

# CERTAIN MOVES IN AN UNCERTAIN WORLD

AlixPartners Annual Turnaround and  
Transformation Survey – Asia Report 2023

For 18 years, AlixPartners has conducted an annual survey of executives/professionals who work with troubled companies from around the world.

This year, AlixPartners also surveyed an additional 200 experts in key Asian markets. The largest components of this respondent group were hedge funds, private equity investors, investment bankers, and other financial players, with approximately two-thirds based in Southeast Asia. Overall, the largest responses were from Singapore (39%), Greater China including Hong Kong (34%), and Malaysia (11%).

## HEADLINE FINDINGS

Overall, financial players in Asia expect the macro environment in the coming 12 months to remain similar or become more distressed than over the last 12 months.

This potential increase in distress is largely due to ongoing inflationary pressures impacting corporate profits and cashflow, and maturing credits that will need to be refinanced at much higher interest rates. Corporates and traditional lenders, many of whom are becoming more risk averse, will struggle to find solutions that support stressed profitability and higher interest costs.

Consequently, we are increasingly seeing a diverse group of companies from a wide breath of industries show signs of distress, beyond headline-grabbing industries such as Chinese real estate and cryptocurrencies. This situation is unlike previous cycles in Asia, where distress was concentrated in specific industries (e.g., shipping and oil). Anecdotally, we are supporting Asian companies across a wide range of industries including retail, consumer goods, and industrials. In addition to the broader macro trends, nearly all of these companies are struggling with weak demand, stressed supply chains and other industry or company specific challenges.

Our annual Turnaround and Transformation survey supports these observations. We expect the Asian restructuring market to heat up in late 2023 and 2024 and are seeing signs of this trend across most of Asia (ex-Japan).



**74%**

Expect inflationary pressure to be similar or higher in the next 12 months



**85%**

Expect corporates to be more likely or as likely to be in distress as the last 12 months



**83%**

Expect lenders' risk appetite to become more risk-averse / remain the same



**92%**

Of lenders are more likely or as likely to take actions against borrowers



**74%**

Expect that corporates will need to undertake operational changes in order to tap into liquidity markets



“Prudent management teams – many of whom will be experiencing their first downturn – now need to build a global view of market activity, considering both the financial and geopolitical risks driven by international conflict and rising tensions between nations. They must then overlay the continued high interest rate and constrained credit environment to try and chart a course forward.”



**JOFF  
MITCHELL**

Global Co-Head, Turnaround  
& Restructuring Services

“Although the Asian restructuring market has continued to be somewhat quiet (outside of China’s property sector), we expect activity to accelerate into 2024 as rising interest rates put more stress on corporate balance sheets.”



**LIAN HOON  
LIM**

Partner & Managing  
Director, Hong Kong

“The years of easy refinancings are over. While the markets remain strong and open, we expect to see an increase in restructurings across Asia for less profitable companies facing higher financing costs.”



**MATT  
HINDS**

Partner & Managing  
Director, Singapore

“Now is the time for corporates to take aggressive action on their business models and cash flow. The refinancing markets are not expected to get any easier and economic headwinds will likely continue to loom.”



**MIKE  
HAFTL**

Partner, Singapore

## HOW TO RESPOND

Leaders must orient their businesses toward a set of characteristics best suited for continued ambiguity and tightening financial constraints:

### Focus on cash

Underpin any new money need with cash flow analysis of operations under various risk scenarios.

### Drive agility on cost

Map the underlying cost structures of vendors and proactively track commodity rates – and act quickly when market dynamics shift.

### Understand scenarios and related risks

Balance best-case scenarios with a worst-case one to help you act fast as trading conditions change.

### Chart a path for change

Balance short-term challenges against your vision of a long-term upward trajectory, and take steps towards that goal now.

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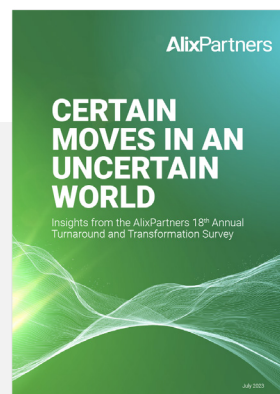
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## GLOBAL INSIGHTS FROM THE ALIXPARTNERS 18TH ANNUAL TURNAROUND AND TRANSFORMATION SURVEY





# AlixPartners

## 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.

The opinions expressed are those of the authors and do not necessarily reflect the views of AlixPartners, LLP, its affiliates, or any of its or their respective professionals or clients.

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