

Divestitures Quarterly Update

Q2 2023

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

#1

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
Case study	5
Deloitte thought leadership	6
Recent middle-market divestitures	7
Macroeconomic outlook	8
US historical divestitures	9
Global divestitures	10
Appendix	12



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 increased significantly in Q2 2023 compared to Q1 2023. Number of deals reached 528 in Q2 2023 compared to 286 deals in Q1 2023, a growth of 84.6% QoQ, while overall M&A activity grew by only 11.3%.



Transaction Size

In Q2 2023, transactions with deal values above \$1 billion accounted for 29.2% of the total disclosed deal volumes compared to 0 deals in Q1 2023. Deals with values less than \$250 million accounted for 52.1% of deal volume compared to 71.4% in Q1 2023.



Acquiror Type

Domestic strategic buyers accounted for 52.8% of buyers in divestiture transactions in Q2 2023 compared to 73.1% in Q1 2023. Interest from private equity buyers for divestitures, witnessed significant growth, accounting for 28.8% of the buyers in Q2 2023, compared to 1.8% in Q1 2023.



Industry Focus

Technology once again emerged as the sector of focus for divestitures in Q2 2023, making up 16.5% of all divestiture transactions, followed by Financial Services at 13.1% and Energy & Power with 12.1%.

Despite a slower start in Q1 2023, the divestitures market experienced significant growth in Q2 2023, with companies looking to reorganize resources through carve-outs and spin-offs.

Regional trends⁽¹⁾

Americas

Divestiture activity in the Americas almost doubled in Q2 2023 compared to Q1 2023. The Americas completed 436 transaction in Q2 2023 compared to 229 transactions in Q1 2023.

United States

U.S.-based buyers remain the most active acquirors in the Americas. The number of transactions involving US buyers increased to 411 in Q2 2023 compared to 214 in Q1 2023 .

Canada

Canada’s deal volume continued to show an upward trend, growing 75.0% QoQ with 21 transactions completed in Q2 2023 compared to 12 in Q1 2023.

Europe

Deal activity among European acquirors witnessed extraordinary growth in Q2 2023, growing by 216.7% QoQ. They participated in 38 deals in Q2 2023 up from 12 in Q1.

United Kingdom

U.K.-based acquirors continue to be one of the most active European acquirors. The number of transactions involving U.K. buyers increased to 16 in Q2 2023 compared to only 5 in Q1 2023.

France

5 deals were closed by French buyers in Q2 2023 up from 0 in Q1 2023.

Switzerland

3 deals were closed by Swiss buyers in Q2 2023 compared to 2 deals closed in Q1.

Asia

Divestiture activity in Asia witnessed a 45.5% QoQ increase in Q2 2023 compared to Q1 2023. Asian acquirors closed 16 deals in Q2 compared to 11 in Q1.

Japan

Japanese buyers completed 5 deals in Q2 2023 compared to 4 in Q1 2023.

South Korea

3 deals were closed by South Korean investors in Q2 2023 up from 0 in Q1.

Other Asian Countries

Divestitures deal activity primarily remained flat in other Asian countries such as Hong Kong, Singapore and India.

Divestiture activity grew across the globe, with Europe and the Americas showing significant growth in the second quarter. Deal activity in Asia experienced marginal growth with a few major countries remaining flat.

Case study

Komatsu Ltd. Conveying Businesses

Deal contacts	
Will Frame, Tony Blanchard	
<div><p>Komatsu Ltd.</p><p><i>has divested its US and Australian based conveying businesses to</i></p><p>Stellex Capital Management LLC</p><p><i>The undersigned acted as exclusive financial advisor to Komatsu Ltd.</i></p><p>Deloitte Corporate Finance LLC</p></div>	Client overview
	<ul style="list-style-type: none">▪ Komatsu Ltd. (Komatsu) is a leading designer and manufacturer of material handling conveyor systems and components used in a variety of end markets.<ul style="list-style-type: none">— Specializes in creating conveyor systems for underground mining, surface mining, tunneling, and aggregates ports & processing projects.— Operates as an end-to-end solutions provider across the globe, penetrating European, American, and Southeast Asian markets.
	Situation overview
	<ul style="list-style-type: none">▪ Komatsu engaged DCF to help evaluate market alternatives and the prospect of a divestiture of their global conveyor manufacturing businesses (collectively, the Business).<ul style="list-style-type: none">— Additionally, Deloitte M&A Transaction Services assisted Komatsu with developing carve-out financials.
	DCF's role
	<ul style="list-style-type: none">▪ DCF added significant value by:<ul style="list-style-type: none">— Developing a broad and cohesive set of marketing materials which consolidated multiple, disparate global businesses while clearly highlighting the Business' primary investment merits and growth opportunities.— Running a highly competitive marketing process, yielding numerous indications of interest and letters of intent from international and domestic strategics, as well as financial acquirors.— Assisted with managing an extensive diligence process, as well as advising Komatsu on negotiating a complex transaction structure.

