



BCG Transform & Special Situations Index 2024 -TSS Index-

Europe

JUNE 2024

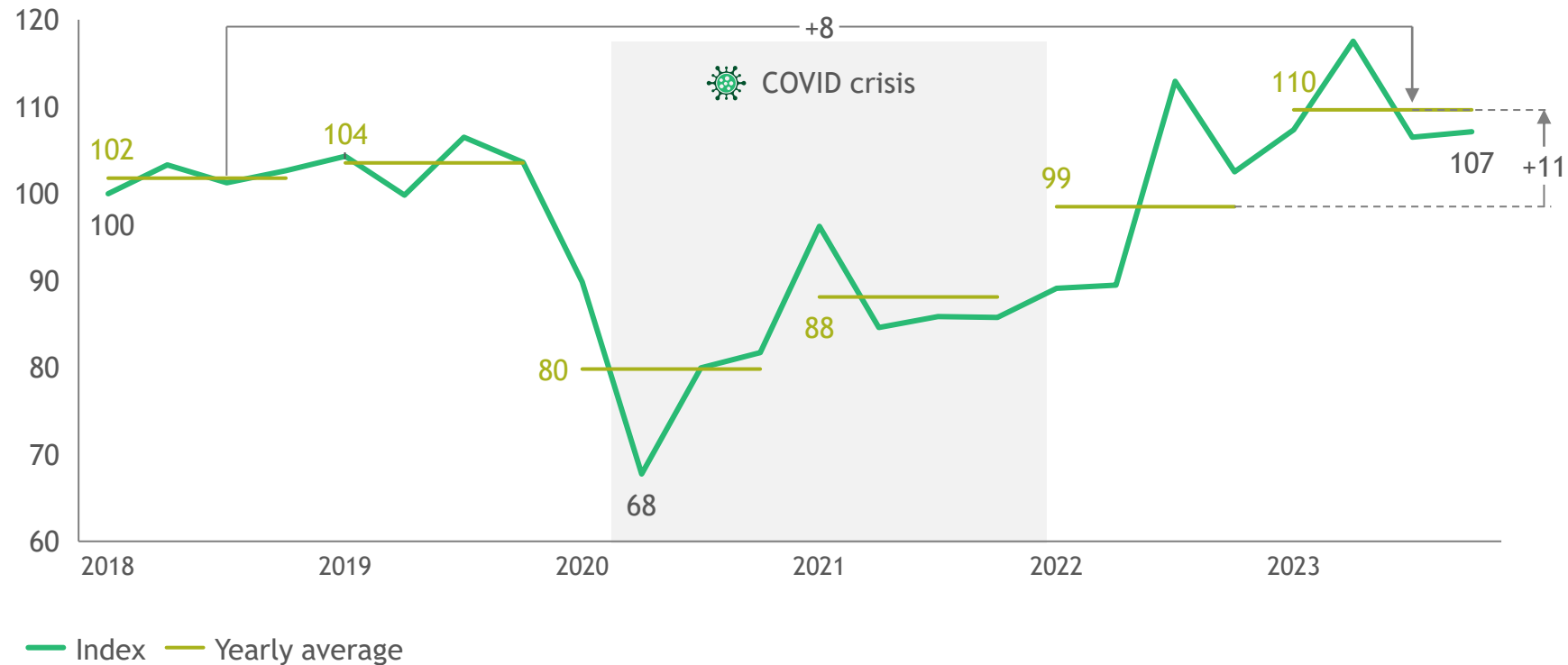


+11pp in insolvencies over last year in European Union, above pre-COVID level

Insolvency filings: Q1 2018 through Q4 2023

Indexed development of the number of insolvencies (2018 at 100), seasonally adjusted, European Union

Index, base 100



+11pp

insolvencies
2023 vs. 2022


+8pp

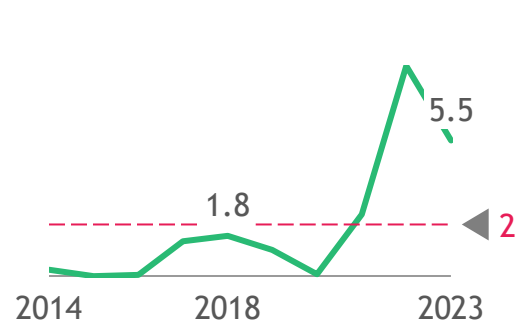
insolvencies vs.
pre-COVID period

Continuing macroeconomic headwinds suggest that transformation and restructuring pressures will stay strong in the next 24 months




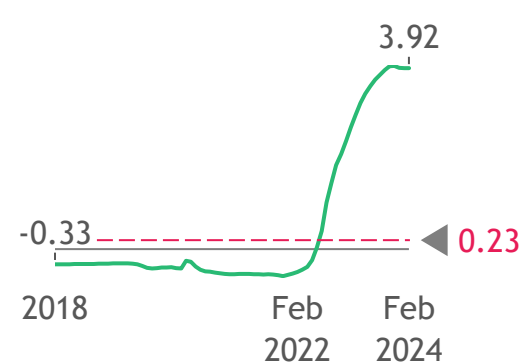
Inflation tripled vs. pre-COVID

 Consumer inflation (%)
 --- 10-year average, 2014-2023



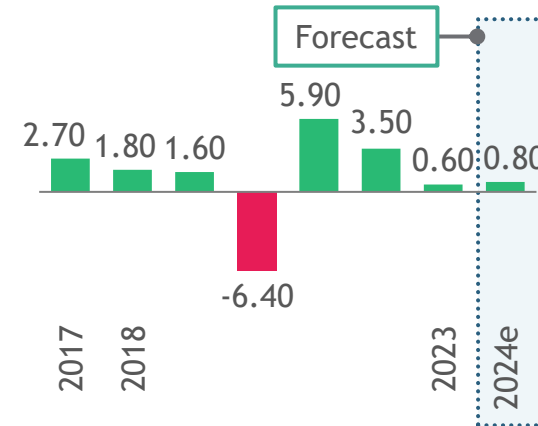
Interest rates have skyrocketed for last 2 years

 3-month Euribor rate (%)
 --- 10-year average, 2014-2023




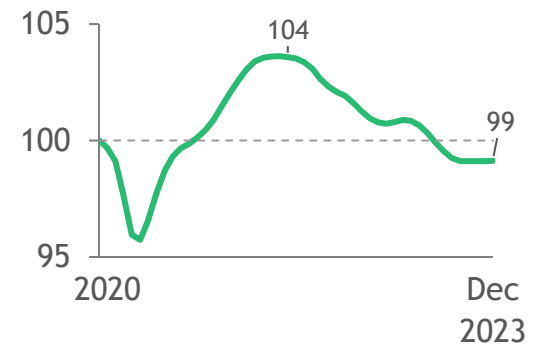
GDP growth halved vs. pre-COVID


 Real GDP (% change p.a.)



