AlixPartners

WHERE NEXT?

AlixPartners' 16th Annual Turnaround and Transformation Survey

When it really matters.

“The pandemic has only served to magnify the need for businesses of any kind to adapt, evolve, and innovate at an ever-increasing pace...”

Simon Freakley
Chief Executive Officer

Foreword from our CEO

Welcome to AlixPartners’ Annual Turnaround and Transformation Survey. Now in its 16th iteration, this year, for the first time, we have incorporated views from our corporate client base, in addition to those of many of the industry’s leading experts from the advisory and lender communities.

It is clear that respondents from all quarters are aligned in their views on the challenges that the pandemic has caused, as well as the variety and scale of those to come. COVID-19 has manifested itself as a far-reaching and extremely acute disruptive force, and leaders in every sector have had to be agile and decisive in responding, with some businesses faring better than others. The pandemic has accelerated both extinction and transformation.

It is tempting for those businesses that have made it this far, often having taken bold actions of their own, to breathe a sigh of relief at the prospect of a new steady state on the horizon. There is simply no time available to do so, and those that do risk being left behind, permanently.

Pre-pandemic, AlixPartners contended that disruption was the new economic driver, having replaced the traditional ebb and flow of credit cycles. The past fifteen months have amplified this view and set the tone for generations to come. In many ways they have served as a proving ground for businesses, their leaders and stakeholders. To survive and prosper in what will be a future dictated by pace, frequency, and unpredictability of change, a “turnaround mindset” will need to become the norm in order to respond to and ultimately harness the effect of multiple, constant disruptive forces. The hard work starts today.

I hope you enjoy this year’s survey and the viewpoints of our turnaround and restructuring leaders featured throughout. We look forward to being able to assist you contend with the challenges that lie ahead.

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A NEW REALITY REQUIRES A TRANSFORMATIVE MINDSET

Lisa Donahue
Joint Global Head of Turnaround & Restructuring Services
Managing Director

The pandemic has highlighted the absolute necessity for business agility and a proactive approach to leadership. It has brought the concept of true flexibility in business into sharp focus, from both operational and capital structure standpoints to a more holistic approach to decision-making – thinking outside the box and executing on creative solutions at speed.

The pandemic may have taken center stage in the past year, but the pace of broader disruption continues to increase behind it, just as it had been doing prior to this specific crisis. Non-economic yet secular disruptions have already caused major dislocations of shareholder value, revenue, profit, and jobs. The near-constant presence of disruption has created a pressing need for leaders to find new ways to anticipate and quickly respond.

Adapting at pace is a team game

If change is to keep coming faster, leaders' responses must follow suit, and this can only be achieved with the right team in place.

While team dynamics may start with the CEO, critical thought must be given to the individuals they choose to surround themselves with. Does the team complement each individual's way of working and do they have the confidence to constructively challenge one another to come up with the right solutions?

So often I've seen leadership team structures in which the CEO is omnipotent, and direct reports aren't empowered to respectfully challenge the status quo. Now, more than ever, that dynamic is essential in fostering proactive and creative problem-solving – even if that means the CEO needs to step back and assess whether his or her strategy set two or three years ago requires refreshing. The best leaders understand their own strengths and weaknesses, and through listening to their teams they are prepared to course-correct based on what they hear and learn.

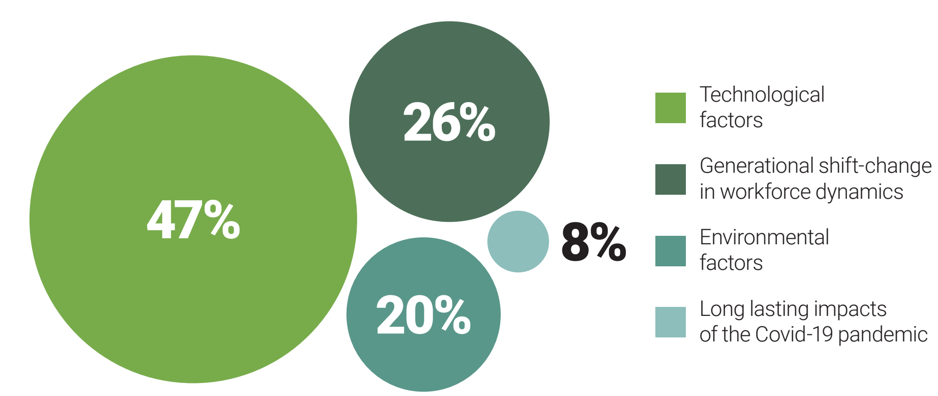
Move fast and be prepared to change plan

There's a delicate balance to be struck when it comes to decision-making and acting – it's easy to become paralyzed by overanalysis, which stops you moving forward. Today the message has to be to move – often with imperfect information – but be prepared to change direction. Having multiple scenarios in your sights is beneficial, displaying potential downsides and upsides, and leaders must be comfortable with (and prepared for) the fact that they may sometimes be wrong.

