

Divestitures Quarterly Update

Q2 2024



DCF's divestiture practice

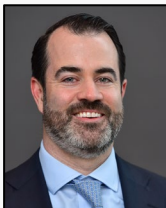
Deloitte Corporate Finance LLC (DCF) is a leading global middle-market M&A adviser. Our professionals have extensive knowledge in the divestiture space and use their experience to help clients enhance value.



Divestitures leadership



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Organization overview

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

542 Completed deals in 2023⁽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 to 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 remained constant with 569 deals in Q2 2024 compared to 568 in Q1 2024 and 528 deals in Q2 2023. Additionally, divestitures made up 24.5% of total M&A activity in Q2 2024 compared to 23.9% in Q1 2024 and 20.8% in Q2 2023.



Transaction Size

In Q2 2024, transactions with deal values above \$1 billion accounted for 24.0% of the total disclosed deal volumes compared to 18.0% of the deals in Q1 2024. Deals with values less than \$250 million accounted for 48.5% of deal volume compared to 54.0% in Q1 2024.



Acquiror Type

Domestic strategic buyers accounted for 53.6% of buyers in divestiture transactions in Q2 2024, a slight increase from 52.8% in Q2 2023. Interest from private equity buyers accounted for 29.4% in Q2 2024, compared to 28.8% in Q2 2023, near the term record of 32.4% in Q4 2023.



Industry Focus

High Technology and Industrials remained as the areas of focus for divestitures in Q2 2024, making up 15.1% and 13.7% of all divestiture transactions, respectively. Healthcare secured the third-highest concentration, comprising 11.4% of all transactions.

Divestitures activity remained at near-term record levels in Q2 2024 since showing significant growth in Q2 2023. Divestitures accounted for 24.5% of all M&A transactions in Q2 2024 as compared to 20.8% in Q2 2023.

Regional trends (1)

Americas

Divestiture activity in the Americas decreased by 2.1% in Q2 2024 compared to Q1 2024. The Americas completed 465 transactions in Q2 2024 compared to 475 transactions in Q1 2024.

United States

US-based buyers remain the most active acquirors in the Americas. The number of transactions involving US buyers decreased to 449 in Q2 2024 compared to 458 in Q1 2024.

Canada

Canada's deal volume witnessed a further decline of 20.0% QoQ in Q2 2024, closing 12 transactions in Q2 2024 compared to 15 in Q1 2024.

Europe

Divestitures deal activity among European acquirors witnessed an increase in Q2 2024, increasing by 19.4% QoQ. They participated in 43 deals in Q2 2024 up from 36 in Q1 2024.

United Kingdom

Deals involving U.K.-based acquirors increased to 15 transactions in Q2 2024 compared to 10 in Q1 2024.

France

Number of deals in France increased to 7 in Q2 2024 from 4 in Q1 2024.

Switzerland

2 deals were closed by investors in Q2 2024 down from 3 in Q1 2024.

Asia

Divestiture activity in Asia decreased by 14.3% QoQ in Q2 2024 compared to Q1 2024. Asian acquirors closed 12 deals in Q2 2024 compared to 14 in Q1 2024.

Singapore

Number of deals in Singapore increased to 2 in Q2 2024 from 1 in Q1 2024.

South Korea

3 deals were closed by investors in Q2 2024 up from 2 in Q1 2024.

Other Asian Countries

Divestitures deal activity remained stagnant in other Asian countries such as India and Japan. Number of deals in Hong Kong increased to 1 from 0 in Q1 2024.

Divestiture activity saw a marginal 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 Q2 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 ⁽¹⁾

Media and Entertainment



MediaCo acquired Estrella Media's content and digital operations.

- MediaCo Holding Inc., which operates urban radio stations in New York City, has acquired Estrella Media's Spanish-language video, audio, and digital content operations (includes the sales and distribution operations).
- The acquisition further bolsters MediaCo's position as a leading radio content provider for both Spanish and urban music across terrestrial radio and audio streaming platforms.

Announced date: April 2024
Total Transaction Value: \$197 million

Technology



Seagate Technology entered into an asset purchase agreement with Avago Technologies.

- Avago Technologies International Sales Pte Ltd, a distributor of hard disc drives and storage devices, entered into an asset purchase agreement to acquire system-on-chip (SoC) operations from Seagate Technology HDD (India) Private Limited and Seagate Singapore International Headquarters Pte. Ltd.
- Divesting a part of the business portfolio is a strategic move for Seagate, a leader in data storage solutions.

