The price of paralysis

Insights from AlixPartners’ 20th Annual Turnaround and Transformation Survey

June 2025

When it really matters.sm

Contents

The price of paralysis

This is a time of unprecedented disruption. As the global financial markets react to intense geopolitical tension, business professionals face a paralyzing forecast of anxiety and uncertainty. Gone are predictable economic cycles that dictated healthy as well as distressed periods. With this complexity comes the opportunity for executives to create their own stability in a volatile world.

Our annual Turnaround and Transformation Survey reflects on the shifts in modern business models, highlights the value of quickly pivoting to keep pace with the rate of change, and suggests specific survival steps surrounding near term macroeconomic conditions.

As the world's restructuring experts look to the horizon, geopolitical forces have emerged as a dominant driver of potential future corporate distress—96% of our respondents agree. Beyond economic concerns, the survey underscores a recalibration of the perceived risks of pausing for too long and the cost of doing business today. Geopolitical instability—characterized in recent months by the volatility of tariff announcements and subsequent fluctuations—and ongoing global conflicts act as primary destabilizers for businesses seeking a route to productivity and growth. More than a dozen countries changed government leaders in the past year, marking significant political transitions and revolving relationships.

The notable change in sentiment is just one result of these shifts that compound the fragility of economic conditions—most respondents now expect a recession within the next two years. Hope has given way to caution, particularly in the United States and Germany, where executives brace for the challenges ahead. More specifically, our survey participants foresee a tightening in the availability and cost of capital, an increase in distressed M&A, and a rise in out-of-court restructuring proceedings.

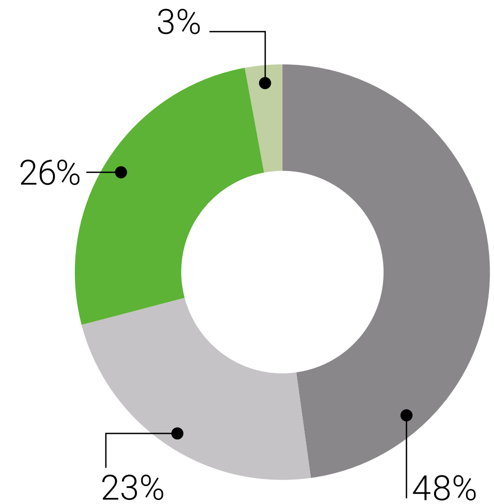
The risk of escalating trade wars and costs associated with new regulations affects every sector. Our latest rankings for potential distressed industries show automotive at the top—a reflection of its vulnerability to supply chain distress, tariff shocks, and shifting consumer demand. Confronting similar concerns, global manufacturing and retail round out our shortlist of the top three most troubled sectors.

On the following pages, we explore what today's volatile climate may mean for balance sheet resilience, why a holding pattern of paralysis must be avoided, and the actions to strengthen financial and operational health that will help companies emerge stronger.

Headline insights

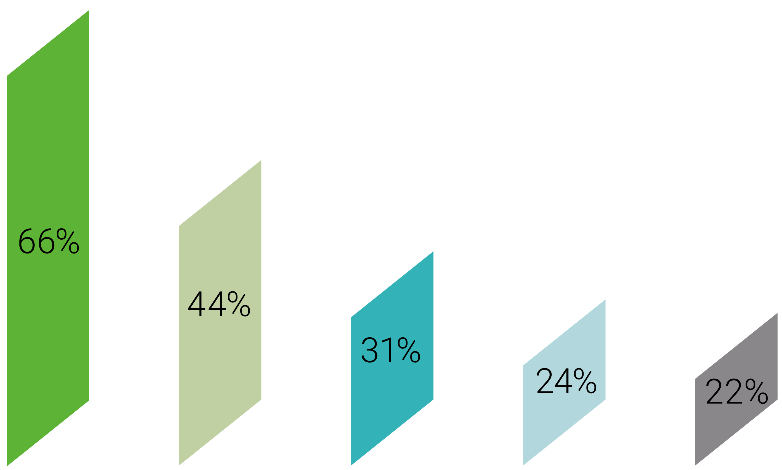
96%
of respondents agree that geopolitical disruptions will directly lead to more distressed situations

In your geographic region of the world, do you expect overall economic growth or decline within the next 12 months?



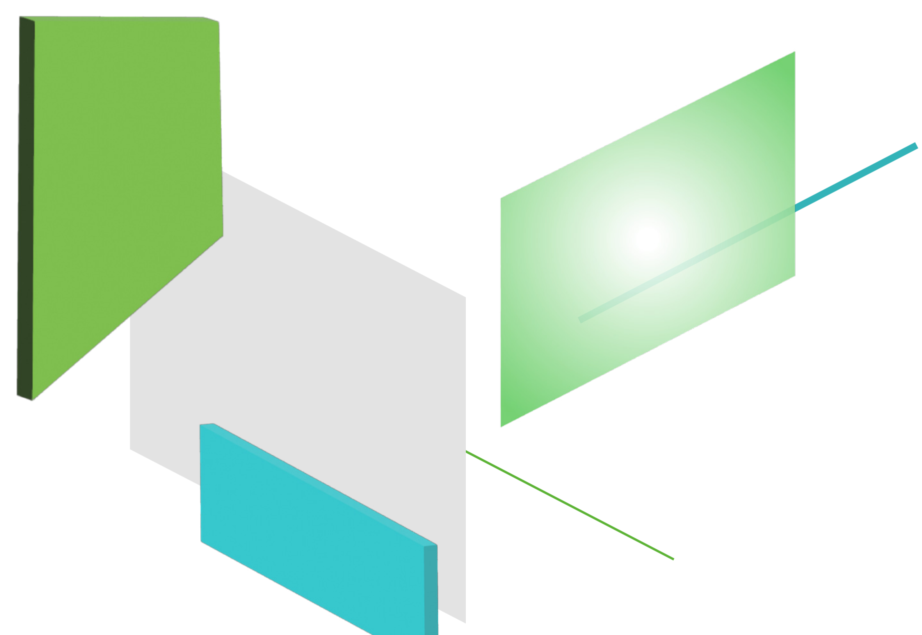
- Small decline
- Notable decline
- Small growth
- Notable growth

Which sector globally is the most likely to face distress in 2025?*

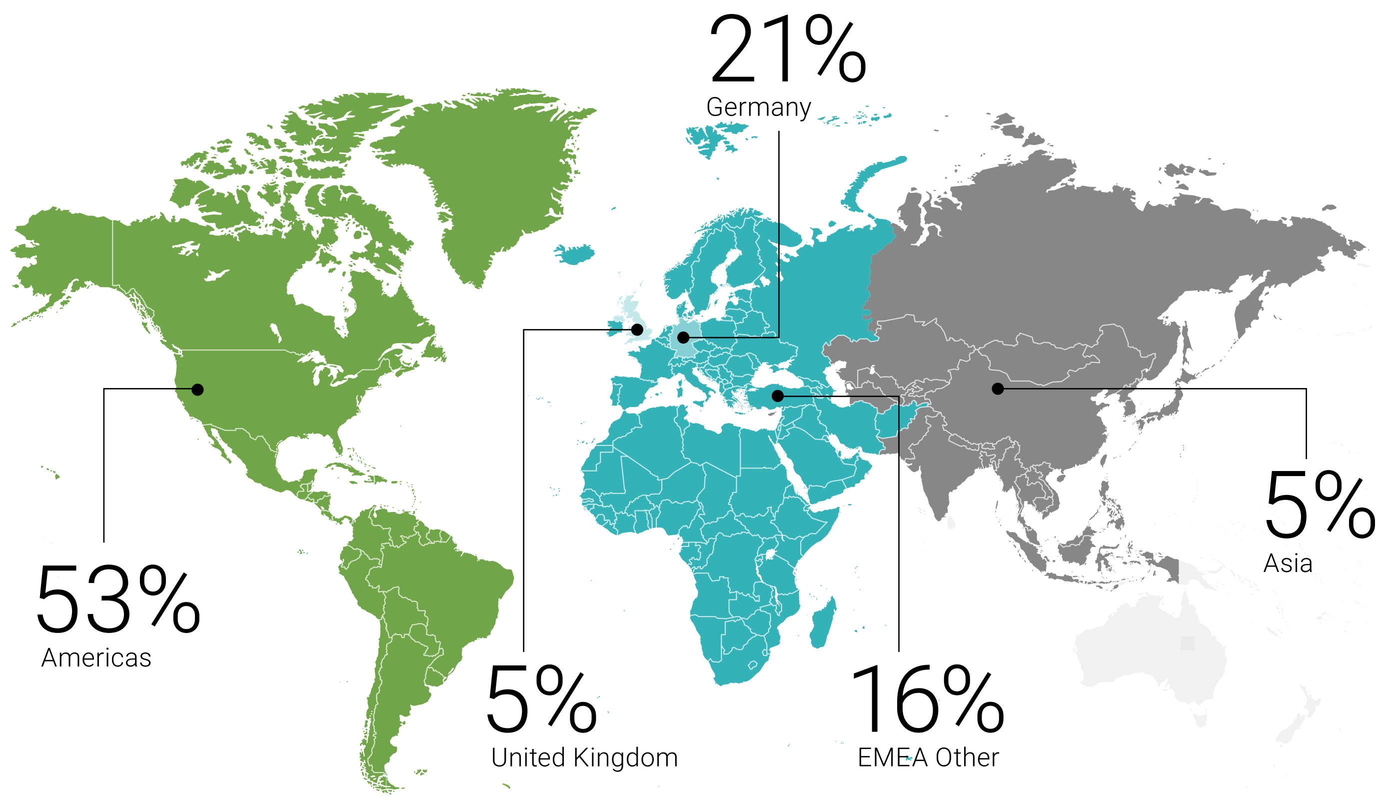


- Automotive
- Retail
- Manufacturing
- Consumer goods
- Commercial Real Estate

*Each respondent was asked to identify up to three different sectors



Which geography is most likely to face distress in 2025?



