

Presentation of European Payment Report 2021:

How Covid-19 has impacted the European payment landscape

24th of June, 2021

SME United

intrum

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Agenda

1. About Intrum and our publications
2. Details about the EPR survey
3. Key findings EPR 2021
4. Q&A and discussion

1.

About Intrum and our publications

Intrum in brief

24

Countries in Europe

160

Partner countries

>10,000

Employees

16,0

Revenue
2019 (SEK bn)

~80,000

Clients

>250,000

Calls with consumers on
daily basis

Large Cap

Listed on Nasdaq
Stockholm

100

Years of
experience




We share our expertise and insights about late and non-payments in two annual publications



European Consumer Payment Report (ECPR)

The ECPR provides insights to European consumers ability to manage their personal finances.

 Data collection:
Aug-Sept 2020

 Minimum respondents per country
1,000

 Countries in Europe:
24

 Total respondents in Europe:
21,198



European Payment Report (EPR)

The EPR describes how late payments impact growth and development among European businesses.

 Data collection:
25th of Jan-16th of April

 Companies participating:
11,187

 Countries in Europe:
29

 Industry sectors:
11

2.

EUROPEAN PAYMENT REPORT 2021: **Details about the survey**

About the sample size

A total of 11,187 respondents in 29 European countries participated to the European survey in 2021. In addition, we collected 700 answers in Brazil*.

The number of companies per market is based on a minimum requirement reflecting both size of national population and the business scene in a particular country.

Country	Number of respondents
1 Austria	240
2 Belgium	503
3 Bosnia Herzegovina	175
4 Bulgaria	175
5 Croatia	175
6 Czech Republic	250
7 Denmark	600
8 Estonia	240
9 Finland	500
10 France	609

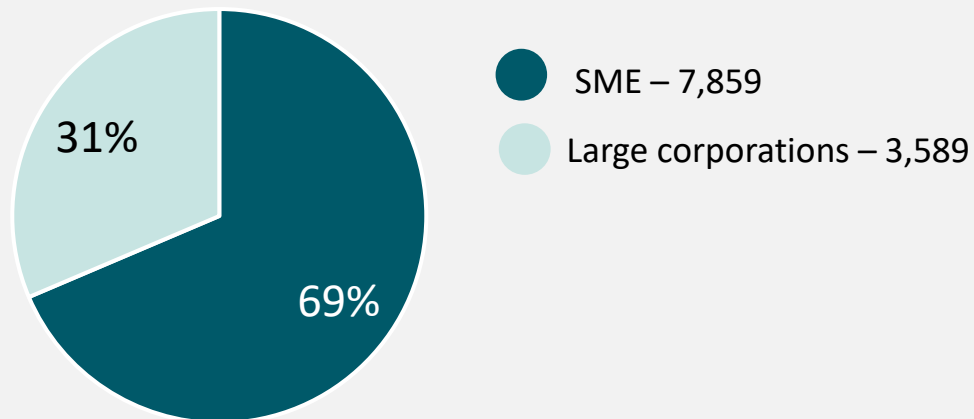
Country	Number of respondents
11 Germany	600
12 Greece	240
13 Hungary	450
14 Ireland	250
15 Italy	815
16 Latvia	241
17 Lithuania	240
18 The Netherlands	501
19 Norway	400
20 Poland	540

Country	Number of respondents
21 Portugal	451
22 Romania	360
23 Serbia	175
24 Slovakia	241
25 Slovenia	175
26 Spain	800
27 Sweden	500
28 Switzerland	241
29 The United Kingdom	500
Total	11,187

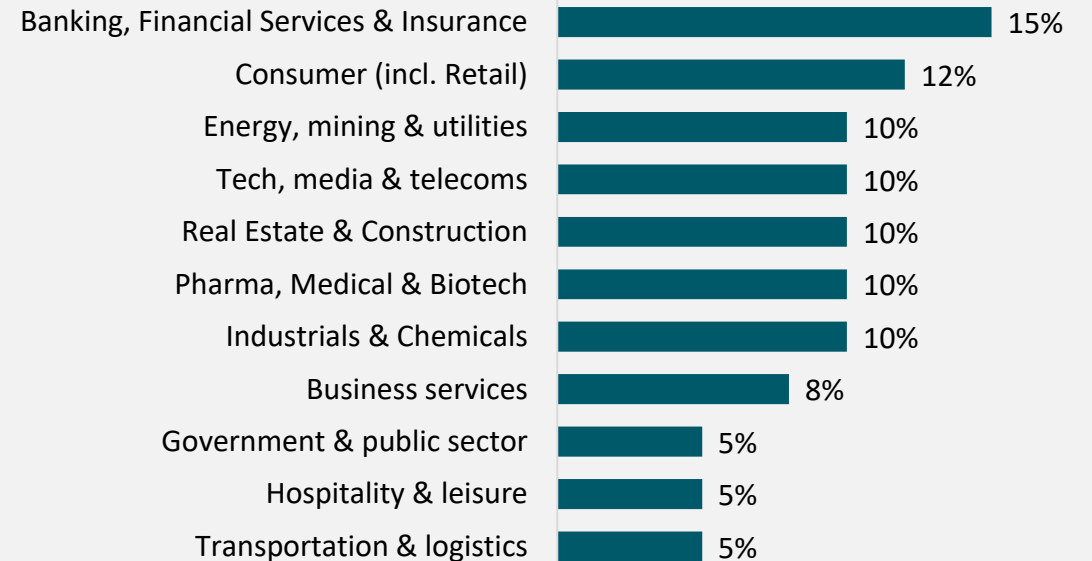
About the respondents

The target audience for the survey is CFOs and other C-level executives or senior subject matter experts with financial knowledge of the company they work for. The company they work for is selected randomly from a B2B base by an external research and field work company.

Overview company size:



Overview industry sectors:



3.1

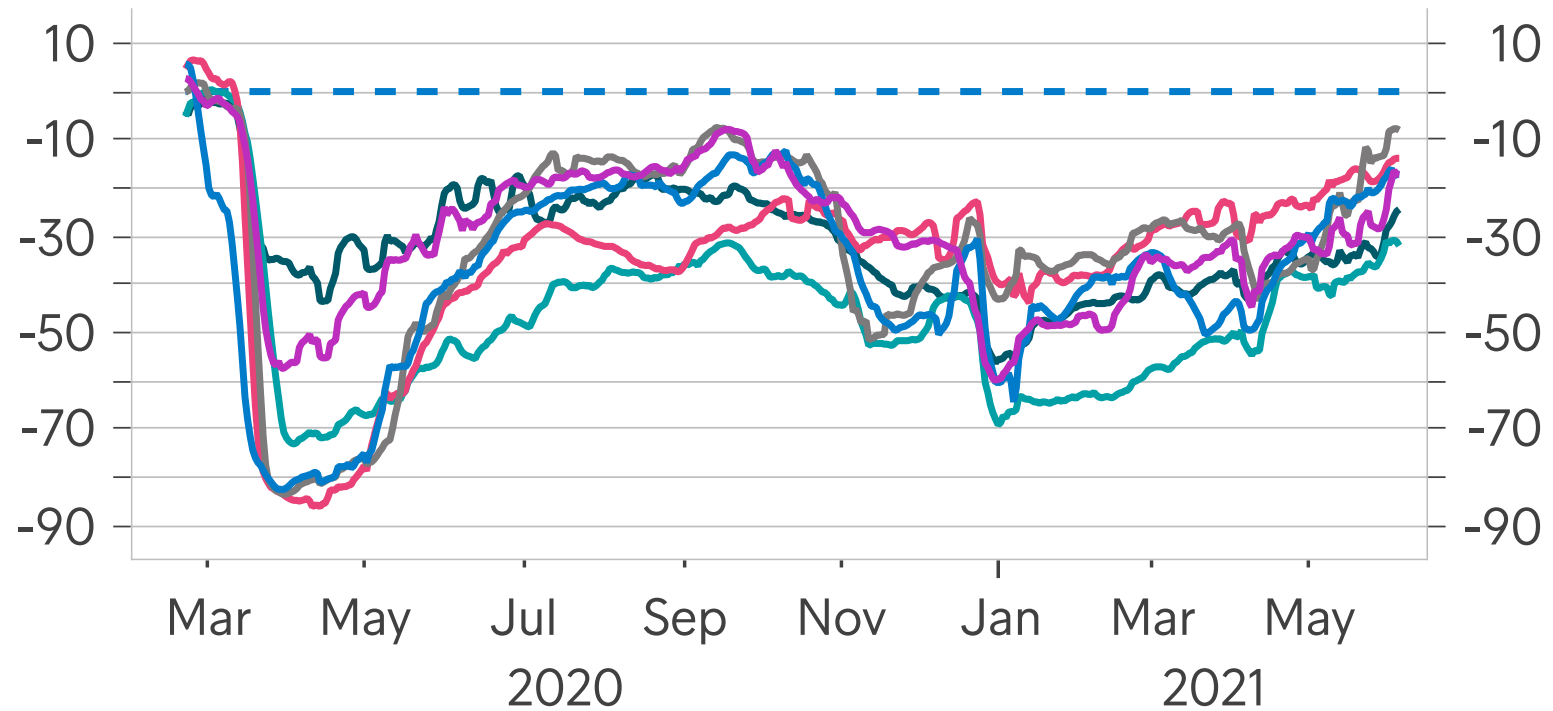
EUROPEAN PAYMENT REPORT 2021: **An era of cautious optimism**

Setting the scene:

Reduced mobility impact the payment behavior

Transition station, length of stay. Compared to baseline in percent. Seven day moving average.

● Italy ● Sweden ● The UK ● Spain ● France ● Germany

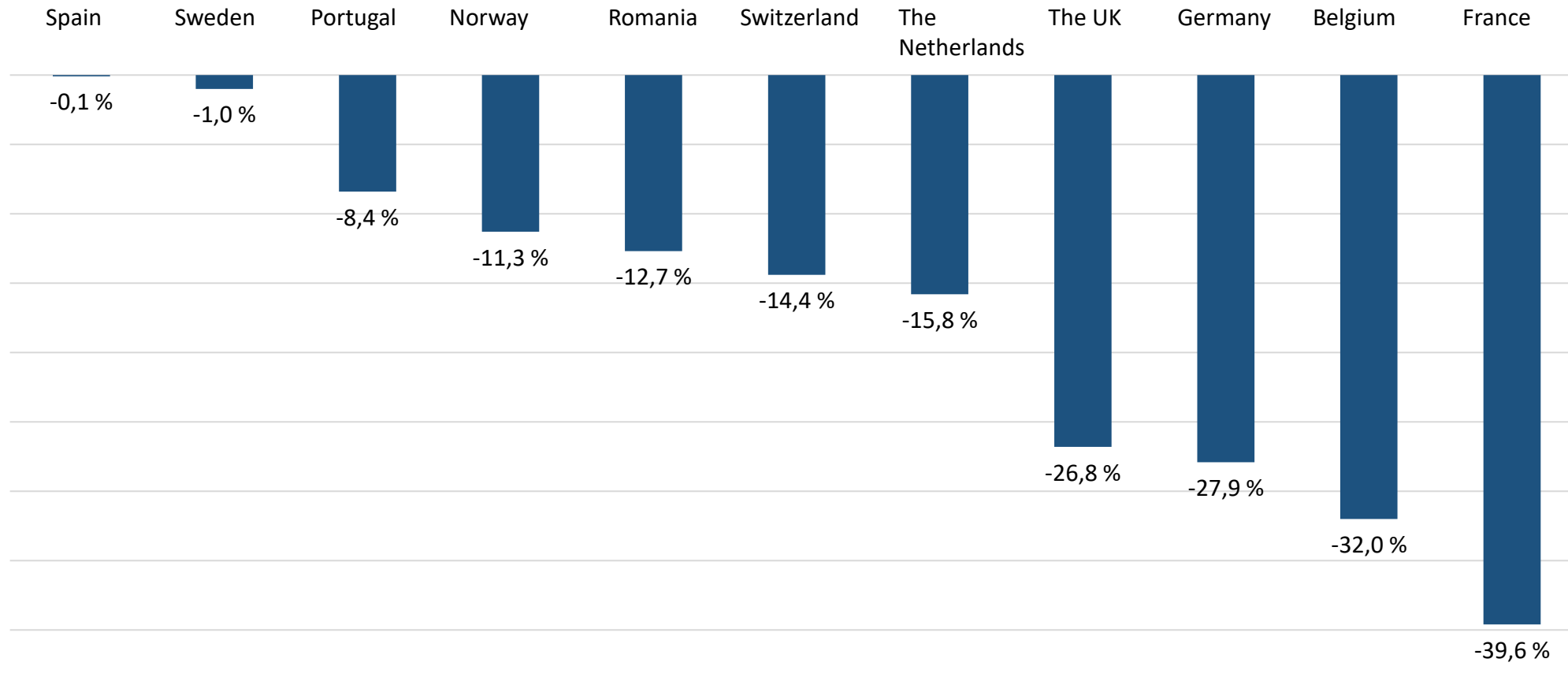


Source: Macrobond/Google

Setting the scene:

Fewer bankruptcies during the pandemic

Annual change in number of bankruptcies from 2019 to 2020, in percent



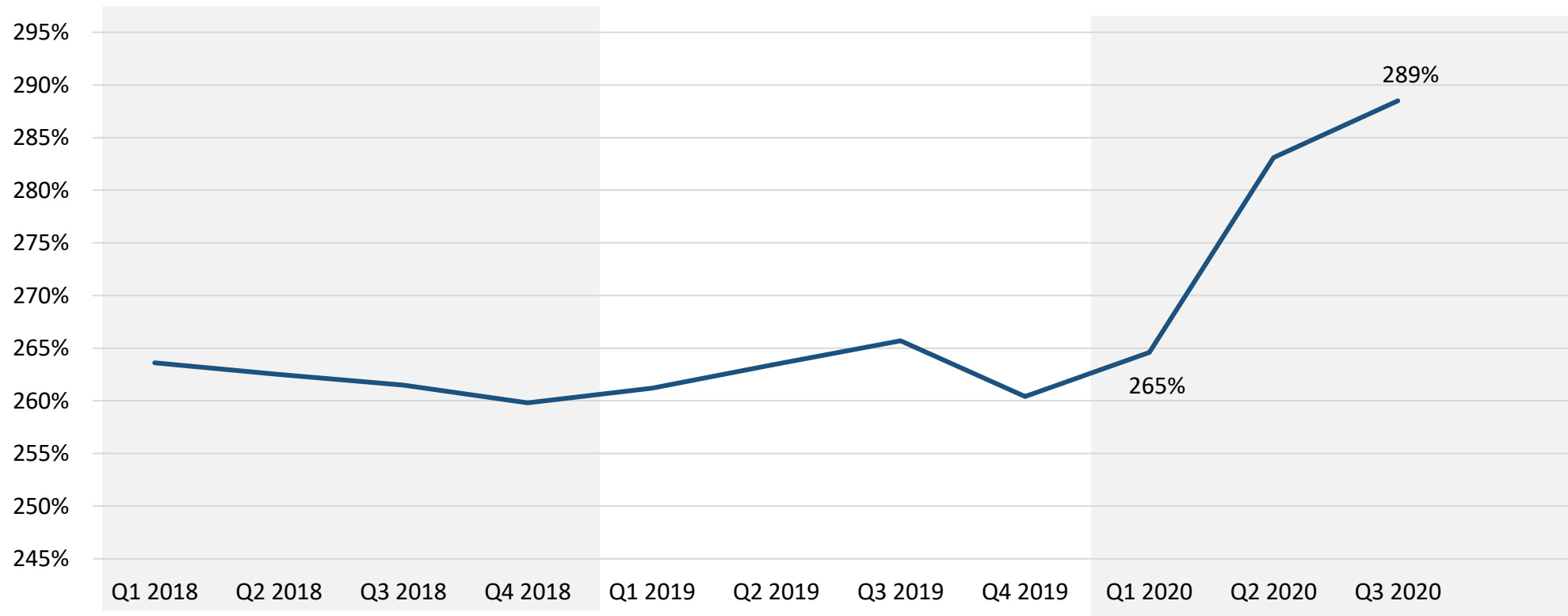
Source: Macrobond

Setting the scene:

Non-financial businesses have increased their debt

Credit to non-financial sector in percent of GDP

● Euro area 17

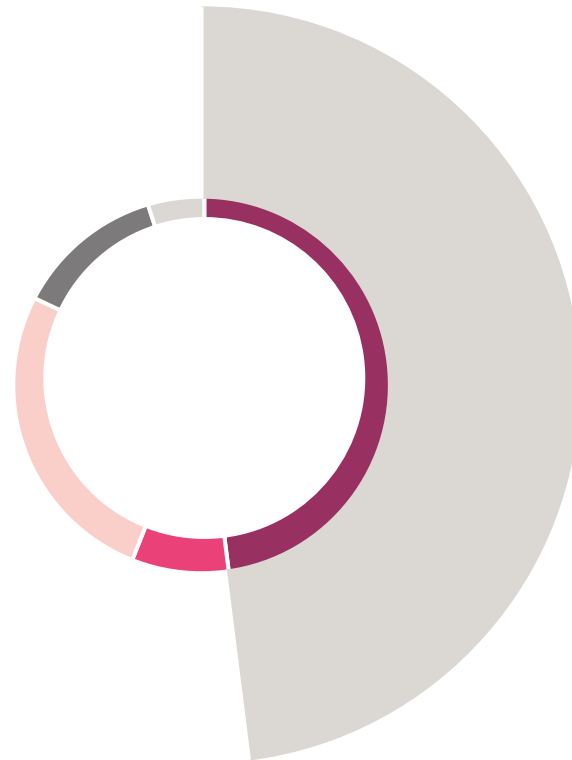


Source: Macrobond/BIS

Most SMES saw their profits decline during the pandemic. Even more expect a negative impact before the crisis is over

To what extent have your business' monthly profit margins been affected by the Covid-19 crisis? (SMEs only)

- Our profits have gone down and stayed lower than they were before
- Our profits went down for a while, but have since returned to what they were before
- Our profits have stayed the same, but may decrease soon
- Our profits have stayed the same, and should remain steady
- Our profits have increased

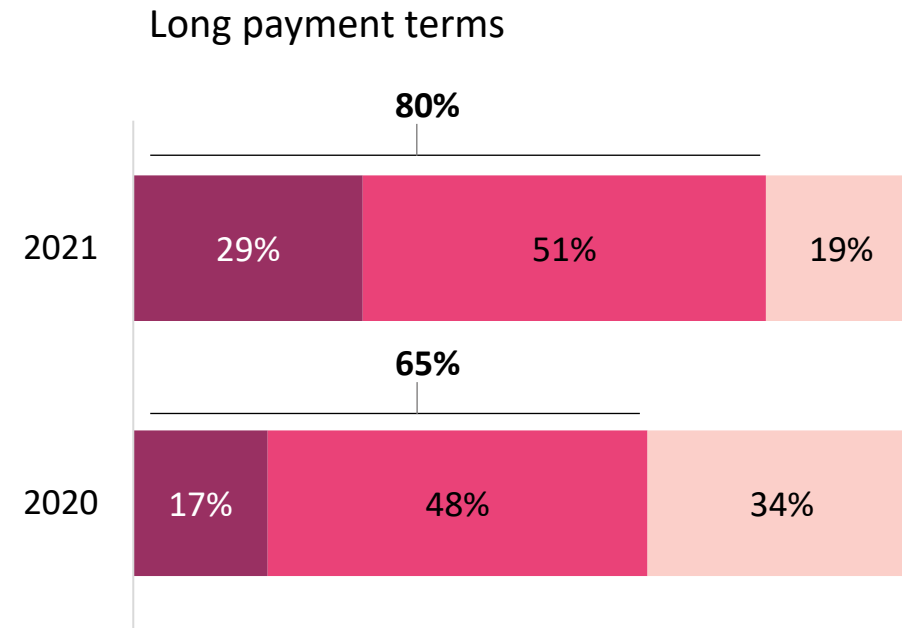
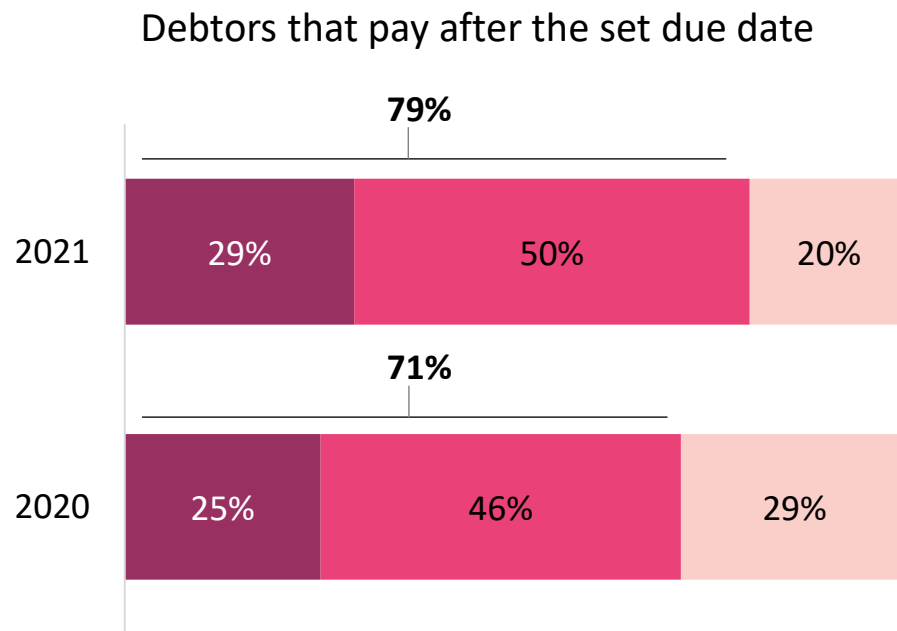