Note: Prior engagement performance is no guarantee of future performance and may not be representative of the experience of other clients. This communication is for informational purposes only and is not intended as an offer or solicitation for the purchase or sale of a security.

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 **help** drive results and provide differentiated insights for our clients.



Be Empowered



Pay It Forward



Be Resourceful








Build Knowledge

Recent insights



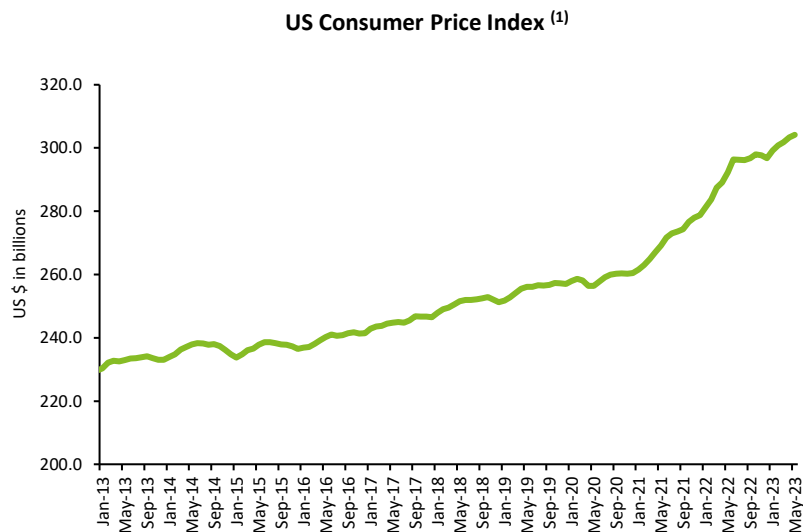
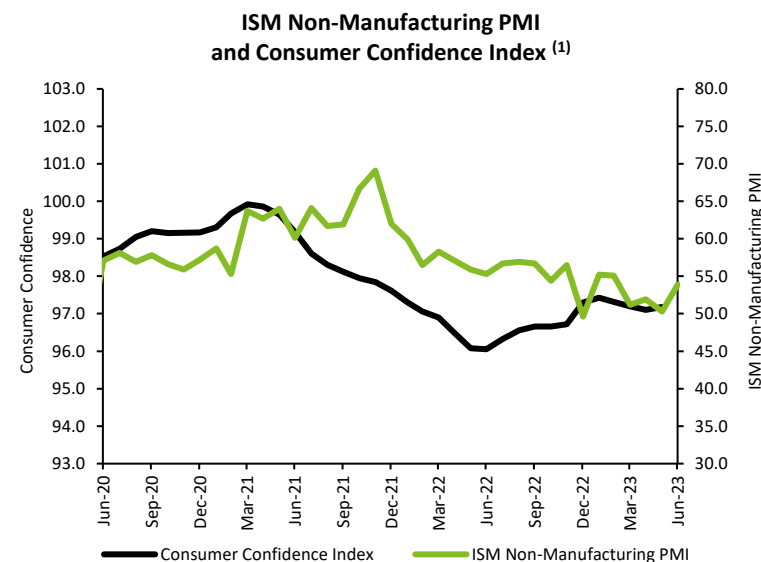
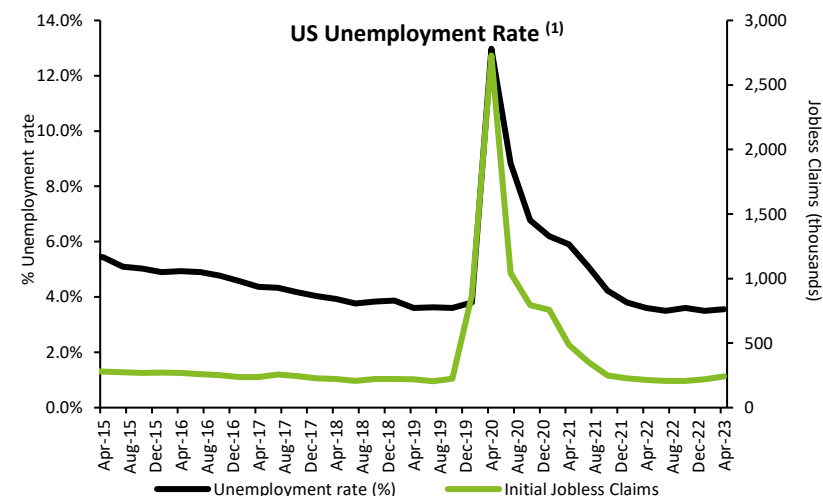
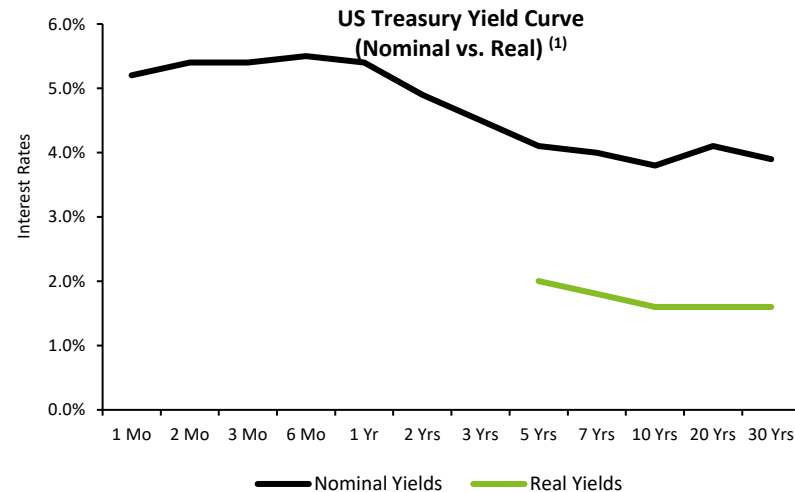
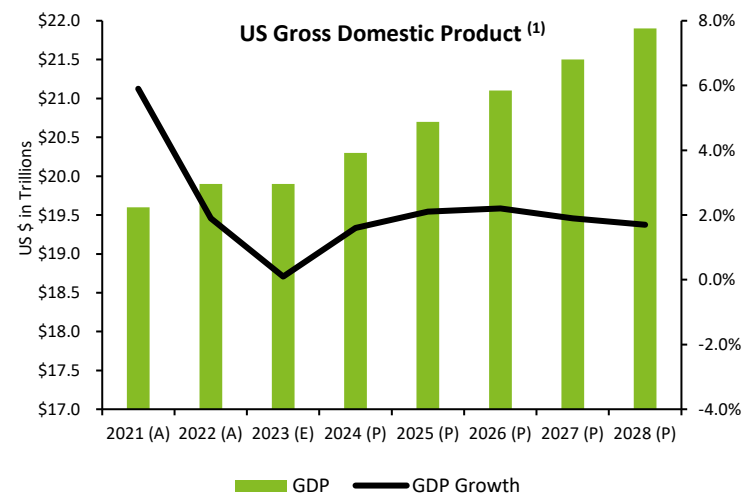
Recent middle-market divestitures⁽¹⁾

