

Divestitures Quarterly Update

Q4 2022

DCF's divestiture practice

Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the divestiture space and use their experience to help clients enhance value.



Divestitures leadership



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Organization overview

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2022 Global M&A Advisor by volume of deals completed⁽¹⁾. Deloitte closed 704 deals in 2022 with a cumulative deal value of \$53.4B.

704

Completed deals in 2022⁽¹⁾.

- Deep relationships in place to gain **critical strategic intelligence** and effectively market businesses.
- Worldwide, DCF has **2,400 Corporate Finance professionals** throughout the Deloitte Touche Tohmatsu Limited network of member firms in 60 countries that complement the North American team.
- **Top global middle-market financial advisor** in 2022 according to Mergermarket⁽¹⁾.

Source: (1) Please refer slide 12.

Table of contents

Divestiture trends	4
Deloitte thought leadership	5
Recent middle-market divestitures	6
Macroeconomic outlook	7
US historical divestitures	8
Global divestitures	9
Appendix	11



Divestiture trends

This update will focus on news and trends in the following areas:

- US divestiture volume, value, and reported multiples
- US divestitures by buyer type
- US divestitures by industry
- Cross-border divestitures activity



Transaction trends⁽¹⁾



Transaction Volume

Divestiture transaction volume declined in Q4 2022 compared to Q3 2022. Number of deals declined to 249 in Q4 2022 compared to 264 deals in Q1 2022, a drop of 5.6% QoQ, while overall M&A activity was up 4.5%, in spite of high inflation, and rising interest rates.



Transaction Size

The middle-market deals witnessed significant growth in Q4 2022, with deals between \$500 - \$1,000 million making up 20.0% compared to 9.0% in Q3. There was only 1 disclosed transaction with a value in excess of \$5 billion.



Acquiror Type

The mix of acquirors was largely consistent with previous quarters. In Q3 2022, 79.1% of the acquirors were domestic strategic, 2.8% private equity, and 18.1% foreign strategic acquirors.



Industry Focus

In line with Q3 2022, the Energy & Power sector accounted for 16.0% of total deal volumes representing the largest share in Q4 2022, followed by Healthcare at 14.0% and Technology at 11.6%.

Despite a slowed close in Q4 2022, the divestitures and M&A market will likely see bigger deals in the first half of 2023, with companies ready to trigger larger carve-outs and spin-offs.

Regional trends⁽¹⁾

Americas

Divestiture activity in the Americas witnessed a 1.9% QoQ increase from Q3 2022 to Q4 2022. The Americas completed 215 transaction in Q4 2022 compared to 211 transactions in Q3 2022.

United States

U.S.-based buyers remain the most active acquiror in the Americas. The number of transactions increased to 204 in Q4 2022 compared to 199 in Q3 2022 .

Canada

Canada’s deal activity decreased by 30.0% with 7 transactions completed in Q4 2022 compared to 10 in Q3 2022.

Europe

Despite the global financial uncertainty and continued geopolitical tensions, the deal activity among European acquirors only decreased by 5.3% in Q4 2022 compared to Q3 2022.

United Kingdom

U.K.-based acquirors continue to be one of the most active European acquirors. The number of transactions increased to 3 in Q4 2022 compared to 2 in Q3 2022.

Switzerland

3 deals were closed in Q4 2022 compared to 1 deal closed in Q3 2022.

Sweden

3 deals were closed in Sweden in Q4 2022 compared to 4 deals closed in Q2 2022.

Asia

Divestiture activity in Asia declined by 44.4% QoQ with 5 closed transactions in Q4 2022 compared to 9 in the previous quarter.

Japan

Japan completed only 1 transaction in Q4 2022 compared to 2 in Q3 2022.

South Korea

2 deals were closed in South Korea in Q4 2022 against 1 deal in Q3 2022.

Other Asian Countries

The deal activity in Singapore dropped from 1 in Q3 2022 to 0 in Q4 2022, whereas India completed 1 deal in 2022 against no deal in Q3 2022.

Divestiture activity increased in the Americas with growth in deal volumes by 1.9%, whereas activity declined in Europe and Asia with no deal volume in countries such as Germany, China and Singapore.

