



# European Union

Overview

**EIB INVESTMENT SURVEY**

**2018**



EIB Group survey on investment  
and investment finance  
Country overview

# European Union

## **EIB Group Survey on Investment and Investment Finance: EU overview**

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### **About the EIB Investment Survey (EIBIS)**

The EIB Group Survey on Investment and Investment Finance is a unique, EU-wide, annual survey of some 12 350 firms. It collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. Using a stratified sampling methodology, EIBIS is representative across all 28 member States of the EU, as well as for firm size classes (micro to large) and 4 main sectors. It is designed to build a panel of observations to support time series analysis, observations that can also be linked to firm balance sheet and profit and loss data. EIBIS has been developed and is managed by the Economics Department of the EIB, with support to development and implementation by Ipsos MORI. For more information see: <http://www.eib.org/eibis>.

### **About this publication**

This EU-wide report is an overview of a series covering each of the 28 EU Member States. These are intended to provide an accessible snapshot of the data. For the purpose of these publications, data is weighted by value-added to better reflect the contribution of different firms to economic output. Contact: [eibis@eib.org](mailto:eibis@eib.org).

### **About the Economics Department of the EIB**

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in the definition of its positioning, strategy and policy. The Department, a team of 40 economists, is headed by Debora Revoltella, Director of Economics.

### **Main contributors to this publication**

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### **Disclaimer**

The views expressed in this publication are those of the authors and do not necessarily reflect the position of the EIB.

### **About Ipsos Public Affairs**

Ipsos Public Affairs works closely with national governments, local public services and the not-for-profit sector, as well as international and supranational organizations. Its c.200 research staff in London and Brussels focus on public service and policy issues. Each has expertise in a particular part of the public sector, ensuring we have a detailed understanding of specific sectors and policy challenges. This, combined with our methodological and communications expertise, helps ensure that our research makes a difference for decision makers and communities.

# EIBIS 2018 – EU OVERVIEW

## European Union

This EU overview presents findings based on telephone interviews with around 12 350 firms across the European Union carried out between April and August 2018.

### Key results

<b>Macroeconomic context:</b>	<b>Aggregate investment has recovered, but the consequences of 10 years of underinvestment remain.</b> Total investment has reached pre-crisis long term averages, but ten years of underinvestment left a backlog in terms of capital stocks. Investment is becoming more balanced across asset classes and institutional sectors, though the household sector and government sector are still below pre-crisis levels. Regional differences are pronounced.
<b>Investment outlook:</b>	<b>Firms investment outlook remains positive.</b> 87% of firms invested in 2017. For 2018 the share of firms expecting a (further) increase in investment activities exceeds the share of firms expecting a contraction. This is true for the EU as a whole as well as the vast majority of EU countries individually.
<b>Investment activity:</b>	<b>Investment activities remain mostly related to replacement, but firms prioritisations are slowly changing.</b> Most of the increase in investment vis-à-vis the previous year went into capacity expansion activities.
<b>Perceived investment gap:</b>	<b>16% of firms reported investing too little in the last three years.</b> This is similar to the result in EIBIS 2017 (15%) and reflects higher than expected investment needs in the light of a positive business outlook. The share of machinery and equipment that firms consider state-of-the-art and share of commercial building stock said to satisfy high energy efficiency standards stand at 44% and 37%, respectively.
<b>Investment barriers:</b>	<b>Lack of staff with the right skills and uncertainty over the future</b> remain the main barriers to investment for businesses across the EU. Availability of staff with the right skills is cited by 77% of firms, compared with 72% a year ago. Firms across the EU think that on average 7% of their existing staff do not have the right skills to fit the company's current needs; pointing towards bottlenecks in finding new staff (rather than with respect to existing staff). Labour market regulation and business regulation remain a barrier to investment for some 70% of EU firms.
<b>External finance:</b>	<b>Five per cent of firms are finance constrained.</b> This is the proportion of firms dissatisfied with the amount of finance obtained, sought finance but did not receive it, did not seek finance because they thought borrowing costs were too high or they would be turned down. This is down from 7% in EIBIS 2017.
<b>Firm performance:</b>	<b>Firm productivity</b> varies substantially across EU countries with Luxembourg and Denmark recording the highest proportion of firms falling into the top productivity quintile.

# INVESTMENT DYNAMICS

## INVESTMENT ACTIVITY IN LAST FINANCIAL YEAR

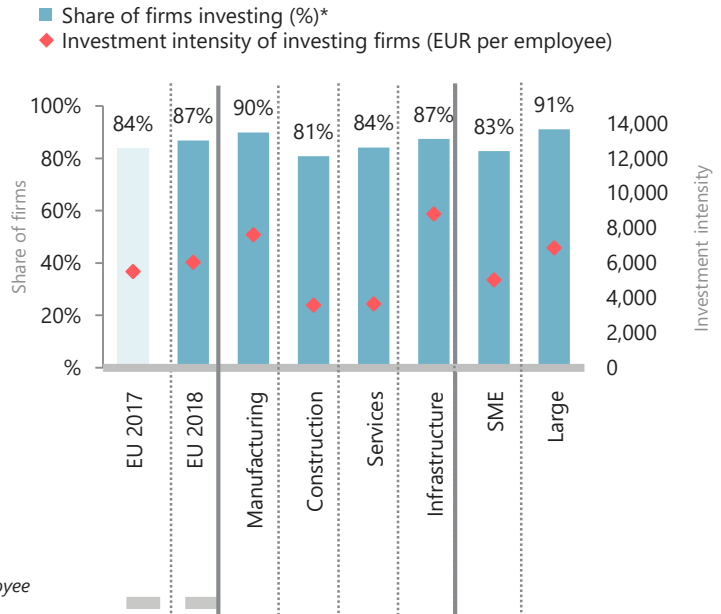
Overall nearly nine in ten (87%) firms in the EU invested in the last financial year. This is higher than the proportion investing in the previous wave (84%). A higher proportion of larger businesses invested (91%) than SMEs (83%).

The median intensity of investment (investment per employee) was highest in the infrastructure sector and lowest in construction and services.

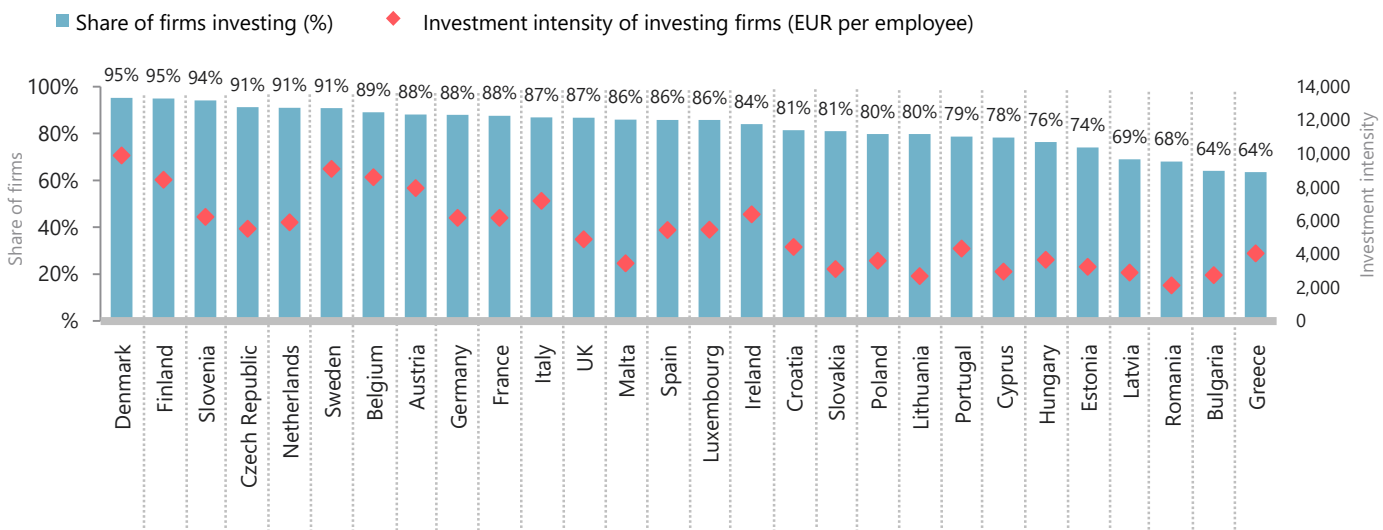
The share of firms investing is the highest in Denmark and Finland (both 95%), Slovenia (94%), Czech Republic, the Netherlands and Sweden (all 91%). The share of firms investing is the lowest in Greece and Bulgaria (both 64%).

*\*The blue bars indicate the proportion of firms who have invested in the last financial year.  
A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities.  
Investment intensity is the median investment per employee of investing firms.  
Investment intensity is reported in real terms using the Eurostat GFCF deflator (indexed to the 2016 wave).*

Base: All firms (excluding don't know/refused responses)



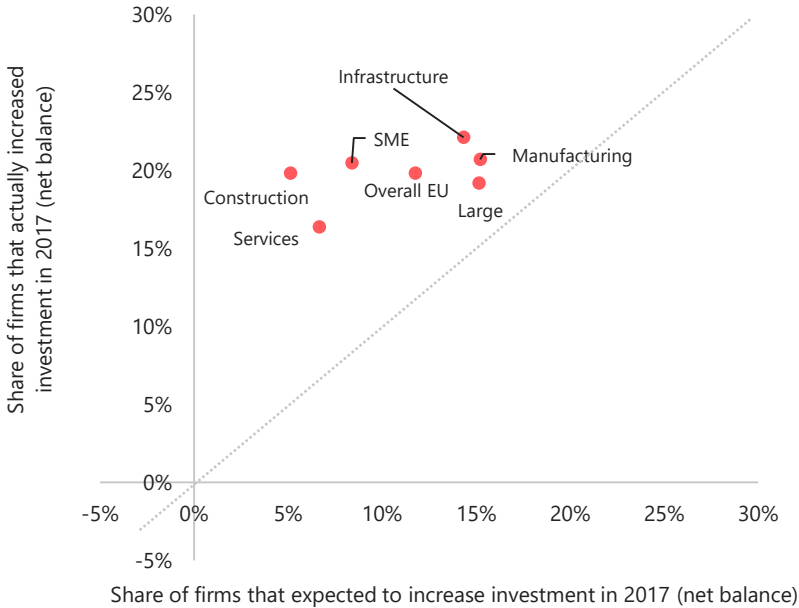
## INVESTMENT ACTIVITY IN LAST FINANCIAL YEAR BY COUNTRY



Base: All firms (excluding don't know/refused responses)

# INVESTMENT DYNAMICS

## EXPECTED VS REALISED INVESTMENT IN THE LAST FINANCIAL YEAR



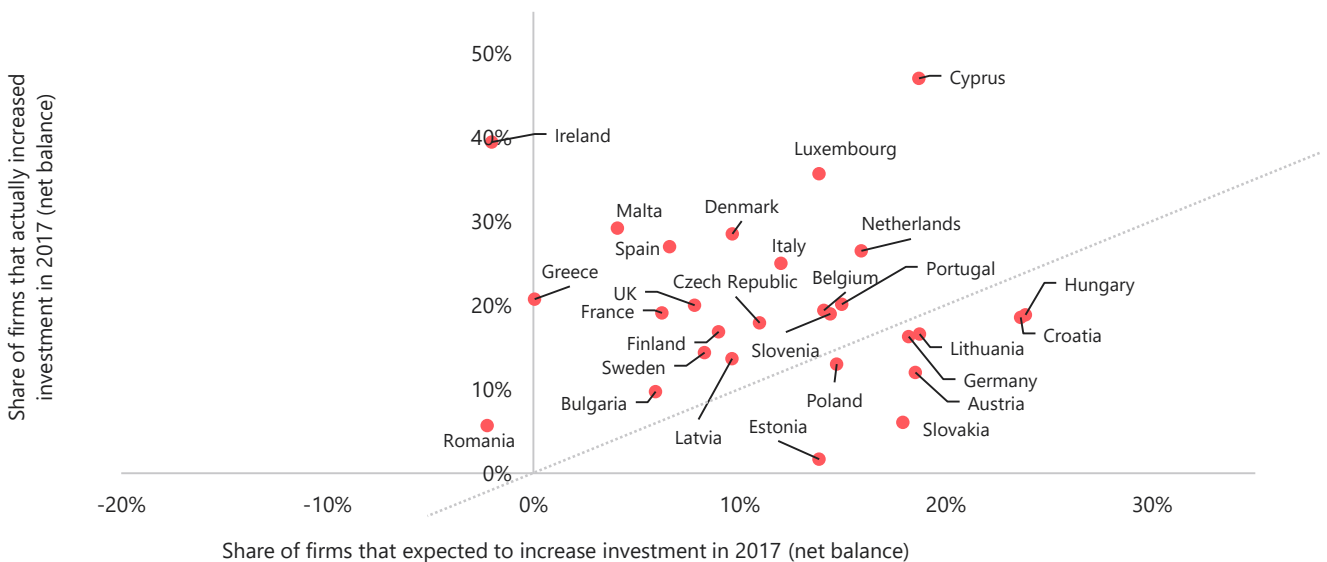
Realised investment exceeded expectations in the last financial year. This data compares firms' expectations for investment in 2017 (collected in the previous survey wave – EIBIS 2017) with realised investment for 2017 (collected in the current wave - EIBIS 2018).

Overall, realised investment came in above expectations for 2017, with the largest gap among construction sector firms (net balance of +5% in expected investment and +20% in realised investment).

Across the majority of EU countries (20 of 28), firms performed better than expected in terms of investment activities. Firms in Ireland exceeded expectations most notably.

Base: All firms

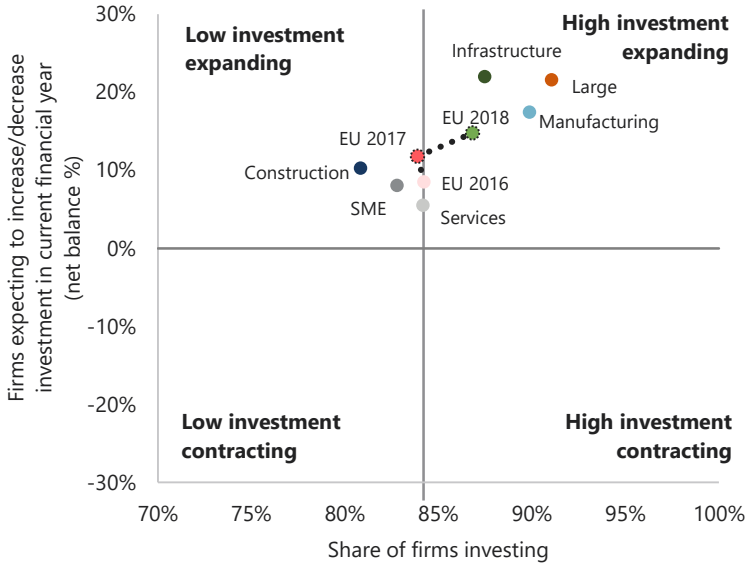
## EXPECTED VS REALISED INVESTMENT IN LAST FINANCIAL YEAR



Base: All firms

# INVESTMENT DYNAMICS

## INVESTMENT CYCLE



Looking forward, firms continue to hold a positive outlook. Most countries tend to fall into either the 'low investment; expanding' or 'high investment; expanding' quadrants of the investment cycle.

Ireland is the only country where more firms show a negative rather than a positive view about their investment outlook, most probably due to uncertainty related to Brexit.

