

Non-Discretionary Auto Service Proves a Bright Spot in M&A Market, Draws Significant Interest from Financial Buyers

Capstone Partners highlights private equity interest in the auto aftermarket following close of competitive M&A process for its client Dobbs Tire and Auto

BOSTON, MA, USA, January 30, 2024 /EINPresswire.com/ -- Capstone Partners, a leading middle market investment banking firm, sees significant M&A opportunity ahead for mid-size automotive aftermarket businesses, as recently evidenced by Audax Private Equity's ("Audax") recent [growth investment in Dobbs Tire and Auto Centers \("Dobbs"\)](#)—a regional leader in tire and auto service. Capstone served as sole financial advisor to Dobbs on the transaction and says it reflects several key trends driving investment activity in the sector.

Private equity platform investment activity turned sharply down in 2023 amid a significantly elevated cost of capital and heightened regulatory environment, while global PE dry powder soared to record highs. However, the auto aftermarket's strong fundamentals, proven recession resilience, and fragmented nature—particularly among family-owned-and-operated service providers like Dobbs—have made it a favorite among financial buyers. Financial firms have been keen to deploy capital across the aftermarket service sector to both establish new platforms and add onto existing portfolio companies.

Sponsors like Kian Capital, O2 Investment Partners, The Sterling Group, and more deployed significant capital in the sector in 2023 to establish new platforms and deepen sector penetration. Kian Capital established its new platform, PARC Auto, in August 2023, while July 2023 saw the establishment of Straightaway Tire & Auto by O2 Investment Partners and The Sterling Group launched Premier Tire & Service in in May.

As referenced in Capstone's latest [Automotive Aftermarket M&A Update](#), financial buyers accounted for nearly half of annual sector deal volume through Q3 2023—a sharp contrast to breakouts across the broader middle market. Firms are projected to continue robust activity in the sector throughout 2024 and beyond as consumers continue to prioritize nondiscretionary spending in the face of ongoing macroeconomic headwinds.

"In the current economic climate, the fragmented, nondiscretionary, general repair, and tire retail categories are serving as a relative hotbed of M&A activity," commented Yogi Punjabi, Managing Director at Capstone Partners who advised Dobbs on the transaction. "This sector embodies the

core tenets of the aftermarket, and we expect rapid sector M&A activity to continue over the next several years.”

“...we have been pursuing a thesis in the auto services for some time,” noted Jason Ellis, Managing Director at Audax PE. “Dobbs stood out as an attractive platform due to several factors, not the least of which include the quality of its operations, strong customer loyalty, and employees.”

Private equity buyer activity in the sector remains robust moving into 2024, with firms focusing on performing diligence on revenue and demand drivers of potential targets. As inflationary pressures ease, acquirers are prioritizing companies with demonstrated unit growth and healthy demand. Sponsors are expected to remain active acquirers, with premium valuations being paid for high-quality brands and platform-ready businesses—presenting robust opportunity for healthy middle-market business in the space.

Read more about the Dobbs transaction [here](#).

ABOUT DOBBS TIRE AND AUTO CENTERS

Dobbs Tire and Auto Centers is a leading provider of automotive maintenance and tire repair services in the St. Louis region. Dobbs was founded in 1976 as a family-owned and operated private company and has grown to employ more than 650 associates at 43 stores across Missouri and Illinois. In addition to its comprehensive tire offerings, Dobbs provides a full suite of automotive services specializing in routine, preventative, and complex diagnostic repairs for all types of vehicles including cars, light trucks, SUV, Hybrid, and EV. For more information, visit Dobbs Tire and Auto Centers at www.gotodobbs.com.

ABOUT AUDAX PRIVATE EQUITY

Audax Private Equity, based in Boston and San Francisco, is a leading private equity firm with approximately \$19 billion of assets under management and a focus in the middle market. Audax leverages a disciplined Buy & Build approach across six core industry verticals, aiming to help portfolio companies execute on organic and inorganic growth initiatives that fuel revenue expansion, optimize operations, and significantly increase equity value. Since its founding in 1999, the firm has invested in more than 165 platforms and 1,200 add-on acquisitions.

Audax Private Equity is a part of Audax Group, a leading alternative investment manager with approximately \$36 billion of assets under management. For more information, please visit www.audaxprivateequity.com.

ABOUT CAPSTONE PARTNERS

For over 20 years, the firm has been a trusted advisor to leading middle market companies,

offering a fully integrated range of investment banking and financial advisory services uniquely tailored to help owners, investors, and creditors through each stage of the company's lifecycle. Capstone's services include M&A advisory, debt and equity placement, corporate restructuring, special situations, valuation and fairness opinions, and financial advisory services. Headquartered in Boston, the firm has 175+ professionals across the U.S. With 12 dedicated industry groups, Capstone delivers sector-specific expertise through large, cross-functional teams. Capstone is a subsidiary of Huntington Bancshares Incorporated (NASDAQ: HBAN). For more information, visit www.capstonepartners.com.

Yogesh Punjabi
Managing Director, Capstone Partners
+1 207-409-9653
ypunjabi@capstonepartners.com
Visit us on social media:
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