The global economic crisis

Assessing the impact of the crisis on businesses across four continents

Results August 2009

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1. Survey profile

1.1 Background

The global financial crisis of 2007–2009 began in July 2007 when a loss of confidence by investors in the value of securitized mortgages in the United States resulted in a liquidity crisis that prompted a substantial injection of capital into financial markets by the United States Federal Reserve, Bank of England and the European Central Bank. What many are now calling the "Great Recession", the financial crisis of 2007–2009 has been noted as the most serious and global financial crisis since the Great Depression by leading economists, with its global effects characterized by the failure of key businesses, declines in consumer wealth estimated in the trillions of U.S. dollars, substantial financial commitments incurred by governments, and a significant decline in economic activity. Many causes have been proposed, with varying weight assigned by experts. Both market-based and regulatory solutions have been implemented or are under consideration, while significant risks remain for the world economy.

To get an indication of the current impact of the global economic crisis on businesses across the world and how companies plan on managing their receivables in an environment in which it is likely that the focus on quality receivables management practices will be highlighted. Businesses in 20 countries around the world (The Netherlands, Belgium, France, Germany, United Kingdom, Italy, Sweden, Denmark, Spain, Ireland, Switzerland, Austria, Poland, Czech Republic, Australia, China, Hong Kong, USA, Canada and Mexico) were asked about their impressions of the effect of the global economic crisis and their views on its current impact. In August 2009, Heliview Research conducted a net of 3,538 interviews assessing the impact of the global economic crisis on business across four continents. The interviews were all conducted exclusively for Atradius Credit Insurance N.V.

1.2 Objectives

The “Global Economic Crisis” report has the following objectives:

1. Determine how the economic crisis has changed the way companies do business; Has the economic crisis changed companies’ use of risk mitigation instruments? How is cash flow impacted by the economic crisis?

2. Determine how businesses think economic indicators will change in the near future; When will the current economic crisis end? What can companies anticipate from the economic crisis over the coming months?

3. Determine whether the government is doing enough to stimulate the economy; How have government initiatives impacted businesses? What types of actions should governments take to stimulate the economy?

1.3 Survey scope

Basic population

- Companies from twenty countries were monitored
  (Australia, Austria, Belgium, Canada, China, the Czech Republic, Denmark, France, Germany, Hong Kong, Ireland, Italy, Mexico, the Netherlands, Poland, Spain, Sweden, Switzerland, the United Kingdom and the United States of America)
- The appropriate contacts for accounts receivables management were interviewed

Selection process

Internet survey:
Companies were selected and contacted by use of an international internet panel

- At the beginning of the interview, a screening for the appropriate contact and for quota control was conducted

Sample

- n=3,538 persons were interviewed in total (approx. n=150-200 persons per country)
- In each country, a quota was maintained according to three rough industry categories and two classes of company size.

Interview

- Web-assisted personal interviews (WAPI) of approx. 12 minutes duration
- Interview period: 13/07/2009 – 04/08/2009

1.4 Sample overview

Country (n=3,538)	n	%
Austria	167	5%
Belgium	195	6%
Czech Republic	152	4%
Denmark	150	4%
France	203	6%
Germany	204	6%
Ireland	154	4%
Italy	211	6%
The Netherlands	209	6%
Poland	149	4%
Spain	212	6%
Sweden	151	4%
Switzerland	161	5%
United Kingdom	208	6%
Australia	168	5%
Canada	156	4%
China	162	5%
Hong Kong	162	5%
Mexico	154	4%
USA	210	6%
Turnover (n=3,538)	**n**	**%**
1-10 million euro	1,392	39%
Over 10 million euro	2,146	61%
Economic sector (n=3,538)	**n**	**%**
Services	1,489	42%
Wholesale / Retail / Distribution	1,155	33%
Manufacturing	894	25%
Position in company (multiple answer, n=3,538)	**n**	**%**
Accountant	891	26%
Senior manager / division director	707	21%
Controller	397	12%
CEO / CFO / Managing Director	376	11%
Owner of the company	343	10%
(Chief) financial administration	342	10%
Project manager / project employee	338	10%
Financial manager	287	8%
Debtor management	278	8%
Credit manager	161	5%
Other	115	3%
Don’t know / no information given	153	-

1.4 Sample overview (continued)

Industry (n=3,538)	n	%
Building / Construction	324	9%
Services	280	8%
Financial Services	232	7%
Trade / Wholesale	218	6%
Steel- / Metal-working	215	6%
Government / Local Authorities	214	6%
Technology / Science / Electronics	197	6%
Transport / Logistics	180	5%
Food / Drinks / Agricultural Products	177	5%
Health Care	168	5%
Retail	165	5%
Real Estate	112	3%
Chemical / Pharmaceutical	110	3%
Tourism / Leisure	102	3%
Automotive	101	3%
Textiles / Footwear / Clothing / Fabrics	90	3%
Telecommunications	77	2%
Plastics Processing or Fabrication	66	2%
Energy	59	2%
Media / Advertising / PR	54	2%
Raw Materials	49	1%
Printing / Publishing	47	1%
Paper / Packaging	35	1%
Oil and Gas	34	1%
Furniture	34	1%
Education	28	1%
Other	136	4%
Don't know / no answer given	34	-

Where a single answer is possible, it may occur that the results are one percent more or less then 100% when adding the results up. This is the consequence of rounding off the results. We have chosen to not adjust the results so the outcome would fit to a 100% outcome, so the individual results will be as exact as possible.

2. Core results - global economic crisis

2.1 Core results: current situation

Impact on businesses

The economic crisis has had a significant impact on the way business is done in many companies. While many of the results suggest the expected reactions to the economic crisis, there are often response rates in some of the countries that run contrary to what one might expect. For instance, due to the rising risk of payment default, it is more difficult to insure credit sales to many buyers. Therefore, it might be expected that as the creditworthiness of buyers becomes more questionable, cash sales would increase and credit sales would decrease. While in most countries the inclination is towards an increase in cash sales, in a handful of countries, response rates favour a decrease. Credit sales however lean towards an increase in most countries with only four countries more inclined to decrease sales on credit.

In general, we find that in most cases a fairly sizable percentage of respondents make no changes in the way they conduct their business. At least 40% of respondents in no fewer than half of the countries surveyed have made no change in their actions due to the economic crisis in all areas accept the use of cash sales, credit sales, the pursuit of new markets for their products and in their focus on customer service. However there is almost always a distinct leaning in one direction or the other. On average, the majority of respondents across most markets are more inclined to have increased than decreased:

- their use of cash sales
- their sales on credit
- the number of customers for whom they have changed credit terms
- their use of outsourced collections services
- the frequency of their reviews of the creditworthiness of their buyers
- their pursuit of new markets or sales channels for their products
- their focus on customer service and
- their use of alternative financing

The only area in which they are more likely to have made a decrease is their staffing levels.

Impact in the use of risk mitigation instruments

When it comes to the use of risk mitigation tools, we find that making no economic crisis motivated changes is an even more dominant theme. Every risk mitigation instrument queried, except for advance payments, returned a response of no change in use from more than 40% of the respondents from at least 15 of the 20 countries surveyed. We could speculate about why so many respondents have kept the status quo (cost, impact on customer relationships or reputation, access to instrument), but this might give rise to the question of why the number of respondents who have considered using these risk mitigation instruments is not higher.

Again, when a change is made, in general, it is more likely to be towards more use of the tool than towards a decrease in use. The difference in the number of countries in which a higher percentage of respondents have begun using versus respondents who have scaled back or stopped using is small when considering use of letters of credit and factoring. All other risk mitigation instruments (whole turnover and excess of loss credit insurance, credit reports, advance payments, and self insurance) however show a more prominent leaning towards initiating use.

Impact on cash flow

Half of the factors queried produced a higher response rate of an increase in cash flow than a decrease. Of course that means that half also produced a higher response rate of a decrease in cash flow.

- Accessibility of financing, on average is more likely to have resulted in a decrease in cash flow. This is a predictable outcome as the reduction in the availability of financing has put stress on many companies ability to finance their supply chains or manufacturing activities.
- Availability of credit insurance on buyers, on average has resulted in an increase in cash flow; however this is only the case in 11 of the 20 countries surveyed.
- Availability of credit from suppliers, on average is more likely to have resulted in a decrease in cash flow. This suggests that buyers have experienced less availability of credit and have had to pay before they can sell the end product and generate the cash needed to cover the cost of their purchases. There may however be a difference in how respondents are selling products (on average their has been a modest increase in cash sales and credit sales according to response rates in Sections 3.1.1 and 3.1.2 respectively.
- Changes in use of cash sales, is more likely to have resulted in an increase in cash flow. An increase in cash sales, as long as it does not create a meaningful dip in sales, should generally result in improved cash flow.
- Number of customers, is more likely to have resulted in a decrease in cash flow. It is expected that rising insolvencies and falling demand have resulted in a decrease in customers. This should of course result in fewer sales and a decrease in cash flow.
- Stock / inventory levels, are more likely to have resulted in a decrease in cash flow. In many cases stock / inventory levels may have grown as sales volume has likely slowed faster than orders or production (depending on the type of company), particularly in the earlier stages of the economic downturn. However, working off inventory levels once production and purchasing slows and lags sales should ultimately improve cash flow in the later stages of the economic crisis.
- Length of time within which customers pay, has largely resulted in an increase in cash flow for many respondents. This suggests that customers are paying faster and could also be a reflection of the increase in use of cash sales or advance payments by more respondents than have decreased use of these instruments.
- An increase in the number of buyers for whom respondents have changed credit terms has been more prevalent during the economic downturn, although not alarmingly so. With this, the expectation would be of an increase in the length of time within which customers pay. This would suggest a reduction in cash flow would be more likely than the actual result of an increase.
- Payment defaults have in the majority of cases resulted in an increase in cash flow. This result is a bit perplexing since an increase in payment defaults is generally expected during an economic downturn and economic indicators suggest rapid growth in both insolvencies and defaults. A decrease in cash flow would seem to be more the expectation.

2.2 Core results: Perspective on the near future

Change of economic indicators

Overall, 2009 is expected to mark the end of the slide in the economy. In the majority of the countries surveyed continued decline in GDP, exports, corporate profits and average property values is expected through the end of 2009. There are some exceptions, like China, where GDP is expected to grow. The Chinese economy never actually slipped into a recession, but only experienced a slowdown in growth. Exports from China are however expected to decline due to the reduction in demand from western markets that are in recession. France and Canada also have expectations of GDP growth in 2009, but other indicators are expected to simply bottom and begin to grow again in 2010.

H1 2010, for most, marks at least a period of stabilization in almost all of the countries surveyed. Only in Belgium, France, Ireland and the Czech Republic are the expectations on the majority of indicators negative for this time frame. What stands out most about H1 2010 is that the French respondents expect a worsening of the economy compared to 2009. This is quite the opposite of the majority of the countries which see improvement in H1 2010 compared to year end 2009.

Expectations for year end 2010 are however mostly of improvement in GDP, but also in other indicators. As always there are exceptions. Respondents from Belgium, France, Germany, Spain, the Czech Republic and the USA, for instance, expect GDP to grow while other indicators are only expected to level off. Respondents from Ireland don’t even expect GDP to grow in 2010.

Insolvencies and unemployment are, for the most part, expected to continue growing at a gradually slowing rate. About half of the countries surveyed expect these indicators to flatten by year end 2010 and about half expect recovery to fall slightly short of this plateau. Polish respondents however have a very different expectation. They expect a decrease in unemployment and insolvencies by year end 2009, stabilization of these indicators in H1 2010 and then an increase in unemployment and insolvencies by year end 2010.

When will the crisis end?

The majority of respondents anticipate the economic crisis will be over by year end 2010. China and Poland are a little more optimistic than most with more than 25% of respondents expecting the crisis to end in Q4 2009 and more than half expecting it to end in H1 2010. However these are two of the countries that have suffered the least impact on their economy.

Ireland, Spain and Belgium have experienced a much more significant impact and are therefore far more pessimistic. In these countries, less than 50% of respondents expect the economic crisis to end by year end 2010. In fact more than 20% of respondents from these three countries don’t expect the economic crisis to end before year end 2011.

What can companies anticipate from the economic crisis over the coming months?

Expectations of a rebound in business pretty much follows this logic of improvement by year end 2010. Expectations about failures tend to follow the expectations on insolvencies and overall call for an increase in failures over the next twelve months. Financial stability, on average shows anticipation of stabilization more so than improvement or decline. However, only when considering their own company did more countries show a higher percentage of respondents who anticipate an increase than a decline in financial stability. In the majority of countries, when considering the industry or the customers of the respondents it is more likely that a decline is expected.

2.3 Core results: government actions

Are governments doing enough to stimulate the economy?

Respondents from various countries are strongly divided in their opinions about their governments and the steps that they have taken to stimulate the local economy. Overall, Chinese companies are the most positive about the steps that their government has been taking. The Irish, Spanish and Mexican respondents are the most critical of their governments. In most countries, there does tend to be a reasonably large percentage of respondents who think the government is putting in the effort, but the effort is not producing the necessary outcome.

How have companies been impacted by government initiatives?

In general, quite a large percentage of respondents have experienced no impact from government stimulus initiatives. More than 40% of respondents in all but three countries surveyed expressed this opinion. In most cases a relatively small percentage of respondents have used government programmes. Consequently, the percentage of respondents that have benefitted form the government programmes is also small.

In France, the Netherlands and Poland, more than 20% of respondents have not even acknowledged that the government has taken any initiatives. This is somewhat of a surprise for France since the French government was quite early and outspoken about the implementation of programmes to support French business and has introduced no fewer than three programmes. For the Netherlands this may be explained by the timing of the survey which occurred at approximately the same time as the implementation of a government stimulus programme. Otherwise, the Dutch government's stimulus initiatives seem to have been focused on some fairly high profile bailouts. In Poland a continued stable economy may have masked some of the actions that the government has taken to keep it so.

What types of actions should governments take to stimulate the economy in their respective countries?

The most popular action suggested for the government to take to stimulate the economy (tax cuts / incentives) was echoed across almost all markets. If not the number one action, it fell no lower than the second most popular action. The only other action that regularly received a lot of interest is lower interest rates. To a lesser extent, in that they appeared in the top three in a few countries or regularly received votes from more than 30% of respondents, the next most popular actions include; enhanced credit facilities, credit guarantees, back-up financing or reinsurance and labour legislation.

3. Current situation worldwide

3.1 Impact economic crisis on businesses

A severe economic crisis has potential for impacting businesses in many ways. The availability of financing, impact on sales, changes in payment defaults and a host of other variables can create the necessity of adjusting business practices to ensure the stability and the life of the company.

In general, businesses are more likely to increase rather than decrease their attention on finding ways to improve sales and cash flow during an economic crisis than they are when the economy is strong. This was clear when it came to issues like reviewing the creditworthiness of buyers, pursuing new markets or sales channels, and their focus on customer service.

However, a large percentage of companies make no changes in their business practices. In a number of cases, most notably in the use of alternative financing and outsourced collections services, this was the most frequent response.

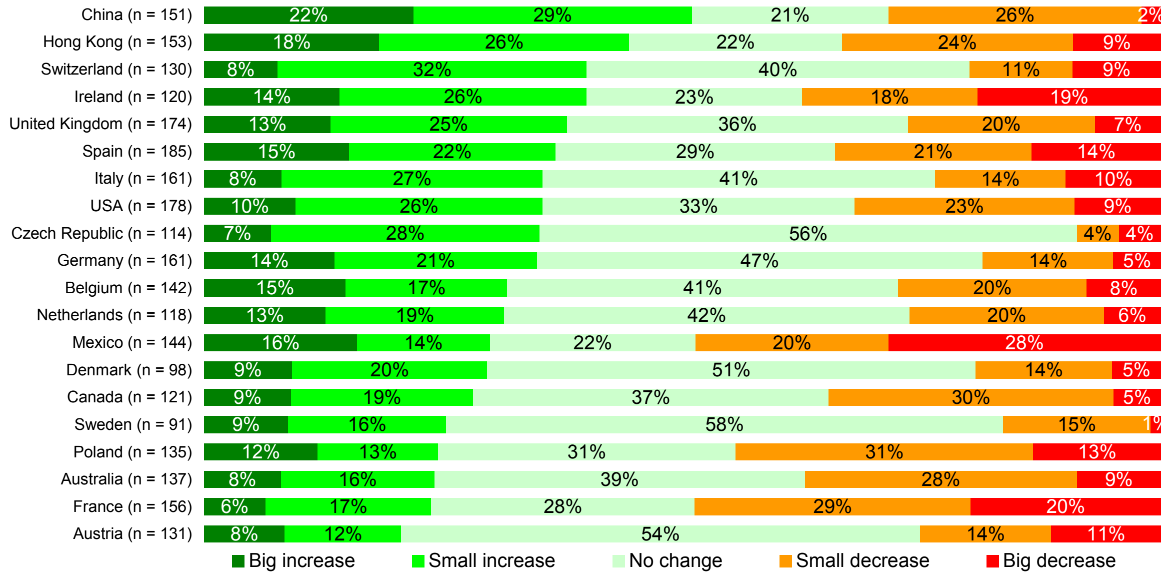
3.1.1 Cash sales

During a recessionary period when credit risks are rising, one might anticipate a significant increase in cash sales to minimize payment default risks. While there are a greater number of respondents who have increased their use of cash sales, the difference between those who have increased and those who have decreased their use of cash sales is not significant. Overall, approximately the same percentage of companies have increased, decreased and held constant their use of cash sales.

Countries with the largest percentage of respondents who have increased their use of cash sales are China (51% increase), Hong Kong (44% increase), Switzerland and Ireland (both 40% increases). However the other end of the scale proved to be the preferred action in countries including France (49% decline), Mexico (48% decline), and Poland (44% decline) which reported a more frequent occurrence of decreases in the use of cash sales. Though in percentage of overall respondents Mexico's decline is slightly less than France's, a much higher percentage of respondents from Mexico reported a big decrease suggesting there has been a more significant change in practice in Mexico. The logic in this approach is to be more accommodative of customers for whom credit terms are more necessary as sales volumes soften and inventory turns slow.

In most cases, the largest percentage of respondents have made no change in their use of cash sales. Sweden, the Czech Republic, Austria and Denmark, all with more than 50% of respondents reporting no change where the most sedentary in this respect. At least 40% of respondents in five more countries (all in Europe) have also reported no change in their use of cash sales. On the other hand, in Ireland, very few respondents have made no change but a relatively high percentage of respondents have either increased (40%) or decreased (37%) their use of cash sales. Three other countries; China, Hong Kong and Mexico, reported no change by less than 25% of respondents. The United States reported the most balanced use of cash sales with 36% of respondents increasing, 32% decreasing and 33% making no changes in their use of cash sales.

Extent to which the economic crisis has changed the way business is done, in reference to:
Cash sales



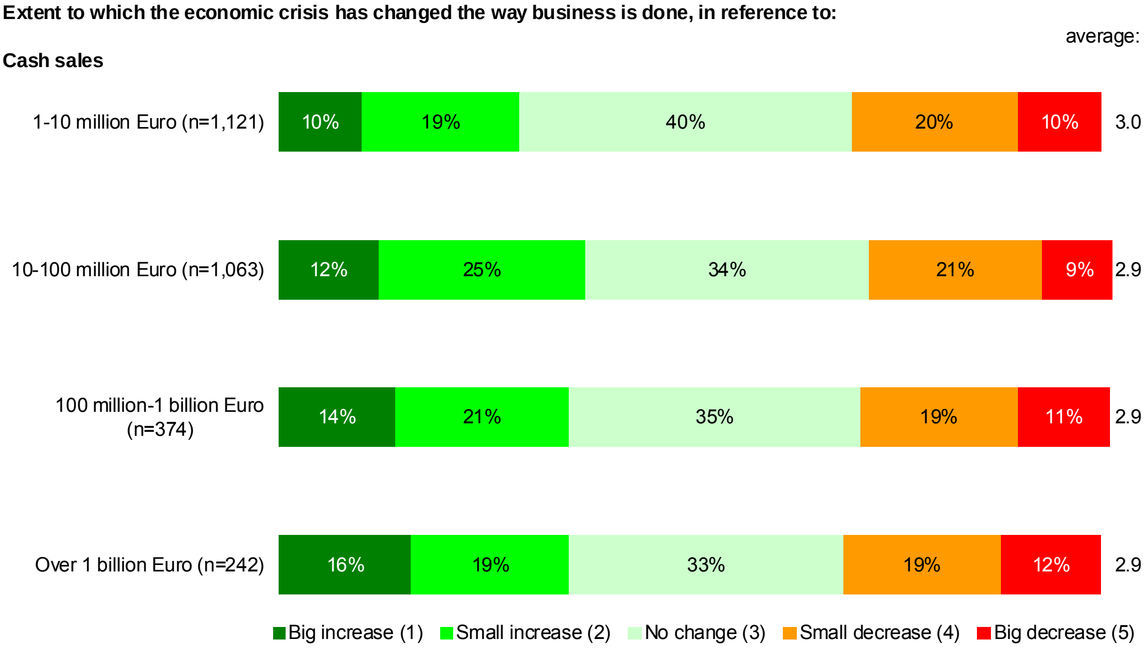
Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

While statistically, there is no significant difference in the responses of companies based on size, we have encountered a higher percentage of respondents from small companies with revenues of less than € 10 million making no changes in their use of cash sales. Companies with revenues between € 10 million and € 100 million are most likely to have made small increases in their use of cash sales. Whether it be an increase or decrease, however, as the companies grew in size they tended to be more likely to make big changes in their use of cash sales.

Larger companies tend to have negotiating power and, in general, can be stricter with payment terms. The loss of a few customers is unlikely to have a significant impact on their business. Therefore they are in a stronger position to request and receive cash terms on sales than smaller companies which can be more seriously impacted by the loss of a few customers. In essence, customer friendly business practices are more important to the survival of smaller companies than larger companies.

Extent to which the economic crisis has changed the way business is done, in reference to:

Cash sales

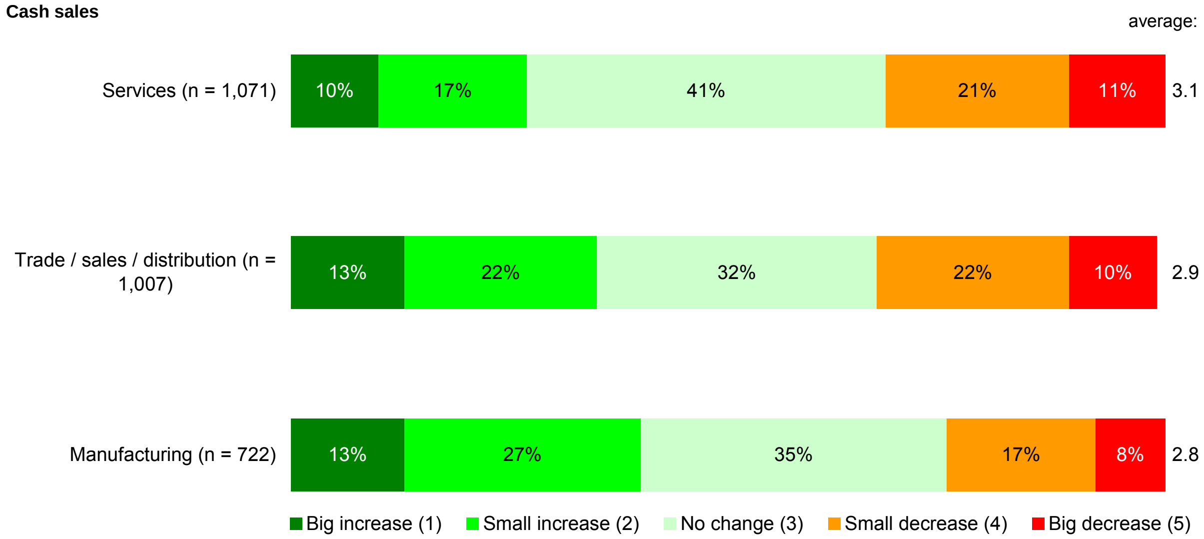


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Looking at major business sectors the services sector is far less likely to have increased their use of cash sales. In fact respondents from this sector are the most likely have not changed their use of cash sales at all. A lower reliance on funding through the product cycle in many service businesses should offer them greater flexibility in billing. This may also allow them to take a more reactive approach to making changes in their use of cash versus credit sales. Manufacturers however are easily the most likely to have increased and the least likely to have decreased their use of cash sales. This likely reflects the relatively high reliance on capital (other than human) in the production cycle of many manufacturing companies and demonstrates the important role that cash flow plays in these businesses. The trade / sales / distribution sector has the most balanced profile. This suggests a wider range of business structures, for which the cash needs of many respondents likely fall somewhere between that of the manufacturing and service sectors. A more detailed sector analysis is likely to show some distinctive differences from industry to industry.

Extent to which the economic crisis has changed the way business is done, in reference to:

Cash sales



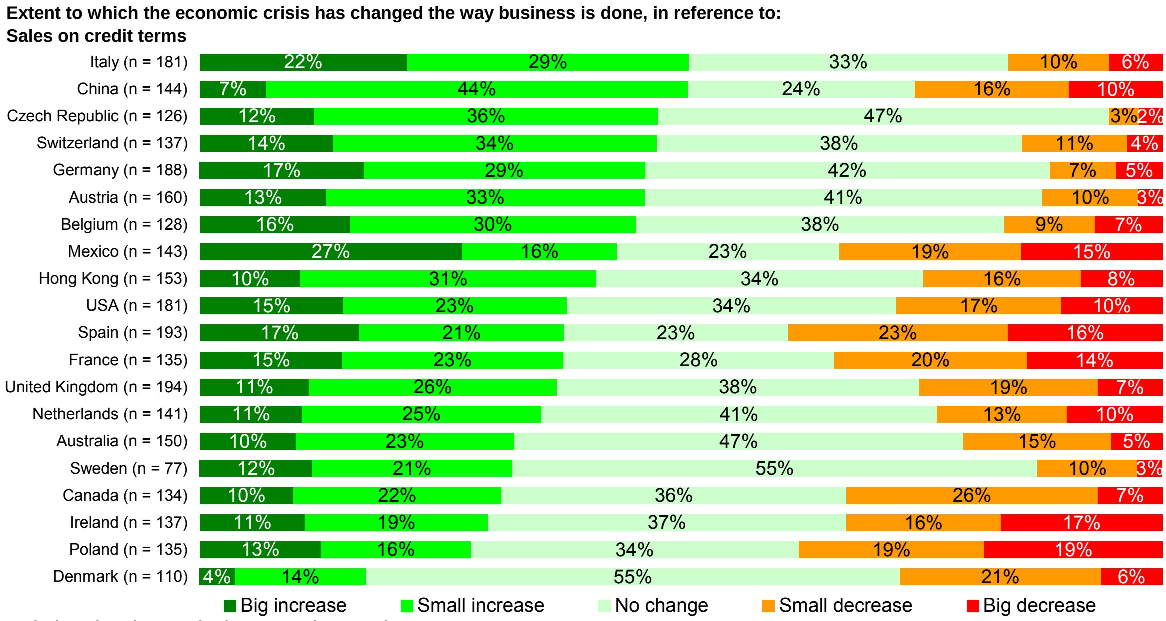
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.1.2 Sales on credit terms

During a recession or even an economic downturn one might expect more businesses to need additional time to pay for goods and services. As a result it seems natural that more businesses would request credit terms or longer credit terms than they are already receiving. While this may be the case it may not always translate into an increase in the use of credit as suppliers may be more worried about the security of those extended payment terms. Extending credit terms may be good for sales, but it may also be bad for business if they result in payment defaults that can't be absorbed.

In this survey the majority of respondents showed a definite leaning towards increasing their use of sales on credit terms. More than 40% of respondents in nine of the 20 countries, led by Italy and China (both 51%), said they have increased their use of credit sales. Only six countries led by Spain (39%) and Poland (38%) reported decreasing use of credit sales by more than 30% of respondents. Only five countries had a higher percentage of respondents that have decreased their use of credit sales than have increased their use. In seven countries no more than 16% of respondents stated that they have decreased their use of sales on credit. The Czech Republic had an exceptionally low response rate of 5% of respondents decreasing their use of sales on credit.

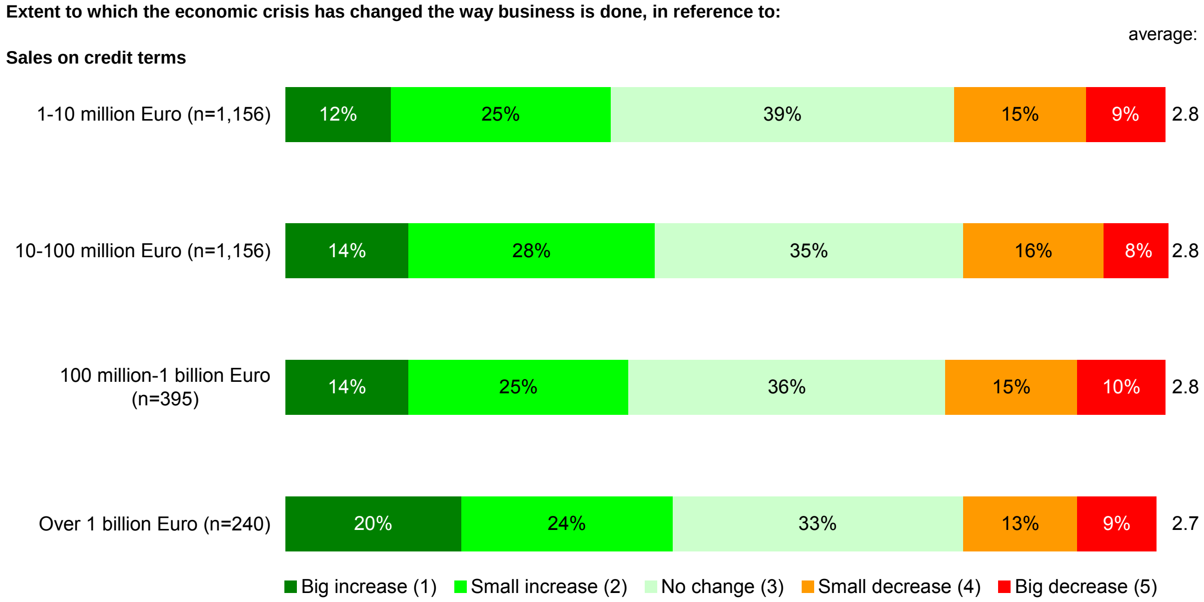
More than 40% of respondents in seven countries said they have not changed their usage of credit sales. Only the Nordic participants from Denmark and Sweden, both with 55% of respondents, show a truly dominant leaning towards no change. Oddly however, they have definitive leanings in opposite directions. Respondents from Denmark are more inclined to a decrease and respondents from Sweden to an increase in their use of sales on credit terms.



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

The only notable difference between companies of varying turnover classes is that large companies with over € 1 billion in turnover are more inclined to have made a big increase in their use of credit sales. 20% of companies have made a big increase in their use of sales on credit compared to no more than 14% of respondents in all other turnover categories.

Extent to which the economic crisis has changed the way business is done, in reference to:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Companies in the Services sector are the most likely to have made no change in their use of sales on credit terms while manufacturing companies are the most likely to have increased their use of credit sales. This is likely a reflection of the nature of the businesses.

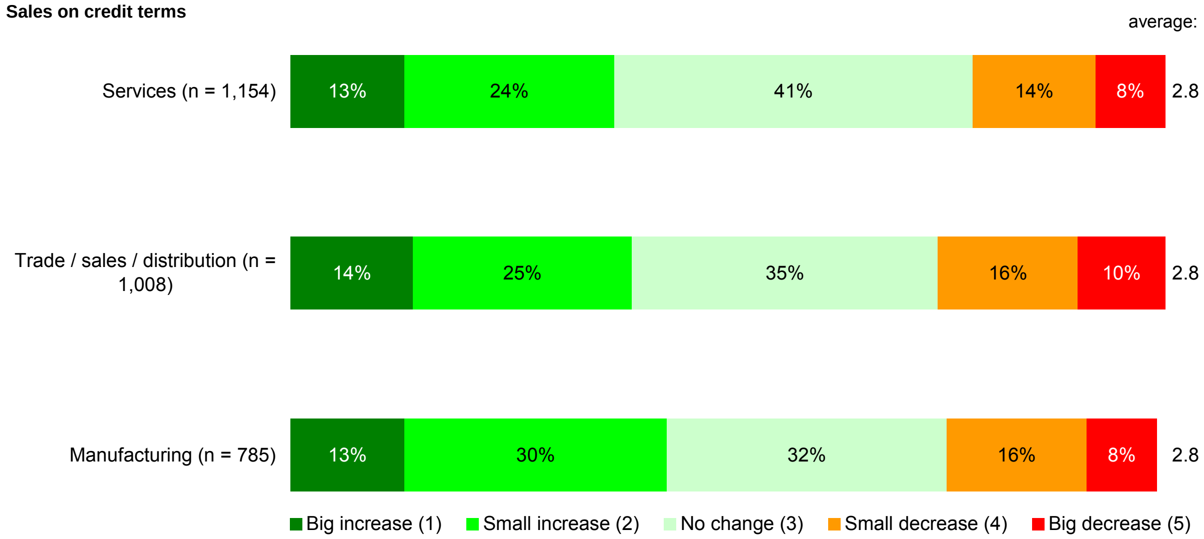
Service companies often deal with the end user. The deliverable of many service businesses is consumed upon delivery or is invoiced and paid over the time that the service is being provided. They may possess more leverage then other types of businesses in respect to being able to discontinue service before completion, because in many cases they are billing for hours and not products or because it is customary to be paid in advance of delivery of the service.

Other types of businesses are often dealing with a middleman. By this we mean that the product has to either be converted or sold to another party. This means that the buyer may need to sell some of the product to generate the cash to pay for it. During a recession, sales slow resulting in more time being needed to generate the necessary cash to pay and the need for more extensive use of credit terms.

In the case of the manufacturing company, this may require both conversion and sale to another party creating additional insecurity and increasing the amount of time it takes for their sales to generate the necessary cash to pay for the product delivered. Distribution companies have more flexibility to receive payment on or prior to delivery offering less need for changing credit sales practices. As a result, they may maintain practices similar to service companies. However, trade and sales companies probably act more similarly to manufacturing businesses.

Extent to which the economic crisis has changed the way business is done, in reference to:

Sales on credit terms



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

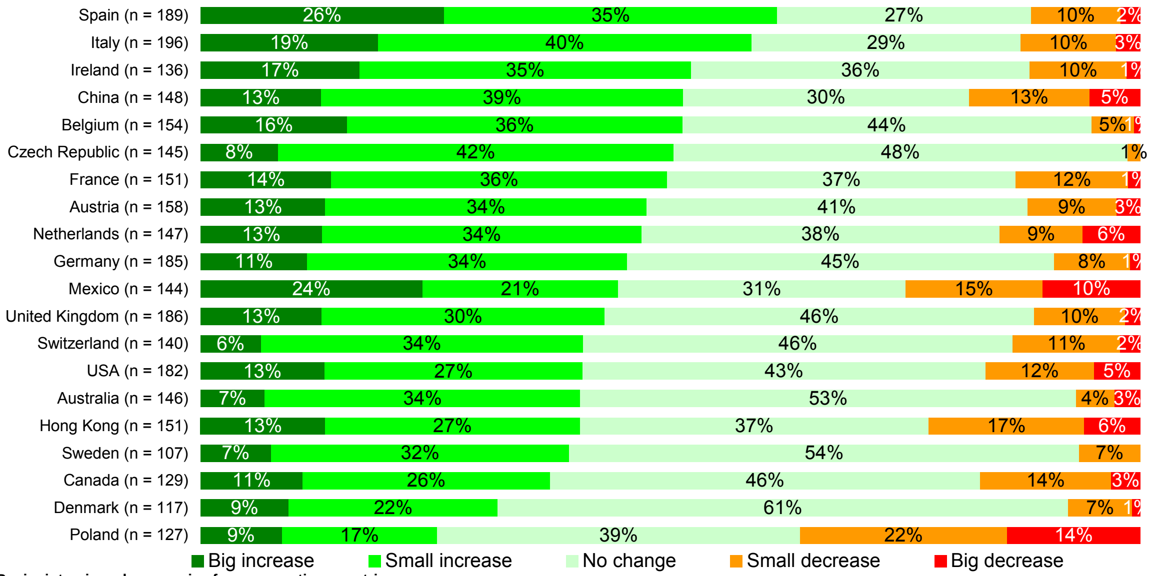
3.1.3 Number of customers for whom companies have changed credit terms

Outside of Poland, which is the only country showing a larger number of respondents who have decreased the number of customers for whom they have changed credit terms (36% have decreased versus 26% who have increased) and maybe Mexico from which 25% of respondents said they have decreased the number of customers for whom they have changed credit terms, the propensity of respondents has been towards either an increase in the number of companies they have changed payment terms for or no changes at all.

No change in credit terms was the case for more than 40% of respondents in more than half of the surveyed countries led by Denmark (61% of respondents), Sweden (54%) and Australia (53%).

There is however a clear tendency towards increasing the number of customers for whom respondents have changed credit terms. At least 50% of respondents from seven of the countries surveyed have increased the number of customers they have changed credit terms for. Spain (61%) and Italy (59%) are the countries in which respondents are most likely to have increased the number of buyers for whom they have changed credit terms.

Extent to which the economic crisis has changed the way business is done, in reference to:
Number of customers for whom credit terms have changed



Basis: interviewed companies from respective countries
Source: Heliview Research | Summer / Autumn 2009

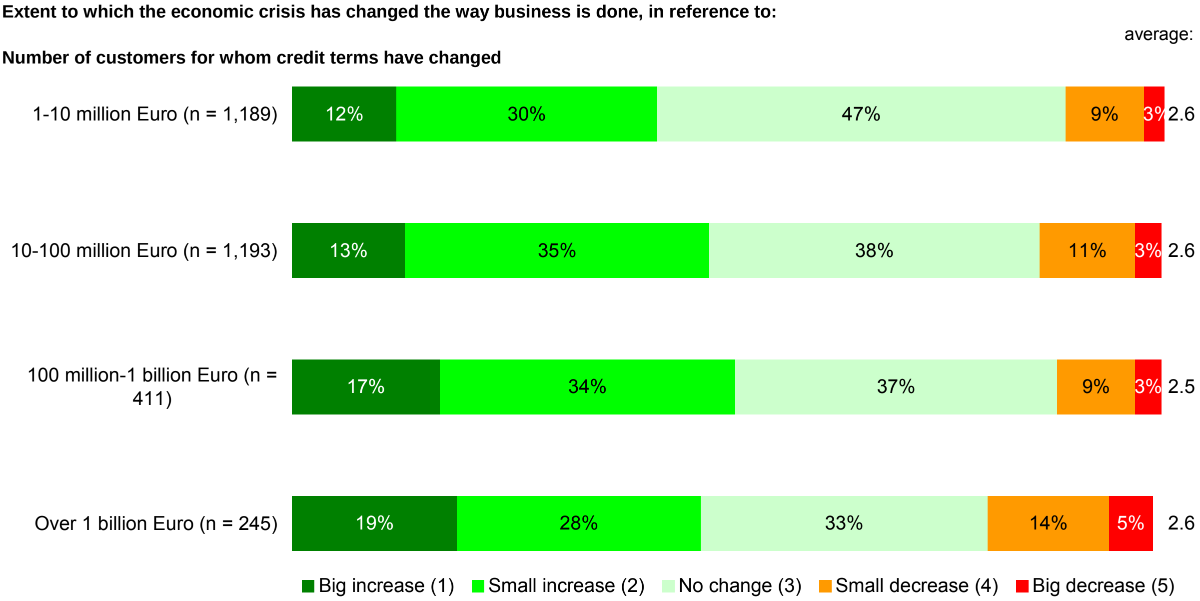
Small companies are the most likely not to change credit terms. 47% of respondents from companies with less than € 10 million in revenues stated they have not changed the number of companies for whom they have changed credit terms.

Large companies with over € 1 billion in revenues are the most likely to change credit terms. They are the most likely to decrease the number of companies they change credit terms for and although they are the least likely to have a small increase, they are the most likely to have a big increase in the number of companies they change credit terms for.

Overall, there was no statistically significant difference in the responses across the four revenue categories.

Extent to which the economic crisis has changed the way business is done, in reference to:

Number of customers for whom credit terms have changed



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

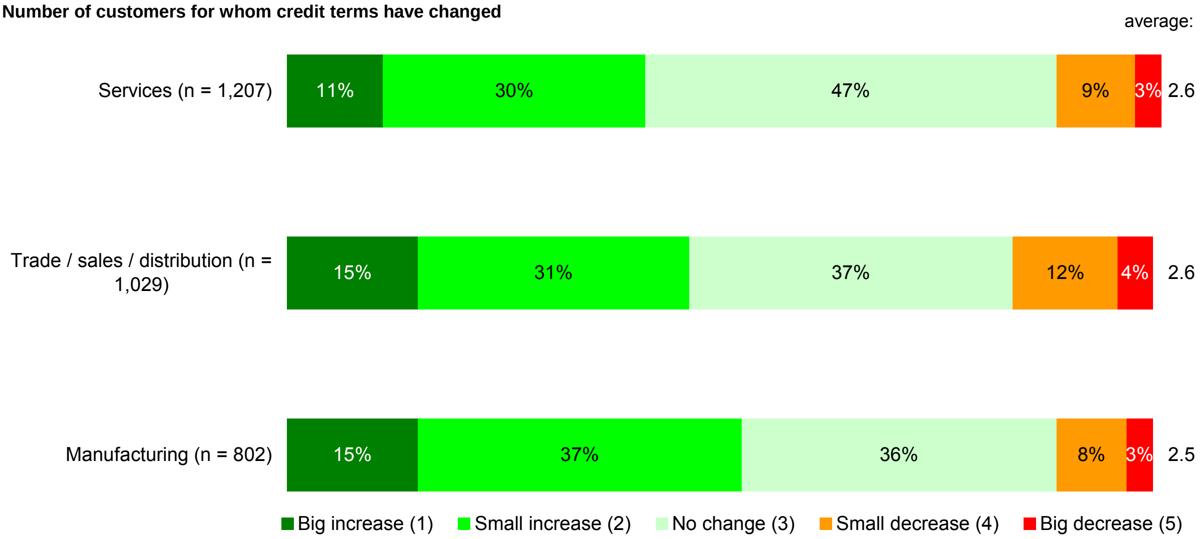
Companies from the services sector show a clear tendency towards standing pat when it comes to credit terms. 47% of respondents from the services sector said they have not changed their credit terms as a result of the economic crisis. This response suggests service businesses may hold a stronger negotiating position when it comes to extending credit terms.

Trade/sales/distribution companies are the most likely to have decreased the number of customers for whom they have changed credit terms. This however is still a relatively unlikely outcome with 46% of trade/sales/distribution companies responding that they have increased and 37% that they have not changed the number of customers for whom they have changed credit terms.

Manufacturing companies surveyed were most inclined to have increased the number of companies they have change credit terms for with 52% of respondents making an increase.

Extent to which the economic crisis has changed the way business is done, in reference to:

Number of customers for whom credit terms have changed



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

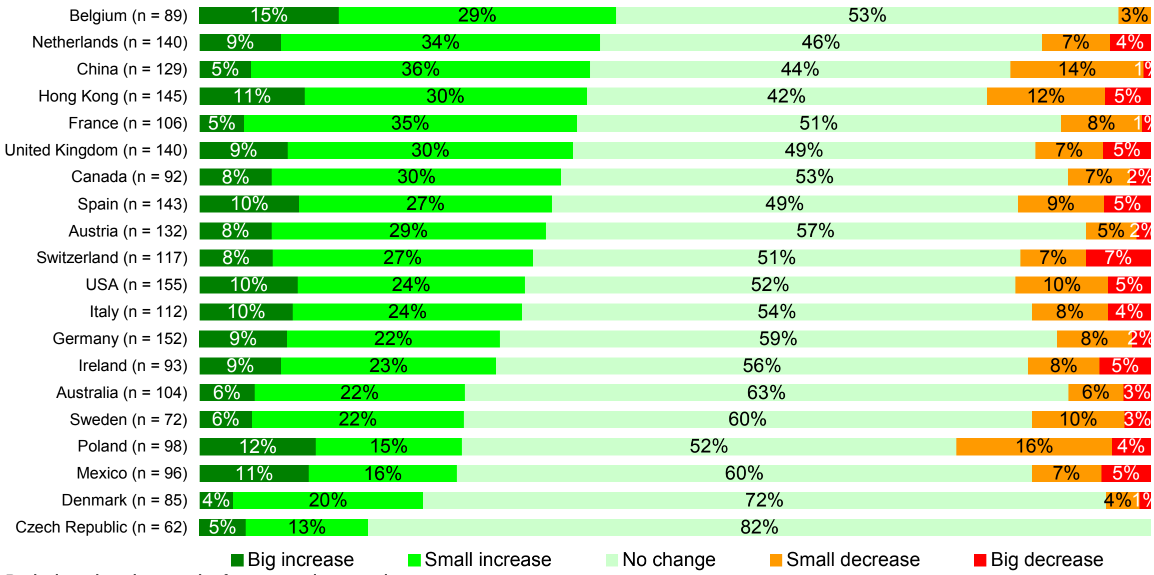
3.1.4 Use of outsourced collections services

More that 50% of the respondents in all but five of the countries surveyed have made no change in their use of outsourced collections services. However, out of the respondents from companies that have made a change in practice, a distinctly larger number have increased their use of outsourced collections compared to those that have decreased their use. Overall, approximately 35% of respondents have increased their use of outsourced collections as a result of the economic crisis.

Belgium stands out with the highest percentage of companies increasing their use of outsourced collections services (44%), followed by the Netherlands (43%), China and Hong Kong (41%).

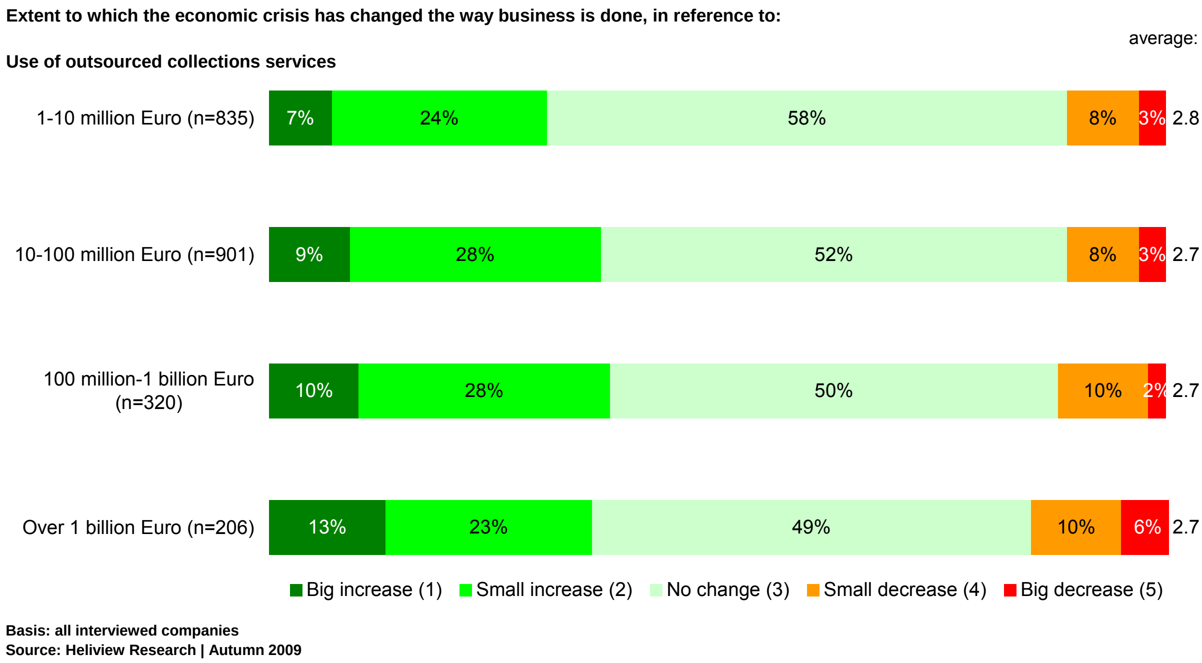
The Czech Republic and to a lesser extent Denmark stood out as extremes with very large percentages of respondents who have made no change (82% and 72% respectively) in there use of outsourced collections services, and subsequently very low percentages of decreases (0% and 5% respectively) in use. The most notable decrease in the use of outsourced collections was reported in Poland (20%).

Extent to which the economic crisis has changed the way business is done, in reference to:
Use of outsourced collections services



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

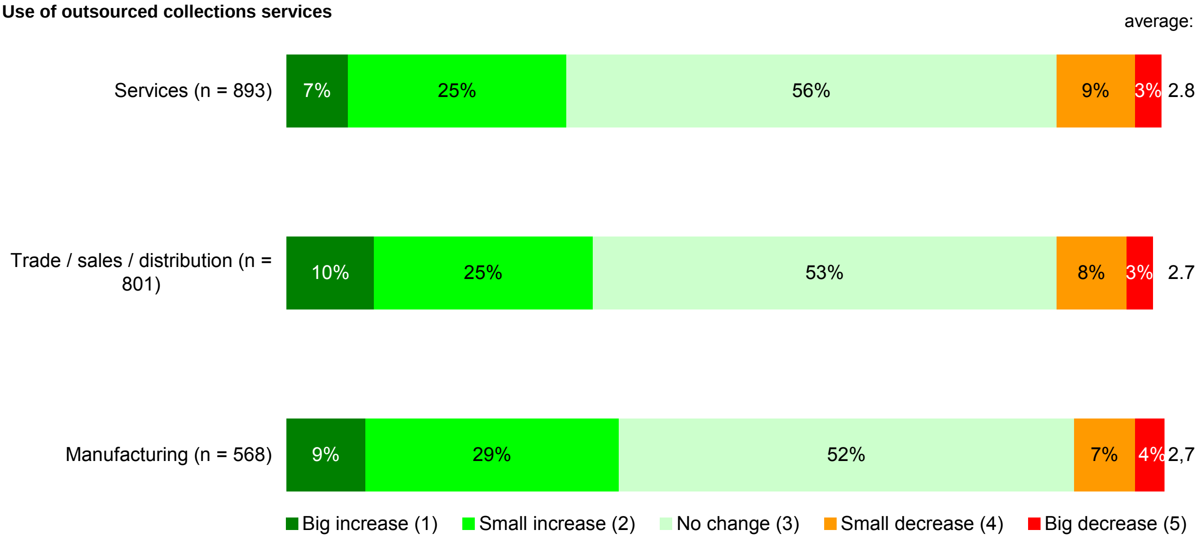
With respect to turnover class, smaller companies appear to be the most likely to continue their pre-existing practices. Large companies with turnover exceeding € I billion are the most likely to have made big changes in their use of outsourced collections services, both in respect to increases and decreases. There are no meaningful differences in the responses of companies with € 10 million -€ 100 million and € 100 million - € 1 billion in turnover.



There are also no statistically significant differences in the use of outsourced collections services by major business sector. Manufacturing companies (38%) are a little more inclined to have increased their use of outsourced collections services than trade/sales/distribution companies (35%) who are likewise slightly more inclined to use these services than service companies (32%). In all cases more than 50% of respondents have not changed the amount of use they have made of outsourced collections.

Extent to which the economic crisis has changed the way business is done, in reference to:

Use of outsourced collections services



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

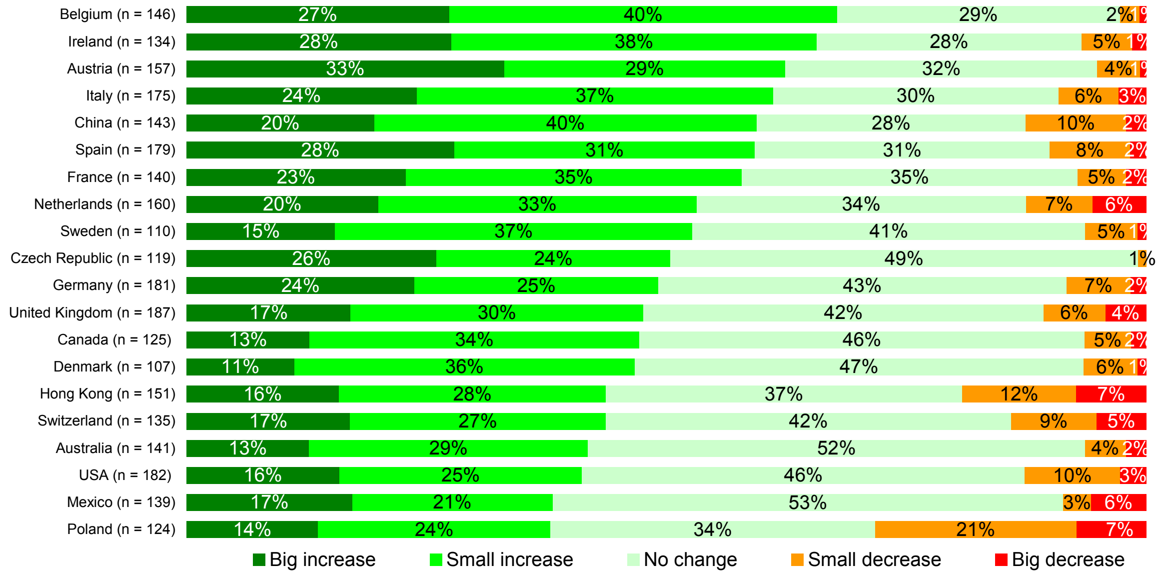
3.1.5 Frequency of review of buyers (as to creditworthiness)

It is generally expected that during a recession, more companies would increase the frequency of their reviews of the creditworthiness of their buyers. Growing payment default rates and insolvencies during recessionary periods dictate that this would be sensible as the financial condition of your buyers can change very quickly. The responses fall pretty much in line with this assumption. Led by Belgium (67%), Ireland (66%) and Austria (62%), at least 50% of respondents in 10 of the 20 countries surveyed have increased the frequency of their reviews of the creditworthiness of their buyers. In half of these 10 countries the increase was large.

Poland and Mexico, each with 38% of respondents stating they have increased their frequency of buyer reviews are the least likely to have made an increase in this area. Mexican companies (53%) however are also the most likely to have made no change in the frequency of their buyer reviews as a result of the economic crisis. There is a wide range of response rates in respect to making no change with Ireland, China and Belgium (28%, 28% and 29% respectively) representing the countries in which respondents are least likely to have made no change in the frequency of their buyer reviews for creditworthiness. There are a lot of reasons why a company may not make changes including. Three potential explanations are that they are already making frequent checks, they are using credit insurance which is making the checks for them or their customers are already reporting on a frequent basis.

On the other end of the scale, Poland (28%) and to a lesser extent Hong Kong (19%) stand out as to the percentage of respondents that have stated they have decreased the frequency with which they review the creditworthiness of their buyers. The countries in which respondents are least likely to decrease the frequency of their reviews of the creditworthiness of their buyers include the Czech Republic (1%) and Belgium (3%). 14 of the 20 countries surveyed had a response rate of 10% or less with respect to a decrease in the frequency of reviews of the creditworthiness of their buyers.

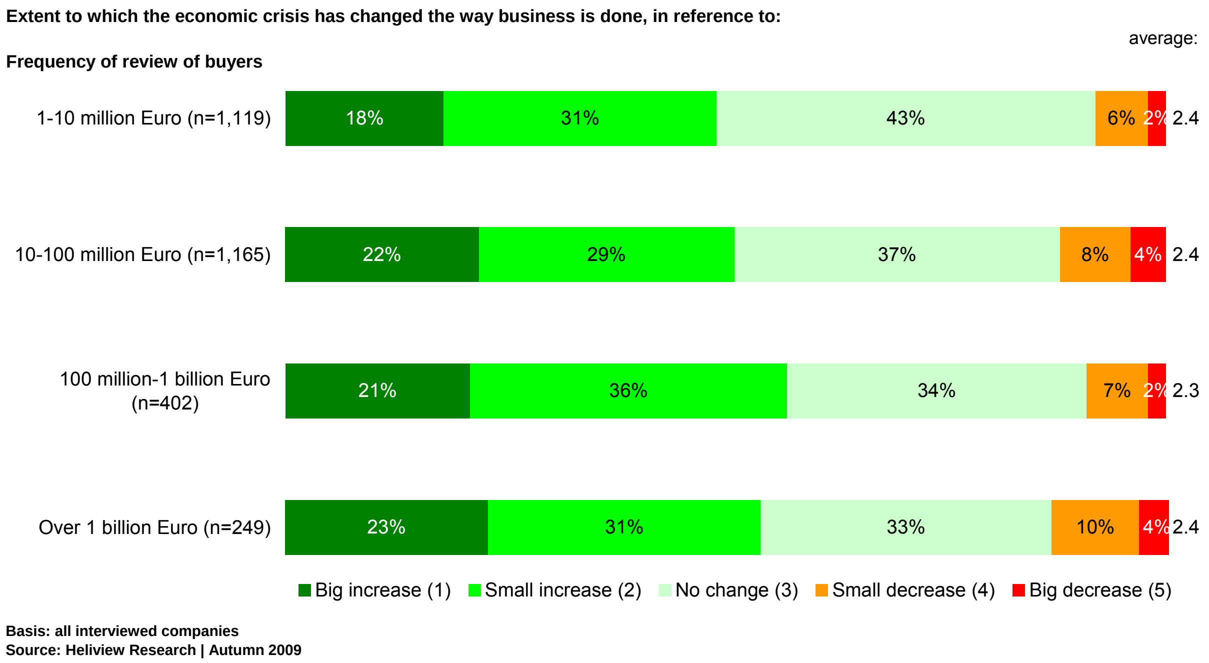
Extent to which the economic crisis has changed the way business is done, in reference to:
Frequency of review of buyers



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Though not a statistically significant difference, smaller companies are more likely to have made no change in the frequency with which they review the creditworthiness of their buyers. It follows that they are also the least likely to have increased their frequency of buyer reviews. It may be a lack of resources or access to the information, but it seems that these companies would, in general, be at greater risk of buyer default than larger companies.