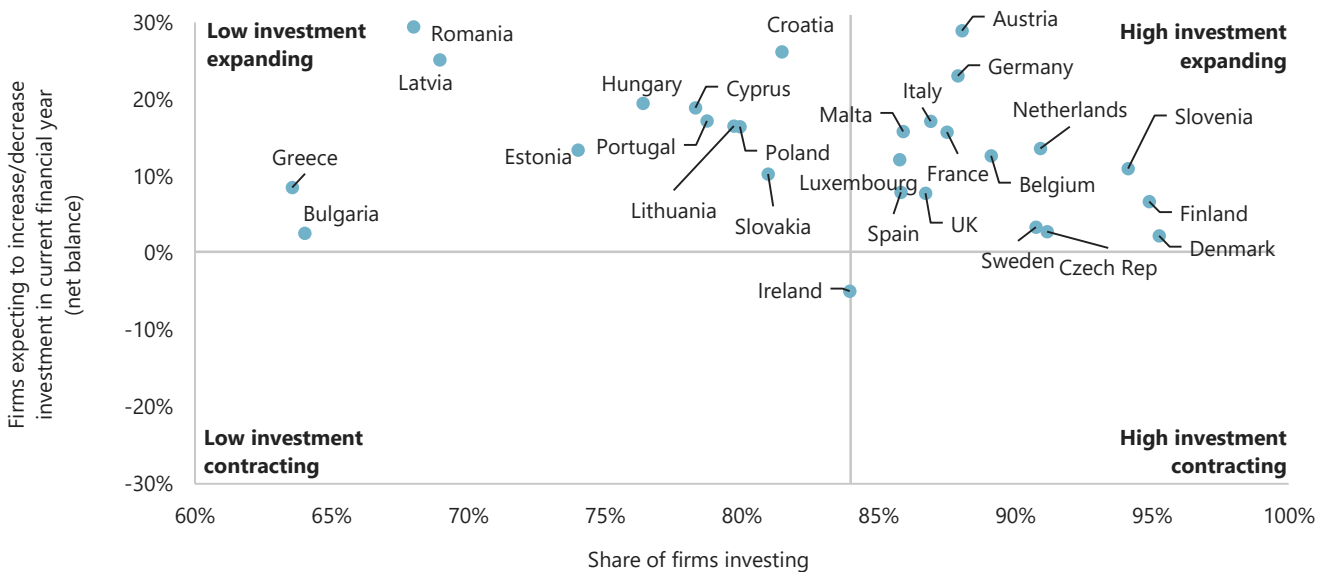
Large firms, and those active in manufacturing and infrastructure, are most firmly situated in the 'high investment; expanding' quadrant.

Base: All firms

Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

The y-axis line crosses x-axis on the EU average for 2016.

## INVESTMENT CYCLE BY COUNTRY



Base: All firms

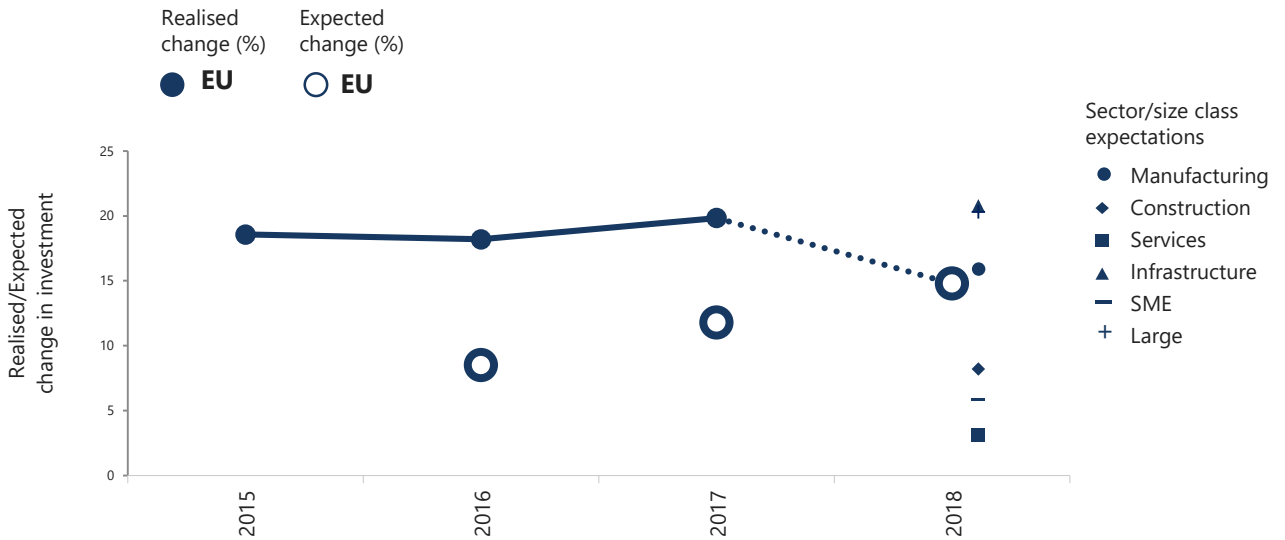
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

The y-axis line crosses x-axis on the EU average for 2016.



# INVESTMENT DYNAMICS

## EVOLUTION OF INVESTMENT EXPECTATIONS



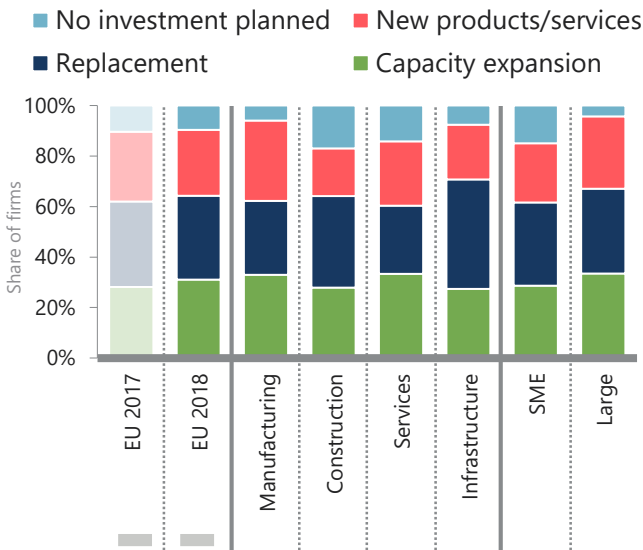
Base: All firms

'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Over the past three years, firms have reported increasingly positive investment expectations. The balance of firms increasing their investment activities compared to those decreasing them has been positive and consistently above expectations, suggesting prudence in firms' outlook.

# INVESTMENT DYNAMICS

## FUTURE INVESTMENT PRIORITIES (% of firms)



Looking to the next three years, investment in replacement remains the most commonly cited priority. The proportion of firms prioritising replacement has however dropped from 40% to 33% since the first wave of the survey – EIBIS 2016.

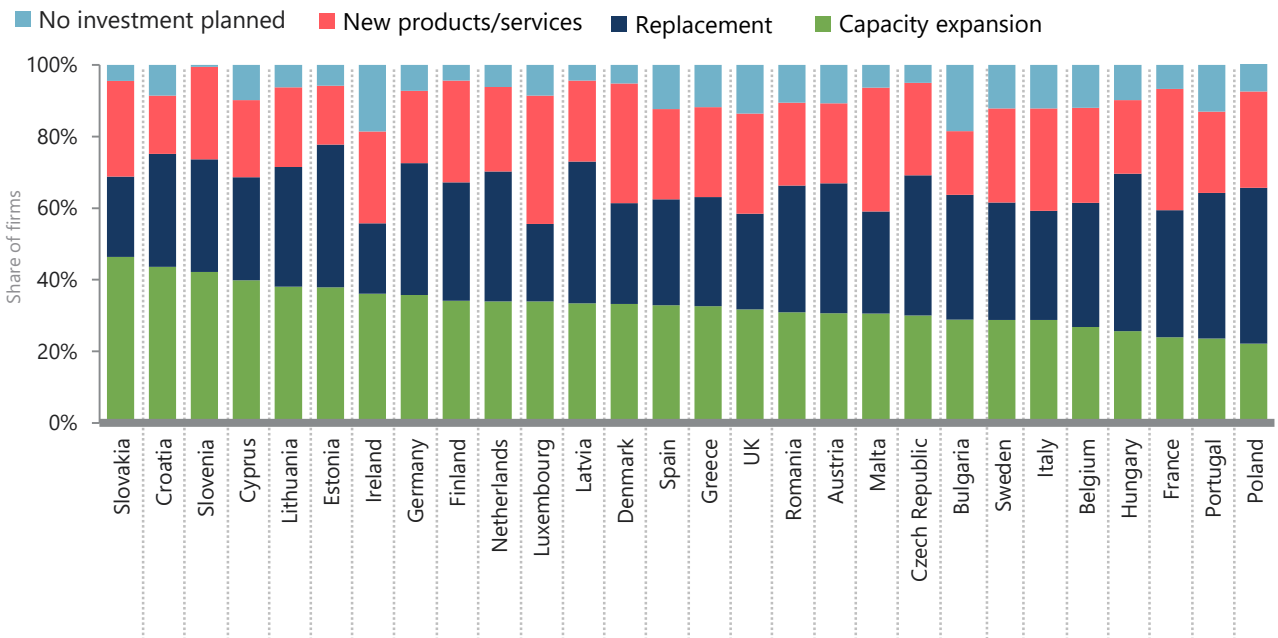
Capacity expansion cited by 31% of firms is the second investment priority, up from 28% last year.

Across EU countries, Slovakia (46%), Croatia (44%), and Slovenia (42%) record the highest shares of firms that name capacity expansion as their principal investment priority going forward. More than 30% of firms in Luxembourg, Malta, France and Denmark prioritise investment in new products, processes and services. Some 20% of firms in Ireland and Bulgaria have no investment plans for the next three years.

Base: All firms (excluding don't know/refused responses)

Q. Looking ahead to the next 3 years, which is your investment priority (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

## FUTURE INVESTMENT PRIORITIES BY COUNTRY



Base: All firms (excluding don't know/refused responses)

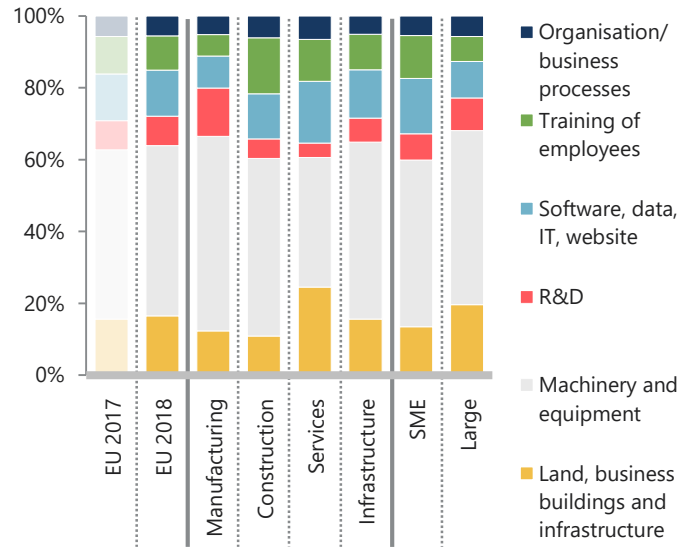
# INVESTMENT FOCUS

## INVESTMENT AREAS (% of firms' investment)

Most investment in the EU corporate sector recorded in the last financial year was in machinery and equipment (47%), followed by buildings and infrastructure (16%) and software, data and IT activities (13%). This is in line with the findings in EIBIS 2017 and EIBIS 2016.

Investment activities vary depending on the sector and size of the business. Manufacturing firms and large firms invest less in 'intangible assets' (R&D, software, training and business process) and more in 'tangible assets' (Land, buildings, infrastructure and machinery).

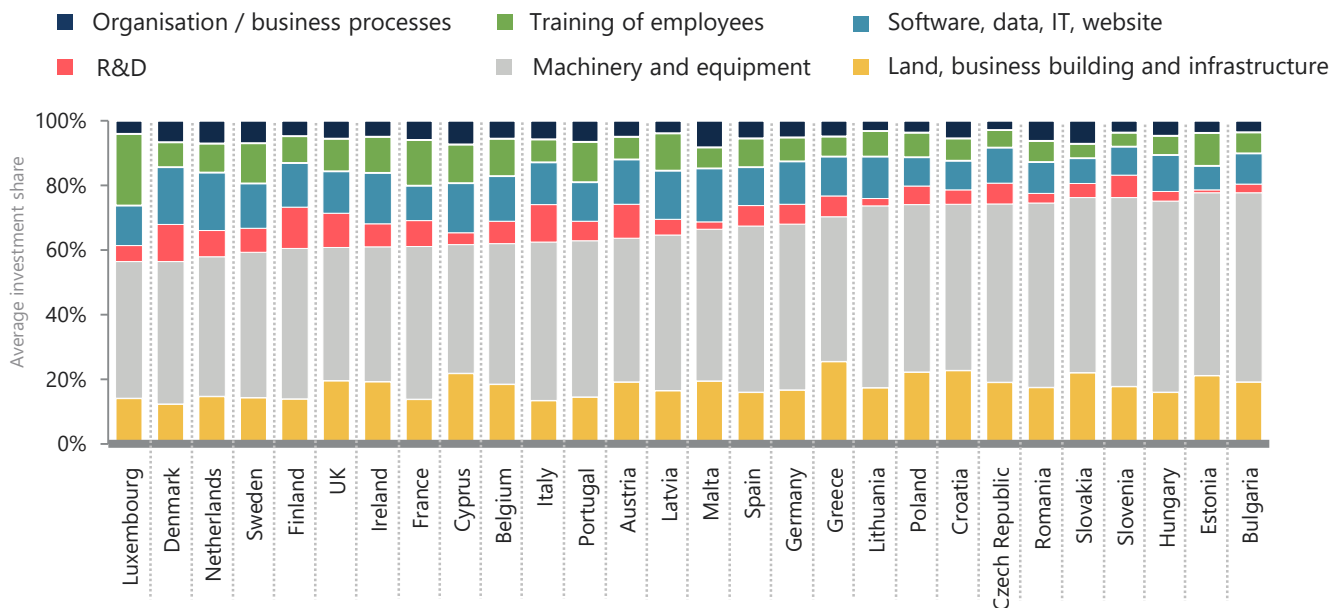
Firms in Bulgaria, Estonia and Hungary invest the lowest share in intangible assets. The 'intangibles share' is highest in Luxembourg, Denmark and the Netherlands.



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

## INVESTMENT AREAS BY COUNTRY

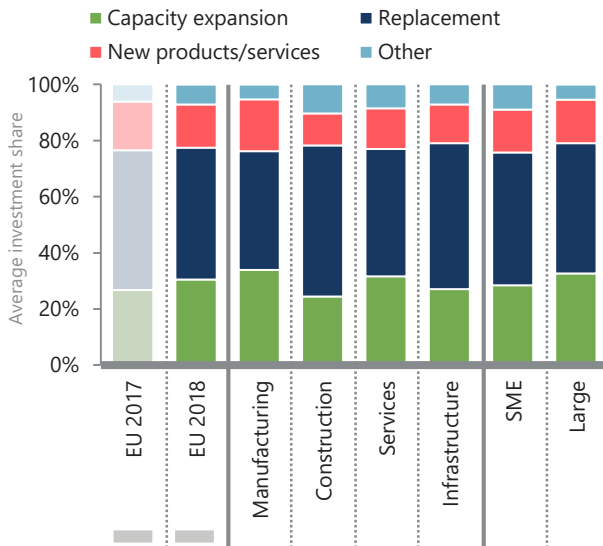


Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. In the last financial year, how much did your business invest in each of the following with the intention of maintaining or increasing your company's future earnings?

# INVESTMENT FOCUS

## PURPOSE OF INVESTMENT (% of firms' investment)



Almost half of all investment spent recorded in last financial year was for the purpose of replacing buildings and equipment (47%). The share of investment for replacement ranges from 42% in manufacturing to 54% in the construction sector.

