



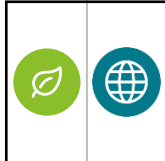
US divestitures quarterly update

Q2 2021

Divestiture trends

Overall trends⁽¹⁾

M&A and divestiture activity has continued to build on its momentum in Q2 2021. Divestiture volume jumped to 639 deals in Q2 2021 compared to 474 in Q2 2020. As the pandemic has continued to reshape the business environment and company strategy, divestitures have remained an important tool for companies to focus attention and investment around core business operations. Divestitures have simultaneously served as a means of improving capital structure through cash infusion and debt paydown, evidenced by the continued decline of the S&P 500's debt/EBITDA ratio over the previous five quarters since the pandemic began. Divestiture activity shifted towards smaller transaction sizes, with divestitures of less than \$250 million increasing by 15% over Q1 2021 to 42% of divestitures. Likewise, divestitures in excess of \$1 billion decreased by 14% from 40% of divestitures in Q1 to 25% in Q2. Overall, M&A and divestiture activity is poised to remain strong in 2H 2021 as companies continue to grapple with rapidly evolving competitive landscapes.



Global activity⁽¹⁾

Q2 2021 witnessed a shift in divestiture activity away from overseas acquirors toward North American acquirors. In the Americas, divestiture activity increased 8.3% over Q1 2021, with 550 transactions completed. U.S. buyers completed 518 deals, up from 487 in Q1 2021, followed by Canada with 28 deals, increasing precipitously from 16 in Q1 2021. European and Asian divestitures declined by 13.2% and 16.7% from Q1 2021, respectively, with European buyers completing 46 divestitures and Asian buyers completing 15. In Europe, the United Kingdom continues to be the most active acquiror, with 19 deals completed, up 72% from 11 in Q1 2021. The United Kingdom was followed by Sweden which completed 6 transactions, doubling its Q1 total. In Asia, China returned to previous levels of activity, with Chinese acquirors completing 4 deals, following Q1 2021 without a single U.S. divestiture. India followed China with 3 deals completed, trailed by Japan, South Korea, and Singapore with 2 deals each.

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
- Crossborder activity

Middle Market Divestitures in the News

April 2021 – AltaGas Ltd. entered into an agreement to sell its U.S. transportation and storage business to an entity owned by Six One Commodities LLC and Vega Energy Partners, Ltd. for \$275 million. The transaction provides AltaGas a large cash infusion to help achieve its target leverage of under 5.0x net debt to normalized EBITDA. De-leveraging will likely remain a top priority for AltaGas as the company continues to focus on its core energy infrastructure operations.²

April 2021 – Hood Container Corporation has signed a definitive agreement to acquire the display and packaging business of Sonoco Products Company for cash consideration of \$80 million. Sonoco plans to use the proceeds from the divestment to further invest in its core consumer and industrial packaging businesses. The transaction expands Hood Container's product offerings and improves its domestic footprint.³

May 2021 – Prestige Consumer Healthcare Inc. has agreed to acquire the consumer health business of Akorn, Inc. for \$230 million. The transaction allows Akorn to refocus around its core prescription drug portfolio and enhance its ability to invest in more profitable areas. Prestige Consumer Healthcare expects to realize synergies utilizing its broad retail and e-commerce distribution channels to increase visibility of Akorn's branded health solutions.⁴

June 2021 – Trilantic North America has agreed to acquire 3D Systems' On-Demand Manufacturing business for \$82 million. Trilantic plans to rebrand the business as Quickparts and capitalize on growing demand for advanced, rapid turnaround manufacturing capabilities in a wide-array of end markets. The divestiture comes amidst 3D Systems' efforts to position the company for expected growth in its industrial-scale additive manufacturing offering.⁵

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.

