



# ROCKWELL COLLINS BUYS B/E AEROSPACE FOR \$62 PER SHARE

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**Aircraft component maker Rockwell Collins Inc has struck a deal to buy aircraft interior maker B/E Aerospace Inc for \$62 per share in cash and stock, the companies said on Sunday.**

**The acquisition, valued at \$6.4 billion plus the assumption of \$1.9 billion in debt, expands the range of products Rockwell Collins supplies to major commercial and business aircraft and broadens its customer based internationally.**

**The combination is expected to produce cost savings of about \$160 million and provide a double-digit boost to per-share earnings in the first full year, the companies said. They also anticipate it generating more than \$6 billion in free cash flow over five years.**

Rockwell agreed to pay \$34.10 per share in cash and \$27.90 in shares of Rockwell Collins stock, a 22.5 percent premium to B/E Aerospace's closing price on Friday.

The companies have little product overlap. Rockwell is best known for avionics, flight control systems and cabin connectivity, while B/E Aerospace is a major provider of aircraft seats, galleys,

lighting and other systems.

Rockwell, based in Cedar Rapids, Iowa has market value of about \$11 billion, more than twice the size of Wellington, Florida-based B/E Aerospace, which has a market value of \$5.1 billion.

B/E Aerospace brings more aftermarket and aircraft retrofit business to Rockwell, which is mainly focused on new equipment, and also adds exposure to twin-aisle aircraft, said Richard Aboulafia, an aerospace analyst at the Teal Group.

Pricing pressures from Boeing Co and Airbus are one driver of such a deal. "But it's also a pretty clear indicator that the market has peaked in terms of deliveries and orders," Aboulafia said of new aircraft sales. "In this environment, consolidation is inevitable as a cost-control move."

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**SOURCE: REUTERS**

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