

Divestitures Quarterly Update

Q4 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

#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 access to **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.

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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 ⁽¹⁾



Transaction Volume

Divestiture transaction volume increased in Q4 2023 with number of deals reaching 512 compared to 460 in Q3 2023 and 249 deals in Q4 2022. Additionally, divestitures made up 25.5% of total M&A activity compared to 19.7% in Q3 2023 and 9.8% in Q4 2022.



Transaction Size

In Q4 2023, transactions with deal values above \$1 billion accounted for 21.0% of the total disclosed deal volumes compared to 42.0% of the deals in Q3 2023. Deals with values less than \$250 million accounted for 62.5% of deal volume compared to 45.5% in Q3 2023.



Acquiror Type

Domestic strategic buyers accounted for 50.8% of buyers in divestiture transactions in Q4 2023, a decrease from 79.1% in Q4 2022. Interest from private equity buyers has filled this gap, accounting for 32.4% of the buyers in Q4 2023, compared to 2.8% in Q4 2022, a new near-term record.



Industry Focus

Industrials and High Technology remained as the areas of focus for divestitures in Q4 2023, making up 14.8% and 14.5% of all divestiture transactions, respectively. Financials secured the third-highest concentration, comprising 11.9% of all transactions.

Divestitures activity remained at near-term record levels in Q4 2023 since showing significant growth in Q2 2023. Divestitures accounted for 25.5% of all M&A transactions in Q4 2023 as compared to 10.5% in Q1 2023.

Regional trends ⁽¹⁾

Americas

Divestiture activity in the Americas increased by 13.2% in Q4 2023 compared to Q3 2023. The Americas completed 436 transaction in Q4 2023 compared to 385 transactions in Q3 2023.

United States

US-based buyers remain the most active acquirors in the Americas. The number of transactions involving US buyers increased to 410 in Q4 2023 compared to 365 in Q3 2023.

Canada

Canada's deal volume witnessed an increase of 41.2% QoQ in Q4 2023, closing 24 transactions in Q4 2023 compared to 17 in Q3 2023.

Europe

Divestitures deal activity among European acquirors witnessed marginal increase in Q4 2023, increasing by 9.7% QoQ. They participated in 34 deals in Q4 2023 up from 31 in Q3 2023.

United Kingdom

Deals involving U.K.-based acquirors doubled in Q4 2023 as the number of transactions increased to 8 in Q4 2023 compared to 4 in Q3 2023.

France

4 deals were closed by French buyers in Q4 2023, down from 9 in Q3 2023.

Switzerland

Only 1 deal was closed by Swiss buyers in Q4 2023 compared to 4 deals closed in Q3 2023.

Asia

Divestiture activity in Asia declined by 8.3% QoQ in Q4 2023 compared to Q3 2023. Asian acquirors closed 11 deals in Q3 compared to 12 in Q3.

Japan

Number of deals in Japan remained at 2 for Q4 2023.

South Korea

4 deals were closed by investors in Q4 2023 up from 1 in Q3.

Other Asian Countries




Divestitures deal activity declined marginally in other Asian countries such as Hong Kong and Singapore. Number of deals in India remained at 1 for 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 Q4 2023.

Source: (1) Please refer slide 12.

Case study

White Flyer Targets, LLC

Deal contacts	
Will Frame, Mike Sciulli, Dave Tutrone	
<div><p>White Flyer Targets, LLC</p><p><i>has been acquired by</i></p><p>Olin Corporation</p><p><i>The undersigned acted as exclusive financial advisor to Reagent Diversified Holdings, Inc.</i></p><p>Deloitte Corporate Finance LLC</p></div>	Client overview
	<ul style="list-style-type: none">▪ 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 and in high-profile competitions and sporting events.
	Situation overview
	<ul style="list-style-type: none">▪ 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
	<ul style="list-style-type: none">▪ 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:<ul style="list-style-type: none">▪ 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.