Announced Date: April 2024
Total Transaction Value: \$600 million

Healthcare



Zoetis entered into a definitive agreement to sell its medicated feed additive portfolio to Phibro Animal Health.

- Phibro Animal Health Corp., a leading global diversified animal health and nutrition company, will acquire Zoetis' medicated feed additive (MFA) product portfolio, certain water-soluble products, and related assets.
- The sale helps enable Zoetis Inc., a leading global animal health company, to focus livestock investments on solutions for animal health, productivity, and sustainability.

Announced Date: April 2024
Total Transaction Value: \$350 million

Financials



New York Community Bancorp to sell \$5 Billion in warehouse loans to JPMorgan Chase Bank N.A.

- New York Community Bancorp, Inc., the parent company of Flagstar Bank, N.A., one of the largest regional banks in the country, agreed to sell approximately \$5 billion in mortgage warehouse loans to JPMorgan Chase Bank, N.A. The transaction will aid New York Community Bancorp, Inc. as the bank continues to focus efforts on improving its financial position.

Announced Date: May 2024
Total Transaction Value: \$350 million

Consumer Staples



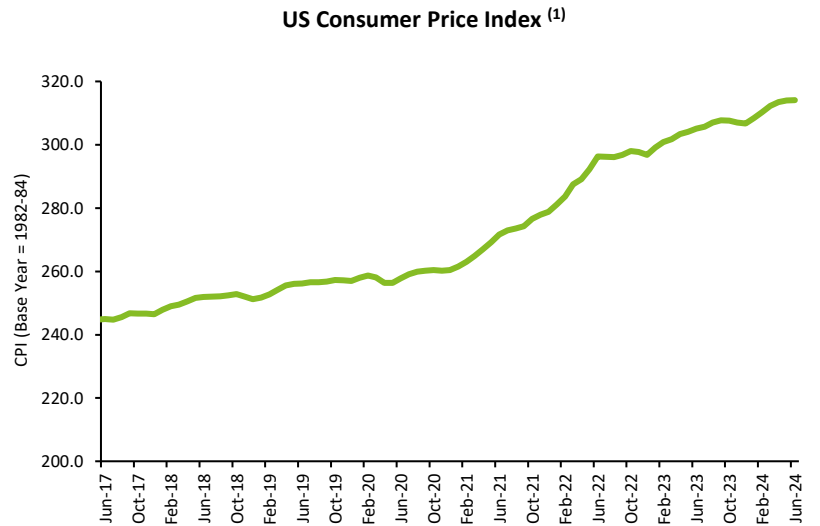
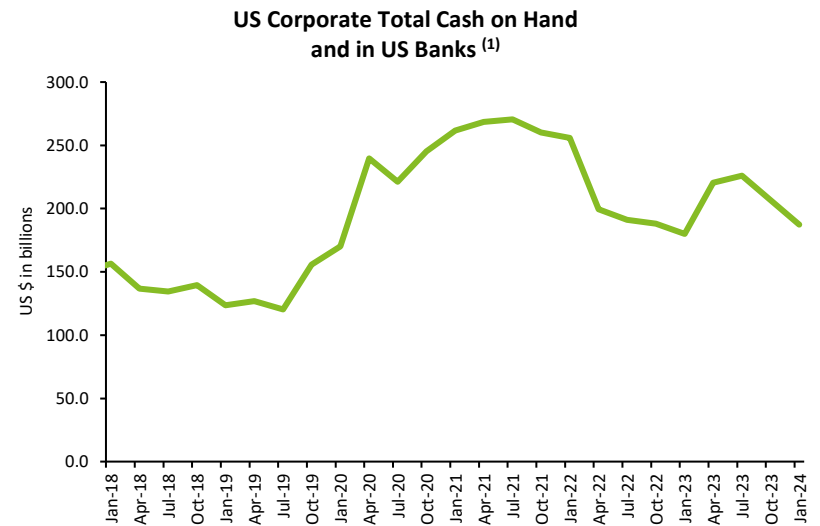
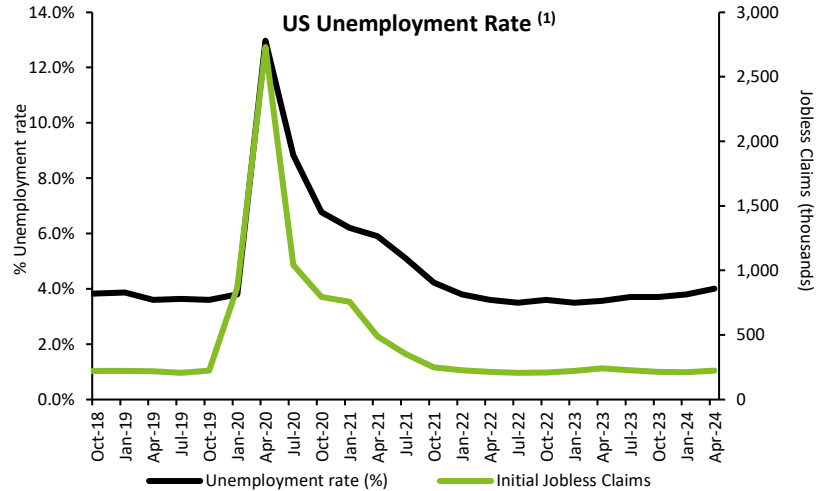
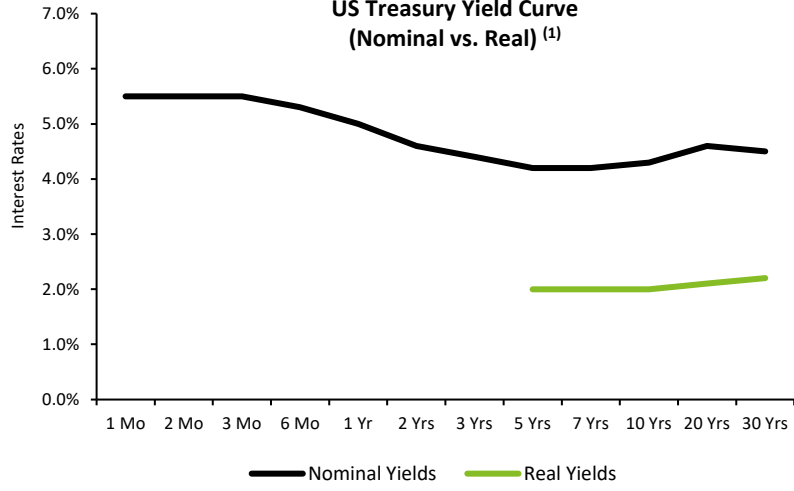
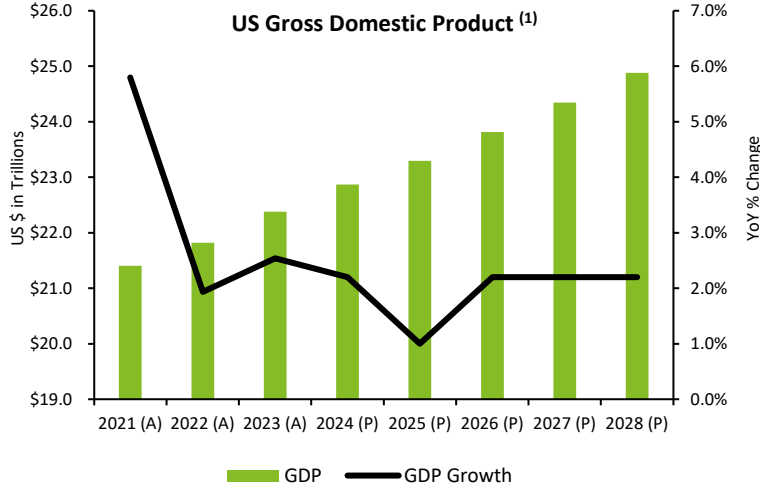
Cal-Maine Foods, Inc. has acquired the egg production assets of ISE America, a subsidiary of ISE Foods.

- Cal-Maine Foods, Inc., the largest producer and distributor of fresh shell eggs in the U.S., has acquired all the assets of ISE America, Inc., the seventeenth largest producer of chicken eggs in the U.S., and certain affiliates.
- The acquisition of ISE's assets helps enable Cal-Maine Foods to increase its market reach. The added production and distribution capabilities will increase its customer base, expand capacity, and aid in geographical expansion.

