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EPS of \$0.27 **beats by \$0.03** | Revenue of \$516.16M (-9.80% Y/Y) **beats by \$21.53M**

Driven Brands Holdings Inc. (NASDAQ:[DRVN](#)) Q1 2025 Earnings Conference Call May 6, 2025 8:30 AM ET

Company Participants

Joel Arnao - SVP, FP&A, Treasury and IR

Jonathan Fitzpatrick - President, CEO & Director

Daniel Rivera - EVP & COO

Michael Diamond - CFO, EVP & Interim Principal Accounting Officer

Conference Call Participants

Simeon Gutman - Morgan Stanley

Justin Kleber - Baird

Seth Sigman - Barclays

Brian McNamara - Canaccord Genuity

Chris O'Cull - Stifel

Peter Keith - Piper Sandler

Robby Ohmes - Bank of America

Mark Jordan - Goldman Sachs

Christian Carlino - JPMorgan

Phillip Blee - William Blair

Operator

Good morning, ladies and gentleman and welcome to the Driven Brands Q1 2025 Earnings Call. All this time all lines are in a listen-only mode. [Operator Instructions] This call is being recorded on Tuesday, May 6, 2025. I would now like to turn the conference over to Joel Arnao, SVP of Finance and Investor Relations.

Joel Arnao

Good morning, and welcome to Driven Brands First Quarter 2025 Earnings Conference Call. The earnings release and the net leverage ratio reconciliation are available for download on our website at investors.drivenbrands.com.

On the call with me today are Jonathan Fitzpatrick, President and Chief Executive Officer; Danny Rivera, Executive Vice President and Chief Operating Officer; and Mike Diamond, Executive Vice President and Chief Financial Officer. In a moment, Jonathan, Danny and Mike will walk you through our financial and operating performance for the quarter.

Before we begin our results, I'd like to remind you that management will refer to certain non-GAAP financial measures. You can find the reconciliations to the most directly comparable GAAP financial measures on the company's Investor Relations website and in its filings with the Securities and Exchange Commission.

During the course of this call, we may make forward-looking statements in regards to our current plans, beliefs and expectations. These statements are not guarantees of future performance and are subject to a number of risks and uncertainties and other factors that could cause actual results and events to differ materially from results and events contemplated by these forward-looking statements.

Please see our earnings release and our filings with the Securities and Exchange Commission for more information. Today's prepared remarks will be followed by a question-and-answer session. We ask you to limit yourself to one question and one follow-up. Now I will turn it over to Jonathan.

Jonathan Fitzpatrick

Good morning. Thank you for joining us today to discuss Driven Brands' first quarter 2025 financial results. I want to acknowledge the hard work and great execution by the more than 7,500 Driven Brands team members and our amazing franchisees for how they continue to deliver in a dynamic macroeconomic environment. Having accomplished the sale of our U.S. Car Wash business, our focus for 2025 is on our key priorities of delivering our 2025 outlook and utilizing excess free cash flow to reduce debt.

I will begin with a review of our Q1 2025 highlights and then turn it over to Danny who will be taking over as CEO this week, and he will discuss the business in greater detail, and then Mike, who will detail our first quarter financial results.

For Q1 2025, Driven delivered revenue of \$516 million, up 7.1% versus the prior year, supported by 177 net new stores over the past 12 months, and 0.7% same-store sales growth, our 17th consecutive quarter of positive same-store sales growth. We generated diluted adjusted EPS from continuing operations of \$0.27 and adjusted EBITDA of \$125 million.

We closed our U.S. Car Wash transaction on April 10 and used the majority of cash proceeds to retire debt. As of today, we have paid down nearly \$290 million since the beginning of this year. And since the beginning of 2024, this brings total debt repaid to more than \$0.5 billion. I'll now turn it over to Danny.

Daniel Rivera

Thank you, Jonathan. Our growth and cash playbook continues to generate predictable, high-quality growth and robust free cash flow. Q1 was a clear demonstration of the power of our platform. Even in uncertain times, customers depend on their vehicles to live their lives and care for their families. Whether it is a routine oil change, a broken AC, squealing brakes or a collision, Driven Brands' diversified portfolio anchored by our non-discretionary services meets those needs.

Take 5 Oil Change, home of the stay in your car 10-minute oil change, continues to deliver industry-leading growth. Take 5 delivered same-store sales growth of 8% for the quarter, marking its 19th consecutive quarter of positive same-store sales. We complemented this organic momentum with 168 net new openings over the past year, leading to a strong year-over-year revenue and adjusted EBITDA growth of 15% and 14%, respectively, while maintaining healthy adjusted EBITDA margins of 34%.

