parts and accessories, including brake pads, ignition products, bearings, seals, shocks and struts                 | -                           | -       | -      |
| 8/20/07<br>Pending    | <b>Prime Automotive Parts Co.</b><br>Hahn Automotive Warehouse, Inc.                                | Distributes automotive parts and components, including air flow sensors, calipers and power brake units                             | -                           | -       | -      |
| 8/20/07<br>9/11/07    | <b>Combustion Components Associates, Inc., Mobile Emissions Business</b><br>Tenneco Inc. (NYSE:TEN) | Manufactures emissions control solutions for customers in the transportation and power generation industries                        | 16.0                        | -       | -      |
| 8/20/07<br>8/20/07    | <b>RV Sani-Con</b><br>Theftford Corporation   | Manufactures RV parts and RV accessories used in the process of emptying and managing RV holding tanks and waste                    | -                           | -       | -      |
| 8/17/07<br>Pending    | <b>SMC Wheels</b><br>Undisclosed  | Manufactures alloy wheels for light transportation vehicles, as well as accessories, such as wheel displays                         | -                           | -       | -      |
| 8/16/07<br>8/16/07    | <b>Aviation Upgrade Technologies Inc.</b><br>OncoVista, Inc.  | Manufactures electronic tire valve caps for automobiles that provide early warning of low pressure in tires                         | 1.1                         | 4.5x    | -      |
| 8/16/07<br>8/16/07    | <b>Monoflex AB</b><br>Westfalia Automotive GmbH & Co KG   | Manufactures and markets tow bars for cars  | -                           | -       | -      |
| 8/9/07<br>8/9/07      | <b>Polytec Group (WBAG:PYT)</b><br>Sia Funds AG   | Manufactures automotive interior, exterior and engine parts, components, modules and systems  | -                           | -       | -      |
| 8/8/07<br>Pending     | <b>Engine Parts 1 Inc.</b><br>MAHLE Clevite Canada ULC  | Distributes engine parts in Canada  | -                           | -       | -      |
| 8/7/07<br>8/7/07      | <b>ArvinMeritor Light Vehicle Aftermarket, European Exhaust Operations</b><br>Klarius Group Limited | Manufactures integrated automotive systems, modules and components  | -                           | -       | -      |
| 8/7/07<br>8/7/07      | <b>Weymouth Pin Manufacturing Ltd.</b><br>Pankl Racing Systems AG (DB:PKL)                          | Manufactures piston pins for various forms of motor sports  | 4.0                         | 1.0x    | -      |
| 8/3/07<br>8/3/07      | <b>Julius Heywinkel GmbH</b><br>NORD Holding Unternehmensbeteiligungsgesellschaft mbH               | Develops and produces coated fabrics and thermoplastics for the automotive industry   | -                           | -       | -      |
| 8/2/07<br>8/2/07      | <b>Penda Corporation</b><br>Resilience Capital Partners LLC   | Manufactures custom thermoplastic and fiberglass products for the automotive aftermarket  | -                           | -       | -      |
| 8/2/07<br>8/2/07      | <b>Rick's First Generation, Inc.</b><br>Eckler Industries, Inc.                                     | Sells classic model General Motors restoration parts through catalogs and the internet  | -                           | -       | -      |

EV = Enterprise Value  
LTM = Last 12 Months  
Source: Capital IQ

Third Quarter Automotive Aftermarket M&A Transactions (continued)