Disruption should not be seen as only darkness – opportunities exist alongside challenges. But if you let disruption get away from you, even a short period of indecision can be catastrophic. Successful transformative leaders must be adaptive and resilient, adopting a mindset that enables them to survive crisis situations and apply that experience to the daily management of their companies and their people.

What should leaders be thinking about as they look to transform companies to adapt to disruptive forces?

Corporate respondents believe technological factors and changes in workforce dynamics will be critical going forward.



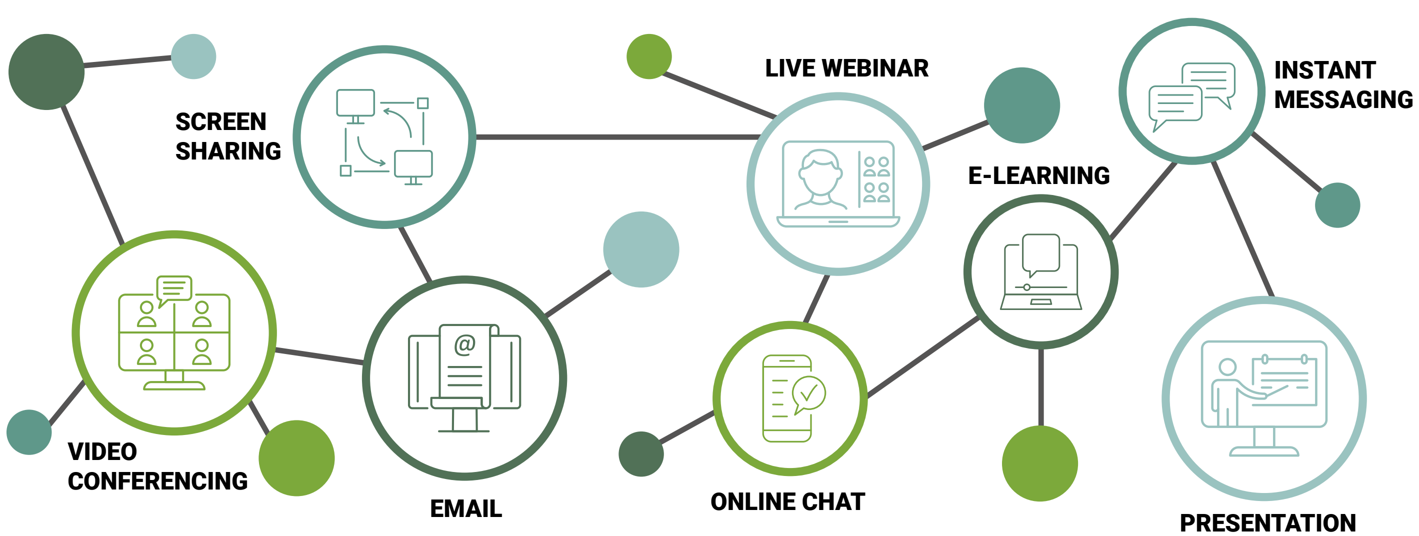
Technology, people, and ESG are critical

Our survey this year shows that technology, workforce dynamics, and the environment are key focus areas for leaders at this crucial point of business restart and recovery, as well as a renewed push for growth.

In many ways these elements are interrelated. Digitization is so important just to stay with your competitors, never mind be ahead of them. It's an existential threat if a business is not suitably tech-enabled and companies must understand deeply what this means for their customers, supply chains, and employees post-pandemic.

Efficient and effective workplace dynamics are also vital. The evidence of how effectively we can work remotely has to be factored into how we move forward, allowing flexibility while maintaining strong business relationships. We can still build careers and drive our businesses forward while working differently. We also have yet to understand the full impact of the pandemic from an employee well-being perspective – the hidden dangers of such extended periods of isolation and loneliness for many individuals cannot be overlooked and must be addressed with sensitivity.

There's no doubt that society is emerging from the pandemic changed, and more companies are displaying increased thoughtfulness around their external impacts. ESG matters must remain high on the boardroom agenda in recognition of this impact on others and the importance that this generation of employees places upon what their company stands for. This is not about becoming embroiled in politics, moreso about understanding and acting on your role as a responsible community member.



Disruption should not be seen as only darkness – opportunities exist alongside challenges.

Profit and purpose cannot be separated

There is much to be done. Previously healthy companies have taken on unprecedented levels of debt to weather the storm. They must effectively manage this and their associated capital structure, rigorously interrogate what's core to their business and get back to leverage levels and investment grade ratings that reassert a competitive stance. The implications of inflation and interest rate rises must be planned for and combated, should they materialize. And all the while businesses must comprehensively deliver on their purpose.

