

Do we spin or do we sell

I'm David Dubner. This is the insight. Corporate separations are becoming more frequent and more topical in the current market environment. Nine of the top 20 historic separations have announced since the start of 2021. We're seeing some of our larger clients separate out healthcare subsidiaries after they've grown them to be standalone viable public companies in a robust capital markets environment, where financing is easily obtainable, a sell side may be the more favorable option in a more volatile market backdrop like we're experiencing. Now, a spinoff can provide greater flexibility to pursue that separation or to pivot to a sell side. As companies think about their portfolio mix, there's several tools in the toolkit. They can resegment their operations to achieve increased transparency and disclosure. They can sell a minority stake in an underlying business to bring in capital and operating expertise. They can IPO, they can spin off a business or they can engage in an outright sale going forward. There's three key areas to focus on first portfolio management. Does your portfolio mix comport with your strategic priorities and your capital allocation objectives? Second profitability matters. It's back to good old fashioned operating margin. And third de-risking M and A is more important than before. And thinking about DIY strategies such as corporate spinoffs can be value enhancing.

Oh good. I'm glad we record. I rerecorded that.