

EUROPEAN PAYMENT REPORT *2016*

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THIS IS THE EUROPEAN PAYMENT REPORT 2016

The report is based on a survey that was conducted simultaneously in 29 European countries between February and April 2016.

In this report Intrum Justitia gathered data from 9,440 companies across Europe to gain insight into the payment behavior and financial health of European businesses.

Through this comprehensive survey among European companies, Intrum Justitia generates awareness and debate among politicians and the media, for example, how late or non-payments impact the economies of the EU. The survey is documented and communicated to selected groups. In 2016, we will distribute more than 8,000 reports containing data based on the survey.

Intrum Justitia participates in seminars and meetings in Brussels to inform EU delegates of the situation and the best approaches in working for a sound economy and secure payments in Europe.

During 2013 and 2014, we were invited by the European Union, as the representative of the business community, to speak during the campaign in which the directive to protect companies from suffering from late payments (the Late Payment Directive) was implemented. In 2015 we provided data to the EU commission in their work to evaluate a possible review of the current directive. The Late Payment Directive recommends that payment periods for companies be at most 60 days and for public authorities 30 days.

Three years after the implementation in all EU countries, the Late Payment Directive is starting to become known among Europe's businesses, 28 percent say that they are familiar with the directive. Still, as little as 20 percent of those that are familiar with it claim to have seen a positive effect from it.

WE ALL HAVE THE RESPONSIBILITY OF CREATING SOUND EUROPEAN ECONOMIES

The European economies are now putting the years of financial turmoil and debt crisis behind them and several macro-economic indicators are pointing towards a brighter future. Even so, European businesses large and small, view late payments as a serious threat to their overall ability to invest in growth and thus employ more staff. That is one of the conclusions drawn from the Intrum Justitia European Payment Report of 2016.

Of course, much is proving to go in the right direction. With a GDP growth of 2 percent (Q4 2015)* and unemployment rates are down to 8.9 percent* (February 2016), the lowest since May 2009 in the EU28 area, politicians, central banks and the business society as a whole should perhaps be able to take a big sigh of relief for the first time in years.

Still, inflation remains negative in the EU28 area and the European Central Banks have continued to lower interest rates during the past year. Even record low levels seem to have had little impact on businesses willingness to invest.

Creating economic growth requires stability and optimism. Entrepreneurs instilled with confidence dare to increase investments, expand their business and hire new staff. Evidently, the strategy of keeping interest rates record low for more than a year has not created that much sought after stability – 84 percent of the respondents in our survey claim that they see no impact at all from the low interest rate levels.

Instead, 33 percent of the respondents regard late payments as a threat to their overall survival and 25 percent

say that they are likely to dismiss staff following the fact that their clients pay late or not at all.

Europe's 20 million small or mid-sized companies (SMEs) are more exposed to the increased financial risk that comes from not having cash-flow under full control.

”Creating economic growth requires stability and optimism. Entrepreneurs instilled with confidence dare to increase investments, expand their business and hire new staff.”

As much as 34 percent of the SMEs say that they would be able to hire more if they got paid faster (25 percent among the non-SMEs), and 41 percent say that the fact that they do not get paid is prohibiting growth

*According to Eurostat statistics



(30 percent among non-SMEs). A strong indication provided that much of Europe's future growth will come from this segment.

”To safeguard a sustainable society is important for companies.”

More and more of the SMEs experience that they are being squeezed by their, very often, larger clients. As much as 43 percent of SMEs say that they have been asked to accept longer payment terms than they are comfortable with and 39 percent of those that agree, claim that the request came from a large multinational client. That large corporations use their much smaller sub-suppliers to act financier of their own cash-management processes is not only wrong, it also creates an imbalance in society.

The EU Late payment Directive was developed to solve this problem, but three years after it was implemented in all EU member states only 28 percent of European companies are aware of its existence (31 percent in 2015)

and of those that are, a mere 20 percent has seen a positive effect from it. As the EU commission just recently decided not to review the existing directive, mainly due to the fact that the implementation in many member states took longer than anticipated, Europe's business society must take action voluntary to address this challenge.

To safeguard a sustainable society is important for companies. To put pressure on smaller companies to accept longer payment terms while creating instability, insecurity and fewer job opportunities cannot be in any business leaders' long-term interest. On the contrary, there is a link between corporate responsibility for shorter payment terms and a reduction in their long-term risk. I am convinced that questions about fair payment terms should be lifted high up on management's agenda and become an integrated as part of the company's overall sustainability efforts. A healthy economy creates stability and lowers costs for everyone, large or small.

Mikael Ericsson
CEO & President Intrum Justitia



EPR 2016 IN BRIEF

The Central Banks of Europe have actively fuelled the European economies for more than a year now and in many countries the key interest rate is negative or at least at zero. The interest rate should, at least partially, be a tool that serves to stimulating investment and consumption, thereby creating more jobs and inflation.

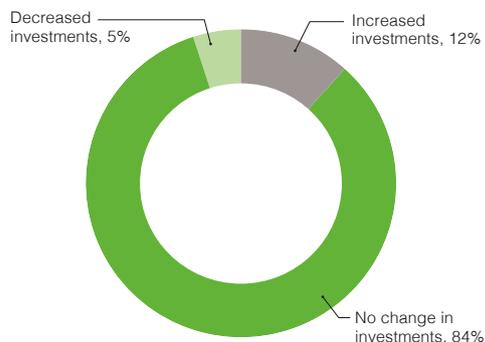
However, the European Payment Report of 2016 shows that there is still a long way to go to achieve this effect. A vast majority of the 9,440 respondents of this year's survey does not see any impact from the low interest rate as regards their will to invest. As much as 84 percent say that they see no impact at all, a quite significant increase compared to the 73 percent that said the same in 2015.

A calculation of an investment includes assumptions of the future. To get the calculation to go together those assumptions need to include a belief in stability and prosperity in that future. Perhaps the negative interest rates do not signal that stability at all – rather that we are, still, in an extraordinary situation?

CONSUMERS ARE THE MOST PUNCTUAL

Intrum Justitia has investigated payment behavior and the impact of late or non-payments among European companies for more than a decade. Although the burden of not getting paid on time has eased off since the crisis

How has the low interest rates (globally) affected your business?



of 2008–2009, this year's report still reports on serious consequences for those that do not receive payment for their goods or services sold.

In general consumers are most punctual when it comes to owing money to companies. According to our survey,

consumers are on average only 0.9 days late with their payments. Businesses are on average 5.6 days late, and the public sector is 7.2 days late. This may not sound like a serious delay for any client group, however, in the extreme cases we are looking at delays of more than a month. In Italy entrepreneurs selling to public authorities are forced to wait for 48 days after due date to receive payment and in Spain the corresponding figure is 34 days. On the more positive side are the Nordic countries and Germany, that generally are seeing delays below the European average.

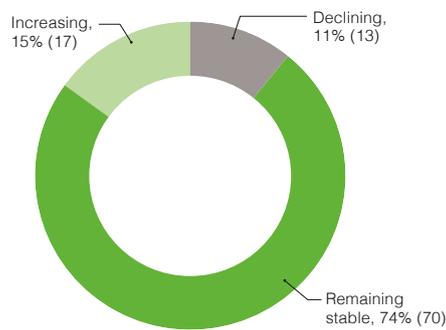
There's a big spread in the payment terms given by large companies to other companies. According to our survey, the average difference between the shortest and longest payment terms allowed from large companies in B2B deals are 59 days. Demonstrating that the big companies are skilled in using their leverage.

SEVERE CONSEQUENCES OF LATE PAYMENTS

Nearly three quarters (74 percent) of our survey respondents believe the risks from their companies' debtors the coming twelve months will remain stable. This is good news, although 15 percent actually believe the risks will increase and only 11 percent see their risks decreasing.

Some might not believe that late payments are very severe – everybody pays late. But the truth is that it surely is a major burden for many companies, prohibiting their

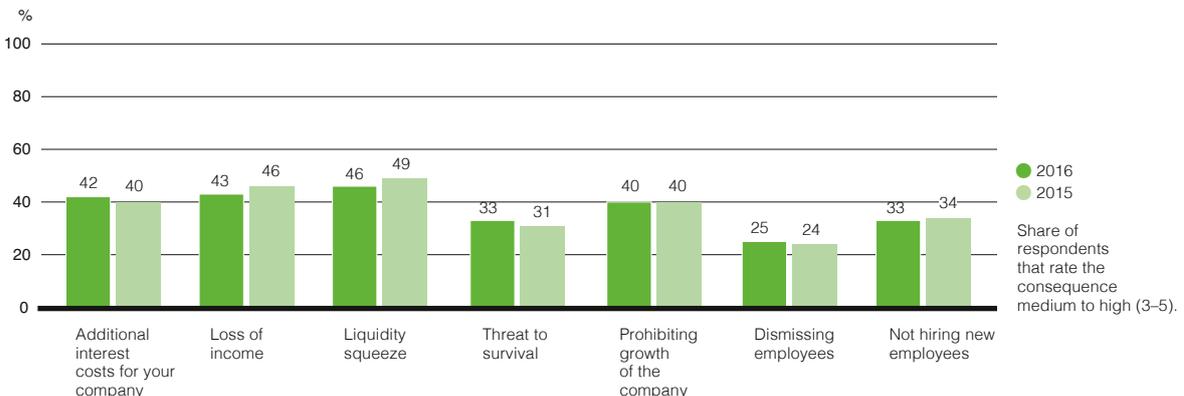
How do you see risks from your company's debtors developing during the next 12 months?



growth. Almost half (46 percent) of respondents in our survey say that late payments is causing a liquidity squeeze to their business as a consequence. More than four out of ten, 42 and 43 percent respectively, rate additional interest costs and loss of income for their company as a mid to high consequence of late payments. And further to that 40 percent of respondents in our survey say that late payments are prohibiting growth of the company.

One conclusion from this is that the opportunities to get Europe back to growth, at least partly lie in the ability of the European companies to manage their payment flows. It is also clear that the trend is stable compared to 2015, despite a general pick-up in the economy.

Consequences of late payments

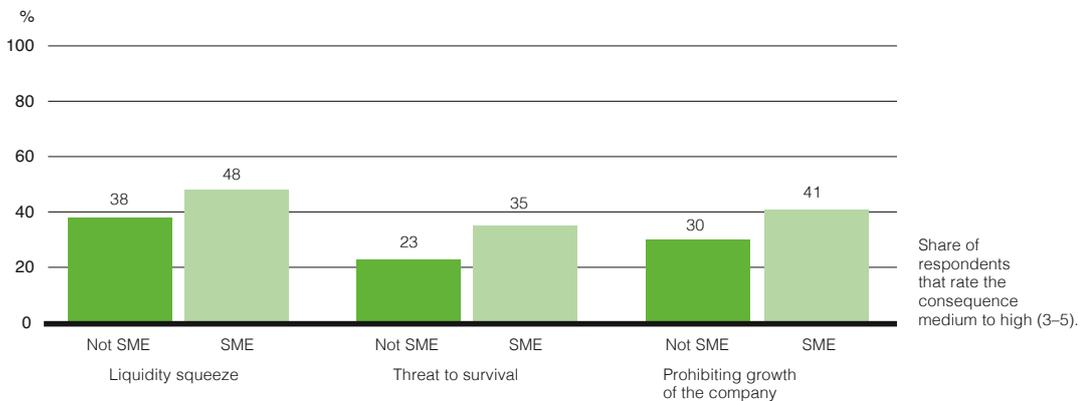




UNNECESSARY PRESSURE ON EUROPE'S SMEs IS A THREAT TO GROWTH

In the European Payment Report of 2016 we are putting extra emphasis on how Europe's small and mid-sized enterprises (SMEs) experience the fact that a fair amount of their outstanding receivables are likely to remain unpaid. Our survey indicates that small companies are more dependent on fast payments, less protected against bad payment, and not as geared to raise investments, compared to their larger peers.

Consequences of late payments



4 OUT OF 10 SMEs SAYS LATE PAYMENTS PROHIBIT GROWTH

For an entrepreneur the cash-flow is the lifeblood of the company, which constantly flows through the business allowing all other functions to work as they should. Strained liquidity is therefore directly linked to the smaller company’s ability to grow to a much larger extent than the larger corporation that has much more resources and power to manage cash-flows efficiently.

The European Payment Report of 2016 shows that 41 percent of the SMEs in our survey say that the consequence of not being paid on time is prohibiting growth while 30 percent among larger corporations say the same. Furthermore, late payments clearly means increased liquidity squeeze for the smaller businesses with 48 percent of the respondents in this category rating this consequence with medium to high impact. To further stress the seriousness of the situation, 35 percent of the European SMEs view late payments as a threat to their overall survival, while the corresponding figure for large corporations is 23 percent. In other words, a large number of small and mid-sized companies face serious threats if payments are not made on time.

SMEs SHOULD NOT BE FINANCING THE CASH-FLOW OF THE LARGE MULTINATIONALS

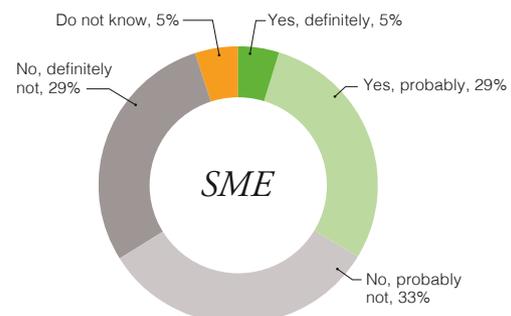
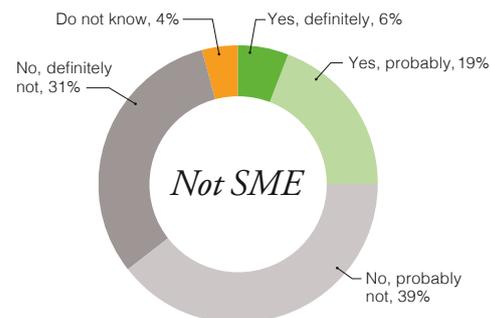
Small to mid-sized businesses are less protected against bad payment than larger corporations. About 28 percent claim that they neither use bank guarantees, credit insurance, credit checks, pre-payment, debt collection, nor factoring to protect them against bad payments. The corresponding figure for large companies is 10 percent. This leaves more than a fourth of the small and medium sized companies very vulnerable.

With that in mind, it is worrying that 43 percent of the SMEs claim that they have been asked to accept longer payment terms than they are comfortable with, and 39 percent of those have been asked to do so by

large multinationals. In general, SMEs are inclined and keener to allow shorter payment terms than the larger companies. These figures illustrate an unsustainable imbalance plaguing Europe’s business culture.

The problem of large multinational corporations leveraging their economic clout and using their smaller sub suppliers as a bank, requesting unreasonably long payment terms appears to be a larger problem in the Nordic region than anywhere else. In Sweden 52 percent of SMEs state that have been pressured to accept longer

Would faster payments from your debtors enable your company to hire more employees?





payment terms than they are comfortable with from large multinationals, 58 percent of the pressured SMEs in Denmark and as much as 73 percent of the pressured SMEs in Finland. Perhaps surprising when taking into account that these countries traditionally have been among the best in class when it comes to paying on time and maintaining a sound business climate.

Whereas 25 percent of larger companies say that faster payments from debtors would probably or definitely enable them to hire more employees, among the small and mid-sized businesses the corresponding figure is 34 percent. This means that more than a third of SMEs throughout Europe could hire more people if they got paid faster. All in all our survey indicates that faster payments potentially could create 7.7 million new jobs in Europe – both in SMEs and large corporations.

LEGAL FRAMEWORK STILL NOT PROTECTING THE SMEs

The European Late Payment Directive was developed to better support Europe's businesses to master the challenge of protecting themselves from late or non-payment. Given the picture painted for SMEs in this report, a stronger

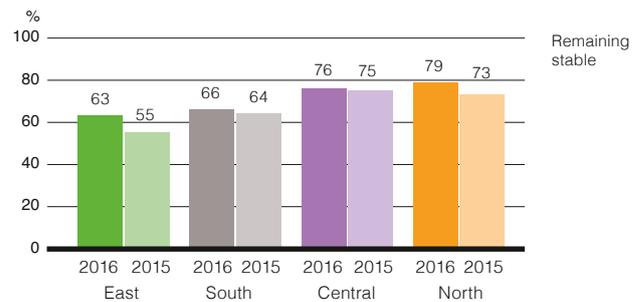
legal framework clearly should have a positive impact on their own risk assessment. Today, three years after the implementation of the directive, this is clearly not the case. Instead only 24 percent of the SMEs in our survey are aware of the existence of the directive, compared to 55 percent among the large corporations. And of those that are aware of it, a mere 17 percent of SMEs see a positive effect from it while just 29 percent claim to make use of the possibility to charge 40 EUR plus interest when payments are late. Clearly, SMEs do not use the tools provided to them to protect themselves against an obvious balance sheet risk.

All in all the general awareness (among all respondents) of this directive has decreased from 31 percent in 2015 to 28 percent this year. On a more positive note 20 percent of those that are aware see a positive impact, compared to 18 percent in 2015. And although the politicians decided to leave consumer payments out of the directive, 31 percent of all respondents say that they would benefit from a regulation of late consumer payment in the directive, a very large increase compared to 2015, when the corresponding figure was 20 percent.

THE FOUR EUROPE

The situation for businesses and payments vary considerably across the four regions of Europe; North (the Scandinavian countries plus the Baltic states), South (Spain, Portugal, Italy, and Greece), Central (the UK, Switzerland, the Netherlands, Ireland, Hungary, Germany, France, Belgium and Austria) and East (Slovenia, Slovakia, Serbia, Romania, Poland, Czech Republic, Croatia, Bulgaria and Bosnia). Whereas the overall forecast for risk development in the coming 12 months in all regions have moved toward stable since last year, there is still reason for concern when we look at other factors.

How do you see risks from your company's debtors developing during the next 12 months?



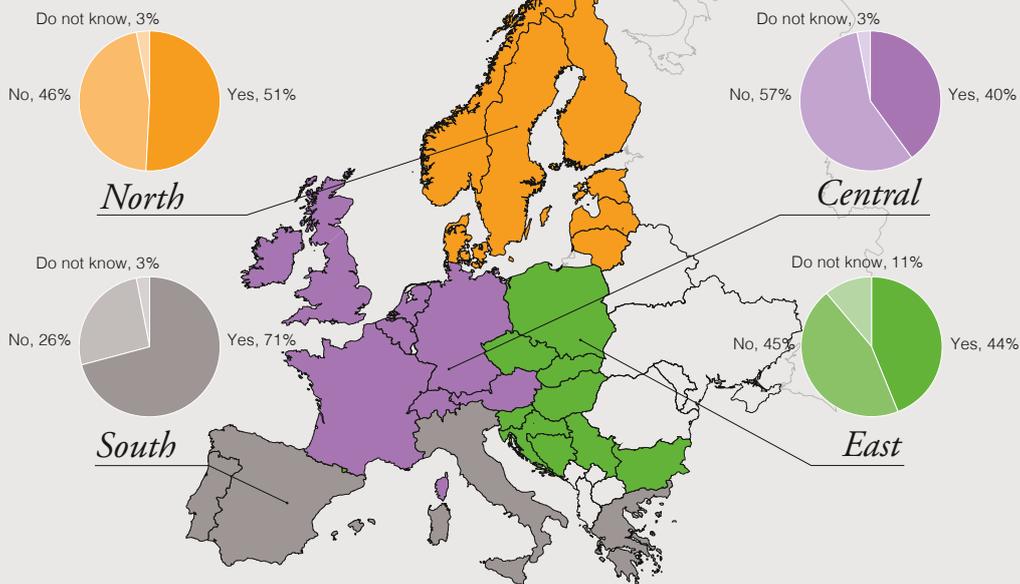
SOUTHERN EUROPE: BETWEEN A ROCK AND A HARD PLACE

The countries of southern Europe have suffered from financial turmoil for a long time. The result; business owners are suffering as private consumption is low, industrial output decreasing and unemployment rates are inconceivably high – especially among the youth.

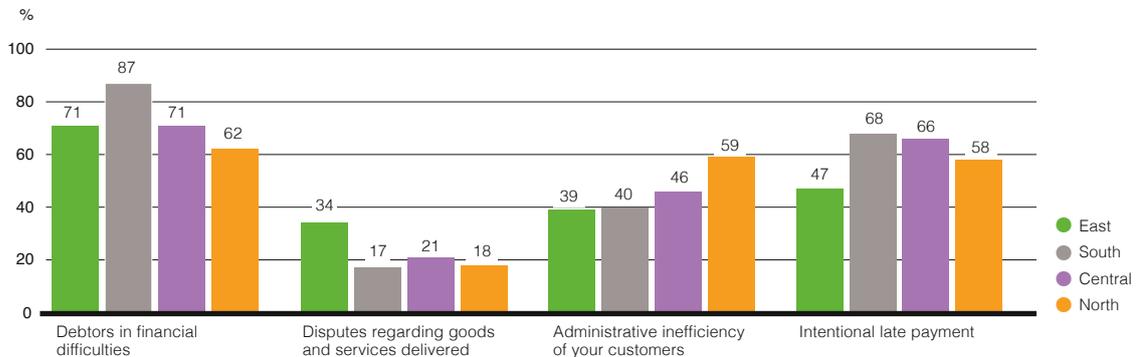
More than 7 out 10 (71 percent) of businesses in

Southern Europe in our survey have been asked to accept longer payments than they are comfortable with, which is by far the most of all regions. This is in spite of the fact that it is also the region that offers the longest average payment terms in all client categories.