Life as a leader isn't as straightforward as it once was. Leaders now have to find a way to be profitable and responsible, guiding with their values and acting with a persistently transformative mindset. This dual mission is no longer optional. In many cases, it will mean the difference between success and failure as we move into a much-changed reality.

Please rate the following initiatives in terms of their significance to your business strategy today, compared to one year ago.

- Corporate respondents
- Restructuring experts

ENVIRONMENTAL SUSTAINABILITY
65% | 60%

DIVERSITY & INCLUSION
45% | 56%

SOCIAL JUSTICE/ PRO BONO EFFORTS
75% | 60%

CHARITABLE GIVING
73% | 66%

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THE EUROPEAN VIEWPOINT: USE TRANSFORMATION TO CHALLENGE THE NORMAL YOU KNEW BEFORE

Axel Schulte
Global Co-Lead, Turnaround & Restructuring Services
Managing Director

Disruption of this magnitude knows no geographic boundaries, and the impact of the pandemic upon many industries has been as pronounced in Europe as in the rest of the world.

Success in weathering the storm at individual country levels has been driven in part by the make-up of dominant industries in different territories. Take the automotive industry in Germany and France, for example, which was already in the throes of a perfect storm prior to the pandemic by having to contend with trade wars, Brexit, and the seismic shift towards electric, among other challenging macroeconomic factors. Every country has stories to tell – UK hospitality, airline manufacturing in Italy – the list goes on.

Companies who utilized liquidity markets during the pandemic also had to address underlying operational issues.

2/3

of restructuring expert respondents said their clients who utilized liquidity markets to extend their run, also had to address underlying operational issues.

Financial support through government funding and/or an active capital market has helped stop the bleeding and the ways I've seen leaders put this relief to work in transforming their businesses has impressed me greatly. The urgent pressure to transform has demonstrated how ways of working, supply chain structures and organizational design can all be achieved rapidly.

Of course, in a crisis everything happens all at once – and major European companies have drawn upon the experience of people who have done it before – supported through interim management services to provide impartial perspective and real-world wisdom in catalyzing change.

How this huge wave of change filters down for smaller mid-cap companies, which must respond to the "lag" of disruption they experience as a result will be an interesting chapter that plays out across the continent this year. However, the need for rapid transformation must permeate the economic ecosystem.

Inflationary and interest rate expectations

Looking ahead, I think there's a common consensus that inflation will rise in the near term, albeit moderately, and this is unlikely to be a restructuring driver. As pent-up demand for goods and services spike in what I'd expect to be something of a V-shaped recovery in a number of European countries, there will likely be a lag in supply catching up, leading to increased prices.

From an interest rates perspective, however, there's no doubt that rates must stay low for some time. Increasing now, after an intense period of so much affordable financing being taken on board by businesses could translate to significant trouble on balance sheets. Decreasing profitability is the last thing any company leadership team wants to see after the crisis they have already endured.

A majority of respondents expect a rise in inflation, but that interest rates will remain low

- Corporate respondents
- Restructuring experts

EXPECT RISE IN INFLATION

60% | 60%

EXPECT INTEREST RATES TO REMAIN LOW

61% | 65%

More choice for practitioners is a huge positive

It is a hugely positive development that we as transformation professionals now have more tools at our disposal in Europe. Legislative changes in Germany, the UK, and the Netherlands serve to only enhance the options available to us as practitioners, delivering additional flexibility and freedom of choice in the ways we tailor the best solutions for our clients.

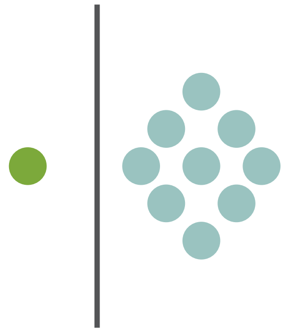
The devil will prove to be in the detail, where the pros and cons fluctuate by individual European jurisdiction. While it is still too early to see any firm trends emerging, it will be interesting to observe what "forum shopping" may occur. In Germany, for example, many strong ideas were proposed that didn't see it through to final legislation, so moves towards, say, the Dutch WHOA may perhaps prove more attractive in some cases.

How will the new European restructuring laws impact restructuring activity in 2021?

Corporate respondents and restructuring experts held opposing views on the impact of new European restructuring laws.

