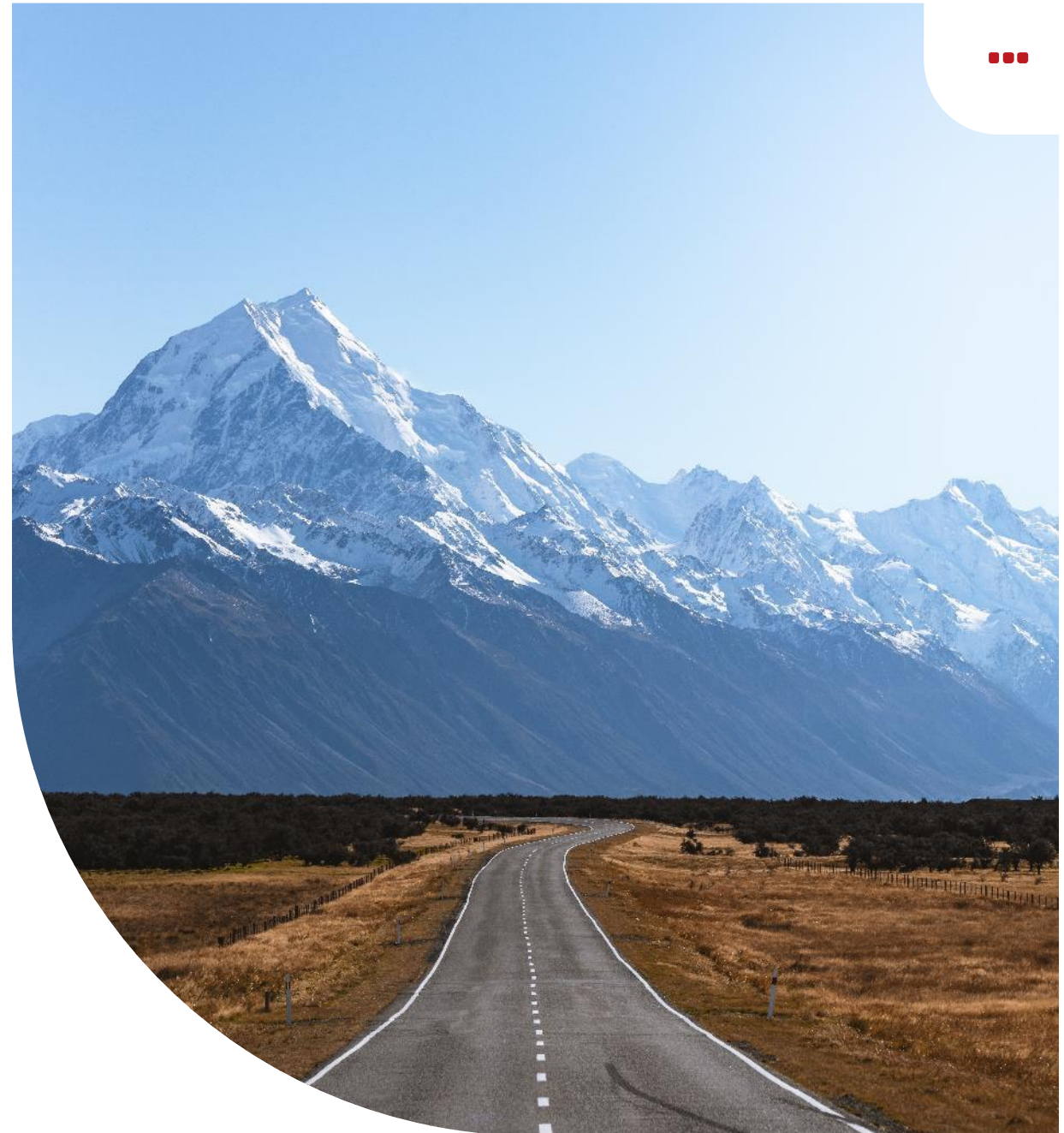




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May 2023 Month-End **Credit Insights**

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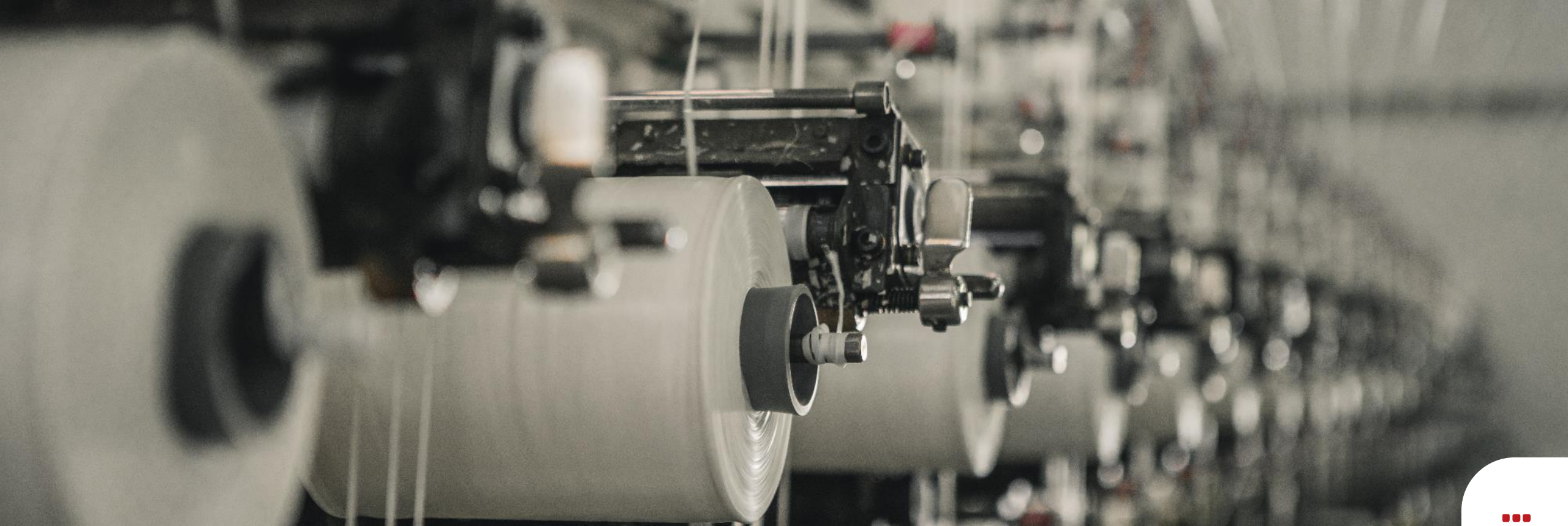
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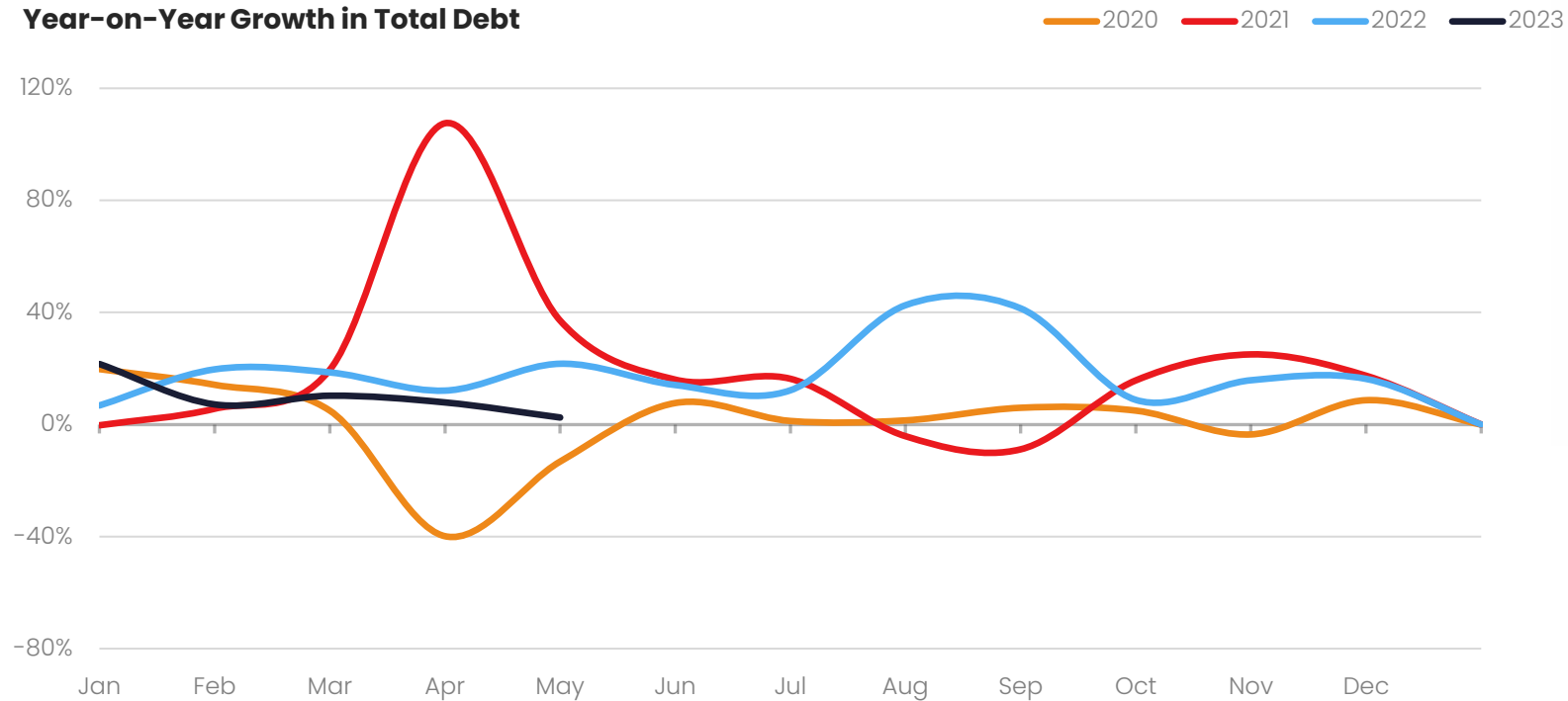


Key Credit Risk Insights.

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Year-on-Year Growth in Total Debt has Slowed

Year-on-Year Growth in Total Debt



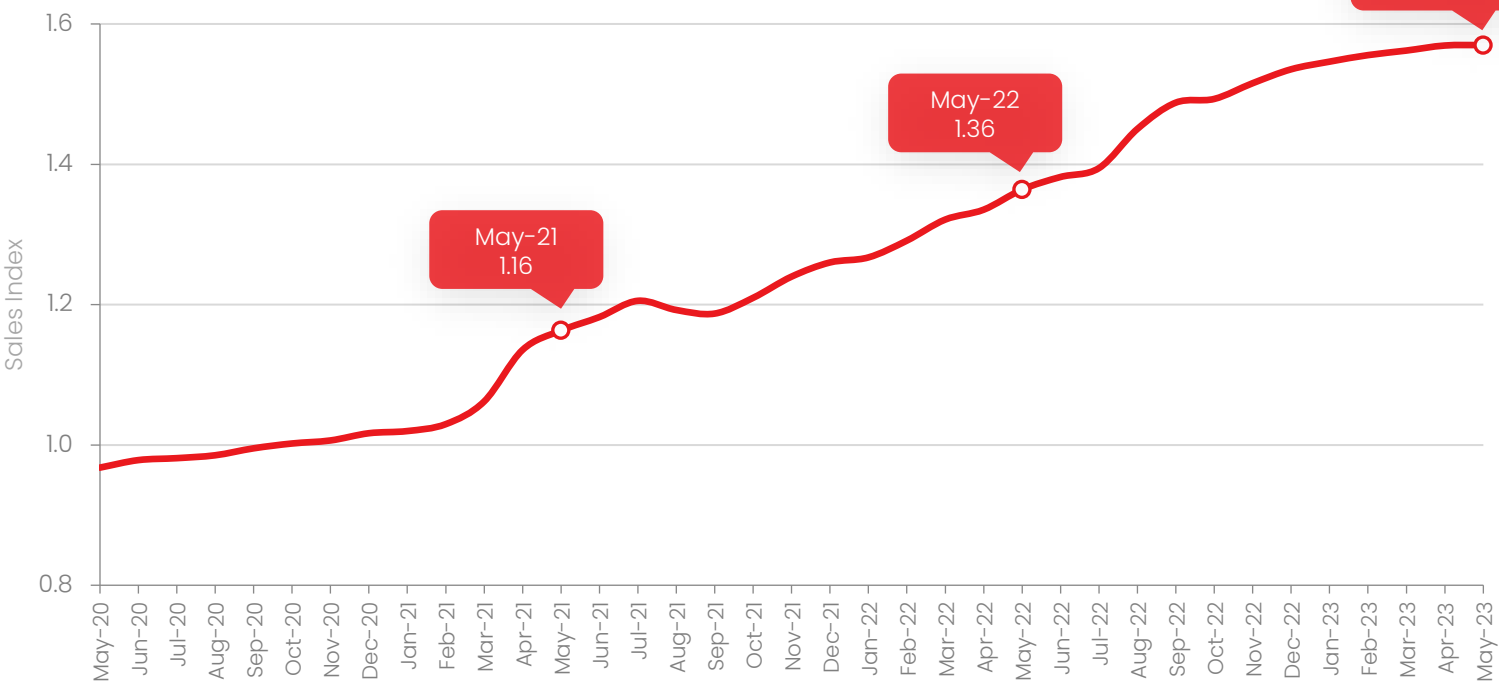
May 2023

↑ **2.5%**

Total Debt Balance increased 2.5% year-on-year in May 2023.

Growth in Gross Annual Sales Has Flattened

Annual Sales Index (Indexed to December 2019)



Month-on-Month

➔ **0.0%**

Gross Annual Sales were unchanged in May 2023.

Year-on-Year

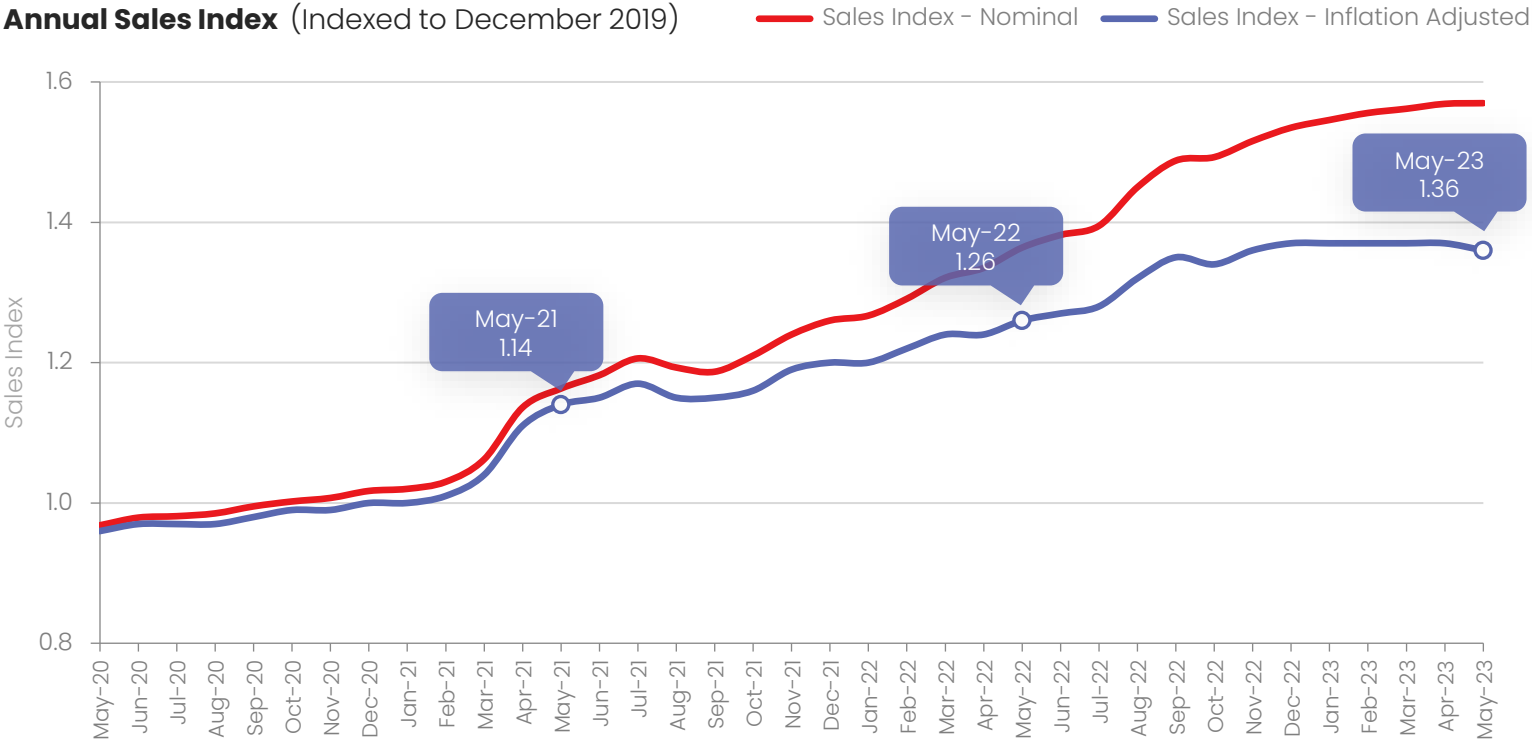
⬆ **15.1%**

Annual sales were up 15.1% in May 2023 compared to May 2022.

Sales Growth is Negative After Adjusting For Inflation

(General CPI December 2019 = 1000)

Annual Sales Index (Indexed to December 2019)



Month-on-Month

↓ **0.5%**

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

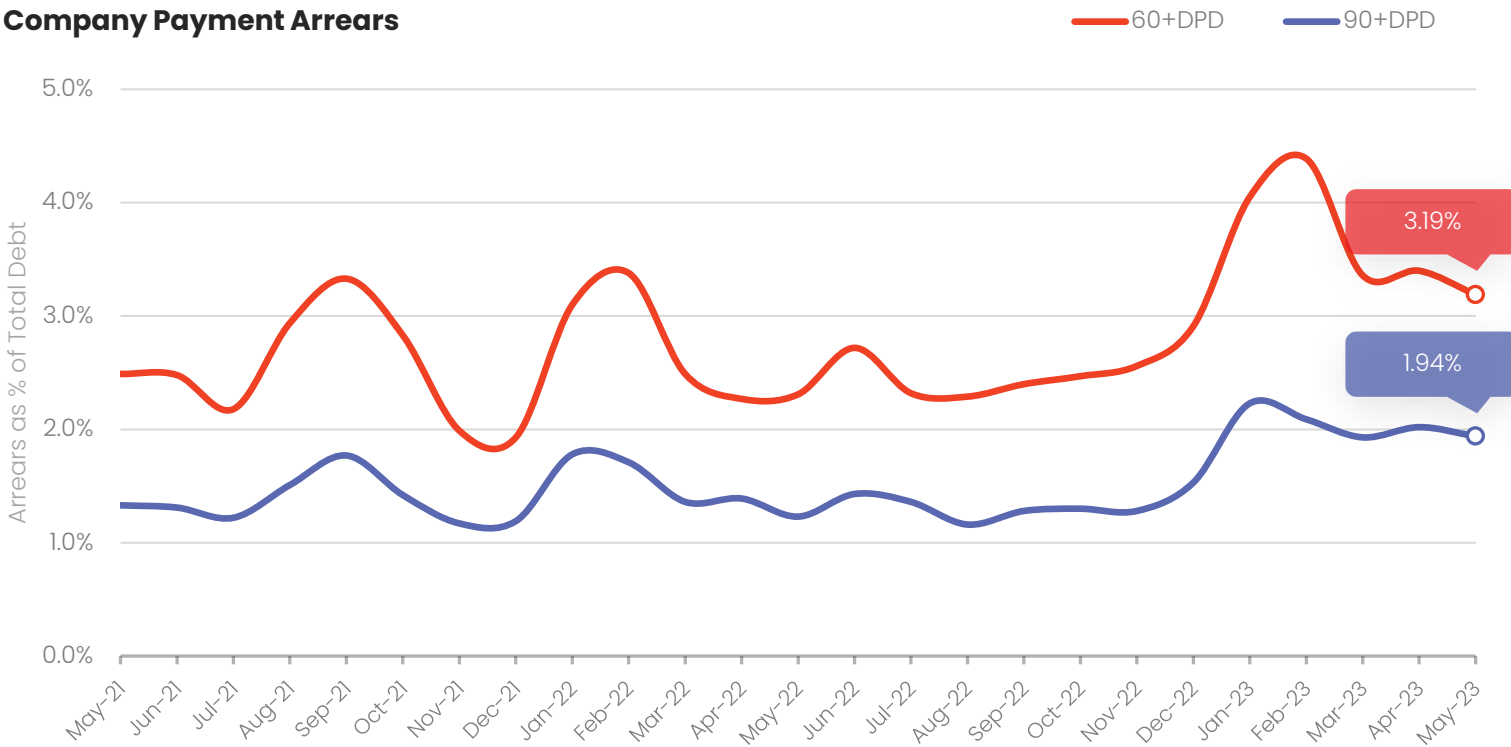
Year-on-Year

↑ **7.6%**

Adjusted annual sales were 7.6% higher in May 2023 vs. the year prior.

Company Debtor Arrears Improved in May, but Remain Elevated

Company Payment Arrears



60+DPD Arrears YoY

↑ **88bps**

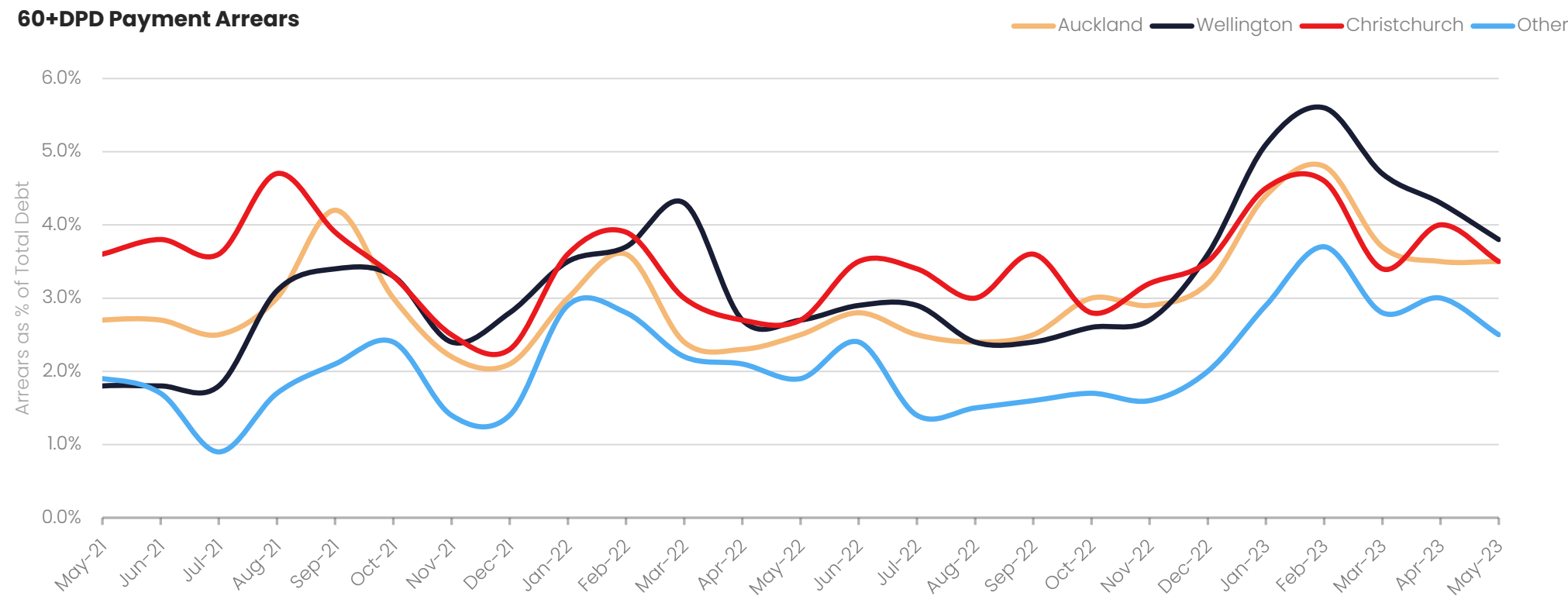
60DPD+ arrears were 88bps higher in May 2023 compared to May 2022.

