



**European
Investment
Bank**

The EU bank



Denmark

EIBIS 2016

EIB Group Survey on
Investment and
Investment Finance 2016

Country Overview

EIB Group Survey on Investment and Investment Finance Country Overview: Denmark

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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 12,500 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 Country Overview is one of a series covering each of the 28 EU Member States, plus an EU-wide overview. 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.

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 30 economists, is headed by Debora Revoltella, Director of Economics.

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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.

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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 2016 – COUNTRY OVERVIEW

Denmark

The annual EIB Group Survey on Investment and Investment Finance (EIBIS) is an EU-wide survey of 12 500 firms that gathers quantitative information on investment activities by both SMEs and larger corporates, their financing requirements and the difficulties they face.

As the EU bank, the EIB Group responds to the need to accelerate investment to strengthen job creation and long-term competitiveness and sustainability across all 28 EU member States.

EIBIS helps the EIB to contribute to a policy response that properly addresses the needs of businesses, promoting investment.

This country overview presents selected findings based on telephone interviews with 476 firms in Denmark in 2016 (July-October). **Note:** the results are weighted by value-added, reflecting firms' contribution to the economy.

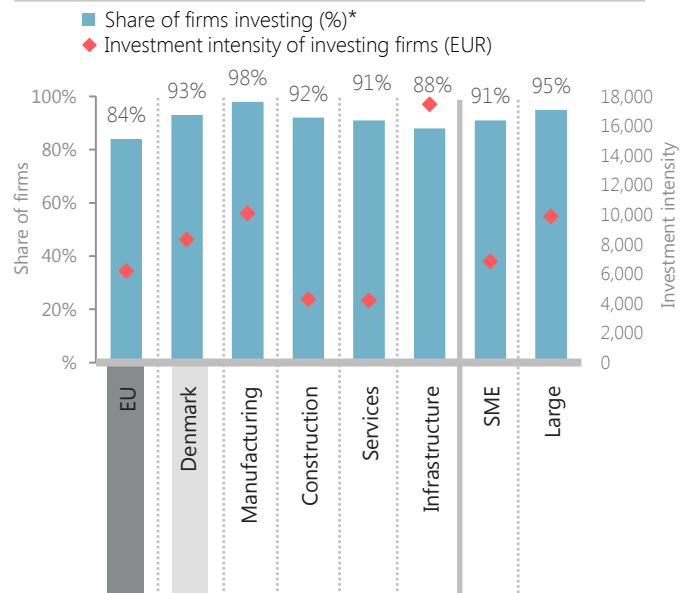
Key results

Investment outlook:	High investment, moderate outlook. The share of Danish firms investing is substantially higher than the EU average, but more firms are expecting to decrease investments than increase them.
Investment activity:	Most investment in machinery and equipment and a high number of firms investing abroad.
Investment gap:	Three quarters of firms invested the right amount over the last three years – still some 21% say they invested too little. On average 36% of firms' building stock in Denmark satisfies high efficiency standards, in line with the EU average of 40%.
Investment barriers:	Political and regulatory climate perceived to be the main barrier to implementing investment, similar to EU findings, and availability of skilled staff is seen as the main barrier to investment over the longer-term.
External finance:	Five per cent of firms finance constrained: the proportion of firms either dissatisfied with the amount of finance they received, had their application rejected, thought borrowing costs would be too high or were discouraged from applying, in line with the EU average
Firm performance:	Firms have high productivity compared to the EU average – ranking highest overall and this applies across all sectors.

INVESTMENT DYNAMICS

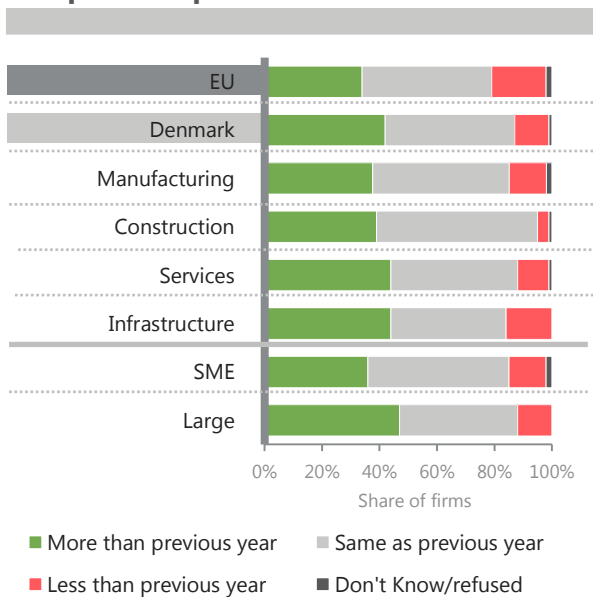
- Overall 93% of firms in Denmark invested in the last financial year, significantly more than the EU average (84%), driven by especially high levels of investment in the manufacturing sector.
- The intensity of investment (investment per employee) in Denmark is above the EU average and is highest in the infrastructure sector.

