MONRO INC.

Monro, Inc. Second Quarter Fiscal 2019 Earnings Call

October 25, 2018

MONRO MUFFLER/BRAKE & Service
MR. TIRE AUTO SERVICE CENTERS
TIRE CHOICE & TOTAL CAR CARE
KEN Tire & AutoCare TOWERY'S
TREAD QUARTERS DISCOUNT TIRE AUTO SERVICE CENTERS
AUTOTIRE CAR CARE CENTERS
Tire Warehouse TIRES For Less
TIRE BARN WAREHOUSE
car x TIRE & AUTO

Safe Harbor Statement and Non-GAAP Measures

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Certain statements in this presentation, other than statements of historical fact, including estimates, projections, statements related to our business plans and operating results are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Monro has identified some of these forward-looking statements with words such as “anticipates,” “believes,” “expects,” “estimates,” “is likely,” “predicts,” “projects,” “forecasts,” “may,” “will,” “should,” and “intends” and the negative of these words or other comparable terminology. These forward-looking statements are based on Monro’s current expectations, estimates, projections and assumptions as of the date such statements are made, and are subject to risks and uncertainties that may cause results to differ materially from those expressed or implied in the forward-looking statements. Additional information regarding these risks and uncertainties are described in the Company’s filings with the Securities and Exchange Commission, including in the “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” sections of our most recently filed periodic reports on Forms 10-K and Form 10-Q, which are available on Monro’s website at https://corporate.monro.com/investors/financial-information/. Monro assumes no obligation to update or revise these forward-looking statements for any reason, even if new information becomes available in the future.

This presentation contains references to Adjusted Earnings Per Share (EPS), which is a “non-GAAP financial measure” as this term is defined in Item 10(e) of Regulation S-K under the Securities Act of 1933 and the Securities Exchange Act of 1934 and Regulation G under the Securities Exchange Act of 1934. In accordance with these rules, Monro has reconciled this non-GAAP financial measure to its most directly comparable U.S. GAAP measure. Management views this non-GAAP financial measure as a way to assess comparability between periods.

This non-GAAP financial measure is not intended to represent, and should not be considered more meaningful than, or as an alternative to, its most directly comparable GAAP measure. This non-GAAP financial measure may be different from similarly titled non-GAAP financial measures used by other companies.

Second Quarter Fiscal 2019 Highlights

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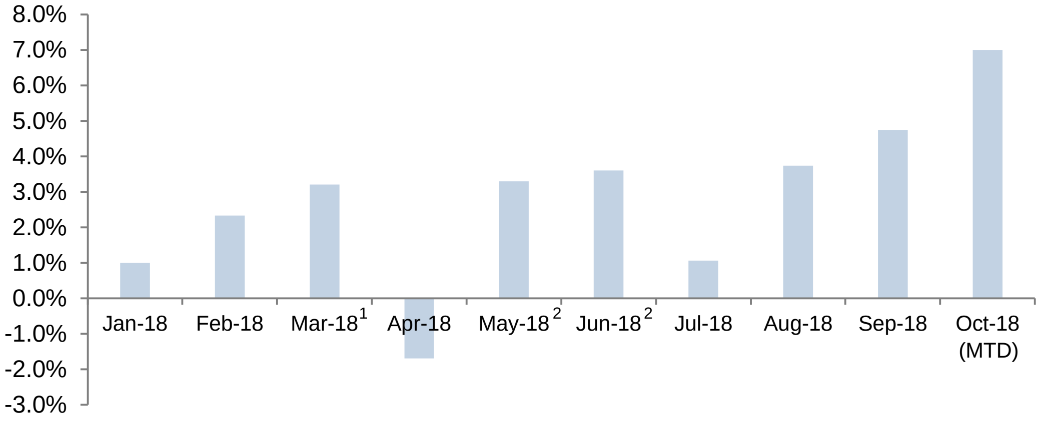
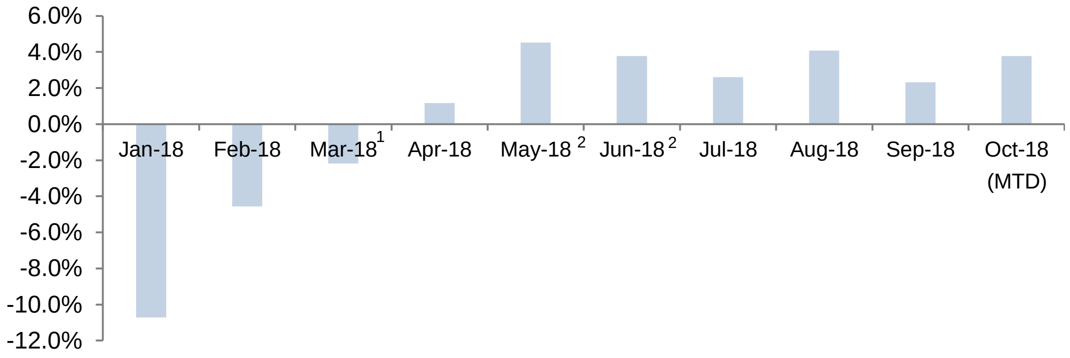
Sustained Top-Line Momentum Driven by Accelerating Comparable Store Sales

