

Divestitures Quarterly  
Update

Q1 2024



# 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

**#2** 2023 Global M&A Advisor by volume of deals completed <sup>(1)</sup>. Deloitte closed 542 deals in 2023 with a cumulative deal value of \$46.7B.

**542** Completed deals in 2023<sup>(1)</sup>.

- 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 <sup>(1)</sup>.

**Source:** (1) Please refer to slide 12.  
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# 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 <sup>(1)</sup>



### Transaction Volume

Divestiture transaction volume increased with number of deals reaching 568 in Q1 2024 compared to 512 in Q4 2023 and 286 deals in Q1 2023. Additionally, divestitures made up 26.1% of total M&A activity in Q1 2024 compared to 25.5% in Q4 2023 and 10.5% in Q1 2023.



### Transaction Size

In Q1 2024, transactions with deal values above \$1 billion accounted for 18.0% of the total disclosed deal volumes compared to 21.0% of the deals in Q4 2023. Deals with values less than \$250 million accounted for 54.0% of deal volume compared to 62.5% in Q4 2023.



### Acquiror Type

Domestic strategic buyers accounted for 53.5% of buyers in divestiture transactions in Q1 2024, a decrease from 73.1% in Q1 2023. Interest from private equity buyers has filled this gap, accounting for 30.6% of the buyers in Q1 2024, compared to 1.8% in Q1 2023, a new near-term record.



### Industry Focus

High Technology and Industrials remained as the areas of focus for divestitures in Q1 2024, making up 13.0% and 12.7% of all divestiture transactions, respectively. Healthcare secured the third-highest concentration, comprising 11.8% of all transactions.

*Divestitures activity remained at near-term record levels in Q1 2024 since showing significant growth in Q2 2023. Divestitures accounted for 26.1% of all M&A transactions in Q1 2024 as compared to 10.5% in Q1 2023.*

## Regional trends <sup>(1)</sup>

### Americas

Divestiture activity in the Americas increased by 8.9% in Q1 2024 compared to Q4 2023. The Americas completed 475 transactions in Q1 2024 compared to 436 transactions in Q4 2023.

#### United States

US-based buyers remain the most active acquirors in the Americas. The number of transactions involving US buyers increased to 458 in Q1 2024 compared to 410 in Q4 2023.

#### Canada

Canada's deal volume witnessed a decline of 37.5% QoQ in Q1 2024, closing 15 transactions in Q1 2024 compared to 24 in Q4 2023.

### Europe

Divestitures deal activity among European acquirors witnessed marginal increase in Q1 2024, increasing by 5.0% QoQ. They participated in 36 deals in Q1 2024 up from 34 in Q4 2023.

#### United Kingdom

Deals involving U.K.-based acquirors increased to 10 transactions in Q1 2024 compared to 8 in Q4 2023.

#### France

Number of deals in France remained at 4 for Q1 2024.

#### Switzerland

3 deals were closed by investors in Q1 2024 up from 1 in Q4 2023.

### Asia

Divestiture activity in Asia increased by 27.3% QoQ in Q1 2024 compared to Q4 2023. Asian acquirors closed 14 deals in Q1 2024 compared to 11 in Q4 2023.

#### Singapore

Number of deals in Singapore declined to 1 in Q1 2024 from 2 in Q4 2023.

#### South Korea

2 deals were closed by investors in Q1 2024 down from 4 in Q4 2023.

#### Other Asian Countries

Divestitures deal activity remained stagnant in other Asian countries such as Hong Kong and Japan. Number of deals in India declined to 0 from 1 in Q4 2023.

*Divestiture activity saw an increase across the globe, with the Americas contributing to the bulk of transactions. After showing a decline in the third quarter, divestitures activity remained strong during Q1 2024.*

Source: (1) Please refer to slide 12.

# Case study

## White Flyer Targets

### Deal contacts

Will Frame, Mike Sciulli



White Flyer Targets, LLC

*has been acquired by*



*The undersigned acted as  
exclusive financial advisor to  
Reagent Diversified Holdings, Inc.*



### Client overview

- White Flyer Targets, LLC (White Flyer), a subsidiary of Reagent Diversified Holdings, Inc. (Reagent Diversified), is a Missouri-based manufacturer of recreational trap, skeet, and sporting clay targets for shooting sports.
- White Flyer operates five manufacturing plants across the United States, leveraging cutting-edge technologies to produce its products.
- White Flyer targets are used worldwide in common recreation, as well as high-profile competitions and sporting events.

