



MIDDLE EAST

From Disruption to Delivery:

Concrete actions for
immediate crisis response
and longer-term resilience

Executive Summary

Asset-heavy industries in the Middle East, including energy, utilities, petrochemicals, metals, and manufacturing, operate with high fixed costs, capital-intensive assets, and tightly interconnected supply chains. This structural setup makes them inherently sensitive to disruption, where even short interruptions quickly impact production, cash flow, and asset utilization.

This exposure is now amplified by geopolitical instability and infrastructure disruptions across critical trade corridors, notably the Strait of Hormuz (~20% of global energy flows), creating immediate pressure on input availability, logistics, and pricing. The impact extends beyond energy to key industrial inputs (e.g., chemicals, fertilizers, LPG, aluminum, steel), driving broader cost inflation across value chains.

As a result, companies face simultaneous pressure on working capital, capital efficiency, and operational stability.

In this environment, success requires a shift from reactive “firefighting” to a proactive dual-track approach: stabilizing cash and operations in the short term, while embedding resilience to sustain performance under ongoing disruption.

Introduction

The current situation represents a direct disruption to the region’s critical supply gateways. The closure of the Strait of Hormuz and recent infrastructure attacks are constraining the flow of energy, materials, and goods across key routes, forcing immediate adjustments across production and logistics networks. Consequently, Middle Eastern asset-heavy sectors including oil and gas, chemicals, steel, aluminum, and mining, are operating in a landscape where markets, logistics, and geopolitics shift faster than physical assets can adapt. This is already translating into three tangible impacts:

Supply & Flow Disruptions:

Supply flows are being materially disrupted across the region, with disruptions impacting multi-million barrel/day flows across the region and creating instability in availability, logistics, and trade flows.



Production Capacity Constraints:

Infrastructure disruptions are forcing assets offline or below optimal levels, leading to significant losses in LNG and industrial output across the GCC and exposing fragility in throughput and reliability.



Financial & Market Stress:

Volatility is tightening liquidity and increasing cost pressure, with GCC central banks deploying support measures (e.g., access to reserves and liquidity facilities) to stabilize markets.



Immediate Actions to Navigate the Crisis and Protect Performance

In periods of acute disruption, the luxury of protracted analysis is absent; industrial leaders must prioritize operational and financial stabilization to prevent systemic value erosion. This requires an immediate pivot toward "no-regrets" moves that secure the core while establishing the visibility necessary to manage rapidly shifting risk profiles. Organizations must move fast to stabilize the "bleeding" in three critical areas:

Where Are Organizations Most Exposed?

01



Operational Risk Leadership

Heightened security threats and rapidly evolving operating conditions are shifting the risk profile, weakening critical controls, and introducing unmanaged changes that threaten safe and reliable operations.

02



Cash & Liquidity

Margin pressure and cost escalation, combined with working capital build-up, are constraining cash generation. While capex can be moderated, it cannot always be deferred without compromising future cash flow generation.

03



Supply Chain & Capital Projects

Supply disruptions, longer lead times, and reliance on single-source suppliers and vulnerable systems are reducing reliability and increasing operational risk.



01

Operational Risk Leadership

To operate through disruption, companies need to shift from fragmented responses to integrated control across risk, change, and decision-making.

| Focus Area | Action | |
|---|-------------------------------------|---|
| Dynamic Risk Profile & Control Visibility | Monitor and act on exposure changes | Maintain real-time visibility on how disruption shifts the operational risk profile and impacts critical control effectiveness, enabling rapid mitigation to stabilize safe and reliable operations. |
| Management of Change & Risk Governance | Control operational changes | Govern operational, technical, and organizational changes through disciplined Management of Change and deviation control, enabling rapid response while preventing uncontrolled risk accumulation under pressure. |
| Risk Based Leadership Decisions | Enable fast risk-based decisions | Embed risk-informed decision frameworks and routines that enable leaders to take fast, risk-based decisions with clear escalation and guardrails, without compromising safety and operational integrity. |

A cross-functional **Operational Risk & Change Control Tower** enables real-time risk visibility, rapid decision-making, and disciplined change governance to stabilize operations under disruption.

