



**European
Investment
Bank**

The EU bank



Sweden

EIBIS 2016

EIB Group Survey on
Investment and
Investment Finance 2016

Country Overview

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

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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.

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 2016 – COUNTRY OVERVIEW

Sweden

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 Sweden in 2016 (July-October). **Note:** The results are weighted by value-added, reflecting firms' contribution to the economy.

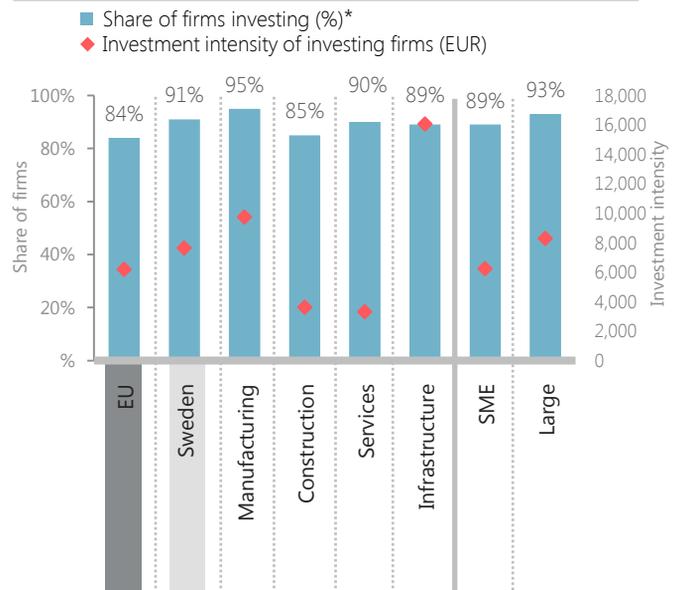
Key results

Investment outlook:	The share of Swedish firms investing is substantially higher than the EU average. More firms in Sweden are expecting to expand their investment than to decrease it.
Investment activity:	91% of firms invested in the last financial year , with an intensity (investment per employee) above the EU average.
Investment gap:	14% firms report having invested too little over the last three years, while 4% found they invested too much. Only, 32% of firms in Sweden's building stock is said to satisfy high energy efficiency standards (EU average 40%).
Investment barriers:	Political and regulatory climate is perceived to be the main barrier to implementing investment, in line with overall EU findings.
External finance:	Only 2% of firms are finance constrained: which is below the EU average of 5%.
Firm performance:	Firms have higher productivity compared to the EU average, particularly in the infrastructure sector

INVESTMENT DYNAMICS

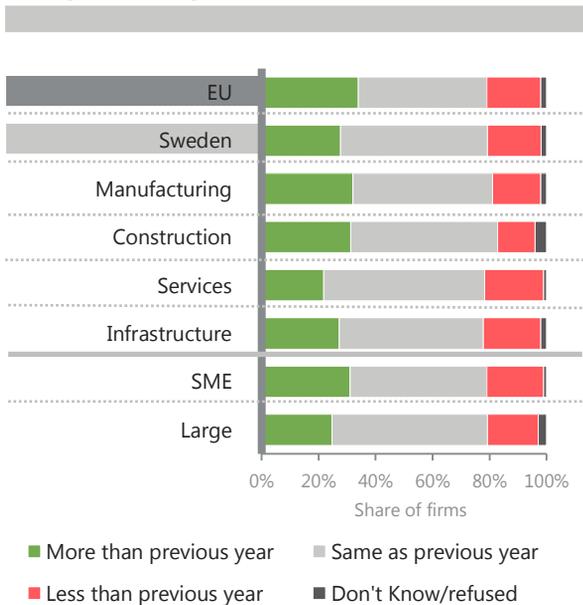
- Overall 91% of firms in Sweden invested in the last financial year, significantly more than the EU average (84%).
- The intensity of investment (investment per employee) in Sweden is above the EU average and is highest in the infrastructure sector.

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

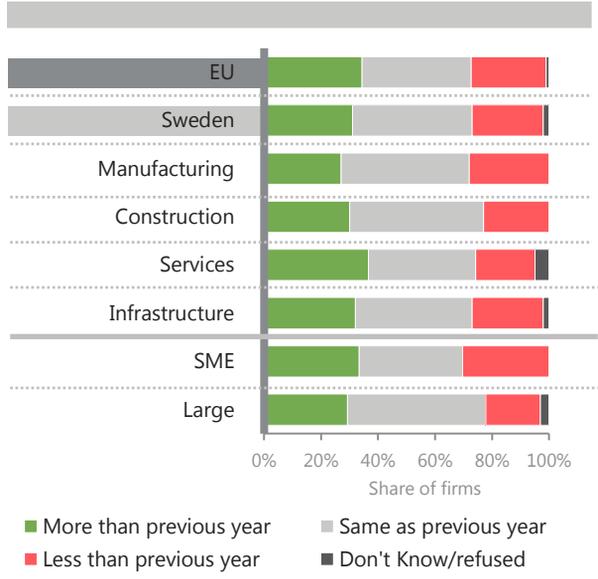


Base: All firms who invested in the last financial year
 Q. Overall was this more, less or about the same amount of investment as in the previous year?

