



creditworks

March 2023 Month-End **Credit Insights**

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March 2023 Credit Insights

Contents

» **Key Credit Risk Insights – Page 3**

- Growth in Total Debt and Annual Sales
- Overall Debtor Company Payment Arrears
- Volume of Debtors Going 'Bad' (Defaults, Judgements, etc.) and Winding Up Applications

» **Debtor Industry Insights – Page 11**

- Growth in Sales by Debtor Industry
- Trend in Construction Industry Sales by Region
- Arrears by Debtor Industry

» **Vendor Industry DSO Insights – Page 25**

- Trend in Days Sales Outstanding (DSO) by Vendor Industry

» **Building Supply Merchant Vendor Spotlight – Page 32**

- Sales Growth, Debt Growth, Arrears and DSO trends for the Building Supply Merchant Industry

» **Electrical Supply Merchant Vendor Spotlight – Page 40**

- Sales Growth, Debt Growth, Arrears and DSO trends for the Electrical Supply Merchant Industry



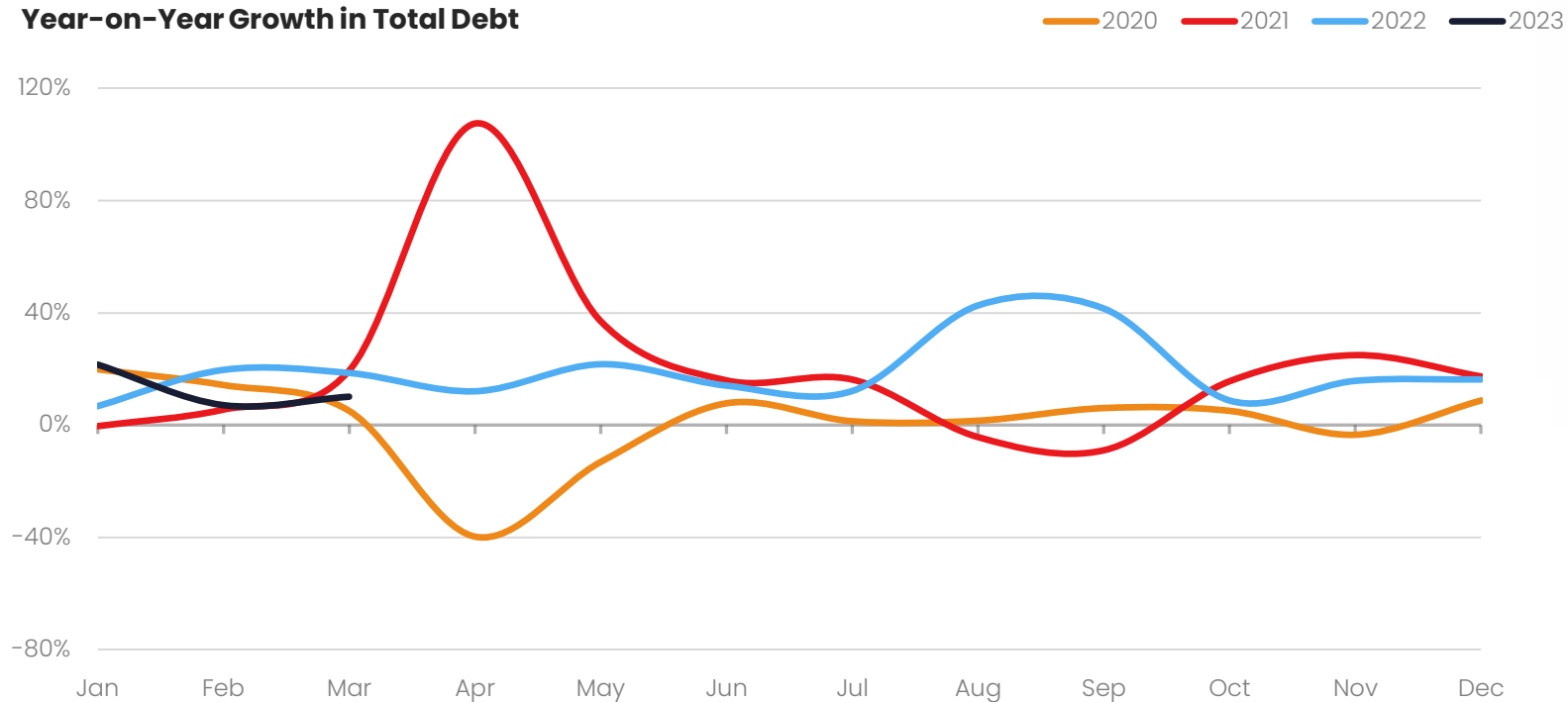


Key Credit Risk Insights.

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Year-on-Year Continued Growth in Total Debt Levels

Year-on-Year Growth in Total Debt



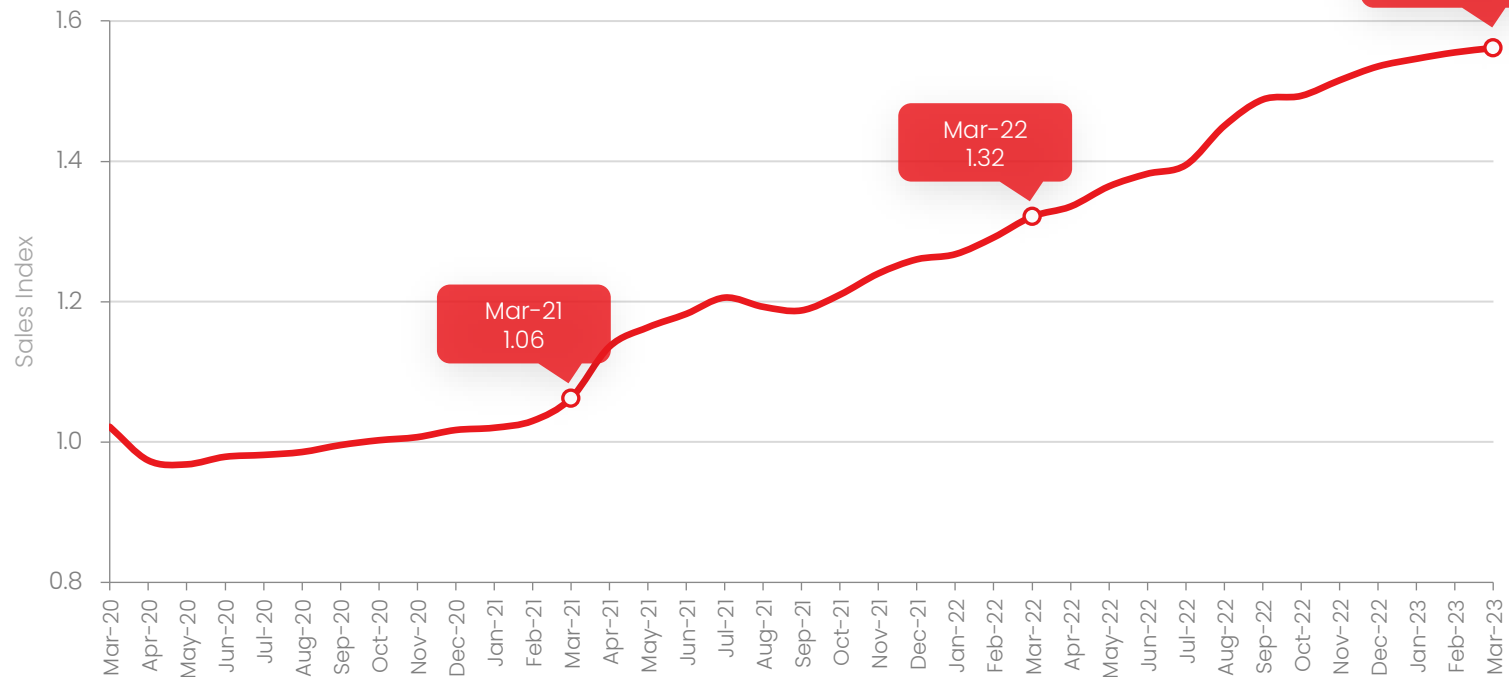
March 2023

 **10.1%**

Total Debt Balance has increased 10.1% year-on-year in March 2023.

Growth in Annual Sales Continues to Slow but Remains Positive

Annual Sales Index (Indexed to December 2019)



Month-on-Month

↑ **0.4%**

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

Year-on-Year

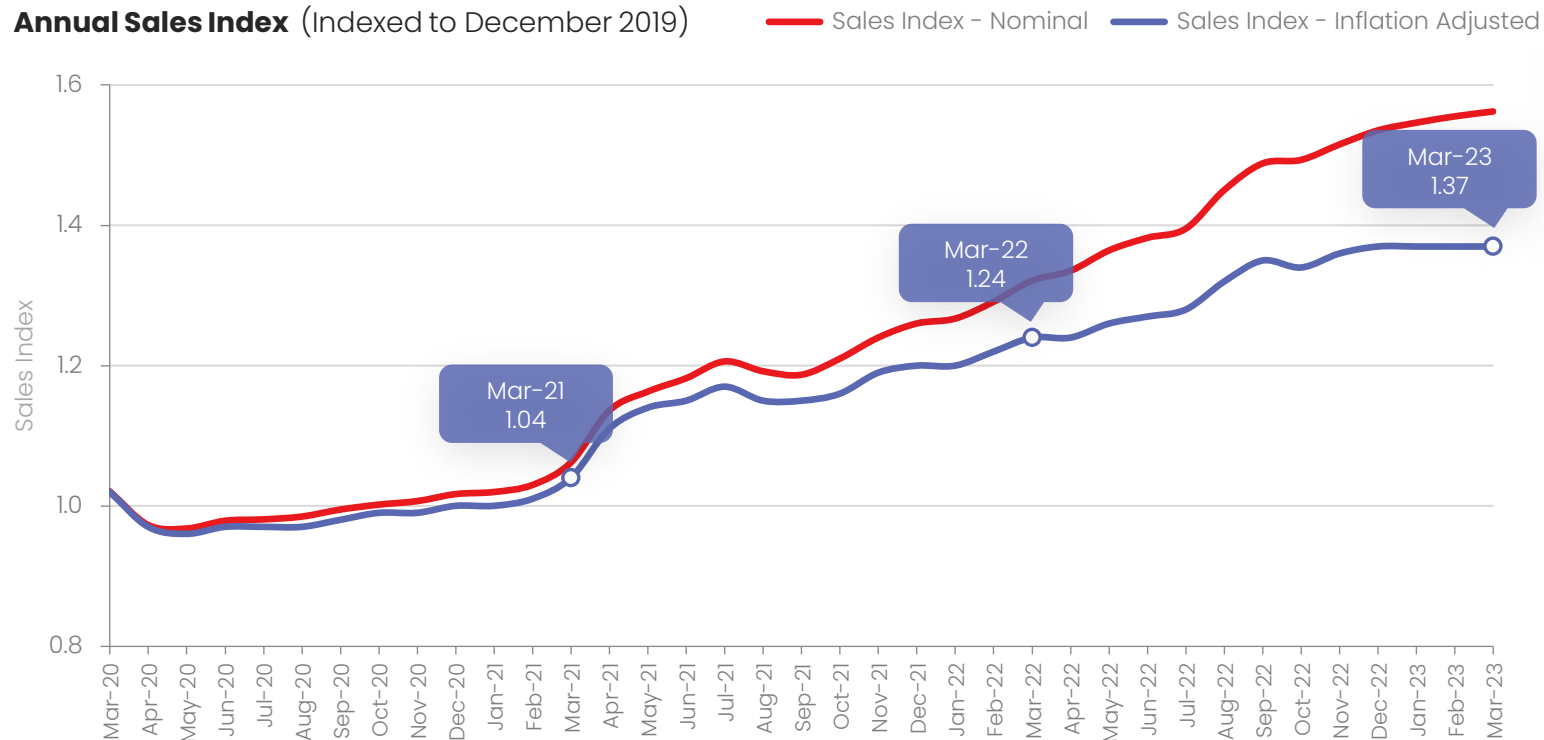
↑ **18.2%**

Annual sales are up 18.2% in March 2023 compared to March 2022.

Sales Growth is Flat After Adjusting for Inflation

(General CPI December 2019 = 1000)

Annual Sales Index (Indexed to December 2019)



Month-on-Month

↓ **0.2%**

Annual sales adjusted for inflation shows a minor reduction month-on-month.

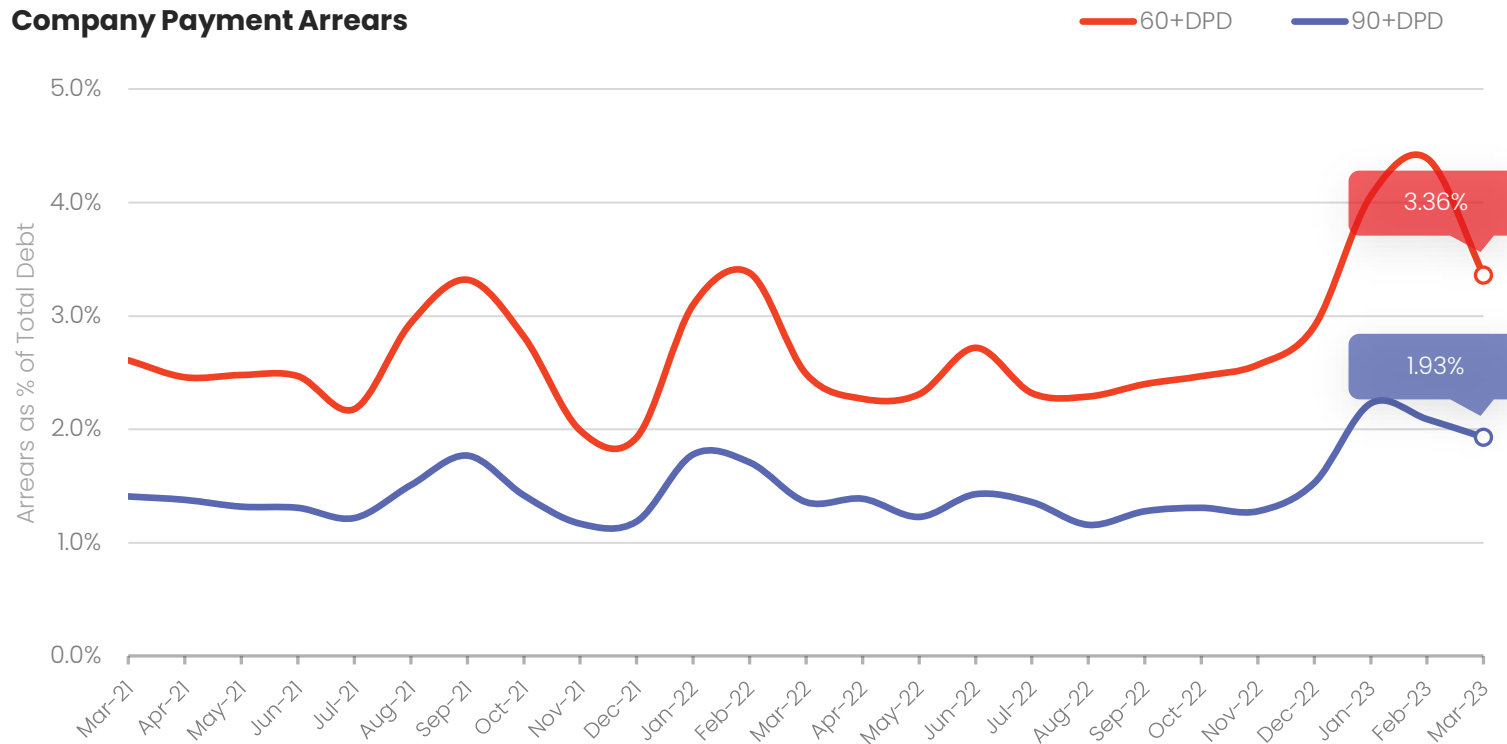
Year-on-Year

↑ **10.4%**

Adjusted annual sales were 10.4% higher in March 2023 vs. the year prior.

Company Debtor Arrears Continue to be Elevated

Company Payment Arrears



60+DPD Arrears YoY

↑ **88bps**

Despite the recent reduction, 60+DPD arrears were 88bps higher than March 2022.

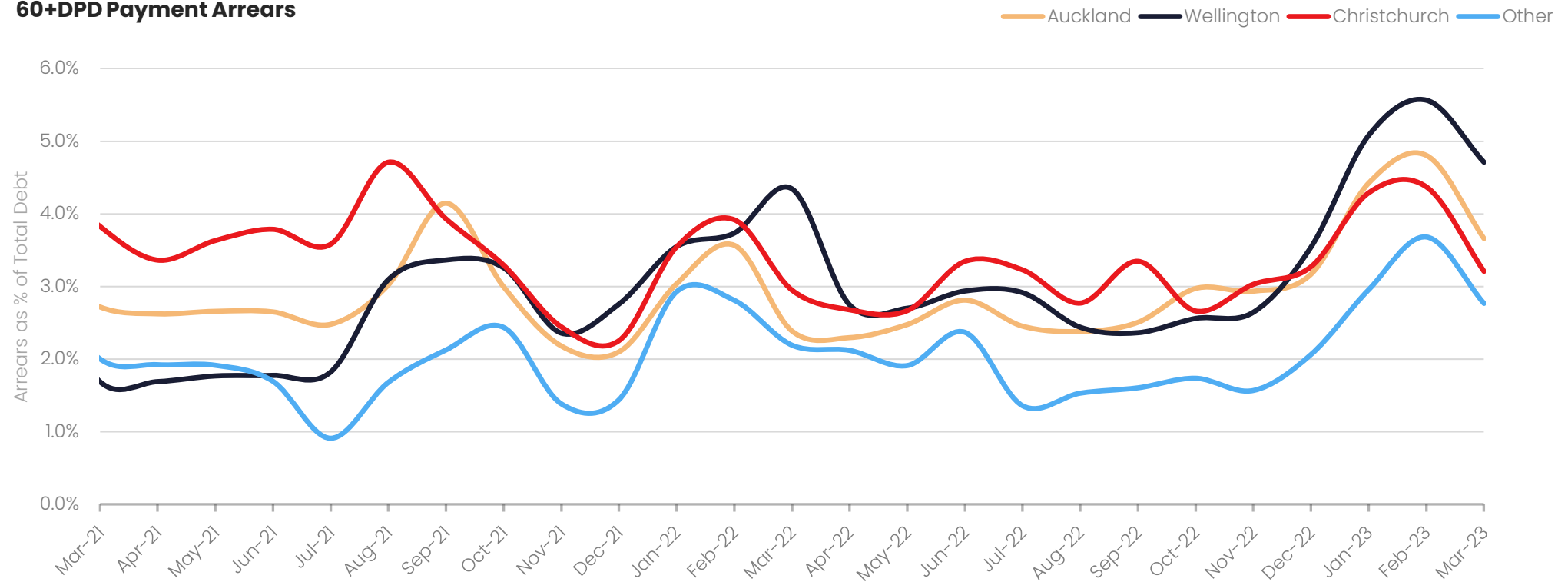
90+DPD Arrears YoY

↑ **58bps**

90+DPD arrears reduced in March but are still 58bps higher than March 2022.

