

DATE

January 04, 2017

SECTORS

Industrials
Business & Tech-Enabled
Services

DEAL TYPE

M&A Advisory
Asia Access

DEAL LOCATIONS



DEAL TEAM



Tosh Kojima
Managing Director



Michael Mariaz
Managing Director



James Nichols
Managing Director

DC Advisory advised Graphite Capital on the sale of Micheldever Tyre Services Limited (MTS) to Sumitomo Rubber Industries



Background:

- Established in 1972, Micheldever Tyre Services (“MTS” or the “Company”) is a leading UK distributor and retailer of car, 4x4 and motorcycle tyres
- MTS offers all major premium tyre brands and a number of exclusive mid-range and budget brands. It supplies around six million tyres each year to more than 6,000 retailers and direct to motorists through its Protyre retail chain
- Graphite Capital (“Graphite”) originally invested in the Company in 2006 with the objectives of driving consolidation of the highly fragmented UK tyre retail segment and supporting MTS’ organic growth strategy. Under Graphite’s ownership, MTS has made 36 bolt-on acquisitions, growing its Protyre retail chain from 16 to 99 outlets, and developed successful divisions servicing vehicle dealerships and fleet operators
- Headquartered in Japan, Sumitomo Rubber Industries Ltd. (“SRI”) has global revenues of c.\$7bn and is the sixth largest tyre manufacturer in the world producing tyres under the Falken and Dunlop brands

Process:

- DC Advisory (“DC”) was engaged by Graphite to identify a strategic partner with a long-term vision for MTS which would be able to leverage the Company’s unrivalled UK proposition



Ajay Patel
Director

- Following multiple, compelling in-bound expressions of interest from trade parties, Graphite entered into a Memorandum of Understanding and an intensive short period of exclusivity with SRI
- DC managed a tight diligence and legal process to ensure that the transaction was delivered on the terms agreed in the Memorandum of Understanding

Outcome:

- On 5 January 2017, Graphite entered into a definitive agreement to sell MTS to SRI for £215m, representing a return of approximately 3.7x their investment
- The transaction, which was subject to European Commission approval, completed on 10 February 2017
- Under SRI's ownership, MTS will continue to implement its organic and acquisitive multi-brand, multi-segment growth strategy led by the existing CEO, Duncan Wilkes

Markus Golser, Senior Partner at Graphite Capital, commented: “DC’s tactical advice and process management were second to none and critical to achieving this very positive outcome within a short timeframe. In particular, their direct access into the key decision makers at SRI was crucial at the pinch points during the transaction.”

Michael Mariaz, Managing Director at DC Advisory, commented: “MTS has been transformed into the outstanding business it is today under Graphite’s ownership and the current management team. We are delighted to have advised Graphite on the exit in a sector which is seeing a continued wave of consolidation and are confident that the business will go from strength to strength under SRI’s ownership.”

Tosh Kojima, Managing Director at DC Advisory, commented: “SRI’s acquisition of MTS represents DC’s twelfth Asia/Europe transaction in the past year, but more significantly, our second Japan/UK transaction in as many months, showing that post-Brexit UK remains an attractive

| investment region for Japanese corporates.”