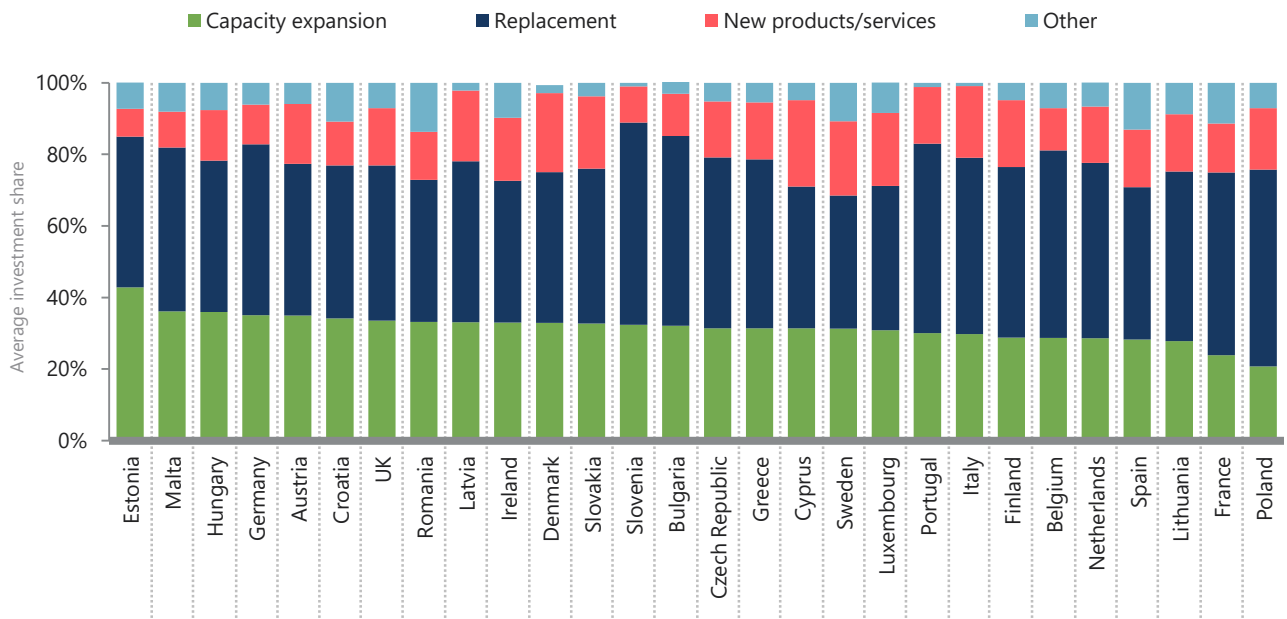
Capacity expansion was the next largest driver of investment activities (accounting for 31%). It increased from 27% recorded in EIBIS 2017.

The proportion of firms' investment allocated to capacity expansion activities is highest in Estonia (43%), followed by Malta and Hungary (both 36%).

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. What proportion of total investment was for (a) replacing capacity (including existing buildings, machinery, equipment, IT) (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

## PURPOSE OF INVESTMENT IN LAST FINANCIAL YEAR BY COUNTRY (% of firms' investment)



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

# INVESTMENT FOCUS

## INNOVATION ACTIVITY

One in three firms (34%) introduced new products, processes or services as part of their investment activities – almost identical to the innovation activity levels reported in EIBIS 2017 and EIBIS 2016.

Six per cent of firms report to have introduced an innovation that is new to the global market.

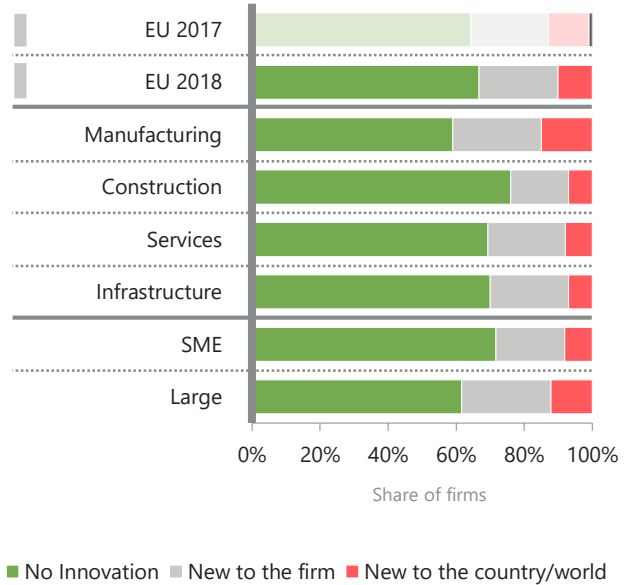
Construction firms are less likely to have innovated (24%), whereas manufacturing firms are the most likely to have introduced new products, processes or services (41%) in the last financial year.

Levels of innovation were lowest among firms in Greece and Estonia.

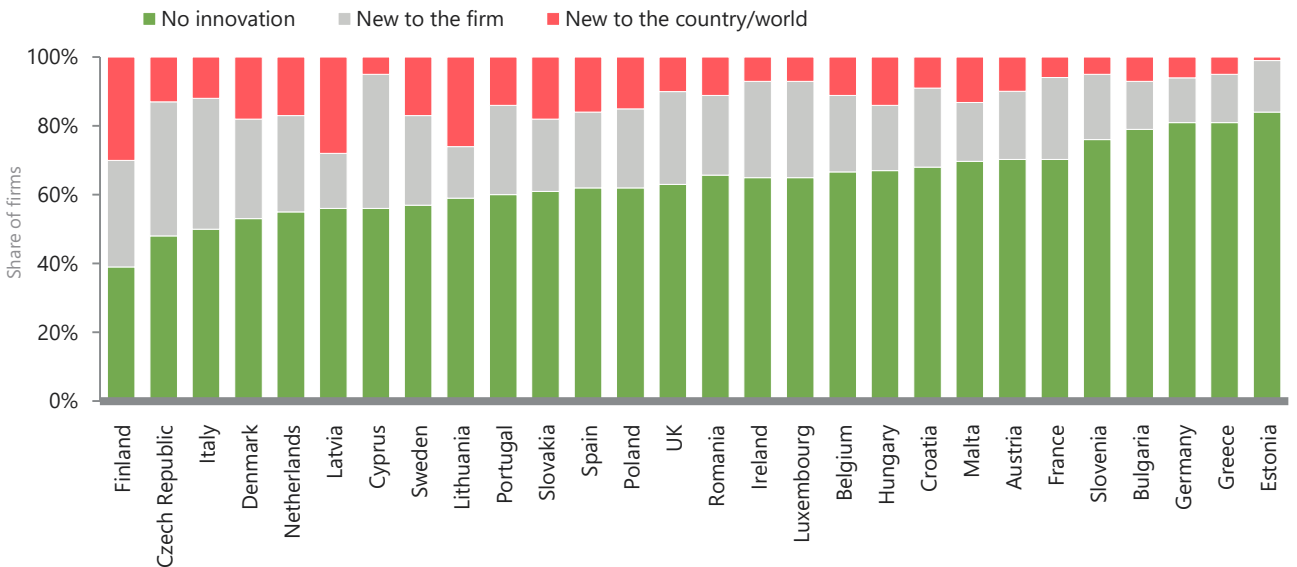
Base: All firms (excluding don't know/refused responses)

Q. What proportion of total investment was for developing or introducing new products, processes, services?

Q. Were the products, processes or services new to the company, new to the country, new to the global market?



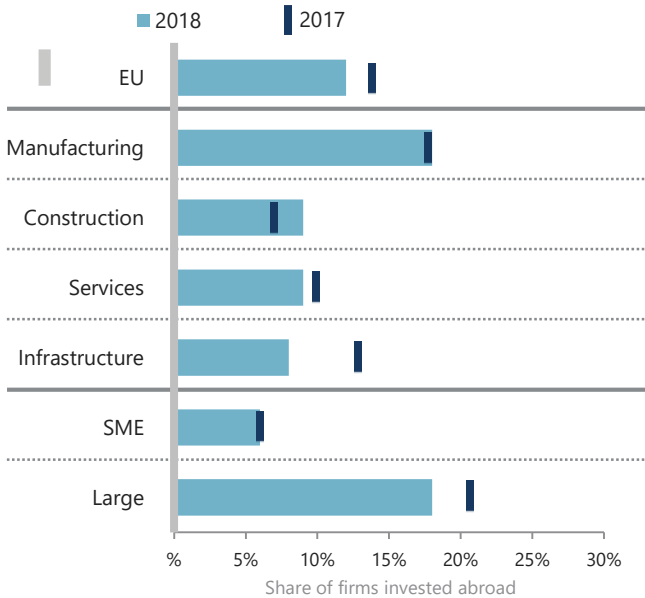
## INNOVATION ACTIVITY BY COUNTRY



Base: All firms (excluding don't know/refused responses)

# INVESTMENT FOCUS

## INVESTMENT ABROAD



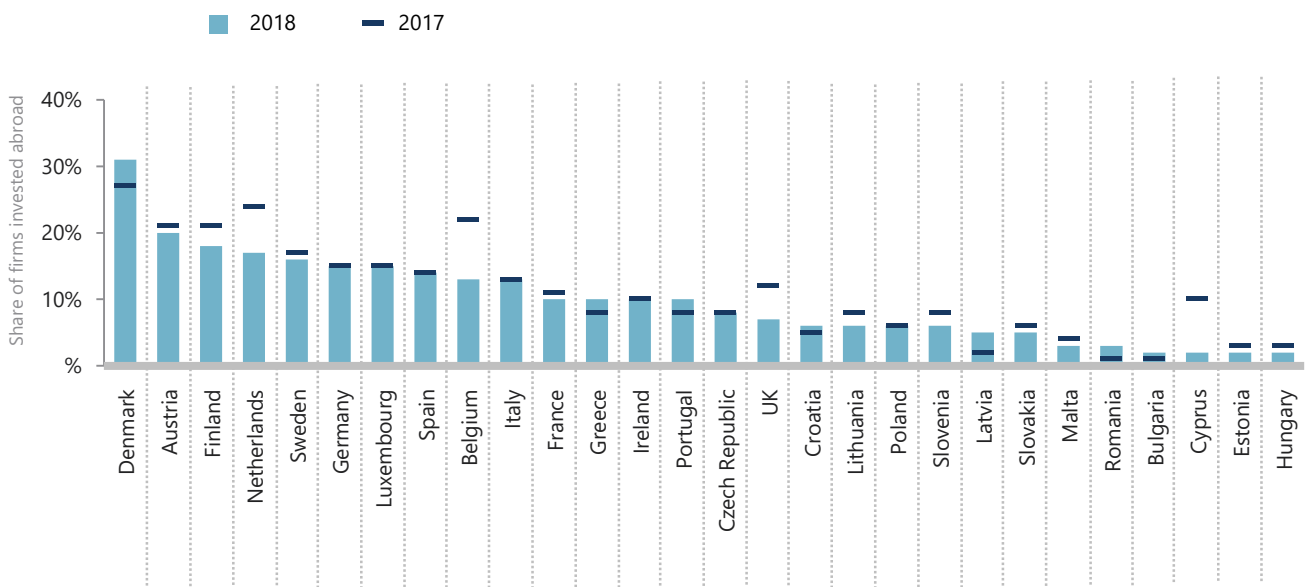
Among firms that invested, 12% invested in another country, compared with 14% recorded in EIBIS 2017.

Manufacturing firms are most likely to invest abroad (18% - the same as in EIBIS 2017). Infrastructure firms (8%) and SMEs (6%) are least likely to invest in another country.

Firms in Denmark are most likely to invest abroad (31%), consistent with the previous wave. Firms in Austria (20%), Finland (18%) and the Netherlands (17%) are next most likely to invest in another country.

Base: All firms who invested in the last financial year  
Q. In the last financial year, has your company invested in another country?

## INVESTMENT ABROAD BY COUNTRY



Base: All firms who invested in the last financial year

# INVESTMENT NEEDS

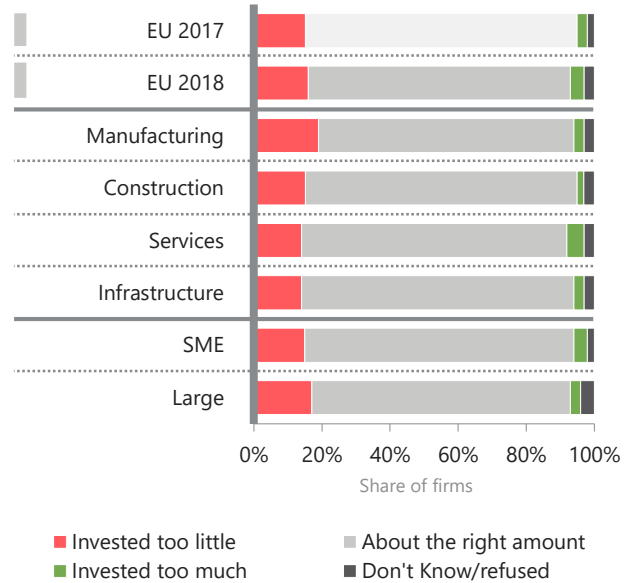
## PERCEIVED INVESTMENT GAP

Around three in four firms (77%) believe their investment activities over the last three years to be in line with needs, similar to the results reported in EIBIS 2017 (79%).

One in six firms (16%) say they invested too little, compared with 15% a year ago.

One in three firms in Lithuania (33%) state that they invested too little in the last three years, followed by Slovenia (29%) and Latvia (25%).

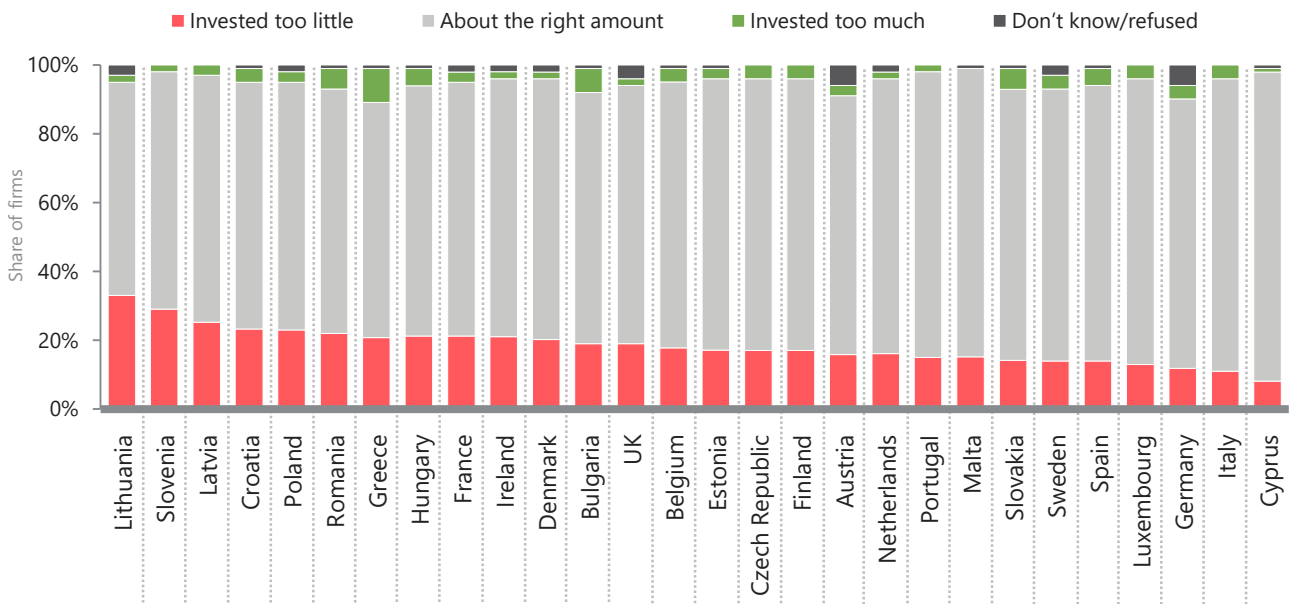
Conversely, close to nine in ten firms in Italy (89%) and 85% of firms in Cyprus report that their investment activity was in line with needs. One in ten firms in Greece (10%) state that they invested too much.



