



Ireland

Overview

EIB INVESTMENT SURVEY



EIB Group survey on investment
and investment finance 2020
Country overview

Ireland

EIB Group survey on investment and investment finance 2020.

Country overview: Ireland

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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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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 – Ireland

KEY RESULTS

Investment Dynamics

With the COVID-19 crisis affecting the economy, modified domestic investment in Q2 2020 is 27% below the pre-crisis 2019 level, a drop more extreme than the initial period of the global financial crisis. Compared to the EU, Ireland has more than double the share of firms that report they will invest more as a result of COVID-19 (13% versus 6%). The share that report they will invest less than planned is almost the same as those whose plans are broadly the same (44% and 43% respectively).

Investment Focus

Irish firms expect to change investment plans in line with the EU average. A third (33%) of firms, with investment plans for the current financial year, plan to abandon or delay at least some of their investments as a result of COVID-19 (35%). Around one in six firms (16%) in Ireland expect to reduce scale or scope of at least some investment plans.

The most frequently cited expected long-term impact of COVID-19 on firms in Ireland is an increased use of digital technologies (59%), particularly among the larger firms (72%).

Investment Needs and Priorities

Around three-quarters of firms believe their investment over the last three years was about the right amount (76%), in line with the EU average (80%). 52% of firms were operating at or above full capacity in 2019, in line with EIBIS 2019 but below the EU average (61%).

Looking ahead to the next three years, capacity expansion (30%) and new products/services (27%) are the most frequently cited priorities.

Innovation Activities

Innovation activities are in line with the EU average. More than four in ten firms (43%) claim to have introduced products, processes or services that are new to their firm, country or world – in line with EIBIS 2019. The share of firms (47%) that have implemented, either fully or partially, at least one digital technology is well below the EU average (63%).

Drivers and Constraints

Perhaps revealing of Ireland's small open economy's susceptibility to the global impact of COVID-19 as well as the looming Brexit, firms are much more pessimistic about the economic climate (down seventy two percentage points to -73%), well below the EU average (-56%).

This theme carries through to the long term barriers to investment where uncertainty about the future is the most commonly cited barrier to long term investment (88%), more so than EU-wide (81%).

Investment Finance

Internal funds accounted for the largest share of investment finance in the past financial year (73%), in line with EIBIS 2019 (75%) and well above the EU average (62%). Bank loans and leasing or hire purchase remained the most important source of

external finance in 2019 (both 37%), whereas in the EU the share is higher for bank loans (59%) and lower for leasing or hire purchase (21%).

Almost one-third of firms in Ireland (31%) did not seek any external funding in 2019 because they did not need any, which is much higher than the EU average (17%). More than eight in ten (82%) firms report generating a profit in the last financial year, in line with EIBIS 2019 and the EU average (both 80%).

Access to Finance

The highest levels of dissatisfaction recorded among firms in Ireland is with the cost of finance (14% higher than the EU average of 5%) and the collateral requirements (12% in line with the EU average of 7%).

Eight per cent of firms in Ireland could be considered as finance constrained in 2019, unchanged since EIBIS 2019 and in line with the EU average (6%). This number is mainly driven up by construction firms, which were the most likely to be finance constrained (16%).

Energy Efficiency

Ireland performs poorly in terms of investment in energy efficiency. The share of firms (36%) having invested in measures to improve their energy efficiency is 36%, below EIBIS 2019 (43%) and well below the EU average (47%). The average share of investment in measures to improve energy efficiency by firms in Ireland (6%) is in line with EIBIS 2019 (7%) but half the EU average (12%).

Firms in Ireland are much less likely than EU firms to have had an energy audit in the past four years (36% versus 55%), to have set internal targets on carbon emissions and energy consumption (19% versus 41%) or to have designated a person to develop and monitor their climate change strategies (10% versus 23%).

Climate Change

Almost six in ten firms in Ireland (58%) feel their business has been impacted, either in a major or minor way by climate change and the related changes in weather patterns, in line with EU average.

Firms in Ireland are expecting the transition to a low carbon future to be positive rather than negative for their reputation (+23%) and market demand (+3%) but to have a negative impact on their supply chain (-28%) over the next five years.

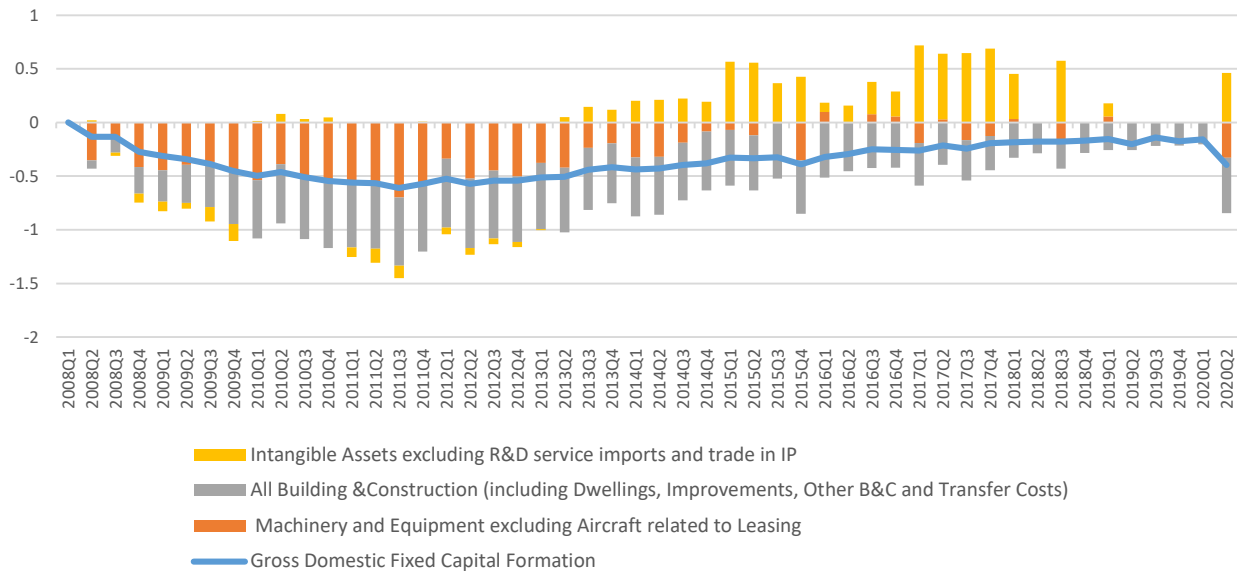
46% of firms have already invested or plan to invest in the next three years in measures to tackle the impact of weather events and reduction in carbon emissions. This is well below the EU average (67%). Uncertainty about the regulatory environment and taxation (76%) and the cost of investment activities (72%) are the biggest barriers to investing in this area.

Investment Dynamics

INVESTMENT DYNAMICS BY OCCUPATIONAL SECTOR

With the COVID-19 crisis abruptly affecting the economy, (domestic modified) investment in Q2 2020 is 27% below the pre-crisis 2019 level.

This is a more severe drop than in the initial quarters of the global financial crisis, when the peak-to-trough contraction lasted fifteen quarters.



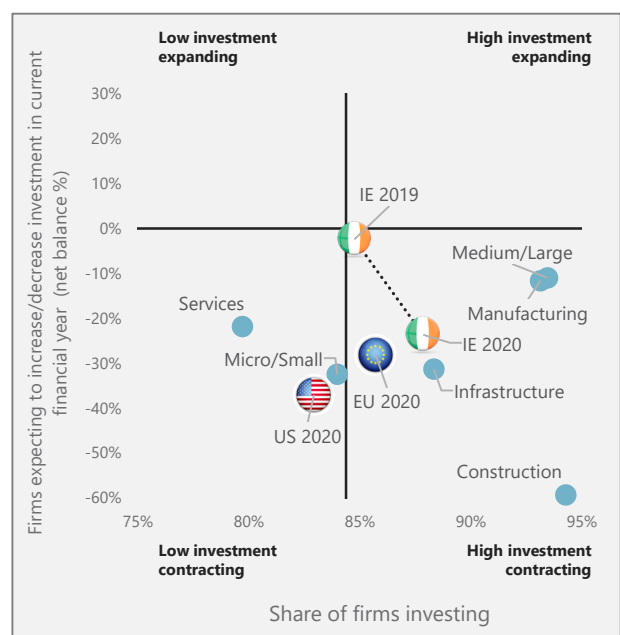
The graph shows the evolution of components of modified gross domestic fixed capital formation at current market prices (not seasonally adjusted, in nominal terms); by occupational sector. The data has been indexed to equal 0 in 2008. Source: Central Statistics Office, Ireland.

INVESTMENT CYCLE

Ireland remains within the 'high investment contracting' quadrant on the investment cycle. However, the net balance of firms expecting to increase rather than decrease investment in the current financial year has declined by twenty two percentage points.

Construction firms have the highest share of firms investing (94%) but the most firms expecting to decrease their investment in the current financial year (net -59%).

Services firms continue to have the lowest share of firms investing (80%).



