

Deal of the Week: Hellman & Friedman Takes Ultimate Software Private for \$11B

Announcement Date	<ul style="list-style-type: none"> February 4, 2019 	
Acquirer	<ul style="list-style-type: none"> Hellman & Friedman 	
Acquirer Description	<ul style="list-style-type: none"> Hellman & Friedman is a private equity fund that makes large-market buyout investments in the communications, consumer discretionary, financials, health care, industrials, and technology sectors Founded in 1984 with offices located in San Francisco, New York and London 	
Target Company	<ul style="list-style-type: none"> The Ultimate Software Group, Inc. 	
Target Description	<ul style="list-style-type: none"> Provides cloud-based human capital management solutions primarily to enterprise companies in the United States and Canada, managing employee relationships from recruitment to retirement Founded in 1990 and headquartered in Weston, FL 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$10.4 billion EV: \$10.2 billion LTM Revenue: \$1.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$132.9 million LTM EV / Revenue: 9.0x LTM EV / EBITDA: NM
Acquirer Advisor	<ul style="list-style-type: none"> Qatalyst Partners 	
Target Advisor	<ul style="list-style-type: none"> Goldman Sachs 	
Price / Consideration	<ul style="list-style-type: none"> \$11.0 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> The company is the second-fastest growing provider in the \$17 billion human-capital management and payroll-software market Corporations' preference for cloud-based human capital management and payroll software is expected to help Ultimate expand faster than its larger, legacy peers such as SAP, Oracle, and ADP The deal will help Ultimate to make additional investments in products and services as well as reward its employees since they are all given equity when they join the company "Ultimate's market leadership in the human capital management segment, and the company's impressive track record of growth, are built on the outstanding quality of its software and its dynamic and motivated employees. The company deeply understands the essence of human capital management, having itself been recognized with numerous best workplace awards from leading publications for its exceptional mission-driven culture," said David Tunnell, partner at Hellman & Friedman 	
Deal Points	<ul style="list-style-type: none"> Ultimate stockholders will receive \$331.50 in cash for each share of Ultimate's common stock held upon the closing of the transaction In addition to Hellman & Friedman, investor group includes Blackstone, GIC, CPPIB, and JMI Equity Purchase price represents a premium of approximately 32% over Ultimate's volume-weighted average price during the 30 trading days ending February 1, 2019, and a premium to Ultimate's all-time high closing share price 	
Points of Interest	<ul style="list-style-type: none"> According to analysts, human resources software is the fastest growing software sector, with annual growth rates of around 10% making this area attractive to investors Hellman & Friedman also owns the human resources software maker Kronos 	