



krogerus

Krogeruksen Insolvenssi-iltapäivä 2025

Current International Trends

Krogerus Insolvency Afternoon

30th October 2025



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Global Head of
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The better the question. The better the answer. The better the world works.



Agenda

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Selected Developments

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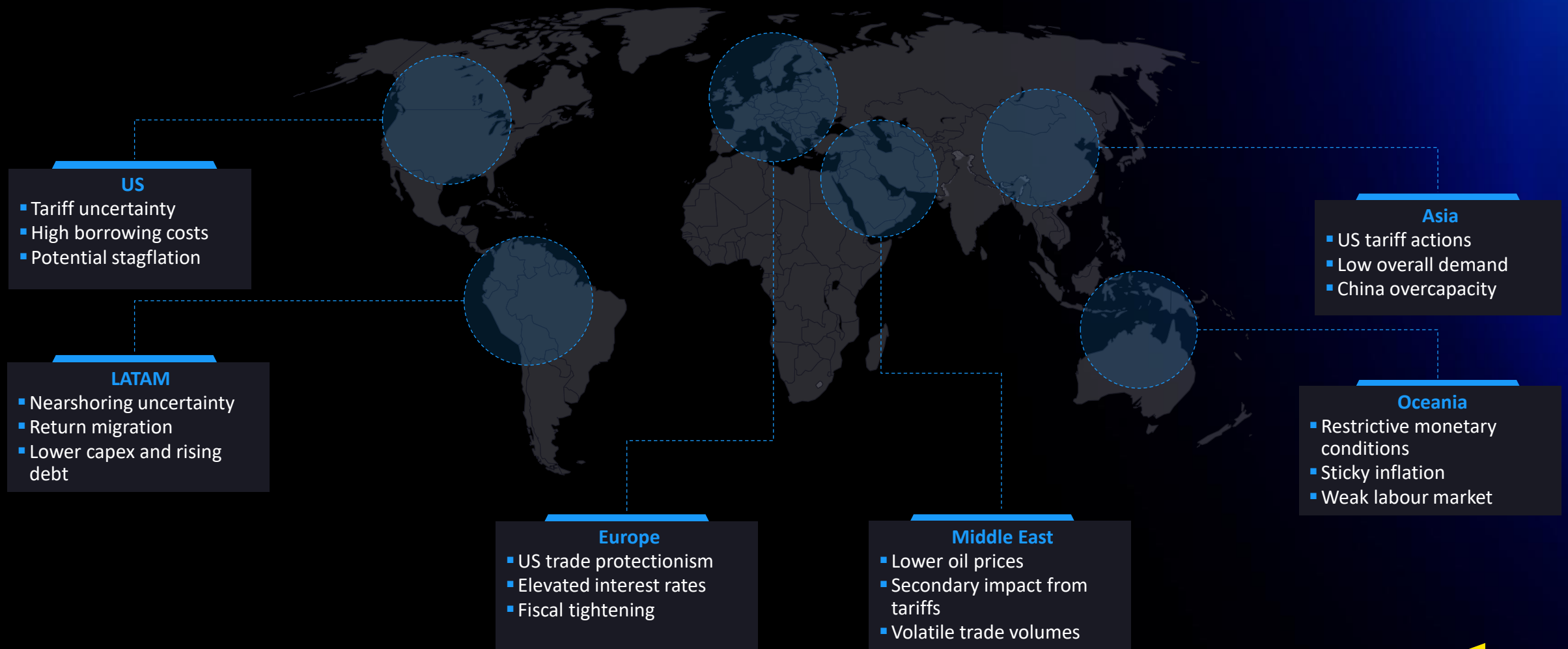
Restructuring and Insolvency under Geopolitical Challenges



