



**CORPORATE  
INSOLVENCIES  
IN EUROPE**

**2022**

## **CONTENTS**

## **PAGE**

<b>1</b>	<b>Insolvencies in Western Europe in 2022 – Figures &amp; Developments</b>	<b>1</b>
1.1	Introduction	1
1.2	Development in Western Europe in 2022	2
1.3	Insolvencies by Economic Sector	5
1.4	Country overview	8
<b>2</b>	<b>Financing and Liquidity Situation of European Companies</b>	<b>15</b>
2.1	EBIT margin - Revenues and Earnings	15
2.2	Equity capital	17
2.3	Days sales outstanding	20
2.4	Payment terms	21
<b>3</b>	<b>Corporate insolvencies in Central and Eastern Europe</b>	<b>22</b>
<b>4</b>	<b>Insolvencies in Turkey</b>	<b>26</b>
<b>5</b>	<b>Insolvencies in the USA</b>	<b>27</b>
<b>6</b>	<b>Summary</b>	<b>28</b>
	<b>List of Sources</b>	<b>32</b>

## ■ 1     **Insolvencies in Western Europe in 2022 – Figures & Developments**

### 1.1     **Introduction**

The invasion of Ukraine by Russian troops at the end of February 2022 massively changed the economic framework conditions throughout Europe. Western states reacted to the attack with far-reaching economic sanctions against Russia and world markets were thrown into turmoil. The direct consequence of the war in Eastern Europe was a sharp rise in energy prices, as Russia largely ceased to be a major exporter of oil and natural gas. At times, fears of an energy shortage became real. Triggered by the energy price hike, European countries slid into general inflation with inflation rates of 10 per cent and more. The economic upswing that began after the end of the pandemic restrictions came to a grinding halt in the course of 2022. Thus, by the end of the year, a recessionary mood was spreading. In addition, the central banks raised interest rates as part of the fight against inflation. This also increased the burden on European companies, which had not yet fully recovered from the Corona crisis. Once again, governments had to intervene with aid measures for consumers and businesses to at least somewhat mitigate the price explosion.

In this report we show the situation of corporate stability in Europe with regard to insolvency and the risk of insolvency. Particularly for medium-sized export companies that are not represented with their own production or sales bases in other European countries, it is crucial to know what economic risks exist with their business partners on the other side of the border.

*Inflation Stifles Economic  
Recovery*

## 1.2 Development in Western Europe in 2022

### Significant increase in insolvencies

2022 saw a noticeable increase in corporate insolvencies in the countries of Western Europe, which for the purposes of this analysis refers to the EU-14 countries as well as Norway, Switzerland and Great Britain. Compared to the previous year (2021: 112,686 cases), the number of corporate insolvencies increased by 24.2 percent. A total of just under 140,000 corporate insolvencies were registered. These are the highest figures since 2019.

Tab. 1: Corporate insolvencies in Western Europe

	2022	2021	2020	2019	2018	Change 2021/22 in percent
Austria	4,913	3,076	3,106	5,235	5,224	+59.7
Belgium	9,260	6,533	7,203	10,598	9,878	+41.7
Denmark	7,818	8,339	5,614	8,474	7,155	-6.2
Finland	2,656	2,473	2,135	2,597	2,534	+7.4
France	41,215	27,470	31,036	51,201	53,887	+50.0
Germany	14,660	14,130	16,040	18,830	19,410	+3.8
Greece	46	108	102	107	84	-57.4
Ireland	500	401	575	568	767	+24.7
Italy <sup>1</sup>	7,164	9,017	7,650	11,161	11,259	-20.6
Luxembourg	1,054	1,199	1,199	1,263	1,195	-12.1
Netherlands <sup>2</sup>	1,854	1,536	2,703	3,209	3,145	+20.7
Norway <sup>3</sup>	3,040	2,688	4,100	5,013	5,010	+13.1
Portugal	3,869	4,770	5,000	5,071	5,888	-18.9
Spain	4,755	4,098	4,097	4,464	4,131	+16.0
Sweden	7,266	6,901	7,695	7,776	7,599	+5.3
Switzerland <sup>4</sup>	6,799	5,127	4,893	6,009	6,878	+32.6
United Kingdom	23,104	14,820	13,298	18,256	18,733	+55.9
<b>Total</b>	<b>139,973</b>	<b>112,686</b>	<b>116,446</b>	<b>159,832</b>	<b>162,777</b>	<b>+24.2</b>

The Corona pandemic had initially led to declining insolvencies for various reasons: For example, most governments had initiated numerous measures to help the economy in order to mitigate the effects of

<sup>1</sup> without agriculture

<sup>2</sup> without natural persons as sole proprietorships

<sup>3</sup> without natural persons as sole proprietorships

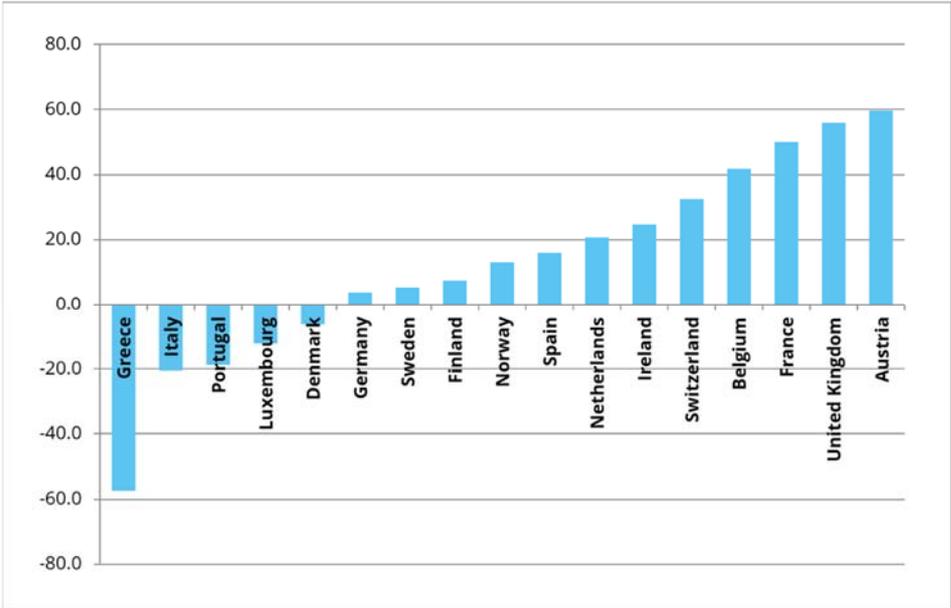
<sup>4</sup> without bankruptcies due to defects

the pandemic (and prevent an increase in bankruptcies). The obligation to file for insolvency, for example, was temporarily suspended. Thus, insolvency figures remained low and even declined.

However, the consequences of the crisis were in part merely delayed and insolvency events did not fully reflect the consequences of the pandemic. The hoped-for economic upswing after the end of the pandemic lasted only a short time. Too short for many to sustainably restore corporate stability. With the war in Ukraine, the general economic conditions deteriorated again significantly. Last year's massive cost explosion (for energy, for instance) hit already struggling companies.

In 2022, the insolvency figures again resembled those of 2019, which was the last year of "normal" insolvency activity before the Corona crisis. The current increase is probably partly due to catch-up effects from the Corona years.

