



creditworks

March 2023 **Credit Insights**

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March 2023 Credit Insights

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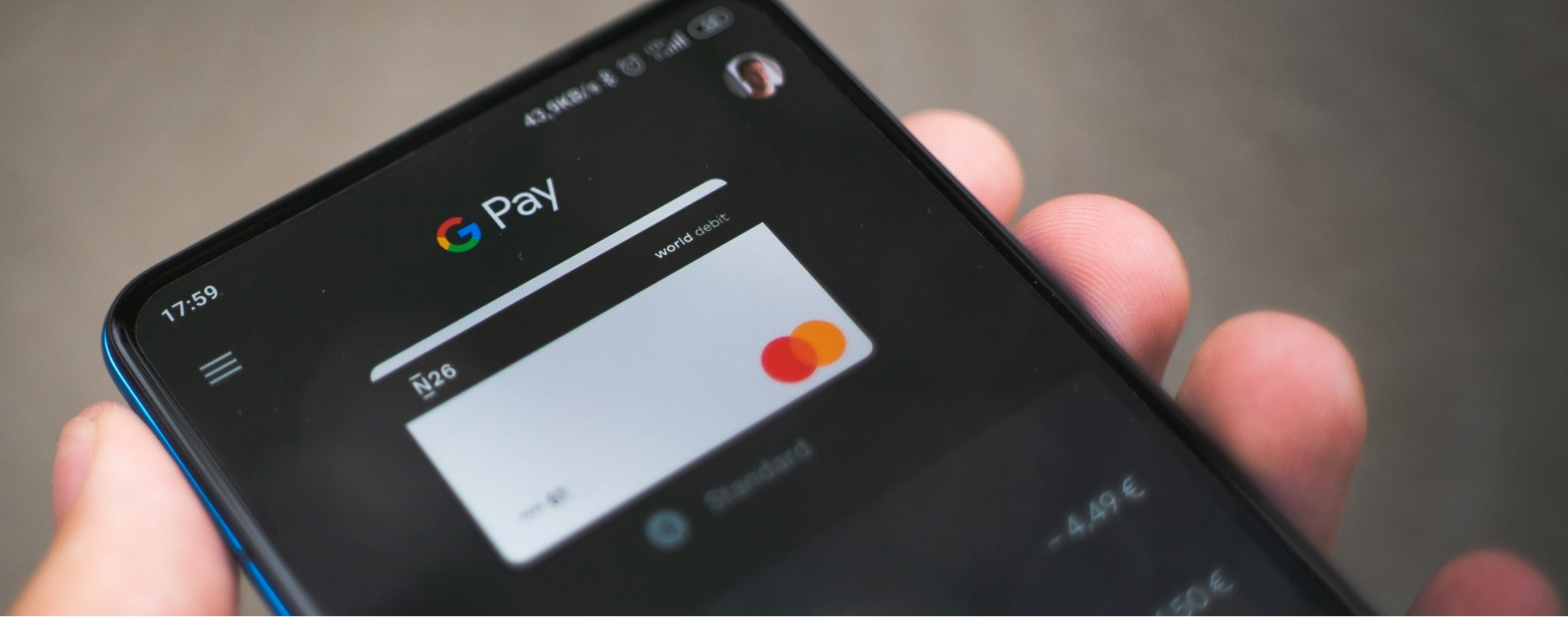
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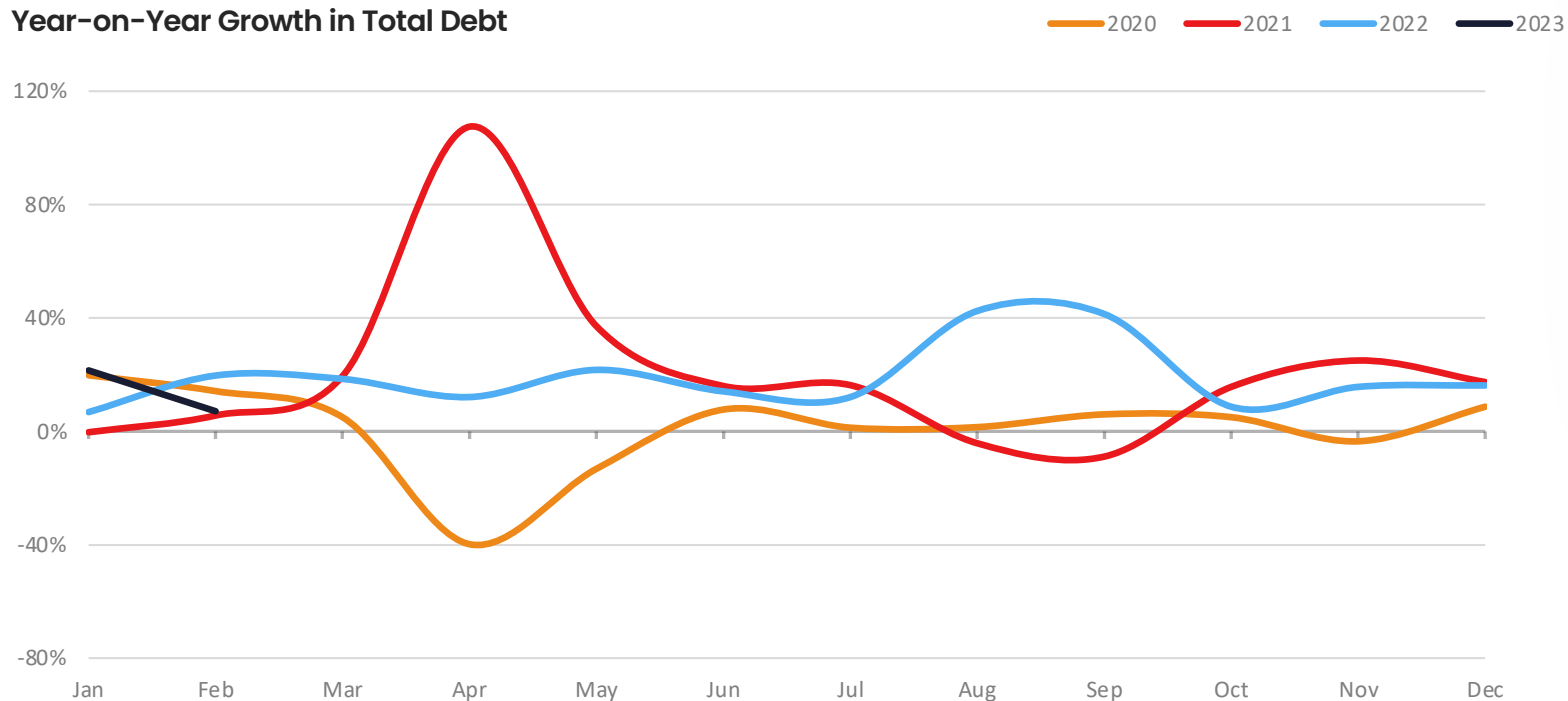


Key Credit Risk Insights.

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Year-on-Year Growth in Total Debt Remains Positive But Slowing

Year-on-Year Growth in Total Debt



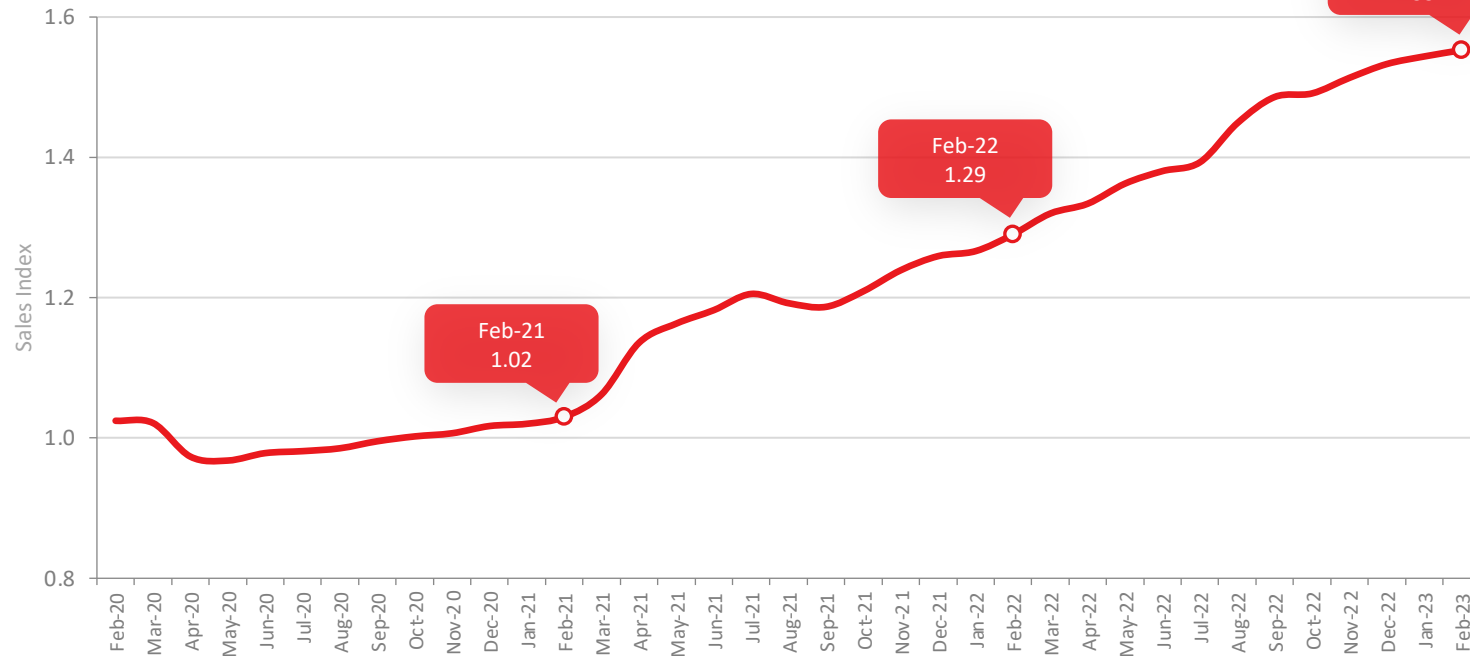
February 2023

 **7.1%**

Total Debt Balance has increased 7.1% year-on-year in February 2023.

Growth in Annual Sales Continues to Slow but Remains Positive

Annual Sales Index (Indexed to December 2019)



Month-on-Month

↑ **0.6%**

A marginal MoM increase in annual sales was seen in February 2023.

Year-on-Year

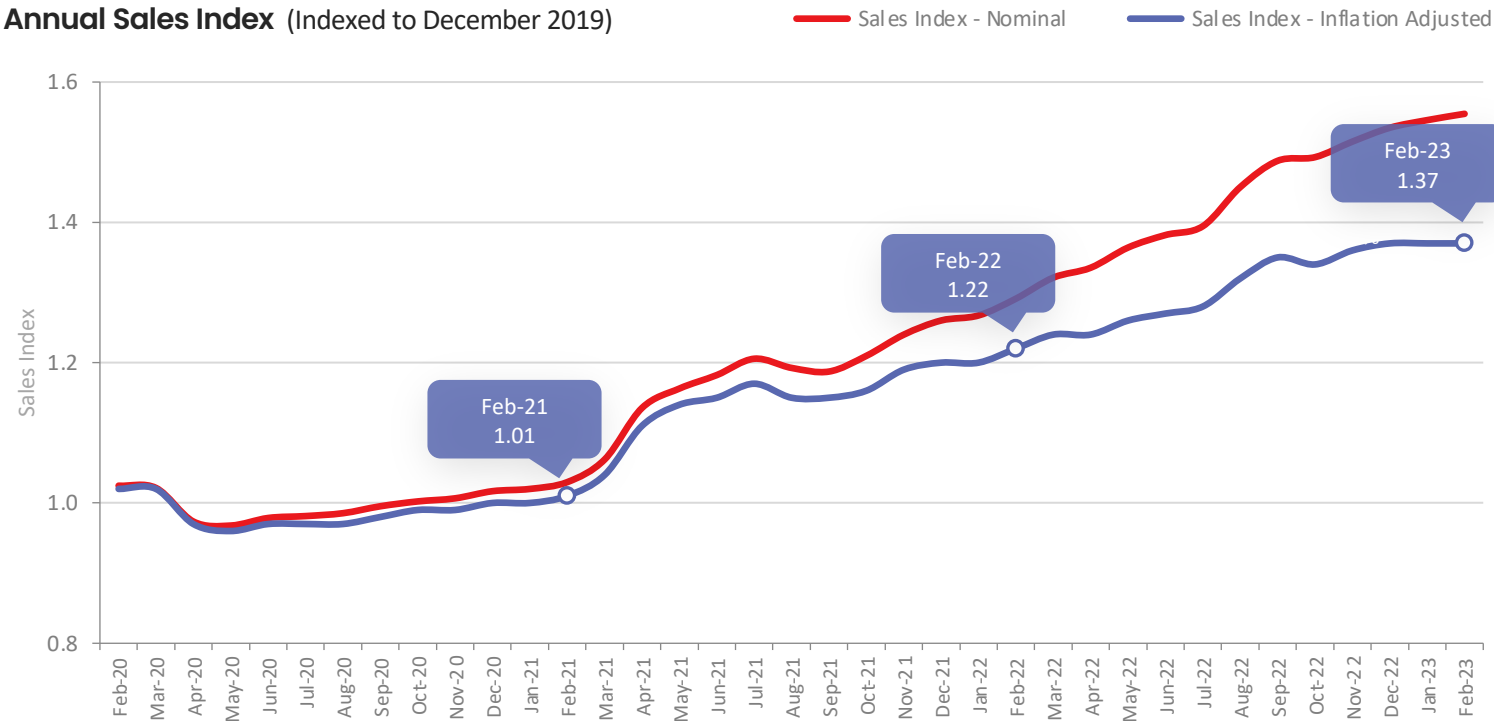
↑ **20.4%**

Annual sales are up 20.4% in February 2023 compared to February 2022.

