

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

**Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): November 27, 2020

CDK GLOBAL, INC.

(Exact name of registrant as specified in its charter)

Delaware

(State or Other Jurisdiction of Incorporation)

001-36486

(Commission File Number)

46-5743146

(I.R.S. Employer Identification No.)

1950 Hassell Road

Hoffman Estates, Illinois 60169

(Address of Principal Executive Offices) (Zip Code)

(847) 397-1700

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 Par Value	CDK	NASDAQ Global Select Market

Item 1.01. Entry into a Material Definitive Agreement.

On November 27, 2020, CDK Global, Inc. (the "Company") entered into a Share Sale and Purchase Agreement (the "SPA") by and among the Company and, solely for the limited purposes set forth therein, certain of its subsidiaries, CDK Global Holdings (UK) Limited, a private company limited by shares incorporated in England and Wales with registered number 09347879 (the "Target"), and Concorde Bidco Limited, a private limited company registered in England and Wales with registered number 13025706 (the "Buyer"), pursuant to which the Buyer has agreed to purchase all of the Company's CDK International business segment (the "Business"). The Buyer is an affiliate of private equity firm Francisco Partners.

The SPA provides that the Buyer will purchase from the Company all of the issued share capital of the Target for an all-cash price of \$1.45 billion, subject to customary adjustments (together with the other transactions contemplated by the SPA, the "Transaction"). The Transaction is expected to close in the third quarter of the Company's fiscal year 2021.

Consummation of the Transaction is subject to customary closing conditions, including: (i) receipt of customary regulatory approvals, (ii) the completion of the required works council consultation processes, (iii) the completion of certain pre-Transaction reorganization and restructuring, and (iv) as to each of the Company and Buyer, the material accuracy of the other party's representations and warranties and the other party's compliance with its covenants and agreements contained in the SPA in all material respects.

The parties have made customary representations and warranties and have agreed to customary covenants in the SPA. In addition, the parties have agreed to mutual non-competition and non-solicitation arrangements, subject to customary exceptions.

The SPA contains certain termination rights for the Company and the Buyer, including (subject to certain limitations) the right to terminate the SPA if the Transaction is not consummated by May 31, 2021 (the "Termination Date"), which may be extended by either the Company or the Buyer for a period of 60 days if all of the conditions to the closing of the Transaction have been satisfied or waived other than those conditions relating to certain regulatory matters. Under the SPA, the Buyer must pay the Company a termination fee of \$70 million if the SPA is terminated because the Termination Date has passed, due to Buyer's breach or due to a governmental authority restraining the closing and at the time of termination there are any antitrust approvals that have not been obtained, or if the SPA is terminated by the Company because the Termination Date has passed or for the Buyer's breach, or if the Buyer terminates at a time when it has breached its obligation to close.

In connection with the execution of the SPA, certain funds affiliated with Francisco Partners provided the Buyer with an equity commitment letter to fund, subject to the conditions set forth therein, the entire purchase price at the closing of the Transaction. The Company is a third party beneficiary to the Buyer's equity commitments pursuant to the terms and conditions of the equity commitment letter and entitled to specifically enforce the same. In connection with the execution of the SPA, certain funds affiliated with Francisco Partners provided the Company with a limited guarantee of the payment of any termination fee as described above. The foregoing descriptions of the SPA and the Transaction do not purport to be complete and are subject to, and qualified in their entirety by reference to the full text of the SPA, which will be filed as an exhibit to the Company's Quarterly Report on Form 10-Q for the fiscal quarter ending December 31, 2020.

Item 2.05. Costs Associated with Exit or Disposal Activities.

In connection with the sale of the Business as described under Item 1.01 above, the Company expects to incur costs of approximately \$35 million for outside services which will primarily consist of investment banking, accounting and legal services. The Company expects to incur the majority of these costs in fiscal 2021, all of which will result in cash expenditures. The Company may incur additional costs associated with the sale of the Business as the foregoing costs are estimates and subject to change. The Company anticipates providing more detailed disclosures regarding the Transaction in its Quarterly Report on Form 10-Q for the fiscal quarter ending December 31, 2020.