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⁾

Consumer 	Duckhorn Portfolio Inc announces the company's agreement to acquire Sonoma-Cutrer Vineyards <ul style="list-style-type: none"> The Duckhorn Portfolio, Inc., a premier wine group, is set to (or will likely) acquire Sonoma-Cutrer Vineyards and related brand trademarks. By adding Sonoma-Cutrer to its collection of ten wineries, Duckhorn portfolio will enhance one of the most respected wine portfolios in the industry. 	Announced date: November 2023 Total Transaction Value: \$391 million
Technology 	Ackroo acquires GiftFly's digital gift card business <ul style="list-style-type: none"> Ackroo Inc. entered into an agreement to acquire assets of GiftFly, a payments company in the U.S. specializing in eGift cards for small to medium-sized merchants, on November 23, 2023. This strategic move aimed to facilitate Ackroo's entry into the U.S. market by tapping into GiftFly's extensive network of 4,000 active merchants across North America. 	Announced Date: November 2023 Total Transaction Value: \$750 million
Industrials 	TechPrecision Corporation (TPCS) to acquire Votaw Precision Technologies <ul style="list-style-type: none"> TechPrecision Corporation, manufacturer and seller of precision, fabricated, and machined metal structural components and systems in the United States, signed a Letter of Intent to acquire all outstanding shares of Votaw Precision Technologies, Inc., a privately-held operating company of Doerfer Corporation. The acquisition is focused on strategically increasing TechPrecision's existing defense and aerospace presence. 	Announced Date: November 2023 Total Transaction Value: \$110 million
Healthcare 	Vanda Pharmaceuticals acquires U.S. and Canadian Rights to PONVORY® from Actelion Pharmaceuticals Ltd. <ul style="list-style-type: none"> Vanda has acquired rights to PONVORY, used to treat adults with relapsing forms of multiple sclerosis (RMS), in the US and Canadian markets from Actelion, in exchange for \$100 million. This strategic move enhances Vanda's commercial portfolio and provides access to a versatile immune response modifier with potential applications in various autoimmune-based disorders. 	Announced Date: December 2023 Total Transaction Value: \$100 million
Healthcare 	Integra LifeSciences announces definitive agreement to acquire Acclarent <ul style="list-style-type: none"> Integra LifeSciences, a global leader in medical technology, has entered into a definitive agreement to acquire Acclarent, Inc. from Ethicon, Inc., a Johnson & Johnson MedTech company. Acclarent is an innovator and market leader in ENT procedures and upon deal closing, Integra will be one of the leading providers of ENT products and technologies. 	Announced Date: December 2023 Total Transaction Value: \$280 million

