25-Jan-2023

Monro, Inc. (MNRO)

Q3 2023 Earnings Call

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OTHER PARTICIPANTS

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Analyst, Oppenheimer & Co., Inc.

Joe Enderlin
Analyst, Stephens, Inc.

John Healy
Analyst, Northcoast Research Partners LLC

Bret Jordan
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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen and welcome to Monro, Inc.'s Earnings Conference Call for the Third Quarter of Fiscal 2023. At this time, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session, and instructions will follow at that time. [Operator Instructions] And as a reminder, this conference call is being recorded and may not be reproduced in whole or in part without permission from the company.

I would now like to introduce Felix Veksler, Senior Director of Investor Relations at Monro. Please go ahead.

Felix Veksler
Senior Director-Investor Relations, Monro, Inc.

Thank you. Hello, everyone, and thank you for joining us on this morning's call. Before we get started, please note that as part of this call, we will be referencing a presentation that is available on the investor section of our website at corporate.monro.com/investors.

If I could draw your attention to the Safe Harbor statement on slide 2, I'd like to remind participants that our presentation includes some forward-looking statements about Monro's future performance. Actual results may differ materially from those suggested by our comments today. The most significant factors that could affect future results are outlined in Monro's filings with the SEC and in our earnings release. The company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

Additionally, on today's call, management's statements include a discussion of certain non-GAAP financial measures which are intended to supplement and not be substitutes for comparable GAAP measures. Reconciliations of such supplemental information to the comparable GAAP measures will be included as part of today's presentation and in our earnings release.

With that, I'd like to turn the call over to Monro's President and Chief Executive Officer, Michael Broderick.

Michael T. Broderick

President, Chief Executive Officer & Director, Monro, Inc.

Thank you, Felix, and good morning, everyone. I'll spend the first part of our call this morning outlining a series of customer-focused initiatives we recently implemented across our store base. These initiatives will enable us to drive additional sales of our higher-margin service categories and position us as an even stronger competitor in every market we serve. After that, I'll walk through our third quarter results and the continued progress we've made, despite inflationary pressures impacting the consumer and our business. I'll then conclude with an update on our cash creation and capital allocation.

Before I get started, I would be remiss if I didn't recognize and thank all of our teammates for their tremendous efforts in serving the needs of our customers in the communities where we operate. Now, starting with a series of customer-focused initiatives we recently implemented across our store base. While batteries currently represent a small fraction of our overall sales, the battery market is large and growing. In response to this, we have made changes in the way we sell and service batteries. We now offer free battery checks, and in a departure from industry standards, we are waiving installation charges for most batteries. Our customer safety is our primary concern and when we install the battery, it gives us an opportunity to assess a vehicle's entire electrical system through a free, quality courtesy inspection to ensure that everything is in good working order.

We know that our customers are busy and they value convenience, personal service and purchasing options tailored to their needs. To meet these demands, we've rolled out several enhanced offerings, including a walk-in oil service option to provide hassle-free service, which is in addition to our existing online appointment system. Number two, a Good-Better-Best oil service package updates to give customers competitively priced options that meet their budgets. Number three, a callback program to personally remind customers when their next oil service is due. And finally, a new integration with CARFAX to provide customers with their vehicle service history and manufacturer recalls while in-store with service recommendations to enable more informed decision-making.

Additionally, we've started offering combined tire and service packages to better connect activity and momentum in tire sales to our service categories. While these initiatives are aligned with delivering an outstanding guest experience, they have been strategically designed to boost customer traffic at our locations, enable us to drive additional sales of our higher-margin service categories, and fulfill our commitment to maintain a balanced approach between tire and service categories to deliver enhanced profitability at our stores, grow market share, and position us as an even stronger competitor in every market we serve. While these initiatives are still in their early days, we'll be sure to provide updates on our progress in the quarters to come.

Now, turning to our third quarter results and how inflationary pressures are impacting the consumer and our business. Driven by strength in tires, we delivered mid-single-digit comp store sales growth in the third quarter of approximately 6%. We continue to execute on our strategy to improve our 300 small or underperforming stores, which represent about a quarter of our overall store base. These stores delivered comp store sales growth of approximately 12% in the third quarter which is on top of the double-digit comp growth in the first half of this fiscal year. Our sales results for the group of stores through the first three quarters shows that our strategy is working.