Item 7.01. Regulation FD Disclosure.

On November 30, the Company issued a press release announcing the entry into a definitive agreement to divest its CDK International business segment and a presentation regarding such divestiture. A copy of the press release and presentation are furnished as Exhibits 99.1 and 99.2 hereto.

The information contained in this Item 7.01 of this Current Report on Form 8-K, as well as Exhibit 99.1 and 99.2, shall not be deemed "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise be subject to the liabilities of that section. It may only be incorporated by reference in another filing under the Exchange Act or Securities Act of 1933, as amended, if it is expressly incorporated by specific reference in such filing.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Press Release issued by CDK Global, Inc. on November 30, 2020
99.2	Presentation issued by CDK Global, Inc. on November 30, 2020
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CDK Global, Inc.

Date: November 30, 2020

By: /s/ JOSEPH A. TAUTGES

Joseph A. Tautges

Executive Vice President, Chief Financial Officer (principal financial officer)

CDK Global to Sell International Business to Francisco Partners for \$1.45 Billion

Transaction Sharpens CDK's Strategic Focus on Growth in North America Markets

HOFFMAN ESTATES, Ill., Nov. 30, 2020 (GLOBE NEWSWIRE) -- CDK Global, Inc. (Nasdaq:CDK) (the "Company" or "CDK"), a leading provider of dealer management systems ("DMS") and integrated information technology solutions to the automotive retailing and adjacent industries, announced today the execution of a definitive agreement to sell its CDK International business segment ("CDKI") to Francisco Partners for \$1.45 billion. The purchase price represents approximately 15 times CDKI's LTM adjusted EBITDA⁽¹⁾ including expenses for the standalone business. CDK expects the transaction to be completed during the third quarter of its fiscal year 2021, subject to customary closing conditions and regulatory approval.

"I am excited to announce this important milestone for CDK. With this transaction, we can now focus on executing the next phase of our growth journey and spotlight our attention on our North America business," said Brian Krzanich, CDK president and chief executive officer. "CDK has made significant progress over the last two years in strengthening and expanding our core business to be customer-centric and a leader in technology for our dealers, OEMs and partners and we have seen the positive results of our investment efforts. We are now well positioned to expand our activities and create new revenue streams with even stronger growth prospects."

"While we believe the International business is a great asset and are very pleased with the compelling valuation, it largely operated independently, with specific technology, sales and operations tailored to the International markets. The sale of this business strengthens our balance sheet and provides significant financial flexibility in support of our goals to drive value and to accelerate growth in our North America business," said Joe Tautges, CDK chief operating officer and interim chief financial officer. "As our track record indicates, we will use a thoughtful returns-based approach to allocating capital and will provide an update to our planned use of proceeds at the release of our Q2 fiscal 2021 earnings results."

Business Update

CDK will use the proceeds of the transaction for general corporate purposes, including the pay down of debt to strengthen the balance sheet.

Based on the execution of this agreement to sell, the CDKI segment will be classified as discontinued operations in the second quarter of fiscal 2021. As a result, the company announced that it is withdrawing its previously provided annual consolidated guidance estimates for fiscal year 2021. CDK will be updating its FY 2021 guidance to reflect continuing operations in the coming weeks once the preparation of the discontinued operations reporting is complete.

Additional information is available in our accompanying presentation, which is available at the CDK Investor Relations website at investors.cdkglobal.com. Further details regarding the definitive sales agreement can be found on Form 8-K filed with the Securities and Exchange Commission on November 30, 2020.

Credit Suisse is serving as financial advisors for the transaction, with Mayer Brown LLP acting as legal advisor.

⁽¹⁾LTM Adjusted EBITDA includes estimated expenses for the standalone business for the twelve months ended September 30, 2020.

