

Quarterly Newsletter 2022

In Q2 2022, there has been some easing of supply chain problems in many industry sectors. This may reflect the results of coping strategies taken by middle market companies last year and continuing through Q2. Fundamental improvements from re-shoring and other major supply chain strategies will take time to implement and have full effect. Still, many companies are reporting improvements in the supply of materials and components as their leadership teams now address record inflation and its effects on costs of goods and pricing strategies. Where higher costs cannot easily be passed through to customers in the form of higher prices, profit margins are and will continue to be under pressure. Labor shortages compound the challenges created by inflation and supply chain disruptions. And the steady drumbeat about a recession in 2023 seems to be getting louder with each passing week.

Despite difficulties in the current business environment, middle market companies tend to be very entrepreneurial and creative as compared to large companies that are bound by organization hierarchy and management process. Somehow, middle market companies find a way to adapt and may even prosper where large businesses struggle to align internally on what to do next let alone doing it.

Middle market companies offer great opportunities for strategic acquisitions during the balance of this year and 2023, recession or no recession. Middle market acquisitions can provide needed product-market diversification as well as build scale in business segments protected from the worst effects of recession. When a company has very modest opportunities for profitable growth from its existing business portfolio, making the right acquisitions will help ride out the near-term economic storm and position the acquiring company for accelerated growth once markets recover.

Finding the right targets and promoting a transaction will require patience and savvy deal-making. This is especially true in the middle market. That's because the best acquisition targets for a strategic buyer are likely not for sale and attractive valuations for prospective sellers will need to factor not only current business conditions but the speed and force of recovery in the acquired company's business.

This newsletter highlights several topical features written by our partners along with representative transactions completed during the quarter. - Jeff Schmidt, Executive Managing Director, CDI Global

Here are the highlights:

Craig Dickens

6/30/22: A case for lower multiples? What should sellers do in an uncertain market?

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Eduardo González-Gallarza

6/22/22: Is the Spanish automotive sector set to rebound and attract investors?

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The Interview

Marc De Clerck **Jeff Schmidt**

6/16/22: The Interview: Trends in Healthcare: An interview with Jeff Schmidt and Marc De Clerck

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Strategic Investment

Jeff Schmidt

5/18/22: Actionable Strategic Acquisitions and How to Close Them.

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Daniel Boutmy

5/10/22: Latin America's Strategic Role in Global Growth and Diversification

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Marc De Clerck

5/5/22: Executing Successful Healthcare Cross border M&A deals.

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The Interview

Dr. Nicholas Hanser **Jeff Schmidt**

4/28/22: The interview: Meet our New Co-Leader for TMT

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Julian Lindqvist

The Fairway to America
Local Knowledge. Global Reach.

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4/26/22: Finnish Companies: Go West!

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Craig Dickens

4/25/22: Key Considerations in Cross-Border M&A

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Trends

Jeff Schmidt

4/18/22: Market trends

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Mergers and Acquisitions

Jeff Schmidt

4/1/22: Cross-Border M&A: The Power of Company Search

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TRANSACTIONS HIGHLIGHTS

CDI had a very successful Q2, we doubled the number of tombstones in Q2 2022 over Q2 2021.

Here are the deals:

realiza CAPITAL
has acquired
LAKMÉ
INSPIRED HAIRCARE

CDI GLOBAL

6/3/22: CDI Global advised Realza in transaction with Lakme

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KUPSA
has acquired
BARNIPOL

CDI GLOBAL

6/1/22: CDI Global Iberia advised KUPSA on the purchase of BARNIPOL

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myguestlist
has been acquired by
MR YUM

CDI GLOBAL

5/5/22: MyGuestList enlisted CDI Global to negotiate sale to Mr Yum

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IBF NEGOCIOS
has acquired
PORTO

CDI GLOBAL

4/25/22: Porto Ltda was acquired by IBF Negocios

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IC
has been acquired by
VAN DE VELDE PACKAGING

CDI GLOBAL

4/20/22 Industria Litografica Cartotecnica S.r.l. in the sale to P. Van De Velde Group

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culture rocks
has been acquired by
uol edtech

CDI GLOBAL

4/19/22: CDI Brazil advised Culture.Rocks on its sale to UOL Edtech.

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VADU
has been acquired by
dimensa

CDI GLOBAL

4/7/22: CDI Global Brazil advised Vadu Ltda on its sale to Dimensa

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