### Situation overview

- Reagent Diversified engaged Deloitte Corporate Finance LLC (DCF) to evaluate potential market alternatives and act as the exclusive financial advisor in response to preemptive interest from Olin Corporation.

### DCF's role

- DCF leveraged its extensive experience and network within the manufacturing and leisure products sector to facilitate an efficient sale process that provided value for Reagent Diversified shareholders by:
  - Advising on deal strategy, deal structuring, and key areas of diligence including operational and financial performance to support valuation.
  - Facilitating information flow and analysis that highlighted White Flyers' strong performance and minimized late-stage diligence risk.
  - Facilitating a timely transaction process at a premium valuation.

*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.



## Recent insights



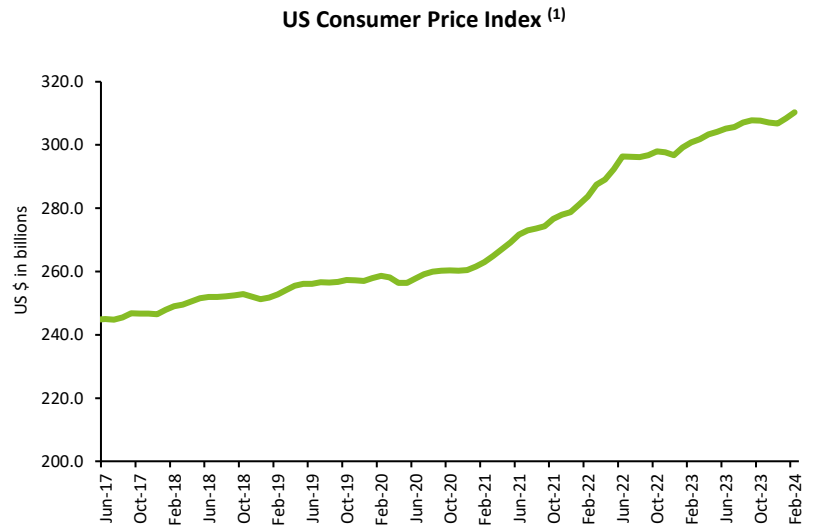
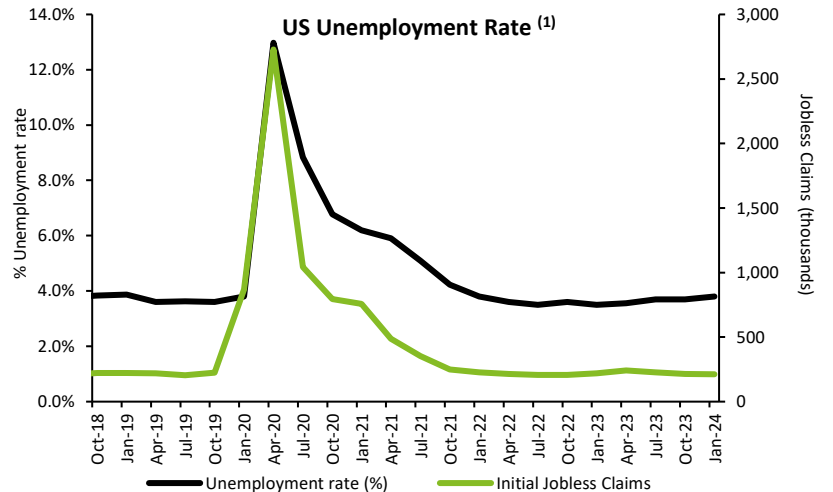
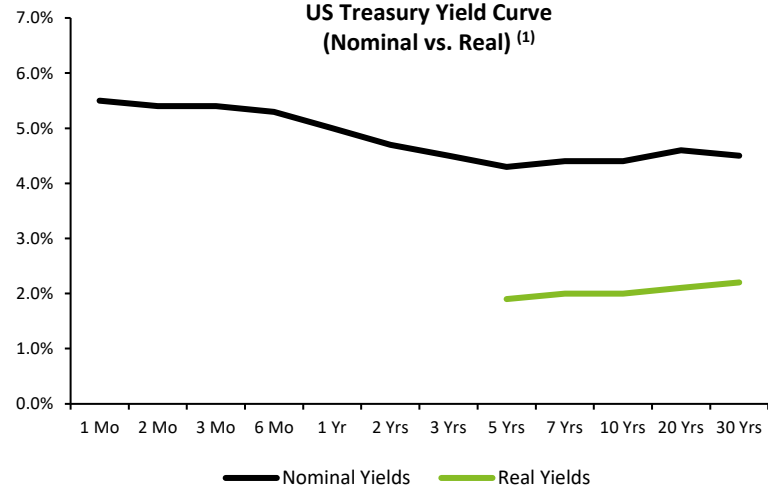
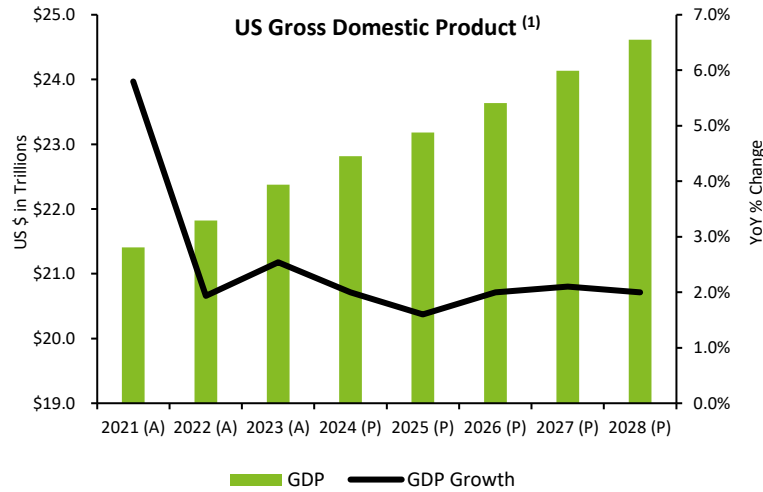
# Recent middle-market divestitures <sup>(1)</sup>

