

## Deal of the Week: Mitel Networks to Buy Polycom for \$1.8B

Announcement Date	<ul style="list-style-type: none"> <li>April 15, 2016</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>Mitel Networks Corp. (NASDAQ: MITL)</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>Provides business communications and collaboration software, services, and solutions globally</li> <li>Incorporated in 2001 and headquartered in Ottawa, Canada</li> </ul>	
Acquirer Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$851.6 million</li> <li>EV: \$1.4 billion</li> <li>LTM Revenue: \$1.2 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$143.5 million</li> <li>LTM EV / Revenue: 1.2x</li> <li>LTM EV / EBITDA: 9.7x</li> </ul>
Target Company	<ul style="list-style-type: none"> <li>Polycom Inc. (NASDAQ: PLCM)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>Offers video, voice, and content-management and content-sharing solutions, such as applications for mobile devices, browser-based video collaboration, cloud-delivered services, conference room systems, home/work office solutions, and telepresence</li> <li>Founded in 1990 and headquartered in San Jose, California</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>Mkt Cap: \$1.6 billion</li> <li>EV: \$1.2 billion</li> <li>LTM Revenue: \$1.3 billion</li> </ul>	<ul style="list-style-type: none"> <li>LTM EBITDA: \$162.1 million</li> <li>LTM EV / Revenue: 0.9x</li> <li>LTM EV / EBITDA: 7.4x</li> </ul>
Acquirer Advisor	<ul style="list-style-type: none"> <li>Bank of America Merrill Lynch</li> </ul>	
Target Advisor	<ul style="list-style-type: none"> <li>Morgan Stanley</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>\$1.8 billion</li> </ul>	<ul style="list-style-type: none"> <li>Cash and stock</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>“The combined business will have far greater scale than either company alone, the ability to deliver a full array of products to customers, and the means to invest behind product areas that will provide stability and growth for the future.” said Jesse Cohn, a senior portfolio manager at Elliott Management</li> <li>The combined company will be based in Ottawa, with about 7,700 employees worldwide and have pro forma sales of about \$2.5 billion in 2015. The company will operate under the Mitel name, but maintain the Polycom brand</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>Polycom investors would receive \$3.12 in cash and 1.31 Mitel shares for each share of Polycom they own. The deal would value Polycom at \$13.44 a share</li> <li>After the deal closes, Polycom shareholders will own about 60% of the combined company, and Mitel shareholders, the remaining 40%</li> <li>The agreement came six months after the activist hedge fund Elliott Management disclosed it had taken a 6.6% stake in Polycom and urged the two companies to consider a merger as part of a consolidation push in the telecom equipment sector</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>Elliott, a \$27 billion hedge fund, owns 9.7% of Mitel and has a reputation for shaking up technology companies</li> </ul>	