

Paris, 23 January 2019

Corporate insolvencies in France: The rebound that began in May 2018 is expected to continue in 2019

- **Since May 2018, the number of insolvencies in France has started to rise again. This trend is expected to continue in 2019 (forecast of 1%)**
- **With the exception of the retail clothing trade, the effect of the of "yellow vest" movement on insolvencies remained limited in December**
- **Insolvencies are rising in the construction, personal services and automotive sectors**
- **The Ile-de-France and the Hauts-de-France are the foremost regions affected**

In 2018, 52,665 French companies went bankrupt, -2.9% less than in 2017, thus hitting the lowest level of insolvencies since 2008. Although the first half-year saw insolvencies decrease (-7.2%), the second half recorded an increase (+2.3%) which should continue in 2019.

At the end of December, the consequences of disruptions related to the "yellow vest" movement were not very evident on insolvencies. December even saw a decline in insolvencies (-3.6% compared to December 2017). Among the sub-sectors of retail, the main sector with potential exposure, only retail clothing recorded an increase of 22% (15 more insolvencies than in December 2017). The movement seems to have had slight impact in catering (+6%, but slightly better than for the second half of the year as a whole) and the hotel industry (+39%, i.e., 9 more cases), given the small number of insolvencies. However, the effect of the movement on insolvencies should be more noticeable at the beginning of 2019.

- Two categories of companies were particularly affected by increasing insolvencies: predictably, micro-enterprises with revenues of less than €250,000 (only -1%) and, more unexpectedly, companies with revenues of more than €10 million (+16%). Average revenue of an insolvent company is €311,600.
- In the second half of the year, all the sectors that traditionally generate insolvencies suffered an increase: construction (+1.5%, after -7.1% in the first half), personal services (+4%, after -6.2% in the first half) and automotive (+7.5%, after +0.3% in the first half).
- Regionally, Ile-de-France (+5.2%) and Hauts-de-France (+1.3%) stand out, both regions being distinguished by a rebound in insolvencies.

The financial cost of insolvencies (-4.4%, for a total of €3 billion in trade payables) fell more sharply than their number. As a result, the average financial cost of an insolvency fell to €57,700.



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

For 2019, Coface forecasts a French economic situation penalised by a deteriorating international environment, linked in particular to increasing protectionism and the slowdown of its main partners, and by production and labour supply constraints. French GDP growth will slow to 1.4% (after 1.5% in 2018). In this context, the upward momentum of insolvencies will continue but its magnitude (+1%) will not be sufficient to cancel out the improvements of 2017 and 2018.

MEDIA CONTACT

Maria KRELLENSTEIN - T. +33 (0)1 49 02 16 29 maria.krellenstein@coface.com

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