We have a robust pipeline of approximately 1,000 sites in place, which has been organically built over the past 5 years. We continue to have direct real estate visibility into more than 1/3 of this pipeline, which provides us clear line of sight to achieving our target of at least 2,000 total locations over the next 5 years. Take 5 Oil Change continues to be our most compelling growth engine, fueled by a proven operating model, strong consumer demand and disciplined execution. This growth is made possible by the outstanding efforts of our franchisees and our corporate teams who support them every day. This quarter, that momentum was recognized as Take 5 climbed to #27 on Entrepreneur's list of fastest growing franchises, further validation of the brand's momentum and unit level economics.

Our Franchise segment, home to some of the most iconic names in the automotive aftermarket, including Meineke, Maaco and CARSTAR, remains a strong contributor to free cash flow. Despite some top-line softness this quarter primarily driven by Maaco, the segment delivered exactly what we needed, solid adjusted EBITDA margin performance of 62%. Our International Car Wash segment also posted a very strong quarter, delivering one of its best revenue and adjusted EBITDA results to-date. Same-store sales grew 26%, while year-over-year revenue and adjusted EBITDA increased 25% and 36%, respectively.

Adjusted EBITDA margins remained solid at 36%, representing approximately 280 basis points of improvement compared to the prior year. As we've shared in previous quarters having the right portfolio of assets is imperative for Driven. As Jonathan mentioned, we are pleased to report that the U.S. Car Wash transaction officially closed on April 10. This strategic move delivers three immediate benefits to Driven Brands.

First, we used the majority of proceeds to repay debt, supporting one of our highest priorities. Second, it will help us achieve our outlook for net CapEx which is approximately \$70 million less than last year. Third, this divestiture simplifies our portfolio by removing its most discretionary component. Deleveraging remains a key priority for Driven.

With proceeds from the Car Wash sale, we remain firmly on track to meet our goal of reducing net leverage to 3 times by the end of 2026. Tariffs are also top of mind as we look ahead to the rest of 2025. We've analyzed the potential impact through two lenses: margin and demand. On the margin side, our diversified sourcing strategy and pricing power, anchored by the nondiscretionary low-frequency nature of our services help us mitigate foreseeable risks.

On the demand side, our offerings remain essential. Even in uncertain times, people rely on their vehicles. Our brands offer compelling, cost-effective solutions to consumers, and our iconic brands remain trusted providers to get people back on the road. Before I hand it over to my partner and Driven CFO, Mike Diamond, I want to thank the thousands of employees and franchise partners across Driven Brands.

Their dedication and execution powered a solid start to the year. And while macro uncertainty lies ahead, I remain confident in our team and our ability to deliver. I also want to personally thank Jonathan for his leadership, vision and guidance through the years, and I look forward to continuing to partner with him in his new role as Chair of the Board.

With that, I'll turn it over to Mike.

Michael Diamond

Thank you, Danny, and good morning everyone. Q1 2025 was another strong quarter for Driven, marked by robust operating performance led by our Take 5 Oil Change business. Additionally, the sale of our U.S. Car Wash business provided liquidity for debt paydown and refocuses our business on its nondiscretionary service foundation.

As a reminder, with the announced divestiture of our U.S. Car Wash business, the results for that business are included in discontinued operations and are not included in financial details provided today unless otherwise noted. Driven recorded its 17th consecutive quarter of same-store sales growth increasing 0.7% in Q1. Total units were flat in Q1 as continued growth in our Take 5 Oil Change locations was offset primarily by the negotiated departure of a 19-unit franchisee in our Franchise Brands segment.

System-wide sales for the company grew 2.2% in Q1 to \$1.5 billion. Total revenue for Q1 was \$516.2 million, an increase of 7.1% year-over-year. Q1 operating expenses increased \$41 million year-over-year. Key drivers of this increase include an increase in company and independently operated store expenses of \$19.6 million, driven by higher sales volumes and more stores in Q1 of 2025 versus Q1 of 2024, an increase in SG&A of \$19.2 million. Approximately \$7 million is the result of lapping a gain in Q1 of 2024 from the refranchising of company locations, offset in part by losses from assets in Q1 of 2025.