Business confidence decreasing

 OECD business confidence index
 — Business confidence index



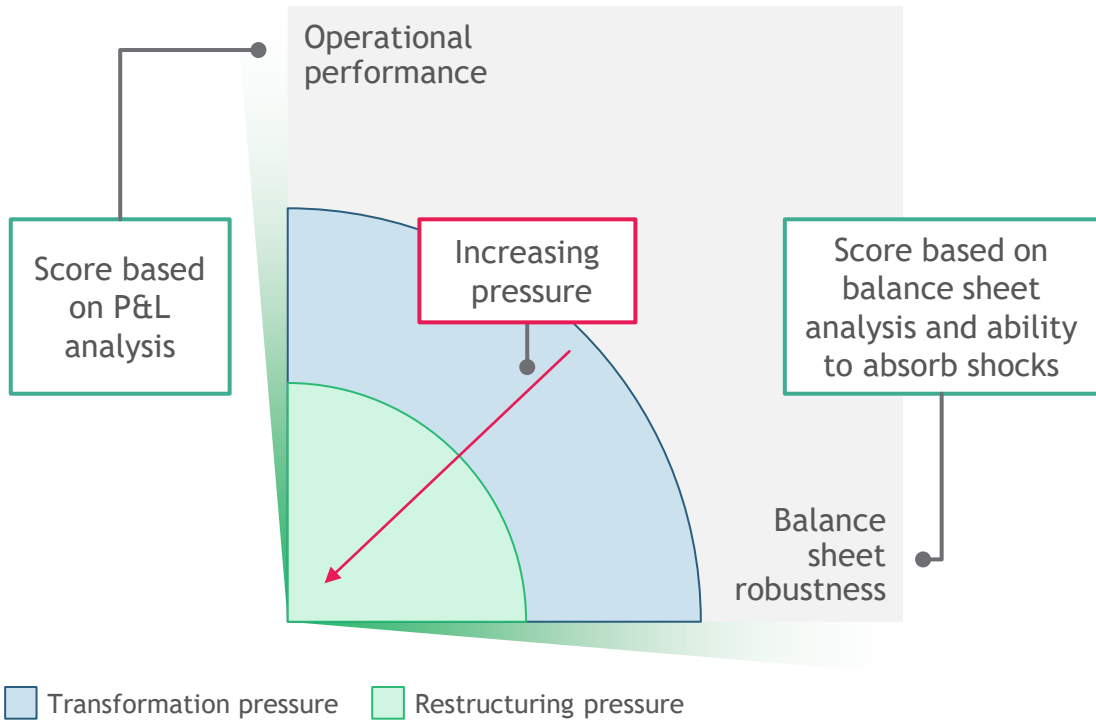
 Geopolitical instability: conflicts and tensions in Eastern Europe, Middle East, and Asia; >50% of worldwide population electing new government in 2024

Note: Latest data available as of March 13, 2024.
 Sources: Eurostat; European Central Bank; Oxford Economics; OECD; BCG analysis.

BCG Transform and Special Situations (TSS) Index identifies companies showing signs of weak operational performance and undercapitalization

1 Transformation and restructuring pressures by sector

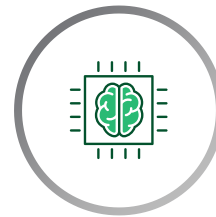
Assessment of about 2,000 European public companies and analysis of 12 performance and financial stability KPIs



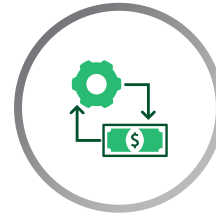
Note: Transformation pressure—initial signs of weakening operational performance and financial stability require optimization. Restructuring pressure—clear signs of weak or negative operational performance and undercapitalization require more structural steps to recover.
Source: BCG analysis.

2 Forward-looking view

Assessment of sector dynamics based on AI-powered sentiment analysis and insights from sector experts



AI-powered sentiment analysis to synthesize insights from market and company documents (including earnings calls transcripts) and all publicly available materials

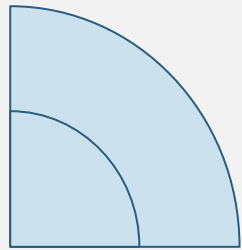


Targeted in-depth interviews with industry experts

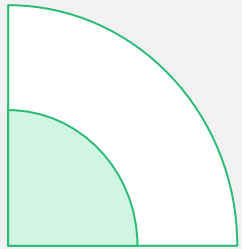
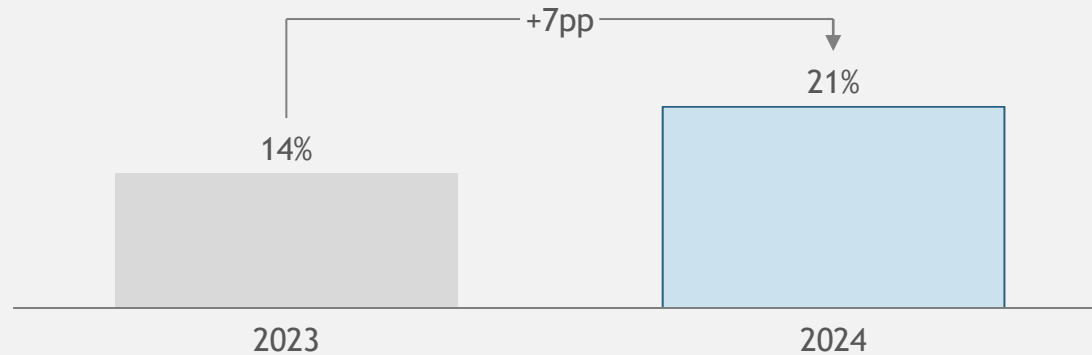


200+ European executives surveyed on their perspectives, priorities, and challenges for 2024

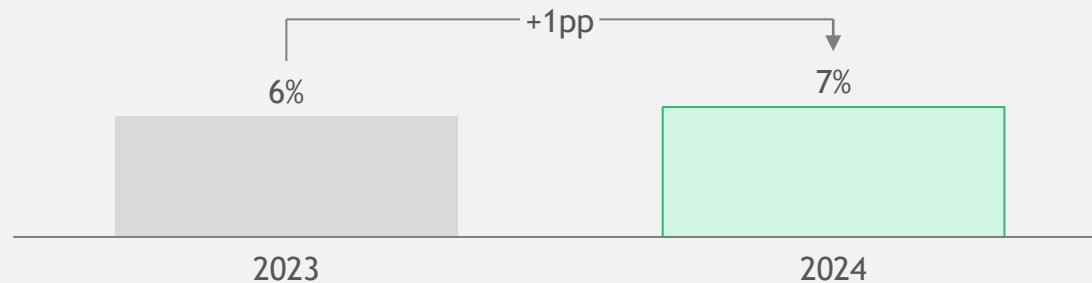
Significant uptick in transformation and restructuring pressures in 2024



Transformation pressure



Restructuring pressure



About **1 in 5** European companies face significant transformation pressure

About **1 in 15** European companies face significant restructuring pressure

Note: The BCG Transform and Special Situations Index reflects the revenue share of companies showing signs of operational challenges and financial instability compared with the total revenues of all companies under review. This weighting has been done to better reflect the importance and impact of the pressured companies in the sample than a pure counting of companies would do.

