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Ancestry.com Acquired by Permira for \$1.6B -- Eyes Further Expansion Into Western Europe

As has been broadly reported this morning, Utah-headquartered genealogy software firm **Ancestry.com** has entered an agreement to be acquired by an investment group lead by European private equity firm **Permira** for a reported \$1.6B. According to the company's 8-K filed Monday morning, Permira will acquire all outstanding shares of Ancestry.com for \$32 per share in a cash transaction. **Spectrum Equity**, currently the company's largest shareholder, will remain as a substantial investor.

In a communication to Ancestry's employees, CEO **Tim Sullivan** (who serves as a Trustee and on the Executive Council of the **Utah Technology Council**, a state-wide technology association I chair) notes that he will keep the significant majority of his own ownership in Ancestry, as will CFO and COO **Howard Hochhauser**. Plans are underway, he says, to providestock ownership opportunity for many employees to stay invested as well.



Tim Sullivan is the CEO of Ancestry.com

Says Sullivan, "Permira shares our vision that family history remains a large and still untapped market, and they are excited about helping us with our strategy to invest in new technologies and products. They will help us to bring even more content online for our subscribers, building a great global brand, and expanding into new international markets."

The company had more than 2,000,000 paying subscribers as of June 2012 and expects 2012 revenue of \$473.0 to \$480.0 million. Ancestry.com also made several recent acquisitions of its own including **iArchives.com** in August 2010 and **100memories** in October 2012.

Published reports note Ancestry's desire with the help of Primera to expand Ancestry.com into



Western Europe. Stock price of **NASDAQ: ACOM** is rising, thus far, on the news. Will Western Europe be able to provide sufficient new customers to make this expansion worthwhile? Will the \$1B debt Ancestry takes on in this transaction prove to be a wise endeavor?



Based on what I know of this company and of CEO Tim Sullivan and his management team thus far (as I do work with him directly) my personal optimism is high. I will continue to report on this Utah-based company as more news emerges in the coming days and weeks. In light of the acquisition news, the company will forgo the earnings call that was formerly planned for this week.

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