BOSTON CONSULTING GROUP

Competitività industriale: "*la voce delle aziende europee*"

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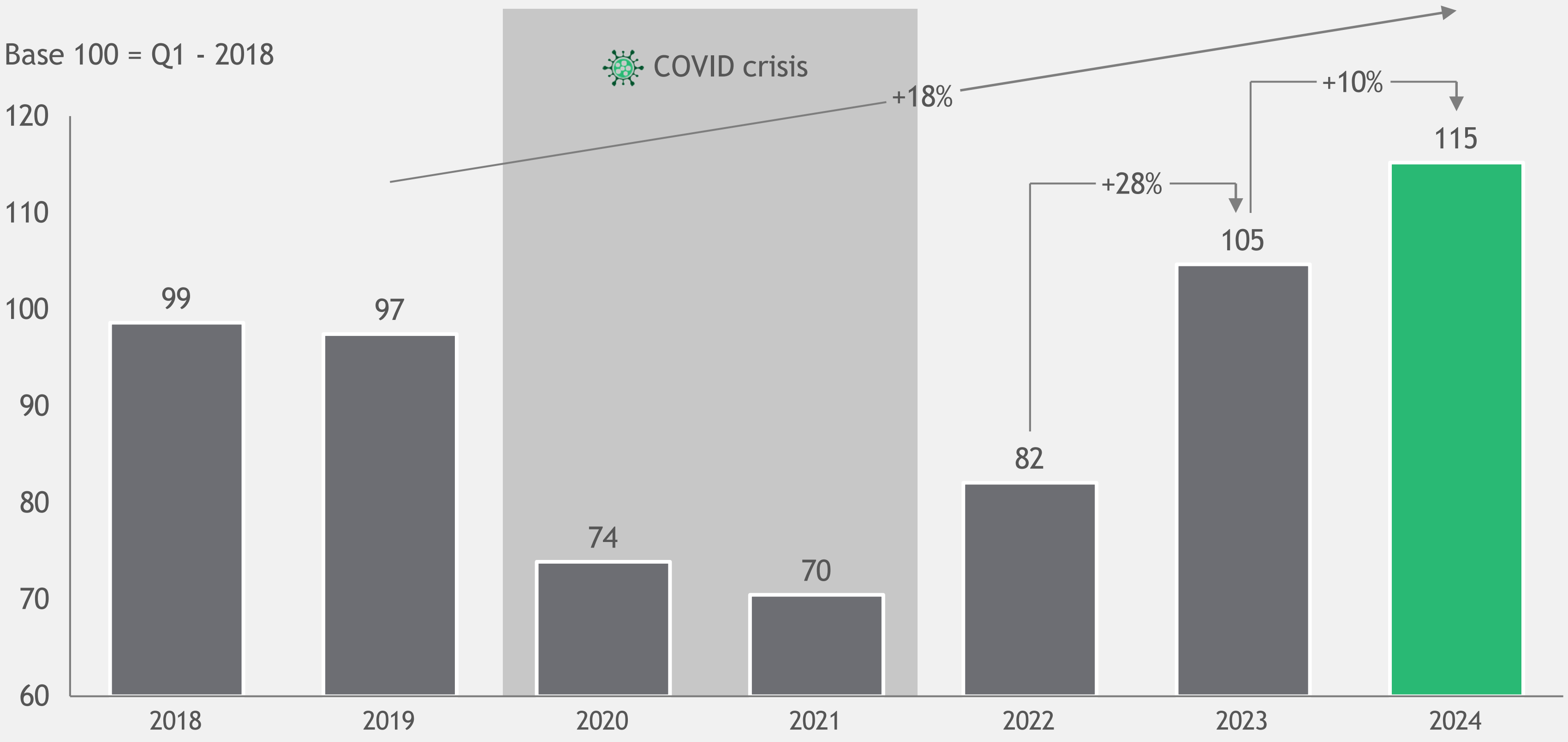
OCTOBER 2025

EU companies are under intense competitive pressure, with bankruptcy rate well above pre-COVID levels

Bankruptcy filings: 2018 through 2024

Indexed development of # of bankruptcies (2018 at 100%), seasonally adjusted, European Union



Source: Eurostat, BCG analysis

EU

+10%
Bankruptcies 2024 vs. 2023

+28%
Bankruptcies 2023 vs. 2022

+18%
Bankruptcies vs. pre-COVID period

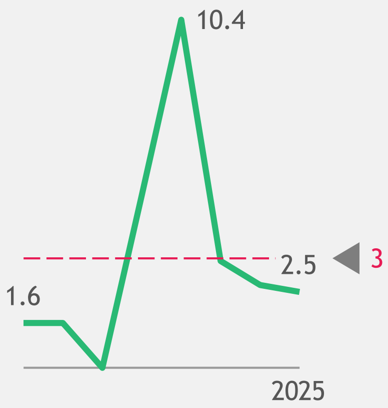
EU

Conflicting macro signals: Mild improvements in inflation, interest rates, and GDP growth offset by heightened geopolitical risk and global uncertainty

Inflation returns closer to historical levels

Consumer inflation (%)

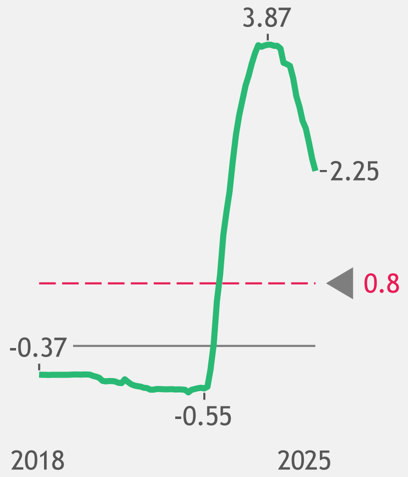
---- 7-year avg, 2018–2025



Interest rates declined vs. last year

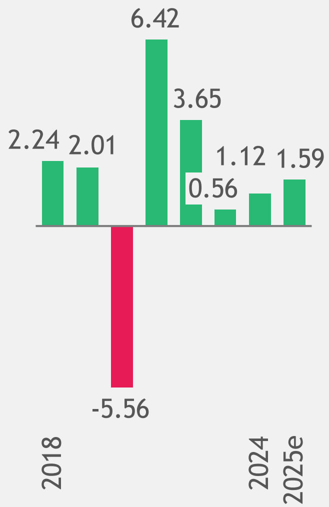
3M Euribor rate (%)

---- 7-year avg, 2018–2025



GDP rising modestly since 2023

Real GDP (% change p.a.)