53%

of respondents think the Americas will be the region most likely to face disruption in 2025–more than double the figure in our 2024 survey

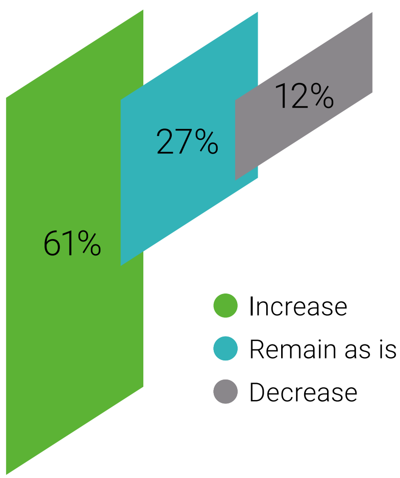
The top three factors driving distress:

43% Geopolitical disruptions

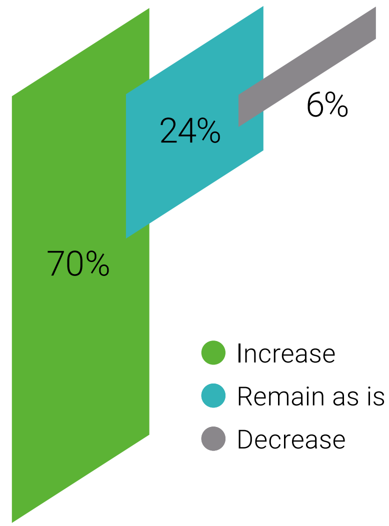
27% Regulatory changes/legislation (including tariffs)

12% Availability or cost of capital

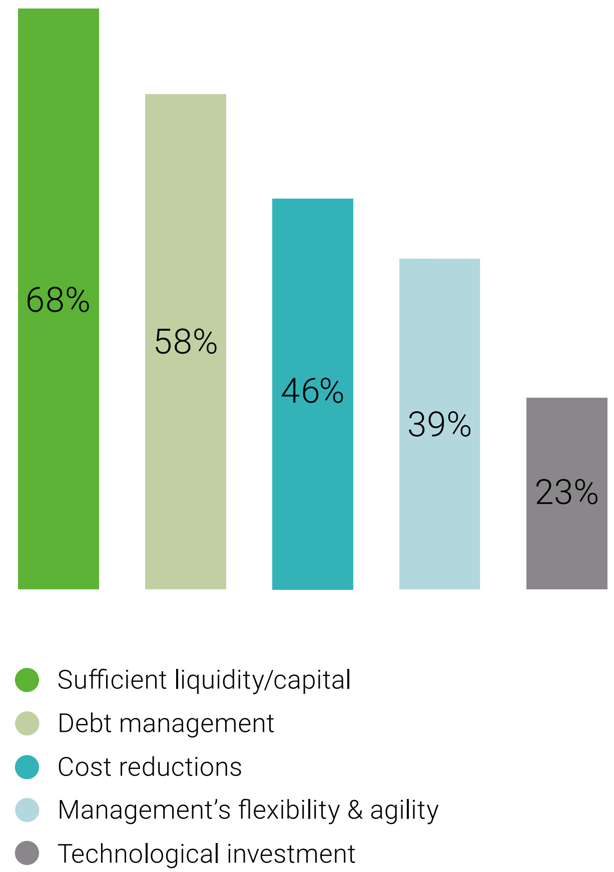
The cost of capital for buyers and borrowers in relation to the previous year will:



In the next 12 months, the number of out-of-court restructurings will:



The most common challenges for companies facing turnaround or transition are:*



*Each respondent was asked to identify up to three different sectors

Leadership perspective

Managing geopolitical risk will take more than resilience

Jim Mesterharm, Global Co-Head, Turnaround & Restructuring Services

Geopolitical disruption has firmly moved from background risk to boardroom priority.

Once considered a regional or sector-specific concern, shifting alliances, trade restrictions and supply chain fragmentation are now reshaping global business strategy. From tariffs and sanctions to realignments in raw material sourcing, geopolitical uncertainty has become one of the defining factors affecting corporate performance.

70%

of respondents expect their region to experience economic decline in the next 12 months

Many chief executives are shell-shocked at such an unpredictable and chaotic time. Slower GDP growth and tightening capital flows raise the stakes for businesses already navigating fragile demand, rising input costs, and policy volatility.

Given many companies' overleveraged positions and the covenant challenges that could emerge from the risks of continued inflation and possible interest rate challenges, it is little wonder that many businesses are temporarily frozen and struggling to settle on their best course of action.

The pressure is particularly acute in sectors so heavily reliant on global supply chains. In this year's survey, nearly two-thirds of respondents identified automotive as the industry most likely to face distress this year. Retail, manufacturing, and consumer goods are also expected to be heavily affected.

62%

anticipate a recession in their region in the next 12 months

Some organizations are responding with creative operational and supply chain strategies. The just-in-time manufacturing model is giving way to something more robust and regionally adaptive. Leading manufacturers are investing in parallel production lines across trade blocs and rethinking upstream logistics to de-risk exposure to single points of failure. But that can't be achieved overnight. The capital investments are extreme, and the timeframe to make those adjustments is not days or weeks, but months or years.

64%

anticipate an increase in M&A transactions related to distressed assets

These aren't short-term fixes. They signal a broader rethink of how companies approach risk and investment. The most prudent organisations will be exploring options including geopolitical hedging to mitigate losses and protect investments.

This necessary shift in focus brings other dangers, too. As geopolitical issues dominate executive agendas, other long-term disruptors, from climate change to AI adoption, risk being deprioritized. Leaders must maintain a wide-angle view of these trends that may ultimately prove more transformative.

While we have not seen the anticipated rash of bankruptcies yet—due in part to the rise in out-of-court liability management transactions—the pressure to fix problems in creditors' portfolio is intensifying. A laser focus on the operational actions that can be taken now to drive a turnaround from within the business should not be delayed.

For all parties, proactivity over paralysis is essential. Business leaders must seek out the opportunities that can deliver meaningful change, as there simply isn't the buffer room to wait this out. A story to engage capital partners that takes a holistic view of restructuring solutions and multiple scenario plans will be critical. While no-one can confidently predict what is coming next, a range of potential solutions and outcomes should be rationalized on the basis that they can weather more extreme downside scenarios.

Agility, once again, must become a core operating principle. CEOs and boards need to move fast to strengthen their organizations' ability to absorb external shocks, pivot at speed as economic conditions evolve, and make the right decisions now that will benefit their businesses for the long term, irrespective of the persistent uncertainty surrounding them.

The hidden price of liability management

Eric Koza, Global Co-Head, Turnaround & Restructuring Services

The past year demonstrated how roiling markets, amplified by geopolitical and regulatory volatility, continue to reshape our economic landscape.

This environment, with a variety of financial forces at play, has made traditional financing avenues more challenging to access, and companies under stress are increasingly turning to alternatives like Liability Management Transactions (LMTs).

75%

anticipate the level of private credit in the market to remain at current levels or increase versus 2024

This year's survey further highlights these shifting dynamics. A significant majority expect an increase in out-of-court restructurings and LMTs will, in many cases, present the preferred course of action. It's not hard to see why. The growing availability of capital from private credit and opportunistic funds, combined with the appeal of streamlined deal execution that avoids traditional syndicate negotiations, and the escalating global costs of formal bankruptcy proceedings, make these alternatives increasingly attractive. LMTs can deliver breathing room by extending debt maturities, revising terms, and buying time. However, this can be a double-edged sword.

While liability management transactions can provide immediate relief, they often create a false sense of stability, leaving deeper credit and operational issues unaddressed. For these transactions to be truly effective, it is essential that organizations establish sound business foundations and credible liquidity and operational plans to support long-term resilience. Such reliance on amend-and-extend solutions may inadvertently sow the seeds of future distress, as expectations of another wave of inflation—or at least an extended period of elevated interest rates—casts a long shadow over businesses. For those that attempt short-term liability management measures but fail to fully stabilize core operations, the likelihood of distress down the line increases significantly, and we are already seeing several instances of this play out in the market. This narrowing window for future action should be a key concern. Should the business fail to stabilize or should market conditions deteriorate further, the options become far more limited, and defaults could accelerate at pace.