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

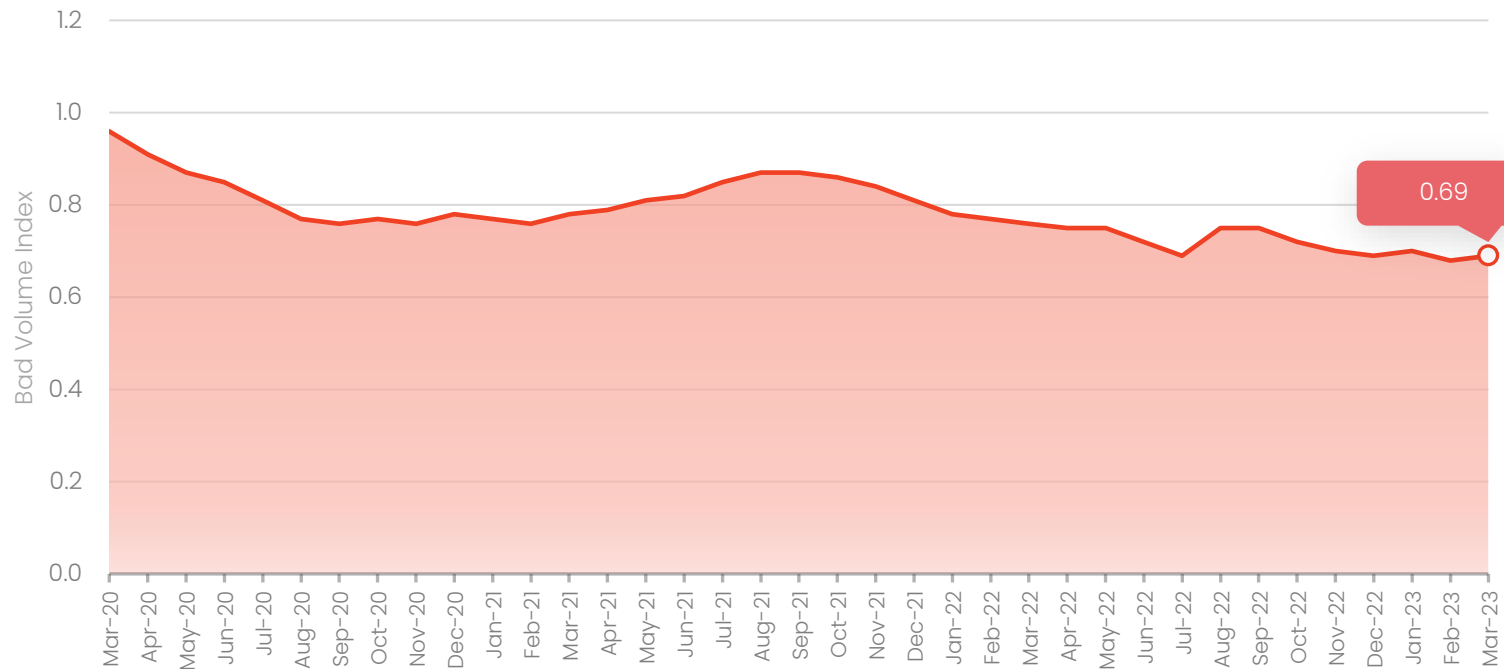
60+DPD Payment Arrears



The Annual Volume of 'Bad' Debtors Remains Relatively Steady

(Default, Judgement, Administration, Receivership, Liquidation)

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



Month-on-Month

↑ **1.1%**

Annual volume of debtors going bad is up 1.1% MoM in March 2023.

Year-on-Year

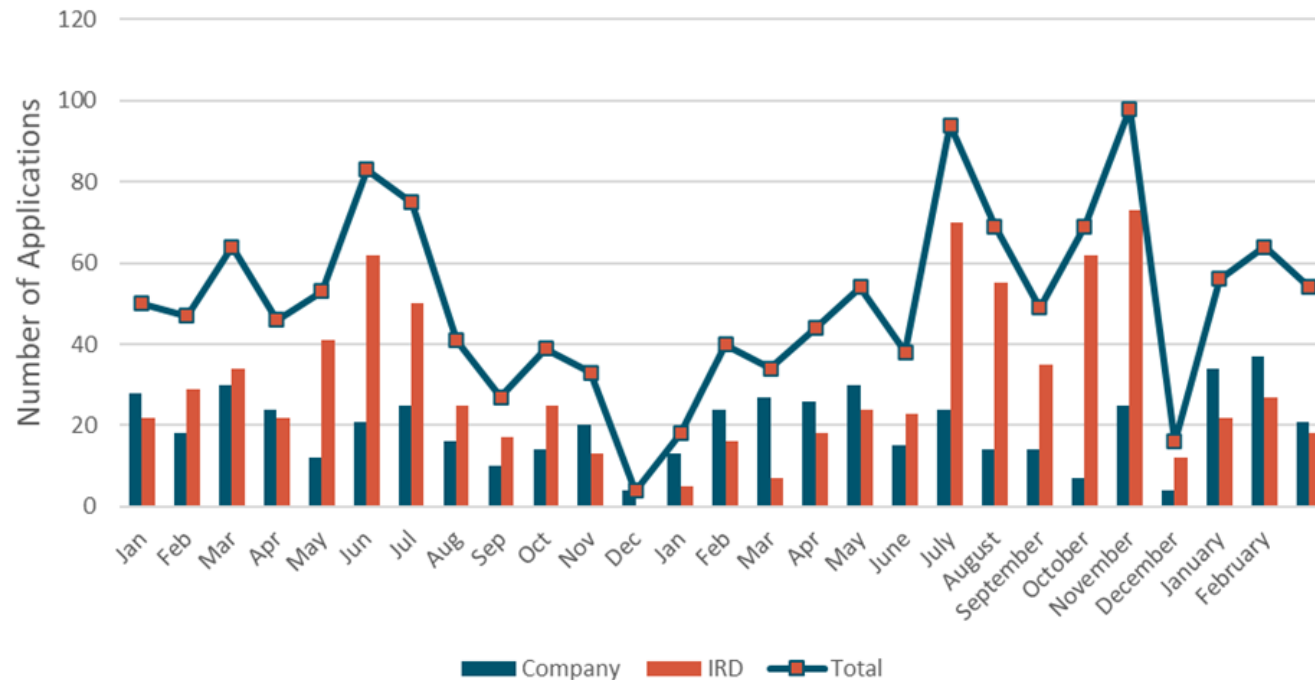
↓ **9.0%**

Annual volume of debtors going bad is down 9.0% year-on-year in March 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.





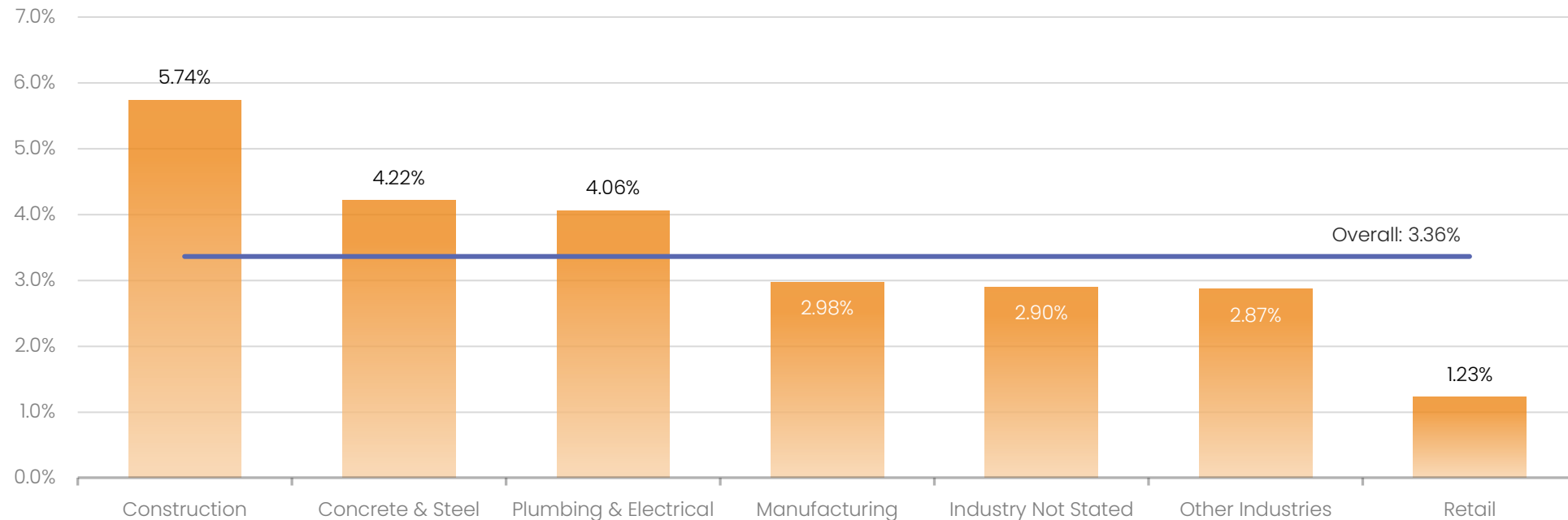
Debtor Industry Insights.

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Construction Industries Continue to Top Arrears Rates

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

60+DPD Arrears by Industry as at March 2023



Construction Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

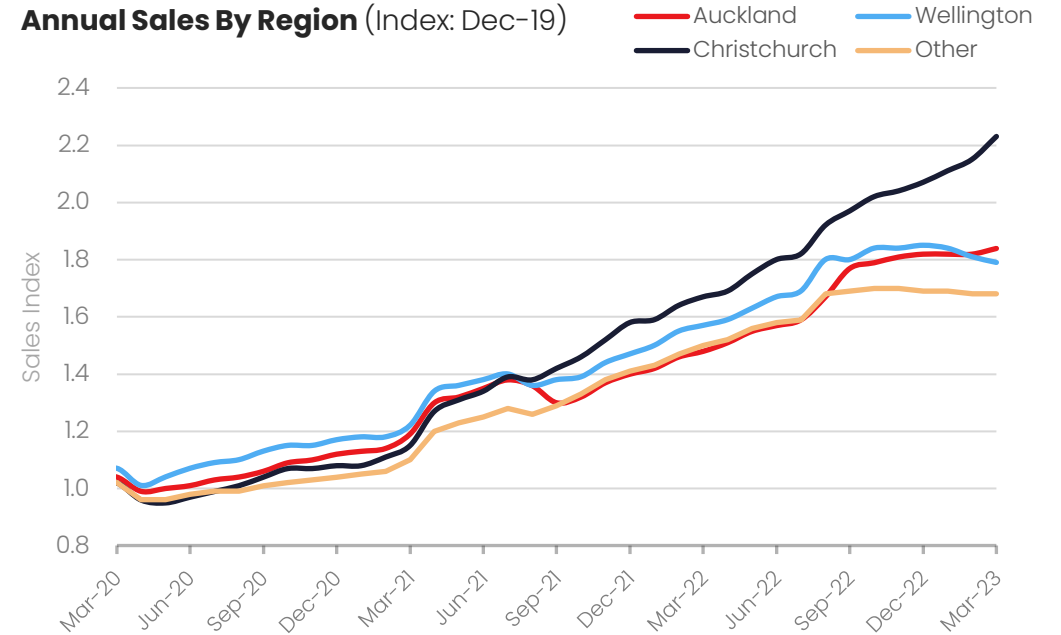
↑ **0.8%**

Year-on-Year

↑ **19.5%**

Construction debtors' sales growth has been strong over the past year but has slowed since October 2022.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **3.3%**

Everywhere Else MoM

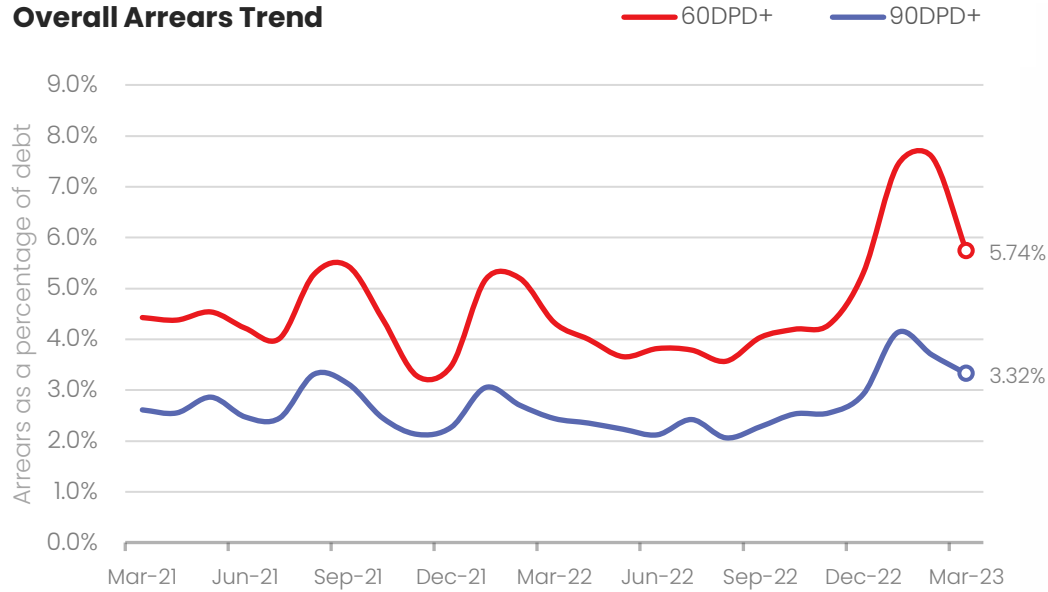
↑ **0.3%**

Overall annual Construction sales are being propped up by strong growth in Christchurch debtors.

Construction Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

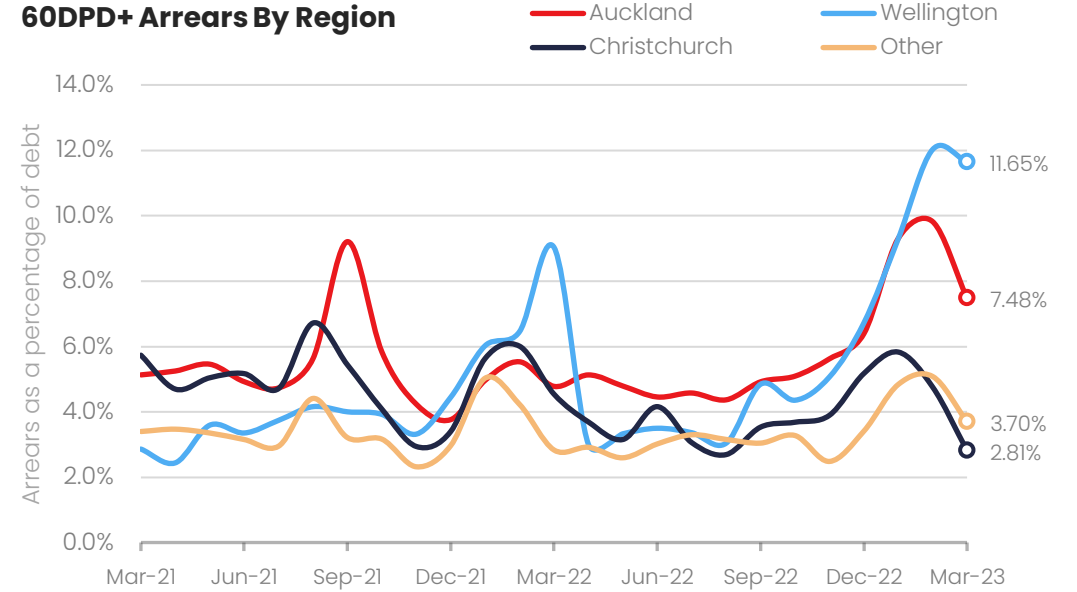
↓ **185bps**

90DPD+ MoM

↓ **37bps**

Both 60DPD+ and 90DPD+ fell in March 2023, but remain elevated year-on-year (+141bps & 88bps respectively).

60DPD+ Arrears By Region

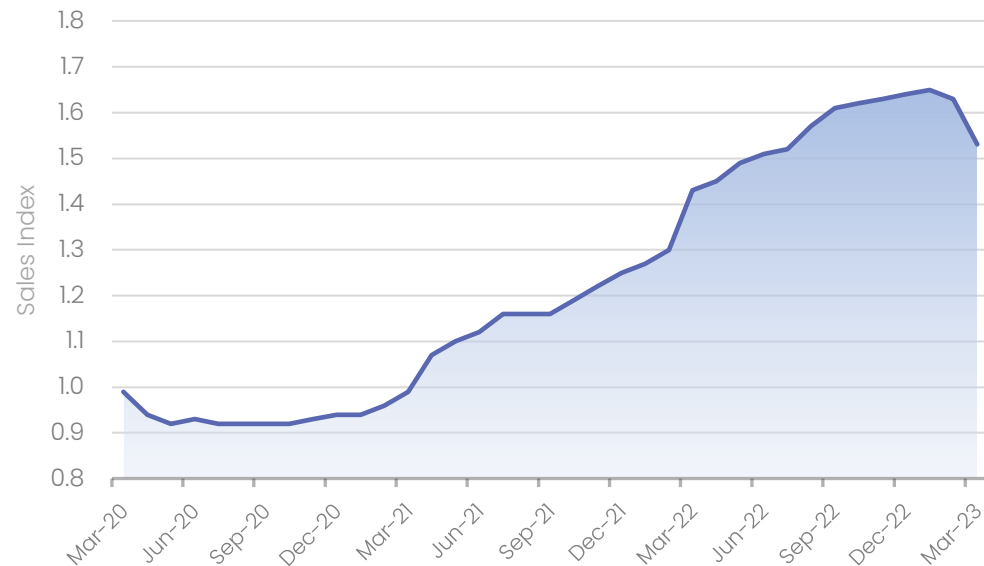


60DPD+ arrears for Construction debtors improved across all regions through March 2023. Both Wellington and Auckland remain elevated compared to March 2022 levels, up 262bps and 270bps, respectively.