The remaining \$12 million increase is driven primarily by investments in growth initiatives. Operating income declined \$6.8 million to \$61.3 million for Q1. Adjusted EBITDA increased 1.9% to \$125.1 million for the quarter. As a reminder, this growth came without the benefit of PH Vitres, which we divested in August 2024, but the results of which are still included in Q1 2024 results. Adjusted EBITDA margin for Q1 was 24.2%, a decrease of roughly 120 basis points versus Q1 of last year as sales growth was offset by the aforementioned increases in store expenses and SG&A. Net interest expense for Q1 was \$36.5 million, \$7.2 million lower than Q1 last year, driven primarily by ongoing debt paydown. Income tax expense for the quarter was \$7 million. Net income from continuing operations for the quarter was \$17.5 million. Adjusted net income from continuing operations for the quarter was \$44.2 million.

Adjusted diluted EPS from continuing operations for Q1 was \$0.27, up \$0.02 from Q1 last year driven by strong operating performance and continued debt paydown. Our new segmentation better highlights the attributes of our business model, including the strong trajectory of our Take 5 business and the stable cash flow generation of our Franchise Brands. As a reminder, in mid-March, we included unaudited pro forma 2024 quarterly results for these new segments to aid investors in evaluating our business. This detail can be found on the Investor Relations page of our website.

Q1 performance for each of our segments include: Take 5 Oil Change, which had another impressive quarter of growth with same-store sales growth of 8% and revenue growth of 15.3%. Strong sales continue to be driven by a combination of non-oil change services, which is now above 20% of Take 5's total system-wide sales and the continued benefit from the use of premium oils, which account for approximately 90% of our oil changes. Adjusted EBITDA for the quarter was \$100.9 million, reflecting growth of 13.5% compared to Q1 2024. Adjusted EBITDA margin was 34.4%, a decrease of 50 basis points versus Q1 last year, driven by higher repair and maintenance and rent expenses.

Additionally, we opened 22 net new units in the quarter, of which 17 were company-operated stores and 5 were franchise operated. Franchise Brands recorded a 2.9% decline in same-store sales. While we do not plan to break out our franchise businesses by brand, we will provide additional color from time to time if there are significant variations in performance. In Q1, there was such a variation with softness in the segment driven primarily by Maaco.

Segment revenue declined \$4.6 million or 6.1%. Adjusted EBITDA declined \$3.2 million to \$44.4 million. Adjusted EBITDA margin for Q1 declined approximately 40 basis points from Q1 of 2024 to 61.9%, driven by the decline in revenue. During the quarter, we closed a net of 19 units driven primarily by the negotiated departure of a 19 unit franchisee. Our Car Wash segment, representing our International Car Wash business had one of its most profitable quarters ever with the same-store sales growth of 26.2%, driven by improved operations, expanded service offerings and more favorable weather relative to a year ago.

Adjusted EBITDA increased \$6.4 million to \$24.4 million in Q1. Adjusted EBITDA margin increased 280 basis points to 35.9%. Turning to liquidity, leverage and cash flow for Q1. Our cash flow statement shows a consolidated view of cash flows for Q1, inclusive of our discontinued operations. Net capital expenditures for the quarter were \$47.5 million, consisting of \$56.2 million in gross CapEx, offset by \$8.7 million in sale leaseback proceeds.

Capital expenditures from our U.S. Car Wash operations in Q1 were approximately \$3 million. Proceeds from assets held for sale in Q1 generated an additional \$3.5 million of cash. As a reminder, we now have sold through a majority of our assets held for sale and would expect to generate modest amounts of proceeds through the rest of 2025. Free cash flow for the quarter, defined as operating cash flow less net capital expenditures was \$27.6 million, driven by strong operating performance.

We utilized this cash to continue executing our strategy of systematic deleveraging. We ended Q1 with net leverage of 4.3 times net debt to adjusted EBITDA, reflecting a debt paydown of \$43 million in the quarter. In late February, we extended our revolving credit facility for an additional 5 years. The facility now matures in February of 2030. This facility will continue to have a capacity of \$300 million and bears an interest rate of SOFR+ between 2% and 2.25%.

During Q1, we announced the sale of our U.S. Car Wash business for approximately \$385 million, which is comprised of gross cash proceeds of \$255 million and a seller note of \$130 million. This seller note, which bears paid-in-kind interest will be held on our balance sheet at its present value as a long-term note receivable starting in Q2. This transaction closed on April 10.

Following close, we used almost all of the net proceeds to pay down a meaningful portion of the outstanding balance on our term loan. As of today, we have paid down a total of \$246 million against the term loan in Q2 and have an outstanding term loan balance of roughly \$81 million. This reduction in debt will save us more than \$15 million of annualized interest expense, which was reflected in our outlook provided on the Q4 call.

