Atradius
Managing risk, enabling trade

August 2016

market monitor

Focus on machines/engineering performance and outlook

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In this issue...

On the following pages we indicate the general outlook for each sector featured using these symbols:

Excellent Good Fair Poor Bleak

Challenges and opportunities

The 2016 and early 2017 outlook for the machines/engineering industry in most countries covered by this Market Monitor issue is 'Good' or 'Fair'. However, the sector is highly sensitive to changes in the priorities and budgets of end-market customers and is highly exposed to international challenges, such as geopolitical uncertainties and volatility in worldwide economic conditions, including the weakening of commodity prices. At the same time, earnings of machines/engineering businesses from developed markets are increasingly squeezed by competition from emerging markets, especially in the lower value-added product segment.

Opportunities remain for machinery businesses developing new offerings and technologies and those adapting or modifying existing technologies. More specifically, growth opportunities are to be found in smarter products and the Internet of Things, i.e. products with embedded sensor technologies. If capitalized and managed correctly, these innovations can support productivity progress by allowing companies to more actively monitor and optimize plant, asset and supply chain performance.

Czech Republic

- Margins of businesses have increased
- Performance varies across subsectors
- Payments take 30 to 60 days on average

Overview

Credit risk assessment	significantly improving	improving	stable	deteriorating	significantly deteriorating
Trend in non-payments over the last 6 months			✔		
Development of non-payments over the coming 6 months			✔		
Trend in insolvencies over the last 6 months			✔		
Development of insolvencies over the coming 6 months			✔		
Financing conditions	**very high**	**high**	**average**	**low**	**very low**
Dependence on bank finance		✔			
Overall indebtedness of the sector			✔		
Willingness of banks to provide credit to this sector		✔			
Business conditions	**significantly improving**	**improving**	**stable**	**deteriorating**	**significantly deteriorating**
Profit margins: general trend over the last 12 months		✔			
General demand situation (sales)			✔		

Source: Atradius

The Czech machines/engineering industry continues to benefit from the solid performance of the Czech economy, which grew 4.3% in 2015 and is expected to increase 2.4% in 2016 and 2.7% in 2017. The currently growing domestic automotive industry is a main customer for machines. Additionally, machinery demand from the construction sector has picked up again. The very export-oriented Czech machinery industry also benefits from the recovery in the Eurozone and a stable koruna-euro exchange rate. The appreciation of the US dollar against the koruna helps machinery businesses when exporting to overseas markets.

Higher demand and the decrease in commodity prices has led to increased margins over the past 12 months. Machinery companies' equity is above the average of all manufacturing sectors. While dependence on bank finance is average, banks are positive about the sector in general, providing enough liquidity.

However, performance varies across machinery subsectors. As mentioned above, the outlook for manufacturing machines is positive, and the agriculture machines subsector benefits from increasing demand and better financial results of customers in the agro-business segment.

That said, machinery businesses depending on exports to Russia face cash collection problems and have to compete on new markets. At the same time, machinery producers dependent on energy and mining and the power engineering sectors continue to face difficulties.

On average, payments in the Czech machinery/engineering sector take between 30 days and 60 days, depending on the segment. Sometimes prepayments are needed if special tools are manufactured. The level of protracted payments is high, often

Czech Republic: Engineering sector

	2015	2016f	2017f
GDP growth (%)	4.3	2.4	2.7
Sector value added growth (%)	5.1	3.4	2.8

Sector share in the national economy (%)	4.2
Average sector growth over the past 3 years (%)	2.5
Average sector growth over the past 5 years (%)	5.7
Degree of export orientation	high
Degree of competition	high

Sources: IHS, Atradius

due to disputes, long inventory of accounts receivables or project delays. Non-payment notifications are not expected to increase in the coming months. The number of insolvencies in the industry is average compared to other industries, and no major increase is expected in the second half of 2016.

Our underwriting approach to the machinery sector remains relatively open, depending on the performance of single subsectors. When asked by a client in this sector to assess a buyer's creditworthiness, we look at our client's own trading experience with the buyer, check the buyer's key financial figures, distribution of receivables, creditors and stocks to ensure that they are within an acceptable range. However, we still pay extra attention to machinery companies dependent on the construction industry.