**Fig. 1: Development of corporate insolvencies in Western Europe 2021/22**



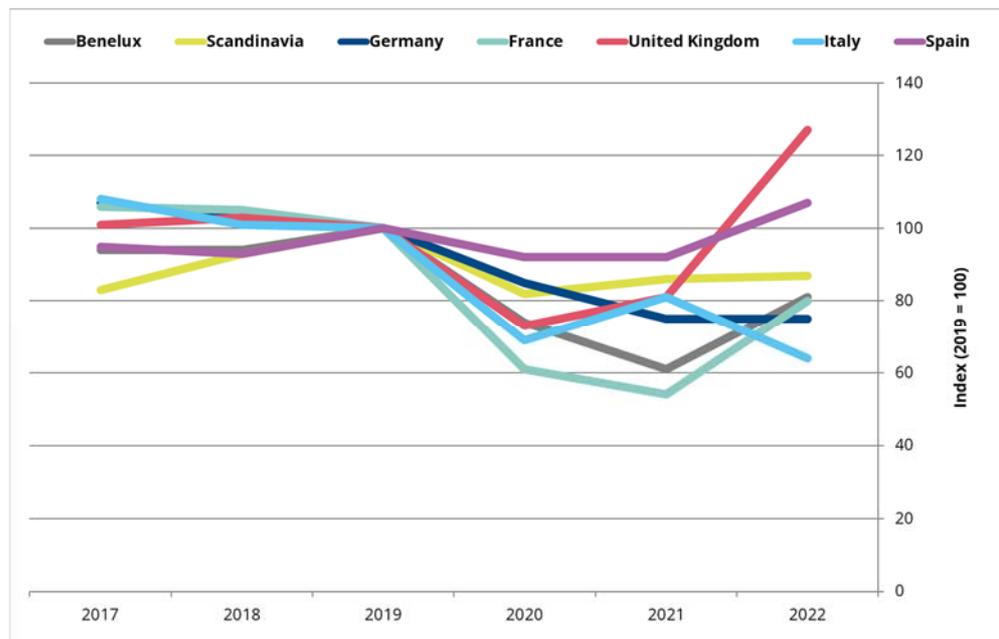
Changes in percent; Source: Creditreform

### Trend reversal in corporate insolvencies

Insolvency figures have risen in the majority of the countries considered (cf. Fig. 1). Austria (plus 59.7 percent) recorded a significant increase, followed by Great Britain (plus 55.9 percent), France (plus 50.0 percent) and Belgium (plus 41.7 percent). The number of corporate insolvencies rose also in Switzerland, Ireland, the Netherlands, Spain, Norway, Finland, Sweden and Germany. A decrease in the number of cases has been reported in Denmark, Luxembourg, Portugal, Italy and Greece.

Many regions in Europe are currently showing a turnaround in insolvency activity (see Fig. 2). In comparison with the reference value, for which the year 2019 was chosen in this analysis, the insolvency figures mostly remain lower, for example, in Scandinavia, Germany and Italy. Meanwhile, corporate insolvencies are above the 2019 level in the UK and Spain.

**Fig. 2: Development of corporate insolvencies in selected countries and regions**



Figures in index points; source: Creditreform

With a share of just under 30 percent, the insolvency trend in Western Europe is clearly dominated by France. The share of the Scandinavian countries has been declining recently, as has that of Germany. Compared with the situation ten years ago (2012), Germany's declining importance for the development of insolvency in Europe is clear (see Fig. 3). In contrast, the UK's share increased from 11.1 to 16.5 percent within ten years. Scandinavia also had a higher share of insolvencies than in 2012. The other countries, such as the Benelux states and Switzerland, currently account for a combined share of 16.7 percent - somewhat lower than ten years ago.

*Great Britain's share of insolvency activity increases*

**Fig. 3: Distribution of corporate insolvencies in Western Europe**



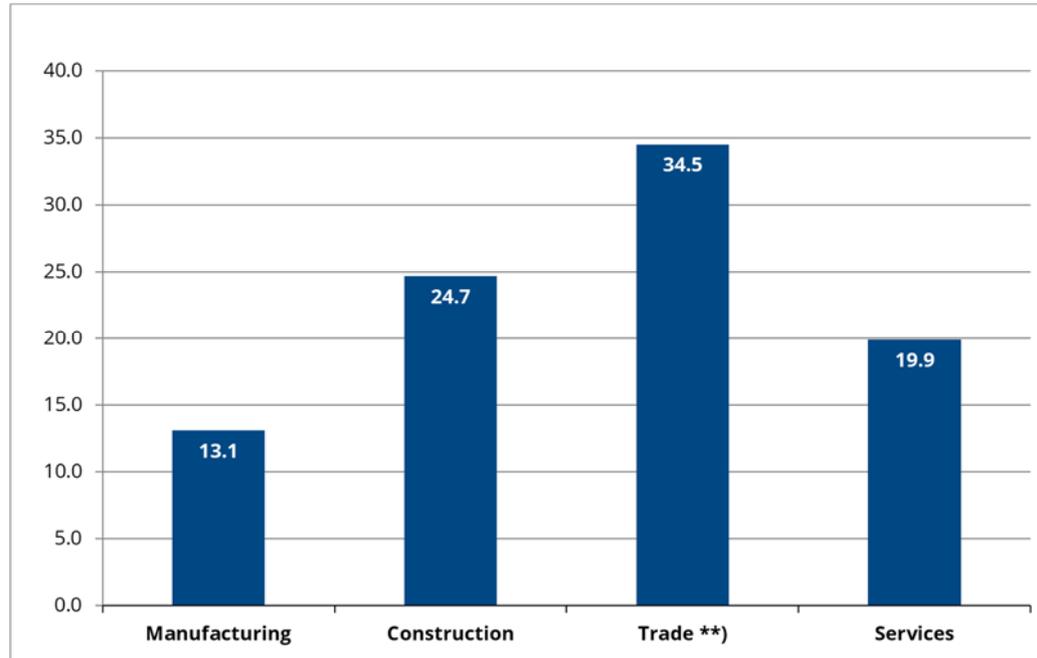
Figures in percent; Source: Creditreform

**1.3 Insolvencies by Economic Sector**

There was a noticeable increase in insolvency cases in all the main economic sectors. The number of cases in the trade sector (incl. hotels and restaurants) rose by 34.5 percent within one year. This development reflects the difficult Corona years and the current weakness in consumption due to record inflation. In the construction industry, insolvencies rose by 24.7 percent and in the service industry by almost 20 percent. As recently as the previous year (2021),

two economic sectors (trade, manufacturing) had a declining insolvency trend.

**Fig. 4: Changes in the main economic sectors**

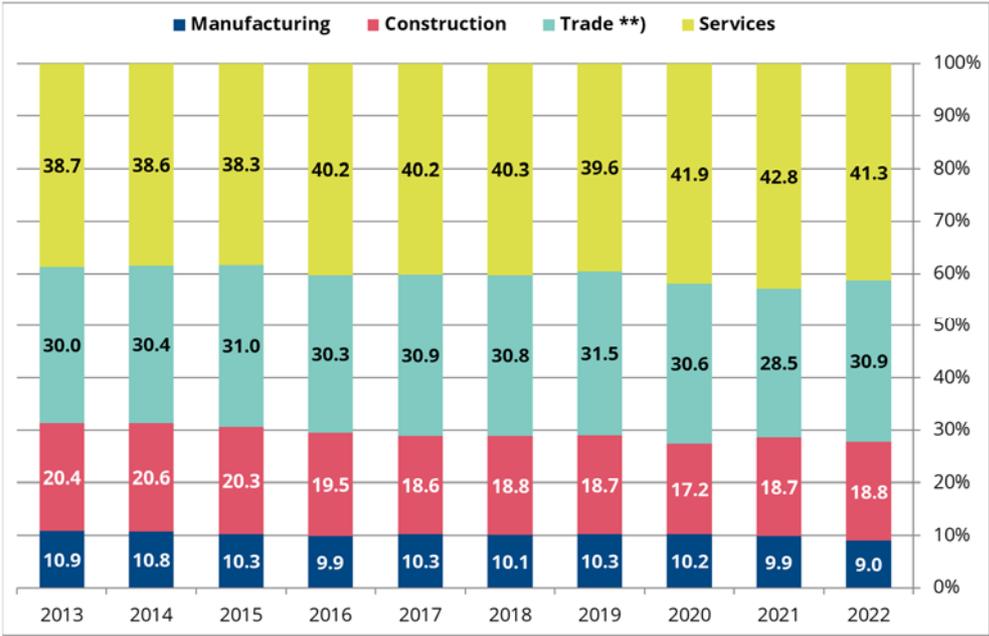


Changes in percent; \*) without Greece  
\*\*) incl. Horeca; Source: Creditreform

