

Deal of the Week: Intuit to Buy Credit Karma for \$7.1B

Announcement Date	<ul style="list-style-type: none"> February 24, 2020 	
Acquirer	<ul style="list-style-type: none"> Intuit, Inc. (NASDAQ: INTU) 	
Acquirer Description	<ul style="list-style-type: none"> Provides financial management and compliance products and services for consumers, small businesses, self-employed, and accounting professionals in the United States, Canada, and internationally It provides QuickBooks accounting solutions through its Self-Employed segment, TurboTax through its Consumer segment, and various professional tax preparer solutions through its Strategic Partner segment It sells products and services through various sales and distribution channels, including multi-channel shop-and-buy experiences, websites and call centers, mobile application stores, and retail and other channels Founded in 1983 and headquartered in Mountain View, CA 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$64.7 billion EV: \$62.7 billion LTM Revenue: \$7.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$2.1 billion LTM EV / Revenue: 8.8x LTM EV / EBITDA: 29.9x
Target Company	<ul style="list-style-type: none"> Credit Karma, Inc. 	
Target Description	<ul style="list-style-type: none"> A consumer technology company with more than 100 million members in the U.K., United States and Canada, including almost half of all U.S. millennials Provides free credit scores, identity monitoring, credit cards applications, personal, car and home loans, tax filing, and high-yield savings accounts Founded in 2007 and headquartered in San Francisco, CA 	
Target Financial Statistics (was privately held prior to purchase)	<ul style="list-style-type: none"> Mkt Cap: NA EV: NA LTM Revenue: \$1 billion+ 	<ul style="list-style-type: none"> LTM EBITDA: NA LTM EV / Revenue: NA LTM EV / EBITDA: NA
Acquirer Advisor	<ul style="list-style-type: none"> Qatalyst Partners 	
Target Advisor	<ul style="list-style-type: none"> Goldman Sachs 	
Price / Consideration	<ul style="list-style-type: none"> \$7.1 billion 	<ul style="list-style-type: none"> Cash and stock
Rationale	<ul style="list-style-type: none"> Credit Karma has nearly tripled its customer base growth rate over the past five years, has the largest engaged member base in consumer digital finance, and nearly \$1 billion in unaudited revenue (up 20% from the previous year) Both companies will be able to hone their recommendations to their customers as the amount of financial data the companies have access to would be greatly expanded, improving revenue prospects by becoming a “one stop shop” for consumer finance Sasan Goodarzi, CEO of Intuit, said, “Together with the Credit Karma team, we’re going to bring together consumers and financial institutions in innovative ways that lower costs for all those involved and level the playing field for consumers regardless of their economic status.” 	
Deal Points	<ul style="list-style-type: none"> The purchase price for Credit Karma will be payable in equal portions of cash and Intuit common stock, with the shares of Intuit common stock being valued at approximately \$299.73 per share The total consideration of \$7.1 billion includes an estimated \$1 billion of equity awards that will be expensed over up to three years Following the close of the transaction Intuit will issue approximately \$300 million of restricted stock units to Credit Karma employees, which will be expensed over 4 years Intuit expects the cash consideration to be financed through cash and its existing unsecured line of credit 	
Of Note	<ul style="list-style-type: none"> Credit Karma had raised just over \$645 million to date, according to PitchBook, with investors including Silver Lake, Tiger Global, Capital G, Founders Fund, Felicis and others Intuit has made 31 acquisitions to date, with this Credit Karma deal the largest ever 	