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## Press Information

# Corporate insolvencies in Europe, 2019

## Business insolvencies in Western Europe at 10-year low

The number of corporate insolvencies in Western Europe (EU-15 plus Norway and Switzerland) declined further in 2019. The total, 163,548, represented the lowest level for ten years. Compared with the previous year (165,213 cases), the decrease was 1.0 percent. However, only six of the 17 countries surveyed actually recorded a reduction in their insolvency volumes – but these included large economies like France, Germany and the United Kingdom. The biggest fall in insolvency figures was in Ireland (minus 25.9 percent). In contrast, the number of cases rose markedly in Denmark, Greece, Spain and Belgium, among others.

## But more insolvencies in Scandinavia

In 2019, around one-seventh (14.6 percent) of the total insolvency volume in Western Europe was generated by

the Scandinavian countries, which have increased their proportion of the overall figure. Germany's share was 11.5 percent, while 11.1 percent of insolvent companies came from the UK. France accounted for 31.2 percent, or just under a third of all registered corporate insolvencies in Western Europe.

### **Rising number of cases in the manufacturing sector**

The main economic sectors reveal the following development: in the construction industry (minus 2.6 percent) and in the service sector (minus 1.6 percent), the insolvency figures were down. By contrast, insolvencies rose again in manufacturing (plus 0.9 percent). The retail sector (including hotels and restaurants) also recorded an increase, but at 0.1 percent this was only slight.

The notable improvement in stability in the Western European construction sector is also evident in the long term: this sector's share of all corporate insolvencies in 2019 was 18.5 percent, as against 20.7 percent in 2012. In 2019, just under a third of all insolvencies in Western Europe (32.5 percent) were in the field of retail (2012: 29.5 percent). This indicates that in recent years the insolvency scene has shifted more towards this sector of the economy.

## **Fewer insolvencies in Eastern Europe too**

Insolvency figures also declined in the countries of Central and Eastern Europe. In those countries for which data was available, a total of 48,648 insolvencies were registered in 2019. Only Slovakia and North Macedonia recorded rising numbers of cases. By contrast, there were decreases in the Baltic States and Romania, among others. Much of the insolvency activity in Eastern Europe focuses on the retail sector (including the hotel and restaurant business). This sector accounted for 42.4 percent of all insolvencies, while just under one-sixth were in the construction industry (16.1 percent).

In Turkey, the number of insolvencies rose again in 2019 to a total of 14,050 cases (plus 3.4 percent). The volume of corporate insolvencies also increased in the USA (plus 2.4 percent). The 38,944 cases in 2019 represented the highest annual figure since 2013.

## **Further improvement in equity and profit margins**

The balance-sheet analysis of around three million Western European companies shows a further improvement in the key figures relevant to corporate stability. This comes in the wake of the good economic situation of recent years and confirms the positive trend in corporate insolvencies. Company profit margins increased on average. Fewer companies than in the recent past recorded a balance-sheet loss (22.1

percent of companies). Equity ratios in Western Europe also improved again: only 22.4 percent of the companies surveyed can be described as having low equity (less than 10 percent). In 2012, this proportion was still 25.0 percent. Many companies (45.6 percent) have a high equity ratio (of over 50 percent).

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