

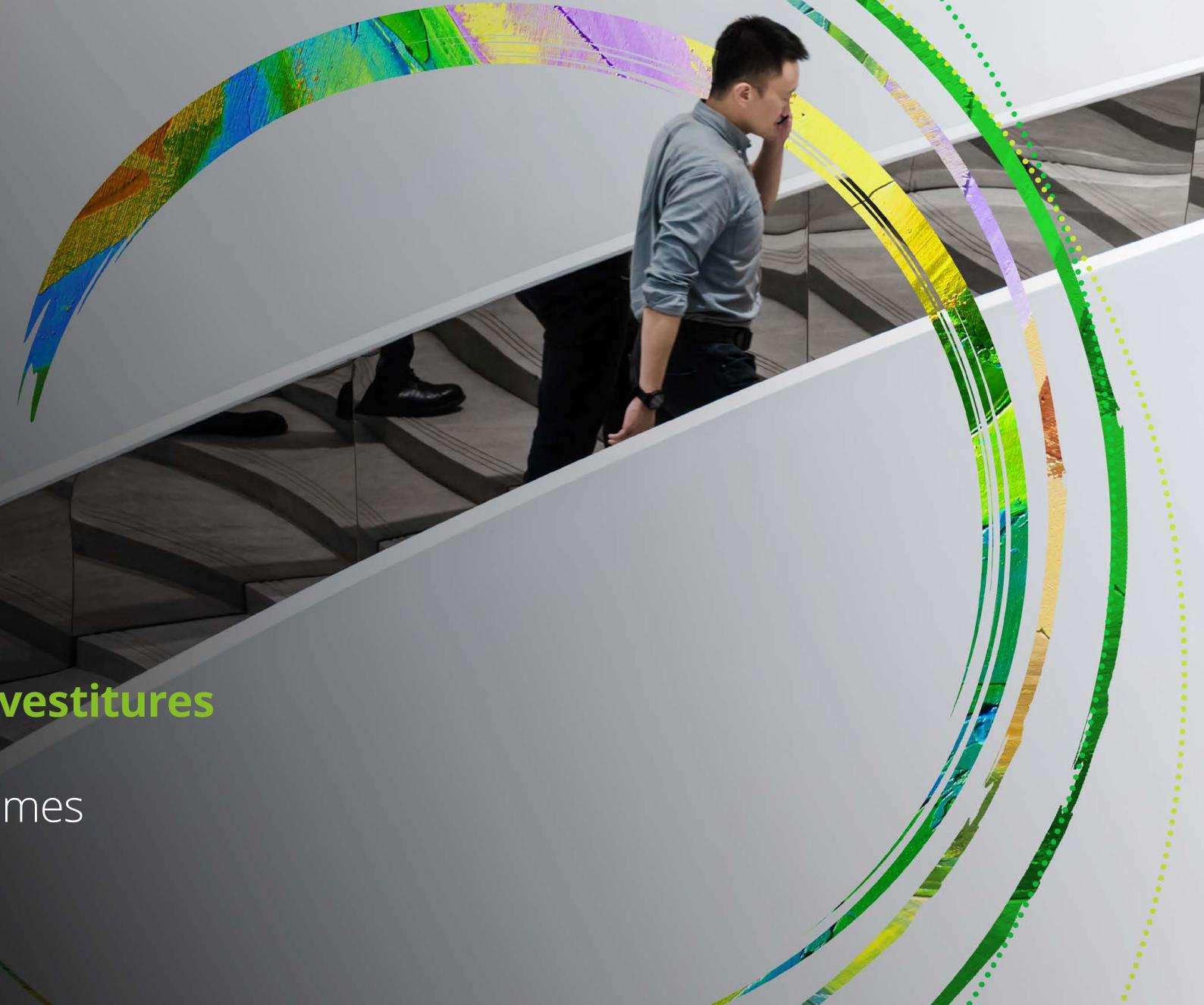
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Together makes progress

The rise of transformational divestitures

Five insights shaping 2026—
and five steps to strengthen outcomes
across the separation life cycle

January 2026



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Executive summary

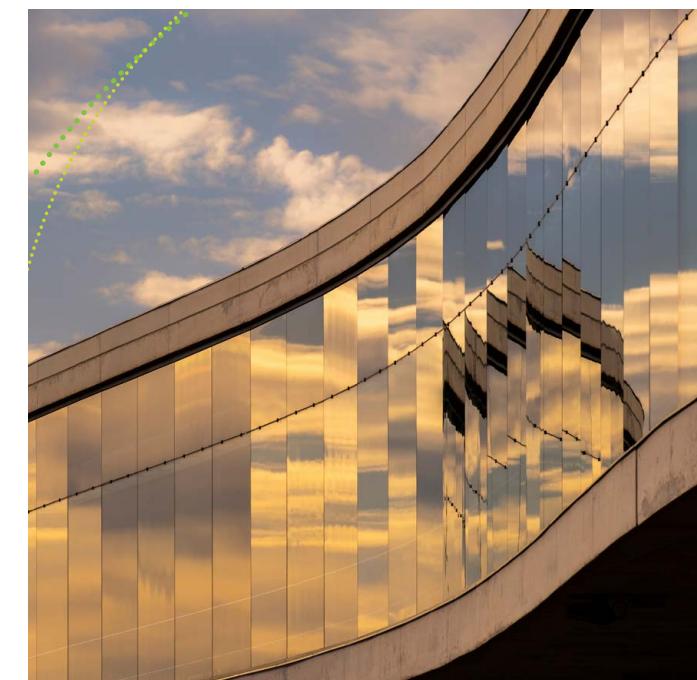
Entering 2026, divestitures have become one of the most strategic levers to renew portfolios and redeploy capital. Separations have historically been opportunistic moves. Now, they can increasingly be deliberate mechanisms for reshaping the enterprise. Volumes have moderated, but deal values continue to rise. The factors driving this include large-cap activity, sharper strategic intent, and a redefinition of what it means to prepare, execute, and exit a separation.

Organizations face mounting capital demands from artificial intelligence (AI) modernization, supply chain resiliency, and decarbonization. At the same time, activist investors are intensifying their scrutiny of capital efficiency, particularly for listed organizations that trade below book value—a cohort that is increasingly targeted by investors who press for clearer value pathways and more disciplined internal capital allocation.

As investment thresholds rise and external pressure sharpens, leaders are reassessing which of their businesses truly merit incremental capital and which ones dilute focus, margin, or future capacity.

The result is a divestiture environment characterized by **strategic intent, execution discipline**, and a clearer linkage to long-term **transformation agendas**.

Nevertheless, execution gaps persist. Only about half of surveyed organizations meet expectations for timing and proceeds. In addition, stranded costs continue to erode post-close performance. Conversely, a new cohort of outperformers—what Deloitte's [Growth Transformer's Playbook](#) calls “growth transformers”—is demonstrating how intentionally designed, transformation-linked separations consistently outperform transactional ones.¹





Five insights will likely define the year ahead and beyond for deal leaders:

1. **Divestitures have become strategy-led portfolio moves instead of reactive disposals.** Dominant motivations now include capital reallocation and operating model focus.
2. **Preparation quality continues to be the largest driver of value.** It influences proceeds, time to close, buyer engagement, and cost-to-achieve.
3. **Execution gaps remain persistent.** This is particularly true with respect to data quality, separation readiness, regulatory planning, and leadership alignment.
4. **Organizations underestimate post-close value erosion.** Stranded costs, transition service agreement (TSA) complexity, and legal entity and operational redesign challenges contribute to that loss of value.
5. **Outperformers treat divestitures as intentionally designed transformation events.** They embed separation design, value-story development, and functional readiness well before they go to market.

This report translates the findings of our survey, conducted in late 2025, into guidance on ways organizations can prepare, structure, and execute separations that meet value, timing, and cost objectives. It also illustrates the ways leading organizations are using divestitures as catalysts for broader transformation.



Turning insights into action

For organizations that are evaluating separations, the message is clear: Divesting can be a defensive M&A strategy but should not be a reactive tactic only. Rather, divestitures should be a proactive mechanism for sharpening focus, reallocating capital, and positioning an enterprise for the next decade of competitive advantage.

The leading organizations will likely be those that treat divestiture readiness as a strategic capability embedded within a broader agenda of transformation. Our findings suggest many do not yet.