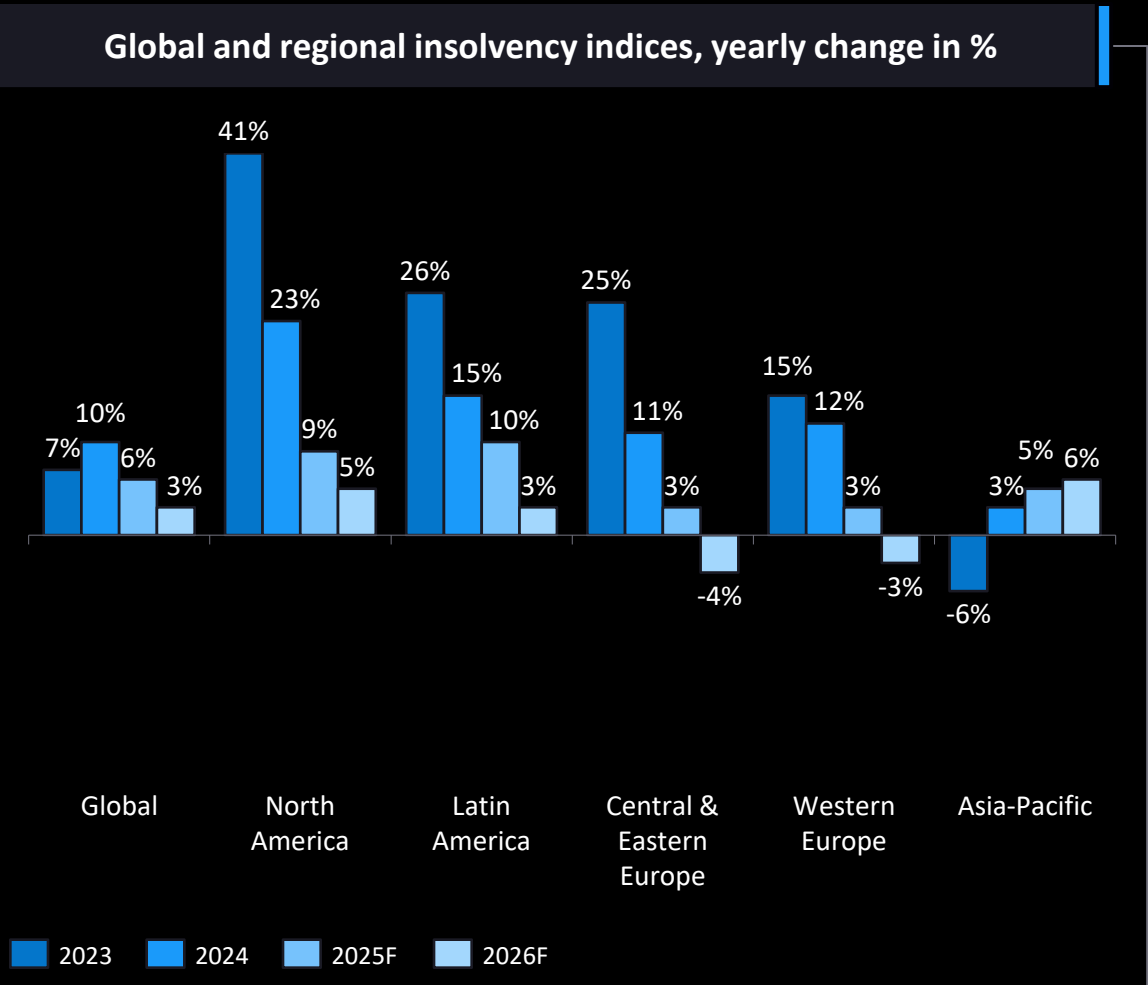
Selected Developments



The global economy faces unprecedented uncertainty — driven by higher borrowing costs, rising interest rates and geopolitical tensions



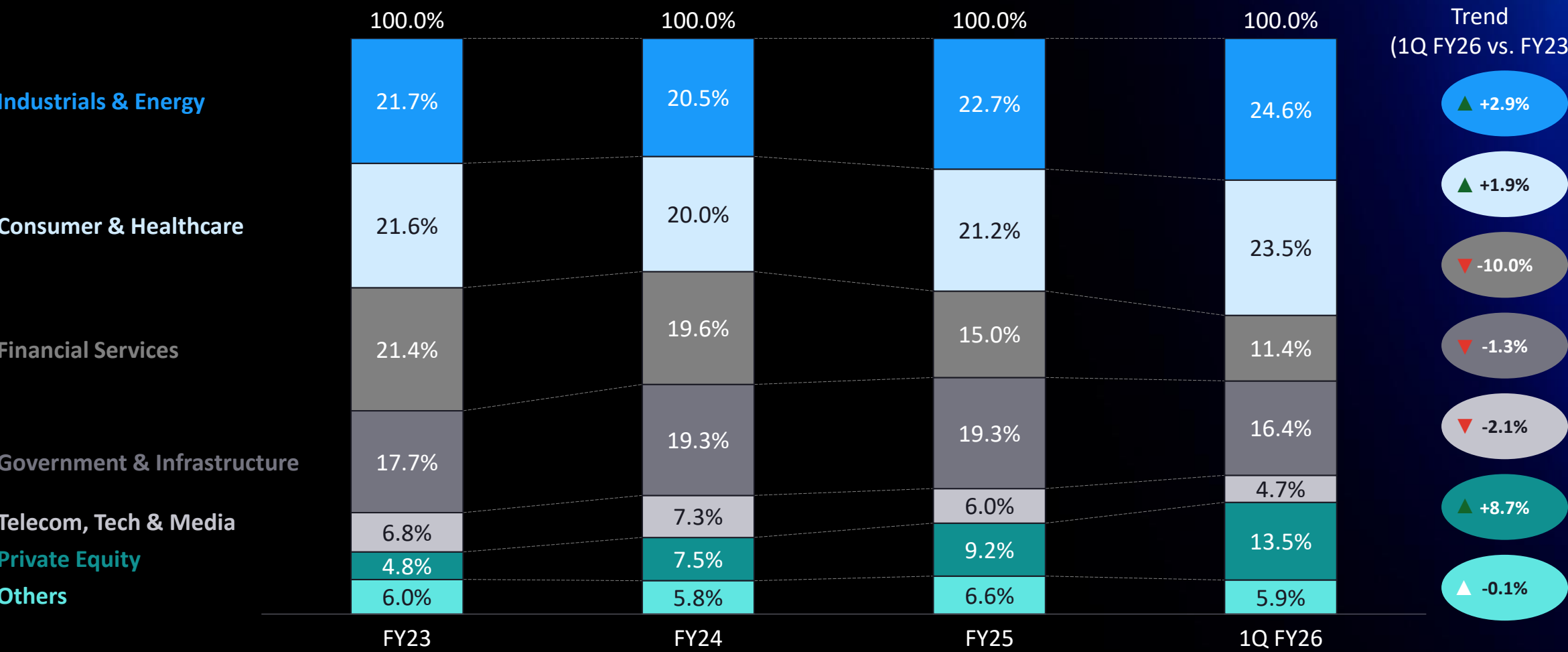
Forecasts suggest that the growth rate of global insolvencies may slow down but APAC and some countries are expected to have higher insolvencies level



