



BCG TRANSFORM AND SPECIAL SITUATIONS INDEX

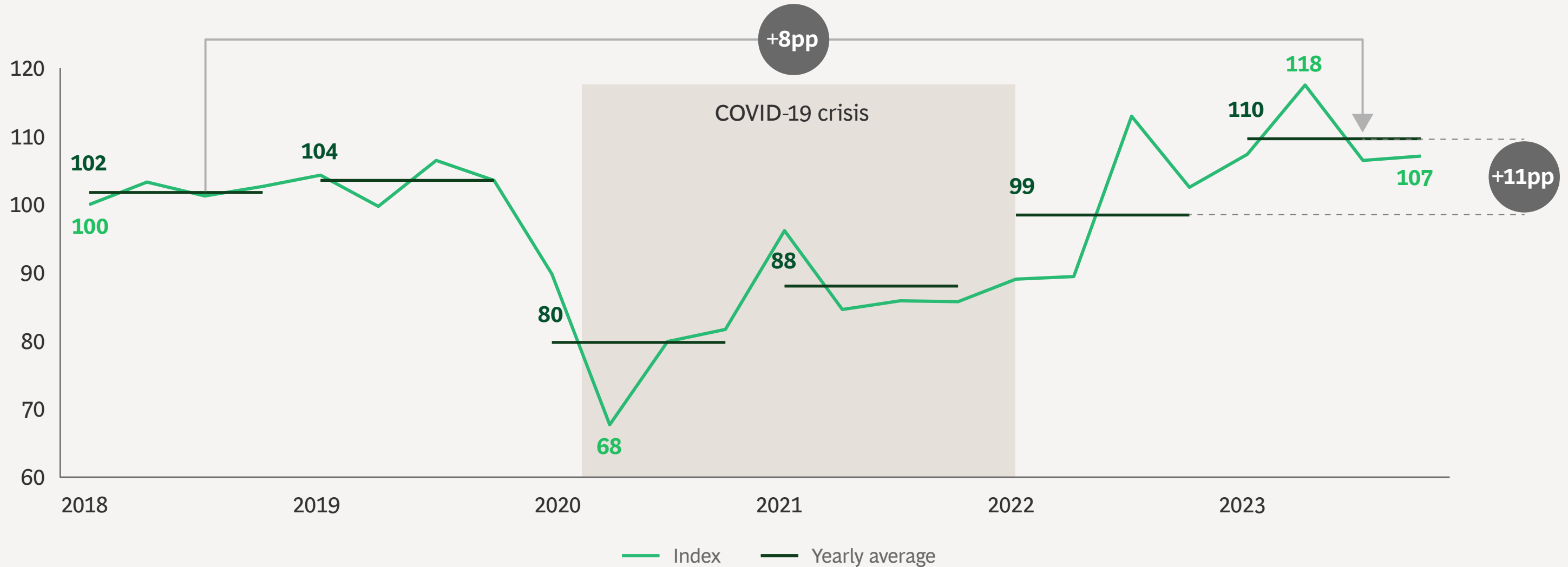
Why One in Five European Companies Needs to Transform

JUNE 2024



Insolvencies among European companies increased by 11pp by 2023, and the annual average was 8pp higher than prepandemic averages

