Investing in the Car Wash Business
Section # 1 – State of the Industry

Source: notes taken during a 09.27.07 Business Seminar conducted by Fred Grauer*, Executive Vice President – Investor Market, Conveyors, Ryko Manufacturing Company

Current State of the Car Wash Industry

- 9,000 Full Service Carwashes
- 10,500 Exterior Conveyor Washes
- 36,000 Self-Serve Car Washes
- 58,000 In-Bay Automatics
- 113,500 Total

Estimated Revenue: $48+ Billion (includes gas)
Estimated Washes Annually: 2.3 Billion Vehicles
Estimated Washes per Day: 8 Million Vehicles

Interesting Facts

- Big Box Stores are going into the car wash business (Costco ~ Wal-Mart ~ Albertson’s ~ Home Depot ~ Others)
- 7-10% of all C-Stores currently have car washes
- Most all petroleum companies say they will not build a new store without a car wash
- Approximately 25% of petroleum sites have car washes

Greatest Growth & Industry Trends

- EXPRESS Exterior Tunnels
- Multiple Automatics with self-serve bays
- Short Exterior Tunnels
- Free Vacuuming
- Flex Service for existing full service tunnels

Big Box Comments (CSP March 2006)

- Costco’s Bob Nelson says his chain is siding with conveyor – the lengthly, high-quality clean mechanism wherein cars are stacked up and run through a friction wash
- A June 2005 Wal-Mart Shareholder’s Souvenir newsletter notes that car-wash facilities are at the forefront of Sam’s expansion efforts
- Sam’s will initially favor the simpler in-bay automatics, which are a safer investment, but potentially diversify to include conveyor washes

Countering Big Box Rivals

To counter Big Box rivals, small shops soup up services; more horsepower for drying

By Jennifer Saranow, Wall street Journal 06.15.06

Carwashes around the country are launching new services:

- Shortening cleaning times (higher hp dryers)
- Plusher waiting rooms
- Wi-Fi service
- Discount programs
- Dog Washes
- Automated payment
- Wash guarantees.
Definitions – Types of Carwashes

- **Self-Serve** – commonly referred to as “wand wash”, “25 cents wash”…i.e. “Do it Yourself” (called “Jet Wash” in Europe)
- **In-bay Automatic** – commonly found at gasoline stations and self-serve car washes (also known as a “Rollover Automatic”); vehicle remains stationary, machine moves over / around vehicle
- **Tunnel** – vehicle placed on conveyor and moved through a building; several variations are deployed
- **Home Driveway Carwash Person**

Benchmark Statistics obtained from annual reports collected / published by industry magazines

<table>
<thead>
<tr>
<th>In-Bay Automatic Statistics</th>
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</thead>
<tbody>
<tr>
<td>2003 Avg # of Cars Washed</td>
<td>19,965</td>
<td>$6.43 sale per vehicle</td>
</tr>
<tr>
<td>2004 Avg # of Cars Washed</td>
<td>23,614</td>
<td>$6.11 sale per vehicle</td>
</tr>
<tr>
<td>2005 Avg # of Cars Washed</td>
<td>21,689</td>
<td>$6.11 sale per vehicle</td>
</tr>
<tr>
<td></td>
<td>Annual Profit $65,826</td>
<td>$3.03 profit / vehicle</td>
</tr>
<tr>
<td>2006 Avg # of Cars Washed</td>
<td>19,947</td>
<td>$6.34 sale per vehicle</td>
</tr>
<tr>
<td></td>
<td>Annual Profit $86,531</td>
<td>$4.34 profit / vehicle</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Self-Serve Statistics</th>
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<tbody>
<tr>
<td>(Wand or Coin-op Style)</td>
<td></td>
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</tr>
<tr>
<td>2003 Avg Monthly Revenue per Bay</td>
<td>$1,243</td>
<td>$0.41 per minute</td>
</tr>
<tr>
<td>2004 Avg Monthly Revenue per Bay</td>
<td>$1,489</td>
<td>$0.44 per minute</td>
</tr>
<tr>
<td>Average Usage is just 6-10%</td>
<td>10%*</td>
<td></td>
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<tr>
<td><em>24 hr x 60 min x 30 days = “usage” 10%</em></td>
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</tbody>
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Professional Car Washing and Detailing

