

Deal of the Week: Bayer to Buy Monsanto for \$62B

Announcement Date	<ul style="list-style-type: none"> • May 23, 2016 	
Acquirer	<ul style="list-style-type: none"> • Bayer AG (OTC: BAYRY) 	
Acquirer Description	<ul style="list-style-type: none"> • Develops, produces, and markets health care and agricultural products worldwide • Incorporated in 1863 and headquartered in Leverkusen, Germany 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$78.9 billion • EV: \$98.6 billion • LTM Revenue: \$51.9 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$11.5 billion • LTM EV / Revenue: 1.9x • LTM EV / EBITDA: 8.6x
Target Company	<ul style="list-style-type: none"> • Monsanto Company (NYSE: MON) 	
Target Description	<ul style="list-style-type: none"> • Provides agricultural products for farmers worldwide • World's biggest manufacturer of genetically modified crop seeds • Founded in 2000 and headquartered in St. Louis, Missouri 	
Target Financial Statistics	<ul style="list-style-type: none"> • Mkt Cap: \$46.3 billion • EV: \$51.6 billion • LTM Revenue: \$15.0 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$4.9 billion • LTM EV / Revenue: 3.4x • LTM EV / EBITDA: 10.5x
Acquirer Advisors	<ul style="list-style-type: none"> • BofA Merrill Lynch and Credit Suisse; Rothschild 	
Target Advisors	<ul style="list-style-type: none"> • Morgan Stanley & Co and Ducera Partners 	
Price / Consideration	<ul style="list-style-type: none"> • \$62 billion 	<ul style="list-style-type: none"> • Cash
Rationale	<ul style="list-style-type: none"> • "We have long respected Monsanto's business and share their vision to create an integrated business that we believe is capable of generating substantial value for both companies' shareholders," Werner Baumann, Bayer's chief executive, said in a news release. • Bayer is hoping to unite Monsanto with its own pesticide operations, forming a one-stop shop for farmers • Buying Monsanto would give Bayer bulk as other giants in agriculture have turned to mergers to gain scale. For example, Dow and DuPont agreed last year to an enormous, complicated merger that will fuse their crop science businesses • Bayer said it projected annual cost savings of about \$1.5 billion after three years if the two companies combined 	
Deal Points	<ul style="list-style-type: none"> • Bayer intends to finance the \$122 all-cash offer with a combination of debt and equity. The expected equity portion represents approximately 25% of the transaction's enterprise value • The company said it was "confident" in its ability to raise the money after having consulted with its lenders, BAML and Credit Suisse • Shares in Bayer tumbled nearly 6% on Monday after the announcement, to 84.42 euros, or about \$95, as shareholders seemed to register displeasure over the high-priced plan 	
Of Note	<ul style="list-style-type: none"> • The unsolicited proposal would be the largest all-cash takeover on record, according to Thomson Reuters data, just ahead of InBev's \$60.4 billion offer for Anheuser-Busch in June 2008 	