



MONITOR OF BANKRUPTCIES, INSOLVENCY PROCEEDINGS AND BUSINESS CLOSURES

JUNE 2015

#23

BANKRUPTCY NUMBERS DOWN IN THE FIRST QUARTER OF 2015

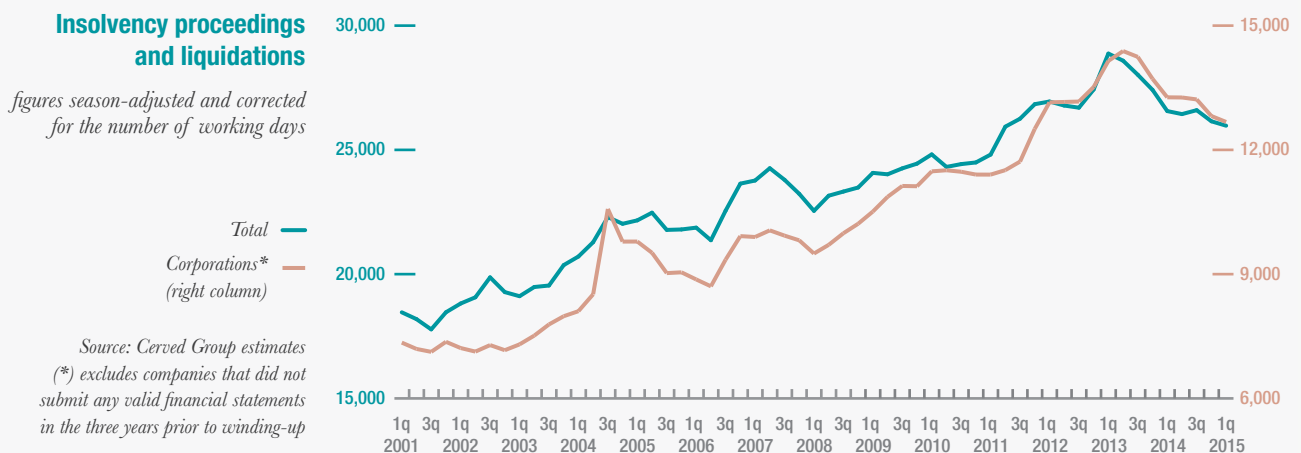
SUMMARY

*Decreases seen
in all forms of company
closure proceedings monitored*

The latest business closure numbers provide encouraging signals. In the first three months of 2015, voluntary liquidations and insolvency proceedings other than bankruptcies continued to decrease; moreover, after nearly three years on the rise, the number of bankruptcies also began to decrease. According to Cerved's records, about 21,000 Italian companies began some form of business closure proceedings between January and March 2015, which is 3.5% fewer than in the first quarter of 2014.

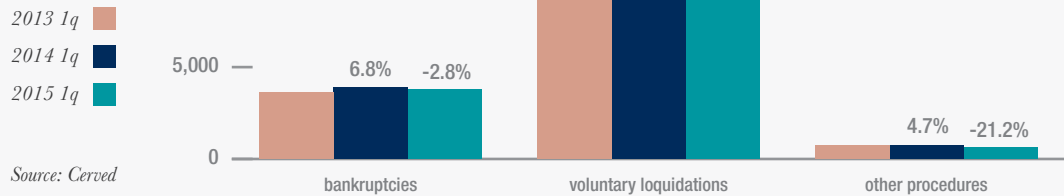
The data show that about 3,800 companies went bankrupt in the first three months of 2015, down 2.8% year-on-year. Ever since the last economic crisis began, bankruptcies had been surging unabated, with only a brief interruption in the second quarter of 2012, after which there had been ten consecutive quarters of further increases in the number of bankruptcies. In the first quarter of 2015, the number of non-bankruptcy insolvency proceedings continued to drop, to about 600, or one-fifth less than in the first quarter last year. This was driven by an especially sharp decrease in voluntary arrangements with creditors (-25.3%), including a 27% drop in "reserved" voluntary arrangements.

About 16,500 entrepreneurs decided of their own accord to liquidate their businesses in the first three months of the year; this is 2.9% fewer than in the first quarter of 2014. If liquidations of "dormant" companies (those that had not submitted valid financial statements in the three years prior to winding up) are excluded from the calculations, then the decrease observed is a more marked 6.2%.



Business closures: breakdown by type of procedure

number of proceedings and
year-on-year percent changes



Source: Cerved

The industrial sector is where the most resounding reductions were seen: numbers for all types of business closure proceedings monitored went down at a double-digit rate. Closures of all kinds also went down in construction, the sector that was hit hardest in the recession. In the tertiary sector, however, the bankruptcy trend has not yet inverted, rising by 0.3% year-on-year, and the decrease in other insolvency proceedings was less evident than in industry and construction.