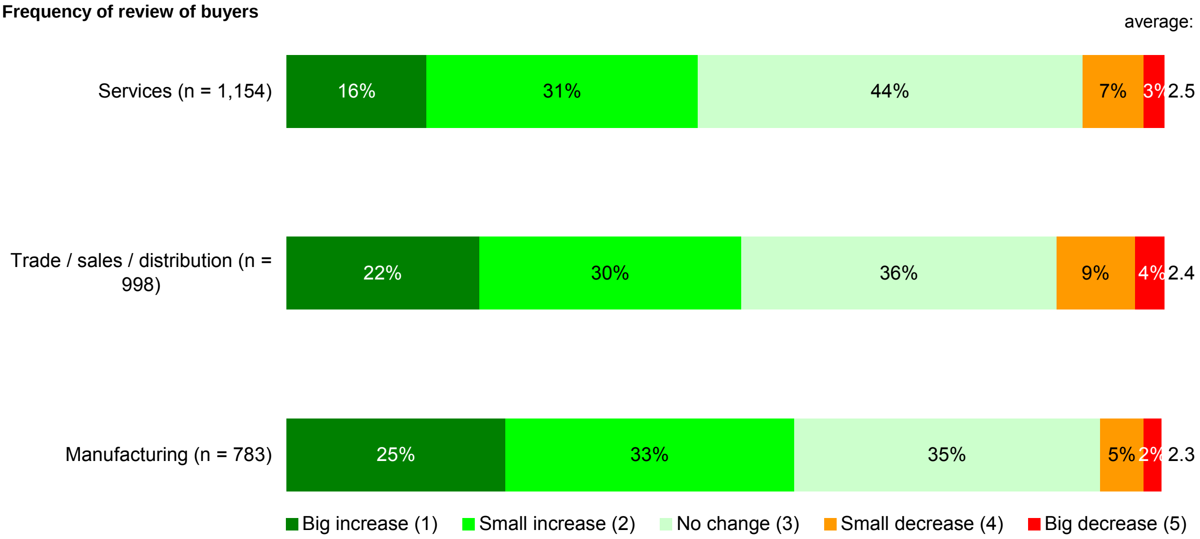
Companies with turnover of € 100 million to € 1 billion are the most likely to have increased the frequency with which they review the creditworthiness of their buyers. Larger companies are more likely to have internal, professional staff who are dedicated to monitoring the risk profiles of customers. Making credit checks is an essential job responsibility for them and during a recession, they are tasked with paying even closer attention to buyer risks.



With 58% of respondents stating they have increased the frequency of their reviews of the creditworthiness of their buyers, manufacturing companies are easily the most inclined to being cautious. The services sector again was the polar opposite with only 47% of respondents having increased their frequency of review. Trade/sales/distribution was again snuggled in the middle with 52% increasing the frequency of their reviews of the creditworthiness of their buyers. Manufacturing companies tend to have bigger investments in property, plant and equipment, and inventory than service organisations, as do some trade/sales/distribution companies. This likely reflects the greater potential impact of a payment default on manufacturing companies than on service companies and the relatively wide range of types of organisations in the trade/sales/distribution sector resulting in an equally wide range of impact severities. More frequent reviews of the creditworthiness of buyers are likely needed to ensure that the necessary investment in the production process will not be in vain.

Extent to which the economic crisis has changed the way business is done, in reference to:

Frequency of review of buyers



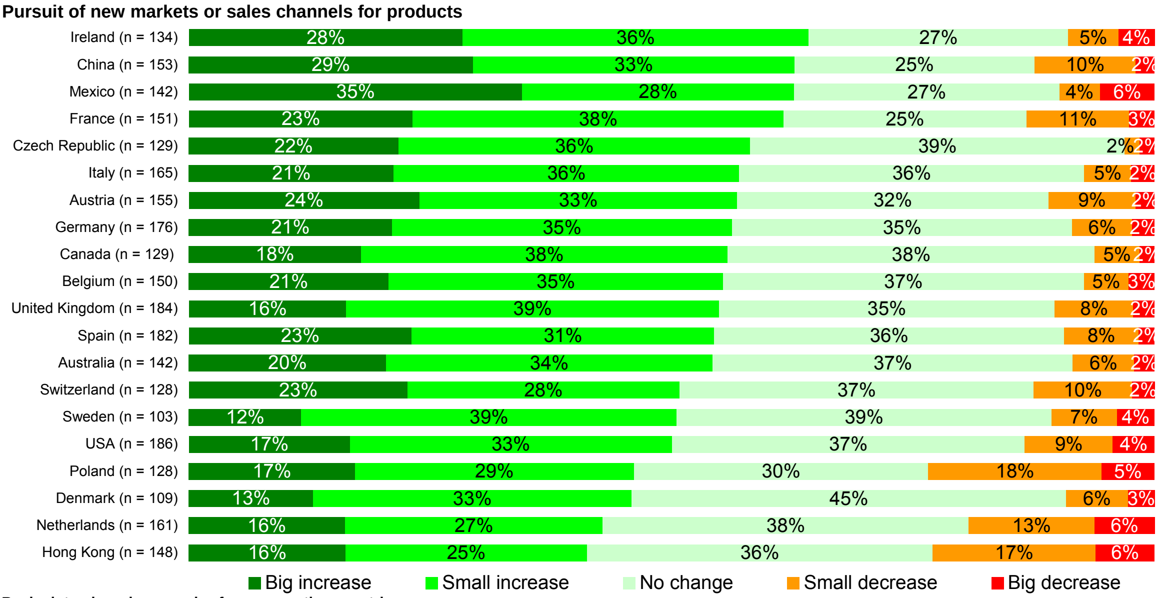
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.1.6 Pursuit of new markets or sales channels for products (geographic or type of use)

With demand waning in existing markets, pursing new markets or sales channels for the products or services of respondents has become more important. At least 50% of respondents in all but four of the countries surveyed have increased their pursuit of new markets or sales channels for products as a result of the economic crisis. Ireland (64%), Mexico (63%), China (62%) and France (61%) have been the most active in this respect. Mexico (35%) was also the most likely to have made a big increase in its pursuit of new markets or sales channels for products. Hong Kong (41%), the Netherlands (43%) Poland and Denmark (46%) are the only countries with less than a 50% response rate when it comes to increasing their pursuit of new markets or sales channels for products.

Hong Kong, Poland and the Netherlands also stand out in that they have a relatively high number of respondents that have decreased their pursuit of new markets or sales channels for products. 23% of respondents from Hong Kong and Poland and 19% of Dutch respondents said they have decreased their actions in this respect. The next highest response rate is from France (14%).

Extent to which the economic crisis has changed the way business is done, in reference to:
Pursuit of new markets or sales channels for products

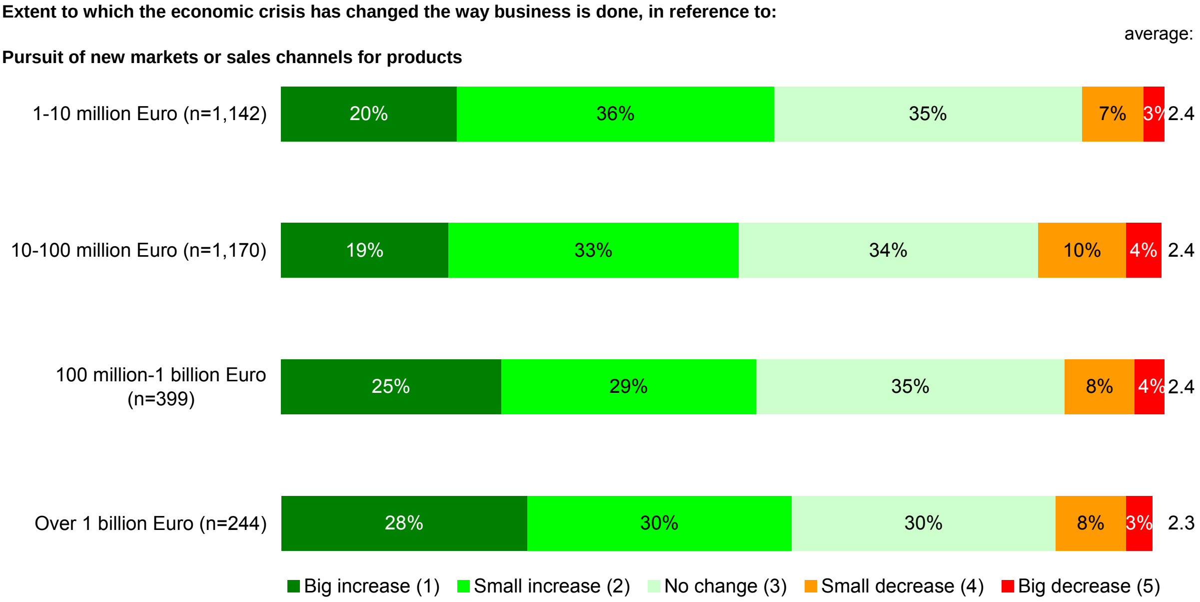


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Though large companies (more than € 100 million in turnover) are most likely to have made a big increase in their pursuit of new markets or sales channels for products, small companies (€ 1 million – € 10 million in turnover) are just as likely to have made an increase. The differences between the four turnover classes however are barely discernable (range of 52% to 58%).

Extent to which the economic crisis has changed the way business is done, in reference to:

Pursuit of new markets or sales channels for products

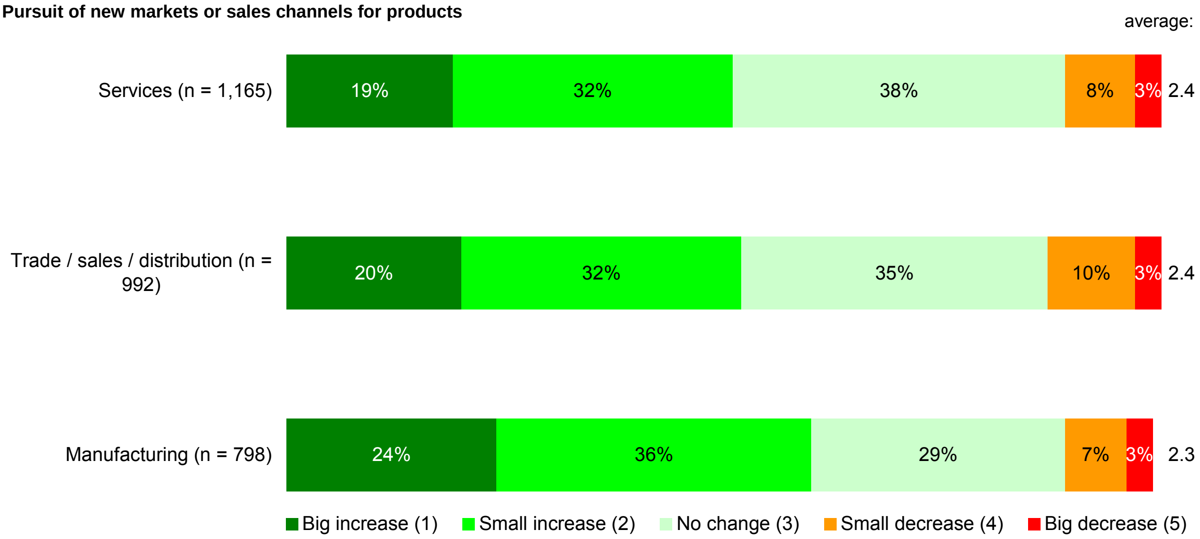


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Manufacturing companies have shown a more proactive attitude than the other main business sectors in respect to their pursuit of new markets or sales channels for products as a result of the economic crisis. About 60% of the respondents from the manufacturing sector have increased their pursuit of new markets or sales channels for products compared to 52% and 51% for the trade/sales/distribution and services sectors respectively. The difference may suggest that due to the nature of the service or business, cultural or geographic challenges may result in fewer opportunities to sell products or services into new markets or through new sales channels for these two main business sectors compared to manufacturing. Another reason may be that their offerings are less adaptable. A third explanation may be that there is less of a need to do so because their operating structure enables them to more easily absorb changes in sales volumes.

Extent to which the economic crisis has changed the way business is done, in reference to:

Pursuit of new markets or sales channels for products



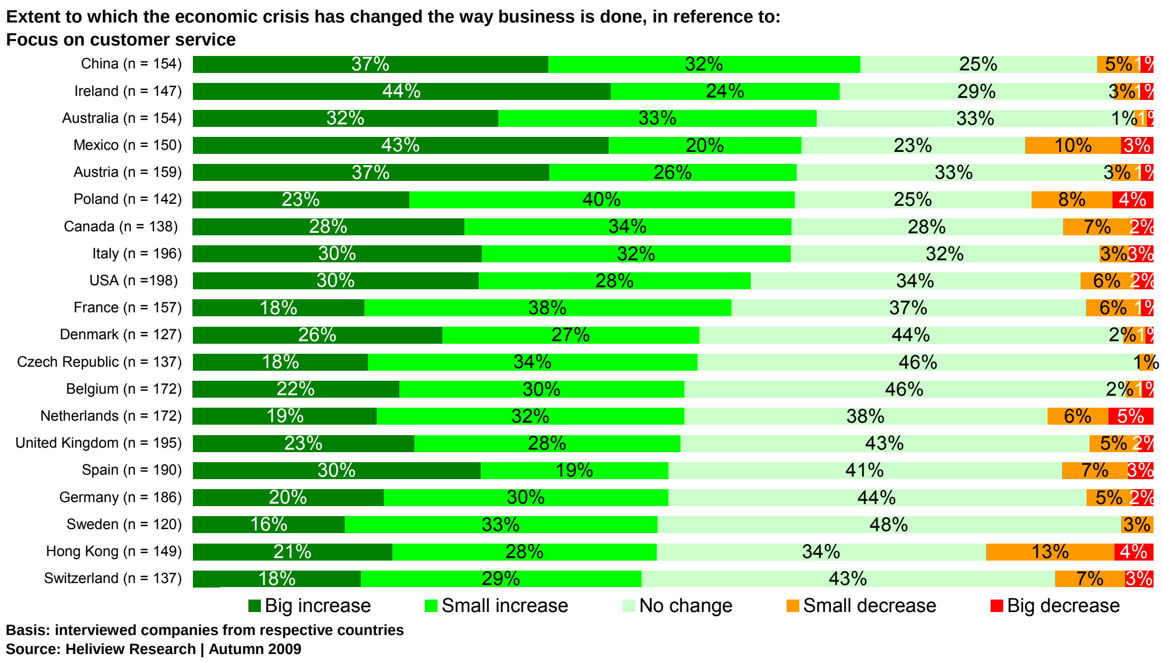
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.1.7 Focus on customer service

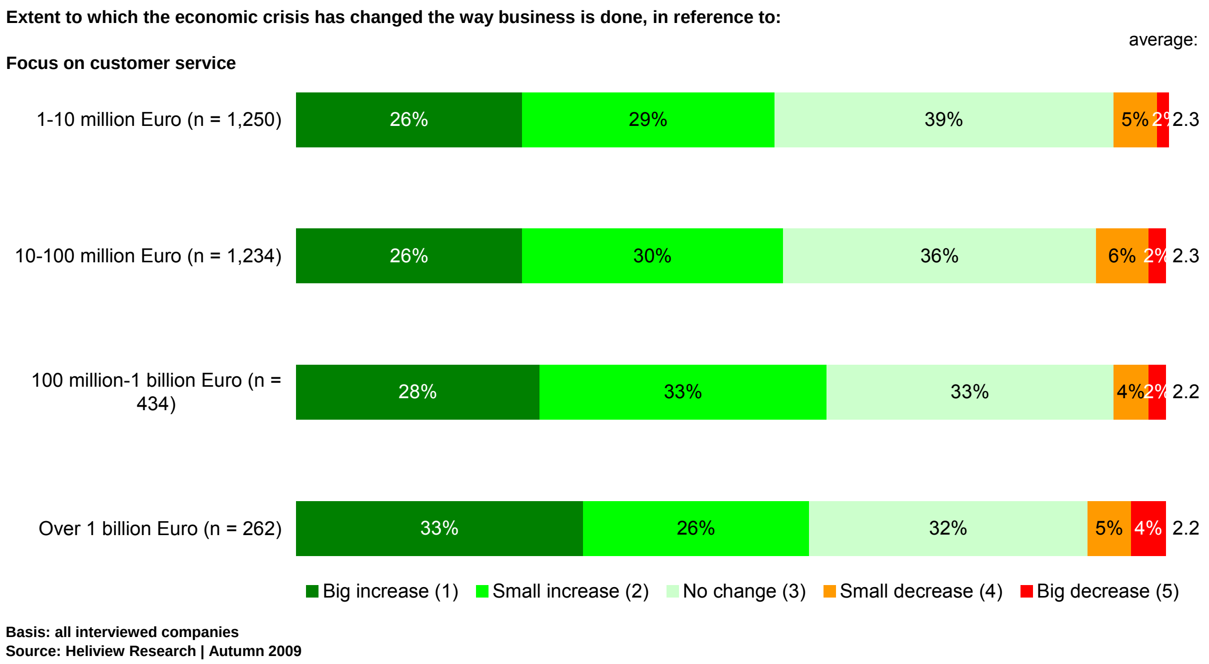
Common wisdom suggests it is less expensive to keep a customer than it is to attract a new one. During recessionary periods this theory becomes even more relevant. As product demand usually falls during recessionary periods producers often have excess capacity which they are proactively looking to use. The competition for new customers therefore heats up making it not only harder to attract new customers, but more important to maintain existing customers who may be receiving lower priced offers for products and services. Top quality customer service can often make the difference in whether a customer stays with you or leaves for the competition.

Survey respondents acknowledged the importance of customer service during a recession with at least 47% of respondents in every country stating they have increased their focus on customer service as a result of the economic crisis. China and Ireland have had the biggest increases with 69% and 68% respectively. There are a reasonably high number of respondents that have made no change, suggesting they are comfortable with their current level of customer service.

While generally small percentages, Hong Kong (17%) stands out as the country with the highest percentage of responses that they have decreased their focus on customer services.



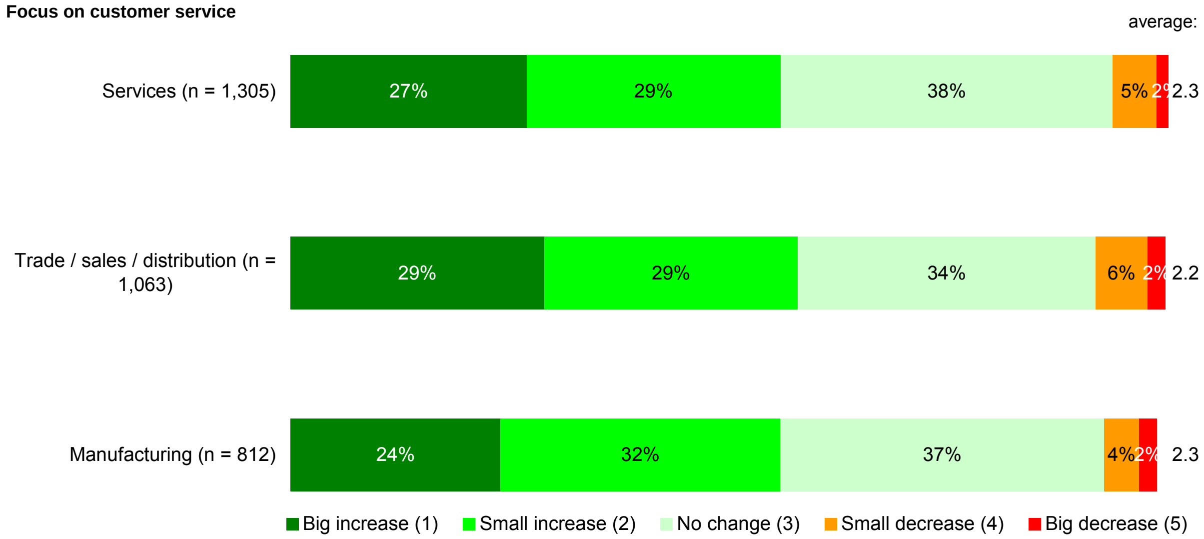
There is very little difference in response per turnover class. Larger companies are slightly more inclined to increase their focus on customer service than smaller companies are.



There is very little difference in the response rates by major business sector. Manufacturing companies are a little less inclined to make a big increase in their focus on customer service as a result of the economic crisis, but this is balanced by the slightly greater number of manufacturing companies that have made a small increase.

Extent to which the economic crisis has changed the way business is done, in reference to:

Focus on customer service



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.1.8 Staffing

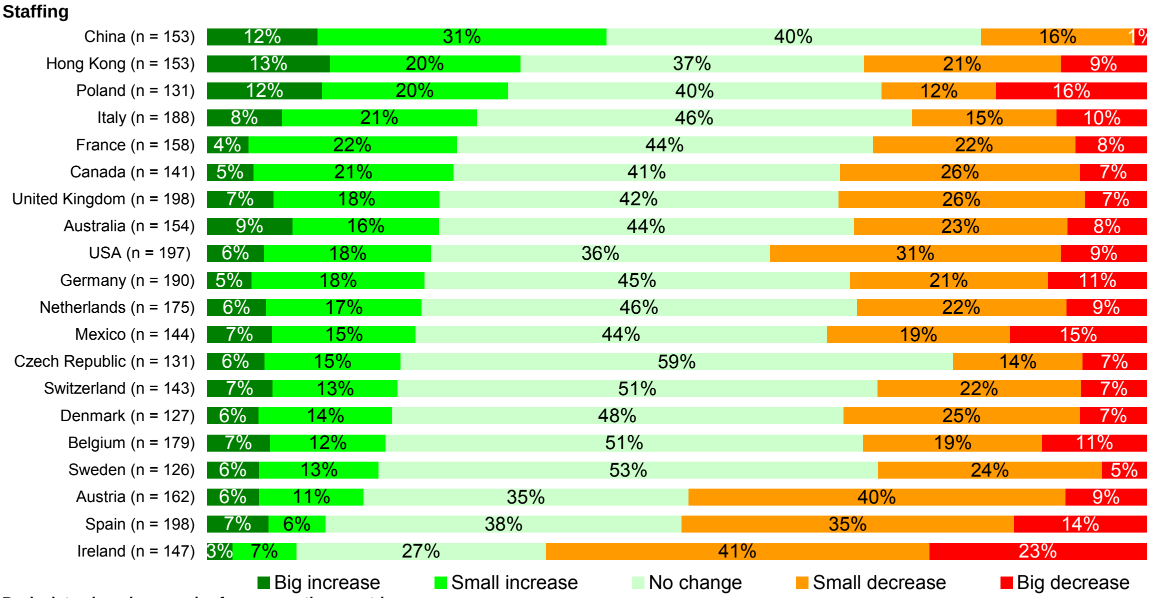
During economic downturns and particularly during recessionary periods, it is expected that many companies will reduce staffing levels to improve their cost structures and profitability. This is evidenced by the rapid growth in unemployment during recessionary periods that continues all the way into the start of economic recovery.

In markets that were hit early and hard by the economic crisis, this logic appears to hold true. Ireland reported the highest percentage of respondents (64%) who have reduced staffing levels as a result of the economic crisis. They are followed by Spain and Austria (both 49%). The USA was the only other country with at least 40% of respondents stating they had reduced staffing levels due to the economic crisis.

Most respondents have made no economic crisis motivated changes in their staffing levels. In 75% of the countries surveyed, at least 40% of respondents have made no change in their staffing levels. This is also the most frequent response in as many countries.

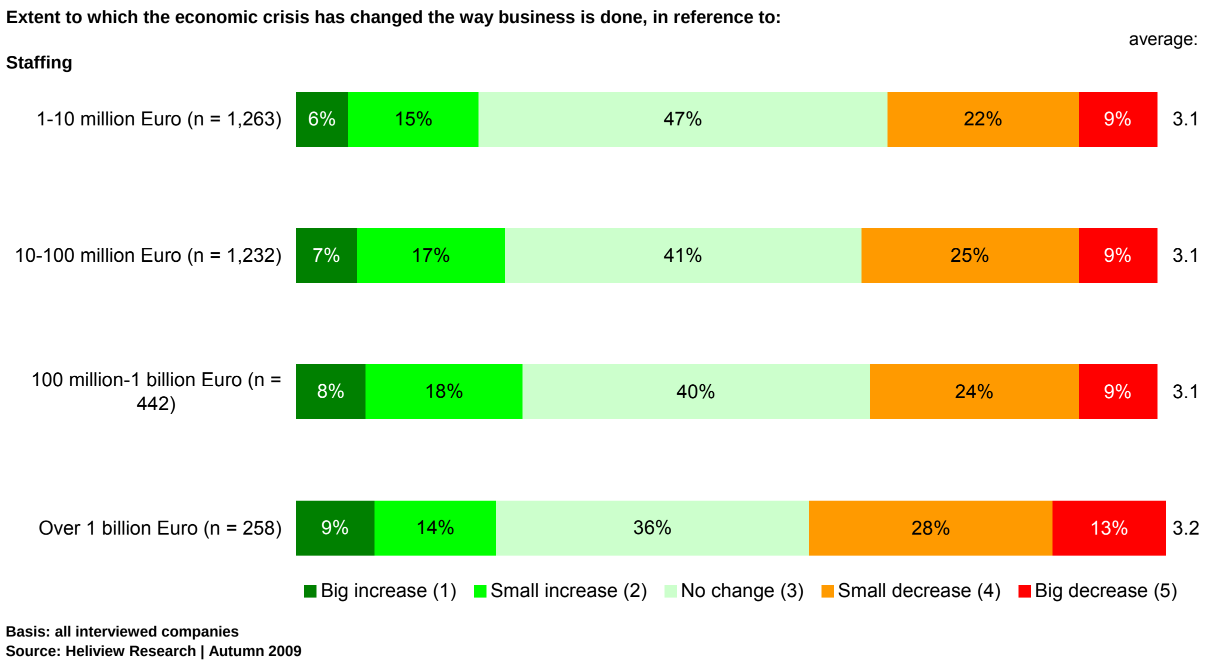
More than 30% of respondents in China (43%), Hong Kong (33%) and Poland (32%) have increased their staffing levels as a result of the economic crisis.

Extent to which the economic crisis has changed the way business is done, in reference to: Staffing



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

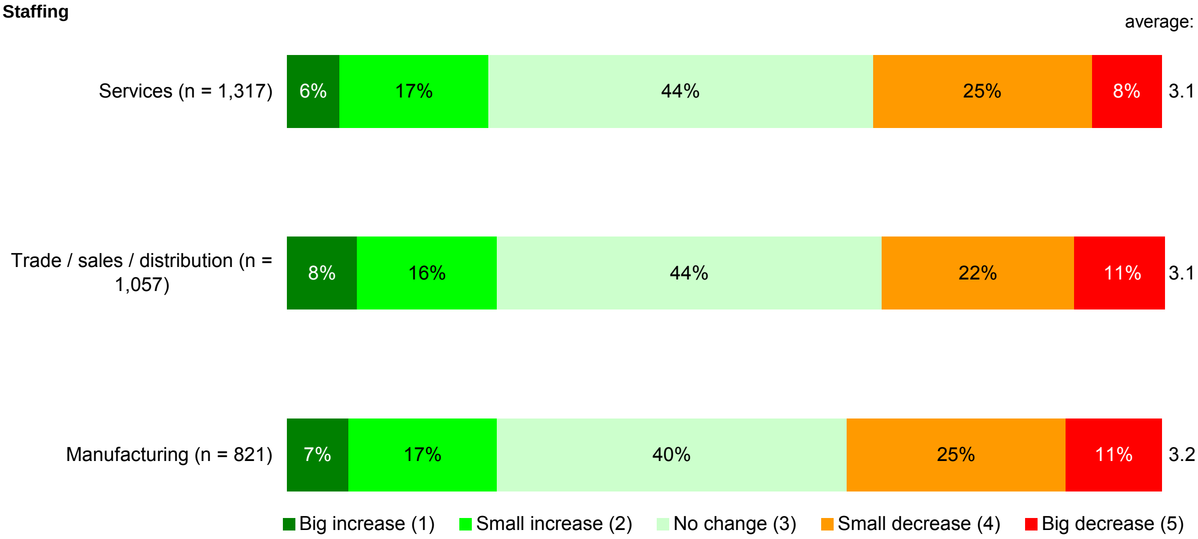
Large companies are clearly the most likely turnover class to have made changes in staffing levels as a result of the economic crisis. 41% of respondents from companies with more than € 1 billion in turnover have decreased their staffing levels. 13% have made a big decrease. No other turnover class has exceeded 34% of respondents decreasing staffing levels or 9% making a big decrease. The smaller the company, the more likely it is not to have made a change. 47% of companies with turnover of less than € 10 million have made no economic crisis motivated staffing changes. This percentage progressively declines as turnover class grows.



There is practically no difference in the response rates regarding staffing by major business sector. All sectors show a tendency towards decreasing staffing if they are to have made a change at all. Again, no change is the most frequent response across all sectors.

Extent to which the economic crisis has changed the way business is done, in reference to:

Staffing



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.1.9 Use of alternative financing

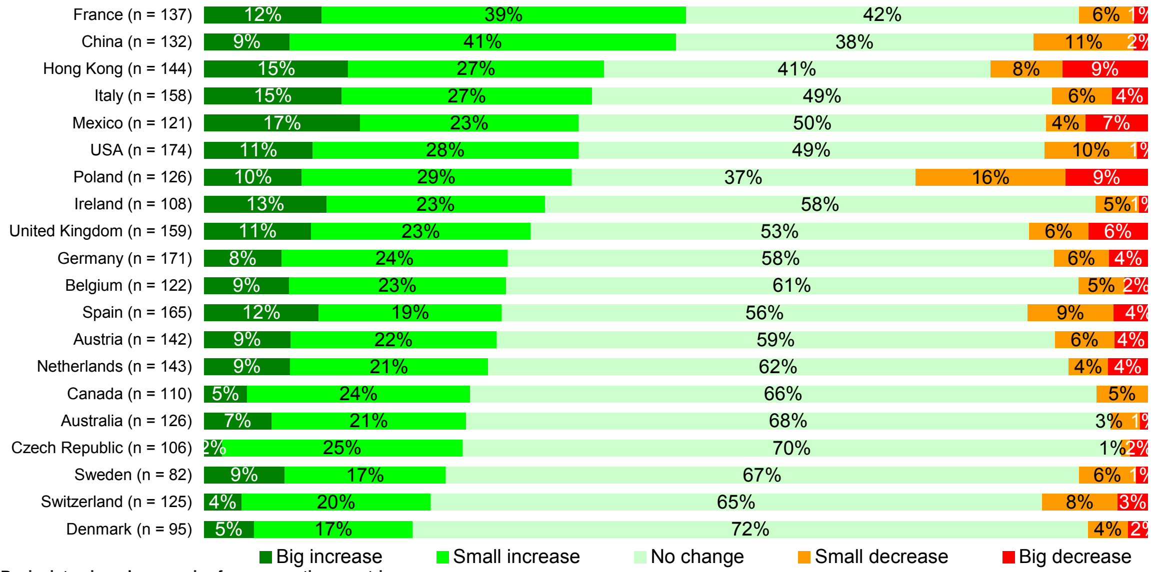
The economic crisis began in the financial services sector and as a result, the availability of financing was severely impacted early in the crisis. Lending institutions became overly cautious in their lending practices not just with consumers, but more notably in their interbank lending. With traditional lending less accessible, it seems sensible to look into changes in use of alternative financing.

For the most part however, respondents have held fast in their practices regarding the use of alternative financing. In the majority of countries more than 50% of respondents have not made any changes in their use of alternative financing. In Denmark and the Czech Republic 72% and 70% of respondents respectively have made no change.

French (51%) and Chinese (50%) respondents are most likely to have increased their use of alternative financing as a result of the economic crisis. In only a few other markets did as many as 40% of respondents increase their use of alternative financing. Denmark (22%) and Switzerland (24%) are the countries in which respondents are least likely to have increased their use of alternative financing.

Poland stands out as the country most likely to make a change. 39% of Polish respondents have increased and 25% have decreased their use of alternative financing.

Extent to which the economic crisis has changed the way business is done, in reference to:
Use of alternative financing

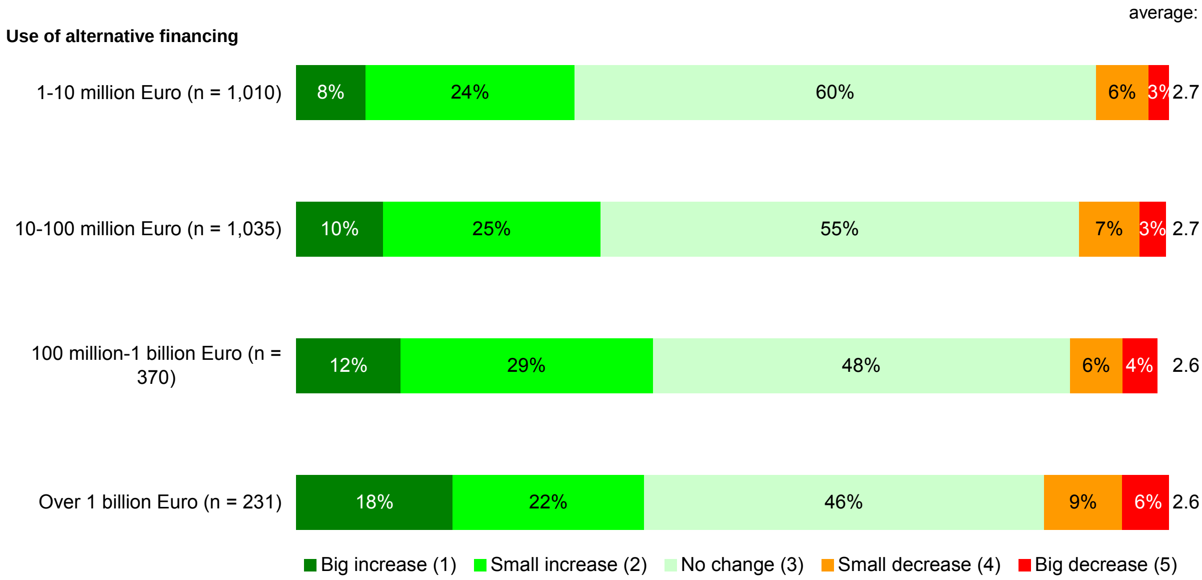


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Possibly as a result of a lack of access, smaller companies are least likely to have changed there use of alternative financing. The percentage of respondents making no change progressively fell from 60% of companies with turnover of less than € 10 million to 46% of companies with turnover of more than € 1 billion.

Respondents from the largest turnover class are also the most likely to have decreased and to have made a big increase (18%) in their use of alternative financing. With 40% of respondents from companies with more than € 1 billion in turnover stating they have increased their use of alternative financing they have essentially the same response rate in this respect as companies with turnover between € 100 million and € 1 billion (41%).

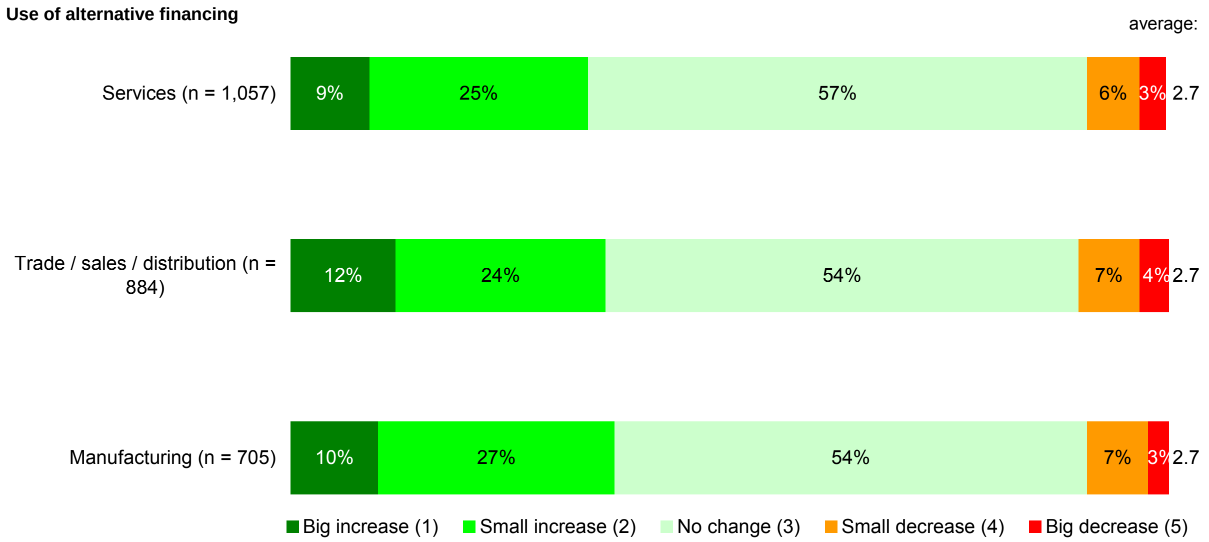
Extent to which the economic crisis has changed the way business is done, in reference to:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

The use of alternative financing per main business sector as a result of the impact of the economic crisis is relatively consistent. There are no statistically significant differences observed between the different main business sectors.

Extent to which the economic crisis has changed the way business is done, in reference to:



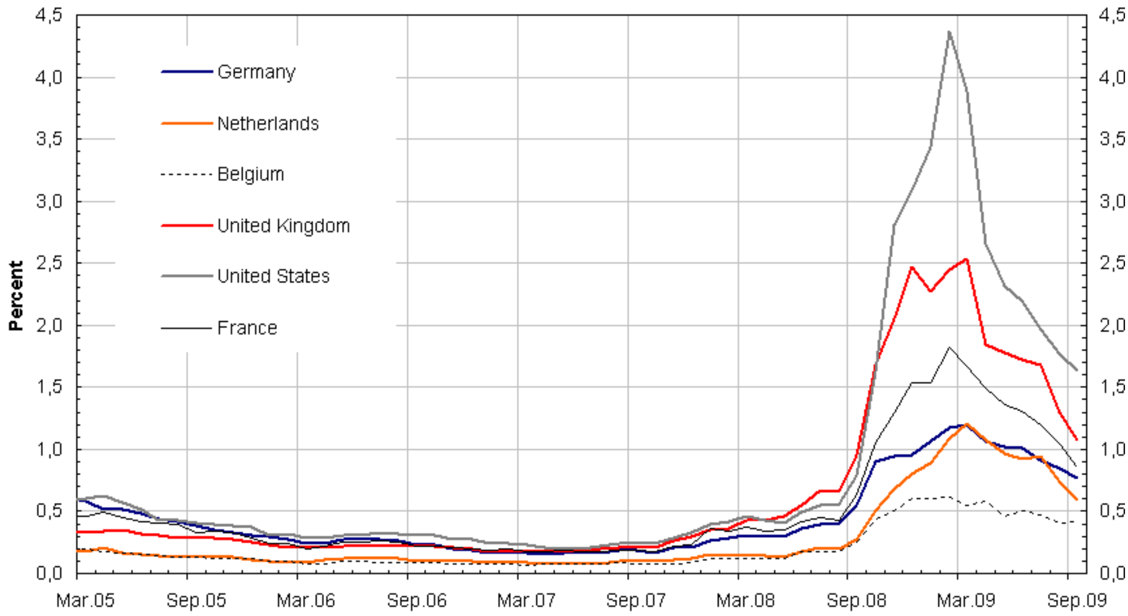
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.2 Impact of the economic crisis in the use of risk mitigation instruments

With payment defaults and insolvencies rising sharply in 2009, risk mitigation has become even more important in maintaining healthy balance sheets and cash flow. There are a variety of risk mitigation tools and techniques available to suppliers of goods and services. Our focus is on tools available to and used by the widest range of B2B enterprises across the geographic coverage of the survey.

Overall, we have found that respondents most frequently make no change in their risk mitigation tool chests. However if changes are made, they favour an increase in the use of the tools. China stands out as an exception in that respondents from China are almost always more likely to increase their use of the tool. This is generally the case for an exceptionally large percentage of Chinese respondents.

Median Expected Default Frequency (EDF) by country*



Source: KMV Credit Monitor and Atradius Economic Research

*default is defined as a failure to make a scheduled payment, or the initiation of bankruptcy proceedings. Probability of default is calculated from three factors: market value of a company's assets, its volatility and its current capital structure. As a guide, the probability of one firm in a hundred defaulting on payment is shown as 1%.

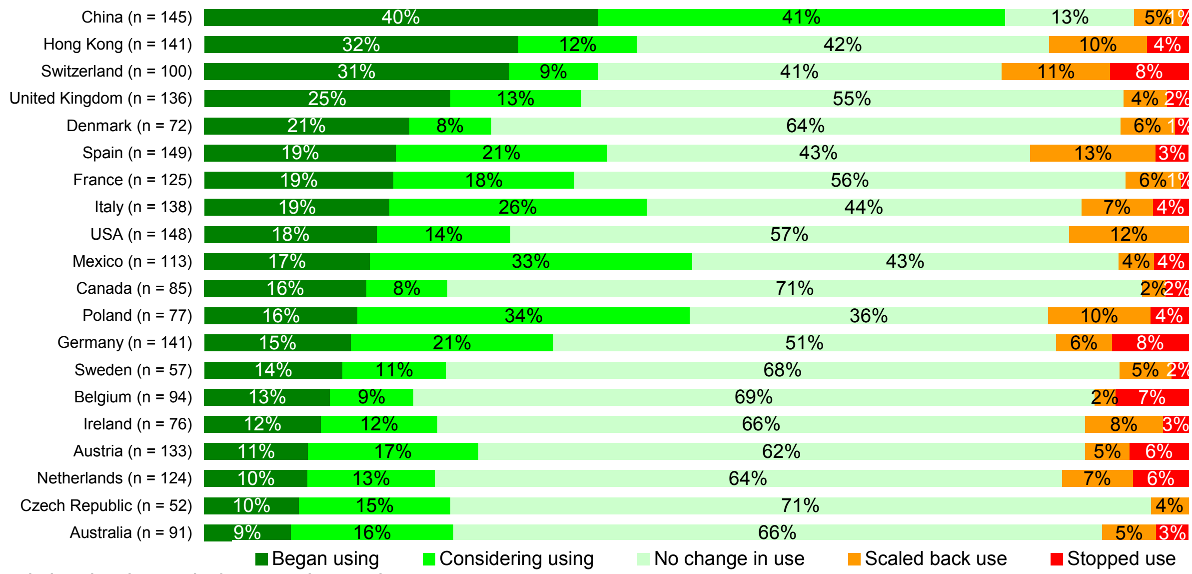
This EDF chart is based on listed companies in the markets referred to, and the likelihood of default across all sectors within the next year. While generally decreasing since February/March 2009 (due to a rebound in equity prices and a significant reduction in stock market volatility) the current EDF levels are still two or even three times higher than in summer 2008 (immediately before the Lehman collapse), indicating elevated default risk among listed companies.

3.2.1 Credit insurance: whole turnover

In most markets, there is not much change in the use of whole turnover credit insurance. In 13 of the 20 countries surveyed more than 50% of respondents stated they have not changed their usage. In seven of these markets 25% or fewer respondents are either considering or have begun using whole turnover credit insurance.

Chinese respondents are truly the exception with 81% of respondents stating they have increased their use of whole turnover credit insurance. For those that have made a change, there is a clear preference for an increase rather than a decrease in usage. In all countries except the Netherlands at least twice as many respondents said they are either considering or have begun using whole turnover credit insurance than said that they have scaled back or stopped using it. Even in the Netherlands, the responses heavily favoured using versus not using whole turnover credit insurance. Overall, this suggests that the demand for credit insurance remains strong.

Extent to which the economic crisis has changed the use of risk mitigation instruments; Credit insurance: whole turnover

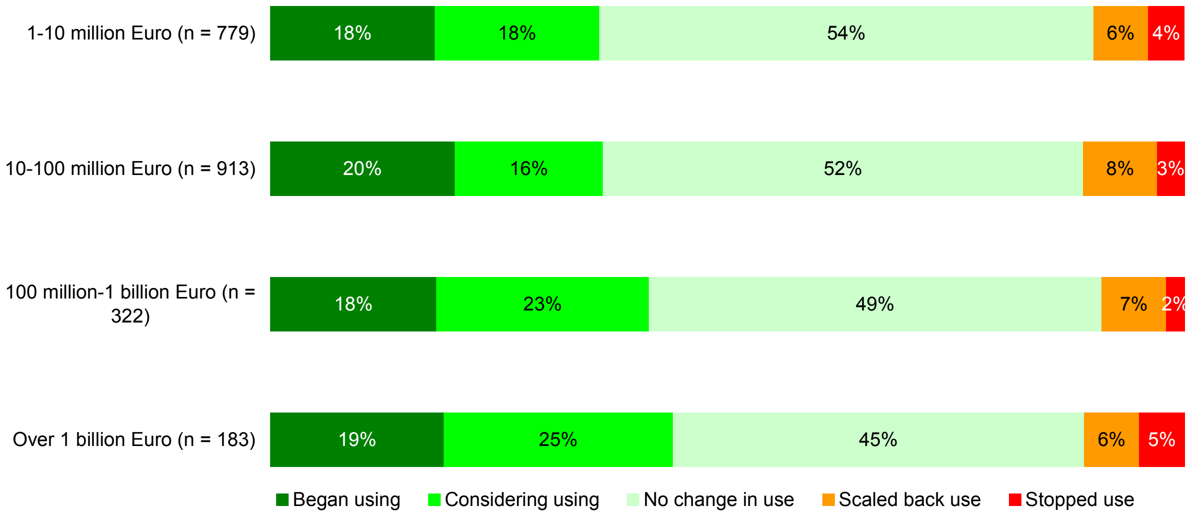


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

The use of whole turnover credit insurance consistently increases with turnover class. Larger companies are more likely to consider using whole turnover credit insurance, smaller companies more inclined not to change there usage. The percentage of companies that have actually begun using whole turnover credit insurance as a result of the economic crisis is consistent across turnover classes.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Credit insurance: whole turnover

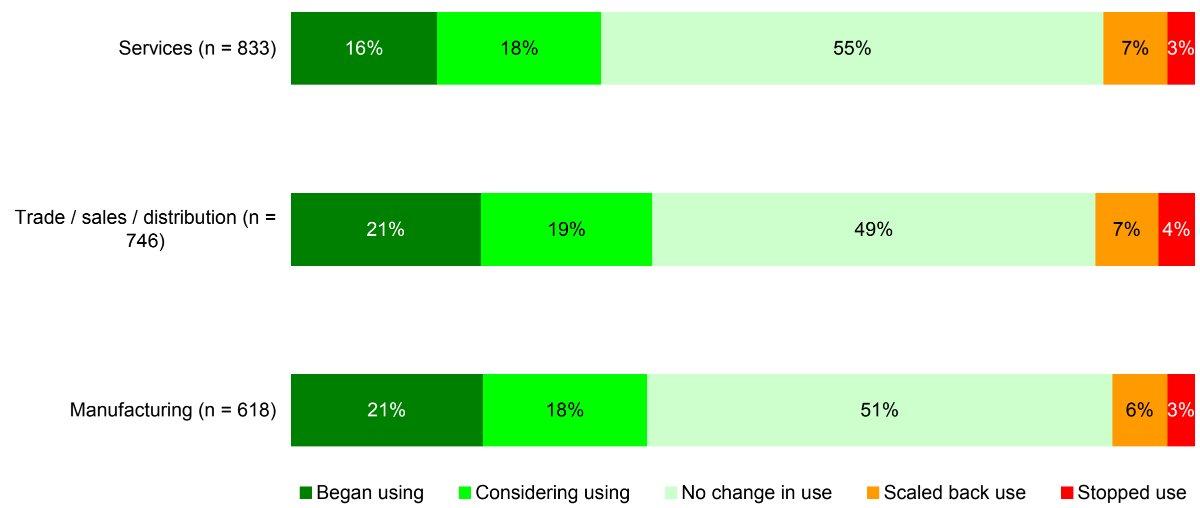


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Service companies have shown a little less interest in the use of whole turnover credit insurance than other major business sectors. Again this may reflect the flexibility in the business models and the nature of the offering. Some service companies, energy companies for instance, represent essential suppliers for many companies and therefore they have a lower risk of customer payment default, even if the customer represents a high risk of payment default to another supplier. Subsequently, they may not feel the need to increase their use of whole turnover credit insurance. Trade/sales/distribution and manufacturing sector responses were almost identical.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Credit insurance: whole turnover



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

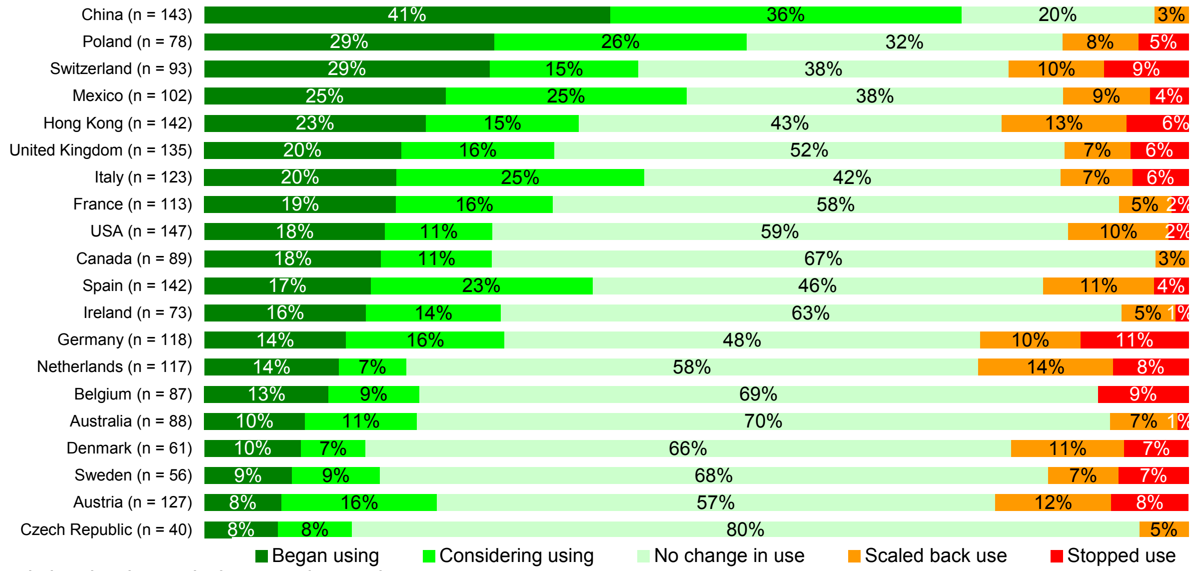
3.2.2 Credit insurance: excess of loss

Again, China stands out as the country most likely to consider (36%) and begin (41%) using excess of loss credit Insurance. In no other country have as many as 30% of respondents begun using excess of loss credit insurance and Poland (26%) had the second highest percentage of respondents who had even considered using it.

More than 50% of respondents in 12 countries have not changed their usage of excess of loss credit insurance cover as a result of the economic crisis.

There are a reasonable number of respondents who have either scaled back or stopped using excess of loss credit insurance cover as a result of the economic crisis. At least 10% of respondents in eight countries have scaled back their use and at least 15% of respondents in seven countries have either scaled back or stopped using excess of loss credit insurance.

Extent to which the economic crisis has changed the use of risk mitigation instruments; Credit insurance: excess of loss

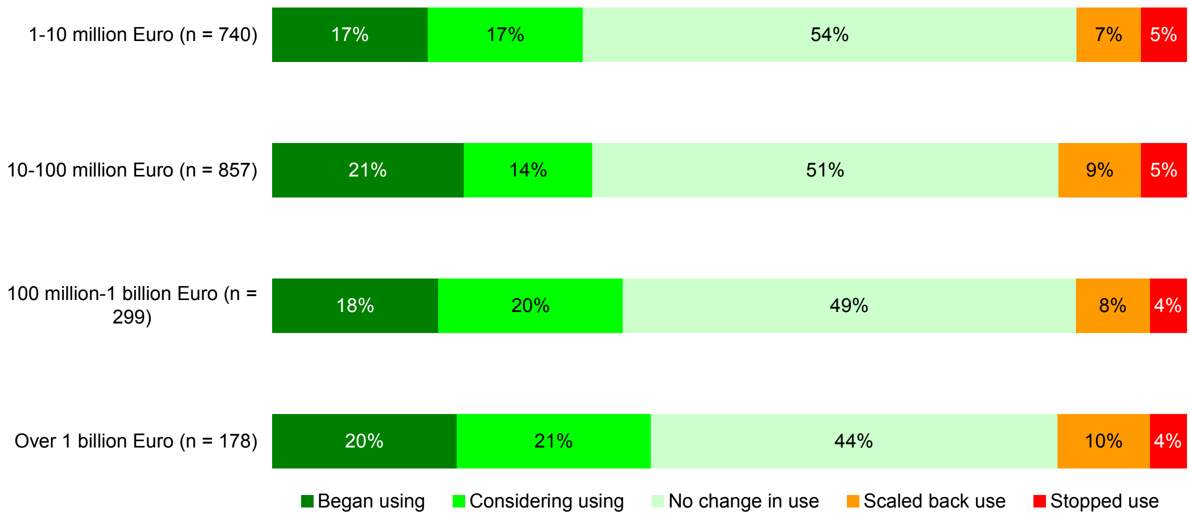


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

With the exception of a lower percentage of respondents in the € 10 million to € 100 million turnover class considering using excess of loss credit insurance than companies with turnover of less than € 10 million, interest in excess of loss credit insurance cover increases with company size. The number of respondents that have begun using excess of loss credit insurance cover is fairly consistent across turnover classes. Smaller companies are again more likely to have made no change in their usage of excess of loss credit insurance.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Credit insurance: excess of loss

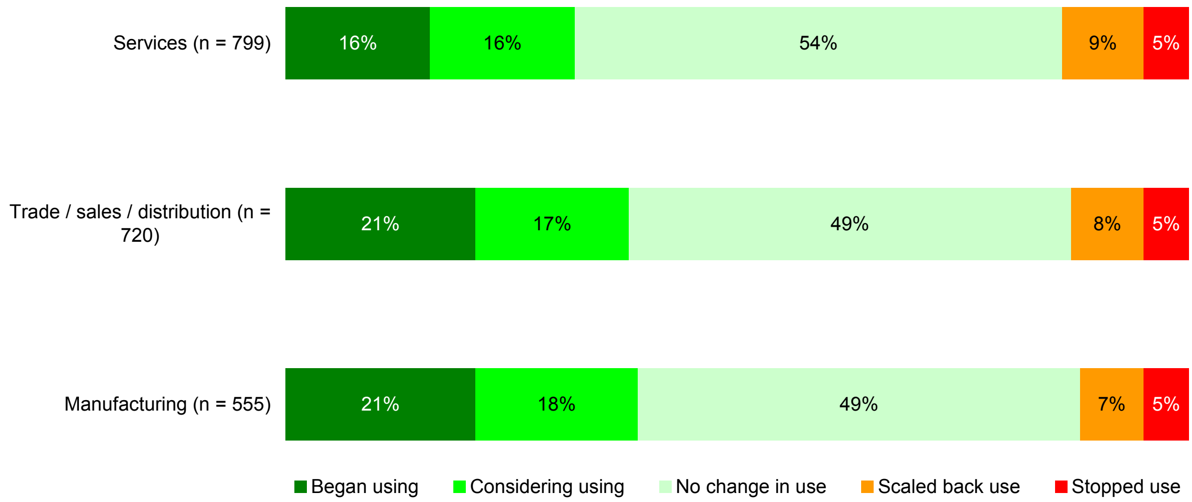


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Service companies have seen a little less interest in the use of excess of loss credit insurance than other major business sectors. Again this may reflect the flexibility in the business models and the nature of the offering. Some service companies, energy companies for instance, represent essential suppliers for many companies and therefore they have a lower risk of customer payment default, even if the customer represents a high risk of payment default to another supplier. Subsequently, they may not feel the need to increase their use of excess of loss credit insurance. Trade/sales/distribution and manufacturing sector responses are almost identical.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Credit insurance: excess of loss



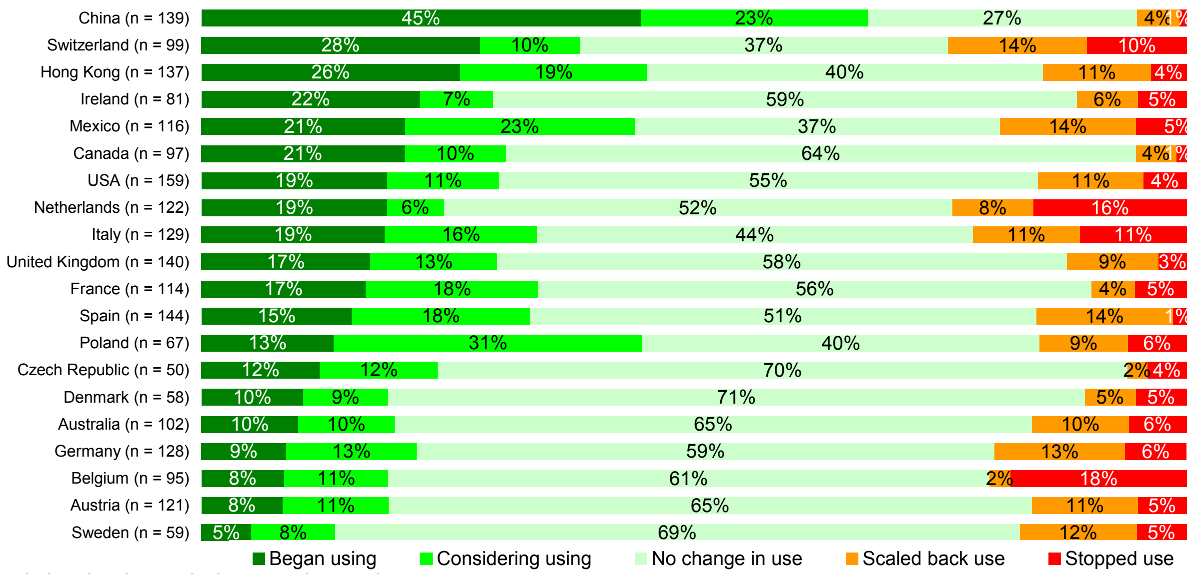
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.2.3 Letters of credit

Chinese respondents (45%) are by far the most likely to begin using letters of credit as a result of the economic crisis. Polish respondents (31%) however are the most likely to consider using letters of credit as a result of the economic crisis. Their conversion rate into using letters of credit however is below average.

