

Deal of the Week: Lowe's to Buy Rona for \$2.3B

Announcement Date	<ul style="list-style-type: none"> February 3, 2016 	
Acquirer	<ul style="list-style-type: none"> Lowe's Companies, Inc. (NYSE: LOW) 	
Acquirer Description	<ul style="list-style-type: none"> Operates as a home improvement retailer, offering products for maintenance, repair, remodeling, and home decorating Founded in 1946 and headquartered in Wilkesboro, North Carolina 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$58.7 billion EV: \$69.4 billion LTM Revenue: \$58.4 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$7.0 billion LTM EV / Revenue: 1.2x LTM EV / EBITDA: 10.0x
Target Company	<ul style="list-style-type: none"> Rona Inc. (Toronto: RON.TO) 	
Target Description	<ul style="list-style-type: none"> Engages in the distribution and retail of hardware, building materials, and home renovation products in Canada Founded in 1939 and headquartered in Boucherville, Canada 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$1.8 billion EV: \$2.0 billion LTM Revenue: \$3.0 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$152.6 million LTM EV / Revenue: 0.7x LTM EV / EBITDA: 13.1x
Acquirer Advisors	<ul style="list-style-type: none"> CIBC World Markets Inc. and RBC Capital Markets 	
Target Advisor	<ul style="list-style-type: none"> Scotia Capital Inc. 	
Price / Consideration	<ul style="list-style-type: none"> Price: \$2.3 billion 	<ul style="list-style-type: none"> Consideration: Cash
Rationale	<ul style="list-style-type: none"> Together, Lowe's Canada and RONA stores will create Canada's leading home improvement retailer with 2015 pro forma revenues from Canadian operations of approximately C\$5.6 billion Excluding transaction and integration costs, Lowe's anticipates that the transaction will be accretive to their earnings in the first year following the close of the acquisition Lowe's has identified over C\$1 billion of opportunities to further increase revenue and operating profitability in Canada "We are very excited about this transaction as it leverages the strengths of two great companies, positioning us for continued success in Canada's over C\$45 billion and growing home improvement industry. The strategic rationale of this transaction, for both companies, is very compelling," said Lowe's Chairman, President and CEO Robert A. Niblock 	
Deal Points	<ul style="list-style-type: none"> Lowe's is expected to acquire all of the outstanding common shares of RONA for C\$24 per share in cash, and all of the outstanding preferred shares of RONA for C\$20 per share in cash The offer represents a premium of 104% to RONA's closing common share price on February 2, 2016 	
Of Note	<ul style="list-style-type: none"> The acquisition will let Lowe's overtake the Canadian unit of Home Depot as the dominant home improvement company in the country 	