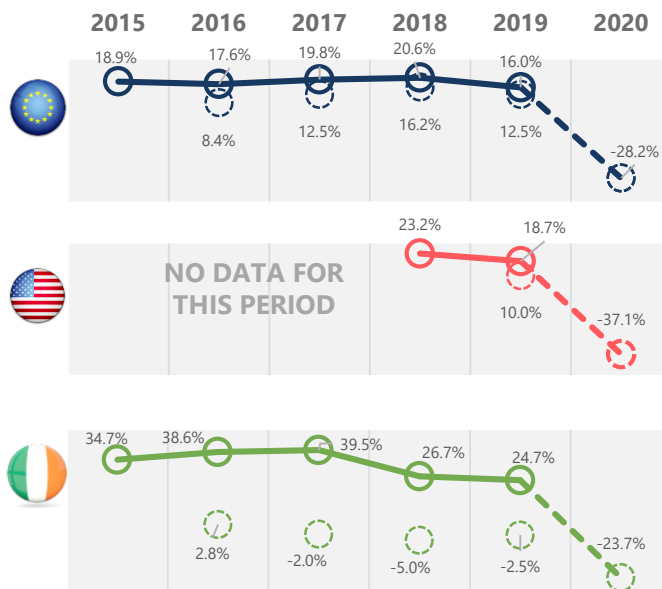
Share of firms investing shows the percentage of firms with investment per employee greater than EUR 500. The y-axis line crosses x-axis on the EU average for 2016.

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

Investment Dynamics

EVOLUTION OF INVESTMENT EXPECTATIONS

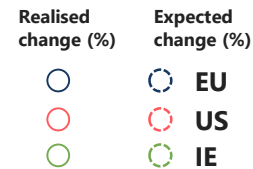
Realised/expected change in investment



More firms in Ireland increased rather than decreased their investment activities in 2019 (25%), well above the EU average (16%).

For the fourth consecutive year, realised investment in Ireland substantially exceeded expectations (25% versus -3%).

The outlook for 2020 is particularly negative (-24%) but this is the first year that Irish firms expectations are above the EU (-28%).



'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.

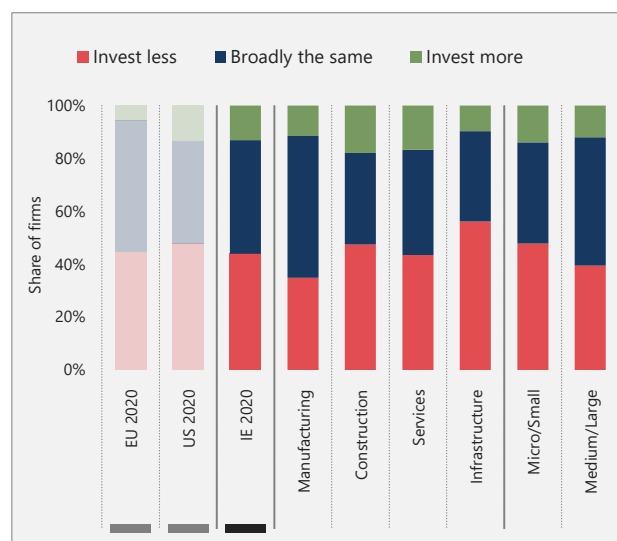
Base: All firms

IMPACT OF COVID-19 ON INVESTMENT

Compared to the EU, Ireland has more than double the share of firms that report they will invest more as a result of COVID-19 (13% versus 6%).

The share of firms in Ireland that report they will invest less than planned as a result of COVID-19 is almost the same as those whose plans are broadly the same (44% and 43% respectively and both are broadly the same as the EU average (45% and 50% respectively).

Firms in the infrastructure sector are more likely to report investing less than manufacturing firms (56% versus 35%), the latter being more likely to keep their plans broadly the same (54%).



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)

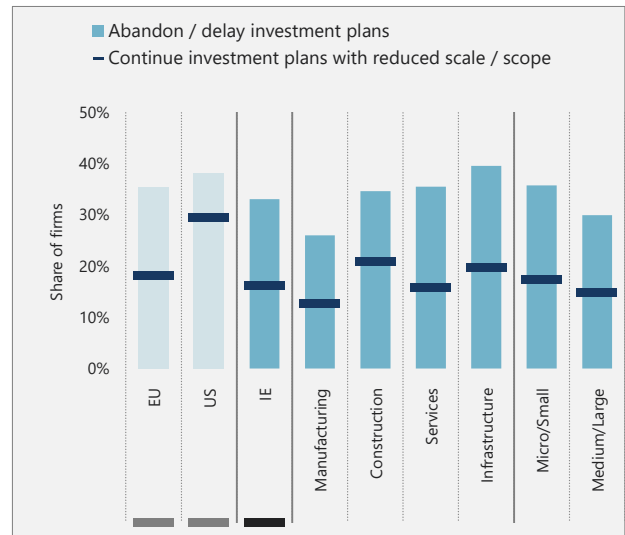
Investment Focus

ACTIONS AS A RESULT OF COVID-19

A third (33%) of firms, with investment plans for the current financial year, plan to abandon or delay at least some of their investments as a result of COVID-19, in line with the EU average (35%).

Around one in six firms (16%) in Ireland plan to continue with at least some of their investment plans with a reduced scale or scope, also in line with the EU average (18%).

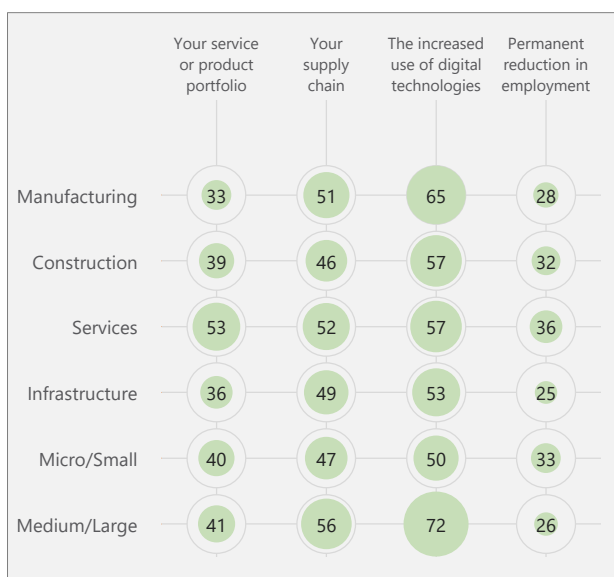
All of the sectors and sizes of firm have very similar proportions.



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

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



The first most frequently cited long term impact of COVID-19 on firms in Ireland is expected to be the increased use of digital technologies (59%), particularly among the medium and large firms (72%). This is followed by a half of firms who expect an impact on their supply chain (50%).

Two fifths (40%) of firms expect COVID-19 to impact long term on their service or product portfolio. Service firms are more likely than manufacturing and infrastructure firms to feel it will impact them long term (53% versus 33% and 36% respectively).

Three in ten firms (30%) expect a permanent reduction in employment levels, with relatively similar proportions across the sectors and sizes of firm.

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

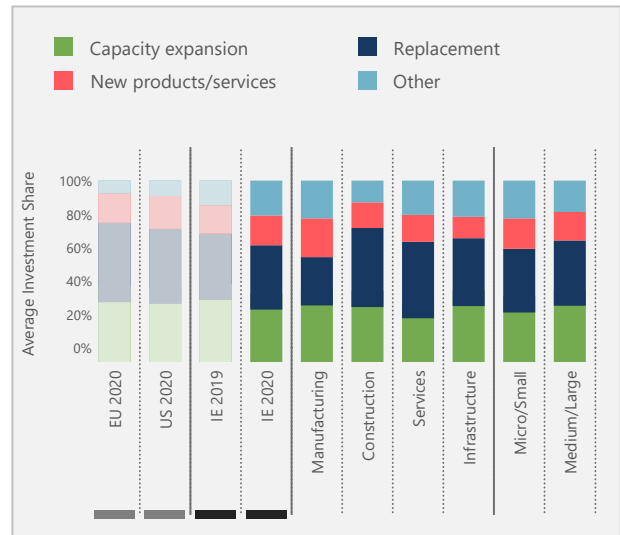
Base: All firms

Investment Focus

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

Almost two-fifths of firms' investment (39%) was for the purpose of replacing existing buildings, machinery, equipment and IT in 2019. This is in line with EIBIS 2019 (40%) and remains below the EU average (47%). Construction firms allocated a higher share of investment to replacement than manufacturing firms (47% and 29% respectively).

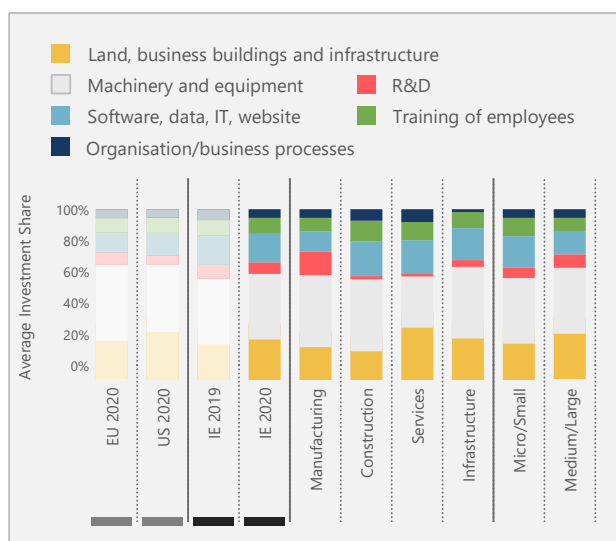
Capacity expansion accounted for the second largest share of investment, this is in line with EIBIS 2019 and the EU average (23%, 29% and 27% respectively).



