

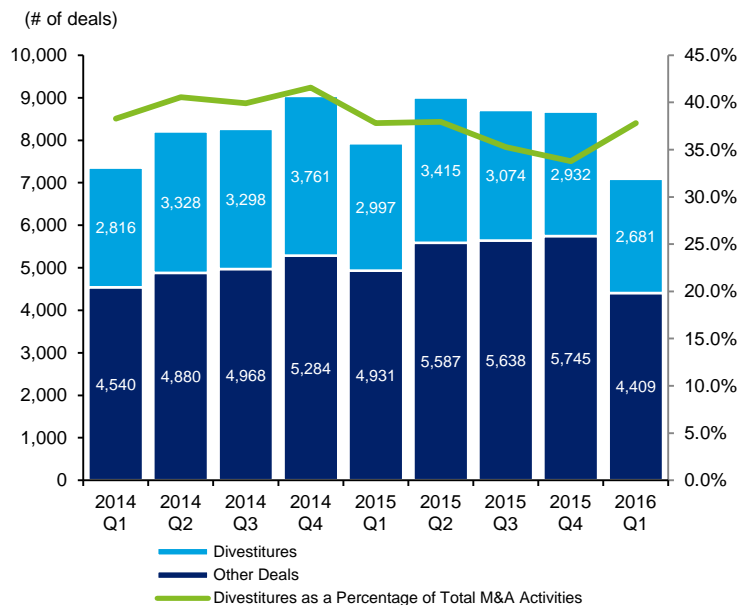
Divestiture M&A news: 2016 Q1 Recap

Global divestiture market experienced a slower start to 2016

Divestiture activity starts slow

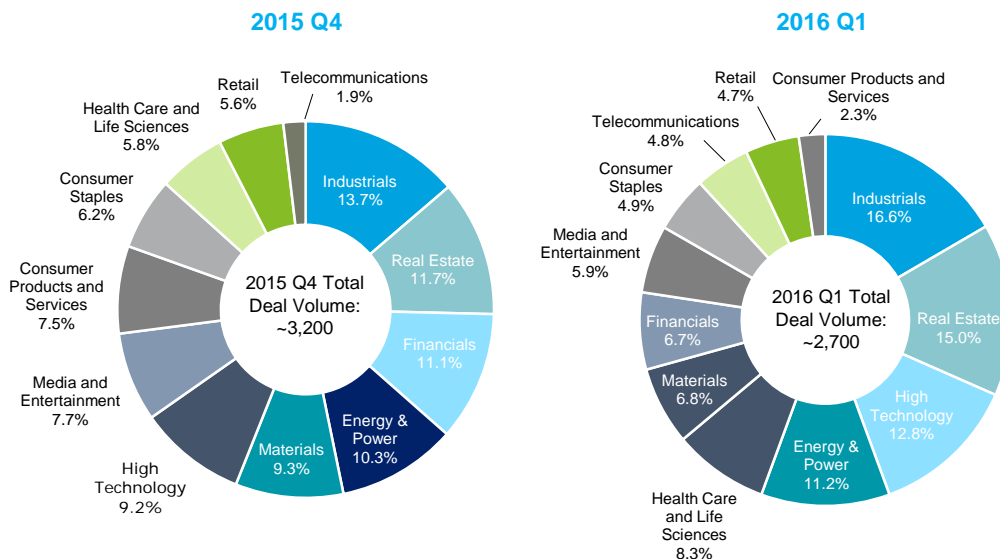
- Divestiture activity declined in 2016 Q1 vs. 2015 Q4, continuing a seasonal pattern experienced in the first quarters of 2014 and 2015. Should the historical cycle trend continue, M&A volume will recover in the second quarter.
- 2016 Q1 divestiture volume declined by 8.6% compared to 2015 Q4 while non-divestiture M&A volume declined by 23.2%, demonstrating resilient demand of divestiture transactions relative to non-divestiture transactions.