60%

believe liability management exercises don't resolve fundamental issues for businesses

If the cost of formal restructuring is high, the price of executing an LMT poorly—or relying on it as a singular lifeline without a broader recovery strategy—could prove even steeper. On one hand, the growing availability of private credit in today's markets provides greater financing options for struggling companies. On the other, this influx of capital—while offering short-term relief—can leave businesses more exposed if they fail to address underlying structural issues. In many cases, companies emerge from these transactions with increased leverage and reduced flexibility in future negotiations with lenders, all while continuing to grapple with the same unresolved operational and performance challenges.

Management teams naturally prioritize business continuity above all else. If an LMT is the necessary route, there are critical steps to take to maximize the likelihood of a successful outcome.

We advise management teams to develop and execute a comprehensive plan that fully integrates the transaction's implications into the company's business plan, liquidity forecasts, funding needs, and operational strategy. Furthermore, scenario planning is essential to stress-test whether the business —post-transaction—can withstand future market disruptions, while also assessing whether its broader operating model is aligned with evolving economic conditions.

Ultimately, any liability management efforts should be integrated into a broader turnaround plan, creating a vital record of sound decision-making by management teams and at the board level. While a valuable tool, an LMT must be seen as a bridge to addressing the core challenges, and a potential foundation for sustainable business recovery, if executed correctly.

20 years of disruption—and discussion

For two decades, this report has served as the voice of the global restructuring community. AlixPartners has captured the views of industry professionals, taken the pulse of the changing economic landscape, and explained the forces shaping corporate distress around the world. We have discussed the ideas influencing company slowdowns and the solutions for better business health.

Together, we have witnessed an increasing frequency and magnitude of change since 2005, most notably the Global Financial Crisis, for its scale and the structural vulnerabilities that it exposed. The event that triggered the collapse of the U.S. housing bubble, the restructuring of the banking system, and the worst economic downturn since the Great Depression still lingers in the minds of 2025 survey respondents.

Credit markets have also evolved, with the rise of new financial superpowers; an explosion in tech-driven finance; and the creation of new financing sources. In addition, the COVID-19 pandemic sent shockwaves around the world with a sudden liquidity crunch followed by prolonged uncertainty, unprecedented fiscal stimulus, and a generational shift in the way we work.

The search for cash and the ongoing obstacles related to active liquidity management have remained front and center. The cost and availability of capital have, in many cases, defined the businesses that struggle and those that survive. Executives' ability to display agility in navigating their day-to-day challenges ultimately determines whether short-term disruption becomes longer-term distress.

Through it all, AlixPartners remains a loyal advisor to global and local executives, addressing the most persistent vulnerabilities and–even in times of paralyzing uncertainty–implementing solutions to the most complex operational inefficiencies.

“We're living in a technology revolution. To keep their healthy footprint, I've witnessed firsthand how automotive, manufacturing, hospitality and media organizations connect liquidity, agility, and technology to anticipate as well as accelerate business changes. Over the last 20 years, the most successful companies are led by executives who identify how to accelerate the change in their organizations through the use of technology and then dynamically pivot their operations.”

Larry Young
Partner & Managing Director, Houston

"Financiers have been evolving since the Global Financial Crisis with new approaches to and a focus on distressed investing. Traditional clearing banks have given way, to a very large extent, to credit and hedge funds. As a result, stakeholder dynamics are more fluid than in the past and advisors need to have a detailed understanding of that environment."

Alastair Beveridge

Partner & Managing Director, London

From strategic scenario planning to detailed execution, we have partnered with the world's leading businesses to deliver transformative work. Whether stepping in as interim leaders or sitting shoulder to shoulder with staff in the boardroom, we feel privileged to have influenced so many significant turnarounds. Moving forward, we will continue to operate at pace, moving quickly from analysis to implementation, to anticipate future external pressures and the solutions for the internal challenges that must be resolved.

Thank you to all the executives who have made this annual tradition a special occasion for our global network.

The 20-year view

The sectors most susceptible to distress–a challenging ride for retail and automotive

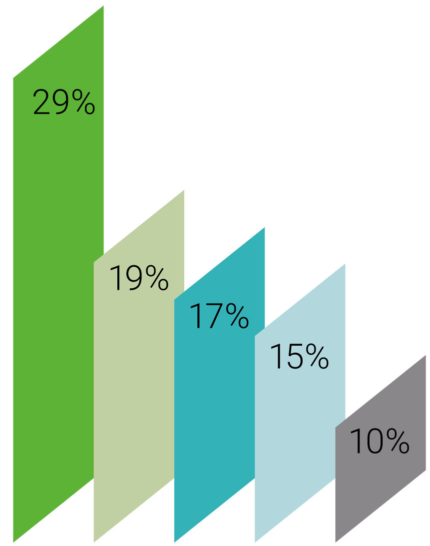
Past 20 years

1. Retail
2. Automotive
3. Oil & Gas
4. Manufacturing
5. Healthcare/Medical/ Pharmaceuticals

Compared to 2025

1. Automotive
2. Retail
3. Manufacturing
4. Consumer Goods
5. Commercial Real Estate

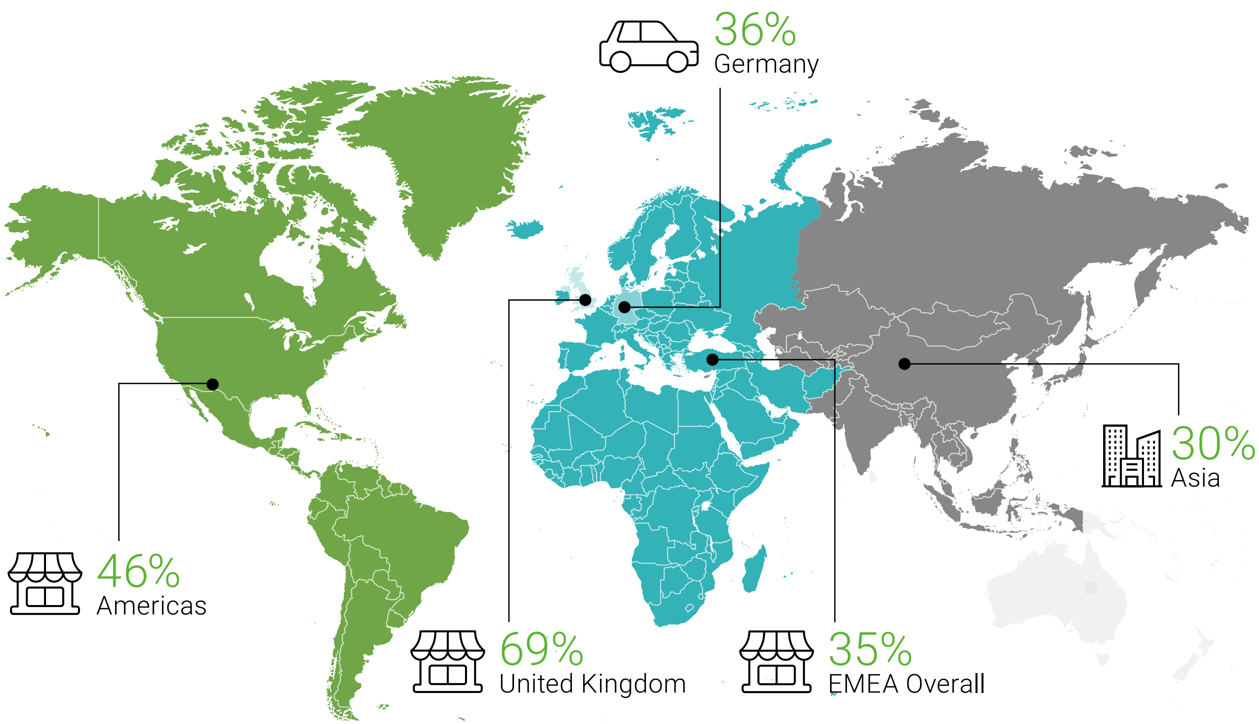
What have been the top factors driving distress since our first survey?



- Availability or cost of capital
- Geopolitical disruptions
- Change in consumer preferences
- Technological disruption (including AI)
- Regulatory changes/legislation (including tariffs)

20-year industry distress hotspots (by region)

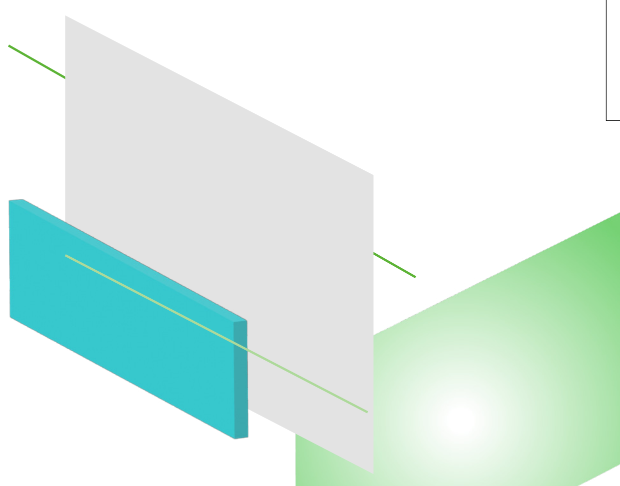
Retail   Automotive   Commercial Real Estate



UK | Germany

30% | 25%

Changes in consumer preferences were cited as the number one cause of distress over the last 20 years in the UK (30%) and Germany (25%)



"In the past 20 years, restructuring has become more complex, more international, and global. We now have new legal frameworks and formal requirements in Germany have significantly increased. Managers are more concerned about personal liabilities, and, critical for the success of any restructuring, the role of the Chief Restructuring Officer has become much more important and is now considered the standard for complex restructurings."