- More firms in Sweden have increased investment (28%) in last financial year than reduced it (19%), and the former figure is lower than the EU average.
- While just over three in ten construction and manufacturing firms in Sweden say they have increased investment, and the same for SMEs, differences by size and sector are not significant.

- Two in five firms in Sweden expect their investment in the current financial year to be the same as the previous year.
- On balance more firms are increasing investment (31%) in Sweden than decreasing it (25%), consistent with expected strong macro-economic investment figures.

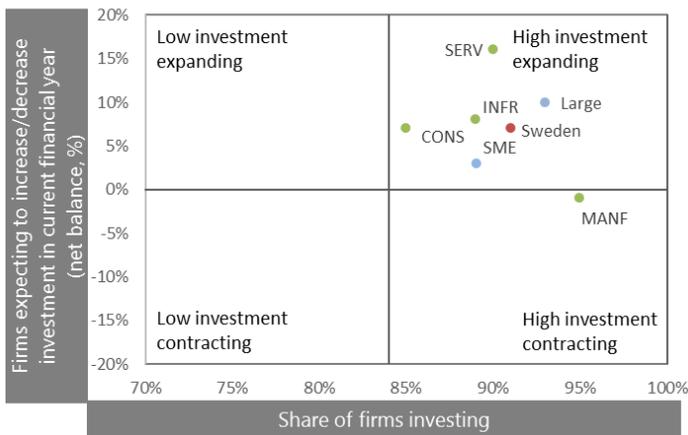
Expected investment in current financial year compared to last one



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

Investment cycle



Base: All firms

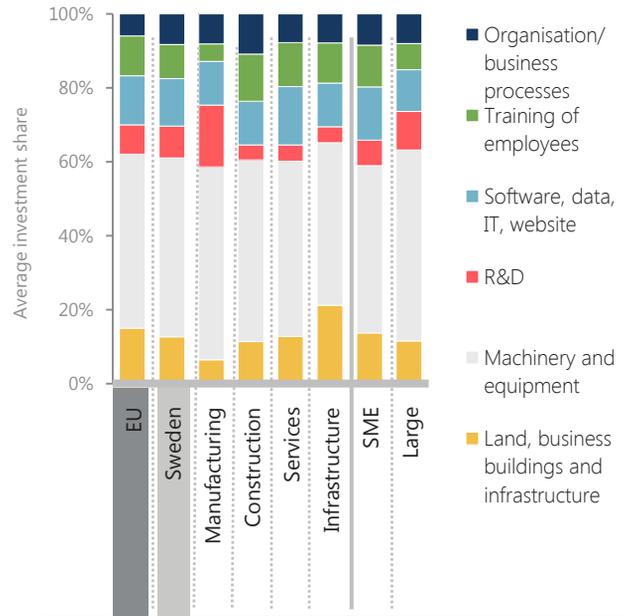
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500.

- The share of firms investing is substantially higher than the EU average.
- Except for manufacturing all other sectors are on balance expected to increase investments further in the current financial year.

INVESTMENT ACTIVITY

- Around half of firms' investment activity in Sweden is in machinery and equipment (48%), followed by software, data, IT and website activities (13%) and Land, business buildings and infrastructure (13%).
- Investment activity in research and development is significantly higher in the manufacturing sector (17% compared to 9% overall).

