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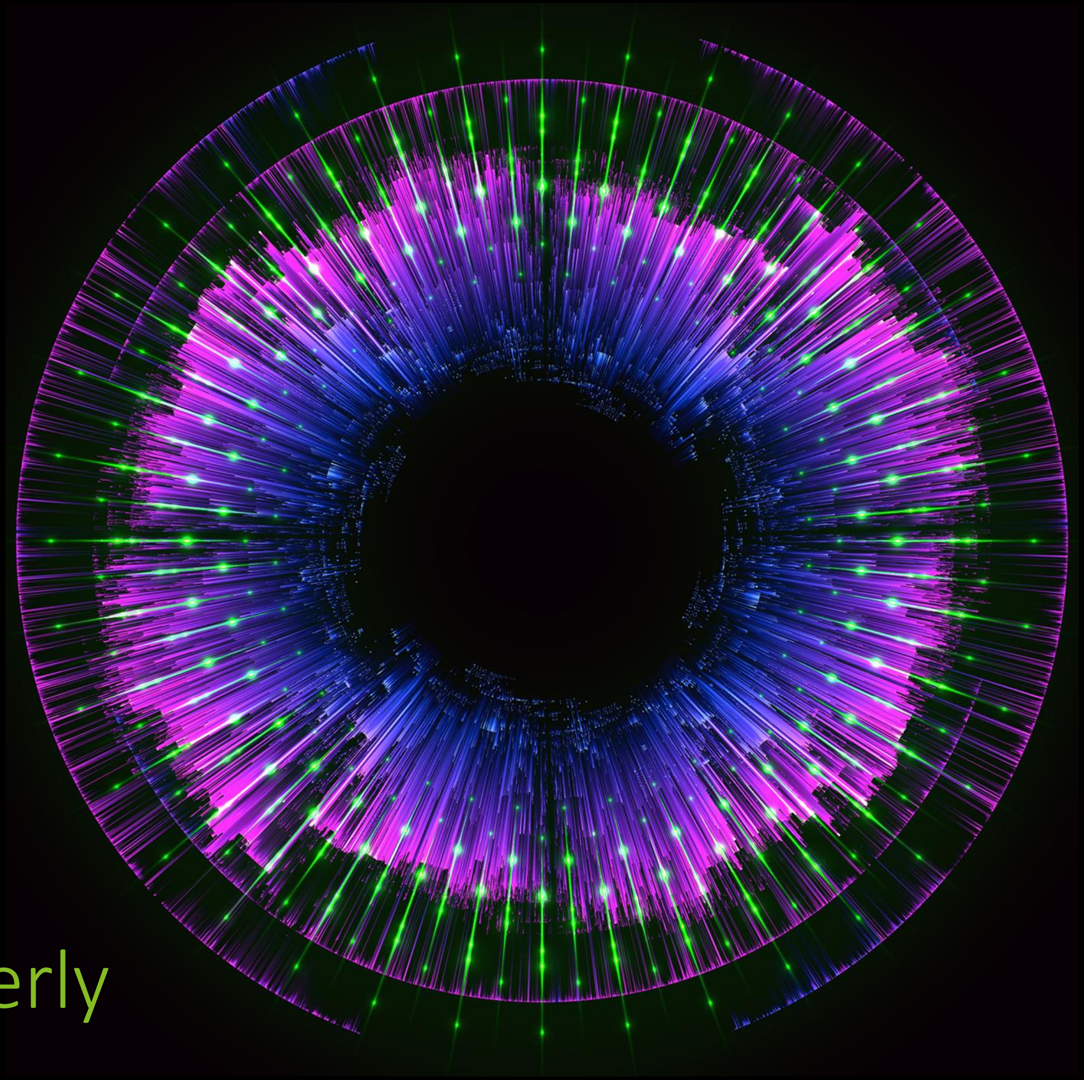

Divestitures Quarterly Update

Q3 2022

MAKING AN IMPACT THAT MATTERS since 1845

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 2021 Global M&A Advisor by volume of deals completed[1]. Deloitte closed 662 deals in 2021 with a cumulative deal value of $70B.

662 Completed deals in 2021[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 2020 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 slightly increased in Q3 2022 compared to Q2 2022. Divestiture volume was up 1.1% QoQ while overall M&A activity was down 41% as companies shift toward more disposals and corporate parents retrench on core operations.

Transaction Size

There was a shift in Q3 2022 toward significantly smaller deals. Transactions below $250 million made up the majority (57.0%) of disclosed deal value as compared to 33.0% in Q2 2022 and there were no disclosed transactions above $5 billion.

Acquiror Type

The mix of acquirors was largely consistent with previous quarters. In Q3 2022, 72.6% of the acquirors were domestic strategic, 2.9% private equity, and 24.6% foreign strategic acquirors.

Industry Focus

The Energy & Power sector accounted for 18.5% of total deal volumes representing the largest share in Q3 2022, followed by Industrials at 12.8% and Real Estate at 11.7%.

Despite the challenges of rising interest rates, higher inflation and geopolitical tensions, the M&A and divestiture activity slightly increased in Q3 2022 with more than two-thirds of all deals being done by strategic buyers.

Regional trends[1]

Americas

Divestiture activity in the Americas witnessed a 5.7% QoQ increase from Q2 2022 to Q3 2022. The Americas completed 224 transaction in Q3 2022 compared to 212 transactions in Q2 2022.

United States

The United States remains the most active acquiror in the Americas. The number of transactions increased to 211 in Q3 2022 compared to 202 in Q2 2022 .

