



ALVAREZ & MARSAL  
SOUTHEAST ASIA & AUSTRALIA

# THE TURNAROUND TIGHTROPE: BALANCING OPTIMISM AND HARD REALITIES

October 2025

In partnership with



ALVAREZ & MARSAL  
LEADERSHIP. ACTION. RESULTS.™



# CONTENTS

01	INTRODUCTION: ONE YEAR CAN MAKE ALL THE DIFFERENCE	P03
02	KEY INSIGHTS: TURNAROUND MARKET AT A CROSSROADS	P05
03	ECONOMIC OUTLOOK: A NEW DAWN OF OPTIMISM	P07
04	TURNAROUND TRENDS: INFLATION, DISTRESS AND MORE	P09
05	INSOLVENCY TRENDS: A SURGE IN CASES AND THE SAFE HARBOUR EFFECT	P12
06	BUSINESS RESPONSES: FIGHTING BACK WITH STRATEGIC LEVERS	P14
07	INDUSTRY SPOTLIGHTS: SHINING A LIGHT ON THOSE HIT HARDEST	P17
08	SURVEY METHODOLOGY	P24
09	HOW A&M CAN HELP	P25
10	CONTACTS	P26

# INTRODUCTION: ONE YEAR CAN MAKE ALL THE DIFFERENCE

In August 2024, Alvarez & Marsal (A&M) partnered with the Turnaround Management Association Australia (TMA) to survey over 140 TMA professionals on the key trends shaping the turnaround profession and broader economy. At the time, the market was marked by uncertainty, caution, and worry of looming recession.

This year, we once again partnered with the Turnaround Management Association—this time surveying over 180 professionals. What did we find? The mood has shifted. Optimism has returned—cautious, certainly, but unmistakable. As we delved into the results, one thing became clear: Australia's turnaround market is entering a new phase, shaped by the country's current economic outlook. So, what's driving this change?

Australia's economy is finally showing signs of recovery after years of being buffeted by the impact of the Covid-19 pandemic, a cost-of-living crisis and rising interest rates. Sentiment is improving amid easing inflationary pressures and three interest-rate cuts this year.

But while the rate cuts are boosting sentiment, they are yet to translate into real impact for businesses grappling with challenges on the ground. In 2025, insolvencies remain worryingly high, with 13,413 companies entering external administration in the financial year through May, a jump of 34% from the year earlier period<sup>1</sup>. There is also significant stress in sectors such as construction and healthcare. Beyond Australia's domestic economy, global risks are rising amid constantly evolving tariffs and growing geopolitical tensions.

At the same time, the rapid growth of private credit and alternative financing over the past 12-18 months means there is now plenty of liquidity in the market, offering companies access to more capital, often at competitive terms, to help with stressed situations.

This report outlines the broader results from the survey along with A&M's perspectives into the specific issues affecting industries such as construction, healthcare, retail and mining.

<sup>1</sup> <https://www.asic.gov.au/about-asic/corporate-publications/newsletters/asic-corporate-insolvency-update/asic-corporate-insolvency-update-issue-36/>

## Bright Spots on the Horizon - But the Journey is Far from Over

To provide context to the survey responses and A&M's experts views, here is a quick snapshot of the current macroeconomic backdrop:



### 01 Falling interest rates

The benchmark rate dropped to a two-year low of 3.6% in August<sup>2</sup>. The Reserve Bank of Australia (RBA) began to cut rates earlier this year, marking a shift in monetary policy after an aggressive tightening cycle in 2022-23, and in August signalled a “couple more cuts” are required to achieve its latest forecasts. The RBA held the benchmark rate steady in September.



### 02 Easing inflationary pressures

Headline inflation slowed to 2.1% in the quarter through June, while trimmed mean inflation hit its lowest since December 2021<sup>3</sup>.



### 03 GDP growth

The economy is showing signs of recovery, with faster-than-expected growth in the second quarter driven by household and government consumption.

However, it won't be smooth sailing just yet, with the RBA cutting its 2025 forecast, saying a weaker-than-expected increase in public demand early on is unlikely to be offset through the rest of the year.



### 04 Stalling productivity

Australia's labour productivity has stagnated in recent years after a burst of “Covid productivity,” causing concern about its long-term economic impact. While there was a slight lift in the June quarter, productivity remains near levels seen at the end of 2019<sup>4</sup>.



### 05 Wage Inflation

Wage inflation remains elevated, underscoring a tight labour market. The Wage Price Index rose an annual 3.4% in the June quarter.<sup>5</sup>

These indicators offer a mixed picture of the broader economy. While easing inflationary pressures and falling interest-rates are likely to have a positive impact, the path ahead is not without challenges. Businesses continue to face significant pressures on profits and cash flow.

Does this mean that the brightening economic outlook offers too little too late for stressed and distressed companies? Read on for our main survey findings and their implications for businesses in the coming months.

<sup>2</sup><https://www.cnn.com/2025/08/12/rba-policy-decision-inflation-australia.html>

<sup>3</sup><https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

<sup>4</sup><https://www.abs.gov.au/articles/primer-labour-productivity#labour-productivity-why-it-matters-and-recent-trends>

<sup>5</sup><https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/wage-price-index-australia/latest-release>

# KEY INSIGHTS: TURNAROUND MARKET AT A CROSSROADS

The insights below reflect a market in transition—one where confidence is growing, but the scars of recent economic turbulence remain visible.

## Insight #1

### **A New Dawn of Optimism: Recession Fears Fade**

The perceived threat of a recession has receded significantly. 63% of respondents in our survey say a recession is unlikely in the next 24 months, up from 37% last year.

## Insight #2

### **Winds of Change: Macroeconomic Indicators Signal Stability Ahead**

Underpinning that confidence is respondents' increasingly positive view of macroeconomic indicators compared to a year ago. 72% expect interest rates to drop in the next 12 months, versus 38% expecting only a slight decline a year ago. 59% expect inflation to remain stable (up from 30% in 2024).

## Insight #3

### **The Lingering Storm: Inflation and Debt – The Twin Challenges For Business**

The lingering impact of these headwinds remains evident. Input cost inflation and over-leveraged capital structures continue to be the most significant challenges, ranking first and second respectively. Close behind are wage inflation, cash flow management, and ongoing supply chain and working capital pressures.

## Insight #4

### **Stress Test: Construction and Healthcare Sectors Under Siege**

Among sectors, respondents ranked construction as the industry most likely to be under high or very high stress in the next 12 months (86%), followed by healthcare (76%), manufacturing (73%) and retail, consumer goods and services (75%).

**Insight #5****The Playbook for Survival:  
Strategic Priorities for Resilient  
Organisations**

To address market challenges, most respondents are seeing organisations focus more on initiatives such as cash management (84%), turnaround/transfer programmes (80%) and improving financial hygiene such as business planning (79%).

**Insight #7****The AI Revolution:  
Transforming the Turnaround Industry**

While businesses face mounting pressures, our survey also turned the spotlight on the turnaround industry itself, exploring the critical capabilities it must develop to effectively support companies in navigating these challenges. AI emerged as the clear winner in our survey with 78% of respondents believing the industry must invest to better serve clients.

**Insight #6****Safe Harbour on the Horizon:  
A Growing Focus on Proactive Stabilisation**

With insolvencies skyrocketing, it should come as no surprise that a good portion of participants (35%) expect safe harbour engagements – introduced in 2018 to protect company directors from insolvent trading personal liability – to increase or remain at current levels in the next 12 months.

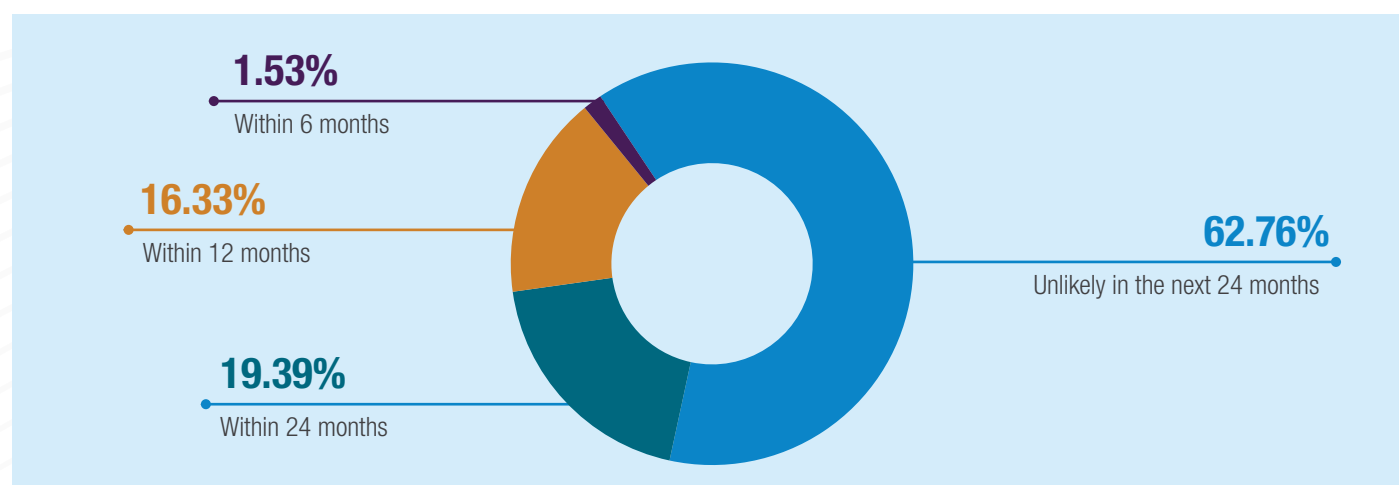


## ECONOMIC OUTLOOK: A NEW DAWN OF OPTIMISM

Around 63% of the respondents in the survey said an Australian recession is unlikely in the next 24 months. That's up from 37% in 2024, a clear indication of improving economic sentiment. Only 16% now expect a recession in the next 12 months, less than half the proportion who did so last year.