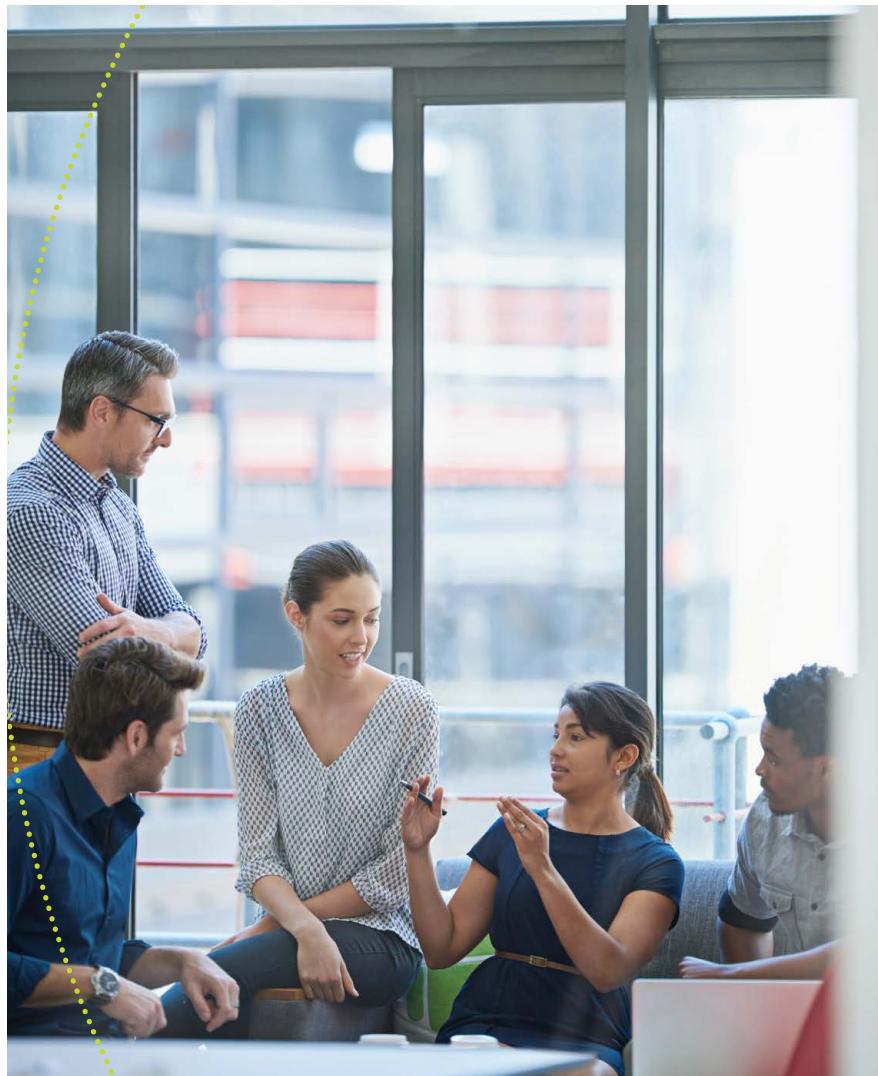
• Are organizations prepared? It depends. Overall, fewer than half of respondents feel confident in achieving favorable outcomes during opportunistic approaches. In effect, divestiture success can be a coin toss. However, private equity respondents are nearly three times as confident as corporate sellers.

The leading organizations will likely be those that treat divestiture readiness as a strategic capability embedded within a broader agenda of transformation.

- This confidence gap reflects cumulative value erosion driven by slow decisions, ambiguous information, prolonged diligence, and insufficient readiness.
- Underperforming sellers consistently cited misalignment among priorities: They emphasize price, speed, and certainty, but buyers are looking for fit, synergies, integration feasibility, and management capability.
- Post-close friction remains acute. Dis-synergies, tax and legal complexity, interim operating models, and stranded costs continue to challenge both sides. Few sellers fully mitigate these costs.

However, these observations also provide a blueprint that sellers can use to help outperform the market by systematically increasing optionality, investing early in readiness, minimizing post-close commitments, and orchestrating deals with strategic intent.

Organizations that treat divestitures as intentionally designed, multistage transformation events can shape their transactions well before they go to market, improving the business while transacting and exiting transitional commitments with urgency.



Five steps stand out for leaders who aim to increase proceeds, reduce time to close, and compress cost-to-achieve:

- 1. Operate with an “always-on” portfolio lens and plan rebalancing early.** Compared to our 2024 survey findings,² fewer companies are reviewing assets multiple times per year, but 71% are actively pursuing strategic alternatives. Early scenario planning allows organizations to deliberately shape separation perimeters, tax structures, and deal constructs. This can reduce late-stage negotiation friction and increase competitive tension among bidders.
- 2. Design the separation, value story, and asymmetrical diligence.** As we noted, buyers assess strategic fit, growth potential, and integration feasibility, while sellers are more likely to emphasize price and speed. This asymmetry slows deals. Sellers who outperformed others were ones that invested early in carve-out financials, pre-transaction optimization, and a clear articulation of value creation. Doing this work before launching the process can materially reduce diligence cycles and reduce the risk of abandoned deals.
- 3. Design and empower deal governance with end-to-end accountability.** Survey respondents consistently said the top contributors to delays and cost escalation were internal resource capacity, stakeholder misalignment, and inconsistent information. High-performing sellers establish a cross-functional deal governance team that is aligned with strategy, empowered to make decisions, and accountable for managing interdependencies across business teams.
- 4. Design Day 1 for independence and control commitments early.** Regulatory approvals and operational readiness are the most common reasons for timelines to extend longer than expected. TSAs can mask stranded costs temporarily, but they can also increase complexity



and risk over time. A seller should define a minimum, viable, stand-alone model early in the process; reduce operational interlocks before signing; and build a stranded cost mitigation vision before committing to TSAs. Leading sellers also consider impacts on stakeholders early and prepare to communicate them effectively.

5. Transform while you transact. The most successful organizations pursue a “dual transformation” roadmap that reshapes both the divested business and the remaining organization during the deal, not after it. This aligns with broader transformation research that shows value creation can be greater when companies embed technology modernization, operating model redesign, and workforce reinvention into the divestiture process rather than waiting for a deal to close.

Taken together, these actions shift divestitures from episodic events to strategic catalysts. Sellers who treat separations as transformation moments—not transactions—may be better able to capture higher proceeds, faster timelines, and stronger post-close performance.



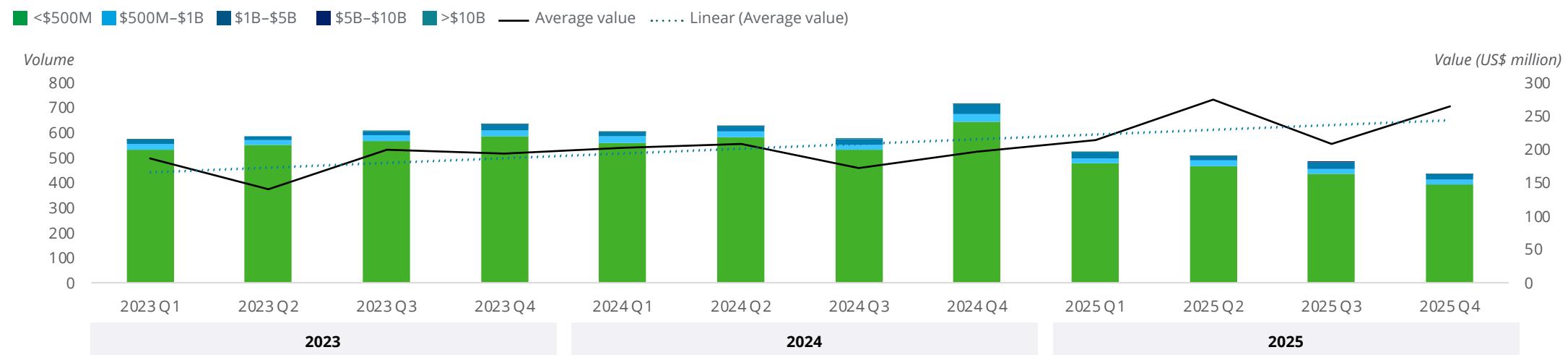


What is different going into 2026?

Divestiture activity is normalizing following a post-pandemic surge. In 2025, volumes declined but deal values rose,³ as companies shifted from opportunistic sales to strategy-led separations. The defining trend is intentionality: Many organizations are divesting to reshape their portfolios rather than react to external pressures.

- Large-cap deals continue to drive market value. Eleven transactions, each more than \$10 billion in value, raised average deal size in 2024 and 2025 and obscured steadier mid-market activity. Value is increasingly concentrated in fewer, larger separations.⁴
- During the same period, motivations shifted from external pressures to strategy-led decisions. In 2024, regulatory shifts and competitive pressures dominated. By 2026, organizations are likely to divest primarily to sharpen strategic focus, redeploy capital, and improve operating model efficiency. Opportunistic inbound interest remains high. But now that interest supports portfolio reshaping instead of driving it.

Figure 1: Global quarterly divestiture volume and value, 3 years



Source: S&P Global Market Intelligence LLC - S&P Capital IQ, accessed January 8, 2026, data as of December 31, 2025. All transactions closed since January 1, 2023.



What will make or break value creation in 2026?

Organizations often simplify divestiture value creation to three fundamentals: maximizing proceeds, minimizing time to close, and compressing cost-to-achieve. Our survey respondents reinforce this. According to respondents, bid price (28%), speed and certainty to close (16%), and buyer ability to execute quickly (15%) are the top factors they consider when selecting a buyer.

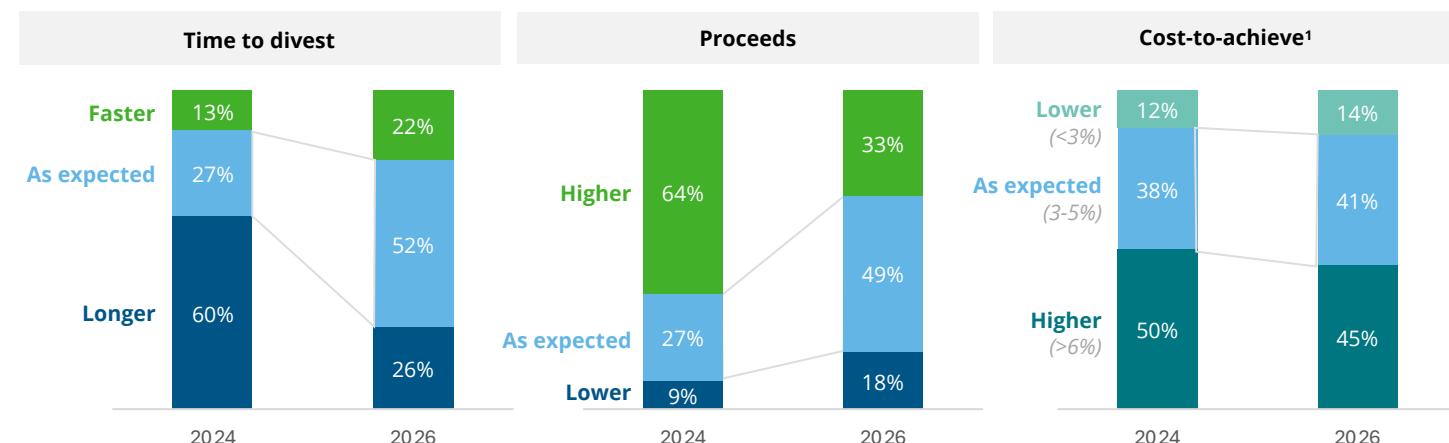
Seller performance has largely improved since 2024.