Czech machines/engineering sector

Strengths	Good order situation from domestic and export markets
	Low default rate
	Exposure in advanced markets
Weaknesses	Highly competitive environment, with smaller machinery companies forced to compete on prices and payment terms
	Longer cash cycle
	Large investments in production facilities required

Source: Atradius

France

- Growth in most segments
- Machinery businesses related to farming equipment face troubles
- Overcapacity remains an issue

Overview

Credit risk assessment	significantly improving	improving	stable	deteriorating	significantly deteriorating
Trend in non-payments over the last 6 months		✔			
Development of non-payments over the coming 6 months			✔		
Trend in insolvencies over the last 6 months		✔			
Development of insolvencies over the coming 6 months			✔		
Financing conditions	**very high**	**high**	**average**	**low**	**very low**
Dependence on bank finance			✔		
Overall indebtedness of the sector			✔		
Willingness of banks to provide credit to this sector		✔			
Business conditions	**significantly improving**	**improving**	**stable**	**deteriorating**	**significantly deteriorating**
Profit margins: general trend over the last 12 months			✔		
General demand situation (sales)		✔			

Source: Atradius

The French machinery sector has continued its rebound that started in 2014, thanks to stronger growth in industrial production and exports. Value added growth is expected to increase 1.3% in 2016 and 2017 after 1.0% in 2015. The machinery sector should benefit from the economic rebound in France, with GDP forecast to grow 1.5% in 2016 and 2017, and higher growth of industrial production and exports.

More than 30,000 businesses, mainly SMEs, are active in the general mechanical engineering segment (metal forming machines, equipment, precision machines). Turnover and production are expected to increase in 2016 in this main segment as exports remain buoyant and investments in domestic machinery pick up.

The export-oriented lifting and handling equipment segment recorded a production increase of 6.5% in 2015. Further growth is expected in 2016 and 2017 due to further rising exports and a modest rebound in demand from the French construction sector.

The cooling equipment segment is also expected to benefit from the recovery in the French construction industry, with margins and revenues increasing in 2016, driven by sales volumes, while sales prices are expected to remain stable.

That said, in 2015 machinery businesses related to agriculture/farming equipment faced a very competitive environment and decreasing sales and margins, mainly affecting smaller wholesalers. Both sales and production are expected to decrease further in 2016, by 2% and 4% respectively, as farming equipment buyers will reduce their investments due to lower revenues.

Despite the rebound, overcapacity still remains a concern for the French machinery sector in the long-term. In this capital inten-

France: Engineering sector

	2015	2016f	2017f
GDP growth (%)	1.2	1.5	1.5
Sector value added growth (%)	1.0	1.3	1.3

Sector share in the national economy (%)	0.9
Average sector growth over the past 3 years (%)	-1.2
Average sector growth over the past 5 years (%)	0.5
Degree of export orientation	high
Degree of competition	high

Sources: IHS, Atradius

sive industry, financing needs are high. As a result, businesses in this sector can incur large debts that weaken their financial structure and overall solvency, putting undue stress on liquidity. However, in many cases advance payments can improve suppliers' cash situations, while banks seem willing to lend.

On average, payments in the French machinery sector take 70-80 days. The level of protracted payments has been low over the past two years. In 2015 non-payments decreased, and are expected to level off in 2016. That said, machinery businesses selling to construction are still affected by the poor payment behaviour in this industry. The number of insolvencies in the machinery sector is relatively low, and is not expected to increase in 2016.

In view of the positive outlook, our underwriting stance remains open, however, we are still more cautious on machinery businesses related to the agriculture/farming segment due to the issues mentioned above.

French machines/engineering sector

Strengths	Leadership in some key products
	Diversity of outlets
	Technical knowledge
	Good worldwide position (France is the 6th largest world player)
Weaknesses	Structural overcapacity in some segments
	High financial needs
	Dependency on export markets

Source: Atradius

Germany

- **High financial resilience of many businesses**
- **Machinery insolvencies expected to level off in 2016**
- **The paper/print subsector still faces problems**

Overview

Credit risk assessment	significantly improving	improving	stable	deteriorating	significantly deteriorating
Trend in non-payments over the last 6 months			✔		
Development of non-payments over the coming 6 months			✔		
Trend in insolvencies over the last 6 months		✔			
Development of insolvencies over the coming 6 months			✔		
Financing conditions	**very high**	**high**	**average**	**low**	**very low**
Dependence on bank finance				✔	
Overall indebtedness of the sector				✔	
Willingness of banks to provide credit to this sector		✔			
Business conditions	**significantly improving**	**improving**	**stable**	**deteriorating**	**significantly deteriorating**
Profit margins: general trend over the last 12 months			✔		
General demand situation (sales)		✔			

Source: Atradius

The German machines/engineering sector is a backbone of the German economy, accounting for 3% of GDP, and order intake in the machines segment is a good indicator for the development of German manufacturing as a whole. German machinery/mechanical engineering production increased 0.8% in 2015 and 0.2% in Q1 of 2016.

