

Deal of the Week: Enbridge to Buy Spectra for \$28B

Announcement Date	<ul style="list-style-type: none"> September 6, 2016 	
Acquirer	<ul style="list-style-type: none"> Enbridge Inc. (NYSE: ENB) 	
Acquirer Description	<ul style="list-style-type: none"> Energy transportation and distribution company in the US and Canada Incorporated in 1949 and headquartered in Calgary, Canada 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$40.2 billion EV: \$70.4 billion LTM Revenue: \$26.3 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$4.6 billion LTM EV / Revenue: 2.7x LTM EV / EBITDA: 15.4x
Target Company	<ul style="list-style-type: none"> Spectra Energy Corp (NASDAQ: SE) 	
Target Description	<ul style="list-style-type: none"> Owns and operates a portfolio of natural gas-related energy assets in North America Founded in 2006 and headquartered in Houston, Texas 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$28.8 billion EV: \$39.5 billion LTM Revenue: \$5.0 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$2.5 billion LTM EV / Revenue: 8.0x LTM EV / EBITDA: 16.0x
Acquirer Advisors	<ul style="list-style-type: none"> Credit Suisse and RBC Capital Markets 	
Target Advisors	<ul style="list-style-type: none"> BMO Capital Markets and Citigroup 	
Price / Consideration	<ul style="list-style-type: none"> \$28 billion 	<ul style="list-style-type: none"> Stock
Rationale	<ul style="list-style-type: none"> “Bringing Enbridge and Spectra together makes strong strategic and financial sense, and the all-stock nature of the transaction provides shareholders of both companies with the opportunity to participate in the significant upside potential of the combined company,” said Al Monaco, president and chief executive of Enbridge The takeover, the most significant energy deal since oil and natural gas prices crashed in mid-2014, highlights how pipeline companies are under pressure to merge as they grapple with overcapacity and sliding tariffs that have slowed dividend growth and unnerved investors The companies are expecting to save about \$415 million in costs, most of which will be achieved toward the end of 2018 	
Deal Points	<ul style="list-style-type: none"> Enbridge and Spectra Energy signed a stock-for-stock deal, where Enbridge shareholders will own about 57% of the combined company and Spectra’s will own 43% Spectra shareholders will get 0.984 shares of the combined company for each share they own, valued at about \$40.33 a share. The transaction values Spectra’s common stock at about \$28 billion Enbridge will issue about 694 million new shares and take on about \$22 billion of Spectra debt Enbridge said it would divest \$2 billion of noncore assets over the next 12 months to improve its balance sheet 	
Of Note	<ul style="list-style-type: none"> Enbridge CEO Al Monaco will lead the combined company, which will be headquartered in Calgary. Greg Ebel, Spectra's CEO, will be non-executive chairman 	