

FOCUS Investment Banking Combines Three Tire Businesses into One and Sells it to Big Brand Tire

PROCESS & OVERVIEW

Phoenix, Arizona is one of the fastest-growing markets in the country and several national acquirers had already completed transactions in the area when FOCUS was engaged by Community Tire (6 locations) and S&S Tire (3 locations) to sell their businesses. The problem that arises in these cases is that existing acquirers want to 'cherry-pick' the best locations that don't conflict with their existing stores instead of acquiring them all. This is a non-starter for any tire dealer looking to exit. The best option is to find acquirers not already in the market, but these acquirers need at least 10 locations to make it worth their time and energy to enter a new market.

By engaging with a third company in Phoenix, C&R Tire (5 locations), FOCUS was able to assemble a 14-store group comprising \$30 million in revenue (and 10% EBITDA), combine it 'on paper' (identifying cost savings and synergies) and market it as it were a stand-alone company -instead of three smaller companies. The advantage for the sellers is that they were able to share a higher valuation based on the larger size of the combined entity- a far better outcome than they could have achieved individually. The advantage for the buyer was acquiring a footprint that made them a significant competitor in the market from day one.



100+ Targeted Outreach



Multiple Offers



90 Days Due Diligence

TRANSACTION RESULTS

The deals, comprising 14 locations, closed in mid-December 2021. They boosted Big Brand's store count to over 165 outlets in Arizona, California and Colorado.

ADDITIONAL INFORMATION

FOCUS Investment Banking offers an investment banking process designed to deliver great outcomes to clients embarking on the most important and complex transactions of their lives.

To learn more about our Automotive Aftermarket investment banking services or to discuss your specific situation with no obligation please feel free to call:

Michael McGregor
Managing Director
Direct: 704-369-5900

Cyril Schlup
Principal
Direct: 410-858-4223

We are happy to share our knowledge and help you understand your options. All conversations are strictly confidential.



AT A GLANCE

Three-in-One Acquisition

- Auto Repair Providers
- FOCUS Represented:
 - C&R Tire
 - S&S Tire & Auto
 - Community Tire Pros & Auto
- Closing Date: December 2021

Sell-Side Transaction Info
EBITDA & Revenue are not disclosed

TESTIMONIALS

"The FOCUS Investment Banking team was able to combine what seemed to be three very complicated deals into one rather simple transaction. Despite being close friends with the other two business owners, I'm not sure we could have pulled this off without the expertise of the FOCUS Team."

Rob Slagle
S&S Tire, General Manager

"Big Brand plans to continue to both infill and expand to new markets adjacent to its current footprint. Entering this next chapter of growth, we have a best-in-class team and the right foundation, built on scalable digital infrastructure, to realize our vision of bringing a strong service culture and leading value proposition to more customers."

Joe Buscaglia
Big Brand Tire, CEO