

A background image showing a person's hands in grey work gloves using a torque wrench on a car engine. The image is faded and serves as a backdrop for the text.

Mufson Howe Hunter

INVESTMENT BANKERS FOR GROWTH

Trends in the Auto Aftermarket

Mufson Howe Hunter & Company LLC
Member SIPC | FINRA

Executive Summary

Market Fundamentals Hold While Consumer Pressure, Supply Chain and AI Reshape the Field

Key Themes

- 1 Industry Fundamentals**
The fleet is older (~13 years) and larger (293M+ vehicles), repairs are increasingly electronic & software focused due to vehicle complexity; EV adoption is slower than expected, keeping combustion parts core.
- 2 Supply Chain and Trade**
Sourcing is shifting from China toward Mexico, Canada and Thailand. Middle East uncertainty impacts the auto aftermarket businesses in various degrees.
- 3 AI Deployment**
Early Innings but real development: AI cuts collision estimates from ~30 minutes to under 2 minutes; Take 5 among other quick lube participants are piloting AI camera products
- 4 Cost and Consumer Pressure**
Tariffs were largely passed through, but fuel, insurance and inflation are splitting consumers by income, with lower-income drivers deferring repairs.

Scope of Analysis

23

Public aftermarket companies, each searched separately

33

Months of earnings calls and investor conferences

17 of 23

Companies raised tariffs, the most-cited theme

Source: PitchBook earnings call and investor conference transcripts, January 2024 – September 2026

Industry Fundamentals

Older, More Complex Car Parc Keeps Non-Cyclical Demand Growing

Metrics	
Aging, Growing Fleet	
~13 yrs	Average US light vehicle age, up from ~12.5 in early 2024
293M+	Vehicles on US roads, up from ~289M
3.3T Miles	Miles driven hit 3.3T in 2025
\$50K+	Average new vehicle price remains significantly above pre-pandemic prices
Vehicle Complexity	
31%	Collision estimates needing sensor recalibration (early 2025); claim complexity rising ~6% a year (per CCC)
11 of 23	Companies cited rising vehicle complexity
Slowing EV Demand	
98.8%	Share of the US car park that is combustion or hybrid; 5 companies cited a hybrid rebound
6 of 23	Noted slower EV adoption than expected; PHINIA says Vitesco, Marelli and Continental exited fuel systems

Management Commentary
<i>“They’ve gotten older every year since 1980”</i> – Nick Pinchuk, Chairman and CEO, Snap-on Investor Conference, May 6, 2026 <i>“Over 293 million light car and light truck vehicles in the US now”</i> – Brad Beckham, CEO, O’Reilly Automotive Q2 2026 Earnings Call, July 30, 2026 <i>“A new car costs more than \$50,000.”</i> – Peter Fitzsimmons, President and CEO, Monro Investor Conference, June 9, 2026 <i>“Complex electronics are poised to outpace the growth of traditional hard parts”</i> – Kevin Olsen, CEO, Dorman Products Q3 2024 Earnings Call, Nov. 1, 2024 <i>“We’re committed to combustion and we’re gonna be here”</i> – Brady Ericson, CEO, PHINIA Investor Conference, May 5, 2026

Source: PitchBook earnings call and investor conference transcripts, January 2024 – September 2026

Supply Chain and Trade

The Supply Map Is Being Redrawn; Middle East Impacts the Industry

Metrics	
Sourcing Shifts and Networks	
7 of 23	Companies described shifting sourcing away from China; Standard Motor Products bought half of a Thai sensor plant
~30%	Dorman products sourced in the US; Motorcar Parts sources under 25% from China
Middle East Conflict Impact	
7 of 23	Companies cited uncertainty around the Middle East conflict
Up to 60%	Valvoline finished lubricant cost increase, or \$5 to \$7 per oil change
5%+	Decline in AutoZone DIY transactions as fuel inflation hit
Outlook cut	Genuine Parts trimmed its outlook and expects freight and fuel costs to stay high until the war is resolved