Jens Haas
Partner & Managing Director, Munich

Views are changing on what event has had the biggest impact...

Respondents with 20+ years of experience in restructuring–top three events behind distress:

51%
The Global Financial Crisis

31%
The COVID-19 Pandemic

11%
The Great Recession

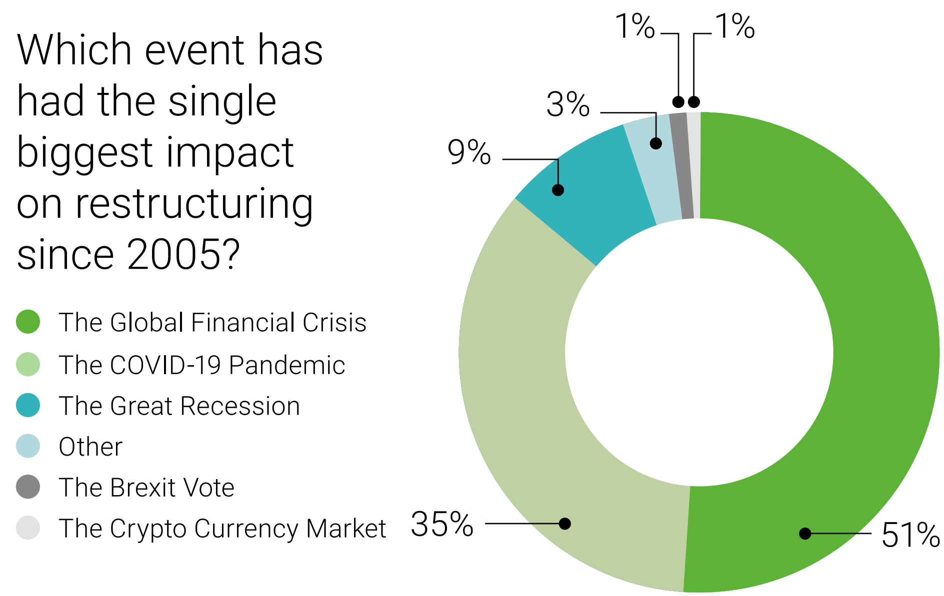
Respondents with fewer than 10 years of experience in restructuring:

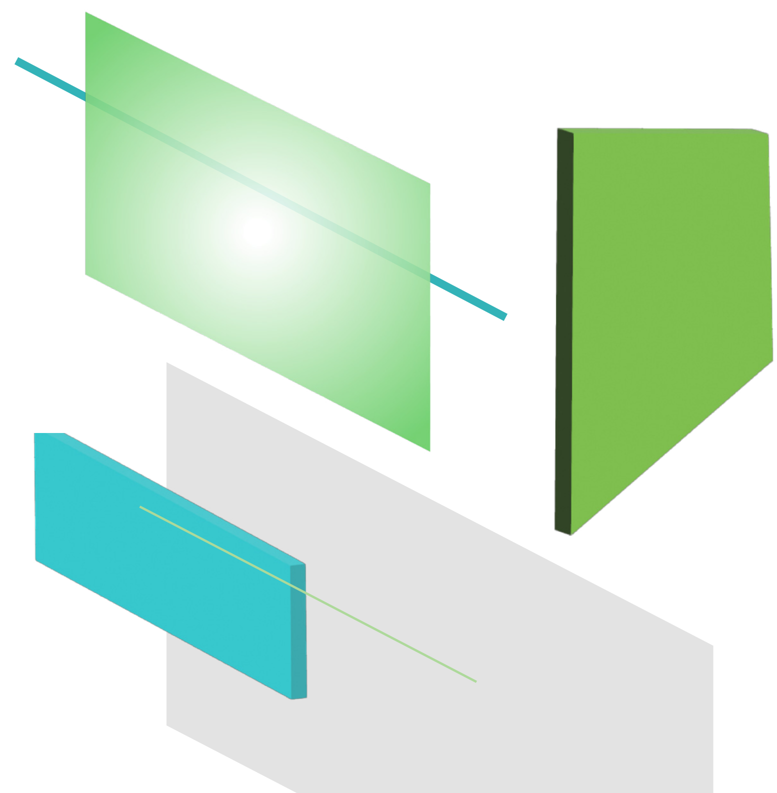
53%
The COVID-19 Pandemic

35%
The Global Financial Crisis

7%
The Great Recession

Which event has had the single biggest impact on restructuring since 2005?



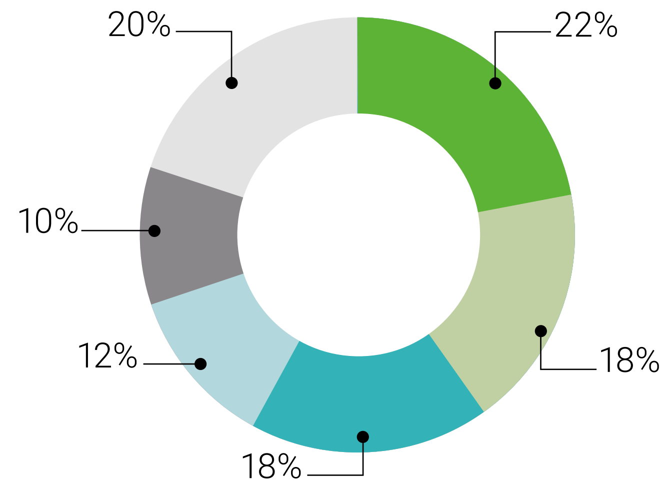


After two decades, similar operational issues remain unaddressed and look unlikely to change

The operational issue most commonly unaddressed over the past 20 years:

- Strategic planning/priorities
- Leadership
- Technological investment
- Workforce changes
- Overhead costs
- Other*

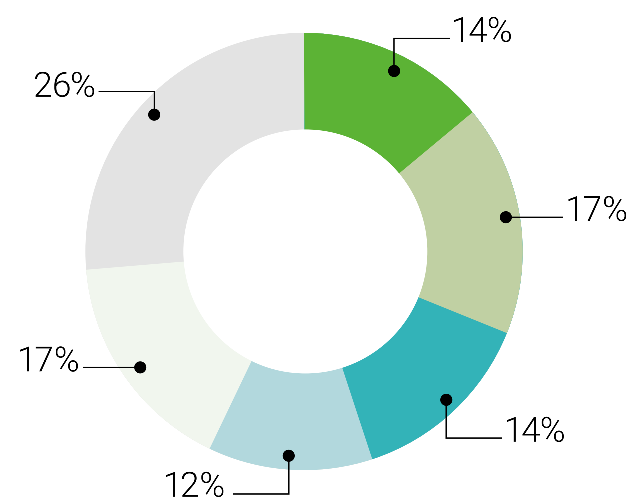
*Includes organizational structure, process improvements, and top-line growth



The operational issue most likely to remain unaddressed in the coming 12 months:

- Strategic planning/priorities
- Leadership
- Technological investment
- Workforce changes
- Top-line growth
- Other*

*Includes overhead costs, organizational structure, and process improvements



Leadership

is considered the most commonly unaddressed operational issue over the past 20 years (18%); 17% also believe that it will remain unaddressed of the next 12 months.

Navigating tariff turbulence

John Castellano, Co-Head, Turnaround & Restructuring Services, Americas
Esben Christensen, Head of Turnaround & Restructuring Services, United Kingdom

Tariffs have re-emerged in 2025 as a structural source of cost pressure for global businesses. As geopolitical tensions flare, new environmental and labor regulations emerge, and trade policies shift with little warning. Supply chains are under mounting strain.

Industries such as automotive, chemicals, electronics, and retail are particularly exposed, either due to reliance on imported components, new compliance costs or vulnerability to region-specific disruption. Evolving green trade rules are raising the bar for transparency, increasing reporting burdens and making global sourcing decisions more complex.

For management teams, this represents more than just margin pressure. Navigating tariff turbulence requires a combination of short-term mitigation tactics and long-term structural shifts. Those who act early and decisively can turn trade friction into a strategic advantage.

But companies should not act impulsively. The first task for chief executives will be to understand not just what is happening, but why. Some disruptive events may or may not be permanent or even long-lasting. A knee-jerk reaction might cause more problems than it solves.