Have you been asked to accept longer payment terms than you feel comfortable with?



What are the main causes of late payment of your own customers?



Beyond just requests for longer payments, almost 2 out of 3 (64 percent) Southern European businesses have also accepted longer payment terms than they are comfortable with. Southern Europe is the only region in which a majority of businesses in our survey has done so.

It is troublesome to note that it is also in Southern Europe that late payments have the most significant consequences. In the Southern European countries, close to half (49 percent) of the respondents say that late payments have mid to high consequences in prohibiting growth, a majority (52 percent) that it has consequences for interest costs, almost 2 out of 3 (60 percent) that it has consequences for loss of income and nearly three quarters (74 percent) that it has mid to high consequences for liquidity squeeze. These are all the highest shares recorded in any of the four regions.

Almost 9 out of 10 (87 percent) of Southern European businesses in our survey say that in a main cause of late payments is that their customers are in financial difficulties. The second most common cause is intentional late payment, which is experienced by more than 2 out of 3 businesses that responded to our survey in this region (68 percent).

It is not unreasonable to think that when a clear majority of businesses experience late payment requests, liquidity squeezes and financial difficulties contribute to sustaining late payment practices in Southern Europe. Once one business requests longer payment term (for any reason), liquidity is squeezed with a debt-holder to

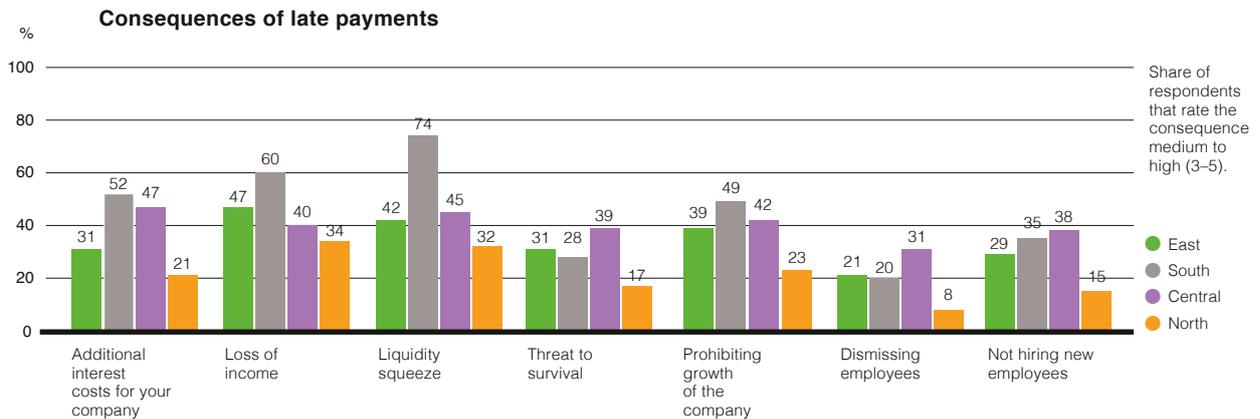
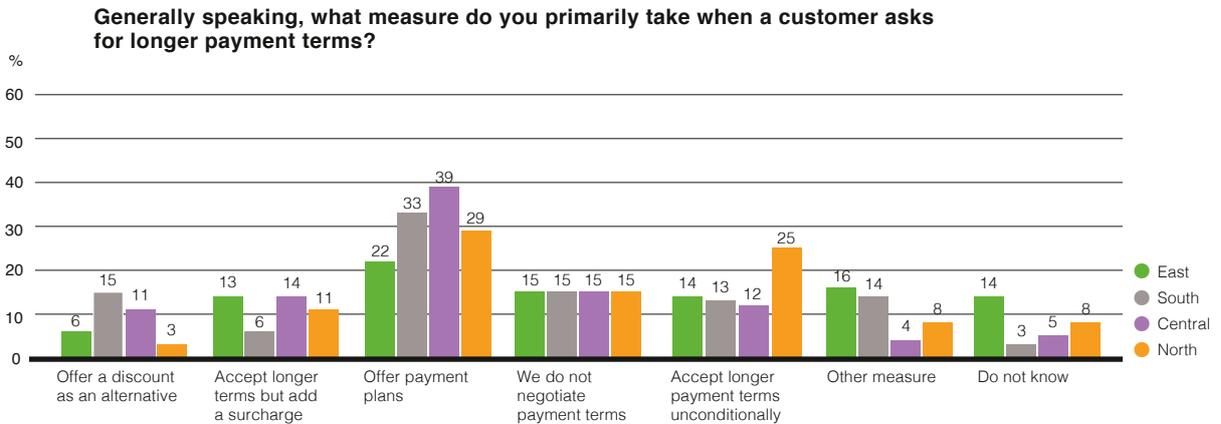
the point that they have to request longer payment terms from their suppliers to avoid financial difficulties. Longer payment terms are requested and accepted by the next debt-holder in line and the chain reaction propagates throughout the economy causing loss of income and prohibiting growth.

PRESSURE IN NORTHERN EUROPE BY LARGE/MULTINATIONAL CORPORATIONS

In general the countries of the North tend to have shorter payment times, less delays and lower risk than in other parts of Europe. But when it comes to the imbalance between SMEs and large multinationals, the North actually sticks out on the negative side.

In three out of the four regions, requests for longer payment terms are most likely to come from SMEs, but Northern Europe breaks this pattern. A majority of respondents (51 percent) in Northern Europe tell us they have received requests for longer terms than they are comfortable with. Out of these, more than half (54 percent) have had requests from large/multinational corporations for longer terms. In addition 53 percent of the respondents in Northern Europe that had accepted longer terms than they are comfortable with, had done so with large corporations.

One out of four businesses (25 percent) in Northern Europe accepts longer payment terms unconditionally when requested. This contrasts with other regions that are more likely to negotiate for payment plans or discounts.



LATE PAYMENTS JEOPARDIZING SURVIVAL IN CENTRAL EUROPE

Almost two out of five (38 percent) Central European businesses in our survey rate late payments as having mid to high consequence for their ability to hire new employees, which is highest percent of all regions.

Late payments also risk putting people out of work in Central Europe. Close to 1 in 3 Central European businesses (31 percent) in the survey report that late payments have mid to high consequences when it comes to dismissing employees – a share that is almost four times larger than it is in Northern Europe (8 percent), which has the smallest share.

Although Central Europe has the lowest share of respondents that have experienced requests for longer payments (40 percent), it is in Central Europe that late payments could have the most serious consequences for

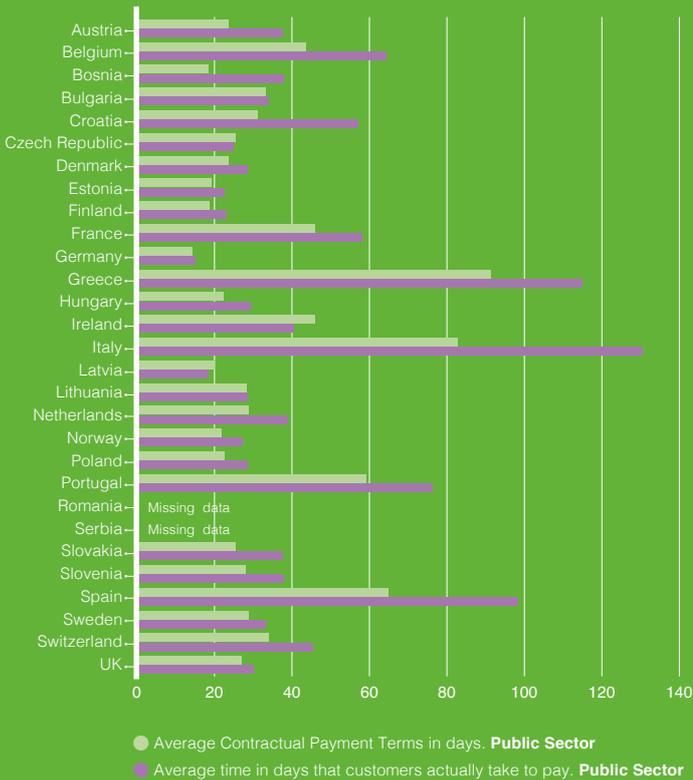
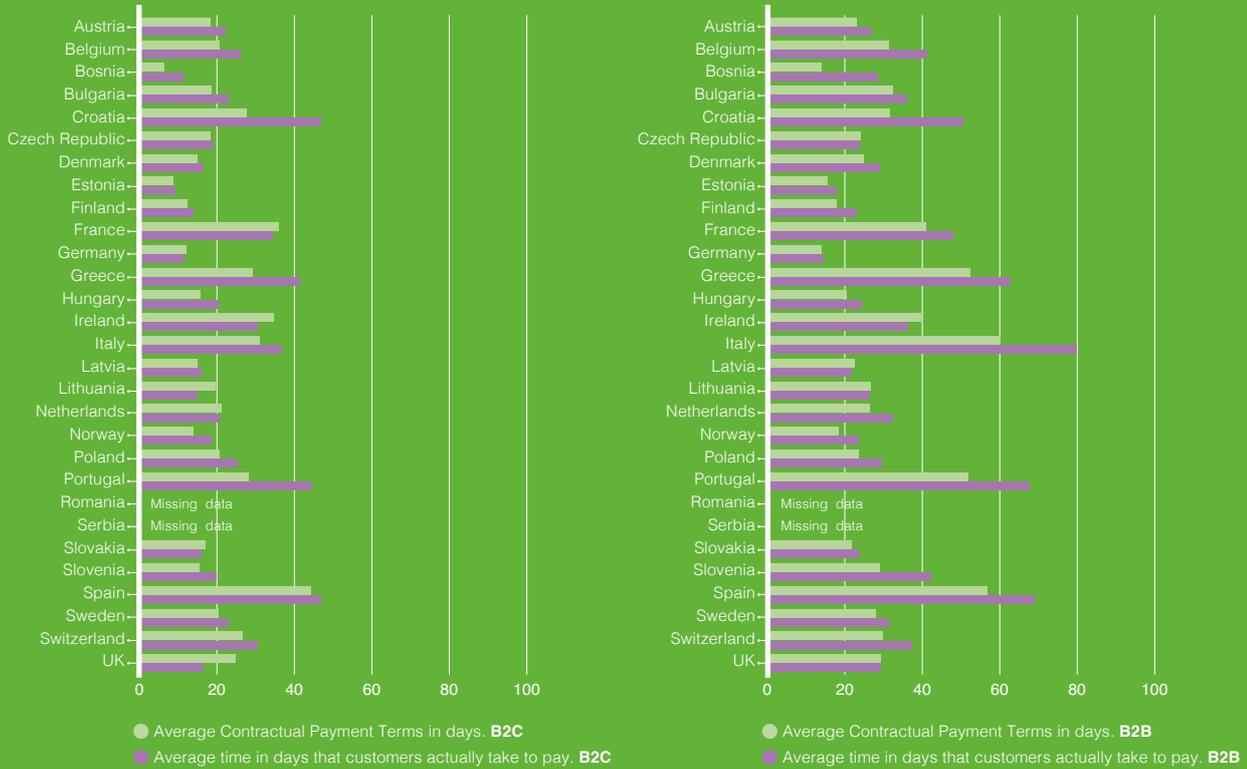
businesses. Close to 2 out of 5 (39 percent) of Central European businesses in our survey say that late payments are threatening their survival.

LESS THAN HALF REPORT SUFFICIENT ACCESS TO CREDIT

In three out of four regions, less than half of businesses report that their access to credit supports growth. Only one out of three businesses (33 percent) in Eastern Europe say they have sufficient access to credit. It is only in Central Europe that a slim majority (53 percent) says access to credit is sufficient and supports growth. One out of five businesses (21 percent) in Southern Europe in our survey say that their access to credit is so constrained that it limits growth.

PAYMENT BEHAVIOR

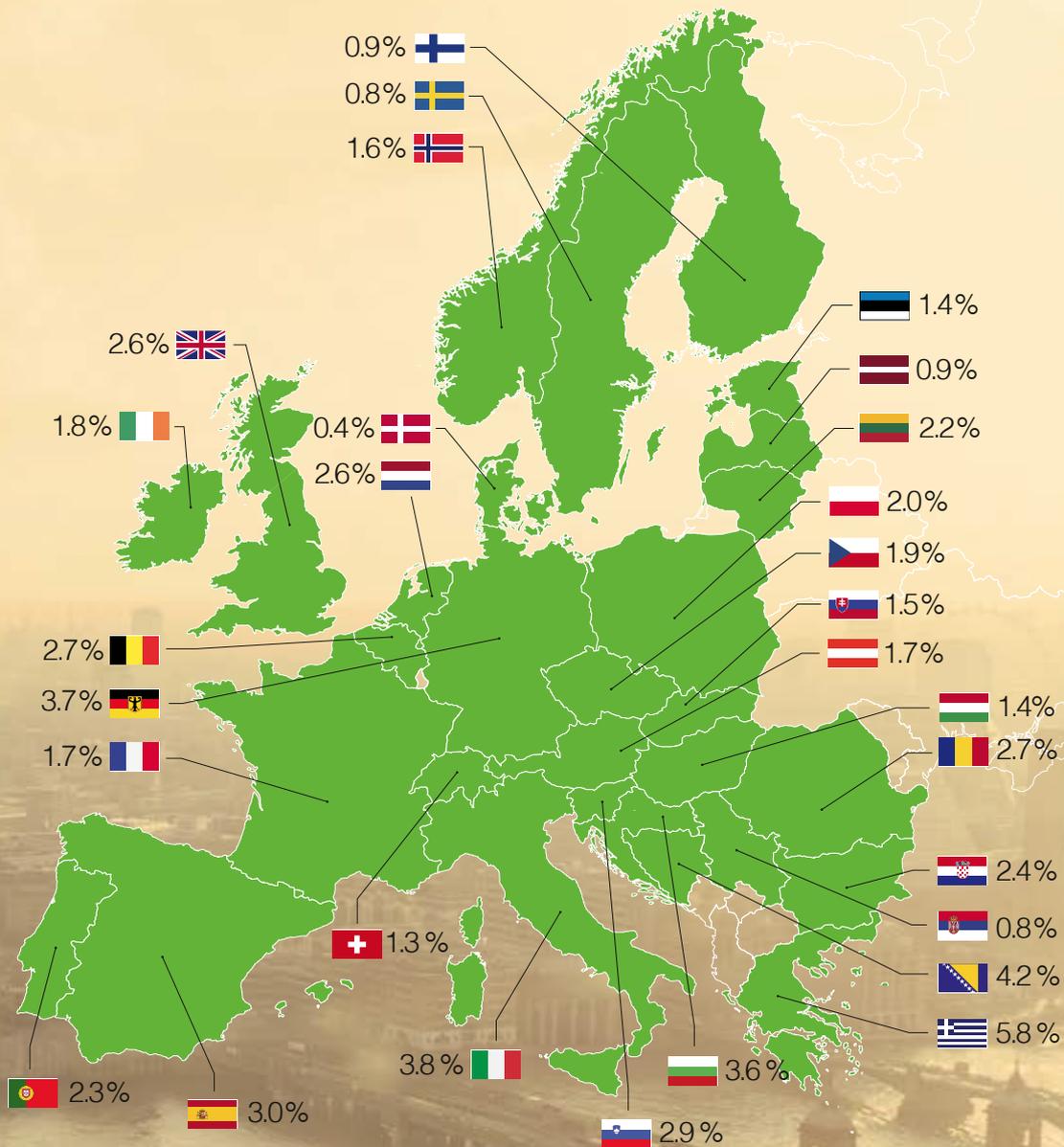
Average payment terms and the time customers actually take to pay in days.



YEARLY REVENUES WRITTEN OFF*

Percentage of yearly revenues that have to be written off.

* In the 2016 European Payment Report the question regarding the share of a company's revenues that is written off due to late or non-payment has been reformulated. Therefore the results are not possible to compare to previous years.

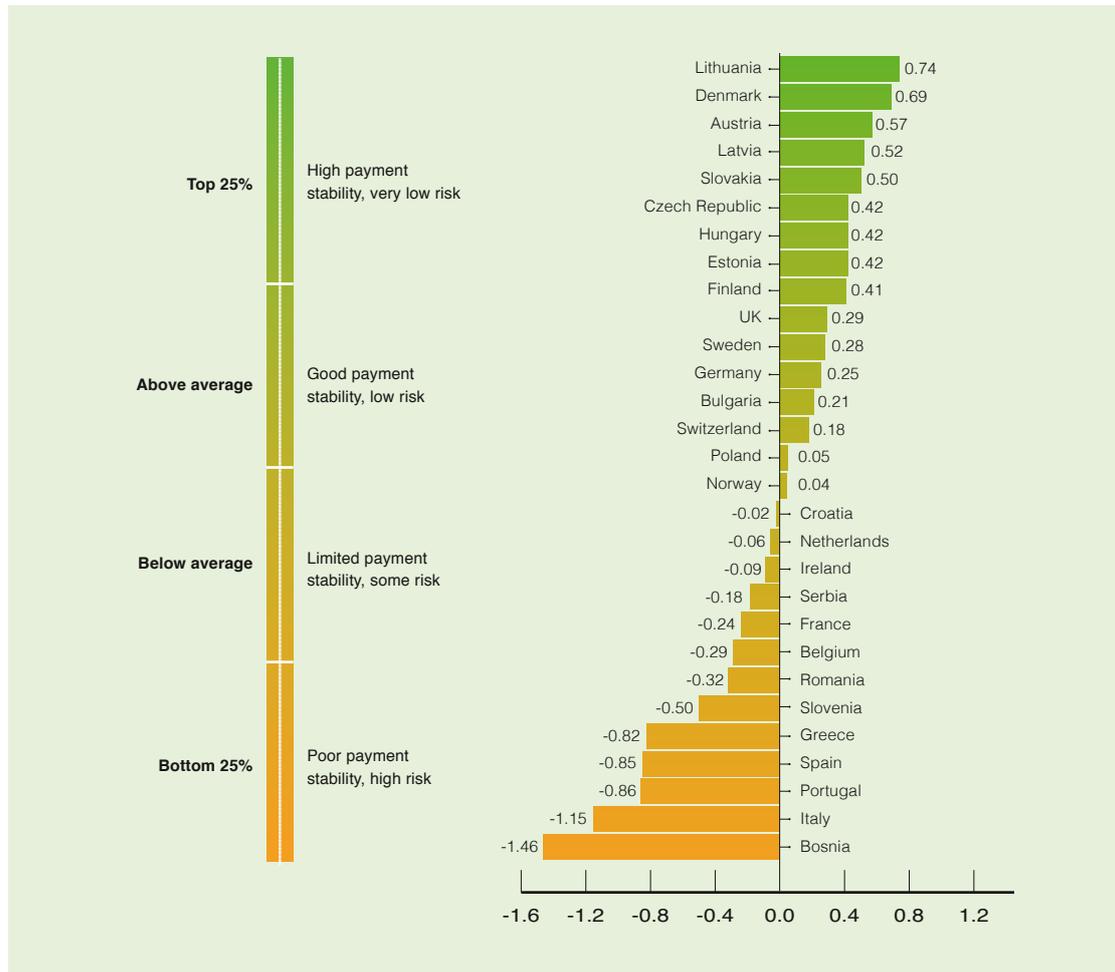


EUROPEAN PAYMENT RISK INDEX

Intrum Justitia's European Payment Risk Index (EPRI) provides a holistic view on risks and markets, and actors vulnerability towards them.