Management Commentary
De-Risking from China <i>"A low-cost manufacturing operation on which to build that derisks us from China"</i> – Eric Sills, Chairman and CEO, Standard Motor Products Q2 2026 Earnings Call, Aug. 4, 2026 <i>"Caused us to really look at diversifying the supply chain"</i> – Kevin Olsen, CEO, Dorman Products, on the 2018–19 tariffs Q1 2025 Earnings Call, May 6, 2025 <i>"Low-cost, non-compliant, illegal parts imported from China flooding the market"</i> – David Meniane, CEO, CarParts.com Q4 2024 Earnings Call, Mar. 25, 2025
Middle East Conflict <i>"As much as a 60% finished lubricant cost increase"</i> – Kevin Willis, CFO, Valvoline Fiscal Q3 2026 Earnings Call, Aug. 5, 2026 <i>"We are feeling real increases in freight and fuel"</i> – Bert Nappier, CFO, Genuine Parts Company Q2 2026 Earnings Call, July 21, 2026 <i>"The conflict in the Middle East has introduced more uncertainty, particularly around raw materials"</i> – Mark Stewart, CEO and President, Goodyear Q1 2026 Earnings Call, May 7, 2026

Source: PitchBook earnings call and investor conference transcripts, January 2024 – September 2026

AI Deployment

AI Deployment in Workflow: Earning Innings, but the Progresses are Real

Metric	
Insurance Claims	
<2 min	To prepare a CCC photo-based repair estimate, down from ~30 mins
40%	Of one top-10 insurer's claims now use CCC AI, up from 15%
~40%	Of supplement requests auto-approved by CCC; supplements arise on two-thirds of repair claims
Repair Shops and Service Lanes	
Real time	Driven Brands is testing AI cameras that flag queuing issues at Take 5 lanes
Distribution and Warehouse Automation	
~200K	Miles a year traveled by Dorman's warehouse robots, each mile freeing ~15 min of labor
6 of 23	Companies cited warehouse automation; CarParts.com uses automated picking and Genuine Parts plans fewer, more automated centers

Management Commentary
Insurance Claims and Estimating <i>"Jumpstart enables repairers to cut estimate preparation time from 30 minutes to under two"</i> – Githesh Ramamurthy, Chairman and CEO, CCC Q3 2025 Earnings Call, Oct. 30, 2025
Repair Shops and Service Lanes <i>"AI-driven camera technology that detects queuing issues in real time"</i> – Daniel Rivera, President and CEO, Driven Brands Q3 2025 Earnings Call, Nov. 4, 2025 <i>"We've tapped into some gamer population there"</i> – Brian Kaner, then COO of Collision, Boyd Group, on remote calibration Q4 2023 Earnings Call, Mar. 20, 2024
Distribution and Warehouse Automation <i>"We built a robotics lab where we're actually allowing vendors to test their technology"</i> – Bert Nappier, CFO and COO, Genuine Parts Company Investor Conference, Sept. 15, 2026

Source: PitchBook earnings call and investor conference transcripts, January 2024 – September 2026

Cost and Consumer Pressure

Tariffs Were Passed Through; the Strain Shows in Lower-Income Wallets

Metrics	
Tariffs	
17 of 23	Companies raised tariffs, the most-cited theme
~\$300M	Goodyear's estimated annual tariff cost in 2025; most companies passed costs through
~1.5%	O'Reilly same-item inflation in mid-2025
Consumer and Fuel	
<\$50K	Household income where Take 5 sees the most pullback; lower-income drivers defer repairs and trade down
9 of 23	Companies cited fuel prices; 9 cited extreme weather. Better-off customers keep spending (Valvoline)
Insurance and Discretionary	
20–22%	Annual insurance premium increases cited by LKQ (2024)
23.1%	Total losses as a share of claims in 2025 vs. 15.6% in 2015 as drivers cut coverage

