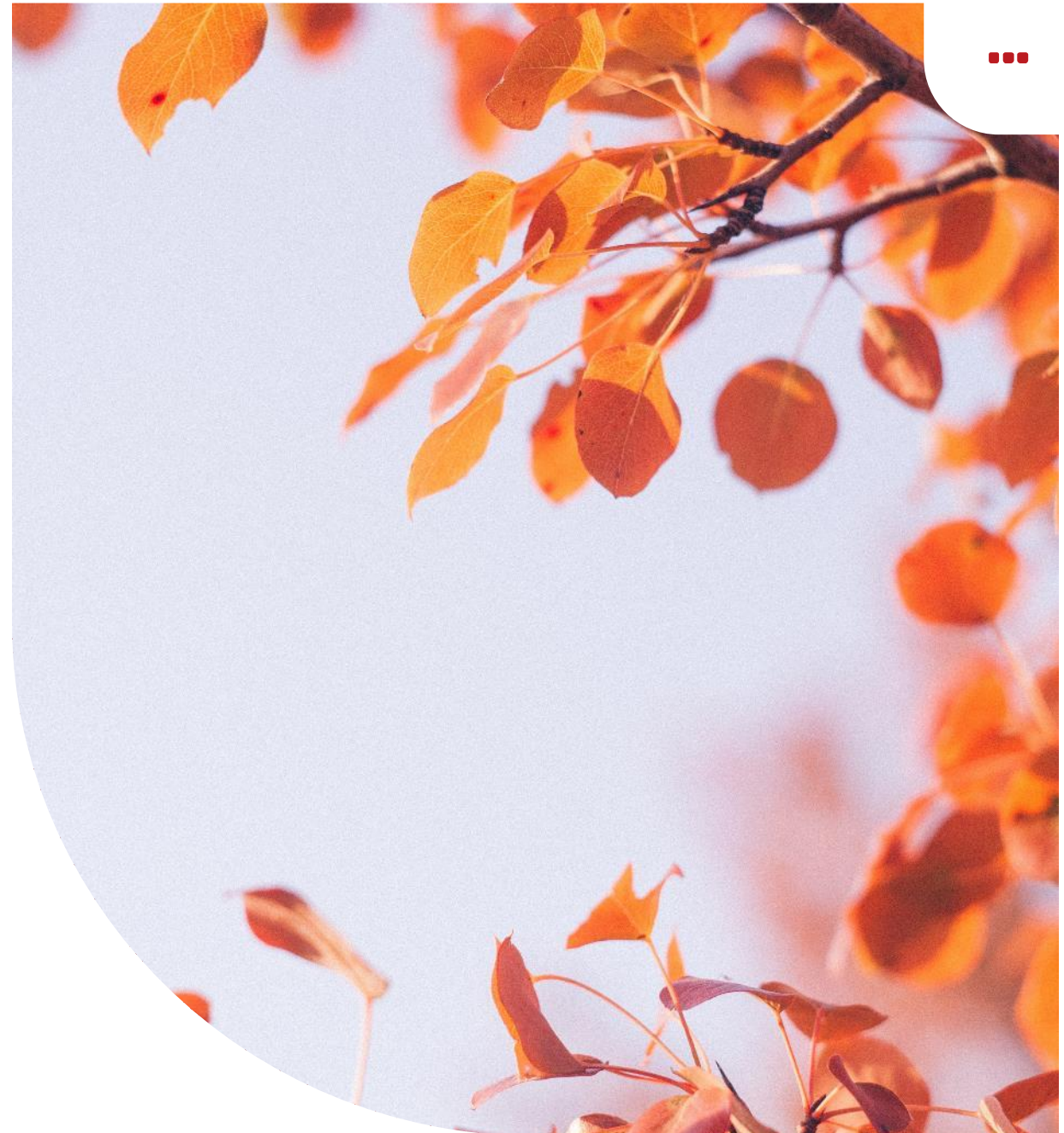




# creditworks

April 2023 Month-End **Credit Insights**

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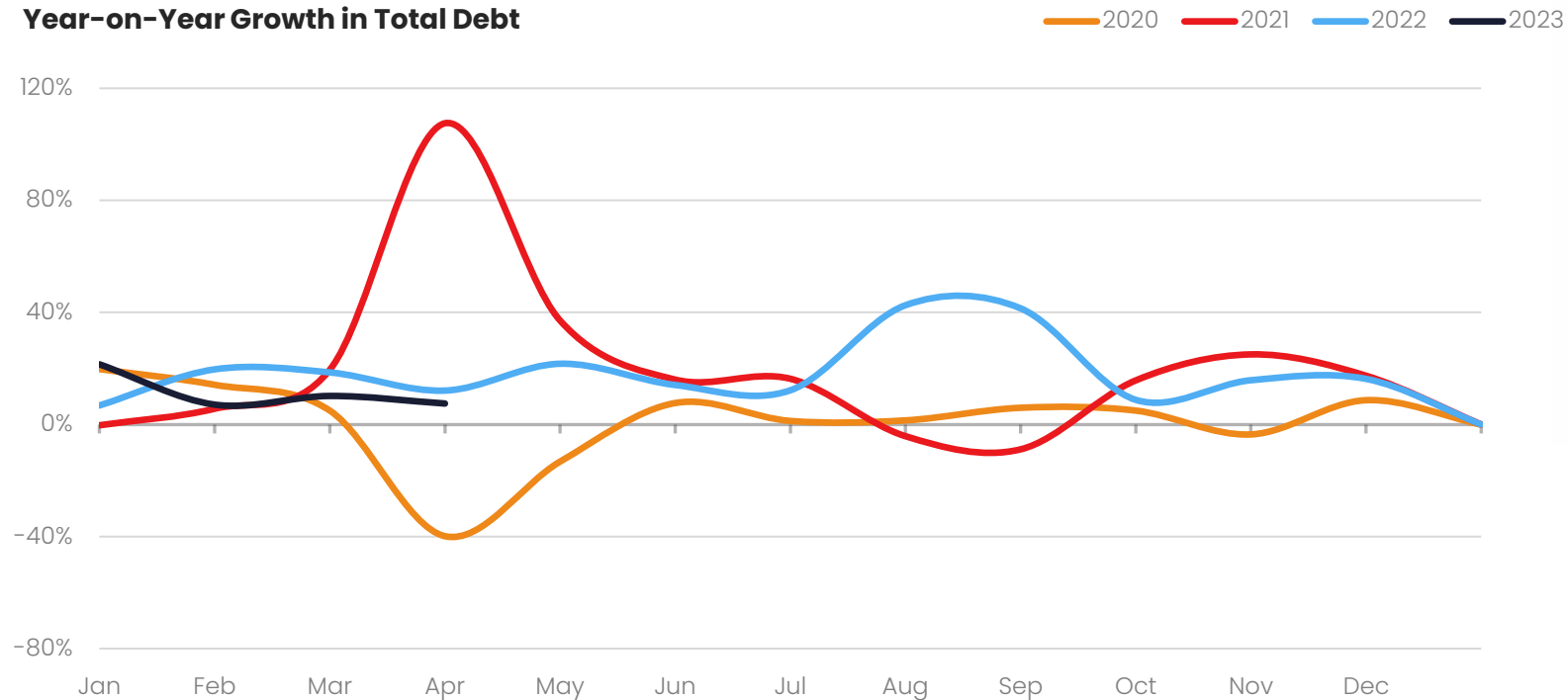


# Key Credit Risk Insights.

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# Year-on-Year Growth in Total Debt Remains Positive but Slowing

Year-on-Year Growth in Total Debt



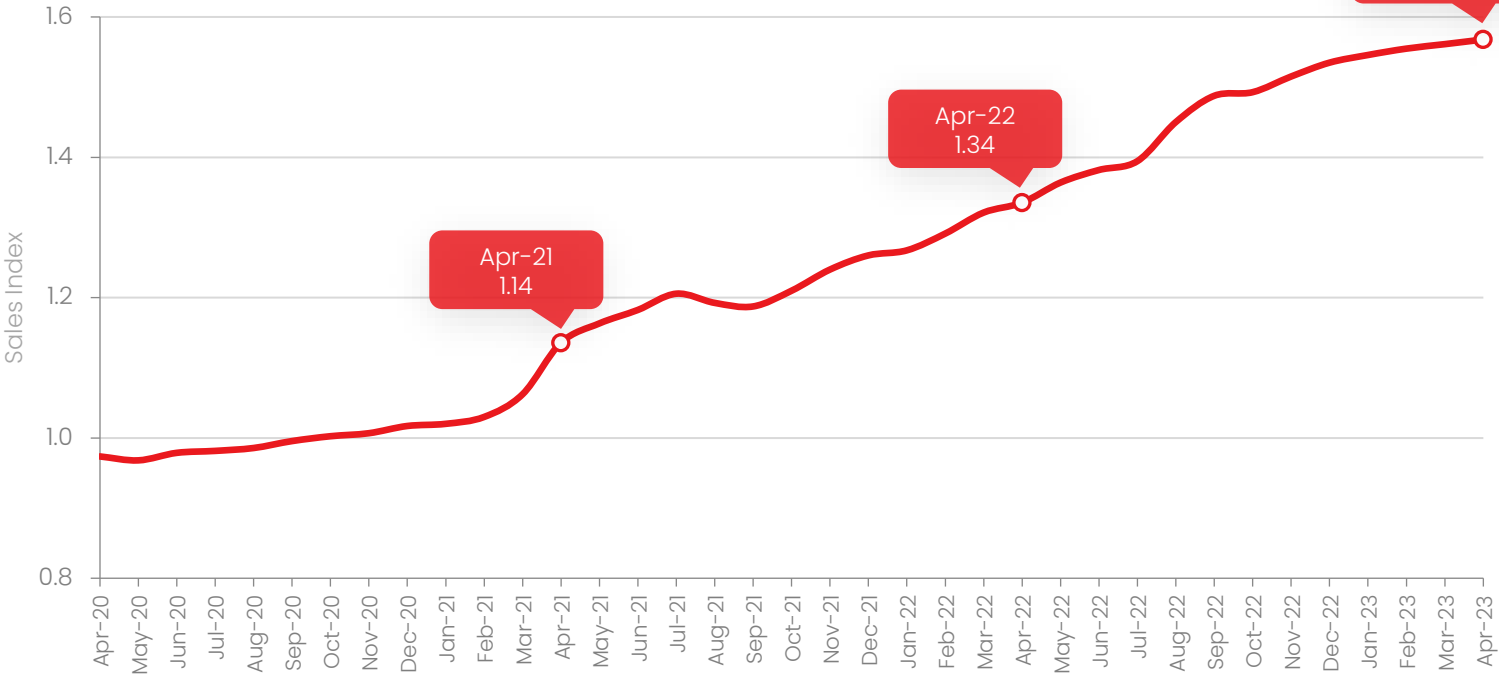
April 2023

↑ **7.5%**

Total Debt Balance increased 7.5% year-on-year in April 2023.

# Growth in Gross 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 April 2023.

Year-on-Year

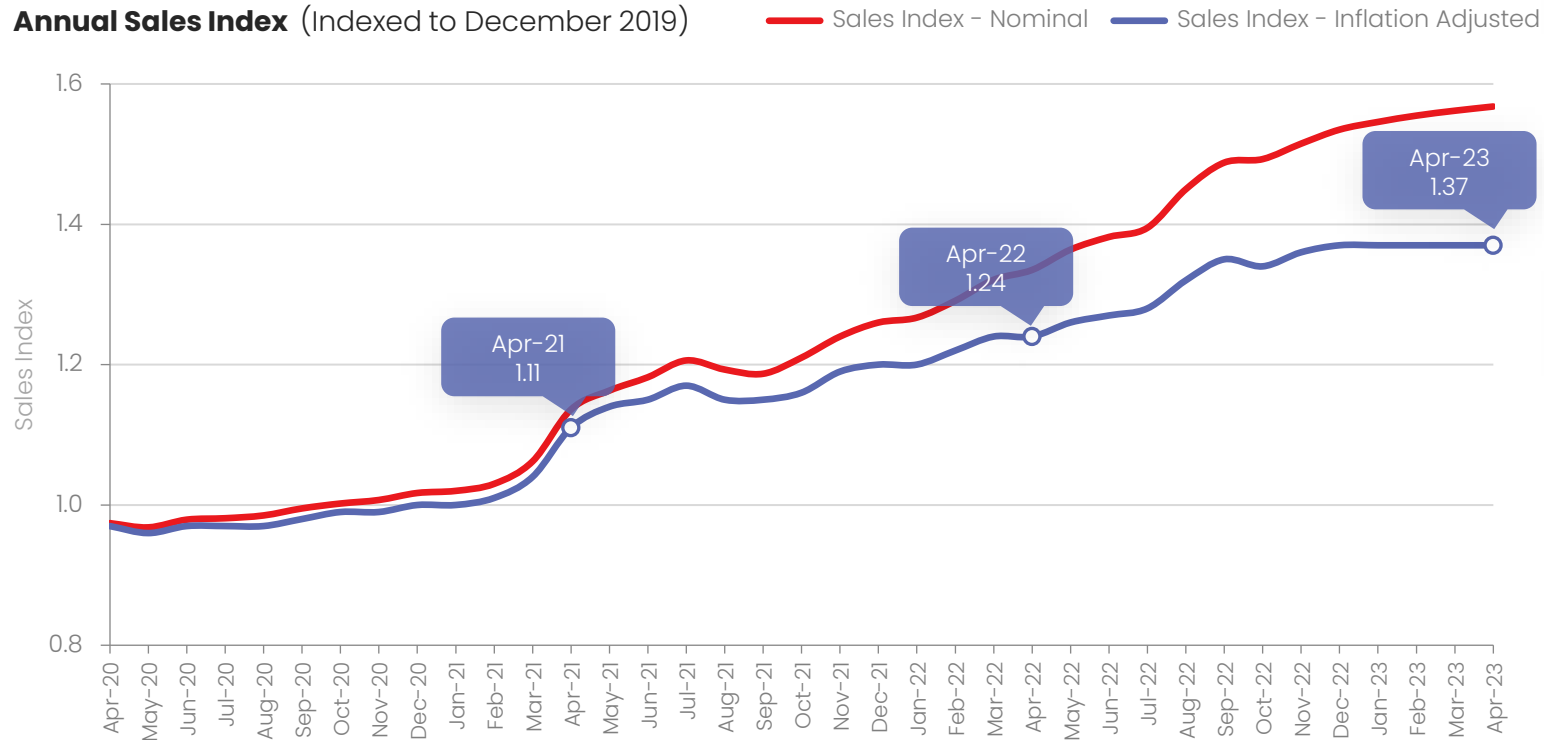
↑ **17.4%**

Annual sales were up 18.2% in April 2023 compared to April 2022.

# Sales Growth Has Turned After Adjusting For Inflation

(General CPI December 2019 = 1000)

**Annual Sales Index** (Indexed to December 2019)



## Month-on-Month

↓ **0.1%**

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

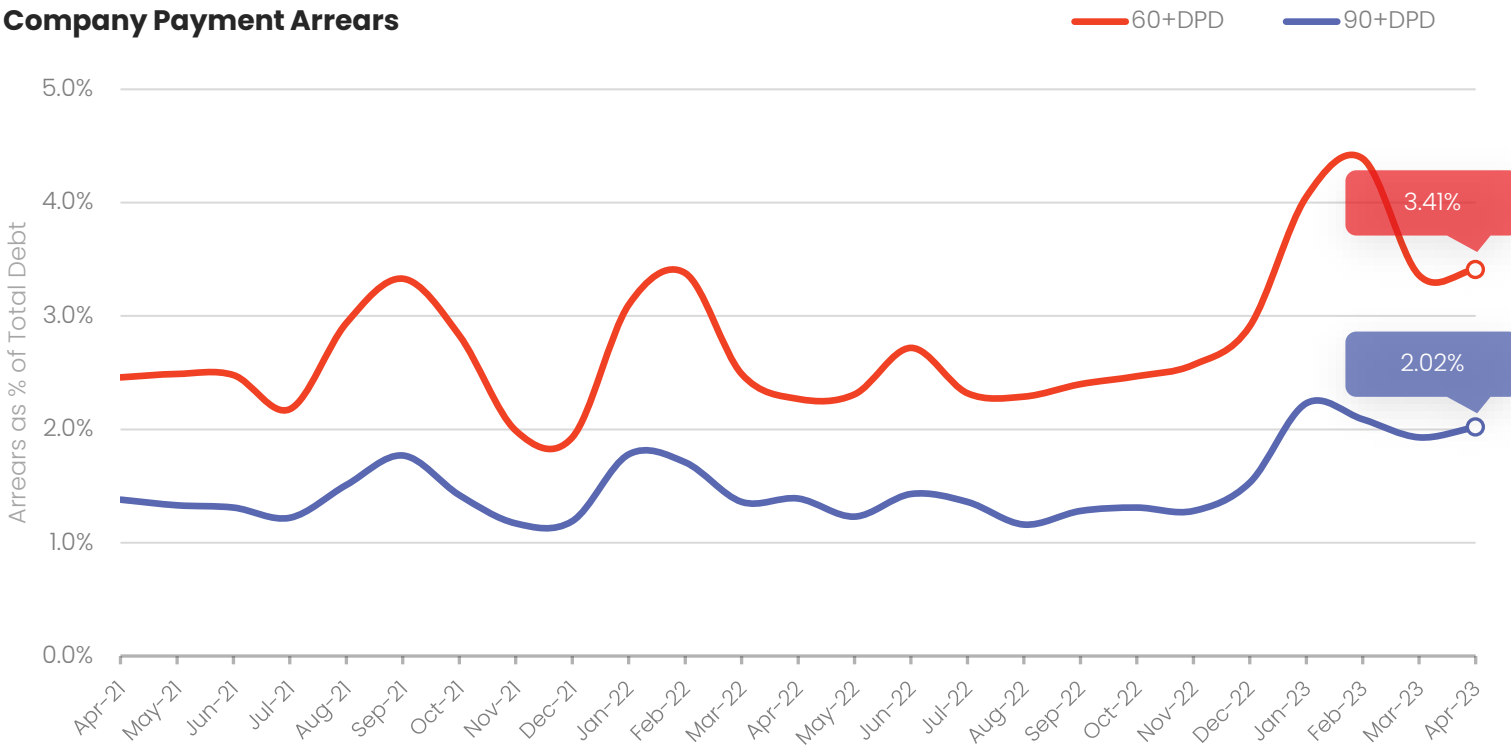
## Year-on-Year

↑ **9.8%**

Adjusted annual sales were 9.8% higher in April 2023 vs. the year prior.

# Year-End Seasonal Arrears for Company Debtors Not Fully Normalised

Company Payment Arrears



60+DPD Arrears YoY

**114bps**

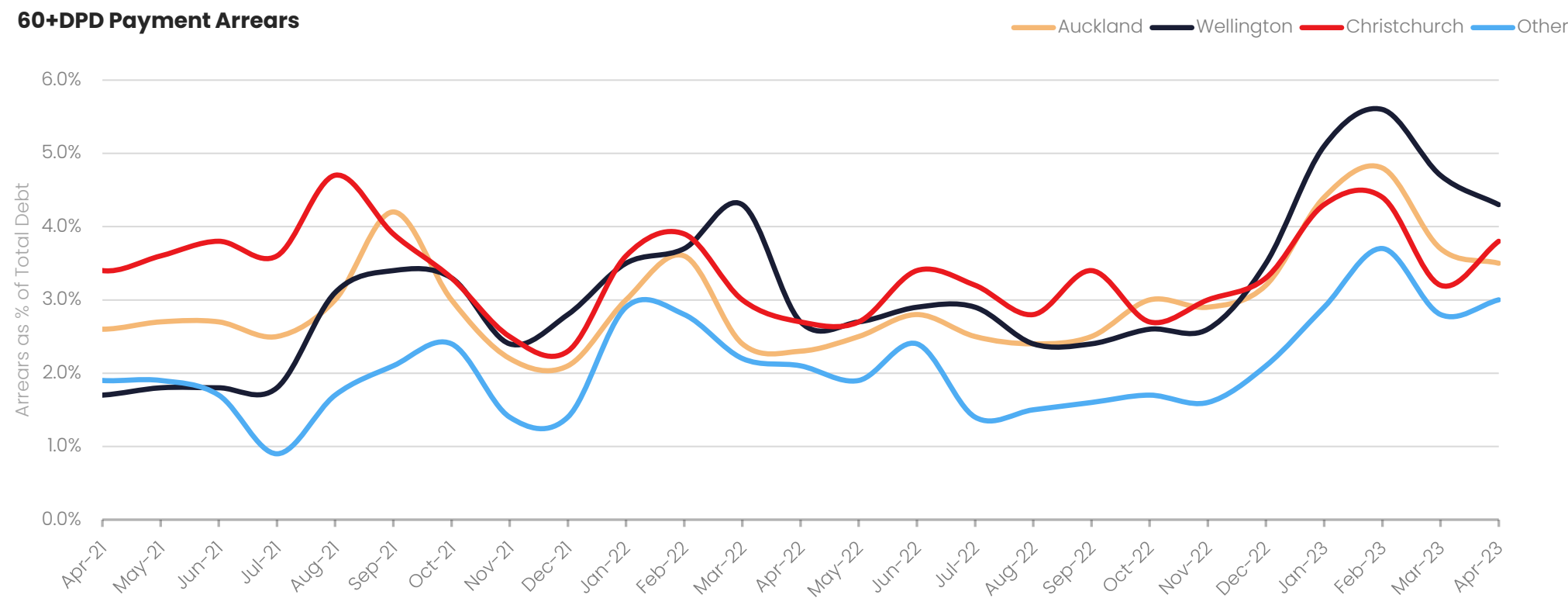
60DPD+ arrears were 114bps higher in April 2023 compared to April 2022.

