

Almost every seventh company in Europe fears for its existence.

European companies suffer the consequences of payment delays / Profit losses and cash flow problems especially serious, despite improvements on the previous year

Hamburg, 15 October 2018 – Consumers are increasingly demanding more flexibility. For example, they want to decide for themselves where and how they stream movies, or buy a washing machine. However, when consumers adopt these same liberties when it comes to paying their bills, this can have serious implications for the economy. If customers do not pay their bills on time, for example, companies sometimes find themselves in financial difficulties. These are some of the findings of the representative EOS survey 'European Payment Practices' 2018, which was conducted for the 11th time this year in partnership with market research institute Kantar TNS. Alarming result: profit losses and liquidity shortfalls are the most frequent effect of delayed payments throughout Europe. Although there has been a slight improvement in this area compared with last year, 42 percent of companies polled still reported a reduction in profit (2017: 46 percent) and 38 percent were battling cash flow problems (2017: 39 percent). Other repercussions are a decline in investments (23 percent), a restrictive hiring policy (19 percent) and price increases (18 percent). The negative ramifications are very pronounced in Eastern Europe in particular, where 45 percent of firms complained of loss of profit compared with 37 percent in Western Europe. There is an even greater difference in respect of cash flow problems, which affected 42 percent of companies in Eastern Europe compared with just 31 percent in the West.

Major problems for Greek, Spanish and British companies

A look at the individual countries reveals significant differences. Spain and Greece stand out for all the wrong reasons, with 59 percent of Spanish companies suffering downturns in their profits due to payment delays and defaults. A good 57 percent of Greek companies reported scant liquidity, and 45 percent, the highest figure in Europe, were seeing a decline in investments. The situation is also problematic for British companies, with 54 percent reporting reduced profits.

German companies are in a much better position. Only every fifth German company was faced with a cut in profits due to late or missing payments. However, 14 percent did suffer cash flow problems, twice as many as in 2017 (7 percent). All over Europe, on the other hand, the existential threat has fallen slightly. Whereas in 2017, 17 percent of European companies felt their continued existence was at risk, a year later this figure stood at just 14 percent.



Payment delays put entrepreneurial livelihoods at risk

Despite the decrease, payment delays in Europe continue to jeopardize around every seventh company, with serious economic implications. “If companies have to wait a long time on outstanding payments, they can sometimes no longer service their ongoing costs like salaries for their workforce. In a worst case scenario this can result in bankruptcy, which destroys economic potential and jobs,” says Klaus Engberding, CEO of the EOS Group. This is where professional receivables management can help. Debt collection companies help companies to verify the credit standing of their customers to minimize payment delays and defaults from the very outset and also ensure that the firms receive outstanding payments sooner. In doing so, they make an important contribution to the entire economic cycle. By increasing the liquidity of the companies and improving innovation capacity they therefore safeguard jobs.

About the EOS survey 'European Payment Practices' 2018

In conjunction with independent market research institute Kantar TNS (formerly TNS Infratest), EOS conducted a telephone interview in spring 2018 with 3,400 companies in 17 European countries about the payment practices in their respective locations. 200 companies with an annual turnover of more than EUR 5 million in each of the countries Denmark, Germany, UK, Spain, France, Belgium, Switzerland, Romania, Czech Republic, Croatia, Hungary, Bulgaria, Slovakia, Slovenia, Poland, Russia and Greece answered questions about their own payment experiences, economic developments in their countries and issues relating to risk and receivables management. The survey was conducted for the 11th year in succession. For more results from the survey please go to: <https://de.eos-solutions.com/surveys>

The EOS Group

The EOS Group is one of the leading international providers of customized financial services. As a specialist in the evaluation and processing of receivables EOS deploys new technologies to offer its some 20,000 customers in 26 countries financial security through smart services. The company's core business is the purchase of unsecured and secured debt portfolios. Working within an international network of partner companies, the EOS Group has a workforce of around 7,500 and more than 60 subsidiaries, so it can access resources in more than 180 countries. Its key target sectors are banking, utilities, real estate and e-commerce.

For more information please visit: www.eos-solutions.com

Contact:

Sabrina Ebeling, Senior Public Relations Consultant
Tel.: +49 40 2850-1480, email: s.ebeling@eos-solutions.com

Marc Heuer, Public Relations Consultant
Tel.: +49 40 2850-2293, email: m.heuer@eos-solutions.com