

Corporate Divestiture Update

June 2021



JEGI
CLARITY

» Market overview

\$2.5T

Total US corporate cash

Cash and investments held by US corporations rose 30% to \$2.5T in the first half of 2020

\$7.8T

Debt rose 9% to \$7.8T in the first half of 2020 as companies took advantage of cheap debt to survive the pandemic fallout

\$700B

Debt raised for general corporate purposes increased 94% from 2019 to \$700B

34%

of divestitures had a Private Equity buyer in 2020

Divestitures remain very compelling for PE firms because there's potential for value creation by being strategically focused on the asset's core capabilities and strengthening them

COVID-19 has led many corporations to reverse the shedding of cash from their balance sheets that began in early 2018 in the wake of tax cuts

A heightened sense of risk has caused corporations to evaluate noncore assets in order to free up cash to pay down debt

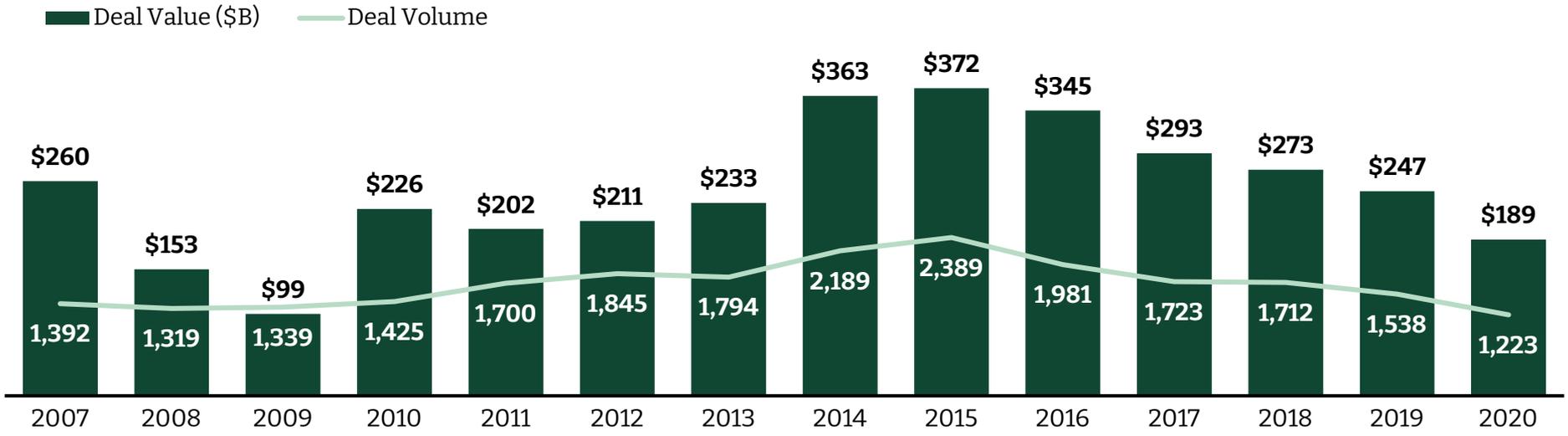
Holding onto noncore assets creates a cycle of value erosion and a lower exit value multiple

9.7%

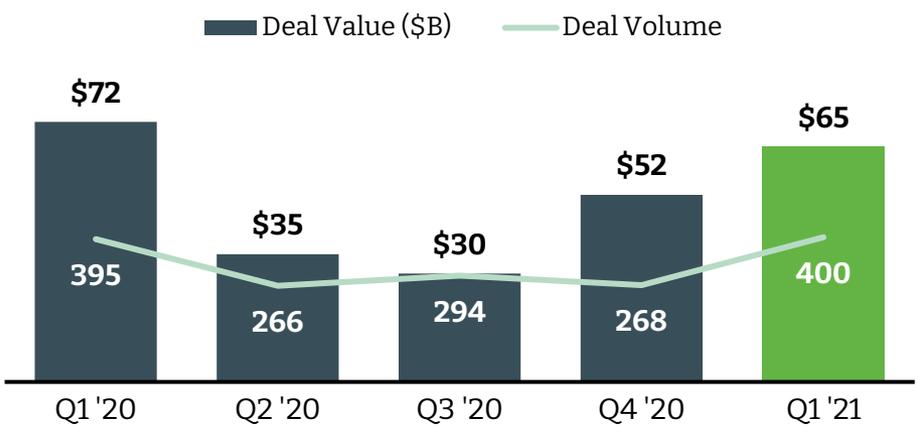
Annual shareholder return for companies with focused divestitures and M&A programs

