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US Divestitures update

2020 year in review

Deloitte Corporate Finance LLC |
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Divestiture trends

Overall trends¹

COVID-19 had a mixed impact on divestiture activity in 2020. While initially putting a pause on M&A activity as a whole amidst immense uncertainty, the pandemic and its marked impact on operating environments prompted a reevaluation of strategies and portfolios. Divestitures soon became viewed as a unique opportunity to reposition companies for growth by offloading underperforming or non-core operations to delever and focus on core operations and profitability. This asset carve-out activity is reflected in a variety of statistics relative to previous periods. Though divestiture transaction volume dropped slightly from 2,433 transactions in 2019 to 2,390 in 2020, disclosed transaction value fell precipitously from \$238 billion to \$138 billion. Likewise, divestiture size distribution continued to shift toward smaller deal activity, with 57.1 percent of disclosed transaction values below \$250 million and 70.0 percent below \$500 million.



Global activity²

Acquirors of divested US businesses continue to be predominantly based in the US, with domestic strategics accounting for 58.7 percent of buyer activity. Canada and the UK remained the most active acquiror countries by volume at 76 and 63 completed divestitures, respectively. Both volumes represented increases in activity over 2019 levels, with Canada up 1.3 percent and the UK up 21.2 percent. Asia's activity slowed significantly from 2019, with 22.4 percent decline in transaction volume. Noticeably, Japan's transaction volume fell 65.0 percent from 24 completed deals in 2019 to only six completed in 2020, while India's and China's transaction volume more than doubled. India completed nine deals in 2020, up from four in 2019, and China completed eight, up from three in 2019.

In this update:

- Divestiture trends
- Economic outlook
- Divestiture transactions
- Industry analysis
- Select M&A transactions
- Appendix

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 activity

In the news

December, 2020 – Uber Technologies announced the divestiture of its autonomous driving unit, Uber Advanced Technologies Group, to Aurora Innovation, a developer of software and hardware products for autonomous vehicles, for \$4 billion. As part of the agreement, Uber will take a 26 percent ownership interest in Aurora, and the companies will enter into an agreement to collaborate on the launch and commercialization of self-driving vehicles through Uber's ridesharing network. The transaction allows Uber to offload the expensive start-up unit to focus on profitability and more near-term commercial opportunities while participating in the business's potential upside.

October, 2020 – Intel reached an agreement to sell its NAND memory chip business to SK Hynix for \$9 billion. The sale continues Intel's strategy of selling non-core operations and allows Intel to further focus on its primary CPU memory chip business. With the acquisition, SK Hynix is expected to nearly double its NAND memory chip industry market share to over 20 percent.

August, 2020 – 7-Eleven entered into an agreement with Marathon Petroleum Corp to acquire the Speedway convenience store chain for \$21 billion. Speedway's complementary geographic footprint allows 7-Eleven to diversify its geographic presence and further expand into the Midwest and East Coast regions of the US. The combined operations provide 7-Eleven a presence in 47 of the 50 highest populated metro areas of the US, positioning the company as a leader in a fragmented industry.

November, 2020 – Dominion Energy closed the sale of the majority of its natural gas transmission and storage assets to Berkshire Hathaway Energy for approximately \$2.7 billion in cash and the transfer of \$5.3 billion of debt to the buyer. Dominion also expects to sell its interest in Questar Pipelines to Berkshire Hathaway Energy upon regulatory approval in early 2021 for approximately \$1.3 billion in cash and the transfer of \$430 million of debt to the buyer. The full transaction is expected to reduce Dominion's debt balance by nearly \$6 billion and allow the company to focus on its state-regulated, sustainability-focused utility operations and carbon and methane emission-reduction investment programs.

Who we are:

Deloitte Corporate Finance LLC is a leading global middle market M&A adviser. Our professionals have extensive knowledge across sectors and use their experience to help clients create and act upon opportunities for liquidity, growth, and long-term advantages.

