

# Bit Market Services

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*Testo del comunicato*

Vedi allegato.

## **PRESS RELEASE**

### **CERVED MONITOR OF BANKRUPTCIES AND BUSINESS CLOSURES: IN 3Q2016 BANKRUPTCIES FELL MORE SWIFTLY**

- **10,000 BANKRUPTCY PROCEEDINGS IN THE FIRST 9 MONTHS OF 2016; 6% FEWER THAN IN 2015**
- **DROP IN VOLUNTARY ARRANGEMENTS: 653 APPLICATIONS, -39% VS 2015**
- **VOLUNTARY LIQUIDATIONS WENT BACK UP (+6%), A SIGN OF NEGATIVE EXPECTATIONS AMONG ENTREPRENEURS.**

*Milan, December 20<sup>th</sup> 2016* – Business closures<sup>1</sup> figures for the third quarter of 2016 paint a picture with both bright and dark colors: from one side, the number of insolvency proceedings fell more swiftly, but on the other side, voluntary liquidations of solvent businesses increased, a sign that profitability expectations among business owners are weakening. That is, briefly, the picture that emerges from statistics gathered by Cerved - the largest information provider in Italy – for its **Monitor of Bankruptcies, Insolvency Proceedings and Business Closures for the 3Q2016** released today.

Between July and September 2016, the downward trend related to the number of business that went bankrupt confirms and gets stronger: about 2,600 Italian businesses went bankrupt, with a decrease of about 14% year-on-year. This takes the total number of bankruptcies for the first nine months of the year to about 10,000 (-6%). Because of the drop in the voluntary arrangements with creditors (-39%) between January and September, the number of non-bankruptcy insolvency proceedings strongly decreased (-32%). However, the number of voluntary liquidations of solvent companies surged in the third quarter this year, to about 14,000, a 17% year-on-year increase. This takes the total for the first nine months of 2016 to 44,000, up 6% year-on-year.

*“The reduction in bankruptcies we have recorded between July and September shows that the system of small and medium enterprises is more solid than in the past. This system is slowly coming back to normality. – Marco Nespolo, Chief Executive Officer of Cerved, comments – However, it is important not to underestimate the increase in voluntary liquidations: this figure highlights that profitability expectations among business owners are weakening. Potentially, this scenario could also imply negative effects on investments and the future growth”.*

#### **THE NUMBER OF BANKRUPTCIES IS SIGNIFICANTLY DROPPING. CONSTRUCTION SHOWS THE MOST SIGNIFICANT DROP**

The downward trend in bankruptcies seen in the first half of the year grew stronger in the third quarter 2016 (-14%). This takes the nine-month total to about 10,000, which is 6% fewer than in 2015 but still double the number seen back in 2008. From January to September, bankruptcy numbers went down among all forms of companies, with partnerships (-6.4%) and corporations (-6.3%) leading the way down.

This reduction in bankruptcies has been common to all sectors of the economy, with construction witnessing the most substantial decrease with about 2,100 building companies that went bankrupt between January and September (-8.5% vs 2015), a faster decline than the previous year. In the service sector as well, the decline in bankruptcy proceedings has intensified in 2016: over the first nine months, about 5,300 tertiary companies went bankrupt, down 6.5% year-on-year (compared to a 1.1% drop last year). In the industrial sector, the downward trend has slowed down: between January and September this year, about 1,600 manufacturing company bankruptcies were counted, a 1.1% year-on-year decrease (-13.3% a year ago).

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<sup>1</sup> Cerved Monitor on business closure takes into account trends of the three main types of procedures: defaults, non-bankruptcy insolvency proceedings and voluntary business closures.

By individual region, the highest rates of decline were witnessed in Abruzzo (-33%), Friuli (-19.2%) and Calabria (-18.5%), while bankruptcies increased in Sardinia (by 43%), Trentino (7%) and Sicily (6.3%).

## **NON-BANKRUPTCY INSOLVENCY PROCEEDINGS AT THE LOWEST LEVEL SEEN SINCE 2009: A TREND BOUND TO CONTINUE DOWNWARD**

In the third quarter of 2016, insolvency proceedings other than bankruptcies kept falling, as they have been for five consecutive years: 327 such proceedings began, more than one-third fewer than in the third quarter of the past year. This figure implies that about 1,300 businesses began non-bankruptcy insolvency proceedings in the first nine months of the year, 32% fewer than a year ago and the lowest number seen since 2009.

The main cause of this decrease is that fewer and fewer companies are resorting to voluntary arrangements with creditors. Just 653 applications for voluntary arrangements were submitted in the first nine months of 2016, a 38% year-on-year decrease and below the 2009 figure. The trend is bound to continue downward in the coming months, given that 'blank' voluntary arrangement applications<sup>2</sup> also dropped sharply over the same period, going from 1,800 last year to 880 (-52%), now well below the 2013 peak (3,600).

All sectors of the economy and all geographical areas of the country registered double-digit decreases in non-bankruptcy insolvency proceedings. The steepest drops were seen in the industrial sector (-36.4%) and in the North-West (-37.3%).

## **THE NUMBER OF VOLUNTARY LIQUIDATIONS WENT BACK UP, A SIGN OF LESS OPTIMISTIC EXPECTATIONS AMONG BUSINESS OWNERS**

In contrast with the decrease of the number of bankruptcy and insolvency procedures, the number of voluntary liquidations went back up: it is estimated<sup>3</sup> that the number of voluntary liquidations of solvent companies surged in the third quarter this year, to about 14,000, a 17% year-on-year increase. This takes the total between January and September of 2016 to 44,000, up 6% year-on-year.

Typically, business owners wind up solvent companies when they reckon that the earnings they can expect are no longer sufficient to justify running the business. So, this increase does not indicate a deterioration in the current financial conditions of Italian businesses, but does signal less optimism among entrepreneurs regarding future earnings.

By macro-sector, voluntary liquidations in the first nine months of 2016 went up in the service sector (+8.5%) and remained stable in construction (+0.6%), but kept going down in the industrial sector (-4%). From a geographical perspective, though, voluntary liquidations went up across the country, although more substantially in Northern Italy (+10.5% in the North-West, +5.8% in the North-East) than in Central (+3.1%) and Southern Italy (+1.9%).

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***Cerved Group** is the largest information provider in Italy and one of the major credit rating agencies in Europe. It offers the most comprehensive range of products and services used by more than 30 thousand companies and financial institutions to assess the solvency and creditworthiness of its stakeholders, manage credit risk in all its phases, and accurately define marketing strategies. Furthermore, through Cerved Credit Management, Cerved is the leading independent player in the field of credit management and offers solutions for the evaluation and management of credit exposures.*

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Contacts: Community – Strategic Communication Advisers  
Ph. +39 02 89404231  
[cerved@communitygroup.it](mailto:cerved@communitygroup.it)  
Marco Rubino Ph. +39 335 6509552  
Giovanna Benvenuti Ph. +39 346 9702981  
Marco Pedrazzini Ph. +39 347 0369222

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<sup>2</sup> This is a procedure through which an insolvent company can block executive debt recovery actions by creditors in order to give it time to draw up a business-restructuring plan, which is required for a full-fledged voluntary arrangement.

<sup>3</sup> Due to delays in Chamber of Commerce database updates, liquidation figures are estimated for the most recent quarter and then corrected and updated to show the actual number in the subsequent Monitor report.

Fine Comunicato n.1597-76

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