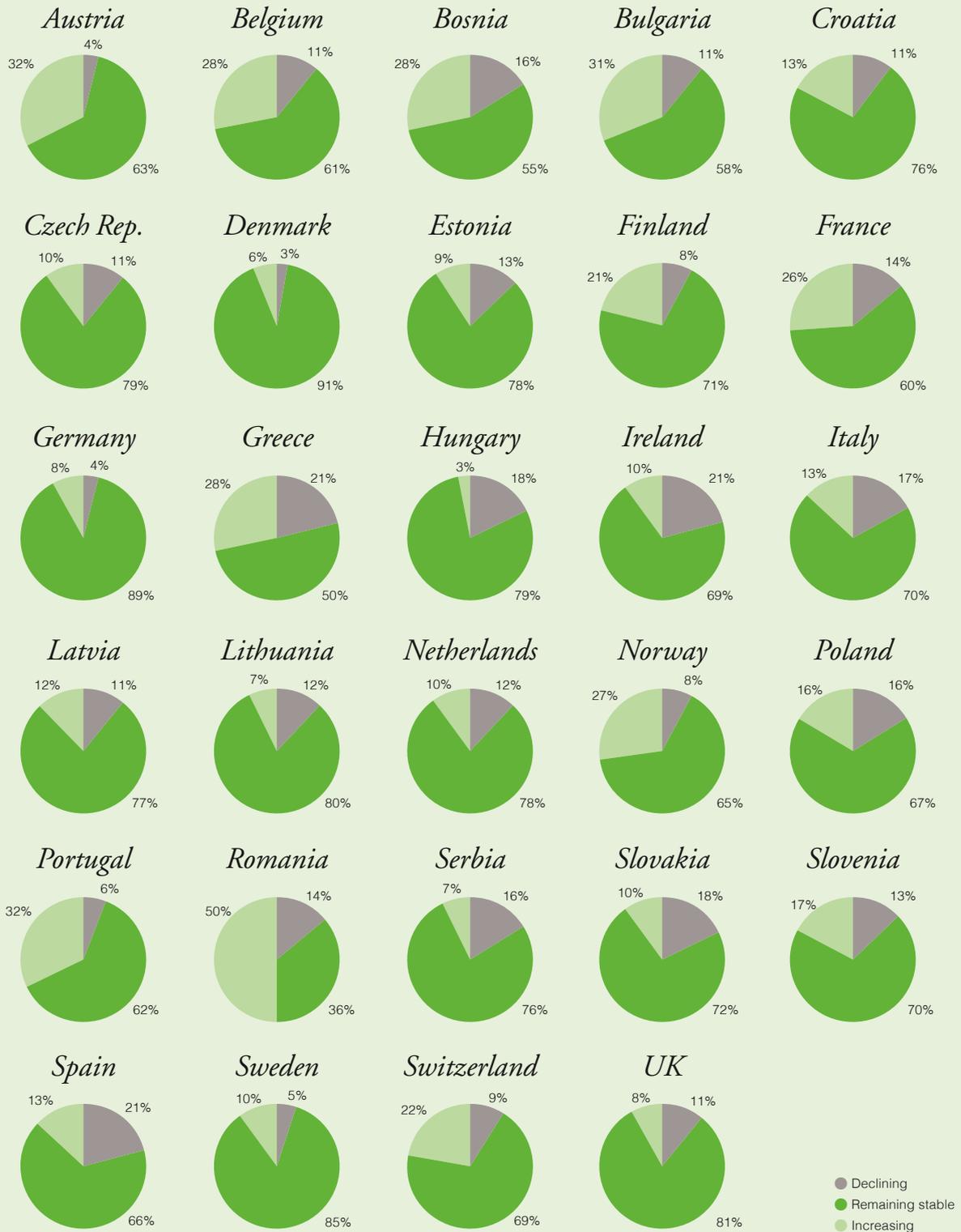
EPRI is based on three different components, that together create the main index. The lowest possible value for the three components as well as the main index is -2 and the highest possible is +2. The three components are the following:

<p><i>Payment morale</i></p> <p>Comparing the allowed payment terms for a company's customers with the actual payment time, describing which markets that exhibit better or worse payment morale than the market at large.</p>	<p><i>Late payment risk</i></p> <p>Measuring the risk for overdue invoices; describing the risk for late payments.</p>	<p><i>Late payment impact</i></p> <p>Weighing together the negative consequences of late payments, describing the effect of late payments on a company.</p>
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RISK FORECAST PER COUNTRY

How do you see risks from your company's debtors developing during the next 12 months?





KEY FINDINGS

Forecasted payment risk is on the rise

Almost one out of three respondents (32 percent) in Austria believe that risks from the company's debtors will increase over the coming 12 months, which is more than twice the average for Europe as a whole.

Low knowledge of the European Late Payment Directive

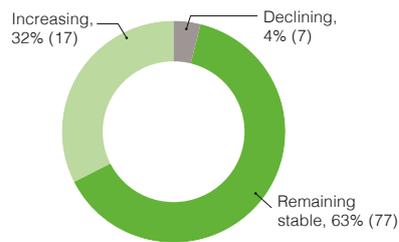
Knowledge of the European Late Payment Directive has not spread since 2015. Still, less than one in ten (9 percent) of the Austrian businesses in our survey report that they are familiar with the European Late Payment Directive. For Europe as a whole, the same figure is 28 percent.

Public sector customers pressure businesses for later payments

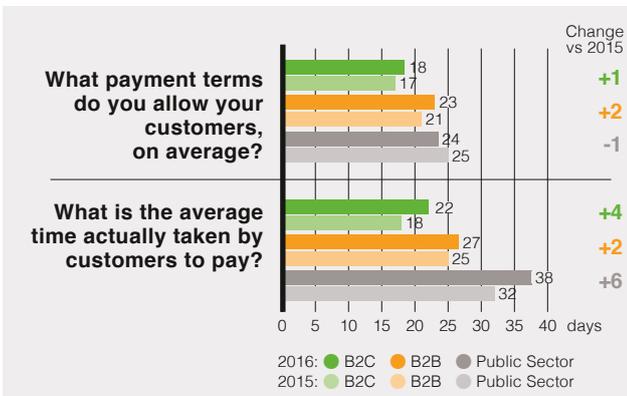
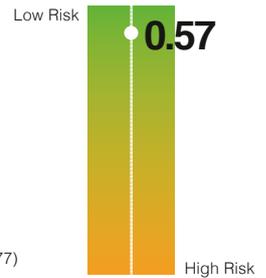
Almost a quarter (23 percent) of Austrian businesses who have been asked to accept longer payment terms than they are comfortable with, have been asked to do so by a public sector customer. Furthermore, one out of every five (20 percent) of those who accepted longer payment terms than comfortable, did so to a public sector customer.

Economic development, Austria		Average EU
GDP per capita in euro	39,100	28,700
GDP percentage growth	0.9	1.9
Inflation	0.8	0.0
Unemployment rate	5.7	9.4

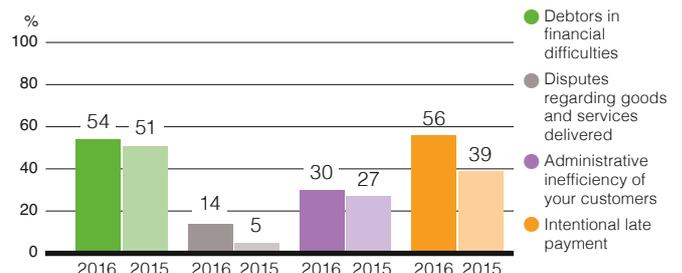
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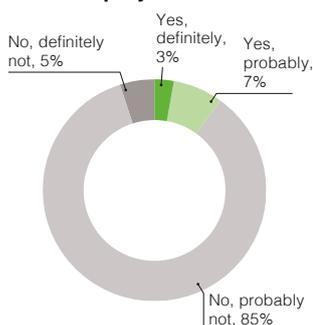
Payment Index (Risk index)



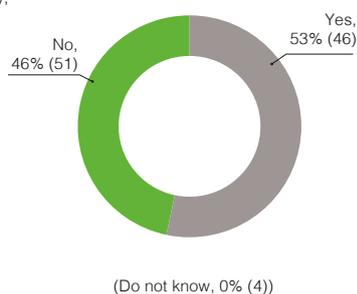
What are the main causes of late payment of your own customers?



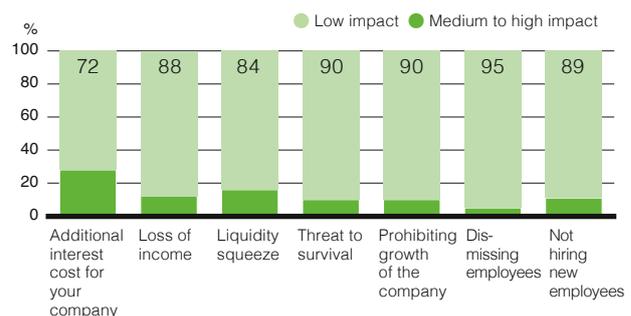
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Intentional late payment plagues Belgian businesses

Three quarters (75 percent) of Belgian businesses in our survey report that intentional late payment is a main cause for late payment from their debtors, a much larger share than the European average of 63 percent.

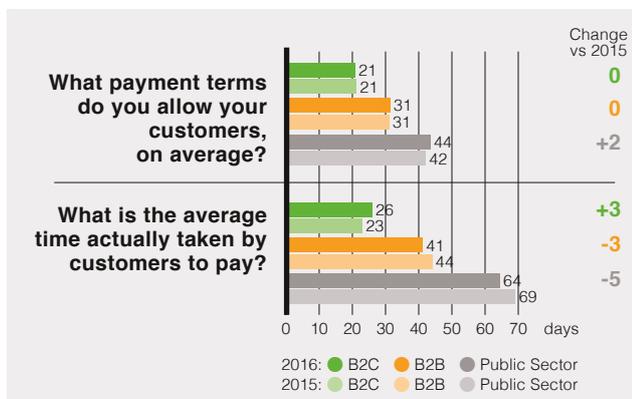
Many accept longer payment terms than they are comfortable with

Close to two thirds (65 percent) of Belgian respondents tell us that they have accepted longer payment terms than they are comfortable with, which is higher than the European average of 46 percent. A third (33 percent) has accepted these types of requests from large/multinational customers.

Debtor risk is looming

Over a quarter (28 percent) of businesses surveyed in Belgium forecast that risks from debtors will increase over the course of the coming 12 months.

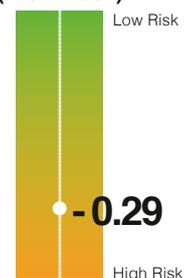
Economic development, Belgium		Average EU
GDP per capita in euro	36,500	28,700
GDP percentage growth	1.4	1.9
Inflation	0.6	0.0
Unemployment rate	8.5	9.4



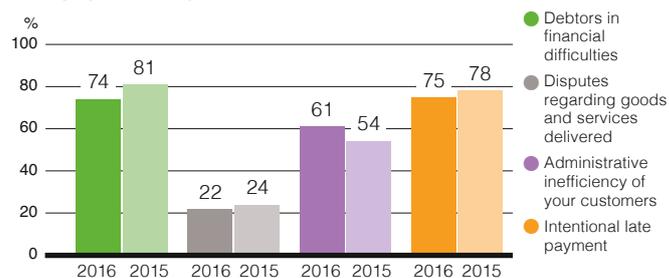
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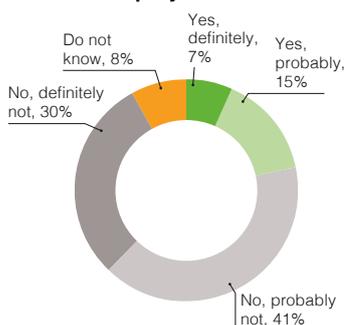
Payment Index (Risk index)



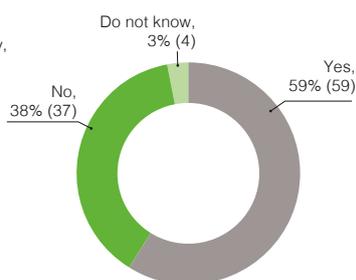
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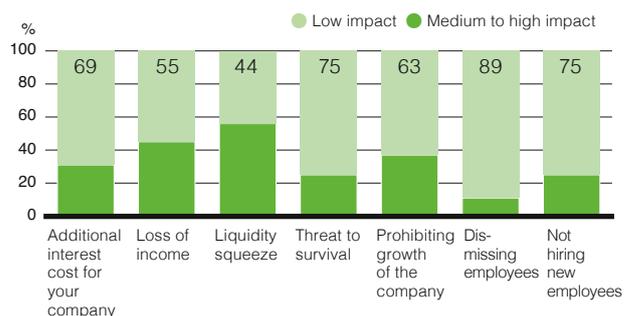
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On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Late payments keep Bosnian businesses from hiring

Over two out every five (44 percent) Bosnian companies in our survey report that late payment has medium to high consequences for their ability to hire new employees. The European average is 33 percent.

Debtors in financial difficulties lead to payment delay

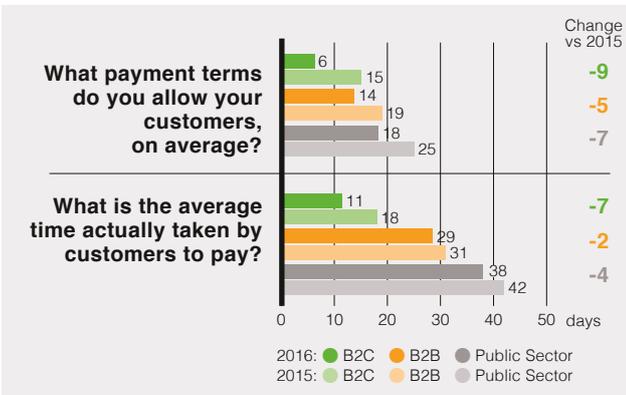
The leading cause of late payments according to Bosnian businesses in our survey, is debtors in financial difficulties. Nine out of ten respondents report this as a main cause.

Debt collection is still underused

As was the case in our last report in 2015, Bosnian businesses are among the least likely to use debt collection agencies of the markets surveyed. Almost three in four companies (73 percent) never hand over outstanding invoices to a collection agency. The average share for Europe as a whole is 39 percent.

Economic development, Bosnia		Average EU
GDP per capita in euro	3,683* e	28,700
GDP percentage growth	0.7**	1.9
Inflation	2.8	0.0
Unemployment rate	27.5***	9.4

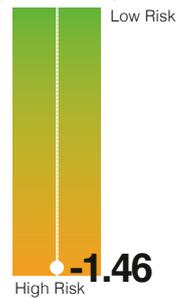
* IMF estimate, converted from USD at 2015 avg exchange rate (OECD)
 ** IMF www.imf.org/external/pubs/ft/weo/2016
 *** Bosnia and Herzegovina Agency for Statistics 2014
 e) Estimated



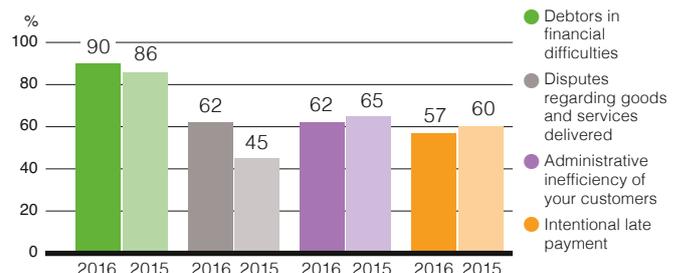
How do you see risks from your company's debtors developing during the next 12 months?



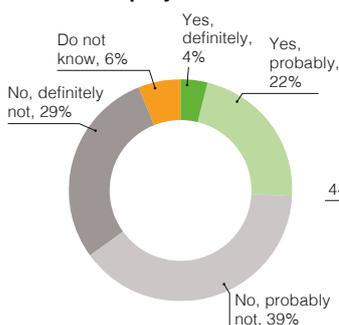
Payment Index (Risk index)



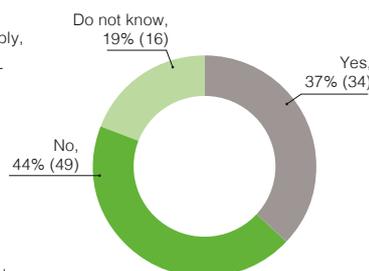
What are the main causes of late payment of your own customers?



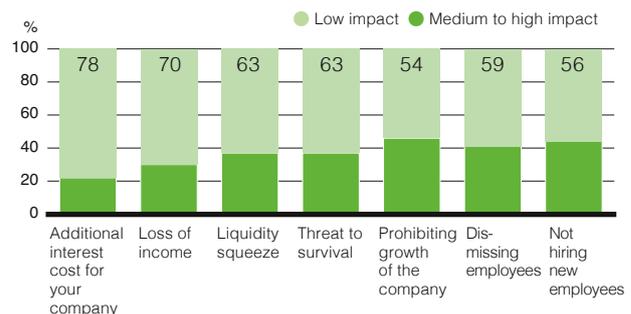
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Debtor risks are considered high

In Bulgaria, 31 percent of our survey respondents say they see the risks from their company's debtors increasing the coming 12 months. In Europe, the corresponding figure is 15 percent showing that forecasts are not very positive in Bulgaria.

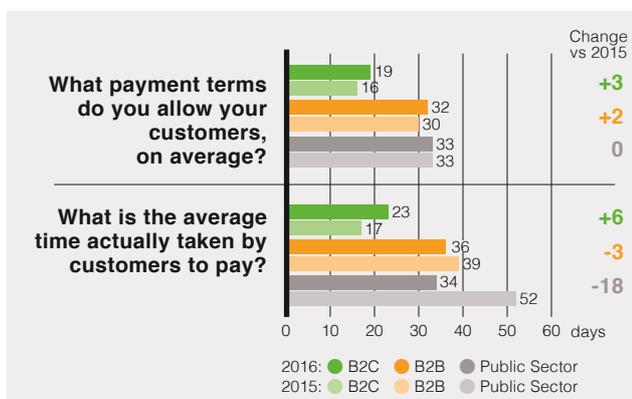
Low usage of debt collection agencies

In Bulgaria, 17 percent of company respondents claim the hand over their outstanding invoices to a collection agency. As a comparison, the corresponding figure for Europe is 49 percent leaving debt collection agencies a scarce phenomenon in Bulgaria.

Low degree of precautions against bad payment

Among the Bulgarian companies responding to our survey, 38 percent say they do not undertake any of the listed precautions against bad payment (Bank guarantees, Credit Insurance, Credit checks, Pre-payment, Debt collection, Factoring). The corresponding European figure is 25 percent, leaving the Bulgarian companies less protected than their European counterparts.

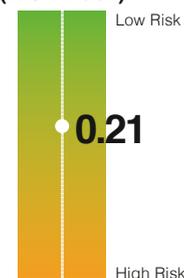
Economic development, Bulgaria		Average EU
GDP per capita in euro	6,100	28,700
GDP percentage growth	3	1.9
Inflation	-1.1	0.0
Unemployment rate	9.2	9.4



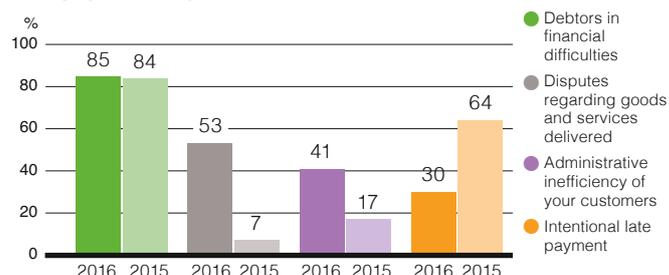
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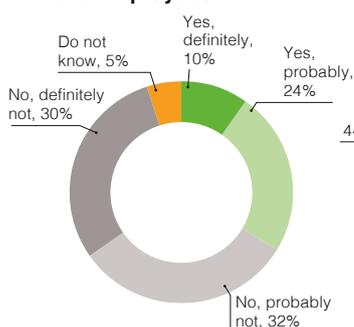
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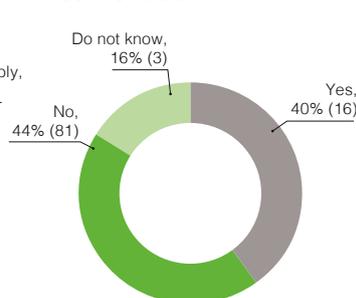
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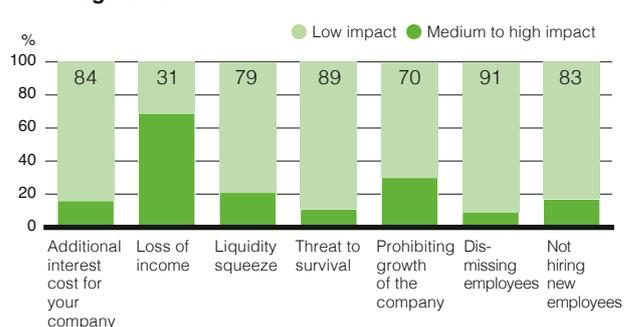
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Few benefit from low interest rates

While 12 percent of businesses in Europe as a whole have increased investment due to low interest rates, only 7 percent of Croatian businesses report that they have done so.

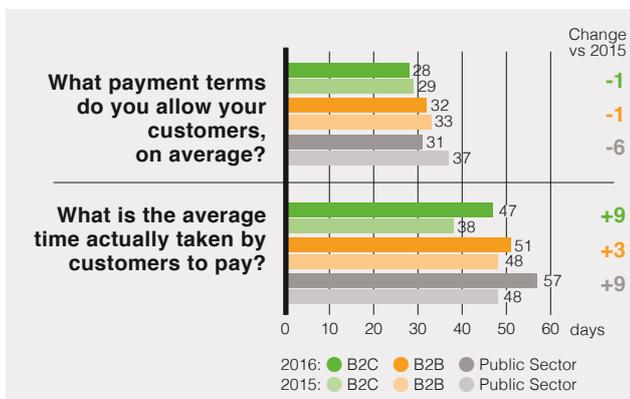
Lack of protection from bad payment leave Croats vulnerable

Croatian companies in our survey are less likely to make use of a number of widely used mechanisms to protect against bad payment. Almost half (46 percent) of Croatian respondents tell us they use none of the most common protections such as pre-payment or credit checks.

European Late Payment Directive is ineffective in improving payment behavior

Although Croatia is only slightly below the European average in knowledge of the European Late Payment Directive (23 percent), the positive impact is substantially lower. Only three percent of Croatian respondents that are aware of the European Late Payment Directive say they have noted a positive impact and fewer delays.

