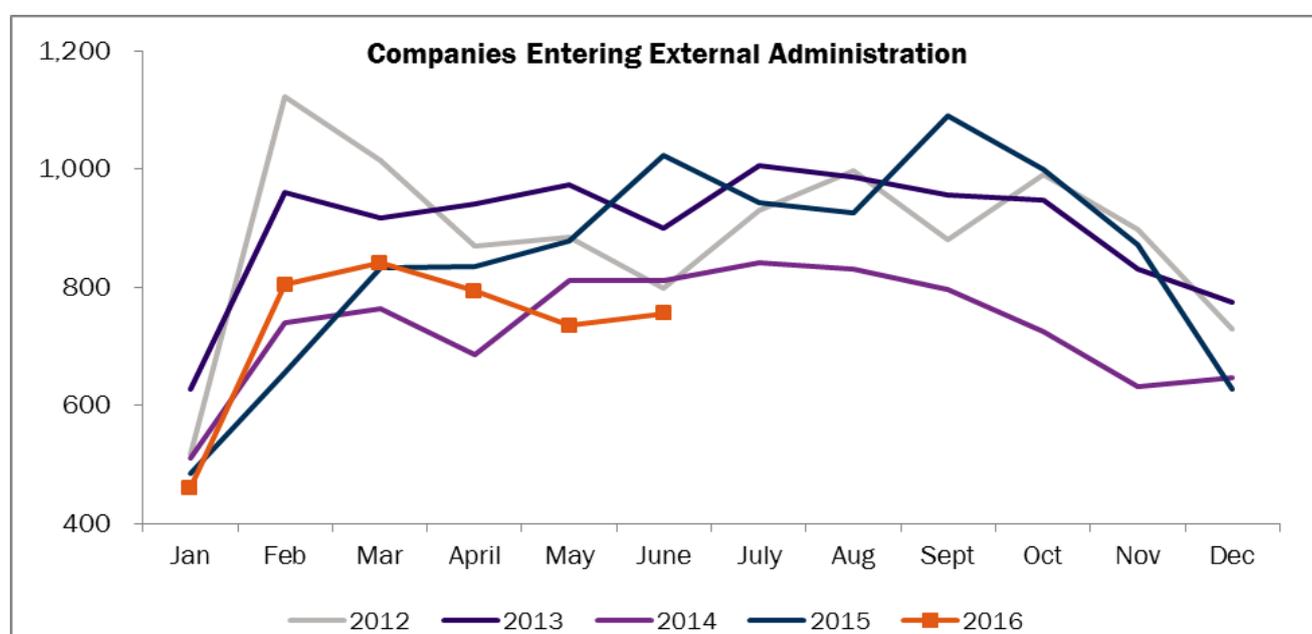


Corporate Insolvencies Remain at Elevated Levels Despite Clear Reduction in Bank Appointments

FTI Consulting's latest analysis and commentary reveals corporate insolvencies across Australia remain at elevated levels. The number of companies entering external administration for June 2016 is 755, up from 735 in May, reversing the recent tentative signs of improvement. However, it is worth noting that the number is still well down on the 1,022 companies recorded in June 2015.

For the 12 months to June 2016, insolvencies nationally rose by 8.8% to a total of 9,848 when compared with the prior period (12 months to June 2015) where the equivalent number of companies was 9,177.



In terms of types of appointments there has been a significant reduction in receiverships and bank appointments over the last four years. This confirms a broader trend that banks are working closely with clients to trade through difficult periods rather than commencing insolvency proceedings.

For the six months from January 2016 to June 2016 the total number of secured lender appointments was 357 nationally, compared with 367 appointments in the same period last year, 516 appointments for the same period in 2014 and 590 appointments for the same period in 2013.

