

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 Technological Evolution of Vehicles** Repairs are increasingly electronic and software focused due to vehicle complexity; EV adoption is slower than expected, keeping combustion parts core.
- 2 Supply Chain Response to Trade Policy** As a result of uncertainty in trade policies, sourcing of automotive parts is shifting from China toward Mexico and Southeast Asia.
- 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 Gulf War Shock to Key Lubricant Supplies** Constraints on supply of certain oils, especially Group III used in synthetic blends, has resulted in reduced availability and higher pricing for oil changes

Scope of Analysis

23

Public aftermarket companies, each searched separately

33

Months of corporate disclosures, including SEC filings, earnings calls and investor conferences

17 of 23

Companies raised tariffs, the most-cited theme

Source: PitchBook corporate disclosures, SEC filings, earnings call and investor conference transcripts, January 2024 – September 2026

Technological Evolution of Vehicles

Increasing Complexity and Aging of Car Parc Keeps Non-Cyclical Demand Growing

Metrics	
Vehicle Complexity	
100M+	Lines of software code in a modern vehicle, vs. ~50K in GM's 1981 engine controls (IEEE Spectrum)
40%	Cars with automatic emergency braking and related driver-assist sensors, up from 1–2% a decade ago (per CCC)
31%	Collision estimates needing sensor recalibration (early 2025); claim complexity rising ~6% a year (per CCC)
Slowing EV Demand	
98.8%	Share of the U.S. car park that is combustion or hybrid; 5 companies cited a hybrid rebound
46%	EV rejecters citing charging station availability, the top reason for rejecting EVs (J.D. Power 2026)
Aging Fleet	
~13 yrs	Average U.S. light vehicle age, up from ~12.5 in early 2024
293M+	Vehicles on U.S. roads, up from ~289M
\$50K+	Average new vehicle price remains significantly above pre-pandemic prices

Management Commentary
Vehicle Complexity <i>"A side mirror that might have been a \$300 mirror, that mirror has lane departure cameras, it's got other sensors, your bumper's got sensors, you've got multiple cameras."</i> – Githesh Ramamurthy, Chairman and CEO, CCC Investor Conference, June 2, 2026 <i>"It's no secret that the vehicles we serve have become more complex... complex electronics are poised to outpace traditional hard parts"</i> – Kevin Olsen, CEO, Dorman Products Q3 2024 Earnings Call, Nov. 1, 2024
Slowing EV Demand <i>"...penetration of electric vehicles... hybrid vehicle that has an engine... People are keeping their cars longer and want to fix them"</i> – Ryan Grimsland, CFO, Advance Auto Parts Q2 2026 Call, Aug. 20, 2026
Aging Fleet <i>"Now they're [U.S. car fleet] 12.8 years old, and they've gotten older every year since 1980"</i> – Nick Pinchuk, Chairman and CEO, Snap-on Investor Conference, May 6, 2026 <i>"I'm sitting here looking at over 293 million light car and light truck vehicles in the U.S. now. That's an increasing number"</i> – Brad Beckham, CEO, O'Reilly Automotive Q2 2026 Earnings Call, July 30, 2026 <i>"A new car costs more than \$50,000. And so those same consumers that are watching their dollars carefully every week are less able to buy a new car."</i> – Peter Fitzsimmons, President and CEO, Monro Investor Conference, June 9, 2026

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

Supply Chain Response to Trade Policy

The Supply Map Is Being Redrawn to Identify Alternate Countries

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
30–40%	Dorman products sourced from China in 2025, down from 70%+ (incl. Taiwan) in 2018–19
~30%	Dorman products sourced in the U.S.; Motorcar Parts sources under 25% from China
~2/3	CarParts.com purchases that are collision parts sourced from Taiwan, not subject to China tariffs
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