Base: All firms (excluding 'Company didn't exist three years ago' responses)

Q. Looking back at your investment over the last 3 years, was it too much, too little, or about the right amount?

## PERCEIVED INVESTMENT GAP BY COUNTRY



Base: All firms (excluding 'Company didn't exist three years ago' responses)

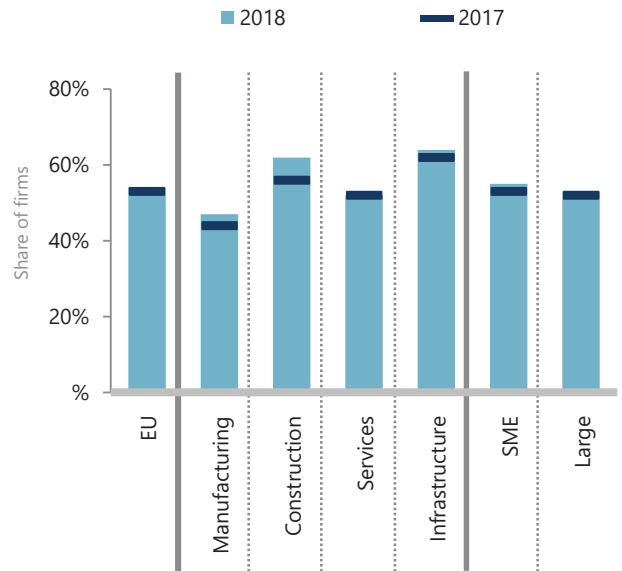
# INVESTMENT NEEDS

## SHARE OF FIRMS AT OR ABOVE FULL CAPACITY

Over half of EU firms (54%) report operating at or above full capacity, in line with the figures from EIBIS 2017.

Firms in the infrastructure sector were the most likely to be at or above capacity with six in ten firms (64%) reporting this, followed by construction sector firms (62%). Those in the manufacturing sector (47%) were least likely to report operating at or above capacity. This pattern is consistent with the results in EIBIS 2017 and EIBIS 2016.

Three in four firms in Estonia and Austria (both 75%) report operating at or above capacity, as well as around seven in ten in Germany (70%) and Malta (69%). As in the previous wave, firms in Latvia are least likely to report operating at or above full capacity (29%).

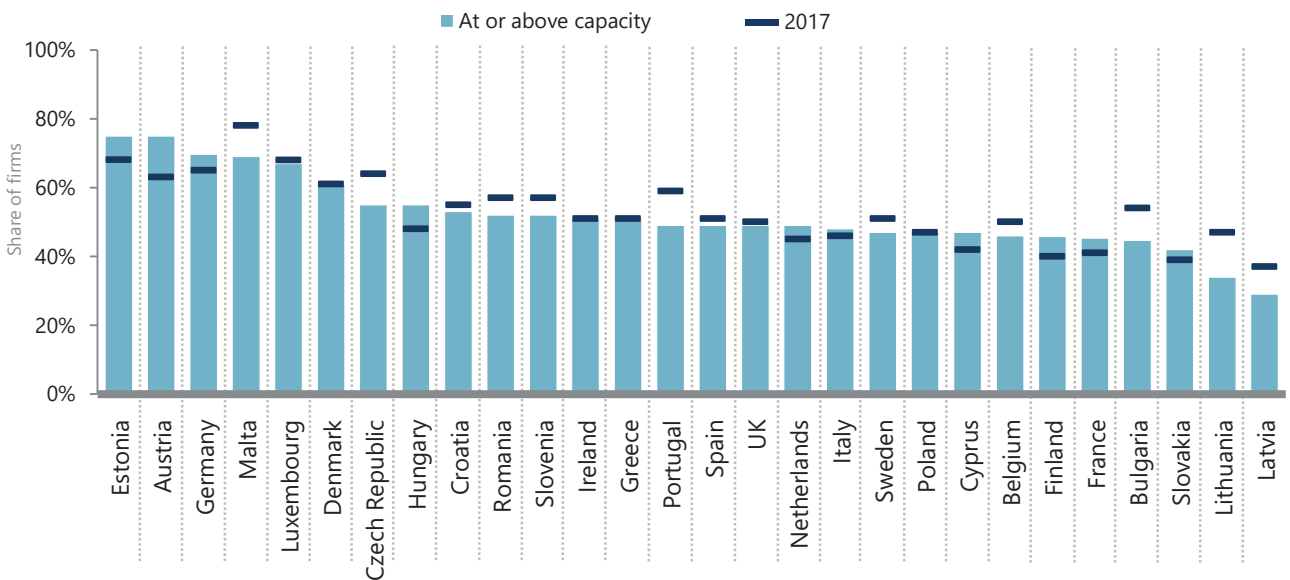


Base: All firms (data not shown for those operating somewhat or substantially below full capacity)

Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances?

## SHARE OF FIRMS AT OR ABOVE FULL CAPACITY BY COUNTRY



Base: All firms (data not shown for those operating somewhat or substantially below full capacity)



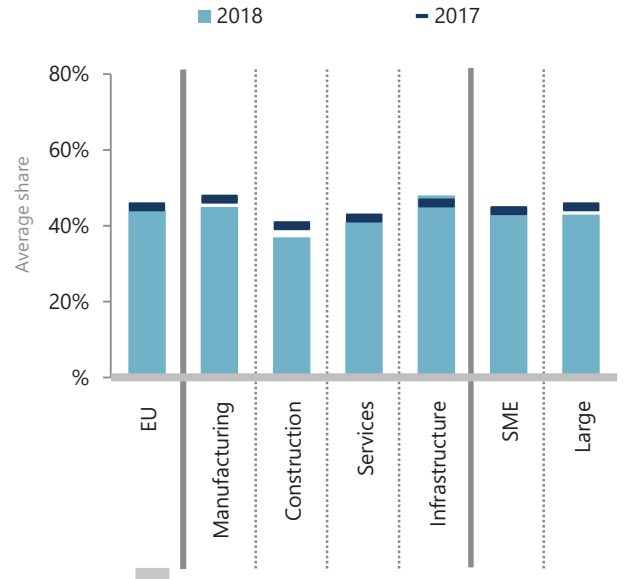
# INVESTMENT NEEDS

## PERCEIVED SHARE OF STATE OF THE ART MACHINERY

The average share of machinery and equipment that is perceived to be state-of-the-art across EU firms is 44%. This is broadly consistent for both SMEs and large firms, and is in line with the results reported in EIBIS 2017 and EIBIS 2016.

Across sectors the proportion of state-of-the-art machinery ranges from 48% among infrastructure firms to 37% among firms in the construction sector.

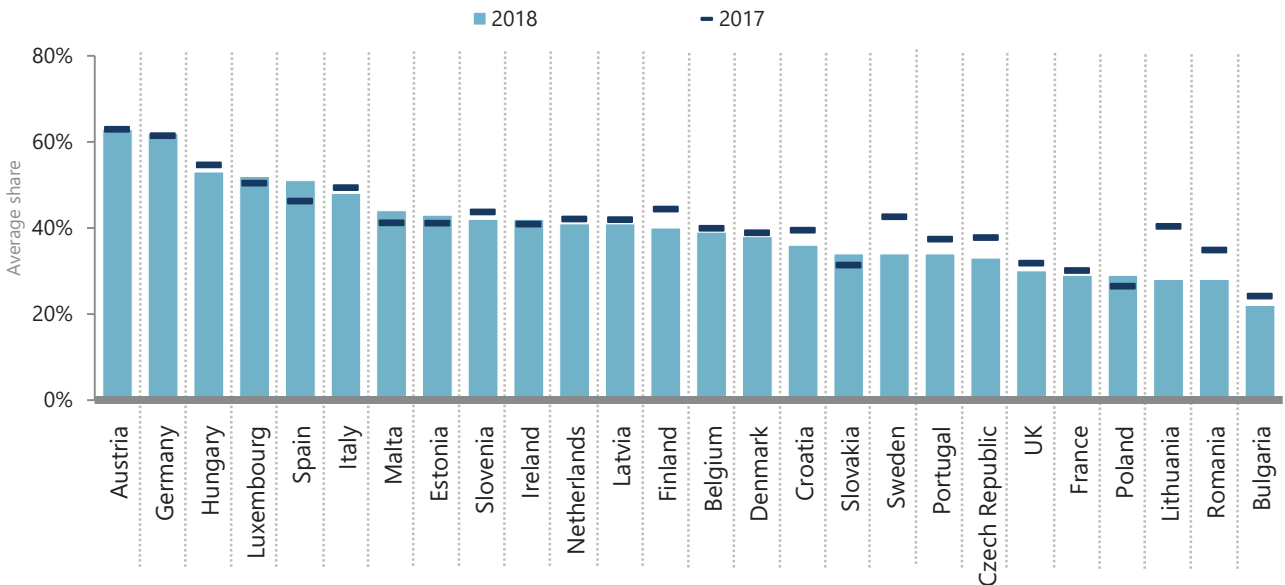
Firms in Austria (63%) and Germany (62%) again say they have the highest share of state-of-the-art machinery out of all EU countries, as EIBIS 2017 and EIBIS 2016 already. At the other end of the scale, firms in Bulgaria report having the lowest share of state-of-the-art machinery (22%), as they did in the two previous waves (EIBIS 2017 and EIBIS 2016).



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. What proportion, if any, of your machinery and equipment, including ICT, would you say is state-of-the-art?

## PERCEIVED SHARE OF STATE OF THE ART MACHINERY BY COUNTRY



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

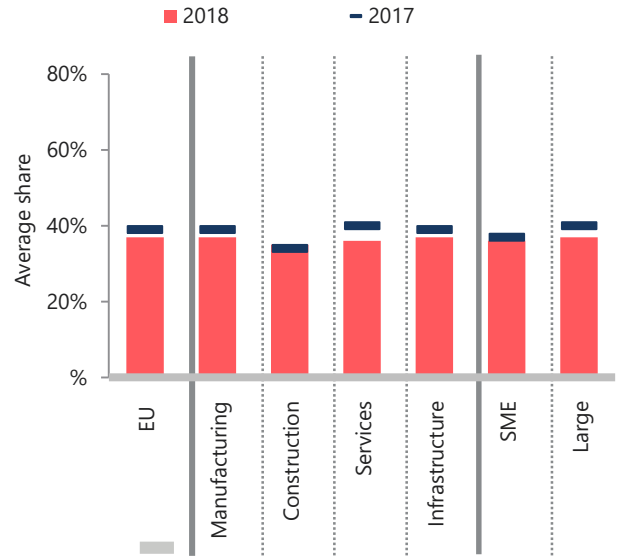
Data not shown for Greece and Cyprus as these countries were outliers at the higher end of the scale –potentially due to different interpretation of the question.

# INVESTMENT NEEDS

## PERCEIVED SHARE OF BUILDING STOCK MEETING HIGH ENERGY EFFICIENCY STANDARDS

Firms report, on average, that 37% of their building stock satisfies high energy efficiency standards, lower than the equivalent shares in EIBIS 2017 and EIBIS 2016. Construction firms report a slightly lower share relative to other sectors (35%), consistent with the EIBIS 2017 data (34%).

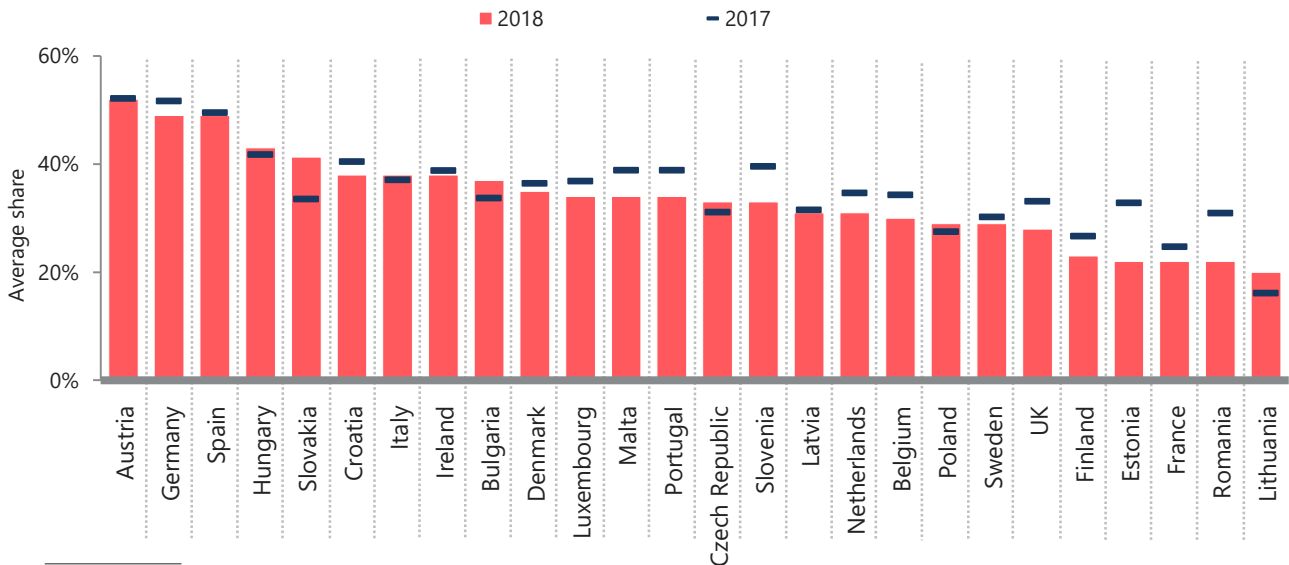
As for the previous survey waves (EIBIS 2017 and EIBIS 2016), the reported share varies substantially between countries. Firms in Austria (52%), Germany (49%) and Spain (also 49%) report the highest shares of commercial building stock that satisfies high efficiency standards. Firms in Lithuania (20%) report the lowest share of building stock that meets high energy efficiency standards.



Base: All firms (excluding don't know/refused responses)

Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

## PERCEIVED SHARE OF BUILDING STOCK MEETING HIGH ENERGY EFFICIENCY STANDARDS BY COUNTRY

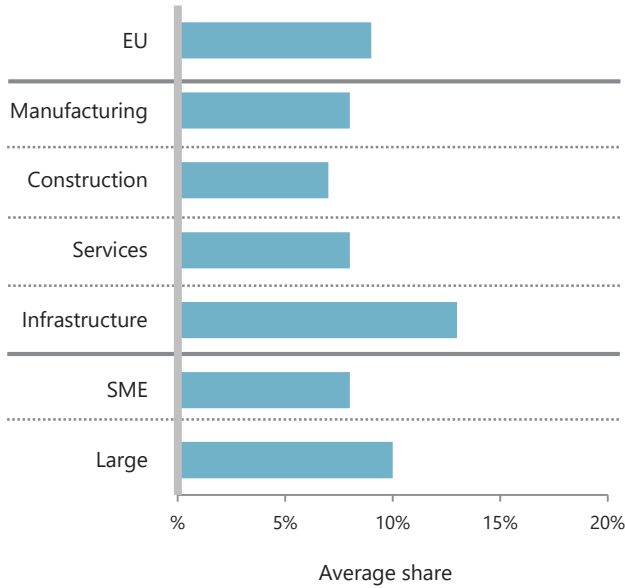


Base: All firms (excluding don't know/refused responses)

Data not shown for Greece and Cyprus as these countries were outliers at the higher end of the scale –potentially due to different interpretation of the question.

