AlixPartners

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Approaching the maturity wall:

Debt refinancing pressures in DACH

INDUSTRY DEEP DIVE
in *Chemicals*

Debt refinancing in DACH faces a two-speed reality: small, short-term relief but major long-term strain, and a looming maturity wall demanding lender-ready, liquidity-first strategies.

Debt refinancing in the DACH region is settling into a new equilibrium, where short-term funding has become slightly cheaper, while long-dated interest benchmarks remain elevated, keeping strategic refinancing restrictive and forcing issuers to manage a compressed maturity wall. Since May, an additional €36 billion—comprising both refinancings and new-money deals—has been pushed out to 2029, easing the near term while extending duration at higher coupons. Refinancing access remains two-speed: investment-grade names clear on acceptable terms, whereas unrated and sub-investment-grade borrowers face stricter terms, wider-ranging covenants, and higher all-in costs.

Primary markets are open, but selective. Leveraged-loan issuance rose to €270 billion in H1 2025 (refinancing and repricing led), high-yield totaled €39 billion, and banks are re-engaging only gradually. Private debt remains a core pillar, with €85 billion of DACH-focused capital, filling a gap as banks selectively retreat from higher-risk segments.

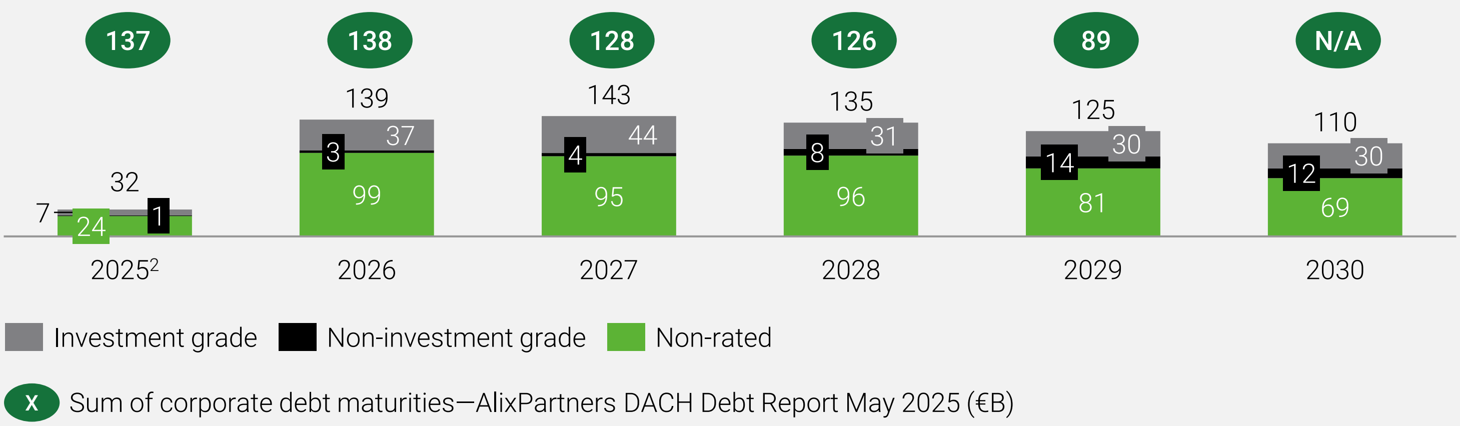
This report delves deeply into one sector in the DACH region where refinancing pressures are severe. The chemicals industry faces persistent input-cost disadvantages, global overcapacity, and a €3.4 billion maturity wall next year, partially resulting in liquidity stress and repricing risk. These developments have led to a deterioration in key credit metrics over the past three years, necessitating proactive measures to support a successful refinancing.

Execution excellence now depends on liquidity discipline, working capital release, tangible cost/margin actions, and transparent stakeholder management to secure terms, extend runways, and restore resilience.

Corporate debt maturities

The latest snapshot of corporate debt maturities in the DACH region reveals that €32 billion is due for repayment or refinancing this year. About three-quarters of this total consists of non-rated debt, while approximately one-fifth is investment-grade, with the remainder in non-investment-grade instruments. Importantly, under going-concern requirements, financing typically needs to be refinanced no later than 12 months before maturity. That implies much of the €32 billion due in 2025 has likely already been addressed, whereas the €139 billion maturing in 2026 is the real challenge now in active execution. As attention shifts to the 2026 maturity wall, lenders are likely to apply closer scrutiny and tighter terms—especially for unrated and sub-investment-grade borrowers. Moreover, since our May report, an additional €36 billion—comprising both refinancings and new-money deals—has been shifted to 2029 maturities (lifting the 2029 stack from €89 billion in our May 2025 report to €125 billion in this October report).