Healthcare 	<p>Amphastar Medication completed the acquisition of BAQSIMI worldwide and related assets of Eli Lilly & Company</p> <ul style="list-style-type: none"> Amphastar Medication, a subsidiary of Amphastar Pharmaceuticals, Inc., which develops, manufactures, markets, and sells generic and proprietary injectable, inhalation, and intranasal products, completed the acquisition of BAQSIMI worldwide and related assets of Eli Lilly and Company for \$1.2 billion on June 30, 2023. Eli Lilly and Company discovers, develops, and markets human pharmaceuticals worldwide. 	<p>Announced Date: April 2023 Total Transaction Value: \$1,200 million</p>
Technology 	<p>Amdocs Limited agreed to acquire Service Assurance business of TEOCO Corporation</p> <ul style="list-style-type: none"> Amdocs Limited, a provider of software and services worldwide agreed to acquire Service Assurance business of TEOCO for \$90 million on May 10, 2023. TEOCO Corporation owns and operates assurance, analytics, and optimization solutions to communication service providers (CSPs) and original equipment manufacturers (OEMs) worldwide. The transaction was completed on July 3, 2023. 	<p>Announced date: May 2023 Total Transaction Value: \$90 million</p>
Industrials 	<p>Linamar Corporation agreed to acquire Battery Enclosures Business of DURA Automotive Systems</p> <ul style="list-style-type: none"> Linamar Corporation, which produces engineered products in mobility and industrials sectors, reached a definitive agreement to acquire Battery Enclosures Business of DURA Automotive Systems for \$325 million on May 30, 2023. DURA Automotive Systems, LLC designs, manufactures, and supplies automotive parts for original equipment manufacturers and other transportation industries. 	<p>Announced Date: May 2023 Total Transaction Value: \$325 million</p>
Materials 	<p>PureTech Scientific Inc. entered into an agreement to acquire Glycolic Acid business of The Chemours Company</p> <ul style="list-style-type: none"> PureTech Scientific Inc., which develops organic synthesis for the life sciences and specialty chemical industries, entered into a definitive agreement to acquire Glycolic Acid business of The Chemours Company for \$137 million on June 1, 2023. The Chemours Company provides performance chemicals in North America, the Asia Pacific, Europe, the Middle East, Africa, and Latin America. 	<p>Announced Date: June 2023 Total Transaction Value: \$137 million</p>
Healthcare 	<p>Steris agreed to acquire the Surgical Instrumentation Platform of Becton, Dickinson and Company</p> <ul style="list-style-type: none"> STERIS, a provider of products and services that support patient care, signed a definitive agreement to purchase the surgical instrumentation, laparoscopic instrumentation and sterilization container assets from Becton, Dickinson and Company for \$540 million on June 20, 2023. Becton, Dickinson and Company develops, manufactures, and sells medical supplies, devices, laboratory equipment, and diagnostic products. 	<p>Announced Date: June 2023 Total Transaction Value: \$540 million</p>

