

Business Insolvency Worldwide

# Economic Outlook no. 1211-1212 October-November 2014

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## A rotten apple can spoil the barrel

Payment terms, past dues, non-payments  
and insolvencies: What to expect in 2015?

Economic Research



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## Economic Outlook no. 1211-1212

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**Publication Director and Chief Economist:** Ludovic Subran

**Macroeconomic Research and Country Risk:** David Semmens (Head), Frédéric Andres, Andrew Atkinson, Ana Boata, Mahamoud Islam, Dan North, Daniela Ordóñez, Manfred Stamer (Country Economists)

**Sector and Insolvency Research:** Maxime Lemerle (Head), Farah Allouche, Yann Lacroix, Marc Livinec, Didier Moizo (Sector Advisors)

**Support:** Lætitia Giordanella (Office Manager), Sarah Bosse-Platière, Claudia Huisman, Sergey Zuev (Research Assistants)

**Editor:** Martine Benhadj

**Graphic Design:** Claire Mabilie

**Photo credit:** Allianz

For further information, contact the Economic Research Department of Euler Hermes Group at 1, place des Saisons 92048 Paris La Défense Cedex – Tel.: +33 (0) 1 84 11 50 46 – e-mail: [research@eulerhermes.com](mailto:research@eulerhermes.com) > Euler Hermes Group is a limited company with a Directoire and Supervisory Board, with a capital of EUR 14509497, RCS Paris B 388236853

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# The devil is in the detail

LUDOVIC SUBRAN

As we are all closing our books for 2014, it is time to take stock on what has happened for businesses around the world, especially when it comes to past dues, non-payments and insolvencies. We have good news: worldwide, insolvencies decreased by -12% this year and past dues have also decreased for the first time since 2011 by almost -30%. However, we also have concerns. The false start for the global economy caused company turnovers to remain flat in too many countries. If you add to that political hotspots where short-term financing is constrained and sluggish structural reforms in several advanced and emerging economies, we unfortunately continue to see bankruptcies around the world standing 12% above their pre-crisis levels. Turbulence is still on and companies cannot afford to be taken off guard. What does it mean for 2015? Well, the second half of this year offers a mixed picture as payment terms continue to increase by 1 day every year since 2010, reaching 73 days by year-end, and non-payments went up by +23%, mainly because of China and Russia. We therefore expect insolvencies to continue to decrease in 2015 but only by -3% this time as growth, trade and financing will only be picking up moderately, and potential headwinds on demand, liquidity and politics are still looming ahead. When you break down these results by industry, you understand why the devil is in the detail: stories differ quite a lot across sectors or countries. The continued severity of bankruptcies in the commodities

sector because of low oil prices causing margins to fall very rapidly, the restored confidence in the UK offering solace to the retail industry after years of painful restructuring, and the protracted domestic crisis in Italy are good examples of how details matter. Understanding what is really risky and what is not is essential. Overreaction or generalizations are dangerous in today's bewildering world. This global mess is not new unfortunately, but we are better informed and more and more connected to one another. An average business can operate from the UK with American shareholders, Chinese providers and Russian clients, making the life of the Chief Financial Officer much more interesting than before. It is all about differentiating the signal from the noise, and enriching the toolbox to be prepared for adversity. We all like weather analogies – and economists are similar to the weathermen when it comes to accuracy! These days, you unfortunately wake up and it is raining (or the newspaper says it will rain). What should you do? Stay in or go out there? Umbrellas are here for a reason and it would be foolish to miss out on sunny intervals because you did not go out, wouldn't it?

OVERVIEW

# A rotten apple **can spoil the barrel**

Payment terms, past dues, non-payments and insolvencies: What to expect in 2015?

FARAH ALLOUCHE, MAXIME LEMERLE, MARC LIVINEC, DIDIER MOIZO, SERGEY ZUEV

**While a decline in insolvencies is apparent worldwide, financial pressures and counterparty risks remain, with high variation among different world regions and sectors.**

- In 2014, business insolvencies will decrease by -12%, as expected;
- This year also, past dues will register their first drop since 2011 (-30%);
- However, our Global Insolvency Index will remain 12% above pre-crisis levels as growth and financing are still constrained in several countries;
- In addition, payment terms - as measured by DSO - posted a further deterioration in the first half of 2014: The global average should reach





# 16 countries

to record an increase or stabilization in insolvencies in 2015

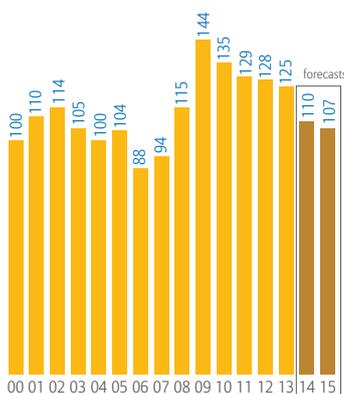
73 days this year, compared to less than 69 days in 2010;

- Last, the number of non-payments globally should increase by +23% in 2014, mainly because of Russia and China;
- As a result, insolvencies are expected to decrease by -3% only in 2015, as turbulences will continue to affect the real economy.

**Subdued and volatile macro developments, as well as financing constraints remain a drag on companies' profitability and cash**

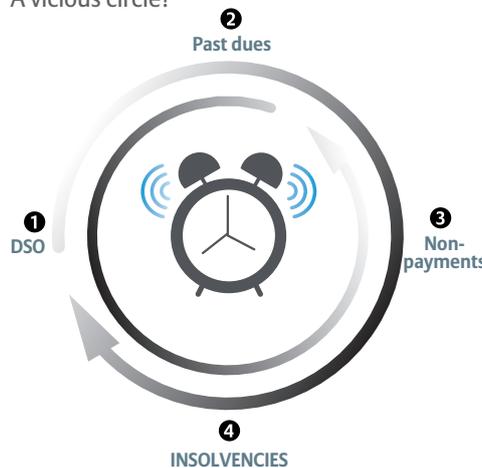
Global recovery remains fragile, without any big acceleration in sight. World GDP growth expectations have been revised downward for 2015 to +2.9% in real terms (after +2.6% in 2014), standing below +3% for the fourth consecutive year and well under pre-crisis trends, while world trade should only slightly pick up, one percentage point at a time, from +3.7% in 2014 to +4.5% in 2015 (compared to +7.5% average from 2002-2007). Moreover, recovery remains unevenly spread around regions and countries. The UK and U.S. carry global growth on their shoulders, while having challenges of their own to stand up to: most American companies still prefer issuing dividends and doing share buy backs to investing capital. Now that quantitative

Euler Hermes Global Insolvency Index  
(Yearly level, basis 100=2000)



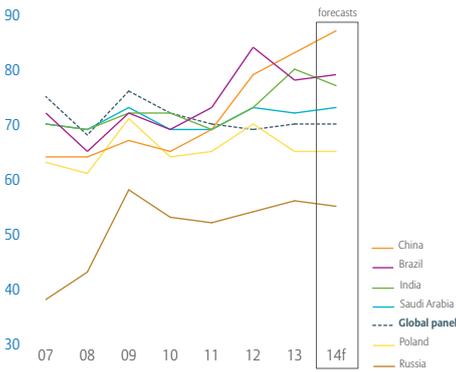
Source: Euler Hermes

A vicious circle?



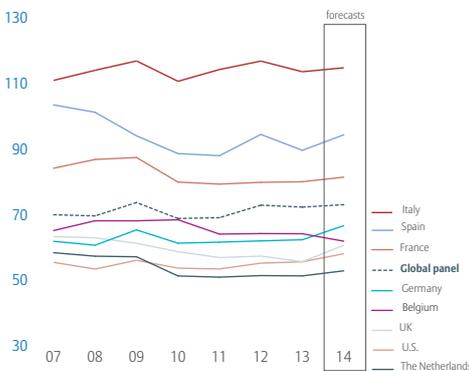
Source: Euler Hermes

**Evolution of the average DSO in emerging countries**  
(in number of days)



Sources: Bloomberg, Euler Hermes

**Evolution of the average DSO in advanced economies**  
(in number of days)



Sources: Bloomberg, Euler Hermes

► easing has drawn to a close and markets have started to show signs of increased uncertainty, U.S. companies may be less willing to invest. The German economy, once the motor of economic growth for the region, has shown troubling signs in the last 2 quarters, adding to the gloomy outlook for the Eurozone (GDP at only +1.0% in 2015 from +0.7% in 2014). In addition, the latter seems to be leaning against the ever-increasing deflationary winds: the inflation rate is way below the 2% target set by the ECB and the sharp drop in oil prices this year 2014 is only making the matter worse. The decreasing price of oil is in itself a sign of weakness in the global economy. China, the second largest oil consumer, marks a “new normal” of slower economic growth, which is in line with a general trend for other emerging markets. In this context, global recovery remains at the mercy of downside risks, from the credit-crunch in China to disorderly monetary tightening in the U.S. or geopolitical risks. On the corporate side, this means that turnovers are often volatile or flat or not growing as fast as expected. This points to fiercer price competition, new pressures on profitability and additional needs for financing, for working capital requirement as well as for investment. Credit remains *de facto* under restriction in several countries, because of levels of indebtedness (too high) or profitability (too low) on the demand side. In that context, DSO is increasingly used again as a financing tool, raising the risk of a domino effect.

**The average DSO worldwide has started deteriorating again after a seven year low in 2010**

According to our panel, it seems like the average DSO worldwide has remained more or less steady between 69 and 72 days over the last eight years. Notably, the global panel DSO started to deteriorate in 2012 and levelled off at a high of 72 days in 2013. This year, Euler Hermes expects to see the DSO trend of 2012 repeat itself due to the hike in our panel average during the first semester, increasing by roughly one additional day to 73 days. This trend is partly due to a lingering slowdown of European economies, which deteriorates local companies’ ability to negotiate better payment terms. Another interesting point revealed by our panel is that ratcheted up economic growth in the U.S. does not translate into an improvement of payment terms for American companies (it does slightly in UK, for example).

There is still some good news. DSO in Eastern Europe (Poland and Russia) has remained below our global panel average since 2010. Russia has even succeeded in maintaining its average DSO under two-months, at 53 days. Among mature economies, Germany, the Netherlands, UK and the U.S. have also been able to keep their respective DSO under the average. The Netherlands



👁️ **DSO - for Days Sales Outstanding**

measures of the average time it takes in days to collect the cash from sales; data are extracted from more than 12,300 listed companies in 11 sectors and 15 countries representing 65% of 2014 world GDP (U.S., China, Germany, France, UK, Brazil, Italy, Russia, India, Spain, Turkey, the Netherlands, Saudi Arabia, Poland and Belgium).

👁️ **Payments incidents**

measures two kinds of incidents: past dues (extension period, rescheduling) and non-payments (unpaid, claims). Payment Incidents are based upon Euler Hermes internal data recorded daily for 17 sectors in 10 countries representing 55% of 2014 world GDP (U.S., China, Germany, France, UK, Italy, Russia, Spain, the Netherlands and Poland).

👁️ **Global Past due Index**

reports the yearly weighted average in variation of past dues recorded within Euler Hermes panel, each country being weighted according to the size of its GDP.

👁️ **Global Non-payment Index**

reports the yearly weighted average in variation of non-payments recorded within Euler Hermes panel, each country being weighted according to the size of its GDP.

**Evolution of past dues and non-payments**  
(Yearly changes, in %)

Past dues	2011	2012	2013	2014f
Russia	-33%	39%	72%	45%
China	51%	-5%	15%	-22%
France	-36%	-22%	-20%	-25%
<b>Global Past due Index</b>	15%	27%	-0.3%	-30%
United Kingdom	-5%	-7%	-28%	-34%
United States	-2%	23%	-1%	-37%
The Netherlands	-5%	10%	-17%	-38%
Poland	30%	48%	-41%	-40%
Germany	7%	7%	-16%	-41%
Spain	131%	476%	-12%	-44%
Italy	85%	26%	-20%	-53%

Non-Payments	2011	2012	2013	2014f
Russia	-14%	132%	105%	161%
China	78%	64%	-43%	103%
<b>Global Non-payment Index</b>	16%	9%	-15%	23%
France	9%	-5%	-5%	1%
United States	6%	-38%	-20%	-3%
United Kingdom	5%	20%	-21%	-9%
Spain	5%	52%	27%	-11%
Germany	-31%	-15%	-15%	-21%
Italy	23%	34%	-22%	-26%
The Netherlands	-16%	49%	-30%	-31%
Poland	-3%	23%	25%	-35%

Source: Euler Hermes

► had the best rank in 2013 with average DSO amounting to less than 52 days.

