

Deal of the Week: Microchip to Buy Atmel for \$3.6B

Announcement Date	<ul style="list-style-type: none"> January 19, 2016 	
Acquirer	<ul style="list-style-type: none"> Microchip Technology Inc. (NASDAQ: MCHP) 	
Acquirer Description	<ul style="list-style-type: none"> Develops, manufactures, and sells semiconductor products for various embedded control applications Founded in 1989 and headquartered in Chandler, Arizona 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$8.8 billion EV: \$9.7 billion LTM Revenue: \$2.2 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$734.8 million LTM EV / Revenue: 4.5x LTM EV / EBITDA: 13.2x
Target Company	<ul style="list-style-type: none"> Atmel Corporation (NASDAQ: ATML) 	
Target Description	<ul style="list-style-type: none"> Designs, develops, manufactures, and sells semiconductor integrated circuit products primarily in the United States, Asia, Europe, South Africa, and Central and South America Founded in 1984 and headquartered in San Jose, California 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$3.4 billion EV: \$3.2 billion LTM Revenue: \$1.3 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$159.8 million LTM EV / Revenue: 2.6x LTM EV / EBITDA: 20.1x
Acquirer Advisor	<ul style="list-style-type: none"> JPMorgan Chase 	
Target Advisor	<ul style="list-style-type: none"> Qatalyst Partners 	
Price / Consideration	<ul style="list-style-type: none"> Price: \$3.6 billion 	<ul style="list-style-type: none"> Consideration: Cash and stock
Rationale	<ul style="list-style-type: none"> Chip makers have been combining to cut costs and build scale for their customers “As the semiconductor industry consolidates, Microchip continues to execute a highly successful consolidation strategy with a string of acquisitions that have helped double our revenue growth compared to our organic revenue rate over the last few years,” said Steve Sanghi, president and CEO of Microchip In agreeing to the acquisition by Microchip, Atmel ended its agreement with Dialog Semiconductor, paying a termination fee of \$137.3 million. Atmel investors will get a higher proportion in cash per share in the Microchip deal compared with the Dialog deal, Steven Laub, president and chief executive of Atmel, said in a statement. Mr. Laub also said that there would be “opportunity for further upside” through Microchip’s stock The deal is estimated to create \$170 million in cost savings and revenue growth in the year that begins April 1, 2018 	
Deal Points	<ul style="list-style-type: none"> Microchip is paying \$8.15 a share, with \$7 in cash and a fraction of a share of its common stock valued at \$1.15 based on a 10-day average closing price 	
Of Note	<ul style="list-style-type: none"> Microchip joins larger peers in this round of consolidation, including Avago Technologies, which agreed to acquire Broadcom for \$37 billion, one of the biggest deals ever within the semiconductor industry 	