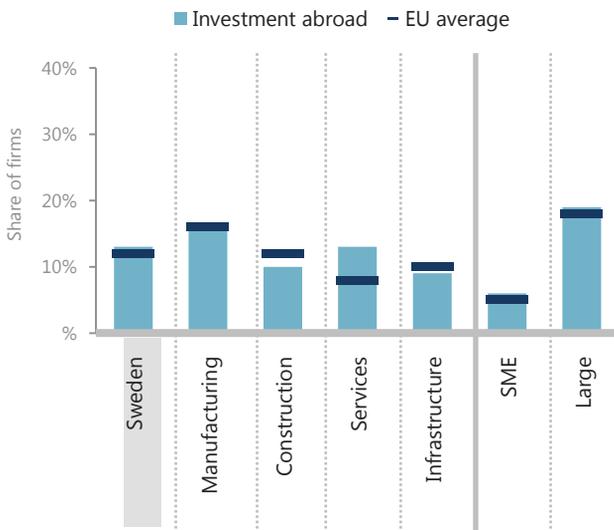
Investment areas



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



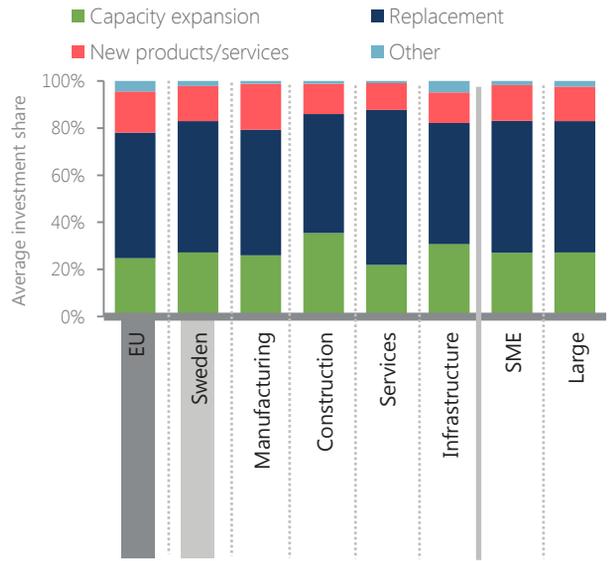
Base: All firms who invested in the last financial year

Q. In the last financial year, has your company invested in another country?

- Overall 13 per cent of firms in Sweden have invested in another country, in line with the EU average (12%).
- One in five large firms in Sweden have invested abroad (19%, compared to 18% across the EU).

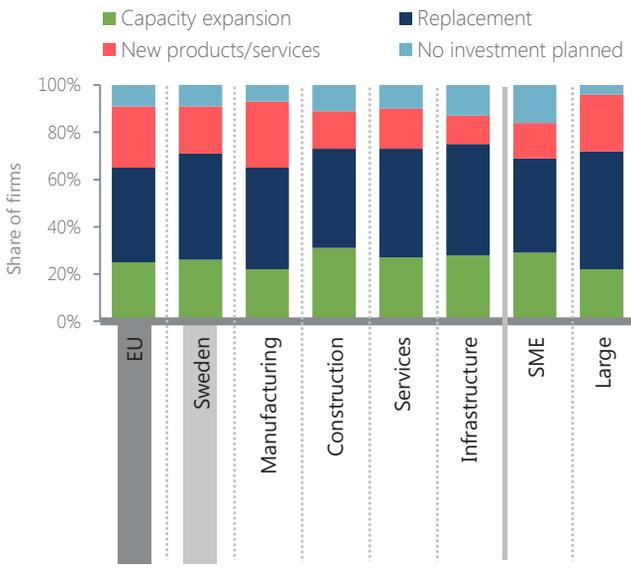
- Most investment in Sweden is driven by the need to replace existing buildings, machinery equipment and IT (56%), generally similar to the pattern across the EU (53%).
- Investment in new products and services is also similar in Sweden compared to the EU average, representing 15% of investment spend versus 17% across the EU overall.

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



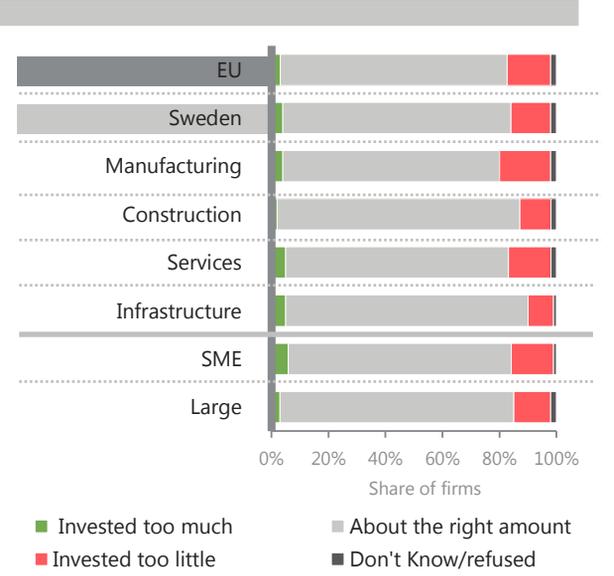
Base: All firms (excluding don't know/refused responses)
 Q. Looking ahead to the next 3 years, which of the following is your investment priority (a) replacing existing buildings, machinery, equipment, IT (b) expanding capacity for existing products/services (c) developing or introducing new products,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

- For 45% of firms in Sweden planning to invest in the next three years, the priority is replacing existing buildings, machinery, equipment and IT, followed by expanding capacity for existing products and services (26%).