Contacts

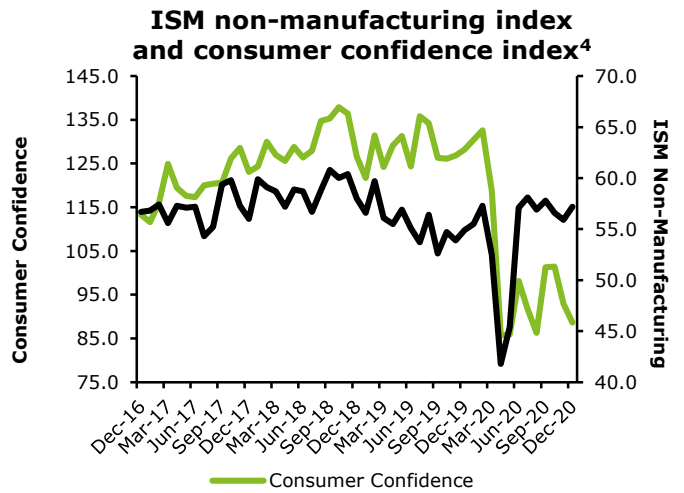
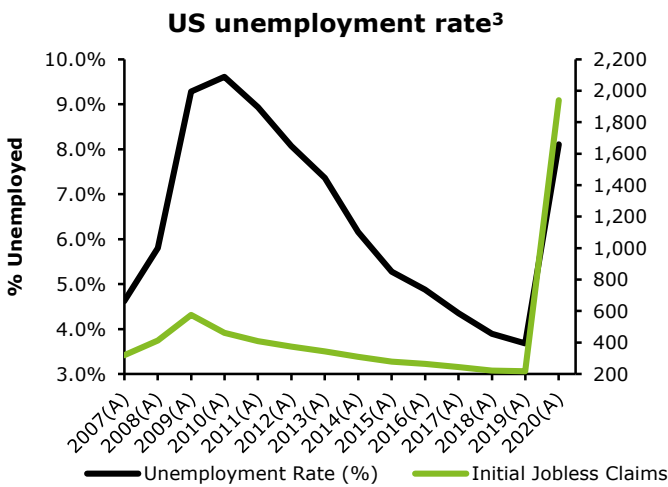
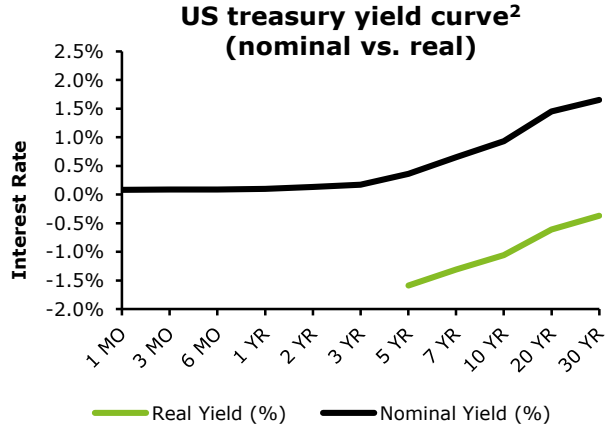
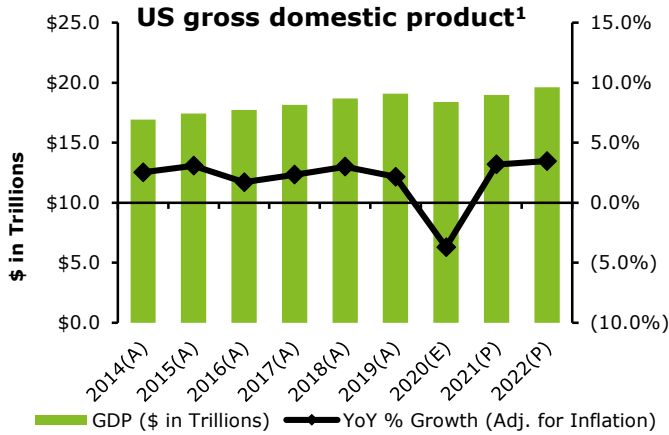
Will Frame