90+DPD Arrears YoY

↑ **71bps**

90+DPD arrears were 71bps higher in May 2023 compared to May 2022.

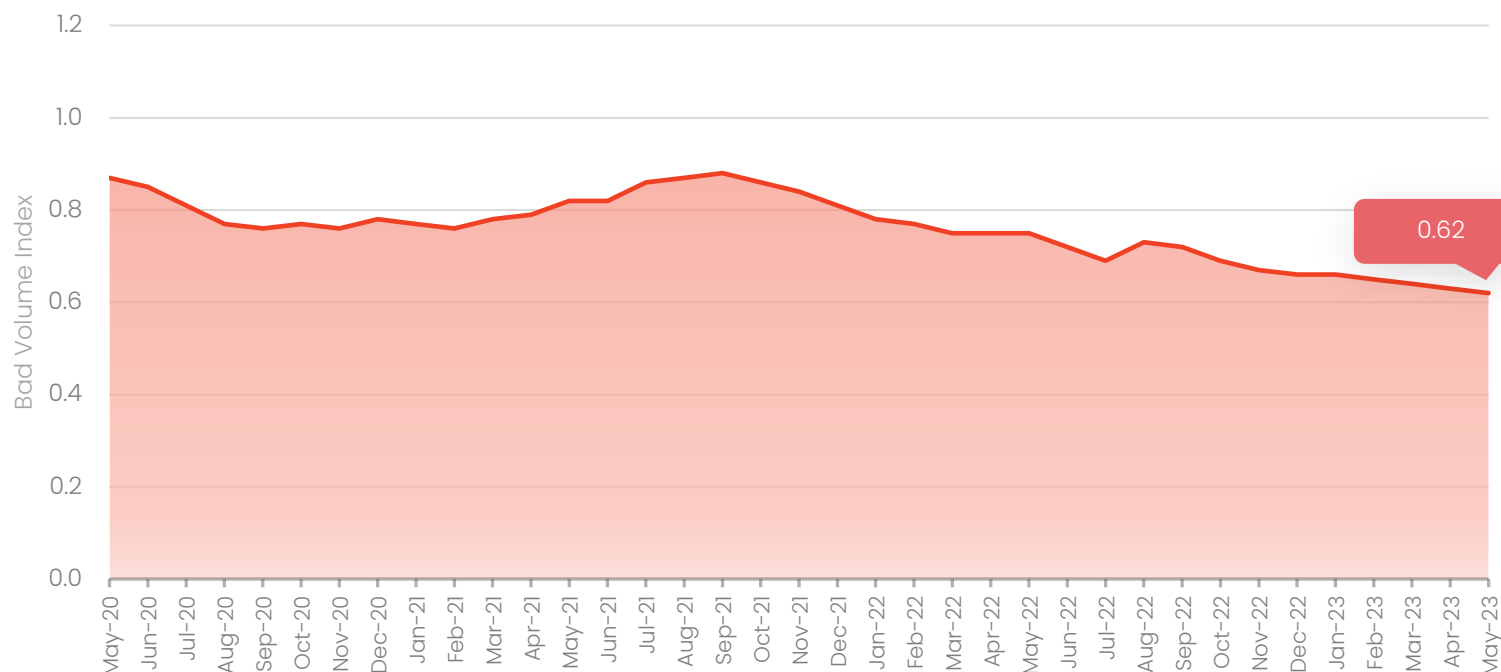
60DPD Arrears Improved in All Regions, Except for Auckland



The Annual Volume of 'Bad' Debtors Has Seen Slight Improvement in May

(Default, Judgement, Administration, Receivership, Liquidation)

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



Month-on-Month

↓ **2.9%**

Annual volume of debtors going bad was down 2.9% MoM in May 2023.

Year-on-Year

↓ **17.4%**

Annual volume of debtors going bad was down 17.4% YoY in May 2023.

Winding Up Applications

(As per the McDonald Vague Insolvency report May 2023)

Winding Up Applications



Winding-Up Applications

↑ **6.4%**

The annual volume of total Winding Up Applications (IRD and Company combined) was 6.4% higher in May 2023 vs. April 2023.





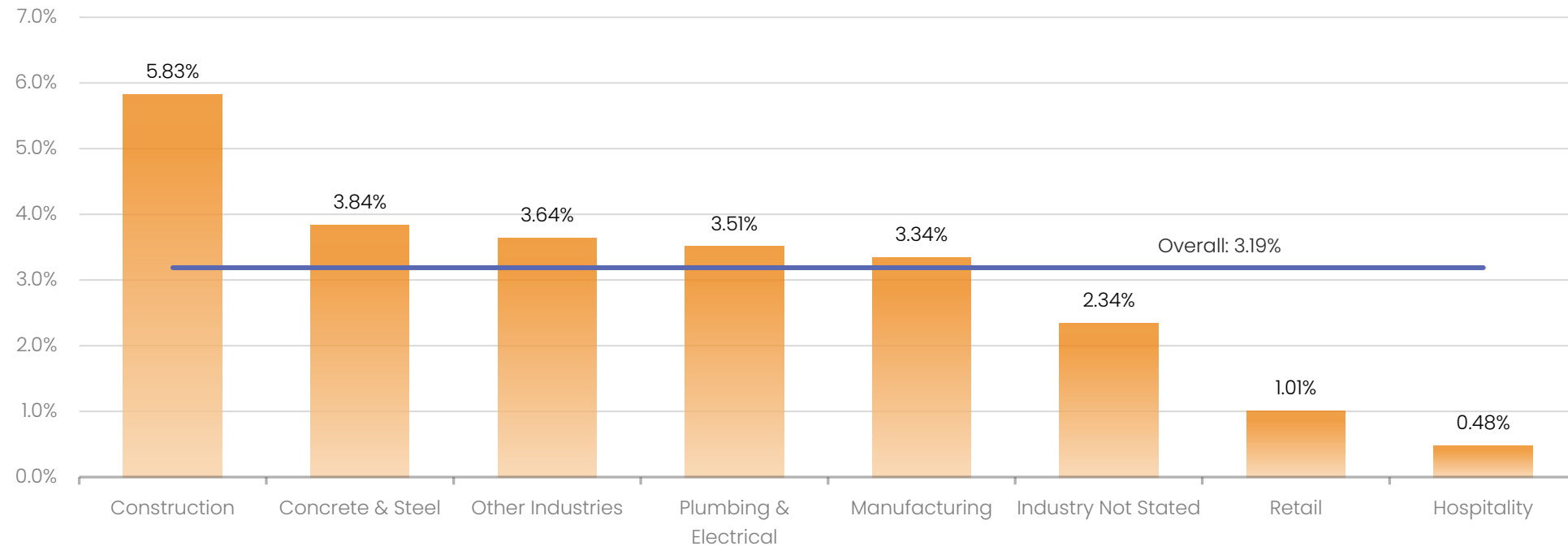
Debtor Industry Insights.

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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 May 2023



Construction Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

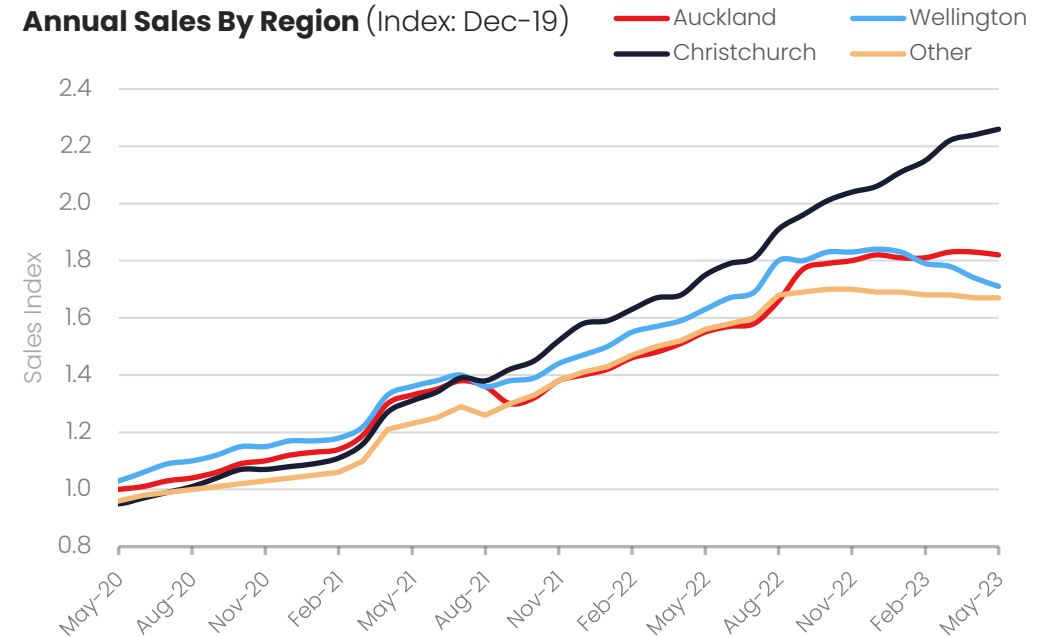
↓ **0.4%**

Year-on-Year

↑ **13.9%**

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

Annual Sales By Region (Index: Dec-19)



Christchurch MoM

↑ **0.7%**

Everywhere Else MoM

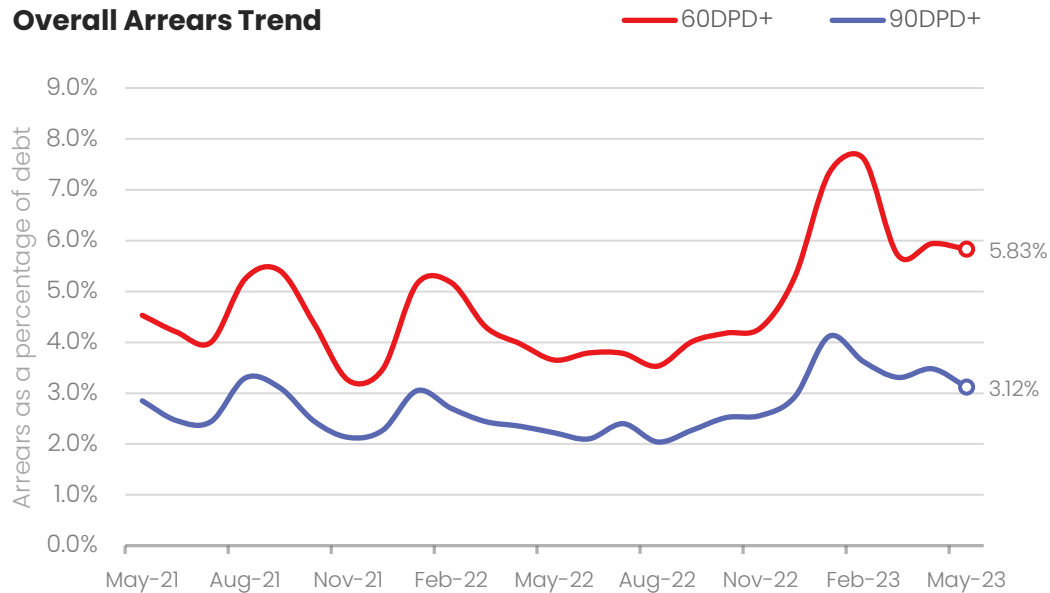
↓ **0.6%**

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

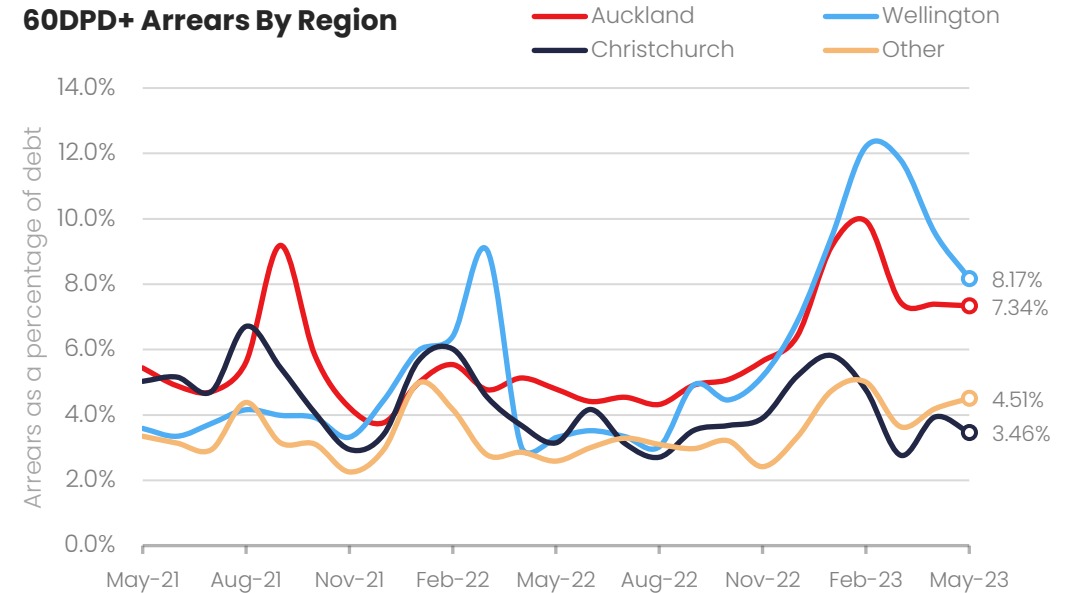
↓ 11bps

90DPD+ MoM

↓ 36bps

Both 60DPD+ and 90DPD+ improved in May 2023 but remain elevated YoY (up 218bps & 90bps respectively).

60DPD+ Arrears By Region

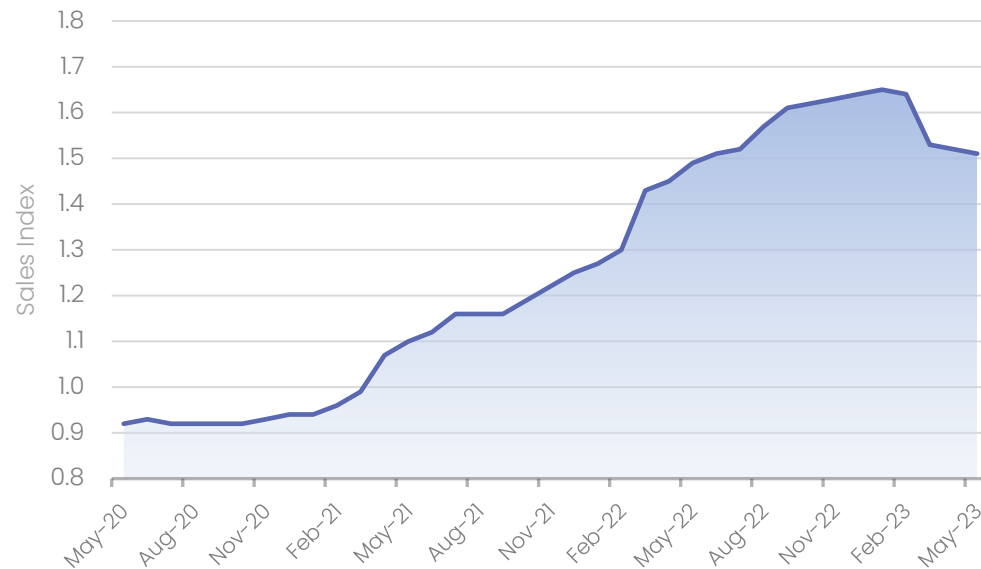


60DPD+ arrears for Wellington based Construction debtors continued to improve through May 2023 (down 140bps).

Manufacturing Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

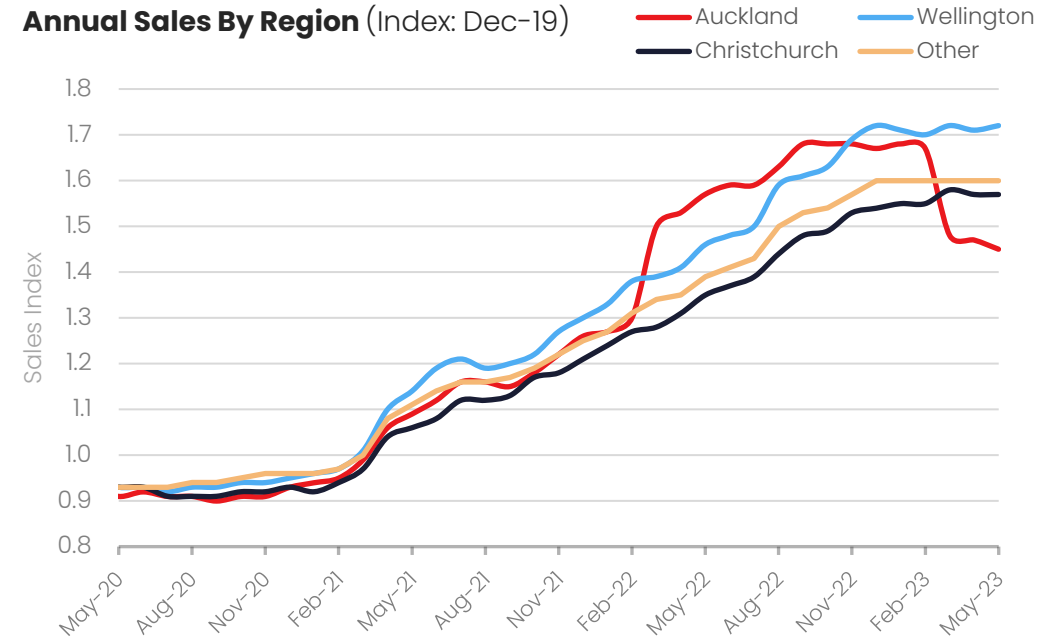
↓ **0.7%**

Year-on-Year

↑ **1.4%**

The deterioration in annual sales growth continues in May 2023, down a further 0.7% month-on-month.

Annual Sales By Region (Index: Dec-19)



Auckland MoM

↓ **1.2%**

Everywhere Else MoM

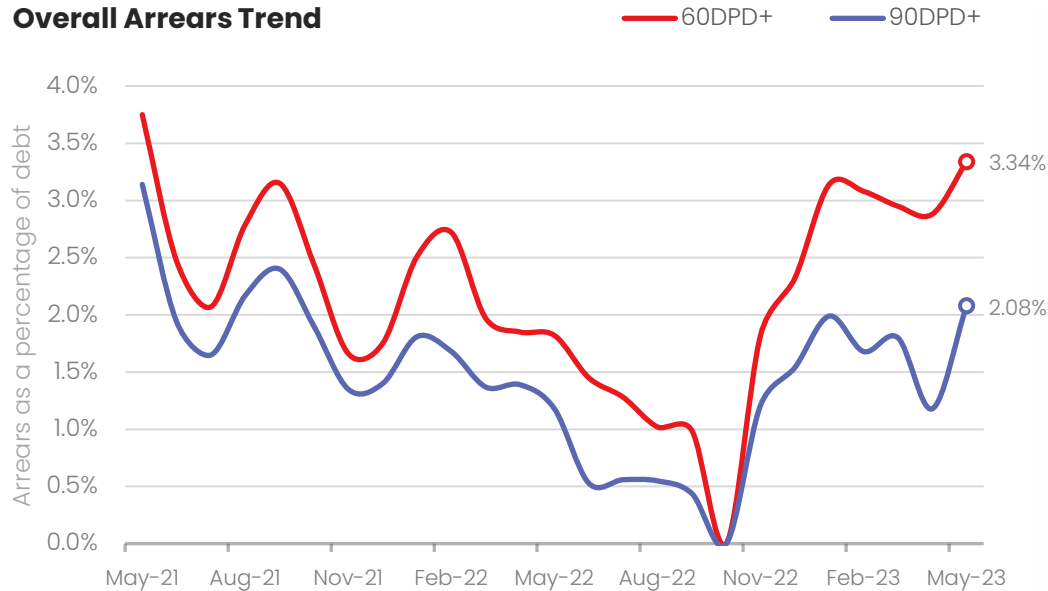
↓ **0.1%**

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

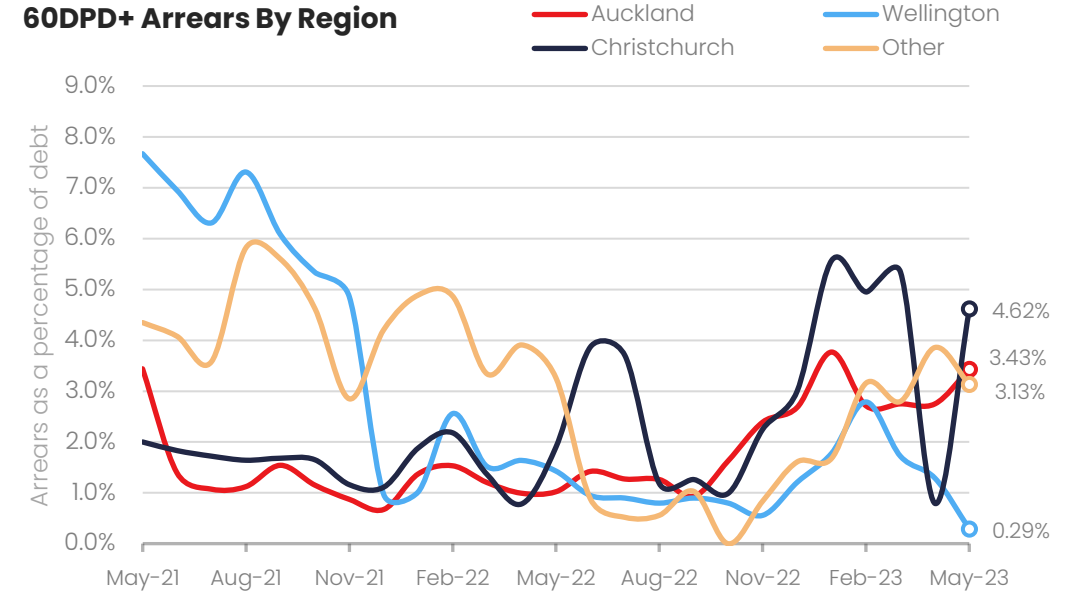
↑ **46bps**

90DPD+ MoM

↑ **90bps**

Both 60DPD+ and 90DPD+ arrears observed moderate increases in May 2023.

60DPD+ Arrears By Region



60DPD+ arrears increased considerably for Christchurch based debtors, up 383bbps (noting it represents a relatively small percentage of overall Manufacturing debt). The largest region, Auckland, increased 68bbps month-on-month in May.

