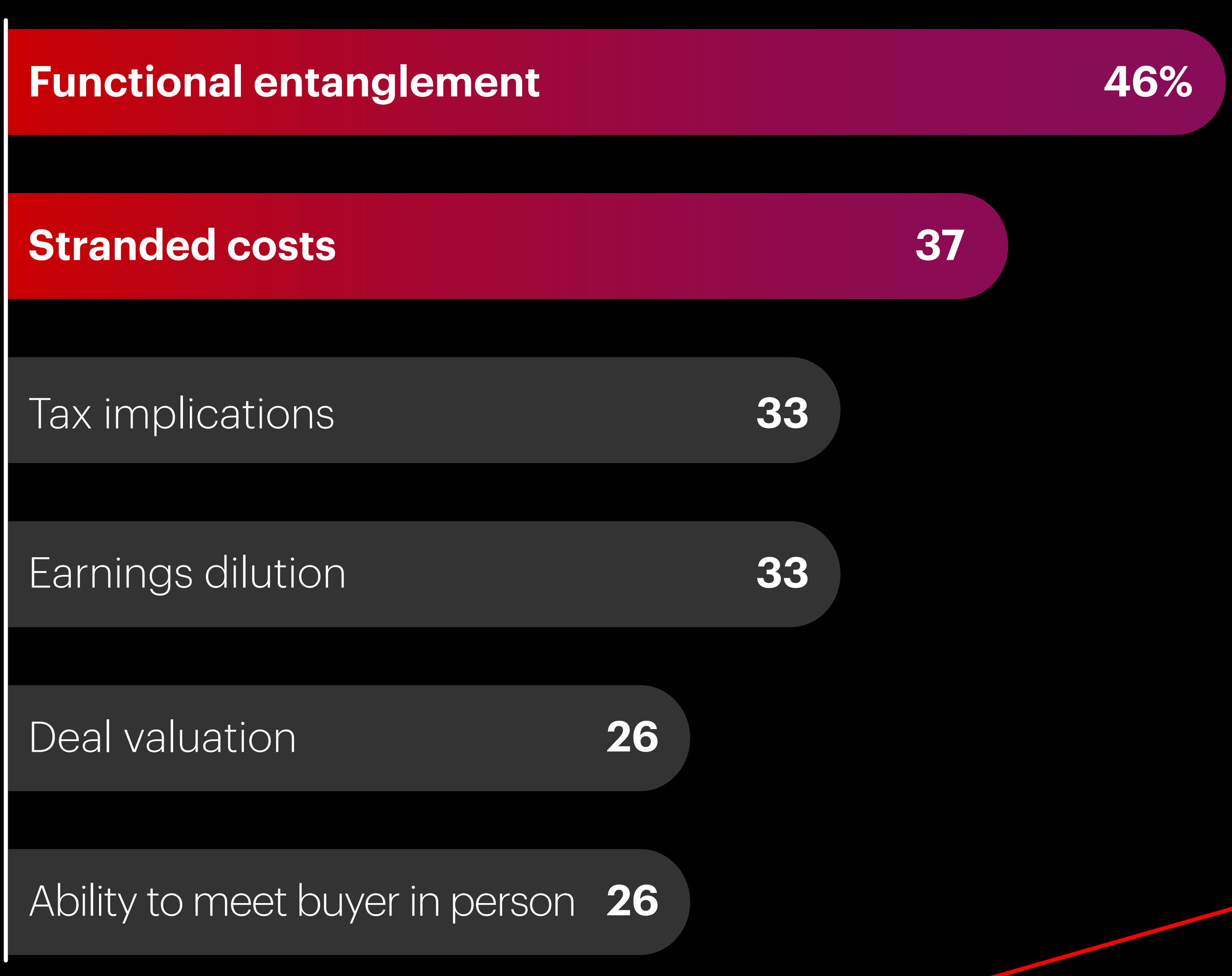
Ready, Set, Divest: The Portfolio Imperative in Consumer Products

Sellers and buyers that quickly seize opportunities can emerge from the crisis as winners.