Insolvency heat map – 2025

2025 expected change (y/y)	Noticeably increasing (>10%)	Russia Turkey		Italy US	Brazil Germany
	Increasing (+5% to +10%)	Chile Taiwan	China Luxembourg		Switzerland New Zealand Morocco
	Increasing (+0% to +5%)	Czech Republic Latvia Lithuania Portugal	India Romania	Bulgaria Ireland Netherlands Norway	Australia Canada Columbia Finland Hungary Japan Poland Singapore Sweden UK
	Decreasing	South Africa	Denmark	Belgium	Austria Estonia France Hong Kong Slovakia South Korea Spain
2025 expected level compared to 2016-19					
		Very low level (more than -15%)	Low level (-15% to 0%)	High level (0% to +15%)	Very high level (+15% and more)

Industrials & Energy, Consumer & Healthcare and PE sector contribution have increased, whereas Financial Svc. and Government & Infra have declined



Challenging sector/sub-sector trends indicate that restructuring and insolvency activities will continue to remain elevated



Automotive (Industrials & Energy)

- Shortage of rare earth material
- Inflationary risks due to tariffs war
- Sustainability targets & regulatory pressure
- Higher EV production costs



Manufacturing (Industrials & Energy)

- Cost pressures & inflation
- Digital transformation
- Workforce shortages & skills gaps
- Supply chain disruptions



Power & Utilities (Industrials & Energy)

- Decarbonization
- Cost pressures due to geopolitical uncertainty
- Legacy infrastructure
- Soaring debt



Metal & Mining (Industrials & Energy)

- Resource and reserve depletion
- Environmental stewardship
- Global trade tensions
- Concerns over dumping of cheap steel



Retail (Consumer & Healthcare)

- Weak discretionary spending
- Margin compression
- Inflationary pressures due to tariffs
- Tightening credit conditions



Private Equity

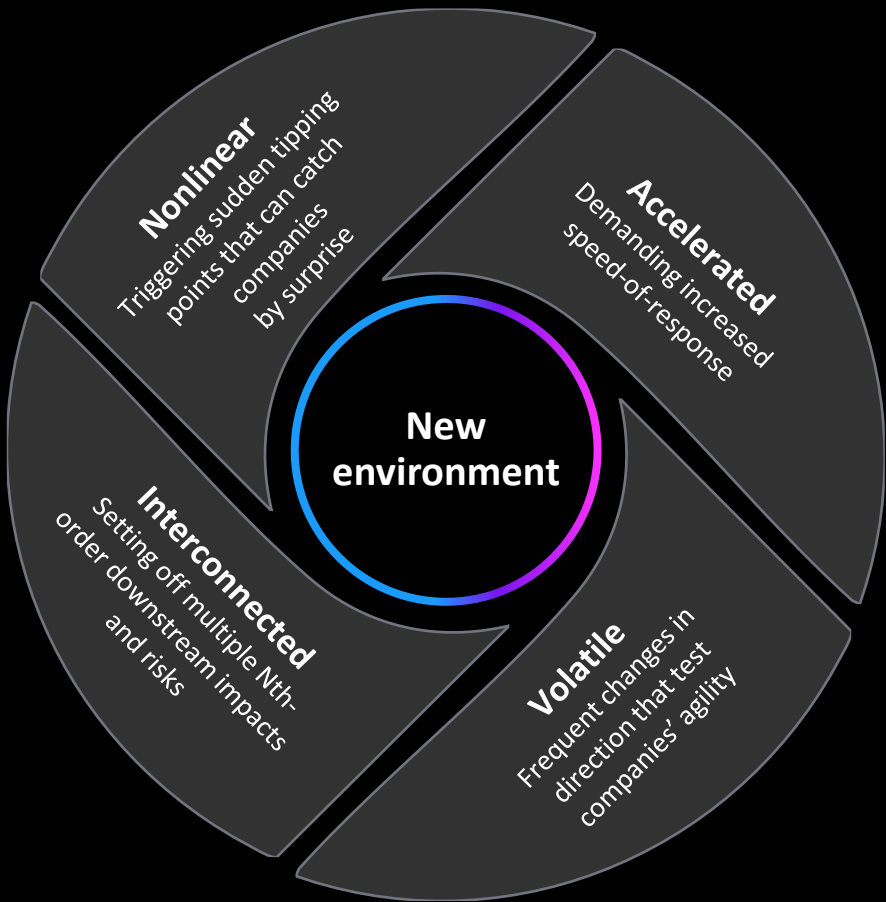
- Impact of tariffs across the portfolio
- Subdued exit environment
- Challenging fundraising
- Geopolitical and macro uncertainty