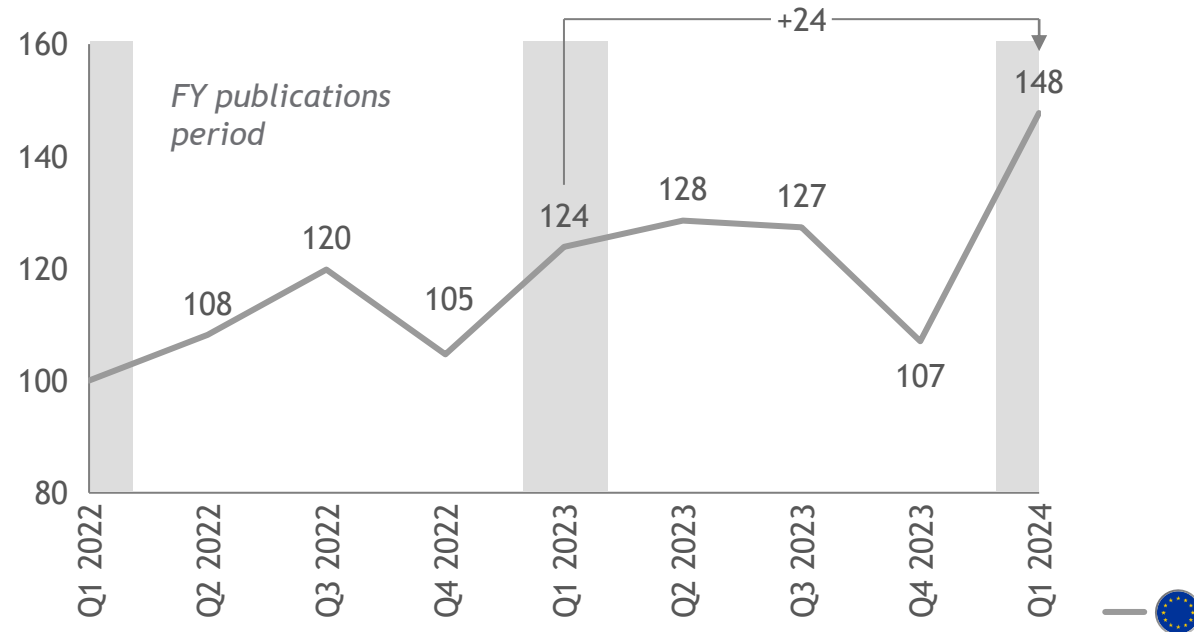
Sources: S&P Capital IQ; BCG analysis.

AI-powered sentiment analysis shows transformation and restructuring topics currently gaining momentum in company narratives, about 15pp to 25pp vs. 2023

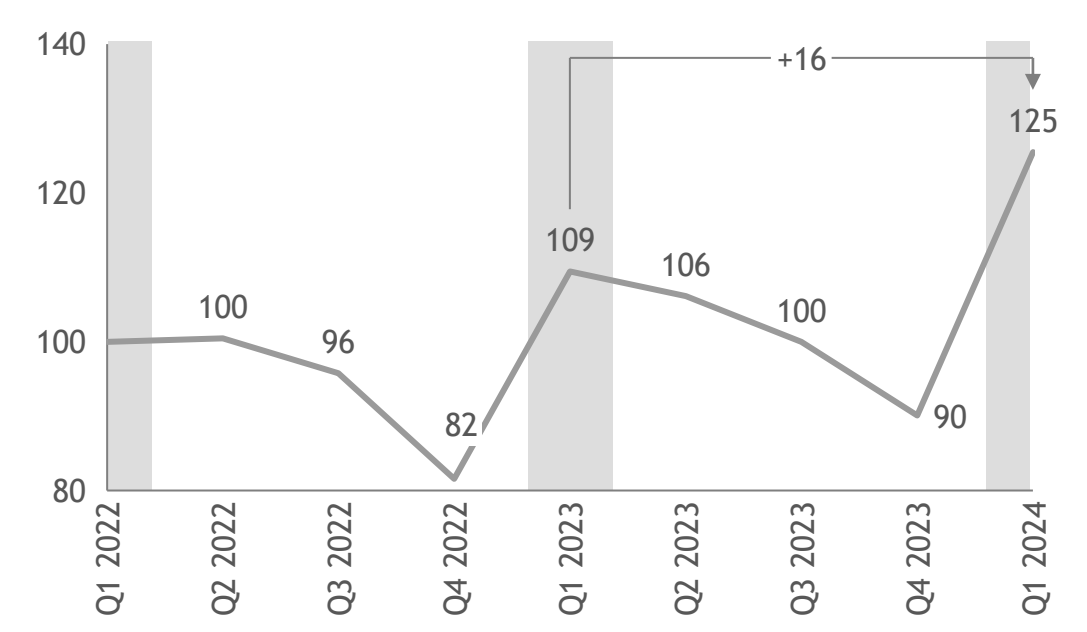
Development of transformation and restructuring citations in public company documents

Q1 2022 through Q1 2024, index, base 100 = Q1 2022

Relative frequency¹ of transformation-related company talks

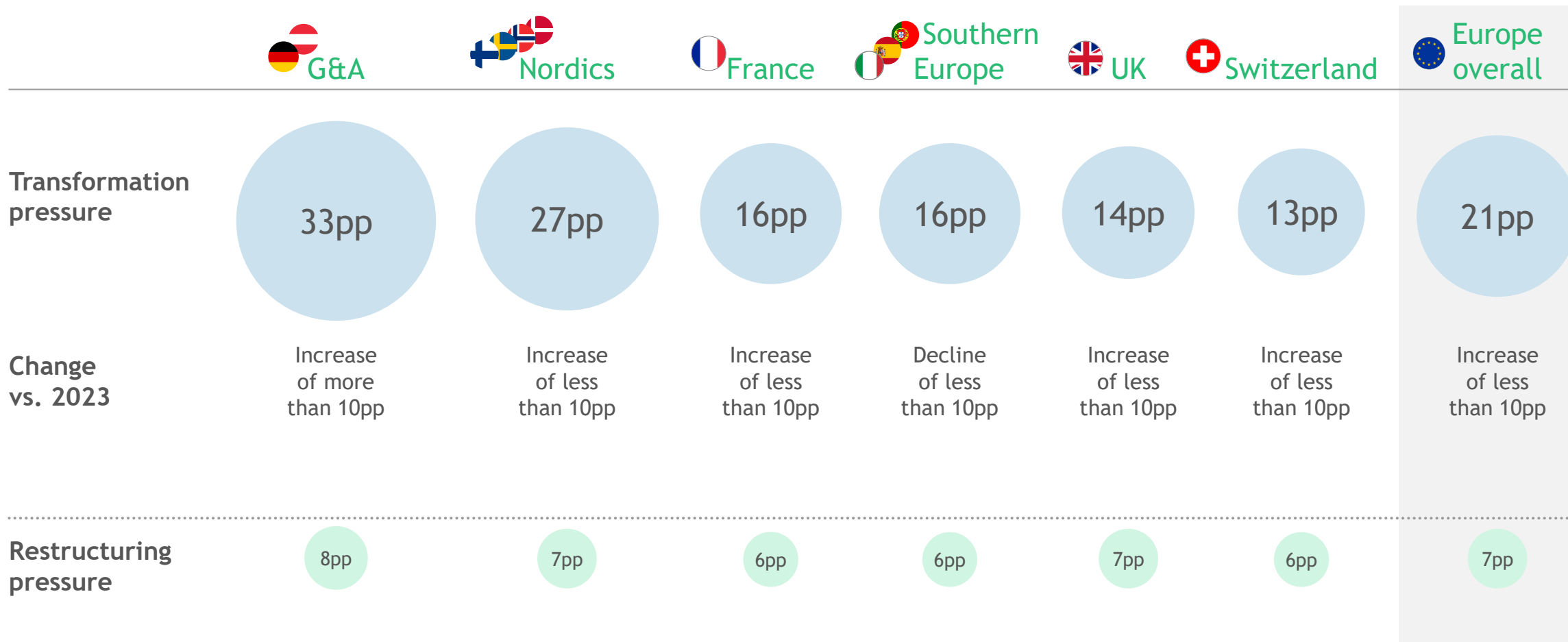


Relative frequency¹ of restructuring-related company talks



1. AlphaSense trend score (based to 100 for Q1 2022), smoothed quarterly data, calculated based on all publicly available documents (company documents, research documents, transcripts) in France, UK, Germany, Austria, Switzerland, Italy, Spain, Portugal, Denmark, Sweden, Norway, and Finland.
Sources: AlphaSense; BCG analysis.