Canada

Canada's deal activity grew with 11 transactions completed in Q3 2022 compared to 8 in Q2 2022, an increase of 37.5%.

Europe

Despite the global financial uncertainty and continued geopolitical tensions, the deal activity among European acquirors only decreased by 5.0% in Q3 2022 compared to Q2 2022.

United Kingdom

The United Kingdom continued to be one of the most active European acquirors. The number of transactions decreased to 2 in Q3 2022 compared to 4 in Q2 2022.

Sweden

3 deals were closed in Sweden in Q3 2022 compared to 0 deal closed in Q2 2022.

Germany

Germany topped European countries on Q3 with 4 completed transactions.

Asia

Divestiture activity in Asia declined by 33.3% QoQ with 8 closed transactions in Q3 2022 compared to 12 in the previous quarter.

Japan

Japan completed 3 transactions again in Q3 2022 the same as Q2 2022.

South Korea

South Korean activity dropped from 2 deals in Q2 to 0 in Q3.

Other Asian Countries

Indian deal activity dropped from 1 in Q2 to 0 in Q3 while deals out of Singapore decreased from 2 to 1.

Divestiture activity increased in the Americas with growth in deal volumes by 2.9% whereas activity declined in Europe and Asia with lower deal volume in countries such as the United Kingdom, France, South Korea and Japan.

Source: (1) Please refer slide 12.

Case study

McDonald's Corporation

Deal contacts	Phil Colaco, Byron Nelson

McDonald's Corporation

has completed the divestiture of

McD tech labs

to

International Business Machines Corporation

The undersigned acted as exclusive financial advisor to McDonald's Corporation

Deloitte.

Client overview

- McDonald's Corporation (McDonald's or the Company) is one of the world's leading global quick-service restaurants (QSR), operating or franchising over 39,000 restaurants in over 100 countries.

Situation overview

- In September 2019, McDonald's acquired Apprente, Inc. (Apprente or McD Tech Labs), an artificial intelligence conversational technology company, to develop a proprietary voice agent platform to deploy Automated Order Taking (AOT) technology at scale in its drive-thrus throughout the US and then globally. Apprente, rebranded as McD Tech Labs, continued to develop the AOT technology and rolled out the platform to 10 test stores in Chicago in early 2021.
- After a change in leadership and subsequently corporate strategy, management assessed that the value of the McD Tech Labs extended far beyond its current drive-thru application. Shortly thereafter they sought a buyer with the resources and experience needed to effectively deploy and monetize the platform worldwide across QSR and new use cases.

DCF's role

- The Company engaged Deloitte Corporate Finance LLC (DCF) to run a narrowly tailored sell-side process, which initially included four preeminent global technology conglomerates and relied upon DCF for advice and analysis to support the evaluation and negotiation of IOIs/LOIs.
- DCF assisted with the due diligence process, which included management presentations and detailed financial, legal, HR, and tax inquires, along with the negotiation of a commercial agreement in conjunction with potential definitive agreements.
- DCF added significant value by:
  - — Running a sell-side process designed to meet the specific goals of McDonald's while maintaining the highest levels of confidentiality.
  - — Effectively highlighting the Company's differentiated technology and software offerings to top-tier buyers.
  - — Driving an efficient diligence process and providing support in negotiating various financial and legal terms.
  - — Assisting McDonald's with valuation considerations for the potential transaction.

Note: 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

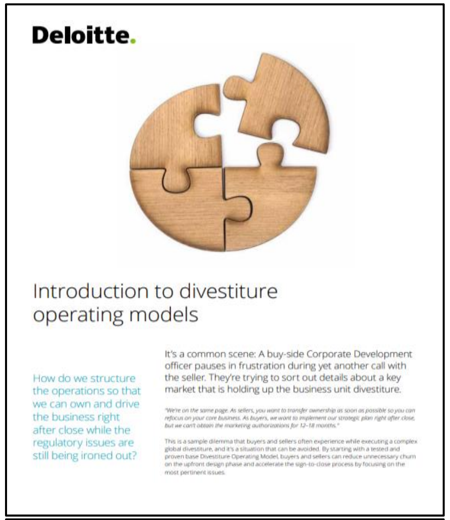
Deloitte thought leadership

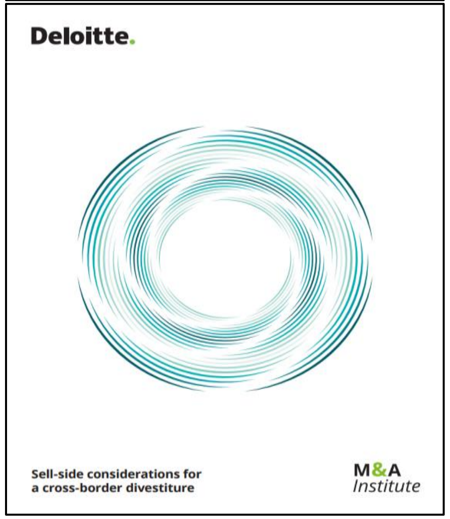
- Deloitte leverages deep transaction experience to deliver customized services and high-quality results to clients operating across multiple industry groups.
- Our surgical carve-out approach to divestitures assists management to achieve a clean, yet efficient, separation designed to find the sweet 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 drive results and provide differentiated insights for our clients.