Sales Growth is Flat After Adjusting for Inflation

(General CPI December 2019 = 1000)

Annual Sales Index (Indexed to December 2019)



Month-on-Month

➔ **0.0%**

Annual sales adjusted for inflation shows growth flat month-on-month.

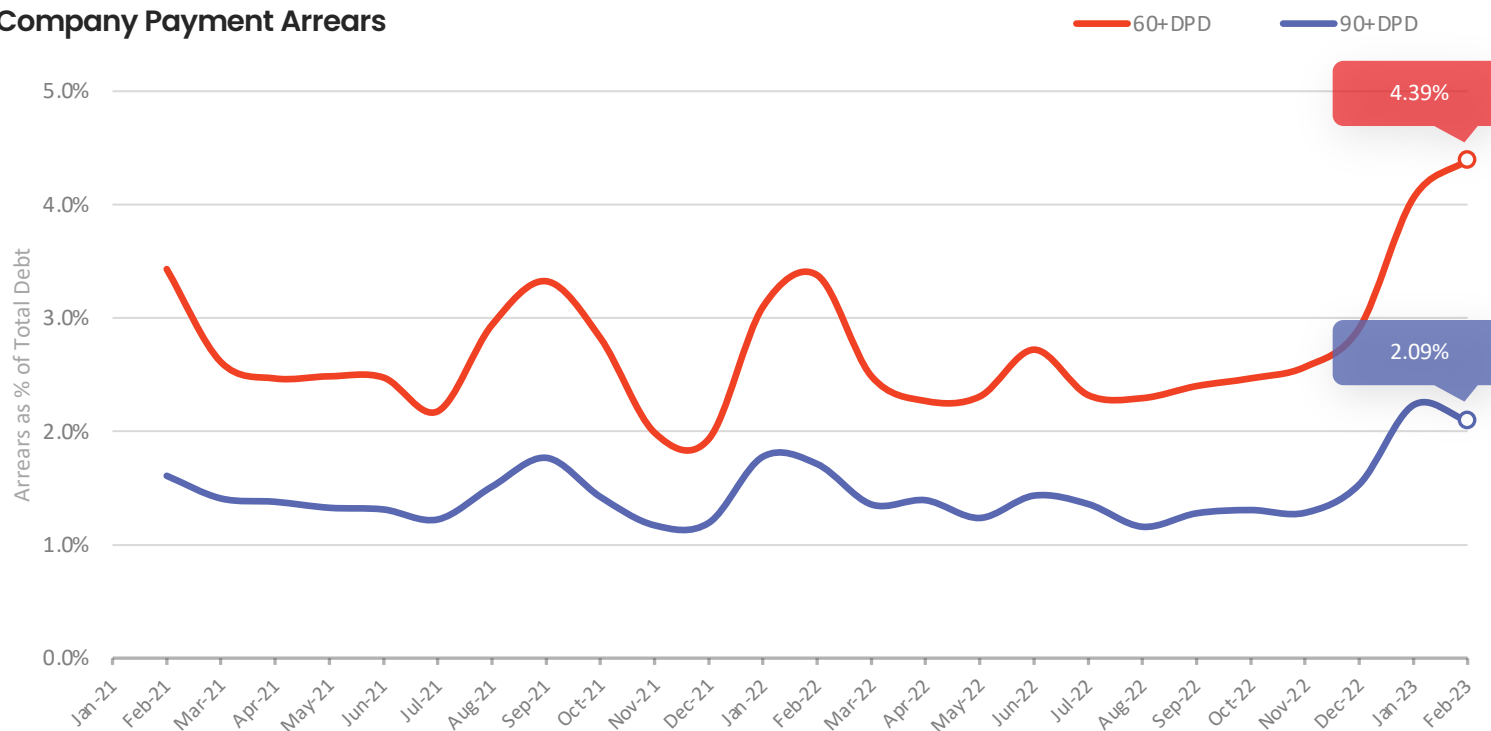
Year-on-Year

⬆ **12.4%**

Adjusted annual sales were 12.4% higher in February 2023 vs. the year prior.

Company Payment Arrears Continue to be Elevated

Company Payment Arrears



60+DPD Arrears

↑ **102bps**

60+DPD arrears were 102bps higher than the same time last year and still rising.

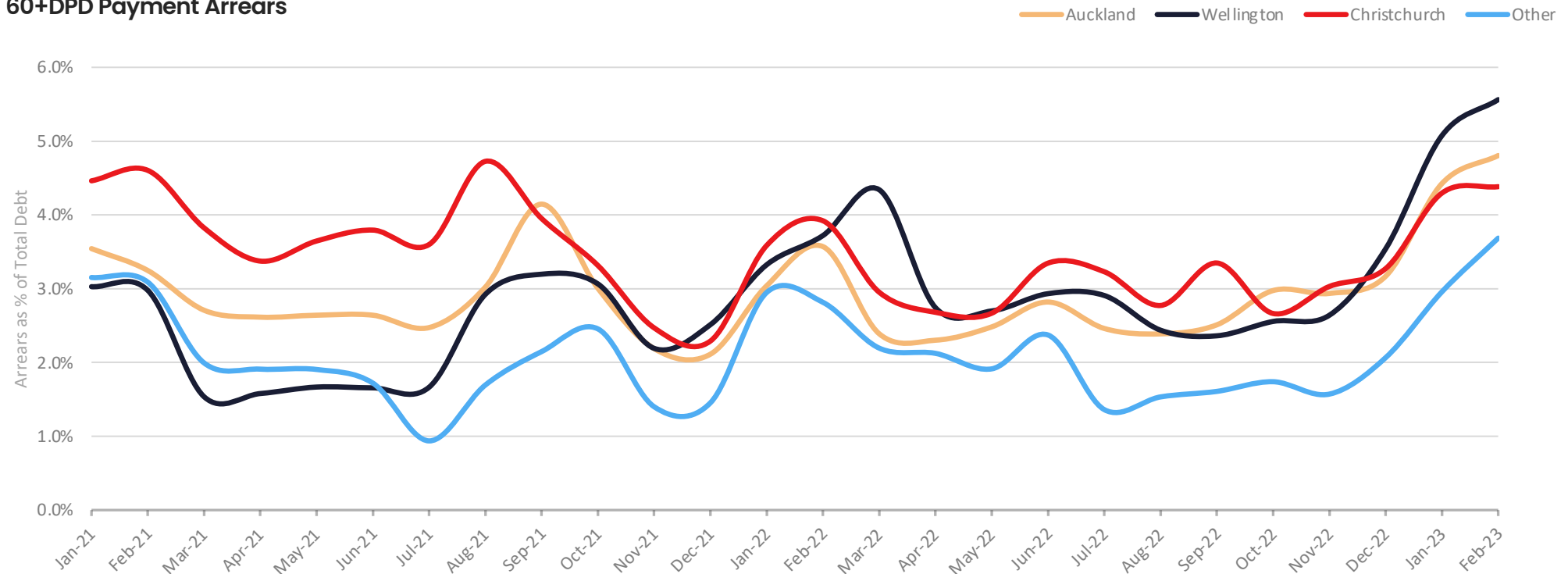
90+DPD Arrears

↑ **38bps**

90+DPD arrears reduced in February but are still 38bps higher than February 2022.

Deterioration in 60+DPD Arrears Seen Across All Regions (by Debtors)

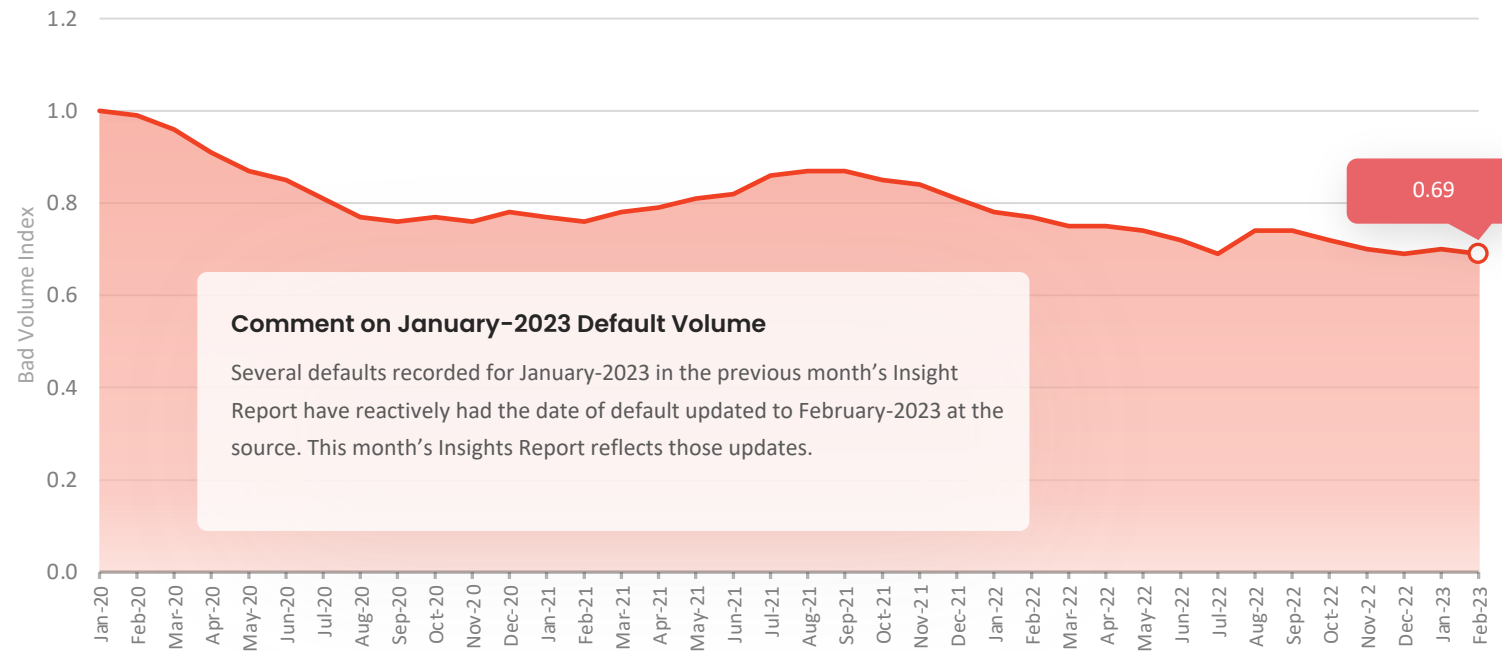
60+DPD Payment Arrears



The Annual Volume of 'Bad' Debtors is Relatively Steady

(Default, Judgement, Administration, Receivership, Liquidation)

Annual Volume of 'Bad' Debtors Index (Indexed to December 2019)



Comment on January-2023 Default Volume
Several defaults recorded for January-2023 in the previous month's Insight Report have reactively had the date of default updated to February-2023 at the source. This month's Insights Report reflects those updates.

Month-on-Month

↓ 1.3%

Annual volume of debtors going bad is down 1.3% MoM in February 2023.

Year-on-Year

↓ 10.7%

Annual volume of debtors going bad is down 10.7% year-on-year in February 2023.

Winding Up Applications

(As per the McDonald Vague Insolvency report March 2023)

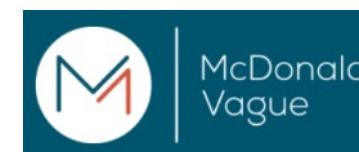
Winding Up Applications



Winding-Up Applications

 **2.9%**

The annual volume of total Winding Up Applications (IRD and Company combined) was 2.9% higher in March 2023 vs. March 2022.