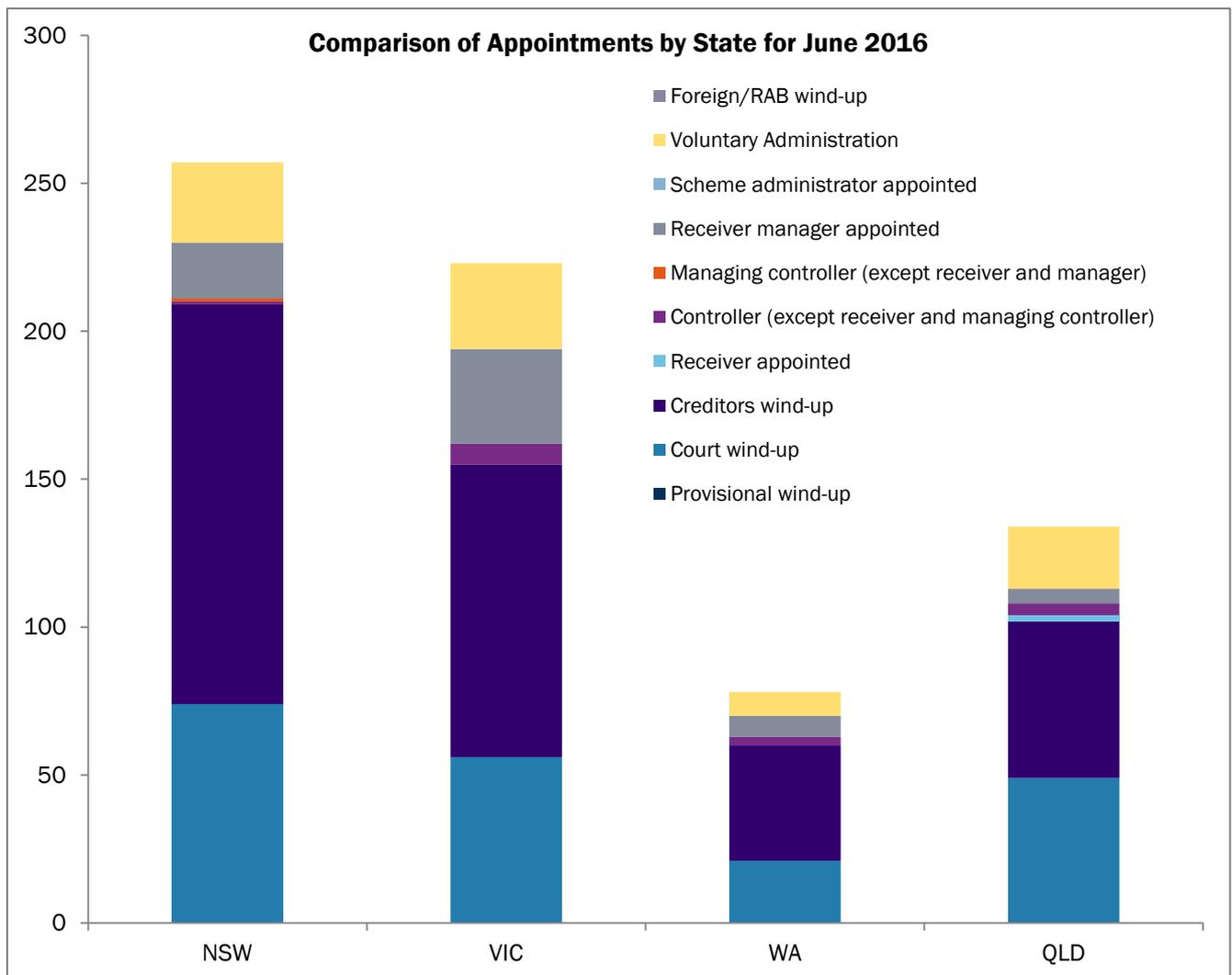
Court wind-ups increased to 223 in June from 180 in May reflecting the ongoing and increasing collection activity by the ATO. Creditor wind-ups dropped to 357 from 411 over the month, while voluntary administrations were up slightly to 91 from 88 the month before.

“ASIC’s monthly data reflects the fact that overall business confidence is low despite reductions in interest rates by the Reserve Bank in an attempt to improve activity,” said Stefan Dopking, Senior Managing Director, Corporate Finance & Restructuring at FTI Consulting.

“The major banks are responding to challenging business conditions and we are increasingly seeing a trend where the banks are working more closely with their customers to restructure and trade through difficult periods.

“This theme is reflected in the data and in the increase in advisory roles FTI Consulting is undertaking, restructuring businesses before they show signs of distress and advocating for a trade through option first. We can clearly see a significant reduction in bank appointed receiverships over the last four years, with bank appointments falling from 590 appointments to June 2013 compared to 357 appointments to June 2016,” Mr. Dopking said.

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



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