

Report

Restructuring trends 2026

Global emerging patterns
and strategic implications

April 2026

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For media inquiries please e-mail:
marta.marczak@8advisory.com

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Introduction

Restructuring is no longer a cyclical response to short-term disruption. It has become a structural component of corporate life across Europe. Companies are operating in an environment defined by persistent cost pressure, constrained financing conditions and accelerating technological and strategic change.

Superimposed onto this is the escalating economic fallout from the war in the Middle East, which is reshaping global supply chains, driving up energy and logistics costs, and increasing operational uncertainty for European businesses. Recent disruptions in the Strait of Hormuz, a passage carrying roughly a quarter of global oil trade, have already contributed to higher Brent crude prices, surges in gas and fuel costs, rising maritime insurance premiums and longer shipping lead times. In parallel, businesses across Europe are facing widening planning horizons, elevated geopolitical-risk exposures and mounting uncertainty around the long-term availability and affordability of critical inputs. Analysts warn that prolonged instability could amplify inflationary pressure and squeeze industrial margins across Europe, especially in energy-intensive sectors.

Across key markets, including Germany, France, the UK and Poland, for now restructuring activity remains sustained. Margin erosion, refinancing pressure and uneven demand are forcing management teams to reassess business models, capital structures and operating footprints. The Middle East conflict is intensifying these pressures: companies face tightening supplies of energy, fertilizers and industrial inputs, rising freight costs, and increasing volatility in commodity markets, all of which accelerate the need for operational and financial repositioning.

At the same time, enhanced legal frameworks are enabling earlier and more flexible interventions, shifting the focus from reactive insolvency processes to proactive restructuring and stakeholder alignment. This combination of financial, operational and geopolitical tension is creating an environment in which management teams must act more decisively, apply more rigorous scenario planning and embrace more granular performance diagnostics to safeguard continuity and protect long-term enterprise value.

The capital landscape is also evolving. Private credit funds and alternative investors are increasingly shaping restructuring outcomes, often taking a more hands-on and solution-driven approach. Traditional lenders remain central but are deploying capital more selectively and demanding robust execution plans. As creditor groups become more diverse, managing complexity and aligning interests has become a critical success factor. Private equity exit conditions remain challenging, with IPO and sponsor-to-sponsor activity constrained by valuation gaps and financing conditions. Continuation funds, widely used to extend holding periods, are becoming harder to execute as investor appetite becomes more selective.

Geopolitical shocks, including the Middle East conflict, are further complicating exit planning by increasing market volatility, raising the cost of capital and depressing valuation certainty. As a result, an increasing number of assets require restructuring, recapitalisation or operational transformation to stabilise performance and create viable exit pathways. In this environment, investors are placing a premium on transparent data, clear turnaround milestones and credible value-creation plans that can withstand protracted geopolitical fluctuations.

Sectoral stress remains visible in construction, real estate, retail and industrials, while structural transformation continues to redefine automotive, energy and business services. The Middle East conflict adds another layer of sector-specific disruption: energy-intensive industries face escalating input costs; retailers and manufacturers see higher distribution and inventory-holding costs due to disrupted trade routes; and global supply chain interdependencies are forcing companies to revisit sourcing strategies and build greater resilience. The compounding effect of these pressures is accelerating the need for companies to modernise operations, diversify supply networks and invest in technologies

that improve efficiency and reduce long-term exposure to external shocks. In many cases, financial restructuring alone is insufficient. Sustainable recovery requires operational redesign, performance improvement and strategic repositioning.

In this context, timing and execution make the difference. Companies that act early, establish financial transparency and engage stakeholders constructively are far better positioned to preserve value. The role of the Chief Restructuring Officer reflects this shift: no longer solely a crisis manager but a transformation leader focused on restoring performance, rebuilding confidence and delivering measurable results. In the most complex situations, this leadership role extends into driving organisational alignment, embedding new operating disciplines and ensuring that near-term interventions link coherently to long-term strategic objectives.

This report draws on our cross-border experience to provide practical insight into the evolving restructuring landscape. It highlights where pressure is building, how capital is responding and what management teams must prioritise to navigate complexity and deliver durable turnaround outcomes in an environment where geopolitical shocks, including the war in the Middle East, are no longer episodic events but structural forces shaping corporate decision-making for years to come. As these dynamics continue to accelerate, the companies that successfully adapt will be those that combine financial discipline, operational resilience and strategic agility-embedding transformation not as a one-off event, but as a continuous capability.

Eight International Restructuring team

Getting in touch:



Florent Berckmans
Partner
Eight Advisory



Xavier Bailly
Partner
Eight Advisory



Philippe Fimmers
Partner
Eight Advisory



Boudewijn Wellink
Partner
Eight Advisory



Simon Longfield
Consultant Partner
FRP Advisory



Johannes Steinel
Partner
Eight Advisory



Tomasz Sadurski
Partner
JP Weber



Gaetano Attanasio
Partner
New Deal Advisors

Restructuring Trends
2026

Insolvency outlook

Insolvency Outlook

Global Trends

The global restructuring market is experiencing heightened activity as persistent inflation, rising interest rates, and elevated energy costs continue to erode corporate margins. The Middle East conflict is amplifying these pressures by driving up oil and gas prices, increasing maritime insurance costs, and disrupting shipping routes, which is intensifying supply-chain volatility across Europe. European countries such as France, Germany, and the UK are seeing a rise in insolvency proceedings, with real estate and retail sectors particularly exposed. Higher bond yields and tighter financial conditions are pushing more companies

toward restructuring, while weakened business confidence and rising operating costs continue to weigh on performance. In Italy, manufacturing and services are adapting to lower revenues, and Benelux firms face ongoing margin erosion and fragile consumer sentiment. Across these regions, new legal frameworks and pre-emptive restructuring tools are shaping responses, as businesses seek proactive solutions to manage uncertainty and sector-specific challenges.

Mergers & Acquisitions

Distressed M&A activity is increasing, particularly in consumer goods, retail, automotive, energy, and utilities. Private equity firms are using their capital reserves to acquire and revitalise struggling companies, often preferring out-of-court transactions. Bolt-on acquisitions are becoming more common, especially in fragmented industries such as healthcare and consumer goods. Multiples have stabilised, but some

sectors have experienced sharp declines, leading to longer restructuring cycles and increased debt trading.

Strategic buyers are targeting distressed companies to expand their footprint, with international interest rising. Chinese investors are returning to Europe, particularly in sectors experiencing low valuations.

