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Working capital report

Southeast Asia 2026

When external capital becomes more expensive, the most valuable capital may already be sitting inside the business. An effective working capital strategy can enhance cash generation, strengthen balance sheet resilience and turn the key to capital already held within the business, unlocking capacity for growth and other strategic priorities.

In this report, we analyse trends in working capital across selected sectors and provide benchmarks for measuring your own company's working capital metrics. While many companies in the region continue to deliver revenue and EBITDA growth, increasing scrutiny on liquidity and cash generation has reinforced the importance of effective working capital management.

To further compare your company's performance relative to Southeast Asia ("SEA")-listed peers, and to explore ways to better track, monitor and implement sustainable working capital change in your business, please feel free to contact Deloitte at any time for a discussion.

Southeast Asia highlights (CY2024 to CY2025)

+5.7%

Increase in **Total Revenue**

+5.5%

Increase in **EBITDA**

+USD11.5b

Increase in cash tied up in **Net Working Capital**

+27.6 days

in **Cash Conversion Cycle** compared with global average

What is working capital?

Cash is the life blood of every business. Cash tied up in the working capital cycle (which comprises receivables, inventory and payables) can be a drag on business and lead to liquidity pressures. Effective working capital management can release cash which can be used for operations, expansion, capital expenditure, deleveraging and dividends.



The process of contracting with customers through to selling goods/services, and eventually collecting cash



The process of converting raw materials into finished goods, including the ownership of goods until they have been sold



The end-to-end process, from contracting with suppliers to receiving products/services and ultimately paying

How is it measured?

Companies can improve their working capital by effectively manging the individual components of their Cash Conversion Cycle ("CCC").

Faster customer collections
Days Sales Outstanding ("DSO")

$$DSO = \frac{Accounts\ Receivable}{Revenue} \times 365$$

Measures the rate (in days) at which a company collects cash from debtors. The lower the DSO, the faster cash is collected

Reduction in inventory balances
Days Inventory Outstanding ("DIO")

$$DIO = \frac{Inventory}{COGS^1} \times 365$$

Measures the rate (in days) at which a company holds its inventory before selling it. The lower the DIO, the less time inventory is owned by the company

Optimise payment terms with suppliers
Days Payable Outstanding ("DPO")

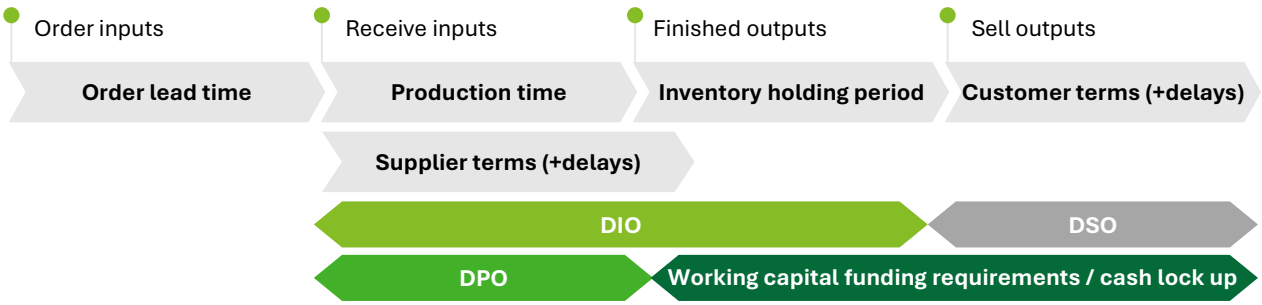
$$DPO = \frac{Accounts\ Payable}{COGS^1} \times 365$$

Measures the rate (in days) at which a company pays its suppliers for goods and/or services. The higher the DPO, the longer cash is held in the business

CCC
(CCC = DSO + DIO – DPO)

Measures the rate (in days) at which cash is tied up in the operations of a company. The measure helps to quantify the working capital efficiency of a company. A reduction in CCC would typically indicate a business is getting better at cash generation