Investment activity in last financial year



Base: All firms (excluding don't know/refused responses)
 *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 activity in last financial year compared to previous

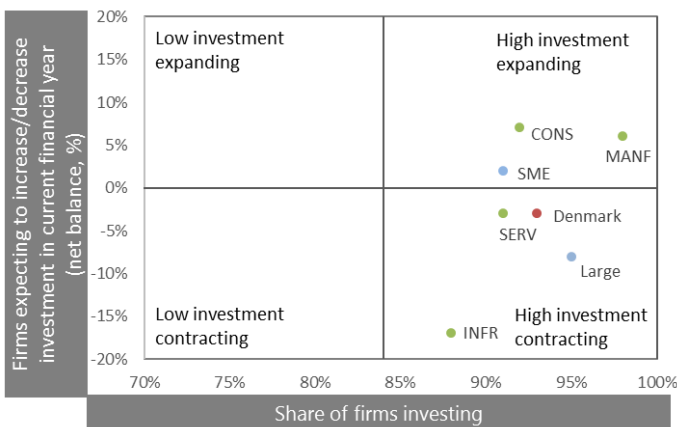


Base: All firms who invested in the last financial year
 Q. Overall was this more, less or about the same amount of investment as in the previous year?

- Compared to 2014, 42% of firms in Denmark increased their investment activities in 2015 - this is higher than the EU as a whole, while only one in eight firms in Denmark (12%) invested less in 2015 than they did in 2014.

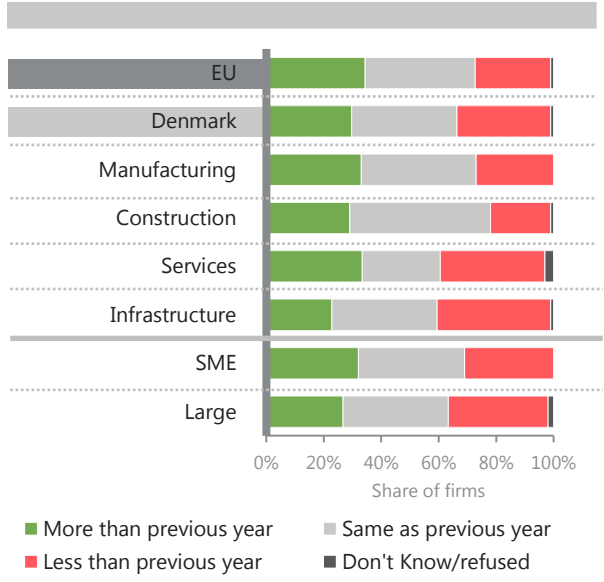
- Around one in three firms in Denmark (37%) expect their investment in the current financial year to be the same as the previous one, similar to the situation at EU level.
- More firms expect to invest less in this financial year than the last one (33%), than the share of firms that expect to increase their investment this year (30%).

Investment cycle



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

Expected investment in current financial year compared to last one



Base: All firms

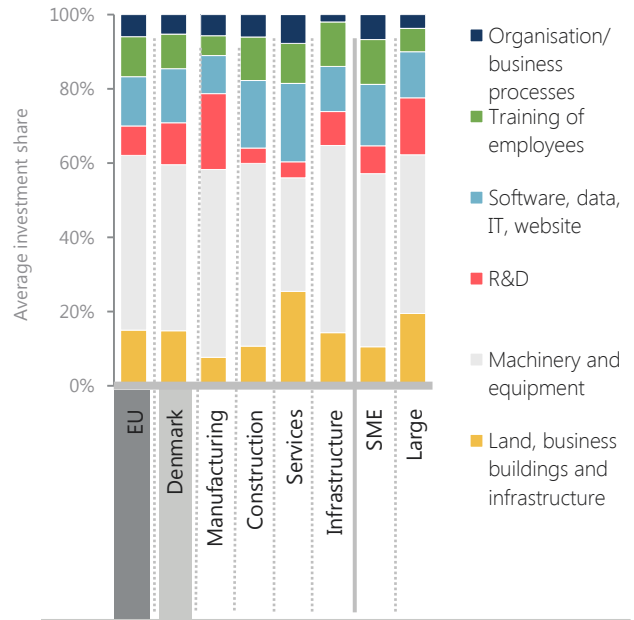
Data is derived from two questions: firms who had invested in the last financial year were asked if they expect to invest more, around the same amount or less than last year; firms who had not invested in the last financial year were asked if they had already invested, or expect to invest in the current year

- The share of firms in Denmark investing is substantially higher than the EU average.
- But also fewer firms on balance are expecting to increase investments further, with SMEs intending to invest more than large companies.

INVESTMENT ACTIVITY

- The highest share of investment spend in Denmark goes on machinery and equipment (45%), followed by land, business buildings and infrastructure and software, data, IT networks and website activities (15% each). The pattern is similar to the EU as a whole.
- Share of investment spend on research and development is higher than average for manufacturing in Denmark, while the services sector spends a higher than average share on land, business buildings and infrastructure and software, data, IT and website.

