AlixPartners

NOVEMBER 2026



DACH DEBT REPORT

Higher energy prices accelerate refinancing needs



Executive summary

The 2027/28 refinancing wall will expose a widening divide in DACH, with energy-intensive companies entering the cycle from the weakest financial position

Financial stress across the DACH market is becoming increasingly concentrated. Energy-intensive and capital-heavy businesses are absorbing persistently elevated input costs while facing weaker earnings, higher funding requirements and growing pressure on liquidity. What began as an energy price shock with the wars in Ukraine and Iran has evolved into a structural credit challenge, with energy intensity now acting as a multiplier of financial risk.

The result is a widening divergence in resilience. Companies in the most exposed sectors are confronting the combined impact of margin compression, rising leverage and higher interest costs. Less energy-intensive businesses, by contrast, generally retain stronger cash conversion, greater financing flexibility and more capacity to absorb further volatility.

This pressure is amplified by capital structures built during years of abundant and inexpensive debt.

Since 2022, the increase in interest burden has fallen most heavily on companies that were already financially stretched, reinforcing existing credit weaknesses and leaving less room to fund transformation, investment or operational recovery.

As refinancing conditions tighten from 2027/28 onwards, liquidity headroom will determine who can absorb this pressure and who cannot. Energy-intensive companies are likely to be over-represented among issuers with limited headroom, facing tighter lending standards, higher refinancing costs and more demanding creditor negotiations as a result.

For a material share of DACH companies, free cash flow is no longer sufficient to service debt sustainably. High energy costs, weaker EBITDA, rising leverage and elevated interest expense have created a self-reinforcing refinancing dependency. The key question is no longer whether refinancing conditions will get tougher — it's whether companies act now to strengthen cash flow, sharpen their capital structure and build the operational resilience to withstand them.

Refinancing outcomes will be determined well before debt maturities fall due. Companies that act now to protect liquidity, improve cash generation and strengthen their capital structures will be far better placed to navigate the 2027/28 cycle on their own terms.

Credit markets update

CORPORATE DEBT MATURITIES

For our sample of DACH corporates, €98 billion of financial debt matures in 2028 — refinancing for 2027 maturities is expected to already be underway, although this is likely only relevant for companies facing refinancing difficulties. While the overall volume of debt requiring refinancing is already substantial, the composition is even more striking: €41 billion of this debt maturing in 2028 is investment grade, with the remainder being non-investment grade or non-rated. The refinancing burden is concentrated among borrowers that are likely to face closer lender scrutiny, tighter terms, and higher all-in funding costs.

Rather than a single repayment peak, 2028 marks the beginning of a period where refinancing conditions become significantly more demanding for many DACH corporates. Companies that act early to secure liquidity and demonstrate cash flow discipline will keep their options open; those that delay risk finding the market has already moved against them.

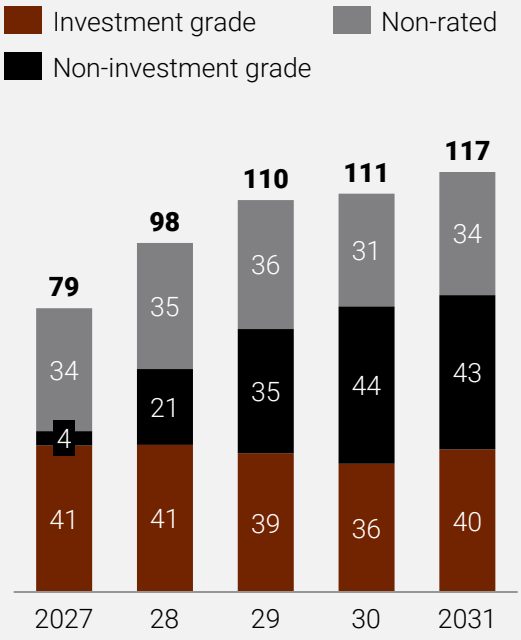
PRIVATE DEBT: THE MODEL UNDER PRESSURE

Our previous report in March 2026 argued that private debt had entered a more cautious phase following liquidity pressures at several large international private debt funds and increasing regulatory scrutiny. In Germany, BaFin has intensified its focus on private debt, particularly valuation practices, liquidity management and connection with the regulated financial sector.

Private debt continues to underpin mid-market financing in the DACH region, but growth has cooled further: cumulative funding in H1 2026 held roughly steady versus the €86 billion recorded in H2 2025, extending last year's plateau. The shift toward selectivity is evident in redemption activity: among 18 large funds with >€1 billion in AUM, cumulative redemptions reached 5.5% as of March 2026, with managers like Blue Owl implementing 5.0% redemption caps. Higher underwriting standards and more selective capital allocation continue to widen funding gaps for weaker credits and cyclical sectors, reinforcing the importance of differentiated credit selection.

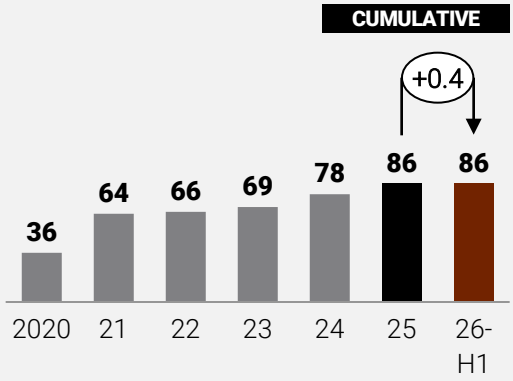
Even the industry's flagship players are showing cracks. One of the world's largest alternative asset managers capped fund withdrawals for a second straight quarter and posted a $1.9 billion Q1 net loss. A leading European credit fund saw its flagship strategy drop 8% after a portfolio company restructured around its own bondholder group. Still, redemption pressure eased across major retail-focused funds in Q3 2026, though funds met on average less than half of withdrawal requests.