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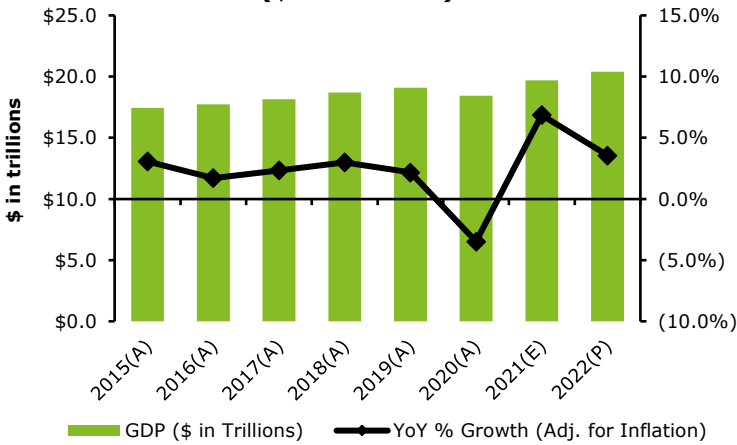
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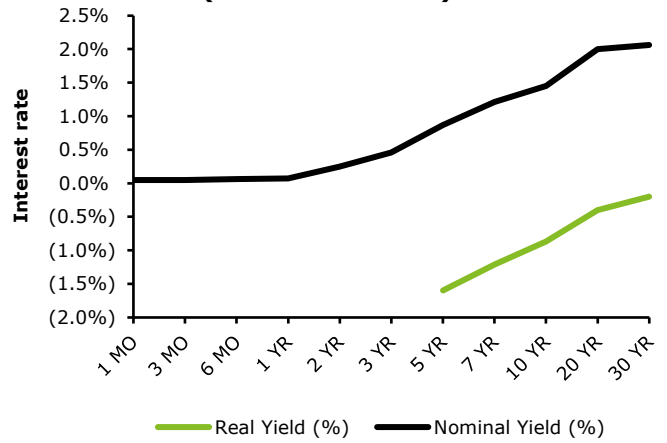
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Macroeconomic outlook

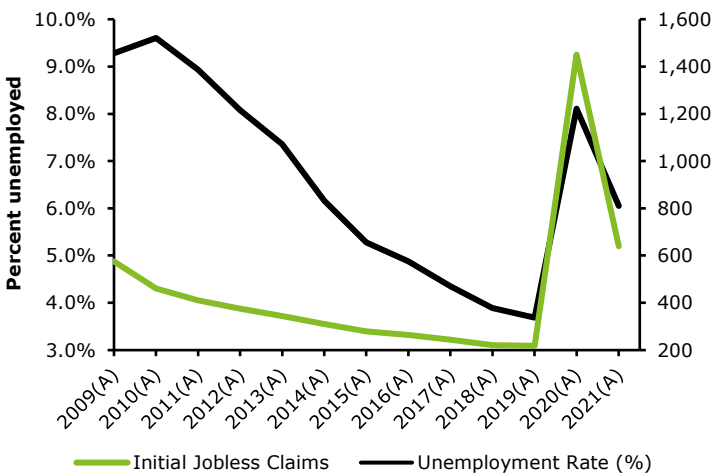
US gross domestic product (\$ in trillions)¹



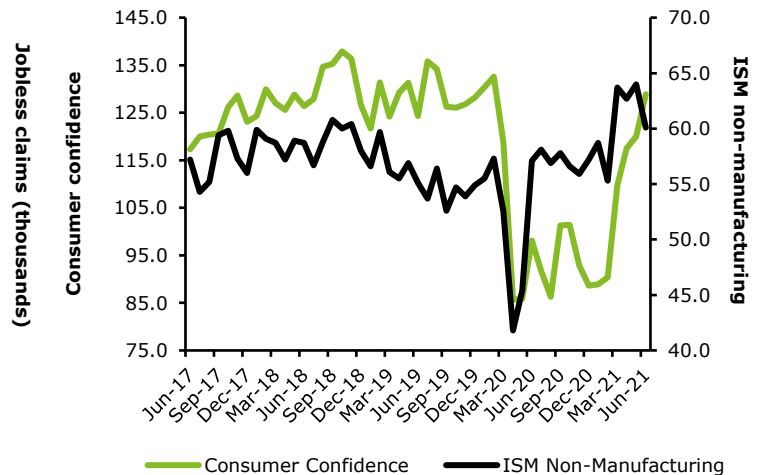
US treasury yield curve (nominal vs. real)²