Strong transformation and restructuring pressure in Europe, particularly in Germany, Austria, and the Nordic countries



Note: pp = percentage point. Southern Europe companies Italy, Portugal and Spain, the Nordics comprise Denmark, Finland, Norway and Sweden
 Source: S&P Capital IQ, BCG analysis

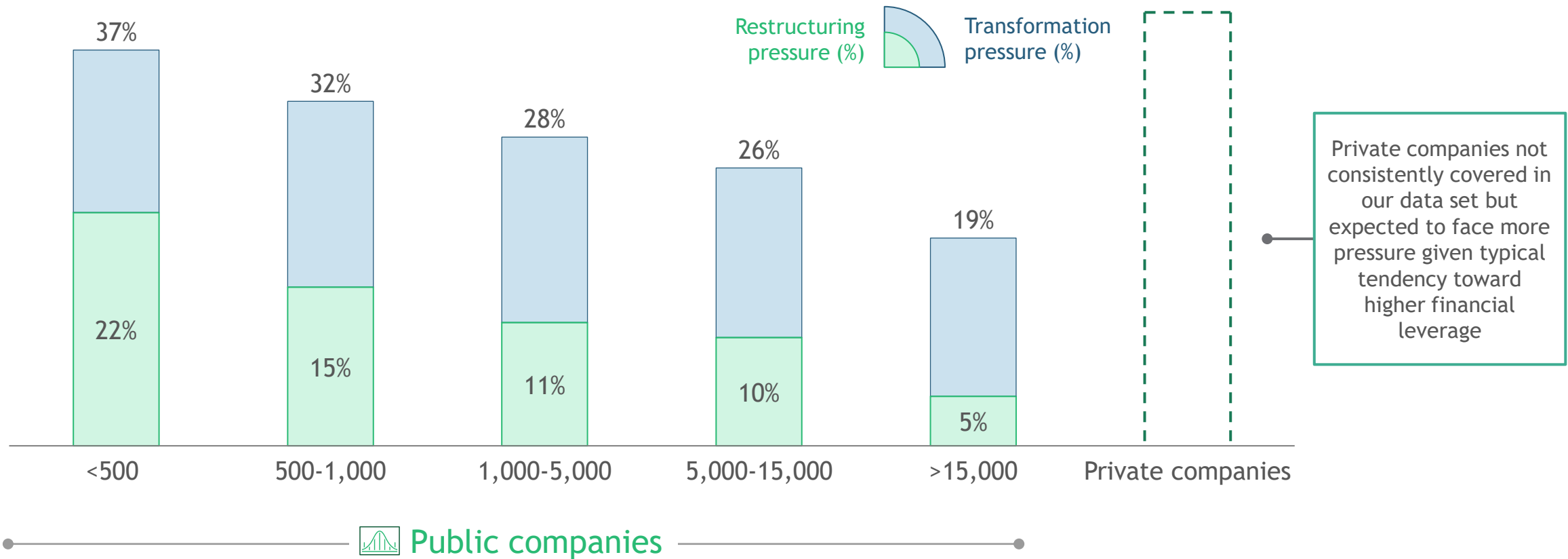
 See country results for in-depth analysis of local trends

Transformation and restructuring pressures decrease with company size

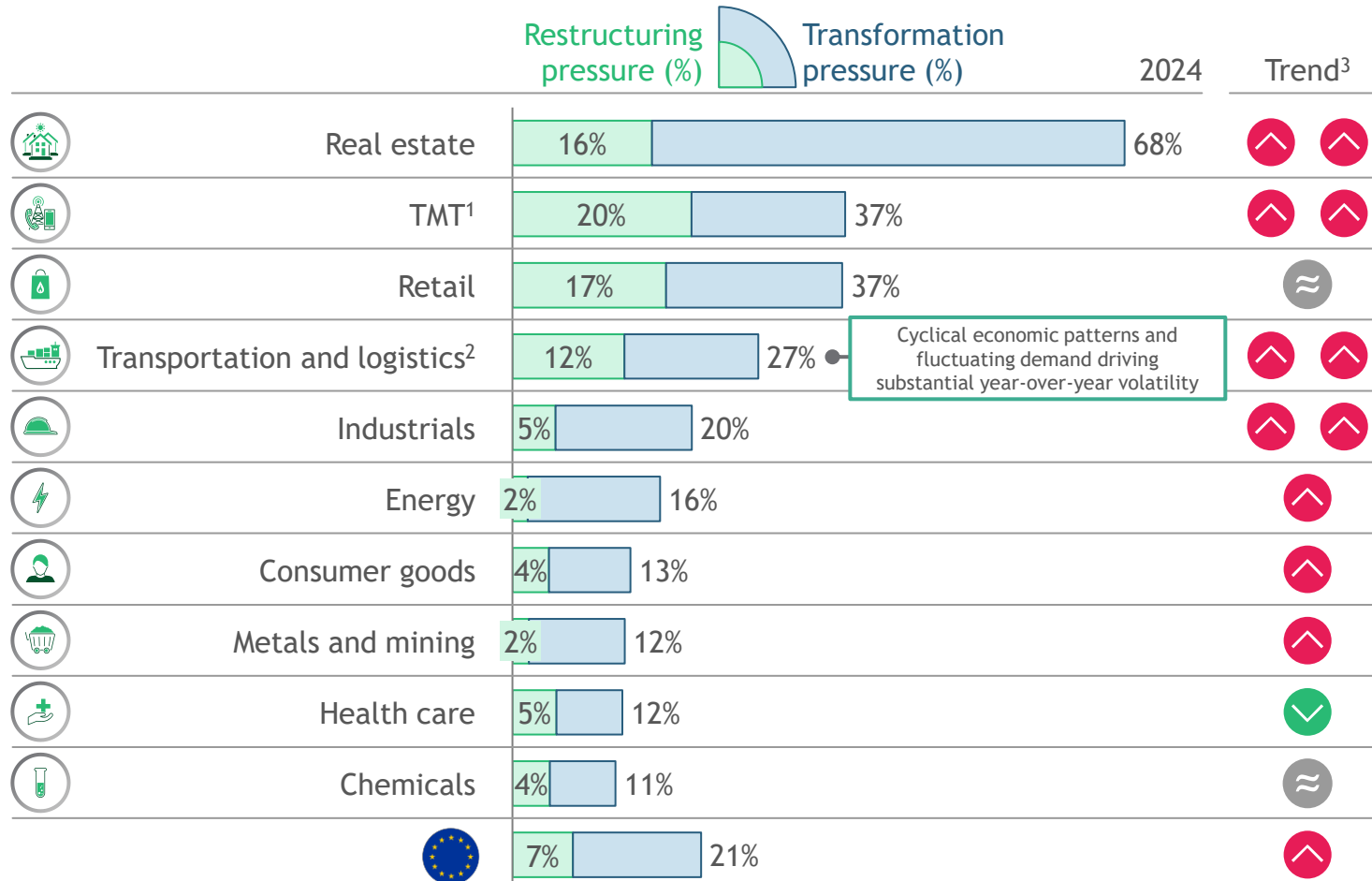
More than one in three companies with revenue under €500 million face transformation pressures vs. one in five companies with revenue greater than €15 billion

Transformation and restructuring pressures per company size





2024 revenue (€millions)



Real estate, TMT, and retail appear as the most pressured sectors



See next pages for deep dives into four of the largest and most pressured sectors

-  Real estate
-  TMT
-  Retail
-  Industrials

1. TMT = technology, media, and telecommunications. 2. Including leisure and tourism. 3. Transformation pressure evolution vs. 2023; <±10pp = single arrow and ≥±10pp = double arrows. Sources: S&P Capital IQ; BCG analysis.