Deloitte thought leadership

Deloitte thought leadership

- Deloitte leverages deep transaction experience to deliver customized services and high-quality results to clients operating across multiple industry groups.
- Our surgical carve-out approach to divestitures assists management to achieve a clean, yet efficient, separation designed to find the sweet spot between value, certainty of close, and speed of process.
- A demonstrated track record of helping organizations transform throughout economic cycles, all the while turning challenges into opportunities.

Extensive knowledge network

- DCF can leverage its expansive cross-business knowledge network, extensive consulting reports, and in-depth industry research to drive results and provide differentiated insights for our clients.



Be Empowered



Pay It Forward



Be Resourceful



Build Knowledge

Recent insights



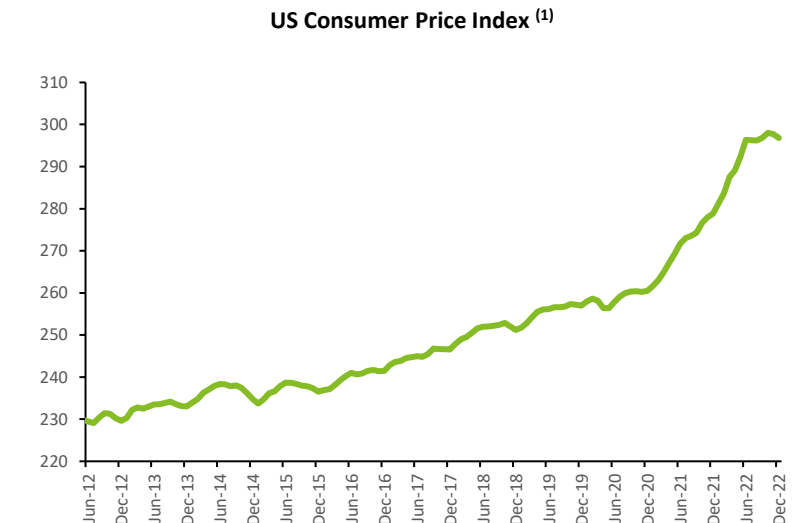
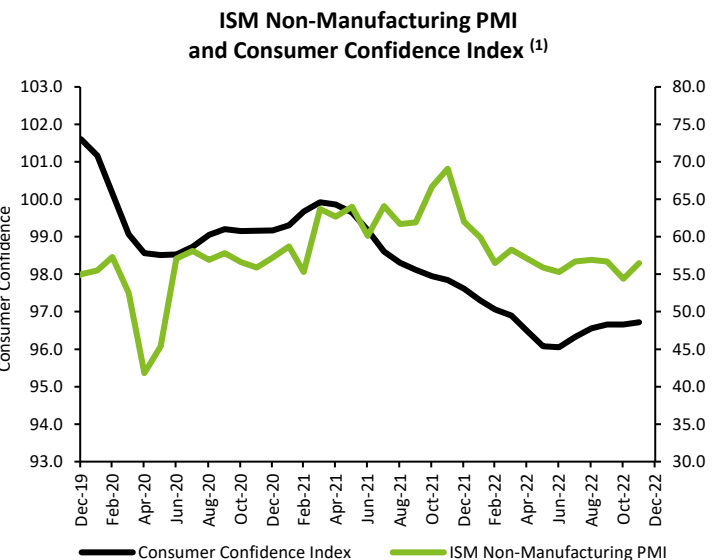
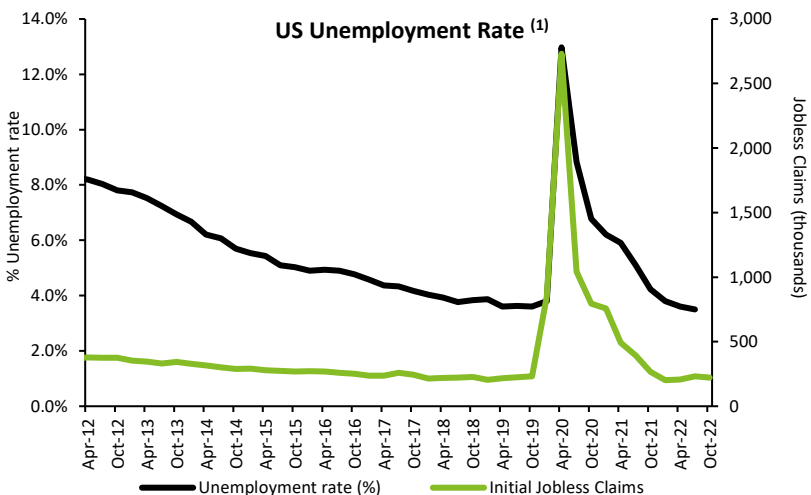
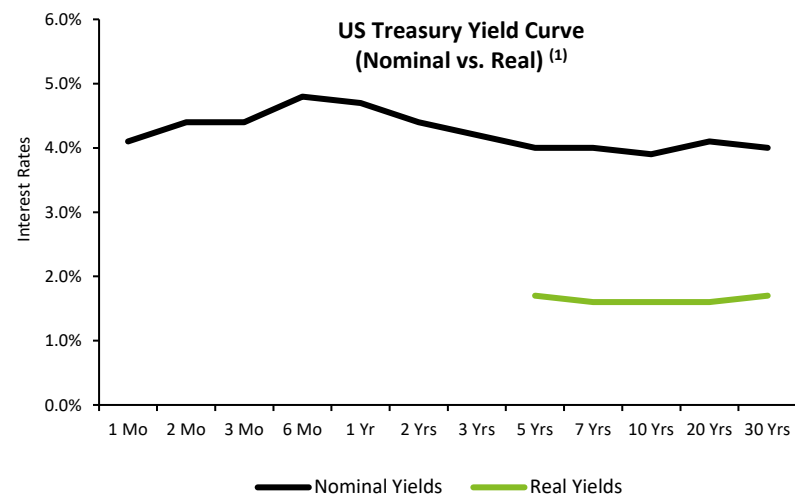
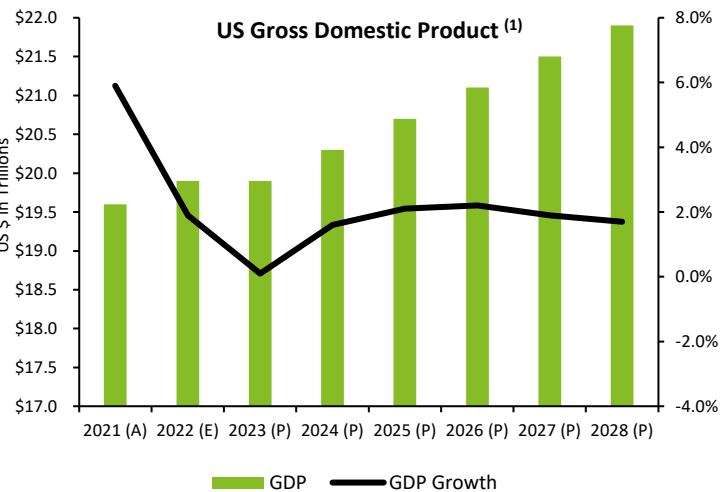
Recent middle-market divestitures⁽¹⁾