66%

believe automotive will be the sector most likely to face distress in 2025

A good starting point is a structured, analytical review of their own supply chain. Companies often focus on EBITDA and profit-and-loss implications—both are important for the long-term sustainability of the business—but in periods of disruption it is cash that is critical.

We are also helping clients model scenarios to determine how much tariff costs can be passed on to customers without damaging market share, with pricing elasticity studies helping identify which products can sustain price hikes.

There are proactive companies assessing how they diversify away from high-tariff countries too, particularly if they are only exposed to a single region. One of the most common strategies is to shift production away from China towards Southeast Asia, as part of a 'China +1' approach, or into traditionally lower-cost regions such as Eastern Europe.

A much-cited example is Apple, which has shifted some of its supply chain to India. However, not all companies have the cash reserves to make such a swift switch. One manufacturer we are working with saw its business boom during the pandemic, but the market has since declined and, with half of its production still in China, tariffs now pose an existential threat to the company.

If sectoral tariffs are inevitable, product redesign or components and materials modifications may assist in achieving lower tariff classifications. At the same time, companies can stockpile critical components before tariffs kick in or reroute their shipments through lower-cost trade lanes. Another option is to lock in pricing with suppliers now to hedge against future tariff spikes, though this is not without risks. It is important to check with lenders first to make sure they provide the value of any inventory if it is held in a warehouse.

The key will be to remain flexible. Trade regulations will likely stay volatile for the foreseeable future and remain a disruptive part of the business landscape to contend with. AI and other digital tools will, of course, aid the monitoring of real-time regulatory changes, providing insights to adjust supply chains rapidly.

Finally, effective corporate communications will be paramount. Uncertainty breeds speculation, so leaders should avoid any periods of silence that may leave others to assume the worst-case outcome for their business. Clear messaging for investors, customers, and employees about their tariff mitigation plans and how these will be implemented will deliver the transparent communication that maintains trust during such uncertain times.

74%

anticipate a recession in their region in the next 24 months

Macroeconomic impact

"In the Far East, we started the year with continued bifurcation between China and the rest. The crisis in China's property sector continued to drive headlines in distress in China and Hong Kong SAR, with S.E. Asia relatively quiet. However, the shift in geopolitics this year has triggered unprecedented volatility that is impacting all companies across the region with a manufacture-for-export-to-the-U.S. business model. Those companies that started the year in a weakened financial state are particularly vulnerable to the step change in U.S. import duties, and some will likely become distressed as the year unfolds."

Lian Hoon Lim
Partner & Managing Director, Singapore

The market's three biggest long-term challenges:

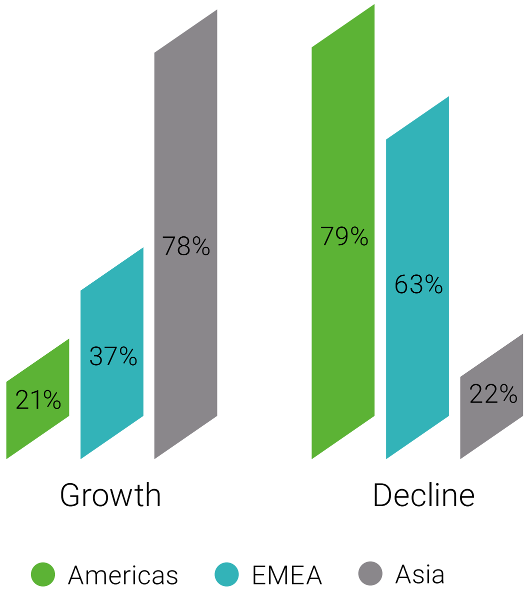
36%
identified geopolitical disruption

16%
say regulatory changes including tariffs

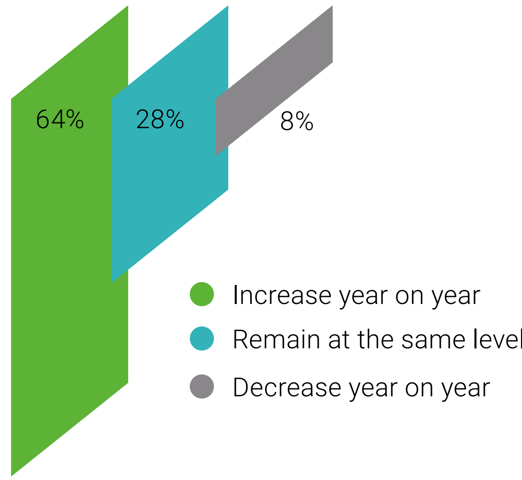
13%
think technological disruption including AI will have the biggest impact

78%
of respondents from Asia expect global supply chain disruption to increase over the next 12 months

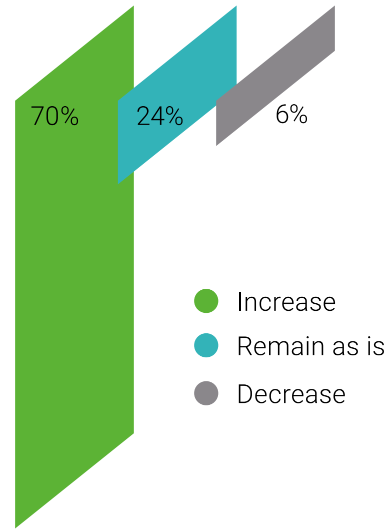
In your geographic region, do you expect overall economic growth or decline within the next 12 months?



In the next 12 months, the number of M&A transactions concerning distressed assets will:



Will the number of out-of-court restructurings rise or fall in the next 12 months?

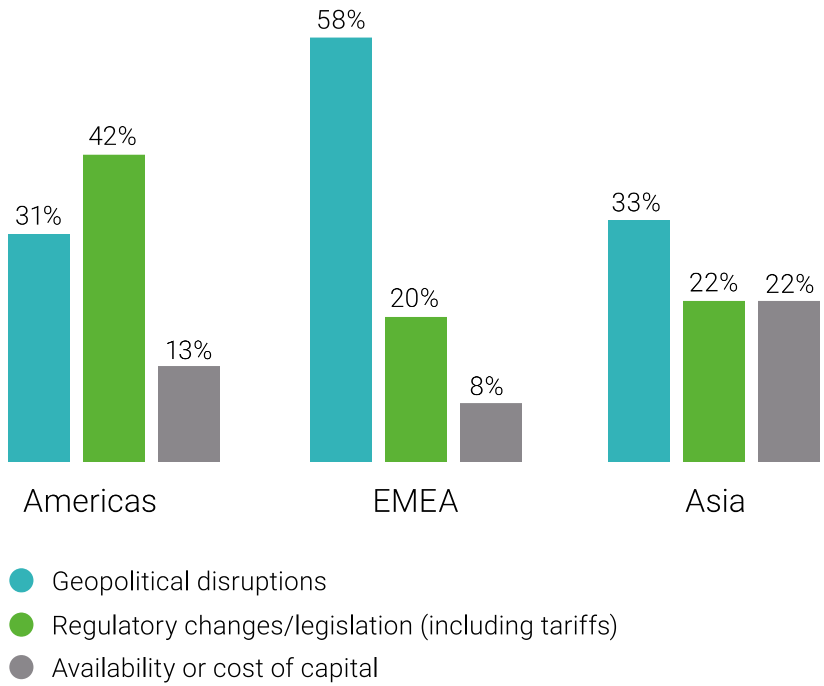


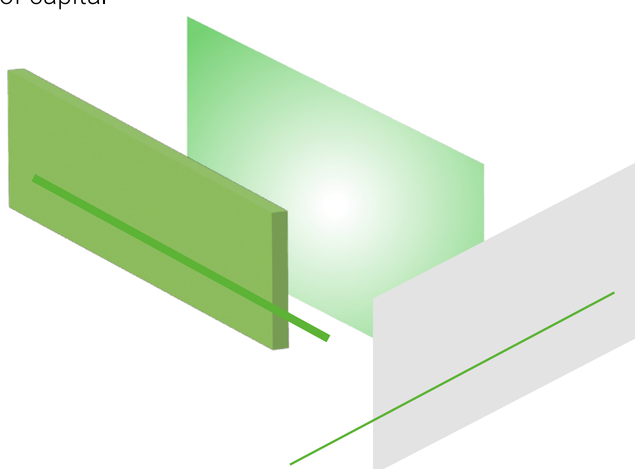
"Carve-outs may be a way to add runway for distressed organizations, and can be a win for both buyer and seller. I'm counseling buyers and sellers to approach these with their eyes wide open and insist upon careful preparation, laser-focused execution and an experienced team. When done right, the juice can be worth the squeeze for everyone."