90+DPD Arrears YoY

**63bps**

90+DPD arrears were 63bps higher in April 2023 compared to April 2022.

# April 2023 Increase in Company Debtor Arrears Evident in Christchurch

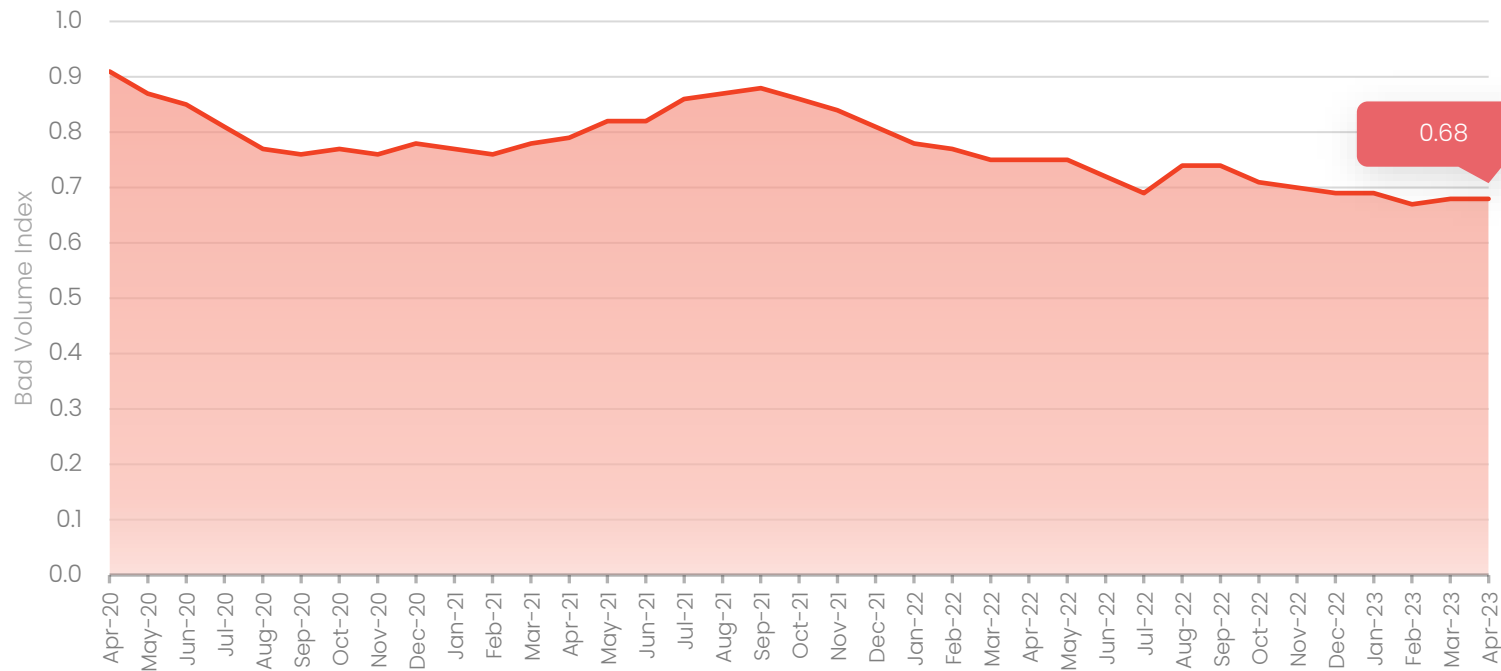




# The Annual Volume of 'Bad' Debtors Continues to Hold Steady

(Default, Judgement, Administration, Receivership, Liquidation)

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



## Month-on-Month

↑ **0.8%**

Annual volume of debtors going bad was up 0.8% month-on-month in April 2023.

## Year-on-Year

↓ **9.1%**

Annual volume of debtors going bad was down 9.1% year-on-year in April 2023.

# Winding Up Applications

(As per the McDonald Vague Insolvency report April 2023)

## Winding Up Applications



## Winding-Up Applications

↑ **3.6%**

The annual volume of total Winding Up Applications (IRD and Company combined) was 3.6% higher in April 2023 vs. March 2023.





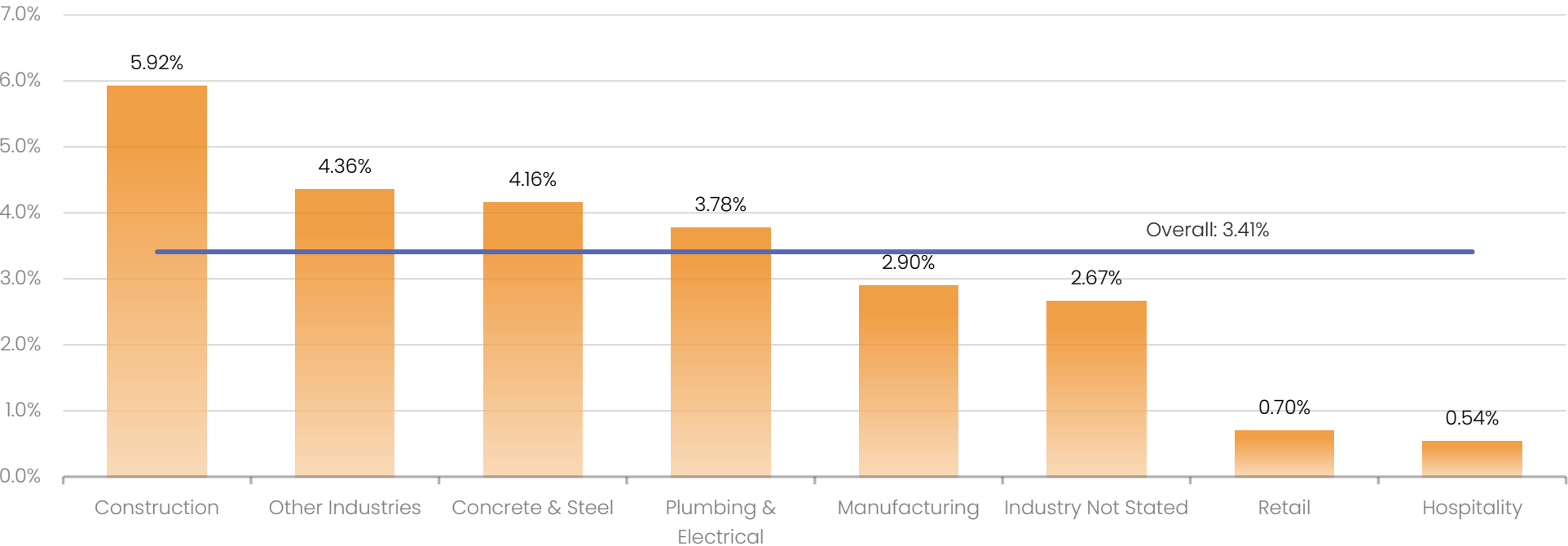
# Debtor Industry Insights.

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# Construction Industries Continue to Top Arrears Rates

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

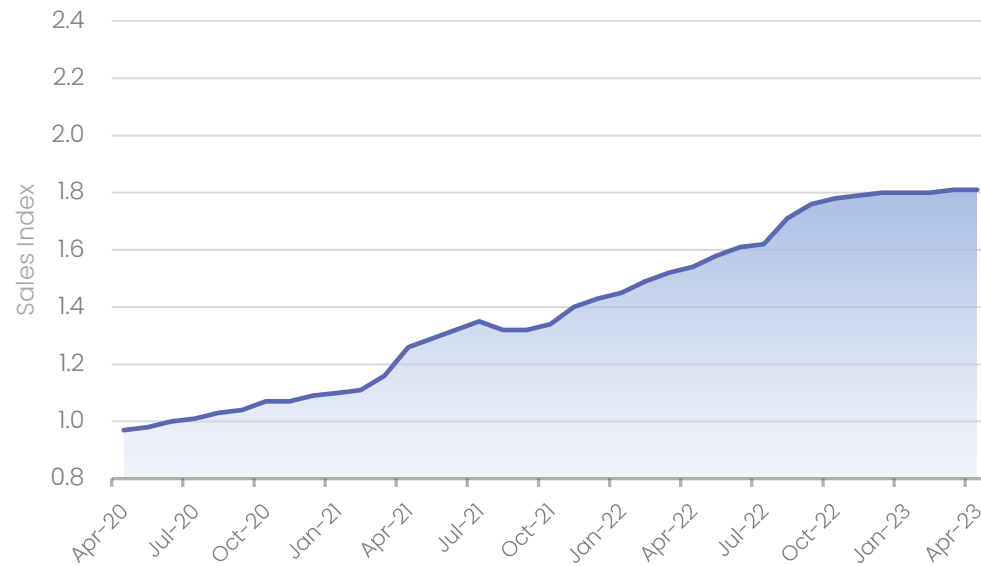
60+DPD Arrears by Industry as at April 2023



# Construction Debtors: Sales Growth

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

**Annual Sales** (Index: Dec-19)



**Month-on-Month**

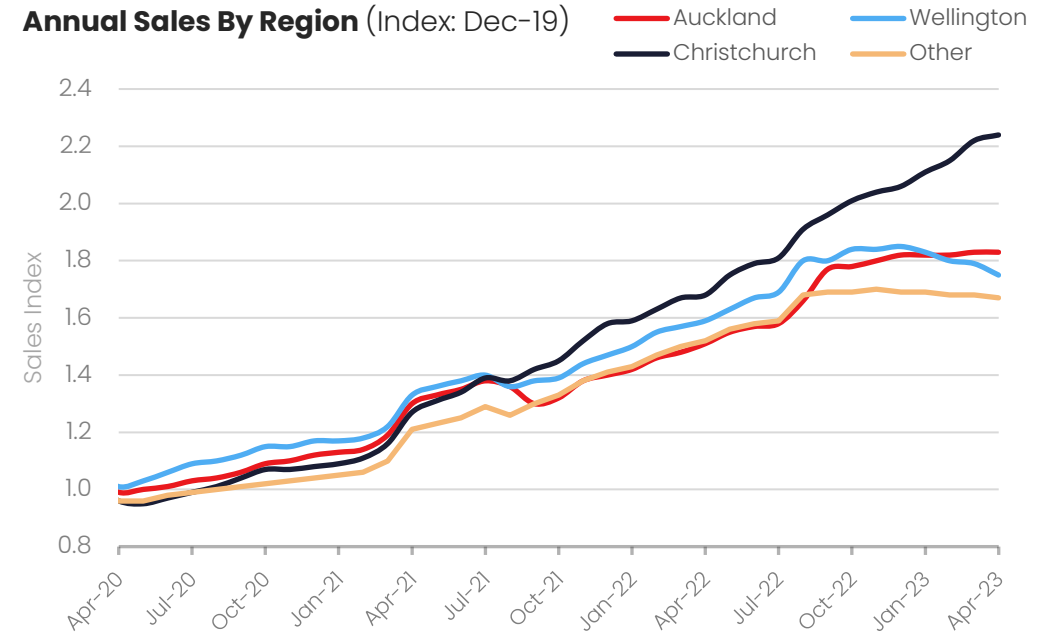
↓ **0.3%**

**Year-on-Year**

↑ **17.5%**

Annual sales growth for Construction debtors has slowed notably since October 2022

**Annual Sales By Region** (Index: Dec-19)



**Christchurch MoM**

↑ **0.9%**

**Everywhere Else MoM**

↓ **0.5%**

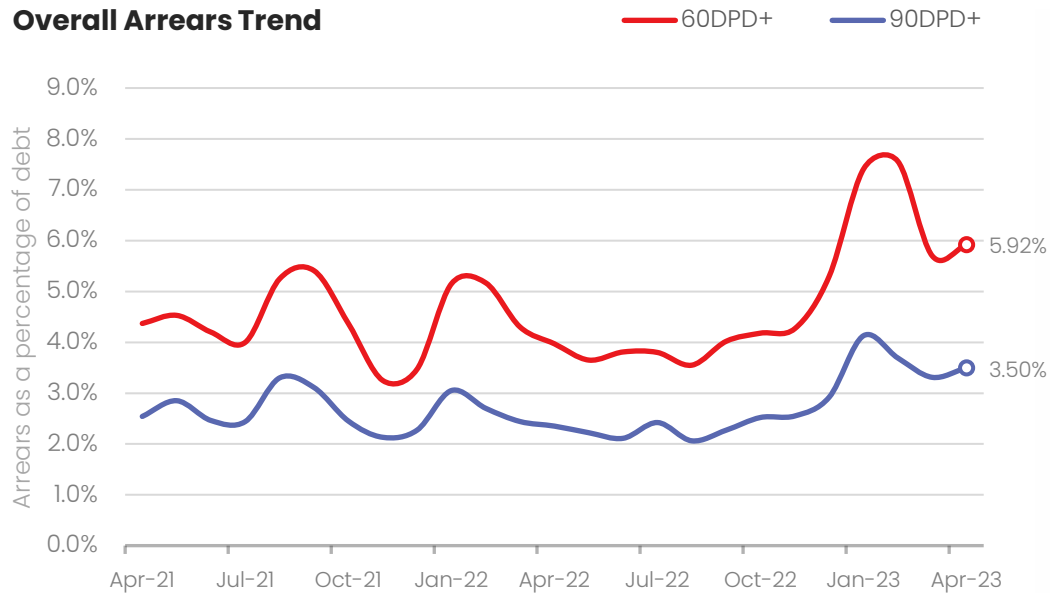
Overall annual Construction sales are being propped up by strong growth in Christchurch debtors.



# Construction Debtors: Arrears

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

## Overall Arrears Trend



### 60DPD+ MoM

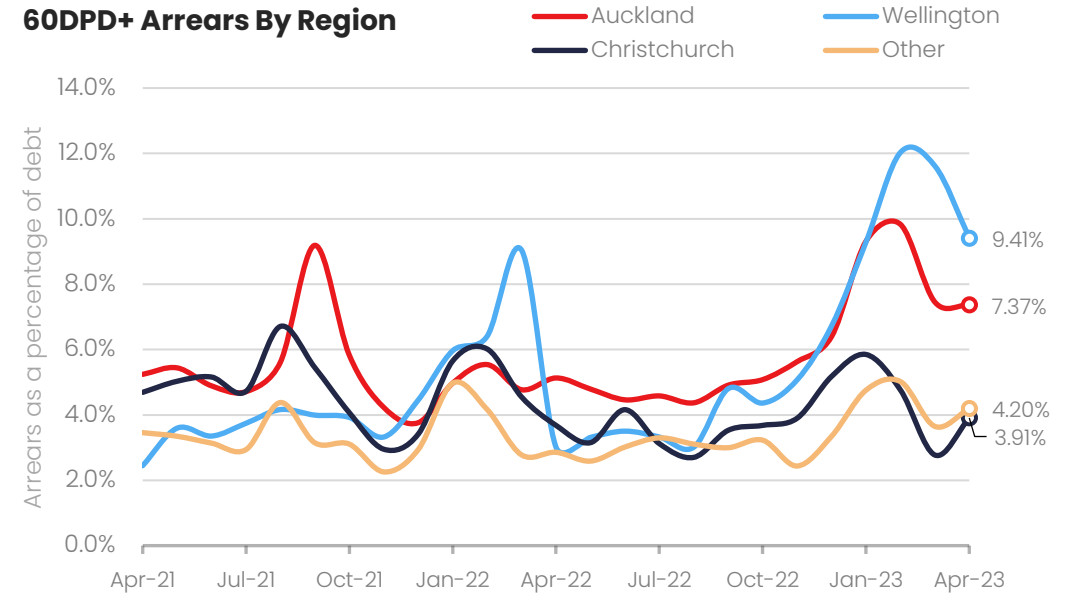
↑ 22bps

### 90DPD+ MoM

↑ 20bps

Both 60DPD+ and 90DPD+ increased in April 2023 and are elevated YoY (up 195bps & 116bps respectively).

## 60DPD+ Arrears By Region

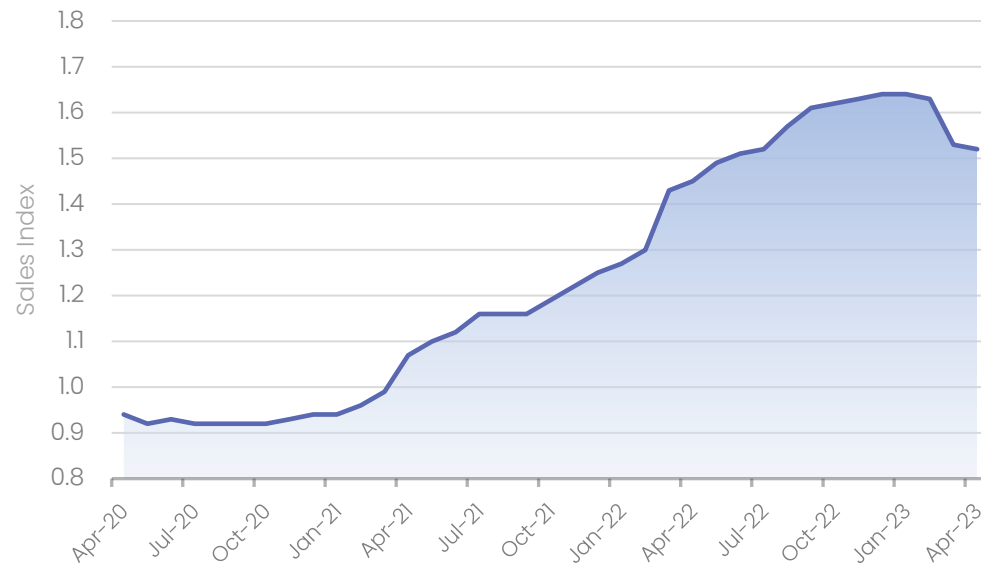


60DPD+ arrears for Wellington based Construction debtors continued to improve through April 2023 (down 221bps). Conversely, 60DPD+ arrears increased across all other regions through April 2023.

# Manufacturing Debtors: Sales Growth

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

**Annual Sales** (Index: Dec-19)



**Month-on-Month**

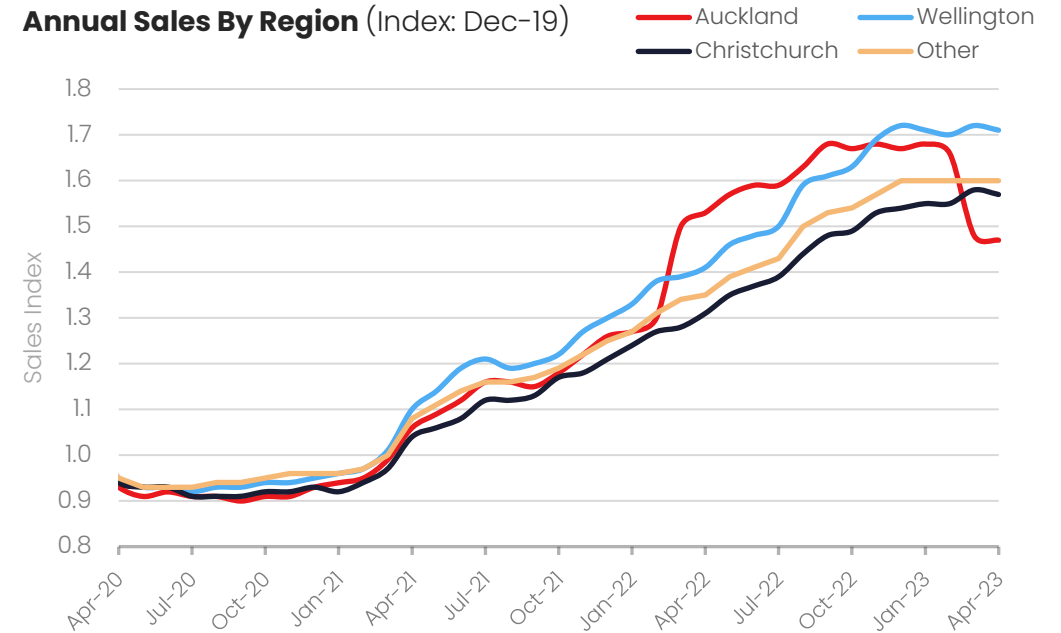
↓ **0.5%**

**Year-on-Year**

↑ **5.1%**

Following a sharp reduction in annual sales growth in March 2023, a further MoM reduction of 0.5% was observed in April 2023.