By the end of 2025, 34% more sellers met or exceeded expectations for timing, though 10% fewer did so for proceeds. Still, results remain inconsistent: for many sellers, improving divestiture time and cost remains a clear opportunity.

Leading sellers expand the value equation:

- They increase optionality through early portfolio analysis.
- They minimize ongoing commitments post-close.
- They reduce value erosion across the life cycle through end-to-end ownership.

Figure 2: Divestiture value expectations vs. reality



¹ As percentage of revenue for divested entity.

Source: Deloitte 2024/2026 Global Divestiture Survey; 2024 n=500, 2026 n=981

Rather than viewing divestitures as starting at market testing, they deliberately design separations early, optimize the entity to be divested and the remaining organization during the deal, and exit TSAs and stranded costs quickly to refocus on growth. With this end-to-end lens, what strategies influenced value-creation divestitures in the last few years—and offer guidance for future deals?



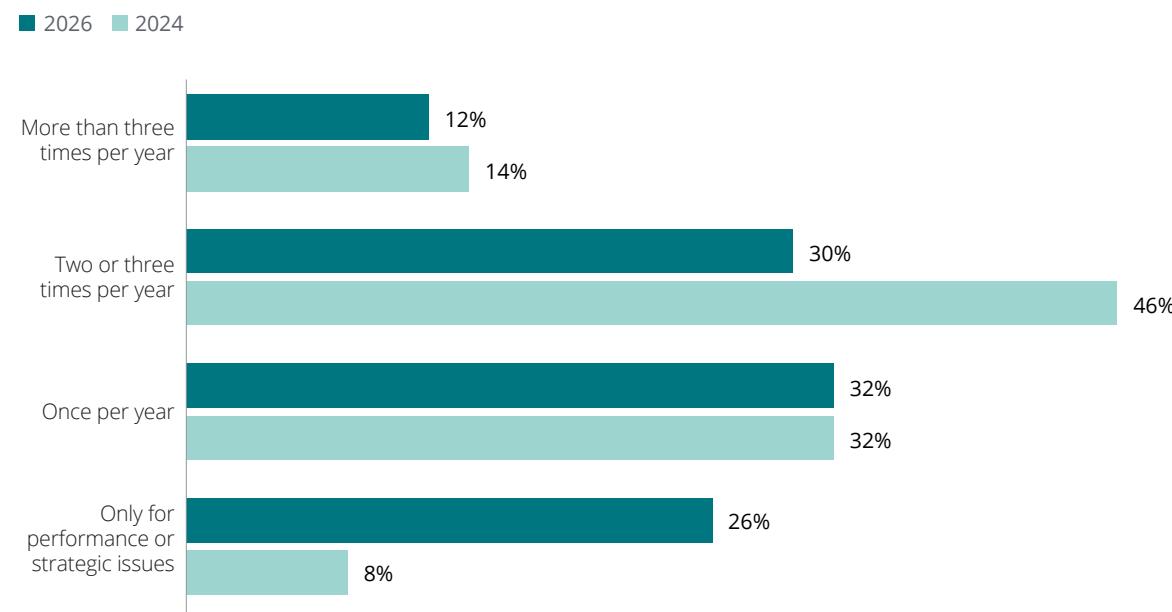
1 Shape the strategy and optimize the portfolio

Portfolio reviews are less frequent than in 2024, but strategic alternatives such as joint ventures, partnerships, and alliances now anchor separation planning for many organizations. This declining cadence risks creating a reactive posture, in which portfolio decisions are triggered only by performance or strategic issues. This approach contrasts with the “always-on” portfolio mindset that growth transformers demonstrate.

In 2024, nearly two-thirds of respondents evaluated divestiture candidates more than twice per year. By end of 2025, fewer than half do so. Meanwhile, most respondents (71%) now evaluate or pursue strategic alternatives to structure upcoming separations. This is a reflection of the increasing creativity it takes to unlock value from complex portfolios, as well as the market’s shift toward flexible, multistage separation models.

- Sellers are exploring partial stakes, joint ventures, structured equity, earn-outs, and transitional collaborations. This is because certain assets may be difficult to exit cleanly, may require specialized buyer capability, or may benefit from staged separation to protect value. These structures offer optionality where outright sales are constrained by market conditions, regulatory requirements, or buyer risk tolerance.
- Respondents cite deal preparation quality—scope definition, valuation and structuring analysis, and high-quality financial and tax information—as a major driver of proceeds.

Figure 3: Divestiture portfolio reviews: 2024 vs. 2026



Source: Deloitte 2024/2026 Global Divestiture Survey; 2024 n=500, 2026 n=981



- Leading sellers also emphasize stakeholder alignment, internal resource capacity, and early regulatory planning to reduce time to close. Regulatory approvals can significantly increase cost-to-achieve if sellers don't address them early.
- Sellers said that if they could execute their last deals again, they would have moved during early pre-deal stages to more thoroughly analyze cost and benefits of different deal structures, perform detailed business valuations, and evaluate tax and legal entity structures. This reinforces that high-performing divestors intentionally design their deal perimeters and structures well before going to market.

2 Identify and prepare the right deal

When sellers prepare a divestiture for marketing and diligence, they should account for what motivates buyers. Leading sellers reflect these motivations directly in the preparation and sale process.

- The asymmetry persists between what sellers and buyers value. Sellers prioritize price, speed, certainty, and execution reliability. Buyers prioritize strategic fit, synergies, integration feasibility, and long-term value creation. This tension shapes nearly every carve-out. Sellers focus on value at close, while buyers focus on value after close. Both value speed and certainty, but sellers emphasize it more, given their exposure to stranded costs and organizational disruption.
- To maximize proceeds, sellers emphasize demonstrating value-creation potential, providing high-quality financial information, and presenting a clear separation plan. Buyers report paying more when the process is competitive and when seller management is strong and well prepared.
- Timing in this phase depends heavily on the clarity and availability of information, a well-articulated separation vision, and management teams that are capable of representing the business. Incomplete, inaccurate, or inconsistently communicated information can prolong diligence, and it erodes value. This is often the result of stakeholder misalignment.



- Insufficient understanding of the divested business and its implications for the remaining organization can increase separation cost-to-achieve.

Respondents are not suggesting that activities such as carve-out financial preparation, value-creation analysis, or stakeholder alignment inherently increase costs. Rather, cost escalation results from the absence of these activities—or from the complexity revealed when they are performed late. Global operational interdependencies, unclear accountability, and fragmented internal coordination can further magnify these costs.

Looking back, sellers report they should have more clearly articulated their value stories, implemented pre-transaction optimizations earlier, and involved leadership of the business being divested more closely in the process.

Figure 4: Top factors in proceeding with a divestiture (Weighted rank score)

	Sellers	Buyers	
(1.26) Highest bid price			Strategic fit with our business (1.35)
(1.00) Speed and certainty to close			Growth and synergy opportunities (1.15)
(0.91) Buyer ability to execute quickly			Integration ease and execution feasibility (0.90)
(0.81) Buyer having funding secured			Speed and certainty to close (0.86)
(0.70) Buyer fit for management and employees			Attractive valuation or purchase price (0.82)

Source: Deloitte 2026 Global Divestiture Survey; sellers n=979, buyers n=569



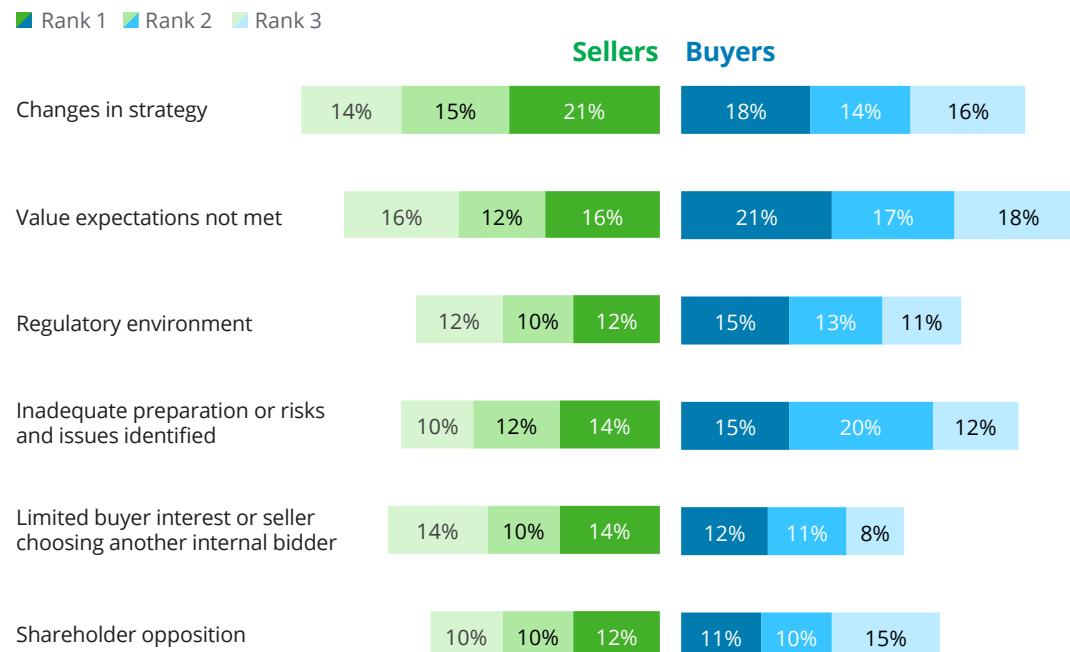
Negotiate and sign the best deal

Signing a divestiture deal is a major milestone. It's a step that translates preparation, diligence, and cost-to-achieve into a binding agreement.