Corporate Divestitures have remained a robust part of the M&A market; trending back up post the pandemic

Historical North American Corporate Divestiture activity



Recent rise in Corporate Divestiture activity

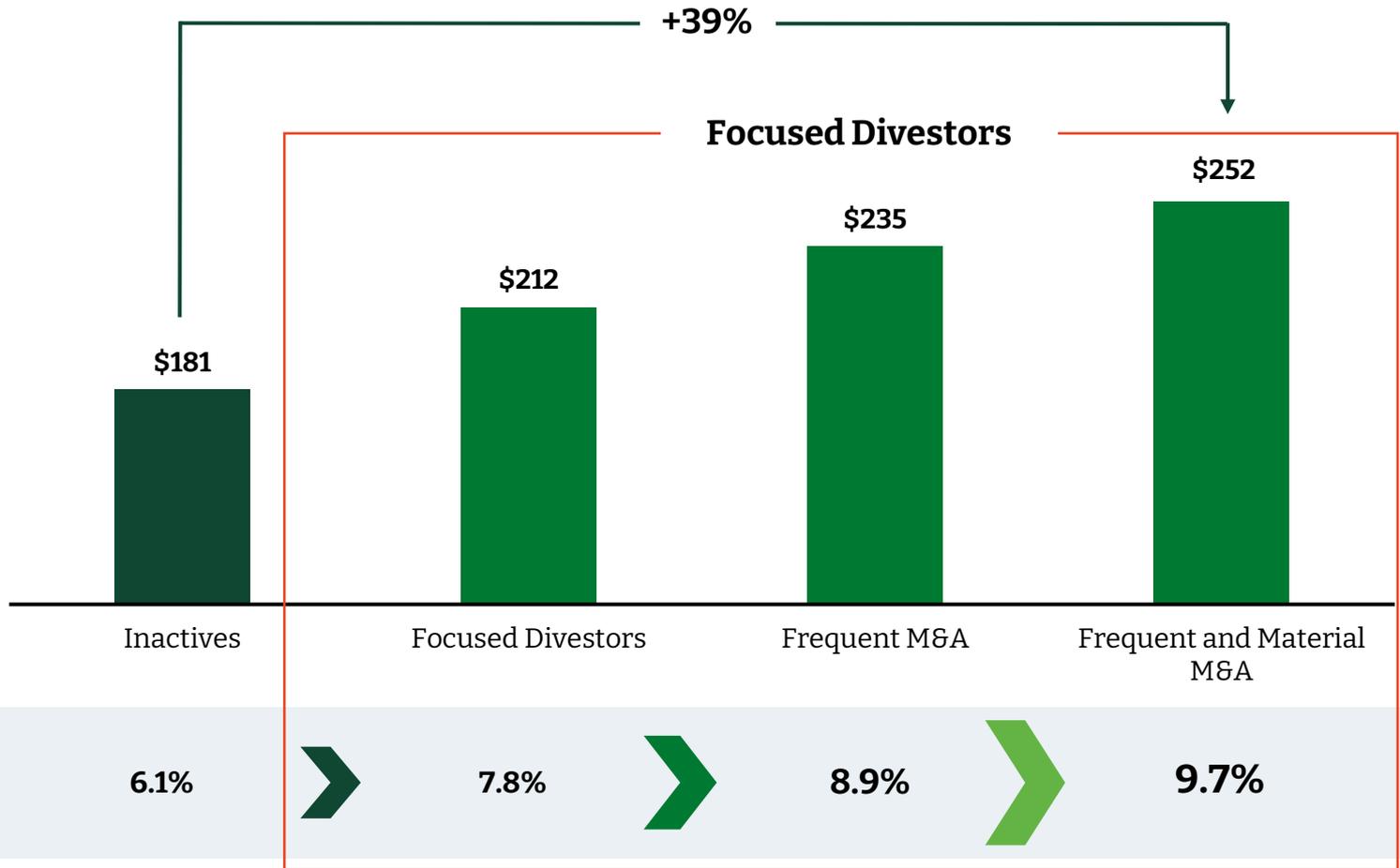


Key takeaways

- After the rise in divestitures post 2009 financial crisis, activity declined steadily commencing in 2016 as a result of companies looking to strengthen their portfolios
 - Companies were focused on acquisitions and integration, as the cycle of divestitures then went down, and is predicted to go back up now
- The trend continued through Q3 2020, as the pandemic was building up, but Q4 2020 and Q1 2021 showed an uptick in divestiture activity as corporations were forced back to evaluating noncore assets and free up cash to pay down debt

» Companies with active M&A programs outperform inactives

What \$100 invested in 2005 returned at the end of 2015



Source: Bain, Dealogic

Notes: Cumulative divestment deal value is the sum of relative deal sizes vs. the market cap three months prior to announcement, 2005-2015; deal value assumption used for deals with missing values = 1.1% of acquirer's market cap or 0.9% of