**Annual Sales By Region** (Index: Dec-19)



**Auckland MoM**

↓ **0.7%**

**Everywhere Else MoM**

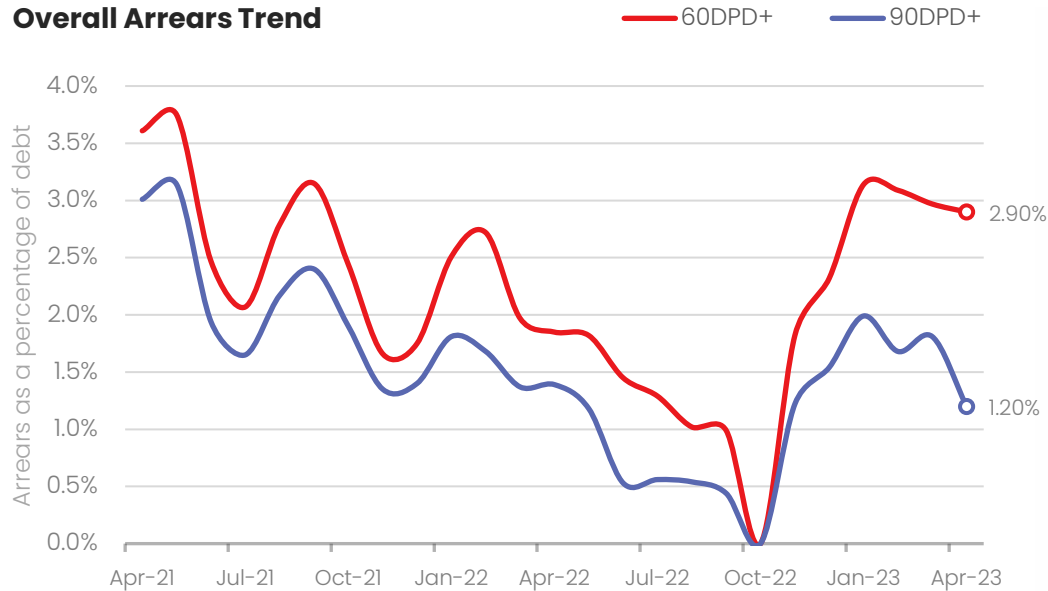
↓ **0.2%**

Annual sales growth for Auckland based debtors has not recovered since its sharp reduction in March.

# Manufacturing Debtors: Arrears

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

**Overall Arrears Trend**



**60DPD+ MoM**

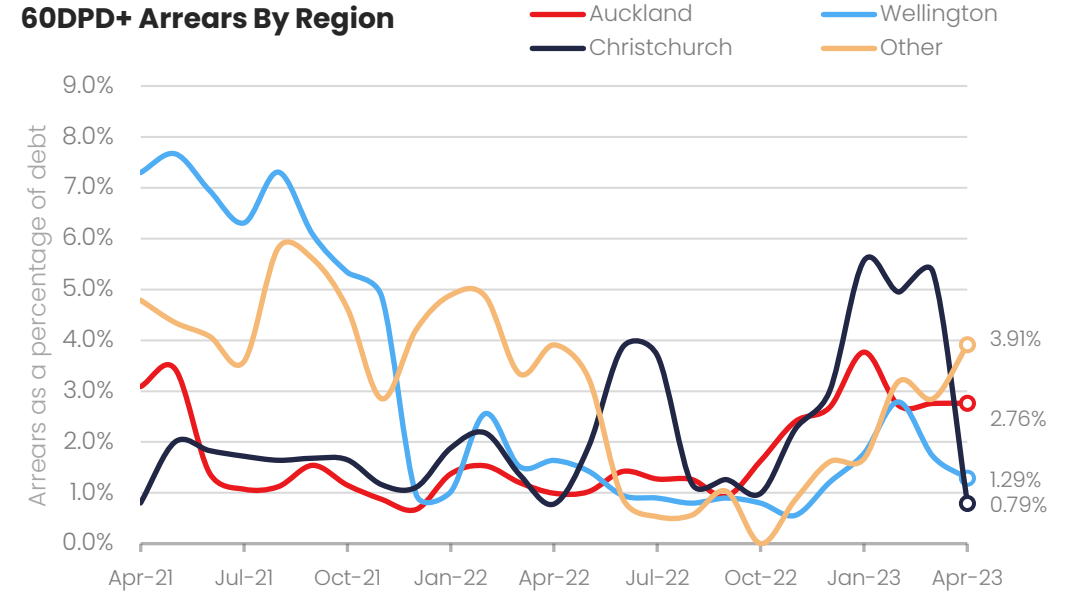
↓ **7bps**

**90DPD+ MoM**

↓ **61bps**

60DPD+ arrears reduced marginally in April 2023, but remain 105bps higher than April 2022. 90+DPD is 19bps lower YoY.

**60DPD+ Arrears By Region**

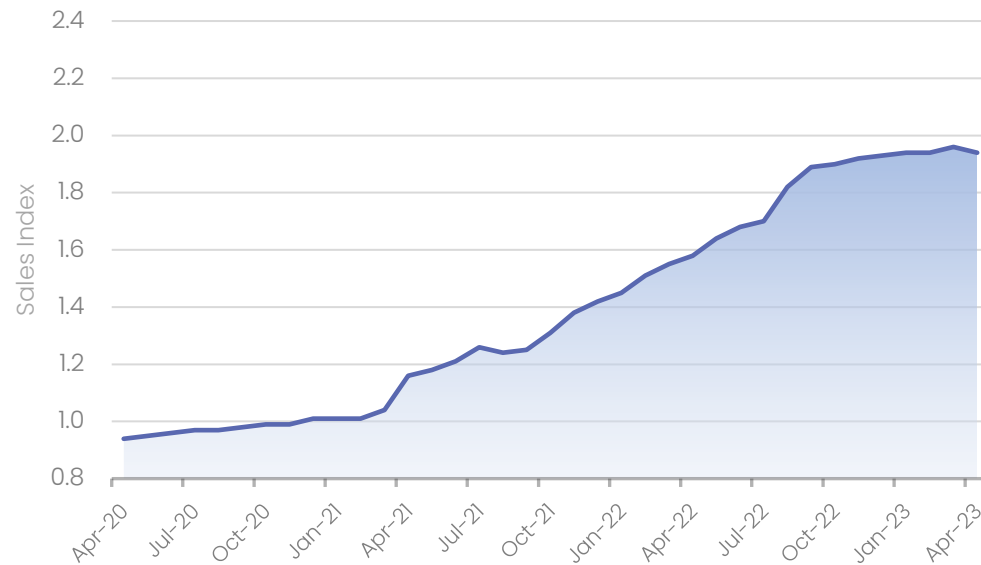


60DPD+ arrears reduced considerably for Christchurch based debtors, down 455bbps (noting it represents a relatively small percentage of overall Manufacturing debt).. The largest region, Auckland, remained unchanged MoM.

# Concrete & Steel Debtors: Sales Growth

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

**Annual Sales** (Index: Dec-19)



**Month-on-Month**

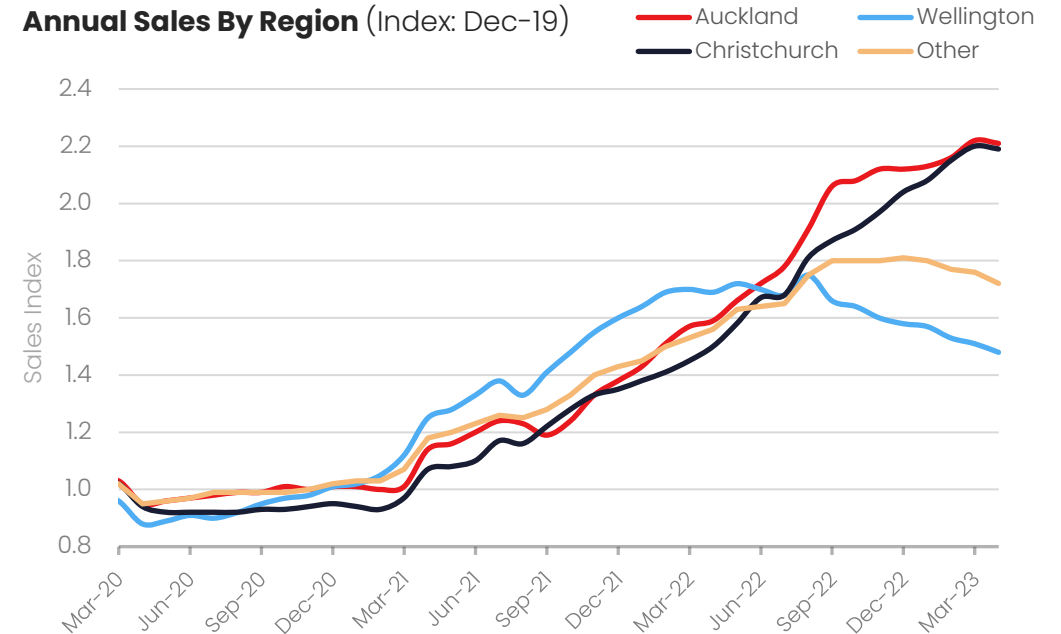
↓ **1.2%**

**Year-on-Year**

↑ **22.8%**

Annual sales growth in Concrete & Steel debtors is flattening, and was down 1.2% month-on-month in April.

**Annual Sales By Region** (Index: Dec-19)



**Auckland MoM**

↓ **0.3%**

**Christchurch MoM**

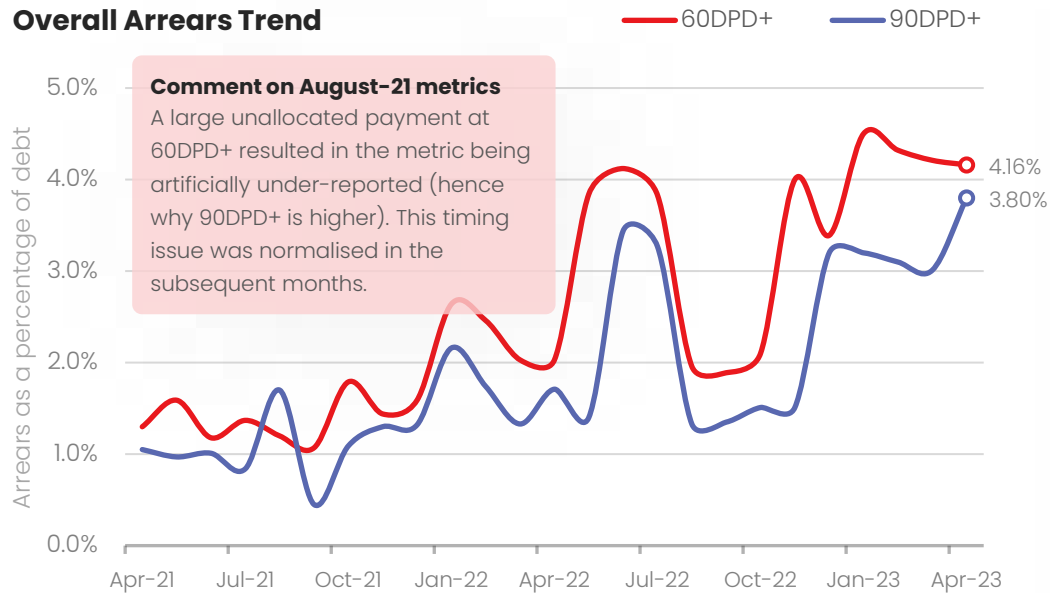
↓ **0.8%**

Sales growth has been bimodal for the regions, but Auckland & Christchurch are showing signs of turning now too.

# Concrete & Steel Debtors: Arrears

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

## Overall Arrears Trend



### 60DPD+ MoM

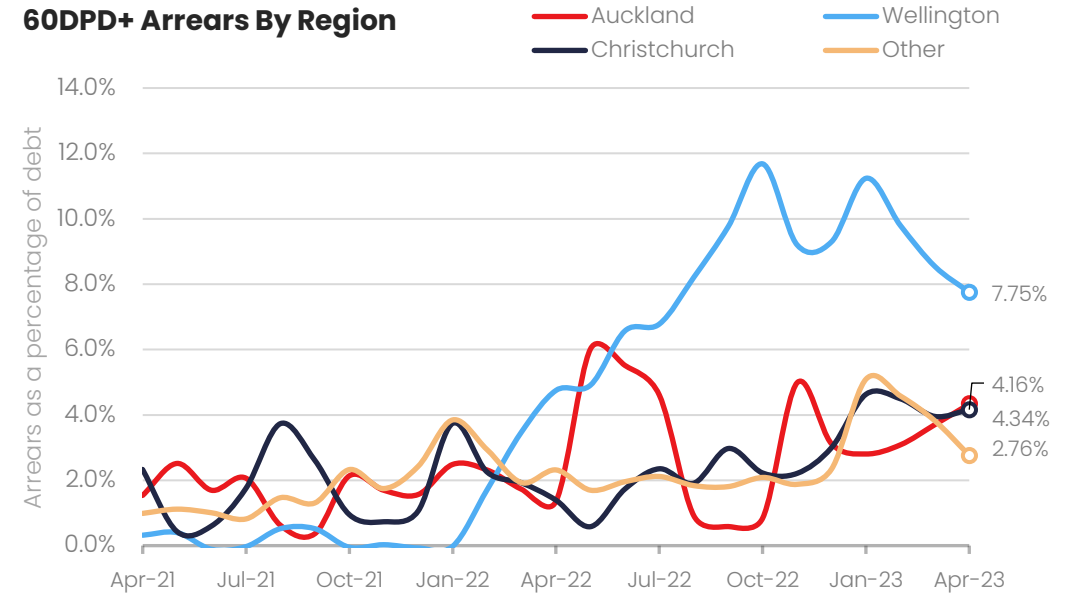
↓ **5bps**

### 90DPD+ MoM

↑ **79bps**

Relatively stable 60DPD+ arrears through April 2023 but 90+DPD worsened considerably. Both remain elevated over the long run.

## 60DPD+ Arrears By Region



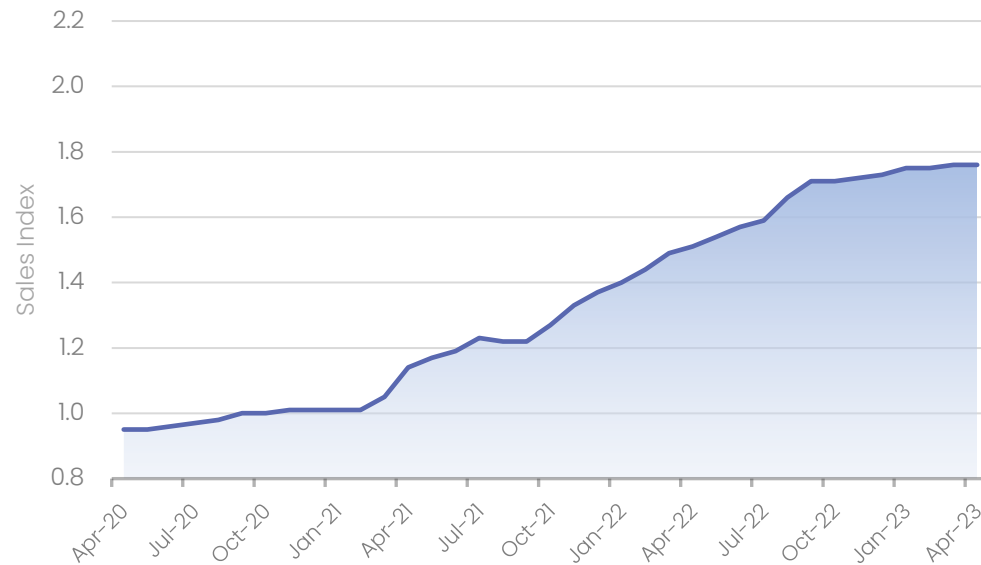
The improvement in 60DPD+ arrears for Wellington based debtors continues (down 79bps in April 2023). However, the position remains significantly higher than the other regions.



# Plumbing & Electrical Debtors: Sales Growth

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

**Annual Sales** (Index: Dec-19)



**Month-on-Month**

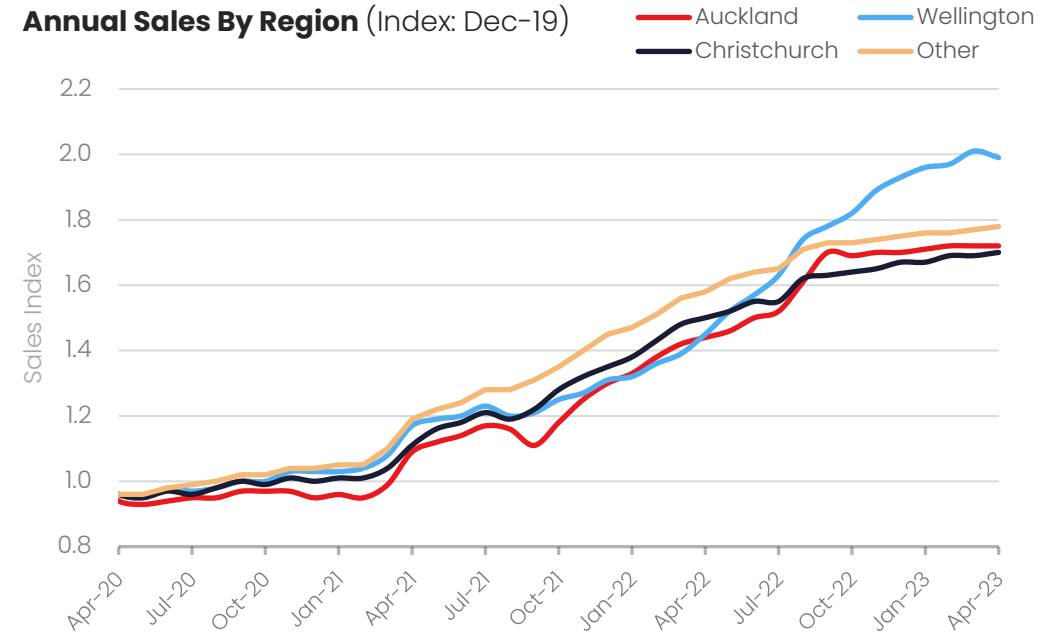
↑ **0.2%**

**Year-on-Year**

↑ **16.7%**

Plumbing & Electrical debtors saw a 0.4% month-on-month decrease in annual sales growth in April 2023.

**Annual Sales By Region** (Index: Dec-19)



**Wellington MoM**

↓ **0.7%**

**Everywhere Else MoM**

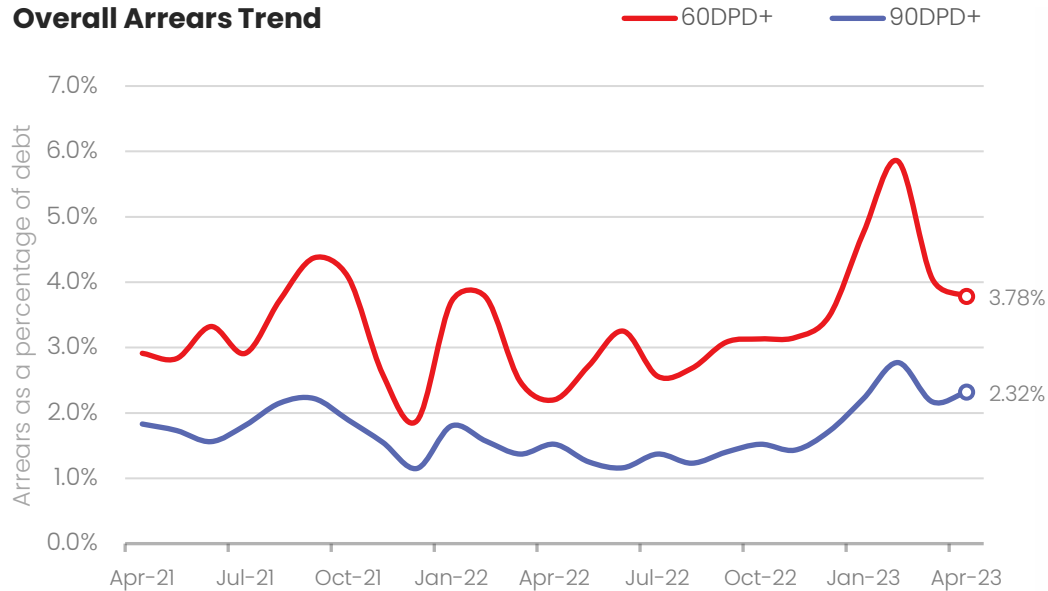
↑ **0.2%**

Following a period of strong annual sales growth, Wellington based debtors are beginning to turn.