Management Commentary
Sourcing Shifts and Networks <i>"It provides additional control of our supply chain, and it launches a low-cost manufacturing operation on which to build that derisks us from China"</i> – Eric Sills, Chairman and CEO, Standard Motor Products, on its Thai sensor joint venture Q2 2026 Earnings Call, Aug. 4, 2026 <i>"That event six, seven years ago [2018–19 tariffs] caused us to really look at diversifying the supply chain, building a more resilient supply chain, and we've been very successful doing that"</i> – Kevin Olsen, CEO, Dorman Products Q1 2025 Earnings Call, May 6, 2025 <i>"Our lighting and mirror business was under substantial pressure due to 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 Tariffs <i>"Our industry has historically been very rational in its response to changing input costs and pricing. And we believe those same dynamics are prevailing in the current environment"</i> – Brent Kirby, President, O'Reilly Automotive Q2 2025 Earnings Call, July 24, 2025

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

AI Deployment

AI Deployment in Workflow: Early Innings, but Progress is Real

Metrics	
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	
1M+	Annualized run rate of AI-based repair estimates from CCC Mobile Jumpstart at repair facilities (Sept. 2025)
Distribution, Warehouse and Store Automation	
~200K	Miles a year traveled by Dorman's warehouse robots, each mile freeing ~15 min of labor
~15 min	Valvoline average base service time; re-platforming its SuperPro store system to take time and labor out of each service
2h → 15m	Weekly store schedule build at Valvoline, down from 2+ hours, using AI demand forecasting (Workday)

Management Commentary
Insurance Claims <i>"In September, we surpassed an annualized run rate of over 1 million AI-based repair estimates generated using Mobile Jumpstart. Jumpstart enables repairers to cut estimate preparation time from 30 minutes to under two, freeing up technicians and accelerating cycle times"</i> – Githesh Ramamurthy, Chairman and CEO, CCC Q3 2025 Earnings Call, Oct. 30, 2025
Repair Shops and Service Lanes <i>"At the shop level, we're testing AI-driven camera technology that detects queuing issues in real time, helping managers adjust staffing and workflow to move more cars more efficiently"</i> – Daniel Rivera, President and CEO, Driven Brands Q3 2025 Earnings Call, Nov. 4, 2025 <i>"We also have some remote scanning technicians which are able to do some calibration services remote... we've tapped into some gamer population there"</i> – Brian Kaner, then COO of Collision, Boyd Group Q4 2023 Earnings Call, Mar. 20, 2024
Distribution, Warehouse and Store Automation <i>"We built a robotics lab where we're actually allowing vendors to test their technology in front of us and compete with each other so that we can take the best of breed technology"</i> – Bert Nappier, CFO and COO, Genuine Parts Company Investor Conference, Sept. 15, 2026 <i>"We've had a lot of efficiencies already using AI"</i> – Lori Flees, CEO, Valvoline Investor Conference, Sept. 14, 2026

Source: PitchBook earnings call and investor conference transcripts, January 2024 – September 2026; Workday customer story, Valvoline

Gulf War Shock to Key Lubricant Supplies

Constraints on Group III Oil Supply Has Reduced Availability and Resulted in Higher Prices

Metrics	
Middle East Conflict Impact	
~20%	Share of world oil supply that moved through the Strait of Hormuz pre-conflict; Group III base oil is most constrained (Valvoline)
~60%	Expected rise in Valvoline's finished lubricant costs vs. March 2026, or \$5 to \$7 per oil change
4–6 mos.	Time for Group III supply to normalize once the Strait fully reopens (Valvoline)
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
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)

Management Commentary
Middle East Conflict Impact <i>"We expect finished lubricant costs could be approximately 60% above where they were in March... a total increase of approximately \$5 to \$7 per oil change"</i> – Lori Flees, CEO, Valvoline Fiscal Q3 2026 Earnings Call, Aug. 5, 2026 <i>"We are feeling real increases in freight and fuel, and I don't expect that to change as we go through the rest of the year until we see some resolution with the war"</i> – Bert Nappier, CFO, Genuine Parts Company Q2 2026 Earnings Call, July 21, 2026 Consumer and Fuel <i>"The DIY customer certainly is facing some pretty significant inflation, particularly around fuel prices. And if you just look at our ticket over a two-year basis, it's up about 9%"</i> – Jamere Jackson, CFO, AutoZone Fiscal Q4 2026 Earnings Call, Sept. 22, 2026 <i>"The ongoing inflationary environment will likely continue to pressure consumer spending for 2025, 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 lower to mid-income cohorts, they are more pressured than others right now. 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

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

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"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 U.S. exchanges.

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