| Announced /<br>Closed  | Target /<br>Acquirer   | Target Description  | Transaction<br>Value (\$mm) | EV/LTM  |        |
|------------------------|--|---|-----------------------------|---------|--------|
|                        |  |   |                             | Revenue | EBITDA |
| 8/1/07<br>8/1/07       | <b>Safeman Automotive AB</b><br>PR-Plast AB  | Manufactures automotive upholstery covers and other accessories   | -                           | -       | -      |
| 7/31/07<br>7/31/07     | <b>Froude Hofmann</b><br>Harris Watson Holdings Plc  | Designs and manufactures various engine and vehicle dynamometer test solutions used for various applications                | -                           | -       | -      |
| 7/31/07<br>7/31/07     | <b>Transportation Safety Technologies, Inc.</b><br>Riverside Mfg., LLC                                   | Manufactures vehicle safety, security systems and electronic control solutions for commercial vehicles                      | -                           | -       | -      |
| 7/30/07<br>Pending     | <b>Oliver Rubber Company</b><br>Michelin North America, Inc.   | Manufactures various precure and mold cure tread rubber for retreaders and commercial end users                             | 69.0                        | 0.7x    | -      |
| 7/27/07<br>7/27/07     | <b>Bag Bizerba Automotive GmbH</b><br>Casco Schoeller GmbH, Bizerba GmbH & Co. KG                        | Manufactures weight sensors and bag sensors for the automotive airbag industry  | -                           | -       | -      |
| 7/27/07<br>7/27/07     | <b>Dedenbear Products, Inc.</b><br>Auto Meter Products, Inc.   | Manufactures various drag racing parts including transmission cases, racing oil pumps, shifter products and throttle stops  | -                           | -       | -      |
| 7/27/07<br>7/27/07     | <b>Miba Sinter Spain SA</b><br>Allegra Capital GmbH  | Markets and distributes automobile spare parts and components including engines, transmissions and steering systems         | -                           | -       | -      |
| 7/26/07<br>Pending     | <b>Craven Tire &amp; Auto, Inc.</b><br>Monro Muffler Brake Inc. (NasdaqNM:MNRO)                          | Provides tires and automotive repair and maintenance services across seven Virginia locations                               | -                           | -       | -      |
| 7/25/07<br>7/25/07     | <b>Automobile Transportation Assets</b><br>TMM Logistics, S.A. De C.V.                                   | Operates a fleet of auto hauling equipment and operating yards in Mexico  | 36.0                        | -       | -      |
| 7/25/07<br>Pending     | <b>Siemens VDO Automotive AG</b><br>Continental AG (DB:CON)  | Manufactures and supplies automotive electronics and mechanical systems globally to OEMs and the aftermarket                | 15,623.9                    | 1.1x    | -      |
| 7/18/07<br>8/31/07     | <b>Automotive Products S.p.a.</b><br>Continental AG (DB:CON)   | Produces clutches for passenger cars, commercial vehicles, motor cycles and tractors  | -                           | -       | -      |
| 7/18/07<br>7/18/07     | <b>Rhiag Group Limited</b><br>Groupe Alpha   | Distributes automotive aftermarket components in Italy, Switzerland and eastern Europe                                      | -                           | -       | -      |
| 7/16/07<br>Pending     | <b>Keystone Automotive Industries Inc. (NasdaqNM:KEYS)</b><br>LKQ Corp. (NasdaqNM:LKQX)                  | Distributes aftermarket collision replacement parts produced by independent manufacturers for automobiles and light trucks  | 837.1                       | 1.1x    | 13.5x  |
