managing risk, enabling trade

RESULTS SPRING 2014

Atradius Payment Practices Barometer

International survey of B2B payment behaviour

Survey results for Denmark

Survey design for Western Europe

Survey objectives

Atradius conducts annual reviews of international corporate payment practices through a survey called the "Atradius Payment Practices Barometer". This report presents the results of the survey's 2014 edition conducted in 14 countries across Western Europe. Using a questionnaire, Conclusr Research conducted a net of 2,969 interviews. All interviews were conducted exclusively for Atradius, without any combination of topics. Due to a change in research methodology for this survey, for some of the present results, no year-on-year comparison is feasible.

Survey scope

- Basic population: companies from 14 countries were monitored (Austria, Belgium, Denmark, France, Germany, Great Britain, Greece, Ireland, Italy, Spain, Sweden, Switzerland, the Netherlands and Turkey). The appropriate contacts for accounts receivable management were interviewed.
- Selection process:
  Internet survey: companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact and for quota control was conducted at the beginning of the interview.

  Telephone survey: companies were selected and contacted by telephone. A screening for the appropriate contact and for quota control was conducted at the beginning of the interview. Telephone surveys took place in Greece, Slovakia and Hungary.
- Sample: N=2,969 people were interviewed in total (approximately n=200 people per country). In each country a quota was maintained according to four classes of company size.
- Interview: Web-assisted personal interviews (WAPI) of approximately 15 minutes duration. Telephone interviews (CATI) of approximately 20 minutes duration. Interview period: 1st Q 2014.

Sample overview – Total interviews = 2,969

Country	n	%
Austria	232	7.8%
Belgium	230	7.7%
Denmark	199	6.7%
France	206	6.9%
Germany	206	6.9%
Great Britain	212	7.1%
Greece	200	6.7%
Ireland	190	6.4%
Italy	221	7.4%
Spain	230	7.7%
Sweden	219	7.3%
Switzerland	202	6.8%
The Netherlands	224	7.5%
Turkey	208	7.0%
Industry	**n**	**%**
Manufacturing	653	22.0%
Wholesale / Retail / Distribution	797	26.8%
Services	1,519	51.2%
Business size	**n**	**%**
Micro-enterprises	965	32.5%
SMEs (Small/Medium enterprises)	1,669	56.2%
Large enterprises	335	11.3%

It may occur that the results are a percent more or less than 100% when calculating the results. This is the consequence of rounding off the results. Rather than adjusting the outcome so that it totalled 100%, we have chosen to leave the individual results as they were to allow for the most accurate representation possible.

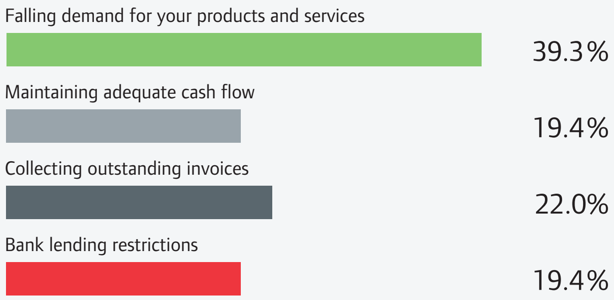
Survey results for Denmark

The greatest challenge to business profitability this year

The Danish economy is likely to rebound this year. GDP growth is forecast to be between 1.5% and 2%, as it benefits from increased global demand and the recovery in the Eurozone. This rebound is expected to be built on a stronger basis, due to the fact that the country has undertaken structural reforms, which have gradually helped Danish companies regain some labour cost-related competitiveness. The increase in employment, stabilization of the financial sector, export growth of about 4.5 %, and higher domestic consumption should sustain economic performance this year. The improved economy is also reflected in a positive insolvency trend for 2014.

Expectations of a solid economic rebound may explain why a large percentage of the survey respondents in Denmark (39.3%, across all of the industries and business size groups surveyed) consider a fall in demand for their products and services as one of the biggest challenges to business profitability that they might be facing in 2014 (respondents in Western Europe: 32.2%). All other challenges to business profitability examined in our survey (outstanding invoice collection, maintaining adequate cash flow levels and bank lending restrictions) are perceived to be less worrisome by respondents in the country.

The greatest challenge to business profitability this year – Denmark



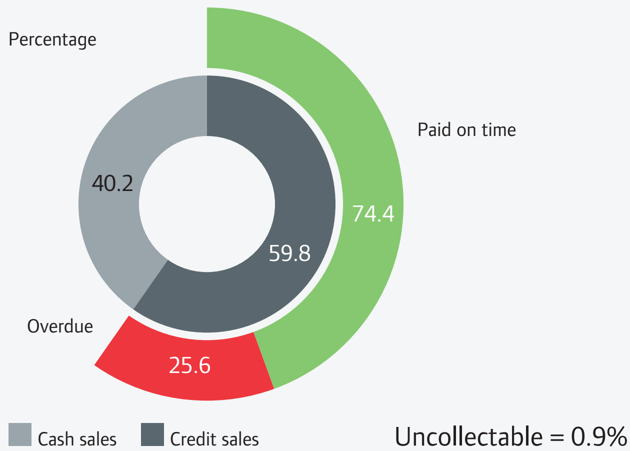
Sample: Companies interviewed in Denmark
Source: Atradius Payment Practices Barometer – Spring 2014

More information in the Statistical appendix

Past due receivables

Overdue receivables of respondents in Denmark average 25.6% of the total value of their B2B sales made on credit terms. This is well below the 37.6% survey average for Western Europe. Late payment of invoices by B2B customers was experienced most in the manufacturing sector and by SMEs. As to payment timing, on average, overdue payments from B2B customers were received around 17 days late (Western Europe: around 23 days late). This against a 24 days average payment term on B2B sales made on credit (average for Western Europe: 32 days).