Pilar Tarry

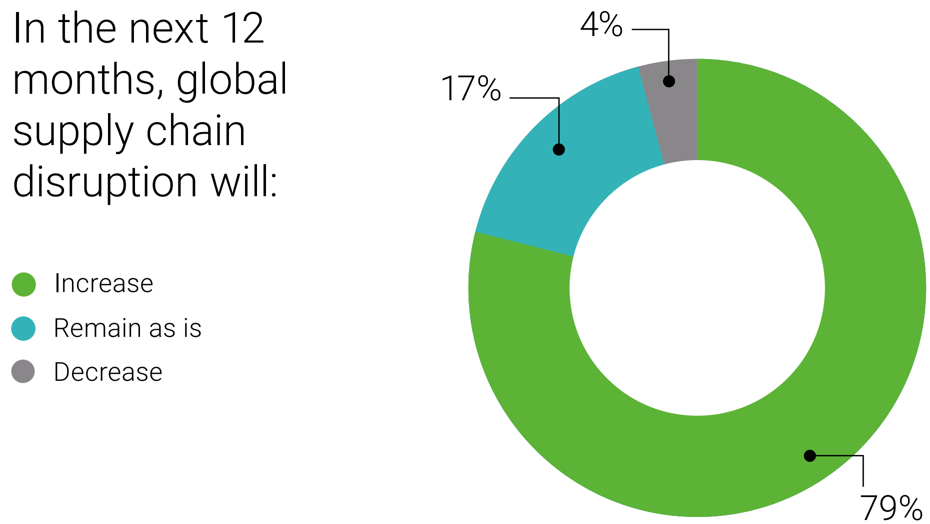
Partner & Managing Director, Global Co-Leader of M&A and Transaction Advisory, Chicago

The top factors driving distress for the next 12-24 months:





In the next 12 months, global supply chain disruption will:

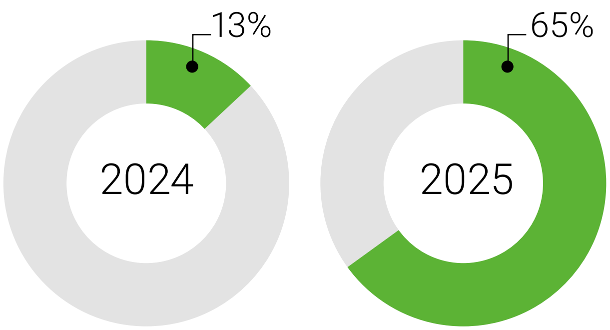


> "As some organizations take a "wait and see" approach, we're closely monitoring regulatory changes across various industries to identify where tariffs may become overly burdensome. If companies were struggling before, this disruption could drive distress and force an increased number of filings in the coming year."

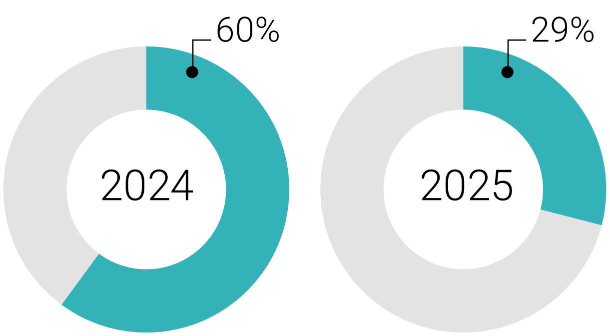
Kate McGlynn
Partner & Managing Director, New York

How do you expect inflation to change?

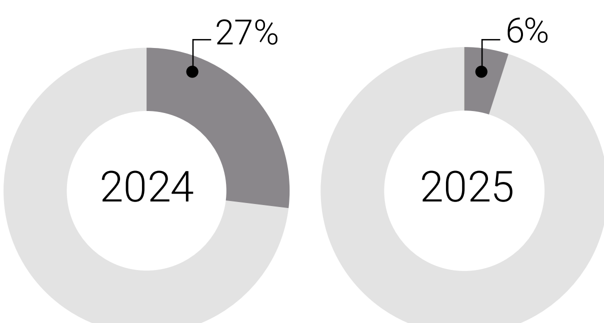
Increase



Remain as is



Decline



> "Geopolitical disruption is one of the four critical Ds—deglobalization, demographic change, digitalization, and decarbonization. Currently, deglobalization and geopolitical disruption are at the forefront, representing the most challenging developments. Over the next 12 months, I expect workforces to reduce due to cost pressures and companies taking best-cost country opportunities. At the same time, I anticipate increasing labor costs as demographic change drives a shortage of skilled employees."

Rainer Bizenberger

Partner & Managing Director, Munich

75%

expect workforces to shrink over the next 12 months–the Americas is the region most likely to see reduced workforces

Only 3%

expect technology, including AI, to be a top factor driving distress over the next 12-24 months

But 71%

see AI as an opportunity for distressed businesses

Acting in an era of disruption and uncertainty

David Orlofsky, Co-Head, Turnaround & Restructuring Services, Americas
Axel Schulte, Co-Head, Turnaround & Restructuring Services, EMEA

Geopolitical events, tightening capital conditions, and external macro forces understandably have added complexity to business operations and caused every business to pause for thought, but this should not extend to a state of paralysis.

Decision-making today is challenging. There is a state of inertia in many key business areas, including capital investments, acquisitions, and people, to name just a few. Take the bigger capital projects, many of which are planned in advance and take years to develop. They are under scrutiny by management teams and boards, who are asking: Are these still the right decisions in the current environment?

Such hesitance hints at the domino effect that has yet to play through the economy and won't likely be fully apparent for some time. Slowing company investments, reduced government spending, and the residual impacts on workforces connected to impacted industries could increase unemployment and negatively impact consumer confidence in a period of whipsawing tariff developments.

This state of paralysis provides opportunities for those companies that can think strategically and act while others are unwilling or unable to do so.

75%

expect workforces to decrease in size over the coming 12 months

In employment, cost savings related to headcount reductions must be considered against the cost to secure the right talent, even if the immediate outlook may be muted. Our survey found that 40% of respondents believe workforce costs will increase in the coming year and managing this investment will be a key priority. We see success among leaders who take a more fundamental view of performance, simplifying organizational structures, eliminating low-value activities, and aligning resources to drive the biggest impact to the bottom line.

Technology has a critical role to play. AI has the potential to add significant value and change the way companies operate. However, it will not be a panacea to cure every ill. Its true value will be realized when aligned with clear business goals. While AI will likely change many jobs and increase worker productivity, history has shown us that new technologies will be a tool to improve and modify employee roles, rather than replace humans altogether.

Strategically, the most successful management teams will move from a position of simply securing survival to one where the current macroeconomic conditions reveal opportunities for strategic improvements to gain a competitive advantage. A strong balance sheet will provide the luxury of longer-term thinking, which may perhaps be the most valuable commodity when economic uncertainty reigns.

This uncertainty has put additional pressures on companies with leveraged balance sheets. Some have been able to gain more time and/or incremental liquidity via various liability management transactions.

When additional runway is gained through these transactions, it becomes imperative to use that time effectively.

65%

of business leaders expect inflation to rise in 2025, intensifying pressure on cost structures and planning assumptions

The ability of companies to improve performance and increase cash flow usually determines the fate of the liability management transaction. Unsuccessful efforts, however, will often lead to more complex and expensive restructurings, as more stakeholders enter the capital structure, and the likelihood of litigation or aggrieved parties increases.

Industry/sector focus

The top five sectors most likely to face distress:

2025

1. Automotive
2. Retail
3. Manufacturing
4. Consumer Goods
5. Commercial Real Estate

2024

1. Commercial Real Estate
2. Retail
3. Automotive
4. Restaurants/Food Service
5. Healthcare/Medical/Pharmaceutical

25%

While not featuring in the overall top five, a quarter of U.K. respondents expect the restaurant sector to be one of the industries most likely to face distress

> “To manage high capital costs and thin margins, the automotive supply chain is designed on global, low-cost sourcing and just-in-time delivery. New tariffs will inevitably upend that delicate balance, so it’s no surprise that two-thirds of respondents believe that the automotive sector is most likely to face distress in 2025. Together with our global auto team of 350 professionals, I am helping suppliers to proactively manage the immediate cost side of tariff risk and advise on ways they can limit or offset the longer-term impact.”