<p>Energy</p> 	<p><b>Select Water Solutions, Inc. acquired the gathering and disposal assets of Tri-State Water Logistics, LLC.</b></p> <ul style="list-style-type: none"><li>▪ Select Water Solutions, Inc., a leading provider of sustainable water and chemical solutions to the energy industry, expanded its operations by acquiring the assets and operations of Tri-State Water Logistics, LLC, a prominent provider of saltwater disposal solutions in the Haynesville Shale.</li><li>▪ The acquisition further bolsters Select's position as the leading disposal provider in the Haynesville Shale.</li></ul>	<p><b>Announced date:</b> January 2024 <b>Total Transaction Value:</b> \$90 million</p>
<p>Materials</p> 	<p><b>Graphic Packaging has sold its Augusta Paperboard Manufacturing Facility to Clearwater Paper Corporation.</b></p> <ul style="list-style-type: none"><li>▪ Graphic Packaging, a designer and producer of consumer packaging, has signed a definitive agreement to sell its Augusta, Georgia bleached paperboard manufacturing facility to Clearwater Paper.</li><li>▪ The acquisition aligns with the strategic vision of strengthening Clearwater Paper's standing as a leading independent paperboard supplier in North America, whilst enhancing its scale and service capabilities.</li></ul>	<p><b>Announced Date:</b> February 2024 <b>Total Transaction Value:</b> \$700 million</p>
<p>Healthcare</p> 	<p><b>Elanco Animal Health Incorporated has divested its aqua business to Intervet International B.V.</b></p> <ul style="list-style-type: none"><li>▪ Elanco Animal Health, a global leader in animal health, entered into an asset purchase agreement to sell its aqua business to Intervet International B.V., a Dutch subsidiary of Merck Animal Health.</li><li>▪ The sale helps enables Elanco to focus on pet health and livestock sustainability, and to accelerate its debt repayment.</li></ul>	<p><b>Announced Date:</b> February 2024 <b>Total Transaction Value:</b> \$1,300 million</p>
<p>Telecom</p> 	<p><b>Shenandoah Telecommunications has sold its tower portfolio to Vertical Bridge.</b></p> <ul style="list-style-type: none"><li>▪ Shenandoah Telecommunications Company (Shentel) has signed a purchase and sale agreement with Vertical Bridge Holdco LLC, the largest private owner and operator of communications infrastructure and locations in the U.S., for the sale of its tower portfolio and operations.</li><li>▪ The proceeds from the sale of the tower business is expected to provide Shentel with additional growth capital.</li></ul>	<p><b>Announced Date:</b> March 2024 <b>Total Transaction Value:</b> \$310 million</p>
<p>Technology</p> 	<p><b>Take-Two Interactive Software has entered into a definitive agreement to acquire The Gearbox Entertainment.</b></p> <ul style="list-style-type: none"><li>▪ Take-Two Interactive Software is set to strengthen its partnership by acquiring the vast intellectual property portfolio of Gearbox Entertainment, a creator of industry-defining entertainment experiences.</li><li>▪ This acquisition helps enables Take-Two Interactive to enhance financial gains via integrated operations and explore more opportunities for project investments and franchise growth.</li></ul>	<p><b>Announced Date:</b> March 2024 <b>Total Transaction Value:</b> \$460 million</p>