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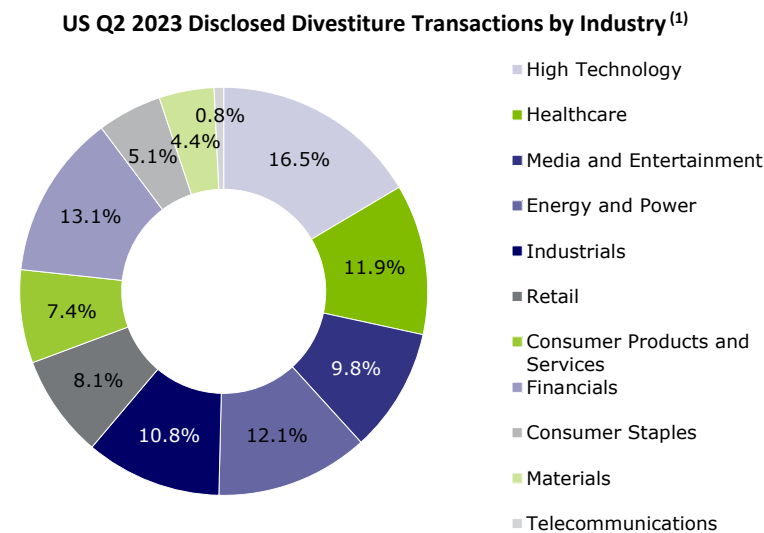
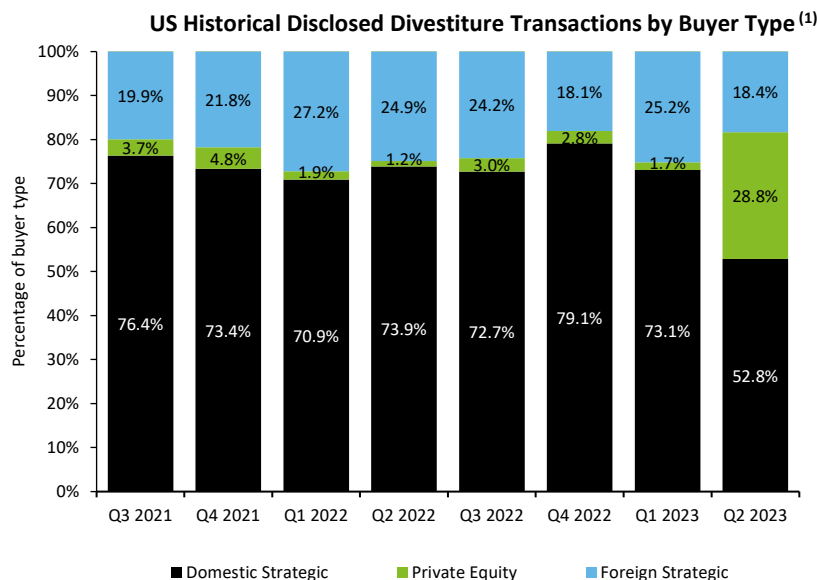
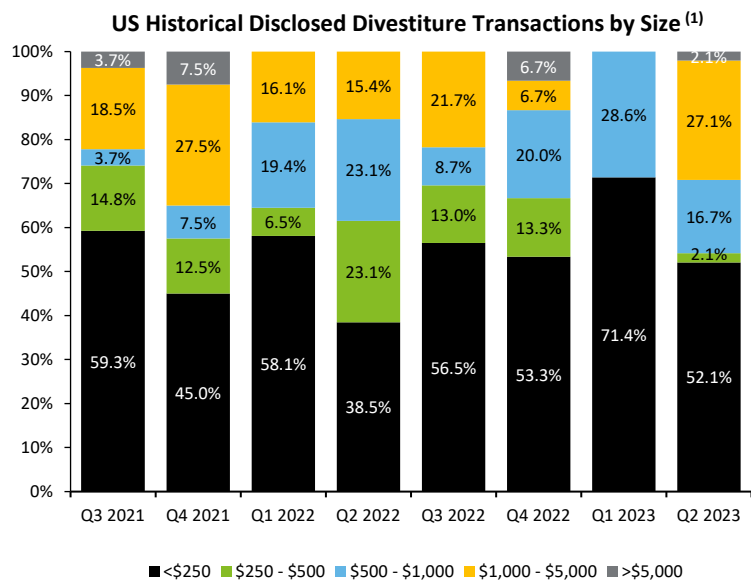