# Plumbing & Electrical Debtors: Arrears

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

**Overall Arrears Trend**



**60DPD+ MoM**

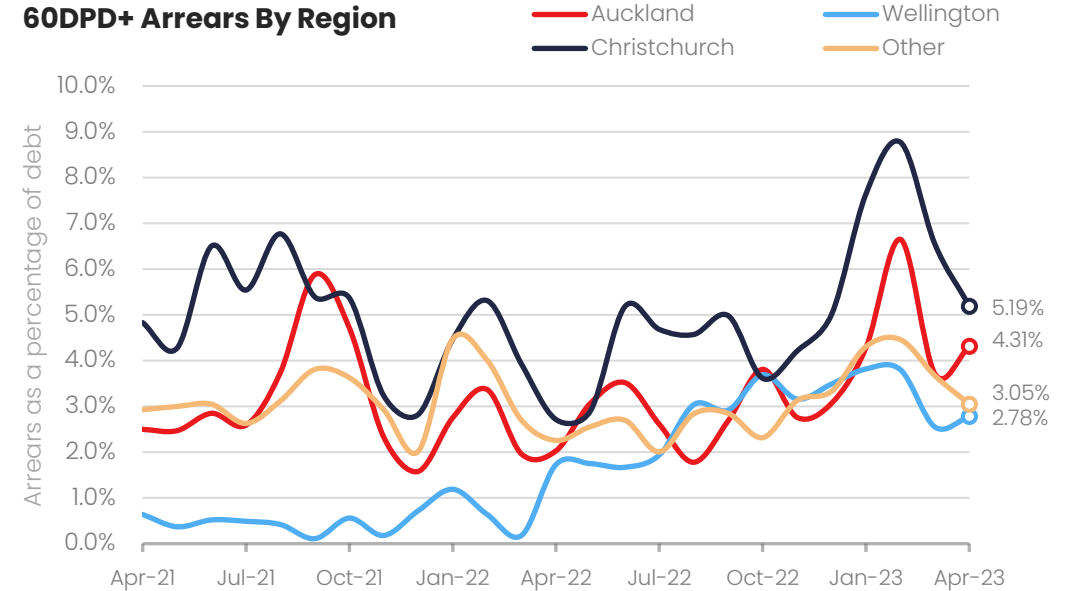
↓ **27bps**

**90DPD+ MoM**

↑ **14bps**

A mixed bag with arrears in April. 60DPD+ have reduced but there has been some roll through to 90DPD+.

**60DPD+ Arrears By Region**

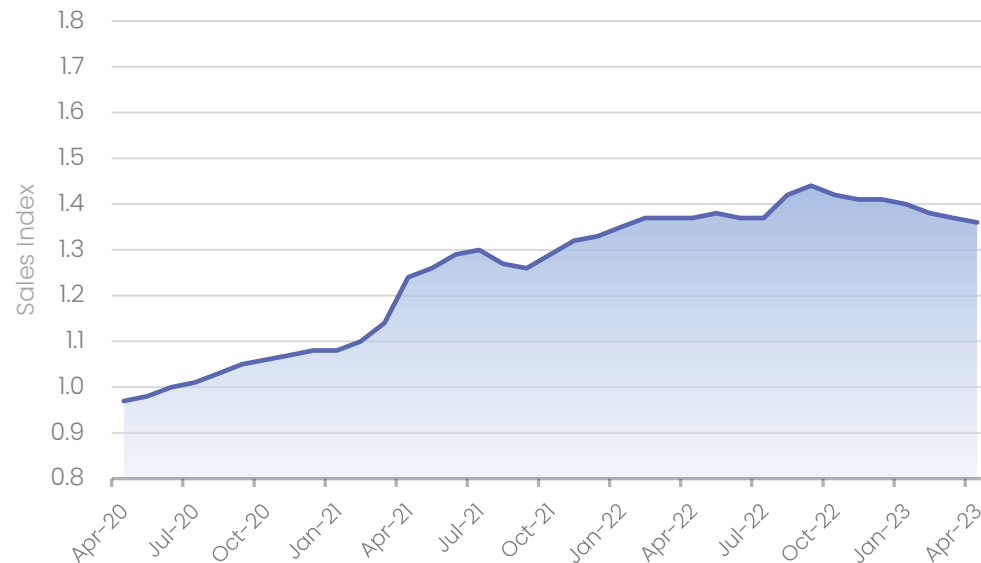


Arrears for Christchurch based debtors continue to improve and led the overall reduction across the country, down 136bps compared to March 2023. Auckland is notably up 60bps month-on-month.

# Retail Debtors: Sales Growth

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

**Annual Sales** (Index: Dec-19)



**Month-on-Month**

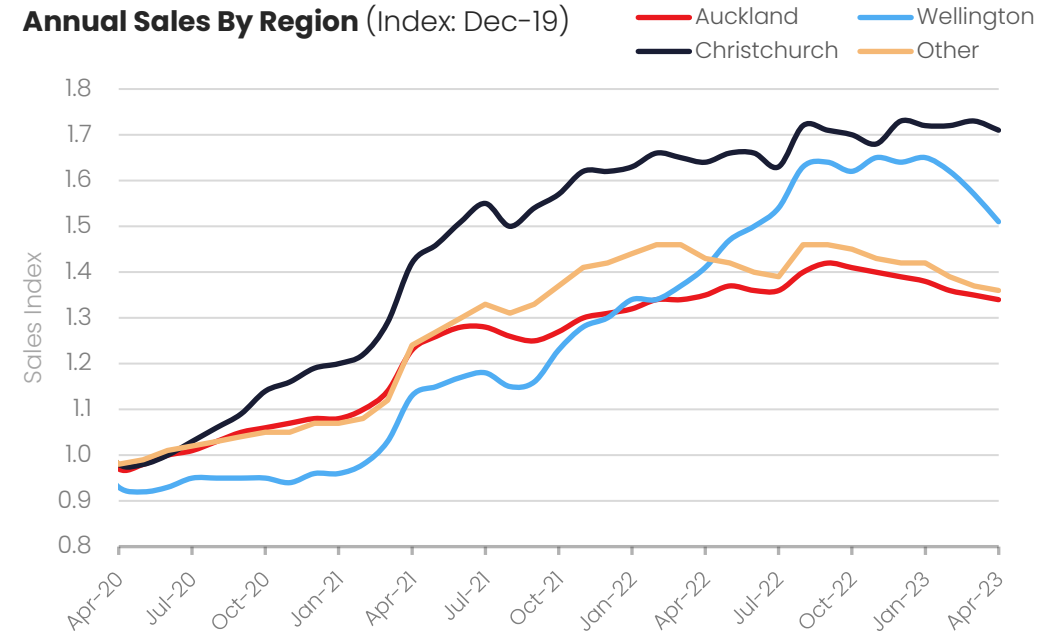
↓ **0.8%**

**Year-on-Year**

↓ **0.7%**

Annual sales growth under Retail debtors has turned over the past year, and fell a further 0.8% in April.

**Annual Sales By Region** (Index: Dec-19)



**Wellington MoM**

↓ **3.7%**

**Everywhere Else MoM**

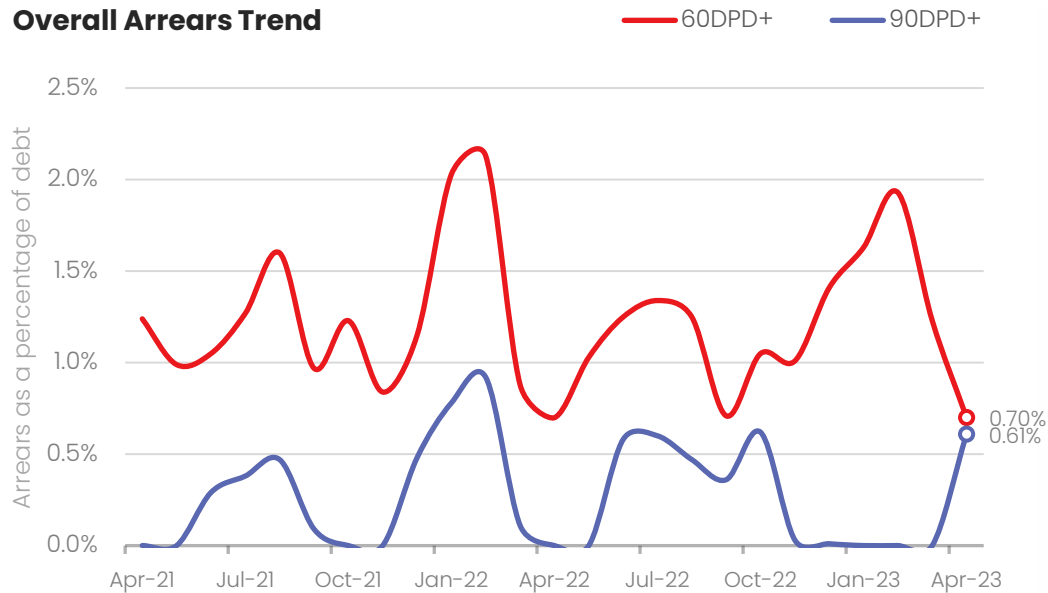
↓ **0.8%**

Sales growth for Retail debtors is holding up in Christchurch but falling elsewhere. Wellington was down materially in April 2023.

# Retail Debtors: Arrears

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

## Overall Arrears Trend



### 60DPD+ MoM

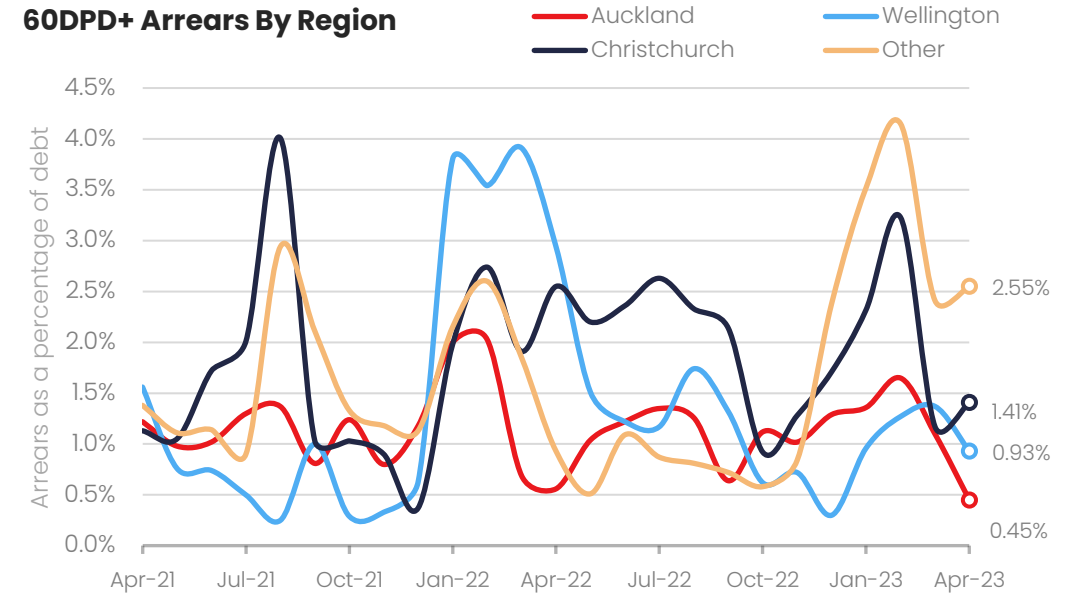
↓ 53bps

### 90DPD+ MoM

↑ 61bps

Material reduction in 60DPD+ arrears was observed through April 2023. After a period of nil, 90DPD+ have begun to emerge in April 2023.

## 60DPD+ Arrears By Region

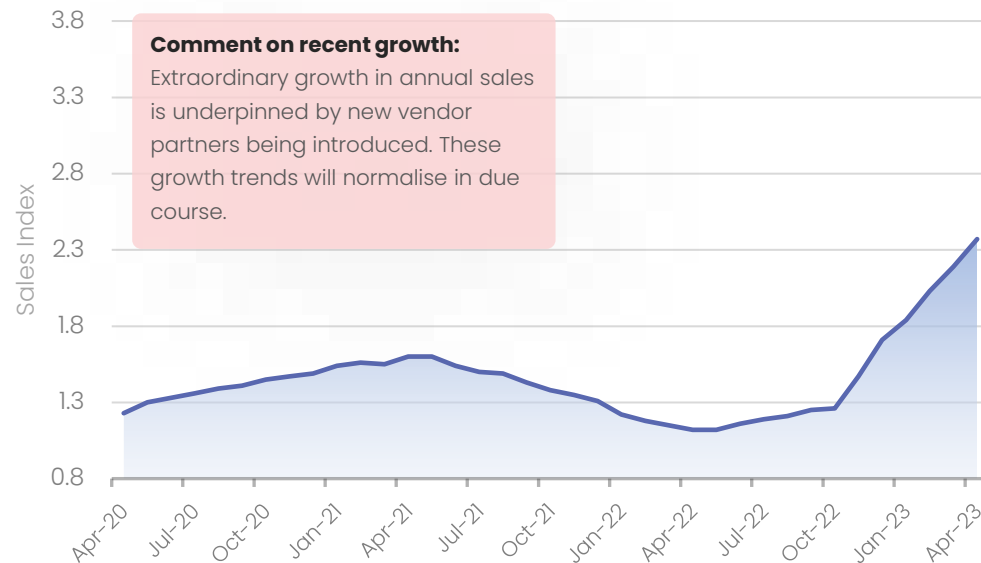


Auckland based debtors underpinned the overall reduction 60DPD+ arrears in April 2023, down 64bps month-on-month.

# Hospitality Debtors: Sales Growth

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

**Annual Sales** (Index: Dec-19)



**Month-on-Month**

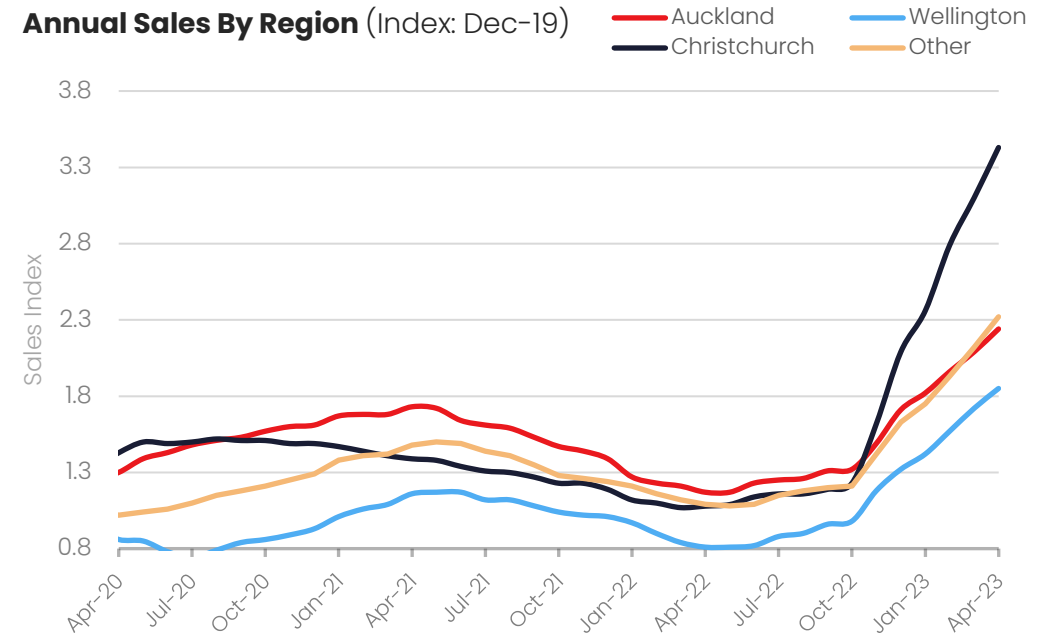
↑ **8.2%**

**Year-on-Year**

↑ **112.2%**

Growth in annual sales are currently skewed due to new vendor partners. This will normalise in due course.

**Annual Sales By Region** (Index: Dec-19)



**Auckland MoM**

↑ **7.0%**

**Everywhere Else MoM**

↑ **10.8%**

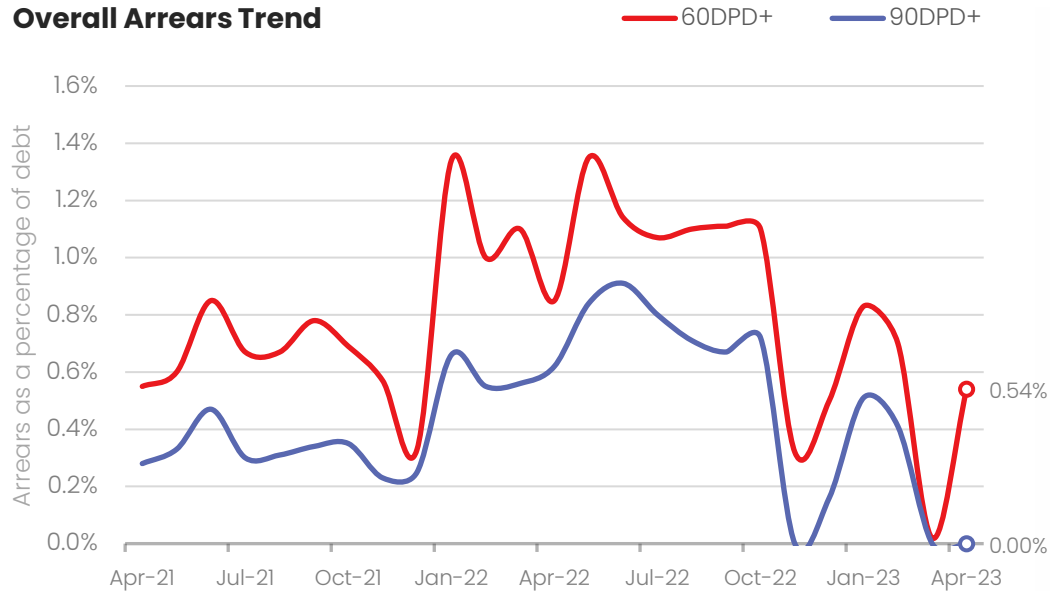
Growth in annual sales are currently skewed due to new vendor partners. This will normalise in due course.



# Hospitality Debtors: Sales Growth

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

**Overall Arrears Trend**



**60DPD+ MoM**

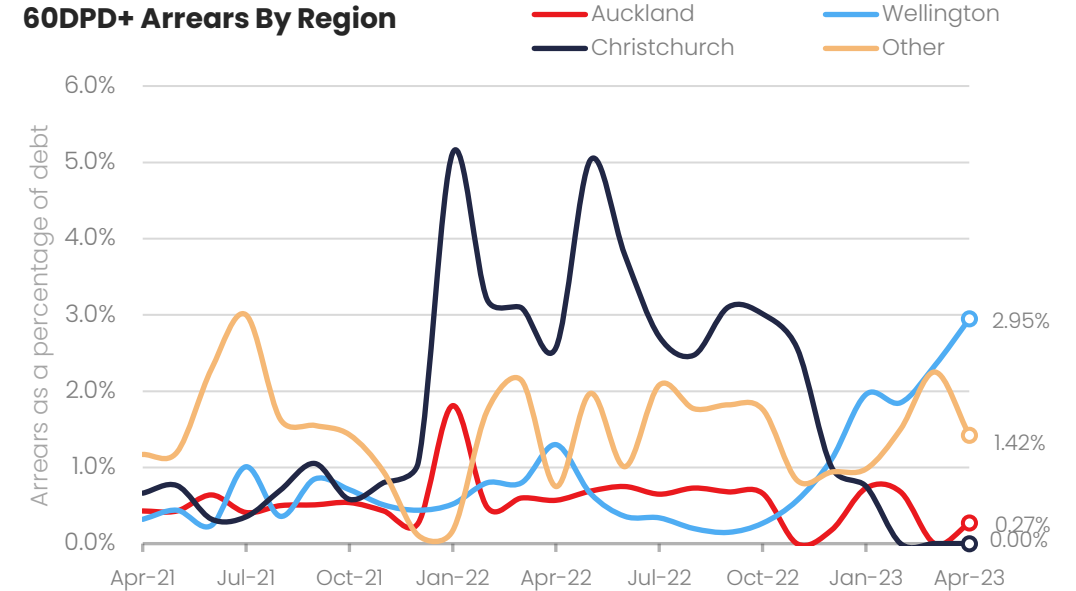
↑ **52bps**

**90DPD+ MoM**

→ **0bps**

60DPD+ arrears increased 52bps MoM in April 2023. Comparison against the prior year is not possible given the change in the overall profile.

