SINGAPORE
COMMERCIAL
CREDIT BUREAU

PRESS RELEASE

Contact:
Matthias Chen, Marcom & Product Development
matthias.chen@dnb.com.sg
+65 6439 6670/+65 9478 5568

FOR IMMEDIATE RELEASE

Local firms turned in mixed payment performance in Q1 2017

Manufacturing and Retail firms see improvements in slow payments
Payment delays within the construction sector hit a new historic high since Q4 2011

-*Singapore Commercial Credit Bureau*

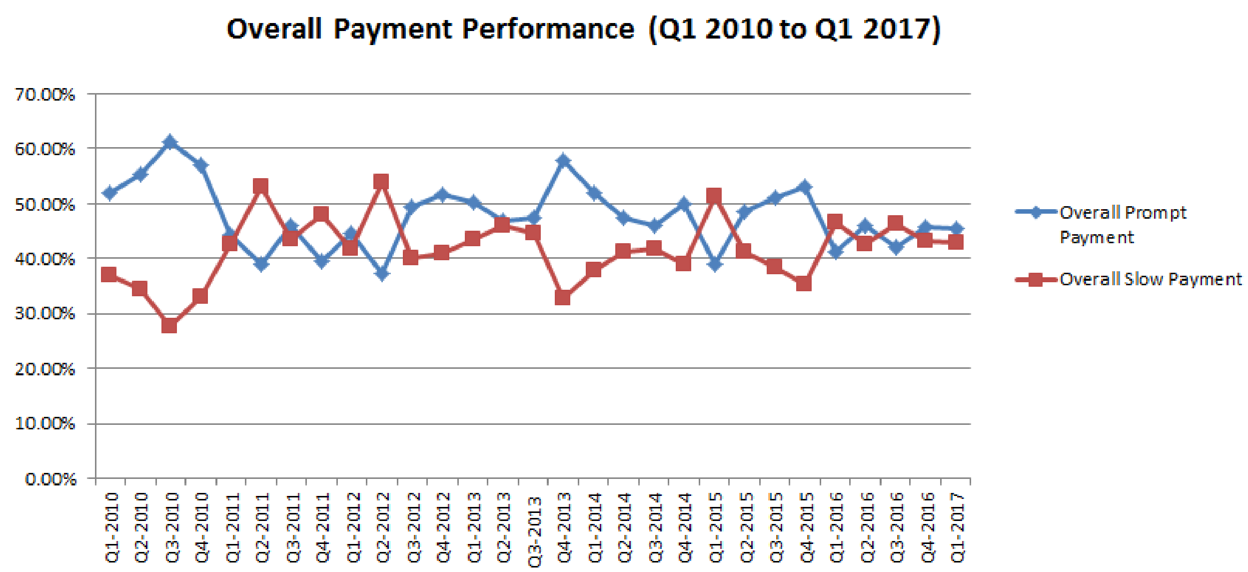
Singapore, 04 April 2017 – Singapore firms turned in a mixed payment performance for the first quarter of 2017 with improvements seen in manufacturing and retail sectors while payment performance within the construction sector continues to worsen. According to Singapore Commercial Credit Bureau (SCCB), prompt payments accounted for less than half of total payment transactions while slow payments have accounted for more than two-fifths of payment transactions.

On a quarter-on-quarter (q-o-q) basis, slow payments have slid slightly by 0.47 percentage points from 43.28 per cent in Q4 2016 to 42.81 per cent in Q1 2017. Y-o-y slow payment fell by 3.77 percentage points from 46.58 per cent in Q1 2016 to 42.81 per cent in Q1 2017.

Despite the slight improvement in slow payments, q-o-q prompt payments have on the other hand dipped slightly by 0.43 percentage points from 45.87 per cent in Q4 2016 to 45.44 per cent in Q1 2017. However, year-on-year (y-o-y) prompt payments have improved visibly by 4.33 percentage points from 41.11 per cent in Q1 2016 to 45.44 per cent in Q1 2017.