Manufacturing Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

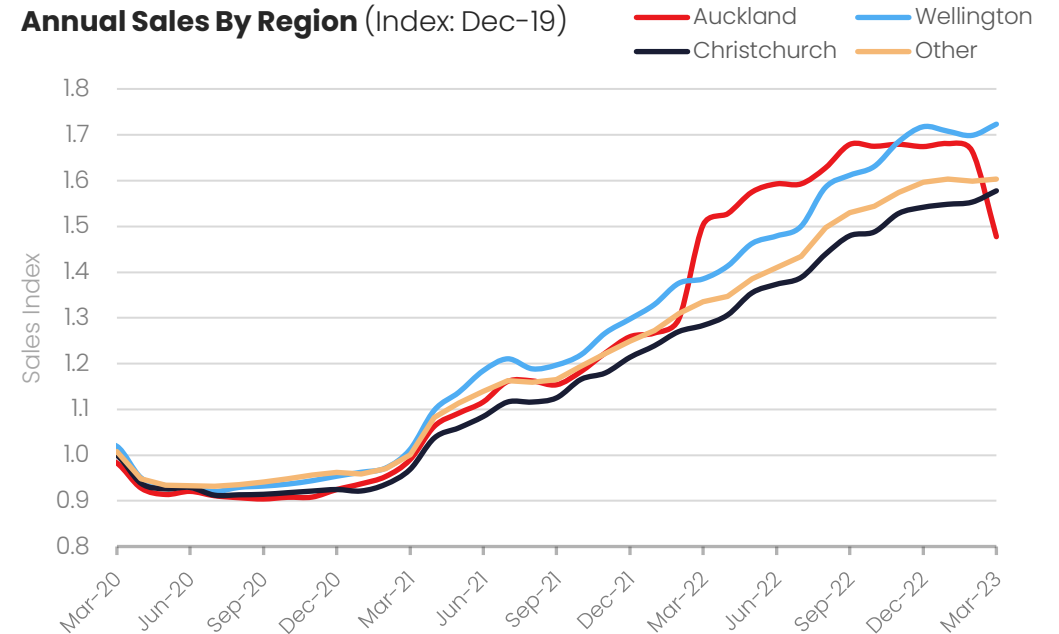
↓ **6.4%**

Year-on-Year

↑ **7.2%**

Manufacturing debtors saw a sharp 6.4% month-on-month reduction in annual sales through March 2023.

Annual Sales By Region (Index: Dec-19)



Auckland MoM

↓ **11.3%**

Everywhere Else MoM

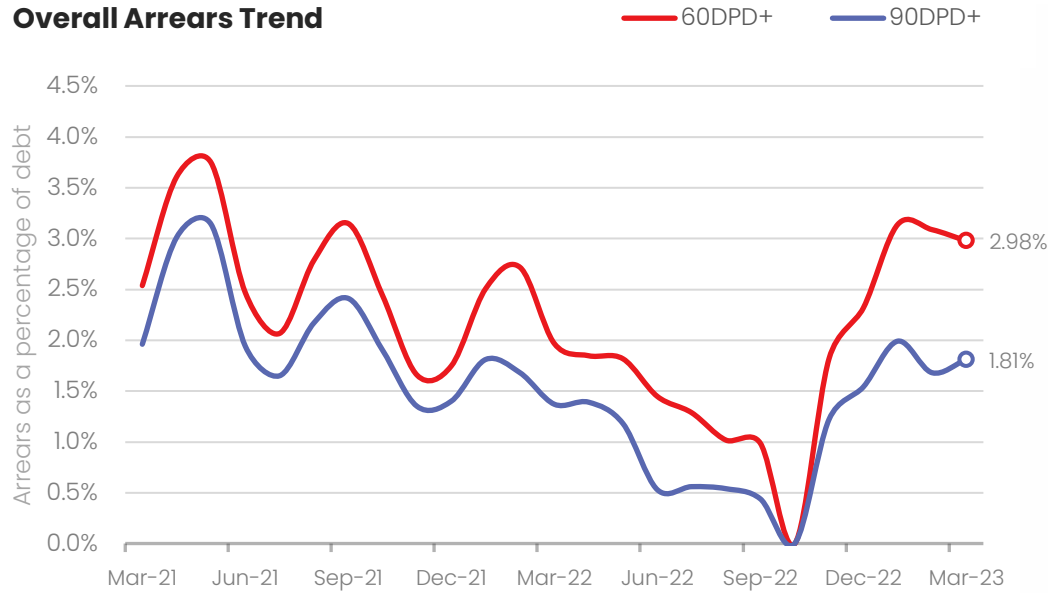
↑ **0.6%**

The overall reduction in annual sales was driven by Auckland based debtors.

Manufacturing Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

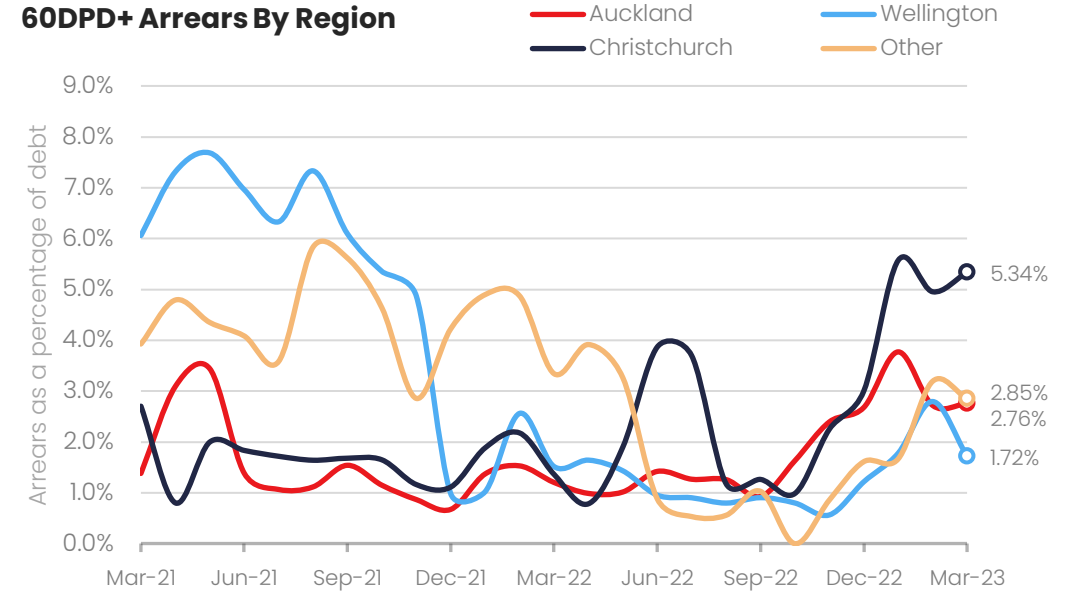
↓ **12bps**

90DPD+ MoM

↑ **13bps**

Relatively stable 60DPD+ & 90DPD+ arrears through March 2023. Both remain elevated over the last year.

60DPD+ Arrears By Region

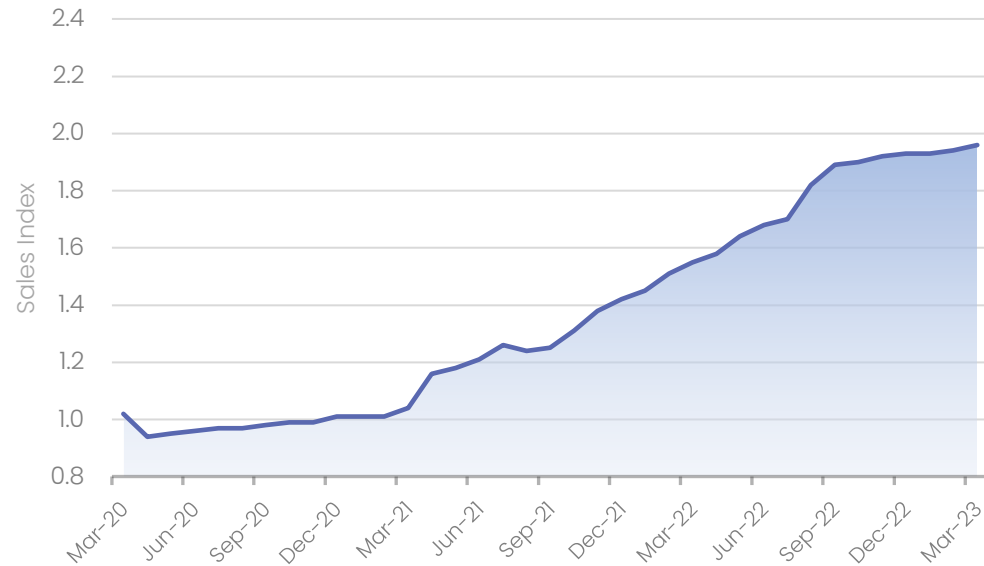


60DPD+ arrears movements under Manufacturing debtors were mixed across the regions. Auckland and Christchurch both saw small increases (+4bps and 38bps, respectively). Whereas Wellington and 'Other' regions saw improvements (-108bps and 34bps, respectively).

Concrete & Steel Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

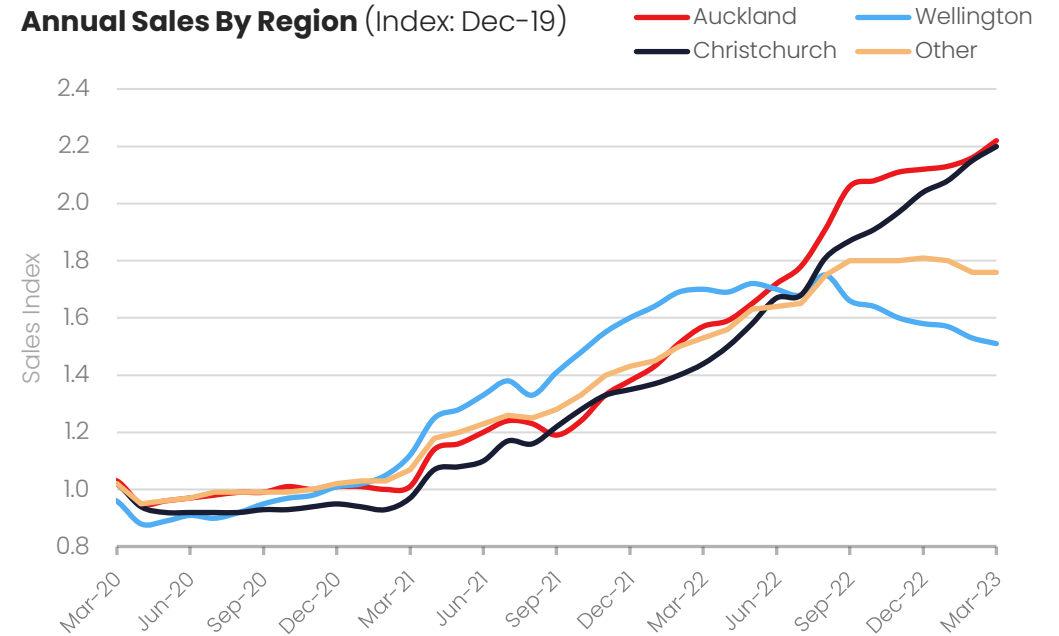
↑ **1.4%**

Year-on-Year

↑ **26.3%**

Concrete & Steel debtors saw a 1.4% month-on-month increase in annual sales through March 2023.

Annual Sales By Region (Index: Dec-19)



Auckland MoM

↑ **2.8%**

Christchurch MoM

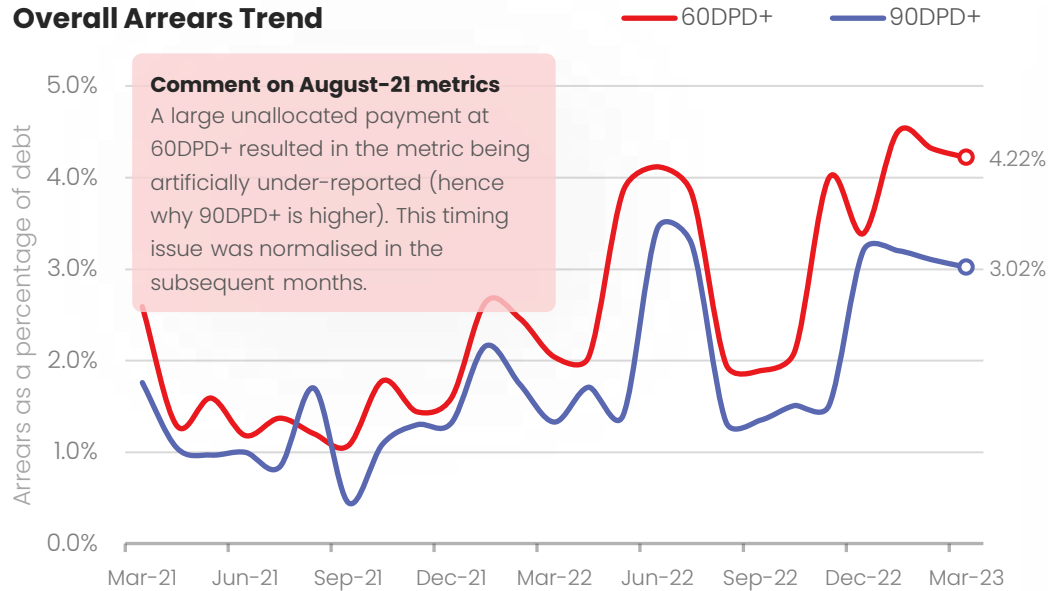
↑ **2.6%**

Strong growth in annual sales in Auckland & Christchurch debtors are supporting weakness elsewhere.

Concrete & Steel Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

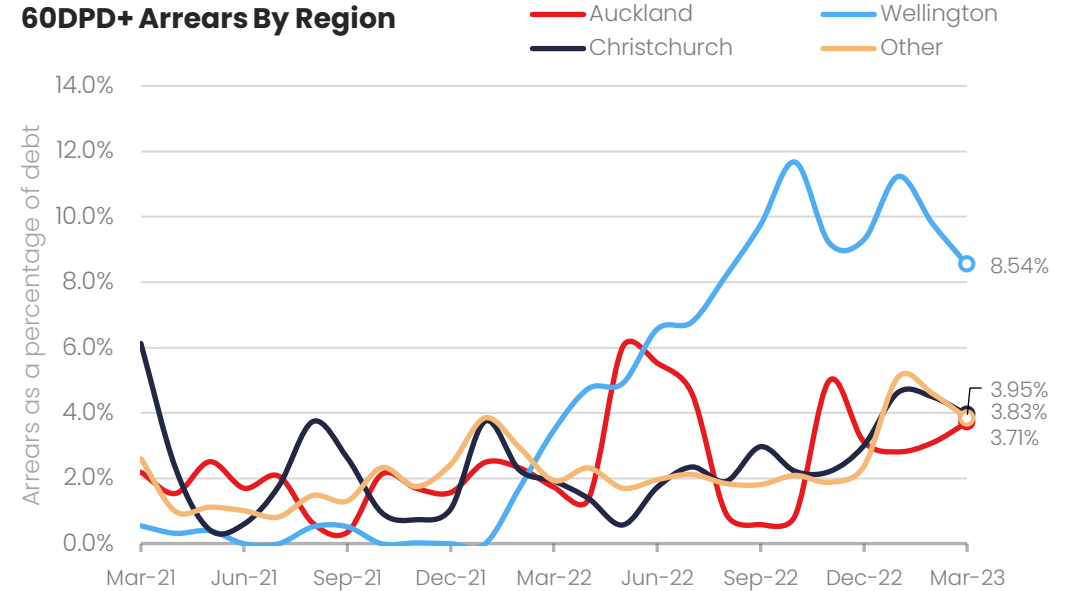
↓ **11bps**

90DPD+ MoM

↓ **9bps**

Relatively stable 60DPD+ & 90DPD+ arrears through March 2023. Both remain elevated over the long run.

60DPD+ Arrears By Region

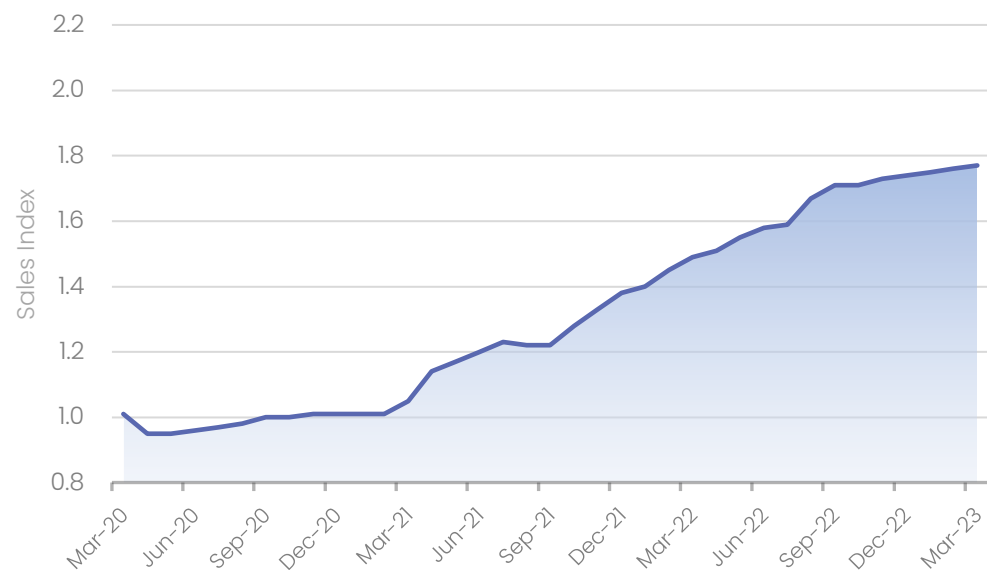


The recent improvement in 60DPD+ arrears for Wellington based debtors is promising (-126bps in March 2023). However, the position remains significantly higher than the other regions.

Plumbing & Electrical Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

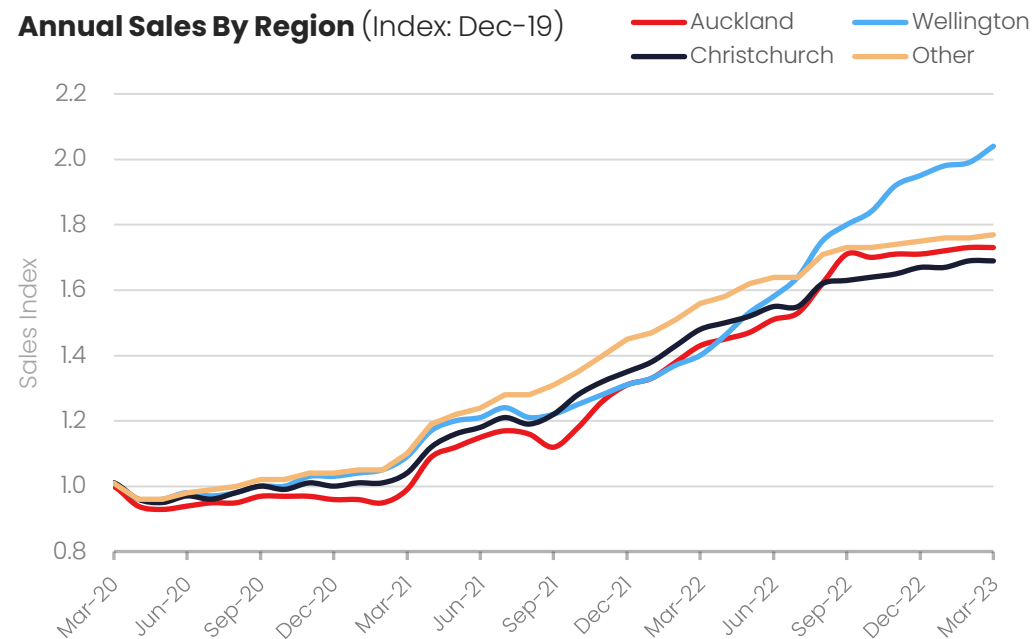
↑ **0.4%**

Year-on-Year

↑ **18.5%**

Plumbing & Electrical debtors saw a 0.4% month-on-month increase in annual sales through March 2023.