More than 50% of respondents in 14 of the 20 countries surveyed have made no change in their use of letters of credit. Swiss (71%) and Czech (70%) respondents are the least likely to have changed their usage. Belgium (18%) and the Netherlands (16%) are the countries whose respondents are most likely to have stopped using letters of credit, while at least 10% of the respondents in half of the countries surveyed have scaled back their use of letters of credit as a result of the economic crisis.

Extent to which the economic crisis has changed the use of risk mitigation instruments; Letter of credit

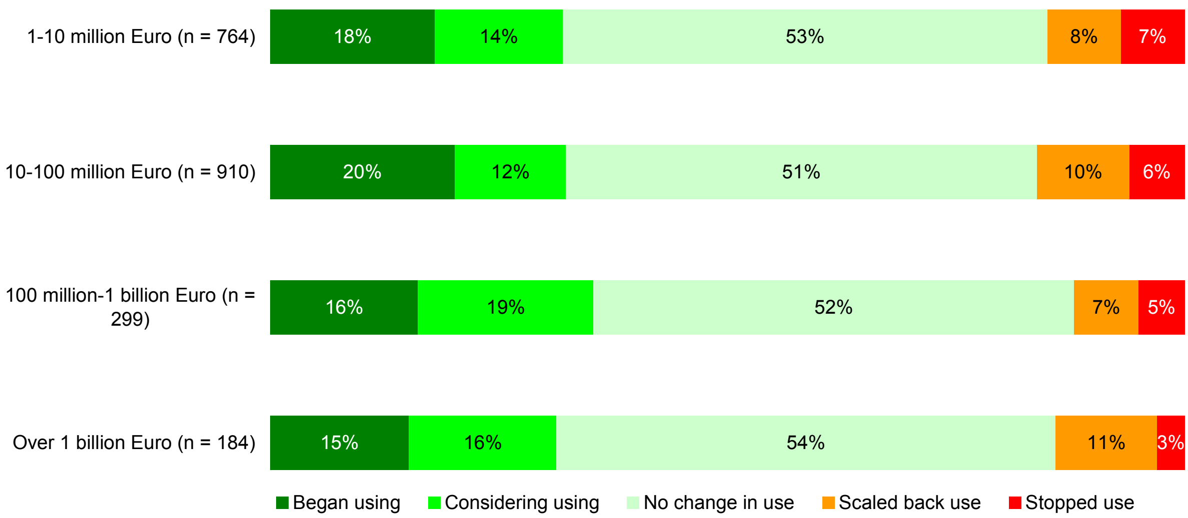


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Companies with turnover of € 10 million to € 100 million are the most inclined to have begun using letters of credit as a result of the economic crisis. Companies with turnover of € 100 million to € 1 billion are the most likely to consider using letters of credit. Response rates however are fairly comparable across all turnover classes suggesting no real differences by turnover class.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Letter of credit

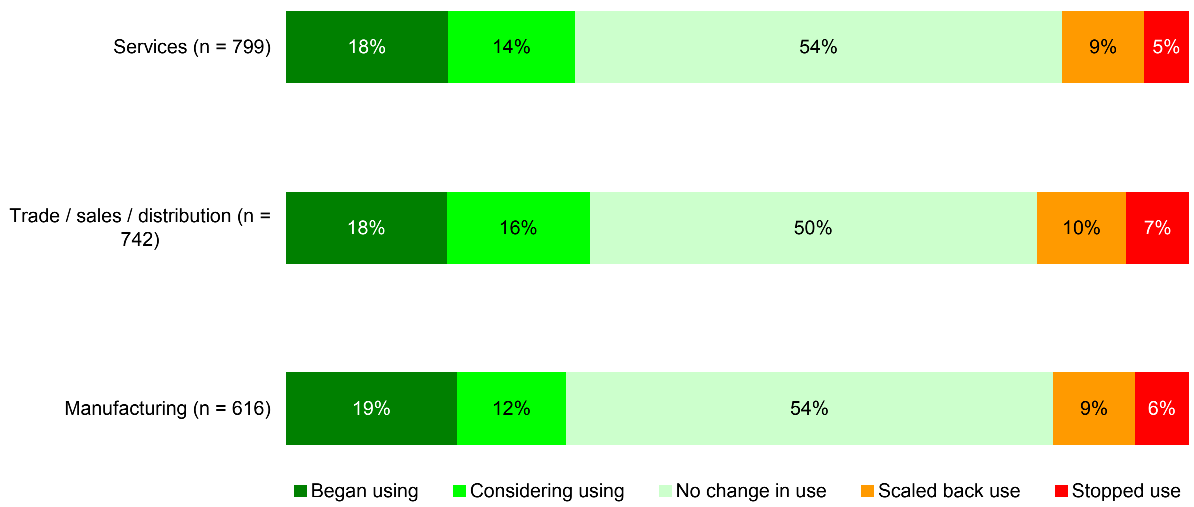


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

The response rates regarding usage of letters of credit are comparable across all major business sectors.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Letter of credit



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.2.4 Credit reports

Knowledge is power and the more information a company has about the ability of its buyers to pay for their purchases, the better position that company is in to make good decisions about offering credit terms to the buyer.

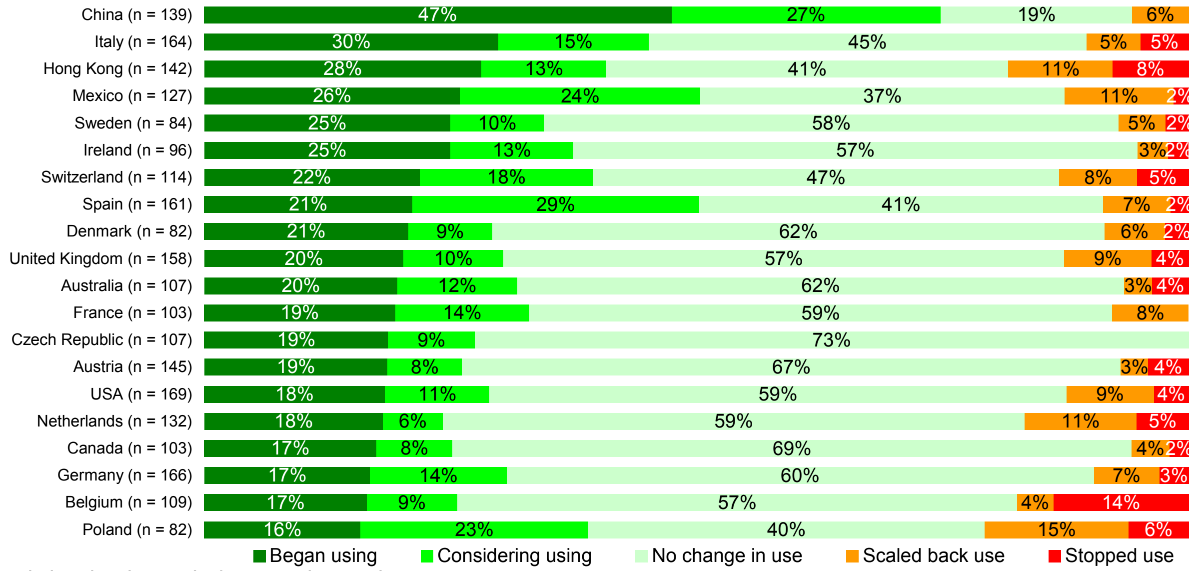
The responses regarding the use of credit reports suggest that most respondents were already making sufficient use of credit reports before the economic crisis began. More than 50% of respondents in 13 of the 20 countries surveyed stated there has been no change in their use of credit reports as a result of the economic crisis.

However, at least 24% of respondents in every country surveyed are either considering or have begun using credit reports as a result of the economic crisis. China again stands out with 75% of respondents either considering (27%) or having started using (47%) credit reports as a result of the economic crisis.

More than 50% of respondents in 13 of the 20 countries surveyed have not changed their use of credit reports.

Belgium stands out as the country in which respondents are most likely to have stopped using credit reports. The 14% response rate is almost double that of the next highest response rate. 0% of respondents from the Czech Republic have scaled back or stopped using credit reports.

Extent to which the economic crisis has changed the use of risk mitigation instruments; Credit reports

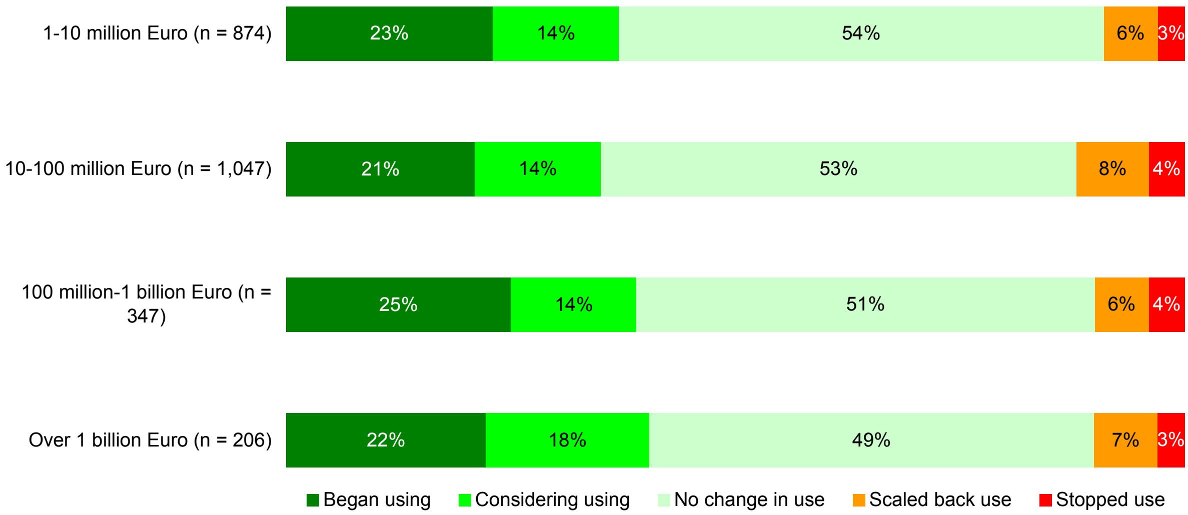


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Response rates across turnover class are relatively consistent. Only the 18% of respondents from companies with more than € 1 billion in turnover that are considering using credit reports as a result of the economic crisis differs noticeably from other turnover classes, all of which have a 14% response rate.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Credit reports

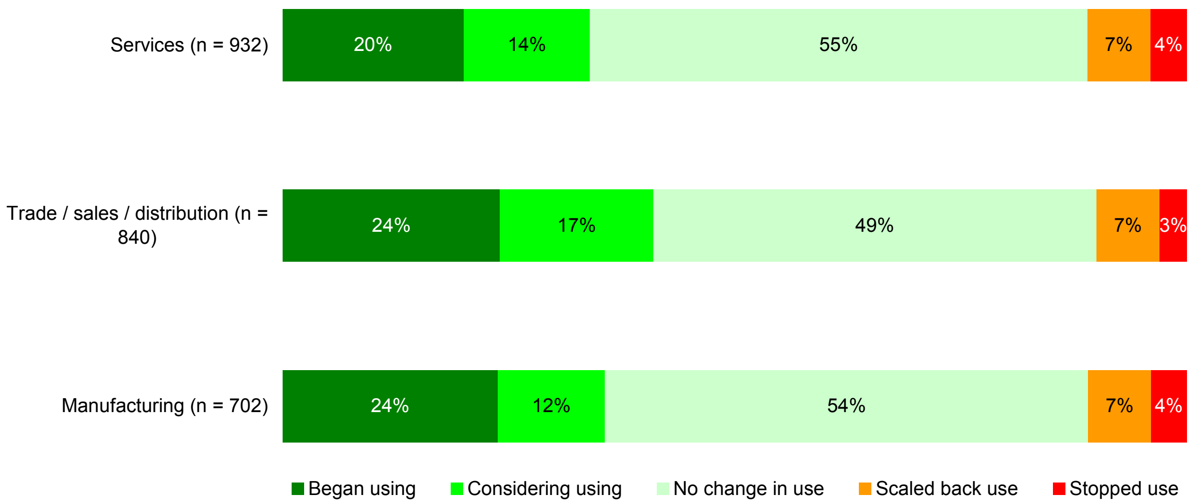


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Trade/sales/distribution companies are more likely to consider using credit reports than other major business segments. The response rates of service and manufacturing companies are fairly similar.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Credit reports



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

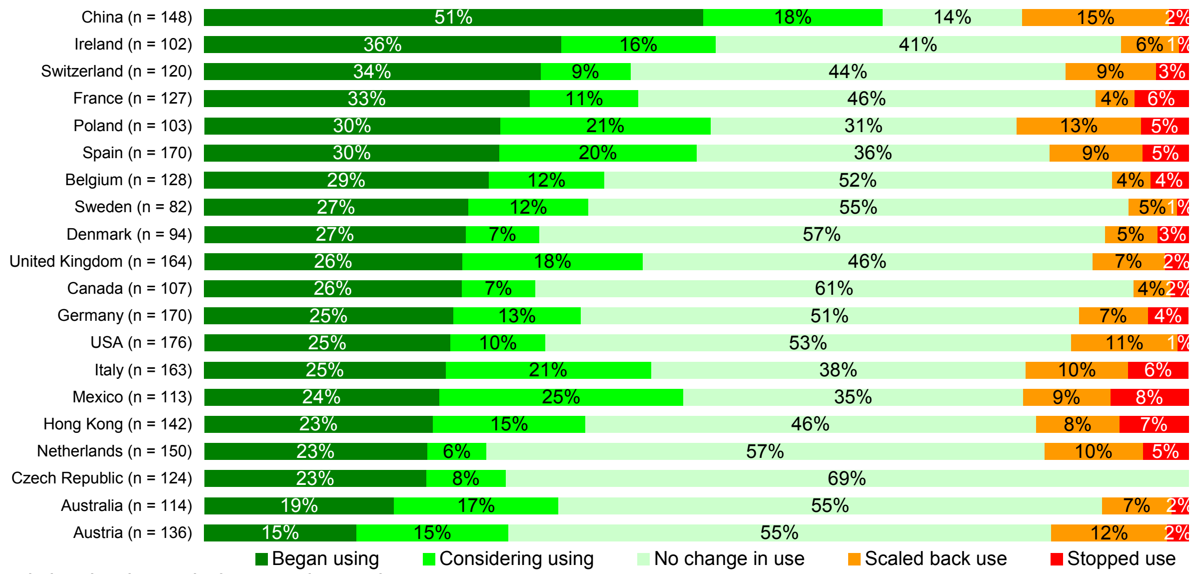
3.2.5 Advance payments

One way of minimising the risk of payment default is to get paid in advance. At least 25% of respondents in 70% of the countries surveyed have begun using advance payments as a result of the economic crisis. Another 10% or more of respondents in 75% of the countries surveyed are considering using advance payments.

The bulk of respondents however, more than 50% in half of the countries surveyed and more than 40% in 75% of the countries surveyed have made no changes in their use of advance payments as a result of the economic crisis.

Very few respondents have scaled back or stopped using advance payments. The Czech Republic stands out as the only country with no respondents to have scaled back or stopped using advance payments, but also as one of the countries whose respondents are least likely to have begun or considered using it.

Extent to which the economic crisis has changed the use of risk mitigation instruments; Advance payment

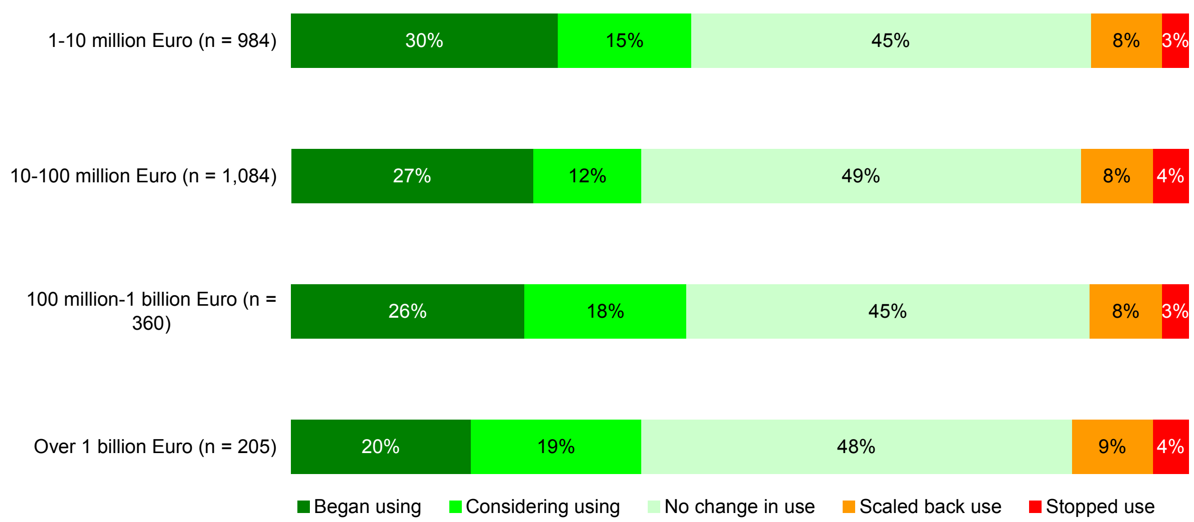


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Larger companies are more likely to consider using advance payment but least likely to begin using them as a result of the economic crisis. Smaller companies are the least likely to consider, but the most likely to begin using advance payments as a result of the economic crisis. There could be a number of reasons for this difference in response. It could be that a large company is more likely than a small company to perceive that it would suffer more reputational damage by using advance payments, a smaller company may suffer a more severe impact if a customer defaults on an invoice, or that the size of an order may make it impractical for a large company to sell on advance payment terms. Regardless of the reason, at the end of the day, it is more likely that a smaller company will ask a buyer to pay in advance.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Advance payment

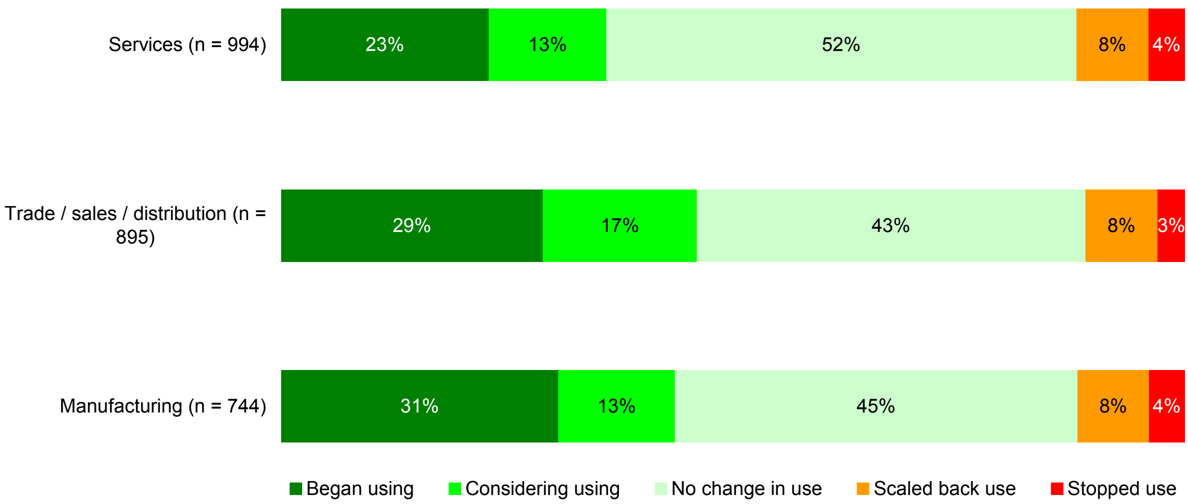


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Service companies are much less likely to begin using advance payments as a result of the economic crisis than other major business sectors. There may be a number of factors that have influenced this response rate, but the common denominator is likely to be that many services are billed in hours worked (the final cost of which may not be known until the service has been rendered) and are therefore more efficiently billed upon completion of the service or when the number of hours to be billed is known. The cost of manufactured goods, as well as offerings of trade/sales/distribution businesses, can be invoiced on a unit bases which can usually be measured very easily on order. This lends more naturally to advance billing.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Advance payment



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.2.6 Self insurance

The economic crisis and consequent increase in payment defaults and insolvencies is resulting in heavy demand for credit insurance, but with the rapid increase in buyers that are considered unsuitable credit risks, credit insurance rates have risen and the availability of insurance cover on buyers has fallen.

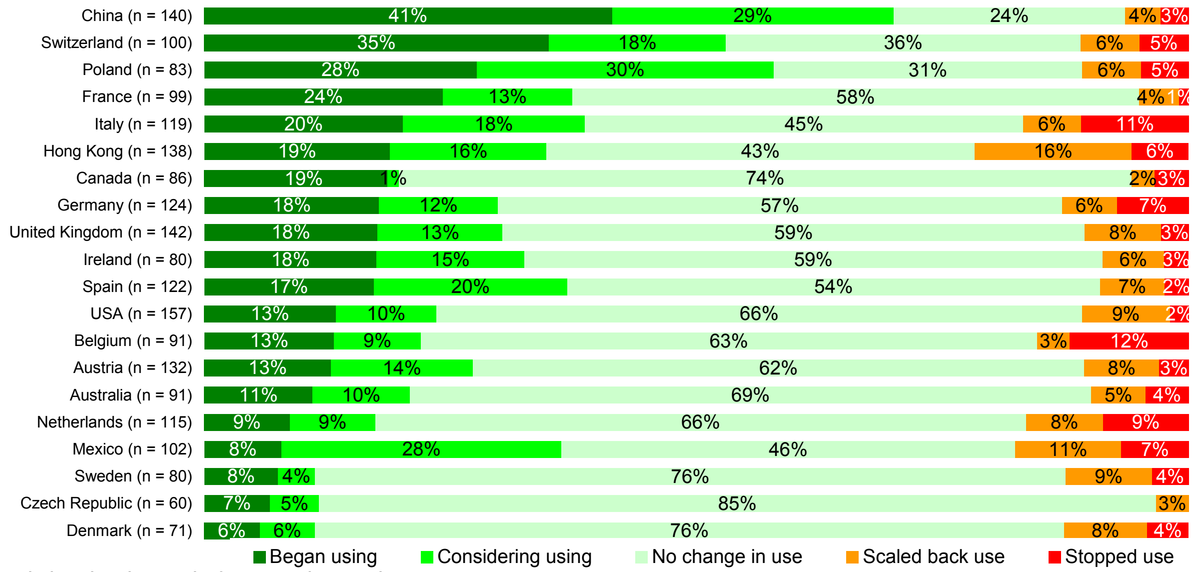
As a result, some companies may anticipate they can get better value for their money by self insuring. If payment defaults remain low, the company can benefit from this approach. However, by keeping these payment default risks, the seller of a product or service runs the risk that their financially sound business is thrust onto the verge of bankruptcy by a large number of smaller payment defaults or just one large payment default.

Chinese respondents (41%) are again the most likely to begin self insuring as a result of the economic crisis, but Swiss respondents (35%) also demonstrate a significant tendency towards initiating use of this risk mitigation tool. Polish (30%), Chinese (29%) and Mexican (28%) respondents are the most likely to have considered self insuring.

The majority of respondents however have made no change in their use of self insurance. More than 50% of respondents in 14 of the 20 countries surveyed have made no change in their use of self insurance.

Although the response rates tended to be small, Hong Kong is the only country where more than 20% of respondents have either scaled back or stopped their use of self insurance as a risk mitigation tool due to the economic crisis. Belgium and Italy are the only two countries in which more than 10% of respondents have stopped self insuring.

Extent to which the economic crisis has changed the use of risk mitigation instruments;
Self insurance



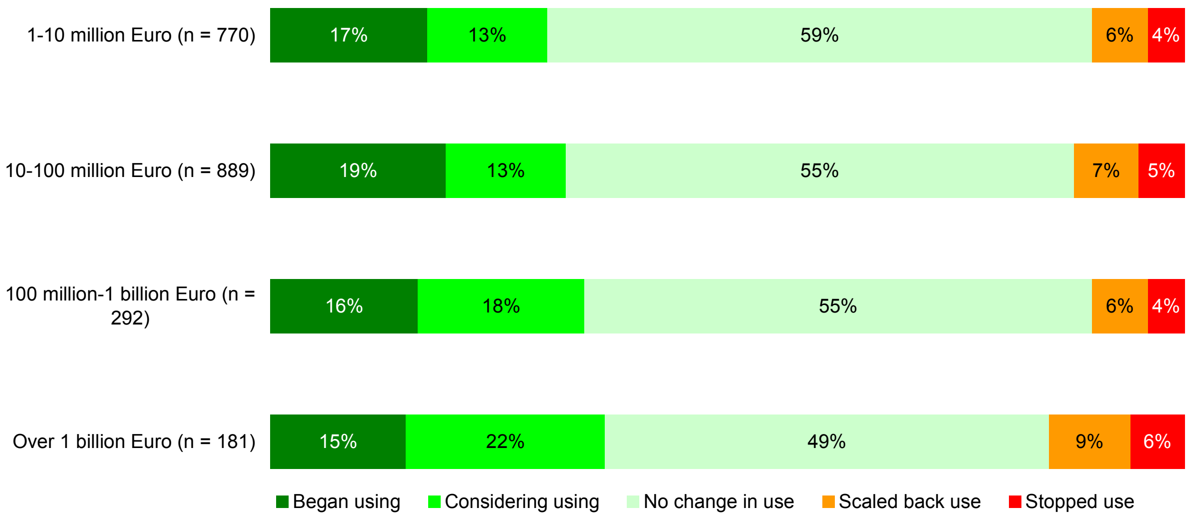
Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Companies with over € 1 billion in turnover are most likely to have considered self insuring (22%) and also most likely to have scaled back their use (9%) of self insurance as a result of the economic crisis. Companies with turnover of € 10 million to € 100 million are the most likely to have begun using self insurance. Companies with € 1 million to € 10 million in turnover are the most likely to have made no change in their usage of self insurance and along with companies with turnover of € 10 million to € 100 million are the least likely to consider self insuring.

What this highlights is that larger companies are more likely to consider self insuring because they have internal credit management teams. However the magnitude of the task, including the cost, filing requirements and potential risk is more likely to result in the decision not to self insure. However, the substantial investment in building the necessary structure to properly self insure is likely to have played a role in respondents' decisions about scaling back or stopping self insuring. This may even role over to the position of scaling back or stopping the use of self insurance. Smaller companies however are less likely to consider self insuring, but if they do, they are more likely to follow through and begin self insuring than larger companies are. This was particularly the case for companies with turnover between € 10 million and € 100 million.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Self insurance

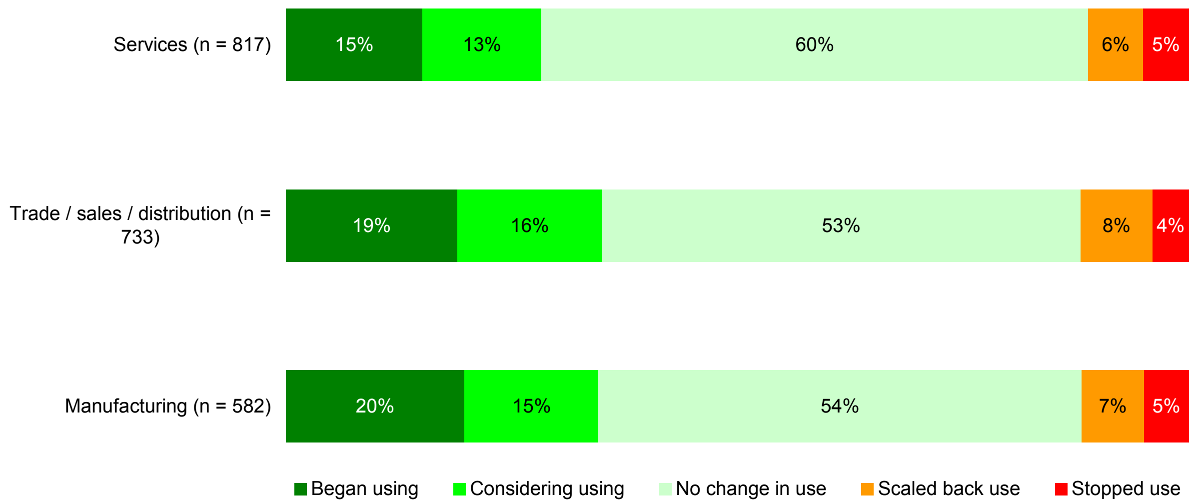


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Service companies are the most likely to make no changes and subsequently the least likely to consider or begin self insuring their receivables as a result of the economic crisis. Trade/sales/distribution and manufacturing company responses are almost identical.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Self insurance



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

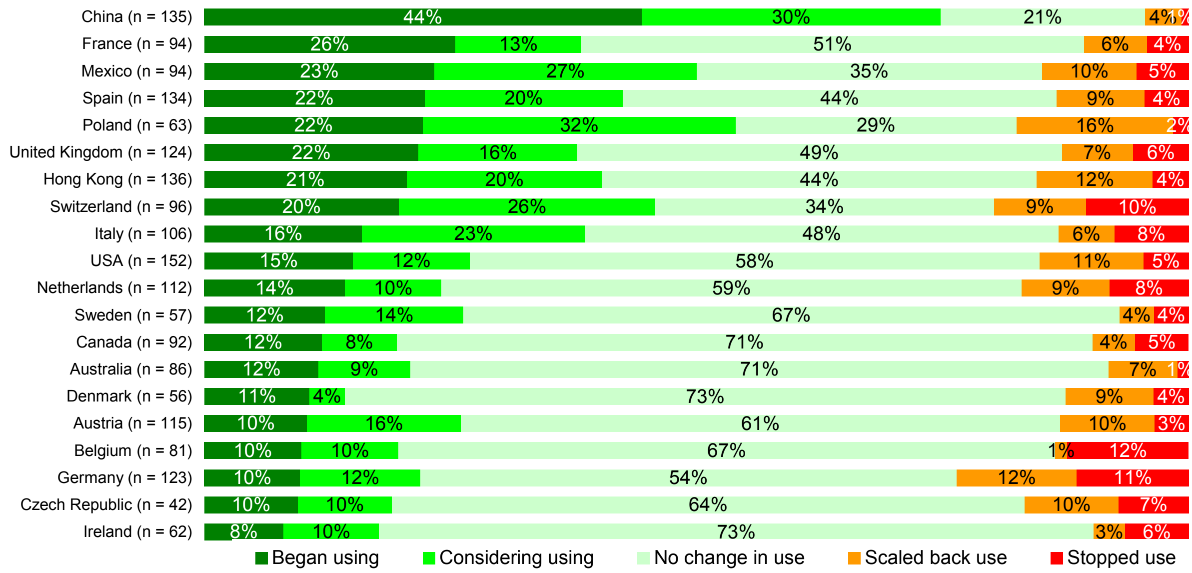
3.2.7 Factoring

Factoring has been a valuable tool for many companies who need access to financing to help maintain strong cash flow that supports their growth. Over the past year, the cost of financing has increased and the cost of factoring along with it. While this has made factoring more expensive and harder to find, it still remains a valuable tool.

Respondents from China are the most ambitious in respect to beginning to use factoring as a result of the economic crisis. 44% of respondents from China have begun using factoring. The next closest market is France where the economic crisis has prompted 26% of respondents to begin using factoring. Polish (32%) and Chinese (30%) respondents are the most likely to have considered using factoring.

At least 50% of respondents in 12 of the 20 markets surveyed have made no change in their use of factoring, eight of which have a response rate of more than 60% making no change. German respondents (23%) are the most likely to have scaled back or stopped using factoring as a result of the economic crisis.

Extent to which the economic crisis has changed the use of risk mitigation instruments; Factoring



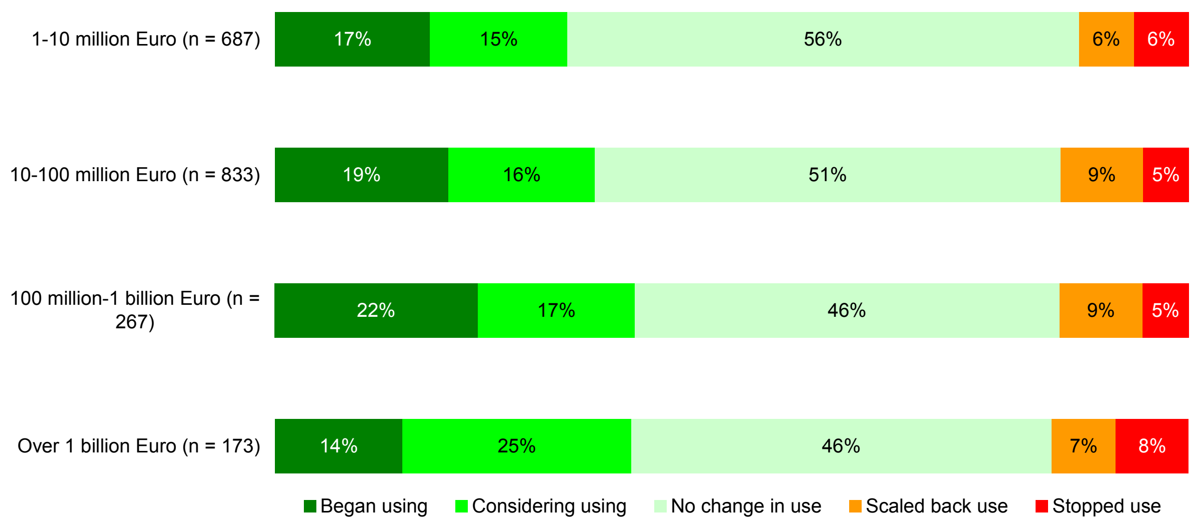
Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

You can argue about what size company would normally use factoring during periods when financing costs are reasonable and lending practices of banks are relatively loose. Years ago, small companies were more active users of factoring because they needed the access to financing that was not so readily available through other sources. In recent years however large companies have accounted for the majority of the factoring volume because they are better able to absorb the cost has made factoring more prohibitive to smaller companies.

Figuring the economic crisis into the equation and we find that indeed larger companies are more likely to consider using factoring but at the same time, they are the least likely to actually begin using it. Companies with turnover of € 100 million to € 1 billion, however, are the most likely to begin using factoring as a result of the economic crisis. As turnover drops below the € 100 million mark respondents are less likely to have changed their usage of or to have even considered using factoring.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Factoring



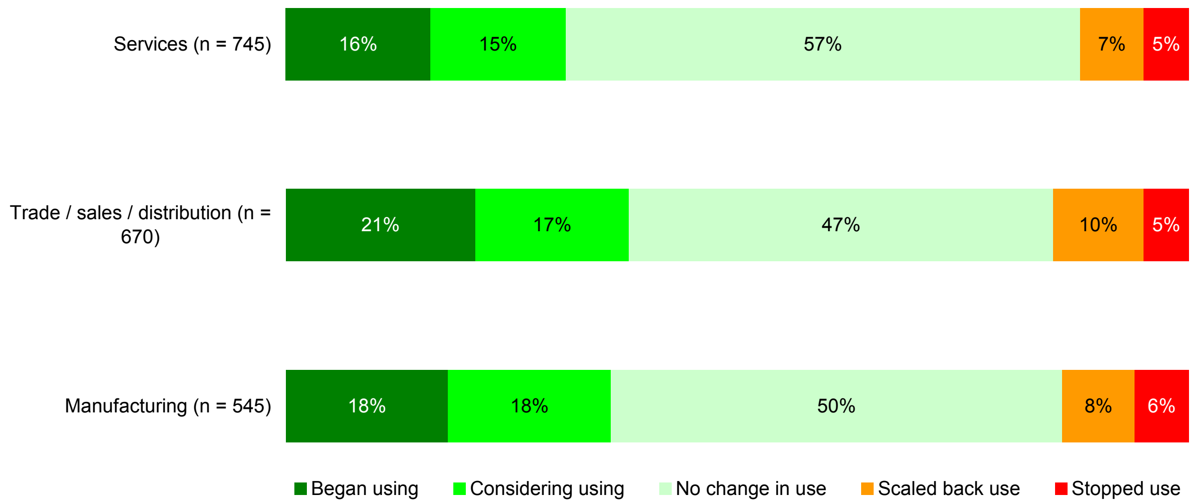
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Services companies are the least likely to have changed their usage of factoring as a result of the economic crisis. Service companies typically have less of a need for working capital finance than trade/sales/distribution and manufacturing companies.

Trade/sales/distribution companies were the most inclined to begin using factoring, but not significantly more so than manufacturing companies.

Extent to which the economic crisis has changed the use of risk mitigation instruments;

Factoring



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.3 Impact of economic crisis on cash flow

Cash is king and, despite the emphasis on earnings when it comes to financial reporting, any financial analyst or senior executive will tell you that cash flow is more important to the long term viability of a company than earnings. The economic crisis has renewed the emphasis on this as the ripple effect of slow consumer sales has put a strain on the cash flow of the entire product chain from raw materials producers to retailers.

When assessing the impact of the following issues on cash flow respondents were not specifically asked whether they have experienced an increase or decrease in the specific issue. This was to allow them to respond more freely to whether they have experienced a change in cash flow. The response about the impact on cash flow does however suggest a certain shift in use of the item in question. For example, a decrease in cash flow would be commonly associated with a reduction in the accessibility of financing while an increase in cash flow would normally be associated with an increase in the availability of financing. In general, an increase in cash flow is more commonly associated with an increase in the all of the items or issues questioned, except for stock/inventory levels, length of time within which customers pay and payment defaults. These three items are more commonly associated with a decrease in cash flow.

3.3.1 Accessibility of financing

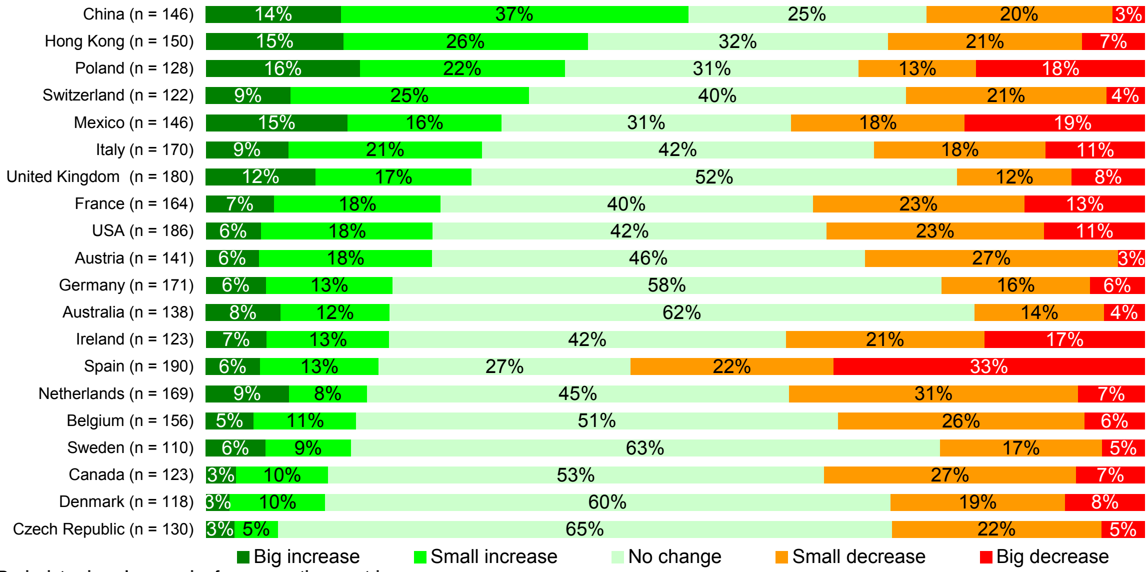
One of the biggest problems for businesses during this economic crisis has been the availability of financing. It is possibly more troubling during this recession because the banks played a prominent role in the onset of this crisis and have been some of the hardest hit. As a result, financing was restricted from the start and this accelerated the speed at which the global economy fell. A lack of availability of financing limits opportunities for businesses to finance growth and manage cash flow.

The well publicised impact of the economic crisis on the Spanish economy has had a significant impact on the accessibility of financing and, as a result, on the cash flow of companies in Spain. 55% of Spanish respondents said that their cash flow has decreased as a result of the accessibility of financing. Other countries suffering a meaningful impact include Ireland and the Netherlands (38% of respondents have suffered a decrease in cash flow as a result of their accessibility to financing) and Mexico (37%). These four countries not only have the most respondents stating they had a decrease in cash flow due to accessibility of financing but they also have the most respondents stating they have had a big decrease. In 14 of the 20 countries in the survey more respondents have suffered a decrease in cash flow due to the accessibility of financing during the economic crisis than an increase. Australia has the lowest percentage of respondents who stated they have suffered a decrease in cash flow due to their accessibility to financing.

On the other end of the scale China (51%), Hong Kong (41%) and Poland (38%) have the most respondents that have enjoyed an increase in cash flow due to the accessibility of financing. Add Mexico and these four countries represent those in which more than 10% of respondents stated they have experienced a big increase in cash flow.

Accessibility to financing was said to play no role in the cash flow of 50% of the respondents in 40% of the countries surveyed and by at least 40% of the respondents in 75% of the countries surveyed.

Extent to which the following factor has impacted cash flow:
Accessibility of financing

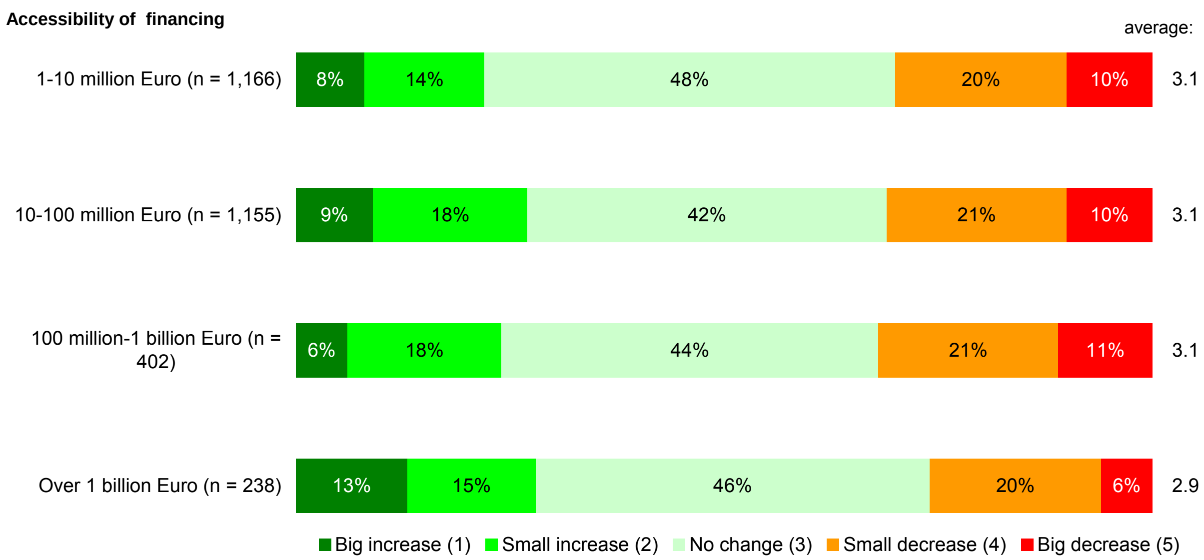


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Large companies with turnover exceeding € 1 billion are the most likely to have seen a big increase in cash flow and the least likely to have experienced a big decrease in cash flow as a result of the accessibility of financing. Amongst others, this could suggest that large companies may have less of a need for additional financing, that they have not lost access to financing to the same extent that smaller companies may have or that the lack of access to financing of other companies has enhanced their competitive position. In addition, large companies are often considered key suppliers and may therefore find themselves at the top of the pecking order when it comes to being paid. This may have a limiting effect on their need for external financing.

In other respects, the response rates of companies with turnover exceeding € 1 billion are in line with the other turnover classes.

Extent to which the following factor has impacted cash flow:

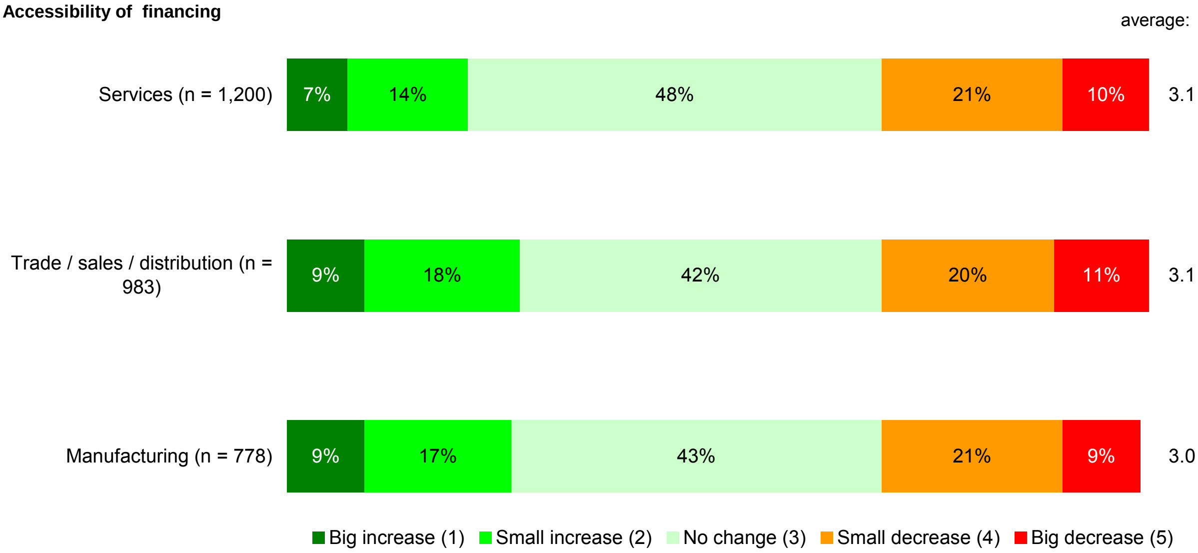


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

There is not much difference in the impact on cash flow as a result of the accessibility to financing by major business sector. Service companies are less likely to see an increase in cash flow while the response rates of the trade/sales/distribution and manufacturing segments are very similar to each other. Service companies typically have less of a need for working capital finance than trade/sales/distribution and manufacturing companies.

Extent to which the following factor has impacted cash flow:

Accessibility of financing



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.3.2 Availability of credit insurance on buyers

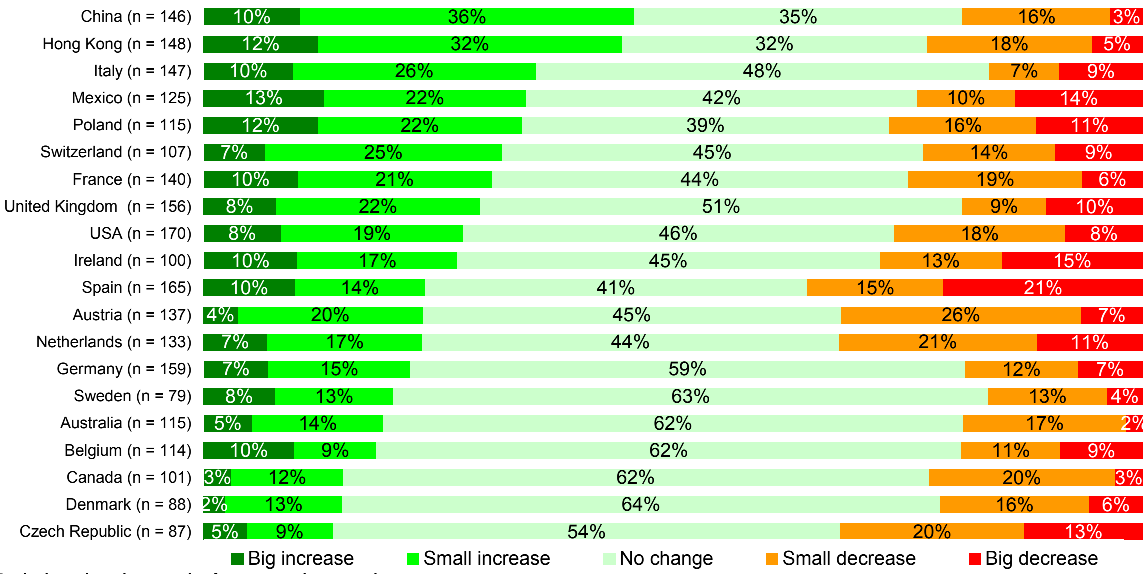
The economic crisis has resulted in increased insolvencies and payment defaults. As a result, credit insurers have increased premium rates to match the higher risk business environment and have reduced the amount of cover and the number of buyers they are willing to write cover on as fewer buyers represent reasonable credit risks in this environment. Many buyers have relied on the time cushion that credit insurance helps provide to sell some of the products they have purchased and pay their suppliers. Suppliers on the other hand rely on credit insurance to ensure they don't experience a painful loss if the buyer fails to pay. Ultimately credit insurance is meant to help improve the efficiency of the sales chain.

Respondents from Spain most frequently reported both a large decrease (21% of respondents) and an overall decrease (36% of respondents) in cash flow as a result of the availability of credit insurance on their buyers. The Czech Republic, the Netherlands and Austria followed, all with 33% of respondents experiencing a decrease in cash flow as a result of the availability of credit insurance on their buyers.

Respondents from China and Hong Kong have had the opposite experience with 46% and 44% of respondents respectively stating that cash flow has increased as a result of the availability of credit insurance on their buyers. This may reflect a relatively less active use of credit insurance in these markets than in western markets or that these markets have experienced a milder impact from the economic crisis.

Overall, most companies have experienced no change in their cash flow as a result of the availability of credit insurance on buyers since the economic crisis began. In eight countries more than half of the respondents have experienced no change and more than 40% of respondents in all but three of the 20 countries have experienced no change.

Extent to which the following factor has impacted cash flow:
Availability of credit insurance on buyers



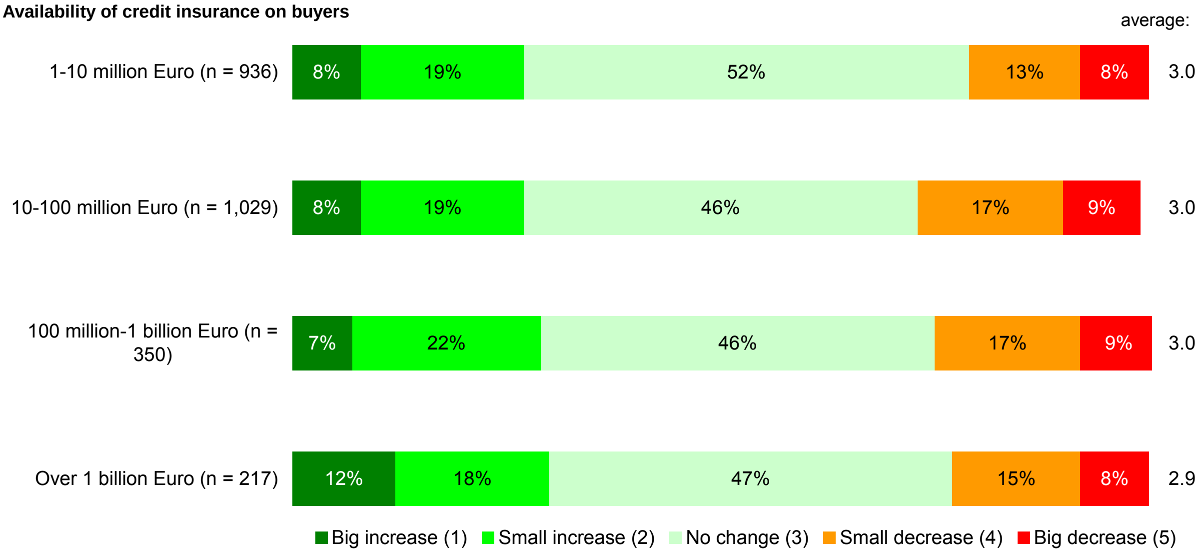
Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Respondents from companies with turnover of € 10 million to € 100 million and € 100 million to € 1 billion are the most likely to have experienced a decrease in cash flow as a result of the availability of credit insurance on buyers since the economic crisis began, but these results are not significantly different from the other turnover classes. Small companies are the least likely to have experienced a decrease and the most likely to have experienced no change in cash flow as a result of the availability of credit insurance on buyers. This may reflect that smaller companies are less likely to use credit insurance than larger companies.

Companies with turnover in excess of € 1 billion are the most likely to have experienced a large increase in cash flow as a result of the availability of credit insurance on buyers, but overall, the number of respondents reporting an increase, either big or small, is not much different than any of the other turnover classes.

