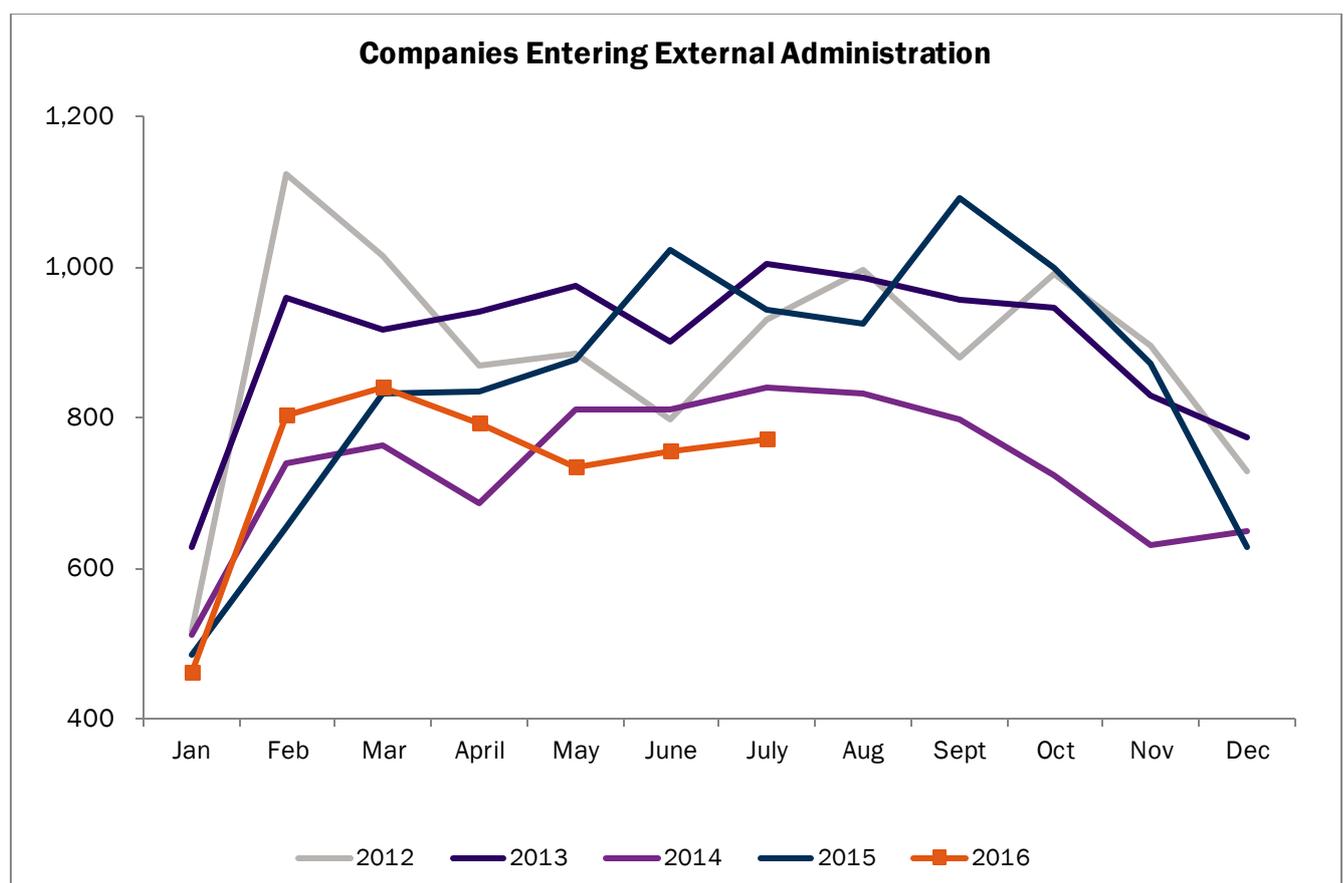


FTI Consulting Notes Some Signs of Improvement in Insolvency Data

Appointments in mining economies remain at elevated levels but trending down year on year

The release of the ASIC Insolvency Statistics for the month of July 2016 shows that while the number of companies entering external administration in Australia has increased from 755 in June 2016 to 771 in July 2016, the overall trend is improving with the number of companies still well down on the 944 companies recorded in July 2015.

The year to date numbers show a continued overall decrease in the number of companies entering external administration with 5,160 in the calendar year to date, well down on the 5,649 recorded over the same 7 month period in 2015.



The mining economies of Western Australia and Queensland both experienced a monthly rise with Western Australia increasing from 78 appointments in June 2016 to 89 in July 2016 and Queensland increasing from 134 in June 2016 to 179 in July 2016. However, this rise may in fact be a seasonal rise and it is worth noting that in WA the rate of external administration appointments has actually reduced year on year from 98 in July 2015 to 89 in July 2016.