**Figure 1**

### **Do you anticipate a recession in Australia in the near future?**



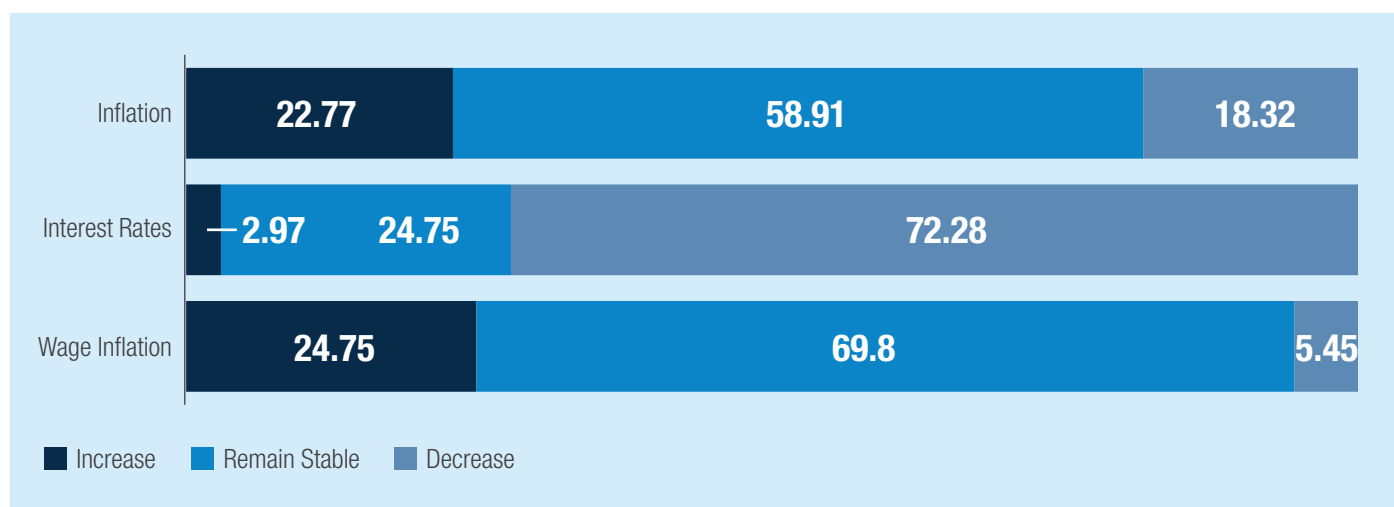
Respondents' outlook for inflation and interest rates in Australia is also shifting from uncertainty towards cautious optimism. A majority of respondents expect stability in inflation (59%) and wages (70%) in the next 12 months.

These findings align with economic reports indicating easing inflationary pressures and recession worries. Wage inflation is likely to be the most challenging economic factor for businesses – only 5% expect a drop in the next 12 months. Annual wage growth remained elevated in the June quarter (3.4%), reflecting persistent weakness in productivity and a tight labour market. RBA officials are keeping a close eye on the metric, seeing wage growth of around 4% as consistent with meeting their inflation target, as long as productivity performance improves.

Figure 2

## What do you anticipate over the next 12 months regarding the following? (%)

(Inflation, Interest Rates, Wage Inflation)



“

While optimism is growing, businesses are still experiencing the delayed effects of COVID, interest rate hikes, and other ongoing challenges. These impacts are likely to continue affecting operations for another 12-24 months. Many businesses are still feeling the consequences of the tough times that came before, but haven't yet benefited from the positive shifts that are emerging. As a result, it's possible to see improving economic indicators on the surface, while at the same time facing a rising number of insolvencies and turnarounds in the background.

– **Neil Hayward**  
Managing Director  
Turnaround & Restructuring

”



## TURNAROUND TRENDS: INFLATION, DISTRESS AND MORE

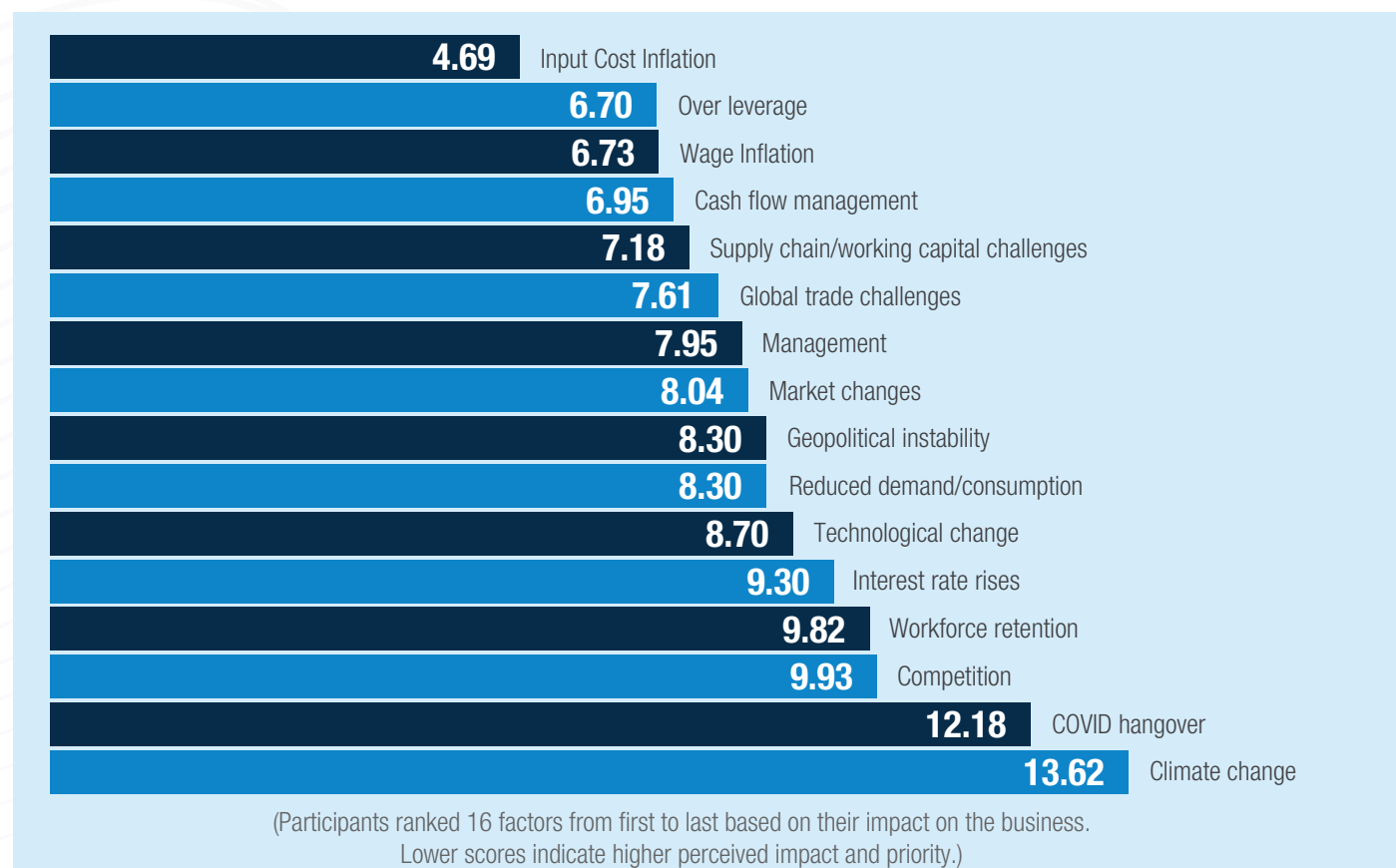
### Inflation and Debt – A Twin Challenge for Businesses

Participants were asked to rank 16 factors based on their perceived impact on business, assigning scores from 1 to 16 — with lower scores indicating higher perceived impact and priority.

The results revealed that the greatest perceived challenges for businesses were input cost inflation (average rank of 4.69) and over-leveraged capital structures (6.70). These were closely followed by wage inflation (6.73) and cash flow management (6.95).

