



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

Italy/Southern Europe

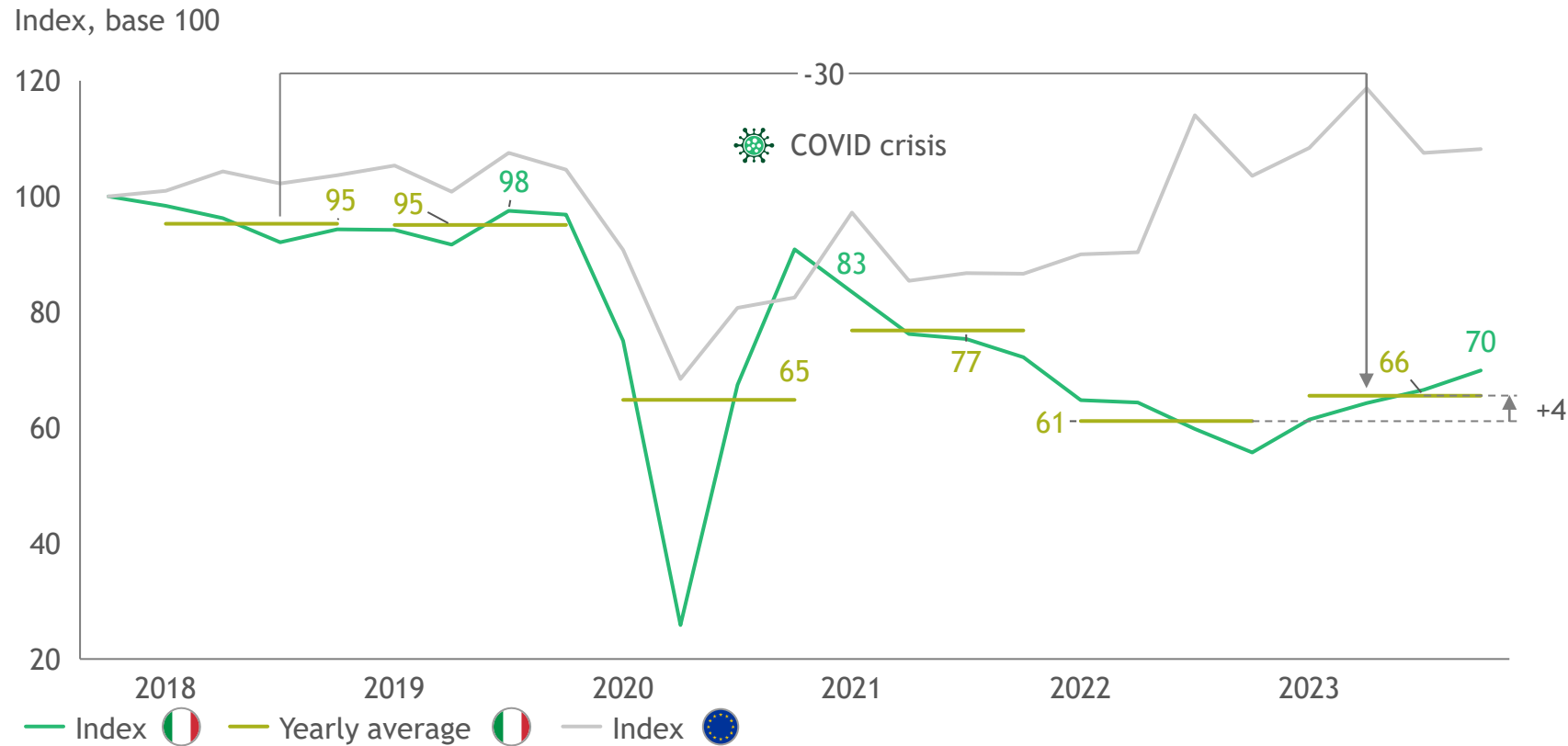
JUNE 2024



# +4pp in insolvencies over last year, below pre-COVID level and European average

## Insolvency filings: Q1 2018 through Q4 2023

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



insolvencies  
2023 vs. 2022

insolvencies vs.  
pre-COVID  
period

- Italy with very limited increase in insolvencies (+4pp vs. 2022) also due to highest liquidity support through COVID crisis (35% of GDP vs. 7% for EU)
- A new corporate restructuring code finally came into force in 2022, fostering early resolution of corporate crisis and debtor-friendly solutions
- High level of debt, increasing default risk for upcoming years (total NPE<sup>1</sup> stock on banking books remains significant with €311 billion GBV<sup>2</sup> in December 2023)