FIGURE 1: DACH CORPORATE DEBT MATURITIES (€B)[1]



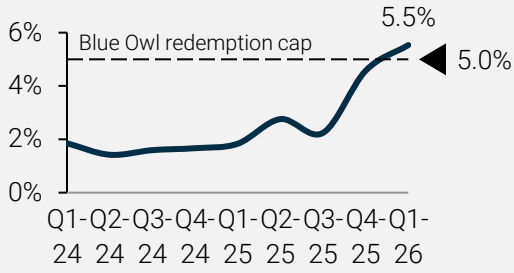
Source: Bloomberg
1. Excluding Financial Services and Real Estate sectors.

European private debt funds with a focus on DACH (€B)[2]



Source: Pitchbook LCD
2. Private debt funds figure calculated following a cumulative method.

Redemption rate[3]



Source: Fund reporting data
3 Redemption rate calculated based on a sample of 18 funds with public data available; illustrated as % of total fund volume

Financing costs are on the rise

Central bank policy has flipped from cutting to hiking in 2026, yet long-term yields keep climbing regardless. During 2025, the ECB cut its Deposit Facility Rate by 1.0 percentage point, while the SNB cut its rate by 0.5 percentage points. In 2026, the ECB reversed course, hiking twice — in June and September — to 2.50%, as Middle East-driven energy inflation took hold. The Fed also hiked in September, its first increase since 2023. Yet this repricing has done little to ease pressure at the long end: 10-year government bond yields have kept rising since January 2025 across all three regions shown, part of a broader synchronized global sell-off. German and Austrian yields are up by as much as 112 basis points, with the sharpest moves since mid-2025. The key driver remains the United States, where heavy sovereign borrowing, inflation uncertainty, elevated risk premia and new trade tariffs are raising the global cost of capital — pressure the U.S. Treasury's bond buybacks, funded via higher short-term bill issuance, have so far failed to stem.

In Germany, higher yields also reflect improved growth expectations from planned defense and infrastructure spending, while in Austria they reflect heavy funding needs: the debt agency expects to issue €43–47 billion in federal bonds in 2026, with the deficit near 4% of GDP. Swiss yields have risen less, given low inflation and a zero policy rate, reinforced by safe-haven demand.

This is also visible in corporate funding costs: since October 2025, the euro area corporate bond yield curve has shifted upward and steepened, with 10-year yields rising by around 100 basis points to just above 4%.

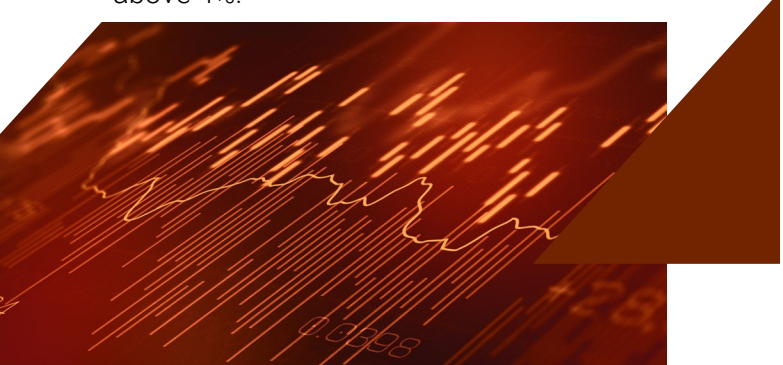
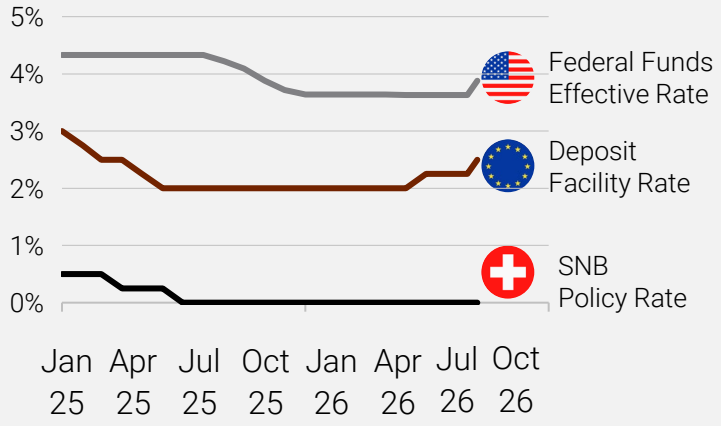
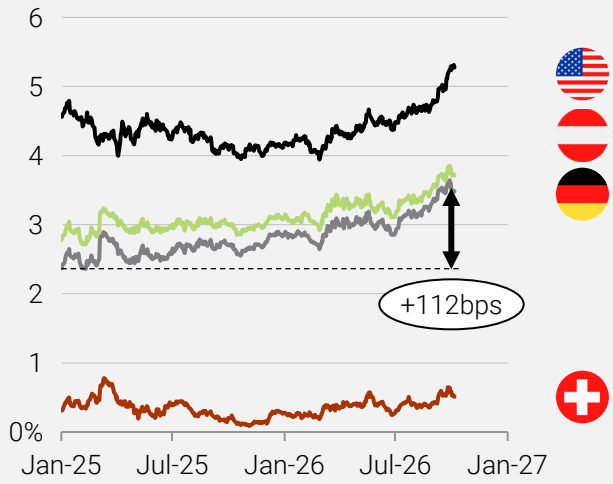