As a reminder, comp store sales at these stores decreased 8% in fiscal 2022 compared to fiscal 2020. The continued acceleration in sales at these locations is a direct result of our strategy to improve technician staffing levels as well as our training initiatives that are allowing us to better meet customer demand. Comp store sales in our remaining stores were up approximately 5%. Similar to last quarter, broad-based inflationary pressures on the consumer continued to affect customer purchasing behavior in the third quarter. We saw customers trading down to lower priced tire options. We actively repositioned our tire assortment to give our customers the right tire at the right price. We're staying relevant on opening price points to provide customers with more choice and greater value.

In preparation for the winter selling season, we raised in-stock levels in our stores with an expanded snow tire offering, a more established regional inventory for opening price point and all-terrain tires, and an upgraded inventory system to allow daily review and replenishment. We drove additional customer traffic to our store through manufacturer rebates on six tire brands and a free lifetime tire installation package. Encouragingly, our tire units were positive in the third quarter with tire comp store sales up high single digits. Based on third-party syndicated U.S. replacement tire data, all of this contributed to our outperformance in tire units versus the industry in the third quarter.

We also saw stretched consumers continue making decisions to defer vehicle maintenance which put pressure on sales in some of our key service categories. As a result, we chose to not fully pass-through inflationary cost increases to an already stretched consumer. The voice of our customer has indicated that raising prices at a time when they're struggling to accept them will likely result in the immediate loss of a sale and has the potential to jeopardize a longer-term relationship. And as a reminder, developing this longer-term relationship with our customers is a key element of our strategy. While a higher sales mix of tires versus service, customer trade downs to opening price point tires, our investment in price, and our continued labor cost pressures impacted our gross margin, prudent cost control in the third quarter allowed us to leverage operating expenses on a mid-single-digit comp.

As we continue to drive our business towards consistently delivering mid-single-digit comp store sales growth, we also remain committed to a more balanced approach between the tire and service categories that will deliver enhanced profitability at our stores. The series of initiatives that I outlined at the outset of our call this morning will allow us to achieve these expectations. Our business is well-positioned with the right strategy in place to take advantage of longer-term industry tailwinds. While the current macro environment remains challenging, we continue to gain market share in our tire category, with a keen focus on driving traffic to our stores and serving the car care needs of our customers.

The largely non-discretionary nature of our business gives us confidence that as long as our stores are properly staffed, our pricing is competitive with the right assortment, and we continue to improve our in-store execution, we'll be able to capture market share gains in both our tire and service categories. And encouragingly, sales momentum has continued into fiscal January with our preliminary comp store sales up approximately 8%.

Lastly, an update on our cash creation and capital allocation. The strength of our financial position and cash flow is a competitive advantage which enables us to make investments in price and labor to grow market share and capture new customers for the long term. As a reminder, an important focus of our strategy is cash creation. We are continuing to unlock cash by optimizing inventory and leveraging the strength of our vendor partners for better availability, quality, and cost of tires and parts in their stores.

And in the third quarter, we continued to generate strong operating cash flow, led by reductions in our working capital. Excess cash being generated by our operations and the strength of our balance sheet allowed us to continue returning capital to our shareholders in parallel to pursuing our growth strategy. During the third quarter, we continued our long-standing policy of sharing our results with our shareholders through our dividend, and we continue deploying cash on our share repurchase program, which authorizes us to repurchase up to $150 million of the company's common stock.

After a careful review which included our disciplined approach in evaluating multiples, we executed a definitive asset purchase agreement to acquire four additional stores in Iowa and one additional store in Illinois. This acquisition is expected to close in the fourth quarter and is expected to add annualized sales of approximately $6 million. As part of our growth strategy, we continue to have significant capacity to acquire businesses which fit into our overall strategic plan.

In summary, we've implemented a series of customer-focused initiatives that will benefit our business. We delivered mid-single digit comp store sales growth in the third quarter. Our strategy to improve our small or underperforming stores through our staffing and training initiatives is working. We will continue to drive our business towards consistently delivering mid-single digit comp growth with a commitment to a more balanced approach between tire and service categories that will allow us to leverage our cost structure to deliver enhanced profitability.