Recent insights



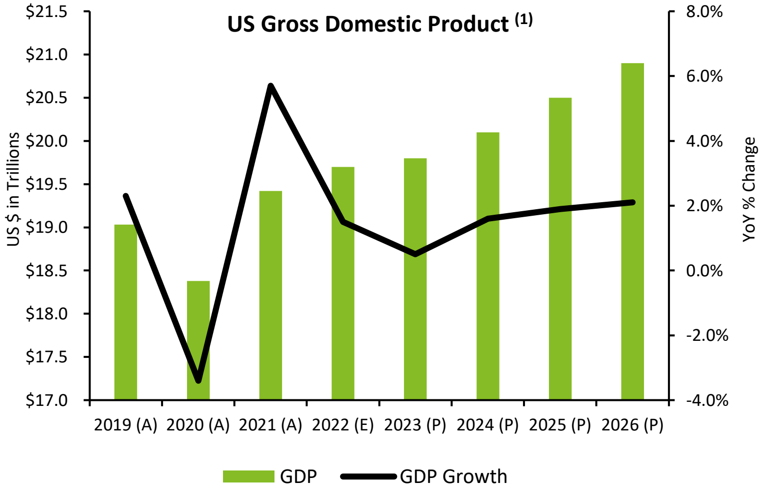


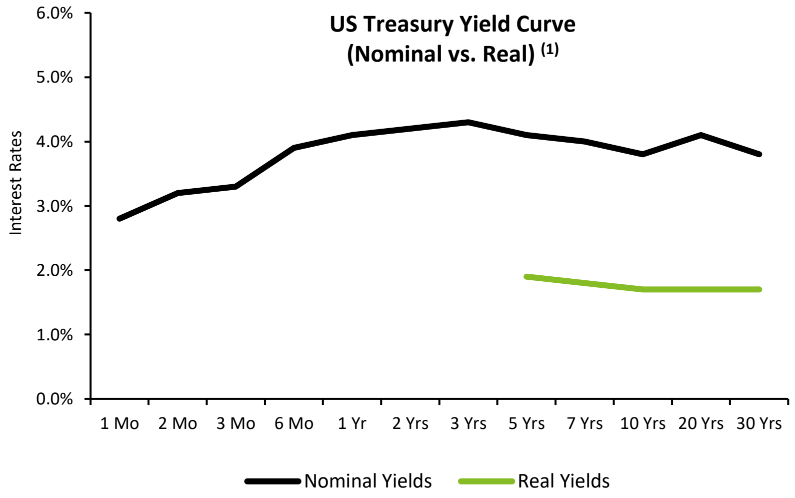
Recent middle-market divestitures[1]

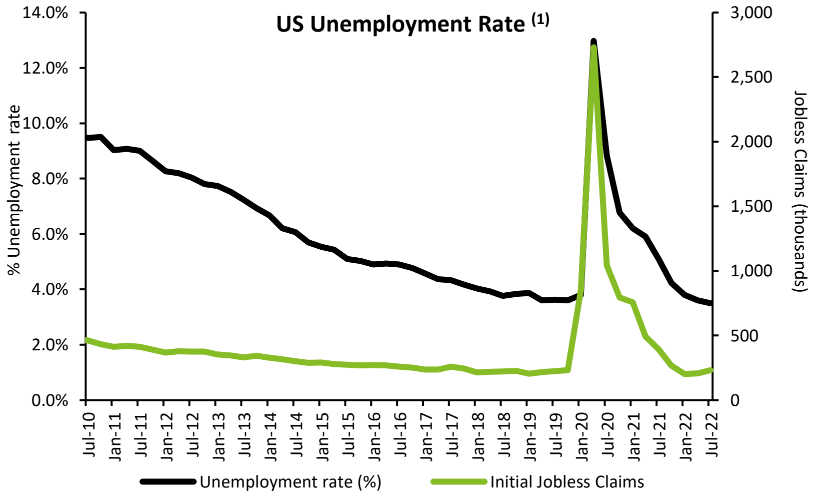
Materials	**Tenaris S.A. acquires Benteler Steel & Tube Corporation from Benteler North America Corp.** ▪ Tenaris S.A., which produces and sells seamless and welded steel tubular products; acquired Benteler Steel & Tube Corporation from Benteler North America Corp. for approximately $460 million. Benteler Steel & Tube Corporation which manufactures customized steel tubes for automotive and energy market. Benteler North America Corp. operates as a subsidiary of Benteler International AG.	**Announced Date:** July 2022 **Total Transaction Value:** $460 million
Energy	**Kinder Morgan, Inc. acquires Three Landfill Assets in Texas and Louisiana from Mas CanAm, LLC** ▪ Kinder Morgan, Inc., which operates as an energy infrastructure company in North America, acquired Three Landfill Assets in Texas and Louisiana from Mas CanAm, LLC for approximately $360 million. The three Landfill Assets comprises a renewable natural gas facility. MAS CanAm, an operator of landfill gas-based renewable natural gas in the US and Canada. It is an affiliate of MAS Energy, LLC.	**Announced Date:** July 2022 **Total Transaction Value:** $360 million
Industrials	**Heartland Express, Inc. acquires Transportation Resources, Inc. from TForce TL Holdings USA, Inc.** ▪ Heartland Express, Inc., which offers regional and long-haul truckload transportation services, acquired Transportation Resources, Inc. from TForce TL Holdings USA, Inc. for $525 million. The deal includes all of TFI's non-dedicated US dry van and temperature-controlled truckload business and logistica operations in Mexico. Transportation Resources, Inc. and TForce TL Holdings USA, Inc. both provides truckload transportation services.	**Announced date:** August 2022 **Total Transaction Value:** $525 million
Pharmaceuticals	**Catalent Inc. agrees to acquire Metrics, Inc. from Mayne Pharma Group Limited** ▪ Catalent Inc., which provides technologies and development solutions for drugs, biologics and consumer health products, agreed to acquire Metrics, Inc. from Mayne Pharma Group Ltd. for approximately $475 million. Metrics, Inc., a provider of contract services for the development and manufacture of pharmaceutical drugs. Mayne Pharma Group Ltd., which develops and manufactures oral pharmaceuticals products.	**Announced Date:** August 2022 **Total Transaction Value:** $475 million
Healthcare	**Biohaven Pharmaceutical Holding Co Ltd. announces to spin-off its subsidiary Biohaven Ltd. (SpinCo)** ▪ Biohaven Pharmaceutical Holding Co Ltd. which develops product candidates targeting neurological and neuropsychiatric diseases, announced to spin-off of its subsidiary Biohaven Ltd., a clinical-stage biopharmaceutical company, which focuses on discovering and developing therapies for patients. The SpinCo common shares are expected to begin trading on the New York Stock Exchange under the symbol "BHVN WI".	**Announced Date:** September 2022 **Total Transaction Value:** $250 million
Real Estate	**Mori Trust Co., Ltd. acquires Office Building from Boston Properties, Inc.** ▪ Mori Trust Co., Ltd., which develops residential buildings, office buildings and hotels, acquired 601 Massachusetts Avenue NW from Boston Properties, Inc. for approximately $530 million. The 601 Massachusetts Avenue NW comprises an office building. Boston Properties, Inc, operates as an integrated, self-administered and self-managed real estate investment trust (REIT) company.	**Announced Date:** September 2022 **Total Transaction Value:** $530 million