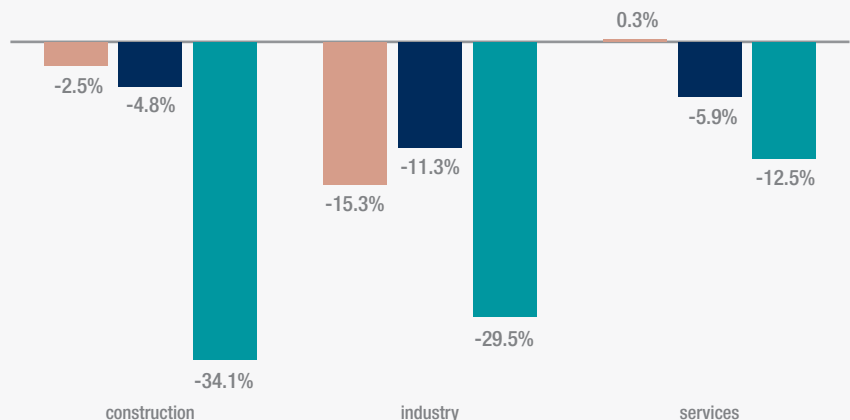
From a geographical point of view, the data show that the number of bankruptcies fell in the North-West (-9%) and in the South (-4.2%), but went back up in the North-East (+5.1%) and in the Centre (+0.8%). Non-bankruptcy insolvency proceedings decreased substantially in all areas of the country. Voluntary liquidation numbers decreased very decisively in central Italy (-10.1%) and in southern Italy (-12.2%) but have not moved much from last year's levels in the North-East (-0.7%) and in the North-West (+0.5%).

Business closures by macro-sector in the first quarter

year-on-year percent changes

bankruptcies
voluntary liquidations*
other procedures

Source: Cerved
(*) only corporations that have
submitted valid financial statements at
least once in the past three years

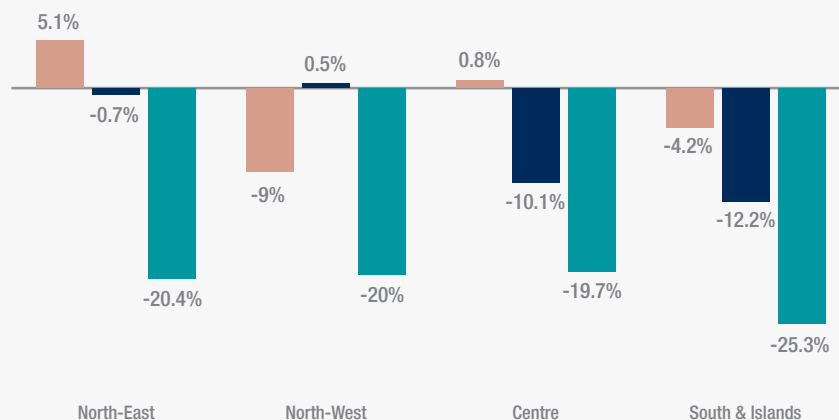


Business closures by geographical area in the first quarter

year-on-year percent changes

bankruptcies
voluntary liquidations*
other procedures

Source: Cerved
(*) only corporations that have
submitted valid financial statements at
least once in the past three years