To see the forest for the trees, individual improvements in DSO must not conceal a general deterioration. Italy appears then as disappointing, with average yearly DSO consistently above 110 days. France and Spain break away slightly from the stubborn Italian trend but remain high. Not to be overlooked is the ongoing deterioration of China's DSO over the last four years, revealing problems with the new ways which Chinese companies are being funded as banks have been spurred into tightening their corporate credit conditions.

the differences in business practices and legal systems in each country. All in all, the 2013 positive global performance may turn out to be only temporary, as the ratio of non-payments to past dues is expected to return back to 2011 levels in 2014 (65%).

On the past dues side, the continuing positive dynamic already registered in the first half of the year will lead to another great performance for the full year 2014. Our Global Past due Index should decline by -30%, thanks to an amelioration for the entire panel - except Russia. Nevertheless, this progress will not be enough to erase the 2011 and 2012 increases, and our Global Past due Index will remain slightly above 2010 level (+2%), while the very latest trends in DSO raise concerns about 2015 past-dues and non-payments.

On the non-payments side, our Global Index is expected to increase by +23% in 2014. The main underlying causes being the 2014 estimates for incidents for China (+103%), which is the second largest economy in our panel, and Russia (+161%). However, the negative dynamics in China and Russia are not the only worrying trends. The improvement in the number of non-payments has already shown evidence of slowing down on the first half of 2014 in some of the world's major economies. Notably, the U.S. and UK will see a decrease by -3% and -9% respectively compared to -20% and -21% last year, while France should post a trend reversal (from -5% in 2013 to +1% in 2014), limiting the decline in insolvencies.

**Euler Hermes Global Past due and Global Non-payment indices**  
(Yearly change in %)

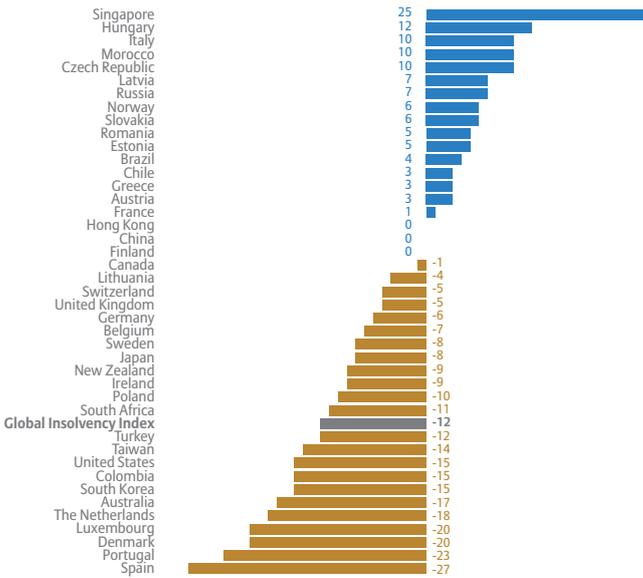


Source: Euler Hermes

**Russia and China suffer from higher number of non-payments in 2014**

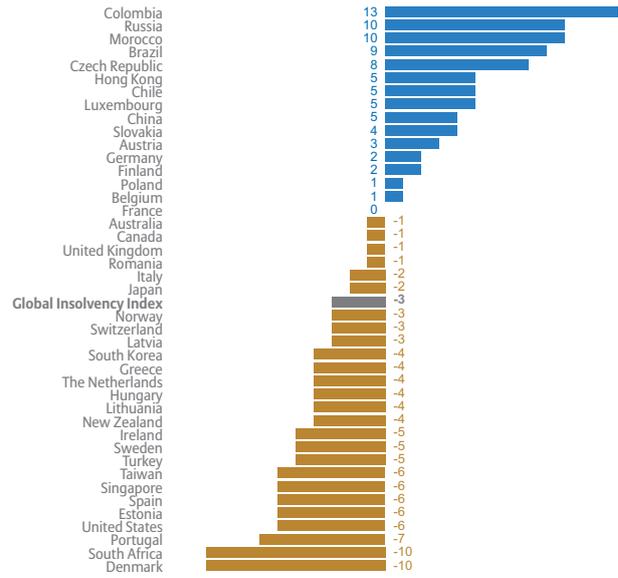
After several years of consecutive growth, the Global Past due Index👁️ and the Global Non-payment Index👁️ reached a peak in 2012, the latter hitting most countries in our panel the hardest. Spain, for example, saw an almost five-fold increase in the total number of past dues and the unweighted average performance of our panel stood at +32% for non-payments and +60% for past dues. Last year brought sensible improvement in the number of payment incidents👁️ around the world, with a stabilization of the Past due Index and a -15% drop of the Non-payment Index. The correlation between past-dues and non-payments remain uneven from one country to another, partly coming from

**Insolvencies in 2014**  
(Yearly change in %)



Sources: national figures, Euler Hermes forecasts

**Insolvencies in 2015**  
(Yearly change in %)



Sources: national figures, Euler Hermes forecasts

► **Global Insolvencies: historical lows, historical highs and a softening global tempo**

In 2014, business insolvencies have confirmed their expected downside trend. The total number of insolvencies in our sample of 42 countries should register a decline of -4%, with roughly 335,200 bankruptcies over the course of the year. More significantly, our Global Insolvency Index , which factors in the heterogeneity of

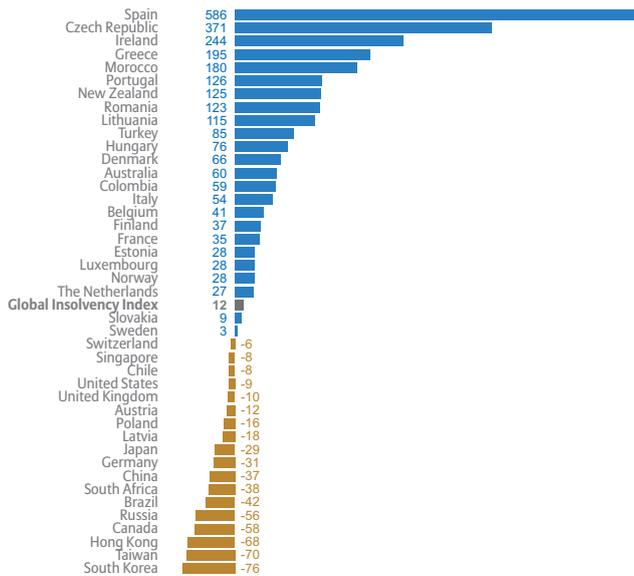
national statistics and business environments, and the weights of each country, should finally register a drop of -12% (after -2% in 2013). By doing so, our Global Insolvencies Index will post the strongest improvement in recent years, marking 5 years of continuous decline and a significant recovery since 2009 (-23%). Nevertheless, this is not sufficient enough to erase the surge in insolvencies registered during the 2008/2009 crisis (+54% between 2007 and 2009). The global statistics mask huge differences between private sectors around the globe; 6 out of 10 sample countries will register a drop in insol-

24 countries

will have more insolvencies in 2015 than the pre-crisis average (2003-2007)



## Insolvencies in a post-crisis world (2014 level versus 2003-2007 average, in %)



Sources: national figures, Euler Hermes forecasts

### Global Insolvency Index

is the weighted sum of national indices, each country being weighted by the share of its GDP within the countries used in the sample (42 countries representing 83% of global GDP in 2014). National indices are based upon national sources and Euler Hermes internal data on insolvencies, using a base of 100 in 2000.

- vencies, meaning that 4 out of 10 will record an increase or stabilization. More often than not most of the highest drops are observed in countries that have been previously seen the highest increases in insolvencies.

For 2015, the macroeconomic and financial context remains conducive to a further decrease in business insolvencies worldwide, with a slightly higher number of countries posting a decline (+2 countries to 26). However, this will be to a lesser extent (-3%) and still uneven. Regionally, the unbalanced drop in insolvencies is

expected to: (i) diminish gradually reaching -6% in 2015 in North America (after -14% en 2014); (ii) decelerate in Western Europe (from -14% in 2014 to -3% in 2015) and in Central and Eastern Europe (-2% in 2015, after -7% in 2014) ; and (iii) hit pause in Asia Pacific (0% in 2015 after -9% in 2014). Conversely, bankruptcies will rebound in Latin America (+9% for 2015).

The challenge is to distinguish today's risky countries from strong countries with higher risks of weakening. In this respect, here are the five groups of countries that should be monitored separately:

#### GROUP 1

Countries with insolvencies at a (record) low level, but with factors limiting insolvencies that may not continued be extrapolated: U.S., Canada, UK, Japan, South Korea, Taiwan, South Africa, and to a lesser extent Sweden.

#### GROUP 2

Countries with insolvencies at a (record) low level in 2014, but expected in rebound in 2015: Germany, Austria and Hong Kong.

#### GROUP 3

Countries with (huge) progress but where risks are still very present, because the decreases in insolvencies take place after major surges: Denmark, Ireland, Lithuania, the Netherlands, Portugal, Spain, Turkey and to a lesser extent Switzerland; or because a rebound is expected in 2015: Belgium and Luxembourg

#### GROUP 4

Countries with a (record) high level of insolvencies and are struggling to stabilize: France, Italy, Finland, Greece, Norway, Hungary, Czech Republic, Slovakia, Romania and Morocco.

#### GROUP 5

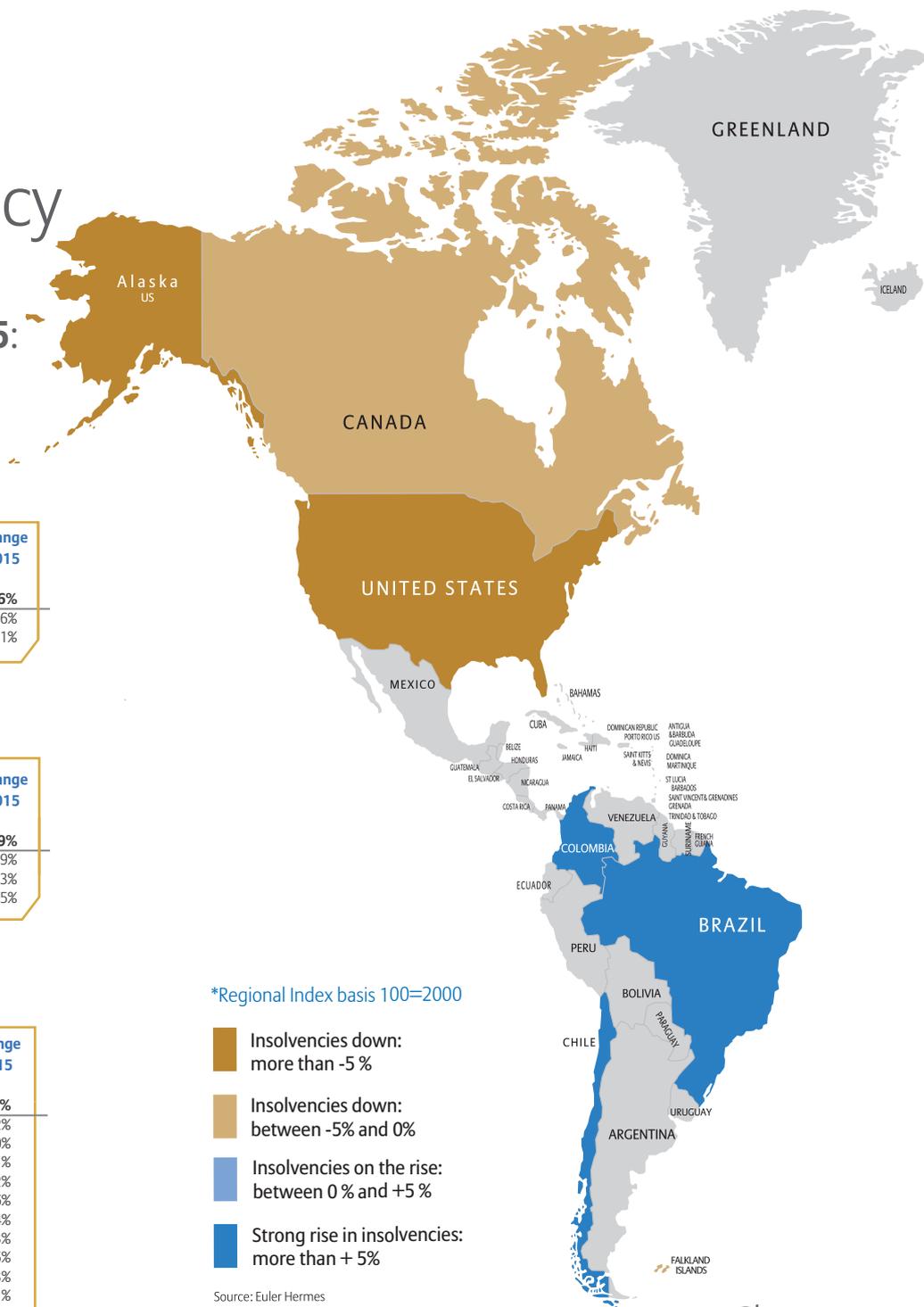
Emerging economies already facing uncertainties or a deteriorating trend: China, Russia, Brazil, Chile, Colombia and Poland. ■



