

Deal of the Week: United Tech to Buy Rockwell Collins for \$30B

Announcement Date	<ul style="list-style-type: none"> September 4, 2017 	
Acquirer	<ul style="list-style-type: none"> United Technologies Corporation (NYSE: UTX) 	
Acquirer Description	<ul style="list-style-type: none"> Provides technology products and services to building systems and aerospace industries worldwide Deeply diverse business that includes the Otis escalator and elevator brands and Pratt & Whitney, which makes high-performance aircraft engines Founded in 1934 and headquartered in Farmington, Connecticut 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$90.4 billion EV: \$109.3 billion LTM Revenue: \$58.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$10.6 billion LTM EV / Revenue: 1.9x LTM EV / EBITDA: 10.3x
Target Company	<ul style="list-style-type: none"> Rockwell Collins, Inc. (NYSE: COL) 	
Target Description	<ul style="list-style-type: none"> Designs, produces, and supports communications and aviation systems for aircraft, including the F-35 fighter jet Founded in 1933 and headquartered in Cedar Rapids, Iowa 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$21.4 billion EV: \$28.6 billion LTM Revenue: \$6.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$1.4 billion LTM EV / Revenue: 4.7x LTM EV / EBITDA: 20.4x
Acquirer Advisor	<ul style="list-style-type: none"> Morgan Stanley 	
Target Advisors	<ul style="list-style-type: none"> J.P. Morgan and Citigroup 	
Price / Consideration	<ul style="list-style-type: none"> \$30 billion 	<ul style="list-style-type: none"> Cash and stock
Rationale	<ul style="list-style-type: none"> "This acquisition adds tremendous capabilities to our aerospace businesses and strengthens our complementary offerings of technologically advanced aerospace systems," said UTC Chairman and Chief Executive Officer Greg Hayes. "Together, Rockwell Collins and UTC Aerospace Systems will enhance customer value in a rapidly evolving aerospace industry by making aircraft more intelligent and more connected." "We are extremely pleased to announce this compelling transaction with UTC which is a testament to the value we have created for Rockwell Collins' employees, customers and shareowners," said Kelly Ortberg, Chairman, President and Chief Executive Officer of Rockwell Collins. "The combination will enable us to compete more effectively for future business through continued investments in innovation, world-class integrated product offerings and the ability to retain the top talent in the industry." Buying Rockwell would complement United Technologies' offerings without any overlap. It also would give the firm more negotiating leverage over the airplane makers Boeing and Airbus UTC expects the combination will be accretive to adjusted EPS after the first full year following closing and generate an estimated \$500+ million of run-rate pre-tax cost synergies by year four 	
Deal Points	<ul style="list-style-type: none"> United Technologies will pay \$140 a share in cash and stock (\$93.33 a share in cash and the remaining \$46.67 in United Technologies stock) The price is an 18% premium above where Rockwell's stock was traded on Aug. 3, a day before news reports mentioned the potential bid 	
Of Note	<ul style="list-style-type: none"> Last year, Warren E. Buffett's Berkshire Hathaway acquired Precision Castparts, which produces parts for aerospace suppliers, for \$37 billion 	