divestor's market cap; n = 2,160 companies. Inactive companies are those that did not engage in divestment activity over 2005-2015; total shareholder return is defined as stock price changes assuming reinvestment of cash dividends. Acquisitions and divestments include transactions made by subsidiaries, including by companies acquired over the years. Acquisitions include outright purchase, majority interest and acquisition of asset transactions as reported by Dealogic, thereby excluding partial or remaining interest acquisition or increase in controlling stake. Consortium, intracompany and real estate deals are excluded from consideration.

» Case Studies: Select companies with active M&A programs

10-year S&P 500 shareholder return = 193%

FUTURE

10-year return = 5,584%

Acquisitions	Divestitures

j2 Global

10-year return = 335%

Acquisitions

Tech	
Health	

Wolters Kluwer

10-year return = 343%

Acquisitions	Divestitures

Gartner

10-year return = 436%

Acquisitions	Divestitures
	<p>METRICS THAT MATTER CHALLENGER WORKFORCE SURVEYS & ANALYTICS TALENT ASSESSMENT</p>

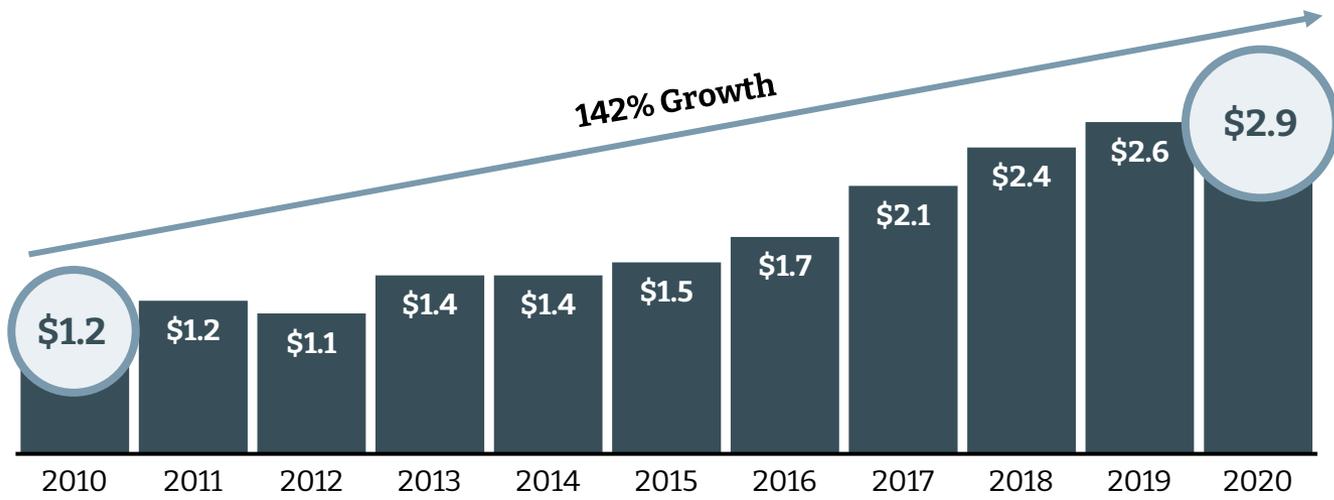
» Private Equity players are continuing to grow in numbers and size...