FIGURE 1: DACH CORPORATE DEBT MATURITIES BY ISSUER CREDIT RATING (€B)[1]

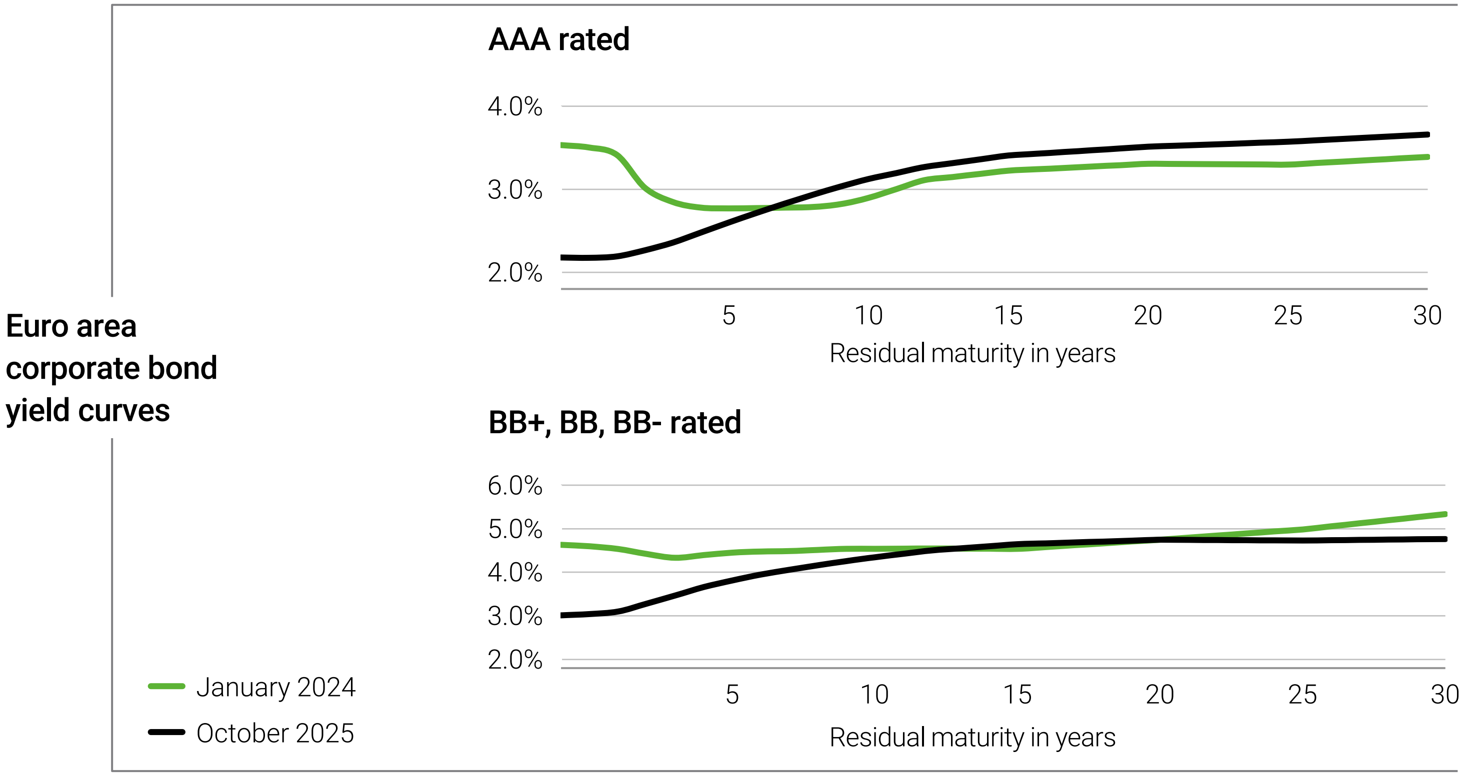


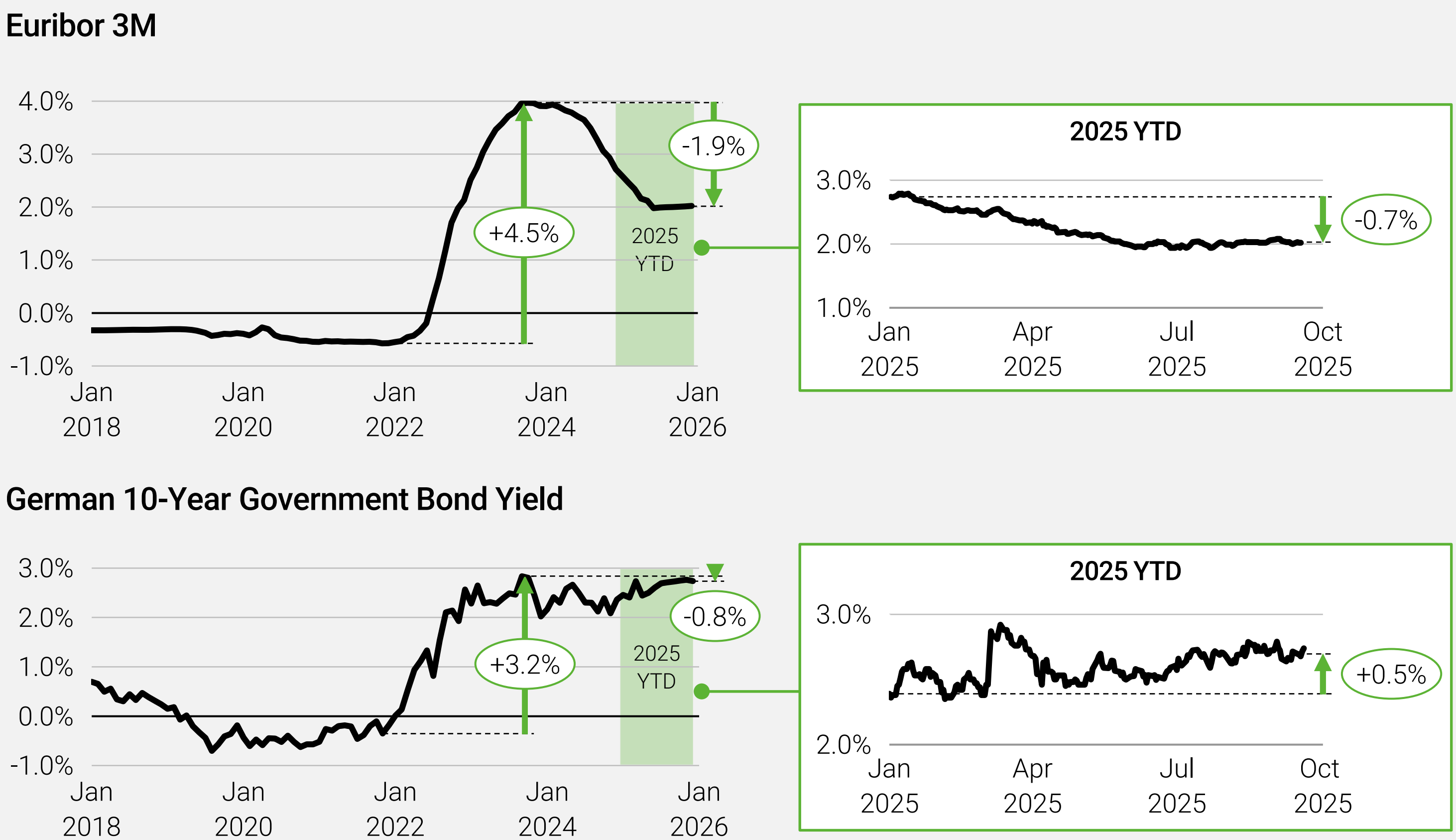
Sources: Capital IQ, FactSet, Refinitiv, Bloomberg. Note: 1. Excluding Financial Services and Real Estate sectors; Geographies: Germany, Austria, and Switzerland; 2. Maturities: October-December 2025

In the DACH region, interest rate dynamics reveal a mixed picture (see Figure 2). Short-term benchmarks, such as Euribor 3M, have retreated noticeably (by approximately -1.9%) since early 2024, as markets adjusted to the ECB's policy rate cuts against the backdrop of moderating inflation and weakening growth momentum. By contrast, long-term rates such as the German 10-Year Government Bond Yield have declined modestly (by approximately -0.8%) during the same period and remain elevated—with slight upward trend in recent months (by approximately +0.5% in 2025 YTD)—due to structural inflation risks, fiscal expansion, and global yield pressures.

For corporates, this divergence provides only partial relief. While working capital financing and shorter-dated maturities have become somewhat less costly, long-term German government bond yields remain elevated with limited signs of a sustained decline. The result is a persistently restrictive funding environment for strategic or large-scale investments. Therefore, access to liquidity remains uneven: investment-grade issuers can still tap markets at manageable costs, whereas unrated and sub-investment-grade borrowers remain exposed to tighter credit conditions despite the prospect of monetary policy easing. In addition, BB–AAA credit spreads have narrowed by approximately 50 basis points, broadly in parallel across the standard corporate maturity spectrum since January 2024. This pattern suggests that underlying risk profiles have remained essentially unchanged over the period.