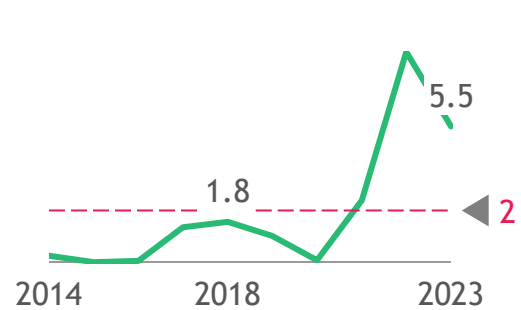
1. NPE = nonperforming exposure. 2. GBV = growth book value.  
Sources: Eurostat; International Monetary Fund; BCG analysis.

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



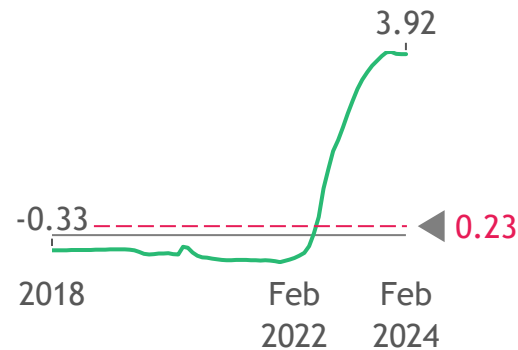
**Inflation tripled vs. pre-COVID**

Consumer inflation/PPI in Eurozone (Mar 2024)  
 --- 10-year average, 2014-2023



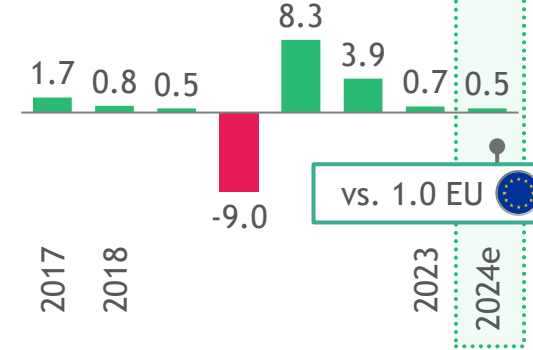
**Interest rates have skyrocketed for last 2 years**

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



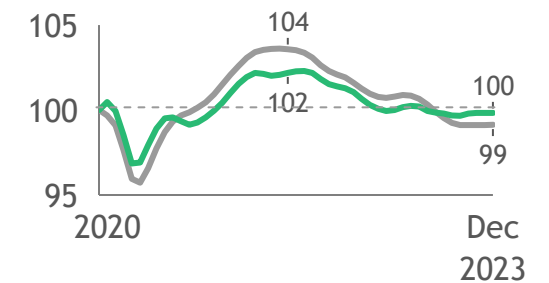
**GDP growth halved vs. pre-COVID**

Real GDP (% change p.a.)  
 Forecast



**Business confidence decreasing**

OECD business confidence index  
 — Business confidence France  
 — Business confidence index EU