**Figure 3**

### Rank the following factors causing the greatest challenges to business?

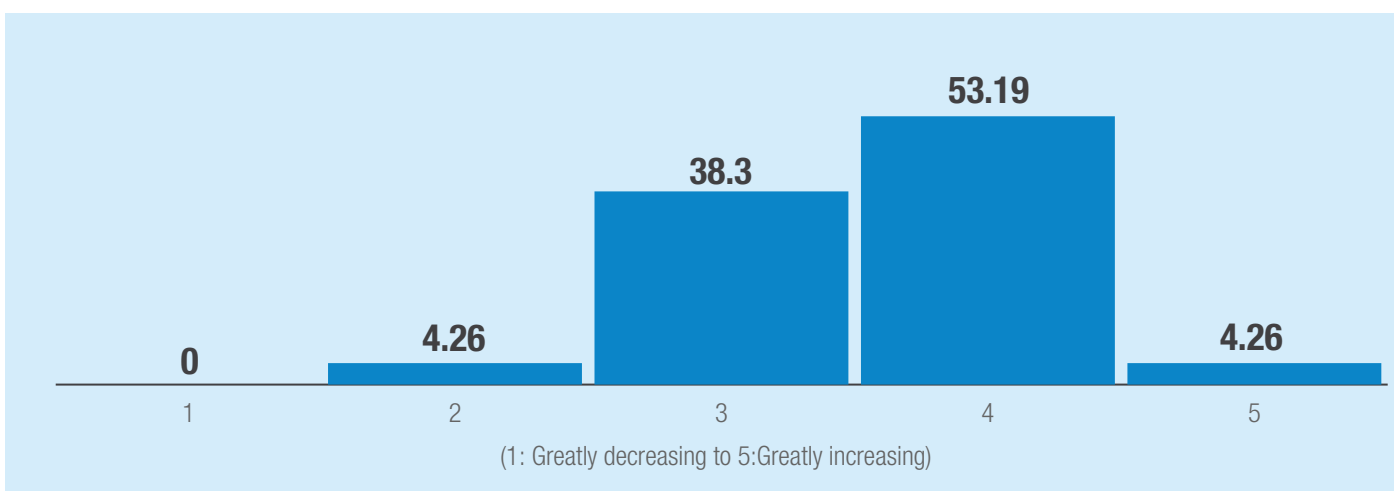


## Distressed Investing: Continues To Surge

With businesses grappling with input cost inflation, over leverage, and cash flow pressures, the landscape for distressed investing continues to evolve. Rising levels of private capital in global markets have created fertile ground for opportunities, particularly to reset over-leveraged capital structures. A majority, 57% of respondents expect a rise in the number of stressed investment opportunities in the next 12 months, including 4% who expect them to greatly increase. There will be little change in the current landscape, according to 38%.

**Figure 4**

**How do you see the number of stressed investment opportunities to change over the next 12 months? (%)**



Distressed credit, special situation funds and turnaround private equity investors are expected to be the most likely providers of funding in these situations, followed by private credit, broader private equity, strategic trade players or competitors and family offices. Traditional bank lenders ranked the lowest among the likely providers of capital to stressed situations, further advancing the pivot to private capital as the driving force of turnaround in Australia.

These findings, echoing last year's rankings, demonstrate the growing scope and power of private capital, with one segment being Australia's expanding private debt market, estimated to be AU\$205 billion in size and growing. Its expansion is driven by the level of new market entrants, consolidation by larger funds management groups and the renewed wave of private debt backed listed capital raisings. The 'dry powder' sitting across the private capital markets is allowing for many stressed and distressed situations to find ways to reset capital structures, address working capital shortfalls and give a business time to address broader operational and front-end business improvement steps needed.

Private credit is also proving particularly attractive to midcap companies in Australia, deployed for resetting capital structure but also for acquisitions or capex needs. In some cases, special situations and PE investors are also involved as the needs of the business may require a more fulsome solution to reset both the capital stack and the operational challenges.

At A&M, we recommend that companies take the following steps to access the right pool of capital for their financing needs:

- Ensure full knowledge of the various capital options that are available across the plethora of traditional and private credit options available. For example, if the leverage is too high in a bank, a private credit fund may offer options that will give a company 2-3 years to reposition themselves before they return to a traditional lending market.
- Develop a clear understanding of the working capital and core funding needs through modelling and stress testing forecasts.
- Seek external advice to assist with engaging across a wider and more complex range of funding options and terms.
- Any capital infusion should go hand-in-hand with focus on business initiatives to improve operational performance and efficiency.

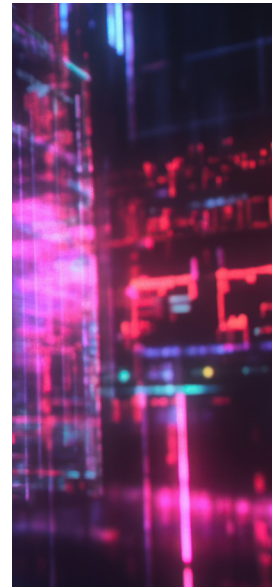
“

There's considerable appetite and available funding across both traditional and alternative sources of capital and in most transactions, we are seeing competitive terms. For companies seeking to reset their capital structures, or even just to understand what's out there, the time is right to go out and explore your funding options.

– **Sebastian Paphitis**

Managing Director  
Corporate Finance

”



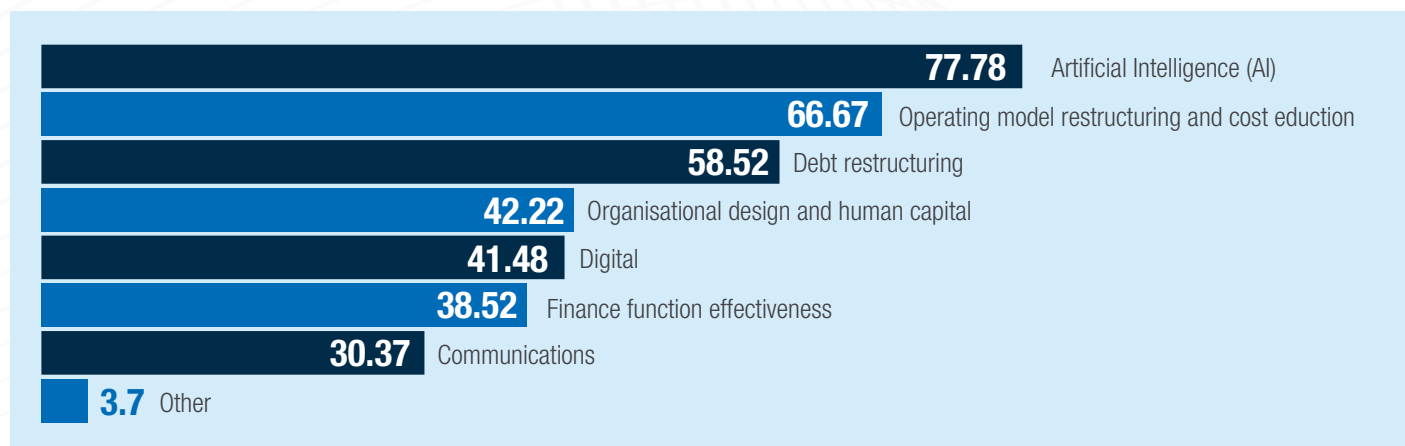
## AI Leads the Charge: Transforming Turnaround Capabilities

While businesses face mounting pressures, our survey also turned the spotlight on the turnaround industry itself, exploring the critical capabilities it must develop to effectively support companies in navigating these challenges.

AI emerged as the clear winner in our survey with 78% of respondents believing the industry must invest to better serve clients. Other capabilities that ranked high among respondents as investment necessities were operating model restructuring and cost reduction (67%), debt restructuring (59%), organisational design and human capital and digital capabilities (42% each).

**Figure 5**

### What capabilities does the turnaround industry need to invest in? (%)



# INSOLVENCY TRENDS: A SURGE IN CASES & THE SAFE HARBOUR EFFECT

## ASIC Data Paints a Bleak Picture

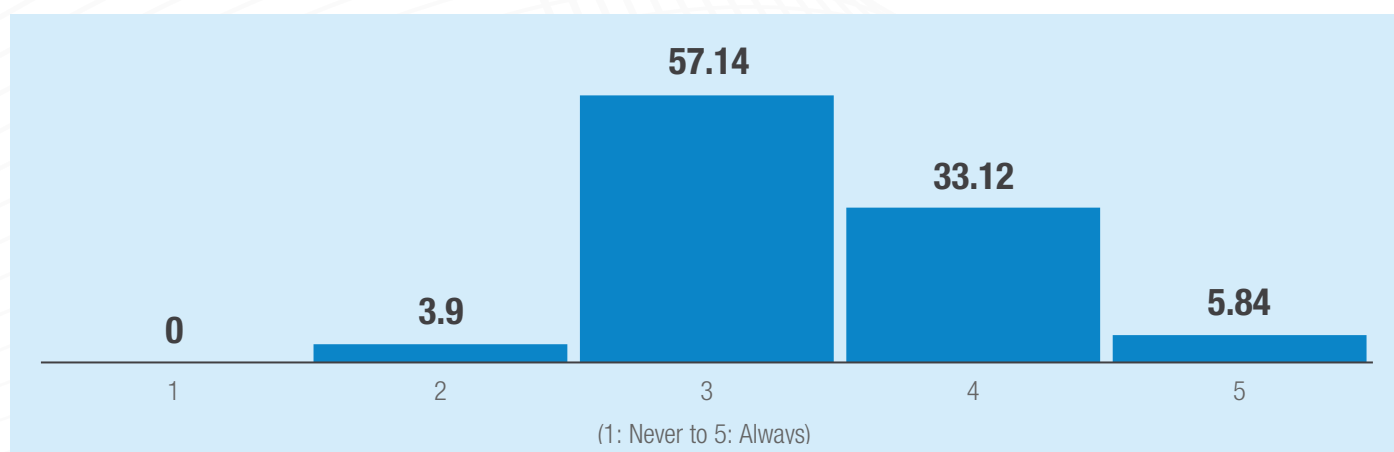
Whilst sentiment is shifting to optimism, companies are still dealing with the harsh reality of insolvencies at an all-time high. ASIC data reveals insolvencies in Australia rose to 13,413 in the 2024-25 fiscal year, up 34% from the same period in 2023-24, according to the latest report by the Australian Securities and Investments Commission (ASIC). The RBA noted earlier this year that the share of companies entering insolvency “has risen sharply” over the past couple of years, to the top of the range observed in the 2010s, attributing it to challenging economic conditions and the catch-up effect from “exceptionally low” insolvencies during the pandemic<sup>6</sup>.