FIGURE 2: FINANCING COST DEVELOPMENT

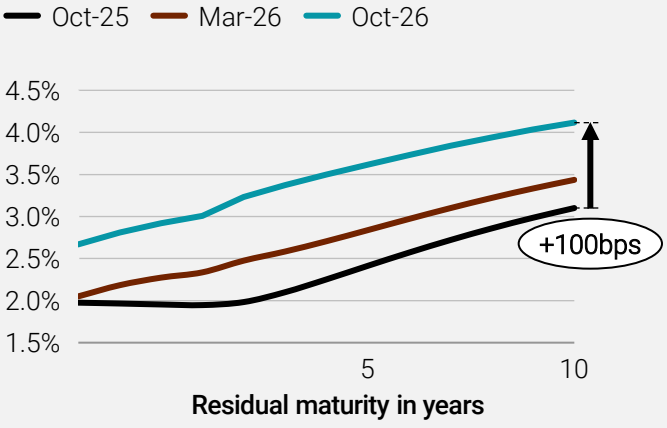
Central bank policy rate



10-year government-bond yields



Euro area corporate bond yield curves (all bonds)



Source: Bloomberg, European Central Bank, Federal Statistical Office of Germany, Statistics Austria Switzerland Federal Statistical Office, Swiss National Bank

Stress beyond automotive

Automotive tops the table, but as an outlier driven by sector-specific dynamics rather than structural energy intensity, it falls outside the scope of this deep-dive. The more relevant pattern lies with Chemicals & Materials, Energy & Utilities, and Transportation: all three already exhibit an elevated cash interest burden *(defined as Cash Interest Paid vs. Free Cash Flow)*, two exceeding 65% of companies. Sector classification provides a useful starting point, though energy intensity varies meaningfully at the company level.

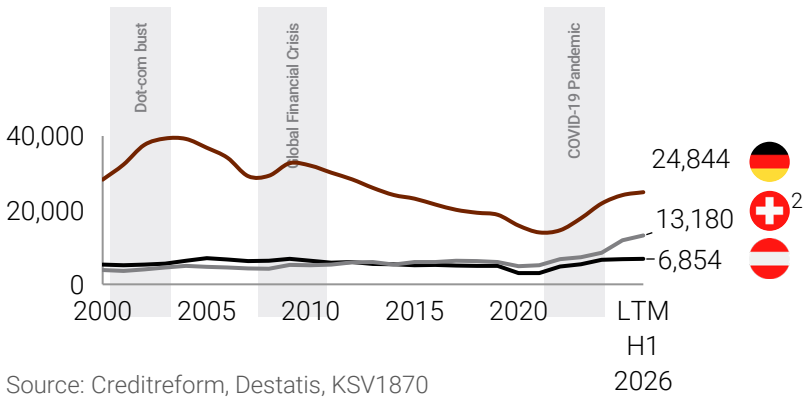
FIGURE 3: CRISIS INTENSITY BY INDUSTRY IN THE DACH REGION (% OF COMPANIES WITHIN INDUSTRY SAMPLE)

	Topline		Profitability		Interest payments	
	LTM[1] Revenue below FY2023	LTM EBITDA below FY2023	Negative LTM EBITDA	LTM cash interest paid above FY2023	LTM cash interest burden above FY2023
Automotive	**94%**	**83%**	**0%**	**72%**	**72%**
Chemicals & Materials	63%	67%	3%	56%	65%
Consumer & Retail	37%	50%	10%	72%	58%
Energy & Utilities	60%	60%	10%	60%	43%
Healthcare & Pharma	23%	19%	3%	62%	58%
Industrials	48%	39%	3%	61%	56%
Technology, Media & Communication	37%	34%	3%	67%	59%
Transportation	0%	33%	0%	88%	88%

CORPORATE INSOLVENCIES HIT 15-YEAR HIGH

DACH corporate insolvencies continue to rise. An estimated 45k corporate insolvencies were recorded over the past 12 months for H1 2026: the highest level since the global financial crisis. That is up ~5% compared to 2025 (43k cases), after a ~16% surge the year before. Despite the current economic backdrop, insolvencies remain below levels seen after the dot-com bubble (~50k cases in 2004) and the Global Financial Crisis (~45k cases in 2009).

FIGURE 4: CORPORATE INSOLVENCIES BY COUNTRY



Source: Creditreform, Destatis, KSV1870
1. Last twelve months; 2, A meaningful share of the surge is attributable to a legislative change (i.e., SchKG), effective 1 January 2025.

The energy squeeze

As illustrated on the previous page, energy-intensive sectors — Chemicals & Materials, Energy & Utilities and Transportation — are disproportionately represented among companies flagged by our crisis indicators. The pressure is structural: European – esp. German – industrial energy costs remain on elevated levels, leaving these borrowers less room to absorb adverse developments.