# INVESTMENT NEEDS

## ENERGY EFFICIENCY INVESTMENT



Across the EU, the average share of investment allocated to measures to improve energy efficiency in firms is 9%.

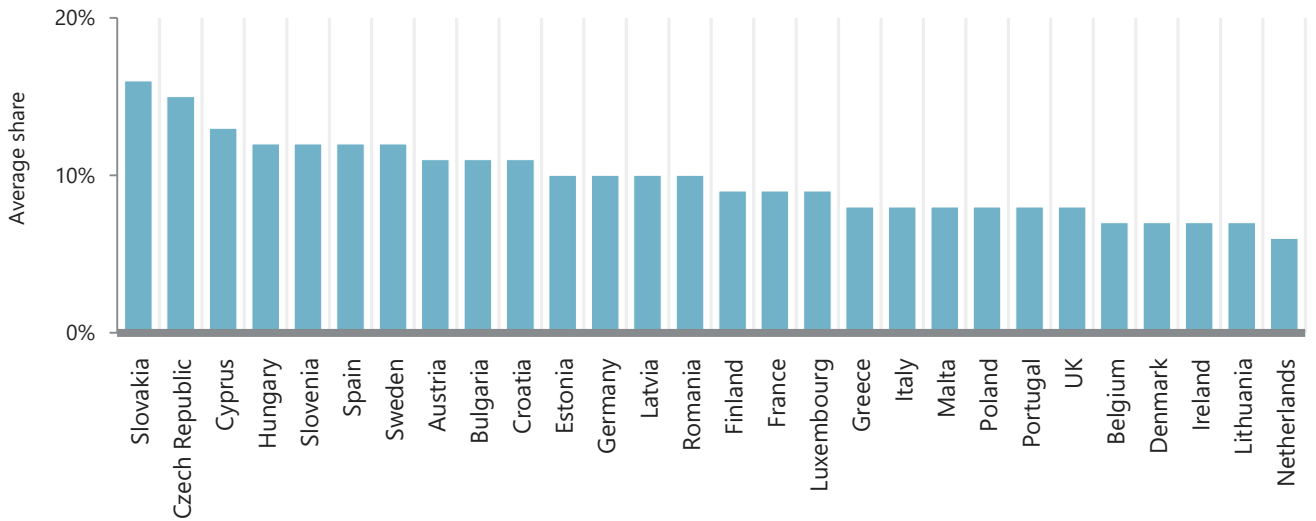
This varies by sector with a 13% share for infrastructure firms compared to only 7% in the construction sector. Firms in the manufacturing and services sectors both allocate 8% of their investment outlays to measures to improve energy efficiency.

The highest reported share of investment for measures to improve energy efficiency is recorded in Slovakia (16%), the Czech Republic (15%) and Cyprus (13%). In contrast, only 6% of investment by firms in the Netherlands is primarily for energy efficiency measures.

Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

Q. What proportion of total investment in the last financial year was primarily for measures to improve energy efficiency in your organisation?

## ENERGY EFFICIENCY INVESTMENT BY COUNTRY



Base: All firms who have invested in the last financial year (excluding don't know/refused responses)

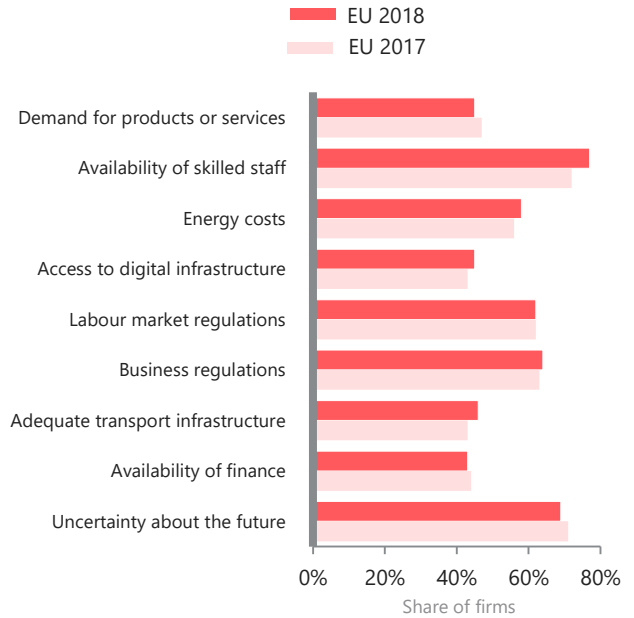
# DRIVERS AND CONSTRAINTS

## LONG TERM BARRIERS TO INVESTMENT

Around three in four firms (77%) cite the availability of skilled staff as an obstacle to investment. This was also the main barrier to investment reported in EIBIS 2017, however, the proportion of firms mentioning this has increased (from 72%).

Uncertainty about the future (69%) is the next most prevalent obstacle to investment, as in EIBIS 2017, followed by business regulations (64%) and labour market regulations (62%).

The availability of skilled staff is perceived as the main barrier across sectors and size classes, although more common among large firms (78%), and those in the manufacturing and construction sectors (79% and 78% respectively).

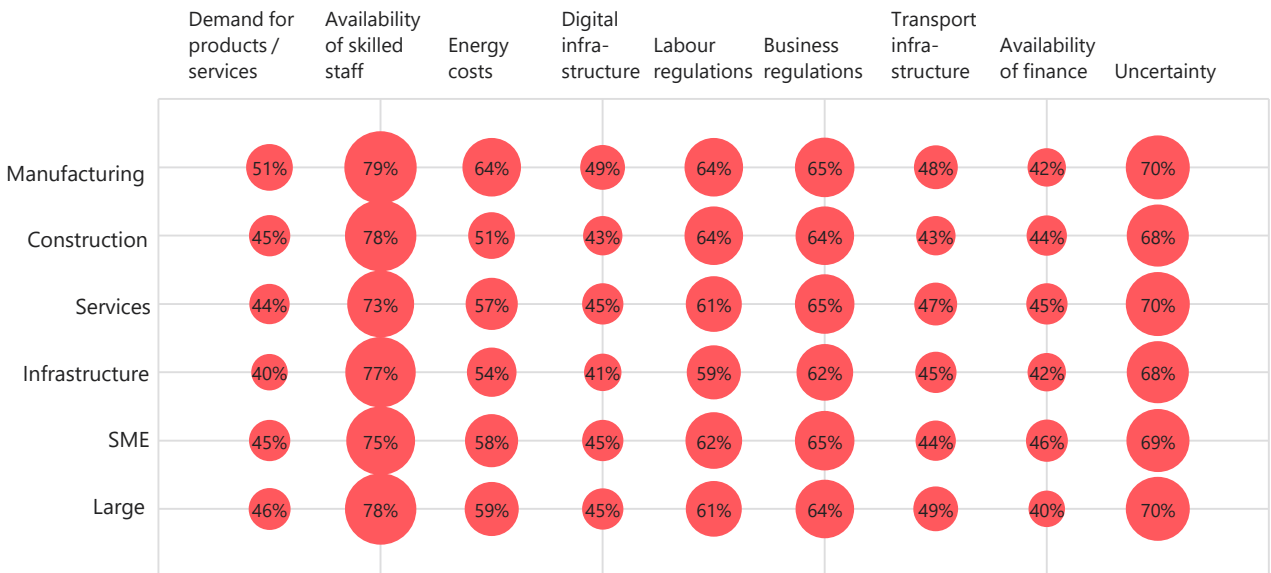


Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

Q. Thinking about your investment activities in [country name], to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Reported shares combine 'minor' and 'major' obstacles into one category

## LONG TERM BARRIERS TO INVESTMENT BY SECTOR AND SIZE



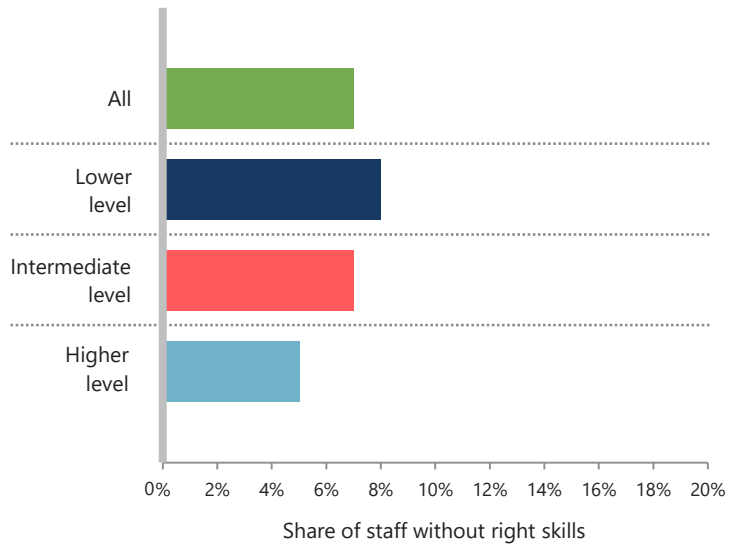
Base: All firms (data not shown for those who said not an obstacle at all/don't know/refused)

# DRIVERS AND CONSTRAINTS

## PERCEIVED SKILLS MIS-MATCH

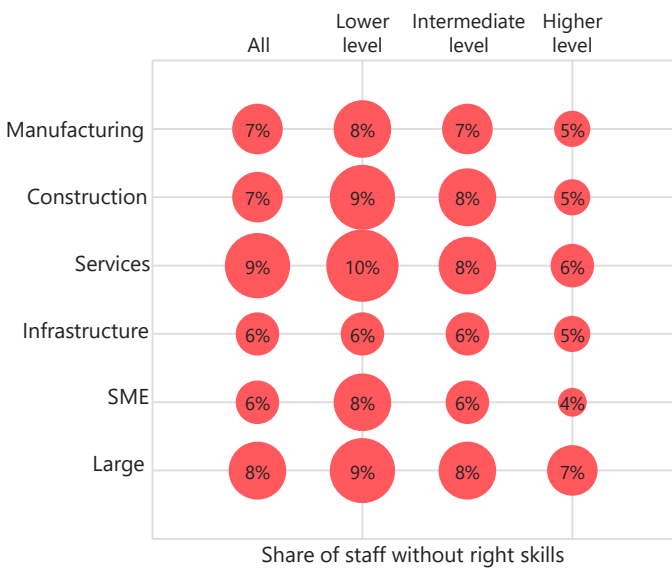
Firms across the EU think that on average 7% of their existing staff do not have the right skills to fit the company's current needs.

This increases to 8% of staff in lower level occupations, compared with only 5% of staff in higher level occupations. This points towards shortages in finding new staff rather than issues with existing staff when firms report 'lack of skilled staff' as a barrier to investment.



Base: All staff in lower/intermediate/higher level occupations (excluding don't know/refused responses)  
 Q. How many of your existing staff would you regard as having the right skills to fit your company's current needs?

## PERCEIVED SKILLS MIS-MATCH BY SECTOR AND SIZE



The proportion of staff perceived to lack the required skills for their role varies by size and sector. For example, the overall level of skills mis-match is highest in the services sector (9%) and amongst larger firms (8%).

Looking only at lower level occupations, the proportion of staff lacking the necessary skills is highest in services firms (10%) and in large businesses (9%).

The smallest skills mis-match is amongst those in higher level occupations within SME firms – at 4%.

Base: All staff in lower/intermediate/higher level occupations (excluding don't know/refused responses)  
 Q. How many of your existing staff would you regard as having the right skills to fit your company's current needs?

# INVESTMENT FINANCE

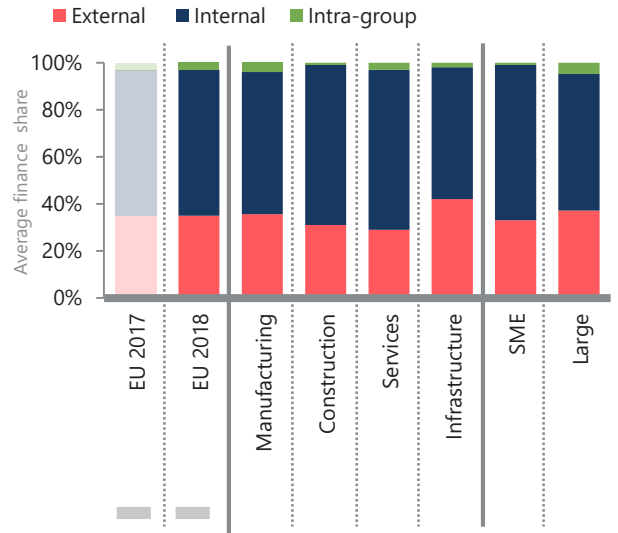
## SOURCE OF INVESTMENT FINANCE

Across the EU, firms finance the majority of their investment via internal financing (62%).

Infrastructure sector firms have the highest share of external finance (42%), and the lowest proportion is among service sector firms (29%).

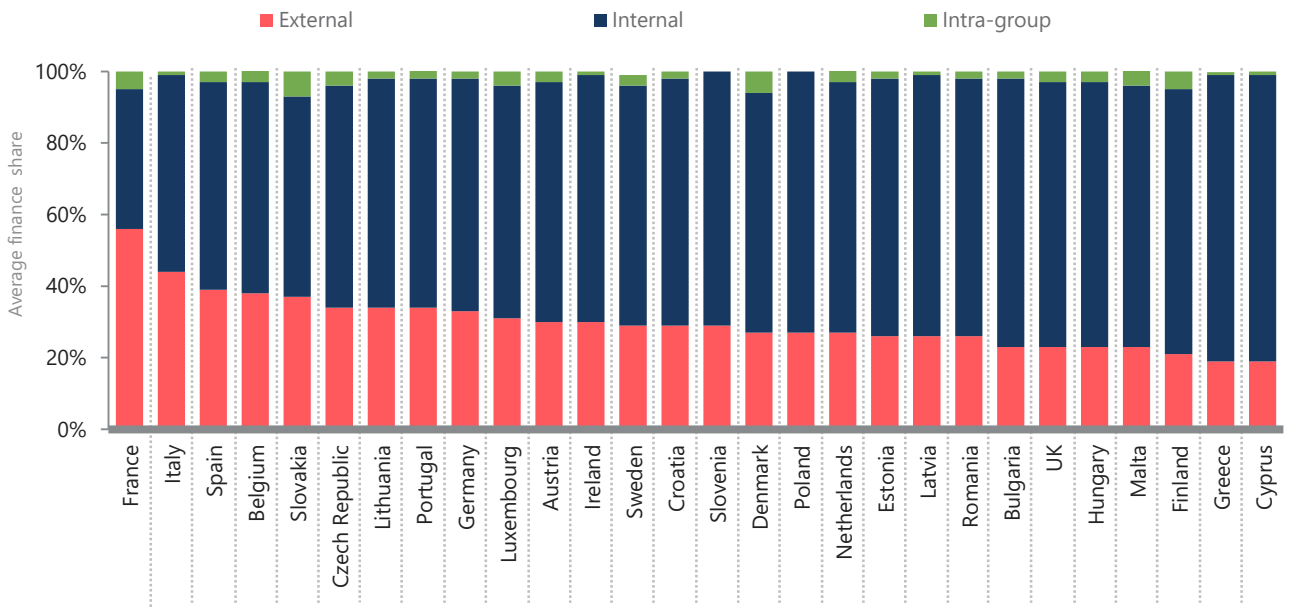
Firms in France, Italy and Spain use the highest shares of external finance (making up 56%, 44% and 39% respectively of their total investment).

Conversely, the share of finance accounted for by internal funds is highest in Greece, Cyprus and Bulgaria (80%, 80% and 75% respectively).