Extent to which the following factor has impacted cash flow:

Availability of credit insurance on buyers



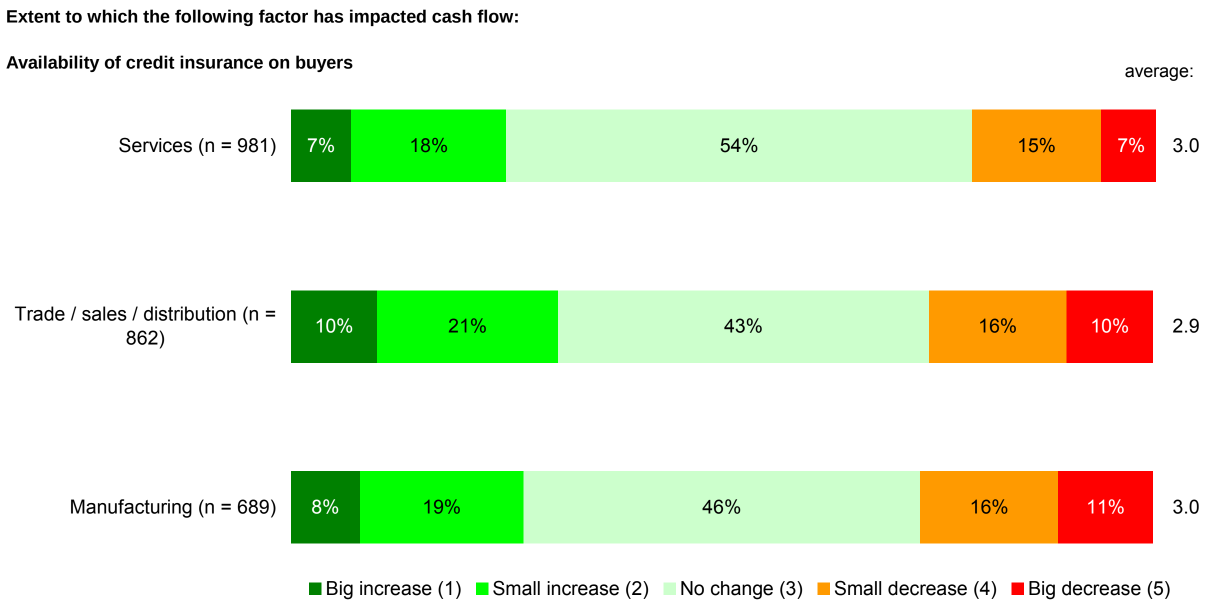
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Service companies are least likely to have experienced a decrease in cash flow as a result of the availability of credit insurance on buyers. Trade/sales/distribution and manufacturing companies are the most likely to have experienced a decrease in cash flow.

Trade/sales/distribution companies are the most likely to have experienced an increase in cash flow as a result of the availability of credit insurance on buyers. Service and manufacturing businesses reported very similar response rates in this respect.

Service companies are the most likely to have experienced no change in cash flow as a result of the availability of credit insurance on buyers during the economic crisis.

Outside of the difference in the percentage of respondents who have reported no change in cash flow as a result of the availability of credit insurance on buyers, overall, the difference between all three business sectors is not significant.



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.3.3 Availability of credit from suppliers

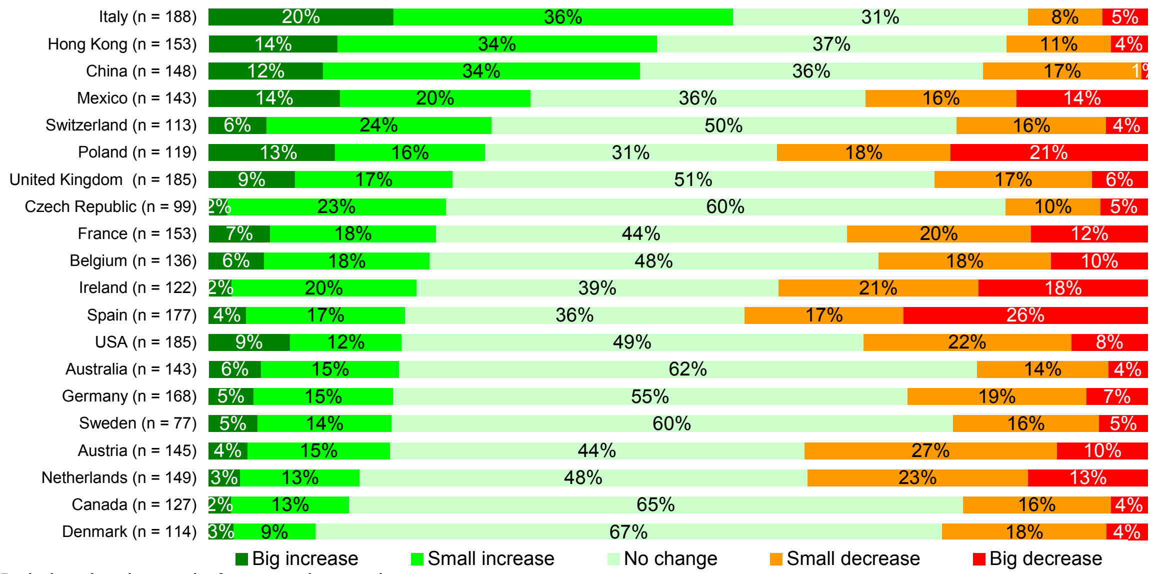
Our respondents are not just providers of products and services but consumers of them as well. They too are impacted by the terms that their suppliers offer them. Overall, responses are weighted towards a decrease in cash flow as a result of the availability of credit from suppliers. This suggests that, on average suppliers have either decreased or did not change the amount of credit they offer buyers. In 12 of the 20 countries surveyed more respondents have experienced a decrease than an increase in cash flow as a result of the availability of credit from suppliers.

Spanish respondents, 43% of which have suffered a decrease in cash flow, are most impacted. Irish and Polish (both with 39%), Austrian (37%) and Dutch (36%) respondents are the next most impacted by a decline in cash flow due to the availability of credit from suppliers.

In 40% of the countries surveyed more than half of the respondents have experienced no change in cash flow as a result of the availability of credit from suppliers.

Italian respondents are the most likely to have experienced a big (20%) and a small (36%) increase in cash flow as a result of the availability of credit from suppliers (56% overall). They are followed by respondents from Hong Kong (48%) and China (46%) as the only countries with significantly more respondents experiencing a positive impact on cash flow than a negative impact. Denmark (12%), Canada (15%), the Netherlands (16%), Austria and Sweden (19%) are the only countries in which fewer than 20% of respondents have experienced an increase in cash flow as a result of the availability of credit from suppliers.

Extent to which the following factor has impacted cash flow:
Availability of credit from suppliers



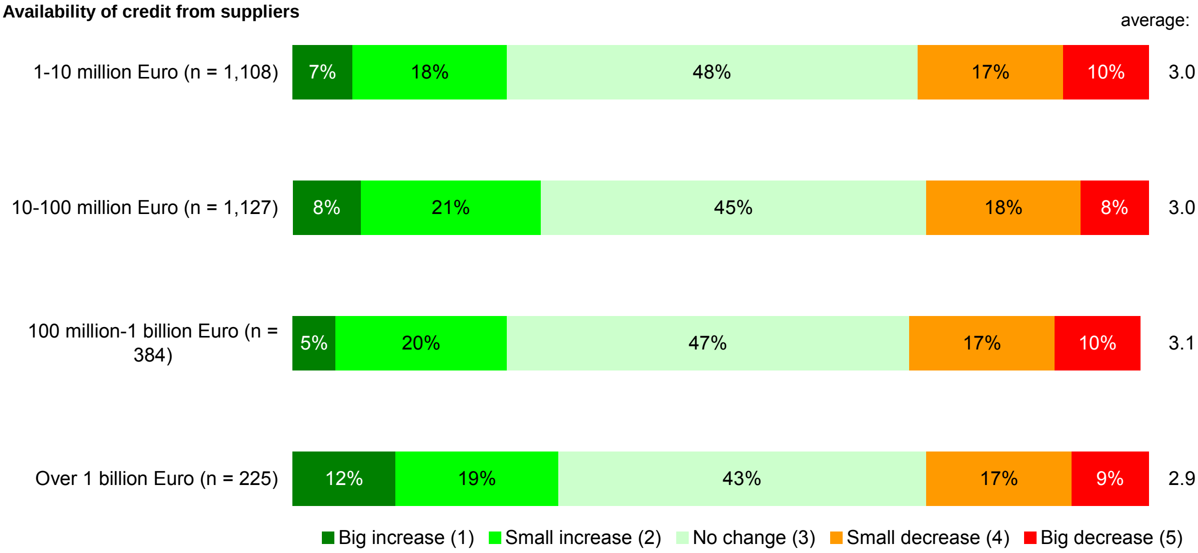
Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

By turnover class, there is no meaningful difference in respect to suffering a decrease in cash flow as a result of the availability of credit from suppliers. Large companies with more than € 1 billion in turnover are the most likely to have experienced a big increase in cash flow as a result of the availability of credit from suppliers. It goes to reason that a large customer is more likely to receive favourable treatment than a small customer. This may result in suppliers continuing to offer credit to their larger customers which in turn enables them to be more flexible with their own credit terms. Almost 50% of companies with over € 1 billion in turnover have changed their credit terms (See Section 3.1.3).

Overall, however, there is not a significant difference in the responses by turnover class.

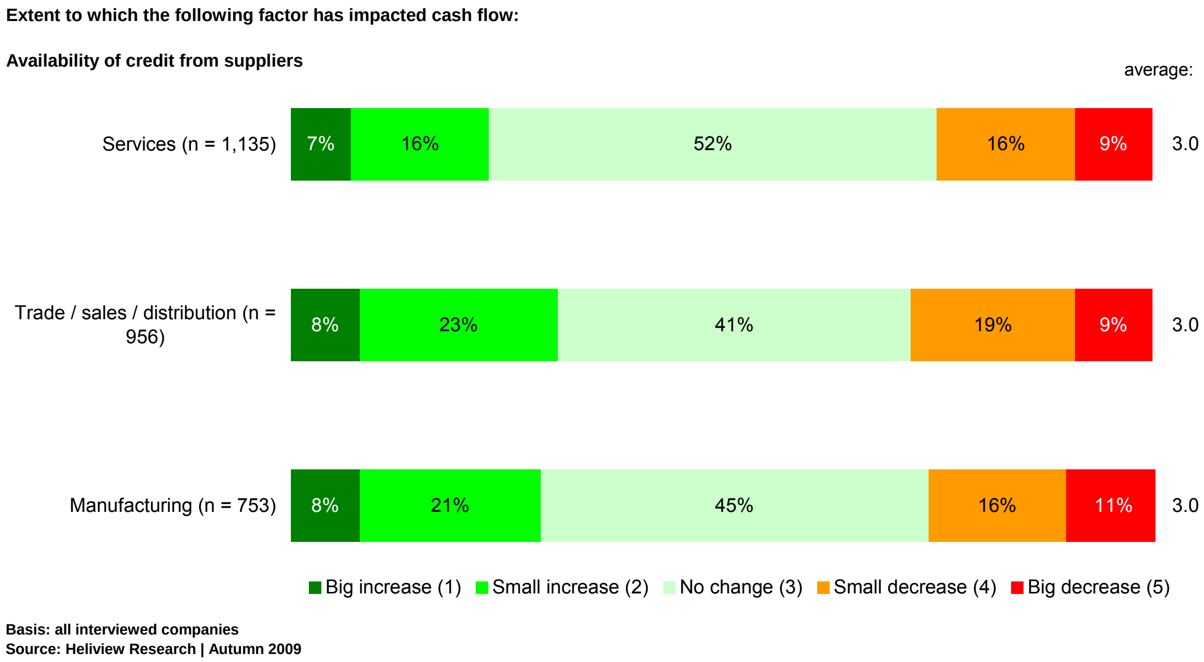
Extent to which the following factor has impacted cash flow:

Availability of credit from suppliers



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Services companies are the least likely to have seen an impact on their cash flow, either positive or negative, due to the availability of credit from suppliers. This is mostly demonstrated on the side of an increase in cash flow where the 16% of respondents stating they have experienced a small increase is noticeably smaller than the 21% of manufacturing company respondents and 23% of trade/sales/distribution respondents. Other than the difference in a small increase and the resulting difference in no change in the impact on the cash flow of services companies, the results are comparable.



3.3.4 Changes in use of cash sales

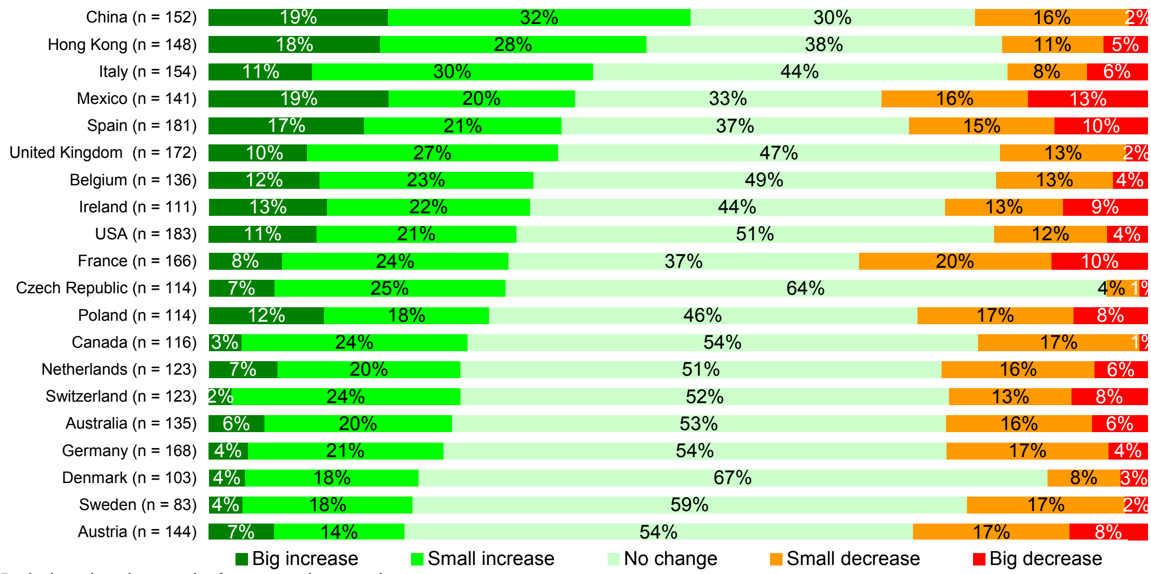
One might assume that the use of cash sales would have a positive impact on cash flow. It goes to reason that if the cash is immediately coming in house a positive impact should be realised. But credit sales can increase sales volume, which can also have a positive impact on cash flow if those receivables are paid on time.

For more than 50% of respondents in half of the countries surveyed, changes in their use of cash sales have had no impact on their cash flow. This may suggest that these companies have a great deal of flexibility in the method of payment they offer their buyers.

The response rates also point towards improving cash flow of respondents as a result of changes they have made in their use of cash sales. In every country except Austria, more respondents reported an increase in cash flow than a decrease as a result of changes in their use of cash sales.

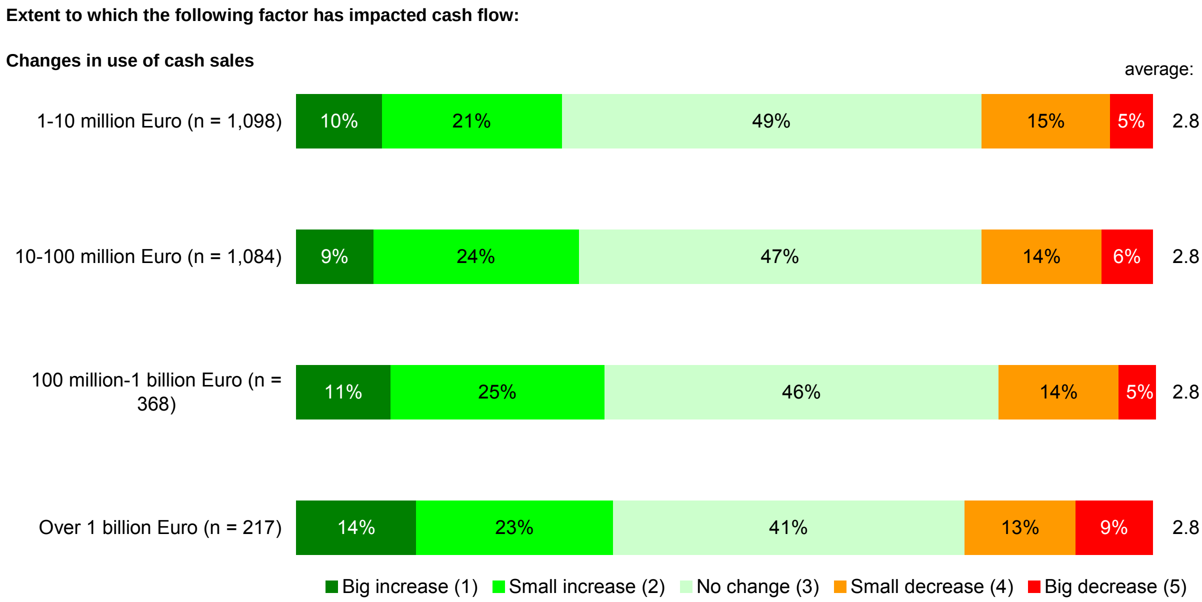
This somewhat correlates with the responses of Section 3.1.1 in which more respondents in 14 of the 20 countries have increased as opposed to decreased their use of cash sales. In this situation (3.1.1), Austrian respondents are one of the countries in which a higher percentage of respondents have decreased than increased their use of cash sales and one of the highest response rates of no change in use of cash sales was recorded.

Extent to which the following factor has impacted cash flow:
Changes in use of cash sales



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Though overall, a significant difference in responses is not seen across turnover classes, an increase in cash flow is progressively more likely as the size of the organisation increases. Large companies with turnover of more than € 1 billion are the most likely to experience more dramatic shifts (big increases or big decreases) in cash flow as a result of changes in their use of cash sales.



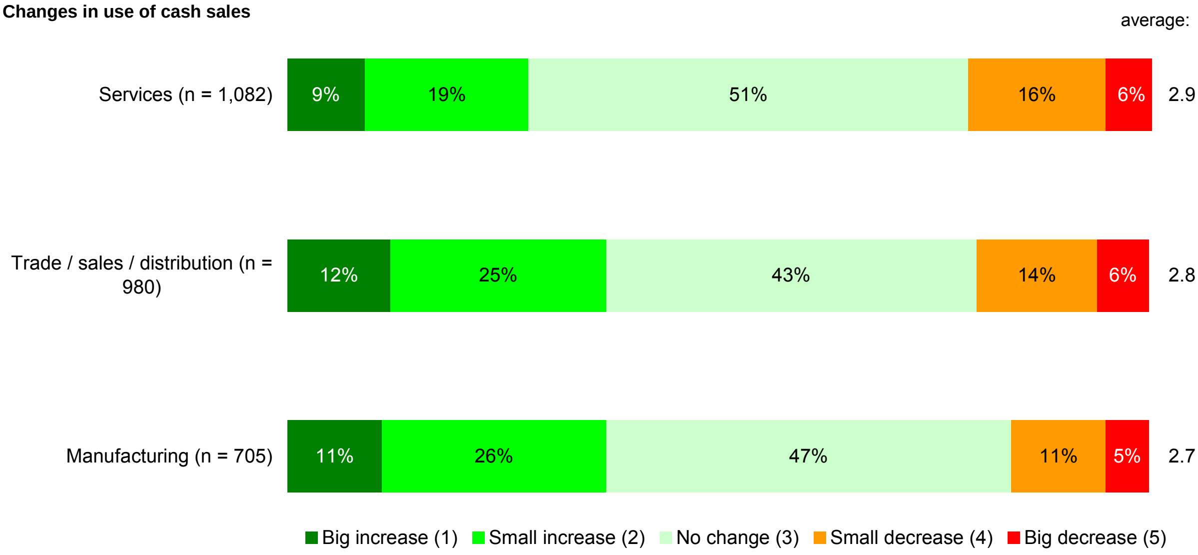
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Service companies are the most likely to have experienced no change in cash flow as a result of changes in their use of cash sales. The nature of the offering of many service companies, billed for hours worked or after service is provided, makes using cash sales difficult. As a result, a high percentage of respondents have probably made no change in their use of cash sales and subsequently have reported no change in cash flow as a result of their use of cash sales.

Manufacturing companies are the least likely to have suffered a decrease in cash flow as a result of changes they have made in their use of cash sales. These response rates are consistent with responses in Section 3.1.1 regarding changes in the use of cash sales. Service companies are similarly the least likely to change their usage of cash sales as a result of the economic crisis and manufacturing companies are the least likely to have decreased their use of cash sales.

Extent to which the following factor has impacted cash flow:

Changes in use of cash sales



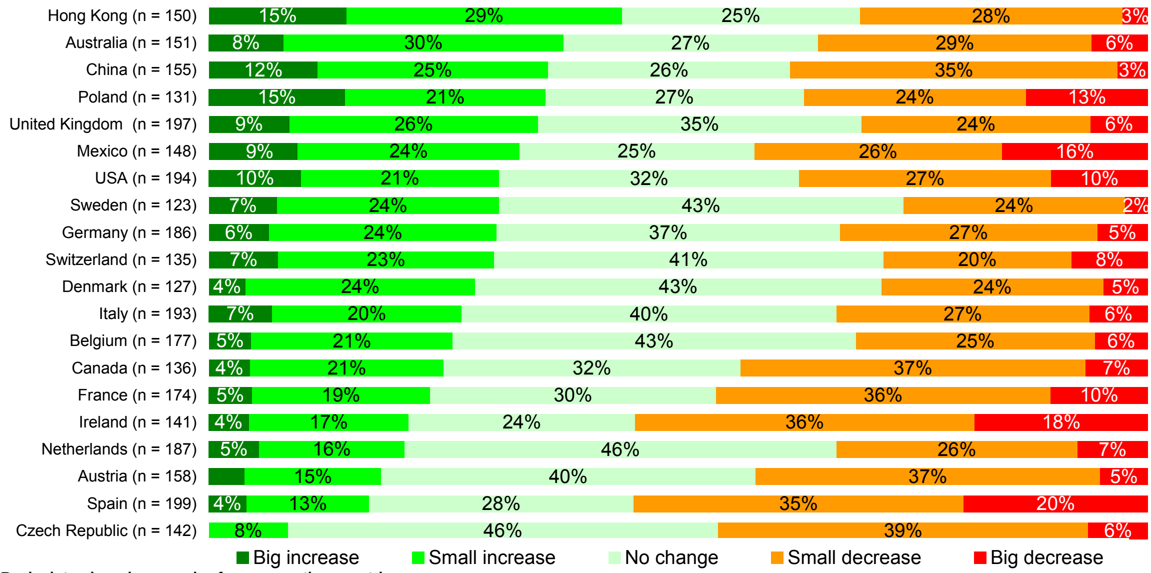
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.3.5 Number of customers

The number of customers can impact cash flow during a recession in a number of different ways. To name a few; current customers may be ordering less, some customers may not be ordering at all or have become insolvent. In general you can expect a reduction in customers and in customer orders during a recession. The survey shows a distinct leaning towards decreasing cash flow as a result of the number of customers our respondents have. 75% of the 20 countries surveyed have more responses of declining cash flow than increasing cash flow and in only two cases have at least 45% of respondents seen no change in cash flow.

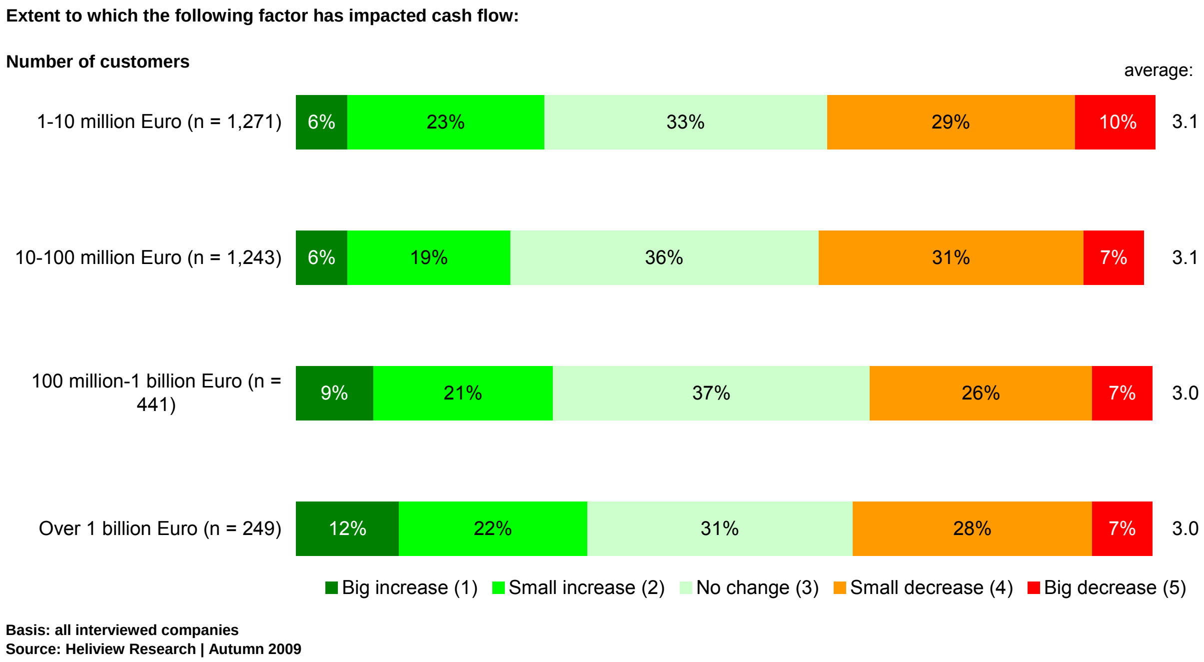
Hong Kong (44%) has the highest percentage of respondents that have seen an increase in cash flow as a result of the number of customers they have, the Czech Republic (8%) has the lowest percentage. Spain (55%) and Ireland (54%) have the largest percentage of respondents who have reported a decrease in cash flow due to the number of customers they have.

Extent to which the following factor has impacted cash flow:
Number of customers



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

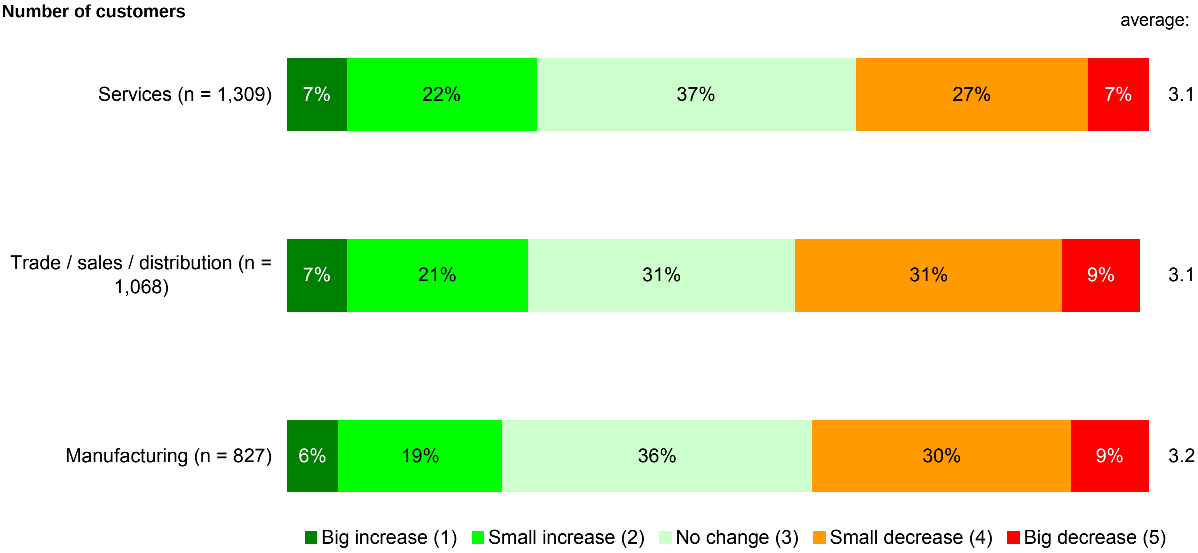
Though the results are somewhat comparable across the board, smaller companies (more notably those with turnover of between € 10 million and € 100 million) tend to be a bit less likely to have seen an increase, in particular a big increase in cash flow as a result of the number of customers they have and are a little more likely to have experienced a decrease in cash flow. Larger companies, in particular those with turnover in excess of € 1 billion, are more likely to have seen a big increase in cash flow based on the number of customers they have.



Trade/sales/distribution companies appear to have experienced a bit more of an impact on cash flow (both increase and decrease) due to changes in the number of customers during the economic crisis than other major business sectors. However, there is no significant variance between the responses by major business sector. All sectors have experienced a relatively similar impact.

Extent to which the following factor has impacted cash flow:

Number of customers



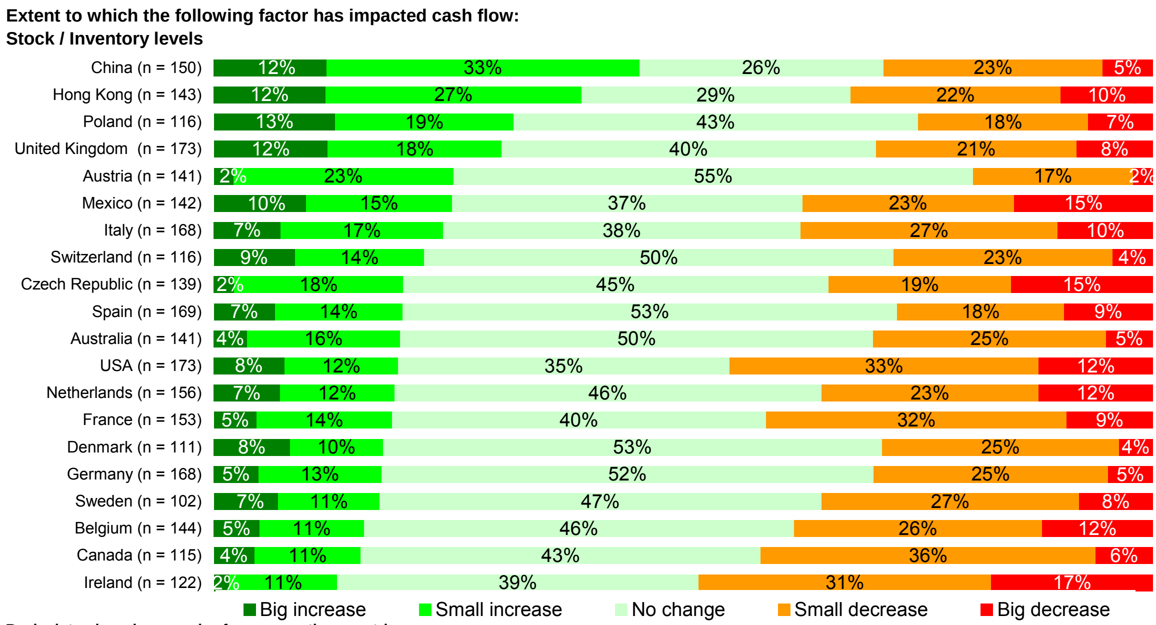
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.3.6 Stock / Inventory levels

During recessionary periods it is expected that most companies would try to reduce their inventory levels to help maximise cash flow. Again, in 75% of the countries surveyed, more respondents stated that their cash flow has decreased as a result of their stock or inventory levels than increased. Respondents from Ireland (48%) and the United States (45%) top the list of companies that have experienced a decrease in cash flow due to inventory levels.

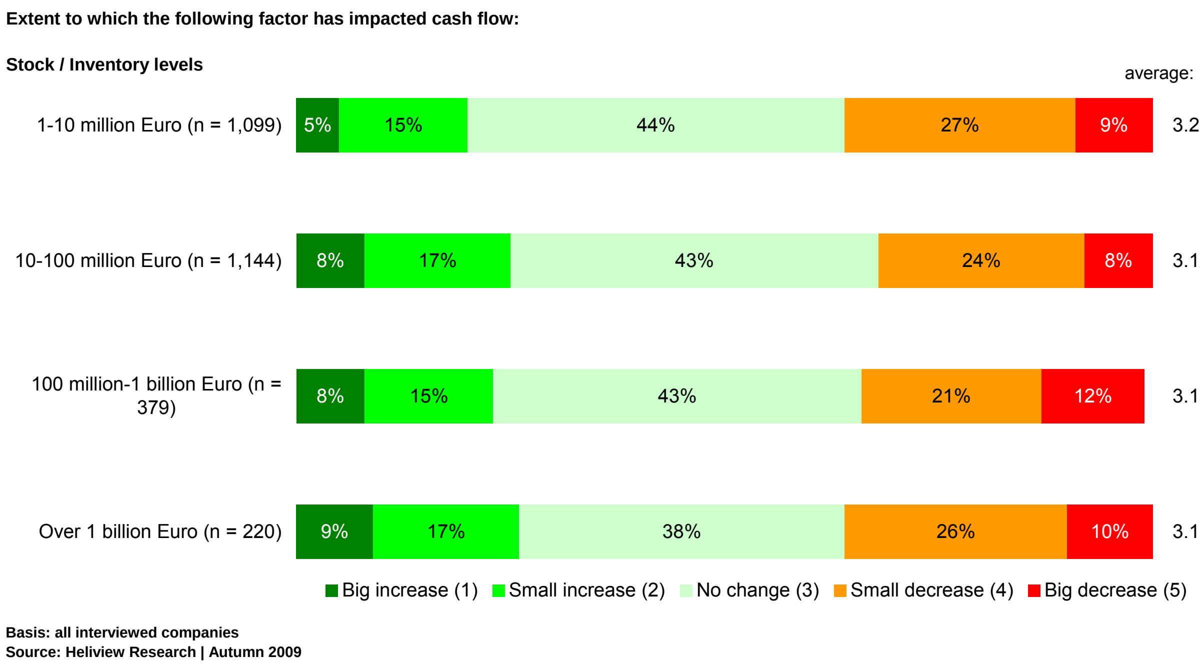
However, in 70% of the countries surveyed at least 40% of respondents stated that inventory levels have not changed their cash flow. Austria (55%), Denmark and Spain (53%), Germany (52%) and Switzerland (50%) have the most respondents that have seen no change in cash flow as a result of inventory levels.

While it is not a big surprise that China has the highest response rate of an increase in cash flow as a result of their inventory levels, it is a bit surprising to see the United Kingdom as the country with the fourth highest percentage of respondents for whom inventory levels have resulted in an increase in cash flow. This may be that they have been able to work off existing inventories and reduce production costs.



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

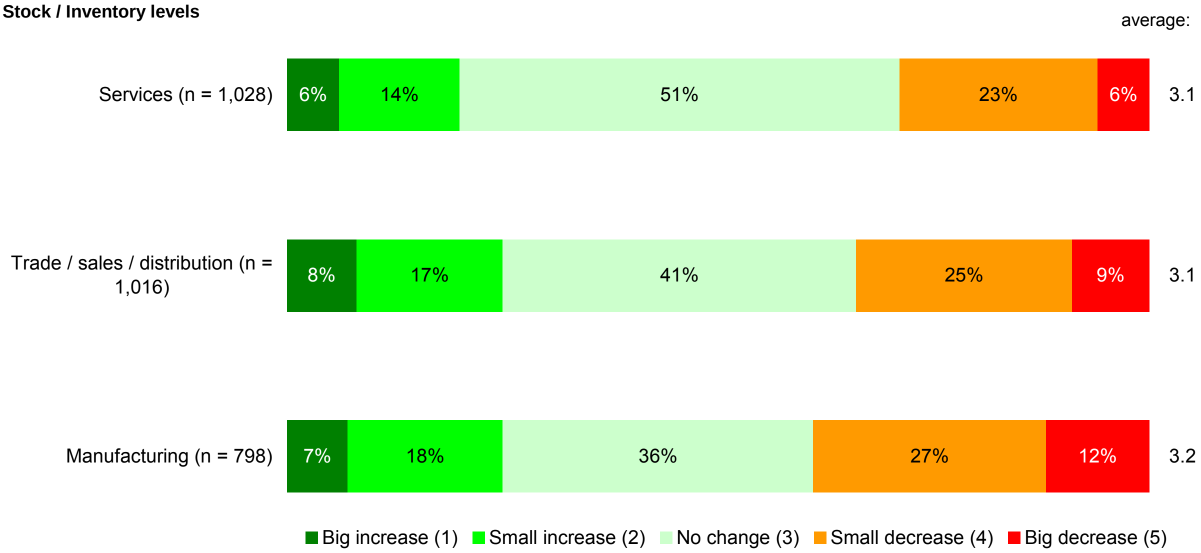
There is not much difference in the average responses of the four turnover classes.



Service companies are easily the least likely to have experienced a change in cash flow due to their inventory levels during the economic downturn. As a result, they are least likely to have seen an increase or a decrease as well. Manufacturing companies are understandably the most likely to have experienced a decrease in cash flow resulting from inventory levels during the economic crisis.

Extent to which the following factor has impacted cash flow:

Stock / Inventory levels



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

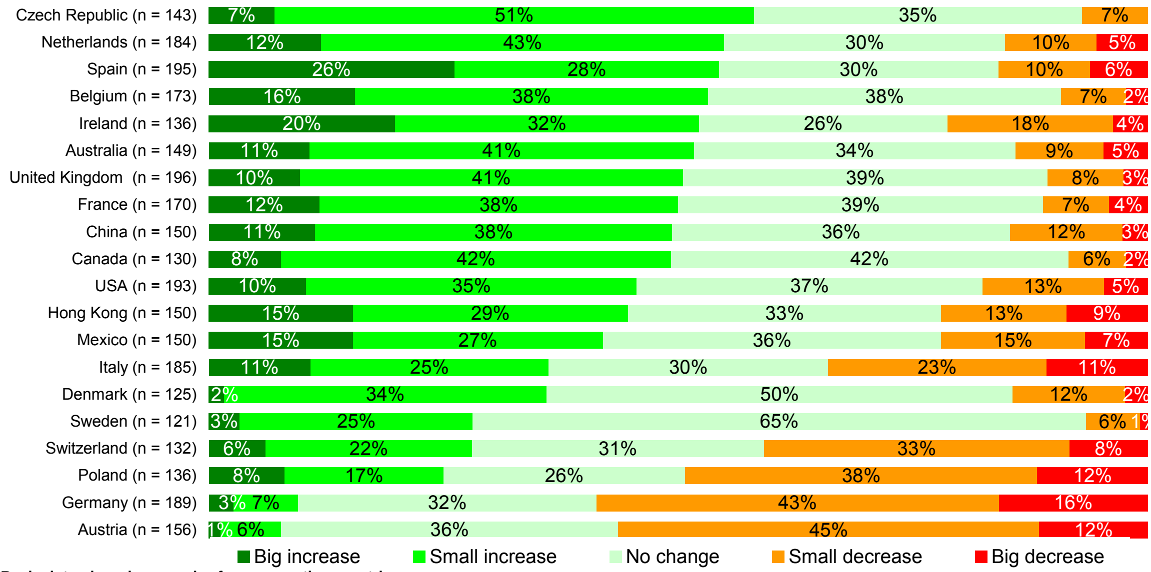
3.3.7 Length of time within customers pay

Logic suggests that customers take longer to pay during periods of economic decline. You might expect payment terms to extend as a result of a need to generate the cash to settle invoices. On the other hand you could also expect suppliers to shorten their payment terms to limit the chance of payment default. The Atradius Payment Practices Barometer looks at this topic two times per year to determine trends in payment behaviour and has uncovered no obvious trend internationally that would suggest that payment terms have shortened or lengthened consistently across the countries surveyed during the economic crisis.

The responses from the 20 countries included in this survey suggest that there is a much greater chance that cash flow has increased as a result of the length of time that it has taken customers to pay during the economic crisis. There are only four countries, Germany, Austria, Poland and Switzerland in which more respondents have suffered a decrease in cash flow than an increase as a result of the length of time it has taken customers to pay.

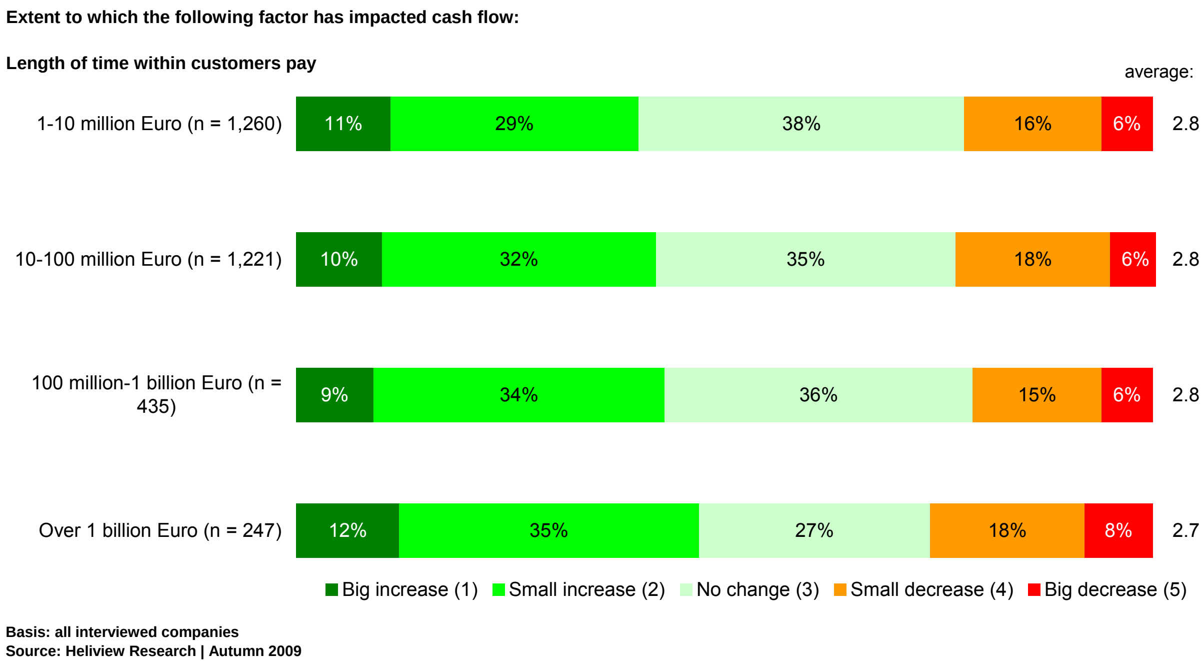
At least 50% of respondents in nine countries and at least 40% of respondents in 14 of the 20 countries have experienced an increase in cash flow as a result of the length of time it has taken customers to pay during the economic crisis.

Extent to which the following factor has impacted cash flow:
Length of time within customers pay



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

In general, as the turnover class grows, the more likely it is that cash flow will be impacted by the length of time it takes customers to pay. Average responses however are fairly comparable across turnover classes.

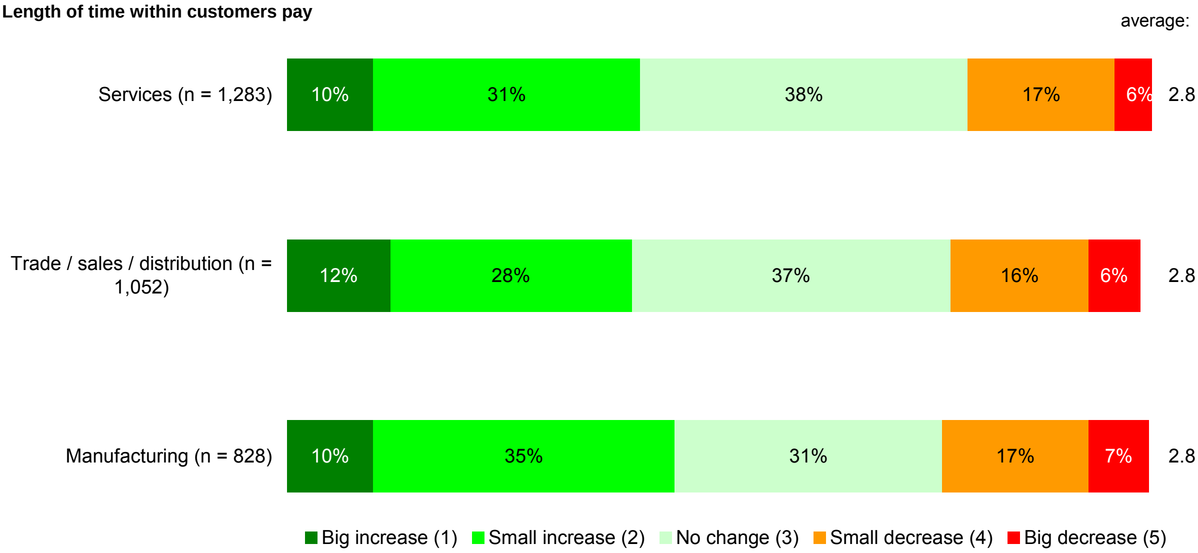


Manufacturing companies are a little more likely to experience an increase in cash flow as a result of the length of time it takes customers to pay. There however is no significant difference in the response rates by major business sector.

There has been more pressure from both sides to realise the most favourable payment term. While there are some customers that have been able to dictate longer payment terms, the responses suggest that on average, suppliers have had more success in tightening payment terms or have been more focused on collecting debts on time.

Extent to which the following factor has impacted cash flow:

Length of time within customers pay



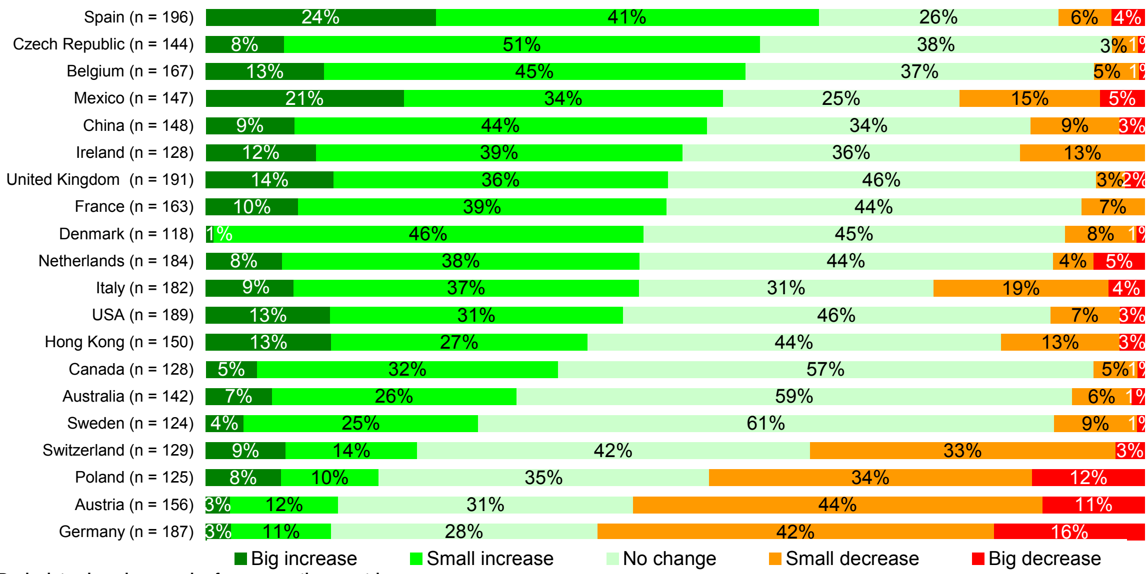
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

3.3.8 Payment defaults

Economic data suggest that payment defaults have been increasing across most of the world. Insolvencies have been rapidly growing and along with it payment defaults. Credit insurers across the world are paying on an increasing number of claims. It goes to reason that an increase in payment defaults would result in deterioration of cash flow.

The results of the survey however suggest exactly the opposite. Outside of Germany, Austria Poland and Switzerland, it seems that payment defaults have had a positive impact on the majority of respondents in the survey if it has impacted them at all. In eight of the 20 countries, led by Spain with 65% of respondents, at least 50% of respondents have experienced an increase in cash flow as a result of payment defaults during the recession. In 12 of the 20 countries at least 40% of the respondents have enjoyed an increase in cash flow. In half of the 20 countries at least 40% of the respondents have experienced no change in their cash flow as a result of payment defaults.

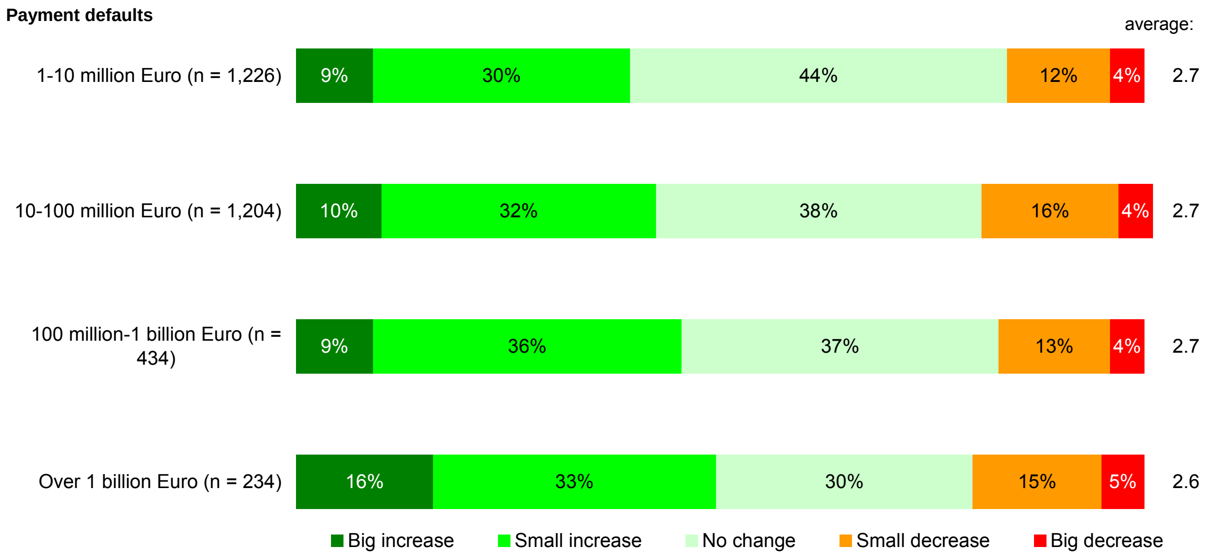
Extent to which the following factor has impacted cash flow:
Payment defaults



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

As turnover class grows, the likelihood of the respondent's cash flow being favourably impacted by payment defaults during the economic crisis also grows. Large companies with more than € 1 billion in turnover are the most likely to experience an increase in cash flow but also, along with companies with turnover between € 10 million and € 100 million, were the most likely to experience a decrease in cash flow. Larger companies typically have better risk management structures, better collections practices and a stricter focus on cash flow, particularly during an economic crisis or a recession. As a result they should be in a stronger position than smaller companies to ensure that payment defaults remain at a minimum and that their impact on cash flow is positive, or at the very least, not negative.

Extent to which the following factor has impacted cash flow:

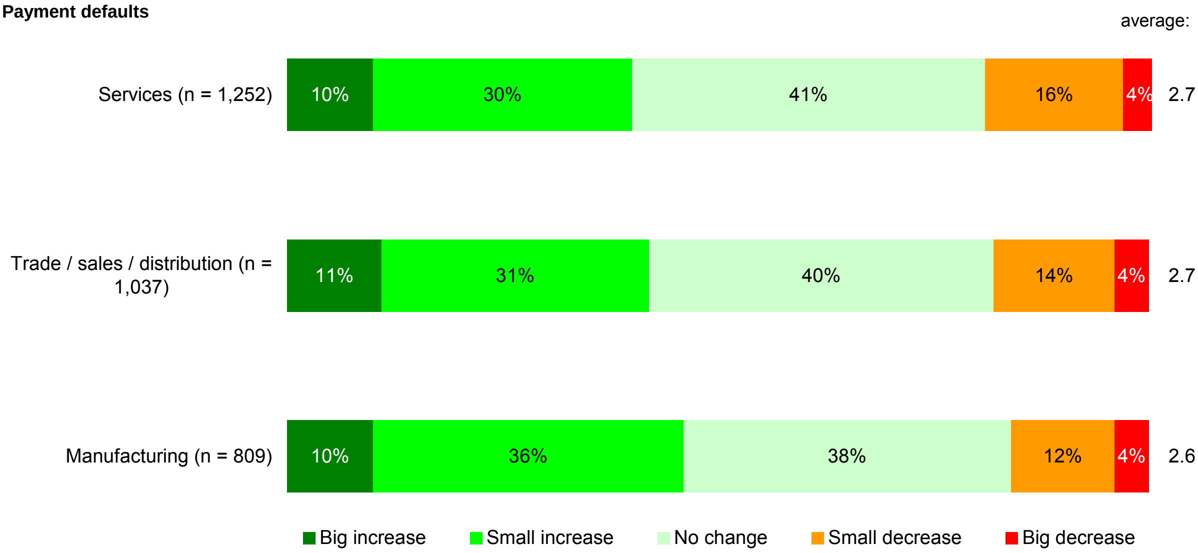


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Manufacturing companies are slightly more likely to enjoy improved cash flow and service companies are slightly more likely to experience a decrease in cash flow as a result of payment defaults during the economic crisis. The difference however between the three major business sectors is negligible.

Extent to which the following factor has impacted cash flow:

Payment defaults



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

4. A glance into the future

4.1 Introduction

Since the onset of the credit crisis, businesses have had to become accustomed to living and operating in less certain times. As a result, they have had to pay more careful attention to a strategic evaluation of their economic environment and a certain amount of economic jargon has almost crept into everyday language. Are we technically in a recession or not? Will this recovery be shaped like a U, a V or a W? Will inflation ever return? And what is this quantitative easing anyway?

In all of this, paying attention to economic indicators has become more important than usual. This is not surprising – when one good year follows another, one can be forgiven for taking the economy pretty much in one's stride, but when industrial production plummets along with every other economic indicator then discussions over whether next month's retail sales figure herald an end to the doom and gloom acquire greater prominence.

Not only do these discussions matter, but they form expectations and it is these expectations that sow the seeds for future economic performance. These expectations matter as much, if not more, than academic discussions on the shape of the recession and it is to these we now turn to understand how businesses feel about their future and what it is they plan to do in 2010. We asked respondents to give their opinion about various economic indicators such as GDP, unemployment rates, insolvencies or business failures in their country and the industry in which they operate, property values, corporate profits and exports. In order to map a trend, respondents are asked their opinions about year end 2009, the first half of 2010 and year end 2010.

Apart from these indicators, we also look at:

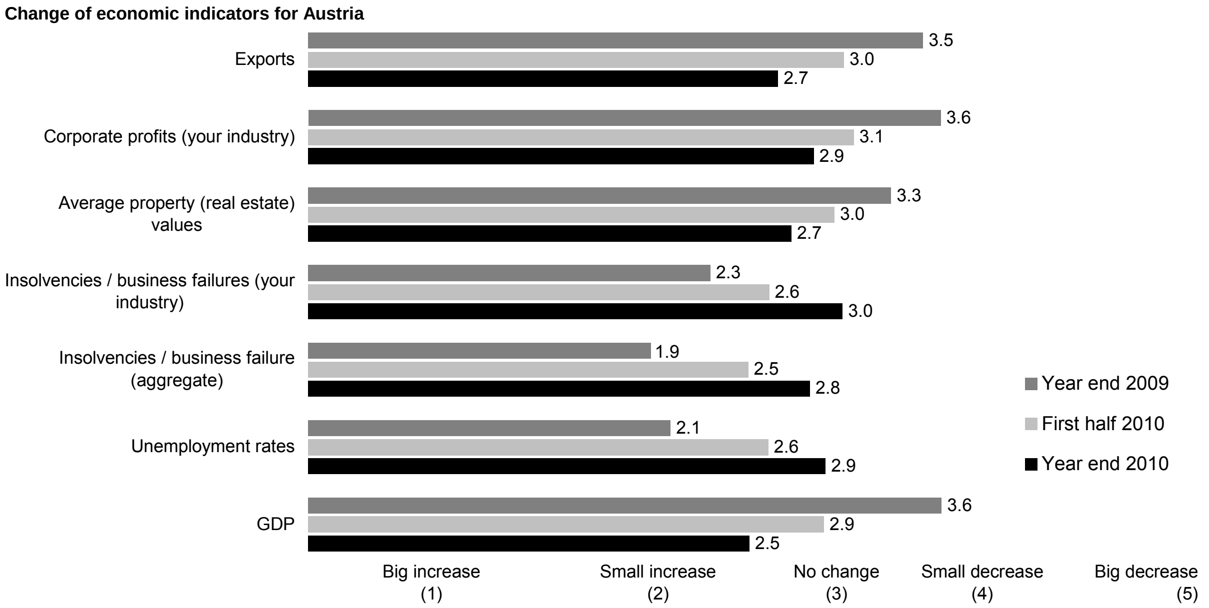
- Their expectations about the end of the economic crisis
- Their expectations about insolvencies or business failures in the coming 12 months
- The development of the financial stability of the company, industry and customers.

4.2 Change of economic indicators

Economic indicators play an important role in our decisions about our current and future business prospects. They often dictate our actions and therefore the success of our business. In other words, if economic indicators suggest an economic downturn, we manage our business for this outcome, if a recovery is expected we gear ourselves for increased business.

In general, respondents anticipate continued decline in GDP, exports, corporate profits and property values through the end of 2009. Insolvencies and unemployment rates are expect to continue rising in the near term. Opinions begin looking more favourable as we move through 2010 with average expectations of achievement of a trough in the first half and the tentative start of recovery in the second half of the year.

