



Germany

Overview

EIB INVESTMENT SURVEY

2020

EIB Group survey on investment
and investment finance 2020
Country overview

Germany

EIB Group survey on investment and investment finance 2020.

Country overview: Germany

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About the EIB Investment Survey (EIBIS)

The EIB Group Survey on Investment and Investment Finance, which has been administered since 2016, is a unique, annual survey of some 13 500 firms. It covers firms in all European Union Member States and also includes a sample of firms in the United Kingdom and the United States.

The survey collects data on firm characteristics and performance, past investment activities and future plans, sources of finance, financing issues and other challenges that businesses face. The EIBIS, which uses a stratified sampling methodology, is representative across all 27 EU Member States, the United Kingdom and the United States, as well as across four classes of firm size (micro to large) and four main economic sectors (manufacturing, construction, services and infrastructure). The survey is designed to build a panel of observations, supporting the analysis of time-series data. Observations can also be linked back to data on firm balance sheets and profit and loss statements. The EIBIS was developed by the EIB Economics Department. It is managed by the department with the support of Ipsos MORI.

About this publication

The series of reports provide an overview of data collected for the 27 EU Member States, the United Kingdom and the United States. The reports are intended to provide a snapshot of the data. For the purpose of these publications, data are weighted by value-added to better reflect the contribution of different firms to economic output. Contact: eibis@eib.org.

Download the findings of the EIB Investment Survey for each EU country or explore the data portal at www.eib.org/eibis.

About the Economics Department of the European Investment Bank

The mission of the EIB Economics Department is to provide economic analyses and studies to support the Bank in its operations and in its positioning, strategy and policy. The department and its team of 40 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 organisations. Its around 200 research staff in London and Brussels focus on public service and policy issues. Its research makes a difference for decision makers and communities.

For further information on the EIB's activities, please consult our website, www.eib.org. You can also contact our InfoDesk, info@eib.org.

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EIBIS 2020 – Germany

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, investment in Q2 2020 is 8.3% below the pre-crisis 2019 level. Even though investment levels are still above 2008 levels, this downward trend reminds us of the global financial crisis, when investment dropped by more than 10% after four quarters.

Some 45% of firms report they will invest less than planned as a result of COVID-19, similar to the EU average.

Investment Focus

About two fifths (39%) of German firms which had an investment plan, plan to abandon or delay it as a result of COVID-19, in line with the EU average (35%). Notably, the biggest long term impact of COVID-19 on firms in Germany is expected to be the increased use of digital technologies (68%), but some 41% and 45% of German firms also expect to have to adapt their product/service portfolio or their supply chains, respectively.

Investment Needs and Priorities

Around eight in ten firms (78%) believe their investment over the last three years was about the right amount. More than six in ten firms (63%) were operating at or above full capacity in 2019, which is six percentage points lower than EIBIS 2019 and brings Germany in line with the EU average (60%).

Innovation Activities

More than four in ten firms (42%) report to have developed or introduced new products, processes or services as part of their investment activities, an increase of eighteen percentage points on EIBIS 2019 (24%).

More than three in five firms (62%) in Germany have implemented, either fully or partially, at least one digital technology.

Drivers and Constraints

Firms are now much more pessimistic in EIBIS 2020 about the overall economic climate (-48% versus -27%), the availability of internal finance (-26% versus 19%) and business prospects in the sector (-24% versus -0.91%)

More than eight in ten firms (83%) consider the availability of skilled staff as the biggest long term barrier to investment, which is in line with EIBIS 2019 (84%) but above the EU average (73%). Uncertainty is the second impediment, named by 78% of German firms.

Investment Finance

Two-thirds of investment activity in Germany was financed by internal sources (67%) in 2019, in line with EIBIS 2019 (64%) and above the EU average (62%).

Around eight in ten (79%) firms report generating a profit in the last financial year, in line with EIBIS 2019 and the EU average (81% and 80% respectively).

Access to Finance

Firms using external finance were on balance satisfied with the amount, cost, maturity, collateral and type of finance received in 2019. Six per cent of all firms in Germany could be considered as finance constrained in 2019, twice the level in EIBIS 2019 (3%) but in line with the EU average.

Energy Efficiency

More than half of firms in Germany (52%) have invested in measures to improve their energy efficiency, higher than the EU average (47%) and a big increase on the level reported in EIBIS 2019 (36%).

The average share of investment in measures to improve energy efficiency by firms in Germany (12%) is in line with EIBIS 2019 and the EU average (11% and 12% respectively).

Climate Change

More than a half of firms in Germany (54%) feel their business has been affected by climate change and the related change in weather patterns.

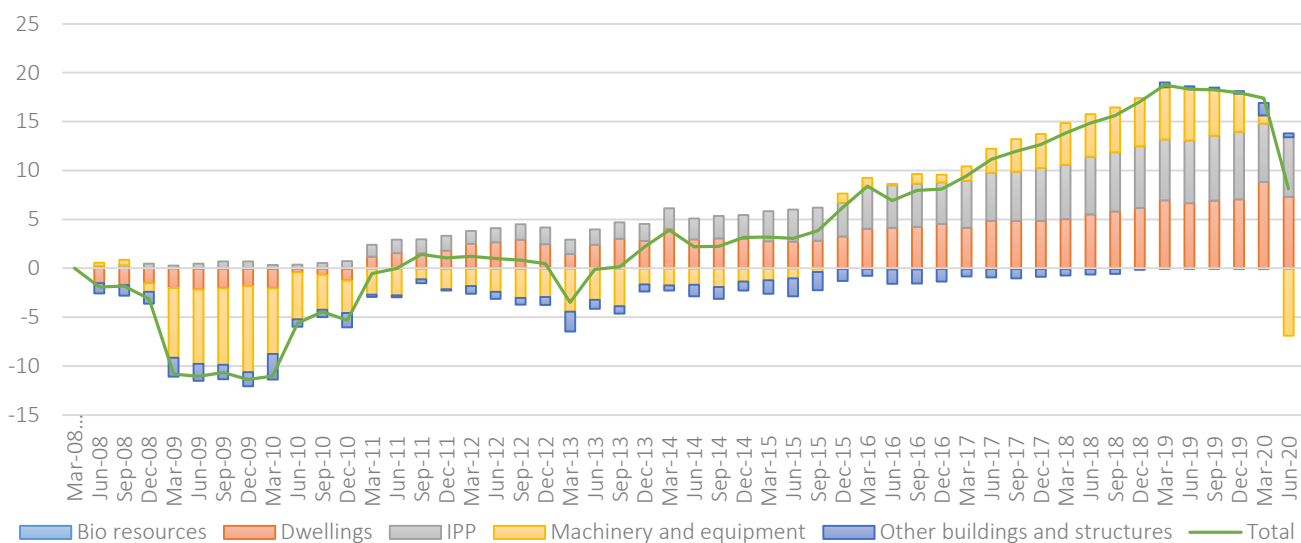
More than seven in ten firms in Germany (72%) have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions.

Investment Dynamics

INVESTMENT DYNAMICS BY ASSET TYPE

With the COVID-19 crisis abruptly affecting the economy, investment in Q2 2020 is 8.3% below the pre-crisis 2019 level. This drop is halting the positive trend in investment levels of the past years.

Even though investment is still well above levels seen during the global financial crisis, the current trend is a reminder of what happened over the course of 2008 and calls for vigilance in the coming months.



The graph shows the evolution of total Gross Fixed Capital Formation (in real terms); by asset type. The data has been indexed to equal 0 in 2008. Source: Eurostat.

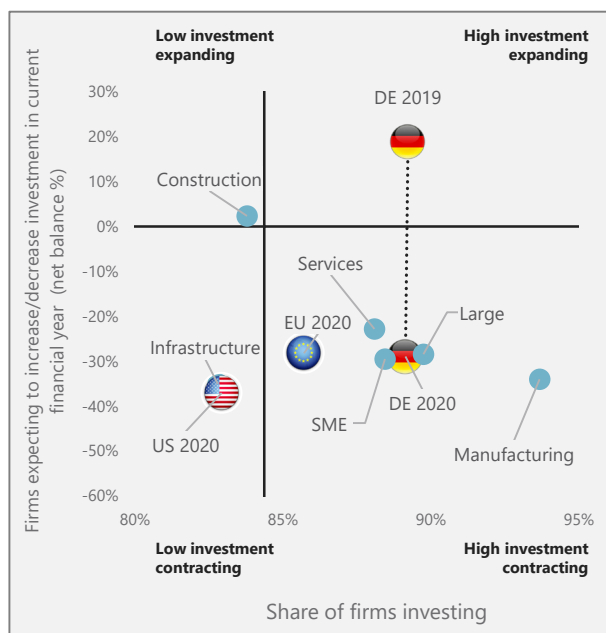
INVESTMENT CYCLE

In line with the EU, Germany is in a negative phase of the investment cycle, having moved into the 'high investment contracting' quadrant. In comparison to EIBIS 2019, the net balance of firms expecting to increase rather than decrease investment in the current financial year has decreased from 19% in 2019 to -29% in 2020, indicating a strong effect linked to the COVID-19 shock.