CORPORATE RESPONDENTS

No impact on restructuring activity



RESTRUCTURING EXPERTS

More restructuring activity

"Challenge the norm" through transformation

While business leaders in Europe still face an unclear future as vaccination programs struggle to synchronize and business recovery moves forward at varying paces by jurisdiction and industry, I'm reminded of Sir Winston Churchill's famous quote to "never let a good crisis go to waste". While the word "good" is contentious in this particular scenario, given the economic and human suffering endured across the globe for more than a year – and still ongoing – the underlying message of taking positive steps to emerge stronger and more competitive than before remains on point. We have seen countless examples of leadership teams across Europe galvanizing and acting with pace, purpose, and clear communication during 2020, restructuring their businesses to navigate the immediate challenges and set a new course for future growth post-pandemic. Whether it's leaner, more flexible, more agile, or more digital, the red thread that runs through all of this transformation is a positive, proactive mindset and acting quickly. In the absence of the "normal" we once knew, I'd encourage all business leaders to challenge that and have the courage to seek out and implement new solutions swiftly.

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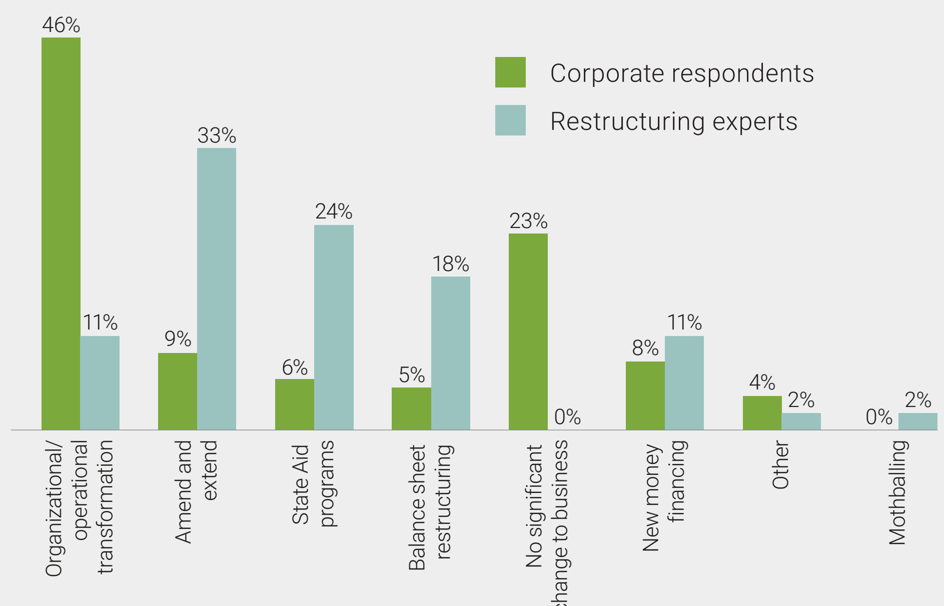
FACING PANDEMIC CHALLENGES AND DETERMINING WHAT'S NEXT

AlixPartners surveyed over 500 financial and legal experts, and corporate professionals based in the US, UK, Germany, Italy, France, and other parts of Europe to understand how companies have weathered the pandemic – and what's on their mind for the future.

In 2020, what strategy did you (or your clients for restructuring professionals) employ to deal with the pandemic?

Amend and extend was the key strategy employed by restructuring experts, while corporates named organizational/operational transformation as their key strategy for getting through 2020.



Did your clients receive covenant waivers in 2020?

In 2020, lenders were willing to agree to covenant waivers, and restructuring experts helped their clients negotiate them.

72% of restructuring experts **SAID YES**

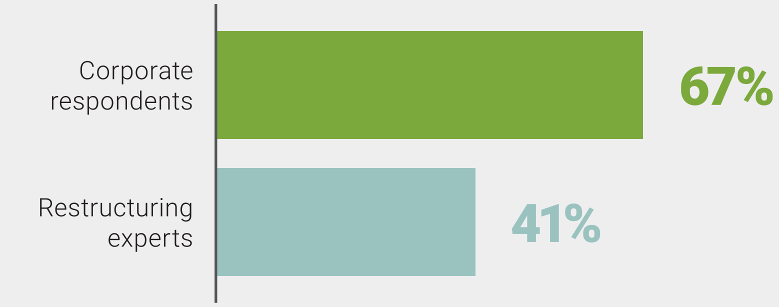
Companies will need to evaluate their organization structuring and operating model to adapt.

Indicate the degree to which you agree with this statement: The impact of 2020 has forced a complete reappraisal of my business (or my clients' business) organization structure/operating model

79% of restructuring experts **AGREE/STRONGLY AGREE**

Comparing 2020/2021 to the financial crisis of 2008-2009, how has the impact of the pandemic been different?

Both thought there was the same or greater need for restructuring



Will the new US Presidential Administration effect your business or your clients' business?

AGREE/STRONGLY AGREE Based outside of the US:	**AGREE/STRONGLY AGREE** Based in the US:
30% of corporate respondents	**61%** of corporate respondents
48% of restructuring experts	**70%** of restructuring experts

How will the UK's exit from the EU impact restructuring activity in 2021?