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

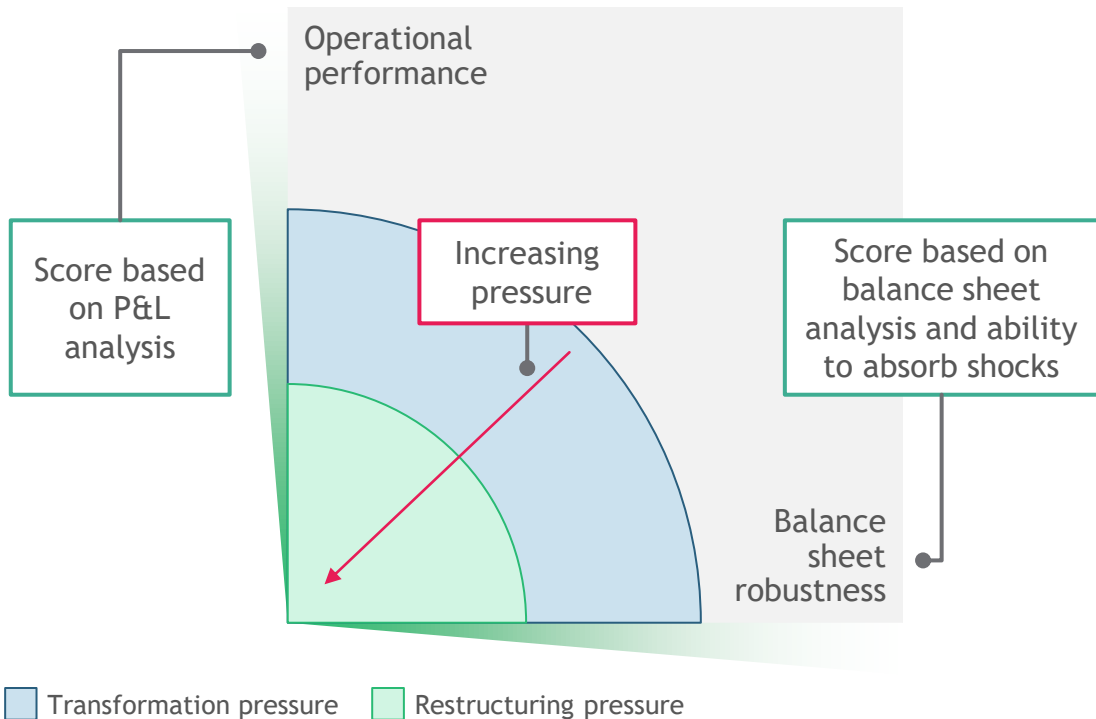
High public debt; midmarket economy driven by bank financing, tourism recovery

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



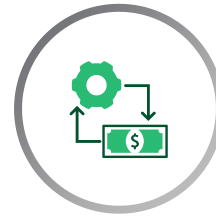
Note: Transformation pressure—initial signs of weakening operational performance and financial stability require optimization. Restructuring pressure—clear signs of weak or negative operational performance and undercapitalization require more structural steps to recover.  
Source: BCG analysis.

