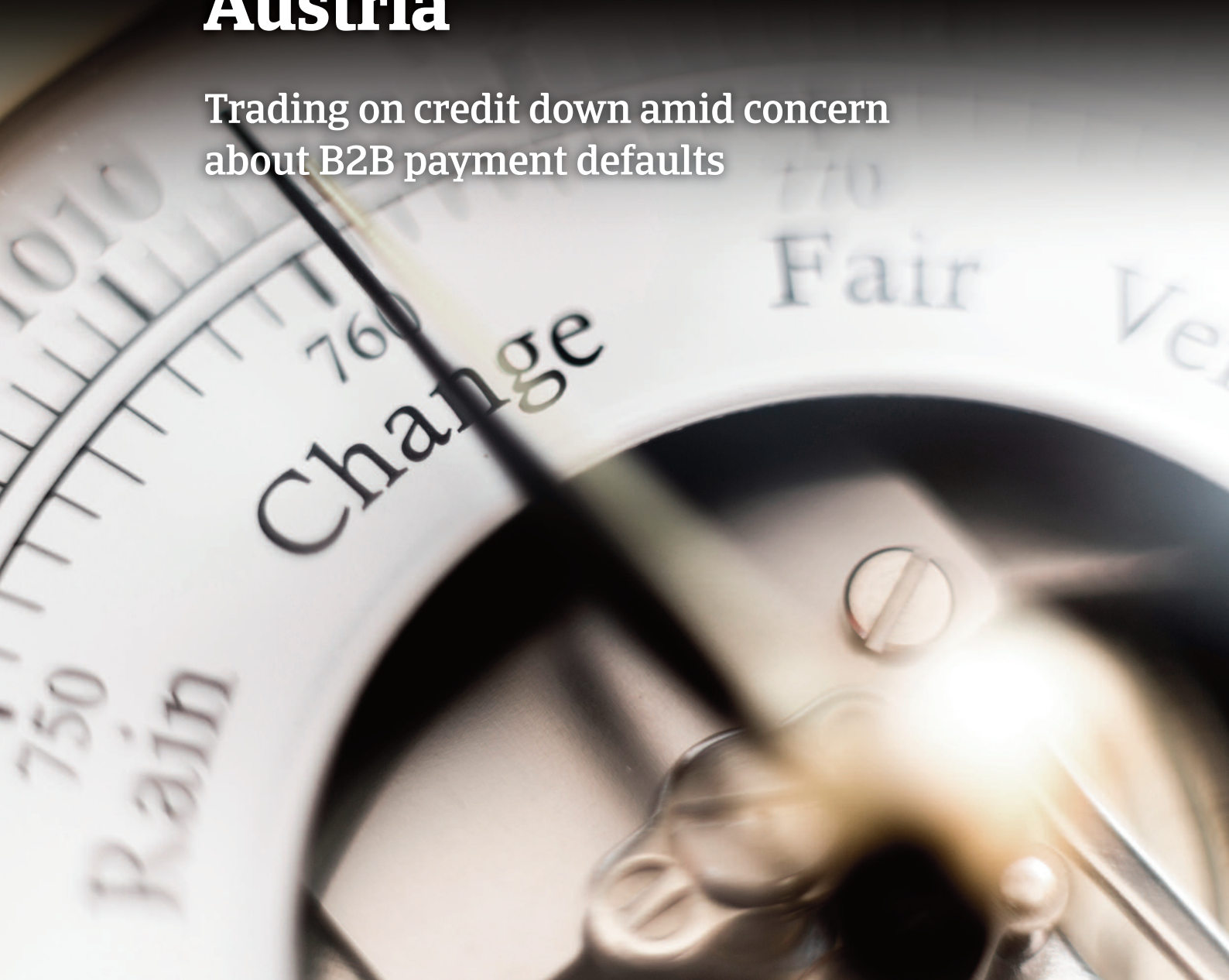




Key trends for B2B payments and cash flow

Austria

Trading on credit down amid concern
about B2B payment defaults



About the Atradius Payment Practices Barometer

The Atradius Payment Practices Barometer is an annual survey of business-to-business (B2B) payment practices in markets across the world.

