

Deal of the Week: Uber to Buy Postmates for \$2.7B

Announcement Date	<ul style="list-style-type: none"> July 6, 2020 	
Acquirer	<ul style="list-style-type: none"> Uber Technologies, Inc. (NYSE: UBER) 	
Acquirer Description	<ul style="list-style-type: none"> Develops and operates proprietary technology applications primarily in the United States, Canada, Latin America, Europe, the Middle East, Africa, and the Asia Pacific Connects consumers with independent providers of ride services for ridesharing services, as well as connect consumers with restaurants and food delivery service providers for meal preparation and delivery services Founded in 2009 and headquartered in San Francisco, CA 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$53.2 billion EV: \$52.7 billion LTM Revenue: \$14.6 billion 	<ul style="list-style-type: none"> LTM EBITDA: (\$8.2) billion LTM EV / Revenue: 3.6x LTM EV / EBITDA: NM
Target Company	<ul style="list-style-type: none"> Postmates, Inc. 	
Target Description	<ul style="list-style-type: none"> Leader in on-demand food delivery. The platform gives customers access to the most selection of merchants in the US with more than 600,000 restaurants and retailers available for delivery and pickup, many of which are exclusive to Postmates The market leader in Los Angeles, Postmates operates in all 50 states Founded in 2011 and headquartered in San Francisco, CA 	
Target Financial Statistics (Privately held)	<ul style="list-style-type: none"> Mkt Cap and EV: NA LTM Revenue and EBITDA: NA 	<ul style="list-style-type: none"> LTM EV / Revenue: NA LTM EV / EBITDA: NA
Acquirer Advisor	<ul style="list-style-type: none"> NA 	
Target Advisor	<ul style="list-style-type: none"> JP Morgan 	
Price / Consideration	<ul style="list-style-type: none"> \$2.65 billion 	<ul style="list-style-type: none"> Stock
Rationale	<ul style="list-style-type: none"> The combination provides the opportunity to eliminate redundant expenditures while improving operating efficiency. It is anticipated that the deal will provide at least \$200 million in run-rate synergies one year after close and move Uber closer to profitability Strategically, the transaction brings together Uber’s global Rides and Eats platform with Postmates’ distinctive delivery business in the U.S. Postmates is highly complementary to Uber Eats, with differentiated geographic focus areas and customer demographics, and Postmates’ strong relationships with small- and medium-sized restaurants, particularly local favorites that draw customers to the Postmates brand Operationally, the two companies will be able to integrate their order platforms to accelerate delivery-as-a-service efforts to customers “Uber and Postmates have long shared a belief that platforms like ours can power much more than just food delivery—they can be a hugely important part of local commerce and communities, all the more important during crises like COVID-19. As more people and more restaurants have come to use our services, Q2 bookings on Uber Eats are up more than 100% year on year. We’re thrilled to welcome Postmates to the Uber family as we innovate together to deliver better experiences for consumers, delivery people, and merchants across the country,” said Uber CEO Dara Khosrowshahi 	
Deal Points	<ul style="list-style-type: none"> Transaction valued at ~\$2.7 billion fully diluted, subject to a net debt adjustment Uber currently estimates that it will issue approximately 84 million shares of common stock for 100% of the fully diluted equity of Postmates Equity issued in the transaction will be valued at \$31.45 per share Uber has committed to provide bridge financing to Postmates 	
Of Note	<ul style="list-style-type: none"> Together, Postmates and Uber Eats would have a 37% share of food delivery sales in the US, while DoorDash would remain the largest player with 45%, and Grubhub 17% This deal itself sprung up in the wake of Uber failing to acquire another competitor, Grubhub, which was instead acquired by Europe’s Just Eat Takeaway for \$7.3 billion Postmates has raised more than \$900 million in funding from investors including Spark Capital and Tiger Global Management, according to PitchBook. It had filed to go public 	