Although we continue to navigate an uncertain macro environment, we have the right strategy in place to take advantage of longer-term industry tailwinds. We are focused on gaining market share and driving traffic to our stores through competitive pricing and the right assortment to meet the needs of our customers. Our in-store execution is firmly in our control and remains our greatest opportunity for improving our results. As our training and productivity initiatives continue to take hold, we expect to deliver improvements in sales and earnings. Significant cash flow generation through operational improvements and working capital reductions will allow us to continue returning capital to shareholders through healthy dividend and share repurchase programs, as well as capitalize on acquisitions.

With that, I'll now turn the call over to Brian, who will provide an overview of Monro's third quarter performance, strong financial position and additional color regarding the remainder of fiscal 2023. Brian?

Brian J. D'Ambrosia

Executive Vice President & Chief Financial Officer, Monro, Inc.

Thank you, Mike, and good morning, everyone. Turning to slide 8, sales decreased 1.9% year-over-year to $335.2 million in the third quarter, which was due to the divestiture of our wholesale tire and distribution assets in the first quarter of fiscal 2023. Sales for these divested assets were approximately $28 million in the prior year third quarter. Comparable store sales increased 5.6% and sales from new stores increased $6 million. When adjusted for one additional selling day in the current year quarter due to a shift in the timing of the Christmas holiday from the third quarter in fiscal 2022 to the fourth quarter in fiscal 2023, comparable store sales increased 4.4%.

Gross margin decreased 150 basis points from the prior year to 33.8%. A higher mix of tire sales in our retail locations, customer trade down to opening price point tires, as well as parts inflation that we intentionally did not fully pass-through to the consumer increased material costs as a percentage of sales from the prior year. In addition, incremental investments in technician labor and wages to support current and future top line growth increased labor costs 80 basis points from the prior year. These increases more than offset the benefits to gross margin from the divestiture of our wholesale tire and distribution assets. Total operating expenses were $89.6 million or 26.7% of sales as compared to $93.1 million or 27.3% of sales in the prior year period. The decrease as a percentage of sales was principally due to prudent cost control, which allowed us to leverage operating expenses on mid-single digit comparable store sales growth.

Operating income for the third quarter declined to $23.8 million or 7.1% of sales. This is compared to $27.4 million or 8% of sales in the prior year period. Net interest expense increased to $5.9 million as compared to $5.7 million in the same period last year. This was principally due to higher year-over-year interest rates. Income tax expense was $5 million or an effective tax rate of 27.6%, compared to $5.5 million or an effective tax rate of 25.3% in the prior year period. The increase in effective tax rate was due to a higher discrete tax impact related to share-based awards, as well as other state income tax impacts from the divestiture of our wholesale and tire distribution assets.

Net income was $13 million as compared to $16.3 million in the same period last year. Diluted earnings per share was $0.41, compared to $0.48 for the same period last year. Adjusted diluted earnings per share, a non-GAAP measure was $0.43. This compared to adjusted diluted earnings per share of $0.49 in the third quarter of fiscal 2022. Please refer to our reconciliation of adjusted diluted EPS in this morning's earnings press release and on slide 8 in our earnings presentation for further details regarding excluded costs in the third quarter of both fiscal years.

As highlighted on slide 9, we continue to maintain a very solid financial position. We generated a record $171 million of cash from operations during the first nine months of fiscal 2023, including $71 million in working capital reductions. This has reduced our cash conversion cycle by approximately 35 days at the end of the third quarter compared to the prior year period. Our AP to inventory ratio at the end of the fiscal third quarter was 162% versus 79% at the end of fiscal 2022. We received $66 million in divestiture proceeds, of which $5 million are currently being held in escrow. We invested $29 million in capital expenditures, spent $30 million in principal payments for financing leases, and distributed $27 million in dividends. Lastly, cumulative repurchases of our common stock were approximately $97 million under our board-authorized share repurchase program. We have used our significant cash flow to reduce invested capital by $180 million during the first nine months of fiscal 2023.