Managing Director
wframe@deloitte.com
+1 (312) 486-4458

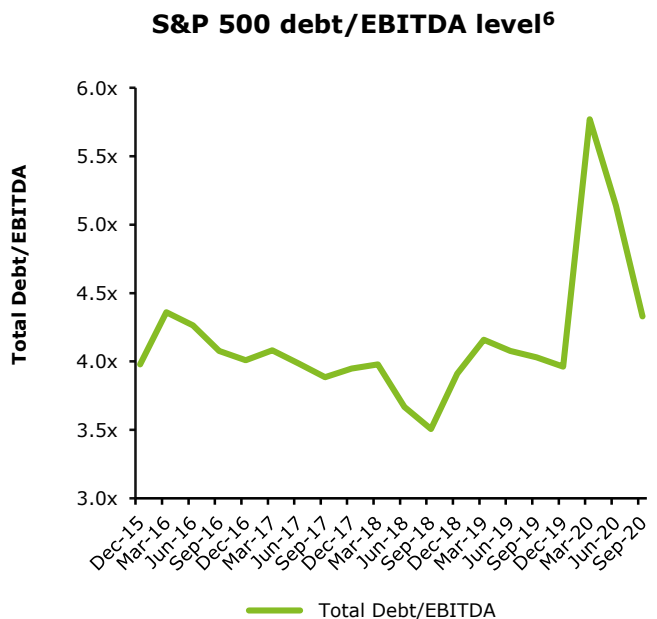
Tony Blanchard

Managing Director
anblanchard@deloitte.com
+1 (312) 486-1640

Macroeconomic outlook

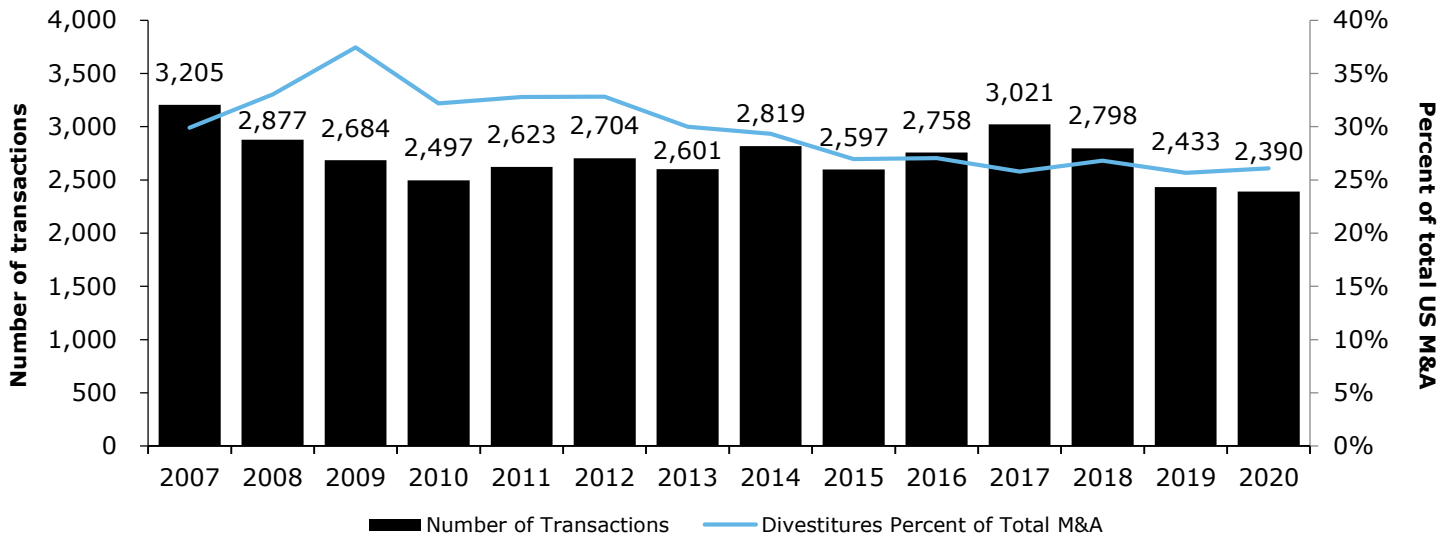


Note: An ISM Non-Manufacturing Index value above 50 signals economic expansion.

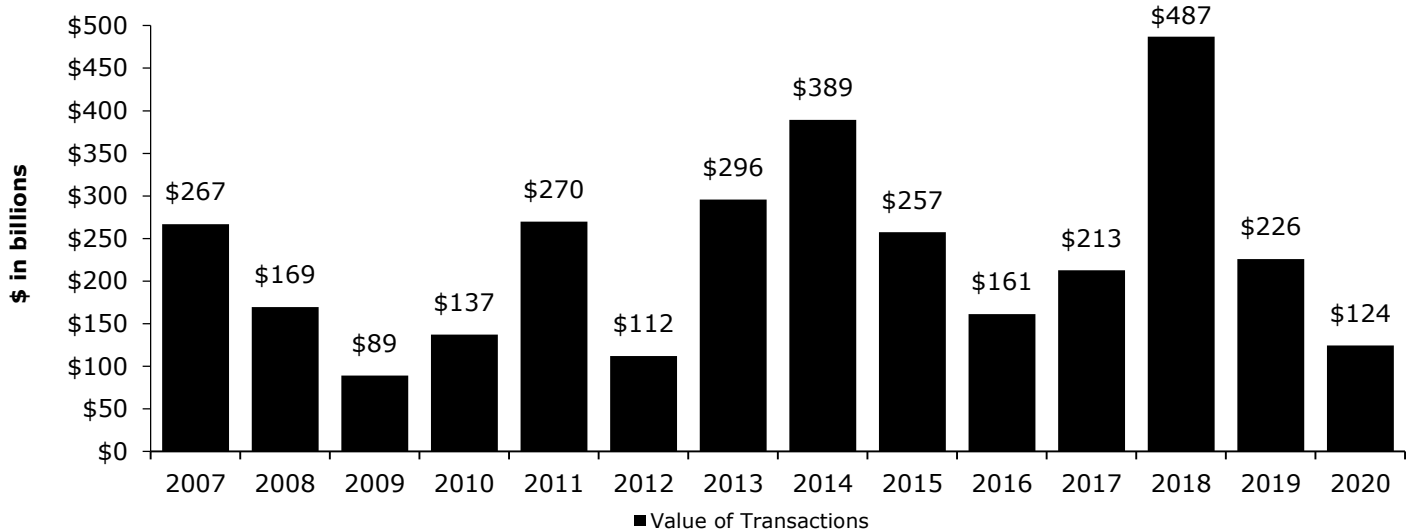


Note: EBITDA defined as earnings before interest, taxes, depreciation and amortization for the prior twelve-month period.