I'd now like to spend a bit of time on the current operating environment, including the potential impact of tariffs on our business. As Danny mentioned earlier, the Driven portfolio benefits from providing generally nondiscretionary services for an asset, a person's transportation that is essential for their livelihood. While declining consumer sentiment can impact frequency among our more discretionary brands and services like Maaco, our business model remains resilient overall. We are mindful, however, that if consumer sentiment continues to worsen, it could affect certain segments of our business. While the margin side is a bit more dynamic, we believe we are well positioned, thanks to our strong supply chain team and a geographically diversified supply chain.

We source a meaningful portion of our products from domestic suppliers, Mexico and Canada. Furthermore, almost all products from Mexico and Canada are covered under the USMCA and are generally exempt from tariffs and the cost of oil, our largest individual product category is driven by global market prices with minimal exposure to direct tariffs. Our supply chain is nimble and can adjust quickly to changing conditions.

Although we expect some cost increases given the nature and breadth of our products, our pricing power will help mitigate the potential impacts of current tariffs. More importantly, we are actively managing the situation through ongoing internal and external conversations to ensure we remain agile and well positioned as tariff rates continue to evolve. We are reiterating our fiscal 2025 outlook on revenue, same-store sales, net store growth, adjusted EBITDA and adjusted diluted EPS.

We remain appropriately cautious for the upcoming quarter. We expect Take 5 growth to moderate as it continues growing over a larger base, our Car Wash business to generate more moderate growth and softer trends and our most discretionary business Maaco to continue.

These factors, combined with the changes in our business from the divestiture of our U.S. Car Wash business and PH Vitres lead us to reiterate our expectation that the second half of 2025 should contribute a percentage in the low 50s for our full year revenue and adjusted EBITDA. We remain focused on achieving our net leverage target of 3 times by the end of 2026, with the majority of our free cash flow earmarked for reducing outstanding debt on both the revolver and term loan.

We are encouraged by our start to the year and confident in our ability to sustain momentum even amid a dynamic operating environment. As we focus on continuing to grow our Take 5 business and maintaining the strength of our Franchise segment, we remain committed to generating cash and executing our deleveraging plan.

With that, I will turn it over to the operator, and we are happy to take your questions.

Question-and-Answer Session

Operator

Ladies and gentleman, we will now begin the question and answer session. [Operator Instructions] Your first question comes from Simeon Gutman with Morgan Stanley. Your line is now open.

Simeon Gutman

Good morning guys. I wanted to start with Take 5 thinking about the EBITDA margin, which was solid on an 8% comp. The margin itself, I guess, was down a little year-over-year. Is there a way to think about how do you manage that margin and then in subsequent quarters if same-store sales flows, could we see a reverse dynamic where margin actually goes up? Was there anything that was unusual in the first quarter? Thanks.

Michael Diamond

Good morning, Simeon, I'm not sure I would say anything unusual. I think as we discussed, the key drivers of that margin were a little bit of pressure on both repair and maintenance and rent expense. Both of which are really just engineered to make sure that we have the right assets in the right locations that are appealing to our customers. I think the main takeaway is, well, there's a little bit of pressure. We feel really good about what the team is doing to manage their costs, and we feel really good about, in general, the top line performance, even if it does moderate a bit through the rest of the year. In general, that team is operating at a very high level, and we're confident in their ability to continue to perform.

Simeon Gutman

Is there anything you could share as a follow-up on the Franchise Brands? If the comp softness continues, is there any way you can drive EBITDA up in that scenario? Or is it going to be proportionate to the sales direction?

Michael Diamond

I mean, I would say, in general, the nature of a franchise business is there aren't as many levers to pull, but that's okay because the stability is exactly what we need to drive the consistent cash flow. I would say in the long term, we feel very good with where the Franchise Brands can go.

You think about the stable of iconic brands we have that have been around for over 50 years and have weathered many different types of pressures. As we mentioned, this softness is driven largely by our most discretionary business Maaco, but feel good with where the trajectory of that business -- that segment is going over the long term of 2025.

Simeon Gutman

Okay. Thanks so much. Congratulations, Danny, Jonathan.

Daniel Rivera

Thanks, Simeon.

Operator

Your next question comes Justin Kleber with Baird. Your line is now open.

Justin Kleber

Good morning guys. Thanks for taking my questions. First one for me, just as we think about the shape of comps over the balance of the year, you were below the annual guide in 1Q. It sounds like you expect kind of the softness to continue in 2Q. So the question is, are you expecting positive comps in 2Q? And then what would drive the implied acceleration over the back half of the year? Is that just easier comparisons? Or is there something else identifiable that you would point us to?