INVESTMENT NEEDS

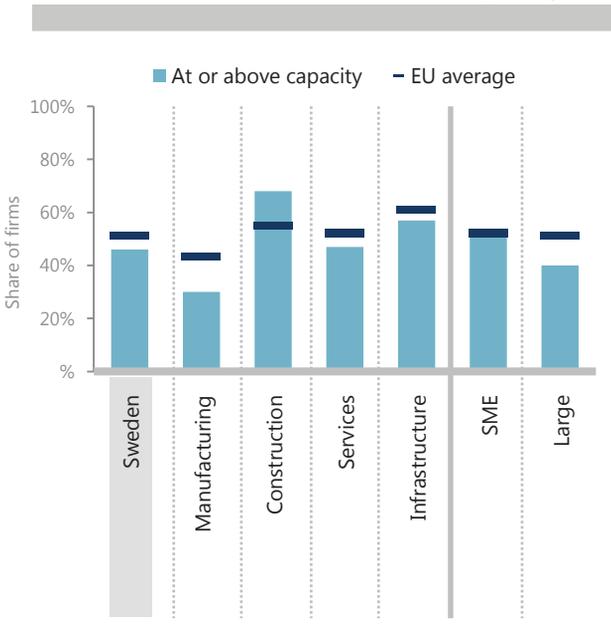
- Four in five firms in Sweden believe their investment over the last three years was about the right amount (80%).
- One in seven report investing too little (14%) which is in line with the EU as a whole where 15% of firms claim to have invested too little.

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)

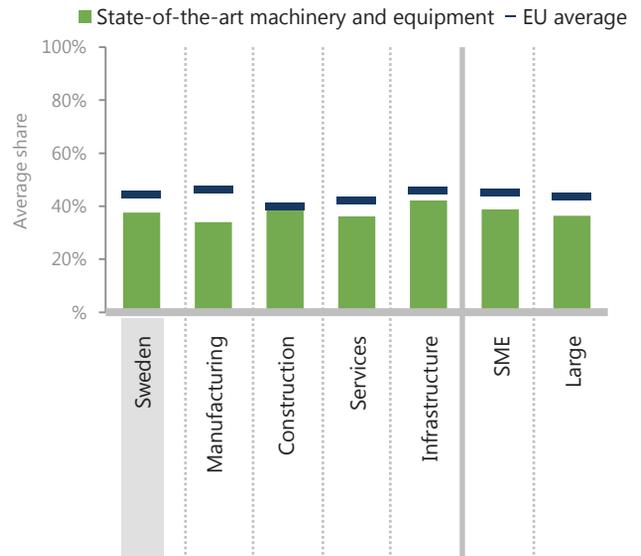
Full capacity is the maximum capacity attainable under normal conditions e.g., company's general practices regarding the utilization of machines and equipment, overtime, work shifts, holidays etc.

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

- Almost half of the firms in Sweden report operating at or above maximum capacity in the last financial year (46%), whereas the EU average is 51%.
- Construction firms in Sweden are significantly more likely to report operating at or above full capacity (68%) compared to manufacturing and services firms (30% and 47% respectively) in line with a strong uptake in dwellings in the last few years.

- Firms' average share of state-of-the-art machinery and equipment is lower than the EU average (38% for Sweden, compared to 44% EU-wide).
- The average share of state-of-the-art machinery and equipment in Sweden is similar across different sectors and sizes of firms.

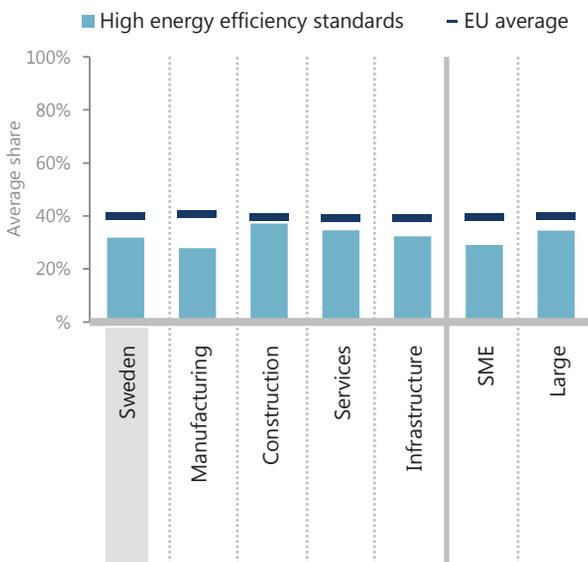
Average share of state-of-the-art machinery and equipment



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

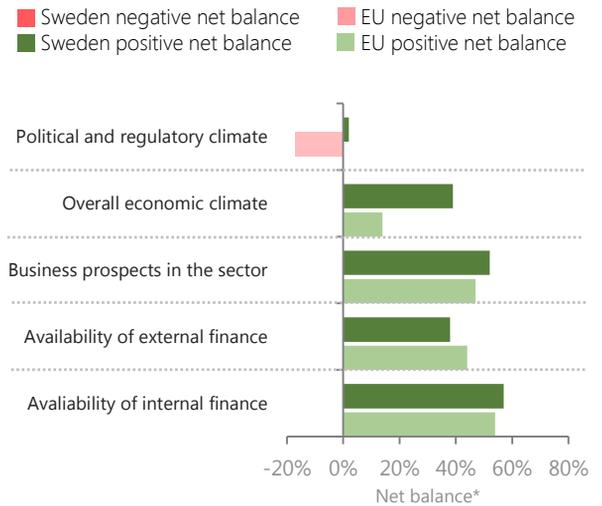
Q. What proportion, if any, of your commercial building stock satisfies high or highest energy efficiency standards?