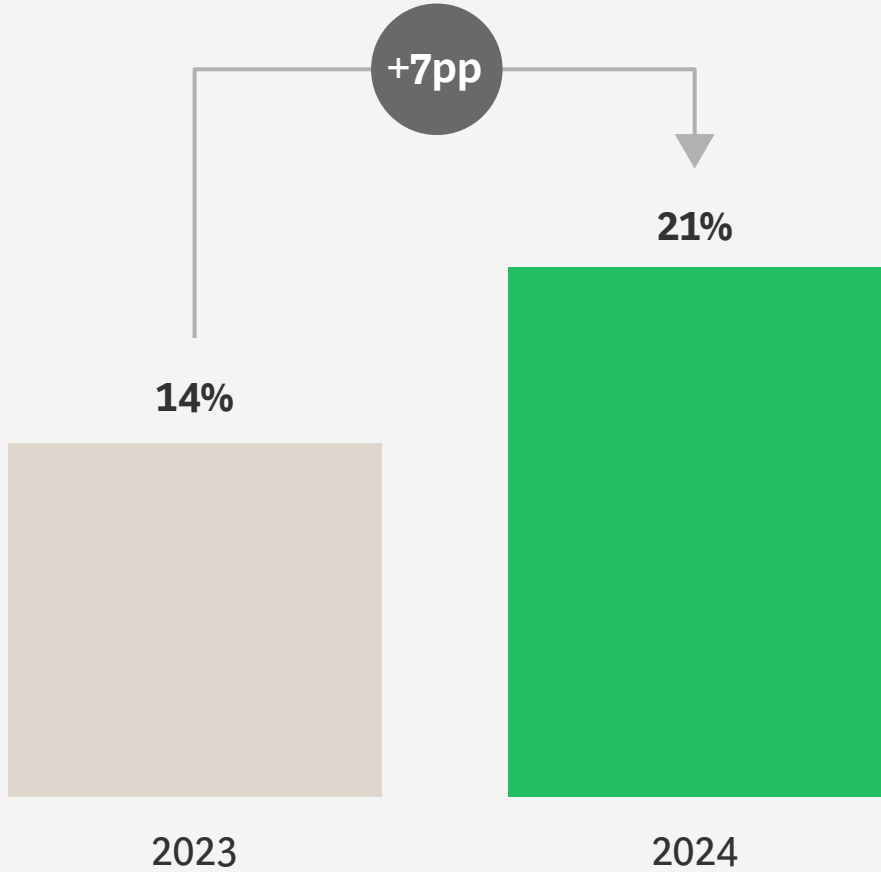
EUROPEAN COMPANIES' INSOLVENCY FILINGS, 2018-2023 (INDEX = 100)



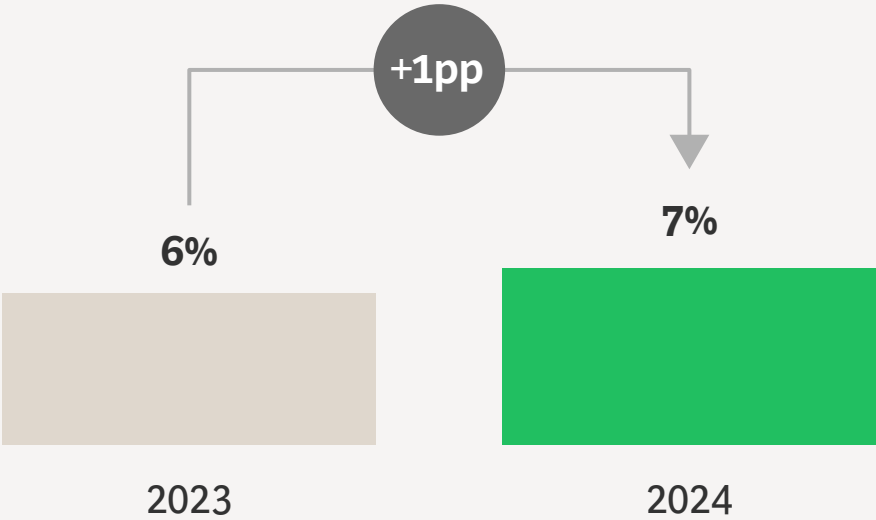
Sources: Eurostat; BCG analysis.
Note: pp = percentage point. Numbers are seasonally adjusted.

The data shows a significant uptick in the share of companies facing pressure to transform or restructure

