



EOS Ten Nations Survey 2010 'European Payment Practices'

Bad debts owed to British companies have almost doubled

Level of bad debts almost doubled within a year / Service sector the hardest hit by the credit crunch / Far-reaching consequences of cutting back on credit and receivables management

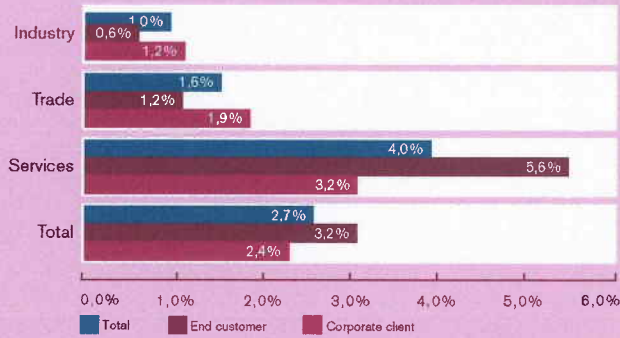
Warrington, 8th September 2010 – The level of bad debts owed to British companies has almost doubled within a year. The 2009 level was just 1.4%, but a year later the proportion is 2.7%. The credit crunch is most evident in private customer business, where the proportion of bad debts is 3.2%. This emerged from the EOS Ten Nations Survey 2010 'European Payment Practices'. Together with Ipsos, the market research institute, the international EOS Group, which provides receivables management, marketing and risk information and payment services, surveyed local payment practices at 2,200 companies in ten European countries.

Despite the increase compared to the previous year, the proportion of bad debts is moderate by international standards. Only Russia (1.8%), Slovakia (1.9%), Poland (2.3%) and Belgium (2.1%) have to write off fewer receivables. The payment behaviour of customers in Spain (4.7%) and Greece (5.0%) is much worse.

Press information

HIGH BAD DEBT LOSSES FOR SERVICE COMPANIES

In the industry comparison, service companies write off the highest proportion of bad debt losses.

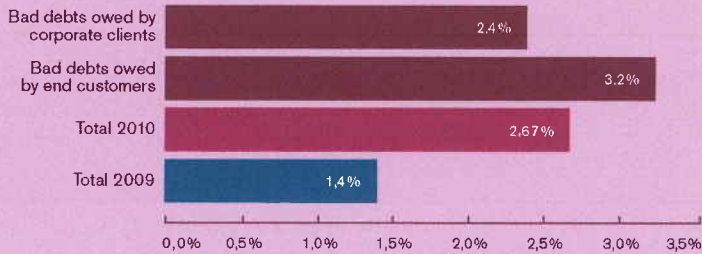


>> The proportion of bad debts (receivables actually written off) as a percentage of total receivables in a year.

Source: EOS Ten Nations Survey 2010 'European Payment Practices'

MORE BAD DEBTS

Bad debts owed to UK companies almost doubled.



>> The proportion of bad debts (receivables actually written off) as a percentage of total receivables in a year.

Source: EOS Ten Nations Survey 2010 'European Payment Practices'

Service sector the hardest hit

In the UK, the payment behaviour experienced by service providers leaves much to be desired. At 4.0%, service providers have the highest proportion of overdue receivables to write off, whilst the trade sector lies below the

national average with a 1.6% proportion of bad debts, and industry with 1.0%. Only 63.3% of invoices are paid punctually (trade: 69.4%; industry: 67.7%). At 11.4%, outstanding amounts in this sector are the highest (trade: 9.6%; industry: 10.2%). Stuart Knock, Chief Executive Officer of EOS Solutions UK, explains, 'The British economy is highly dependent on the service sector, where the effects of the credit crunch have been particularly severe. One in seven companies in the sector has already experienced cash flow problems because of bad debts or delays in payment.' He goes on, 'The service sector must take a more robust approach to receivables management, in order to counteract the increasing gravity of the general economic situation.'

Receivables management at a high level is declining

Compared to other countries, receivables management in UK businesses is highly significant, with almost half (45%) of the companies surveyed having staff or a department devoted to receivables and credit management. However, in the previous year, 66% of companies stated they had dedicated staff. UK companies have also cut back on external support, with just 53.5% of companies surveyed outsourcing their receivables management in 2010, compared to 60% in 2009. 'Companies which cut back on receivables management are making a false economy, which is reflected in the increased proportion of defaults,' says Mr Knock.

The EOS Ten Nations Survey 2010 'European Payment Practices'

In spring 2010, in cooperation with the independent market research organization Ipsos, the EOS Group asked a total of 2200 companies in five countries about prevailing payment practices in their respective countries. 200 companies in each of the United Kingdom, Spain, Greece, Romania, Russia, Slovakia, Bulgaria, Poland and Belgium and 400 companies in Germany answered questions on all aspects of their payment experiences, economic trends in their home country and risk and receivables management in general. Further results from the survey can be found online at www.eos-solutions.com/surveys.

The EOS Group

The EOS Group is one of the leading international providers of individual services connected with the customer relationship life cycle – from customer acquisition to electronic payments processing and ultimately debt collection and factoring. The main focus is on receivables management. EOS stands for high-quality debt collection for the protection of creditors and consumers. With over 5000 employees and more than 40 subsidiaries, EOS provides services for 20,000 clients in more than 20 countries around the world. For more information, see: www.eos-solutions.com.

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