Michael Diamond

Yes. I mean I think I'll say a couple of things. We're not going to provide quarter specific guidance, although we tried to give a little bit of color on how we see at least Q2 shaping up. Our full year reiteration of all of those metrics incorporates performance we've seen so far to date through Q2. I think if you look at the construct of Q1, obviously, we had strength from our Take 5 brands and a little bit more softness from Franchise. I think that overall for the rest of the year probably equilibrates, although it may take a little bit of time just given some of the discretionary pressure we see in Maaco. But we still feel good with the 1% to 3% just based on the trends we're seeing.

Justin Kleber

Okay. And then just a follow-up there to the Simeon's question on Take 5 margin. How quickly does the decline in what we're seeing with like base oils go up in your product cost? Just what's the typical lag as we think about the potential margin tailwind in that business from the decline in oil?

Michael Diamond

Yes. I would -- we reset that every quarter. Now as a reminder, we have a franchise system as well that we sell to. So there is a little bit of a ballast that comes down as the oil price comes down. But in general, it's about 1/4 lag from the oil prices.

Justin Kleber

All right. Thank you guys, best of luck.

Operator

Your next question comes from Seth Sigman with Barclays. Your line is open.

Seth Sigman

Hey, good morning everyone. I wanted to get an update on the glass business. It seems like we could back into it and maybe that business was positive in the quarter, but any more perspective on how it's performing and how it's starting to ramp?

Daniel Rivera

Hi, Seth, this is Danny. Yes. Look, I'd say a couple of things on the glass business. Number one, still a multiyear business for us, multiyear strategy for us. Nothing's changed in the underlying dynamics of the industry. We still feel good about being in that space. And we started to focus on growth last year and towards the back half of last year, we mentioned several areas where we're showing growth in terms of landing insurance carriers and landing commercial accounts.

I mentioned at the time that it takes a couple of quarters from the time that you ink those deals to the time that you operationalize those accounts and you start to see the traffic flow through your stores. We're seeing the benefit of that here in 2025. So I'd say, look, good business, nothing's changed in the underlying dynamics. We're seeing growth towards the back half of last year, which is materializing and we're in the early innings still, so I'd say nothing has changed from that respect.

Seth Sigman

Okay. Helpful. And then on the International Car Wash momentum, for the last couple of quarters, I feel like it's been overshadowed by the challenges in the U.S. Car Wash business. So nice to see that now. Can you update us on the performance there? Remind us what's different about that business versus the U.S.? And you had called out weather, how incremental do you think that is versus just underlying strength in the business? Thanks.

Daniel Rivera

Yes. So to your point, Seth, I mean, Car Wash International, that business has been a good business for a long time. You can see it now, obviously, with the financials that we're posting, comps of 26%, margins of 36%. I'd say there's two fundamental differences to the U.S. business. Number one, it's not really a franchise business. It's an independent owner model. So it's slightly different from a business modeling perspective, and number two, we are the industry leader in Europe. So there's a clear differentiation there. I'd say, look, the team continues to do a great job, nothing new there. You're just seeing the numbers broken out for the first time. I'd also highlight to Mike's point, while the business is doing quite well, and we did benefit from some weather, let's say, last year, which helped our comps in Q1, we'd expect the comps of that business to normalize through the back half of the year.

Operator

Your next question comes from Brian McNamara with Canaccord Genuity. Your line is now open.

Brian McNamara

Hi, good morning. Thanks for taking the question. I'm curious if you have observed any signs of oil change kind of deferrals from your customers at least recently as kind of the widely consumer confidence has gotten hit and what trends you're seeing in terms of car counts in those units? Thanks.

Daniel Rivera

Yes. I mean so suffice it to say, we are thrilled with the 8% comps that Take 5 put up in the first quarter. That business continues to be an absolute juggernaut. And we're happy, honestly, fine with both sides of the equation. Volume is good. We're seeing great increases, and the majority of the increase is coming from the check side of the house.

So we're not seeing any material changes to the trends that you're referring to. If anything, I think Mo Khalid and Mike DeTrana who are the President and Vice President of Marketing respectively continue to do just a great job with our kind of two-pronged approach from a marketing perspective.

We've got great top-of-the-funnel brand marketing that's in place, keeping Take 5 top of mind for consumers, and they are doing an amazing job from a performance marketing perspective, at the bottom of the funnel being really data-oriented and surgical. So we're just continuing to see great trends out of that business.