- Most abandoned deals collapse before signing. Abandonment rates have improved: In our 2024 survey, 98% of respondents reported at least one abandoned deal. By the end of 2025, only one-third did.
- Abandoned deals most often stem from shifts in internal strategy, unmet value expectations, or limited early buyer interest. Buyers walk away most frequently when they do not see value-creation potential. Both buyers and sellers cited regulatory changes and shareholder opposition as additional external risks.
- For deals that close, value increases when sellers demonstrate value-creation potential, show strong recent business performance, and present a clear Day 1 plan. Buyers pay more when financing conditions are favorable and the process is competitive. Value erodes when management teams are unprepared, or when the sale process is generic and uncoordinated.
- Timing in this phase improves with quick price negotiations, clear buyer interest, and early financing. Buyers report delays from agreement negotiation, price discussions, and financing arrangements. Leading sellers distinguish themselves through early reverse diligence and by preparing agreement drafts and disclosure schedules well before late-stage negotiations.

In retrospect, sellers report they should have shared more detailed diligence and prepared earlier for internal and external communication.

Figure 5: Reasons for abandoned divestitures (Sellers vs. Buyers)



Source: Deloitte 2026 Global Divestiture Survey; sellers n=243, buyers n=177



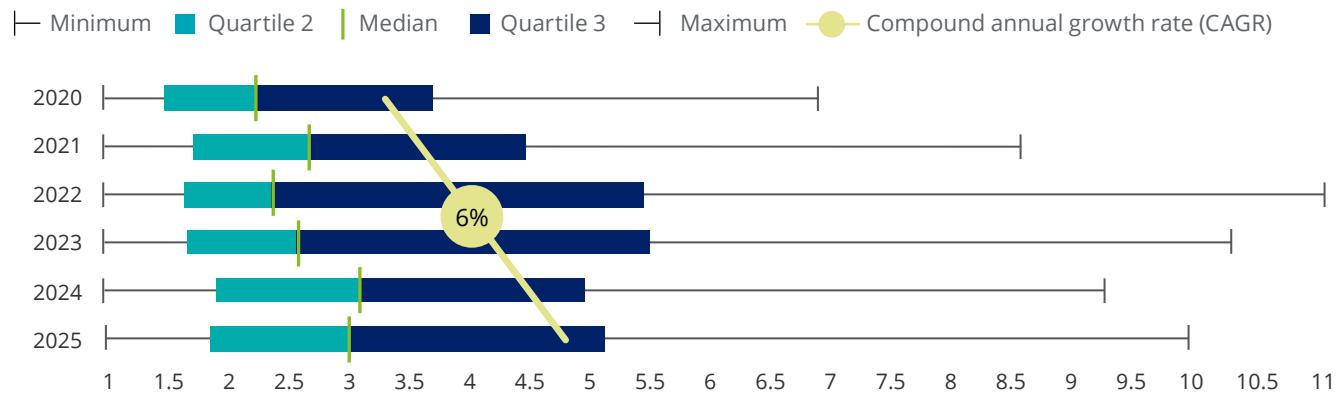
Deliver promised returns

Once a divestiture is signed, getting to close and achieving a seamless Day 1 is critical to value delivery.

- The biggest hurdles are typically regulatory and legal approvals along with separating the divested business from the remaining organization. TSAs have historically helped accelerate closing,⁵ but they often introduce complexity later.
- Sign-to-close timelines have lengthened by roughly 6% since 2020 and can extend to 10 months or more, with a median of about three months.⁶ Regulatory scrutiny, particularly for cross-border deals, remains the most common cause of delays, followed by separation-readiness gaps, execution delays, and unexpected complexity.
- Extended sign-to-close periods can increase value leakage. Performance may deteriorate under uncertain ownership, TSAs can extend longer than intended, financial terms may be renegotiated, and in some cases tax benefits may expire.

In hindsight, sellers report they should have reduced operational complexity earlier, developed more detailed carve-out plans, and initiated customer and supplier communications sooner.

Figure 6: Announcement to close duration in months (2020–2025)



Source: Deloitte analysis of S&P Capital IQ data as of December 8, 2025; 908 deals (divestitures only) with \$100M+ in deal value, with announcement or closed date between January 2020 and December 2025, and a minimum close period of four weeks, excluding outliers or values outside $1.5 \times \text{IQR}$ from the quartiles.



Stabilize and transform to realize greater value

For many dealmakers, Day 1 feels like completion. Operationally, however, most businesses are far from fully separated at close.

- Sellers and buyers report similar post-close challenges. Dis-synergies and tax or legal complexity are the most persistent. But their pressures differ: Sellers struggle with stranded costs, TSAs, and financial reporting, while buyers focus on talent retention, integration feasibility, acquired exposures, and supply chain redesign. Sellers work to stabilize the remaining organization (RemainCo), while buyers work to unlock value.
- Post-close is when sellers most frequently lose value. About half of companies experience an EBITDA margin decline in the first year after divestiture, and many see drops greater than three percentage points.⁷ Rising SG&A costs highlight persistent stranded cost challenges. Although many sellers identify stranded costs during the deal, only 11% fully address them. These dis-synergies are often overlooked in the value thesis, and they can take years to resolve.

Figure 7: Top continuing challenges post-deal close (Weighted rank score)

	Sellers	Buyers	
(0.83) Dis-synergies or stranded costs			Dis-synergies or lack of value creation (0.79)
(0.77) Tax and legal entity complexities			Tax and legal entity complexities (0.75)
(0.70) Transition service agreements			Talent retention and morale (0.70)
(0.62) Talent retention and morale			Interim operating models (0.58)
(0.60) Accounting and financial reporting			Accounting and financial reporting (0.58)

Source: Deloitte 2026 Global Divestiture Survey; sellers n=962, buyers n=559; top 5 only



Where are divestitures headed from here?

Divestitures are entering a period of renewed momentum, shaped by shifting macroeconomic conditions and a more strategic posture from corporate boards.

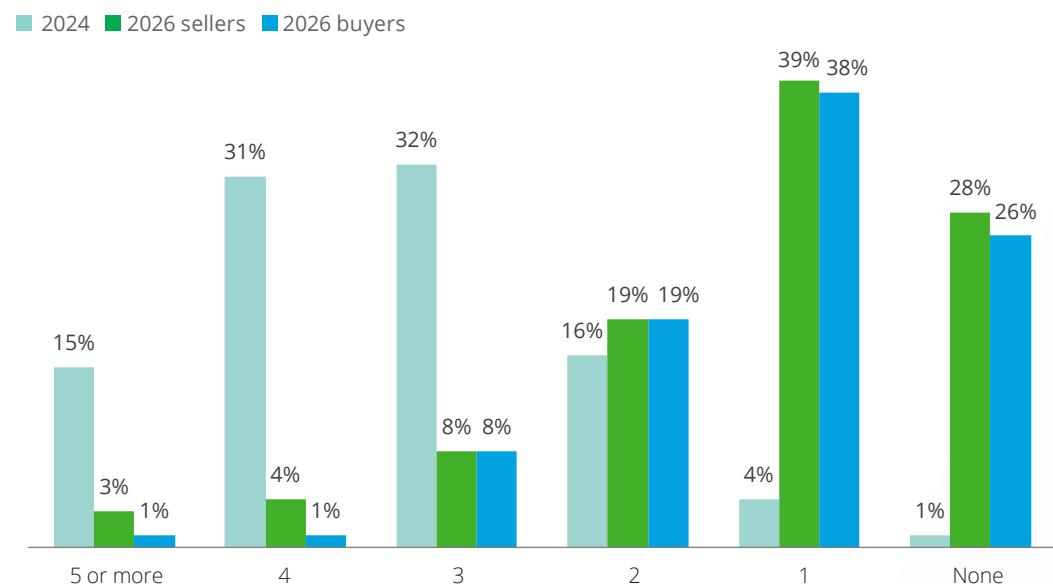
After two years of elevated interest rates and muted deal activity, capital markets have stabilized, and CEOs are returning to portfolio reshaping as a core management lever. Rates remain higher than in the pre-2020 era, but the “next normal” is clearer: Capital is available, financing markets are open, and valuation expectations between buyers and sellers are converging. This environment favors separation activity that is intentional, data-driven, and directly tied to capital allocation priorities.

For our survey respondents, this is reflected by a more muted outlook regarding the volume of upcoming divestitures and the frequency of their portfolio evaluations. In 2024, 78% of survey respondents anticipated attempting three or more divestitures. For 2026 and beyond, volume of this magnitude is expected by only 15% of respondents.

At the same time, structural forces are still creating urgency. Companies face rising investment needs for AI, digital modernization, decarbonization, and supply chain resiliency. These initiatives require significant capital, and non-core assets increasingly represent opportunity cost.