Base: All firms who invested in the last financial year (excluding don't know/refused responses)  
Q. What proportion of your investment was financed by each of the following?

## SOURCE OF INVESTMENT FINANCE BY COUNTRY



Base: All firms who invested in the last financial year (excluding don't know/refused responses)

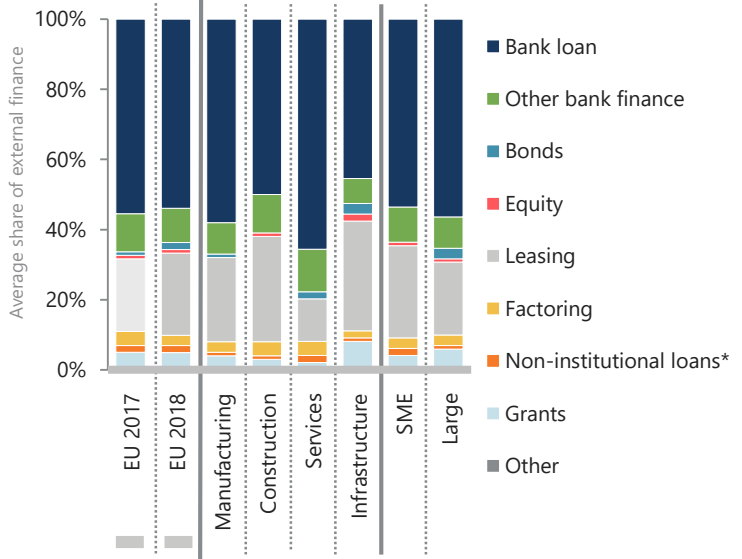
# INVESTMENT FINANCE

## TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES

Bank loans account for the highest share of external finance (55%), followed by leasing (24%). This is largely consistent with the data from EIBIS 2017 and EIBIS 2016.

Bank loans are particularly prominent in the services sector (65%).

Firms in Cyprus report the largest share of bank loans in their external financing mix, with 93% coming from this source. Leasing accounts for a higher share than bank loans in Estonia, Ireland and Latvia.

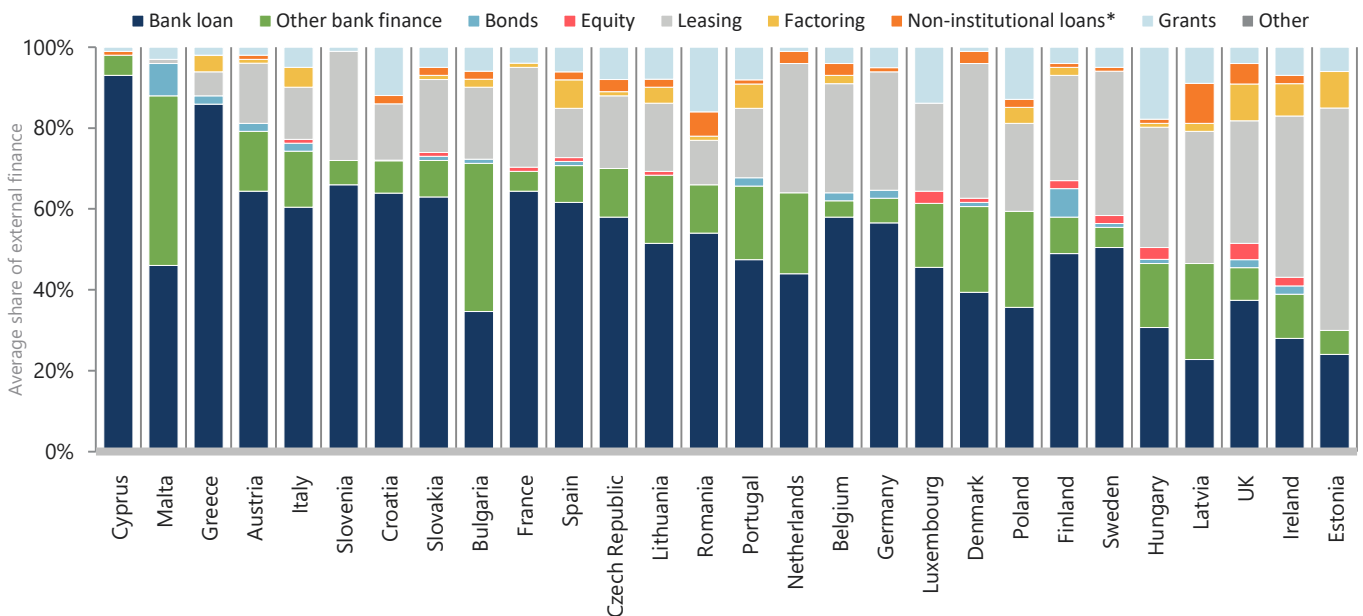


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. What proportion of your investment was financed by each of the following?

\*Loans from family, friends or business partners

## TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES BY COUNTRY



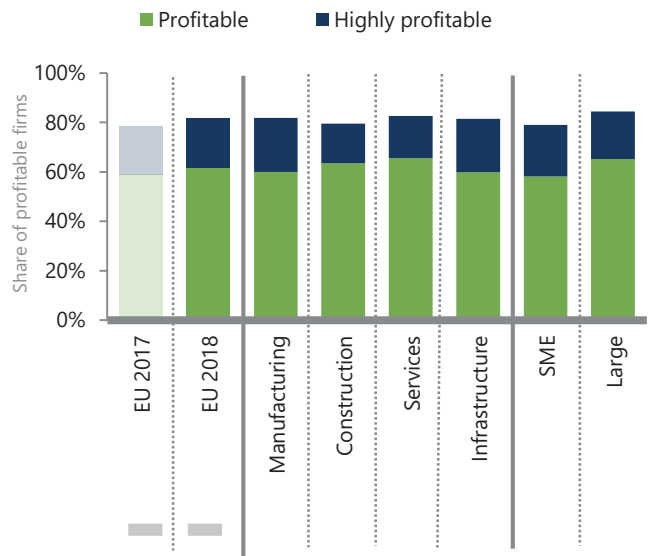
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

# INVESTMENT FINANCE

## SHARE OF PROFITABLE FIRMS

Across the EU more than eight in ten businesses (82%) report having generated a profit in the last financial year, slightly more than the 79% who said this in EIBIS 2017. Large firms (84%) are more likely to be profitable than SMEs (79%).

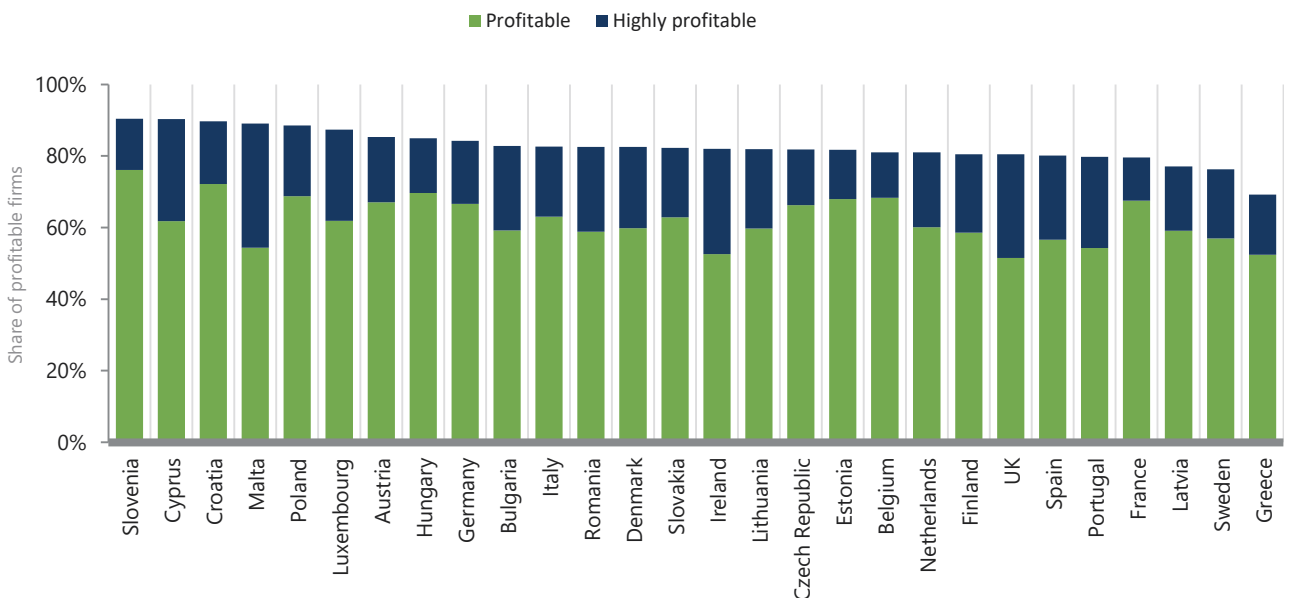
Nine in ten firms report themselves as profitable in Slovenia, Cyprus and Croatia (all 90%), with Malta and Poland next (both 89%). The highest shares of highly profitable firms is recorded in Malta (35%), Ireland the UK and Cyprus (all 29%). Firms in Greece were the least likely to report a profit, with fewer than seven in ten (69%) reporting this.



Base: All firms (excluding don't know/refused responses).

Q. Taking into account all sources of income in the last financial year, did your company generate a profit or loss before tax, or did you break even? Highly profitable is defined as profits/turnover bigger than 10%

## SHARE OF PROFITABLE FIRMS BY COUNTRY

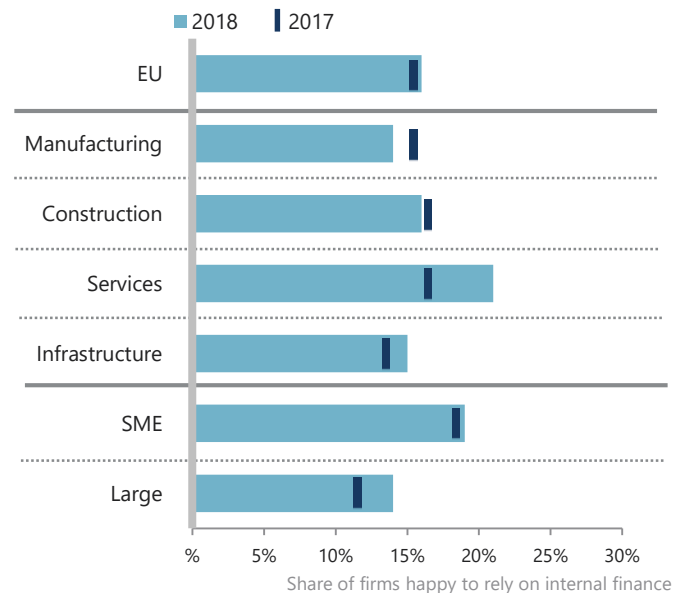


Base: All firms (excluding don't know/refused)



# INVESTMENT FINANCE

## SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT



Across all EU firms, 16% report that their main reason for not applying for external finance was because they were happy to use internal funds / did not have a need for it. This is consistent with the data from EIBIS 2017.

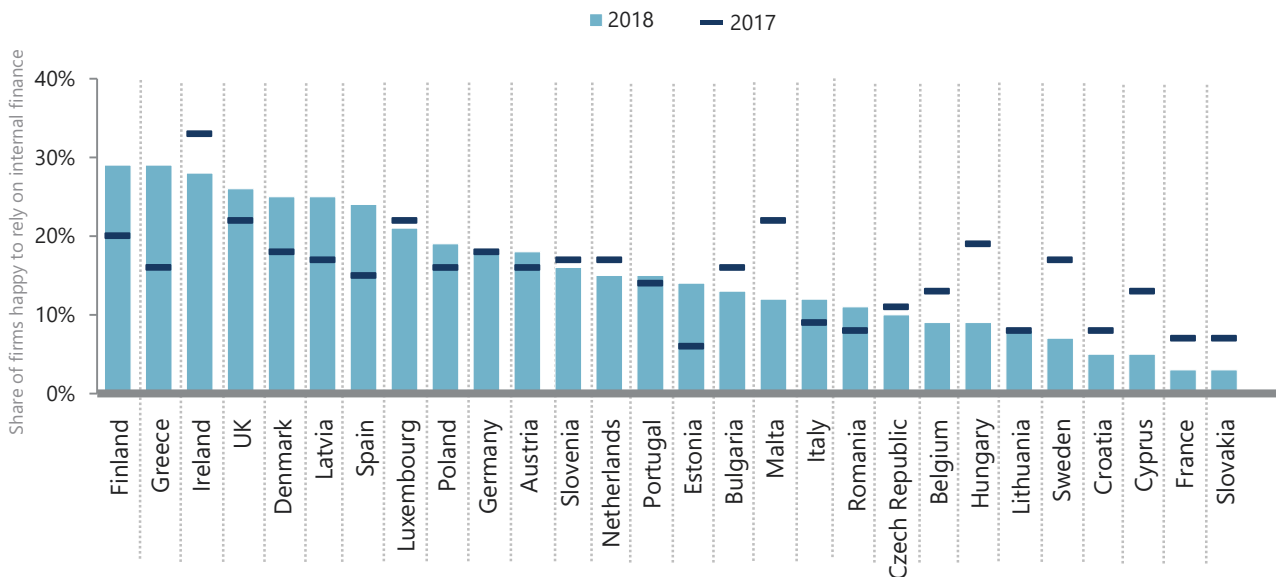
SMEs remain notably more likely to be happy to rely on internal finance than large businesses (19% compared with 14%).

Around three in ten firms in Finland, Greece (both 29%) and Ireland (28%) report being happy to use only internal finance, the highest proportion among all EU countries. In contrast, firms in Slovakia and France are least likely to say they are happy to rely exclusively on internal finance to fund their investment activities (3% in both countries).

Base: All firms

Q. What was your main reason for not applying for external finance for your investment activities? Was happy to use internal finance/didn't need the finance (Unprompted)

## SHARE OF FIRMS HAPPY TO RELY EXCLUSIVELY ON INTERNAL SOURCES TO FINANCE INVESTMENT BY COUNTRY



Base: All firms

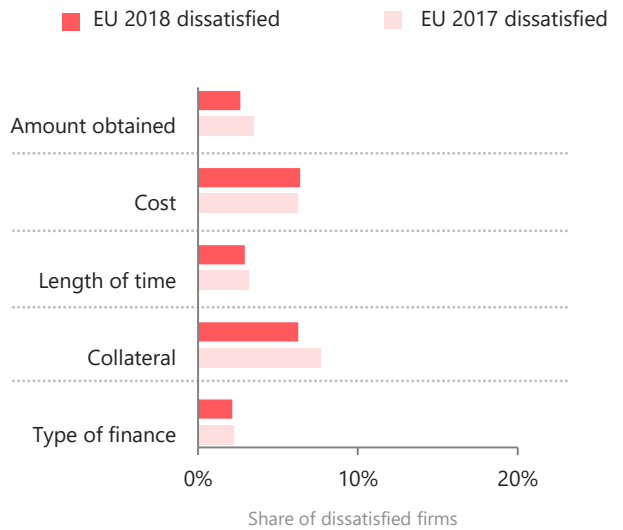
# SATISFACTION WITH FINANCE

## DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

A small share of EU firms that used external finance are dissatisfied with the amount, cost, length of time, collateral or type of finance received.