**2022: Increase in insolvencies  
in trade**

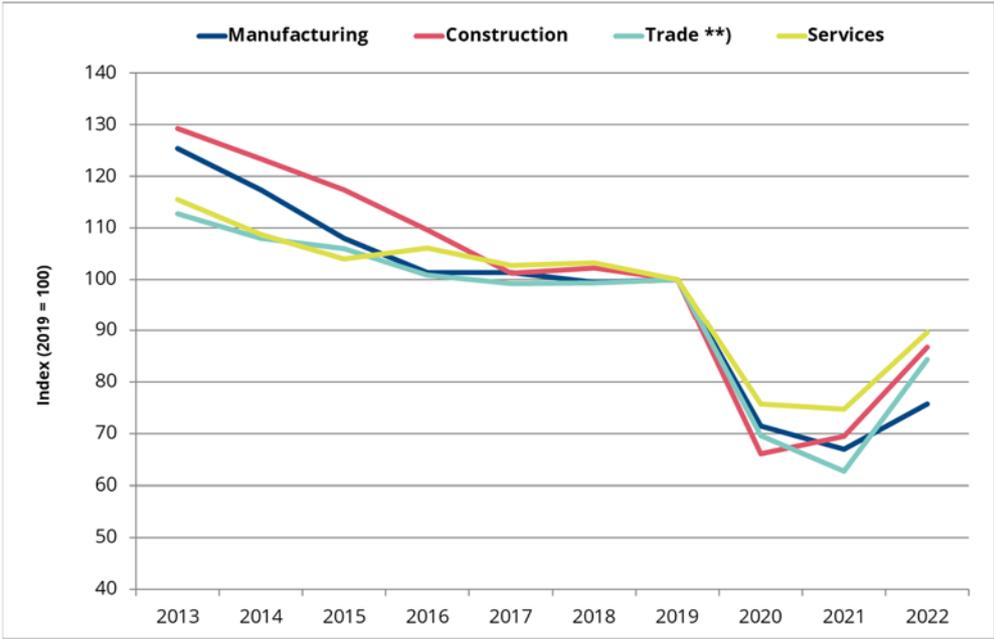
Most insolvencies occurred in the service sector. However, at 41.3 percent, the share of insolvencies here is lower than in the previous year (2021: 42.8 percent). The share of the manufacturing sector also decreased (from 9.9 to 9.0 percent). The share of insolvencies in the construction industry remained almost unchanged at 18.8 percent. In the longer term, however, a decline can be observed. In 2022, trade (incl. hotels and restaurants) accounted for 30.9 percent of all insolvencies, after only 28.5 percent in the previous year (2021) (see Fig. 5).

**Fig. 5: Share of insolvency in the main economic sectors in Western Europe 2013 to 2022 \*)**



Figures in percent; \*) without Greece; \*\*) incl. Horeca  
 Source: Creditreform

**Fig. 6: Development of insolvencies in the main economic sectors 2013 to 2022 \*)**



Figures in index points; \*) without Greece; \*\*) incl. Horeca

*Trend reversal: But pre-Corona values still not reached again*

After the strong decline in insolvency development in the wake of the Corona measures, an increase in insolvency activity can now be observed again in all main economic sectors. A trend reversal in insolvencies in the construction industry had already begun in 2021. Compared to the previous year, the figures have increased significantly (cf. also Fig. 6). Compared to the base year 2019, however, the figures remain lower. Despite the recent increase, the pre-Corona levels (2017 to 2019) have not yet been reached again in any economic sector. Prior to the Corona crisis, the years of decline in insolvency figures had come to a virtual standstill.

#### **1.4 Country overview**

The following is a look at insolvency trends in the individual Western European countries.

##### **Austria**

In Austria, insolvency figures increased significantly (plus 59.7 percent compared to the previous year). The total of 4,913 corporate insolvencies was the highest level since 2019. The insolvency gap is starting to close and the years-long phase of low insolvencies has thus come to an end. Insolvency activity rose sharply, especially in the service sector and trade (incl. hospitality). A good half of the insolvencies (50.2 percent) were in the service sector and 29.5 percent in trade. Only 16.4 percent of all insolvencies concerned companies in the construction industry- but here, too, the number of cases has risen recently. Further catch-up effects are likely.

##### **Belgium**

Belgium recorded a rapid increase of almost 42 percent in corporate insolvencies in 2022. A total of 9,260 corporate insolvencies were recorded - up from 6,533 cases in the previous year. This was Belgium's first increase since 2019, with trade (including hotels and restaurants) again accounting for the bulk of insolvency activity, with a share of 39.3 per cent. Service industries accounted for 34.1 percent of insolvency activity and construction for 21.1 percent. A

noticeable increase in insolvency figures was registered in all the main economic sectors. In trade, the number of cases almost doubled.

### **Denmark**

After the sharp rise in insolvency figures in Denmark in the previous year, the insolvency situation has eased slightly. The number of cases fell within a year by 6.2 percent to a total of 7,818. With a share of 54.3 percent, most insolvencies were in the service sector, followed by trade (23.9 percent) and construction (16.2 percent). Further increases in insolvency figures in the construction and trade sectors were offset by declines in the service and manufacturing sectors.

### **Finland**

Finland had already recorded an increase in insolvency figures in 2021. The trend also continued in 2022. Corporate insolvencies rose by 7.4 percent and at 2,656 reached their highest level since 2014. Accordingly, the insolvency situation has returned to normal; exceptional effects from the Corona period had run their course. On the contrary: it appears that the mixture of the Corona crisis and the current economic crisis has led to more insolvencies than in the years immediately preceding the pandemic. The economic sectors of construction, trade and services recorded an increase in the number of cases in 2022. The service sector now accounts for 40.7 percent of all insolvencies and trade for 26.6 percent. Only manufacturing saw a decline in the number of cases.

### **France**

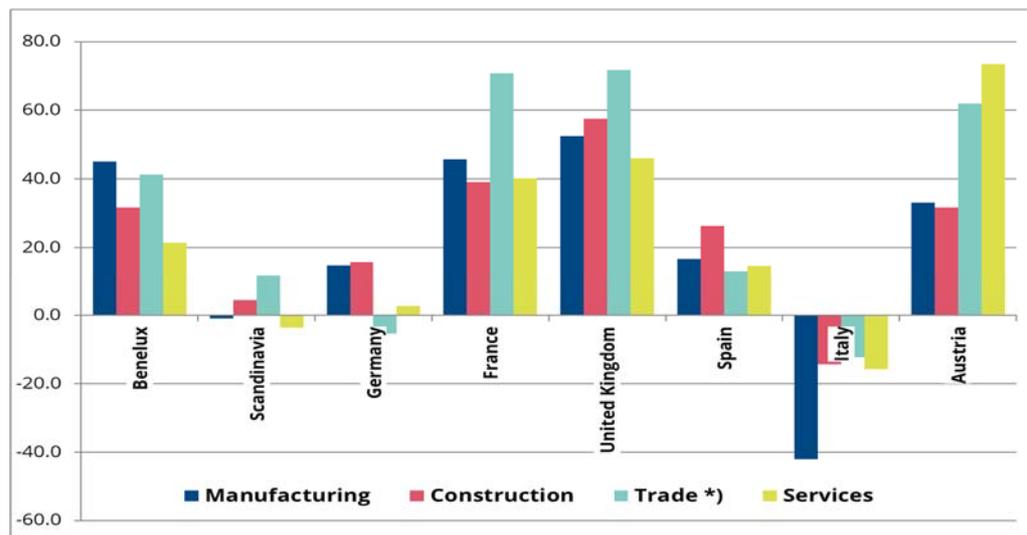
France was one of the European countries with the strongest increase in insolvency levels in 2022. The number of corporate insolvencies rose by 50.0 percent and totalled 41,215 cases (2021: 27,470 cases). A year ago, there had still been a decline. However, the current number of insolvencies has not yet reached the pre-Corona level. In the economic sectors, there has recently been a significantly higher incidence of insolvency - especially in trade (cf. also Fig. 7). With a share of 35.3 percent, trade accounted for the major-

ity of insolvency cases, while the service sector accounted for 34.2 percent. Every tenth insolvency in France was in manufacturing.

