



# BCG Transform & Special Situations Index 2024 -TSS Index-

Germany and Austria

JUNE 2024



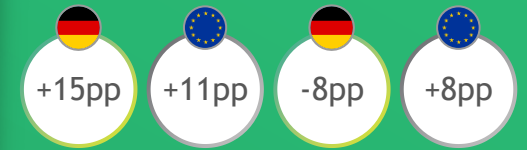
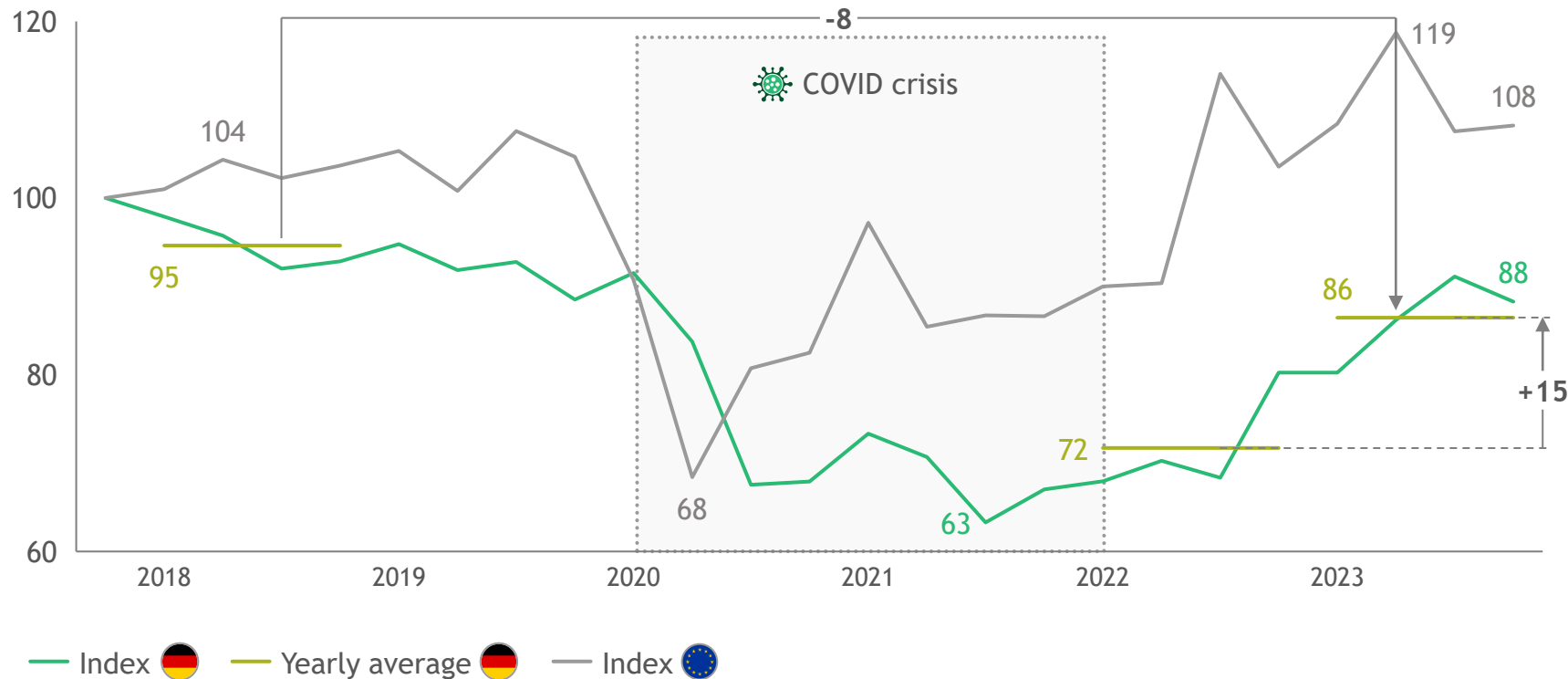
# Insolvencies up +15pp over last year, but still below pre-COVID level

## Insolvency filings: Q1 2018 through Q4 2023

Indexed development of the number of insolvencies (2018 at 100)

Germany as proxy for Germany and Austria

Index, base 100



insolvencies 2023 vs. 2022

insolvencies vs. pre-COVID period

- Insolvency level in Germany below pre-COVID level (-8% in 2023 vs. 2018), but seeing a surge for last year (+15% in 2023 vs. 2022)
- StaRUG law facilitating preinsolvency restructuring, reducing liquidation occurrences since early 2021
- Due to industry-driven and export-focused economy, Germany is exposed to macroeconomic headwinds, suggesting challenges for next two years (2024 GDP growth forecast of +0.3% below EU level of +1.0%)