The manufacturing sector has the highest share of firms investing, as it did in EIBIS 2019, but is also the sector where the most firms hold a negative rather than positive investment outlook.

Construction firms contrast with the other sectors and expect to increase their investment in the current financial year (+2%, compared to between -23% and -35%).

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.

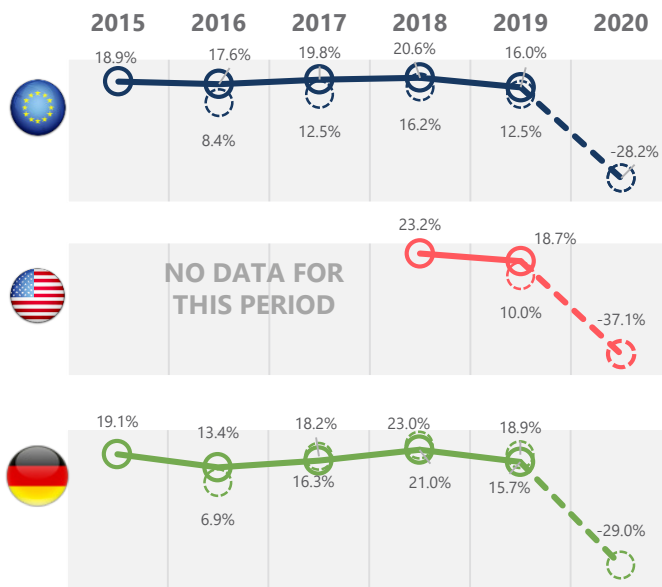


Base: All firms (excluding don't know/refused responses)

Investment Dynamics

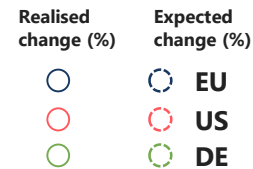
EVOLUTION OF INVESTMENT EXPECTATIONS

Realised/expected change in investment



On balance, more firms in Germany increased rather than decreased their investment activities in 2019 (16%). This was the same level as the EU average and in line with expectations (19%).

In the current year, the outlook is particularly negative (-29%). This is in line with firms across the EU (-28%) and indicates the widespread and pronounced impact of COVID-19.



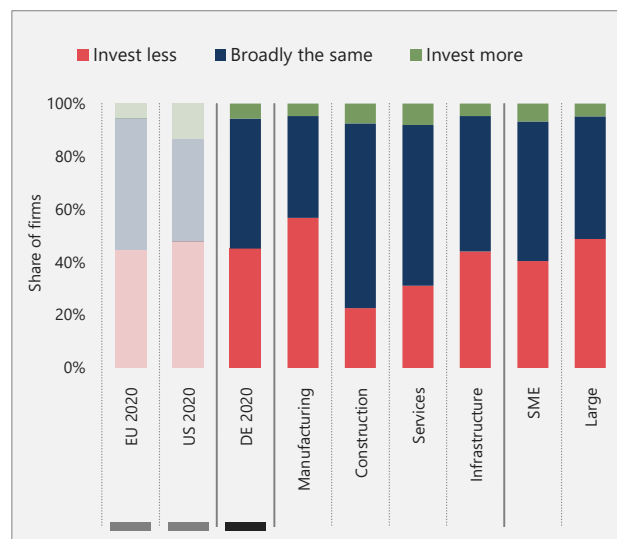
'Realised change' is the share of firms who invested more minus those who invested less; 'Expected change' is the share of firms who expect(ed) to invest more minus those who expect(ed) to invest less.

Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

Firms say COVID-19 has affected their investment strategies for 2020 with more than two fifths (45%) of firms investing less than planned and six per cent investing more than planned, the same level as the EU average.

Firms in the manufacturing sector are more likely to report investing less (56%) due to COVID-19 than firms in the construction and services sectors (23% and 31% respectively), both of which are more likely to keep their plans broadly the same.



Q. Have your company's overall investment expectations for 2020 changed due to coronavirus?

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

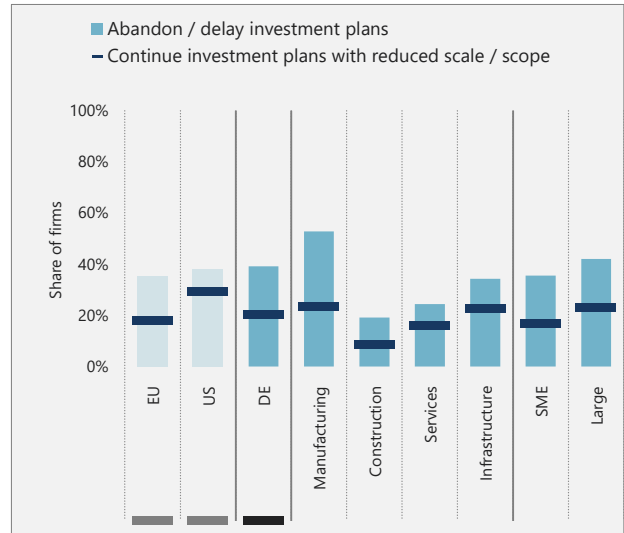
Investment Focus

ACTIONS AS A RESULT OF COVID-19

Around two fifths (39%) of firms, with investment plans in the current financial year, plan to abandon or delay their investments as a result of COVID-19, in line with the EU average (35%).

One-fifth (20%) of firms in Germany plan to continue with their investment plans but with a reduced scale/scope, again similar to the EU average (18%).

Firms in the manufacturing sector (53%) are more likely to abandon or delay their investments than firms in the construction, services and infrastructure sectors (19%, 24% and 34% respectively).

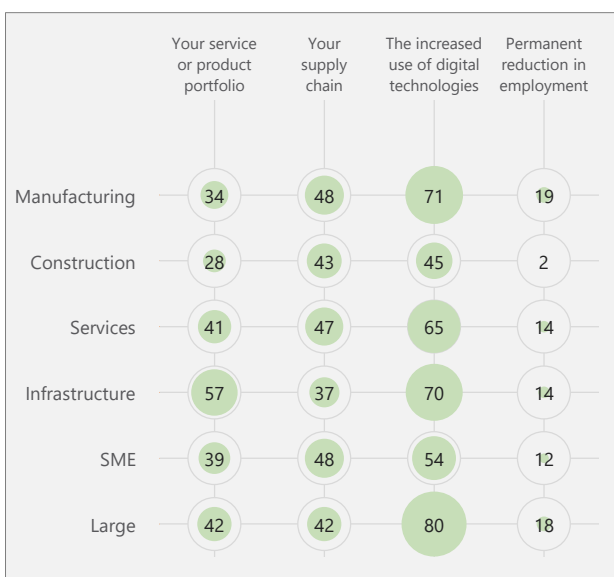


Q. You said you will invest less due to coronavirus. Can I just check which of the following actions will your company undertake?

Please note some firms may be taking multiple actions i.e. abandoning/delaying some investment plans whilst continuing with other plans at a reduced scale or scope.

Base: All firms with investment plans for the current financial year (excluding don't know/refused responses)

LONG TERM IMPACT OF COVID-19 BY SECTOR AND SIZE



Firms are asked about their expectation on long terms structural changes related to COVID-19. The most frequently cited long term impact of COVID-19 on firms in Germany is the increased use of digital technologies (68%). 45% of firms also expect a change in their supply chains and 41% a need to adapt their service/product portfolio.

Firms in the infrastructure sector are particularly likely to expect a long term impact on the their service or product portfolio than construction and manufacturing firms (57% versus 28% and 34% respectively).

One in six firms (16%) expect a permanent reduction in employment levels, although this is the case for only 2% of construction firms.

Q. Do you expect the coronavirus outbreak to have a long-term impact on any of the following?

Base: All firms

Investment Focus

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

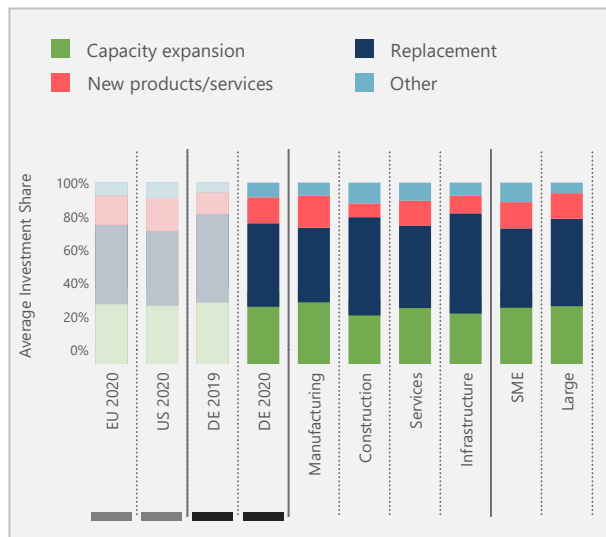
Half of the investments in the last financial year were driven by the need to replace existing buildings, machinery, equipment and IT (50%). This is in line with EIBIS 2019 (53%) and the EU average (47%).