About CDK Global

With \$2 billion in revenues, CDK Global (NASDAQ:CDK) is a leading global provider of integrated information technology solutions to the automotive retail and adjacent industries. Focused on enabling end-to-end automotive commerce, CDK Global provides solutions to dealers in more than 100 countries around the world, serving approximately 30,000 retail locations and most automotive manufacturers. CDK solutions automate and integrate all parts of the dealership and buying process, including the acquisition, sale, financing, insuring, parts supply, repair and maintenance of vehicles. Visit cdkglobal.com.

About Francisco Partners

Francisco Partners is a leading global investment firm that specializes in partnering with technology and technology-enabled businesses. Since its launch over 20 years ago, Francisco Partners has raised over \$24 billion in committed capital and invested in more than 300 technology companies, making it one of the most active and longstanding investors in the technology industry. The firm invests in opportunities where its deep sectoral knowledge and operational expertise can help companies realize their full potential. For more information on Francisco Partners, please visit franciscopartners.com.

Safe Harbor for Forward-Looking Statements

This press release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact, including: statements regarding the proposed transaction; the Company's business outlook, including the Company's GAAP and adjusted fiscal 2021 guidance; other plans; objectives; forecasts; goals; beliefs; business strategies; future events; business conditions; results of operations; financial position and business outlook and trends; and other information, may be forward-looking statements. Words such as "might," "will," "may," "could," "should," "estimates," "expects," "continues," "contemplates," "anticipates," "projects," "plans," "potential," "predicts," "intends," "believes," "forecasts," "future," "assumes," and variations of such words or similar expressions are intended to identify forward-looking statements. These statements are based on management's expectations and assumptions and are subject to risks and uncertainties that may cause actual results to differ materially from those expressed, or implied by, these forward-looking statements.

Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: the timing of or failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the transaction described herein, the company's ability to achieve the intended benefits of the transaction and the expected costs of the transaction; the Company's expectations regarding the potential impacts on the Company's business of the outbreak of the COVID-19 pandemic; the Company's success in obtaining, retaining and

selling additional services to customers; the pricing of the Company's products and services; overall market and economic conditions, including interest rate and foreign currency trends, and technology trends; adverse global economic conditions and credit markets and volatility in the countries in which we do business; auto sales and related industry changes; competitive conditions; changes in regulation; changes in technology, security breaches, interruptions, failures and other errors involving the Company's systems; availability of skilled technical employees/labor/personnel; the impact of new acquisitions and divestitures; employment and wage levels; availability of capital for the payment of debt service obligations or dividends or the repurchase of shares; any changes to the Company's credit ratings and the impact of such changes on financing costs, rates, terms, debt service obligations, access to capital market and working capital needs; the impact of the Company's indebtedness, access to cash and financing, and ability to secure financing, or financing at attractive rates; the onset of or developments in litigation involving contract, intellectual property, competition, shareholder, and other matters, and governmental investigations; and the ability of the Company's significant stockholders and their affiliates to significantly influence the Company's decisions or cause it to incur significant costs.

There may be other factors that may cause the Company's actual results, performance or achievements to differ materially from those expressed in, or implied by, the forward-looking statements. The Company gives no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on its results of operations and financial condition. You should carefully read the factors described in the Company's reports filed with the Securities and Exchange Commission ("SEC"), including those discussed under "Part I, Item 1A. Risk Factors" in its most recent Annual Report on Form 10-K and its most recent Quarterly Report on Form 10-Q for a description of certain risks that could, among other things, cause the Company's actual results to differ from any forward-looking statements contained herein. These filings can be found on the Company's website at investors.cdkglobal.com and the SEC's website at www.sec.gov.

All forward-looking statements speak only as of the date of this press release even if subsequently made available by the Company on its website or otherwise. The Company disclaims any obligation to update or revise any forward-looking statements that may be made to reflect new information or future events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events, other than as required by law.