# Business Insolvency Outlook

**FORECASTS  
2015**

Global  
insolvency  
index  
Change in 2015:  
**-3%**



## North America

	2013		Change 2014	Change 2015
	Number	Change		
<b>Regional Index*</b>	<b>87</b>	<b>-17%</b>	<b>-14%</b>	<b>-6%</b>
United States	33,212	-17%	-15%	-6%
Canada	3,187	-2%	-1%	-1%

## Latin America

	2013		Change 2014	Change 2015
	Number	Change		
<b>Regional Index*</b>	<b>47</b>	<b>14%</b>	<b>-1%</b>	<b>9%</b>
Brazil	1,680	12%	4%	9%
Colombia	352	21%	-15%	13%
Chile	143	11%	3%	5%

## Western Europe

	2013		Change 2014	Change 2015
	Number	Change		
<b>Regional Index*</b>	<b>211</b>	<b>5%</b>	<b>-14%</b>	<b>-3%</b>
Germany	25,995	-8%	-6%	2%
France	62,848	3%	1%	0%
United Kingdom	25,462	-15%	-5%	-1%
Italy	14,086	12%	10%	-2%
Spain	8,903	14%	-27%	-6%
The Netherlands	9,431	13%	-18%	-4%
Switzerland	4,570	1%	-5%	-3%
Sweden	7,701	3%	-8%	-5%
Norway	4,564	20%	6%	-3%
Belgium	11,740	11%	-7%	1%
Austria	5,459	-10%	3%	3%
Denmark	4,993	-8%	-20%	-10%
Finland	3,702	7%	0%	2%
Greece	1,540	10%	3%	-4%
Portugal	6,030	-10%	-23%	-7%
Ireland	1,365	-19%	-9%	-5%
Luxembourg	1,049	0%	-20%	5%

\*Regional Index basis 100=2000

- Insolvencies down:  
more than -5%
- Insolvencies down:  
between -5% and 0%
- Insolvencies on the rise:  
between 0% and +5%
- Strong rise in insolvencies:  
more than +5%

Source: Euler Hermes

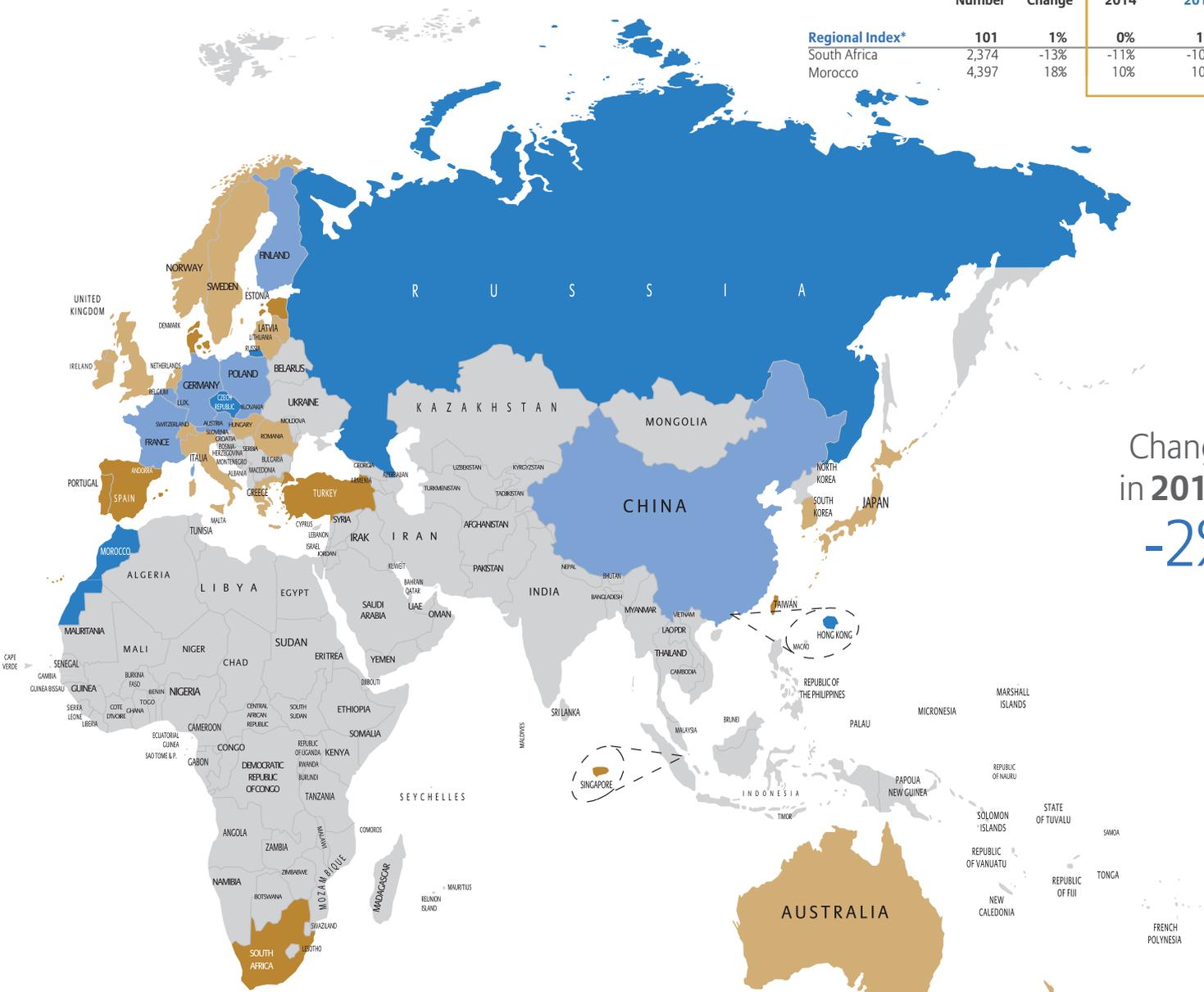
Change  
in 2014:  
**-12%**

# worldwide in 2015

## Africa & Middle East

	2013		Change 2014	Change 2015
	Number	Change		
<b>Regional Index*</b>	<b>101</b>	<b>1%</b>	<b>0%</b>	<b>1%</b>
South Africa	2,374	-13%	-11%	-10%
Morocco	4,397	18%	10%	10%

Change in 2013: **-2%**



## Central & Eastern Europe

	2013		Change 2014	Change 2015
	Number	Change		
<b>Regional Index*</b>	<b>265</b>	<b>4%</b>	<b>-7%</b>	<b>-2%</b>
Russia	8,983	-13%	7%	10%
Turkey	17,400	8%	-12%	-5%
Poland	926	-2%	-10%	1%
Czech Republic	5,902	57%	10%	8%
Romania	29,997	1%	5%	-1%
Hungary	13,420	-40%	12%	-4%
Slovakia	1,321	25%	6%	4%
Lithuania	1,552	11%	-4%	-4%
Latvia	820	-7%	7%	-3%
Estonia	459	-7%	5%	-6%

## Asia Pacific

	2013		Change 2014	Change 2015
	Number	Change		
<b>Regional Index*</b>	<b>67</b>	<b>-4%</b>	<b>-9%</b>	<b>0%</b>
China	2,555	-4%	0%	5%
Japan	10,855	-10%	-8%	-2%
Australia	8,124	3%	-17%	-1%
South Korea	1,001	-18%	-15%	-4%
Taiwan	209	-18%	-14%	-6%
Singapore	126	-17%	25%	-6%
Hong Kong	274	-12%	0%	5%
New Zealand	373	-14%	-9%	-4%

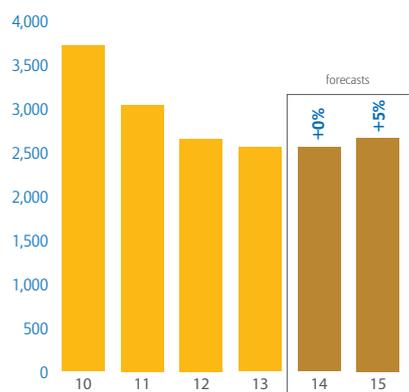
# China

## Cracks in the *Great Wall*

# +7 days

Expected increase  
in Chinese DSO  
in 2014

Corporate insolvencies  
(2010-2015)



Sources: China Court, Sinotrust, Euler Hermes

### Chinese GDP growth is expected to decelerate to +7.4% in 2014 and +7.3% in 2015

Government efforts to rebalance growth away from investment toward consumption are underway. Investment is expected to slow down reflecting the tightening of lending rules to limit shadow bank activities, overcapacity issues in the property market and more fiscal discipline for local governments. Macro-policy will likely support the economy in the short term, serving to avoid a sharp deceleration in activity. This includes targeted fiscal stimulus (tax cuts for SMEs, tax rebates for exporters) and targeted monetary easing (lower cost of credit for SMEs and rural companies). Exports will likely act as a cushion with an increase of USD300 bn in 2014-15 benefitting from rising global demand.

### Insolvencies to stabilize in 2014 and increase in 2015

Following 4 years of consecutive decline, the total number of insolvencies has been stable since 2012. In 2014, Euler Hermes expects the total number of insolvencies to continue to stay at a decade-low level (2,555 cases). However, the official statistics probably mask the true picture and this trend may be worse in reality. Insolvency procedures in PRC jurisdiction are complicated and expensive, so a significant number of Chinese enterprises find alternative solutions to avoid filing for bankruptcy. Given the issues that the Chinese economy is facing right now, EH expects to see a +5% increase in total number of insolvencies in 2015.

### Indeed, Chinese companies tend to use longer payment terms to finance their working capital requirement

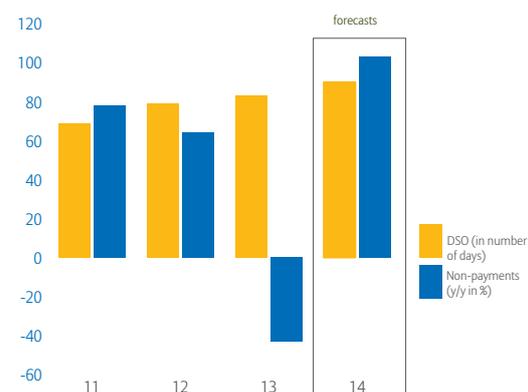
Chinese DSO is underperforming, despite the improvement as a whole in other emerging economies. In 2011, Chinese DSO was roughly the same as our panel average at 69 days. Four years later, China is expected to be around 90 days, namely 15 days higher than the global panel average. The explanation likely lies in the strong new credit restrictions which are part of the government's effort to curb shadow banking. It appears that the ICT and Industrial goods sectors in China have suffered the most from lengthening payment terms. Their global DSO rose by 1.5 times between 2007 and H1 2014,

at the end of this year it will exceed four-months. The increase in late payments compounds the situation, raising the amount of DSO as a whole.

### As a result, non-payments are expected to increase sharply by +103% in 2014

Deteriorating payment terms are unsurprisingly impacting companies' ability to fulfil commitments. The sectors suffering most from the increase of non-payments are Food (+473%), Chemicals (+214%) and Electronics (+54%). Although past dues in China have declined in 2014 (-22%), their frequency has been 33% higher than non-payments', with significant deterioration for Construction (+36%). Electronics is traditionally the Chinese flagship, but is showing loss of impetus with a +10% increase in past dues. The Chinese market is undeniably presenting warning signals at every level, from macro to micro, and requires close monitoring in 2015.

DSO and non-payments  
(2011-2014)



Sources: Bloomberg, Euler Hermes

# Russia

## Prepare for the worst, hope for the best

# +10%

Expected insolvencies in 2015

### Geopolitics interferes with economic performance

Tensions with the West over the conflict in Ukraine, including sanctions and counter-sanctions, have taken a heavy toll on the economy. Against the background of strong capital outflows, an accelerating depreciation of the RUB (down 30% against the USD year-to-date), increasing borrowing costs for Russian companies, reduced trade with the West and rising inflation (reaching a 39-month peak of 8.4% y/y in October), economic activity is likely to decline markedly in H2 after +0.8% growth in H1. Sharply falling global oil prices since mid-2014 add to problems as the budget balance will deteriorate, leaving less room for fiscal stimulus. Euler Hermes expects full-year GDP to contract by -0.6% in 2014,

followed by modest growth of +0.5% in 2015. Risks to this forecast are firmly on the downside, especially as further sanctions could derail the economy even more.