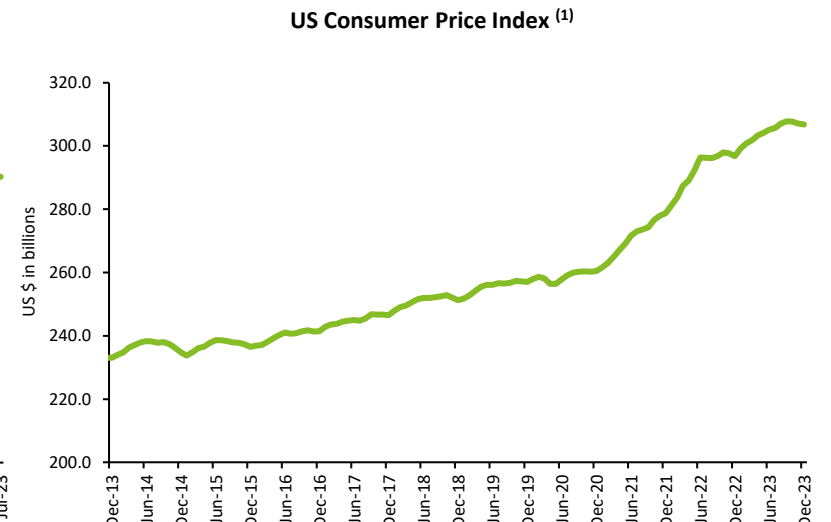
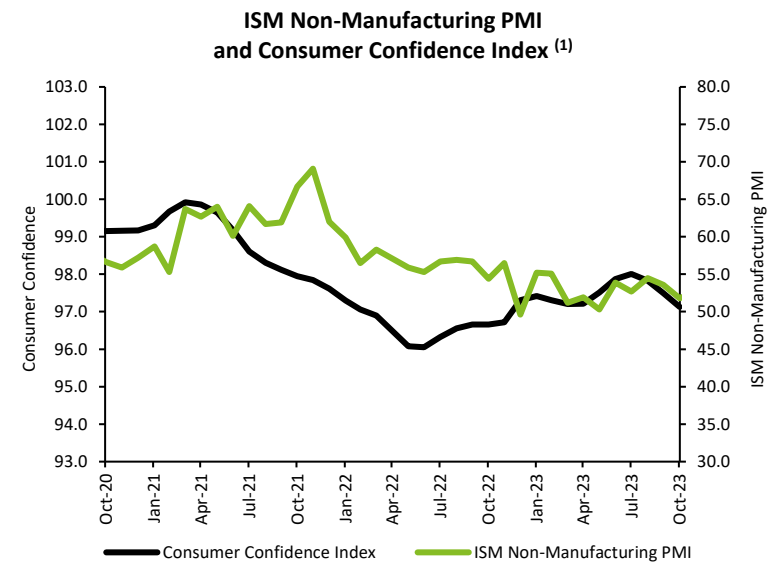
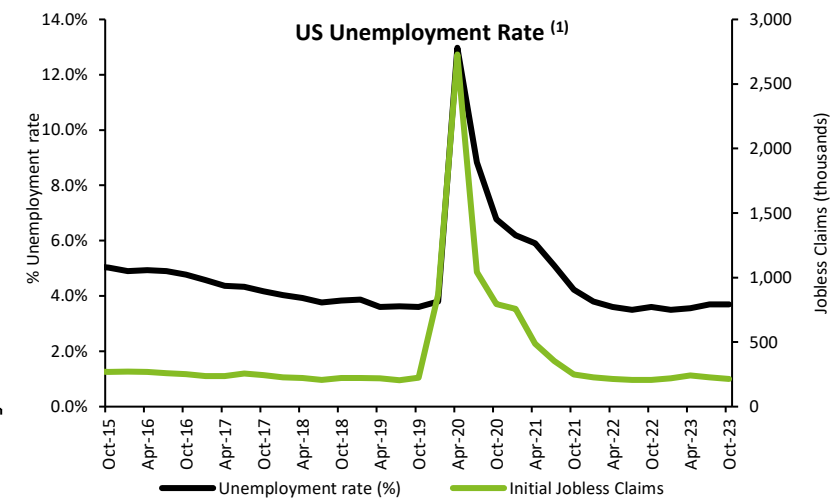
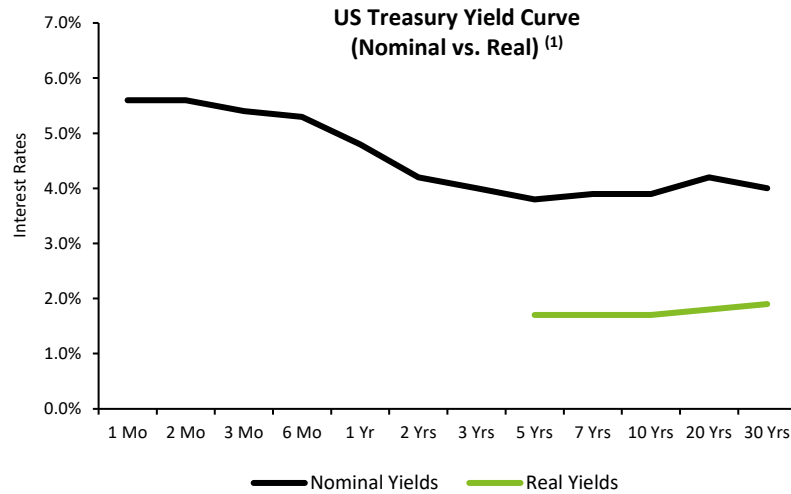
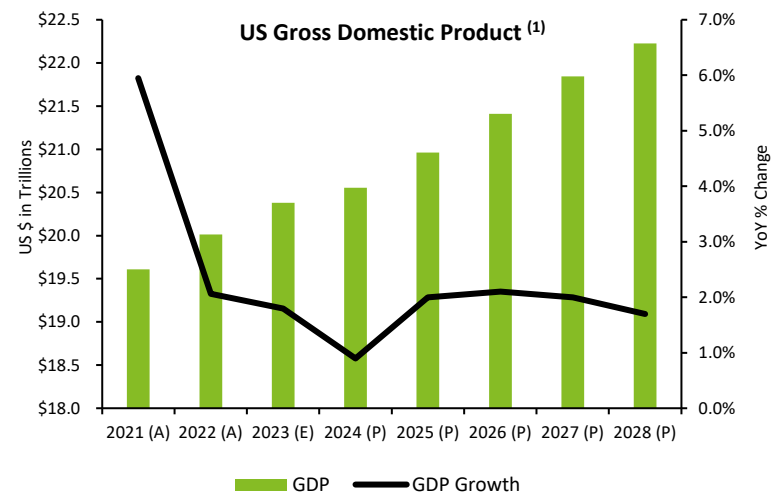
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Divestitures Quarterly Update