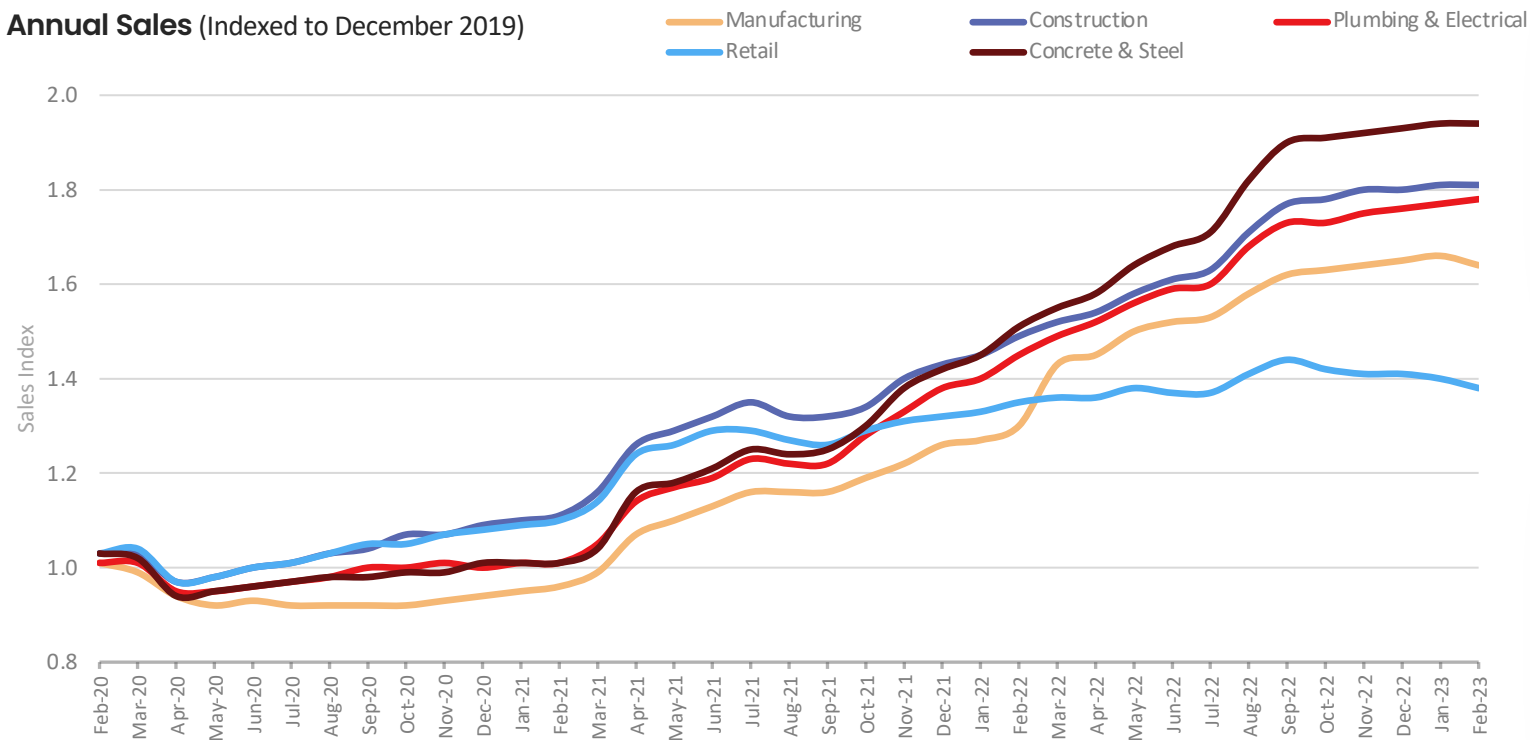
Debtor Industry Insights.

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Soft Sales Continue, Decline Begins in Manufacturing and Construction

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

Annual Sales (Indexed to December 2019)



Construction Sales

↓ **0.1%**

Annual Construction sales have begun to turn, down 0.1% month-on-month.

Manufacturing Sales

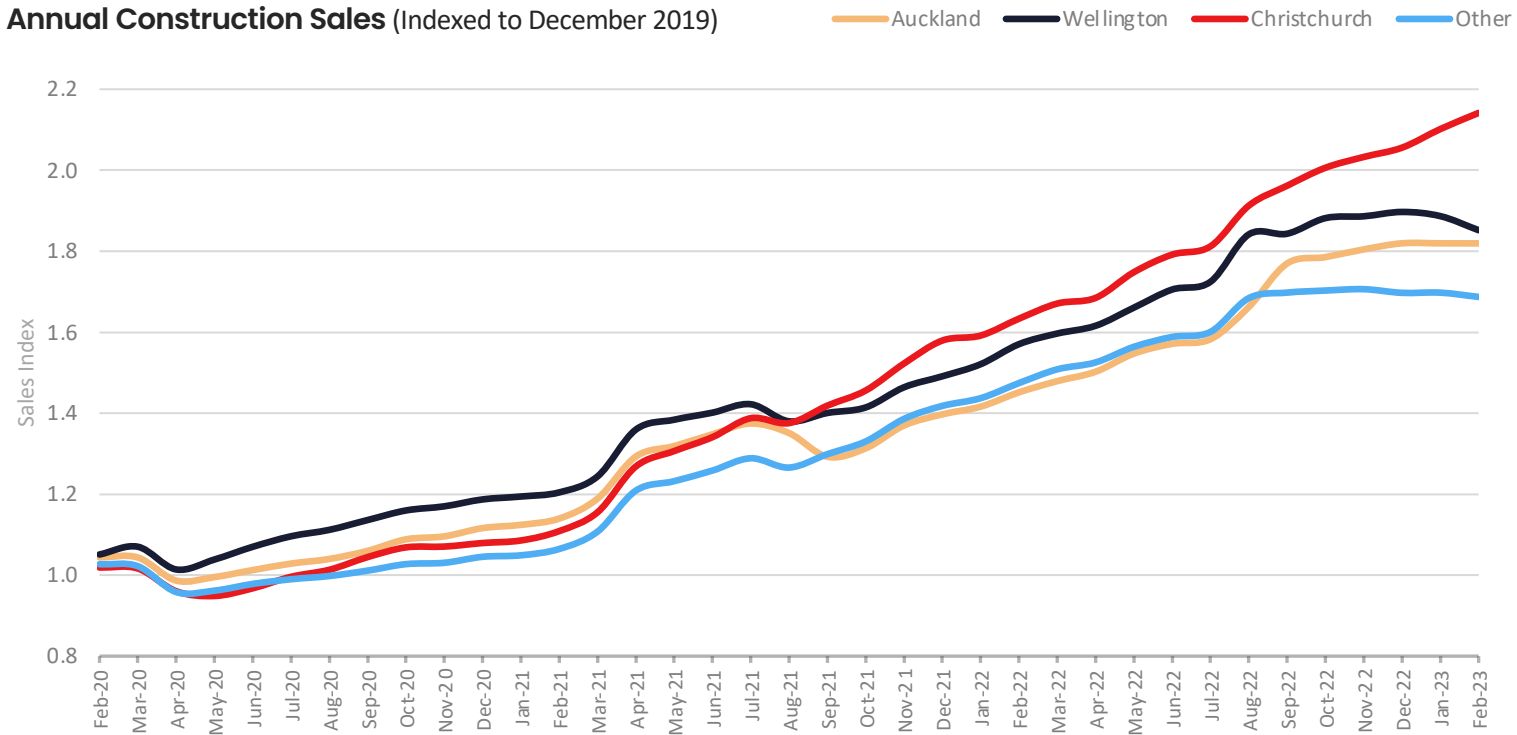
↓ **0.7%**

Manufacturing has begun to fall as well. Annual sales were down 0.7% month-on-month.

Construction Sales Are Being Propped-Up by Christchurch

(Construction Debtor industry defined by recorded ANZSIC codes at Companies Office)

Annual Construction Sales (Indexed to December 2019)



Christchurch Construction

↑ **1.9%**

Annual Construction sales in Christchurch were up 1.9% month-on-month in February 2023.

Everywhere Else

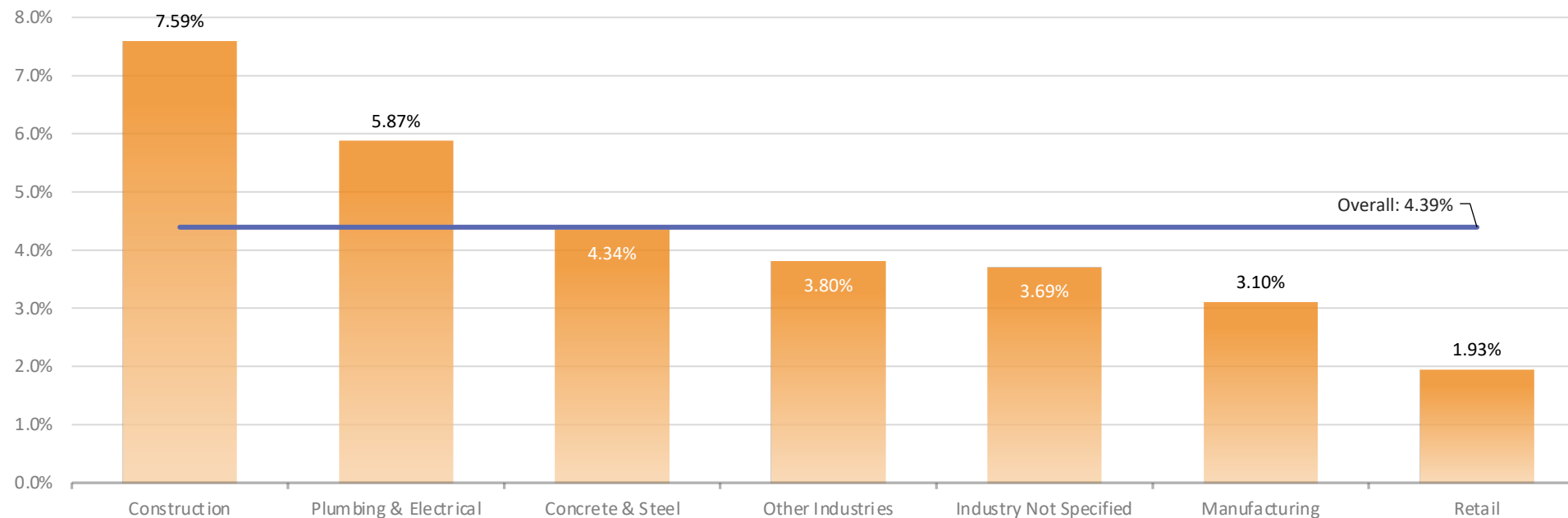
↓ **0.4%**

Annual Construction sales ex-Christchurch were down 0.4% MoM in February 2023.

Construction Industries Continue to Top Arrears Rates

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

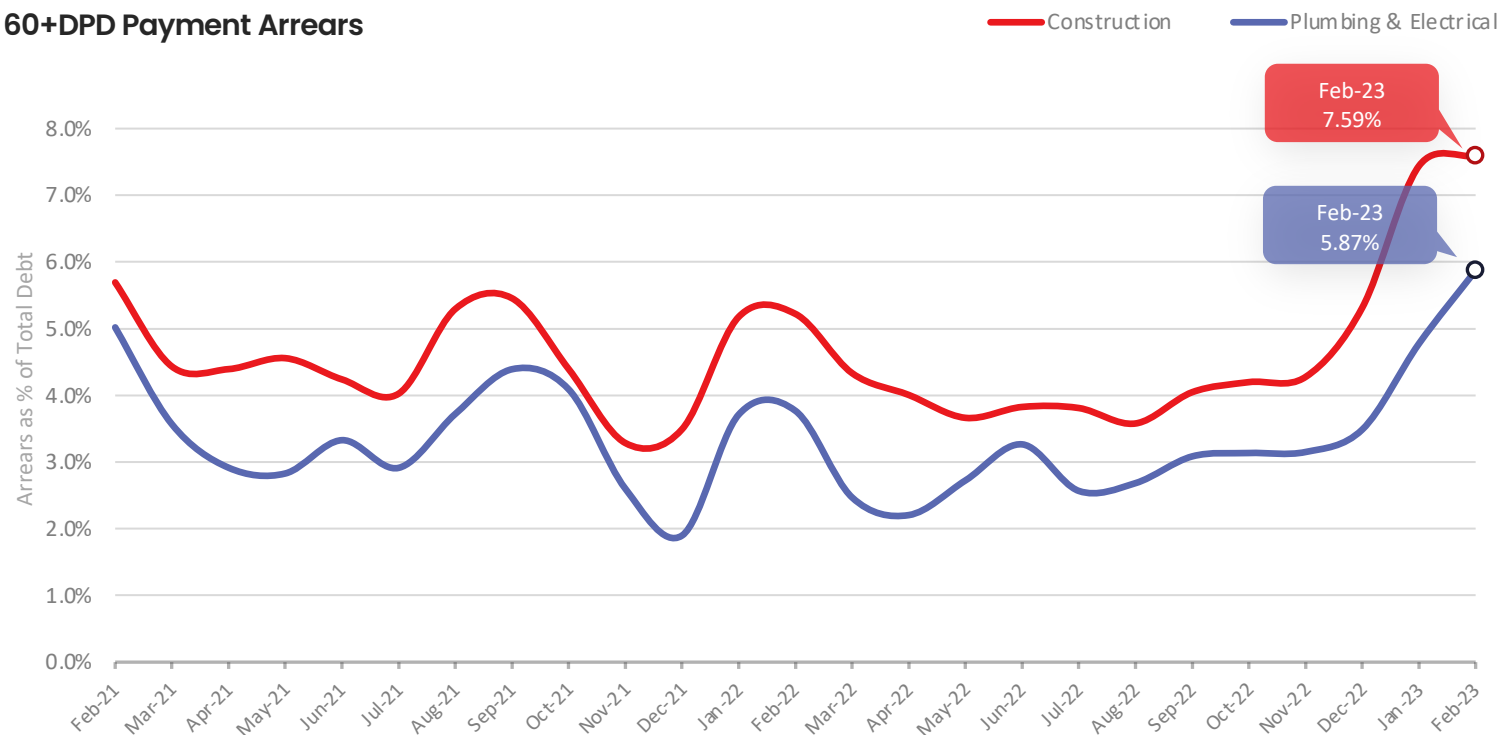
60+DPD Arrears by Industry as at February 2023



Construction Arrears Steady but Elevated, Plumbing & Electrical Worsens

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

60+DPD Payment Arrears



Construction

↑ **15bps**

Construction 60+DPD arrears increased 15bps over February 2023.

