

Deal of the Week: Allstate to Buy National General Holdings for \$4B

Announcement Date	<ul style="list-style-type: none"> July 7, 2020 	
Acquirer	<ul style="list-style-type: none"> The Allstate Corporation (NYSE: ALL) 	
Acquirer Description	<ul style="list-style-type: none"> Provides property and casualty, and other insurance products in the US and Canada Operates through Allstate Protection, Service Businesses, Allstate Life, and Allstate Benefits segments Sells products through direct contact centers, agencies, financial specialists, brokers, wholesale partners, and affinity groups, as well as through online and mobile apps Founded in 1931 and headquartered in Northbrook, IL 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$34.4 billion EV: \$42.9 billion LTM Revenue: \$43.8 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$6.7 billion LTM EV / Revenue: 1.0x LTM EV / EBITDA: 6.4x
Target Company	<ul style="list-style-type: none"> National General Holdings Corporation (NASDAQ: NGHC) 	
Target Description	<ul style="list-style-type: none"> Specialty personal lines insurance holding company Provides various insurance products and services in the United States, Bermuda, Luxembourg, and Sweden Serves a wide range of customer segments through a network of approximately 42,300 independent agents for property-casualty products Sells products through agents, managing general underwriters, employers, Internet; and directly Founded in 1939 and headquartered in New York, NY 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$2.3 billion EV: \$3.2 billion LTM Revenue: \$5.3 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$539.7 million LTM EV / Revenue: 0.6x LTM EV / EBITDA: 5.9x
Acquirer Advisor	<ul style="list-style-type: none"> Ardea Partners 	
Target Advisor	<ul style="list-style-type: none"> JP Morgan 	
Price / Consideration	<ul style="list-style-type: none"> \$3.92 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> The acquisition increases premiums by \$4 billion and market share by over 1% to 10% and will be accretive to adjusted earnings per share and return on equity beginning in the first year National General provides a wide range of property-liability products through independent agents with a significant presence in non-standard auto insurance. The company also has attractive Accident and Health and Lender-Placed Insurance businesses – gross premiums written were \$5.6 billion, which generated operating income of \$319 million in 2019 “Acquiring National General accelerates Allstate’s strategy to increase market share in personal property-liability and significantly expands our independent agent distribution,” said Tom Wilson, Chair, President and CEO of Allstate 	
Deal Points	<ul style="list-style-type: none"> National General shareholders will receive \$32.00 per share in cash from Allstate, plus closing dividends of \$2.50 per share, providing \$34.50 in total value per share, which represents a premium of 69% to National General’s Tuesday closing price Allstate will fund the share purchase by deploying \$2.2 billion in combined cash resources and, subject to market conditions, issuing \$1.5 billion of new senior debt Allstate expects to maintain its current share repurchase program A breakup fee of \$132.5 million is included in the transaction 	