Concrete & Steel Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

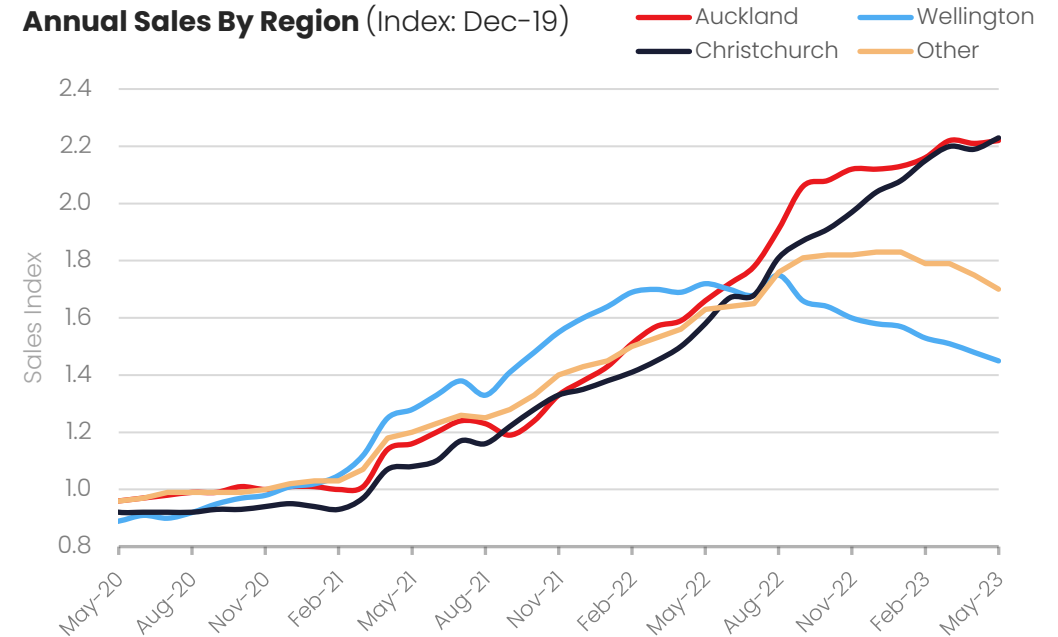
↓ **0.8%**

Year-on-Year

↑ **17.8%**

Growth in annual sales for Concrete & Steel debtors is softening and was down 0.8% month-on-month in May.

Annual Sales By Region (Index: Dec-19)



Auckland MoM

↑ **0.1%**

Christchurch MoM

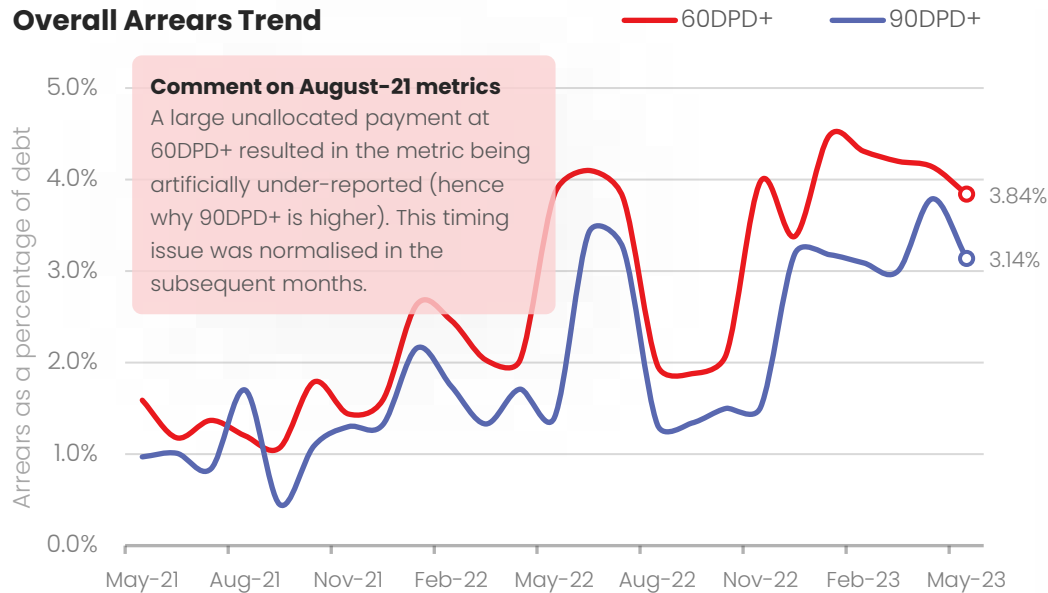
↑ **2.1%**

Annual sales growth has been bimodal for the regions. Auckland and Christchurch remain positive.

Concrete & Steel Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

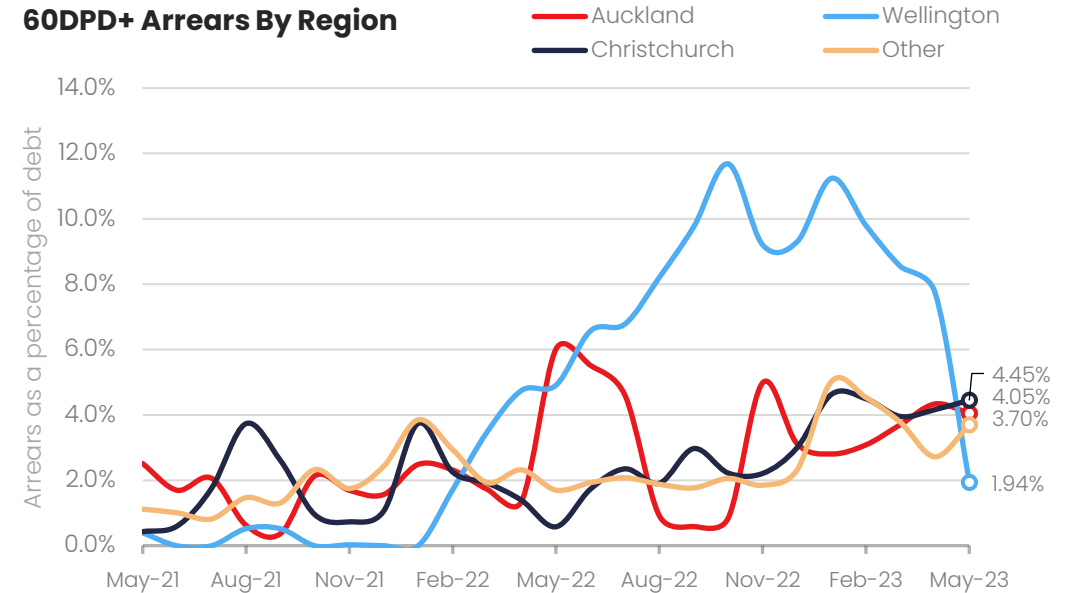
↓ 30bps

90DPD+ MoM

↓ 64bps

60DPD+ and 90DPD+ both improved in April 2023; however, remain elevated over the long run.

60DPD+ Arrears By Region

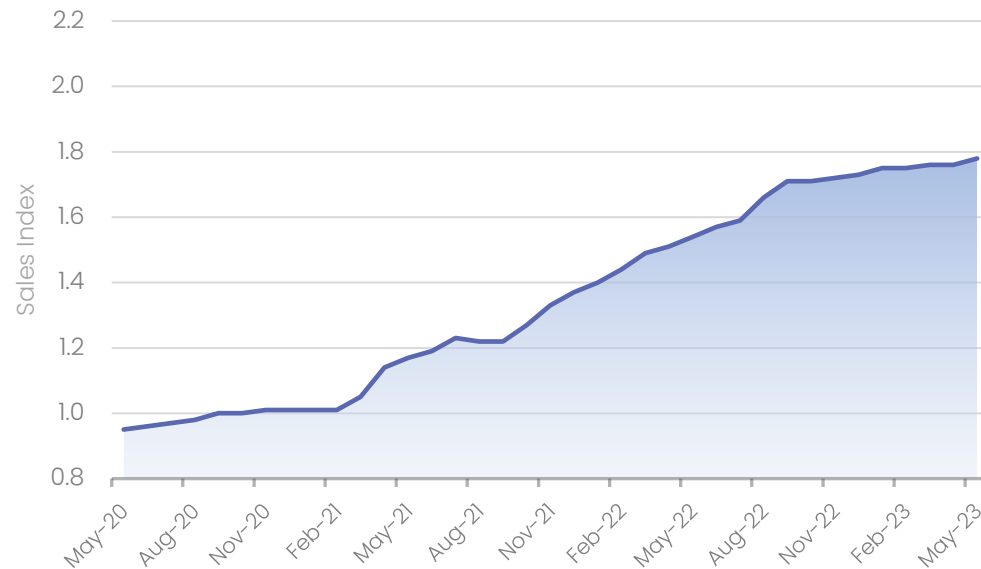


The improvement in 60DPD+ arrears for Wellington based debtors continues (down 580bps in May 2023).

Plumbing & Electrical Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

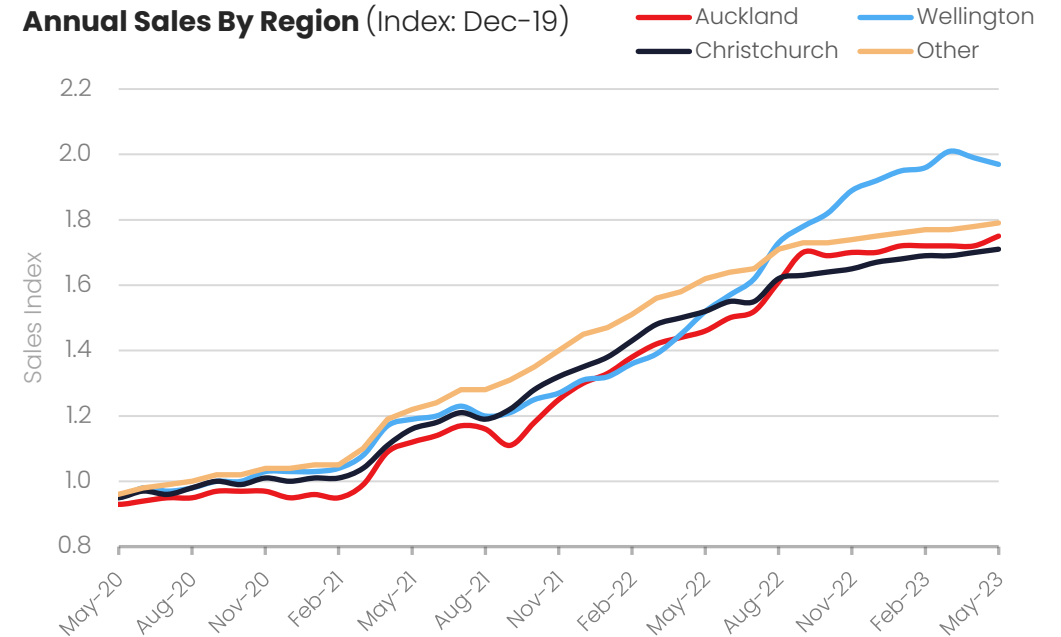
↑ **0.8%**

Year-on-Year

↑ **15.2%**

Plumbing & Electrical debtors saw a 0.8% month-on-month increase in annual sales in May 2023.

Annual Sales By Region (Index: Dec-19)



Wellington MoM

↓ **0.9%**

Everywhere Else MoM

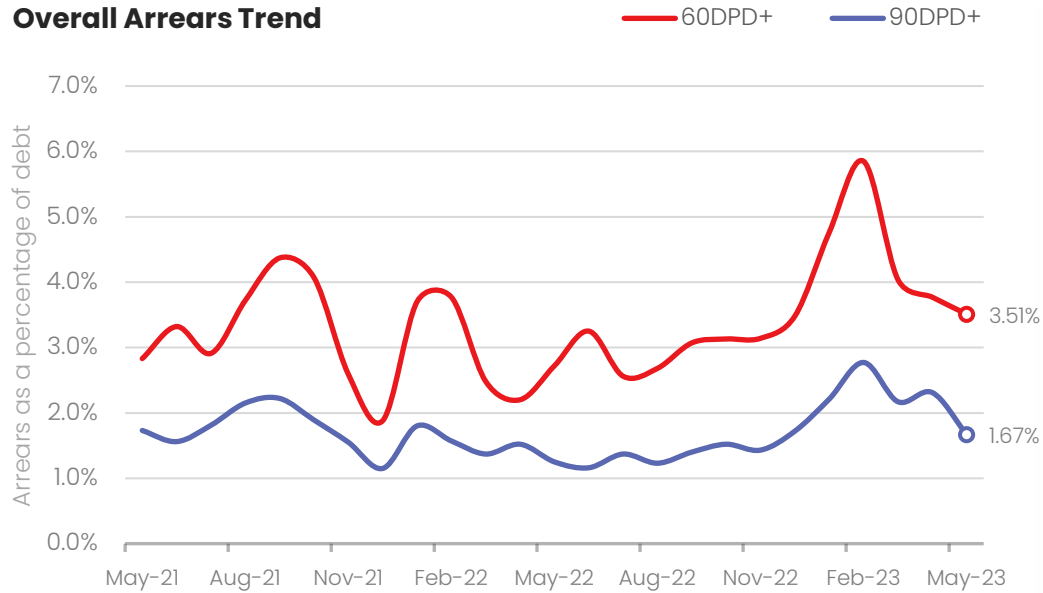
↑ **0.9%**

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

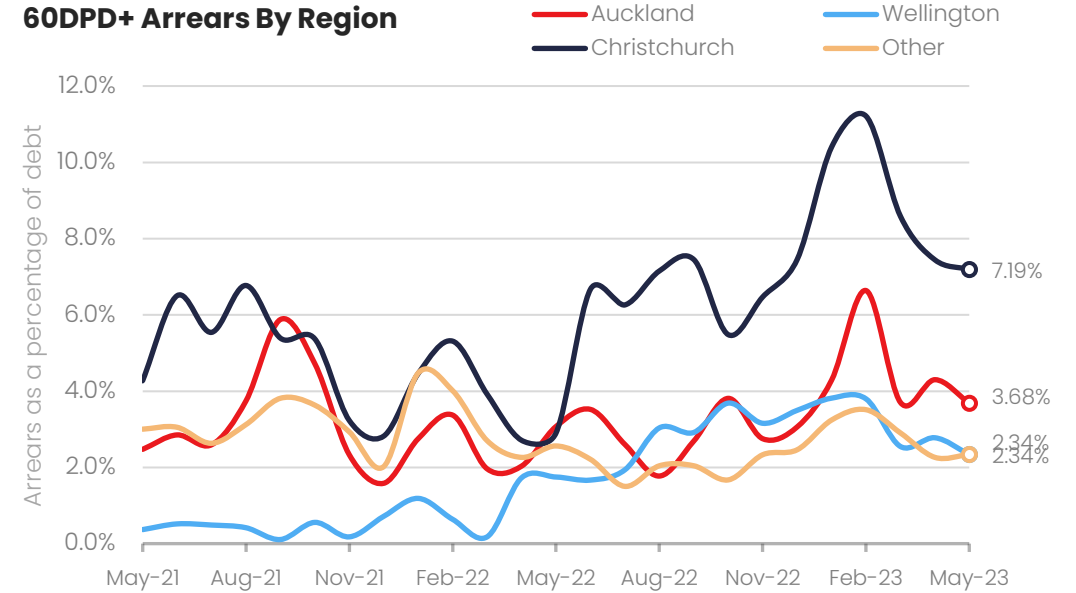
↓ **27bps**

90DPD+ MoM

↓ **64bps**

Both 60DPD+ and 90DPD+ arrears reduced month-on-month in May 2023.

60DPD+ Arrears By Region



Reduction in 60DPD+ arrears were underpinned by Auckland based debtors, down 62bps month-on-month. Improvements were also seen in Christchurch (down 25bps) and Wellington (45bps).

Retail Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

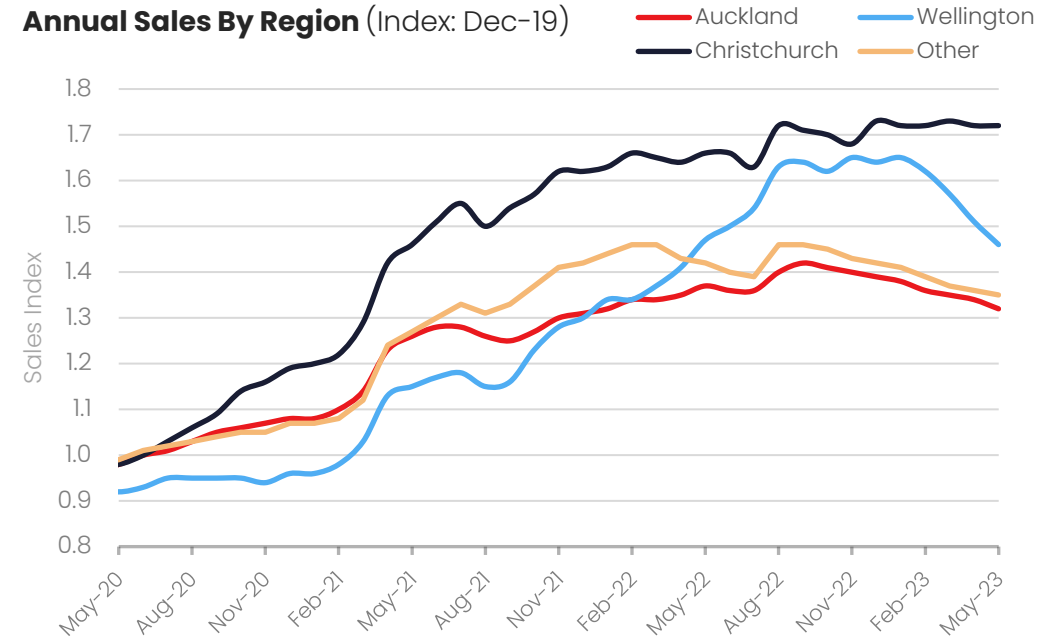
↓ **1.3%**

Year-on-Year

↓ **3.2%**

Annual sales growth under Retail debtors has turned over the past year and fell a further 1.3% in May.

Annual Sales By Region (Index: Dec-19)



Wellington MoM

↓ **3.4%**

Everywhere Else MoM

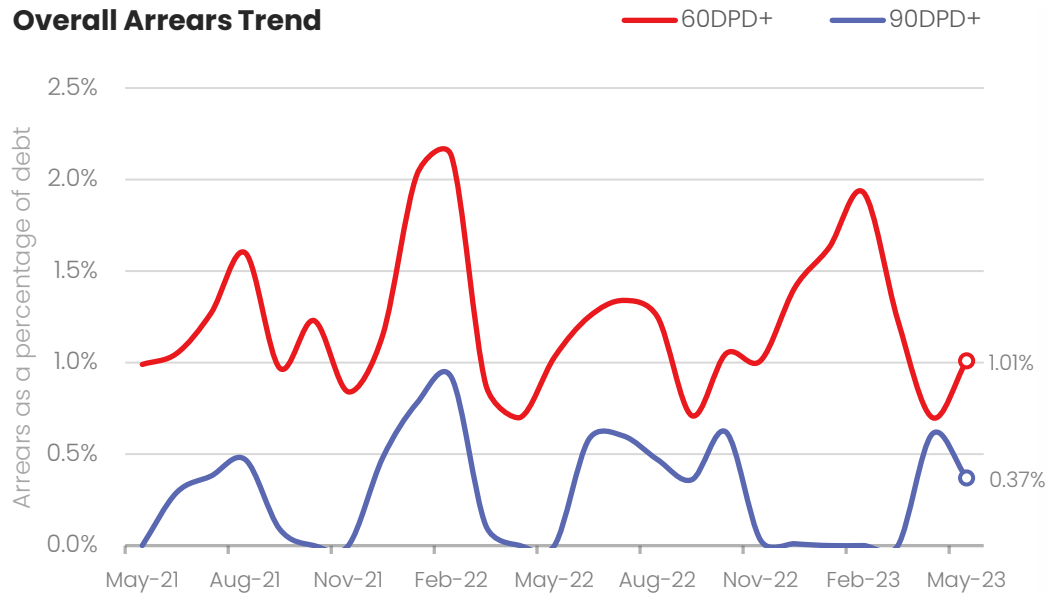
↓ **1.3%**

Sales growth for Retail debtors is falling fastest in Wellington. Christchurch is holding firm.

Retail Debtors: Arrears

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

Overall Arrears Trend



60DPD+ MoM

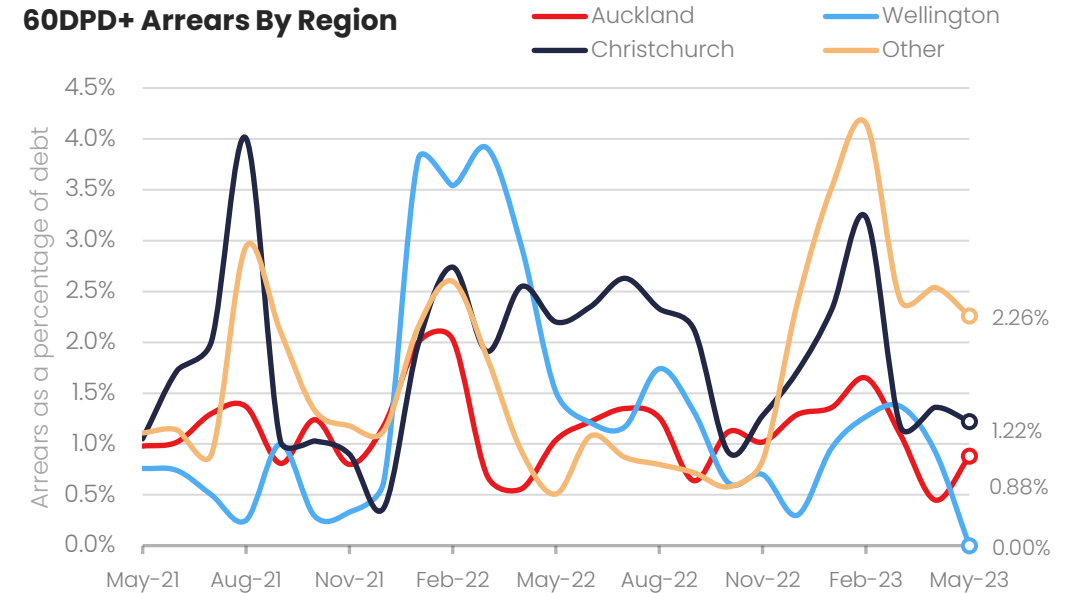
↑ 32bps

90DPD+ MoM

↓ 24bps

A mixed bag with arrears in May. 60DPD+ arrears deteriorated but 90DPD+ improved materially.

