
PRESSRELEASE

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EPI 2012 Industry White Paper:

European Health Care Sector hit hard by late payments

- Intrum Justitias annual survey among 8 000 European businesses shows that in Europe as a whole €340 billion is written off as bad debt. This is equivalent to 2,8 % of all business transactions made in 2011.
- The European Payment Index 2012 Industry White Paper shows large differences between different industry sectors.
- Professional Services write off as much as 4.2 % of all transactions while Utilities only write off 1.8 per cent. The Health Care sector is among the hardest hit both in absolute and relative terms with a 3.4 per cent write off, up 20 per cent from previous year.

European businesses are forced to write off a record € 340 billion, or 2.8 % of all transactions, due to late or non payment, which deprives them of funds that could be used to create more jobs, invest in research and development and boost competitiveness by expanding into new markets.

However, some industry sectors are being hit harder than others in recessionary Europe as the EPI 2012 Industry White Paper from Intrum Justitia reports. One worrying development spotlighted in the survey is the level of late and non payment impacting the Health Care industry. Write offs have risen to an average 3.4% in the health care industry in 2012 compared to just 1.8% in 2008.

“Our survey shows that it’s not consumers who are the latest to pay their bills to the Health Care sector, but the governments themselves. On average the public pay within 40 days and public entities wait as long as 65 days. One would expect that governments and public entities set a better example ” says Lars Wollung, CEO and President of Intrum Justitia

The EPI 2012 White Paper reveals how slow or lax the health care industry is when it comes to getting paid for services and products delivered. For example, the Intrum Justitia survey shows that 45% of invoices are not paid within 30 days. Although the survey showed more respondents were handing over their late payments for collection by a professional partner, the industry as a whole was still waiting an average 105 days after the invoice due date before resorting to such action. The problem is that all the evidence shows that the longer one waits to seek payment, the chances of success decrease fast over time.

”Although the picture painted in our report may seem grim there are measures companies can take to protect themselves. There is a lot that can be done to help the businesses in boosting Europe. We see that businesses that know their customers and implement efficient credit policies get paid earlier and have to write off a smaller percentage off sales, Lars Wollung concludes.

Key findings from the EPI 2012 Industry White Paper

Written off debt	2008	2009	2010	2011	2012
Utilities	1.5	1.5	1.5	1.5	1.8
Financial Services	1.8	2.2	3	3.1	3.1
Health industry	1.8	1.8	2.7	2.9	3.4
Real estate	1.9	2.2	4	3.8	3
Telecom	1.9	2.4	2.7	2.7	2.6
Transport	1.9	2.2	2.1	2.3	2.2
Wholesale & Retail	2.1	2.6	2.5	2.4	2.4
Business Services	2.3	2.4	2.2	2.3	2.6
Media	2.5	2.6	2.5	2.6	2.8
Education	3	3	3.5	3.7	3.9
Construction	3.8	3.8	3.4	3.6	3.7
Professional Services	4.5	4.7	4	4.5	4.2
Manufacturing	-	-	2.4	2.5	2.4

To receive the EPI 2012 Industry White Paper, please visit us at www.intrum.com

How can you boost your company?

Lars Wollung, CEO Intrum Justitia advices:

1. Create and implement a credit policy
2. Follow up on every step in your credit management process
3. Set relevant credit limits per customer
4. Make sure you identified the customer you are doing business with
5. Integrate sales, marketing and financial department in avoiding defaults
6. Implement customer address checks regularly
7. Monitor economic & industry information, and the solvency of key customers
8. Implement swift reminders and possibly charge default interest and billing of operating costs
9. Always extend and balance your customer structure
10. Never, ever wait, always take immediate action to get paid

About the European Payment Index 2012 Industry White Paper

The survey was conducted simultaneously in 28 countries earlier in 2012. The survey was conducted in written form and almost 8,000 companies responded. This is the seventh year that Intrum Justitia has run the survey.

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Intrum Justitia is Europe's leading Credit Management Services (CMS) group, offering comprehensive credit management services, including Purchased Debt, designed to measurably improve clients' cash flows and long-term profitability. Founded in 1923, Intrum Justitia has some 3,300 employees in 20 markets. Consolidated revenues amounted to SEK 4 billion in 2011. Intrum Justitia AB is listed on NASDAQ OMX Stockholm since 2002. For further information, please visit www.intrum.com