Restructuring and Insolvency under Geopolitical Challenges

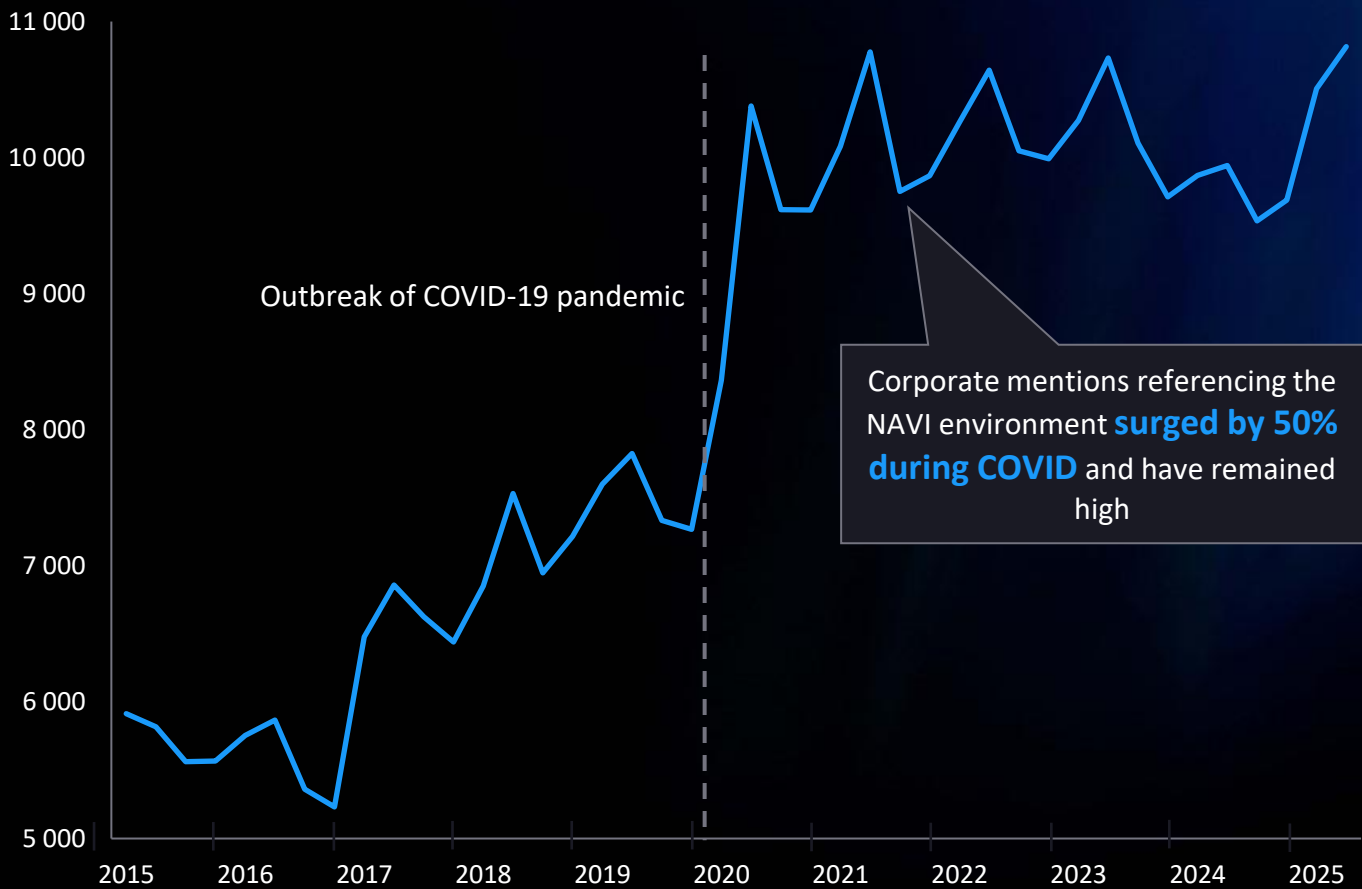


Executives face a more complex global environment, and this NAVI world is here to stay