For many businesses, interest rate relief has come too late. The financial strain is real, and it’s a stark reminder that recovery is uneven.

Respondents see little relief in sight, with only 3.9% expecting appointments to decrease in the next 12 months. 57% expect insolvencies to remain at current levels, with another 33% predicting an increase in appointments. The Australian Taxation Office’s (ATO) tougher stance on debt recovery is the primary driver of increased insolvencies, and respondents expect this position to continue in the next 12 months.

**Figure 6**

**Do you see the number of insolvency appointments changing over the next 12 months? (%)**

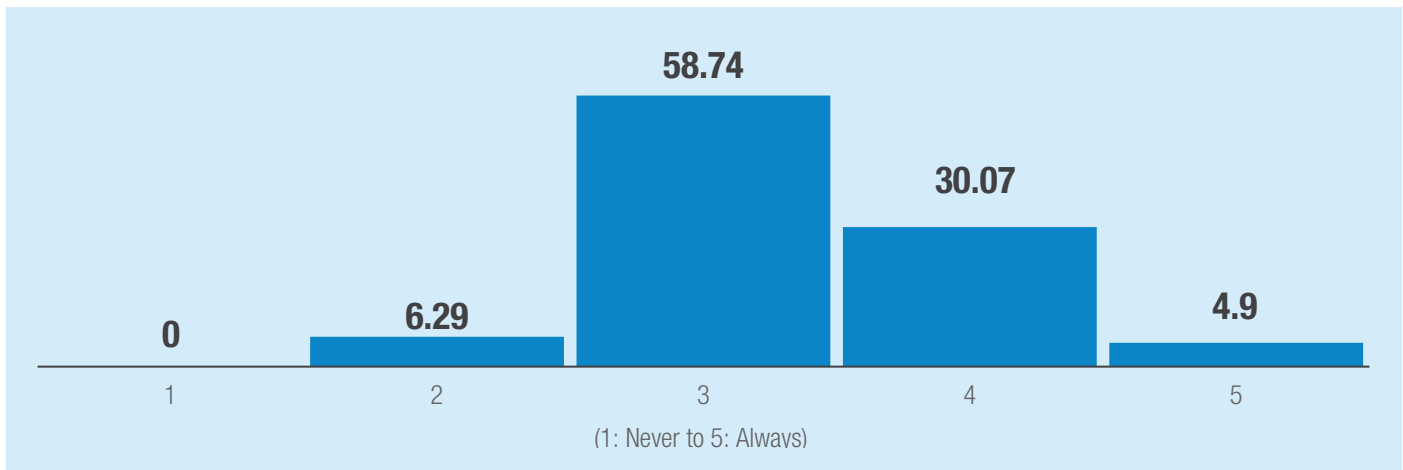


<sup>6</sup><https://www.rba.gov.au/publications/fsr/2025/apr/focus-topic-the-recent-increase-in-company-insolvencies-and-its-implications-for-financial-stability.html>

## Safe Harbour Engagements on the Rise

Figure 7

**How do you expect the number of Safe Harbour engagements to change over the next 12 months? (%)**



With insolvencies skyrocketing, it should come as no surprise that a good portion of participants (35%) expect safe harbour engagements – introduced in 2018 to protect company directors from insolvent trading personal liability – to increase or remain at current levels in the next 12 months. Around half the respondents agreed that the current safe harbour regime is delivering better outcomes for stakeholders. However, some others noted issues such as inadequate protection for creditors and poor understanding by the public.

“

Because safe harbour is a confidential process, there's no data on how many companies have been through it, but our general impression from the market is that it is being used more often and becoming more recognised as a protection for directors. As a result, if you have more insolvencies, you should also see an increase in safe harbour engagements because of the volume of deals. When used properly, safe harbour is a critical tool available for directors to protect themselves while pursuing a turnaround for the benefit of all stakeholders, but a lack of understanding of the availability and requirements of the process remains a key barrier to it being used more frequently.

– **Neil Hayward**

Managing Director  
Turnaround & Restructuring

”





## BUSINESS RESPONSES: FIGHTING BACK WITH STRATEGIC LEVERS

### Cash Management & Working Capital: Key Drivers for Resilience and Growth

What are businesses doing to address the most pressing challenges in this shifting economic landscape? According to our survey, the initiative that companies are focusing are cash management and working capital improvements (84%). This can often be an untapped source of funding without needing to seek external support. Broader turnaround and transformation programmes (80%), financial hygiene improvement (79%), digitisation technology initiatives (75%), debt restructuring (73%) and cost reduction (72%) were also highlighted by respondents as critical to protecting profitability.

Respondents also identified more dramatic changes such as replacing management (68%) and sale or closure of business units (66%) as initiatives to address current challenges.