### Germany

Germany recorded an increase in corporate insolvencies in 2022 for the first time in years. In the course of the year, 14,660 cases were registered, an increase of 3.8 percent compared to the previous year. This means that the trend of declining insolvency figures is coming to an end. The special effects of the pandemic years had run their course and the economy was suffering the consequences of the energy crisis. In Germany, too, the service sector accounts for the largest share of insolvencies, 57.5 percent. Recently, however, the number of cases has risen above all in the construction and manufacturing sectors. In trade, there was a further decline.

**Fig. 7: Changes in the main economic sectors by country or region 2021/22**



Changes in percent; \*) incl. Horeca; Source: Creditreform

### Ireland

Ireland recorded a noticeable increase in corporate insolvencies in 2022 (plus 24.7 percent). The decline of previous years is thus over. Nevertheless, at 500 insolvencies, the number of cases remained below the level of the pre-Corona years. The strongest increases in insolvency figures were recently seen in

the trade and service sectors. In construction, a decline was recorded against the trend. With a share of 62.3 percent, insolvency in Ireland mainly affected companies in the service sector. Trade (incl. hotels and restaurants) accounted for 21.8 percent and construction for 10.0 percent of all insolvencies.

### **Italy**

In Italy, corporate insolvencies were down (minus 20.6 percent). In the course of 2022, there were 7,164 cases registered. A year earlier, the figure was 9,017. This means that insolvency activity as a whole remains lower than before the Corona crisis. Even though the numbers had risen in the previous year, it is not yet possible to speak of a normalisation of insolvency activity. It is possible that in the meantime many market exits no longer take place by means of regular insolvency proceedings. The share of insolvencies in the trade sector (including hotels and restaurants) was 35.9 percent, followed by the service sector (27.6 percent). Insolvency figures fell in all four main economic sectors..

### **Luxembourg**

The number of insolvencies also fell in Luxembourg. In 2022, 1,054 cases were registered - after 1,199 in the previous year. At 69.0 percent, the service sector dominates the national insolvency scene. Most recently, there has been a downward trend in trade and construction.

### **Netherlands**

The number of corporate insolvencies in the Netherlands increased by 20.7 percent. A total of 1,854 corporate insolvencies were recorded here (previous year: 1,536 cases). The annual number of corporate insolvencies is thus still significantly lower than before the outbreak of the Corona pandemic. Manufacturing and trade were hit harder than in the previous year. With a share of almost 49 percent of insolvencies, the service sector dominates the insolvency statistics. Trade accounted for 26.2 percent and construction for 15.9 percent.

**Tab. 2: Insolvencies by main economic sector in 2021/22 in selected countries and regions**

■	2022				2021			
	Manufacturing	Construction	Trade *)	Services **)	Manufacturing	Construction	Trade *)	Services **)
Austria	4.0	16.4	29.5	50.2	4.8	19.9	29.1	46.2
Belgium	5.5	21.1	39.3	34.1	5.4	21.6	37.5	35.6
Denmark	5.5	16.2	23.9	54.3	5.6	14.3	21.7	58.4
Finland	11.4	21.3	26.6	40.7	12.9	22.3	25.9	38.9
France	10.2	20.3	35.3	34.2	10.5	21.9	31.0	36.6
Germany	7.2	16.4	18.9	57.5	6.5	14.7	20.7	58.1
Ireland	5.8	10.0	21.8	62.3	7.0	17.0	17.0	59.0
Italy	17.3	19.2	35.9	27.6	23.7	17.8	32.5	26.0
Luxembourg	0.7	10.3	20.1	69.0	0.6	9.3	20.4	69.7
Netherlands	9.5	15.9	26.2	48.5	7.6	17.4	24.3	50.7
Norway	6.2	27.4	31.4	35.0	6.0	29.3	27.8	36.9
Portugal <sup>5</sup>	19.1	13.7	34.6	32.6	20.3	11.5	38.0	30.1
Spain	14.5	16.0	34.6	35.0	14.4	14.7	35.5	35.4
Sweden	5.5	17.4	29.7	47.5	5.6	17.9	27.5	49.0
Switzerland	5.5	20.6	25.1	48.8	6.1	24.6	24.5	44.9
United Kingdom	9.1	18.7	30.5	41.7	9.3	18.5	27.7	44.5
<b>Total</b>	<b>9.0</b>	<b>18.8</b>	<b>30.9</b>	<b>41.3</b>	<b>9.9</b>	<b>18.6</b>	<b>28.5</b>	<b>43.0</b>

Figures in percent; \*) incl. Horeca; \*\*) possibly missing sectors were counted as services

### Norway

Norway also recorded an increase in the number of cases, with 3,040 corporate insolvencies (from 2,688 cases in 2021). This means that insolvency activity is moving away again from the historically low level of the previous year. However, the number of corporate insolvencies still remained below the pre-Corona level. Insolvencies rose sharply in the trade sector (incl. hotels and restaurants), but also in manufacturing. With a share of 35.0 percent and 31.4 percent, respectively, insolvency activity takes place primarily in the service sector and trade.

### Portugal

In Portugal, the number of insolvencies fell again from 4,770 to 3,869 (minus 18.9 percent). The number of cases is thus at its lowest level since 2008. The

<sup>5</sup> Only completed cases (from 2020 onwards) were taken into account.

trade sector (34.6 percent) and the service sector (32.6 percent) each accounted for around one-third of the insolvencies in 2022.

### **Spain**

Spain recorded a moderate increase in corporate insolvencies (plus 16.0 percent). In 2022, 4,755 new cases were reported - in the previous year there were 4,098. The current increase could mark a trend reversal. It can be assumed that although the Corona years have affected the stability of many companies, there was no noticeable increase in the number of cases in previous years. Recently, however, insolvencies have increased again in all sectors of the economy - most markedly in the construction industry (plus 26.4 percent).

### **Sweden**

In Sweden there was a slight increase in corporate insolvencies (plus 5.3 percent). However, the increase was lower than the Western European average. a total of 7,266 cases were registered here (2021: 6,901 cases). The last time the figures were lower was in 2017. Significant increases in the number of cases, however, were recorded in the trade sector, which now accounts for 29.7 percent of the national insolvency volume. With a share of 47.5 percent, however, the service sector continues to dominate.

### **Switzerland**

In Switzerland, corporate insolvencies have risen by almost a third. The insolvency trend had already turned in the previous year, when the number of cases rose by 4.8 percent. Altogether, 6,799 corporate insolvencies were reported in 2022. This is a similar figure to the last one in 2018 (6,878). There were significant increases in the service sector and trade-but insolvencies also increased in the other economic sectors. Overall, the service sector accounted for 48.8 percent of insolvencies, followed by trade with 25.1 percent.

## United Kingdom

In the United Kingdom, the number of corporate insolvencies was 55.9 percent higher than in the previous year. An increase had already been recorded in 2021. A total of 23,104 insolvency cases were registered in 2022. The level of the pre-Corona years was thus clearly exceeded. The UK economy showed signs of vulnerability after the difficult Corona period and the current economic downturn. Insolvency figures jumped to their highest level since 2009, with all sectors of the economy showing significant increases (see Fig. 7). With a share of 41.7 percent, the bulk of insolvencies were in the service sector - followed by trade with 30.5 percent.