~18K insolvencies in 2023

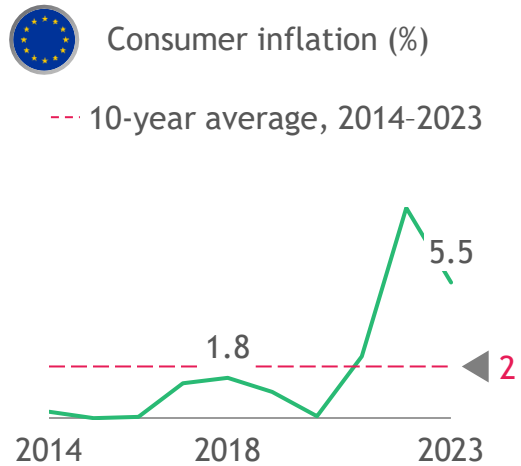
Note: StaRUG = Gesetz über den Stabilisierungs- und Restrukturierungsrahmen für Unternehmen (Act on the Stabilization and Restructuring Framework for Companies).

Sources: Eurostat; International Monetary Fund; BCG analysis.

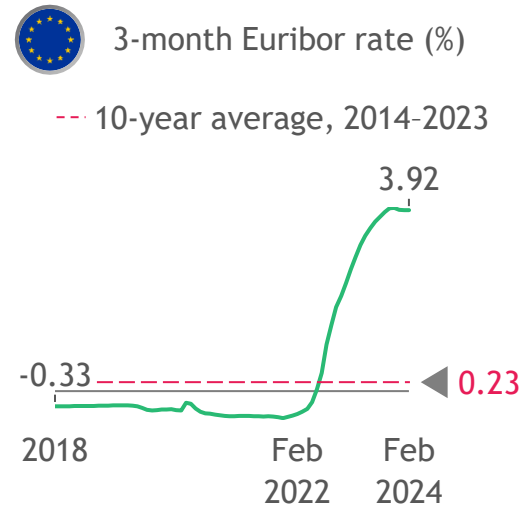
# Continuing macroeconomic headwinds suggest that transformation and restructuring pressures will stay strong in the next 24 months



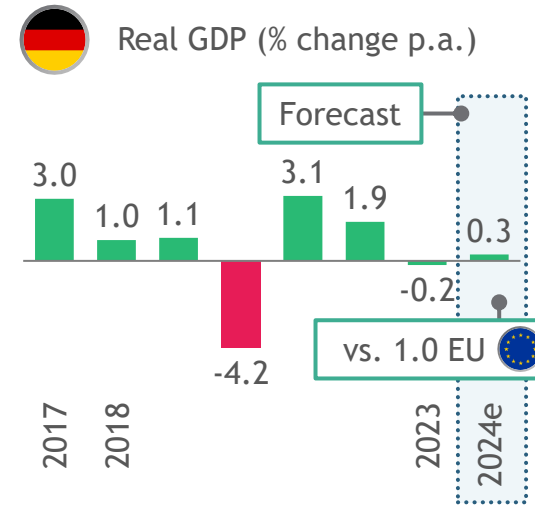
**Inflation tripled vs. pre-COVID**



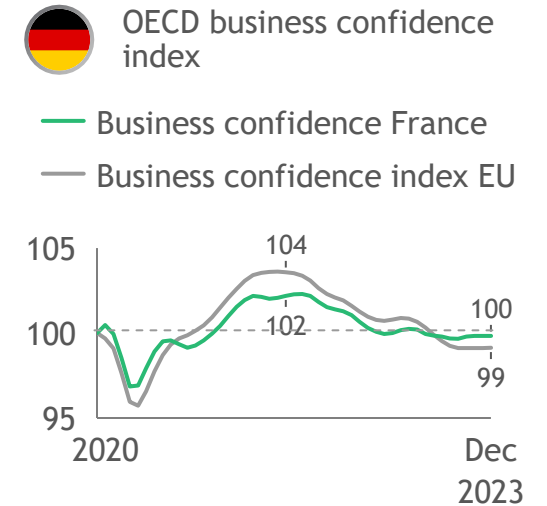
**Interest rates have skyrocketed for last 2 years**