FIGURE 2: INTEREST RATES DEVELOPMENT



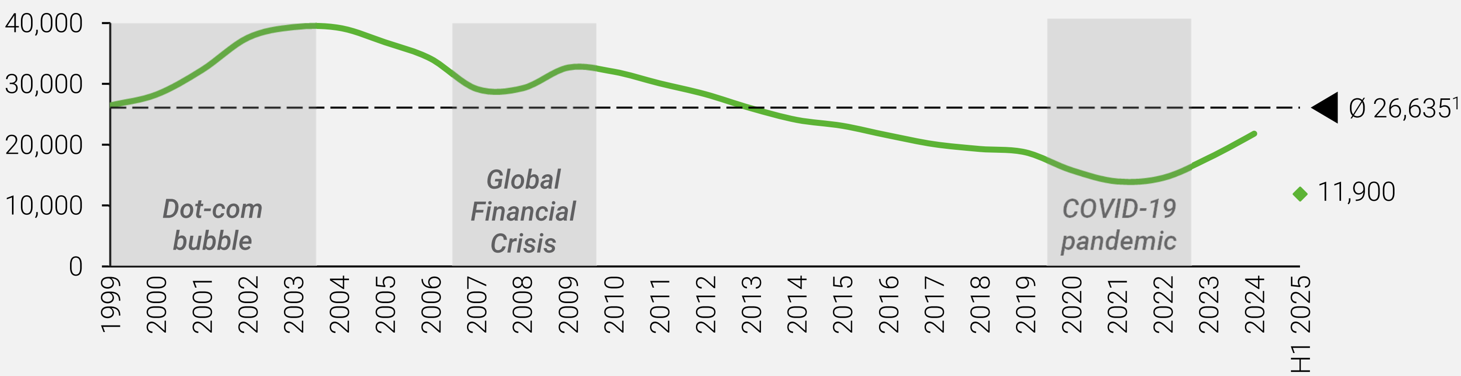


Sources: Bloomberg, S&P Global

Corporate insolvencies

DACH corporate insolvencies continue to rise. Germany—leading in absolute numbers—recorded an estimated 11,900 corporate insolvencies in the first half-year, the highest level in a decade. That is up 9.4% from the same period last year (10,880 cases), after a 28.5% surge the year before. Despite the current economic backdrop, insolvencies remain well below levels seen during and after the Dot-com bubble (~39,000 cases in 2003-04) and the Global Financial Crisis (~33,000 cases in 2009). In contrast, during the COVID-19 pandemic, insolvency filings were temporarily suppressed by extensive government support measures (e.g., grants, loan guarantees, short-time work schemes, and temporary moratoria), keeping insolvency numbers artificially low.

FIGURE 3: GERMANY CORPORATE INSOLVENCIES BY YEAR



Source: Creditreform, Destatis
Note: 1. Average number of corporate insolvencies in the years 1999-2024

Insolvency dynamics across Germany highlight both cyclical and structural strains in key industries.

Manufacturing saw filings rise significantly by 17.5% to 940 in H1 2025 due to weak output, high energy and input costs, softer external demand, and trade frictions, as well as transition pressures in some dominating industries (automotive and chemicals).

Retail also recorded an above-average rise of 13.8% (2,220 cases), reflecting subdued consumer spending and intense competition in online retail. Services (a 9.1% increase) was the dominant sector with 6,960 cases, constituting around 58.5% of all German corporate insolvencies. The increase reflects cooling demand, persistent cost burdens (notably wages and core inflation), and regulatory frictions. In construction (1,780 cases), the increase was comparatively small at 1.7%.

This modest increase likely reflects an offset from order backlogs and public works, and some easing in input costs from peak levels.

Across Austria and Switzerland, the patterns are similar: Austria is up 6% to 1,990 cases in H1 2025 compared with H1 2024, while Switzerland records a steep increase, up 21% to 3,648. Switzerland's surge reflects not only the economic situation but is also directly linked to a legislative change that came into effect on 1 January 2025. Specifically, the Federal Debt Enforcement and Bankruptcy Act (SchKG) was amended so that public creditors are now obliged to consistently enforce outstanding claims against companies by initiating bankruptcy proceedings. At the same time, two external pressures are intensifying conditions: the appreciating Swiss franc, which erodes export competitiveness, and the newly introduced 50% U.S. tariffs, the effects of which are expected to materialize from the second half of the year.

Source: Creditreform, Dun & Bradstreet

Debt market trends

LEVERAGED LOANS

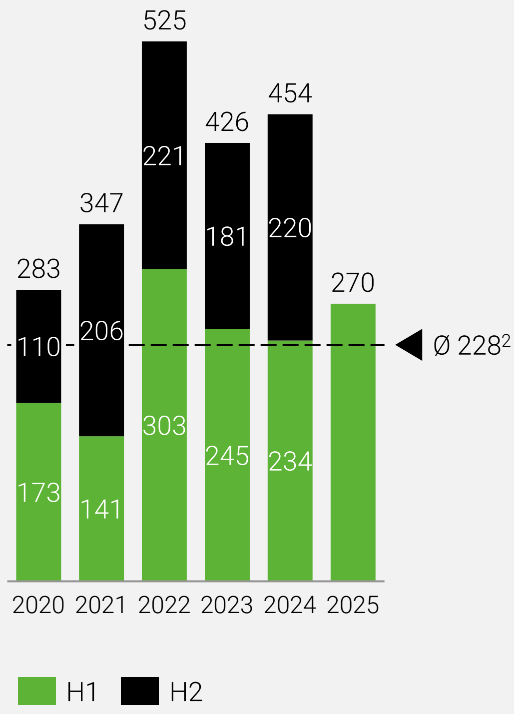
In H1 2025, leveraged loan issuance in the DACH region reached €270 billion, up from €234 billion in H1 2024. Activity was primarily driven by refinancing and amend-and-extend, as borrowers adjusted capital structures amid shifting interest rate expectations, with only limited new-money issuance, mainly from a few dividend recapitalizations.

LBO activity remained subdued, but a growing M&A pipeline and consistent refinancing needs support a cautiously optimistic outlook for H2. After a slow start to the year, particularly in Q1, M&A activity—especially within private equity—is expected to pick up as exit backlogs begin to clear. With processes now gaining momentum in H2 2025, some of the associated financing may well extend into early 2026.