4.2.1 Change of economic indicators by country – Austria



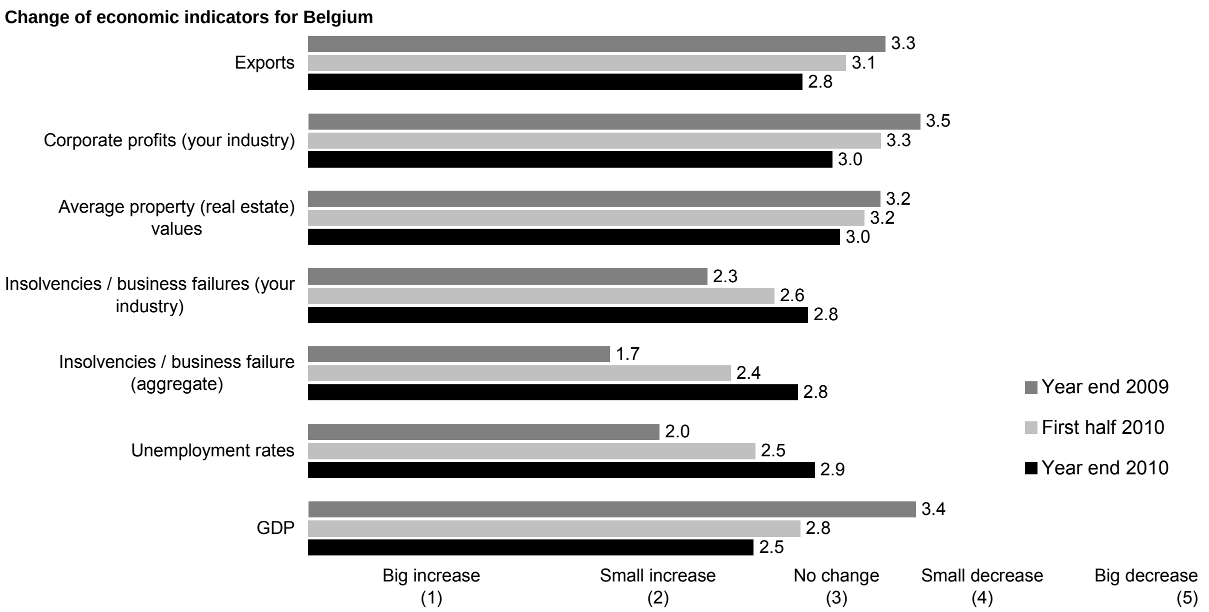
Basis: interviewed companies from Austria
Source: Heliview Research | Autumn 2009

In Q2 of 2009, Austrian GDP decreased by 4.4% year-on-year and 0.4% compared to the previous quarter (Statistics Austria). Austrian respondents expect both GDP and exports to continue shrinking in H2 of 2009, to level-off in H1 of 2010 and to rebound in the second half of the year. The IMF estimates Austrian GDP will shrink by 3.8% in 2009 and grow by 0.3% in 2010.

Survey respondents foresee a continued rise in unemployment through the first half of 2010 with the rate of increase tapering off by year end (IMF estimates of unemployment in Austria: 5.3% in 2009 and 6.4% in 2010).

Respondents anticipate real estate values will decrease further in H2 of 2009, level off in H1 of 2010 and rebound in the second half of the year.
Corporate profits are expected to decrease in H2 of 2009 and level off next year. After a sharp increase in H1 of 2009, corporate insolvencies (both aggregate and own industry) are expected to continue climbing through H1 of 2010 and then taper off by year end. The increase is estimated to be sharpest in H2 of 2009.

4.2.2 Change of economic indicators by country – Belgium



Basis: interviewed companies from Belgium
Source: Heliview Research | Autumn 2009

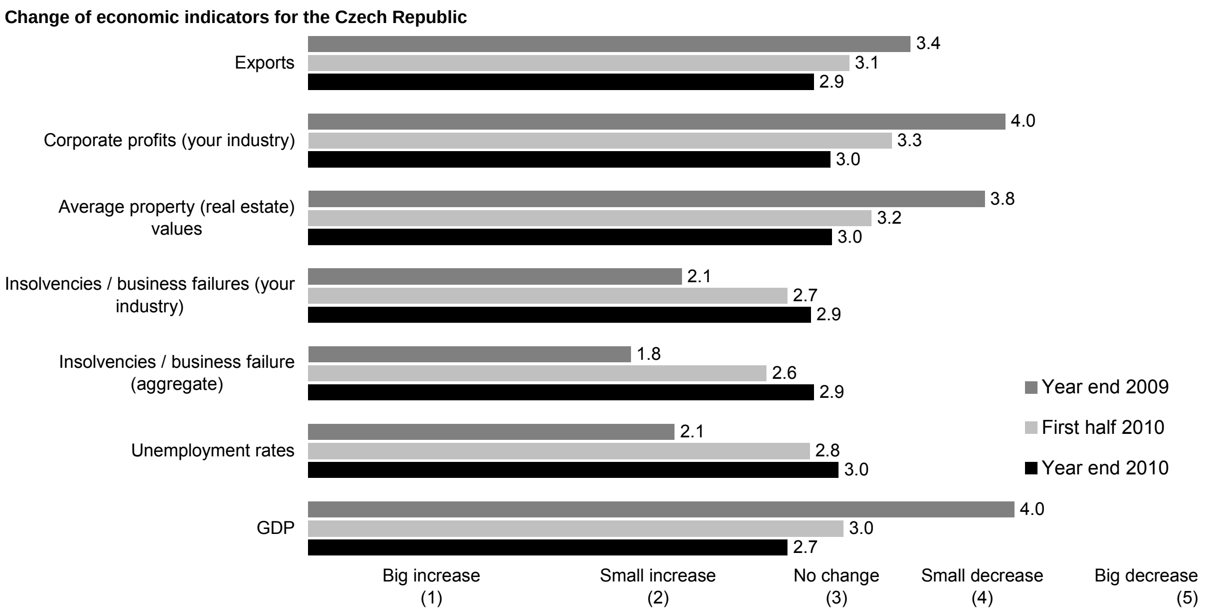
Belgian respondents expect modest recovery of the economy by the end of 2010. In their opinion GDP will rebound slightly in the first half of 2010, after a decrease in the remainder of 2009. The second half of 2009 is expected to show further improvement in output according to Belgian respondents. The IMF estimates Belgian GDP will shrink 3.2% in 2009 with a bottoming out in 2010 showing 0.0% growth for the year. The respondents think that exports will recover more slowly than GDP.

Belgian respondents expect unemployment to rise through the end of 2010, with the rate of increase attenuating by year end (IMF estimates of unemployment: 8.7% in 2009 and 9.9% in 2010).

Average property values are expected to decrease slightly through the first half of 2010 and to finally level off in the second half of 2010. Corporate profits are also expected to continue to show a negative trend until finally levelling off by year end of 2010.

On average, Belgian respondents expect aggregate corporate insolvencies to continue to rise in 2009 with the rate of increase slowing in the first half of 2010 and levelling off by year end. Interestingly, expectations are that insolvencies in the industry of the respondent will increase at a slower rate in the second half of 2009 than the aggregate insolvency rate for the country as a whole.

4.2.3 Change of economic indicators by country – Czech Republic



Basis: interviewed companies from the Czech Republic
Source: Heliview Research | Autumn 2009

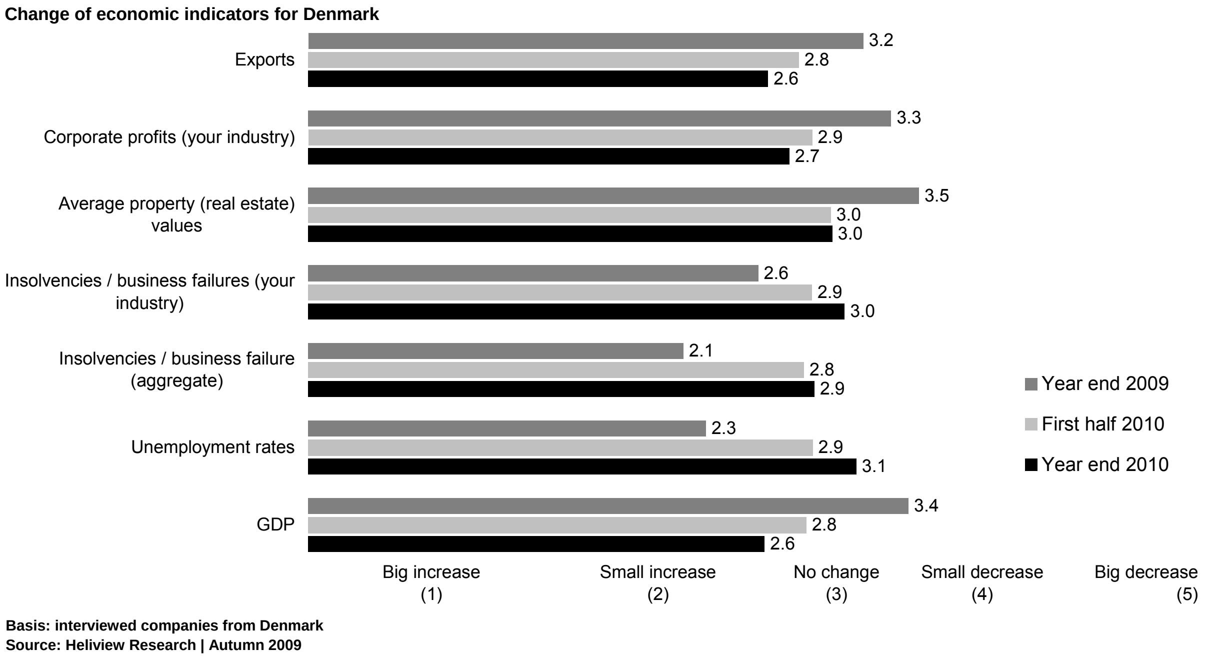
The export-driven Czech economy has suffered from deteriorating demand from its main trade partners in the EU and rising unemployment which adversely affects consumption. Real GDP-growth decreased by 5.5% year-on-year in Q2 of 2009. Czech respondents expect both GDP and exports to decrease further in H2 of 2009, and to level off only in 2010. The IMF estimates Czech GDP will shrink 4.3% in 2009 and grow 1.3% in 2010.

The crisis has led to respondents' expectations of a sharp increase in unemployment, which is expected to increase further in H2 of 2009, and then begin levelling off in 2010. The IMF estimates that unemployment will almost double to 7.9% in 2010.

Corporate profits are expected to deteriorate further in H2 of 2009 and to only level off in 2010. Respondents expect corporate insolvencies (both aggregate and own industry) to increase further in H2 of 2009. This is in line with our expectations, as we are observing a tightening of credit conditions by banks. As a result, it is extremely difficult for Czech companies to get new financing and many are now facing a credit shortage and/or stricter credit terms. We expect insolvencies to increase by 15-20% in 2009.

Real estate values are also expected by respondents to fall through the end of the year with some stabilisation of prices materialising in 2010.

4.2.4 Change of economic indicators by country – Denmark



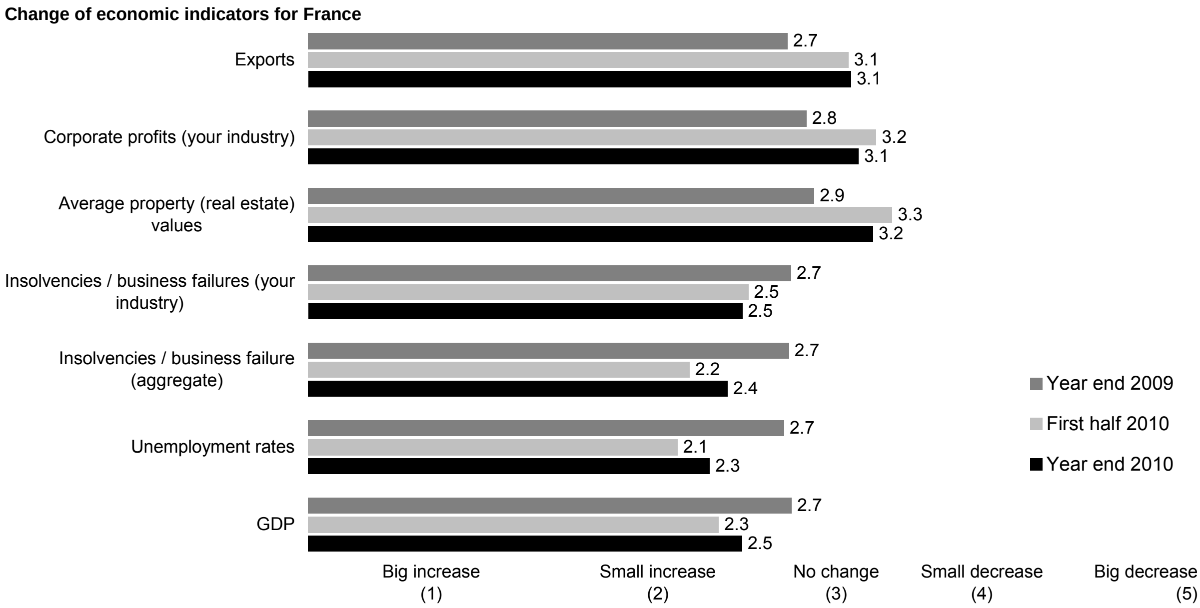
In Q2 of 2009, Danish GDP decreased by 2.6% compared to the previous quarter (Statistics Denmark). The survey respondents expect GDP to shrink further until the end of 2009 and to rebound in 2010. The IMF estimates Danish GDP will shrink by 2.4% in 2009 and grow by 0.9% in 2010.

Survey respondents expect exports to decrease slightly in H2 of 2009 recovering in 2010. In August 2009 the unemployment rate was at 3.7%. Respondents expect this rate to increase until the end of the year, but to level off in 2010. (IMF estimates of unemployment in Denmark: 3.6% in 2009 and 3.7% in 2010).

Respondents expect real estate values to decrease in H2 of 2009 and to level off in 2010.

Danish respondents expect their corporate profits to decrease until year-end 2009 and to increase slightly in 2010. Between January and August 2009 corporate insolvencies increased by 75% year-on-year. Respondents expect corporate insolvencies (both aggregate and own industry) to increase further until H1 of 2010. The increase in insolvencies is estimated to be sharpest in H2 of 2009 during which period respondents anticipate a much higher increase in aggregate business failures than in their own trade sector. Respondents expect insolvencies to level off in the second half of 2010.

4.2.5 Change of economic indicators by country – France



Basis: interviewed companies from France
Source: Heliview Research | Autumn 2009

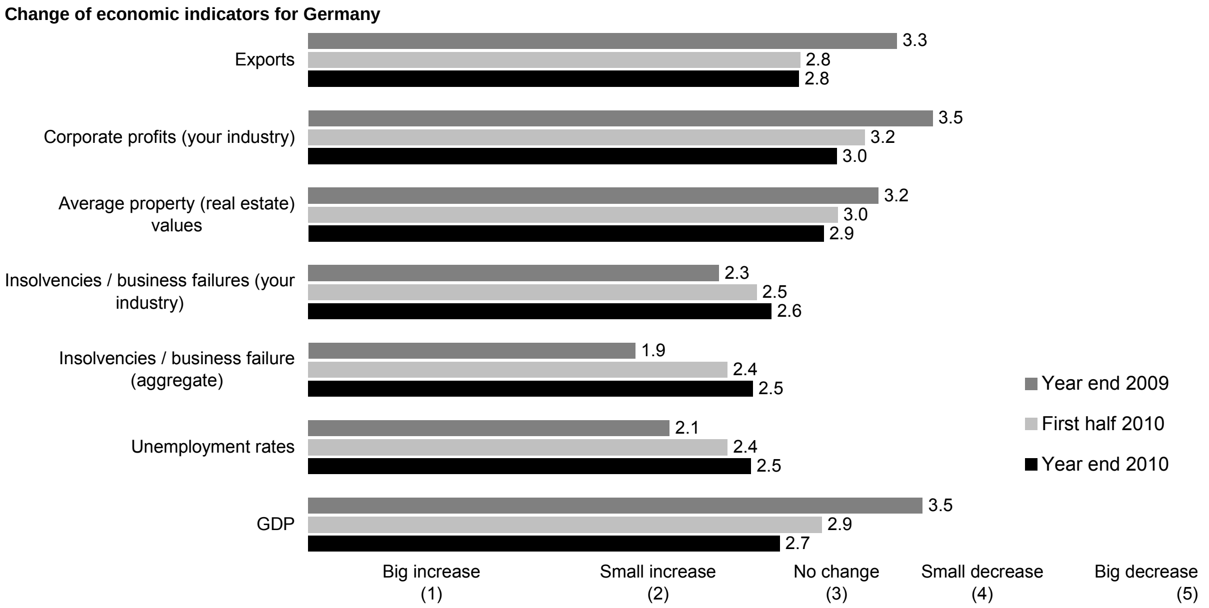
Overall, French respondents have one of the highest expectations for their economy in the short term. In Q2 of 2009 French GDP grew by 0.3% compared to the previous quarter. Respondents expect output to continue rising in H2 of 2009 and to strengthen in H1 of 2010. They do however expect this rebound to lose some steam in the second half of the year. The IMF estimates French GDP will shrink by 2.4% in 2009 and grow by 0.9% in 2010.

In contrast to most other markets, French respondents anticipate some other indicators will weaken in 2010 after showing some modest improvement in the second half of 2009. Exports are expected to increase slightly in H2 of 2009, but then to level off in 2010. A similar trend is expected for corporate profits and average property values.

Unemployment is expected to increase slightly in H2 of 2009, but to rise more sharply in 2010. This is consistent with IMF estimates (IMF estimates of unemployment: 9.5% in 2009 and 10.3% in 2010).

In Q2 of 2009, French insolvencies already rose by 15% year-on year. Both aggregate and own industry insolvencies are expected to increase until H2 of 2010, with a stronger increase in next year than in the second half of 2009.

4.2.6 Change of economic indicators by country – Germany



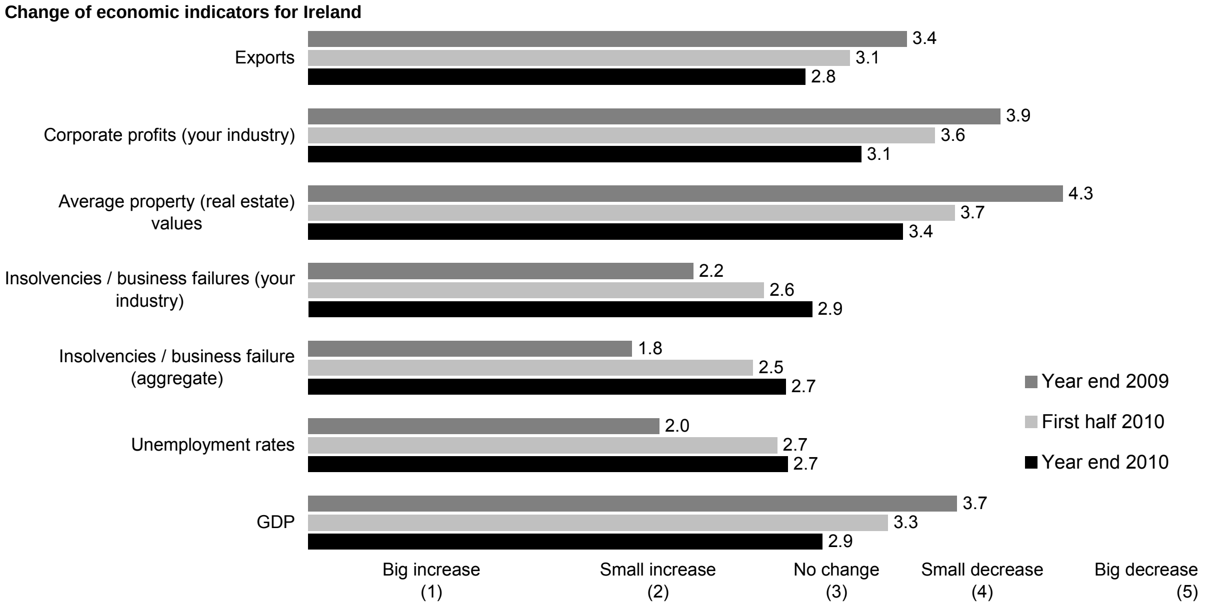
Basis: interviewed companies from Germany
Source: Heliview Research | Autumn 2009

German respondents expect GDP to shrink further in H2 of 2009, with a slight rebound of growth in 2010. The IMF estimates German GDP will shrink by 5.3% in 2009 and grow 0.3% in 2010. Respondents do not expect that exports will recover profoundly in 2010. This is a rather pessimistic estimation, given that the key driver for the German economy is exports.

Real estate values are more or less expected to remain unchanged in H2 of 2009 and 2010. Unemployment is expected to rise in H2 of 2009 and 2010 as short-time work schemes are about to expire and an increasing number of companies will be forced to cut additional costs due to persistent low demand (IMF unemployment estimates: 8% in 2009 and 10.7% in 2010).

Corporate profits are not expected to increase in 2010, but respondents expect them to level-off. In H1 of 2009, the number of corporate insolvencies increased by 15% year-on-year. Respondents expect corporate failures to rise further, with the largest increase expected in 2009. It is interesting to note that, for the same period, respondents see a much smaller increase of business failures in their own sector than in the aggregate. In both categories the respondents expect insolvencies to continue rising in 2010, but at a slower pace than in 2009.

4.2.7 Change of economic indicators by country – Ireland



Basis: interviewed companies from Ireland
Source: Heliview Research | Autumn 2009

Ireland is one of the countries that has been the most severely impacted by the economic crisis. This is reflected in the Irish responses. In H1 of 2009 Irish GDP shrank by 7.4% year-on-year (Irish Statistical Office). The survey respondents expect GDP to shrink further in the coming 12 months, and to finally level off in H2 of 2010. The IMF estimates Irish GDP will shrink by 7.5% in 2009 and 2.5% in 2010.

Respondents also expect exports to continue dropping until the end of 2009, with a levelling off in 2010.

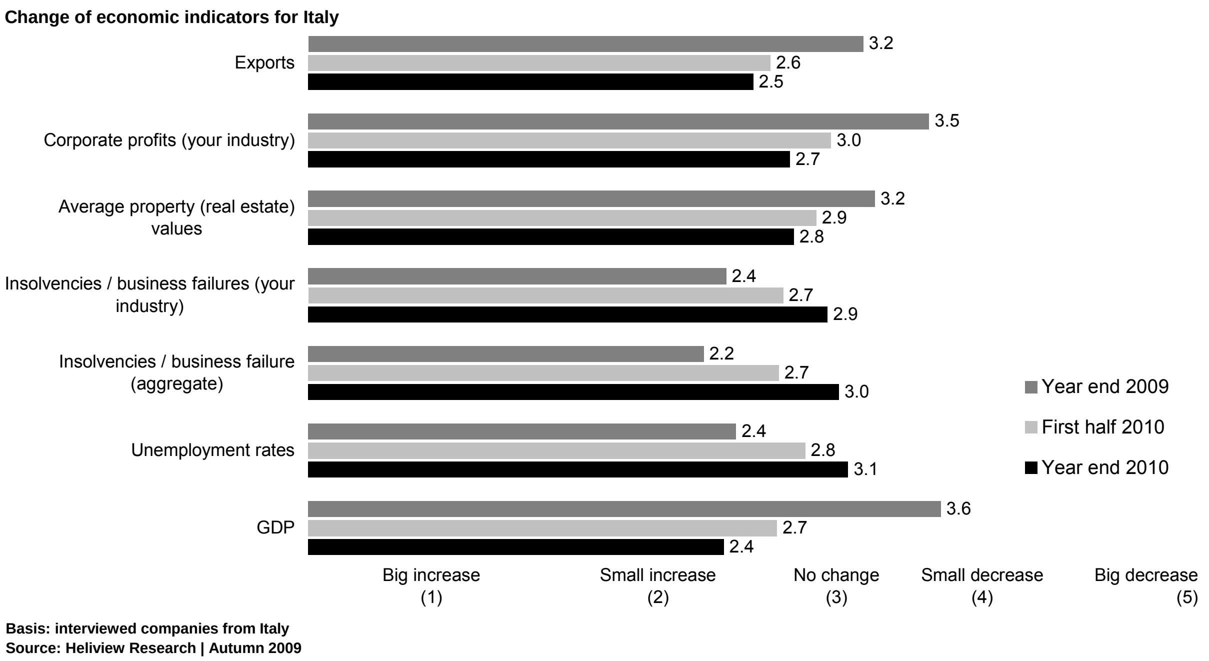
After a massive increase in unemployment through August 2009 (25%), respondents expect the jobless rate to rise further until the end of 2010, but at a slower pace next year than in H2 of 2009. (IMF estimates of unemployment in Ireland: 12.0% in 2009 and 15.5% in 2010).

After a massive drop since the beginning of the crisis in autumn 2008 (house prices fell about 30% from the peak), real estate values are expected to decrease further: Respondents foresee the biggest fall in H2 of 2009 and further decreases in 2010.

Compared to other countries, Irish respondents expect corporate profits to decrease considerably until year-end 2009. This decrease is expected to continue into 2010, but to slow over the course of the year.

After a sharp increase in insolvencies in H1 of 2009 (nearly as many business failures as in the whole of 2008), corporate insolvencies, both on the aggregate and in the industry of the respondent, are expected to continue increasing until the end of 2010. The increase is estimated to be steepest in H2 of 2009.

4.2.8 Change of economic indicators by country – Italy



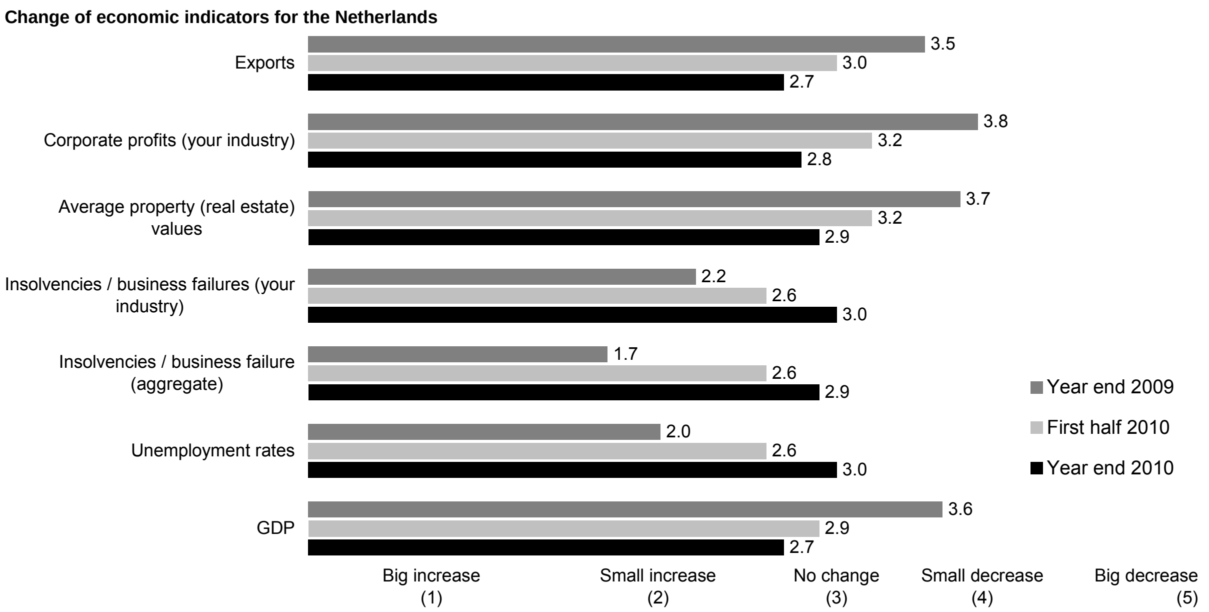
In Q2 of 2009, Italian GDP decreased by 6.0% year-on-year and 0.5% compared to the previous quarter (ISTAT). Italian respondents expect GDP to decrease further in H2 of 2009. In 2010 they foresee a rebound in growth, which gains momentum over the course of the year. The IMF estimates 5.1% shrinkage in Italian GDP in 2009 and 0.2% growth in 2010.

Exports and average property values show similar patterns, but exports are expected to show more improvement in 2010 while property values are expected to show only a very small improvement if any at all.

In Q2 of 2009 the unemployment rate increased by 1% compared to the previous quarter. Italian respondents expect unemployment growth will be highest in H2 of 2009, slowing somewhat in the first half of 2010 and levelling-off in H2 of 2010. (IMF estimates of Italian unemployment: 9.1% in 2009 and 10.5% in 2010).

Corporate profits are expected to decrease by year end 2009, level-off in H1 of 2010 and increase slightly in the second half of 2010. Corporate insolvencies rose in H1 of 2009. Respondents expect this trend to continue in the second half of the year both on the aggregate and in their own industries. The respondents expect the rise in insolvencies to slow down in H1 of 2010, and to level off by the end of 2010.

4.2.9 Change of economic indicators by country – the Netherlands



Basis: interviewed companies from the Netherlands
Source: Heliview Research | Autumn 2009

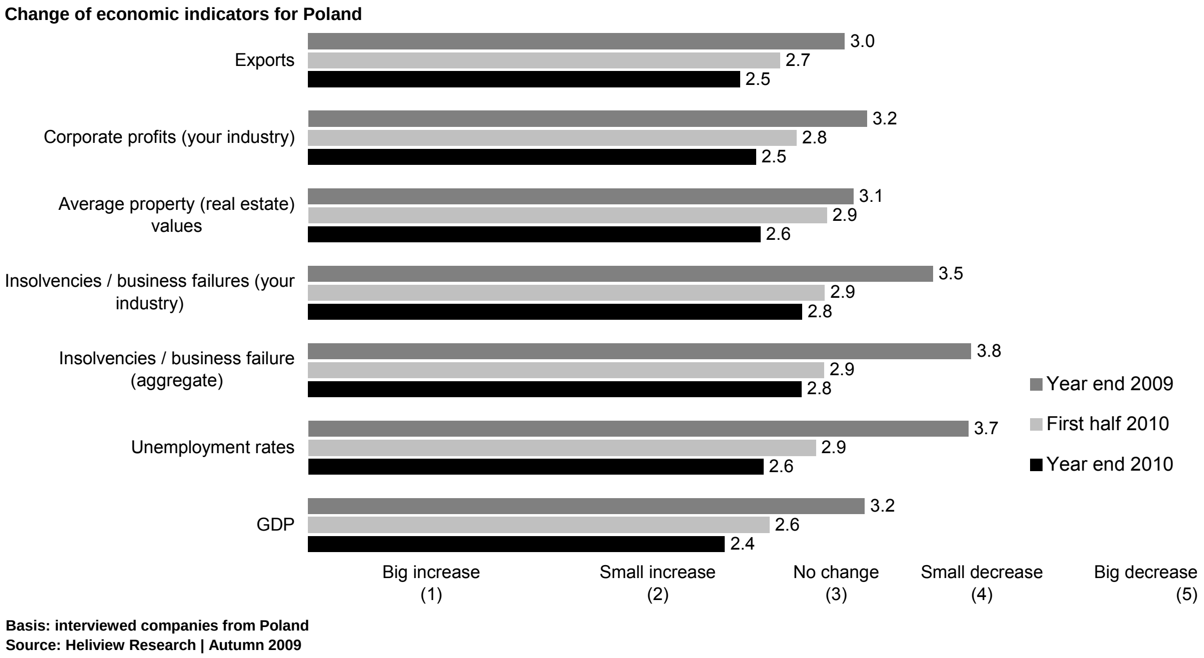
Dutch respondents expect recovery to begin by year end 2010, albeit on a rather modest level. In Q2 of 2009 Dutch GDP contracted 0.9% compared to the previous quarter (Statistics Netherlands). The IMF estimates Dutch GDP will shrink 4.2% in 2009 and grow 0.7% in 2010. Survey respondents expect continued decline in output in the first half of 2009 with a slight rebound in 2010. Expectations for exports follow this trend.

Unemployment increased to 5% in July, and Dutch respondents expect the jobless rate to increase further in the first half of 2010 and then finally level off in the second half of the year (IMF unemployment estimates: 3.8% in 2009 and 6.6% in 2010).

Respondents expect real estate values and corporate profits to decrease in the second half of 2009 and in the first half of 2010 and then to slightly rebound in the second half of 2010.

On average, Dutch respondents anticipate continued growth in insolvencies through the end of 2009 with a slowing in the rate of increase and an eventual halt in the growth in insolvency rates by year end 2010. Interestingly, expectations are that insolvencies in the industry of the respondent will increase at a slower rate than the aggregate insolvency rate for the country as a whole.

4.2.10 Change of economic indicators by country – Poland



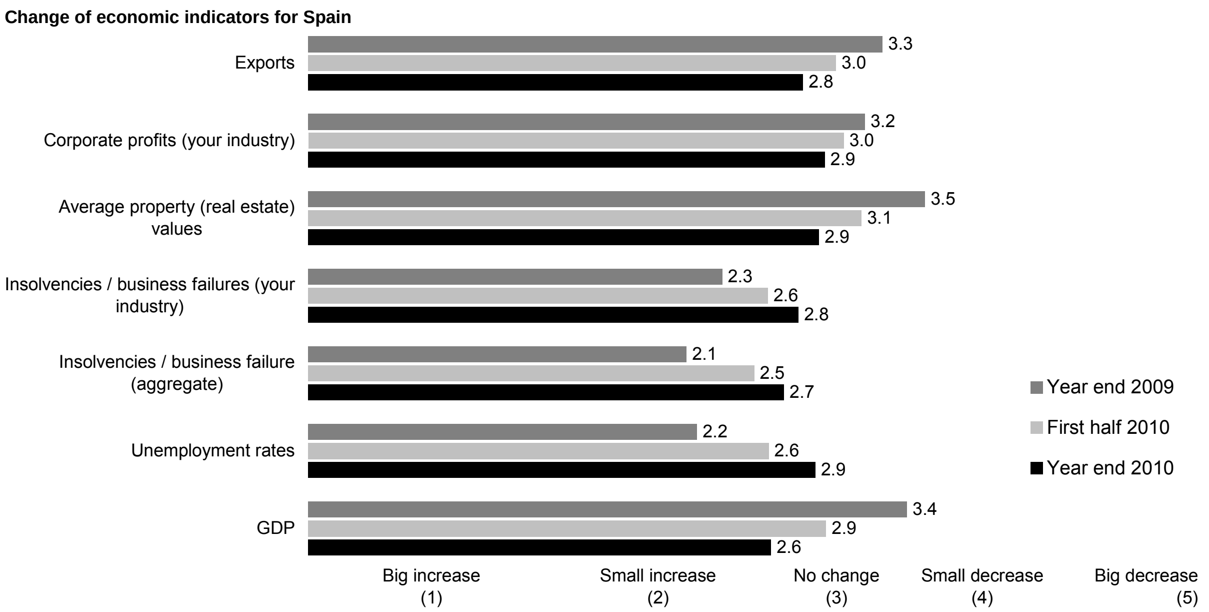
In Q2 of 2009, Polish GDP increased by 1.1% year-on-year. The survey respondents expect GDP and exports to level off or shrink slightly through the end of 2009. In 2010 they are anticipating a return to growth that gradually increases in pace as the year progresses. The IMF estimates Polish GDP will grow by 1.0% in 2009 and by 2.2% in 2010.

Respondents are not anticipating much change in real estate values over the coming 15 to 18 months. At best they foresee a small improvement in H2 of 2010. Expectations of corporate profits show a similar but slightly more positive trend.

After a continuous increase in unemployment (to 8.2% end of June 2009), respondents expect the jobless rate to decrease until the end of the year, probably due to Poland's robust economic rebound in the first half of 2009. Nevertheless, unemployment is expected to level off in H1 of 2010 and to increase in the second half of the year – probably reflecting caution about the recovery in Poland and in its main Euro zone trading partners.

Due to the robust economic indicators it comes as no surprise that respondents expect corporate insolvencies (both aggregate and own industry) to decrease in H2 of 2009. In 2010 however, a levelling off with possibly a slight increase is foreseen.

4.2.11 Change of economic indicators by country – Spain



Basis: interviewed companies from Spain
Source: Heliview Research | Autumn 2009

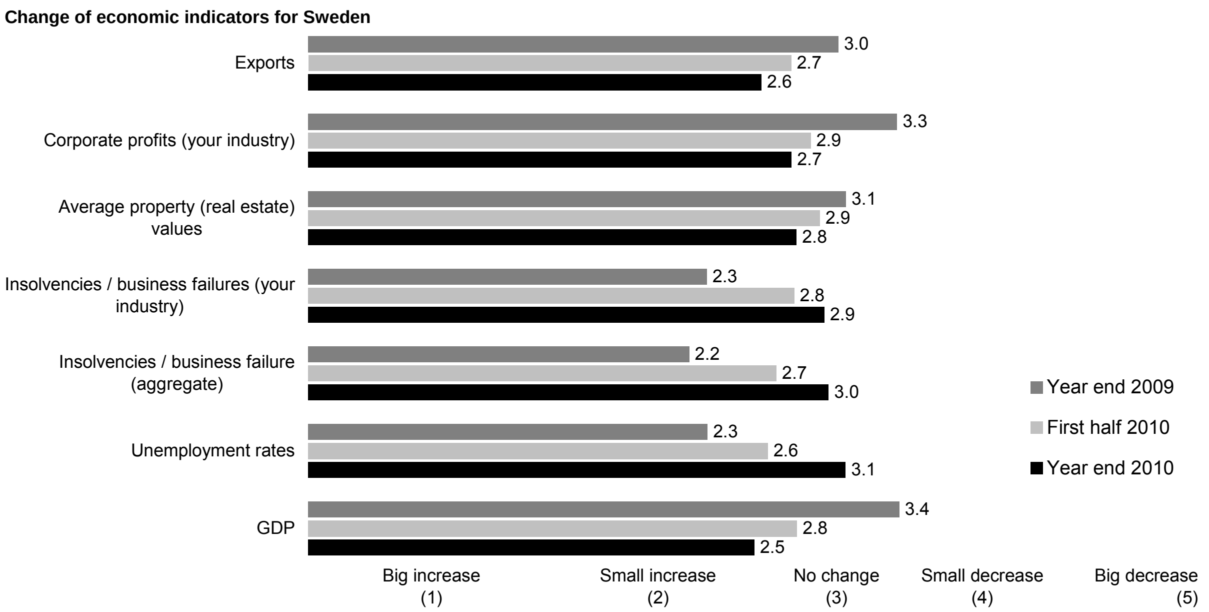
In Q2 of 2009, Spanish GDP shrank by 4.2% year-on-year and 1.1% compared to the previous quarter (Statistics Spain). Spanish respondents expect both GDP and exports to continue to shrink in H2 of 2009, to level-off in H1 of 2010 and then to rebound in the second half of the year. The IMF estimates Spanish GDP will shrink by 3.8% in 2009 and 0.7% in 2010.

The collapse of the housing market has severely impacted the Spanish economy. This is reflected in the respondents´ opinions concerning average property values, which they expect to decrease further in H2 of 2009 and to only level off at the lower level in 2010. This suggests that Spanish respondents do not expect a recovery of the Spanish housing market in the coming 12-15 months.

The unemployment rate increased by 7.25% year-on-year to 17.9%, and respondents expect it to increase even further through the end of the year. In 2010 respondents anticipate the increase in the jobless rate will weaken in H1 and level off in the second part of the year (IMF estimates of unemployment in Spain: 18.2% in 2009 and 20.2% in 2010).

Respondents expect corporate profits to decrease slightly by year end 2009, and to level-off in 2010. However, beside unemployment, business failures are the biggest concern for Spanish respondents. Overall respondents expect corporate insolvencies to increase further until the end of 2010 in both the aggregate and own industry. The increase is foreseen to be sharpest in 2009. In 2010 insolvencies are expected to continue rising, but at a gradually slowing pace through the end of the year.

4.2.12 Change of economic indicators by country – Sweden



Basis: interviewed companies from Sweden
Source: Heliview Research | Autumn 2009

In Q2 of 2009, Swedish GDP decreased by 6.0% year-on-year (Statistics Sweden). The survey respondents expect GDP to shrink further until the end of 2009 and to rebound in 2010. The IMF estimates Swedish GDP will shrink by 4.8% in 2009 and grow by 1.2% in 2010. Respondents expect exports to level off in H2 of 2009 and recover slightly in 2010.

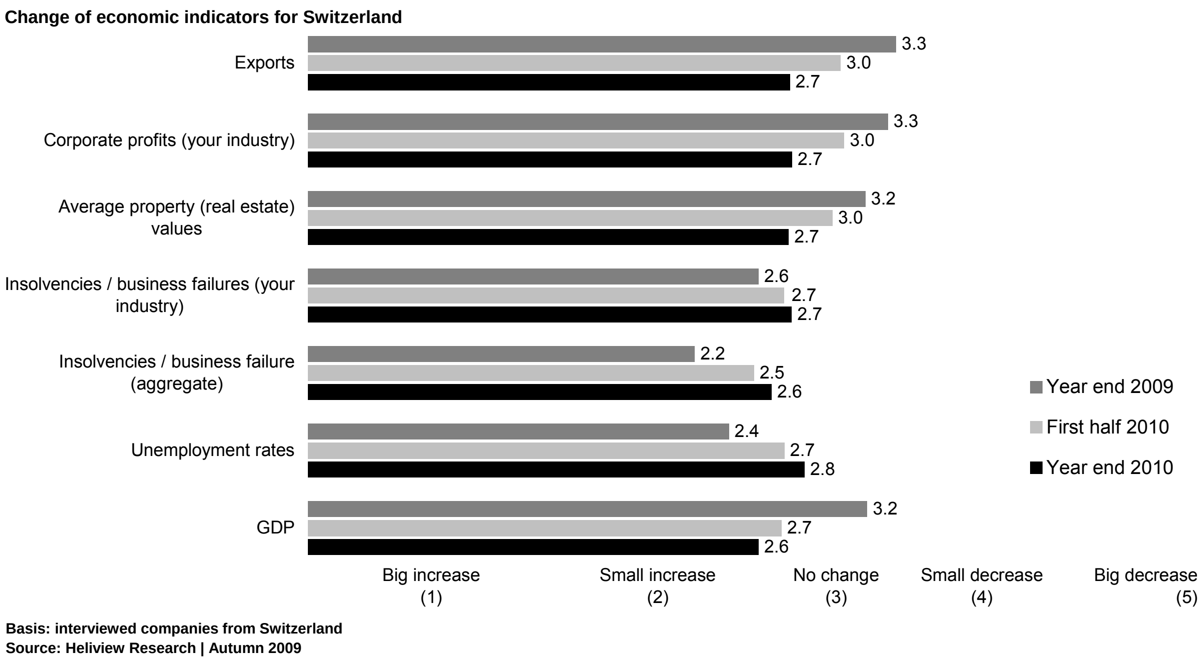
In August 2009 the unemployment rate increased by 2.8% year-on-year to 8%. Respondents expect this rate to increase further in the coming 12 months and finally to level off in H2 of 2010. (IMF estimates of Swedish unemployment: 8.5% in 2009 and 8.2% in 2010).

Real estate values are expected to decrease slightly in H2 of 2009 and to rebound modestly in 2010.

Swedish respondents expect their corporate profits to decrease until year-end 2009 and to increase slightly in 2010.

After a sharp increase in H1 of 2009 (36% year-on-year), corporate insolvencies (both aggregate and own industry) are expected to increase further in H1 of 2010 and to level off by year end 2010. The increase in insolvencies is estimated to be sharpest in H2 of 2009.

4.2.13 Change of economic indicators by country – Switzerland



In Q2 of 2009, Swiss GDP decreased by 2.0% year-on-year and 0.3% compared to the previous quarter (SECO). The survey respondents expect GDP to begin levelling off by year end 2009 and to begin to rebound in 2010. The IMF estimates Swiss GDP will shrink by 2.0% in 2009 and grow by 0.5% in 2010.

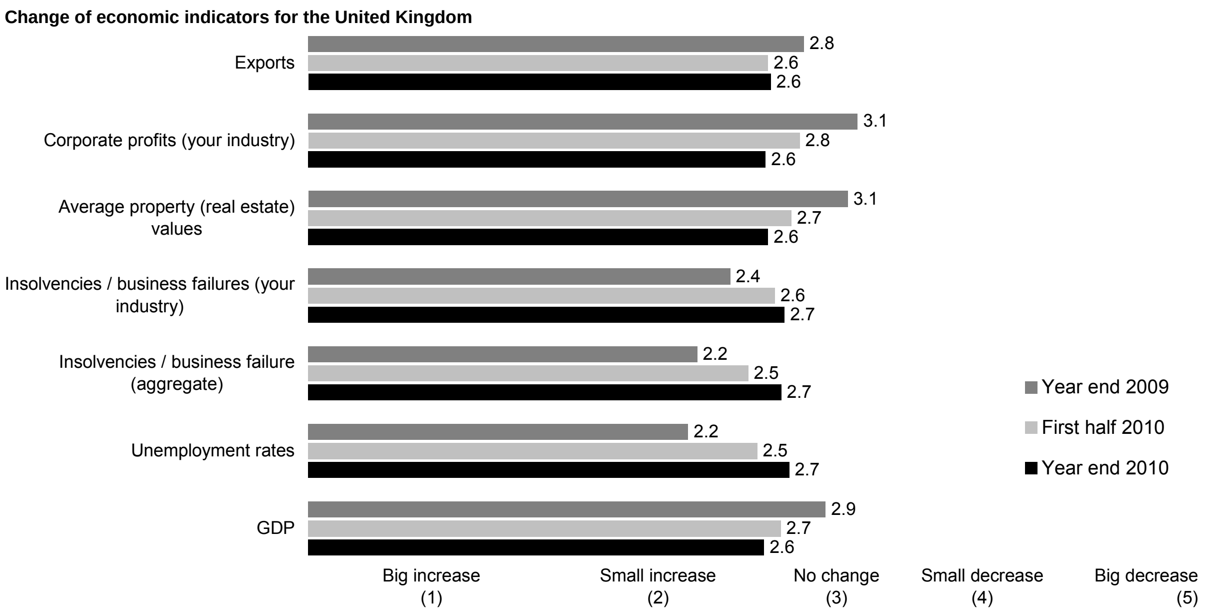
Respondents anticipate a slight decrease in exports through the end of 2009, levelling off in H1 of 2010 with a limited recovery in the second half of the year.

Survey respondents foresee a continued rise in unemployment through the end of 2010, but the rate of increase is expected to slow next year (IMF estimates of unemployment in Switzerland: 3.5% in 2009 and 4.5% in 2010).

Real estate values and corporate profits are expected to gradually improve over the coming 15 to 18 months from a small decrease in the final months of 2009 to a small increase in H2 of 2010.

After a sharp increase in H1 of 2009 (2500 cases), respondents expect corporate insolvencies (both aggregate and own industry) to increase further through the end of 2010. The increase is estimated to be sharpest in H2 of 2009.

4.2.14 Change of economic indicators by country – United Kingdom



Basis: interviewed companies from the United Kingdom
Source: Heliview Research | Autumn 2009

In Q2 of 2009, British GDP was down by 5.5% year-on-year and 0.7% compared to the previous quarter (UK National Statistics). Nevertheless, UK respondents expect GDP to level off in H2 of 2009 and to rebound slightly in 2010. The IMF estimates British GDP will shrink by 4.4% in 2009 and grow by 0.9% in 2010. Respondents expect exports to recover slightly in H2 of 2009 and more robustly in 2010.

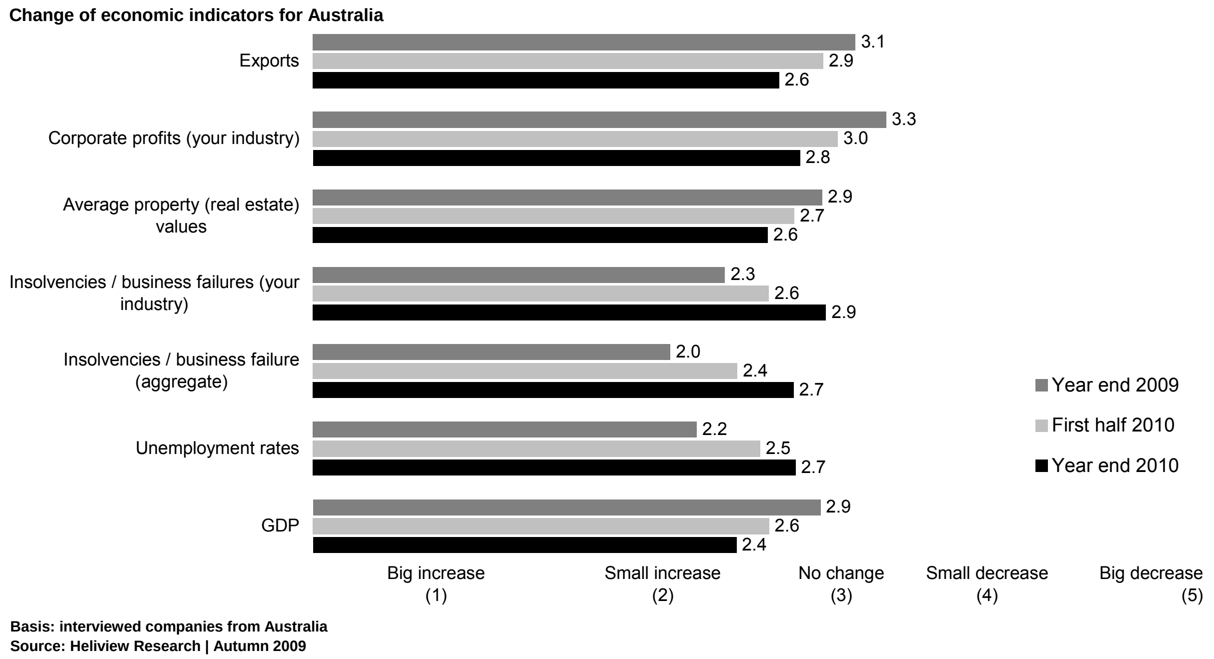
UK House prices have recovered since March, albeit from a very low level. Respondents expect average property values to level off In H2 of 2009 and to increase again in 2010.

Unemployment has increased sharply since H2 of 2008, and respondents expect this trend to continue in 2010 with the rate of increase slowing over the course of the year. Jobless growth will be highest in H2 of 2009 and should slow somewhat over the course of 2010 (IMF estimates of UK unemployment: 7.6% in 2009 and 9.3% in 2010).

Beside unemployment, respondents have some of the lowest expectations of corporate insolvencies through the end of 2009. On the aggregate, insolvencies are expected to continue to grow at a slightly more rapid pace than in the industry of the respondent in the second half of 2009. In Q2 of 2009, UK insolvencies had already risen by 39.1% year-on year and 2.9% compared to the previous quarter. According to the IMF, insolvencies are expected to continue rising at a slower pace in 2010.

Corporate profits are expected to level off in H2 of 2010 and to increasingly improve over the course of 2010. Overall corporate insolvencies are expected to rise further in H1 of 2009. In both aggregate and own industry the respondents expect the increase to slow somewhat in 2010, but a levelling off before year end is not anticipated.

4.2.15 Change of economic indicators by country – Australia



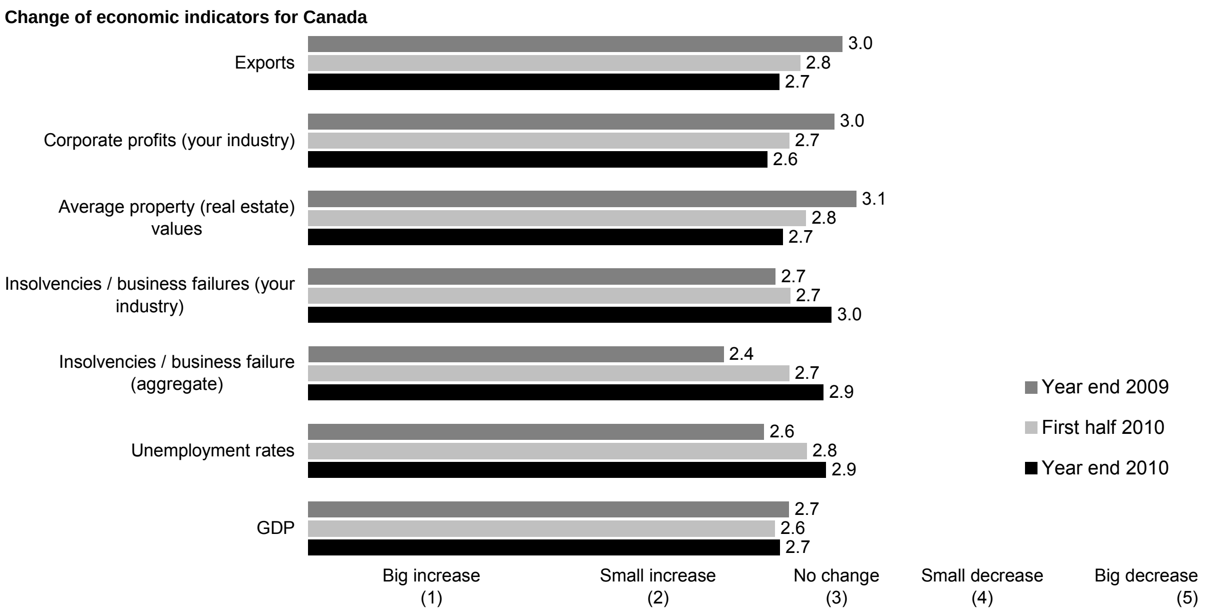
Australia is on the verge of recovery and has even avoided a technical recession, mainly owed to a comprehensive stimulus package. GDP grew by 0.4% in Q1 of 2009 and by a higher than expected 0.6% in the three months to June. Respondents expect GDP growth to level-off in H2 of 2009 and to increasingly pick up again in 2010. This is in line with IMF GDP growth estimates for the Australian economy (0.7% in 2009 and 2.0% in 2010).

Respondents don′t expect much change in Australian export activity through the first half of 2010, but they are looking for a modest increase in exports in H2 of 2010. This might reflect respondents´ caution about the further development of export demand and commodity prices.

Despite the recovery, respondents expect unemployment to increase through the end of 2010, with H1 of 2009 manifesting the highest rise in the jobless rate. The IMF expects unemployment to increase by 1.8% year-on-year in 2009 (6.0%) and to 7% in 2010.

Corporate profits are expected to decrease slightly in H2 of 2009 and level off in 2010. However, respondents expect business failures (both aggregate and own industry) to increase further through H2 of 2010 and to begin to taper off by the end of 2010. Despite the rather robust economic indicators this can be interpreted as uncertainty regarding the stabilisation of the world economy and the future availability of fiscal stimulus.

4.2.16 Change of economic indicators by country – Canada



Basis: interviewed companies from Canada
Source: Heliview Research | Autumn 2009

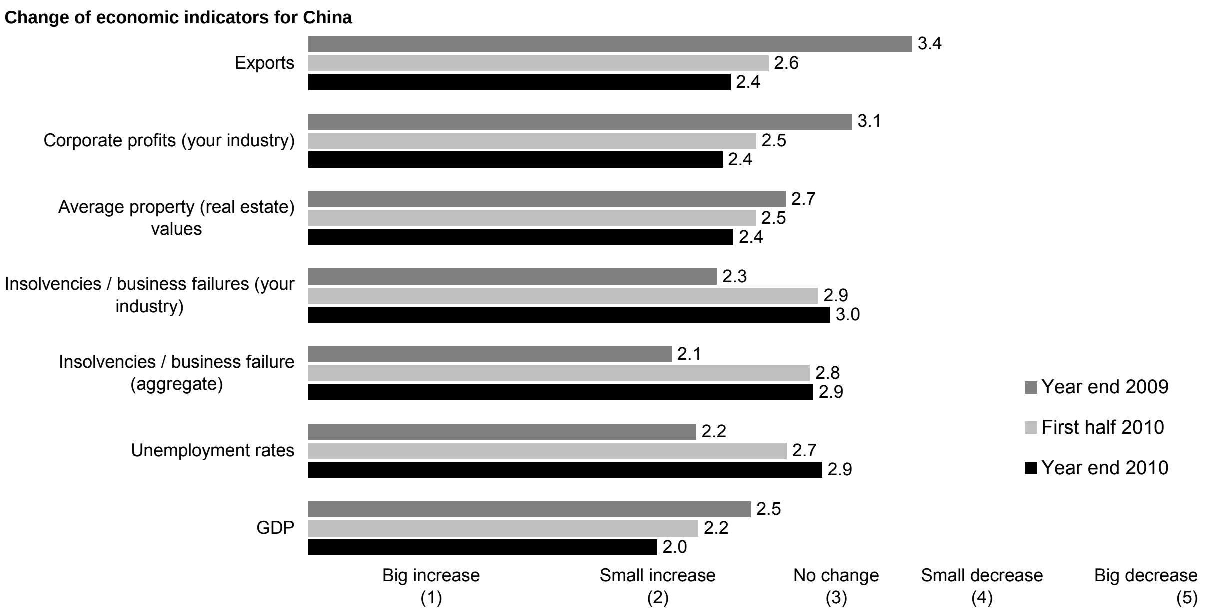
Canada's economy is stabilising, also mainly due to large stimulus packages, rising commodity prices and stabilisation of the US economy. Real gross domestic product (GDP) increased 0.1% in June, the first monthly increase since July 2008. For the second quarter as a whole, real GDP decreased by 0.9% year-on-year, a less pronounced rate of decline than the 1.6% drop in the previous quarter. Respondents expect GDP growth and exports to level off in H2 of 2009, followed by a small increase in 2010. This is in line with IMF GDP estimates for the Canadian economy (-2.5% in 2009 and 2.1% growth in 2010).