**GDP growth halved vs. pre-COVID**



**Business confidence decreasing**



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

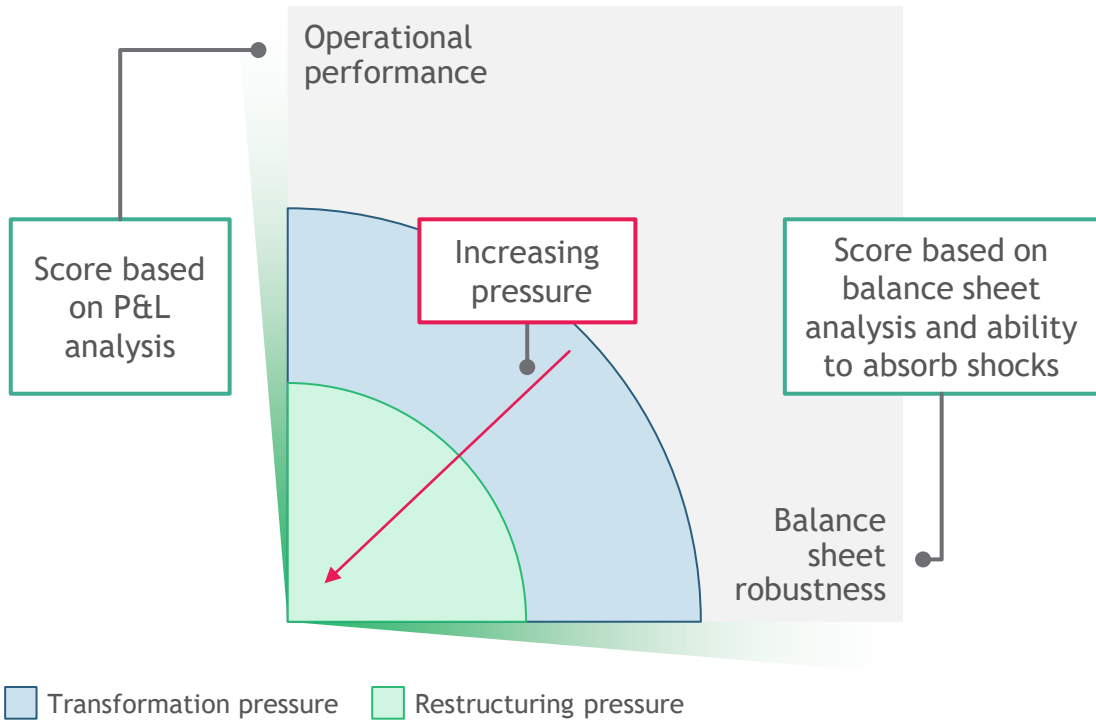
 Industry-driven and export-focused (>50% of GDP) economy; decarbonization of energy sector

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

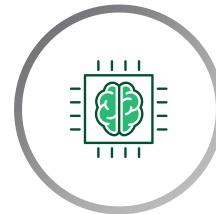
Assessment of about 2,000 European public companies and analysis of 12 performance and financial stability KPIs



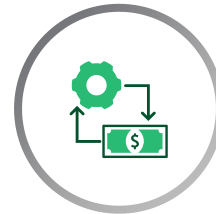
Note: Transformation pressure—initial signs of weakening operational performance and financial stability require optimization. Restructuring pressure—clear signs of weak or negative operational performance and undercapitalization require more structural steps to recover.  
Source: BCG analysis.

## 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

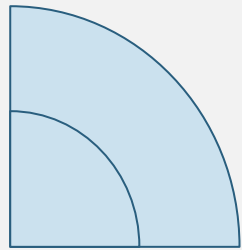


Targeted in-depth interviews with industry experts

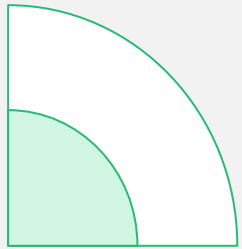
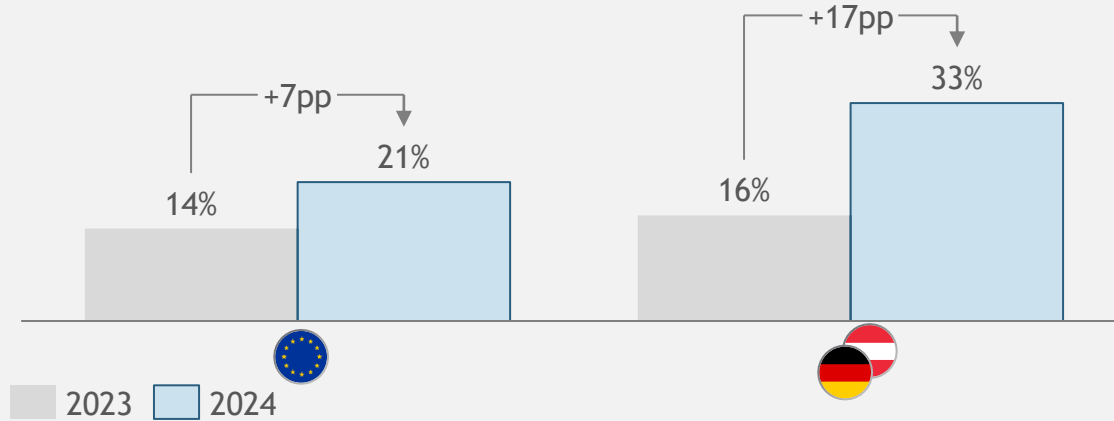