Transformation pressure



Restructuring pressure

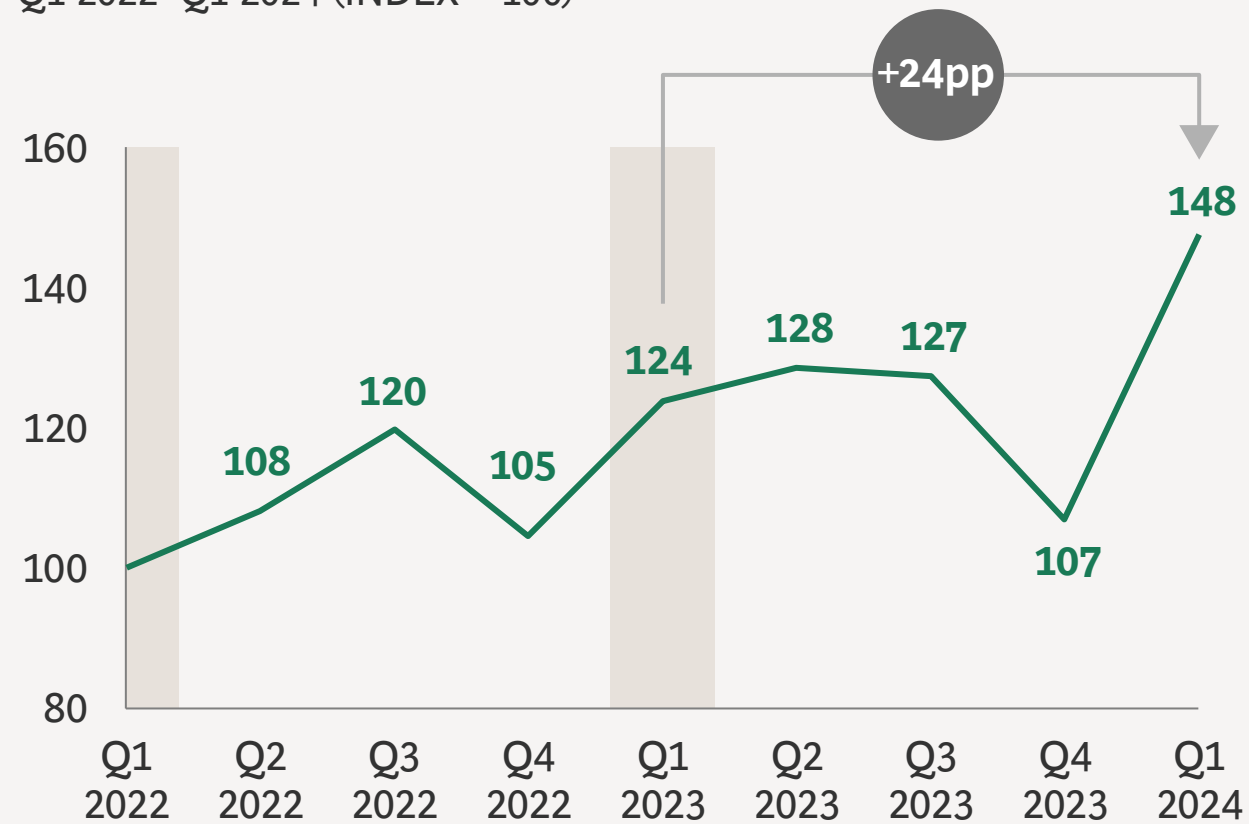


Sources: S&P Capital IQ; BCG analysis.