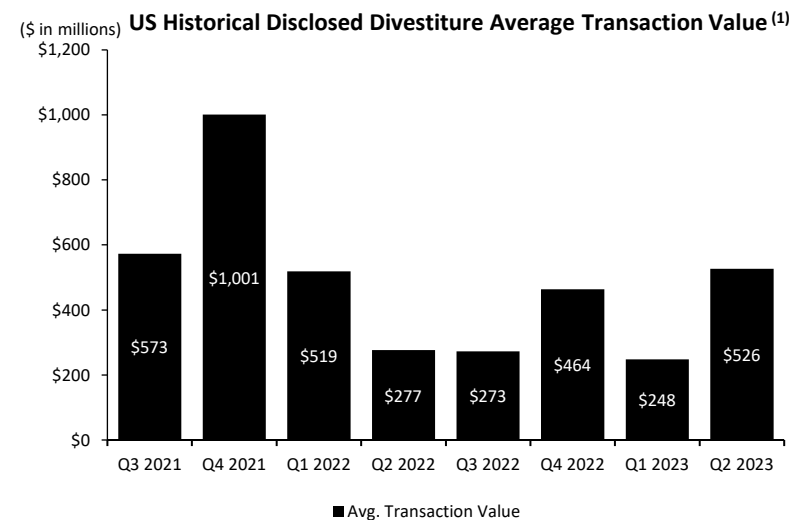
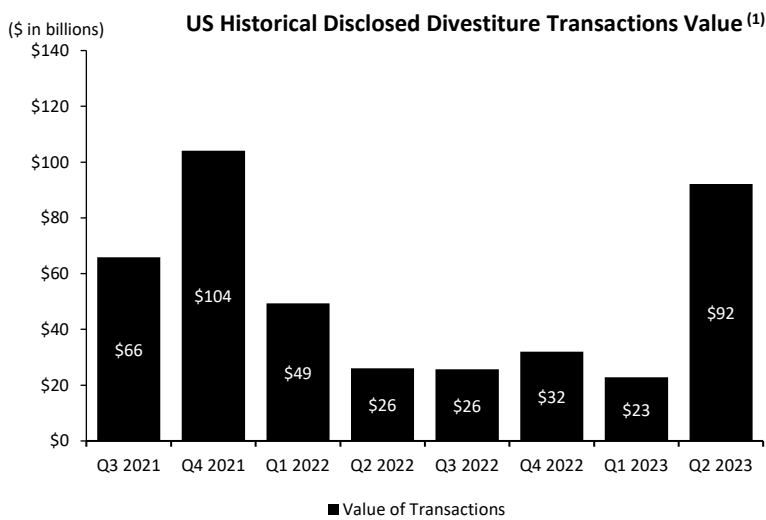
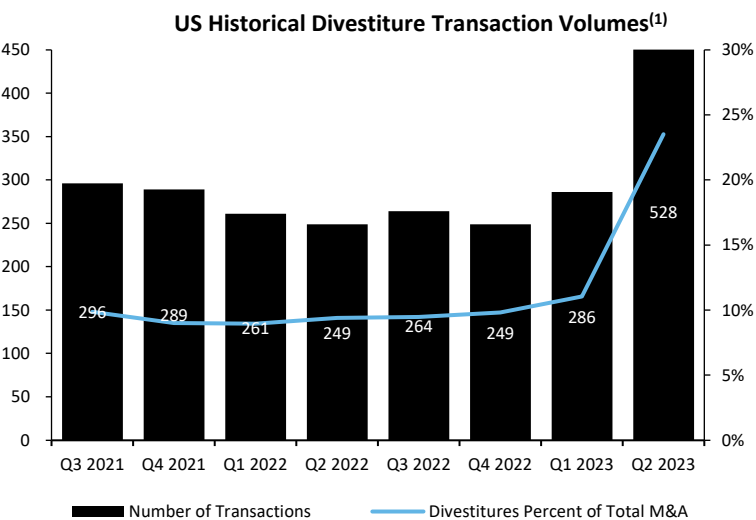
Macroeconomic outlook