Industry	Profits went down
Hospitality & leisure	56%
Real estate & construction	55%
Business services	53%
Pharma, medical & biotech	51%
Industrials & chemicals	51%
Banking, FS and insurance	51%
Consumer & retail	50%
Energy, mining, utilities	48%
Transportation & logistics	47%
Tech, media, telecoms	46%

Most companies flag that late payments and long payment terms are problematic or highly problematic for their businesses

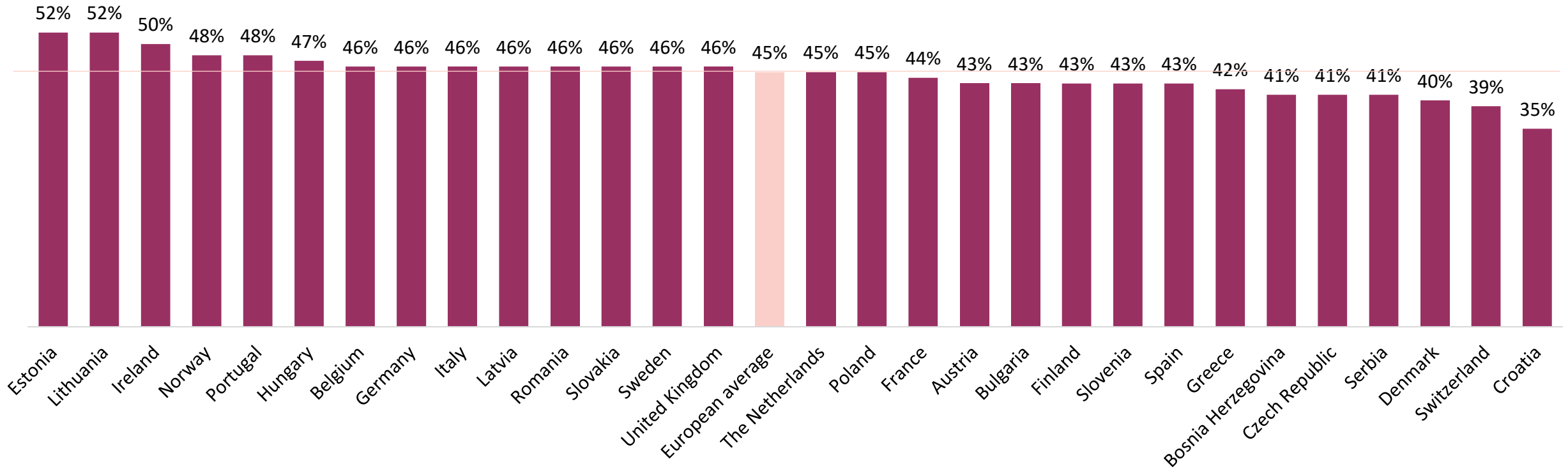
Q: How problematic are the following areas when it comes to customer payments?

● Highly problematic ● Problematic ● Not problematic



Businesses are on the front foot and ready to act; many are more enthusiastic about growth and the future than they have been for many years

Q: In 2021, my business is more enthusiastic about growth and the future than it has been for many years (agree, split by country):



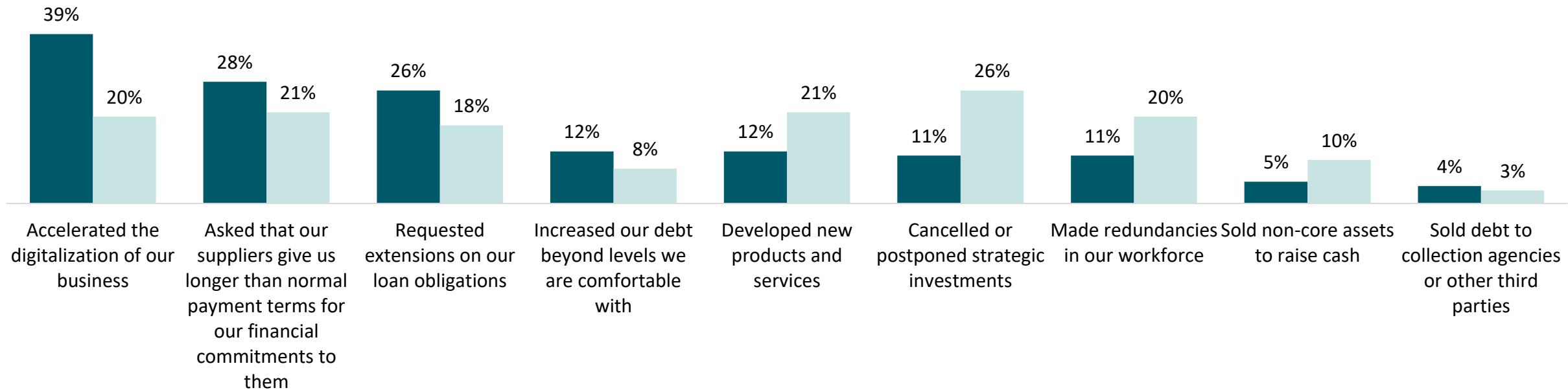
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EUROPEAN PAYMENT REPORT 2021:
**How are businesses responding to the
new normal?**

Digitalization was a silver lining of Covid-19, but SMEs were forced to request extensions on their loans and payment terms

Which actions has your business taken—in response to the Covid-19 crisis—which it wouldn't have taken if there hadn't been a crisis?