Communications 	<p>L3Harris Technologies, Inc. acquires Link 16 Tactical Data Links Business from Viasat Inc.</p> <ul style="list-style-type: none"> L3Harris Technologies, Inc., an aerospace and defense technology innovator, which designs, develops, and manufactures radio communications products, entered into an agreement to acquire Link 16 Tactical Data Links Business from Viasat, Inc. for approximately \$1,960 million. Viasat Inc., which provides broadband and communications products and services worldwide. 	<p>Announced Date: October 2022 Total Transaction Value: \$1,960 million</p>
Technology 	<p>Bakkt Marketplace, LLC acquires Apex Crypto, LLC from Apex Fintech Solutions Inc.</p> <ul style="list-style-type: none"> Bakkt Marketplace, LLC, which provides software solutions, agreed to acquire Apex Crypto, LLC from Apex Fintech Solutions Inc. for approximately \$200 million. Apex Crypto, LLC which offers a platform for integrated crypto trading with a robust solution for execution, clearing, custody, cost basis, and tax services. Apex Fintech Solutions Inc. which develops a platform for financial solutions. 	<p>Announced date: November 2022 Total Transaction Value: \$200 million</p>
Energy & Power 	<p>Diamondback Energy, Inc. agrees to acquire assets of Lario Permian, LLC</p> <ul style="list-style-type: none"> Diamondback Energy, Inc., which operates as an oil and gas company, entered into an agreement to acquire leasehold interests and associated assets of Lario Permian, LLC for approximately \$1,548 million. The assets comprises of ~25,000 acres in the Northern Midland Basin in Texas. Lario Permian LLC, which owns and operates drilling rigs. It is a wholly owned subsidiary of Lario Oil & Gas Co. 	<p>Announced Date: November 2022 Total Transaction Value: \$1,548 million</p>
Industrials 	<p>Fortune Brands Home & Security, Inc. acquires U.S. and Canadian Home Locks Business of ASSA ABLOY</p> <ul style="list-style-type: none"> Fortune Brands Home & Security, Inc., which provides water, outdoor, and security products, entered into an agreement to acquire Emtek and Schaub Door and Cabinet Hardware and U.S. and Canadian Home Locks Business of ASSA ABLOY. ASSA ABLOY Inc., which manufactures and supplies intelligent lock and security solutions such as Microprocessor Controlled Networked Lock. 	<p>Announced Date: December 2022 Total Transaction Value: \$800 million</p>
Industrials 	<p>BNSF Dayton LLC acquires TRT Leaseco, LLC from Kingsway Financial Services Inc.</p> <ul style="list-style-type: none"> BNSF Dayton LLC, which operates one of the largest freight railroad networks in North America, agreed to acquire TRT Leaseco, LLC, an indirect subsidiary of Kingsway Financial Services Inc. for approximately \$215 million. Kingsway, a holding company that owns or controls subsidiaries primarily in the extended warranty, business services, asset management and real estate industries. . 	<p>Announced Date: December 2022 Total Transaction Value: \$215 million</p>