**60DPD+ Arrears By Region**

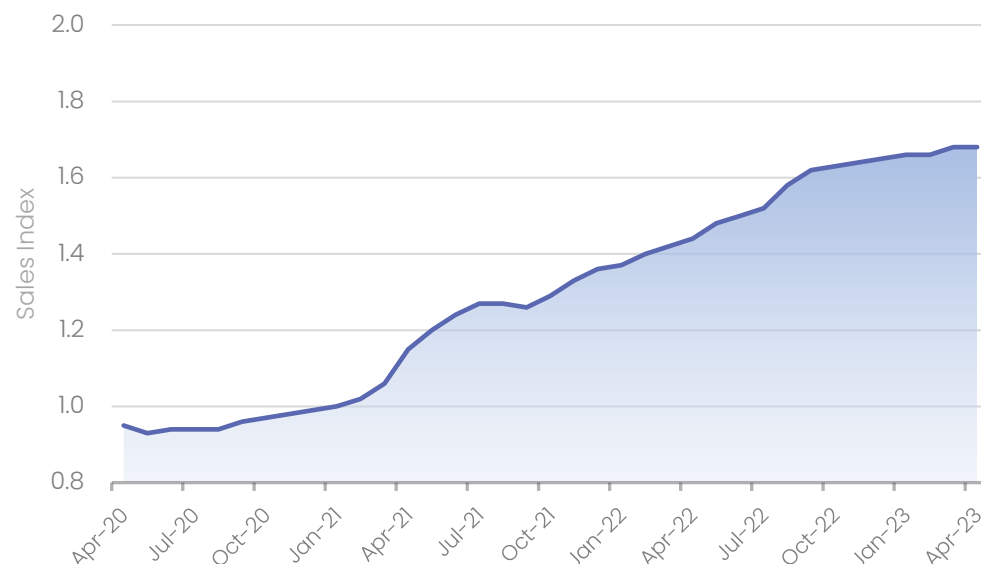


The increase in 60DPD+ arrears was underpinned by debtors based in Auckland and Wellington, up 27bps and 61bps respectively.

# Aggregated Other Debtors: Sales Growth

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

**Annual Sales** (Index: Dec-19)



**Month-on-Month**

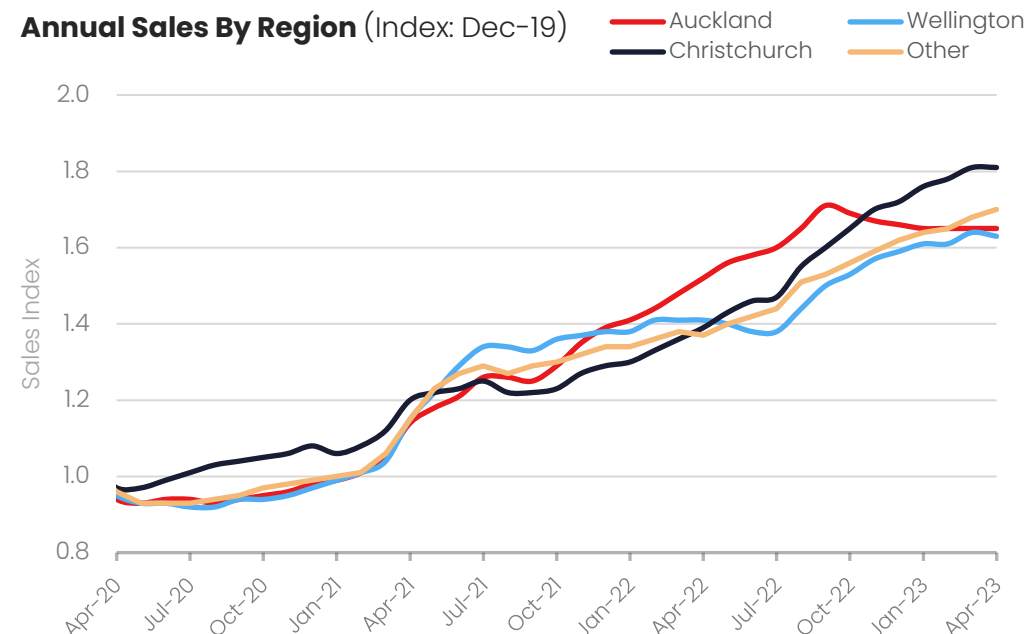
↑ **0.2%**

**Year-on-Year**

↑ **16.4%**

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

**Annual Sales By Region** (Index: Dec-19)



**Christchurch MoM**

↑ **0.4%**

**Everywhere Else MoM**

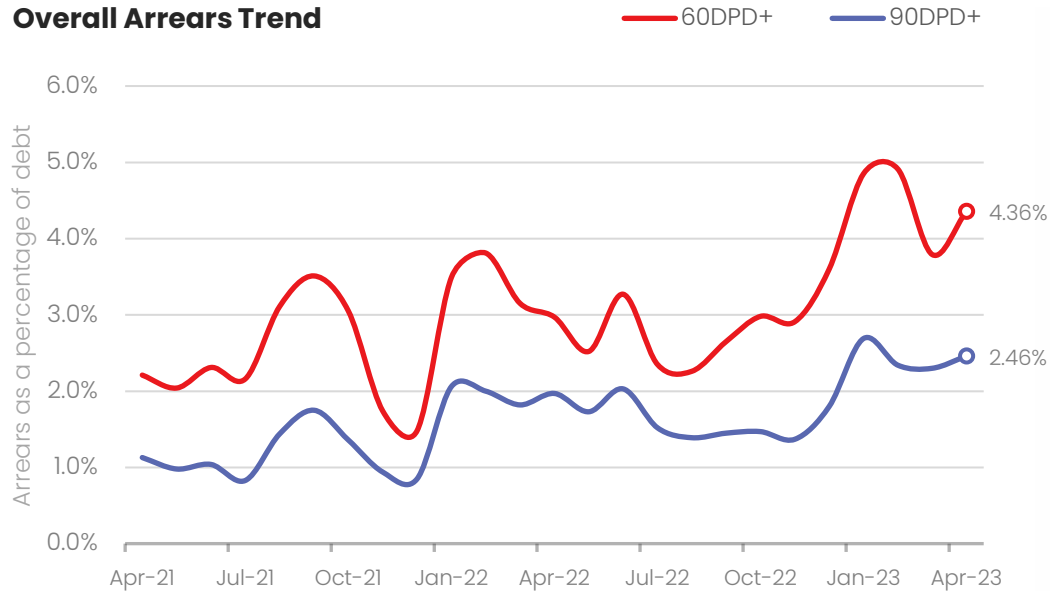
↑ **0.2%**

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

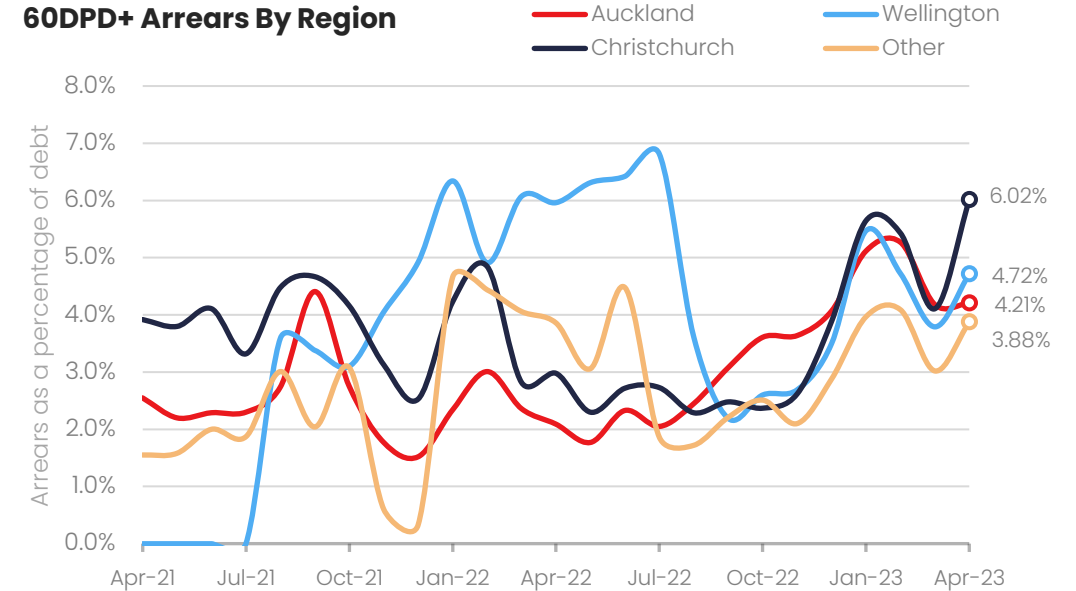
↑ 57bps

### 90DPD+ MoM

↑ 16bps

60DPD+ and 90DPD+ arrears were both up MoM in April 2023, and are elevated compared to April 2022 (+139bps and 49bps respectively).

## 60DPD+ Arrears By Region



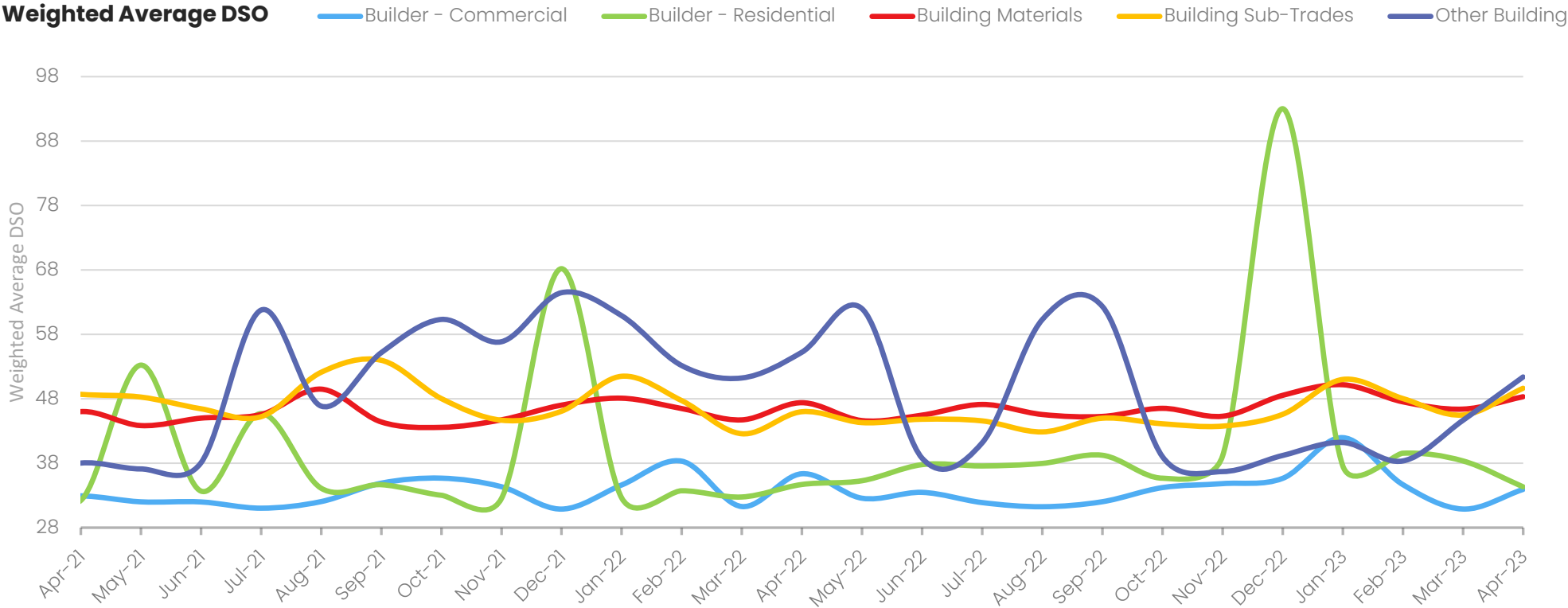
All regions saw a month-on-month deterioration in 60DPD+ arrears through April 2023.



# Vendor Industry DSO **Insights.**

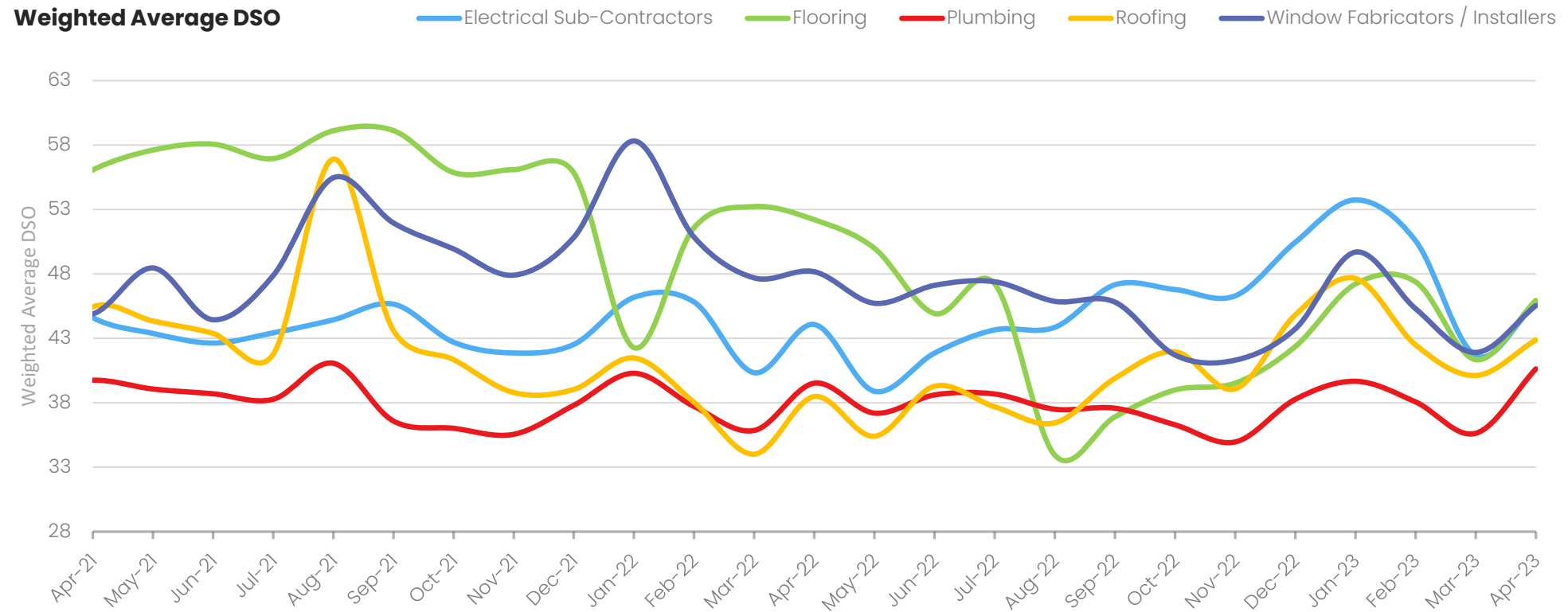
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# Days Sales Outstanding by Vendor Industry (1 of 6)