**Tab. 3: Insolvency ratios in Western Europe in 2022**

■	Insolvencies per 10.000 companies
Denmark	331
Luxembourg	297
Switzerland	169
Belgium	132
Austria	117
Norway	103
France	97
Sweden	92
United Kingdom	90
Finland	87
Germany	54
Portugal	41
Italy	19
Ireland	18
Spain	15
Netherlands	14
<b>Total</b>	<b>61</b>

Source: Eurostat, Federal Statistical Office, own calculations

With the restriction of different insolvency laws in the countries of Western Europe and the comparability of the statistics on the number of companies, the breakdown of insolvency ratios shows clear differences in the relative insolvency rate. In this context, regulated insolvency proceedings are only one way of exiting the market. In some cases, such as in Southern Europe, insolvency proceedings are not the typical route. In fact, closures and other liquidations are usually chosen and distort the Europe-wide comparison of insolvency rates.

## ■ 2 **Financing and Liquidity Situation of European Companies**

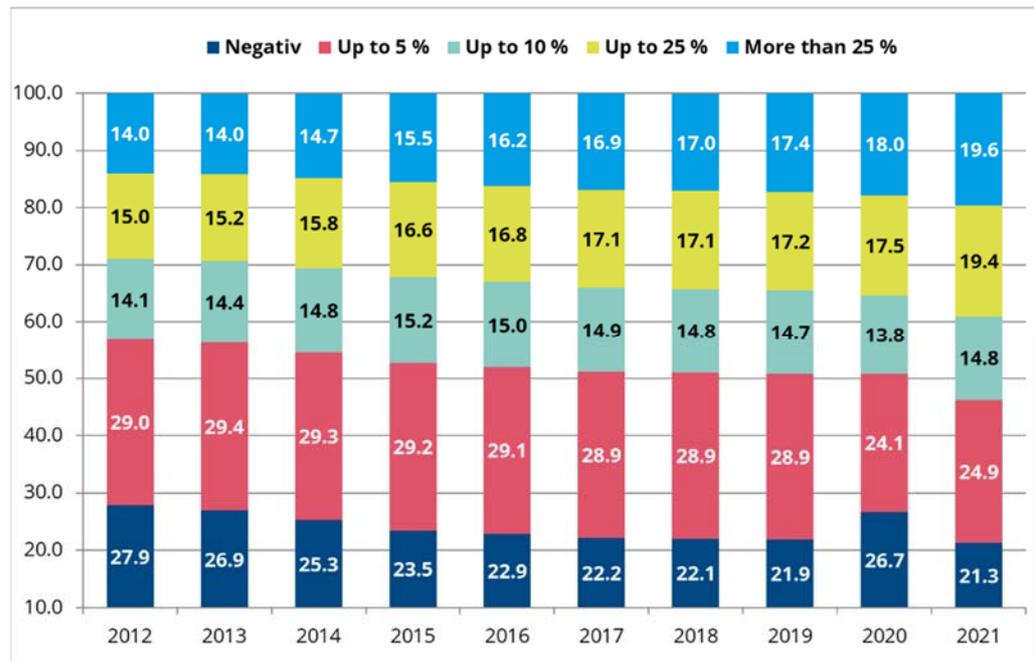
### 2.1 **EBIT margin – Revenues and Earnings**

Based on the annual financial statements of 3.26 million Western European companies for the year 2021, it is possible to analyse the earnings situation and its change over time and draw conclusions about possible insolvency risks. The following evaluations and results are based on annual financial statement data.

After the slump in the pandemic year 2020, the earnings situation of companies in Western Europe has stabilised again. Significantly fewer companies had a negative profit margin. While 26.7 percent of companies were still affected in 2020, this sank to 21.3 percent in 2021. The current value largely corresponds to the situation in 2019 - i.e. before the Corona crisis. In addition, 19.6 percent (2020: 18.0 percent) of the companies recorded a very high profit margin of more than 25 percent. Compared to the figures of the last 10 years, these are the highest so far (see Fig. 8).

*Earnings situation recovers after corona-related slump*

**Fig. 8: EBIT margin among Western European companies**



Figures in percent; Source: Creditreform

**Every fifth company sees a high profit margin**

A general improvement in the earnings situation is also noticeable. This is reflected in the fact that more companies achieved an EBIT margin between 10 and 25 percent (19.4 percent of the companies instead of 17.5 percent in the previous year). Hence, these companies also showed a good earnings situation. Among the companies with a margin between 5 and 10 percent, the pre-Corona level was reached again. Every fourth company (24.9 percent) continues to struggle with low profit margins of no more than 5 percent of turnover.

**Tab. 4: EBIT margin in 2021 in selected economic sectors**

	Construction	Trade *)
negativ	18.4 (22.3)	22.5 (31.6)
up to 5 %	28.1 (27.8)	34.5 (32.8)
up to 10 %	17.6 (16.9)	17.3 (15.4)
up to 25 %	21.4 (19,8)	17.5 (13.7)
more than 25 %	14.5 (13.2)	8.2 ( 6.4)

Figures in percent; ( ) = 2020; \*) incl. Horeca

Above all, the improvement in profits after the Corona slump is reflected in the economic sectors of construction and trade. Thus, significantly fewer companies had a negative profit margin in 2021. In the construction industry, 18.4 percent of the companies were affected (previous year: 22.3 percent), in trade only 22.5 percent, after 31.6 percent in the previous year. This means that both economic sectors recorded a noticeable economic recovery and improved corporate stability again.

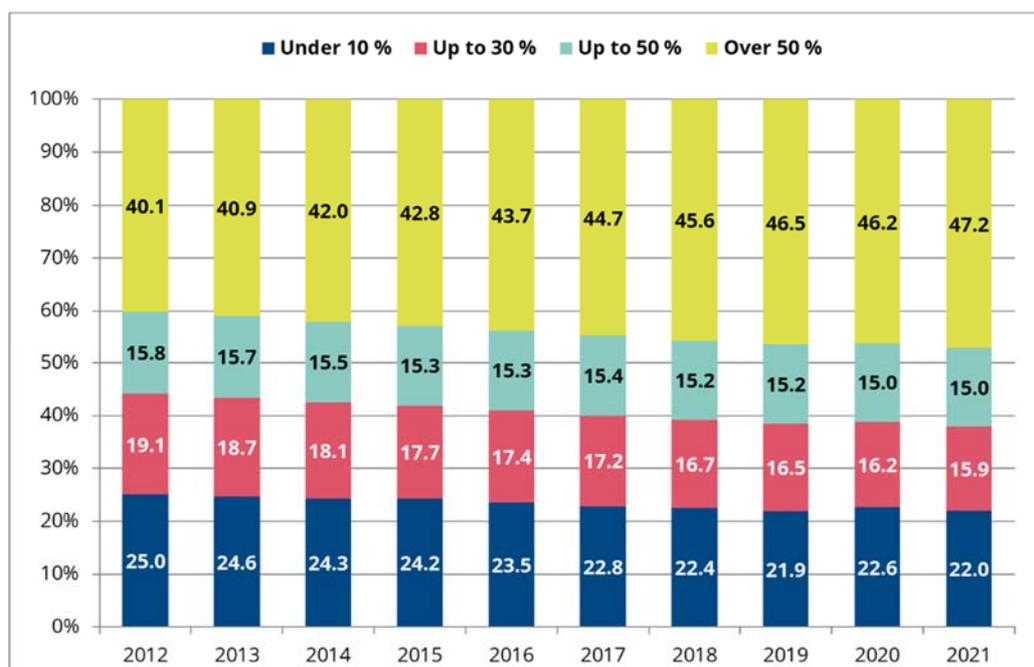
Accordingly, 21.4 percent of the construction companies generated a profit margin of between 10 and 25 percent and 14.5 percent of the companies generated a very high profit margin of over 25 percent. Both values are above the previous year's level. In trade, this development was even more pronounced: 17.5 percent of the companies achieved a profit margin between 10 and 25 percent (2020: 13.7 percent). However, comparatively few companies (8.2 percent) were able to reach a very high profit margin of over 25 percent.