Plumbing & Electrical

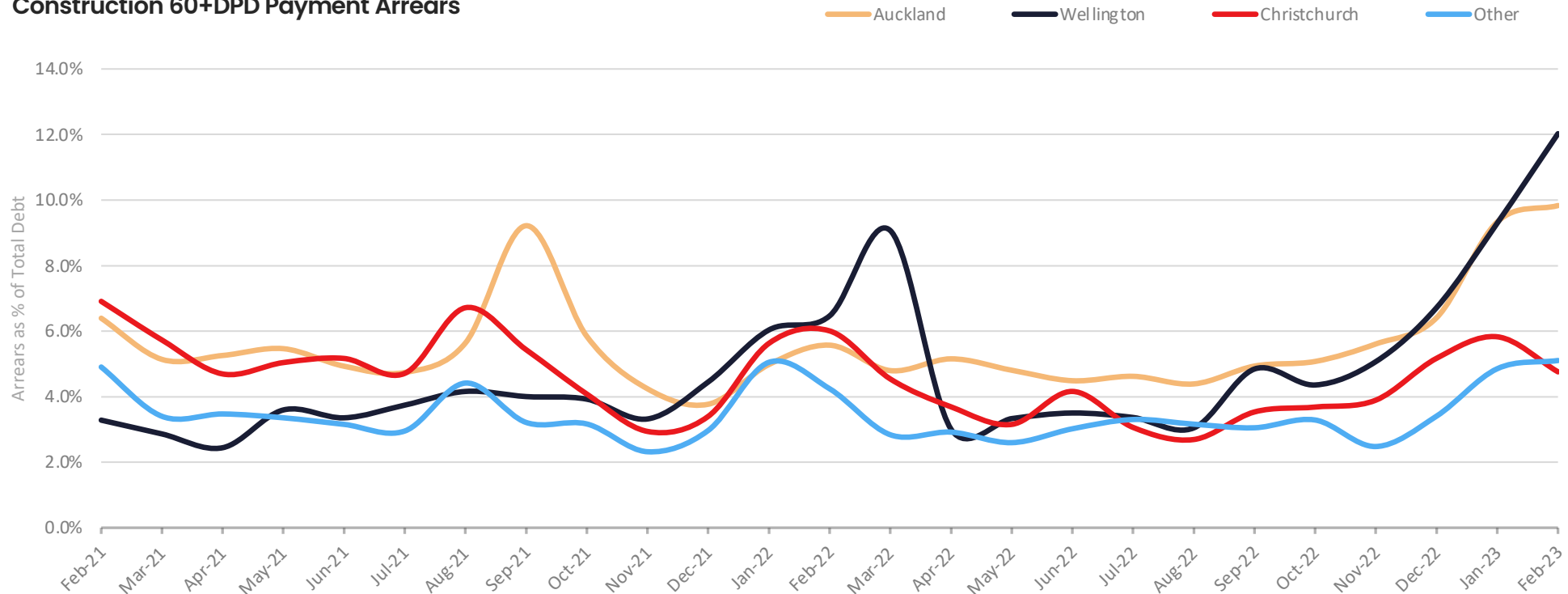
↑ **110bps**

Plumbing & Electrical 60+DPD arrears increased 110bps over February 2023.

Construction Arrears Markedly Higher in Wellington & Auckland

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

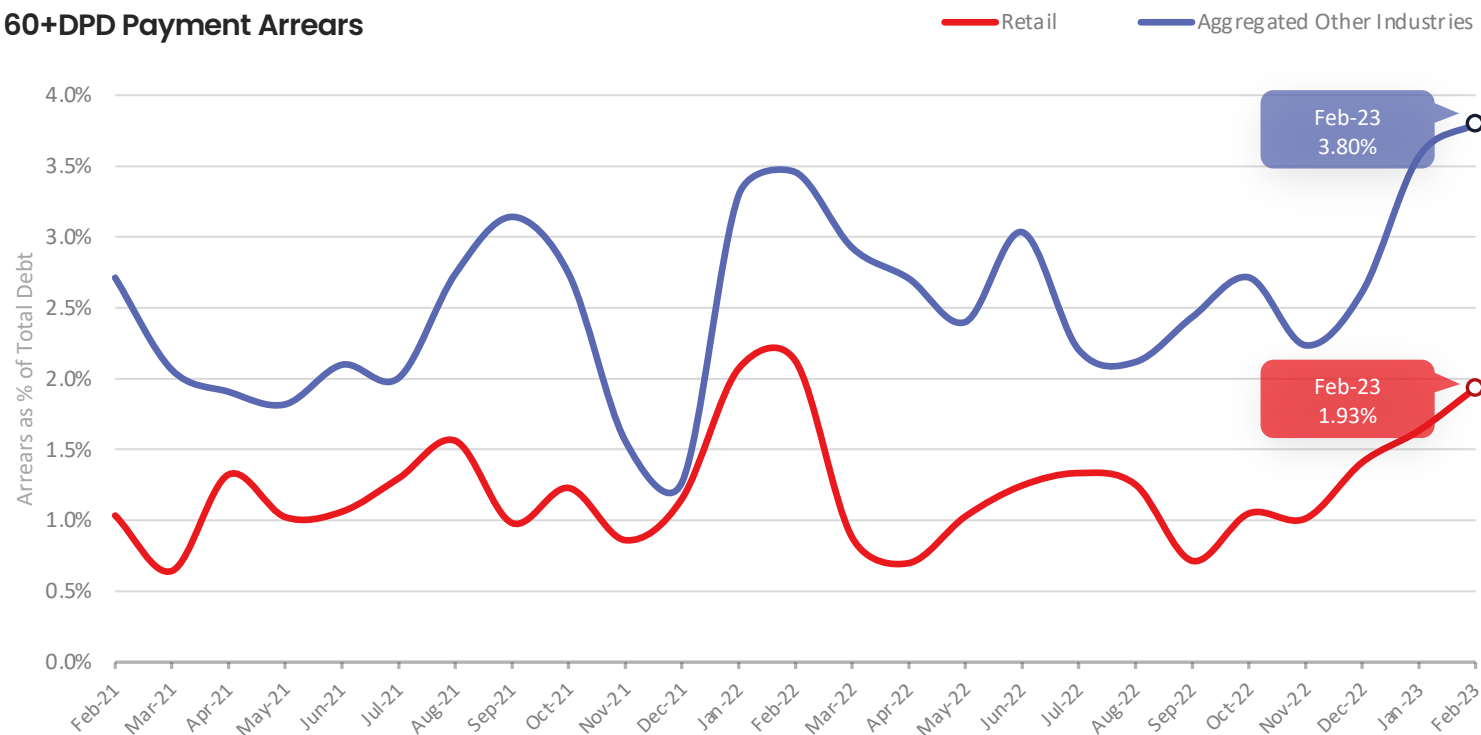
Construction 60+DPD Payment Arrears



Retail and 'Other' Industry Arrears Continue to Deteriorate

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

60+DPD Payment Arrears



Retail

↑ **30bps**

Retail 60+DPD arrears increased 30bps in February 2023.

Aggregated Other Industries

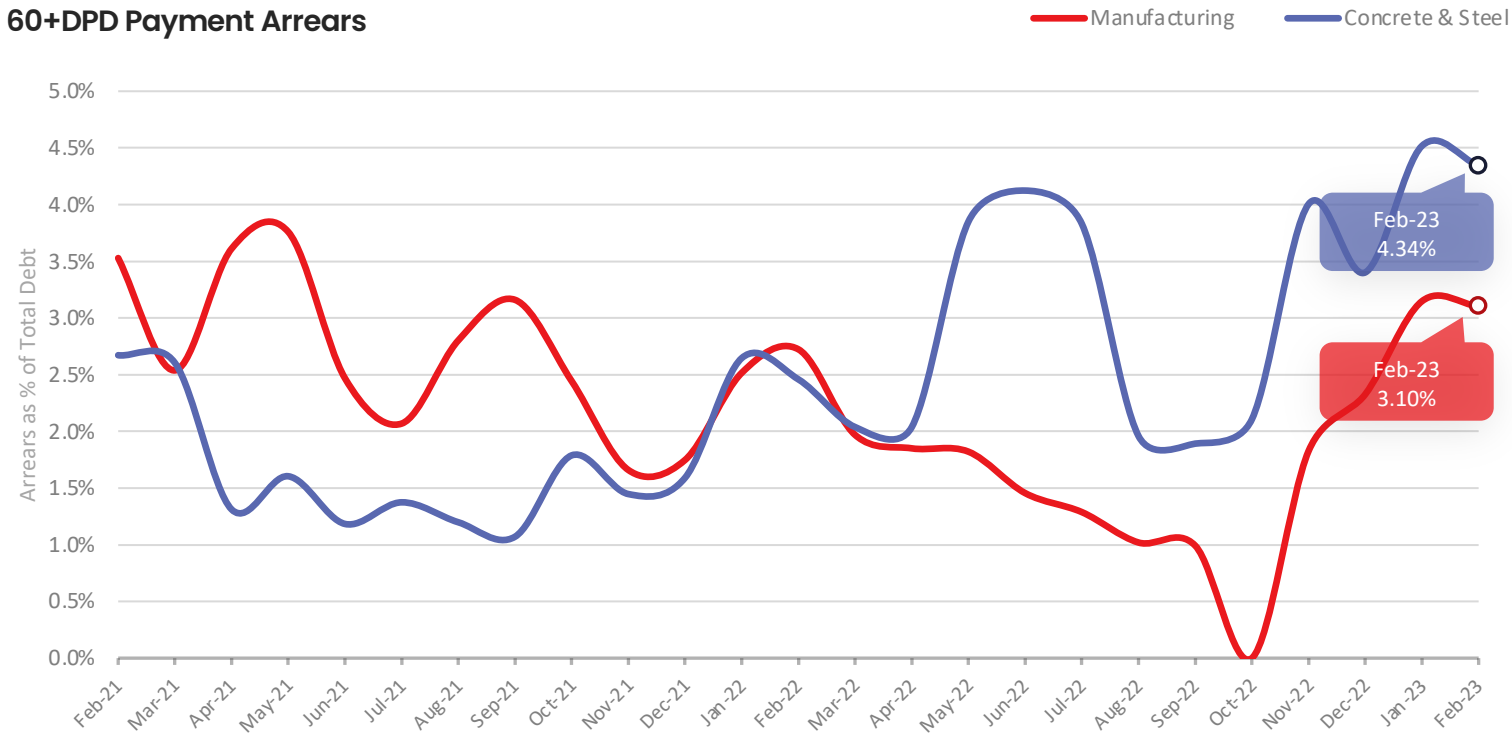
↑ **23bps**

Other Industries 60+DPD arrears increased 23bps in February 2023.

Concrete & Steel, Manufacturing Improved but Remain Elevated

(Debtor industries defined by recorded ANZSIC codes at Companies Office)

60+DPD Payment Arrears



Concrete & Steel

↓ **17bps**

Concrete & Steel 60+DPD arrears decreased 17bps in February 2023.

Manufacturing

↓ **4bps**

Manufacturing 60+DPD arrears decreased 4bps in February 2023.