Respondents expect unemployment to increase further through year-end 2010 (IMF estimates Canadian unemployment will increase by 0.3% to 8.6% in 2010).

Survey respondents expect no change in average property values and corporate profits in H2 of 2009 with improvement commencing in 2010.

Respondents expect business failures (both aggregate and own industry) to increase in H2 of 2009 and H1 of 2010. By year end 2010, they anticipate a peak being achieved.

4.2.17 Change of economic indicators by country – China



Basis: interviewed companies from China
Source: Heliview Research | Autumn 2009

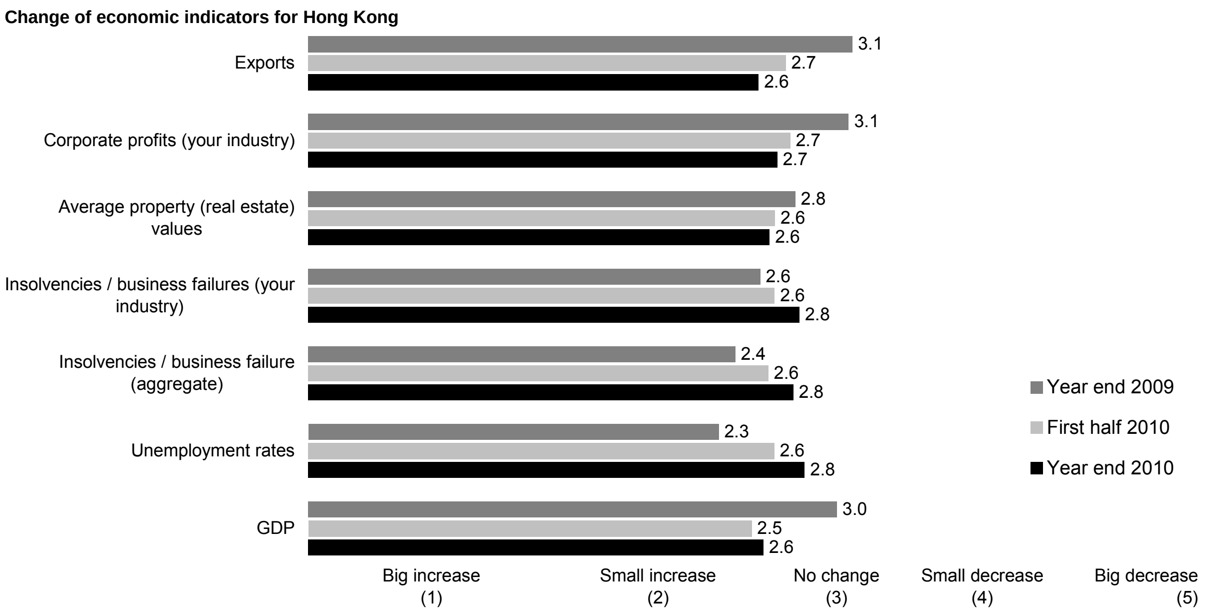
China's economy grew by 7.9% year-on-year in Q2 of 2009, and Chinese respondents expect GDP to continue to grow in 2009 and 2010, with growth accelerating next year. The IMF estimates Chinese GDP to grow by 8.5% in 2009 and 9.0% in 2010. This comes as no surprise as the Chinese government launched a comprehensive stimulus package in early 2009 which is increasingly gaining momentum. After a serious deterioration in H1 of 2009, respondents expect exports to continue declining until the end of the year. In 2010, a rebound is expected.

Respondents are anticipating a levelling off of corporate profits in H2 of 2009 and then increasing profits returning in 2010.

Respondents expect average property values to steadily increase through the end of 2010, reflecting the continued boom in the Chinese housing market. Unemployment is expected to continue rising in H2 of 2009 and H1 of 2010 and to finally level off by year end 2010. Export-driven companies are especially impacted by the crisis. We believe they will be forced to lay off more workers through the end of 2009.

Despite robust growth rates and the rather good outlook for the Chinese economy, respondents expect corporate insolvencies to increase further until the end of 2009. This is largely because the stimulus package does not favour private business, while state-owned enterprises have benefited greatly. In contrast, mid and small sized enterprises are exposed to some high risk factors (business size, insufficient fixed assets, unreliable financial information, and uncertainty of private shareholders). Due to these problems they face difficulties in getting credit. Insolvencies are expected to level-off in 2010.

4.2.18 Change of economic indicators by country – Hong Kong



Basis: interviewed companies from Hong Kong
Source: Heliview Research | Autumn 2009

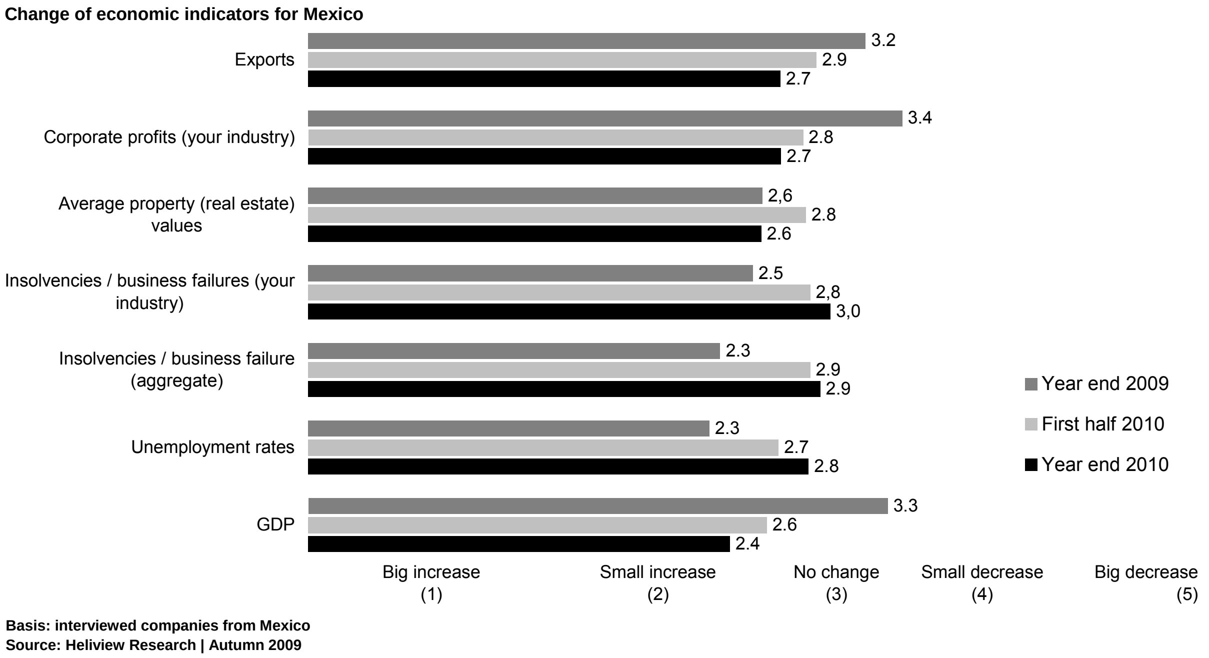
Hong Kong's real GDP-growth decreased by 3.8% year-on-year in Q2 of 2009 (HK Census and Statistics Department). Survey respondents from HK expect both GDP and exports to level off in H2 of 2009, and to increase slightly in 2010. The IMF estimates are more positive with Hong Kong's GDP forecast to shrink 3.6% in 2009 and grow 3.5% in 2010.

The crisis has led to a sharp increase in unemployment, which was at 5.4% in June-August 2009. Respondents expect it to increase further in H2 of 2009, and to continue rising at a more modest pace in 2010. The IMF estimates that unemployment will rise to 6.0% in 2009 and to 6.5% in 2010.

Survey respondents expect corporate profits to level off in H2 of 2009 and show modest improvement in 2010. Corporate insolvencies (both aggregate and own industry) are expected to rise at a gradually slowing pace through year end 2010.

Like corporate profits, respondents expect real estate values to slowly increase over the coming year.

4.2.19 Change of economic indicators by country – Mexico



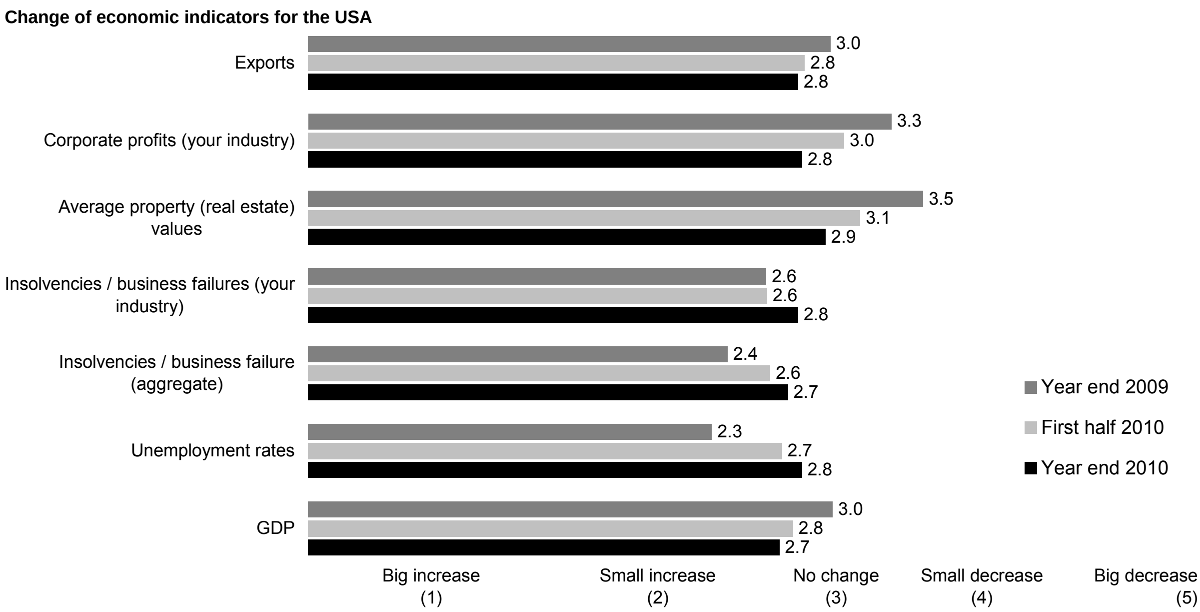
Mexico's economy has deteriorated dramatically due to the credit crisis and the deep US-recession (collapsed demand and less workers remittances). Real GDP-growth decreased by 8.6% year-on-year in Q1 of 2009 and by as much as 10.3% in the second quarter. Mexican respondents expect GDP growth to decrease further in H2 of 2009, but a rebound is anticipated as early as H1 of 2010. This view is supported by the presence of the first tentative signs of a bottoming out. Compared to the previous quarter, GDP decreased by just 1.1% in Q2 of 2009, while it had shrunk 5.9% in Q1 of 2009 compared to Q4 of 2008. The IMF estimates Mexican GDP will shrink 7.3% in 2009 and rebound 3.3% in 2010.

The crisis has led to a sharp increase in unemployment, which is expected to continue to grow in H2 of 2009, followed by a smaller rate of increase in 2010.

As with GDP, respondents expect exports to decrease in H2 of 2009 and then turn positive in 2010. The difference in the rate of increase of GDP and exports suggests some trepidation about the pace with which US demand for Mexican goods will grow. Mexican respondents may be anticipating a slower acceleration in US than in domestic demand.

Therefore, it comes as no surprise that respondents estimate corporate profits will decrease further in H2 of 2009 and rebound modestly in 2010. It follows that respondents expect corporate insolvencies (both aggregate and own industry) to increase further in H2 of 2009. This is in line with our expectations, as we have observed that many companies in Mexico have had insufficient access to liquidity since the Mexican financial system has tightened its credit policies. In H1 and H2 of 2010 respondents expect corporate insolvencies to level off.

4.2.20 Change of economic indicators by country – USA



Basis: interviewed companies from the USA
Source: Heliview Research | Autumn 2009

The US economy is showing increasing signs of stabilisation, mainly due to monetary and fiscal stimulus measures. This observation is also reflected by our respondents. According to the US Bureau of Economic Analysis, in Q2 of 2009 GDP shrank by only 0.7% year-on-year after a 6.4% decrease in Q1. Respondents expect GDP growth and exports to level off in H2 of 2009, followed by a small increase in 2010. This is in line with IMF GDP growth estimates for the US economy (-3.4% in 2009 and 1.3% in 2010).

Following a strong rise in unemployment in the first half of 2009, respondents expect further increases for the remainder of the year and in 2010 (IMF estimates of unemployment in the US: 9.3% in 2009 and 10.1% in 2010). The high unemployment rate and sluggish private consumption are major factors keeping growth rates rather low in 2010.

Survey respondents expect average property values to continue falling through the end of 2009 and to level off in 2010.

Respondents expect corporate profits to shrink in H2 of 2009, level off in the first half of 2010 and begin to rebound in H2 of 2010. Following a sharp rise in insolvencies of 50% year-on-year in H1 of 2009, respondents expect business failures (both aggregate and own industry) to continue to increase throughout 2010. This is in line with our assessment that insolvencies will continue to increase due the unavailability of credit. Companies with deteriorating balance sheets will clearly face more challenges in obtaining financing, while those who do obtain financing will face increasing difficulties in complying with loan covenants and/or achieving extended or increased levels of credit.

4.2.21 Change of economic indicators by turnover class

All in all, there are no real differences in the answers given by the respondents when split up by turnover class. This comes as no surprise, as the evaluation of the main economic indicators (GDP, Exports) should not be directly related to the individual business sentiment.

Respondents from all turnover classes expect GDP growth to decrease slightly or level off in H2 of 2009 and to gradually improve in 2010. The same goes for exports – with the exception that small companies (turnover € 1 million - 10 million) anticipate exports will only flatten in H1 of 2010 before starting to increase in the second half of the year.

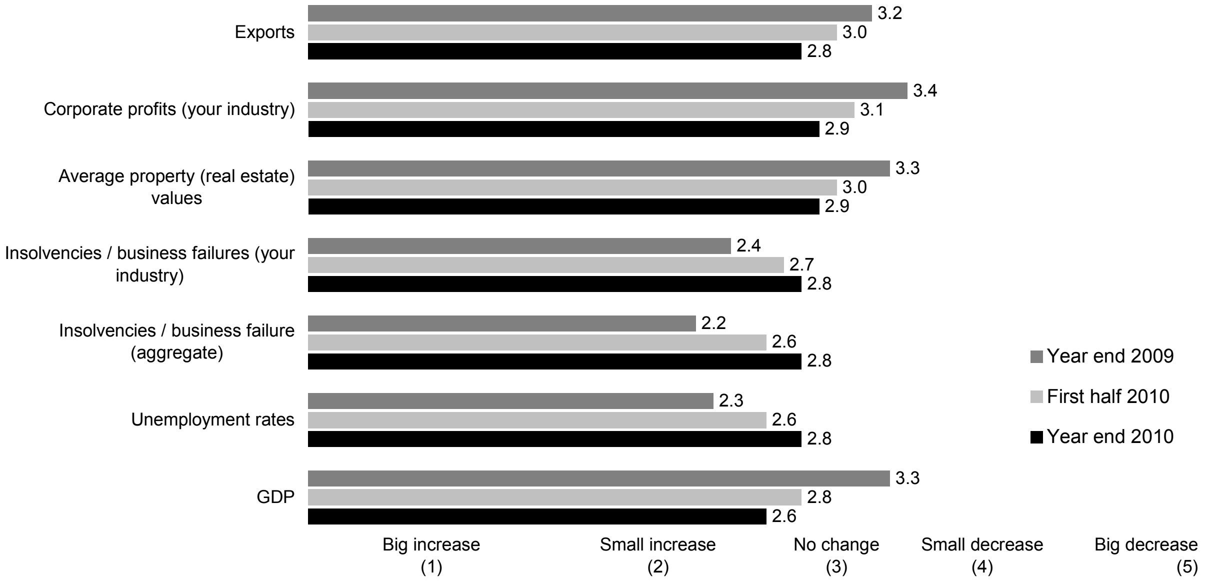
Average property values are expected to decrease slightly until year end 2009, level off in H1 of 2010 and increase slightly in the second half of the year.

The average expectation of all turnover classes is that unemployment will rise through the end of 2010, although the rate of increase is expected to taper off towards the end of the year.

Respondents from companies in all turnover classes expect corporate profits in their industry to decrease until year-end 2009. The tide is expected to turn in 2010 with corporate profits levelling off in H1 of 2010 and improving slightly in H2. Compared to others, small companies (turnover € 1 million - 10 million) again have a slightly more negative expectation.

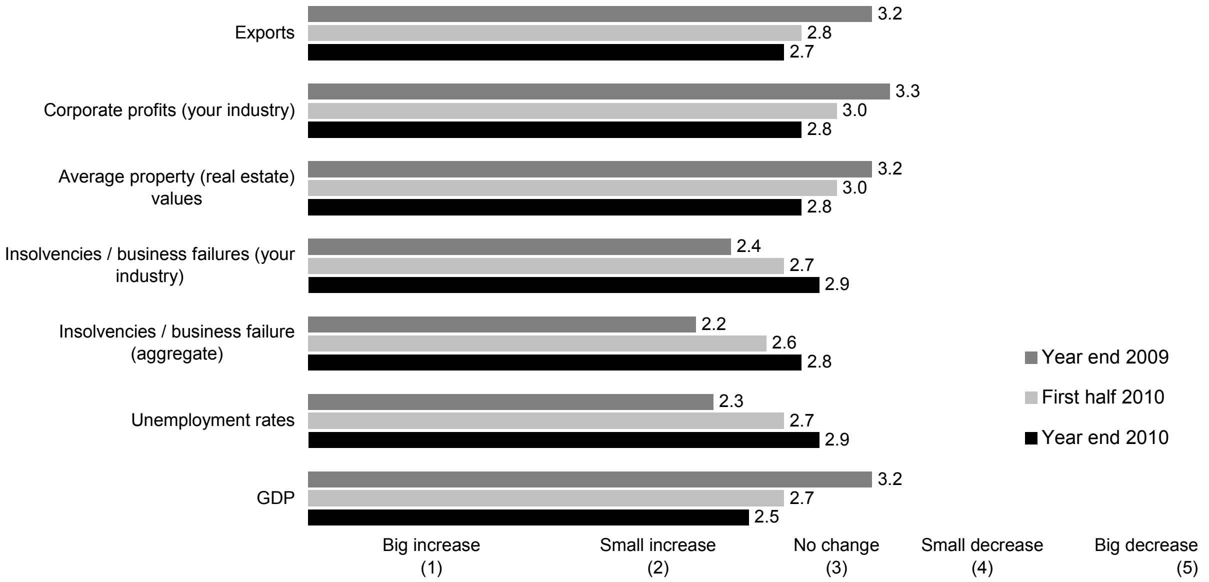
On average, all turnover classes expect corporate insolvencies (both aggregate and own industry) to continue growing into 2010. It is anticipated that the increase will be highest in H2 of 2009 and will continue growing at a slowing pace throughout 2010. Again, all turnover classes expect the aggregate insolvency level to be higher than in their own industry.

Change of economic indicators 1-10 million Euro turnover



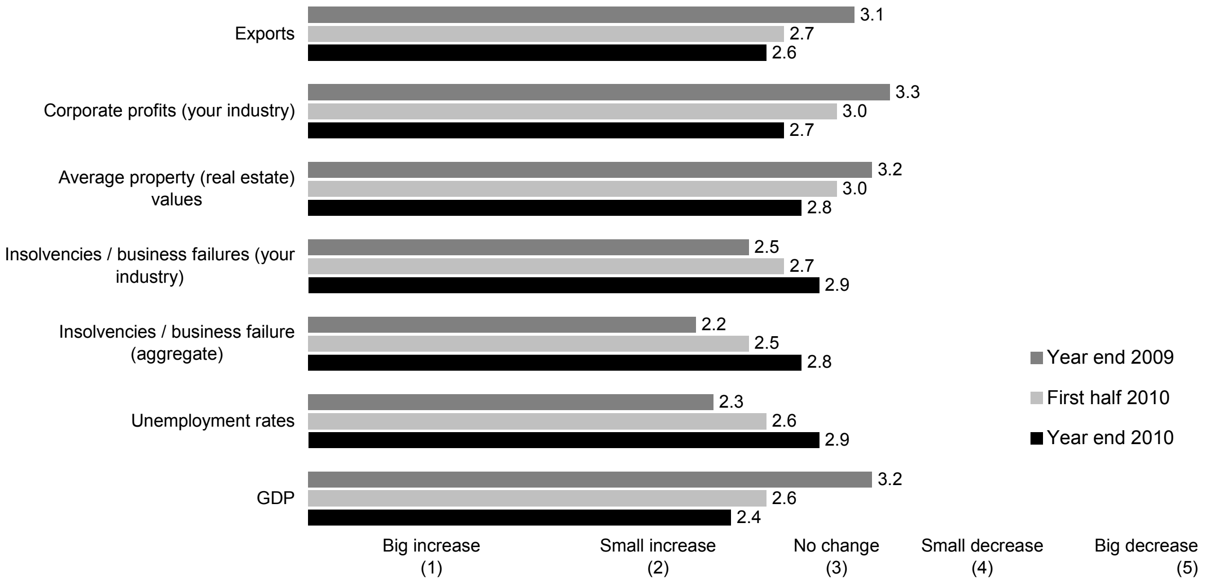
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Change of economic indicators 10-100 million Euro turnover



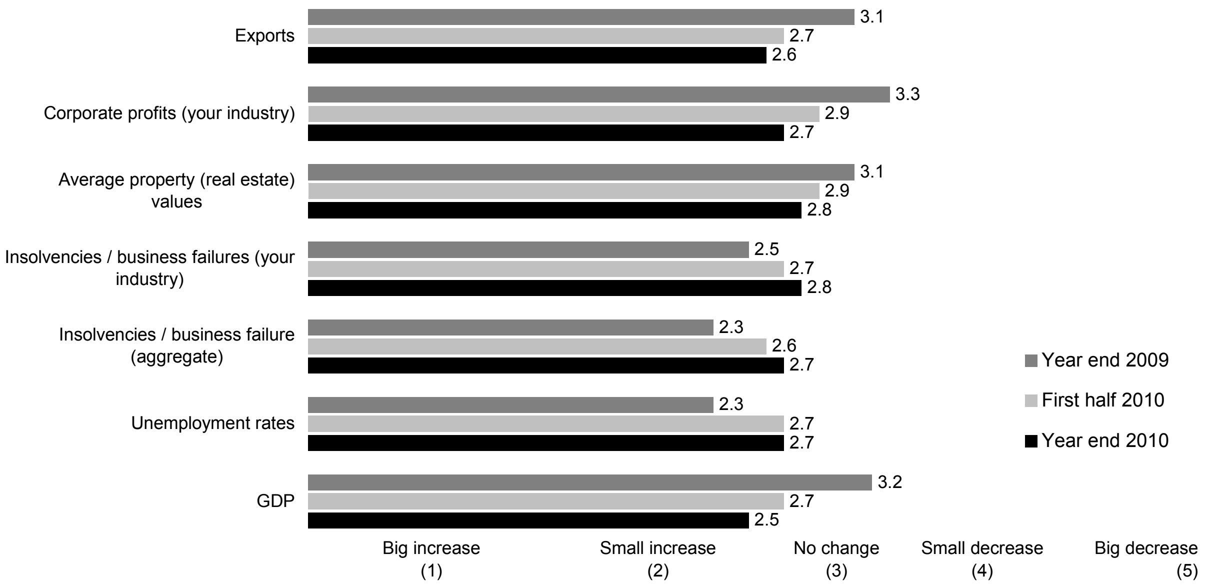
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Change of economic indicators 100 million - 1 billion Euro turnover



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Change of economic indicators > 1 billion Euro turnover

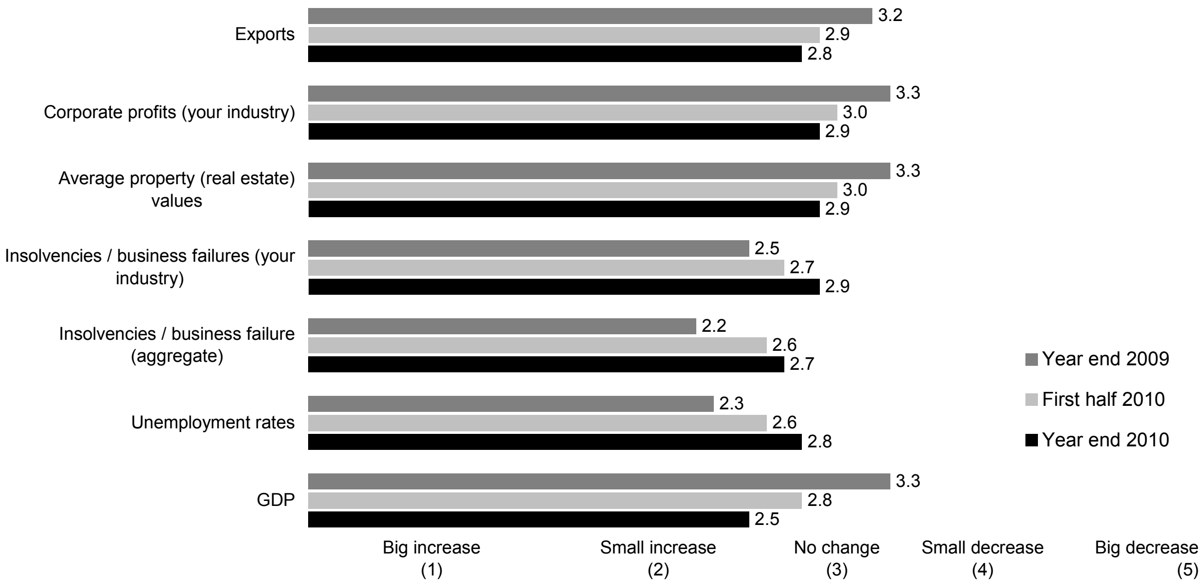


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

4.2.22 Change of economic indicators by main business sector

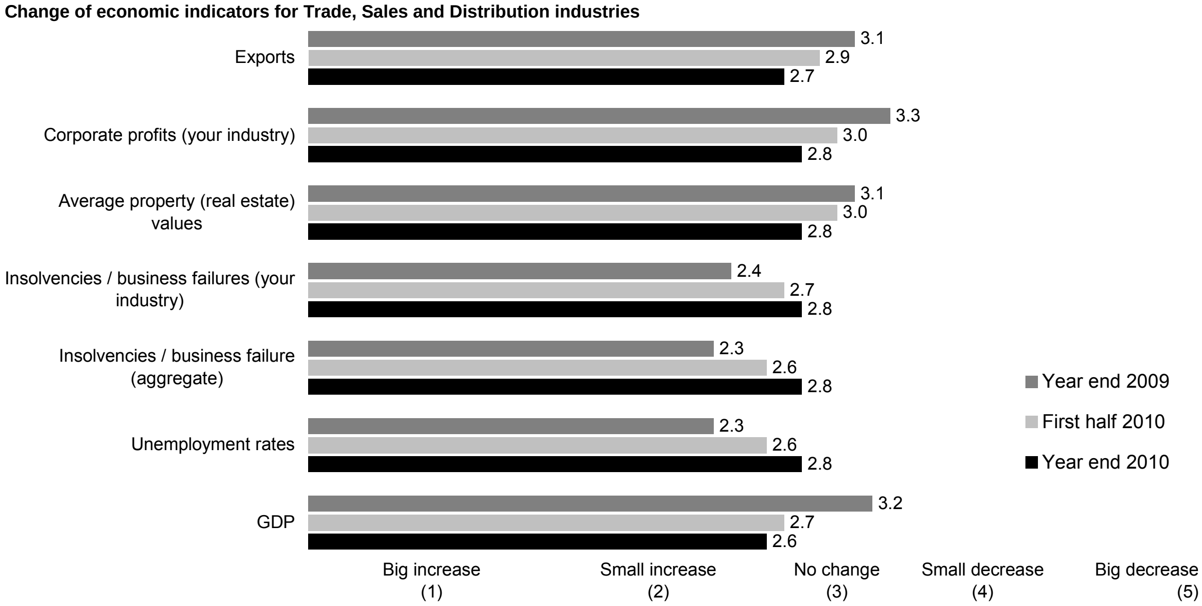
Along main business sectors respondents´ forecasts show more or less the same pattern. Nevertheless, there are some (slight) differences. When it comes to corporate profits, manufacturing companies show a broader response range than other major business sectors with both a slightly more pronounced decrease in corporate profits in H2 of 2009 and a slightly more pronounced increase in H2 of 2010.

Change of economic indicators for Services



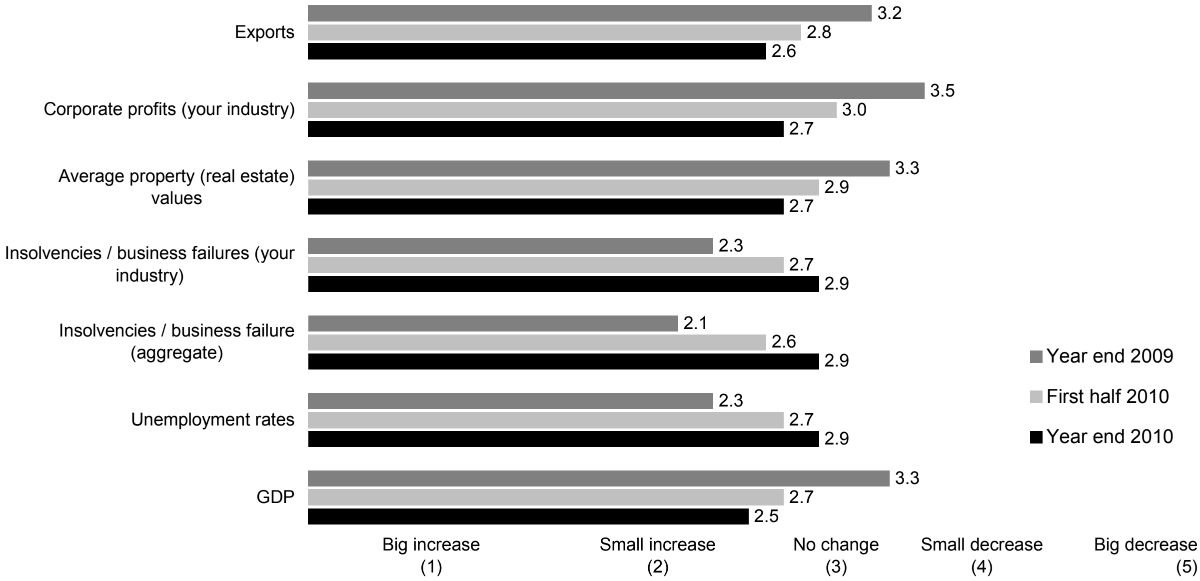
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Change of economic indicators for Trade, Sales and Distribution industries



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Change of economic indicators for Manufacturing industry



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

4.3 End of economic crisis

4.3.1 When will the economic crisis end?

Country

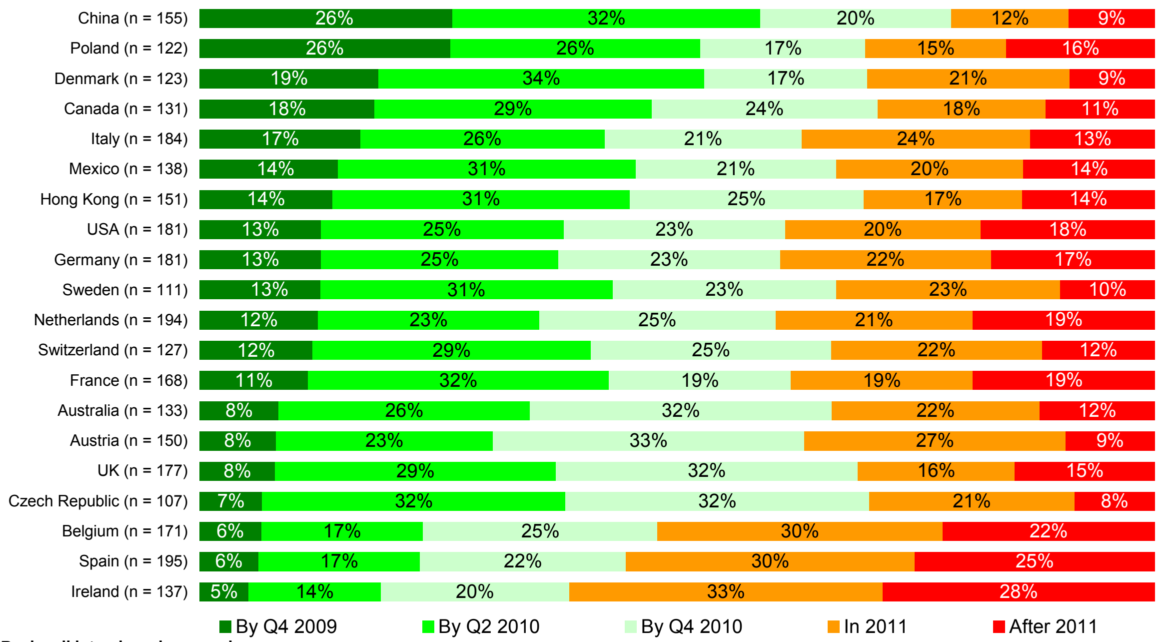
Predictions about when the economic crisis will end are, at least in respect to most and least optimistic, relatively consistent with single country responses about economic indicators and the severity of the economic crisis in the countries.

China and Poland are the most optimistic both with 26% of respondents anticipating an end to the economic crisis by year end 2009. Both of these countries have experienced continued growth through the global economic crisis and for them the overall impact has been relatively mild.

Ireland, Spain and Belgium are the most pessimistic. Ireland and Spain, in particular, have been severely impacted by the recession largely due to the prominence of the real estate sector in their economic growth leading into it. These three countries are the only markets in which more than 50% of respondents believe that the economic crisis will not end before 2011.

At least 60% of respondents in every other country anticipate the economic crisis will be over by the end of 2010. This response is consistent with the trends in GDP forecasts. In most countries, expectations are that GDP will continue to fall in H2 2009 with a turnaround beginning in H1 of 2010.

The economic crisis will end:

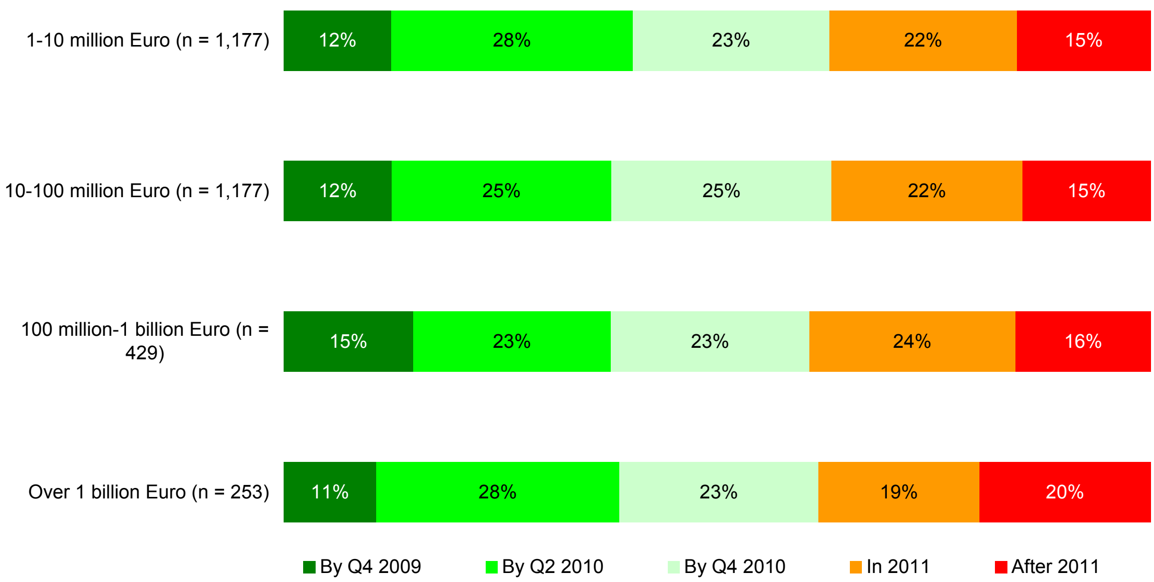


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Turnover class

The most notable observation in the forecasts by turnover class of when the economic crisis will end is that large companies with turnover of more than € 1 billion are the most pessimistic about the end of the crisis. 20% of respondents from the largest turnover class don't expect to see an end to the economic crisis before 2011.

The economic crisis will end:

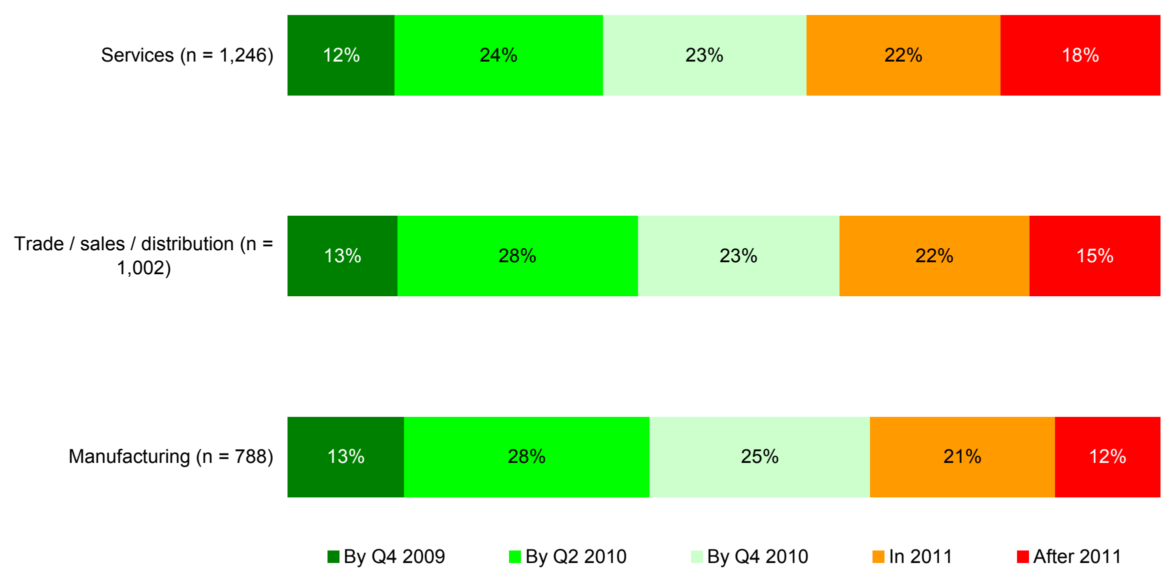


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Major Business Sector

In many countries, financial and manufacturing businesses felt the impact of the economic crisis earlier than many services businesses. These businesses have had to make early adjustments to their operations to ensure their survival. The more pessimistic expectations of the services sector likely reflects that they are late cycle industries and are therefore feeling an impact later than businesses in other sectors. While manufacturing and trade/sales/distribution companies may have bottomed, and are ready to recover, many service businesses may still be looking for the bottom.

The economic crisis will end:



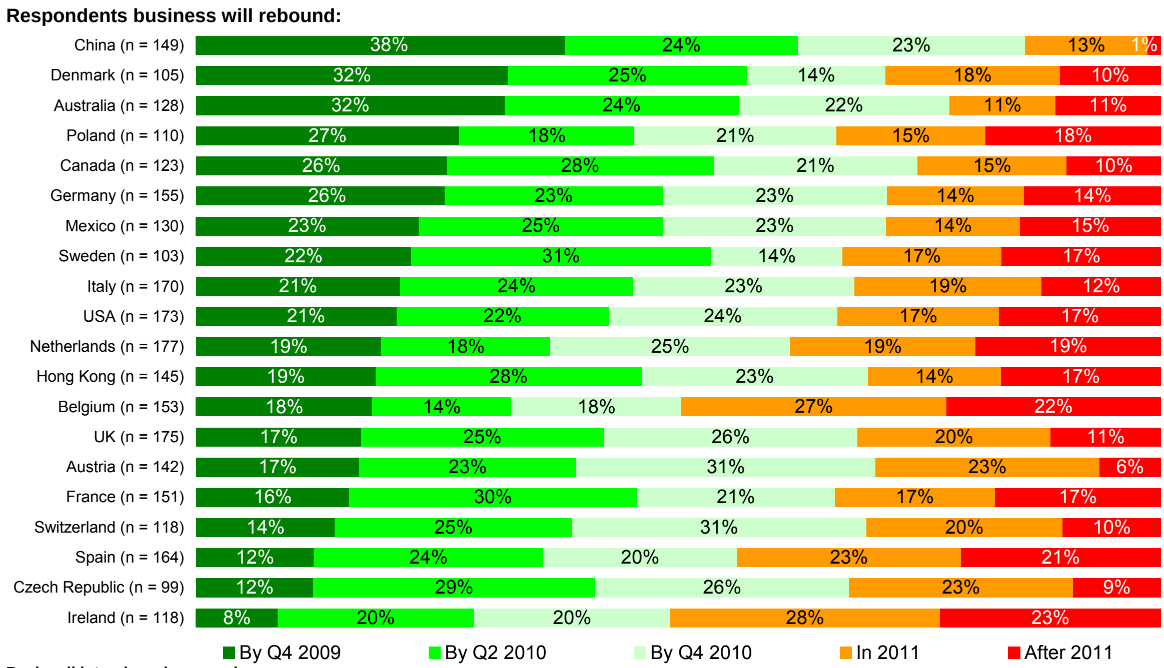
Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

4.3.2. When will business rebound?

Country

In general, respondents tend to have a more favourable outlook for their own business than for the economy as a whole. Overall respondents expect their business to rebound by year end 2010. Chinese respondents again hold the most optimistic outlook, however Danish and Australian respondents follow when it comes to the prospects of their business rebounding. More than 30% of respondents in all three of these countries expect their business to rebound by year end 2009.

Again the three countries with the least optimistic outlook are Ireland, Spain and Belgium. These are the only three countries from which more than 20% of respondents don't expect their business to rebound before 2011 and likewise the only three in which more than 40% don't expect their business to rebound before 2010.

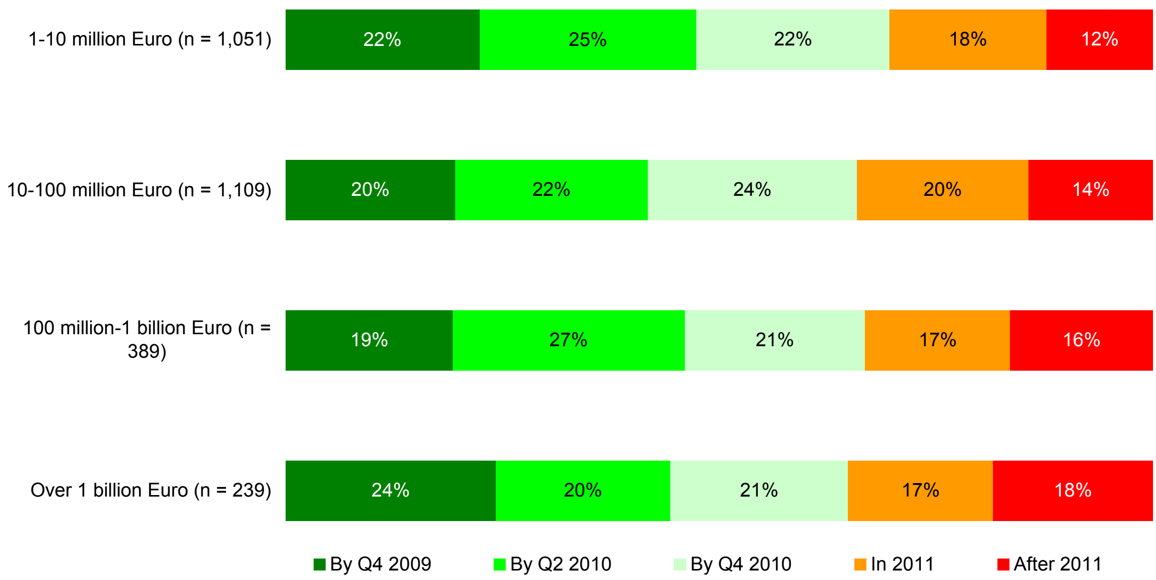


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Turnover Class

The majority of respondents from all turnover classes expect their business to rebound before the end of 2010. This is in line with expectations about the end of the economic crisis. Companies with over € 1 billion in turnover however, are the most optimistic and the most pessimistic when it comes to their own business rebounding. It is also worth noting that about a third of the respondents from all turnover classes don't anticipate a pick up in business until 2011 or later.

Respondents business will rebound:

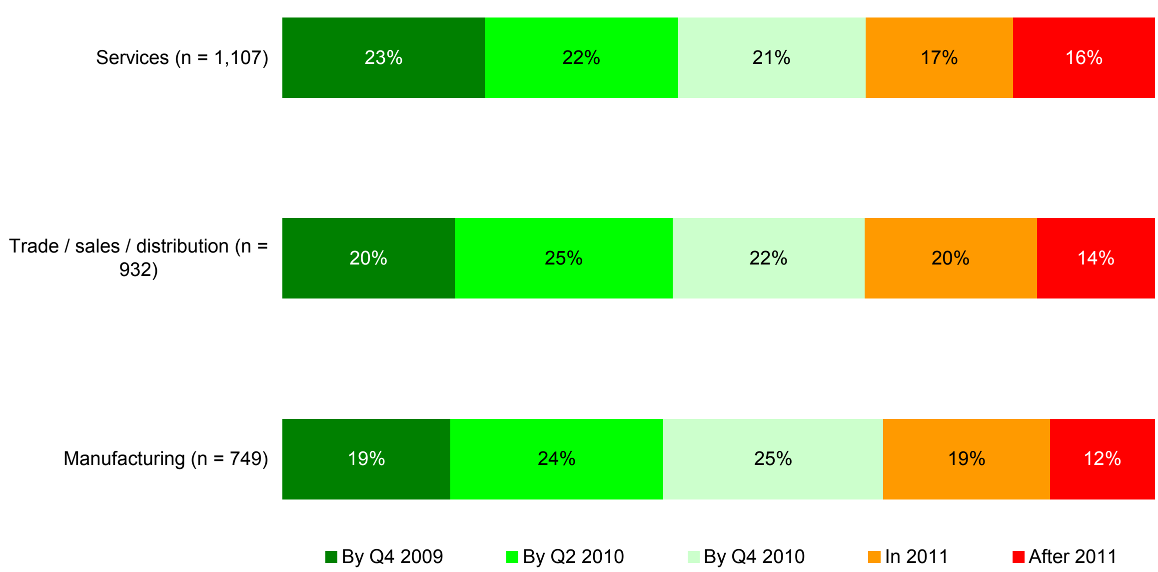


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Major business sector

Respondents from the services sector are the most positive about a business rebound, but also the most negative. Again, this could be explained by some service sector businesses being late cycle businesses and others, like the financial services industry being impacted early.

Respondents business will rebound:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Expectations over the coming 12 months

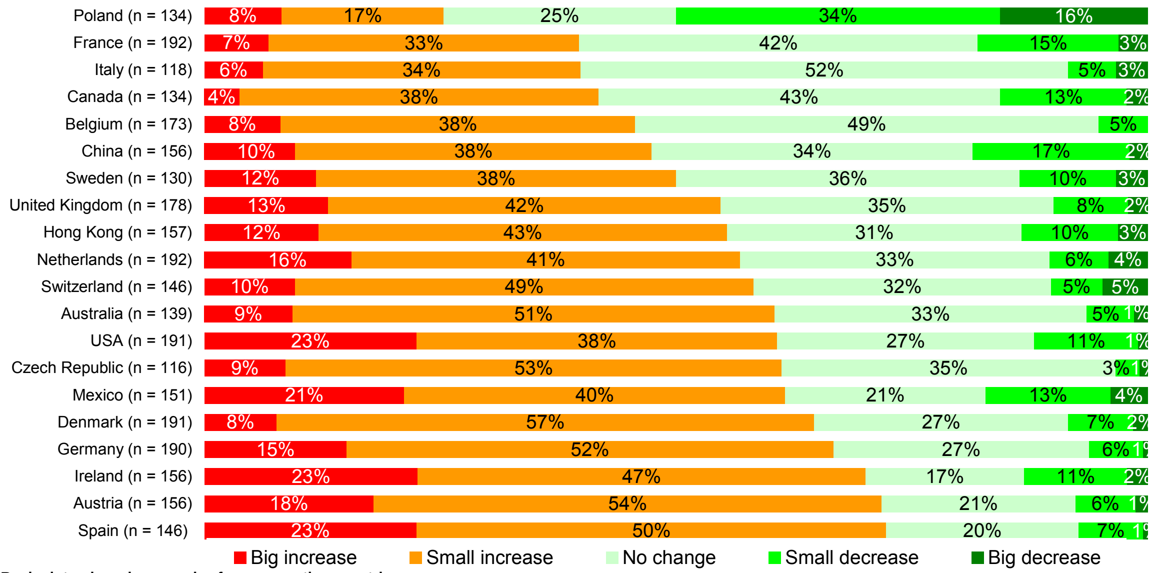
4.3.3 Failures of small and mid sized banks and financial institutions

Country

On average, respondents are anticipating insolvencies of small and mid sized banks to continue to grow during the coming year.

Polish, French and Italian banks haven't been heavily exposed to toxic assets or excessive lending to consumers. This is probably why their views on future failures of small and mid sized banks and financial institutions are the most positive. The opposite is true for countries like Ireland and Spain. Where banks have been very active lenders to consumers based on rising housing prices before the crisis began. Austria is vulnerable due to high exposure of Austrian banks to Eastern European borrowers.

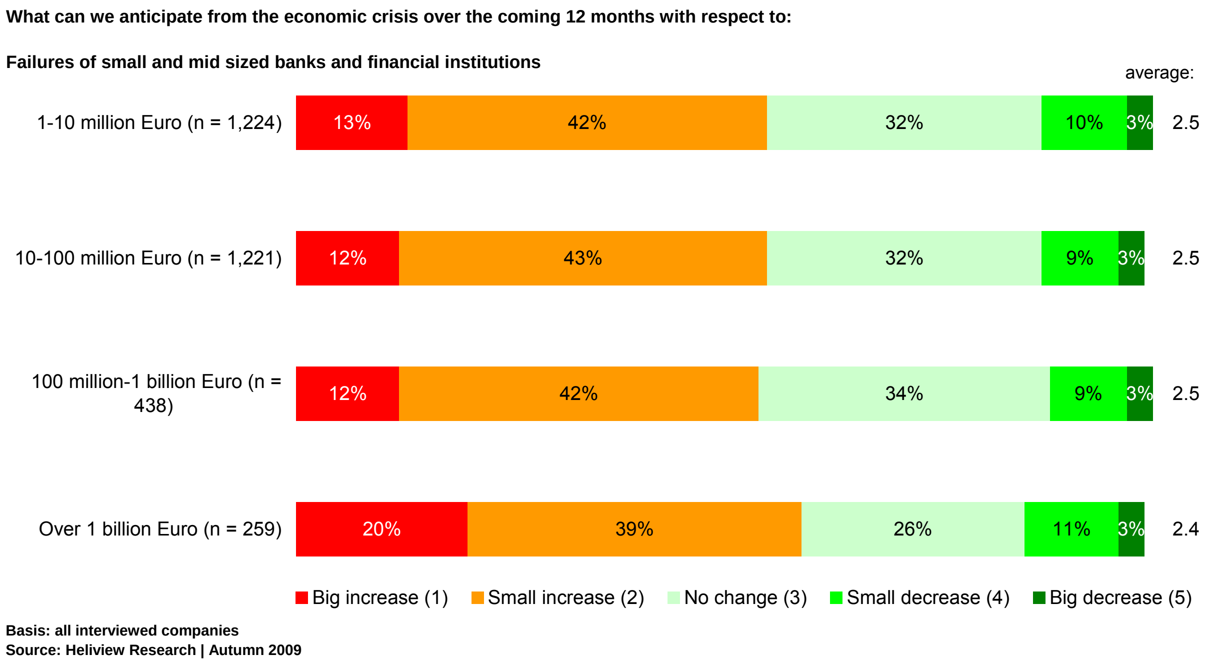
What can we anticipate from the economic crisis over the coming 12 months with respect to:
Failures of small and mid sized banks and financial institutions



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

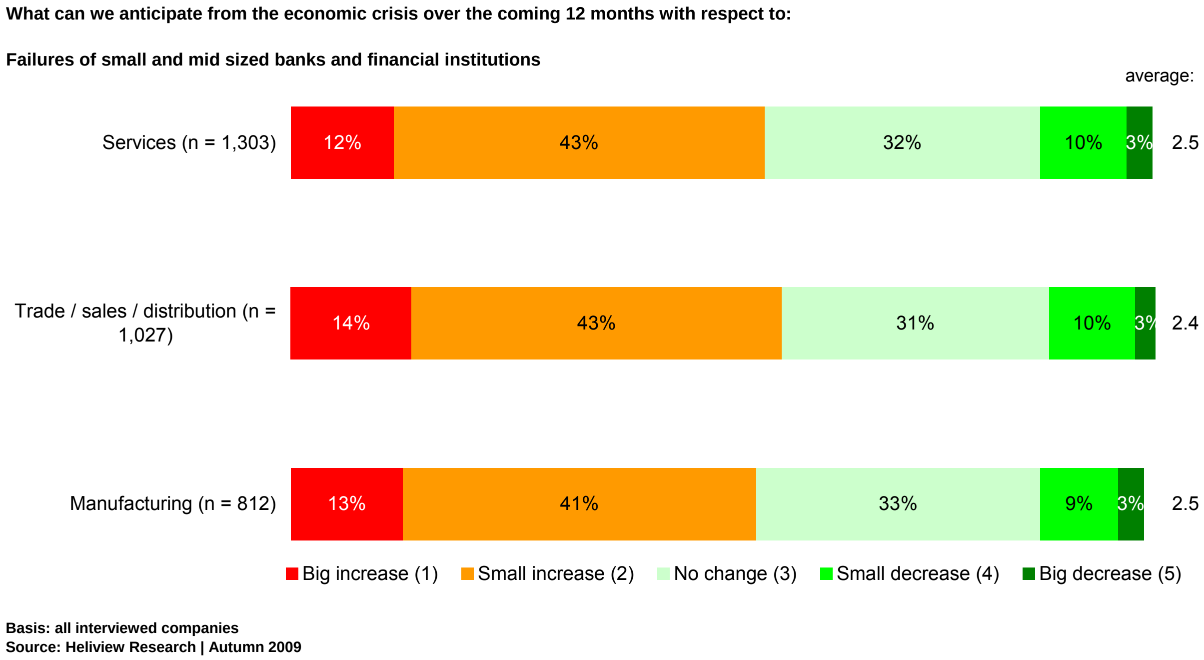
Turnover Class

Respondents from large companies with more than € 1 billion in turnover are significantly more likely to anticipate a big increase in failures of small and mid sized banks. There is no difference in the expectations of other turnover classes.



Major Business Sector

There is no difference in the expectations of respondents by major business sector.