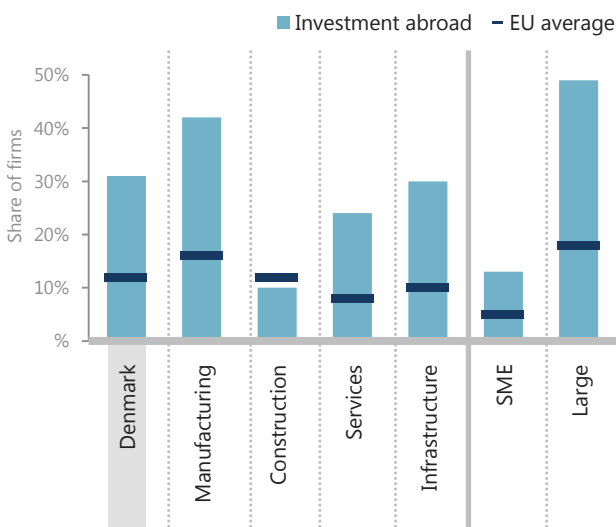
Investment areas



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 abroad

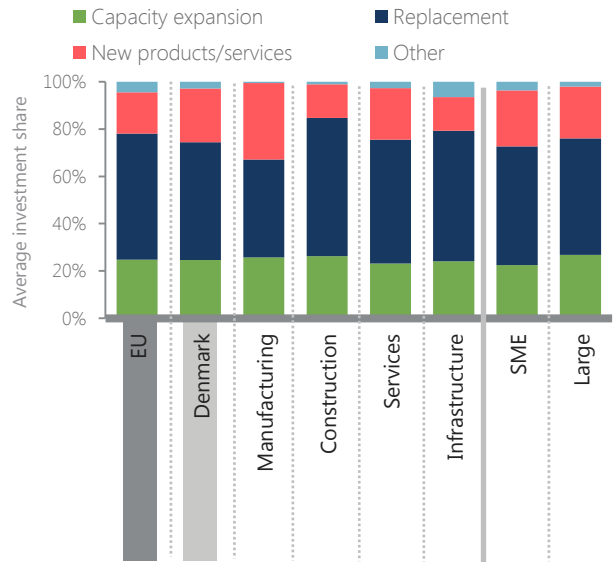


Base: All firms who invested in the last financial year
Q: In the last financial year, has your company invested in another country?

- Three in ten firms in Denmark have invested in another country, which is by far the highest share of firms investing abroad in the EU (with Belgium and the Netherlands second at 19%).
- Almost half of large firms but also one in eight SMEs in Denmark have invested abroad.

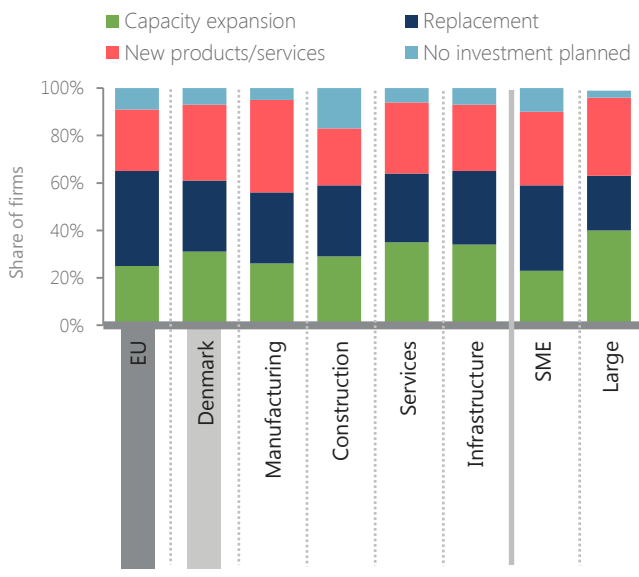
- Half of investment in Denmark (50%) is for replacement purposes. A further quarter (25%) is for capacity expansion, which is slightly higher than the 23% to develop or introduce new products, processes or services.
- A higher than average share of investment spend for new products, processes or services is evident among firms in the manufacturing.

Purpose of investment in last financial year



Base: All firms who invested in the last financial year (excluding don't know/refused responses)
 Q. What proportion of total investment was for (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

Future investment priorities



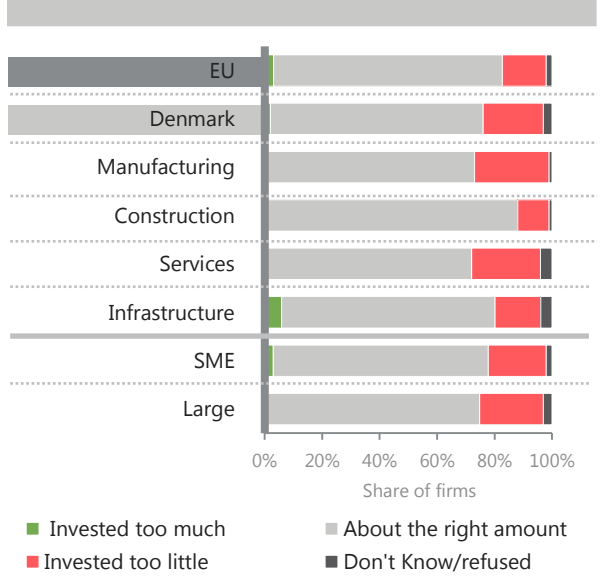
Base: All firms (excluding don't know/refused responses)
 Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products, processes, services?

- Firms in Denmark are more likely than firms across the EU as a whole to prioritise developing or introducing new products, processes or services and capacity expansion for existing products/services in the next three years and less likely to prioritise investment for replacement purposes
- Large firms in Denmark are more likely than SME firms to prioritise capacity expansion.

