



AFTERMARKET ANALYST

A PUBLICATION FOCUSED ON MERGERS, ACQUISITIONS & CORPORATE FINANCE
IN THE AUTOMOTIVE AFTERMARKET INDUSTRY

INSIDE THIS ISSUE:

Recently Announced Transactions **2**

Public Company Valuations **4**

****Attention****

Capstone is scheduling meetings with company owners and executives at Automotive Aftermarket Week who are interested in exploring merger and acquisition, corporate finance, and strategic options for their companies. If you are planning on being at the Show and would like to meet with us for any reason, please contact Jon Taylor, Senior Associate, Capstone Financial Group, at (843) 689-6450 or jon@capfg.com.

If you would like to receive an electronic or hard copy of the Aftermarket Analyst or more information on the capital markets as they relate to the Automotive Aftermarket, please contact Jon Taylor, Senior Associate, Capstone Financial Group at (843) 689-6450 or

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Capstone Financial Group
11 Palmetto Pkwy, Suite 104
Hilton Head, SC 29926
Phone: (843) 689-6450
Fax: (843) 681-5938
Web site: www.capfg.com

AUTO AFTERMARKET M&A SURVEY RESULTS

Capstone's first annual Auto Aftermarket Merger and Acquisition Survey has produced some interesting preliminary results. Some of these results are available on page 3.

(See "M&A Survey Results")

TAG WINS PACE EDWARDS AUCTION

In a competitive and often times contentious bidding process held on October 20th, Truck Accessories Group, Inc. submitted a winning bid of \$9.9 million for Pace Edwards Company of Centralia, WA.

The bidding was conducted in Chicago as part of the bankruptcy

proceedings for Pace Edwards' parent company, PAC Holding. The transaction is scheduled to close within two weeks.

Pace is a market leader in retractable tonneau covers. TAG is a subsidiary of J.B. Poindexter & Co., Inc., a privately held \$500 million diversified manufacturing company

based in Houston, TX. TAG's holdings include Leer and Raider, both of which manufacture tonneaus and truck caps.

PAC Holding has already divested Trenz and Go Rhino! as part of its planned sale of assets. Its only remaining subsidiary is Wings West.

IT'S SHOW (ME THE MONEY) TIME!

Hundreds of millions of dollars in private capital is coming to Las Vegas on November 2nd. In fact, it is expected that more than 50 Private Equity Groups, as well as dozens of Mezzanine Funds, are

expected to be looking for opportunities at the SEMA and AAPEX Shows.

Several already have industry holdings and will be looking for "bolt-ons," but many will also be seeking platform

opportunities.

For savvy business owners seeking to inject fresh capital into their businesses, this year's show in particular provides unique opportunities.

REMINDER: IMPORTANT SEMINAR AT SEMA

Having an understanding of the private capital markets is critical for entrepreneurs today, particularly if they want to maximize the value of their businesses.

As mentioned in last month's newsletter, Dan Smith, President of

Capstone Financial Group is conducting a seminar at the SEMA Show this year that describes how to use these markets to your advantage, especially as they relate to mergers, acquisitions, and leveraged buyouts in the auto aftermarket.

His speech will take place on Wednesday, November 3rd at 2:00PM in Room N257 of the Las Vegas Convention Center. Anyone interested in learning about the latest developments in finance and deal making in the aftermarket should attend.