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# Macroeconomic outlook

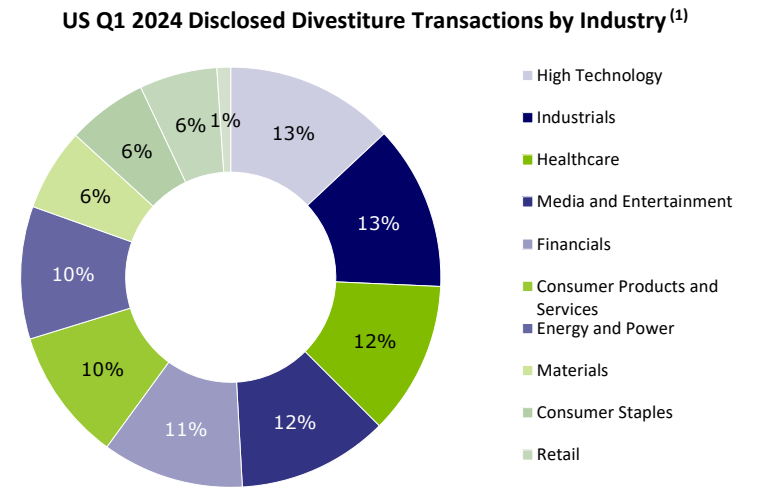
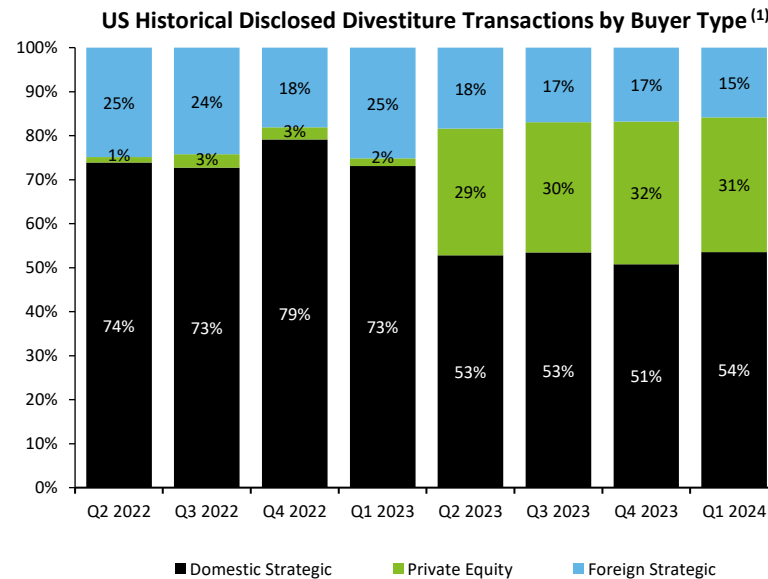
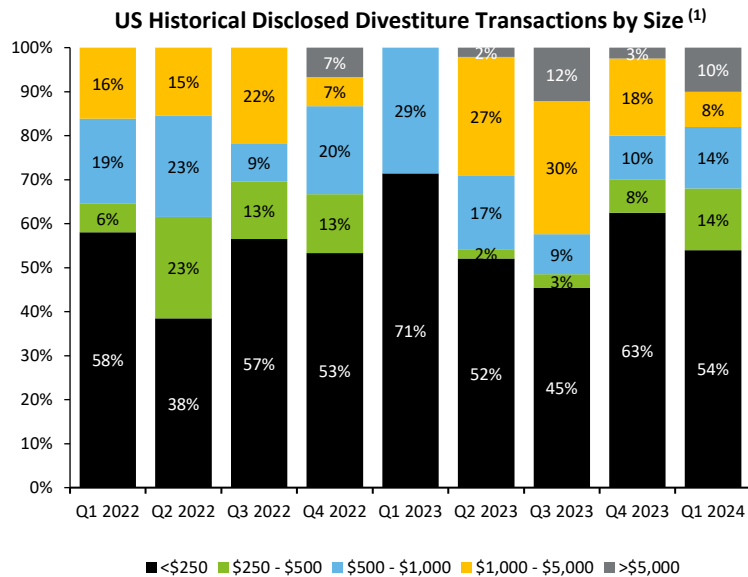