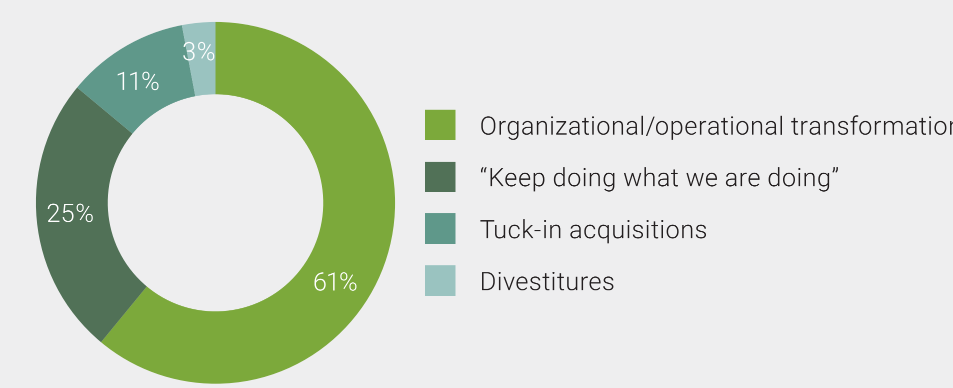
60% of corporate respondents said

58% of restructuring experts said

THAT BREXIT WOULD HAVE NO IMPACT ON RESTRUCTURING ACTIVITY

What are your strategic priorities for success in 2021?

Organizational/operational transformation is a priority for a majority of corporate respondents, while others suggest that maintaining the status quo will work.



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THE UK VIEWPOINT: POST-REFINANCING BOOM, THE REALITY OF RESTRUCTURING IS STILL TO COME

Simon Appell
EMEA Co-Lead Turnaround & Restructuring Services
Managing Director

The restructuring environment we see at this time is completely different to the one that the market as a whole anticipated. It feels like businesses are defying gravity in the UK.

So, despite the ravages of COVID-19, why are we at a 32-year low in terms of the number of corporate insolvencies in the UK?

An unprecedented level of financial support from the Government has kept many businesses afloat – more than £75 billion through Coronavirus Business Interruption and Bounce Back loan schemes. Furlough payments through the UK's Coronavirus Job Retention Scheme have added another £61 billion.

This is an unprecedented level of public financing, bolstered further by an overwhelming amount of private money flooding the market. Combined with restrictions on permitted creditor actions and a relaxation of directors' responsibilities on wrongful trading, businesses who may have at first felt that actions would be required to restructure debt actually have found themselves in a position to raise more. Extended repayment terms and a relatively light touch on covenants are pushing balance sheet concern to the back of the queue. Refinancing, rather than restructuring, has been the primary focus.

If not now, then when?

As UK businesses fully emerge from lockdown, they are extending messages of positivity to customers and employees. While many retail players and other businesses with large real estate portfolios might benefit hugely from restructuring now, there is real concern about considering a CVA or Restructuring Plan based on the negative signals this could send at such a fragile time.

The recent introduction of the Restructuring Plan has been a welcome new tool in the UK restructuring regime and is proving to be both powerful and flexible. It leaves the debtor in control of the process, introduces a cross class cram down mechanism, and minimizes the ability for dissenting classes of creditors to frustrate the restructuring. It has already been put to work and with each new judgement we have become more informed as to how the court views the application of this new tool. There's no doubt in my mind that there will be heightened demand for this tool, but it hasn't materialized in the volume expected… yet.

The UK government's moratorium is due to conclude at the end of June 2021, so you might expect the tide to turn sooner rather than later. However, insisting on repayments before revenue recovery efforts are in full effect would lead to mass business failure, and the Government is unlikely to want that deadline to be labeled as the reason for the failures. Moves to extend the runway for businesses seem likely, which in turn should push out activity in the formal restructuring space out to 2022.

Businesses will have to seriously reassess their positions towards the end of this year, after the likely initial bounce in consumer spending from the economy reopening. Subsequent projections of weaker EBITDA performance and the realities of new levels of debt to service will then shape the "new normal" for businesses and will define what the market will accept as sustainable capital structures.