200+ European executives surveyed on their perspectives, priorities, and challenges for 2024

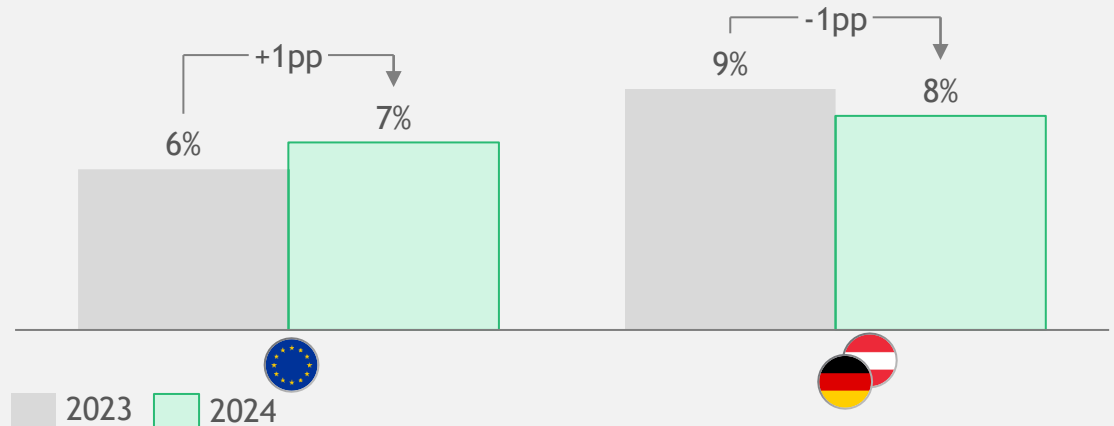
# Transformation pressure increased by 17pp to 33%—significantly above European average



Transformation pressure



Restructuring pressure

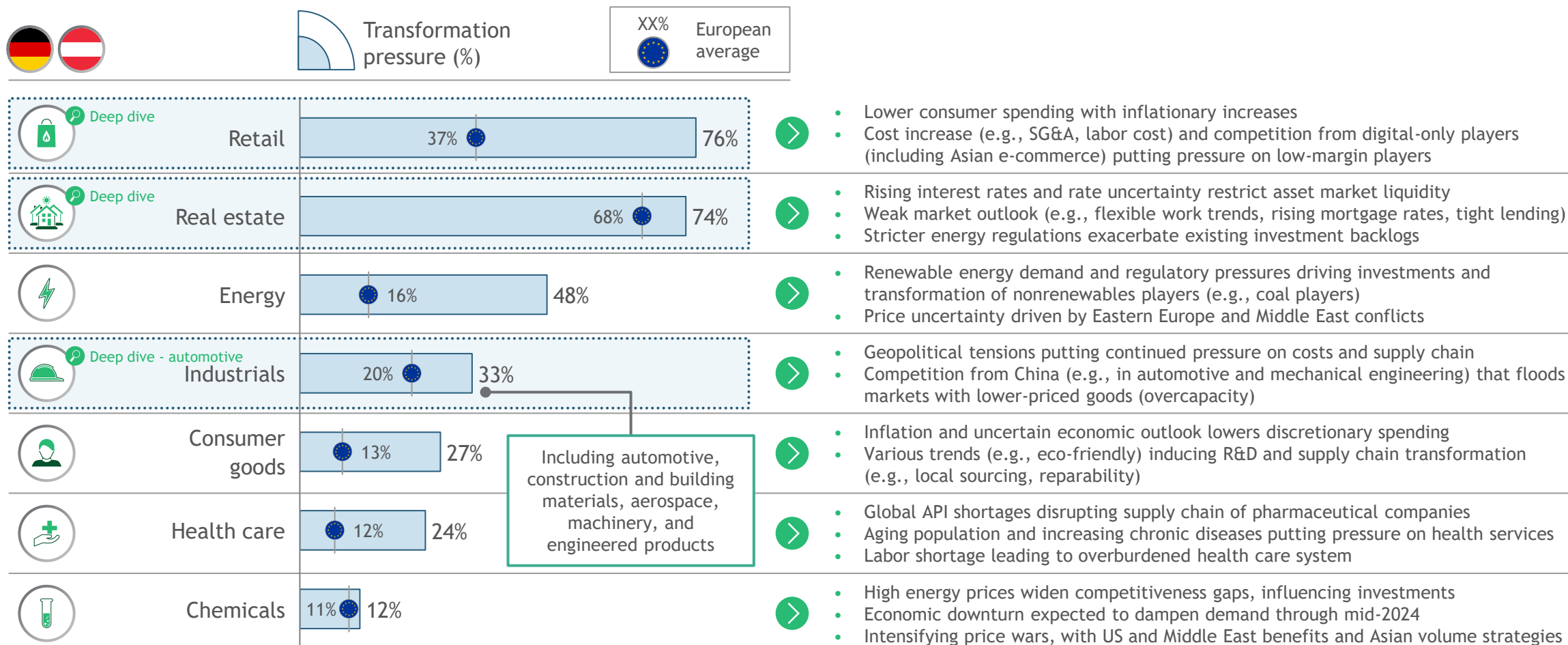


About **1 in 3** companies face significant transformation pressure in Germany and Austria

