

## UK SET FOR SECOND BIGGEST RISE IN INSOLVENCIES GLOBALLY

- Only China (+10%) will see a sharper uptick in corporate failures than the UK in 2018
  - The number of insolvencies in the UK will increase by +8% in 2018
  - Overall the number of global bankruptcies will fall by -1% this year
- The Euler Hermes' Global Insolvencies Index provides 2018 forecasts for 43 countries

**LONDON – 05 March 2018** – The UK will experience the second largest rise in business failures of any of the major global economies this year as uncertainties about Brexit become more pronounced, according to Euler Hermes, the world's leading trade credit insurer.

The company's latest [Global Insolvencies Index](#) reveals that only China (+10%) will see a sharper rise in corporate insolvencies globally in 2018. UK bankruptcies will climb by +8%, following a +5% uptick last year, the report shows.

The increase in the UK is in contrast to the rest of the European Union, where the level of failures will decrease by an average -3% this year. France (-7%), Germany (-4%), Netherlands (-5%) and Belgium (-5%) will all see sizeable falls due to the economic recovery across the EU and supportive monetary conditions.

Euler Hermes forecasts 2018 will be a relatively difficult year for the UK with GDP growth falling to just +1.5%. Consumer demand will continue to weaken, with private consumption growth expected to drop from +1.7% in 2017 to +1% this year.

Business will also be impacted. The acceleration in external demand from Europe coupled with cheaper sterling has given a strong boost to UK exports; net exports were a positive contributor to GDP growth for the first time since 2011. But this has frequently come at the expense of margins due to increased input costs. The global insurer forecasts a contraction of -2.3% in corporate investment in the run up to Brexit in 2019.

**Milo Bogaerts, Chief Executive, Euler Hermes UK and Ireland**, said: "The rise in insolvencies has the potential to start a domino effect of overdue or non-payment which, as we have seen in recent months, can impact large companies and smaller suppliers throughout entire supply chains.

"At the same time, two possible base rate increases (+50bp to 1%) this year may progressively translate into higher interest costs for companies and households. Monitoring client and supplier payment behaviour is key given the high levels of uncertainty, company debt and thin corporate margins in some sectors."

Euler Hermes predicts that the total number of insolvencies globally will fall by -1% this year as the global economic recovery gathers momentum, particularly across Western Europe and North America. The findings show the US should reach its lowest level of business failures since 2006, before the financial crisis, due to a robust economic outlook bolstered by the expected fiscal easing.

The number of corporate insolvencies in China (+10%) will rise in 2018 for the fifth consecutive year, following a significant uptick in 2017 (+35%). The country will see the highest increase in the number of insolvencies worldwide.

The Euler Hermes 2018 insolvencies report provides insights and forecasts for 43 countries worldwide, totalling 83% of global GDP. Read more on the [Euler Hermes' website](#).

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**Euler Hermes** is the global leader in trade credit insurance and a recognized specialist in the areas of bonding, guarantees and collections. With more than 100 years of experience, the company offers business-to-business (B2B) clients financial services to support cash and trade receivables management. Its proprietary intelligence network tracks and analyzes daily changes in corporate solvency among small, medium and multinational companies active in markets representing 92% of global GDP. Headquartered in Paris, the company is present in 52 countries with 6,050 employees. Euler Hermes is a subsidiary of Allianz, listed on Euronext Paris (ELE.PA) and rated AA by Standard & Poor's. The company posted a consolidated turnover of €2.6 billion in 2017 and insured global business transactions for €894 billion in exposure at the end of 2017.

Further information: [www.eulerhermes.com](http://www.eulerhermes.com), [LinkedIn](#) or Twitter [@eulerhermes](#).

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