Global # PE firms



Number of firms increasing nearly 25% across the decade

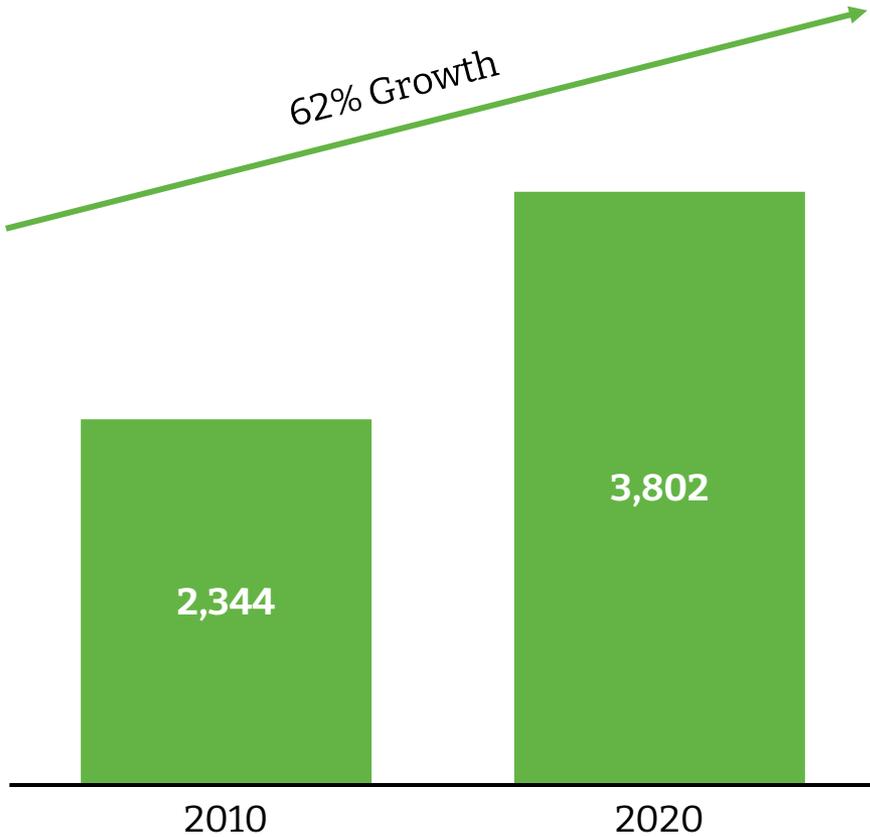
Global PE dry powder (\$T)