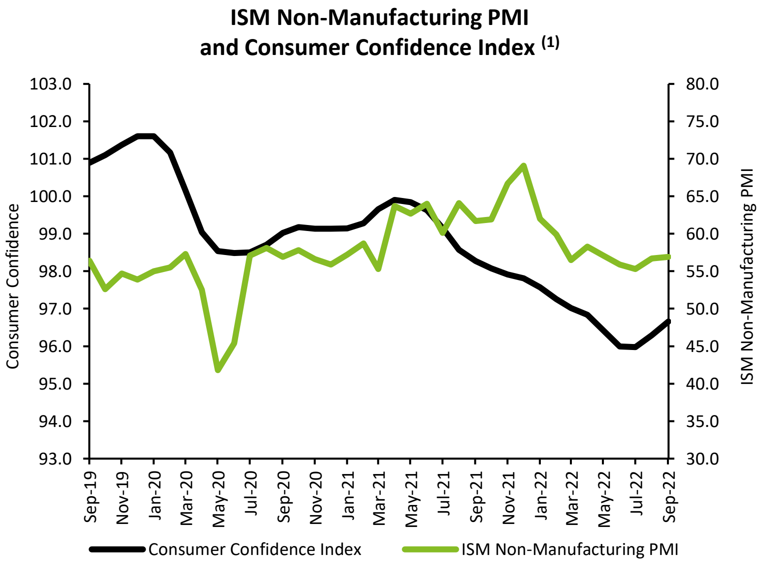
Source: (1) Please refer slide 12.