| 7/16/07<br>Pending     | <b>Schumag AG (DB:SCM)</b><br>Berliner AG fuer Industriebeteiligungen AG (DB:BF)                         | Manufactures precision products for automobile manufacturing and medical technology sectors                                 | -                           | -       | -      |
| 7/13/07<br>8/30/07     | <b>JC Auto S.A. (WSE:JCA)</b><br>Inter Cars S.A. (WSE:CAR)   | Distributes auto parts in Poland under the JC filters, Kayaba, Daikin and Nisshinbo brand names.                            | 99.2                        | -       | -      |
| 7/13/07<br>Pending     | <b>Stack Ltd.</b><br>Auto Meter Products, Inc.   | Supplies instrumentation, data acquisition and video-logging solutions for the automotive and engineering industries        | -                           | -       | -      |
| 7/12/07<br>7/12/07     | <b>UTT Technische Textilien GmbH u. Co.</b><br>DZ Equity Partner GmbH                                    | Manufactures technical textiles including airbag material and air bags  | -                           | -       | -      |
| 7/10/07<br>7/10/07     | <b>Westaflex Automotive Group</b><br>Maruyasu Industries Co. Ltd.  | Manufactures automotive air- and gas-conducting flexible hoses and ducts  | -                           | -       | -      |
| 7/9/07<br>7/9/07       | <b>Pintendre Autos, Inc.</b><br>LKQ Corp. (NasdaqNM:LKQX)  | Recycles and distributes auto parts, repairable vehicles and used vehicles  | -                           | -       | -      |
| 7/5/07<br>7/5/07       | <b>Hayes Lemmerz International-Wabash, Inc</b><br>Harvey Industries LLC                                  | Engages in the design and manufacture of aluminum and steel wheels for passenger cars, light trucks and commercial vehicles | -                           | -       | -      |
| 7/5/07<br>Pending      | <b>PMS-Pissimissis S.A.</b><br>Petropoulos Petros SA (ATSE:PETRO)  | Distributes car accessories, electronic parts and other car-related products  | -                           | -       | -      |
| 7/3/07<br>8/27/07      | <b>Atwood Mobile Products, Inc.</b><br>Insight Equity  | Manufactures products for recreation vehicle and mobile applications  | 160.2                       | 0.5x    | -      |
| 7/3/07<br>Pending      | <b>Marlino Tire Company, Five Wholesale Distribution Centers</b><br>American Tire Distributors, Inc.     | Operates five wholesale tire distribution centers across eastern Florida  | -                           | -       | -      |
| 7/3/07<br>8/31/07      | <b>Vigil Locating Systems Corp., Substantially All Assets</b><br>Datacom Wireless Corporation (TSXV:DAT) | Provides telematics solution for vehicles and commercial fleets, such as vehicle location and recovery systems              | 0.9                         | -       | -      |
| 7/2/07<br>Pending      | <b>MT Sealing Technology, Inc.</b><br>Burckhardt Compression AG (SWX:BCHN)                               | Designs and manufactures sealing components for slow speed diesel engines and reciprocating compressors                     | -                           | -       | -      |
| 7/2/07<br>7/2/07       | <b>Alliance Tire Co. (1992) Ltd. (TASE:ALIN)</b><br>Warburg Pincus LLC                                   | Manufactures a variety of agricultural, multipurpose and industrial tires   | 150.1                       | -       | -      |
| 7/01/2007<br>7/01/2007 | <b>Cyclam Holdings, LLC</b><br>KPAC Solutions  | Manufactures and distributes water pump seals for the automotive market   | -                           | -       | -      |
| 7/1/07<br>7/1/07       | <b>Sparco S.p.A.</b><br>Presidio S.G.R.p.A.  | Manufactures motor sport safety equipment and accessories for racing, tuning and biking                                     | -                           | -       | -      |