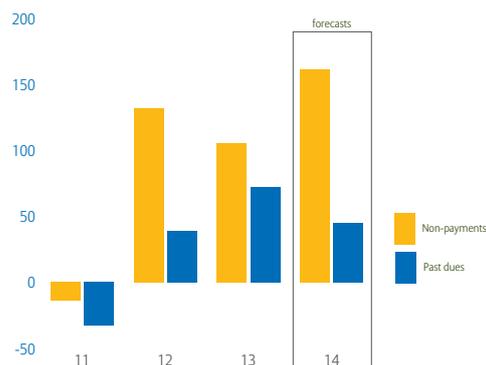
### Company longevity is threatened by economic difficulties

2013 final insolvency figures were revised upward to almost 9,000 cases instead of 8,100 cases, meaning that total number of insolvencies decreased by -13% instead of -22%. This year, the positive dynamic started in 2013 will not repeat itself. Based on the latest available insolvency statistics, Euler Hermes expects to see 9,600 cases (+7%) in 2014. Partly, the negative trend is due to ongoing crisis in the Russian tourism industry, which has already provoked pay outs of more than 90 million USD by Russian insurers according to Rossiyskaya Gazeta. EH expects this negative trend to continue in 2015 (+10%).

### Russia succeeded in maintaining short payment terms

Contrary to China, Russia kept DSO under a two-month period (55 days on average), even if it worsened overall when compared to the 2007 level of around 40 days. As a result, DSO remains below the global panel average. In 2007, it was around 30 days below the worldwide average, while in 2010 Russian DSO was 15 days under the average DSO of our global panel.

### Non-payments and past dues (2011-2014, y/y%)



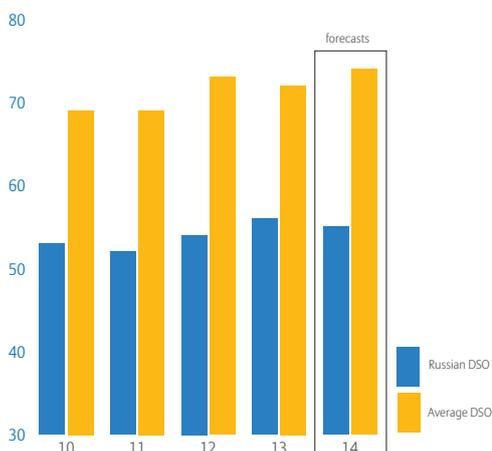
Source: Euler Hermes

In 2014, we expect it to be around 20 days lower than the DSO of our global panel. Russian listed companies are seeking to improve their management skills and payment reputation in order to gain favour in the eyes of businesses abroad, especially from potential investors required for new financing. A focus on Russian sectors shows that Chemicals and ICT perform very well in terms of DSO (scoring less than one month) as opposed to the health sector, which suffers from lengthening DSO (+40% since 2007).

### Tough year ahead for non-payments and past dues

Payment incidents have been increasing, especially unpaid debts, which have experienced triple digit growth since 2012, reaching their peak at +161% this year. Meanwhile, past dues recorded a mere +45% increase. The deteriorated environment in 2014 explains this unfortunate performance and foretells a tough year ahead. Food and Retail, bearing the largest number of payment incidents, reports respectively +42% and +63% of past dues and +107% and +264% for non-payments. These are likely to continue over 2015 as a result of the ban on agri-food imports and their consequences on retailing activities, whose volumes will undoubtedly suffer.

### Average DSO evolution (2010-2014, in number of days)



Sources: Bloomberg, Euler Hermes

# Germany

## All clear! So far...

# -1.7%

Decrease in operating profit of German companies in 2014

### Internal and external factors threaten German wealth

Following very strong real GDP growth of +0.7% q/q in Q1, the economy has lost momentum as reflected in the -0.2% q/q GDP contraction in Q2 as well as in monthly figures for industrial production and economic sentiment indicators for H2. The sharp slowdown was partly due to a mild winter which led to considerable frontloading of construction activity in Q1, but is also a result of modest external demand stemming from the weaker-than-expected recovery in major Eurozone trading partners as well

as reduced trade activity with Russia. Going forward, domestic demand is likely to remain solid while any potential recovery of external demand will be moderate. Euler Hermes expects full-year real GDP growth of +1.4% in 2014 and +1.2% in 2015, with ongoing geopolitical tensions posing some downside risk to this outlook.

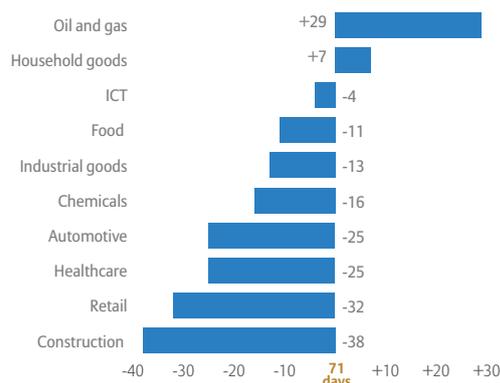
### Increased cost of insolvencies casts doubt on the presumed respite of business failures

The total number of insolvencies is forecasted to decrease in 2014 (-6%) to 24,490 cases, the lowest level since 2000. However, the increase in the amount of legacy liabilities is alarming (to 1.3 million euros per bankruptcy in average in 2014 compared to 0.8 million euros in 2008). Another worrying trend in 2014 is the halt in the growth in operating profits of German businesses that started in 2012, leading to a plunge of profit expectations in major German industries (Automobile, Electronics, Machinery and Chemicals). In 2015, Euler Hermes expects to see a +2% increase in the total number of insolvencies.

### DSO has not been as low as expected in Germany

On average, DSO in Germany remains underneath that of our

Average DSO by sector in 2014  
(Spread to the national average)



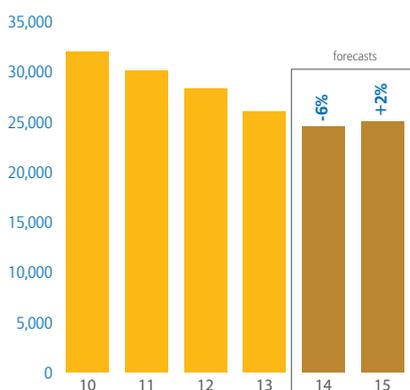
Sources: Bloomberg, Euler Hermes

global panel by a tiny two-day margin. By sector, Germany succeeds in maintaining DSO under a two-month level in all sectors except ICT and Oil & Gas. Close business ties between Russia and Germany related to the energy sector might provide an explanation. This year things may be about to change, as the average DSO in Germany is expected to rise by nearly 10 days in 2014. The growing DSO might reflect the underrated risks posed by the ongoing European slump.

### Payment reputation is upheld by satisfactory payment indicators

Between 2013 and 2014 past dues nearly halved, with the blue ribbon being granted to Construction (-48%). Simultaneously, non-payments have decreased by -21%, driven by a decrease in Construction, Metals and Household Equipment, the three being interdependent. However, this hard earned performance may hide an underlying threat. After four years of continuously raising the bar, certain sectors such as paper or transport have reached their limit and are now experiencing a reversal trend, with the number of non-payments increasing by +9% and +8% respectively.

Corporate insolvencies (2010-2015)



Sources: DeStatis, Euler Hermes

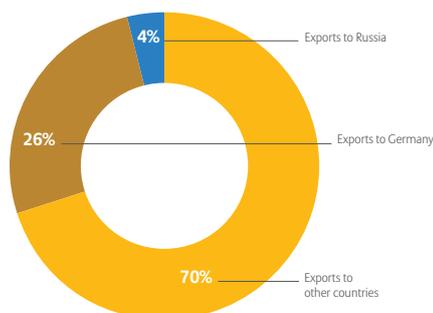
# Poland

## Between a rock and a hard place

# USD13bn

Polish exports to Germany and Russia at-risk in 2015

Polish exports in 2013



Sources: ITC, Euler Hermes

### The star performer among the large EU economies posted strong growth of +3.4% y/y in H1 2014

This was driven by soaring fixed investment (+14.8% y/y) and a large positive contribution of inventories (+0.8pps). Private and public consumption also grew (+2.7% and +0.7% y/y, respectively) while net exports subtracted -0.5pps from H1 growth as the increase in exports (+6.7% y/y) was outpaced by imports (+8.4% y/y). However, early indicators for H2 point to a moderation of growth, signaled by slowing expansion of industrial production, construction and retail sales. The Central Bank lowered its policy interest rate in October to support the economy and to fight deflationary pressures (inflation has been negative since July 2014). Euler Hermes forecasts full-year GDP growth to remain robust at about +3% in both 2014 and 2015.

### After a -10% decrease in 2014, insolvencies could increase by +1% in 2015

Fueled by robust economic growth this year, the total number of insolvencies is expected to get down to

830 cases. The overall improvement could have been even better if it were not for the deterioration seen in some sectors in September this year. Notably, the beginning of autumn recorded a sharp increase in insolvencies in the agri-food sector, with 11 companies filing for bankruptcy (4 producers and 7 wholesalers). EH expects the negative trend to continue into 2015 for several reasons. Although, macroeconomic fundamentals are expected to stay solid, the conflict with Russia and the slowdown of the German economy is expected to be painful for Polish exports in 2015. Another possible headwind is the disease identified in pigs this summer, which will certainly result in a slowdown of domestic demand for certain meat products next year. Due to these factors, Euler Hermes expects to see a slight increase in insolvencies in 2015 (+1%).

### Poland has kept control over its DSO

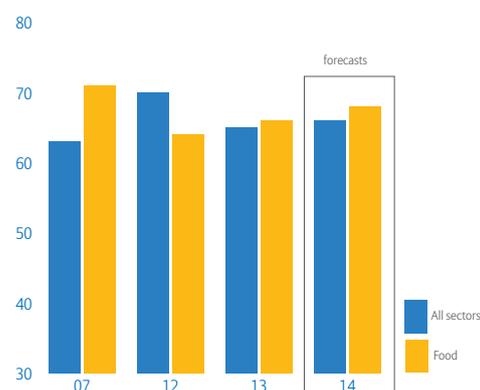
DSO in Poland has consistently been beneath the average of our global panel. In 2012, for example, Polish DSO was a whole 3 days lower. Poland has succeeded in not slipping up since then and is on trend to hit a seven-year low for its DSO at the end of 2014. Two sectors stand out for their contribution in pushing down the average: retail and energy. Poland ensures quick payment for strategic suppliers in these sectors, especially consider-

ing a heavy dependence on Russian gas supply. Its short DSO in the energy sector may stem from its desire to keep the Russian oil & gas flow open.

### Efforts on payment terms paid off in past dues and non-payments

While past due events decreased by -35% (except for Services, the only sector to record growth), non-payments fell by -40%. The exemplary payment behavior towards Russia did not spare Poland from the EU food ban, a key market for Polish agri-food exports. The improvement achieved during the first three quarters of 2014 could be hampered in 2015 by the high volatility of business conditions in Poland and the dampening situation of strategic trading partners; Russia and Germany, whose demand has been slowly decreasing.

Average DSO in Agri-food vs. country average DSO (2012-2014, in number of days)

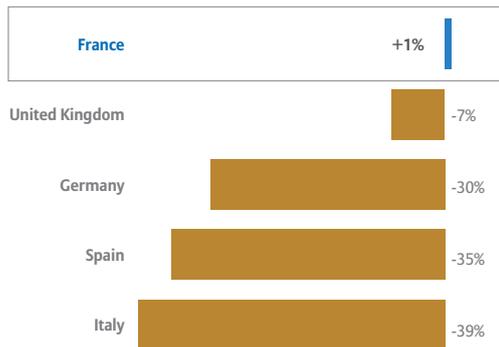


Sources: Bloomberg, Euler Hermes

# France

## Work in progress

Non-payments in Construction (2014/2013, in %)



Source: Euler Hermes

### France continues to stagnate and drags on EU economic recovery

While most of the euro-zone economies are expected to accelerate in 2014, France will most likely repeat last year's growth figure (+0.4%), at best. The government still has a lot of work to do to address chronically high unemployment, lackluster investment and deteriorating competitiveness. Recent measures, such as the Responsibility and Solidarity Pacts, are, however, a step in the right direction. As such, moderating labor costs (even in non-tradable sectors), a lower Euro and rising world trade will benefit French exporters in 2015. In conjunction with a moderate rebound in corporate investment, this should allow French GDP growth to double in 2015, to +0.8%.

