

Press release

Euler Hermes: Increased 2013 global business insolvencies (+2%); slight improvement forecast for 2014 (-1%)

PARIS – 16 DECEMBER 2013 - Euler Hermes, the global leader in [trade credit insurance](#), has published its latest research on global business insolvencies:

- In 2013, global insolvencies are projected to rise by 2%
- Euler Hermes forecasts a slight improvement in 2014 (-1%), with the exception of Europe, where the recovery is too slow to have much impact
- However, by volume, the total number of 2014 insolvencies is expected to be 24% higher vs. the pre-crisis (2000-2007) average.

Renewed rise in insolvencies to +2% in 2013: a wide disparity between regions

“For the full year 2013 we expect a renewed rise in our Global Insolvency Index, due to the prolonged global economic slowdown and corporate insolvencies remaining at a historically high level,” explained Wilfried Verstraete, chairman of the Board of Management of Euler Hermes.

This increase in insolvencies nevertheless masks two contrasting trends:

- The continued rise of insolvencies in three main regions:
 - **Latin America** (+10%), in the wake of weaker economic growth, particularly in Brazil
 - **Central and Eastern Europe** (+6%), which is dependent on and reflects sluggish Western Europe growth, and
 - **Western Europe** (+9%), where insolvencies are still on the rise in all countries except Germany and the U.K.
- The continued decline in insolvencies in the **North American** region (-11%) due to GDP growth in the U.S. picking up slightly, and in the **Asia-Pacific** region (-4%) where intra-regional prospects have offered a cushion to the private sector.

2014: More favorable outlook for insolvencies (-1%), except in Europe

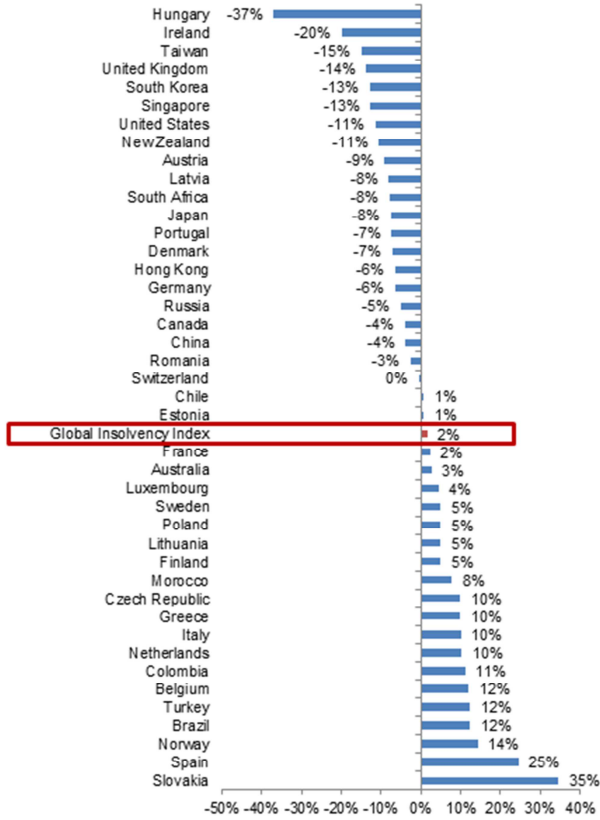
“We forecast a modest global economic recovery in 2014 at +3%, with brighter prospects in all regions” said Ludovic Subran, chief economist at Euler Hermes. “As a consequence, most countries should see a drop in the number of insolvencies, although the decline will nevertheless remain limited at -1%, as measured by our Global Insolvency Index.”

- The **North American** economies are expected to experience higher growth rates in 2014 (+2.9% in the United States, +2.5% in Canada) compared to 2013, which should contribute to a continuing trend of declining insolvencies in the region (-5%).
- The **Asia-Pacific** region, where economic activity is expected to gather momentum in 2014 due to exports, should remain the second region to record a decline in insolvencies. However the rate will be less significant (-1%) as necessary economic consolidation is underway, especially in China.
- For the other regions, with the exception of Africa and the Middle East, the trend is merely less unfavorable than in 2013. In **Latin America**, the slight economic recovery expected in 2014, tempered by persistent financial vulnerabilities, is only expected to see stabilization in the number of insolvencies (0%). **Central and Eastern Europe** will continue to suffer (+3%), notably from an insufficiently robust recovery in **Western Europe**, where insolvencies will increase slightly (+1%) given the still-challenging environment in several major countries (Belgium, Italy, Spain, The Netherlands).