Debt Market & Financing

Legislative changes have reshaped the restructuring landscape. In Germany, the StaRUG framework is increasingly used, as seen in the Varta case, enabling companies to restructure with greater flexibility and manage shareholder dynamics. Across Europe, new legal frameworks such as the Dutch WHOA and French Safeguard have empowered management teams to act earlier and more decisively. The adoption of these tools is accelerating, with pre-emptive restructurings now accounting for a significant share of cases in the UK and Benelux.

Financing is also evolving. Private debt

investors and distressed funds are stepping in as traditional banks become more cautious, a trend described as

“the rise of alternative capital providers, who now play a pivotal role in complex restructurings, especially in situations where banks are constrained by regulatory or risk considerations.”

This is evident in Germany and reflected in broader European markets.

Industries in distress

Structural shifts, uneven recoveries and accelerating transformation

The year 2025 confirmed that corporate distress is no longer a temporary or cyclical phenomenon, but increasingly structural and uneven across industries. After several years marked by successive shocks, from the pandemic to inflation, rising interest rates, geopolitical tensions and energy price volatility, many sectors have struggled to restore value or adapt fully to a permanently altered economic environment. As a result, restructuring activity has progressively shifted away from short-term liquidity management towards deeper business model transformation.

Consumer goods and retail

Retail insolvencies have risen by 12% in France. Hard discounters are outperforming, while traditional retailers face pressure. Consumer behaviour is changing, with more cautious spending and increased demand for second-hand goods.

- **Effect:** Consumers show reduced purchasing power, more price sensitivity, and a shift toward budget and second-hand options. Traditional retailers and specialist distributors face mounting pressure; those slow to adapt risk further distress.

Beauty & Cosmetics

Growth continues but is nearly half of pre-pandemic projections. Luxury and prestige segments are under pressure, while mass and “masstige” segments remain resilient.

- **Effect:** Consumers prioritise wellbeing and personalised products, especially in Asia-Pacific. Companies focus restructuring on portfolio optimisation and channel strategy, rather than broad cost-cutting.

Luxury

The sector is slowing, with impact varying by brand and region. Brands with strong

differentiation and scarcity perform better, while others struggle due to overexposure or reliance on aspirational demand.

- **Effect:** Consumers are more selective, with demand shifting to emerging markets like the Middle East and India. Companies emphasise cost discipline and focus on core clientele.

Food & Beverage

Margin pressure persists due to price-sensitive consumers, but enterprise values remain high.

- **Effect:** Consumers expect healthier, sustainable, and convenient products. Companies have flexibility for operational restructuring and targeted transformation.

Construction & Real Estate

Prolonged distress continues, with high interest rates, material costs, and a subdued property market.

- **Effect:** Consumers face limited supply and higher costs for property. Companies' recovery depends on government-led projects and short-term funding support.

Business Services

Nearly half of listed firms have not regained pre-crisis profitability. Rising costs and recruitment challenges persist.

- **Effect:** Clients may see higher prices or reduced services. Companies focus on pricing, workforce optimisation, and service portfolio redesign.

Automotive & Industrial

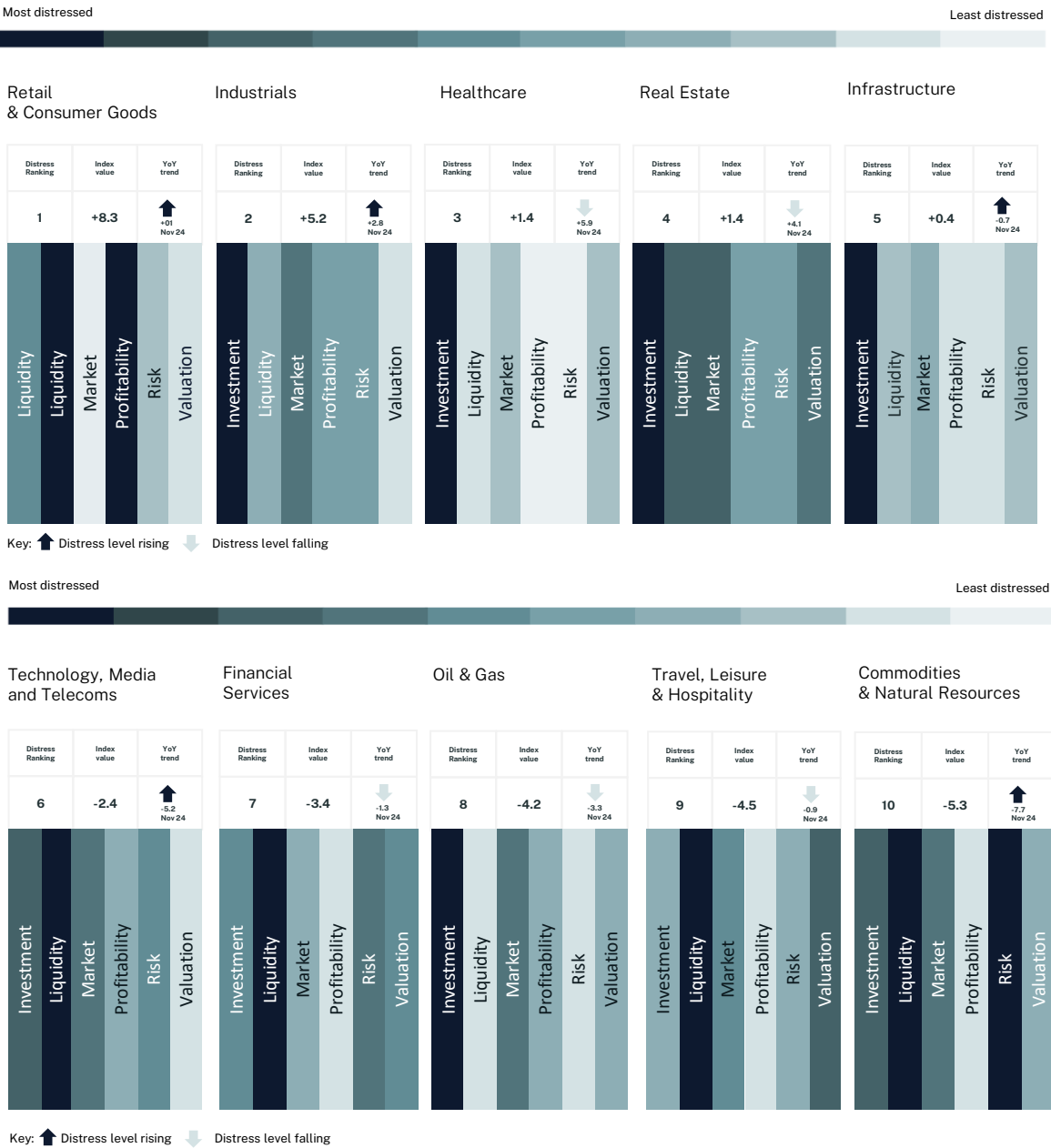
Deep transformation is underway, with a shift to electrification, digitalisation, and localised supply chains. Europe faces regulatory and competitive pressures.