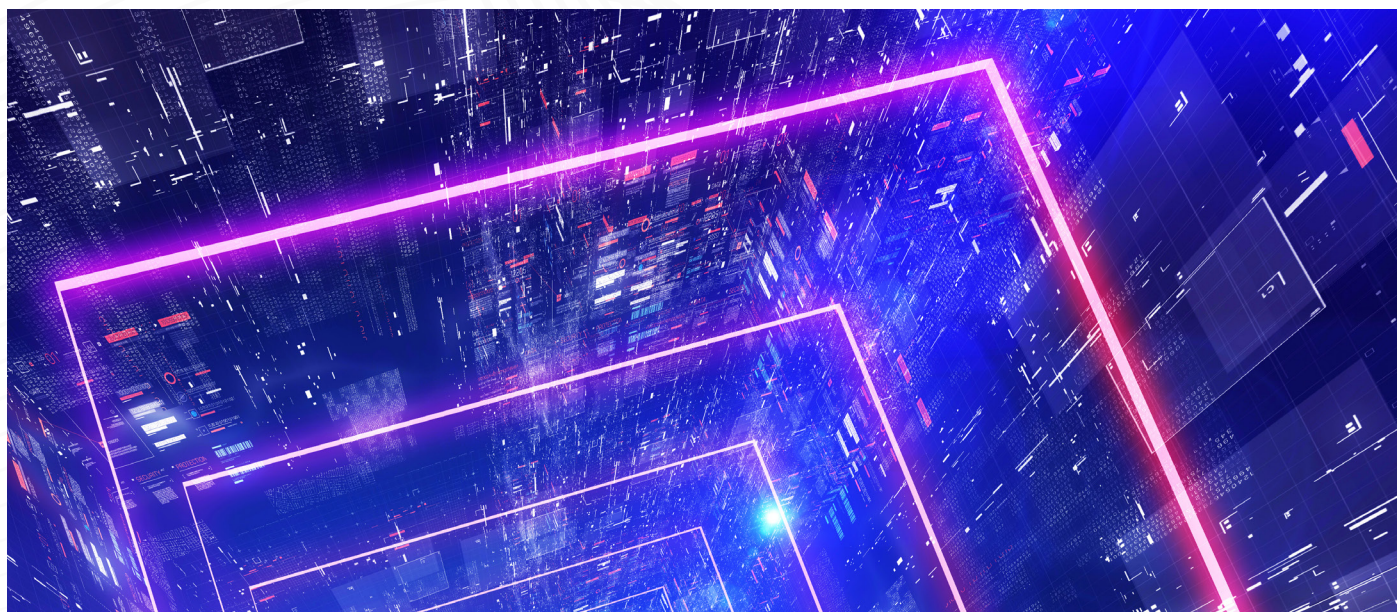
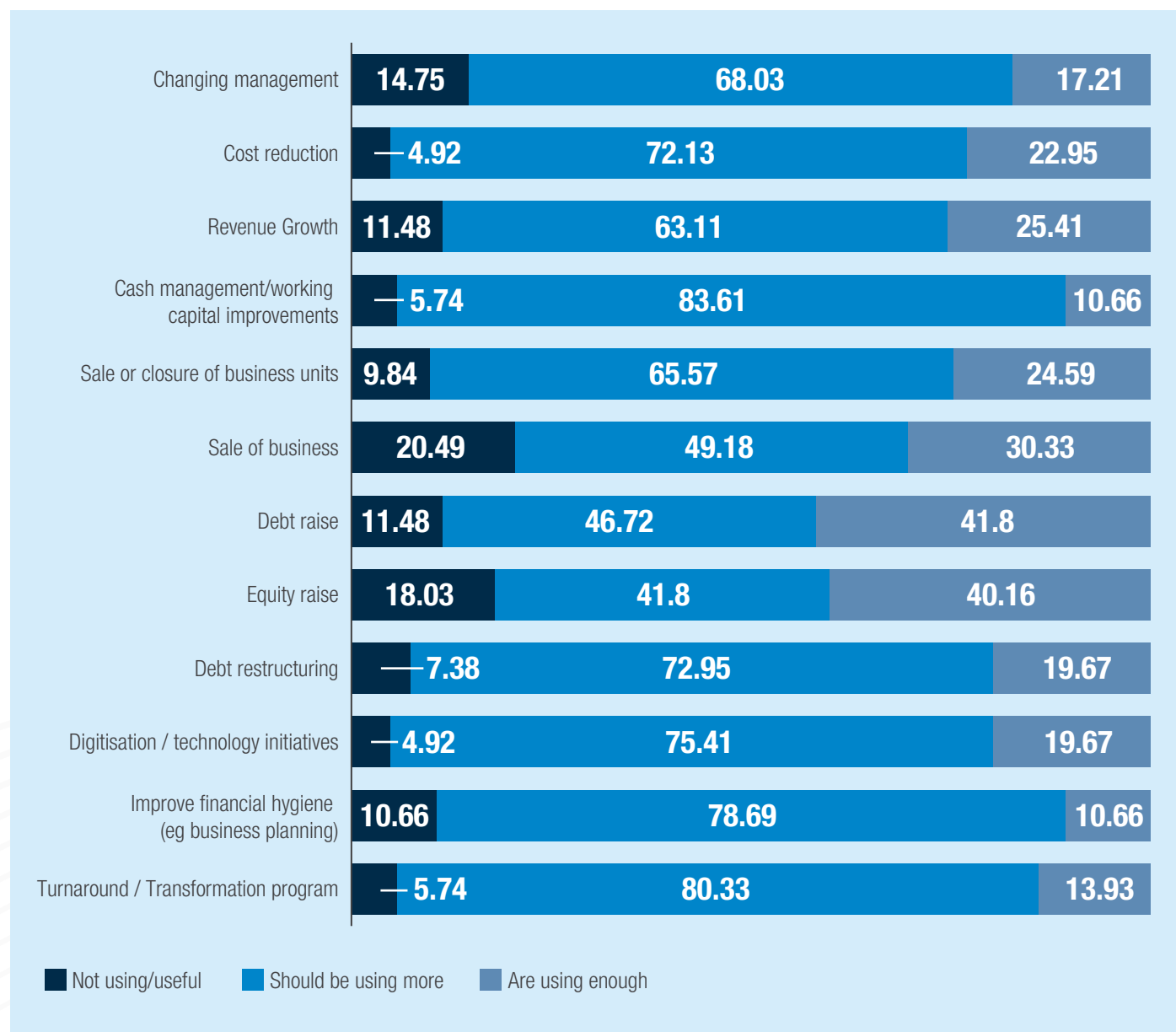


Figure 8

## What initiatives are businesses currently taking to address challenges? (%)



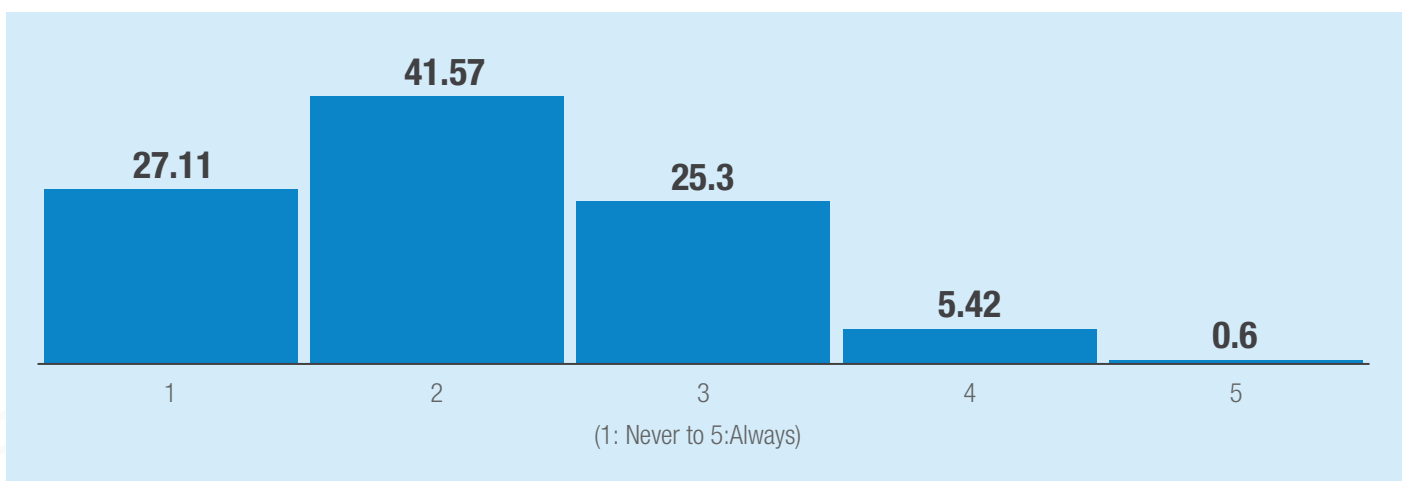
## Turnaround Directors: An Untapped Source of Potential

According to our survey, turnaround directors such as interim CEO, CFO, COO and Chief Transformation/Restructuring Officers are not yet widely used in turnaround situations in Australia. One in four respondents said they see turnaround directors occasionally appointed to cases, while 42% do so rarely and only 5% see it often.

Several participants believe that turnaround directors can be very effective but are still underused in Australia versus overseas markets. Respondents noted that such directors are typically brought in when the business hits a critical point of either financial distress or operational breakdown. They are appointed to stabilise the situation quickly, reset priorities, manage stakeholders and drive short-term wins to restore confidence.

**Figure 9**

### How often do you see Turnaround Directors appointed in your cases? (%)



Turnaround directors have significant expertise in steering businesses through operational and financial crises, including:

- **Operational transformation:** preparing a turnaround plan with a set of initiatives aimed at stabilising the business, improving cash flow and returning it to profitability.
- **Accountability:** upholding accountability by ensuring management and staff are aligned with the turnaround objectives and that progress is monitored closely.
- **Financial management:** getting a firm grip on the company's finances, finding ways to quickly generate cash, restructure debt and/or obtain capital.
- **Stakeholder management:** keeping constant and transparent communication with key stakeholders including employees, creditors, shareholders, pension trustees, customers and suppliers.
- **Quick decision making:** the ability to make tough, strategic decisions quickly for the purpose of driving change in often short timeframes of 3-6 months.

# INDUSTRY SPOTLIGHTS: SHINING A LIGHT ON THOSE HIT HARDEST

Among sectors, construction ranked the highest for anticipated stress levels over the next 12 months (86% see high or very high stress). Other industries where respondents expect high or very high stress levels include healthcare (76%), manufacturing (73%), retail, consumer goods and services (75%), travel, hospitality and leisure (62%) and materials, metals and mining (61%).

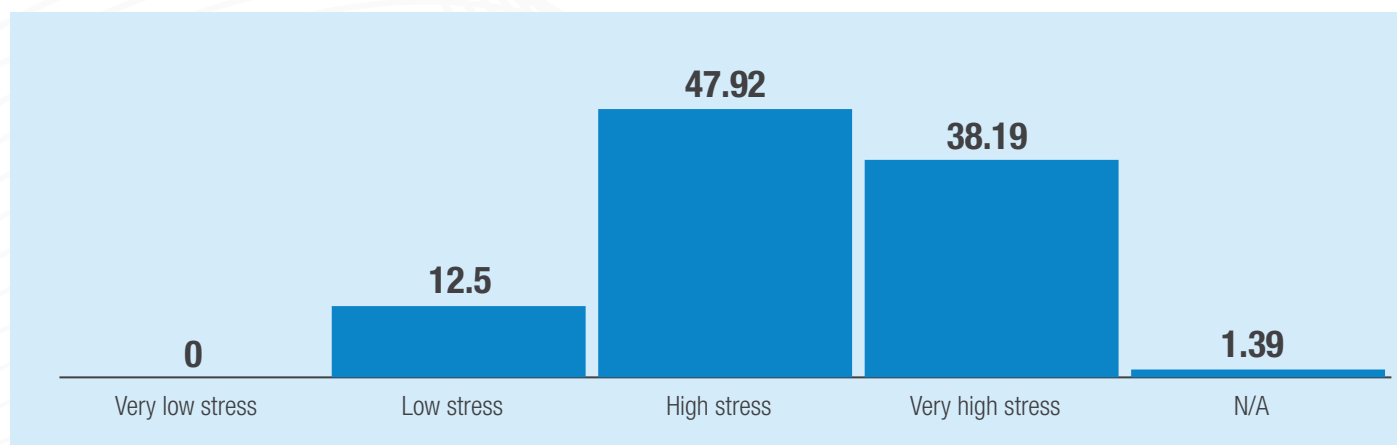
Within this section, we deep dive into some of the most impacted sectors.