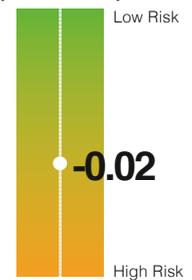
Economic development, Croatia		Average EU
GDP per capita in euro	10,400	28,700
GDP percentage growth	1.6	1.9
Inflation	-0.3	0.0
Unemployment rate	16.3	9.4



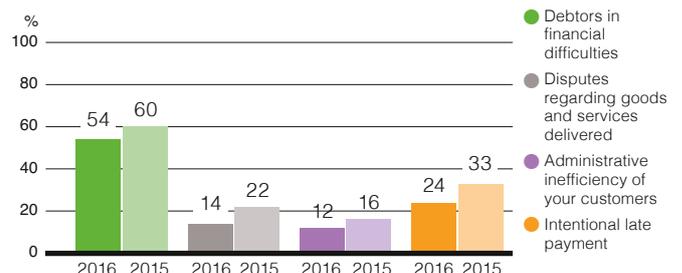
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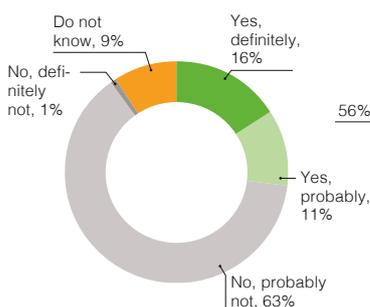
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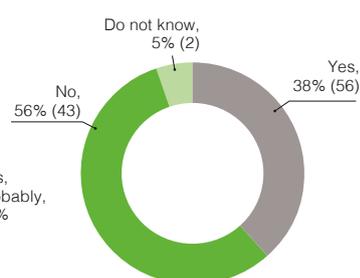
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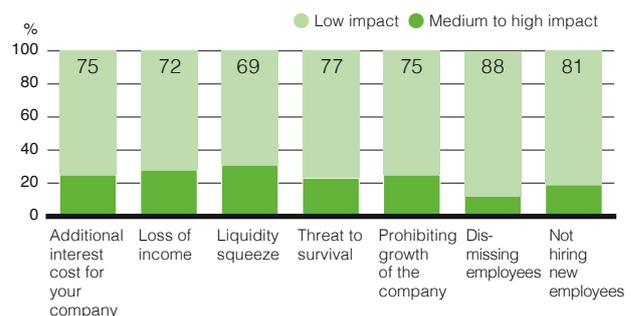
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Financial difficulties for customers lead to late payments

Czech businesses place financial problems on the part of debtors as the main cause of late payments. Over three quarters (76 percent) of Czech businesses in our survey say this is a main cause.

Czech businesses pressured to accept longer payment terms

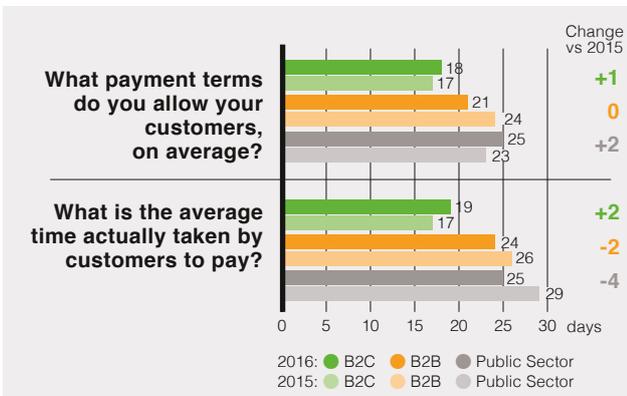
Almost three quarters (72 percent) of Czech companies that responded to the survey have accepted longer payment terms than they are comfortable with. This is much higher than the average European share of less than half (46 percent).

Little leverage and protection against late payment

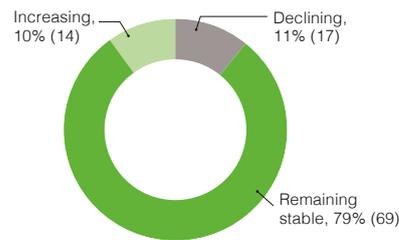
Once asked for longer terms, more than a fifth (21 percent) of Czech businesses in the survey would usually accept the request unconditionally. When asked about a number of common protections against bad payment, such as credit checks and pre-payment, more than a third (34 percent) said they used none of them.

Economic development, Czech Republic		Average EU
GDP per capita in euro	29,440*	28,700
GDP percentage growth	4,2** e	1.9
Inflation	0.3	0.0
Unemployment rate	5.1	9.4

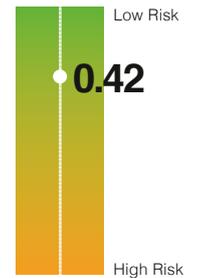
* OECD, converted from USD to EUR at 2015 avg exchange rate 0,901
 ** OECD <https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>
 e) Estimated



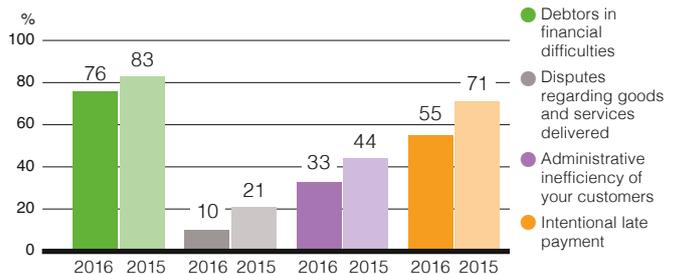
How do you see risks from your company's debtors developing during the next 12 months?



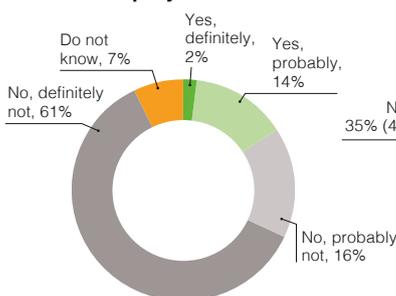
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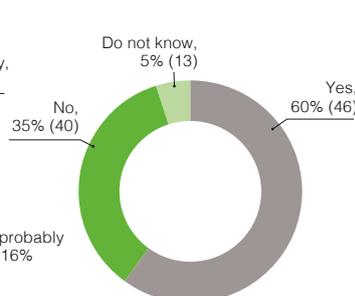
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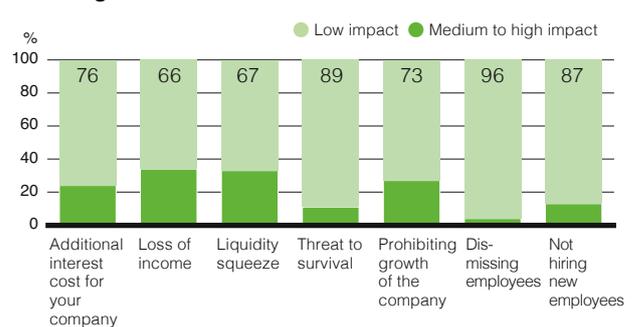
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Danish risk outlook is stable for the near future

More than nine out of ten (91 percent) of Danish companies that took part in our survey see the risk from debtors remaining stable in the next 12 months, which can be compared with 74 percent for Europe as a whole. Danish businesses are also comparatively upbeat about their access to credit, three out of five (61 percent) say their access to credit is sufficient and supports growth, compared to 48 percent in Europe as a whole.

Inefficiency in administration is driving late payment

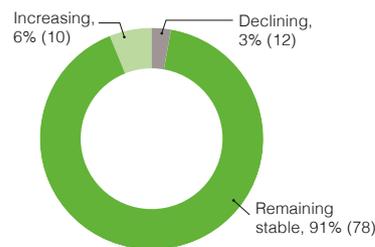
The administrative inefficiency of customers is the main cause of Danish businesses making late payments, according to respondents to our survey. More than three out of five (63 percent) give this as a main cause.

Few make use of debt collection agencies

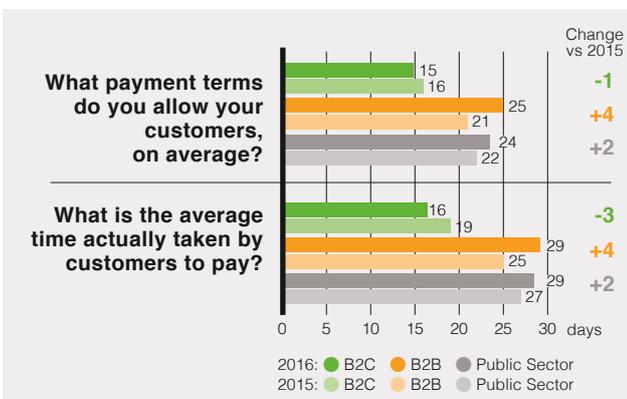
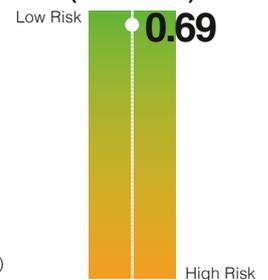
Only slightly more than a third (35 percent) of the Danish companies surveyed hand over outstanding debt to collection agencies after the invoice due date, which is less than the European average of about half (49 percent).

Economic development, Denmark		Average EU
GDP per capita in euro	46,900	28,700
GDP percentage growth	1.2	1.9
Inflation	0.2	0.0
Unemployment rate	6.2	9.4

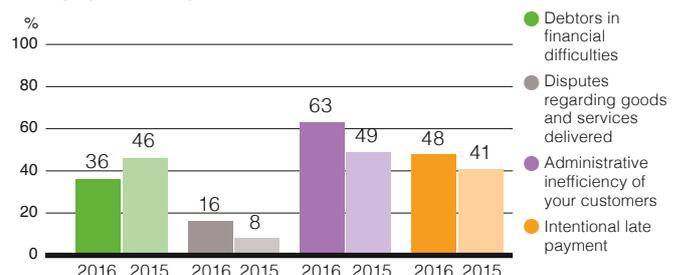
How do you see risks from your company's debtors developing during the next 12 months?



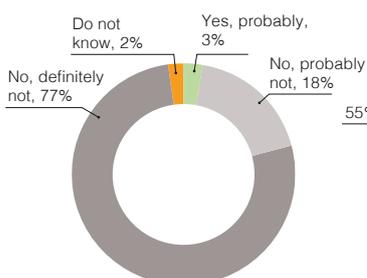
Payment Index (Risk index)



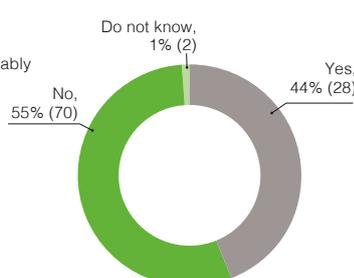
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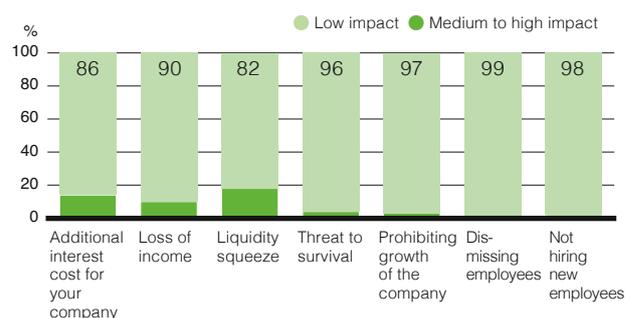
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Late payments are a hard hit on revenue

Estonian companies in our survey stand out as experiencing higher consequences for loss of income from late payments. Close to three out of five (59 percent) say that late payments have medium to high consequences for loss of income. The European average is 43 percent.

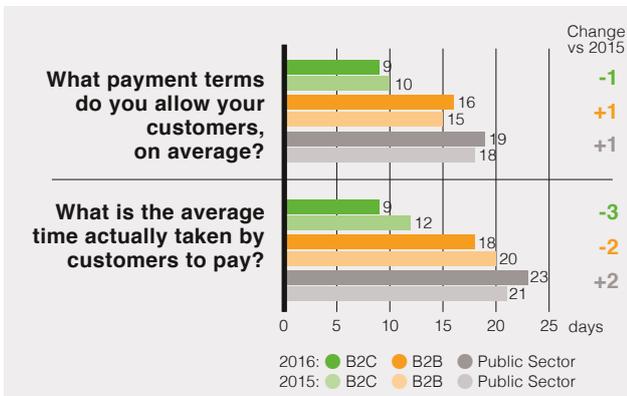
Familiarity with the European Late Payment Directive very low

Among the Estonian businesses that responded to the survey, less than one in ten (9 percent), was familiar with the European Late Payment Directive. This is substantially less than the European average of 28 percent.

Few feel that credit helps them grow their business

A slightly higher share of Estonian companies in our survey, 17 percent, felt that constrained access to credit limited their growth compared to the European average of 13 percent. Moreover, only 14 percent of Estonian companies say that their access to credit is sufficient and supports growth – significantly less than the average for Europe of 48 percent.

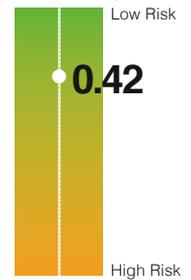
Economic development, Estonia		Average EU
GDP per capita in euro	15,600	28,700
GDP percentage growth	1.1	1.9
Inflation	0.1	0.0
Unemployment rate	6.2	9.4



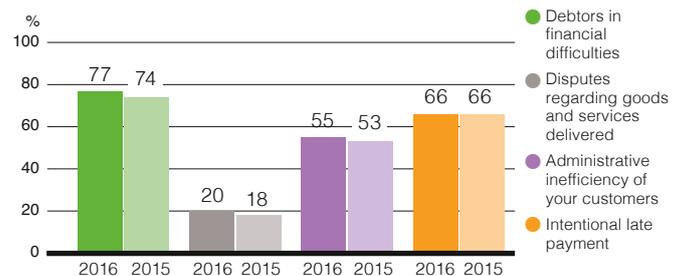
How do you see risks from your company's debtors developing during the next 12 months?



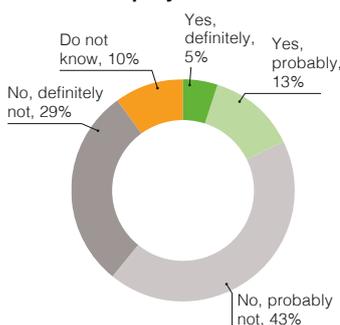
Payment Index (Risk index)



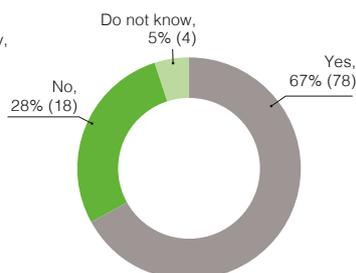
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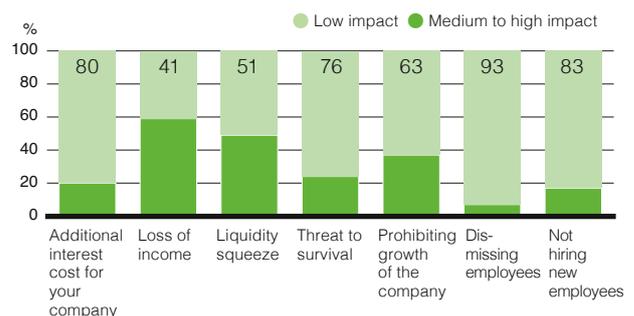
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Finnish companies pressured by larger businesses to accept longer payment terms

Close to two thirds (65 percent) of Finnish businesses that took part in our survey have accepted longer payment terms than they feel comfortable with. 64 percent of these have done so when dealing with large/multinational corporations. This share is much higher than the European average of 38 percent.

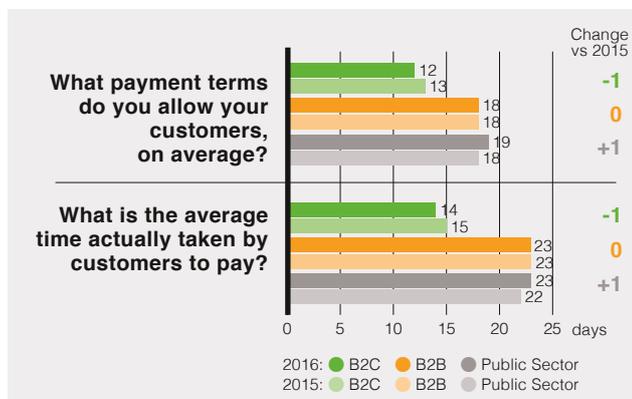
Debtors in financial difficulties to blame for late payments

The most common main cause of late payment to Finnish companies in our survey was debtors in financial difficulties. 7 out of 10 cite this as one of the main causes.

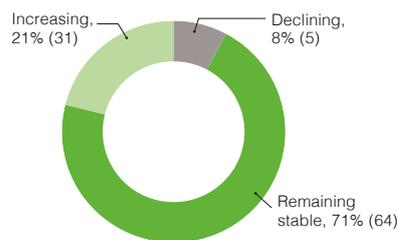
Debt collection the second most used precaution against bad payment

Finnish businesses in the survey are slightly less inclined to hand over outstanding invoices to debt collection after the invoice due date than their European counterparts (45 percent vs 49 percent). Still, the survey results show that debt collection is the second most commonly used protection against bad payment generally, with more than a third (37 percent) saying that they use this protection.

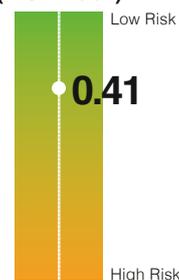
Economic development, Finland		Average EU
GDP per capita in euro	37,800	28,700
GDP percentage growth	0.5	1.9
Inflation	-0.2	0.0
Unemployment rate	9.4	9.4



How do you see risks from your company's debtors developing during the next 12 months?



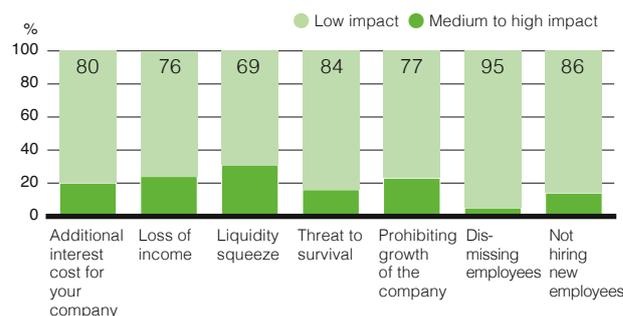
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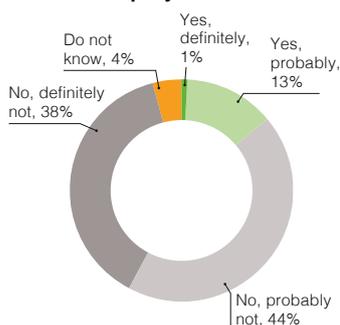
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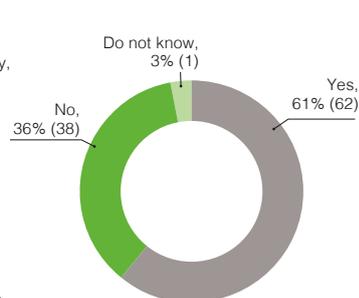
On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:



Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?





KEY FINDINGS

Many are pushed to accept longer payment terms

Almost three quarters (72 percent) of French companies surveyed say that they have accepted payment terms that are longer than they are comfortable with.

Financial difficulties for customers the main cause of late payment

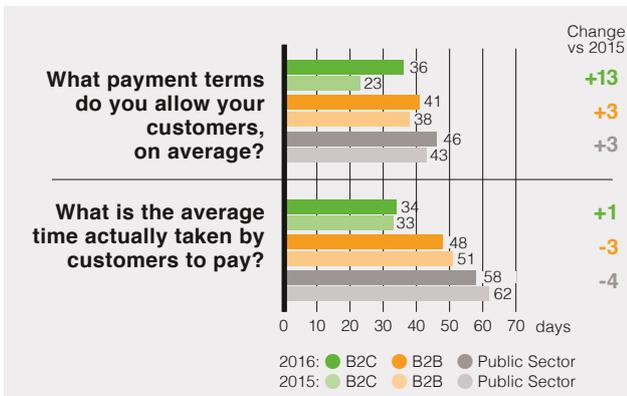
Three quarters (75 percent) of French businesses in our survey report that customers suffering from financial difficulties is a main cause of late payment.

Debtor risk increase above average

A quarter (26 percent) of French businesses in the survey report that they anticipate debtors' risks increasing during the next 12 months.

Economic development, France		Average EU
GDP per capita in euro	36,200*	28,700
GDP percentage growth	1.2	1.9
Inflation	0.1	0.0
Unemployment rate	10.4	9.4

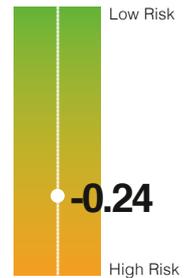
* OECD, converted from USD to EUR at 2015 avg exchange rate 0.901
<https://data.oecd.org/gdp/gross-domestic-product-gdp.htm>



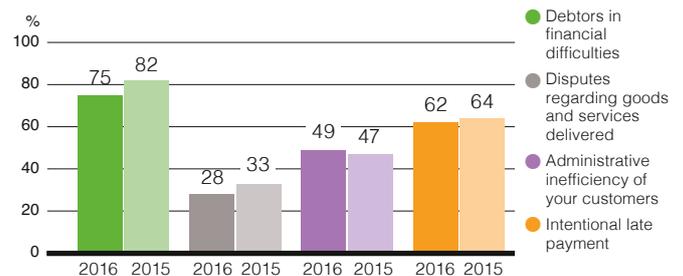
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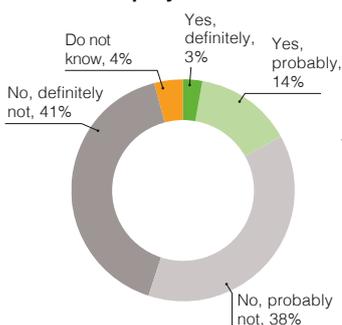
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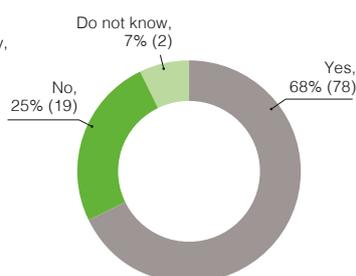
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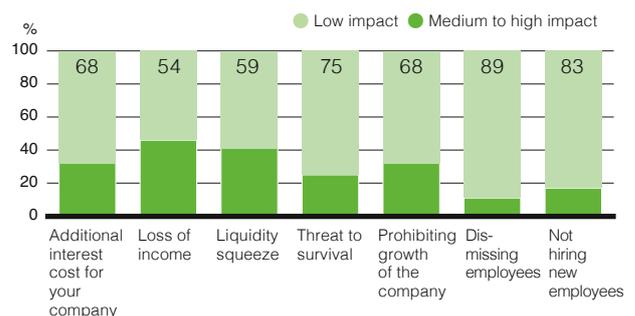
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Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





GERMANY



KEY FINDINGS

Almost everyone suffers from intentional late payment

When asked about causes, fully eight out of ten (81 percent) German businesses report intentional late payment from customers as a main cause.