Our survey provides us with the opportunity to hear directly from companies polled about how they are coping with the impact of the current challenging economic and trading environment on payment behaviour of their B2B customers. This can give valuable insights into how businesses are paid by their B2B customers, and how they tackle the pain points caused by poor payment practices.

The findings about what measures are undertaken to fund a sudden need for cash, and what credit management tools they use to mitigate the risk of long-term cash flow problems, may also be valuable information in helping understand how companies respond to the crucial issue of late or non-payment in the current uncertain times.

However, the survey also has a strong focus on the challenges and risks that companies polled believe they will encounter during the coming months, and their expectations for future business growth.

The results of our survey can supply useful insights into the current dynamics of corporate payment behaviour in B2B trade, and identify emerging trends that may shape its future. This can be extremely useful to companies doing business, or planning to do so, in the markets polled.

In this report, you will find the survey results for Austria.

The survey was conducted between the end of Q1 and the beginning of Q2 2023, and findings should therefore be viewed with this in mind.



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B2B payment trends and cash flow

Trading on credit down amid concern about B2B payment defaults

A heightened perception of the risk of B2B customer payment defaults was reported among companies polled in Austria. This prompted a clear downward trend in trading on credit and also prompted a shortening of payment terms granted to B2B customers. Sales transacted on credit now average 45% of all sales to B2B customers, with SMEs in the chemicals sector particularly affected. Payment terms were shortened by one week, to stand at an average of 32 days from invoicing. In contrast, businesses in the transport sector told us they lengthened their payment terms due to the safety valve of using credit insurance.

Our survey found a rising trend in the level of payment delays suffered by Austrian companies. These increased to an average of 44% of all invoiced B2B sales, with the transport sector reporting above average delays. Despite this, however, there was an improvement in Days-Sales-Outstanding for businesses polled in Austria due to stronger credit control processes and imposing shorter payment terms. The steel-metals sector in particular reported reduced DSO. There was also a significant improvement in the levels of bad debts written off as uncollectable, which halved in the chemicals sector and now stand at 4% of all B2B sales overall.

A range of measures were used by companies polled in Austria to help maintain liquidity during this period of heightened perception of customer credit risk. Many businesses told us they requested trade credit as a means to get short-term liquidity, especially in the steel-metals sector. Raising money from investors was another tactic, as well as strengthening credit control procedures, seeking external finance and delaying investment plans. Businesses in the chemicals sector also reported that they delayed payment of bills and/or staff to protect their cashflow.

Across the various sectors, 79% of companies polled in Austria told us they opted for in-house retention and management of customer credit risk. This involves setting aside cash reserves to cope with B2B payment defaults, even though it leaves open the question of whether that would be enough to absorb a large hit. More businesses than last year told us they acknowledged the benefit of outsourcing management of customer credit risk to a specialised credit insurer. However, other popular tools used by Austrian companies to manage cashflow and obtain working capital are factoring and securitization.

Key survey findings

- A downward trend of trade on credit was reported by Austrian companies. They now average 45% of all B2B sales. The main factor behind the change was a heightened perception of the risk of B2B customer payment defaults.
- Payment terms were shortened by one week, and now stand at an average 32 days from invoicing. A significant reason for setting payment terms across sectors was the cost and availability of capital, and also the availability of credit insurance.
- The level of payment delays increased and now affects an average 44% of all invoiced B2B sales. The trend was particularly evident in the transport sector.
- Shorter payment terms and the introduction of stronger credit control procedures contributed to an improvement of Days-Sales-Outstanding (DSO). Bad debts halved in the chemicals sector, and overall is 4% of all invoiced B2B sales.
- The most common way for Austrian companies to get short-term liquidity was requests for trade credit. In response to the heightened perception of customer credit risk they also sought external finance, delayed investment plans and increased resources on chasing overdue invoices. is number of staff.
- 79% of companies polled said they preferred in-house retention and management of customer credit risk. Factoring and securitisation were popular, too, and a growing awareness benefit of using credit insurance was also reported.