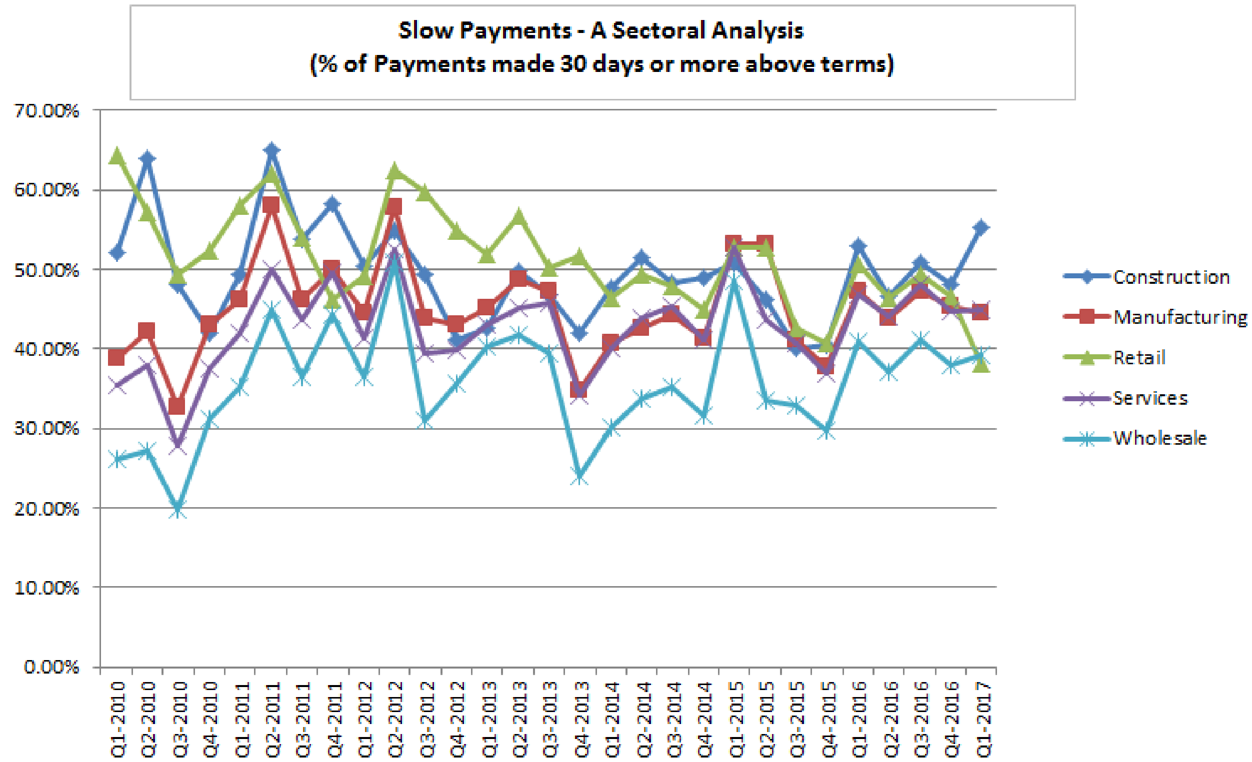
Meanwhile, partial payments have accounted for more than one-tenth of total payment transactions, inching slightly upwards by 0.90 percentage points from 10.85 per cent in Q4 2016 to 11.75 per cent in Q1 2017. Y-o-y partial payments have declined marginally from 12.31 per cent in Q1 2016 to 11.75 per cent in Q1 2017.

Singapore Payment Performance



From a sectoral perspective, q-o-q slow payments have deteriorated across majority of the industries. This stands in contrast to Q4 2016 when all five industries experienced slight improvements in slow payments. Y-o-y slow payments have however improved across 4 of five industries.

Sector	% of Slow Payments			Percentage-Point Change	
	Q1 2017	Q4 2016	Q1 2016	Q-o-q	Y-o-y
Construction	55.22	47.97	52.98	+7.25	+2.24
Manufacturing	44.50	45.36	47.20	-0.86	-2.70
Retail	38.08	46.69	50.65	-8.61	-12.57
Services	44.81	44.66	46.72	+0.15	-1.91
Wholesale	39.22	37.96	40.85	+1.26	-1.63



<u>Construction</u>

As with Q4 2016, the construction sector registered a new record high in more than 5 years since Q4 2011 when slow payments accounted for nearly three-fifths of payment delays at 58.30 per cent. According to SCCB, the construction sector has also registered the highest q-o-q increase in payment delays owing to a visible deterioration of payment performance by the building construction sub-sector and special trade contractors.

- ❖ Q-o-q payment delays jumped visibly by 7.25 percentage points from 47.97 per cent in Q4 2016 to 55.22 per cent in Q1 2017.
- ❖ Firms involved in building construction registered the highest proportion of payment delays. According to SCCB, payment delays rose markedly by 8.08 percentage points from 49.14 per cent in Q4 2016 to 57.22 per cent in Q1 2017. Special trade contractors registered the second highest increase by 7.39

percentage points from 45.44 per cent in Q4 2016 to 52.83 per cent in Q1 2017. Meanwhile, slow payments by firms in heavy construction have increased by 5.75 percentage points from 50.81 per cent in Q4 2016 to 56.56 per cent in Q1 2017.

- On a y-o-y basis, payment delays within the construction sector rose marginally by 2.24 percentage points from 52.98 per cent in Q1 2016 to 55.22 per cent in Q1 2017.

Services

Slow payments within the services sector accounted for the second highest proportion of payment delays for Q1 2017. SCCB notes that payment delays have increased visibly within the recreational services and membership organizations sub-segments.

- Q-o-q payment delays inched up slightly by 0.15 percentage points from 44.66 per cent in Q4 2016 to 44.81 per cent in Q1 2017.

- The health services sector registered the highest proportion of slow payments, dropping by 13.22 percentage points from 63.04 per cent in Q4 2016 to 49.82 per cent in Q1 2017. This is followed by the corporate services sector where payment delays increased by 2.30 percentage points from 45.14 per cent in Q4 2016 to 47.44 per cent in Q1 2017. Slow payments within the recreational services sub-segment, which accounted for the third highest proportion of slow payments, increased by 11.16 percentage points from 34.29 per cent in Q4 2016 to 45.45 per cent in Q1 2017.