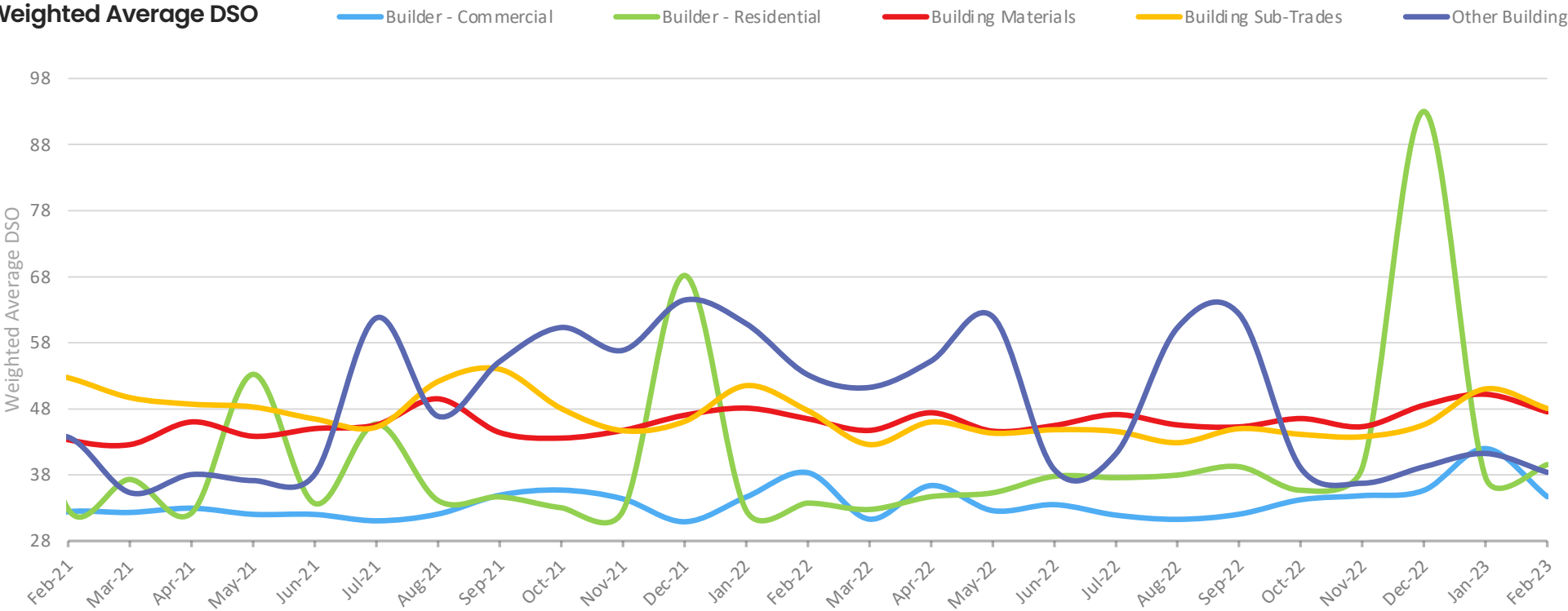


Vendor Industry DSO Insights.

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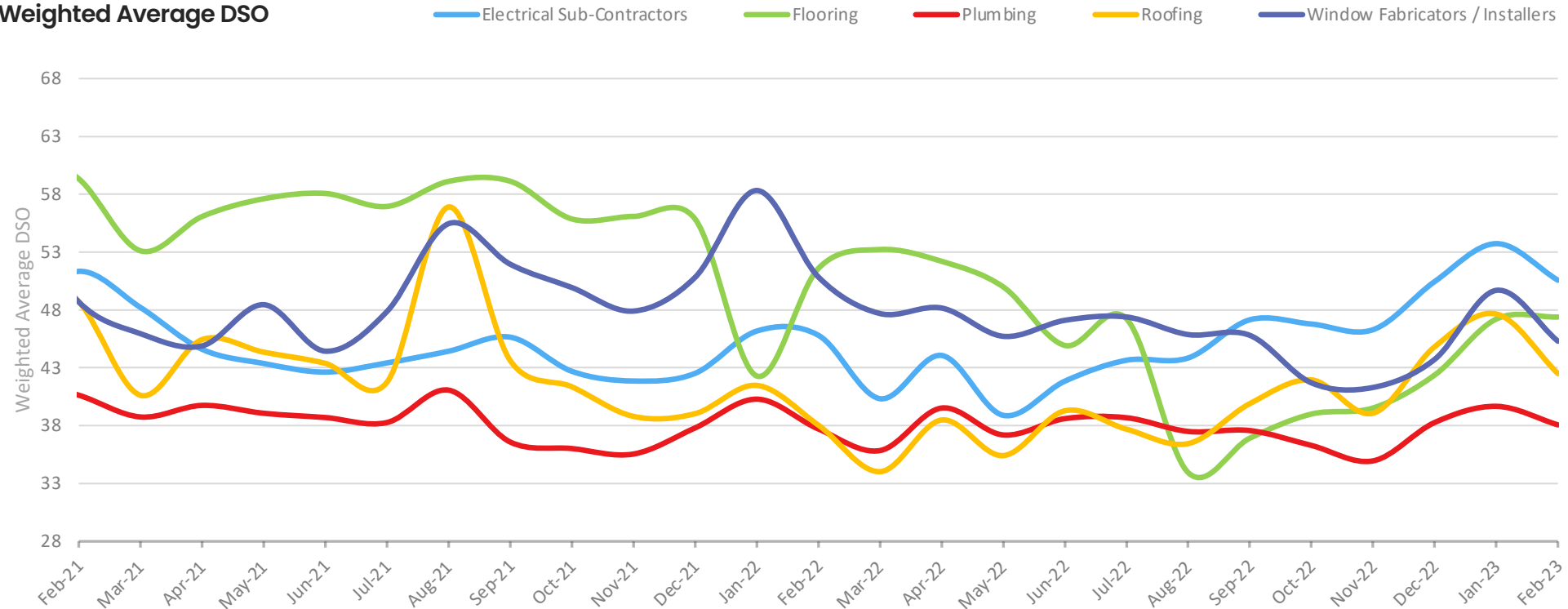
Days Sales Outstanding by Vendor Industry (1 of 6)

Weighted Average DSO



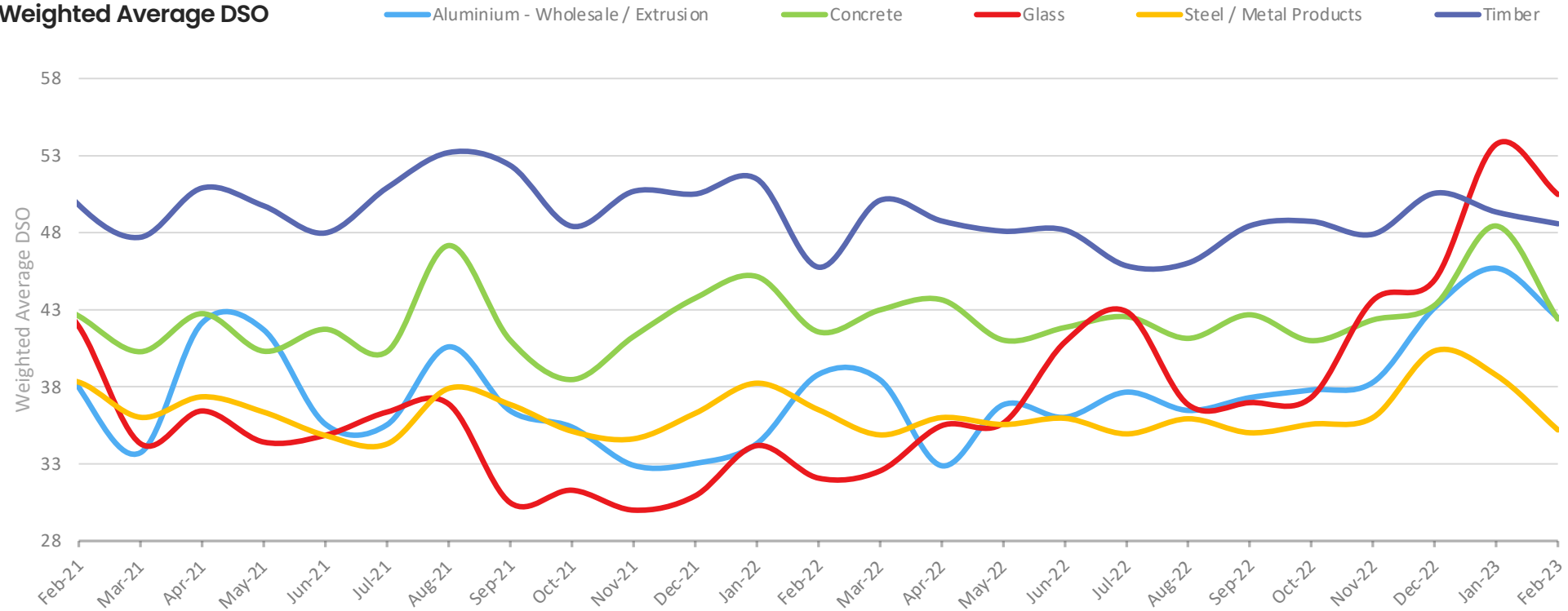
Days Sales Outstanding by Vendor Industry (2 of 6)

Weighted Average DSO



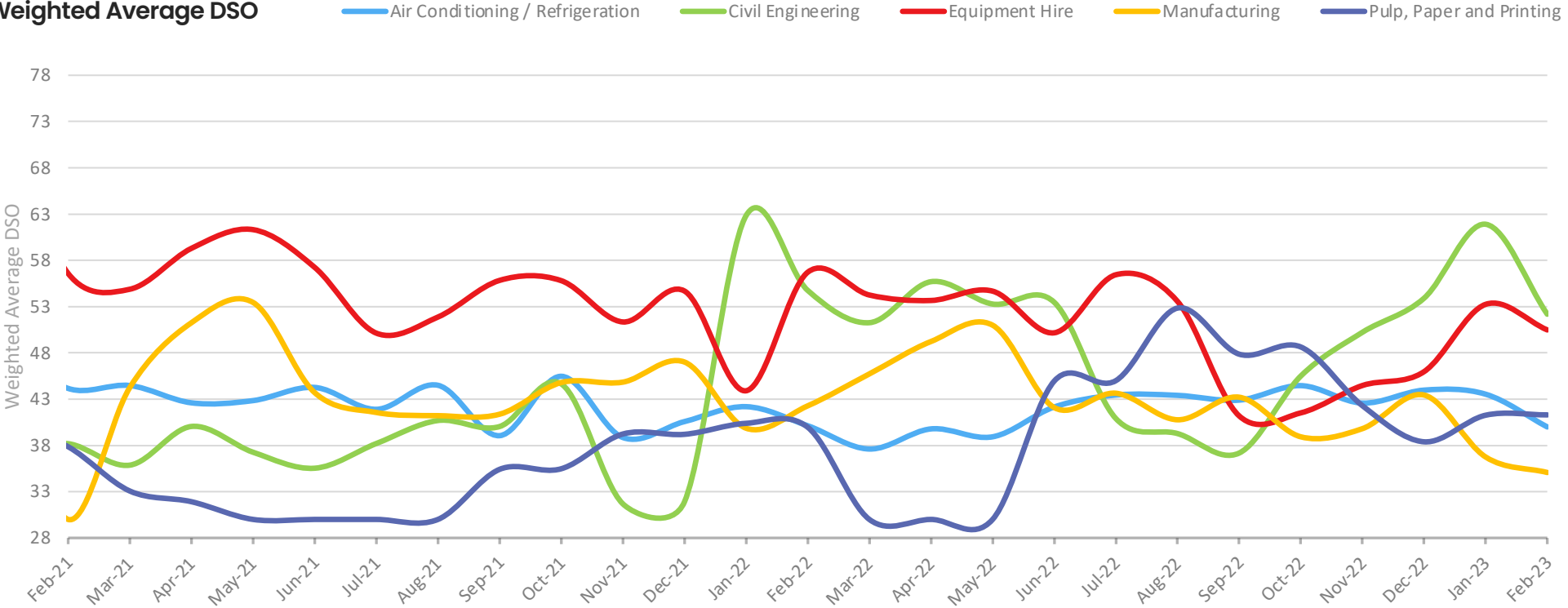
Days Sales Outstanding by Vendor Industry (3 of 6)