At the end of the third quarter, we had bank debt of $130 million, cash and cash equivalents of $13 million, and a net bank debt-to-EBITDA ratio of 0.7 times. While we are not providing guidance for the remainder of fiscal 2023, we are providing color to assist in your modeling. Note that our comments for the remainder of fiscal 2023 continue to factor in the divestiture which generated about $115 million in sales in fiscal 2022.

As we continue to focus on gaining market share and driving traffic, we expect to continue maintaining appropriate staffing levels as well as competitive pricing to attract customers to our stores. This will likely continue to put pressure on gross margin in the fourth quarter of fiscal 2023. In order to mitigate this, we will be focused on driving sales in our higher-margin service categories, managing mix within our product categories to improve profitability, and taking opportunistic pricing actions.

Total operating expenses in the fourth quarter are expected to be consistent as a percentage of sales on a year-over-year basis. Our tax rate should be approximately 25% for fiscal 2023. Regarding our capital expenditures, we expect to spend approximately $35 million to $45 million in fiscal 2023. We also expect to continue improving our operating cash flow driven by continued working capital reductions. Our balanced approach of returning capital to shareholders as well as completing value-enhancing acquisitions will meaningfully increase our return on invested capital.

And with that, I'll now turn the call back over to Mike for some closing remarks.

Michael T. Broderick

President, Chief Executive Officer & Director, Monro, Inc.

Thanks, Brian. We're optimistic about our outlook for the remainder of fiscal 2023 and beyond. Although we still have important work to do, we remain well-positioned to execute our growth strategy and deliver long-term value creation for our shareholders.

With that, I'll now turn it over to the operator for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Our first question for today comes from Brian Nagel of Oppenheimer. Brian, your line is now open. Please go ahead.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.
Q

Hi. Good morning.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.
A

Good morning, Brian.

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.
A

Good morning, Brian.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.
Q

Thanks for all the color. So a couple questions. I mean, first off, just with respect to the underperforming stores and now, we've seen some – a trend in improving performance, how much potential is left in those stores for the outsized comp growth we've seen?

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.
A

Brian, good morning. It's Mike. I would say that it's part of our strategy. Just to remind everybody, that was year-over-year-over-year declines that we're now starting to reverse, so I would look at the strategy as the exact opposite. We're actually walking these stores back year-over-year-over-year. So, my expectation, and I know my field team understands the expectation that we're expecting double-digit comps to really start reversing and we expect this type of growth for I would say the next one to two years going forward.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.
Q

Got it. That's helpful. And then my second question – or Mike, as my follow-up question, maybe I'll merge a couple together, but – so, as you look at the results today, you're calling out this kind of shift in buying patterns as a result of, to some extent, consumers trading down amid economic pressures. So the question I have is, as you look at that, better demand for – to get these more opening price tires, what gives you the confidence that this does in fact reflect market share gains as opposed to potentially existing customers now just reacting to what, a more expanded product offering over the part of Monro?

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.
A

Yeah. No, it's – first of all, we look at syndicated data and we actually can see the breakdown based on Tier 1 through Tier 4 performance based on tires, opening price point being Tier 4, premium tires being Tier 1. So, I can actually see our performance by tier. Now, when I look at our performance right now, Brian, this is what we're focused on from the day we've been on this call together, is sales, margin and cash creation. We are now finally seeing, really with our partnership with ATD, we're actually seeing real tire unit creation.

And it's not just because, I think we have a better assortment for our customers and that started with really activating on opening price point, but our greatest opportunity that we have is, obviously, through field execution. And part of field execution's job is to really take that opening price point opportunity and sell up through the screen based on the features, benefits and advantages. But, ultimately, what drives us is market share. We can see the activities that we're deploying, the stocking position, the assortment, the pricing decisions, and it's coming to life in unit gain in the markets that we serve. And I think that is the success formula for years to come.

Brian Nagel
Analyst, Oppenheimer & Co., Inc.
Q

That's very helpful. I appreciate it. Thank you.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.
A

Thank you, Brian.

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.
A

Thanks, Brian.

Operator: Thank you. Our next question comes from Daniel Imbro of Stephens, Inc. Daniel, your line is now open.