Replacement was followed by capacity expansion which makes up just over one-quarter (26%) of all investment, and also in line with EIBIS 2019 (28%) and the EU average (27%).

The share of investment for replacement is higher among the infrastructure and construction sectors (60% and 59% respectively) compared to the manufacturing sector (45%).

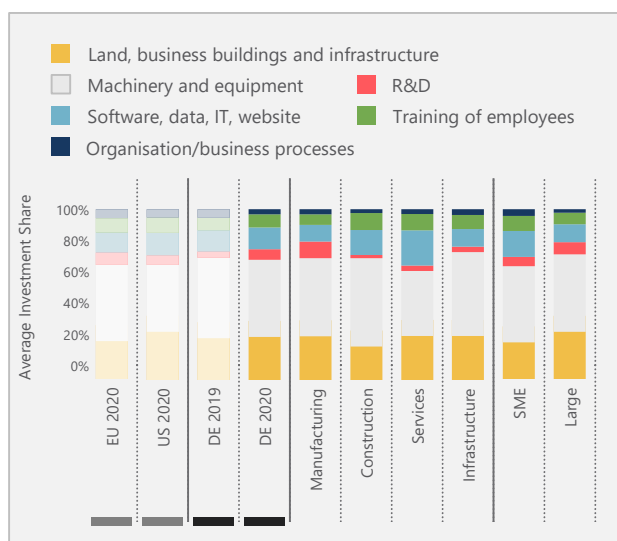
16% of firms investment is focussed on developing or introducing new products, processes or services. This is higher for the manufacturing firms compared to construction firms (19% versus 8%).

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?



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

INVESTMENT AREAS



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?

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

Out of the six investment areas considered, the highest share of investment in the last financial year among firms in Germany was in machinery and equipment (49%), the same level as the EU average and in line with EIBIS 2019 (51%).

This was followed by land, business buildings and infrastructure (18%) and software, data, IT and website activities (14%), both of which are in line with the EU average and relatively unchanged on EIBIS 2019.

In Germany, the share of investment in research and development has increased year on year from 4% to 7% and is now in line with the EU average (9%). Intangible investments (the sum of R&D, Software, Training and Organisational changes) account for 32% of total investment of German firms.

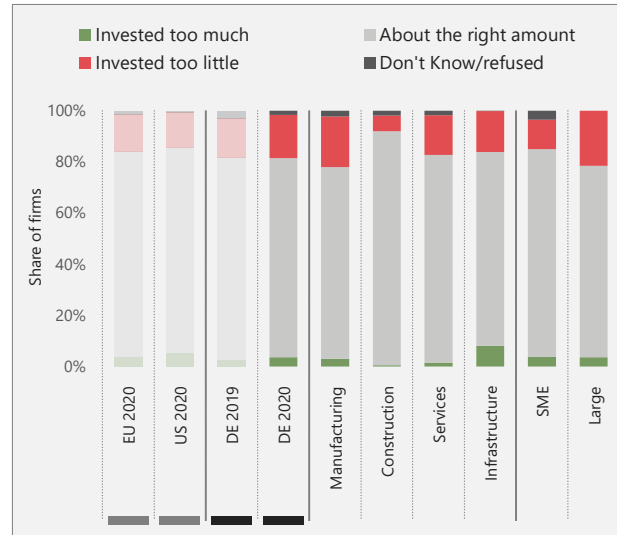
Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Around eight in ten firms (78%) believe their investment over the last three years was about the right amount. One in six firms (17%) believe they invested too little, while four per cent report investing too much. All of the proportions are in line with EIBIS 2019 and the EU average.

Firms in the construction industry are more likely to report that they have invested the right amount compared to firms in the manufacturing and infrastructure sectors (91%, compared to 75% and 76% respectively).

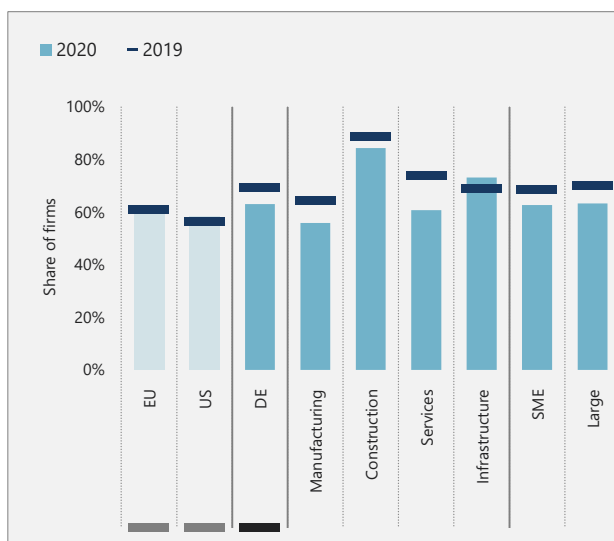
Firms in the manufacturing sector are more likely to report to have invested too little compared to construction firms (20% versus 6%). Similarly, large firms (22%) are more likely to report to have invested too little compared to SMEs (22% versus 12%).



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

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

SHARE OF FIRMS AT OR ABOVE 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?

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

More than six in ten firms (63%) report they were operating at or above full capacity in the last financial year, which is in line with the EU average (60%).

Firms in the construction sector are the most likely to report to have operated at or above full capacity in the last financial year (84%, compared to between 56% and 73% among firms in the other sectors).

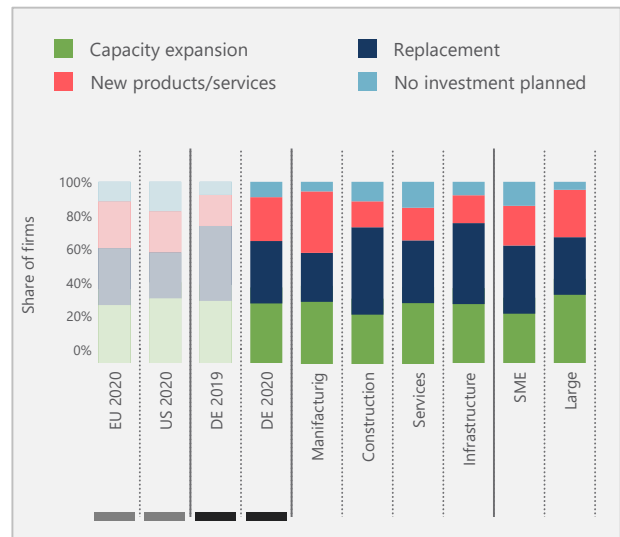
Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, replacing existing buildings and equipment is the most commonly cited investment priority among firms in Germany (37%). This is eight percentage points lower than EIBIS 2019 (45%) and brings Germany in line with the EU average (34%).

Firms in the construction sector are more likely to prioritise replacement than manufacturing and services firms (52% versus 29% and 38% respectively).

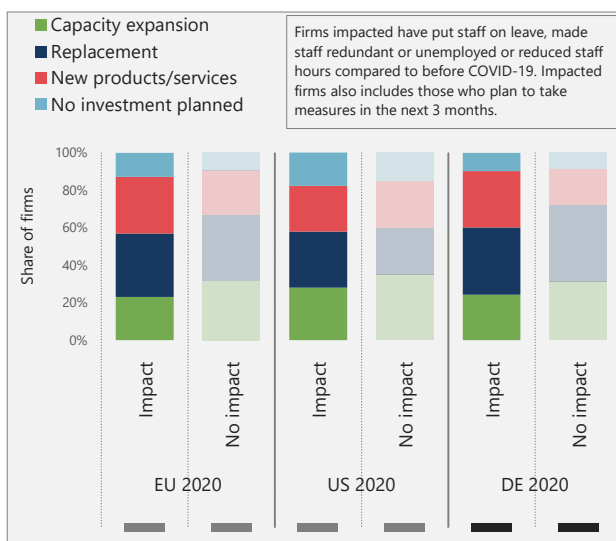
The proportion of firms citing investment in new products/services has increased from 19% in EIBIS 2019 to 26% in EIBIS 2020 and is now in line with the EU average (28%). Manufacturing firms in particular are more likely to invest in new products/services (37%).



Q. Looking ahead to the next 3 years, which 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?

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

COVID-19 IMPACT ON PRIORITIES



Q. Looking ahead to the next 3 years, which 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?

Q. Thinking about the impact of coronavirus, have you had to put staff temporarily on leave, make staff redundant or unemployed or reduce the number of hours they work compared to before the coronavirus pandemic?

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

Firms in Germany which have been impacted by COVID-19 are more likely to either prioritise investment in replacing buildings and equipment (36%) or in new products/services (30%) over the next three years. Both are in line with the EU average (34% and 30% respectively).