## **2.2 Equity capital**

The equity ratios of Western European companies have recovered slightly in 2021. Negative effects of the Corona period still exist, however. The share of companies with a low equity ratio of less than 10 percent decreased. Now 22.0 percent of companies are considered weakly capitalised - compared to 22.6 percent the year before. In the longer-term perspective, the share of weakly capitalised companies thus remains low (see Fig. 9). At the same time, the share of companies with an equity ratio of more than 50 percent increased by one percentage point to 47.2 percent. This is the highest value in the period under review from 2012 to 2021. Compared to 2012 (40.1 percent), significantly more companies in Western Europe are solidly equipped with equity capital.

*Corona slump overcome:  
Number of equity-strong  
companies on the rise again*

**Fig. 9: Equity ratios in Western Europe**



Figures in percent; Source: Creditreform

Equity ratios in manufacturing developed positively in 2021. A high equity ratio of more than 50 percent was available to 41.2 percent of the companies (previous year: 40.8 percent.) Just under one fifth of the companies (19.8 percent) are considered to have low equity. Compared to the previous year, this proportion has decreased.

**Tab. 5a: Equity ratios of Western European manufacturing companies**

	2021	2020	2019	2018	2017
under 10 %	19.8	20.2	20.1	20.8	21.4
up to 30 %	19.8	19.9	20.5	20.9	21.3
up to 50 %	19.2	19.1	19.0	19.1	19.1
more than 50 %	41.2	40.8	40.5	39.2	38.2

Figures in percent; Source: Creditreform database and own calculations

The share of equity-strong companies in the construction industry has similarly increased. 37.3 percent of the companies here have an equity ratio of more than 50 percent. A year ago, this share was already at 36.7 percent and in 2017 only at 34.9 percent. The equity ratios have also recovered with regard to the low-equity companies. Still 24.4 percent

of the companies surveyed had an equity ratio of less than 10 percent. This share decreased by 0.5 percentage points compared to 2020.

**Tab. 5b: Equity ratios of Western European in the construction industry**

■	2021	2020	2019	2018	2017
under 10 %	24.4	24.9	23.8	24.6	25.4
up to 30 %	19.9	20.0	19.9	20.4	21.0
up to 50 %	18.4	18.4	18.6	18.7	18.7
More than 50 %	37.3	36.7	37.7	36.3	34.9

Figures in percent; source: Creditreform database and own calculations.

The corona-induced cuts in equity capital were also partially made up for in trade. The share of equity-weak companies here fell from 26.4 to 24.9 percent. 37.0 percent of the companies in the trade sector can be described as having strong equity capital. The equity ratio of these companies is above the 50 percent mark. This value is even above the pre-Corona level.

**Tab. 5c: Equity ratios for trade companies in Western Europe (incl. Horeca)**

■	2021	2020	2019	2018	2017
under 10 %	24.9	26.4	25.5	26.3	2.8
up to 30 %	20.3	20.8	21.2	21.5	22.0
up to 50 %	17.8	17.6	17.5	17.5	17.7
More than 50 %	37.0	35.2	35.8	34.8	33.5

Figures in percent; Source: Creditreform database and own calculations.

Companies in the service sector show a mixed development in equity capital. An increasing number of service providers have very good equity capitalisation (equity ratio over 50 percent). The share of these companies recently rose to 51.4 percent. At the same time, 21.5 percent of service providers have an equity ratio of less than 10 percent. This share also increased (2020: 21.4 percent) - but only minimally.

**Tab. 5d: Equity ratios among Western European companies in the service sector**

■	2021	2020	2019	2018	2017
under 10 %	21.5	21.4	21.0	21.3	21.7
up to 30 %	13.8	14.1	14.3	14.6	15.1
up to 50 %	13.4	13.6	13.8	14.0	14.2
more than 50 %	51.4	50.9	50.8	50.1	49.0

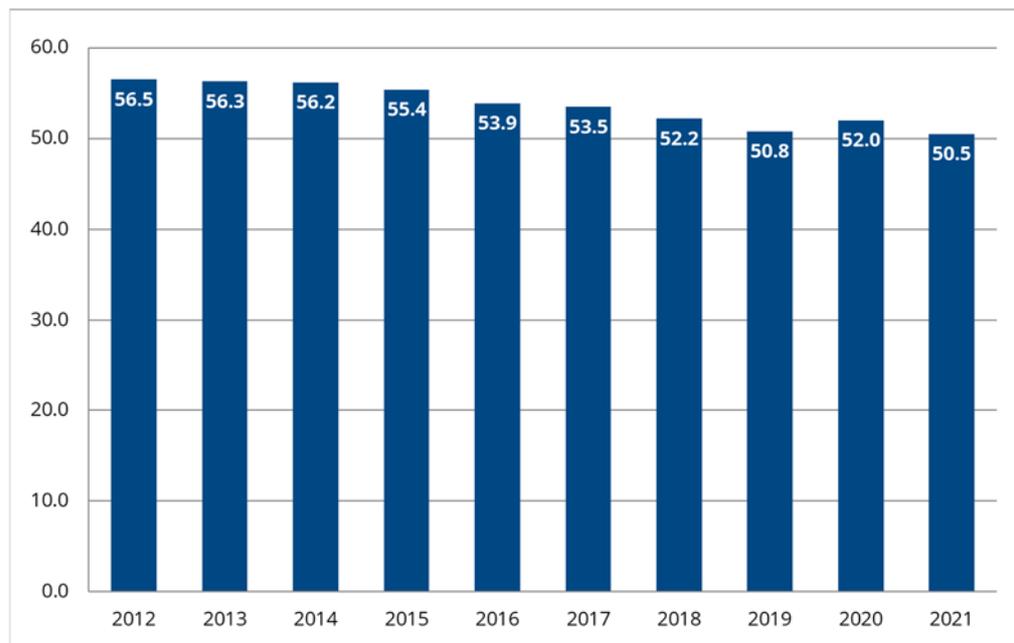
Figures in percent; Source: Creditreform database and own calculations

### 2.3 Days sales outstanding

*Days sales outstanding decreased again*

After the crisis-related increase in the average days sales outstanding in Western Europe in 2020, the period of outstanding receivables had decreased again to 50.5 days in 2021 (whereas in 2020 this was 52.0 days). This reduced the amount of time suppliers and service providers have to wait for their money. The days sales outstanding therefore is considerably lower than in the years 2012 to 2018, for example (see Fig. 10).

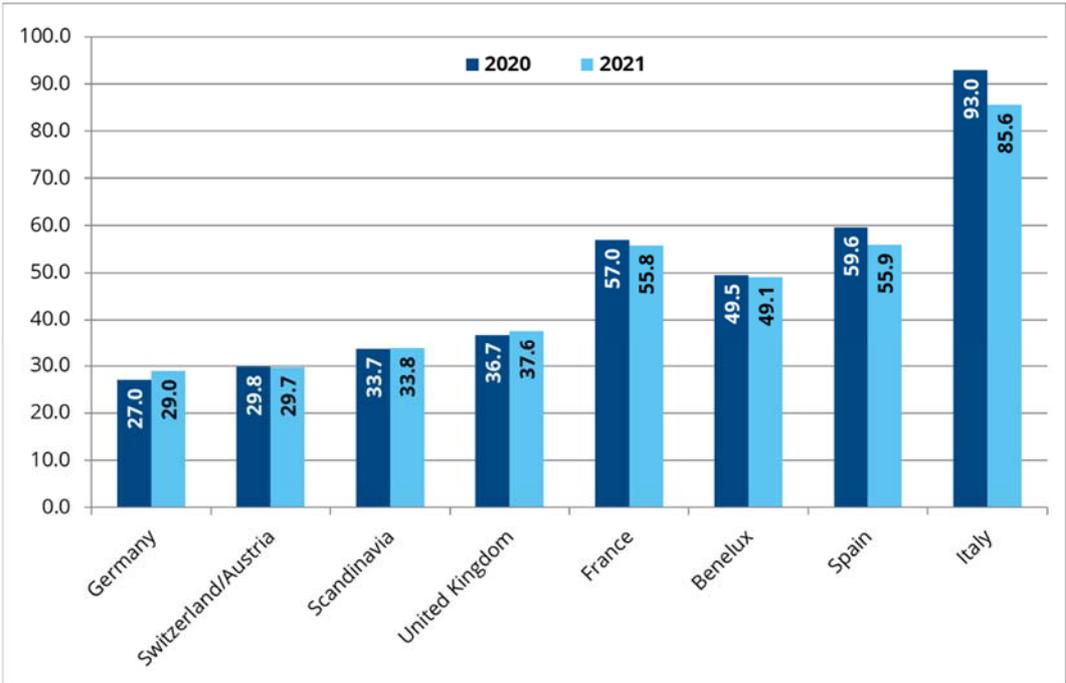
**Fig. 10: Days sales outstanding in Western Europe (in days)**