- On average, firms in Sweden say 32% of their building stock satisfies high energy efficiency standards, which is lower than the EU average of 40%.
- Among construction sector firms in Sweden, 37% of their building stock is considered to meet high energy efficiency standards.

INVESTMENT CONSTRAINTS

- On balance positive all potential short-term influences on investment are viewed positively, though the political and regulatory climate is the most frequently cited barrier relative to others.
- The findings on balance for Sweden are more positive than or in line with the EU average.

Short term influences on investment

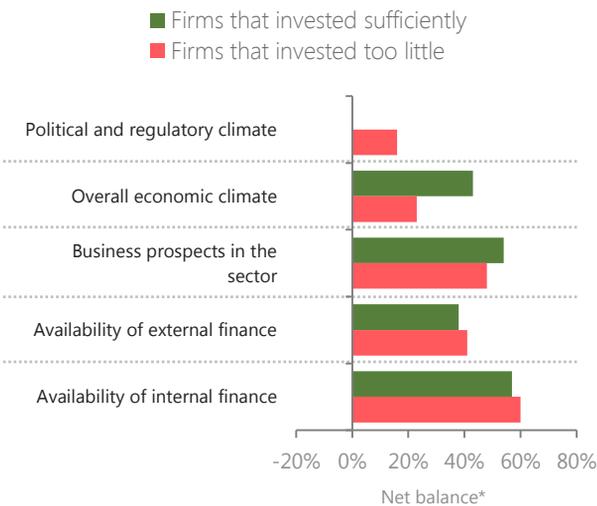


Base: All firms who have planned to invest in the current financial year

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

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)

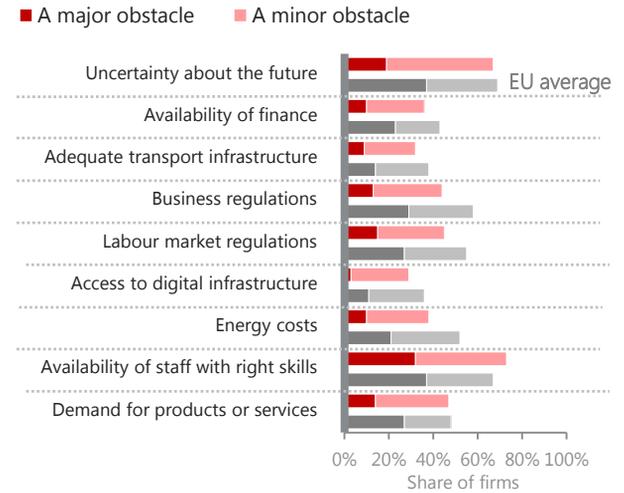
Q. How do each of the following affect your ability to carry out your planned investment. Does it affect it positively or negatively, or make no difference at all?

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

- Firms that report investment in the past three years has been below their needs are more likely to say the overall economic climate will negatively affect their planned investment than those firms that invested sufficiently over that time.

- One in three firms in Sweden (32%) consider availability of staff with the right skills as a major obstacle to investment over the longer term, but this is lower than the EU average (37%).
- Only one in five firms in Sweden (19%) consider uncertainty about the future as a major obstacle to investment, versus 37% across the EU overall.
- Including both major and minor obstacles, barriers to investment in Sweden are less binding than in the EU, except for the availability of staff with right skills.

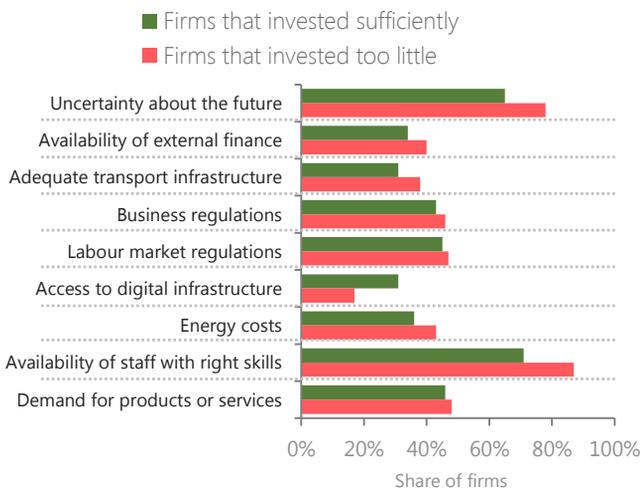
Long term barriers to investment



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 Sweden, 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

