



P R E S S R E L E A S E

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Outlook for Company Insolvencies
- Coface Panorama, Autumn 2013 -

Company insolvencies in France: No improvement likely for 2014

Following a peak in intermediate sized company insolvencies, SMEs are again suffering most

The number of French companies experiencing difficulties remains at a high level: Over the last twelve months¹ Coface identified 62,431 company insolvencies, an increase of +4.3%. Small and medium sized companies (+8%) are now suffering more in the current economic climate than are intermediate sized companies (-29%). The size effect is therefore fading and indicates a return to the more normal situation for French company insolvencies, with more but less “costly” cases (a decrease of -7.4% in the financial cost, measured by total outstanding amounts of each insolvent company). In terms of jobs, there was a slight drop in the number of job losses in company failures (-3.3%), with this now stabilising below the 200,000 mark.

Company insolvencies by sector: A diverse picture

The changes in the number and cost of company insolvencies in France vary by sector, with two basic situations.

Unsurprisingly, the construction, distribution and textile-clothing sectors continue to be high risk and account for almost 50% of all company insolvencies. Worse: Insolvencies in the textile-clothing and distribution sectors by number and above all cost (respectively +67% and +47%) reflect the continuing weak level of household demand.

The second situation is that of the sectors experiencing an improvement despite the poor economic climate. Coface’s indicators for the number and cost of company insolvencies reveal a significant revival for the chemicals and paper and wood sectors. The decrease in the financial cost in the chemicals sector reached -76.6% in a year, there have yet to be any more major insolvencies in the refinery sector since that of Petroplus.

2013: A record year for company insolvencies

According to Coface’s estimates, 2013 will be a record year for company insolvencies in France. Following the 60,500 or so recorded in 2012, Coface is expecting 62,500 insolvencies in 2013, with the third quarter worryingly reminiscent of that of 2009.

¹ Between November 2012 and October 2013



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2014 will be a difficult year for companies, without any real improvement in terms of insolvencies. Coface has forecast GDP growth in France to be around just +0.6% in 2014 (after +0.1% in 2013). In this context, any increase in consumption in 2014 will be weak. As this is a critical factor in the Coface forecasting model, the number of company insolvencies should level off at a very high, similar, level of around 62,000.

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About Coface

The Coface Group, a worldwide leader in credit insurance, offers companies around the globe solutions to protect them against the risk of financial default of their clients, both on the domestic market and for export. In 2012, the Group posted a consolidated turnover of €1.6 billion. 4,400 staff in 66 countries provide a local service worldwide. Each quarter, Coface publishes its assessments of country risk for 158 countries, based on its unique knowledge of companies' payment behaviour and on the expertise of its 350 underwriters located close to clients and their debtors.

In France, Coface manages export public guarantees on behalf of the French state.

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