Brian McNamara

Great. And then secondly, I know we -- the last several calls have been all about Car Wash and Auto Glass. I'm curious if you could provide an update on Auto Glass. It's great to actually talk about Take 5, taking up the predominant portion of the call, but any update on Auto Glass would be helpful.

Daniel Rivera

Yes, nothing more than what I said a second ago. I mean Auto Glass, we put it in the Corporate and Other segment. Again, as an indication that it's early on from an EBITDA -- percentage of overall EBITDA, it's quite small. We're incubating that business. We still believe in the long-term growth of that business, multiyear plan. The team is focused on growing revenue through insurance and commercial partners. And we're seeing the growth internally, and where those numbers are flowing through in 2025.

Operator

Your next question comes from Chris O'Cull with Stifel. Your line is now open.

Chris O'Cull

Good morning guys. My question relates to Take 5 franchise unit growth during the quarter. It looks like franchisees added 5 units, but were there more gross openings offset maybe by closures? I'm just trying to understand why franchise unit growth at Take 5 during the quarter was a little lower than the recent trend.

A – Daniel Rivera

Yes. So I would say that there's nothing to highlight per se. I mean, generally speaking, in franchising, if you've been around franchising for time – for some time, Q4 tends to be a heavier period in terms of openings as folks try to rush to get the numbers in by the end of the year. Q1 can, therefore, be a little bit lighter. I would say, overall, if we look at Take 5, it continues to be just an amazing business from a growth perspective.

So 22 net new openings for the quarter, 168 on a trailing 12-month basis and nothing's changed, Chris, in terms of how we think about the long-term growth of that business. We're still targeting north of 150 units a year. We're still targeting to have two franchise locations for every one corporate location. So just Q1 may be a little slower traditionally, but nothing to call out.

Q – Chris O’Cull

Danny, do you expect tariffs to raise the cost of equipment or construction for franchisees that are opening units?

A – Michael Diamond

I mean, I’ll take that one. I would say it’s obviously something that’s on our radar, but nothing that we’ve seen so far that gives us any concern. We obviously track CapEx per unit very closely. And so far, that has been in line with our expectations that we designed at the beginning of the year. So we’ll keep an eye on it, but I would say at this point, it’s more just something we observe and not anything that we’re seeing really impact the cost of the builds.

Daniel Rivera

Yes. And Chris, the only thing I’d add is we keep a pulse obviously, on franchisees and how they’re feeling about growth, and there’s no slowdown from what we’re seeing, right? The franchisees are very happy to spend their time in Take 5 and to put their capital to Take 5 and it just continues to be a great return on their investment.

Operator

Thank you. Your next question comes from Peter Keith with Piper Sandler. Please go ahead.

Peter Keith

Nice quarter. Great results with Take 5 Oil Change. I guess you are calling for the comp to slow in Q2. Certainly, it’s tough to call for acceleration from an 8%, but you do have an easier compare. And any reason why it would slow or you just want to be prudent?

Michael Diamond

I mean I think I'll give the answer I've given in the past, which is I may pressure the internal team to deliver as good numbers as they are, but I think it's unrealistic to assume an 8% continuing, especially when you think about that business continues to grow. Danny mentioned the 168 new units. What that does is create just a bigger base across which the growth has to cover. And so I think it is really just prudence recognizing the continued success of that business but also just the continued growing base makes the math a little bit harder to math as you work through it.

Peter Keith

Yes. Okay. Makes sense. And then on the Maaco side, and I guess on collision in general, Maaco, I guess, you clarified not insurance claim based and so it's just more discretionary collision repair, CARSTAR is more insurance based. I guess, can you confirm that dynamic? And what's happening with insurance claims? I know that has been under pressure as that started to get better in the CARSTAR side?

Daniel Rivera

Yes. Peter, this is Danny. So to your point, right, the easiest way maybe to think about the dynamic between Maaco and our collision businesses. Generally speaking, if you're pulling up in a flatbed truck, you are probably going to a collision shop. If you've got a light fender bender, you're probably going to a Maaco. That's probably the easiest kind of layman's way to understand it.

So to your point, since Maaco is a bit more of a discretionary business, it also focuses a lot more on overall paint jobs, which, again, is a little bit more discretionary in nature. We're seeing a little bit of softness here in. I'd reiterate, look, Maaco is a 55-year-old business, I believe. It's been through many an upward cycle and downward cycle.