Most seller survey respondents (74%) expect to attempt at least one divestiture. Private equity, with substantial “dry powder” and a growing appetite for corporate carve-outs, remains a strong counterpart for complex separations: 72% of surveyed buyers will attempt at least one carve-out acquisition. Public market conditions are also improving, supporting spin-offs, carve-outs, and selective IPOs. Investors continue to reward focus, which reinforces pressure for timely portfolio moves.⁸

Figure 8: Expected divestiture and carve-out acquisition volume (2024 vs. 2026)



Note: Totals may differ from 100 due to rounding; “Do not know” responses excluded from lower values.

Source: Deloitte 2024/2026 Global Divestiture Survey; 2024 n=500; 2026 sellers n=981, buyers n=569



The landscape ahead is more strategic than cyclical. Carve-outs remain attractive where viable bids and credible stand-alone plans exist. Spin-offs continue to suit businesses or assets whose growth or margin potential is obscured inside diversified groups.

Increasingly, however, organizations are treating divestitures not as isolated exits, but as essential components within a broader sequence of strategic moves. Leaders are combining defensive actions, such as cost excellence, portfolio rebalancing, and select divestments, with offensive plays like tech-enabled transformation, adjacency expansion, and ecosystem alliances. As a result, organizations are shifting from one-off transactions to multi-year separation roadmaps that intentionally rebalance their portfolios and create capacity for future growth.⁹



Thinking about divesting? We should talk.

Whether you are in the process of a divestiture now, have recently closed one, or are contemplating portfolio rebalancing actions, it is always a good time to reach out for a discussion. Exchanging perspectives on how to be a prepared seller, how to plan and complete your next carve-out acquisition, or how to protect value and promote buyer value creation when you were just acquired may be the key to making your next divestiture intentional and transformative rather than opportunistic.

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In the meantime, the following publications may spark more inspiration for your journey:

- **The Growth Transformer's Playbook**: This article presents strategies organizations have successfully employed to achieve sustained growth. It offers practical steps for navigating current market challenges and highlights the importance of innovation, which is central to our discussion on transformative business models.
- **M&A Trends report**: Deloitte's latest M&A report analyzes deal trends, drivers, and challenges shaping the global M&A environment. The insights support our conversation about strategic growth and restructuring in a rapidly evolving market landscape.
- **Rebalancing your portfolio to fuel growth**: A survey of 250 executives across all of Asia Pacific concluded that active portfolio management ("always-on") involving carve-outs and divestments is the most critical way that executives and boards are adjusting to increased shareholder pressure on capital efficiency. Insight from this report is particularly relevant to divestiture considerations in Asia Pacific.
- **Unlocking value**: Approaching stranded costs in M&A: This article outlines how organizations can proactively manage stranded costs that surface during divestitures. It explains why these residual expenses undermine post-deal performance and offers a structured approach to identifying, allocating, and removing them, supporting our broader discussion on disciplined value capture in M&A.
- **IPO market outlook 2025**: This piece examines the factors influencing global IPO activity, including regulatory changes, investor sentiment, and sectoral shifts. It's directly relevant as we consider market entry strategies and funding options for high-growth organizations.



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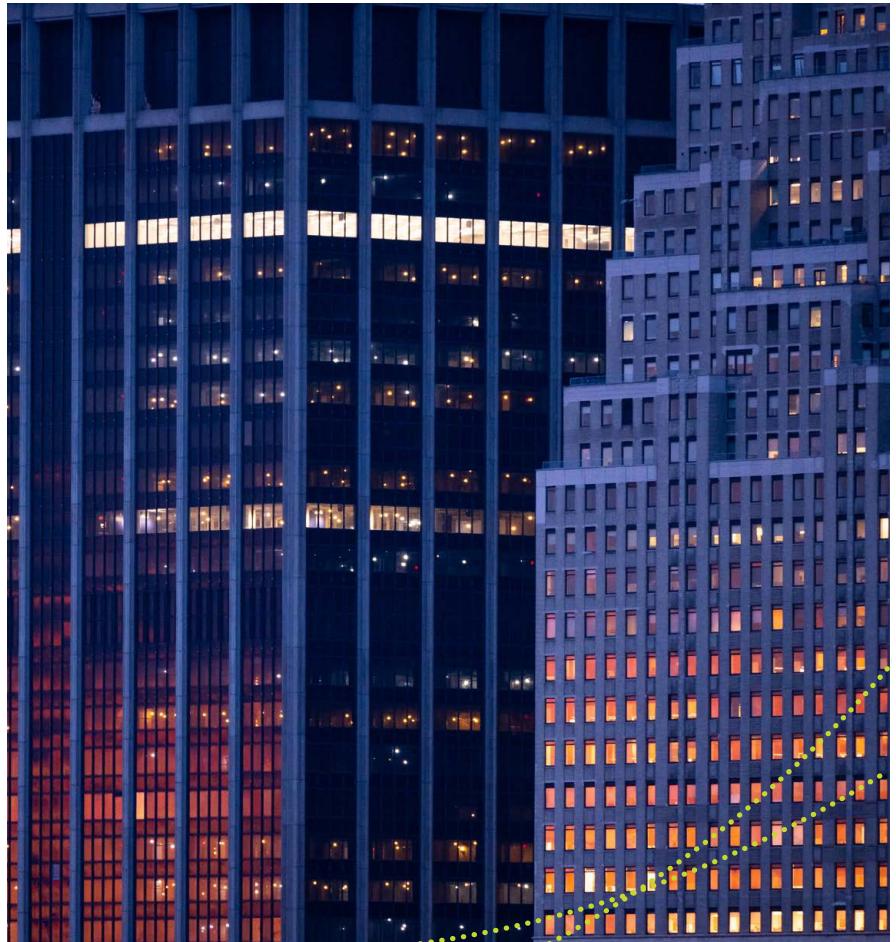


Divestiture trends across the Americas

Americas divestitures: High-value transactions amid a strategic reset

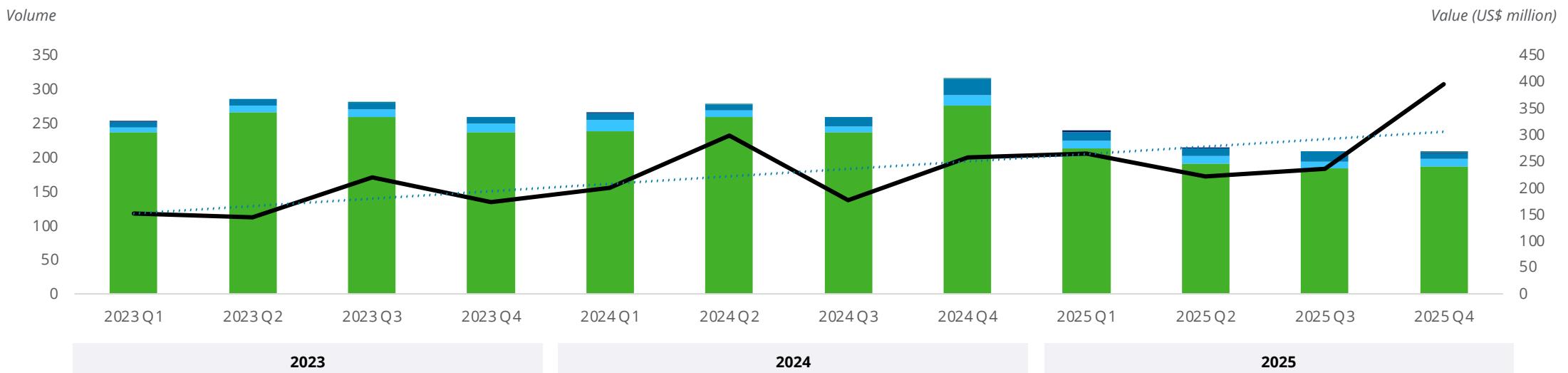
Divestiture activity in the Americas has shifted meaningfully. After several years of strong momentum, organizations are now executing fewer separations, but more strategically significant ones, as they sharpen portfolios and respond to market conditions. Although volumes declined in 2025, deal values continued rising. Average deal size grew at a 27% CAGR from 2023 through 2025, reflecting a market increasingly defined by larger carve-outs and transformational transactions. This shift is visible across the region, not only in the United States.

- Canada continues to record some of the highest carve-out activity globally, particularly in energy, mining, and financial services, where capital recycling and operating model simplification remain priorities.
- Mexico is experiencing increased portfolio reshaping driven by nearshoring, supply chain realignment, and industrial consolidation across automotive, electronics, and logistics sectors.
- Brazil and other major Latin American markets are seeing a rise in privatizations, balance-sheet-driven divestitures, and multinational exits or carve-outs, despite elevated regulatory and political complexity.



**Figure 9: Americas quarterly divestiture volume and value, 3 years**

■ <\$500M ■ \$500M-\$1B ■ \$1B-\$5B ■ \$5B-\$10B ■ >\$10B — Average value Linear (Average value)



Source: S&P Global Market Intelligence LLC - S&P Capital IQ, accessed January 8, 2026, data as of December 31, 2025. All transactions closed since January 1, 2023.

At the same time, there is strong demand from local acquirers for these carved-out assets, often because they are better equipped to navigate political, regulatory, and labor environments. This is particularly evident in sectors such as pharmaceuticals, where local players across Latin America are actively pursuing divested multinational businesses and accelerating competitive repositioning in domestic markets.

Together, these dynamics reinforce a regional pattern of fewer, larger, and more transformative separations, consistent with broader US M&A trends, in which deal value has reached multi-year highs even as volumes remain steady. The pattern is most pronounced in industrials; technology, media, and telecommunications (TMT); and energy, where large-scale separations are increasingly used to redirect capital toward AI infrastructure, digital modernization, and supply chain reinvestment.