Relevant Client Case

Crisis Control Tower Enablement for a Large Refinery

- Accelerated crisis decision-making across **15+** critical functions through clear governance and activation.
- Reduced disruption exposure by mapping **50+** critical functions and **40+** scenarios, enabling clear recovery pathways and minimizing downtime risk.
- Strengthened readiness across HQ and refineries through **3+** integrated Business Continuity plans, improving coordination, and reducing delays.

02

Cash & Liquidity

As disruption translates into margin pressure and tighter cash cycles, preserving liquidity becomes an immediate priority to meet short term cash needs and build an investment fund to exploit opportunities. This requires:

| Focus Area | Action | |
|--|---------------------------------|--|
| Cash Flow Forecasting & Liquidity Monitoring | Strengthen liquidity visibility | Achieve real-time visibility on cash positions and proactively identify liquidity risks before they materialize. |
| Payment Prioritization & Spend Control | Enforce cash discipline | Enforce strict cash discipline by prioritizing critical spending and actively managing working capital to preserve liquidity. |
| Secure Additional Funding | Secure funding capacity | Secure funding flexibility early by utilising headroom and engaging existing lenders (where possible), while accessing additional capital in the market to preserve liquidity runway and strategic optionality |

Preserving liquidity and maintaining funding access are immediate priorities as margins compress and cash cycles tighten.

Relevant Client Case

Performance Under Disruption for a Power & Utilities Operator

- Supported a leading Power & Utilities operator to protect performance under disruption.
- Activated key resilience levers across revenue, cost, and operations.
- Delivered **~30%** reduction in losses, **~40%** improvement in plan adherence, and **~15%** increase in productivity.

03

Supply Chain & Capital Projects

In parallel, companies must **stabilize operations and protect critical flows**. This means acting quickly to secure capacity, reprioritize supply and logistics, and redesign networks to operate under new constraints, while actively managing trade, duty, and tax exposures, and building the foundations for more resilient supply chains.

| Focus Area | Action | |
|--|---|---|
| ■ Immediate Response | Protect operations and stabilize flows | Activate crisis governance to enable rapid decisions, secure critical capacity, prioritize cargo and revenue-critical spending, and build inventory buffers with emergency sourcing. |
| ■ Supply Chain Stabilization | Reduce cost and stabilize logistics | Map and mitigate supply chain risks by redesigning sourcing and routes, optimizing network flows, integrating trade constraints, renegotiating for flexibility, and deploying supply chain financing. |
| ■ Supply Chain Control-tower | Build resilience and oversight | Enable end-to-end visibility, deploy risk monitoring and response playbooks, implement scenario-based S&OP, and strengthen financial resilience. |
| ■ Trade, Tax & Customs Continuity | Maintain trade flow visibility and ensure continuity | Maintain visibility on trade flows, optimize duties and tariffs, leverage exemptions and deferrals, adjust transfer pricing as supply chains shift, and manage regulatory and compliance risks. |

Acting fast to stabilize operations and enable agile, resilient supply chains.

Relevant Client Case Supply Chain Optimization for an Upstream Oil & Gas Company

- Supported a leading Upstream Oil & Gas Major to achieve 25% structural cost reduction.
- ~25% OPEX reduction opportunity.
- 35% CAPEX efficiency improvement.

In parallel, **capital deployment** must be actively managed under uncertainty. Companies need to ensure:

| Focus Area | Action | |
|--|---|--|
| ■ Portfolio Prioritization | Strategic capital allocation | Diagnose portfolio performance, re-allocate to highest-value investments, stress-test scenarios, reprioritize under constraints, and apply a risk-adjusted lens. |
| ■ Cost & Time Delivery Optimization | Driving schedule certainty | Assess project health, reduce costs, recover schedules, optimize contracts, and strengthen supplier performance. |
| ■ Claim Management | Commercial protection and recovery | Identify claim exposure early, prepare and defend claims, avoid disputes through proactive negotiation, and recover value through strategic claims management. |

Strengthening project portfolio resilience to navigate uncertainty and protect capital value.