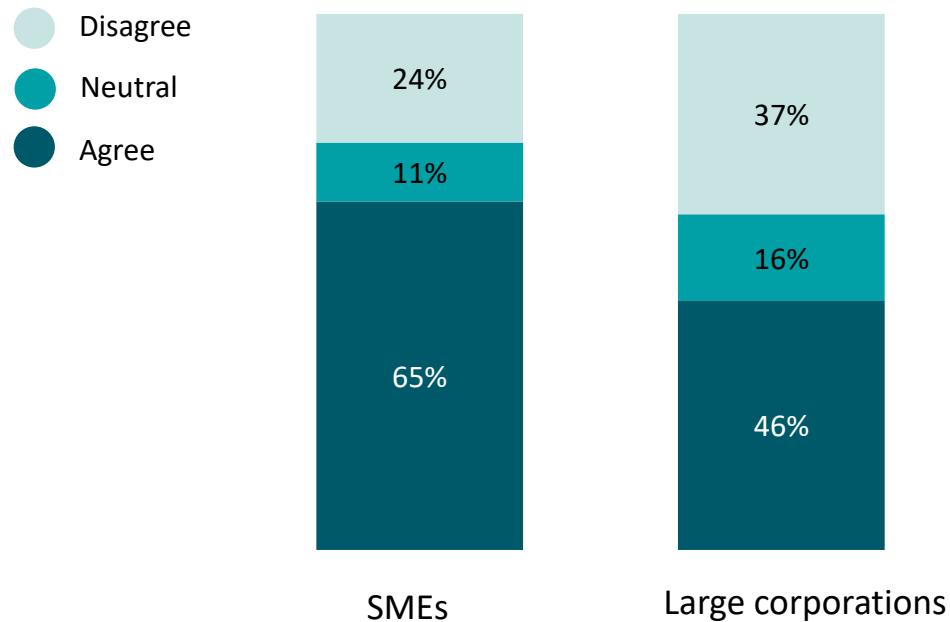
● SME ● Large corporation



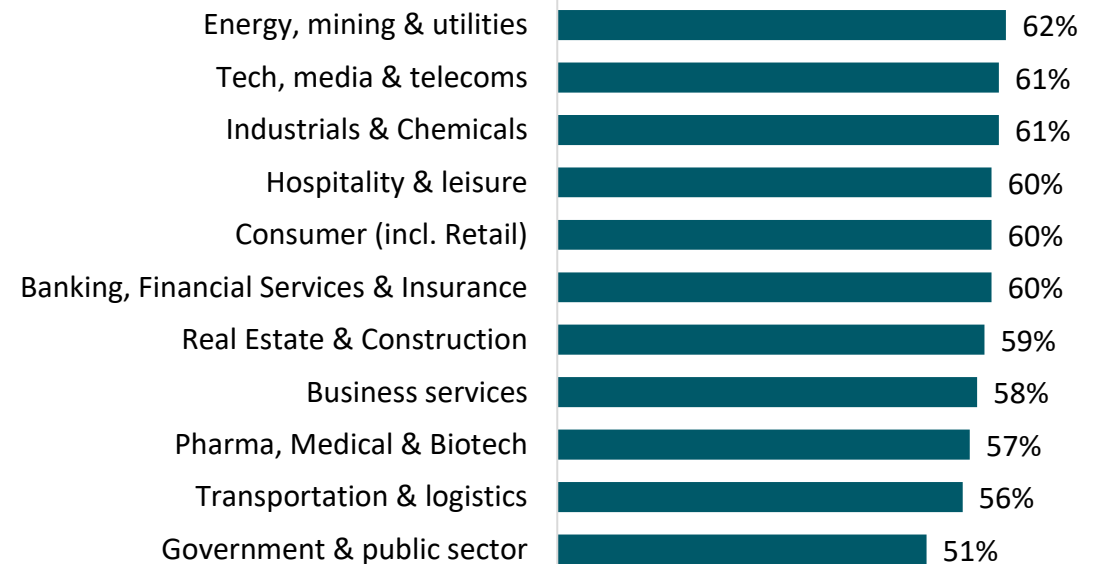
Most firms, in one way or another, have decided to adopt a more proactive approach to liquidity during the pandemic

Q: Covid-19 has motivated us to get better at managing the risk of late payments in my business:

Company size:



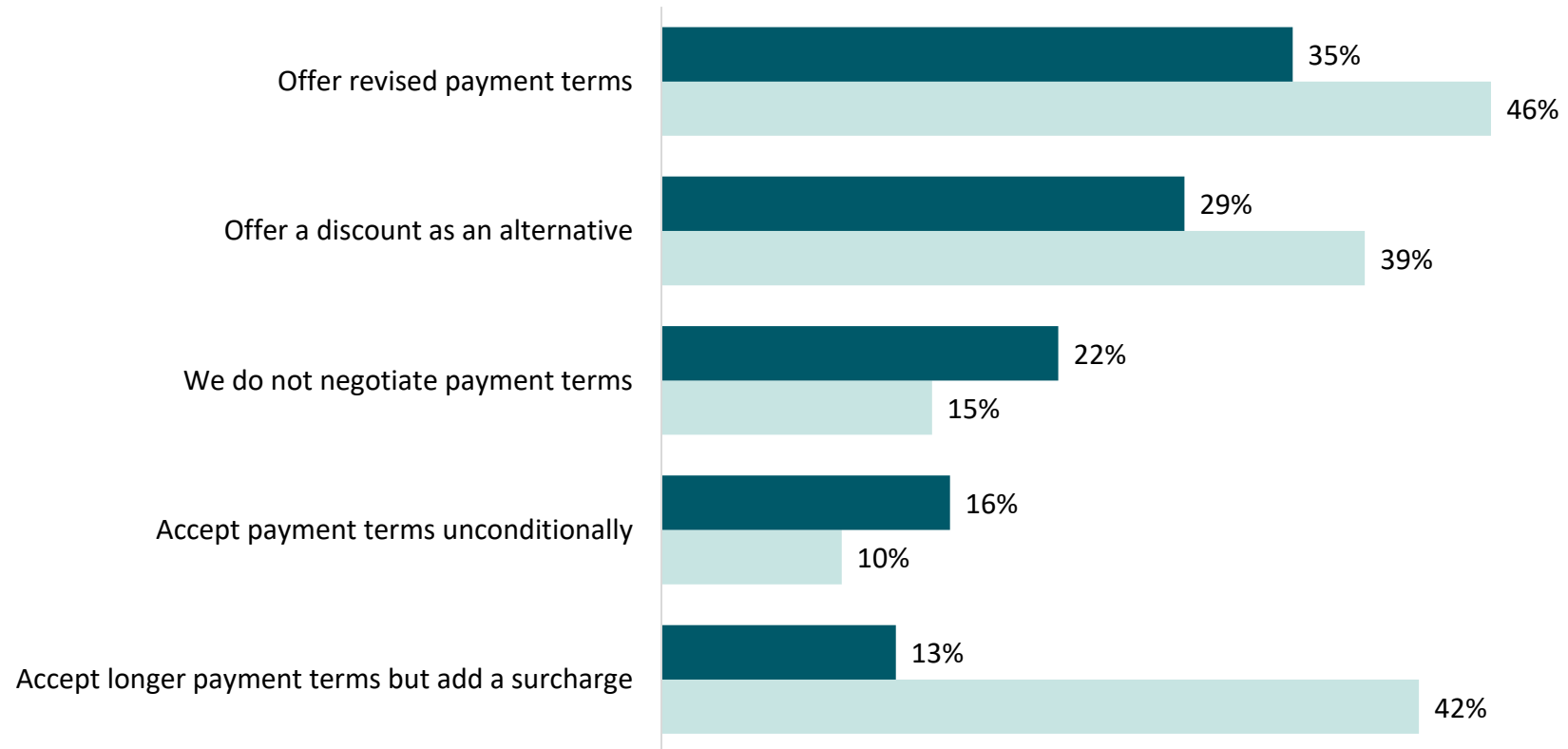
Industry sectors (agree only):



Businesses are firmer on payment terms, though still fairly flexible

Q: Generally speaking, what measures do you primarily take when a customer asks for longer payment terms?