However, continued write-offs in real estate loan portfolios have weakened banks' balance sheets, limiting lending capacity. As a result, credit conditions remain tight, funding costs are elevated, and underwriting standards are more selective—all of which may weigh on issuance in the second half of the year.

FIGURE 4: DEBT ISSUANCE

Leveraged loans issuance in DACH (€B)[1]

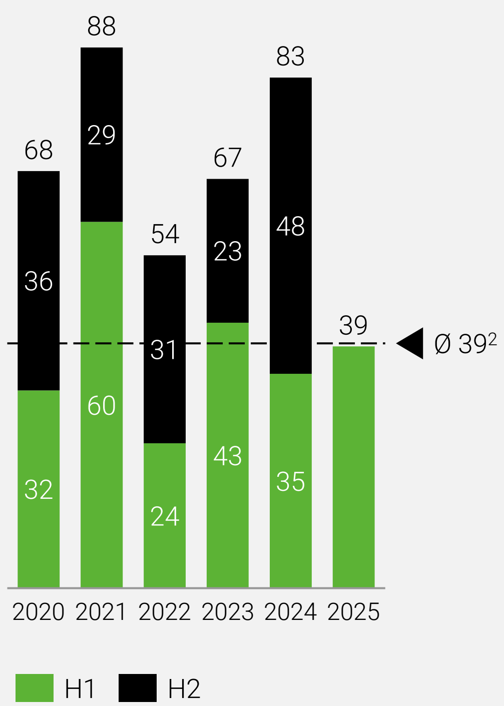


HIGH-YIELD BONDS

High-yield issuance in the DACH region reached €39 billion in H1 2025, up from €35 billion in the same period last year. This continues the recovery trend from 2024, when total volumes hit €83 billion—up from €67 billion in 2023 and €54 billion in 2022.

The rebound reflects growing market stability after two years of subdued activity, particularly in Germany, where rising interest rates had significantly curtailed issuance. Refinancing remains the dominant theme, as companies seek to proactively manage upcoming maturities. However, improved earnings visibility and reduced rate volatility are supporting a selective return of opportunistic and M&A-driven issuance. Tighter bank lending continues to push sub-investment-grade borrowers toward the capital markets, reinforcing high-yield's role as a key funding channel. While the market tone is constructive, investors remain highly selective, favoring issuers with resilient credit profiles and clear refinancing strategies.

High-yield bonds issuance in DACH (€B)[1]



Sources: Refinitiv, S&P Global, Pitchbook LCD, Capital IQ
Note: 1. Excluding Financial Services and Real Estate sectors; 2. Averages of H1 from 2020-2025

PRIVATE DEBT

Once a niche product, private debt has become a mainstream source of financing across the DACH region and now serves as a cornerstone of mid-market funding. Amid ongoing macroeconomic uncertainty and shifting regulatory frameworks, it offers borrowers speed, flexibility, and tailored capital solutions. This transformation is underpinned by robust growth in private debt funds focused on the DACH region, which surged from €36 billion in 2020 to €85 billion in H1 2025. Institutional investors have driven this expansion, attracted by the asset class's potential for yield, downside protection, and diversification.

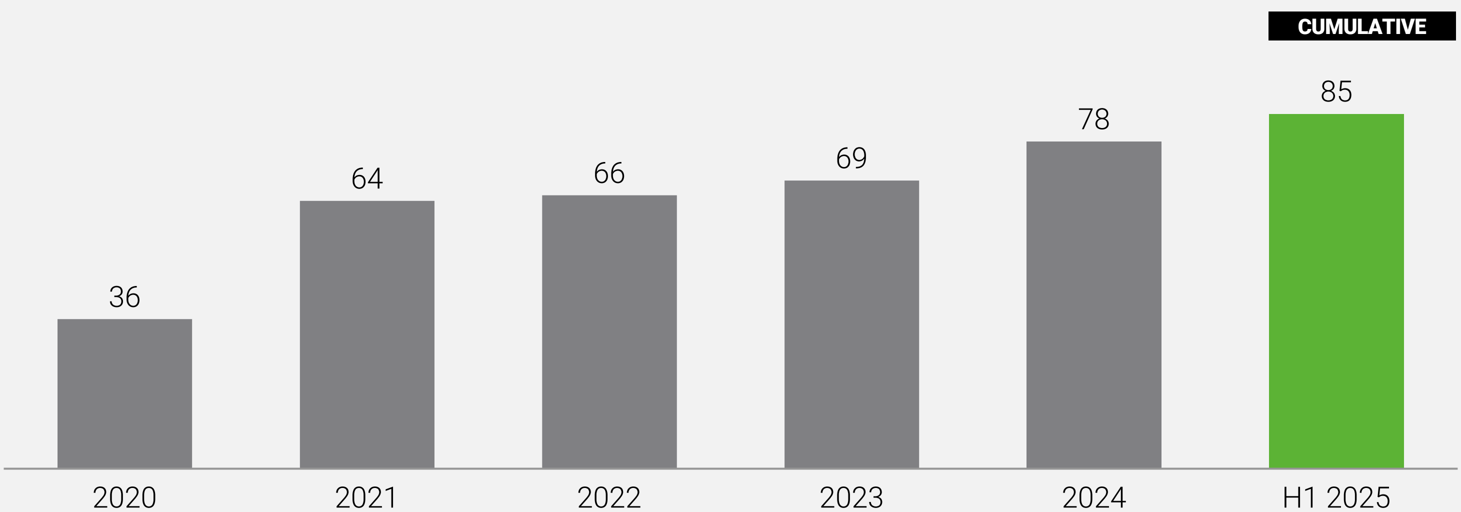
The declining engagement of traditional banks in the mid-market lending market is largely driven by increased credit risks, limited collateral, and less standardized borrower profiles and requirements. Coupled with heightened regulatory pressure and the capital intensity of leveraged loans under Basel IV, banks face both financial and operational constraints in this space.