About **1 in 12** companies face significant restructuring pressure in Germany and Austria

Note: The BCG Transform and Special Situations Index is based on share of revenue.  
Sources: S&P Capital IQ, BCG analysis.

# Retail, real estate, and industrials (especially automotive) see strong transformation pressure



Note: Sectors with ten or more companies in scope and above European average. API = active pharmaceutical ingredient. Health care and chemicals still have robust balance sheets. Sources: S&P Capital IQ; AlphaSense; BCG analysis.

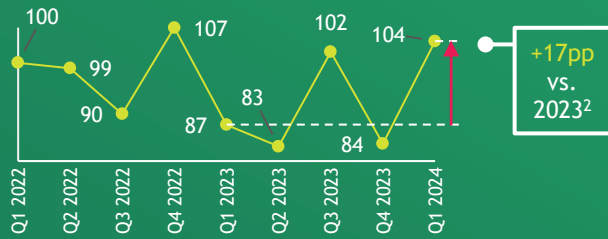
# Real estate

## Key figures

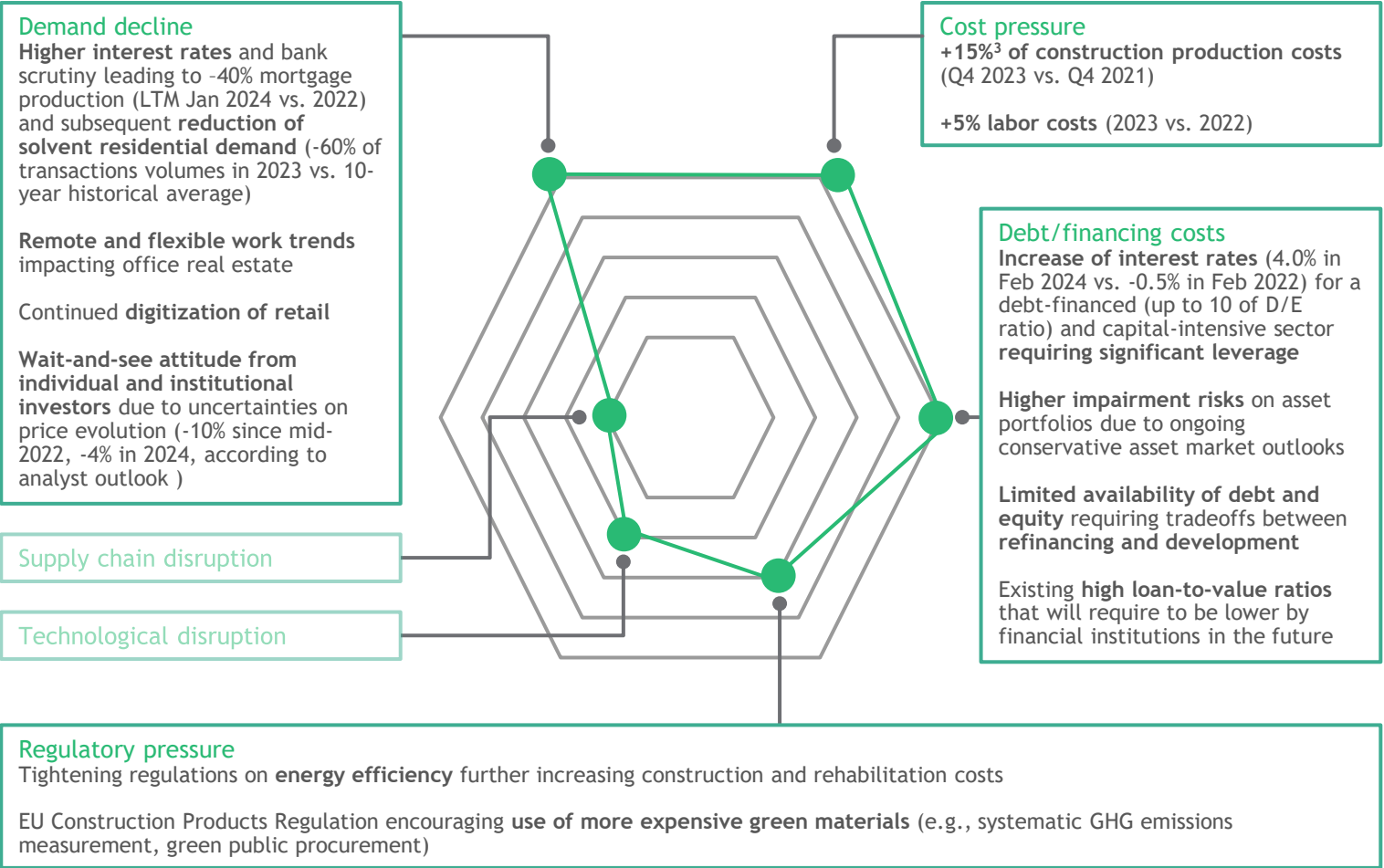
74%  vs. 18% in 2023

 Transformation pressure

## Restructuring and transformation topics<sup>1</sup>



# Key trends and challenges in Germany and Austria



1. Relative frequency of restructuring and transformation topics via public citations. 2. Comparing Q1 2023 with Q1 2024. 3. EU construction producer costs index.

Sources: S&P Capital IQ; AlphaSense; Banque de France; Eurostat; MSCI Real Assets; Federal Statistical Office of Germany; Cushman & Wakefield; BCG analysis and BCG expert views; BCG crisis radar.