Annual Sales By Region (Index: Dec-19)



Wellington MoM

↑ **2.1%**

Everywhere Else MoM

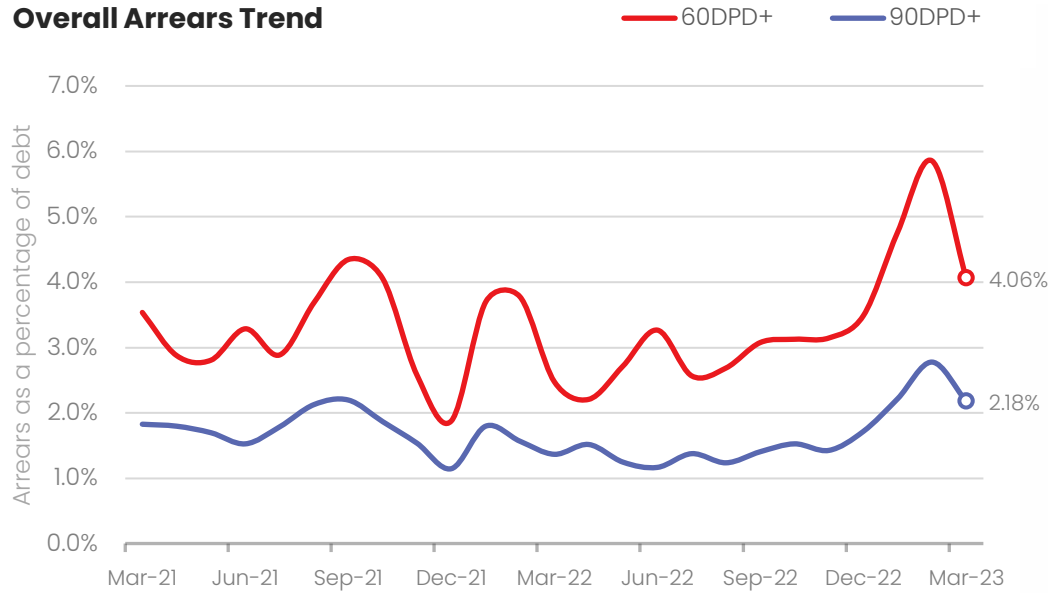
↑ **0.3%**

Strong growth in annual sales over the past six months sees Wellington based debtors is leading the pack.

Plumbing & Electrical Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

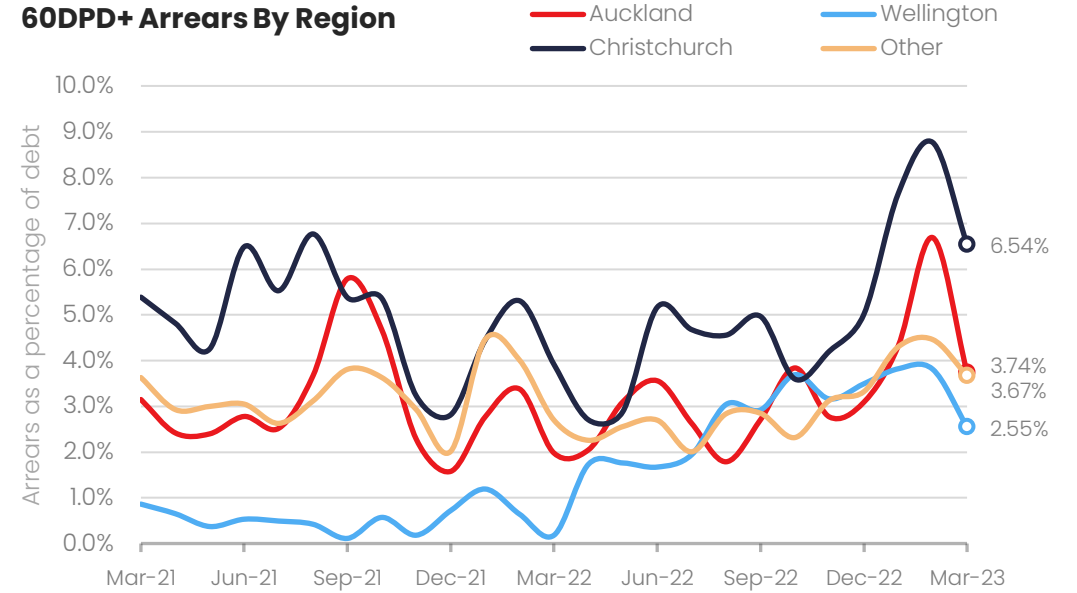
↓ **180bps**

90DPD+ MoM

↓ **60bps**

Material reductions in 60DPD+ & 90DPD+ arrears were observed through March 2023.

60DPD+ Arrears By Region



60DPD+ arrears for debtors under the plumbing and electrical industries improved across all regions through March 2023. Arrears for Christchurch based debtors remain elevated relative to all other regions.

Retail Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

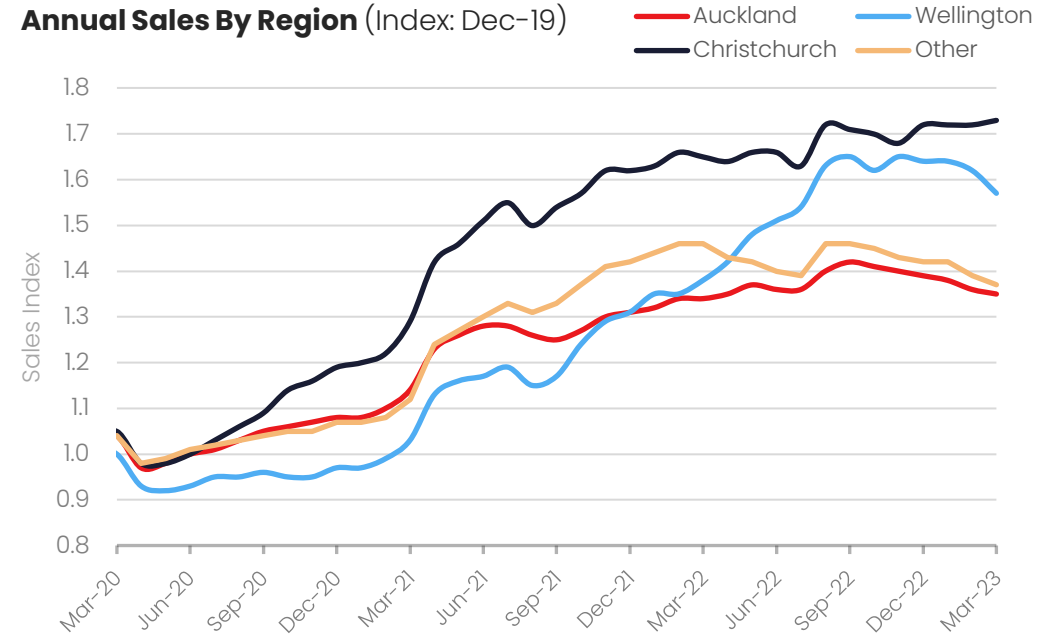
↓ **0.9%**

Year-on-Year

→ **0.0%**

Annual sales under Retail debtors has turned over the past year, and fell a further 0.9% in March 2023.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **0.5%**

Everywhere Else MoM

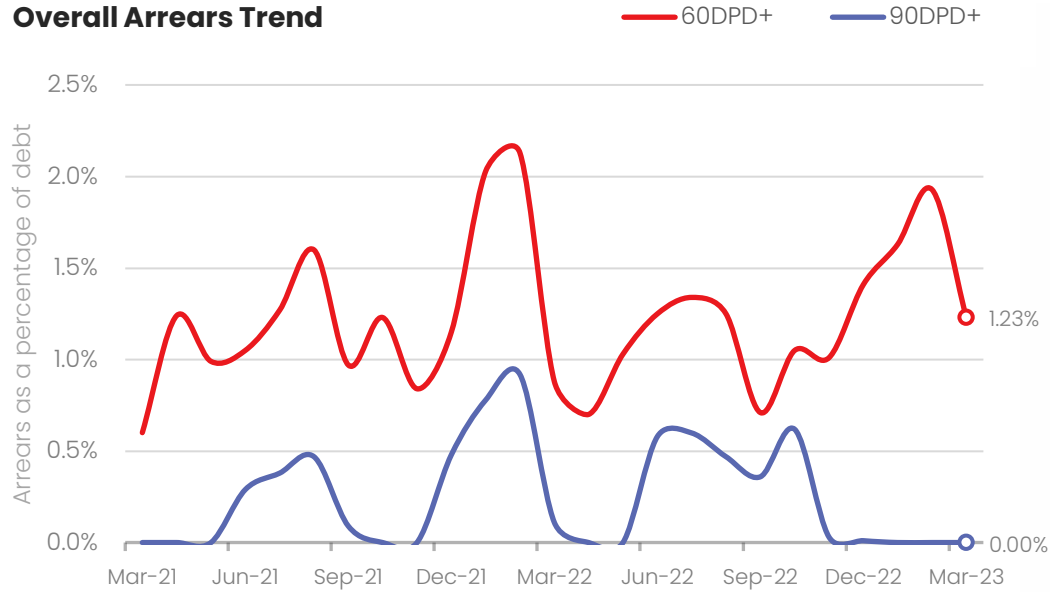
↓ **0.9%**

Annual sales for Retail debtors is holding up in Christchurch but falling elsewhere.

Retail Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

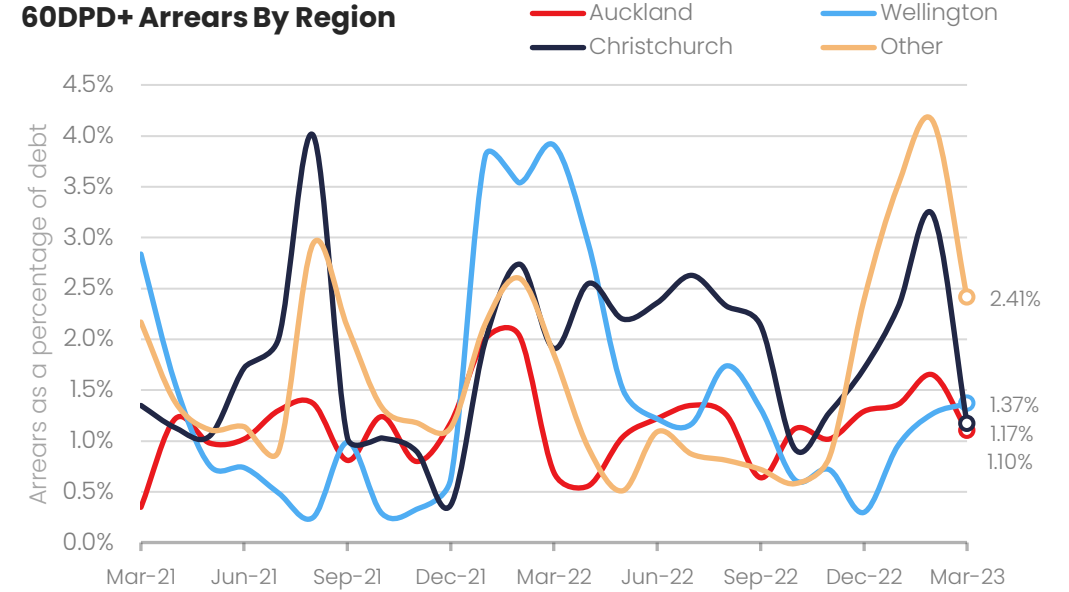
↓ **71bps**

90DPD+ MoM

→ **0bps**

Material reduction in 60DPD+ arrears was observed through March 2023. 90DPD+ remain nil.

60DPD+ Arrears By Region

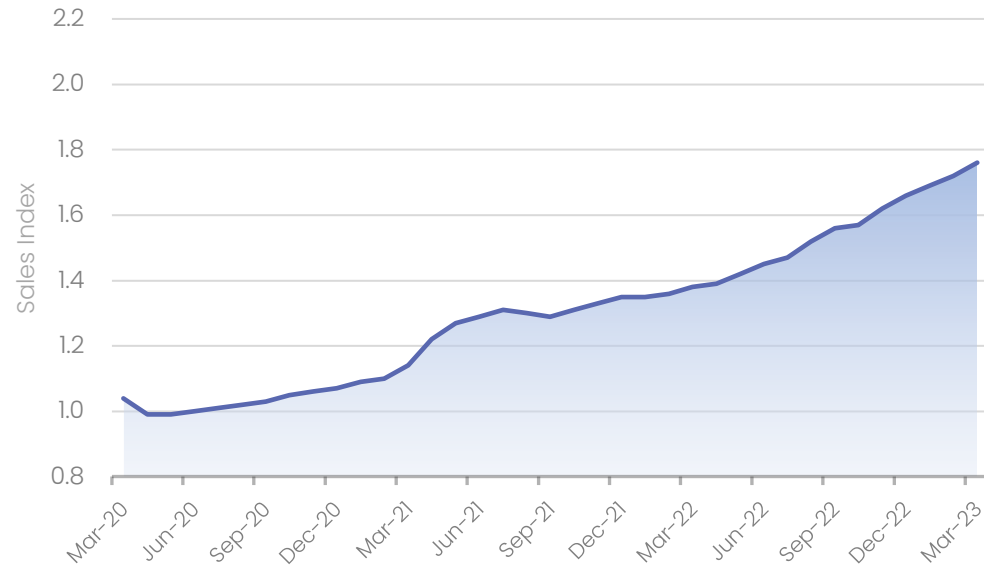


60DPD+ arrears for Wellington based Retail debtors increased only nominally in March 2023 (+11bps), whereas all other centers observed material reductions.

Aggregated Other Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

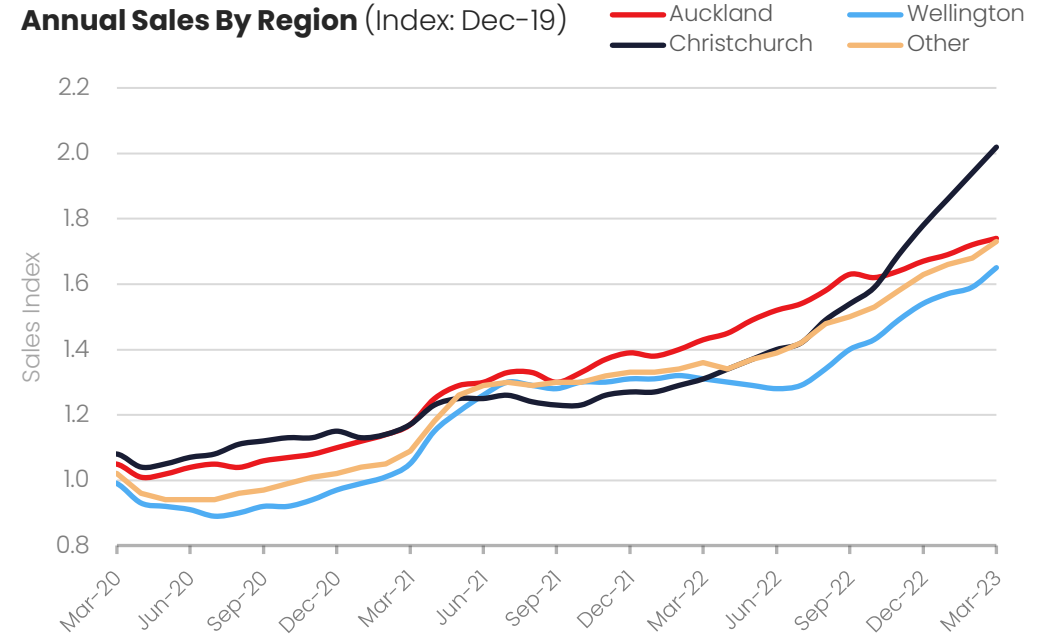
↑ **2.3%**

Year-on-Year

↑ **27.4%**

Annual sales under 'Other' debtors has continued strong growth, up both MoM and YoY.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **3.8%**

Everywhere Else MoM

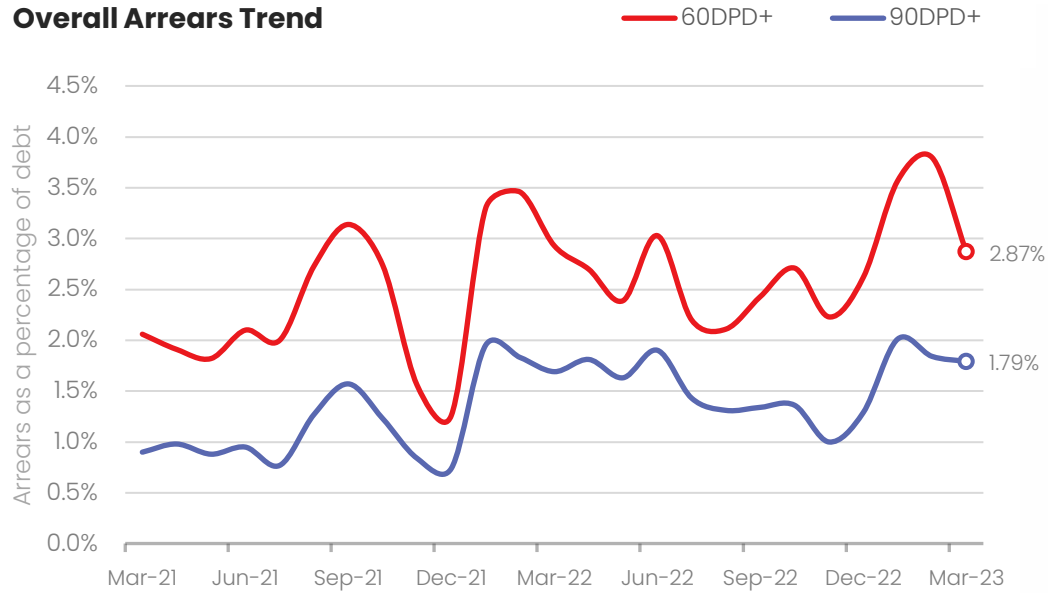
↑ **2.1%**

Annual sales for 'Other' debtors are strongest in Christchurch.