Figures = median values; term: at least 1 day; source: Creditreform

The downward trend in days sales outstanding is clearly evident in Italy and Spain - but also in France, the duration of outstanding debts has recently decreased again. In other regions of Europe, on the other hand, there were increases in days sales outstanding - for example in Germany and also in Great Britain. This reversed the trend from the previous year, when the duration had decreased. The negative leader in terms of payment terms is still Italy, where it takes an average of more than 85 days to receive payment. By comparison, in Germany the average is 29 days.

**Fig. 11: Days sales outstanding in Europe (in days)**



Figures = median values; term: at least 1 day; source: Creditreform

**2.4 Payment terms**

The agreed payment terms in Western Europe tend to have increased. Compared to the situation before the Corona crisis (2019), an increase can be observed in many countries leading to an increased payment target in many Western European countries. This development could indicate that suppliers and service providers had to grant longer payment terms due to the crisis.

At the same time, there remains a mostly considerable difference between the payment target and the receivables term. In Germany, for example, this "delay" is around 14 days. In countries like France or Spain it is as much as 28 days.

**Tab. 6: Payment terms in days for Western European companies**

■	2021	2019
Germany	14.8	14.3
Scandinavia	14.8	14.3
Austria/Switzerland	17.6	16.5
United Kingdom	18.4	17.7
Benelux	27.1	27.2
France	27.4	26.9
Portugal	27.6	28.0
Spain	27.6	27.2
Italy	59.3	58.9

Figures = median values; term: at least 1 day; source: Creditreform

### ■ 3 Corporate insolvencies in Central and Eastern Europe

#### *Significantly more insolvencies in Eastern Europe*

Insolvency figures have also increased in Eastern Europe: Seven of the twelve countries surveyed recorded an increase in cases. The percentage increase was particularly marked in Hungary, Bulgaria and Lithuania. In five countries the number of insolvency cases decreased, namely Estonia, Poland, Serbia, Slovenia, and the Czech Republic. A total of 60,010 corporate insolvencies were registered in Eastern Europe. The previous year's level (2021: 39,095 cases) was clearly exceeded. The following overview shows the current insolvency developments in the individual countries.

In Bulgaria, the insolvency figures rose sharply by almost 62 percent. The main reason for this development was that state aid for companies from the Corona pandemic expired in the course of the year. Sectors heavily affected were hospitality and tourism.

With 849 insolvency cases, however, the number of cases remained lower than in 2020 or 2019.

**Tab. 7: Corporate insolvencies in Central and Eastern Europe**

■	2022	2021	2020	2019	2018	Change 2021/22 in percent
Bulgaria	849	525	1,327	996	1,112	+61.7
Croatia <sup>1)</sup>	5,602	4,975	4,113	5,981	9,207	+12.6
Czech Republic <sup>2)</sup>	992	1,220	1,091	926	1,039	-18.7
Estonia	98	107	155	148	273	-8.4
Hungary <sup>3)</sup>	41,564	21,736	19,771	10,977	3,705	+91.2
Latvia	308	242	375	560	591	+27.3
Lithuania	1,103	738	822	2,574	2,219	+49.5
Poland	288	410	580	645	646	-29.8
Romania	6,531	6,113	5,564	6,384	8,304	+6.8
Serbia	1,458	1,748	1,828	2,075	2,080	-16.6
Slovakia	279	265	167	249	230	+5.3
Slovenia	938	1,016	1,125	1,294	1,497	-7.7
<b>Total</b>	<b>60,010</b>	<b>39,095</b>	<b>36,918</b>	<b>32,809</b>	<b>30,903</b>	<b>+53.5</b>

<sup>1)</sup> Proceedings opened per year

<sup>2)</sup> Insolvency petitions without self employed persons

<sup>3)</sup> Insolvency and liquidation proceedings

In Estonia, the number of insolvencies decreased again. After 107 companies had to file for insolvency in the previous year, the number of cases fell to 98. The number of cases is thus at a low level and the feared catch-up effects have so far failed to materialise. Apparently, many companies have adjusted to the new conditions.

In Croatia, the number of insolvencies rose by 12.6 percent within a year. A total of 5,602 insolvency petitions were filed by companies. In most cases, however, the opening of insolvency proceedings were rejected due to lack of assets. There was also a certain catch-up effect, as there were delays in insolvency proceedings during the pandemic period. Most insolvencies were in the trade sector, with a share of 39.3 percent (cf. Tab. 8).

In Latvia, the number of corporate insolvencies was 27.3 percent higher than in the previous year. However, insolvencies were at a very low level in 2021 and the pre-Corona level has not yet been reached again despite the recent increase. A total of 308 cases were registered. From 2017 to 2019, the average number of cases per year was almost 600. During 2022, almost all Corona restrictions in the economic sectors were lifted. At the same time, there were new burdens on businesses, for example in the form of rising material prices. The majority of insolvency cases in 2022 were in trade and services (cf. Tab. 8).

Lithuania recorded a noticeable increase in corporate insolvencies in 2022 (plus 49.5 percent). After the slump in the figures during the Corona years 2020/2021, the trend has now reversed. However, at just over 1,100 insolvencies in 2022, the insolvency volume in Lithuania remained well below the pre-Corona level. Most of the insolvency activity took place in the trade sector (see Table 8).

In Poland, on the other hand, the number of corporate insolvencies fell again. In 2022, there were 288 new petitions registered nationwide (2021: 410) - a decline of almost 30 percent compared to the previous year. This means that the figures are still significantly lower than before the Corona period. However, medium-sized and larger companies, where a total of about 12,500 jobs are threatened, were affected more than in the previous year. A third of the insolvency applications came from the service sector and about a quarter from trade. The share of the construction sector and manufacturing increased compared to the previous year (cf. Tab. 8)

Romania recorded a slight increase in insolvency figures in 2022 to a total of around 6,500 cases. This figure is back in the range of the pre-Corona level (2019: 6,384 cases). There was an increase in the number of cases among medium-sized and larger companies. In addition to the expiry of support measures for the economy, it is primarily the consequences of the pan-

demic that have increasingly led to company closures. Trade accounts for a large part of insolvency in Romania (about one third).

**Tab. 8: Insolvencies by main economic sector 2021/22 in selected countries and regions**

■	2022				2021			
	Manufac- turing	Construc- tion	Trade *)	Services **)	Manufac- turing	Construc- tion	Trade *)	Services **)
Croatia	11.8	15.5	39.3	33.4	9.3	13.1	47.8	29.7
Czech Republic	24.9	10.1	44.9	20.2	9.1	10.3	49.6	31.0
Hungary	8.1	18.0	32.6	41.3	9.1	16.7	35.9	38.2
Latvia	16.6	15.9	37.3	30.2	15.3	14.5	36.8	33.5
Lithuania	11.2	20.6	43.5	24.8	13.8	17.5	42.1	26.6
Poland	24.7	19.1	23.6	32.6	23.7	13.4	29.8	33.2
Romania	18.9	20.5	33.3	27.2	18.1	18.2	36.7	27.0

Figures in percent; \*) incl. Horeca; \*\*) any missing sectoral data were counted as services.

