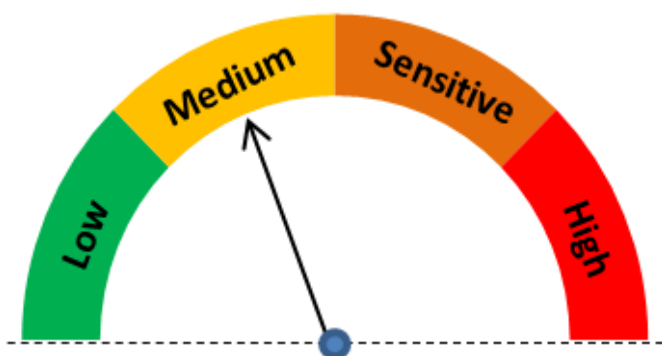


## Sector Risk Rating



## What to Watch?

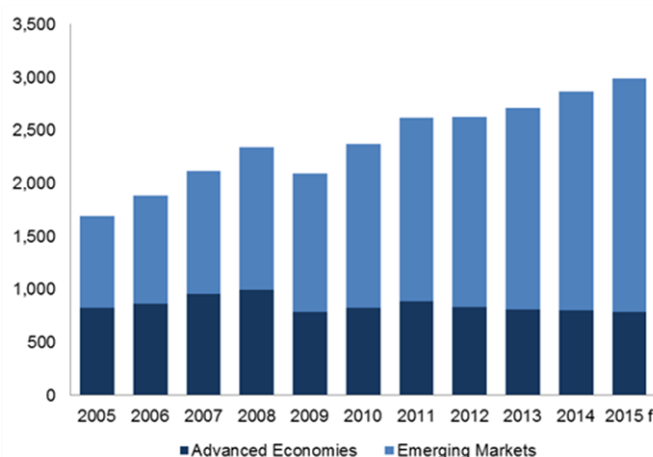
- Volatility of household consumption significantly affecting product sales
- Increasing price pressure to persistently affect margins
- Developing e-commerce challenging traditional operators
- Convergence with the different electronics and appliance products

## Growth Goes on Despite Deflationary Pressures

In 2015, the household equipment sector will grow by +4.3%, a level under its long term trend (+5.8% in the last ten years). The sector, comprising appliances (65%), consumer electronics (20%) and furniture (15%), is highly globalized and sensitive to the rest of the economy. Long-term sales growth has therefore remained weak because of (i) price pressure, and (ii) its close linkage with the construction sector which is still weak in many countries.

Despite this globalized structure, a strong dichotomy persists in the sector between: (i) advanced economies where the sector faces stagnation or is slightly decreasing in value (-0.3% per year since 2005); and (ii) emerging markets where it enjoys steady growth (+6% over the last 10 years). Growth in the former will be highly dependent on technological innovations and on household decisions on equipment renewal. In the latter it will be dependent on growing markets with consumers newly able to access household equipment.

Household Equipment Gross Output  
(Nominal USD)



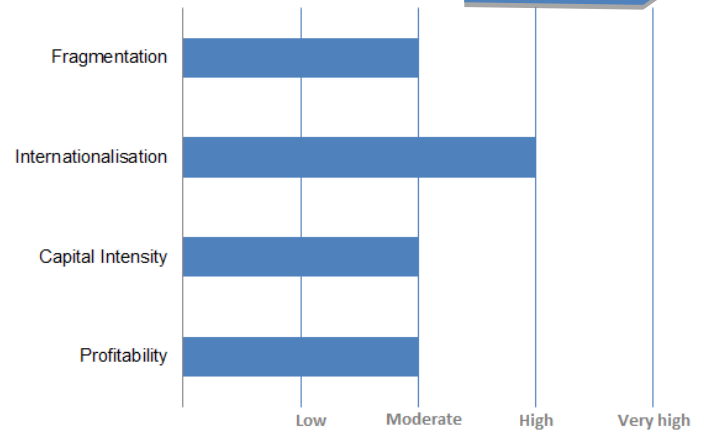
Sources: Oxford Economics, Euler Hermes

Sector Value:  
**753bn**  
USD

## Key Players

Country	Role	Sector Risk
<b>China</b>	#1 producer #1 exporter	●
<b>United States</b>	#1 importer #2 producer	●
<b>Germany</b>	#2 exporter #2 importer #3 producer	●

## ID Card



## Strengths

- New market opportunities thanks to growing middle class in emerging markets
- Innovative products expected by consumers and quickly adopted
- Global high volume market

## Weaknesses

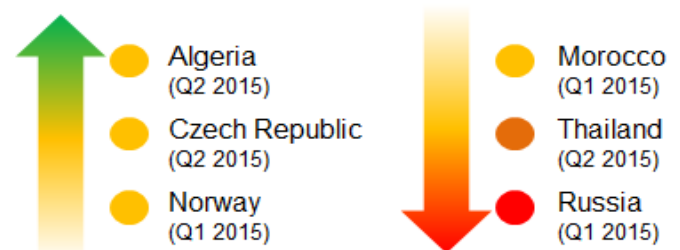
- High sensitivity to household income, savings rate, and to the construction sector
- Highly competitive sector where low cost products play a major role
- Allocation of household expenditures between the different products of the sector

## Subsectors Insights

**Semiconductors:** A capital intensive activity concentrated in Asia (main actors in Taiwan) and highly depending on economic growth fluctuations. The market will probably continue to perform well for the next 5 years.

**Appliances and consumer electronics:** Increase in volumes due to first acquisitions and renewal of products.

## Recent Sector Risk Changes



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