Aggregated Other Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

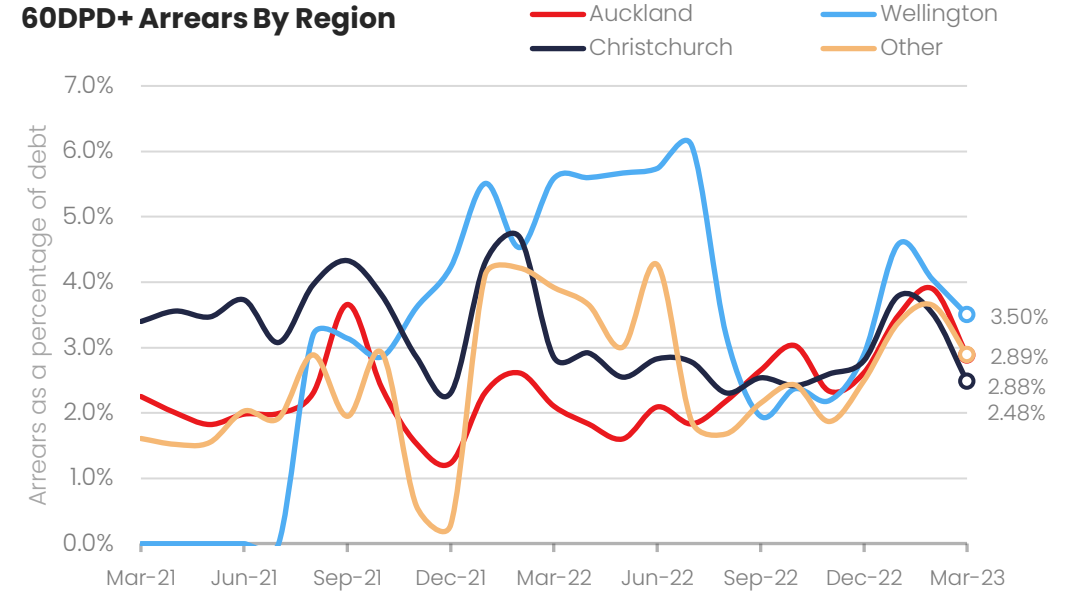
↓ 93bps

90DPD+ MoM

↓ 5bps

Both 60DPD+ and 90DPD+ arrears are on par with the levels seen in March 2022.

60DPD+ Arrears By Region



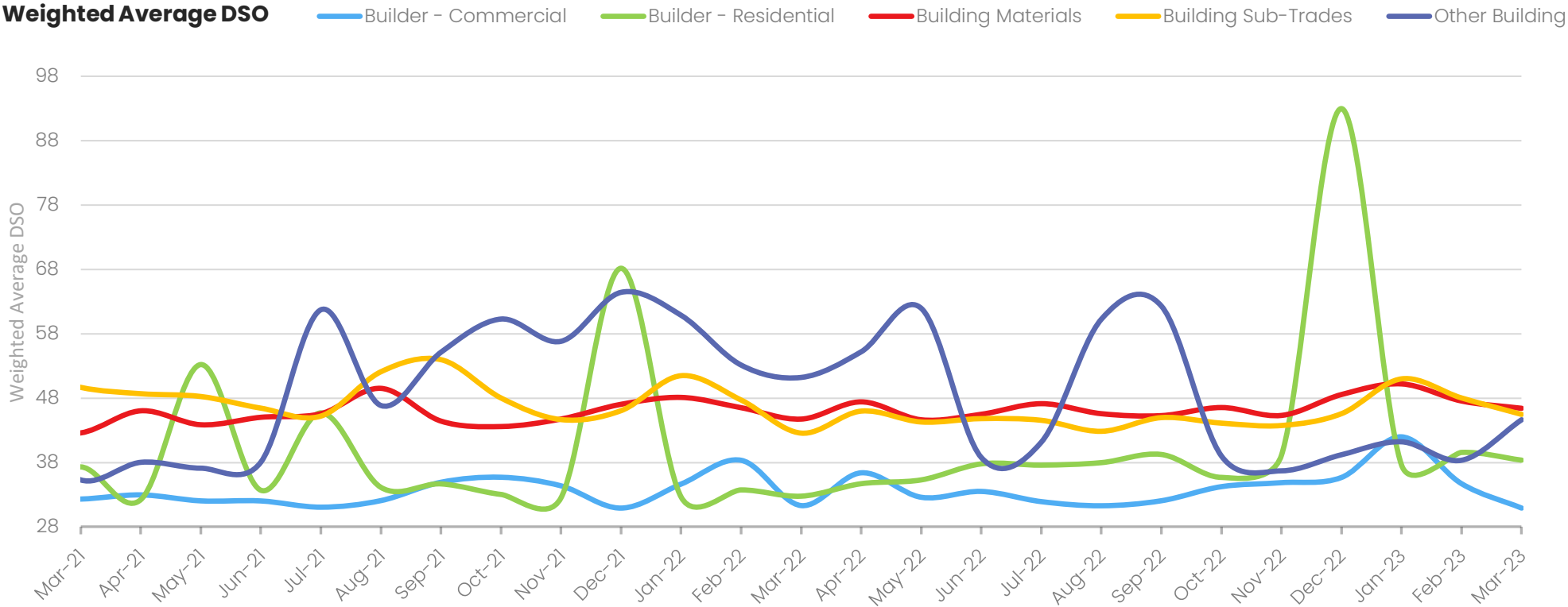
All regions saw a month-on-month improvement in 60DPD+ arrears through March 2023.



Vendor Industry DSO Insights.

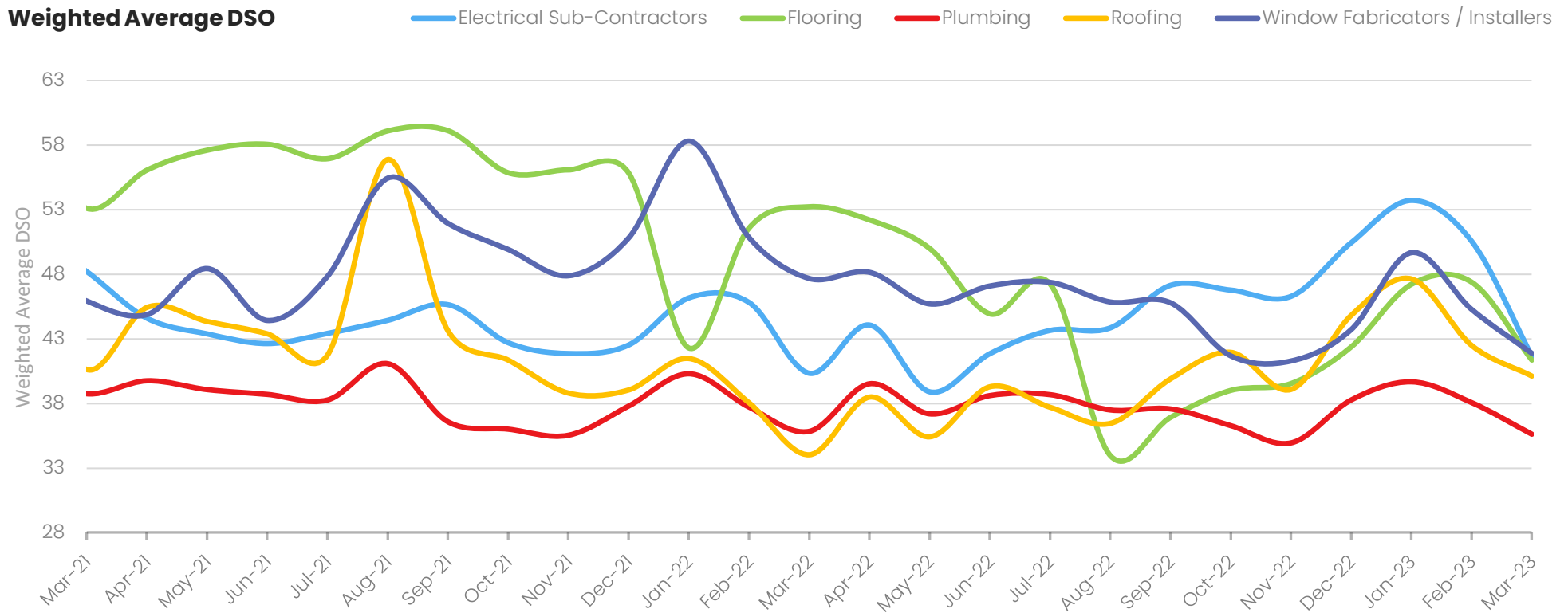
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Days Sales Outstanding by Vendor Industry (1 of 6)



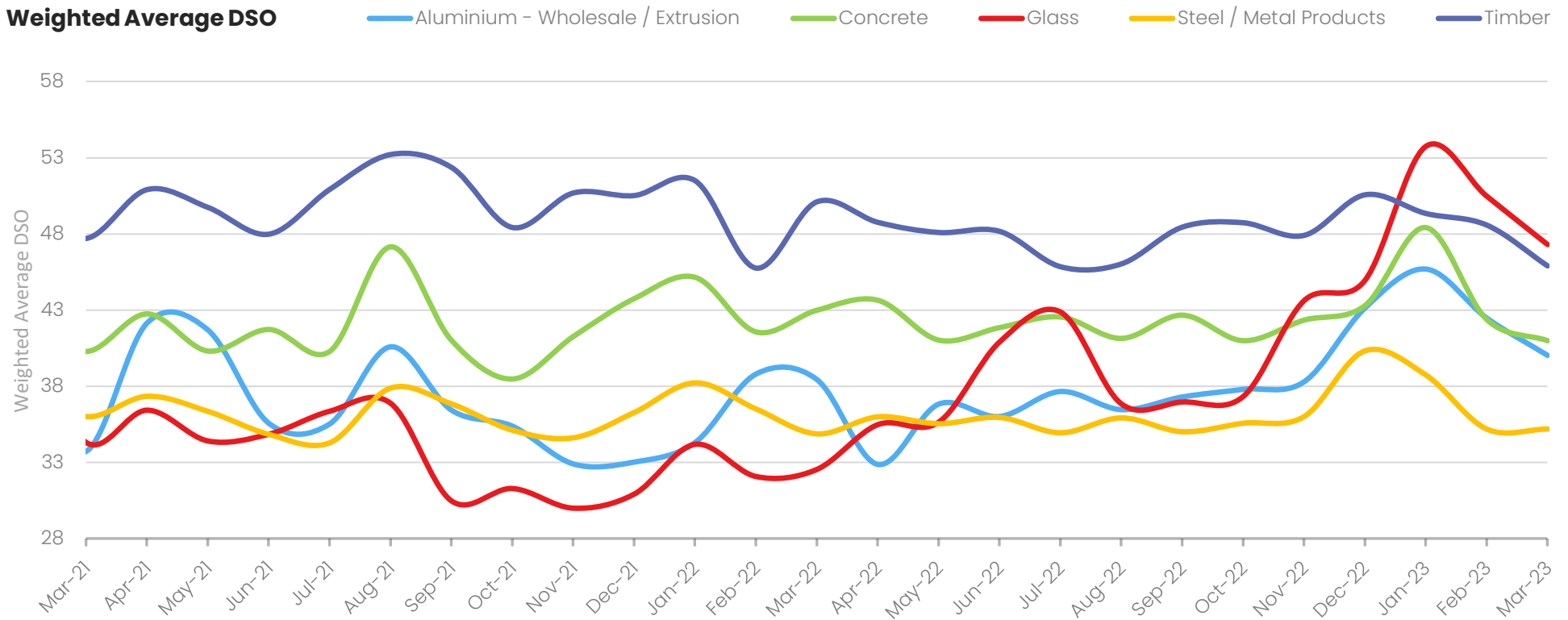
Days Sales Outstanding by Vendor Industry (2 of 6)

Weighted Average DSO



Days Sales Outstanding by Vendor Industry (3 of 6)

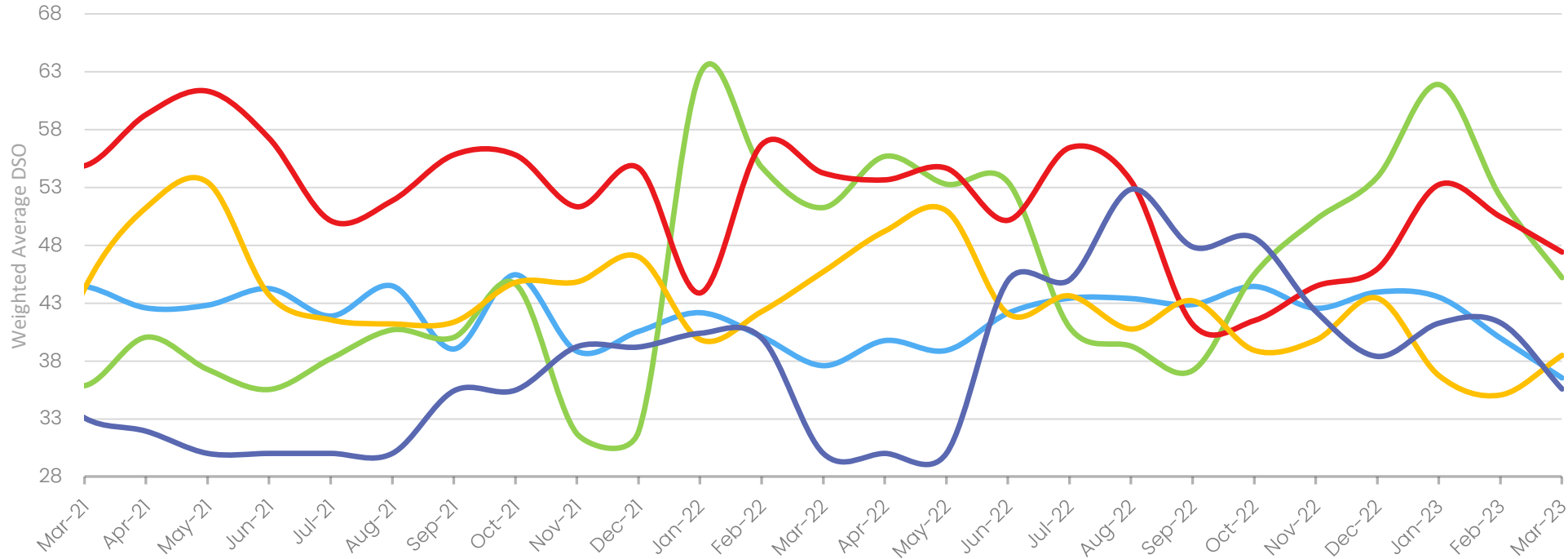
Weighted Average DSO



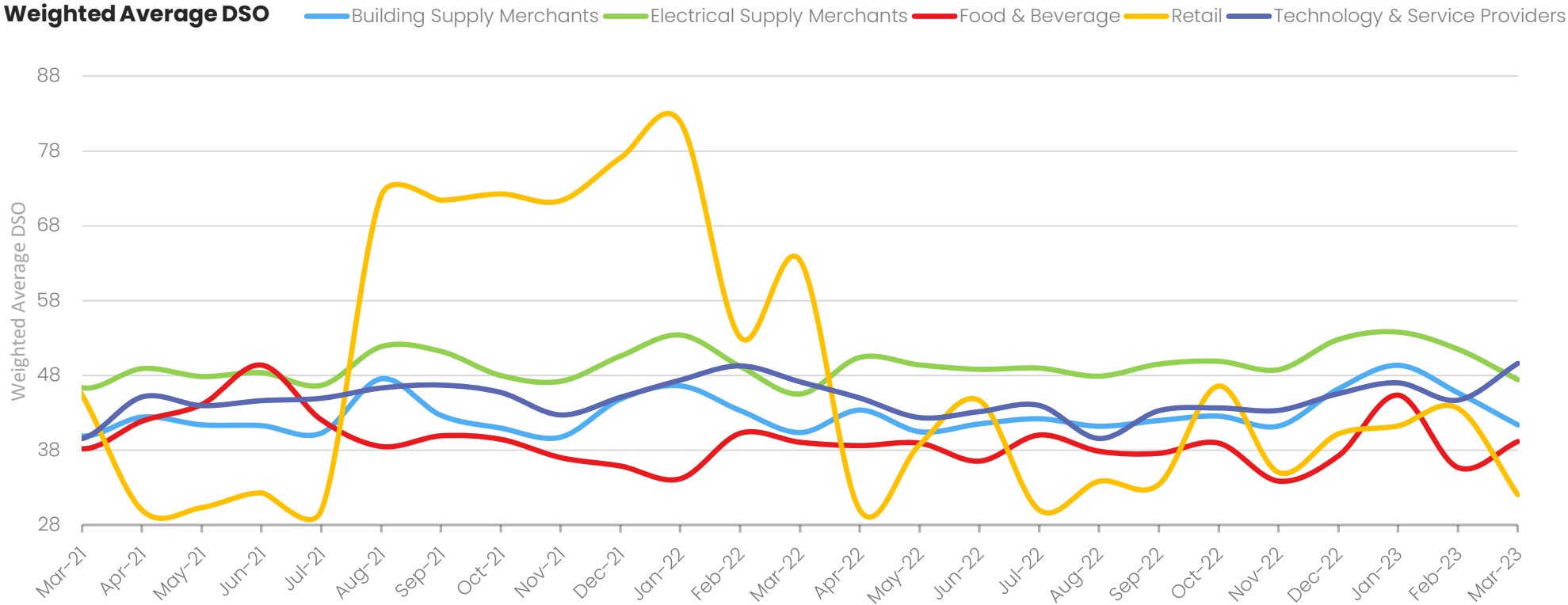
Days Sales Outstanding by Vendor Industry (4 of 6)

Weighted Average DSO

— Air Conditioning / Refrigeration
 — Civil Engineering
 — Equipment Hire
 — Manufacturing
 — Pulp, Paper and Printing

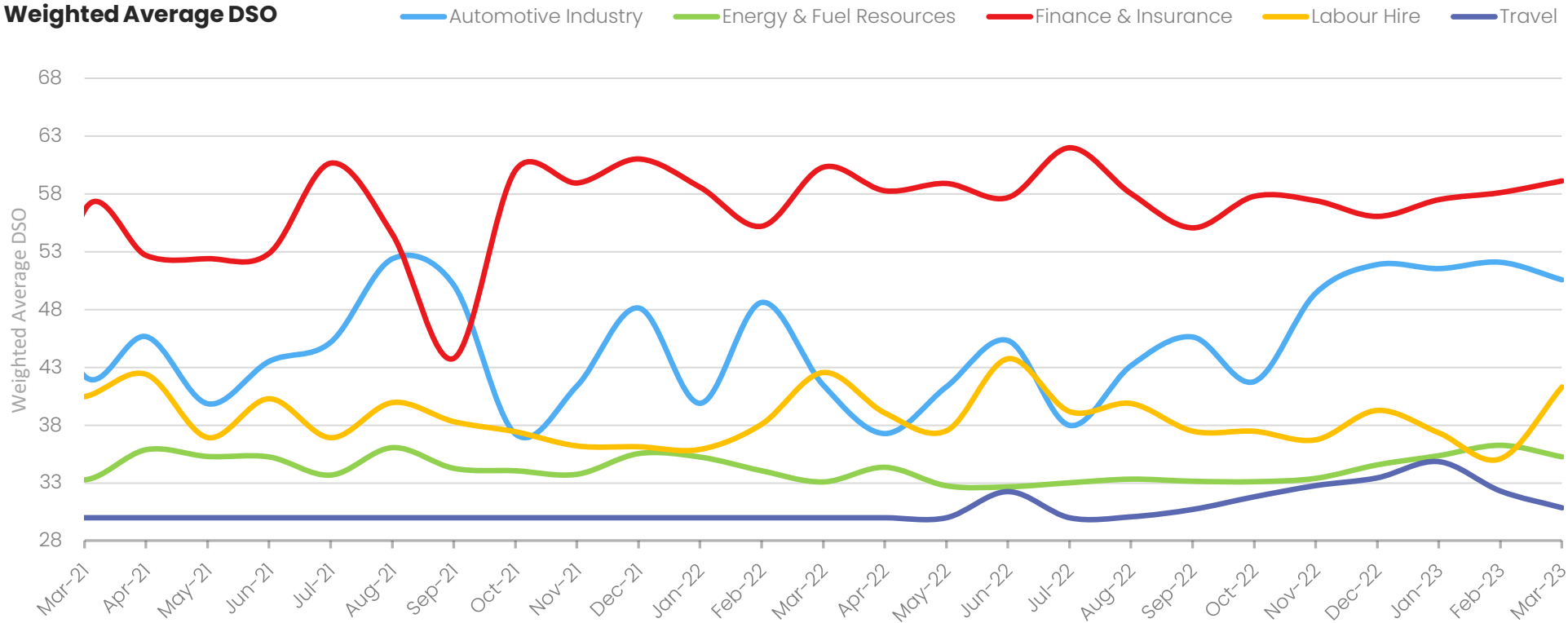


Days Sales Outstanding by Vendor Industry (5 of 6)