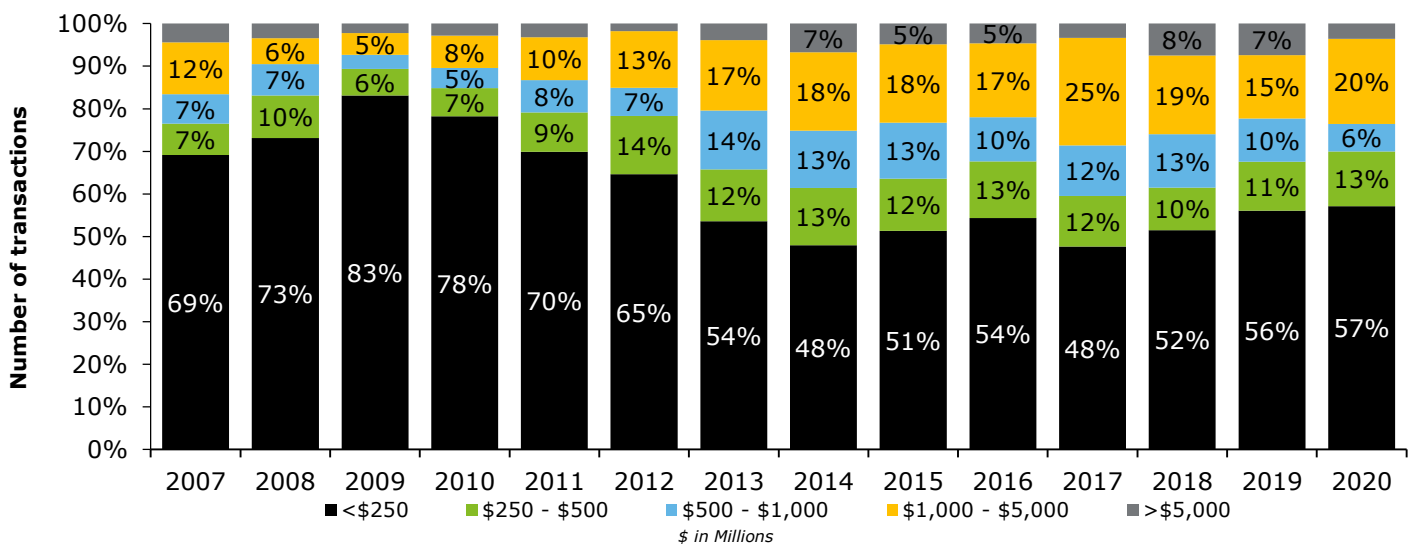
US historical divestiture transaction volumes¹



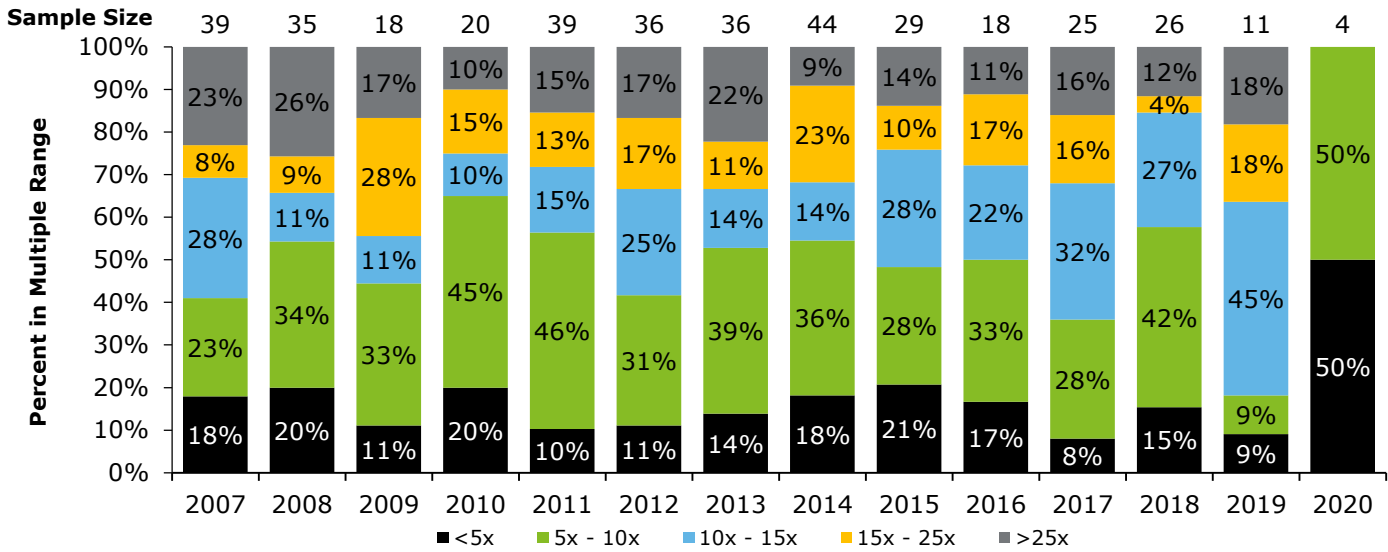
US historical disclosed divestiture transactions value²



