

2016
Franchise Grade®
Franchise Investment Profile





Vital Insight for your investment.™

2016 Franchise Grade® Franchise Investment Profile Fast Undercar

This Franchise Grade® Franchise Investment Profile (FIP) was developed by FranchiseGrade.com based upon an analysis of Franchise Disclosure Documents (FDD).

All data in this report is extracted from 2015 FDDs provided to FranchiseGrade.com or acquired from registration states. All benchmarks and comparative assessments are based on collated data of 2,387 FDDs. This data is deemed to be reliable to the extent of the information provided to FranchiseGrade.com.

Grades are based on benchmarks to the franchise industry or sector and a gradient measurement within the franchise industry against other franchise systems.

Grades are as follows:

A+	Top 10% of the franchise industry
A	Top 20% of the franchise industry
B	Top 30% of the franchise industry
C	Top 40% of the franchise industry
D	Top 50% of the franchise industry
F	Bottom 50%* of the franchisee industry

*An F grade in Item 19 Disclosure means there is no Item 19 Franchisee Performance Representation provided by the franchisor

The grades provided are relational to other franchise systems and the franchise industry.

The FIP is an operational and financial analysis for prospective franchisees, investors and lenders. It represents an assessment and review of the investment risks associated with a specific franchise system and franchisor. Each FIP draws on data and information from Franchise Disclosure Documents for a given year. FranchiseGrade.com utilizes a distinct methodology in evaluating the FDD for investment purposes. The FIP includes the results of the Franchise Grade® Franchise Performance Index™, a proprietary franchise ranking system which represents the most comprehensive evaluation of franchise system performance in the franchise industry. The Franchise Performance Index™ is the basis for the Franchise Grade® Top 500, an annual publication of top performing healthy franchise systems throughout the United States.

PLEASE NOTE: FranchiseGrade.com and the results of the FIP do not represent a recommendation of an investment to a prospective franchisee or other investor. Any proposed franchise investment should be carefully researched by prospective franchisees or other investors and comprehensive due diligence should be performed including seeking advice from legal counsel and a qualified accountant. Additional insights should be gathered by speaking with existing and former franchisees.

The contents of this report have been prepared to provide an analysis and information pertaining to a specific franchise system. The data and benchmarks are based on historical performance and does not represent or provide any forward looking statements.

In preparing the information contained in this report, we have not taken into account an investor's objectives, financial situation or needs. Before making an investment decision, the investor needs to consider whether this information is appropriate to their objectives, financial situation and needs.

About FranchiseGrade.com

FranchiseGrade.com is the leading market research company in franchising. FranchiseGrade.com analyzes and benchmarks the performance of individual franchise systems and provides useful data and research for due diligence. Our analyses of specific franchise data utilizes statistically based practices developed by FranchiseGrade.com with the assistance of representatives from two academic institutions. FranchiseGrade.com believes that this Franchise Investment Profile accurately analyzes the performance of the franchise system as a benchmark to other franchise systems and provides an investment risk profile that can be used as part of a comprehensive due diligence effort prior to investing into any franchise system.

Mark Ambrogio, Research Manager
mark.ambrogio@franchisegrade.com
1 800 975 6101 x203

Angelina Beal, Research Analyst
angelina.beal@franchisegrade.com
1 800 975 6101 x207

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1288 Commissioners Road West, Suite 204
London, Ontario
N6K 1E1
1 800 975 6101
insights@franchisegrade.com



2016

Fast Undercar

Franchise Investment Profile

The Fast Undercar Franchise Disclosure Document used for this Franchise Investment Profile was issued March 7, 2016.

Fast Undercar was founded in California in 1998 and began franchising that year. Enjoying a high customer service satisfaction level, Fast Undercar franchisees “operate a distribution outlet specializing in selling undercar and other automotive aftermarket parts, supplies and accessories primarily to professional repair facilities and other commercial customers” through twenty-eight franchised and five corporate outlets as of the end of 2015.

Recognized as a top-performing franchise system, Fast Undercar has low annualized costs compared to other Automotive franchise brands, a low turnover rate, and a thorough FPR disclosure.