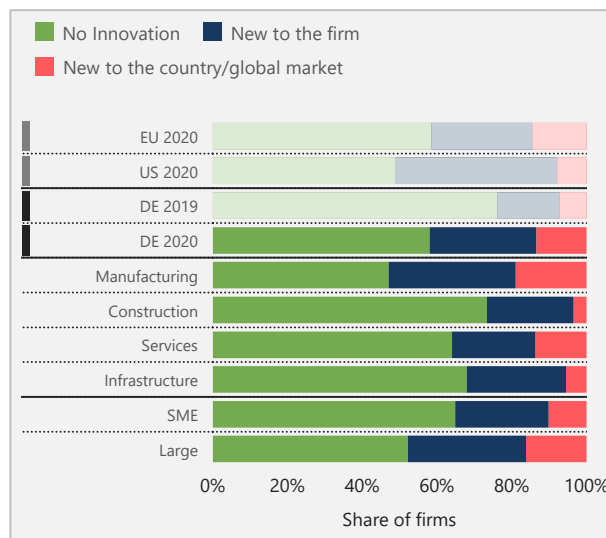
Innovation Activities

INNOVATION ACTIVITY

More than four in ten firms (42%) developed or introduced new products, processes or services as part of their investment activities, an increase of eighteen percentage points on EIBIS 2019 (24%). Germany is now at the same level as the EU average.

Around three in ten (29%) firms claim the products, processes or services were new to the firm, while 13% claim they were new to the country or to the global markets. Both are in line with the EU average (27% and 15% respectively).

Manufacturing firms were the most likely to have innovated (53%, compared to between 27% and 36% for firms in the other sectors) and similarly, large firms are more likely than SMEs to have innovated (48% versus 35%).

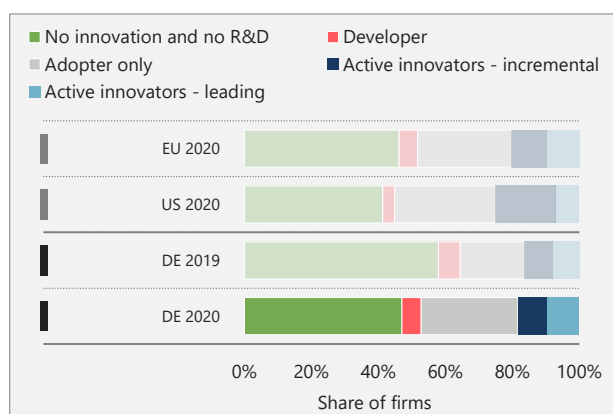


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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

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

INNOVATION PROFILE



When firms' innovation and research and development behaviour is profiled more widely, 18% of firms in Germany are classified as 'active innovators', and a further 6% of firms are 'developers'.

This breakdown is broadly in line with EIBIS 2019 (16% and 6% respectively) and the EU average (20% and 6% respectively).

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?

Q. In the last financial year, how much did your business invest in Research and Development (including the acquisition of intellectual property) with the intention of maintaining or increasing your company's future earnings?

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

The 'No innovation and no R&D' group comprises firms that did not introduce any new products, processes or services in the last financial year. The 'Adopter only' introduced new products, processes or services but without undertaking any of their own research and development effort. 'Developers' are firms that did not introduce new products, processes or services but allocated a significant part of their investment activities to research and development. 'Incremental' and 'Leading innovators' have introduced new products, processes and services and also invested in research and development activities. The two profiles differ in terms of the novelty of the new products, processes or services. For incremental innovators these are 'new to the firm'; for leading innovators these are 'new to the country/world'.

Innovation Activities

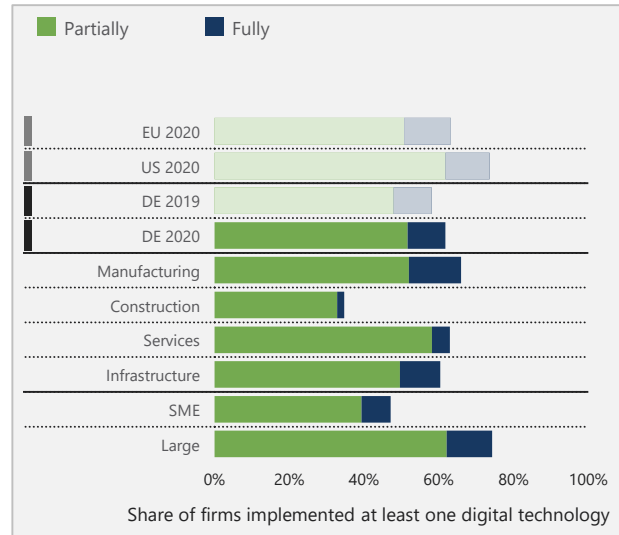
IMPLEMENTATION OF DIGITAL TECHNOLOGIES

More than three in five firms (62%) in Germany report to have implemented, either fully or partially, at least one digital technology. This proportion is in line with EIBIS 2019 and the EU average (58% and 63% respectively).

Firms in the construction sector are the least likely to have implemented digital technologies, either fully or partially, within their business (35%, compared to between 60% and 66%).

Large firms are more likely than SMEs to have implemented at least one digital technology (74% versus 47%).

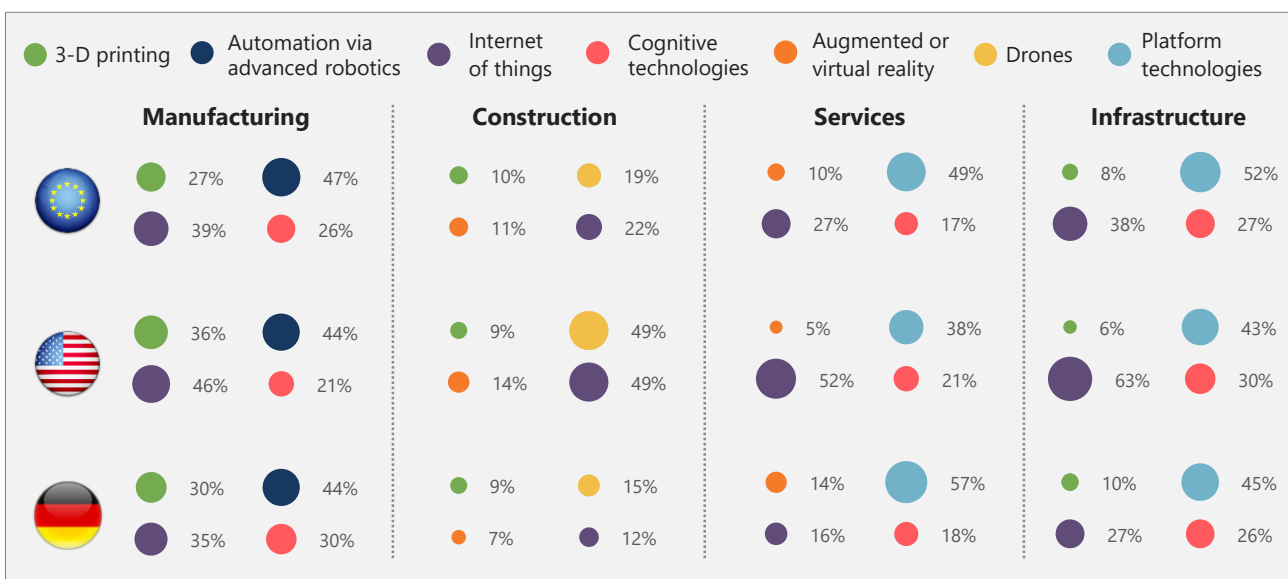
German firms report similar take-up levels of digital technologies to their EU peers but lag a little behind them for 'Internet of things'.



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

DIGITAL TECHNOLOGIES BY SECTOR



Q, Can you tell me for each of the following digital technologies if you have heard about them, not heard about them, implemented them in parts of your business, or whether your entire business is organised around them?

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

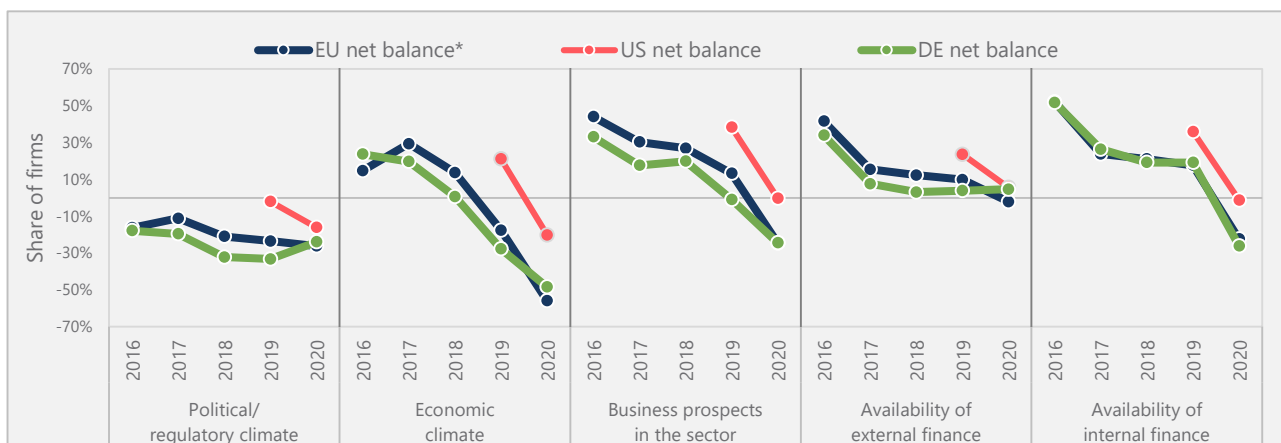
Reported shares combine implemented the technology 'in parts of business' and 'entire business organized around it'

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

More firms in Germany – similar to the firms EU wide - expect a deterioration rather than an improvement across four out of the five outlook factors asked about in the next twelve months.