Announced Date: June 2024
Total Transaction Value: \$110 million

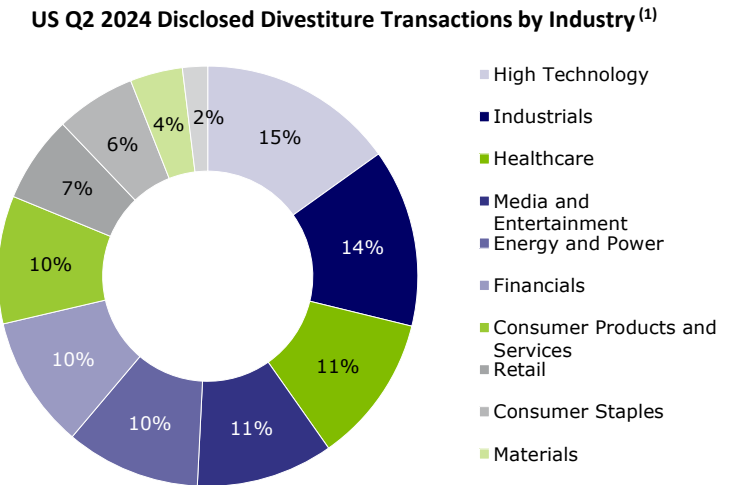
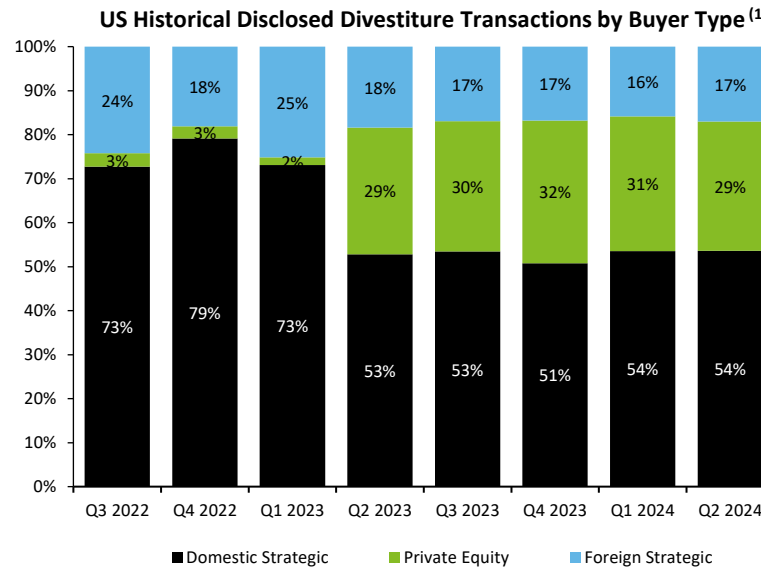
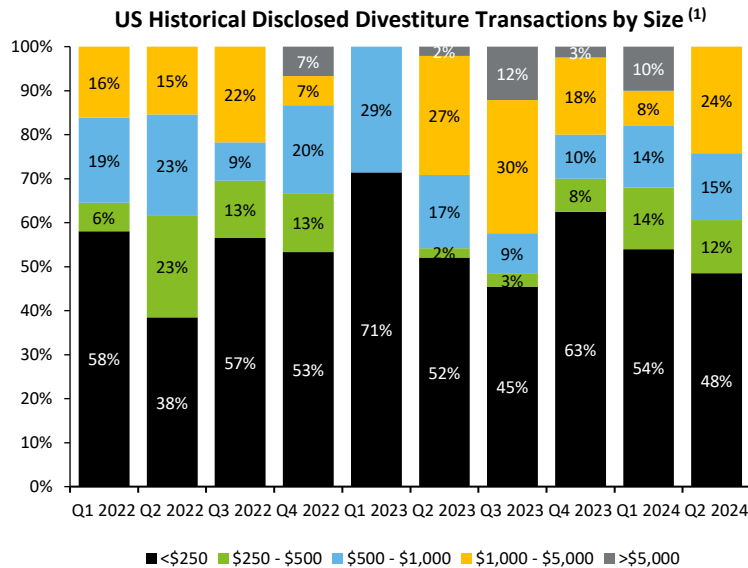