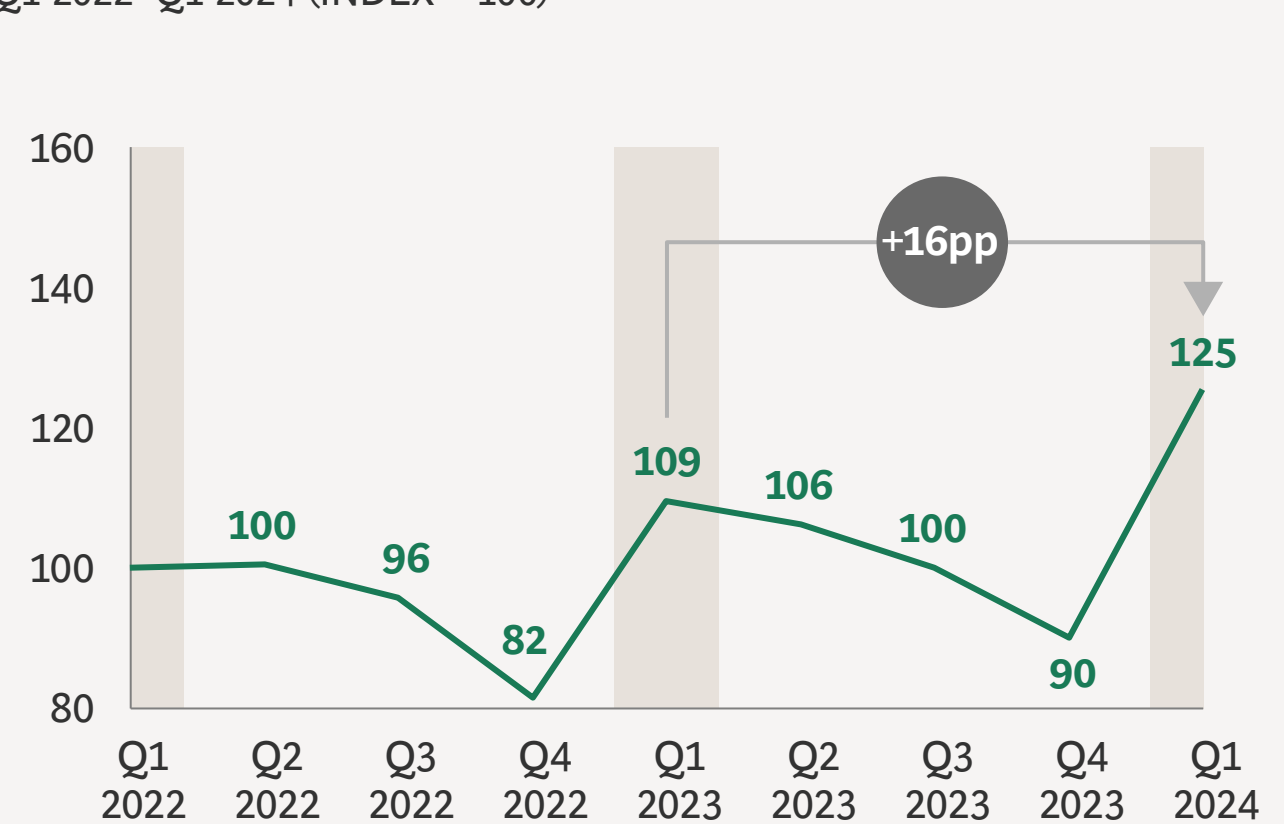
Note: pp = percentage point. The BCG Transform and Special Situations Index is weighted by revenue to reflect the importance and impact of the pressured companies more accurately than a pure count would show.

An AI-powered sentiment analysis shows that transformation and restructuring topics are increasingly common in company narratives

RELATIVE FREQUENCY OF TRANSFORMATION REFERENCES
Q1 2022–Q1 2024 (INDEX = 100)



RELATIVE FREQUENCY OF RESTRUCTURING REFERENCES
Q1 2022–Q1 2024 (INDEX = 100)