Days Sales Outstanding by Vendor Industry (6 of 6)

Weighted Average DSO



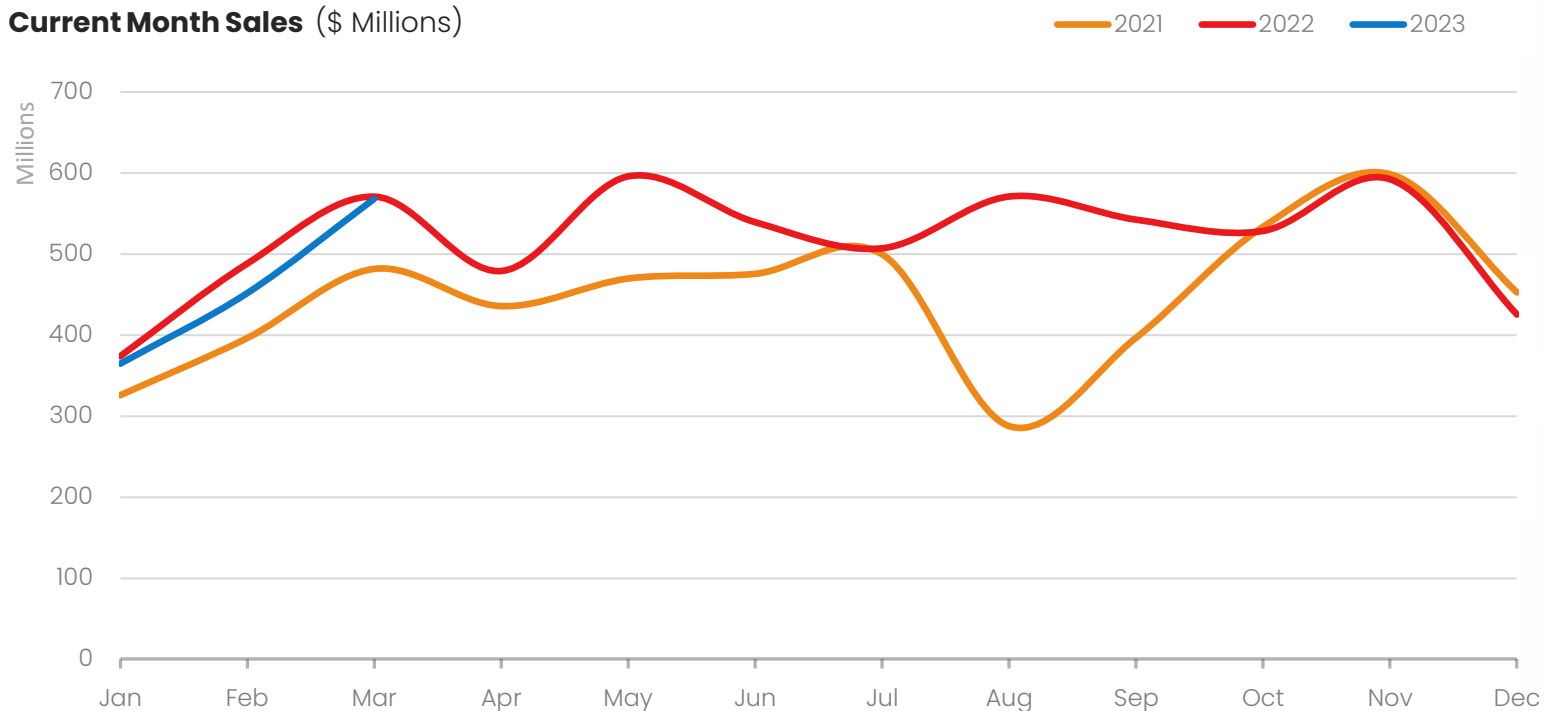


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Building Merchant Current Month Sales

Current Month Sales (\$ Millions)



Month-on-Month

 **25.8%**

Monthly sales increased by 25.8% from February 2023 to March 2023.

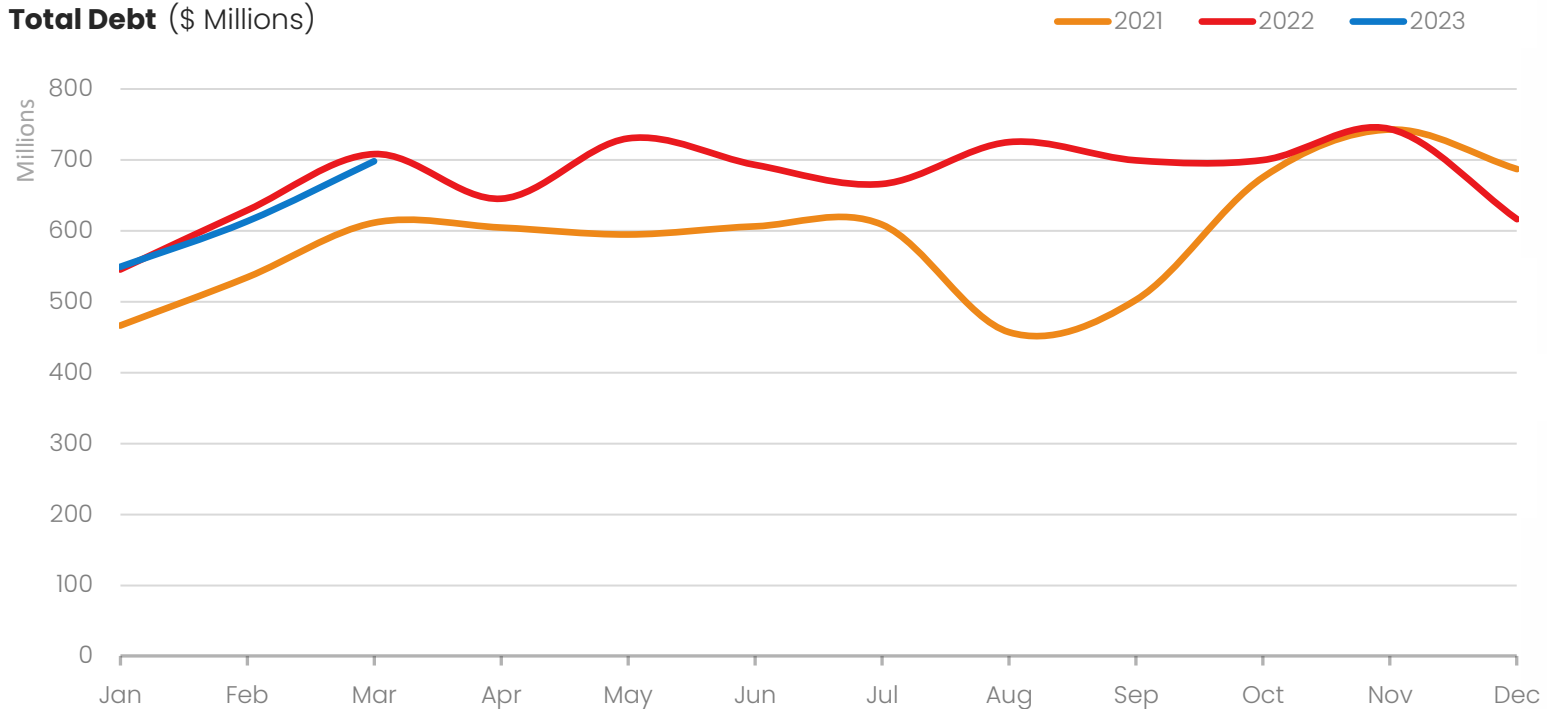
Year-on-Year

 **0.5%**

Monthly sales for March 2023 was 0.5% lower than March 2022.

Building Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

 **13.8%**

Total Debt increased by 13.8% from February 2023 to March 2023.

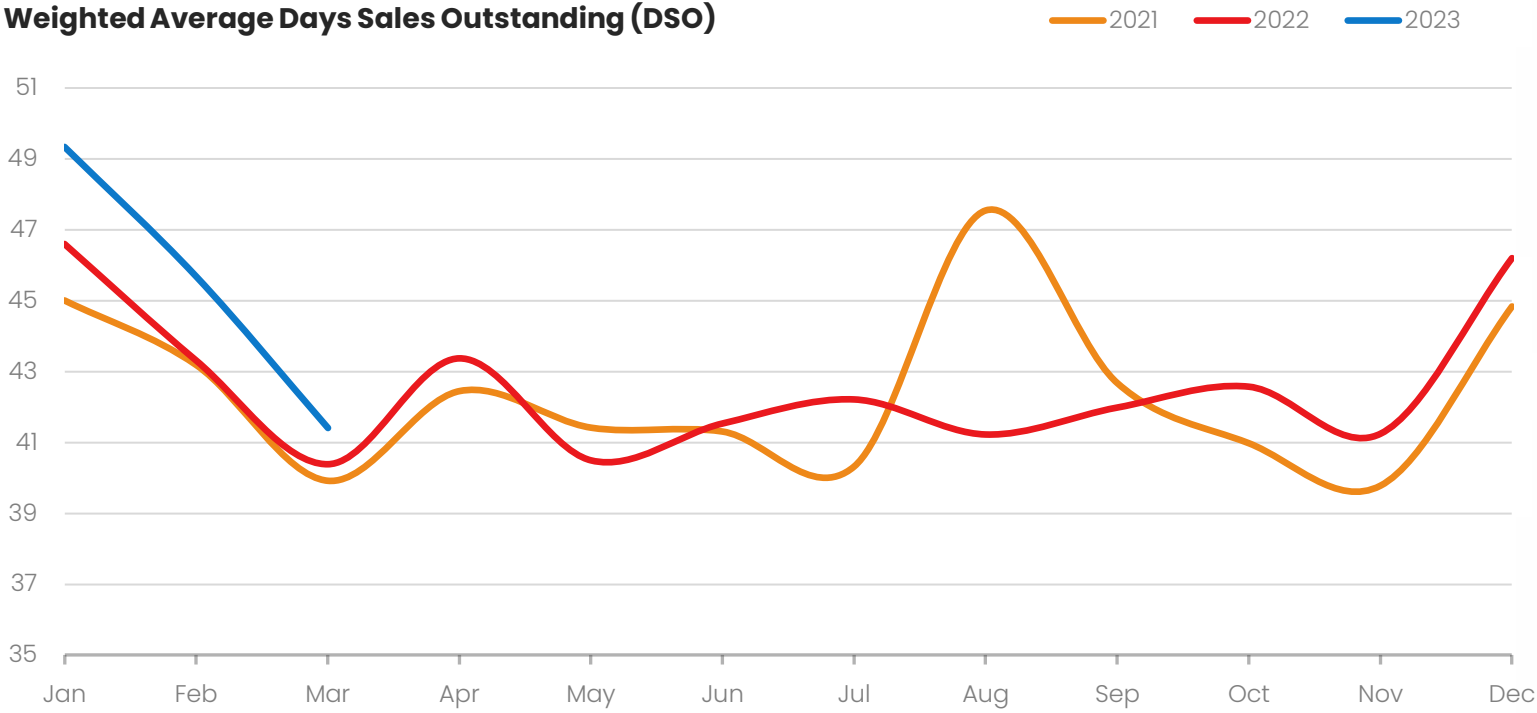
Year-on-Year

 **1.4%**

Total Debt was 1.4% lower in March 2023 compared to March 2022.

Building Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

 **9.4%**

Weighted average DSO reduced by 9.4% from February to March 2023.

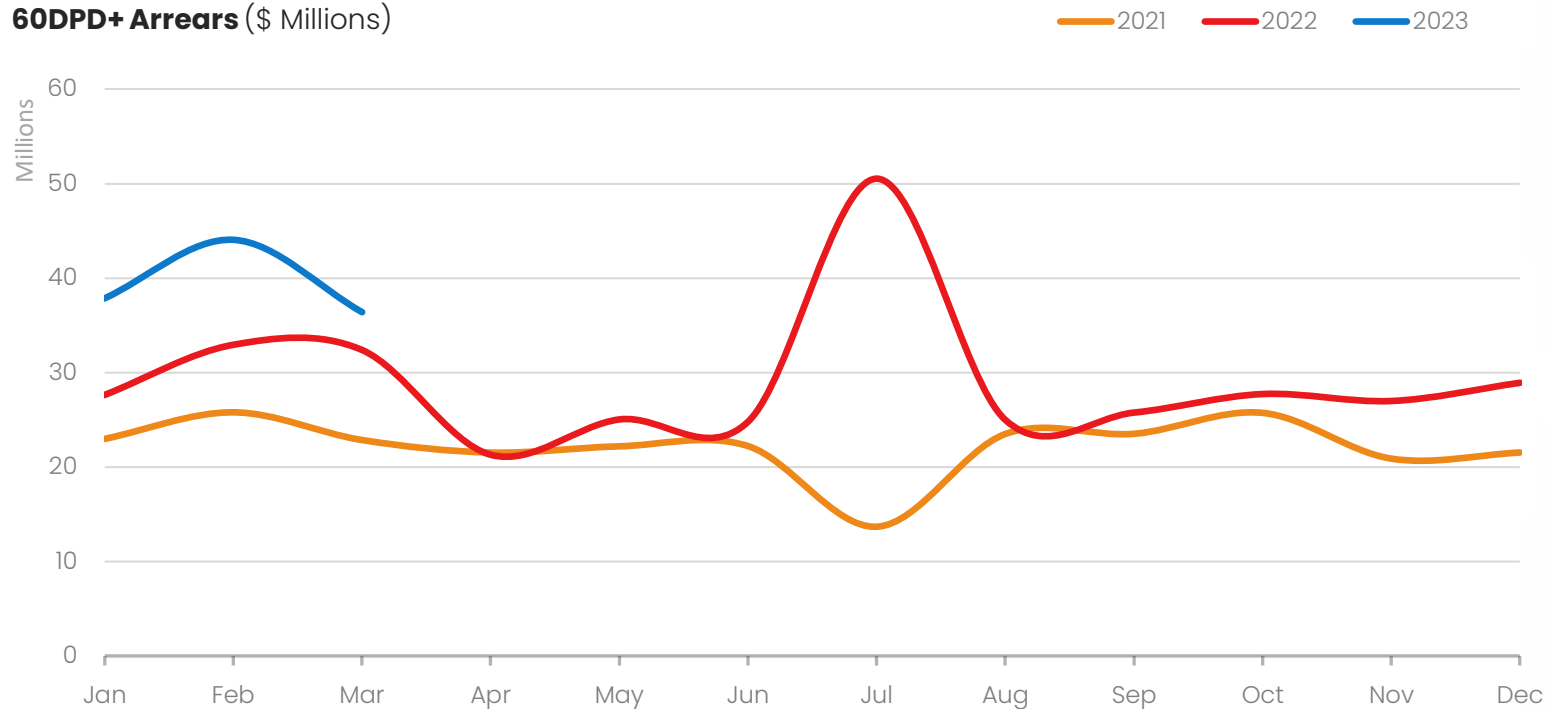
Year-on-Year

 **2.5%**

Weighted average DSO was 2.5% higher in March 2023 vs March 2022.

Building Merchant Arrears in Dollars (60+DPD)

60DPD+ Arrears (\$ Millions)



Month-on-Month

↓ **17.4%**

60DPD+ arrears were down 17.4% from February 2023 to March 2023.

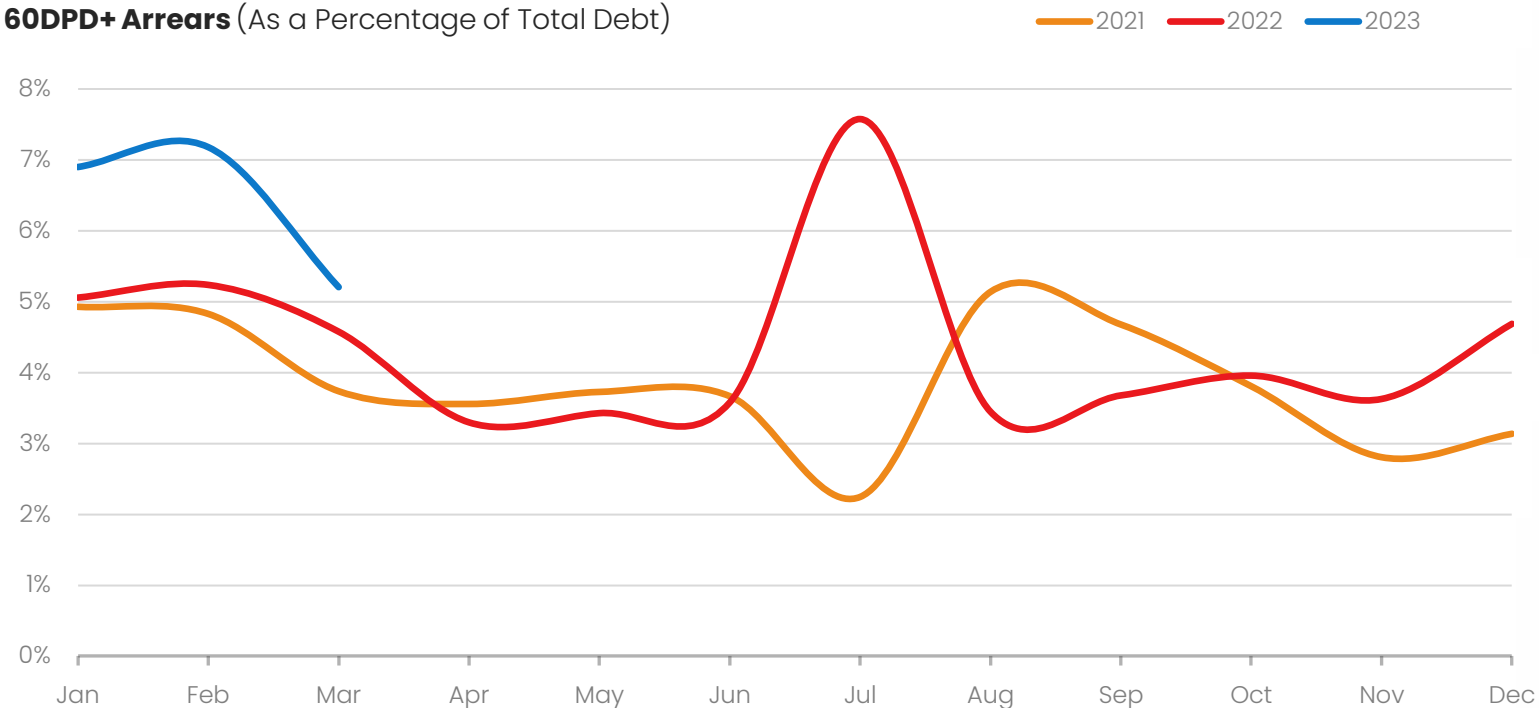
Year-on-Year

↑ **12.3%**

60DPD+ arrears were up 12.3% from March 2022 to March 2023.