Late payment is an existential risk for two thirds of German businesses

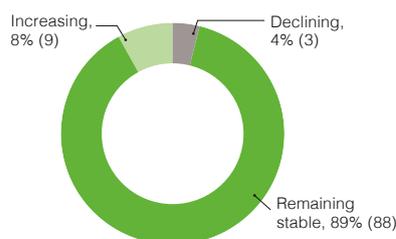
Over two thirds (68 percent) of German companies that responded to our survey report that late payment has medium to high consequences as threat to survival. This is more than twice as big as the share for Europe as a whole (33 percent).

Faster payments would give more jobs

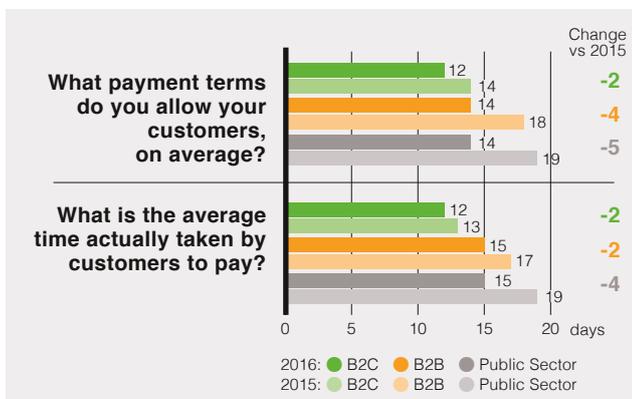
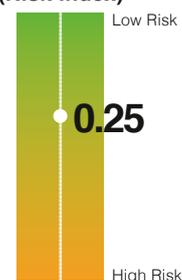
If the German companies would enjoy faster payments, eight out of every ten (82 percent), say that it would enable them to hire more employees. This share is substantially higher than for Europe as a whole (33 percent).

Economic development, Germany		Average EU
GDP per capita in euro	37,100	28,700
GDP percentage growth	1.7	1.9
Inflation	0.1	0.0
Unemployment rate	4.6	9.4

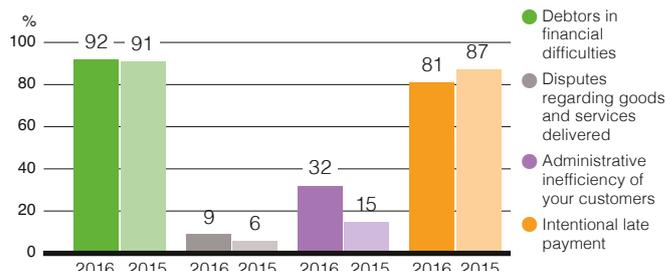
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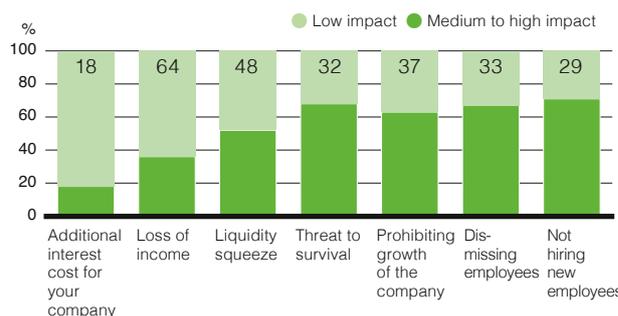
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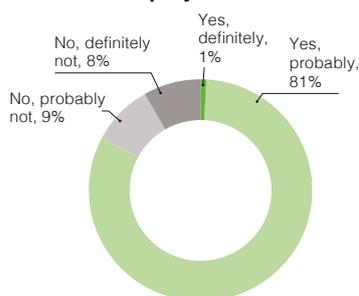
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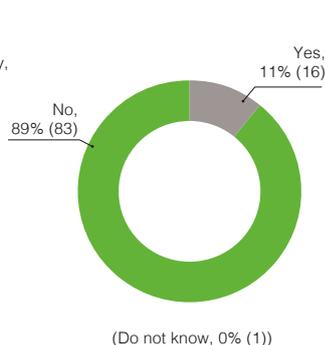
On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:



Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?





KEY FINDINGS

Greek debtor risk outlook fragmented

Although the share reporting declining risk (21 percent) is 10 percentage points above the European average, a larger share of Greek companies in our study is saying they see risks increasing in the coming 12 months (28 percent).

Late payments hinder growth

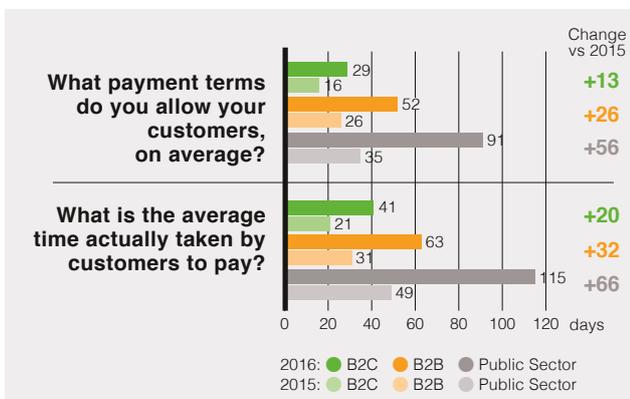
Two thirds (67 percent) of Greek businesses that responded to our survey tell us that late payments have medium to high consequences for their ability to grow the business.

Faster payments would mean more jobs

More than half (51 percent) of the Greek businesses in our study say they would be able to hire more employees if they received faster payment.

Economic development, Greece		Average EU
GDP per capita in euro	16,200	28,700
GDP percentage growth	-0,2 p	1.9
Inflation	-1.1	0.0
Unemployment rate	24.9	9.4

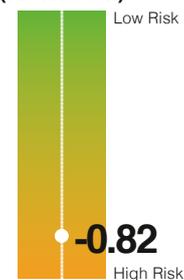
p) Preliminary



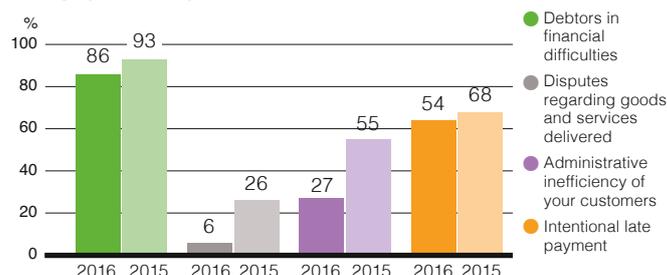
How do you see risks from your company's debtors developing during the next 12 months?



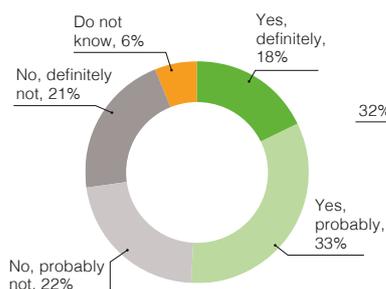
Payment Index (Risk index)



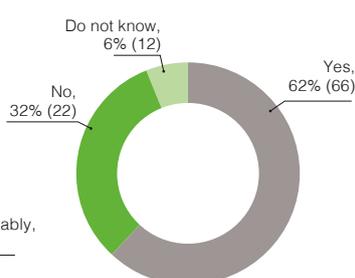
What are the main causes of late payment of your own customers?



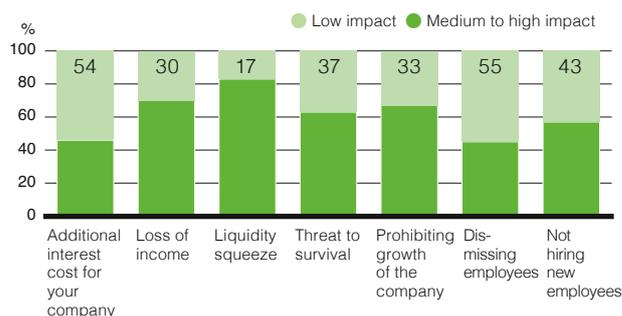
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Risks from debtors stable or declining

Close to one in five (18 percent) of Hungarian businesses in our survey say that they see risks from debtors declining during the next 12 months, compared to 11 percent for Europe as a whole. Only 3 percent of Hungarian companies see risks increasing.

Debt collection is underused in Hungary

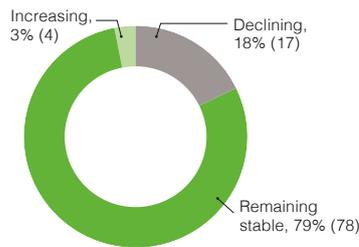
Hungarian businesses in our survey are less likely to hand over outstanding invoices to debt collection agencies than others in Europe. Only 12 percent use debt collectors after the due date, compared to almost half in Europe as a whole (49 percent).

Most companies have been forced to accept longer terms

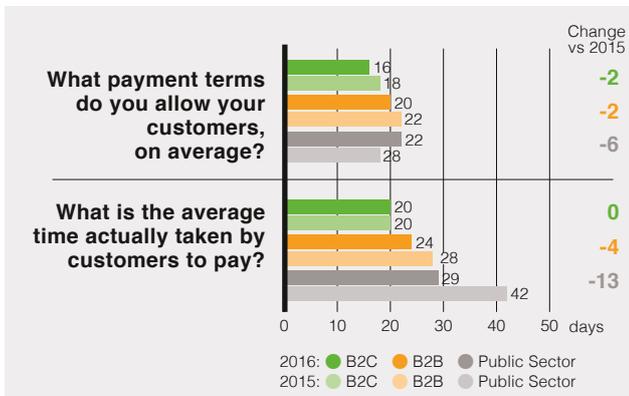
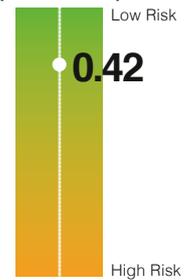
Three out of every five (63 percent) of the surveyed Hungarian companies say that they have accepted longer payment terms than they are comfortable with, a higher share than for Europe as a whole (46 percent).

Economic development, Hungary		Average EU
GDP per capita in euro	11,100	28,700
GDP percentage growth	2.9	1.9
Inflation	0.1	0.0
Unemployment rate	6.8	9.4

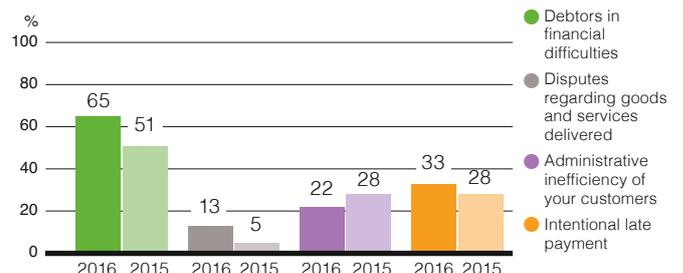
How do you see risks from your company's debtors developing during the next 12 months?



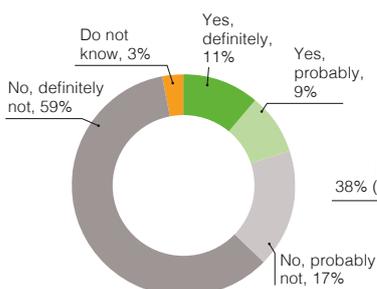
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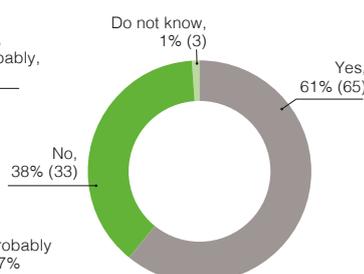
What are the main causes of late payment of your own customers?



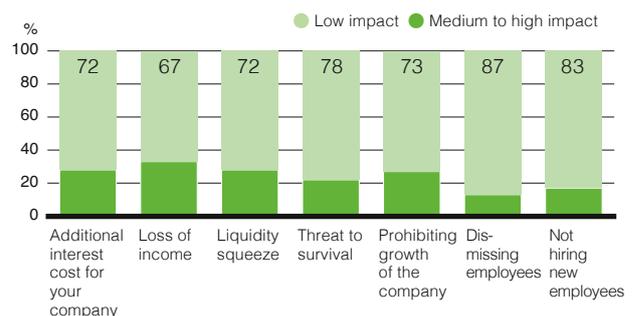
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Tight credit limits growth for many Irish businesses

The share of companies in our survey that reports credit constraint as a limiter of growth is twice as high among Irish respondents (26 percent) as for European respondents as a whole (13 percent).

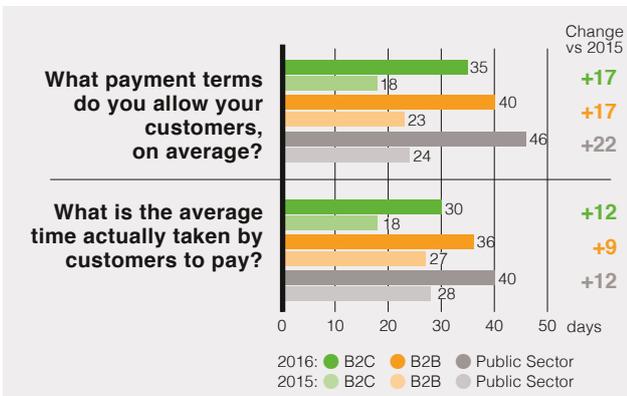
Late payments are an obstacle for job creation

Close to two out of every five (38 percent) Irish businesses in our study rate late payments as having medium to high consequences for the ability to hire more employees, slightly more than the European average of 33 percent.

Many are asked for longer terms and some refuse

Although Irish companies in our study are about as likely to have been asked for longer payment terms (45 percent) as European businesses on average (46 percent), the share of Irish companies (31 percent) that say they do not negotiate payment terms is twice as high as in Europe as a whole (15 percent).

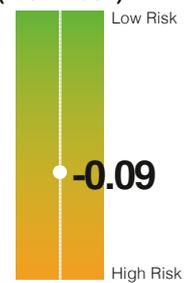
Economic development, Ireland		Average EU
GDP per capita in euro	46,200	28,700
GDP percentage growth	7.8	1.9
Inflation	0.0	0.0
Unemployment rate	9.4	9.4



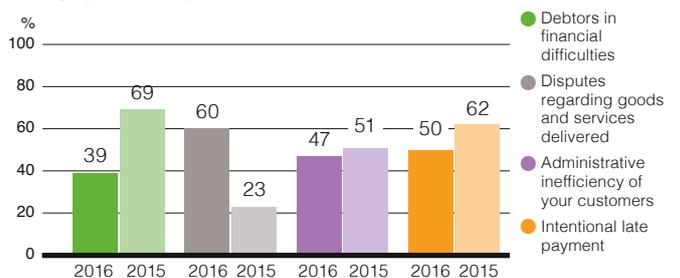
How do you see risks from your company's debtors developing during the next 12 months?



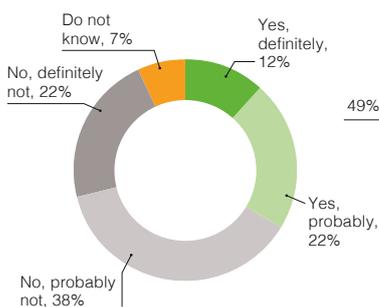
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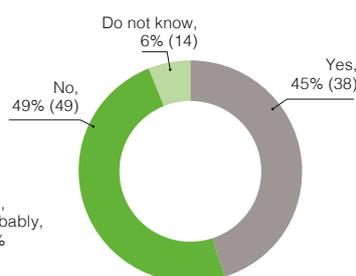
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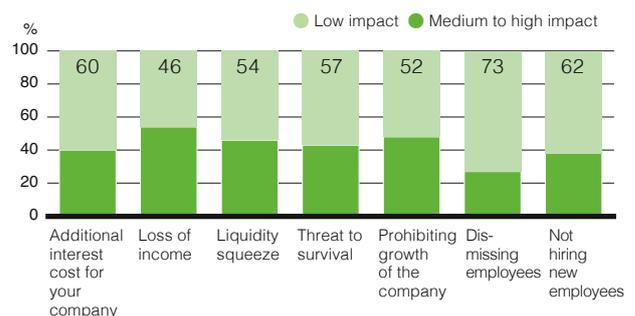
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Cautious optimism for debtors' risks

Italian businesses that responded to our survey are somewhat more optimistic on the outlook for risks originating from debtors in the coming 12 months. Close to one in five (17 percent) see risks declining, while 13 percent see them increasing. This is more upbeat compared to the European average of 11 percent declining and 15 percent increasing.

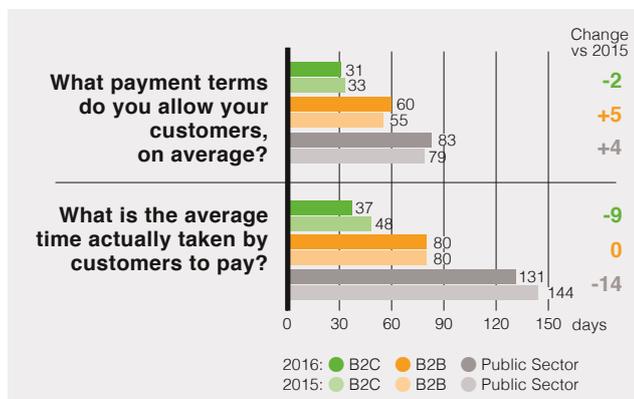
Late payment squeezes liquidity and hampers growth

More than half of Italian businesses (51 percent) surveyed rate late payment as having mid to high consequences in prohibiting growth of the company, which is higher than the average for Europe at 40 percent. Other significant consequences of late payment are liquidity squeeze (78 percent) and loss of income (61 percent).

Intent and financial difficulty main causes of late payment

Three quarters (75 percent) of Italian companies in our survey report intentional late payment as a main cause of late payment from their customers, compared to 63 percent on average in Europe. Debtors in financial difficulties is the single most common cause of late payment, experienced by more than eight out of every ten (84 percent) Italian respondents.

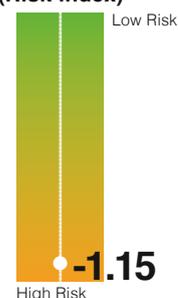
Economic development, Italy		Average EU
GDP per capita in euro	26,900	28,700
GDP percentage growth	0.8	1.9
Inflation	0.1	0.0
Unemployment rate	11.9	9.4



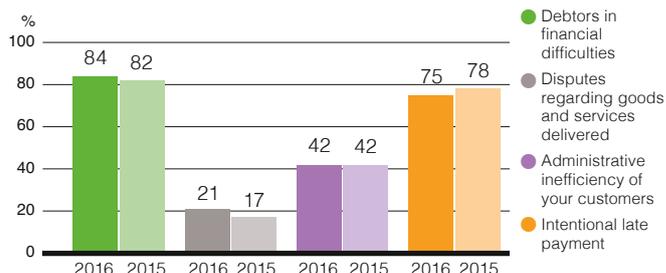
How do you see risks from your company's debtors developing during the next 12 months?



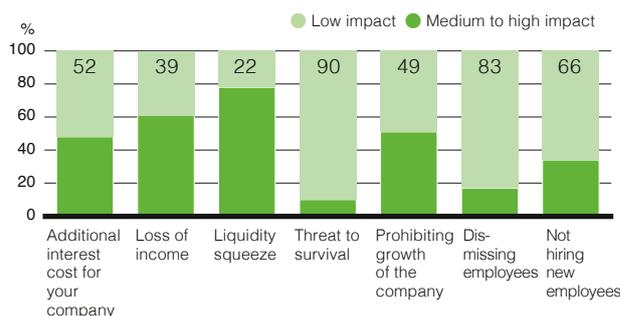
Payment Index (Risk index)



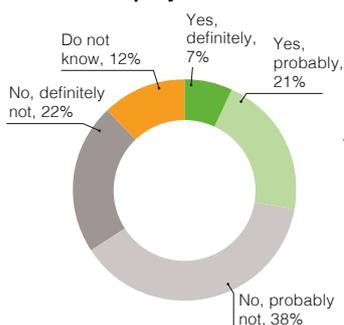
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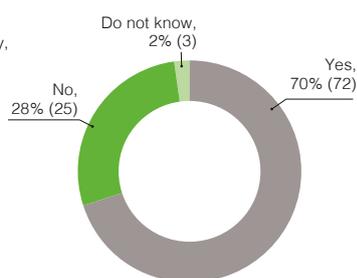
On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:



Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?





KEY FINDINGS

Credit checks and pre-payment used to protect against bad payment

Latvian businesses in our survey are more likely to require pre-payment and credit checks to protect against bad payment than other European businesses. Prepayment is used by three out of five Latvian respondents (60 percent), compared to half of businesses in Europe as a whole (50 percent).