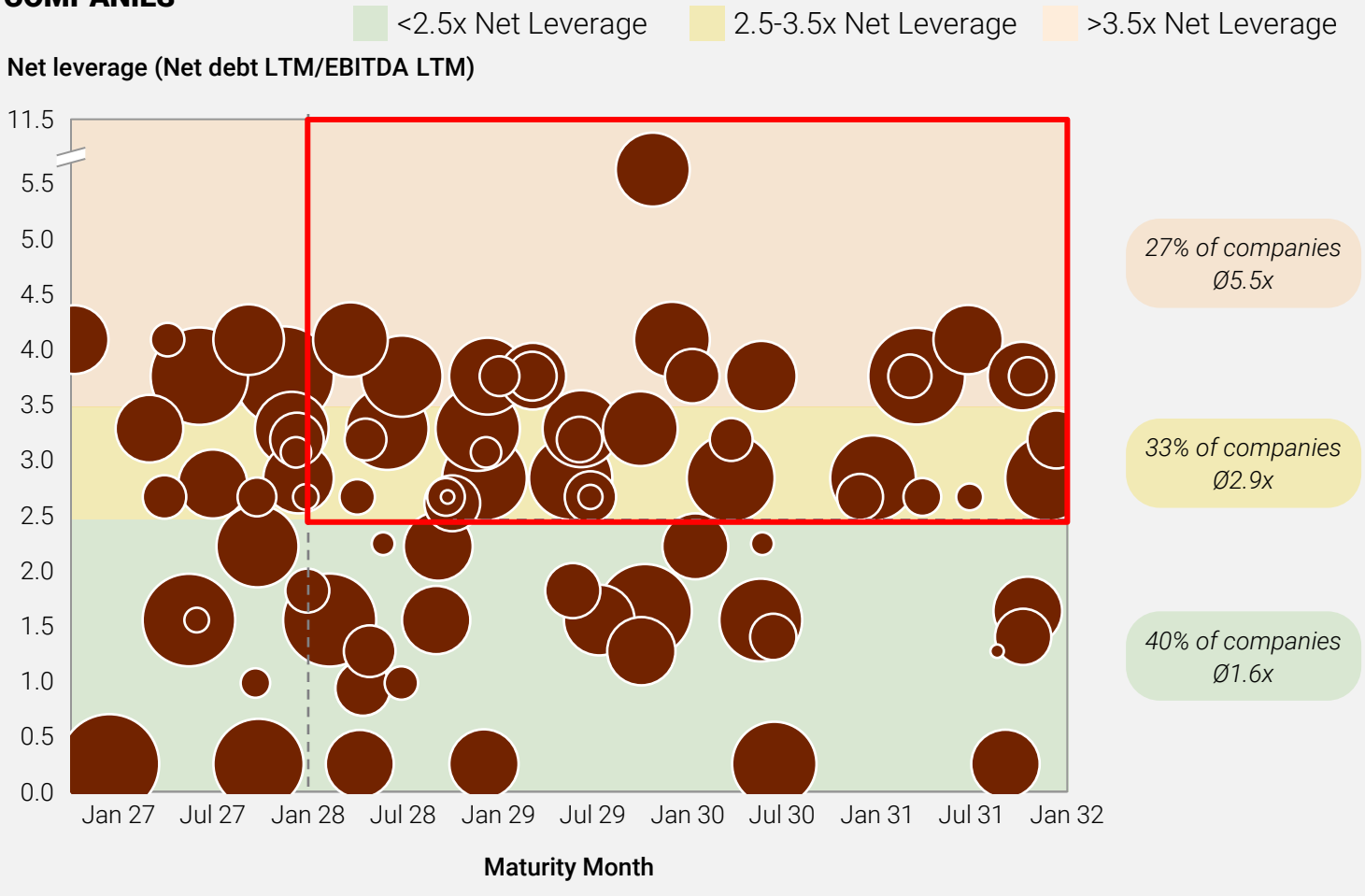
Refinancing outcomes increasingly hinge on balance sheet strength, not just market access. For now, that pressure is contained: FY27 refinancing is likely already underway and should mainly concern companies already in distress. The real test comes from FY28, when a wave of maturities hits the 60% of the energy-intensive companies already carrying net leverage above 2.5x (4.1x on average)[1] – which also account for most of the maturing debt volume (~60%) – those with the least room to maneuver.

With 60% of the sample[1] already above 2.5x leverage at an average of 4.1x, FY28 isn't a tail-risk scenario — it's the base case for this group. The real differentiator will be which companies arrive at that maturity wall with leverage already trending down, not up.

~60%

of debt maturing from FY28 onward sits with energy-intensive companies already carrying net leverage above 2.5x (4.1x on average)[1] — exposed to tighter terms just as the maturity wall builds

FIGURE 5: DACH REFINANCING LANDSCAPE ACROSS INDUSTRIES – HIGH ENERGY INTENSITY COMPANIES[1]



1 Encompasses energy-intensive companies, with published data on maturities (# 30 companies vs. #48 companies in total sample)
Source: Bloomberg, S&P Global

Cash flow under pressure

A closer look at the financial development of companies classified as energy intensive ("high energy intensity“) versus "low energy intensity" over recent years shows clear pressure on the high-intensity group.

Net leverage developed adversely for both groups, with a disproportionately stronger deterioration among high-energy-intensity companies (2.3x LTM versus 1.6x LTM). Declining EBITDA was the key driver across the sample, indicating that structurally higher costs are eroding margins.

This development also becomes evident in free cash flow generation. Free cash flow relative to revenue was generally lower and considerably more volatile for high-energy-intensity companies, ending at 5.1% LTM versus 6.6% for low-energy-intensity peers. Cash conversion shows the same pattern: high-energy-intensity companies convert only 35.8% of EBITDA into free cash flow, compared with 43.0% for peers. Together, this indicates that margin pressure is not only reducing earnings but also constraining the cash available for debt service.