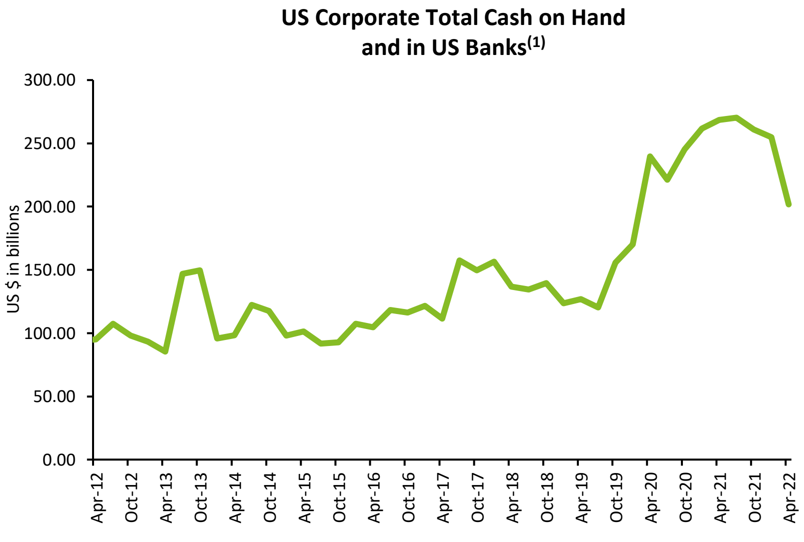
Macroeconomic outlook

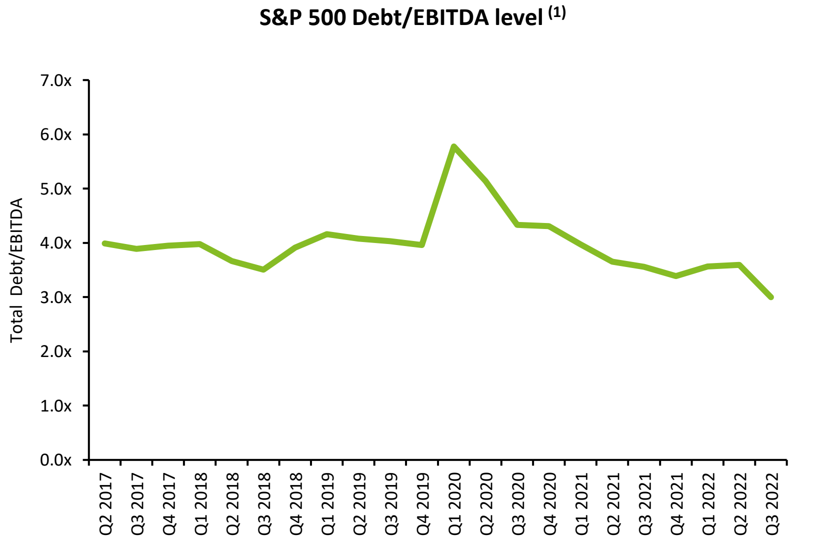












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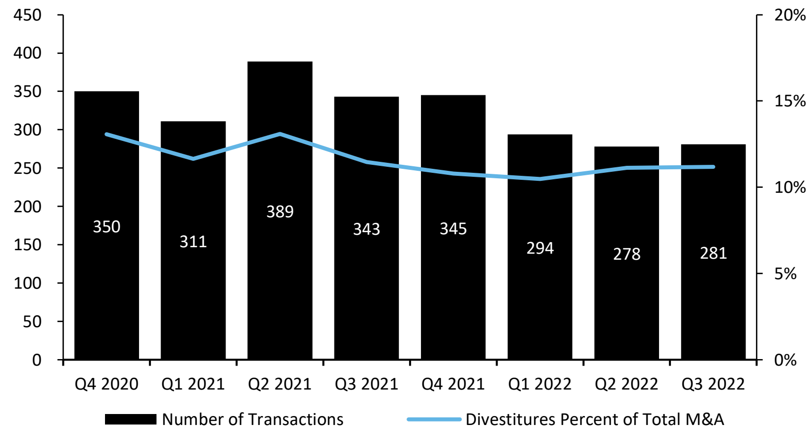
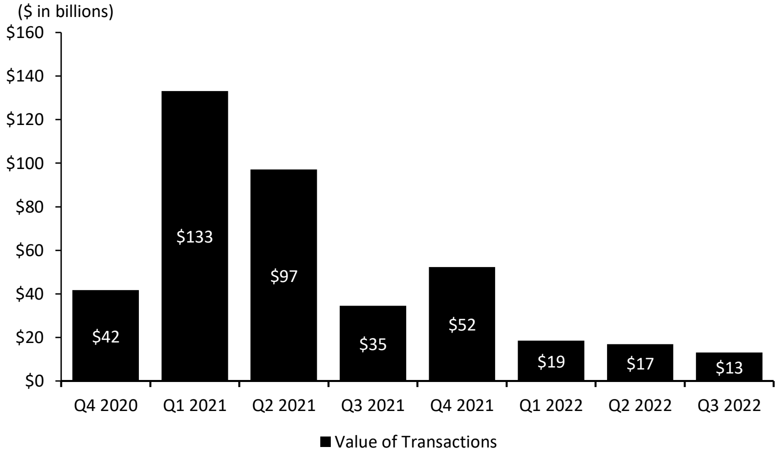
US historical divestitures

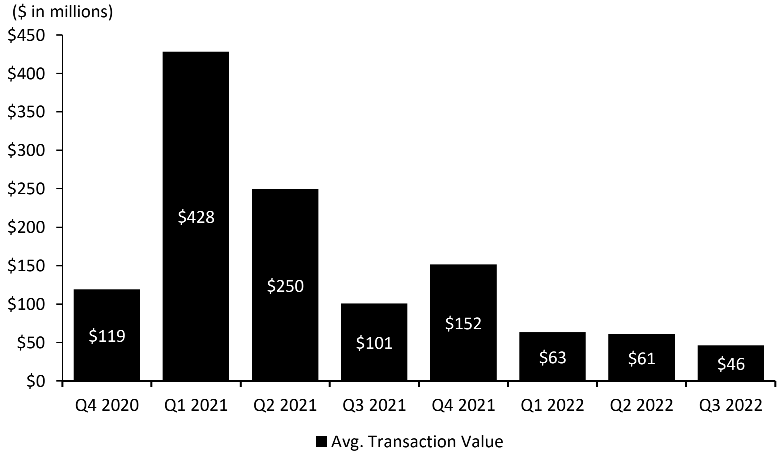
US Historical Divestiture Transaction Volumes[1]



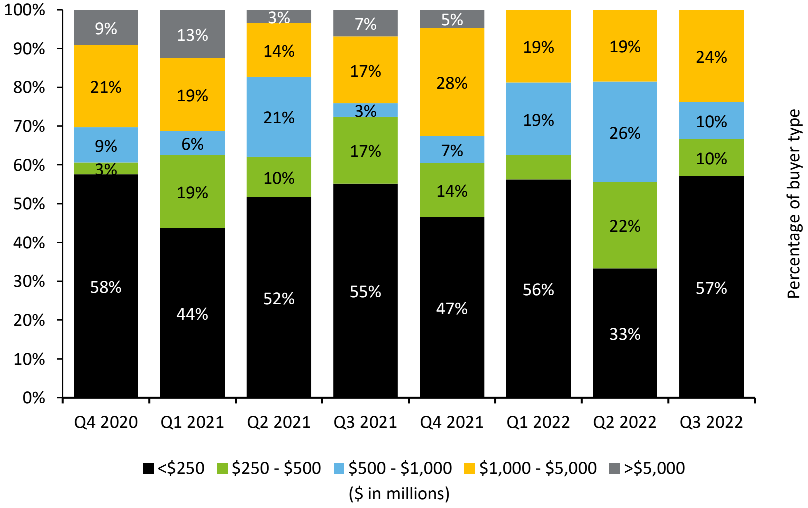
US Historical Disclosed Divestiture Transactions Value (1)