Firms are now much more pessimistic about the overall economic climate (-48% versus -27%), the availability of internal finance (-26% versus 19%) and business prospects in the sector (-24% versus -0.91%)



Q, Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*Net balance is the share of firms seeing improvement minus the share of firms seeing a deterioration

Base: All firms

SHORT TERM FIRM OUTLOOK BY SECTOR AND SIZE (NET BALANCE %)



Please note: green figures are positive, red figures are negative

Q, Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

Across all sizes and sectors, firms are consistently more negative than positive about the political/regulatory climate, the economic climate, their business prospects and the availability of internal finance.

In contrast, all sectors are more positive than negative about external finance, although the positivity is at a low level.

Construction firms are not as pessimistic about the availability of internal finance as firms in other sectors (-1%, compared to between -23% and -33%).

Infrastructure firms are more pessimistic than manufacturing firms about the overall economic climate (-64% versus -38%). They are also more pessimistic about business prospects in their sector compared to construction and manufacturing firms (-38% versus -14% and -18% respectively).

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

Base: All firms

Drivers And Constraints

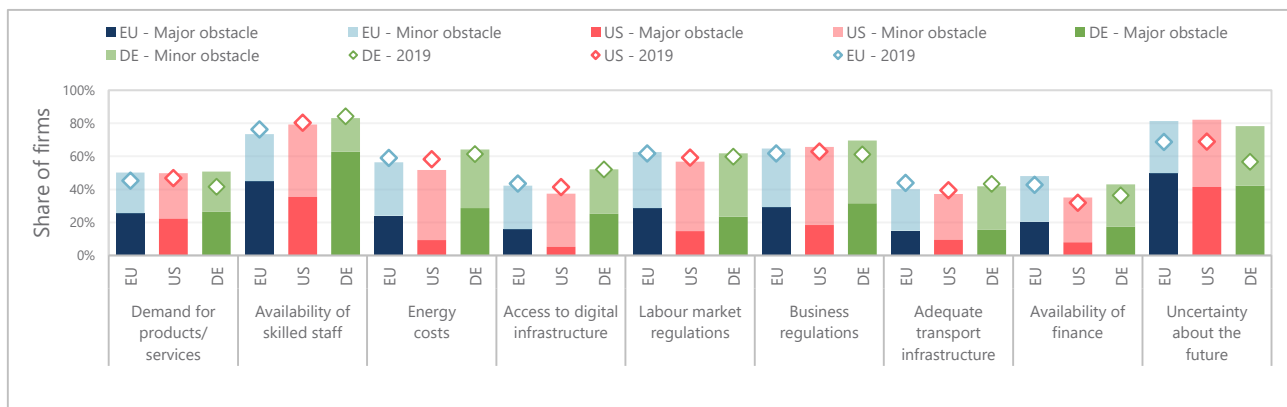
LONG TERM BARRIERS TO INVESTMENT

More than eight in ten firms (83%) consider the availability of skilled staff as the biggest long term barrier to investment, in line with EIBIS 2019 (84%) but above the EU average (73%). The second most cited barrier to investment is uncertainty.

The share of firms citing long term barriers has increased since EIBIS 2019 for a number of

measures: demand for product or services (51% versus 42%), business regulations (70% versus 61%) and uncertainty about the future in particular (78% versus 57%).

Manufacturing firms view the uncertainty about the future more of an obstacle than construction firms (84% versus 66%).



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

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

LONG TERM BARRIERS BY SECTOR AND SIZE



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

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

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

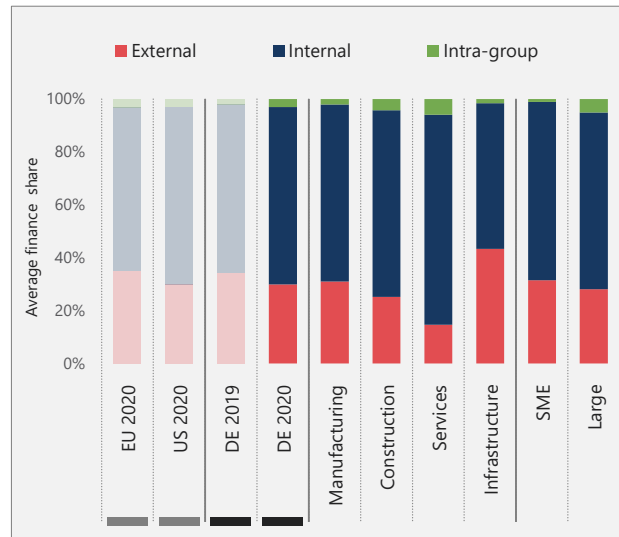
Investment Finance

SOURCE OF INVESTMENT FINANCE

Two-thirds of investment activity in Germany was financed by internal sources (67%), in line with EIBIS 2019 (64%) and higher than the EU average (62%).

Firms in the infrastructure sector report the largest share of investment funded by external finance (43%, compared to between 15% and 31% for other sectors).

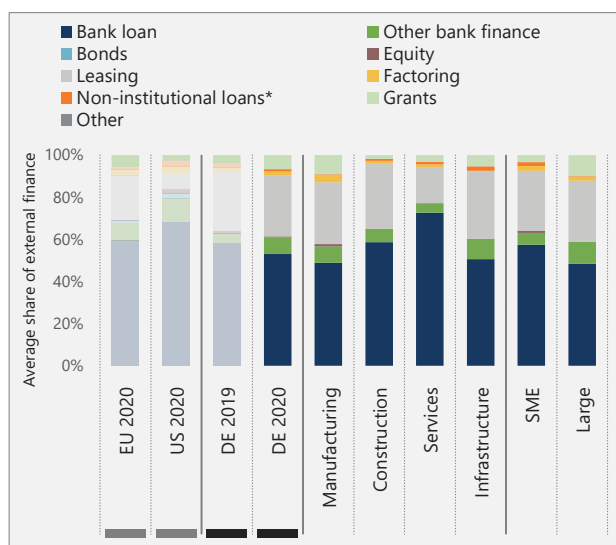
Intra-group finance accounts for three per cent of investment in both Germany and the EU. Large firms report a higher share of intra-group finance than SMEs (5% versus 1%).



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

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

TYPE OF EXTERNAL FINANCE USED FOR INVESTMENT ACTIVITIES



Bank loans continued to make up the highest share of external finance (53%). This is in line with EIBIS 2019 (58%) but below the EU average (59%).

Leasing or hire purchase made up the second largest share (28%, and unchanged since EIBIS 2019).

Firms in the services sector relied heavily on bank loans - which constitutes almost three-quarters of their external finance (73%).

Compared with EIBIS 2019, construction firms relied more heavily on bank loans (up twenty one points to 59%).

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

*Loans from family, friends or business partners

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

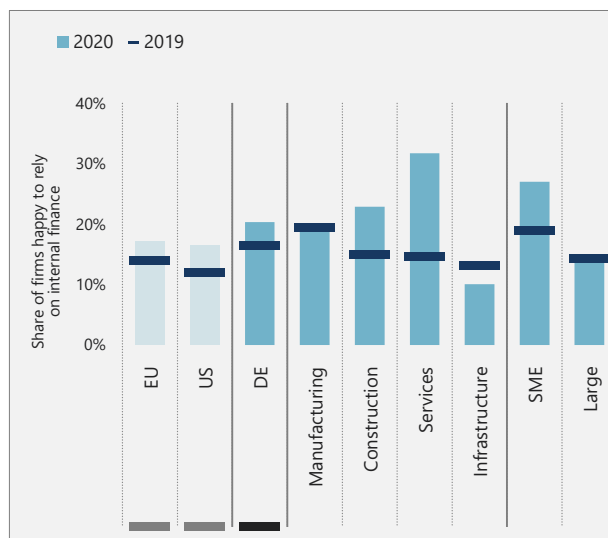
Investment Finance

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

Among all firms in Germany, one-fifth (20%) cite the main reason for not applying for external finance was because they were happy to use internal funds or did not have a need for external finance. This is in line with EIBIS 2019 and the EU average (16% and 17% respectively).

The share of services firms that were happy to rely exclusively on internal sources to finance investment more than doubled since EIBIS 2019 (32% compared to 15%).