60DPD+ Arrears By Region

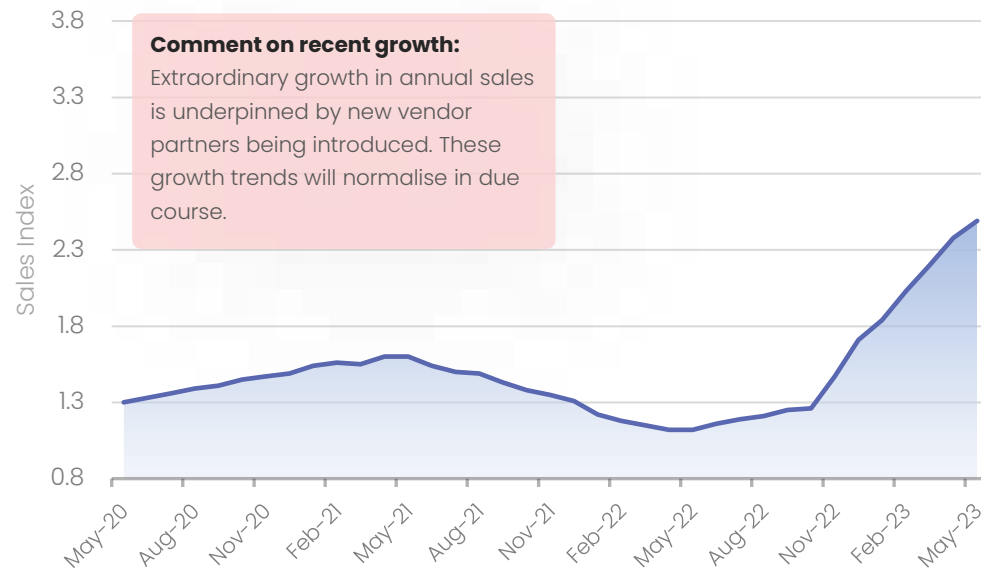


Auckland based debtors underpinned the overall increase 60DPD+ arrears in May 2023, up 42bps month-on-month.

Hospitality Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)



Month-on-Month

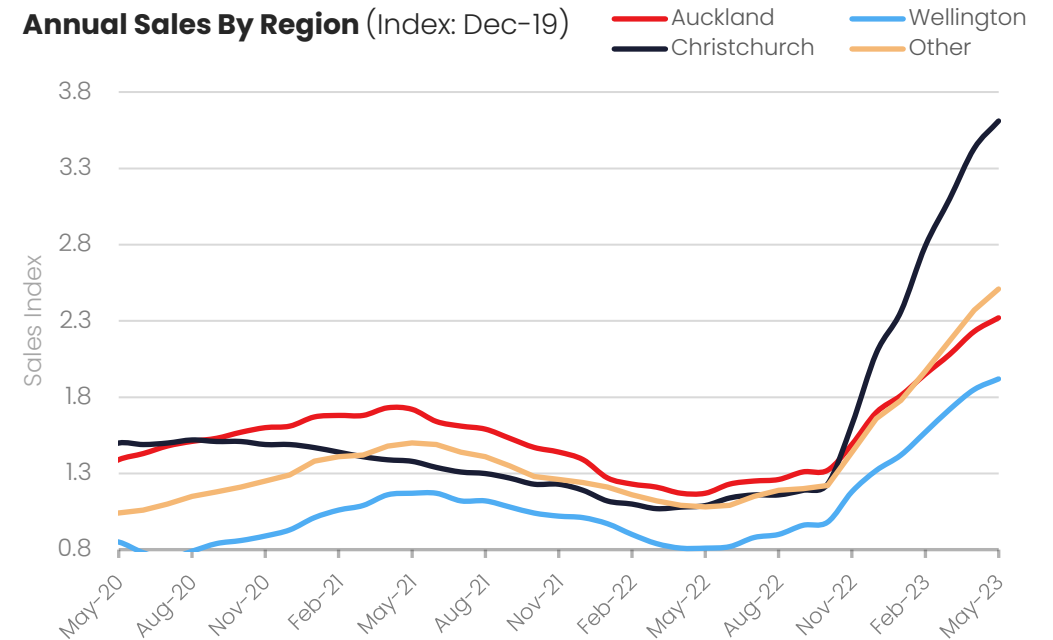
↑ **4.6%**

Year-on-Year

↑ **122.7%**

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

↑ **4.2%**

Everywhere Else MoM

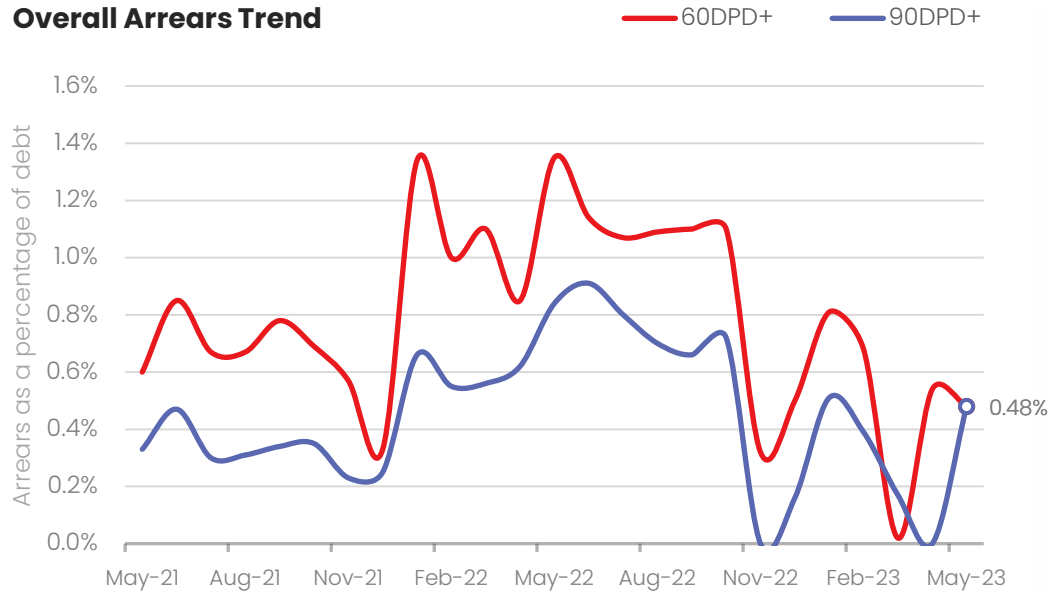
↑ **4.6%**

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

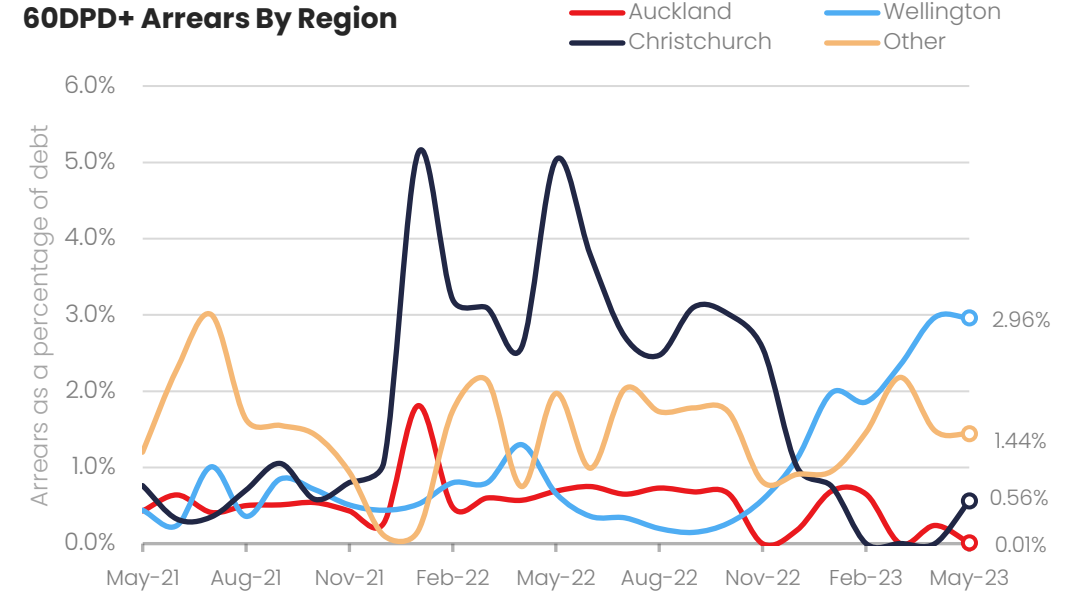
↓ 6bps

90DPD+ MoM

↑ 56bps

Comparison against the prior year is not possible at this point given the change in the overall profile.

60DPD+ Arrears By Region

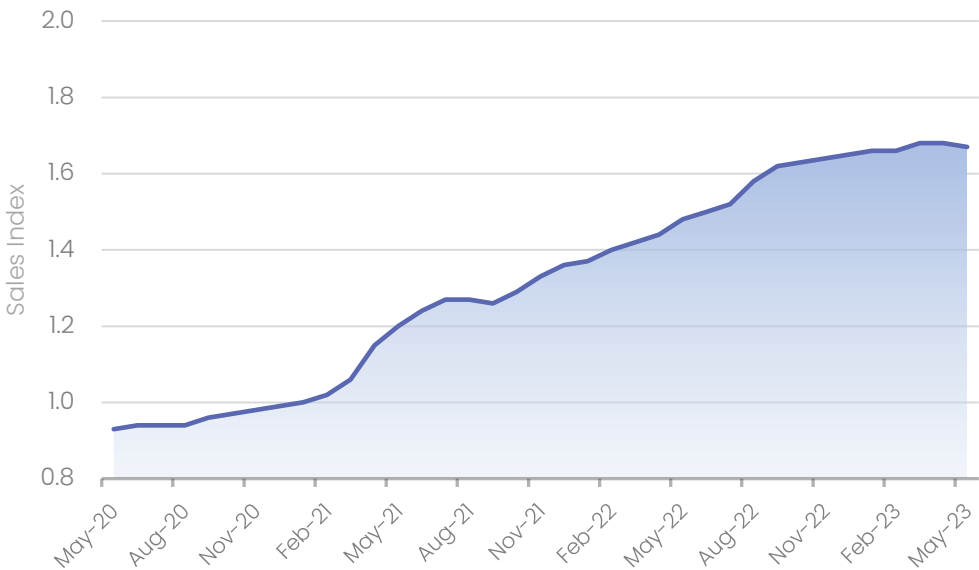


The May 2023 decrease in 60DPD+ arrears was underpinned by debtors based in Auckland, down 23bps.

Aggregated Other Debtors: Sales Growth

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

Annual Sales (Index: Dec-19)

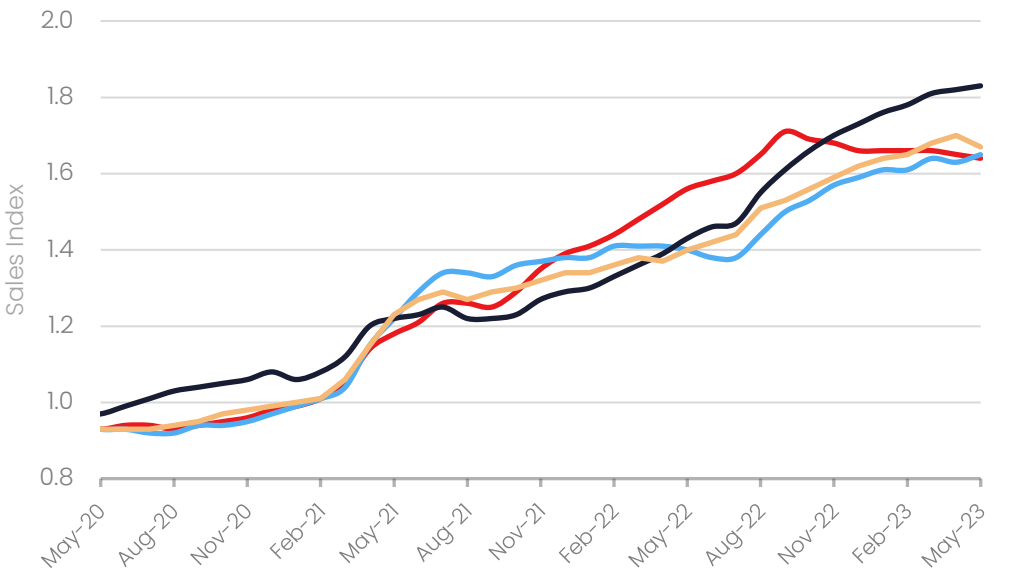


Month-on-Month
↓ 0.9%

Year-on-Year
↑ 12.9%

Annual sales under 'Other' debtors has begun to turn, down 0.9% month-on-month in May 2023.

Annual Sales By Region (Index: Dec-19)



Christchurch MoM
↑ 0.3%

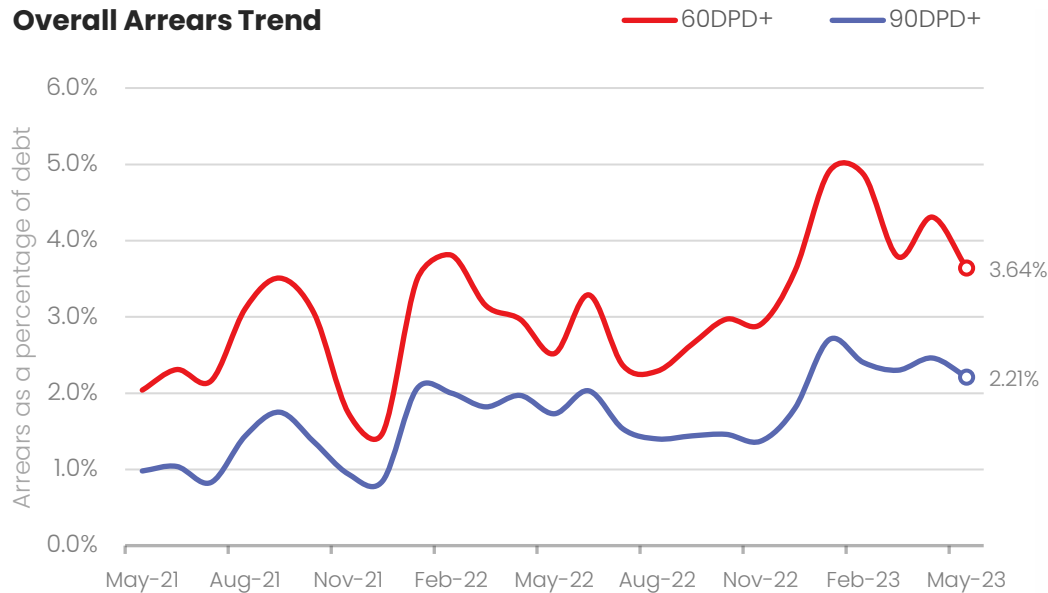
Everywhere Else MoM
↓ 1.1%

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

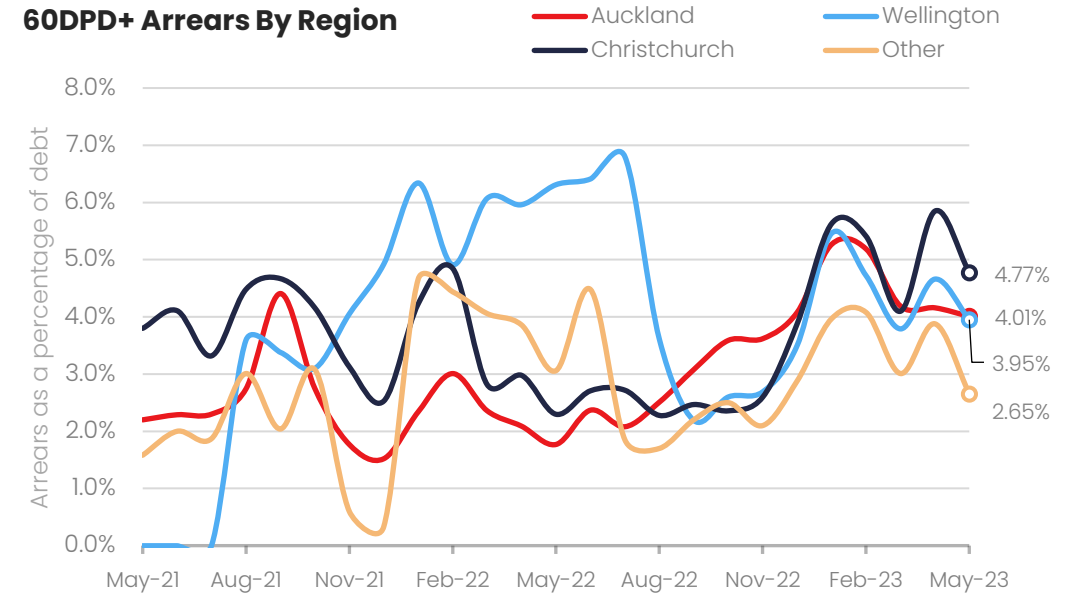
↓ **67bps**

90DPD+ MoM

↓ **25bps**

60DPD+ and 90DPD+ arrears were both down MoM in May 2023, but remain elevated compared to May 2022 (+112bps and 49bps respectively).

60DPD+ Arrears By Region



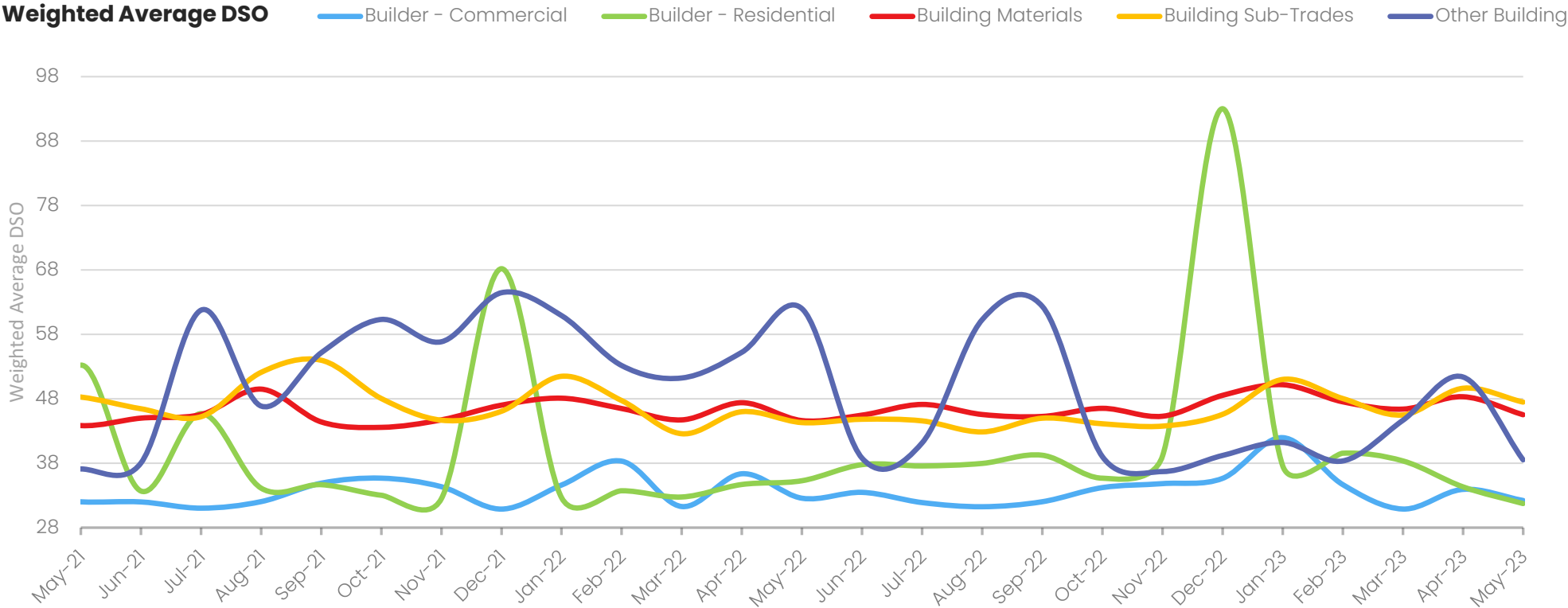
All regions saw a month-on-month improvement in 60DPD+ arrears through May 2023.



Vendor Industry DSO **Insights.**

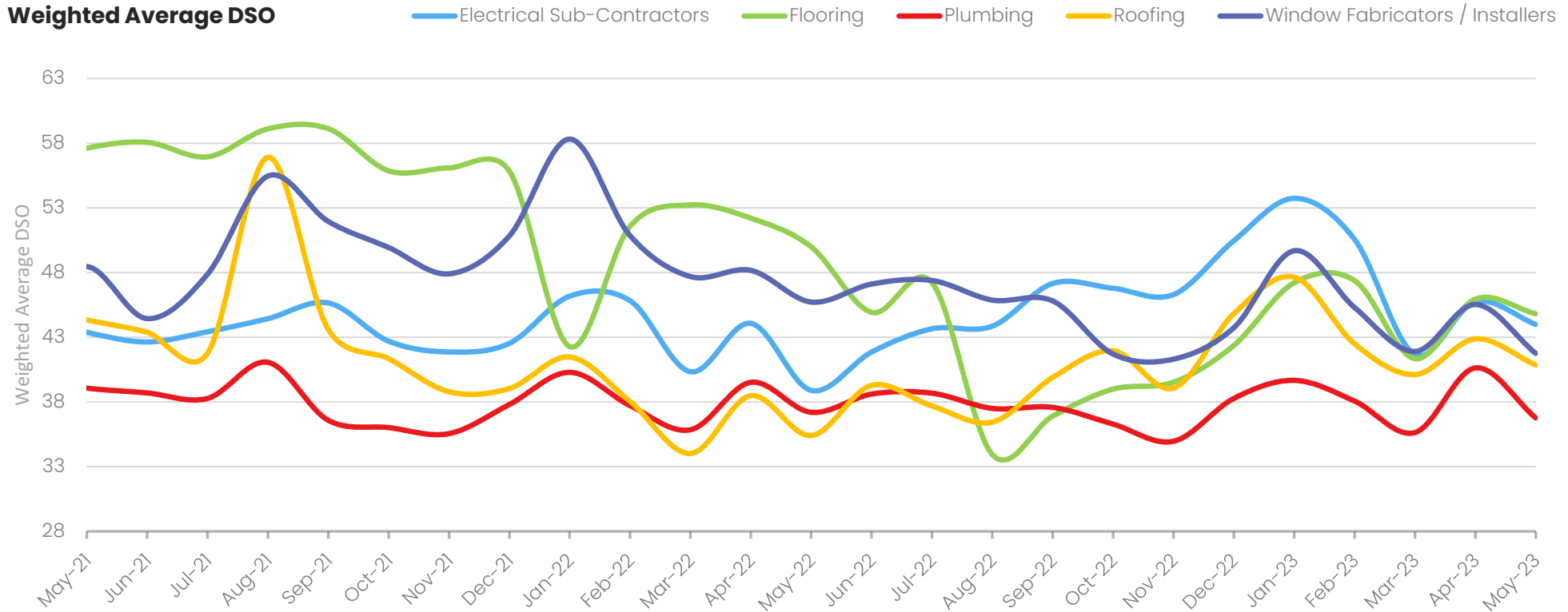
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Days Sales Outstanding by Vendor Industry (1 of 6)