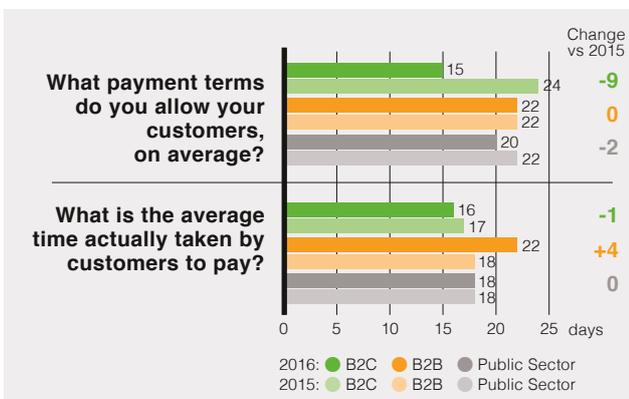
Few hand over overdue invoices to debt collection

While almost half (49 percent) of surveyed businesses in Europe as whole hand over overdue invoices to debt collectors, only 28 percent of Latvian companies do so.

Very low knowledge of European Late Payment Directive

Only 7 percent of Latvian businesses in our survey tell us they are familiar with the European Late Payment Directive. This share is markedly lower than that of Europe as a whole, at 28 percent.

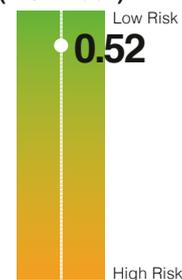
Economic development, Latvia		Average EU
GDP per capita in euro	12,300	28,700
GDP percentage growth	2.7	1.9
Inflation	0.2	0.0
Unemployment rate	9.9	9.4



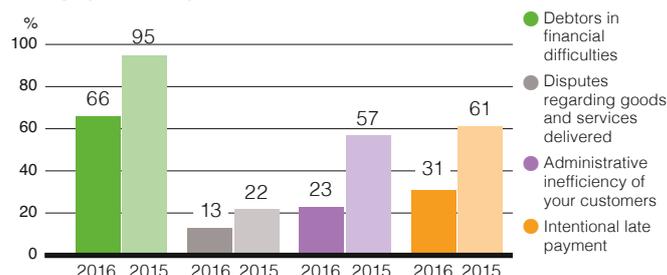
How do you see risks from your company's debtors developing during the next 12 months?



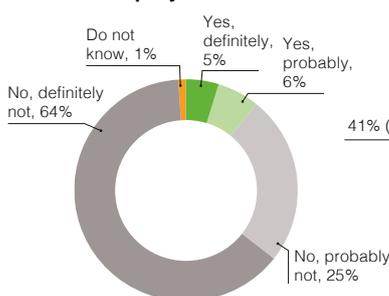
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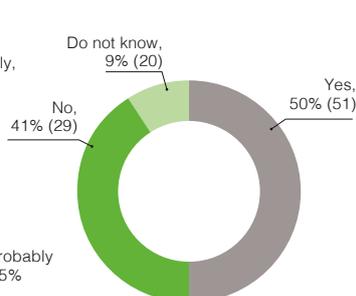
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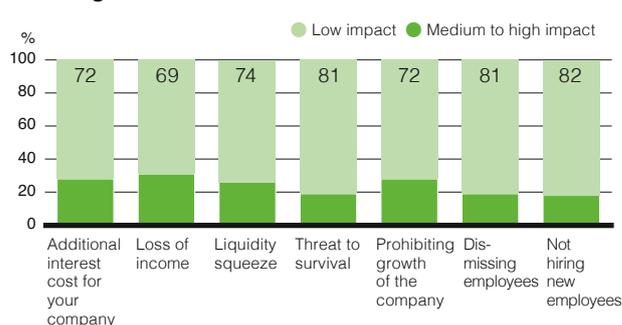
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Risk outlook stable in Lithuania

The share of Lithuanian businesses in our survey (7 percent) that report seeing increasing risk from debtors in the next 12 months is less than half of the average for all European businesses surveyed (15 percent).

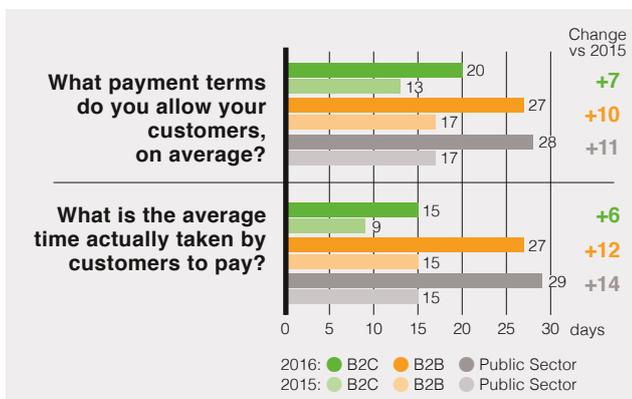
Access to credit less likely to be driver of growth

Among the Lithuanian companies that responded to our survey, the share that reports their current access to credit as a supporter of growth (23 percent) was less than half of the average for all European respondents (48 percent).

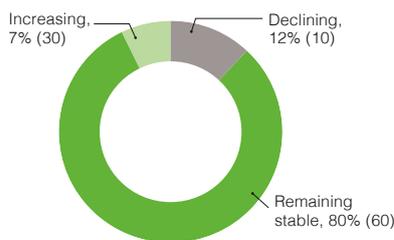
Most have felt the pressure to accept longer payment terms

Three out of every five (60 percent) of the Lithuanian businesses in our survey tell us that they have been asked to accept longer payment terms than they feel comfortable with, which is higher than the average share among all European businesses (46 percent).

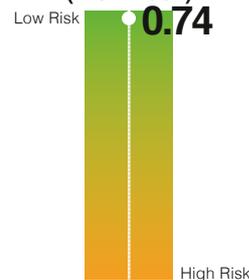
Economic development, Lithuania		Average EU
GDP per capita in euro	12,800	28,700
GDP percentage growth	1.6	1.9
Inflation	-0.7	0.0
Unemployment rate	9.1	9.4



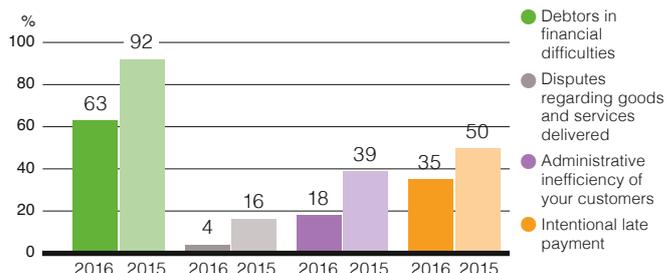
How do you see risks from your company's debtors developing during the next 12 months?



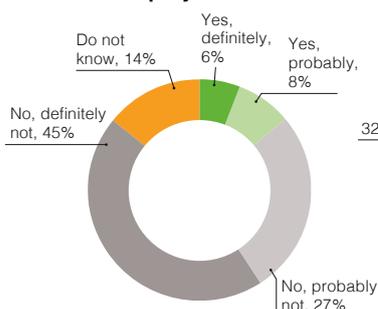
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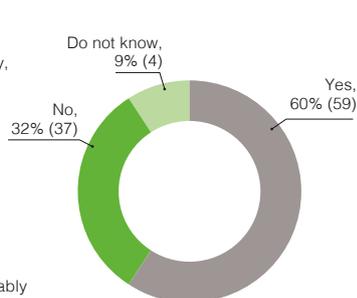
What are the main causes of late payment of your own customers?



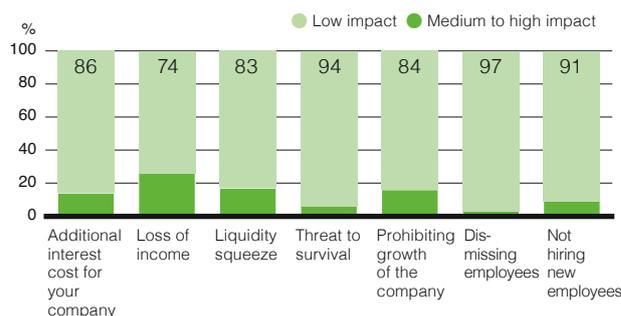
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Administrative inefficiency a significant cause of late payment

Three out of five Dutch companies (61 percent) in our survey state that administrative inefficiency of customers is a main cause of late payment, much higher than the European average of 46 percent.

Credit situation not likely to support growth of Dutch businesses

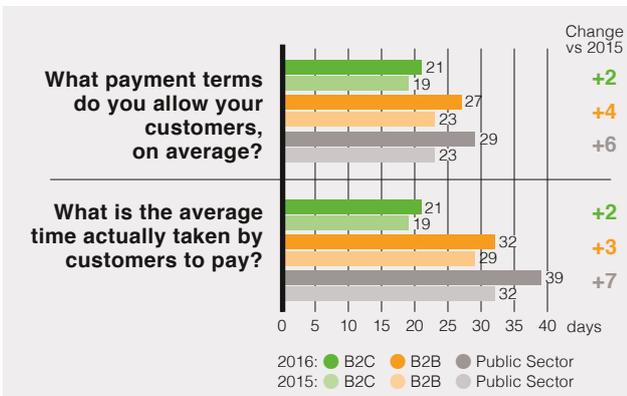
Less than a third (32 percent) of the Dutch companies that took our survey reported that their current access to credit supported growth of the company. More than one in five (22 percent) said that their credit situation is constrained and limits their growth.

Dutch businesses less likely to agree unconditionally to longer terms

Almost half of Dutch companies (46 percent) in our survey reported having accepted longer payment terms than they are comfortable with. A quarter (25 percent) said they do not negotiate payment terms if asked by a customer, a share that is higher than the European average of 15 percent.

Economic development, Netherlands		Average EU
GDP per capita in euro	40,100	28,700
GDP percentage growth	2 p	1.9
Inflation	0.2	0.0
Unemployment rate	6.9	9.4

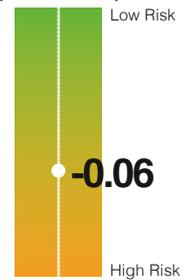
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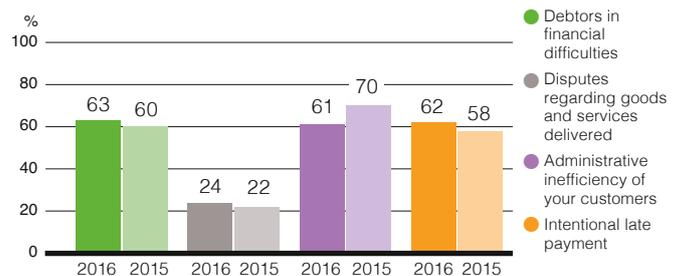
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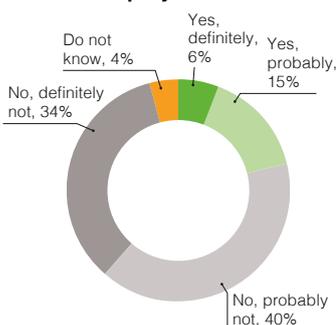
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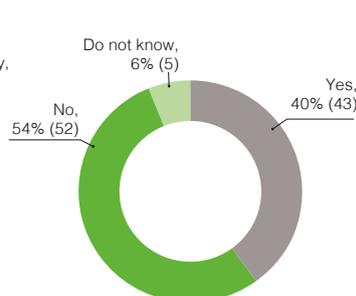
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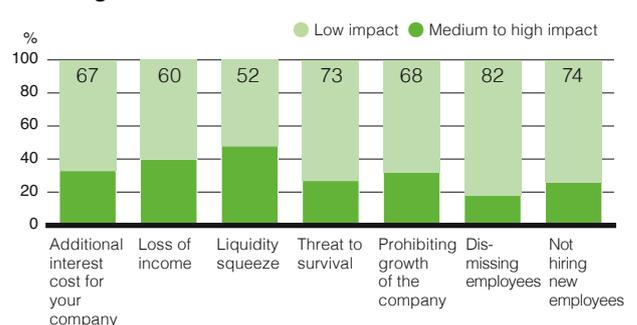
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Risk outlook comparatively bleak

More than a quarter (27 percent) of the Norwegian businesses surveyed reported seeing risks from debtors increasing during the next 12 months, compared to only 15 percent of all the surveyed businesses.

Intent is a leading cause of late payment

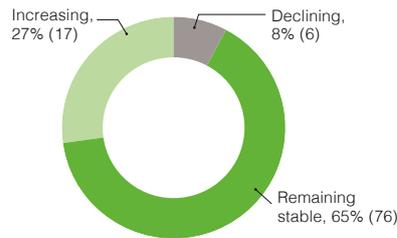
Although most (76 percent) Norwegian companies cite debtors' financial difficulties as a main cause of late payment, fully 68 percent state that intentional late payment is also a main cause.

Late payments lead to squeezed liquidity and loss of income

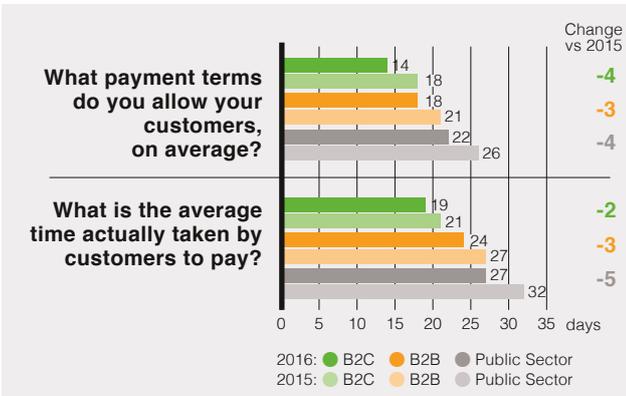
More than half of Norwegian businesses survey respondents experience medium to high consequences from late payments with regard to liquidity squeeze (55 percent) and loss of income (51 percent).

Economic development, Norway		Average EU
GDP per capita in euro	67,600	28,700
GDP percentage growth	1.6	1.9
Inflation	2.0	0.0
Unemployment rate	4.4	9.4

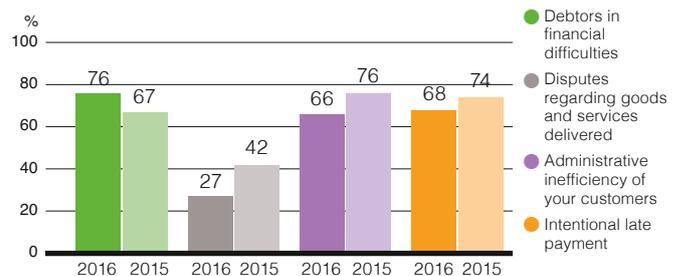
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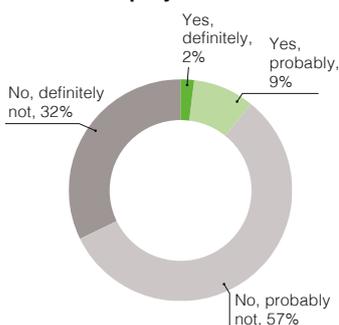
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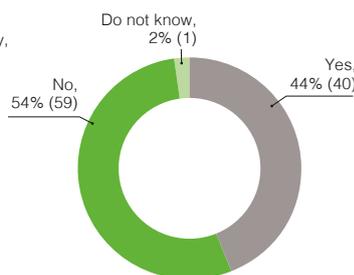
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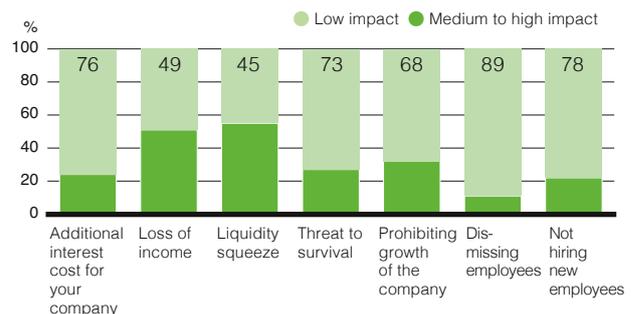
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Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Late payments threaten the survival of Polish businesses

Close to two out of every five (36 percent) Polish companies in our survey say that late payments have medium to high consequences to the survival of the business, higher than the European average of 33 percent.

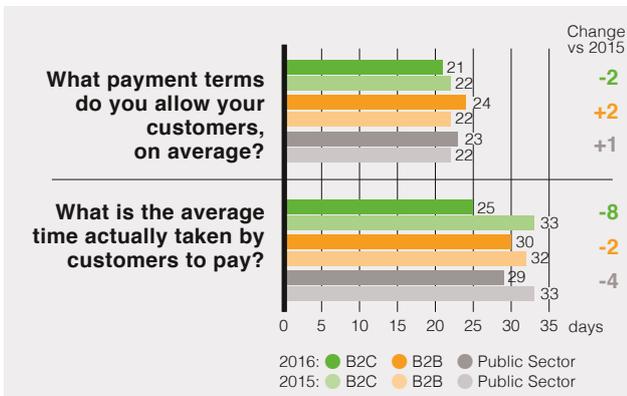
Faster payments mean more jobs

More than a quarter (28 percent) of Polish respondents agreed that faster payments from customers would enable them to hire more employees.

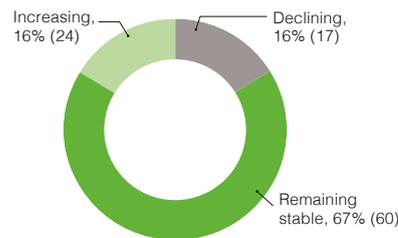
Very low familiarity with the European Late Payment Directive

Out of all the Polish businesses that took our survey, only 2 percent were familiar with the European Late Payment Directive, compared to the European average of 28 percent.

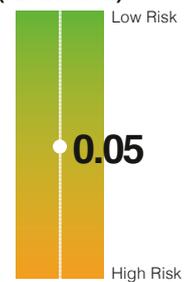
Economic development, Poland		Average EU
GDP per capita in euro	11,100	28,700
GDP percentage growth	3.6	1.9
Inflation	-0.7	0.0
Unemployment rate	7.5	9.4



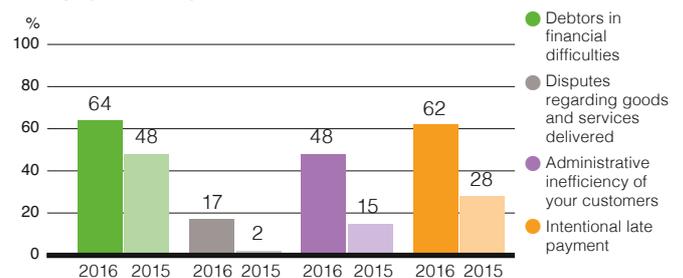
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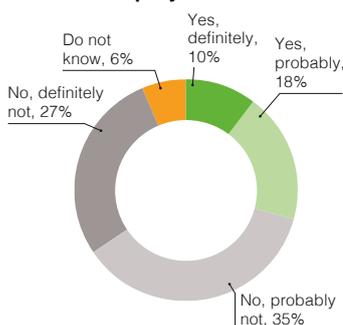
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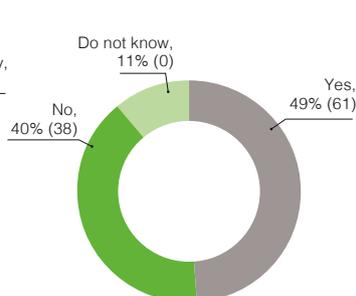
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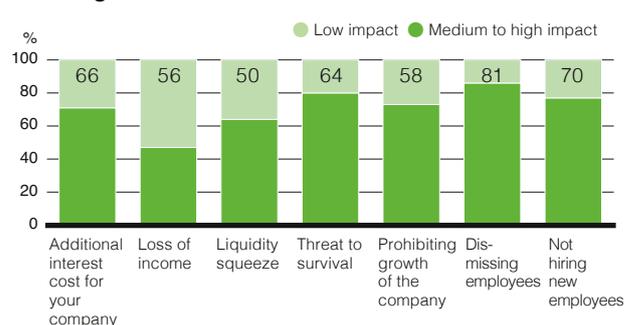
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Late payments hinder growth and causes loss of income

More than half (52 percent) of Portuguese respondents say that late payments have medium to high consequences for the ability to grow the business. 58 percent say that late payments lead to a loss of income.

Pessimistic view of debtors' risk development

Almost a third (32 percent) of Portuguese businesses in our survey say that they see risks increasing from their companies debtors during the next 12 months, which is more than twice the share among all surveyed businesses (15 percent). Only 6 percent of Portuguese businesses see risks decreasing.

Debt collection is rarely used

Out of the Portuguese companies in our survey, seven in every ten (71 percent) say they never hand over outstanding invoices to debt collection.

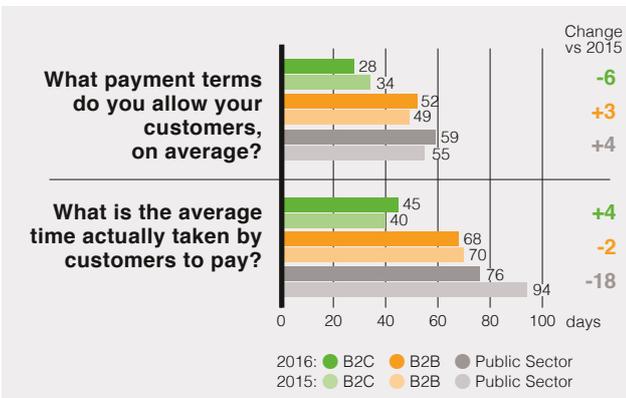
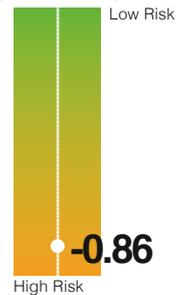
Economic development, Portugal		Average EU
GDP per capita in euro	17,300	28,700
GDP percentage growth	1.5 e	1.9
Inflation	0.5	0.0
Unemployment rate	12.6	9.4

e) Estimated

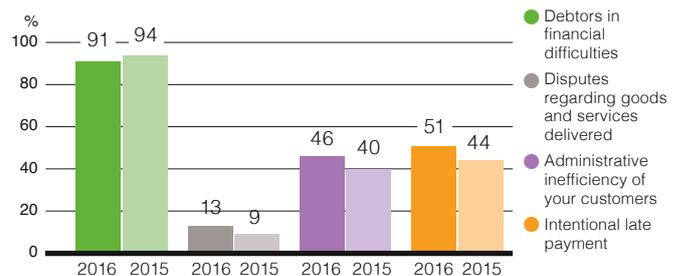
How do you see risks from your company's debtors developing during the next 12 months?