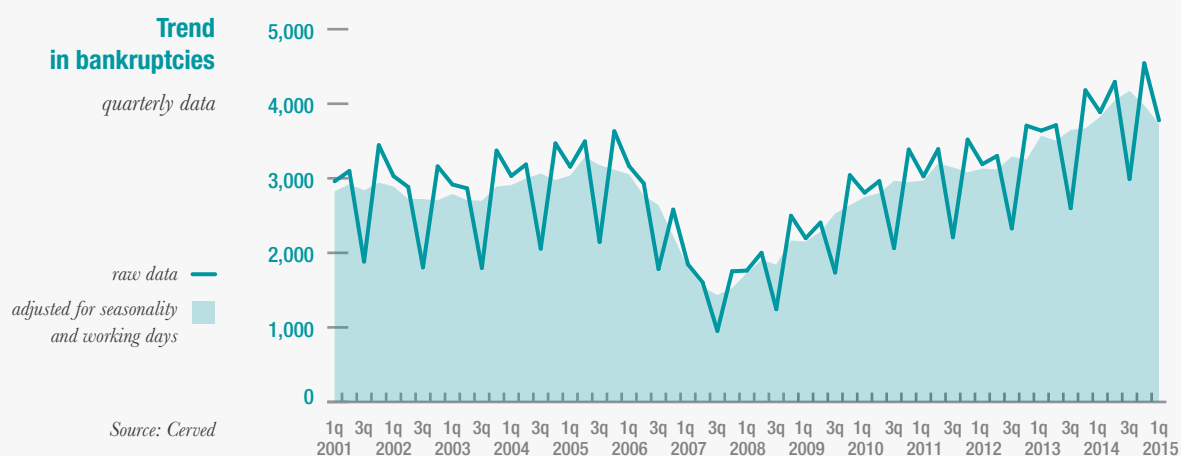


BANKRUPTCIES

After rising for ten consecutive quarters, the number of bankruptcies in Italy finally went down in the first quarter of 2015: 3,800 businesses began bankruptcy proceedings, 2.8% fewer than in the first quarter of 2014. Despite this drop, the number is still high from a historical perspective, 3.8% above the already high figure seen in 2013.

Bankruptcy numbers dropped among all legal forms of business, with the biggest decrease being among partnerships (-12.9% year-on-year), followed by other non-corporate forms (-4.2%), to numbers that are below those seen in the first quarter of 2013 (by 4.9% and 2%, respectively). The decrease was more moderate among corporations (-0.9%), where the level of bankruptcies was a substantial 6.3% above the number seen two years ago. Looking at the breakdown by macro-sector, the overall reduction in bankruptcies was led by the industrial sector: in the first quarter of 2015, 560 manufacturing businesses began bankruptcy proceedings, 15.3% less than in the same period last year.

Within the industrial sector, the biggest decreases were witnessed in motor vehicles (-36.1%) and metal manufacturing (-30.2%), whereas the number of defaults kept going up in household goods (+6.1%) and in consumer staple goods (+15.7%).



Bankruptcies in 1Q: breakdown by legal status

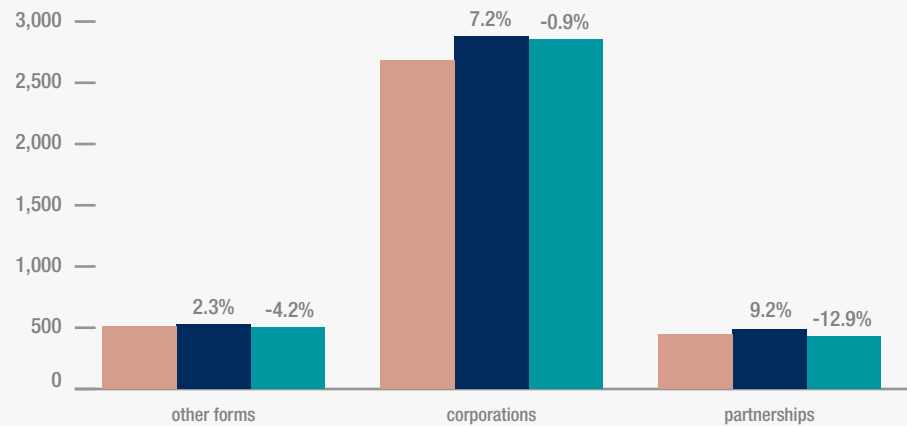
number of proceedings and
year-on-year percent changes

2013 1q

2014 1q

2015 1q

Source: Cerved



Bankruptcies by macro-sector in the first quarter

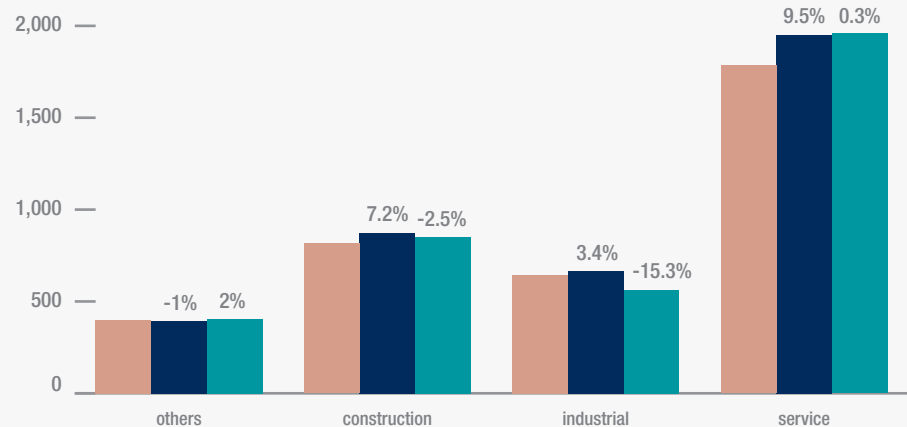
number of proceedings and
year-on-year percent changes