US unemployment rate (percent unemployed)³

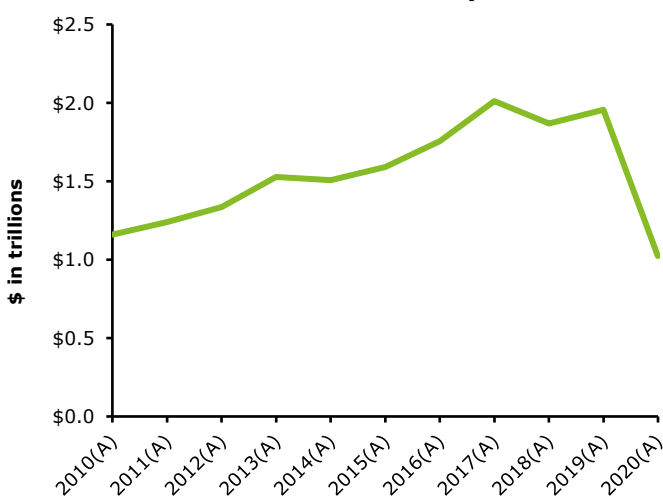


ISM non-manufacturing index and consumer confidence index⁴

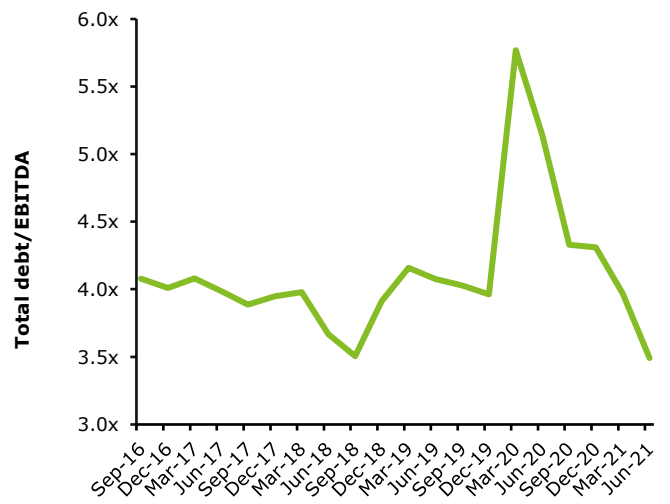


*An ISM Non-Manufacturing Index value above 50 signals economic expansion.

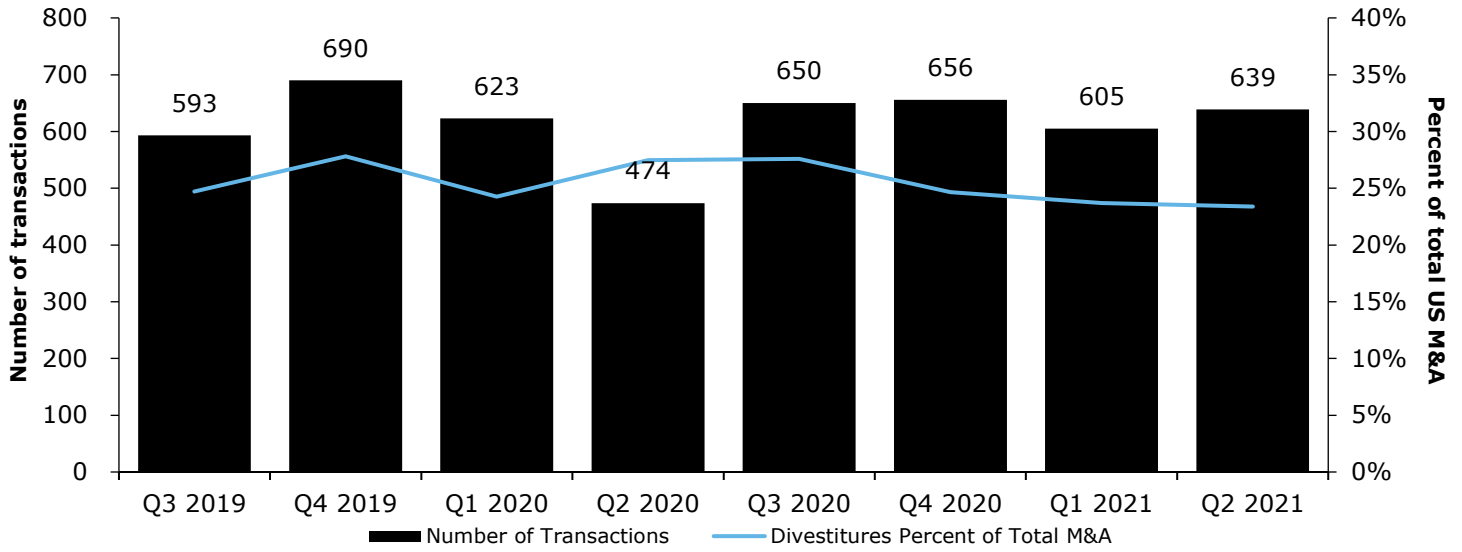
US corporate cash stockpiles of nonfinancial companies⁵