- **Effect:** Consumers see more electric and advanced vehicles but may experience price volatility. Companies pursue long-term restructuring, combining financial and industrial transformation.

Corporate distress is increasingly structural and uneven, with many sectors shifting from short-term liquidity management to deeper business model transformation. Restructuring efforts now focus on portfolio optimisation, network rationalisation, and strategic adaptation to persistent shocks, rather than temporary fixes. Across industries,

the ability to respond to financing constraints, government-led infrastructure projects, and evolving geopolitical risks will be critical for long-term resilience and recovery.

Distress Index November 2025



Restructuring Trends
2026

Regional trends

Regional trends

Regional restructuring trends highlight significant variation in both intensity and drivers of distress. Germany has experienced a notable increase in insolvency filings, particularly in real estate and automotive, reflecting sustained pressure on industrial sectors. France has seen rising retail insolvencies alongside increased use of pre-emptive restructuring tools, while the UK continues to stand out for its flexible restructuring framework and relatively efficient resolution processes, particularly in retail and business services.

In Benelux, the WHOA framework is increasingly enabling proactive restructuring, particularly in logistics and industrial sectors exposed to global trade dynamics. Additionally, Belgium stands out for the sharp increase in bankruptcies following the withdrawal of COVID support and the introduction of new restructuring tools. The country's experience highlights the structural challenges facing businesses, including depleted cash reserves, rising energy and labour costs,

tighter bank financing, high interest rates, industrial decline, geopolitical headwinds (notably US tariffs), high structural costs, and a notable decline in new business creation. Southern European markets, including Italy, continue to face structural pressure in construction and real estate, compounded by cost inflation and subdued demand. Poland has seen sustained restructuring activity, reflecting cost pressures, evolving financing conditions and increased use of restructuring tools.

These regional differences reflect variations in legal frameworks, sector exposure, financing conditions and economic outlook. As restructuring becomes more structural and less cyclical, region-specific approaches and early intervention are increasingly critical to preserving value and enabling sustainable recovery.

Below is a comparative snapshot of key restructuring trends across major regions.

Figure 1: Key restructuring trends

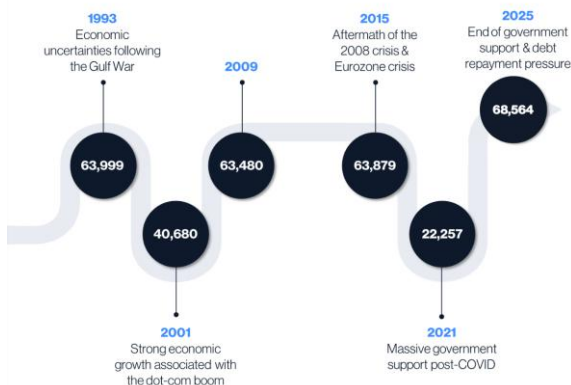
Country	Insolvency change	Most distressed sectors	Key legal tools	Speed of restructuring	Key insight
France	+12% Retail	Retail, Construction	Safeguard, Accelerated Safeguard	More pre-emptive cases	<i>Early dialogue with creditors is key in France.</i>
Germany	+15%	Real Estate, Automotive	StaRUG (early use)	Often delayed	<i>StaRUG enables earlier action, but many wait until crisis.</i>
UK	(Plan Usage)	Retail, Business Services	UK Restructuring Plan	Fast-moderate (months)	<i>UK plans allow for rapid cross-class cram-downs.</i>
Benelux	(WHOA cases)	Logistics, Industrials	WHOA (out-of-court)	Moderate	<i>Benelux is sensitive to global supply chain shocks.</i>
Italy	+4%	Construction, Industry, Retail	New Insolvency Code, CNC, out-of-court work-outs	Slow (judicial delays)	<i>Early intervention & consensual deals increasing</i>
Poland	+11% in 2024	Manufacturing, Retail, Construction	Arrangement approval, simplified, pre-pack	Moderate	<i>Growth is challenged by external risks & tighter financing.</i>

Restructuring activity in France

Current state of the restructuring market in France

The French restructuring market is marked by persistent uncertainty and the need for adaptability. Companies are navigating a challenging macroeconomic environment shaped by inflation, rising interest rates, and evolving consumer behaviours. The cost of living remains a top concern, driving both cautious spending and heightened competition among market players. French businesses are also contending with the aftershocks of recent global disruptions, including supply chain volatility and shifting international trade dynamics. In 2025, France recorded over 68,000 business failures, a historic high and a clear sign that the latent crisis has moved beyond the post-COVID catch-up phase. This surge in insolvencies is not only cyclical but points to deeper structural issues, with the Turnaround Index showing France among the highest-risk markets in Europe. The end of government support and mounting debt repayment pressures are accelerating distress across sectors.

Historic business failures



Source: Eight Advisory

Legislative and financial developments

Recent regulatory changes and the ongoing implementation of European restructuring frameworks have influenced the French market. Companies are increasingly leveraging available pre-insolvency and restructuring tools to negotiate with stakeholders and avoid formal insolvency proceedings. Alternative financing sources — such as private credit funds and special situations investors — are playing a growing role, providing both liquidity and strategic options for companies in distress. Traditional banks, meanwhile, are selectively increasing their risk appetite in an effort to regain market share.

Structural challenges and regional dynamics

France continues to face structural headwinds, including the energy transition, demographic shifts, and the need for digital transformation. Access to short-term financing remains a critical issue, especially for companies exposed to rising costs and sluggish demand. Regional disparities persist, with certain areas more affected by industrial decline or real estate pressures. The government's approach to major infrastructure projects and support for innovation will be key factors in shaping the recovery trajectory. Sectoral analysis from the Turnaround Index highlights that Infrastructure & Energy will be facing weakening trends, with profitability challenges in renewables and EV charging, decreased electricity demand, and increased restructuring activity. Consumer, Real Estate, and Business Services sectors also show persistently high failure scores, indicating that margin pressure and demand volatility are widespread.