Private debt funds, supported by abundant dry powder and a growing appetite for direct lending, are stepping in to fill the resulting gap. They are uniquely positioned to provide certainty of execution and more flexible, tailored financing solutions that regulated banks are unable or unwilling to offer.

With private equity sponsors accelerating efforts to address a pipeline of planned disposals, demand for acquisition and growth financing is expected to rise sharply. This trend also aligns directly with the strengths of private debt lenders, who are well-positioned to support both sponsor-backed and non-sponsor-backed deals with customized capital solutions.

Looking ahead, private debt is poised to remain a core pillar of the DACH region’s mid-market financing ecosystem. With strong market fundamentals, a supportive regulatory backdrop, and sustained investor interest, private debt funds that deliver speed and structuring expertise can play an even more prominent role in shaping the region’s corporate finance landscape.

FIGURE 5: EUROPEAN PRIVATE DEBT FUNDS WITH A FOCUS ON DACH (€B)



Source: Bloomberg, S&P Global, Capital IQ, Pitchbook

Chemicals industry deep dive

Credit conditions in the DACH chemicals sector are tightening, as elevated leverage meets softening fundamentals. A prolonged period of inexpensive funding enabled capacity expansion, portfolio moves (e.g., Covestro-DSM Resins & Functional Materials, Merck KGaA-Versum Materials, Sika-Parex), and accelerated energy-transition capex. With refinancing costs still elevated, debt service is absorbing a larger share of operating cash flow, just as margins are compressing. At the same time, sizable capex programs—which have become structurally more expensive in recent years, in part due to inflationary pressures—are consuming a significant portion of EBITDA and cash flow, further constraining financial flexibility.

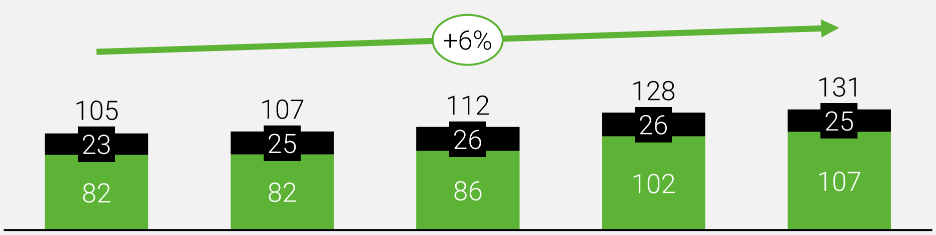
Structural cost disadvantages are most acute in energy and feedstocks. Producers in Germany, Austria, and Switzerland continue to face structurally higher natural gas and electricity prices than their peers in North America or the Middle East, despite a moderation since the 2022 peaks.

Some chemical companies in the DACH region have responded to this development by scaling back production and selectively relocating output (e.g., capacity reductions at BASF's Ludwigshafen site). However, these costs do not only compress margin—they also amplify working-capital volatility (inventory swings, pass-through lags) and can trigger margin calls on energy hedges, tightening day-to-day liquidity and elevating reliance on short-term credit lines and supply-chain finance.

Larger, integrated groups can partly offset this via scale, site networks, and global treasury pools; mid-cap and specialty players, with narrower product breadth and less diversified cash flows, remain disproportionately exposed.

Beyond cost factors, global overcapacity created by extensive capacity additions across Asia (especially China) is reshaping the competitive landscape. Surpluses in commodity chains (olefins, PE/PP, aromatics) and several intermediates, with selective spillovers into specialties (e.g., polysilicon, silicones), are pressuring prices and denting export margins. For the DACH region—where export orientation is pronounced and Germany is the world's #3 chemical exporter[1]—weaker pricing power feeds directly into key credit metrics used by lenders and rating agencies (net/total leverage, interest coverage). These indicators have deteriorated materially since 2022, with net leverage reaching ~3.1x in 2024.