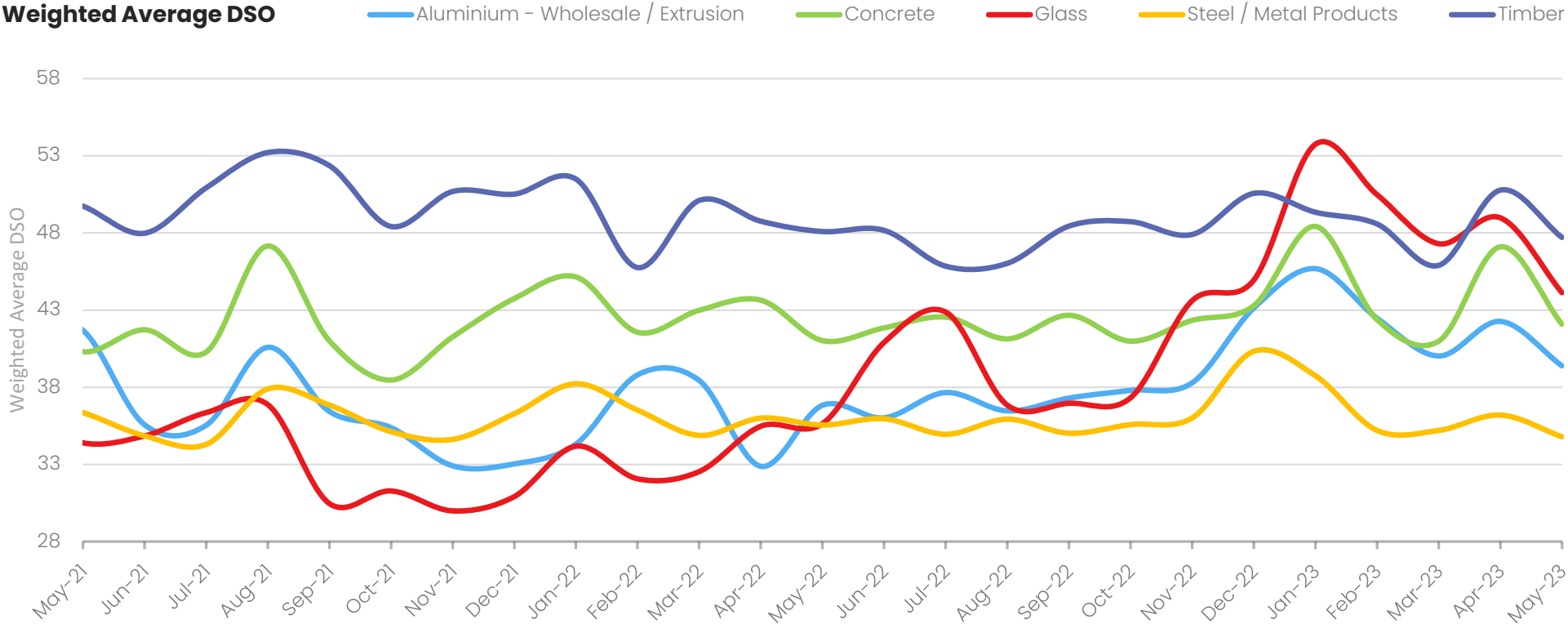
Days Sales Outstanding by Vendor Industry (2 of 6)

Weighted Average DSO

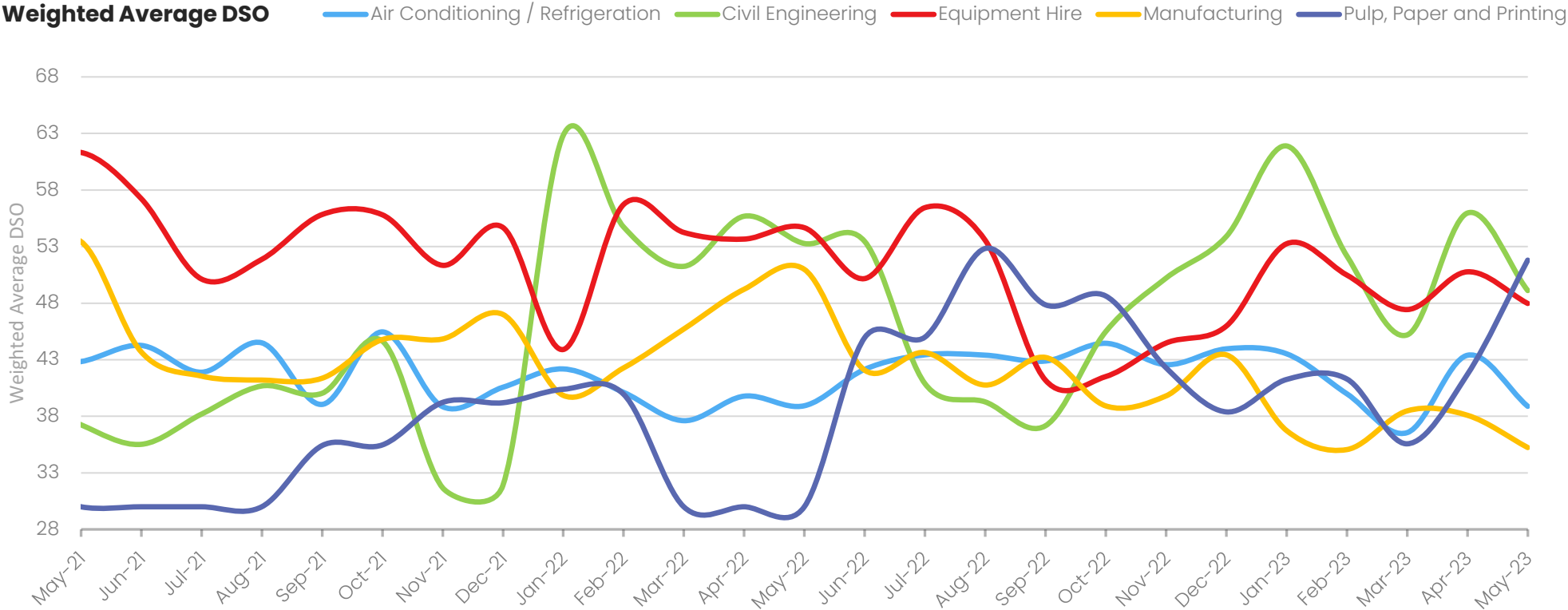


Days Sales Outstanding by Vendor Industry (3 of 6)

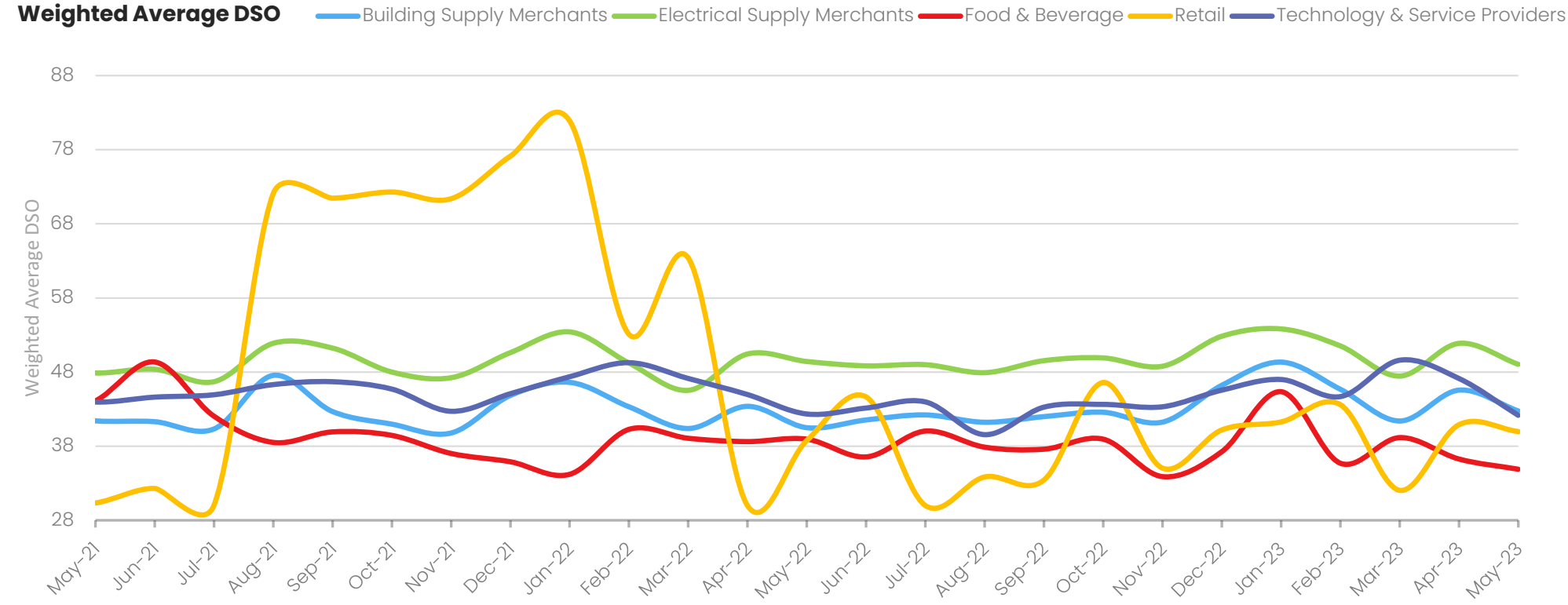
Weighted Average DSO



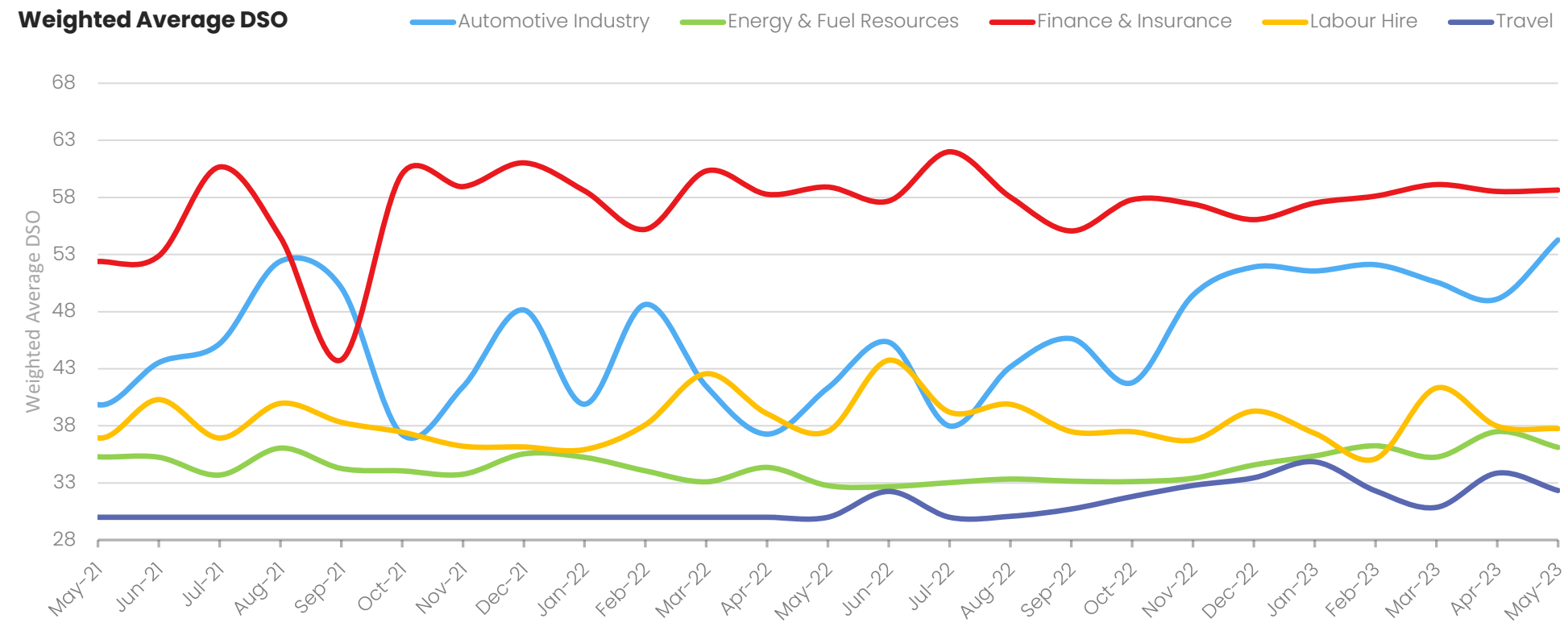
Days Sales Outstanding by Vendor Industry (4 of 6)



Days Sales Outstanding by Vendor Industry (5 of 6)



Days Sales Outstanding by Vendor Industry (6 of 6)

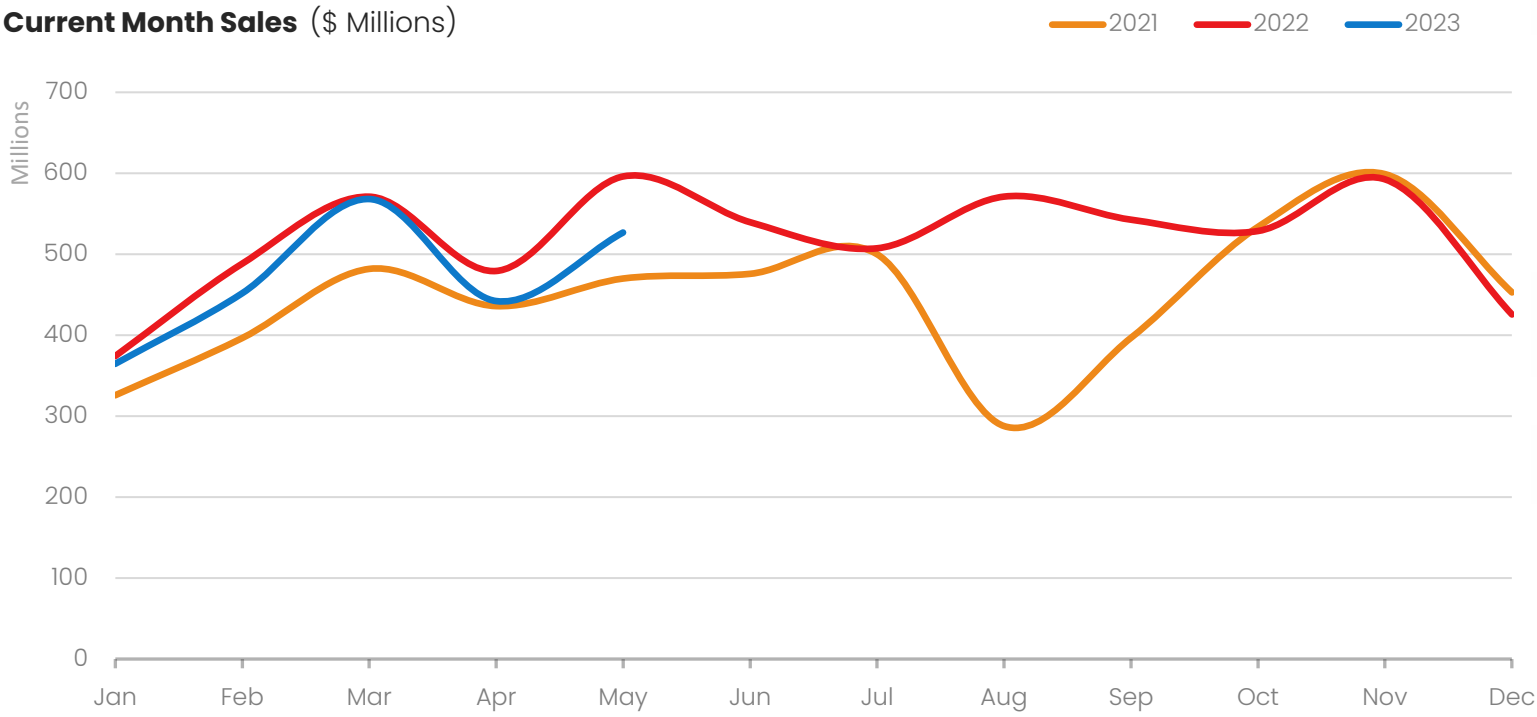




Building Merchant Insights.

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Building Merchant Current Month Sales



Month-on-Month

↑ **19.1%**

Monthly sales increased by 19.1% from April 2023 to May 2023.

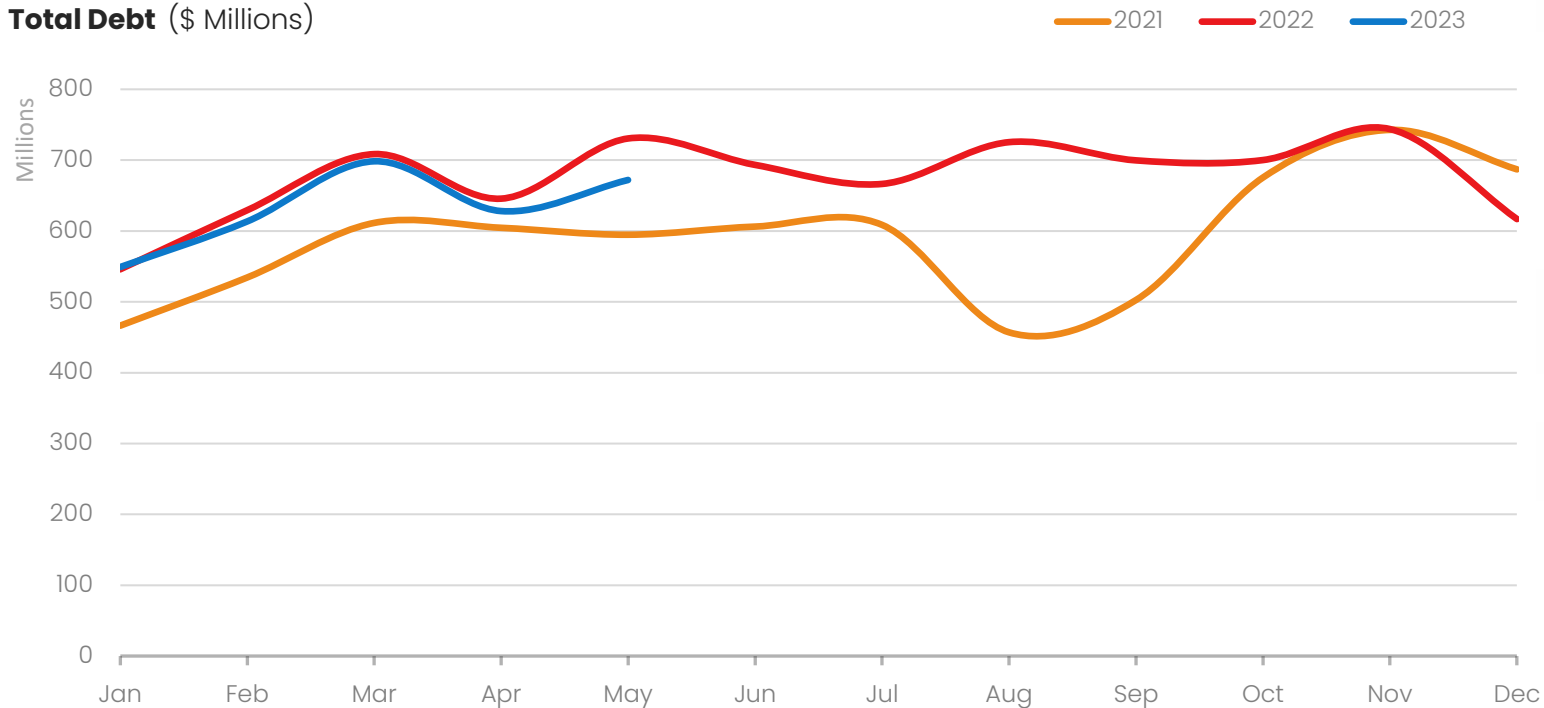
Year-on-Year

↓ **11.6%**

Monthly sales for May 2023 was 11.6% lower than May 2022.

Building Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

↑ **7.0%**

Total Debt increased by 7.0% from April 2023 to May 2023.

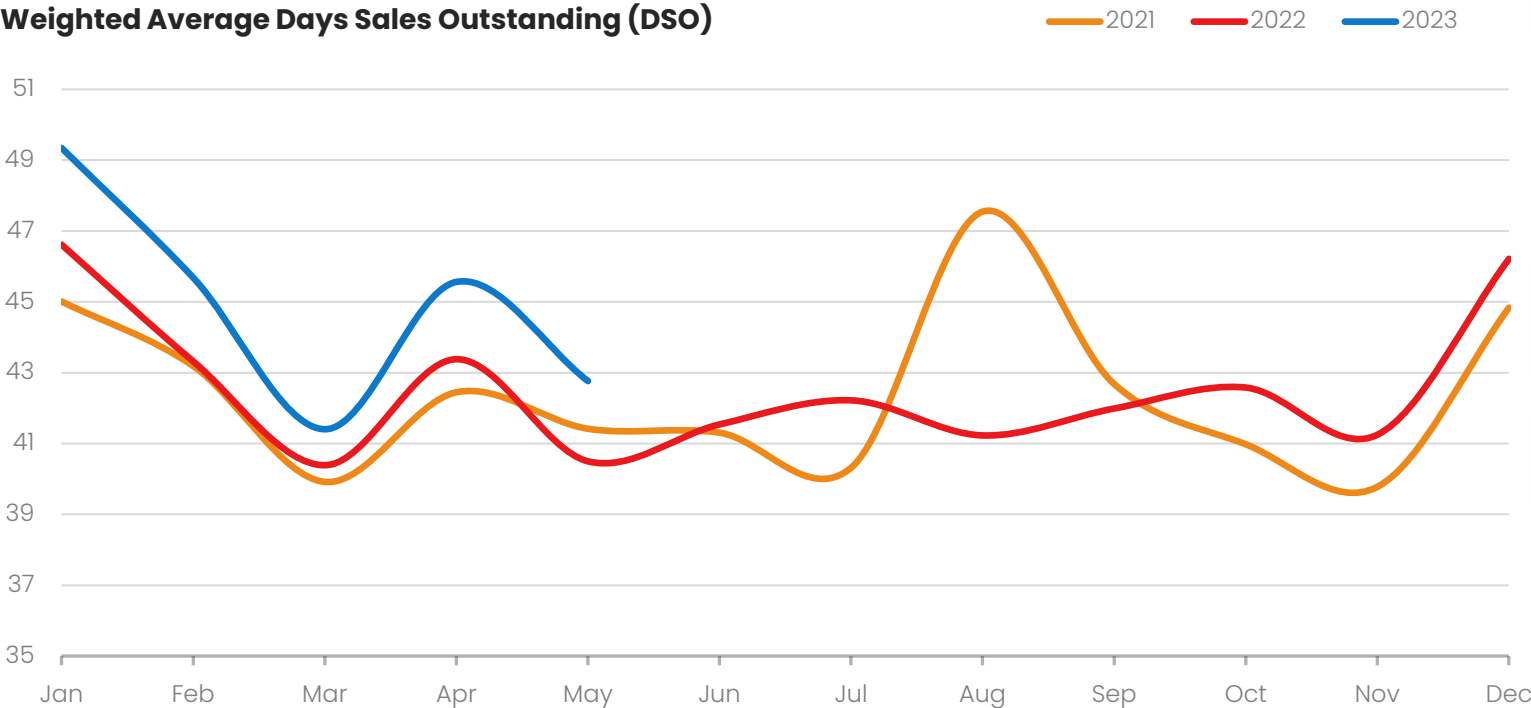
Year-on-Year

↓ **8.0%**

Total Debt was 8.0% lower in May 2023 compared to May 2022.

Building Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

↓ 6.1%

Weighted average DSO decreased by 6.1% from April to May 2023.