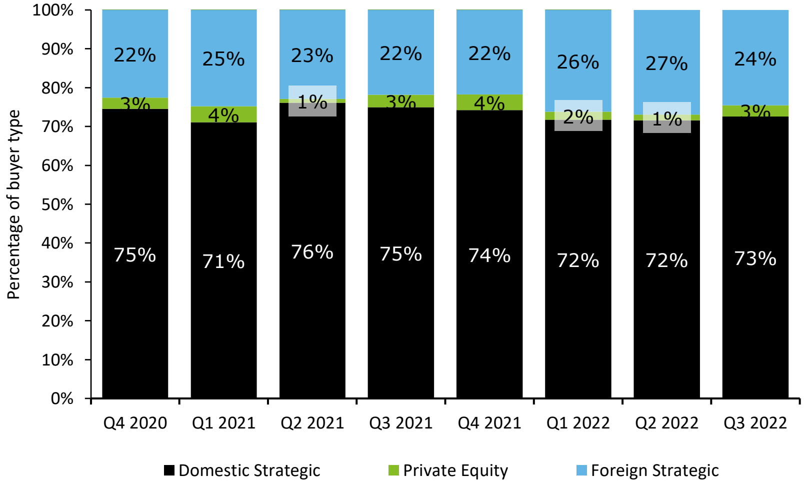
US Historical Disclosed Divestiture Average Transaction Value (1)



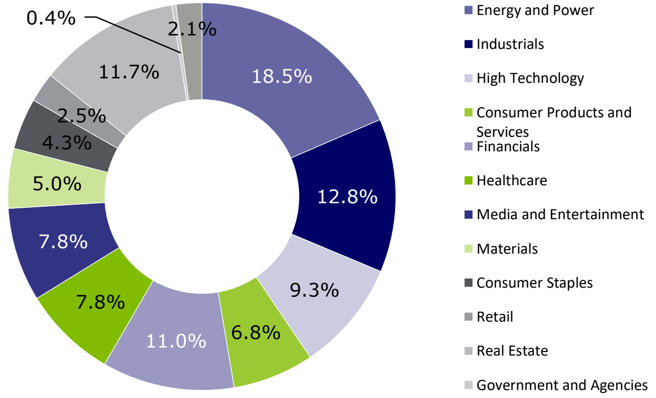
US Historical Disclosed Divestiture Transactions by Size (1)



US Historical Disclosed Divestiture Transactions by Buyer Type (1)



US Q3 2022 Disclosed Divestiture Transactions by Industry (1)



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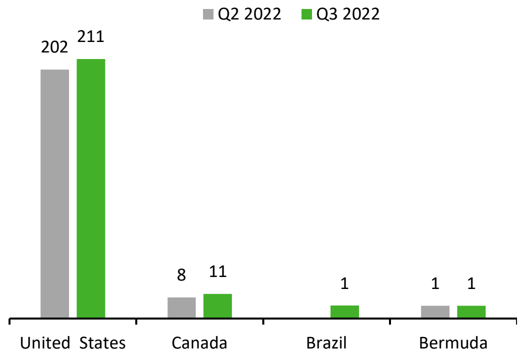
Global divestitures – deal volume analysis

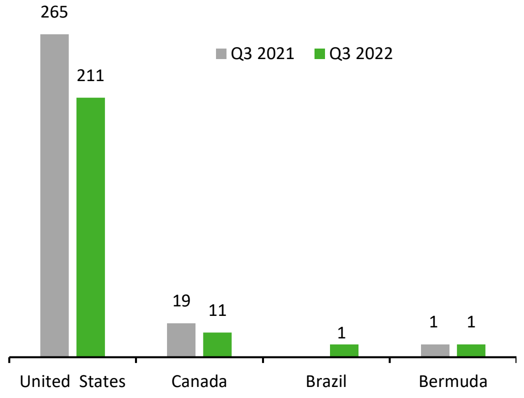
Most active acquiror countries by region[1]