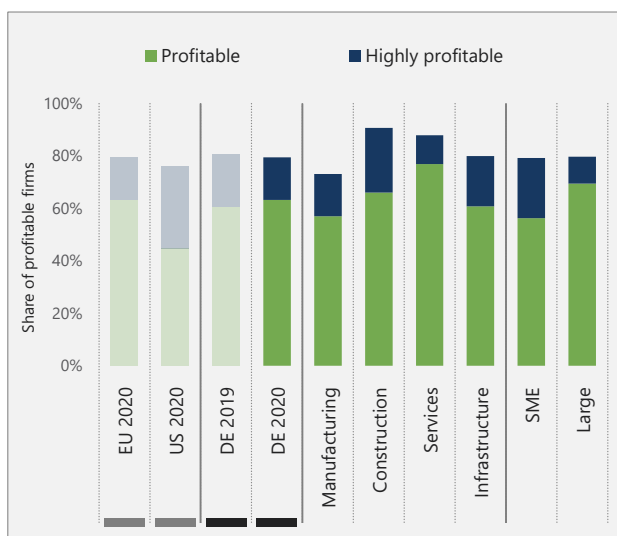
More than one in four SMEs in Germany (27%) were happy to rely exclusively on internal sources to finance investment, compared to one in seven large firms (15%).



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

Base: All firms

SHARE OF PROFITABLE FIRMS



Around eight in ten (79%) firms reported generating a profit in the last financial year, in line with EIBIS 2019 and the EU average (81% and 80% respectively).

Specifically, 16% of firms claimed to be highly profitable, defined as generating a profit level at least 10% of firm turnover. This is the same as the EU average and in line with EIBIS 2019 (20%).

Construction and services firms were more likely to report making any profit than manufacturing firms (91% and 88% respectively, versus 73%).

SMEs were more likely than large firms to report being highly profitable (23% versus 10%) but less likely to report making a profit (56% versus 69%).

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 of 10% or more

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

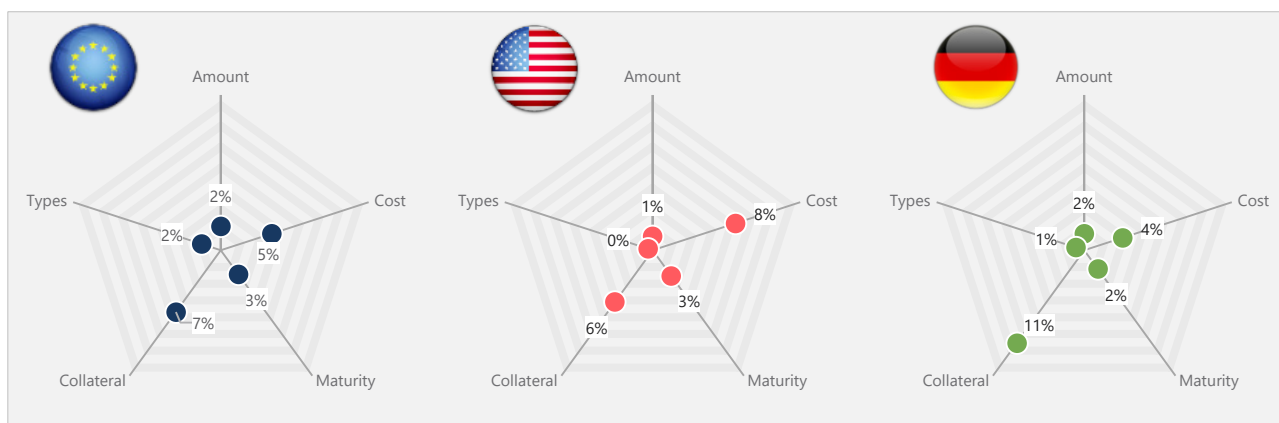
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

Firms using external finance were on balance satisfied with the amount, cost, maturity, collateral and type of finance received.

The highest levels of dissatisfaction recorded among firms in Germany was with the collateral requirements (11%) and cost of finance (4%).

Share of dissatisfied firms



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

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

DISSATISFACTION BY SECTOR AND SIZE (%)



Firms in the manufacturing sector were more likely to be dissatisfied with the amount of collateral required than infrastructure firms (17% versus 5% respectively).

Levels of dissatisfaction with the cost of finance were higher for construction firms compared to infrastructure firms (13% versus 1%) and for SMEs compared to large firms (8% versus 0%).

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

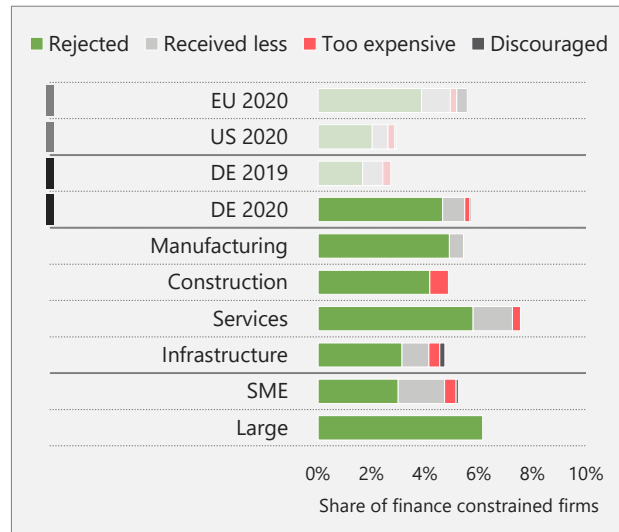
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses)

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Six per cent of all firms in Germany could be considered as finance constrained in 2019, double the level in EIBIS 2019 (3%) but remaining in line with the EU average which has also doubled.

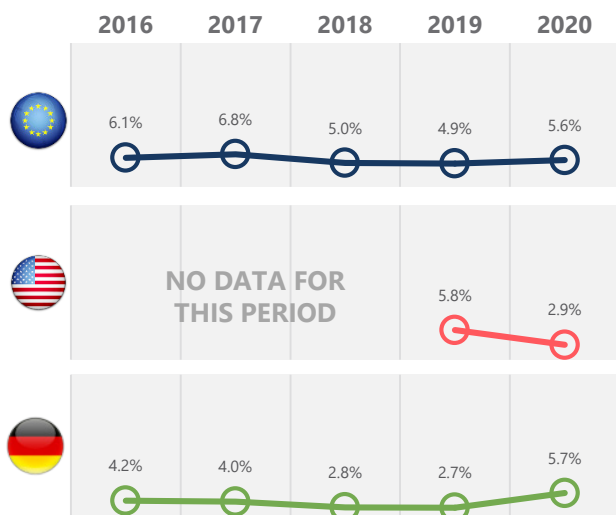
Large firms were as likely as SMES to be finance constrained (6% versus 5%) but all of the constraint was due to being rejected (sought external finance but did not receive it).



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)

Base: All firms

FINANCING CONSTRAINTS OVER TIME



The level of finance constrained firms in Germany is at its highest level in EIBIS and has doubled in size since EIBIS 2019.

Firms in Germany are as likely to be finance constrained as firms EU-wide.

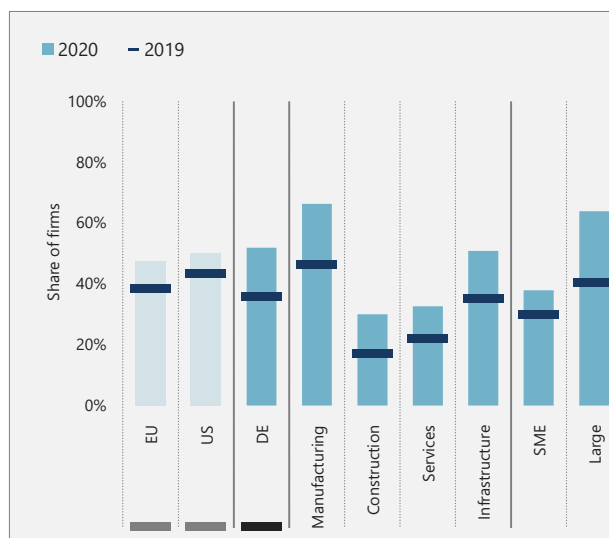
Base: All firms

Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

More than half of firms in Germany (52%) report to have invested in measures to improve their energy efficiency, higher than the EU average (47%) and a big increase on the level reported in EIBIS 2019 (36%).

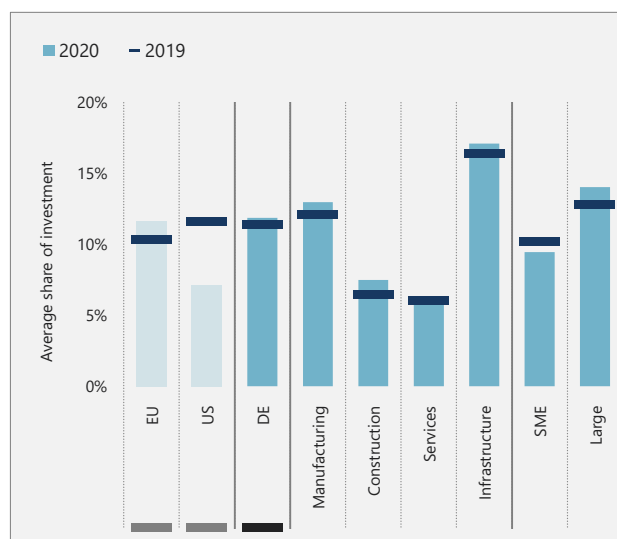
All sizes and sectors have increased year on year, although manufacturing firms and large firms have the highest share of firms investing to improve energy efficiency (66% and 64% respectively) and have increased by the most (up twenty and twenty three percentage points respectively).