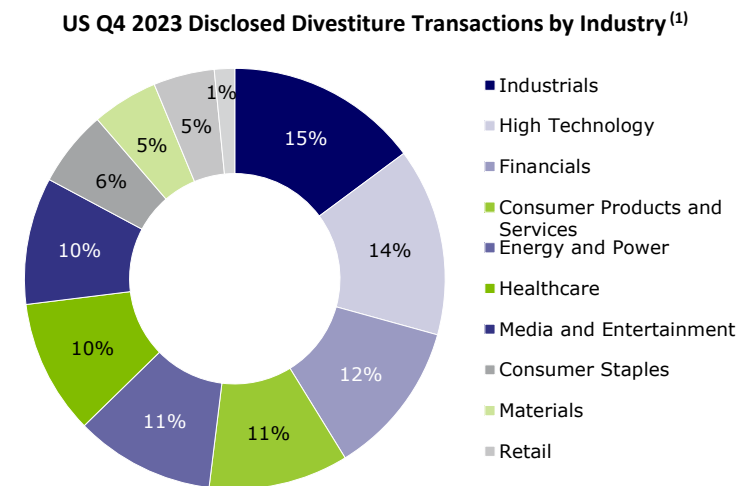
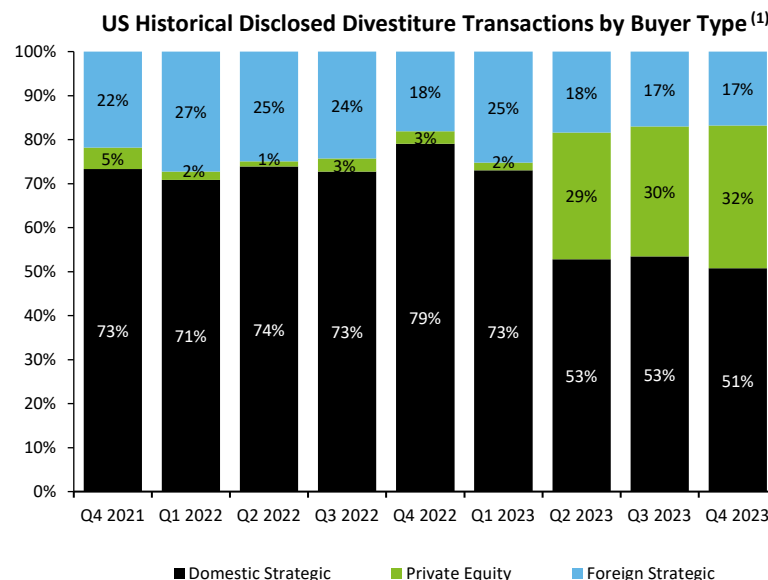
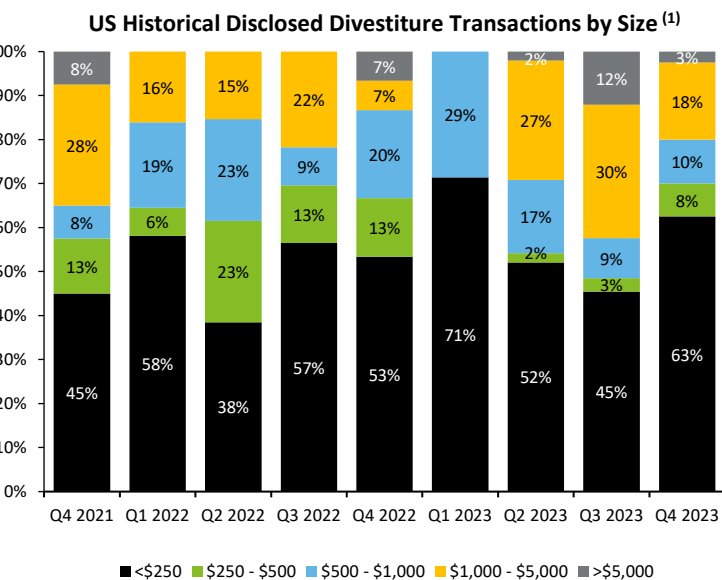
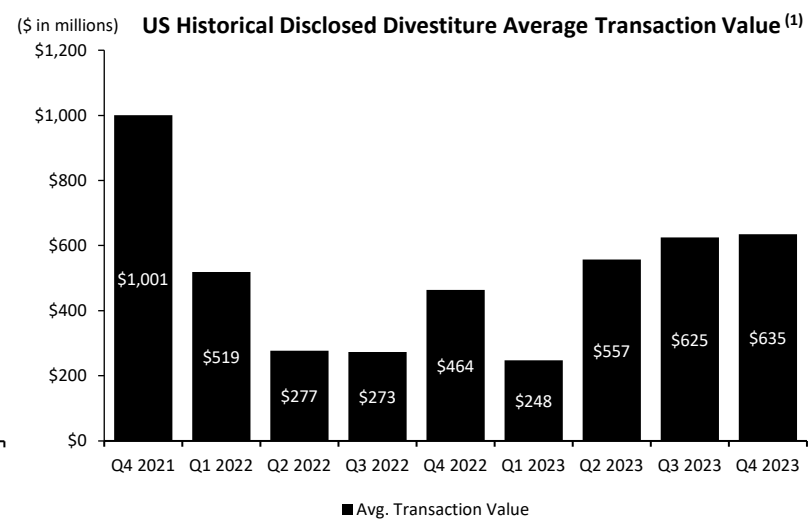