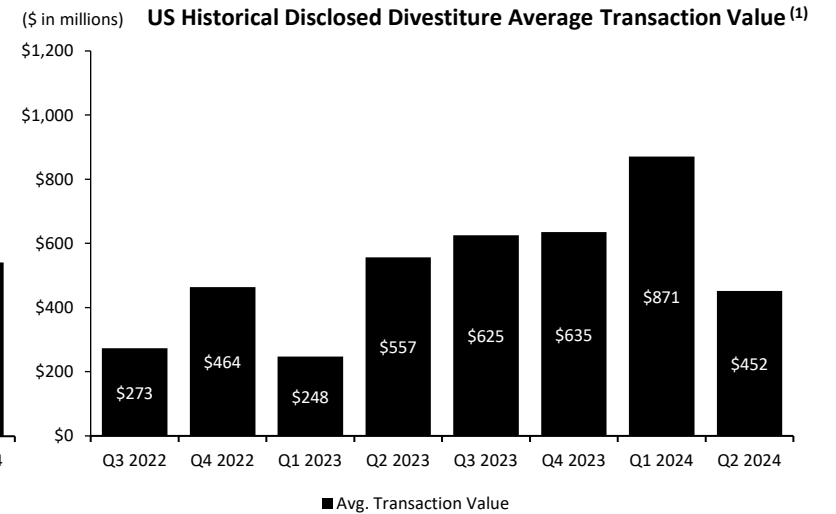
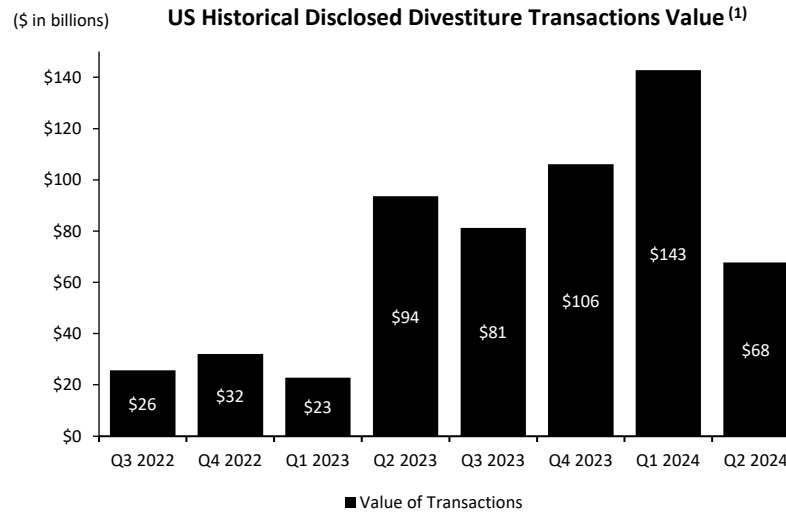
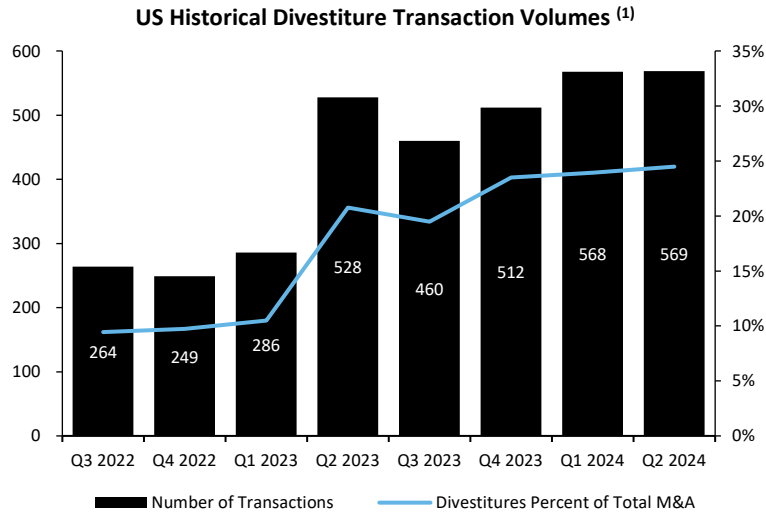
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Macroeconomic outlook