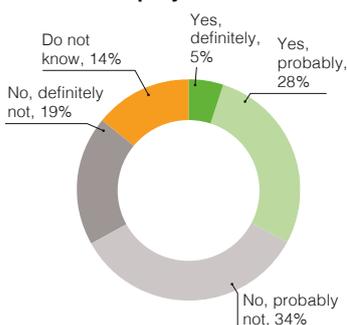
Payment Index (Risk index)



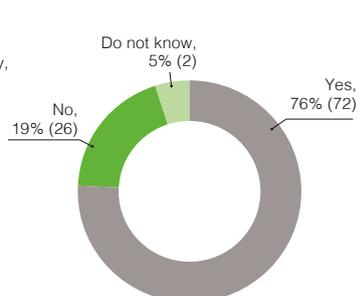
What are the main causes of late payment of your own customers?



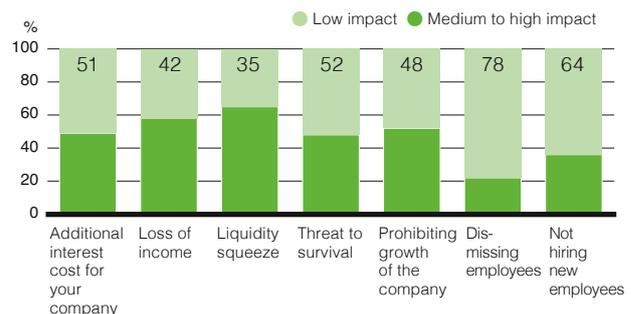
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Faster payments would lead to higher employment

More than half (52 percent) of the Romanian businesses in our survey say that they would definitely or probably be able to hire more employees if only they could get faster payments.

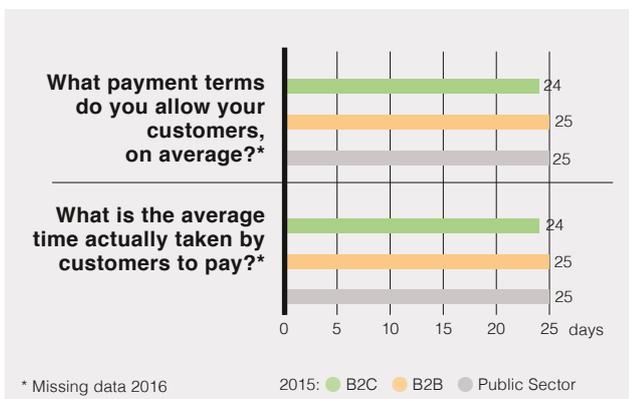
Low interest rates are a boom to Romanian business

More than two out of five (41 percent) Romanian respondents say that they have increased investments as a result of the low interest rates globally. This share is more than three times as high as it is among all European business surveyed (12 percent).

Very negative outlook on risk development

Half of Romanian businesses surveyed (50 percent) see risks from debtors increasing during the next 12 months. This is 35 percentage points higher than the share for European respondents as whole (15 percent).

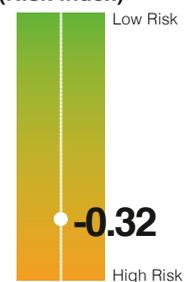
Economic development, Romania		Average EU
GDP per capita in euro	8,100	28,700
GDP percentage growth	3.8	1.9
Inflation	-0.4	0.0
Unemployment rate	6.8	9.4



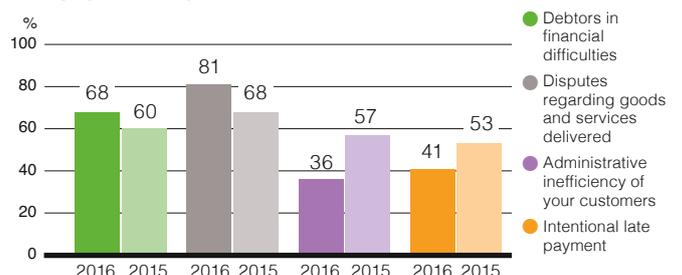
How do you see risks from your company's debtors developing during the next 12 months?



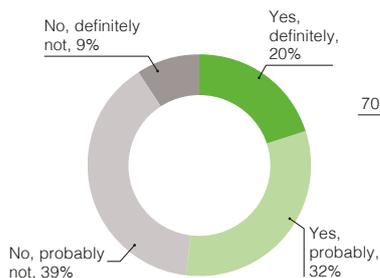
Payment Index (Risk index)



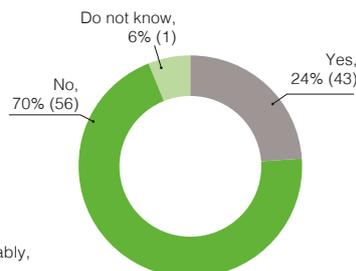
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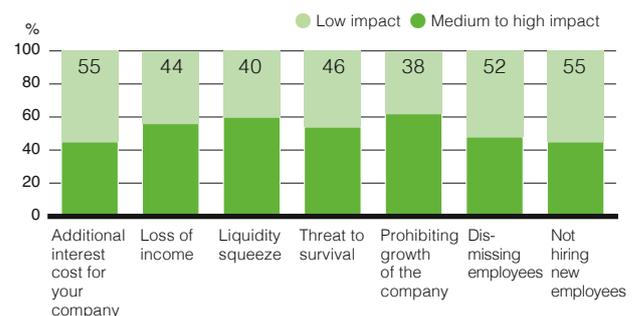
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Positive outlook on debtors risks

In Serbia, 16 percent of the respondents say they see the risks of their company's debtors declining during the coming twelve months, while 7 percent see them as increasing. The corresponding figures for the European average are 11 percent and 15 percent respectively, giving the Serbian economy a brighter outlook in this sense.

Low access to credit for growth

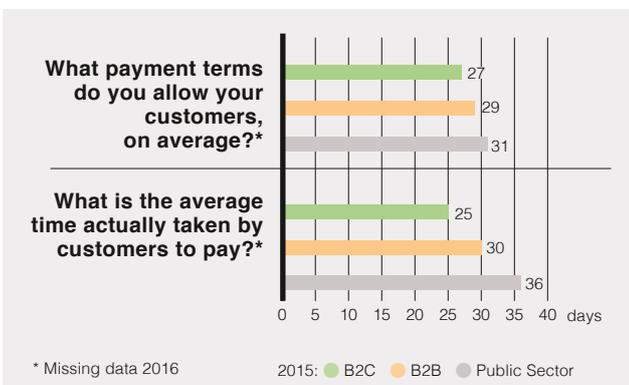
Among Serbian respondents, 14 percent claim their access to credit is sufficient and supports growth. This is 34 percentage points lower than the European average (48 percent), showing that Serbian companies are worse off than their European counterparts when it comes to credit access.

Low share have been asked to accept too long payment terms

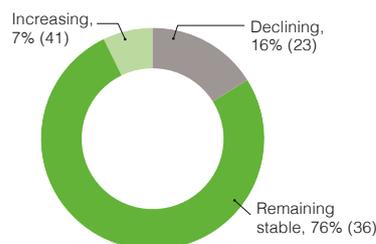
In Europe, almost half (46 percent) of the respondents say they have been asked to accept longer payment terms than they feel comfortable with. In Serbia, only 19 percent of the respondents say the same, which either shows that they are comfortable with very long payment terms, or that these types of demands truly are less frequent than the European average.

Economic development, Serbia		Average EU
GDP per capita in euro	4,613*e	28,700
GDP percentage growth	2.8**	1.9
Inflation	0.7	0.0
Unemployment rate	18.5***	9.4

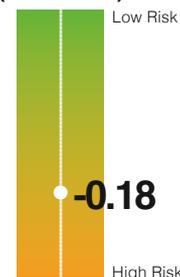
* IMF estimate, converted from USD at 2015 avg exchange rate (OECD)
 ** IMF
 *** Statistical Office of the Republic of Serbia
 e) Estimated



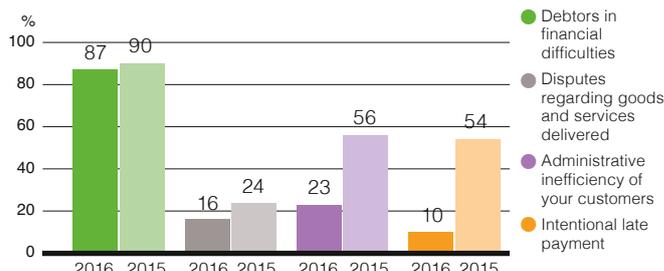
How do you see risks from your company's debtors developing during the next 12 months?



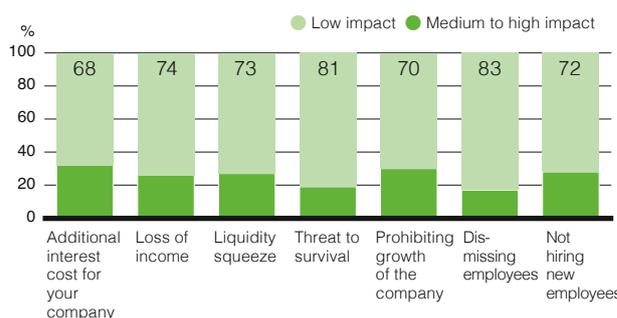
Payment Index (Risk index)



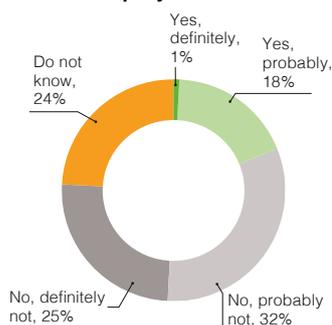
What are the main causes of late payment of your own customers?



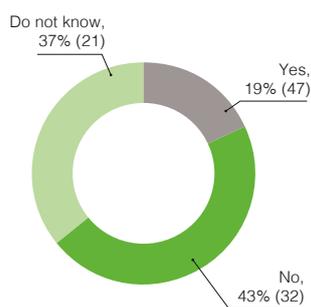
On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:



Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?





KEY FINDINGS

Low usage of debt collection agencies

In Slovakia only 12 percent of company respondents claim that they hand over outstanding invoices to debt collection agencies after a certain number of days past the due invoice date. The corresponding European figure is 49 percent leaving debt collection a rarely used method in Slovakia.

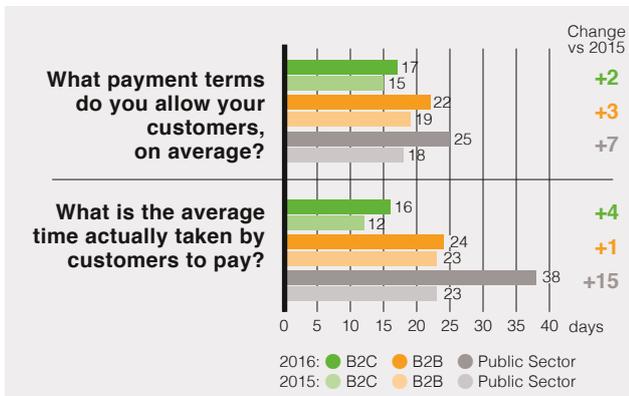
Fast payments would have low effect on employment

13 percent of Slovakian respondents say that faster payments from their debtors would or would probably enable them to hire more employees, while 33 percent of their European counterparts say the same. This means that faster payments probably would have relatively low effects on employment in Slovakia.

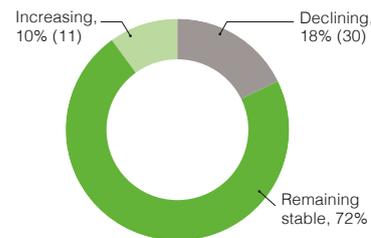
Low degree of precautions against bad payment

Among the Slovakian companies responding to our survey, 44 percent say they do not undertake any of the listed precautions against bad payment (Bank guarantees, Credit Insurance, Credit checks, Pre-payment, Debt collection, Factoring). The corresponding European figure is 25 percent, leaving the Slovakian companies less protected than their European counterparts.

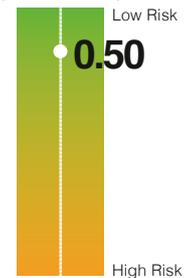
Economic development, Slovakia		Average EU
GDP per capita in euro	14,400	28,700
GDP percentage growth	3,6	1.9
Inflation	-0,3	0.0
Unemployment rate	11,5	9.4



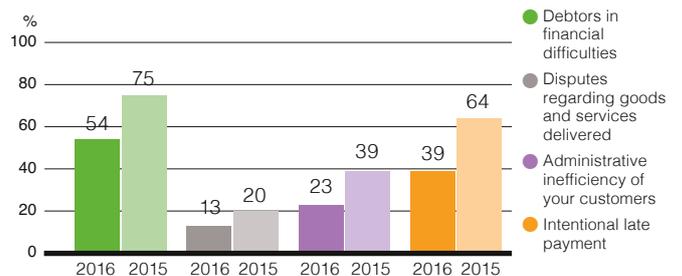
How do you see risks from your company's debtors developing during the next 12 months?



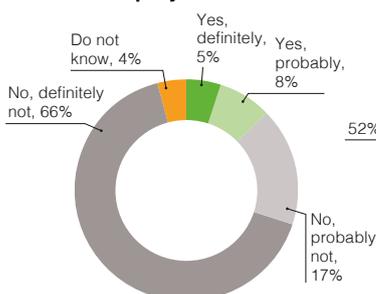
Payment Index (Risk index)



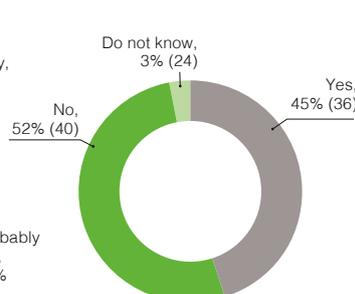
What are the main causes of late payment of your own customers?



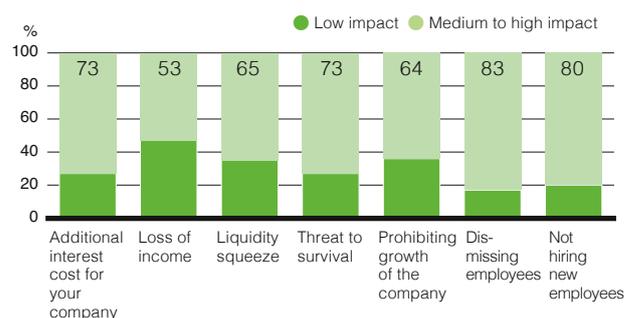
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





SLOVENIA



KEY FINDINGS

Slovenian companies need more access to credit

Among our European respondents, almost half (48 percent) say their access to credit is sufficient and supports growth. In Slovenia, the corresponding figure is only 20 percent.

More than half have been asked to accept longer payments

55 percent of the Slovenian respondents claim to have been asked to accept longer payment terms than they feel comfortable with. Among all the surveyed companies in Europe, the figure is 9 percentage points lower (46 percent).

Factoring a popular precaution

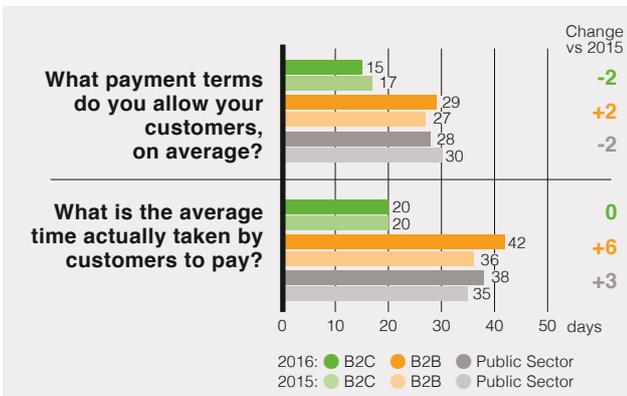
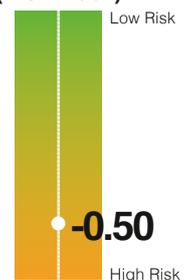
Among survey respondents, Slovenians seem particularly keen on using factoring as a precaution to protect against bad payment. 15 percent of Slovenian respondents claim to use it, while the European average is only 6 percent.

Economic development, Slovenia		Average EU
GDP per capita in euro	18,700	28,700
GDP percentage growth	2.9	1.9
Inflation	-0.8	0.0
Unemployment rate	9	9.4

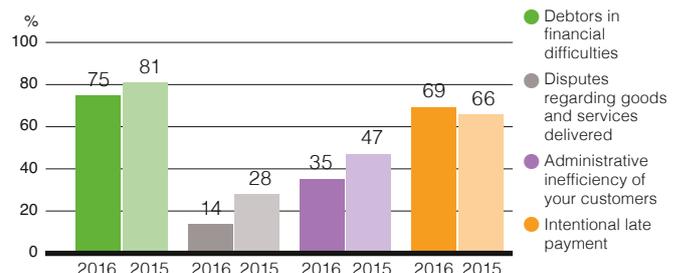
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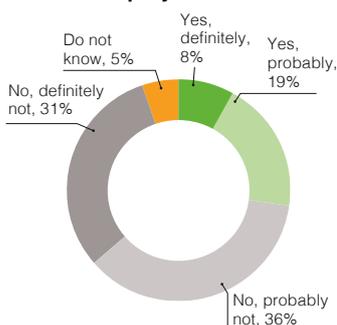
Payment Index (Risk index)



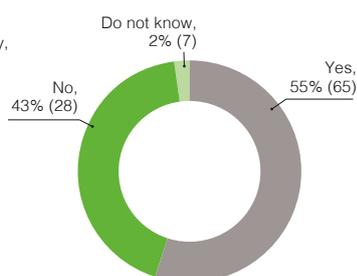
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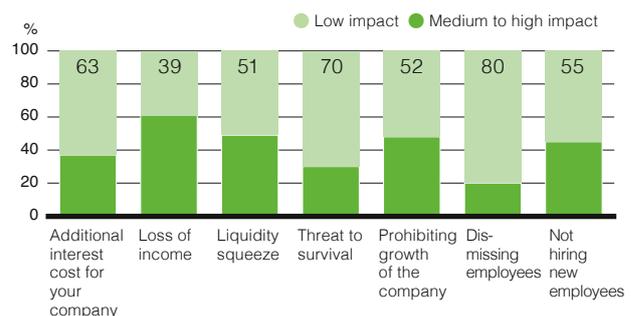
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Many aware of the European Late Payment Directive

In Spain, as many as 46 percent of our survey respondents are aware of the European Late Payment Directive. This is 18 percentage points higher than the European average.

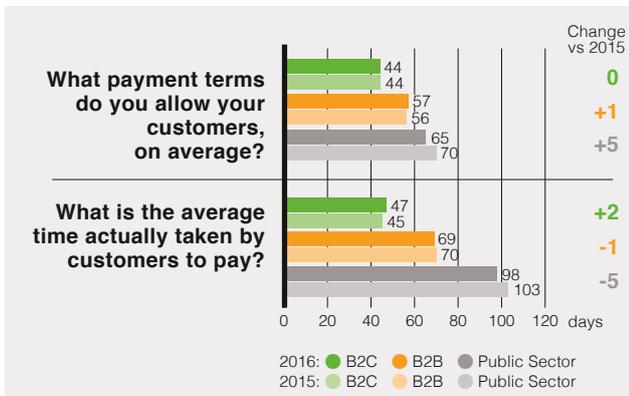
Low interest rates have had a big effect on investments

15 percent of Spanish respondents say they have increased their investments due to the global low interest rates. This is 3 percentage points above the European average.

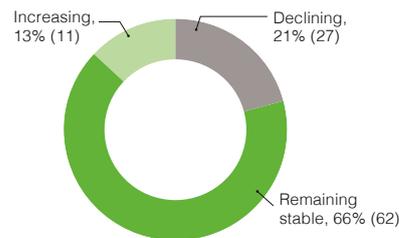
Positive view of risks, but not as good as last year

Last year, 27 percent of the Spanish companies said they believed the risks posed by their debtors would decrease this year. The corresponding figure to date is 21 percent, which still is 10 percentage points higher than the European average.

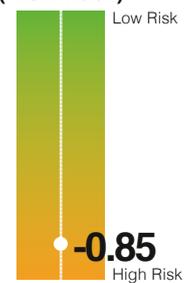
Economic development, Spain		Average EU
GDP per capita in euro	23,300	28,700
GDP percentage growth	3.2	1.9
Inflation	-0.6	0.0
Unemployment rate	22.1	9.4



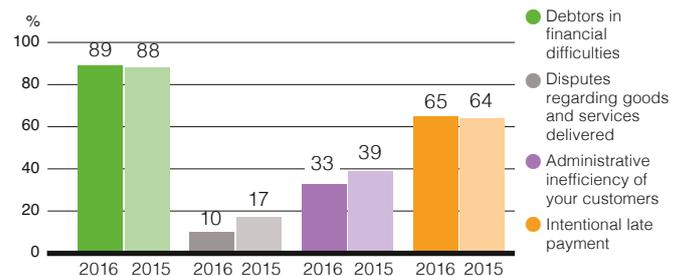
How do you see risks from your company's debtors developing during the next 12 months?