Fast Undercar #113 in the [2016 Franchise Grade® Top 500](#) out of 2,387 franchise systems based upon the Franchise Performance Index™ and is in the top 10% of all franchise systems.

The franchise investment ranges from \$485,000 to \$859,500 for new franchises and \$54,800 to \$805,000 for franchise conversions.

Fast Undercar operates in Ventura, California, at 4277 Transport Street. Its website is www.fastundercar.com and its telephone number is 1-805-676-3410.

In addition to comparing Fast Undercar with the franchise industry in general, this analysis also provides a specific comparison of Fast Undercar with over 110 franchise brands in the Automotive sector



INVESTMENT STRUCTURE

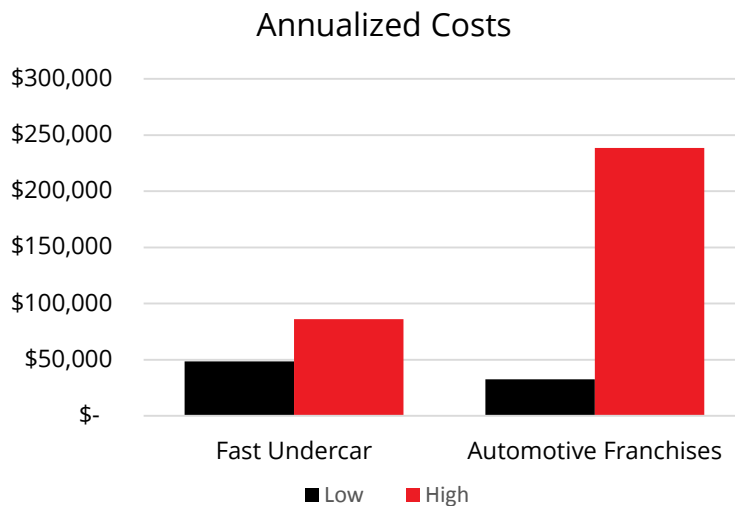
A

Investment Structure provides an analysis of the initial franchise fees, working capital requirements and annualized costs. A prospective franchisee must analyze a specific franchise investment to ensure that there is a favorable relationship between their available investment capital and the franchise investment required.

Opening a Fast Undercar franchise requires an Initial Franchise Fee of \$12,500. In the Automotive sector, the Initial Franchise Fee ranges from an average low of \$34,957 to a high of \$49,074.

For new franchises, the estimated Total Initial Investment ranges from \$485,000 to \$859,500.

With an initial term of 10 years, the Annualized Costs of investing in a Fast Undercar franchise range from a low of \$48,500 to a high of \$85,950. This compares to a low of \$32,568 to a high of \$283,616 for comparable Automotive franchise brands.





ONGOING FEES

A+

Ongoing fees are a benchmark of total royalties and reoccurring fees. It includes a combination of the royalty rate and national and local advertising fund contribution fees. This grade includes an analysis of the types of fees and the degree of complexity within Item 6 and any other franchisee financial obligations to the franchisor.

Unlike other franchise brands, that traditionally base their ongoing fees on gross sales, Fast Undercar bases its ongoing fees on the cost of goods sold.

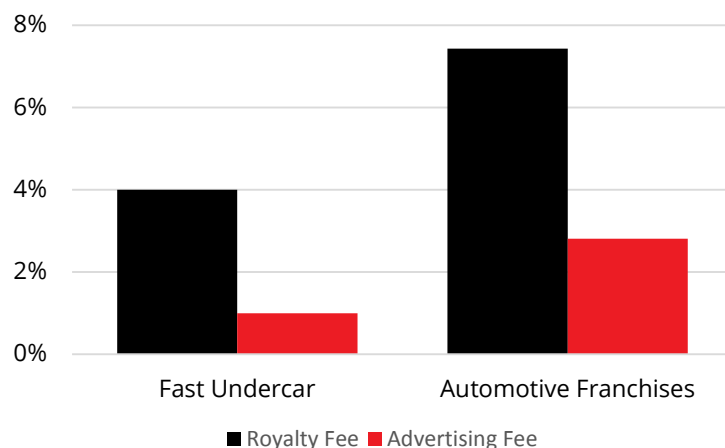
At 4%, Fast Undercar's Royalty Fee is less than the average charged by Automotive franchise brands, which is 7.4%.