The NAVI global environment



Number of earnings call mentions of NAVI-related phrases

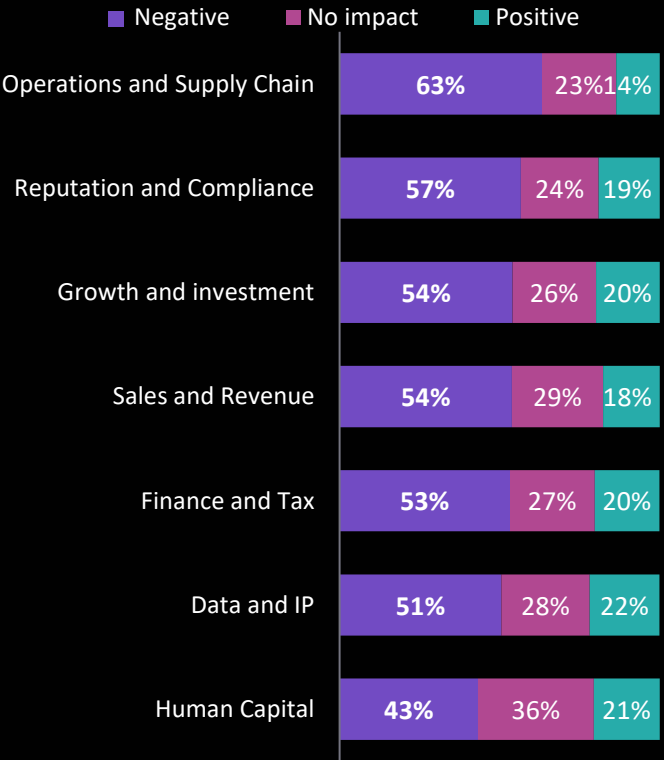


Note: The terms tallied in company event transcripts were “nonlinear,” “accelerated,” “volatile,” “interconnected” and their related smart synonyms

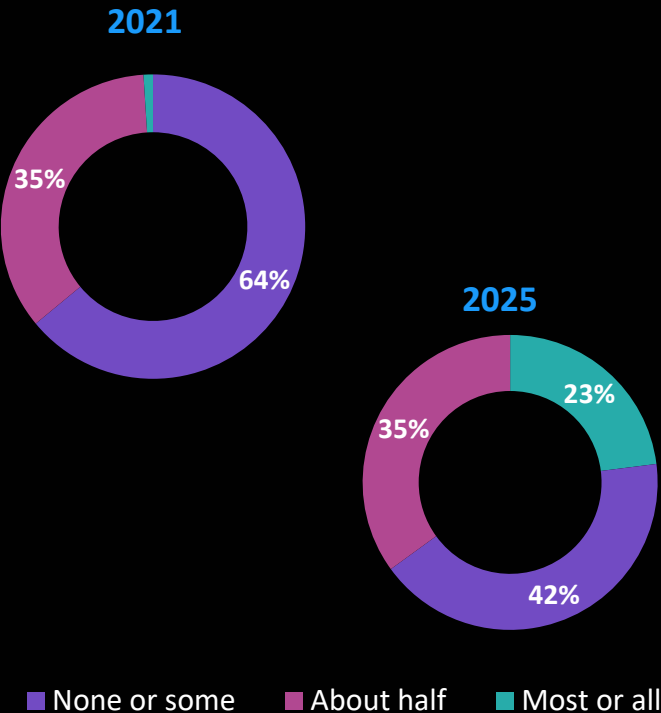
Sources: Alphasense; EY Insights analysis

The geopolitical risks have a material impact on all companies and is a top CEO priority

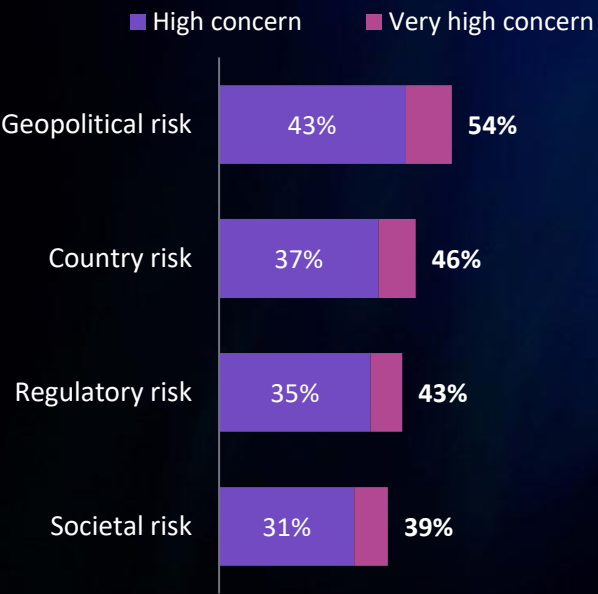
Geopolitical risks have had overwhelmingly negative impacts on companies...