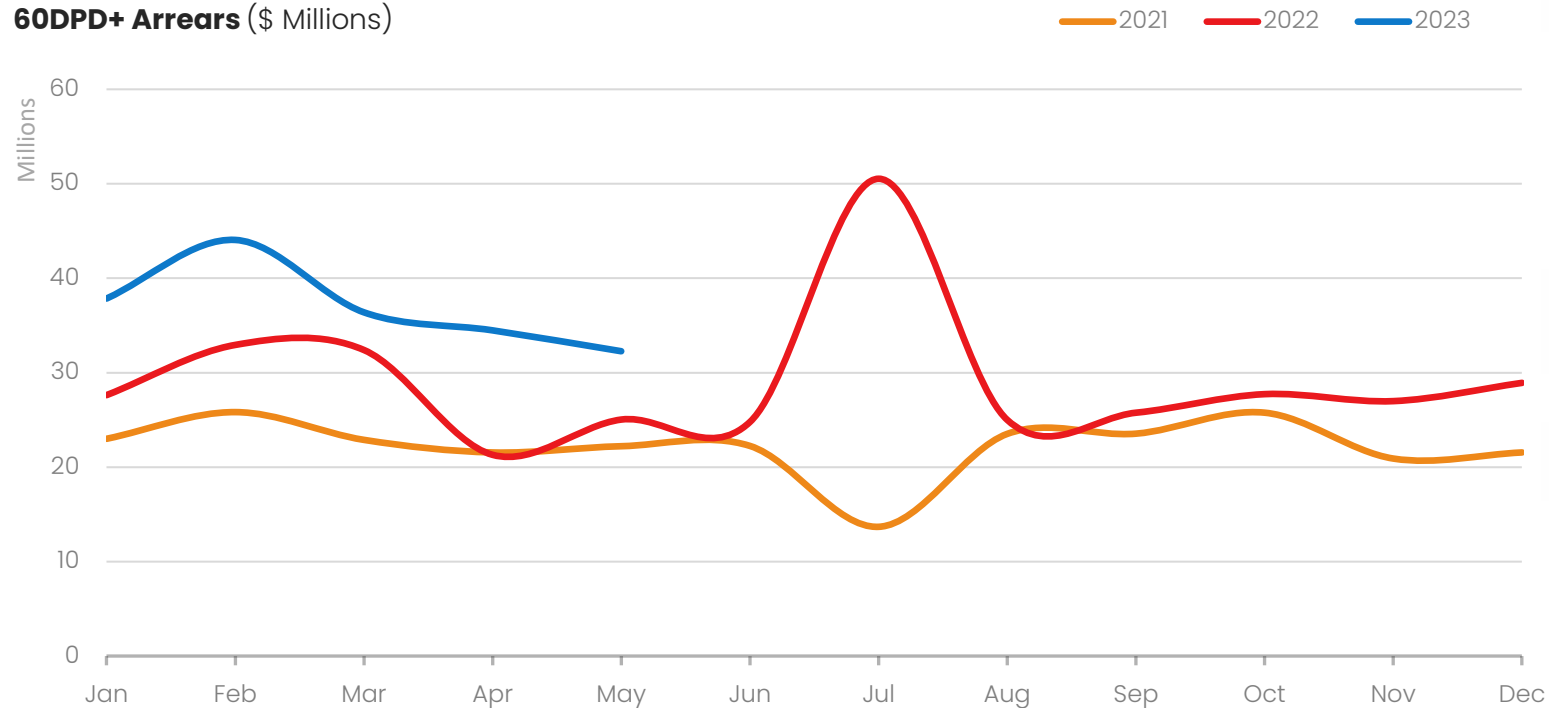
Year-on-Year

↑ 5.6%

Weighted average DSO was 5.6% higher in May 2023 vs May 2022.

Building Merchant Arrears in Dollars (60+DPD)

60DPD+ Arrears (\$ Millions)



Month-on-Month



6.4%

60DPD+ arrears were down 6.4% from April 2023 to May 2023.

Year-on-Year

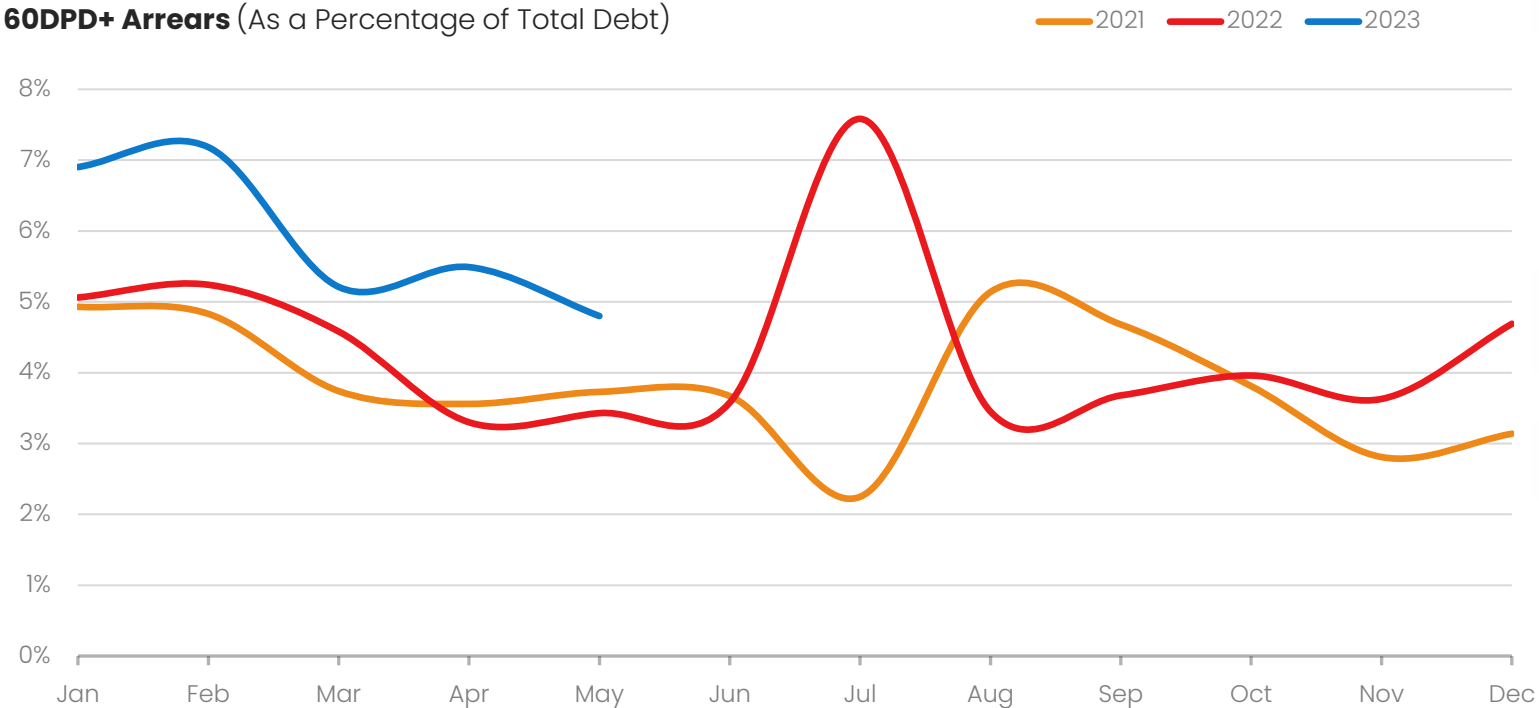


28.9%

60DPD+ arrears were up 28.9% from May 2022 to May 2023.

Building Merchant Arrears in Percentages (60+DPD)

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



Month-on-Month



69bps

60DPD+ arrears were 69bps lower in May 2023 compared to April 2023.

Year-on-Year

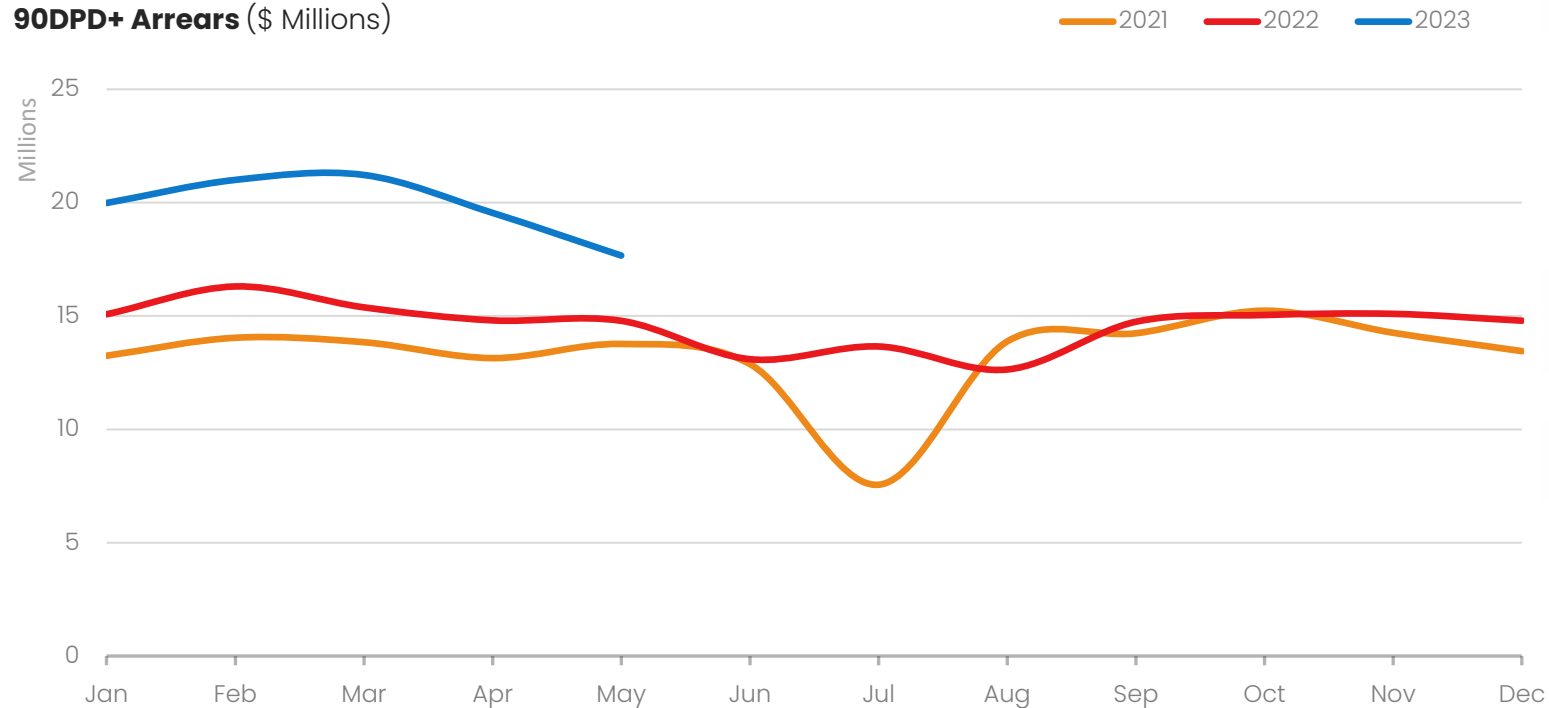


138bps

60DPD+ arrears were 138bps higher in May 2023 compared to May 2022.

Building Merchant Arrears in Dollars (90+DPD)

90DPD+ Arrears (\$ Millions)



Month-on-Month



9.6%

90DPD+ arrears were down 9.6% from April 2023 to May 2023.

Year-on-Year

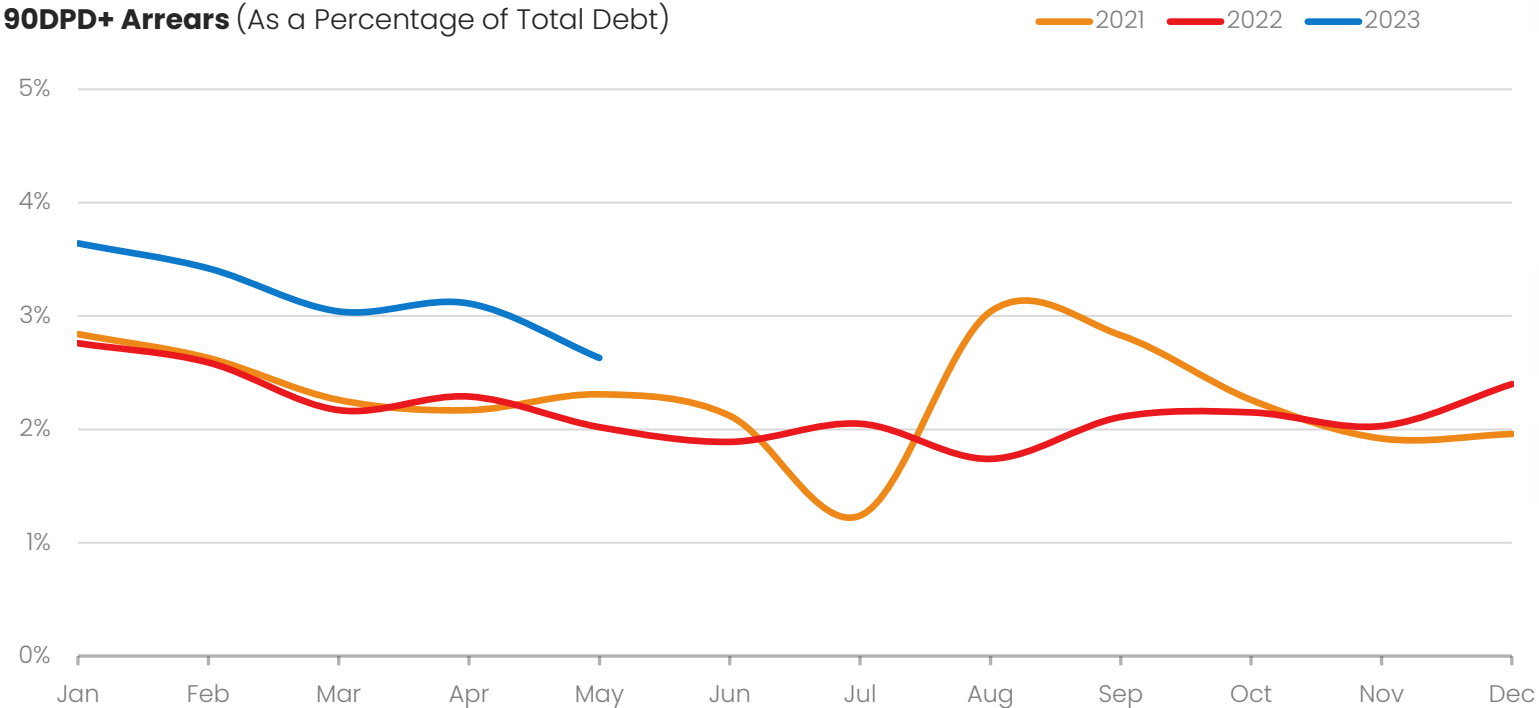


19.5%

90DPD+ arrears were up 19.5% from May 2022 to May 2023.

Building Merchant Arrears in Percentages (90+DPD)

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



Month-on-Month



48bps

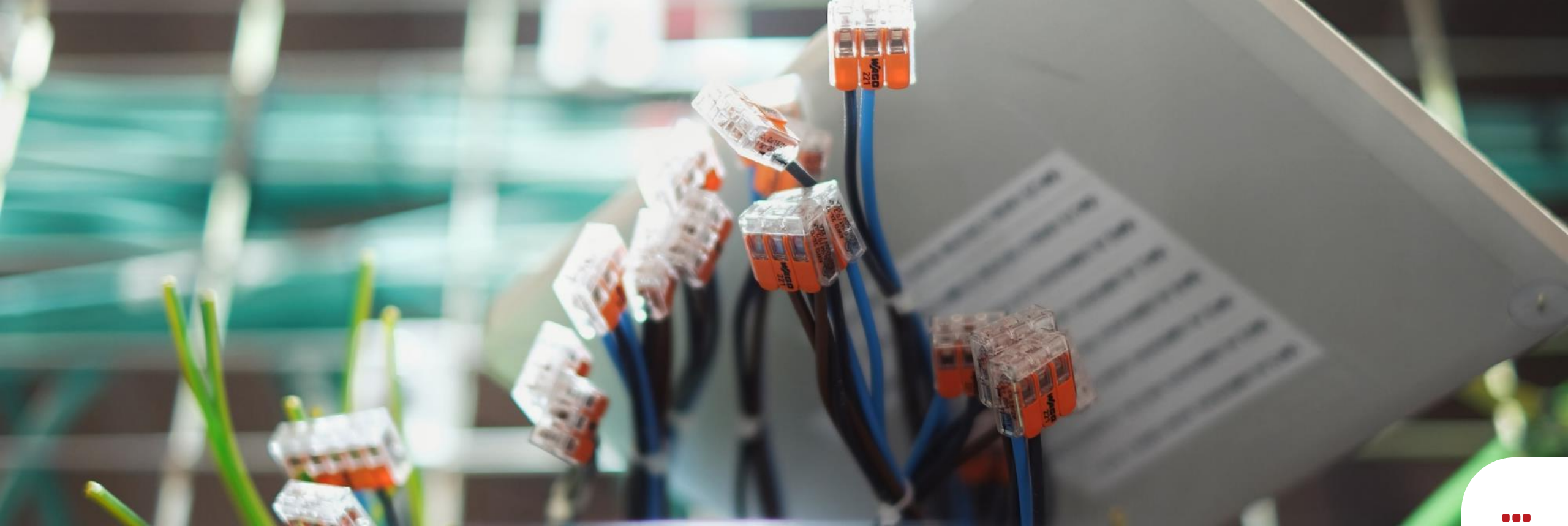
90DPD+ arrears were 48bps lower in May 2023 compared to April 2023.

Year-on-Year



61bps

90DPD+ arrears were 61bps higher in May 2023 compared to May 2022.

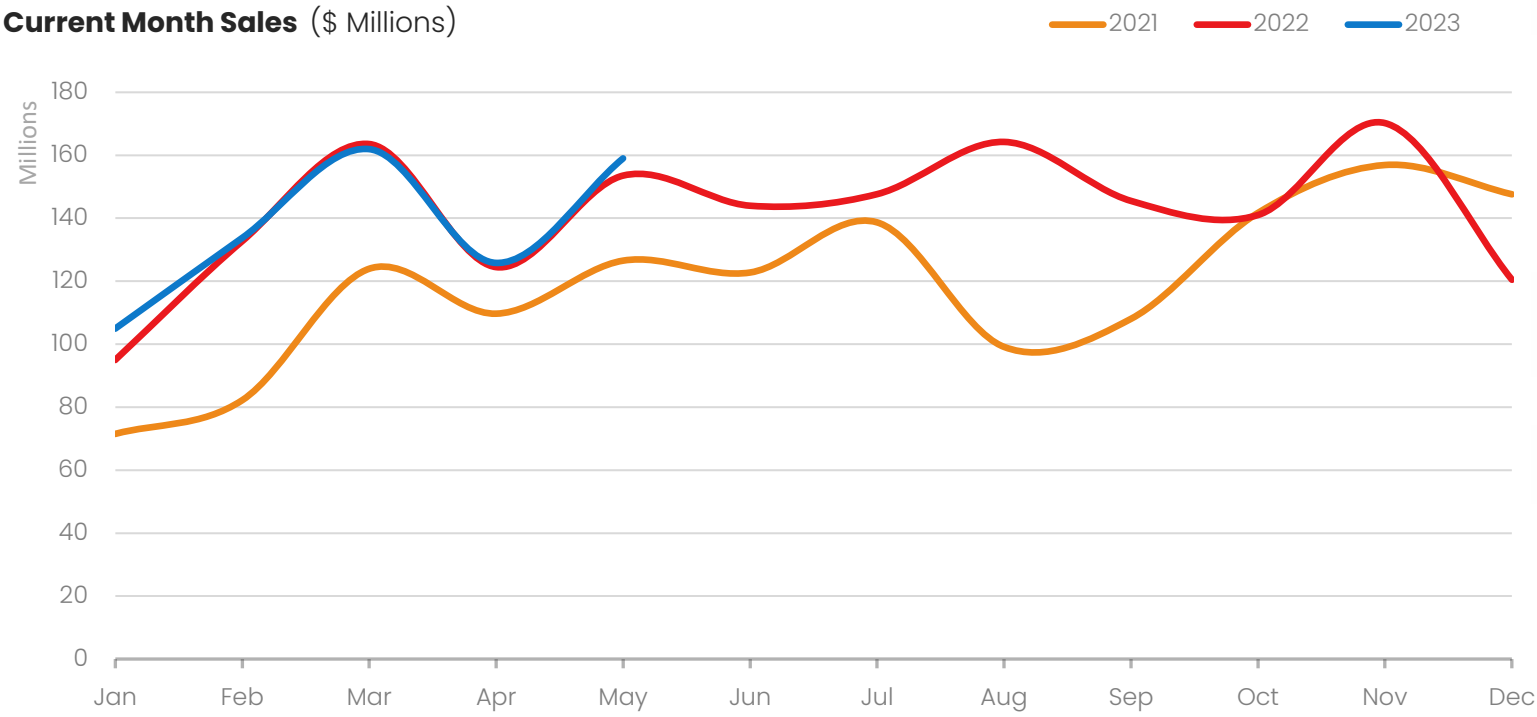


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Electrical Merchant Current Month Sales

Current Month Sales (\$ Millions)



Month-on-Month

↑ **26.4%**

Monthly sales increased by 26.4% from April 2023 to May 2023.

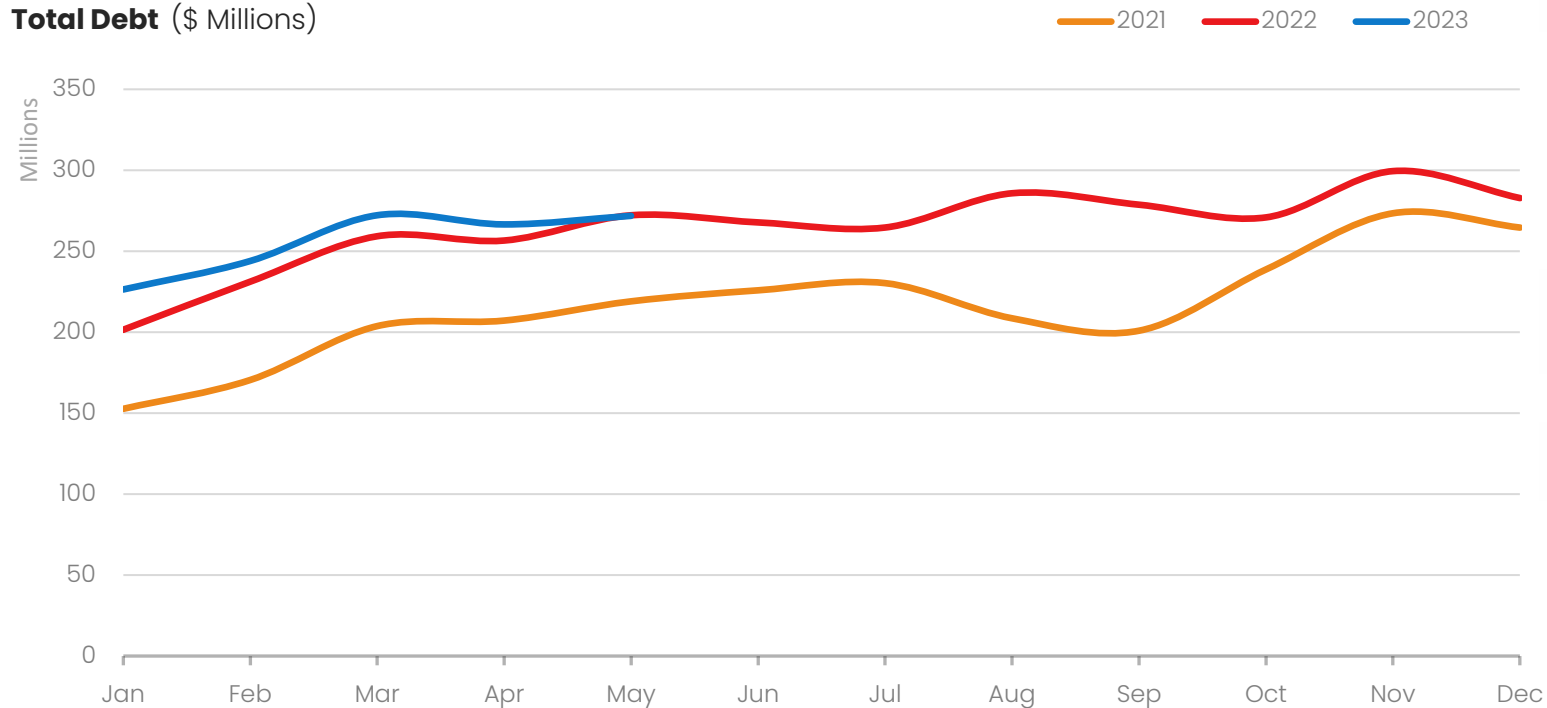
Year-on-Year

↑ **3.6%**

Monthly sales for May 2023 was 3.6% higher than May 2022.