“ASIC’s Insolvency Statistics for July 2016 confirm an improvement in the overall trend in insolvencies with the number of companies entering external administration in Australia well down year on year,” said Mike Ryan, Senior Managing Director, Corporate Finance & Restructuring at FTI Consulting.

For the seven months from January 2016 to July 2016 the total number of bank appointments was 401 nationally, compared with 435 appointments in the same period last year, 642 appointments for the same period in 2014 and 698 appointments for the same period in 2013.

Mr Ryan attributed this improvement to a number of factors including some broader economic certainty, the low interest rate environment and the banks supporting businesses to deal with their financial difficulties.

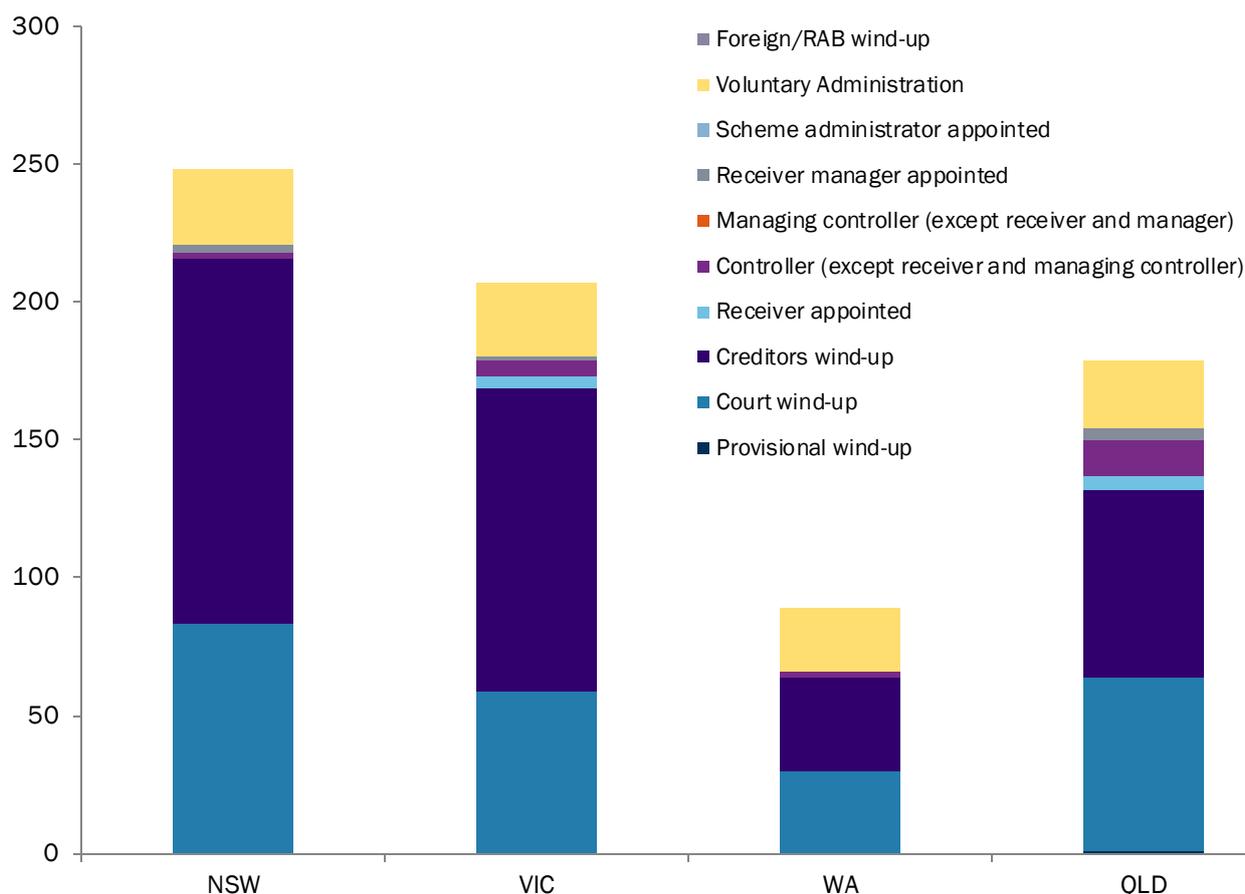
The ongoing reduction in receiverships and bank appointments since 2013 continues to confirm FTI’s sense of a broader trend that banks are working closely with clients to trade through difficult periods.

“Looking at the state by state data, even the mining economies of Western Australia and Queensland have reported a year on year improvement in reported insolvencies,” Mr Ryan added.

The ongoing collection activity by the ATO saw court wind-ups increase to 248 in July from 223 in June. Creditor wind-ups were up to 368 from 357 over the month, while voluntary administrations were up again to 110 from 91 the month before.

The analysis and comments follow a review of the ASIC Insolvency Statistics for July 2016.

Comparison of Appointments by State for July 2016



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