FIGURE 6: CHEMICALS TOTAL DEBT DEVELOPMENT (€B)[2]



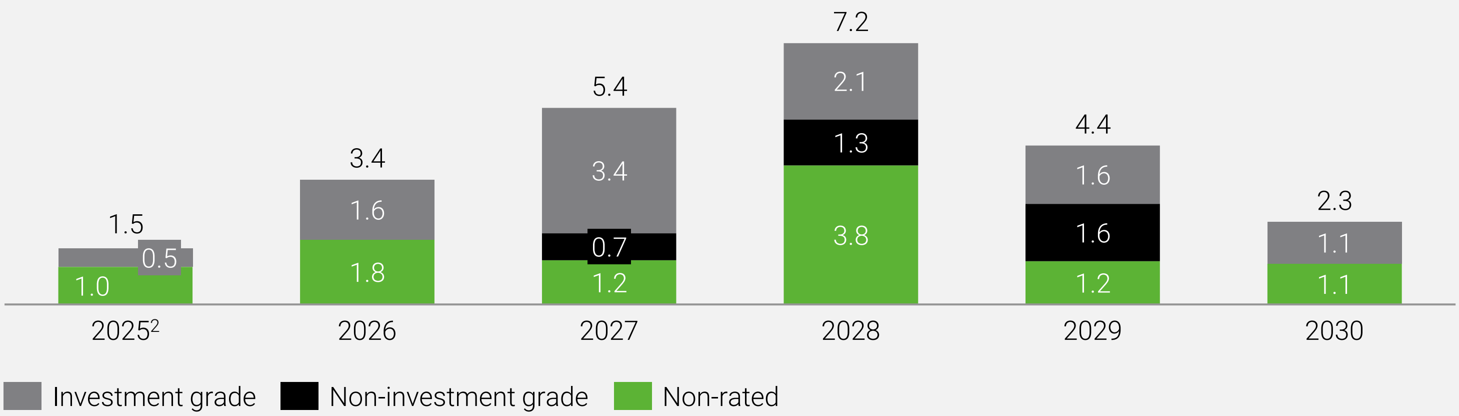
KEY CREDIT METRICS	2020	2021	2022	2023	2024
Net leverage (net debt/EBITDA multiple)	3.3x	1.8x	1.8x	2.9x	3.1x
Total leverage (total debt/EBITDA multiple)	3.2x	2.4x	2.4x	3.7x	3.8x
Interest coverage (EBIT/interest expense)	5.5x	8.9x	8.7x	4.3x	3.9x

Net debt Total cash & equiv.

Source: Bloomberg, S&P Global, Capital IQ
Note: 1. in 2023; 2. Chemicals industry sample N=33 companies; Geographies: Germany, Austria, Switzerland, and Luxembourg

Against this backdrop, the sector faces a significant maturity wall, with about €3.4 billion to refinance next year. For selected issuers, this can result in liquidity stress and repricing risk, likely forcing refinancing at wider spreads. If margins continue to compress, issuers might gravitate toward secured structures and shorter maturities and tightening rating headroom. For issuers with limited ratings headroom, liquidity runways might increasingly rely on committed, undrawn revolving credit facilities (RFCs), receivables securitization/factoring capacity, and the depth of euro (and, for Swiss names, CHF) markets; when euro market conditions are volatile, some might be turning to U.S. private placements (USPP) or private credit to diversify access to term funding and investor bases.

FIGURE 7: CHEMICALS CORPORATE DEBT MATURITIES BY ISSUER CREDIT RATING (€B)[1]



Source: Bloomberg, S&P Global, Capital IQ
Note: 1. Chemicals industry sample N=95 corporate debt instruments; Geographies: Germany, Austria, Switzerland, and Luxembourg; 2. Maturities: October-December 2025

Elevated leverage, persistent input-cost pressures, and Asian overcapacity point to a more adverse phase in the credit cycle. Decarbonization investment is absorbing liquidity, while public support mechanisms (e.g., up-front CAPEX grants, CCfD[3]/ "Klimaschutzverträge" in Germany, IPCEI[4]/Hydrogen programs) are typically milestone-based and back-ended, limiting near-term relief. For smaller or already constrained issuers, refinancing risk remains elevated, increasing the likelihood of liability-management transactions such as amend-and-extend processes and collateral enhancements/secured refinancing—often at higher funding costs. This raises credit-profile volatility and can subordinate unsecured creditors, incrementally increasing default risk.

Resilience will depend on disciplined capital allocation, credible deleveraging (including portfolio rationalization), and rigorous downside testing of covenant and liquidity headroom under rate shocks and 5-10% EBITDA declines. Issuers are more likely to preserve market access on favorable terms by focusing on three priorities: (i) optimizing the funding mix across EUR, USD, and CHF while maintaining an appropriate balance between public and private markets; (ii) employing secured structures where warranted and extending maturities ahead of peak refinancing years; and (iii) enhancing disclosure quality—moderating aggressive add-backs and providing clear guidance on hedging policies and the timing of subsidies.