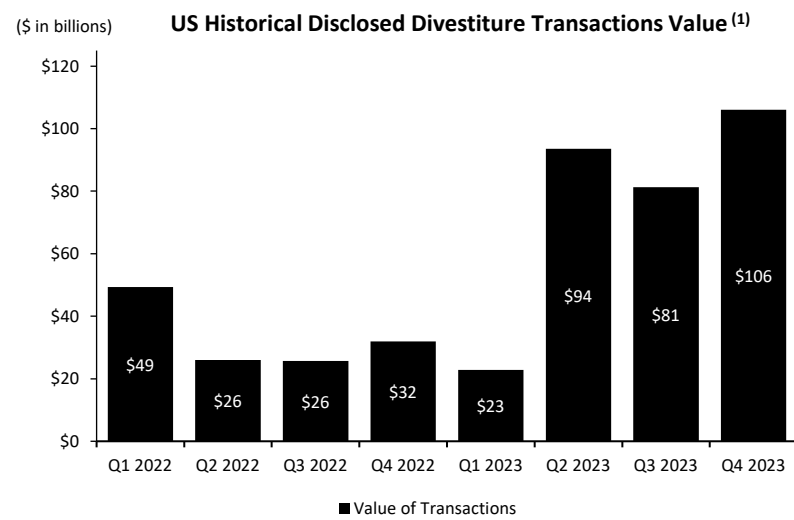
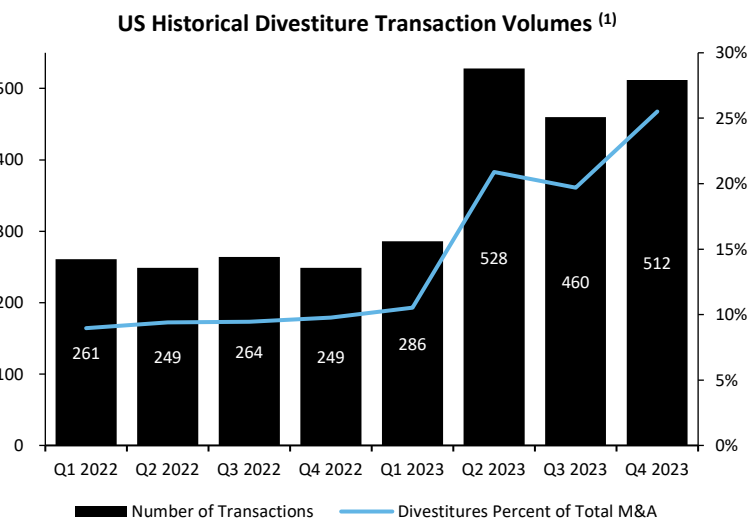
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Macroeconomic outlook