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 Ireland was in machinery and equipment (42%), followed by software, data, IT and website activities (18%) and land, business buildings and infrastructure (17%). The pattern is very similar to EIBIS 2019 (42%, 19% and 13% respectively).

Across the sectors and sizes of firms, there was a high level of homogeneity in the share of investment between 'tangible' (machinery and equipment and land, business buildings and infrastructure) and 'intangible assets' (R & D, software, training and organisation processes).

Within the 'intangible assets', manufacturing firms have invested a greater share in R&D than firms in the other sectors (15%, compared to between 2% and 4%).

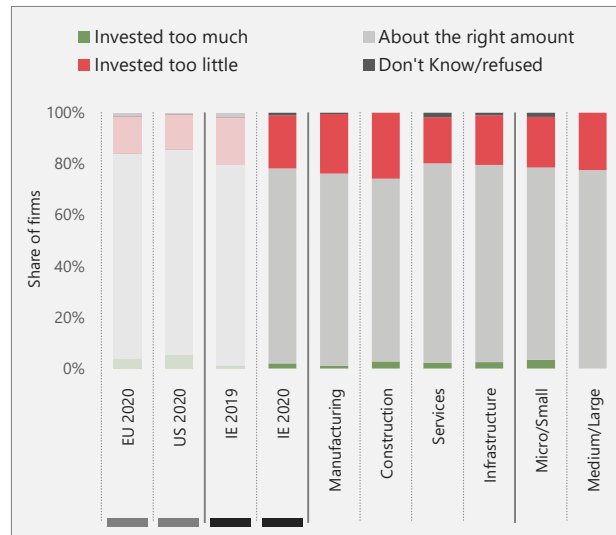
Investment Needs and Priorities

PERCEIVED INVESTMENT GAP

Around three-quarters of firms believe their investment over the last three years was about the right amount (76%), in line with the EU average (80%).

One in five firms (21%) report investing too little (above the EU average 15%).

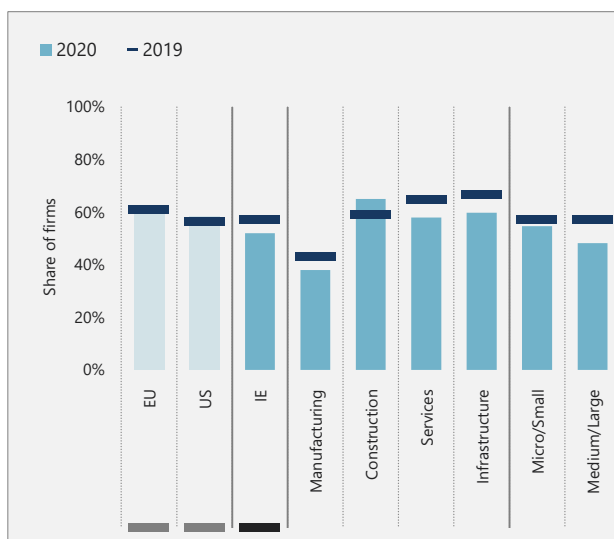
Only two per cent of firms reported investing too much.



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)

Just over half of firms (52%) were operating at or above full capacity in 2019, in line with EIBIS 2019 but below the EU average (61%).

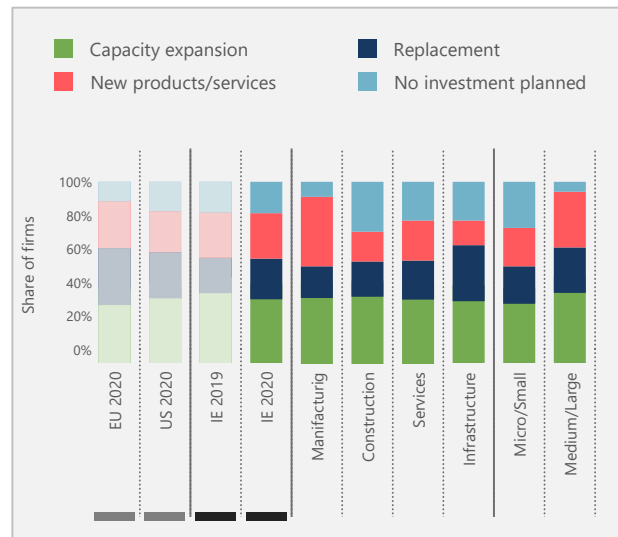
Manufacturing firms were less likely to be operating at or above full capacity compared to firms in the other sectors (38% versus between 58% and 65%).

Investment Needs and Priorities

FUTURE INVESTMENT PRIORITIES (% of firms)

Looking ahead to the next three years, firms in Ireland most frequently cite capacity expansion (30%) and new products/services (27%) as their priorities. These proportions are in line with EIBIS 2019 (33% and 27% respectively) but differ from the EU, where replacement of existing buildings, machinery, equipment and IT has the highest share (34% EU average).

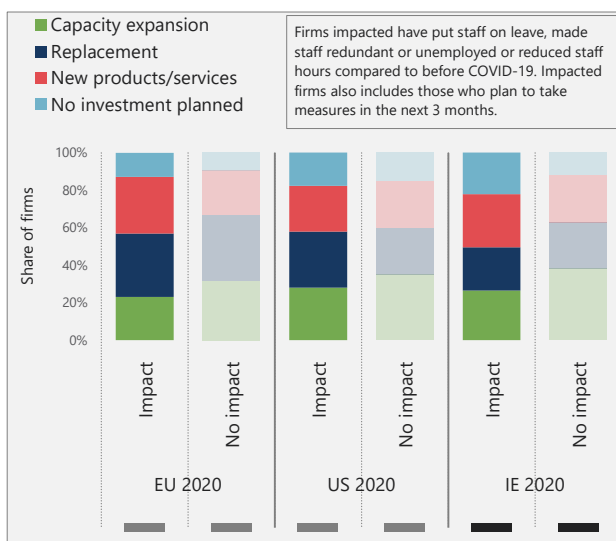
Almost one in five firms (19%) have no investment planned, similar to EIBIS 2019 (18%) but higher than the EU average (12%). Micro and small companies are much more likely than medium and large firms to have no investment planned (28% and 6%).



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



Firms in Ireland which have been impacted by COVID-19 have a relatively equal distribution of priority areas – new products/services (28%), capacity expansion (26%), replacement (23%) and no investment planned (22%).

Compared to the EU, Ireland has a higher share of no investment planned (22% and 13%) and a lower share of replacement (23% and 34%), mirroring the overall future investment 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)

Innovation Activities

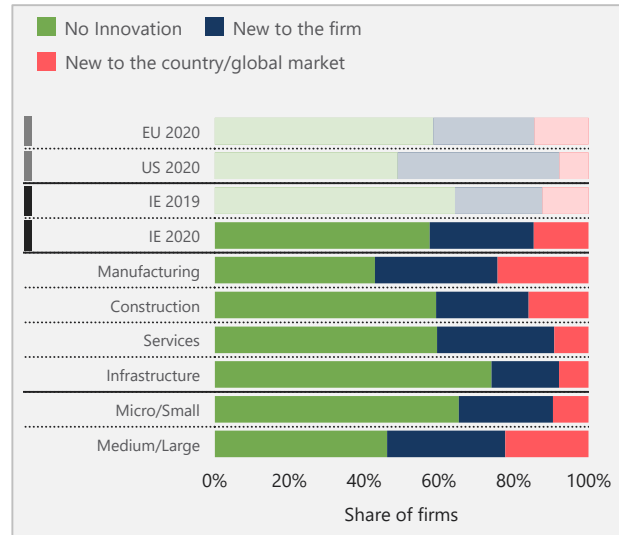
INNOVATION ACTIVITY

More than four in ten firms (43%) claim to have introduced products, processes or services that are new to their firm, country or world – in line with EIBIS 2019 (36%) and the EU average (42%).

Specifically, 15% of firms introduced products, processes or services new to country or world, the same share as the EU average.

Manufacturing firms are the more likely to innovate than firms in the other sectors (57%, compared to between 26% and 41%),

Medium and large firms are more likely to innovate than micro and small firms (54% versus 35%), particularly in products new to country or world (22% versus 10%) .

