



P R E S S R E L E A S E

Bucharest, 25 February 2013

## **23,665 COMPANIES BECAME INSOLVENT IN 2012, WITH 10% MORE THAN IN 2011 AND WITH 20% MORE THAN IN 2010**

**Coface's analysis, based on preliminary data available on the Bulletin of Insolvency Proceedings (BPI) in early January 2013, indicates that during 2012 the insolvency proceeding was opened for a total number of 23,665 companies with 10% more, compared to the same period of 2011 (21,449 new insolvencies) and with 20% more, compared to the same period of 2010 (19,650 new insolvencies).**

Coface Romania analyzed at an individual level, during 2012, at its business partners' request or to monitor the direct exposures within the insurance division, 30,484 companies, with a total turnover of 557,032 M RON, representing 56% of the turnover of all the active companies nationwide. Given the delays in registering BPI insolvency proceedings (which can range between one and four weeks) and retroactive changes in the BPI' system, Coface estimates that the actual number of new insolvency proceedings opened in 2012 may range between 25,000 - 25,500. Thus, the real growth from 2011 insolvencies can range between 17% - 18%.

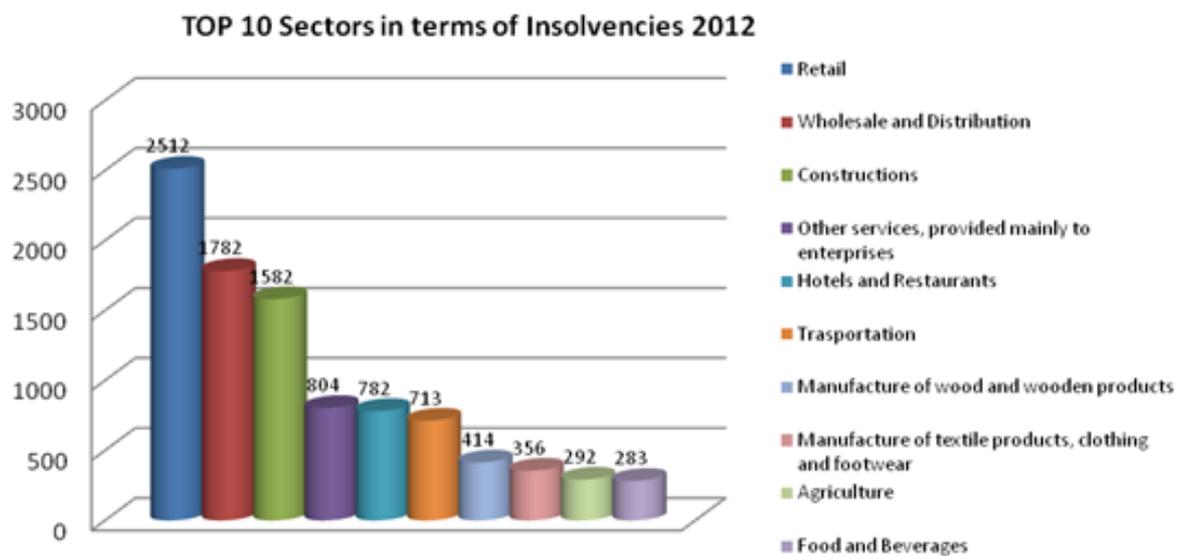
Based on these figures and weighting the risk classes for each individually analyzed company with the related turnover, Coface has made an assessment that indicates payment discipline within each sector. Comparing the data series for 2012, we noticed a significant positive correlation between the Coface sectoral risk and the number of insolvent companies, by reference to 1,000 active companies in the sector concerned. Thus, an increased insolvency risk calculated by Coface for a certain sector is correlated to a high number of insolvencies for 1,000 active companies in the sector.

### **Sectoral distribution of insolvent companies**

For the third consecutive year, the first ten sectors registering the highest number of insolvent companies remain unchanged and the only modifications are related to the order in the top list, but with variations of one, maximum two positions. Thus, if in 2010 the Retail sector registered a number of insolvencies comparable to the Wholesale Trade & Distribution sector, in the last two years the Retail stood out, registering 2,512 newly opened insolvencies in the first nine months of the current year.