Y/Y Comps Trend Improvement



2-Year Stacked Comps Trend Improvement[3]



2QFY19 Key Highlights

- Comparable store sales increased by 3.2% compared to a decline of 0.4% in the prior year period
- Sales from new stores added $19.9M, including sales from recent acquisitions of $15.6M

2QFY19 Key Highlights

- Brakes: 12%
- Tires: 3%
- Front End/Shocks: Flat
- Maintenance: Flat
- Alignments: -1%

[1]Results have been adjusted for the extra selling week

[2]Results have been adjusted for the Memorial Day holiday calendar shift

[3]2-Year Stacked Comps represent the sum of the prior year and current year period comparable store sales performance

A Scalable Platform: Recent Acquisitions

Acquisitions Completed and Announced to Date in Fiscal 2019 Represent $80M in Annualized Sales

Announced Acquisitions

- Recently signed definitive agreement to acquire five retail locations in Ohio, filling in an existing market
- $5M in annualized revenue, breakeven to EPS in FY19
- Sales mix of 70% service and 30% tires

- Also signed definitive agreement to acquire 13 retail locations in the Southeast, filling in an existing market
- $12M in annualized revenue, breakeven to EPS in FY19
- Sales mix of 65% service and 35% tires

Greenfield Openings[1]

- Added 8 greenfield locations during the second quarter

[1]Greenfield stores include new construction as well as the acquisition of one to four store operations

Omnichannel: Expanded Amazon.com Collaboration

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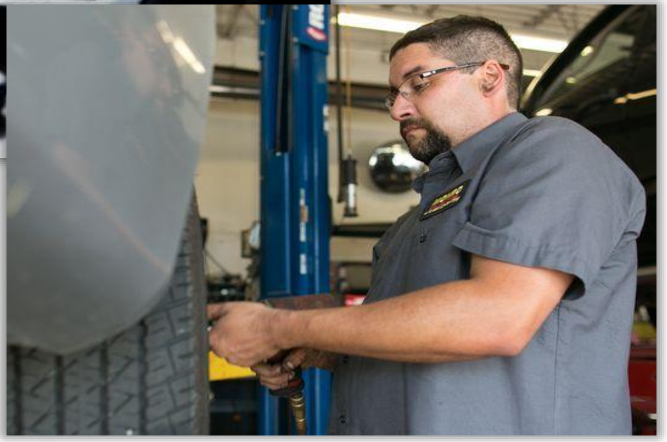
Expanded Collaboration With Amazon.com Supports Monro's Online Tire Retailers Installation Strategy

Expanded Amazon.com Collaboration

- Monro's tire installation services available to customers who purchase tires online from Amazon.com and select the Ship-to-Store option
- Initially launched in the greater Baltimore area, now available at nearly 400 locations operating under a number of Monro brands in Georgia, Florida, Illinois, Indiana, Ohio, Maryland, Michigan, New York, Tennessee and Virginia
- Collaboration will be expanded to provide tire installation services to Amazon.com customers at all of Monro's retail locations across 28 states

Increased Traffic Driven by Integration with Online Tire Retailers

- 50% of these customers are new to Monro[1]
- Can add newly acquired customers to CRM database, building long-term one-to-one relationships