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CDK International Divestiture

November 30, 2020



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Factors that could cause actual results to differ materially from those contemplated by the forward-looking statements include: the timing of or failure to obtain necessary regulatory approvals or to satisfy any of the other conditions to the transaction described herein, the company's ability to achieve the intended benefits of the transaction and the expected costs of the transaction; the Company's expectations regarding the potential impacts on the Company's business of the outbreak of the COVID-19 pandemic; the Company's success in obtaining, retaining and selling additional services to customers; the pricing of the Company's products and services; overall market and economic conditions, including interest rate and foreign currency trends, and technology trends; adverse global economic conditions and credit markets and volatility in the countries in which we do business; auto sales and related industry changes; competitive conditions; changes in regulation; changes in technology, security breaches, interruptions, failures and other errors involving the Company's systems; availability of skilled technical employees/labor/personnel; the impact of new acquisitions and divestitures; employment and wage levels; availability of capital for the payment of debt service obligations or dividends or the repurchase of shares; any changes to the Company's credit ratings and the impact of such changes on financing costs, rates, terms, debt service obligations, access to capital market and working capital needs; the impact of the Company's indebtedness, access to cash and financing, and ability to secure financing, or financing at attractive rates; the onset of or developments in litigation involving contract, intellectual property, competition, shareholder, and other matters, and governmental investigations; and the ability of the Company's significant stockholders and their affiliates to significantly influence the Company's decisions or cause it to incur significant costs.

There may be other factors that may cause the Company's actual results, performance or achievements to differ materially from those expressed in, or implied by, the forward-looking statements. The Company gives no assurances that any of the events anticipated by the forward-looking statements will occur or, if any of them do, what impact they will have on its results of operations and financial condition. You should carefully read the factors described in the Company's reports filed with the Securities and Exchange Commission ("SEC"), including those discussed under "Part I, Item 1A. Risk Factors" in its most recent Annual Report on Form 10-K for a description of certain risks that could, among other things, cause the Company's actual results to differ from any forward-looking statements contained herein. These filings can be found on the Company's website at <https://investors.cdkglobal.com> and the SEC's website at www.sec.gov.

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Transaction Highlights

- CDK will sell 100% of the CDK International segment to Francisco Partners
 - Francisco Partners will acquire the CDK International business segment, which includes operations in Europe, Middle East, South Africa and Asia
 - CDK's will retain the North America business segment, which includes the auto and adjacency businesses of the United States and Canada, as well as certain India shared service operations
- Purchase price of \$1.45 billion represents approximately 15 times LTM CDKI Adj. EBITDA⁽¹⁾ including estimated stand-alone costs
- Transaction is subject to customary closing conditions and regulatory approval, and is expected to close during Q3 FY 2021
- Beginning with Q2 FY 2021, the CDKI segment will be presented as discontinued operations in CDK's financial statements
- The transaction is expected to generate after-tax cash proceeds of approximately \$1.3 billion⁽²⁾ for CDK.

(1) LTM Adjusted EBITDA includes estimated expenses for the standalone business for the last twelve months ended September 30, 2020

(2) Includes gross purchase price minus cash taxes and is based on estimates and subject to revision

Transaction Rationale

- Focuses resources and management attention on core North America businesses
- Provides significant capital to strengthen balance sheet and increase flexibility for capital allocation strategy
- Limited impact of separating businesses given lack of full operational and technology integration
- Sell non-core asset at attractive valuation
- Simplifies operating model by focusing on North America tech stack and operational structure

Use of Proceeds

- Transaction proceeds significantly strengthen CDK’s financial position and provide increased flexibility for investments
- Near-term, will repay debt to strengthen the balance sheet while we review capital deployment strategies
- Using a returns-based approach, expect to redeploy capital in support of growth in our core North America business, along with consideration for other capital deployment initiatives, including shareholder returns or further de-leveraging
- Plan to update our capital allocation strategy at the release of Q2 FY 2021 earnings results

Impact on CDK Continuing Operations

- Starting in Q2 FY 2021, CDK will report the CDKI segment as discontinued operations and prior years will be reclassified as such
- CDK will update its FY 2021 guidance to reflect continuing operations in the coming weeks once the preparation of the discontinued operations reporting is complete