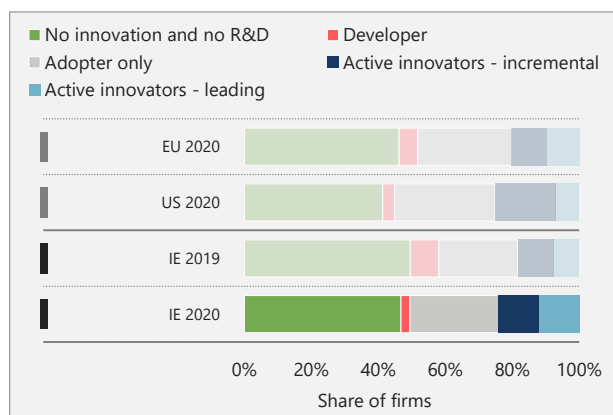


Q. What proportion of total investment was for developing or introducing new products, processes, services?

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, 24% of firms in Ireland are classified as 'active innovators', and a further 3% of firms are 'developers'.

This share of 'active innovators' is in line with EIBIS 2019 (18%) and the EU average of 20%.

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

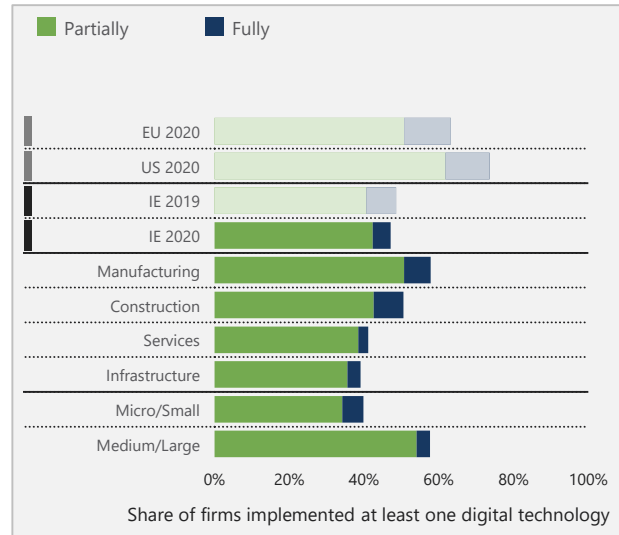
Almost half of firms (47%) have implemented, either fully or partially, at least one digital technology, in line with EIBIS 2019 (49%) but well below the EU average (63%).

Five per cent of firms organise their entire business around at least one of the digital technologies, below the EU average (12%).

Medium and large firms are more likely than micro and small firms to have implemented digital technologies, either fully or partially, within their business (58% versus 40%).

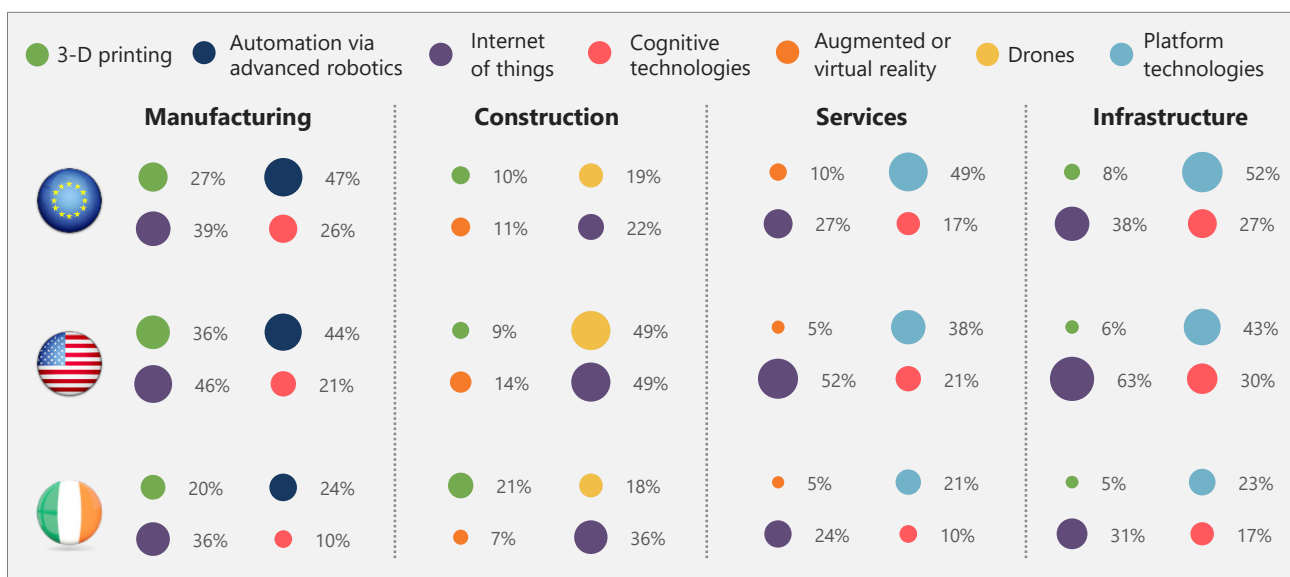
Construction firms have a relatively higher take-up of 3-D printing and the internet of things when compared with their EU peers, whereas services and infrastructure firms are relatively low for platform technologies.

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?

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

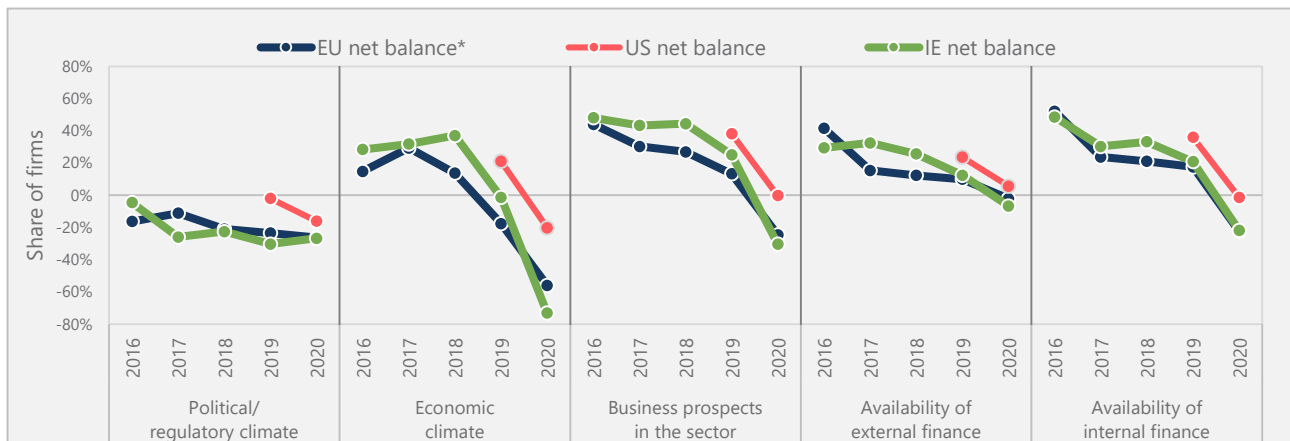
Base: All firms (excluding don't know/refused responses)

Drivers And Constraints

SHORT TERM FIRM OUTLOOK

All five short term firm outlooks are negative for the first time. Perhaps revealing of Ireland's small open economy's susceptibility to the global impact of COVID-19 as well as the looming Brexit, firms are much more pessimistic about the economic climate (down seventy two percentage points to -73%), well below the EU average (-56%).

Ireland is also slightly below the EU for business prospects in their sector (-30% versus -25%) and the availability of external finance (-7% versus -2%).

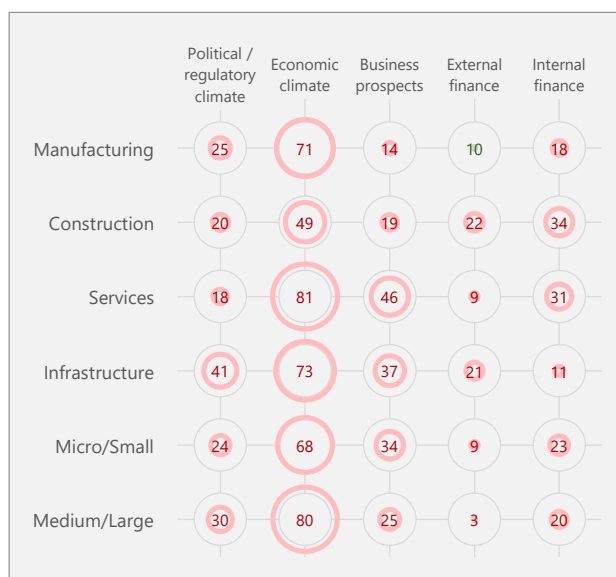


Q. Do you think that each of the following will improve, stay the same, or get worse over the next twelve months?

*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?

Manufacturing firms have a completely different view on the availability of external finance to firms in the other sectors (+10%, compared to between -9% and -22%)

After a prolonged period of pessimism, construction firms are less pessimistic than firms in the other sectors about the overall economic climate (-49%, compared to between -71% and -81%).