Many German machinery companies are world market leaders in their individual segments. The general outlook for 2016 and 2017 remains positive, with many businesses recording high order backlogs, especially in segments that provide machines to the automotive industry. The business sentiment of shipyard-related machinery builders' has increased due to increased orders, especially for cruise and special vessels. After a market consolidation in recent years the solar-related machinery segment has finally rebounded.

In 2016 turnover is expected to increase 0.8%, mainly driven by exports. That said, due to its high export ratio of more than 75%, German machinery performance is highly dependent on demand from abroad, and therefore susceptible to certain risks (deterioration of the global economy, rising geopolitical risks, exchange rate volatility and shipping costs).

The industry is characterised by high investments (IT and equipment) and increased labour costs. Machinery businesses´ equity ratio is higher than the German industry average, as necessary investments can often be financed by own resources (cash slow, shareholder and/or mezzanine loans). Due to this, many machinery businesses are not excessively reliant on bank finance, and bank indebtedness is rather low. Given the positive net cash position and the current low cost of financing, many machinery businesses have the opportunity to further strengthen their position via cash and debt-financed acquisitions.

Germany: Engineering sector

	2015	2016f	2017f
GDP growth (%)	1.7	1.7	1.5
Sector value added growth (%)	1.0	0.8	1.4

Sector share in the national economy (%)	3.1
Average sector growth over the past 3 years (%)	0.6
Average sector growth over the past 5 years (%)	3.0
Degree of export orientation	very high
Degree of competition	average

Sources: IHS, Atradius

Margins are relatively high, especially in niche segments. However, margins have come increasingly under pressure in recent years due to rising competition, especially from China. In the global market, Chinese machinery builders are increasingly capable of producing high quality machines, forcing German businesses to compromise on price.

Most machinery exporters with a strong focus on Russia were able to at least partly compensate declining revenues by increasing exports to the EU, the US and Asia, thereby limiting their profit losses. However, some smaller players dependent on trade with Russia, who already had financial difficulties before the Ukraine crisis, are now facing more troubles.

Compared to other German industries, the machinery/engineering sector's payment behaviour and default/insolvency rate is still good. The amount of non-payment notifications is expected to remain low, and insolvencies are expected to level off in 2016 after decreasing in 2015.

Given the general financial strength of Germany's machinery businesses, our underwriting approach remains generally relaxed. We still need to see financial data such as balance sheets, quarterly reports, forecasts and bank commitments when assessing the creditworthiness of buyers in the sector and will sometimes recommend that our clients impose retention of title or other forms of security.

That said, machinery businesses involved in the paper/print subsector face more structural problems, as society in general becomes more and more 'digital'. This shift has resulted in shrinking profit margins, and many companies are still restructuring to adjust their production to customer needs. Another segment with difficulties remains textile machinery, but this subsector represents only a minor share of the German machinery industry. German agricultural machinery producers have encountered difficulties following high investments in Russia and Ukraine prior to the conflict.

German machines/engineering sector

+ Strengths	Leadership in some key products
	High technical knowledge
	Comfortable equity position / low indebtedness
	Well established in new markets
− Weaknesses	Susceptible to economic/political deteriorations (crisis, sanctions, wars)
	Lack of flexibility

Source: Atradius

Italy

- **Competition remains strong in the domestic market**
- **Payment duration is about 100 days on average**
- **Troubles in the oil-industry related to the machinery segment**

Overview

Credit risk assessment	significantly improving	improving	stable	deteriorating	significantly deteriorating
Trend in non-payments over the last 6 months		✔			
Development of non-payments over the coming 6 months		✔			
Trend in insolvencies over the last 6 months			✔		
Development of insolvencies over the coming 6 months		✔			
Financing conditions	very high	high	average	low	very low
Dependence on bank finance			✔		
Overall indebtedness of the sector			✔		
Willingness of banks to provide credit to this sector			✔		
Business conditions	significantly improving	improving	stable	deteriorating	significantly deteriorating
Profit margins: general trend over the last 12 months		✔			
General demand situation (sales)		✔			

Source: Atradius

The Italian machines/engineering sector has proved to be relatively resilient during the downturn of Italy´s economic performance due to its export orientation, high specialisation and added value products in precision mechanics. Both specialisation and quality have helped to preserve satisfying profit margins for many (export-oriented) businesses.