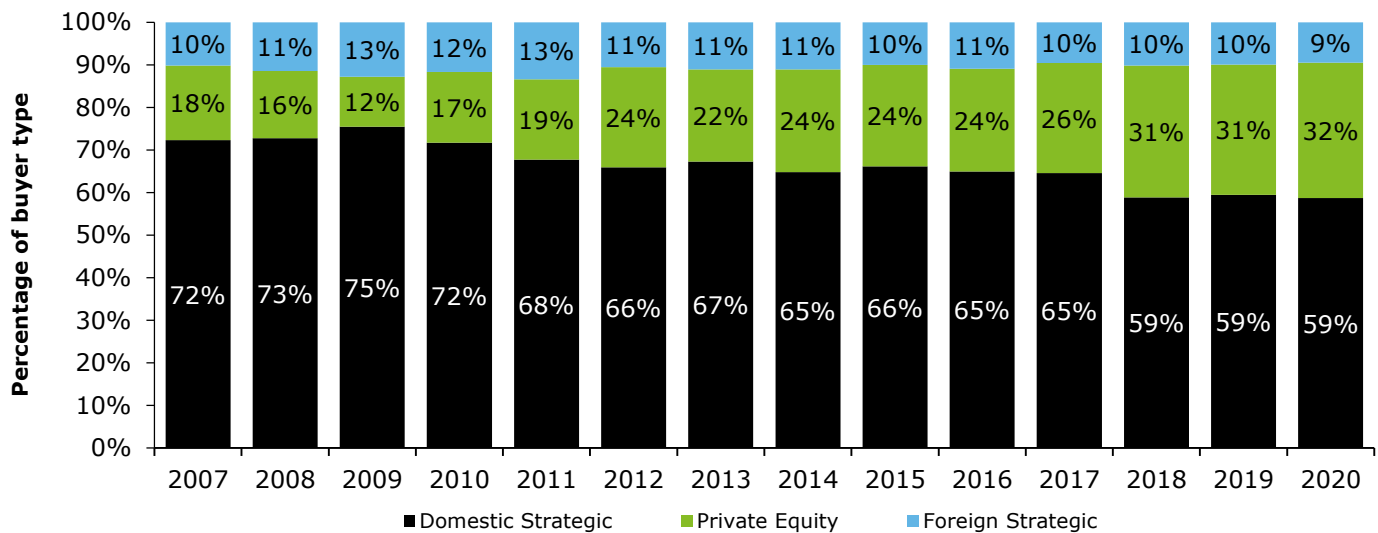
US historical disclosed divestiture transactions by size³



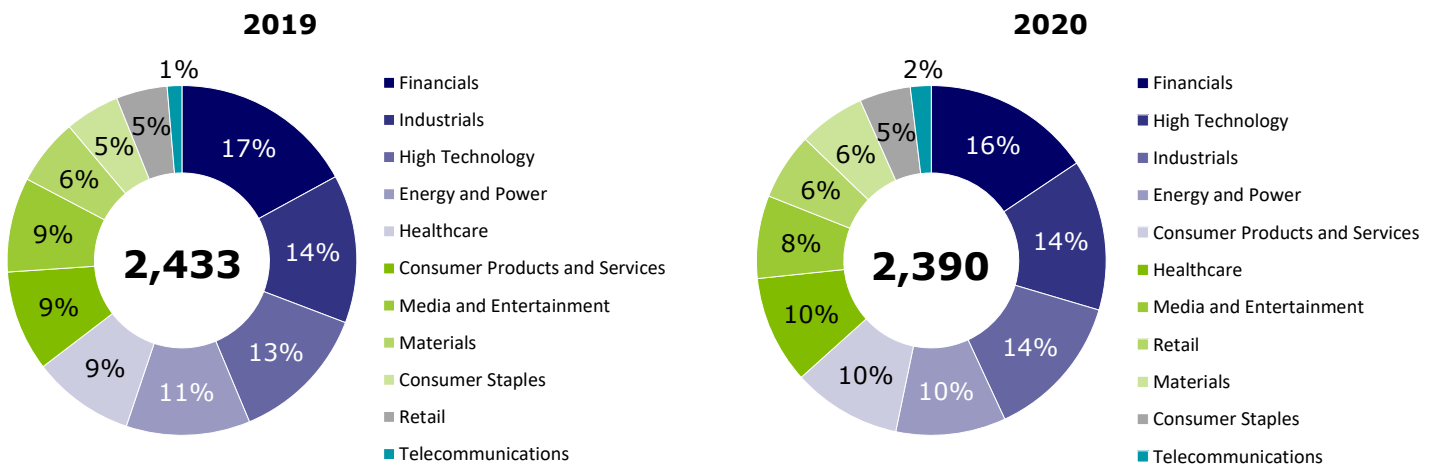
US historical disclosed divestiture transaction multiples¹



