

# Introduction to Henley Enterprises, Inc.



March 2020

**HENLEY**  
Est. 1989

## Business Overview

- ▶ Henley Enterprises, Inc., and its affiliates (collectively “Henley”) currently operate 214 Valvoline Instant Oil Change (“VIOC”) facilities in 10 states – CA, DE, FL, MA, MD, NH, NJ, PA, RI and VA.
- ▶ Henley’s service centers primarily provide lubrication and preventative fluid maintenance services to cars and light trucks.
- ▶ Henley is the largest VIOC franchisee and the third largest independent quick lube operator in the United States.
- ▶ Henley has consistently been among the top performing franchises, within the VIOC franchise community, with revenues per service center being approximately 60% higher than the average franchised VIOC center.
- ▶ Henley had \$290,000,000 in total sales in 2019, with 3.3 million oil changes being performed.
- ▶ Henley is privately held and currently employs more than 2,500 individuals.



\*Based on a survey of over 250,000 Valvoline Instant Oil Change\* customers annually.

## History

Henley Enterprises, Inc. was incorporated in June 1987 specifically to develop and operate VIOC facilities under franchise agreements with Valvoline Instant Oil Change Franchising, Inc. (“VIOCF”), a subsidiary of Valvoline Inc. (NYSE: VVV). Henley is now comprised of several geographic operating companies which operate VIOC service centers.

- ▶ *Henley Enterprises, Inc.* Opened its first facility in February 1989 in Somerville, MA. The Somerville location was the first franchised facility in the U.S. for VIOCF. Presently, Henley Enterprises currently operates 52 VIOC’s in Eastern New England - Massachusetts, New Hampshire and Rhode Island.
- ▶ *Mid-Atlantic Lubes, LLC* Formed in March 2000 and acquired its first service center in April 2000, from an existing VIOC franchisee, in Manassas, VA, a suburb of Washington, D.C. Mid-Atlantic Lubes currently operates 31 facilities in Virginia, Maryland, Delaware, Pennsylvania and New Jersey.
- ▶ *Sunshine Lubes, LLC* Formed in 2006 and opened its first six service centers in Southwest Florida (Naples and Ft. Myers) in October 2006, by acquiring the operations of two existing VIOC franchisees. Presently, Sunshine Lubes operates 10 facilities.
- ▶ *Henley Pacific LA LLC* Formed in 2011 to acquire and operate 71 service centers primarily located in greater Los Angeles and northern San Diego from EZ Lube, LLC, an independent operator that featured Castrol oil. Henley Pacific LA currently operates 109 service centers as a result of acquisition and consolidation activity.
- ▶ *Henley Pacific SF LLC* Formed in 2017 and opened its first two service centers in the San Francisco Bay Area (Antioch and Oakley) in January 2018, by acquiring two existing VIOC service centers. Presently, Henley Pacific SF operates 12 facilities.

In October 2017, Henley Enterprises sold 56 service centers in Michigan and Northern Ohio to Valvoline, Inc. to concentrate on the expansion of its East and West Coast operations, including establishing operations in the San Francisco Bay Area.

Henley expects to add approximately 75 service centers during the next 5 years through acquisition and ground-up development.



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## Core Values

- ▶ Be fair and honest with employees and customers
- ▶ Make self-improvement and learning a way of life
- ▶ Recognize and celebrate achievement
- ▶ Make our jobs fun and safe
- ▶ Be great at what we do



CUSTOMER-RATED  
**4.6** OUT OF 5 STARS\*

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## Strategy

- ▶ Position and solidify Henley as the quick lube leader in every market in which we compete through acquisition and ground up development.
- ▶ Continual attention to operational efficiency, our people, and the changing profile of the automotive aftermarket.
- ▶ Commitment to “speed of service” to differentiate Valvoline Instant Oil Change from its competitors.
- ▶ Commitment to service procedures that communicate with the customer while providing a fast and thorough oil change.
- ▶ Construct and maintain first-class service centers that exceed customer’s expectations and the industry standard.



## Marketing

- ▶ Henley has the unique opportunity to leverage the internationally recognized Valvoline brand on a targeted basis for greater effectiveness.
- ▶ Valvoline's in-house marketing department, along with their national advertising agency, delivers professionally designed advertising campaigns for implementation in all media types.
- ▶ Henley's in-house marketing professionals lead digital, social media and traditional marketing campaigns that augment VIOCF's campaigns.
- ▶ Henley leverages Valvoline's purchasing power across all advertising mediums within each market.
- ▶ Customer information obtained at the time of service is used to drive future transactions through tailored messages, as well as increase customer retention.
- ▶ Henley's fleet sales representatives market to commercial and government fleets and differentiate Henley from the competition by offering individualized billing, which results in Valvoline Instant Oil Change being a preferred vendor among both fleet managers and drivers.
- ▶ VIOCF's electronic point of sale system allows Henley to measure the effectiveness of advertising campaigns.



## Service Center Operations

- ▶ VIOC offers the following services:
  - Oil change, filter and lubrication
  - Transmission fluid exchange
  - Power steering fluid exchange
  - Antifreeze/coolant exchange
  - Differential fluid exchange
  - Transfer case fluid exchange
  - Air conditioning check and recharge
  - Windshield washer fluid filling
  - Tire pressure check/inflation
  - Air filter check and replacement
  - Serpentine belt check and replacement
  - Wiper blade check and replacement
  - Light bulb check and replacement
  - Tire rotation
  - Battery test and replacement
  - Cabin filter check and replacement
  - Fuel filter check and replacement
  
- ▶ Hours are typically 7AM - 7PM Monday - Saturday and 9AM to 5PM on Sunday.
  
- ▶ Staffing consists of 13-15 full and part-time team members.
  