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US historical divestitures



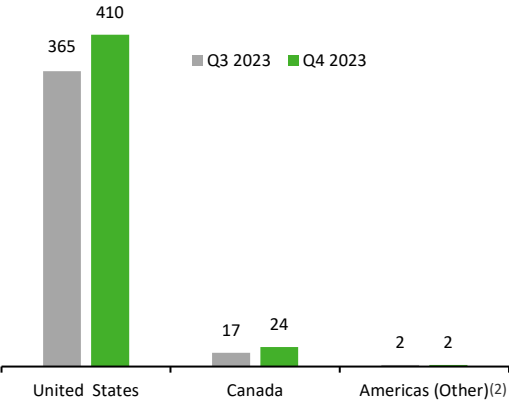
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Global divestitures – deal volume analysis

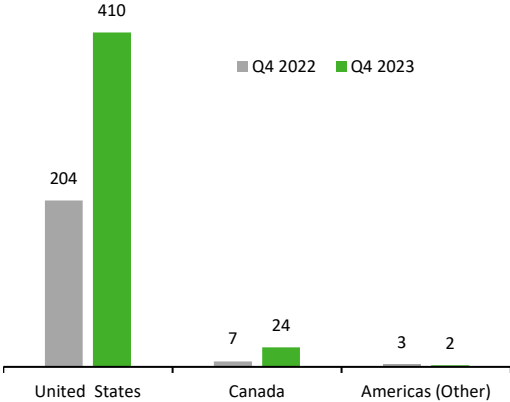
Most active acquiror countries by region ⁽¹⁾