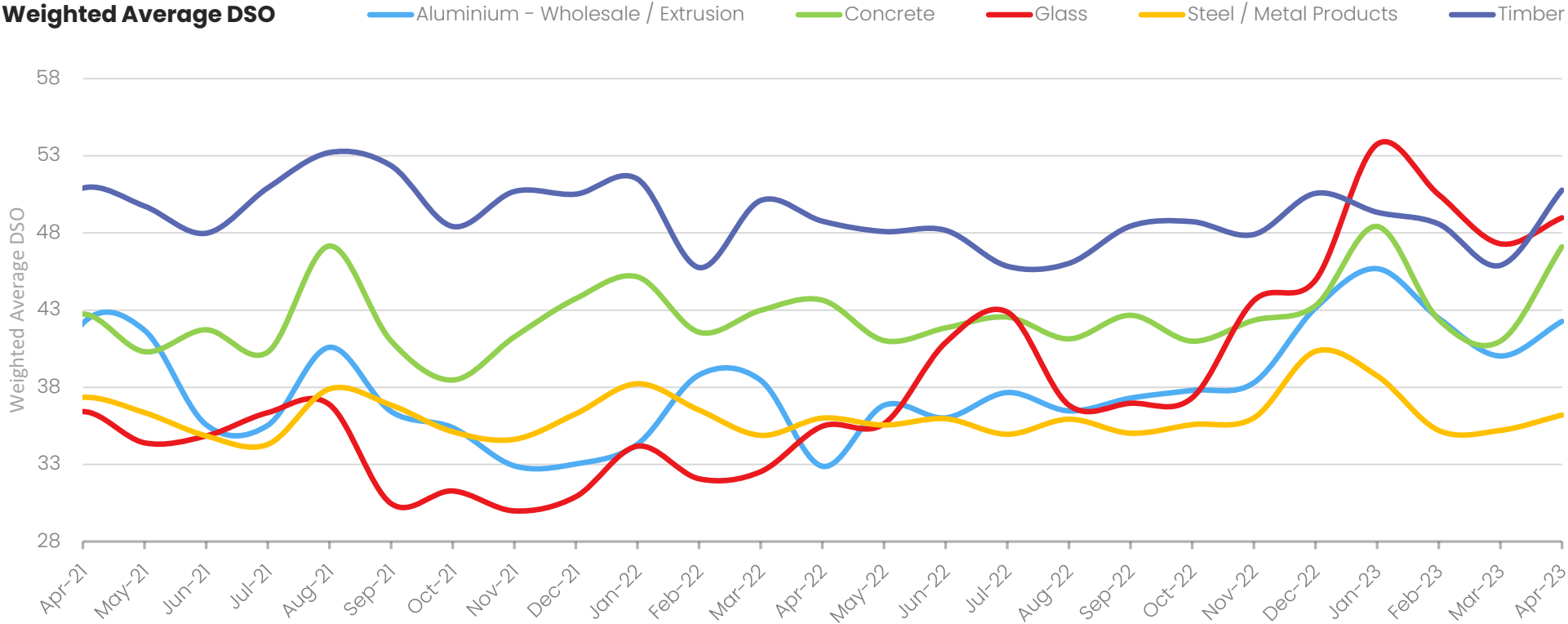


# Days Sales Outstanding by Vendor Industry (2 of 6)

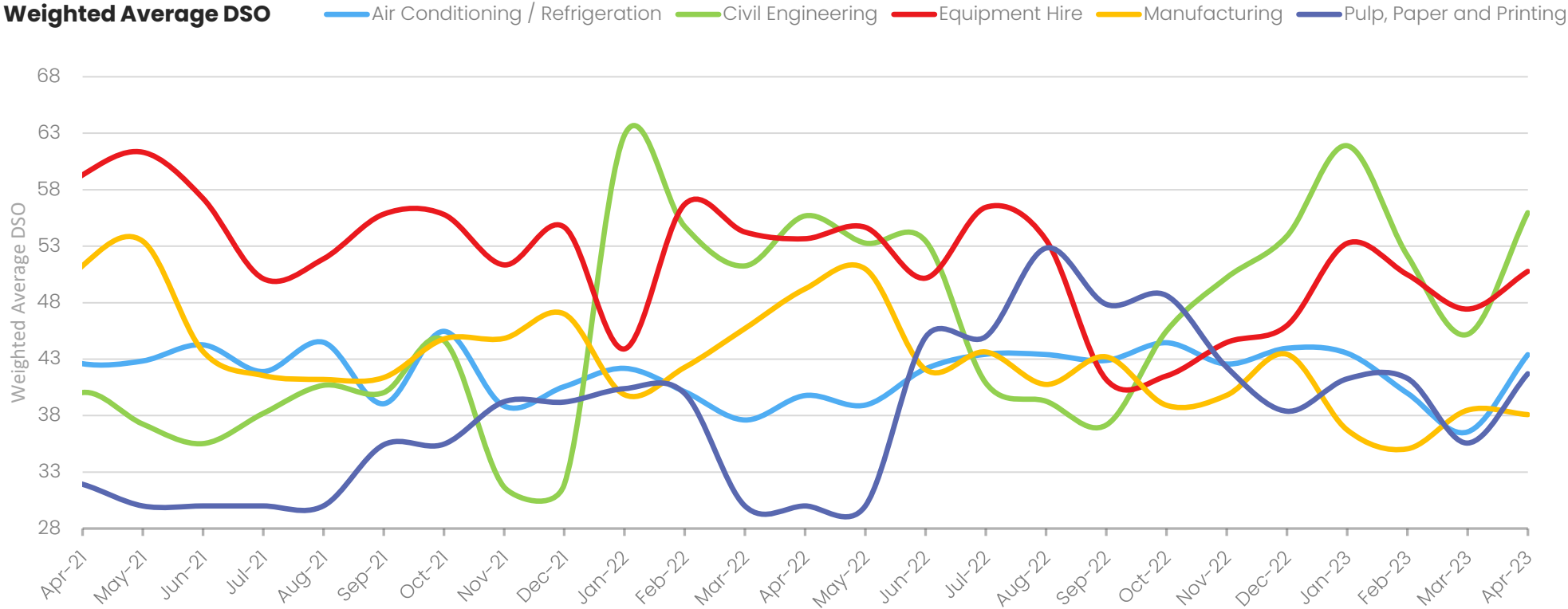


# Days Sales Outstanding by Vendor Industry (3 of 6)

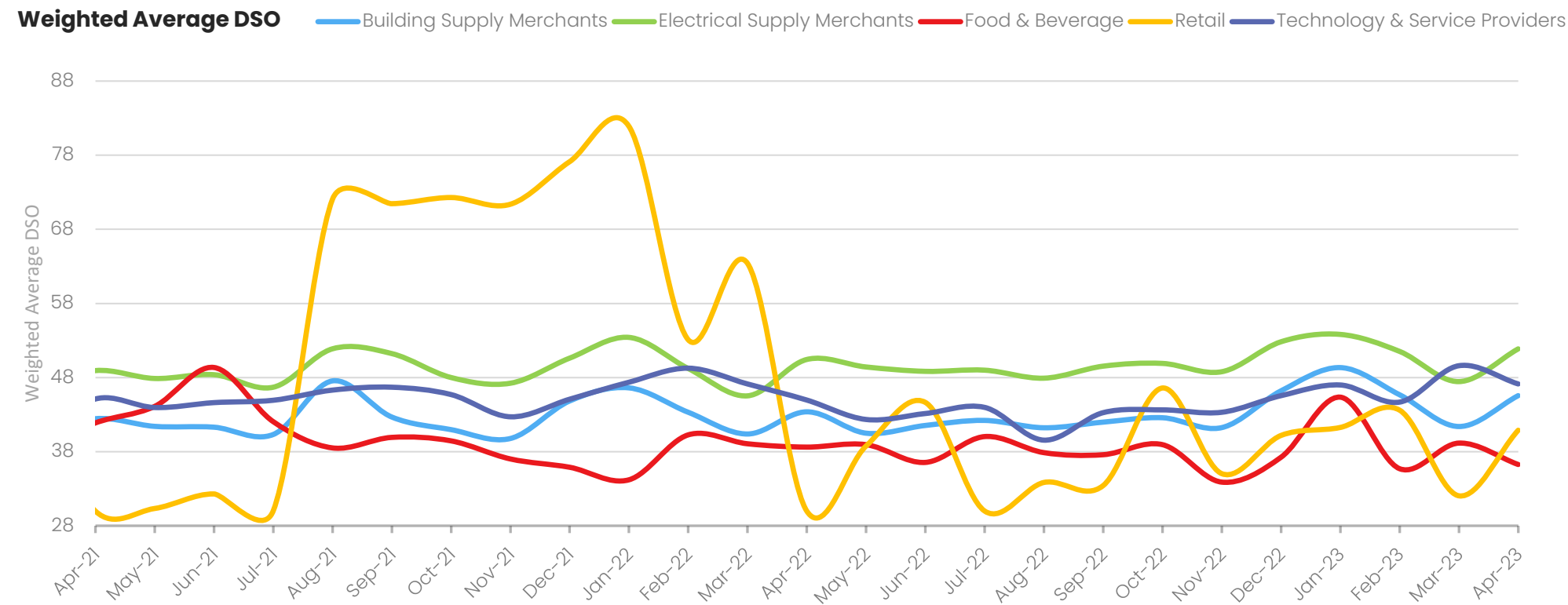
Weighted Average DSO



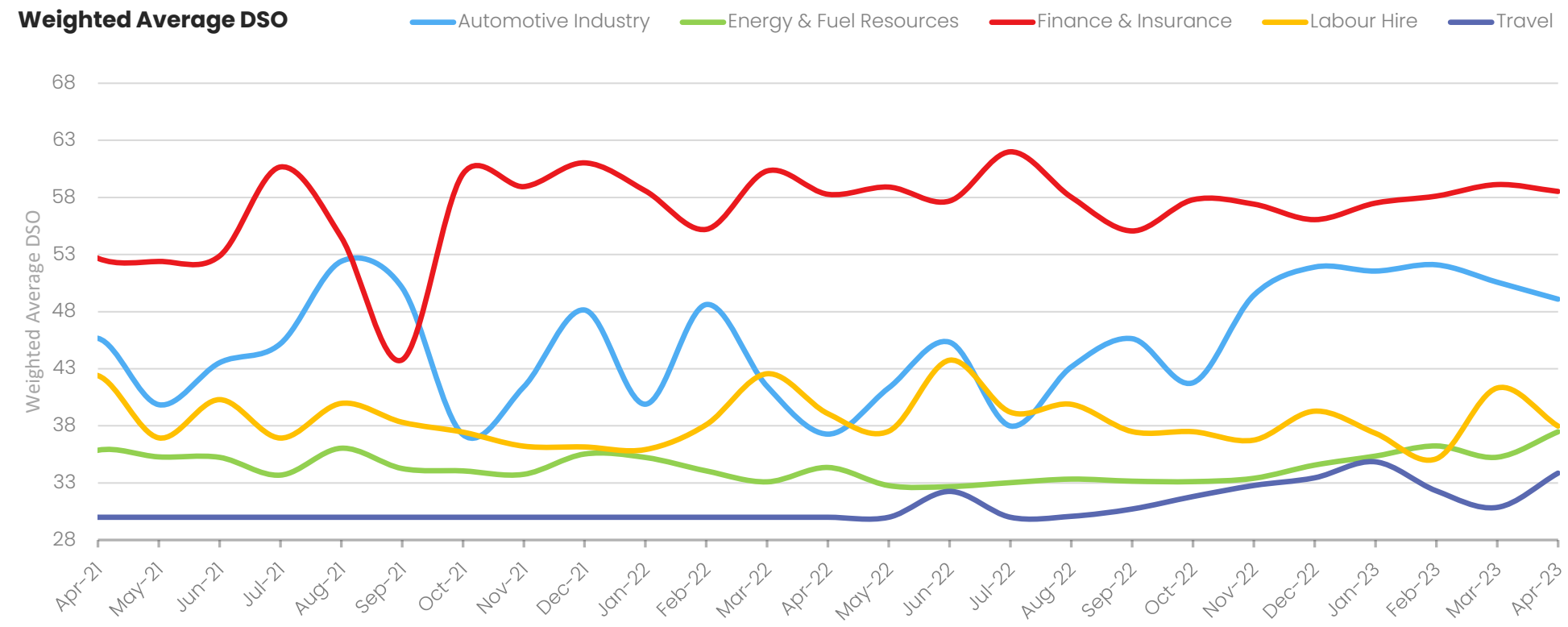
# Days Sales Outstanding by Vendor Industry (4 of 6)



# Days Sales Outstanding by Vendor Industry (5 of 6)



# Days Sales Outstanding by Vendor Industry (6 of 6)

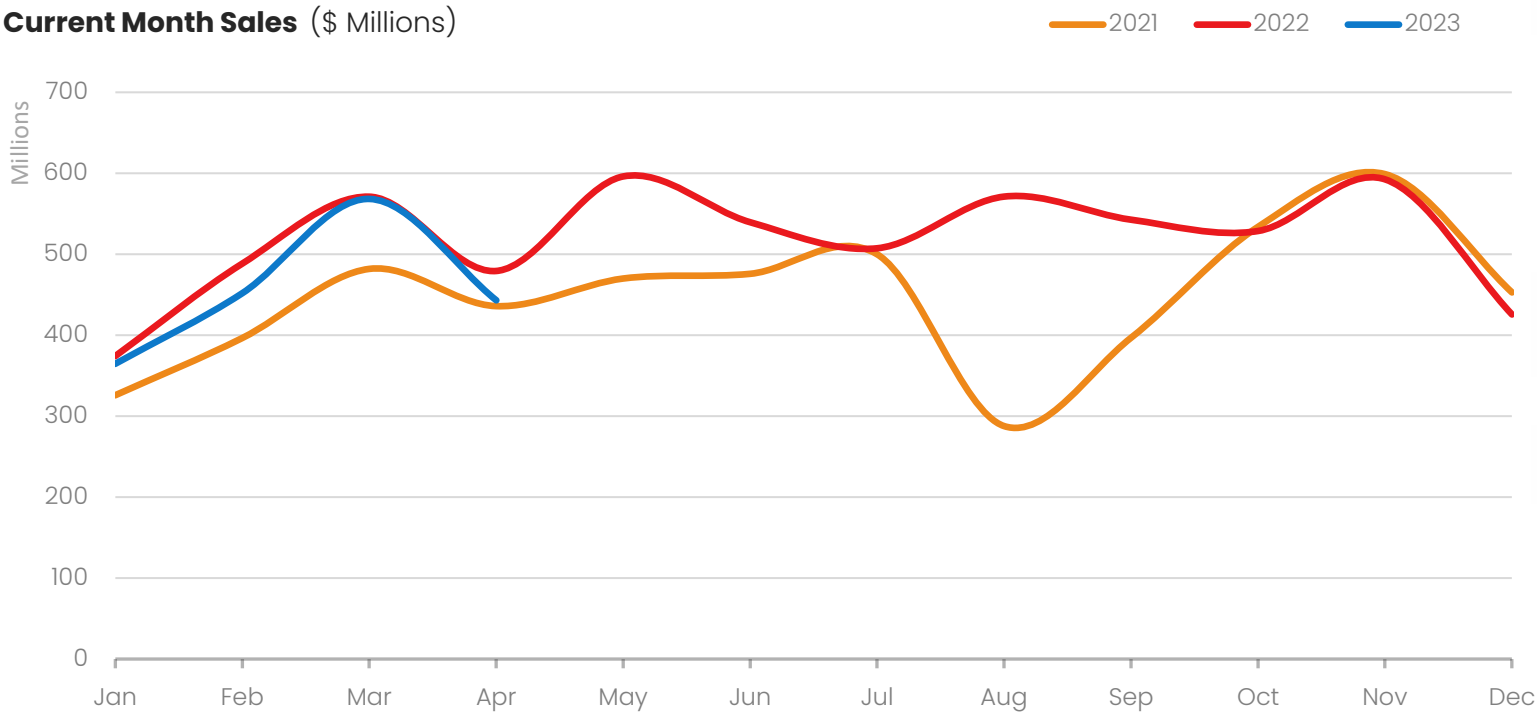




# Building Merchant **Insights.**

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# Building Merchant Current Month Sales



## Month-on-Month

↓ **22.0%**

Monthly sales decreased by 22.0% from March 2023 to April 2023.

## Year-on-Year

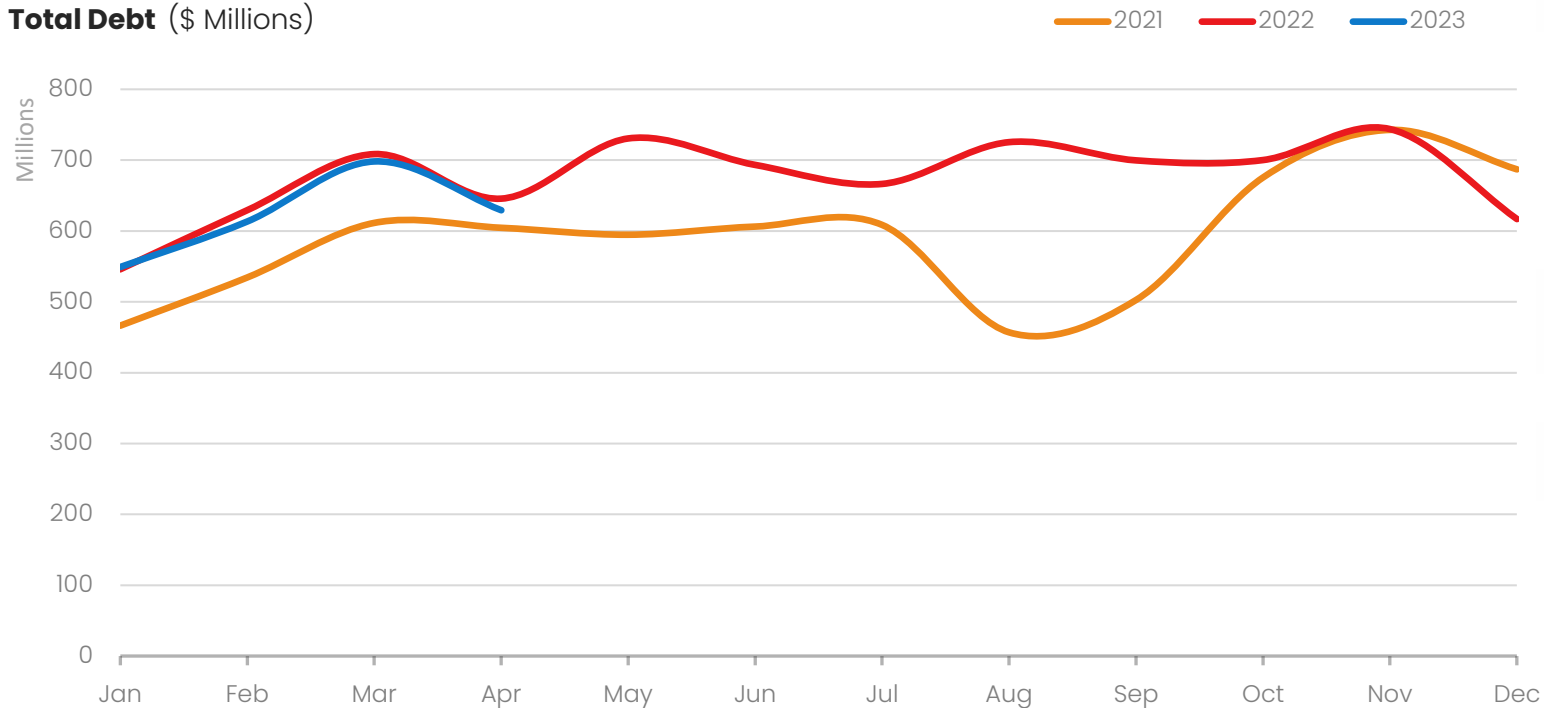
↓ **7.5%**

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



# Building Merchant Total Debt

Total Debt (\$ Millions)



## Month-on-Month

↓ **9.9%**

Total Debt decreased by 9.9% from March 2023 to April 2023.

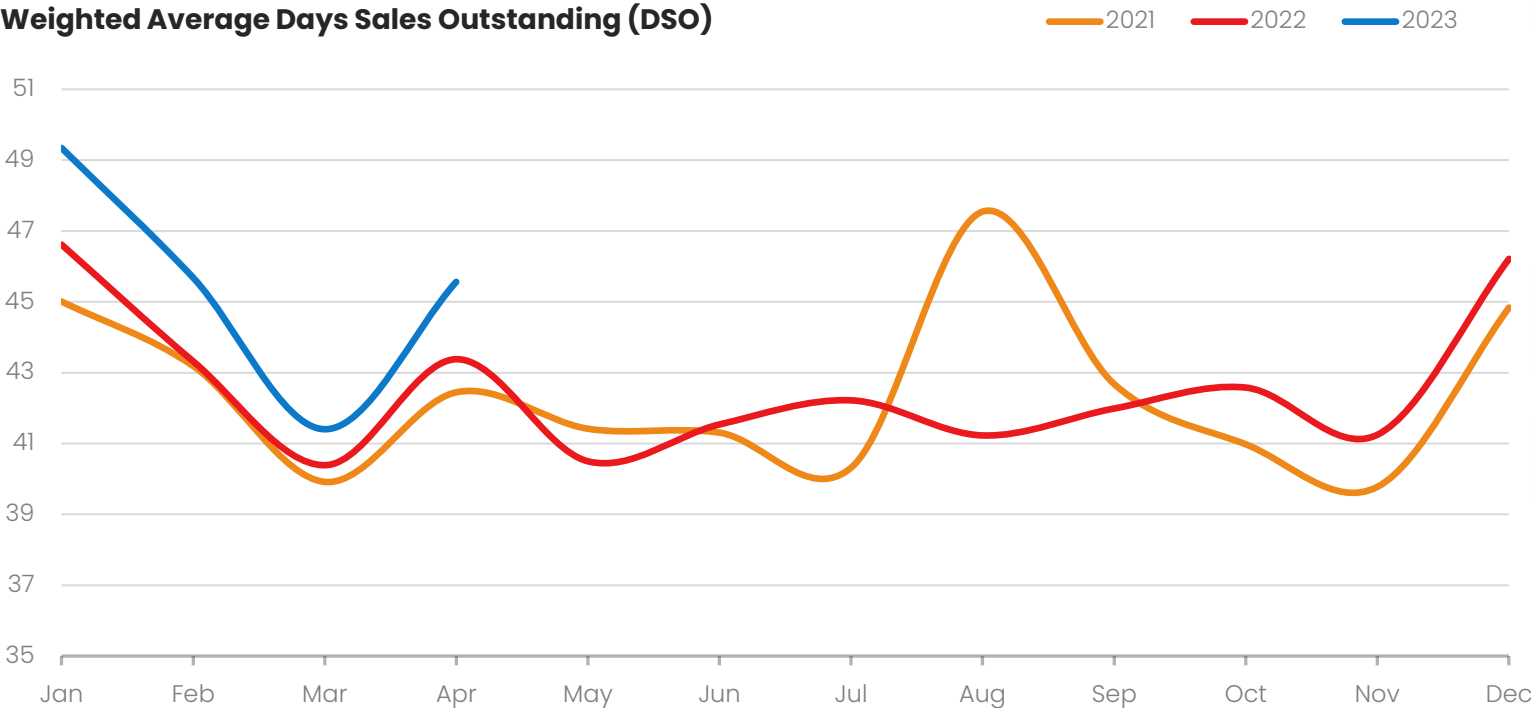
## Year-on-Year

↓ **2.5%**

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

# Building Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

**↑ 10.0%**

Weighted average DSO increased by 10.0% from March to April 2023.

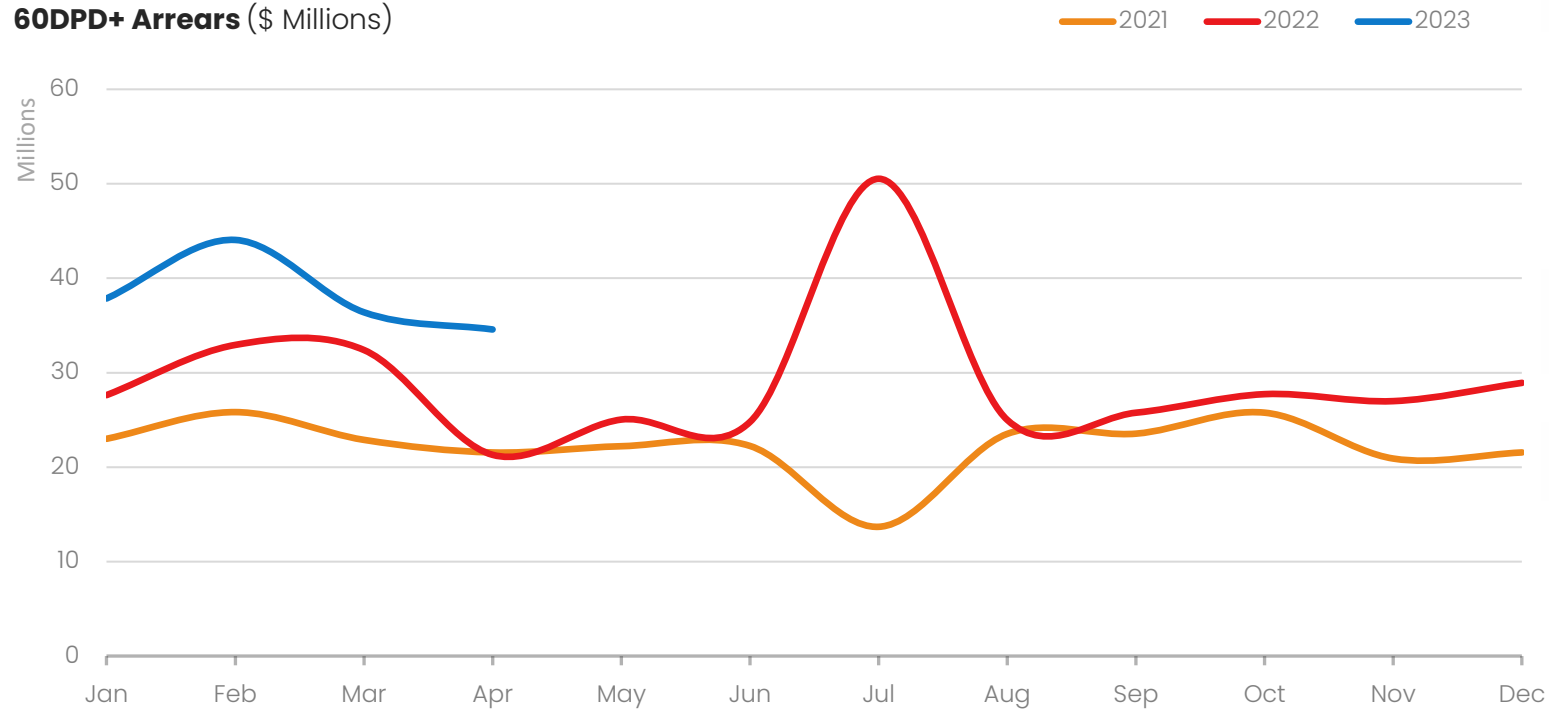
Year-on-Year

**↑ 5.0%**

Weighted average DSO was 5.0% higher in April 2023 vs April 2022.