Source: (1) Please refer to slide 12.

US historical divestitures



Source: (1) Please refer to slide 12.

Global divestitures – deal volume analysis

Most active acquiror countries by region ⁽¹⁾

Americas

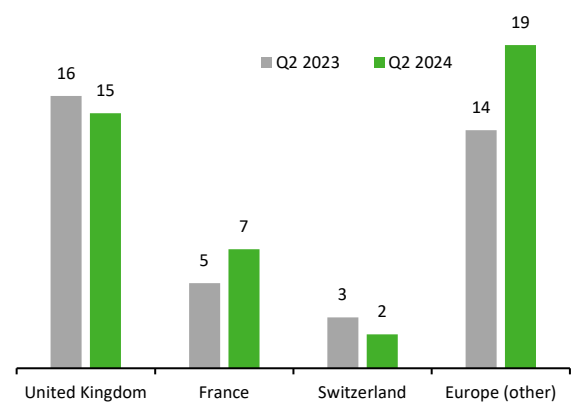
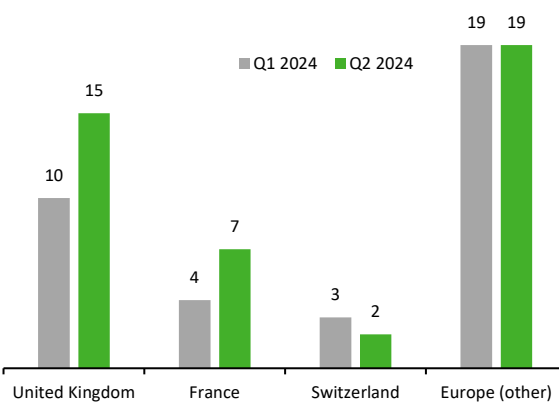
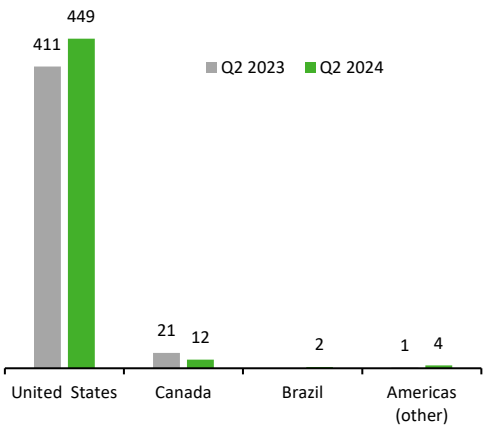
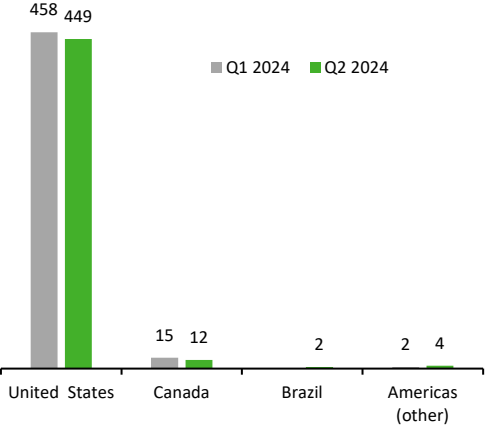
Europe