M&A and Private Equity activity

Distressed M&A activity is on the rise, with both strategic and financial investors seeking opportunities in undervalued assets. Private equity firms are particularly active, often preferring out-of-court solutions to formal insolvency processes. The focus remains on bolt-on acquisitions and operational turnarounds, with a view toward long-term value creation. While deal volumes have been impacted by valuation gaps and market uncertainty, international investors — especially from Asia — are showing renewed interest in the French market.

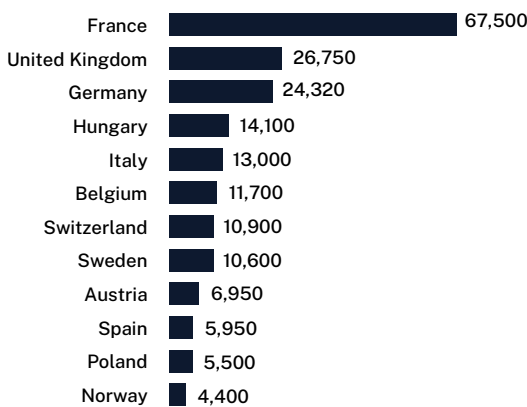
The role of digitalisation and AI

Digitalisation and artificial intelligence are increasingly central to financial monitoring and early distress detection in France. Companies are investing in new technologies to optimise operations, enhance customer experience, and improve decision-making. While these tools offer significant opportunities for value creation, they also require a strategic, organisation-wide approach to realize their full potential. The Turnaround Index notes a polarisation in the Consumer sector between AI adopters and non-adopters, with AI adoption linked to greater business model resilience. Companies that embrace digitalisation and AI are better positioned to withstand margin pressures and adapt to rapid market changes.

Outlook

Looking ahead, the French restructuring market is expected to remain active, driven by ongoing macroeconomic pressures and the need for strategic transformation. Companies that proactively address liquidity challenges, leverage alternative financing, and embrace digital innovation will be best positioned to navigate the evolving landscape. The Turnaround Index forecasts continued high levels of business failures in France, with some sectors stabilising but at elevated risk and others (like Infrastructure & Energy) worsening. The need for companies to reset ambitions, accelerate decision-making, and act decisively is more urgent than ever in this polarised and volatile environment.

Forecasted number of business insolvencies
in Europe in 2026, by country



Source: Allianz © Statista 2026

Florent Berckmans
Partner, Operational Restructuring
Eight Advisory France
florent.berckmans@8advisory.com



Xavier Bailly
Partner, Restructuring
Eight Advisory France
xavier.bailly@8advisory.com



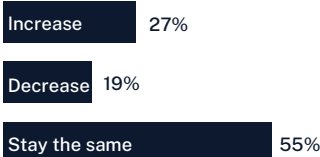
Restructuring activity in Benelux

Benelux restructuring environment: macro and business context

The Benelux region is currently navigating a period where transformation is the prevailing norm. Revolutionary technological innovations are reshaping entire industries, while geopolitical balances are shifting rapidly and long-standing economic certainties have faded. Companies are operating in a near-permanent state of transition, compounded by post-pandemic challenges such as high leverage, tight labour markets, rising costs, margin erosion and weakening consumer confidence. This combination creates immense pressure for organisations to adapt, transform or restructure in order to remain competitive.

In such an environment, companies often experience a form of paralysis. Decision-making slows, management confidence wanes, employees become demotivated and critical commercial relationships are put at risk. The ability to restore trust, communicate clearly and make decisive moves is vital. The focus in stressed situations has shifted from purely financial restructuring to enhancing performance, productivity and organisational agility. Identifying root causes, rather than merely addressing symptoms, and instilling renewed energy and shared objectives are essential for revitalisation and unlocking value. Strategic agility and flawless execution are key to ensuring that transformation leads to value creation rather than value destruction

Mega-deals (1billion euros or more)



Source: MENA NL

Recent trends and legislative developments

Belgium experienced a record wave of corporate insolvencies in 2024, with 11,067 bankruptcies officially registered – the highest annual total since 2013 and an 8% increase over 2023. The hardest-hit sectors were construction, trade, hospitality, and transport, reflecting broader economic pressures such as inflation, high labour costs, and changing consumer habits. Job losses mirrored this trend, with over 27,000 positions lost due to bankruptcies in 2024, and the impact was especially severe among young companies and SMEs. The first half of 2025 has shown a continued

high level of insolvencies, with over 6,500 bankruptcies after 29 weeks, suggesting that the elevated risk environment persists into the new year. Notable high-profile cases included the restructuring of Lunch Garden and Sicli, which highlighted the vulnerability of both the hospitality and industrial sectors.

A significant trend has been the growing adoption of the Belgian pre-pack solution, introduced in 2023, which allows for the confidential preparation of a business transfer before formal insolvency to maximise value and preserve jobs. Belgium's adoption of the pre-pack (silent bankruptcy) procedure in late 2023 has become a permanent feature, especially in retail, hospitality, and industry. However, the legal framework remains limited, with only six articles governing the process, leaving critical issues unresolved – such as debtor representation, lack of an automatic moratorium, and selective contract transfer. This has led to mounting pressure on regulators to clarify the legal framework and introduce a moratorium on enforcement actions during the pre-pack process.

While still in its early stages, the pre-pack has delivered positive results in select cases, offering a faster and more efficient alternative to traditional liquidation, though legal certainty and stakeholder protection remain ongoing challenges. The Belgian government has responded with further legislative refinements in 2024 and 2025, aiming to clarify procedures and align with European best practices.

Looking ahead, Belgium is expected to maintain a high level of insolvencies especially in vulnerable sectors, but the continued development of restructuring tools like the pre-pack and proactive legislative reforms provide hope for more effective business rescues and job preservation in the future.

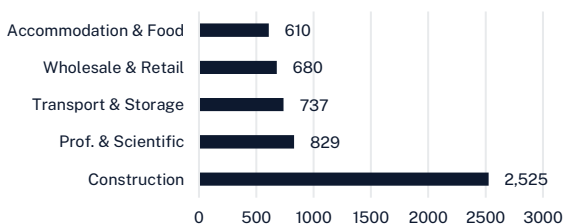
Market sentiment and deal activity

Despite expectations for a wave of distressed M&A transactions, actual activity in the Benelux has remained limited. Most large companies in difficulty have received support from shareholders and banks, which has prevented a surge in distressed transactions. Experts anticipate a steady stream of carve-outs rather than a sudden increase in distressed M&A. The outlook for initial public offerings in 2026 remains subdued, while mega-deals valued at over one billion euros are expected to remain stable, with some optimism for a modest increase.