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US historical divestitures



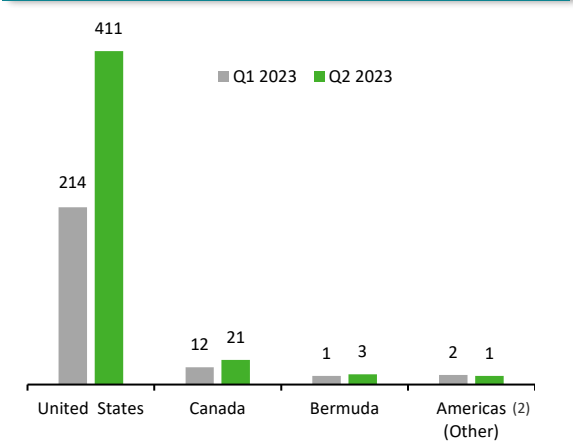
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Global divestitures – deal volume analysis

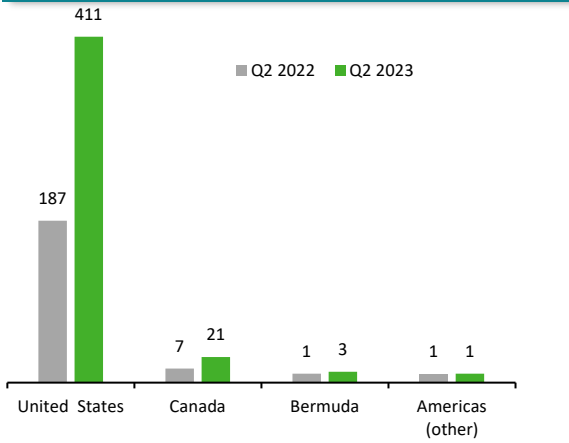
Most active acquiror countries by region⁽¹⁾