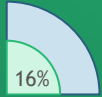


Real estate

Key figures

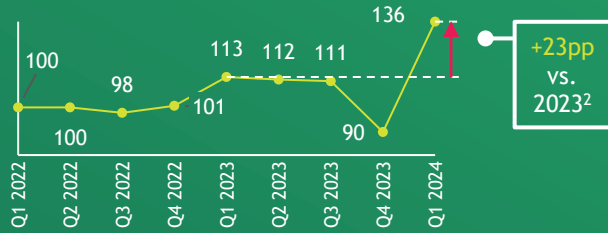
68% vs. 26% in 2023

Restructuring pressure

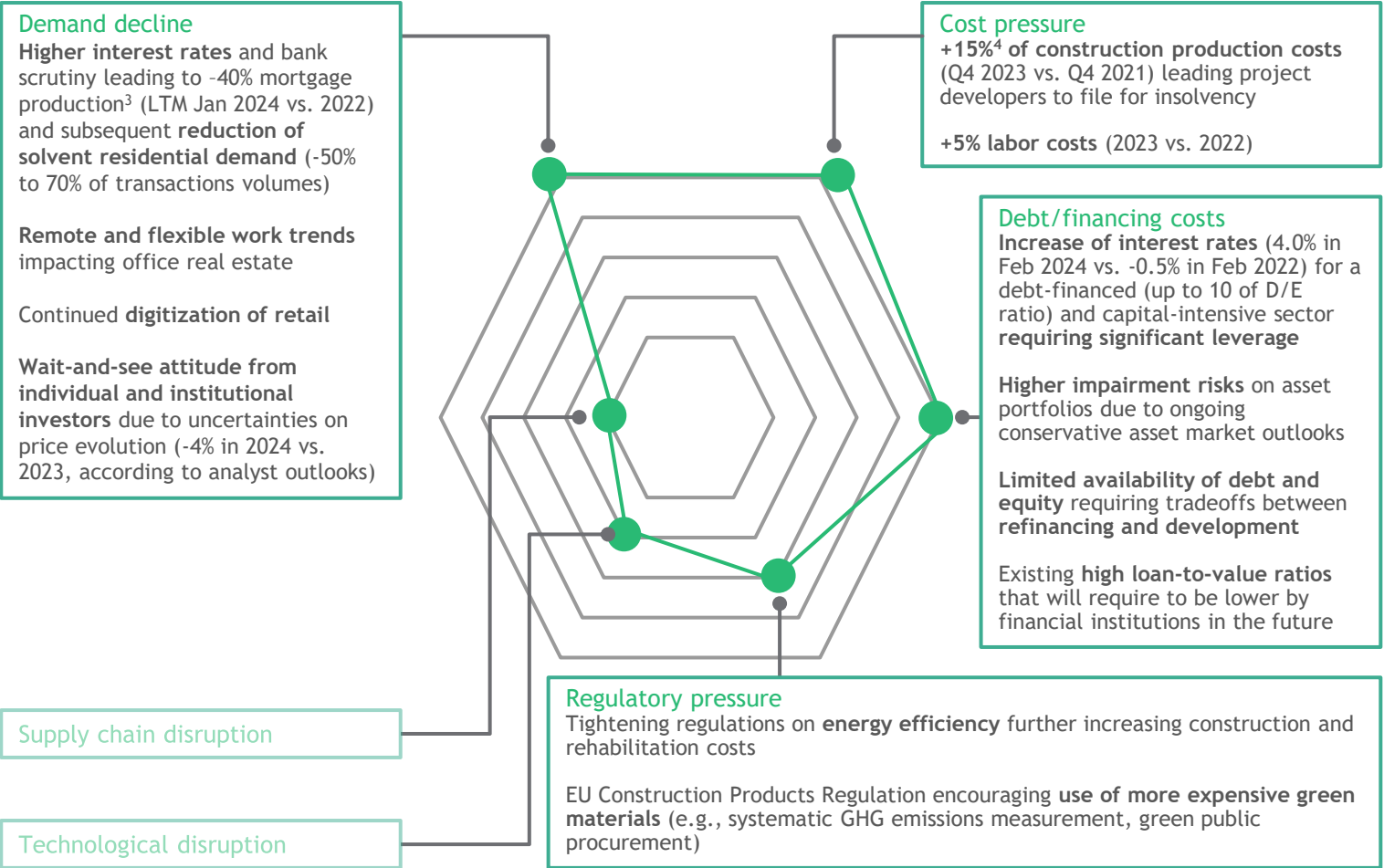


Transformation pressure

Restructuring and transformation topics¹



Key trends and challenges in Europe



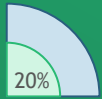
1. Relative frequency of restructuring and transformation topics via public citations. 2. Comparing Q1 2023 with Q1 2024. 3. France, Germany, Spain, and Italy as proxy. 4. EU construction producer costs index. Sources: S&P Capital IQ; AlphaSense; Banque de France; Eurostat; MSCI Real Assets; Refinitiv; BCG analysis and BCG expert views; BCG crisis radar.