Business confidence decreasing

OECD Business confidence index[1]

Geopolitical instability impacts global trade

- Tariff Volatility: Sudden shifts in trade policy (e.g., US-China) fuel pricing uncertainty and weaken investor confidence
- Ukraine War: Severed supply chains, especially energy and grain, driving price spikes and regional instability
- Red Sea Turmoil: Attacks forced shipping detours, raising freight costs and disrupting global delivery timelines

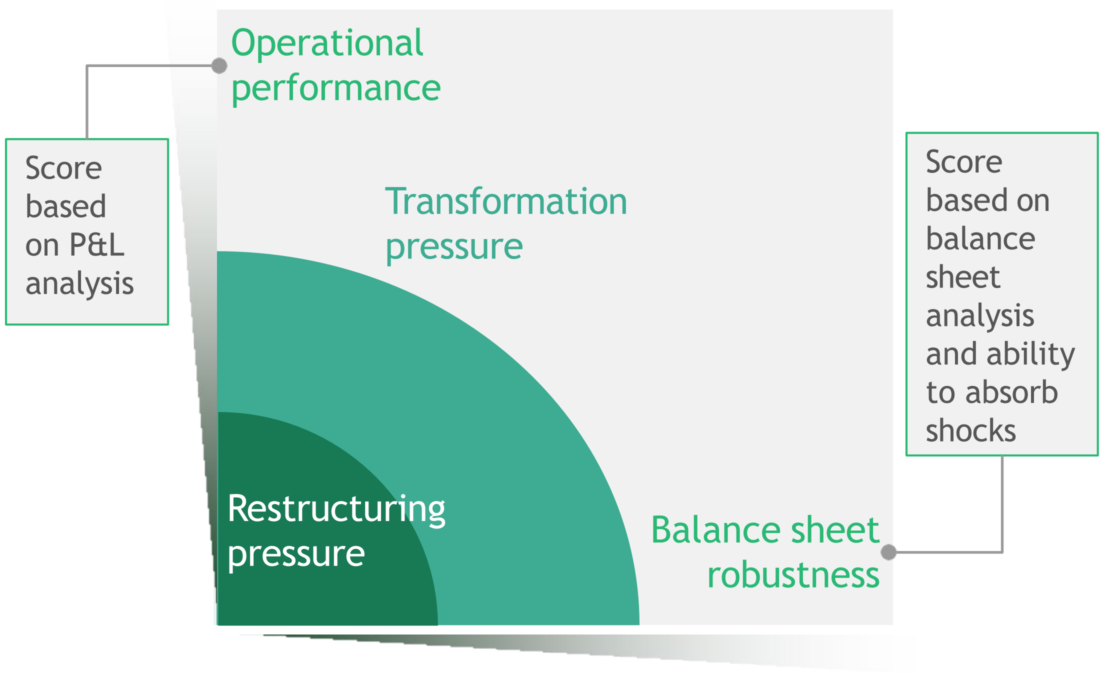
Note: Latest data available as of 05/22/2025
Source: Eurostat; European Central Bank; Oxford Economics; OECD; BCG analysis

EU

Our study identified the most vulnerable companies based on their financial health and their exposure to macroeconomic risks

1 Financial health based on TSS[1] index

Assessment of ~1,700 public European companies based on 12 performance and financial stability KPIs



2 Exposure to macro risks

Assessment of sector vulnerability accounting for impact of trade tariffs and demand-supply dynamics

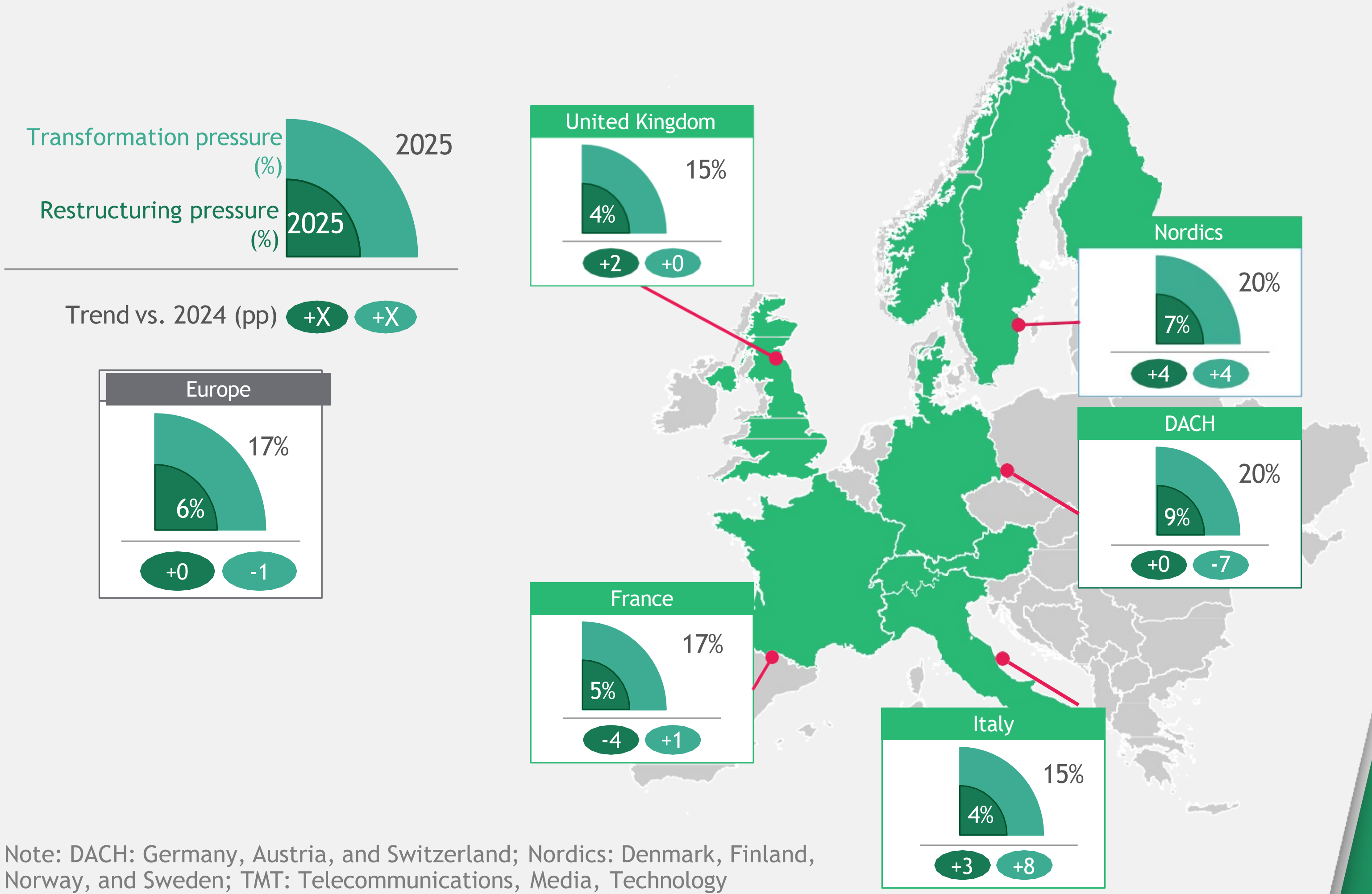
- Impact of revised trade tariffs, accounting for their severity on a specific sector and economic interdependencies with the US
- Future demand-supply dynamics considering demand resilience, evolving production landscape, and sector-specific disruptions

Based on targeted in-depth interviews with industry experts

1. BCG's Transform & Special Situations (TSS) Index.
Transformation pressure: Initial signs of weakening operational performance and financial stability that require optimization
Restructuring pressure: Clear signs of weak or negative operational performance and undercapitalization that require more structural steps to recover Source: BCG analysis

Restructuring risk remains highest in Germany but is trending down. Italy & the Nordics are moving in the opposite direction, with pressure mounting on all fronts

EU



Note: DACH: Germany, Austria, and Switzerland; Nordics: Denmark, Finland, Norway, and Sweden; TMT: Telecommunications, Media, Technology
Source: Capital IQ, BCG analysis