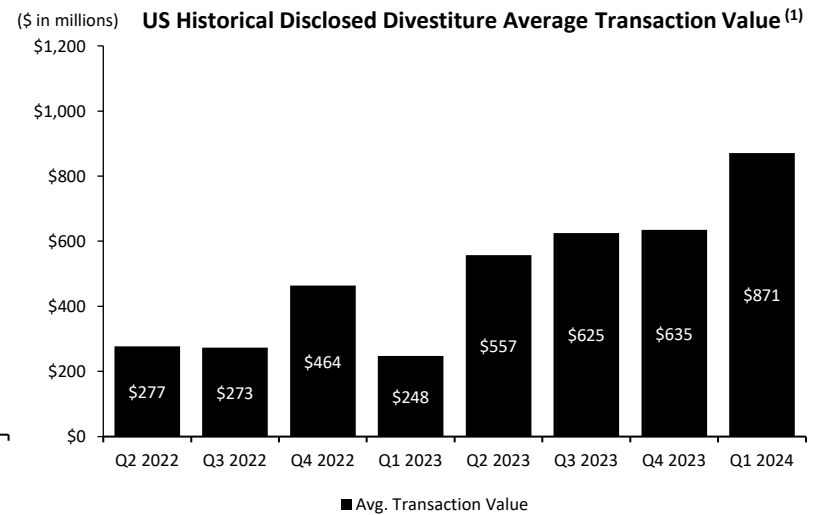
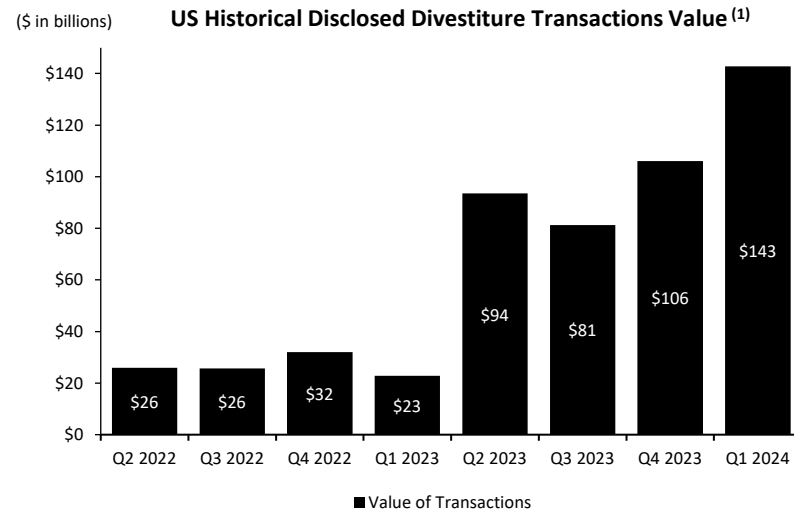
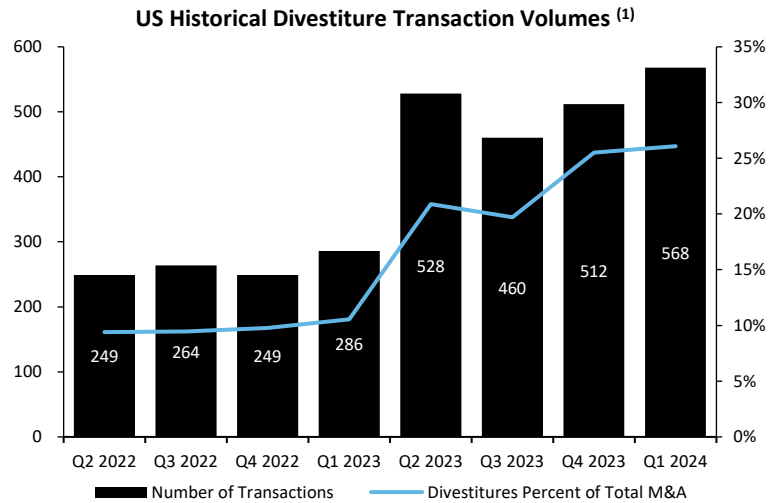


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# US historical divestitures