## 01. Construction

**Productivity issues weigh heavily on the sector, leading to stress and insolvencies**

**Figure 10**

**Rank the level of stress you anticipate over the next 12 months? (%)**



According to our survey, respondents expect the construction sector in Australia to be the hardest hit by stress over the next 12 months. Around 86% of respondents foresee stress in the industry, of which 38% expect very high stress, the greatest proportion across all sectors.

The gloomy outlook reflects the spate of troubles plaguing the sector in recent years, from lingering Covid-era stress to global supply chains and workforce supply. The fixed-price model adopted by the sector has made construction companies particularly vulnerable to these shocks as revenues remain fixed after entering contracts, even while input costs rise sharply.

At the smaller end of the sector, companies have also been impacted by lower household disposable incomes, which have dealt a blow to home renovations and extensions. This has led to a larger volume of smaller building practitioners going into insolvency.

While some of these macro headwinds may ease in the coming months, Australia's long-standing productivity problem continues to weigh heavily on the sector. In the decade through 2020, Australia experienced its lowest productivity growth in six decades. The construction industry is a major laggard in productivity improvement, with multifactor productivity declining 17% since 2014, and underperforming select industries by 25% since 1990.

A&M recommends the following strategic levers for construction companies to address these challenges:

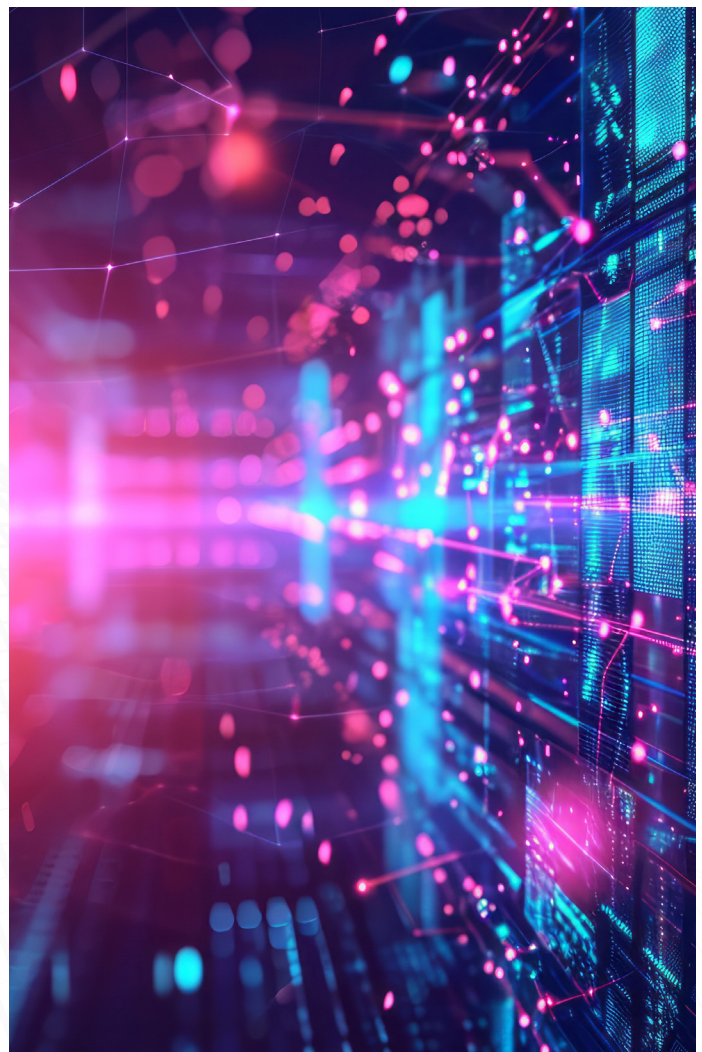
- **Project feasibility:** Ensure you have a robust understanding of the project risks, potential mitigants and the likely impact on your cash flow – plan for an appropriate contingency and/or buffer in your numbers.
- **Contractual flexibility:** Negotiate (to the extent possible) appropriate flexibility in contract pricing to ensure that unknown shocks can be passed on to project principals.
- **Stakeholder management:** Transparency and accountability are essential when a project is delayed or experiences cost overruns. Engage in good-faith negotiations and seek compromise rather than resorting to costly litigation.

“

The construction industry is facing structural challenges. Despite the challenges brought by Covid, there is still a great deal of focus on fixed-price contracting, which is inflexible when you have high levels of supply cost inflation. Add to that the issue of capability – there is simply not enough labour available in some cases, which breaks projects. These are not new issues, but they continue to linger and solving them remains challenging.

– **Jason Tracy**  
Managing Director  
Turnaround & Restructuring

”



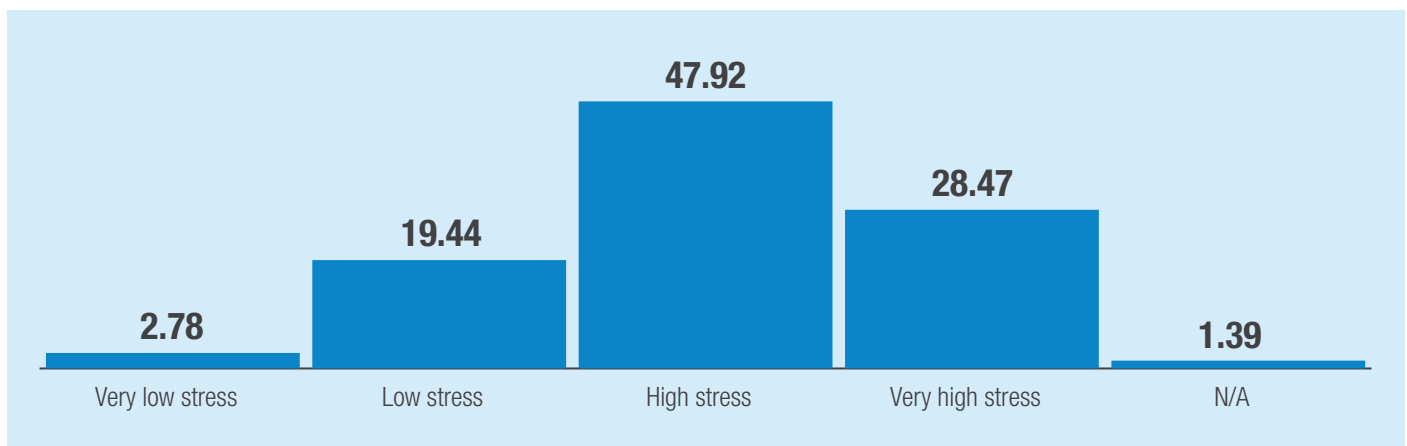
## 02. Healthcare

### Operational efficiency and public-private partnerships hold key to mitigating healthcare challenges

Recent high-profile collapses in the healthcare sector, particularly hospitals, have sent shockwaves through the industry, sparking serious concerns about the stability and long-term sustainability of Australia's health system. It's no surprise, then, that healthcare ranked as the second-most stressed sector in our survey, with 28% of respondents anticipating very high levels of stress over the next 12 months.

**Figure 11**

### Rank the level of stress you anticipate over the next 12 months? (%)



The public-private hospital model that has cemented Australia's position as the number one health system in the world is facing challenges that must be addressed urgently if the country is to maintain its top ranking.

New financial pressures and a shift in models of care are placing private hospital and other care operators under pressure, potentially impacting the delivery of health services for patients in both private and public hospital systems. To address these challenges, A&M recommends a three-pronged approach:

- Efficient hospital operations and asset management: Exercise operational and fiscal discipline, maximise existing investments and assets and deliver productivity.
- National public-private hospital partnership options: Consider four broad options to help states meet their objectives – a selected purchase of private hospital assets, greater use of privately provided low acuity models, limited contract off-take agreements and lastly, a comprehensive national public-private hospitals partnership.
- Private health insurers and private hospitals agreement: Broker an agreement between peak bodies representing the Australian Private Hospitals Association (APHA) and insurers; or, if competing interests and ill will make this unlikely, a fallback option would be to help support agreement between both private insurers and hospitals, with the Independent Hospital and Aged Care Pricing Authority (IHACPA) established as a default pricing authority in disputes.

“

The emerging challenges to the private hospital system poses risks of flow-on, with negative impacts to the already stressed public system. Without implementing significant steps to boost efficiency and explore suitable public-private partnerships and agreements, the risk of failure in the private sector increases, ultimately affecting public systems as well and bringing risks to patient care.”