Challenges to value creation in 2026: Price intensity, tax and regulatory headwinds, and TSA drag

Compared with global respondents, sellers in the Americas are more price-focused and more exposed to regulatory and tax friction. They prioritize highest bid price (33% vs. 28% globally) and speed and certainty to close. Buyers in the region, however, emphasize strategic fit and synergy potential and place comparatively less weight on integration feasibility. This widens the familiar misalignment: Sellers optimize for price and speed, while buyers' priorities are fit and future value.

- While price intensity and activism are dominant pressures in the United States, Canadian sellers highlight tax structuring, sustainability disclosure, and financial sector regulation as major valuation and timing influences.
- In Mexico, regulatory reviews, local entity governance, and supply chain dependencies often extend diligence timelines.
- In Brazil and broader Latin America, sellers consistently cite political volatility, multilayered regulatory frameworks, and statutory labor rules as primary contributors to execution friction.

These local dynamics compound the regionwide misalignment between seller priorities and buyer assessments of long-term fit.

Figure 10: Top factors in proceeding with a divestiture in Americas (Weighted rank score)

	Sellers	Buyers
(1.46) Highest bid price		Growth and synergy opportunities (1.44)
(0.99) Speed and certainty to close		Strategic fit with our business (1.35)
(0.88) Buyer ability to execute quickly		Attractive valuation or purchase price (0.77)
(0.72) Buyer not being a competitor		Integration ease and execution feasibility (0.77)
(0.69) Buyer fit for management and employees		Speed and certainty to close (0.73)

Source: Deloitte 2026 Global Divestiture Survey; sellers n=463, buyers n=248



Tax and regulatory considerations carry greater weight in the Americas than globally, though the underlying drivers vary.

- US companies face an intersection of regulatory scrutiny and shareholder activism, which pushes boards toward structural separations.
- Canadian respondents report greater sensitivity to tax execution, cross-provincial regulatory requirements, and sector-specific oversight.
- Mexican and Brazilian sellers point to regulatory approvals, foreign-investment reviews, and local compliance burdens as major sources of timing risk.

Across the region, these forces are raising the threshold for preparation quality and accelerating the shift toward early scenario planning.

Execution costs present a mixed picture. One-time divestiture costs are more often concentrated in the 3% to 5% range (46% vs. 41% globally), with fewer sellers reporting costs in the 6% to 9% range (25% vs. 32%). While this suggests tighter cost control, it is offset by common cost escalators such as tax execution, carve-out financials, separation timelines, and negotiation complexity.

Figure 11: Top continuing challenges post deal close in Americas (Weighted rank score)

Sellers	Buyers
(0.95) Transition service agreements	 Tax and legal entity complexities (0.87)
(0.78) Talent retention and morale	 Talent retention and morale (0.84)
(0.76) Dis-synergies or stranded costs	 Dis-synergies or lack of value creation (0.71)
(0.76) Tax and legal entity complexities	 Accounting and financial reporting (0.65)
(0.45) Accounting and financial reporting	 TSA management and exit strategy (0.58)

Source: Deloitte 2026 Global Divestiture Survey; sellers n=455, buyers n=240; top 5 only



Post-close, TSAs create more friction in the Americas than in any other region. While global sellers cite dis-synergies and tax or legal complexity as top challenges, Americas sellers rank TSAs as their primary ongoing issue, above stranded costs and tax and legal work. They also provide TSAs across more functions (finance, IT, HR, tax), raising operational dependency and extending the window in which separation value can erode, though the sources of complexity vary by market.

- In the United States, large spin-offs and multi-business carve-outs significantly expand TSA scope.
- Canadian organizations, which often rely on centralized shared services models across provinces, report broader TSA footprints in finance, HR, and IT.
- Mexican sellers experience extended TSA periods due to integrated manufacturing, logistics, and procurement systems supporting nearshoring-intensive industrial clusters.
- In Brazil and parts of Latin America, labor regulations, statutory reporting requirements, and locally operated service models make TSA unwinds slower and more costly.

These region-specific constraints reinforce the need for planned and disciplined TSA exit pathways established early in the separation design.



Regional nuances: Portfolio discipline, stranded costs, and technology

Portfolio discipline in the Americas mirrors global patterns but shows fewer signs of an “always-on” approach and varies widely across markets. US and Canadian organizations report more structured and recurring portfolio reviews, while companies in Mexico, Brazil, and broader Latin America tend to conduct reviews opportunistically—often triggered by liquidity pressures, macroeconomic shifts, or local regulatory developments.

Across the Americas, three in 10 organizations review divestiture candidates only opportunistically or once per year, and fewer than one in 10 exceed three reviews annually. Given rising capital demands, this cadence limits the effectiveness of divestitures as a proactive capital allocation lever.

Stranded cost outcomes in the Americas track closely with global results: Roughly half of sellers identify underutilized resources post-close, but only about one in 10 fully mitigates them. Even so, stranded costs remain among the region’s most frequently cited post-close issues and “do differently next time” lessons—alongside TSA exits, operational simplification, and stronger carve-out financials.

Technology adoption is a relative strength in the Americas. A higher share of respondents report being “very comfortable” deploying AI and Generative AI (GenAI) tools in M&A, and both sellers and buyers cite strong value from analytics and cloud solutions. This positions the region to industrialize divestiture execution—improving diligence speed, forecast accuracy, and separation planning—potentially faster than other markets. As Americas sellers and buyers lean into AI, analytics, and cloud tooling, they may be better positioned to shift from transactional divestitures to intentionally designed separations, embedding scenario modeling, valuation analytics, and TSA optimization directly into the separation process.



Outlook for 2026: Fewer deals, higher stakes

Looking ahead, organizations in the Americas expect more selective yet steady separation pipelines. Volume expectations mirror global trends: Just over one-quarter of sellers expect no divestitures in the next 12 to 18 months, while a similar share anticipate one transaction and around one in five expect two. Larger separation programs of three or more deals are now the exception. Yet both sellers and buyers see strong catalysts on the horizon: regulatory shifts, tax changes, market volatility, and the need to raise capital or reallocate toward AI, digital, and other strategic investments.

- In Canada, divestiture momentum is supported by energy transition realignment, mining consolidation, and banking sector portfolio optimization.
- Mexico's outlook remains shaped by sustained nearshoring investment, expanding manufacturing capacity, and ongoing restructuring in automotive and logistics sectors.
- Brazil and several Latin American markets anticipate continued privatizations, divestitures to raise capital or reduce exposure, and multinational portfolio reshaping in response to political, tax, and regulatory shifts.
- In the United States specifically, a visible pipeline of large-cap spin-offs and multi-business separations across industrials, consumer, and TMT indicates that boards are increasingly willing to undertake complex restructurings proactively, often to stay ahead of activist campaigns or sharpen valuation focus.

Across the region, organizations are using fewer, larger, and more transformational separations to rebalance portfolios, fund transformation, and address macro and regulatory pressures. For regional executives, three imperatives stand out: Align sell-side value drivers with buyer priorities, derisk TSAs and stranded costs earlier, and leverage advanced technology to compress timelines and protect value.



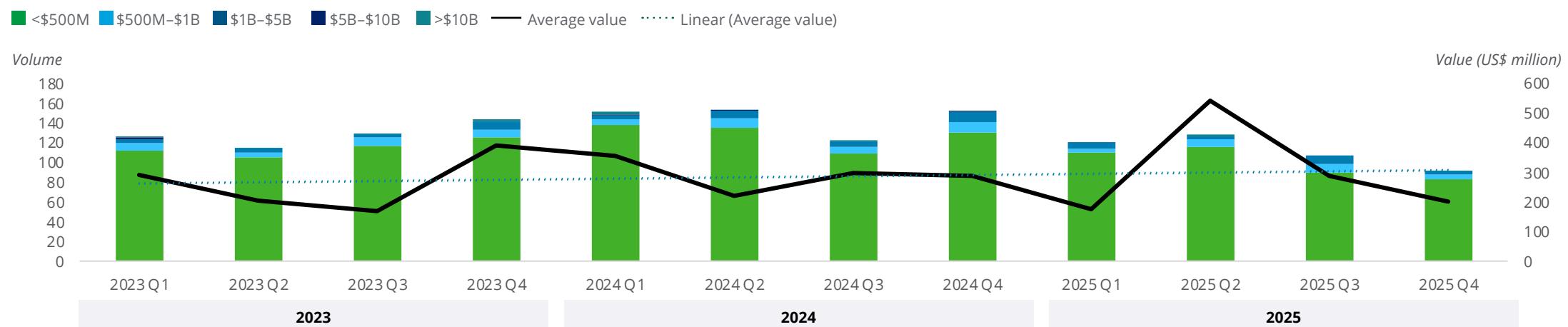
Divestiture trends across Europe

European divestitures: Strong 2024 momentum, selective reset in 2025

European divestiture activity expanded rapidly from 2023 to 2024 (17% growth), reflecting portfolio reshaping and non-core asset rationalization.¹¹ In 2025, however, rising macro uncertainty drove a 15% decline in volumes versus 2024. The market now resembles a “selective reset,” with activity consolidating around higher-conviction moves aligned to long-term priorities.

Survey responses indicate that activity in the United Kingdom was a significant driver of divestiture activity and a notable outlier, with 57% of participants completing three or more divestitures—more than double global respondents (25%) and well above Europe overall (24%). Deal values climbed from 2023 to 2025 (7% CAGR). In spite of eased deal volumes in 2025, this trend continued, driven by two transactions above \$10 billion in value. This reinforces Europe’s shift toward fewer, but more transformational, separations designed to materially reshape portfolios and support long-term strategic repositioning.