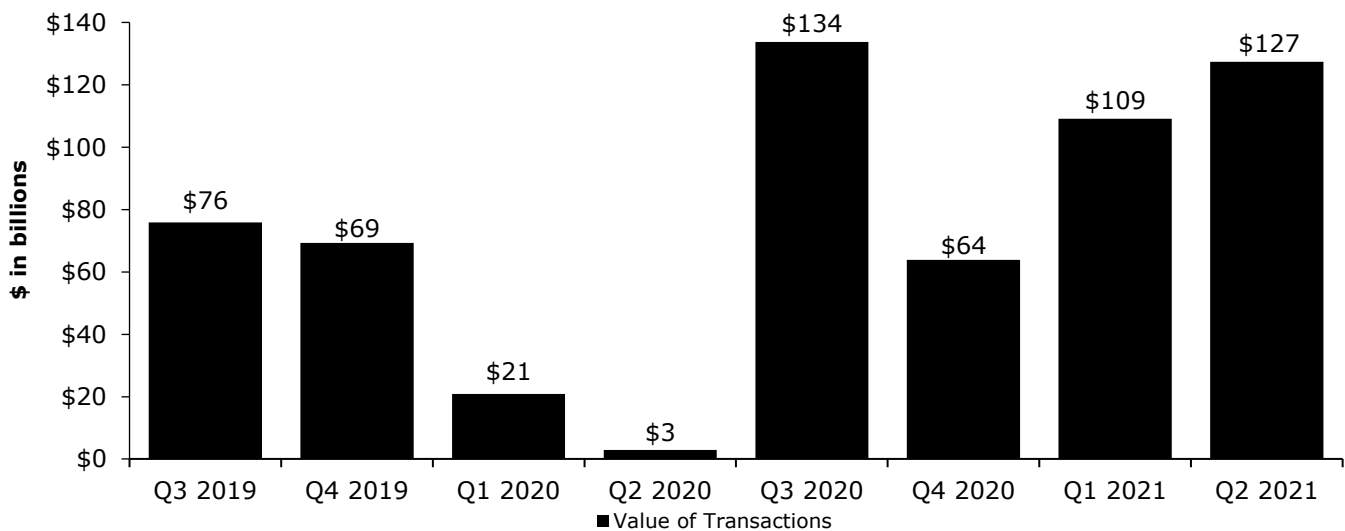
S&P 500 debt/EBITDA level⁶



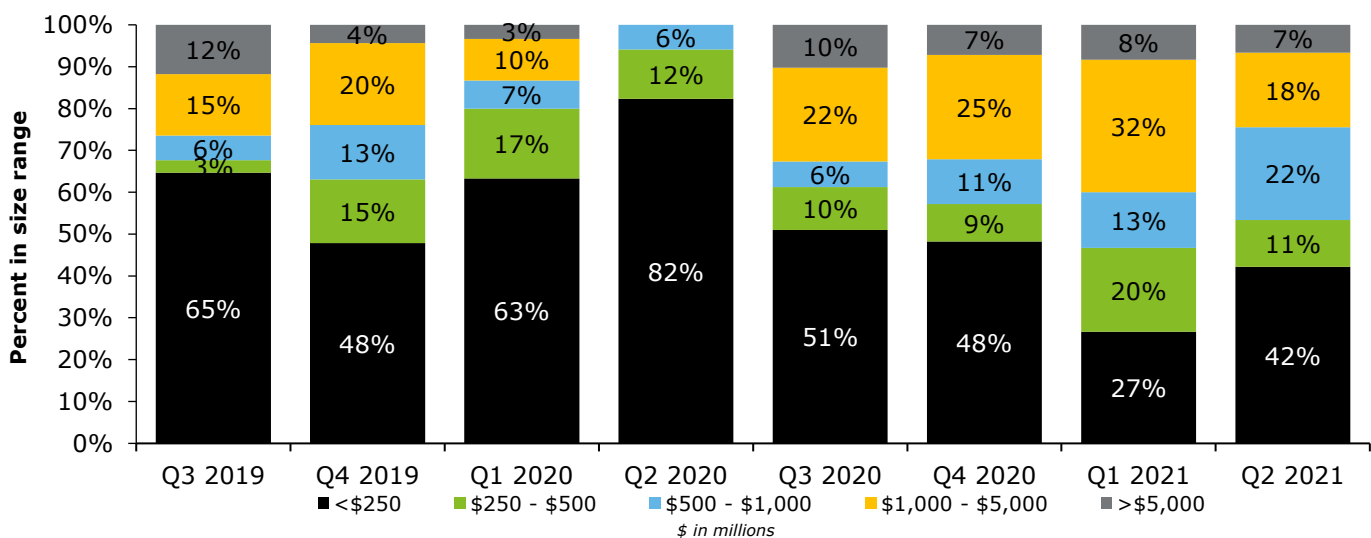
US historical divestiture transaction volumes¹