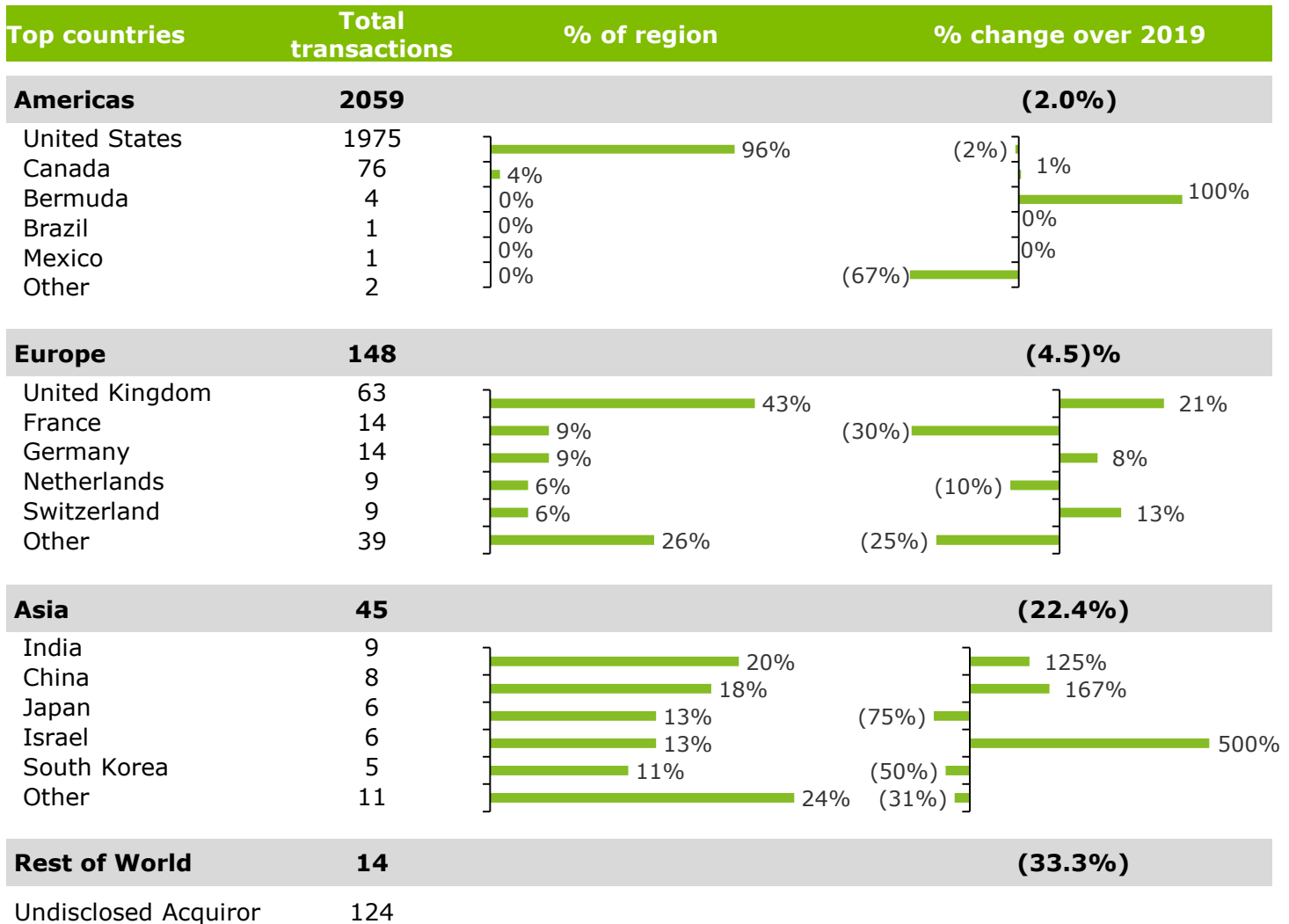
US historical divestiture transactions by buyer type²



US historical divestiture transactions by industry³



Active acquiror countries by region¹



Select large US divestitures²

(\$ in Millions)

Announced Date	Target/Ulimate Parent	Acquiror	Business Description	Transaction Value
Aug-20	Speedway LLC Marathon Petroleum Corp	7-Eleven Inc.	Speedway LLC operates a chain of gas and convenience stores in the Midwest and East Coast regions of the US.	\$21,000.0
Oct-20	Intel-Nand Memory & Storage Intel Corp	SK Hynix Inc.	Comprises Intel's NAND SSD component and wafer business and NAND memory manufacturing facility in China, including IP related to the manufacture and design of NAND flash wafers.	9,000.0
Jul-20	Natural Gas Transmission and Storage Business of Dominion Energy, Inc. Dominion Energy Inc.	Berkshire Hathaway Energy Co.	Comprises Dominion's Gas Transmission & Storage segment including more than 7,700 miles of natural gas storage and transmission pipelines and about 900 billion cubic feet of natural gas storage across the US.	8,000.0
Sep-20	TracFone Wireless, Inc. America Movil SAB de CV	Verizon Communications Inc.	TracFone Wireless, Inc. provides prepaid wireless services. The company offers 4G LTE networks, international long distance, and other services. It also sells cell phones, cards, and other products through retail locations, as well as online.	6,900.0
Dec-20	Uber Advanced Technologies Group Uber Technologies, Inc.	Aurora Innovation, Inc.	Uber Advanced Technologies Group commercializes self-driving ridesharing services.	4,000.0
Dec-20	Federal IT and Mission Support Services Business of Northrop Grumman Northrop Grumman Corporation	Peraton Corporation	Comprises Northrop Grumman's Information Technology and Mission Support Services business which provides cybersecurity, data analytics, cloud, mission-critical application development, and advanced engineering services to a variety of government agencies.	3,400.0