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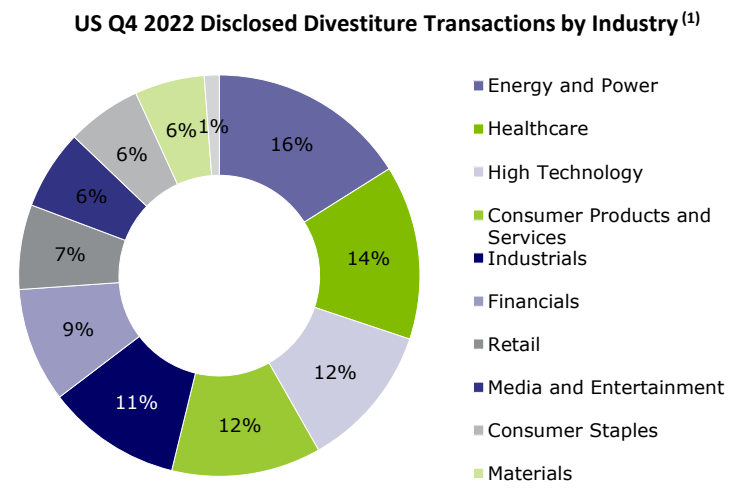
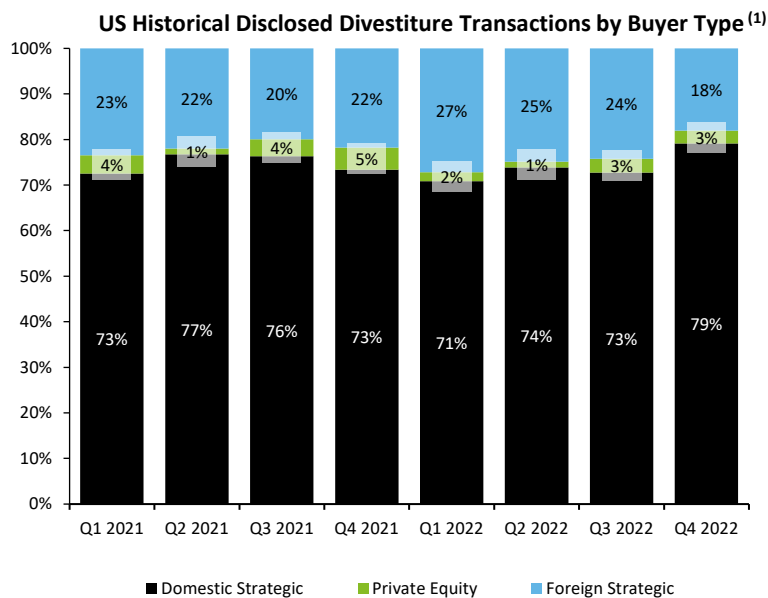
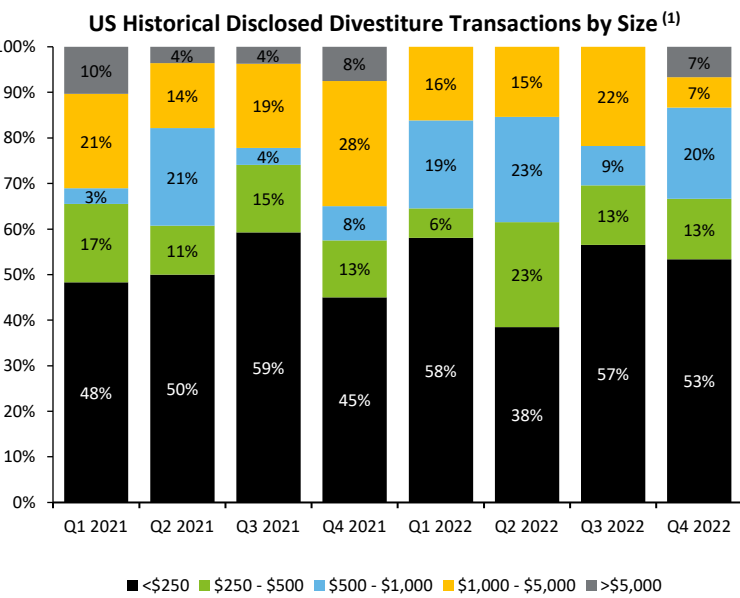
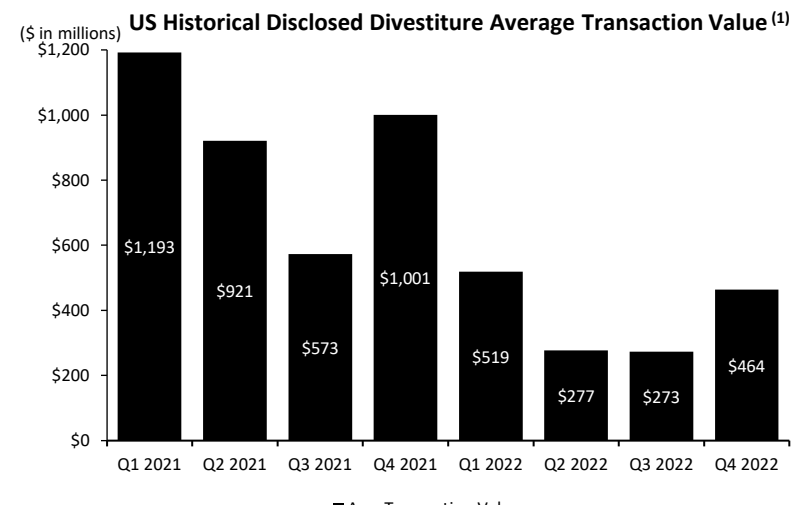
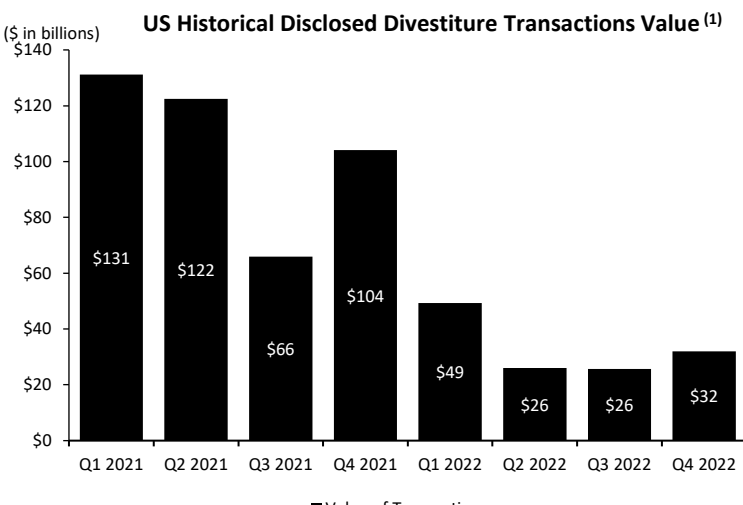
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Macroeconomic outlook