2014 Q1 - 2016 Q1 global divestiture activity vs. total M&A⁽¹⁾ activity



Source: Thomson Financial, Deloitte analysis

Divestiture sector activity (by target) 2015 Q4 vs. 2016 Q1



Source: Thomson Financial, Deloitte analysis

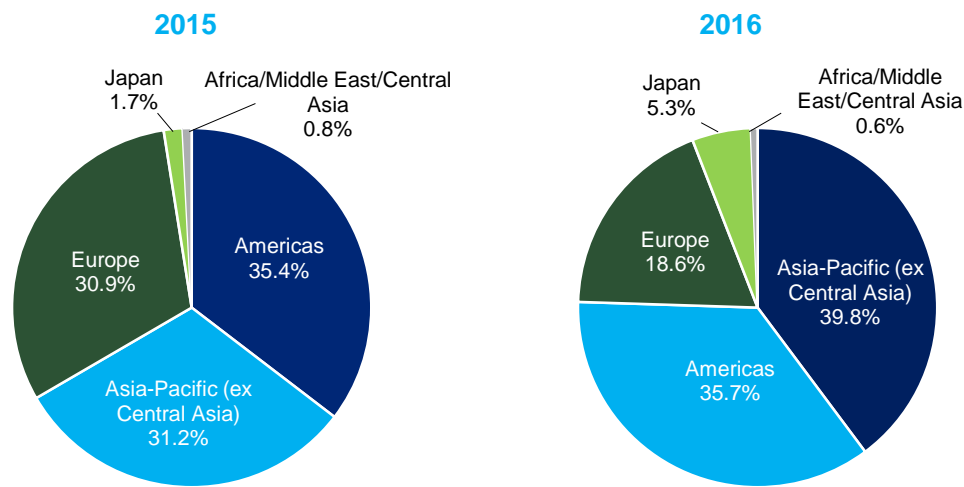
Industrials remain the most active sector

- With 445 divestiture transactions announced in 2016 Q1, the Industrials sector continues to be the most active, representing a 1.6% increase in deal volume compared to 2015 Q4.⁽²⁾
- Industrials, Real Estate, and Energy & Power increased as a percentage of total volume, while the Financials and Materials sectors declined by 4.4% and 2.5% respectively quarter-over-quarter.

Asia-Pacific buyers drive Q1 divestiture activity

- Significant Chinese activity resulted in Asia-Pacific buyers closing 39.8% of all divestiture transactions in Q1 2016 due to increased interest in energy and technology assets, displacing American buyers as the largest acquirer group by volume.⁽³⁾
- American buyers closed approximately 35.7% of total divestiture deals in 2016 Q1, similar to the region's share in 2015 Q4.
- European buyers were less active in divestiture acquisitions in 2016 Q1, closing only 18.6% of all transactions vs. 30.9% in 2015 Q1. This decline was likely driven by continued weak macroeconomic conditions across Europe.

2015 Q1 vs. 2016 Q1 global divestiture acquiror region changes

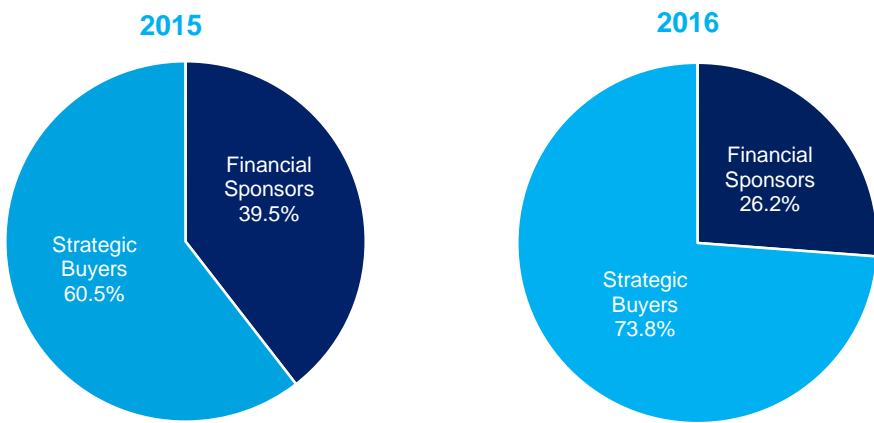


Source: Thomson Financial, Deloitte analysis

More divestitures captured by strategic buyers

- Strategic acquirors have increased divestiture-related acquisition activity from 60.5% of all transactions to 73.8%.
- In 2016 Q1, only 26.2% divestiture transactions were closed by financial sponsors, representing a 33.7% decrease from 2015 Q1 due to significant decrease in leverage buyout volume.⁽²⁾

2015 Q1 vs. 2016 Q1 changes in divestiture acquiror types



Source: Thomson Financial, Deloitte analysis

Footnote:
 (1) Total M&A multiple averages include divestiture multiple averages
 (2) Thomson Financial
 (3) Deloitte Analysis



Welcoming a new Managing Director

Deloitte Corporate Finance LLC is pleased to announce the addition of Bill Kerkam, Managing Director, to focus on advisory efforts in the packaging space. Bill joins our team from WestRock (formerly with MeadWestvaco), where he worked closely with senior management to lead acquisition and divestiture activities.

Dig deeper

Explore Deloitte's mergers, acquisitions, and divestiture-related news and insights.

M&A trends report 2016: Is last year's record pace sustainable?