2013 1q

2014 1q

2015 1q

Source: Cerved



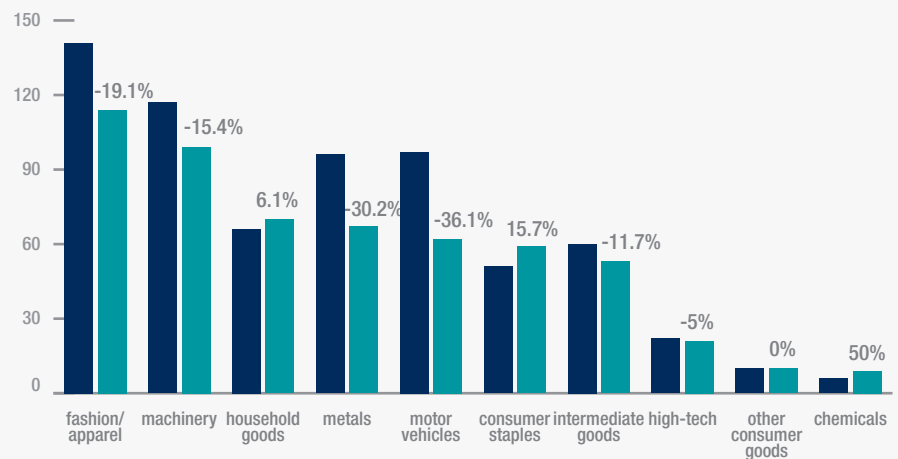
Bankruptcies in the industrial sector

number of proceedings and
year-on-year percent changes

2014 1q

2015 1q

Source: Cerved



The number of bankruptcies also went down in construction: between January and March 2015, 852 building companies went bankrupt, 2.5% fewer than a year ago.

Among tertiary sector companies, the number of bankruptcies remained broadly stable at 1,950 (+0.3% compared to the first quarter of 2014); within this sector, a sharp 60% increase in bankruptcies in financial services was offset by decreases in logistics (-9.7%) and real estate companies (-9.1%).

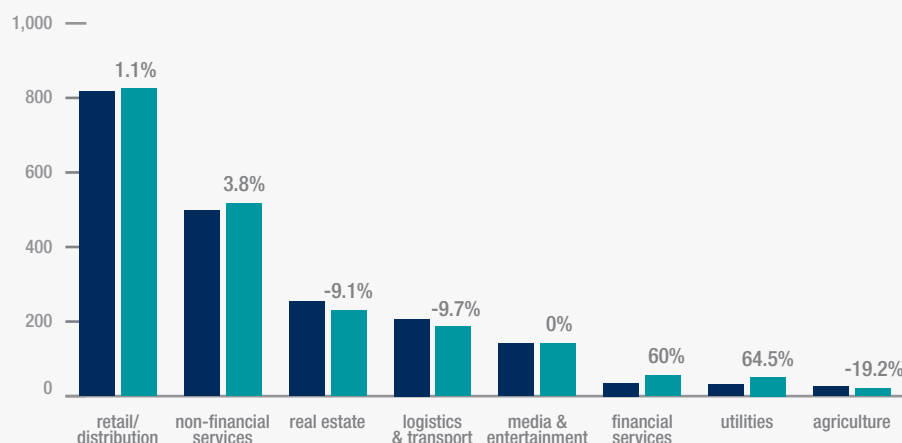
Geographically, there are varying dynamics in bankruptcy numbers. There was a notable decrease in defaults in the North-West (-9%) and in the South (-4.2%). By contrast, in the North-East, where bankruptcies had gone down in the first three months of 2014, the number went back up by 5.1% in the first quarter of 2015. In central Italy, bankruptcy numbers have not stopped increasing, although by only 0.8% year-on-year in the first quarter of 2015. The individual regions that saw the largest reductions in the number of bankruptcies were Marche (-25.3%), Tuscany (-20.1%), Sicily and Piedmont (-16.7%), while there were sharp increases in Umbria (+29.7%), Lazio (+22.6%) and Abruzzo (+20.3%).

