

## Western Digital buying SanDisk in deal worth about \$19B

October 21 2015

---



A SanDisk 128 GB Extreme Pro compact flash card is displayed at the 2011 International Consumer Electronics Show in Las Vegas, Nevada on January 8, 2011

Western Digital, a maker of hard drives for businesses and personal computers, is buying SanDisk in a cash-and-stock deal worth about \$19 billion as it looks to extend its reach in the storage industry.

The buyout values SanDisk's stock at about \$86.50 per share, a 15 percent premium to Tuesday's closing price.

Western Digital and flash-memory chip maker SanDisk said that they have complementary product lines, including hard disk drives, solid-state drives, cloud datacenter storage solutions and flash storage solutions.

"The combined company will be ideally positioned to capture the growth opportunities created by the rapidly evolving storage industry," Western Digital CEO Steve Milligan said in a written statement. Sanjay Mehrotra, president and CEO of SanDisk, is expected to join Western Digital's board when the transaction closes.

If a previously announced investment in Western Digital from Unisplendour closes prior to the acquisition, Western Digital will pay \$85.10 per share in cash and 0.0176 shares of its stock for each Sandisk share. If not, the price will be \$67.50 in cash and 0.2387 shares for each share of Milpitas, California-based SanDisk Corp.

In September it was announced that Unisplendour, a division of China's Tsinghua Holdings, was becoming a minority shareholder in Western Digital with a \$3.78 billion investment.

Milligan will serve as CEO of the combined business, which will keep its headquarters at Western Digital's Irvine, California location.

The boards of both companies have approved the deal, which is targeted to close in 2016's third quarter. It still needs approval from SanDisk shareholders.

The transaction is expected to add to adjusted earnings per share within a year of the deal's closing. Pending the closing of the transaction, Western Digital expects to continue paying its quarterly dividend and

plans to suspend its stock buyback program.

Shares of Western Digital Corp. dropped more than 1 percent in premarket trading Wednesday shortly before the market open. Shares of SanDisk gained more than 4 percent.

© 2015 The Associated Press. All rights reserved.

Citation: Western Digital buying SanDisk in deal worth about \$19B (2015, October 21) retrieved 26 April 2024 from <https://phys.org/news/2015-10-western-digital-sandisk-worth-19b.html>

This document is subject to copyright. Apart from any fair dealing for the purpose of private study or research, no part may be reproduced without the written permission. The content is provided for information purposes only.