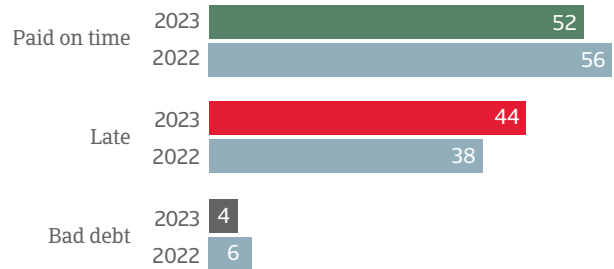
Key figures and charts on the following pages



Austria

Austria

% of the total value of B2B invoices paid on time, overdue and bad debt (2023/2022)

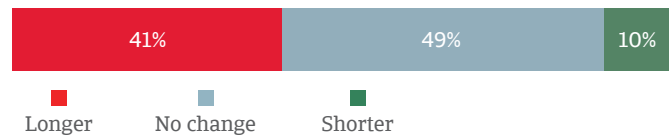


Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria – 2023

Austria

% of respondents reporting changes in payment duration* over the past 12 months



*average amount of time to get paid from B2B customers

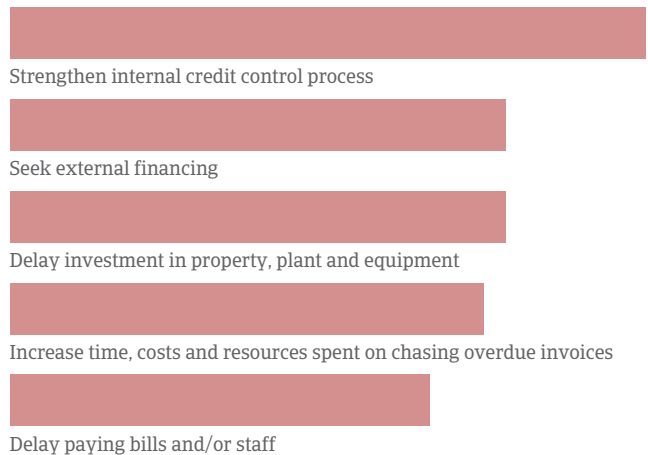
Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria – 2023

Austria

Measures put in place to minimise cash flow problems due to payment default of B2B customers

(% of respondents - multiple response question)



Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria – 2023

Survey question

What are the main sources of financing that your company used during the past 12 months?

- 57% Trade credit
- 56% Equity capital
- 44% Debt securities issued
- 35% Bank loans

*multiple response question

Sample: all survey respondents (% of respondents)

Source: Atradius Payment Practices Barometer Austria – 2023

Looking ahead

Climate change risks and high inflation among variety of concerns

Fears about high inflation continuing to be a burden on B2B trade is the main concern looking ahead for companies in Austria across all sectors polled. The steel-metals industry reported several areas of worry for the coming months, with particular concern about climate change risks and the need to develop clean energy storage. Lack of availability of skilled staff and experienced managers was a concern reported by the chemicals sector. More general challenges to growth was a further worry expressed by both the steel-metals and chemicals sectors.

Despite these varying range of concerns for 2023 among Austrian companies, our survey showed widespread optimism about prospects for the year ahead. 64% of businesses polled said they anticipate increase in demand during the coming months, with large manufacturers in the steel-metals sector particularly positive about sales growth. Meanwhile, 54% of companies in Austria told us they expect to see increased profit margins in the year ahead. Again, the steel-metals industry displayed a high degree of hope.

A similar level of optimism was also evident about both B2B customer payment behaviour and Days-Sales-Outstanding (DSO). 57% of companies polled in Austria said they expect an improvement of payment behaviour, especially those in the transport sector. Only 12% of businesses believe there will be a deterioration, this reported especially in the steel-metals sector. 30% expect no change to the current situation. DSO is expected to improve by 41% of companies polled in Austria, particularly among the transport sector. 14% of businesses told us they expect a deterioration of DSO.

Our survey found a striking change of approach towards dealing with customer credit risk among companies polled in the Austrian steel-metals sector. 61% of these businesses told us they will switch away from in-house retention and management of this issue, instead relying in future on the benefits of using credit insurance. A particular motivation reported was that outsourcing management of risk to a credit insurer would help to protect profitability, as well as gaining access to international risk experts. Greater preference towards using letters of credit to cover single transactions was expressed by companies in the steel-metals sector.