Sector focus

The information and communications technology sector is the standout area for forthcoming M&A activity, driven by ongoing digitisation and innovation. Government policies, particularly in Belgium, are supporting further growth in this sector. Other sectors such as energy and agriculture are more exposed to political uncertainty and regulatory changes, which can disrupt dealmaking. Belgium's restructuring environment in 2025 was marked by sectoral distress. The construction sector saw a record 2,525 bankruptcies (+6% vs. 2024). Transport & storage and hospitality sectors experienced double-digit increases in both bankruptcies and jobs lost. Notably, the hospitality sector registered 5,173 jobs lost, an all-time record and +16.8% above the previous high. The impact was also significant in transport & storage, with 2,814 jobs lost (+15% above record).

Bankruptcies by Sector (first 11 months 2025)



Private Equity dynamics

Private equity firms expect growth in 2026, especially through add-on acquisitions. However, public-to-private deals and venture capital investments remain subdued due to high competition and a lack of attractive targets. The market is crowded, with many players pursuing the same assets. Private equity firms are preparing for a significant number of divestments, but these plans depend on a favourable economic climate.

Cross-border and emerging market activity

Eastern Europe is identified as the most active emerging market for cross-border deals with Benelux companies, surpassing China or Southeast Asia. Acquisition activity from Eastern countries is expected to increase, adding dynamism to the regional M&A landscape.

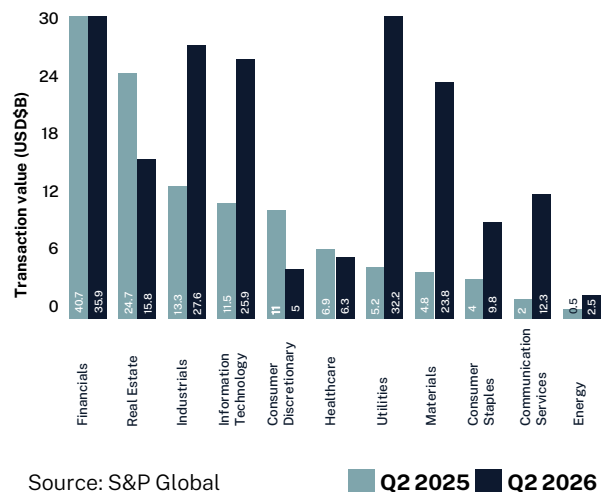
Due diligence and ESG

Cybersecurity, commercial and environmental, social and governance due diligence are top priorities for Benelux dealmakers. ESG risks, including compliance, labour conditions and sustainability, are increasingly scrutinised, as neglecting these can result in financial penalties or reputational damage.

Political and economic headwinds

Persistent inflation, high interest rates and geopolitical tensions continue to create uncertainty and impact deal volumes. Political instability, especially in the Netherlands, and trade wars are cited as significant risks for M&A activity in the region.

Europe M&A activity in Q2 2025, by sector



Source: S&P Global

Artificial intelligence and digitalisation

Artificial intelligence is seen as a critical driver of future competitiveness. Benelux investors and companies are investing heavily in AI, with a consensus that those who do not adopt AI risk falling behind. This trend is expected to accelerate, supporting both operational efficiency and strategic decision-making.

Outlook

In 2025, Belgium recorded 11,697 bankruptcies (+5.9% year-on-year) and 26,778 jobs lost, the second highest in a decade. Forecasts suggest a gradual normalisation to ~10,560 bankruptcies in 2026, barring new shocks such as US tariffs, which could halve economic growth and trigger a new wave of failures, especially in export-oriented sectors.

Philippe Fimmers

Partner, Transaction Services & Restructuring
Eight Advisory BeNeLux
philippe.fimmers@8advisory.com



Boudewijn Wellink

Partner, Restructuring & Turnaround Management
Eight Advisory Netherlands
boudewijn.wellink@8advisory.com



Restructuring activity in the UK

Restructuring activity in the UK has remained elevated in 2025/26, with a number of underlying pressures driving companies into financial or operational stress:

- **Economic pressures:** lingering inflation (at time of writing, 3.0%, materially in excess of the Bank of England's target of below 2.0%), higher borrowing costs despite recent rate cuts, and volatile supply chains continue to erode margins. Economists believe inflation could exceed 4.5% later this year due to surging global energy prices caused by the Middle East conflicts.
- **Refinancing wall:** a large volume of corporate debt raised in the low-rate era is now maturing. Heavily leveraged businesses face difficulty refinancing on sustainable terms.
- **Sector-specific strain:** real estate, construction, manufacturing, utilities, and consumer-facing sectors are under particular pressure from high operating expenses, squeezed margins, and regulatory or environmental obligations. In addition, there has been a large increase in the number of employment services (including recruitment) and real estate companies in distress over the last 18 months.
- **Shift to proactive strategies:** companies are engaging earlier with stakeholders, with increased use of Restructuring Plans (RPs) as an alternative to administration. Recent examples include Thames Water, Petrofac, Poundland and River Island. While RPs can provide a flexible framework, they remain costly and do need to be allied with a credible operational turnaround strategy.

Changes introduced in April 2025, notably increases to National Insurance Contributions and the National Minimum/Living Wage, are materially impacting labour intensive businesses, particularly those reliant on lower-paid or casual labour.

Sectors like casual dining, retail, and leisure face rising wage costs, leading to likely price increases and growing pressure on consumer disposable income.

Businesses struggle to balance margin protection with maintaining competitiveness and customer volumes.

Outlook for Debt Markets (2025/2026)

Debt markets in the UK are showing signs of recovery, creating opportunities for both stressed refinancings and M&A activity:

Bank of England policy: with UK base rates at the time of writing of 3.75% (down from the 5.25% peak in H2-24), leverage appetite is gradually returning. Nevertheless, refinancing will remain difficult for heavily indebted companies in industries suffering from squeezed margins such as hospitality, retail, construction, and real estate.