It's a very stable iconic business, and the team has a good action plan in place. So while I think we'll continue to see softness into Q2, we think we can get that business back on track in the second half of the year. As far as the collision space, so we flagged a few quarters ago and certainly our public peers out there have mentioned this, there has been a bit of softness in the collision space for some time now. We haven't seen a material change to that softness. But that being said, we've also mentioned that we believe, based on all the industry data that we have that we're taking share during that softness, and in Q1, we believe we've continued to take share. So I'd say primarily the softness for the franchising segment is driven by Maaco. The fact that it's a bit more discretionary, and again, we've got plans in place to hopefully get that back on track here by the second half of the year.

Operator

Thank so much. Your next question comes from Robby Ohmes with Bank of America. Your line is now open.

Robby Ohmes

So maybe for Mike, just the store expense pressures and the SG&A pressures you talked about, maybe a little more color on what you're seeing in SG&A pressures and how we should think about that in 2Q and also 2H?

Michael Diamond

Yes. And I would start by saying we view ourselves as a growth company. And obviously, one of the things you need to do, even in periods of economic uncertainty is to continue to grow. I've looked at numerous studies that show those that create long-term comparative shareholder value are those that are able to invest regardless of the economic cycle. And so really, what you're seeing in some of our G&A increases are just a willingness to invest in some of those growth initiatives.

To give you a couple of examples, Driven Advantage continues to be a growth lever for us. We see a big opportunity longer term for us to be able to add third parties to that platform and really drive additional longer-term performance. We also have a strong fleet business that has opportunity to continue to drive that red thread across all of our driven portfolio. Obviously, that's a discretionary area that we can investigate if and when or if results become more tight, but we think we have a good growth platform, not only with Take 5 but some of these other business opportunities, and we want to make sure we continue to give it the support it deserves.

Robby Ohmes

And then just discretionary has come up a few times in the Q&A. Just can you remind us if the -- like if the environment gets more challenging in the U.S. and inflation goes up because of tariffs or whatever and new car sales weaken. When you look across the U.S. businesses, is it -- is that more of a negative for you guys? Or are there some areas that would strengthen in that outlook?

Daniel Rivera

Robby, this is Danny. Look, first and foremost, I guess, I would highlight the vast majority of the services that we provide are nondiscretionary in nature, right? So discretionary has come up only from the perspective of Maaco is experiencing a little bit of softness, but the vast majority of the portfolio is nondiscretionary in nature which, obviously, if you're going into economic uncertainty, that's a good thing.

We believe that at the end of the day, our customers need their vehicles in good times and in bad and presumably in bad times, you need it even more, right, because you want to make sure that you keep your livelihood intact. So that's number one. And then, yes, in a world where consumers back off of buying new cars, that would be a tailwind for Driven Brands, right? At the end of the day, an aging car park is a good thing for us. It means more repairs and more services for the sweet spot of customers that we serve.

Robby Ohmes

That's really helpful. Thank you.

Operator

Your next question comes from Kate McShane with Goldman Sachs. Your line is now open.

Mark Jordan

Good morning. This is Mark Jordan on for Kate. We're thinking about Take 5 had a great comp during the quarter. Can you maybe talk about how performance trended by month? And maybe if you can, what you might be seeing quarter-to-date?

Michael Diamond

Yes. We're not going to break out specific month by month other than to say, in general, if you think about Q1 and Q4 results were somewhat similar. And so I would say Take 5 continues to be a fairly consistent performer. Our reiteration of our full year outlook reflects performance for all of our brands through the month of April. And what I mentioned earlier to ask -- answer the unasked question is as we preach a little bit more moderation in the Take 5 longer-term growth, it's more just a recognition that -- that powerhouse of growth from a unit perspective ultimately creates a larger base. And so even stronger growth over a larger base ends up mathing down to a slightly lower number.

Mark Jordan

Okay, thank you very much.

Operator

Your next question comes from Christian Carlino with JPMorgan. Your line is open.

Christian Carlino

Hi, good morning. Thanks for taking my question. I was wondering if you've seen any quick lube competitors get more price competitive given the oil prices are falling in a more subdued consumer backdrop. I know it's a historically rational industry in terms of pricing and promotions and things like that. But I'm curious if you've seen anyone sort of opportunistically go after share just given the moment in time.

Daniel Rivera

Christian, this is Danny. Look, I would say nothing material worth mentioning, right? Here and there, certain markets, certain pockets based on kind of local dynamics, whether it's a certain competitor opening more stores or something in a certain DMA and maybe they're getting a little aggressive. But from a macro perspective, I'd say there's been really no -- nothing material worth talking about.

