

News release

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Graphite Capital sells Micheldever Tyre Services to Sumitomo Rubber Industries for £215 million

Graphite Capital, a leading UK mid-market private equity specialist, has agreed to sell Micheldever Tyre Services (MTS), the UK's second largest distributor of car, 4x4 and motorcycle tyres, to Sumitomo Rubber Industries Ltd (SRI). Listed on the Tokyo stock exchange, SRI is the sixth largest tyre manufacturer in the world. The transaction is subject to European Commission approval.

The sale price of £215 million represents a return of approximately 3.7 times Graphite's investment in the company.

MTS is the UK's second largest distributor of tyres to independent retailers and the third largest retailer of tyres, offering 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 originally backed the £85 million management buy-in/buy-out of MTS in 2006, with the objectives of driving consolidation of the highly fragmented tyre retail segment in the UK 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. It has developed successful divisions servicing vehicle dealerships and fleet operators, whilst also expanding its wholesale customer base by opening additional warehouses and further strengthening the product range.

As a result of the unrivalled depth of its product range and its strong focus on customer service since Graphite's investment, the company has grown turnover from £150 million to over £320 million. During this period, its workforce has increased from approximately 500 to 1,600 employees.

Duncan Wilkes, MTS' chief executive, commented: 'Graphite has been a highly supportive owner of MTS and helped us drive the expansion of the business. SRI is fully committed to the UK market and to supporting our proven approach to growing the business. Today's transaction ensures continuity of both management and of our successful multi-brand, multi-segment strategy. We look forward to working with SRI in the further development of the business.'

Graphite senior partner, Markus Golser, added: 'MTS is a high-quality business run by an exceptional management team. Under our ownership, the company has consolidated its leading position in the UK and it remains extremely well placed to take advantage of the substantial growth opportunities in the tyre wholesale and retail markets.'

Partners Omar Kayat and Mudassir Khan worked with Markus Golser in managing the transaction for Graphite.

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