Joe Enderlin
Analyst, Stephens, Inc.
Q

Hi, guys. This is Joe Enderlin on for Daniel. Thanks for taking our question.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.
A

Of course. Good morning, Joe.

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.
A

Good morning.

Joe Enderlin
Analyst, Stephens, Inc.
Q

So it looks like the three-year stack for monthly comps accelerated sequentially from December to January pretty meaningfully. Could you maybe provide some color on how you think the consumer is receiving the increased promotional activity right now and maybe how that trended through the quarter?

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.

A

Joe, I'll take that one. I would say that just on the promotional activity, very clearly, what we did is we executed using our supplier partners' promotional activity similar to really our competition in the marketplace. So, we were very disciplined in our approach using our vendor support to be able to drive and attract customers through price and incentive. I would say, going forward from December into January, I'm actually pleased with, although we had a very strong December in tires – driven by tires, and you can see that in my margin. But in January, it actually flipped where I had a very strong brake month.

So, ultimately, January is not a trend, but I actually like to see how we're meeting our customers' needs, not just on tires, but also in our service categories. And I believe most of that's just driven through all the activities that we're deploying at the local level. We're really – we're meeting the customers not just with tires, but also service categories. And just to really just go back to the fundamentals of this business, we have to have a balanced approach, we have to have tires growing and our service categories growing. Brake's leading that service category for us to really drive profitable sales.

Joe Enderlin
Analyst, Stephens, Inc.

Q

That's super helpful. Thank you. And then maybe as a follow up, could you maybe provide some thoughts on, not this year, but maybe the long-term SG&A growth rate or margin, if you are comping at your mid-single digit comp goal?

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.

A

Yeah. This is Brian. I would say that as it relates to kind of our outlook, maybe just for Q4, we expect some improvement in our gross margin level somewhere between where we ran in Q2 at 35% – mid-35s and where we ran here in Q3, which is just south of 34%. So, we expect to trend somewhere in that range, improvement off of Q3, though. The gross – I'm sorry, the SG&A, we expect to be about flattish year-over-year.

We have a little bit lighter of a volume month – or volume quarter in Q4 historically based on seasonality, so we delever a little bit from where we traditionally run in Q3. As it relates to the long term, we're not providing longer-term guidance. But as we've said, as we achieve our mid-single-digit comp growth, we expect to improve both margins as well as leverage our fixed costs and SG&A, and we think that that gives us a good path to return our operating margins back to where they've run historically, certainly double digits.

Joe Enderlin
Analyst, Stephens, Inc.

Q

Got it. Thanks so much, guys. That's all for me.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.

A

Thank you, Joe.

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.

A

Thank you.

Operator: Thank you. Our next question comes from John Healy of Northcoast Research. John, your line is now open.

John Healy
Analyst, Northcoast Research Partners LLC

Q

Thank you. Guys, just wanted to dive in a little bit more about the supply side of things. One of the things that surprised me a little bit is you guys talking about the manufacturers maybe giving you some more support and rebates on things. So, would just love to kind of hear kind of what you have seen there or maybe how that's changed and could that actually begin to buffer gross margin later this year? And are you starting to see – or at least this calendar year, are you starting to see manufacturers roll back any price increases or go beyond just giving you maybe some support on the sales side in the field?

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.

A

John, I'll take care of that. Well, I'll take that one. It's Mike. I think it's less about the manufacturers; it's all about Monro. We were – as we really become a bigger customer with fewer suppliers, they're investing behind us, and that's not only on the tire side but the parts side. So, what we deployed in the fourth quarter is really we took advantage of what they normally have in the marketplace for our competitors, but Monro really stepped up, activated against it, really partnered with fewer suppliers and we just became more relevant and it really benefited us.

On top of that, we actually lived into what we committed to. We deployed tires, we really gave our teams the assortment that they need to compete in the marketplace. We kept them in stock and these are the things that our suppliers are looking for from a large customer like Monro. So, I really have to give credit to not only the field team but the merchandising organization, our inventory teams really making ourselves, getting ourselves ready for basically a winter season that came over 10 days.