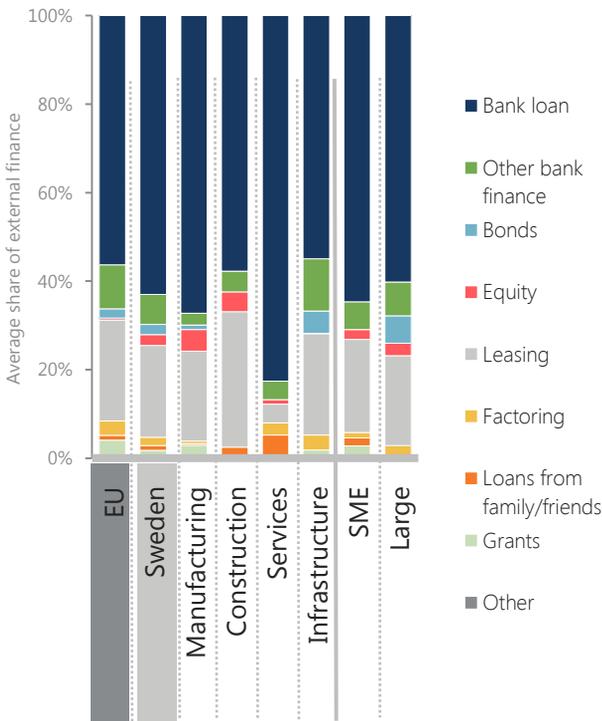
Q. Thinking about your investment activities in Sweden, to what extent is each of the following an obstacle? Is it a major obstacle, a minor obstacle or not an obstacle at all?

- For firms that report their investment in the last three years has been below their needs, the main obstacle is the availability of staff with the right skills, closely followed by uncertainty about the future.

INVESTMENT FINANCE

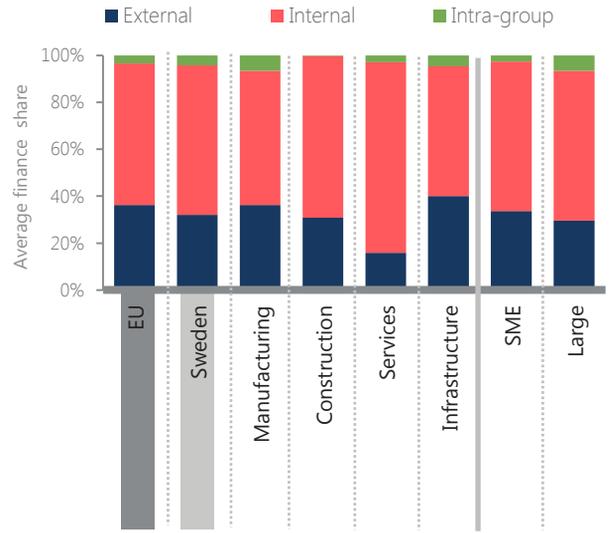
- Firms in Sweden rely to a large extent on internal funds to finance their investment activities (64%, compared to 60% across the EU).
- Bank loans are the most common source of external finance, followed by leasing.
- Firms that used external finance are largely satisfied with the amount, cost, maturity, collateral and type of finance received.

Type of external finance used for investment activities



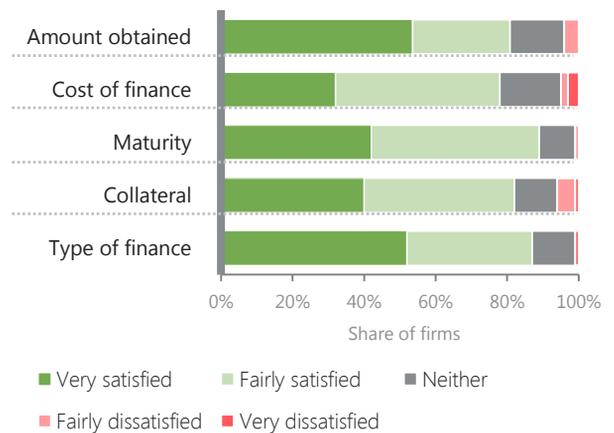
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)
Q. Approximately what proportion of your external finance does each of the following represent?

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

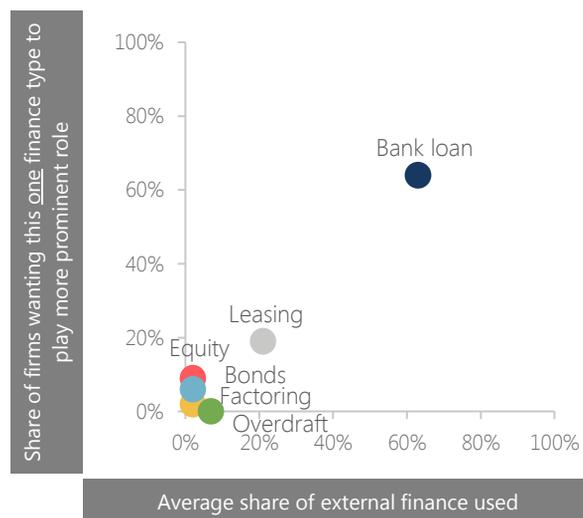


Base: All firms who used external finance in the last financial year (excluding don't know/refused responses)