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

Base: All firms

Drivers And Constraints

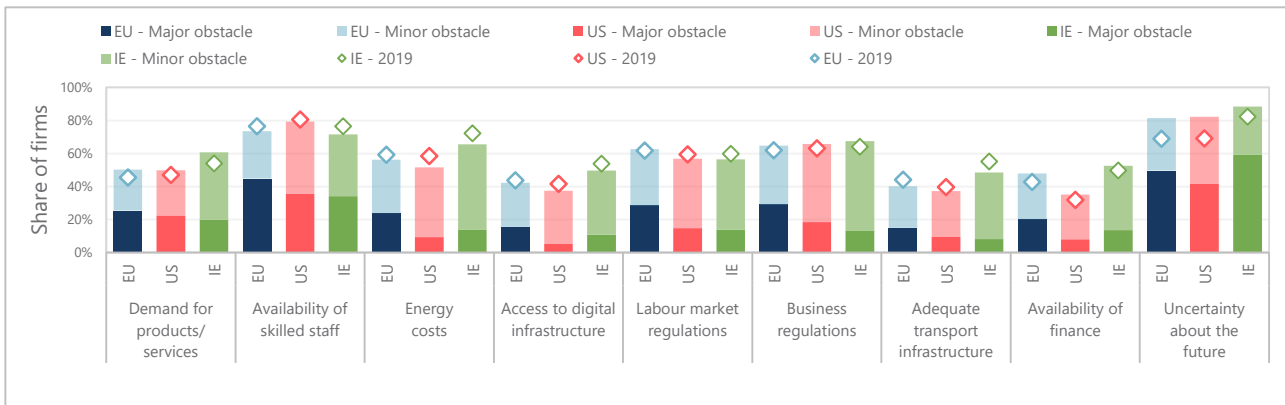
LONG TERM BARRIERS TO INVESTMENT

Uncertainty about the future is the most commonly cited barrier to long term investment (88%), more so than EU-wide (81%). This is followed by availability of skilled staff (72%), similar to the EU average (73%).

The following measures are also cited more frequently as a long term barrier to investment

compared with the EU average – energy costs (66% versus 56%), access to digital infrastructure (50% versus 42%) and availability of adequate transport infrastructure (49% versus 40%).

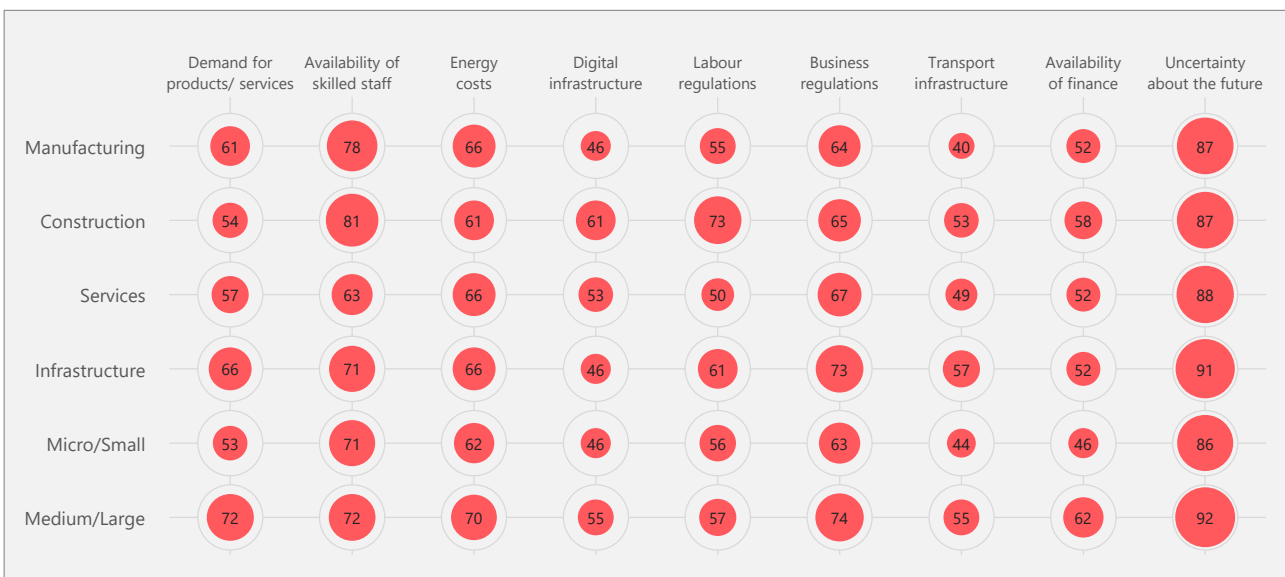
All sectors and sizes of firms are uncertain about the future (shares range from 86% to 92%).



Q. Thinking about your investment activities in Ireland, 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 Ireland, 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)

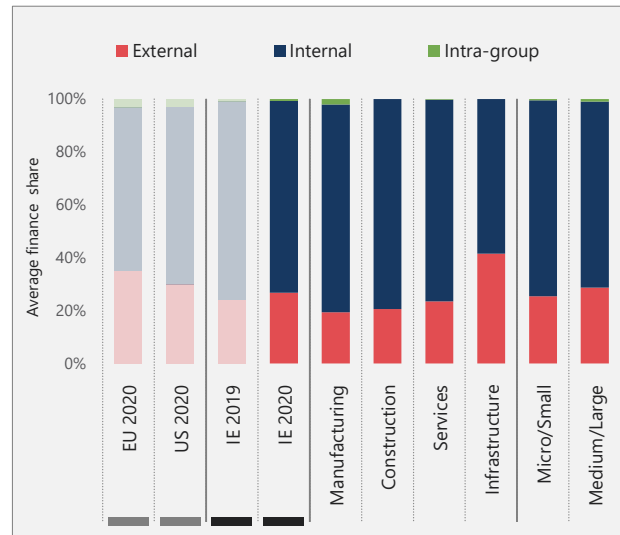
Investment Finance

SOURCE OF INVESTMENT FINANCE

Internal funds accounted for the largest share of investment finance in the past financial year (73%), in line with EIBIS 2019 (75%) and remaining well above the EU average (62%).

Infrastructure firms were much less likely to rely on internal funding than firms in the other sectors (59% share of finance, compared to between 76% and 79%) and consequently, much more likely to have used external funding (42% share of finance, compared to between 19% and 23%).

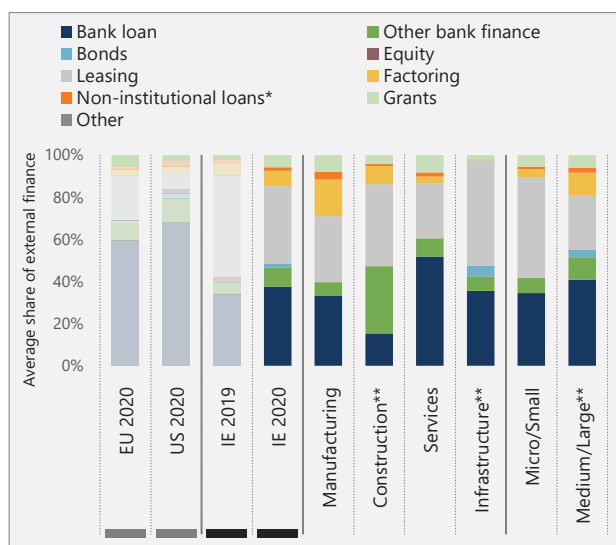
Intra-group funding was only used by 1% of firms in Ireland.



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 and leasing or higher purchase continued to account for the highest share of external finance (both 37%). In comparison, among firms in the EU the share of external finance was higher for bank loans (59%) and less for leasing or hire purchase (21%).

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

*Loans from family, friends or business partners

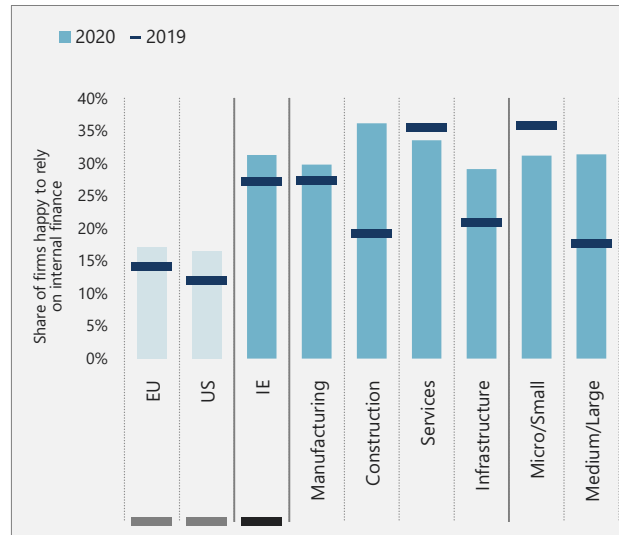
Base: All firms who used external finance in the last financial year (excluding don't know/refused responses) ** Caution very small base size less than 30

Investment Finance

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

Almost one-third of firms in Ireland (31%) cite the main reason for not applying for external finance in the past financial year is because they were happy to use internal funds or did not have a need for external finance. This is in line with EIBIS 2019 (27%) but remains much higher than the EU average (17%).