Americas

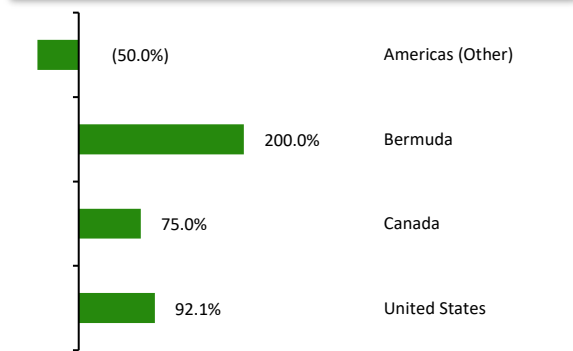
Deal volumes – Q2 2023 vs Q1 2023



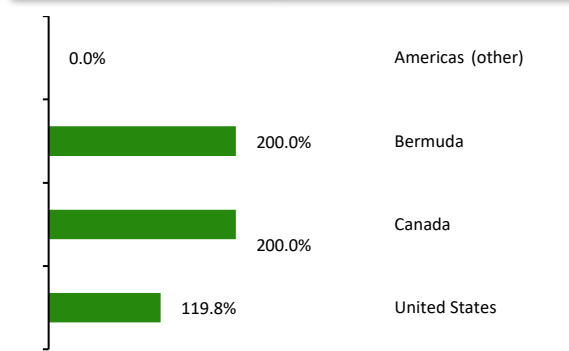
Deal volumes – Q2 2023 vs Q2 2022



Deal volume % change – Q2 2023 vs Q1 2023

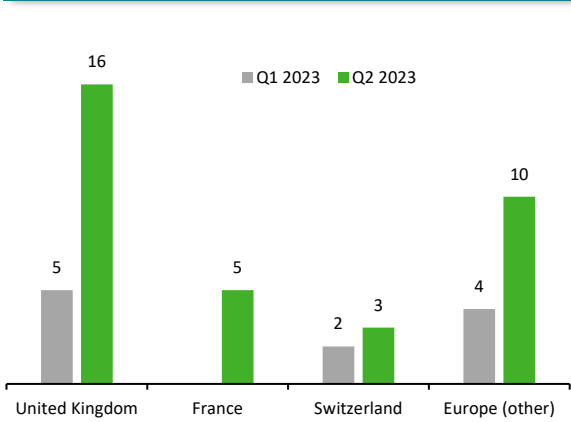


Deal volume % change – Q2 2023 vs Q2 2022

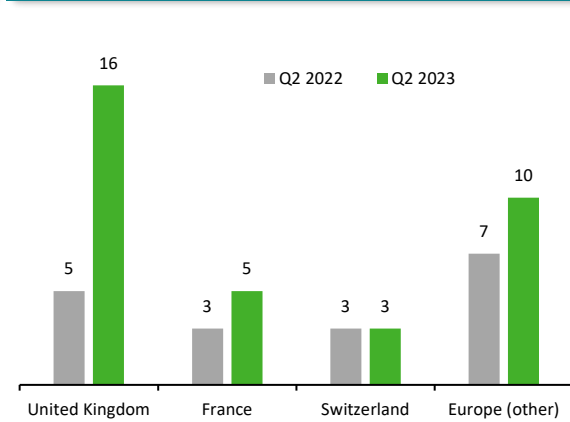


Europe

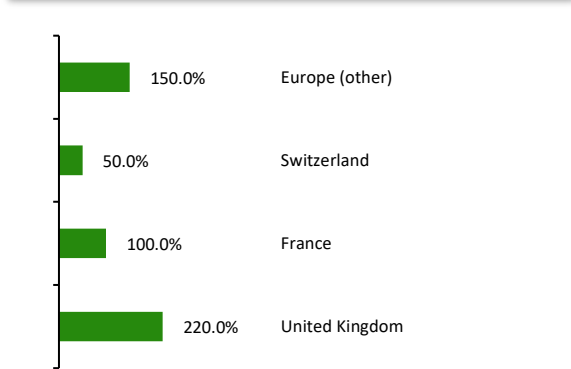
Deal volumes – Q2 2023 vs Q1 2023



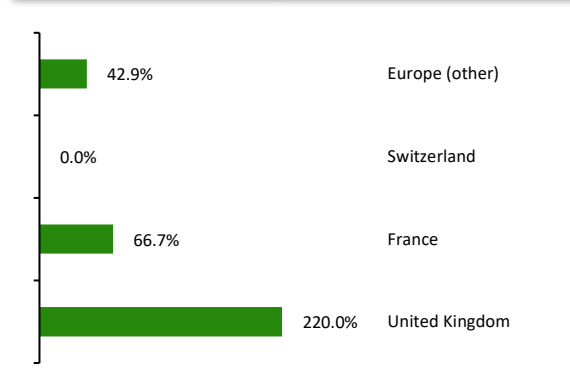
Deal volumes – Q2 2023 vs Q2 2022



Deal volume % Change – Q2 2023 vs Q1 2023



Deal volume % Change – Q2 2023 vs Q2 2022



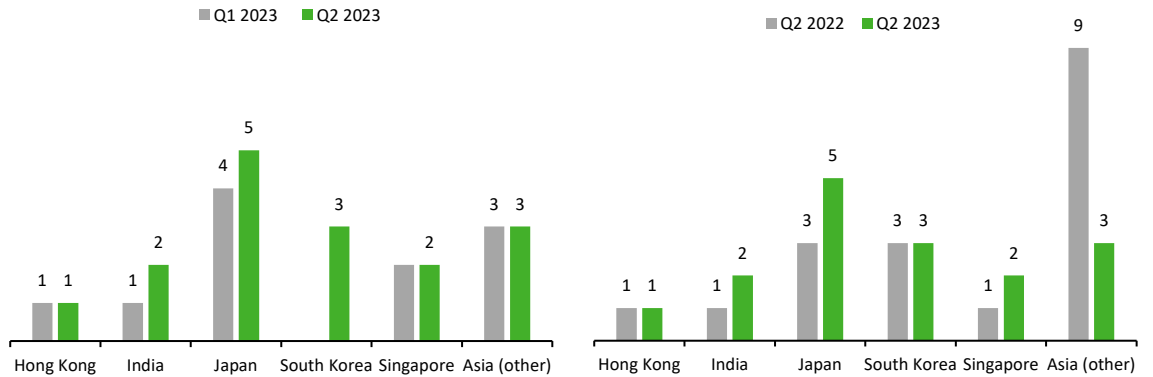
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Global divestitures – deal volume analysis (cont.)