Weighted Average DSO

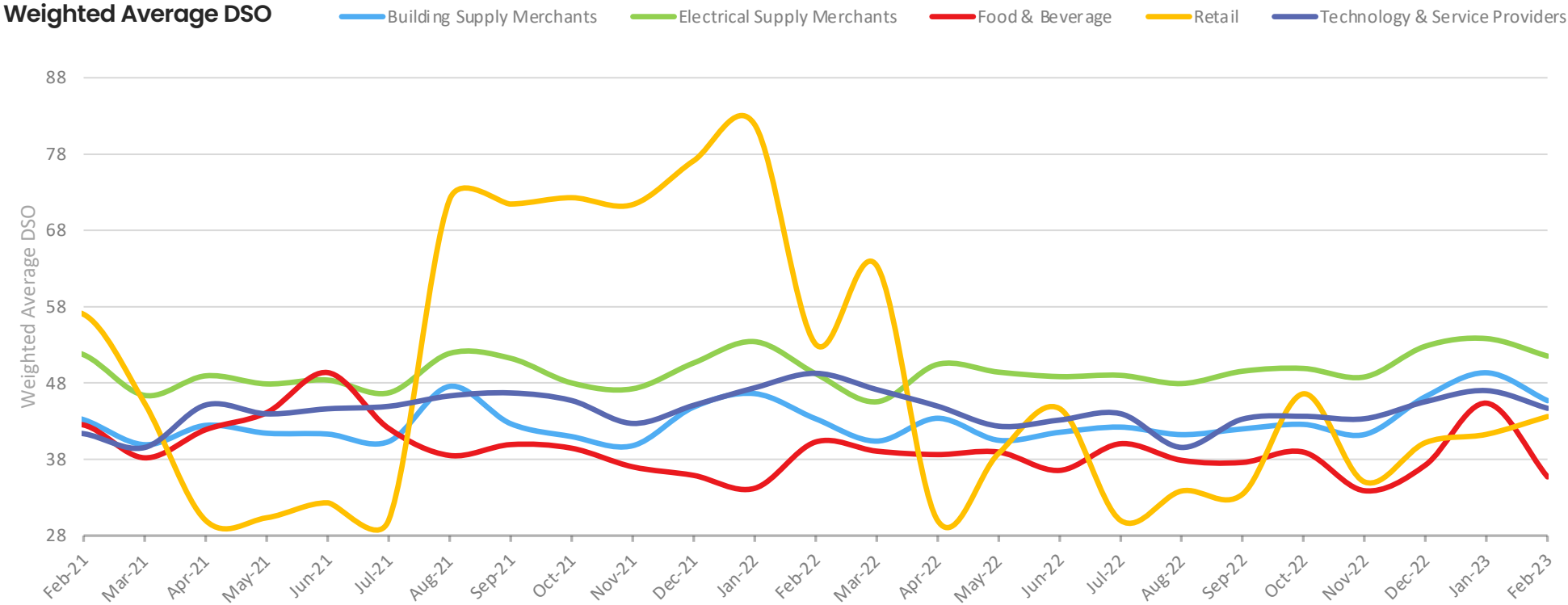


Days Sales Outstanding by Vendor Industry (4 of 6)

Weighted Average DSO

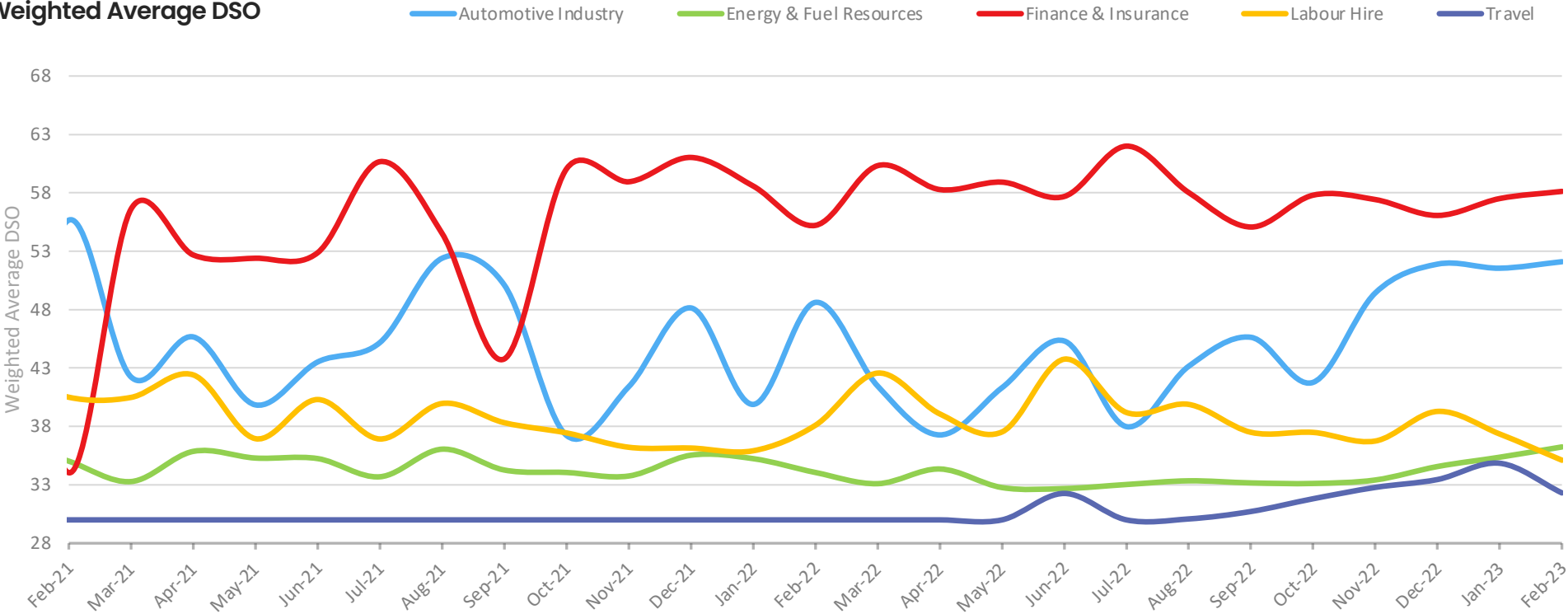


Days Sales Outstanding by Vendor Industry (5 of 6)



Days Sales Outstanding by Vendor Industry (6 of 6)

Weighted Average DSO



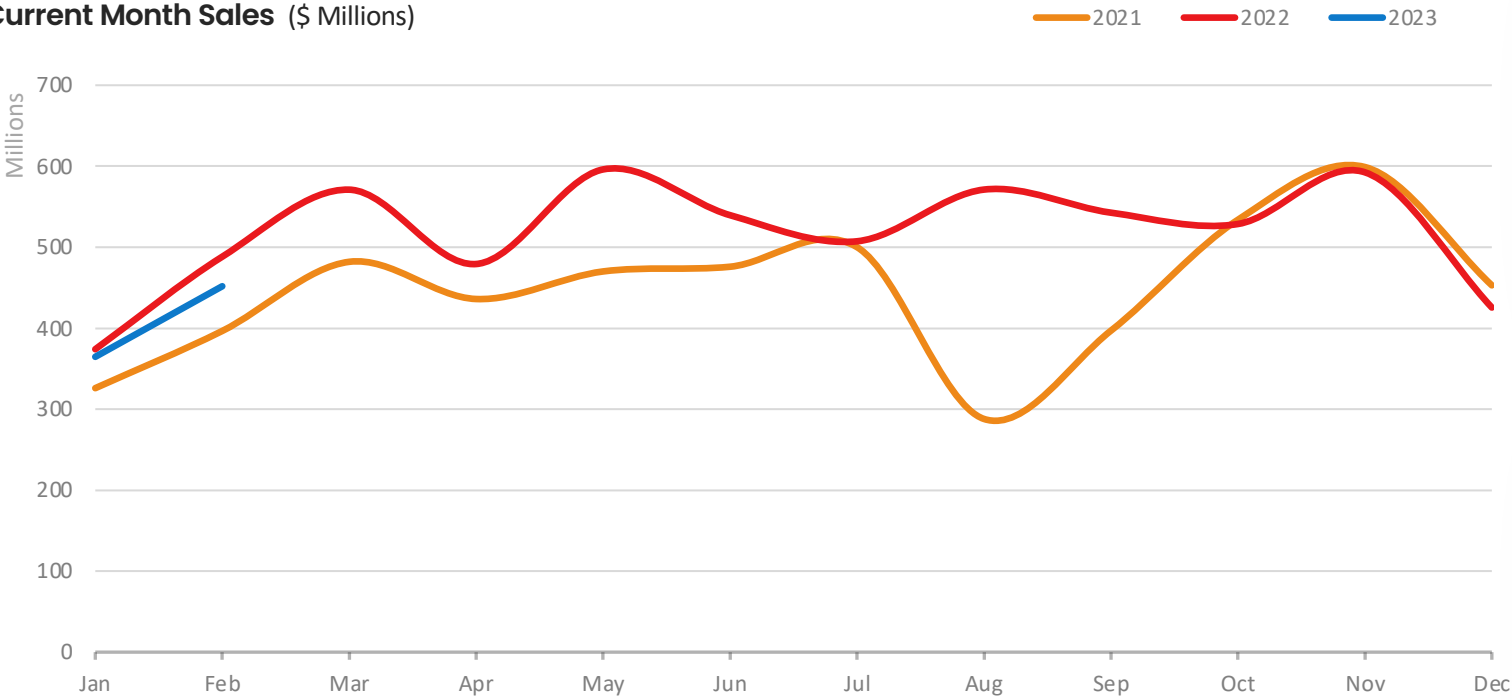


Building Merchant Insights.

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Building Merchants Current Month Sales

Current Month Sales (\$ Millions)



Month-on-Month

 **23.9%**

Monthly sales increased by 23.9% from January 2023 to February 2023.

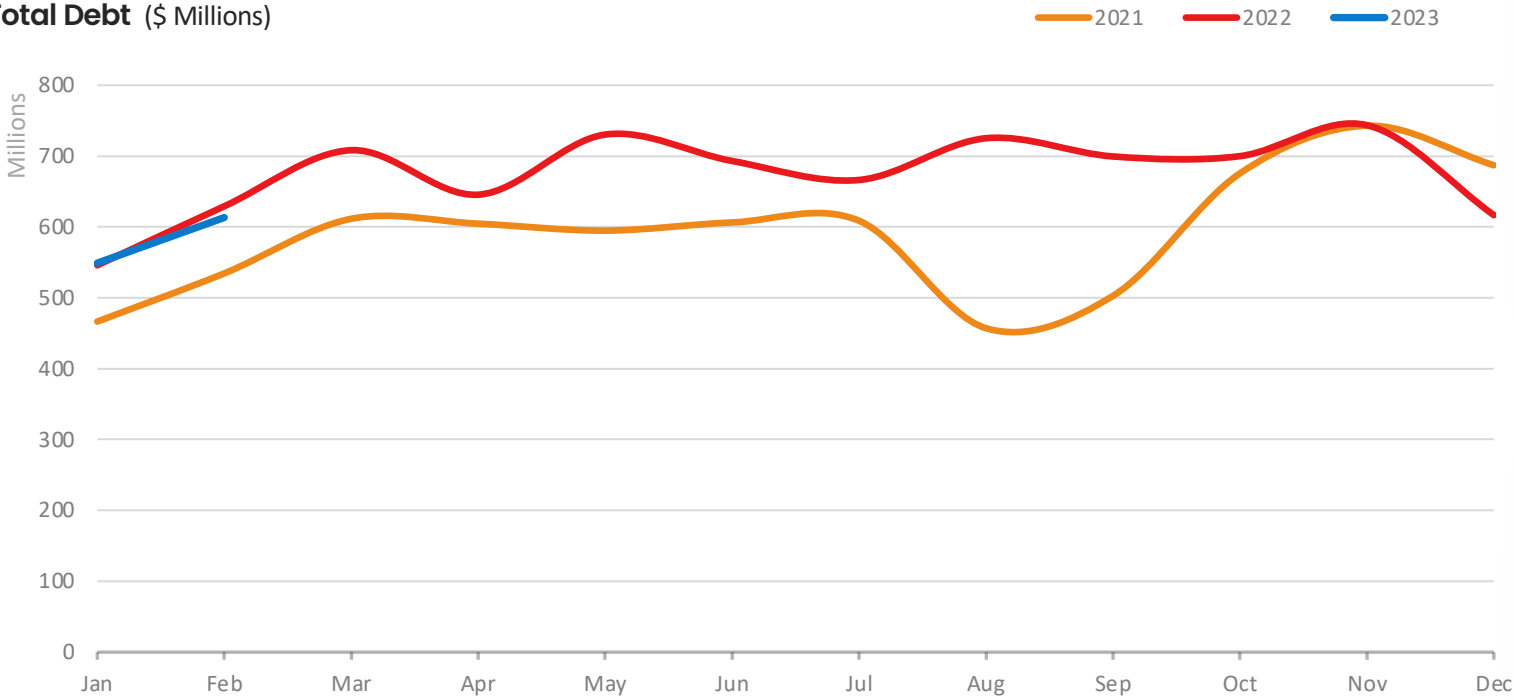
Year-on-Year

 **7.5%**

Monthly sales for February 2023 was 7.5% lower than February 2022.

Building Merchants Total Debt

Total Debt (\$ Millions)



Month-on-Month

 **11.7%**

Total Debt increased by 11.7% from January 2023 to February 2023.