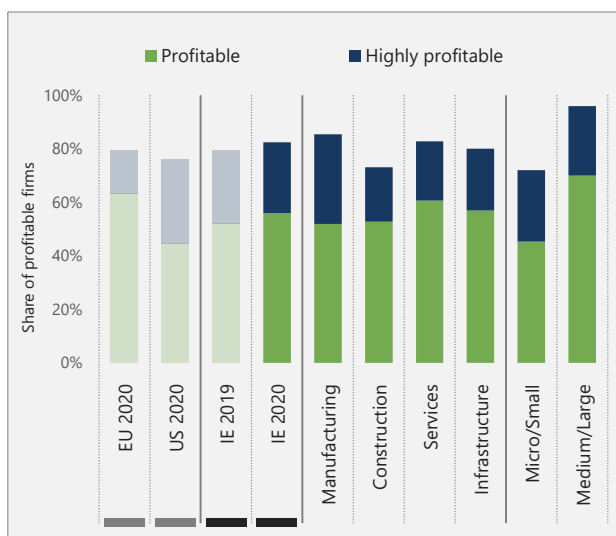
Firms in the construction sector are the most likely to say they were happy to rely exclusively on internal sources of finance (36%, up seventeen percentage points on EIBIS 2019).



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



More than eight in ten (84%) firms report generating a profit in the last financial year, in line with EIBIS 2019 and the EU average (both 80%).

Specifically, one-quarter of firms (26%) claim to be highly profitable, defined as generating a profit level at least 10% of firm turnover. This is well above the EU average (16%).

Medium and large firms are more likely to report making any profit compared to micro and small firms (96% versus 72%).

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)

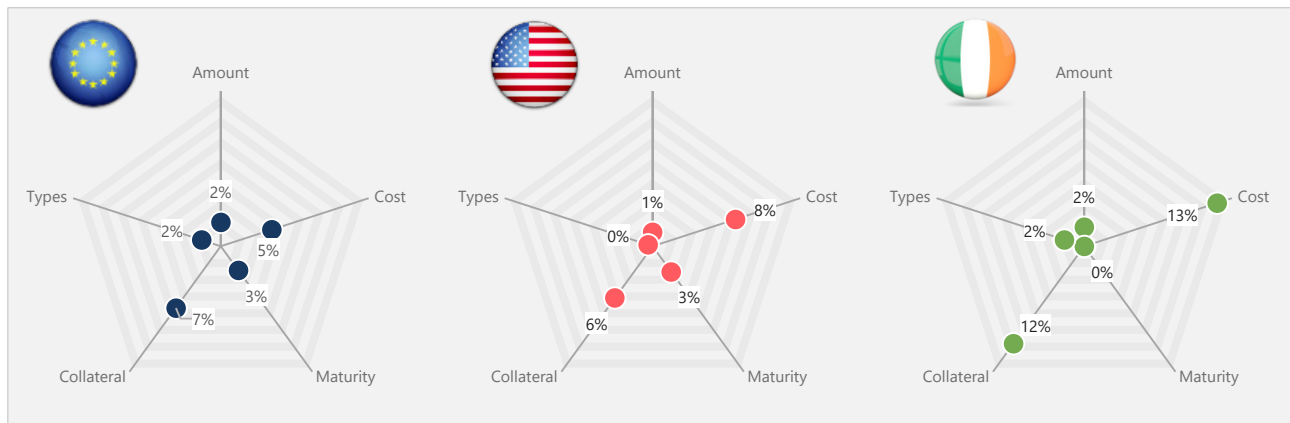
Access To Finance

DISSATISFACTION WITH EXTERNAL FINANCE RECEIVED

The highest levels of dissatisfaction with the external finance they received in the past financial year is with the cost of finance (14%, higher than the EU average of 5%) and the collateral

requirements (12%, in line with the EU average 7%). No firms reported dissatisfaction with the length of time over which it has to be repaid (maturity).

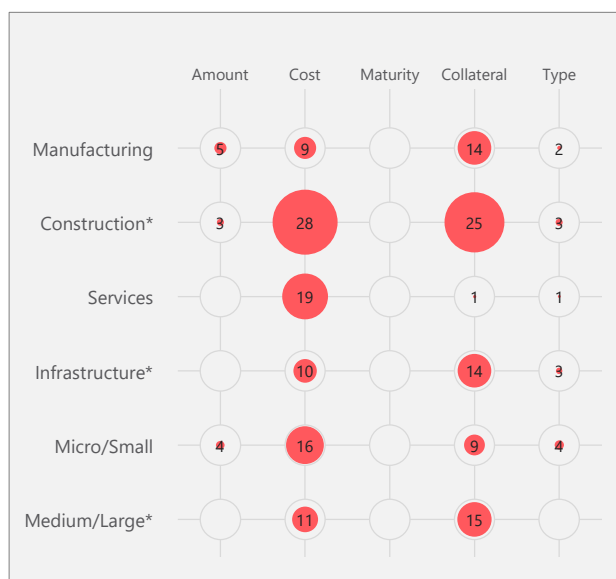
Share of dissatisfied firms



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 (%)



Cost and collateral requirements are the biggest areas of dissatisfaction for construction firms (28% and 25% respectively).

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

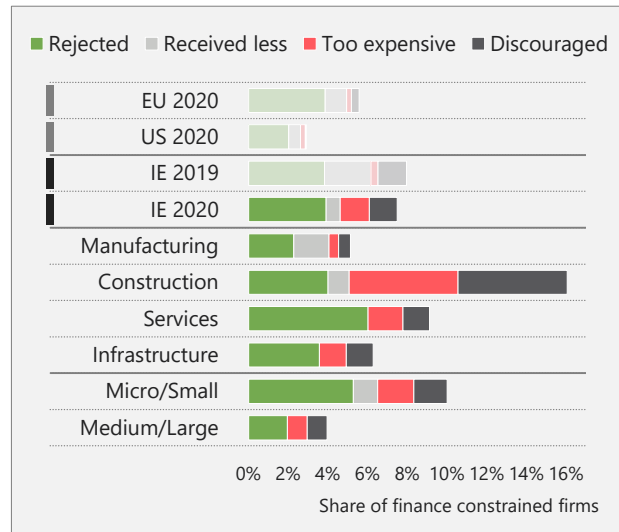
Base: All firms who used external finance in the last financial year (excluding don't know/ refused responses) * Caution very small base size less than 30

Access To Finance

SHARE OF FINANCE CONSTRAINED FIRMS

Seven per cent of firms in Ireland could be considered as finance constrained in 2019, unchanged since EIBIS 2019 and in line with the EU average (6%).

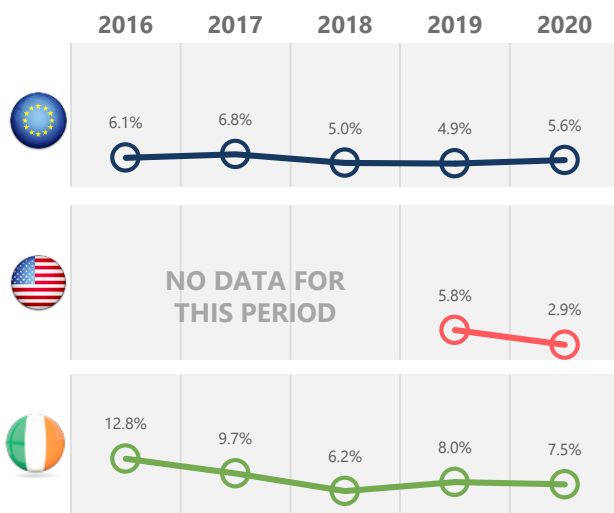
This number is mainly driven up by construction firms, which are the most likely to be finance constrained (16%).



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



There has been no change in the share of finance constrained firms since EIBIS 2019.

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

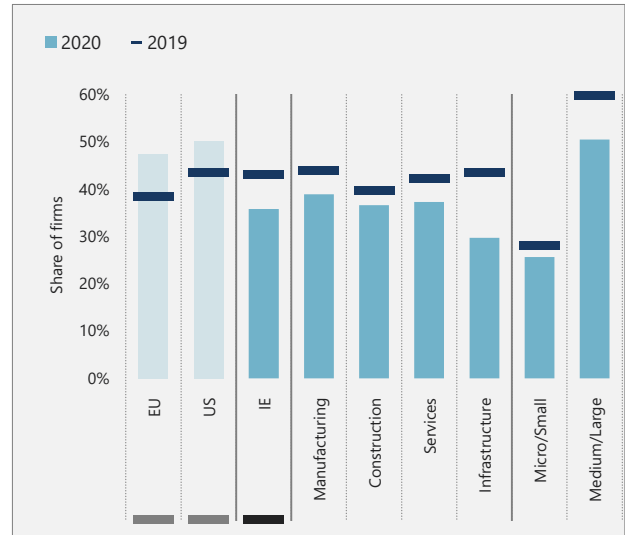
Base: All firms

Energy Efficiency

SHARE OF FIRMS INVESTING IN MEASURES TO IMPROVE ENERGY EFFICIENCY

More than one-third of firms in Ireland (36%) have invested in measures to improve their energy efficiency, this is slightly below EIBIS 2019 (43%) and well below the EU average (47%).