Deloitte Corporate Finance dedicated divestitures team



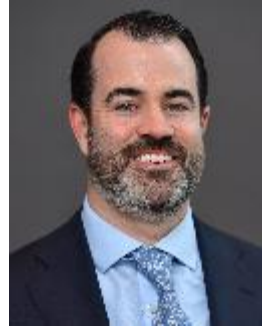
Will Frame – Managing Director

Will Frame is the Americas leader for Deloitte Corporate Finance LLC (DCF). He also leads DCF’s industrial products group. Now based in Chicago, Will has worked professionally in the US, Europe, and Asia and specializes in leading complex cross-border M&A transactions.

Will has been a managing director with DCF in the US since October 2000. Prior to that he was an assistant director in the corporate finance division of Deloitte UK.

Contact Information:

111 S. Wacker Drive, Chicago, IL 60606
 Phone: (312) 486-4458
 Email: wframe@deloitte.com



Tony Blanchard – Managing Director

Tony Blanchard is a managing director in the Deloitte Corporate Finance LLC (DCF) Industrials Group, where he is the sector leader for industrial equipment and distribution. He has nearly 20 years of investment banking experience advising on acquisitions, sale mandates, divestitures, and other transaction-related assignments.

Tony has advised on over 100 M&A transactions, representing approximately \$14 billion in transaction value, including more than 50 cross-border transactions representing over \$4.5 billion in transaction value. He has advised on multiple cross-border transactions in various countries including Brazil, Canada, China, Germany, India, Mexico, Russia, and South Africa.

Contact Information:

111 S. Wacker Drive, Chicago, IL 60606
 Phone: (312) 486-1640
 Email: anblanchard@deloitte.com

Select DCF divestiture transactions

MWV
 MEADWESTVACO
MeadWestvaco Corporation
 has sold its Envelope Products Group to
Cenveo.
 Cenveo, Inc.
 The undersigned acted as exclusive financial advisor to MeadWestvaco Corporation
Deloitte.

MWV
 MEADWESTVACO
MeadWestvaco Corporation
 has sold its global media and entertainment packaging business to
ATLAS HOLDINGS
 Atlas Holdings LLC
 The undersigned acted as exclusive financial advisor to MeadWestvaco Corporation
Deloitte.

MWV
 MEADWESTVACO
MeadWestvaco Corporation
 has sold its European Beauty and Personal Care Folding Carton Operation to
ASG
 The undersigned acted as financial advisor to MeadWestvaco Corporation
Deloitte.

Reynolds
 Packaging Group
Reynolds Packaging Group
 has sold its Medical Packaging Business to
BRENTWOOD
 INDUSTRIES
Brentwood Industries
 The undersigned acted as financial advisor to Reynolds Packaging Group
Deloitte.

Flat Rock Metal Processing LLC
 has sold certain assets and business to
RELIANCE STEEL & ALUMINUM CO.
 a subsidiary of
Reliance Steel & Aluminum Co.
 The undersigned initiated this transaction and acted as exclusive financial advisor to Flat Rock Metal Processing LLC
Deloitte.

DAIMLERCHRYSLER
 DaimlerChrysler Corporation
 has sold the net operating assets of
Huntsville Electronics
 to
SIEMENS VDO
 AUTOMOTIVE
Siemens VDO Automotive Electronics Corporation
 The undersigned acted as exclusive financial advisor to DaimlerChrysler Corporation
Deloitte.

Bochum, Germany
 Research and Development Center of
BlackBerry
BlackBerry Limited
 has been acquired by
Volkswagen AG
 The undersigned acted as exclusive financial advisor to BlackBerry Limited
Deloitte.

Parker Wynn's
Parker-Hannifin Corporation
 has sold the net operating assets of
Wynn Oil Company
 to
ITW
Illinois Tool Works Inc.
 The undersigned acted as exclusive financial advisor to Parker-Hannifin Corporation
Deloitte.

Ogihara
Ogihara America Corporation
 Has sold its Alabama operations to
Cosma International Group
 a subsidiary of
Magna International, Inc.
 The undersigned acted as financial advisor to Ogihara America Corporation
Deloitte.