However, competition is strong in the domestic market, especially among small and medium-sized machinery companies dependent on construction businesses. The still slow domestic investment growth and the weakness of some end-markets suggest that in some subsectors mainly smaller machinery businesses remain impacted by lower production. The construction and road machinery segment performance is still hampered by weak construction performance in Italy. The earthmoving machinery segment is highly dependent on public works and therefore exposed to structurally slow payments by public entities. At the same time, demand for machinery related to the oil and gas sector is deteriorating.

In contrast, the machinery segment dependent on the manufacturing sector continues to benefit from export growth and from increased demand from the domestic market (e.g. automotive). Larger and more diversified machinery companies and export-oriented SMEs are expected to improve performance and cash generation.

Payment duration in the Italian machinery sector is about 100 days on average. Payment experience has been good over the past two years, and the level of protracted payments is low. Non-payment notifications have decreased over the last 12 months, and are expected to decrease further in the coming

Italy: Engineering sector

	2015	2016f	2017f
GDP growth (%)	0.8	1.1	1.2
Sector value added growth (%)	0.6	0.5	1.5

Sector share in the national economy (%)	2.0
Average sector growth over the past 3 years (%)	-1.5
Average sector growth over the past 5 years (%)	-1.1
Degree of export orientation	high
Degree of competition	high

Sources: IHS, Atradius

months. The number of insolvencies in the machinery sector is relatively low. Machinery insolvencies have been stable over the past six months, and are expected to decrease in the coming six months.

Our underwriting approach in 2016 remains generally open, especially for larger businesses and niche export-focused sub-sectors (e.g. high precision mechanical works). Those businesses usually show solid financials and a good liquidity profile. However, we are more cautious about companies operating in still difficult end-sectors (e.g. construction) and which are dependent on public entities. We closely monitor machinery businesses which produce components for the oil and gas sector, as investments in this industry have deteriorated due to lower energy prices.

Italian machines/engineering sector

Strengths	High specialisation and technological know-how
	Export orientation and good geographical diversification in end markets
	Large engineering corporates, usually with sound financials
Weaknesses	High number of small companies
	Low bargaining power of smaller businesses
	Still fragile domestic economic rebound

Source: Atradius

Market performance snapshots

Denmark

- **Stable performance, but high input costs**
- **The agricultural machinery segment faces some troubles**
- **No insolvency increase expected**

The Danish machines/engineering sector is very export-oriented. Some of the larger companies have global footprints in the production and sale of energy optimisation products (i.e. thermostats, pumps, compressors) and equipment for the global mining industry. Other subsectors, such as equipment for the slaughtering/food processing industry and machines for the agricultural sector are more oriented towards closer markets like the Nordics, Germany and the UK.

The sector has shown a stable performance over the last 2-3 years. Key success factors for Danish machinery businesses have been their ability to streamline costs, continued investment in product development/new technology and expansion to new export markets. However, structural weaknesses are high energy and labour costs. Labour costs in the Danish manufacturing industry are among the highest in the EU.

Danish engineering value added growth is expected to increase 3.4% in 2016 and 2.0% in 2017. The overall performance outlook for 2016 and 2017 is stable for certain segments, such as exporters of energy optimisation products used in areas such as heating, cooling, and water treatment. The same accounts for suppliers to the globally growing wind turbine sector and for producers of machines for automatisation in the manufacturing process. That said, the outlook for producers of agricultural machines is subdued, due to lower investments made in the European farming sector.

Payment behaviour has been good over the last two years and the number of payment delays, defaults and insolvencies is expected to remain stable in 2016. Bankruptcies mainly hit smaller players with high production costs and where restrictive access to bank financing has put pressure on liquidity. Therefore, we monitor smaller players more closely, while our general underwriting stance of this sector is generally open to neutral.