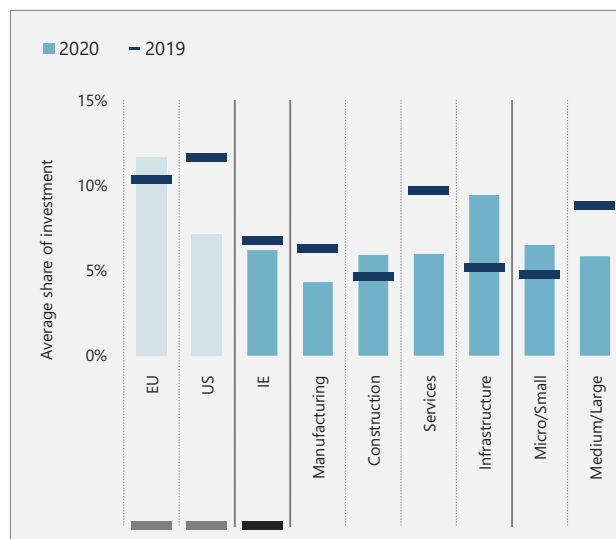
Medium and large firms are more likely to have invested than micro and small firms (50% versus 26%).



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



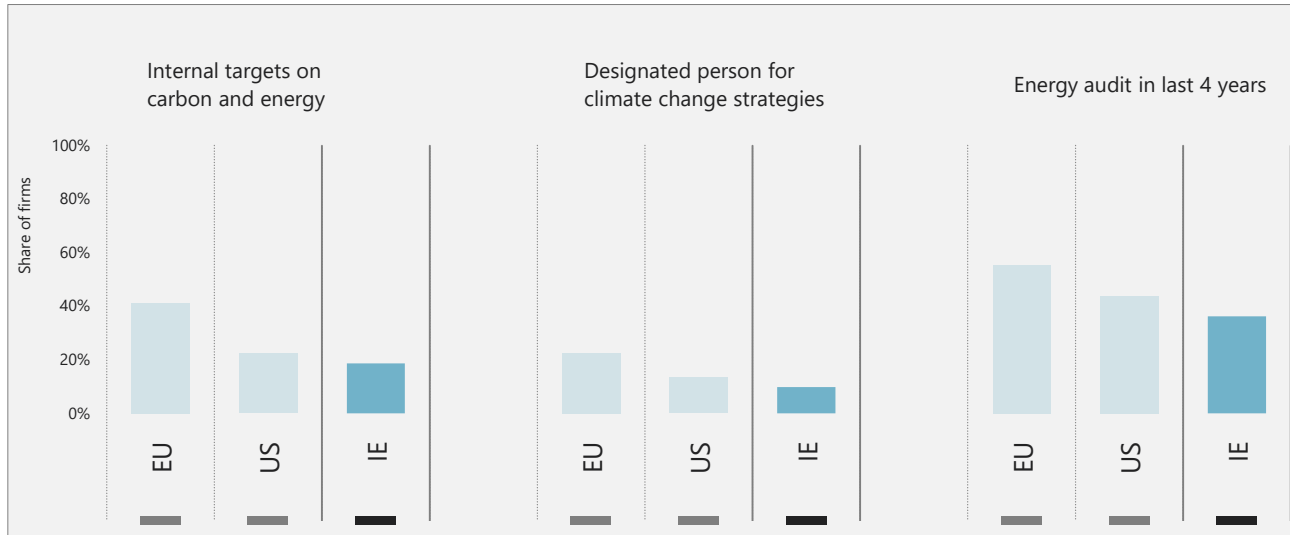
The average share of investment in measures to improve energy efficiency by firms in Ireland (6%) is in line with EIBIS 2019 (7%) but remains below the EU average (12%).

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

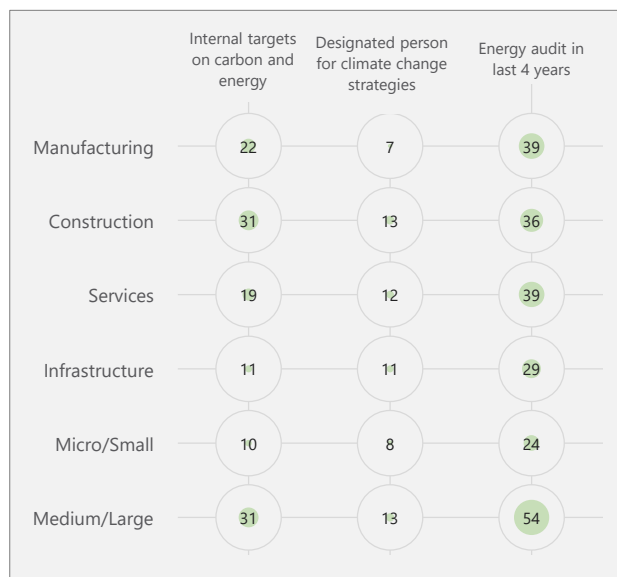
ENERGY TARGETS, MANAGEMENT AND INTERNAL AUDIT



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 Ireland are much less likely than EU firms to have had an energy audit in the past four years (36% versus 55%), to have set internal targets on carbon emissions and energy consumption (19% versus 41%) and to have designated a person to develop and monitor their climate change strategies (10% versus 23%).

Construction firms are more likely than infrastructure firms to have set internal targets on carbon and energy (31% versus 11%).

Medium and large firms are more likely than micro and small firms to have had an energy audit in the last four years and to have set internal targets on carbon and energy.

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

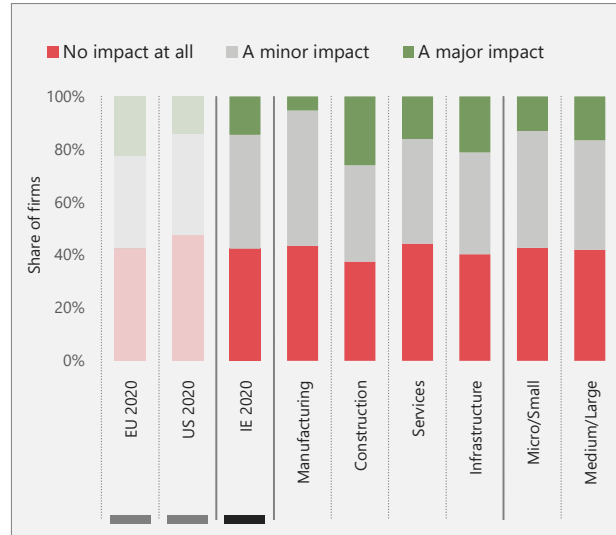
Climate Change

CLIMATE CHANGE IMPACT

Almost six in ten firms in Ireland (58%) feel their business has been impacted, either in a major or minor way by climate change and the related changes in weather patterns.

This is the same overall proportion as the EU average (58%) but Ireland does have a lower share of firms that feel it has had a major impact (14% versus 23%).

Firms in the construction sector are more likely to have been majorly impacted than those in the manufacturing sector (26% versus 5%).



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

Firms in Ireland are expecting the transition to a low carbon future to be positive rather than negative for their reputation (+23%) and market demand (+3%) but to have a negative impact on their supply chain (-28%) over the next five years.

Construction firms are more positive than firms in the other sectors regarding the impact on market demand (31%, compared to between 4% and -1%) and on their supply chain (1%, compared to between -13% and -42%).

Medium and large firms are more positive about the impact on their reputation than micro and small firms (34% versus 15%).

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

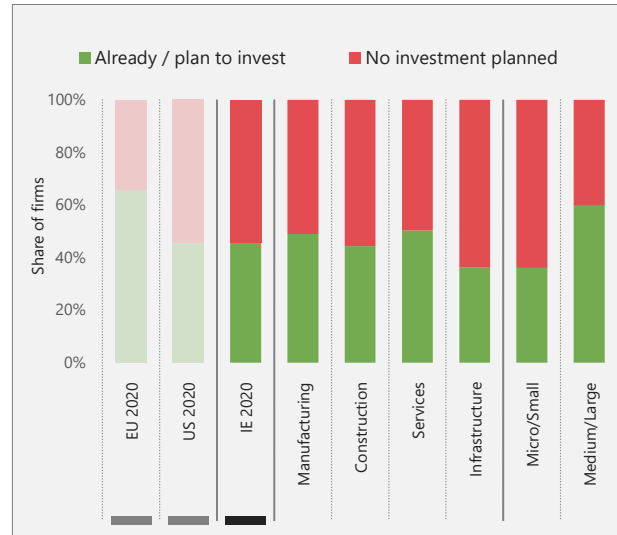
Climate Change

INVESTMENT PLANS TO TACKLE CLIMATE CHANGE IMPACT

Less than half of firms in Ireland (46%) 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 well below the EU average (67%).

Firms in the infrastructure sector are less likely to have invested or plan to invest than services firms (36% versus 51%). Micro and small firms are less likely to have invested or plan to invest than medium and large firms (36% versus 60%).

