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Press release

European businesses see outlook improving – now hungry for growth

Today, Intrum publishes the 23rd edition of the European Payment Report*. According to the report, half of the companies surveyed are lucky to have survived 2020. At the same time, reality did not turn out as gloomy as expected, partially due to government support, but also with new, digital business models gaining ground. Nevertheless, many companies are under pressure and are now hungry for a new phase of growth.

- Despite government support having prevented businesses from failing, half of the surveyed companies acknowledge that they are lucky to have survived 2020. On the other hand, many have excelled through digitalisation of their business models and more robust credit management practices - and they are thriving. A large part of European businesses are enthusiastic about the future, planning bold strategic initiatives as well as securing cash flow and liquidity. But the true impact of the pandemic on payment behaviour remains to be seen. Many companies have never been as concerned about their debtors' ability to pay as they are now, says Anders Engdahl, President and CEO of Intrum.

Although the pandemic turned the world upside down and caused widespread economic turbulence, Intrum's European Payment Report 2021 finds that 45 per cent of business leaders today are more positive about growth than they have been for many years and are embarking on major strategic initiatives. Among small and medium-sized enterprises 39 per cent state that they have accelerated the digitalisation of their businesses due to Covid-19.

At the same time, the true impact of the pandemic on payment behaviour is not yet fully known. State aid in combination with businesses' increasing reluctance to negotiate longer payment terms has supported liquidity over the past year. A majority

of respondents (62 per cent) state that they have never been as concerned about their debtors' ability to pay. The report suggests that 66 per cent of all European businesses foresee a considerable risk of late and non-payments growing and as government support is withdrawn, the situation will become more challenging.

Payment behaviour is masked by government support – although this is not the full picture

However, European companies have not only survived due to government support and technology development. The report shows that businesses have adopted a more proactive approach to how they mitigate liquidity squeeze and the risk of late payments. More than six in 10 (65 per cent) of small and medium sized companies say that the pandemic has encouraged them to improve in this area, compared to 46 per cent large corporations. Furthermore, in 2021 to date, there has been a 20 per cent drop from the previous year in companies that have accepted longer payment terms than they are comfortable with to maintain customer relationships.

Businesses see late payments as a societal issue, call for a society-wide solution

In light of Covid-19, business executives do foresee uncertainty for several years to come. Around half of those who have seen their profits decline say it will be 2022 or 2023 until they see a return to business as normal. However, 73 per cent of businesses across Europe expect the vaccine to have a positive impact on their performance during the second half of 2021. The concern today compared to last year's report, is less about ensuring survival and more about enabling growth and hiring new employees.

More than a third of the respondents (37 per cent) say that late payments are prohibiting growth. As many as 70 per cent claim that faster payments from their debtors would enable them to invest in improving their sustainability performance and pursue innovation through digital strategies. Many companies believe that individual action will not be enough to deal with late payments but see them as a societal issue which should be reflected in new, pan-European legislation.

Finally, the report shows that economic recovery is highly dependent on the responsible handling of payments, sound credit management, and access to a level playing field. Sustainable cash flows and long-term profitability are more important than ever to enable companies to grasp the significant growth potential that they see on the horizon.

Download the full report at www.intrum.com/epr2021

About the survey:

*The European Payment Report describes the impact of late payments on businesses' outlook, growth, and development. Intrum gathered data from 11,187 small, medium and large companies across 29 European countries covering 11 industry sectors. The report was compiled between 25 January and 16 April 2021.

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