The burden from cash interest paid relative to free cash flow confirms this picture. High-energy-intensity companies saw interest absorb a markedly larger share of free cash flow from 2024 onward, peaking at c. 30%, compared with c. 20% for low-energy-intensity peers. Although the burden has eased to 13.8% LTM, it remains above the 10.8% of peers, leaving less headroom to absorb further adverse earning or interest rate developments.

The picture is consistent across all four indicators: higher leverage, weaker cash conversion, lower free cash flow margins, and a heavier interest burden. For high-energy-intensity companies, margin pressure is no longer just an earnings issue; it is a debt-servicing issue.

1 Encompasses total sample of energy-intensive companies, (vs. Figure 5)
Source: Bloomberg, S&P Global

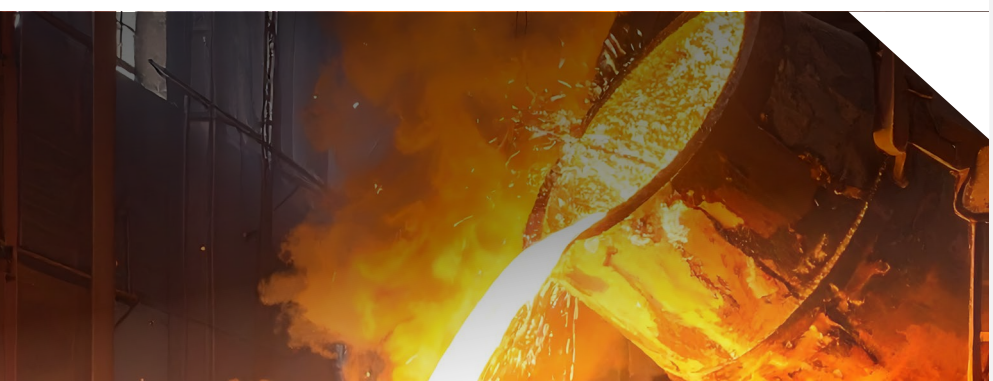


FIGURE 6: NET LEVERAGE DEVELOPMENT[1]

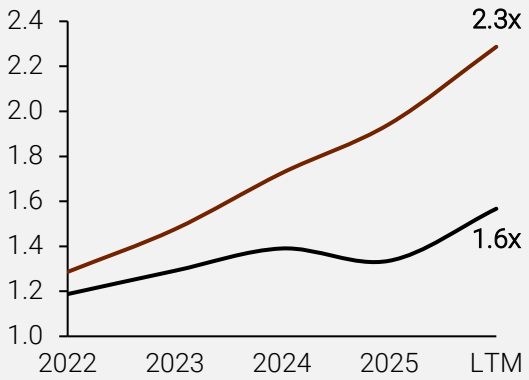


FIGURE 7: FREE CASH FLOW VS. REVENUE[1]

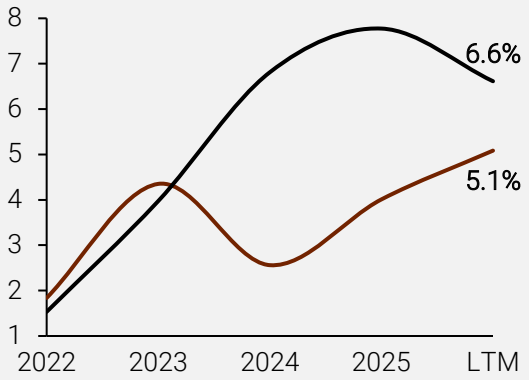


FIGURE 8: CASH CONVERSION (EBITDA VS. FREE CASH FLOW)[1]

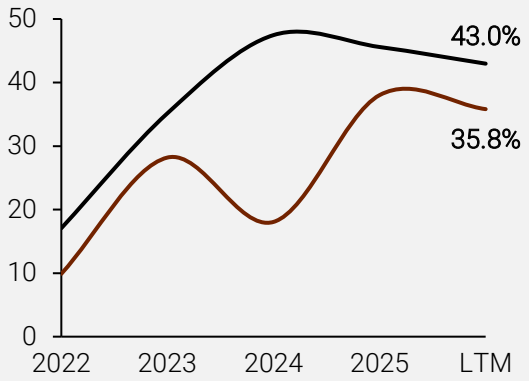
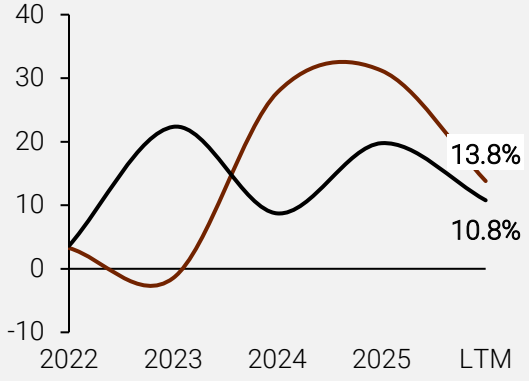


FIGURE 9: CASH INTEREST PAID AND FREE CASH FLOW (BURDEN) [1]



Rising leverage and weaker earnings constrain refinancing, esp. for energy-intensive companies

Across the DACH sample, aggregate net debt has increased by 23% since 2022, from €907.9bn to €1,115.8bn, while aggregate EBITDA has declined by 13%, from €413.4bn to €365.7bn. This divergence has pushed net leverage from 2.20x to 2.85x, an increase of 30%. At the same time, cash interest expense has risen by 77%, from €26.8bn to €47.5bn, absorbing an increasing share of earnings and cash flow.