Deal volumes – Q2 2024 vs Q1 2024

Deal volumes – Q2 2024 vs Q2 2023

Deal volumes – Q2 2024 vs Q1 2024

Deal volumes – Q2 2024 vs Q2 2023

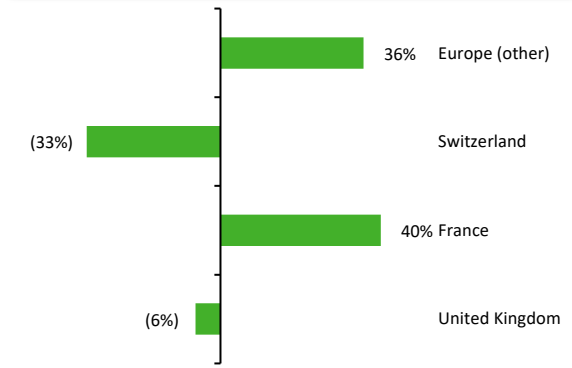
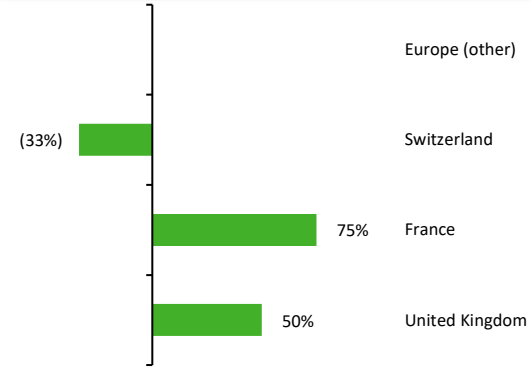
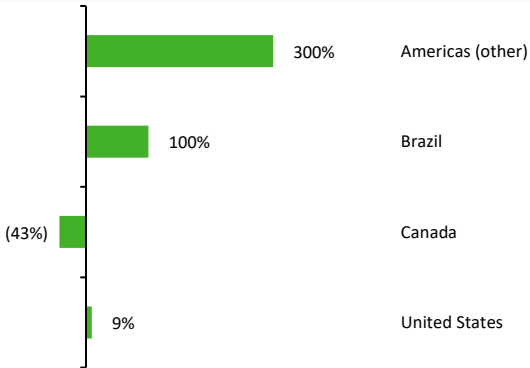
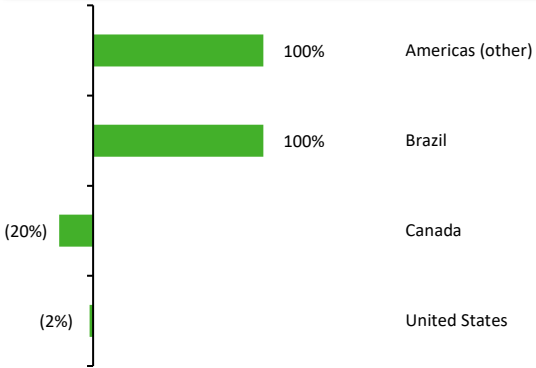


Deal volume % change – Q2 2024 vs Q1 2024

Deal volume % change – Q2 2024 vs Q2 2023

Deal volume % change – Q2 2024 vs Q1 2024

Deal volume % change – Q2 2024 vs Q2 2023



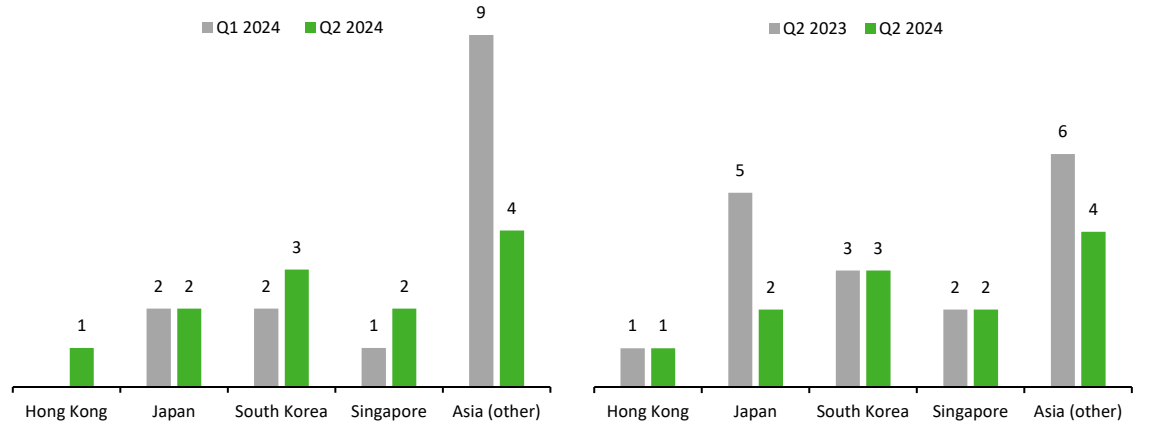
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Global divestitures – deal volume analysis (cont.)

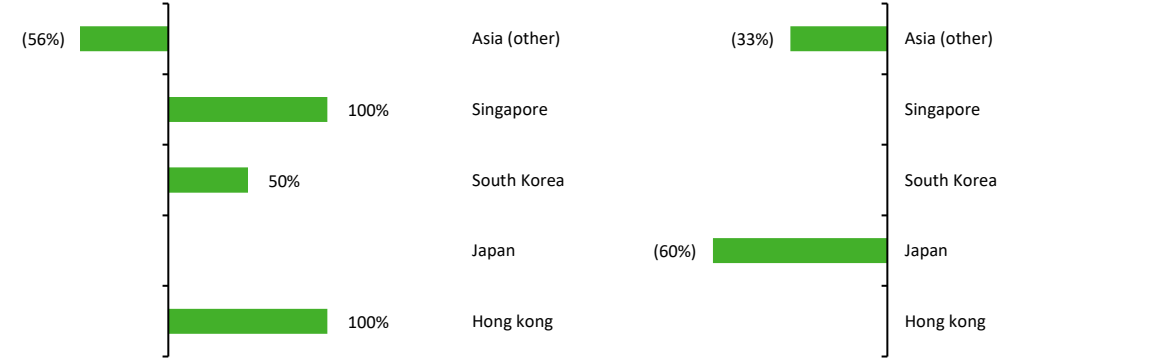
Most active acquiror countries by region ⁽¹⁾