Illustrative example - Manufacturing

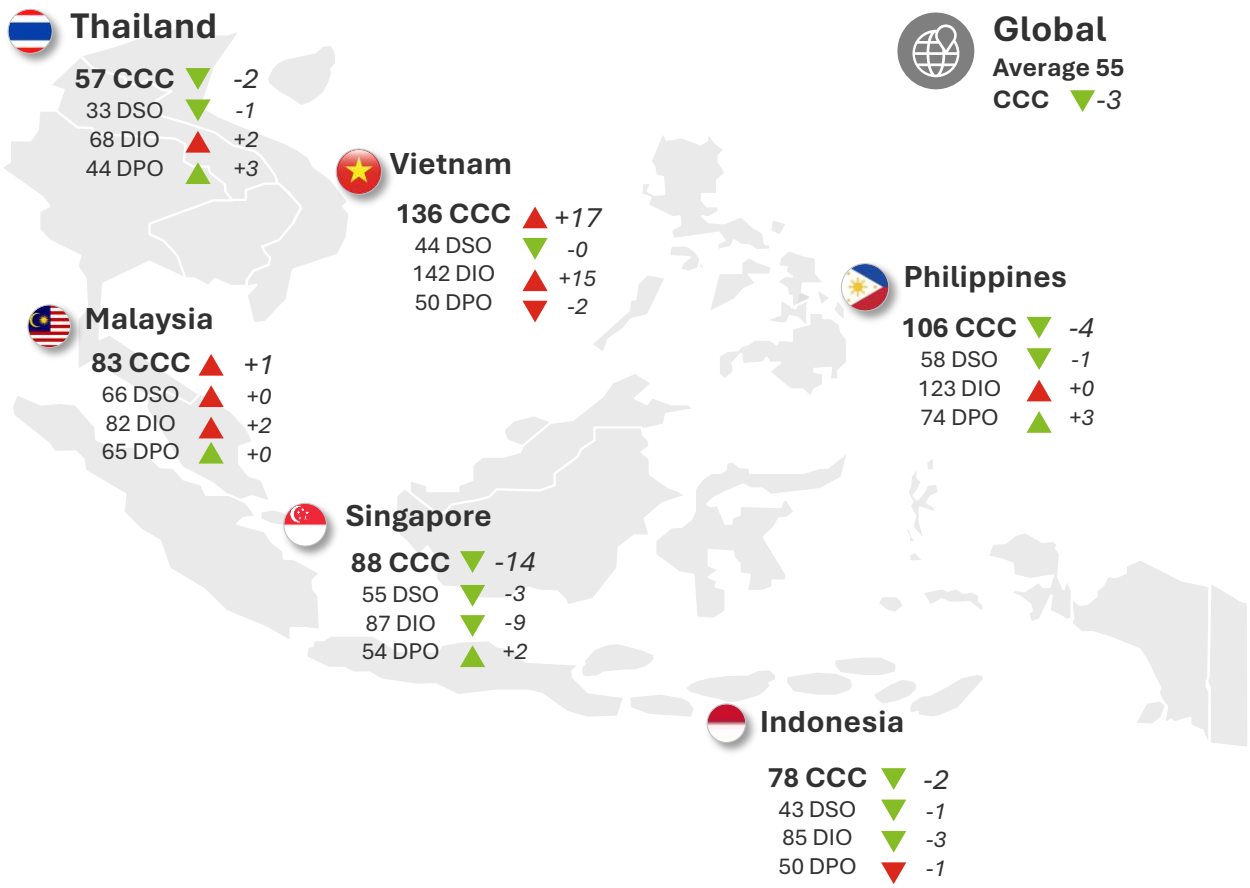


Note 1: COGS: Cost of Goods Sold

Southeast Asia working capital performance

Working capital lock-up generally improved for public companies in SEA between 2024 and 2025. However, SEA public companies continue to exhibit structurally higher working capital investment than their global peers. This is a drag on competitiveness because cash locked up in working capital cannot be used to fund growth, deleveraging or dividends.