Bankruptcies in non-manufacturing sectors

number of proceedings and year-on-year percent changes

2014 1q ■
2015 1q ■

Source: Cerved

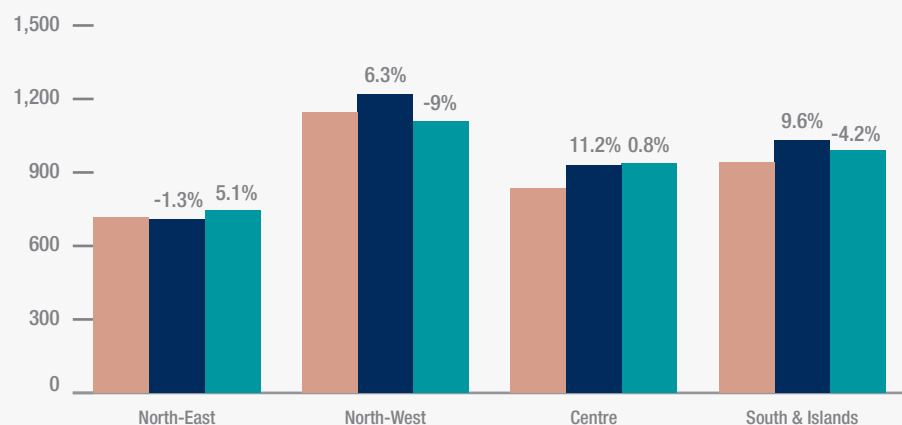


Bankruptcies by geographical area in the first quarter

number of proceedings and year-on-year percent changes

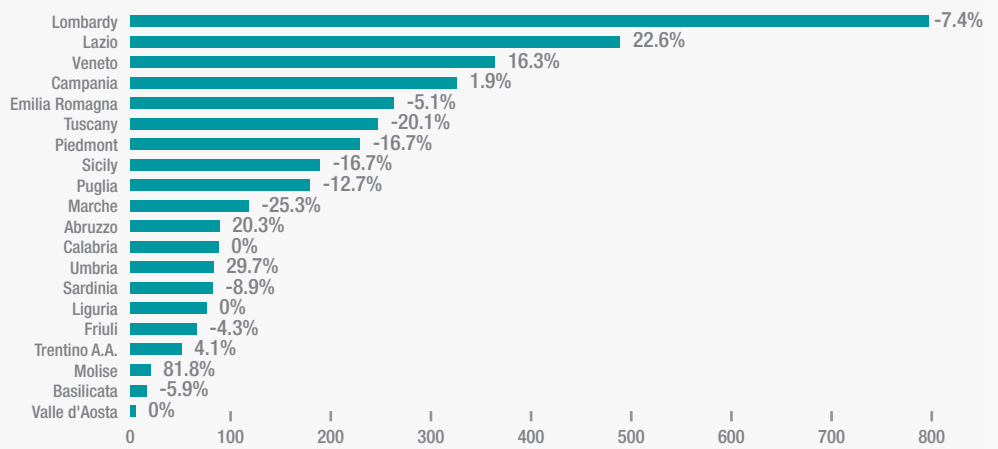
2013 1q ■
2014 1q ■
2015 1q ■

Source: Cerved



Bankruptcies in the first quarter: breakdown by region

*number of proceedings
and percent change
from 2014 to 2015*



Source: Cerved

NON-BANKRUPTCY INSOLVENCY PROCEEDINGS

The downward trend in insolvency proceedings other than bankruptcies continued: there were 600 of them in the first three months of 2015, 21.1% fewer than in the first quarter of 2014. There was a sharp drop in the number of companies requesting voluntary arrangements with their creditors to under 400, 25.3% fewer than at the peak reached both last year and at the end of 2012. The data also show a 12% reduction in other types of insolvency proceedings.

One of the factors that influenced the reduction in voluntary arrangements was that there was a collapse in “reserved” voluntary arrangement requests – where businesses can prevent creditors from taking executive debt collection actions to give them time to present a restructuring plan and then begin a ‘full’ voluntary arrangement. In the first quarter of 2015, there were 650 such “reserved” arrangements, 27% fewer than in the same period last year and less than half as many as in 2013.

Non-bankruptcy insolvency proceedings became less frequent in all sectors of the economy and in all geographical areas of the country. From January to March 2015, there were 112 such proceedings in the building sector, 34.1% fewer than in the first quarter of 2014. A sharp reduction was also seen in manufacturing (-29.5%), while the decrease was less accentuated in services (-12.5%).

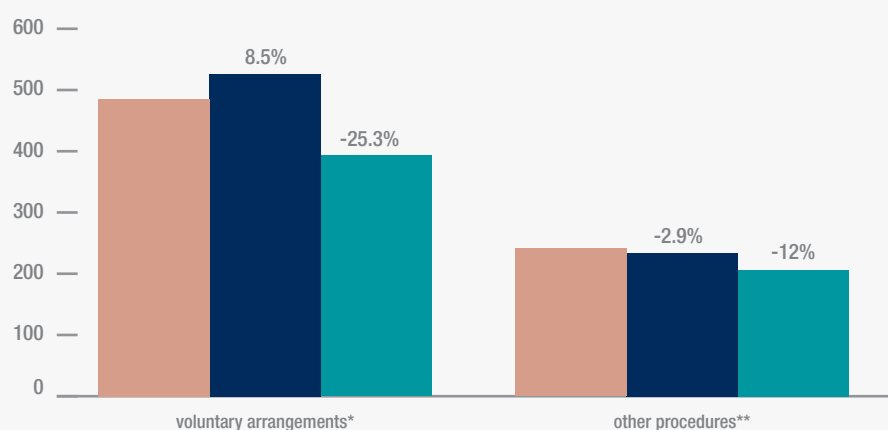
Geographically, the decrease in non-bankruptcy insolvency proceedings was common to all areas of the country, at rates of 20% or more: by more than a fourth in the South (-25.3%) and by about a fifth in the other areas (-20.4% in the North-East, -20% in the North-West and in central Italy).