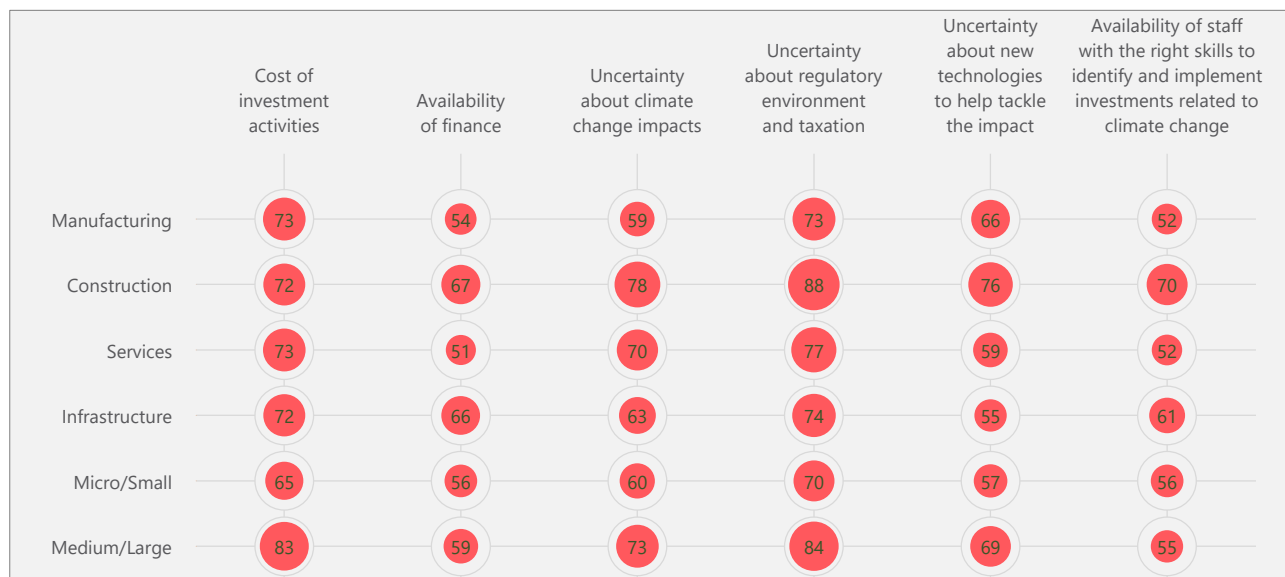
The uncertainty about the regulatory environment and taxation (76%) and the cost of investment activities (72%) are the biggest barriers to investing in this area. Medium and large firms are more likely than micro and small firms to cite these barriers.



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?

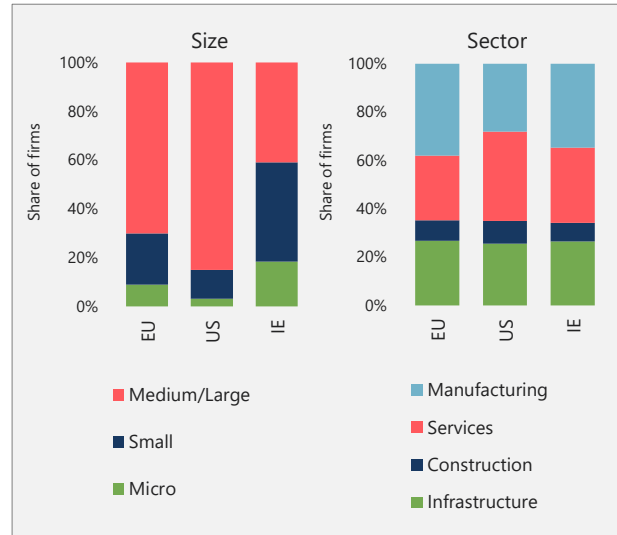
Base: All firms (data not shown for those who said not at obstacle at all / don't know / refused)

Profile of Firms

CONTRIBUTION TO VALUE ADDED

Two fifths (41%) of value-added in Ireland can be attributed to medium and large firms. This is less than the contribution attributed to medium and large firms in the EU (70%).

The manufacturing sector accounts for more than one-third of value-added in Ireland (35%), in line with the EU average (38%).

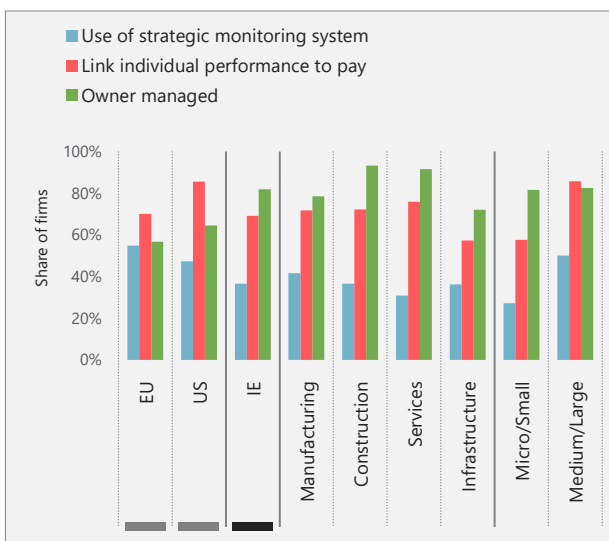


The charts reflect the relative contribution to value-added by firms belonging to a particular size class / sector in the population of firms considered. That is, all firms with 5 or more employees active in the sectors covered by the survey. Micro: 5-9 employees; Small: 10-49; Medium: 50-249; Large: 250+

*Due to the small number of interviews conducted with large firms in Ireland, medium and large firms have been combined for value added to give a more accurate over-view

Base: All firms

FIRM MANAGEMENT



Firms in Ireland are less likely than EU firms to report using a formal strategic monitoring system (37% versus 55%) but as likely to link individual performance to pay (69% versus 70%).

Medium and large firms are more likely than micro and small firms to use a formal strategic monitoring system (50% versus 27%) and to link individual performance to pay (86% versus 58%).

More than eight in ten firms in Ireland report being owned or controlled by their CEO or a member of the CEO's family (82%), considerably higher than in the EU (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 Ireland, so the percentage results are subject to sampling tolerances. These vary with the size of the sample and the percentage figure concerned.

	EU	US	IE	Manufacturing	Construction	Services	Infrastructure	SME	Large	EU vs IE	Manuf vs Constr	SME vs Large
	(11971)	(800)	(401)	(110)	(66)	(148)	(65)	(397)	(4)	(11971 vs 401)	(66 vs 110)	(397 vs 4)
10% or 90%	1.1%	3.5%	3.5%	6.6%	8.4%	5.7%	7.0%	3.5%	24.7%	3.7%	10.6%	24.8%
30% or 70%	1.7%	5.3%	5.3%	10.0%	12.9%	8.7%	10.7%	5.3%	37.7%	5.6%	16.3%	38.0%
50%	1.9%	5.8%	5.8%	10.9%	14.0%	9.5%	11.7%	5.8%	41.1%	6.1%	17.7%	41.4%

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 401 firms in Ireland (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	IE 2020/2019	Manufacturing	Construction	Services	Infrastructure	Micro/Small	Medium/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	401/405	110	66	148	65	353	48
All firms (excluding don't know/refused responses), p. 2	11634/11417	748/711	391/387	109	63	144	63	344	47
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	299/NA	85	50	107	49	255	44
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (top)	10138/9716	682/624	325/339	91	57	114	53	281	44
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 5 (bottom)	9874/9506	683/620	357/355	101	61	126	58	312	45
All firms (excluding 'Company didn't exist three years ago' responses), p. 6	11949/12042	799/802	400/405	109	66	148	65	352	48
All firms (excluding don't know/refused responses), p. 7 (top)	11727/11757	787/775	392/396	109	65	146	62	345	47
All firms (excluding don't know/refused responses), p. 7 (bottom)	11608/0	780/0	386/0	106	65	144	61	340	46
All firms (excluding don't know/refused responses), p. 8 (top)	11720/11770	769/772	386/391	107	61	143	63	341	45
All firms (excluding don't know/refused responses), p. 8 (bottom)	9039/8380	600/516	300/303	87	51	103	50	260	40
All firms (excluding don't know/refused responses), p. 9	11938/11937	799/800	401/397	110	66	148	65	353	48
All firms who have invested in the last financial year (excluding don't know/refused responses), p. 12	9255/9008	648/587	328/332	90	58	117	52	288	40
All firms who used external finance in the last financial year (excluding don't know/ refused responses), p. 12	4354/4369	314/252	123/107	35	21	34	28	103	20
All firms (excluding don't know/refused responses), p. 13	10711/10490	637/605	349/339	100	52	128	58	304	45
All firms who used external finance in the last financial year (excluding don't know/refused responses), p. 14*	4310/4292	314/245	121/106	33	21	34	28	101	20
All firms (excluding don't know/refused responses), p. 18	11898/NA	794/NA	400/NA	110	66	147	65	352	48
All firms (excluding don't know/refused responses), p. 19	11739/NA	772/NA	395/NA	110	64	145	64	348	47
All firms (excluding don't know/refused responses), p. 20*	11740/11627	777/762	394/387	108	64	143	65	346	47



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Ireland

Overview

EIB INVESTMENT SURVEY

2020