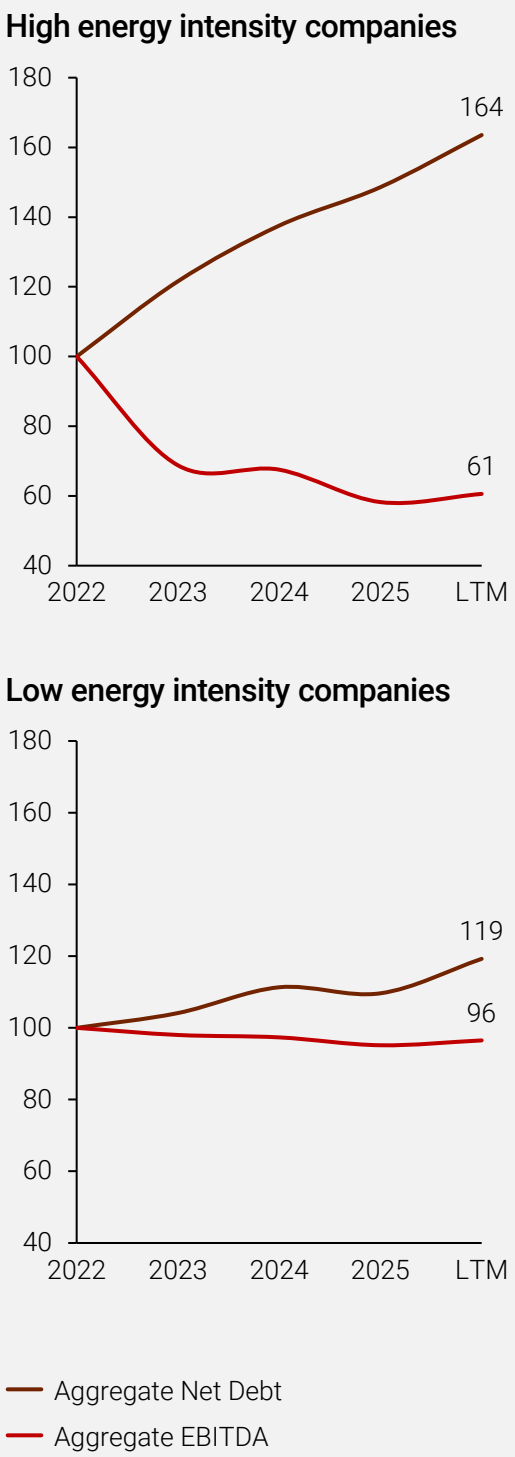
Liquidity has weakened alongside the deterioration in leverage. ~40% of companies now hold cash equivalent to less than 25% of total debt, while 77% have cash balances below total debt.

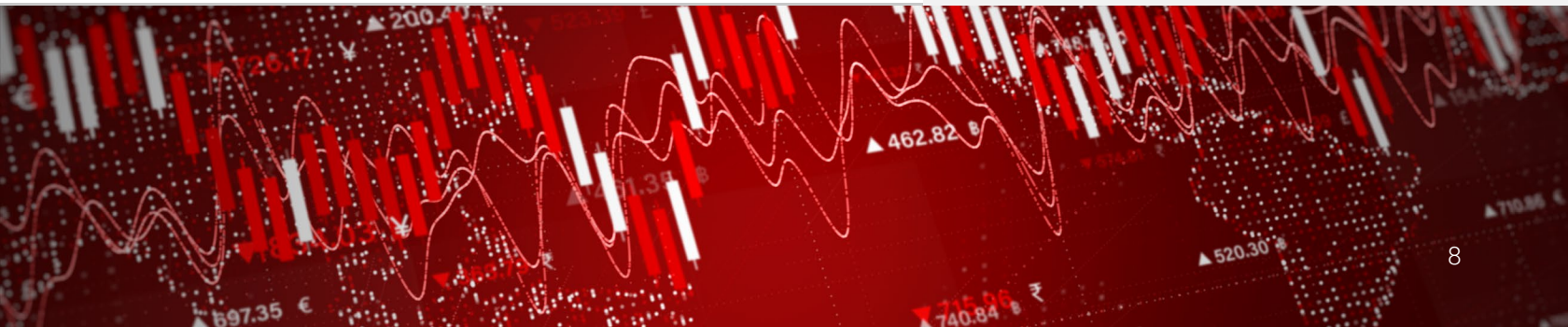
Energy-intensive companies are at the center of this pressure. Their net debt has risen to 164% of their 2022 net debt, while their EBITDA has fallen to 61% of their 2022 EBITDA. By comparison, less energy-intensive companies have experienced a more moderate divergence, with net debt increasing to 119% of 2022 net debt and EBITDA slightly decreasing to 96% of 2022 EBITDA. This widening gap highlights how elevated energy costs, weaker profitability and rising financing expenses accelerate the balance sheet deterioration.

The resulting risk is not simply higher leverage, but the interplay between leverage and limited liquidity. Companies carrying elevated debt without sufficient cash reserves have less flexibility to repay maturing debt, absorb higher refinancing costs or wait for more favorable market conditions. For energy-intensive borrowers, this combination creates a heightened risk of covenant pressure, forced asset disposals and creditor-led restructuring.