Americas

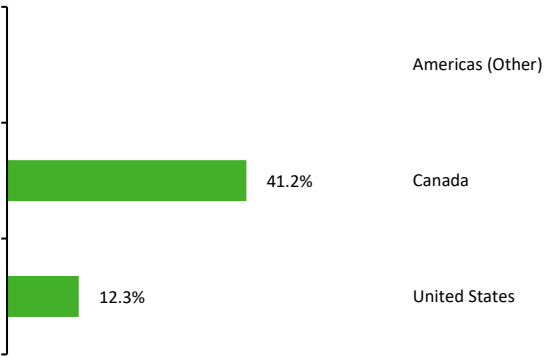
Deal volumes – Q4 2023 vs Q3 2023



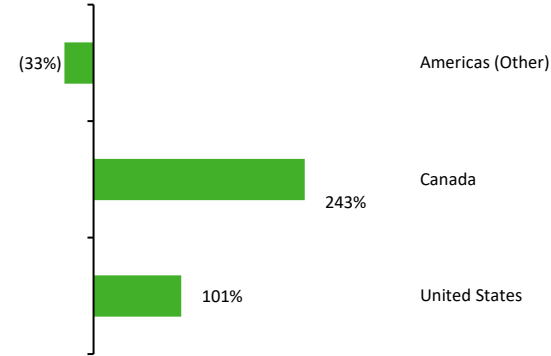
Deal volumes – Q4 2023 vs Q4 2022



Deal volume % change – Q4 2023 vs Q3 2023

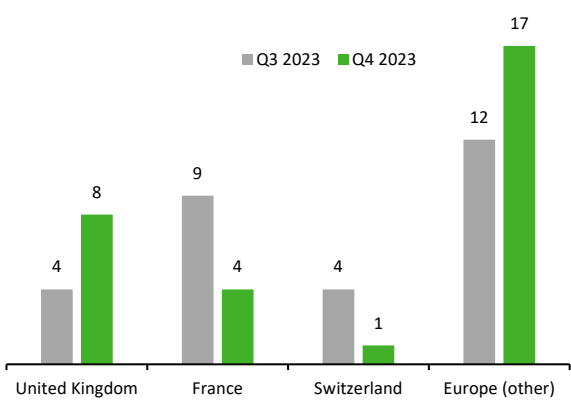


Deal volume % change – Q4 2023 vs Q4 2022

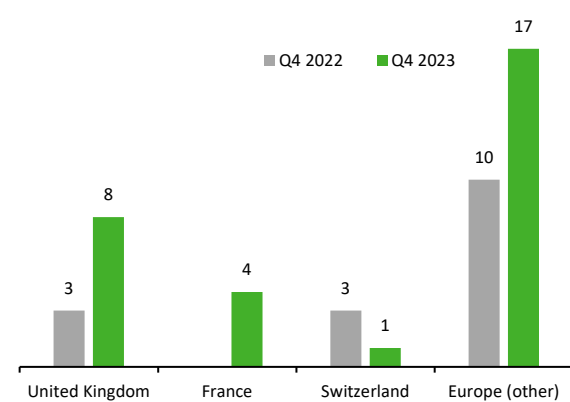


Europe

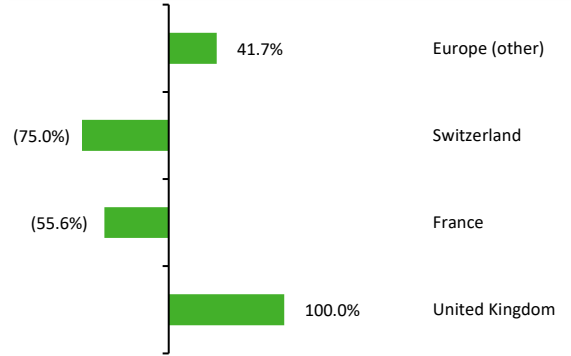
Deal volumes – Q4 2023 vs Q3 2023



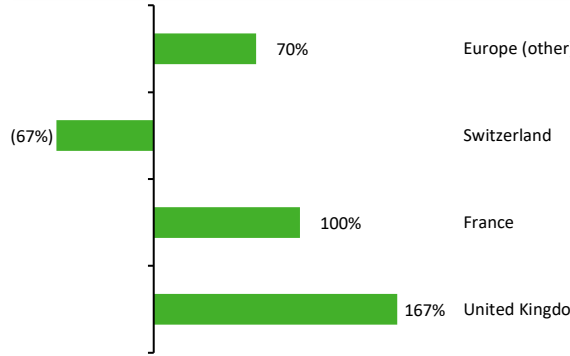
Deal volumes – Q4 2023 vs Q4 2022



Deal volume % change – Q4 2023 vs Q3 2023



Deal volume % change – Q4 2023 vs Q4 2022



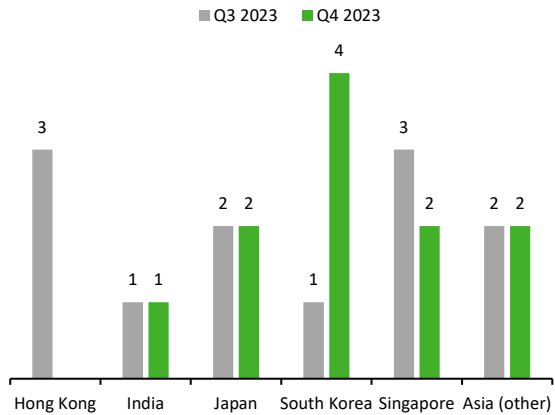
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Global divestitures – deal volume analysis (cont.)

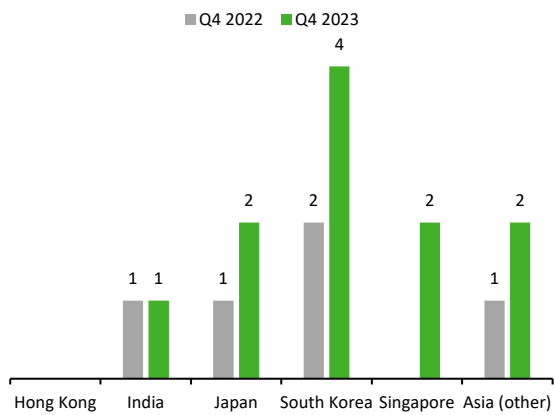
Most active acquiror countries by region ⁽¹⁾