Telecommunications

Key figures

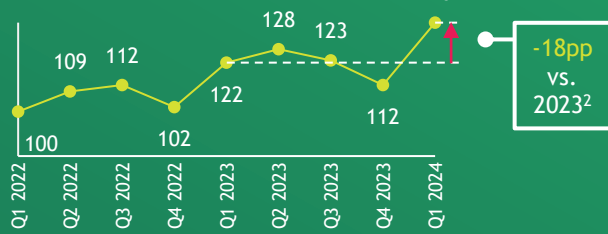
37%  vs. 19% in 2023

Restructuring pressure



Transformation pressure

Restructuring and transformation topics¹

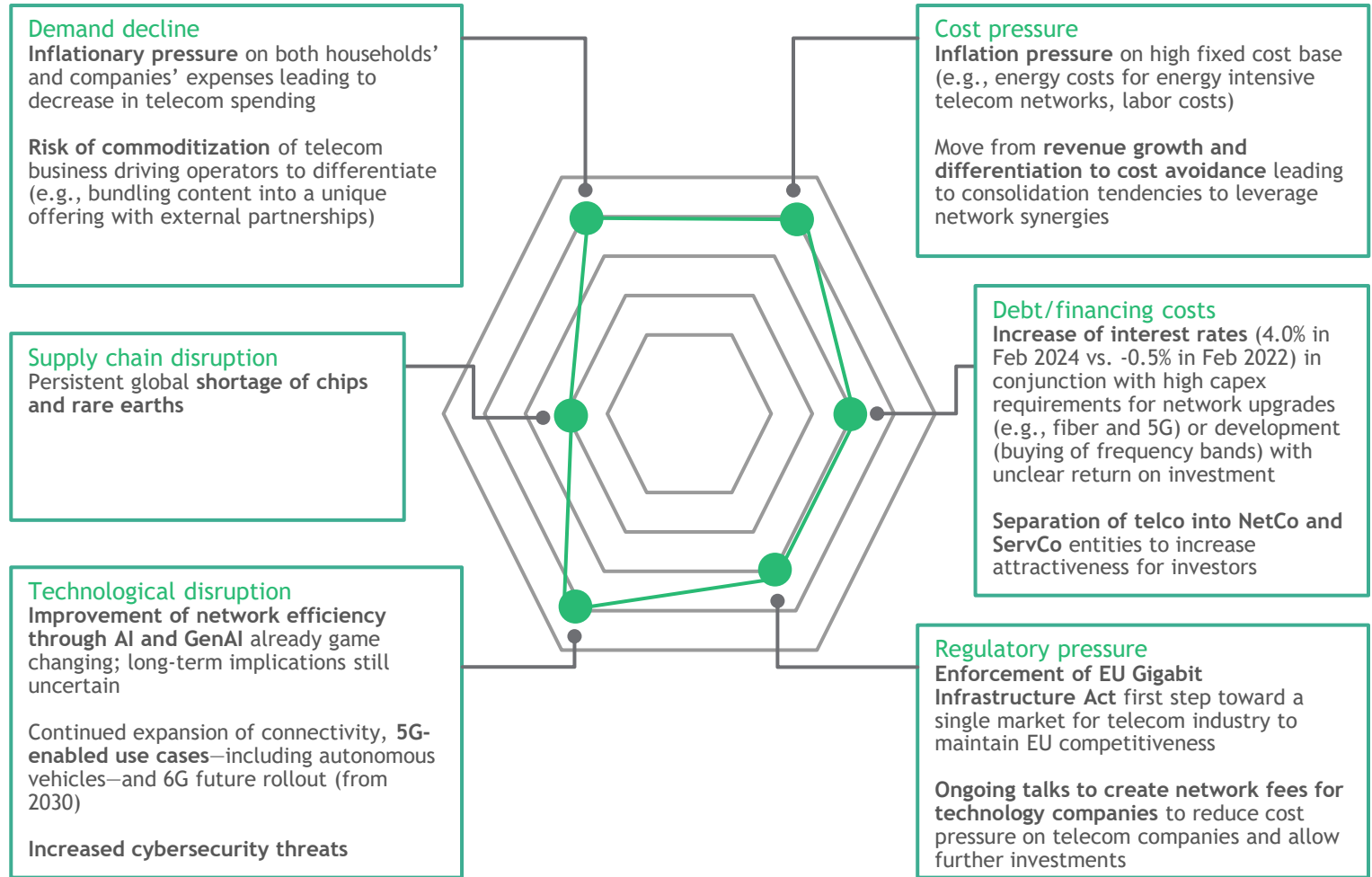


Top executive views³

- 59%  vs. 34% in  Worried about uncertain economic outlook
- 25%  vs. 18% in  Worried about human capital and talent accessibility
- 65%  vs. 10% in  Have margin enhancement as their top priority for 2024



Key trends and challenges in France

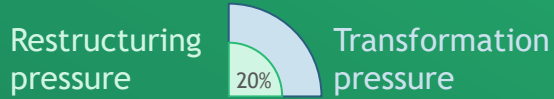


1. Relative frequency of restructuring and transformation topics via public citations. 2. Comparing Q1 2023 with Q1 2024. 3. From TMT executives (technology, media, telecommunications).
Note: Key figures, restructuring and transformation topics, and top executive views sections for TMT.
Sources: S&P Capital IQ, AlphaSense; BCG analysis and BCG expert views; BCG C-Suite survey 2024.

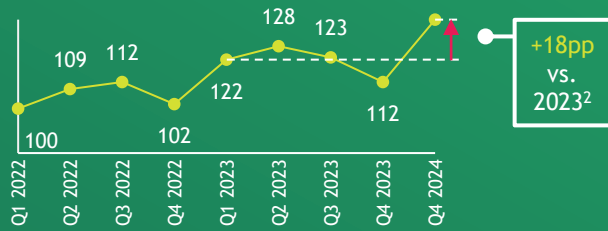
Media

Key figures

37%  vs. 19% in 2023



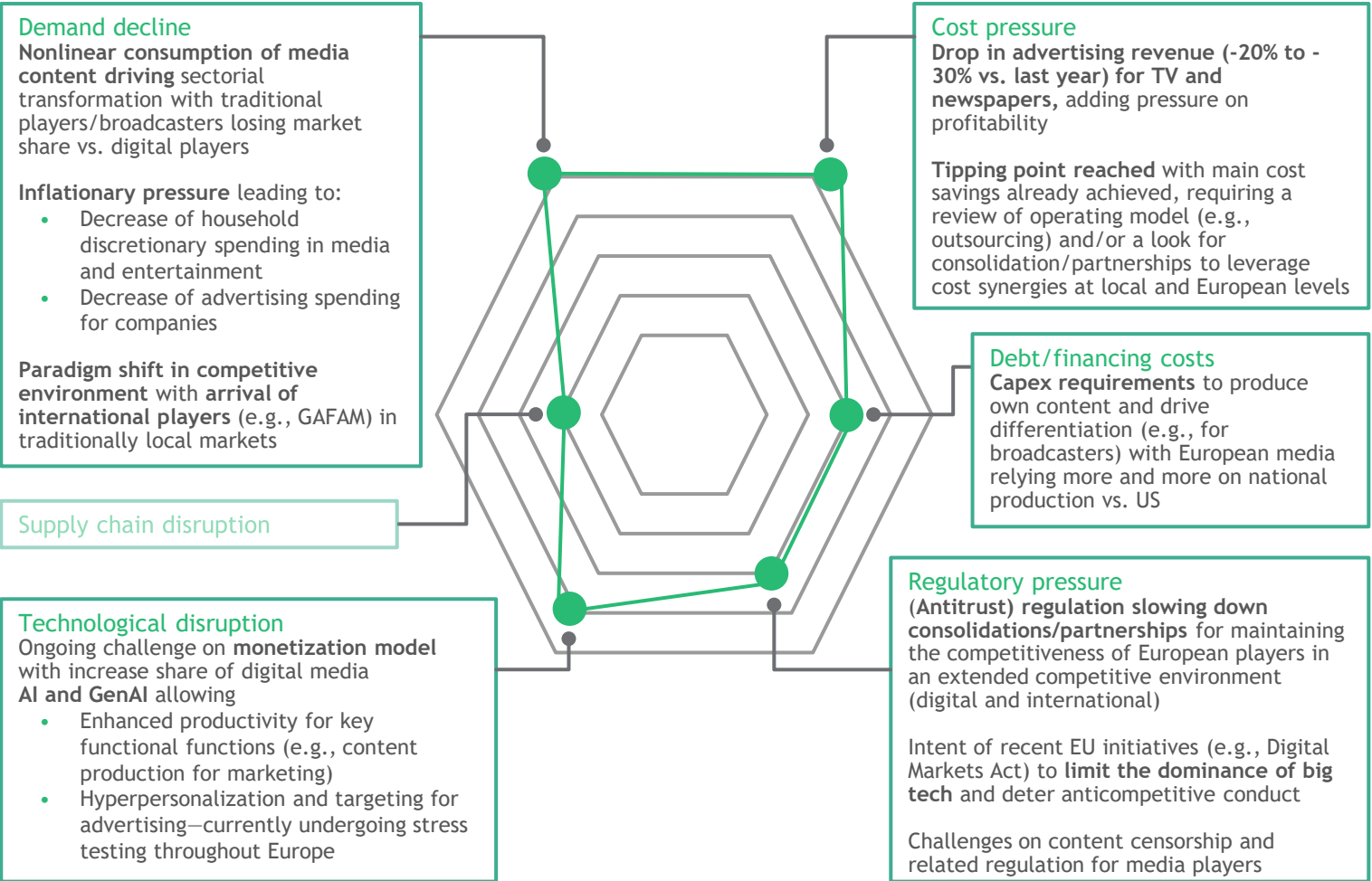
Restructuring and transformation topics¹



Top executive views³



Key trends and challenges in Europe



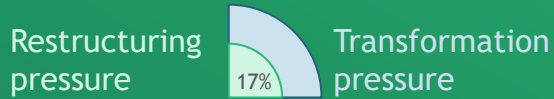
1. Relative frequency of restructuring and transformation topics via public citations. 2. Comparing Q1 2023 with Q1 2024. 3. From TMT executives.