Turkey

- Exports to Russia have deteriorated
- Banks have become more restrictive to lend
- Level of protracted payments is high

The Turkish machinery sector faces some troubles, with sales under pressure since 2015. Political uncertainty leading to less capital expenditure and high interest rates have a negative effect on the industry. In 2015 machinery imports decreased 10% year-on-year, while exports fell 11.7%, with machinery exports to Russia even contracting 45%. Turkish machinery exporters dependent on this market may have trouble compensating for lost market share elsewhere. The same accounts for machinery exporters to Iraq and Azerbaijan due to the political and economic problems in these countries.

Due to external demand-driven weakness in the textile and garment industry, machinery sales related to this sector are projected to lose volume in 2016. However, it is expected that positive developments in the construction and automotive sectors will support demand for machines.

The decrease in commodity prices like metals helped to sustain machinery businesses´ profit margins, but competition in the Turkish machinery market is high due to overcapacity, leading to price wars. At the same time, Chinese competitors are improving their productivity, catching up in terms of technology and overall quality while maintaining lower costs. However, compared to many developed markets the Turkish machinery industry still benefits from lower labour costs.

Turkish machinery businesses with insufficient equity and long sales terms tend to use more bank loans. However, due to more volatile political and economic conditions and a high amount of non-performing loans, bank lending has become more restricted.

Payment duration in the machines/engineering sector is between 90 days and 120 days on average, and the level of protracted payments is high. Machinery insolvencies have increased over the past six months, and are expected to level off in the coming six months. However, more insolvencies are expected if the currently difficult economic and political situation should deteriorate further.

Market performance at a glance

Belgium

- Demand for Belgian machines and engineering businesses is still affected by the difficulties some major buyer industries are facing (e.g. construction). In contrast, machinery for manufacturing and agriculture are performing quite well. While competition is strong, high quality producers usually enjoy a competitive edge.
- In general, the profit margins of Belgian machinery/engineering businesses have remained stable over the past 12 months as companies were able to reduce their cost base. In the coming months margins are expected to remain stable or to slightly deteriorate, depending on the level of activity (order books).
- A major issue for the industry is that, in general, banks are still restrictive in granting financing. Businesses that do not have access to financing cannot perform in a sustainable way: gearing has always been high in the machinery sector due to the required investments.
- On average, payments in the Belgian machinery/engineering sector take around 60 days. Payment experience is average, and the level of protracted payments has been low over the past couple of years.
- Although still relatively low compared to other industries, the number of non-payment cases has increased over the past six months, and this negative trend is expected to continue. The number of insolvencies in the industry is at a low level, but slightly deteriorating.

Brazil

- The machinery sector remains severely impacted by the economic downturn (Brazilian GDP is expected to contract 3.7% in 2016 after shrinking 3.8% in 2015). The Brazilian business environment has deteriorated while interest rates, inflation and exchange rate volatility remain high. The machinery sector mainly suffers from a massive decrease in public and private investments, especially in the construction and oil/gas sectors as major buyer industries.
- Machines/engineering is one of the most leveraged Brazilian industries as it heavily depends on long-term financing from both the government and banks. Many machines businesses are highly indebted, due to large investments made in previous years when businesses expanded. Serving those debts has become increasingly difficult, mainly due to higher interest rates and the fact that banks are unwilling to provide new credit.
- Next to demand, profit margins have deteriorated over the last 12 months and are expected to further decline in H2 of 2016.
- Payment behaviour in the machinery sector is rather bad, as non-payments have increased in 2015 and are expected to increase further in the coming six months. Due to the credit crunch generated by high interest rates many businesses are stretching their payment terms. Insolvencies of machinery businesses have also increased, and a further rise in business failures is expected in the coming months.
- Due to increasing credit insurance claims, the deteriorated business performance and increased credit risk, our underwriting stance is currently restrictive for all machinery subsectors.

The Netherlands

- The Dutch engineering sector accounts for 1.5% of the national economy. Value added growth of the industry is expected to increase 0.4% in 2016 and 1.7% in 2017.
- About two-thirds of the Dutch machinery production is exported, accounting for 20% of total Dutch export value. Therefore, the sector is highly susceptible to changes in international economic trends and market developments. Particularly currency fluctuations can affect both demand and financial results.
- The Netherlands is one of the world's leading countries in food processing machinery. Total turnover of the Dutch food processing and packaging machinery industry amounted to approximately EUR 2.5 billion in 2015. In order to keep up with the fast changing customer requirements and technology, investments in both research and development (R&D) and qualified workforce are key. On average, 7% of employees in the Dutch machines/engineering sector work in R&D.
- Payment behaviour has been good over the last two years and the number of payment delays, defaults and insolvencies is expected to remain low in 2016.
- Our underwriting stance is generally relaxed for the industry. We pay attention to businesses´ investment capacity, realized margins, access to funds, order book and dependence on certain sales markets (especially Russia and China).