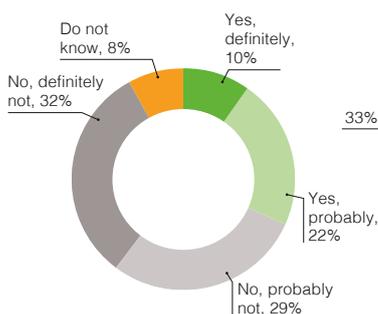
Payment Index (Risk index)



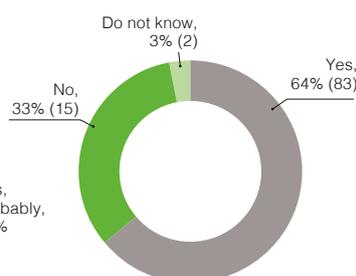
What are the main causes of late payment of your own customers?



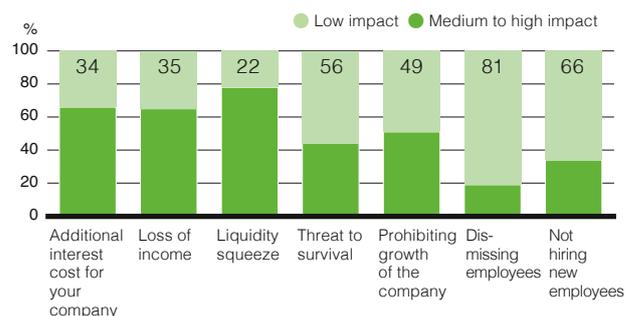
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Almost half have been asked to accept longer payment terms

In Sweden, many companies are asked to accept longer payment terms than they feel comfortable with. Among Swedish respondents, 47 percent said they had, actually 1 percentage point higher than the European average of 46 percent.

Low degree of precautions against bad payment

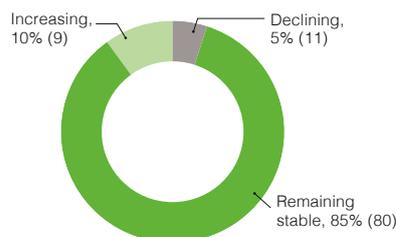
Among the Swedish companies responding to our survey, 43 percent say they do not undertake any of the listed precautions against bad payment (Bank guarantees, Credit Insurance, Credit checks, Pre-payment, Debt collection, Factoring). The corresponding European figure is 25 percent, leaving the Swedish companies less protected than their European counterparts.

Administrative inefficiency causing late payments

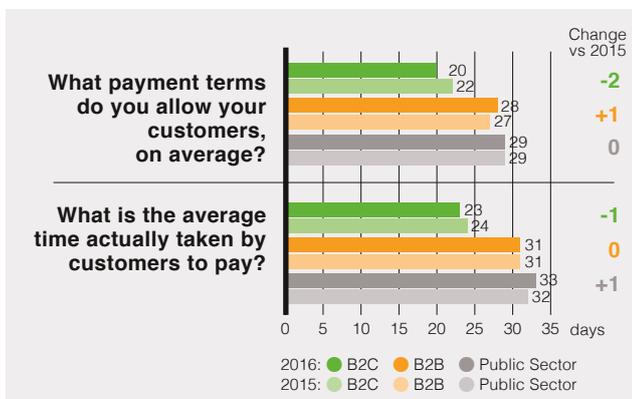
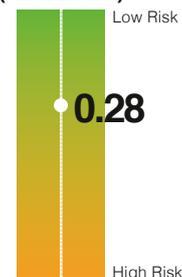
Among our Swedish respondents, administrative inefficiency of your customers top the list as a cause of late payment for customers with a staggering 69 percent.

Economic development, Sweden		Average EU
GDP per capita in euro	45,300	28,700
GDP percentage growth	4.1	1.9
Inflation	0.7	0.0
Unemployment rate	7.4	9.4

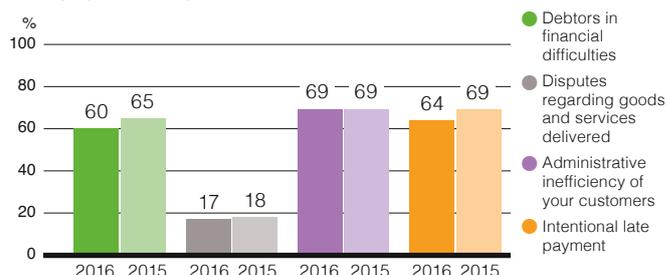
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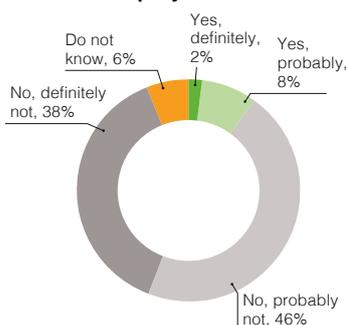
Payment Index (Risk index)



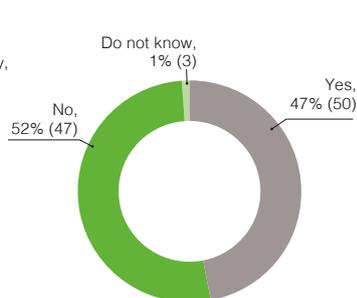
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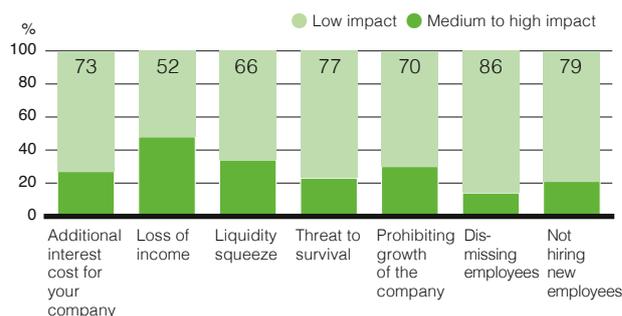
Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

Faster payments not important for hiring more employees

Among the European respondents, 33 percent say faster payments would or would probably enable their company to hire more employees. The corresponding Swiss figure is only 8 percent.

Many believe risks will increase

Swiss respondents in our survey are fairly pessimistic about the future compared to many other countries surveyed, at least when it comes to the question whether they see risks from their companies debtors increasing or decreasing the coming twelve months. 22 percent of the Swiss respondents see the risks increasing, whereas the European average is 15 percent.

Financial difficulties and intentions biggest reasons for late payment

The top causes of late payments are, according to our Swiss respondents, intentional late payments (64 percent) and debtors in financial difficulties (77 percent).

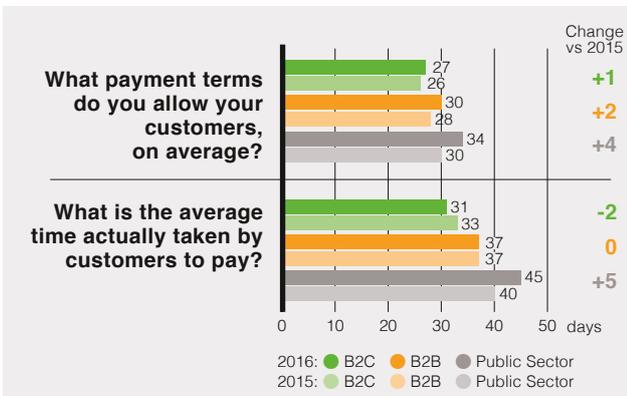
Economic development, Switzerland	Average EU	
GDP per capita in euro	53,800*	28,700
GDP percentage growth	0.9** e	1.9
Inflation	-0.8	0.0
Unemployment rate	3.3***	9.4

* OECD, converted from USD to EUR at 2015 avg exchange rate 0,901

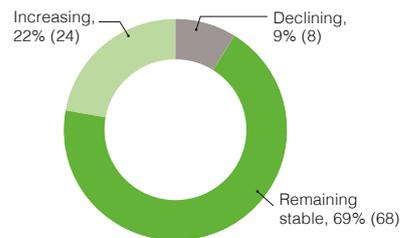
** OECD, CPI

*** Office fédéral de la statistique (OFS)

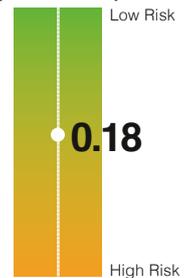
e) Estimated



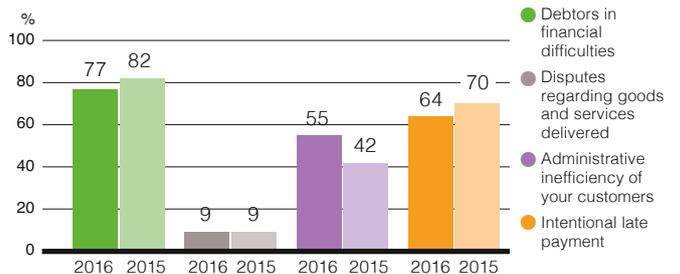
How do you see risks from your company's debtors developing during the next 12 months?



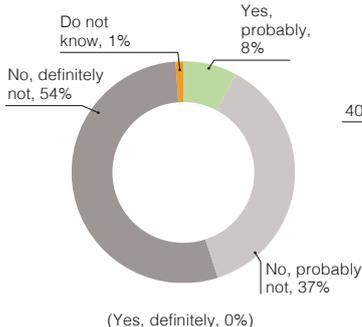
Payment Index (Risk index)



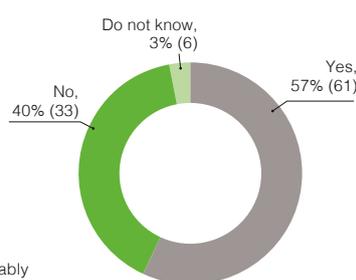
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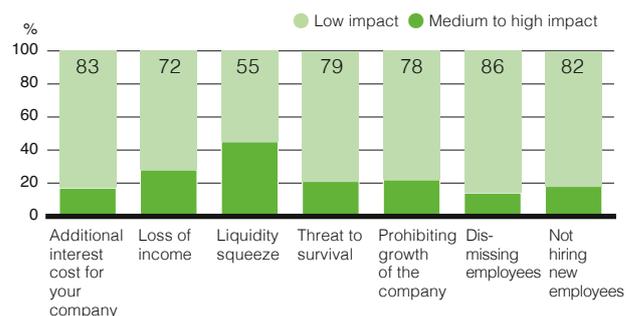
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Have you been asked to accept longer payment terms than you feel comfortable with?



On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:





KEY FINDINGS

UK – where risks remain stable

A staggering 81 percent of the UK respondents say they see risks from their companies' debtors remain stable during the coming year, and only 8 percent believe the risks will increase. That's half the share compared to the European average (15 percent).

A third have been asked to accept longer payments than comfortable

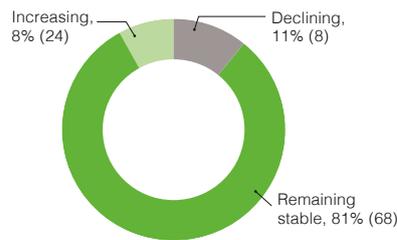
37 percent of the British companies have been asked to accept longer payments than they're comfortable with. This is almost 10 percentage points lower than the European average of 46 percent

Low degree of precautions against bad payment

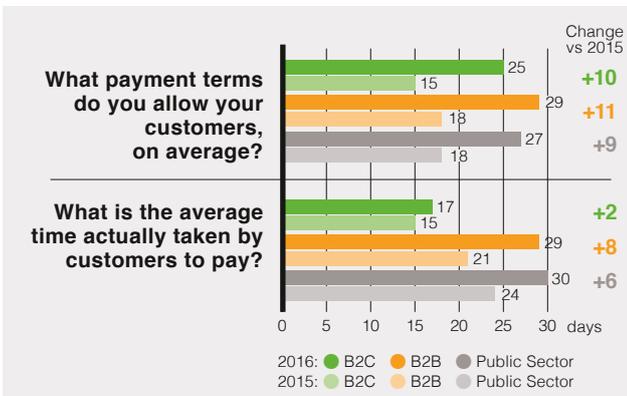
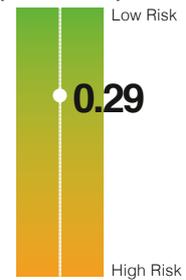
Among the British companies responding to our survey, 44 percent say they do not undertake any of the listed precautions against bad payment (Bank guarantees, Credit Insurance, Credit checks, Pre-payment, Debt collection, Factoring). The corresponding European figure is 25 percent, leaving the UK companies less protected than their European counterparts.

Economic development, UK		Average EU
GDP per capita in euro	39,500	28,700
GDP percentage growth	2.3	1.9
Inflation	0.0	0.0
Unemployment rate	5.3	9.4

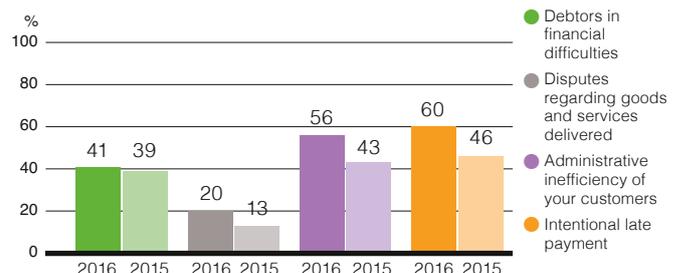
How do you see risks from your company's debtors developing during the next 12 months?



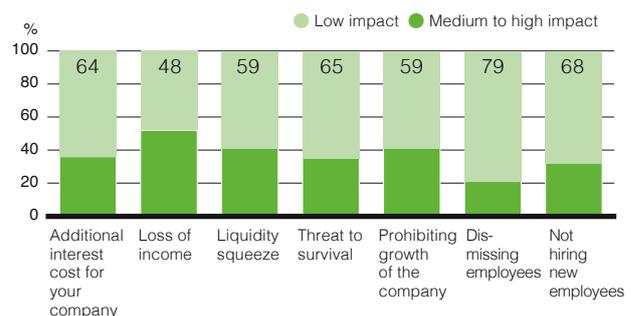
Payment Index (Risk index)



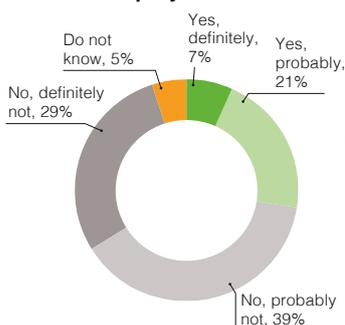
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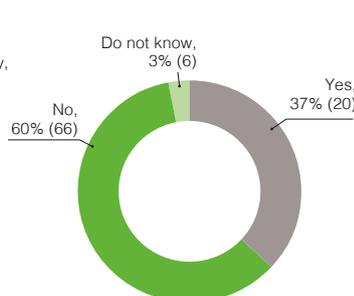
On a scale of 0 to 5 how do you rate the consequences of late payments for your company with regard to:



Would faster payments from your debtors enable your company to hire more employees?



Have you been asked to accept longer payment terms than you feel comfortable with?



HOW CAN YOU BOOST YOUR COMPANY?

Intrum Justitia believes that there are many measures at all business levels (local, national and international) that business owners and managers can include in their arsenal to battle late payment. The recommended tools are listed below.

1. Create, continuously develop and implement a balanced and solid credit policy to manage your risks and growth.
2. Measure and follow up on the capital employed in your credit management process to reduce cost of capital.
3. Make sure you know the customer you are doing business with.
4. Write a clear contract with your customer stating your terms of business.
5. Integrate sales, marketing and financial departments, and create an efficient invoicing process to avoid defaults.
6. Monitor economic and industry information, including solvency of key customers, and regularly check customer addresses.
7. Reduce customer losses and strengthen customer relationships by tailoring your credit process based on payment behavior and ability to pay.
8. Implement swift reminders and charge default interest when possible.
9. Balance your customer structure based on risk and growth potential.
10. Act immediately to get paid, don't delay.

INFORMATION ABOUT THE SURVEY

The survey was conducted simultaneously in 29 European countries between February and April 2016.

The survey was conducted using an online survey tool, printouts, and telephone interviews. The questionnaire was translated into the respective national languages.

Dispatch and return of the questionnaires was carried on a decentralized basis by the countries concerned, whereas the analysis was carried out centrally in accordance with predetermined guidelines. All information has been verified and uncertainties were not included in the evaluation. Furthermore, on the markets where Intrum Justitia performed the data collection, the anonymously sent questionnaires were not taken into account for the final evaluation.

Companies in the UK were questioned by Cint and SSI. Companies in Bosnia & Herzegovina, Slovenia, Romania, Bulgaria, Croatia, and Serbia were questioned by ProKolekt. Companies in Latvia, Lithuania, Greece, and also to some extent in Slovakia and Bulgaria were questioned by DataDiggers. Companies in Austria were questioned by Gallup. Companies in Denmark were questioned by Cuneo. Companies in Holland were questioned by SSI. Companies in Czech Republic were questioned by Weber Shandwick. Companies in France were questioned by CAP-TEL.

CLARIFICATION OF RESULTS

In one question respondents have been asked, on a scale from 0 to 5, how they rate the consequences of late payments with regard to seven different aspects. In the report an answer of 0 to 2 is presented as low impact and an answer of 3 to 5 as medium to high impact.

SMALL AND MEDIUM SIZED ENTERPRISE (SME)

In accordance with the EU recommendations, an (SME) is defined as an enterprise with up to 249 employees and a yearly turnover of less than 50 million Euro.

THE STRUCTURE OF THE SAMPLE:

Company size:

Up to 19 employees	73%
20 to 49 employees	11%
50 to 249 employees	9%
250 to 499 employees	3%
500 to 2,499 employees	3%
More than 2,500 employees	2%

Business sector:

Agriculture, forestry and fishing	3%
Mining and quarrying	0.2%
Electricity, gas, steam and air conditioning supply	1%
Manufacturing	11%
Construction	10%
Wholesale and retail trade	23%
Transportation and storage	5%
Accommodation and food service activities	2%
Information and communication	6%
Financial and insurance activities	2%
Real estate activities	4%
Professional, scientific, technical, administration and support service activities	11%
Public administration, defense, education, human health and social work activities	4%
Other services	18%

EXPLANATION OF ECONOMIC INDICATORS

The Eurostat data presented in the report refer to 2015. The unemployment rate is presented as the annual average rate of 2015.

GROSS DOMESTIC PRODUCT (GDP)

Gross domestic product (GDP) is a measure for economic activity. It is defined as the value of all goods and services produced less the value of any goods or services used in their creation.

GDP GROWTH RATE

GDP growth rate is presented as change in percentage on previous year. The calculation of the annual growth rate of GDP volume allows comparisons of economic development both over time and between economies of different sizes, irrespective of changes in price. Growth of GDP volume is calculated using data at previous year's prices.

UNEMPLOYMENT RATE

Unemployment rate represents unemployed persons as a percentage of the labor force. The labor force is the total number of people employed and unemployed.

INFLATION RATE

All information given represents the annual average rate of change in Harmonized Indices of Consumer Prices (HCIP). The inflation rate is the rate of increase of the average price level.

Source: Eurostat

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ABOUT INTRUM JUSTITIA

Intrum Justitia offers services to companies to help them manage payments and accounts receivable, and to improve cash flows. We are one of a small number of companies in Europe that successfully combine the management of our clients' on-going credit matters with the purchasing of receivables that have matured without payment.

CREDIT MANAGEMENT SERVICES

Intrum Justitia offers a complete range of services covering our clients' entire credit management chain – from credit optimization and payment services to collection services. Through credit optimization, we help our clients assess their potential customers' payment capacity. Following the transaction, our payment services come into use, with billing and accounts receivable. Where invoices are past due, we offer our debt-collection services to ensure that full payment is received for the product or service.

FINANCIAL SERVICES

Through factoring, payment solutions for e-trade companies and purchased debt, our clients are reimbursed regardless if the end-customer paid or not. Through factoring, our clients can sell their invoices to us and secure most of the payment up front. With our service for e-trade companies, our clients are paid directly, while we offer consumers monthly invoices or accounts for payment by installments. We can also acquire our client's overdue receivables for a portion of the value and pursue collection activities ourselves.



"BOOSTING YOUR BUSINESS"

To summarize how we help companies and their customers conduct better business, Intrum Justitia employs the concept "Boosting your business". When credit assessments and payment flows function as they should, companies are paid. This allows companies to be more profitable, to develop, grow and recruit more employees. At the same time, we are helping people become debt-free and to achieve sound private finances. Intrum Justitia's mission is to act as a catalyst for a sound economy. Helping companies and private individuals in this way is how we contribute to vitality among businesses and in society.



Intrum Justitia's world. The objective is to be market leader in all countries in which we have business operations.

CLIENTS OF ALL SIZES

Intrum Justitia's clients operate primarily within fields including telecom, energy, banking and retail – helping clients with large volumes of consumer receivables is our specialty. But we also work with tens of thousands of small and medium-sized companies that need to focus on their operations rather than on payment management. We have nearly 75,000 clients in 19 countries. The 30 largest clients account for about 15 percent of Intrum Justitia's revenues, although no individual client accounts for more than 2 percent.

FOUNDED IN 1923

Intrum Justitia is one of Europe's leading credit management companies with operations in credit management and financial services that build on strong collection operations. Intrum Justitia was founded in 1923 and today has some 3,850 employees and business operations in 19 countries. In addition, we partner with representatives in approximately 160 countries to serve clients with operations both within Europe and beyond.

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