- **Private credit expansion:** regulatory pressures on banks continue to open space for direct lenders. Despite a challenging fundraising environment, major players such as Ares Management, Blackstone, KKR and Goldman Sachs have secured record funds, underscoring institutional appetite.
- **Public debt rebound:** public bond markets have rebounded strongly, shifting private credit focus further into the mid-market and increasing competition among lenders.
- **Borrower-friendly dynamics:** reduced deal supply has driven competitive terms, including portability and broader acquisition flexibilities, across senior, stretch-senior, and unitranche structures.
- **Execution discipline:** lenders continue to demand high diligence, extending timetables, but can deploy capital rapidly in situations with strong conviction.

The UK restructuring market in 2025/26 is shaped by the dual challenge of refinancing large debt maturities at higher cost and managing ongoing operational pressures. Companies are increasingly adopting proactive, consensual strategies — often blending financial restructuring with operational turnaround. For distressed credits, successful outcomes will depend on securing liquidity, reducing leverage, and delivering credible operational improvements. Against this backdrop, private credit remains central, while public markets' rebounding provides additional optionality for larger borrowers.

Simon Longfield

Consultant Partner

FRP Advisory

simon.longfield@frpadvisory.com



Restructuring activity in Germany

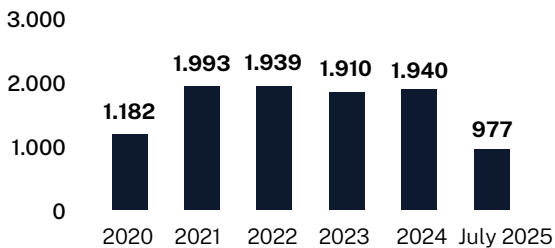
Current State of the restructuring market

The German restructuring market has entered a phase of intensified activity, with insolvency filings rising noticeably. The situation has clearly worsened compared to 2023 and 2024, as companies are now adapting their capacities to lower revenue levels. Large corporates are focusing heavily on managing working capital, which has resulted in a lack of visibility regarding future demand and an increased need for supply chain flexibility from the perspective of mid-cap suppliers.

Drivers of bankruptcy and restructuring activity

Restructuring activity in Germany is currently driven by macroeconomic factors. The economic outlook remains weak, with the country experiencing its third consecutive year of negative GDP growth. Although energy prices have softened, they are still significantly higher than in other geographies. Rising headcount costs are also a concern. The new German government's announcement to increase military and infrastructure spending has not yet improved economic sentiment but has instead fuelled bond yields.

M&A Deals with a German target company



Source: Mergermarket

Challenges and opportunities

Stakeholders are increasingly seeking operational restructuring support, focusing on headcount reduction, working capital improvements and CRO services. The phase of denial and delay has now passed, and there is a growing willingness to use pre-emptive regulation, particularly StaRUG. Businesses are becoming more proactive in restructuring, with pre-emptive restructurings, distressed M&A and debt refinancing solutions gaining traction.

M&A outlook

The year began slowly for M&A activity, but there was a strong uptick in March. Many parties are interested on the buy-side, although processes tend to start slowly and investors remain hesitant to close deals. Distressed M&A has become more common due to refinancing difficulties, with healthcare and infrastructure sectors attracting the most investor interest.

Legislative and financing developments

Private debt investors are increasing their share in the market, overtaking traditional lenders in many cases. There is a growing number of StaRUG cases, such as Varta, with the framework being used to actively squeeze out minority shareholders. The adoption of new legal and financial restructuring tools, including EU frameworks, is shaping the landscape and alternative financing options are playing a more prominent role in restructuring cases.

Deal types and growth strategies

Buy-and-build strategies are prevalent, with carve-outs gradually gaining traction. Sector focus is on healthcare and infrastructure, reflecting broader market trends and investor appetite.

Sector-specific challenges

After the automotive and chemicals industries, machinery has now become the third industrial sector to be hit by declining revenues. This is driven by a lack of demand from the previously affected automotive and chemicals sectors, as well as competition from Asia. Services and hospitality are also struggling, particularly due to increasing personnel costs. Real estate and retail remain under pressure, while digitalisation, including AI and automation, is creating new restructuring challenges across sectors.

Johannes Steinel

Partner

Eight Advisory Germany

johannes.stein@8advisory.com



Restructuring activity in Poland

Restructuring as a permanent tool

Restructuring in Poland is no longer a “plan B” for a select few. It has become a permanent tool for liquidity and risk management. The trend peaked in 2025, with a record ca. 5,100 restructuring proceedings initiated - compared with roughly 800 in 2020. This reflects not only changes in regulation and market practice, but also a shift in mindset: companies are increasingly willing to intervene early, before problems escalate into operational paralysis and a debt spiral.

Macroeconomic context

Importantly, this was not simply the result of a macroeconomic downturn. GDP in 2024 grew by 2.9% y/y in real terms, and disinflation in 2025 brought annual price growth down to 2.5% in November. At the same time, cost pressures remained elevated - particularly on the labour side, including the impact of increases in the minimum wage. In this environment, restructuring is more often a response to the accumulation of small shocks (margin compression, contracts requiring renegotiation, payment backlogs) than to a single sudden disruption.

Recovery paths and debtor profiles

The market clearly favours fast, minimally invasive recovery paths. In 2025, around 4,800 cases were conducted under arrangement approval proceedings, which in practice made this procedure the standard first choice (94% of all proceedings). The debtor profile has also shifted: approximately 3,600 proceedings involved sole proprietorships - the smallest entities, for which even a few months of deteriorating cash flow may necessitate rapid settlement with creditors and suppliers, before enforcement actions begin or key contracts are lost.

Procedures for larger enterprises

However, arrangement approval proceedings are not designed for larger enterprises - within a four-month timeframe it is not possible to carry out a deep operational restructuring. The most robust restructuring procedure - remedial (sanation) proceedings - provides protection from the moment of the court's opening decision. However, such a decision may be issued only after approximately three to five months from the filing of the petition. Therefore, in order to secure assets immediately, a combined strategy is often applied: initiating arrangement approval proceedings followed by remedial proceedings. When properly structured and carefully prepared,

this approach may provide protection for up to approximately 2.5 years, creating sufficient time to implement a comprehensive and deep restructuring process.

Bankruptcy and sector data

At the same time, liquidation bankruptcies remain relatively low. In 2025, 426 company bankruptcies were published, meaning there were roughly 12 restructurings for every bankruptcy. This suggests the system is often intercepting distress early, but it also shows how strongly the market has learned to use arrangements as a way to buy time. Sector data indicates where tensions are most pronounced: trade (over 1,000 proceedings), construction (around 900), and manufacturing (approximately 760).

