



Rådgivende Ingeniørers Forening RIF

The Norwegian Association for Consulting Engineers

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Covid-19: Macro-impact in Norway

The perfect storm, that still has not entirely reached the shores of Norway

- Coronavirus + national and international lock-downs (round 2)
- Dramatic fall in the oil price last year
- Low NOK exchange rate + high dependency on imports
- Very high private mortgage level - Sensitive to a potential fall in property prices (that so far has increased)
- Unemployment rate significantly higher than in February, and rising again in larger urban areas such as Oslo and Bergen with a second lock-down



Covid-19: Macro-impact in Norway, contd.

But luckily, we are dressed for a cold winter:

- Very low infection and death rates – among the lowest in Europe
- The «oil fund»: 10.000 billion NOK invested internationally
- Resilient banks + low unemployment rate before the crisis
- Schools, kindergartens, businesses are open, with some local exceptions





Covid-19: Impact on member firms

- RIF's member firms:
 - Surprisingly good 1. half yearly results
 - Costs are unnaturally low (travel, seminars, research and development costs including education of employees at artificially low levels)
 - Some firms implemented broad pay cuts – some have been reversed and reimbursed
 - Upholding full production even with ≈90% working from home offices in central locations, while higher office attendance in more rural locations
 - Investments in digitalization are paying off in an unexpected way
 - Marginal level of furloughs – approx. <1%
 - Very good results in both customer surveys as well as employee surveys

Coronavirus: Impact on member firms, contd.

- RIF's member firms:
 - Significant reduction in smaller projects
 - Big infrastructure projects are too big – Creates problems for those the businesses that are not in the contract loop.
 - Continuing falling order reserves – increased worry about the second half of 2020 and 2021.
 - RIF's Industry Barometer:
 - In May: Worst drop in expectations since the crisis in the 1990's in May - Updated October figure shows improvement, but at a relatively low rate

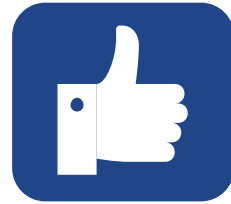


MAIN FINDINGS

RIF'S INDUSTRY BAROMETER AUTUMN 2020



The most gruelling predictions from spring 2020 did not materialize



Increased optimism compared to the spring, but still at a lower level than normal



