

Deal of the Week: Valeant to Buy Bausch & Lomb for \$8.7 billion

Announcement Date	<ul style="list-style-type: none"> • May 27, 2013 	
Acquirer	<ul style="list-style-type: none"> • Valeant Pharmaceuticals International (TSX:VRX) 	
Acquirer Description	<ul style="list-style-type: none"> • Develops, manufactures and markets pharmaceutical products and medical devices in the areas of neurology, dermatology and branded generics • Founded in 1983 and headquartered in Laval, Canada 	
Target	<ul style="list-style-type: none"> • Bausch & Lomb 	
Target Description	<ul style="list-style-type: none"> • Produces eye health products • Founded in 1853 and based in Rochester, New York 	
Target Financial Stats	<ul style="list-style-type: none"> • LTM Revenue: \$2.4 billion 	<ul style="list-style-type: none"> • LTM EBITDA: \$288.1 million
Price / Consideration	<ul style="list-style-type: none"> • Price: \$8.7 billion 	<ul style="list-style-type: none"> • Consideration: Cash
Acquirer Advisor	<ul style="list-style-type: none"> • NA 	
Target Advisors	<ul style="list-style-type: none"> • Goldman Sachs & J.P. Morgan Chase 	
Rationale	<ul style="list-style-type: none"> • Adding Bausch & Lomb, a giant maker of contact lens solution and surgical devices, will significantly bolster Valeant's offerings in the sector. Bausch & Lomb will absorb its new parent's existing ophthalmology operations, creating a business that is expected to generate over \$3.5 billion in net revenue this year 	
Deal Points	<ul style="list-style-type: none"> • Under the terms of the deal, Valeant will pay \$4.5 billion to the investor group that owns Bausch & Lomb, led by the private equity firm Warburg Pincus. It will also spend about \$4.2 billion to repay Lomb's debt • Valeant, which is based in Laval, Quebec, has made acquisitions a core part of its growth strategy. The Bausch & Lomb deal is the company's biggest yet, over three times larger than the \$2.6 billion purchase of the skin care company Medicis Pharmaceutical last year • The takeover also means a tidy payday for Warburg Pincus, which led a \$4.5 billion leveraged buyout of Bausch & Lomb in 2007. The firm already benefited from a \$772 million special dividend Bausch & Lomb paid out in March, the bulk of which went to its controlling investor group • Though Valeant's offer was lower than the valuation Bausch & Lomb would have fetched in an initial offering, it allowed Warburg Pincus to exit its investment quickly. Taking the eye care company public would have meant a more gradual sale over two to three years. • The deal continues the flurry of deal-making in the health care industry, as companies seek to buy the growth they are hard-pressed to generate on their own. Announced merger volume in the sector this year is up 14 percent from the period a year earlier 	