EV = Enterprise Value  
LTM = Last 12 Months  
Source: Capital IQ

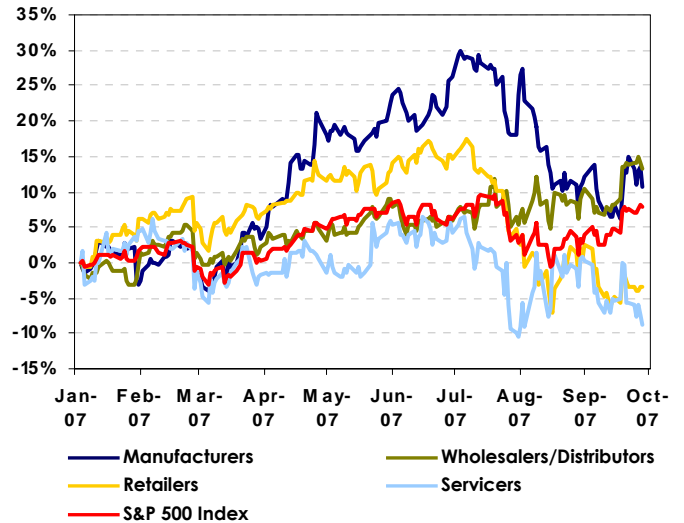
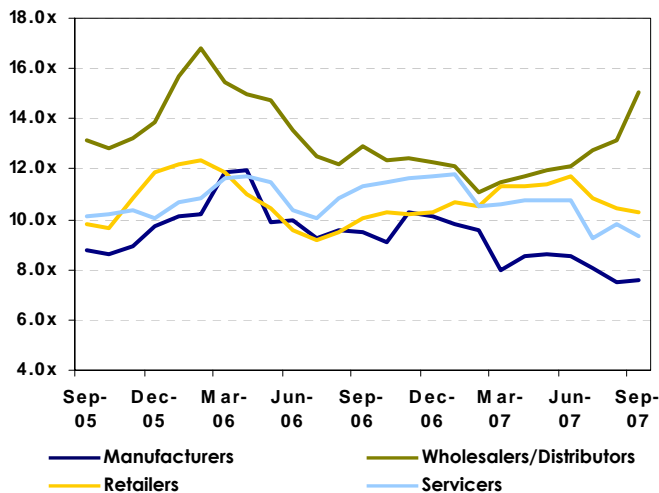
Public Company Trading Multiples

(\$ in millions, except per share data)