INVESTMENT NEEDS

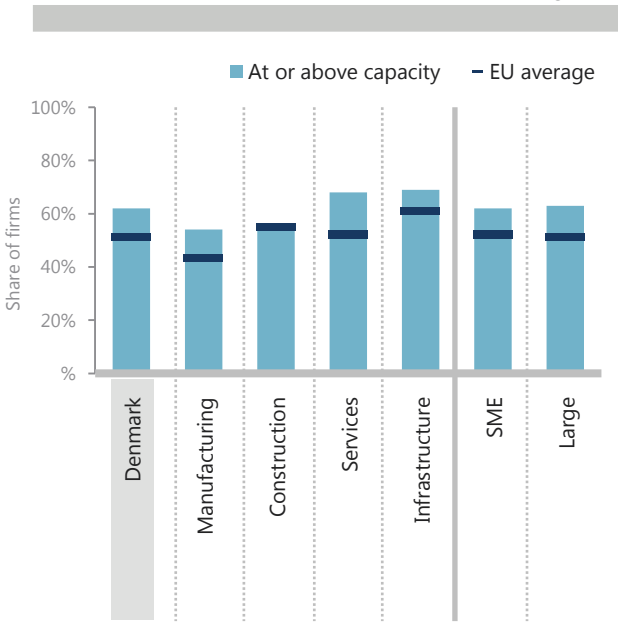
- Three quarters of firms in Denmark (74%) believe their investment over the last three years was about the right amount, though 21% think they invested too little, which is considerably higher than the EU average (15%).
- Construction firms are more likely than average to say they have invested sufficiently (87% compared to 74% overall).

Perceived investment gap



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 to ensure the success of your business going forward?

Share of firms at or above full capacity



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

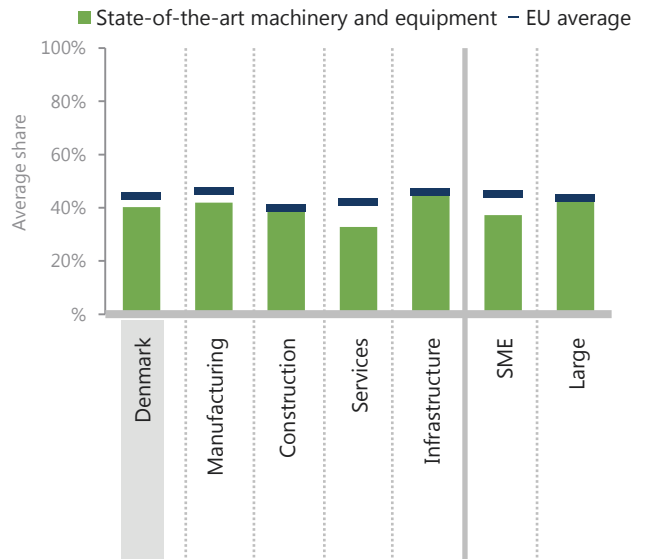
Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

Q. In the last financial year, was your company operating above or at maximum capacity attainable under normal circumstances? 6

- More than six in ten firms in Denmark report operating at or above maximum capacity – higher than the EU average of 51%
- The share of firms operating at or above full capacity is highest in the services and infrastructure sectors.

- The average share of machinery and equipment described by firms as being state-of-the-art is 40% in Denmark which is below the EU average of 44%.
- The average share of state-of-the-art machinery and equipment in Denmark is similar across different sectors and sizes of firms.

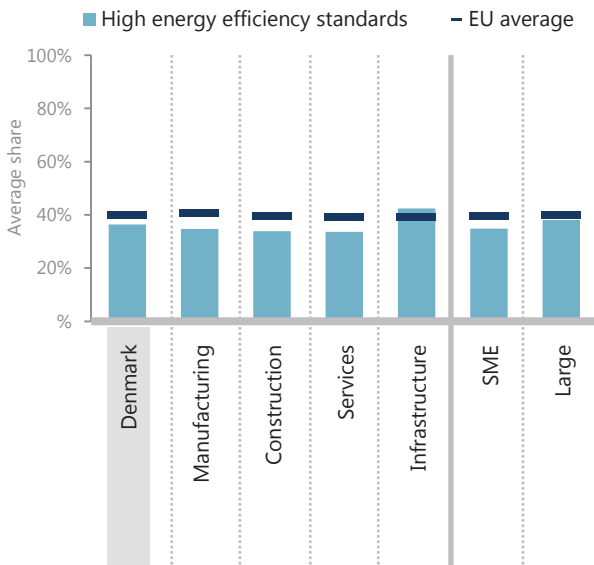
Average share of state-of-the-art machinery and equipment



Base: All firms

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

Average share of building stock meeting high energy efficiency standards



Base: All firms

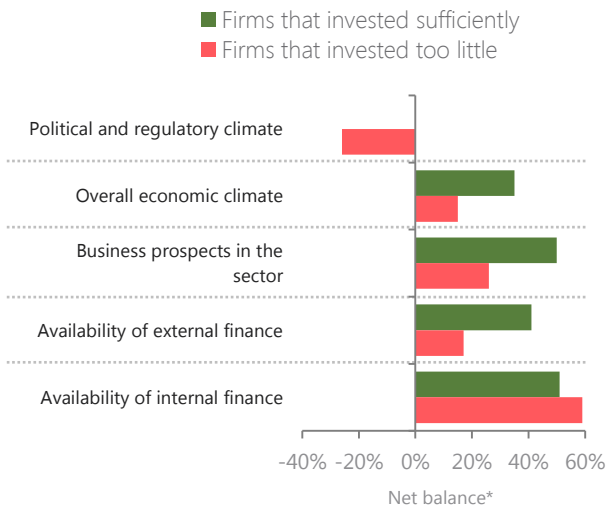
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

- On average 36% of firms' building stock in Denmark satisfies high efficiency standards, in line with the EU average of 40%.
- The average share of energy efficient building stock is similar across different sectors and sizes of firm.