## 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

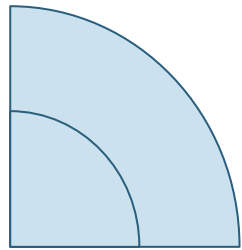


Targeted in-depth interviews with industry experts

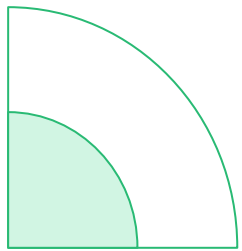
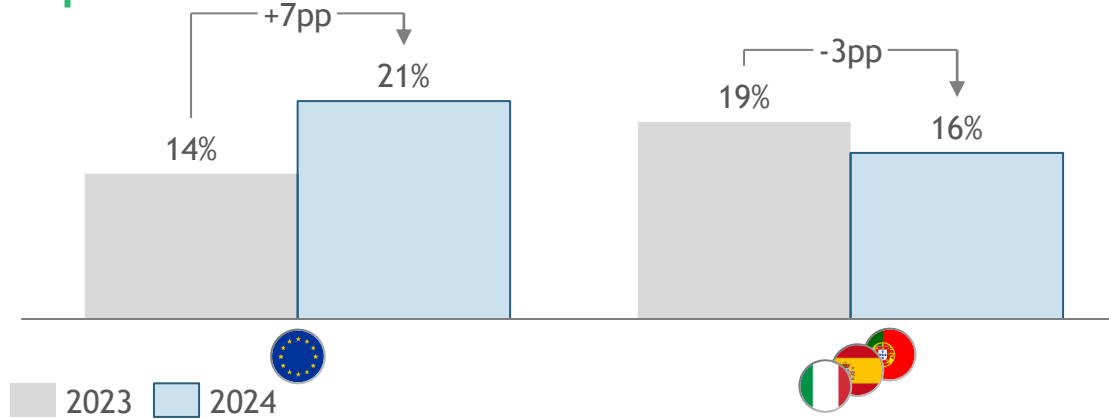


200+ European executives surveyed on their perspectives, priorities, and challenges for 2024

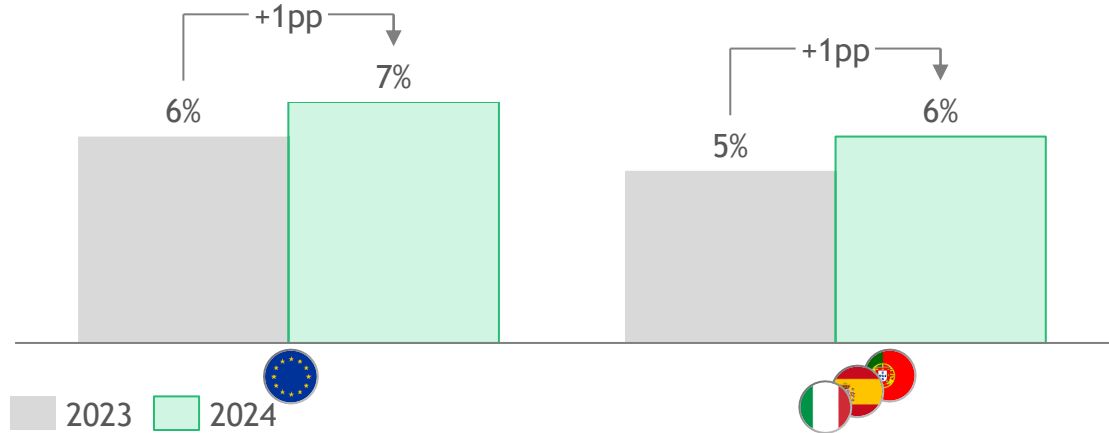
# In Southern Europe, restructuring pressure has increased in 2024 despite decline in overall transformation pressure



Transformation pressure



Restructuring pressure



About **1 in 6** companies face significant transformation pressure in Southern Europe

About **1 in 17** companies face significant restructuring pressure in Southern Europe

