

Deal of the Week: Tenet Healthcare acquires Vanguard for \$4.3 billion

Announcement Date	<ul style="list-style-type: none"> • June 24, 2013 	
Acquirer	<ul style="list-style-type: none"> • Tenet Healthcare (NYSE:THC) 	
Acquirer Description	<ul style="list-style-type: none"> • Tenet Healthcare Corporation, an investor-owned health care services company, owns and operates acute care hospitals, ambulatory surgery centers, diagnostic imaging centers, urgent care centers, and related health care facilities in the U.S. • Founded in 1967 and headquartered in Dallas, Texas 	
Target	<ul style="list-style-type: none"> • Vanguard Health Systems (NYSE:VHS) 	
Target Description	<ul style="list-style-type: none"> • Vanguard owns and operates acute care and specialty hospitals, and outpatient facilities in urban and suburban markets in the U.S. • Founded in 1997 and headquartered in Nashville, Tennessee 	
Target Financial Stats	<ul style="list-style-type: none"> • Mkt Cap: \$1.6 billion • EV: \$3.5 billion • LTM Revenue: \$5.9 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$522.4 million • EV/LTM EBITDA: 6.7x • LTM P/E: 14.4x
Price / Consideration	<ul style="list-style-type: none"> • Price: \$4.3 billion 	<ul style="list-style-type: none"> • Consideration: Cash
Acquirer Advisor	<ul style="list-style-type: none"> • Barclays, Lazard, Merrill Lynch, and Teneo Capital 	
Target Advisors	<ul style="list-style-type: none"> • JP Morgan 	
Rationale	<ul style="list-style-type: none"> • "This unique strategic transaction will bring together organizations that share a common commitment to providing high quality care and create significant new growth prospects for Tenet," company CEO Trevor Fetter said in a statement. "This acquisition will take Tenet into new geographic markets, expand the breadth of our service offerings, diversify our earnings sources and increase the benefits we expect to realize under healthcare reform" • Post-deal Vanguard founder and CEO Charlie Martin is expected to join Tenet's board, and Vanguard vice chairman Keith Pitts expected to join Tenet senior management. Martin in a statement said the combination "will establish a much larger, stronger, and flexible industry-leading healthcare organization" 	
Of Note	<ul style="list-style-type: none"> • Tenet Healthcare said Monday, June 24, it would acquire hospital operator Vanguard Health Systems for \$4.3 billion in cash and assumed debt or 8.2x EBITDA, expanding its reach ahead of implementation of the Affordable Care Act • Tenet will pay \$21 per share for Vanguard, a premium of 70% to the target's \$12.37 Friday close. The deal values Vanguard equity at about \$1.8 billion, with Tenet also assuming \$2.5 billion in debt • Tenet said it has secured fully committed financing for the deal from Bank of America Merrill Lynch. The company projects the purchase will contribute to earnings in the first year, with the combination expected to generate upwards of \$200 million in annual savings 	