Southeast Asia Working Capital Performance



Data Sample

- 6 Countries
- 14 Sectors
- 3,337 Public Companies
- USD348b NWC
- Source: Capital IQ
- Calendar Year 2024 to 2025

▲▼ Increase or decrease 2024 to 2025

Notes

Cash Conversion Cycle = Days Sales Outstanding + Days Inventory Outstanding – Days Payable Outstanding
Days Sales Outstanding = Accounts Receivable / Revenue x 365 days
Days Inventory Outstanding = Inventory / Cost of Goods Sold x 365 days
Days Payables Outstanding = Accounts Payable / Cost of Goods Sold * 365 days

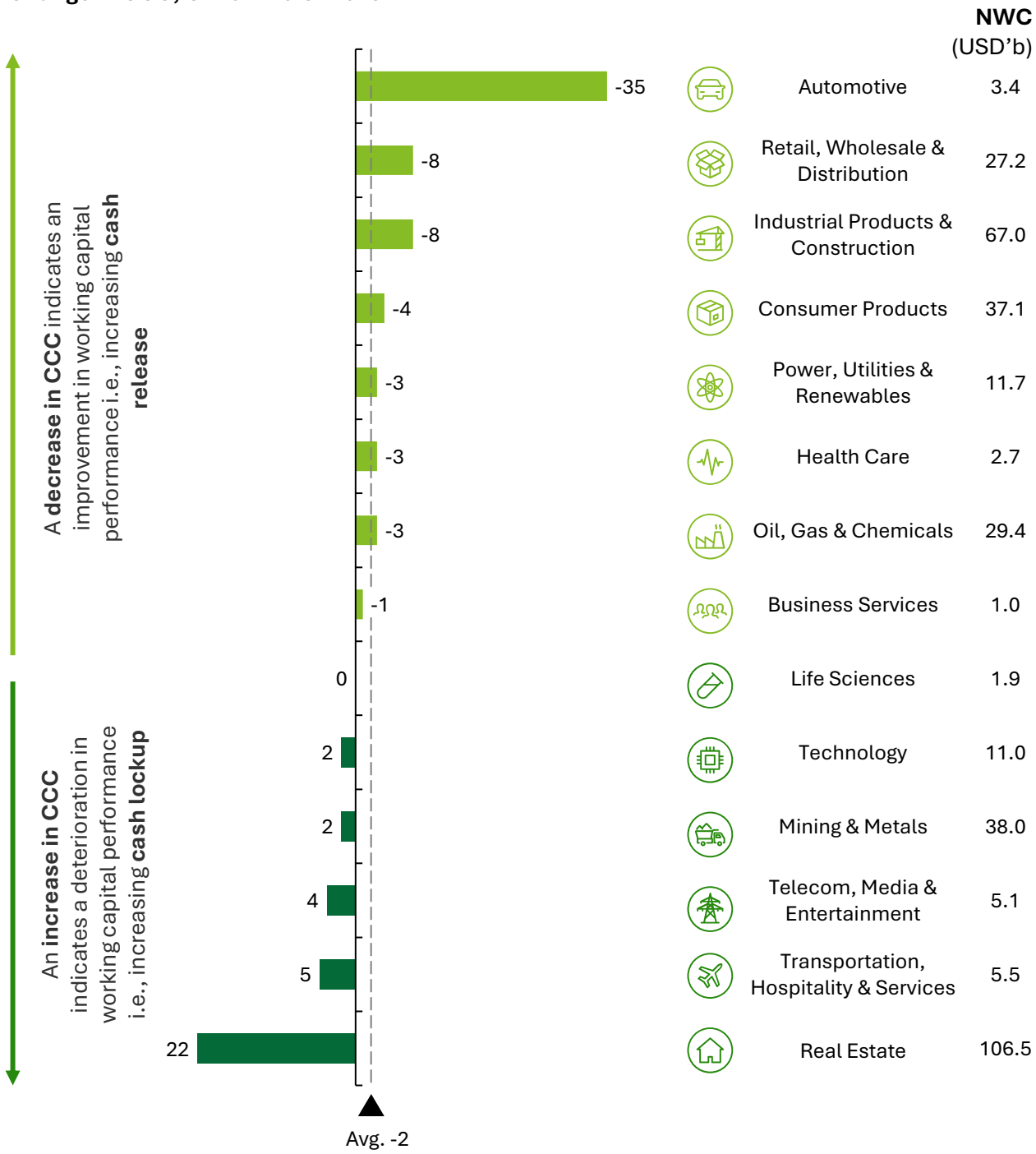
Source: Capital IQ

Southeast Asia working capital by industry

The Automotive sector's significant improvement in CCC of 35 days is largely driven by supply chain localisation and the transition towards electric vehicles, with Chinese OEMs expanding aggressively in the region as legacy players optimised supply chains to defend market share.

Contrastingly, the Real Estate sector recorded the largest deterioration in CCC of 22 days, alongside the highest net working capital balance of USD107b. This is consistent with broader market conditions characterised by a slowdown in property sales, rising construction and inventory costs, and slower project revenue collections.

Change in CCC, CY2024 to CY2025



Source: Capital IQ

Southeast Asia working capital benchmarking