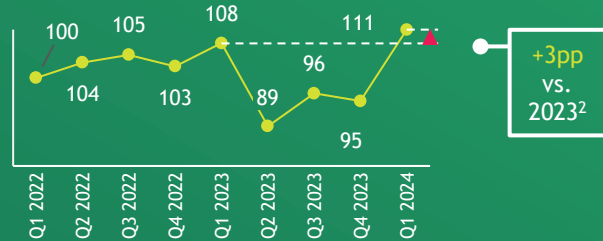
# Industrials

## Key figures

33%  vs. 6% in 2023



 Transformation pressure

## Restructuring and transformation topics<sup>1</sup>



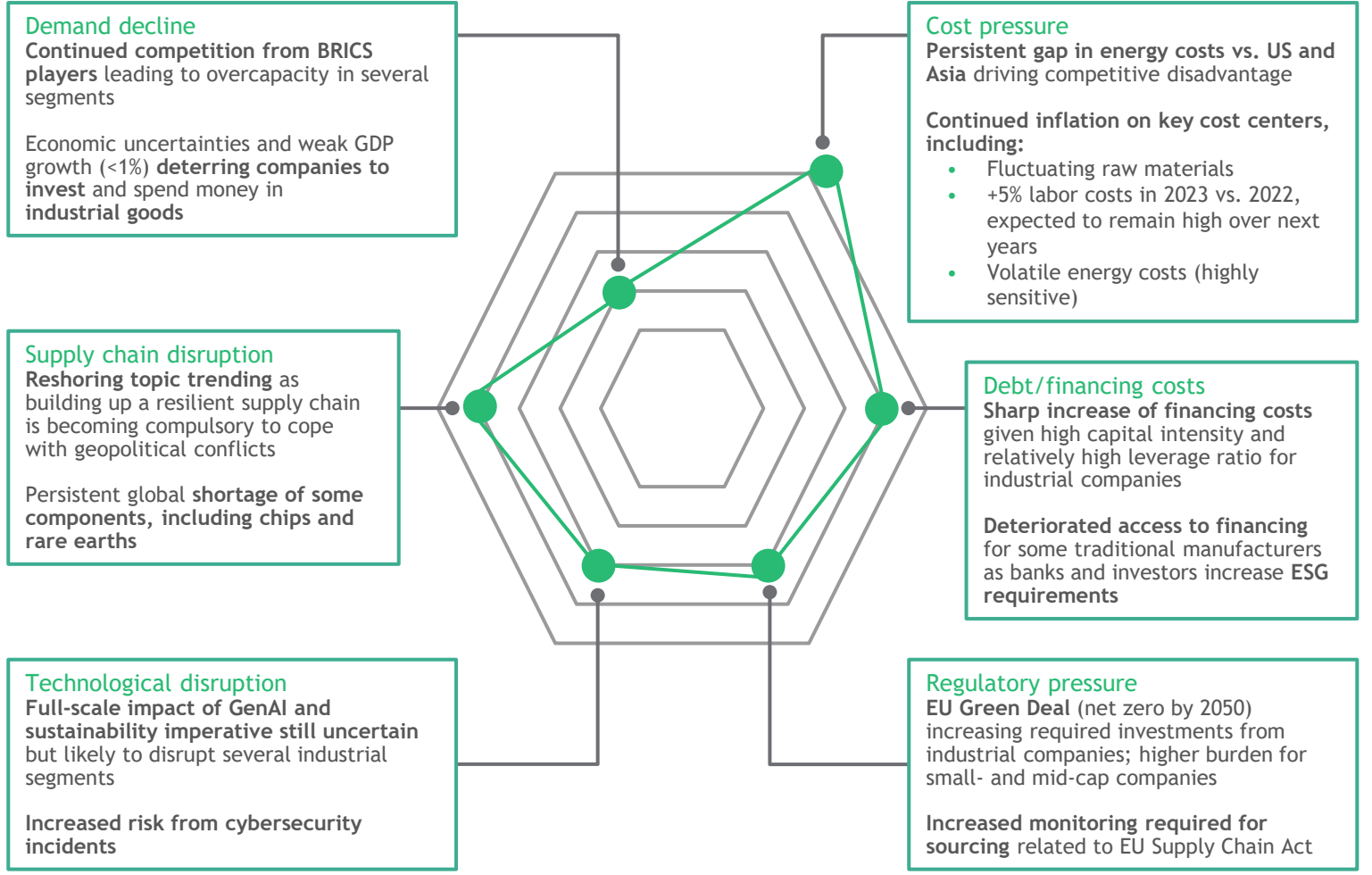
## Top executive views

 vs. 34% in  Worried about uncertain economic outlook

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