# Building Merchant Arrears in Dollars (60+DPD)

60DPD+ Arrears (\$ Millions)



## Month-on-Month



**5.0%**

60DPD+ arrears were down 5.0% from March 2023 to April 2023.

## Year-on-Year

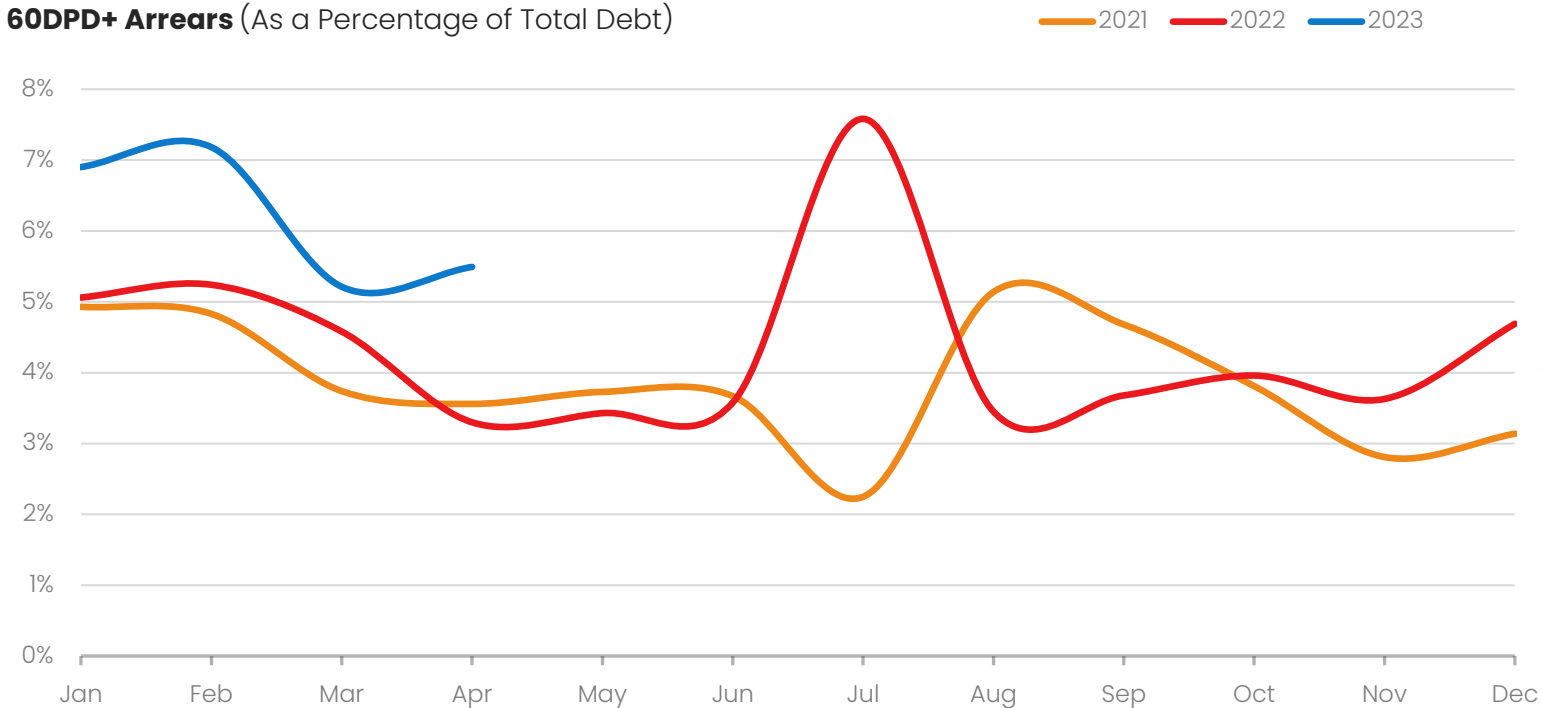


**62.2%**

60DPD+ arrears were up 62.2% from April 2022 to April 2023.

# Building Merchant Arrears in Percentages (60+DPD)

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



## Month-on-Month

↑ **28bps**

60DPD+ arrears were 28bps higher in April 2023 compared to March 2023.

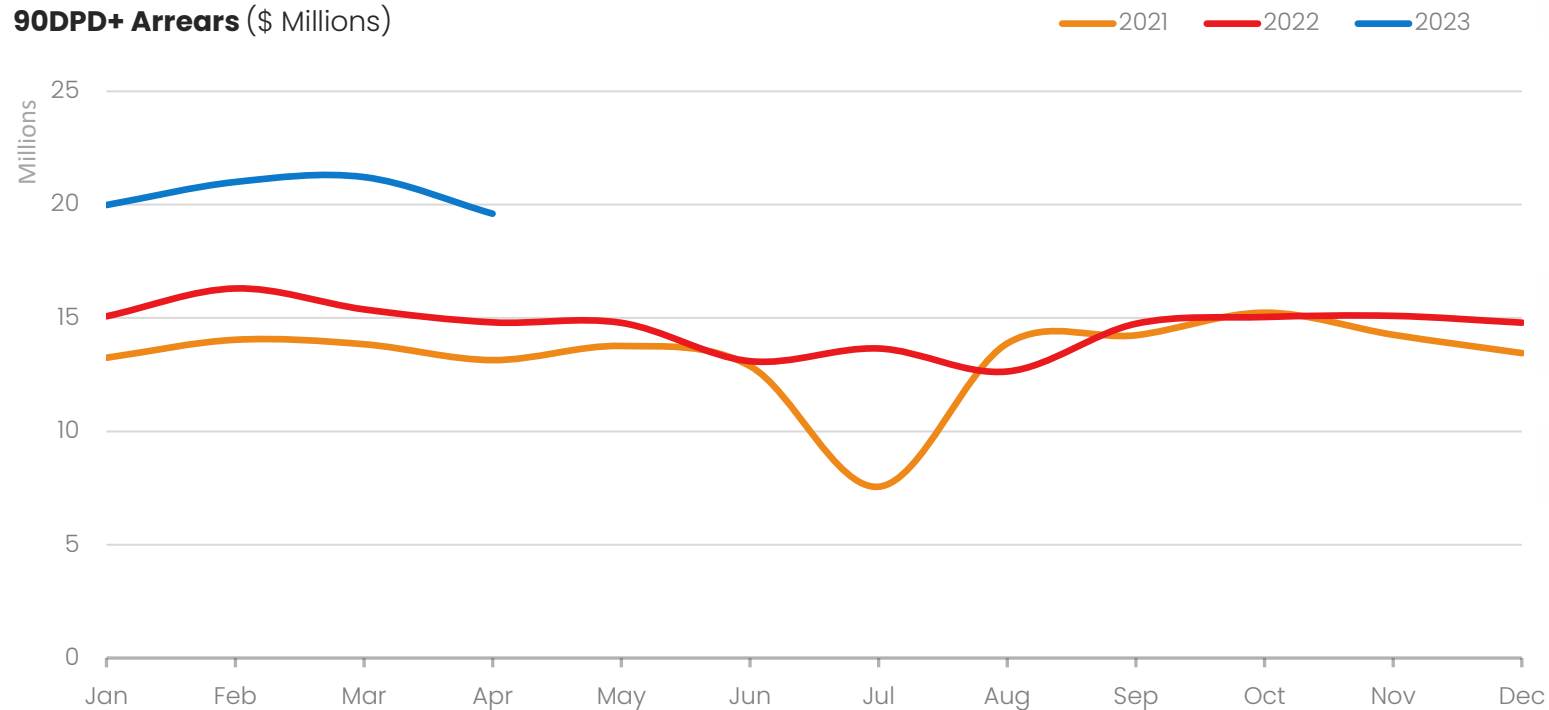
## Year-on-Year

↑ **219bps**

60DPD+ arrears were 219bps higher in April 2023 compared to April 2022.

# Building Merchant Arrears in Dollars (90+DPD)

90DPD+ Arrears (\$ Millions)



## Month-on-Month

↓ **7.6%**

90DPD+ arrears were down 7.6% from March 2023 to April 2023.

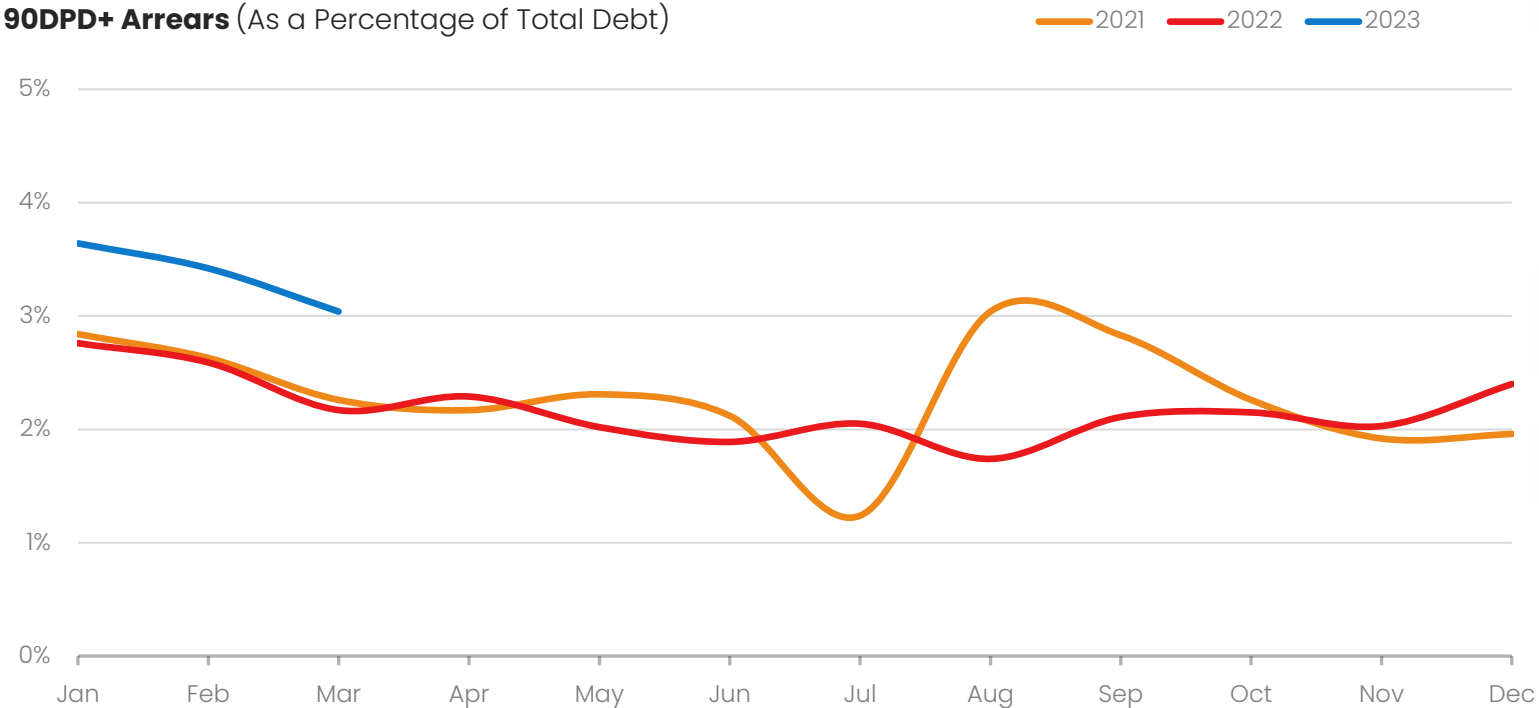
## Year-on-Year

↑ **32.4%**

90DPD+ arrears were up 32.4% from April 2022 to April 2023.

# Building Merchant Arrears in Percentages (90+DPD)

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



## Month-on-Month

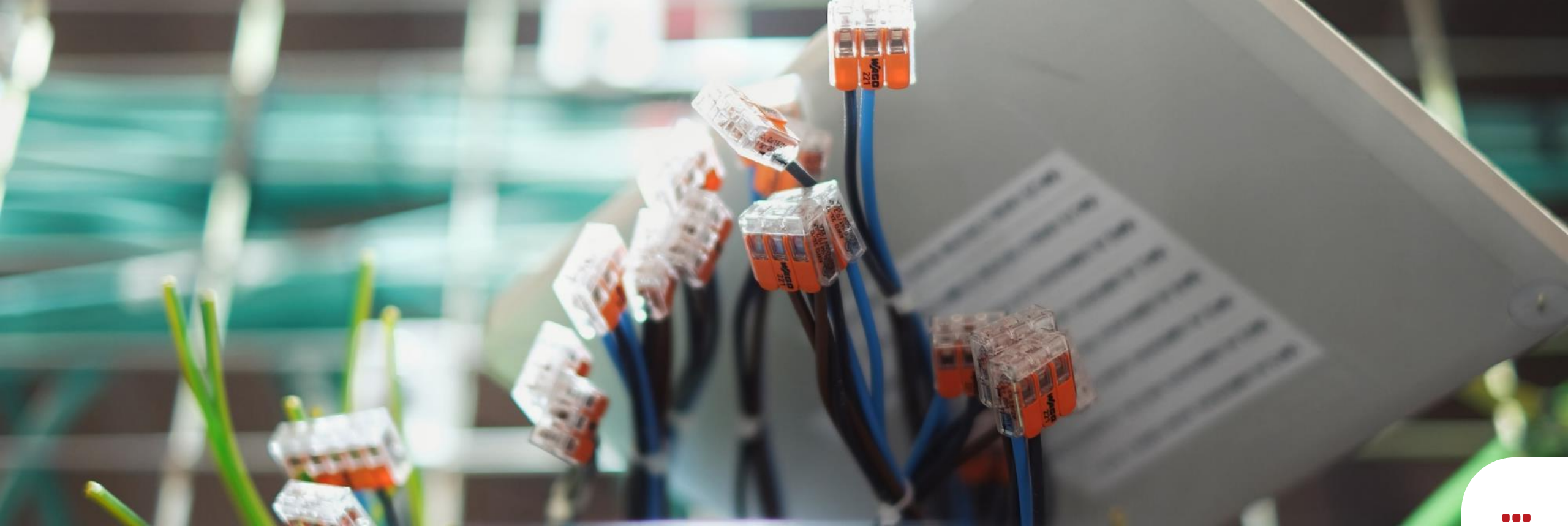
↑ **8bps**

90DPD+ arrears were 8bps higher in April 2023 compared to March 2023.

## Year-on-Year

↑ **82bps**

90DPD+ arrears were 82bps higher in April 2023 compared to April 2022.



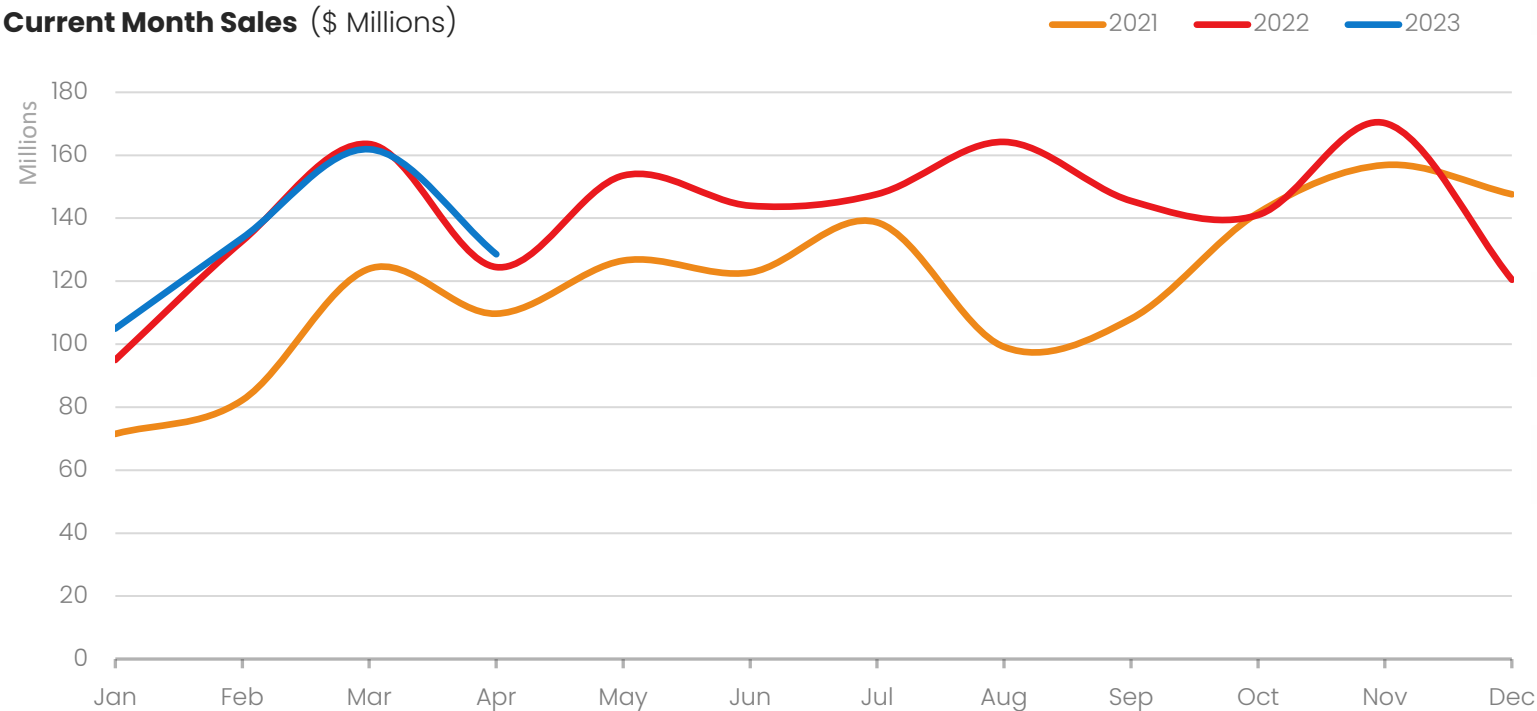
# Electrical Merchant Insights.

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# Electrical Merchant Current Month Sales

Current Month Sales (\$ Millions)



Month-on-Month



20.6%

Monthly sales decreased by 20.6% from March 2023 to April 2023.

Year-on-Year

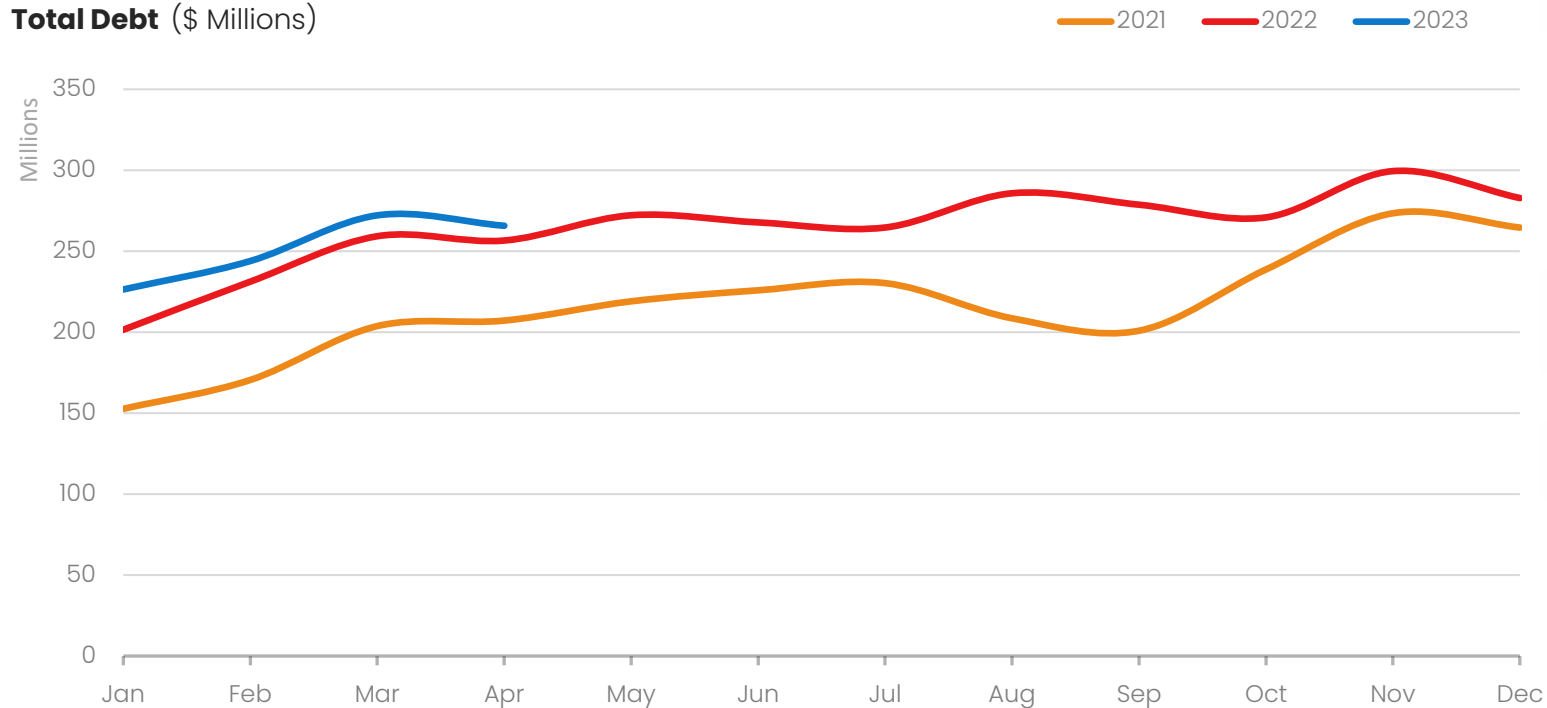


3.3%

Monthly sales for April 2023 was 3.3% higher than April 2022.