... and global executives are increasingly surprised by the geopolitical risks that impact them...

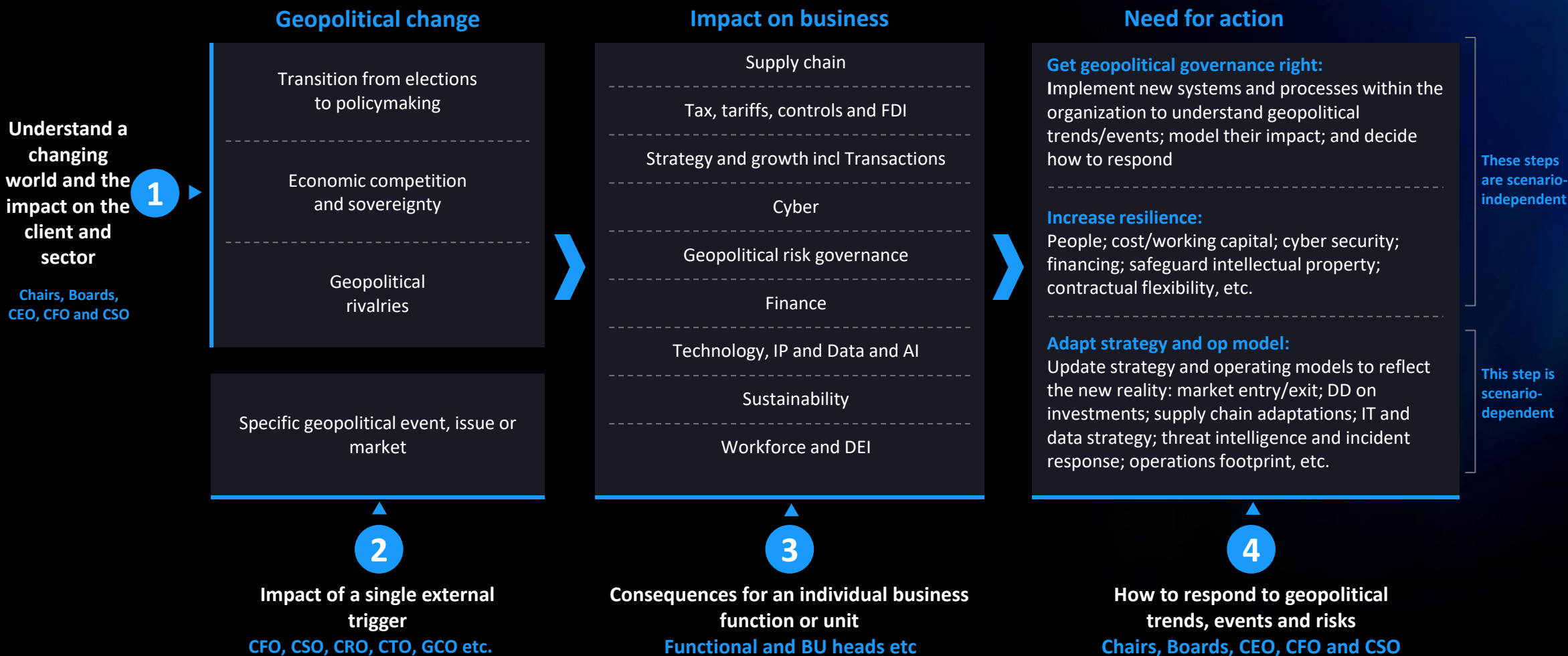


... contributing to executives' elevated concerns about geopolitical risk over the next two years



25% of executives have high or very high concern for 3+ types of political risk in 2025, compared to only 13% in 2021.

As geopolitical dynamics evolve, they generate significant business impacts that call for decisive action



Conversations about how to respond must be grounded in structural trends versus short term uncertainty and the use of scenarios

Master geostrategy

- Scan: monitor the full range of external trends and forces
- Focus: reporting and understanding impact on the business
- Manage: incorporate these trends into the ERM and wider decision-making frameworks
- Strategize: incorporate political risk analysis into operations and strategy
- Govern: Establish a cross-functional geostrategic team with clear ownership
- Recruitment and Training: ensure you have the right skills in place to do this

Increase resilience

- Scan: monitor the full range of external trends and forces
- Cost/working capital
- Utilization pressure
- Data security
- Financing
- Legal setup/GCO/sanctions/compliance
- Contractual flexibility, etc.
- Cyber resilience planning, execution and testing, protect IP