By analyzing the evolution of insolvency cases over the last 5 years, we noticed a consolidating trend regarding the volumes concentration degree in the first 3, respectively 5 sectors. Thus, the weight of the first 3 sectors which registered most of the insolvency cases (in absolute figures) varied in the last 5 years between 50% - 54%, and the first 5 sectors between 65% - 70%.

Eliminating the sectors which registered significant deviations because of the negative or positive base effect, the highest increases of 2012 newly opened insolvencies, compared to the same period of the previous year, were registered in the following sectors: Retail (+62%), Real Estate Transactions (+38%), Hotels and Restaurants (+48%), Other services, provided mainly to enterprises (+35%) and Transportation (+25%).



The only sectors which registered decreases of insolvencies in 2012, compared to the previous year are: Post and Telecommunications (-19%) and the Manufacture and provision of electrical and thermal energy, water and gas (-14%).

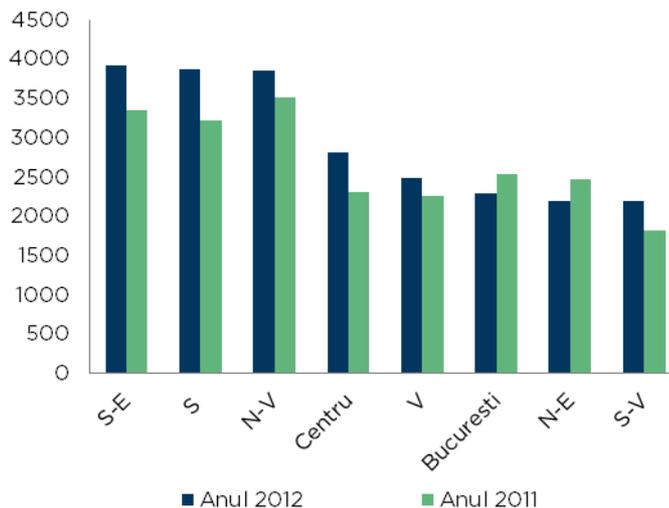
### Territorial distribution of insolvent companies

The territorial distribution of insolvency cases for 2012 has suffered important modifications compared to the existing situation of the same period of 2011.

Thus, the most affected three areas are SE, S, and NW, concentrating approximately half of the total insolvencies registered in the analyzed period, and two digit increases (+17%, +20%, +10%) compared to the same period of the previous year.

The only areas where the number of insolvencies registered in the current year decreased, compared to the same period of the previous year are in Bucharest and NE, which registered a decrease of 9.44% and 10.96%.

Geographical distribution of insolvencies in 2012/ 2011



## General features of insolvent companies in 2012

There is an increase of the financial caliber of the 2012 insolvent companies compared to the same period of the previous year, which determined the increase of their turnover and debts, and at the same time the decrease of loss ratio, indebtedness and DSO. This happened due to the profile of medium, large and very large companies which recorded better financial indicators than small enterprises.

Comparing the dynamics of financial indicators for the 2012 insolvent companies to the same period of 2011, we noticed that the 2012 insolvencies are related to certain companies with a higher vulnerability degree, which had less significant internal and external shocks as compared to those of the previous years. Despite this, the number of companies which became insolvent is constantly rising.

Thus, on the background of erosion of the companies' sustainability because of the financial crisis' effects in the last three years, of the high financing constraints and of the payment discipline's deterioration at the level of the entire economy, the companies present a higher vulnerability degree regarding the exposure to internal or external shocks and the liquidity's pressures are increasing.

*„It should be noted that the erosion of the companies' financial sustainability coincided with a slowdown in 2012 economy's revival process. Thus, 2012 was the first year after 2008 that recorded an annual increase of insolvencies faster than the newly registered companies. In this new context, the knowledge of the financial situation's evolution of the main business partners is no longer an option, it becomes absolutely necessary.”* declares Iancu Guda, Business Information & Debt Collection Manager, Coface Romania.



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**About Coface**

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export.

In 2012, the Group posted a consolidated turnover of 1.6 BEUR. 4,400 staff in 66 countries provides a local service worldwide. Each quarter, Coface publishes its assessments of country risk for 158 countries, based on its unique knowledge of companies' payment behavior and on the expertise of its 350 underwriters located close to clients and their debtors.

In France, Coface manages export public guarantees on behalf of the French state. Coface is a subsidiary of Natixis whose Core Tier 1 ratio is 10.2% end December 2011.

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