Overcoming the hurdles to divestitures

Divestitures are critical to a balanced M&A strategy, but consumer products companies find them tough to time and manage

Top factors inhibiting divestitures

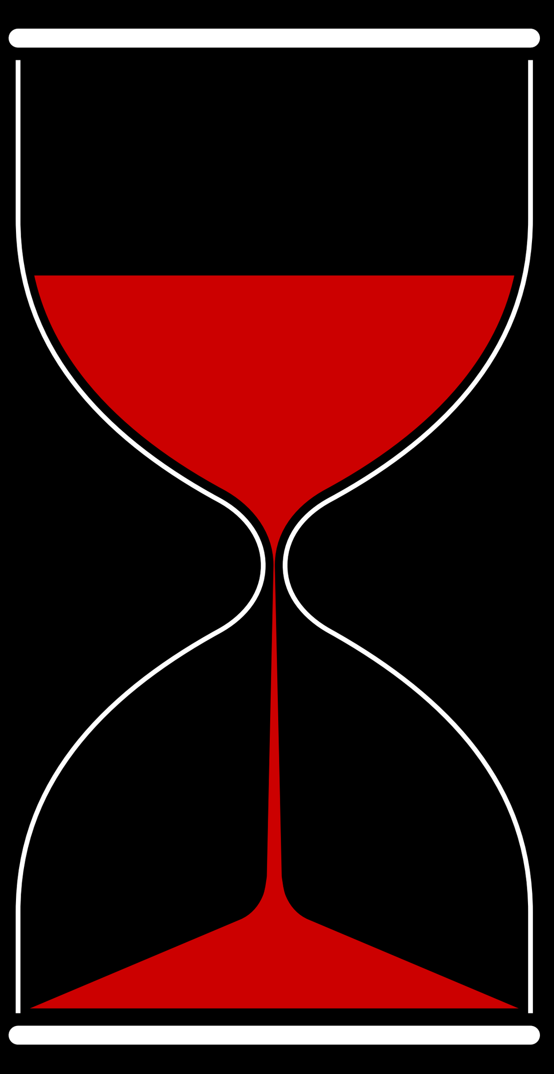


Source: Bain M&A Practitioners' Survey, 2021

Don't wait to divest

The time is ripe for carve-outs ...

- Over the past two years, divestitures made up 43% of large deal value in consumer products
- Amid Covid-19, sellers want to divest noncore assets to gain liquidity, refocus management or redeploy capital
- With few structural capital constraints, buy-side demand is strong



... and those that hold out could lose

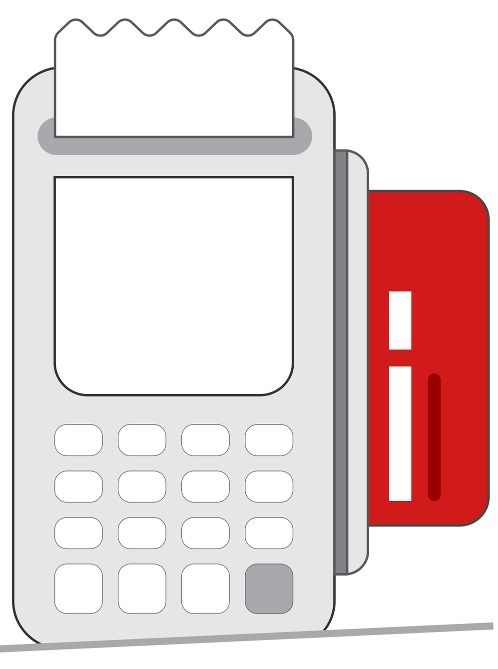
- Companies that proactively and regularly divest create the highest value
- Noncore business value will continue to erode from lack of resources and focus
- Buyers can bring new parenting advantages to stalled or undermanaged brands

Five practices for successful divestitures in consumer products

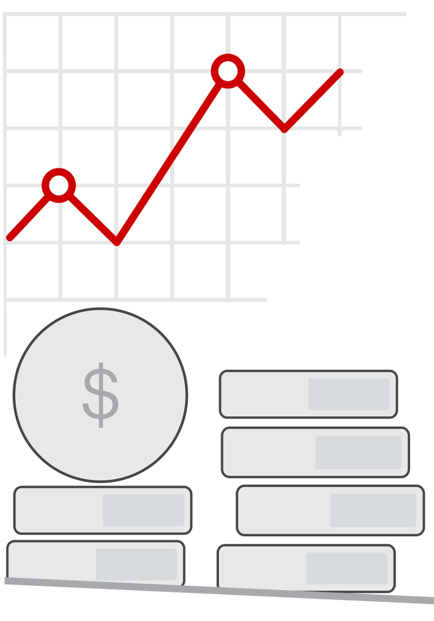
For sellers

1 **Build conviction** by reevaluating your portfolio for a post-Covid-19 world and moving quickly on opportunities to divest

2 **Think like a buyer**, with a clear equity story and investment thesis, reverse due diligence, transition service agreement and separation program



For buyers



3 **Differentiate on screening and diligence** with broader data sources, partnerships, artificial intelligence, and a deep understanding of risks

4 **Get creative on deal structures** to share risk and upside with the seller

For sellers and buyers

5 **Take a tailored approach to process and technology decisions** with a robust fact base, option assessments, and investments in the long-term growth agenda

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