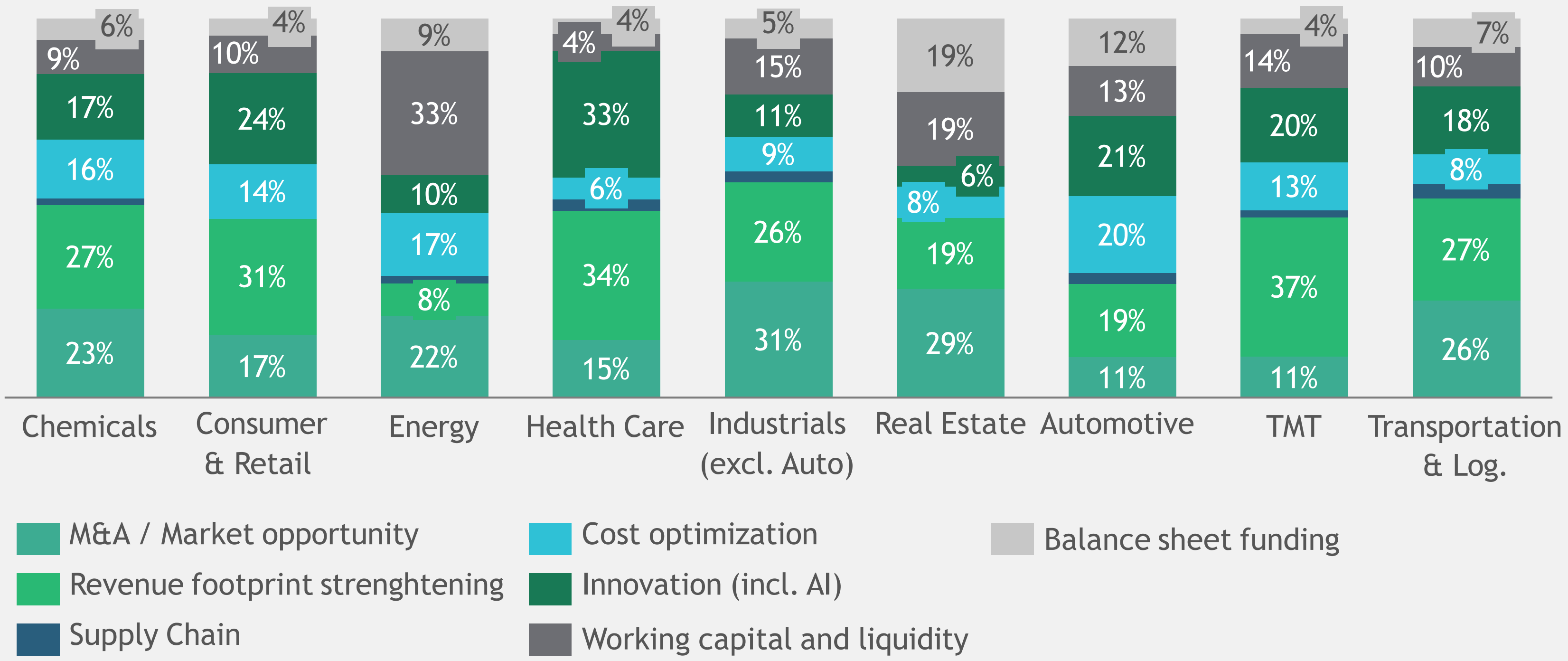
- DACH remains particularly exposed to restructuring risk, notably in Automotive (16%) and Consumer & Retail (16%), where a significant share of companies are under pressure. Signs of recovery appear in Industrials and Transportation & logistics (resp. -14pp and -19pp transformation pressure vs. 2024)
- Italy and Nordics saw increase in pressure, especially in Italian TMT (+33pp increase in restructuring pressure) and in Nordic Energy (+29pp increase in restructuring pressure)
- France shows signs of recovery, largely supported by strong performance in Health Care and Consumer & Retail (resp. -7pp and -14pp drop in restructuring pressure since last year)

Sector view highlights gaps in CEO focus: most prioritize top-line levers over resilience specifically in chemicals, transport & logistics and industrials sectors

EU

Level[1] of CEO/CFO focus per topic by sector

Based on FY 2024 Earnings calls published during Q1 2025



- M&A and Market opportunity are the topics most discussed by CEOs in almost every sector
- The only sectors where CEOs allocate more time to balance sheet items are Energy, Industrials, and Automotive—which makes sense, given the capital intensiveness of these industries

1. Based on the number of citation by CEOs/CFOs of top 10 Market Cap per sector in Europe

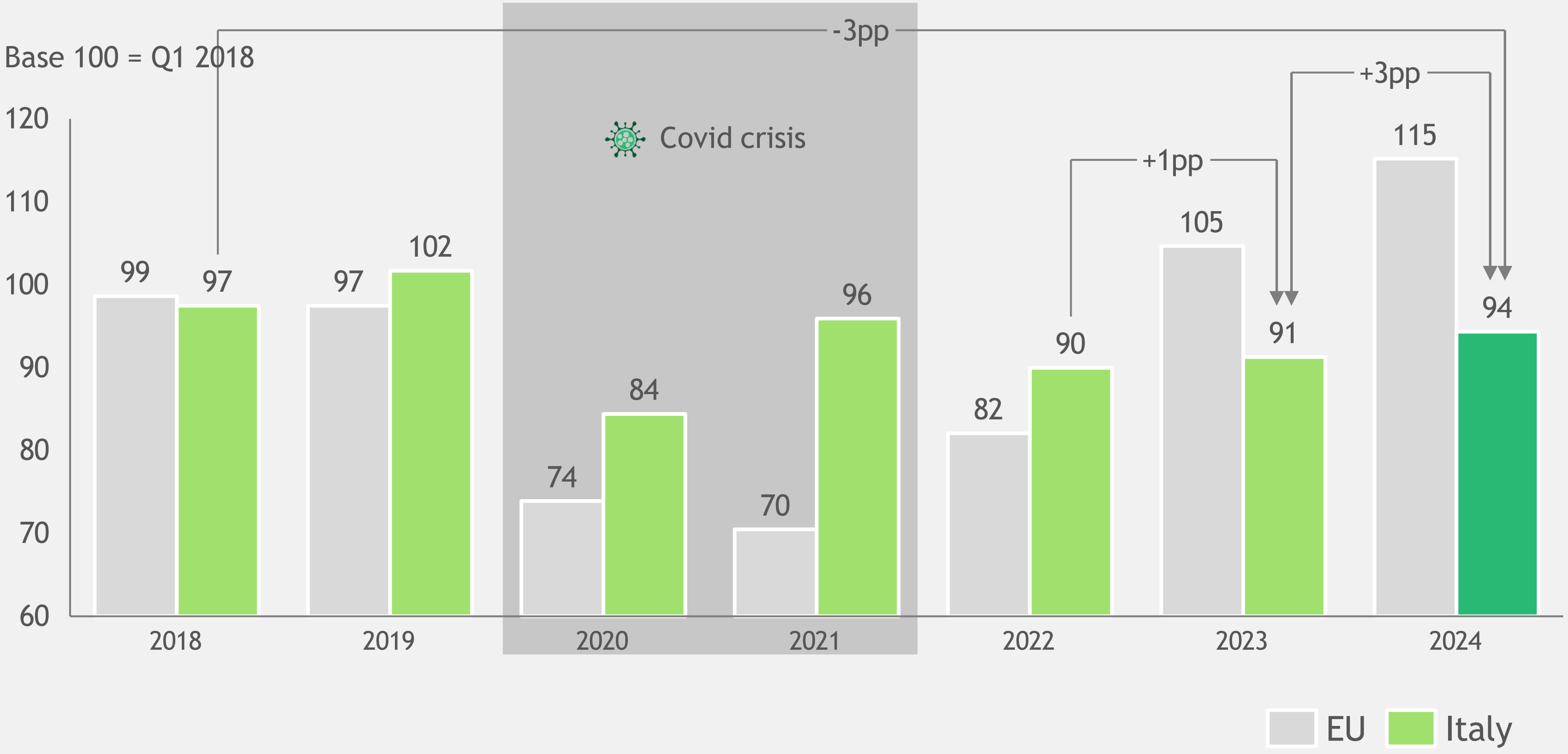
Source: AlphaSense, BCG analysis

Bankruptcy rates in Italy are lower vs. EU avg, in large part thanks to public stimulus