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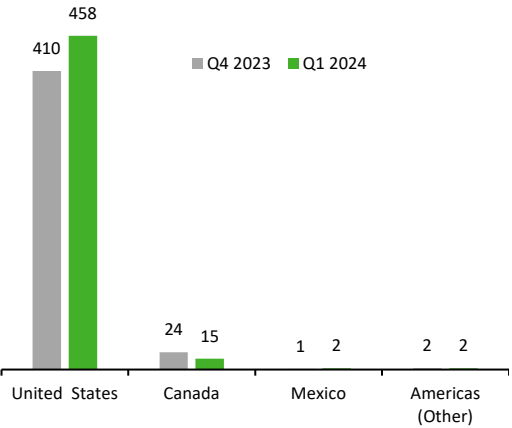
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# Global divestitures – deal volume analysis

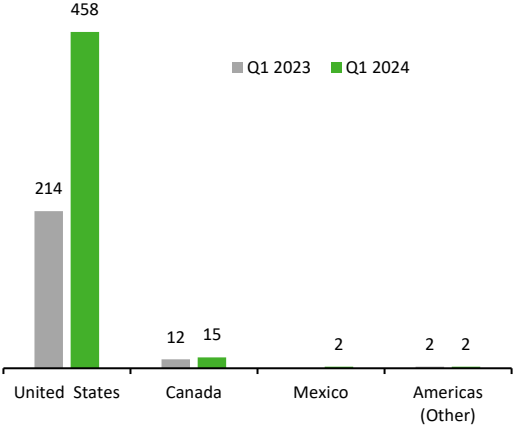
## Most active acquiror countries by region <sup>(1)</sup>

