

## Deal of the Week: Mars to Buy VCA for \$7.7B

Announcement Date	<ul style="list-style-type: none"> <li>January 9, 2017</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>Mars, Inc.</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>American global manufacturer of confectionery, pet food, and other food products, and a provider of animal care services</li> <li>Ranked as the 6th largest privately held company in the US by Forbes</li> <li>Founded in 1911 and headquartered in McLean, Virginia</li> <li>~\$33 billion in revenue in 2014</li> </ul>	
Target Company	<ul style="list-style-type: none"> <li>VCA Inc. (NASDAQ: WOOF)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>Operates as an animal healthcare company in the US and Canada, comprising 2 segments: Animal Hospital and Laboratory</li> <li>Owns about 800 animal hospitals, a lab business and dog day care franchises</li> <li>Founded in 1986 and headquartered in Los Angeles, California</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$7.4 billion</li> <li>EV: \$8.6 billion</li> <li>LTM Revenue: \$2.4 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$472.2 million</li> <li>LTM EV / Revenue: 3.6x</li> <li>LTM EV / EBITDA: 18.2x</li> </ul>
Acquirer Advisors	<ul style="list-style-type: none"> <li>Morgan Stanley and BDT</li> </ul>	
Target Advisor	<ul style="list-style-type: none"> <li>Barclays</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$7.7 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>The combination of Mars Petcare and VCA will dominate the veterinary care industry in the United States, grabbing an even bigger share of the nearly \$4 billion global pet care market</li> <li>Merging with Mars, which is privately held, rids VCA of the challenges of being a public company, including the difficulty of justifying large investment in R&amp;D, said VCA CEO Bob Antin. He said he would remain chief executive of the unit after the acquisition closes</li> <li>Candy makers have been diversifying their business as calorie-conscious consumers increasingly shun sugary sweets, a trend that has weighed on the \$183 billion global confectionery market</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>Mars agreed to acquire VCA for \$93 a share in cash, 31% higher than where the shares closed on Friday</li> <li>Including debt, the deal is valued at \$9.1 billion</li> <li>Mars has committed financing from JPMorgan Chase</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>Today, Mars has 39 brands in its Petcare portfolio, its second largest division. With this deal, Petcare will become its largest business</li> </ul>	