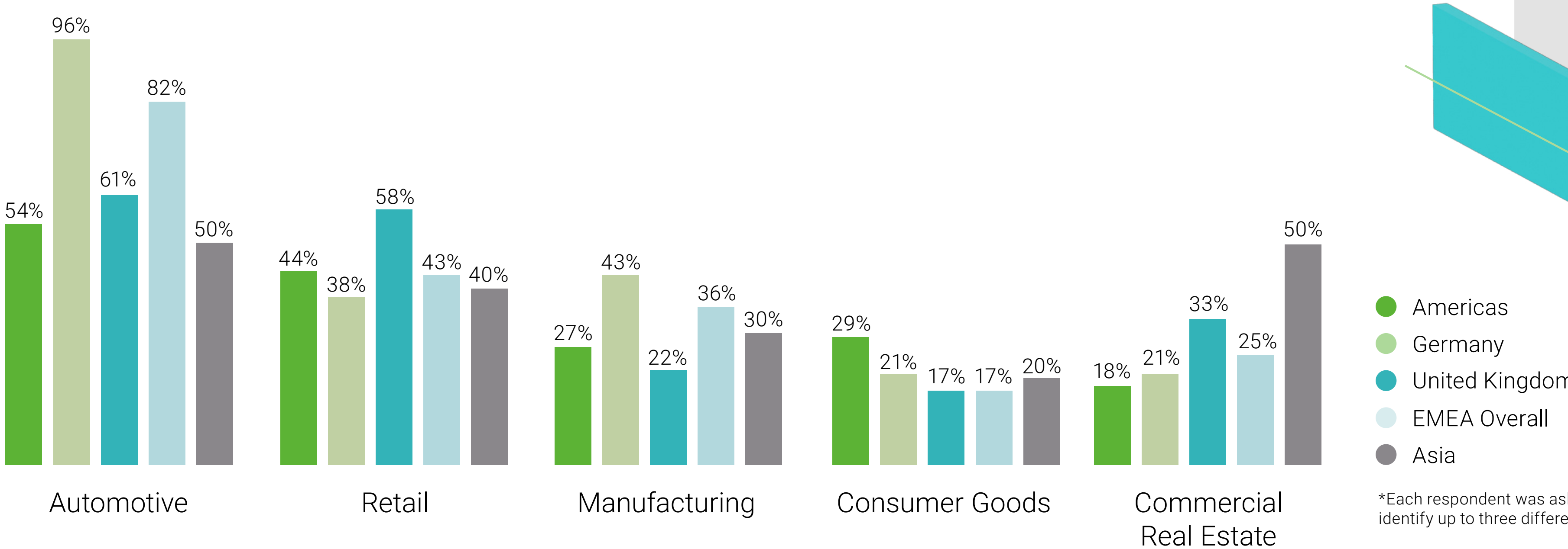
Adam Hollerbach

Partner & Managing Director, Detroit

"Executives are reaching a point where they need to accelerate their decision-making process. For many retailers, particularly the large ones, this is a change from a very methodical look into their data analytics around consumer demand and what's selling versus what is not. I'm helping my clients with the inventory debate: Do we order the same amount and then how should we price products to hit the target price points that create consumer demand?"

Holly Etlin
Partner & Managing Director,
New York

Sector most likely to face distress in 2025:*



*Each respondent was asked to identify up to three different sectors

"In FY2025, the perfect storm has moved to Hong Kong SAR's property sector. Unlike mainland China's pre-crisis unsecured lending spree, the majority of Hong Kong developers' debt is asset-backed. Banks now lead workouts (vs. bondholders in China real estate restructuring), offering forbearance to credible operators. But with 20%+ vacancy rates in commercial assets, even prime collateral can't mask the exit risks."

Una Ge

Partner & Managing Director, Hong Kong

"The healthcare industry continues to experience meaningful stress due to a confluence of factors including clinical talent shortages, escalating labor costs, persistent supply chain disruptions, reimbursement challenges, fast-paced technological innovation, and a rapidly changing regulatory environment. We are regularly helping clients address overly-optimistic growth projections that have led to unprofitable acquisitions, unrealized operating leverage, lack of discipline, integration and retention issues, and over-levered balance sheets."

Randall Eisenberg

Co-Head, Healthcare & Life Sciences, Americas; Turnaround & Restructuring Services, New York

28%

More than a quarter of U.S. respondents cited Healthcare as a sector most likely to see disruption in 2025, followed by 19% in the U.K. and 15% in Germany

"AI and new technology is something that every retailer needs to fully embrace and build into their way of working. However, as a result, there will be changes to the workforce as processes and systems become more automated. But, fundamentally, retailers have to embrace this, otherwise they won't be able to survive."

Clare Kennedy
Partner & Managing Director, London

96%

of German respondents believe automotive to be one of the industries most likely to face distress this year, a concern reflected across the wider European continent, with 82% citing the sector

"We have seen a couple of significant changes in France this year. Firstly, the professionalism of portfolio reviews carried out in large, diversified groups, which is generating a sustainable flow of divestments from underperforming subsidiaries and the associated complex "fix, sell, close" projects. Secondly, the French "classes of affected parties" law in financial restructuring is now reducing legal liabilities, and welcoming U.K. or U.S. debt funds into liquidity situations in France. This can lead to debt-for-equity swaps, requiring a CRO and advisory team to turn around the company."

Olivier Sibenaler
Partner & Managing Director, Paris

> The top factor driving distress as we sit here today is changes in global trade flows. In Retail, the regulatory environment is disrupting supply chains, increasing costs, and executives now are trying to figure out what that means for their budgets, their profitability, and if and how they change their pricing strategies. It's changing everything.

Jason Keyes
Partner & Managing Director, New York

44%

expect retail to be one of the sectors most likely to experience distress in the next 12 months, behind only automotive (66%)

> Retail sales have been driven by a shift in consumer preferences. The consumer is focused on value, and value means something different to each sub-sector of the consumer base. For many customers, price is all that matters; for others quality, breadth of selection, service, or the ability to view and purchase the product in multiple "omnichannels" is prioritized. Retailers' ability to ensure they are addressing their desired customer and not trying to be all things to all consumers will be critical to future success.

Kent Percy
Partner & Managing Director, New York

Trust, transparency, and action hold the keys to a successful turnaround

Simon Appell, Co-Head, Turnaround & Restructuring Services, EMEA

It is clear to see why many organizations find themselves at a crossroads. The current environment is once again marked by profound uncertainty, as global supply chain disruptions, geopolitical tensions, and evolving international trade policies create significant barriers for businesses trying to stay afloat.

Geopolitics

is the biggest challenge creating long-term economic consequences for the global market

In these moments–when the stakes are highest–the ability to manage competing interests and align stakeholders at pace becomes critical. Having spent years guiding businesses through complex restructurings, I've seen firsthand how deliberate communication and strategic agility can transform the most challenging of situations into pathways for recovery.

A commitment to building and maintaining trust sits at the heart of any successful turnaround. When a business becomes distressed, communication is arguably the most powerful instrument a leadership team can wield. Transparent and proactive dialogue with financial stakeholders, their advisors, regulators, key customers and suppliers, and employees can help foster alignment–even when priorities may differ. Relationships anchored in mutual understanding stand a far better chance of weathering opposition or gridlock during negotiations.

Of course, none of this exists in a vacuum. Effective regulatory navigation requires technical expertise and a nuanced understanding of the playing field. As many jurisdictions introduce or tighten trade, financial, labor, and other measures, businesses need forward-looking strategies that offer near-term solutions, while anticipating future challenges in lockstep with regulators' evolving expectations.

These headwinds also create opportunities–the chance to rethink how businesses engage with their key stakeholders, and to design more resilient strategies for the road ahead.

70%

expect the number of out-of-court restructurings to increase in the next 12 months

In our role as global turnaround and restructuring advisors, we have brought multiple competencies to the table for decades. We act as strategists, helping leadership teams evaluate their options and determine which align with the long-term health of their business. We serve as communicators and coordinators, uniting stakeholders around common goals, mediating between groups to improve the likelihood of securing favorable outcomes. Finally–and crucially–we act on these plans, fast.

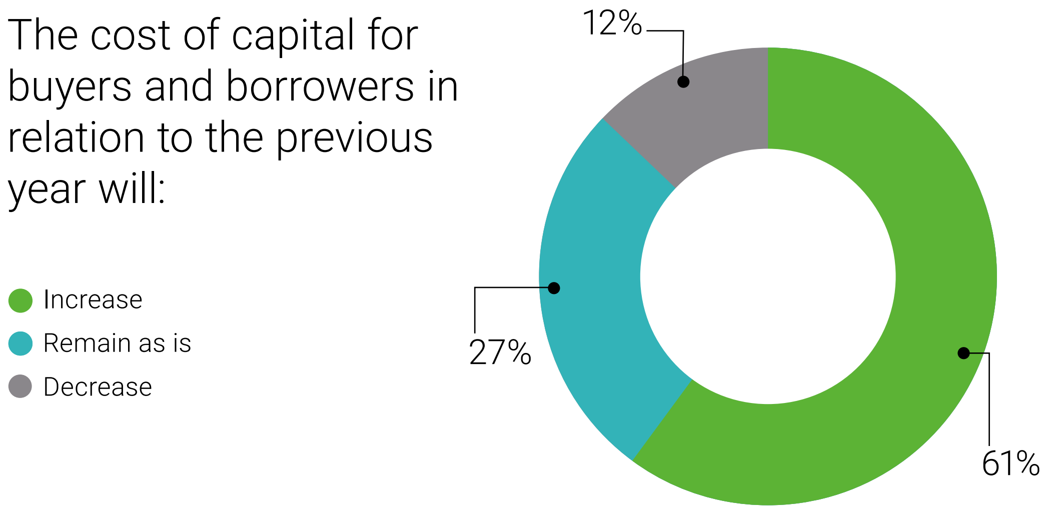
The importance of agility cannot be overstated. Macroeconomic conditions are shifting with levels of volatility that punish rigidity. Take the evolving barriers to cross-border collaboration, for instance, which remains an absolute necessity in today's globalized economy. Managing these partnerships effectively requires alignment across legal frameworks, strategic objectives, and mindfulness of cultural contexts. Without a flexible, adaptive approach, businesses run the risk of being caught flat-footed when disruption changes tack once again.