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

Base: All firms

AVERAGE SHARE OF INVESTMENT IN MEASURES TO IMPROVE ENERGY EFFICIENCY



The average share of reported investment in measures to improve energy efficiency by firms in Germany (12%) is in line with EIBIS 2019 and the EU average (11% and 12% respectively).

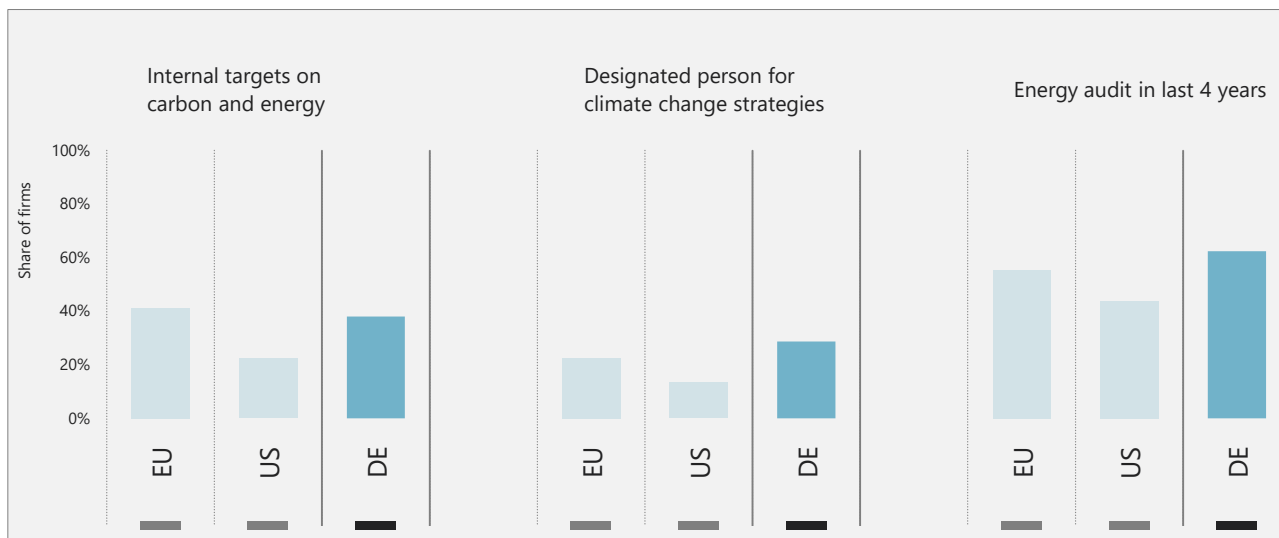
Infrastructure firms reported the highest level of investment in these measures (17%), more than double the share of investment of construction and services firms (7% and 6% respectively).

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

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

Energy Efficiency

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



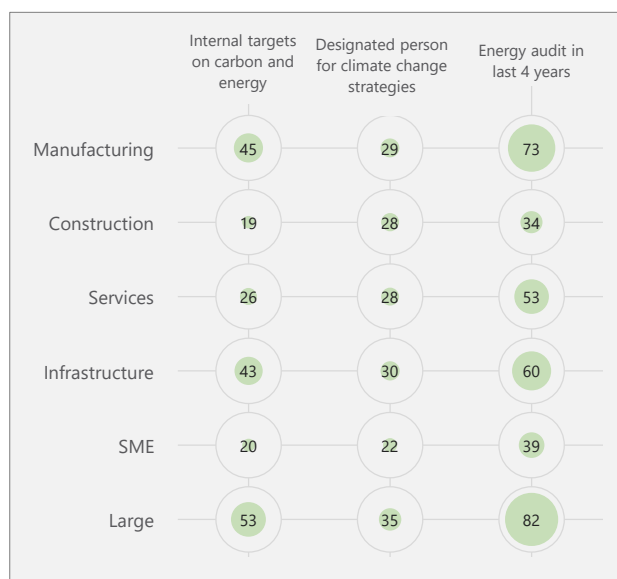
Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

Base: All firms

ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT BY SECTOR AND SIZE



Firms in Germany were more likely than EU peers to have had an energy audit in the past four years (62% versus 55%) and to have designated a person to develop and monitor their climate change strategies (29% versus 23%). However, they were as likely as EU peers to have set internal targets on carbon emissions and energy consumption (38% versus 41%).

Manufacturing firms were more likely to have had an energy audit in the past four years than firms in the other sectors (73% versus between 34% and 60%).

Large firms are more likely than SMEs to have all three of these elements in place.

Q. In 2019 and under normal conditions, did your company set and monitor internal targets on carbon emissions and energy consumption?

Q. In 2019 and under normal conditions, did your company have a designated person responsible for defining and monitoring climate change strategies?

Q. And can I check, in the past four years has your company had an energy audit? By this, I mean an assessment of the energy needs and efficiency of your company's building or buildings

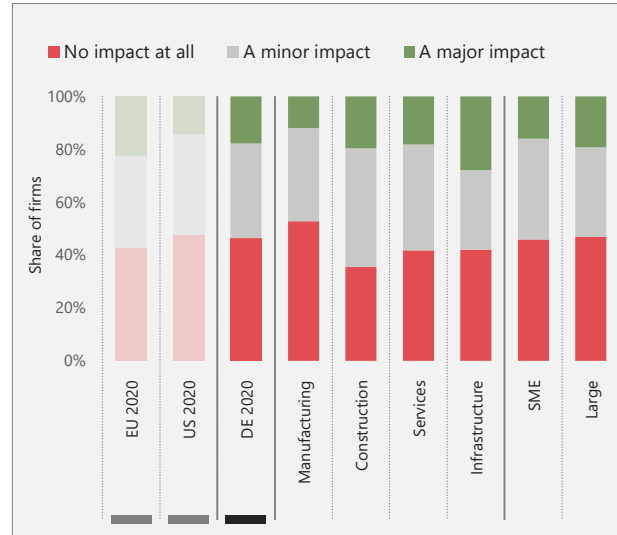
Base: All firms

Climate Change

CLIMATE CHANGE IMPACT

Overall more than a half of firms in Germany feel their business has been affected by climate change and the related change in weather patterns (54%, in line with the EU average 58%). This includes more than a third (36%) of firms who said that the weather events have had a minor impact on their business and nearly one-fifth who said it had a major impact (18%, which is below the EU average 23%).

Firms in the construction sector are more likely to report to have been impacted in either a major or minor way compared to manufacturing firms (64% versus 47%).



Q, Thinking about climate change and the related changes in weather patterns, would you say these weather events currently have a major impact, a minor impact or no impact at all on your business?

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

REDUCTION IN CARBON EMISSIONS OVER NEXT FIVE YEARS BY SECTOR AND SIZE (NET IMPACT %)



Please note: green figures are positive, red figures are negative

Q. What impact will the transition to a reduction of carbon emissions have on the following aspects of your business over the next five years?

Base: All firms

More firms in Germany are expecting a transition to a low-carbon future to be positive rather than negative for their reputation (21%) and market demand (9%) but to have a negative impact on their supply chain (-19%) over the next five years.

More firms in the manufacturing and construction sectors believe the impact will be positive rather than negative for their reputation (both 28%) and for market demand (17% and 28% respectively) compared with firms in other sectors.

Infrastructure firms are less negative about the effect on their supply chain (-7%, compared to between -19% and -26% for firms in other sectors).

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

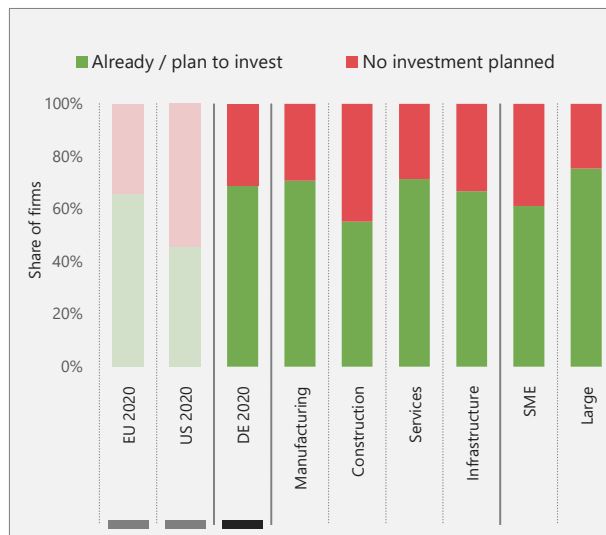
Climate Change

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

More than seven in ten firms in Germany (72%) report to have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is higher than the EU average (67%).