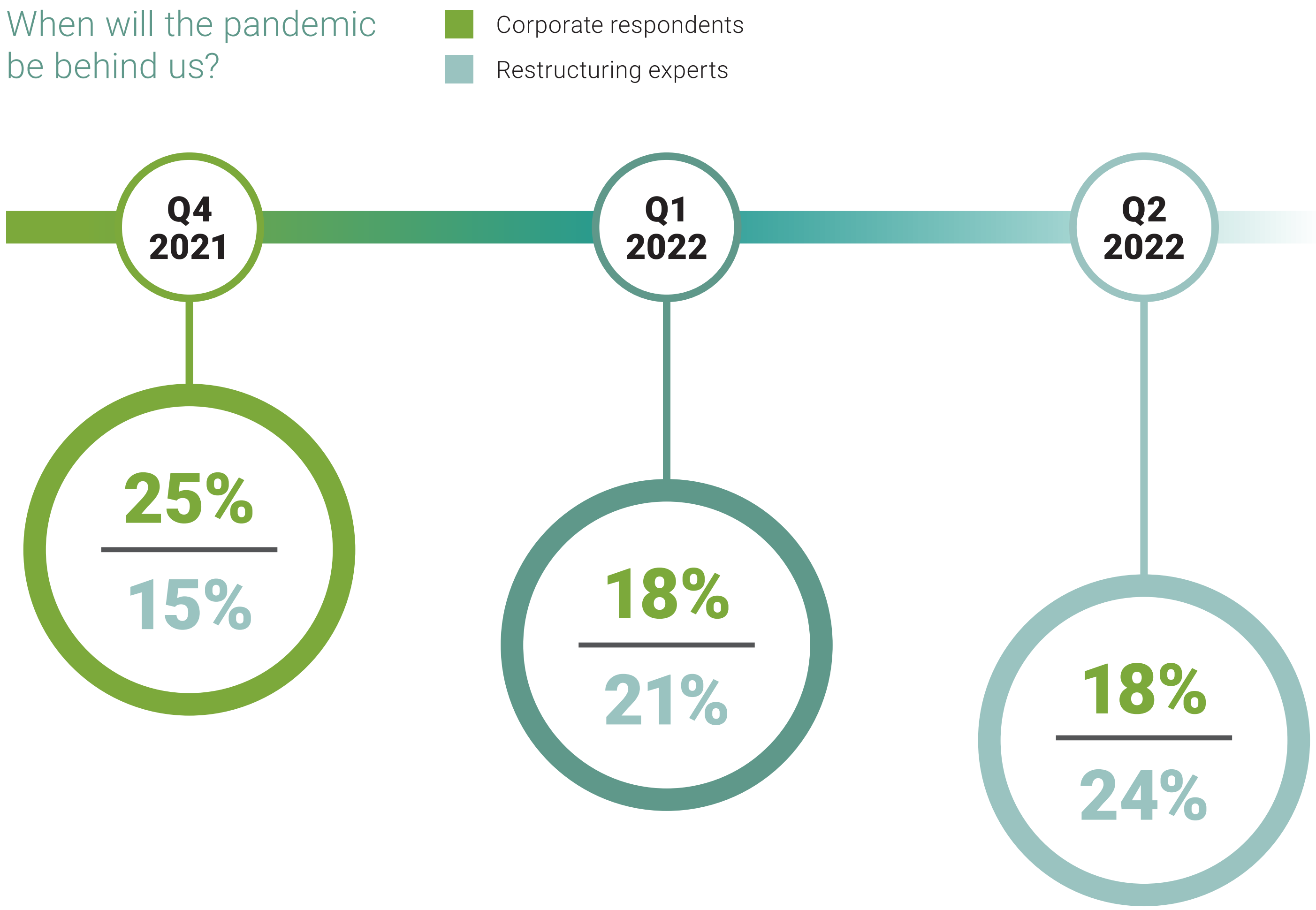
Transformation is essential to deliver real value once again

Strong management teams must look at the size and shape of the business they have coming out of the pandemic and be realistic about a sustainable and proportionate capital structure.

Businesses with underlying health conditions before the pandemic will be hardest hit. For previously strong businesses that have been under extreme stress but that held on due to the support made available – the fallen angels, perhaps – the journey may be easier but the need to transform will still be there. What business wants to operate to simply service an outsized amount of debt? It doesn't generate value, or incentivize management and employees or provide a return to shareholders.

The message here is that if it looks too good to be true, it probably is. **Gravity cannot be defied forever.**

When will the pandemic be behind us?



What business wants to operate to simply service an outsized amount of debt? That doesn't generate value, incentivize management, and employees or pay back to shareholders.

4

INDUSTRY PERSPECTIVES: CONSUMER BEHAVIOR IS DRIVING BUSINESS MODEL MAKE-UP

Jim Mesterharm
Americas Head of Turnaround & Restructuring Services
Managing Director

The abrupt curtailing of "traditional" consumer activity in 2020 forced an unprecedented level of industry introspection, powered by the pace of change accelerated by the pandemic. Many of our behaviors have been altered potentially permanently after the events of the year gone by, and these immovable shifts in our future behavior pose myriad industry-specific challenges to address in years to come.

While this causes continued uncertainty for companies worldwide that are seeking to spring back quickly from a prolonged period of dented performance, it is clear that a number of specific industries must take significant steps to adapt to a new way of operating.

We asked restructuring experts which sectors globally are most likely to face distress in 2021 and why.