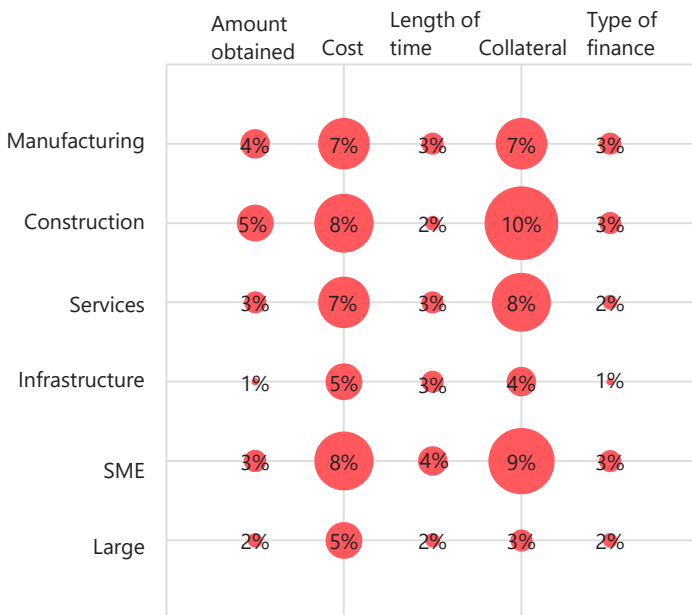
EU firms are most dissatisfied with the associated collateral (6%) and cost (6%) of securing external finance.

In general, the share of firms expressing dissatisfaction with the finance they received is consistent with the results reported in EIBIS 2017. The exception to this is the proportion of firms saying they are dissatisfied with collateral, which was 8% last year compared with 6% now.



Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)  
 Q. How satisfied or dissatisfied are you with ....?

## DISSATISFACTION BY SECTOR AND SIZE



SMEs are three times more likely than larger firms to be dissatisfied with the collateral required to secure external finance (9% versus 3%).

Eight per cent of SMEs report dissatisfaction with the cost of external finance, compared with five per cent of large firms.

Construction firms generally show higher levels of dissatisfaction when compared with firms in other sectors, particularly with collateral requirements, but this is not the case regarding the length of time for repaying the finance.

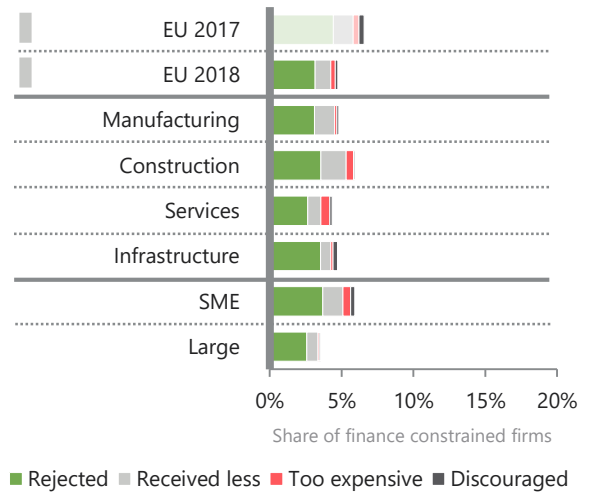
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)  
 Q. How satisfied or dissatisfied are you with ....?

# SATISFACTION WITH FINANCE

## SHARE OF FINANCE CONSTRAINED FIRMS

Five per cent of firms in the EU can be considered external finance constrained. This figure is lower than that reported in EIBIS 2017 when 7% were still considered finance constrained. Four per cent of large firms and six per cent of SMEs are finance constrained.

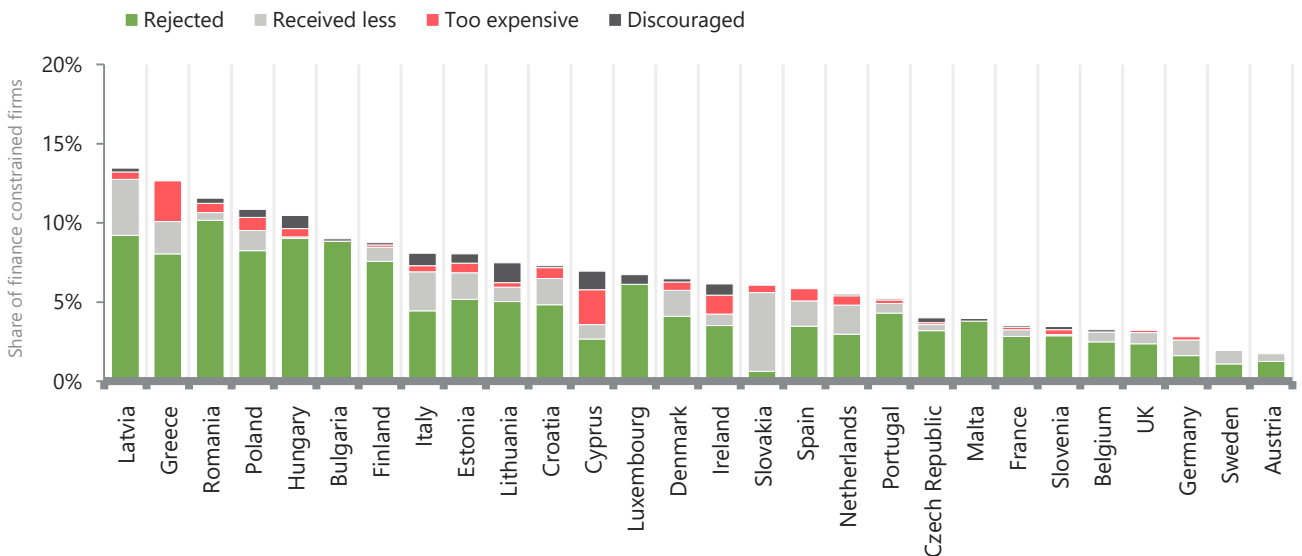
Firms in Latvia and Greece (both 13%) are notably more likely to be constrained than in other countries. However, this represents a decrease in constrained firms in Greece, with 18% being classified as external financing constrained in EIBIS 2017.



Base: All firms

Finance constrained firms include: those dissatisfied with the amount of finance obtained (received less), firms that sought external finance but did not receive it (rejected) and those who did not seek external finance because they thought borrowing costs would be too high (too expensive) or they would be turned down (discouraged)

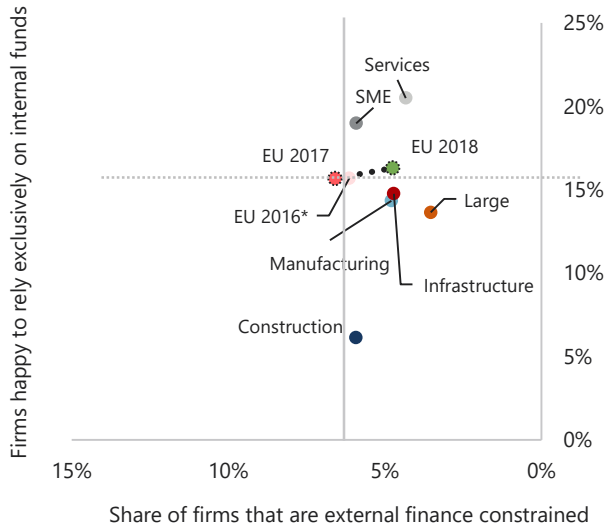
## SHARE OF FINANCE CONSTRAINED FIRMS BY COUNTRY



Base: All firms

# SATISFACTION WITH FINANCE

## FINANCING CROSS



Across the EU, 16% of firms are happy to rely exclusively on internal finance and 5% are external finance constrained.

Large businesses are both less likely to be happy relying exclusively on internal finance (14%) and less likely to be external finance constrained (4%), compared with SMEs (19% and 6% respectively).

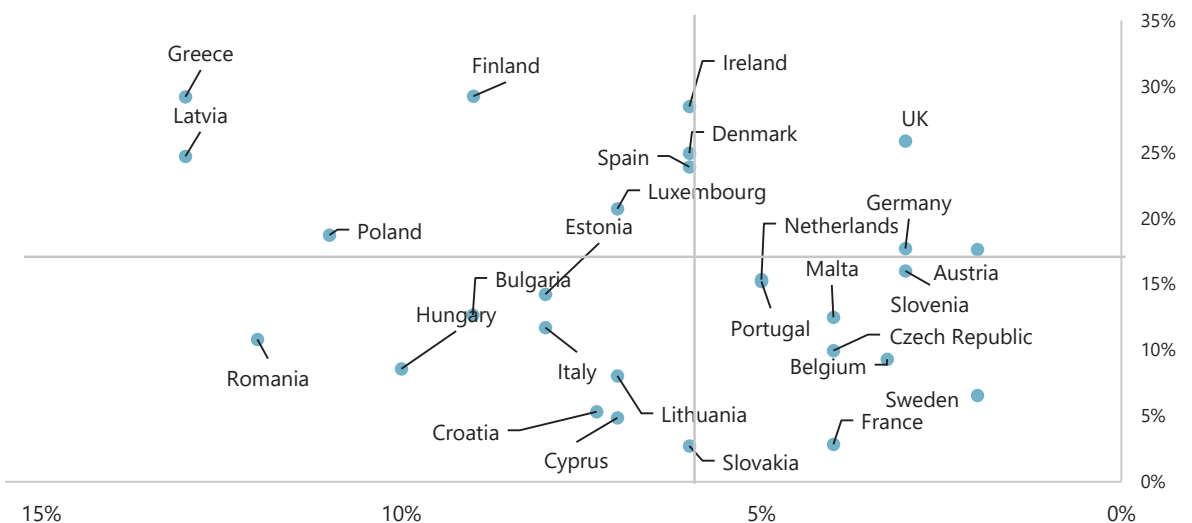
Base: All firms

Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

The x and y-axis lines cross on the EU average for 2016.

\*Financing constraints for 2016 among non-investing firms estimated

## FINANCING CROSS BY COUNTRY



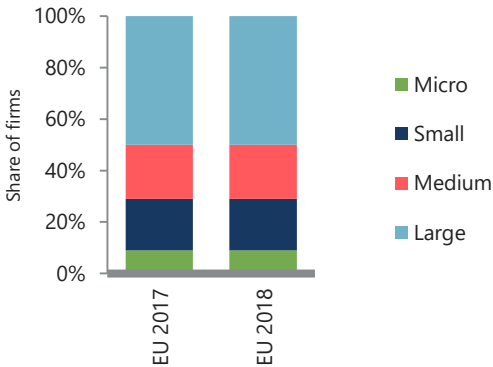
Base: All firms

Data derived from the financial constraint indicator and firms indicating main reason for not applying for external finance was 'happy to use internal finance/didn't need finance'

The x and y-axis lines cross on the EU average for 2016.

# PROFILE OF FIRMS

## CONTRIBUTION TO VALUE ADDED BY SIZE



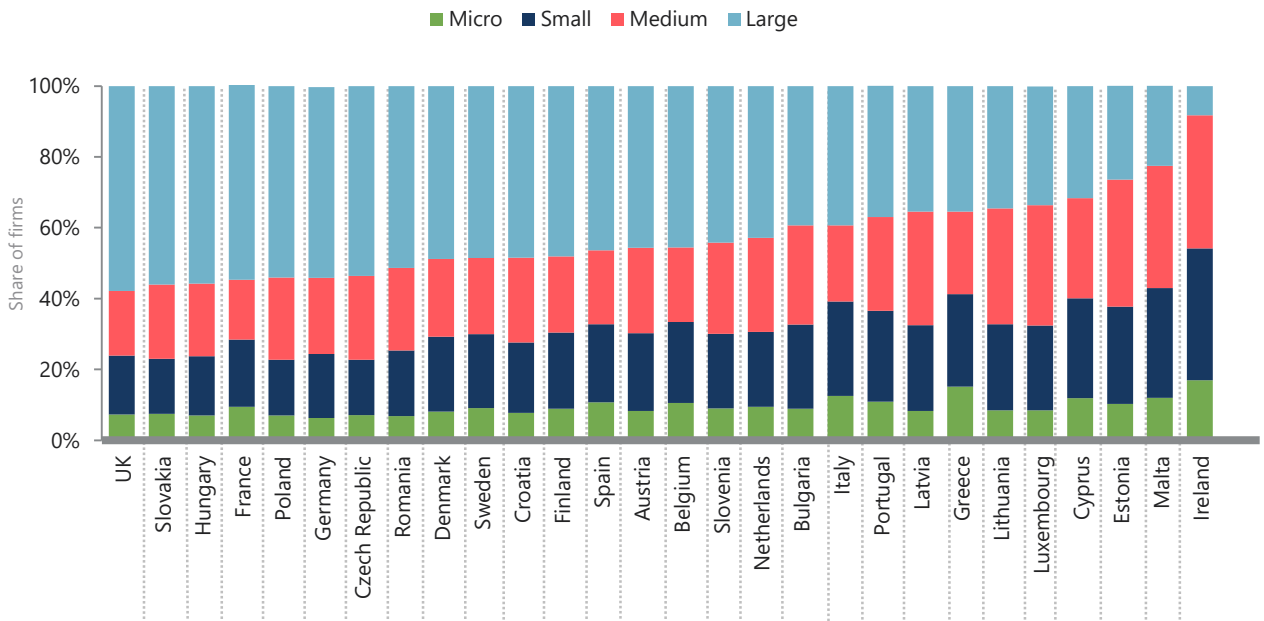
Half (50%) of value added in the EU can be attributed to large firms with 250+ employees. Medium-sized firms account for 21%. A similar proportion comes from small firms (20%). Just under 10% of value added can be attributed to micro firms (9%). These are the exact same proportions as the previous wave.

The value-added distribution is most skewed towards large firms in the UK (58%), Slovakia and Hungary (both 56%). Conversely, the smallest proportion of value added coming from large firms is recorded in Ireland (8%)\* and Malta (23%).

Base: All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular size class in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+. The share for Ireland is much larger but has been capped for reasons of weighting efficiency.

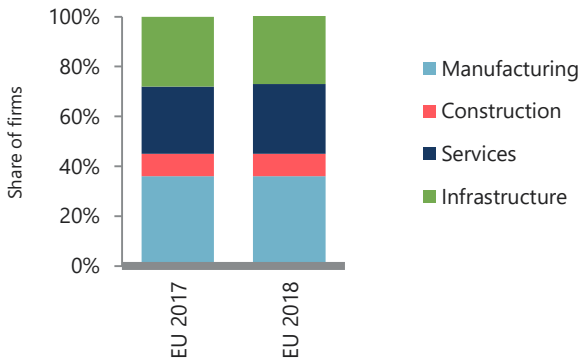
## FIRM SIZE DISTRIBUTION BY COUNTRY



Base: All firms

# PROFILE OF FIRMS

## CONTRIBUTION TO VALUE ADDED BY SECTOR



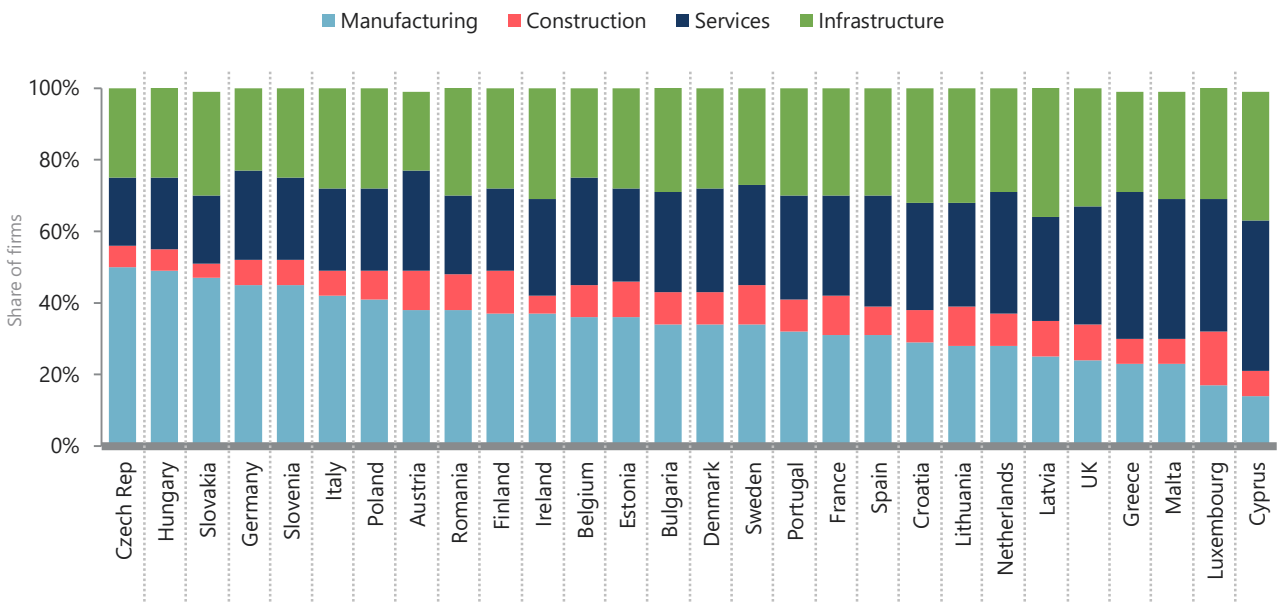
The manufacturing sector accounts for more than one third of value-added (36%) in the EU. Firms in the infrastructure sector and service sector account for 28% each. Construction firms contribute 9%. These are the same proportions as reported in EIBIS 2017.