Italy

Bankruptcy filings: Q1 2018 through Q1 2025

Indexed development of # of insolvencies (2018 at 100)



Source: Eurostat, BCG analysis, IMF

+3pp +10pp

Bankruptcies 2024 vs. 2023

+1pp +23pp

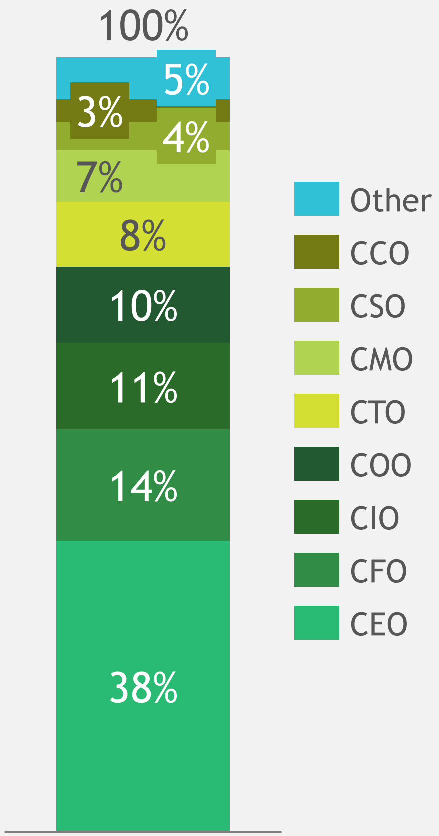
Bankruptcies vs. 2023 vs. 2022

- Government actions during COVID included state-guaranteed loans, which moderated insolvency rates vs. EU peers
- Improved domestic demand, stable employment, and targeted stimulus measures have bolstered vulnerable sectors, limiting bankruptcy filings

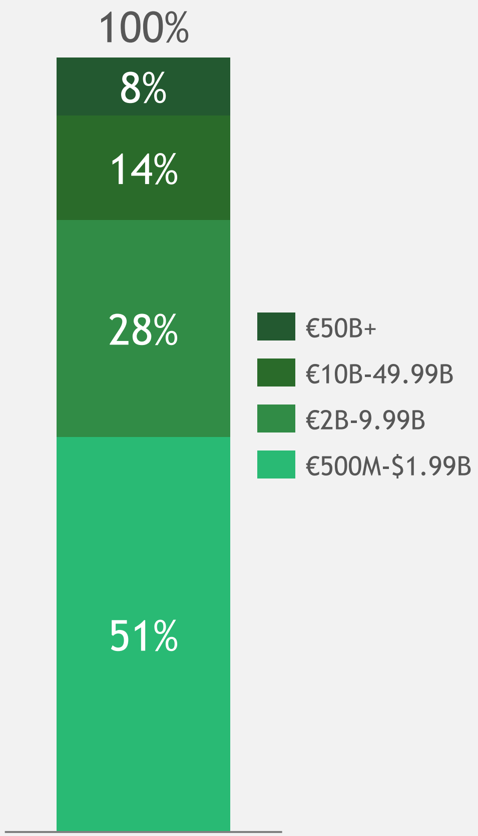
~2k Bankruptcies in 2024

Survey methodology | Global research of 850 C-level executives on European Competitiveness in 2025

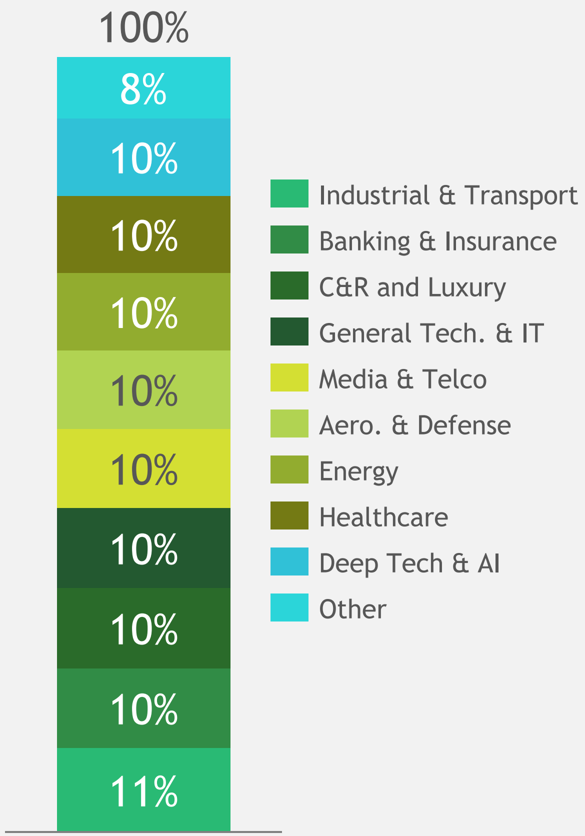
Executive Roles



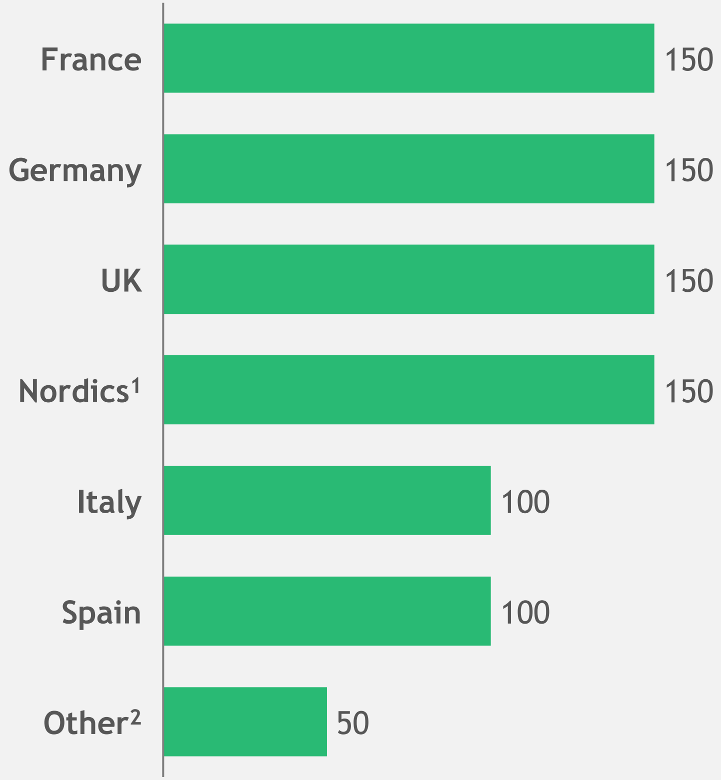
Company revenue



Sectors



Markets – in # of respondents



1. Includes (in decreasing number of respondents): Sweden, Finland, Denmark, Norway 2. Includes (in decreasing number of respondents): Netherlands, Switzerland, Poland, Belgium, Turkey, Czechia, Portugal, Ireland, Croatia, Slovenia, Albania, Bulgaria, Austria, Greece, Hungary