- ▶ On-site parking is utilized only by staff as customers stay in their vehicles.
  
- ▶ A Spill Prevention, Control and Countermeasures Plan is developed for the service center.
  
- ▶ Bulk oils, lubricants, antifreeze and washer solution are delivered to the service center by licensed and insured distributors in the same manner as heating oil.
  
- ▶ Used motor oil and lubricants are collected in a waste oil collection tank, located in the basement tank room, where they are stored for recycling.
  
- ▶ Bulk product deliveries and recycling pick-ups are typically scheduled to occur on a weekly basis.



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## Instant Oil Change Customer Experience

- ▶ Oil changes and other fluid exchanges are completed in approximately 15 minutes.
- ▶ Customers are greeted upon entering the lot and asked (i) if they have visited one of our service centers before and (ii) what service(s) brought them here today.
- ▶ Customers are guided into an open service bay. In the event all the service bays are occupied, customers are told the approximate waiting time and asked to park in front of the next available service bay. If a customer chooses not to wait, they are directed to the property exit.
- ▶ Customers stay in their vehicles throughout the entire service experience.
- ▶ Customers are guided through the oil change experience, from oil selection to being shown the dipstick level upon completion, by trained customer service representatives. In addition, customers are made aware of manufacturer's recommended service intervals for other lubrications and fluids.
- ▶ Certified technicians on the "top" and "bottom" sides of the vehicle utilize SuperPro, VIOCF proprietary service procedures, to communicate and provide a fast and thorough oil change.
- ▶ Service centers are equipped with free Wi-Fi for the customer's use while awaiting completion of their chosen services.
- ▶ Upon the completion of the requested service(s) the customer is guided out of the service bay and directed to the property exit.



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## Environmental

- ▶ Henley's policy is to meet or exceed federal, state, local and industry standards, for environmental requirements.
- ▶ Each service center is equipped with an Employee Health and Safety manual that contains guidance for trainers and employees for waste management; each employee is trained upon hire and recertified annually.
- ▶ A Spill Prevention, Control and Countermeasures Plan is developed for each service center.
- ▶ Each service center is equipped with a Spill Kit, which can be used to contain and stop the flow of material in the unlikely event of a spill.
- ▶ Bulk oils, lubricants, antifreeze and washer solution are delivered to the service center by licensed and insured distributors in the same manner heating oil is delivered to a home.
- ▶ All bulk products and used motor oil are delivered and removed through a permanently installed system of black iron pipes. These pipes terminate outside the building in a locked steel box that provides spill protection and security from vandals. All tanks are vented to the outside of the building and are equipped with whistles to let delivery personnel know the tank is full.
- ▶ Used motor oil and lubricants are collected in a rolling drain pan beneath the car that is piped directly to a waste oil collection tank, located in the basement tank room, where it is stored for recycling.
- ▶ Used motor oil, lubricants and antifreeze are stored in designated containers for such items and collected by a licensed and insured recycler in accordance with federal, state and local requirements and accounted for by manifest.
- ▶ Used oil filters and absorbent materials are stored in designated containers for such items, collected by a licensed and insured waste oil hauler and recycled/disposed of appropriately off-site.
- ▶ Wastewater pickups and oil/water separator cleanouts are recorded and accounted for by manifest.



- ▶ Service centers are constructed with a tank room, located in the basement of the building, which is constructed of noncombustible materials, has a sealed floor and walls, has secondary containment and is equipped with a fire suppression system.
- ▶ There are no floor drains in the basement of the building; this provides another level of containment, in addition to the tank room, and allows us to identify a spill more easily in the unlikely event a spill occurs.
- ▶ Floor drains located in the first floor of the building are piped into a regularly maintained oil/water separator before entering the sanitary sewer.



## Awards and Acknowledgements

- ▶ 2001 – “Operator of the Year” *VIOC Franchising*
- ▶ 2001 – “Outstanding Achievement” Award *VIOC Franchising*
- ▶ 2004 – “National Operator of the Year” *National Oil & Lube News*
- ▶ 2005 – “Outstanding Achievement” Award *VIOC Franchising*
- ▶ 2006 – “Star Contributor - Don Smith” *VIOC Franchising*
- ▶ 2009 – “First \$2 Million Store” Award *VIOC Franchising*
- ▶ 2010 – “Operator of the Year” *VIOC Franchising*
- ▶ 2012 – “Certified Female Friendly® Retailer” *AskPatty.com*
- ▶ 2013 – “William S. Collier Spirit of Franchising Award” *VIOC Franchising*
- ▶ 2013 – “Franchisee of the Year” *International Franchise Association*
- ▶ 2014 – “William S. Collier Spirit of Franchising Award” *VIOC Franchising*
- ▶ 2015 – “King of Cars” *VIOC Franchising*
- ▶ 2015 – “Operator of the Year” *VIOC Franchising*
- ▶ 2016 – “King of Cars for Large Systems” *VIOC Franchising*
- ▶ 2017 – “Developer of the Year” *VIOC Franchising*
- ▶ 2017 – “King of Cars for Large Systems” *VIOC Franchising*
- ▶ 2017 – “Good Samaritan Award for Large Systems” *VIOC Franchising*
- ▶ 2018 – “Operator of the Year” *VIOC Franchising*
- ▶ 2018 – “King of Cars for Large Systems” *VIOC Franchising*



- ▶ 2019 – “Developer of the Year” *VIOC Franchising*
- ▶ 2019 – “King of Cars for Large Systems” *VIOC Franchising*
- ▶ 2019 – “Good Samaritan Award for Large Systems” *VIOC Franchising*
- ▶ 2019 – “Sandy McLeod Legacy Award” *VIOC Franchising*
- ▶ 2019 – “Celebrating 30 Years as a Franchisee” *VIOC Franchising*

  
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