

04-05-2025

Mergers & Acquisition Deal Rocket Companies Mr. Cooper Group

Executive Summary

Acquirer: - Rocket Companies

Target: - Mr. Cooper Group

Deal Type: - Acquisition

Deal Value: - 9.4b (in Dollars)

Announced on: - March 31, 2025

Expected close: - Q4 2025

Strategic Rationale: -

Company Overview

Industry: Rocket Companies

2024 Revenue: \$ 5.10b

Employees: 14,200 (as of December 2024)

HQ: Detroit, Michigan, United States

Industry: Mr. Cooper Group

2024 Revenue: \$2.225b

Employees: 7,900

HQ: Coppell, Texas, United States

Synergy Valuation

Standalone Financials

	Rocket Companies (RKT)	Mr. Cooper Group
Revenue	\$5.1 billion	\$2.225 billion
Adjusted EBITDA	\$862 million	\$950 million
Net Income	\$636 million	\$669 million
Total Debt	\$10.84 billion	\$11.38 billion
Cash & Equivalents	\$1.27 billion	\$973 million
Net Debt	\$9.567 billion	\$10.41 billion
Shares Outstanding	1.999 billion	\$63.6 million
Market Capitalization	\$25.24 billion	\$7.65 billion

Enterprise Value Calculation(EV)

EV=Market Capitalization+Net Debt

where Net Debt = Total Debt - Cash

EV of Rocket Companies (RKT) = \$25.24b + \$9.567b = \$34.80b

EV of Mr. Cooper Group (COOP) = \$7.65b + \$10.41b = \$ 18.06b

EV/EBITDA Multiple

EV/EBITDA = Enterprise Value / EBITDA

Rocket Companies = \$34.80b / \$862 m = 40.38x

Mr. Cooper Group = \$ 18.06 / \$950 m = 19.01x

Combined Financials (Pre-Synergies)

Combined EBITDA = \$950m + \$862m = 1.812b

Combined Revenue = \$2.225b + \$5.101b = \$7.326b

Combined Market Capitalization = \$7.650b + \$25.240b = \$32.890b

Combined EV = \$18.063b + \$34.807b = \$52.870b

Synergy Estimates

Revenue synergy

Amount = \$100M

As % of combined revenue = $\frac{100}{7.32} * 100 = 1.37\%$

Cost Synergy

Amount = \$400M

As % of combined revenue = $\frac{400}{7.32} * 100 = 5.46\%$

As % of combined EBITDA = $\frac{400}{1.81} * 100 = 22.08\%$

Total Synergies = \$100M + \$400M = \$500M

EBITDA post-synergies

New EBITDA = 1,812M + 500M = 2,312M

Increase = $\frac{500}{1.81} * 100 = 27.59\%$

Present Value (PV) of synergies

Assumptions:

- WACC (discount rate): 9%
- Synergy realization:
 - Year 1: 30% → \$150M
 - Year 2: 60% → \$300M
 - Year 3: 100% → \$500M

Discount Factors

$$\text{Year 1: } \frac{1}{(1+0.09)^1} = 0.9174$$

$$\text{Year 2: } \frac{1}{(1+0.09)^2} = 0.8417$$

$$\text{Year 3: } \frac{1}{(1+0.09)^3} = 0.7722$$

PV Calculations:

Year	Cash Flow	Discount Factor	Present Value
1	150	0.9174	\$150 x 0.9174 = \$137.61M
2	300	0.8417	\$300 x 0.8417 = \$252.51M
3	500	0.7722	\$500 x 0.7722 = \$386.10M

Total PV = \$137.61M + \$252.51M + \$386.10M = \$776.22M