# Key trends and challenges in Germany and Austria



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.





# Automotive

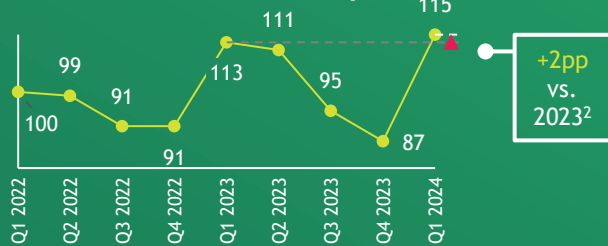
## Key figures

43% vs. 2% in 2023



Transformation pressure

## Restructuring and transformation topics<sup>1</sup>



## Top executive views<sup>3</sup>

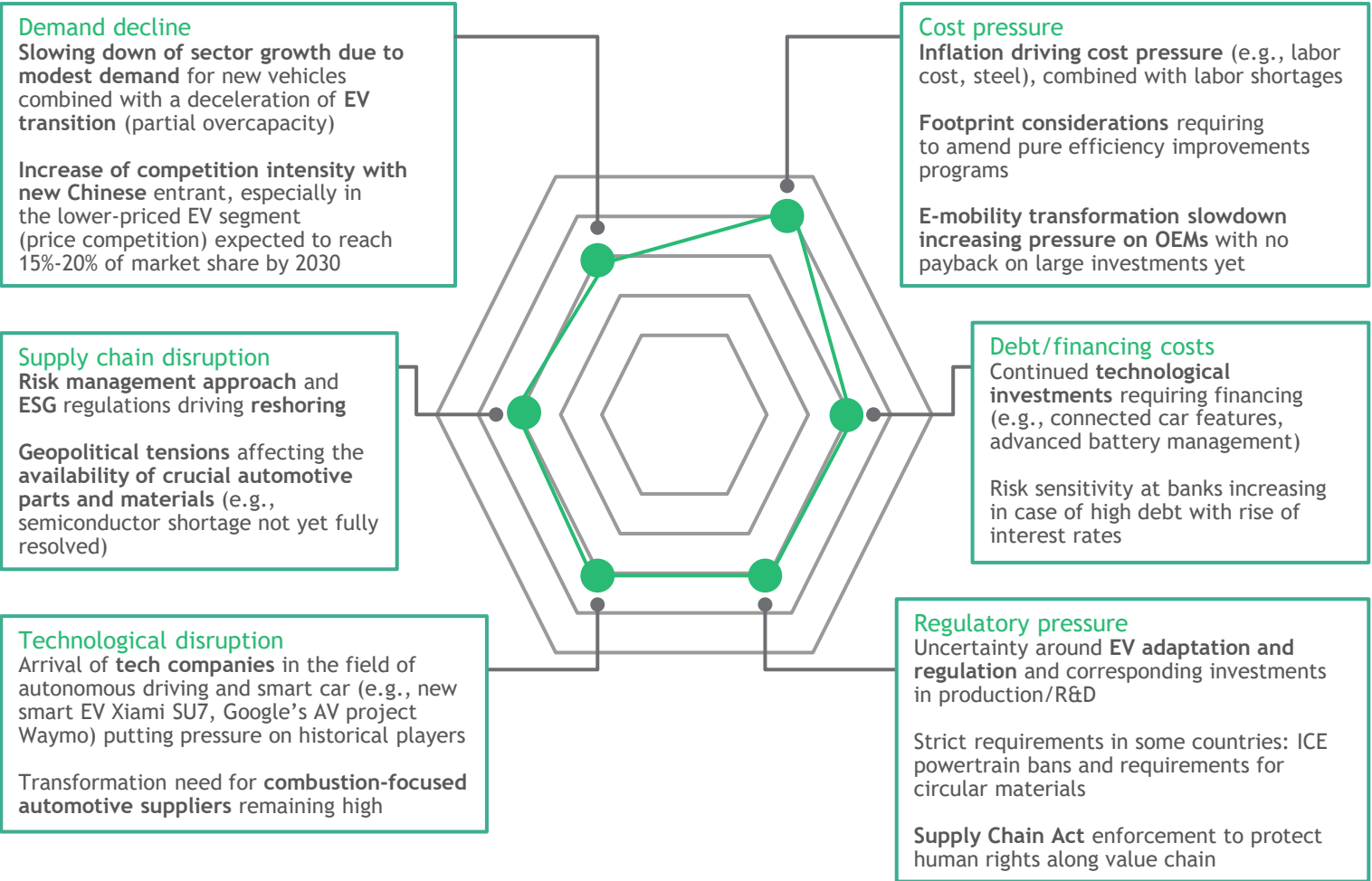
**41%** vs. 34% in Worried about uncertain economic outlook