Source: BCG C-level survey on European competitiveness

European business leaders are concerned but ready to act

Competitiveness is declining

90% of European business leaders believe that it's necessary to stimulate Europe's commercial interests, and 80% are concerned that Europe will fade from history

Europe faces economic and social consequences

Without action, 72% predict Europe will face workforce reductions, and 62% that Europe's innovation and R&D will decline

"Liberation Day" was a wake-up call for Europe

After "Liberation Day", nearly twice as many leaders feel optimistic that the region will take concrete actions to improve competitiveness

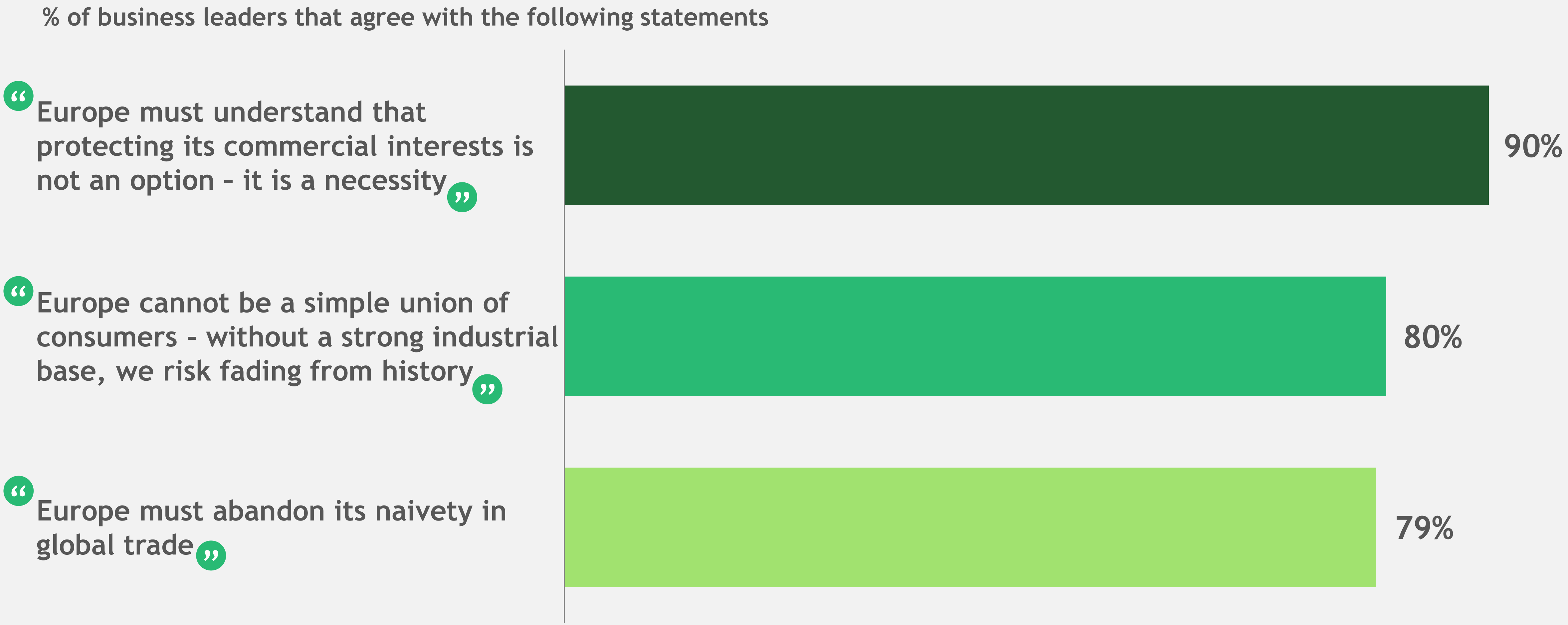
Targeted action would have a positive impact

87% of business leaders would increase hiring and 81% expand productions in Europe if respective needed actions are taken

Business leaders are ready to collaborate

89% see value in a CEO advisory group, 82% of business leaders ready to commit their time to serve Europe

Business leaders send a strong message about European competitiveness: *The time for action is now*

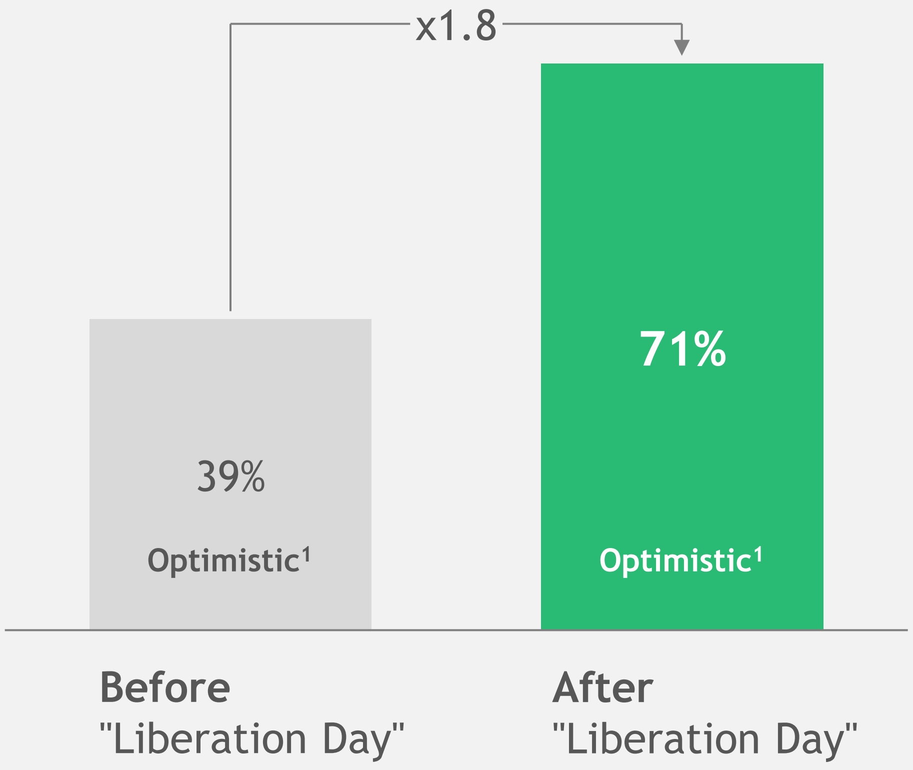


Source: BCG C-level survey on European competitiveness

Tariff threats on “Liberation Day” have raised business leaders' expectations towards Europe & increased optimism about the future of European competitiveness