Building Merchant Arrears in Percentages (60+DPD)

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



Month-on-Month

↓ **197bps**

60DPD+ arrears were 197bps lower in March 2023 compared to February 2023.

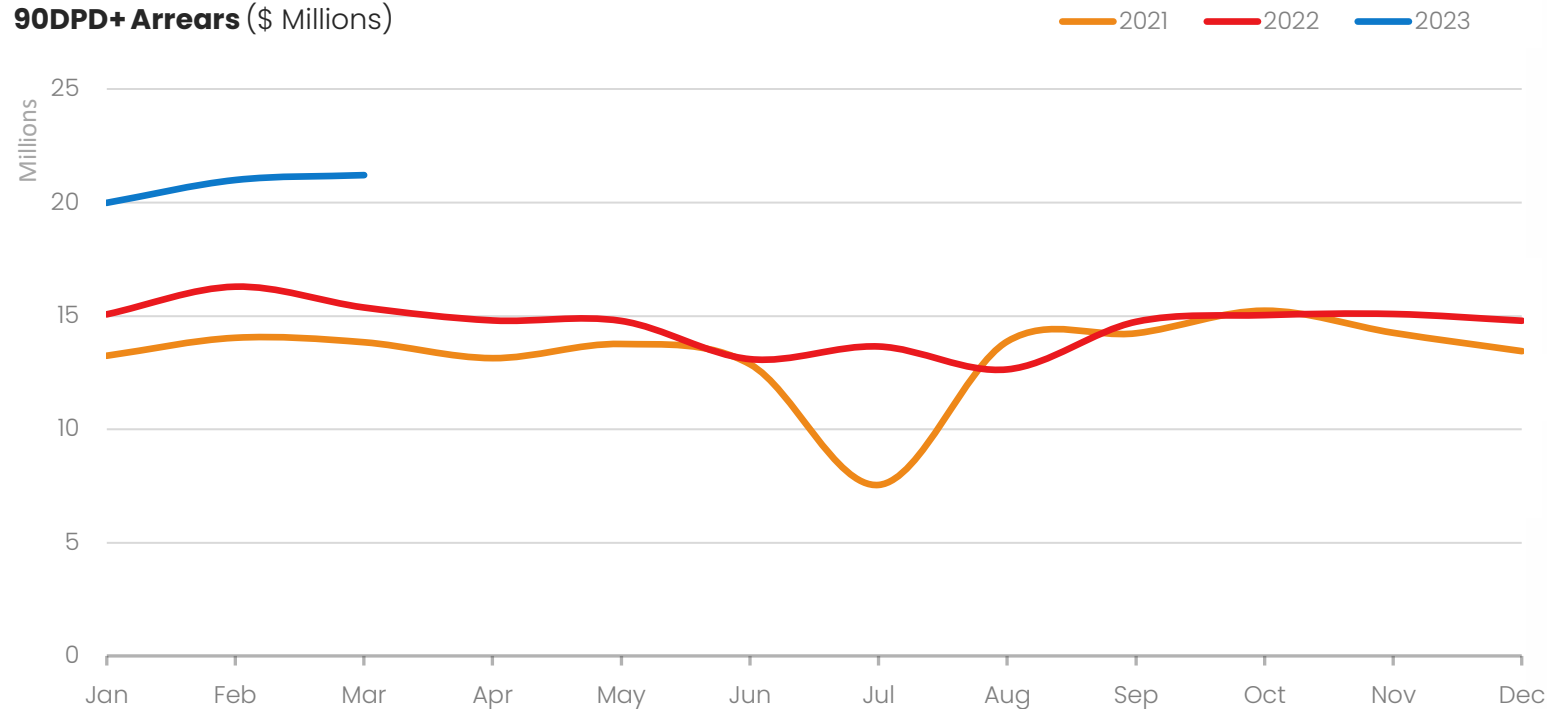
Year-on-Year

↑ **64bps**

60DPD+ arrears were 64bps higher in March 2023 compared to March 2022.

Building Merchant Arrears in Dollars (90+DPD)

90DPD+ Arrears (\$ Millions)



Month-on-Month

 **1.0%**

90DPD+ arrears were up 1.0% from February 2023 to March 2023.

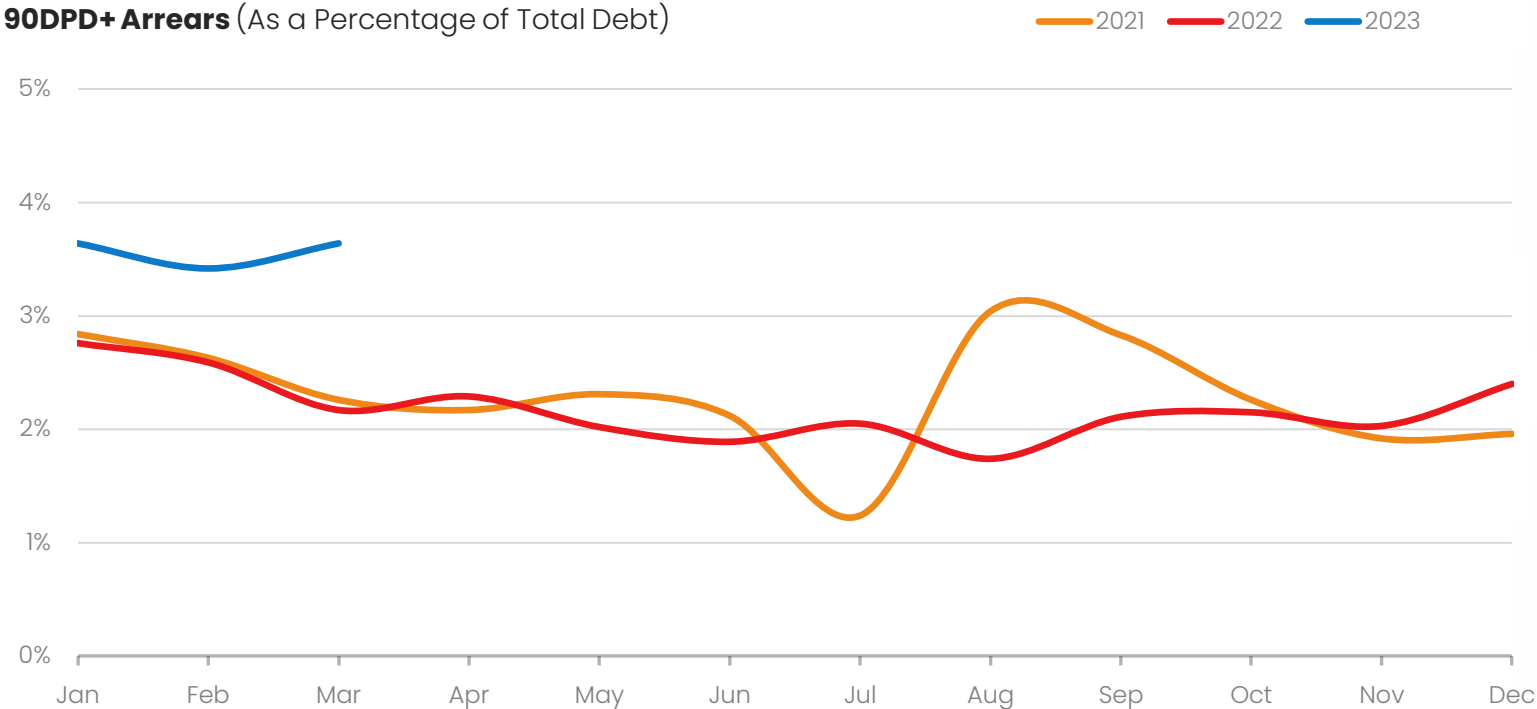
Year-on-Year

 **38.0%**

90DPD+ arrears were up 38.0% from March 2022 to March 2023.

Building Merchant Arrears in Percentages (90+DPD)

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



Month-on-Month

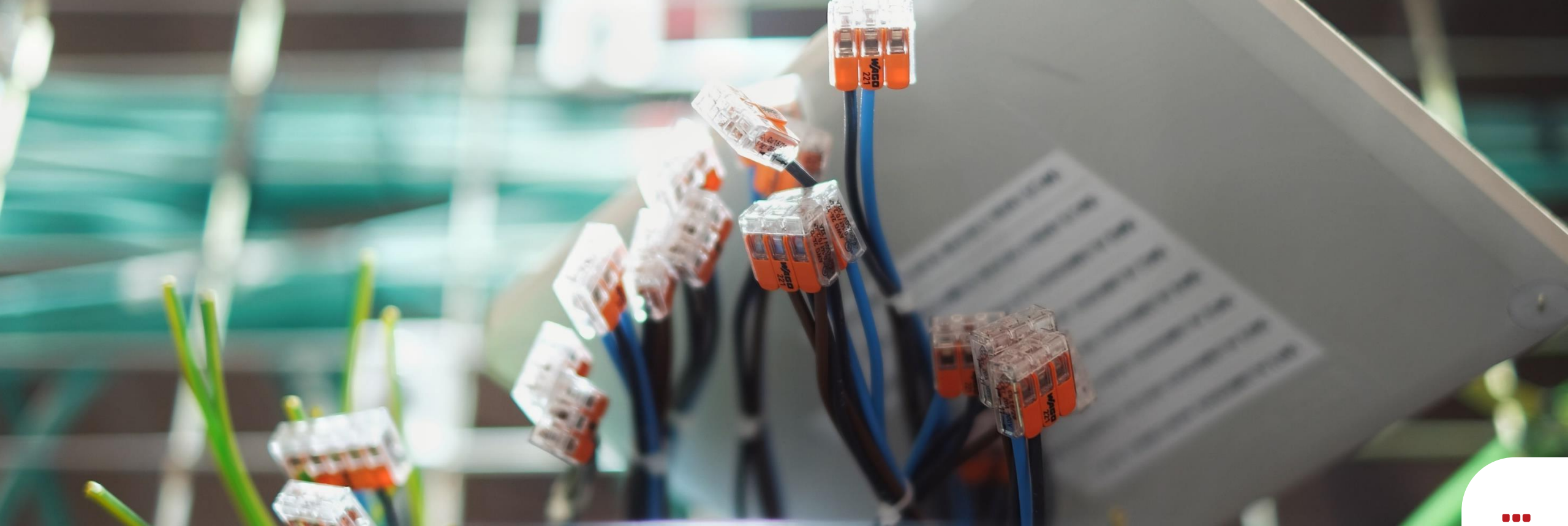
↑ **22bps**

90DPD+ arrears were 22bps higher in March 2023 compared to February 2023.

Year-on-Year

↑ **147bps**

90DPD+ arrears were 147bps higher in March 2023 compared to March 2022.

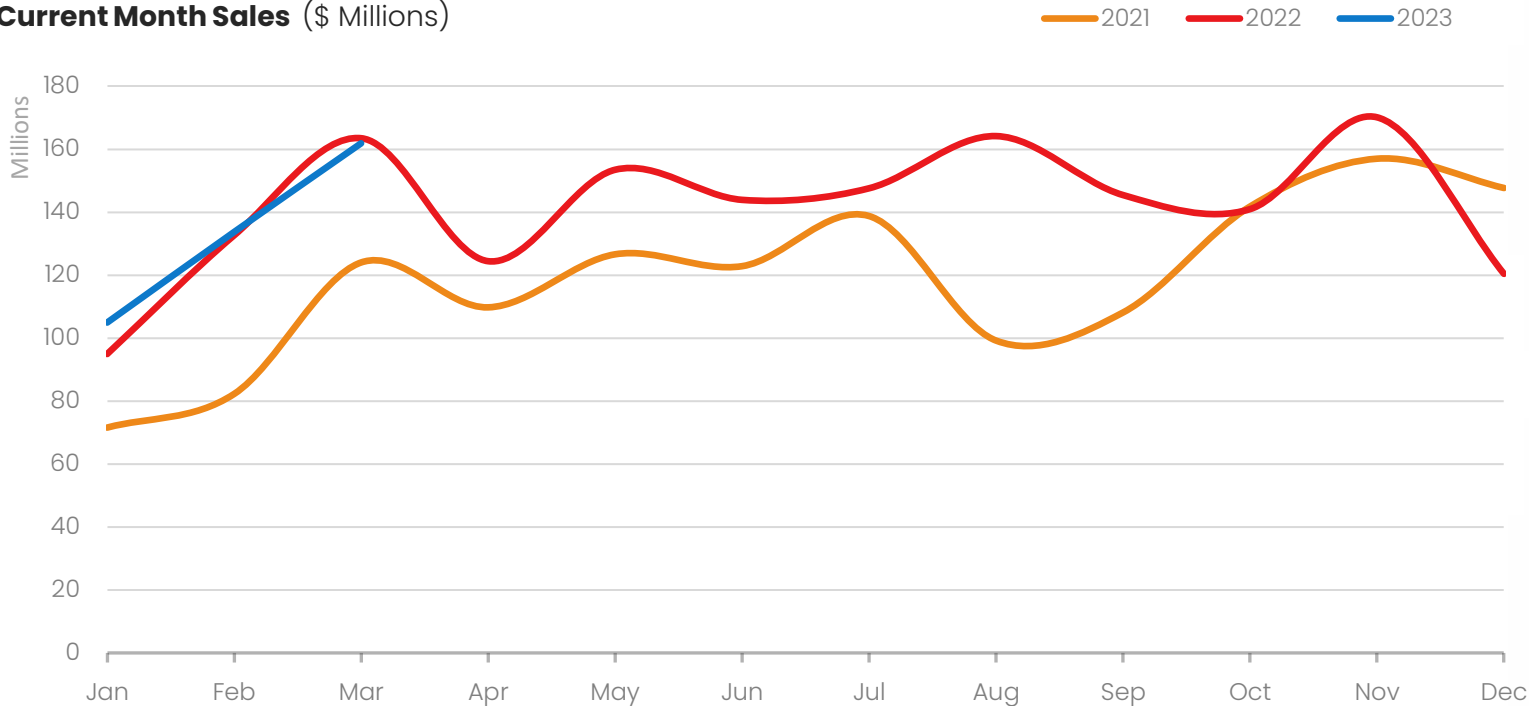


Electrical Merchant Insights.

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Electrical Merchant Current Month Sales

Current Month Sales (\$ Millions)



Month-on-Month

 **21.1%**

Monthly sales increased by 21.1% from February 2023 to March 2023.

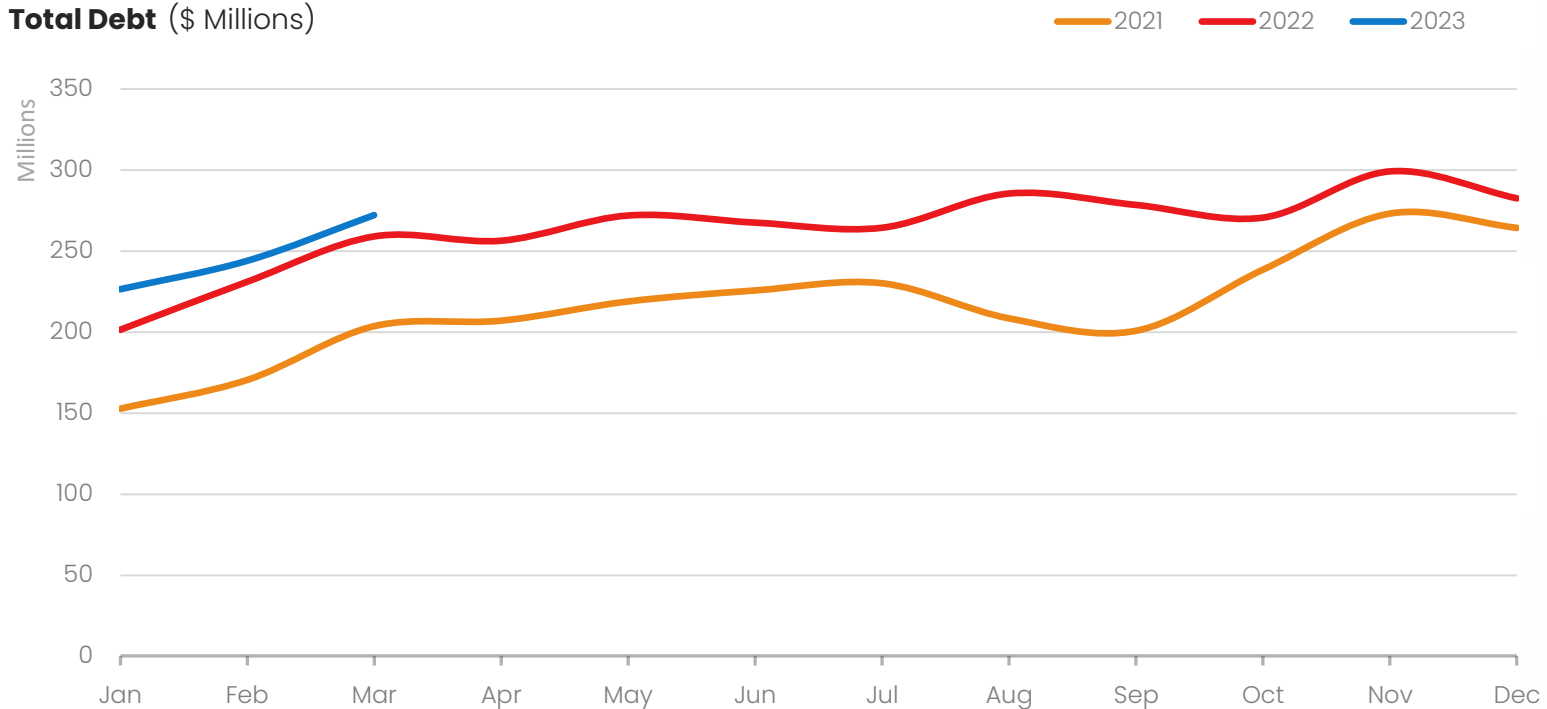
Year-on-Year

 **1.0%**

Monthly sales for March 2023 was 0.5% lower than March 2022.

Electrical Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

↑ **11.6%**

Total Debt increased by 11.6% from February 2023 to March 2023.