Private equity has raised over \$4.5T in the past decade

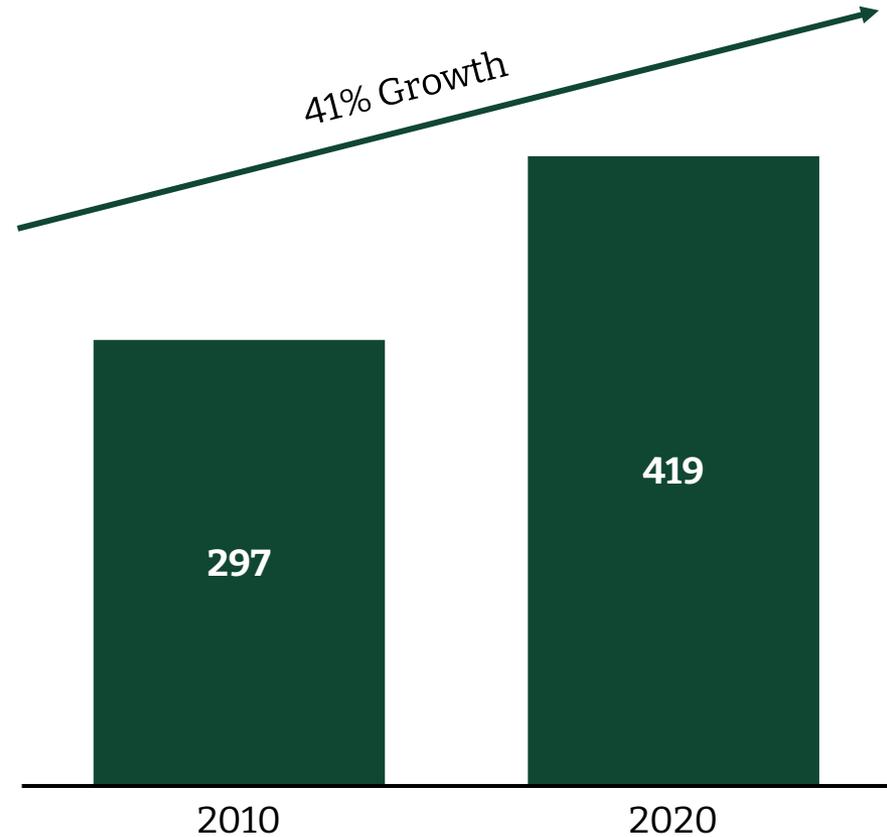
»...resulting in an increased number of Private Equity deals

M&A deals with PE buyer (US)



PE accounts for 38% of all US M&A Deals

Corporate Divestitures with PE buyer (US)

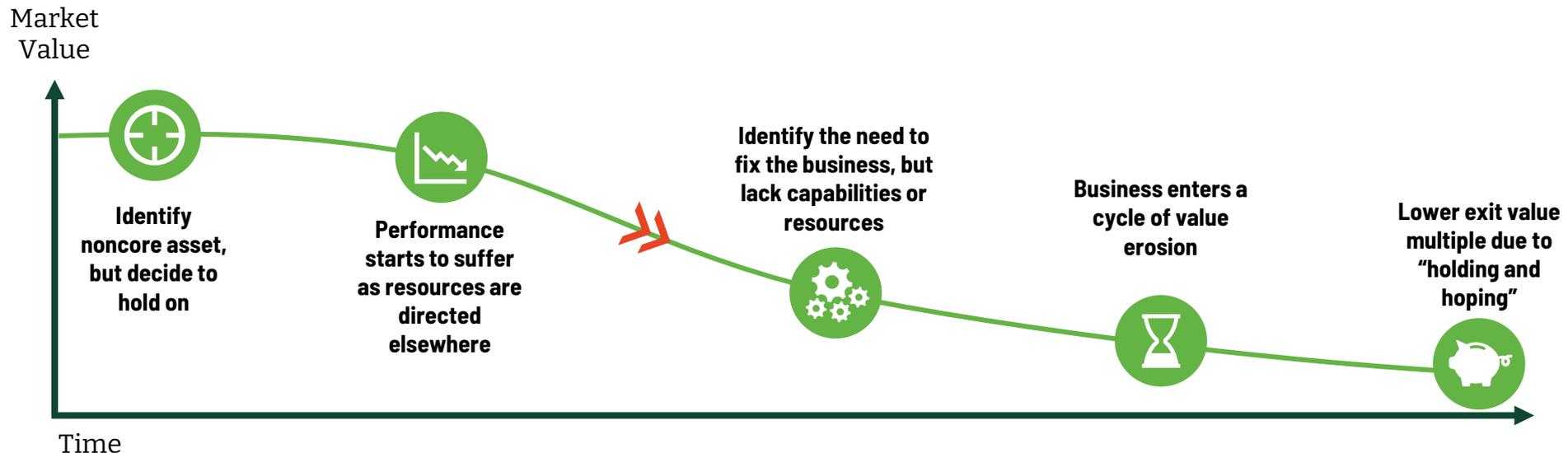


PE accounts for 34% of all US Corporate Divestitures

» Key takeaways

- Corporate divestiture activity remains strong and likely to continue to ramp coming out of the pandemic
- Companies with active M&A programs outperform inactive companies
- More rigorous approach to portfolio management
- Buyer universe continues to evolve (i.e., PE and cross-border/multi-national)
- PE evolution in divestitures – messy/challenging to value creation/opportunity
- Increasing use of technology, data and analytics in making acquisitions/divestiture decisions
- Sellers more sophisticated and buyers more demanding in their approach to divestitures (i.e., Quality of Earnings Analysis, Market Study)

