

Deal of the Week: BMC Software to go private in \$6.9 billion deal

Announcement Date	<ul style="list-style-type: none"> • May 6, 2013 	
Acquirers	<ul style="list-style-type: none"> • Investor Consortium including Bain Capital, Golden Gate Capital, Venture Partners and Government of Singapore Investment Corp. 	
Target	<ul style="list-style-type: none"> • BMC Software (NasdaqGS:BMC) 	
Target Description	<ul style="list-style-type: none"> • Develops software that provides system and service management solutions for enterprises in the United States and internationally • Founded in 1980 and headquartered in Houston, Texas 	
Target Financial Stats	<ul style="list-style-type: none"> • Market Cap: \$6.5 billion • TEV: \$6.3 billion • LTM Revenue: \$2.3 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$694.4 million • LTM EV/EBITDA: 9.1x
Price / Consideration	<ul style="list-style-type: none"> • Price: \$6.9 billion 	<ul style="list-style-type: none"> • Consideration: Cash
Acquirer Advisors	<ul style="list-style-type: none"> • Qatalyst Partners, Credit Suisse, RBC Capital Markets and Barclays 	
Target Advisors	<ul style="list-style-type: none"> • Morgan Stanley and Bank of America Merrill Lynch 	
Rationale	<ul style="list-style-type: none"> • “The deal makes sense given how much cash flow the company can manage from its mainframe operations,” said Kirk Materne, an analyst at Evercore Partners Inc. (EVR) in New York. Bain is paying about nine times BMC’s projected 2014 cash flow, which Materne estimates will be \$774 million • "BMC believes the opportunity to become a private company will provide additional flexibility and position us to invest more strategically to drive powerful innovation and deliver cutting edge customer solutions," BMC CEO Bob Beauchamp said in a statement 	
Of Note	<ul style="list-style-type: none"> • The sale comes nearly a year after activist investor Paul Singer's hedge fund, Elliott Management Corp., began proposing new directors for the software company and agitating for a sale on the basis that BMC had underperformed compared to equities benchmarks • BMC's go-shop will last 30 days • There is no financing condition associated with the transaction. Credit Suisse Group, RBC Capital Markets LLC and Barclays plc agreed to provide debt financing • “We thought the price at most was going to be \$48,” said Joel Fishbein, an analyst at Lazard Capital Markets. “They got the lower end because buyers saw the deterioration of the company” • According to the statement released by the company and the private equity firms, Elliott Management has agreed to vote its 9.6% stake in favor of the transaction • This is the third largest private equity deal of 2013 to date 	