

Deal of the Week: Oracle to Buy NetSuite for \$9.3B

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| Announcement Date | <ul style="list-style-type: none"> July 28, 2016 | |
| Acquirer | <ul style="list-style-type: none"> Oracle Corporation (NYSE: ORCL) | |
| Acquirer Description | <ul style="list-style-type: none"> Develops, manufactures, markets, sells, hosts, and supports database and middleware software, application software, cloud infrastructure, hardware systems, and related services worldwide Incorporated in 1977 and headquartered in Redwood City, California | |
| Acquirer Financial Statistics | <ul style="list-style-type: none"> Mkt Cap: \$169.6 billion EV: \$157.3 billion LTM Revenue: \$37.1 billion | <ul style="list-style-type: none"> LTM EBITDA: \$14.8 billion LTM EV / Revenue: 4.3x LTM EV / EBITDA: 10.7x |
| Target Company | <ul style="list-style-type: none"> NetSuite Inc. (NYSE: N) | |
| Target Description | <ul style="list-style-type: none"> Provides cloud-based financials/enterprise resource planning (ERP) and omnichannel commerce software suites in the US and internationally Founded in 1998 and headquartered in San Mateo, California | |
| Target Financial Statistics | <ul style="list-style-type: none"> Mkt Cap: \$8.8 billion EV: \$8.6 billion LTM Revenue: \$846.4 million | <ul style="list-style-type: none"> LTM EBITDA: NM LTM EV / Revenue: 10.2x LTM EV / EBITDA: NM |
| Acquirer Advisor | <ul style="list-style-type: none"> Moelis & Company | |
| Target Advisor | <ul style="list-style-type: none"> Qatalyst Partners | |
| Price / Consideration | <ul style="list-style-type: none"> \$9.3 billion | <ul style="list-style-type: none"> Cash |
| Rationale | <ul style="list-style-type: none"> The NetSuite purchase is at the heart of Oracle's fight to remake itself for the modern world of cloud computing, or providing accessing to vast computational resources over the internet. This transition has shaken up the software business for the last several years as companies like Google, Microsoft and Amazon have created markets worth billions, and older companies like IBM, HP and Oracle have struggled to change the way they make and sell their products "NetSuite will benefit from Oracle's global scale and reach to accelerate the availability of our cloud solutions in more industries and more countries," said Zach Nelson, Chief Executive Officer, NetSuite. "We are excited to join Oracle and accelerate our pace of innovation." "We expect this acquisition to be immediately accretive to Oracle's earnings on a non-GAAP basis in the first full fiscal year after closing," said Safra Catz, Chief Executive Officer, Oracle | |
| Deal Points | <ul style="list-style-type: none"> Oracle will pay \$109 per NetSuite share in cash, representing a 19% premium above NetSuite's closing price on Wednesday | |
| Of Note | <ul style="list-style-type: none"> The NetSuite deal is Oracle's largest acquisition since it bought PeopleSoft for \$10.3 billion in 2004 Lawrence Ellison, Oracle's founder, owns more than 40% of NetSuite, which makes the deal to acquire it a phenomenal payday for a man who was already among the world's richest | |