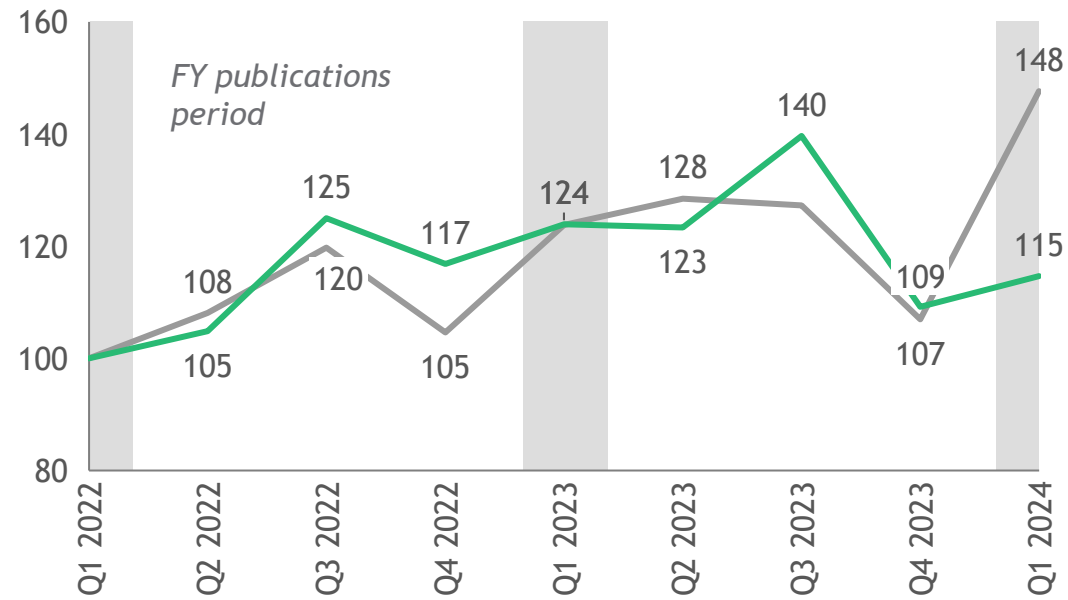
Note: The BCG Transform and Special Situations Index is based on share of revenue. Southern Europe comprises Italy, Spain, and Portugal.  
Sources: S&P Capital IQ; BCG analysis.

# AI-powered sentiment analysis shows transformation topics are currently gaining momentum while restructuring is being discussed on 2022 level

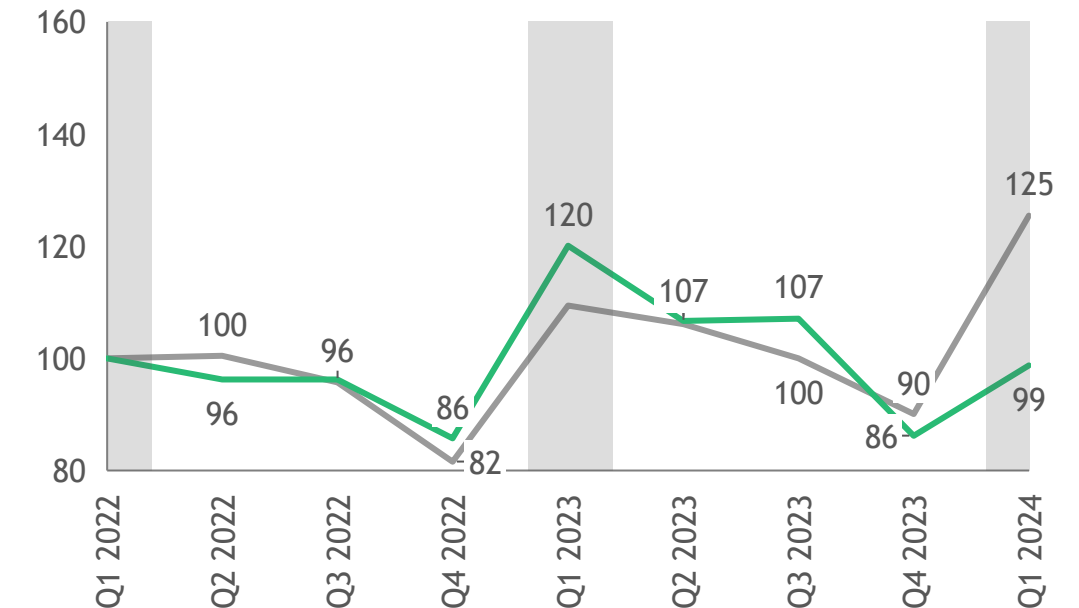
Development of transformation and restructuring citations in public company documents