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US historical divestitures



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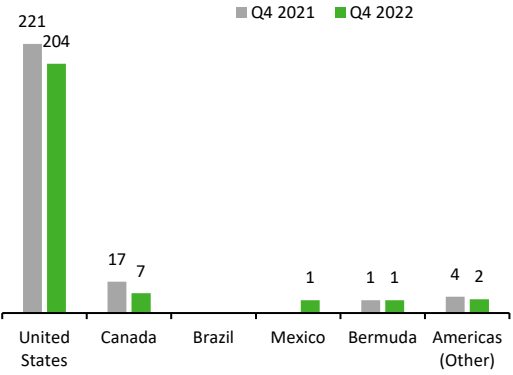
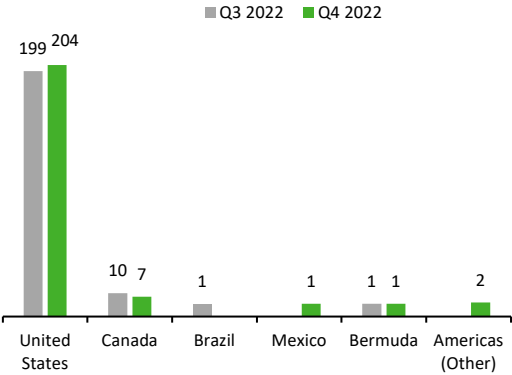
Global divestitures – deal volume analysis

Most active acquiror countries by region⁽¹⁾

Americas

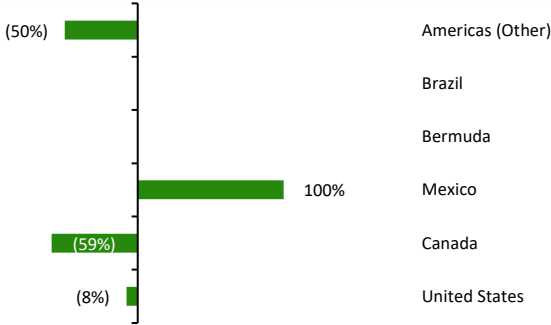
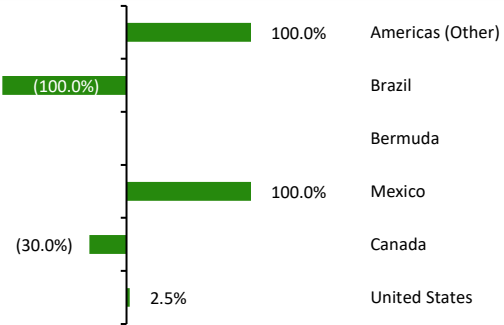
Deal volumes – Q4 2022 vs Q3 2022

Deal volumes – Q4 2022 vs Q4 2021



Deal volume % change – Q4 2022 vs Q3 2022

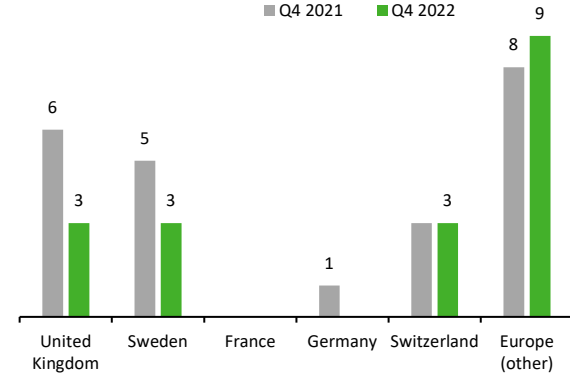
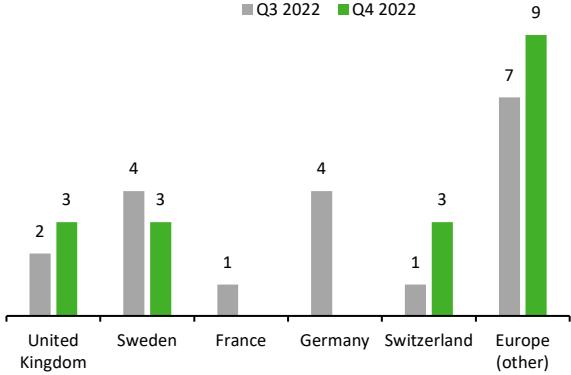
Deal volume % change – Q4 2022 vs Q4 2021