Christian Carlino

Got it. That's helpful. And you've talked about serving maybe the medium income consumer. And given Take 5 is a premium service, well, you can only defer maintenance for so long. I was wondering how you've contemplated the risk, maybe the consumers shift their oil change spending to other channels, whether that's their repair and maintenance mechanic or one of the retailer club offerings, just given they felt a lot of inflation over the past couple of years and could potentially see more significant inflation in other areas of the wallet?

Daniel Rivera

Yes, it's a great question. Look, I mean, at the end of the day, Take 5 creates and delivers great value to the consumer, right? Value can be defined in different ways. So at the end of the day, we're the only oil change provider of any kind of scale that can deliver stay in your car 10-minute oil change with NPS scores in the 70s, right? And consumers like what we do. They like how we go to market as evidenced by the fact, if you look at comps for the quarter, 8% is obviously a pretty good print. So the reality is, Christian, we are just not seeing it. From a growth perspective, we don't break out volume versus average check, but we're quite happy with both sides of that equation. And we're really happy with what we're seeing from a demand generation and from a loyalty perspective sitting here today.

Christian Carlino

Got it. Thank you very much, and congratulations, Jonathan.

Operator

[Operator Instructions] Your next question comes from Phillip Blee with William Blair. Your line is open.

Phillip Blee

Hi, good morning guys. Thanks for taking the questions. You saw EBITDA margin contract in the Franchise Brands segment this quarter. Is that entirely driven by the comp decline? Or are there other drivers here? And then is there a certain level of comp that we should be thinking about that's necessary in this segment to drive leverage here? Thank you.

Michael Diamond

Yes. So I mean, you hit the nail on the head. The margin pressure in this quarter was driven by sales decline. The beauty of a franchise system is that there isn't a lot of -- as I mentioned, there's not a lot of additional levers, but there's also not a lot of additional cost. So it starts to -- you start to gain leverage pretty quickly once sales grow. And so as we talked about earlier, while we think there may be some continued short-term softness, particularly in our most discretionary focus on Maaco, in general we feel comfortable in that business' trajectory over the medium to longer term. And that is part of what drove the confidence in the reiteration of the guide.

Phillip Blee

Okay. Great. Very helpful. And then just can you just talk about a little bit about your outlook, which -- assuming the broader health of the consumer? You appreciate the vast majority of your business is defensive here. But I'm sure you can appreciate we're just modeling out different scenarios. So any color, I guess, if there is any other areas in the model outside of Maaco that could be softer upon a broader downturn, maybe how those have performed during prior periods of volatility and then how quickly you typically see a rebound there? Thank you.

Michael Diamond

Yes. I mean I don't want to speculate too broadly and wouldn't be wise for you to trust me if I did, just because given how uncertain the overall economic environment is, but let me offer you a couple of data points, right? So if you think about oil changes, one, it is not optional. It is necessary for a card. Danny mentioned the stats around COVID and the fact that Take 5 was able to generate positive same-store sales growth. We've looked as far back as the global financial crisis and know that even during the GFC overall oil changes across the industry were flat to up during that period. And so that gives us confidence that even in uncertain economic times, oil changes will remain steady.

And as Danny has mentioned we think as the only national stay in your car 10-minute oil change with an NPS above 70, we are poised to benefit from that volume maintaining or increasing. As you then think about the rest of our portfolio, one could argue that even in periods of economic uncertainty or pressure, what happens to happen is an aging car park, which I would argue can benefit us as you think through people choosing to stay in their own cars as opposed to go find new cars. And so again, I'm not promising that. I think one of the beauties of the underlying Driven model is its diversification and the fact that its pieces move so well together both operationally, but in times of potential economic dislocation, we have natural built-in hedges across several of our brands that provide us some comfort, and some ballast as we think about how the overall numbers will perform.

Phillip Blee

Yeah, very helpful. Best of luck.

Operator

There are no further questions at this time. I will now turn the call over to Jonathan Fitzpatrick, President and CEO, for closing remarks.

Jonathan Fitzpatrick

Thank you. And as this is my final earnings call, after 13 years as CEO, I wanted to take a moment to thank all of our franchisees and Driven employees for making my time here an unforgettable journey. I'm excited to stay on the Board as Chair and look forward to continuing to support Danny in his well-deserved new role and the future growth of Driven. With that, operator, we will close the call. Thank you.

Operator

Ladies and gentlemen, this concludes your conference call for today. We thank you for participating and ask that you please disconnect your lines.

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