Coming off a record year for mergers and acquisitions (M&A), an overwhelming majority of executives at US corporations and private equity firms forecast that deal activity will stay strong or even ramp up. What M&A trends are driving their optimism? What factors could potentially put the brakes on? Our third annual trends report asks M&A leaders for their predictions.

[Read the report.](#)

Better break-ups: The art of the divestiture

In their continuing efforts to unlock greater shareholder value from portfolio realignment, CFOs are increasingly turning to spin-offs, which create new public companies out of existing business units. In this issue of CFO Insights, we look at four lessons to consider when separating an entity and keys to helping companies get it right the first time.

[Read more.](#)

CFO Signals™ 2016 Q1: A rough 2016 start for economies and equities sparks concerns

Performance expectations have fallen sharply to levels at or near new survey lows, and CFOs' confidence in their companies' longer-term prospects is on the verge of turning net-negative for the first time in more than three years.

[Access the report.](#)

Divesting with confidence

When selling part of your business, Deloitte Corporate Finance LLC can bring significant industry knowledge and local market experience from around the globe to your transaction. Clients turn to us for our experience assisting companies as they execute transactions, from initial planning and marketing, through due diligence, closing, and post-closing.

Our sell-side advisory services include:

- Analyzing shareholder alternatives
- Range of value analysis
- Pre-sale due diligence
- Identifying qualified strategic and financial buyers globally
- Developing marketing materials
- Conducting competitive marketing processes
- Coordinating management presentations with client-selected acquirors
- Facilitating post-LOI diligence streams
- Advising on transaction structuring, negotiations, and closing

Contact us

Phil Colaco

National Managing Director
Deloitte Corporate Finance LLC
+1 704 333 0533
philcolaco@deloitte.com

Will Frame

Managing Director
Deloitte Corporate Finance LLC
+1 312 486 4458
wframe@deloitte.com

Tony Blanchard

Managing Director
Deloitte Corporate Finance LLC
+1 313 396 3738
anblanchard@deloitte.com

Nat Clarkson

Vice President
Deloitte Corporate Finance LLC
+1 704 731 7203
nclarkson@deloitte.com

www.investmentbanking.deloitte.com

This newsletter is a periodic compilation of certain capital markets information. Information contained in this newsletter should not be construed as a recommendation to sell or a recommendation to buy any security. Any reference to or omission of any reference to any company in this newsletter shall not be construed as a recommendation to sell, buy or take any other action with respect to any security of any such company. We are not soliciting any action with respect to any security or company based on this newsletter. This newsletter is published solely for the general information of clients and friends of Deloitte Corporate Finance LLC. It does not take into account the particular investment objectives, financial situation, or needs of individual recipients. Certain transactions, including those involving early stage companies, give rise to substantial risk and are not suitable for all investors. This newsletter is based on information that we consider reliable, but we do not represent that it is accurate or complete, and it should not be relied upon as such. Prediction of future events is inherently subject to both known risks, uncertainties and other factors that may cause actual results to vary materially. We are under no obligation to update the information contained in this newsletter. We and our affiliates and related entities, partners, principals, directors, and employees, including persons involved in the preparation or issuance of this newsletter, may from time to time have "long" and "short" positions in, and buy or sell, the securities, or derivatives (including options) thereof, of companies mentioned herein. The companies mentioned in this newsletter may be: (i) investment banking clients of Deloitte Corporate Finance LLC; or (ii) clients of Deloitte Financial Advisory Services LLP and its related entities. The decision to include any company for mention or discussion in this newsletter is wholly unrelated to any audit or other services that Deloitte Corporate Finance LLC may provide or to any audit services or any services that any of its affiliates or related entities may provide to such company. No part of this newsletter may be copied or duplicated in any form by any means, or redistributed without the prior written consent of Deloitte Corporate Finance LLC.

About Deloitte

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a detailed description of DTTL and its member firms.

Deloitte Corporate Finance LLC, an SEC registered broker-dealer and member of [FINRA](#) and [SIPC](#), is an indirect wholly-owned subsidiary of Deloitte Financial Advisory Services LLP and affiliate of Deloitte Transactions and Business Analytics LLP. Deloitte Financial Advisory Services LLP is a subsidiary of Deloitte LLP. Investment banking products and services within the United States are offered exclusively through Deloitte Corporate Finance LLC. For more information, visit www.investmentbanking.deloitte.com. Please see www.deloitte.com/us/about for a detailed description of the legal structure of Deloitte LLP and its subsidiaries. Certain services may not be available to attest clients under the rules and regulations of public accounting.

Copyright © 2016 Deloitte Development LLC. All rights reserved.

Member of Deloitte Touche Tohmatsu Limited