Any road to recovery is rarely straight, often requiring maneuvers through uncharted regulatory and relational territory. Yet amid such pressurized situations lie the opportunities to emerge stronger, better prepared, and more unified. When businesses commit to the principles of trust, communication, agility, and collaboration they don't just survive distress. They establish the foundation for sustainable success. That, to me, is the true measure of positive action. These qualities are not optional; they are essential in today's volatile climate.

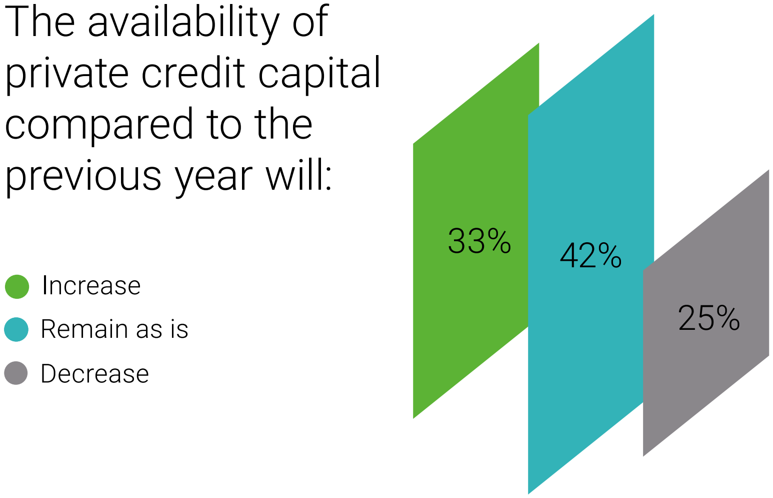
Click to watch Simon Appell's interview with U.S. diplomat Mitchell Reiss, on the topic of negotiation and mediation

Finance matters

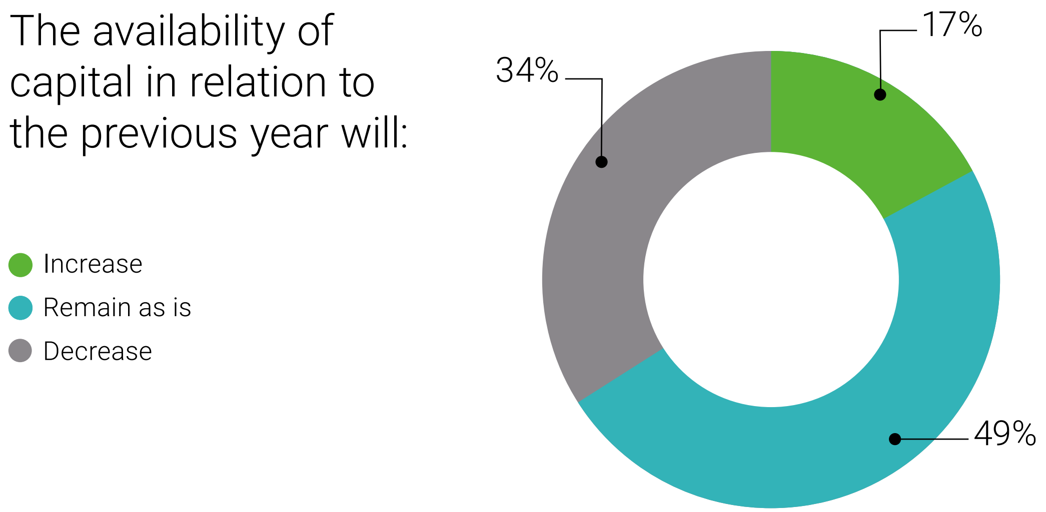
The cost of capital for buyers and borrowers in relation to the previous year will:



The availability of private credit capital compared to the previous year will:

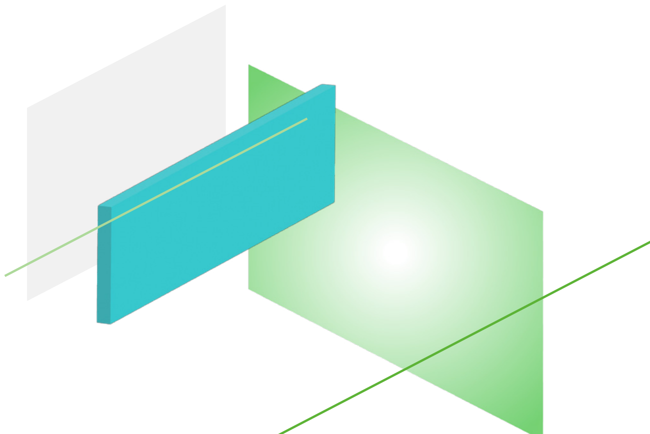


The availability of capital in relation to the previous year will:



56%

expect financial/credit terms to grow more restrictive over the next 12 months



The top three challenges for companies facing turnaround or transition:

1. Sufficient liquidity/capital
2. Debt management
3. Cost reductions

"While lenders continue to focus on balance sheet restructurings where possible, an increasing number of deals where that lever has already been pulled are requiring operational turnarounds. Lenders are now more open to the idea of stepping into control positions, with the right plan and partners in place."

Rodi Blokh
Partner & Managing Director, New York

99.6%

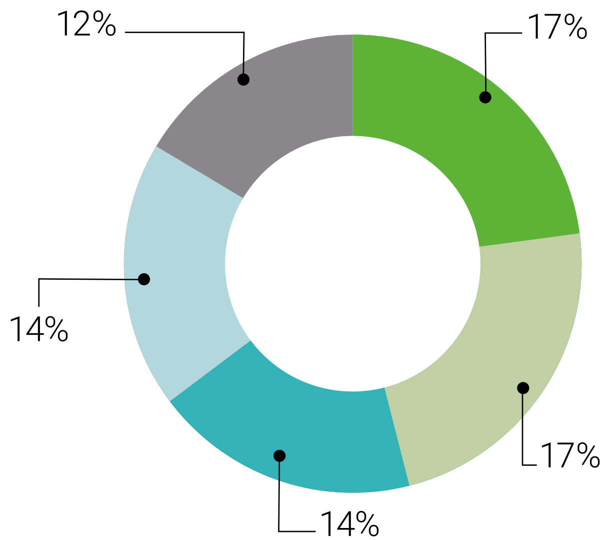
Almost all respondents see amend and extend or liability management as a temporary solution–60% believe it doesn't resolve fundamental issues for businesses

"The Italian restructuring market saw the highest number of out-of-court restructuring cases via a relatively new instrument: Negotiated Composition of Crisis (CNC). With 1,089 instances in 2024, it almost doubled 2023's total, and volumes are expected to rise due to increasing trust from banks in this new restructuring framework. In addition, the quality of debtors is increasing. Nearly one quarter are not asking for protection from creditors, and less than half ask to derogate to minimum capital requirements. While the instrument is on the rise, trust from companies can be further improved."

Paolo Rinaldi
Partner & Managing Director, Milan

What is the key operational issue likely to remain unaddressed in the coming 12 months?

- Leadership
- Top line growth
- Strategic planning/priorities
- Technological investment
- Workforce changes

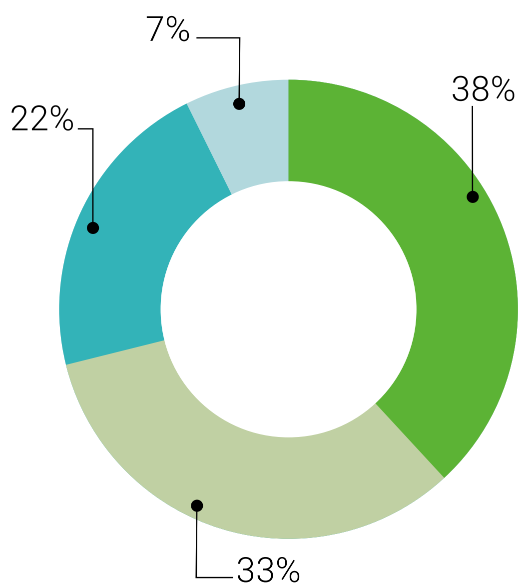


> Extending maturities does not fix underlying operational issues, but can provide a runway to demonstrate the success of a turnaround plan, which in time can form the basis of a longer-term, sustainable capital solution.

Jessica Clayton
Partner & Managing Director, London

When will crypto currency and digital assets financially influence a company's balance sheet?

- Long term (>5 years)
- Never
- Medium term (3-5 years)
- Short term (0-3 Years)



Methodology

Research for the AlixPartners' 20th Annual Turnaround and Transformation Survey was conducted between 27 March and 13 April 2025.

The survey gathered insights from 371 professionals involved in corporate workouts, including lawyers, investment bankers, lenders, sponsors, financial advisors, and other restructuring and transformation experts. Respondents represented more than 20 major industries across the Americas, EMEA, and Asia.

About us

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges–circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring, and risk mitigation.

These are the moments when everything is on the line–a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA–so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done, and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.