

Deal of the Week: Qualcomm to Buy NXP Semiconductors for \$38.5B

Announcement Date	<ul style="list-style-type: none"> October 27, 2016 	
Acquirer	<ul style="list-style-type: none"> Qualcomm Inc. (NASDAQ: QCOM) 	
Acquirer Description	<ul style="list-style-type: none"> Develops, designs, manufactures, and markets digital communications products and services in China, South Korea, Taiwan, the United States, and internationally Incorporated in 1985 and headquartered in San Diego, California 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$104.6 billion EV: \$95.2 billion LTM Revenue: \$22.8 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$7.7 billion LTM EV / Revenue: 4.2x LTM EV / EBITDA: 12.4x
Target Company	<ul style="list-style-type: none"> NXP Semiconductors NV (NASDAQ: NXPI) 	
Target Description	<ul style="list-style-type: none"> Provides high performance mixed signal and standard product solutions for radio frequency (RF), analog, power management, interface, security, and digital processing products worldwide Founded in 2006 and headquartered in Eindhoven, the Netherlands 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$33.8 billion EV: \$32.7 billion LTM Revenue: \$8.7 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$2.2 billion LTM EV / Revenue: 3.8x LTM EV / EBITDA: 14.6x
Acquirer Advisors	<ul style="list-style-type: none"> Goldman Sachs, Evercore and Centerview Partners 	
Target Advisors	<ul style="list-style-type: none"> Qatalyst Partners, Barclays and Credit Suisse 	
Price / Consideration	<ul style="list-style-type: none"> \$38.5 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> Semiconductor makers are betting on the so-called internet of things: the digitalization of everyday products like watches, refrigerators and cars. But the industry has been hurt by higher costs and pricing pressure, which have eroded profit margins. The environment has prompted a wave of consolidation “The NXP acquisition accelerates our strategy to extend our leading mobile technology into robust new opportunities, where we will be well positioned to lead by delivering integrated semiconductor solutions at scale,” Steve Mollenkopf, the Qualcomm CEO said Qualcomm said it expected to generate \$500 million in annual cost savings within two years after the transaction closes 	
Deal Points	<ul style="list-style-type: none"> NXP investors would receive \$110 in cash for each share they own, representing an 11% premium to NXP’s closing price on Wednesday. Including the assumption of debt, the deal is valued at \$47 billion 	
Of Note	<ul style="list-style-type: none"> In July, SoftBank of Japan agreed to acquire ARM Holdings, a British chip designer, for \$32 billion. Last year, Avago Technologies bought Broadcom for \$37 billion, and Intel paid nearly \$17 billion for Altera. In March 2015, NXP made its own deal, buying a smaller peer, Freescale Semiconductor, for \$11.8 billion Standard & Poor’s Global Market Intelligence says it is the largest European technology deal ever 	