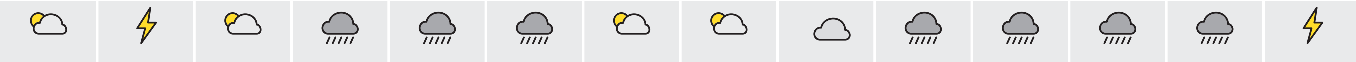
Austria

February 2021

Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction Const.Mtrls	Consumer Durables	Electronics/ ICT	Financial Services	Food	Machines/ Engineering	Metals	Paper	Services	Steel	Textiles



Source: Atradius

Industry performance

Changes since September 2020 · Sources: Atradius, Oxford Economics

Agriculture

Remains Good

In H1 of 2020, the sector was impacted by the consequences of the first lockdown (e.g. transport and supply chain issues, along with lack of foreign seasonal workers). However, sector performance has rebounded since H2 of 2020, and value added is forecast to increase by about 4% in 2021 after an estimated 1% contraction in 2020.

Automotive/Transport

Remains Bleak

Automotive producers and suppliers suffered from globally deteriorating sales for passenger cars and commercial vehicles, which has led to severe liquidity strains and cash shortfalls. Margins were already under pressure before the coronavirus outbreak, due to disappointing sales in 2019 and increased investment meant to help cope with the shift away from combustion engines towards e-mobility. Automotive value added is forecast to rebound just 9.5% in 2021 after an estimated 19.5% contraction in 2020.

Payment delays and insolvencies have not yet increased, mainly due to a comprehensive fiscal stimulus (e.g. compensation for turnover losses, ongoing short-time working schemes and tax deferrals) and the suspension of the obligation to file for insolvency due to over-indebtedness. Insolvencies are expected to increase in the automotive/transport sector as of Q2 of 2020, depending on the extension or expiry of those measures.

Chemicals/Pharmaceuticals

Remains Good

Businesses active in the chemicals and pharmaceuticals industries generally have robust business financials, good payment records and a low insolvency rate compared to other industries. Pharmaceutical producers and wholesalers will benefit from increasing health expenses, with value added forecast to increase by almost 4% in 2021. That said, deteriorating domestic and global demand has had a negative impact on chemicals performance, with value added estimated to have decreased 2% in 2020.

Construction/ Construction Materials

Remains Poor

The industry was already performing poorly before the coronavirus outbreak. Operating margins are very tight, with increased credit risk, mainly for smaller players. Due to the sharp recession in 2020 (down 7.5%), businesses have been additionally affected by postponement of projects and reduced order volumes. Value added is estimated to have contracted 3% in 2020.

Consumer Durables

Remains Poor

Private consumption of non-food consumer goods has deteriorated due to the coronavirus impact and several lockdowns. Subdued consumer sentiment and rising unemployment could hamper a rebound in the short-term. Retail value added is forecast to rebound by just 7% in 2021 after an estimated 18% contraction in 2020.

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Electronics/ICT

Remains Poor

Sales have deteriorated due to the temporary closure of businesses during the lockdowns. However, in 2021 value added of the ICT sector is forecast to increase by more than 5%.

Financial Services

Remains Good

The sector remains relatively robust. However, increased financial troubles for businesses and consumers alike due to the economic downturn could lead to more loan defaults for banks and tighter lending conditions.

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Source: Atradius

Industry performance

Changes since September 2020 · Sources: Atradius, Oxford Economics

Food

Remains Good

The sector was impacted by the transport and supply chain issues in H1 of 2020. Value added is forecast to increase by about 1% in 2021.

Machines/Engineering

Remains Fair

Domestic and international demand from key buyer sectors has increased again since H2 of 2020. Engineering value added is forecast to grow 9% in 2021 after an estimated 13.5% contraction in 2020.

Metals

Remains Poor

In 2020 metal producers suffered due to deteriorating demand from key buyer sectors (automotive, construction and machines). Metals value added is forecast to rebound just 4% in 2021 after an estimated 12% contraction in 2020.

Paper

Remains Poor

Paper producers are impacted by less demand due to lockdown measures and the ongoing digitalization. Value added of the industry is estimated to have decreased 1.5% in 2020.

Services

Remains Poor

Due to the comprehensive lockdown measures and the ongoing pandemic, many segments still suffer heavily, especially hotels and catering, restaurants, bars, entertainment and cultural events, travel agencies and tour operators. Hotel and catering value is estimated to have contracted 17% in 2020, with just a 8% rebound forecast in 2021.

Payment delays and insolvencies have not yet increased, mainly due to a comprehensive fiscal stimulus (e.g. compensation for turnover losses, ongoing short-time working schemes and tax deferrals) and the suspension of the obligation to file for insolvency due to over-indebtedness. However, insolvencies are expected to increase sharply in the service sector as of Q2 of 2020, depending on the extension or expiry of those measures. Main affected segments will be hotels, restaurants and tour operators.

Steel

Remains Poor

In 2019 decreasing demand from domestic key buyer industries like construction already affected the performance of many Austrian steel suppliers, while exports were impacted by subdued global demand. The steel market is characterised by overcapacity and strong competition. Pressure on margins has increased in an industry where many businesses have already shown low profitability in the past. In 2020 the situation has further worsened due to the massive domestic and global economic downturn triggered by the coronavirus pandemic. Steel sector value added is estimated to have declined by 14.5% in 2020 after a 6% contraction in 2019. In 2021, a modest 4% rebound is forecast.

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Textiles

Remains Bleak

Producers, wholesalers and retailers already suffered before the coronavirus outbreak from fierce competition, thin margins, lower sales, changes in customer behavior and increased competition from new online retailers. Their performance has further deteriorated due to low sales during the lockdowns. Textiles value added is forecast to shrink by 3% in 2021, after an estimated 3.5% contraction in 2020.

Payment delays and insolvencies have not yet increased, mainly due to a comprehensive fiscal stimulus (e.g. compensation for turnover losses, ongoing short-time working schemes and tax deferrals) and the suspension of the obligation to file for insolvency due to over-indebtedness. However, insolvencies are expected to increase in the textile sector as of Q2 of 2020, depending on the extension or expiry of those measures.