

Deal of the Week: Bass Pro Shops to Buy Cabela's for \$5.5B

Announcement Date	<ul style="list-style-type: none"> October 3, 2016 	
Acquirer	<ul style="list-style-type: none"> Bass Pro Shops (Privately held) 	
Acquirer Description	<ul style="list-style-type: none"> Leading outdoor retailer with stores across America and Canada, offering fishing and boating equipment as well as hunting, camping, and outdoor cooking gear Incorporated in 1971 and headquartered in Bridgeport, Connecticut 	
Target Company	<ul style="list-style-type: none"> Cabela's Incorporated (NYSE: CAB) 	
Target Description	<ul style="list-style-type: none"> Operates as a specialty retailer and direct marketer of hunting, fishing, camping, and related outdoor merchandise Founded in 1961 and headquartered in Sidney, Nebraska 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$4.3 billion EV: \$8.4 billion LTM Revenue: \$4.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$486.4 million LTM EV / Revenue: 2.0x LTM EV / EBITDA: 17.3x
Acquirer Advisor	<ul style="list-style-type: none"> JPMorgan 	
Target Advisor	<ul style="list-style-type: none"> Guggenheim Securities 	
Price / Consideration	<ul style="list-style-type: none"> \$5.5 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> The deal combines Cabela's 19,000 employees with Bass Pro Shops' 20,000, and adds 85 Cabela's stores to Bass Pro Shops' 99; Bass Pro also operates the White River Marine Group, a maker of fishing boats "Today's announcement marks an exceptional opportunity to bring together three special companies with an abiding love for the outdoors and a passion for serving sportsmen and sportswomen," said Johnny Morris, the chief executive of Bass Pro Shops. "The story of each of these companies could only have happened in America, made possible by our uniquely American free enterprise system." Cabela's has struggled with declining sales of apparel and footwear and has reported same-store sales growth in only one quarter in more than three years, and had been under pressure from activist hedge fund Elliott Associates L.P, which disclosed an 11.1% stake in October last year, to pursue strategic alternatives 	
Deal Points	<ul style="list-style-type: none"> The \$65.50 per share offer is a 19.2% premium to Cabela's Friday close Bass Pro Shops secured \$1.8 billion in financing from the merchant banking division of Goldman Sachs and \$600 million from the private equity firm Pamplona Capital Management Goldman Sachs is also providing debt financing for the transaction, in addition to Bank of America, Wells Fargo, Citigroup, RBC Capital Markets and UBS 	
Of Note	<ul style="list-style-type: none"> Mr. Morris will continue as chief executive and majority shareholder of the company, which will be privately held Bass Pro Shops will also take on a partnership with Capital One Financial to originate and service Cabela's co-branded credit card 	