Fast Undercar does not presently charge a national Advertising Fee, but it reserves the right to establish a Promotional Fund of up to 1%. Among Automotive brands, the average national Advertising rate is 2.8%.

Also, Fast Undercar does not presently charge an Advertising Cooperative Fee, but may establish regional cooperatives, that may charge up to 1%.

Fast Undercar charges a POS Maintenance Fee which may amount to \$292 monthly.

Royalty & Advertising Fees





FRANCHISEE RIGHTS

A

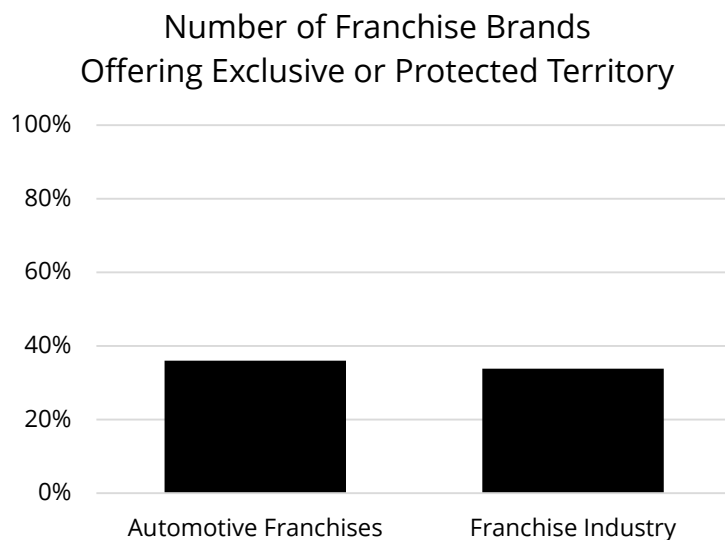
Franchisee territory and related contractual rights represent one of the three top priorities to consider when evaluating a franchise opportunity. The key attributes of a franchisee territory include; the quality of the territory, the potential for continued growth and whether the territory is both protected and exclusive. The term of the franchise agreement and the annualized cost of the investment are included in this grade.

Fast Undercar franchisees are granted an initial term of 10 years and are eligible for one 10-year renewal, subject to compliance requirements. These terms are comparable to other franchise brands in the Automotive sector.

In a competitive marketplace, franchisor support for franchisees is essential. One way that franchisors can help new franchisees is by granting them an area in which they will not face competition from other franchisees, or from the franchisor itself.

Fast Undercar grants its franchisees an Exclusive Territory that will normally allow for a 30-minute product delivery to the franchisee's customers. Additionally, Fast Undercar grants a Territory with "at least 150 automotive repair businesses."

Only 36% of Automotive franchise brands and 33.8% of brands in the franchise industry overall offer an Exclusive or Protected Territory.





FRANCHISE RELATIONS

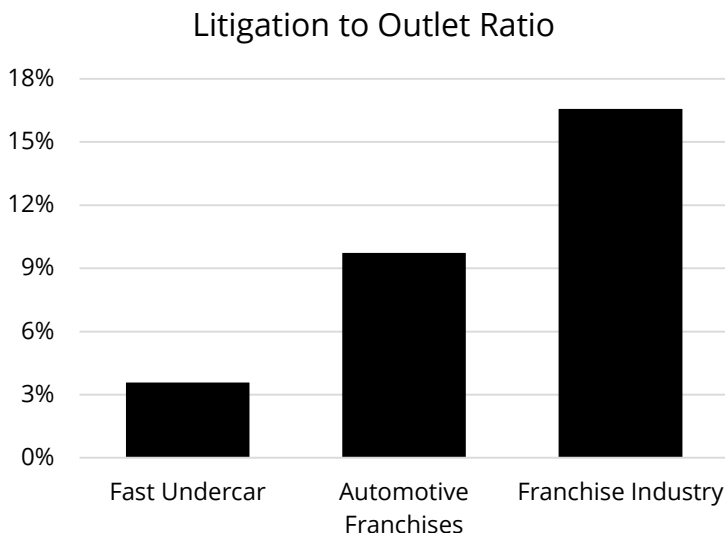
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Franchise litigation provides information regarding current and prior legal actions between a franchisor and franchisee. A lack of significant litigation in the FDD of a mature franchise system can be considered an indicator of a successful franchise system with satisfied franchisees. We refer to this measure as the Litigation to Outlet Ratio, which can be used to compare the amount of litigation for franchise systems.