# Electrical Merchant Total Debt

Total Debt (\$ Millions)



## Month-on-Month

↓ **2.4%**

Total Debt decreased by 2.4% from March 2023 to April 2023.

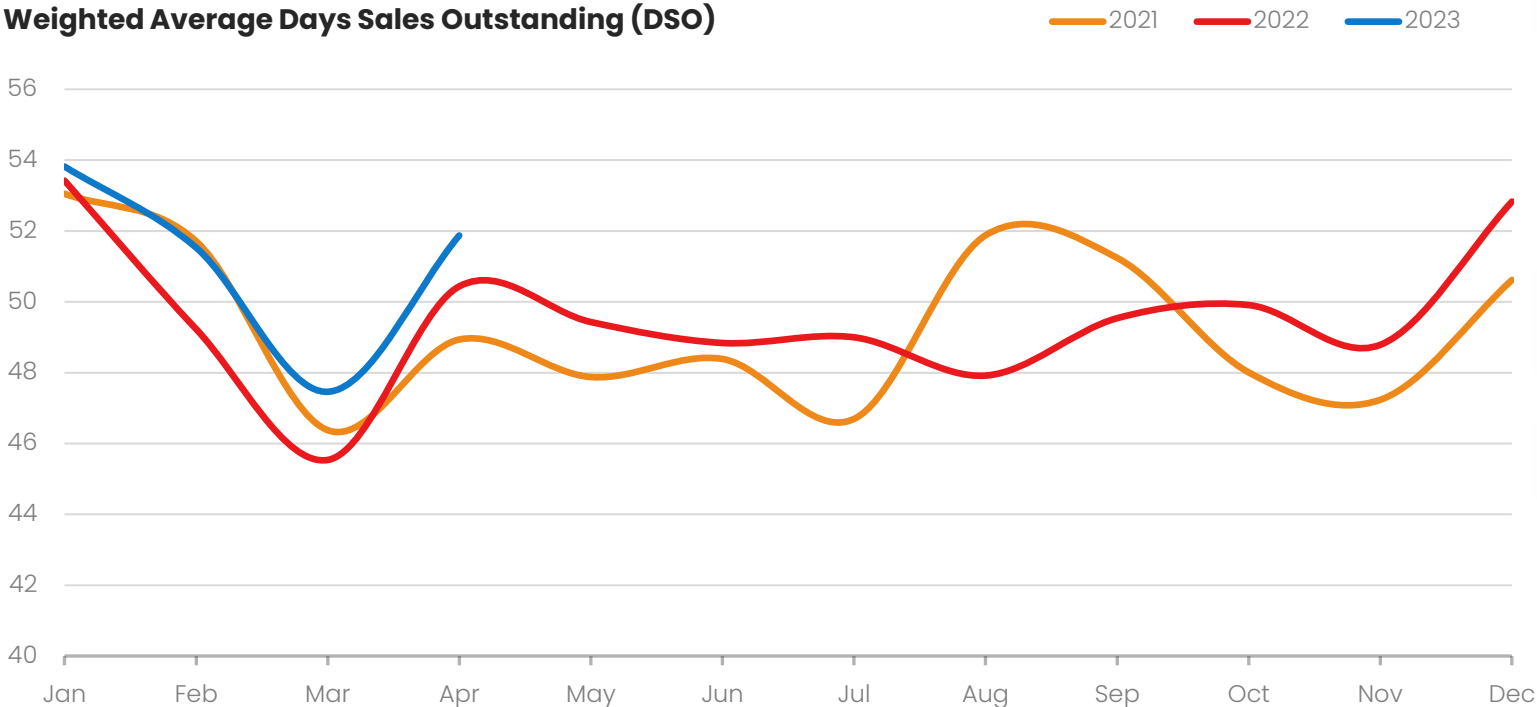
## Year-on-Year

↑ **3.6%**

Total Debt was 3.6% higher in April 2023 compared to April 2022.

# Electrical Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



## Month-on-Month

↑ **9.3%**

Weighted average DSO increased by 9.3% from March to April 2023.

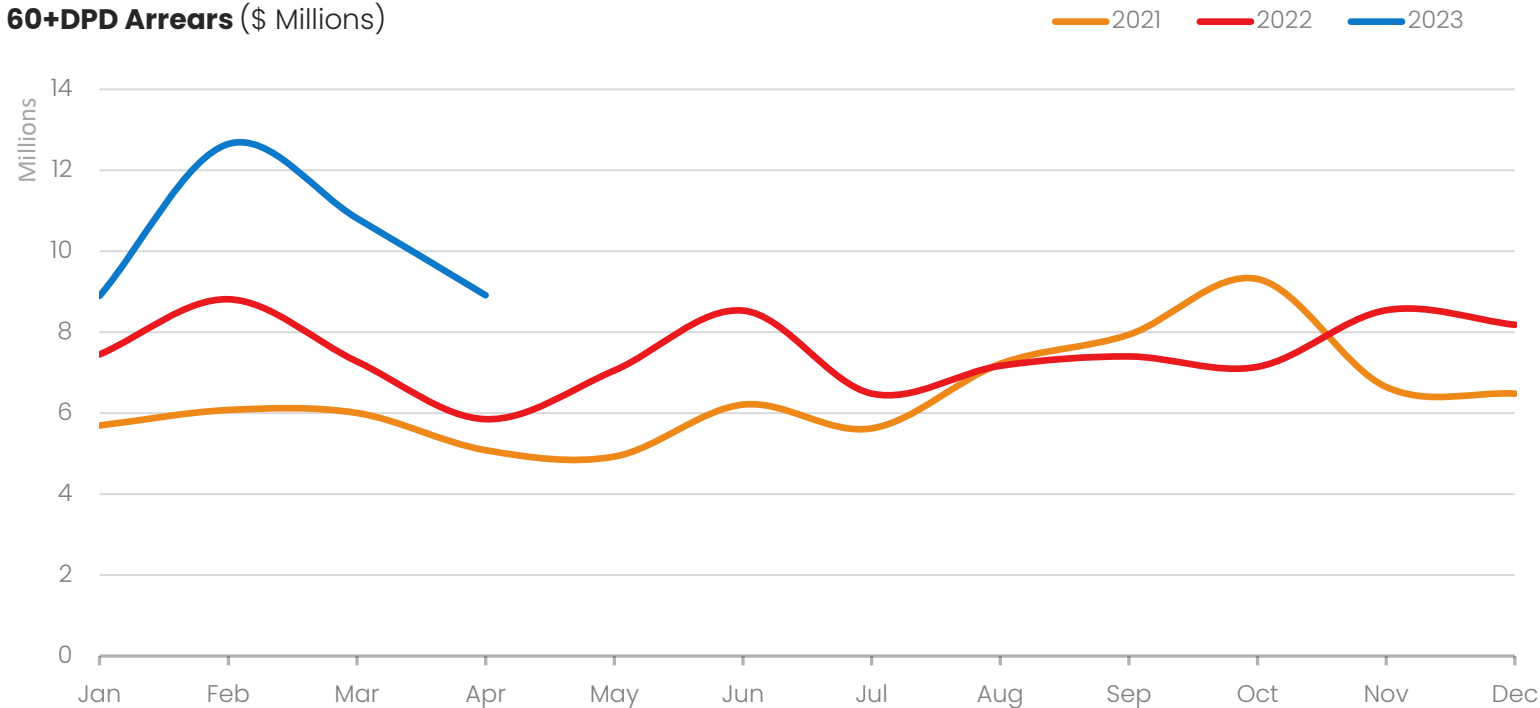
## Year-on-Year

↑ **2.8%**

Weighted average DSO was 2.8% higher in April 2023 vs April 2022.

# Electrical Merchant Arrears in Dollars (60+DPD)

60+DPD Arrears (\$ Millions)



## Month-on-Month

↓ **17.6%**

60+DPD arrears were down 17.6% from March 2023 to April 2023.

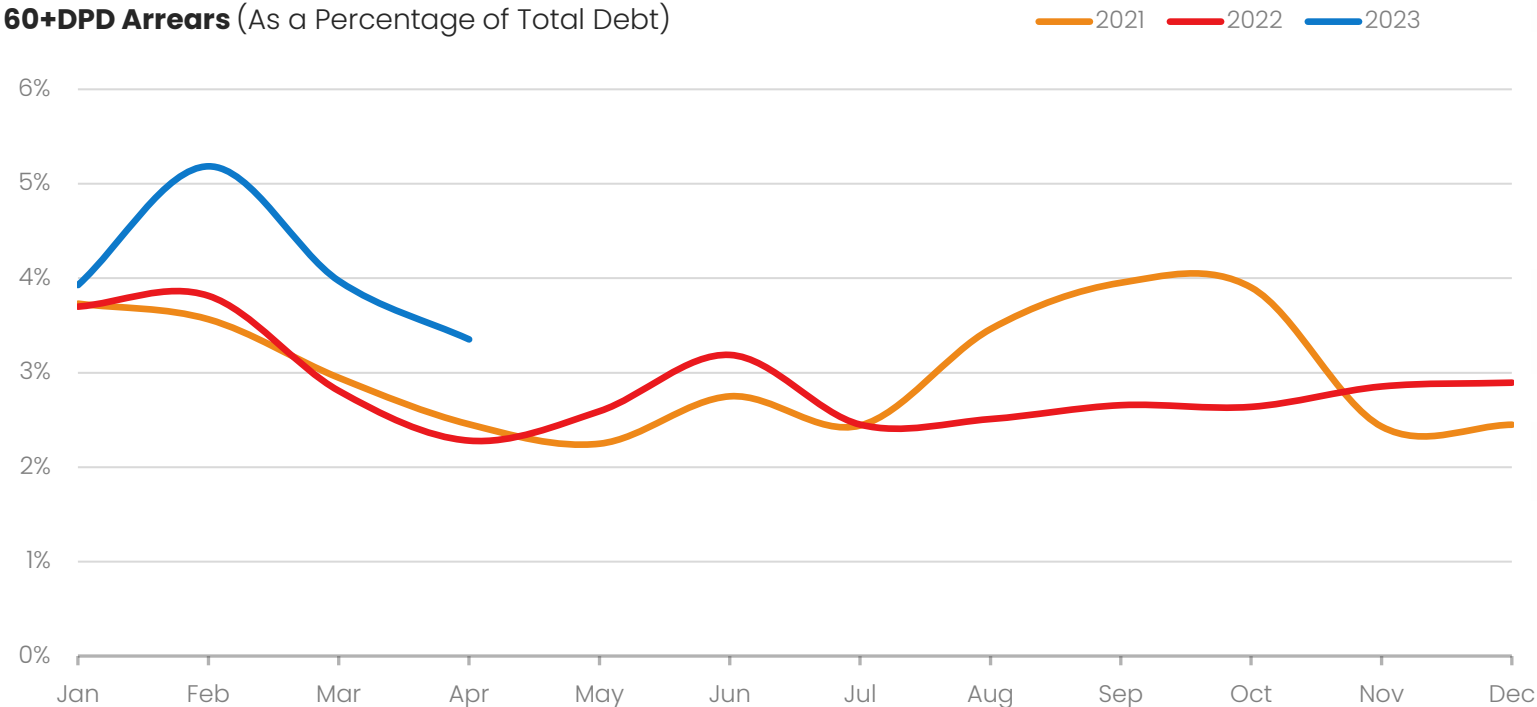
## Year-on-Year

↑ **52.3%**

60+DPD arrears were up 52.3% from April 2022 to April 2023.

# Electrical Merchant Arrears in Percentages (60+DPD)

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



## Month-on-Month



**62bps**

60+DPD arrears were 62bps lower in April 2023 compared to March 2023.

## Year-on-Year

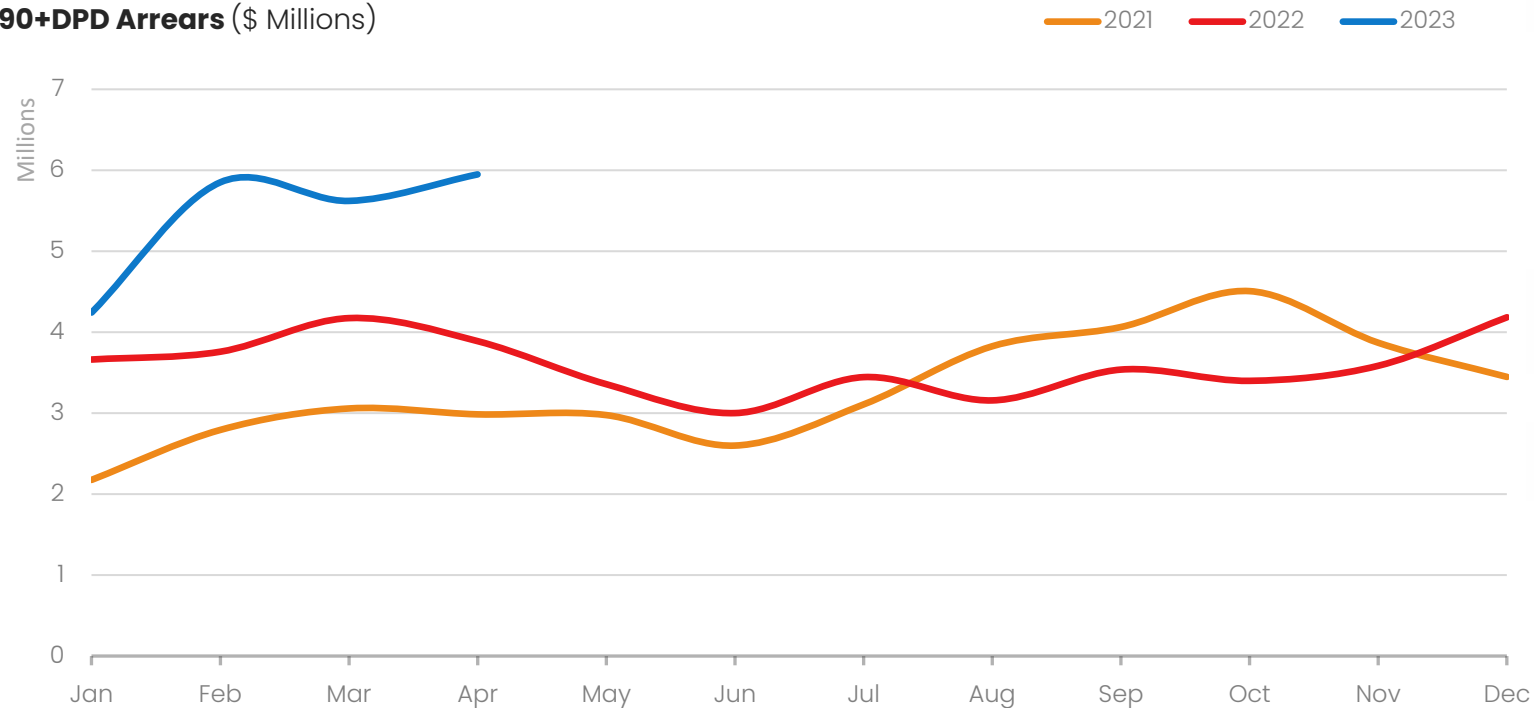


**107bps**

60+DPD arrears were 107bps higher in April 2023 compared to April 2022.

# Electrical Merchant Arrears in Dollars (90+DPD)

90+DPD Arrears (\$ Millions)



## Month-on-Month

↑ **5.8%**

90+DPD arrears were up 5.8% from March 2023 to April 2023.

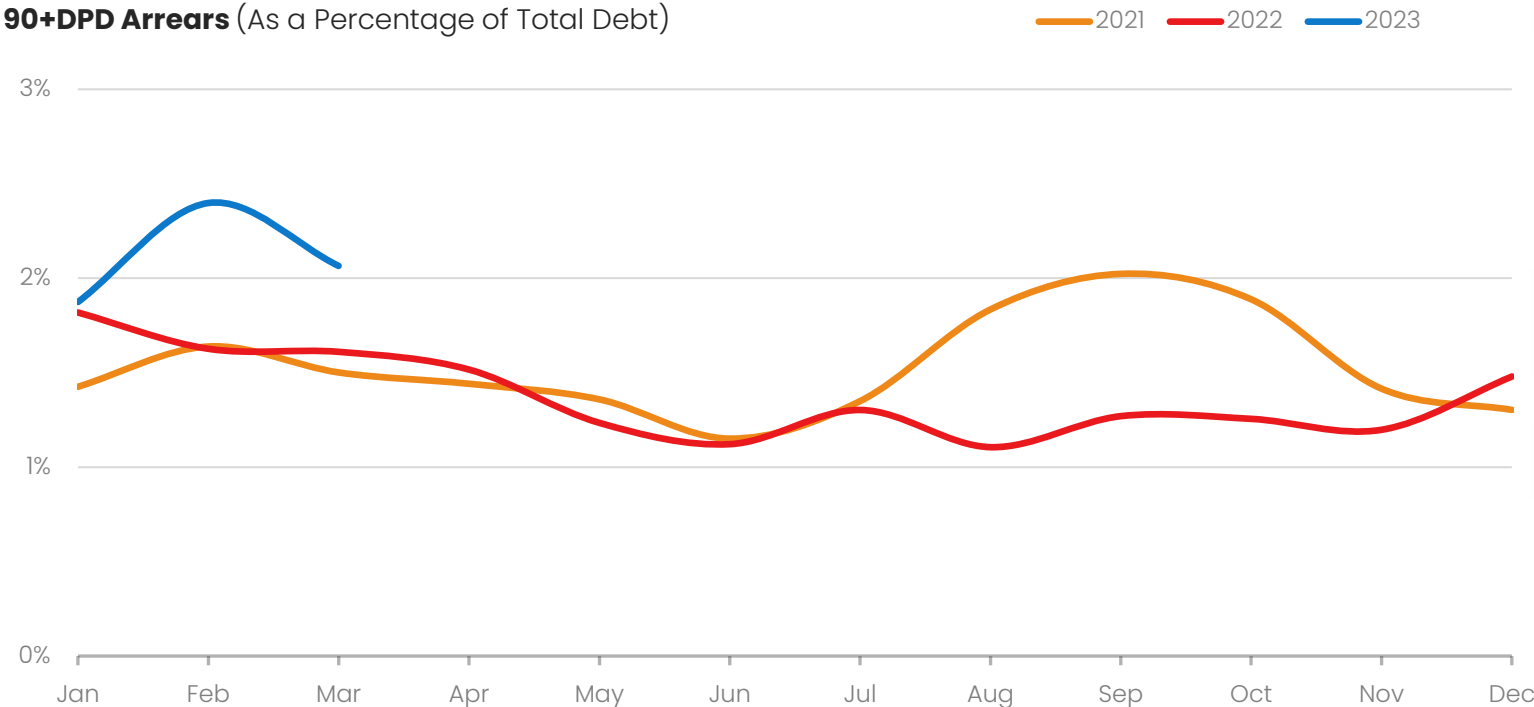
## Year-on-Year

↑ **52.9%**

90+DPD arrears were up 52.9% from April 2022 to April 2023.

# Electrical Merchant Arrears in Percentages (90+DPD)

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



## Month-on-Month



**17bps**

90+DPD arrears were 17bps lower in April 2023 compared to March 2023.

## Year-on-Year



**72bps**

90+DPD arrears were 72bps higher in April 2023 compared to April 2022.