

## Tire Distribution & Manufacturing Global Industry Review

### The Merger & Acquisition Environment – 1H 2016 Summary Report

The active consolidation trend continued in the first half (“1H”) of 2016 but at a somewhat slower pace than what we saw in the same period for the prior year, with an estimated 23 relevant transactions completed globally. While liquidity remains high, interest rates low, and large industry participants actively seeking alternate avenues of growth and expansion (all the while paying premium values for quality businesses), the uncertainty surrounding the global economy and political environment is proving somewhat of a headwind at present.

Based on the number of recent inquiries received from business owners, founders and senior executives, there remain considerable interest in sales and divestitures in the near and intermediate term, which we expect will continue to enable and drive the consolidation trend. The following summary captures the global activity over the first half of 2016, with notable transactions expanded upon.



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**Retailers/Automotive Service Providers:** the first half saw 8 retail/service transactions completed versus 10 transactions for the same period in 2015. The period featured a mix of domestic US and international transactions.

#### Retail M&A Transactions - 1H 2016

Seller(s)	Buyer	Location	Month*	Market Segment	# Locations
Speedy France S.A.S.	Bridgestone EMEA	France	May	Retail distribution/services	477 <sup>(1)</sup>
Bell Silencer Services	Micheldever Tyre Services	UK	May	Tires, fitting and exhausts	1
Sprint Auto Parts Pty Ltd	Burson Group	Australia	May	Retail distribution/services	40
McGee Tire Stores, Inc.	Monro Muffler Brake, Inc.	USA	March	Retail/commercial tire sales	30
Take 5 Oil Change	Driven Brands	USA	March	Retail distribution/services	65
Collision Cure Body Werks	Gerber Collision & Glass	USA	March	Retail distribution/services	6
Kingshurst Automotive	Easy Tyre & Autocentres	UK	March	Retail distribution/services	19
Wayne's Tire & Autorepair	American Tire Depot	USA	February	Retail distribution/services	5

\* Transactions listed in order of most recent, by month  
(1) Acquisition of Speedy France SAS, the franchisor.

#### Monro Muffler & Brake

- Maintained strong 2015 M&A momentum by announcing the acquisition of **McGee Tire Stores, Inc.** a 30 store retail and commercial chain headquartered in Lakeland, FL.
- Monro now has a total of 83 stores in Florida, representing approximately \$115 million in revenue.
- Monro plans on retaining and growing McGee's commercial business, which has a similar margin profile and complements the retail business.

#### Bridgestone EMEA

- Expanded retail footprint significantly in Europe by acquiring **Speedy France**, the franchisor of 477 Speedy locations throughout the country generating approximately \$190 million<sup>(2)</sup> in revenue.

- Bridgestone is continuing to pursue a strategy of increasing direct access to end-users. When the transaction closes, Bridgestone will have 800 points of sale in France.

We maintain the view that retail consolidation will continue, driven by large retailers filling in geographic gaps and major manufacturers looking to increase access to end-customers.

**Wholesale Distribution:** 6 transactions in 1H16 versus 10 during the same period in 2015. A slower pace, especially in the US with only 2 transactions taking place domestically and large domestic acquirers currently absent from the market.

Wholesale M&A Transactions - 1H 2016				
Seller(s)	Buyer	Location	Month*	Market Segment
STARCO A/S	Bohnenkamp AG	Denmark	July	Wholesale tire distribution
A to Z Tire & Battery Inc.	Omni United Pte. Ltd.	USA	June	Wholesale/OTR tire distribution
Franco Gomme	Fintyre	Italy	May	Wholesale tire distribution
Pneurama SA	Groupe Bernard Hayot SAS	Morocco	May	Wholesale tire distribution
Reifen Logistik 24 GmbH	Honold Logistik Gruppe GmbH & Co.	Germany	March	Wholesale tire distribution
Premier Tire Terminal Inc.	U.S. Auto Force	USA	February	Wholesale tire distribution

\* Transactions listed in order of most recent, by month

## Omni United

- Singapore based **Omni United** made its second US acquisition within a year, acquiring **A to Z Tire & Battery, Inc.** an Amarillo, TX based wholesaler comprising 21 distribution locations.
- Omni now has 29 warehouses in the US, and will further expand distribution of its Radar Tires and Timberland Tires brands domestically via its enhanced distribution network. Omni intends to further bring efficiency to distribution and maximize its service to the retailers Omni counts as customers.