Key survey findings

- Challenges to growth is the main concern looking ahead for companies polled in Austria. Fears that inflation will remain for longer than expected is also a widespread worry across all sectors.
- The steel-metals sector reported particular concern about both clean energy storage and climate change risks. The availability of skilled staff and experienced managers is a worry in the chemicals industry.
- Rising demand is anticipated by 64% of businesses polled in Austria, while 54% expect an increase in profit margins, especially in the steel-metals sector.
- An improvement in Days-Sales-Outstanding (DSO) is expected by 41% of Austrian companies, with the transport sector particularly optimistic. 14% of companies anticipate a worsening of DSO.
- B2B customer payment behaviour is expected to improve by 57% of companies polled in Austria, especially in the transport sector. 12% anticipate told us they expect a deterioration.
- 61% of businesses in the Austrian steel-metals sector told us they anticipate switching to the benefits of credit insurance in the year ahead, rather than continuing with in-house retention and management of customer credit risk.



Key figures and charts on the following pages



Austria

Austria

Looking ahead to the next 12 months, how do you expect your sales and profit margins to change?

(% of respondents)

Sales



Profit margins



■ Improve ■ No change ■ Deteriorate

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria - 2023

Austria

Looking ahead to the next 12 months: how do you expect the payment practices of your B2B customers to change?

(% of respondents)



■ Improve ■ No change ■ Deteriorate

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria - 2023

Austria

Looking ahead to the next 12 months: top 3 concerns expressed by businesses polled

(% of respondents - multiple response question)



Obstacles to business growth



Climate change risks



Inflation

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria - 2023

Survey question

How do you expect your average DSO to change over the next 12 months?

(% of respondents)

41% Improve
45% No change
14% Deteriorate

Sample: all survey respondents

Source: Atradius Payment Practices Barometer Austria - 2023

Survey design

Atradius conducts annual reviews of international corporate payment practices through a survey called the Atradius Payment Practices Barometer. Companies polled in Austria are the focus of this report, which forms part of the 2023 edition of the Atradius Payment Practices Barometer. A change in research methodology means year-on-year comparisons are not feasible for some of these survey results. Using a questionnaire, CSA Research conducted 214 interviews in total. All interviews were conducted exclusively for Atradius.

Survey scope

- **Basic population:** Companies from Austria were surveyed, and the appropriate contacts for accounts receivable management were interviewed
- **Sample design:** The Strategic Sampling Plan enables us to perform an analysis of country data crossed by sector and company size. It also allows us to compare data referring to a specific sector crossed by each of the economies surveyed.
- **Selection process:** Companies were selected and contacted by use of an international Internet panel. A screening for the appropriate contact, and for quota control, was conducted at the beginning of the interview.
- **Sample:** N=214 people were interviewed in total. A quota was maintained according to three classes of company size.
- **Interview:** Computer Assisted Web Interviews (CAWI) of approximately 15 minutes duration. Interview period: The survey was conducted between the end of Q1 and the beginning of Q2 2023.

Sample overview – Total interviews = 214

| Business sector | Interviews | % |
|---------------------------|------------|------------|
| Manufacturing | 100 | 51 |
| Wholesale trade | 38 | 18 |
| Retail trade/Distribution | 24 | 11 |
| Services | 43 | 20 |
| TOTAL | 214 | 100 |

| Business size | Interviews | % |
|--------------------------|------------|------------|
| SME: Small enterprises | 39 | 18 |
| SME: Medium enterprises | 75 | 35 |
| Medium Large enterprises | 70 | 33 |
| Large enterprises | 30 | 14 |
| TOTAL | 214 | 100 |

Statistical appendix

Find detailed charts and figures in the Statistical Appendix. This is part of the 2023 Payment Practices Barometer of Atradius, available at www.atradius.com/publications [Download in PDF format](#) (English only).

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Please visit the Atradius website where you can find a wide range of up-to-date publications. [Click here](#) to access our analysis of individual industry performance, detailed focus on country-specific and global economic concerns, insights into credit management issues, and information about protecting your receivables against payment default by your customers.

Follow us to stay up to date with our latest releases by [subscribing](#) to notifications of our Publications, and receive weekly emails with alerts to when new reports are published.

To find out more about B2B receivables collection practices in **Austria and worldwide**, please visit atradiuscollections.com.

For Austria please visit atradius.at

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