Figure 12: Europe quarterly divestiture volume and value, 3 years



Source: S&P Global Market Intelligence LLC - S&P Capital IQ, accessed January 8, 2026, data as of December 31, 2025. All transactions closed since January 1, 2023.



Challenges to value creation in 2026: Shifting landscape will require agility and early planning

Roughly half of European sellers assess their portfolios once a year or less—too infrequently for a market in which timing and certainty to close heavily influence buyer selection. More frequent reviews are critical to identify divestiture opportunities earlier and prepare for time-intensive activities such as tax and legal entity optimization, which remain major contributors to longer sign-to-close timelines and elevated cost-to-achieve for European sellers.

The delivery of promised deal returns hinges on disciplined preparation. Sellers that clearly define value-creation potential, establish a robust separation plan, and fine-tune their tax positions are more likely to secure above-expected valuations. Conversely, regulatory approvals and tax-related (one-time) execution costs frequently exceed expectations and erode deal value. Early regulatory planning, proactive tax structuring, and built-in execution contingencies will be essential to mitigate these risks.

Figure 13: Top factors negatively impacting cost-to-achieve

	Global sellers	European sellers	
Tax-related execution costs			Regulatory approvals
Preparation of carve-out financials			Tax-related execution costs
Regulatory approvals			Performance of the divested business
Time to separate the divested business			Buyer arranging financing
Buyer arranging financing			Global footprint of divested business

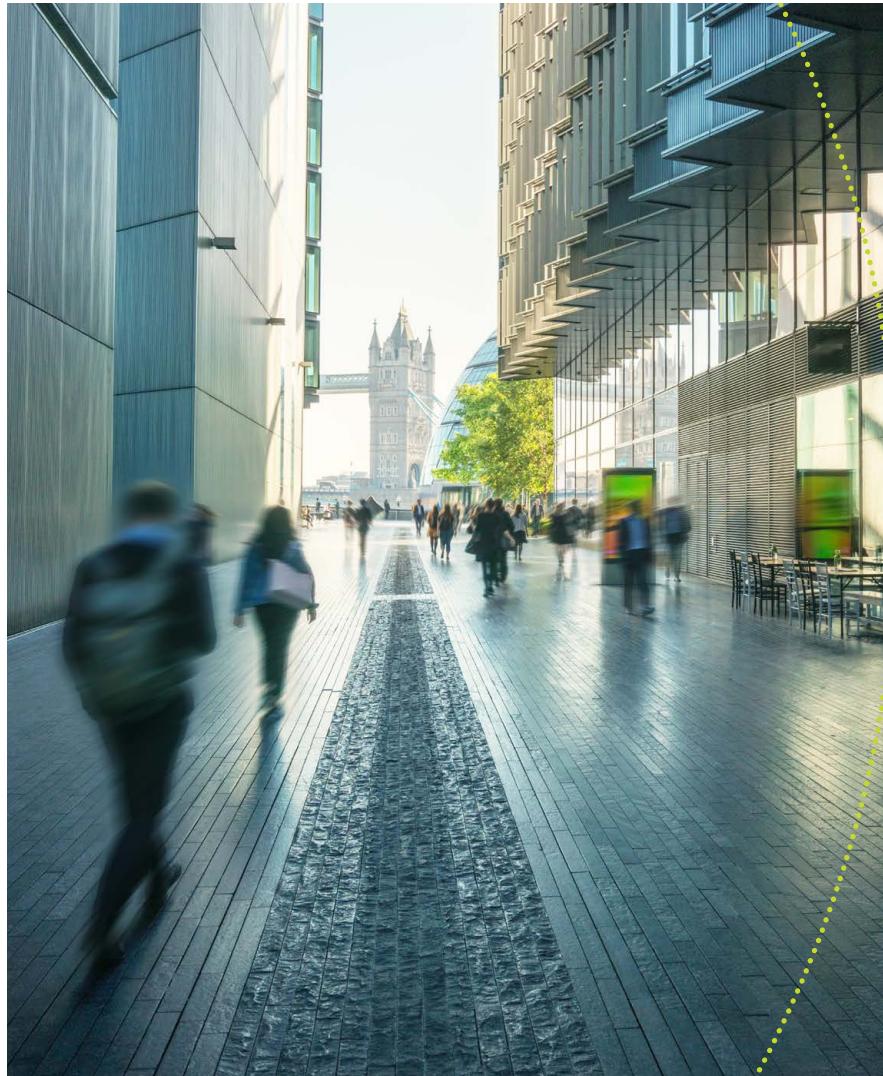
Source: Deloitte 2026 Global Divestiture Survey; global sellers n=981, European sellers n=416; top 5 only

European sellers remain focused on divesting to reinvest in their core businesses, mirroring global trends, while placing greater emphasis on bolstering cash reserves and funding R&D to support future growth. Stranded cost mitigation remains one of Europe's most persistent barriers to value realization. Early cost visibility, explicit stranded cost planning, and disciplined post-close execution are essential to protecting deal economics.

Figure 14: Top continuing challenges post-deal close (Weighted rank score)

	Global sellers	European sellers	
(0.83) Dis-synergies or stranded costs			Tax and legal entity complexities (0.92)
(0.77) Tax and legal entity complexities			Dis-synergies or stranded costs (0.77)
(0.70) Transition service agreements			Transition service agreements (0.72)
(0.62) Talent retention and morale			Retained contingencies or exposures (0.58)
(0.60) Accounting and financial reporting			Accounting and financial reporting (0.54)

Source: Deloitte 2026 Global Divestiture Survey; global sellers n=981, European sellers n=246; top 5 only



Regional nuances: Navigating external pressures

In the current European deal environment, M&A is shaped by a uniquely complex mix of structural and short-term pressures that force companies to balance near-term resilience with long-term strategic repositioning:

- **Heightened exposure to macroeconomic factors.** Economic uncertainty, higher debt-servicing costs, inflationary pressures, and currency fluctuations are driving companies to rethink their portfolios, pushing them to preserve cash while maintaining a strategic focus on their core businesses.
- **Technological disruption.** Advancements in technology and the AI revolution are forcing companies to pivot their operating models and their strategic blueprints for enhanced profitability.
- **Geopolitical uncertainty.** Europe's heightened exposure to geopolitical and supply chain shocks continues to compress decision windows for portfolio moves. Nearshoring, derisking, and compliance with national-security-driven regulatory regimes increasingly shape transaction timing and feasibility, narrowing the windows.



Outlook for 2026: Divesting to navigate volatility and fuel growth

Looking ahead, Europe appears to be entering a period of selective but steady divestiture activity. Three in four organizations expect at least one separation in the next 12 to 18 months, consistent with recent levels, though activity varies meaningfully across markets such as the Nordics, United Kingdom, Germany, France, and Southern Europe. Rising capital needs and persistent activist scrutiny are pushing more companies toward liquidity-driven divestitures and toward cleaner, “pure-play” portfolio structures.¹²

At the same time, Europe continues to operate within one of the most volatile geopolitical and macroeconomic environments globally. Energy price shocks, inflationary pressure, tariff uncertainty, and ongoing conflicts have narrowed execution windows and elevated the importance of timing. These pressures are leading organizations to accelerate portfolio decisions when market stability allows and rely more heavily on divestitures to reinforce resilience and strengthen balance sheets.

Structural forces, including sustainability commitments, supply chain redesign, and rapid advances in AI and automation, are reshaping cost structures and investment priorities. As organizations reallocate capital toward digital modernization and decarbonization, divestitures are increasingly being used to release capacity for those long-term commitments.

Overall, Europe’s divestiture landscape is defined less by broad-based volume growth and more by strategic prioritization. Organizations are using targeted, higher-impact separations to fund transformation, streamline portfolios, and respond to geopolitical and regulatory pressures. For regional leaders, the imperatives are clear: Anticipate condensed execution windows, align portfolio moves with regulatory and activist expectations, and use divestitures to free up capital for technology-enabled, future-focused growth.¹³



Divestiture trends across Asia Pacific

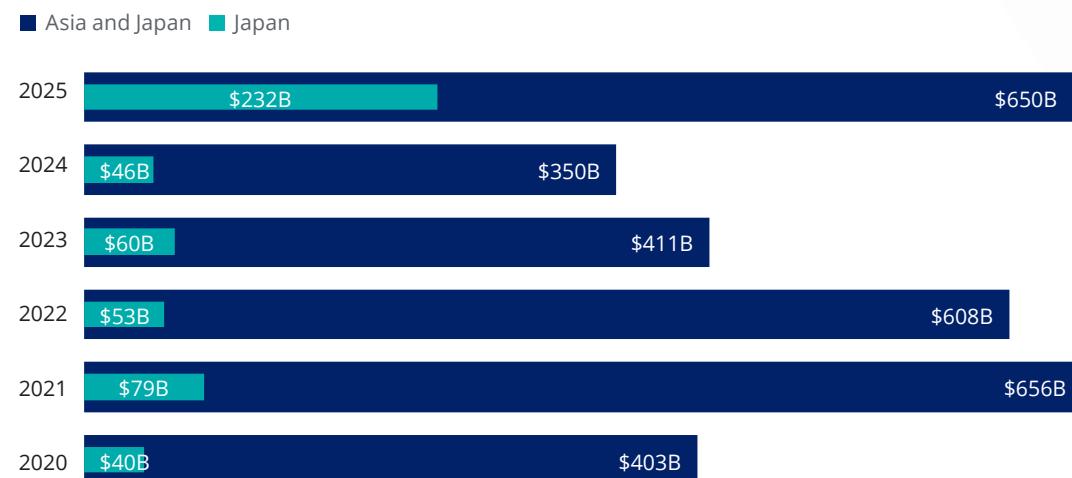
Asia Pacific divestitures: A new dawn for M&A and portfolio rebalancing

Asia Pacific emerged as one of the strongest global M&A regions in 2025 in terms of value and volume, led by Japan, China, and India. Japan's record M&A year, driven by corporate governance reforms and activist pressure, illustrates the region's accelerating shift toward portfolio rebalancing. Corporate carve-outs and take-privates also surged across Asia Pacific, reflecting rising capital-efficiency expectations and the maturation of local and cross-border deal markets.¹⁴

In particular, Japan M&A deals outperformed in value and more than tripled year over year (H1 2025 compared to previous year) with a record \$232 billion worth of deals. Corporates in Japan are undergoing significant conglomerate rationalization, spurred by activist investors and Tokyo Stock Exchange reforms aimed at improving capital efficiency. The dominant theme for M&A in Japan is portfolio rebalancing driving strong deal and divestiture activity.