Non-bankruptcy insolvency proceedings in 1Q: breakdown by type

number of proceedings and year-on-year percent changes

2013 1q
2014 1q
2015 1q

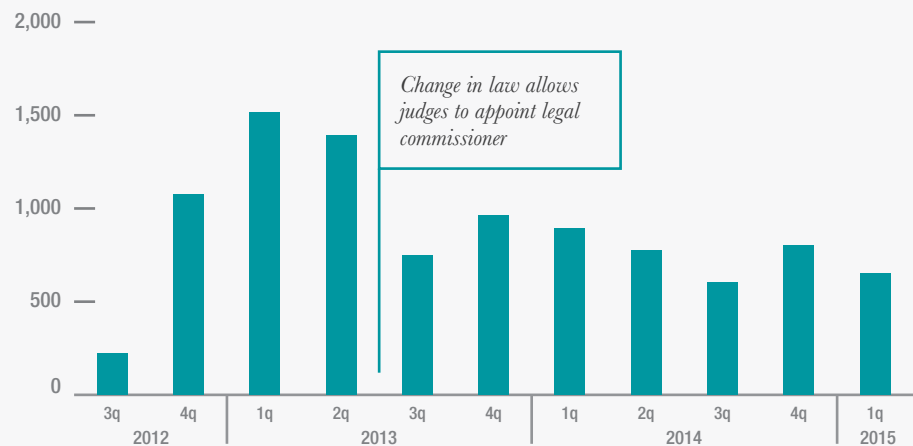
Source: Cerved. (*) Arrangements with creditors that involve restructuring plans. (**) Does not include proceedings for business registry cancellations, dissolutions by regulatory authorities, court-ordered proceedings



"Reserved" voluntary arrangements with creditors

number of applications per quarter

Source: Cerved estimates.
NB: the "reserved" voluntary arrangement was first introduced in September 2012

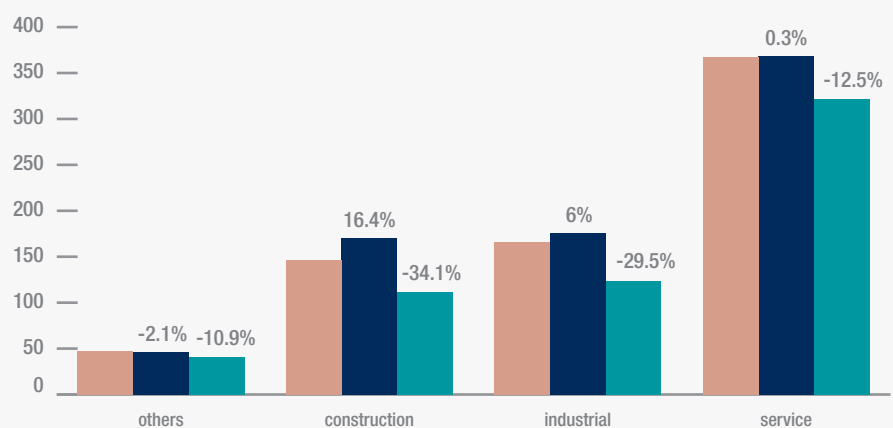


Non-bankruptcy insolvency proceedings in 1Q: breakdown by macro-sector

number of proceedings and year-on-year percent changes

2013 1q
2014 1q
2015 1q

Source: Cerved.
Excludes "reserved" arrangements with creditors and cancellation, court-ordered winding-up and other court-ordered proceedings

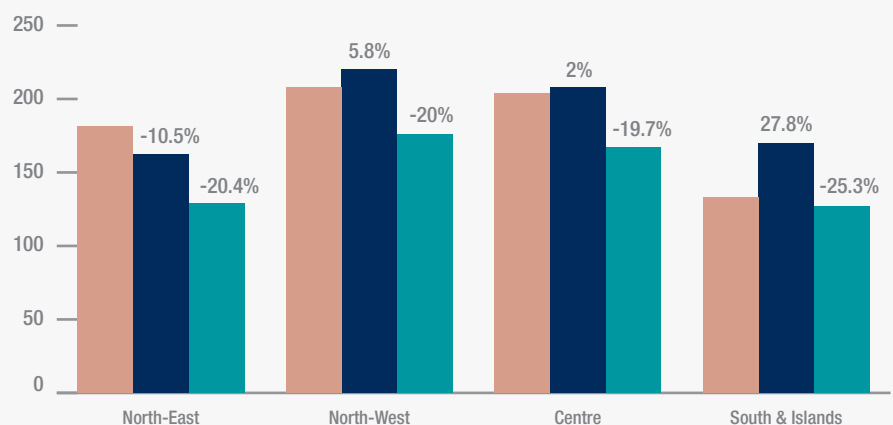


Non-bankruptcy insolvency proceedings in 1Q: breakdown by geographical area

number of proceedings and year-on-year percent changes

2013 1q
2014 1q
2015 1q

Source: Cerved.
Excludes "reserved" arrangements with creditors and cancellation, court-ordered winding-up and other court-ordered proceedings