Perils of holding on to non-core assets for too long



» Key areas of divestiture prep and value creation

Careful attention to process can yield material economic benefits and mitigate risk

Transaction structure and tax considerations



Clear, defensible view of "stand alone" financials

Models to support Strategic vs. PE financial presentations (including synergy analysis)



Development of QofE and other diligence materials upfront

Coordinating seller workstreams and interdependencies (IT, Finance, other Shared Services)



Minimizing and simplifying Transitional Service Agreements (TSAs)

Anticipating regulatory requirements (by country)



Structuring and pricing software and IP licensing agreements

Management and employee communications and the transition process



Competitive tension in the sale process

Our "Divestiture Playbook" reflects best practices from more than 700 completed transactions

» JEGI CLARITY: Trusted partner to industry leading corporations

 DMGT <i>8 transactions</i>	 Gartner <i>4 transactions</i>	 UBM <i>1 transaction</i>	 RELX <i>10 transactions</i>	 informa <i>1 transaction</i>
 infogroup <i>1 transaction</i>	 Forbes <i>1 transaction</i>	 DOW JONES <i>2 transactions</i>	 DODGE DATA & ANALYTICS <i>1 transaction</i>	 The Economist Group <i>3 transactions</i>
 c net <i>2 transactions</i>	 GANNETT <i>1 transaction</i>	 nielsen <i>3 transactions</i>	 THOMSON REUTERS <i>3 transactions</i>	 Answers <i>1 transaction</i>
 TRIBUNE PUBLISHING <i>1 transaction</i>	 TEGNA <i>3 transactions</i>	 FC Business Intelligence <i>1 transaction</i>	 News UK <i>2 transactions</i>	 SIEMENS <i>1 transaction</i>
 Pearson <i>4 transactions</i>	 Bloomberg <i>1 transaction</i>	 Maritz <i>2 transactions</i>	 EUROMONEY <i>1 transaction</i>	 HEARST <i>5 transactions</i>



55+ Corporate Divestitures over the past 10 years

» Case Study: Gartner's 3 successive divestitures

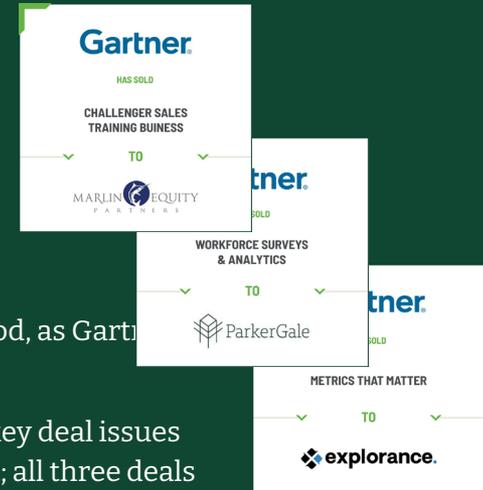
Transaction background

Gartner is a leading technology research and B2B information company, publicly traded and headquartered in Stamford, CT.

Gartner had determined to divest certain non-core assets, following its \$3.8 billion acquisition of Corporate Executive Board in May 2017.

Working closely with Gartner's corporate development, strategy and senior executive teams, JEGI CLARITY strategized a game plan to divest three separate non-core assets over a 12-month period, as Gartner was looking to close all three transactions by year-end 2018.

JEGI CLARITY's deep experience with corporate divestitures enabled it to identify, and get ahead of, key deal issues early in the processes, and its extensive experience enabled the firm to identify buyers for each asset; all three deals were closed by October 2018.



JEGI CLARITY's role

For each asset, JEGI CLARITY worked with Gartner to create standalone management teams and pro-forma financial statements, and to address key IP complexities.