Firms in the construction sector are less likely to have invested or plan to invest than firms in the other sectors (56%, compared to between 68% and 75%). SMEs are less likely to have invested or plan to invest than large firms (62% versus 80%).

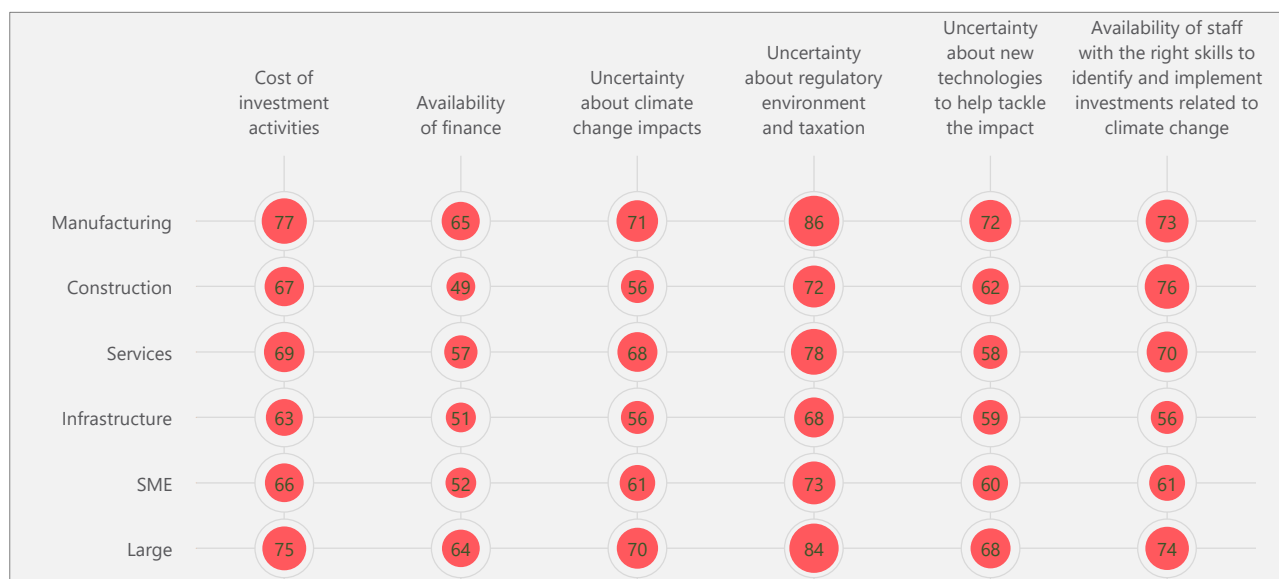
The uncertainty about the regulatory environment and taxation (79%) and the cost of investment activities (71%) are the biggest barriers to investment in this area. Manufacturing firms and large firms generally report the most barriers.



Q. Now thinking about investments to tackle the impacts of weather events and reduction in carbon emissions, which of the following applies?

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

BARRIERS TO INVESTING IN ACTIVITIES TO TACKLE CLIMATE CHANGE BY SECTOR AND SIZE



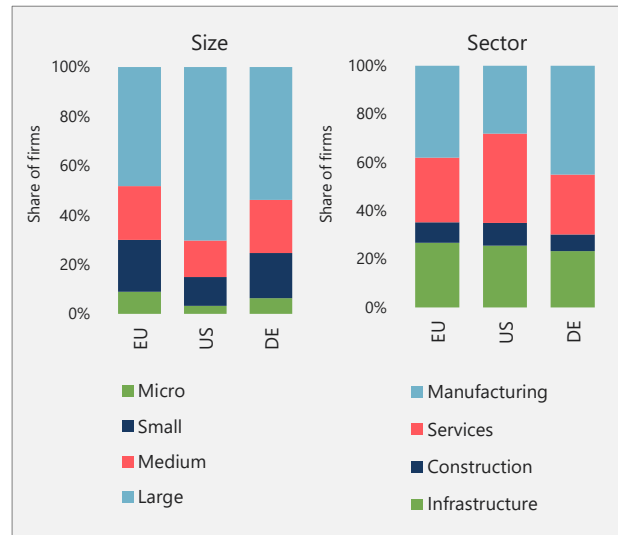
Q. To what extent is the following an obstacle to investing in activities to tackle weather events and emissions reduction? Is it a major obstacle, minor obstacle or not at obstacle at all?

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

Profile of Firms

CONTRIBUTION TO VALUE ADDED

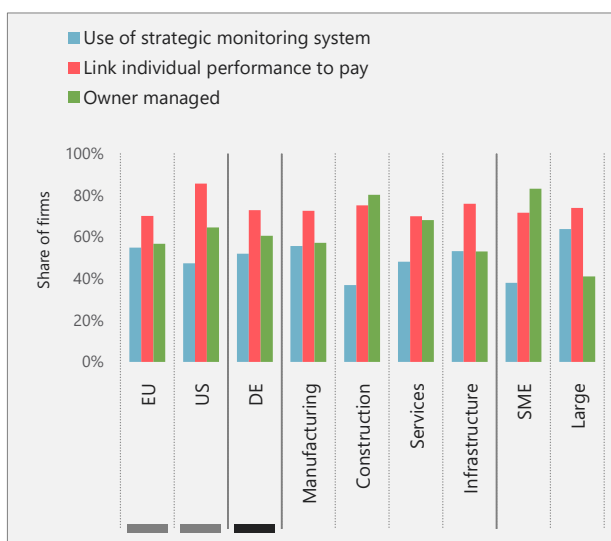
Large firms with 250+ employees (54%) and the manufacturing sector (45%) continue to account for the greatest shares of value-added in Germany. These proportions are above the EU average (48% and 38% respectively).



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+

Base: All firms

FIRM MANAGEMENT



Firms in Germany are similarly likely to EU firms to report using a formal strategic monitoring system (52% and 55% respectively), and to link individual performance to pay (73% and 70% respectively).

Large firms are more likely than SMEs to use a formal strategic monitoring system (64% versus 38%). Similarly, manufacturing firms are more likely than construction firms to use such a system (56% versus 37%).

About six in ten firms in Germany (61%) report being owned or controlled by their CEO or a member of the CEO's family, in line with the EU average (57%).

Q. And does your company (a) use a formal strategic business monitoring system (that compares the firm's current performance against a series of strategic key performance indicators) (b) link individual performance with pay?
Q. Does the CEO/ company head of your firm own or control the firm, or have a family member that owns/controls it?

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

EIBIS 2020 – Country 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 Germany, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	DE	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs DE	Manuf vs Constr	SME vs Large
	(11971)	(800)	(601)	(167)	(141)	(150)	(134)	(504)	(97)	(11971 vs 601)	(141 vs 167)	(504 vs 97)
10% or 90%	1.1%	3.5%	3.0%	5.0%	5.2%	5.8%	5.7%	2.5%	5.1%	3.2%	7.2%	5.7%
30% or 70%	1.7%	5.3%	4.6%	7.6%	8.0%	8.8%	8.7%	3.9%	7.8%	4.9%	11.0%	8.7%
50%	1.9%	5.8%	5.0%	8.3%	8.7%	9.6%	9.5%	4.2%	8.5%	5.3%	12.0%	9.5%

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.
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 2019	The previous wave of the EIB Investment Survey, with interviews carried out between April-July 2019.
EIBIS 2020	The current wave of the EIB Investment Survey, with interviews carried out between May-August 2020.

Note : the EIBIS 2020 overview refers interchangeably to 'the past/last financial year' or to '2019'. Both refer to results collected in EIBIS 2020, where the question is referring to the past financial year, with the majority of the financial year in 2019 in case the financial year is not overlapping with the calendar year 2019.

EIBIS 2020 – Country Technical Details

The country overview presents selected findings based on telephone interviews with 601 firms in Germany (carried out between May and August 2020).

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

Base definition and page reference	EU 2020/2019	US 2020/2019	DE 2020/2019	Manufacturing	Construction	Services	Infrastructure	SME	Large
All firms, p. 3, p. 4, p. 6, p. 10, p.11, p. 13, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20	11971/12071	800/803	601/601	167	141	150	134	504	97
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	581/519	165	135	143	129	489	92
All firms with investment plans for the current financial year (excluding don't know/refused responses), p. 3 (bottom), p. 4 (top)	9606/NA	643/NA	485/NA	139	119	115	106	396	89
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	519/406	154	121	123	113	436	83
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	526/383	151	123	126	117	444	82
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	597/600	166	140	149	133	500	97
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	584/561	160	140	146	129	491	93
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	573/0	156	137	144	127	482	91
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	582/585	162	136	147	129	487	95
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	475/309	139	111	115	105	400	75
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	598/594	166	140	149	134	501	97
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	498/414	143	119	117	110	432	66
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	237/208	78	49	37	70	201	36
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	482/416	135	110	116	115	406	76
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	236/199	77	49	36	70	200	36
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	596/NA	164	140	149	134	499	97
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	593/NA	165	141	149	129	497	96
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	590/563	166	137	147	131	495	95



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Germany

Overview

EIB INVESTMENT SURVEY

2020