**+2 days**  
Expected increase in average DSO in France in 2014

### The sluggish economic background does not help drive down insolvencies

The total number of French companies filing for insolvency procedures has been increasing since 2012, despite improvement in 2010 and 2011. The cumulative figures in the 12-months leading up to September 2014 reveal a new high of insolvencies since 2009 (63,313 cases). After this negative performance in the first part of the year, the overall figure for 2014 is expected to be marginally higher (+1%) than 2013. Compared to previous years (+2% in 2012 and +3% in 2013), this could mean a deceleration in the growth of total number of insolvencies. Consequently, Euler Hermes forecasts stabilization in 2015.

### Stabilizing insolvencies go hand in hand with an almost stable number of non-payments

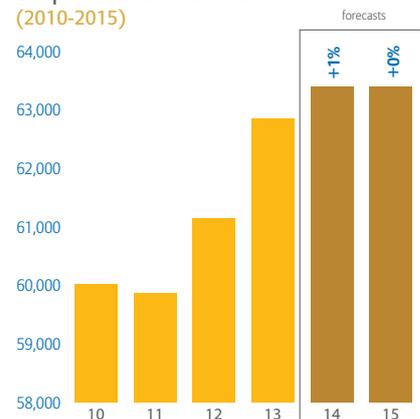
The inertia of the French economy is accurately reflected by the non-payment indicator, neither deteriorating nor improving substantially, standing at a mere +1%. This stabilization is mainly attributable to Textile and Paper having made major progress with -24% and -34% respectively. This apparent peacefulness is fragile with some sectors already showing early warnings. For instance, Metals, Automotive, Transport and IT Services have recorded an average +13% increase in non-payments. Caution is also necessary for Construction. The sector's reporting a +1% increase in non-payments is a striking difference compared to other euro-

zone economies, as even Italy experienced a -39% drop this year. On the other hand, past dues have not remained stable showing a -25% improvement this year. Textile stands out once again posting a record level of improvement in 4 years (-50%).

### Improvement in payment terms has reached its limit

From 2008 and up until now, French companies have been able to consistently negotiate better payment terms with their customers. The Law for Modernization of the Economy, enacted in 2008, has undeniably contributed to this performance. It enabled an improved cash position amongst companies, thanks to lower working capital requirements. However, over the last 2 years the average DSO of listed companies in France has started to loosen up, weighing on company cash situations. In 2014, Euler Hermes expects the DSO figure to climb by 2 days to reach a national average of 83 days.

Corporate insolvencies (2010-2015)



Source: Euler Hermes

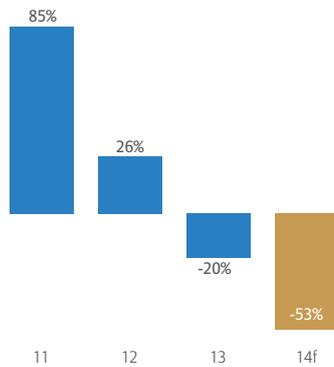
# Italy

## Time for the show

# -26%

Decrease in non-payments in 2014

### Past dues (y/y, in %)



Source: Euler Hermes

### 2015: End of the recession?

Growth is nonetheless expected to remain very weak at +0.3% (after -0.3% in 2014). Exports will expand at a stronger pace in 2015 (+2%) helped by the lower euro, but opportunities could be limited by the slow competitiveness adjustment when compared to peers. Increased confidence by Italians and abroad would help consumption pick up slightly and private investment to stabilize after four years of contraction. The latter will still remain 20% below the Q1 2008 peak. Indeed, the credit crunch remains severe and credit should only stabilize in 2015, helped by ECB measures. Days Sales Outstanding are expected to remain elevated, at 100 days in 2014. Activity continues

to be hindered by weak domestic demand and downside pressures on prices continue to drag on turnover which fell by -2% since the start of the year in the manufacturing sector.

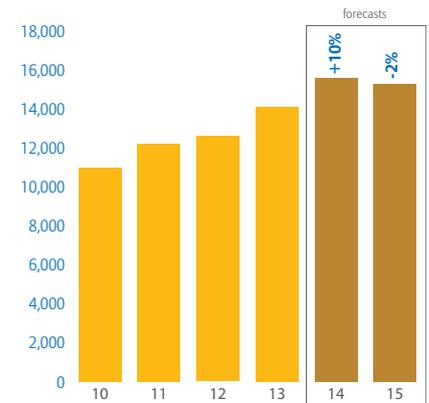
### After a +10% increase in 2014, insolvencies could start to recede

Euler Hermes expects to see 15,600 insolvency cases this year (+10%). The gloomy trend is mostly due to the weak economic environment, which weighs on corporate margins. The country's average operating margin will continue to decline steadily this year (-0.3%). Euler Hermes expects this negative trend to finally end in 2015. The forecast for next year includes a slight decrease in insolvencies (-2%), boosted by the recovery.

### Payment in Italy is traditionally long

Italian DSO falls far behind Europe, exceeding 100 days on average every year. It seems Italian businesses have become accustomed to bearing high DSO, with few Italian sectors managing to keep their

### Corporate Insolvencies (2010-2015)



Sources: Istat, Cerved, Euler Hermes

average below three months. The automotive sector is surprisingly one of them, along with retail and the agri-food sectors (48, 87 and 75 days respectively). The first sector is even below a two-month period; a performance in itself! On the contrary, since the beginning of the decade Chemicals and, more so, Construction and ICT are burdened with the highest levels of DSO. ICT is expected to reach a high of 130 days in 2014.

### Longer DSO do not necessarily imply poor payment behavior

In regards to payment behavior, Italy has achieved a remarkable year in 2014, with past dues and non-payments decreasing by -53% and -26% respectively. Construction, a traditionally difficult sector, even broke the record with a 65% drop in past dues. This performance was achieved in an unfavorable environment – weak domestic demand, difficult access to credit, insufficient business confidence. This may indicate Italy is on the verge of getting back on track, with a healthier business environment.

# The Netherlands

## Dancing to the beat of world trade

**-38%**

Decrease in past dues in 2014

### The Netherlands is slowly exiting two consecutive years of recession

Growth, albeit weak, is predicted to rebound in 2014 (+0.6%) with net exports being the highest contributor to GDP growth (+0.8pp). In 2015, economic activity is expected to gain momentum (+0.9%) on the back of a pick-up in private consumption and stabilizing private investment. Although the outlook for exports has deteriorated lately, given the soft economic momentum in the Netherlands' main European trade partners and the expected recession in Russia, net exports will contribute by +0.3pp to GDP growth in 2015. Yet, GDP growth remains low compared to pre-crisis levels and weak domestic and external demand, on top of downside pressures on prices, will make it complicated for businesses

to growth their topline. Further, the weak state of the banking sector continues to weigh on credit (-3.2% y/y in September).

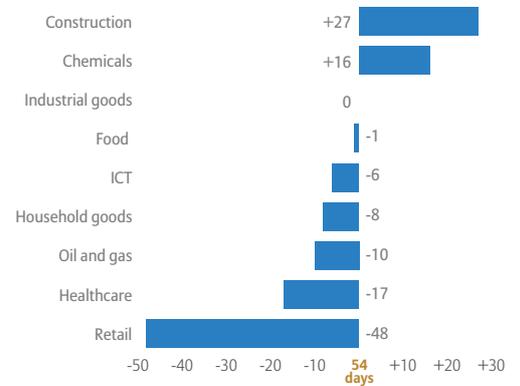
### After record high level of insolvencies last year, 2014 will bear more positive news

Euler Hermes expects the total number of insolvencies to decrease down to 7,690 (-18% in 2014; +27% 2014/2007). The positive improvement is in sync with expected economic recovery. Yet, the good news should be taken with the pinch of salt, the countries strong export orientation is both a strength and a weakness. Going forward, keeping an eye on what is happening in Germany, the Netherlands main trade partner is crucial. If there is no external shock to the economy, Euler Hermes expects to see a continued decrease in insolvencies in 2015 (-4%).

### Good DSO management explains the insolvency trend reversal

The Dutch succeeded in reducing DSO by around 10 days between 2007 and 2014, now tallying 20 days below the average of our global panel. It should be noted that the Netherlands perform particularly well in abiding by terms of payment. No doubt Dutch companies have set strict business rules in making DSO evolve within a solid framework. Additionally, being in the middle of the worldwide value

Average DSO by sector in 2014  
(Spread to the national average)



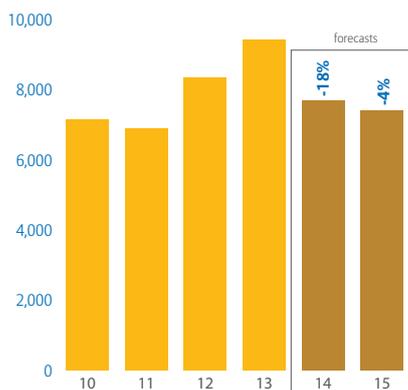
Sources: Bloomberg, Euler Hermes

chain means many sectors are paid faster. When looking at each sector, only one falls short; health sector with DSO (a little) above two-months. In the Netherlands, no other sector posts DSO above 60 days, with the shortest delay attributed to the retail sector at 10 days.

### Computer & Telecom, Textile and Transport sectors to post growth in non-payments

Past dues and non-payments drew back by -38% and -31% respectively. Overall, since 2012, the reduction of non-payments has been faster than that of past dues. This was made possible, despite the listless economy, through good payment terms and a drawback in insolvencies. That being said, a set of outliers must be monitored carefully. Computers & Telecoms, Textiles and Transport sectors have posted a record growth in unpaid debt (non-payments respectively +38%, +15% and +18%). These sectors often lack competitiveness because of heavy fixed costs (expensive raw materials, energy, wages, etc...) and are particularly sensitive to foreign competition.

Corporate Insolvencies (2010-2015)



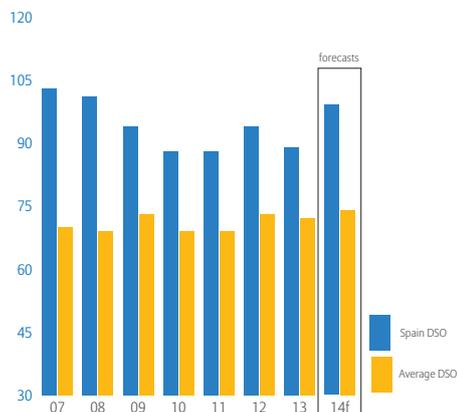
Source: Euler Hermes

# Spain

## It is not time to let up

**-6%**  
Decrease in expected insolvencies in 2015

DSO evolution for Spain and average (2007-2014, in number of days)



Sources: Bloomberg, Euler Hermes

**The Spanish economy is recovering but Euler Hermes does not expect it to accelerate significantly in 2015**

Nevertheless, less austere fiscal policy and a continued strengthening of investment should support growth, while private consumption should moderate as consumer confidence softens. Export growth will be capped by the subdued outlook of Spain's main trading partners. Euler Hermes expects Spain to grow by +1.2% in 2014 and by +1.3% in 2015. Several bottlenecks persist and prevent real acceleration of activity. Notably, deflationary pressures are still very strong and financing conditions for corpora-

tions are stretched. Moreover, interest rates on banking loans remain relatively high despite the cuts in the key rate of the ECB. The current political risk related to Catalonia's independence needs to be reduced if Spain wants to retrieve a growth pace firmly above 1% in the medium-term.

**2014 marks a turning point with a first decrease in insolvencies in 4 years**

Euler Hermes expects to see insolvencies fall to 6,500 cases in 2014 (-27%). However, there is a spoon of tar in the barrel of honey. The number of insolvencies remains far above the pre-crisis levels (close to 1,000 cases) or above the start of the crisis in 2008 (less than 3,000 cases). What is more, the uncertainty surrounding Spain's main trading partners (France and Germany account for more than 30% of Spanish exports) is adding doubt about next year's performance. EH expects insolvencies to continue to improve in 2015, but at a slower pace (-6%).

**Hard work successfully reduced DSO, but it is not settled yet**

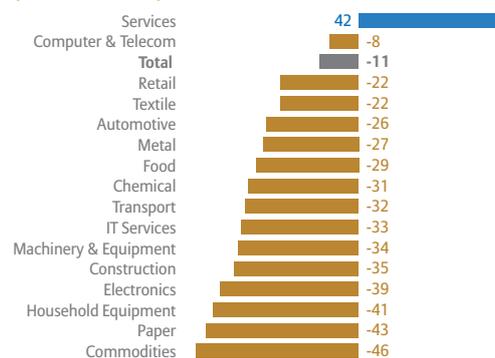
Spain has succeeded in reducing its global DSO by around 10 days

since 2007, despite having suffered greatly from the 2009 crisis. As the Spanish economy seems closer to being back on track, its DSO has started loosening up. We expect it to be close to 100 days in 2014. The blame is to be taken by Construction and Industrial goods, the latter having increased by 13 days in 2014. The outlook is not positive, especially considering lagging Eurozone growth.