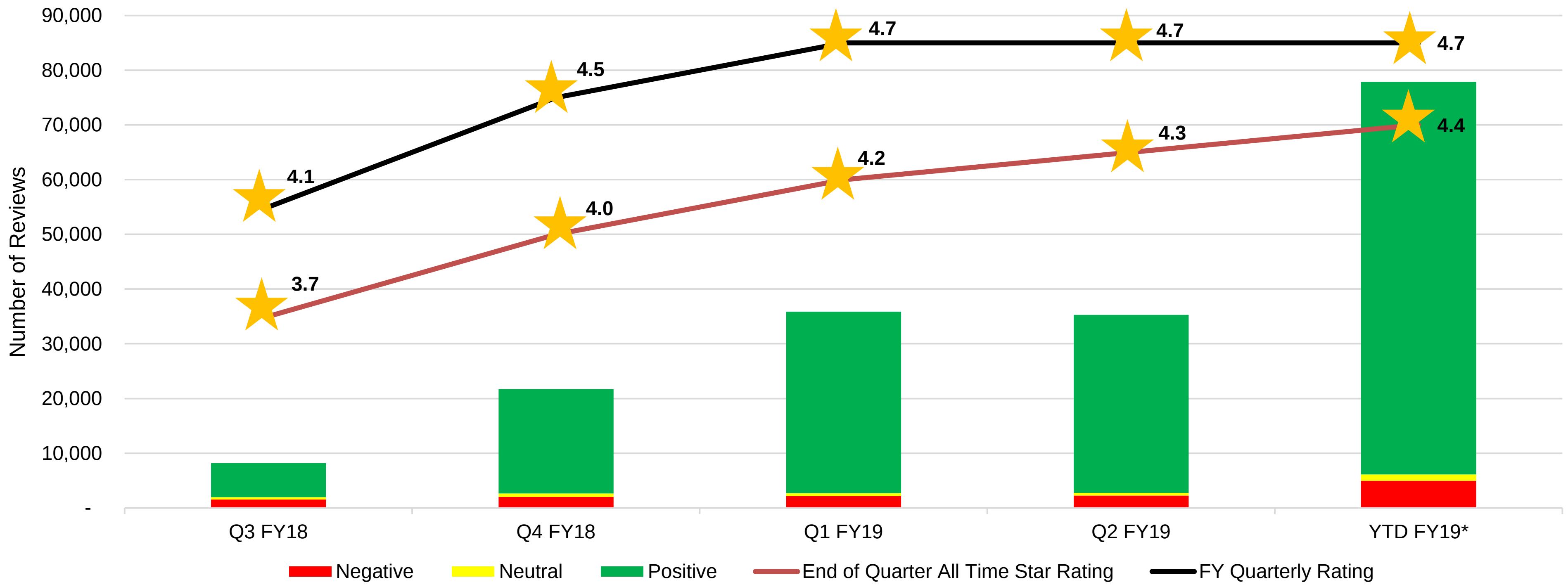
[1]*Reflects historical data based on existing relationships with online tire retailers*

Monro.Forward Progress Update

Monro.Forward Initiatives Well Underway and Advancing as Planned

Improve Customer Experience

- Continuing to execute customer satisfaction and online reputation management program across Monro's store base
- Focus on the in-store experience is having significant impact on Company online reviews and has increased "Star Ratings" to **4.7**★ Year-to-Date and **4.4**★ All-time



*Through 10/22/18

Monro.Forward Progress Update (Cont.)

Monro.Forward Initiatives Well Underway and Advancing as Planned

Improve Customer Experience

- Launched Monro playbook and store re-image initiative pilot in Rochester, NY in the beginning of 3QFY19
- Modernized store layout to be rolled out across the Company's markets and store formats

Monro.Forward Progress Update (Cont.)

Monro.Forward Initiatives Well Underway and Advancing as Planned

Enhance Customer-Centric Engagement

- In 2QFY19, rolled out modernized corporate and retail websites and direct marketing through analytic-based CRM platform
- Expanded collaboration with Amazon.com to over 400 stores in 3QFY19, supporting omni-channel strategy

Optimize Product & Service Offering

- Continued ramp up of Good-Better-Best product and service packages following the successful launch in 1QFY19; corrected sub-optimal brake package pricing
- Optimized tire sales and pricing strategy driving strength in tires

Accelerate Productivity & Team Engagement

- Optimized store staffing model after addressing overstaffed stores in 2QFY19
- Monro University training courses to be launched in 3QFY19
- Data-driven store scheduling and staffing software implementation on track for 1QFY20 launch

Strong Second Quarter Fiscal 2019 Results

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Higher Ticket From Improved In-Store Execution Drove Solid Top-Line Performance

	2QFY19	2QFY18	Δ	1HFY19	1HFY18	Δ
Sales (millions)	$307.1	$278.0	10.5%	$602.9	$556.5	8.3%
Same Store Sales	3.2%	-0.4%	360 bps	2.5%	0.5%	200 bps
Gross Margin	39.1%	38.8%	30 bps	39.3%	39.7%	(40 bps)
Operating Margin	11.2%	12.2%	(100 bps)	11.2%	12.1%	(90 bps)
GAAP EPS	$.65	$.52	25.0%	$1.26	$1.05	20.0%
One-time adjustments[1]	$.02	$.01		$.04	$.03	
Adjusted EPS	$.67	$.53	26.4%	$1.30	$1.08	20.4%