INVESTMENT CONSTRAINTS

- On balance, the political and regulatory climate is cited as the main barrier to implementing planned investment in Denmark in the current financial year, in line with EU findings, but somewhat less negatively.
- The overall economic climate is perceived more favourably in Denmark than the EU average.

Short term influences by investment performance

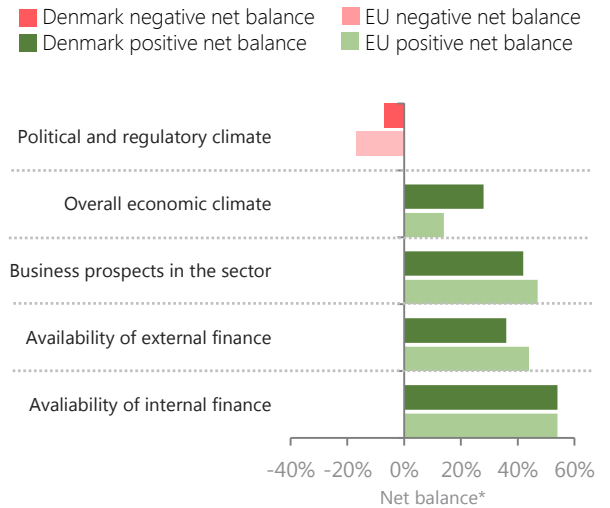


Base: All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses)

Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

* Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

Short term influences on investment



Base: All firms who have planned to invest in the current financial year

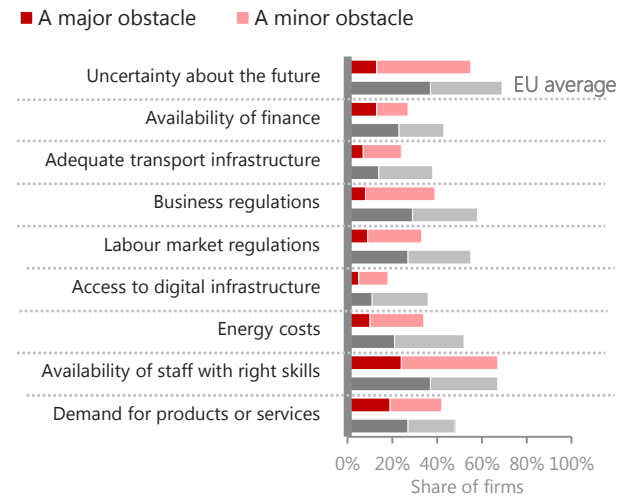
Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

*Net balance is the share of firms seeing a positive effect minus the share of firms seeing a negative effect

- Firms reporting they have invested too little in the last three years say the political and regulatory climate has a negative effect on their planned investment.
- The same firms are also more likely to see overall economic climate and availability of external finance as a barrier.

- Firms in Denmark consider the availability of staff with right skills to be the main structural barrier to investment over the longer-term.
- More than half of firms also see uncertainty about the future as a major or minor obstacle to investment, which is well below the EU average.

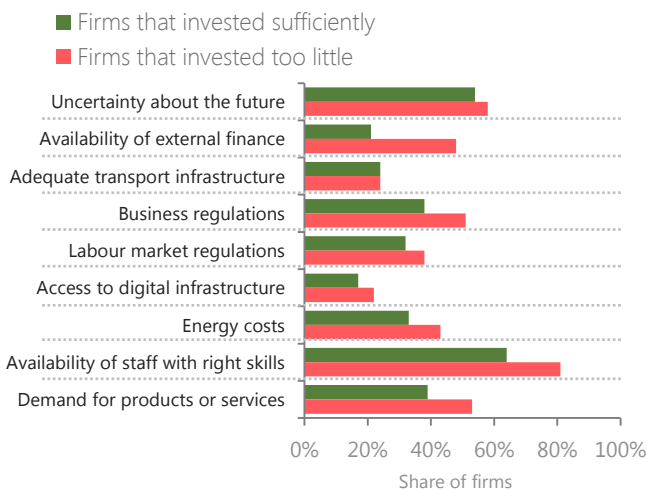
Long term barriers to investment



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 Denmark, to what extent is each of the following an obstacle? Is a major obstacle, a minor obstacle or not an obstacle at all?