**Continued increase in non-payments in Services is the scars of the 2009 crisis**

After a terrible year in 2012 (having experienced a fivefold increase in past dues, +52% in non-payments) and lackluster 2013 performance, figures are finally reporting a long-awaited improvement. Past dues nearly halved, by -44%, mostly thanks to Retail and Food sectors. In parallel, non-payment reduced by -11%, with all sectors reporting improvement except Services, for which special care is still required (+42% in non-payments). Apart from services, this generally satisfactory performance is expected to continue in 2015, supporting the forecast drawback in bankruptcies.

Non-payments by sector (2014/2013, in %)



Source: Euler Hermes

# United Kingdom

## Keeping faith

**The United Kingdom will remain the fastest growing Western European economy in 2015**

Growth is expected to slow to +2.5% after +3.0% in 2014. Private consumption will remain one of the main drivers of growth, supported by an adjustment in savings and the ongoing labor market recovery, with unemployment rate expected to reach 5.8% in 2015. Activity in the services sector is likely to remain strong as suggested by the business confidence surveys. Interest rates will normally stay at record low levels until Q2 2015 given low inflation and subdued wages growth. Firms' fiscal pressure is significantly less high when compared to peers and the corporate tax rate will be again lowered in April 2015 by 1pp to 20%, the lowest level in the G-20. However, profitability is still fragile with margins down 3pp since 2007 and pro-

ductivity continues to fall in the manufacturing sector.

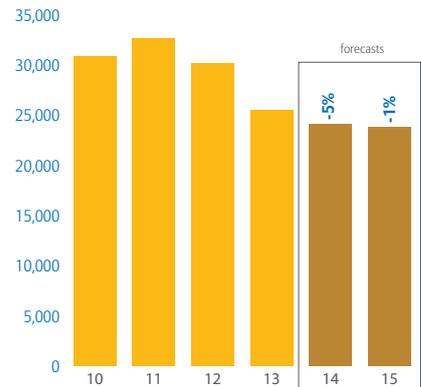
**In 2014 Euler Hermes expects the total number of insolvencies to fall to 24,100 cases (-5%)**

The positive dynamics in recent years is not surprising given Britain's rapid economic recovery. However, in 2015 EH expects the improvement to slow down to -1% for several reasons. The country is also likely to be affected by external factors, such as economic woes of France and Germany, its major trading partners. What is more, insolvencies in UK are down to the 2007 level, reinforcing the idea that the insolvency figures are likely to hit a plateau in 2015.

**DSO up by 5 days in 2014**

Having remained 7 days below that of our global panel by in 2007 and improving to 16 days below in 2012, the UK rode the wave of economic recovery and managed to keep control of its average DSO. But, as the economy has gotten back on track, British companies now allow more time in payment terms, which is why Euler Hermes expects the British DSO to be at 65 days in 2014 (+18% from 2013). However, the United Kingdom will

**Corporate Insolvencies (2010-2015)**



Sources: DTI, Euler Hermes

manage to stay under the global average (of 74 days in 2014). Caution should be taken in certain industrial sectors to not loosen up too much. According to our forecast, the health sector may see its DSO rise by 20 days in 2014 due to severe reorganization within its public health insurance scheme, the NHSD. The ICT sector is also to be monitored, as its DSO may be up by 13 days over the ongoing year.

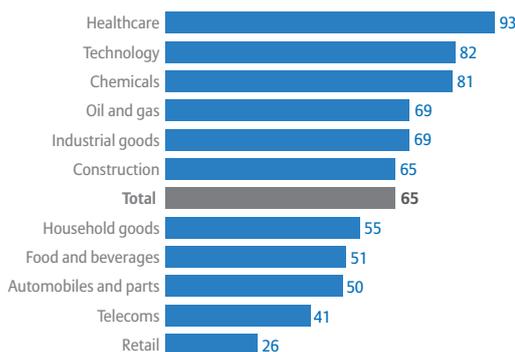
**Fewer past dues but beware of pockets of payment risk**

Cashing in on a sound business environment and positive GDP prospects, the United Kingdom has experienced its fourth consecutive year of decline in past dues. The indicator reports -34% on average, from -16% for Paper and, at the top, -49% in the Electronic segment. Companies' margins remain fragile and still require careful management, especially in the automotive sector. Although this sector fared best among European countries, even experiencing strong momentum, it reports a +38% increase of non-payments. This could be caused by a strained cash position in light of additional business activity, but in any case, requires monitoring in 2015.

**+2.5%**

Expected GDP growth in 2015

**Average DSO by sector in 2014 (in %)**



Sources: Bloomberg, Euler Hermes

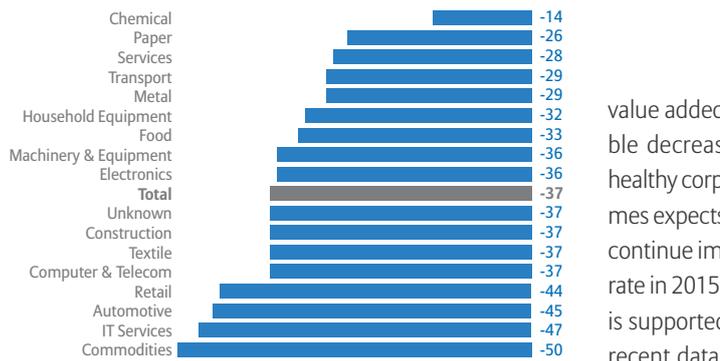
# United States

## Inch by inch

# 28,350

Registered insolvencies  
in 2014

Past dues by sector in 2014  
(2014/2013, in %)



Source: Euler Hermes

### The U.S. economy has continued to send positive signals this year

Unemployment was down to 5.9% in September and the 2014 GDP growth forecast is +2.1%. The dynamics seem to have created a positive environment for the end of the U.S. Federal Reserve's quantitative easing program however there is trouble beneath the surface. The average real hourly wage in the U.S. declined in the first part of 2014 and housing market data is still disappointing. EH expects the U.S. economy to grow by +2.6% in 2015.

### The number of companies filing for bankruptcy has been dwindling since 2010

Continuing the trend in 2014, the total number of insolvencies is expected to drop by -14% down to 28,350 cases, the lowest level since 2009. Corporate profit margins have reached a new high in nominal terms and have fully recovered to the pre-crisis levels (10% of gross

value added). Considering the stable decrease in insolvencies and healthy corporate profits, Euler Hermes expects insolvencies figures to continue improving but at a slower rate in 2015 (-6%). This expectation is supported by the analysis of the recent data of payment incidents.

### The past dues have decreased unevenly

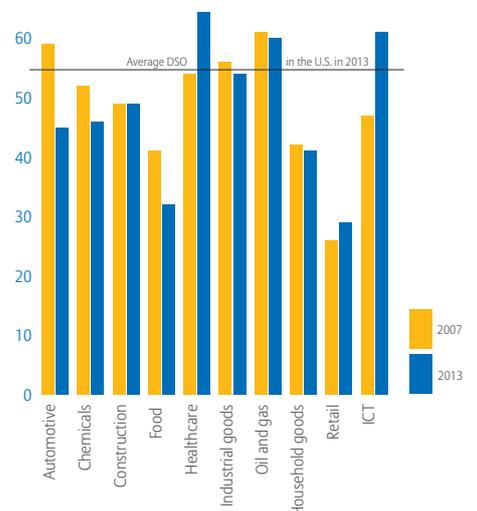
The number of payment incidents recorded is at its lowest level in four years. Supported by a favorable economic and business environment, the U.S. has succeeded in decreasing past dues by -37% this year. Sectors have positively contributed to this performance. However, Chemicals, Paper and Metal have seen past dues declined less than other sectors (-14%, -26% and -29%). Automotive sector is also raising concerns. Although, in October the industry registered a record high since 2004 with 1.27 million vehicles sold, there was a simultaneous increase of non-payments (+32%). 2015 prospects are definitely encouraging, but this does not exclude a certain degree of risk.

### Higher-than-average DSO in Health and ICT: the end of a bubble?

The U.S. succeeds in keeping its global DSO at the steady level of 55 days a year over time, i.e. 15 days

on average below the DSO of our global panel. Euler Hermes expects American DSO to maintain its previous level once again for 2014, no small feat considering its stability over such long a period. In 2013, two sectors experienced longer than the average DSO, Health (69 days) and ICT (64 days). The elevated DSO in the American health-care industry might be a sign of ongoing adjustment of the industry to the medical care reform enacted in 2010.

Average DSO by sector  
(2013/2007, in number of days)



Sources: Bloomberg, Euler Hermes

## ANNEX

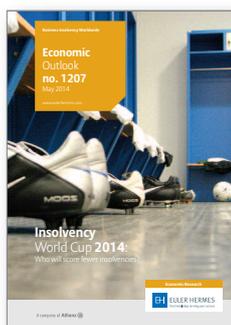
# Major insolvencies worldwide in 2014\*