With 1,458 corporate insolvencies, the number of cases in Serbia remains below the previous year's level (minus 16.6 percent). Insolvency proceedings still in progress at the end of 2022 were registered.

Insolvency figures in Slovakia rose slightly (plus 5.3 percent). After a massive increase in the previous year, the development continued in 2022 in a weakened form. Meanwhile, the insolvency volume is higher than before the Corona period (2019: 249).

2022 saw a rate of 938 corporate insolvencies recorded in Slovenia. This means that insolvency activity weakened somewhat (2021: 1,016 corporate insolvencies).

In the Czech Republic, the number of insolvencies decreased significantly (minus 18.7 percent), while increases had been recorded in 2020 and 2021. With around 45 percent of the cases, trade (incl. hospitality) again accounted for a large share of insolvencies. Compared to the previous year, however, the share has decreased. Proportionally more insolvencies were registered in manufacturing (cf. Tab. 8). In total, an estimated 8,000 employees were affected.

In Hungary, more than 41,000 liquidations were counted across all sectors. This means that the number of cases almost doubled (2021: 21,786). There was a massive increase in cases in all main economic sectors. Trade and the service sector account for the bulk of insolvency activity. The service sector alone accounted for more than 41 percent of all insolvency cases (cf. Tab. 8). Many companies were still suffering from the consequences of the Corona measures. In 2022, significant cost burdens were added by the increased energy prices.

Due to the outbreak of war, no figures were reported from Ukraine for 2022.

#### ■ 4 Insolvencies in Turkey

#### Turkey: Insolvencies continue to rise

In 2022, a total of 24,303 corporate insolvencies were registered in Turkey. This represented a significant increase in insolvency cases (plus 41.4 percent). The increase from the previous year thus continued and even accelerated.

The economic situation took a turn for the worse - Turkey recorded significantly weakened growth in 2022. At the same time, inflation rose to over 70 per cent on an annual average. The competitive position of the Turkish economy is favoured by Turkey's monetary policy, but harbours many risks. Due to the weak domestic currency, the high commodity and energy prices on the world markets put a particular strain on Turkish companies. Domestic consumption is being held back by high inflation.

**Tab. 9: Corporate insolvencies in Turkey**

■	2022	2021	2020	2019	2018	Change 2021/22 in percent
Turkey	24,303	17,184	15,949	14,050	13,593	+41.4

As a result, 42.2 percent of all insolvencies were in the trade sector (incl. hotels and restaurants) and 26.3 percent in the service sector. While more insolvencies were counted in the trade sector than in 2021, the percentage share of the service sector decreased slightly. The insolvency share of the construction sector (from 15.3 to 13.8 percent) and the manufacturing sector (from 18.2 to 17.7 percent) also decreased. The insolvency figures in Turkey included in this analysis cover only companies. Self-employed or sole proprietorships are not included

**Tab. 10: Insolvencies by main economic sectors 2021/22 in Turkey**

■	Manufacturing	Construction	Trade *)	Services **)
2022	17.7	13.8	42.2	26.3
2021	18.2	15.3	39.6	26.8

Figures in percent; \*) incl. Horeca; \*\*) any missing sector data is counted as services.

■ **5 Insolvencies in the USA**

Unlike in Europe, the number of corporate insolvencies in the United States continued to fall. In the calendar year 2022, a total of 21,396 corporate insolvencies were recorded. Compared to the previous year (2021: 22,339 cases), this was a decrease of 4.2 percent. The last time an increase in numbers was recorded was in 2019. However, the downward trend in insolvencies weakened noticeably. As recently as the previous year, a decline of around 31 percent was registered. State aid programmes gradually expired during 2022, while at the same time the debt burden increased due to rising interest rates. The number of proceedings under creditor protection Article 11 of the US insolvency law already rose slightly by around 2 percent. The share of Chapter 11 insolvencies in all corporate insolvencies also increased and was 17.8 percent in 2022 (previous year: 16.7 percent).

**Tab. 11: Corporate insolvencies in the USA**

	2022	2021	2020	2019	2018	Change 2021/22 in percent
USA	21,396	22,339	32,517	38,944	38,032	-4.2

## ■ 6 Summary

The energy price crisis and inflation resulted in a significant increase in corporate insolvencies in Europe in 2022. In Western Europe (EU-14, UK, Switzerland, Norway), the number of corporate insolvencies rose by a solid 24 percent to 139,973 cases (2021: 112,686). In the Eastern European countries, the number of corporate insolvencies increased by more than 53 percent.

After two years of extremely low figures, insolvency activity in Western Europe returned to normal. The current increase is probably also due to catch-up effects. In addition, companies had to cope with rising costs due to energy price inflation and the shift in interest rates. However, the insolvency volume in Western Europe is still below the levels seen before the Corona crisis.

Many regions in Western Europe showed a reversal of the insolvency trend in 2022. Insolvency figures rose in the majority of Western European countries. Austria (plus 59.7 percent) recorded a significant increase, followed by Great Britain (plus 55.9 percent), France (plus 50.0 percent) and Belgium (plus 41.7 percent). The number of corporate insolvencies also increased in Switzerland, Ireland, the Netherlands, Spain, Norway, Finland, Sweden and Germany. A decrease in the number of cases was reported in Denmark, Luxembourg, Portugal, Italy and Greece.

Insolvency figures increased noticeably in all main economic sectors. The increase was above average in trade (incl. the hotel and restaurant industry), where a rise of 34.5 percent was recorded within one year.

This development probably reflects the difficult Corona years and the current weakness in consumption due to record inflation. In the construction sector, insolvency figures rose by 24.7 percent, in the service sector by almost 20 percent and in manufacturing by a solid 13 percent.

The service sector continued to dominate insolvency activity in Western Europe in 2022. This sector accounted for 41.3 percent of all corporate insolvencies (2021: 43.0 percent). The share of manufacturing declined slightly (from 9.9 to 9.0 percent). The share of the construction industry is almost unchanged (18.8 percent). Trade (including hotels and restaurants) accounted for 30.9 percent of all insolvencies. This means that the sector is more affected than in the previous year (28.5 percent).

The 2021 balance sheet figures of companies in Western Europe show a slight economic recovery after the deterioration in the 1st Corona year 2020. Significantly fewer companies reported a loss. Thus, 21.3 percent of the companies still recorded a negative EBIT margin (previous year: 26.7 percent). One fifth of the companies (19.6 percent) achieved a very high profit margin of more than 25 percent. For comparison: In the previous year, it was only 18.0 percent.

Equity ratios have also recovered. Nevertheless, negative effects of the Corona period can still be seen. The share of companies with a very low equity ratio decreased slightly - from 22.6 (2020) to 22.0 percent (2021). At the same time, the share of companies with an equity ratio of more than 50 percent increased by one percentage point to 47.2 percent, the highest level in the last ten years.

Days sales outstanding in Western Europe decreased again after the corona-induced increase. The average days' sales outstanding in 2021 was 50.5 days, 1.5 days lower than in 2020 (52.0 days). Suppliers and service providers thus received their money more

quickly. The downward trend in days sales outstanding is clearly pronounced in Italy and Spain. In other regions (Germany, Great Britain), however, increases in days sales outstanding were recorded.

Unlike in Western Europe, the insolvency figures in Eastern Europe are now significantly higher than before the Corona crisis. A total of 60,010 corporate insolvencies were registered in Eastern Europe in 2022. The previous year's level (of 39,095 cases in 2021) was thus clearly surpassed. Seven of the twelve countries surveyed recorded an increase in the number of cases. Hungary, Bulgaria and Lithuania were particularly affected. In five countries, the number of insolvency cases decreased.

Turkey registered 24,303 corporate insolvencies which was a significant increase over the previous year (plus 41.4 percent). 42.2 percent of all insolvencies here were in the trade sector (incl. hospitality) and 26.3 percent in the service sector.

Unlike in Europe, corporate insolvencies in the United States of America continued to decline in 2022. A total of 21,396 corporate insolvencies were recorded (2021: 22,339 cases).

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