Long term barriers by investment performance



Base: All firms who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), data shown for firms who said each was a major or minor obstacle

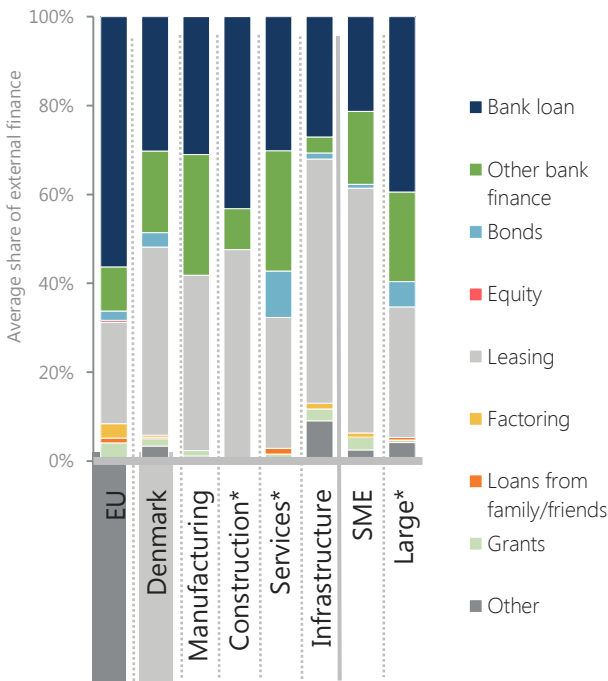
Q. Thinking about your investment activities in Denmark, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

- Firms in Denmark indicate the availability of staff with right skills and uncertainty over the future as the main obstacles – all barriers are more significant among firms that say they have invested too little in the last three years.

INVESTMENT FINANCE

- Firms in Denmark rely to a large extent on internal funds to finance their investment activities.
- External finance makes up a lower than average share for manufacturing and construction.
- Leasing is the most common source of external finance.
- Firms are on balance satisfied with the external finance they have used.

Type of external finance used for investment activities

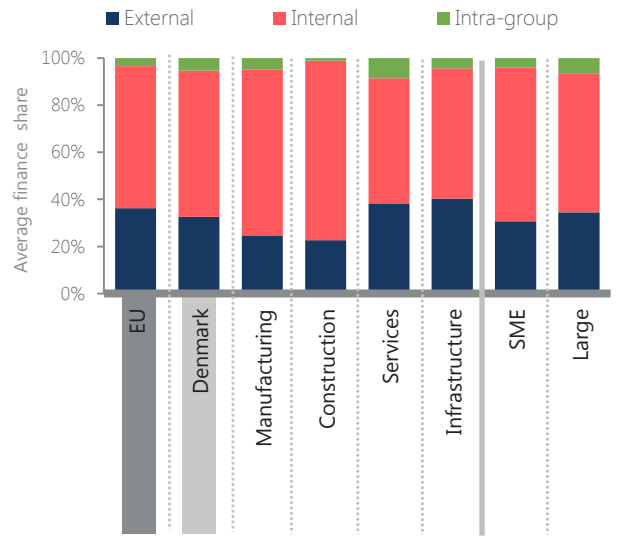


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. Approximately what proportion of your external finance does each of the following represent?

* Caution very small base size less than 30

Source of investment finance



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

Q. Approximately what proportion of your investment in the last financial year was financed by each of the following?

Satisfaction with external finance

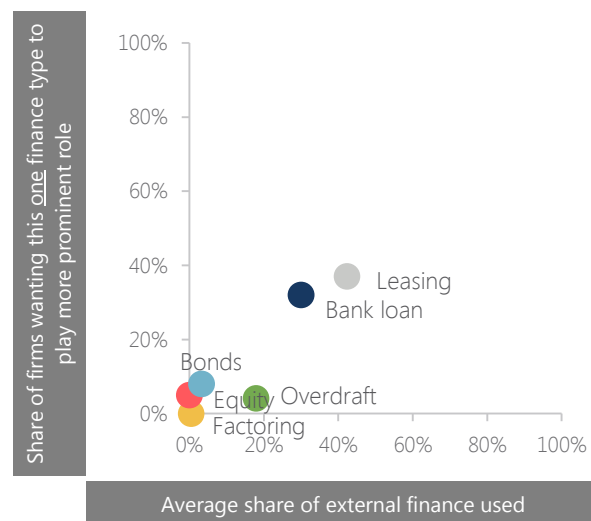


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

Q. How satisfied or dissatisfied are you with ...?

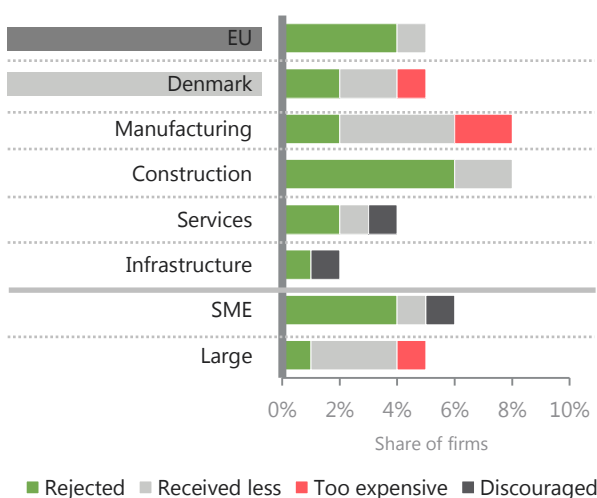
- Overall firms in Denmark want more of the type of finance they are already using.
- Five per cent of firms can be considered finance constrained, which is in line with the EU average (5%).