SOURCE:  
EULER HERMES

Date	Country	Company	Last known turnover (in EUR millions)	Activity
OCTOBER	Taiwan	Wintek Corporation	1 910	Manufacture of consumer electronics
	South Korea	Moneual Inc.	910	Manufacture of consumer electronics
	South Korea	Ultra Construction & Engineering Co.,Ltd	450	Construction of residential and non-residential buildings
	United States	Endeavour International Corporation	266	Extraction of crude petroleum
	United States	Gt Advanced Technologies Inc.	235	Manufacture of electronic components and boards
	Netherlands	Nedstaal B.V.	98	Manufacture of basic iron and steel and of ferro-alloys
	Czech Republic	Tatra, A.S.	71	Manufacture of motor vehicles
	Netherlands	Halfords	65	Retail sale of other goods in specialised stores
	Italy	Migliore S.P.A.	64	Retail sale in non-specialised stores
	Netherlands	Brema-Air li B.V.	35	Manufacture of products of wood, cork, straw and plaiting materials
	Poland	Spółdzielcza Kasa Oszczędnościowo-Kredytowa Wspólnota	26	Other financial service activities, except insurance and pension funding
	Russia	Paraman Ooo	3	Wholesale of household goods
	Russia	Ehnergomash Zao	2	Manufacture of steam generators, except central heating hot water boilers
	SEPTEMBER	South Africa	Apollo Tyres Africa	n.a.
Ireland		Fosset Brothers Circus Limited	n.a.	Amusement and recreation activities
United States		Nll Holdings, Inc.	3 754	Wireless telecommunications activities
United Kingdom		Phones 4U Limited	1 205	Retail sale of information and communication equipment
China		Zhongjie Holding Company	709	Manufacture of domestic appliances
Netherlands		Swets	550	Trusts, funds and similar financial entities
South Africa		Ellerine Furnishers	307	Retail sale of other household equipment in specialised stores
United Kingdom		Mcarthur Group Limited	94	Wholesale of other machinery, equipment and supplies
Romania		Elit Srl	87	Processing and preserving of meat and production of meat products
Poland		Elektrotechnika "Mors" S.Z.O. Odp.	67	Non-specialised wholesale trade
New Zealand		Postie Plus Group Ltd	58	Retail sale of other goods in specialised stores
Netherlands		Van Hattem Vlees B.V.	46	Manufacture of beverages
Poland		Pol-Dróg Pila S.Z.O. Odp.	36	Construction of roads and railways
AUGUST		Sweden	Byggentreprenör M. Sundström Aktiebolag	22
	Sweden	Ga Sverige Ab	20	Wholesale of household goods
	Czech Republic	Unis Steel Cz S.R.O.	19	Specialised wholesale
	Finland	Teljän Kuljetus Oy	18	Freight transport by road and removal services
	Russia	Nvisk Ooo	15	Construction of other civil engineering projects
	Poland	Wojciech Lamperski Przedsiębiorstwo Korona	13	Non-specialised wholesale trade
	Canada	U. S. Steel Canada Inc	n.a.	Manufacture of basic iron and steel and of ferro-alloys
	South Korea	Pantech Co Ltd	1 003	Manufacture of communication equipment
	Netherlands	Koops Furness	463	Activities of head offices
	France	Groupe Altia	413	Forging, pressing, stamping and roll-forming of metal
	United States	Eagle Bulk Shipping Inc.	159	Sea and coastal water transport
	Japan	Orches	77	Wholesale of household goods
	France	Smpa	68	Manufacture of plastics products
	Czech Republic	Sky-Soft Spol. S R.O.	23	Advertising
JULY	Portugal	Fagor Lda	20	Manufacture of domestic appliances
	Poland	Pbo "Aniola" S.A.	14	Construction of residential and non-residential buildings
	Poland	Ampli S.A.	13	Non-specialised wholesale trade
	Ireland	William Carr & Sons Limited	7	Fishing
	Russia	Akkord Ooo	1	Non-specialised wholesale trade
	Canada	Martin Ross Group Inc	n.a.	Manufacture of jewellery, bijouterie and related articles
	Russia	Strojtorg Ooo	n.a.	Construction of other civil engineering projects
	Canada	Bombay & Co. Inc	n.a.	Retail sale of other household equipment in specialised stores
	Canada	Benix & Co. Inc	n.a.	Retail sale of other goods in specialised stores
	Canada	Bowring & Co Inc	n.a.	Retail sale of other goods in specialised stores
	Turkey	Mos	n.a.	Specialised wholesale
	Turkey	N-T Grup	n.a.	Manufacture of other special-purpose machinery
	Turkey	Tinarsoy Elektrik Tic. San. Ltd. Sti.	n.a.	Specialised wholesale
	JUNE	China	Chuanwei Group	3 273
Spain		Grupo Condesa	439	Manufacture of tubes, pipes, hollow profiles and related fittings, of steel
Spain		Grupo Ros Casares SI	299	Manufacture of basic iron and steel and of ferro-alloys
United Kingdom		Unipart Automotive Limited	254	Sale of motor vehicle parts and accessories
Mexico		Oceanografia	225	Sea and coastal freight water transport
Netherlands		Estro Groep B.V.	222	Provision of services to the community as a whole
Germany		Hansa Group Ag	180	Wholesale of other machinery, equipment and supplies
Argentina		Rasic Hermanos Sa	177	Animal production
China		Guangdong Smith Home Heavy Industry	99	Manufacture of other products of first processing of steel
Spain		Tubos Y Hierros Industriales Sa	82	Manufacture of tubes, pipes, hollow profiles and related fittings, of steel
France		ATM	76	Manufacture of prepared animal feeds
Italy		Cedis Izzi S.P.A. Centro Distribuzione Organizzata	62	Renting and operating of own or leased real estate
Italy		Costruttori Riuniti Meccanici Italiani S.P.A.	62	Manufacture of structural metal products
JUNE		Czech Republic	Vokd, A.S.	57
	Hungary	Budafer Zrt.	47	Specialised wholesale
	Czech Republic	Plynostav - Regulace Plynu, A.S.	44	Construction of utility projects
	Sweden	Kentaro Ab	32	Professional, scientific and technical activities n.e.c.
	Ireland	Dan Morrissey (Ir) Limited	26	Demolition and site preparation
	Sweden	Aktiebolaget Wahlquists Verkstäder	21	Manufacture of other general-purpose machinery
	Australia	Focus Press Pty Ltd	20	Manufacture of articles of paper and paperboard
	Portugal	Faiart S.A.	20	Manufacture of other porcelain and ceramic products
	Romania	Selina Srl	16	Construction of roads and railways
	Russia	Astoriya-Grupp Zao	0	Financial service activities, except insurance and pension funding
	Russia	Specfinans Ooo	n.a.	Non-specialised wholesale trade
	Turkey	Guleryuzler	n.a.	Construction of residential and non-residential buildings
	Mexico	Desarrolladora Homex	1 075	Construction of residential and non-residential buildings
	France	Groupe Fly Atlas	717	Retail sale of other household equipment in specialised stores
Romania	Planoil Srl	138	Retail sale of automotive fuel in specialised stores	
Canada	Veris Gold Corp	156	Mining and quarrying n.e.c.	
Netherlands	Neckermann	106	Retail trade not in stores, stalls or markets	
France	Commodities And Products Industries	76	Non-specialised wholesale trade	
South Korea	Chonhaiji Co.,Ltd	73	Building of ships and boats	
Italy	Consta Spa	64	Construction of residential and non-residential buildings	
South Korea	Js Chem Corporation	55	Manufacture of paints, varnishes and similar coatings, printing ink and mastics	
Romania	Synergy Invest Srl	45	Renting and operating of own or leased real estate	
Romania	Electrocentrale Galati Sa	44	Electric power generation, transmission and distribution	
Poland	Wroclawskie Przedsiębiorstwo Budownictwa Przemysłowego Nr 2 S.A.	41	Construction of residential and non-residential buildings	
Portugal	Pimenta & Rendeiro S.A.	23	Construction of residential and non-residential buildings	
Finland	Erätukku Oy	21	Non-specialised wholesale trade	
Poland	Wzmms S.Z.O. Odp.	12	Other information service activities	
Russia	Uralkord Zao	3	Manufacture of other products of first processing of steel	
Turkey	Pehlivanoglu	n.a.	Construction of residential and non-residential buildings	
Spain	Arturo Cantoblanco Sa (Group)	n.a.	Event catering and other food service activities	

\* Chronological (non exhaustive, in descending order) of the biggest known insolvencies in terms of annual turnover and identified by Euler Hermes in the first 10 months of 2014 for the following countries: Argentina, Australia, Canada, Chile, China, Colombia, Czech Republic, Finland, France, Germany, Greece, Hungary, Italy, Ireland, Japan, Mexico, Netherlands, New Zealand, Poland, Portugal, Romania, Russia, South Africa, South Korea, Spain, Sweden, Taiwan, Thailand, Turkey, UK and U.S.

Date	Country	Company	Last known turnover (in EUR millions)	Activity	
MAY	Poland	Domex S.Z.O. Odp.	347	Computer programming, consultancy and related activities	
	Japan	Hakugen	235	Manufacture of other chemical products	
	Romania	Vegetal Trading Srl	115	Processing and preserving of meat and production of meat products	
	Romania	Marex Sa	110	Processing and preserving of meat and production of meat products	
	United Kingdom	Solus Garden And Leisure Limited	105	Specialised wholesale	
	France	Societe Nice Matin	97	Publishing of books, periodicals and other publishing activities	
	Greece	Seios Euronicos Hellas S.A.	67	Wholesale of household goods	
	Italy	Predieri Metallii S.R.L.	58	Specialised wholesale	
	Greece	Shelman Wood Product Manufacturers S.A.	47	Support activities to agriculture and post-harvest crop activities	
	Sweden	Reroc Finance Ab	42	Financial service activities, except insurance and pension funding	
	Romania	Pro Meat Fresh Srl	41	Processing and preserving of meat and production of meat products	
	Czech Republic	Příbramská Uzenina A.S.	27	Processing and preserving of meat and production of meat products	
	Finland	Cencei Oy	23	Wholesale of household goods	
	Sweden	Lockarp Försäljning Ab	19	Manufacture of bakery and farinaceous products	
	Russia	Ilekneft' Oao	4	Extraction of crude petroleum	
	Russia	Astrakhan'Regiongaz	n.a.	Specialised wholesale	
	Ireland	Mount Wolsely Hotel, Golf & Country Club	n.a.	Hotels	
	APRIL	United States	Energy Future Holdings Corp	4 650	Electric power generation, transmission and distribution
		United States	Momentive Performance Materials Holdings	1 887	Manufacture of plastics products
Mexico		Corporación Geo	1 090	Construction of residential and non-residential buildings	
United States		James River Coal Company	865	Mining of hard coal	
Czech Republic		Less & Forest S.R.O.	239	Silviculture and other forestry activities	
United States		Genco Shipping & Trading Limited	179	Sea and coastal water transport	
United Kingdom		Sit-Up Limited	164	Retail trade not in stores, stalls or markets	
Canada		Cash Store Financial Services Inc, The	152	Financial service activities, except insurance and pension funding	
Germany		3 Y Logistic Und Projektbetreuung Gmbh	135	Support activities for transportation	
Spain		Alier Sa	92	Manufacture of pulp, paper and paperboard	
South Korea		Namkwang Construction Co.,Ltd.	88	Construction of residential and non-residential buildings	
France		Airwell France Sas	85	Wholesale of other machinery, equipment and supplies	
France		Francaise De Roues	73	Casting of metals	
Spain		Ferroberica Sal	69	Manufacture of structural metal products	
United Kingdom		Paul Simon (London) Limited	64	Retail sale of textiles, clothing, footwear and leather goods in specialised stores	
Italy		Ittiere S.P.A.	60	Manufacture of wearing apparel, except fur apparel	
United Kingdom		Farrise Construction Limited	59	Construction of residential and non-residential buildings	
South Korea		Uni Metal Co., Ltd	51	Manufacture of basic iron and steel and of ferro-alloys	
Argentina		Guido Guidi Sa	49	Sale of motor vehicles	
Greece		Neoset S.A.	42	Manufacture of furniture	
Sweden		Kmw Energi Ab	36	Manufacture of other general-purpose machinery	
Sweden		Blekinge Metall Ab	22	Specialised wholesale	
Finland		Paakkola Conveyors Oy	18	Manufacture of structural metal products	
New Zealand		Christchurch Yarns Nz Ltd	7	Preparation and spinning of textile fibres	
Chile		Pesca Chile Sa	n.a.	Fishing	
MARCH		United States	Usec Inc.	1 029	Mining of non-ferrous metal ores
		France	Ascometal	732	Manufacture of basic iron and steel and of ferro-alloys
	South Korea	Kt Ens Corporation	409	Manufacture of communication equipment	
	Netherlands	Pouw Automotive Groep	386	Activities of holding companies	
	Germany	Kunststoff-Technik Scherer & Trier Gmbh & Co. Kg	238	Manufacture of plastics products	
	Netherlands	Kruidentier Groep B.V.	228	Non-specialised wholesale trade	
	Germany	Rena Gmbh	228	Manufacture of other general-purpose machinery	
	United Kingdom	Albemarle & Bond Holdings Plc	147	Retail trade not in stores, stalls or markets	
	Spain	Celaya Empananza Y Galdos Sa	123	Manufacture of batteries and accumulators	
	Colombia	Comercializadora Internacional Banacol S.A	117	Wholesale of agricultural raw materials and live animals	
	Colombia	Campollo S.A.	103	Animal production	
	Italy	Termosanitari Corradini - S.P.A.	88	Other specialised wholesale	
	Italy	Apomercato S.P.A.	63	Retail sale in non-specialised stores	
	Italy	Satinox Tubi Inox S.P.A.	61	Manufacture of tubes, pipes, hollow profiles and related fittings, of steel	
	South Korea	Kwangsung High-Tech Co.,Ltd.	55	Tanning and dressing of leather	
	Colombia	Agricola El Retiro S.A.	46	Mixed farming	
	Colombia	Energia Integral Andina S.A	40	Electric power generation, transmission and distribution	
	Romania	Agroli Group Srl	33	Wholesale of agricultural raw materials and live animals	
	Finland	Ecostream Oy	24	Specialised wholesale	
	Finland	L&T Recoil Oy	23	Specialised wholesale	
	Finland	Maanrakennusliike Powerman Oy	21	Demolition and site preparation	
	Czech Republic	Moravia Sport Group Spol. S.R. O.	16	Wholesale of household goods	
	Chile	Establecimientos De La Fuente	16	Retail sale of non-food products (including fuel)	
	Portugal	Rui Ribeiro S.A.	14	Construction of residential and non-residential buildings	
	New Zealand	Mediaweb Ltd	n.a.	Publishing of books, periodicals and other publishing activities	
	FEBRUARY	Germany	Wellmann Bauteile Gmbh	300	Manufacture of furniture
		Thailand	Soon Hua Seng Group	296	Support activities to agriculture and post-harvest crop activities
Spain		Grupo Husa	123	Event catering and other food service activities	
France		Groupe Vial	77	Specialised wholesale	
Romania		Avicola Crevedia Sa	72	Mixed farming	
United Kingdom		Jane Norman Limited	64	Retail sale of textiles, clothing, footwear and leather goods in specialised stores	
Italy		Servola S.P.A.	55	Specialised wholesale	
Ireland		Staunton Sports T/A Elversy (In Examinership)	53	Retail sale in non-specialised stores	
United States		First Mariner Bancorp	49	Financial service activities	
Czech Republic		Liberty Cz Group A.S.	28	Wholesale of information and communication equipment	
Ireland		Irish Driver-Harris Company, Limited	27	Wholesale of other machinery, equipment and supplies	
Finland		Tammet Oy	27	Manufacture of other fabricated metal products	
Sweden		Malmströms/Camilla Ab	21	Retail sale of textiles, clothing, footwear and leather goods in specialised stores	
Sweden		Spiritbäcknads Ab	18	Retail sale of other goods in specialised stores	
Colombia		Ci Comergrupp S.A.	17	Wholesale of agricultural raw materials and live animals	
Portugal		Grupo-Gel S.A.	17	Processing and preserving of fish, crustaceans and molluscs	
Portugal		Raplus S.A.	14	Manufacture of basic precious and other non-ferrous metals	
Portugal		M.Coutinho Litoral S.A.	14	Sale of motor vehicles	
Chile		Acuinova Chile S.A.	n.a.	Fishing	
JANUARY		Germany	Verlagsgruppe Weltbild Gmbh	616	Publishing of books, periodicals and other publishing activities
		Netherlands	Heiploeg Holding B.V.	269	Mining of lignite
		Germany	Strauss Innovation Gmbh & Co. Kg	168	Retail sale in non-specialised stores
		Germany	Sggt Maschinen- Und Anlagenbau Gmbh & Co. Kg	164	Treatment and coating of metals
		Netherlands	Rasenbergh Holding B.V.	149	Construction of other civil engineering projects
		Poland	Nomi S.A.kcyjna	112	Retail sale of other goods in specialised stores
		Finland	Fenestra Oy	99	Manufacture of products of wood, cork, straw and plaiting materials
		United Kingdom	Mivan (UK) Limited	76	Construction of residential and non-residential buildings
	Portugal	Évica S.A.	67	Sale of motor vehicles	
	Czech Republic	Nelumbo Spol. S.R.O.	65	Construction of utility projects	
	Portugal	Ponto Fresco S.A.	49	Retail sale of food, beverages and tobacco in specialised stores	
	Finland	Casatino Production Oy	27	Construction of residential and non-residential buildings	
	Portugal	Ficacém S.A.	15	Sale of motor vehicles	
	Chile	Patroll Internacional S.A.	n.a.	Private security activities	



