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Success of the South African Business Rescue Process – Positive news for the restructuring of distressed companies

21 July 2026 *8 min read*

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Dr Eric Levenstein unpacks the legal significance of recent successes in the business rescue space and explains why successful business rescues are an important contributor to the South African economy and where recent outcomes positively reflect the maturity of the South African business rescue framework.

Recent statistics published by StatsSA show that 225 companies were placed into liquidation in May 2026. In 2026 alone, 1116 companies have had their businesses terminated by the filing for liquidation, with the knock on effect of job losses and the closure of what were historically (for some years) sustainable and viable trading entities.

Many of these companies would have been financially distressed/insolvent for a significant period of time and where the possible rescue and restructuring of historical debt and the businesses of these companies were just left too late, and where a possible business rescue mechanism was just not considered early enough in the distressed time line of the company. The default position in these instances would be liquidation.

Liquidation unfortunately remains a very negative outcome for distressed companies in South Africa, and where we at Werksmans continue to advocate for the restructuring alternative of business rescue as a viable and workable alternative to the liquidation process.

It is vitally important that we speak (at every opportunity) about notable successes in the business rescue space and in order to ensure that we bolster and retain confidence in the business rescue mechanism which can allow for positive outcomes; namely to facilitate the rehabilitation and restructuring of a company in a manner that allows it to continue operating on a solvent basis, or failing that; to achieve a better return for creditors than what would be available in the event of the immediate liquidation of the company.

Werksmans Attorneys has been involved in two very high profile business rescue successes both of which were finalised last week and where the positive outcomes flowing from these rescues have no doubt reflected the effectiveness of the South Africa's business rescue framework. So after 15 years since we first got our Business Rescue legislation in 2011, one needs to pause and take stock and ask oneself the important question –

Is South Africa's business rescue framework finally coming of age?

Last week saw two significant milestones in South African business rescue. Murray & Roberts reached a major implementation milestone with the completion of its R1.27 billion Differential Capital transaction, securing approximately 2,600 jobs and preserving critical mining services businesses. At the same time, Group Five formally concluded its business rescue process after more than six years, with all secured, preferent and concurrent creditors paid in full or fully provided for, while preserving the vast majority of jobs and potentially even delivering a return to shareholders.

Together, these outcomes raise important questions about how business rescue is evolving in South Africa. Do these outcomes demonstrate that the business rescue regime is achieving what it was intended to do? What lessons can other distressed companies, lenders and investors draw from these restructurings? And what do these successes mean for confidence in South Africa's corporate restructuring environment?

In principle, business rescue, if embraced and used at an early stage of distress, is a powerful and necessary tool for struggling companies. In many cases, by the time business rescue is considered, unfortunately, the business is no longer capable of being rescued. It is a mechanism built for intervention – not reaction – business rescue is designed to operate at the point of financial distress, not financial collapse.

Rather than face the inevitable collapse into liquidation, if stakeholders support the business rescue practitioner and his/her efforts to restructure the debt, the companies' workforce and its contracts in a manner that makes the business more effective and more profitable, there is no reason why the company cannot exit from its business rescue process with a credible, practical and workable plan, and where outcomes can be really good for all stakeholders. Either the company is restructured in a way that allows it to continue trading, or there is a wind down/sell off of the businesses/subsidiaries of the company to third parties which supports a financial distribution to creditors, and in some instances to shareholders, far better than one would ever have seen in a liquidation.

For the business rescue practitioner, he/she must carefully consider the requirement of the “reasonable prospect of rescue”. It requires a credible, supportable basis on which the company can be rehabilitated, whether through operational restructuring, the introduction of new capital, or a compromise with creditors. It is not satisfied by the mere hope that conditions might improve. It is up to the business rescue practitioner to persuade all stakeholders that if all parties work together, and where the business rescue plan is supported, companies can be saved.

Looking at the outcome in Murray & Roberts and Group 5, the results speak for themselves.

Murray & Roberts

In one of the most significant corporate restructurings in recent South African history, Differential Capital Proprietary Limited and its consortium of investors, working with the company's business rescue practitioners (Metis Strategic Advisors), concluded a transaction resulting in the acquisition of the equity of the mining division of Murray & Roberts Limited (in business rescue) for R1.27 billion.

The adopted business rescue plan gained 100% creditor approval in April 2026 and the transaction, which completed on 25 June 2026, secured the transfer of numerous local and foreign subsidiaries (in South Africa, Canada, Australia, Portugal, Chile and numerous other jurisdictions) to the Differential Capital-led consortium. The sale enables the business rescue practitioners to settle all secured debt and funding obligations. Importantly, the transaction preserves approximately 2,600 jobs and safeguards vital mining capabilities that will continue to contribute meaningfully to the South African economy.

Group 5

In Group 5, the business rescue practitioners (Metis Strategic Advisors) of Group Five Limited and Group Five Construction Proprietary Limited (“**Group Five**”), announced last week the substantial implementation of their respective business rescue plans and which has now concluded their business rescue proceedings.

In March 2019, Group Five collapsed into business rescue with approximately R7 billion in creditor and contingent exposures, more than 2300 individual creditors, 119 active construction projects and close to 6000 employees employed in approximately 180 companies across 38 countries. At the time, it was estimated that an immediate liquidation of Group Five would result in secured creditors receiving as little as 65 cents in the Rand, and concurrent creditors no more than 3.4 cents in the Rand, not to mention the devastating impact that a liquidation would have on employment and the construction industry generally. At that time, there was no prospect for any shareholder recovery.

Group Five's business rescue proceedings took the form of a structured wind down, with projects being completed, debtors being recovered, and key subsidiaries such as Intertoll Europe and Everite, being sold as going concerns. Over 60 entities and asset sales were completed within the business rescue process, and where a substantial number of jobs were retained.

As Dave Lake from Metis put it: “*the process has over-achieved in its primary objectives: maximising recoveries for creditors and lenders, saving jobs, and business entities, settling tax obligations, unlocking some value for shareholders, while stabilising and restructuring a highly* *complex group in an orderly manner*".

Various issues in the administration of the business rescue proceedings were dealt with, including resolution of litigation with certain shareholders, resolution of various creditors' claims, as well as attending to other commercial aspects, which included the conclusion of financing agreements, and the disposal of Group Five's subsidiaries and/or businesses.

In what is an incredible success story for business rescue in South Africa, not only have all creditors, including concurrent creditors, been paid in full (100 cents in the Rand), but it is expected that a surplus return will be delivered to shareholders as well. This is an exceptional outcome for a business rescue process.

In summary

The value of business rescue as a mechanism in South Africa cannot be ignored. Where it is used as the statute intended, it remains a workable option for a proactive and well-considered restructuring strategy. Business rescue remains one of the most effective mechanisms for preserving value in the South African economy and provides a structured framework within which businesses can reorganise, negotiate with stakeholders and, where necessary, compromise debts and gain access to new capital.

So, as we have seen in the Murray & Roberts and Group 5 examples, business rescue can work – it is a robust and effective mechanism focused on saving South African companies from complete financial and operational collapse.

It is hoped that in time to come, we will see more and more companies exit from business rescue on a similar basis, with job preservation being key and where companies (either as restructured or with new owners) can continue to contribute to the South African economy in a positive and meaningfully way.

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