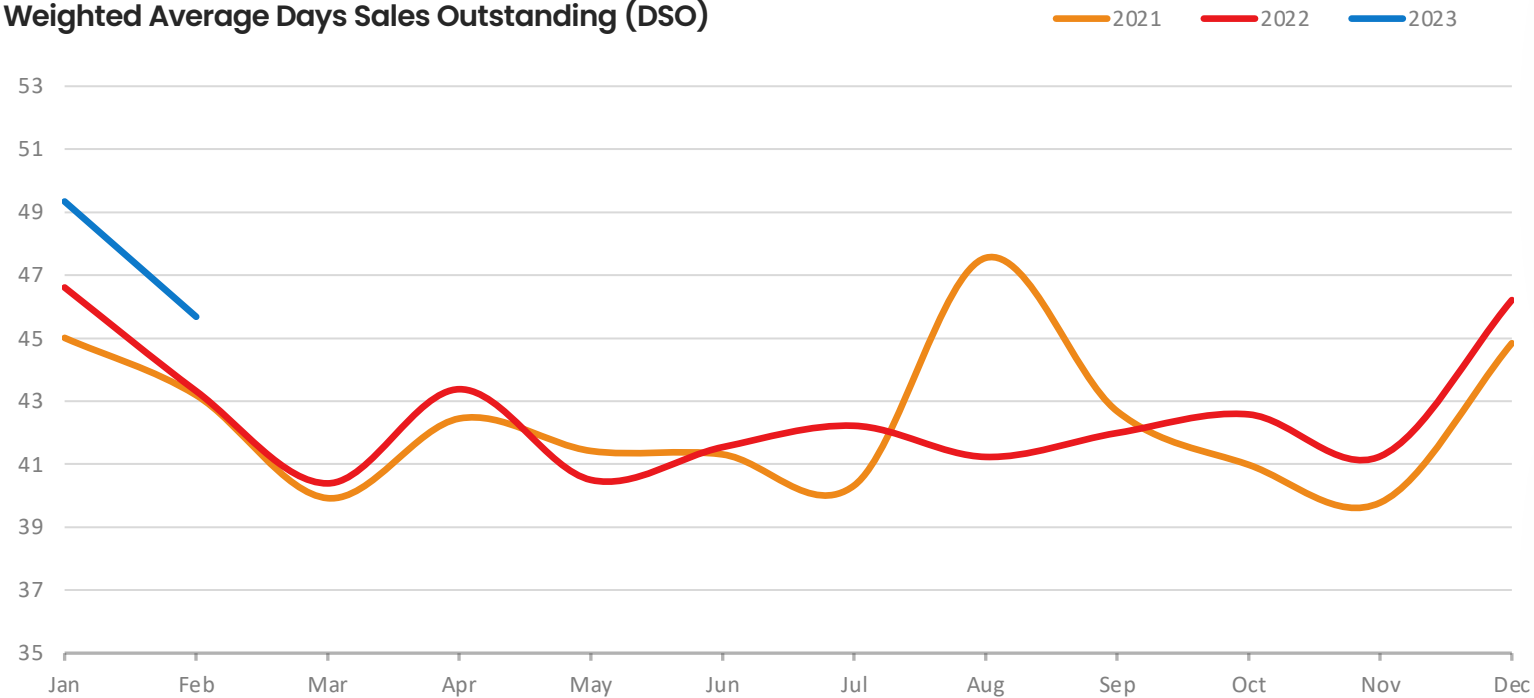
Year-on-Year

 **2.5%**

Total Debt was 2.5% lower in February 2023 compared to February 2022.

Building Merchants Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

 **7.4%**

Weighted average DSO reduced by 7.4% from January to February 2023.

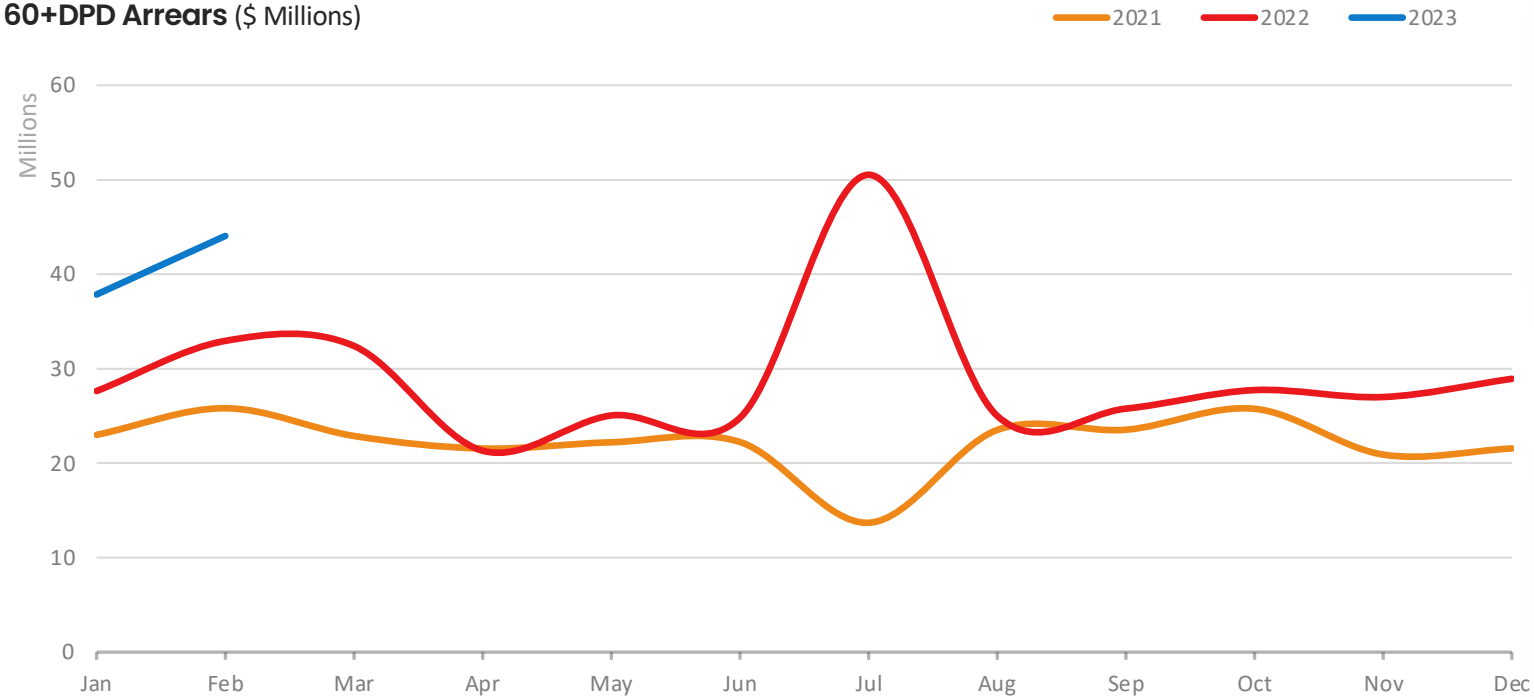
Year-on-Year

 **5.5%**

Weighted average DSO was 5.5% higher in February 2023 vs February 2022.

Building Merchants Arrears in Dollars (60+DPD)

60+DPD Arrears (\$ Millions)



Month-on-Month

 **16.4%**

60+DPD arrears were up 16.4% from January 2023 to February 2023.

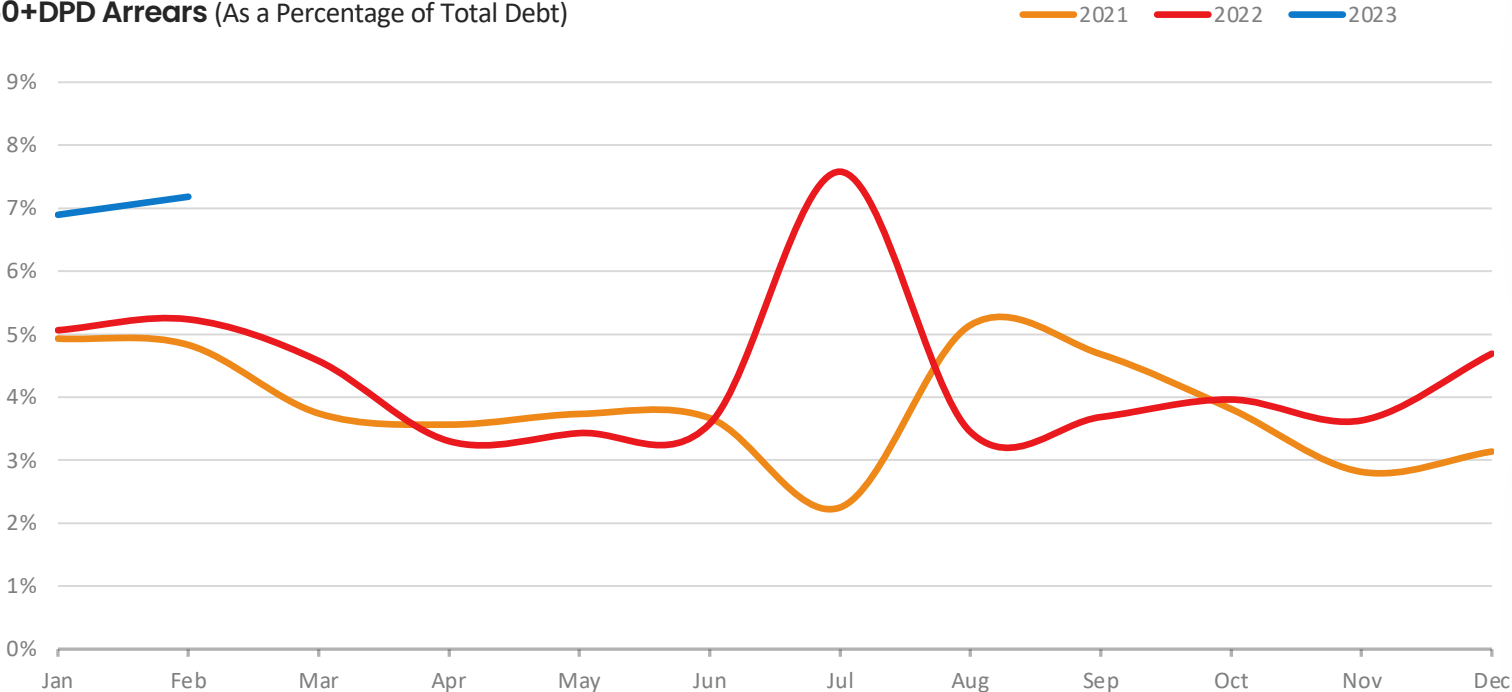
Year-on-Year

 **33.7%**

60+DPD arrears were up 33.7% from February 2022 to February 2023.

Building Merchants Arrears in Percentages (60+DPD)

60+DPD Arrears (As a Percentage of Total Debt)



Month-on-Month

↑ **29bps**

60+DPD arrears were 29bps higher in February 2023 compared to January 2023.

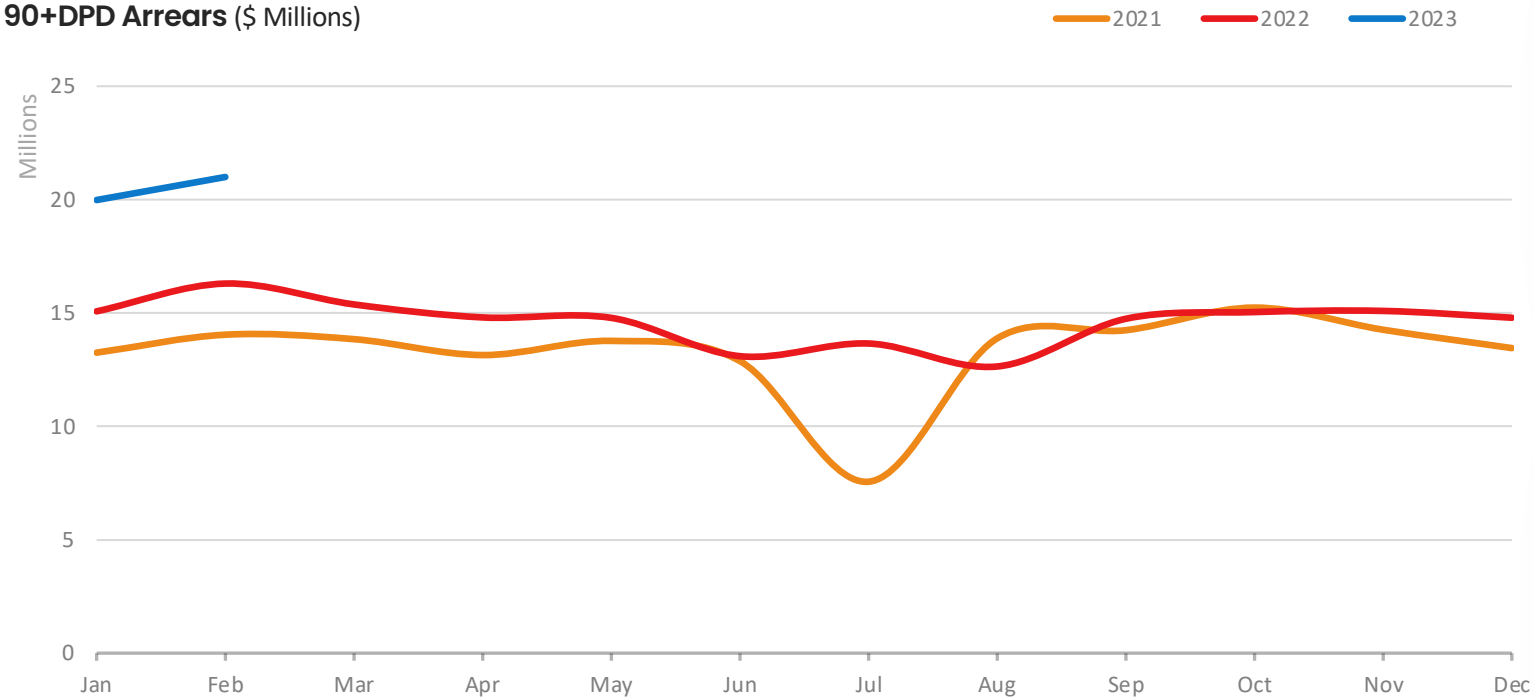
Year-on-Year

↑ **195bps**

60+DPD arrears were 195bps higher in February 2023 compared to February 2022.