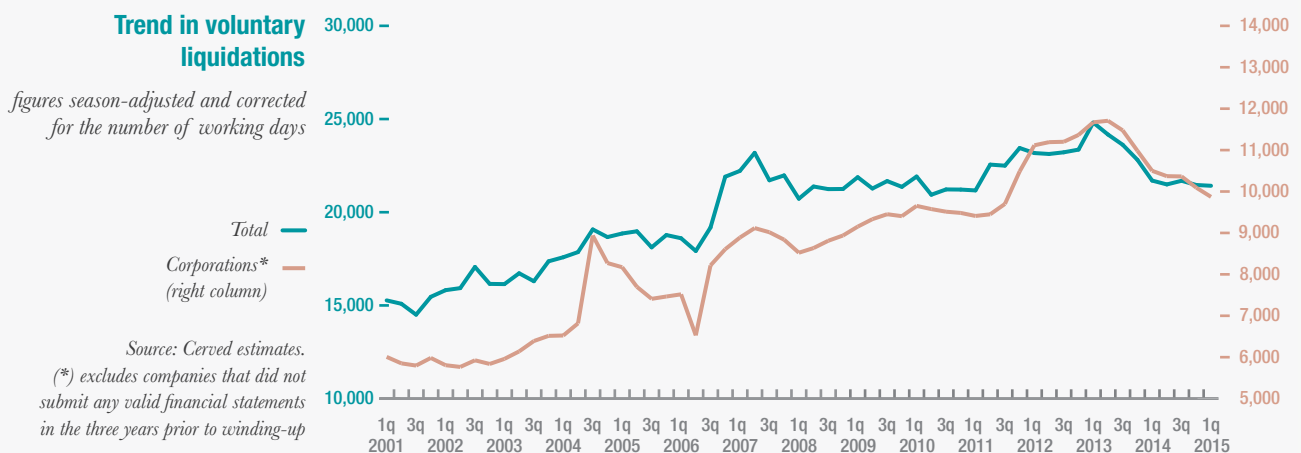
VOLUNTARY LIQUIDATIONS

It is estimated¹ that in the first three months of 2015, about 16,500 business owners decided of their own accord to liquidate their companies in good standing (without prior insolvency proceedings); this would be 2.9% fewer than a year ago, thus continuing an upbeat trend that has been in place since late 2013.

The rate of decrease is an even greater 6.2% if one excludes “dormant” companies, that is, companies that failed to submit any valid financial statements in the three years prior to liquidating. The number of voluntary liquidations decreased by 1.8% among partnerships, but rose by 10% among dormant companies.

The reduction in the number of liquidations among ‘real’ corporations is a phenomenon that is widespread in all macro-sectors of the economy. The biggest decrease was among manufacturing companies: just over 700 of them liquidated voluntarily in the first three months of 2015, 11.3% fewer than in the same period of 2014 and more than one-fourth below the level observed in the first quarter of 2013.

With about five thousand voluntary liquidations, the service sector has the highest number of such proceedings despite a 5.9% decrease from the first quarter of 2014 (and -16.5% vs. 2013). The number of liquidations also dropped among building companies, by 4.8% year-on-year to about 1,100.



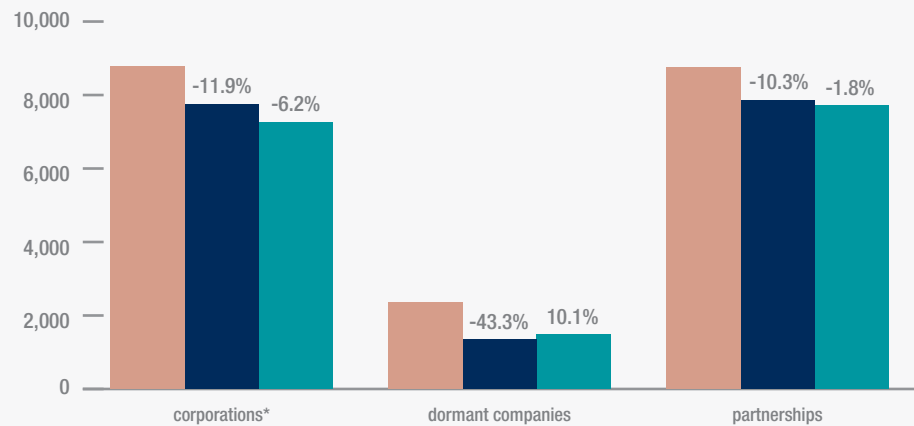
1. Due to delays in Chamber of Commerce database updates, liquidation figures are estimated for the most recent quarter and then corrected and updated to show the actual number in the subsequent Monitor report. The actual fourth quarter 2014 number of about 38,000 is lower than the estimate of 41,200 provided in the previous edition of this Monitor.