Fast Undercar discloses only one legal actions in its FDD, which is an indication of positive franchise relations.

When viewed in relation to the number of outlets, the Litigation to Outlet Ratio is at 3.6% for Fast Undercar, which compares to 9.7% for other Automotive franchise brands and 16.6% for the franchise industry.

This is an indication of both positive franchise relations for Fast Undercar and of the prevalence of litigation with other franchise brands.



Fast Undercar discloses no independent franchisee association and no franchisee advisory council in its FDD.



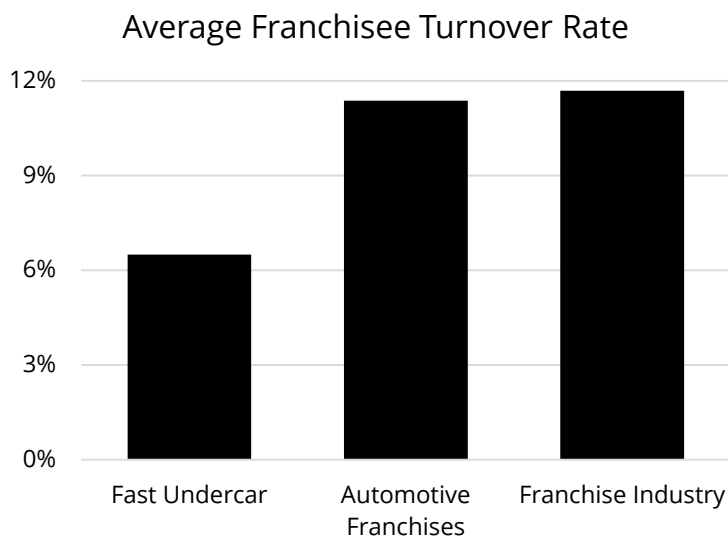
SYSTEM TURNOVER

A+

Franchisee turnover is an important consideration for a candidate to review. It includes franchisee terminations, franchisee ceased operations and franchisee transfers. A high percent of terminations and ceased operations relative to franchisee locations is an indicator of an unhealthy franchise system. A high number of transfers can indicate a vibrant franchise system where there is a convergence of franchisees seeking to cash out their investment and buyers seeking to invest in a franchise operation.

Over the last five years, Fast Undercar has experienced an average franchisee turnover rate of 6.5%, which compares an average turnover rate of 11.4% for Automotive franchise brands.

None of Fast Undercar's turnover is attributable to franchise terminations, which compares to an average of 25.3% for Automotive brands and 24.3% for the franchise industry. Franchise terminations represent a negative component of franchisee turnover, as it can relate to a poor level of franchise relations and a franchise program that is possibly flawed.





SYSTEM GROWTH

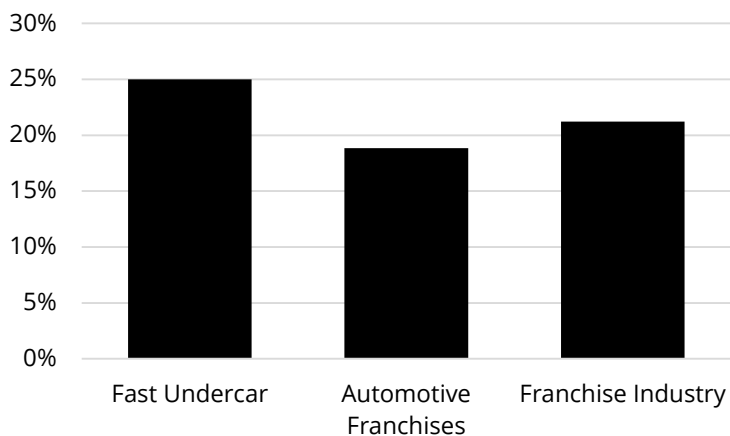
A

At the end of 2015, Fast Undercar had 28 franchised outlets, unchanged from 2014. Although Fast Undercar's growth rate is not as high as some franchise brands, its outlet growth has been healthier.

