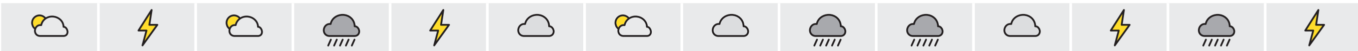
Sweden

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

The impact of the coronavirus pandemic on the industry has been limited so far. While agriculture value added is estimated to have contracted by about 2% in 2020, the prospects for a fast rebound are good.

Automotive/Transport

Remains Bleak

In H1 of 2020, automotive producers and suppliers suffered from deteriorated demand and supply chain disruptions, which has led to severe liquidity strains and cash shortfalls. Margins were already under pressure before the coronavirus outbreak, and automotive value added is estimated to have contracted a staggering 18% in 2020. Payment delays and insolvencies started to increase in Q4 of 2020 in the automotive/transport sector. However, due to government support schemes that helped to ease short-term liquidity issues, the number of insolvencies has been lower than previously expected.

Due to the ongoing second wave of the pandemic and the spread of more contagious virus mutations affecting short-term economic activity, the outlook for a sector recovery in H1 of 2021 remains uncertain. Transport value added is forecast to rebound by only 8% in 2021 after an estimated 14.5% contraction in 2020.

Chemicals/Pharmaceuticals

Remains Good

Some chemical businesses suffered from a drop in demand linked to disruptions in their downstream chain and lower demand from key buyer industries in 2020. Chemicals value addes is forecast to increase 4% this year. Pharmaceutical businesses will benefit further from increasing health expenses, with value added forecast to increase by 3% in 2021 after a whopping 15% growth ratein 2020. Chemicals and pharmaceuticals businesses generally show robust business financials, good payment records and low insolvency rates compared to other industries.

Construction/ Construction Materials

Remains Poor

Investment in new residential buildings contracted in 2020, as restrictions for consumer credits imposed by the state on banks have curbed loans to households for house purchases. Construction businesses are often highly indebted, especially those active in the real estate and housing construction segment. Banks are reluctant to lend to this subsector. While the number of construction insolvencies has levelled off year-on-year in 2020, compared to other industries, it remains high when set in relation to the number of active construction companies.

Consumer Durables

Remains Bleak

Despite the lack of comprehensive lockdown measures, private consumption of non-food consumer goods has decreased. However, Black Friday sales reached an all-time high. Due to the ongoing second wave of the pandemic and the spread of more contagious virus mutations affecting short-term economic activity, the outlook for a sector growth in H1 of 2021 remains uncertain.

Electronics/ICT

Remains Fair

ICT value added is forecast to increase by about 3.5% in 2021 after an estimated 1% growth in 2020. Many B2B suppliers reported customers postponing or cancelling IT investments last year, which impacted sales figures.

Financial Services

Remains Good

The sector remains resilient for the time being. While credit losses have increased in 2020, the banking sector is performing well and is able to absorb those losses. Finance value added growth is forecast to level off in 2021.

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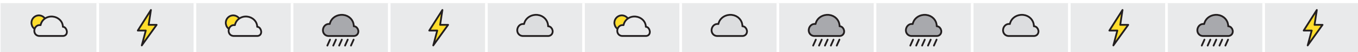

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Food

Remains Fair

In 2019 and in early 2020, many food importers struggled with decreasing margins due to the weaker Swedish krona exchange rate. In 2020 food suppliers to hotels and restaurants recorded decreasing sales, while suppliers to the main food/grocery retail chains were reporting higher turnover. Food value added is forecast to grow 4.5% in 2021 after an estimated 3% contraction in 2020.

Machines/Engineering

Remains Poor

The business outlook has deteriorated, as orders on hand and production decreased in 2020. Demand from automotive as the key buyer industry remains muted. Engineering value added is estimated to have contracted 11% in 2020. Due to the ongoing second wave of the pandemic and the spread of more contagious virus mutations affecting short-term economic activity, the outlook for a sector recovery in H1 of 2021 remains uncertain.

Metals

Remains Poor

In 2020 metal producers and traders suffered due to deteriorated demand from key buyer sectors like automotive and construction. After an 7% contraction in 2019, value added is estimated to have shrunk again in 2020, by almost 9%. Businesses' financials are strained, and the outlook for a recovery in the short-term is sluggish due to economic uncertainty remaining high.

Paper

Remains Fair

The sector remains impacted by the ongoing digitalisation, which has led to decreasing demand over the past couple of years. The pandemic has had a dampening effect on demand for printing. Value added is forecast to grow 1% in 2021 after a 4% contraction in 2020.

Services

Remains Bleak

Despite experiencing fewer restriction measures compared to other countries, the Swedish service sector feels the impact of the coronavirus pandemic, with hotels and catering, restaurants, bars, entertainment and cultural events, travel agencies and tour operators facing severe difficulties. Hotel and catering value added is estimated to have contracted by 26% in 2020. While a fiscal stimulus has kept up the financial resilience of businesses so far, the currently ongoing second wave of the pandemic and the spread of more contagious virus mutations will result in increasing numbers of payment delays and insolvencies in 2021. Service value added is forecast to grow only 1% this year after an estimated 4% contraction.

Steel

Remains Poor

In 2020 steel producers and traders suffered due to deteriorating demand from key buyer sectors like automotive and construction. After a 7% contraction in 2019, value added is estimated to have shrunk again in 2020, by 10%. In 2021 only a 5% rebound is forecast. Businesses' financials are strained, and the outlook for a recovery in the short-term is sluggish due to economic uncertainty remaining high.

Textiles

Remains Bleak

While producers, wholesalers and retailers already suffered before the coronavirus outbreak from fierce competition and thin margins, deteriorating sales due to the lockdowns across Europe added to the woes in sector performance. Sales of clothes and shoes by brick-and-mortar retailers dropped by 18% and 31% respectively in 2020. The second wave of the pandemic has caused a dramatic slowdown in sales since the end of Q4 of 2020, and this downward trend will continue in H1 of 2021. Payment delays and insolvencies among brick-and-mortar retailers that lack a well performing online presence are increasing. Textile value added is forecast to contract 0.5% in 2021 after an estimated 7.5% decrease in 2020.