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

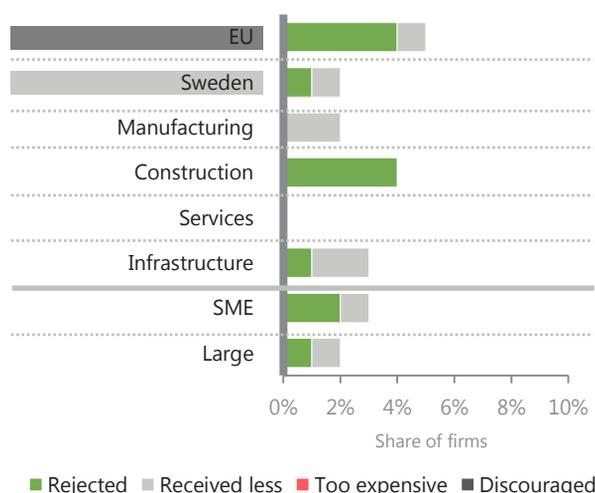
- Overall firms in Sweden want more of the type of external finance they are using already.
- Two per cent of firms can be considered finance constrained, below the EU average (5%).
- While in the service sector firms are not constrained, firms in the construction sector are most constrained (4% of construction firms that sought external finance did not receive it).

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

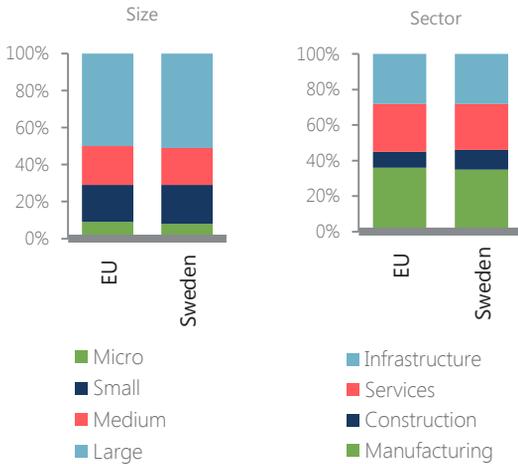
Share of finance constrained firms



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

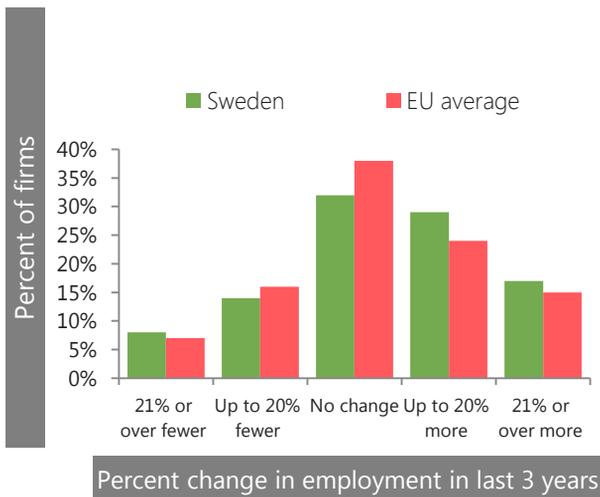


- The profile of firms in Sweden in terms of contribution to value-added by size and sector is close to the EU profile.
- More firms in Sweden report growing employment than the EU average, which is in line with the improving employment situation in Sweden in the past few years.
- Firms in Sweden have higher productivity compared to the EU average. Within Sweden, infrastructure firms have the highest productivity on average.