Private equity (PE) in Asia Pacific has also demonstrated remarkable strength in 2025. Japan has remained very active, with increased PE buyout activity by both value and count (\$22.2 billion across 192 deals as of H1 2025, up 207% and 36% from last year, respectively). Throughout Asia Pacific deal count has increased approximately 7% with 565 deals announced H1 2025, marking the second best H1 in the last decade by deal count.¹⁵

Figure 15: Asia Pacific annual deal value, 5 years



Source: Deloitte analysis of London Stock Exchange Group (LSEG) data through June 30, 2025, accessed November 2025



Carve-outs have become a defining Asia Pacific theme. Limited availability of PE-owned assets is pushing investors toward complex corporate divestitures, where governance reform, cash-generation needs, and operating model modernization create attractive opportunities. Half of the region's largest PE investments in H1 2025 were carve-outs, underscoring the shift toward intentionally designed separations and operational value creation.

Divestments and take-private deals have also surged to approximately \$47 billion year-to-date through Q3 2025, marking a historic acceleration in privatization activity across the region, and are on track to nearly triple its 2024 annual deal value.

Challenges to value: Preparation and external volatility

Overall factors influencing divestiture valuations and transaction timing relate strongly to deal preparation quality, separation clarity, financing certainty, and effectively navigating the regulatory environment:

The dual role of deal preparation. Across Asia Pacific, deal preparation is one of the most influential levers shaping valuation outcomes, but it operates alongside other factors rather than as a single gating condition. High-quality financial and tax information, demonstrated value-creation potential, and clear separation plans are among the top drivers of higher-than-expected valuations.

Conversely, when preparation is weak, sellers do face elevated risk; yet, in Asia Pacific, the strongest penalties more often stem from external factors such as limited bidder interest, unavailable tax benefits, and deteriorating market conditions. The lesson for leaders is clear: Strong preparation materially improves the odds of success, but it must be paired with a compelling value story and active management of market and bidder dynamics to meaningfully shift valuation outcomes.

Figure 16: Top factors impacting divestiture proceeds in Asia Pacific

	Positive impact	Negative impact
Quality of financial and tax information		
Demonstrated value-creation potential		
Separation plan clarity		
Favorable market conditions		
Tailored sale process		

Source: Deloitte 2026 Global Divestiture Survey; positive impact n=105, negative impact n=22; top 5 only



Seller versus buyer priorities. Sellers tend to prioritize external leverage (competition) and certainty to maximize value. Conversely, most buyers prioritize internal value creation (strategic fit), focusing on alignment with their internal long-term goals and execution feasibility.

External market conditions as swing factors. While effective internal execution (preparation) sets the baseline for value, external market conditions represent the most significant swing factor determining whether the realized price is higher or lower than expected. External volatility is a highly determinant factor of value.

Figure 17: Top factors in proceeding with a divestiture in Asia Pacific (Weighted rank score)

	Sellers	Buyers
(0.86) Speed and certainty to close		
(0.83) Buyer ability to execute quickly		
(0.81) Highest bid price		
(0.79) Buyer having funding secured		
(0.60) Buyer fit for management and employees		

Source: Deloitte 2026 Global Divestiture Survey; sellers n=226, buyers n=147



Regional nuances: Execution certainty and complexity

Success in the fast-growing and complex Asia Pacific divestiture and carve-out environment requires a rigorous focus on regulatory compliance, execution certainty, and highly detailed pre-sale preparation.

- **Master regulatory and tax risk.** Mitigating regional regulatory and tax complexity is heavily dependent on success and is often a key decision point. Cross-border buyers frequently underestimate the time required to align on governance, particularly when acquiring carved-out units from large conglomerate or family-owned structures. For instance, state-owned enterprise (SOE) divestitures in China are highly politically sensitive and involve many approval steps.
- **Prioritize speed and execution certainty.** Although price is always essential, Asia Pacific sellers place an unusually high value on a buyer's ability to *execute quickly and reliably*. This suggests that certainty of closing may outweigh achieving the absolute peak valuation. However, local cultural factors, such as hierarchical decision-making, and consensus-driven cultures (including unions and boards) in markets like Japan and South Korea, can slow down integration planning and execution.
- **Emphasize separation readiness.** Given that most Asia Pacific transactions involve complex carve-outs, achieving favorable valuations and efficient closing timelines require detailed, high-quality preparation and clear separation plans as non-negotiable requirements.



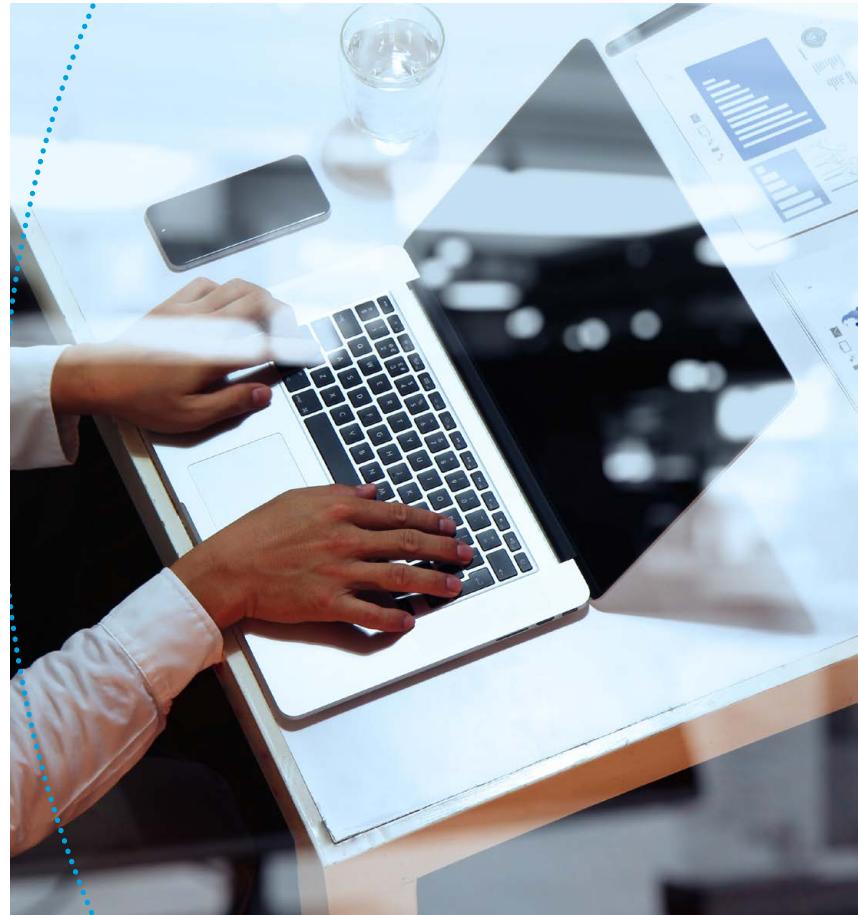
Outlook: Strong deal flow and technology integration

Asia Pacific's outlook for divestitures and carve-outs remains strong, supported by ongoing portfolio rebalancing, active private equity participation, and improving sentiment in several major markets. Continued macroeconomic stability, gradual monetary easing, and clearer regulatory pathways will be important factors in support of sustained activity across the region.

Transaction volume is expected to remain healthy, though concentrated in a smaller number of high-impact separations driven by optimization agendas and external interest rather than broad market saturation. Regulatory complexity and internal resource constraints will continue to shape execution timelines, reinforcing the importance of early preparation and structured separation planning.

Organizations across Asia Pacific are also expanding their strategic toolkits. Many are looking beyond traditional buy-sell constructs and are increasingly considering joint ventures, alliances, and other collaborative structures as alternatives to full divestitures or carve-outs.

Finally, technology integration will likely play an even greater role in 2026. High comfort with AI and GenAI tools is accelerating adoption of technology-enabled diligence, valuation modeling, and separation planning, positioning Asia Pacific to move toward more intentionally designed, data-driven divestitures.





About the survey and acknowledgments

In October 2025, Deloitte and Potloc polled 1,500 executives to gauge their expectations for divestiture activity in the upcoming 12 to 18 months along with their experiences with recent divestiture transactions. All survey participants work for either private companies, public companies, or private equity funds and their portfolio companies with revenues in excess of \$500 million (75% are with companies booking more than \$1 billion in revenue). Respondents were in Senior Director or above positions at their respective organizations and represented a variety of industries, including technology, media and telecom; consumer; energy and resources; financial services; and life sciences and health care.

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