

Deal of the Week: Marvell to Buy Inphi for \$10B

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| Announcement Date | <ul style="list-style-type: none"> October 29, 2020 | |
| Acquirer | <ul style="list-style-type: none"> Marvell Technology Group Ltd. (NASDAQ: MRVL) | |
| Acquirer Description | <ul style="list-style-type: none"> Designs, develops, and sells analog, mixed-signal, digital signal processing, and embedded and standalone integrated circuits. The company also provides a range of storage products. It has operations in the United States, China, Malaysia, the Philippines, Thailand, Singapore, India, Israel, Japan, South Korea, Taiwan, and Vietnam Founded in 1995 and headquartered in Hamilton, Bermuda | |
| Acquirer Financial Statistics | <ul style="list-style-type: none"> Mkt Cap: \$27.5 billion EV: \$28.3 billion LTM Revenue: \$2.8 billion | <ul style="list-style-type: none"> LTM EBITDA: \$459.4 million LTM EV / Revenue: 10.1x LTM EV / EBITDA: NM |
| Target Company | <ul style="list-style-type: none"> Inphi Corporation (NASDAQ: IPHI) | |
| Target Description | <ul style="list-style-type: none"> Provides high-speed analog and mixed signal semiconductor solutions for the communications and cloud markets in the United States, China, Thailand, and internationally Founded in 2000 and headquartered in Santa Clara, CA | |
| Target Financial Statistics | <ul style="list-style-type: none"> Mkt Cap: \$6.1 billion EV: \$6.5 billion LTM Revenue: \$511.9 million | <ul style="list-style-type: none"> LTM EBITDA: \$74.6 million LTM EV / Revenue: 12.7x LTM EV / EBITDA: NM |
| Acquirer Advisor | <ul style="list-style-type: none"> JP Morgan | |
| Target Advisor | <ul style="list-style-type: none"> Qatalyst Partners | |
| Price / Consideration | <ul style="list-style-type: none"> \$10 billion | <ul style="list-style-type: none"> Cash and stock |
| Rationale | <ul style="list-style-type: none"> Combining Marvell's storage, networking, processor, and security portfolio, with Inphi's leading electro-optics interconnect platform, will position the combined company for end-to-end technology leadership in data infrastructure. This highly complementary transaction expands Marvell's addressable market, strengthens their customer base, and accelerates Marvell's leadership in hyperscale cloud data centers and 5G wireless infrastructure The combined company will be uniquely positioned to serve the data-driven world, addressing high growth, attractive end markets – cloud datacenter and 5G The transaction is expected to generate annual run-rate synergies of \$125 million to be realized within 18 months after the transaction closes and is expected to become accretive to Marvell's non-GAAP earnings per share by the end of the first year after the transaction closes The deal will also expand Marvell's addressable market to \$23 billion and will accelerate market growth to 12% CAGR "Our acquisition of Inphi will fuel Marvell's leadership in the cloud and extend our 5G position over the next decade," said Matt Murphy, president and CEO of Marvell. "Inphi's technologies are at the heart of cloud data center networks and they continue to extend their leadership with innovative new products, including 400G data center interconnect optical modules, which leverage their unique silicon photonics and DSP technologies. We believe that Inphi's growing presence with cloud customers will also lead to additional opportunities for Marvell's DPU and ASIC products." "Combining with Marvell significantly increases our scale, accelerates our access to the next generations of process technology, and opens up new opportunities in 5G connectivity." said Ford Tamer, President and CEO of Inphi | |
| Deal Points | <ul style="list-style-type: none"> The transaction consideration will consist of \$66 in cash and 2.323 shares of stock of the combined company for each Inphi share Upon closing, Marvell shareholders will own approximately 83% of the combined company and Inphi stockholders will own approximately 17% Marvell will finance the transaction with cash on hand, and additional financing. Marvell has obtained debt financing commitments from JPMorgan Chase Bank | |