The timing of action will therefore be critical ahead of the upcoming maturities. Companies that approach the market early can preserve optionality, strengthen liquidity and address capital structure issues before maturities become urgent. Those that delay may face more restrictive terms, higher spreads and a materially narrower range of refinancing solutions.

FIGURE 10: INDEXED NET DEBT AND EBITDA DEVELOPMENT BY ENERGY INTENSITY, 2022 TO LTM





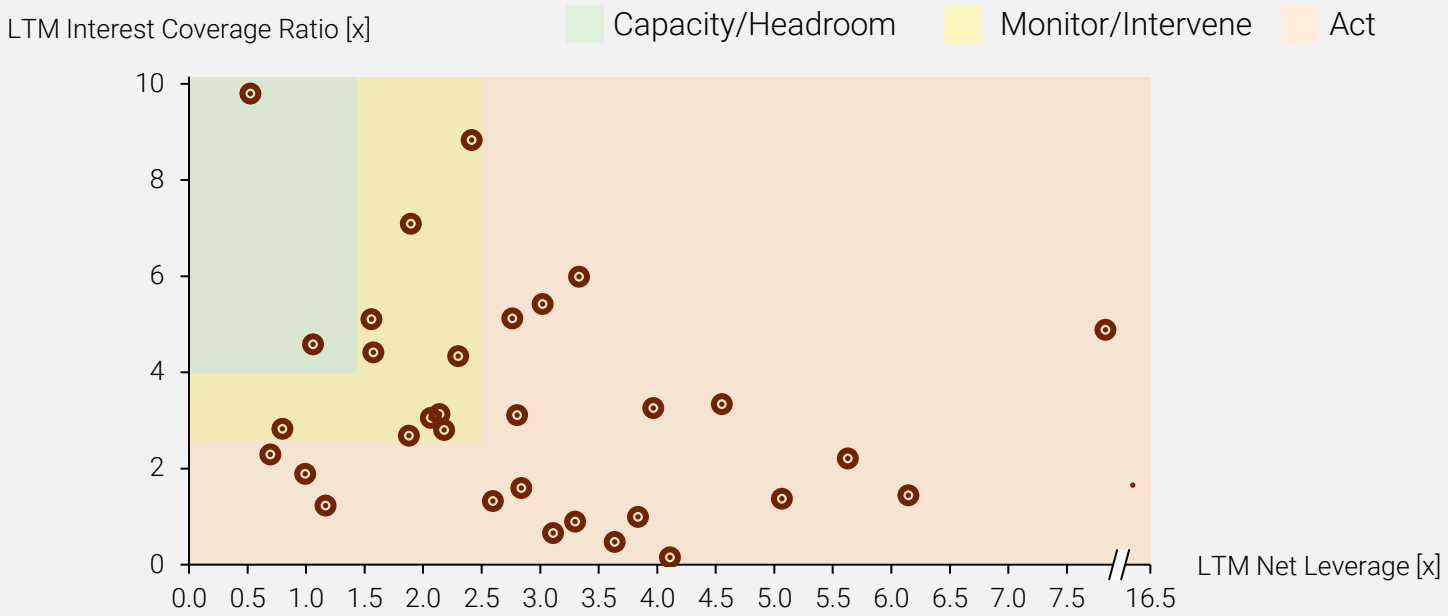
Compounding Pressure: Energy Costs, Interest Cover and the 2027–2031 Maturity Profile

Interest coverage — a direct measure of debt sustainability — is under acute pressure across energy-intensive companies, with roughly half the sample showing insufficient interest coverage headroom, even at moderate leverage levels. Weak coverage rather than excessive debt is the defining vulnerability, and it determines refinancing risk across the DACH market

A compounding credit cycle is visible across energy-intensive companies in the DACH region. Persistently high energy costs are compressing EBITDA while elevated rates increase the cost of servicing already stretched capital structures *(as highlighted on previous pages)*. The result is weaker free cash flow, higher leverage and greater dependence on external refinancing. The H1 2026 data demonstrates this correlation in balance sheets, liquidity and debt service capacity.

The clearest symptom is the gap between recurring cash generation and cash interest expense. Where earnings no longer cover interest, refinancing buys time but does not close this gap. At the same time, it replaces low-rate debt with debt at today's higher rates, permanently increasing the interest burden. Two measures make this visible: interest coverage, showing the remaining headroom over interest payments, and the debt maturity profile, showing how much debt must be refinanced at current rates.

