

Deal of the Week: Electrolux to Buy GE Appliances Unit for \$3.3B

Announcement Date	<ul style="list-style-type: none"> September 8, 2014 	
Acquirer	<ul style="list-style-type: none"> Electrolux (OTC) 	
Acquirer Description	<ul style="list-style-type: none"> Manufactures and sells household appliances and appliances for consumers and professionals worldwide Founded in 1901 and based in Stockholm, Sweden 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$7.7 billion EV: \$8.7 billion LTM Revenue: \$15.2 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$960 million LTM EV / Revenue: 0.6x LTM EV / EBITDA: 9.1x
Target Company	<ul style="list-style-type: none"> Appliances Unit of General Electric 	
Target Description	<ul style="list-style-type: none"> G.E. Appliances, based in Louisville, KY, derives more than 90% of its revenue from North America Products include refrigerators, dishwashers, air-conditioners, washing machines, dryers and water heaters. The division employs ~12,000 	
Price / Consideration	<ul style="list-style-type: none"> Price: \$3.3 billion 	<ul style="list-style-type: none"> Consideration: Cash
Acquirer Advisor	<ul style="list-style-type: none"> Deutsche Bank and Skandinaviska Enskilda Banken 	
Target Advisor	<ul style="list-style-type: none"> Goldman Sachs 	
Rationale	<ul style="list-style-type: none"> The acquisition will nearly double Electrolux's business in North America and is the latest move by Jeffrey R. Immelt, the chairman and chief executive of G.E., to refocus the conglomerate on its core industrial businesses The acquisition of G.E. Appliances represents a major opportunity for Electrolux to expand its business in North America, one of the largest markets for home appliances Keith R. McLoughlin, president and CEO of Electrolux, said that by nearly doubling its North American business, the deal would give it stronger purchasing power in negotiations with its suppliers 	
Deal Points	<ul style="list-style-type: none"> Electrolux said it expected to achieve annual cost savings of about \$300 million if the transaction went through Shares of Electrolux rose 5.1%, closing at 197.10 Swedish kronor in Stockholm on Monday 	
Of Note	<ul style="list-style-type: none"> The transaction is the largest ever for Electrolux, which began as a maker of vacuum cleaners in 1910 and expanded into home appliances in the 1920s The deal will combine Electrolux's Frigidaire, one of the best-known brands of refrigerators, with G.E.'s stable of products, including its Monogram line of luxury appliances As part of the deal, Electrolux has reached a long-term agreement to continue to use the G.E. Appliances brand names The deal will put Electrolux on par with the Whirlpool Corporation, which posted revenue of \$18.8 billion last year 	