



## **Spotlight on Challenging Markets**

*Recent developments in strategic, capital and structural advisory solutions*

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**November 2020**



## COVID-19 IMPACT

### Origin's Comment

These are extraordinary times. We're facing a global health crisis that is rapidly becoming a financial and existential crisis for many businesses. At Origin, our collective expertise, experience, and extensive investor relationships may be useful to businesses faced with current challenges, and we are here to help.

Our team is deeply engaged with its broad network of capital providers, backstopping our commitment to support Canadian businesses with thoughtful debt, equity and structural solutions. Our goal: to help businesses navigate through this challenging period, then thrive when we emerge on the other side.

### In this Issue

In this issue, you'll find:

- The most recent data for BIA filings by industry
- CCAA proceedings: What the numbers are showing
- Origin in the Financial Post: Origin Principal, Rob Fedrock, and other restructuring experts weigh in on the likely wave of insolvencies ahead, as once healthy businesses begin to falter. We include a synopsis and link to the recent Financial Post article.

## BUSINESS AND INDUSTRY FILINGS UPDATE – NOVEMBER 2020

**BIA FILINGS:** Data for September, the most recently available, continues to show a decrease over filings in the prior year, a trend that has been sustained throughout the pandemic. A few sectors buck this trend, including Arts, Entertainment and Recreation, Retail, and Management

**CCAA FILINGS:** CCAA proceeding information is available to the present. Filings are up 128% YTD over 2019. While businesses that were hard hit pre-COVID represent a large proportion of those filings, there are now early indications that previously healthy businesses are beginning to falter

**CONSUMER INSOLVENCIES:** Consumer insolvencies in October are down 33% from 2019, roughly in line with what we have seen since April of this year. This decline reflects the impact of CERB and other programs in offsetting lost employment income, and the likelihood that fewer consumers see a benefit from declaring bankruptcy. We have also seen a steady recovery in employment, with unemployment improving from a high of 13.7% in May, to 9.0% in September.

### All Canadian BIA Bankruptcies and Proposals

NAICS Economic Sector	YTD Sept.	Change From 2019 Levels
Accommodation and Food Services	348	-12%
Retail Trade	306	15%
Construction	265	-50%
Manufacturing	182	-24%
Professional, Scientific and Technical Services	131	-44%
Transportation and Warehousing	119	-26%
Other Services	109	-22%
Wholesale Trade	106	-25%
Arts, Entertainment and Recreation	94	52%
Real Estate and Rental and Leasing	89	-21%
Admin & Support, Waste Mgmt and Remediation	88	-34%
Management of Companies and Enterprises	79	16%
Agriculture, Forestry, Fishing and Hunting	46	0%
Health Care and Social Assistance	45	-32%
Information and Cultural Industries	35	-44%
Educational Services	27	8%
Finance and Insurance	23	-55%
Mining and Oil and Gas Extraction	19	-44%
Utilities	4	-33%
Public Administration	3	0%
<b>Total Business BIA Filings</b>	<b>2,118</b>	<b>-24%</b>
<b>CCAA Proceedings - YTD September</b>	<b>53</b>	<b>141%</b>
<b>CCAA Proceedings - YTD through October</b>	<b>57</b>	<b>128%</b>
<b>Consumer Insolvencies</b>	<b>73,094</b>	<b>-28%</b>

Source: Office of the Superintendent of Bankruptcy Canada



**ORIGIN IN THE NEWS**  
MERCHANT PARTNERS

## FINANCIAL POST

AN EARTHQUAKE IS COMING:

INSOLVENCY SECOND WAVE LOOMS AS ONCE-STRONG BUSINESSES FALTER

ROBERT FEDROCK  
PRINCIPAL



In early November, King Street Company, the operator of a well-known network of restaurants including Italian eatery Buca and Jacobs & Co. Steakhouse, made the difficult decision to file for creditor protection. As Origin principal Rob Fedrock sees it, “King Street Company’s filing ... likely marks the start of a new wave [of insolvencies], where previously healthy industries that have been hit hard by the pandemic begin to falter,” Rob weighs in on what is likely a tough road ahead, alongside other restructuring experts from Blake, Cassels & Graydon LLP, Stikeman Elliot LLP and Cassels Brock & Blackwell LLP, in the recent Financial Post article, [An earthquake is coming: Insolvency second wave looms as once-strong businesses falter](#).





## About Origin Merchant Partners

Origin Merchant Partners is an independent investment bank that provides value added corporate finance, mergers and acquisitions and restructuring advisory services delivered by senior professionals. Our clients engage us for our dedicated, high level of service and independent advice to address their strategic and financial plans

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