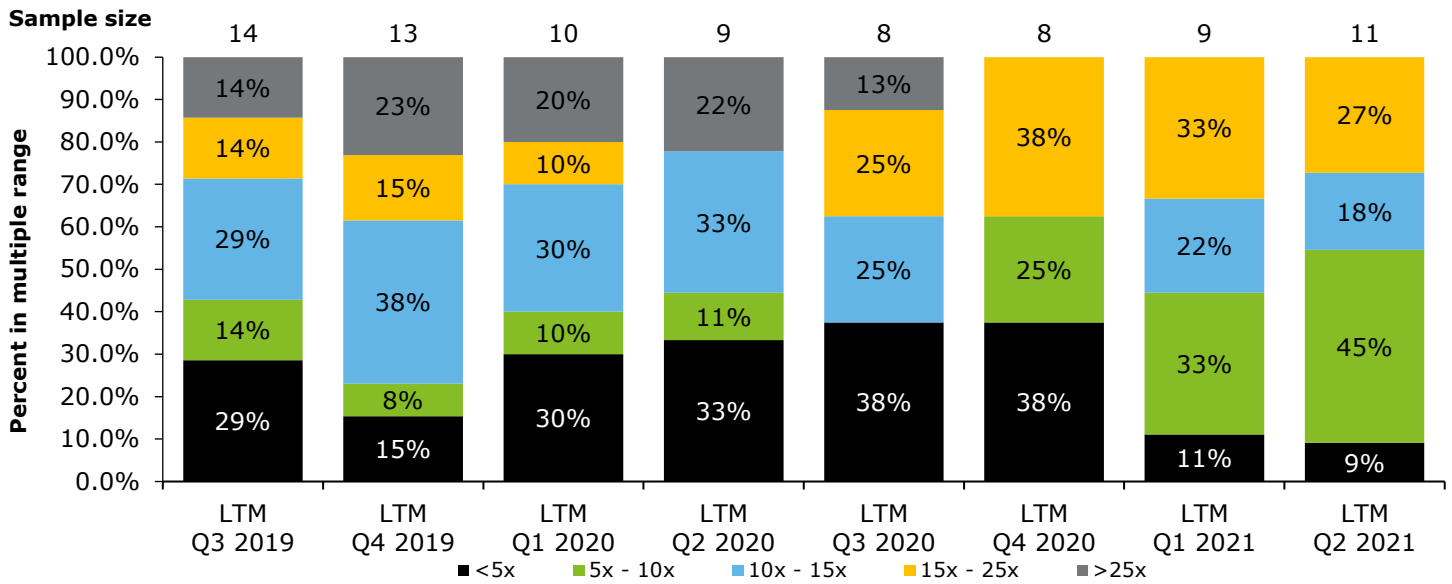
US historical disclosed divestiture transactions value²