Types of finance used versus the one type of finance firms want to use more



Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)
Data is derived from two questions: firms were first asked about the types of external finance used in the last financial year and then which one type of external finance they would want to have a more prominent role over the next 3 years

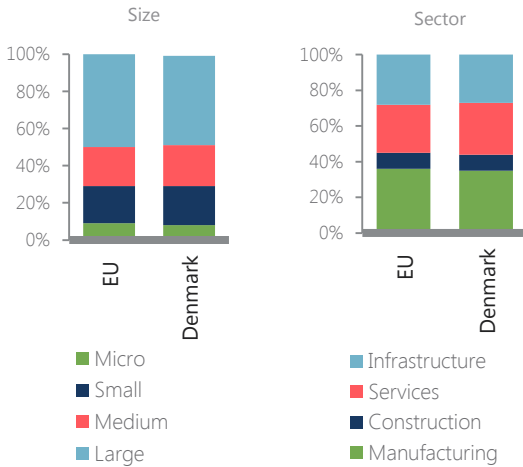
Share of finance constrained firms



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)

PROFILE OF FIRMS

Contribution to Value-Added

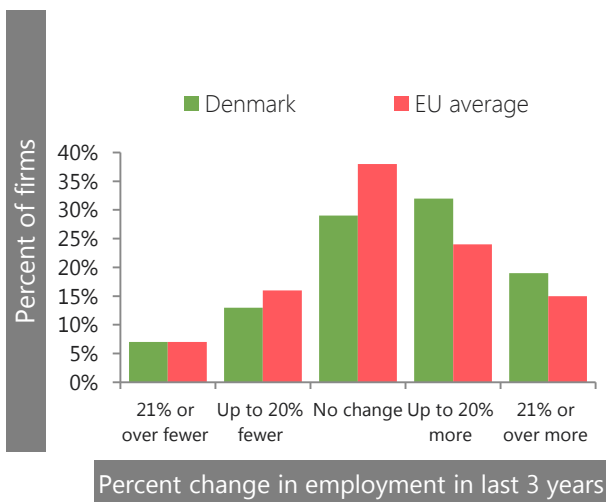


- Almost half the value added in Denmark that is part of this survey comes from large companies (48%). This is in line with the EU average of 50%.
- The profile of firms in Denmark in terms of size and sector are close to the EU profile.
- Employment growth has been relatively strong with 51% of firms reporting an increase in employees over the last 3 years.
- Firms in Denmark have higher productivity compared to the EU average. A relatively high share of firms fall into the highest productivity class, with the exception of infrastructure.

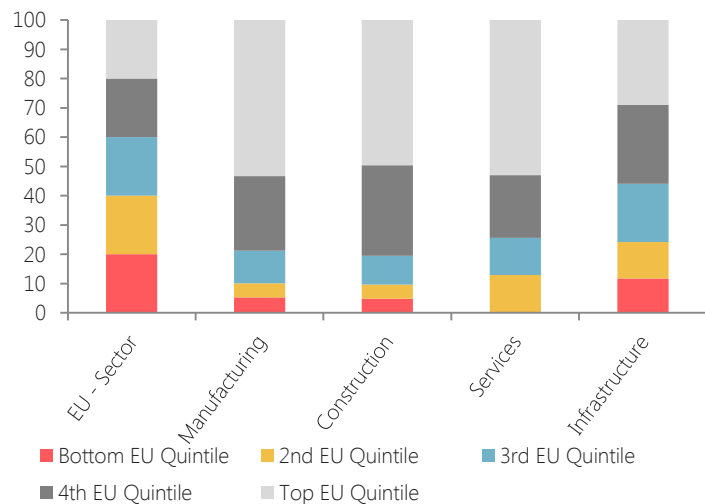
Base: All firms

The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector 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+.

Employment dynamics in last 3 years



Distribution of firms by productivity class



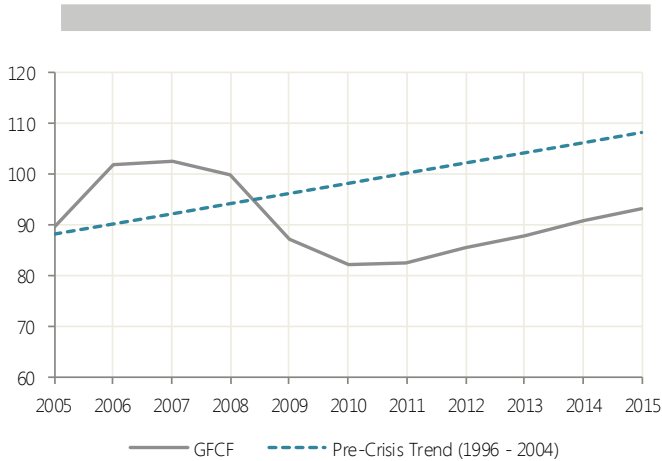
Base: All firms (excluding don't know, refused and missing responses)

Q. Thinking about the number of people employed by your company, by how much has it changed in the last 3 years?

Share of firms by productivity class (Total Factor Productivity). Productivity classes are sector specific; they are defined on the basis of the entire EU sample (for a particular sector).