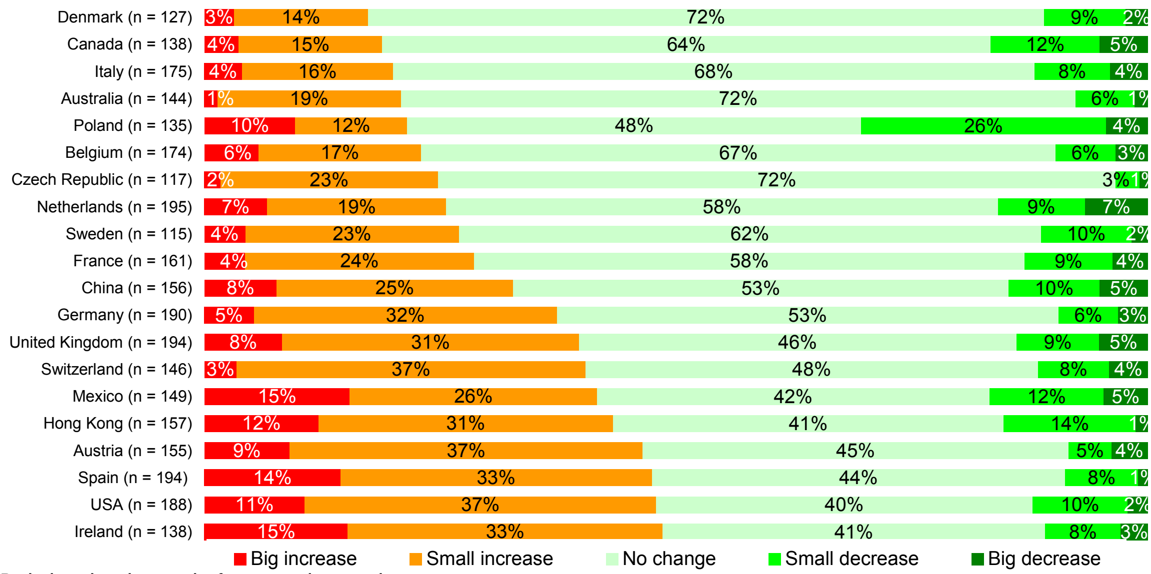
4.3.4 Failures of large banks or financial institutions

Country

That, on average, respondents think that larger banks or financial institutions are safer than smaller ones is no surprise. Despite the failures of a number of large financial institutions earlier in the economic crisis, it can be assumed that the "too big to fail" factor plays a role here. Following the failure of Lehman, nearly all governments and central banks have started to subsidise or provide substantial support to larger banks that are either in trouble or that may potentially be in trouble. The goal is to avoid an "avalanche effect", leading to a potential systemic collapse of the financial system.

Again, respondents from Ireland and Spain, with their severely strained financial sectors, along with respondents from the USA, which has already seen a number of failures of large financial institutions, and Austria are the most pessimistic. Polish respondents are easily the most optimistic with 30% of respondents from Poland anticipating a decrease in failures of large banks or financial institutions. Canadian respondents are the second most optimistic with 17% of respondents anticipating a decrease

What can we anticipate from the economic crisis over the coming 12 months with respect to: Failures of large banks or financial institutions



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

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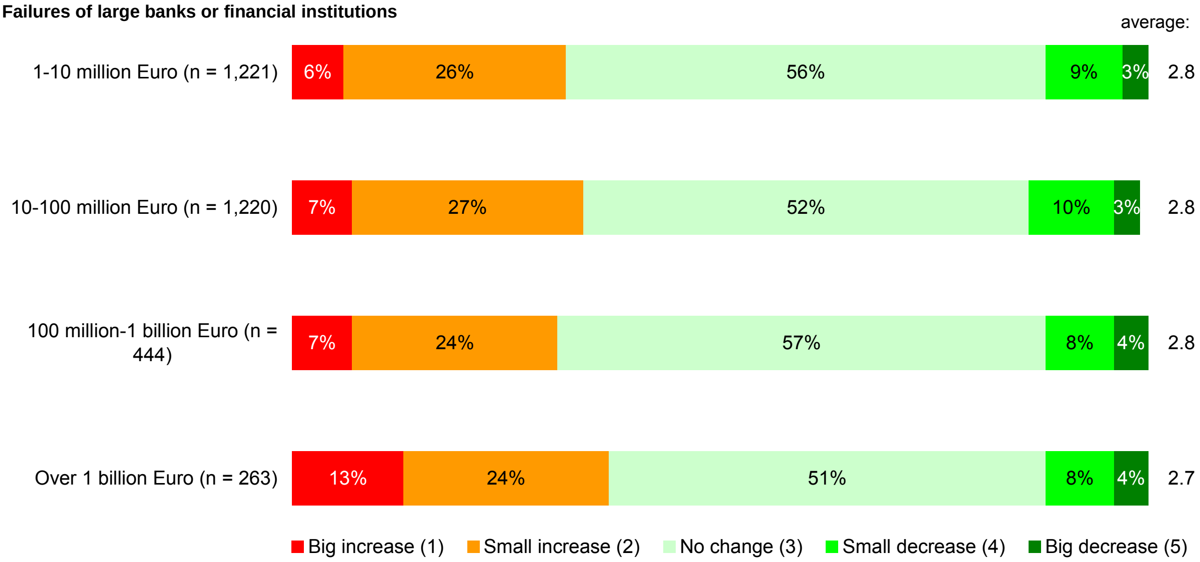
Turnover Class

Respondents from companies with more than € 1 billion in turnover are twice as likely as any other asset class to expect a big increase in failures of large banks or financial institutions. Outside of this observation there is not much difference in the expectations of respondents across turnover class.

What can we anticipate from the economic crisis over the coming 12 months with respect to:

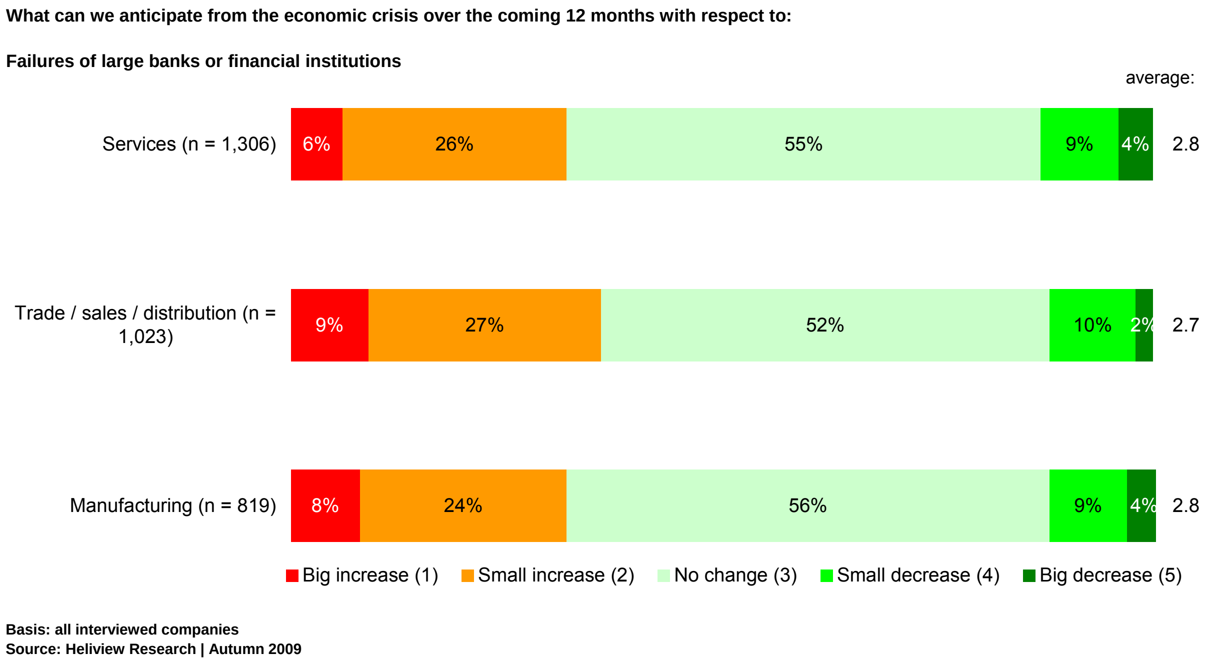
Failures of large banks or financial institutions



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Major Business Sector

Opinions about failures of large banks or financial institutions are relatively consistent across major business sectors.



4.3.5 Failures of companies in distressed industries

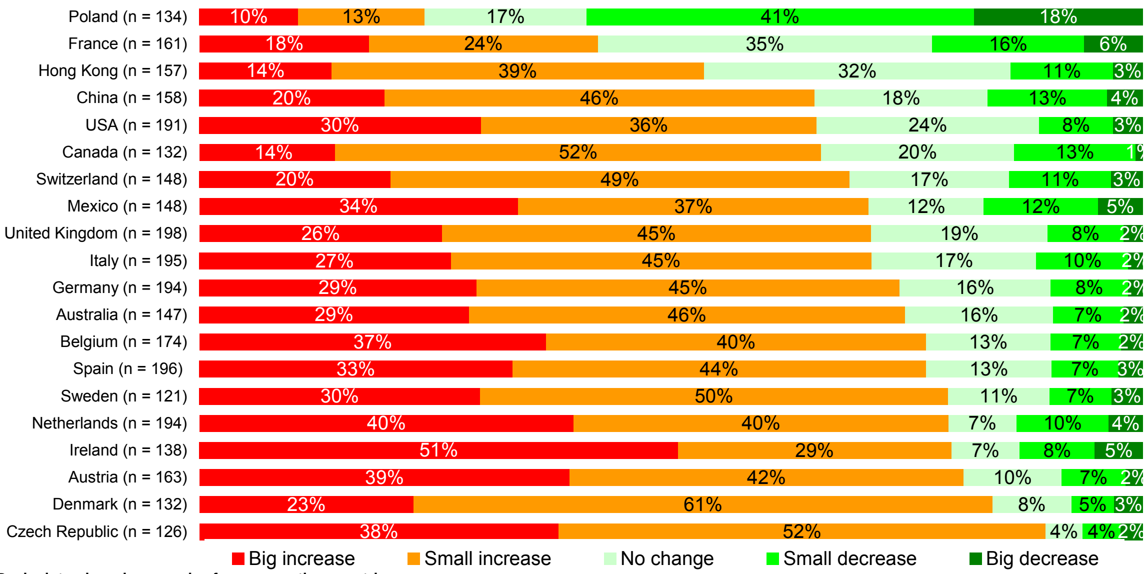
Country

Poland is the only country in which the majority of respondents anticipate a decline in failures of companies in distressed industries. This likely reflects the relatively strong Polish economy and an expectation that an improving economy will limit further growth in insolvencies.

The bad sentiment by Czech respondents might be explained by their export dependency on the (recession plagued) EU markets and the heavy share of automotive and suppliers to the automotive sector in their industry structure.

More than 75% of respondents from 9 of the 20 countries think that insolvencies of distressed industries will increase. Except for Poland and France, more than 50% of respondents from all other countries expect insolvencies of companies in distressed trade sectors to increase. More than 25% of respondents in all countries except for Poland, France, HK, China, Switzerland and Denmark, expect a sharp increase of business failures of companies in distressed industries.

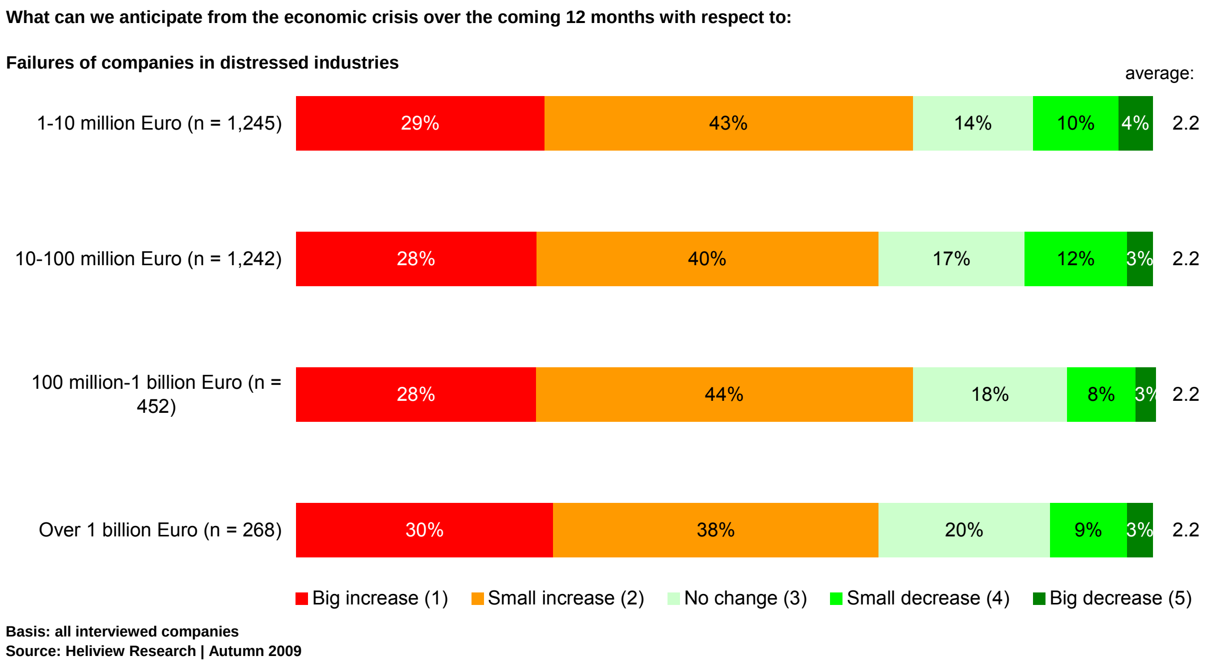
What can we anticipate from the economic crisis over the coming 12 months with respect to:
Failures of companies in distressed industries



Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

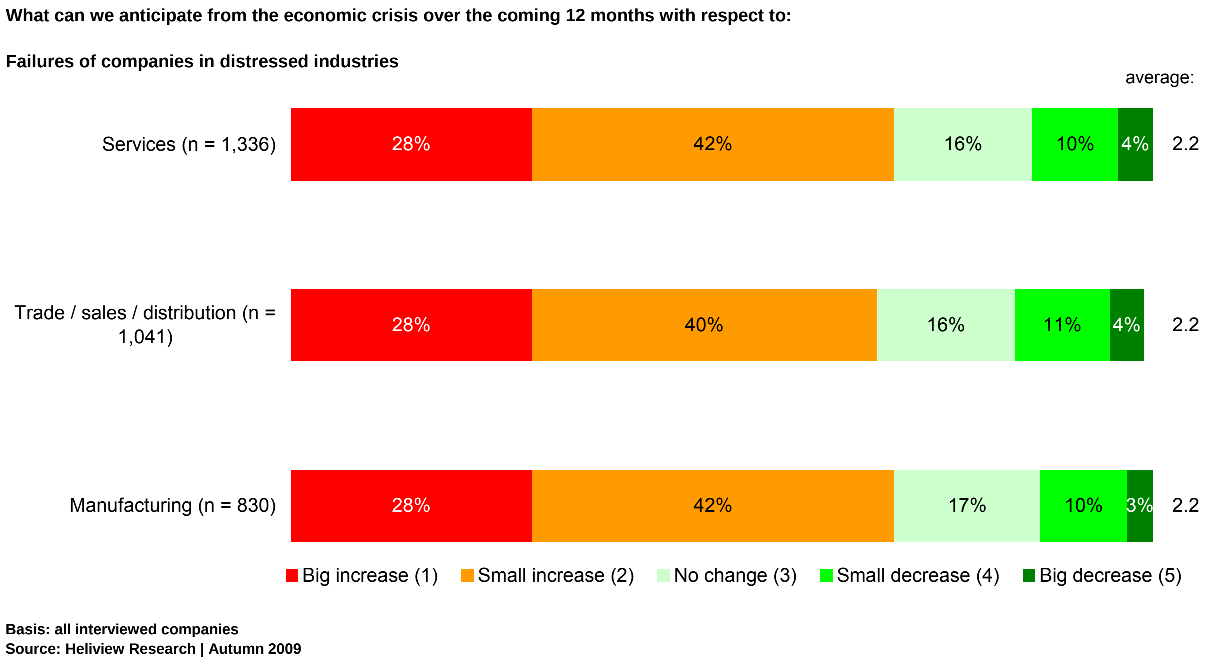
Turnover Class

There are no meaningful differences in responses across turnover class. About 70% of respondents in all turnover classes expect increasing corporate insolvencies in distressed industries.



Major Business Sector

There are no meaningful differences in responses across major business sectors. About 70% of respondents in all major business sectors expect corporate insolvencies to increase in distressed industries.

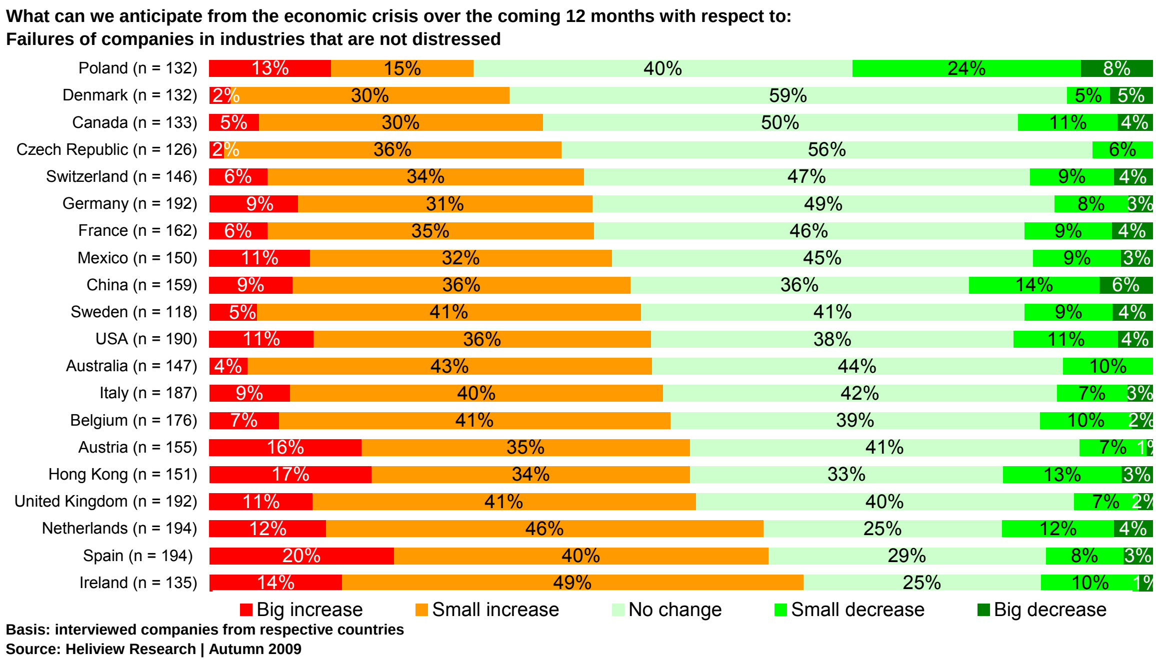


4.3.6 Failures of companies in industries that are not distressed

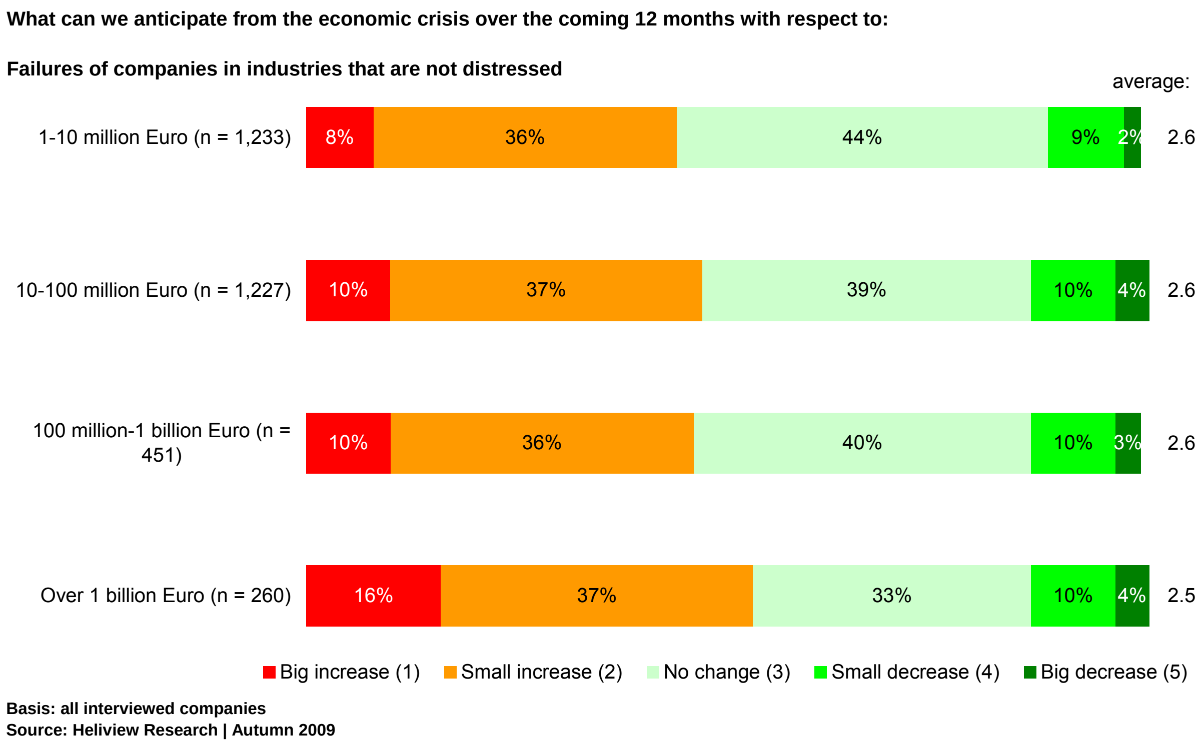
Country

More than 50% of respondents in only six countries think that insolvencies of companies in non-distressed trade sectors will increase. Spain, Ireland and the Netherlands, each with at least 60% of respondents expecting an increase, stand out as the most pessimistic markets.

Poland again stands out as the most optimistic market with 32% of respondents anticipating a decrease in failures of companies in industries that are not distressed. China is the only other country with as many as 20% of respondents anticipating a decrease.

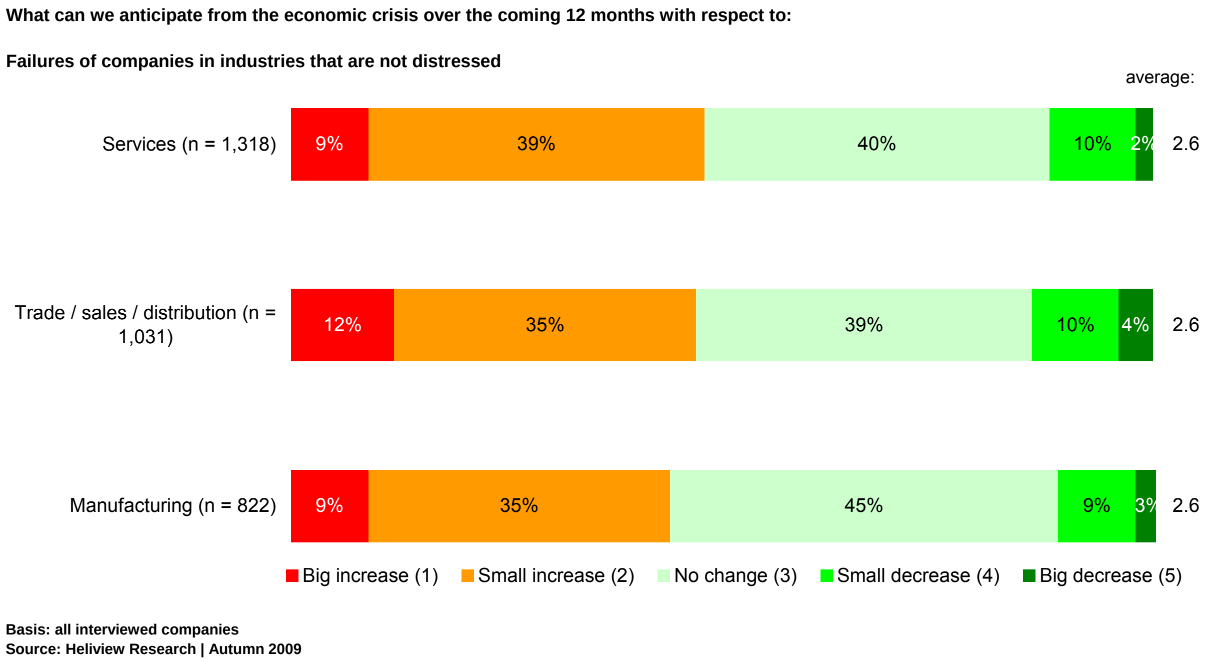


Turnover Class
Outside of the largest turnover class, from which 53% of respondents anticipate an increase in business failures of companies in industries that are not distressed, there is no significant difference in the response rates by turnover class. About 45% of respondents across all other turnover classes expect increasing corporate insolvencies in non-distressed industries.



Major Business Sector

There is no significant difference in the expectations of respondents across all main business sectors. About 46% of respondents expect increasing corporate insolvencies in non-distressed industries.



Financial stability by year end 2009

4.3.7 Financial stability of your company

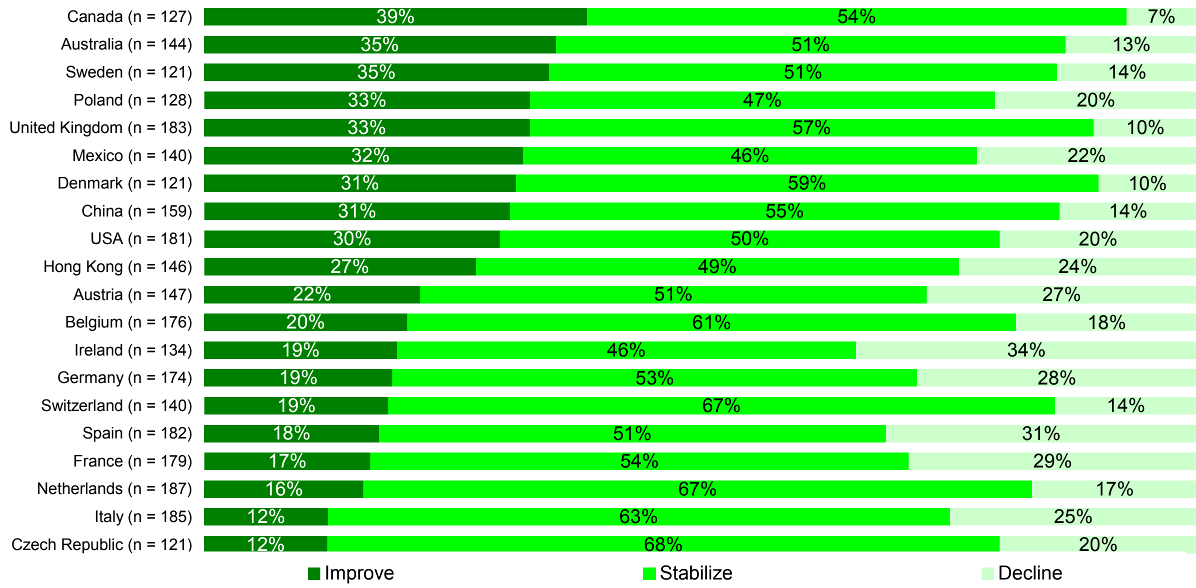
Country

More than 50% of respondents in only six countries think that insolvencies of companies in non-distressed trade sectors will increase. Spain, Ireland and the Netherlands, each with at least 60% of respondents expecting an increase, stand out as the most pessimistic markets.

Poland again stands out as the most optimistic market with 32% of respondents anticipating a decrease in failures of companies in industries that are not distressed. China is the only other country with as many as 20% of respondents anticipating a decrease.
The majority of respondents in every country expect the financial stability of their company to stabilise by the end of 2009. However, in 8 of the 20 countries surveyed more respondents anticipate a decline in their financial stability than an improvement. In six countries, most notably Ireland (34%) and Spain (31%), at least 25% of respondents anticipate deterioration in their financial stability through the end of the year.

An improvement is expected by more than 25% of respondents in half of the countries surveyed. Canadian respondents are the most optimistic about the short term prospects of their financials.

By year end, the financial stability of the respondents company will:

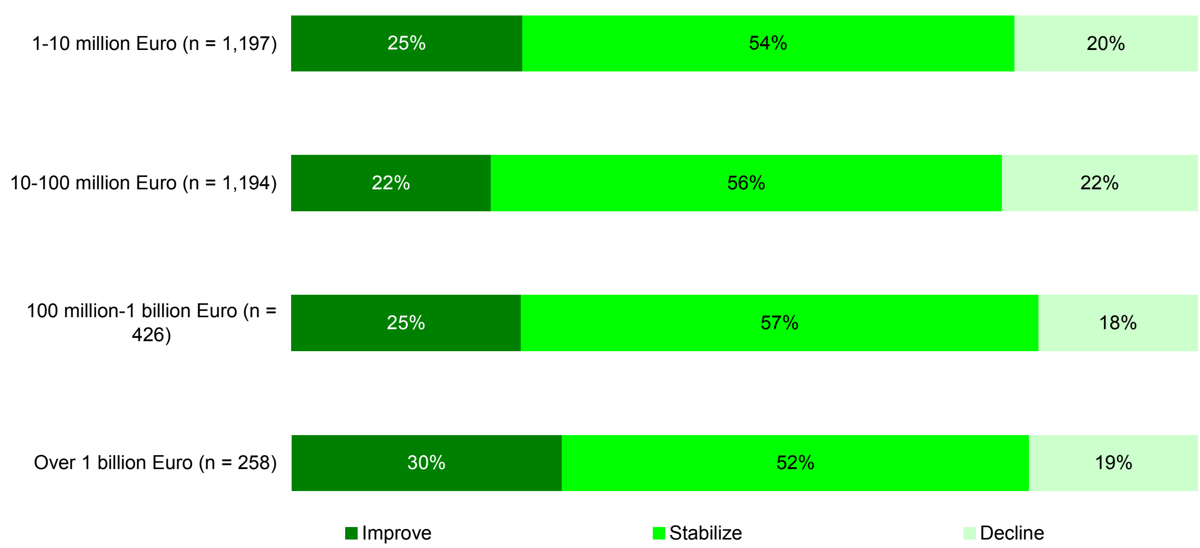


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Turnover Class

Across all turnover classes, about 80% of respondents expect their financial situation to have stabilized or improved by the end of 2009. 30% of companies with turnover of more than € 1 billion expect their financial situation to improve. This more positive assessment may be due to the fact that large companies/multinationals have stronger financials than smaller companies. They have, in general, larger equity ratios than smaller companies and better access to additional sources of financing compared to their smaller peers. Another reason may be that larger companies, many of which are listed on stock exchanges, expect equity prices to increase further over the remainder of the year.

By year end, the financial stability of the respondents company will:

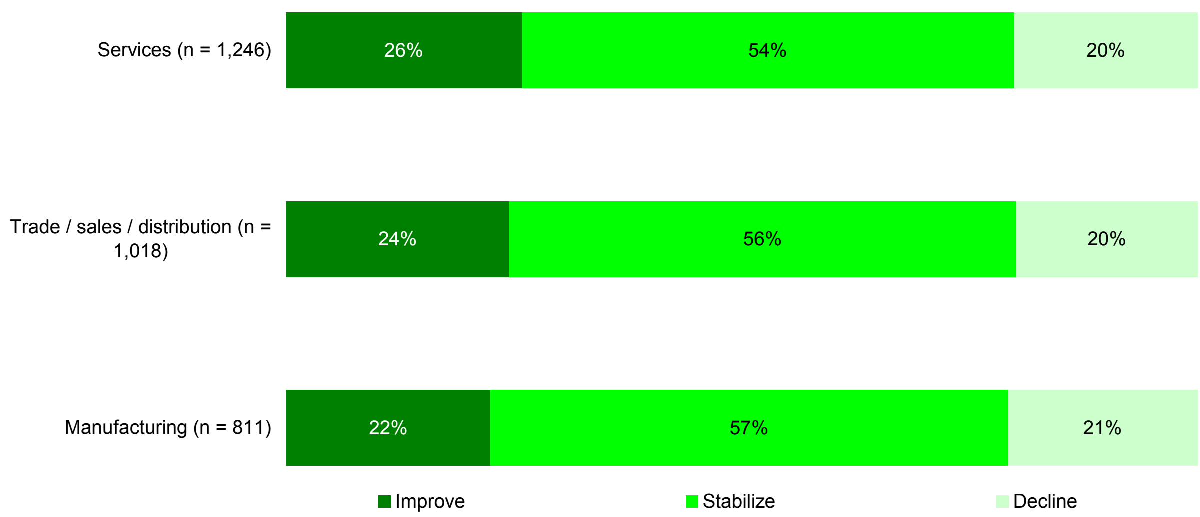


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Major Business Sector

Across all main business sectors, about 80% of respondents expect their financial situation to have stabilized or improved by the end of 2009. 26% of companies in the service sector expect their financial situation to improve by the end of 2009, while only 22% in the manufacturing sector share the same expectation. This is again an indicator that manufacturing has been hit harder by the crisis and has seen bigger declines in turnover than other industries. The manufacturing process and the time required to work off existing stock levels may result in a longer recovery period.

By year end, the financial stability of the respondents company will:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

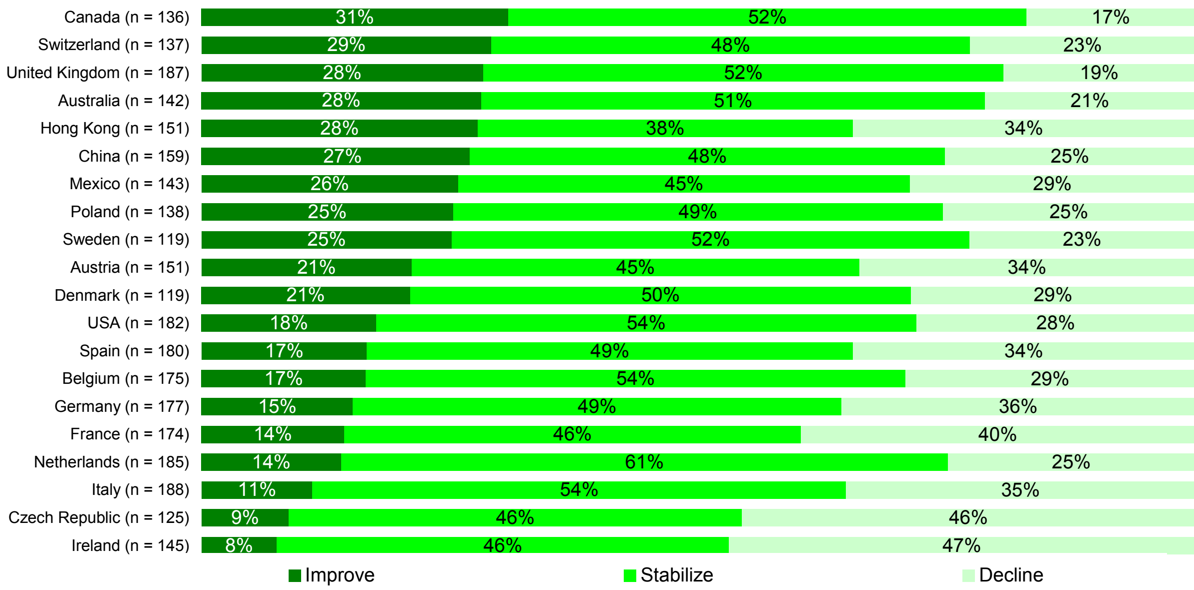
4.3.8 Financial stability of your industry

Country

Although more than 50% of respondents in all countries expect the financial situation of their industry to stabilise or improve by year end 2009, more respondents in 13 of the 20 countries included in the survey anticipate a decline than an improvement. Respondents from Ireland and the Czech Republic are the least optimistic about their industries. In these to countries, fewer than 10% of respondents anticipate an improvement while more than 45% of respondents anticipate a decline in the financial stability of their industries by year end 2009.

Canadian respondents hold the most positive short term outlook. 31% of Canadian respondents anticipate improvement in the financial stability of their industry by year end 2009. They are followed by respondents from Switzerland, the UK, and Australia.

By year end, the financial stability of the respondents industry will:

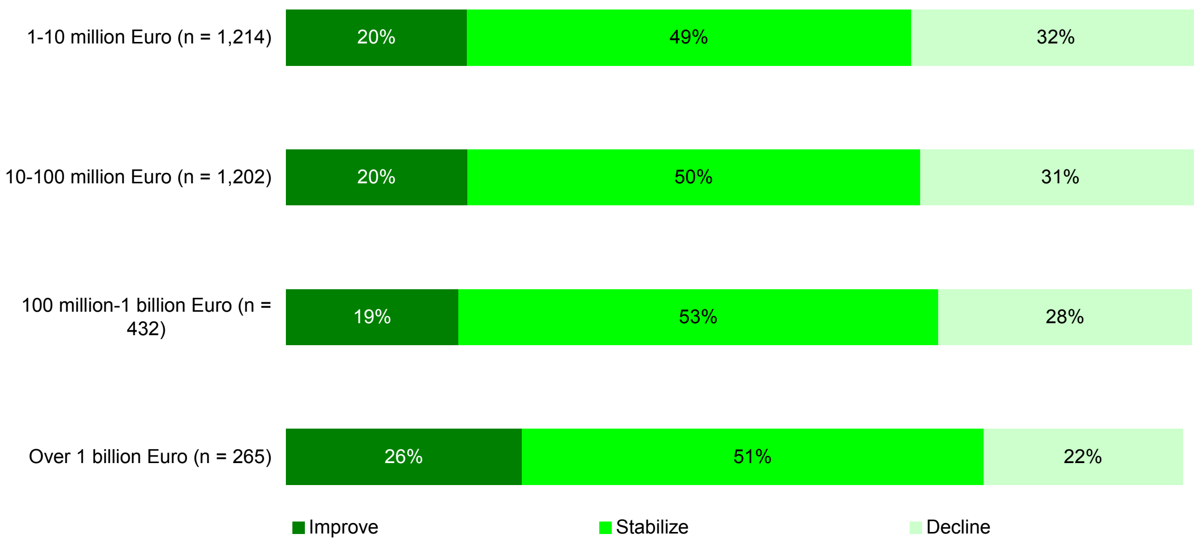


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Turnover Class

Respondents from companies with turnover of more than € 1 billion have the most positive short term outlook for the financial stability of their industry. 77% of respondents anticipate stabilisation or improvement (26% improvement) in their industry's financial stability this year. Across all other turnover classes, about 70% of respondents expect the financial situation of their industry to have stabilized or even improved by the end of 2009 (about 20% anticipate improvement). Overall, respondents of all turnover classes rate the financial outlook of their own company better than that of their own industry.

By year end, the financial stability of the respondents industry will:

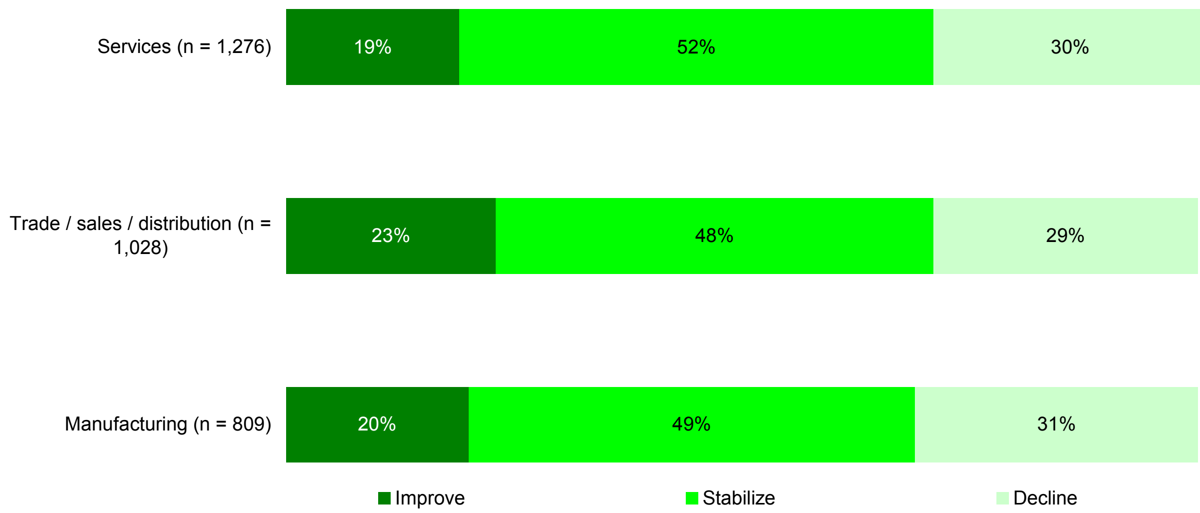


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Major Business Sector

Across main business sectors, overall response rates remain relatively consistent. About 70% of respondents expect the financial situation of their industry to have stabilized or improved by the end of 2009. Only the 23% of trade/sales/distribution sector respondents who anticipate improvement can be set apart (slightly) from the other major business sectors. In comparison, only 19% of respondents from the services sector expect an improvement. Overall, respondents across all main sectors rate the financial outlook of their own company better than that of their own industry. While only 20% expect the financial stability of their own company to decline, about 30 % of them see a financial deterioration of their industry through the end of 2009.

By year end, the financial stability of the respondents industry will:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

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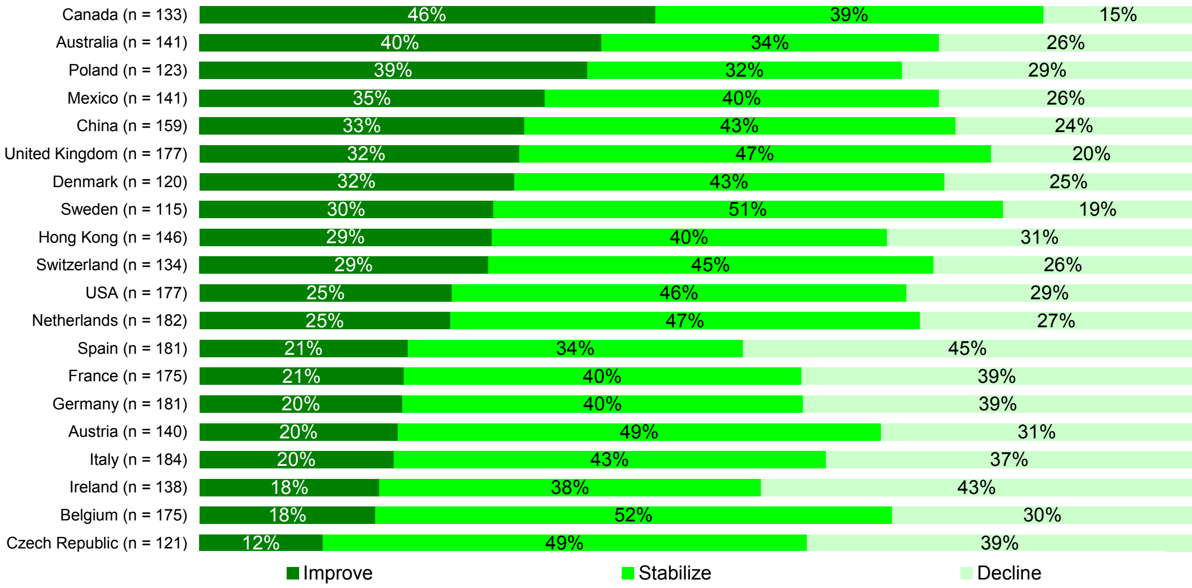
4.3.9 Financial stability of your customers

Country

Response rates about the financial stability of respondents' customers present a somewhat mixed picture. While more than 60% of respondents in all of the countries except Spain and Ireland expect the financial situation of their customers to stabilise or improve by year end 2009 slightly more than half of the countries surveyed have more respondents that anticipate a decline than an improvement.

In Canada, Australia, Poland, Mexico and China more than 30% expect the financial situation of their customers to improve. On the other hand, with the exception of Canada and Sweden, more than 25% of respondents in all countries expect a decline. The expectation of deterioration is highest in Spain (45%), Ireland (43%), France, Germany, Czech Rep. (39%), and Italy (37%).

By year end, the financial stability of the respondents customers will:

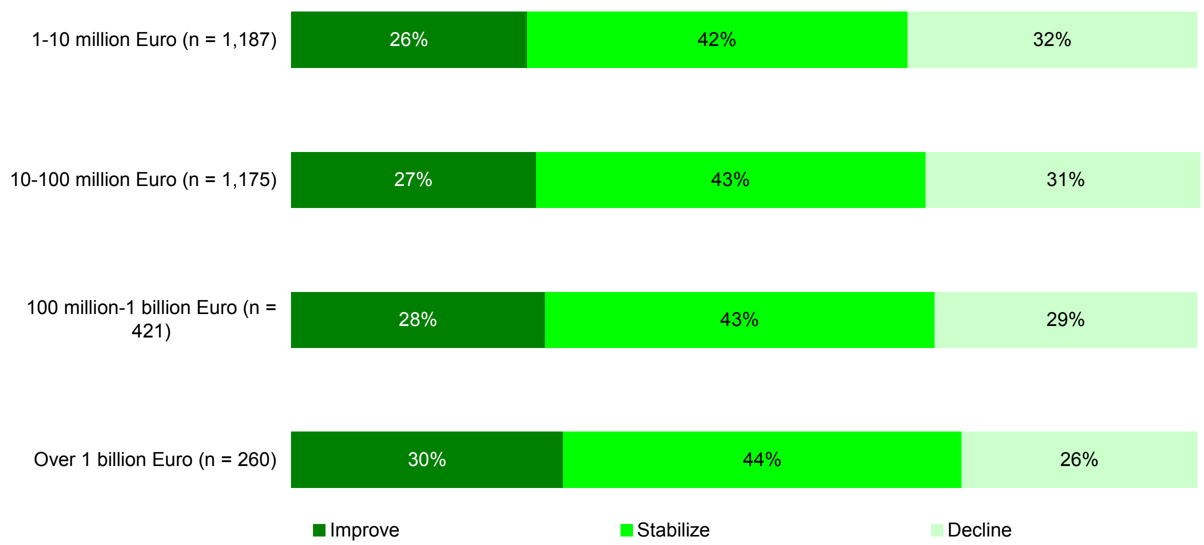


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

Turnover Class

Across all turnover classes, about 70% of respondents expect the financial situation of their customers to have stabilised or improved by the end of 2009. Expectations of improvement very gradually increase with the size of the company. 30% of respondents from companies with turnover of more than € 1 billion expect customers´ financial situation to improve, while 26% expect it to decline. At the same time, 32% of respondents from small companies with turnover of less than € 1 million expect a decline and 26% an improvement. An explanation for this may be that more larger companies usually deliver to the end-consumer (via retail and wholesale) and may have a customer base that is already more financially secure, while smaller companies may be working with smaller less financially secure (potentially distressed) customers.

By year end, the financial stability of the respondents customers will:

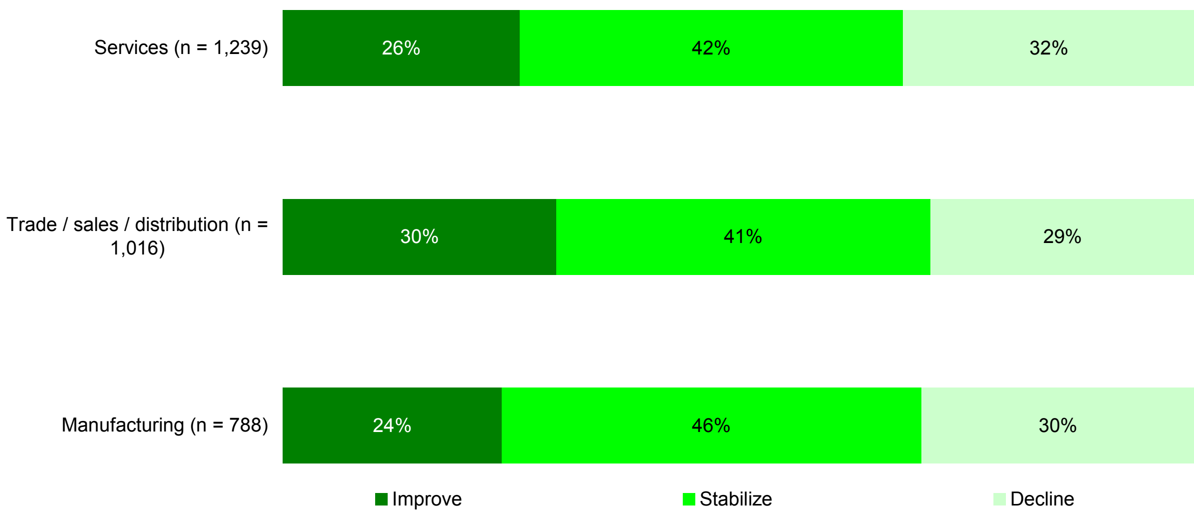


Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

Major Business Sector

About 70% of respondents across all main business sectors expect their customers´ financial situation to have stabilized or improved by the end of 2009. However, about 30% expect a decline. In the services and manufacturing sectors, a higher percentage of respondents expect a decline than an improvement in the financial stability of their customers.

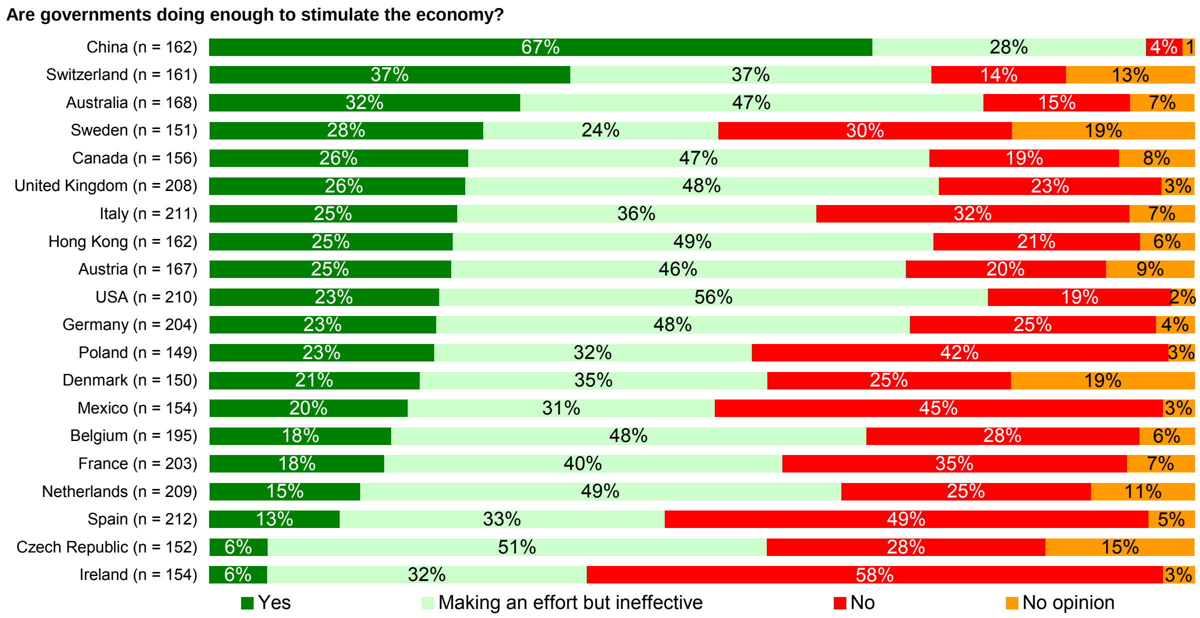
By year end, the financial stability of the respondents customers will:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

5.1 Are governments doing enough to stimulate the economy?

Chinese companies are the most positive about the steps that are taken by their government.

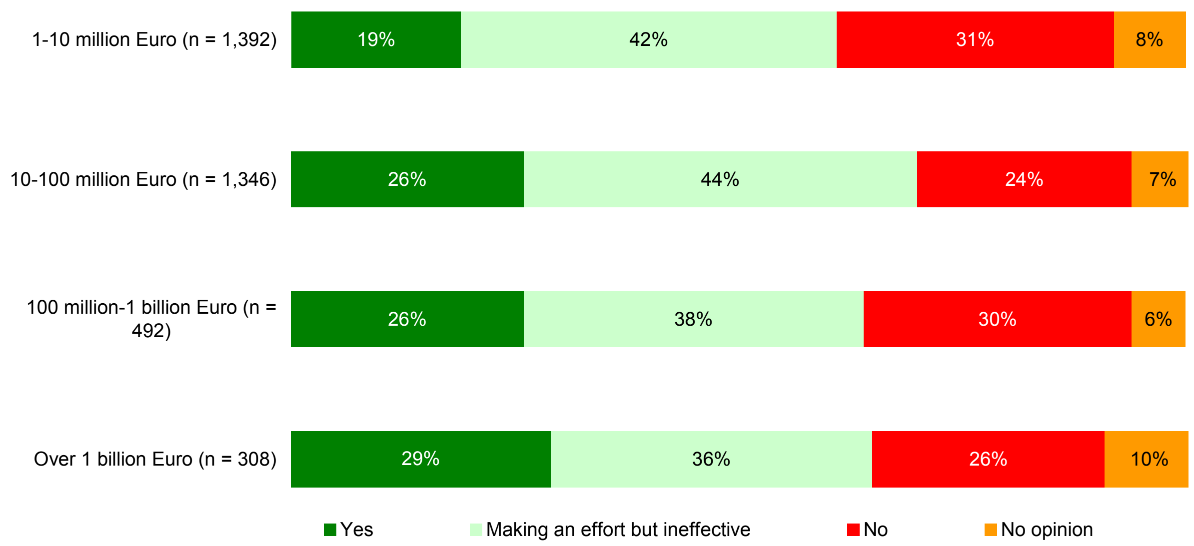


Basis: interviewed companies from respective countries
Source: Heliview Research | Autumn 2009

On average, respondents are unimpressed by the efforts their government has made to stimulate the economy. 30% or more of the respondents in only three markets (China, Switzerland and Australia) believe their government is doing enough to stimulate the economy. Chinese respondents are the most positive about the steps their government has taken to stimulate the economy, no doubt as a result of the positive results of the Chinese government's stimulus programme (China is now on course to meet its 8% growth target for 2009). In view of uncertainty about the tenuous recovery in the Czech Republic, and Ireland's continued struggling economy, it is no surprise that their business communities have the least positive opinion of their governments' actions. Ireland, Spain, Mexico and Poland however were the most disappointed in the governments' response to the economic crisis. In each of these countries more than 40% of respondents stated that their government is not doing enough to stimulate the economy.

The smaller the turnover class, the least satisfied respondents are with their government's actions to stimulate the economy. Smaller companies by their nature have less capital to cushion themselves against the impact of a downturn, and have suffered most from the difficulty of reduced bank lending. This may have influenced their view of government support. It is also the case that many governments have taken a top down stance: supporting the larger companies in the belief that positive effects there will trickle down to smaller suppliers – and that hasn't always proved to be the case.

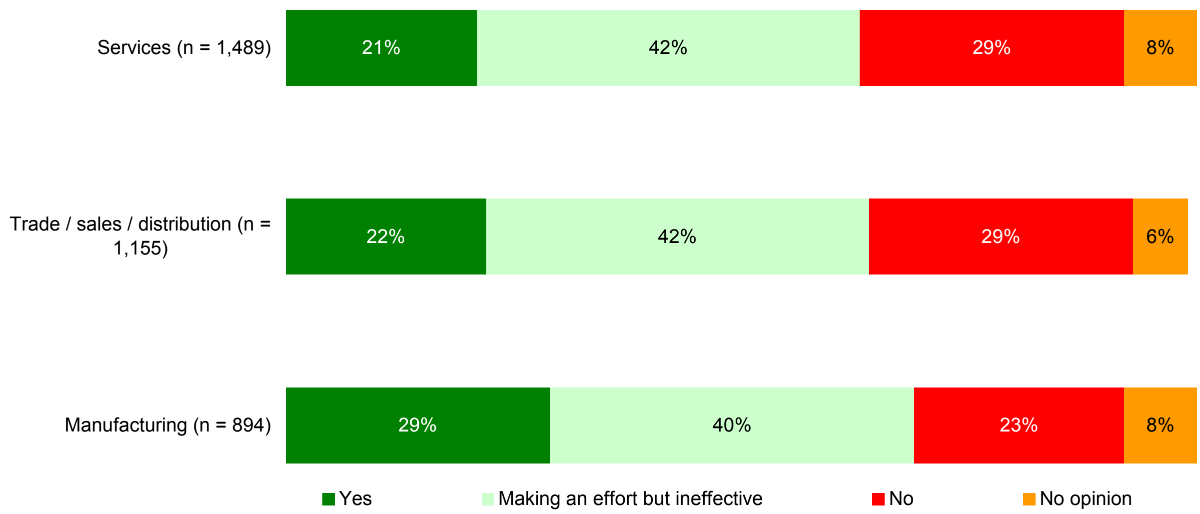
Are governments doing enough to stimulate the economy?



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

In many countries, there have been very visible government initiatives taken to prop up struggling industries (for instance, the ailing motor industry in Germany, France, the UK and the USA). While the European Investment Bank has earmarked €30 billion in SME loans and has encouraged high street banks to use these funds to boost less 'tangible' activities such as R&D, distribution and green technologies, the take up by these industries has been slow: possibly because of strict conditions imposed by the banks. This may account for manufacturers having the most positive view of government support.