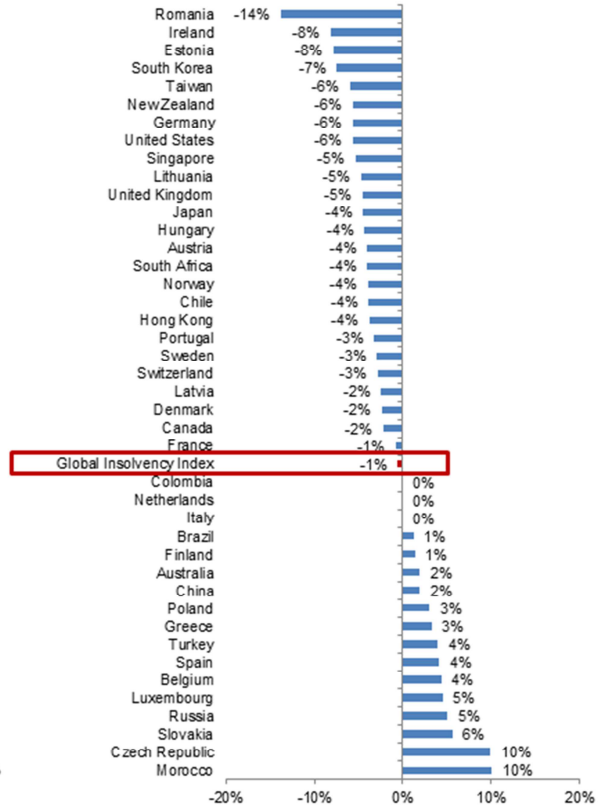
“In spite of the slight improvement in our insolvency outlook, the total number of insolvencies will still be 24% higher in 2014 than during pre-crisis years,” concluded Wilfried Verstraete.

Annexes - Sources: national sources, Euler Hermes

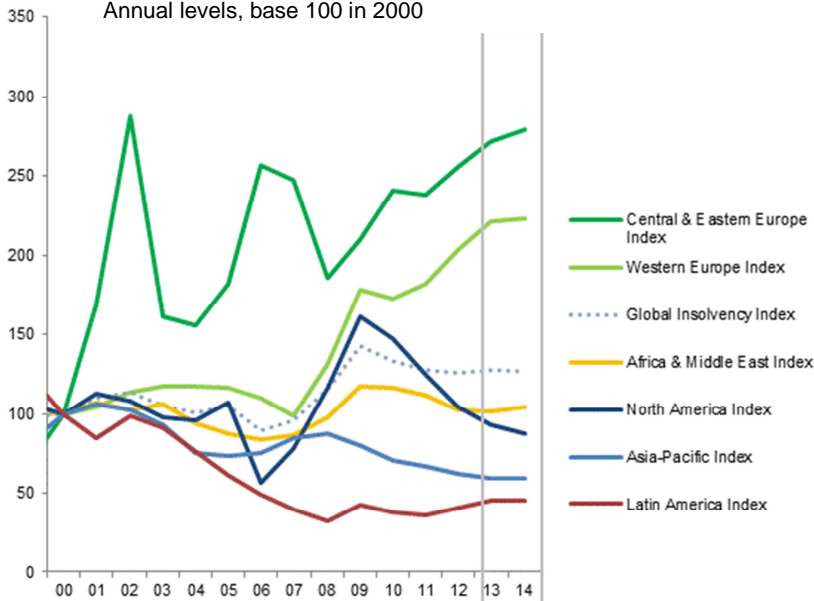
Annex 1: Business insolvency trend in 2013 relative to 2012



Annex 2: Business insolvency trend in 2014 relative to 2013



Annex 3: Regional insolvency indices
Annual levels, base 100 in 2000



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Euler Hermes, a company of Allianz, is listed on Euronext Paris. The Group is rated AA- by Standard & Poor's.

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