Among the top 4 industries selected, the top 3 reasons why they would face distressed differed:

RANKING	AEROSPACE & DEFENSE	AUTOMOTIVE	COMMERCIAL REAL ESTATE	RETAIL
1	Fall-out from pandemic (47%)	Technological disruption (60%)	Fall-out from pandemic (67%)	Technological disruption (40%)
2	Availability of capital (30%)	Change in consumer preferences (37%)	Change in consumer preferences (44%)	Fall-out from pandemic (60%)
3	Change in consumer preferences (20%)	Fall-out from pandemic (22%)	Availability of capital (21%)	Change in consumer preferences (61%)

Retail: Omnichannel can no longer be an afterthought

The reopening of physical stores around the world will bring a much-needed boost, particularly as many consumers are likely to bring both pent-up demand and additional savings to spend.

However, retailers must fully engage in an omnichannel approach moving forward. Many were already on that journey, but the persistence of previously enforced e-commerce-only activity forced the industry to make fast operational improvements and deliver on the products, access, service, prices and experience its consumers demanded. However, for most retailers, omni operations are more expensive and less profitable. With consumer behavior likely changed for the long term, the industry will have to embed many of its ad hoc adaptations permanently, while controlling omnichannel costs.

The retailers that tackle the ongoing disruption head-on by taking the opportunity to rethink, make difficult decisions, and innovate at pace will maneuver into stronger positions. The mindset of relentless agility and adaptability – that is so vital to retail survival as well as to any proportionate success throughout 2020 - will continue to be so as the new world order unfolds.

Aerospace and Air Travel: The weight of a world not in motion

Retail had the contextual luxury of pivoting to online, but the turbulence experienced in aerospace and air travel could barely be countered in 2020.

Even with vaccine rollouts this year and a potential return of passenger confidence for the upcoming summer tourism period, the industry seems set for a long road to recovery. It will, potentially, be three to five years in the making before operators can re-establish anything close to pre-pandemic levels of demand.

Not every sub-sector will fully recover. Athough leisure tourism could climb back to previous levels eventually, business travel may likely plateau at much lower levels as companies further embed flexible remote and virtual working practices – and their additional cost optimization potential – into business as usual. The potential ripple effect on revenues that will be felt by airports, hotels, restaurants, and other entertainment venues is huge, as consumer preferences and changes in business travel practices once again dictate a fundamental rethink of business models.

For airlines themselves, cost structures and fleet sizes require serious reappraisal, extending the long-term impact to commercial aerospace, where the pandemic is driving implications that could have permanent repercussions on orders. An excess supply of aircraft together with limited demand for new ones could hit original equipment manufacturers (OEMs) hard and send associated supply chains into significant distress.

Commercial Real Estate: Finding the right balance for utilization and foot traffic

Of all the consequences of the pandemic, one of the most impactful on day-to-day life has been that we have all spent our time in wildly different physical locations. More than a year since businesses sent staff home, we still don't yet know how many will return when the "new normal" kicks in.

As commercial real estate reopens, malls in particular are seeing uplifts in revenue. However, despite these initial numbers, customer behavior has likely changed to a point that will have far-reaching implications for the sector. An increasingly suburban or remote workforce will spend less time in city-center offices, resulting in a major shift in the commercial real estate landscape as well as the city-center retail and dining real estate segments.

These residential and office trends also will impact previously challenged hospitality, retail and leisure locations and we have already seen restructuring activity ongoing with regard to shopping malls. The risk of retail tenant insolvencies driven by reduced foot traffic, plus remote working and the shift from urban to suburban locations is already signaling more flexible approaches to rental and lease terms.

As our survey indicates, corporates are anticipating long-term changes to working practices that would see workforces spending less time in the office. The result could be a sustained decline in demand and pricing as new market dynamics take effect. In challenging and unpredictable times, it will be important to retain the support of financial stakeholders by communicating very clear strategic objectives and managing liquidity tightly.

Automotive: Technological disruption will take a toll

In automotive, I note our survey respondents' expectation of global distress in 2021, which is likely largely attributed to technological disruption, not financial distress. Semiconductor shortages have been devastating to new vehicle production and continue to hurt the industry.

Our view is that distress may lie a little further out, but there are interesting developments to keep watch on, in particular for suppliers heavily tied into the combustion engines, as the adoption of electric powertrains continues to build momentum with more options coming to the market each year. Many of the new players hail from the tech industry, which increases the pressure for auto companies to transform and adapt to, or invest in, the associated disruption in new ways and without their traditional dominance.

The new US administration's climate policy could accelerate the requirements to reduce emissions produced by automobiles, while corporate ESG momentum toward zero carbon goals are contributing as well. Indeed, if our own adaptations to a different remote and hybrid working environment may reflect the larger population, we may well see lower per capita vehicle ownership levels too. The proliferation of investment in electronic vehicles is likely to lead to a shake-out over time, both for undercapitalized EV start and traditional suppliers focused solely on internal combustion engine manufacturing.