● 2021
● 2020



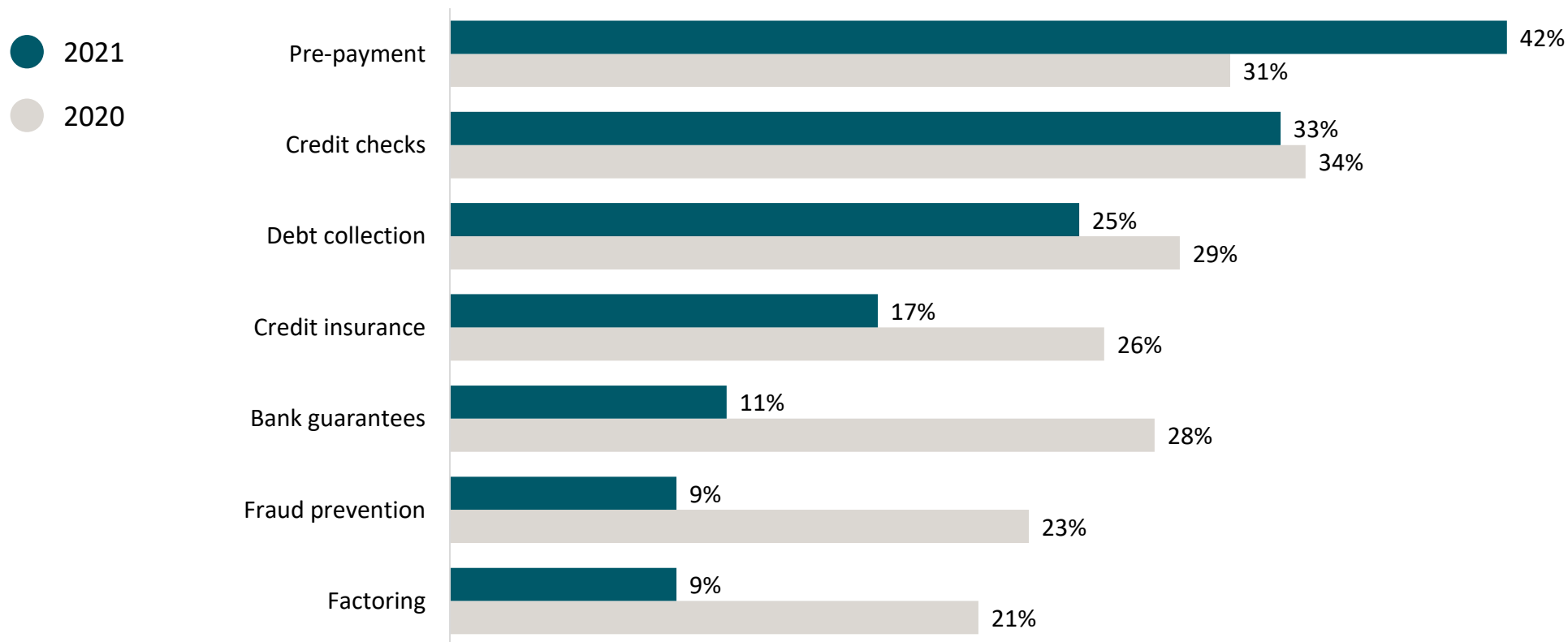
In 2021, businesses are focusing – above all – on strengthening liquidity and addressing debt management challenges

Which of the following strategic initiatives are a priority for your business in 2021?



Over the last 12 months, SMEs have cut back on most of the measures they used to prevent late payment from debtors

What precautions does your company undertake to protect against late payment?



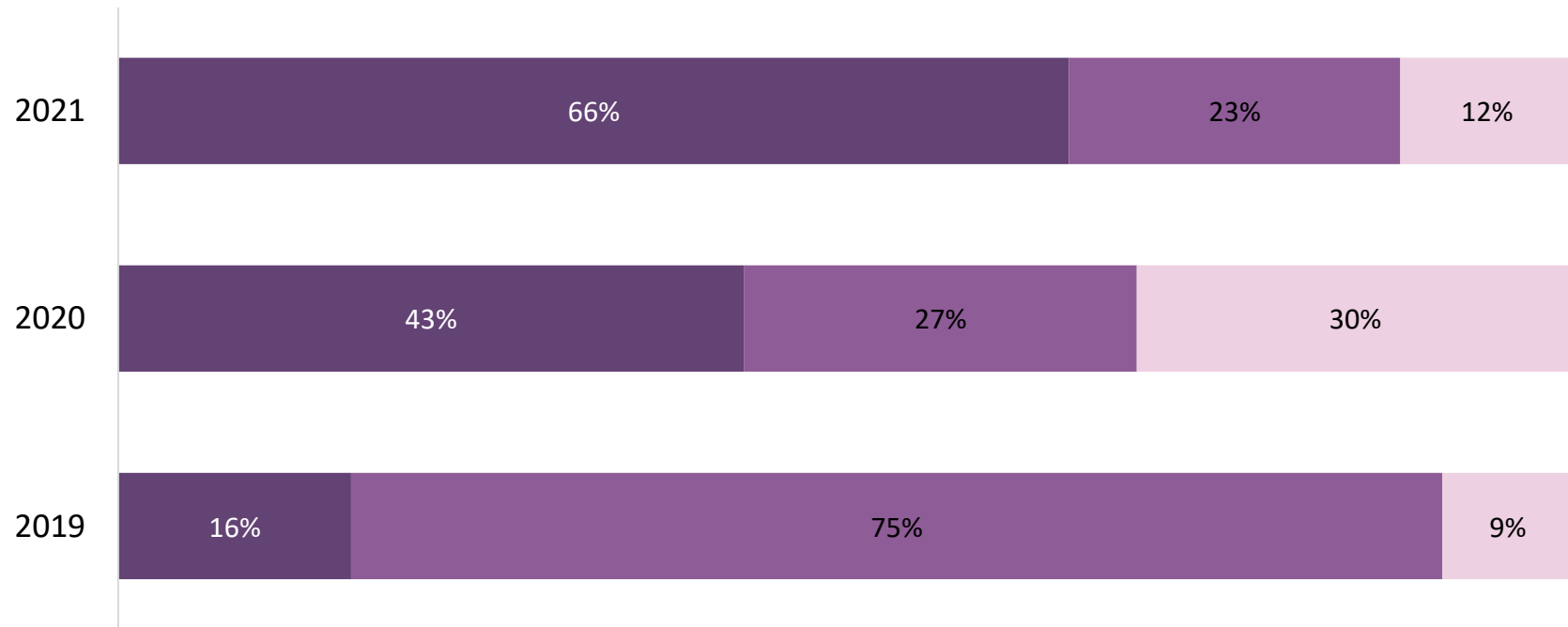
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EUROPEAN PAYMENT REPORT 2021: **Predictions of the future from a business perspective**