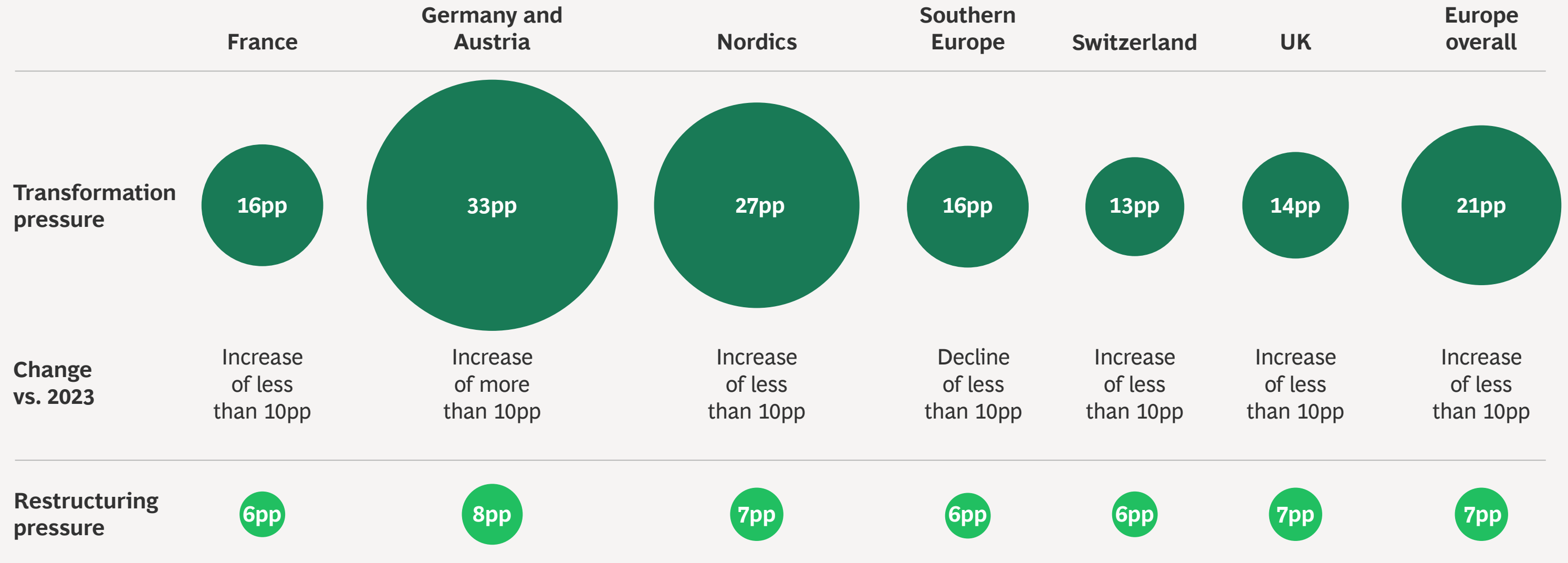


■ The quarter when typically significant financial publications—such as annual reports, a strategic outlook on the year, and the year’s budget—were released

Sources: Alphasense; BCG analysis.

Note: pp = percentage point. Alphasense’s trend score was indexed to 100 for the beginning of 2022; data was smoothed by quarters and calculated on the basis of publicly available documents in Austria, Denmark, Finland, France, Germany, Italy, Norway, Portugal, Spain, Sweden,

The pressure to transform is particularly high in Germany, Austria, and the Nordic countries

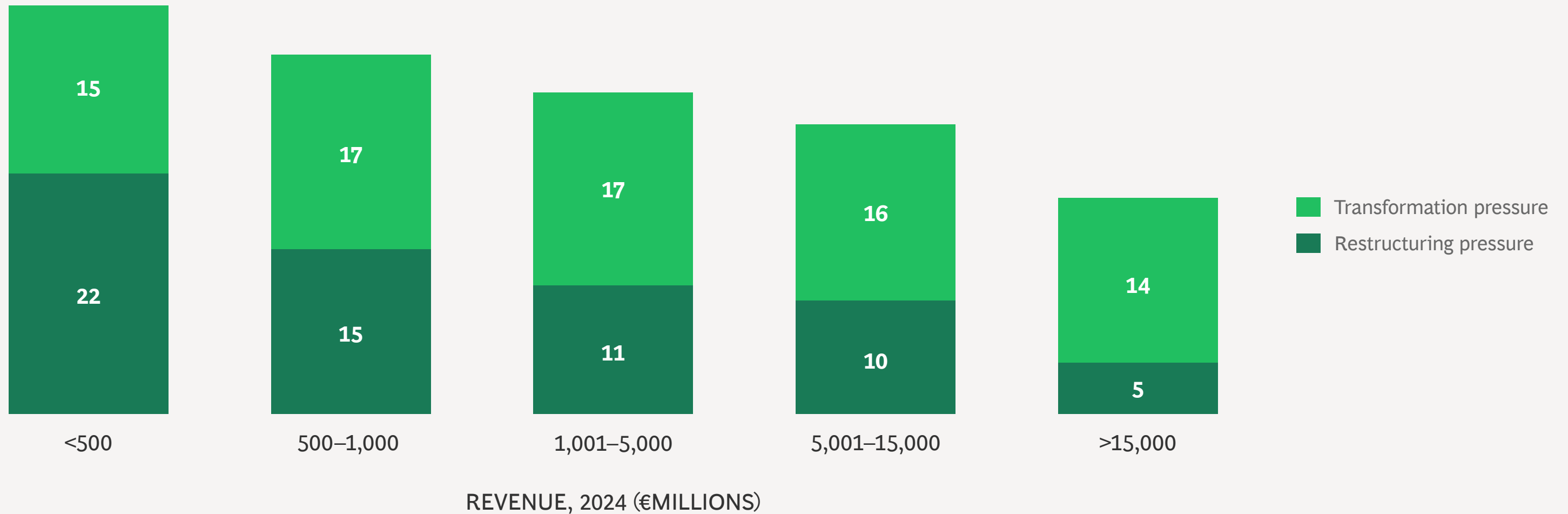


Sources: S&P Capital IQ; BCG analysis.