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

Relative frequency<sup>1</sup> of transformation-related company talks

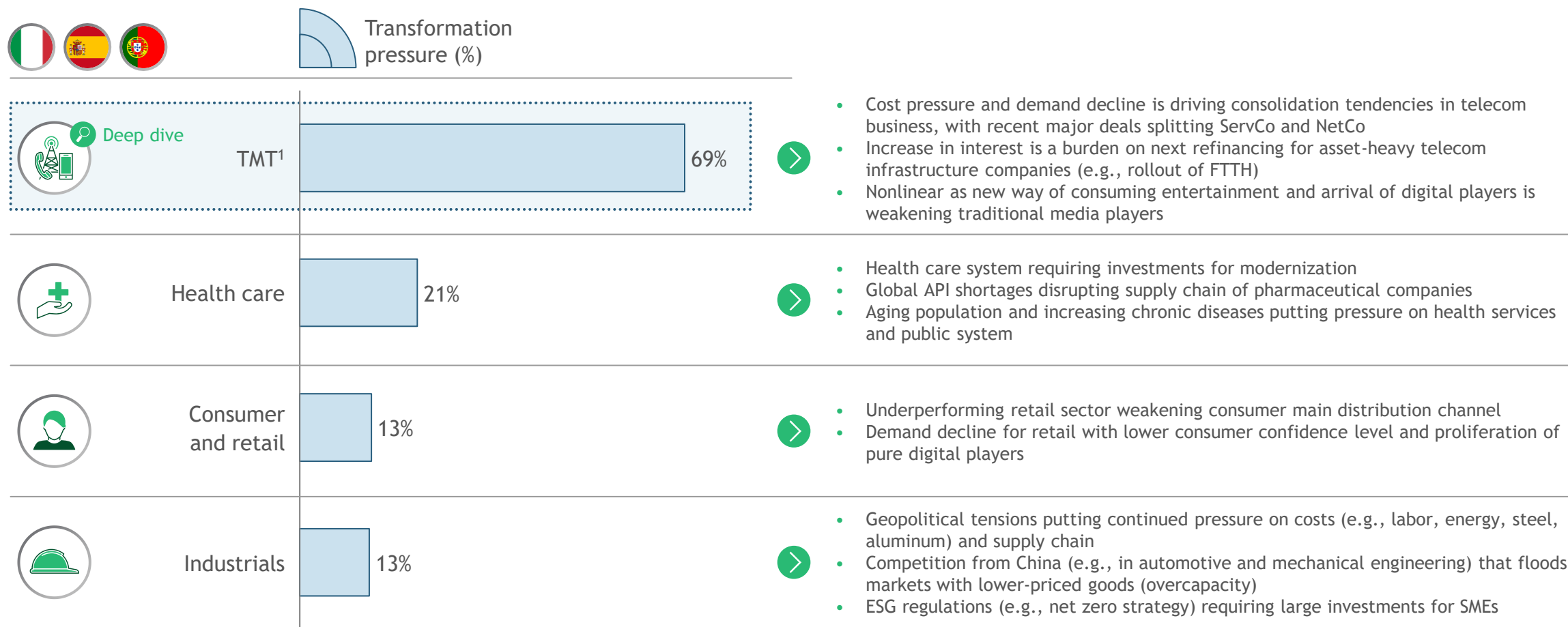


Relative frequency<sup>1</sup> of restructuring-related company talks



1. Alphasense trend score (based to 100 for Q1 2022), calculated based on all publicly available documents (company documents, research documents, transcripts), smoothed quarterly data. Sources: AlphaSense; BCG analysis.

# Transformation pressure on TMT is peaking, while pressure on health care and consumer and retail is expected to be strong



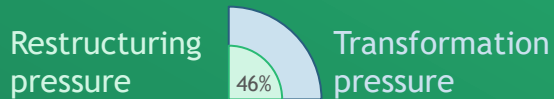
1. TMT = technology, media, and telecommunications.  
 Note: Sectors with more than ten companies in scope.  
 Source: S&P Capital IQ; BCG analysis.