### Americas

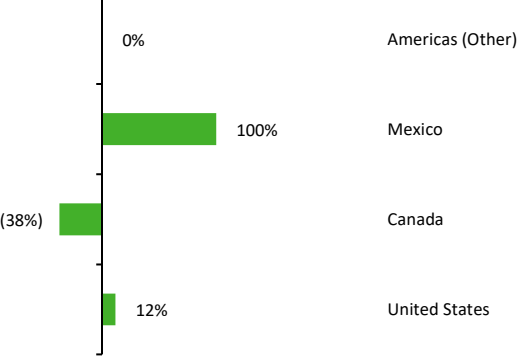
Deal volumes – Q1 2024 vs Q4 2023



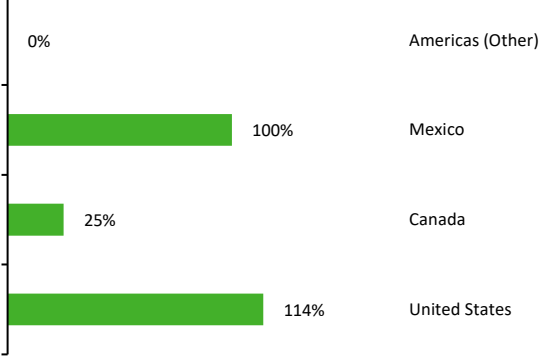
Deal volumes – Q1 2024 vs Q1 2023



Deal volume % change – Q1 2024 vs Q4 2023

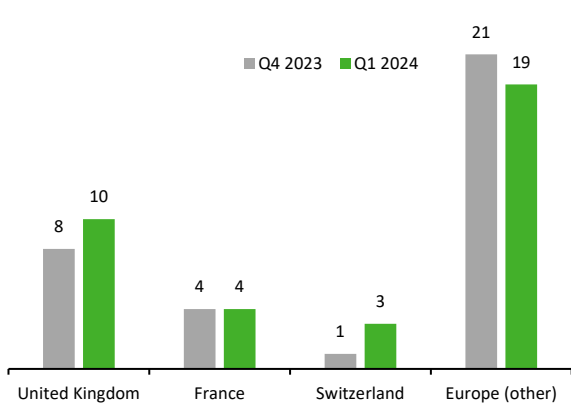


Deal volume % change – Q1 2024 vs Q1 2023

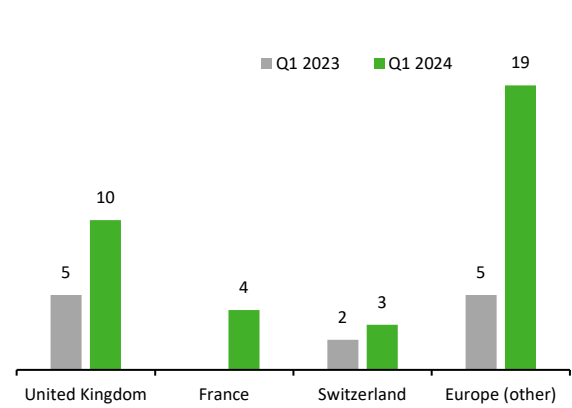


### Europe

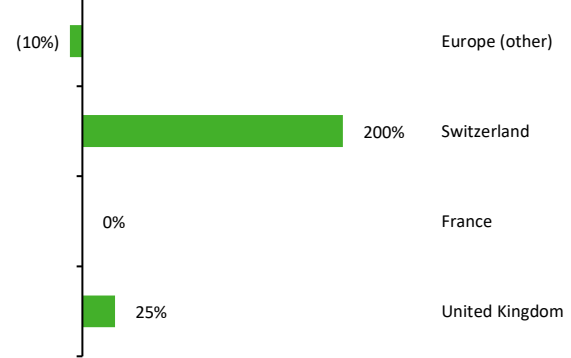
Deal volumes – Q1 2024 vs Q4 2023



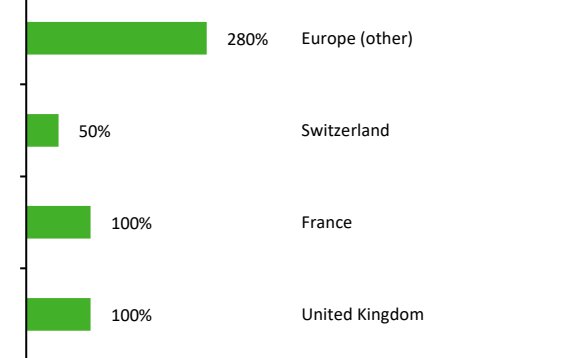
Deal volumes – Q1 2024 vs Q1 2023



Deal volume % Change – Q1 2024 vs Q4 2023



Deal volume % Change – Q1 2024 vs Q1 2023



Source: (1) Please refer to slide 12.

# Global divestitures – deal volume analysis (cont.)

## Most active acquiror countries by region <sup>(1)</sup>

### Asia

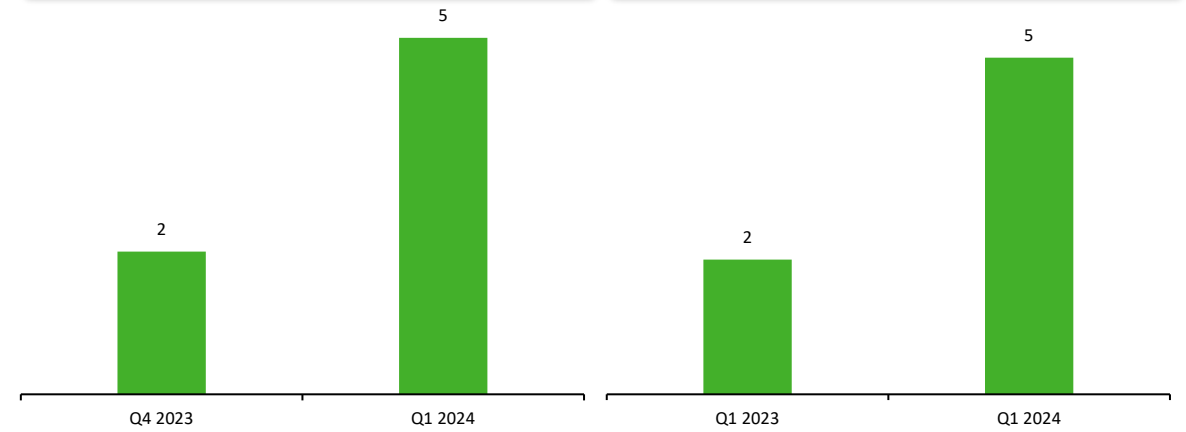
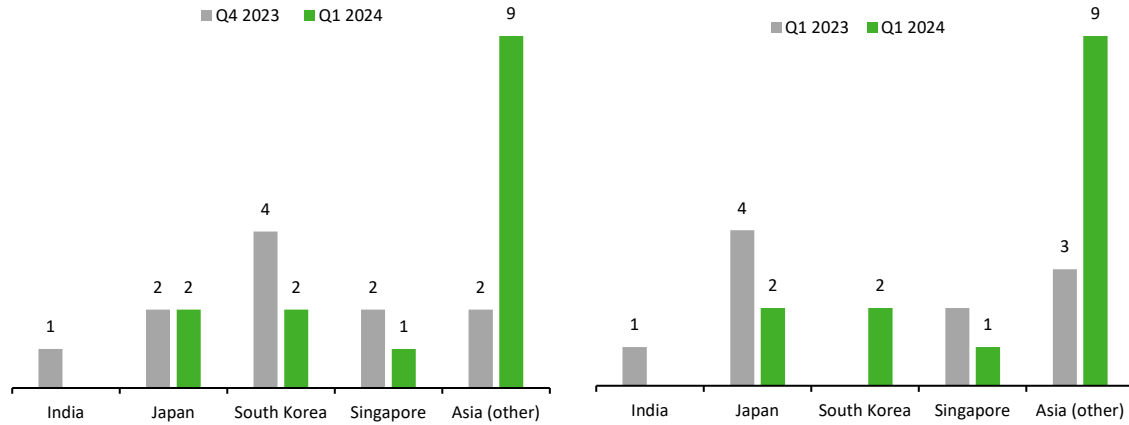
### Rest of the world