Americas

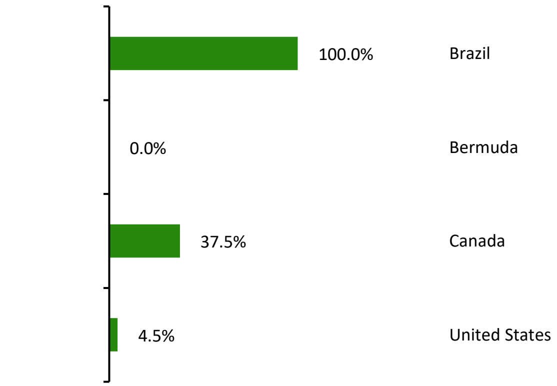
Deal volumes – Q3 2022 vs Q2 2022



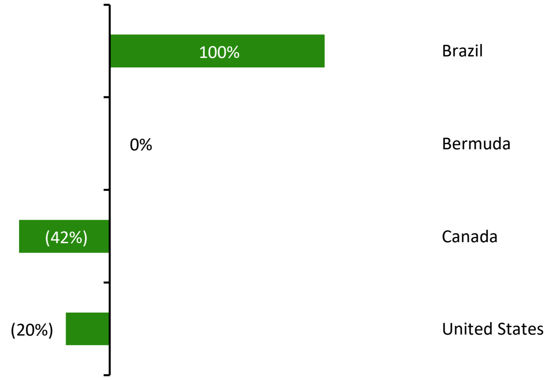
Deal volumes – Q3 2022 vs Q3 2021



Deal volume % change – Q3 2022 vs Q2 2022

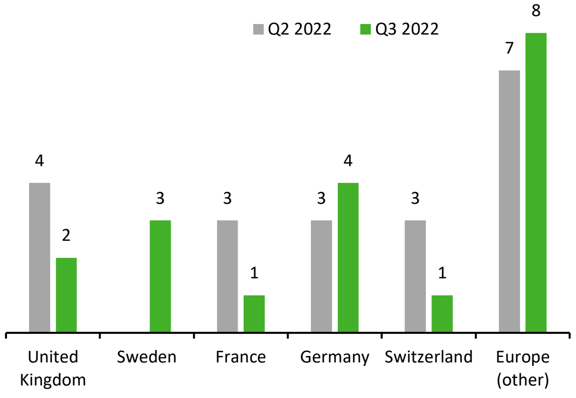


Deal volume % change – Q3 2022 vs Q3 2021

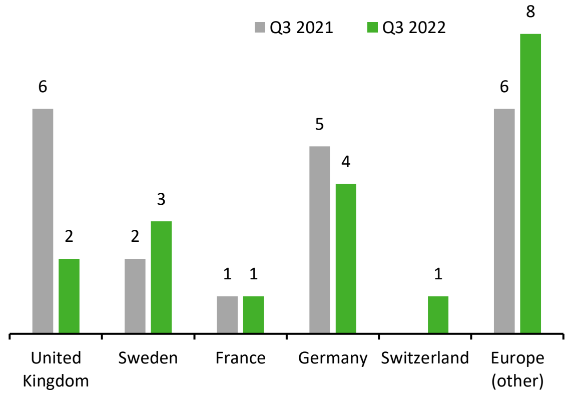


Europe

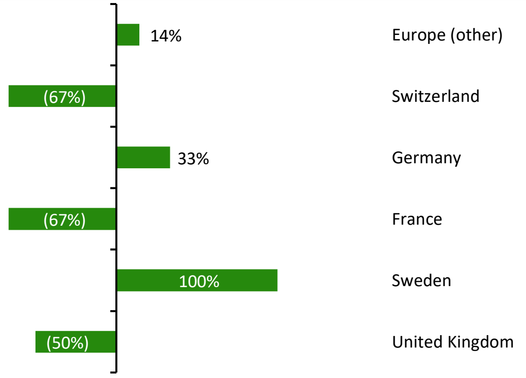
Deal volumes – Q3 2022 vs Q2 2022



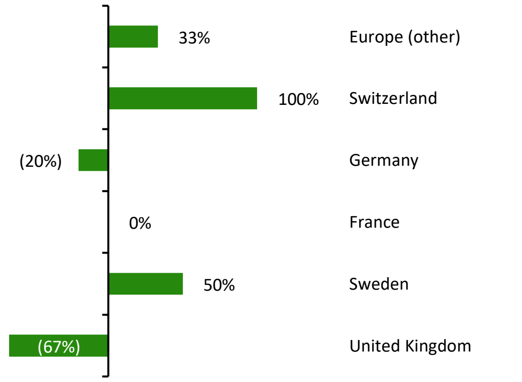
Deal volumes – Q3 2022 vs Q3 2021



Deal volume % Change – Q3 2022 vs Q2 2022



Deal volume % Change – Q3 2022 vs Q3 2021



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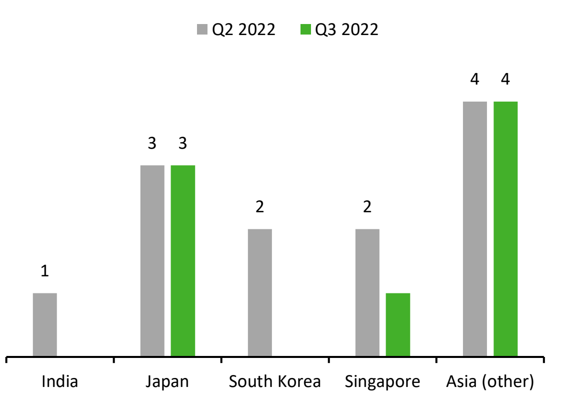
Global divestitures – deal volume analysis (cont.)