John Healy
Analyst, Northcoast Research Partners LLC

Q

Great. And then I just want to ask, just I feel like the commentary on the M&A pipeline was maybe a little bit different than I was expecting. So, would just love to hear what you guys are seeing there. Is it sellers come to you? Are you looking at anything that maybe would be bigger in size than what you kind of normally look at? Or just kind of any color on how the M&A pipeline has seemed to fill up here because I thought maybe we were taking a little bit more of a conservative tone there, or at least – that's what I thought, at least.

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.

A

Yeah. No, I mean, there's really – as we look at our M&A opportunity, the activity that we've been working, we have more than 10 NDAs signed. We continue to evaluate deals. We've always been a very disciplined financial buyer. And I think, adding to that, now we're a very disciplined operational buyer, meaning that we're going to take on stores that have a really clear path to quick accretion for us with limited kind of investments in our teams' time for needing to improve those stores immediately. We have a lot of focus on our bottom 300 stores like we've talked about. We need to continue that focus.

We have a real focus on improving our business, delivering those mid-single-digit comps, and improving our profitability across all of our categories. So, with that focus, we want to be really disciplined in our acquisition approach. We had a deal that we announced this quarter. It was one of those that met all of the criteria that allowed for a nice acquisition and a nice integration, and we look forward to closing that in Q4. But there will be continued M&A as we move forward for the deals that make sense for us operationally and financially.

John Healy
Analyst, Northcoast Research Partners LLC

Q

Great. Thank you, guys.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.

A

Thank you.

Operator: Thank you. [Operator Instructions] Our next question comes from Bret Jordan of Jefferies. Bret, your line is now open.

Bret Jordan
Analyst, Jefferies LLC

Q

Hey, good morning, guys.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.

A

Good morning, Bret.

Bret Jordan
Analyst, Jefferies LLC

Q

Just for, I guess, sort of a lot of the pricing moving pieces, do you have a day adjusted car count comp that we could look at just sort of to think about traffic versus the lower price point tires and sort of the other moving parts?

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.

A

Yeah. We don't provide our – we have provided kind of a traffic number even unadjusted for days. So the quarter was continued to be led by ticket and tire units we said were positive. Those were positive both reported and adjusted.

Bret Jordan
Analyst, Jefferies LLC

Q

Okay. And then, I guess, it sounds like the January service has picked up, but did you see anything sort of structural in the demand for the service side of the business? Was that either a feeling that maybe the surge in the prior year or a pull forward or lack of weather or anything drove the negative service comp, or is it just more focus on tires in the quarter, but service picked up in January?

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.
A

I would say that it's a continuation of our strategy. I mean, we've been talking a lot about service over the last years, so having a balanced approach. I'd like to not talk so much about January, because it's only one month and there's a lot of things changed. So just like when we talked about last quarter, October had a strong service component. This will be a really important quarter for us, as we continue to get this mix right. December was very strong in tires. I would say that we could potentially be going against a soft January from last year. I'm happy to see a double-digit growth in brakes, and that is the expectation going forward is continue to get the balance right, and I like that double-digit number, especially in the service categories.

Bret Jordan
Analyst, Jefferies LLC
Q

Okay. And then the housekeeping question. Brian, could you give us the monthlies, and is there any regional dispersion to talk about?

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.
A

Yeah. From a regional standpoint, all regions were up. A little bit weaker in the West, but not too meaningful. As it relates to the monthlies, 3.7% in October, 3.5% in November, 10.5% in December as reported, and that gets you to the 5.6%. December would have been 6.5%, if you're looking at the 4.4%.

Bret Jordan
Analyst, Jefferies LLC
Q

Okay. Great. Thank you.

Brian J. D'Ambrosia
Executive Vice President & Chief Financial Officer, Monro, Inc.
A

You're welcome.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.
A

Thanks, Bret.

Operator: Thank you. We have no further questions for today. So, I'll hand back to CEO, Michael Broderick for any further remarks.

Michael T. Broderick
President, Chief Executive Officer & Director, Monro, Inc.

All right. Well, thank you for joining us today. This continues to be an exciting time to be a part of Monro. We have a strong foundation to build upon, to create long-term value for all our stakeholders. I look forward to keeping you updated on our progress. Have a great day.

Operator: Thank you joining today's call. You may now disconnect your lines.