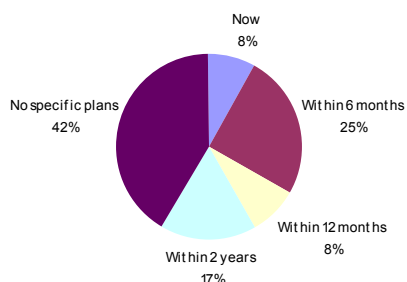
RECENTLY ANNOUNCED AUTOMOTIVE AFTERMARKET TRANSACTIONS

Announce	Acquirer/Investor	Target	Target Description
9/29/2004	Core Molding Technologies, Inc.	Keystone Restyling Products, Inc.	Manufacturer and distributor of fiberglass reinforced products for the automotive aftermarket industry
9/20/2004	TruckPro, Inc.	Cravey, Green & Wahlen	Distributor of aftermarket parts for heavy duty trucks
9/3/2004	Uni-Select USA	Middle Atlantic Warehouse Distributor Inc.	Distributes of auto parts
8/31/2004	Cerberus Capital Management, L.P	GenCorp's GDx Automotive business	Manufactures vehicle-sealing systems for original automotive equipment manufacturers
8/24/2004	Wecast Industries Inc.	Linamar Corp.'s stake in a European autoparts maker	Manufactures exhaust manifolds, turbo charger housings and integrated turbo manifolds for light vehicles
8/23/2004	KD Classics Inc.	Ames Performance Engineering	Supplier of classic Pontiac parts
8/23/2004	Parts Depot	Tri-Citi Automotive	Distributes auto parts
8/18/2004	Katzkin Leather, Inc.	DK-Schweizer Leather Trim Inc.	Manufactures leather auto interior products
8/16/2004	Valley Industries (Castle Harlan)	MME Wiring Products	Designer and manufacturer of towing wiring products
8/12/2004	Power Performance Group Inc.	AEM's Big Brake division	Manufactures performance brake rotor systems
8/1/2004	Auto Accessories Warehouse	Alamo Trim Industries	Distributes auto parts
7/27/2004	Friend Skoler & Co., LLC	Hopkins Manufacturing	manufacturer of specialized towing products and functional accessories for the automotive and recreational vehicle aftermarkets
7/22/2004	SPX Corp.	Actron Manufacturing Co.	Manufacturer of automotive test equipment and instrumentation
7/12/2004	Michael DeHaas	KC Hilites	Manufactures fog, driving, and high-powered off-road lighting and related equipment
7/8/2004	The Cypress Group	Dana's Automotive Aftermarket Group	Manufactures replacement auto parts
7/6/2004	Lear Corporation	GHW Grote & Hartmann GmbH	Manufacturer of electrical components for the auto industry
6/25/2004	American Capital Strategies, Ltd.	Directed Electronics Inc.	Designer and marketer of consumer branded vehicle security and convenience systems
6/25/2004	Lund International, Inc.	Trenz	Manufacturer of grills and billet aluminum accessories
6/25/2004	O. Victor Edelbrock, Jr.	Edelbrock Corporation	Manufacturer and distributor of performance replacement parts for the automotive and motorcycle aftermarkets

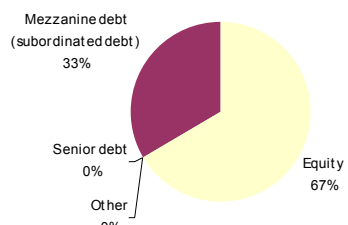
M&A Survey Results

(Continued from page 1)

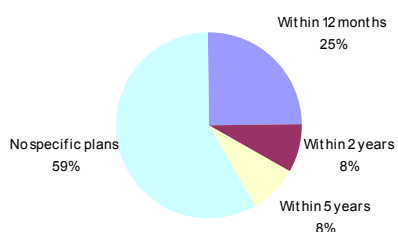
Does your company intend to make an acquisition?



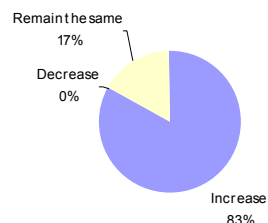
If your company is planning on raising outside capital, what type of capital does it plan to raise?