Electrical Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

↑ **2.0%**

Total Debt increased by 2.0% from April 2023 to May 2023.

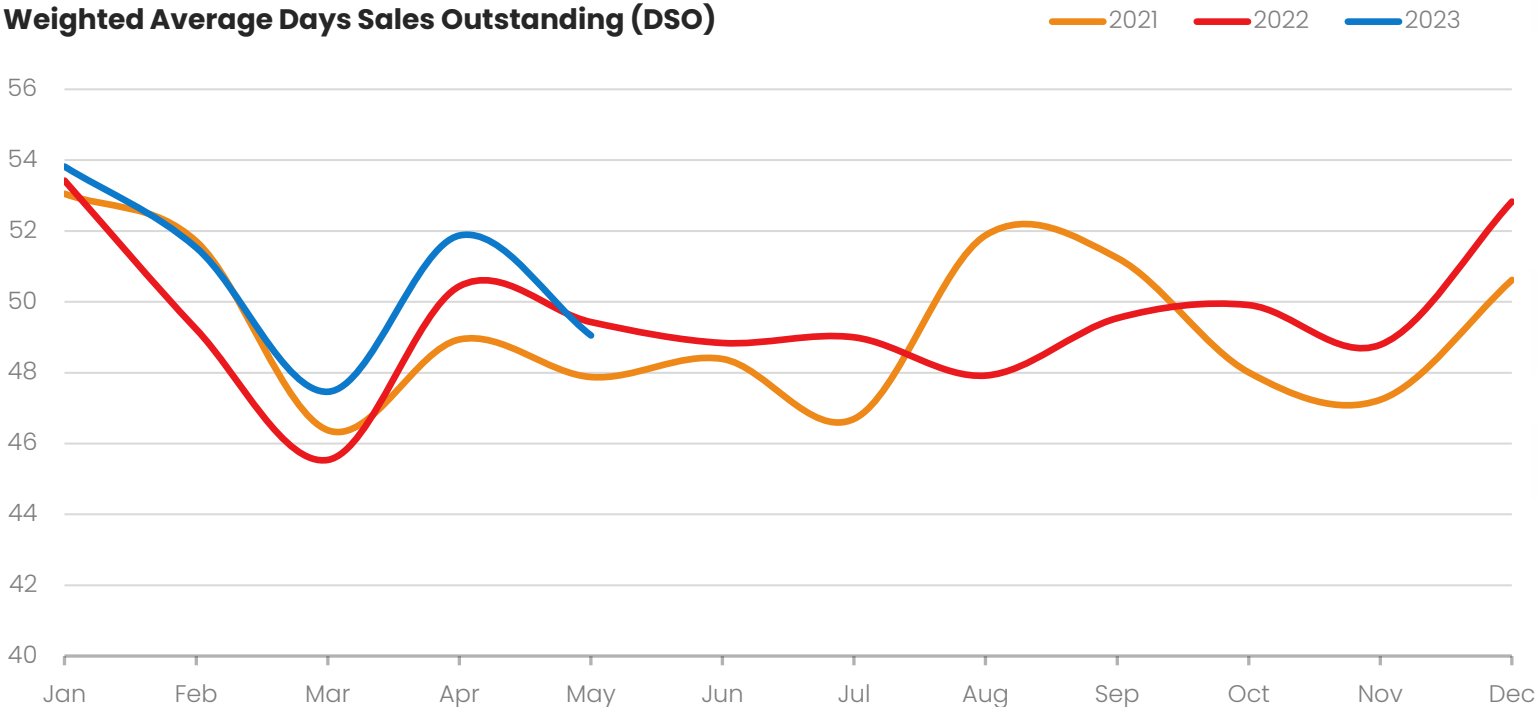
Year-on-Year

↓ **0.1%**

Total Debt was 0.1% lower in May 2023 compared to May 2022.

Electrical Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

↓ **5.4%**

Weighted average DSO decreased by 5.4% from April to May 2023.

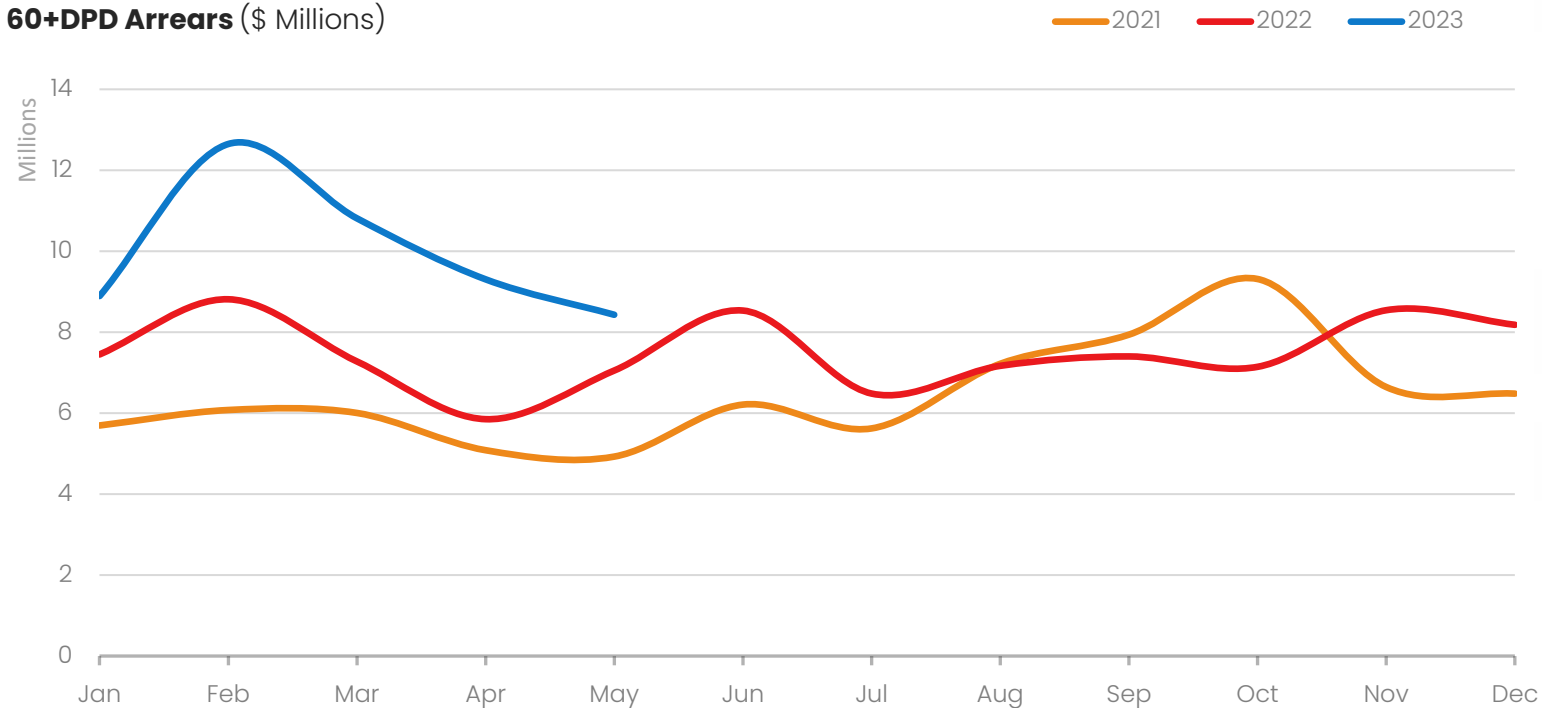
Year-on-Year

↓ **7.7%**

Weighted average DSO was 7.7% lower in May 2023 vs May 2022.

Electrical Merchant Arrears in Dollars (60+DPD)

60+DPD Arrears (\$ Millions)



Month-on-Month

↓ **9.4%**

60+DPD arrears were down 9.4% from April 2023 to May 2023.

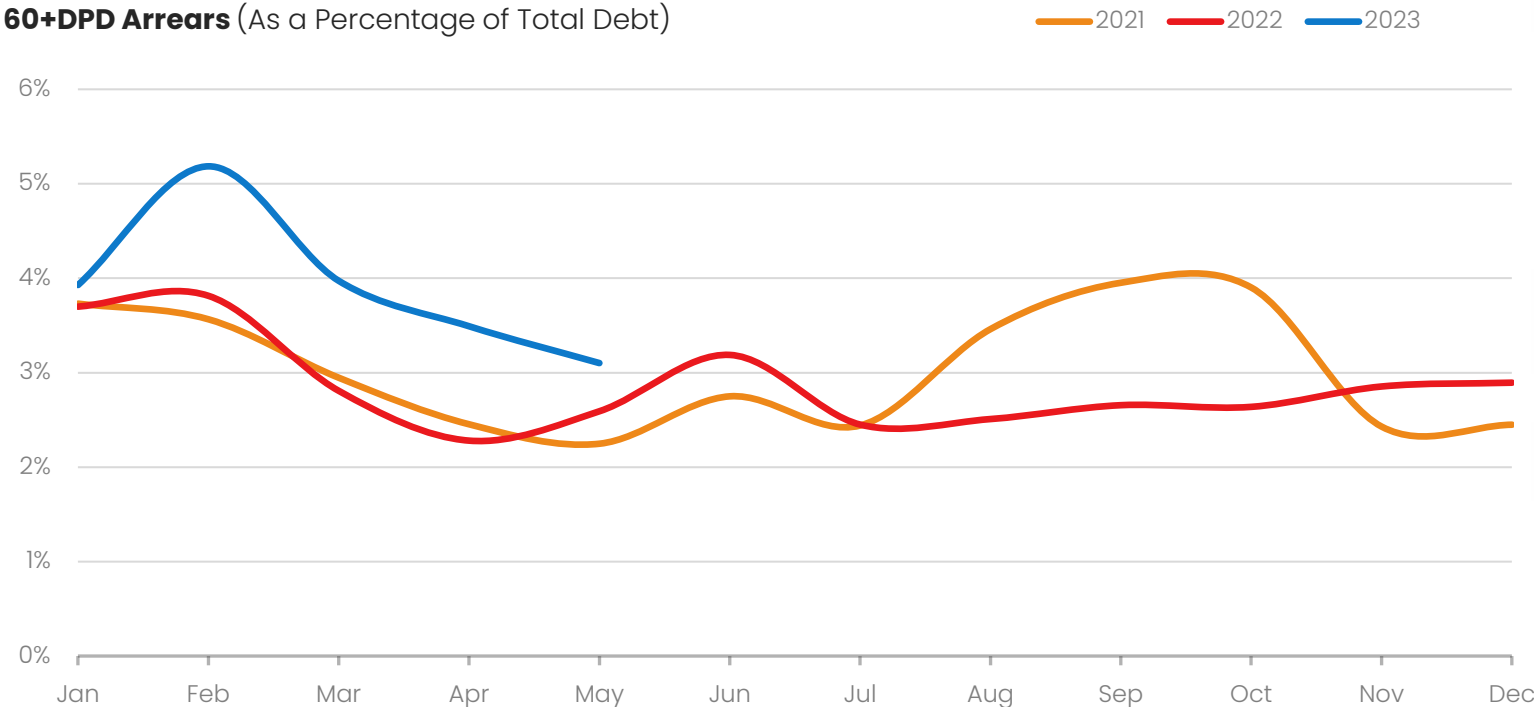
Year-on-Year

↑ **19.6%**

60+DPD arrears were up 19.6% from May 2022 to May 2023.

Electrical Merchant Arrears in Percentages (60+DPD)

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



Month-on-Month



39bps

60+DPD arrears were 39bps lower in May 2023 compared to April 2023.

Year-on-Year

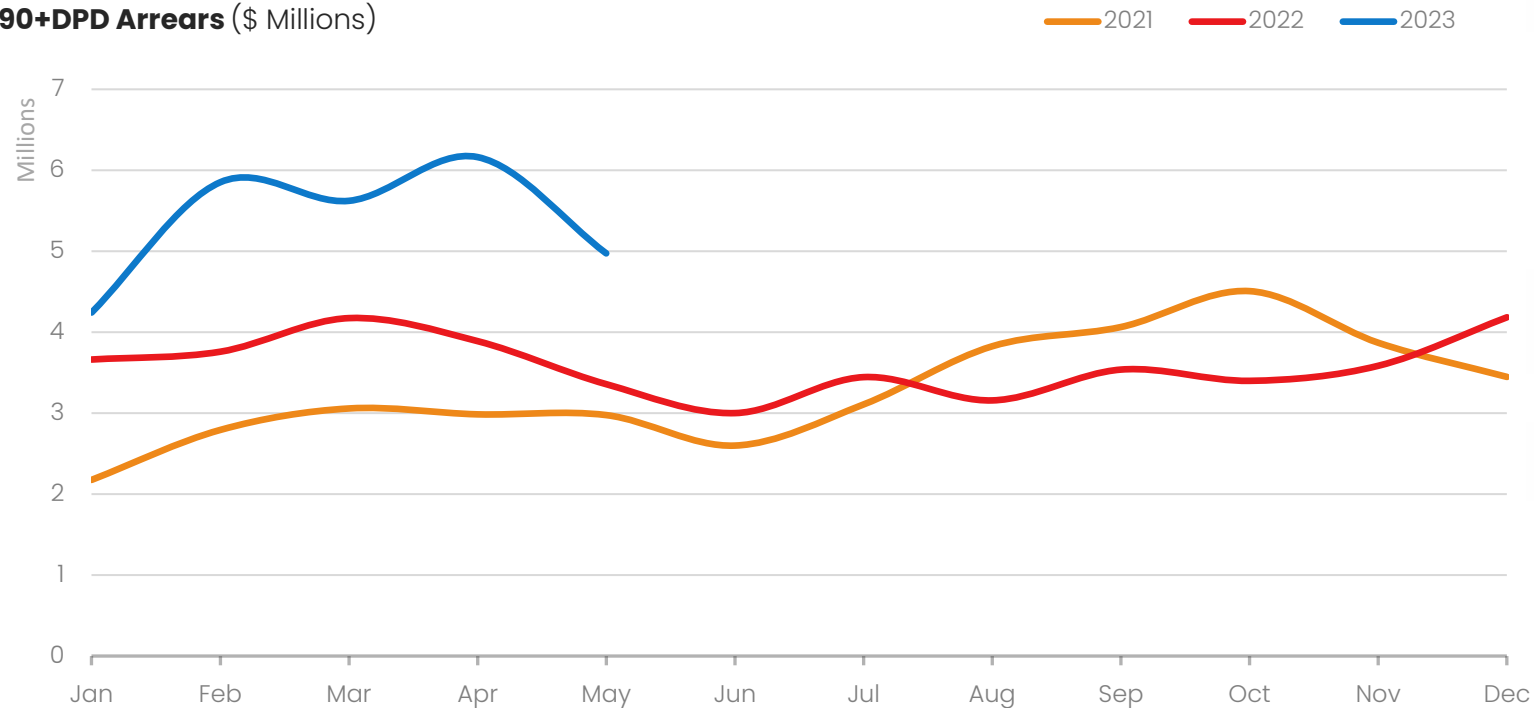


51bps

60+DPD arrears were 51bps higher in May 2023 compared to May 2022.

Electrical Merchant Arrears in Dollars (90+DPD)

90+DPD Arrears (\$ Millions)



Month-on-Month

↓ **19.3%**

90+DPD arrears were down 19.3% from April 2023 to May 2023.

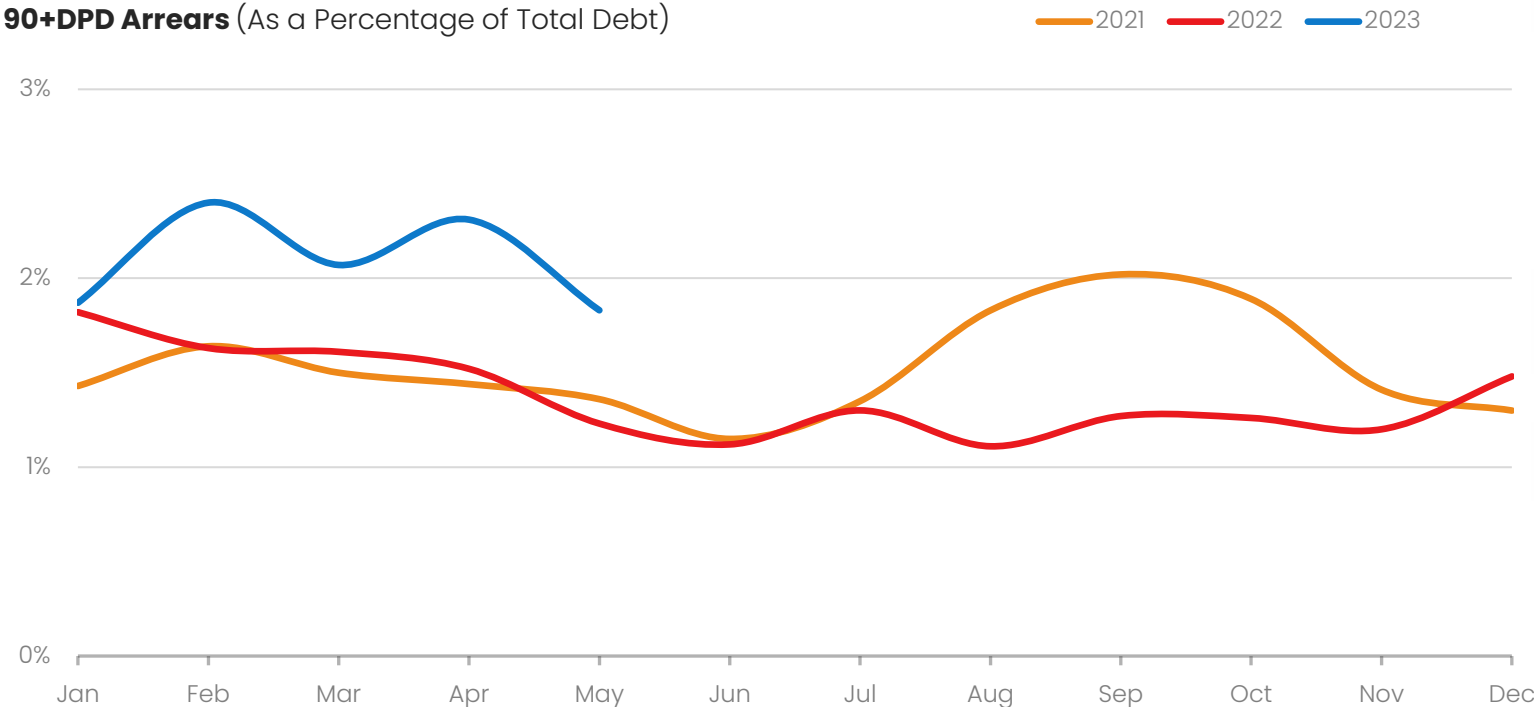
Year-on-Year

↑ **48.1%**

90+DPD arrears were up 48.1% from May 2022 to May 2023.

Electrical Merchant Arrears in Percentages (90+DPD)

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



Month-on-Month



48bps

90+DPD arrears were 48bps lower in May 2023 compared to April 2023.

Year-on-Year



60bps

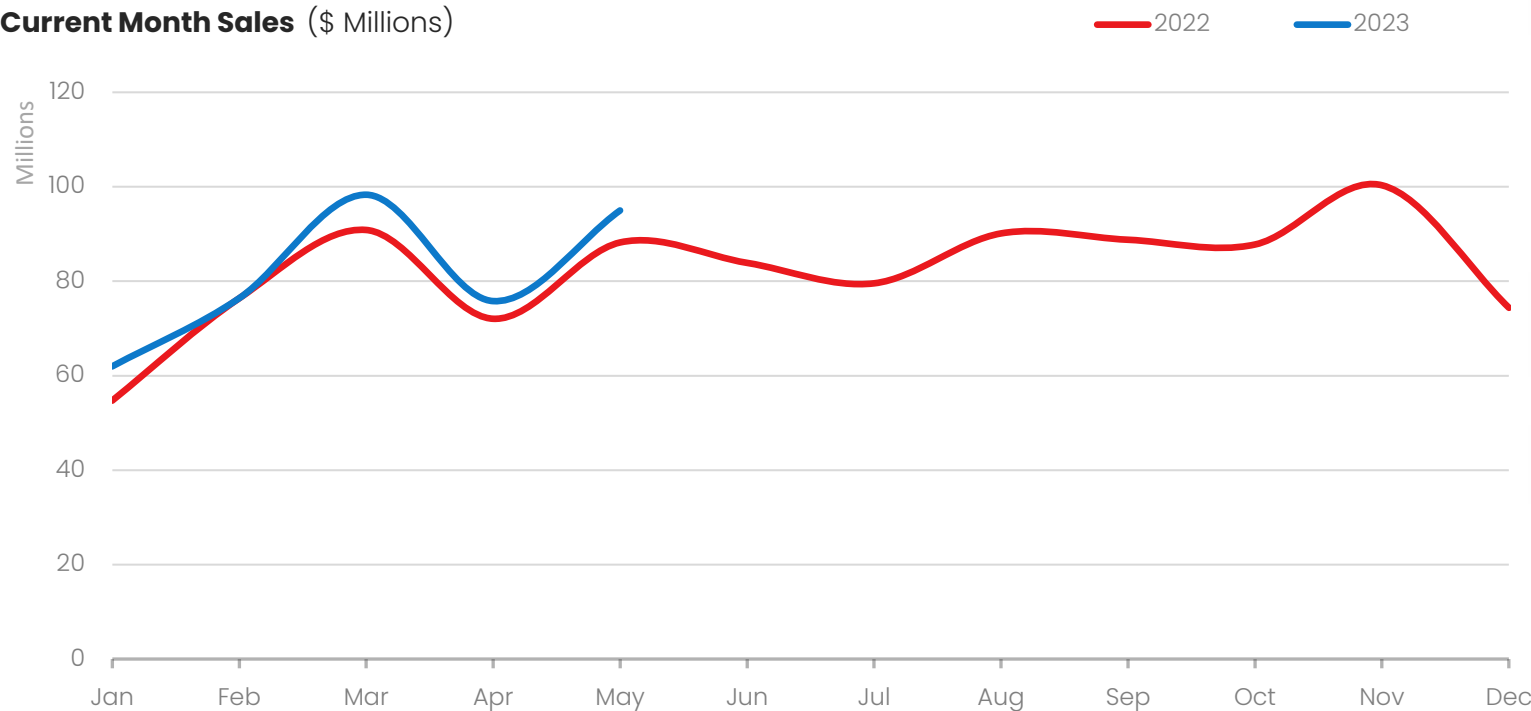
90+DPD arrears were 60bps higher in May 2023 compared to May 2022.