Building Merchants Arrears in Dollars (90+DPD)

90+DPD Arrears (\$ Millions)



Month-on-Month

 **5.1%**

90+DPD arrears were up 5.1% from January 2023 to February 2023.

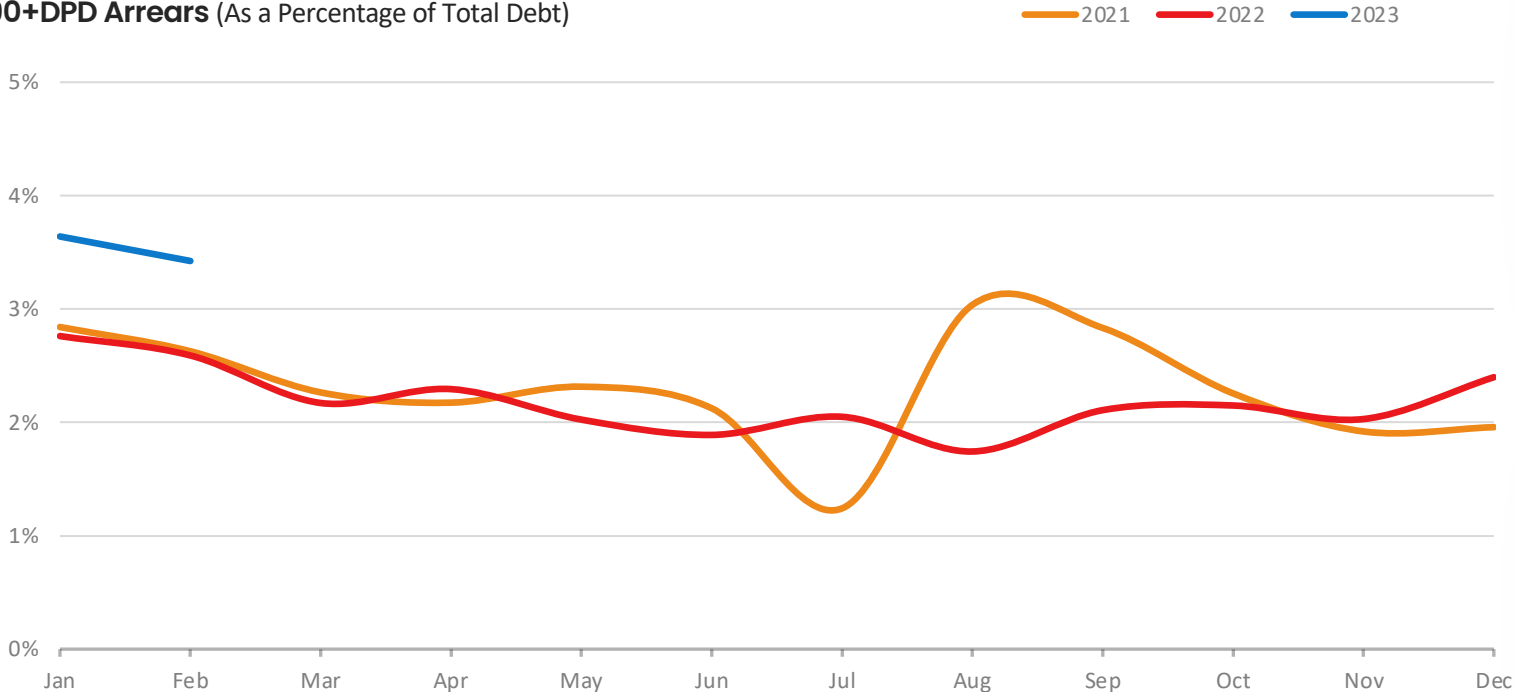
Year-on-Year

 **28.8%**

90+DPD arrears were up 28.8% from February 2022 to February 2023.

Building Merchants Arrears in Percentages (90+DPD)

90+DPD Arrears (As a Percentage of Total Debt)



Month-on-Month

↓ **22bps**

90+DPD arrears were 22bps lower in February 2023 compared to January 2023.

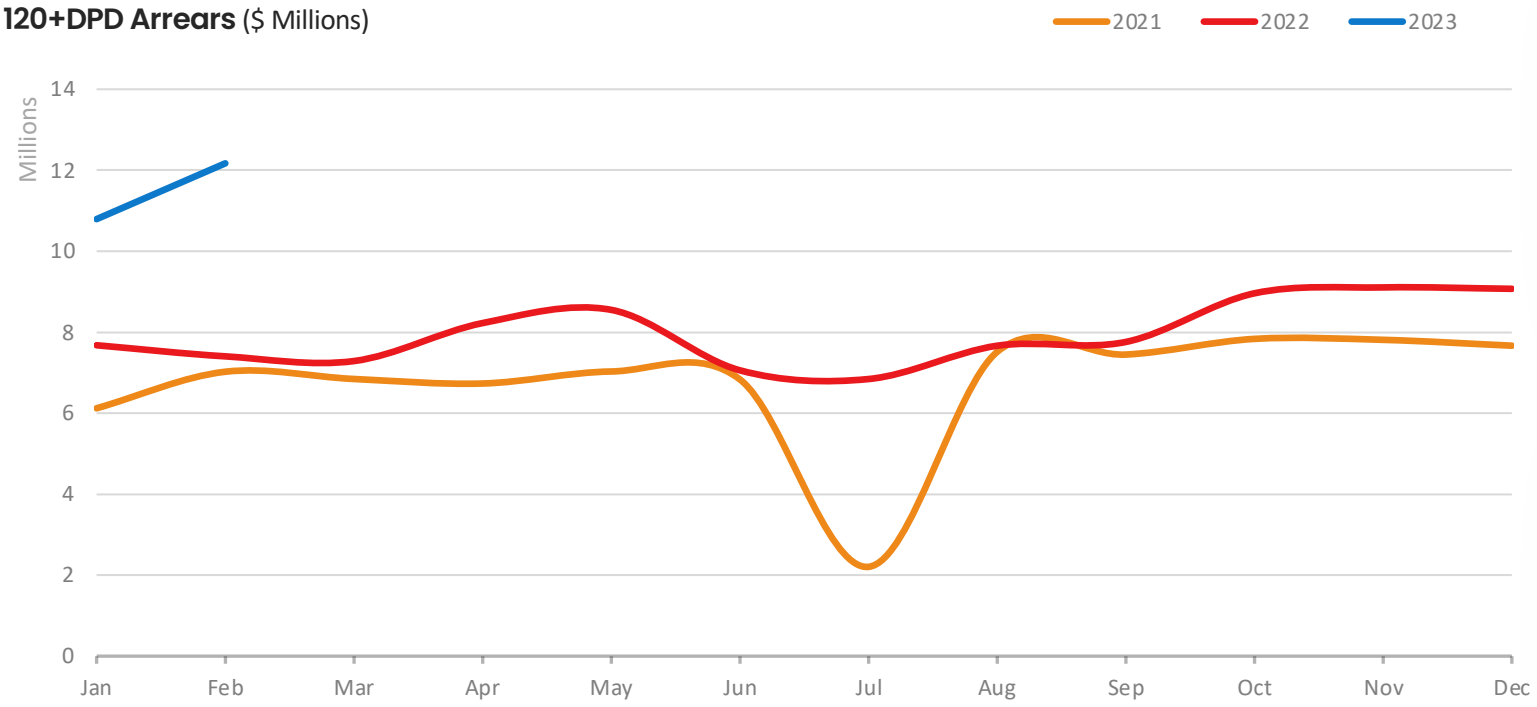
Year-on-Year

↑ **83bps**

90+DPD arrears were 83bps higher in February 2023 compared to February 2022.

Building Merchants Arrears in Dollars (120+DPD)

120+DPD Arrears (\$ Millions)



Month-on-Month

↑ 12.8%

120+DPD arrears were up 12.8% from January 2023 to February 2023.

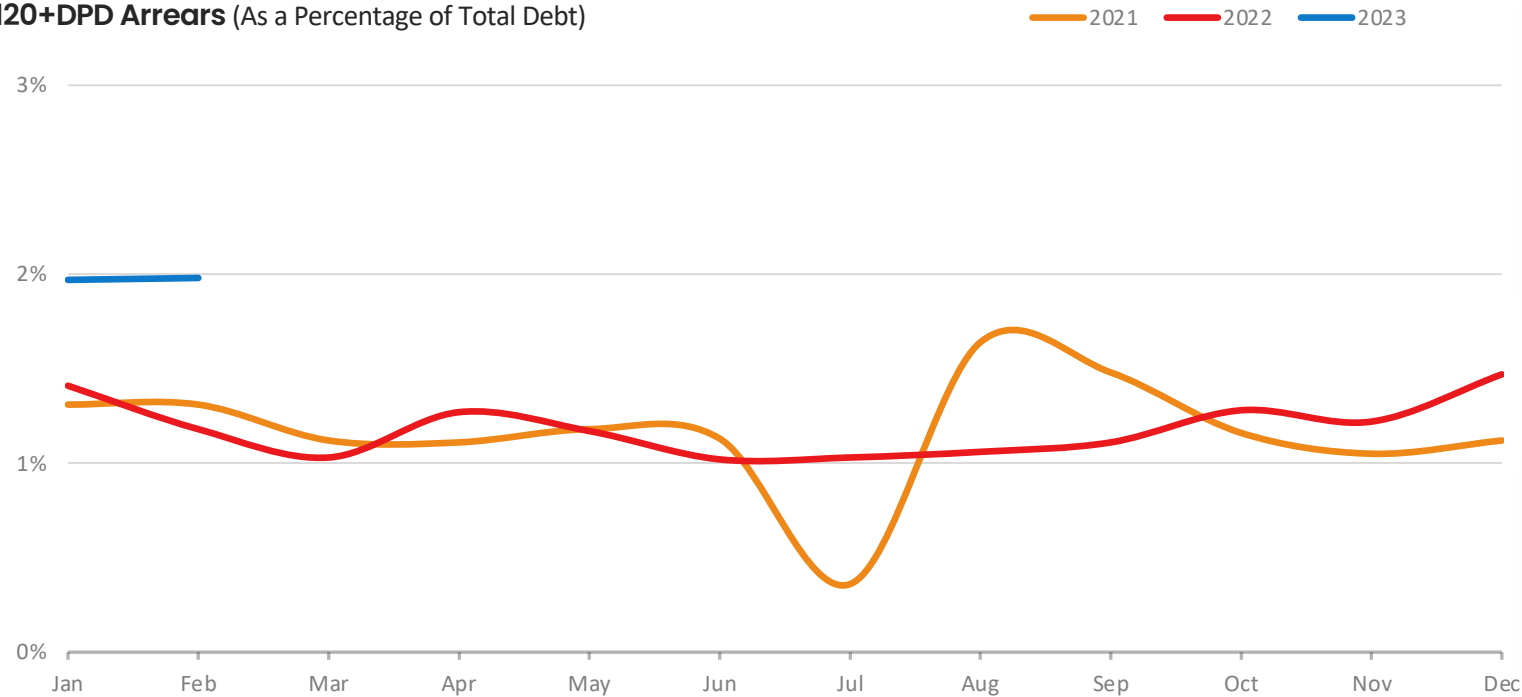
Year-on-Year

↑ 64.4%

120+DPD arrears were up 64.4% from February 2022 to February 2023.

Building Merchants Arrears in Percentages (120+DPD)

120+DPD Arrears (As a Percentage of Total Debt)



Month-on-Month

↑ **2bps**

120+DPD arrears were 2bps higher in February 2023 compared to January 2023.

Year-on-Year

↑ **81bps**

120+DPD arrears were 81bps higher in February 2023 compared to February 2022.