MACROECONOMIC INVESTMENT CONTEXT

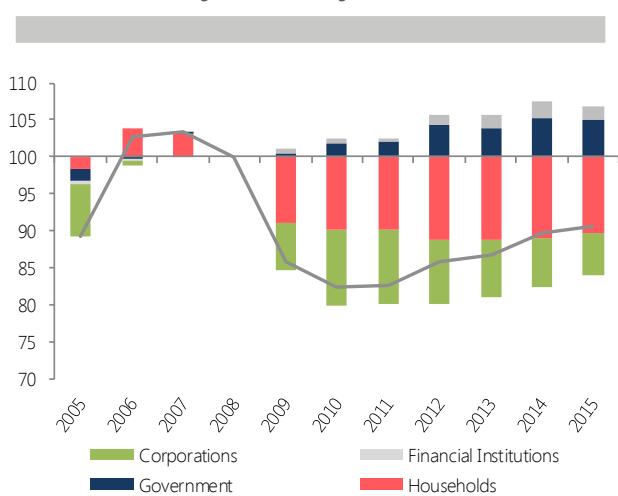
Investment Dynamics over time



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.

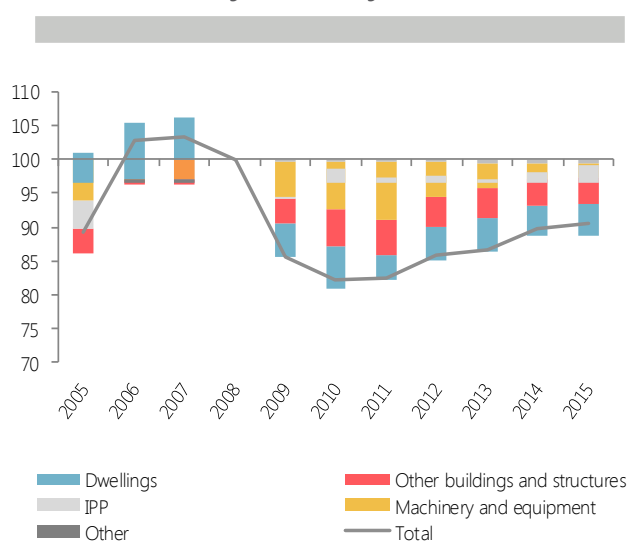
- In 2015, aggregate investment is still some 8% below its 2008 levels, and shows an even bigger gap when compared to the pre-crisis trend.
- Household and corporate investments are well below the 2008 level, while government investment is able to compensate only partially.
- While machinery investments is showing an improving trend, dwellings and other buildings are still lagging.

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. Source: Eurostat.

EIBIS 2016 – COUNTRY TECHNICAL DETAILS

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

Approximate sampling tolerances applicable to percentages at or near these levels

	EU	Denmark	Manu- facturing	Cons- truction	Services	Infras- tructure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(476)	(145)	(102)	(101)	(128)	(404)	(72)	(12483 vs 476)	(102 vs 145)	(404 vs 72)
10% or 90%	1.0%	3.2%	5.4%	6.3%	6.6%	5.9%	2.6%	6.0%	3.3%	8.3%	6.5%
30% or 70%	1.5%	4.8%	8.3%	9.6%	10.1%	8.9%	3.9%	9.1%	5.1%	12.6%	9.9%
50%	1.7%	5.3%	9.0%	10.5%	11.0%	9.8%	4.3%	9.9%	5.5%	13.8%	10.8%

Glossary

Investment	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.
Investment cycle	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.
Productivity	Total factor productivity is a measure of how efficiently a firm is converting inputs (capital and labor) into output (value-added). It is estimated by means of a country-by-country regression analysis (with industry dummies).
Manufacturing sector	Based on the NACE classification of economic activities, firms in group C (manufacturing).
Construction sector	Based on the NACE classification of economic activities, firms in group F (construction).
Services sector	Based on the NACE classification of economic activities, firms in group G (wholesale and retail trade) and group I (accommodation and food services activities).
Infrastructure sector	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).
SME	Firms with between 5 and 249 employees.
Large firms	Firms with at least 250 employees.

EIBIS 2016 – COUNTRY TECHNICAL DETAILS

Base sizes

Base definition and page reference	EU	Denmark	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	476	145	102	101	128	404	72
All firms (excluding don't know/refused responses), p. 2	11838	463	141	100	98	124	394	69
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	470	145	101	99	125	399	71
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	476	145	102	101	128	404	72
All firms (excluding don't know, refused and missing responses), p. 13	12162	470	142	101	101	126	400	70
All firms who invested in the last financial year, p. 2	12281	469	142	102	99	126	400	69
All firms who invested in the last financial year, p. 4	10881	448	139	95	95	119	379	69
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	436	135	93	92	116	371	65
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	415	129	85	91	110	348	67
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	351	109	84	67	91	299	52
All firms who have planned to invest in the current financial year and who invested too much, about the right amount or too little in the last financial year (excluding don't know/refused/company didn't exist three years ago responses), p. 8	10536	432	N/A	N/A	N/A	N/A	N/A	N/A
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 10, p. 11	4344	156	49	27	25	55	130	26

Percentage rounding

Percentage with value of less than 0.5 but greater than zero has not been displayed in the charts.






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The EU bank



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