Asia

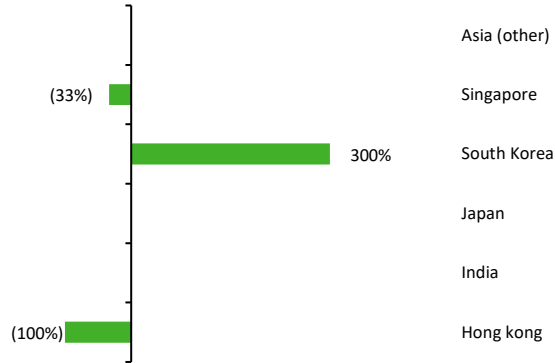
Deal volumes – Q4 2023 vs Q3 2023



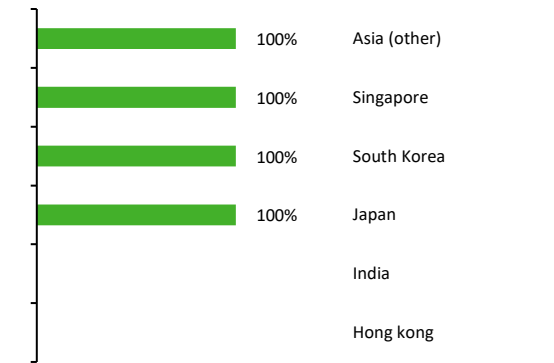
Deal volumes – Q4 2023 vs Q4 2022



Deal volume % change – Q4 2023 vs Q3 2023

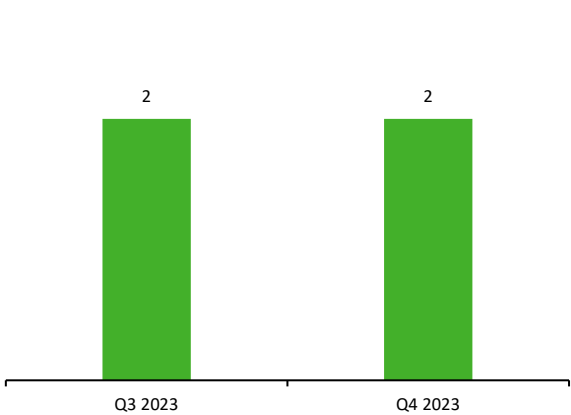


Deal volume % change – Q4 2023 vs Q4 2022

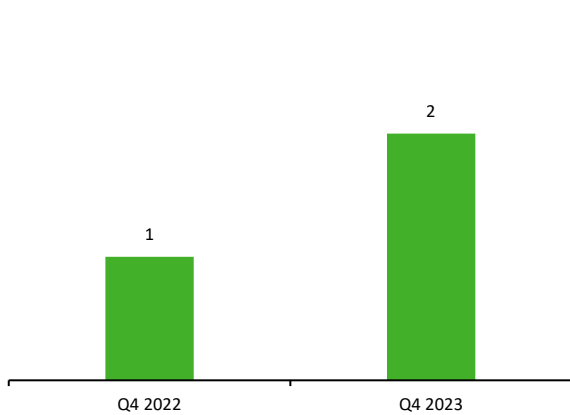


Rest of the world

Deal volumes – Q4 2023 vs Q3 2023

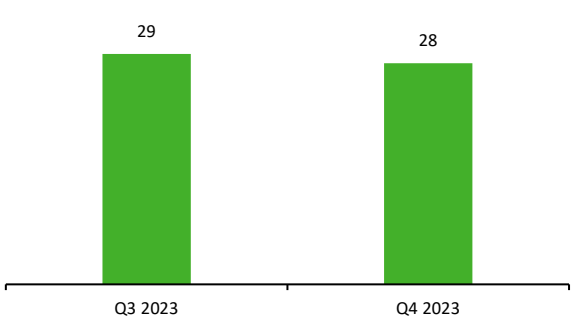


Deal volumes – Q4 2023 vs Q4 2022

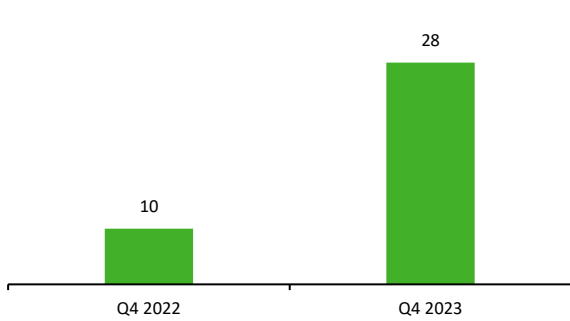


Undisclosed acquirors

Deal volumes – Q4 2023 vs Q3 2023



Deal volumes – Q4 2023 vs Q4 2022



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Appendix

Sources cited

Page 2:

1. Mergermarket. Accessed January 16, 2024. Data as of December 31, 2023.

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1. Refinitiv. Accessed January 16, 2024. Data as of December 31, 2023.

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 - b. Mergermarket. Accessed January 16, 2024. Data as of December 31, 2023.
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