Management Commentary
Tariffs and Pricing <i>"Our industry has historically been very rational in its response to changing input costs"</i> – Brent Kirby, President, O'Reilly Automotive Q2 2025 Earnings Call, July 24, 2025
Consumer <i>"With lower-income households being the most impacted"</i> – Jonathan Fitzpatrick, then President and CEO, Driven Brands Q4 2024 Earnings Call, Feb. 25, 2025 <i>"The wages aren't necessarily fully keeping up with some of the inflation"</i> – Ryan Grimsland, CFO, Advance Auto Parts Q2 2025 Earnings Call, Aug. 14, 2025 <i>"Deferred maintenance will ultimately need to be addressed"</i> – Bert Nappier, CFO, Genuine Parts Company Q3 2025 Earnings Call, Oct. 21, 2025
Insurance and Discretionary <i>"Reducing the scope of their coverage or foregoing it altogether"</i> – Jeff Liaw, CEO, Copart, on insurance Fiscal Q1 2026 Earnings Call, Nov. 20, 2025 <i>"The softness we are experiencing continues to be more pronounced in our discretionary categories"</i> – Brad Beckham, CEO, O'Reilly Automotive Q3 2024 Earnings Call, Oct. 24, 2024

Source: PitchBook earnings call and investor conference transcripts, January 2024 – September 2026

Contact Information

Our Experienced Team; 35+ Collective Years in Advising Founders and Business Owners

Anthony Lopez-Ona



Managing Director

Mufson Howe Hunter & Company LLC

ALopezOna@mhhco.com

Direct: 215-399-5405

Mobile: 215-512-4430

Jimmy Yu, CFA



Director

Mufson Howe Hunter & Company LLC

JYu@mhhco.com

Direct: 215-399-5408

Mobile: 614-886-8661

"We had previously worked with other middle market bankers, and the MHH team is at a whole different level... their marketing materials drew interest from triple the number of private equity investors we had anticipated."

— Howard Weiner, Founder & CEO, Interstate Auto Care

Relevant Experience

Recent MHH Auto Aftermarket Advisory

- **Interstate Auto Care – Valvoline franchisee:** sold to ICV Partners; MHH served as exclusive advisor to the seller
- **Large franchisee of a leading auto aftermarket service platform:** MHH provided financial advisory
- **Leading provider of student transport:** sale to large private equity group; MHH served as exclusive advisor
- **Straub Metal – Automotive (OEM Tier 3) Supplier:** sold to Norfolk Iron & Metal; MHH served as exclusive advisor to the seller

Quoted in Auto Aftermarket Press

- **[NOLN Podcast](#):** Anthony on private equity and quick lube M&A, Apr. 2026
- **[NOLN column](#):** Jimmy co-authored "Why M&A Has Driven Quick Lube Industry Growth," Jan. 2026
- **[Aftermarket Matters](#):** Jimmy co-authored "How Consolidation Is Reshaping the Industry," Jul. 2025
- **[Aftermarket Matters](#):** Anthony on aftermarket resiliency and investor demand, Nov. 2024

The 23 Companies Behind the Analysis

Parts Retail and Distribution	Parts and Accessory Makers	Service Chains	Collision, Salvage and Tools
AutoZone	Dorman Products	Valvoline	Boyd Group Services
O'Reilly Automotive	Standard Motor Products	Driven Brands Holdings	CCC Intelligent Solutions
Advance Auto Parts	Motorcar Parts of America	Monro	Copart
Genuine Parts Company	PHINIA	Mister Car Wash	RB Global
LKQ Corporation	Holley		Snap-on
CarParts.com	XPEL		
	Atmus Filtration		
	Goodyear Tire & Rubber		

Method

- One or two PitchBook transcript searches per company; reporting boilerplate removed.
- Counts show how many of 23 companies raised a theme, not mention volume; a company absent from a count may still have discussed it.

Deliberately Left Out

- Dealer groups (AutoNation, Penske, Lithia), OEM-focused suppliers, and private players without public calls (Pep Boys, Mavis, Caliber, Safelite).
- Themes reflect what management told investors, not independent market data. Boyd trades in Toronto; the rest on US exchanges.

Source: PitchBook earnings call and investor conference transcripts, January 2024 – September 2026