Conclusion

Companies are now faced with the stacked impacts of COVID, existing industry-specific disruptions unrelated to the pandemic and, for some, the prospect of secular industry decline. Markets will snap back to some degree but companies that seek to default back to where operating strategies were pre-pandemic would be unwise to do so. Our own personal behavior shows us that the consumer landscape has changed, and business transformation therefore must follow.

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A CRISIS IN CONTEXT: WHERE WE'VE BEEN… AND WHERE WE'RE GOING POST-PANDEMIC

Joff Mitchell
Joint Global Head of Turnaround & Restructuring Services
Managing Director

Global crises are thankfully infrequent, yet the financial crisis of 2008 still holds in my memory – more than a decade later – to consider if whether it should stand as any kind of recovery barometer for the world post-COVID-19.

However, that particular event was one that focused squarely on banks, financial institutions, and liquidity availability on Wall Street. Despite the backdrop of devastation to the housing market caused by the subprime mortgage crisis, Main Street was affected only from an ancillary perspective and although consumer confidence got knocked as portfolios dipped, the impact was short term. Business at large emerged quickly and relatively intact.

The global financial crisis of 2008 did create a huge spike in restructuring activity, if you measure that by the amount of debt that defaulted. However, it was driven by a few very large and memorable cases, such as Lehman Brothers and GM's overleveraging and losing access to credit markets. By 2010, default rates had moved back to below normal levels.

Similar timings, very different dynamics

With the pandemic, it's a different dynamic. Similar in timing, though, we saw three quarters of high default activity during 2020 as businesses in industries most dramatically impacted by the pandemic felt the full force of wholesale changes to consumer habits almost overnight and, in many cases, a persistent inability to operate at all.

By the fourth quarter, however, default volumes had declined, aided by rapid government response and the continuation of very friendly credit markets. In the US, the Federal Reserve's continued injection of large amounts of cash into the economy through its monetary policy has perpetuated interest rates close to zero, alongside historically high amounts of investment money in the market looking to be put to work. That has enabled companies with big debt maturities upcoming to easily refinance or extend on favorable terms. In addition, those that needed to borrow to fund operating losses or a period of sustained operational shutdown have seen limited barriers in doing so.

How has the impact of the 2020/2021 pandemic been different from the 2008/2009 financial crisis?

COMPANY PERFORMANCE

>70%

of all respondents said company performance was the same or better during the pandemic.

ACCESS TO LIQUIDITY

>80%

of all respondents said access to liquidity was the same or more during the pandemic.

The outcome we see is the addition of a tremendous amount of debt to the system through this refinancing boom. This may be sustainable in the short-term while interest rates remain low and credit markets stay open, although the financial leverage ratio is now significantly higher than the historical average. If corporate EBITDA grows strongly, the leverage ratio will decrease and ultimately correct this position. However, certain businesses will take longer to recover and the credit markets will ultimately tighten resulting in increasing costs, and decreasing availability of credit.

OVER 50%

OF ALL RESPONDENTS AGREE:

COVID-19 will continue to influence my business (or my clients' business), likely continuing to cause changes to how operations are structured (or resulting in increased turnaround/restructuring activity)

Evolving markets require sharp focus on operational adaptability and balance sheet flexibility

The outlook for many companies will significantly depend on disruptive factors, debt levels and near-term maturities. Industry-wise, retail and oil & gas – both chronic restructurers for 30 years – will continue to be so. Commercial real estate – already under pressure for some time – will see that exacerbated by the pandemic, and I anticipate a lasting impact on retail and therefore real estate for retail because of such striking shifts in consumer buying patterns. The pandemic's ripple effect is so pervasive and so many areas simply will not return to the way they were before. Business travel is likely an example of that.

For business leaders, the reality of this monumental global disruption is profound, but my advice to them now is no different than it would have been before. Markets are always changing and the magnitude and frequency of disruption – be they driven by uncertainty, self-centrism, populism, change in consumer preferences, environmental factors, or connectivity – have been increasing for some time before the pandemic.

Businesses must keep the sharpest of eyes on their business model, assessing and adapting operational sustainability and agility to counter evolving market dynamics and linking those actions directly to the balance sheet. One of the biggest challenges companies will face in the future will be a change in the credit market dynamic, increasing the cost of debt and reducing availability. Leaders must tightly couple their view of that to their own viability on the balance sheet, ensuring that the debt they carry is sustainable and that they have an operating model that is fit for purpose for the long term. When refinancing is required, the timing of it will be critical – while the credit markets are still open.

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AlixPartners' Annual Turnaround & Transformation Survey was conducted from April 6, 2021 to April 23, 2021 and is comprised of responses from more than 500 corporate leaders, financial and legal experts.

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.