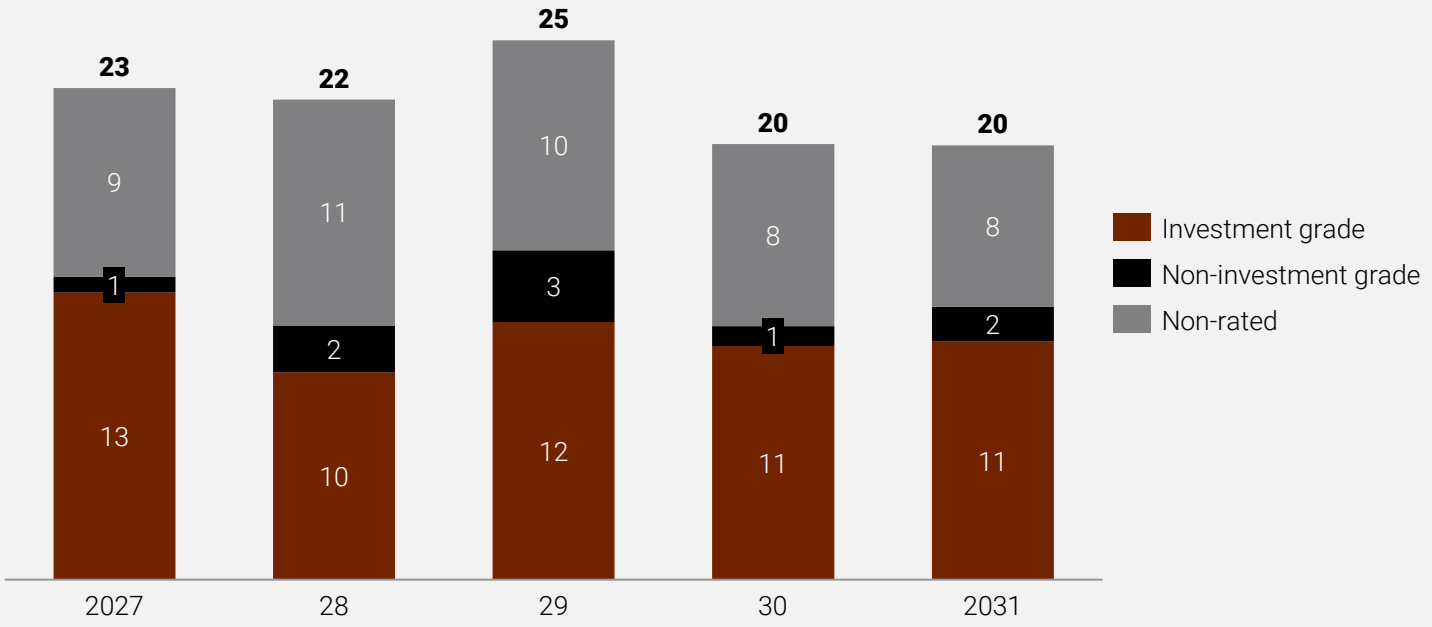
FIGURE 11: ENERGY-INTENSIVE COMPANIES — LTM INTEREST COVERAGE VS. LTM NET LEVERAGE



Source: Bloomberg

Roughly half the sample sits in the “Act zone” (key financing-related metrics within critical ranges >2.5x net leverage and <2.5x interest coverage ratio), including a distressed cluster of nine companies below 1.5x coverage and four below 1.0x, where EBITDA barely services interest, with only limited headroom for capex, transformation or amortization. Critically, these companies carry an average net leverage of 3.6x: they are in the Act zone because coverage has collapsed, not because debt has grown, so a leverage-only screen materially understates the risk. Fewer than one in four companies retains genuine headroom above 4.0x coverage, and the eight in the monitoring band between 2.7x and 4.0x sit close to the threshold.

FIGURE 12: DACH CORPORATE DEBT MATURITIES (€B) OF HIGH ENERGY INTENSITY COMPANIES



Source: Bloomberg

The maturity profile across our sample of high-energy-intensity companies confirms that this pressure is sustained rather than episodic. Between €20 billion and €25 billion matures every year from 2027 to 2031. While 2027 maturities are largely addressed or already in refinancing processes, around €87 billion falls due in 2028 to 2031, of which roughly 40% is non-rated and only about half is rated investment grade. 2029 is the concentration point, combining the highest volume with the largest non-investment-grade component, three times the 2027 level.

Combined with rising leverage, weaker cash conversion and a heavier interest burden, borrowers have limited scope to wait for better conditions. The ability to demonstrate a credible path to stronger cash flow and de-leveraging will be decisive for securing financing on acceptable terms. Companies that act early on cash generation, liquidity and lender dialogue will be best positioned; those that wait risk refinancing on the market's terms rather than their own.



How AlixPartners can help

We work with companies, investors and lenders and deliver real results on mission-critical assignments, when it really matters.

In today's environment of elevated financing costs and strict lending conditions, refinancing success depends not only on access to capital but also on a company's ability to demonstrate a clear, credible path to improving operating cash flow. Lenders and investors increasingly focus on cash generation and proof of execution, expecting management teams to quantify how specific actions will translate into stronger cash flow and de-leveraging.

AlixPartners supports management teams, investors and lenders in identifying and delivering the operating cash flow levers that matter. By combining financial expertise with hands-on operational capabilities, we help clients strengthen cash performance, secure financing on better terms, and build resilience for the long term.

AlixPartners
DACH



CRO/Debtor advisory

- Chief Restructuring Officer (CRO)
- Strategic re-alignment
- Operational optimization
- (Re-) financing
- Integrated planning & cash management
- Options & scenario analyses
- Effective stakeholder management



CTO/ Transformation

- Chief Transformation Officer (CTO)
- Implementation plans
- Active Program Management Office
- Sustainable implementation
- Individual coaching
- Workforce transformation programs
- Whole company turnaround



CFO/CFO office

- Interim management roles (CFO, Head of FP&A & Cash Manager)
- Liquidity management & net working capital optimization
- Treasury and cash management
- Finance transformation programs (processes, systems & operating model)
- Strategic CFO services (e.g., portfolio analysis)



Creditor advisory

- Optimization of collateral
- Risk, crisis & contingency planning
- Preparation, evaluation, and implementation of comprehensive restructuring concepts (IDW S6, IBR)
- Lender driven stakeholder management
- Strategic options analysis (recovery analysis, financial restructuring, M&A)
- Structuring of alternative financing and liquidity sources

Source: AlixPartners

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For more than 40 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.

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