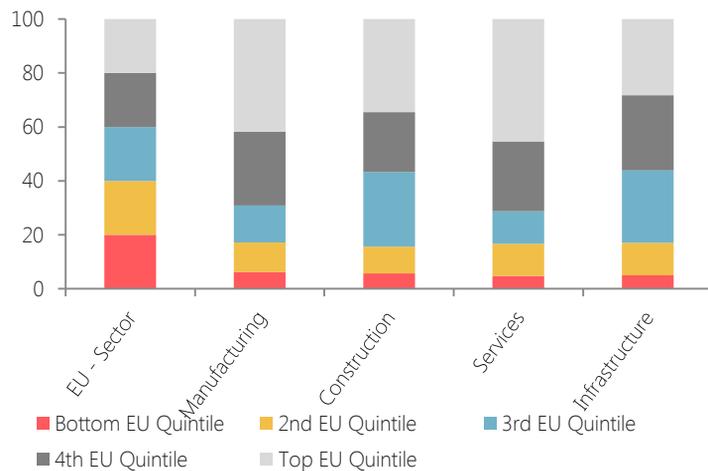
Base: All firms

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



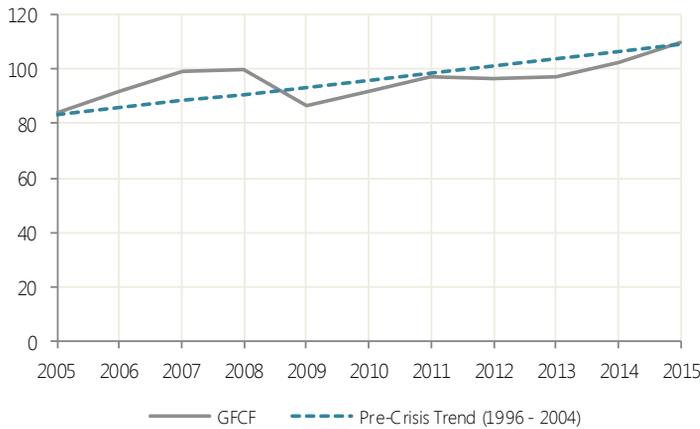
Base: All firms (excluding don't know, refused and missing responses)

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

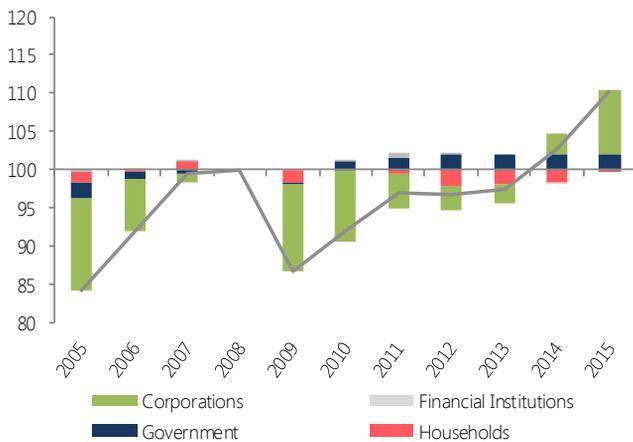
Investment Dynamics over time



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.

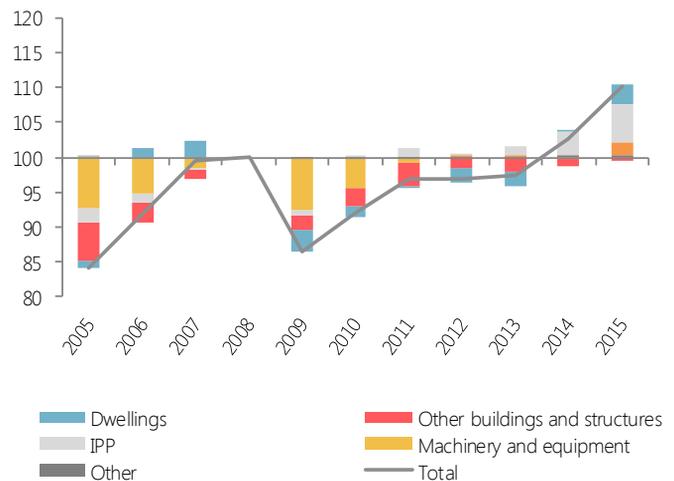
- Investment levels recovered gradually after a drop in 2009.
- Investment now is in line with the pre-crisis trend.
- Investments by corporations, especially in IPP have contributed substantially to the recent increases in investments.

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 Sweden, 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	Sweden	Manu- facturing	Cons- truction	Services	Infras- tructure	SME	Large	EU vs Country	Manufacturing vs Construction	SME vs Large
	(12483)	(476)	(125)	(117)	(105)	(128)	(377)	(99)	(12483 vs 476)	(125 vs 117)	(377 vs 99)
10% or 90%	1.0%	2.9%	5.2%	5.5%	6.0%	5.2%	2.8%	5.0%	3.1%	7.6%	5.7%
30% or 70%	1.5%	4.4%	8.0%	8.4%	9.2%	8.0%	4.2%	7.7%	4.7%	11.6%	8.8%
50%	1.7%	4.8%	8.7%	9.2%	10.0%	8.7%	4.6%	8.4%	5.1%	12.6%	9.6%

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	Sweden	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 6, p. 7, p. 9, p. 11, p. 12, p. 13	12483	476	125	117	105	128	377	99
All firms (excluding don't know/refused responses), p. 2	11838	460	122	114	102	122	368	92
All firms (excluding those who have no investment planned/don't know/refused responses), p. 5	12159	466	124	117	100	125	370	96
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	12453	475	125	117	104	128	376	99
All firms (excluding don't know, refused and missing responses), p. 13	12162	464	122	115	102	124	367	97
All firms who invested in the last financial year, p. 2	12281	470	123	116	104	126	373	97
All firms who invested in the last financial year, p. 4	10881	439	116	109	96	118	348	91
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 4	10060	408	107	103	89	109	328	80
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5	9682	393	105	96	87	105	309	84
All firms who invested in the last financial year (excluding don't know/refused responses), p. 10	9093	284	62	83	55	84	245	39
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	424	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	142	35	39	18	50	123	19

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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