Sweden

- The Swedish machinery sector is highly export-oriented. Its main segments are automotive (trucks), agriculture and industrial machines. Currency volatility is a potential risk, as production costs are accrued in Swedish krona. Domestically, the largest customer of the Swedish machinery sector is the automotive industry (e.g. Volvo and Scania).
- The industry has shown several years of positive development. Sweden's economic growth has picked up 4.2% in 2015 and is forecast to increase 3.6% in 2016. As a result, capital expenditures continue to increase. Machinery production is expected to grow 2.3% in 2016 and 0.9% in 2017.
- Due to the benign growth outlook, profit margins of machines businesses are expected to remain stable in 2016.
- The machinery industry faces no particular lending problems as banks are generally willing to provide loans. Most companies benefit from the currently low interest rates when servicing their debt.
- The average payment duration in the machinery industry ranges from 30 to 45 days. Payment behaviour has been good over the last two years and the number of payment delays, defaults and insolvencies is expected to remain low in 2016.
- Due to the good growth prospects and low credit risk our underwriting stance is relaxed for this industry.

United States

- The US is the world's largest market for machines/engineering, as well as the third largest supplier. Domestic manufacturers' share of the US domestic market amounts to nearly 60%.
- Revenues of the engineering services industry rebounded in 2015 after some years of decrease, as greater liquidity in financial markets helped to boost spending on new construction. The US machines/engineering sector recorded a growth of 1.2% last year.
- Construction-related machinery businesses are expected to benefit in 2016, as US construction starts are forecast to increase 6%. Infrastructure spending is also expected to expand. Quality engineering products will remain in very high demand throughout most industrial segments in 2016.
- That said, machinery businesses related to the oil/gas or the mining segments are affected by lower capital spending on purchasing machinery and equipment.
- In general the dependency on bank financing of this capital-intensive industry is high, and US banks are principally willing to provide loans to the sector. The average payment duration in the US machinery industry is 30 days, however, payment terms can be longer as capital equipment can carry a higher price tag. Payment experience over the last two years has been good, with a rather low number of non-payment cases, and it is expected that these latter will decrease further in the coming six months.
- Compared to other US industries the rate of insolvencies is low in the machinery sector, and it is expected that business failures will decrease in H2 of 2016. Due to the benign credit risk, our underwriting stance for the US machinery sector is generally open. Some caution is advised on machinery subsectors dependent on the oil/gas and mining industry.

TABLE OF CONTENS
FULL REPORTS
MARKET PERFORMANCE SNAPSHOTS
MARKET PERFORMANCE AT A GLANCE
OVERVIEW CHART
INDUSTRY PERFORMANCE

Industries performance forecast per country

August 2016

	Agriculture	Automotive/ Transport	Chemicals/ Pharma	Construction Const.Mtrls	Consumer Durables	Electronics/ ICT	Financial Services
Austria	⛅	🌧	☀	☁	⛅	☁	⛅
Belgium	☁	⛅	☀	🌧	☁	⛅	⛅
Czech Rep.	⛅	☀	⛅	🌧	☁	☁	⛅
Denmark	⛈	☁	☀	☁	🌧	☁	☁
France	🌧	☁	☀	🌧	☁	☁	⛅
Germany	☁	☁	⛅	⛅	☁	☁	⛅
Hungary	☁	☁	⛅	☁	☁	☁	☁
Ireland	☁	☁	⛅	☁	☁	☁	☁
Italy	☁	☁	⛅	⛈	⛅	⛅	⛅
The Netherlands	⛅	☁	☀	☁	🌧	☁	⛅
Poland	⛅	🌧	☁	🌧	🌧	☁	⛅
Portugal	☁	☁	🌧	🌧	☁	🌧	🌧
Russia	🌧	⛈	☁	🌧	🌧	🌧	🌧
Slovakia	🌧	⛅	⛅	⛈	☁	☁	⛅
Spain	☁	⛅	⛅	🌧	☁	☁	☁
Sweden	⛅	☁	⛅	☁	⛅	⛅	⛅
Switzerland	⛅	☁	⛅	☁	⛅	☁	☀
Turkey	⛅	⛅	☁	🌧	☁	🌧	⛅
UK	⛅	☁	⛅	🌧	☁	☁	☁
Brazil	☁	🌧	☁	🌧	⛈	⛈	⛅
Canada	☀	☁	☁	☁	☁	☁	☀
Mexico	☁	⛅	☁	🌧	☁	☁	⛅
USA	☁	⛅	⛅	☁	☁	⛅	⛅
Australia	⛅	🌧	☁	🌧	☁	⛅	⛅
China	☀	☁	☁	🌧	☁	☁	☀
Hong Kong	N/A	☁	☁	☁	⛅	⛅	⛅
India	☁	☁	⛅	🌧	☁	☁	☁
Indonesia	☁	🌧	☁	☁	☁	☁	☁
Japan	⛅	☁	☁	☁	☁	⛅	⛅
New Zealand	⛅	🌧	⛅	⛅	🌧	⛅	⛅
Singapore	⛅	🌧	☁	🌧	☁	☁	⛅
Taiwan	N/A	🌧	☁	☁	⛅	⛅	☁
Thailand	☁	☁	☁	☁	🌧	☁	☁
United Arab Emirates	⛅	☁	☁	🌧	🌧	🌧	☁