The below working capital benchmarking analysis is based on the disclosed financial figures of over 3,000 public companies in SEA in 2025. Companies can use these benchmarks to assess the working capital efficiency of their own business, portfolio company, suppliers or customers.

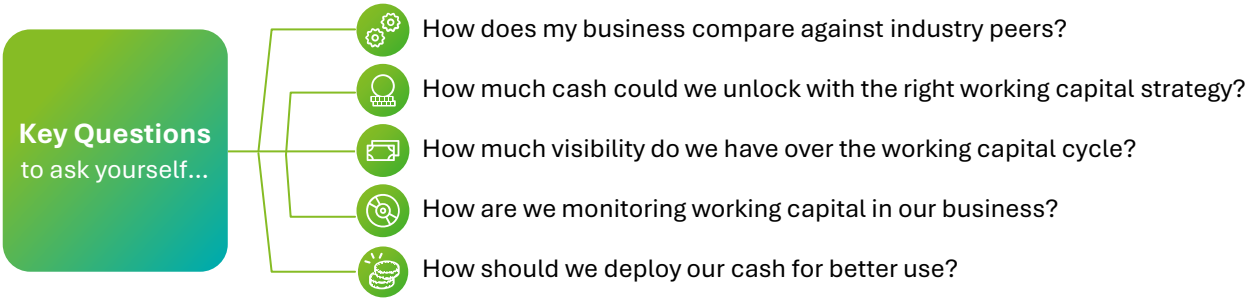
Working capital benchmarks – CY2025

Sector	Subsector	Companies	DSO	DIO	DPO	CCC
Consumer	Consumer Products	448	44	83	31	103
	Retail, Wholesale & Distribution	407	49	81	46	92
	Automotive	41	57	64	43	76
	Transportation, Hospitality & Services	288	32	12	32	17
	Business Services	121	75	27	38	70
	Total	**1,305**	**46**	**61**	**37**	**74**
Energy, Resources & Industrials	Industrial Products & Construction	652	87	82	57	120
	Mining & Metals	231	37	76	28	89
	Oil, Gas & Chemicals	295	48	48	37	63
	Power, Utilities & Renewables	106	68	22	40	55
	Total	**1,284**	**66**	**68**	**45**	**95**
Financial Services	Real Estate	320	64	854	89	847
	Total	**320**	**64**	**854**	**89**	**847**
Life Sciences & Health Care	Health Care	113	44	21	34	33
	Life Sciences	41	67	136	52	156
	Total	**154**	**48**	**39**	**37**	**51**
Technology, Media & Telecom	Technology	164	87	49	68	103
	Telecom, Media & Entertainment	110	64	28	59	58
	Total	**274**	**40**	**63**	**86**	**18**

Note: The respective numbers, including the CCC, are median numbers across the sector.

Source: Capital IQ

Working capital health check



Calculate your company's working capital metrics using the formula below and compare the performance with the benchmarks for your industry in page 7.