One of the most important measures of a franchise system is the growth of the franchise network. A major difference between healthy and unhealthy franchise systems is where there is positive franchise outlet growth over a sustained period of time. Although there are examples of franchise systems with dynamic outlet growth, some of these systems were labeled as unsuccessful franchise systems.

When viewing net growth as a percentage of outlets opened, Fast Undercar is at 25%, compared to an average of 18.8% for comparable Full Service Restaurants and 21.2% for the franchise industry. This indicates that not all franchise outlet growth is healthy and sustained in the franchise industry – and that Fast Undercar's growth is generally healthier.

Franchise Net Growth as a Percentage of Total Open





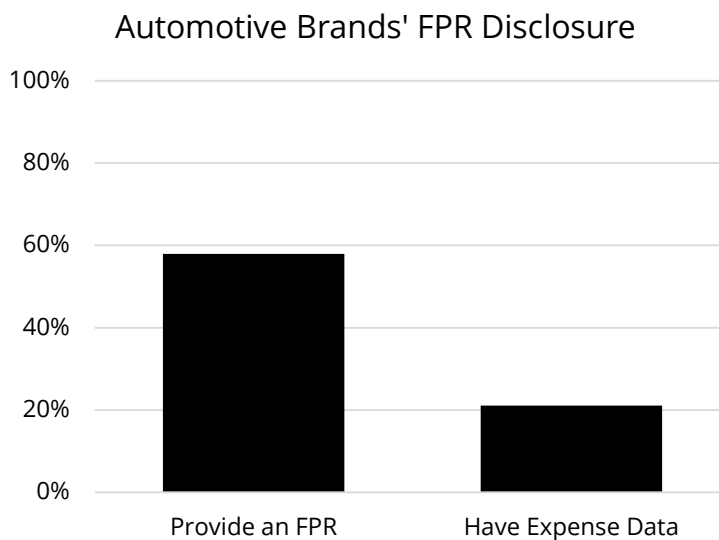
A+

The grading platform is based on the following criteria: Can a prospective franchisee create a reasonably accurate proforma and cash flow analysis utilizing the data provided in Item 19. Each grade is based on the ability of a franchisee candidate to analyze financial data based upon the financial information disclosed in Item 19. To receive an A grade, a franchise system must provide more detail than simply gross revenues.

ITEM 19 DISCLOSURE

More franchisors are making an Item 19 disclosure, known as a Financial Performance Representation ("FPR"), which provides prospective franchisees with much-needed financial information. Of particular importance is whether prospective franchisees are provided with expense data, which helps them make a wise investment decision.

Only 57.9% of Automotive franchise brands provide an FPR disclosure and only 21.1% provide expense data, specifically.



Fast Undercar makes an FPR disclosure which includes expense data, provided on an outlet-by-outlet basis. This level of disclosure is unusual in the franchise industry. Included in the expense data is the Cost of Goods Sold, the Gross Profit, and the Labor Cost, thus providing prospective franchisees with much valuable information.



OVERALL GRADE

A+

Profile Summary

Fast Undercar has been designated an A+ as a result of the following attributes:

- **Low annualized costs, compared to its industry category**
- **An Exclusive Territory**
- **Good franchise relations**
- **Providing a thorough FPR disclosure with expense data, on an outlet-by-outlet basis**

Fast Undercar is graded #113 in the [2016 Franchise Grade® Top 500](#) out of 2,387 franchise systems based upon the Franchise Performance Index™ and is in the top 10% of all franchise systems.

FRANCHISEGRADE.COM DOES NOT ENDORSE ANY INVESTMENT TO A PROSPECTIVE FRANCHISEE OR OTHER INVESTOR AND HIGHLY RECOMMENDS THAT COMPREHENSIVE DUE DILIGENCE IS PERFORMED, INCLUDING SEEKING PROFESSIONAL SUPPORT AND SPEAKING WITH EXISTING AND PAST FRANCHISEES.