WOODHARBOR
 Woodharbor Doors & Cabinetry, Inc.
 has sold its Northwood, IA doors division to
TRUSTILE
TruStile Doors, LLC
 The undersigned acted as exclusive financial advisor to Woodharbor Doors & Cabinetry, Inc.
Deloitte.

Flight Options
Flight Options, LLC
 a wholly owned subsidiary of
Raytheon Company
H.I.G.
 H.I.G. Capital
 The undersigned acted as financial advisor to Raytheon Company
Deloitte.

Hertz
The Hertz Corporation
 has divested its Brazil operations to
Localiza
Localiza Rent a Car S.A.
 The undersigned acted as exclusive financial advisor to The Hertz Corporation
Deloitte.

CSW
CSW Industries, Inc.
 has sold certain assets of its wholly owned subsidiary
Strathmore Products, Inc.
 to
RPM
RPM International Inc.
 The undersigned acted as exclusive financial advisor to CSW Industries, Inc.
Deloitte.

Disposal of
EVONIK
Evonik's North American Sodium Cyanide Operations
 to
Oaktree Capital Management
 The undersigned acted as financial advisor to Evonik Degussa GmbH
Deloitte.

U.S. Green Building Council
 has sold the net assets of
Greenbuild International Conference and Expo
 to
hanleywood
Hanley Wood LLC
 The undersigned acted as exclusive financial advisor to U.S. Green Building Council
Deloitte.

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Page 2:

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Additional Note: All transaction data excludes government, government agency and real estate company activity.

Deloitte Corporate Finance LLC (DCF)

DCF provides deal execution and lead financial advisory services to large corporate, middle market, private equity and venture capital firms. DCF and its affiliates maintain a presence in key US financial centers.

For additional information or to find out more about how DCF can assist the deal initiation and execution process, please contact one of our DCF managing directors:

Business & Financial Services



Phil Colaco – *Global CEO*
Office: Charlotte, NC
+1 704 333 0533
philcolaco@deloitte.com



James Miller
Office: Charlotte, NC
+1 704 731 8230
jamesmiller5@deloitte.com



Chris Parides
Office: Charlotte, NC
+1 704 697 5972
cparides@deloitte.com



Consumer & Retail
Lorin DeMordaunt
Office: Charlotte, NC
+1 704 333 0591
ldemordaunt@deloitte.com



Matt Preece
Office: Charlotte, NC
+1 704 731 7186
mpreece@deloitte.com



Rory Dineen
Office: Charlotte, NC
+1 704 333 0495
rdineen@deloitte.com



Nick Hansell
Office: Charlotte, NC
+1 704 731 8203
nhansell@deloitte.com



Energy & Resources
Keith Adams
Office: Atlanta, GA
+1 404 631 3455
keadams@deloitte.com



Head of Western Region
Garrett Poston
Office: Los Angeles, CA
+1 213 593 4544
gposton@deloitte.com



Life Sciences & Healthcare

Simon Gisby
Office: New York, NY
+1 212 436 2495
sgisby@deloitte.com



Doug Bolt
Office: Charlotte, NC
+1 704 731 7219
dbolt@deloitte.com



Newman Delany
Office: New York, NY
+1 212 436 6326
ndelany@deloitte.com



General Industrials
Will Frame
Office: Chicago, IL
+1 312 486 4458
wframe@deloitte.com



Eric Andreozzi
Office: Charlotte, NC
+1 704 333 0518
eandreozi@deloitte.com



Tony Blanchard
Office: Chicago, IL
+1 313 396 3738
anblanchard@deloitte.com



Bill Kerkam
Office: Charlotte, NC
+1 980 312 3613
wkerkam@deloitte.com



Kevan Flanigan
Office: Los Angeles, CA
+1 213 688 6560
keflanigan@deloitte.com



Dave Tutrone
Office: Chicago, IL
+1 312 486 3783
dtutrone@deloitte.com



Technology, Media, & Telecom

Byron Nelson
Office: Dallas, TX
+1 469 417 2462
bynelson@deloitte.com



Mike Hakim
Office: Los Angeles, CA
+1 213 593 4545
mhakim@deloitte.com



Debt & Capital Advisory

John Deering
Office: Charlotte, NC
+1 704 333 0574
jdeering@deloitte.com



Max Hughes
Office: Dallas, TX
+1 214 840 1558
maxhughes@deloitte.com



ESOP Corporate Finance

Lou Paone
Office: Charlotte, NC
+1 704 731 7202
lpaone@deloitte.com



Steven Blaser
Office: Charlotte, NC
+1 704 887 1648
stblaser@deloitte.com



Financial Sponsors

Jamie Lewin
Office: Dallas, TX
+1 214 840 7057
jlewin@deloitte.com



Evan Karev
Office: New York, NY
+1 212 492 4670
evkarev@deloitte.com



Head of Southwest Coverage

Tom Spivey
Office: Dallas, TX
+1 214 840 7014
tspivey@deloitte.com



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