Working capital formula	Your company	Industry benchmark	Notes
DSO = $\frac{Accounts\ Receivable}{Revenue}$ x 365	[calculate from your company's financials]	[insert benchmark from previous page]	1
DIO = $\frac{Inventory}{COGS}$ x 365	[calculate from your company's financials]	[insert benchmark from previous page]	2
DPO = $\frac{Accounts\ Payable}{COGS}$ x 365	[calculate from your company's financials]	[insert benchmark from previous page]	3

Notes:
[1] Your accounts receivable management is more efficient if your Company DSO is lower than the Industry Benchmark
[2] Your inventory management is more efficient if your Company DIO is lower than the Industry Benchmark
[3] Your accounts payable management is less efficient if your Company DPO is lower than the Industry Benchmark

Illustrative scenario

Base case

- Accounts Receivable ("AR"): USD50m
- DSO: 60 days
- Cost of capital: 7% p.a.

This means approximately two months of revenue remains tied up in working capital before cash is collected from customers.

Cash release opportunity

Reducing DSO by 15 days (from 60 to 45 days) would represent a 25% improvement in collection timing and release approximately USD12.5m of cash back into the business.

Illustrative workings:

USD50m x $\frac{15}{60}$ = **USD12.5m**

This improvement would strengthen liquidity and reduce reliance on external funding.

Funding cost impact

Accelerating AR collections by 15 days would also reduce the funding burden associated with AR, generating an estimated USD875k per annum in financing benefit based on the company's 7% cost of capital.

Illustrative workings:

USD12.5m x 7% = **USD875k**

This represents the annual cost of capital savings from reducing excess working capital tied up in AR.

Insight to action

Working capital metrics only create value when they drive decisions and actions. The most resilient organisations move quickly from diagnosis to action, converting insight into liquidity, risk mitigation and sustainable cash improvement. The goal is not to measure the amount of cash tied up in working capital, but rather to release it.

Stakeholder	Insight	Interpretation	Action
Board & management 	Rising CCC, increasing DSO or DIO, widening performance gaps between business units	Cash trapped in operations; commercial decisions may be prioritising growth over liquidity; emerging execution issues	• Treat cash and working capital as strategic KPIs, not merely a finance metric • Conduct root-cause reviews at customer, product, and SKU level • Challenge inventory buffers, payment terms, and credit policies • Create an accountable cash improvement roadmap with executive ownership
Lenders & investors 	Working capital requirements increasing faster than revenue; growing reliance on extended terms or short-term funding	Potential deterioration in liquidity quality; earnings may not be converting into cash; increased refinancing or covenant risk	• Focus on working capital trends rather than point-in-time metrics • Assess sustainability of cash generation and earnings quality • Monitor inventory build-up, overdue receivables, and payable extensions • Stress-test liquidity under downside scenarios
Customers 	Supplier showing deteriorating receivables, inventory shortages, or liquidity pressure	Risk of service disruption, delivery delays, reduced investment capacity, or weakened resilience	• Review supplier concentration exposures • Increase dialogue regarding supply continuity and inventory planning • Collaborate on demand forecasting and order visibility • Consider mutually beneficial payment and fulfilment arrangements • Monitor financial distress indicators
Suppliers 	Customer significantly extending payment periods or increasing payable balances	Buyer may be protecting liquidity at the expense of the supply chain; heightened collection and credit risk	• Reassess customer credit exposure and payment behaviour • Differentiate terms based on risk and strategic importance • Explore supply chain finance or structured payment solutions • Escalate collection efforts earlier when trends deteriorate • Diversify customer portfolio
Operational & functional leaders 	Variances in DSO, DPO or DIO across customers, suppliers, products, or business units	Process inefficiencies, inconsistent policy execution, poor master data, or misaligned incentives	• Embed working capital KPIs into functional scorecards • Improve order-to-cash and procure-to-pay disciplines • Segment customers and suppliers by value and risk • Automate monitoring through dashboards and exception reporting • Link incentives to cash outcomes as well as revenue or cost objectives

Leveraging technology

As agentic AI evolves from experimentation to enterprise capability, organisations can apply proven financial-services use cases to transform collections and working capital through intelligent, autonomous, and connected decision-making.