Corporate insolvencies fall but debtor risk is expected to grow; Two in three (66%) expect the risk of late payments to grow during 2021

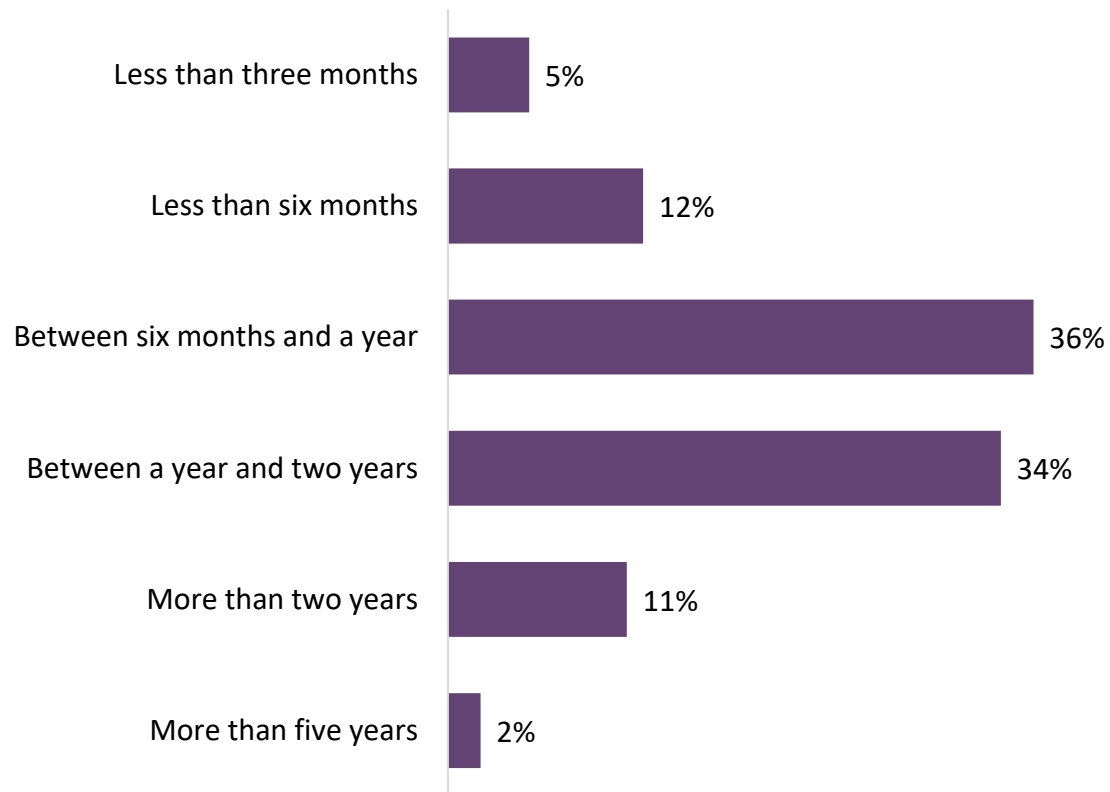
Q: To what extent do you see risk of late/non-payments from your company's debtors developing during the next 12 months?

- Increase
- Remain stable
- Decrease



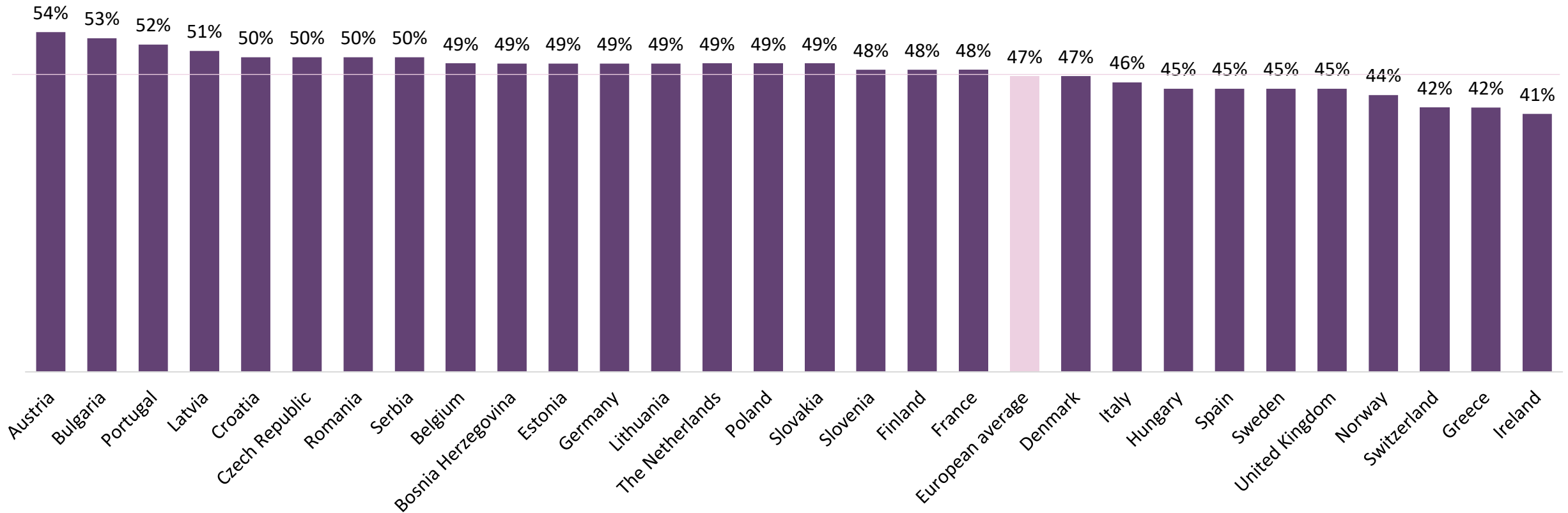
Not everyone is expecting a “V-shaped” recovery; many of those affected are looking into 2022 and 2023

How long will it take until Covid-19 stops having a negative financial impact on your business?



Executives in Austria and Bulgaria foresee uncertainty for several years to come

Q: To your best estimate, how long do you think it will take until Covid-19 stops having a negative financial impact on your business?
(respondents who say it will take between one to more than five years)



3.4

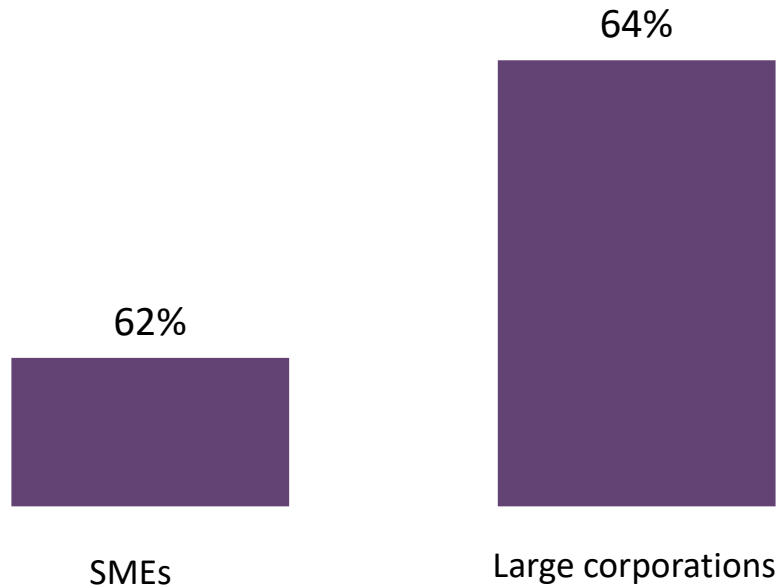
EUROPEAN PAYMENT REPORT 2021:

Late payments remain a major concern – is it time for a society-wide solution?

