



Shifting into overdrive for our clients

DEAL SNAPSHOT

Heritage Capital Group, Inc., an investment banking and financial advisory firm serving middle-market and emerging growth companies in the US and worldwide, is pleased to announce that its client, **Center Subaru**, has been acquired by **GMST LLC, dba Gengras Subaru Torrington** (“Gengras Motors”).

Center Subaru is a full-service Subaru dealer located in Torrington, Connecticut, 15 miles west of Hartford. The Company was founded in 1989 and purchased by Phil Porter in 1994. Center Subaru offers a variety of new and used cars, trucks, vans, and sport utility vehicles, as well as a service center that provides repairs, maintenance, inspections, and parts. The Company also offers financing and leasing services.

Gengras Motors is a third-generation auto dealership owner group in Connecticut and Massachusetts headed by brothers E. Clayton “Chip” Gengras Jr. and Jonathan Gengras. Gengras Motors began in East Hartford in the 1930s when E. Clayton Gengras opened his first Ford dealership. His son, E. Clayton Gengras Jr., opened a Mercedes dealership in 1970. Gengras Motors continues to be a family-owned and operated business with 13 franchises in eight locations.

Heritage served as the exclusive financial advisor to Center Subaru. **Mac Holley** was the advisor on the deal.

“I was impressed by the staggering amount of detail that Mac and his team brought to the transaction. They helped make the sales process as easy as possible. I felt like I greatly benefited from working with Heritage due to their excellent reputation and fairness with fees.”

PHIL PORTER
PRESIDENT AND OWNER
CENTER SUBARU

With over 44 years’ experience in M&A transactions, Heritage Capital Group was able to maximize the value of the deal through meticulous management of the acquisition process. Heritage acted as sole advisor to the seller in the preparation of the sale process and due diligence, the approach and negotiations with potential buyers.



**CENTER
SUBARU**

MARKET TRENDS & DEAL DRIVERS

The auto industry has rebounded strongly from the COVID downturn, and while unit sales are still below 2019 levels, profitability is setting new records. Despite high demand, new vehicle sales are facing pressure as the supply chain issues from the pandemic are still recovering, especially shortages in microchips. Conditions look strong for the industry to continue its upward trend in 2021 with declining unemployment, household wealth at an all-time high, rising GDP, low interest rates, and the U.S. government supplying significant liquidity to the market.

M&A activity is forecasted to continue to be strong in 2021 after a robust year in 2020. Blue Sky multiples were up 20% from 2019 for most brands in 2020 and are holding steady. A strong operating history, locations in a metro or growing market, strong market share, and locations in low-tax markets are drivers of higher values. Both public and private acquirors are striving to gain market share and improve economies of scale. Additionally, acquirors are leveraging current low interest rates to fund deals which helps drive higher valuations.

M&A VALUATION ASPECTS

Financial details have not been disclosed. Transaction multiples in this industry are largely brand driven, with average EBITDA multiples ranging from 8X - 10X for luxury brands such as Porsche, Lexus, Mercedes-Benz, and BMW to 5.5X - 7X for Audi, Toyota, Honda, and Subaru to 3X - 4.5X for brands such as Chevrolet, Ford, Buick GMC, and Hyundai. As mentioned above, location, performance, and other factors can drive valuations above or below these averages.



“It was a pleasure to work with Center Subaru on a successful transaction. The Company had a strong market share and a long history in its area, with a solid reputation for customer service. The acquiror has a multi-brand and store presence in the Northeast, and Center Subaru provided its first entry into the Subaru family. The owner of Center Subaru was able to achieve his goals in exiting the business he had built for many years, and I was honored to represent him in the transaction.”



Principal

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Heritage Capital Group is a merger and acquisition advisory firm with offices in Jacksonville, Florida and Savannah, Georgia. Heritage is a member of FINRA/SIPC and Oaklins, the world's most experienced midmarket M&A advisor, with 850 professionals globally and dedicated industry teams in 45 countries worldwide.