JEGI CLARITY ran broad processes, targeting strategic companies and financial investors.

Following tightly orchestrated processes for each asset, JEGI CLARITY was able to find highly engaged final bidders at strong valuations that exceeded Gartner's expectations.

As well, the buyers and investors of these assets were interested in maintaining the teams and continuing the businesses as going concerns, of importance to Gartner.

"In choosing JEGI CLARITY to represent Gartner on three very different divestitures in separate, but overlapping processes, they fulfilled our highest expectations in every way. At the core of JEGI CLARITY's success in delivering an exceptional outcome for Gartner were their very disciplined, yet pragmatic approach, their in-depth knowledge of the marketplace and buyer pools, their ability to both craft a nuanced story that resonated with buyers and present complex transaction issues clearly, and their hearty appetite for hard work and long hours. We had the full attention of JEGI CLARITY's deep team from start to finish, which enabled them to stay on schedule and deliver maximum value on each of the transactions. In short, the JEGI CLARITY Team is the real deal."

Christian Keane
Group VP, Corporate Development, Gartner

» JEGI CLARITY: Corporate Divestiture experience

adstream

HAS BEEN SOLD TO

Extreme Reach

Advertising Technology

TRIBUNE PUBLISHING

HAS SOLD

BESTREVIEWS

TO

Nexstar

Product Reviews

RED VENTURES

HAS SOLD

Content Solutions

TO

WORLD SYNC

A PORTFOLIO COMPANY OF

Battery

Content Syndication

BRIDGE TOWER MEDIA

A SUBSIDIARY OF

GANNETT

HAS BEEN SOLD TO

TRANSOM CAPITAL GROUP

B2B Media

CINEMABLEND

A DIVISION OF

gateway blend

HAS BEEN SOLD TO

FUTURE

Digital Media

Maritz CX

HAS SOLD ITS

MYSTERY SHOPPING BUSINESS

TO

Ipsos

CX Research

ERP MEDIA GROUP

HAS SOLD

The Institutes

B2B Events

informa

HAS SOLD

SELECT B2B MEDIA ASSETS

TO

ENDEAVOR BUSINESS MEDIA

A PORTFOLIO COMPANY OF

RESOLUTE CAPITAL PARTNERS

B2B Media

AD PRACTITIONERS, LLC

HAS ACQUIRED

Money & RELATED ASSETS

FROM

meredith

B2C Media

design events

HAVE BEEN SOLD BY

CLARION EVENTS

A PORTFOLIO COMPANY OF

Blackstone

Design Exhibitions

M&CSAATCHI

HAS SOLD THE REMAINING 24.9% STAKE IN

△ BLUE 449

TO

PUBLICITE GROUPE

Creative Agency

Gartner

HAS SOLD

METRICS THAT MATTER

TO

explorance

HCM Data & Analytics

Gartner

HAS SOLD

CHALLENGER SALES TRAINING BUSINESS

TO

MARLIN EQUITY PARTNERS

Sales Performance

Gartner

HAS SOLD

WORKFORCE SURVEYS & ANALYTICS

TO

ParkerGale

Employee Surveys

VENDOME GROUP

HAS SOLD

Advancement Behavioral Healthcare

TO

HMP

A PORTFOLIO COMPANY OF

SGE

Healthcare Events

WEBCOLLAGE

A SUBSIDIARY OF

Answers

HAS BEEN SOLD TO

Cladson

A PORTFOLIO COMPANY OF

WICKS

Content Management

DMGT HOBSONS

HAS SOLD ADMISSIONS CRM SOFTWARE BUSINESS TO

CAMPUS MANAGEMENT

A PORTFOLIO COMPANY OF

LEEDS | Equity Partners

Higher-Ed CRM

DMGT

HAS SOLD

HOBSONS SOLUTIONS

TO

QS

AN INVESTMENT OF

MITSUI & CO.

Student Enrollment

LightReading

HAS BEEN SOLD TO

informa

B2B Media

News UK

HAS SOLD

milkround

Graduate Recruitment

FC Business Intelligence

HAS SOLD

Automotive

TO

Penton

B2B Events