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Plumbing Merchant Current Month Sales



Month-on-Month

↑ **25.3%**

Monthly sales increased by 25.3% from April 2023 to May 2023.

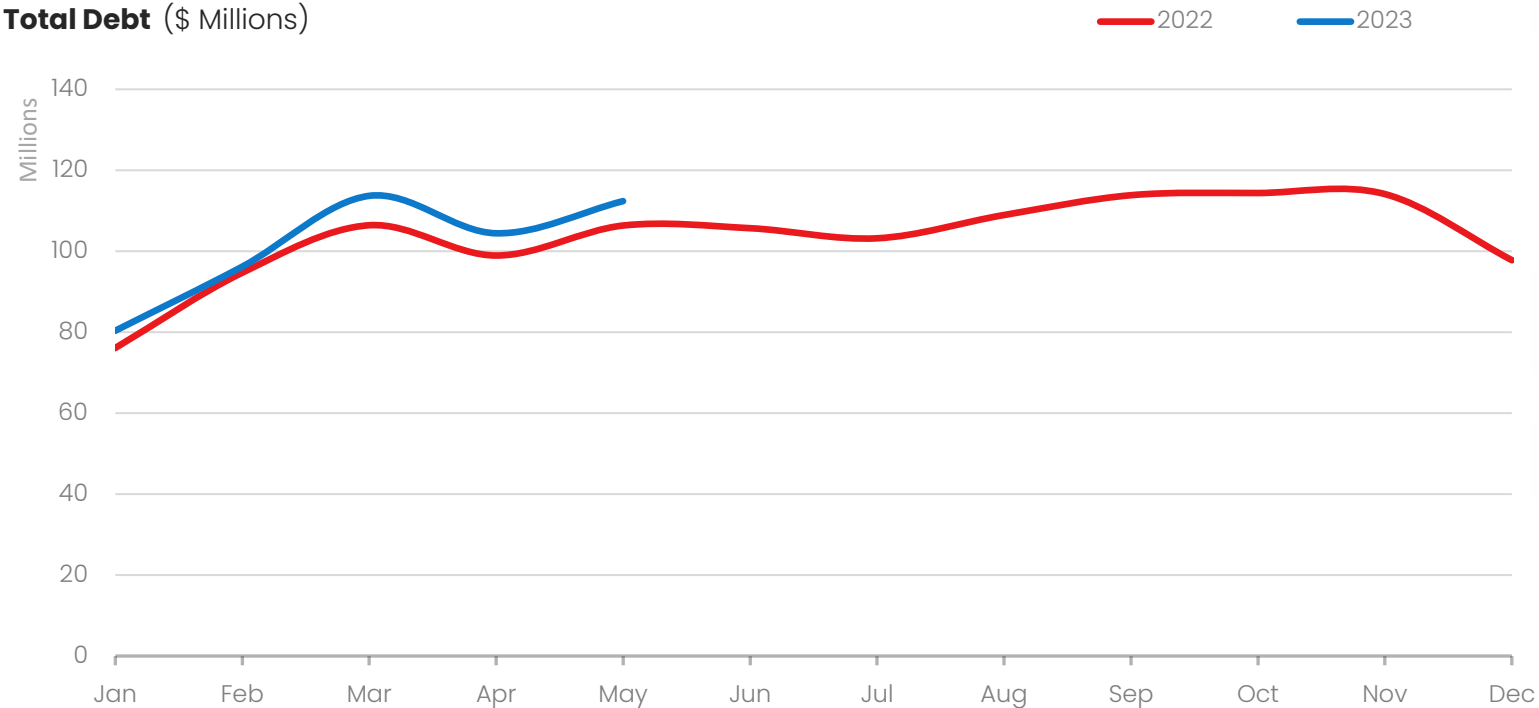
Year-on-Year

↑ **7.7%**

Monthly sales for May 2023 was 7.7% higher than May 2022.

Plumbing Merchant Total Debt

Total Debt (\$ Millions)



Month-on-Month

↑ **7.6%**

Total Debt increased by 7.6% from April 2023 to May 2023.

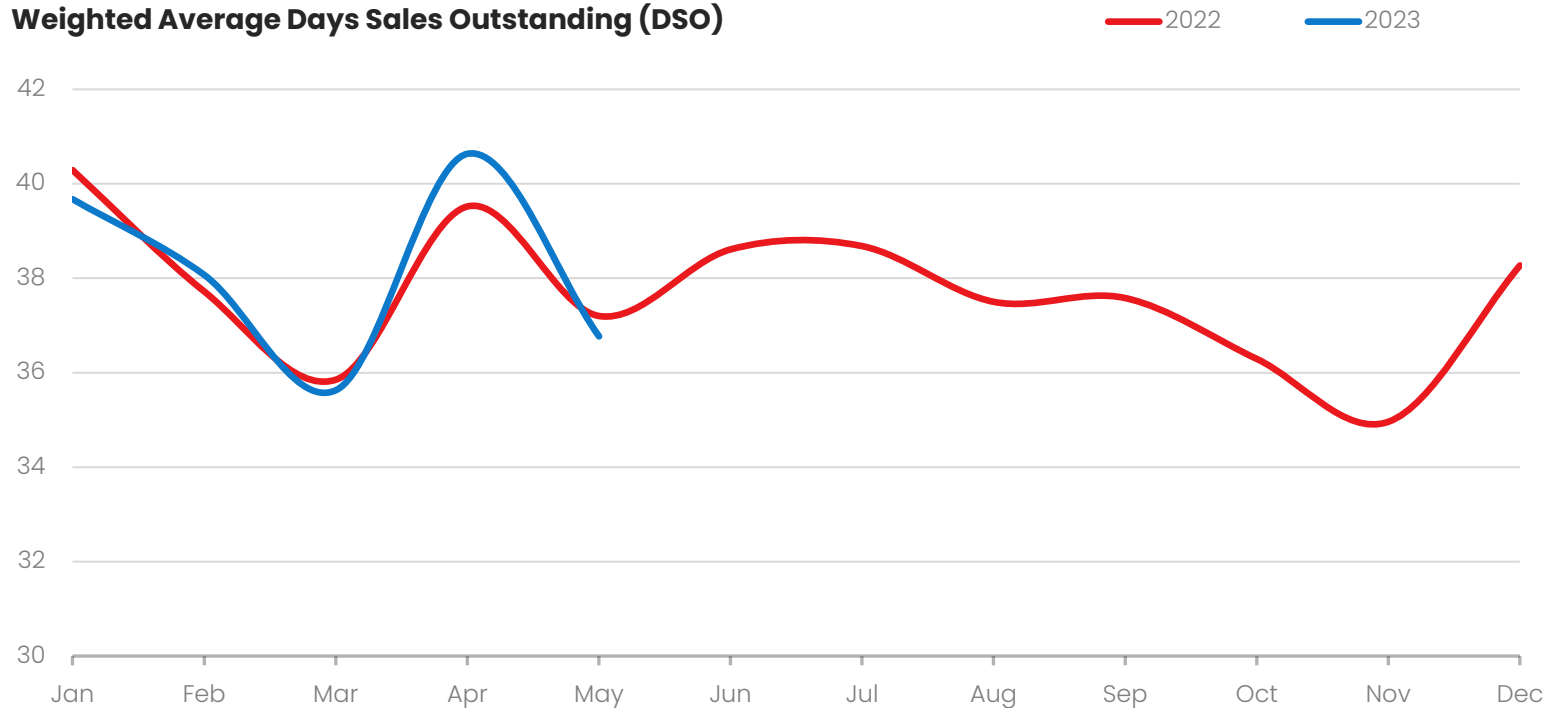
Year-on-Year

↑ **5.7%**

Total Debt was 5.7% higher in May 2023 compared to May 2022.

Plumbing Merchant Days Sales Outstanding

Weighted Average Days Sales Outstanding (DSO)



Month-on-Month

↓ **9.5%**

Weighted average DSO decreased by 9.5% from April to May 2023.

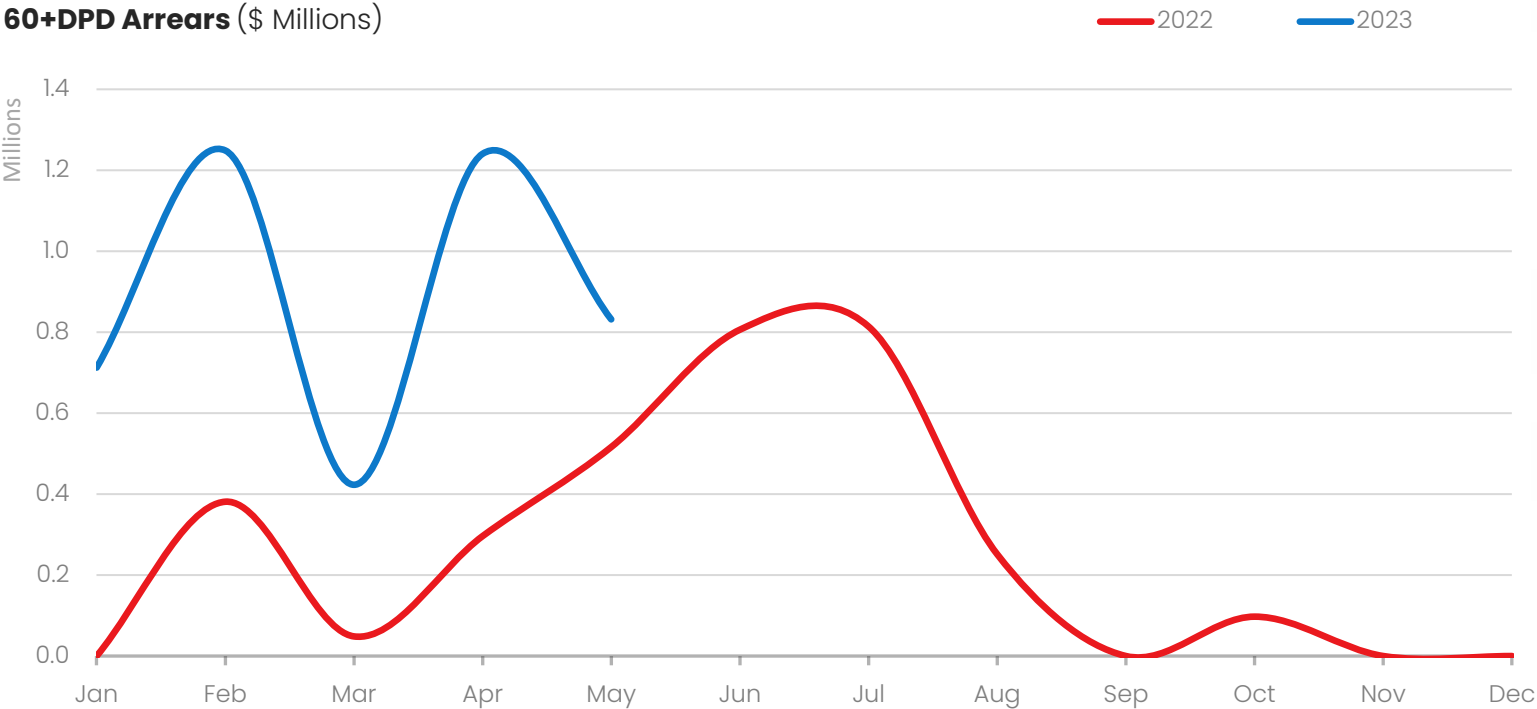
Year-on-Year

↓ **1.2%**

Weighted average DSO was 1.2% lower in May 2023 vs May 2022.

Plumbing Merchant Arrears in Dollars (60+DPD)

60+DPD Arrears (\$ Millions)



Month-on-Month



32.9%

60+DPD arrears were down 32.9% from April 2023 to May 2023.

Year-on-Year

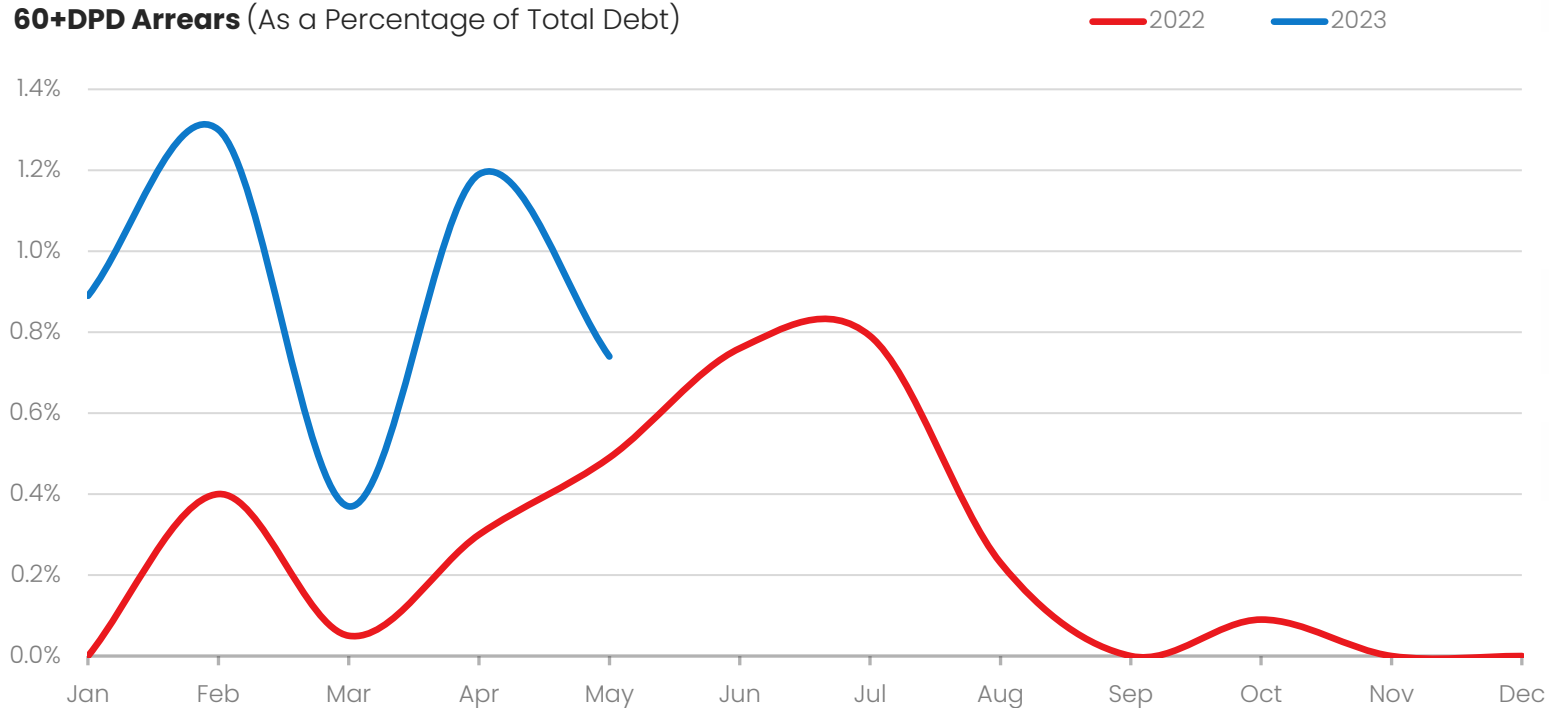


61.2%

60+DPD arrears were up 61.2% from May 2022 to May 2023.

Plumbing Merchant Arrears in Percentages (60+DPD)

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



Month-on-Month

↓ **45bps**

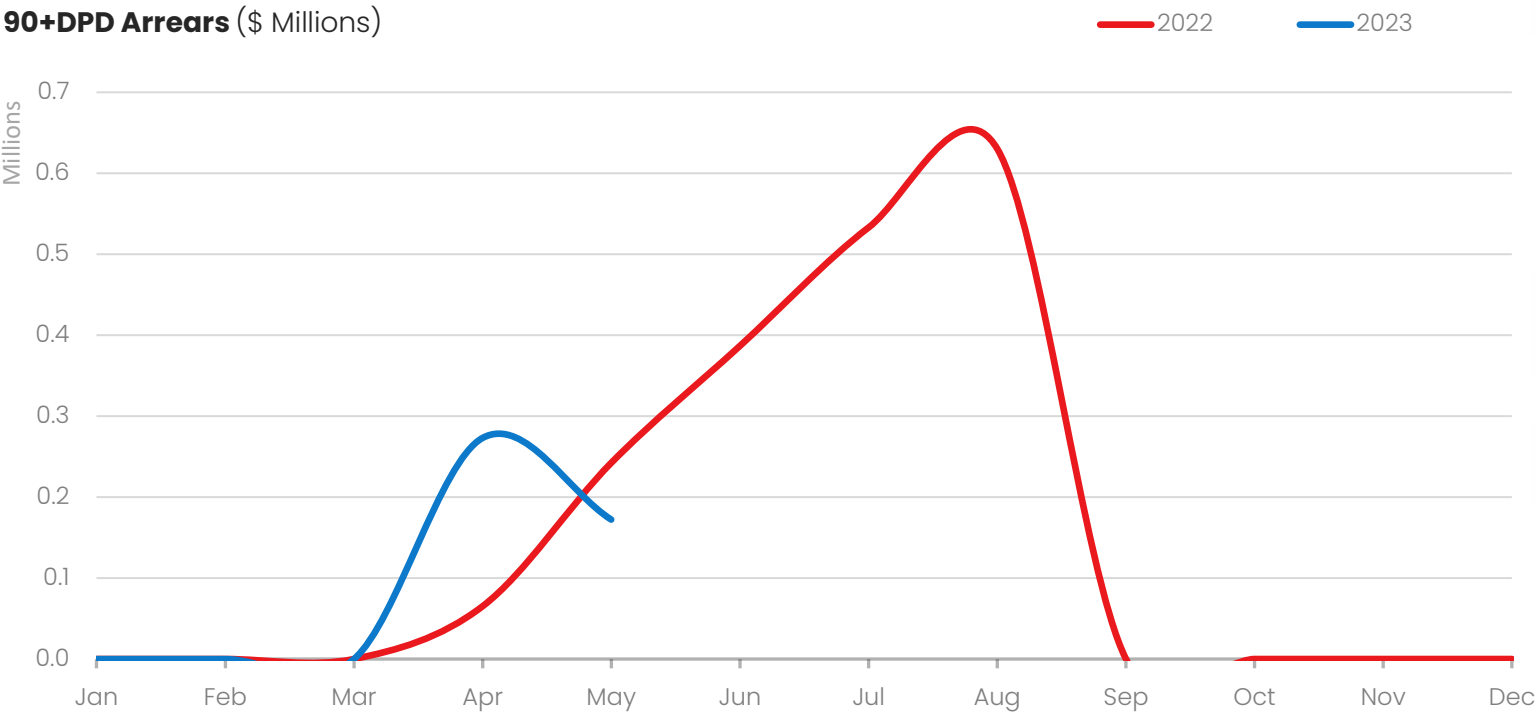
60+DPD arrears were 45bps lower in May 2023 compared to April 2023.

Year-on-Year

↑ **25bps**

60+DPD arrears were 25bps higher in May 2023 compared to May 2022.

Plumbing Merchant Arrears in Dollars (90+DPD)



Month-on-Month

↓ **36.9%**

90+DPD arrears were down 36.9% from April 2023 to May 2023.

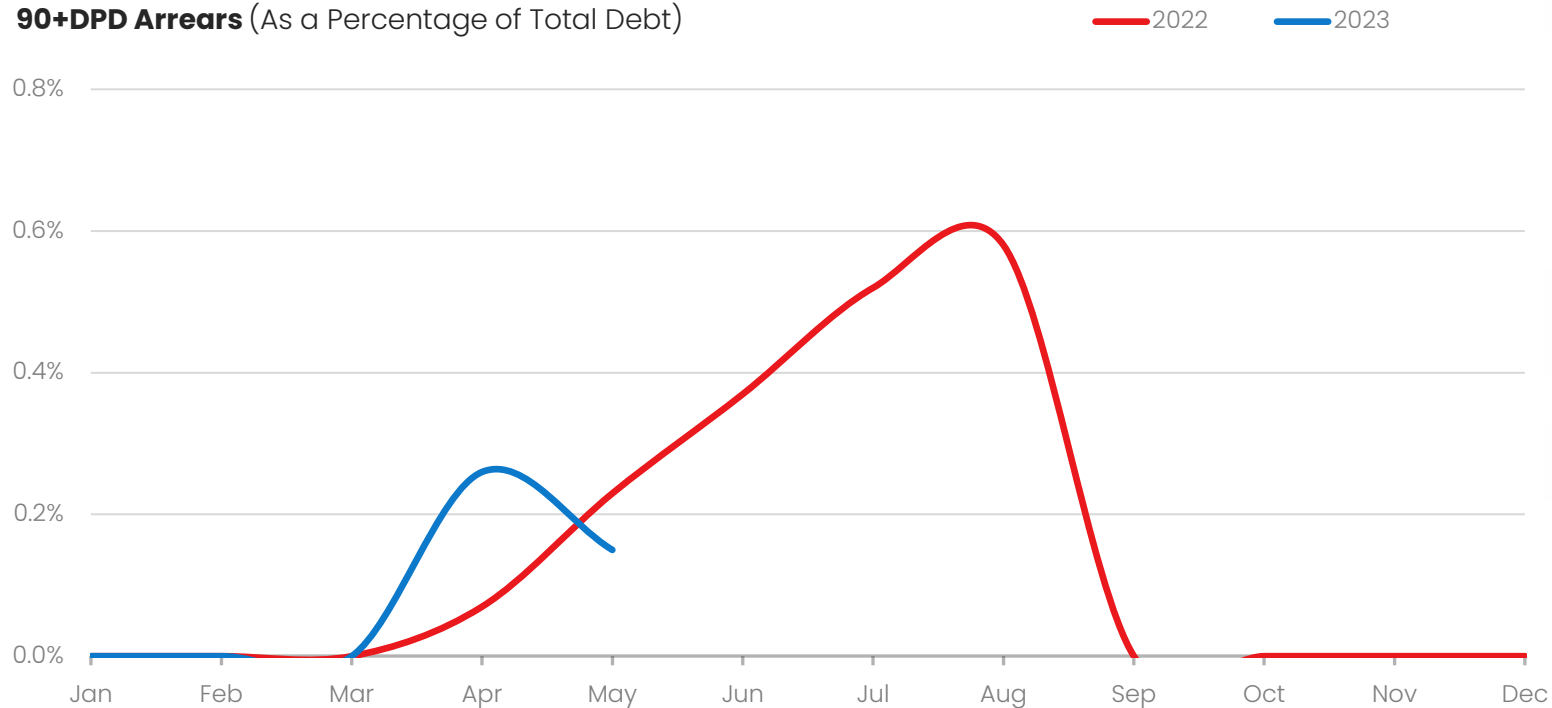
Year-on-Year

↓ **28.9%**

90+DPD arrears were down 28.9% from May 2022 to May 2023.

Plumbing Merchant Arrears in Percentages (90+DPD)

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



Month-on-Month

↓ **11bps**

90+DPD arrears were 11bps lower in May 2023 compared to April 2023.

Year-on-Year

↓ **7bps**

90+DPD arrears were 7bps lower in May 2023 compared to May 2022.