Note: Key figures, restructuring and transformation topics, and top executive views sections for TMT. Sources: S&P Capital IQ; AlphaSense; BCG analysis and BCG expert views; BCG C-Suite survey 2024.

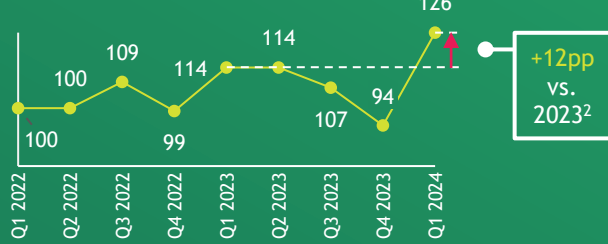
Retail

Key figures

37% (≈) vs. 37% in 2024



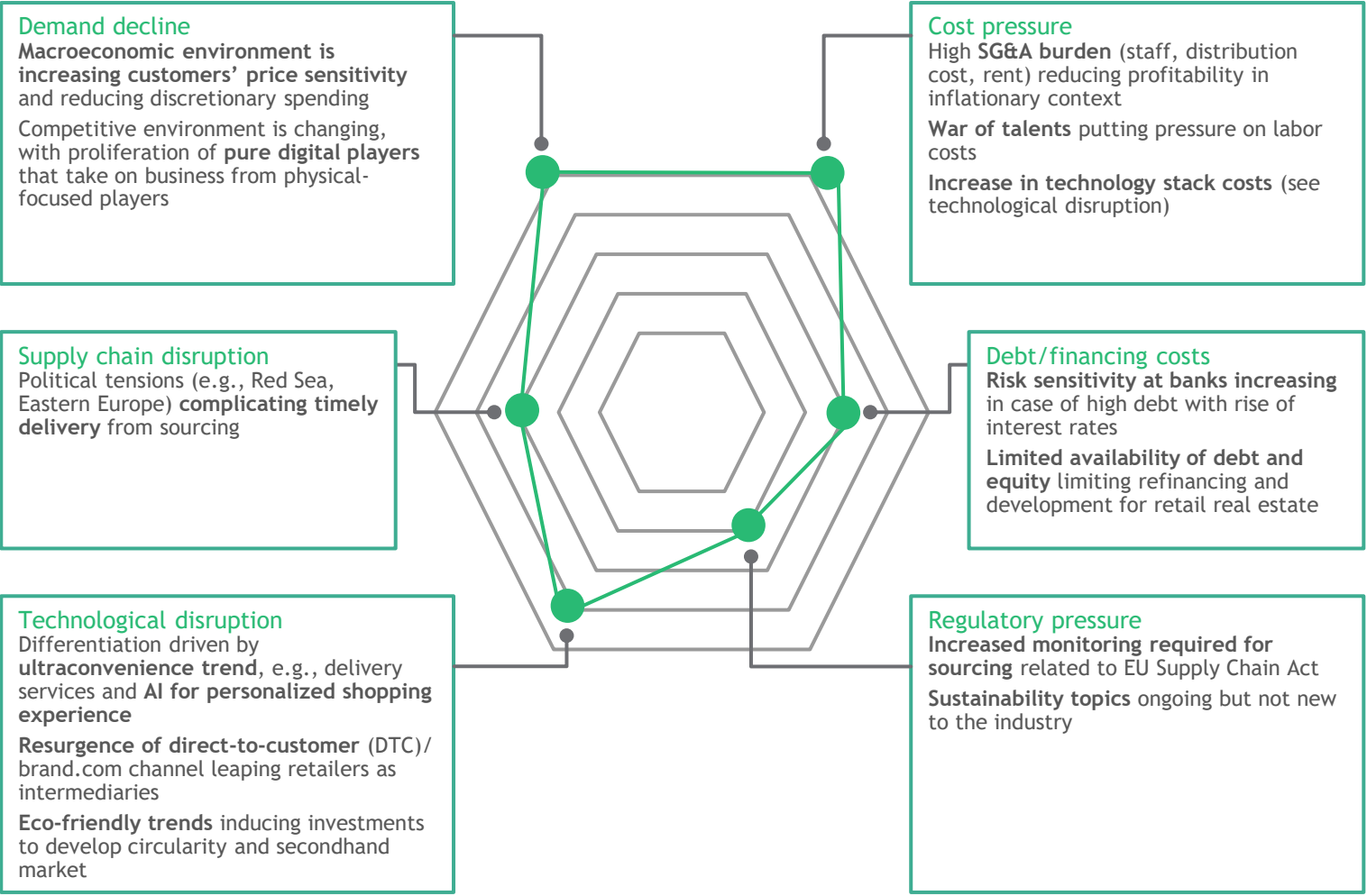
Restructuring and transformation topics¹



Top executive views³



Key trends and challenges in Europe



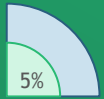
1. Relative frequency of restructuring and transformation topics via public citations.
2. Comparing Q1 2023 with Q1 2024. 3. From consumer sector, including retail.
Sources: S&P Capital IQ; Alphasense; BCG analysis and BCG expert views; BCG C-Suite survey 2024.