Food	Machines/ Engineering	Metals	Paper	Services	Steel	Textiles
Good	Good	Fair	Fair	Good	Poor	Poor
Good	Fair	Fair	Poor	Poor	Fair	Poor
Fair	Fair	Fair	Fair	Fair	Poor	Poor
Good	Fair	Fair	Bleak	Fair	Poor	Poor
Good	Fair	Fair	Poor	Fair	Fair	Poor
Fair	Good	Fair	Poor	Good	Fair	Poor
Fair	Good	Poor	Fair	Good	Poor	Poor
Good	Fair	Fair	Bleak	Poor	Fair	Poor
Good	Fair	Poor	Poor	Good	Poor	Poor
Good	Fair	Poor	Fair	Good	Poor	Poor
Fair	Fair	Fair	Fair	Good	Fair	Fair
Fair	Fair	Poor	Fair	Good	Poor	Fair
Poor	Poor	Poor	Fair	Poor	Poor	Poor
Fair	Good	Fair	Fair	Fair	Poor	Poor
Good	Fair	Poor	Poor	Fair	Poor	Poor
Good	Good	Poor	Fair	Fair	Poor	Poor
Good	Good	Fair	Bleak	Good	Poor	Fair
Good	Fair	Bleak	Poor	Poor	Fair	Poor
Fair	Fair	Bleak	Poor	Fair	Bleak	Poor
Good	Poor	Poor	Poor	Fair	Poor	Poor
Good	Fair	Fair	Poor	Good	Fair	Bleak
Good	Fair	Poor	Good	Good	Poor	Poor
Good	Fair	Poor	Poor	Good	Poor	Fair
Good	Fair	Poor	Poor	Fair	Poor	Poor
Fair	Fair	Bleak	Poor	Good	Bleak	Poor
Excellent	Fair	Poor	Fair	Good	Poor	Fair
Good	Fair	Poor	Good	Good	Poor	Fair
Good	Fair	Poor	Fair	Fair	Poor	Fair
Good	Fair	Fair	Fair	Fair	Fair	Poor
Fair	Fair	Fair	Poor	Poor	Poor	Poor
Good	Fair	Fair	Fair	Good	Poor	Fair
Excellent	Fair	Poor	Fair	Good	Poor	Fair
Good	Fair	Fair	Fair	Fair	Poor	Bleak
Poor	Fair	Poor	Fair	Good	Poor	Poor

Excellent

Good

Fair

Poor

Bleak

Industry performance

Changes since July 2016

Europe

France

Agriculture

Down from Good to Poor

French farmers are negatively impacted by lower grain and dairy prices, while meat producers suffer from fierce competition within the European Union.

The Netherlands

Construction/Construction materials

Up from Poor to Fair

The construction sector has rebounded since 2015, with production volume expected to increase 4% in 2016, while the residential building segment is forecast to grow by more than 10%. Major players report increasing turnover and revenues. The construction material sector should benefit from this positive outlook. However, the civil engineering subsector´s performance remains subdued.

Asia/Oceania

United Arab Emirates

Financial services

Down from Good to Fair

In the UAE several financial institutions and financial service providers have incurred large amounts of bad debts in the recent past, and their operational performance is expected to remain subdued in the coming months.

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