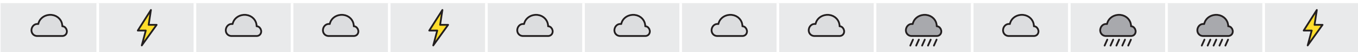
The Netherlands

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 Fair

While exports of flowers and plants quickly recovered after a huge contraction in March and April 2020, the performance of fruit and vegetable growers has been mixed. Demand from hotels and catering has deteriorated, but it has been compensated by demand from supermarkets. Good weather conditions resulted in a bountiful harvest, but this will also lead to more pressure on sales prices. Agriculture value added is forecast to contract slightly this year, by about 0.5%, after an estimated 0.2% increase in 2020.

Automotive/Transport

Remains Bleak

Last year, the automotive sector suffered from deteriorating sales for passenger cars and commercial vehicles, while transport was impacted by decreased traffic and demand for logistics during the first lockdown in early 2020. In the transport sector, air transport in particular is the most affected segment. In 2020 automotive and transport value added are estimated to have shrunk by 20% and 12.5% respectively. Automotive value added is forecast to rebound 18% in 2021, transport by 7.5%, but downside risks remain due to the second lockdown and the ongoing spread of the pandemic. While business failures have not yet increased, it is expected that they will rise in H2 of 2021, following the abatement or expiry of the current government stimulus measures meant to support businesses.

Chemicals/Pharmaceuticals

Remains Fair

While demand for pharmaceuticals is robust and value added is forecast to increase by 3.5% in 2021, orders and output in the chemicals subsectors have been impacted by the domestic and global economic downturn of 2020. While demand from key buyer sectors like construction and automotive remains modest, additional demand for hygiene products and plastics has had a positive influence. Chemicals value added is forecast to grow by more than 3% this year.

Construction/ Construction Materials

Remains Fair

After several years of robust performance, construction volume decreased 1% in 2020, and in 2021, another 4% decline is expected. This is mainly due to the fact that construction performance is generally cyclical late in times of economic downturns, feeling the impact of the 2020 economic contraction later than other industries. Residential construction will be impacted by lower household purchasing power, while commercial construction faces lower investment in offices, as remote working has increased. Construction materials benefits from increased renovation and refurbishing, with value added forecast to increase by more than 7% in 2021.

Consumer Durables

Remains Bleak

Private consumption of non-food consumer goods deteriorated in 2020, with many businesses temporarily closed due to the lockdowns. However, last year, some segments like DIY retail and gardening centres even benefited from the pandemic.

While there was a solid rebound in Q2 of 2020, the second lockdown since the end of 2020 deteriorates further the already strained credit risk situation of many brick-and-mortar retailers. While online retail continues to benefit, online sale increases do not compensate losses of turnover suffered by stores. Retail value added is estimated to have contracted by 2% in 2020, forecast to grow by about 1% in 2021.

Thanks to stimulus measures still in place, the majority of retailers has been able to survive, but an extended lockdown in Q1 of 2021 would cause severe financial difficulties for many of them. Still, it is expected that retail business failures will increase in 2021. However, the number and value thereof will depend on the duration of the current lockdown and the date of abatement or expiry of current government stimulus measures.

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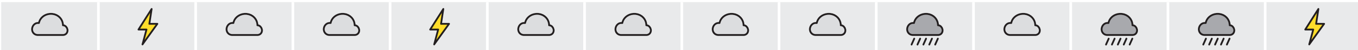

Source: Atradius

Industry performance

Changes since September 2020 · Sources: Atradius, Oxford Economics

Electronics/ICT

Remains Fair

ICT value added is estimated to have contracted by 2% in 2020. Sales have sharply deteriorated due to the temporary closure of businesses as a result of the first lockdown. However, spending from businesses and employees on digital goods and services has increased due to the sharp rise of remote working, and this trend is expected to continue in 2021. The wholesale of hardware benefits from rising sales figures. In 2021, ICT value added is forecast to increase by more than 1%. A longer lasting economic slump is a downside risk, as this would lead to decreasing business spending on ICT.

Financial Services

Remains Fair

The sector remains relatively robust, but it could be impacted by an extended economic downturn. Increasing financial troubles for businesses and consumers alike could lead to more loan defaults for banks and tighter lending conditions. Finance value added is forecast to decrease 2% in 2021.

Food

Remains Fair

The closure of the catering industry affects almost the entire food industry. Food wholesale to hotels, catering and restaurants has significantly decreased, and a rebound in the short-term does not seem probable. Bucking the overall trend, insolvencies in the food service sector increased in 2020. The meat segment has been negatively affected by lower international sales, due to lockdowns in other European countries. This also affects the potato processing industry. However, food retail (e.g. supermarkets) is still doing very well, as it has benefitted from the huge drop in consumer spending in restaurants. Overall, food value added is forecast to increase by more than 4% in 2021.

Machines/Engineering

Remains Fair

The investments of manufacturing businesses in machines and related items decreased in the Netherlands and the rest of the EU in 2020, but a rebound in H2 of 2021 is on the horizon. Engineering value added is expected increase by more than 5% in 2021.

Metals

Remains Poor

Orders and output were impacted by the economic downturn in the Netherlands, as GDP is estimated to have contracted by more than 4% in 2020. Demand from key buyer sectors like construction will remain modest for the time being. Metals value added is expected to rebound by just 7% this year after an estimated 11% contraction in 2020.

Paper

Remains Fair

The paper industry is of minor relevance in the Netherlands compared to other sectors. The impact of the coronavirus pandemic could be both positive for some subsectors (more people having time to read), but also negative (decreasing advertisement revenues due to the economic slump could force some magazines or newspapers to leave the market). Business failures could start to increase as of H2 of 2021, depending on the date of abatement or expiry of current government stimulus measures meant to support businesses.

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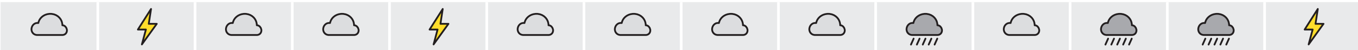

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Services

Remains Poor

Due to the comprehensive lockdown measures in H1 of 2020 and again as of the end of last year many segments suffer, especially hotels and catering, restaurants, bars, entertainment and cultural events, fairs, airports, bus cruisers, tourism, travel agencies and tour operators. Hotels and catering value added is estimated to have contracted 38% in 2020, with just a 13% rebound forecast in 2021. The whole service sector is estimated to have declined by 6.5% last year, with another 1% contraction forecast in 2021.

A substantial increase in payment delays and insolvencies has not yet materialised in this industry. This is mainly due to comprehensive fiscal measures meant to support the economy. However, business failures are expected to increase in H2 of 2021, depending on the date of abatement or expiry of current government stimulus measures.

Steel

Remains Poor

Orders and output were impacted by the economic downturn in the Netherlands, as GDP is estimated to have contracted by more than 4% in 2020. Demand from key buyer sectors like construction will remain modest for the time being. Steel value added is expected to rebound by just 7.5% this year after an estimated 16.5% contraction in 2020.

Textiles

Remains Bleak

While producers, wholesalers and retailers already suffered before the coronavirus outbreak from fierce competition and thin margins, they are additionally affected by deteriorating sales due to the lockdowns. Textiles value added is estimated to have decreased by 10% in 2020, with mainly brick-and-mortar retailers impacted. In 2021 a rebound of about 4.5% is expected.

A substantial increase in payment delays and insolvencies has not yet materialised in this industry. This is mainly due to comprehensive fiscal measures meant to support the economy. However, business failures are expected to increase in H2 of 2021, depending on the date of abatement or expiry of current government stimulus measures.