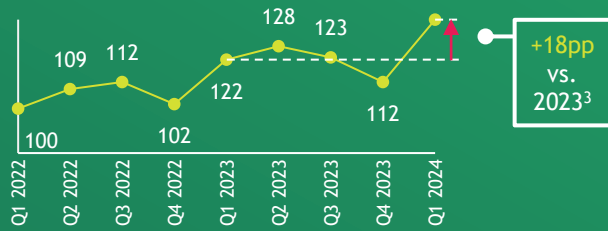


## Key figures

69% vs. 18% in 2023



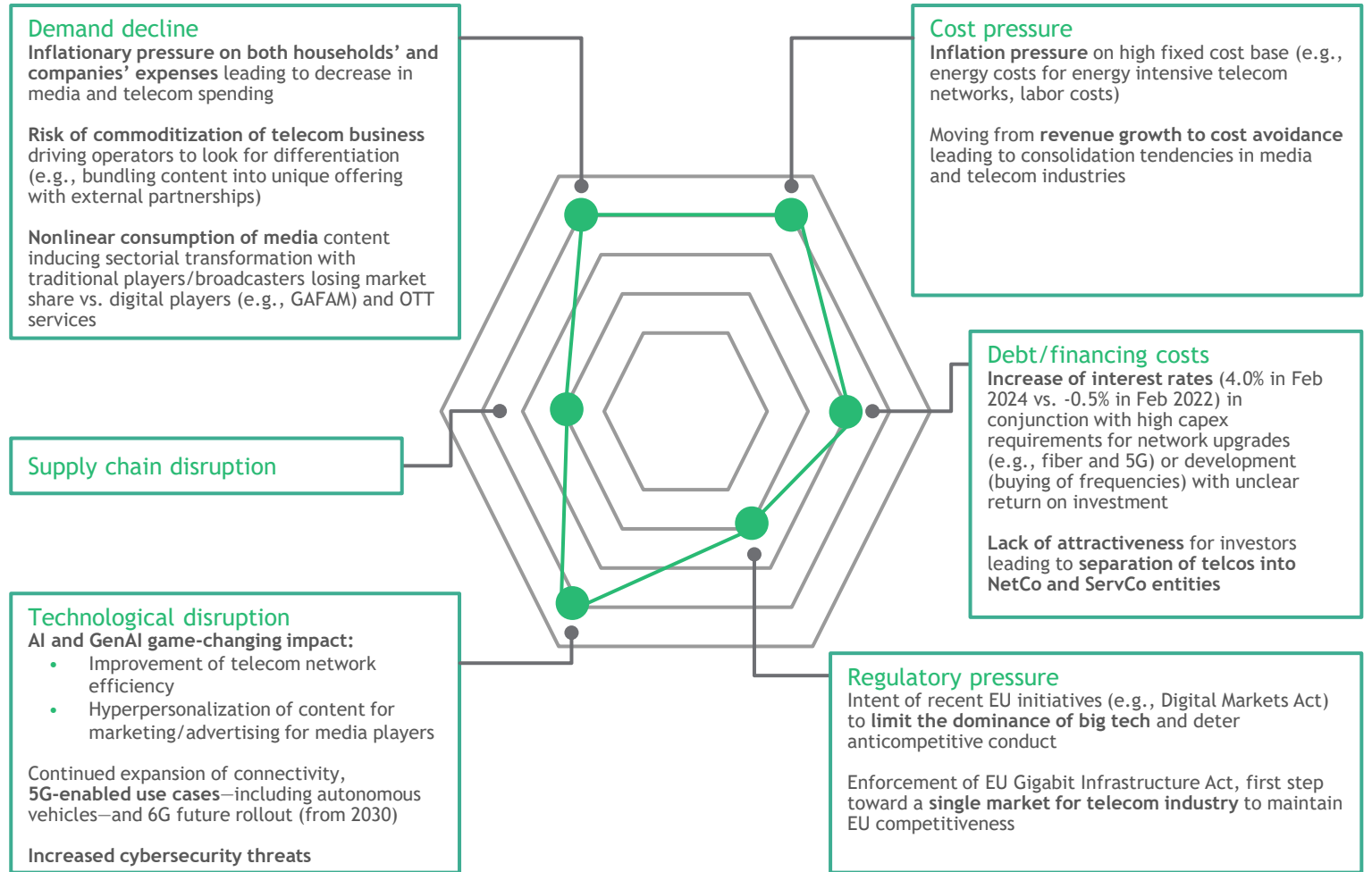
## Restructuring and transformation topics<sup>2</sup>