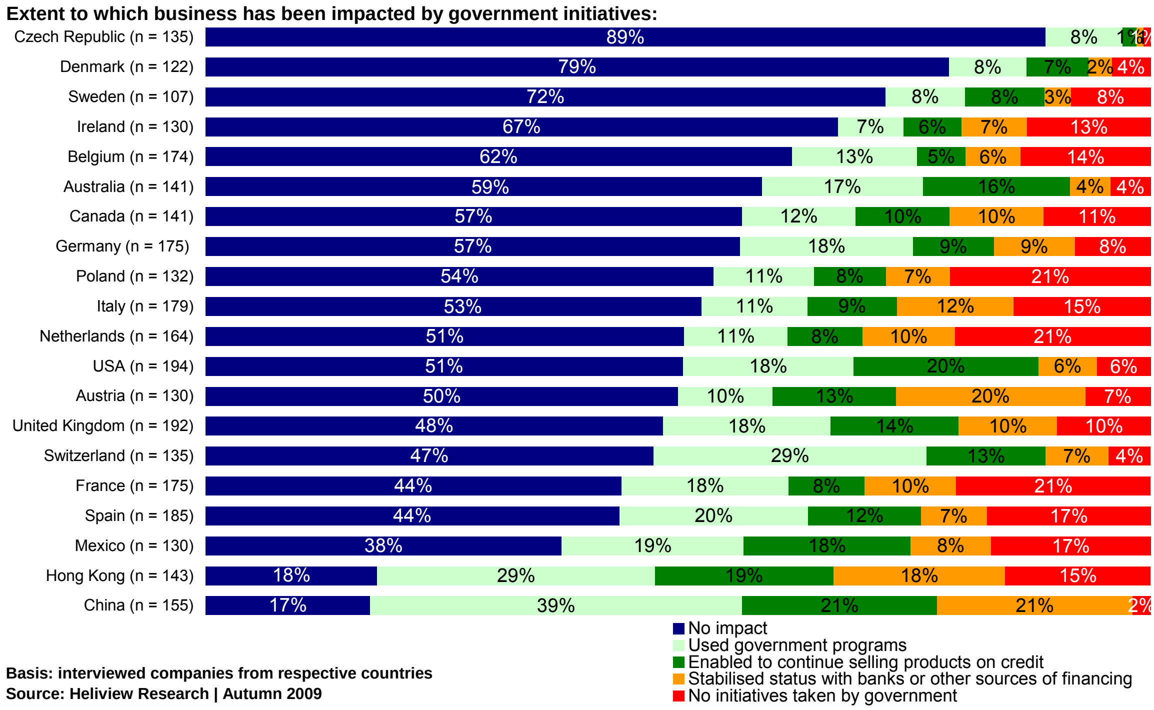
Are governments are doing enough to stimulate the economy?



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

5.2 Impact by government initiatives

Chinese companies are the most likely to have used government programmes.



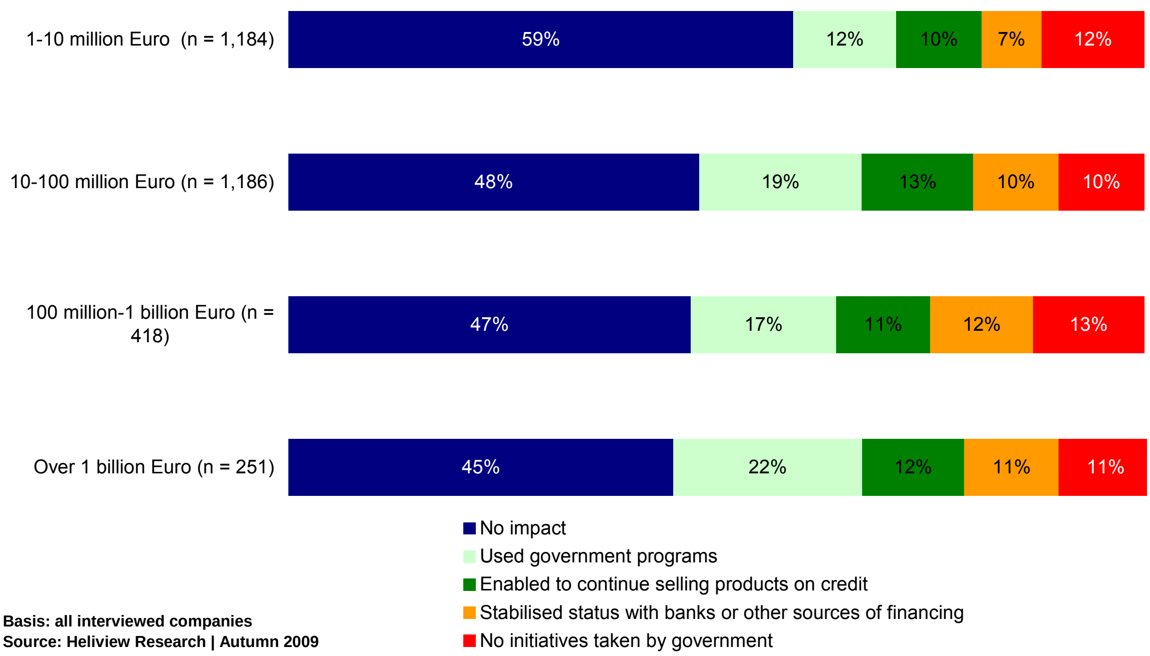
In most cases, government initiatives have had no impact on the business of the respondents. This may suggest that the government programmes are missing a large swath of companies that could benefit from government support. 9 out of 10 Czech respondents believe that government initiatives have had no impact at all.

Chinese and Hong Kong respondents are less critical. About 39% of Chinese respondents have used government programmes which have been set up to stimulate the economy and bailout troubled businesses. Irish (7%), Swedish (8%), Danish (8%) and Czech respondents (8%) have made use of government programmes far less.

In a number of countries like France, the Netherlands and Poland in particular, a reasonable number of respondents did not feel that the government has taken any initiatives at all. For France this is somewhat unusual since the French government had been relatively outspoken on the subject early in the year and has introduced more than one programme to help stimulate the economy. The Dutch programme was only introduced in June, which would explain the relatively high number of respondents who stated the government has not taken any initiatives.

Government initiatives have had far less of an impact on smaller businesses. Businesses with turnover of more than € 1 billion are more likely to use government programmes than all other turnover classes, perhaps because of their size, professionalism and because they have the resources to do so, (many government programmes can be cost prohibitive to smaller companies) and also of course because so much attention has been paid by governments to large businesses, for instance, major auto manufacturers and financial institutions.

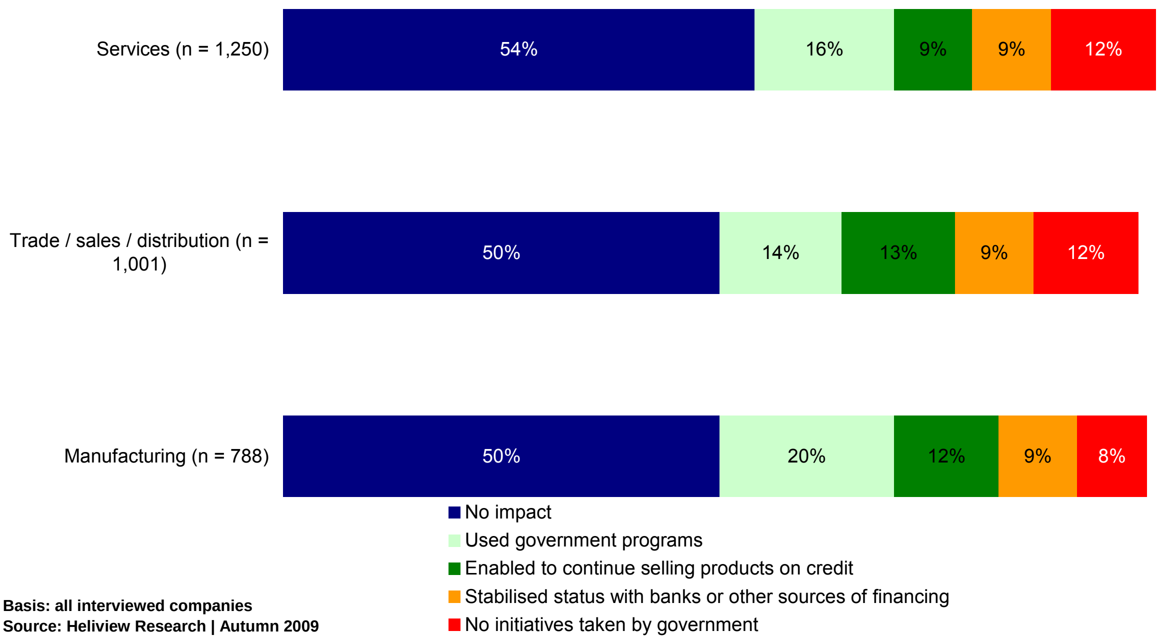
Extent to which business has been impacted by government initiatives:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

A fairly consistent set of opinions across all sectors, although, unsurprisingly, manufacturers have made most use of government programmes, since a number of the stimulus packages have been aimed at the manufacturing sector, either directly or through incentives to boost consumer spending. The services sector has experienced less of an impact than the other major business sectors.

Extent to which business has been impacted by government initiatives:



Basis: all interviewed companies
Source: Heliview Research | Autumn 2009

5.2.1 Types of actions governments should take to stimulate the economy

There's a definite similarity of opinion across businesses in all countries that tax breaks are one of the two most important forms of stimulus. Lower interest rates also figure highly on most countries' wish list.

However, those two priorities aside, there's a marked difference of opinion about other possible measures. The one that stands out is the attitude of businesses in different countries to corporate bailouts. At the top end, China (50%) and Italy (42%) see this as an effective way to stimulate the economy, while Ireland (9%) and the USA (10%) clearly beg to differ.

The reasons for this divergence of opinion aren't hard to find. China has a long history of state ownership of industry, and, while in the past this has often been synonymous with inefficiency, in more recent times state-owned companies have contributed greatly to China's economic success. With its massive capital reserves, Chinese businesses no doubt have confidence that their government has the wherewithal to shore up ailing industry with little or no knock on effect.

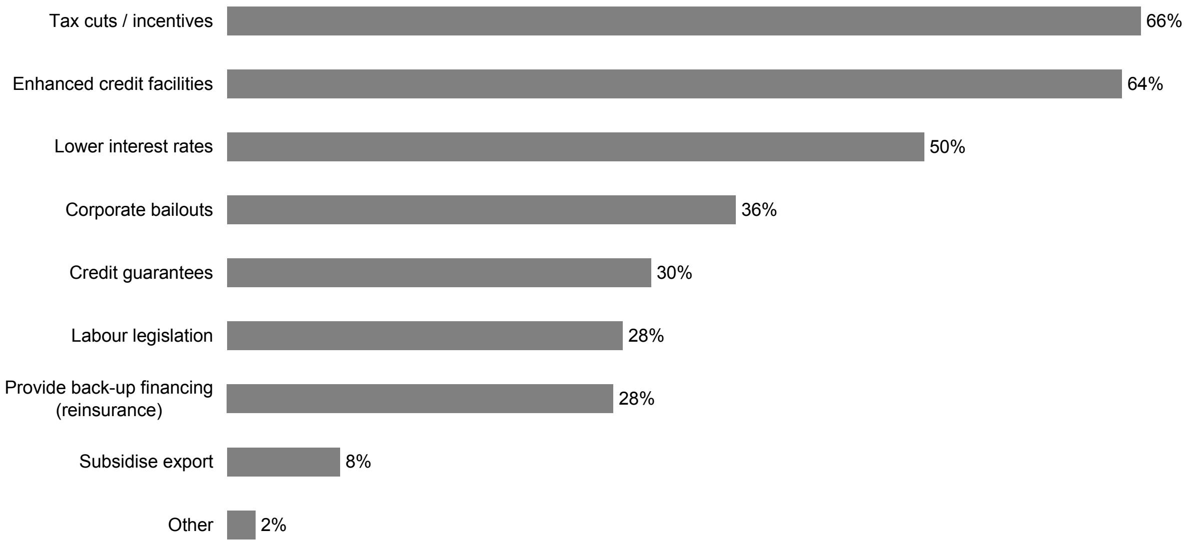
Italians' support of government aid for ailing industries may have more to do with national pride: a recent example of such aid being that of the national airline Alitalia, a symbol of Italy's post war economic boom.

At the other end of the spectrum, neither Ireland nor the USA has the vast financial reserves that China does, and so 'bail out' can translate as 'increased national debt' or 'higher taxes'. Hence the fierce opposition to the Irish government's bailout plan for five of its banks (at a cost of €77 billion). In the US, with its famously entrepreneurial business ethic, 62% of American investors, questioned in a national survey earlier this year by Rasmussen Reports, opted for no bailouts to the troubled car industry, the finance sector or struggling home owners.

Austria

66% of the Austrian respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "enhanced credit facilities" (64%) and "lower interest rates" (50%).

Actions governments should take to stimulate the economy by Austrian companies:

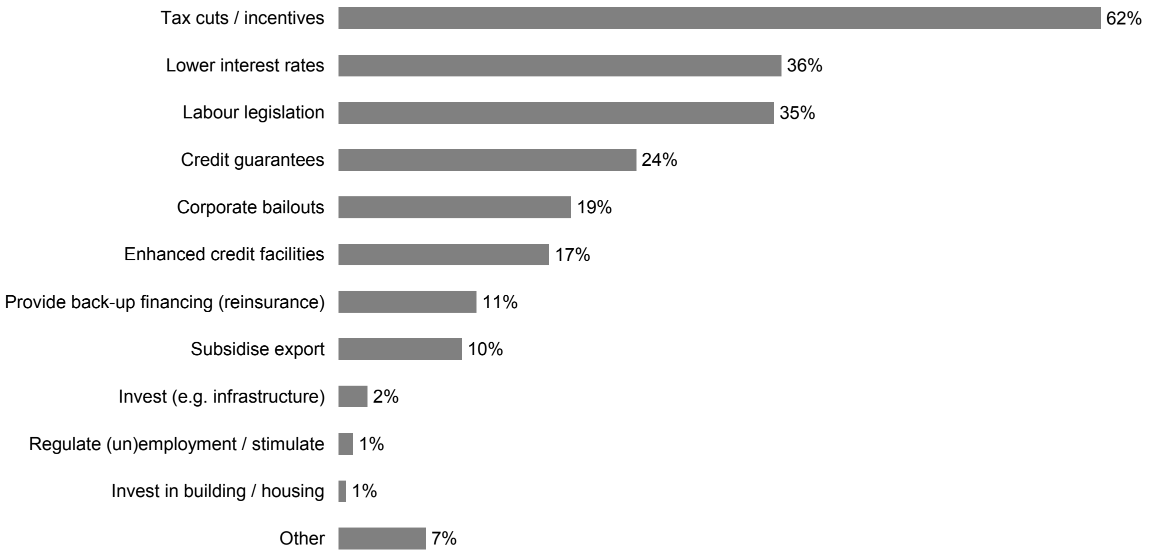


Basis: interviewed companies from Austria (n = 148)
Source: Heliview Research | Autumn 2009

Belgium

62% of the Belgian respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "lower interest rates" (36%) and "labour legislation" (35%).

Actions governments should take to stimulate the economy by Belgian companies:

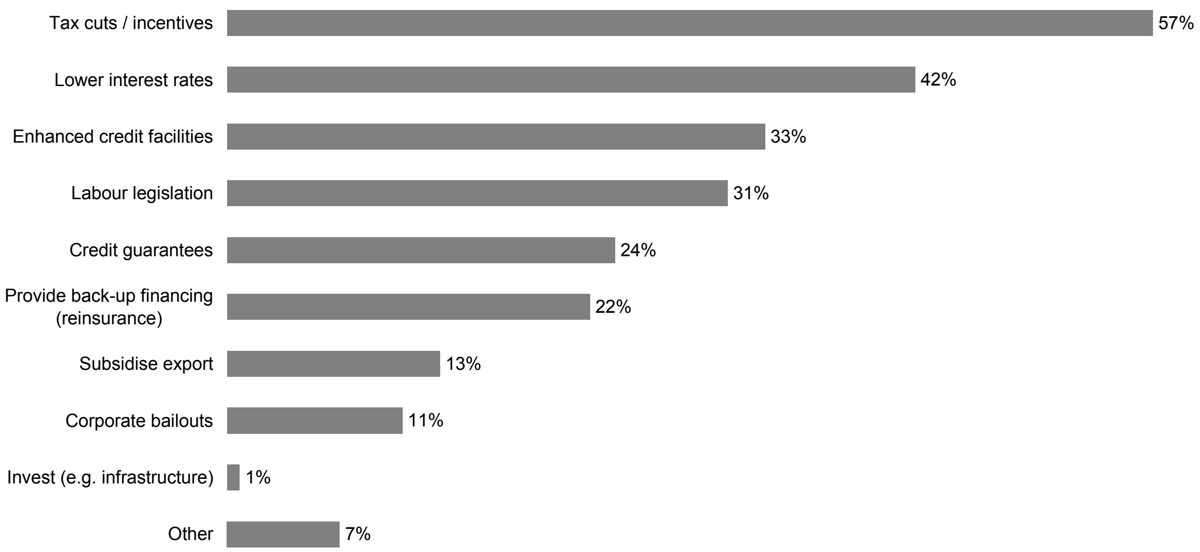


Basis: interviewed companies from Belgium (n = 170)
Source: Heliview Research | Autumn 2009

Czech Republic

57% of the Czech respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "lower interest rates" (42%) and "enhanced credit facilities" (33%).

Actions governments should take to stimulate the economy by Czech companies:

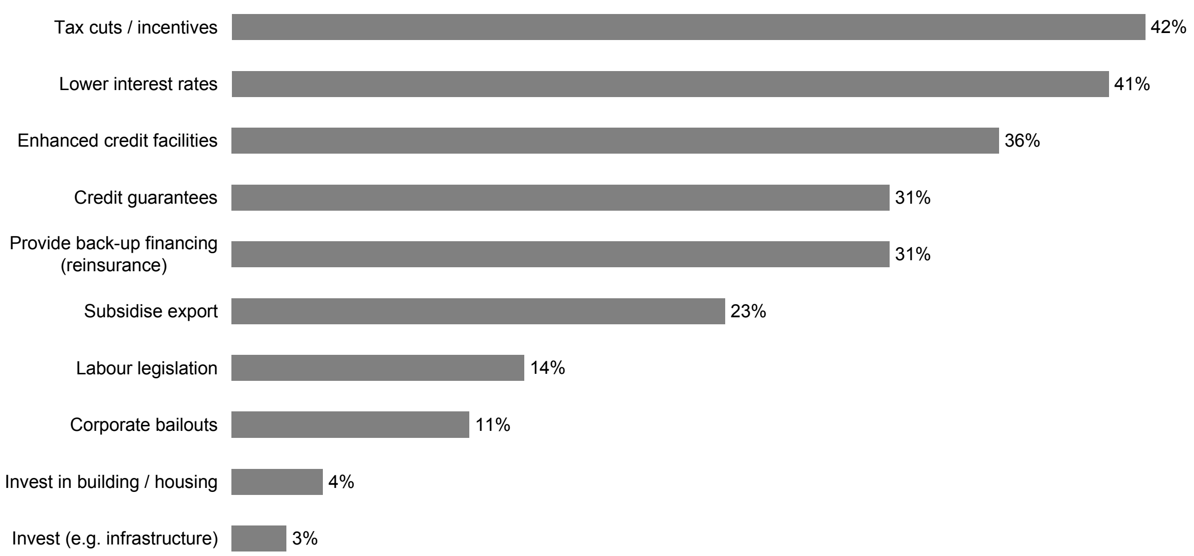


Basis: interviewed companies from Czech Republic (n = 130)
Source: Heliview Research | Autumn 2009

Denmark

42% of the Danish respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "lower interest rates" (41%) and "enhanced credit facilities" (36%).

Actions governments should take to stimulate the economy by Danish companies:

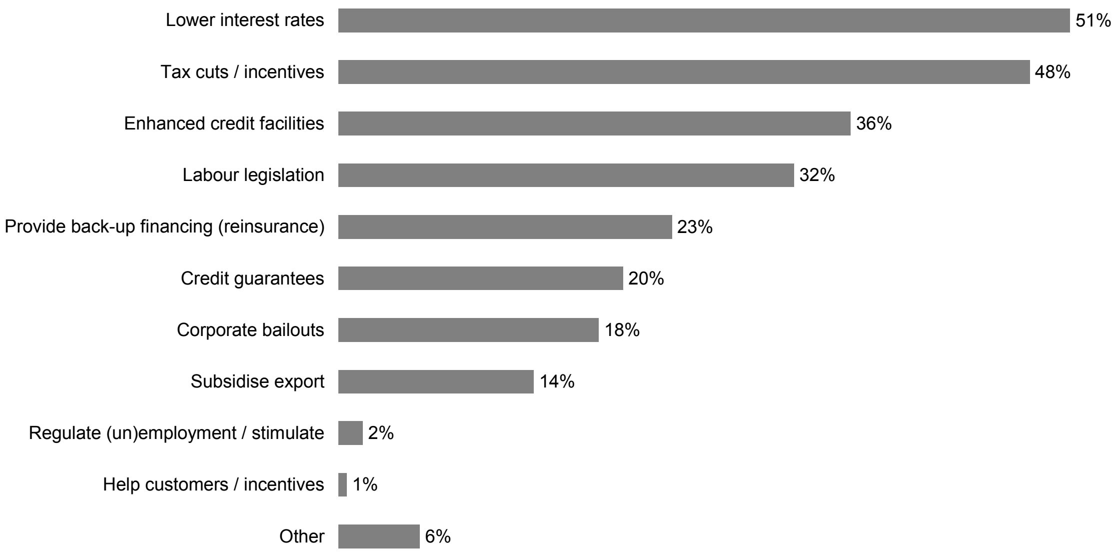


Basis: interviewed companies from Denmark (n = 118)
Source: Heliview Research | Autumn 2009

France

51% of the French respondents think that their government should “lower interest rates” to stimulate the economy, followed by using tax cuts/incentives (48%) and enhanced credit facilities (36%).

Actions governments should take to stimulate the economy by French companies:

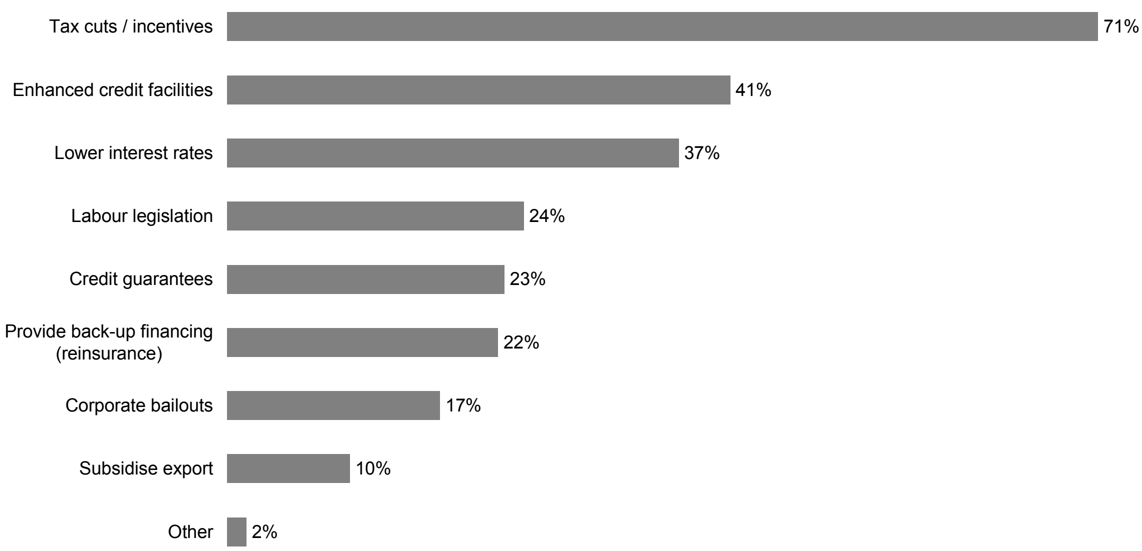


Basis: interviewed companies from France (n = 177)
Source: Heliview Research | Autumn 2009

Germany

71% of the German respondents think that their government should stimulate the economy through “tax cuts/incentives”, followed by “enhanced credit facilities” (41%) and “lower interest rates” (37%).

Actions governments should take to stimulate the economy by German companies:

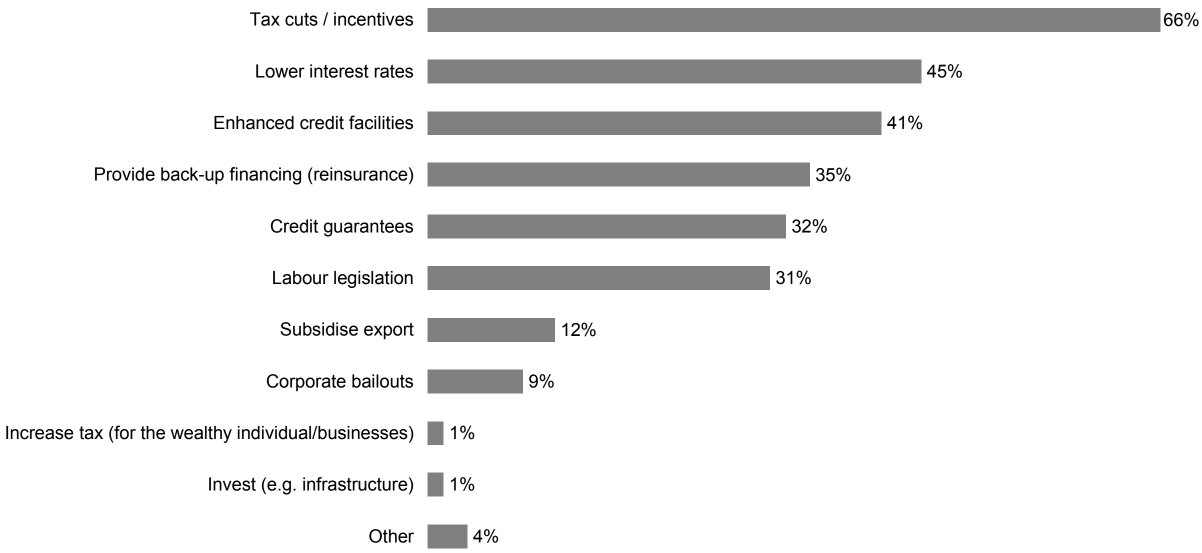


Basis: interviewed companies from Germany (n = 189)
Source: Heliview Research | Autumn 2009

Ireland

66% of the Irish respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "lower interest rates" (45%) and "enhanced credit facilities" (41%).

Actions governments should take to stimulate the economy by Irish companies:

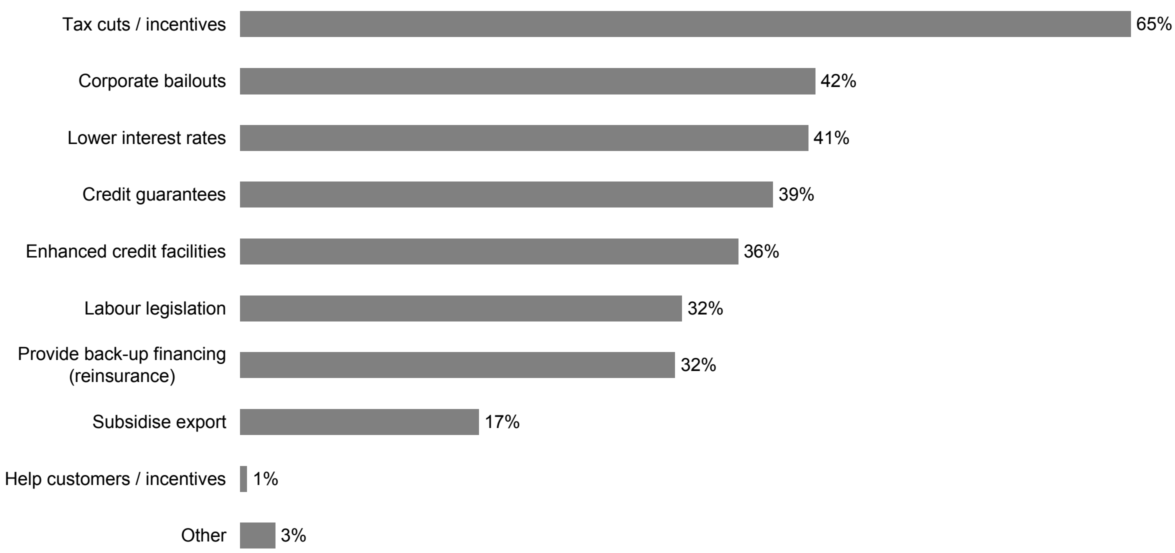


Basis: interviewed companies from Ireland (n = 139)
Source: Heliview Research | Autumn 2009

Italy

65% of the Italian respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "corporate bailouts" (42%) and "lower interest rates" (41%).

Actions governments should take to stimulate the economy by Italian companies:

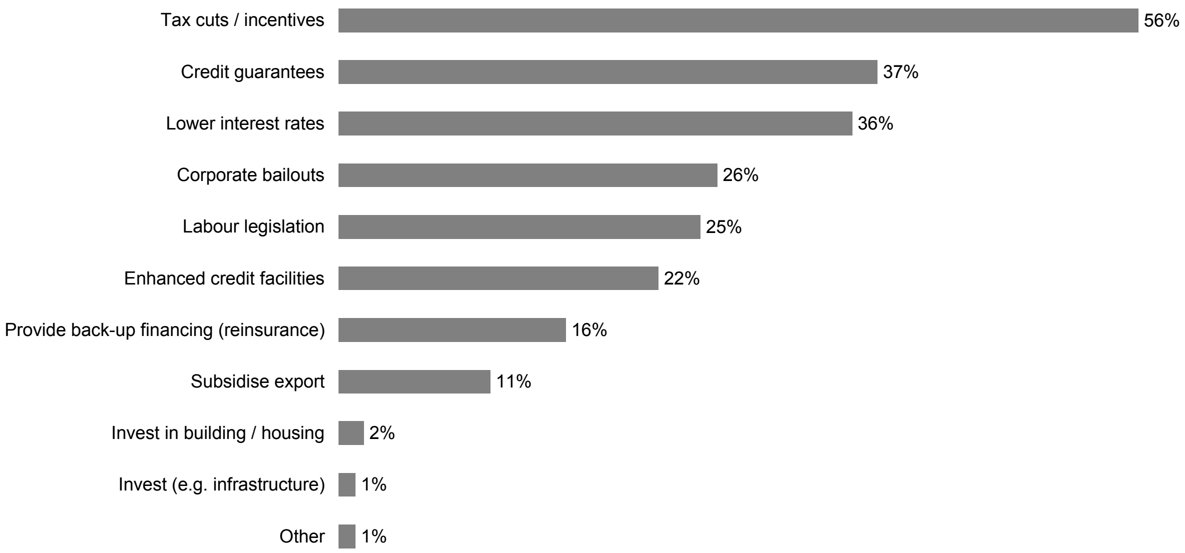


Basis: interviewed companies from Italy (n = 196)
Source: Heliview Research | Autumn 2009

The Netherlands

56% of the Dutch respondents think that their government should stimulate the economy through “tax cuts/incentives”, followed by “credit guarantees” (37%) and “lower interest rates” (36%).

Actions governments should take to stimulate the economy by Dutch companies:

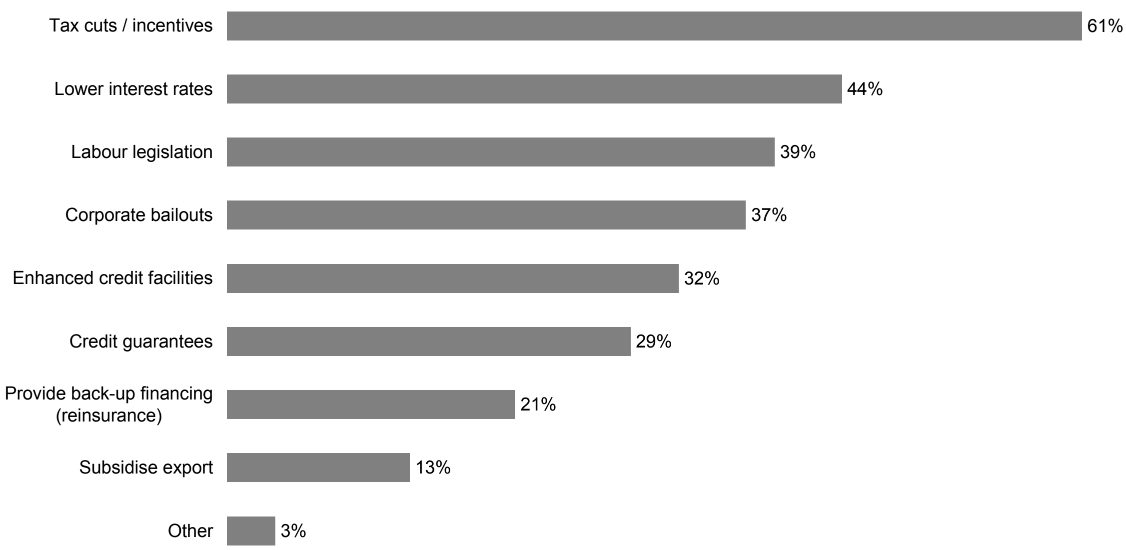


Basis: interviewed companies from the Netherlands (n = 171)
Source: Heliview Research | Autumn 2009

Poland

61% of the Polish respondents think that their government should stimulate the economy through “tax cuts/incentives”, followed by “lower interest rates” (44%) and “labour legislation“ (39%).

Actions governments should take to stimulate the economy by Polish companies:

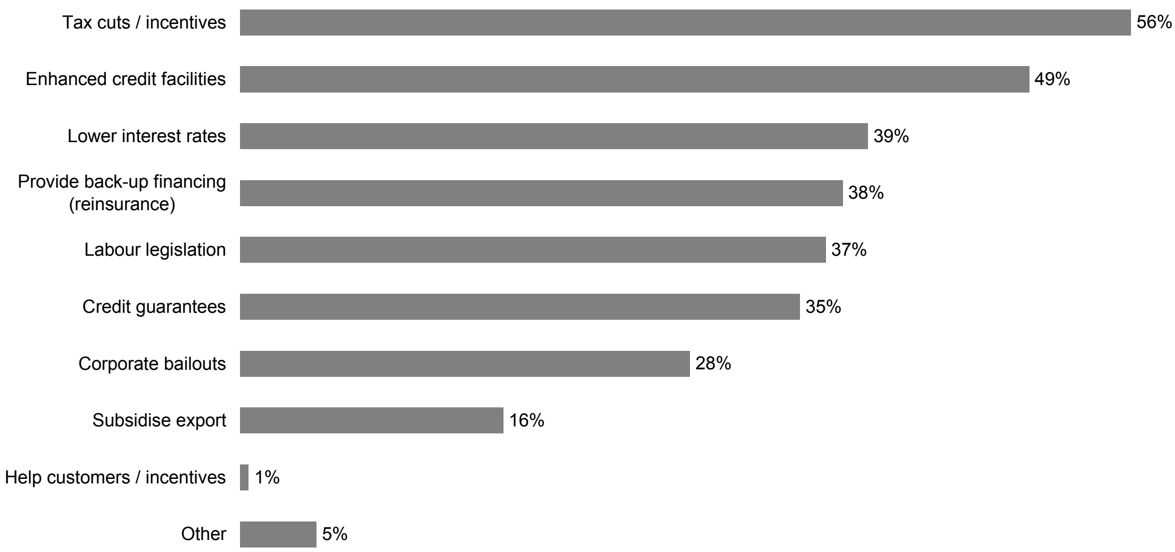


Basis: interviewed companies from Poland (n = 145)
Source: Heliview Research | Autumn 2009

Spain

56% of the Spanish respondents think that their government should stimulate the economy through “tax cuts/incentives”, followed by “enhanced credit facilities” (49%) and lower interest rates” (39%).

Actions governments should take to stimulate the economy by Spanish companies:

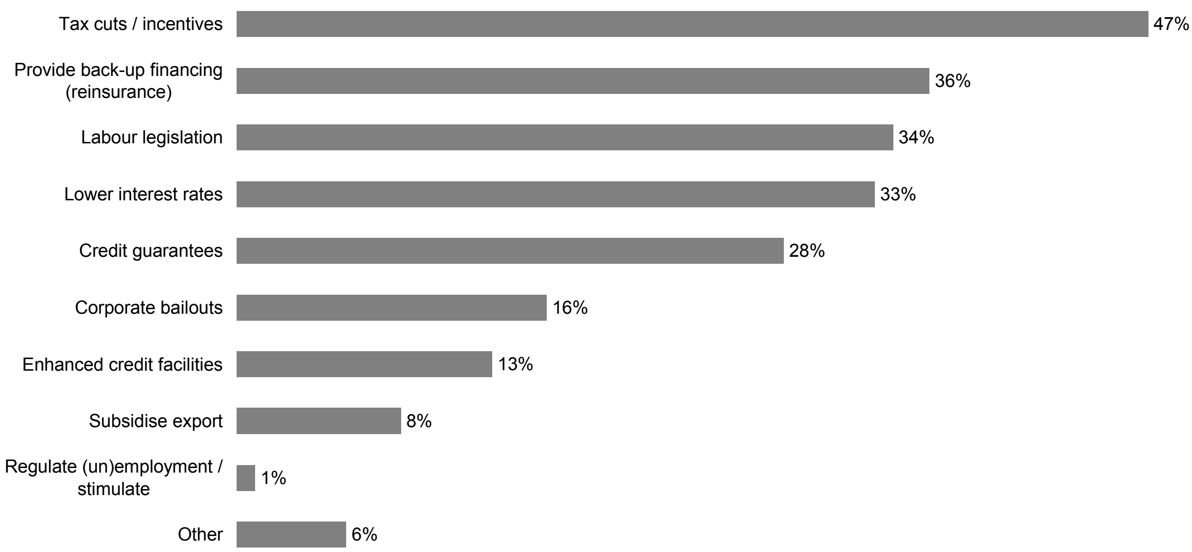


Basis: interviewed companies from Spain (n = 189)
Source: Heliview Research | Autumn 2009

Sweden

47% of the Swedish respondents think that their government should stimulate the economy through “tax cuts/incentives”, followed by “providing of back-up financing” (36%) and “labour legislation” (34%).

Actions governments should take to stimulate the economy by Swedish companies:

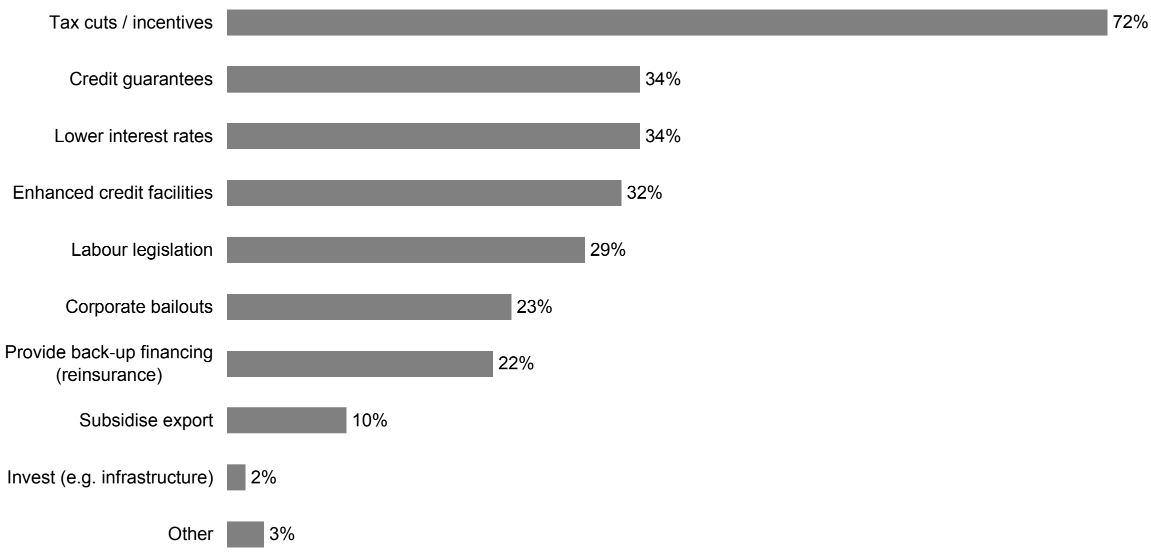


Basis: interviewed companies from Sweden (n = 106)
Source: Heliview Research | Autumn 2009

Switzerland

72% of the Swiss respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "credit guarantees" (34%) and "lower interest rates" (34%).

Actions governments should take to stimulate the economy by Swiss companies:

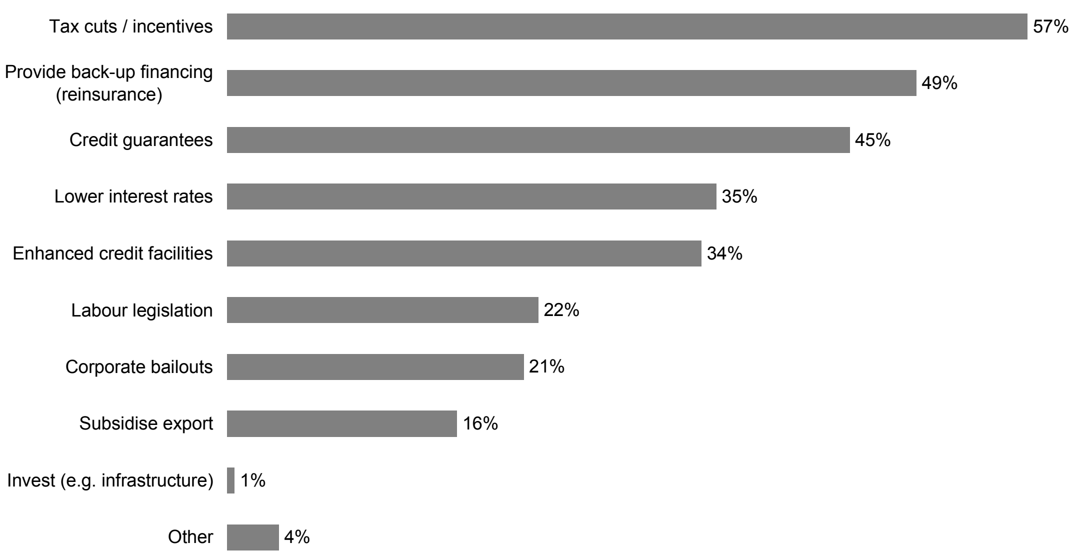


Basis: interviewed companies from Switzerland (n = 133)
Source: Heliview Research | Autumn 2009

United Kingdom

57% of the British respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "providing back-up financing or reinsurance" (49%) and "credit guarantees" (45%).

Actions governments should take to stimulate the economy by British companies:

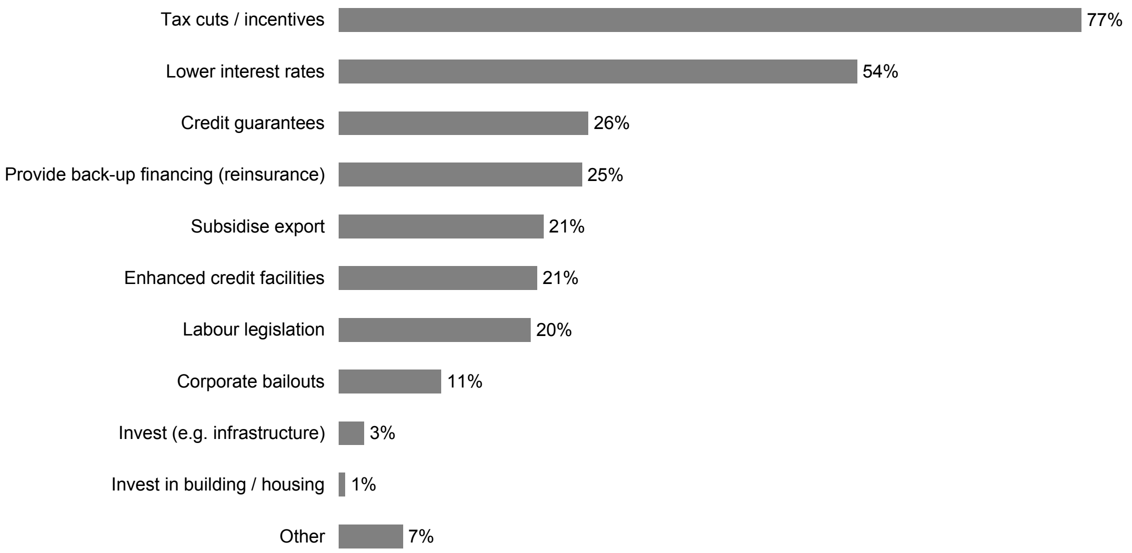


Basis: interviewed companies from the United Kingdom (n = 187)
Source: Heliview Research | Autumn 2009

Australia

77% of the Australian respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "lower interest rates" (54%) and "credit guarantees" (26%).

Actions governments should take to stimulate the economy by Australian companies:

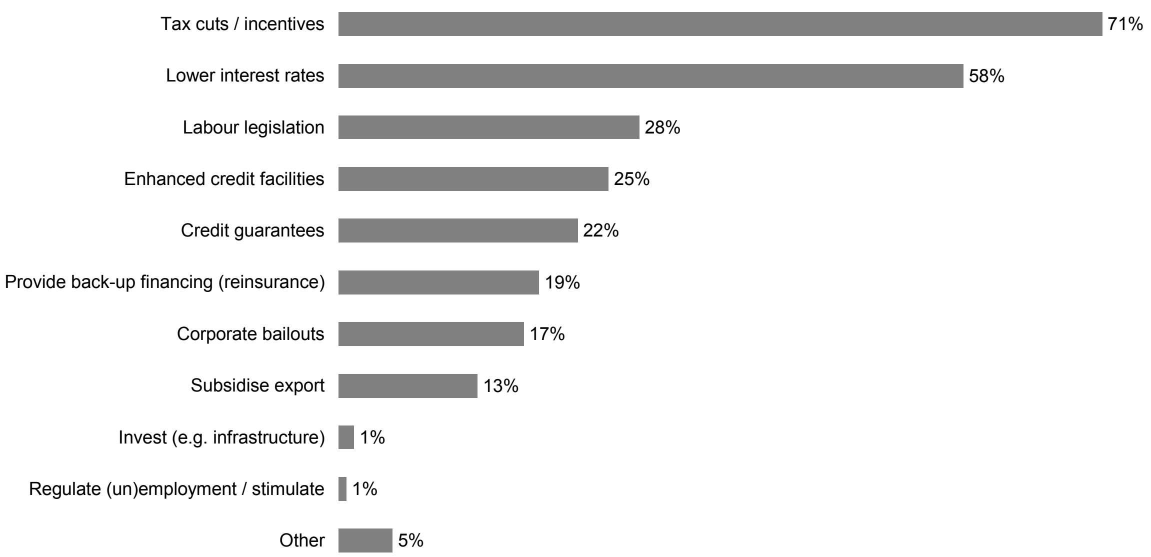


Basis: interviewed companies from Australia (n = 150)
Source: Heliview Research | Autumn 2009

Canada

71% of the Canadian respondents think that their government should stimulate the economy through "tax cuts/incentives", followed by "lower interest rates" (58%) and "labour legislation" (28%).

Actions governments should take to stimulate the economy by Canadian companies:

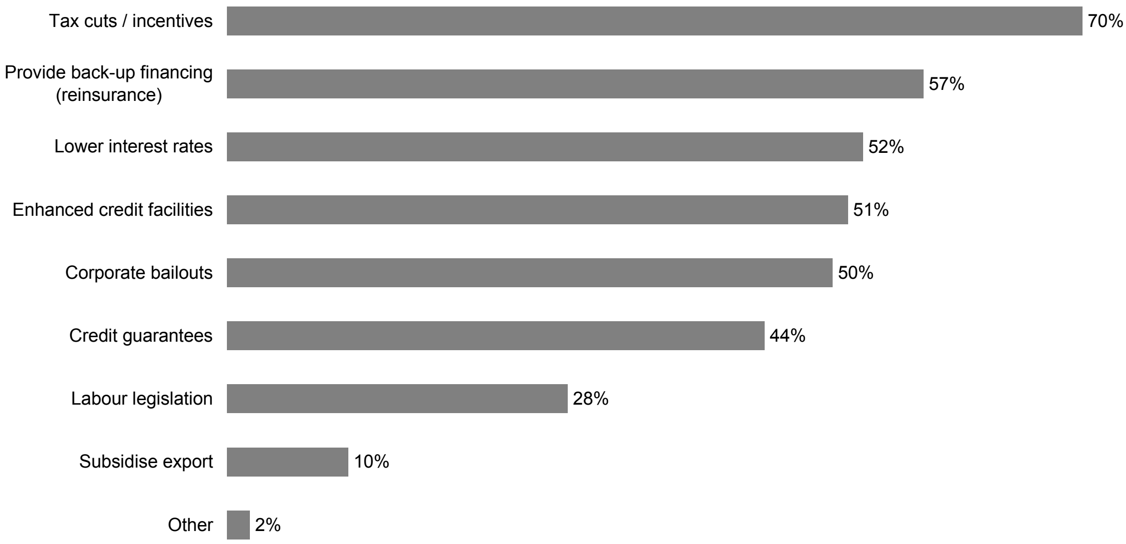


Basis: interviewed companies from Canada (n = 140)
Source: Heliview Research | Autumn 2009

China

70% of the Chinese respondents think that their government should stimulate the economy through "tax cuts/ incentives", followed by "providing back-up financing or reinsurance" (57%) and "lower interest rates" (52%).

Actions governments should take to stimulate the economy by Chinese companies:

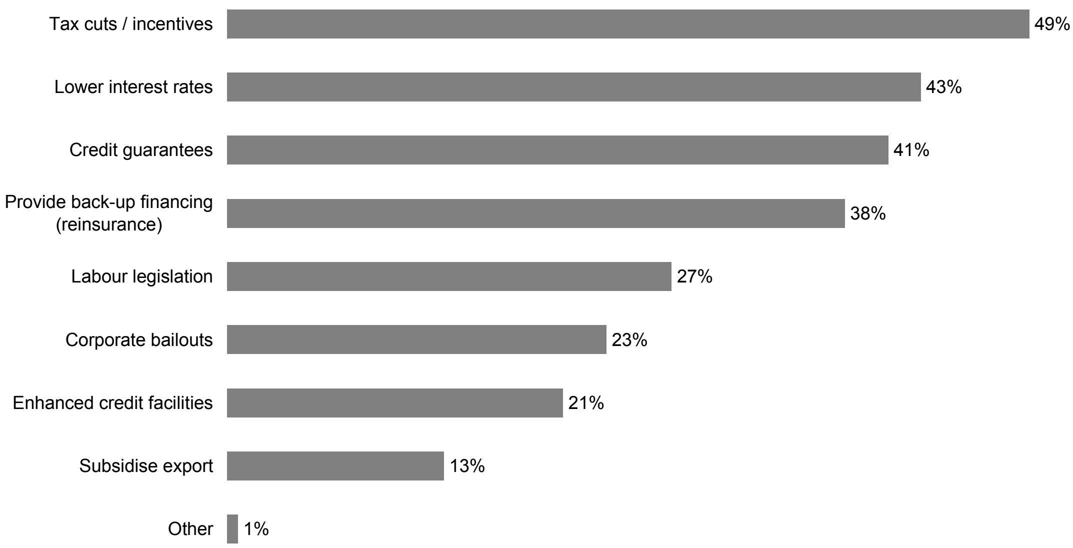


Basis: interviewed companies from China (n = 161)
Source: Heliview Research | Autumn 2009

Hong Kong

49% of the respondents from Hong Kong think that their government should stimulate the economy through "tax cuts/incentives", followed by "lower interest rates" (43%) and "credit guarantees" (41%).

Actions governments should take to stimulate the economy by Hong Kong companies:

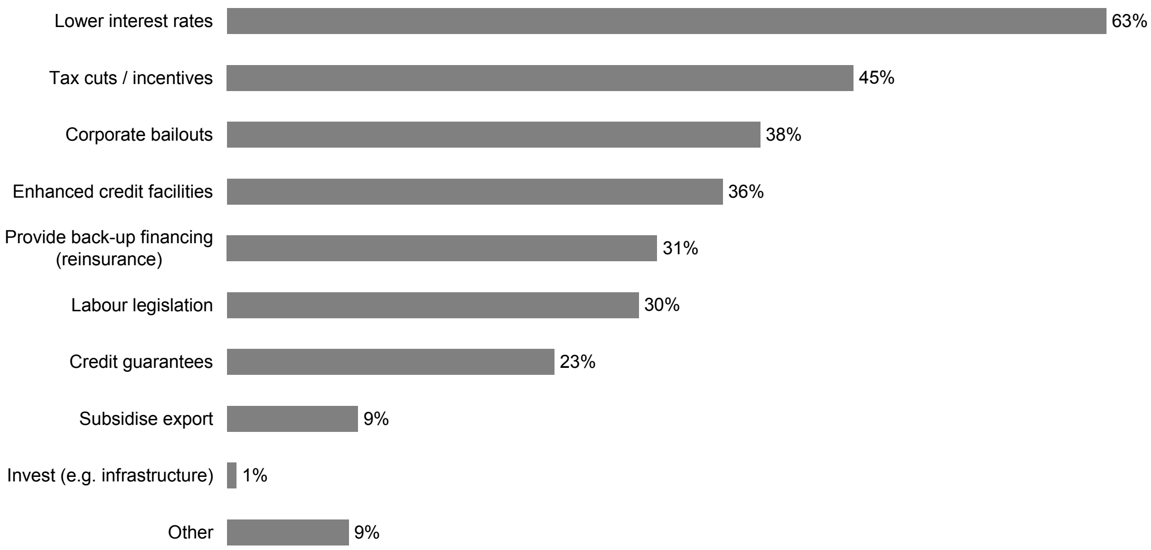


Basis: interviewed companies from Hong Kong (n = 150)
Source: Heliview Research | Autumn 2009

Mexico

63% of the Mexican respondents think that their government should “lower interest rates” to stimulate the economy, followed by “tax cuts/incentives” (45%) and “corporate bailouts” (38%).

Actions governments should take to stimulate the economy by Mexican companies:

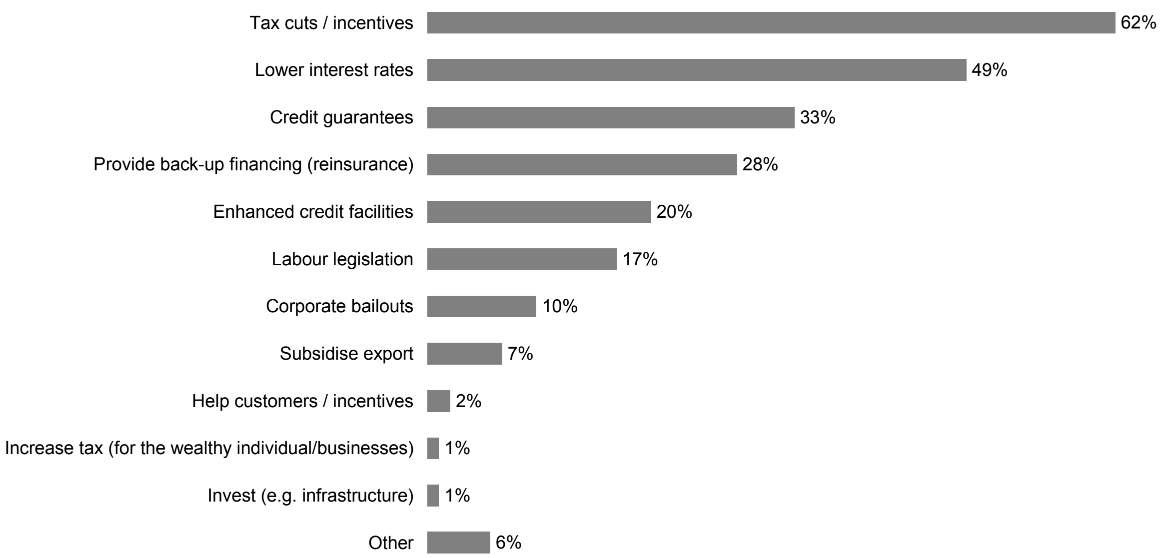


Basis: interviewed companies from Mexico (n = 149)
Source: Heliview Research | Autumn 2009

United States of America

62% of respondents from the Unites States think that their government should stimulate the economy through “tax cuts/incentives”, followed by “lower interest rates” (49%) and “credit guarantees” (33%).

Actions governments should take to stimulate the economy by companies from the USA:



Basis: interviewed companies from the USA (n = 193)
Source: Heliview Research | Autumn 2009

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