

## **Deal of the Week: WESCO International to Buy Anixter International for \$4.5B**

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| Announcement Date             | <ul style="list-style-type: none"> <li>January 13, 2020</li> </ul>  |  |
| Acquirer                      | <ul style="list-style-type: none"> <li>WESCO International, Inc. (NYSE: WCC)</li> </ul>   |  |
| Acquirer Description          | <ul style="list-style-type: none"> <li>Distributes and sells electrical, industrial, and communications maintenance, repair, and operating (MRO), and original equipment manufacturers products and construction materials (e.g. wiring devices, fuses, terminals) in North America and internationally. It serves industrial firms, electrical and data communications contractors, utilities, commercial organizations, institutions, and governmental entities</li> <li>Founded in 1922 and headquartered in Pittsburgh, PA</li> </ul>   |  |
| Acquirer Financial Statistics | <ul style="list-style-type: none"> <li>Mkt Cap: \$1.1 billion</li> <li>EV: \$2.4 billion</li> <li>LTM Revenue: \$8.4 billion</li> </ul>   | <ul style="list-style-type: none"> <li>LTM EBITDA: \$402.2 million</li> <li>LTM EV / Revenue: 0.3x</li> <li>LTM EV / EBITDA: 6.0x</li> </ul> |
| Target Company                | <ul style="list-style-type: none"> <li>Anixter International, Inc. (NYSE: AXE)</li> </ul>   |  |
| Target Description            | <ul style="list-style-type: none"> <li>Distributes enterprise cabling and security solutions, electrical and electronic wire and cable solutions, and utility power solutions worldwide. It serves contractors, installers, system integrators, value-added resellers, architects, engineers, and wholesale distributors in various industries, including manufacturing, resource extraction, telecommunications, Internet service providers, finance, education, healthcare, retail, transportation, utilities, and defense</li> <li>Founded in 1957 and headquartered in Glenview, IL</li> </ul>  |  |
| Target Financial Statistics   | <ul style="list-style-type: none"> <li>Mkt Cap: \$3.0 billion</li> <li>EV: \$4.3 billion</li> <li>LTM Revenue: \$8.9 billion</li> </ul>   | <ul style="list-style-type: none"> <li>LTM EBITDA: \$436.1 million</li> <li>LTM EV / Revenue: 0.5x</li> <li>LTM EV / EBITDA: 9.7x</li> </ul> |
| Acquirer Advisor              | <ul style="list-style-type: none"> <li>Barclays</li> </ul>  |  |
| Target Advisors               | <ul style="list-style-type: none"> <li>Centerview Partners and Wells Fargo</li> </ul>   |  |
| Price / Consideration         | <ul style="list-style-type: none"> <li>\$4.5 billion</li> </ul>   | <ul style="list-style-type: none"> <li>Cash and stock</li> </ul>   |
| Rationale                     | <ul style="list-style-type: none"> <li>The increased scale of the combined company will result in pro forma 2019 revenues of approximately \$17 billion and make it the leading electrical and data communications distributor in North America</li> <li>The companies' complementary products, services, technologies, and solutions will create significant cross-selling opportunities</li> <li>WESCO expects to realize annualized run-rate cost synergies of over \$200 million by the end of year three through efficiencies in corporate and regional overhead</li> <li>Expected to be accretive to WESCO's earnings in the first full year of ownership and, with the realization of synergies, substantially accretive thereafter</li> <li>Mr. John J. Engel, WESCO's Chairman, President, and Chief Executive Officer, commented, "The transformational combination of WESCO and Anixter will create a premier electrical and data communications distribution and supply chain services company."</li> </ul> |  |
| Deal Points                   | <ul style="list-style-type: none"> <li>Total consideration is \$100 per Anixter share</li> <li>Each share of Anixter common stock will be converted into the right to receive \$70.00 in cash, 0.2397 shares of WESCO common stock, and 0.6356 depository shares of preferred stock consideration valued at \$15.89</li> <li>WESCO stockholders will own 84%, and Anixter stockholders 16%, of the combined company</li> </ul>  |  |
| Of Note                       | <ul style="list-style-type: none"> <li>WESCO will use the strong combined cash flows and synergies to quickly de-lever from a pro-forma leverage of 4.5x net debt / EBITDA to a range of 2.0x to 3.5x within two years after close</li> </ul>   |  |