Note: 3. CCfD = Carbon Contracts for Difference: 10-15-year contracts that cover the green-premium (difference between low-carbon and conventional costs), providing operating aid once the project run; 4. IPCEI = Important Project of Common European Interest

Transformative value creation under tight financing conditions

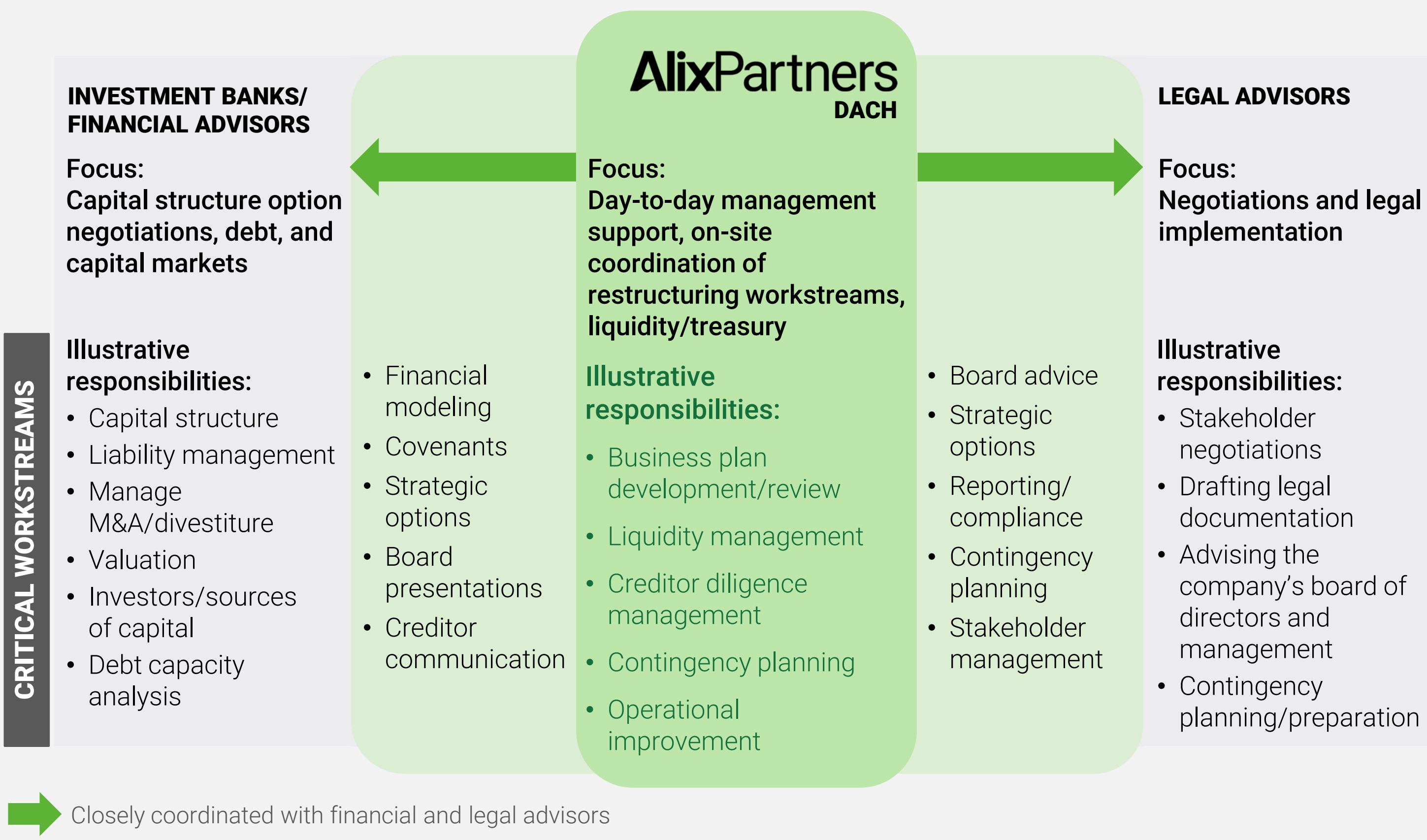
In the current environment of elevated financing costs and strict lending conditions, refinancing success depends not only on access to capital but also on a company's ability to demonstrate credible, sustainable value creation. Lenders and investors increasingly demand operational improvements and concrete measures to strengthen EBITDA and cash flow as part of any refinancing dialogue.

AlixPartners supports management teams in identifying and executing the operational levers that matter most—from liquidity and working capital optimization to cost efficiency and margin enhancement—ensuring that refinancing negotiations are backed by a compelling transformation story. By combining financial expertise with hands-on operational capabilities, we help clients secure financing on stronger terms while laying the groundwork for long-term resilience.

The following factors are critical for meeting elevated lender expectations and enabling management to deliver tangible results:

- Demonstration of robust short-term liquidity forecasts and daily cash control to reassure stakeholders and provide management with a transparency tool
- Active management of receivables, payables, and inventories to unlock immediate liquidity
- Execution of tangible initiatives that improve cost structures and profitability
- Transparent communication and independent validation to align management, owners, and lenders
- Clarification of governance, leader alignment, and project management capacity to deliver under tight timelines

FIGURE 8: HOW WE SUPPORT OUR CLIENTS ON TRANSFORMATIVE VALUE CREATION



Source: AlixPartners

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ABOUT US

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.