A weak increase in employment expected to come in at 1,9 percent



1 in 4 businesses experience decreased order reserves compared to this spring



Most optimism within water/waste management, energy and environmental consulting



Less positive sectors are export, industry and oil/gas

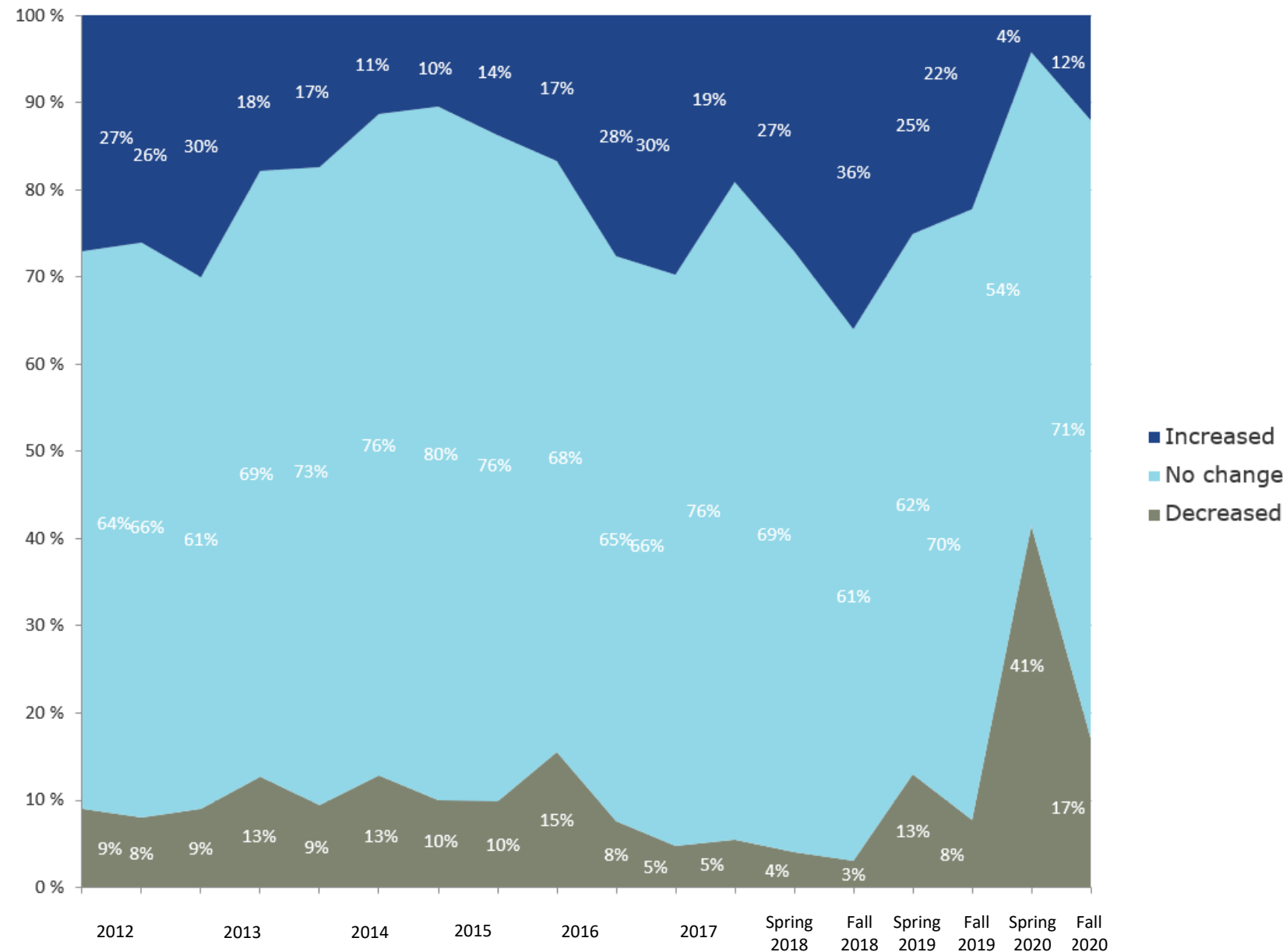


RIF members expect better financial figures in the long run, than in the short run.



EXPECTED ORDER RESERVES THREE MONTHS FROM NOW

RIF'S INDUSTRY BAROMETER AUTUMN 2020



Coronavirus: The government

- The whole construction industry joined forces, published a broad action plan in May
- However:
 - Crisis packages so far are aimed solely at worst hit businesses (not construction industry)
 - Proposed reduced level of infrastructure money at the National Budget
- Some good news:
 - ✓ RIF met the political opposition for infrastructure and buildings – we are getting positive signals from the politicians on funding of infrastructure in the finalized national budget:
 - ✓ 125 million NOK earmarked consultancies
 - ✓ 3000 million NOK to the public road company Statens vegvesen
 - ✓ More funding to reduce the maintenance gap on regional roads



Coronavirus: Clients

- Frequent meetings (every 2-3 weeks) and/or letters written to all major public clients
 - ✓ Roads, railways, airports, defense, hospitals, etc
 - ✓ Regional public authorities
- Corona-contract work group – joint effort with clients, contractors, consultants
- Close cooperation with the Architects' association in Norway
- ✓ Members' dialogue with public clients has never been better



Coronavirus: RIF assisting member firms

RIF have published and/or provides:

- Legal advice for contracts
- Legal advice for employers
- PR and leadership advice for crisis management
- Best practices on contagion management
- Advice on cost reductions



Thank you for your
attention!