Expectations on concrete actions went up

% of business leaders optimistic[1] about the future of European Competitiveness



1. Motivated, confident or cautiously hopeful
Source: BCG C-level survey on European competitiveness

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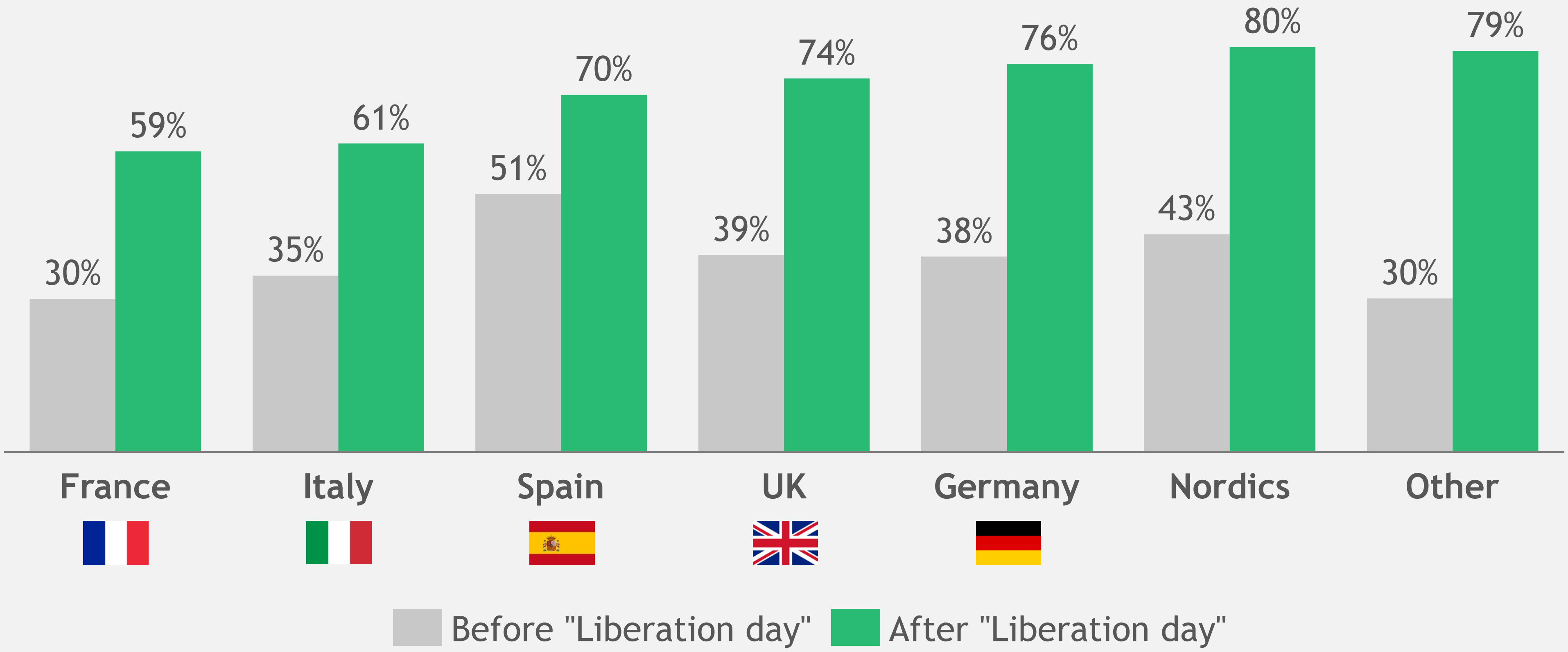
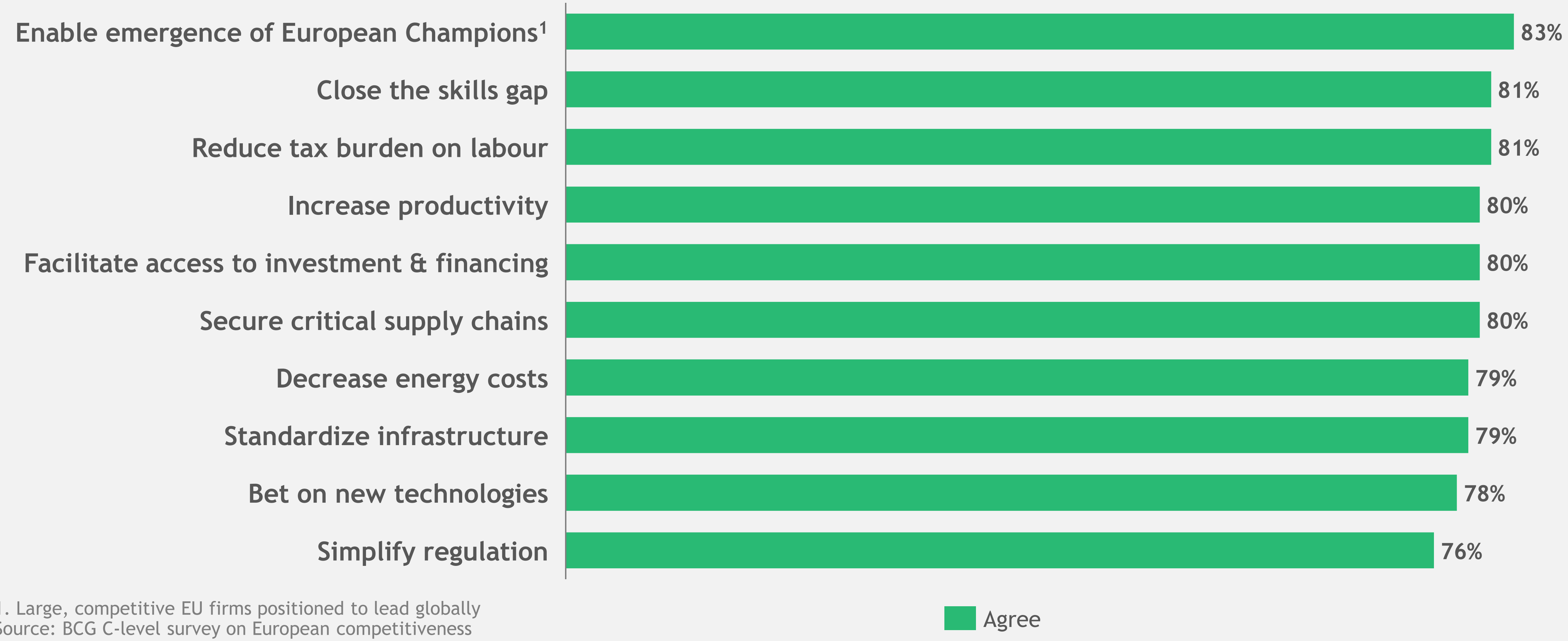


1. Motivated, confident, cautiously hopeful

Source: BCG C-level survey on European competitiveness

10 priorities to restore European competitiveness, emergence of European Champions being the #1 priority at EU level…