## Top executive views



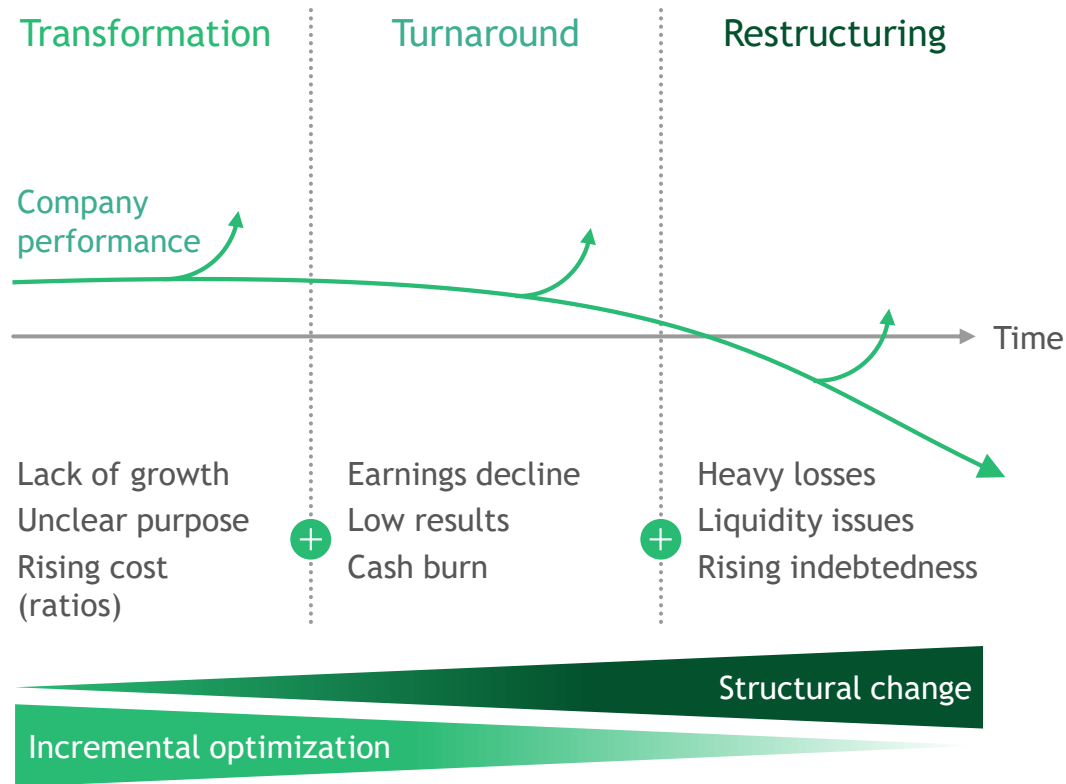
# Key trends and challenges in Southern Europe



1. TMT = technology, media, and telecommunications. 2. Relative frequency of restructuring and transformation topics via public citations. 3. 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



### Strategic options review

Evaluation of options afforded by local restructuring legislation and other statutes for maximizing residual going concerns



### 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



**Lamberto Biscarini**

*Managing Director & Senior Partner  
Milan*



**Giuseppe Farinacci**

*Partner & Director  
Milan*



[bcg.com](https://www.bcg.com)