– **Andrew Garner**

Managing Director  
Public Sector and Health  
Performance Improvement

”



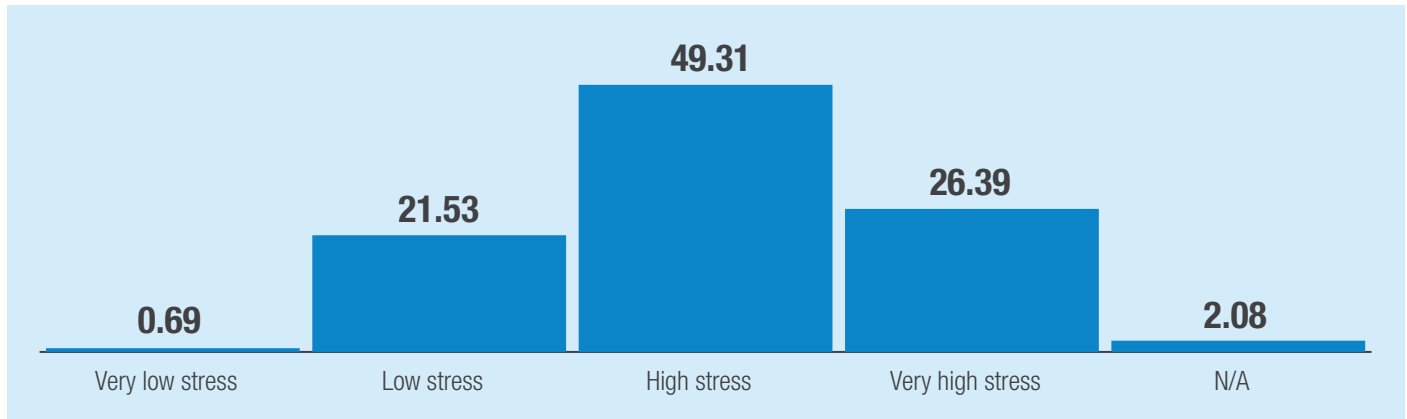
### 03. Retail, consumer goods and services

#### Consumer pessimism lingers despite bright spots in data

Three out of four respondents in our survey expect significant stress in the retail, consumer goods and services industry, with 26% foreseeing very high levels of stress.

Figure 12

#### Rank the level of stress you anticipate over the next 12 months? (%)



While broader economic indicators are signalling optimism, with retail sales rising 1.2% in June, Australia's retail and consumer goods industry is yet to emerge from the shadows of the cost-of-living crisis and high interest rates.

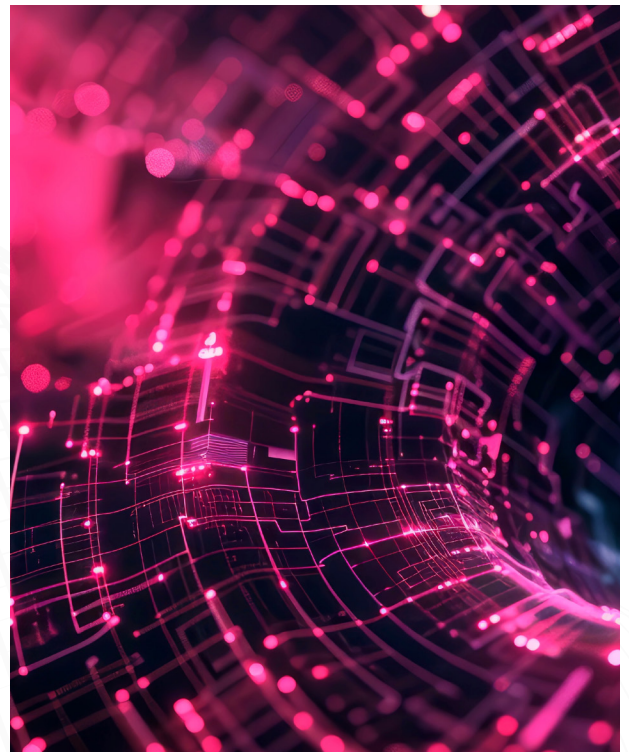
A key industry measure of consumer confidence dropped in September<sup>7</sup>, reflecting lingering pessimism among Australian households even after the latest round of interest-rate cuts. That has left retailers grappling with tight margins, along with workforce shortages and high operational costs.

“

People are still not spending in the way you might expect, based on the positive economic indicators. And while it can be hard to pinpoint the impact of global issues such as tariffs and ongoing geopolitical conflicts, there is underlying concern that they are influencing consumer sentiment, even though economic indicators here are improving.

– **Jason Tracy**  
Managing Director  
Turnaround & Restructuring

”



<sup>7</sup><https://www.reuters.com/world/asia-pacific/australia-consumer-sentiment-falls-31-sept-economic-angst-2025-09-09>

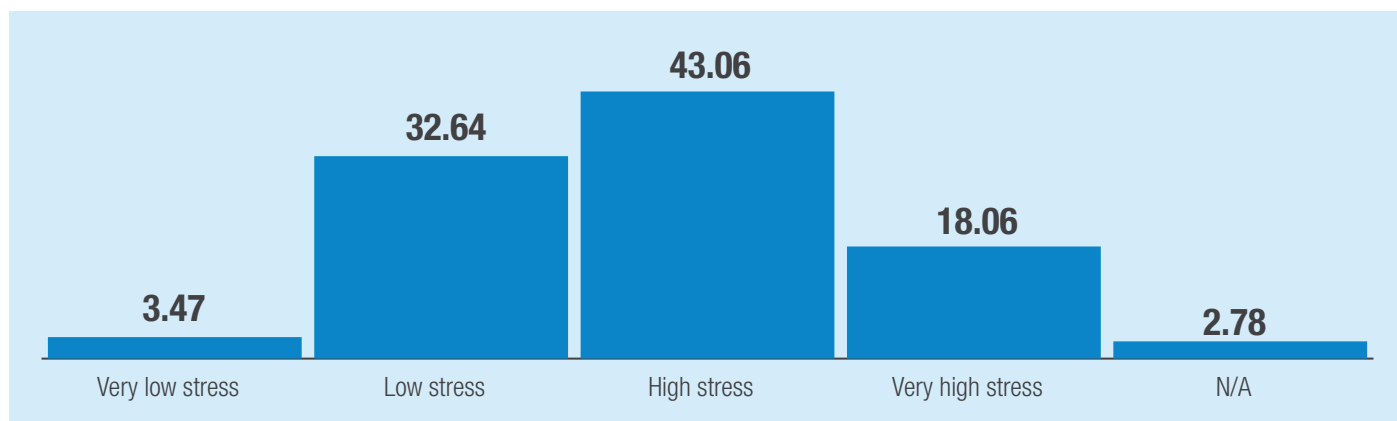
## 04. Materials, metals and mining

### Cost inflation and declining productivity is compressing margins

The materials and mining sector is also under considerable duress, with 61% of respondents seeing high or very high stress in the next 12 months.

Figure 13

### Rank the level of stress you anticipate over the next 12 months. (%)



Mining companies are under increasing pressure from inflation, overregulation, and geopolitical issues which coincide with a decline in commodity prices. Conversely, gold companies are experiencing record high prices but are not immune to rising costs across their operations, as gold miners are looking to treat ore to capitalise on current prices.

In addition, weaker productivity is also estimated to have cost the private sector over \$500 billion, with mining companies bearing the majority of these costs. At the same time, capital costs are trending upward. Our analysis shows that companies are spending around 60% more to generate the same output as a quarter century ago. Pilbara majors are each spending between 35-70% more (in AUD terms) for every tonne of incremental capacity compared to 2015 levels.

These productivity challenges also drive increased pressure on mining services and contractors, with an increase in pricing competition and an easing of equipment shortages. We are observing several contractors facing liquidity challenges due to overleveraged balance sheets, resulting from debt taken to purchase in-demand equipment at inflated prices. Overall, A&M sees the sector being confronted with the following core challenges over the next 12 months:

- **Inflationary pressures:** For small- and mid-cap miners, escalations in labour, energy and consumable costs are particularly challenging as they often lack the economies of scale to absorb such increases. Additionally, inflation has driven up capital expenditure for infrastructure upgrades and new projects, further straining financial resources.
- **Royalty regimes:** Changes in royalty structures, such as those in Queensland, are increasing the financial burden on operations, proving particularly challenging for less profitable/marginal operators who have less financial flexibility to absorb these rigid regimes. We are seeing these play out in real time, with several recent coal mine closures in Queensland.
- **Aging infrastructure:** Many small- and mid-cap miners are grappling with the need to replace or upgrade aging plants and equipment, which requires significant capital investment.
- **Depressed commodity prices:** Fluctuations in metallurgical coal prices and other commodities have compressed margins for these commodities, increasing M&A activity and restructurings.

Many mid-cap and developing miners are turning to private credit and high-yield debt to fund projects and operations, as traditional financing becomes harder to access—a trend we expect to continue. We are seeing a significant number of private debt providers up-skilling (given the specialised nature of mining projects) to capitalise on opportunities to drive capital.