Average total value of B2B receivables by payment timing in Denmark



Sample: Companies interviewed in Denmark
Source: Atradius Payment Practices Barometer – Spring 2014

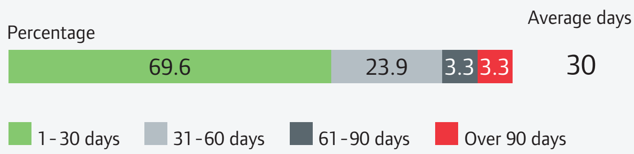
More information in the Statistical appendix

Days Sales Outstanding – DSO

Late payment of invoices from respondents' B2B customers is reflected in the 30 day average DSO recorded in Denmark. This is well below the survey average for Western Europe (52 days). DSO in Denmark is highest in the wholesale/retail/distribution sector and for SMEs (average 38 days).

Nearly 70% of respondents in Denmark reported a DSO ranging from 1 to 30 days; just over 27.0% ranging from 31 to 90 days, around 3% posted a DSO of over 90 days. More respondents in Denmark than in Western Europe overall (63.1% vs. 51.0% respectively) become concerned about the sustainability of the business when DSO is 40 to 45 days longer than the average payment term.

DSO in Denmark



Sample: Companies interviewed in Denmark
Source: Atradius Payment Practices Barometer – Spring 2014

More information in the Statistical appendix

Uncollectable receivables

Late payments can be expensive for the supplier. Whether done in-house or through a collections agency, debt collection costs time and money. In addition, you may incur additional financing costs on your own debts or miss opportunities to use your cash for other business development initiatives. What's more, the longer the receivables remain unpaid, the lower the likelihood of collecting them.

On average, Danish businesses lose around 33% of the value of their receivables that are not paid after 90 days. Our survey result suggests that Danish businesses have tightened their credit management as on average, 0.9% of the total value of their B2B receivables was written off as uncollectable compared to the average for Western Europe of 1.7%. 1% of sales is still a high number and indicates that prudent credit management is still very much needed.

Main reasons for late payment from B2B customers

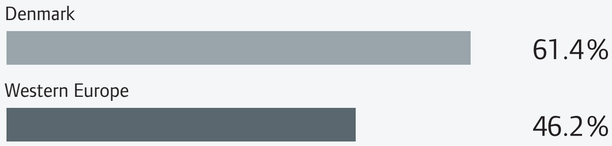
The trade-credit risk environment in Denmark, evidenced by survey responses, highlights the importance of having a good credit- management program. This starts with a good knowledge of the payment practices of potential and existing customers as an incorrect evaluation may result in serious cash flow problems. Based on responses in Denmark, late payments from B2B customers are most often due to the fact that buyers use outstanding invoices as a form of financing. This is particularly the case for payment delays from foreign customers (as reported by 42.4% of respondents in Denmark). This percentage is highest of all the countries surveyed in Western Europe and compares to 23.9% of respondents for the survey overall.

Credit management policies used by respondents

In order to mitigate the risk of payment default and bad debts from B2B customers, 52.3% of the respondents in Denmark reported using one or more credit management practices (respondents in Western Europe: 58.1%).

When asked to be more specific about the kind of credit tool/ tools they use, most of the respondents in Denmark (61.4%, most notably in the wholesale/retail/distribution sector and from SMEs) reported that they regularly send payment reminders to their B2B customers (dunning). This is the highest percentage of the countries surveyed in Western Europe and compares to a survey average of 46.2% of respondents. Checking the buyers' creditworthiness by analysing the buyer's financial statements, purchasing credit reports and obtaining bank references appears to be the second most often used credit management practice (40.9% of respondents vs. 43.3% in Western Europe overall).

Most often used credit management policy in Denmark (vs. Western Europe) – Payment reminders (dunning)



Sample: Companies interviewed (active in domestic and foreign markets)
Source: Atradius Payment Practices Barometer – Spring 2014

More information in the Statistical appendix

If after reading this report you would like more information about protecting your receivables against payment default by your customers you can visit the Atradius website or if you have more specific questions, please leave a message and we will call you back.

Statistical appendix

The Statistical appendix to this report is part of the Spring 2014 Payment Practices Barometer of Atradius (survey results for Western Europe) available at www.atradius.com/Publications/Payment Practices Barometer. This appendix is available for download in PDF format (English only).

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