Industrials

Key figures

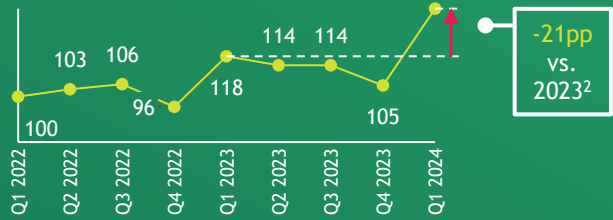
20%  vs. 8% in 2023

Restructuring pressure





Transformation pressure

Restructuring and transformation topics¹



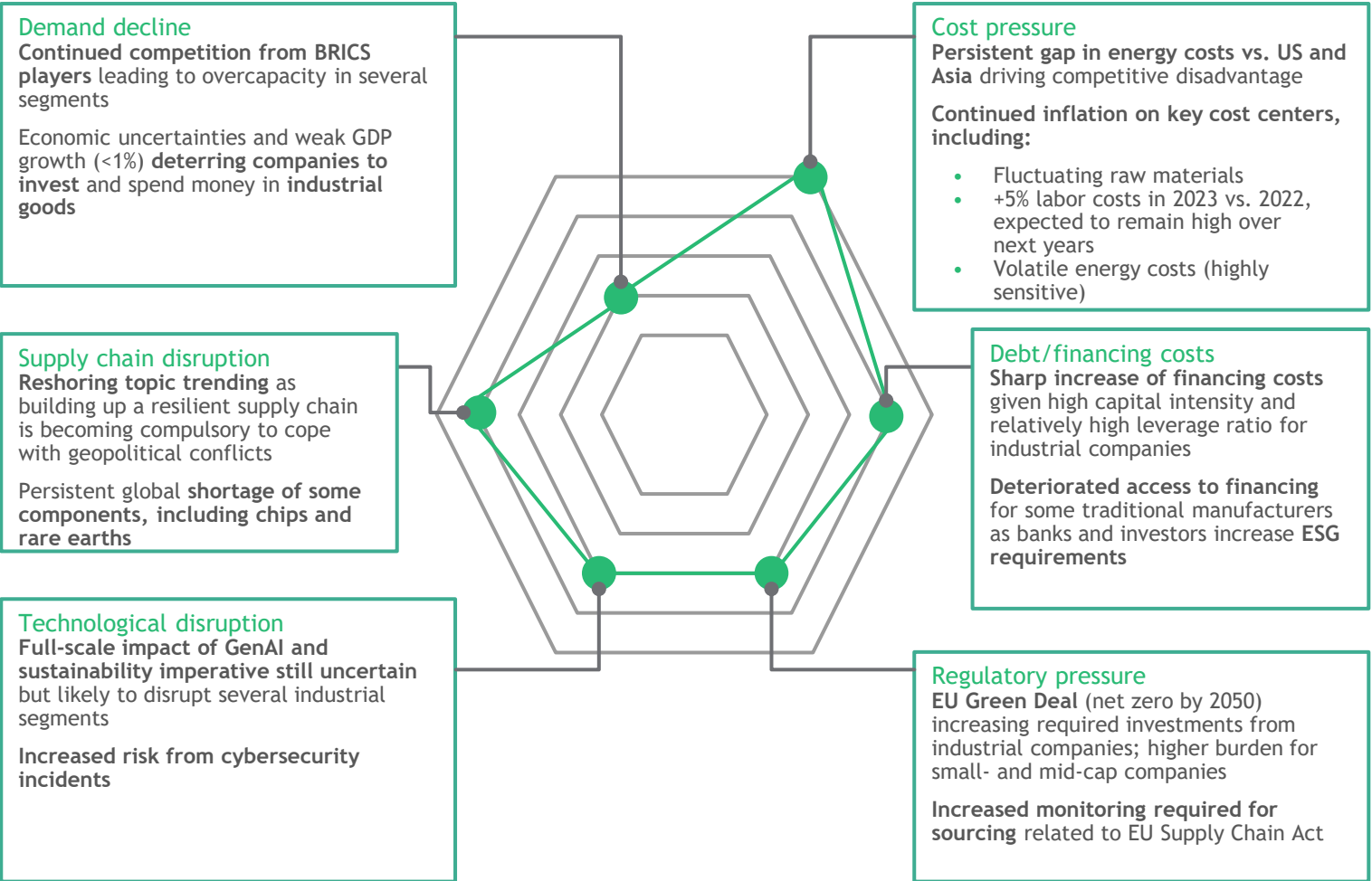
Top executive views

 vs. 34% in  Worried about uncertain economic outlook

 vs. 18% in  Worried about impact of cost of energy

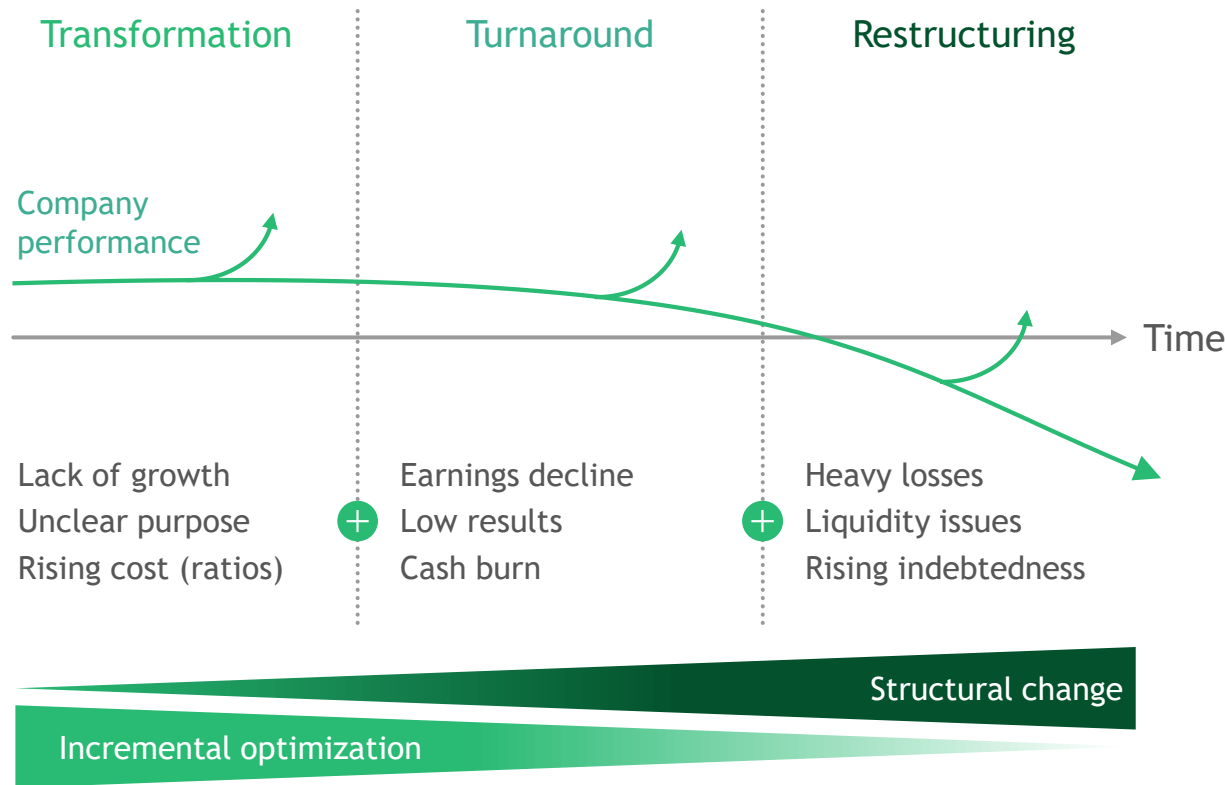


Key trends and challenges in Europe





1. Relative frequency of restructuring and transformation topics via public citations. 2. Comparing Q1 2023 with Q1 2024. Sources: S&P Capital IQ; AlphaSense; BCG analysis and BCG expert views; BCG C-Suite survey 2024.



BCG Transform assists companies for transformation, turnaround, and restructuring



Typical transformation offering


- 
Full potential plan (FPP)
 FPP development includes cost efficiency, NWC optimization, and CTO offering
- 
Execution support/transformation office (TO)
 Aligning, monitoring, and steering large-scale transformation programs

Typical special situations offering

- 
IBR/restructuring opinions
 Creating new and/or validating existing restructuring programs
- 
Cash office
 Establishing 13-week as well as midterm liquidity planning and actively managing cash




Your European BCG Transform special situations team assists you all along your journey

UK






Philip Jones

Nordics






Mikko Tynkkynen Matthieu Berthion Eetu Isto

France





Yahya Daraaoui Renaud Montupet Maxime Zarka

Germany and Austria





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