Asia

Deal volumes – Q2 2024 vs Q1 2024 Deal volumes – Q2 2024 vs Q2 2023

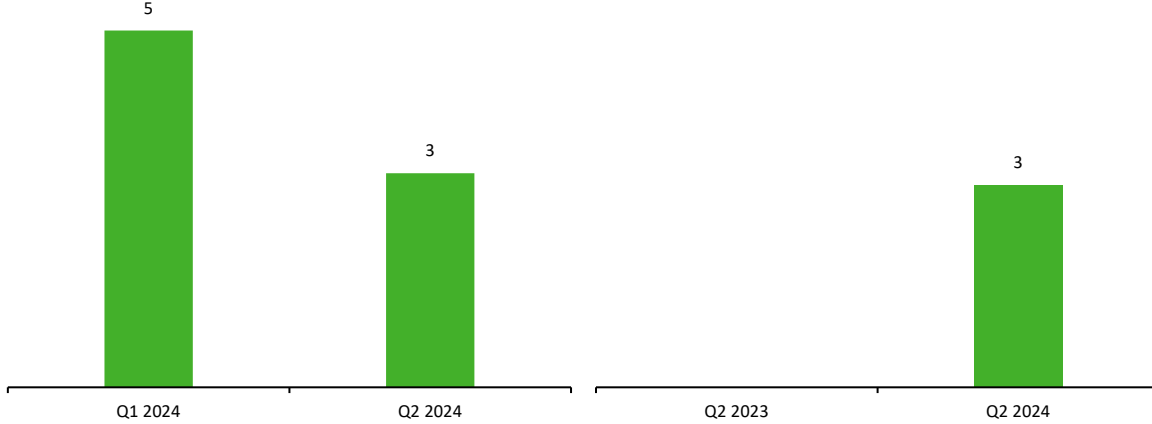


Deal volume % change – Q2 2024 vs Q1 2024 Deal volume % change – Q2 2024 vs Q2 2023



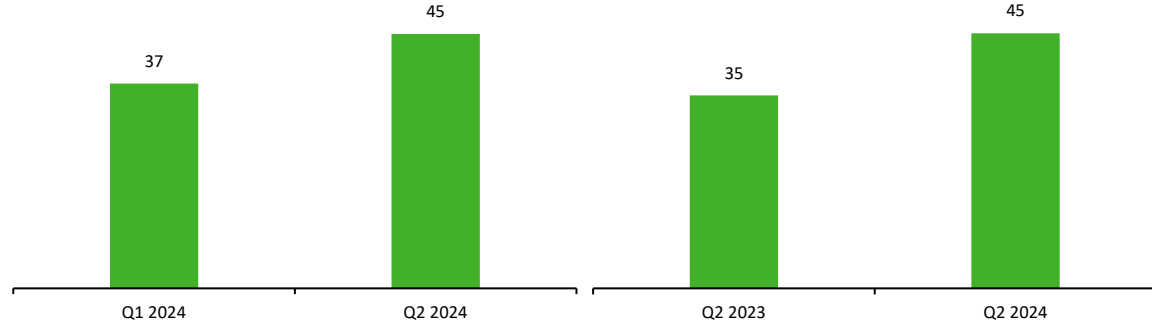
Rest of the world

Deal volumes – Q2 2024 vs Q1 2024 Deal volumes – Q2 2024 vs Q2 2023



Undisclosed acquirors

Deal volumes – Q2 2024 vs Q1 2024 Deal volumes – Q2 2024 vs Q2 2023



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Appendix

Sources cited

Page 2:

1. [Mergermarket](#). Accessed July 11, 2024. Data as of June 30, 2024.

Page 4:

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Page 7:

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Page 8:

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Page 9 -11:

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