Adapt strategy and op model

- Growth strategy
- Market entry
- Pricing strategies
- Due Diligence on investments
- Supply chain strategy and adaptations
- Footprint
- Market/Product portfolio
- IT and Data Security
- Opportunities for margin/growth
- Operations footprint
- Value propositions (e.g., employee, customer), etc.
- Threat intelligence, monitoring and incident response

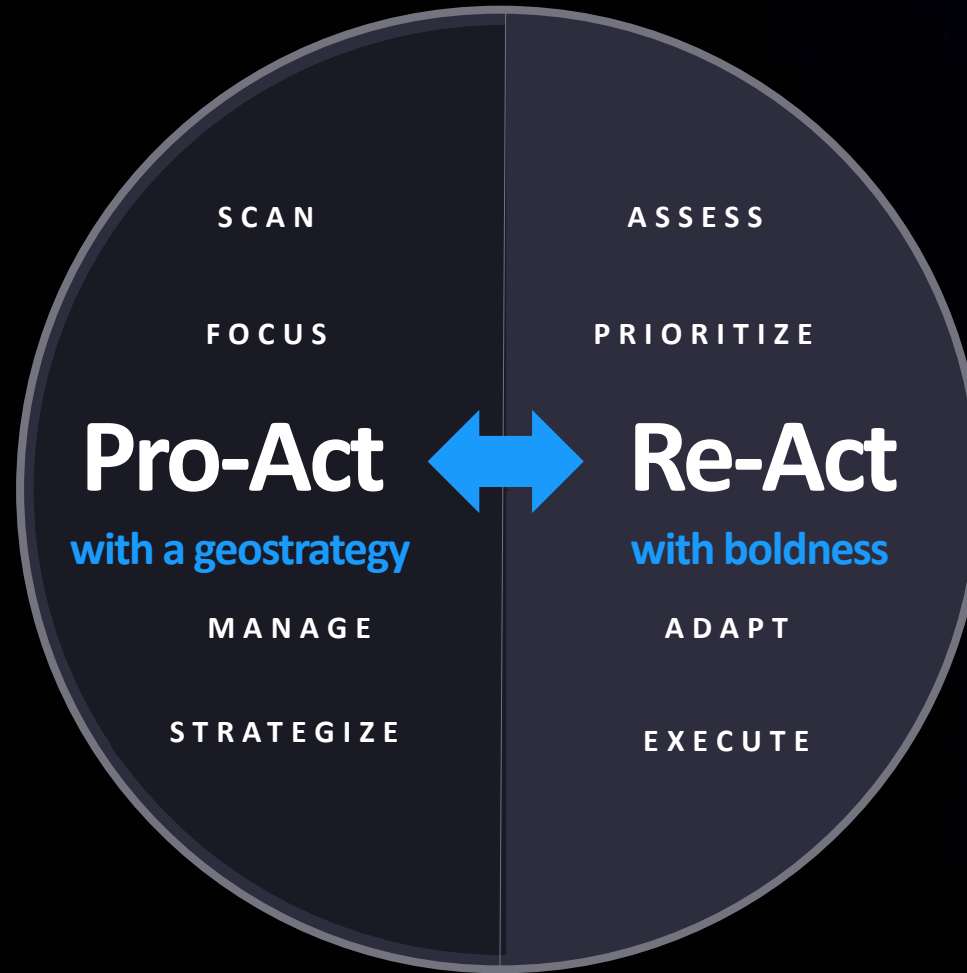
“No regrets” moves — these steps are Scenario Independent. First, master geostrategy, so that our client has full understanding of the external trends, of the impact on their business and their options. Second, increase resilience during the period of uncertainty whilst the trends and events play out.

For some issues (e.g., latest US tariffs) it is too early for major moves as the right action is too scenario dependent.

NB for other issues — e.g., inward and outward investment restrictions in strategic sectors, the structural trend is clear and action can be taken.