Europe

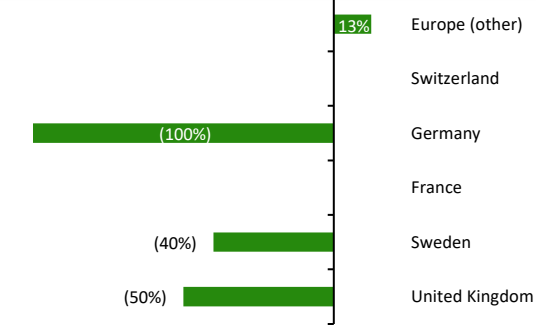
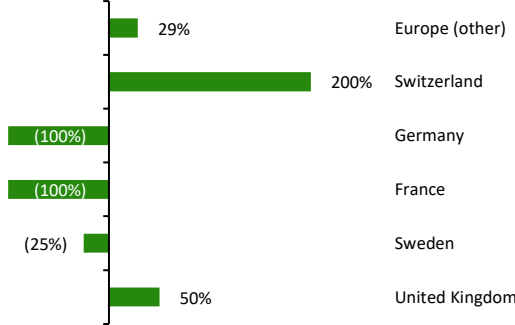
Deal volumes – Q4 2022 vs Q3 2022

Deal volumes – Q4 2022 vs Q4 2021



Deal volume % Change – Q4 2022 vs Q3 2022

Deal volume % Change – Q4 2022 vs Q4 2021



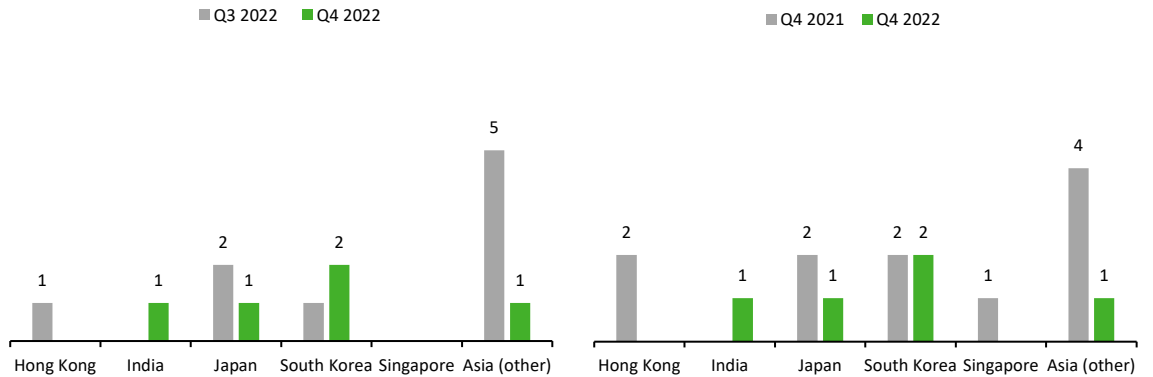
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Global divestitures – deal volume analysis (cont.)

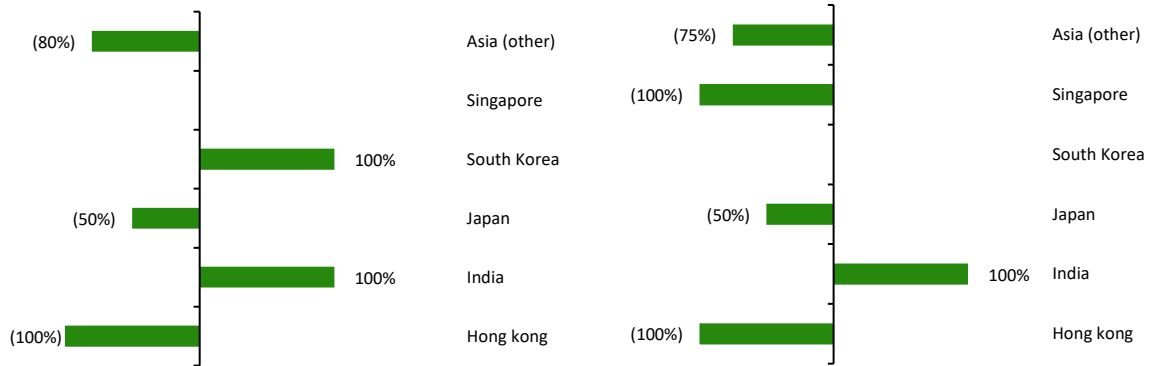
Most active acquiror countries by region⁽¹⁾