| Company Name                        | Stock Price | % of 52-Week High | Market Cap | TEV       | LTM        |         | TEV/LTM        |             | P/LTM Diluted EPS |              |
|-------------------------------------|-------------|-------------------|------------|-----------|------------|---------|----------------|-------------|-------------------|--------------|
|                                     |             |                   |            |           | Revenue    | EBITDA  | Revenue        | EBITDA      |                   |              |
| <b>Manufacturers</b>                |             |                   |            |           |            |         |                |             |                   |              |
| Aftermarket Technology Corp.        | \$31.74     | 94.0%             | \$701.3    | \$678.8   | \$519.2    | \$73.0  | 1.3x           | 9.5x        | 27.9x             |              |
| Directed Electronics, Inc.          | 3.99        | 24.7%             | 100.8      | 415.4     | 450.5      | 57.7    | 0.9x           | 7.5x        | 9.3x              |              |
| Dorman Products, Inc.               | 14.10       | 94.2%             | 249.4      | 267.8     | 312.9      | 40.4    | 0.9x           | 6.6x        | 13.2x             |              |
| Proliance International, Inc.       | 2.11        | 41.5%             | 32.3       | 97.5      | 407.0      | (0.5)   | 0.2x           | NM          | NM                |              |
| Standard Motor Products Inc.        | 9.40        | 48.3%             | 178.3      | 436.4     | 789.5      | 51.5    | 0.6x           | 8.5x        | 18.0x             |              |
| Tenneco Inc.                        | 31.01       | 82.2%             | 1,440.9    | 2,748.9   | 5,393.0    | 459.0   | 0.5x           | 6.0x        | 21.4x             |              |
|                                     |             |                   |            |           |            |         | <b>Average</b> | <b>0.7x</b> | <b>7.6x</b>       | <b>18.0x</b> |
|                                     |             |                   |            |           |            |         | <b>Median</b>  | <b>0.7x</b> | <b>7.5x</b>       | <b>18.0x</b> |
| <b>Wholesalers/Distributors</b>     |             |                   |            |           |            |         |                |             |                   |              |
| Genuine Parts Co.                   | \$50.00     | 96.7%             | \$8,496.5  | \$8,785.1 | \$10,661.0 | \$901.1 | 0.8x           | 9.9x        | 17.4x             |              |
| Keystone Automotive Industries Inc. | 47.76       | 99.9%             | 791.6      | 771.2     | 727.0      | 60.5    | 1.1x           | 12.7x       | 24.9x             |              |
| LKQ Corp.                           | 34.81       | 97.8%             | 2,227.1    | 2,356.9   | 870.8      | 103.6   | 2.7x           | 22.7x       | 38.7x             |              |
|                                     |             |                   |            |           |            |         | <b>Average</b> | <b>1.5x</b> | <b>15.1x</b>      | <b>27.0x</b> |
|                                     |             |                   |            |           |            |         | <b>Median</b>  | <b>1.1x</b> | <b>12.7x</b>      | <b>24.9x</b> |
| <b>Retailers</b>                    |             |                   |            |           |            |         |                |             |                   |              |
| Advance Auto Parts Inc.             | \$33.56     | 76.9%             | \$3,430.8  | \$3,869.0 | \$4,753.6  | \$567.1 | 0.8x           | 6.8x        | 15.0x             |              |
| AutoZone Inc.                       | 116.14      | 82.8%             | 7,660.6    | 9,596.2   | 6,169.8    | 1,200.1 | 1.6x           | 8.0x        | 13.6x             |              |
| CSK Auto Corp.                      | 10.65       | 55.6%             | 468.2      | 983.6     | 1,917.0    | 116.4   | 0.5x           | 8.6x        | NM                |              |
| O'Reilly Automotive Inc.            | 33.41       | 86.0%             | 3,836.7    | 3,844.8   | 2,411.7    | 366.7   | 1.6x           | 10.7x       | 20.5x             |              |
| Pep Boys - Manny, Moe & Jack        | 14.03       | 62.4%             | 724.3      | 1,250.1   | 2,241.9    | 121.6   | 0.6x           | 10.6x       | NM                |              |
| U.S. Auto Parts Network, Inc.       | 8.71        | 69.1%             | 259.8      | 218.7     | 160.9      | 12.5    | 1.4x           | 17.9x       | NM                |              |
|                                     |             |                   |            |           |            |         | <b>Average</b> | <b>1.1x</b> | <b>10.4x</b>      | <b>16.4x</b> |
|                                     |             |                   |            |           |            |         | <b>Median</b>  | <b>1.1x</b> | <b>9.6x</b>       | <b>15.0x</b> |
| <b>Service Providers</b>            |             |                   |            |           |            |         |                |             |                   |              |
| Midas Inc.                          | \$18.87     | 79.5%             | \$276.3    | \$384.7   | \$176.0    | \$39.2  | 2.2x           | 10.0x       | 30.7x             |              |
| Monro Muffler Brake Inc.            | 33.79       | 86.2%             | 486.2      | 532.6     | 426.4      | 63.2    | 1.2x           | 8.7x        | 22.5x             |              |
|                                     |             |                   |            |           |            |         | <b>Average</b> | <b>1.7x</b> | <b>9.3x</b>       | <b>26.6x</b> |
|                                     |             |                   |            |           |            |         | <b>Median</b>  | <b>1.7x</b> | <b>9.3x</b>       | <b>26.6x</b> |

Source: Capital IQ (LTM as of October 1, 2007)

Historical EV/EBITDA Multiples



Source: Capital IQ

Note: Proliance (negative EBITDA) excluded from Historical EV/EBITDA Multiples chart