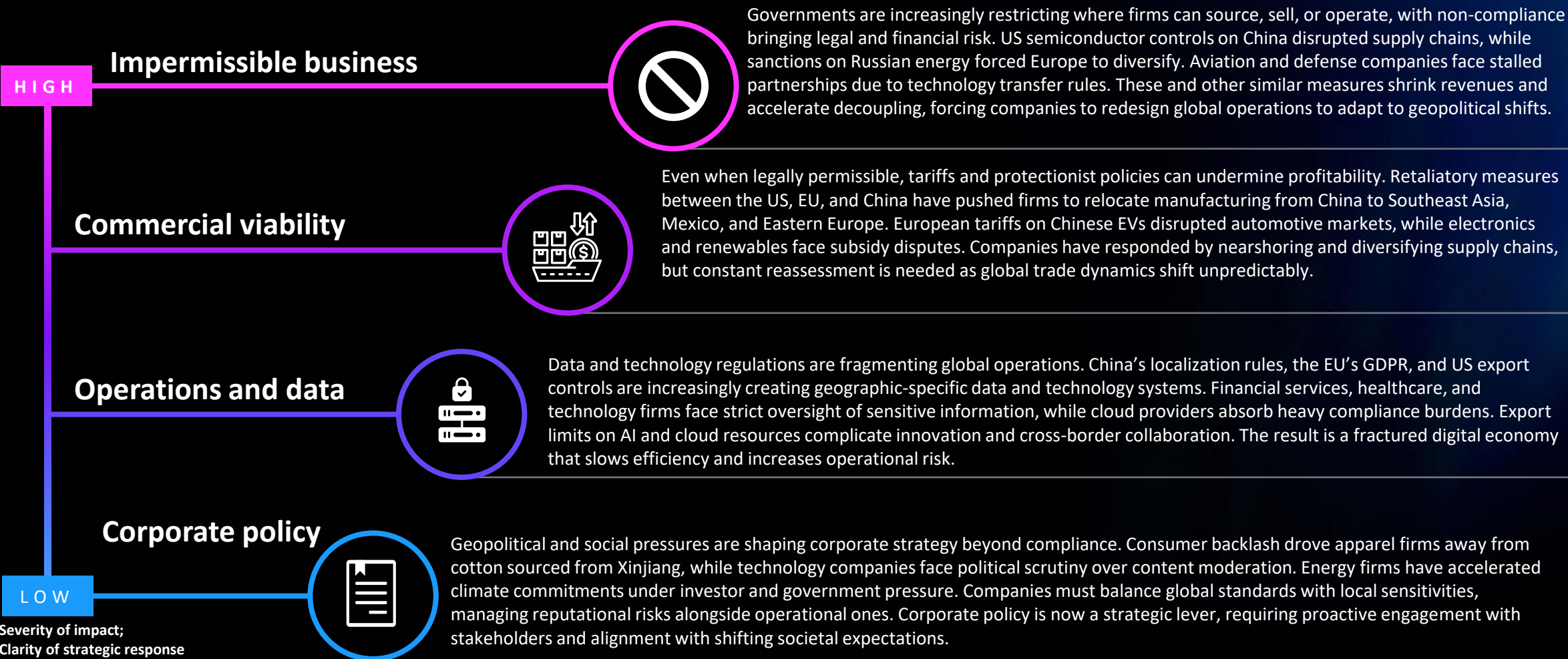
But strategy orientation cannot be externalized – companies must shift from reactive to pro-active in their geopolitical strategy

Traditional global operating models are being tested by a complex interplay of tariffs, sanctions, export controls, regional power shifts, and disrupted supply chains.



Companies need to move to a proactive mindset by adopting a **geopolitically-savvy corporate strategy** that will enable them to get ahead of external shocks and create a stable platform for growth.

To become pro-active again and formulate a geopolitically-savvy strategy, four impact areas need to be assessed



The following key questions help determine impact areas and define the right global strategy

Impermissible business

- Are government policies or regulations restricting where we can sell our products? If so, what share of our business is affected?
- Are we reliant on specific technologies or inputs that are restricted by export controls or sanctions?
- What new compliance requirements or capabilities do we need?



Commercial viability

- Is geopolitical risk creating supply chain disruptions or delays, or increasing supply chain costs?
- Is geopolitical risk having a material impact on our cost of inputs, talent, or capital?
- Is geopolitical risk affecting the profitability of our business in certain geographies?
- Are there any divestments or market exits that would improve our commercial viability? Are there any corresponding investments or market entry/expansion opportunities?



Operations and data

- Is geopolitical risk affecting our data management locations and costs?
- Is geopolitical risk affecting the security of our intellectual property?
- Is geopolitical risk affecting our AI strategy?
- What cost reductions or operational efficiencies can we implement to offset rising costs?



Corporate policy

- What markets are critical to our long-term growth strategy?
- Are we willing to exit or avoid certain markets to reduce geopolitical risk?
- How politically sensitive is the sector we operate in? If sensitive, do we have unique offerings that give us leverage to operate globally despite tensions?
- How aligned is our operational model with the foreign policy stance of our home country? What about the foreign policies of key suppliers and commercial markets?
- How does our current global footprint and strategy affect stakeholder perceptions of our company?
- Does the current geopolitical environment necessitate a re-evaluation of our mission statement and source of long-term value?
- How does the geopolitical environment affect our strategic advantages or disadvantages?
- How will likely future geopolitical risks affect our operating model and supply chain strategy?
- Do we have the resilience in our capital structure to succeed in this geopolitical environment?
- Do we have the governance and scenario planning capabilities to support agile geopolitical decision-making?



A graphic featuring the text "Q&A" in a bold, blue, sans-serif font. The text is centered on a dark blue background. To the left of the text, there is a blue line that starts from the top left, goes right, then down, then right again, ending in a small blue square. To the right of the text, there is a blue line that starts from the top right, goes left, then down, then left again, ending in a small blue square. The overall design is minimalist and modern.

Q&A

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