**Average Traffic Count** (*average # of cars passing per day*)

13,828 pass In-Bays Overall  
13,139 pass SS Bays, no gas  
14,393 pass facilities w/o SS Bays and sell gas

On average, in-bay facilities have about 14,000 cars pass by their facilities daily

*Source: 2000 Cost of Doing Business Study – PC&D

**Car Counts & Tunnel Car Washes** (per Auto Laundry News – 2005 Study)

<table>
<thead>
<tr>
<th>Tunnel Car Washes</th>
<th>Per Year</th>
<th>Average Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wash volume for full service operators</td>
<td>58,914</td>
<td>$15.52 (20% at $18.00+)</td>
</tr>
<tr>
<td>Exterior tunnel car washes</td>
<td>65,720</td>
<td>$6.92 (7% at $12.00)</td>
</tr>
</tbody>
</table>

**Car Counts**

<table>
<thead>
<tr>
<th>Car Counts</th>
<th>Per Day</th>
<th>Capture Rate (see examples below)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Service Car Wash</td>
<td>35,786 cpd</td>
<td>0.5-1.0%*</td>
</tr>
<tr>
<td>Exterior Tunnels</td>
<td>25,930 cpd</td>
<td>1.0-1.5%**</td>
</tr>
</tbody>
</table>

**Capture Rate for Automatic Carwashes**

*Expect lower capture rate at full service facilities  
**Expect higher capture rate at exterior tunnels
### Capture Rate examples:

<table>
<thead>
<tr>
<th>Tunnel Type</th>
<th>Average Car Count</th>
<th>Capturing Rate</th>
<th>Washes per Day</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Service Tunnel w/ average car count</td>
<td>35,786 cpd</td>
<td>0.5%</td>
<td>179 cars washed per day</td>
</tr>
<tr>
<td>Full Service Tunnel w/ higher car count</td>
<td>50,000 cpd</td>
<td>0.5%</td>
<td>250 cars washed per day</td>
</tr>
<tr>
<td>Exterior Tunnel w/ average car count</td>
<td>25,930 cpd</td>
<td>1.0%</td>
<td>259 cars washed per day</td>
</tr>
<tr>
<td>Exterior Tunnel w/ higher car count</td>
<td>50,000 cpd</td>
<td>1.0%</td>
<td>500 cars washed per day</td>
</tr>
<tr>
<td>Exterior Tunnel w/ higher car count  &amp; higher capture rate</td>
<td>50,000 cpd</td>
<td>1.5%</td>
<td>750 cars washed per day</td>
</tr>
<tr>
<td>Note: The El Segundo 5 Min EXPRESS Exterior Tunnel documented on this web page…actual results</td>
<td>60,000 cpd</td>
<td>1.65%</td>
<td>Washes 990 cpd so its “Capture Rate” is 1.65%</td>
</tr>
</tbody>
</table>

### Tunnel Car Washes – More Industry Averages

#### Average # of employees:
- 14 Full Service
- 4 Exterior

#### How far customers travel:
- 84% less than 10 miles
- 61% less than 5 miles

#### Busiest days of the week:
- 20% Friday
- 25% Saturday
- 12% as marketed, usually Sunday or Monday

#### Strongest season of the year:
- 32% Winter
- 25% Spring
- 25% Summer
- 18% Fall

* Fred Grauer is a car Wash Industry veteran with 50 years experience. He is a second generation industry participant. He and his family have owned more than 100 bays of self-serve and over 70 tunnel carwashes in several states. Further, Fred owned Sherman Industries which supplied 23,000+ carwashes; and for ten years, owned Mark VII which supplied 4,000+ locations. Hundreds of investors have participated in his seminars, became very excited about the opportunity and have gone on to build successful car wash businesses. Having retired several times, Fred accepted the current position with Ryko because it gave him the chance to work with so many investors around the world who are establishing or expanding their car wash businesses. Fred currently resides in the Rocky Mountains where he and his adult son continue to operate carwashes. The web site for his Fort Collins, CO full service car wash may be visited at [http://www.whistlecleanwash.com/washes.aspx](http://www.whistlecleanwash.com/washes.aspx).