Agentic AI is beginning to reshape how financial institutions create value and manage complexity

Deloitte's AI Dossier shows **AI evolving from insight generation into workflow orchestration**, including continuous risk monitoring, dynamic credit decisioning, real-time liquidity visibility, and personalised customer engagement. For 2026, the practical opportunity is to apply these same agentic patterns to collections and working capital: **connecting data, decisions, and actions across the end-to-end cash cycle**.

Potential use cases for agentic AI in collections and working capital

Account prioritisation
Prioritises accounts by recovery potential

Self-service collections
Automates collections and dispute management

Smart credit decisions
Optimises credit terms using risk insights

Exception resolution
Automates matching and escalates exceptions

Cash visibility
Improves cash forecasting and liquidity visibility

Compliance monitoring
Ensures policy and regulatory compliance

Portfolio analytics
Models scenarios to optimise working capital

Liquidity*IQ*™

Developed by Deloitte's Working Capital Services practice, Liquidity*IQ*™ ingests transaction-level ERP data and rapidly surfaces the patterns, anomalies, and structural inefficiencies that represent the highest value cash release opportunities in a fraction of the time traditional approaches require.

Speed to insight
Weeks of manual discovery compressed into days

Full CCC coverage
AP, AR, and Inventory analysed through one consistent framework



Benchmark grounded
Opportunities contextualised against peer benchmarks

Repeatable at scale
Consistent methodology rapidly deployed across any industry

ERP agnostic solution | **Built in Power BI or Tableau** | **Rapid deployment**



Basis of preparation

Source Data

Data contained in this publication was sourced from S&P Capital IQ Pro as of May 2026. Whilst we believe the data to be reliable, we cannot guarantee the accuracy of all information. The population of the data in this report is 3,337 public companies in Southeast Asia who have disclosed as of the date of this report:

- Total Revenue [CY2025]
- Avg. Days Sales Out. [CY2025]
- Avg. Days Inventory Out. [CY2025]
- Average Days Payable Out. [CY2025]

The following sectors have been intentionally excluded from the population of the data:

- Banking and Capital Markets
- Insurance
- Defense, Security & Justice
- Real Estate (Financial) e.g., REITs

The population of the data used to derive global averages is 27,784 public companies who have disclosed as of the date of this report:

- Total Revenue [CY2025)
- Avg. Days Sales Out. [CY2025]
- Avg. Days Inventory Out. [CY2025]
- Average Days Payable Out. [CY2025]

Terminology

- **Days Sales Outstanding** (DSO) – expressed in 'days', this calculation measures the rate at which a company collects payments from debtors following the sale of goods and/or services. The lower the DSO, the faster cash is collected.
- **Days Inventory Outstanding** (DIO) – expressed in 'days', this calculation measures how long a company holds inventory before selling it on to a customer. The lower the DIO, the less time inventory is owned by the company. Excess inventory ties up cash and makes the company vulnerable to market price volatility.
- **Days Payables Outstanding** (DPO) – expressed in 'days', this calculation measures the rate at which a company pays its suppliers for goods and/or services provided. The higher the DPO, the longer cash is held in the business.
- **Cash Conversion Cycle** (CCC) – expressed in 'days', this calculation represents the cumulative view of DSO, DIO, and DPO. It attempts to measure the rate at which cash is tied up in the operations of a company.

Formulas

Cash Conversion Cycle

= Days Sales Outstanding + Days Inventory Outstanding – Days Payable Outstanding

Net Working Capital (NWC)

= Accounts Receivable + Inventory – Accounts Payable

Days Sales Outstanding

= Accounts Receivable / Revenue x 365 days

Days Inventory Outstanding

= Inventory / Cost of Goods Sold x 365 days

Days Payables Outstanding

= Accounts Payable / Cost of Goods Sold * 365





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