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## Subsidiaries

Registered office:  
Euler Hermes Group  
1, place des Saisons  
92078 Paris La Défense - France  
Phone: +33 (0) 1 84 11 50 50

www.eulerhermes.com

### ► Argentina

Solunion  
Av. Corrientes 299  
C1043AAC CBA,  
Buenos Aires  
Phone: +54 11 4320 9048

### ► Australia

Euler Hermes Australia Pty Ltd  
Level 9, Forecourt Building  
2 Market Street  
Sydney, NSW 2000  
Phone: +61 2 8258 5108

### ► Austria

Acredia Versicherung AG  
Himmelpfortgasse 29  
1010 Vienna  
Phone: +43 5 01 02-1111

Euler Hermes Collections GmbH  
Zweigniederlassung Österreich  
Handelskai 388  
1020 Vienna  
Phone: +43 1 90 227 14000

### ► Bahrain

Please contact United Arab Emirates

### ► Belgium

Euler Hermes Europe SA (NV)  
Avenue des Arts — Kunstlaan, 56  
1000 Brussels  
Phone: +32 2 289 3111

### ► Brazil

Euler Hermes Seguros de Crédito SA  
Avenida Paulista, 2.421 — 3° andar  
Jardim Paulista  
São Paulo / SP 01311-300  
Phone: +55 11 3065 2260

### ► Canada

Euler Hermes North America Insurance  
Company  
1155, René-Lévesque Blvd West  
Bureau 2810  
Montréal Québec H3B 2L2  
Phone: +1 514 876 9656 / +1 877 509 3224

### ► Chile

Solunion  
Av. Isidora Goyenechea, 3520  
Santiago  
Phone: +56 2 2410 5400

### ► China

Euler Hermes Consulting  
(Shanghai) Co., Ltd.  
Unit 2103, Taiping Finance Tower, No. 488  
Middle Yincheng Road, Pudong New Area,  
Shanghai, 200120  
Phone: +86 21 6030 5900

### ► Colombia

Solunion  
Calle 7 Sur No. 42-70  
Edificio Fórum II Piso 8  
Medellin  
Phone: +57 4 444 01 45

### ► Czech Republic

Euler Hermes Europe SA  
organizacni slozka  
Molákova 576/11  
186 00 Prague 8  
Phone: +420 266 109 511

### ► Denmark

Euler Hermes Danmark,  
filial of Euler Hermes Europe SA, Belgien  
Amerika Plads 19  
2100 Copenhagen O  
Phone: +45 88 33 33 88

### ► Estonia

Please contact Finland

### ► Finland

Euler Hermes Europe SA  
Suomen sivuliike  
Mannerheimintie 105  
00280 Helsinki  
Phone: +358 10 850 8500

### ► France

Euler Hermes France SA  
Euler Hermes Collection  
Euler Hermes World Agency  
1, place des Saisons  
F-92048 Paris-La-Défense Cedex  
Phone: +33 1 84 11 50 50

### ► Germany

Euler Hermes Deutschland AG  
Friedensallee 254  
22763 Hamburg  
Phone: +49 40 8834 0

Euler Hermes Aktiengesellschaft  
Gaastraße 27  
22761 Hamburg  
Phone: +49 40 8834 9000

Euler Hermes Collections GmbH  
Zeppelinstr. 48  
14471 Postdam  
Phone: +49 331 27890 000

Euler Hermes Rating GmbH  
Friedensallee 254  
22763 Hamburg  
Phone: +49 40 8 34 640

Euler Hermes Liaison Office at AGCS  
Allianz Global Corporate & Specialty AG  
Fritz-Schäffer-Straße 9  
81737 München  
Phone: +49 89 38 00 12 159

### ► Greece

Euler Hermes Hellas  
Credit Insurance SA  
16 Laodikias Street & 1-3 Nymfeou Street  
Athens Greece 11528  
Phone: +30 210 69 00 000

### ► Hong Kong

Euler Hermes Hong Kong Services Ltd  
Suites 403-11, 4/F  
Cityplaza 4  
12 Taikoo Wan Road  
Island East  
Hong Kong  
Phone: +852 3665 8901

### ► Hungary

Euler Hermes Europe SA  
Magyarországi Fióktelepe  
Euler Hermes Magyar Követeléskezelő Kft.  
(trade debt collection)  
Kiscelli u. 104  
1037 Budapest  
Phone: +36 1 453 9000

### ► India

Euler Hermes India Pvt.Ltd  
5<sup>th</sup> Floor, Vaibhav Chambers  
Opposite Income Tax Office  
Bandra Kurla Complex  
Bandra (East)  
Mumbai 400 051  
Phone: +91 22 6623 2525

### ► Indonesia

PT Asuransi Allianz Utama Indonesia  
Summitmas II. Building, 9<sup>th</sup> Floor  
Jl. Jenderal Sudirman Kav 61-62  
Jakarta 12190  
Phone: +62 21 252 2470 ext. 6100

### ► Ireland

Euler Hermes Ireland  
Allianz House  
Elm Park  
Merriem Road  
Dublin 4  
Phone: +353 (0)1 518 7900

### ► Israel

ICIC  
2, Shenkar Street  
68010 Tel Aviv  
Phone: +97 23 796 2444

### ► Italy

Euler Hermes Europe SA  
Rappresentanza generale per l'Italia  
Via Raffaello Matarazzo, 19  
00139 Rome  
Phone: +39 06 8700 1

### ► Japan

Euler Hermes Deutschland AG,  
Japan Branch  
Kyobashi Nisshoku Bldg, 7<sup>th</sup> floor  
8-7, Kyobashi, 1-chome,  
Chuo-Ku  
Tokyo 104-0031  
Phone: +81 3 35 38 5403

### ► Kuwait

Please contact United Arab Emirates

### ► Latvia

Please contact Sweden

▶ **Lithuania**

Please contact Denmark

▶ **Malaysia**

Euler Hermes Singapore Services Pte Ltd.,  
Malaysia Branch  
Suite 3B-13-7, Level 13, Block 3B  
Plaza Sentral, Jalan Stesen Sentral 5  
50470 Kuala Lumpur  
Phone: +603 2264 8556 (or 8599)

▶ **Mexico**

Solunion  
Torre Polanco  
Mariano Escobedo 476, Piso 15  
Colonia Nueva Anzures  
11590 Mexico D.F.  
Phone: +52 55 52 01 79 00

▶ **Morocco**

Euler Hermes Acmar  
37, bd Abdelatif Ben Kaddour  
20 050 Casablanca  
Phone: +212 5 22 79 03 30

▶ **The Netherlands**

Euler Hermes Nederland  
Pettelaarpark 20  
P.O. Box 70751  
5201CZ's-Hertogenbosch  
Phone: +31 (0) 73 688 99 99 / 0800 385 37 65

Euler Hermes Bonding  
De Entree 67 (Alpha Tower)  
P.O. Box 12473  
1100 AL Amsterdam  
Phone: +31 (0) 20 696 39 41

▶ **New Zealand**

Euler Hermes New Zealand Ltd  
Level 1, 152 Fanshawe Street  
Auckland 1010  
Phone: +64 9 354 2995

▶ **Norway**

Euler Hermes Norge  
Holbergsgate 21  
P.O. Box 6 875  
St. Olavs Plass  
0130 Oslo  
Phone: +47 2 325 60 00

▶ **Oman**

Please contact United Arab Emirates

▶ **Philippines**

Please contact Singapore

▶ **Poland**

Towarzystwo Ubezpieczen  
Euler Hermes SA  
ul. Domaniewska 50 B  
02-672 Warsaw  
Phone: +48 22 363 6363

▶ **Portugal**

COSEC Companhia de Seguro de  
Créditos, S.A.  
Avenida da República, nº 58  
1069-057 Lisbon  
Phone: +351 21 791 3700

▶ **Qatar**

Please contact United Arab Emirates

▶ **Romania**

Euler Hermes Europe SA Bruxelles  
Sucursala Bucuresti  
Str. Petru Maior Nr.6  
Sector 1  
011264 Bucarest  
Phone: +40 21 302 0300

▶ **Russia**

Euler Hermes Credit Management OOO  
Office C08, 4<sup>th</sup> Dobrynskiy per., 8,  
Moscow, 119049  
Phone: +7 495 9812 833 ext. 4000

▶ **Saudi Arabia**

Please contact United Arab Emirates

▶ **Singapore**

Euler Hermes Singapore Services Pte Ltd  
12 Marina View  
#14-01 Asia Square Tower 2  
Singapore 018961  
Phone: +65 6297 8802

▶ **Slovakia**

Euler Hermes Europe SA, poboka  
poist'ovne z ineho clenkeho statu  
2012: Plynárska 7/A  
82109 Bratislava  
Phone: +421 2 582 80 911

▶ **South Africa**

Please contact Italy

▶ **South Korea**

Euler Hermes Hong Kong Services  
Korea Liaison Office  
Rm 1411, 14/F, Sayong  
Platinum Bldg.  
156, Cheokseon-dong,  
Chongro-ku,  
Seoul 110-052  
Phone: +82 2 733 8813

▶ **Spain**

Solunion  
Avda. General Perón, 40  
Edificio Moda Shopping  
Portal C, 3ª planta  
28020 Madrid  
Phone: +34 91 581 34 00

▶ **Sri Lanka**

Please contact Singapore

▶ **Sweden**

Euler Hermes Sverige filial  
Klarabergsviadukten 90  
P.O. Box 729  
101 64 Stockholm  
Phone: +46 8 5551 36 00

▶ **Switzerland**

Euler Hermes Deutschland AG,  
Zweigniederlassung Zürich  
Euler Hermes Reinsurance AG  
Richtiplatz 1  
Postfach  
8304 Wallisellen  
Phone: +41 44 283 65 65  
Phone: +41 44 283 65 85 (Reinsurance)

▶ **Taiwan**

Please contact Hong Kong

▶ **Thailand**

Allianz C.P. General Insurance Co., Ltd  
323 United Center Building  
30<sup>th</sup> Floor  
Silom Road  
Bangrak, Bangkok 10500  
Phone: +66 2 638 9000

▶ **Tunisia**

Please contact Italy

▶ **Turkey**

Euler Hermes Sigorta A.S.  
Büyükdere Cad. No:100-102  
Maya Akar Center Kat: 7 Esentepe  
34394 Şişli/ Istanbul  
Phone: +90 212 2907610

▶ **United Arab Emirates**

Euler Hermes  
c/o Alliance Insurance (PSC)  
Warba Center 4<sup>th</sup> Floor  
Office 405  
PO Box 183957  
Dubai  
Phone: +971 4 211 6005

▶ **United Kingdom**

Euler Hermes UK  
1 Canada Square  
London E14 5DX  
Phone: +44 20 7512 9333

▶ **United States**

Euler Hermes North America  
Insurance Company  
800 Red Brook Boulevard  
Owings Mills, MD 21117  
Phone: +1 877 883 3224

▶ **Vietnam**

Please contact Singapore



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1, place des Saisons, F-92048 Paris La Défense Cedex  
e-mail: [research@eulerhermes.com](mailto:research@eulerhermes.com) - Tel.: +33 (0) 1 84 11 50 50

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