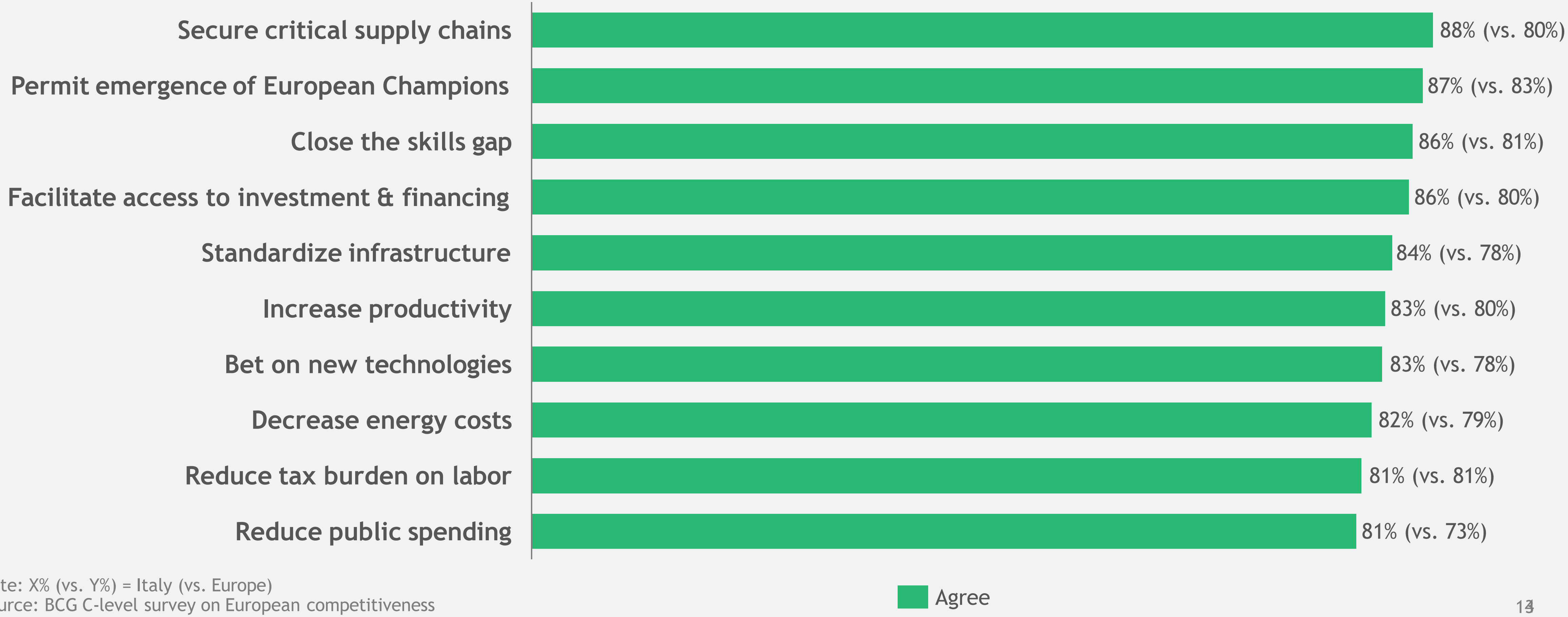
Topics with over 75% agreement among all respondents



1. Large, competitive EU firms positioned to lead globally
Source: BCG C-level survey on European competitiveness

…With some differences between countries emerging, e.g. Italian respondents are even more concerned about critical supply chains…

Topics with over 80% agreement among all respondents



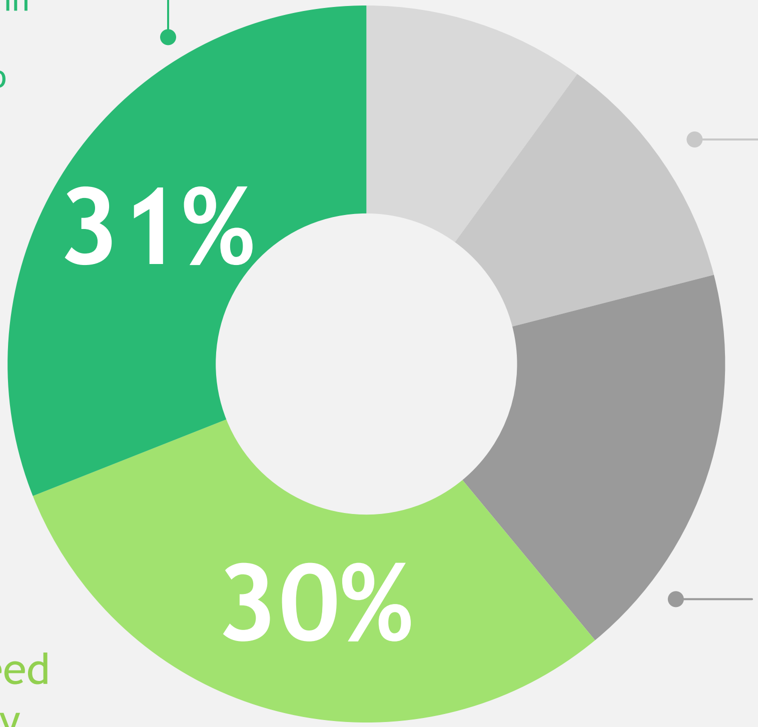
Note: X% (vs. Y%) = Italy (vs. Europe)
Source: BCG C-level survey on European competitiveness

…but there is universal agreement on top 2 priorities: investment in transformation and agility, speed & simplicity

% of business leaders that would prioritize the following business principles that can be applied to European Competitiveness

#1 Investment in transformation

Incentivize investments in strategic industries (AI, biotech, energy, etc.) to future-proof Europe's economy



Audience-centric approach

Design economic policies prioritizing needs of businesses and workers

Ecosystem building

Encourage private collaborations with research

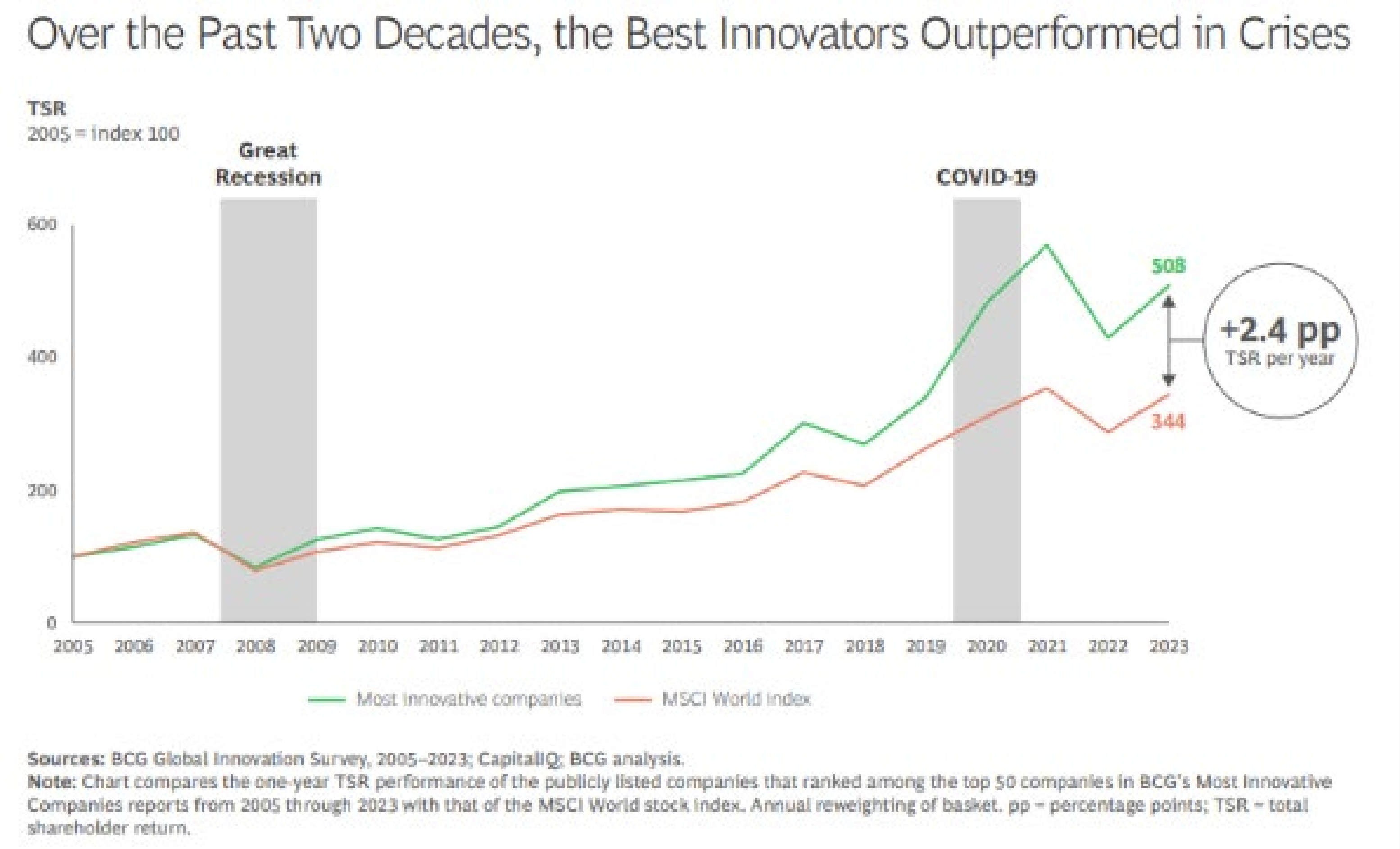
Scalability focus

Create conditions encouraging scaling of businesses

#2 Agility, speed & simplicity

Simplify decision-making and reduce bureaucracy to act faster on key economic issues