Outlook for 2026

For 2026, stabilisation in the number of cases is a more realistic scenario than a rapid decline. Creditors will test the credibility of restructuring plans more rigorously, and companies will need to demonstrate that, beyond the protective umbrella of an arrangement, they can rebuild margins and generate cash - rather than simply postponing the problem. Insolvency forecasts also suggest pressure will persist in 2026 (an increase of around 5%), supporting a more selective approach to financing and a higher bar for recovery projects.

Sustainable recovery

The era of easy restructuring is ending. Opening proceedings and obtaining protection is no longer the objective - the objective is to restore sustainable earnings capacity and regain control over cash flows quickly. Where restructuring is treated as a transformation project, it will remain an effective safeguard. Where it is not, the risk of renewed distress in 2026 will rise significantly.

Tomasz Sadurski

Partner, Attorney at Law,
Restructuring Advisor
JP Weber Poland
t.sadurski@jpweber.com



Restructuring activity in Italy

Current state of the restructuring market

Italy continues to see a significant rise in insolvencies, with business failures increasing steadily from 2023 through 2025. Financial covenant breaches, requests for contractual amendments, and additional financing needs have become more frequent. The use of pre-insolvency tools, such as the Negotiated Settlement of Crisis (CNC), has grown, with over 3,400 applications submitted by October 2025. This upward trend is expected to persist into 2026.

Impact of new legislation and financing options

Recent amendments to the Italian Insolvency Code (CCII) have expanded flexibility, allowing CNC access even for insolvent companies, broader settlements of public claims, and stronger good-faith obligations. Private debt and distressed M&A investors are now playing a larger role in transactions, reflecting the growing importance of alternative financing sources.

Sectors facing the highest restructuring risk

The most distressed sectors remain construction — affected by the slowdown of tax incentives and rising input costs — industrial and manufacturing (notably automotive, fashion, and electromechanical), and retail, which continues to suffer from weak consumption. Digitalisation and AI are creating new challenges for companies unable to sustain necessary capital expenditures.

Key drivers of bankruptcy and restructuring activity

Macroeconomic pressures, structural weaknesses, and sector-specific issues are shaping the restructuring landscape. The end of most public guaranteed schemes for bank loans and weak domestic demand are major factors. Additional uncertainty stems from supply chain disruptions, sector downturns, and geopolitical risks.

Challenges and opportunities in the restructuring market

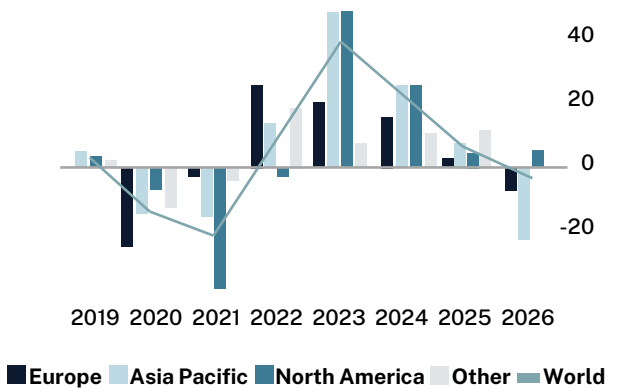
Opportunities include the increasing adoption of out-of-court procedures, such as the “Composizione Negoziata della Crisi,” which has improved outcomes and reduced resolution times. The expansion of private credit and

special-situations funds offers flexible solutions. However, liquidity erosion in sectors hit by declining orders and higher financing costs remains a key challenge.

M&A outlook and investor focus

Macroeconomic uncertainty and a mismatch between buyers and sellers have impacted Italian M&A activity in 2025, resulting in lower deal volumes. Investors are focusing on software and ICT, people-centric businesses, technology and automation solutions, and energy and infrastructure (including renewables and storage). Distressed M&A is increasingly observed in selective refinancing and amend-and-extend processes.

Insolvencies by region, % y-o-y growth



Source: Atradius

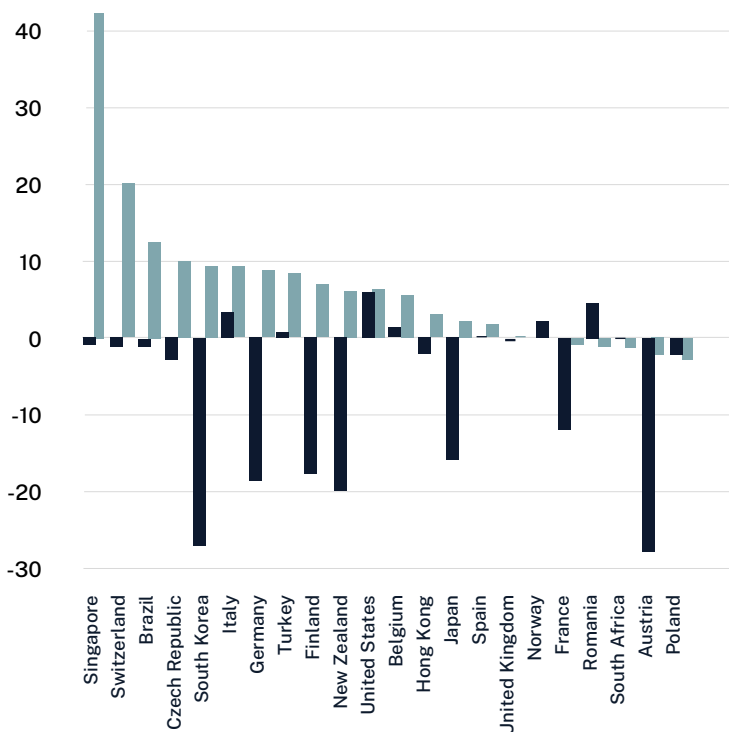
Prevalent deal and growth strategies

Add-on acquisitions by PE portfolio companies and carve-outs are common M&A strategies. In restructuring, the main transaction types include refinancings, amend-and-extend processes, covenant resets, and the use of super-senior private debt and alternative capital for liquidity solutions.

Advice for management teams

Timely management of financing and liquidity issues is critical. Robust tools, such as a 13-week cash flow forecast and monthly liquidity dashboard, should be in place. Solutions may involve rebalancing the capital structure with a mix of banking and private debt sources, as well as operational actions like supply-chain optimisation, cost rationalisation, and portfolio focus. Early warning signs include persistent EBITDA-to-cash conversion issues, shrinking covenant headroom, rising working-capital days, and falling order book and cancellation rates. diluting existing shareholders.