Asia

Deal volumes – Q4 2022 vs Q3 2022 Deal volumes – Q4 2022 vs Q4 2021

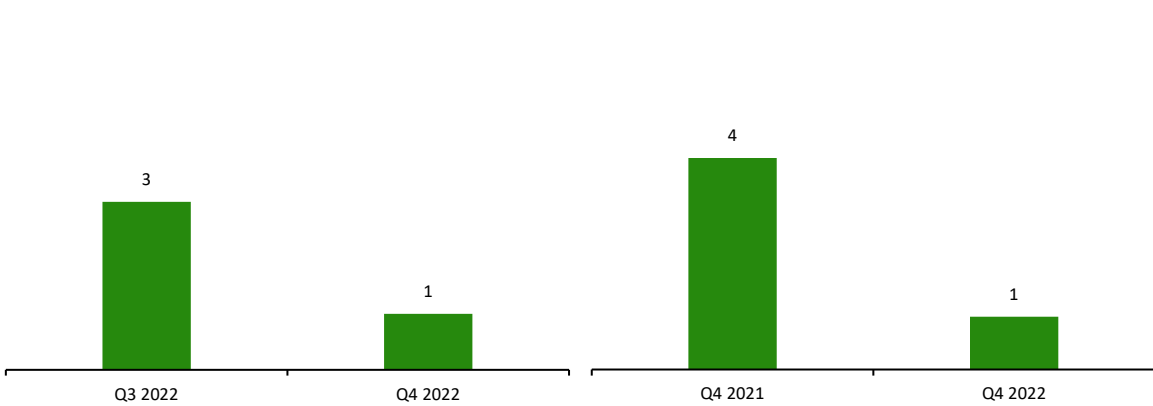


Deal volume % change – Q4 2022 vs Q3 2022 Deal volume % change – Q4 2022 vs Q4 2021



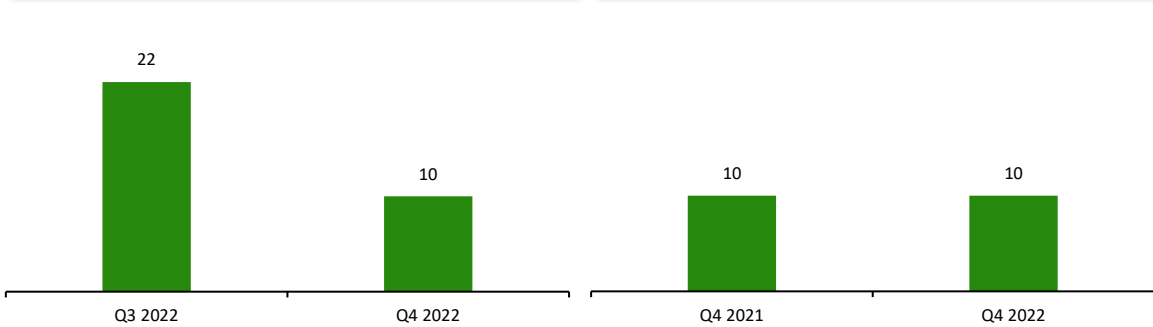
Rest of the world

Deal volumes – Q4 2022 vs Q3 2022 Deal volumes – Q4 2022 vs Q4 2021



Undisclosed acquirors

Deal volumes – Q4 2022 vs Q3 2022 Deal volumes – Q4 2022 vs Q4 2021



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Appendix

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 - b. [Mergermarket](#). Accessed January 12, 2023. Data as of December 31, 2022.
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