Historical evidence shows that the most innovative companies can benefit from uncertainty…



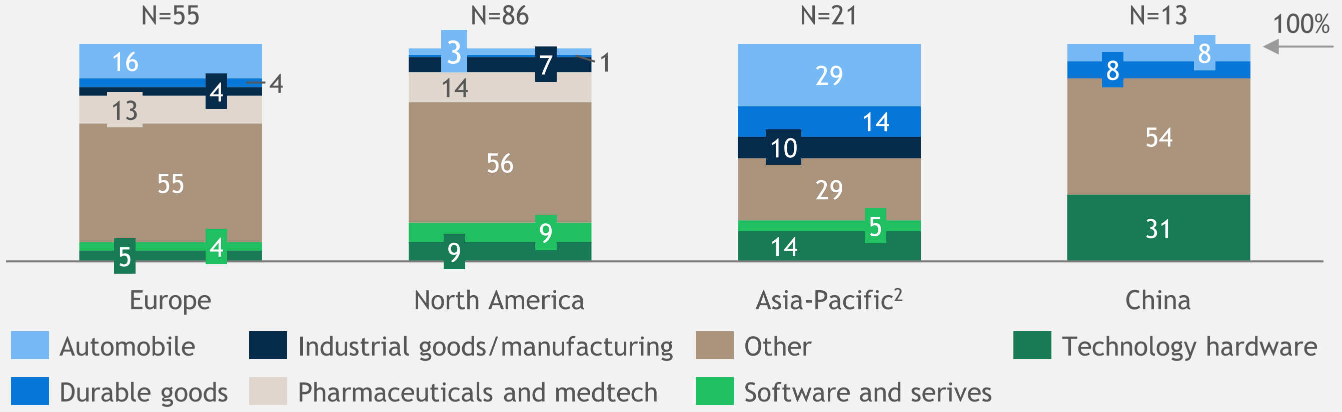
- In times of crisis, most companies freeze. But companies that move despite uncertainty tend to outperform others
- Innovation is the lever: by pursuing innovation in times of uncertainty, companies can rebalance priorities, attract talent, and reshape operations when conditions shift
- Historical evidence: In past crises (2009, COVID), top innovators beat the market by 14–24 points, showing innovation drives resilience and returns

… But as things stand, Europe's approach to innovation is lagging, highly focused on industry and only 9% on tech HW & SW (vs. 31% in China)

PRODUCT

Europe's innovators skew more industrial than high tech

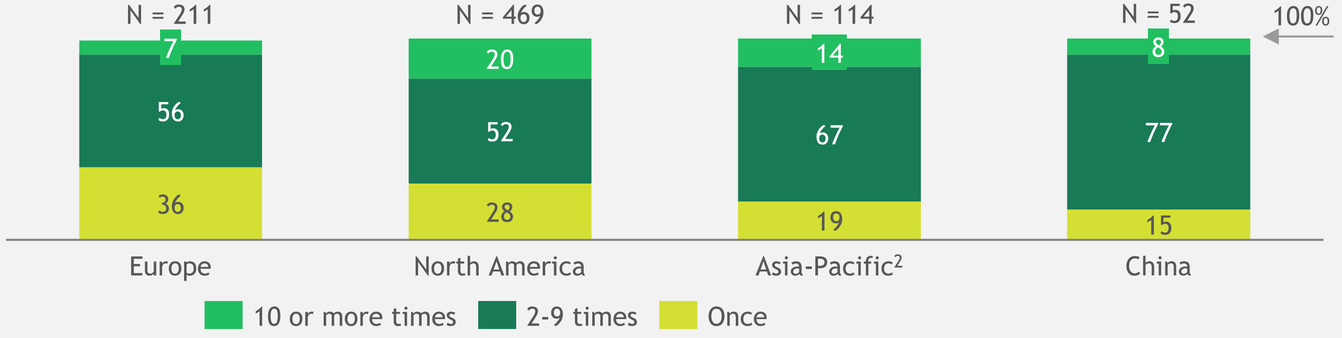
Distribution of companies in the Most Innovative Companies top 50 list by region and industry(%)[1]



PERSISTENCE

Europe's innovators are more likely to have appeared on the list only once

Distribution of companies by region and frequency of appearance (%)[1]



- **Lagging Breakthrough Innovation:** Despite a 31% global share, Europe has produced no €100B+ new company in 50 years, unlike the US's tech giants
- **Structural Weakness:** Heavy industrial focus (only 9% in tech/software) and low persistence—most innovators appear only once in rankings
- **Cultural & Investment Deficit:** Conservative engineering culture, high regulation, and declining R&D intensity (-4.3 pts vs. +9 pts in North America) limit innovation momentum.

1.Africa, the Middle East, and Central and South America are excluded because only three companies from those regions were ranked during 2005-2024. 2. Excl. China. Source: BCG Global Innovation Survey, 2005- 2024

To "do innovation right", businesses should critically question 3 aspects of their innovation system: ambition, portfolio, and talent

1. **Ambition** — Spot new customer needs you can solve and anticipate where rising costs or lost access could weaken your edge

2. **Portfolio** — Reevaluate where to invest, scale, or exit—double down on high-impact projects and localize offerings to offset lost global scale or new cost pressures

3. **Talent** — Anticipate skill gaps and mobility limits—secure critical experts early and plan for teams that may face relocation or visa constraints

To wrap up, key messages...

1. European competitiveness is under clear strain, with clear transformation needs and strategic direction of policies to date often being mis-guided (e.g. auto, chem)

2. Italian companies are under slightly less pressure -thanks in part to the public stimulus-, but still low preparedness to macro shocks

3. On top of the traditional "responses"...

   - Turn volatility into opportunity (e.g. instability is unlocking new demand and M&A opportunities) and strengthen revenue footprint (e.g. proactively build tariff-resilient revenues
   - Make supply chains shockproof - Diversify suppliers across regions to reduce exposure to tariffs, disruptions, and political risk
   - Optimize working capital and balance sheet for liquidity and agility - free up trapped cash and simplify capital structures to stay flexible amid high costs and volatility.

4. ... Our survey on 850 top EU executives suggests there is clear appetite to drive innovation, including via a "New Deal" of collaboration between business leaders and policy makers

   - To benefit from uncertainty and build resilience, question proactively: ambition *(what new customer needs can I serve?)*, portfolio *(what segments make most impact?)*, talent *(how do I navigate the skills gap?)*...
   - ... and invest where innovation (incl. AI) drives measurable results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