- Meanwhile, slow payments within membership organizations rose moderately by 6.76 percentage points from 33.12 per cent in Q4 2016 to 39.88 per cent in Q1 2017.

- On a y-o-y basis, slow payments dipped marginally by 1.91 percentage points from 46.72 per cent in Q1 2016 to 44.81 per cent in Q1 2017.

Wholesale Trade

The wholesale trade sector experienced the second highest q-o-q increase in payment delays owing largely to an increase in payment delays by both wholesalers of durable and non-durable goods.

- Slow payments climbed moderately q-o-q by 1.26 percentage points from 37.96 per cent in Q4 2016 to 39.22 per cent in Q1 2017.

- Payment delays by wholesalers of durable goods continue to be on the rise by 1.47 percentage points from 38.21 per cent in Q4 2016 to 39.68 per cent in Q1 2017. Slow payments by wholesalers of non-durable goods inched upwards marginally by 0.60 percentage points from 37.12 per cent in Q1 2017 to 37.72 per cent in Q2 2017.

- On a y-o-y basis, slow payments within the wholesale sector fell by 1.63 percentage points from 40.85 per cent in Q1 2016 to 39.22 per cent in Q1 2017.

Retail

Meanwhile, slow payments within the retail sector have improved significantly in Q1 2017 owing to an uptick in retail activities of discretionary goods.

- Payment delays fell by 8.61 percentage points from 46.69 per cent in Q4 2016 to 38.08 per cent in Q1 2017 on a q-o-q basis.

- Retailers of fashion apparels and accessories registered the highest proportion of payment delays, rising by 4.69 percentage points from 41.75 per cent in Q4 2016 to 46.44 per cent in Q1 2017. This is followed by retailers of building materials and garden supplies, which dropped marginally by 2.73.percentage points from 48.93 per cent in Q4 2016 to 46.20 per cent in Q1 2017. Meanwhile, retailers of furniture and home furnishing stores experienced the third highest proportion of slow payment, dipping slightly by 0.38 percentage points from 44.43 per cent in Q4 2016 to 44.05 per cent in Q1 2017.

- ❖ On a y-o-y basis, slow payments tumbled by 12.57 percentage points from 50.65 per cent in Q1 2016 to 38.08 per cent in Q1 2017.

Manufacturing

The manufacturing sector has also experienced a slight improvement in slow payments owing to a strengthening in food manufacturing and pharmaceutical segments in the recent months.

- ❖ According to SCCB, slow payments dipped slightly by 0.86 percentage points from 45.36 per cent in Q4 2016 to 44.50 per cent in Q1 2017.
- ❖ Food manufacturers registered the steepest decrease in payment delays, down by 8.47 percentage points from 47.76 per cent in Q4 2016 to 39.29 per cent in Q1 2017. As with Q4 2016, manufacturers of transportation equipment accounted for the highest proportion of payment delays, up by 3.27 percentage points from 54.99 per cent in Q4 2016 to 58.26 per cent in Q1 2017. This is followed by manufacturers of furniture and fittings, rising by 4.67 percentage points from 52.53 per cent in Q4 2016 to 57.20 per cent in Q1 2017. Manufacturers from lumber and wood products registered the third highest proportion of slow payments, rising by 1.96 percentage points from 53.19 per cent in Q4 2016 to 55.15 per cent in Q1 2017.
- ❖ On a y-o-y basis, slow payments slipped by 2.70 percentage points from 47.20 per cent in Q1 2016 to 44.50 per cent in Q1 2017.

"While the overall payment performance of local firms has generally remained weak, we have seen some slight improvements in slow payments over the past two quarters. This was driven largely by better performing domestic-oriented sectors such as manufacturing and retail. On the other hand, the construction sector has continued to face challenges amid slowing private sector building activities and rising manpower costs within the sector. As the construction industry is highly capital-asset-intensive, firms within the industry are facing a difficult time sloughing off heavy debts incurred from working capital loans, which has in turn negatively impacted their cashflows." commented Ms. Audrey Chia, D&B Singapore's Chief Executive Officer.

Commentary

D&B Singapore compiles the figures by monitoring more than 1.6 million payment transactions of firms operating through its Singapore Commercial Credit Bureau (SCCB). Payment data is contributed to the Bureau by local firms. Prompt payment is classified as when at least 90% of total bills are paid within the agreed payment terms while slow payment is classified as when more than 50% of total bills are paid later than the agreed credit terms.

About Singapore Commercial Credit Bureau

Established in 2005, Singapore Commercial Credit Bureau (SCCB) operates a database of local enterprises and their credit history to provide clients with the insight needed to build trust and improve the quality of business relationships with their customers, suppliers and business partners. SCCB operates under D&B Singapore.

Contact Information
Matthias Chen
Marcom & Product Development
DID: +65 6439 6670
HP: +65 9478 5568
Email: Matthias.chen@dnb.com.sg