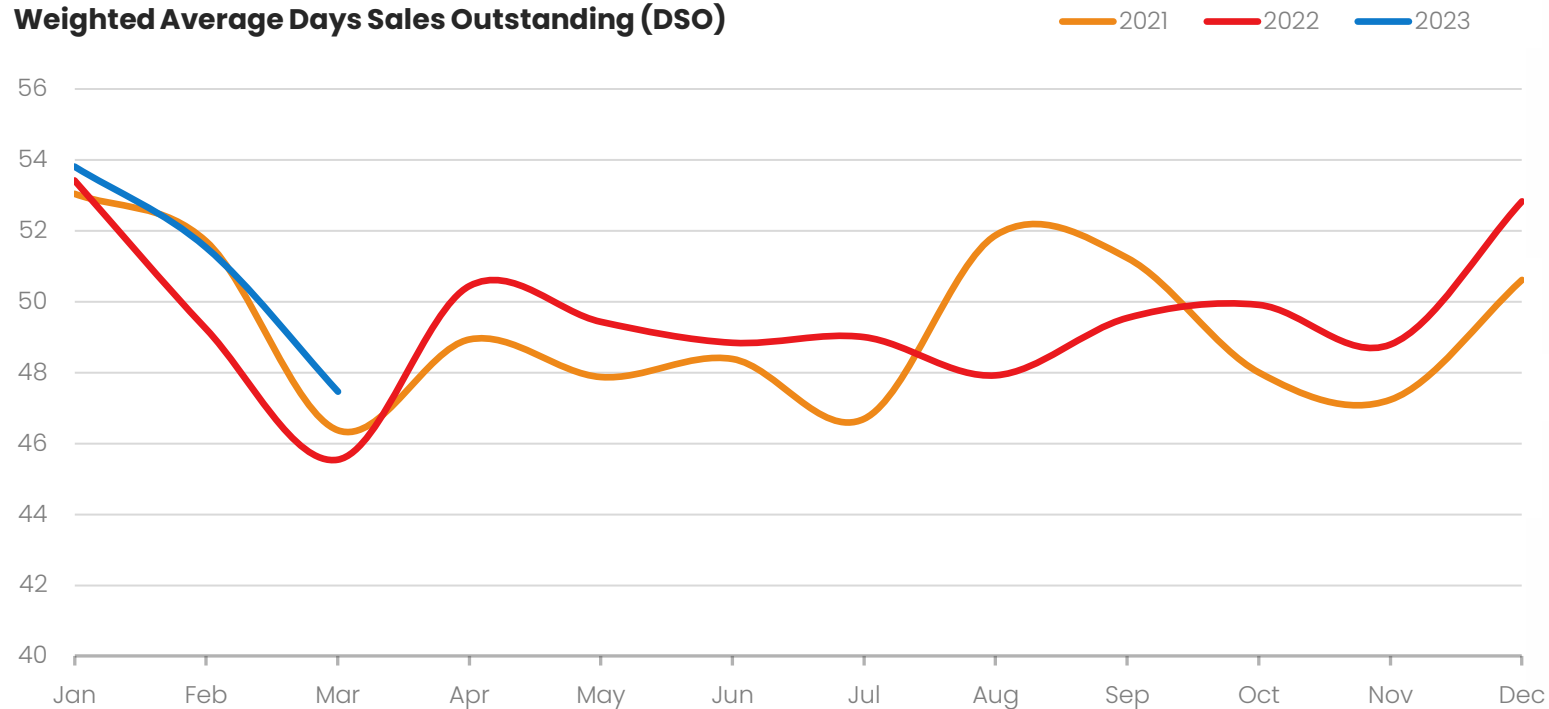
Year-on-Year

↑ **5.0%**

Total Debt was 1.4% higher in March 2023 compared to March 2022.

Electrical Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

 **7.9%**

Weighted average DSO reduced by 7.9% from February to March 2023.

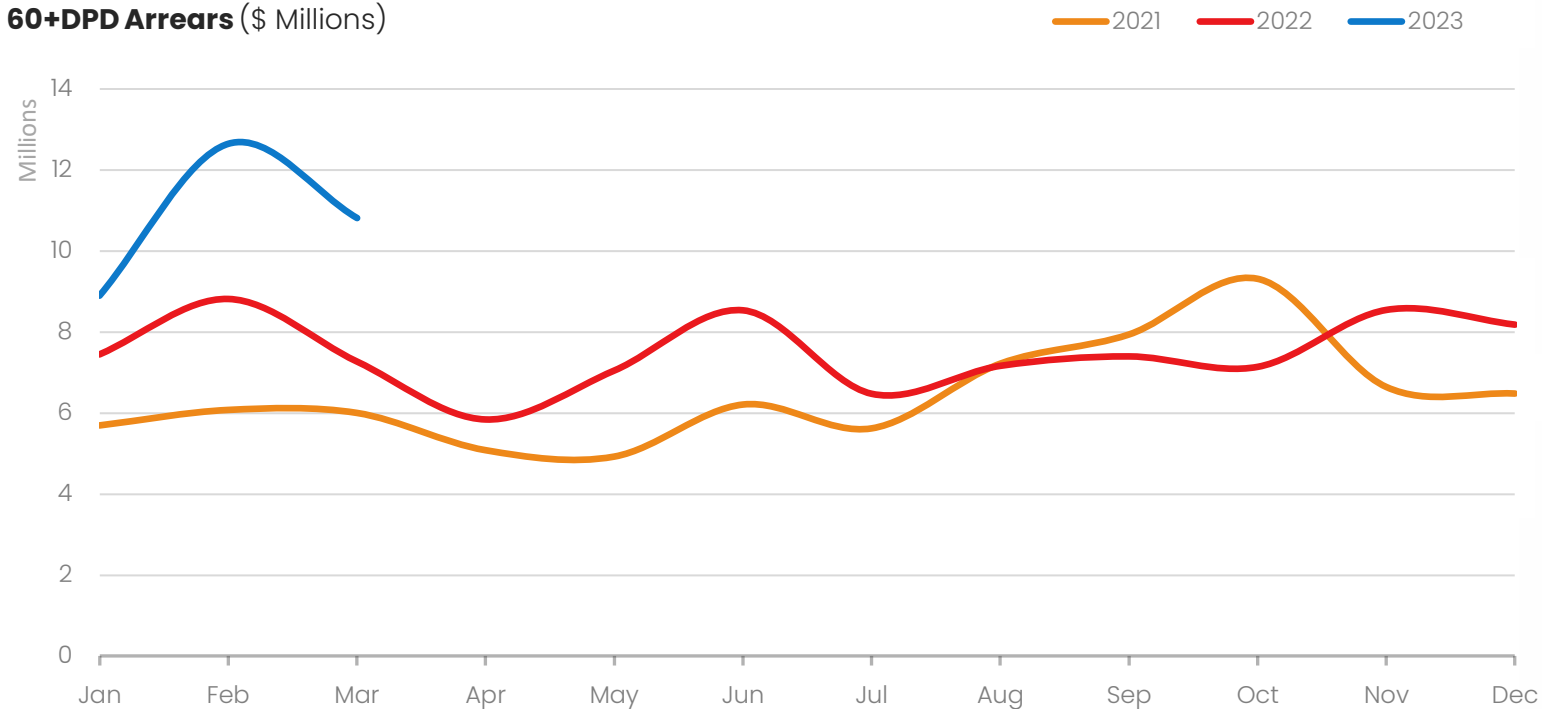
Year-on-Year

 **4.2%**

Weighted average DSO was 4.2% higher in March 2023 vs March 2022.

Electrical Merchant Arrears in Dollars (60+DPD)

60+DPD Arrears (\$ Millions)



Month-on-Month

↓ **14.5%**

60+DPD arrears were down 14.5% from February 2023 to March 2023.

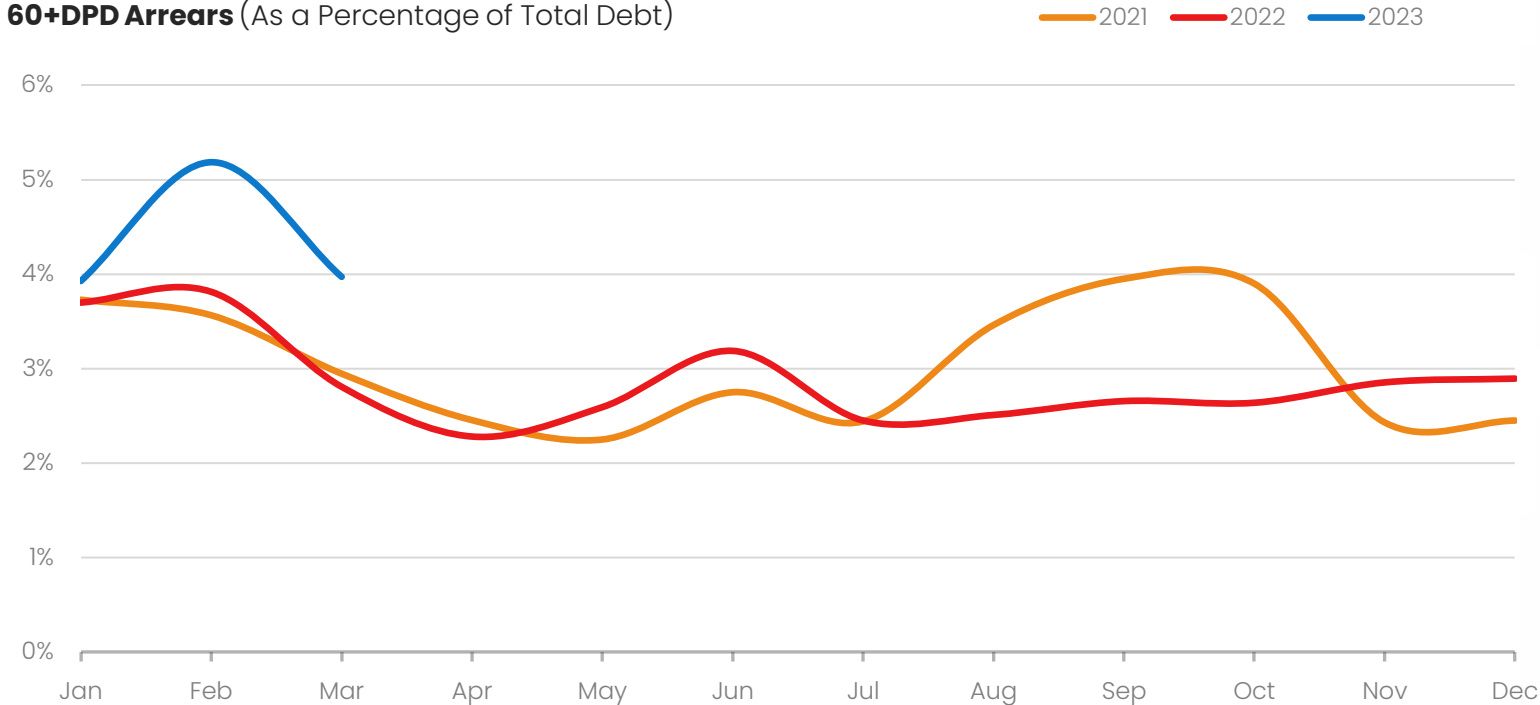
Year-on-Year

↑ **48.6%**

60+DPD arrears were up 48.6% from March 2022 to March 2023.

Electrical Merchant Arrears in Percentages (60+DPD)

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



Month-on-Month

↓ **121bps**

60+DPD arrears were 121bps lower in March 2023 compared to February 2023.

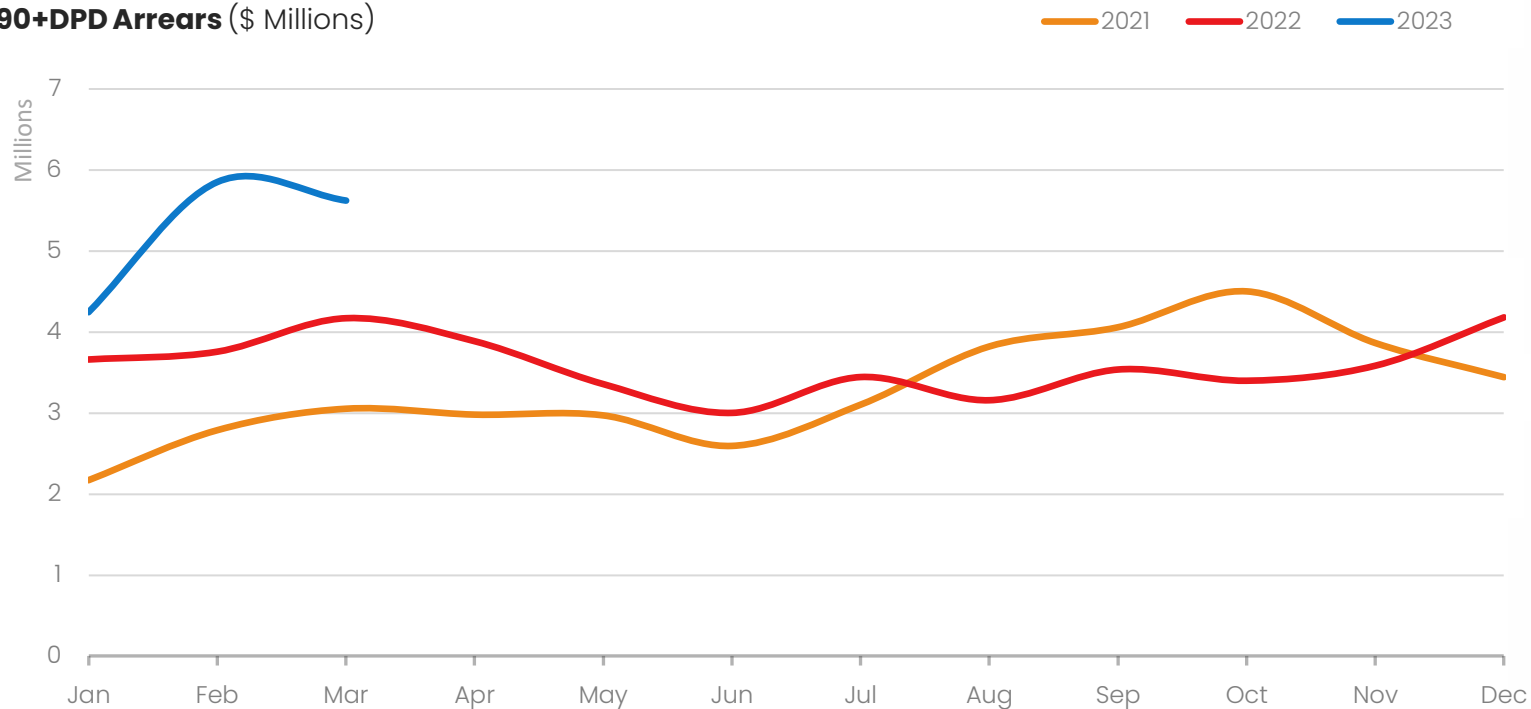
Year-on-Year

↑ **117bps**

60+DPD arrears were 64bps higher in March 2023 compared to March 2022.

Electrical Merchant Arrears in Dollars (90+DPD)

90+DPD Arrears (\$ Millions)



Month-on-Month

↓ **3.9%**

90+DPD arrears were down 3.9% from February 2023 to March 2023.

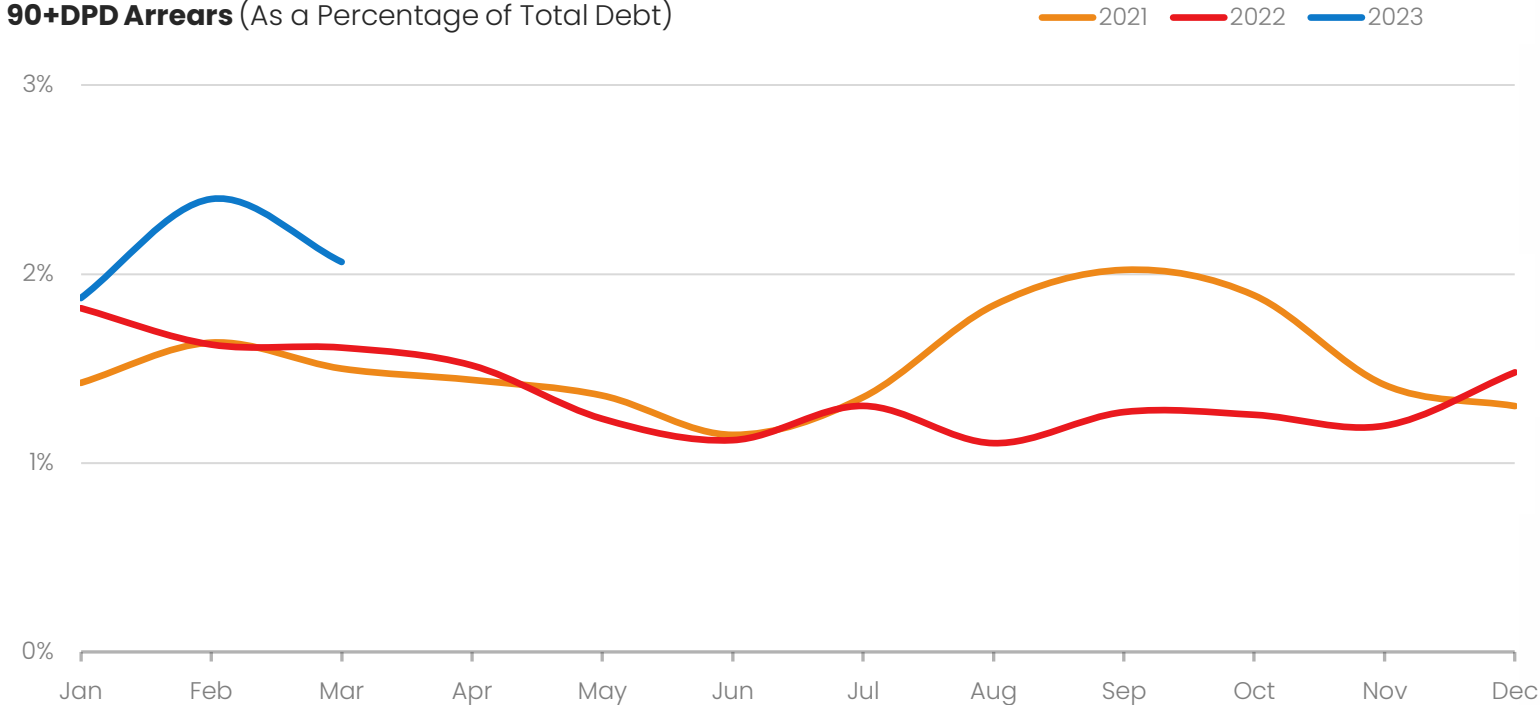
Year-on-Year

↑ **34.7%**

90+DPD arrears were up 34.7% from March 2022 to March 2023.

Electrical Merchant Arrears in Percentages (90+DPD)

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



Month-on-Month

↓ **33bps**

90+DPD arrears were 33bps lower in March 2023 compared to February 2023.

Year-on-Year

↑ **45bps**

90+DPD arrears were 45bps higher in March 2023 compared to March 2022.