

Deal of the Week: Facebook to buy Oculus for \$2B

Announcement Date	<ul style="list-style-type: none"> March 25, 2014 	
Acquirer	<ul style="list-style-type: none"> Facebook (Nasdaq: FB) 	
Acquirer Description	<ul style="list-style-type: none"> Operates as a social networking company worldwide. It provides a set of development tools and application programming interfaces that enable developers to integrate with Facebook to create mobile and Web applications Incorporated in 2004 and headquartered in Menlo Park, California 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$160.0 billion EV: \$142.0 billion LTM Revenue: \$7.9 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$3.9 billion EV / LTM Revenue: 18.0x EV / LTM EBITDA: 36.1x
Target Company	<ul style="list-style-type: none"> Oculus VR 	
Target Description	<ul style="list-style-type: none"> Virtual reality headset maker that has the potential to revolutionize the way people experience video games The company's first product, the Oculus Rift, is a virtual reality headset that allows players to step inside the game. It provides an immersive, stereoscopic 3D experience with an ultra-wide field of view and super low latency head tracking Oculus got its start on crowdfunding site Kickstarter, where it raised \$2.4 million in 2012 Headquartered in Irvine, CA 	
Price / Consideration	<ul style="list-style-type: none"> Price: \$2 billion 	<ul style="list-style-type: none"> Consideration: Cash & Stock
Rationale	<ul style="list-style-type: none"> Facebook reached a \$2 billion agreement to buy Oculus in a bet that technology commonly associated with science fiction can help eventually turn social networking into an immersive 3-D experience Mark Zuckerberg, the founder and chief executive of Facebook, said the deal reflected his belief that virtual reality could be one of the "platforms of tomorrow" On a conference call following the announcement, Zuckerberg stated he believes virtual reality will be the next big computing platform after mobile devices like smartphones and tablets 	
Deal Points	<ul style="list-style-type: none"> Facebook is paying \$400 million in cash and about \$1.6 billion in stock for Oculus An additional \$300 million earnout will be paid in cash and stock if Oculus hits certain unspecified milestones 	
Of Note	<ul style="list-style-type: none"> Facebook's acquisition of Oculus is the sixth-biggest tech deal to be announced this year The Oculus acquisition comes just over a month after Facebook made waves by revealing it would buy the mobile messaging app WhatsApp for up to \$19 billion 	