Manufacturing firms account for around half of value added in Czech Republic (50%), Hungary (49%) and Slovakia (47%).

Base: All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular sector in the population of firms considered.

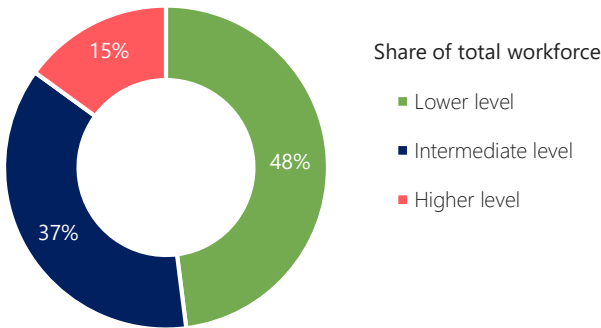
## FIRM SECTOR DISTRIBUTION BY COUNTRY



Base: All firms

# PROFILE OF FIRMS

## DISTRIBUTION OF STAFF BY OCCUPATIONAL CLASSIFICATION



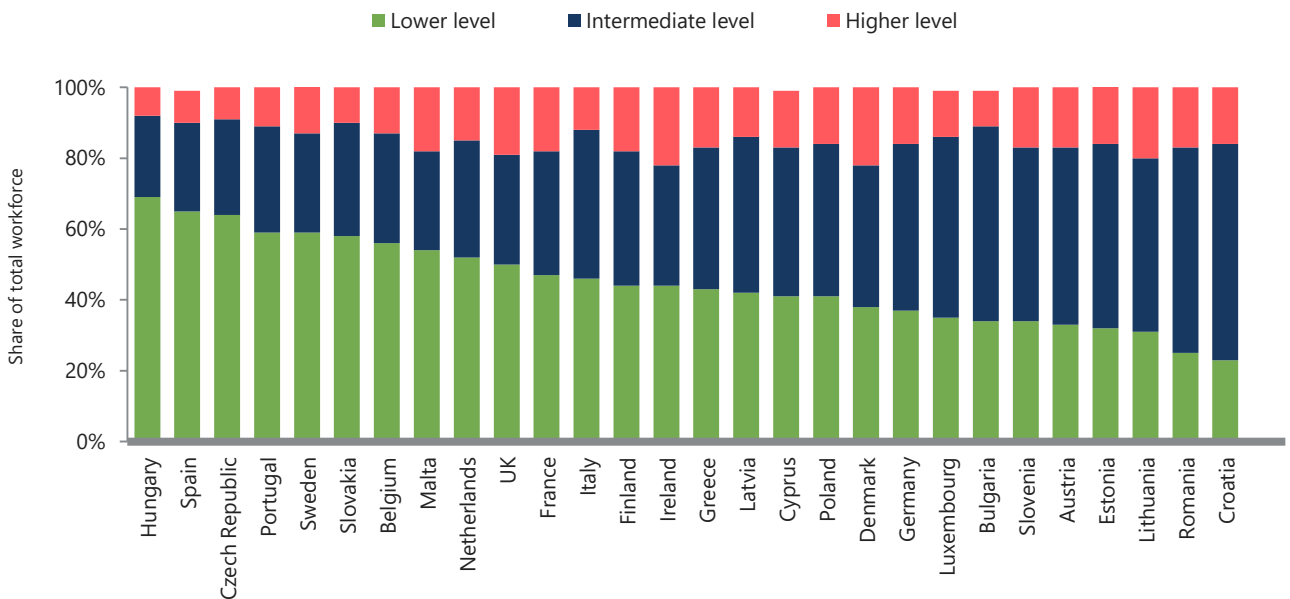
Across EU firms, around half (48%) of the total workforce is comprised by staff in lower level occupations. The remaining half is made up of 37% of staff in intermediate level occupations and 15% of staff in higher level occupations.

The countries with the highest proportion of staff in lower level occupations are Hungary (69%), Spain (65%) and the Czech Republic (64%).

Base: All firms (excluding don't know/refused responses)

Q. Approximately how many of your staff across all locations are employed in... occupations?

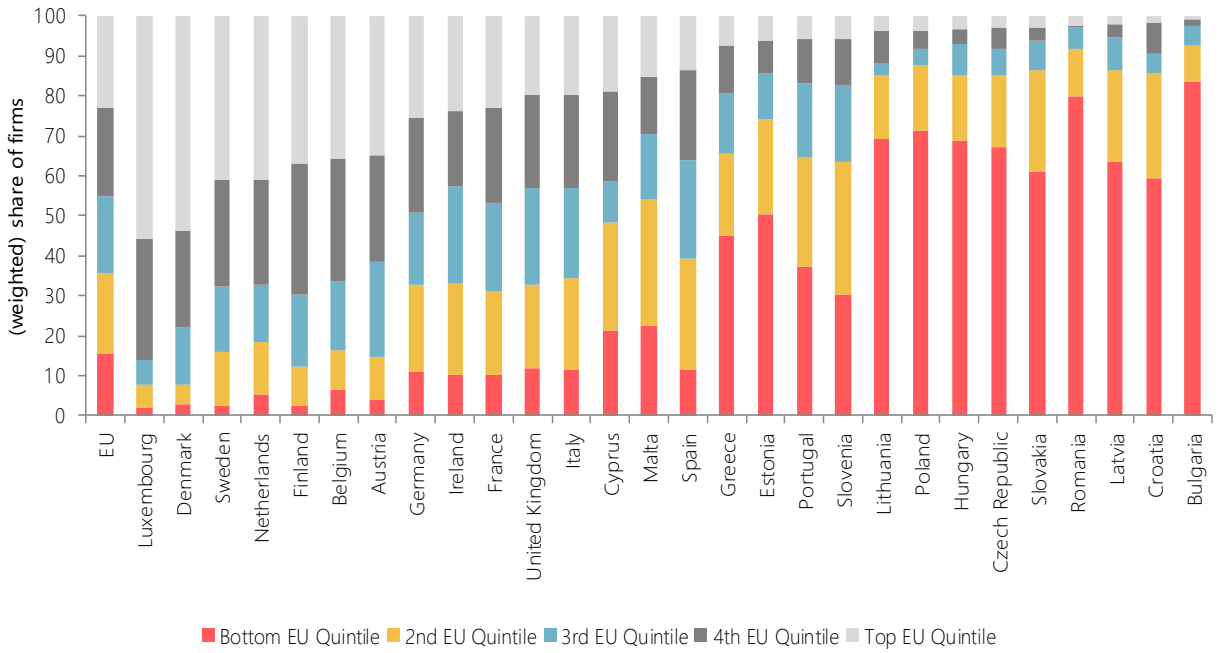
## DISTRIBUTION OF STAFF BY OCCUPATIONAL CLASSIFICATION BY COUNTRY



Base: All firms (excluding don't know/refused responses)

# PROFILE OF FIRMS

## CROSS COUNTRY PRODUCTIVITY COMPARISON

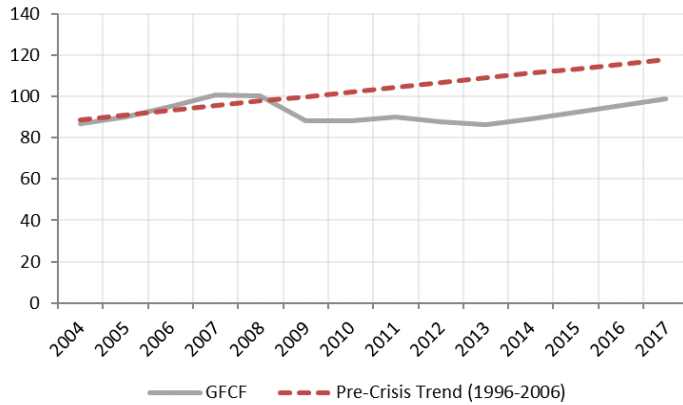


Share of firms by productivity class (Total Factor Productivity). Productivity classes are defines on the basis of the entire EU sample



# MACROECONOMIC INVESTMENT CONTEXT

## Investment Dynamics over time



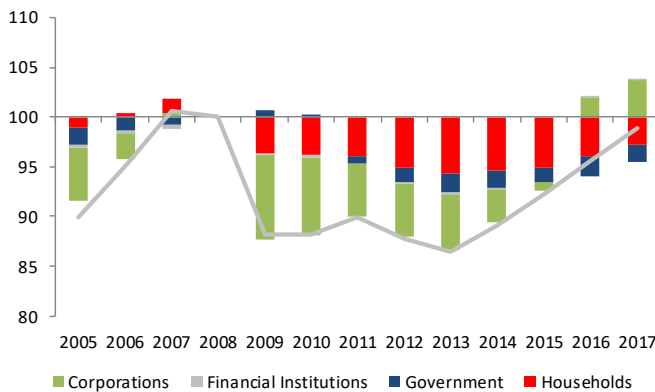
In 2017, aggregate investment caught up with its pre-crisis levels.

When compared to the pre-crisis trend,, however, a significant gap remains, although slowing potential output growth makes this a difficult benchmark to reach.

The household sector and investments in 'dwellings' and 'other buildings and structures' continue to lag most compared to 2008 investment levels. Yet, the situation varies significantly across countries.

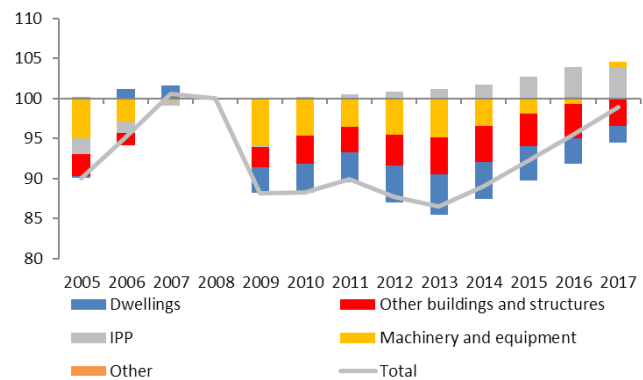
The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); against the series 'pre-crisis trend. The data has been indexed to equal 100 in 2008. Source: Eurostat.

## Investment Dynamics by Institutional Sector



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by institutional sector. The data has been indexed to equal 100 in 2008. Source: Eurostat.

## Investment Dynamics by Asset Class



The graph shows the evolution of total Gross Fixed Capital Formation. (in real terms); by asset class. The data has been indexed to equal 100 in 2008. IPP stands for Intellectual Property Product. Source: Eurostat.

# EIB 2018 – EU TECHNICAL DETAILS

## SAMPLING TOLERANCES APPLICABLE TO PERCENTAGES AT OR NEAR THESE LEVELS

The final data are based on a sample, rather than the entire population of firms in the EU, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU 2018	EU 2017	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU 2018 vs EU 2017
	(12355)	(12338)	(3619)	(2625)	(3070)	(2876)	(10384)	(1971)	(12355 vs 12338)
10% or 90%	1.0%	1.0%	1.7%	2.0%	2.0%	1.9%	0.9%	1.8%	1.4%
30% or 70%	1.5%	1.5%	2.7%	3.0%	3.0%	2.9%	1.4%	2.7%	2.1%
50%	1.7%	1.6%	2.9%	3.3%	3.3%	3.1%	1.5%	3.0%	2.3%

## GLOSSARY

<b>Investment</b>	A firm is considered to have invested if it spent more than EUR 500 per employee on investment activities with the intention of maintaining or increasing the company's future earnings.
<b>Investment cycle</b>	Based on the expected investment in current financial year compared to last one, and the proportion of firms with a share of investment greater than EUR 500 per employee.
<b>Productivity</b>	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labour) into output (value-added). It is estimated by means of an industry-by-industry regression analysis (with country dummies).
<b>Manufacturing sector</b>	Based on the NACE classification of economic activities, firms in group C (manufacturing).
<b>Construction sector</b>	Based on the NACE classification of economic activities, firms in group F (construction).
<b>Services sector</b>	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
<b>Infrastructure sector</b>	Based on the NACE classification of economic activities, firms in groups D and E (utilities), group H (transportation and storage) and group J (information and communication).
<b>SME</b>	Firms with between 5 and 249 employees.
<b>Large firms</b>	Firms with at least 250 employees.

# EIB 2018 – COUNTRY TECHNICAL DETAILS

**BASE SIZES** (\* Chart has more than one base; due to limited space, only the lowest base is shown)

Base definition and page reference	EU 2017/ 2018	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, 4, 5, 12, 16, 20, 23, 24, 25, 26	12338/ 12355	3619	2625	3070	2876	10384	1971
All firms (excluding don't know/refused responses), p. 2	11839/ 11790	3466	2525	2905	2738	9960	1830
All firms (excluding don't know/refused responses), p. 6	12020/ 12095	3554	2571	2992	2816	10163	1932
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 7	10321/ 10126	3035	2135	2446	2374	8488	1638
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 8	10024/ 10081	3035	2108	2413	2393	8380	1701
All firms (excluding don't know/refused responses), p. 9	12073/ 12080	3540	2559	3011	2806	10153	1927
All firms who invested in the last financial year, p. 10	10889/ 10873	3253	2293	2624	2557	9050	1823
All firms (excluding 'company didn't exist three years ago' responses), p. 11	12306/ 12335	3616	2617	3064	2873	10365	1970
All firms (excluding don't know/refused responses), p. 13	11919/ 11957	3505	2540	2968	2787	10098	1859
All firms (excluding don't know/refused responses), p. 14	11265/ 11358	3368	2397	2846	2598	9571	1787
All firms who invested in the last financial year (excluding don't know/refused responses), p. 15	NA/ 10004	2996	2129	2418	2325	8404	1600
All firms with staff in higher / intermediate lower level occupations (excluding don't know/refused responses), p. 17*	NA/ 8354	2728	1776	2045	1699	6983	1371
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 18	9131/ 9030	2539	2011	2189	2171	7749	1281
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 19	4206/ 4323	1273	899	947	1151	3592	731
All firms (excluding don't know/refused responses), p. 21	10778/ 10865	3221	2305	2649	2545	9093	1772
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 22	4212/ 4339	1275	900	952	1158	3605	734
All firms (excluding don't know/refused responses), p. 27	NA/ 11466	3321	2464	2877	2646	9850	1616











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*The EU bank*

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# European Union

Overview

## EIB INVESTMENT SURVEY

# 2018