Voluntary liquidations by business status in the first quarter

number and year-on-year
percent changes

2013 1q
2014 1q
2015 1q

Source: Cerved estimates.
(*) excludes companies that did not submit
any valid financial statements
in the three years prior to winding-up

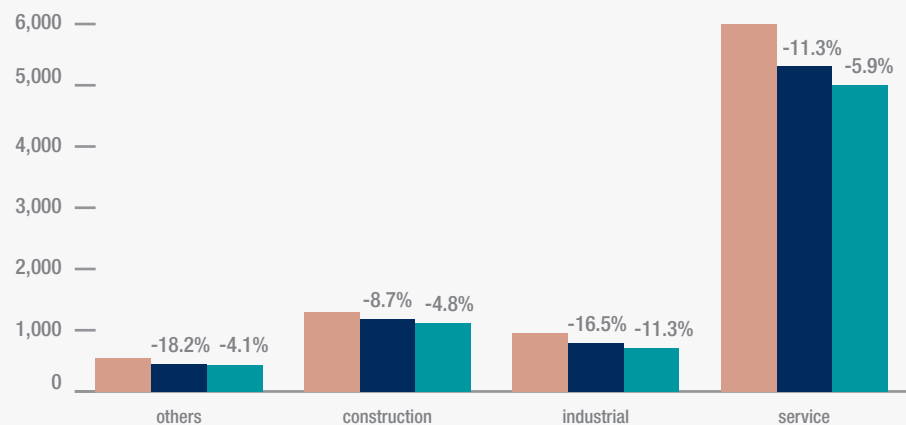


Voluntary liquidations of corporations* in 1Q: breakdown by macro-sector

number and year-on-year
percent changes

2013 1q
2014 1q
2015 1q

Source: Cerved estimates.
(*) excludes companies that did not
submit any valid financial statements
in the three years prior to winding-up



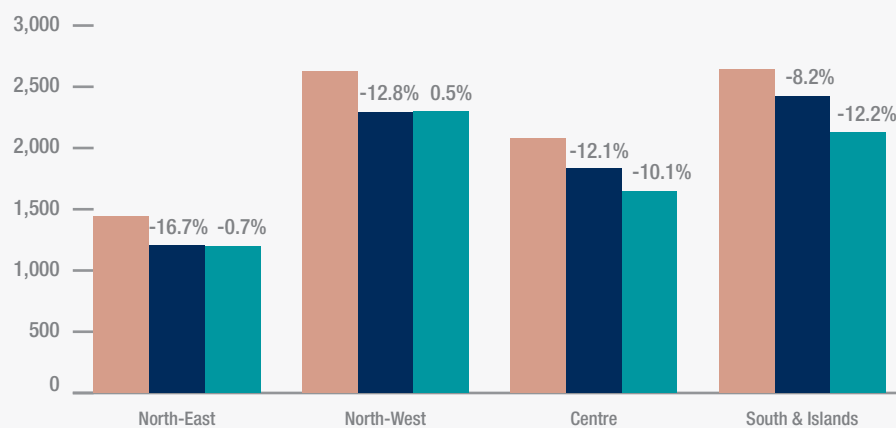
From a geographical point of view, voluntary liquidations decreased everywhere in Italy except in the North-West, where the number of business owners that decided to shut down rose by 0.5% to about 2,300. However, there was a pronounced reduction in voluntary liquidations in central and southern Italy: in the South, the number was over 2,100, but 12.2% less than in the first quarter of 2014, while in the central regions the rate of decrease was 10.1%, to 1,600 liquidations. Finally, in the North-East, where voluntary liquidations are least frequent, the number decreased slightly from last year (by 0.7%) to about 1,200.

Voluntary liquidations of corporations* in 1Q: breakdown by geographical area

number and year-on-year
percent changes

2013 1q
2014 1q
2015 1q

Source: Cerved estimates.
(*) excludes companies that did not
submit any valid financial statements
in the three years prior to winding-up



Interactive graphs are available at know.cerved.com



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