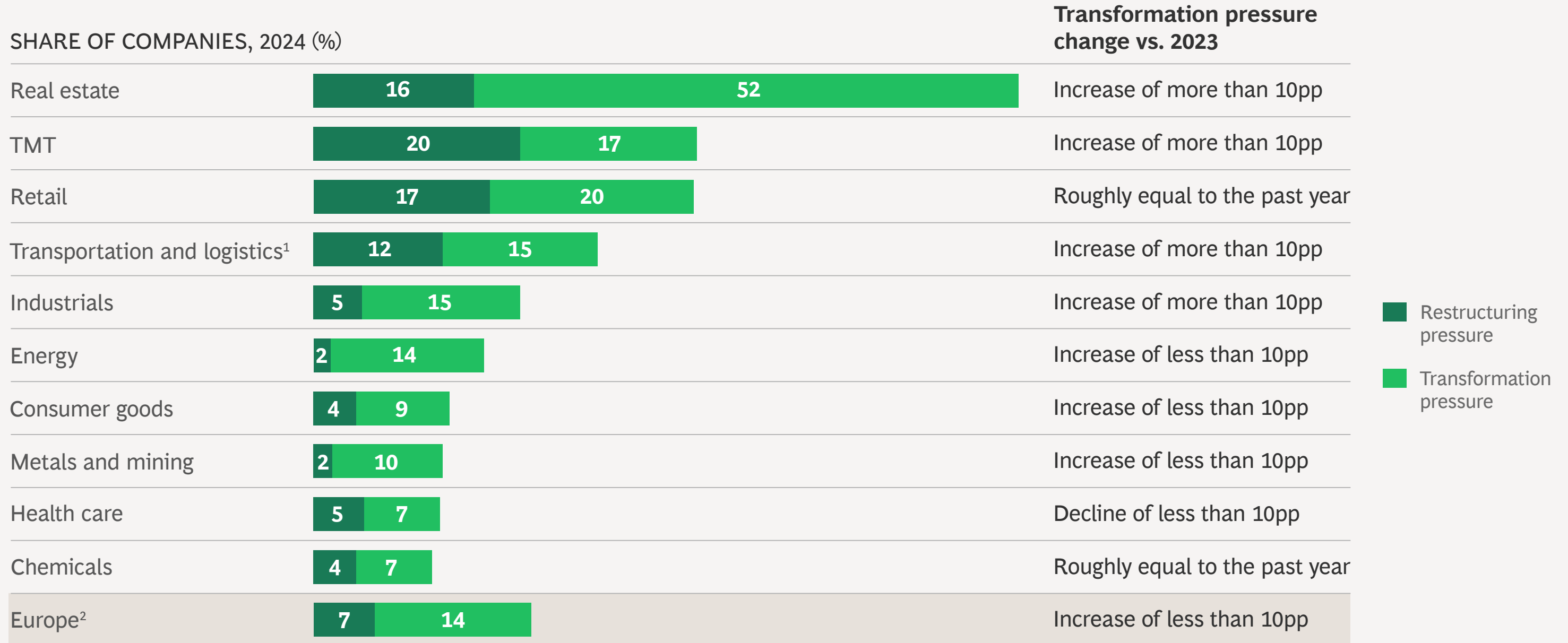
Note: pp = percentage point. Southern Europe comprises Italy, Portugal, and Spain; the Nordics comprise Denmark, Finland, Norway, and Sweden.

Transformation and restructuring pressures decrease as company size increases

SHARE OF COMPANIES, 2024 (%)



Among sectors, real estate, TMT, and retail show the most urgent need to change



Sources: S&P Capital IQ; BCG analysis.

Note: TMT = technology, media, and telecommunications; pp = percentage point.

¹Cyclical economic patterns and fluctuating demand drive substantial year-over-year volatility. ²The aggregate share across all sectors.