Free Service Acquisition Impact

- Wholesale locations acquired as part of the Free Service acquisition operate at a lower gross margin, primarily due to a higher sales mix of tires without installation

Monro.Forward Initiatives Impact

- Incurred $.02 per share of one-time costs related to Monro.Forward investments during the second quarter
- Initiatives are progressing as planned for the remainder of the year

[1]Diluted earnings per share included $.02 of one-time costs related to Monro.Forward in the second quarter of fiscal 2019, compared to $.01 of management transition costs in the second quarter of fiscal 2018. In the first six months of fiscal 2019, there were $.04 of one-time costs related to Monro.Forward, compared to $.03 of management transition costs in the first six months of fiscal 2018.

Disciplined Capital Allocation

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Executing on Growth Strategy While Maintaining a Disciplined Approach to Capital Allocation

Investing in the Business

- 1HFY19 capex of $21.7M
- Continue to expect ~$75M of incremental CapEx over the next 5 years to invest in store re-image and technology

Executing on M&A Opportunities

- In 1HFY19, spent $39.1M on acquisitions
- Signed definitive agreements to acquire 18 stores, bringing annualized sales from fiscal 2019 acquisitions to $80M

Returning Cash to Shareholders

- In 1HFY19, paid $13.4M in dividends
- Currently $.20 per share quarterly, an increase of 11% from 2QFY18

Utilizing Strong Balance Sheet

- In 1HFY19, generated $76.0M of operating cash flow
- Debt-to-EBITDA ratio as of September 2018 of 2.2x provides significant flexibility to fund M&A strategy

Fiscal 2019 Outlook

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Guide to Upper End of Fiscal 2019 Comparable Store Sales and Reiterate EPS Guidance

	FY19	FY18	Δ
Sales (millions)	$1,185 to $1,215	$1,128	5.1% to 7.7%
Same Store Sales (on a 52-week basis)	+1% to +3%	-0.1%	110 bps to 310 bps
GAAP EPS	$2.30 to $2.40	$1.92	20% to 25%

Stores and Weeks

- Guidance includes recently announced and completed acquisitions and excludes any additional potential acquisitions
- Guidance includes eight ground-up greenfield store openings in FY19
- FY19 represents a 52 week year compared to 53 weeks for FY18

Operating Margin

- Assumes operating margin of 11.1% at midpoint of FY19 sales guidance (11.4% excluding FY19 acquisitions announced and completed to date)
- Expect stable tire and oil costs year-over-year
- Expect to generate earnings increase on a comparable store sales increase above 1.0%

Tax Savings

- Estimate ~$.40 tax benefit from newly enacted tax legislation
- Tax rate expected to be reduced from ~37% to ~23% in FY19

Reinvestment of Tax Savings

- Reinvestment of ~30%, or ~$.13, to support Monro.Forward strategy ($.09 of recurring expenses and $.04 of one-time items in FY19):
  - Improve Customer Experience – (~$.04)
  - Enhance Customer Engagement – (~$.01)
  - Accelerate Productivity & Team Engagement – (~$.08)

Additional Guidance Assumptions (at the midpoint)

- Interest expense of $29 million
- Depreciation and amortization of $55 million
- EBITDA of approximately $187 million
- 33.6 million weighted average number of diluted shares outstanding

Second Quarter Fiscal 2019 Key Takeaways

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- Sustained top-line momentum driven by strong comparable store sales
- Launched direct marketing through analytic-based CRM platform
- Rolled out modernized websites and expanded Amazon.com collaboration
- Operational excellence and store reimage initiative progressing on track
- Signed definitive agreements to acquire 18 stores, bringing annualized sales from fiscal 2019 acquisitions to $80 million
- Guide to upper end of fiscal 2019 comparable store sales and reiterate EPS guidance

Appendix

Monro.Forward Strategic Initiatives

Q4 FY18 | FY19 | Q2 FY19 | Q3 FY19 | Q4 FY19 | FY20 | Q2 FY20 | Q3 FY20 | Q4 FY20 | FY21

Foundational technology & tools

Improve Customer Experience

- Pilot store refresh & operational excellence
- Scale store refresh & operational excellence
- Scheduled maintenance in-store selling
- Technology based in-store experience

Enhance Customer-Centric Engagement

- Data-driven CRM
- New websites
- Data-driven "new customer" marketing
- Monro omnichannel & e-commerce

Optimize Product & Service Offering

- New in-store sales packages
- Tire category management

Accelerate Productivity & Team Engagement

- New store comp plans
- Monro University (includes career path, LMS)
- Store staffing & scheduling system

= Completed Initiatives