**25%** vs. 18% in Worried about impact of cost of energy

**10%** vs. 8% in Have R&D as their top priorities for 2024



# Key trends and challenges in Germany and Austria

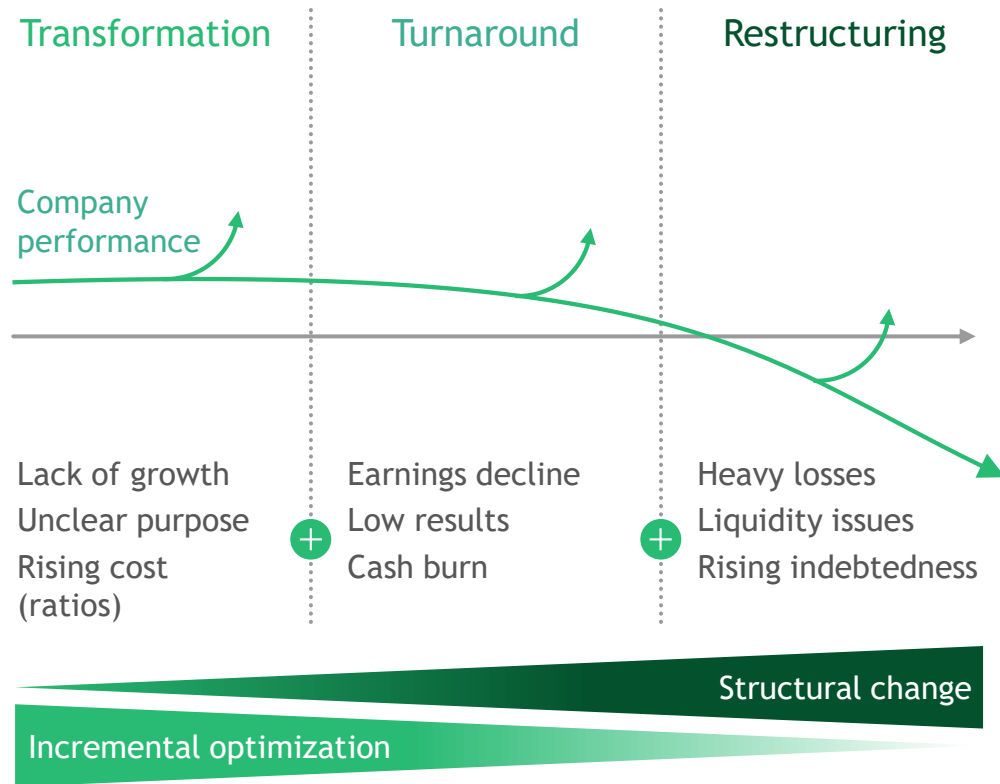


1. Relative frequency of restructuring and transformation topics via public citations.

2. Comparing Q1 2023 with Q1 2024. 3. From industrials goods sector, including automotive.

Sources: S&P Capital IQ; AlphaSense; BCG analysis and BCG expert views; BCG crisis radar, February 2024; BCG virtual automotive roundtable; BCG C-Suite survey 2024.

# BCG Transform assists companies for transformation, turnaround, and restructuring



Source: BCG.

## 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 BCG special situations local experts to assist you along your journey



**Jochen Schönfelder**  
Managing Director & Senior Partner  
Cologne



**Nicolai Cummerow**  
Managing Director & Partner  
Stuttgart



**Dominik Bill**  
Associate Director  
Frankfurt



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