Insolvency growth forecasts 2025 and 2026, % y-o-y



Source: Atradius, Forecast from October 2025 ■ 2025 ■ 2026



Restructuring Trends
2026

3 Recommendations & outlook

Successful restructuring

How to react in difficult times

When facing underperformance or uncertain times, it's essential to re-evaluate your ambitions and adopt a new mindset to make strong and swift decisions.

1. Act early

Invest in early warning systems, and regular stress testing to stay ahead of distress.

2. Reset ambitions

Revise the baseline with a deteriorated current trading situation
Define a strong ambition, aligned with the starting point
Cascade the ambition throughout the organisation and identify clear owners

3. Accelerate decision-making

Foster dynamic management attitude
Create an action driven environment and eliminate decision bottlenecks
Prioritise and make decisions by applying "80/20 rule". Strengthen access to timely, reliable performance data, develop strategy, and act.

4. Engage stakeholders

Ensure regular review of financial and operational performance at management and board level
Promote transparent communication across key stakeholders
Encourage early escalation of risks to enable timely intervention

Early warning signs to watch for:



Persistent
negative cash
flow



Increasing
headcount
costs



Supply chain
disruptions &
inventory build-up



Delays in
refinancing or
reluctance from
traditional
lenders



Regulatory
changes impacting
business models

Make it real with our Chief Restructuring Office (CRO)!

Shareholders and business leaders turn to our Turnaround & Restructuring specialists when facing exceptional challenges and opportunities, and unconventional thinking is required to effectively address the issues at hand.

CRO Office when special execution skills are called for

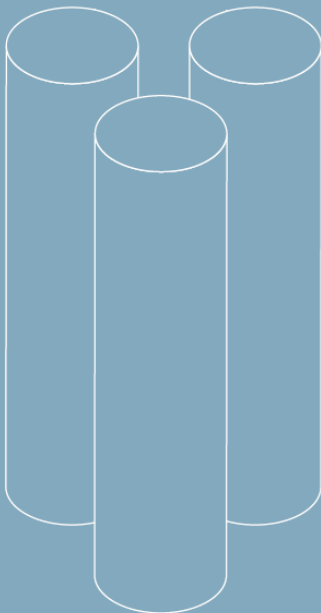
Working with clients in a variety of situations, we have observed the effectiveness of solid turnaround plans with specialised execution. These situations require unique skills and hands-on experience that are often not available within an organisation's leadership team. Our CRO office product fills this gap and provides the expertise needed to successfully execute the plan.

Entrepreneurial approach

We have set up a crisis team made up of cross-functional teams (sales, operations, purchasing, HR, finance). Within a set timeframe, we create a rapid action plan to restore the financial and operational well-being of your organisation. Local teams ensure mobilisation and execute the jointly defined turnaround plan. Our approach is characterised by tight governance ensured by regular working meetings and coordination with functional heads. We emphasise short decision-making loops with senior managers through short and productive meetings. In addition, we develop a financial model that evaluates sales and cost trends and helps management make informed decisions.

3-pillars for best results!

A recovery plan is a process to preserve value. It follows a pragmatic and holistic approach. With proven experience, we rely on 3 pillars that guarantee fast, thorough and sustainable results:



Speed!

Permanent restructuring can risk dissipating the remaining strength needed for the turnaround plan. We help you establish a sense of urgency to eliminate decision-making bottlenecks, reduce timeframes and promote the rapid implementation of solutions.

Hands-on action

We guarantee success by helping you apply the 80/20 rule, analyse key indicators, develop strategy, and act accordingly, empowering leaders, and clearly defining roles, such as the CRO, programme manager, and so on.

Accountability

We help you create an action-driven environment, put experienced and determined implementers in charge, and define and assume accountability for outcomes.

Authors



Florent Berckmans

Partner, Operational Restructuring
Eight Advisory France
florent.berckmans@8advisory.com



Xavier Bailly

Partner, Restructuring
Eight Advisory France
xavier.bailly@8advisory.com



Philippe Fimmers

Partner, Transaction Services & Restructuring
Eight Advisory BeNeLux
Philippe.fimmers@8advisory.com



Boudewijn Wellink

Partner, Restructuring & Turnaround Management
Eight Advisory Netherlands
boudewijn.wellink@8advisory.com



Simon Longfield
Consultant Partner
FRP Advisory
simon.longfield@frpadvisory.com



Johannes Steinel
Partner, Restructuring
Eight Advisory Germany
johannes.steinel@8advisory.com



Tomasz Sadurski
Partner, Attorney at Law,
Restructuring Advisor
JP Weber Poland
t.sadurski@jpweber.com



Gaetano Attanasio
Partner, Restructuring
New Deal Advisors Italy
gaetano.attanasio@newdealadvisors.com

EIGHT ADVISORY

37, Rue La Boétie
75008 Paris / France

17 rue de la République
69002 Lyon / France

34 rue du Pré Gauchet
44000 Nantes / France

28 boulevard du Colombier
35000 Rennes / France

Les Docks, Atrium 10.4
10, place de la Joliette
13002 Marseille / France

100 Pall Mall
SW1Y 5NQ London / UK

53 Avenue des Arts
1000 Brussels / Belgium

Locatellikade 1
1076 AZ Amsterdam / Netherlands

Mainbuilding, Taunusanlage 15
60325 Frankfurt am Main / Germany

Rudolfplatz 3
50674 Cologne / Germany

Isartorplatz 1
80331 Munich / Germany

Neuer Wall 80
20354 Hamburg / Germany

Brandschenkestrasse 90
CH-8002 Zurich / Switzerland

Urmi axis, Seventh floor, Famous
Studiolane, Mahalaxmi
Mumbai 400 011 / India

Tower 49
12 East 49th Street, Suite 1723
New York, NY 10017/ USA

Via Santa Maria Fulcorina,
2-20123 Milan / Italy

C. de Jorge Juan, 35
28001 Madrid, España/ Spain

EIGHT INTERNATIONAL

12 Rue Jean Engling
L-1466 Luxembourg

FRP ADVISORY

110 Cannon Street
London, EC4N 6EU/ UK

JP WEBER

Ul. Wspólna 70,
00-687 Warsaw / Poland

Grodzka 9
50-137 Wrocław / Poland

NEW DEAL ADVISORS

Via Santa Maria Fulcorina,
2-20123 Milan / Italy

MCGRATHNICOL

Level 12, 44 Martin Place
Sydney NSW 2000 / Australia

DH ADVISORY

Dubai World Trade Centre
Dubai, United Arab Emirates

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