

Deal of the Week: Bayer to Buy Monsanto for \$56B

Announcement Date	<ul style="list-style-type: none"> September 14, 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: \$86.7 billion EV: \$106.1 billion LTM Revenue: \$51.8 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$11.8 billion LTM EV / Revenue: 2.1x LTM EV / EBITDA: 9.0x
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 Founded in 2000 and headquartered in St. Louis, Missouri 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$46.7 billion EV: \$55.8 billion LTM Revenue: \$13.3 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$3.6 billion LTM EV / Revenue: 4.2x LTM EV / EBITDA: 15.4x
Acquirer Advisors	<ul style="list-style-type: none"> Bank of America and Credit Suisse; Rothschild 	
Target Advisors	<ul style="list-style-type: none"> Morgan Stanley and Ducera Partners 	
Price / Consideration	<ul style="list-style-type: none"> \$56 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> Combining Monsanto with Bayer would create a seed-and-fertilizer giant with revenue of ~\$26 billion, bigger by far than its closest rival, Syngenta of Switzerland Bayer, which is strongest in Asia and Europe, stands to gain from Monsanto's expertise in agriculture and seeds Bayer has said combining the companies would generate synergies of \$1.5 billion over three years 	
Deal Points	<ul style="list-style-type: none"> Bayer will acquire Monsanto for \$128 per share in cash, representing a 44% premium to Monsanto's stock on May 9, the day before Bayer's interest in a deal first surfaced Including the assumption of debt, the deal is valued at \$66 billion Bayer plans to finance the all-cash transaction by raising \$19 billion in equity through mandatory convertible bonds and a rights issue Bank of America, Credit Suisse, Goldman Sachs, HSBC and JPMorgan Chase have committed to provide bridge financing for \$57 billion more Bayer will pay a \$2 billion breakup fee if the deal falls apart on antitrust grounds 	
Of Note	<ul style="list-style-type: none"> The deal will be the largest all-cash transaction on record and also the largest ever involving a German buyer This is the second large, agriculturally related deal announced this week after Potash Corporation of Saskatchewan and Agrium decided to merge, creating a Canadian fertilizer giant Two American rivals, Dow Chemical and DuPont, agreed to a merger last year to combine their crop-sciences businesses 	