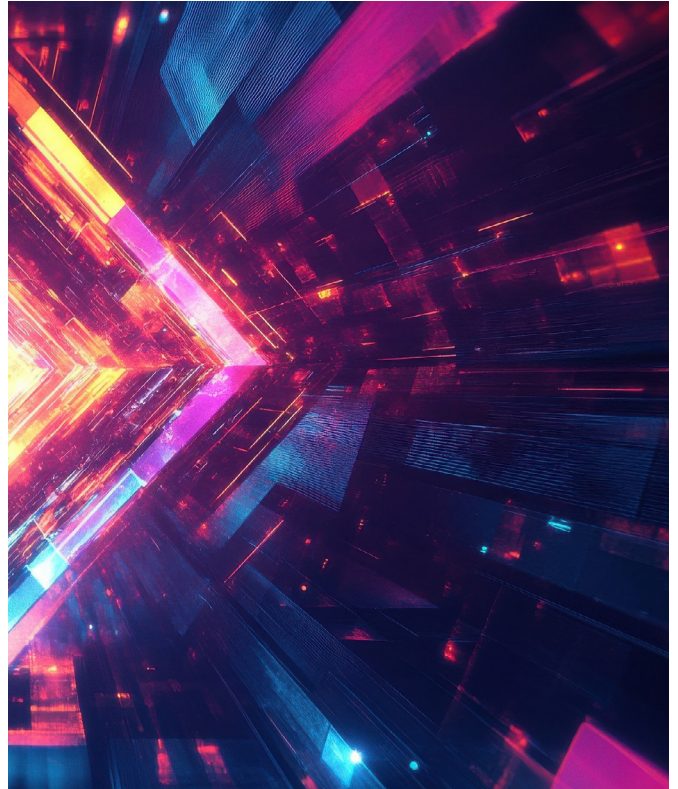
“

Mining companies are under significant margin pressure. Royalty regimes and inflation, largely driven by wage growth, are compressing margins and diminishing sponsor value. Private credit remains very active in their pursuit for transactions. However, there is a lack of quality opportunities available to deploy capital.

– **Sean Holmes**

Managing Director  
Turnaround & Restructuring

”



“

We continue to see our resource clients, particularly coal-focused businesses, operating in a more turbulent market. Large operating miners are frequently seeking assistance to find solutions to help solve their liquidity and balance sheet challenges.

– **Grant Sparks**

Managing Director  
Turnaround & Restructuring

”



## THE SURVEY

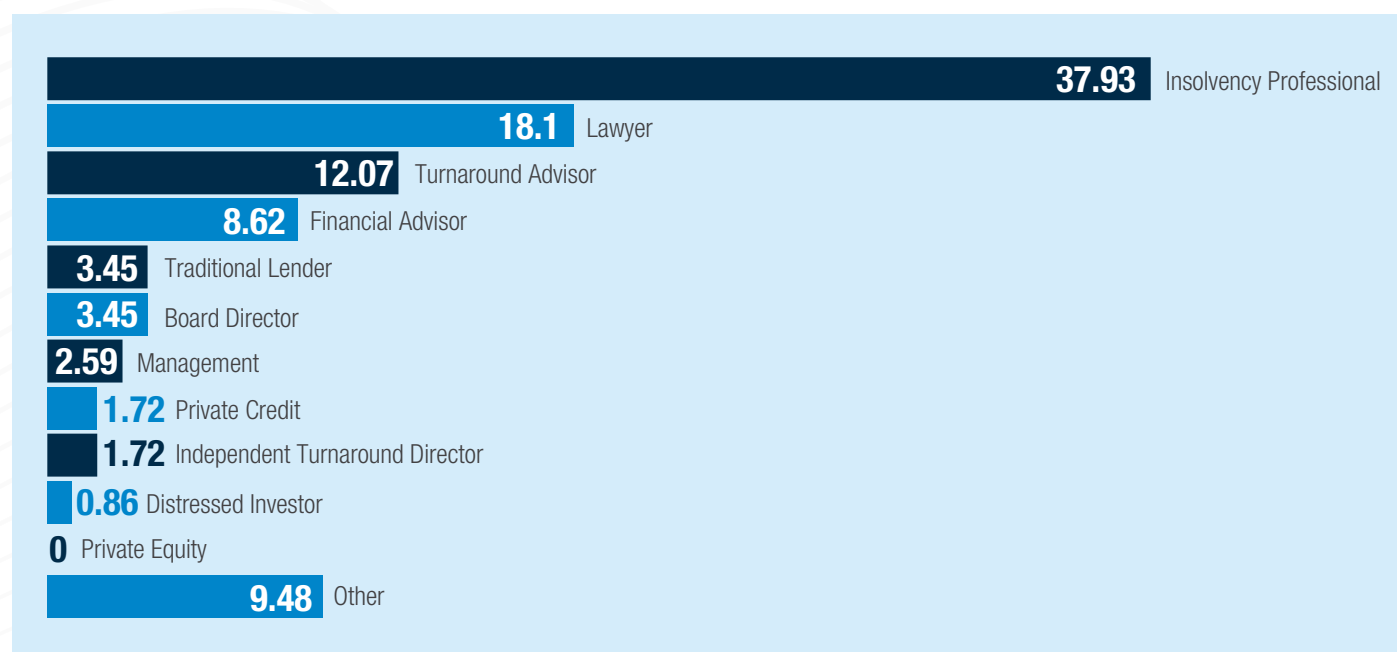
A&M, in conjunction with the Turnaround Management Association, surveyed more than 180 professionals in the turnaround, restructuring and insolvency space in Australia to gather their views on the industry's outlook.

The survey was conducted in July and August 2025 and comprised a questionnaire covering topics such as the country's economy outlook, turnaround, restructuring and insolvency activity, stressors across various industries, the use of safe harbour, capabilities that businesses must invest in and business responses to stress, among others.

The survey participants included turnaround and financial advisors, board directors, lawyers, private credit, private equity and distressed investors, and more.

**Figure 14**

### What is your role in the turnaround industry? (%)



## HOW A&M CAN HELP

Leading companies, investors, and public organisations turn to Alvarez & Marsal (A&M) to deliver measurable results through practical, actionable approaches rather than theoretical solutions.

A&M partners with clients to tackle operational, financial, and regulatory challenges, address transactional needs, and create lasting impact.

In today's interconnected and unpredictable world, Australasian companies face disruption, financial pressures, shifting regulations, and evolving workforce and customer demands. Alvarez & Marsal (A&M) is uniquely positioned to help clients navigate these challenges, acting as both a trusted partner and an agent of change during transitional and transformational periods.

We provide business performance improvement, turnaround management, and advisory services to companies, private equity firms, and public organisations. Our team helps develop and execute solutions that address operational, financial, and strategic challenges, enabling clients to succeed in a complex business environment.

As trusted partners, we help clients solve continuity and growth-related issues, sharpen competitive advantage, drive critical change, optimise performance, maximise value, and position businesses for long-term success.

# CONTACTS



**JASON TRACY**  
**MANAGING DIRECTOR**

[jtracy@alvarezandmarsal.com](mailto:jtracy@alvarezandmarsal.com)



**SEBASTIAN PAPHITIS**  
**MANAGING DIRECTOR**

[spaphitis@alvarezandmarsal.com](mailto:spaphitis@alvarezandmarsal.com)



**NEIL HAYWARD**  
**MANAGING DIRECTOR**

[nhayward@alvarezandmarsal.com](mailto:nhayward@alvarezandmarsal.com)



**JOHN NESTEL**  
**MANAGING DIRECTOR**

[john.nestel@alvarezandmarsal.com](mailto:john.nestel@alvarezandmarsal.com)



**GLEN KANEVSKY**  
**MANAGING DIRECTOR**

[gkanevsky@alvarezandmarsal.com](mailto:gkanevsky@alvarezandmarsal.com)



**DANIEL LINAKER**  
**SENIOR DIRECTOR**

[dlinaker@alvarezandmarsal.com](mailto:dlinaker@alvarezandmarsal.com)



**SEAN HOLMES**  
**MANAGING DIRECTOR**

[s.holmes@alvarezandmarsal.com](mailto:s.holmes@alvarezandmarsal.com)



**SUSAN ANDERSON**  
**SENIOR DIRECTOR**

[s.anderson@alvarezandmarsal.com](mailto:s.anderson@alvarezandmarsal.com)



**GRANT SPARKS**  
**MANAGING DIRECTOR**

[gsparks@alvarezandmarsal.com](mailto:gsparks@alvarezandmarsal.com)



**ANDREW GARNER**  
**MANAGING DIRECTOR**

[agarner@alvarezandmarsal.com](mailto:agarner@alvarezandmarsal.com)



Follow A&M on:



## ABOUT ALVAREZ & MARSAL

Founded in 1983, Alvarez & Marsal is a leading global professional services firm. Renowned for its leadership, action and results, Alvarez & Marsal provides advisory, business performance improvement and turnaround management services, delivering practical solutions to address clients' unique challenges. With a world-wide network of experienced operators, world-class consultants, former regulators and industry authorities, Alvarez & Marsal helps corporates, boards, private equity firms, law firms and government agencies drive transformation, mitigate risk and unlock value at every stage of growth.

To learn more, visit: [AlvarezandMarsal.com.au](https://www.alvarezandmarsal.com.au)

**ALVAREZ & MARSAL**  
LEADERSHIP. ACTION. RESULTS.™