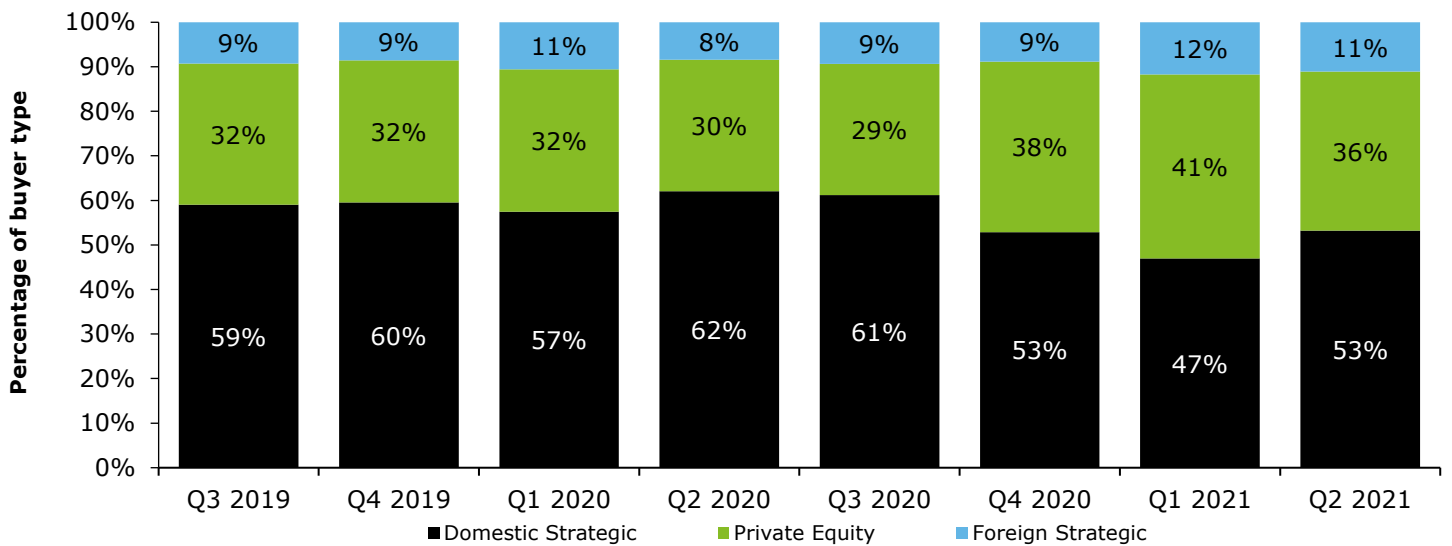
US historical disclosed divestiture transactions by size³



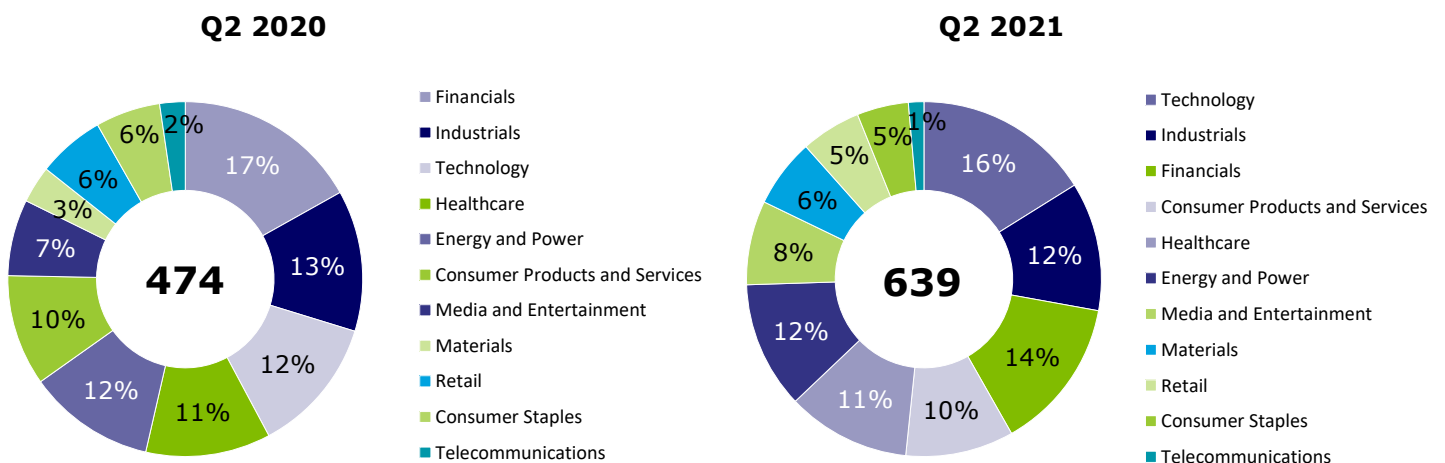
US historical disclosed divestiture transaction multiples¹