Relevant Client Case Capital Value Recovery for a Leading Global Mining Company

- USD **150 million+** recovered in contract compliance, counterclaims, and identified loss prevention.
- Increasing the maturity of capital and current projects.
- Process optimization and waste reduction.

From Immediate Stabilization to Long-Term Resilience











Beyond immediate actions, organizations need to embed resilience into how they manage performance, capital, and risk on an ongoing basis.

Responding to disruption is not enough – organizations need to institutionalize resilience as a core capability. This means moving beyond short-term stabilization to systematically protect and enhance performance across profitability, cashflow, revenue, and people.

At Alvarez & Marsal, this is achieved through an integrated set of levers:

A&M Enterprise Performance Resilience Framework

Profitability | Cashflow | Revenue | People
Protect & Enhance Performance

|  Protect & Grow Revenue |  Control Capital & Operating Spending | |  Deliver through Enterprise Enablers |
|--|--|--|---|
|  Enhance Commercial Margins & Supply Chain Resilience |  Safeguard Capital & Turnaround Efficiency |  Reduce Operating Spending |  Embed Business System & Perform. Culture |
| Protect & Grow Revenue by strengthening commercial margins, adapting pricing and portfolio strategies, and increasing supply chain resilience to sustain top-line performance under pressure. | Protect capital efficiency and asset lifecycle value through disciplined prioritization, execution, and optimized scope and sourcing of capital projects and turnarounds. | Strengthen asset reliability, throughput stability and cost competitiveness through optimized maintenance, energy, external spend, and overheads. | Embed performance-driven business systems , strengthening operational risk and continuity capabilities, and building a robust digital and industrial backbone. |
|  Ensure Financial Resilience | | |  Manage Disruptive Risks Proactively |
| Ensure Financial Resilience through strong cash generation, working capital optimization, and proactive balance sheet management to maintain liquidity and funding flexibility. | | | Protect operational continuity through structured operational risk, business continuity, and enterprise risk management. |
| | | |  Strengthen Digital & Industrial Backbone |
| | | | Drive integrated, safe digital systems and regulatory compliance to deliver resilient, efficient, and agile operations. |

Together, these levers create an operating model that not only withstands disruption but consistently delivers performance, enabling organizations to navigate volatility with control, agility, and sustained value creation.

Legend:  Protect & Improve  Reduce & Control

From Disruption to Delivery: Next Steps

Given the current environment and emerging market dynamics, a 'wait-and-see' approach is no longer viable.

Success requires a hands-on, operator-led approach to stabilise cash, restore operational efficiency, and drive cross-functional execution to convert today's systemic pressures into competitive agility and sustained value.

How Can
A&M Help?

01 Operational Risk Leadership

- Stabilize critical operations and business continuity by identifying key assets, vulnerabilities, and supply risks, with defined workarounds, recovery actions, and scenarios.
- Drive risk-informed execution through MOC, deviation governance, and clear decision and escalation frameworks.
- Activate a crisis control tower (war room) for real-time visibility and coordinated response.



Helder Santos

Operational Excellence & Risk Management Expert

02 Cash & Liquidity

- 13-week cashflow forecast with weekly variance tracking to provide clear, forward-looking liquidity visibility.
- Early identification of liquidity gaps, covenants, and funding needs, enabling proactive decision-making.
- Centralised cash control with daily group-wide monitoring.
- Extend runway via funding solutions including optimising existing facilities and creative use of working capital, bridge financing, shareholder or alternative.



Neil Hayward

Turnaround & Restructuring Expert



Kurt Davis

Capital Raising and Capital Structure Expert

03 Operations, Supply Chain & Capital Project

- De-risk operations by securing critical materials and protecting production.
- Reconfigure sourcing and logistics (alternative routes, supplier renegotiation).
- Optimize trade flows and tax exposure.
- Reprioritize and de-risk capital projects (phasing, cost control, contractor/claims management).



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