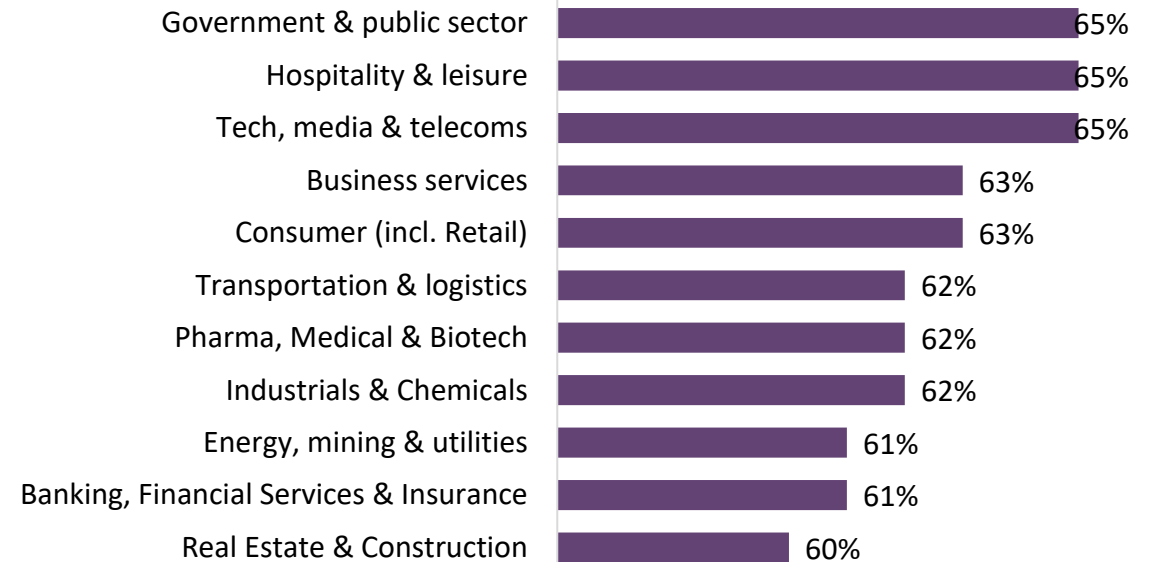
Until there is greater clarity about the route out of the crisis, cash flow will remain a preoccupation for businesses

Q: We are more concerned than ever before about our debtors' ability to pay us on time (agree):

Company size:



Industry sectors:

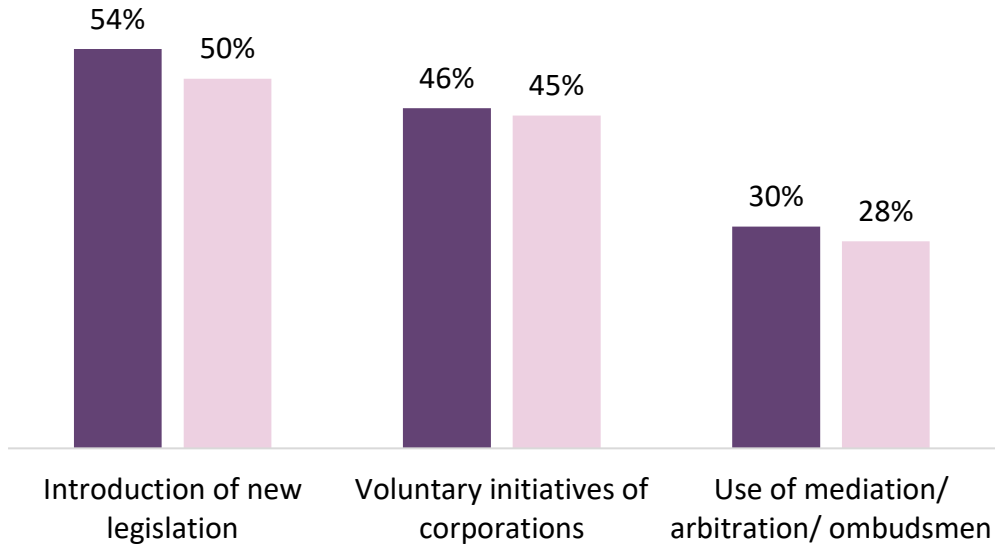


Most SME respondents – six in 10 - would also welcome the introduction of new legislation to deal with late payments

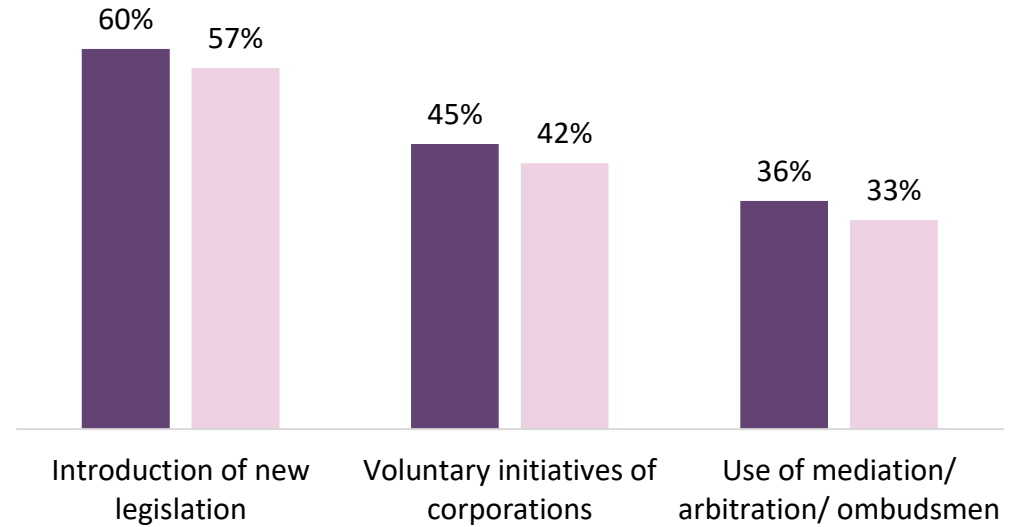
Q: Which of the following would you like to see nationally in order to solve the problem of late payments (i.e outstanding invoices paid after the due date)?

● SME ● Large corporations

Long payment times:



Late payments:



Overall summary:

1. Many firms saw a decline in profit during the pandemic, but are now hungry for growth
2. Companies have decided to adopt a more proactive approach to liquidity during the pandemic
3. Credit challenges will need to be managed as public support are withdrawn

4.

Q&A and discussion

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