US historical divestiture transactions by buyer type²



US historical divestiture transactions by industry³



Most active acquiror countries by region¹

Top countries	Q2 2021 Total transactions	Percent change over Q1 2021	Percent change over Q2 2020
Americas	550	8.3%	33.5%
United States	518	6%	31%
Canada	28	65%	65%
Other	8	33%	300%
Europe	46	(13.2%)	76.9%
United Kingdom	19	73%	90%
Sweden	6	200%	0%
France	3 (57%)	(25%)	
Germany	2 (67%)	(33%)	
Switzerland	2 (67%)		100%
Other	19 (33%)	(33%)	
Asia	15	(16.7%)	50.0%
China	4	NaN	100%
India	3	50%	50%
Japan	2	0%	0%
South Korea	2 (33%)		100%
Singapore	2 (33%)	(33%)	
Other	2 (75%)		0%
Rest of world	5	0.0%	150.0%
Undisclosed acquiror	22		

Select Middle Market US divestitures²

(\$ in millions)

Announced date	Target/Ultimate parent	Acquiror	Business description	Enterprise value
Apr-21	US Transportation and Storage Business of AltaGas Ltd. AltaGas Ltd.	Six One Commodities; Vega Energy Partners, Ltd.	The US transportation and storage business of AltaGas includes a number of natural gas transportation and storage contracts, including approximately 31 billion cubic feet of leased and managed storage capacity.	\$275.0
Apr-21	Display and Packaging Business of Sonoco Products Company Sonoco Products Company	Hood Container Corporation	Sonoco's display and packaging business offers point-of-purchase design, supply chain management services, manufacturing and fulfillment services, and contract packaging services for consumer product customers.	\$80.0
May-21	Consumer Health Business of Akorn Inc. Akorn, Inc.	Prestige Consumer Healthcare Inc.	The consumer health business of Akorn Inc. manufactures and markets a variety of OTC products, including the TheraTears, Diabetic Tussin, and MagOx.	\$230.0
May-21	American Equipment Company, Inc. Fluor Corporation	One Equity Partners LLC	American Equipment Company, Inc. supplies vehicles, construction equipment, and tools, and provides support services and asset management solutions for various industries and government agencies.	\$73.0
Jun-21	On-Demand Manufacturing Business of 3D Systems 3D Systems Corporation	Trilantic Capital Management LP	3D Systems' on-demand manufacturing business offers rapid prototyping, functional prototyping, low-volume manufacturing, and appearance model manufacturing services.	\$82.0

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.

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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.

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Select DCF divestiture transactions

KOMATSU
 Komatsu Ltd.
 has sold its US and Australian-based conveying businesses to

stellex

Stellex Capital Management LLC
 The undersigned acted as exclusive financial advisor to Komatsu Ltd.

Deloitte.

CATERPILLAR®
 Caterpillar Inc.
 has sold its Conveyor Systems Group to

CWW

CWW Conveyor Systems LLC
 The undersigned acted as exclusive financial advisor to Caterpillar Inc.

Deloitte.

MWV
 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
 Reynolds Packaging Group
 has sold its Medical Packaging Business to

BRENTWOOD

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

Precision Strip, Inc.
 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

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.

BOSE
 Bose Corporation
 has sold its Bose Ride Business to

ClearMotion

Clear Motion Inc.
 The undersigned acted as exclusive financial advisor to Bose Corporation

Deloitte.

Perkins
 Perkins Engines Company Ltd.
 has acquired

CLARKE

Clarke Power Services
 as a new master distribution partner

The undersigned acted as financial advisor to Perkins

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.

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Flight Options, LLC
 a wholly owned subsidiary of

Raytheon
 Raytheon Company

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.

Reynolds
 Reynolds Packaging Group
 has sold its medical packaging Business to

BRENTWOOD

Brentwood Industries
 The undersigned acted as exclusive financial advisor to Reynolds Packaging Group

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

Hanley Wood

Hanley Wood LLC
 The undersigned acted as exclusive financial advisor to U.S. Green Building Council

Deloitte.

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2. Thomson ONE. <https://www.thomsonone.com>, accessed July 31, 2021. Data as of June 30, 2021. Undisclosed refers to transactions with enterprise values that were not made known or public.
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2. S&P Capital IQ. <https://www.capitaliq.com/>, accessed July 31, 2021. Data as of June 30, 2021.

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.

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