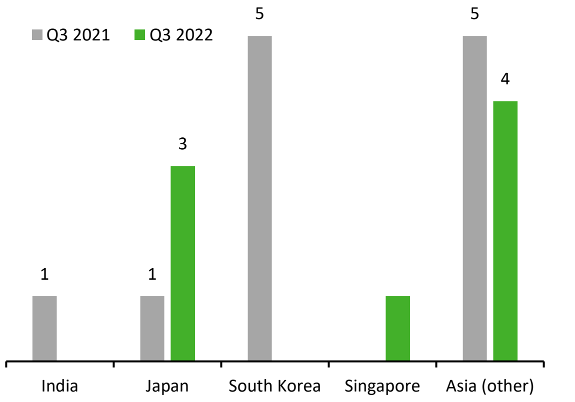
Most active acquiror countries by region[1]

Asia

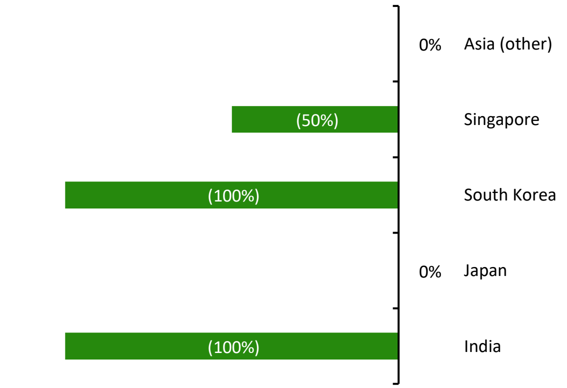
Deal volumes – Q3 2022 vs Q2 2022



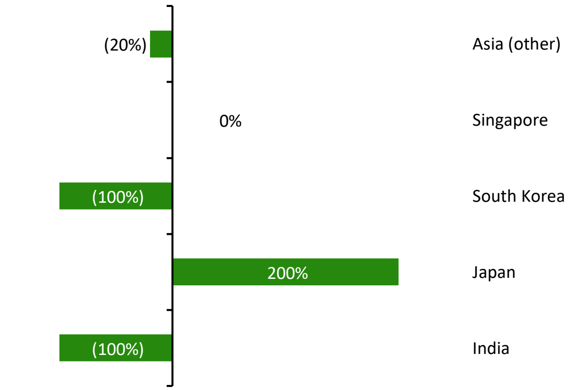
Deal volumes – Q3 2022 vs Q3 2021



Deal volume % change – Q3 2022 vs Q2 2022

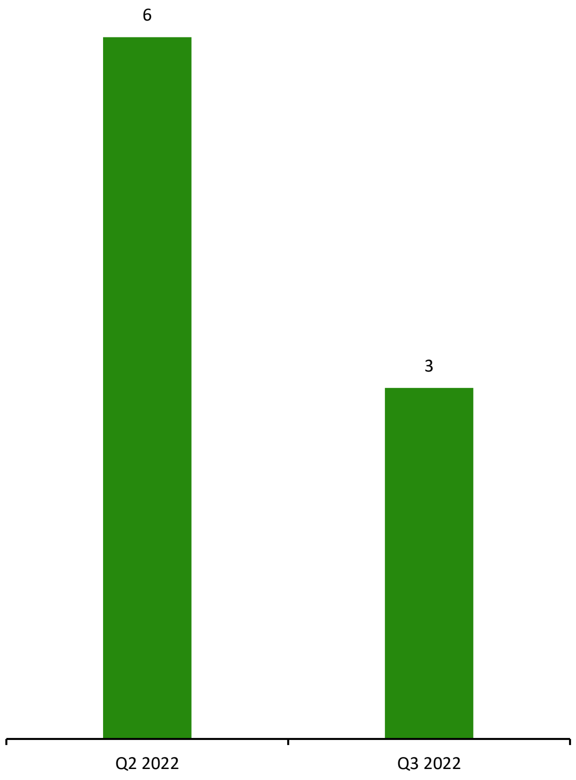


Deal volume % change – Q3 2022 vs Q3 2021

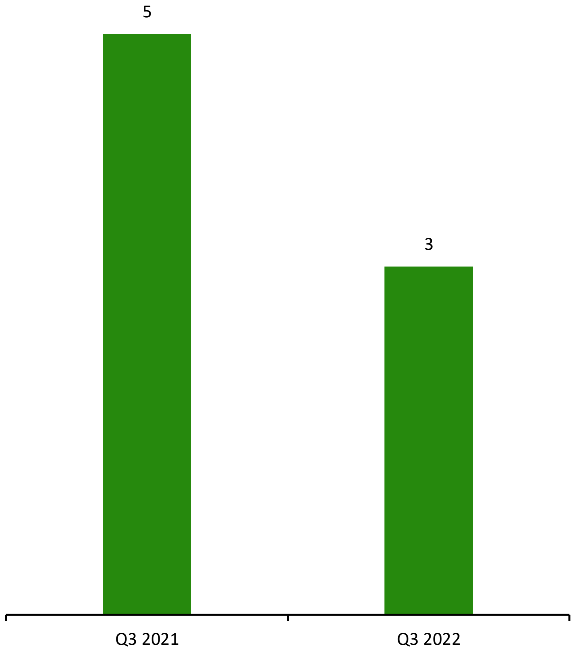


Rest of the world

Deal volumes – Q3 2022 vs Q2 2022



Deal volumes – Q3 2022 vs Q3 2021



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Appendix

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Page 2:

1. Mergermarket. Accessed October 14, 2022. Data as of September 30, 2022.

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1. Refinitiv. Accessed November 16, 2022. Data as of September 30, 2022.

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1. Relevant transactions announced in Q3, 2022.
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    b. Mergermarket. Accessed October 14, 2022. Data as of September 30, 2022.
    c. Refinitiv. Accessed October 14, 2022. Data as of September 30, 2022.

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1. US Bureau of Economic Analysis. Accessed October 14, 2022. Data as of September 30, 2022.
2. US Department of the Treasury. Accessed October 14, 2022. Data as of September 30, 2022.
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Page 10 & 11:

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    b. Refinitiv. Accessed November 16, 2022. Data as of September 30, 2022.

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