Deal volumes – Q1 2024 vs Q4 2023

Deal volumes – Q1 2024 vs Q1 2023

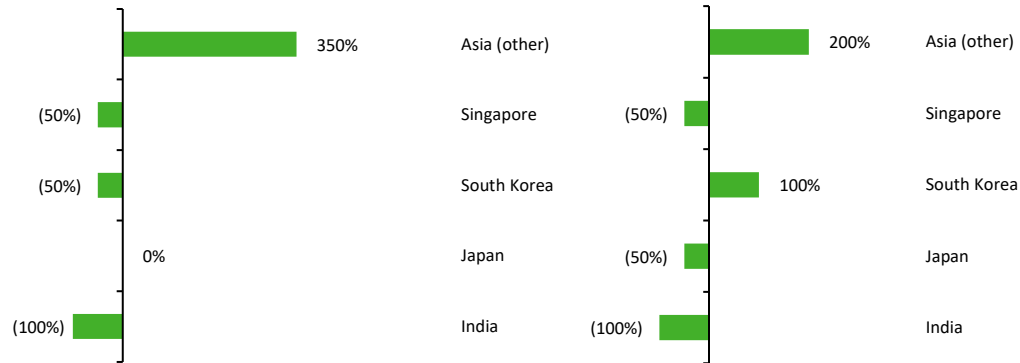
Deal volumes – Q1 2024 vs Q4 2023

Deal volumes – Q1 2024 vs Q1 2023



Deal volume % change – Q1 2024 vs Q4 2023

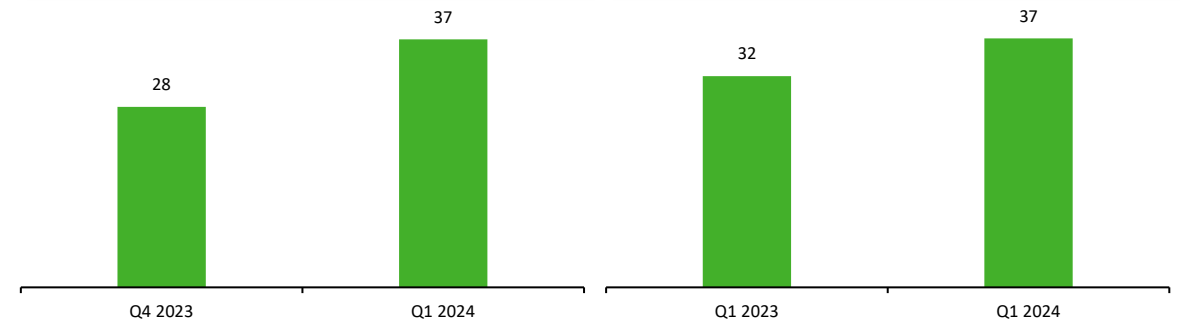
Deal volume % change – Q1 2024 vs Q1 2023



### Undisclosed acquirors

Deal volumes – Q1 2024 vs Q4 2023

Deal volumes – Q1 2024 vs Q1 2023



Source: (1) Please refer to slide 12.

# Appendix

## Sources cited

### Page 2:

1. [Mergermarket](#). Accessed April 3, 2024. Data as of March 31, 2024.

### Page 4:

1. [Refinitiv](#). Accessed April 3, 2024. Data as of March 31, 2024.

### Page 7:

1. Relevant transactions announced in Q1, 2024.
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  - b. [Mergermarket](#). Accessed April 3, 2024. Data as of March 31, 2024.
  - c. [Refinitiv](#). Accessed April 3, 2024. Data as of March 31, 2024.

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