## Fintyre

- **Fintyre Group**, Italy's leading aftermarket tire distributor, acquired **Franco Gomme**, a wholesale distributor operating 6 warehouses and serving around 8,000 customers in central and northern Italy.
- Combined revenue is expected to exceed €400 million in 2016. Via the acquisition, Fintyre aims to enhance its position in the Italian market with increased coverage, more widespread distribution, and new sales channels.

**Commercial/OTR Distribution & Service:** 3 transactions during the half versus 7 during the same period in 2015. Notable inclusion again of Continental/BestDrive as an acquirer of commercial and retread assets.

Commercial/OTR M&A Transactions - 1H 2016				
Seller(s)	Buyer	Location	Month*	Market Segment
McGee Tire Stores, Inc.	Monro Muffler Brake, Inc.	USA	March	Retail/commercial tire sales
Brahler's Truckers Supply Inc.	Continental/Best Drive LLC	USA	February	Commercial, OTR, retread services
Southern Industrial Tyres Ltd.	Camso Ltd.	UK	February	Commercial and OTR tire sales

\* Transactions listed in order of most recent, by month

## Continental/BestDrive

- **BestDrive LLC** (a subsidiary of **Continental Tire the Americas LLC**) acquired **Brahler's Truckers Supply, Inc.** a 7 service location commercial tire and retreading company based in Jacksonville, IL.
- The acquisition strengthens BestDrive's position in serving the Midwest region. BestDrive will transition from Brahler's current Marangoni retread process to the ContiLifeCycle (CLC) process.

## Camso

- **Camso** acquired **Southern Industrial Tyres Ltd.**, a material handling tire distribution and service business located in Kent, United Kingdom.
- Southern Industrial Tyres was a client of Camso. The acquisition strengthens Camso's distribution footprint as well as presence and service offerings in the UK.

**Manufacturing:** saw an increase in activity and a strong first half in 2016 with 7 transactions versus 4 in the same period 2015. Driven in part by Chinese asset reorganizations relating to the Pirelli transaction in 2015.

### Manufacturer M&A Transactions - 1H 2016

Seller(s)	Buyer	Location	Month*	Market Segment
Rimstock PLC	Current Capital LLC	UK	June	Manufacturer of alloy wheels
Aeolus Tyre (80% Stake - passenger tire unit)	Pirelli Tyre S.p.A.	China	June	Manufacturer of passenger tires
Qingdao Yellowsea Rubber Co. Ltd	Aeolus Tyre Co. Ltd.	China	June	Manufacturer of truck/bus tires
Double Happiness Tyre Industrial Co. Ltd	Aeolus Tyre Co. Ltd.	China	June	Manufacturer of truck/bus tires
Bridgestone Firestone Venezolana C.A.	Corimon CA	Venezuela	May	Manufacturer of car and truck tires
Alliance Tire Group	The Yokohama Rubber Co., Ltd.	USA	March	Manufacturer across all classes of tires
Qingdao Ge Rui Da Rubber Co. Ltd	Cooper Tire & Rubber Company	China	January	Manufacturer of truck and bus radial tires

\* Transactions listed in order of most recent, by month

## Yokohama

- In March, **The Yokohama Rubber Co. Ltd.** acquired **Alliance Tire Group** for \$1.2 billion. The deal forms part of Yokohama's plans to expand its commercial tire business.
- At the time of the transaction, Yokohama did not manufacture or sell tires for agricultural or forest machinery. Demand for agricultural tires is expected to increase in coming years. Alliance manufactures from three plants – 2 in India and 1 in Israel, and utilizes contract manufacturers in China and Taiwan.

**If you have questions about this information or would like to have a confidential discussion about your business and how HT Capital Advisors might be of assistance, please contact:**

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