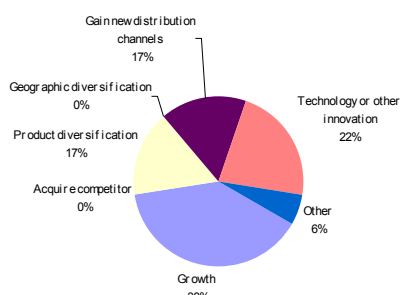
Do you expect your company to be sold, merged, or otherwise acquired?



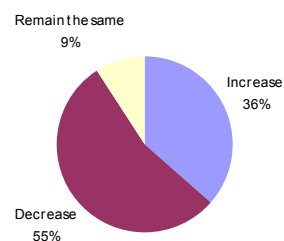
Over the next year, do you expect your company's revenues to?



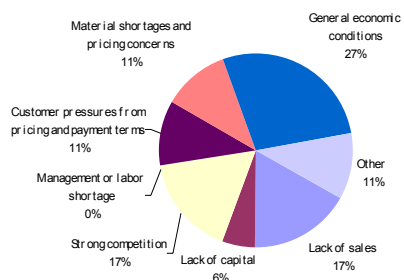
What are the major reasons for considering an acquisition?



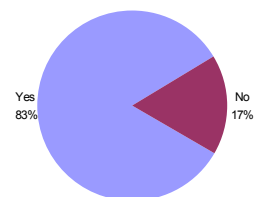
Over the next three year, will the number of auto aftermarket companies?



What do you anticipate will be the largest obstacle to your company's growth in the next year?



Do you believe that you understand the market value of your company?



Selected Public Company Capitalization and Operating Figures
(\$ in millions, except per share data)

Company	Enterprise Value				Last Twelve Months (LTM)				
	Price as of 10/21/04	Market Cap	Debt	Cash	Enterprise Value (1)	LTM Date	Revenue	EBITDA	Net Income
Manufacturers									
Tenneco Automotive Inc.	12.20	512.5	1,419.0	166.0	1,823.0	6/30/04	3,995.0	360.0	30.6
Decoma International Inc.	7.92	661.4	341.6	115.1	966.1	6/30/04	2,573.2	257.6	83.1
Standard Motor Products, Inc.	15.64	309.2	240.0	11.2	540.5	6/30/04	816.8	45.7	8.9
Aftermarket Technology Corp.	12.95	270.8	119.4	0.3	396.6	6/30/04	366.0	49.2	20.1
R&B, Inc.	25.00	221.3	43.8	17.9	265.0	6/26/04	234.0	32.9	16.2
Transpro, Inc.	5.15	36.6	50.7	0.3	87.6	6/30/04	249.8	11.6	0.9
Motorcar Parts of America, Inc.	8.00	65.4	1.5	10.7	60.0	6/30/04	156.7	12.5	5.9
Wholesalers & Distributors									
Genuine Parts Company	\$38.93	\$6,812.5	\$1,298.7	\$127.7	\$8,097.1	6/30/04	\$8,769.3	\$673.0	\$376.4
TBC Corporation	20.78	462.2	318.0	3.4	797.4	6/30/04	1,623.5	92.3	35.4
LKQ Corporation	14.37	289.9	42.4	2.0	349.4	6/30/04	372.7	36.6	17.5
Keystone Automotive Industries, Inc.	18.11	281.8	5.8	5.7	287.4	7/2/04	524.1	33.6	17.6
The Coast Distribution System, Inc.	6.30	29.0	31.9	1.5	61.2	6/30/04	169.2	8.9	4.1
Retailers									
Autozone, Inc.	\$80.61	\$6,701.9	\$1,798.9	\$6.8	\$8,826.7	5/8/04	\$5,630.6	\$1,099.1	\$561.2
Advance Auto Parts, Inc.	39.07	2,925.1	346.5	19.8	3,367.0	7/17/04	3,691.7	433.2	189.1
O'Reilly Automotive, Inc.	40.49	2,231.3	101.4	88.1	2,305.4	6/30/04	1,617.7	225.9	113.2
The Pep Boys - Manny, Moe & Jack	12.90	748.2	442.0	83.9	1,116.2	7/31/04	2,189.5	121.8	12.1
CSK Auto Corporation	13.69	619.9	501.7	44.6	1,082.5	8/1/04	1,588.2	163.8	55.0

