

Deal of the Month: Hewlett Packard to Buy Juniper Networks for \$14.0B

Announcement Date	<ul style="list-style-type: none"> January 9, 2024 	
Acquirer	<ul style="list-style-type: none"> Hewlett Packard Enterprises (NYSE: HPE) 	
Acquirer Description	<ul style="list-style-type: none"> Provides solutions that allow customers to capture, analyze, and act upon data seamlessly Products and services include servers, networking, cloud services, data analytics, professional services to support these products, and financing/leasing Operates across six segments in the Americas, Europe, the Middle East, Africa, the Asia Pacific region, and Japan Founded in 1939 and headquartered in Spring, TX 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$23.0 billion EV: \$32.1 billion LTM Revenue: \$29.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$5.1 billion LTM EV / Revenue: 1.1x LTM EV / EBITDA: 6.3x
Target Company	<ul style="list-style-type: none"> Juniper Networks, Inc. (NYSE: JNPR) 	
Target Description	<ul style="list-style-type: none"> Designs, develops, and sells network products and services worldwide Founded in 1996 and headquartered in Sunnyvale, CA 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$9.6 billion EV: \$9.9 billion LTM Revenue: \$5.6 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$713 million LTM EV / Revenue: 1.8x LTM EV / EBITDA: 13.9x
Acquirer Advisors	<ul style="list-style-type: none"> J.P. Morgan and Qatalyst Partners 	
Target Advisors	<ul style="list-style-type: none"> Goldman Sachs 	
Price / Consideration	<ul style="list-style-type: none"> \$14.0 billion 	<ul style="list-style-type: none"> Cash
Rationale	<ul style="list-style-type: none"> With Juniper, Hewlett Packard's portfolio will be weighted toward higher-growth, higher-margin businesses with large free cash flow potential, positioning Hewlett Packard to enhance shareholder return and enabling additional investments in high-growth areas, such as AI and cloud The combined company will offer secure, end-to-end AI-native solutions that are built on the foundation of cloud, high performance, and experience-first, and will also have the ability to collect, analyze, and act on aggregated telemetry across a broader installed base, driving even better end-user experiences and streamlined network operations for customers The acquisition increases the scope of Hewlett Packard's networking business and will create meaningful opportunities to provide even more comprehensive solutions to Juniper's installed base of enterprise customers, communication service providers and tier-one cloud customers, as well as launches Hewlett Packard into adjacent large segments, including data center networking, firewalls, and routers Per Hewlett Packard President and CEO Antonio Neri, "This transaction will strengthen (our) position at the nexus of accelerating macro-AI trends, expand our total addressable market, and drive further innovation for customers as we help bridge the AI-native and cloud-native worlds, while also generating significant value for shareholders" 	
Deal Points	<ul style="list-style-type: none"> Juniper shareholders will receive \$40.00 per share in cash funded by \$14 billion of term loans, representing a premium of approximately 32% to Juniper's unaffected closing price as of January 8, 2024 The deal is expected to be accretive to non-GAAP EPS and free cash flow in the first year, post-close, and generate synergies of \$450 million within the first 36 months 	