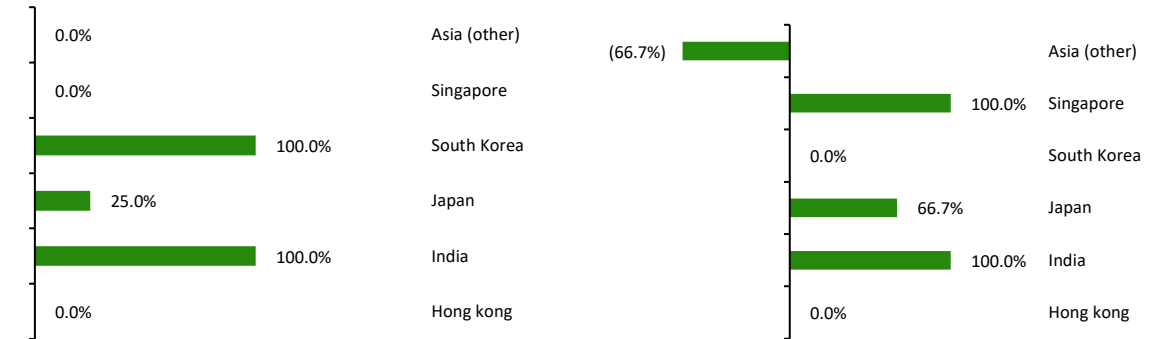
Most active acquiror countries by region⁽¹⁾

Asia

Deal volumes – Q2 2023 vs Q1 2023 Deal volumes – Q2 2023 vs Q2 2022

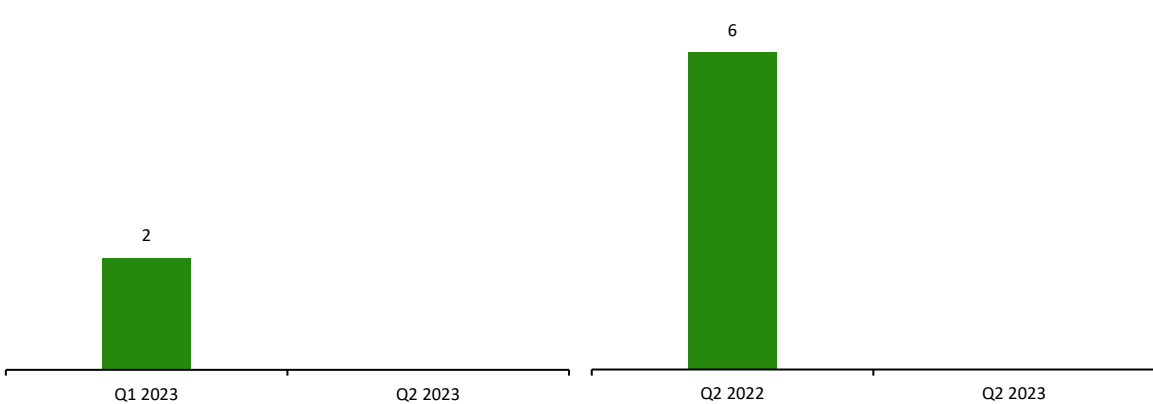


Deal volume % change – Q2 2023 vs Q1 2023 Deal volume % change – Q2 2023 vs Q2 2022



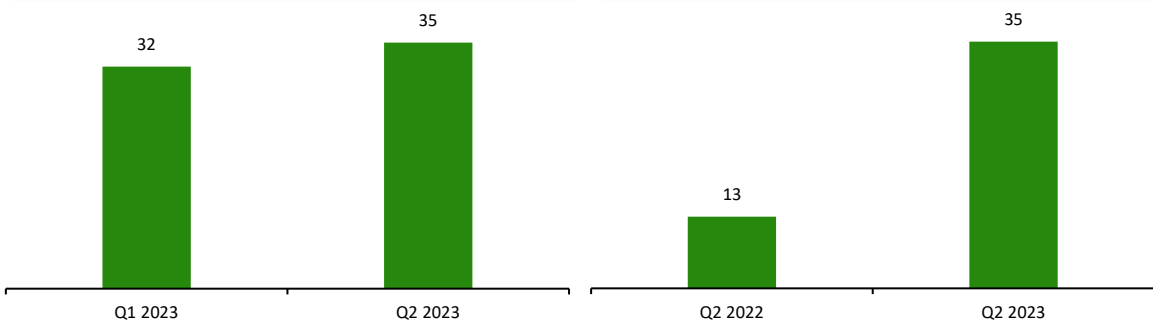
Rest of the world

Deal volumes – Q2 2023 vs Q1 2023 Deal volumes – Q2 2023 vs Q2 2022



Undisclosed acquirors

Deal volumes – Q2 2023 vs Q1 2023 Deal volumes – Q2 2023 vs Q2 2022



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Appendix

Sources cited

Page 2:

1. [Mergermarket](#). Accessed July 12, 2023. Data as of June 30, 2023.

Page 4:

1. [Refinitiv](#). Accessed July 12, 2023. Data as of June 30, 2023.

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 - b. [Mergermarket](#). Accessed July 12, 2023. Data as of June 30, 2023.
 - c. [Refinitiv](#). Accessed July 12, 2023. Data as of June 30, 2023.

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 - b. [Refinitiv](#). Accessed July 12, 2023. Data as of June 30, 2023



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