### Public Company EBITDA Multiples

- ▶ Publicly traded automotive aftermarket distributors have consistently traded above other industry segments. As of the close of the third quarter, the Capstone Wholesaler and Distributor peer group traded at an average enterprise value to EBITDA multiple of 15.1x, which compares favorably to 12.3x at the end of 2006 and 13.9x at the end of 2005. Multiple expansion has been driven by strong performance from LKQ and Keystone Automotive, which recently merged. At the close of the third quarter, LKQ traded at a lofty 22.7x EBITDA, most likely due to expected cost savings associated with the acquisition of Keystone.
- ▶ The average EBITDA multiple in the Retailer peer group has ranged between 9.2x and 12.2x over the past 24 months, and ended the third quarter at 10.4x. The addition of U.S. Auto Parts Network, which went public in the first quarter and has traded between 15.7x and 19.4x since the end of March, has contributed to higher average multiples. Every other company in the Retailer group has experienced declining multiples since the end of 2005. Advance Auto Parts and Pep Boys have been particularly hard hit due to soft sales and margins resulting from regional weakness in the housing market and other macroeconomic factors.
- ▶ The average EBITDA multiple for Capstone's Servicers Index contracted to 9.3x EBITDA, down from 11.7x at the end of 2006. The index, which is comprised of Midas and Monro Muffler Brake, has been negatively impacted by macroeconomic factors such as high gas prices and the weakening housing market. Midas has seen its multiple contract from 13.5x to 10.0x this year, while Monro has contracted from 9.9x to 8.7x.
- ▶ The Manufacturers peer group has consistently traded at lower multiples than the other segments and has experienced significant multiple contraction this year. The group's average multiple of 7.6x at the close of the third quarter is down a full turn from 8.5x at the end of the second quarter and down significantly from 10.2x at the end of 2006. Directed Electronics has been the largest contributor to this contraction due to weakness in its satellite radio division. The company was trading at 7.5x EBITDA at the close of the third quarter, compared to 20.0x at the end of 2006. Standard Motor Products has also seen its multiple contract to 8.5x from 10.1x at the close of the second quarter and 10.9x at the end of 2006.

### Indexed Stock Price Performance

- ▶ The Capstone Automotive Aftermarket Manufacturers Index had outperformed the S&P 500 for most of the year, but has since lost much of its earlier gains. The index had posted a year-to-date gain of 26.3% at the end of the second quarter, but is up just 10.7% for the year as of September 30. Its recent weakness is largely a result of an 11.5% third quarter decline at Tenneco, the largest component of the market-cap weighted index. Declining stock prices for some of the smaller components of the index have also had an impact, with Directed Electronics, Proliance and Standard Motor Products all down more than 30% in the third quarter.
- ▶ The Capstone Automotive Aftermarket Retailer Index was under significant pressure in the third quarter, recording a year-to-date loss of 3.5% through the end of September, after having risen 14.8% through the first half of 2007. All retailers included in the index saw their stock price decrease in the quarter as all continue to experience a deteriorating sales environment stemming from macroeconomic issues.
- ▶ The Capstone Automotive Aftermarket Wholesaler and Distributors Index has demonstrated consistent positive momentum and is up 13.2% year-to-date. This is solely attributable to gains by LKQ and Keystone resulting from their announced merger, which is expected to drive significant cost savings.
- ▶ The Capstone Automotive Aftermarket Servicers Index is off 8.8% year-to-date, driven by continued weakness at both Midas and Monro Muffler. Service providers are also facing a deteriorating sales and profit environment related to the same macroeconomic issues the retailers are facing.



# Automotive Aftermarket

## Representative Transactions

### WALL STREET EXPERTISE – BUILT FOR THE MIDDLE MARKET

The following transactions were closed by Capstone Partners or professionals currently employed at Capstone Partners.



Has been  
acquired by

FRIEND SKOLER & CO.



Has divested  
assets to

ROMEO RIM, INC.  
THE RESERVE GROUP



Has been  
acquired by

LUND INTERNATIONAL, INC.



Has been  
acquired by

LAB SAFETY SUPPLY, INC.



Has been  
acquired by

LUVERNE TRUCK  
EQUIPMENT, INC.



Racing & Performance  
Products

Has been  
acquired by

DUBIN CLARK & COMPANY

### About Capstone Partners LLC

Capstone Partners LLC is a leading national investment banking advisory firm dedicated to serving the transaction needs of middle-market companies. The firm provides corporate sale & divestiture, merger & acquisition and private placement advisory services across three major industry practices: Specialty Products, Business Services and Technology & Media. Our team possesses significant experience spanning hundreds of M&A and financing transactions. All of our transactions are supported through industry-specific research and relationship coverage capabilities.



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