Selected Public Company Multiples and Operating Statistics

Company	Enterprise Value /					P / E Ratio	Margins		
	Revenue	EBIT	EBITDA	Free Cash Flow (2)	Net Income		Gross Margins	EBITDA Margins	Net Margins
Manufacturers									
Tenneco Automotive Inc.	0.5x	9.7x	5.1x	7.9x	59.6x	16.7	16.2%	9.0%	0.8%
Decoma International Inc.	0.4x	6.0x	3.8x	5.8x	11.6x	8.0	14.3%	10.0%	3.2%
Standard Motor Products, Inc.	0.7x	19.6x	11.8x	14.7x	60.7x	34.7	25.7%	5.6%	1.1%
Aftermarket Technology Corp.	1.1x	11.0x	8.1x	11.3x	19.8x	13.5	25.0%	13.4%	5.5%
R&B, Inc.	1.1x	9.3x	8.1x	10.9x	16.4x	13.7	37.6%	14.0%	6.9%
Transpro, Inc.	0.4x	15.7x	7.6x	16.2x	98.3x	41.1	17.8%	4.6%	0.4%
Motorcar Parts of America, Inc.	0.4x	5.9x	4.8x	4.8x	10.2x	11.1	14.5%	8.0%	3.8%
Mean	0.6x	11.0x	7.0x	10.2x	39.5x	19.8x	21.6%	9.2%	3.1%
Median	0.5x	9.7x	7.6x	10.9x	19.8x	13.7x	17.8%	9.0%	3.2%
Wholesalers & Distributors									
Genuine Parts Company	0.9x	13.4x	12.0x	13.2x	21.5x	18.1	30.9%	7.7%	4.3%
TBC Corporation	0.5x	11.8x	8.6x	11.9x	22.5x	13.1	36.2%	5.7%	2.2%
LKQ Corporation	0.9x	11.4x	9.5x	24.4x	20.0x	16.6	45.2%	9.8%	4.7%
Keystone Automotive Industries, Inc.	0.5x	10.8x	8.6x	13.5x	16.3x	16.0	43.6%	6.4%	3.4%
The Coast Distribution System, Inc.	0.4x	7.7x	6.9x	7.3x	14.9x	7.1	18.5%	5.2%	2.4%
Mean	0.7x	11.0x	9.1x	14.1x	19.1x	14.2x	34.9%	7.0%	3.4%
Median	0.5x	11.4x	8.6x	13.2x	20.0x	16.0x	36.2%	6.4%	3.4%
Retailers									
Autozone, Inc.	1.6x	8.9x	8.0x	9.8x	15.7x	11.9	48.3%	19.5%	10.0%
Advance Auto Parts, Inc.	0.9x	10.2x	7.8x	11.4x	17.8x	15.5	46.2%	11.7%	5.1%
O'Reilly Automotive, Inc.	1.4x	12.6x	10.2x	30.6x	20.4x	19.7	42.6%	14.0%	7.0%
The Pep Boys - Manny, Moe & Jack	0.5x	20.9x	9.2x	14.0x	92.1x	61.7	27.6%	5.6%	0.6%
CSK Auto Corporation	0.7x	8.4x	6.6x	7.7x	19.7x	11.3	47.8%	10.3%	3.5%
Mean	1.0x	12.2x	8.4x	14.7x	33.1x	24.0x	42.5%	12.2%	5.2%
Median	0.9x	10.2x	8.0x	11.4x	19.7x	15.5x	46.2%	11.7%	5.1%

(1) Enterprise Value equals market cap, plus debt, minus cash

(2) Free Cash Flow equals EBITDA less capital expenditure

"NM" is not meaningful